



# *Month in Review*

## August 2024

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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# Executive Address

Welcome to our August edition of Month in Review

I've watched with interest the wide ranging and seemingly endless variety of drivers in play that can potentially affect the property market and housing availability across all population centres. Everything from interest rate movements and legislation through to economic outlook and even international conflict and elections. The demand for and supply of Australian real estate would appear on the surface to be at the mercy of multiple and at times conflicting forces.

As an example, last week the Victorian government provided more details of its proposed legislation for a short-stay rental levy that comes into effect from January 2025 in hopes of inducing holiday-home owners to put their investments back into the long-term rental pool. This is just the latest in a raft of legislation across many jurisdictions geared towards boosting housing supply.

While there will be plenty of observations made about how these and other facets will sway the property market, we think in reality much of these are short-term influences. In addition, many will impact certain sectors of the market only. For instance, I can't help but ponder on how the market will react immediately when interest rates are eventually cut - a very real near-term prospect given the lower inflation figure released

by the ABS this week - but that flurry will undoubtedly settle in time.

In other words, people who adopt a long-term outlook, counted in 10-year-plus periods, and who embrace a strategic approach to asset selection tend to do well in Australian real estate.

This is something that can be applied to this month's residential theme of renovation. There's little doubt that high construction costs are still a major factor, driven initially by the lack of available materials and now mostly a function of reduced levels of skilled labour. These high costs have had a material effect on the renovator market. Across all our submitters we see comments discussing a wider relative disparity in value between homes needing renovation work, and those that don't. Yet I've also noted that most of our submitters retain a positive long-term outlook. The cycle will move on. As construction becomes more feasible, the soft demand for homes requiring work will turn around. At that time, anyone who buys wisely now could find themselves holding a savvy investment.

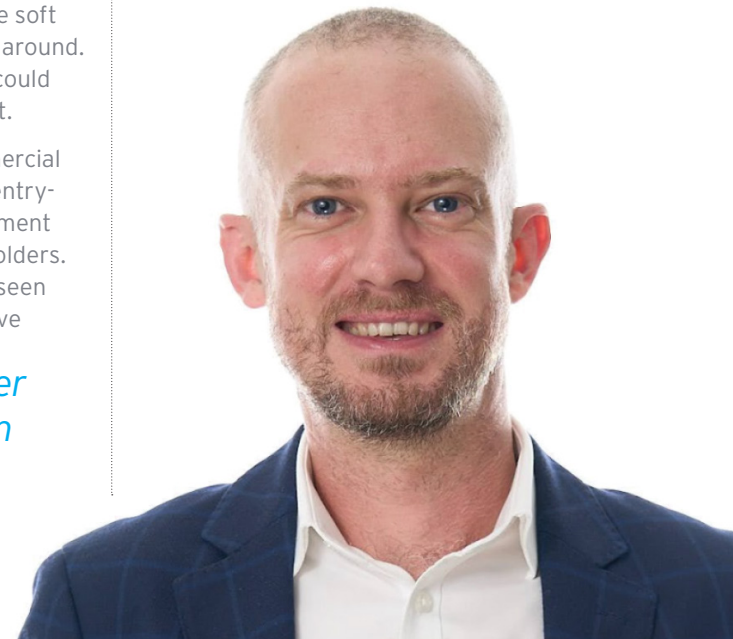
Again, the logic should extend to the commercial space, and this month's topic is looking at entry-level office opportunities. The office investment market has been a real struggle for stakeholders. The slow return to work by employees has seen increased rental incentives and a substantive

flight to quality. Yet, there will be opportunities across Australia to buy into affordable office assets markets right now and profit over the long term. It could take some capital expenditure, or a repurposing of the space, or a savvy reimagining of the potential tenant type. Regardless, certain buyers will do well if they apply the right long-term strategy to their purchase.

Finally, for rural readers this month's impressive articles on Australia's cropping markets are without peer. Our specialists from across the country have presented a deep dive on this foundational industry sector.

Please enjoy our August edition of *Month in Review*.

**Drew Hendrey**  
Executive Director of Valuation & Advisory



*Across all our submitters we see comments discussing a wider relative disparity in value between homes needing renovation work, and those that don't.*



*Commercial*  
August 2024

# National Office Overview

By and large, the commercial office sector has had to endure more setbacks than in recent years. COVID-19 caused major disruptions and the impact continues to reshape the office environment as businesses and landlords continue to grapple with the new flexible working arrangements that it brought.



Edward Cox  
Director

**Despite varied leasing demand across the nation, the flight to quality and experience theme is common across the major capital cities.**

As the unemployment rate fell to almost a 50 year low in June 2022 to 3.5 per cent, there has been a real push for employees to return to the office. Of the major capital cities, Brisbane and Perth are seeing higher office space utilisation as both cities recorded a compression in the total CBD office vacancy rates since pre-COVID. According to the PCA vacancy rates, Brisbane's vacancy compressed circa one per cent from 12.7 per cent (January 2020) to 11.7 per cent (January 2024), whilst Perth compressed circa 2.5 per cent from 17.5 per cent (January 2020) to 14.9 per cent (January 2024).

However, Sydney and Melbourne CBD markets still have significant occupancy issues and have much higher vacancy rates now in comparison to pre-COVID levels. The PCA vacancy rates for Sydney CBD increased by circa 8.3 per cent from 3.9 per cent (January 2020) to 12.2 per cent (January 2024), whilst Melbourne's CBD vacancy rate ballooned by 10.6 per cent from 5.8 per cent (January 2020) to 16.4 per cent (January 2024).


Sydney and Melbourne markets have struggled with getting workers to return to the office as commute times are significantly longer in comparison to Brisbane and Perth. The significant increases in vacancy rates have also seen substantial increases in incentives in order to improve tenant demand. This notwithstanding,

the premium and high A-grade sectors are proving resilient and remain sought after by tenants.

Despite varied leasing demand across the nation, the flight to quality and experience theme is common across the major capital cities. This is being manifested in the requirement for employers to provide high quality work and flexible environments in order to both attract and retain staff in what has become a very competitive employment environment. The high levels of competition for premium and A-grade buildings and the need to attract workers back to the office from their homes has necessitated a greater level of tenant-friendly features including funky and flexible fitouts, high quality lobbies, end-of-trip facilities and appealing common spaces.

Whilst some markets have had a leasing resurgence, the sharp interest rate movements coupled with global and domestic economic uncertainty have severely impacted investors' appetites. Transactional volumes plummeted as a result in 2022 and 2023. Whilst there were very few investment grade transactions between 2022 and 2023, there are now some major office transactions starting to emerge but many would still view these as countercyclical investments given the uncertainty in the market.



 *The bottom line however is that the underlying replacement cost for most assets is now above value and this should continue to provide a solid value floor as we move ahead.*

Whilst investor confidence is starting to show some signs of early improvement off the back of interest rates being stable since December 2023, domestic inflation remains persistent and the RBA remains on high alert. Accordingly, most investors are likely to stick to a wait and see approach.

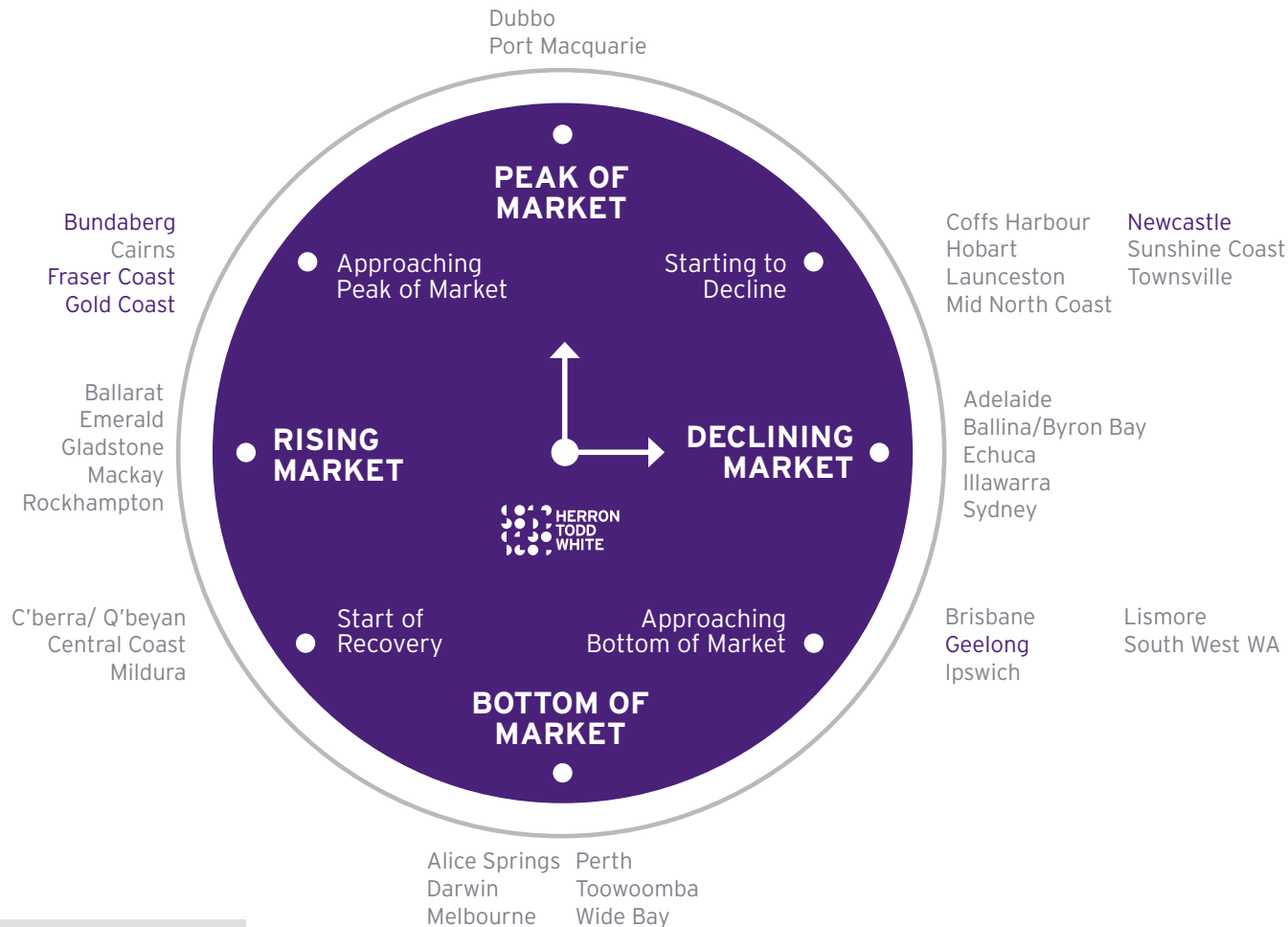
Overall, the investment grade market will continue to face various headwinds for the remainder of 2024 until such time as office vacancy rates stabilise, positive net absorption is achieved and there is stability and greater certainty in the economy.

Whilst it's widely reported that yields have deteriorated anywhere between 100 and 200 basis points (broadly speaking) since the peak of the market (Quarter 4, 2021), the owner-occupier market is proving to be much more resilient in some markets, particularly Brisbane which has seen strong capital growth in a relatively short period of time due to the critical shortage of stock available on the market. At this end of the market, leasing is also strengthening, albeit that high construction costs and the ability to secure a builder remain difficult at present. The bottom line however is that the underlying replacement cost for most assets is now above value and this should continue to provide a solid value floor as we move ahead.



# National Property Clock: Office

Entries coloured purple indicate positional change from last month.



Month in Review  
August 2024



COMMERCIAL  
- OFFICE

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# New South Wales - Office 2024



## Sydney

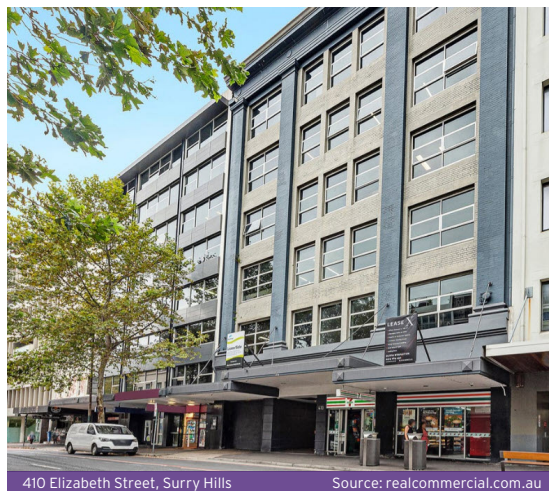
The office market in Sydney has entered the downward part of the cycle. Softening demand from both owner-occupiers and investors is evident. Demand in the rental sector is also very subdued with incentives remaining high.

The softening in the market has seen some properties become available at lower price levels that are more suitable to first time investors.

The most notable of these opportunities exist in the strata office market particularly for smaller suites that suit owner-occupiers.

Within the Sydney CBD, these strata units are predominantly located in the southern part of the city and on the fringe. In areas such as Surry Hills there are a number of strata developments that accommodate smaller professional suites such as those along Elizabeth Street, Buckingham Street and Holt Street. These suites typically cater to sole traders, small business operators and professional services. Some of the more favoured developments provide amenities such as common meeting rooms, common boardrooms and common kitchens which keeps rates per square metre at the lower end.

A great example is 410 Elizabeth Street, Surry Hills which provides common meeting and boardrooms



and is opposite Central Station. A 60 square metre suite sold recently for approximately \$420,000.

The other more common location for these units is around the suburban office parks such as Norwest, as well as Chatswood and southern Sydney such as Rosebery and Alexandria. Like Surry Hills, some of the south Sydney locations include developments that have common amenities shared within the building. Locations like Norwest are becoming increasingly popular as infrastructure improvements, most notably the Metro line, provide easier access.

Parramatta is one location that has a good supply of smaller older stock as well as more modern stock below the \$1 million price point that are popular with professional services and local businesses.

Overall across Sydney there are opportunities to obtain small strata suites below \$500,000 but this tends to be limited to small suites in older buildings. There is an abundance of strata suites available below \$1 million in most parts of Sydney.

The majority of these smaller suites in this price bracket are owner-occupied though there are opportunities for self-managed super funds and investors to secure a return. Yields for these assets tend to be slightly higher due to their lack of future growth potential other than rental income growth. Yields are currently circa 6% but the range could vary from 5% to 7%. It should be noted that outgoings for these types of suites can be relatively high which does impact on the investment return.

Overall these assets provide a good entry-level investment which at present are at lower price levels than in previous years. In most instances future capital growth may be limited and caution should be exercised when investing in these assets.



Angeline Mann  
Commercial Director

## Hunter Region

In 2023 and so far in 2024 there has been a lower level of activity in the commercial office market. There is increased uncertainty about the future of

*The softening in the market has seen some properties become available at lower price levels that are more suitable to first time investors.*

## A number of factors have led to the uncertainty in the office market.

the office sector. Local agents have reported that the office sales that have occurred over the past 18 months have had a lower level of enquiry and a strong preference towards investment properties with strong tenants and long lease terms. The sales that did occur throughout 2023 and in the first half of 2024 have shown a softening of yields from the peak in early 2022. The rental market has had plenty of supply with diminished demand. This has led to longer letting up periods and higher incentives offered to secure tenants.

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

High inflation and increased interest rates have also increased uncertainty in the market.

There are opportunities for entry level investments in the office sector across the Hunter, including strata titled suites in modern commercial buildings within the Newcastle CBD or Charlestown commercial centre or freestanding buildings in the suburbs or regional areas of the Hunter. Vacant possession sales have seen larger fluctuations in yields due to the uncertainty with the potential for longer letting up periods to find a tenant. When purchasing vacant possession properties, investors need to consider the grade of the office and any incentives that may be required to attract a suitable tenant.

Car parking is considered a premium in the office market, especially in the Newcastle CBD and the

Charlestown commercial centre. A property with onsite parking is considered more attractive to incoming tenants.

There are entry level investment opportunities within the office sector, however increased certainty can be achieved by a property tenanted with a stable tenant with a medium to long term lease expiry.



**Karen Wise**  
Senior Property Valuer



# Victoria - Office 2024

## Melbourne

The repercussions of the COVID-19 pandemic are still being acutely felt within the Melbourne CBD office market and are best illustrated by the escalation of the office vacancy rate. According to the Property Council of Australia's (PCA) Office Market Report, Melbourne's CBD office overall vacancy rate increased from 14.9 per cent to 16.4 per cent over the six months to 1 January 2024. The PCA will soon release its 1 July 2024 vacancy figures and we expect there will be little change. The hybrid work model has continued to drive occupier decision-making and is likely to remain a dominant theme in the office recovery story throughout 2024.

The commercial office sector in Melbourne has shown resilience and adaptability in the face of recent economic challenges. The market does appear segmented with investors and occupiers confident with assets in prime locations, however those with secondary locations or high capital expenditure requirements are suffering from increased vacancy rates. Online research reports indicate that the average incentive across the CBD is now at 46 per cent. This is expected to be nearing the peak of the incentive cycle with an expectation that short-term face rents will remain flat. However in 2025 as supply potentially

tightens, incentives will decrease and effective rents will start to rise.

The buying of entry level office space could be seen as a risk at this point in time with tenant demand being highest in new and prime grade office buildings as landlords continue to struggle with convincing workers to return to the office. Entry level office space typically comprises older style stock which lacks the design characteristics and ESG credentials of more modern, newer office buildings. The limited demand however does create opportunities for astute buyers to secure properties more cheaply and at higher yields reflecting the inherent risks of the assets.



**Nathaniel Ramage**  
Associate Director

**Melbourne's CBD office overall vacancy rate increased from 14.9 per cent to 16.4 per cent over the six months to 1 January 2024.**



# Queensland - Office 2024

## Brisbane

There are a number of challenging factors impacting the commercial office market in Brisbane. Domestic inflation has caused interest rates to rise sharply in a short period of time and this has dampened investors' appetites. Global economic and political instability is also creating uncertainty and these are also having a flow on effect on investment markets and offshore buyers.

The institutional investment market has seen a significant price reset of circa 100 to 200 basis points since the peak of the market (Quarter 4, 2021). The pausing of interest rate rises since December 2023 has spurred some confidence but most leading economists are saying that it is unlikely there will be a rate cut in 2024, as many were predicting, and any rate relief will likely be in 2025.

Leasing markets continue to perform well for premium grade and A grade office assets in the CBD and prime fringe CBD precincts (Fortitude Valley, Newstead and South Brisbane). Tenant requirements are still heavily focused on high quality and collaborative fit outs, luxury end-of-trip facilities, grand building foyers and sustainable green rated buildings that satisfy companies' stringent ESG requirements.

Broadly speaking, gross face rents have continued to increase for prime, A and B grade assets in the CBD and fringe CBD markets. Incentives have also stabilised and even contracted in some instances, resulting in effective rental growth.

Suburban leasing markets are also performing well for good quality, modern office buildings, especially in designated business parks that have good access to major commuter routes, public transport nodes and good onsite parking. Incentives have also stabilised, resulting in effective rental growth.

Whilst the investment grade market has been subdued and will face further headwinds for the remainder of 2024, the entry level or owner-occupier segment of the market in Brisbane is performing exceptionally well and does not appear to be slowing. The key fundamentals driving demand are the continual, year on year strong interstate migration and population growth in south-east Queensland, a critical shortage of stock available on the market and strengthening leasing markets. High construction costs and the ability to secure a builder remain difficult issues at present however the underlying drivers remain strong whilst buildings are selling below replacement cost.

It is difficult to find good owner-occupier suitable assets within the CBD and fringe CBD markets

given the lack of stock available and the underlying redevelopment potential these assets offer. Such properties have a broad market appeal and values are increasing.

However, owner-occupiers or private investors seeking entry level opportunities have more options within established, core suburban commercial precincts and office parks that are well supported by public transport nodes, accessible to major commuter routes and proximity to retail amenities. The most popular of these precincts include Eight Mile Plains, Upper Mount Gravatt and Springwood in Brisbane's south, North Lakes in Brisbane's north and the Ipswich CBD.

Freestanding buildings are more favourable in comparison to strata-titled units for a number of reasons, however strata titled units are typically more affordable at lower price points and will generally offer higher yields.

The biggest risk investors need to be aware of for secondary assets, apart from basic building fundamentals, is the fickle secondary suburban leasing market, potentially lengthy lease-up periods and incentives required to secure a suitable tenant. Another key consideration for any acquisition is understanding the overall condition of the building, the condition of the building services and fit out costs. A thorough due diligence is a must for any property acquisition in order to avoid costly mistakes.

*Whilst the investment grade market has been subdued and will face further headwinds for the remainder of 2024, the entry level or owner-occupier segment is performing exceptionally well.*



Edward Cox  
Associate Director





## Sunshine Coast

In the first quarter of the year, economic commentary focused on the timing of rate cuts rather than their likelihood. As inflation began to approach the RBA's target range, discussions about lowering interest rates gained momentum. By then, yields for office investments had already softened due to higher borrowing costs. Agents started reporting a renewed confidence in the market, driven by the prospect of lower borrowing costs in the near future.

Fast forward to the third quarter of 2024 and inflation has proven more persistent than expected, leading to the potential for further interest rate increases. Despite the resilience of the Sunshine Coast office sector underpinned by low vacancy rates, recent sales transactions suggest growing scepticism, potentially a result of the sentiment of the broader office market.

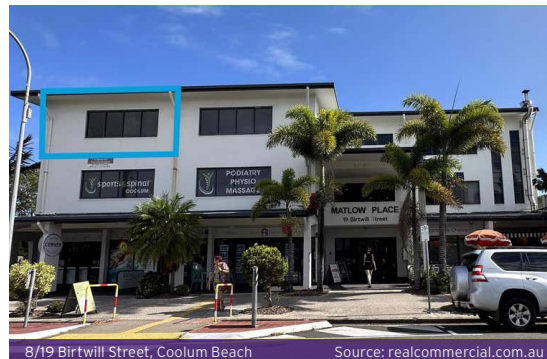
On the Sunshine Coast, entry-level office spaces typically consist of small strata-titled units within small complexes located in large centres such as Maroochydore, Caloundra and Nambour, or in smaller beachside and hinterland pockets. This market is predominantly driven by owner-occupiers, though investment opportunities do exist. Investing in this sector usually involves small strata-titled units, which typically attract a local tenant profile, often limiting long lease tenures. Additionally, these investments may be in older complexes that require higher levels of repairs and maintenance over time.

In hinterland locations, entry-level office units can start as low as \$250,000 to \$300,000. However, these units are typically small and often offered vacant, adding the risk of securing a tenant. In more coastal or central locations, entry-level investment opportunities start around \$400,000, with recent yields ranging from 6.5% to 7.5%

depending on location, quality and lease profile. Below are examples of some recent entry-level investment sales:



This is a 136 square metre office strata that sold for \$421,000 in March 2024. The property is leased to two local tenants reflecting a WALE of 1.84 years and a yield of 7%.



This is a 136 square metre office strata that sold for \$555,000 in February 2024. The property is leased to a local tenant reflecting a yield of 6.67%.



Jaydon McDowell  
Associate Director

## Rockhampton

The office sector in Rockhampton is currently demonstrating moderate growth. Demand for office space remains consistent, driven primarily by local businesses and government services, which are pivotal to the area's economy.

Entry-level investments in office properties in Rockhampton typically consist of strata offices within larger buildings and standalone suburban office buildings. These options appeal to investors looking to enter the market with a relatively lower capital investment compared to larger commercial properties.

These accessible assets are predominantly located in and around Rockhampton's CBD, as well as suburban areas where local businesses are concentrated.

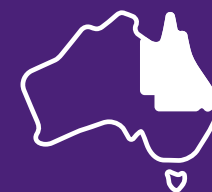
Prices for entry-level office spaces in Rockhampton vary depending on their location and size. Strata offices in larger buildings might start around \$300,000, whereas suburban freestanding office spaces could range from \$500,000, depending on specific property features.

Investors can anticipate competitive rental yields in Rockhampton's office sector, typically ranging from 7% to 8.50% annually for entry-level properties. This makes it an attractive option for those seeking stable income from their investments.

In summary, investing in entry-level office properties in Rockhampton offers a promising opportunity for first-time investors seeking income returns and potential capital appreciation with a range of options.



Gregory Williams  
Director



## Gladstone

The office sector in Gladstone is currently exhibiting stable performance with moderate growth opportunities. As of the latest reports, the market is seeing steady demand from local businesses and professionals, particularly in sectors such as logistics, healthcare services and local government administration. Vacancy rates have been relatively low, reflecting a balanced supply and demand dynamic.

Entry-level office investment opportunities in Gladstone typically include strata-titled offices within larger commercial buildings and suburban freestanding office spaces. These assets are attractive to first-time investors due to their affordability and relatively lower entry barriers compared to larger commercial properties.

Similar to Rockhampton, entry-level office spaces in Gladstone generally range from \$300,000 for strata properties to \$500,000 for standalone office buildings, depending on size, location and amenities. Potential returns are attractive with rental yields typically ranging from 7% to 8.5% annually, making them a viable option for income-oriented investors.

For first-time office property investors, entry-level assets in Gladstone offer an accessible opportunity to diversify their portfolio with rental income and potential for capital appreciation. Understanding the local market dynamics, assessing risks and leveraging growth opportunities will be crucial for maximising returns in this evolving market.



Graham Gross  
Valuer



*The volume of sales in the Wide Bay has demonstrated a reduction within the market, however there appears to be a relatively healthy level of demand for investment grade stock.*

## Wide Bay

Office leasing in the Wide Bay region has been relatively limited this year to the smaller scale (sub 250 square metre) range, apart from a couple of larger notable lease renewals. Rents have been stable with tenants showing reluctance to commit to long term agreements.

The volume of sales has demonstrated a reduction within the market, however there appears to be a relatively healthy level of demand for investment grade stock, particularly health and allied health related services. One of the contributing factors to the slowing rate of sale is the increasing gap between vendor and purchaser yield expectations.

The market has been relatively stable and perhaps seen minor to modest growth over the past 12 months. Looking forward, we are likely to experience similar conditions, however with the caveat that significant changes to micro or economic factors can influence this.



Ben Harnell  
Associate Director

## Townsville

The Townsville office market continues to find its feet as the post COVID hybrid/liquid workforce continues to occupy existing office space on a more full time basis. Initial downsizing requirements and office churn is abating although vacancy rates remain elevated, predominantly underpinned by lesser quality space.

Occupancy rates are tight in the premium grade sector although this is typically occupied by government tenants, requiring much higher levels of service and amenity. The balance of the private sector shows relatively elevated occupancy in the A-grade to D-grade categories. C- to D-grade premises are seeing little to no interest with many remaining vacant for several years, requiring capital upgrades due to elevated levels of obsolescence.

Opportunities do exist for asset upgrade or repurposing of older or vacant buildings with the Townsville City Council offering cash incentives under the City Activation and Housing Incentive Policy, developed with the intent of generating investment, increasing housing diversity, supporting community activities and creating employment opportunities.

From a rental perspective, there is continued downward pressure on rental rates and inversely an increased ratio of incentive, now reaching 30 per cent in some cases with landlords eager to fill long term vacancies. Entry level tenancies are generally achieving gross rates between \$150 and \$250 per square metre. Remodelled and B-grade tenancies are typically achieving between \$250 and \$400 per square metre with the variance dependent upon the level of appointment, exposure and nature and condition of improvements. Premium grade rents are typically circa \$500 plus per square metre and sit above the rental range of the private sector.

Transactions over the past 24 months reflected yields of between 5.75% and 8.50%. The owner-

occupied end of the market is clearly more buoyant, although demand now outweighs supply.



**Jamison Sayce**  
Associate Director

## Cairns

The Cairns office market is relatively shallow and has experienced limited new development, with the last major office development being the state government office tower completed in 2010. There have been several smaller (sub 2,500 square metre) tenant-initiated design and construct projects completed, however there are no known significant new developments in the pipeline.

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

Quality green star and NABERS/BEEC rated premises, of which there are only a handful in Cairns, achieve high levels of occupancy and higher rental levels with these appealing to state and federal government entities primarily. Rentals for A-grade offices are 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 to no onsite parking. Non-inner CBD and well exposed secondary space appears to be moderately strong however demand begins to fall away above circa 500 square metres.

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

Local and southern investor demand remains strong but activity is once again limited by a severe shortage of quality investment stock. Overall the market is considered stable.



**Shane Quinn**  
Director

## Mackay

Potential purchasers at the entry level of the market comprise owner-occupiers and investors. Entry-level opportunities are limited but include the infrequent listing of single and small multi-tenanted properties with up to three or four tenancy areas. Office and retail uses are often interchangeable and dependent on purchaser requirements and tenant demand. These types of easy-buy-in, standalone assets are located in Mackay City and the city fringe especially along

Wood, Shakespeare, Victoria, Alfred and Sydney Streets. Entry-level strata units are located in the suburb of Rural View.

Recent sale prices range from \$400,000 or \$2,424 per square metre for a property requiring extensive renovation on Shakespeare Street to \$500,000 (or around \$3,200 to \$3,500 per square metre) for well-presented Wood Street and Rural View premises. The entry-level sector would also include assets up to \$1 million. Investment yields range from 6.9% to 7.7% per annum net.

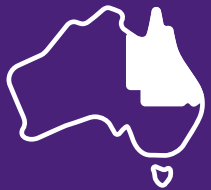
The office rental market in Mackay is fairly active and rental rates are steadily rising. Rental rates range from \$225 to \$370 per square metre per annum net. We have noticed, understandably enough, that tenancies with internal toilet facilities (rather than shared toilet facilities) attract premium rental rates.

Supply within this sector is fairly limited and building replacement costs have risen considerably in recent years, vastly exceeding rental growth over the same period in percentage terms. It is therefore unviable to construct a new, entry-level office if investment return is the sole consideration. We do not envisage much new stock coming into the market soon. Short of any major regional economic crisis, we expect that rents and value levels will rise steadily moving forward.



**Gregory Williams**  
Director

*Supply within this sector is fairly limited and building replacement costs have risen considerably in recent years, vastly exceeding rental growth over the same period in percentage terms.*



## Darling Downs

Entry level office properties in Toowoomba consist primarily of converted dwellings and strata office suites around the fringes of the Toowoomba CBD. Over the previous two years, demand for converted dwellings has continued to grow, particularly from owner-occupiers. This market is now tightly held. Few properties of this nature transacted on the open market during 2023 or the first half of 2024 and it is rare for these properties to sell to investors. Demand for quality tenanted strata office suites has continued in recent times however there are once again limited options available to prospective buyers with very limited supply.

A prospective buyer can expect to pay \$750,000 to \$1 million for entry level freestanding offices in Toowoomba. If a property is leased with an average or above average lease term (three to five years) a sub 6% yield is readily achievable. The major risk for an investor is a prolonged period of vacancy at the conclusion of the current lease term if they are purchasing an office investment. Prime office accommodation in the city centre is likely to experience increased vacancy throughout the next two to three years which will provide tenants increased incentive to move their premises and cause reduced demand in entry level properties surrounding the CBD.

As with 2023, there has been limited demand for new office space in Toowoomba in the first half of 2024. The exception has been smaller tenancies between 100 and 200 square metres which continue to experience moderate levels of activity, particularly associated with the inner city area which consists of a high proportion of former dwellings converted to office space suited to professional users both as owner-occupiers and tenants.

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

There have been very few new office projects commenced in 2023 with completion scheduled during 2024 and this is attributed to high construction costs, labour and material shortages and increased finance costs combined with tighter credit assessment guidelines. Several projects have been completed by existing inner city tenants and include construction of a new NAB branch and business banking centre within the city centre and the purchase and major refurbishment of two existing office buildings by a local accounting group and a 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 have resulted in additional vacant floorspace following relocation of business into the new floorspace during the first half of 2024.

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

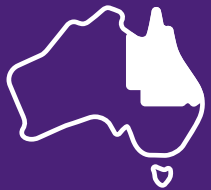
Growth continues to be experienced in the NDIS sector with strong lease terms obtained by property owners, although these generally relate to fringe CBD areas.

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

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



**Ian Douglas**  
Director



# South Australia - Office 2024



## Adelaide

The Adelaide office market has continued to see extremely high vacancy rates off the back of record levels of supply introduced throughout 2023. It may take some time for the office market to reach a new equilibrium comprising sustainable levels of vacancy, although this will hopefully be eased with the future projected completions over the next three years to be in line with the ten-year average. Irrespective, agents are still noting strong demand for CBD lettable area, propped up by strong projected employment growth figures. Flight to quality is the key driver for positive absorption levels, which is presenting problems for the remainder of unwilling landlords with a backlog of dated, less efficient and undesirable office space. The market has shown continued rental growth regardless of vacancy rises, shown primarily in higher quality stock, yet the secondary market is still showing resilience aided by tenant centralisation and occupiers looking for discounted opportunities.

Strata-titled office suites seem to be the main focus for entry-level purchasers given their lower price point. It is important to note that strata-titled properties incur strata fees which vary in amount depending on individual factors such as the property size and the facilities.

Office suites within Aurora on Pirie are a prime example of an office entry-level opportunity given they typically comprise smaller strata-titled units. A unit currently under contract for \$175,000 (excluding GST) sold at a yield of 7.70% with an

*The market has shown continued rental growth regardless of vacancy rises.*

unexpired lease term of 1.66 years. The 33 square metre suite comprises strata fees in excess of \$2,800 per annum which is likely to have deterred some prospective purchasers. This building is notorious for having comparably high levels of outgoings to similar scale office buildings in the Adelaide CBD which has historically impacted the marketability. The reason is the extensive level of maintenance required for the common areas within the building including a gym, pool, rooftop BBQ facilities as well as common amenities on every floor.



Aurora on Pirie

Source: RealCommercial, 2024

On the other end of the entry-level scale, we recently saw a sale in Mount Barker, outer-metropolitan Adelaide for \$916,000. Unit 8/2-4 Cameron Road, Mount Barker sold in May 2024 towards the upper end of market parameters

with an unexpired lease term of 1.11 years with a further three year option and at a yield of 6.93%. This is an interesting example of a property selling for a relatively tight yield representative of the gentrification of Mount Barker as larger rural residential lots have been subdivided into large-scale residential land divisions. Between 2011 and 2021, Mount Barker's population increased by 30 per cent to 39,627 residents and is expected to grow to 55,606 by 2036.



8/2-4 Cameron Road, Mount Barker

Source: RealCommercial, 2024

Freehold office space in good localities is typically above entry-level price points and often in high demand. We see consistently strong demand for converted character dwellings which are fit for consulting, medical or various other professional uses selling at extremely tight yields. The greatest interest often comes from dwellings positioned along prominent arterial roads including The Parade, Unley Road, Fullarton Road, Portrush Road, King William Road and Prospect Road.



Matt Slack  
Assistant Commercial Valuer

# Western Australia - Office 2024

## Perth

The Perth office property market overall continues to endure a prolonged period of subdued activity in the wake of the COVID-19 pandemic. However current market dynamics do present opportunities for the astute investor and prospective owner-occupier.

The more affordable office assets tend to be located within suburban activity centres throughout the Perth metropolitan area, with a smattering of suitable developments in West Perth and the Perth CBD.

These types of assets are popular with small businesses and the historically low interest rate environment has provided business owners with a conducive, cost effective opportunity to acquire such property at occupancy cost levels (i.e. mortgage repayments) that often prove more competitive than renting similar accommodation.

Owner-occupied premises also avert the ongoing problem of regular rent reviews where rental liabilities can escalate through the duration of the lease term as opposed to mortgaged property where payments can be fixed.

Often owner-occupier business proprietors incorporate such property holdings in self-managed superannuation funds whereby the related business pays a rental to the superannuation fund. Such an arrangement enables the asset and the rental payments to remain with the owner essentially, as opposed to being lost to a third-party investor landlord.

Accordingly the market for such assets is primarily driven by owner-occupiers with the level of rental return derived from these properties often insufficient to satisfy the appetite of a private investor, particularly in a climate of uncertainty over the future direction of interest rates. Properties subject to a lease can therefore achieve lower sale prices in comparison, as the purchase price tends to be dictated by the target yield.

The quality of tenants that usually occupy these low end office tenancies should be carefully scrutinised as part of any potential acquisition by an investor. Such tenants are often susceptible to fluctuations in cash flow and the security of tenure can be feeble.

Whilst re-letting such premises can prove a lengthy and costly exercise in the event of vacancy, in a market characterised by an oversupply of available product relative to demand, prospective landlords should be encouraged by the prevailing leasing climate for office space less than say 300 square metres.

The hybrid working model, spawned from the COVID-19 pandemic, appears here to stay and we expect companies to continue to reduce their workspace footprints correspondingly.

Availability of this stock in certain fringe CBD locations is constrained and likely to exert upward pressure on achievable rental rates in this segment with limited supply additions in the short term given the high cost of construction.

Pricing is a function of a variety of factors but typically rates per square metre of floor space for strata titled office suites in Subiaco for example, start at circa \$4,000 per square metre for a modest quality suite to as high as say \$6,500 per square metre for modern, good quality space in a sound location.

The market for such entry-level assets has been fairly stagnant over the past 12 months.

Aside from location, other key drivers of value for these types of property include age of construction, floor area, quality of specification, extent of any common (i.e. end-of-trip) facilities and car bay ratio (the number of bays relative to floor area).

Recent sales of similar leased properties around Perth indicate market yields tend to range between 5.50% and 7% with variation in yield largely a function of age and quality of improvements, location, quantum of value and nature of lease covenant. A plethora of options exist within a six-kilometre radius of the Perth CBD.

For both owner-occupiers and investors, newly constructed suites carry the added advantage of depreciation benefits, making more modern suites more sought after in the marketplace than older stock.



Greg Lamborn  
Director



# Northern Territory - Office 2024

## Darwin

Most of Darwin CBD's office stock is held in larger buildings with extensive floor plates, designed for occupation by the NT Government, the dominant tenant for this type of development.

A few strata offices in inner Darwin may suit a smaller scale investor or their related superannuation fund. Most of these are on upper levels, with the ground floor devoted to retail type uses. These types of strata are available in the CBD, Waterfront and inner suburbs such as Tipperary (Stuart Park), Cullen Bay (Larrakeyah) and Parap. There are also some dedicated office buildings such as 38 Woods Street, which have been converted to strata.

These types of properties are not as common outside the CBD and inner suburbs. There are rare opportunities in Palmerston, Casuarina and suburban areas but office property tends to be Torrens title rather than strata in these areas. Torrens title properties of this nature tend to be of an older style, especially on the smaller scale.

Opportunities to purchase this type of commercial office space are rare across Greater Darwin. As always, investors must compete with owner-occupiers and the current level of returns means that owner-occupiers tend to win out more often than not.

Those levels of returns are mainly dictated by rents. What we are seeing generally in the Darwin office market is that the limited supply of A grade space is attracting higher and higher rents, whilst rates



*As always, investors must compete with owner-occupiers and the current level of returns means that owner-occupiers tend to win out.*

for lower quality stock are stagnating. This trend is apparent for strata offices as well. An owner of a tired strata office space may need to consider capital expenditure on a new fitout or at least a larger incentive if they want to get the highest possible return in the long run.

Another factor which affects net returns is body corporate levies. These can vary markedly depending on what services are provided by the body corporate, especially air conditioning. Body corporate levies in Darwin can easily exceed \$120 per square metre per annum depending on services provided. This can be a heavy burden for the owner, especially if the lease has been negotiated on a gross basis and the landlord must pay these charges.

Due to their relative scarcity, smaller office premises tend to attract good interest when made available for sale, however an investor must carefully consider the additional risks associated with commercial office property compared to residential.



**Terry Roth**  
Director





# Residential

August 2024

# National Residential Overview

After a prolonged period of low interest rates, the residential property market has had to come to terms with a higher interest rate environment. Perth and Adelaide markets have proven resilient and price growth is still evident, while in Melbourne and Hobart, market resilience has been more variable. Inflation remains stubbornly higher than the RBA target rate and interest rates have remained higher for longer. At the time of writing there is speculation as to whether the RBA will increase the cash rate in August.



Kevin Brogan,  
Head of Group Risk  
and Compliance

**While some may be tempted to renovate in situ, the cost and uncertainty of undertaking extensive renovations can be off-putting to those looking to purchase a house and renovate.**

The cost of moving house can be quite substantial once you have paid your selling agent's commission, legal fees, stamp duty, removal costs etc - the list of costs seems endless. In some markets, the supply of suitable properties is tight and searching for the right home can be a time-consuming and lengthy process. Little wonder that the costs and disruption associated with moving house are factors in the decision-making of at least some homeowners looking for a change in their living accommodation.

But is renovation a viable option? What are the issues that you need to take into account?

Will your renovations be reflected in the price that you can sell your house for (when the time comes)? The answer is a resounding "it depends". Homeowners will need to consider the location of their property and what type of properties are in demand in the local market. Overcapitalisation can occur when a homeowner spends more improving their property than the value that is added by those improvements and can be due to a number of factors - idiosyncratic finishes that do not have a broad market appeal, a quality of finishes that significantly exceeds those typical for the market, or the layout functionality of an older property.

Once the price expectations for the renovated home exceed those of the local market, buyers

will simply tend to seek out properties in better locations. Owner-occupier renovators in particular also need to remember that part of the cost is removing finishes that already contribute to the value of the un-renovated property, so the value decreases before it increases.

While some may be tempted to renovate in situ, the cost and uncertainty of undertaking extensive renovations can be off-putting to those looking to purchase a house and renovate. In some markets, demand for fixer upper properties has declined, but this creates an opportunity for the experienced renovator. One impact we can see is that recently renovated homes can attract buyers and achieve short marketing periods. A well renovated home can be very attractive to purchasers who are concerned about the cost and delays involved in undertaking the work themselves.

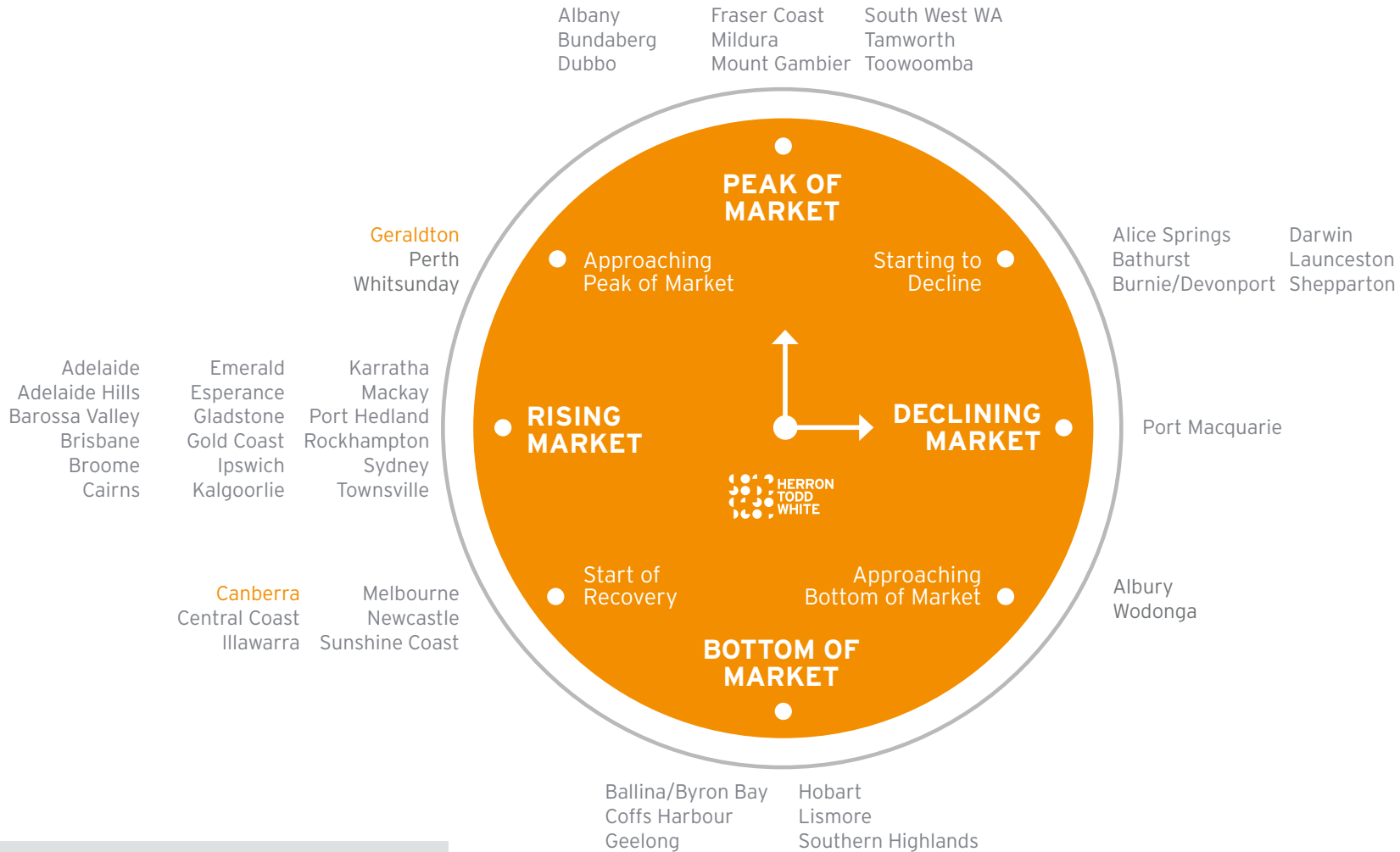
Before commencing any renovation, it is important to understand the local residential property market. This edition of the Month in Review has insights from our local experts around the country that will provide invaluable context for planning any large renovation project.



# National Property Clock: Houses

Entries coloured orange indicate positional change from last month.

Month in Review  
August 2024



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# National Property Clock: Units

Entries coloured blue indicate positional change from last month.



Month in Review  
August 2024



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# New South Wales - Residential 2024

## Sydney

Renovated and new homes have outperformed their unrenovated counterparts in recent years in terms of buyer interest and time spent on the market. This has been the result of quickly increasing building costs, along with a shortage of tradespeople relative to demand, having led to increased uncertainty around the time and cost of completing a renovation or new build project.

Although building cost and holding cost (interest rate) increases have moderated this year, significant increases in costs over recent years have made profit margins on renovating much tighter. This has meant renovating for profit has become harder and less common throughout Sydney. For most of the renovation projects we value, the owners are doing them for lifestyle purposes rather than with an eye to selling in the short-term.

This is not to say that there are not opportunities to renovate for profit, just that the margins are tighter, so the right type of renovation needs to be considered for that property type in that location.

## Western Sydney

Given the age of much of the property in Western Sydney there is an abundance of dwellings that are ripe for renovation or will need one in the near future.

Older established suburbs are prime targets for renovators and in most instances there is already an established renovator market with numerous

transactions of renovated dwellings occurring, giving confidence to would-be renovators and valuers on what prices could be achieved upon completion. The smart renovators will work back from these renovated sale prices to work out whether to proceed or not.

A trap new renovators can fall into is blowing the budget out and over-capitalising. By being well aware of the recent sales of renovated properties in the area, you can run your numbers based on the market evidence and limit issues with over-capitalisation or valuations not stacking up.

Recently 27 Harrison Street, Northmead, sold for \$1.65 million via local agent Ray White Parramatta. This was a resale of a now fully renovated dwelling. It previously sold for \$1.23 million in April 2022 as an unrenovated dwelling. This is a total uplift of \$420,000 in just over two years. It was a full renovation including a rear extension and new bathrooms. During this renovation period the Northmead dwelling market also improved which according to realestate.com.au was an increase of 11 per cent over this period.

Therefore if the market was flat throughout this period, the uplift from renovating would be approximately \$285,000. Accounting for the cost to renovate the dwelling, the initial acquisition costs, loan repayments and sale costs, this would leave the owner with not much left in the tin, if any at all. Thank goodness for the strong growth over this period.



27 Harrison Street, Northmead before

Source: realestate.com.au



27 Harrison Street, Northmead after

Source: realestate.com.au

Another example is 15 & 15a Poppy Close, Claremont Meadows selling for \$1.255 million in June 2024 via local agents Aitken RE in Penrith. Originally a dated, brick veneer, three-bedroom, one-bathroom dwelling, it sold for \$765,432 in June 2022. This property was a renovator's delight with every bit of the property needing attention. Since the original property was



purchased it has undergone a full refurbishment inside and out including the addition of a new granny flat at the rear.

The recent sale at \$1.255 million reflects an uplift of approximately \$490,000 or a whopping 64 per cent in value. Like much of Western Sydney, Claremont Meadows enjoyed median dwelling price growth in the order of 22 per cent throughout this period. Therefore if the market was flat throughout this period, the uplift from renovating would be approximately \$321,000. When you consider the cost of a new detached granny flat and the full renovation of a three-bedroom, one-bathroom dwelling, the profit margin is quite thin.



15 & 15a Poppy Close, Claremont Meadows before Source: realestate.com.au



15 & 15a Poppy Close, Claremont Meadows after Source: realestate.com.au

Discussions with local agents reveal that in the current climate, houses in need of renovation are seeing less enquiry and require more discounting to attract buyers. Many in the market don't have the time or additional money to renovate or they are spooked by industry price rises and builders falling into financial trouble. Fully renovated dwellings or property not needing a cent to be spent on them are more resilient in a slowing economy.

### South Western Sydney

Heading into the warmer months, traditionally we have seen a flurry of renovation projects start to take place as owners either look to update their dwelling to simply enjoy in the warmer months or to prepare to take advantage of a surge in buyer interest during the spring market.

However, whilst it would appear for the moment construction costs are stabilising, as reported by CoreLogic's Cordell Construction Cost Index, which saw a 0.8 per cent rise in the cost to build in the first quarter of 2024, the current high construction costs being asked by tradespeople coupled with higher interest rates and a market which is only showing a small uplift to steady price movement in the past six months, the concepts of cost versus value and short or long term venture need to be considered before undertaking a renovation project.

Herron Todd White has a strong presence in the south-west region of Sydney and we are seeing a shift to more homeowners upsizing rather than renovating and extending. A recent example is a family in Fairfield who had grown out of their current accommodation. They had concluded a new house would cost them \$200,000 more than a renovation and extension, so they chose the path of a new dwelling.

We are seeing more and more people choosing to purchase a new dwelling or a renovated dwelling rather than a house that needs renovations for the following reasons:

- ▶ Ease of moving straight into a home that does not need any work;
- ▶ People do not have the time or skill to undertake the work themselves;
- ▶ Functional obsolescence of older style floor plans;
- ▶ The south-west buyer profile likes new and new is relatively obtainable and affordable;
- ▶ The cost of the renovation can be more than the increase in value afforded by the renovations.

Unless you can do the works yourself and save on labour, profit margins are becoming thin.

An example of this is a dwelling which was recently renovated and sold in Edensor Park. The property sold for \$915,000 in June 2023 completely original and resold in May 2024 for \$1.16 million fully renovated.



Edensor Park before

Source: CoreLogic





Edensor Park after

Source: CoreLogic

The price increase was \$245,000, however when you consider stamp duty on the original sale, holding costs, renovation costs, seven per cent market increase (as reported by realestate.com.au), selling costs and potentially capital gains, it leaves very thin margins.

The other popular option in south-west Sydney is the addition of a granny flat, however margins on this type of addition are becoming thin too.

A three-bedroom, one-bathroom home on 625 square metres in Rosemeadow sold for \$815,000 in April 2024. An equivalent home with a granny flat sold for \$1.057 million in May 2024, or an uplift of \$242,000. Considering a granny flat on average costs between \$170,000 and \$200,000 for construction, planning fees, holding costs and selling fees, margins are very thin and the inclusion of a granny flat is more used to gain an additional form of income rather than for a profit making exercise.



Rosemeadow - with granny flat

Source: CoreLogic



Rosemeadow - without granny flat

Source: CoreLogic

### Upper North Shore

The Upper North Shore has seen a slight shift in the appetite for renovation projects in recent months. After a long period of uncertainty regarding the building industry and corresponding construction costs and supply, it appears there has been some stabilisation in this sector. Consequently, renovation projects are more attractive and in higher demand than they

have been, although there is still some trepidation in the market.

There has been a long holding period in regard to renovation projects as owners and developers waited for construction costs to dramatically decrease. Our conversations with homeowners, potential buyers and local real estate agents in recent months have confirmed that an acceptance has emerged in regard to these costs, with the realisation that prices are not likely to ever return to levels seen prior to the pandemic.

Recent data from the Cordell Construction Cost Index for the second quarter of 2024 shows that residential building costs lifted by only 0.5 per cent over the past three months, after a 0.8 per cent rise in the first quarter of 2024. These normalised cost increases show that the sector has stabilised which has resulted in more confidence in the market.

Developers and owner-builders on the North Shore are still dominating the demand for renovation or new build projects. We still see a lot of original, dated homes with no heritage overlays being in high demand due to the ease of development approval and minimal construction risks.

An example of such a project is 17 Oxley Avenue, St Ives, selling in August 2021 for \$2.79 million, comprising a basic and dated residence. Subsequent to this sale, the original residence was demolished and the construction of a new residence was undertaken. The new home comprises a contemporary, two-level dwelling, comprising five-bedroom and four-bathroom accommodation with double garage and swimming pool, typical for the area. As per CoreLogic records, the new property sold in May this year for an advised price of \$6.505 million, resulting in a healthy profit for the assumed developer.

*There has been a long holding period in regard to renovation projects as owners and developers waited for construction costs to dramatically decrease.*





17 Oxley Avenue, St Ives Source: realestate.com.au

Further fuelling developers in this new build and renovation sector has been the strong demand from buyers for such products. Purchasers are willing to pay a premium price, not wanting to assume the risk of undertaking the project themselves. Consequently, this sector of the market has been the best performing by a long shot over the past 24 months.

It does seem however that there has been a recent shift in this particular market sector, with multiple properties selling for below expectations in recent months, although still at good prices. We have witnessed multiple properties selling below the previous purchase price at the peak of the market.

As a prime example of such a sale, we saw a contemporary, five-bedroom, three-bathroom modern home in St Ives selling early in 2024 for \$3.95 million after being on the market for 123 days (as per CoreLogic records). This property had sold previously in March 2022 for \$4.38 million, showing a decline of almost 10 per cent in value. Interestingly, the property was only on the market for 24 days (as per CoreLogic) when it sold in 2022, showing the high demand at the time of the prior sale. In comparison, the most recent marketing campaign was 123 days, a

*These buyers seek properties that are low-maintenance and equipped with modern amenities such as home automation, gas fireplaces, and plunge pools.*

definite sign of softer market conditions. Although we don't know the full details of this sale, it is not an uncommon occurrence in the current market.



29 Yarrabung Road, St Ives Source: Domain

In terms of renovation projects, there has been very little activity in terms of renovating for profit. This is a true indicator of how sustained high construction costs have had a real impact on the market. Although we are not seeing the traditional house flipper active on the North Shore, we are still seeing plenty of renovations been undertaken by owner-occupiers.

As discussed earlier, there has been an acceptance that building costs are not going to have any great decline as previously hoped, giving confidence for owners that now is the time to proceed with renovations, often after a long waiting period. This renovation activity is especially evident at the higher end of the market, predominantly with period style properties subject to heritage overlays. We also see some high-end properties which are about to be

listed for sale undergoing minor renovations for marketability purposes.

As we move into the second half of the year, we predict that owner-occupier renovations on the North Shore will continue to increase due to stabilised construction costs. With generally steady market conditions currently being experienced, the next few months may see properties advertised as renovation projects become a more popular product with the potential to add value again becoming a reality.

#### **Lower North Shore**

Demand for properties in the Lower North Shore varies depending on their development potential and highest and best use. Currently, there is high demand for rundown dwellings or properties suitable for dual occupancy or duplex construction. This demand primarily comes from developers and builders, who are paying premiums for these sites. Prices for such properties have risen sharply since the market dipped in 2022 and since recovered.

Profits from buying and renovating or rebuilding homes are more challenging now due to higher interest rates and construction costs. Buyers of such properties are generally builders or developers. The high construction costs and increased interest rates make it risky and less cost-effective for the average investor to compete with builders or developers.

For this situation to change, interest rates and building costs would need to decrease. Most builders are now reluctant to sign fixed building

contracts without attaching a large premium to cover potential additional costs during construction or material shortages.

An example of this trend is the sale of 32 Chiltern Road, Willoughby. The original dwelling sat on a 984 square metre parcel of land with a 15.24-metre frontage. Instead of renovating the 1920s bungalow, the highest and best use for the site was to demolish it and construct two new duplexes. The dated dwelling sold for \$4.51 million in June 2022, reflecting its duplex development potential. Each of the new duplexes recently sold for just over \$5 million, representing a solid return for the developer despite building costs and taxes. This return was boosted by strong market movements since 2022.



32 Chiltern Road, Willoughby before Source: realestate.com.au



32 Chiltern Road, Willoughby after Source: realestate.com.au

In this instance, the purchasers preferred to purchase a finished and completed product rather than an older dwelling requiring renovation amid high building costs and extended completion times. This was advantageous for both buyers.

The primary buyers of completed or renovated properties are typically older downsizers or families who prefer the convenience of moving straight into a completed home rather than dealing with the potential headaches of a risky and lengthy renovation project. These buyers seek properties that are low-maintenance and equipped with modern amenities such as home automation, gas fireplaces and plunge pools.

#### Northern Beaches

For the Northern Beaches, fully renovated homes and prime land parcels are still in high demand, often commanding premium prices as buyers prefer to avoid the complexities and time commitments associated with renovations. These types of properties typically perform well; conversely, homes requiring additional work tend to stay listed longer and achieve lower sale prices.

Despite the overall increase in profitability, many projects purchased between 2021 and early 2022 and then renovated are finding it difficult to recoup their investment costs. In suburban areas such as Frenchs Forest, Belrose, North Narrabeen and Mona Vale, unrenovated homes are generally available in the \$1.8 million to \$2.2 million range.

In contrast, renovated properties in these areas are fetching prices closer to \$3 million. Additionally, newly built homes are attracting significant premiums that exceed the combined costs of land acquisition and construction.

A recent example is 142 Garden Street, North Narrabeen, which sold for \$2.15 million in

November 2021 and has undergone a modest, complete renovation and reconfiguration. The property is now back on the market for sale with a current asking price of \$2.58 million.



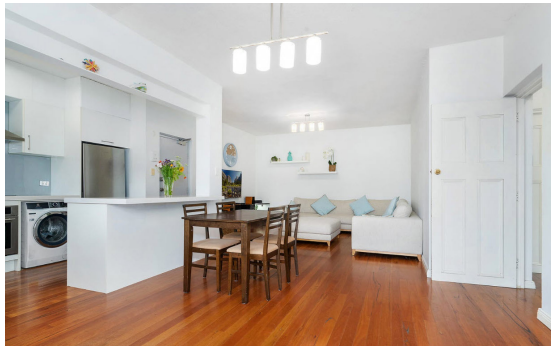
142 Garden Street, North Narrabeen before Source: CoreLogic



142 Garden Street, North Narrabeen after Source: CoreLogic

For units, 11/87 Queenscliff Road, Queenscliff, illustrates the potential profitability of renovations. The unit initially sold in December 2022 for \$965,000 and, while in reasonably modern condition, then underwent a complete internal renovation. Following these improvements, the unit was resold in July 2024 for \$1.265 million and underscores the financial benefits of investing in quality renovations.





11/87 Queenscliff Road, Queenscliff before Source: CoreLogic



11/87 Queenscliff Road, Queenscliff after Source: CoreLogic

### Inner Sydney

Within Sydney's inner suburbs, renovator's delight style properties come to market occasionally, but are by no means common. Building costs within city fringe suburbs are typically higher as a result of tricky access within dense suburban areas with narrow streets, heritage overlays, attached dwellings and tree preservation concerns. As a result, renovating for a profit is not always feasible. Throw into the mix high median prices and the impact of interest rates on holding costs

**Currently, the demand for homes needing renovation is soft compared to previous years.**

and it means that your market knowledge has to be sharp in order to identify the areas where a premium is paid for a renovated product and properties which could be renovated to add value without over-capitalising.

Given these barriers to entry, renovations to houses are often undertaken by owner-occupiers looking to build a dream home for their family and as a result good quality renovations seldom hit the market. Renovations to units are more common as they are not as costly, are more cosmetic and are therefore more achievable for investors and owner-occupiers alike. However with market growth rates softening and strong uncertainty around interest rates, properties being flipped are uncommon, with most renovated properties listed for sale in the current market having been owner-occupied and renovated over an extended period.

Currently, the demand for homes needing renovation is soft compared to previous years, largely due to recent increases in the cost of labour and materials since the pandemic. Compounding this is the current high interest rate environment which is increasing the holding costs associated with blank canvas properties which are often unable to be occupied throughout the construction period. However there are some still available, such as recently sold 56 Smith Street, Surry Hills, a run-down three-bedroom, one-bathroom terrace on 57 square metres of land, requiring extensive work which recently sold for \$1.39 million, with CoreLogic indicating the prior sale was in 1980 for \$41,000.



56 Smith Street, Surry Hills before Source: realestate.com.au



56 Smith Street, Surry Hills after Source: realestate.com.au

A recently renovated property at 321 Glenmore Road, Paddington sold in June for \$4.8 million after undergoing renovations and floor plan alteration. The property was previously purchased for \$3.263 million in March 2021 with CoreLogic indicating the suburb's median dwelling price improved 5.3 per cent in that time, indicating a healthy uplift in value for the renovation works, which included the addition of an attic level fourth bedroom and provision of internal access to the lower ground floor level, increasing the overall dwelling area and practicality of the floor plan. Terrace homes such as this can be expensive

to renovate with the cost of these works likely exceeding \$1 million, however the size of the internal area gained (relative to the overall size of the house) and the modern functionality of a fourth bedroom has lifted this property into a new market segment, something that should be a goal for anyone flipping property.



321 Glenmore Road, Paddington before Source: Domain



321 Glenmore Road, Paddington after Source: Domain

In Darlinghurst, 2304/184 Forbes Street sold in July for \$4.16 million after a luxury renovation. CoreLogic indicates that the property was previously purchased for \$3.45 million in 2021 and that the median unit price has remained relatively stable since, allowing for a sizable gross profit for the work which included a new high end open

plan kitchen and modern bathrooms. Whilst this renovation appears to have had no expense spared, the building is popular with downsizers and DINK's and is therefore an ideal location for a renovation to capitalise on the premium paid by buyers for the convenience of a renovated property.



2304/184 Forbes Street, Darlinghurst before Source: realestate.com.au



2304/184 Forbes Street, Darlinghurst after Source: realestate.com.au

The common theme between these examples is that they are in prime inner city locations, areas which are evolving to suit a modern

professional demographic. To capitalise on this, both properties have been brought into line with the current expectations of that demographic, elevating them into a new market segment.

### Inner West

In the inner west of Sydney, properties with renovation potential are benefiting from their relatively low price point and lack of properties on the market attracting stronger levels of demand and ultimately strengthening their overall value. These properties tend to attract a mixture of first home buyers as well as young families seeking to renovate and live in the property over the longer term. Additionally investors and builders are also in the market to on-sell the property after a renovation.

General market conditions over the past six to twelve months have seen fluctuating sale prices, however with the higher interest rate environment along with the higher cost of construction, general market conditions have flattened and in some areas softened.

Leichhardt is a suburb which has attracted young professionals and families looking to renovate older period homes, and in recent months there have been sales of renovated homes which have sold for a substantial premium. We highlight two sales which have occurred this year, being 85 Day Street and 7 National Street.

85 Day Street, Leichhardt was sold for \$2.43 million in May 2024 after a relatively recent renovation; it was purchased in February 2021

*Although significant uplifts in value have been made in the sales mentioned, the general wider residential market has flattened and in some cases softened in relation to renovated homes.*



for \$1.55 million. The property underwent an internal renovation as well as a second floor addition post the initial sale. The renovated sale reflects an \$880,000 increase between the sale prices.



85 Day Street, Leichhardt before Source: realestate.com.au



85 Day Street, Leichhardt after Source: realestate.com.au

Additionally, the sale at 7 National Street, Leichhardt for \$3.5 million in April 2024 indicates a substantial increase of \$1.7 million from the \$1.8 million paid in May 2022 prior to its renovation. The property underwent a substantial renovation featuring a high standard of finishes. The sale price also indicates a premium was paid for the newly renovated condition of the property.



7 National Street, Leichhardt before Source: realestate.com.au



7 National Street, Leichhardt after Source: realestate.com.au

Although significant uplifts in value have been made in the sales mentioned above, the general wider residential market has flattened and in some cases softened in relation to renovated homes.

The sale of 16 Hugh Avenue, Dulwich Hill represents the upper market segment of the wider Dulwich Hill residential market. The property comprises a significantly renovated interwar era, bungalow style home which was initially sold in February 2021 prior to renovations for \$2.3 million. The property then sold on completion of the renovations in August 2023 for \$4.6 million. More recently

the property sold again for \$4.23 million in July 2024, reflecting a \$370,000 loss since the August 2023 sale.



16 Hugh Avenue, Dulwich Hill before Source: realestate.com.au



16 Hugh Avenue, Dulwich Hill after Source: realestate.com.au

The softened general market conditions illustrated in the example above heighten the risk of a potential capital loss for renovators as well as buyers of newly renovated homes (who initially paid a significant premium). Should interest rate rises continue and high construction costs persist, we would expect lesser listings of renovated homes and properties requiring renovation over the short to medium term.



## Eastern Suburbs

When considering whether a renovation makes sense, one may consider the following: level of value increase; functionality; repairing damage; enhancing efficiency; modernising; preparing for sale; or lifestyle changes. It's essential to consider the costs, potential return and impact during the renovation process.

The market for fully renovated homes remains strong in the Eastern Suburbs as buyers can enjoy the modern inclusions whilst avoiding the risks associated with renovations. News coverage of builders falling bankrupt only highlights this issue further.

At present, margins are tight as materials and holding costs remain high, which is not encouraging significant renovation numbers in the Eastern Suburbs. A softening in interest rates, regulatory changes for approval processes, stable or improving property market and reduction in construction costs would lead to renovations becoming more viable in the future.

The main buyers of renovated properties are purchasers looking for immediate usability, with modern features without the need for further investment. This buyer group includes first home buyers, investors, young families and professionals. The challenges for renovating in the Eastern Suburbs include the costs of construction and council requirements which are forever changing.

4 Carter Street, Randwick comprises a 1920s Californian Bungalow, featuring a full internal renovation and construction of an in-ground pool which sold for \$7.075 million in February 2024 after previously selling for \$5.2 million in July 2021 when presented in a semi-modern condition

throughout. This represents a 27 per cent uplift in value over the period which included a market fluctuation remaining slightly stronger.



4 Carter Street, Randwick before

Source: CoreLogic



4 Carter Street, Randwick before

Source: CoreLogic

The appetite for renovated homes in the south-eastern suburbs of Sydney has been very strong since COVID due to lack of available tradespeople, time constraints in getting approvals, building time and rising construction costs.

*At present, margins are tight as materials and holding costs remain high, which is not encouraging significant renovation numbers in the Eastern Suburbs.*

This has led buyers towards buying new and renovated properties which have been fetching a premium price. Those that are savvy when it comes to buying right and renovating have benefitted.

Renovated, modern and new homes are still fetching a premium price due to lack of stock available and it seems high interest rates have not put as much pressure on this segment of the market as the lower and middle segments.

In 2024 we are starting to see improved conditions for renovating and building than in previous years as interest rates and building cost increases have eased. Local builders have advised that tradespeople are now actively seeking work rather than work just coming to them, and pricing has become more competitive to win the work.

This is like cooking a cake; you need to have the right recipe, otherwise it could all crumble. You need to have the market knowledge to buy well, you need to understand and incorporate the planning considerations (architect fees, development approval, etc), and lastly you need to have a trusted builder that you are confident can deliver the project on time and on budget.

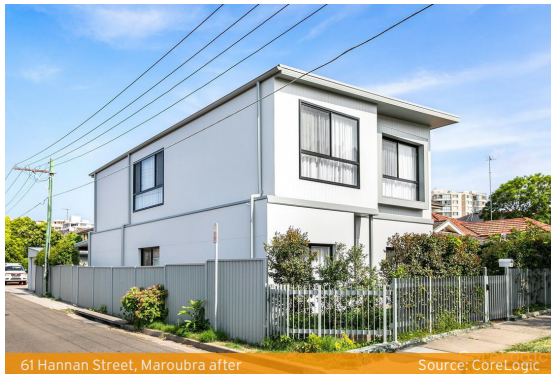
In Maroubra, an unrenovated double brick bungalow at 57 Garden Street, close to Maroubra Junction, featuring three bedrooms on 440 square metres of land, sold in March 2023 for \$2.56 million. The house then underwent an internal and external renovation (although with no extension or addition) to incorporate a fourth bedroom and ensuite and then sold for \$3,377,500 in December 2023.





61 Hannan Street, Maroubra before

Source: CoreLogic



61 Hannan Street, Maroubra after

Source: CoreLogic

61 Hannan Street, Maroubra, comprising an unrenovated double brick 1950s dwelling featuring three bedrooms on 294 square metres of land sold in March 2021 for \$2.01 million. The house underwent a full renovation including second storey addition to make it a five-bedroom and three-bathroom house, and then sold for \$3.355 million in March 2024.

### Southern Sydney

The demand for a renovated dwelling has increased in recent years, with buyers favouring a modern or renovated property over an older style property needing work.

*Higher end renovations are performing better over a more cheaply completed renovation, not only achieving higher sale prices, but also selling after fewer days on the market.*

Higher end renovations are performing better over a more cheaply completed renovation, not only achieving higher sale prices, but also selling after fewer days on the market.

Local agents in the southern suburbs have noticed the shift from buyers wishing to buy a fixer up dwelling to add value to a higher demand for a fully renovated dwelling. The driving factors behind the shift appear to be the strong increase in labour and materials costs over the past few years and the potential for these costs to increase further, leaving the cost to renovate harder to predict.

In June 2020, a circa 1950 waterfront dwelling located at 15 Raymond Street, Oatley, on the Georges River, was purchased for \$1.725 million. The property featured basic interiors with four bedrooms and two bathrooms. The property then underwent a complete renovation with remodel of the kitchen with modern appliances, renovating the bathrooms and installing new flooring and external works.

In February 2024, after the comprehensive renovation, the property was sold for \$3.15 million. This substantial increase in value highlights a strong market demand for homes with modern amenities and high-end finishes. While the overall property market did experience growth from 2020 to 2024, the extensive renovation work played a crucial role in significantly boosting the property's market price and appeal.



15 Raymond Street, Oatley before

Source: CoreLogic



15 Raymond Street, Oatley before

Source: CoreLogic

Another example of a high end renovation achieving a strong increase in price was the sale of 1A Trevalsa Place in Burraneer. The 1970s two-storey dwelling sold in April 2023 for \$3.801 million before undergoing a full high quality internal renovation with partial reconfiguration, along with substantial rear landscaping works. The property then resold for \$6.5 million in March this year through Highland

Property. Taking into account the renovation and landscaping costs, the significant uplift in value, well above the market growth Burraneer experienced during the holding period, is a clear indication of the demand for a high quality renovation in a premium suburb.



1A Trevalsa Place, Burraneer before Source: realestate.com.au



1A Trevalsa Place, Burraneer after Source: realestate.com.au



Shaun Thomas  
Director

## Lismore / Casino / Kyogle

*Reluctantly crouched in the entrance way  
The mind pumping and thumping all day  
A green light flashes, an idea pops up  
Stripping and burning, the paint must come up  
The owners quickly maneuver and hassle the bank  
Funds burning fast like a leaking tank  
Reckless and wild, they push through the ferns  
Their dedication and commitment is potent and secretly stern*

*As they speed through the project, the carpet goes down  
The shelves get put up and the handles are found  
The house is still empty except for one fan  
Still humming and whirring as fast as it can  
The sun has gone down and the moon has come up  
And long ago somebody left with all of the coffee cups  
But they continue stripping and cleaning and painting the walls  
And hoping like anything else that tomorrow is for the doors*



Yes, it is risky to renovate and presents the unpalatable possibility of misfortune. The challenge is to persevere and the trick is not to over-capitalise.

With interest rates at an elevated but steady level over the past 12 months, the opportunities to acquire property for the purposes of renovation either as an investment or owner-occupation have softened. That being said, the alternative to buying land and then doing a new build is likely to be even more expensive under current market conditions as construction costs continue to soar. Therefore, the renovation option could potentially still feature in the minds of investors, developers, first home buyers and even upgraders - borrow a few dollars to put some new life back into the tired and dated home.

Cost is naturally going to be the key ingredient in the decision making and the resultant end value of the final product. Following the devastating flood event of late February and early March 2022, there are still some properties available (albeit much fewer than a year ago thanks largely in part to the Northern Rivers Reconstruction Authority which has acquired most of the flood-impacted properties in the general Lismore City area under a buy back scheme) that have sold for approximately 50 per cent of their pre-flood event market value. To be sure, they are shells with a gutted interiors and no functioning bathroom or kitchen, however for the suitably qualified tradesperson or those handy with the tools, they present the opportunity to renovate and repair at a budget to return the dwelling to a habitable standard and then lease it out at a rental level comparable, if not higher, than pre-flood event conditions. For example, a flood-impacted property can be purchased for anywhere between \$250,000 and \$300,000



(depending on condition and location) plus stamp duty and then around \$50,000 to \$100,000 can be spent to repair and renovate. Not a bad investment when a total outlay of around \$350,000 to \$450,000 achieves a gross yield of between 5.78% and 7.40% at a gross rental of \$500 per week. The demand for rental accommodation is currently steady as the supply of rental stock has improved over the past year.

Outside of this devastation, there are still the hidden gems requiring TLC or refurbishment within the council areas of Lismore City, Casino and Kyogle. Renovating an established dwelling or unit rather than a new build can achieve a lot.... if done properly. With a budget of less than \$100,000, much of that could provide for an updated kitchen, bathroom, ensuite, general interior and exterior painting and floor coverings. Provided the renovation work is emphasizing the more positive features that are already there OR introducing new features that the market desires (do your homework for the areas you wish to invest or live in as each locality is different), then the cost to added value ratio could yield some reasonable capital gain.... and nicer digs to reside in!

Within the Lismore region it is best to find an established, three-bedroom, two-bathroom dwelling within the \$350,000 to \$500,000 price bracket. For, Casino and Kyogle, a similar product would be in the region of \$250,000 and \$400,000.

There is no particular area of Lismore, Casino or Kyogle which have the upper hand on renovation activity.... diamonds in the rough can be found anywhere if you look hard enough.

An alternative option is to seek out a large home with only two bedrooms and a large living space.

## Despite an increase in almost all sectors over the past two years, there remain bargains to be had.

Cut the living room to provide a third bedroom and the rental would naturally improve to reflect that of a three-bedroom home.

Older style, turn of the century homes are quite popular for those with an interest in timber and the old-world appeal but the cost to renovate and maintain such prized older style weatherboard homes needs to be strictly monitored as one could easily get carried away.

In summary, from a conservative perspective, the purchase of an established house with opportunities to renovate would be a more viable option and purposeful stepping stone to something newer in the future without the millstone of large debt around the neck.



Vaughan Bell  
Property Valuer

### Clarence Valley

Across the Clarence Valley springtime not only brings with it an airing of winter dampness, fragrant blooms, longer afternoons and cane burning season, it is a time when many homeowners look to present their properties to market while at their most lush and photographable.

Despite an increase in almost all sectors over the past two years, there remain bargains to be had. Properties such as 8 Hogues Lane, Maclean is presented to market by the reliable Raine and Horne Maclean who explain that "you are buying a project as this home needs some work, but it is

a roof over your head at an affordable price that will allow you to make it your own over time". A prime example of a true renovator's delight!



8 Hogues Lane, Maclean

Source: CoreLogic



8 Hogues Lane, Maclean

Source: CoreLogic

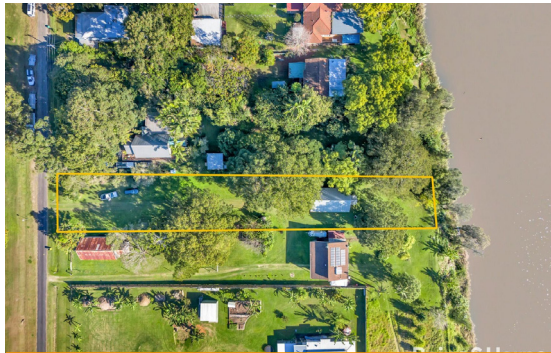
Another notable mention is 11 Woodford Street, Brushgrove. "Imagine having a gorgeous 100-year-old church to convert into your residence!" the ad exclaims, not to mention boasting desirable Clarence River frontage.





11 Woodford Street, Brushgrove

Source: CoreLogic



11 Woodford Street, Brushgrove

Source: CoreLogic

It wouldn't come as a shock that you'll have to act fast on properties like these as they are snapped up by those new to the market, renovators and investors alike - a broad pool which is rife with competition.

Moving forward from the renovator to the renovated, there continues to be strong demand in all areas for the complete package. Well, what does that entail exactly? For Yamba it may be a renovated home with pool and landscaped outdoor living or a walk-in ready unit with an enviable ocean view. For its rural surrounds, it's often a new or neat dwelling with sheds and fencing ready for stock or equine friends. For

Grafton it may be a renovated colonial style home within walking distance of one of its many trendy cafes. While each case looks different, there is one common factor - the lack of work required. Purchasers are clearly paying a premium for move-in ready properties which is driven by the undesirability of time, funds and hassle of simply organising trades, DAs and finance for renovations.

There's no denying there are profits to be made, but it isn't for the faint hearted!

There are plenty of renovated properties wowing the market and it's certainly worth a look but at the most extravagant end of the prestige market, 60 Micalo Road, presented by Pacifico Property, has it all. With genuinely too many features to list, a few things to note are that this 100 acres is nestled on the water's edge with total privacy, professional putting green, expansive elegantly designed dwelling and studio, and resort style mineral pool. We dare say luxury has met its match.



60 Micalo Road, Micalo Island

Source: CoreLogic



60 Micalo Road, Micalo Island

Source: CoreLogic



60 Micalo Road, Micalo Island

Source: CoreLogic



60 Micalo Road, Micalo Island

Source: CoreLogic

*There's no denying there are profits to be made, but it isn't for the faint hearted!*





60 Micalo Road, Micalo Island Source: CoreLogic

Now daydreaming aside, with any future decrease in interest rates (here's hoping) some cost of living pressures will likely be alleviated and an uplift in market value, volume and buyer confidence would likely ensue. However, given its affordability compared to its northern (Byron Bay) and southern (Coffs Harbour) counterparts, the Clarence Valley continues to have something to offer everyone, always. We so look forward to seeing how the remainder of 2024 unfolds!



Simon Evans  
Property Valuer

## Central Coast

Historically, the Central Coast region has seen suburbs transform over many years through higher density developments, renovations of older style housing or knock down and rebuild projects.

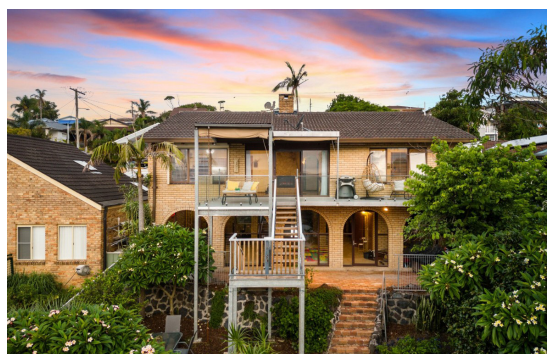
In this month's edition we will take a closer look at the current residential renovation market and discuss whether renovation projects are improving capital growth prospects in the short term, or if a state of wait and see should be adopted amongst our DIYers and builders.

Freestanding dwellings have been the chosen asset type on which to complete part or full scale renovations on the Central Coast. At the same time we do see units undergo cosmetic renovations, however at inferior volumes. The opportunity to profit from a renovation project and maximise returns is heavily dependent on the current market conditions.

Recent data released by CoreLogic shows the median sale price for houses on the Central Coast in the past three months is up 2.2 per cent with the 12 month median sale price change standing at 3.3 per cent. The capital growth rates are a far cry from the previous market boom period between 2020

and 2021 where median sale prices were growing at double digit rates. In this same period, renovation projects were at full steam ahead to capitalise on the heated market with hefty profits commonly seen. In today's market, the equation is different with profiting from renovation projects taking a more diligent approach and over-capitalisation in projects a greater risk than in previous market cycles.

Some examples of recent property flip projects taken to market include two properties in Bateau Bay. 41 Kipling Street, Bateau Bay was purchased in April 2023 for \$1.29 million. A complete renovation to the existing dwelling took place with the property recently selling in July 2024 for \$1.9 million.



41 Kipling Street, Bateau Bay before Source: CoreLogic



41 Kipling Street, Bateau Bay before Source: CoreLogic



41 Kipling Street, Bateau Bay after Source: CoreLogic



41 Kipling Street, Bateau Bay before Source: CoreLogic

19 Toongara Avenue, Bateau Bay was purchased in July 2023 for \$1.23 million. The existing dwelling underwent alteration work with a second storey added. The end result was the property recently selling for \$2.3 million in April 2024.



19 Toongara Avenue, Bateau Bay before Source: CoreLogic



19 Toongara Avenue, Bateau Bay after Source: CoreLogic

Suburbs on the Central Coast are slowly being revitalised with many of the older houses in the established areas of the region undergoing renovation projects or being cleared for redevelopment into higher density residential housing. With all the newly released land estates in the northern areas of the Central Coast, those selling in Sydney are continuing to enter these markets at affordable levels compared

to median values in Sydney. With the Central Coast a commutable distance from Sydney and an increasing trend to work from home, people relocating from Sydney are contributing to the demand for residential property all across the Central Coast region.

Renovating a property in the current market for short term selling purposes requires considerable research and a cautious approach to mitigate losses at the time of selling. Any further increases to interest rates or material and labour costs will prevent those who are more risk averse.

The risks are evident at 22 Magnolia Avenue, Davistown which was purchased in February 2021 for \$1.05 million. The incumbents took an older style 1970s fibro cottage and transformed it into a modern style dwelling with renovations to the existing dwelling, a rear addition for open plan living and the completion of a shed incorporating a two level studio, workshop and garage area. When recently placed on the market, the property sold in July 2024 for \$1.5 million. On face value, the capital growth in the property over this time shows an increase of \$450,000, however when you account for costs of the renovation works, selling costs and possible capital gains tax if it's an investment property, the expected profit margin shrinks.



22 Magnolia Avenue, Davistown before Source: CoreLogic



22 Magnolia Avenue, Davistown after Source: CoreLogic

Wrapping up this edition, it is important to conclude by saying that whilst sluggish growth rates in the current market continue, then the short term risk of properties over-capitalising in the market may increase. This would result in renovated properties listed on the market for sale taking longer to sell while sellers re-adjust their expectations. For those who have a long term strategy to renovate a property, the right time may still be now.



Todd Beckman  
Director

## Newcastle

Everyone says buying a house is a long-term investment. Every time the TV is switched on there's a property program of some sort, usually about renovating or selling. So what's best, buying a house to renovate or one that has been renovated?

The key question is usually about price and location. As property prices rise, affordability is the key determining factor and sometimes to be able to get into a desired suburb, a property with renovation potential is the way forward.



The determining factor is the price of older property plus the cost of renovation compared to the higher priced renovated home. This then generates the question how much will it cost to renovate? Over the past few years, build costs have spiralled and the cost to extend and renovate an average weatherboard house can be between \$200,000 and \$400,000 depending on the work involved plus the time required to do the work and inconvenience during construction. Overall this creates uncertainty and anxiety on whether it's worth all the hassle.

Due to all the uncertainty and cost of renovations, ready to move in homes are currently the way forward with less demand for renovation projects.

The driving force behind buying a renovator or simply renovating instead of moving is usually about location. When buying, location can determine whether there is likely to be a profit or over-capitalisation compared to renovating an existing home simply because you like where you live.

When considering renovations, places such as Merewether, Hamilton South and the close by city suburbs can be attractive for making a profit due to the higher values being achieved. Extensions and upgrades to older homes can make them more appealing to buyers who don't want to take the risk of renovating themselves. In many instances the end product can be impressive and extends the life cycle of the home.

In the outer suburbs, the decision process can be more challenging when considering renovating an

**When considering renovations, places such as Merewether, Hamilton South and the close by city suburbs can be attractive for making a profit.**

older property. The question of over-capitalisation can be lost when the property is being renovated for self-use over a long period. In some cases, the renovation project adds little more floor space but costs similar to a new dwelling and the question of knockdown and rebuild becomes more evident.

The demand for older properties to renovate remains with investors and younger buyers most of the time as these types of buyers usually have a motivation and reason. These will generally focus on in-demand suburbs and locations with good schools.



**Darren Sims**  
Property Valuer

### Illawarra

Spring is coming soon and warmer weather, greener grass and blooming gardens allow presentation of homes to be maximised. Coupled with Christmas as a target for those looking for a new house, spring is a high time for new property listings. Prior to placing their property on the market, some owners have to decide on any renovations they should make to their property. Is it worth renovating and then selling? Are premiums paid for recently renovated homes?

There is a well-established, active market for older unrenovated homes, these being popular with DIY enthusiasts and budget conscious buyers. Purchasers can put their own personal touches into a home and at their own pace or as funds allow.

But renovated homes have become increasingly popular with buyers due to their clean, no fuss, move-in ready nature. They are popular with families, upsizers and investors as they require minimal immediate work and can be put to use straight away either as a residence or to generate an income.

It is in the Illawarra's established residential suburbs that we can see examples of renovated houses transacting in the current market. For example, a renovated three-bedroom, one-bathroom house on Parkes Street, Port Kembla has sold for \$995,000 and in Robert Street, Dapto, a renovated four-bedroom, two-bathroom home sold for \$850,000.

With construction costs having risen, there has been a significant impact on the property flipping market in which buyers purchase a lower priced property, renovate and then resell it. Flippers have been finding it more difficult to estimate their expenses accurately and can end up spending more than they initially planned, which eats into profit. So we have seen fewer speculative flipping purchasers in the past couple of years. It is also these unpredictable construction costs that are putting off mum and dad buyers from completing their own renovation or extension projects and opting to upsize into an already completed home.



**Chris McKenna**  
Region Director

### Southern Highlands

As the Southern Highlands of New South Wales prepares for the blossoming season of spring, the local housing market faces a complex landscape marked by both challenges and opportunities.



Spring traditionally sparks a surge in new property listings across the region, as homeowners seek to capitalise on the favourable weather and showcase their homes in the best possible light. However, beneath this surface optimism, certain segments of the market are grappling with significant hurdles and could be impacted by a flood of new listings early in spring.

One notable trend is the struggle of older homes requiring renovations to attract buyers. Rising construction costs have dampened the appeal of these properties, particularly in the middle market segment. Prospective buyers are increasingly wary of the financial burden associated with renovating these homes, where the potential for profit has dwindled due to escalating labour costs. This situation favours entry-level properties, where renovation costs are comparatively low due to typically being much smaller homes and potential profits more attainable, especially for skilled tradespeople or experienced DIYers capable of minimizing labour expenses through their own efforts.

Conversely, there is a premium being paid for meticulously renovated homes of exceptional quality. These properties appeal particularly to Sydney-based buyers looking to downsize or embrace a tree-change lifestyle. The allure lies not only in the Southern Highlands' scenic beauty but also in the perceived value for money compared to the Sydney market. Well-executed renovations that showcase high-calibre craftsmanship and modern amenities command attention and often justify higher price tags.

In essence, while spring brings promise and activity to the Southern Highlands housing market, it also underscores the necessity for strategic pricing and presentation. As the season



*It is fair to say that renovated and perfectly presented homes are likely to spend less days on the market and gain the highest sale price.*

unfolds, the market's resilience and adaptability will be tested, shaping the dynamics of real estate transactions.



**Kurt Bismire**  
Associate Director

### Shoalhaven

As we manage our way through a cold and wet winter in the Shoalhaven, it is fair to say that everybody is already looking forward to spring and warmer weather, not just local real estate agents, prospective purchasers and potential vendors. Overall the market has continued to somewhat stabilise, with properties at the entry level performing the strongest overall. The recent media talk that a rate cut will not occur in 2024 has subdued the Shoalhaven residential property market, and combined with evidence that inflation is still not declining as fast as the Reserve Bank would like. Let's take a quick look at how renovated dwellings that are entering the market will fare in the warmer weather.

We expect renovated homes and well-presented properties to perform well in the coming months. To renovate a property in the current market can take considerable time and cost. This is largely because sourcing labour as well as hiring tradespeople and purchasing materials is still quite a time consuming and costly process in the current climate. The construction industry is still seeing delays and local builders and construction professionals are advising that some materials

are still increasing in price. So it is evident that when an owner goes to the considerable effort of renovating a home, which also presents perfectly, prospective purchasers can see the value in this as it saves them the time and money to complete these works for themselves.

As highlighted above due to the time and cost involved in renovating a home, now more so than ever and largely due to COVID, a renovated dwelling is likely to perform very well in the current market conditions. It is fair to say that renovated and perfectly presented homes are likely to spend less days on the market and gain the highest sale price. This is especially the case as we head into spring.



**Joshua Devitt**  
Associate Director

### Tamworth

The Tamworth area experienced steady to stable market conditions for the first six months of the calendar year. Residential property priced under \$800,000 has been a balanced market with a slight increase in days on market (selling period) evident. Residential property priced over \$1.2 million has shown signs of a slight increase in volatility due to a slight decline in demand, which is not uncommon in the cooler months of the year within the Country Music Capital. Vendors can be exposed to extended days on market for some listings and also reductions in asking prices to motivate qualified buyer participation.



The new home and renovation environment appears to be stabilising also. Enquiries to local new home construction builders indicate that new home construction enquiry is down from the previous year, with many working through current workflow demands up until the Christmas period. A recent CoreLogic report indicated that “the growth in building costs has finally returned within normal margins; however the price of construction is not falling and building or renovating remains almost 30 per cent more expensive now than pre-COVID after an extended period of escalating costs” (source: CoreLogic 2024).

With this news of de-escalation in construction cost increases, is it time to talk about renovations? Now that market indicators have reflected a stable, more predictable property market, things should look promising for that new extension or updated kitchen, right? Well, let’s talk about it. Whilst current market conditions are mostly steady and there has been a reduction in volatility in building materials, there is still a relatively high cost of labour which is holding the cost to build or renovate. Our regional markets are still experiencing skilled labour shortages within the construction industry, which in turn is continuing to influence costs.

Many investors and owner-occupiers are choosing to purchase partly renovated property, buy recently constructed homes or scale down renovation plans to accommodate stricter budgets and spending habits. Anecdotal evidence within local markets suggests there is still a price disparity between the cost to extend existing dwellings or significant renovation work and the perceived market value. A recently released NAB property market update report (NAB March 2024) indicated that regional New South Wales property prices have increased by only 1.1 per cent for Quarter 1, 2024, indicating

a relatively small growth rate in comparison to calendar years 2021 and 2022 (source: NAB 2024). This subdued growth rate has contributed to budding renovators waiting until there are signs of change in the construction industry or market movements.

Ultimately, there is not much activity in the renovation space in Tamworth City. The vast majority of current and ongoing renovation projects is being actioned based on favored trades availability (and longer lead-in times) affected by local demand. These renovations are dominated by family style dwellings with owners looking to commit to property (and the area) for the long term despite the risk of over-capitalisation. Without industry consolidation, the cost to build or renovate will remain high and subject to availability of qualified trades and labour.



**Nick Humphries**  
Property Valuer



# Victoria - Residential 2024

## Melbourne

For decades, renovating has been a national pastime for many Australians seeking to improve their homes or simply add value to a house and turn a profit. Television and social media feed this interest, flooding the airwaves and online with renovation content inspiring and entertaining millions.

With property taxes skyrocketing in recent times, renovating has been seen as a more cost-effective way to improve your home without the pain of stamp duty and moving house. A fully renovated house also has high appeal for purchasers looking to avoid the pain and hassle of building and renovating.

As we approach the spring selling season, many in the property industry expect renovated high-quality homes to outperform other options in the market. This month we take a look across Melbourne and Geelong to see what's happening in this space.

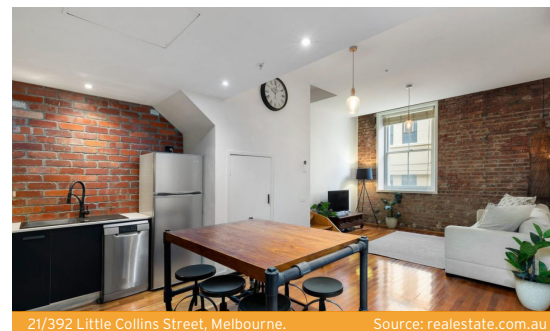
### Melbourne CBD

In Melbourne's CBD, renovations are not very common, especially for single apartments. Over time, whole buildings have been completely renovated and improved, however this may have been to repurpose the building, for example, an old office building being converted to apartments,

however these types of projects very rarely occur given their cost and viability.

The most common way to renovate apartments is a simple cosmetic renovation by changing flooring or updating fixtures and fittings. Unlike houses, renovations in apartments do not seem to have the same benefit as houses, especially in terms of value. Reasons for this include very high costs due to limited access within the city and a large supply of apartments. Renovations in singular apartments tend to lead to over-capitalisation, as apartments do not appreciate in value in the way that houses on larger land do.

An example of a building conversion is the property located at 21/392 Little Collins Street, Melbourne. This was an old warehouse which was converted into an office building in 1964, but then in 1995 was converted into apartments.



This property sold for \$810,000 in May 2024 which is quite a strong result for this time. Purchasers could potentially favour buildings that have a historic background, whilst the inside is still reasonably modern.

### South East & Peninsula

The south-east region of Melbourne is well known for its diverse housing styles from modern houses in the developing suburbs, custom designs along the peninsula and older federation styles in the upper areas such as Brighton.

Renovations are more favoured in the inner south-east suburbs compared to the outer, primarily due to the location, historical significance and age of the properties where space is limited and heritage overlays can provide obstacles. These high-end suburbs turn to renovating. Styles consist of early Federation, Victorian and contemporary in which those who like the aesthetic can keep the look while still improving the interior of a house.

A new study of 1,000 homeowners has found 54 per cent are choosing to renovate rather than sell, as it's much more difficult to buy a new home. The rise in interest rates and lack of attractive land are the main drivers of this trend.

However, people often forgo renovations to avoid the struggle of the construction industry with rising costs, labour shortages and increased demand making people back away from renovations with a reduced chance of profit.

However, bucking this trend is this contemporary property that was originally built in the 1960s, with

**Renovations in apartments do not seem to have the same benefit as houses, especially in terms of value.**



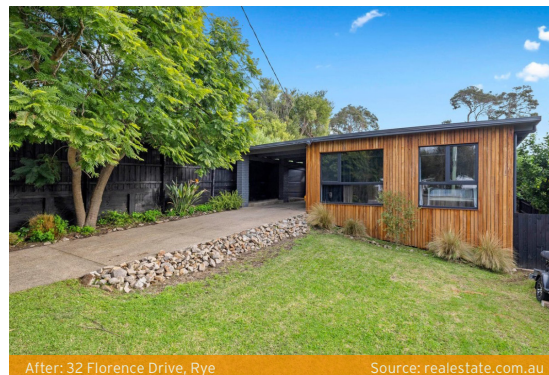
three bedrooms and one bathroom, with an original single storey brick base. The 2022 development has turned it from a property worth \$1.78 million into a two-storey, dual occupancy townhouse with one now worth \$2.068 million with four bedrooms and two bathrooms.

This demonstrates the use of a large piece of land in such a contested market, which can now allow the second lot and unit to be rented out for further income, without the need to move.



This four-bedroom, three-bathroom Rye house is situated minutes away from the Tyrone foreshore and was built in 1980 with a price point of

\$540,000 just before a renovation and extension in 2019. It is now worth \$1.625 million, demonstrating how to execute a fantastic renovation from the quality to the design.



This property in Carrum gives a great example of a doer upper with well over 600 square metres of land. It is a perfect location for those looking to buy a summer holiday house or just move away from the inner suburbs, situated between the shoreline and Patterson Lakes. The dwelling itself was built



sometime in the 1970s. The price point of \$1.047 million could significantly increase for those willing to undertake a renovation project.

### Eastern Suburbs

A-grade fully renovated homes are still selling well in the eastern suburbs. However, properties that are older or in need of some tender loving care are not attracting the same strong and competitive interest from buyers.

Perhaps this indicates people are reluctant to take on renovation projects, or with a market going a little sideways and construction costs high, buyers and in particular flippers are nervous there's no profit possible to make it worth their while.

Camberwell is a highly desirable suburb in Melbourne's leafy east known for its period homes and close proximity to elite schools. Renovators and flippers have set a high standard in this blue-chip suburb over the past decade or so.

The 1920 weatherboard home at 21 Culliton Road, Camberwell on a relatively small 557 square metre

*Properties that are older or in need of some tender loving care are not attracting the same strong and competitive interest.*



block close to the heart of the suburb demonstrates what can be achieved with a stylish renovation when it sold in March for \$2.3 million.



Before: 21 Culliton Road, Camberwell Source: realestate.com.au



After: 21 Culliton Road, Camberwell Source: realestate.com.au

13 Glencairn Avenue, Camberwell sold in May for \$2.58 million. The house is on a very large 988



13 Glencairn Avenue, Camberwell Source: realestate.com.au

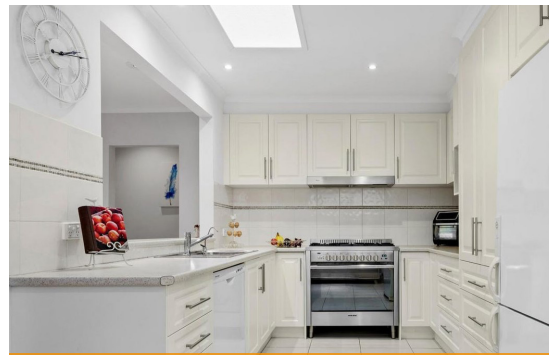
square metre block offering a huge renovation or development opportunity in a suburb that has a median price of \$2.7 million.

The circa 1980s property at 43 Outlook Drive, Camberwell on a 664 square metre block sold in February and also offers a renovation or development opportunity. It sold for \$1.92 million, well below the suburb median and at the eastern, more affordable end of Camberwell.



43 Outlook Drive, Camberwell Source: realestate.com.au

Closer to the Dandenong Ranges in the east is Mooroolbark, 37 kilometres east of the CBD, and with a median price of \$835,000, is a more affordable option for many families. With the suburb largely developed in the 1970s and 1980s, there is now a plethora of properties either renovated or ripe for a face lift.



115 Esther Crescent, Mooroolbark Source: realestate.com.au

The circa 1980s partly renovated property at 115 Esther Crescent, Mooroolbark on an 868 square metre block sold in June for \$1.045 million. It demonstrates what can be achieved in the suburb that has a median house price of \$830,000.

However, the home at 59 Esther Crescent on a 968 square metre block, with exactly the same dwelling size of 124 square metres, sold unrenovated for just \$700,0000.



59 Esther Crescent, Mooroolbark Source: realestate.com.au

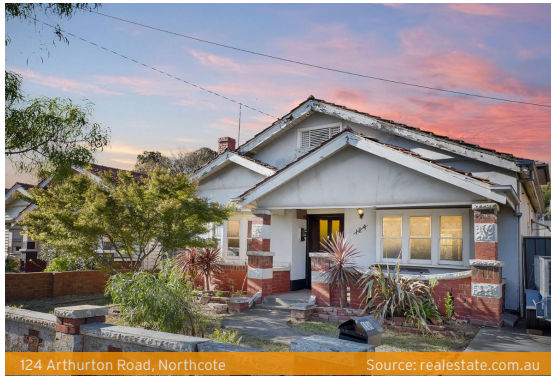
Certainly, if the market started to approach the double-digit price growth over years gone by, one gets the feeling renovators and flippers would start to flourish in the market again and demand for some of these unrenovated properties would increase.

### Northern Suburbs

In Melbourne's northern suburbs, a very common area for renovations is popular Northcote. Renovating is a popular option as many properties have heritage protection.

There have been strong results for renovated properties within Northcote including the property at 124 Arthurton Road. The property was built in the 1940s and was purchased in 2018 for \$1.01 million in its original condition as seen below.





Over the next few years, the property received a complete renovation both internally and externally. Following the renovations and extension of a second level towards the rear of the property, the property sold for \$1.905 million in 2024.



Considering the market has not been performing very well in 2024 with consumer sentiment still relatively low, this shows a very strong result for the area.

Based on the tastes of consumers wanting newer properties and the fact that construction costs have increased since COVID, it would encourage

more and more people to buy renovated properties to save themselves the hassle and cost of renovating.

In the outer northern suburbs, renovations are not as common as more vacant land is available. It is also more beneficial to fully knockdown and rebuild if people want a newer house, as there are less restrictions such as heritage overlays.

Also, due to the higher value of inner suburbs, the barrier of entry is higher and all costs are increased, therefore a knockdown rebuild may not be financially feasible compared to outer suburbs where prices are lower.

### Western Suburbs

The outer suburbs of Melbourne continue to be dominated by new developments, with renovations being relatively rare. These new developments are particularly prevalent in high-growth urban areas such as Wyndham Vale, Truganina and Fraser Rise. Here, the affordability and allure of constructing brand new homes attract many buyers, making it a preferred option over renovating existing properties.

In contrast, the inner suburbs are experiencing a significant wave of gentrification, driven by their proximity to the city and well-developed infrastructure. Suburbs such as Yarraville, Newport, West Footscray and Kingsville are seeing an increasing number of renovations. However, unlike the outer suburbs, these renovations are not typically aimed at flipping properties for a profit. Instead, they are often undertaken by homeowners who wish to improve

their living conditions while staying in these highly sought-after locations.

These residents have the financial resources to invest in extensive renovations, enhancing both the aesthetic and functional aspects of their homes.

One illustrative example of the challenges associated with renovating and flipping houses in these areas is the property at 12 Benbow Street, Yarraville.

Initially a three-bedroom, two-bathroom single-storey weatherboard home, it was purchased in May 2021 in a tired and outdated condition. The new owners embarked on an extensive renovation and extension project, transforming the home into a luxurious five-bedroom, four-bathroom double-storey weatherboard house.

Despite the significant improvements and increased size, the property faced challenges in achieving the desired financial returns.



*These residents have the financial resources to invest in extensive renovations, enhancing both the aesthetic and functional aspects of their homes.*





12 Benbow Street, Yarraville

Source: CoreLogic



12 Benbow Street, Yarraville

Source: CoreLogic



12 Benbow Street, Yarraville

Source: CoreLogic



12 Benbow Street, Yarraville

Source: CoreLogic

In September 2023, the newly renovated home was listed on the market with an asking price of \$2.65 to \$2.75 million. However, it spent 184 days on the market without securing a buyer. In June 2024, the property was re-listed at a reduced-price range of \$2.27 to \$2.47 million and eventually sold for \$2.35 million. This sale price was significantly lower than initial expectations, highlighting the difficulties in recouping the investment made in renovations and achieving the anticipated profit margins.

This case underscores the financial risks and challenges involved in renovating and flipping homes in inner city suburbs, even as these areas become more gentrified and desirable. It contrasts



12 Benbow Street, Yarraville

Source: CoreLogic

sharply with the outer suburbs, where the strategy of building new homes continues to be a more viable and financially attractive option.

The disparity between the two approaches reflects broader trends in Melbourne's real estate market, where the location, market demand and nature of property investments play crucial roles in determining financial outcomes.

### Geelong

There are a few renovation opportunities in the central Geelong market. Geelong West seems to have more opportunities than other suburbs, with many period homes for sale that need a bit of care. A prime example of a renovator's delight is 76 Isabella Street, Geelong West, on the market for \$890,000 to \$970,000. In other areas, 182 Roslyn Road, Belmont is on the market for \$780,000 to \$850,000, and in Highton, 16 Murray Street is on the market for \$660,000 to \$695,000.



76 Isabella Street, Geelong West

Source: CoreLogic



16 Murray Street Highton

Source: CoreLogic





In terms of price, you can find renovation opportunities on the market from \$500,000 to \$1.275 million in the Geelong West market.

For instance, 119 Hope Street is a smaller block of land asking for \$500,000, compared to 115-117 Church Street which is on a larger block of land and is asking for \$1.175 million to \$1.275 million.



119 Hope Street Geelong West

Source: CoreLogic

square metre block of land sold for \$617,000 in June.

In comparison, a renovated property, 131A Weller Street, on a 281 square metre block, sold for \$880,000 in March this year. Both properties are from a similar era with a weatherboard finish and similar land size.



87 Weller Street, Geelong West

Source: CoreLogic

especially shows that it can be economically cheaper to purchase a non-renovated property and spend \$50,000 to \$100,000 on renovation.

However, higher interest rates and rising inflation need to be considered. Purchasing in the right areas with a consistent market is the best way to secure capital gains over the long term.



131A Weller Street, Geelong West in 2017

Source: CoreLogic



115-117 Church Street, Geelong West

Source: CoreLogic



131A Weller Street, Geelong West

Source: CoreLogic



131A Weller Street, Geelong West in 2017

Source: CoreLogic

Reflecting on the Geelong West market over the past six months, there have been many opportunities for both renovated homes and those needing renovation.

For instance, 87 Weller Street is awaiting renovation. This three-bedroom house on a 287

The comparison between the two properties shows a \$263,000 difference. These prices indicate that buyers are willing to pay upwards of \$200,000 more for a renovated property.

This is promising for buyers looking to purchase properties that need renovation. This comparison

Bearing in mind higher interest rates and rising inflation, renovating might be more challenging now than it was five to ten years ago. Increasing building costs can reduce overall profit.



Perron King  
Director



## Warrnambool

We currently see the market having limited interest in renovation and flipping and undoubtedly favouring the option of building new if it is available. Anecdotally this attitude exists across both investor and owner-occupier groups.

At present there appears to be a very limited scope for renovation to equate to any meaningful financial gain. This is due in large part to the elevated state of construction and materials costs at this time. Of course, there are the skilled and pre-equipped buyers who can reflect more profit due to their own labour.



Original Kitchen, 59 Beamish Street, Warrnambool Source: CoreLogic



Renovated Kitchen, 59 Beamish Street, Warrnambool Source: CoreLogic

## At present there appears to be a very limited scope for renovation to equate to any meaningful financial gain.

For those not blessed with hammer swinging genes, locality is key. A well-positioned property in central Warrnambool should expect to have a higher post-renovation ceiling than one in the more commonly renovated areas of west and north-west Warrnambool.

Since last transacting for \$480,500 in April 2022, the three-bedroom, one-bathroom brick and tile improved west Warrnambool property at 59 Beamish Street received a freshly renovated

kitchen and general interior update, albeit of very minor cosmetic works.

The photos below show the scope of the works completed up to the time of the next sale in March 2024 for \$490,000.



Adrian Castle  
Director



Original Living, 59 Beamish Street, Warrnambool Source: CoreLogic



Updated living, 59 Beamish Street, Warrnambool Source: CoreLogic

# Queensland - Residential 2024

## Brisbane

This month's topic is custom made for the Brisbane market because it encompasses two things we are renowned for - springtime weather and renovations.

The weather that's dished out here in the Sunshine State during spring is unparalleled. There is simply no other place you'd rather be than south-east Queensland. As for the second part of the August theme, well, our timber-and-tin history of home construction means we're dominated by dwellings that can be extraordinary with the right approach to a renovation.

So, combine the great climate with a plethora of renovation possibilities, and you're playing right in the middle of Brisbane's sandbox.

Of course, some of the shine has been taken out of the renovation space of late. The fallout from increased building costs continues to hit the sector. Material prices skyrocketed during the pandemic due to disrupted manufacturing and supply line challenges. As such, overall construction expenses rose dramatically and barely slowed even as we entered the post-COVID world.

Nowadays, labour is an eagerly sought-after component of building. That means you're paying more for skilled workers to renovate your home. Throw in the delays in construction timeframes and now the idea of buying a property to carry out a substantial renovation or reconstruction is far less attractive than purchasing an already upgraded (or brand new) home. The flipside to this coin is



*Combine the great climate with a plethora of renovation possibilities, and you're playing right in the middle of Brisbane's sandbox.*

that if you are selling a home that's recently been renovated or built, demand is strong. Buyers want to avoid the pain of the process, so they will pay a handsome premium to purchase real estate that's already done.

Inner city Brisbane has been the traditional heartland of renovation in our region, but in the current market, appeal has waned for the reasons set out above. Overall observations are that there is generally less demand for homes requiring immediate renovation.

The counter to this is that we're in the middle of a housing crisis. A lack of available housing means any habitable property that comes onto the market in inner or near city suburbs tends to get snapped up quickly.

So, does it make sense to buy a renovation project in the inner suburbs right now? Well, that depends on your personal circumstances.

If you can live in or rent out the property in its unrenovated state, then it's probably a worthwhile prospect. You have a justification for holding it as a rent generator or home while going through the planning and approval process. However, any property that needs extensive immediate work to make it liveable is less appealing. Of course, if you're fortunate enough to have the financial means to be

able to hold onto something that will be vacant for a while, then you can probably purchase a home with highly desirable fundamentals at a relatively attractive price right now.

If you find a property with good bones where the work required isn't too extensive, then there might be a chance for a house flipper to profit in inner Brisbane too. For example, great suburbs like Paddington, Red Hill, Albion, Ascot, East Brisbane, Dutton Park or Toowong should have prospects. These suburbs are all within a short commute of the CBD, are well serviced and highly desirable.

Seek entry level opportunities if you can. You will still need fairly deep pockets of course - nothing much is selling for below \$1.5 million in the inner city - but there will be some options. For example, 50 Heidelberg Street, East Brisbane sold in July for \$1,661,500. This is a three-bed, two-bath, one-car mid-set cottage on 407 square metres of land. The property is in modest condition but appears entirely able to be lived in as is. That said, some cosmetic upgrades like kitchen and bathroom fitouts, along with paint and floorcovering upgrades, would add real pop. For renovators with a longer-term outlook, the home might also have raise potential. This home is also positioned just two kilometres from the centre of town, so capital growth prospects look positive.





50 Heidelberg Street, East Brisbane Source: realestate.com.au



50 Heidelberg Street, East Brisbane Source: realestate.com.au

One thing worth noting - the very high end of the market continues to be strong in Brisbane's inner suburbs too. If you look at sales of new builds and high-end renovators in near city suburbs priced above \$4 million, there are some startling numbers being achieved. Builders working in this space with experience and economies of scale are probably able to turn a decent profit right now. It can be a risky prospect but get the balance right and the rewards are great. In the inner suburbs, the chance of overcapitalisation is much lower than in outer addresses.

New builds are an option in the near city too of course. In some circumstances these make

## Key to getting the best result is buying the right type of property.

more sense that a renovation. In Brisbane's inner suburbs where you are dealing with older homes, you come across a range of challenges. This can include heritage restrictions, or physical limitations such as narrow streets and steep slopes all of which add to the access and other challenges when renovating. But some buyers can occasionally secure a vacant block - usually due to a splitter project where a dwelling on a large site is shifted or demolished, and a vacant block is then able to be listed. This clean slate can be improved upon. Some owners may even decide to adapt a project home design onto the site to save some money but still yield plenty of accommodation.

Another interesting market is renovatable units. Because of the affordability crisis close to town, second-hand units are hot property even in their original state. A baseline two-bed unit in a 1980s block in somewhere like Auchenflower for example was trading for around \$450,000 to \$475,000 a year and half ago. Fast forward to today's market and you'll be paying 20 to 25 per cent more for this unit.

And while they might need some work, the plus side to these units is that a new kitchen and bathroom fitout can often be done economically. Using flatpacks and adopting cheaper quality but still attractive finishes give these projects a substantial facelift.

Key to getting the best result is buying the right type of property. For example, older units in six-pack or three-storey walk-up blocks tend to be solid. They often have larger floorplans than the units in newer, high-density buildings.

An example of an older unit prime for renovation is 2/34 French Street, Coorparoo which sold in May for \$570,000. This two-bedroom, one-bathroom, one-car unit is in a three-storey walk-up complex. It's in original condition and would benefit almost immediately from upgrades to its paint and floor coverings. A low-cost kitchen and bathroom renovation would likely boost the capital gains and rent returns as well.

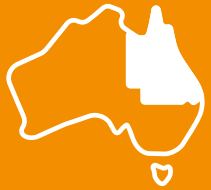


2/34 French Street, Coorparoo Source: realestate.com.au



2/34 French Street, Coorparoo Source: realestate.com.au

Let's look at middle ring suburbs. This band describes suburbs between five and 10 kilometres



from the city centre. In the north we're talking about everywhere from Everton Park to Aspley. This would encompass suburbs such as Wavell Heights, Chermside, McDowall and Zillmere - but of course the full list is much longer. South of the river and we're talking addresses such as Greenslopes, Camp Hill, Moorooka, Tarragindi, Mount Gravatt and so on.

The primary buyers of renovation prospects in the middle ring are a mix of owner-occupiers, young professionals and first homeowners.

The types of properties on offer across this band are extremely varied, so options are wide open for buyers. Again, those construction cost factors are coming into play so getting the balance between expenses and outcome is important when buying a renovation project in this zone. For example, in the mid 2010s, the cost to raise a home and build in under in a suburb like Ashgrove was circa \$450,000 to \$700,000. Nowadays a raise-and-build would be \$1 million-plus for most projects, and in cases where there's a high-quality fitout and major work, some should expect to pay \$2 million-plus.

Our valuers are reporting that most renovations are occurring in the inner part of the mid-ring. Activity is also strong with houses in mid-ring, post-war suburbs such as Mitchelton, Keperra, Enoggera and Stafford. These properties have no heritage issues to deal with, which is appealing when you want to minimise the annoyances of governmental red tape. These suburbs are seeing minor cosmetic renovations such as new kitchens and bathrooms within the existing family home but, again, activity isn't as high as it was pre-COVID.

101 Madsen Street, Keperra is a classic post-war home in the mid-ring north. Its three-bedroom, two-bathroom accommodation is immediately habitable, but the fitout is tired and in need of attention. It

sold in June for \$950,000 and would appeal to those making their first foray into the Brisbane market. The block is a generous 784 square metres so plenty of room for a growing family to expand their home too. Keperra is a very well serviced suburbs with plenty of community facilities and retail, plus there's a train station for those wishing to commute.



101 Madsen Street, Keperra

Source: realestate.com.au



101 Madsen Street, Keperra

Source: realestate.com.au

Older units and townhouses with renovation potential are doing well in this band too. Units in three-storey walk-up blocks have great renovation appeal, and the lower buy-in price makes them very accessible for first-time purchasers looking to find their way into the market. Also, because we're

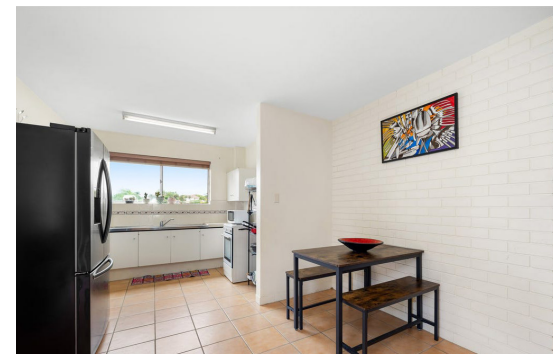
looking at addresses further out from the CBD, more townhouses can be found that might make for interesting projects, although they are less popular than units.

An example of attached housing that could benefit from renovation is this property at 1/17 Annie Street, Camp Hill which sold in March for \$530,000. This is a two-bed, one-bath, one-car unit in a three-storey walk up complex. The unit is of neat and tidy presentation but is dated internally. For minimal outlay, the property could be spruced up with the result being a far more liveable home. This could well translate into a higher value and greater rental return.



1/17 Annie Street, Camp Hill

Source: realestate.com.au



1/17 Annie Street, Camp Hill

Source: realestate.com.au





Now onto some outer suburbs. We're talking about areas positioned beyond the 10-kilometre band. Some example suburbs are Bald Hills, Petrie, Strathpine and Bracken Ridge to the north. To the south we're referencing places like Logan, Eight Mile Plains, Sunnybank, Acacia Ridge, Calamvale and Rochedale.

Again, the term "outer suburbs" encompasses a wide range of property types and locations, each with varied renovation potential. What is a constant however is that these addresses will be far more affordable than those closer to town.

That said, renovation in these locations more broadly doesn't make much sense at present if you're hoping to make some money for your hard work via reselling, according to our valuers. The problem is overcapitalisation risk. In this current market where construction costs are so high, the tolerance of buyers for paying an emotional premium for a home is far more limited here than for suburbs close in. As such, the idea of flipping a renovation for profit isn't often feasible.

For owner-occupiers the story is slightly different. There are buyers who are keen to improve properties in line with their long-term needs in the outer suburbs. Young family buyers with perhaps a more limited budget will be among the most active. Sometimes these buyers will need to upgrade the home to make sure it's at a liveable level. No bells and whistles - just something that will keep them out of the tough rental market for now. Over the years, as their earning potential increases, renovations and extensions will be carried out to grow the home in line with their family's needs.

An example of an outer suburb renovation project is 90 Peter Street, Strathpine. This one sold for \$687,500 in July and provides three-bedroom,

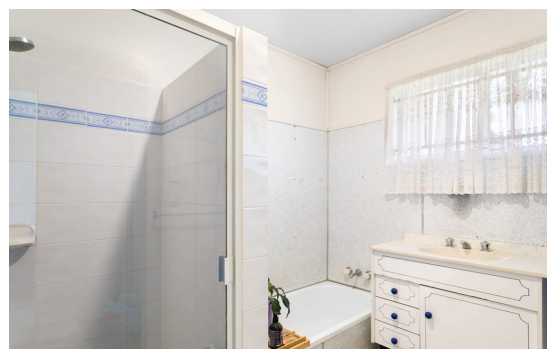
## As construction cost increases ease and price relativity normalises in the future, renovations will make more sense.

one-bathroom accommodation. The property also has comprehensive car accommodation and includes an inground pool all on a 607 square metre block. The challenge for the buyer is that it desperately needs some work to upgrade the fit out and finishes, and the pool does look more like a wild pond in the listing photos. That said, a buyer willing to make the effort could be rewarded with a good size home in a well serviced location.



90 Peter Street, Strathpine

Source: realestate.com.au



90 Peter Street, Strathpine

Source: realestate.com.au

Our valuer in this area also notes that demand for fully renovated homes which do not need any further improvement remains strong and will achieve premium sale prices. They also said if values continue to increase and construction costs soften or remain stable, we will see a big increase in the number of renovation projects in these outer suburbs.

The takeaway across all Brisbane locations is this - we are in a moment in time where high costs are butting up against low supply and strong demand. While these forces are all pulling on prices in varied ways, high costs are impacting the viability of doing renovations to the point that the market for renovatable homes is slower. As construction cost increases ease and price relativity normalises in the future, renovations will make more sense.



David Notley  
Director

### Gold Coast

#### Far Northern NSW

There is a premium paid for renovated properties, however this is a dependant on what segment of the property we are talking about and can be a little tricky to navigate whether it is worth it in the long run. A good example of a segment where this is not working out so much is properties over the \$1.2 million mark in the Banora Point area.

30 Pacific Drive, Banora Point sold in October 2021 for \$1.305 million and just resold for just under the \$1.4 million mark. Since the previous sale, the property had the kitchen renovated and a pool

installed. At a minimum for the pool and kitchen, it would be approximately \$100,000... so there hasn't been much gained from the improvements to the property.



30 Pacific Parade, Banora Point

Source: CoreLogic

However, there is much more success under the \$1.2 million mark. There are some profits (albeit small) to be made in units with examples in the complex at Cedarwood Court, Casuarina. Unrenovated units are selling in the high \$600,000s (45/3 Cedarwood Court sold in February 2024 for \$685,000), whereas fully renovated units are selling in the high \$700,000s to early \$800,000s (47/3 Cedarwood Court sold in February 2024 for \$810,000).

In Murwillumbah, there is definitely scope to make good money with the right property in the right part of town. 39 Ewing Street, Murwillumbah (a very sought after location) sold in March for \$760,000 in completely original condition. In one street over at 14 Mayal Street, a fully renovated dwelling has just sold for \$1.2 million.



14 Mayal Street, Murwillumbah

Source: CoreLogic

In Tweed Heads West, there is a new townhouse style dwelling in a neighbourhood scheme located on Cupania Court where building with a house and land package added up to around \$900,000. Most of these dwellings are still in the process of being built, however 3/18 Cupania Court, Tweed Heads West has just reportedly been sold for over \$1.1 million. This isn't a renovated property, however shows the premium being paid for something brand new that needs no work done.



Cupania Court, Tweed Heads West

Source: CoreLogic

So there are definitely profits to be made, however you need to really do your homework and figure out if the costs and potential outcome are really going to be worth it. Essentially if you are going to buy something that needs a lot of work above the \$1.2 million range, you might not get as good a return. If you are buying well below the \$1 million range and can plan on re-selling below \$1.2 million, then there are some good profits, however you are better off working with a freestanding dwelling than a unit, villa or townhouse.

### Southern Gold Coast

Overall the residential market across the board remains quite strong in the southern Gold Coast area. From one-bedroom units to the top end of the prestige market, most properties are selling at record prices. There is strong demand for older or original homes and units, and also strong demand for fully renovated and new property.

The southern Gold Coast area is considered to be one of the best and most sought after areas both to live in and buy a property. One of the main drivers for the current strong market is the shortage of stock available and the area's popular beaches and dining/retail precincts. There is generally strong demand for most properties, including properties that need renovation works.

Depending on circumstances, it can make sense to buy an older, rundown property which is ripe for renovation. However, it is strongly recommended that buyers do their homework with regard to such things as the anticipated cost of the renovation works and what works can be undertaken yourself.

*Essentially if you are going to buy something that needs a lot of work above the \$1.2 million range, you might not get as good a return. If you are buying well below the \$1 million range and can plan on re-selling below \$1.2 million, then there are some good profits.*





It would be advisable to engage a builder to get an idea of costs and any supply issues.

We have recently seen a number of examples where a renovation project has proven more costly and taken more time than what was calculated at the start. This scenario can be acceptable if the owner is intending to stay and live in the property, but can be problematic if the project is for investment purposes. There is an opportunity to profit from a renovation project, however it is critical to have full knowledge with regard to costs and timeframes.

The market is generally strong for fully renovated homes and units, however it seems that the market is even stronger for new homes and units. Most of the record prices are new properties.

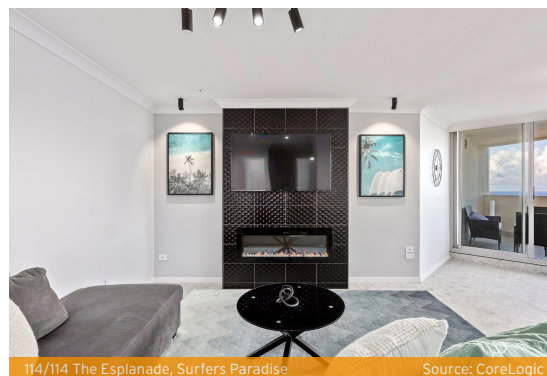
### Central Gold Coast

The central coastal suburbs of the Gold Coast consist mainly of units, therefore the majority of renovation works include updating the kitchen or the bathrooms. There are still entry level properties below \$700,000 for partly updated two-bedroom units within walk-up complexes in Surfers Paradise, Chevron Island and Broadbeach.

Prices for off the plan purchases in 2024 are high with the majority of new developments targeting the prestige market. We are starting to see that it is cheaper to refurbish older units. Rental yields within this area are still going strong and therefore it is appealing for investors from a cost perspective as well to complete some renovation works. Sales of fully renovated units tend to appeal to buyers who want to use the units for short-term holiday rentals.

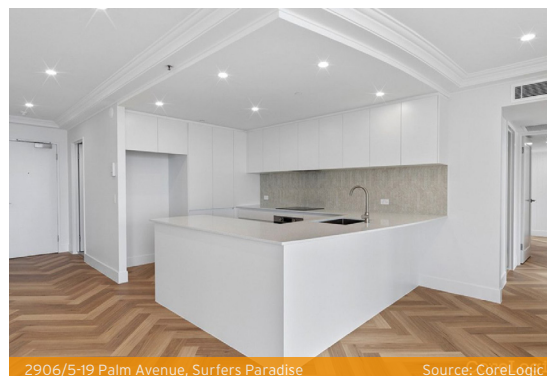
A recent sale of a fully renovated unit was Unit 114 on the 28th level of the Focus building in Surfers Paradise. It sold fully furnished for \$1.476 million. It has three bedrooms and two bathrooms and has

been renovated with a good standard of finishes. It previously sold in August 2021 for \$951,000 in a renovated condition.



114/114 The Esplanade, Surfers Paradise Source: CoreLogic

Another example of a renovated unit sale is Unit 2906 within the Mantra Crown Towers development in Surfers Paradise. The unit originally sold in June 2023 in original condition for \$855,000. It resold in March 2024 for \$1.4 million in renovated condition. It has been completed with good quality finishes and comprises two bedrooms plus study and two bathrooms.



2906/5-19 Palm Avenue, Surfers Paradise Source: CoreLogic

Most of the renovated units are used for short-term letting. As the rental laws changed from 1 July to limit the frequency of rent increases to once

every 12 months, our prediction is that more units are going to enter the short term letting pool to maximise the income generated from these units. The majority of tenancy agreements prior to 1 July were on six months agreements where the rental increase was imminent every six months.

### Northern Gold Coast

Buyers are currently showing more interest in houses that have been renovated or updated to a good standard. Our observation is that houses that have been renovated sell faster than those that are not. Most buyers are not keen or have not budgeted to spend more money after purchase to carry out renovations. However, it is also common for buyers to invest more after buying, to make the property appear more to their liking. Money spent usually will be on replacement of floor coverings and repainting. Those with low savings are more likely to undertake piecemeal DIY projects or carry out the modifications gradually over a few years.

Further north in Beenleigh and Eagleby where the majority of houses are of older stock and style, if the block size allows, investors have purchased these older houses for renovation and to add a second dwelling usually of basic two-bedroom accommodation to generate higher rental incomes.

In recent years, owner-occupiers have been buying townhouses as many can no longer afford to buy detached houses. Many townhouses have been sold after some renovations. These are usually upgrades to kitchen, bathrooms, flooring and painting and may cost from \$20,000 to \$50,000. The price of townhouses has continued to rise and this makes it viable to buy older units for the purpose of renovation and re-sale for profit.

A well-presented home is more attractive to buyers than an aged dwelling that looks below average. Not all renovations result in profitable returns. This

is due to the high cost of renovations, however the renovation attracts more buyers, although it still takes a few months to finish a renovation project. It is better to undertake an average standard of renovation in an average standard suburb, ie no over-capitalisation. Those who are too ambitious may not be able to recoup the actual sum they invest. Additions may increase value but the cost of additions and modifications are very high and in some instances upgrades of the kitchen and bathrooms should be sufficient.

With the current high cost of renovations, there is not much profit to make. Most gains are from the rising underlying land value rather than building improvements. Hence in areas such as Beenleigh and Eagleby, it is better to do some upgrades to an existing home and build a separate dwelling of moderate quality to make use of the large back yards that many of these older style properties have. Elsewhere in more modern suburbs such as Coomera and Pimpama, the smaller lots do not offer such opportunities and it is better to sell the houses with normal change of floor coverings and repainting.

A change in town planning to allow for higher density could allow for more viable projects, depending on land size. Instead of demolition, some older single storey timber dwellings can be lifted and a new ground level added to create two homes.

The main buyers are usually owner-occupiers who want to move into modern style houses with the latest inclusions. The Coomera, Pimpama and Ormeau regions offer many of these opportunities.



Sam Gray  
Associate Director

## Sunshine Coast

The gentrification of the established suburbs continues in earnest and particularly in the sought after beachside areas. With the continued strength we experienced in the market over the past couple of years, the option of trading up remains pretty hard. Also with the costs of agents' commission and stamp duty, owners are re-assessing their options. So if you like where you live, the option is to renovate and extend the current home to help future-proof the property.

The main driver of gentrification within these older areas is that they are well located close to amenities or the beach, thus making them desirable locations for people to live. The coastal areas south of Caloundra right along the coast to Maroochydore are all renovation hot spots. Moving further north, the areas of Mount Coolumb, Yaroomba and Coolumb Beach are seeing good activity. Up north in the Noosa region, the areas in Sunrise Beach, Sunshine Beach, Old Tewantin near the river and town centre and also Noosa Junction are seeing a significant number of renos and re-builds. Once again, close to shops and cafes and basically all areas close to the beach have become highly sought after.

The majority of renovations being completed are by owner-occupiers. Typically they are looking to stay in their current location which may be close to schools or the beach and they want to create their dream home. When the market was more buoyant, we saw some house flipping going on with some great results being achieved. This appears to have slowed a little.

*When the market was more buoyant, we saw some house flipping going on with some great results being achieved. This appears to have slowed a little*

The construction industry here, like most of Australia, has had some serious issues. There are some whispers in the building sector that material costs increases and now labour costs have started to stabilise. On the back of this there is little surprise that well-presented properties with good quality renovations that have been completed are still attracting a premium as the majority of purchasers still really don't want to go through the renovation or re-build process.

Renovations have typically been to housing but we have been seeing renovations completed on the older walk up style unit complexes and townhouses. The risk with these renovations is if the body corporate is not in the position to do works to the exterior of the building. This may detract from the internal renovation and therefore may not achieve the desired result.

The typical entry price point for these types of properties along the coast ranges from \$1 million to \$1.5 million however the entry price point within the northern suburbs of Sunshine Beach and Noosa Heads are well north of that.

Along the southern coastal areas, the entry price point ranges from \$800,000 to \$1.2 million and reduces as you move further inland to the hinterland townships and communities.

The Sunshine Coast continues to attract a number of people however with the slowdown in the economy, it feels like this is slowing. We are also coming up to a state election and the uncertainty this creates could cause a slowdown in the market.



After the election, hopefully there will be some focus on the 2032 Olympics for Brisbane and wider south-east Queensland and getting the required projects underway. The investment and general positive energy should help create some confidence in the market for some time. Clearly the headwinds surrounding inflation, interest rate rises and the deterioration of economic conditions will pose some problems but the exact effect remains to be seen.



**Stuart Greensill**  
Director

## Rockhampton

Renovating! It is taboo with some owners, whilst others relish it. As with building a new house at the moment, renovating can be dependent on a number of factors and builder or contractor availability, material costs and waiting times have been the major factors over the past few years post COVID. Due to these issues we are seeing less large renovation works taking place (extensions, raising and building in) and seeing more cosmetic renovations (upgrade of bathrooms, kitchens, painting, floor coverings and landscaping) which are often a lot cheaper, faster and easier to complete.

The type of renovation also comes down to whether someone is looking to refresh to sell, a complete renovation to cash-in on the buoyant market conditions or whether it is a lifestyle decision for an owner-occupier.

The opportunities for buying a renovator are always presenting themselves. These properties are mostly located in the older areas of north and south Rockhampton. Suburbs such as The Range, Wandal and Allensdown on the southside or Berserker and

Park Avenue on the northside often present good buying opportunities for those prepared to take a risk and put in some extra hours over the weekend.

For example, a property in Talford Street on The Range underwent major renovations in 2020 including a full transformation for an approximate cost of about \$250,000. Valued at \$500,000 before the renovations, it sold earlier this year for \$1.275 million, creating a substantial profit for the owner who was also able to enjoy the lifestyle the property offered for a short period of time. Being in a sought after elevated location with city views on a generous 1,000 square metre allotment, this property was always going to attract buyers at the upper end of the local market.



Talford Street on The Range before Source: CoreLogic



Talford Street on The Range after Source: CoreLogic



Talford Street on The Range before Source: CoreLogic



Talford Street on The Range after Source: CoreLogic

At the lower end of the market, this sale in Mostyn Street, Berserker, was originally purchased in August 2023 for \$260,000, in fair condition with limited street appeal at the time. The owners since renovated the house by reconfiguring the internal layout, new kitchen, new bathroom, full paint and landscaping. Moving quickly, they re-sold the property for \$490,000 in January 2024 only five months after purchasing it. Reportedly spending approximately \$100,000 on the renovations, the end result was a gross profit of 130,000 in less than six months.





Mostyn Street, Berserker before

Source: CoreLogic



Mostyn Street, Berserker after

Source: CoreLogic

As shown from the examples above, sales of renovated dwellings are not confined to one market. From entry level to high end renovated dwellings, our local market has in recent years rewarded hard work and risk taking. From first home buyers to upgraders, there is very strong demand in the current market for buyers looking for property where the works have been done and they can enjoy their purchase, often paying a premium for a fully renovated property.

The renovated market is not confined to owner-occupiers with many investors enjoying the fruits of someone else's hard work in order to obtain a premium rental return. Our example at Berserker was listed for rent asking \$560 per week which would give the owners a gross return of around 5.8%.

The renovated market covers all aspects of the property market and continues to provide options to both sellers and buyers. This trend is considered to continue.

**Alistair Gunthorpe**  
Valuer

### Gladstone

Renovation projects have been thin on the ground over the past 12 months. This is in part due to the constantly increasing building costs that are now at record high levels for the region. The market is also now at a point where the initial purchase of a dwelling or unit is at a record high level. While this is not the month for predictions, there is no sign of the market slowing anytime soon in the Gladstone region, so even if you did decide to purchase in the current market, renovate and then sell in the future, it is highly likely the profits will be there for the taking! There is very little stock under the price point of \$300,000 for an established dwelling. However at this price point you would typically get a circa 1950s dwelling in a central Gladstone suburb that would be in need of a renovation. Assuming a full renovation, that same circa 1950s dwelling in a central Gladstone suburb would fetch north of \$450,000, obviously dependent on the quality and scale of the renovation.

Due to increased building costs, many owner-occupiers and investors will go straight for a fully renovated property so they do not have to spend any money once they've moved in. Of course, buyer preference comes into play a lot here

**Due to increased building costs, many owner-occupiers and investors will go straight for a fully renovated property so they do not have to spend any money once they've moved in.**

however premiums are definitely being paid for well renovated homes with no maintenance required.

 **Regan Aprile**  
Director

### Bundaberg

Renovations can increase the value of your home, whether you're looking to sell straight away, or down the track, if done right. Buying an unrenovated property at the lowest price point in a good location, completing a good quality renovation then selling in a stable to rising market could see good profits. However the renovation market is currently impacted by lack of stock and high cost and lack of labour and materials. Entry point unrenovated properties aren't so cheap anymore to give that increased profit expected out of renovating. Over-capitalisation is also an issue where the price point gets so high that it may be more economical to purchase modern or brand new instead of renovate.

However if you want to add a bright touch to your home for spring that may increase its value, try painting (do a good job at it or get a professional), freshen up your kerb appeal and update kitchen and bathroom fixtures and fittings. Always keep in mind though that what you love, someone else might not.

 **Megan Matteschek**  
Valuer



## Mackay/Whitsunday/Emerald

The two major hurdles with property renovations are time and money and at the moment, people don't have a lot of either. The demand for fully renovated homes in the Mackay and Whitsundays markets is strong. A low-set 1950s renovated home with ancillary improvements (pool and shed) in West Mackay is generating around the same sale price as a similar size newly-constructed home in most modern estates.

It has become evident that at present, it is cheaper to buy established houses than it is to renovate. This is due to the property market being at a record high, expensive building materials and a lack of tradespeople. In today's market, typically the only scenario where renovation would be feasible is if the property purchaser can carry out most, if not all, the construction work.

For profits to be more achievable with renovated properties in the Mackay, Whitsundays and Emerald areas, the market would need to stabilise. At present, the new entry level for detached housing is around \$350,000 and the cost of building materials would have to decrease which appears unlikely in the short term.

Buyers of renovated property typically fall into two demographic groups: young families; and older people looking to downsize. The most popular suburbs in Mackay for renovated homes are West Mackay and East Mackay, as these suburbs are close to the city centre, shopping facilities and schools. For the Whitsundays region it would be Cannonvale, Airlie Beach and Bowen.

Emily Davies  
Valuer

## Townsville

Springtime is here and although the Townsville property market is very strong at present with substantial capital growth being recorded over the course of 2024, there are a few buyers purchasing at the cheaper end of the market with the intention of completing either partial refurbishments or full renovations of the property in order to generate the highest possible profit margins.

The current low stock levels of inventory coupled with continual month in month out suburb price growth is making this type of property development difficult, not just in terms of securing a property to begin with, but with trade shortages reported there is a delay on actually being able to complete projects in a timely manner in order to maintain low holding costs for the developer or investor and maximise the highest possible returns.

There are a few particular small scale developers within the town that have a small group of trades that they use on a consistent basis, typically buying, renovating and selling in a period of approximately two to three months. This approach and timeline seems to yield the best possible returns and results.

The major areas for this are generally seen throughout the older sections of Townsville, such as Gulliver, Currajong, Pimlico, Heatley and Vincent and even into the Kirwan and Upper Ross suburbs as well, where investors can still purchase properties under \$350,000.

Owner-occupier buyers appear to show increased demand for a quality renovated property, where very little is still to be done and as a result they

can buy and move in with nothing else to do. This type of product is obviously achieving the highest possible results with buyers prepared to pay a premium for move in ready property. Prices for this in these particular areas generally range from between \$500,000 and \$650,000.

On the other hand, investors from throughout the country are also showing high levels of demand for properties in original condition, however properties in the sought after suburbs that have undergone some minor refurbishment works are also seeing this demand activity and a reciprocal increase in sale price. Prices for this in these particular areas generally range from between \$450,000 and \$550,000.

In the short term, while demand is strong and price growth continues, we believe renovators and developers and also mum and dad homeowners will continue along this path, with good returns being yielded. If the property market reaches a point where the high levels of demand come off the boil so to speak, than this scenario may change and go into a different direction.



Adrian Bagent  
Valuer

## Cairns

The market for property in need of renovation is active in the wider Cairns market. The general undersupply of suitable homes is driving buyers to lower priced, unrenovated properties.

Renovations are being undertaken on all property types and value ranges. What is surprising is

**Investors from throughout the country are also showing high levels of demand for properties in original condition.**

Month in Review  
August 2024



RESIDENTIAL

the number of renovations on residential unit properties at the cheaper end of the market. We have noted numerous examples of units purchased in the \$200,000s range undergoing a \$50,000 to \$100,000 renovation expenditure where the full added value of the renovation was recouped with an end sale value in the \$300,000s range.

Generally, builders specialising in renovations are difficult to find, however buyers appear willing to wait to find a suitable builder and due to the significant recent market uplift, most renovators are making a profit.

In older, sought after suburbs such as Edge Hill, Whitfield and Freshwater, buyers who have undertaken major renovations are realising a tidy profit. There is a significant undersupply of property in these locations and fully renovated older homes are a rarity. The recent sale of 10 Glenlea Street, Edge Hill for \$1.255 million is a good example. The home previously sold for \$506,000 in July 2020. It comprised an older, four-bedroom, one-bathroom Queenslander style residence that was partly updated however only to a fair standard and was generally in fair condition. It was previously utilised for government housing. This is typically a good quality suburb that is highly sought after, however this part of the suburb is at the cheaper end with some government housing evident.



The new owners fully renovated the property externally and internally, reconfigured the floor plan and converted it into three-bedroom, two-bathroom residence with front and rear deck and verandah, double carport and detached storage shed. The fitout is of good quality and includes polished timber floors and stone benchtops to the kitchen, bathrooms and laundry. The estimated renovation expenditure would be in excess of \$250,000. The property realised a sale price of \$1.255 million in March 2024 which represented a significant profit for the vendor even after allowing for the significant market improvement over the four years.



We note that this renovation would not have been viable in a typically pre-COVID balanced market. The old market stereotypes no longer apply and even the fairer quality pockets of good quality suburbs are seeing successful major renovation projects with out of town southern buyers seemingly not concerned with the stereotypes that would have stopped local buyers.



Danny Glasson  
Director

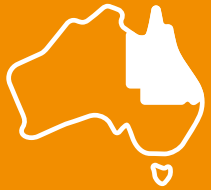
## Toowoomba / Darling Downs

Toowoomba and the Darling Downs Region was one of the earliest areas of Queensland to be settled and developed. Consequently it possesses a wide range of dwelling types and styles from various eras and uniquely those considered federation or inter-war era homes. In Toowoomba these character timber dwellings dominate an approximate three to five kilometre radius of the CBD with the suburb East Toowoomba continuing to be highly sought after and able to command a premium for both pre-renovated and recently renovated homes due to this neighbourhood being known as quiet, leafy, and close to the Toowoomba CBD, parklands, prestigious schools and transport links.

Given this continued popularity, there has been a steady increase in the number of property owners renovating these older homes in order to compete with new builds occurring in Middle Ridge and Kearneys Spring. Owner-occupiers as opposed to property flippers or spec builders make up the majority of buyers in this particular segment of the market with buyers who are tradespeople, have contacts in the trades, or have renovation experience being particularly drawn to this suburb.

An example within this locality of a recent sale advertised as a ripe for a creative transformation (February 2024) in East Toowoomba was 37 Phillip Street, which sold for \$552,000 and comprised an approximately 106 square metre, dated three-bedroom, one-bathroom dwelling, with a single detached garage located on a 678 square metre allotment. The property presented in an original dated condition with good potential for renovation from virtually a blank canvas.





37 Phillip Street East Toowoomba

Source: CoreLogic



37 Phillip Street East Toowoomba

Source: CoreLogic



22 Dunmore Street, East Toowoomba

Source: CoreLogic



37 Phillip Street East Toowoomba

Source: CoreLogic



37 Phillip Street East Toowoomba

Source: CoreLogic

Recent examples of quality renovations that have attracted premium prices due to their location and demand for this area are below.

### 22 Dunmore Street, East Toowoomba

Purchased November 2021 for \$700,000 / Sold late 2023 for \$2.25 million

This 880 square metre property was fully renovated and extended since its purchase in 2019. The property retained its cottage charm street appeal with a modern contemporary extension to the rear. This 1940s timber dwelling comprised five bedrooms and three bathrooms at the time of the 2023 sale.

### Property (2021)



22 Dunmore Street, East Toowoomba

Source: CoreLogic

### Property (2023)



22 Dunmore Street, East Toowoomba

Source: CoreLogic



22 Dunmore Street, East Toowoomba

Source: CoreLogic



22 Dunmore Street, East Toowoomba Source: CoreLogic



22 Dunmore Street, East Toowoomba Source: CoreLogic

### 21 Godfrey Street, East Toowoomba

Purchased November 2019 for \$1.595 million / Sold February 2024 for \$3.05 million

This property comprised 2023 square metres of land area with accommodation comprising five bedrooms, three bathrooms and had been renovated prior to the 2019 sale. Further renovation works and additional ancillary improvements since the 2019 sale further enhanced the presentation and appeal of the property which was evident in the 2024 sale price.

### Property (2019)



21 Godfrey Street, East Toowoomba Source: CoreLogic



21 Godfrey Street, East Toowoomba Source: CoreLogic

### Property (2024)



21 Godfrey Street, East Toowoomba Source: CoreLogic



21 Godfrey Street, East Toowoomba Source: CoreLogic

### 136 MacKenzie Street, East Toowoomba

Purchased April 2019 for \$1.03 million / Sold March 2024 for \$3.8 million

This 2004 square metre allotment is located in the heart of East Toowoomba and is improved with a large 1890s timber dwelling which comprised four bedrooms and two bathrooms at the time of the 2019 sale.

### Property (2019)



136 MacKenzie Street, East Toowoomba Source: CoreLogic





136 MacKenzie Street, East Toowoomba Source: CoreLogic



136 MacKenzie Street, East Toowoomba Source: CoreLogic



136 MacKenzie Street, East Toowoomba Source: CoreLogic

The property was fully renovated and restored at the time of the 2024 sale and now comprises

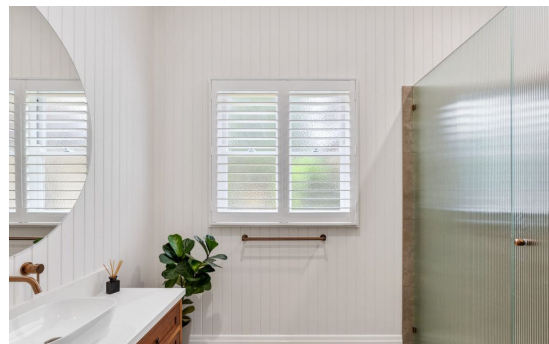
four bedrooms, four bathrooms and a seven-car air conditioned garage with additional ancillary improvements added to the property since 2019.



136 MacKenzie Street, East Toowoomba Source: CoreLogic



136 MacKenzie Street, East Toowoomba Source: CoreLogic



136 MacKenzie Street, East Toowoomba Source: CoreLogic



136 MacKenzie Street, East Toowoomba Source: CoreLogic

Regarding the current renovations and sales noted above, these properties all provided high-end improvements, which are in keeping with potential homeowners' preferences within this affluent neighbourhood. It is important to note that many of the significant renovations in this general area over the years have been completed by owners of local, custom building groups as their own personal residence and then on-sold. Therefore it is difficult to comment on the profitability of carrying out such an extensive renovation. However, we have continued to see an increase in medical professionals and local upgraders purchasing existing properties with the purpose of engaging the services of local custom building groups to complete extensive renovations of properties within East Toowoomba.

Nearby suburbs such as Mount Lofty and North Toowoomba are also continuing to see renovation of older style timber homes, but to a lesser extent than East Toowoomba. Harristown and Newtown have also seen increased renovation activity, where houses from the 1960s and 1970s are being extended and renovated in order to provide more modern amenities. The increase in real estate values over the past few years has also helped balance out the additional costs related to renovations.



There are lesser significant home renovations being carried out in the lower price brackets and in other suburbs across Toowoomba given the higher risk of over-capitalisation. We note that there is also limited full renovation activity in our regional areas such as Warwick, Stanthorpe, Gatton, Kingaroy, Goondiwindi, Roma and Dalby given that the added value is not reflected on a dollar per dollar basis as perceived by the market.

Nonetheless, it is important for homeowners choosing between purchasing a property that requires renovation or one that is already established or renovated to note that choosing the option to renovate is raising the standard of their property above that of the properties around them. Dwelling costs frequently reflect the preferences and price range of local homebuyers. Due to prospective house buyers' decreased willingness to pay for them, these modifications may offer a lower return on investment in lower market segments. It is also important that any interested parties looking to renovate and sell (for profit), know their local area and local market and understand what buyers want to reduce the risk of over-capitalisation. This risk can be lessened by liaising with local property professionals regarding what is being sought after in the area and what you could do to improve your property as there are always areas to focus on that add more value to your home than others. This will also assist in planning your budget appropriately. Or if you are renovating your forever home or your in the foreseeable future home, then works that you complete now should (in theory) still

service the needs of you and your family in the years to come.

All that said, buyers intending to renovate still face obstacles in relation to construction costs, which continue to remain high, and the availability of adequately experienced tradespeople (due to continued strong demand for their services in our region given the demand for new construction).

In the future, Toowoomba's property market for new building or home renovations could follow a different trajectory that may have an effect on anyone looking for opportunities in this market. Any change could affect a buyer's choice between whether they should build a new product or renovate as a more affordable option, however only time will tell, as currently the majority of residential property markets within our region remain strong with limited supply of new stock entering the market. Agents are continuing to report that competition for properties listed for sale (if appropriately priced) remains steady to strong, which has continued to support home prices



Marissa Griffin  
Director

**D** *It is important for homeowners choosing between purchasing a property that requires renovation or one that is already established or renovated to note that choosing the option to renovate is raising the standard of their property above that of the properties around them.*

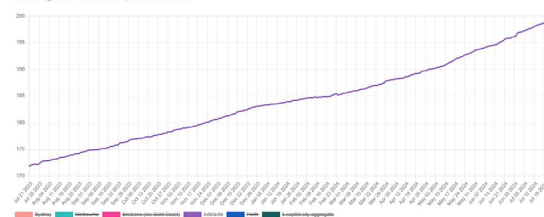
# South Australia - Residential 2024



## Adelaide and surrounds

The property market strengthened again in the second quarter of 2024. Data released by the South Australian government indicates that the median house price grew approximately 3.3 per cent to \$785,000 in the June quarter. This represents a new record median house price for the metropolitan market and a 12.15 per cent increase year on year. CoreLogic's Hedonic Price index indicates that the market pushed on further in the early stages of July. The market continues to be impacted by low stock levels whilst purchasers gain confidence with the stability of the interest rate environment.

CoreLogic RP Data: Daily Back Series



Hedonic Price Index

Source: CoreLogic

## 2024

Quarter	Metropolitan Adelaide	Non-metro (major towns)
Jun 2024	\$785,000	\$420,500
Mar 2024	\$760,000	\$415,000

Median House Price

Source: SA.gov

The market for renovated dwellings is fuelled by a mixture of upsizers and downsizers. These buyers are typically looking for something in a property that their current residence doesn't

have. Historically these buyers may have gone to the construction market to improve their existing dwelling, however these buyers are now willing to enter the market to avoid carrying the risk of increased building costs and extended construction timeframes.

The easiest form of renovation is what's commonly known as a pre-sale face lift - floors, walls and lights. These items can transform a space with minimal physical output and capital expenditure. Requiring a larger capital outlay are kitchen and bathroom renovations and more significant extensions. Examples of these types of renovations can be found in both 74 Milner Street, Prospect, a renovated and extended four-bedroom and two-bathroom cottage and 5 Rodney Avenue, Ingle Farm, a modestly renovated three-bedroom and one-bathroom contemporary style dwelling. These properties achieved sale prices of \$1.625 million and \$671,000 respectively.



74 Milner Street, Prospect

Source: realestate.com.au



5 Rodney Avenue, Ingle Farm

Source: realestate.com.au

Renovated and extended properties can be found throughout the metropolitan area, however the most desirable dwellings are those with character and heritage features. The inner southern suburbs are characterised by turn of the century dwellings comprising cottages, villas, Tudors and bungalows. These suburbs provide options to buy either a renovator's delight or renovated masterpiece. Examples of original stock in the inner south include 115 Young Street, Parkside, an original villa with a pre-sale face lift on 877 square metres achieving \$1.725 million and 1 Invergowrie Avenue, Highgate, an original bungalow on 696 square metres achieving \$1.32 million. Conversely, the sales of 52 Blyth Street, Parkside and 27 Marlborough Street, Malvern represent the renovated offerings in this market. Both properties comprise renovated and extended sandstone cottages on 880 square metre allotments with entertainment areas and swimming pools. Both properties have achieved sale prices north of \$2 million.

Within the inner suburban character suburbs, dwellings in original condition rarely transact below \$1 million whilst extensively renovated dwellings typically exceed \$1.5 million.



27 Marlborough Street, Malvern Source: realestate.com.au



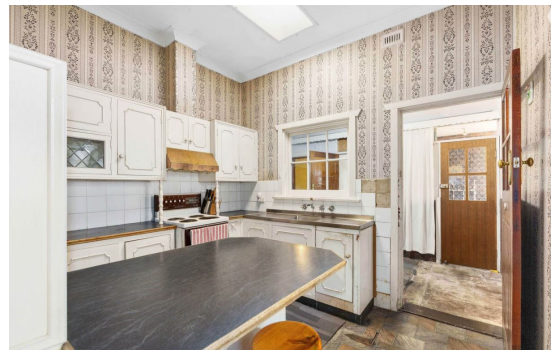
27 Marlborough Street, Malvern Source: realestate.com.au



27 Marlborough Street, Malvern Source: realestate.com.au



1 Invergowrie Avenue, Highgate Source: realestate.com.au



1 Invergowrie Avenue, Highgate Source: realestate.com.au

When discussing renovations, the concept of over-capitalisation should be a consideration. To over-capitalise means to improve a property beyond its potential resale value. Good practice for those considering a renovation is to determine the market value of their property in its existing state and have consideration of sale prices being achieved for renovated dwellings. This will help aid in decision making for capital outlay, ensuring that current market value plus expenditure doesn't exceed the sale prices renovated dwellings are achieving. Additionally, property owners should have consideration of the future sale of their property when renovating and remodelling, as what may appeal to them may not appeal to the broad market.

The inner eastern suburb of St Peters has seen a number of transactions in the past 12 months of both extensively renovated dwellings and those presenting in original condition. A renovator's delight at 12 First Avenue, St Peters achieved a sale price in excess of \$2 million whilst the extensively renovated 32 Fourth Avenue, St Peters achieved a sale price in excess of \$3.5 million. These properties represent the opposite ends of the spectrum in terms of dwelling quality and condition in this location. The sale of 32 Fourth Avenue would have provided the purchasers of 12 First Avenue a guide to what price may be achieved on resale post a renovation, allowing them to scale their costs accordingly.



32 Fourth Avenue, St Peters Source: realestate.com.au



12 First Avenue, St Peters Source: realestate.com.au



Units continue to remain popular as they provide a more affordable entry point to the market. Owners are limited with what capital works can be completed on units with works restricted to the internal walls and unit. The biggest tip with unit renovations is prior to the commencement of any work, ensure the proposed works are approved by strata management and the strata committee. An example of a recent unit renovation is 2/74 Brigalow Avenue, Kensington Gardens. This is a semi-detached strata unit comprising two bedrooms and one bathroom with a single garage. The unit has been fully renovated internally with modern fixtures and fittings throughout and achieved a sale price of \$852,000. Entry level units within Kensington Gardens begin in the mid to high \$500,000s.



2/74 Brigalow Avenue, Kensington Gardens Source: realestate.com.au

Renovated dwellings continue to achieve premiums in the current market given the difficulties being faced by owners to move through a renovation project. It's expected that premiums will continue in the short term for these dwellings. For those jumping into a renovation, be mindful of your budget and be prepared for possible lag time in sourcing materials and trades.



Nick Smerdon  
Valuer

## Mount Gambier

In Mount Gambier, purchasing a house for renovation has been quite popular for some time due to our low median house price compared to other locations. Typically, houses are more commonly renovated than units. Data shows renovated properties achieve an increased rental return. Homes in need of renovation have recently gained a high level of interest in the Mount Gambier market. Given the increase in property prices in the past year, increased costs and timeframes to build, we have noticed more buyers are open to buying a property that needs work in order to purchase at a cheaper price to enter the market.



22 Umpherston Street, Mount Gambier (before) Source: CoreLogic



22 Umpherston Street, Mount Gambier (after) Source: CoreLogic

In most parts, both owner-occupiers and investors are purchasing these kinds of properties. The market for fully renovated homes is always appealing to a large range of buyer types with fully renovated properties often attracting a premium. With the increased price of building materials and long wait times for available trades, buyers are opting to purchase already renovated properties or newly built modern properties. Properties that seem to perform well from renovations are located close to the CBD.

An example of a resale of a newly renovated property is 22 Umpherston Street, Mount Gambier. The property was three-bedroom, one-



22 Umpherston Street, Mount Gambier (before) Source: CoreLogic



22 Umpherston Street, Mount Gambier (after) Source: CoreLogic





22 Umpherston Street, Mount Gambier (before) Source: CoreLogic



22 Umpherston Street, Mount Gambier (after) Source: CoreLogic

perform strongly, as long as the price to purchase these properties is still in the affordable price range.



Lauren Kain  
Valuer

bathroom, with a detached games room when it was purchased in November 2023 for \$395,000. After extensive renovation, adding an extra bathroom and converting the detached games room into a granny flat with kitchenette and bathroom, the property re-sold in May 2024 for \$650,000.

Although renovated properties perform well in the Mount Gambier market, we are seeing an increase in buyers purchasing newly built modern properties. This could be caused by trade shortages and increased labour prices in the building and renovation industry. We expect properties in need of renovation to continue to



# Western Australia - Residential 2024

## Perth and regions

Winter is coming to an end and spring is finally in sight! While it's been cold outside we've been rugged up inside planning home upgrades for when the weather improves - and the market has not slowed down at all. On the topic of home upgrades and renovations, let's take a look at how the revitalised and reno-ready property markets have been performing lately.

The property market in Western Australia remains robust, making it challenging and costly to secure houses, particularly in established suburbs. This has resulted in heightened interest in properties with renovation potential, where older homes present significant value-add potential. Mid-range properties valued between \$500,000 and \$800,000 with the potential for renovation attract a broad market segment due to the affordability at this price point.

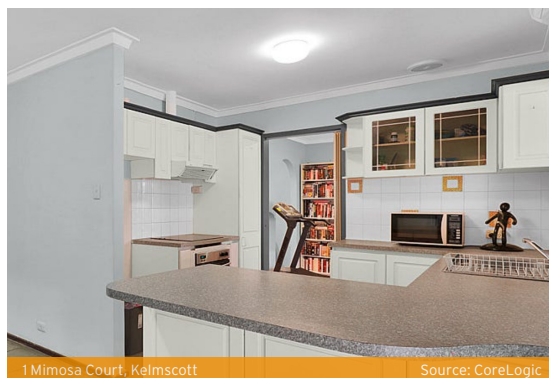
Buyers are motivated by the prospect of increasing property value through renovations, leveraging the affordability and potential for growth in these mid-range properties. This trend reflects a strategic investment approach amid limited housing options, allowing buyers to achieve their property goals in a more cost-effective manner.

In response to the housing crisis, tight rental market and rising property values, the state government introduced a Vacant Property Rental Incentive Scheme to boost rental supply, potentially impacting the number of properties available for renovation as more owners opt for rental incentives. Despite this, opportunities for profitable

renovation projects persist, particularly in mid-range properties and high-demand suburbs, where lower entry costs and high post-renovation demand offer better returns.

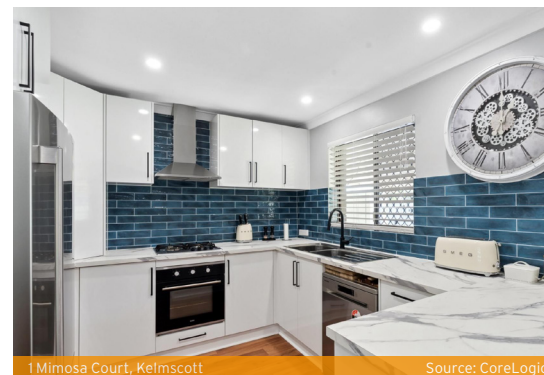
For example, Kelmscott, an established area with typical older-style properties built in the 1970s on approximately 800 square metres of land, currently has some of the highest price growth rates in the Perth market. This growth is driven by affordable property prices and strong rental yields.

Consider 1 Mimosa Court, Kelmscott, a four-bedroom, two-bathroom house built in 1976. This property, encompassing 136 square metres of living space on a 702 square metre lot, recently received extensive renovations, including new flooring, kitchen and bathrooms, along with freshly painted internal walls. It sold for \$680,000 in April this year, marking a substantial increase from its previous sale price of \$320,500 in 2022, demonstrating impressive growth of over 110 per cent.



1 Mimosa Court, Kelmscott

Source: CoreLogic



1 Mimosa Court, Kelmscott

Source: CoreLogic

Let's move a little bit west to Camillo, another established area with typically older-style properties built in the 1980s, which provide an attractive option for renovators.

For example, 4A Ainsley Court in Camillo is a duplex unit featuring three bedrooms and one bathroom with 89 square metres of living space. This property underwent extensive renovations recently, featuring new flooring, a modern kitchen, upgraded bathroom and freshly painted internal walls. Initially listed in March 2023 in as is condition, (it included all abandoned possessions and lacked a front door and windows), it sold for \$140,000 after just three days on the market. After renovations, it was listed back on the market and sold for \$460,000 in June 2024, demonstrating impressive growth of over 220 per cent. The property is now rented for \$580 per week after being advertised for just nine days.





4A Ainsley Court, Camillo

Source: CoreLogic



4A Ainsley Court, Camillo

Source: CoreLogic



8 Hicks Way, Hillarys

Source: CoreLogic



4A Ainsley Court, Camillo

Source: CoreLogic

Heading north of the city to Hillarys, you will find a diverse range of properties including spacious family homes, modern apartments and luxurious waterfront properties with varying land sizes, typically between 600 and 800 square metres for single dwellings, with some prestige properties featuring even larger allotments.

8 Hicks Way in Hillarys for example is a three-bedroom, one-bathroom house built in 1971 and features 128 square metres of living space on a 685 square metre lot. Recently, the property underwent significant renovations, including new flooring, a kitchen and bathroom and freshly painted interior walls. These upgrades helped it achieve an impressive sale price of \$1.040 million in June this year, marking an increase of over 55 per cent from its previous sale price of \$670,000 in September 2022.



8 Hicks Way, Hillarys

Source: CoreLogic

Let's shift our focus to the apartment and unit market. Apartments and units are becoming an increasingly more viable option for buyers given the lack of supply and high levels of demand in the broader market. Well-located apartments and units in the Perth CBD and inner-city suburbs are attractive to both owner-occupiers and investors. The increased interest in these properties is driven by their strategic locations, relative affordability



4A Ainsley Court, Camillo

Source: CoreLogic

*Apartments and units are becoming an increasingly more viable option for buyers given the lack of supply and high levels of demand in the broader market.*

compared to houses, as well as the appeal of the lock up and leave lifestyle for owner-occupiers and the attractive rental yields on offer for investors. Buyers are therefore willing to pay more for move-in-ready properties that offer convenience, security and predictable costs.

Consider this unit in Subiaco at 1/11 Heytesbury Road. This three-bedroom, one-bathroom unit built in 1979 has 79 square metres of living space in a complex of 12 units. It recently underwent major renovations, including new flooring, a new kitchen and bathroom and freshly painted interior walls. The unit sold for \$850,000 in May this year, an increase of over 48 per cent from its previous sale price of \$573,500 in July 2022.



1/11 Heytesbury Road, Subiaco

Source: CoreLogic



1/11 Heytesbury Road, Subiaco

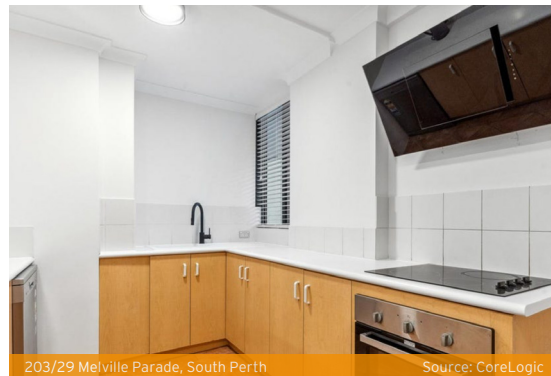
Source: CoreLogic

Additionally, 203/29 Melville Parade in South Perth is a 52 square metre, one-bedroom, one-bathroom studio apartment within a complex of 45 units. It was built in 1964 and recently underwent partial renovations, including new carpet, a new benchtop, some kitchen appliances and freshly painted interior walls. The apartment sold for \$370,000 in May this year, marking an increase of over 34 per cent from its previous sale price of \$275,000 in November 2023.



203/29 Melville Parade, South Perth

Source: CoreLogic



203/29 Melville Parade, South Perth

Source: CoreLogic

Let's now take a look around the state, starting from the top of the Kimberley region in Broome. Given the high costs of construction experienced in regional Western Australia, property owners in

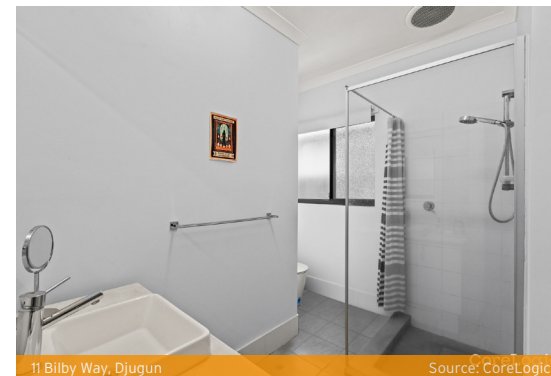
Broome are hesitant to build and are more inclined to buy an older house and take on a renovation project instead. There is limited supply available of fully renovated houses on the market as these properties are tightly held by their owners.

Take for example this 2004 built, three-bedroom, one-bathroom property at 11 Bilby Way, Djugun located in the desirable Roebuck estate. The property features 102 square metres of living on a 452 square metre lot. The property has been partly renovated with a new bathroom and sold in March this year for \$528,100. The property previously sold for \$480,000 in 2022 portraying a growth of 10 per cent.



11 Bilby Way, Djugun

Source: CoreLogic



11 Bilby Way, Djugun

Source: CoreLogic

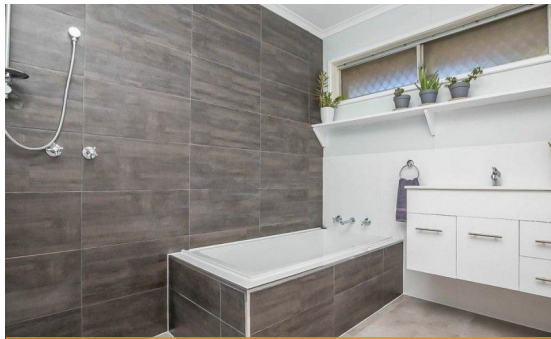


Shifting down the coast to Port Hedland, there is a significant skilled labour shortage and it is therefore difficult to secure trades, resulting in increased construction costs and long lag times for building brand new homes. Consequently buyers are prepared to purchase a renovated home, and homes requiring renovations are increasingly desirable. The buyer profile for this product is typically owner-occupiers with some investors looking for properties that present well and offer good rental yields. The supply of renovated properties available on the market is also constrained.

Take for example this four-bedroom, one-bathroom, 1972 built property at 15 Lawson



15 Lawson Street, South Hedland Source: CoreLogic



15 Lawson Street, South Hedland Source: CoreLogic

Street, South Hedland. The property features 129 square metres of living on a 775 square metre lot with extensive renovations including a renovated kitchen and bathroom. The property sold in April this year for \$440,000 and previously sold in 2019 for \$270,000, showing 62 per cent in growth.

Additionally, this 1977-built, three-bedroom, one-bathroom property at 3 Lovell Way, South Hedland sold for \$603,000 in April this year and has been renovated with brand new flooring, as well as kitchen and bathroom renovations. The property previously sold for \$277,000 in July 2020 showing a growth of over 100 per cent!



3 Lovell Way, South Hedland Source: CoreLogic

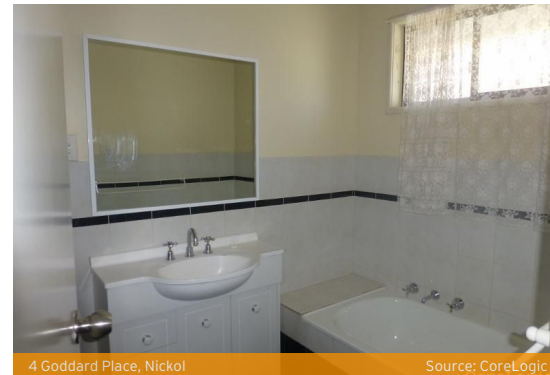


3 Lovell Way, South Hedland Source: CoreLogic

*Buyers are especially keen to pay a premium for properties that feature a swimming pool.*

Situated in the Pilbara region, Karratha is a town that is heavily reliant on the resource sector. Considering the escalated costs of building supplies and labour required for constructing new homes in the Pilbara region, buyers are inclined to pay more for a renovated home than build, and renovating their current homes is an increasingly viable option. Buyers are especially keen to pay a premium for properties that feature a swimming pool or workshop.

This 1982-built, four-bedroom, two-bathroom property at 4 Goddard Place, Nickol features 151 square metres of living on a 705 square metre lot. The property has undergone extensive renovations with a new kitchen, bathroom, flooring, LEDs, window furnishings and a fresh layer of paint. The property sold in May this year for \$630,000 and previously transacted for \$460,000 in February 2021, portraying 37 per cent in growth.



4 Goddard Place, Nickol Source: CoreLogic





4 Goddard Place, Nickol

Source: CoreLogic



5 Nickol Road, Nickol

Source: CoreLogic

has the ability to be subdivided. It sold for \$315,000 in March this year and previously sold in 2022 for \$195,000 indicating 62 per cent in growth.



204 First Street, Wonthella

Source: CoreLogic



204 First Street, Wonthella

Source: CoreLogic

Furthermore, this 1966-built three-bedroom, one-bathroom property at 317 Banksia Street, Rangeway features 85 square metres of living on a 799 square metre lot. The property has been fully renovated with a new kitchen, bathroom, flooring and freshly painted walls. The property sold for

This property at 5 Nickol Road, Nickol sold for \$550,000 in May this year. The property features four bedrooms and two bathrooms on a 750 square metre lot with 140 square metres of living and was built in 1982. The property features a workshop and has been partly renovated with a new bathroom and ensuite. The property previously sold for \$400,000 in 2021 indicating 38 per cent growth.



5 Nickol Road, Nickol

Source: CoreLogic

Moving down to the mid-west coast, Geraldton is recognised for its surreal sunsets, windy weather and stunning shoreline. The COVID-19 pandemic influenced many homeowners to renovate their properties with agents confirming that some of these properties are now coming onto the market. Geraldton experiences less barriers with transportation of the supply of construction materials and has less shortage of skilled labour due to its proximity to Perth in comparison to other regional centres. The constrained supply of properties available in the market, particularly renovated houses within the past two years, has increased the appetite for renovated homes, and the demand is high.

This 1953-built two-bedroom, one-bathroom property at 204 First Street, Wonthella features 105 square metres of living on a 1,012 square metre lot. The property has been renovated with new flooring, freshly painted walls, new window treatments and an updated kitchen. The property

*The constrained supply of properties available in the market, particularly renovated houses within the past two years, has increased the appetite for renovated homes, and the demand is high.*



\$260,000 in May this year and was previously sold for \$95,000 in November 2023, demonstrating expansive growth in just six months.



317 Banksia Street, Rangeway Source: CoreLogic



317 Banksia Street, Rangeway Source: CoreLogic

Heading inland, the Wheatbelt region has experienced consistent growth throughout the year. The scarcity of quality properties in this rural area is driving increased interest in property renovations, attracting both investors and homebuyers who are seeking potential growth opportunities and the charm of rural living.

Take 8 Dick Street in Northam as an example. This three-bedroom, one-bathroom house constructed in 1940 offers 109 square metres of living space on a 1,231 square metre lot. The property recently

underwent extensive renovations, which included new flooring, a kitchen and bathroom and freshly painted interior walls. These improvements led to the sale price of \$265,000 in April, reflecting a significant increase of over 63 per cent from its previous sale price of \$162,000 in January 2023.



8 Dick Street, Northam Source: CoreLogic



8 Dick Street, Northam Source: CoreLogic

Consider 38 Lobelia Avenue in Wundowie. Built in 1955, this two-bedroom, one-bathroom house spans 88 square metres of living space on a 1,012 square metre lot. Recently, the property underwent extensive renovations, including new flooring, a renovated kitchen and bathroom and freshly painted interior walls. These upgrades contributed to its sale price of \$470,000 in April, marking a

notable increase of over 220% from its previous sale price of \$145,000 in March 2021.



38 Lobelia Avenue, Wundowie Source: CoreLogic



38 Lobelia Avenue, Wundowie Source: CoreLogic

Taking a look at the Goldfields region, Kalgoorlie has experienced a heated residential market for an extended period of time with high levels of demand. Owner-occupiers are predominantly the main buyers of renovated homes as the cost to build new houses combined with the lack of available trades makes building a less viable option. Investors are typically looking at the lower segment of the market and are not as eager to purchase renovated homes, particularly due to the higher price point.

Check out 17A Boundary Street, South Kalgoorlie for example. This three-bedroom, one-bathroom,

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1945-built property features 131 square metres of living on a 451 square metre lot with internal renovations including new flooring, kitchen, bathroom and external renovations with painted facade and updated landscaping. The property sold for \$359,000 in May this year and previously transacted for \$165,000 in 2021, demonstrating exponential growth!



17A Boundary Street, South Kalgoorlie Source: CoreLogic



17A Boundary Street, South Kalgoorlie Source: CoreLogic

This 1981-built, three-bedroom, one-bathroom property at 11 Hampden Street, South Kalgoorlie sold for \$363,800 in May this year. The property features 93 square metres of living on a 730 square metre lot with new flooring, kitchen, bathroom and was freshly painted. The property previously sold

for \$185,000 in 2019, portraying 97 per cent in growth.



11 Hampden Street, South Kalgoorlie Source: CoreLogic



11 Hampden Street, South Kalgoorlie Source: CoreLogic

Let's move our focus now to our South West region, where property prices have consistently been driven up throughout the area over the past few years. Narrowing our view, the greater Bunbury area in particular has seen incredible growth as home buyers and investors have flocked to the area, seeking good value for money as an alternative to metropolitan Perth in light of the significant affordability issues at present.

With median house prices soaring, attractively priced dated homes that could serve as prime renovation projects can be very tempting opportunities.

Take 13 Lucretia Street in the suburb of Eaton for instance. This two-storey, five-bedroom, two-bathroom, 1975-built home was purchased last year in August for a cheap \$390,000 when the median house price in the locality was \$415,000 (and approximately \$473,000 across greater Bunbury). After a complete internal and external makeover, the home sold again in May this year for \$750,000. In a suburb that has seen approximately 20 per cent growth over the past year alone and with a current median house price of \$493,000, the 92 per cent increase in value (even taking into consideration renovation and selling costs) definitely shows the profound interest in the area for quality products and the power of a revamp!



13 Lucretia Street, Eaton Source: CoreLogic



13 Lucretia Street, Eaton Source: CoreLogic

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13 Lucretia Street, Eaton

Source: CoreLogic



13 Lucretia Street, Eaton

Source: CoreLogic

Further inland, Margaret River township has a range of property including modern builds, older solid brick homes and, for those who like character cottages with the cosy comforts of yesteryear, opportunities do arise to purchase ones that have already seen restoration and refurbishment, and those ready to be brought into the 21st century.

Such is the case for 2 Coronation Street, Margaret River, a two-bedroom, one-bathroom 1950s fibro cottage on a 577 square metre lot that has been well maintained over the years, presenting in mostly original condition with minor improvements such as split system air-conditioning. It offers a great starting point for those looking to enter the

market now. Currently it is being offered for sale at offers over \$650,000.



Coronation Street, Margaret River

Source: CoreLogic



Coronation Street, Margaret River

Source: CoreLogic

For those with a little more funds and the desire to develop, Margaret River also has a number of character homes on larger, subdividable lots.

Though now a slightly dated sale, it would be remiss not to mention 77 Forrest Road in Margaret River which sold in January for \$800,000. Sitting on 899 square metres, the 1990-built three-bedroom, one-bathroom home was purchased two years prior in January 2022 for \$635,000 and subsequently received a clever refresh of new flooring, new window treatments, painting and new appliances, while costs were saved in other areas such as

painting existing kitchen cabinetry. The result was a complete face-lift and a 25 per cent increase in value!



77 Forrest Road, Margaret River

Source: CoreLogic



77 Forrest Road, Margaret River

Source: CoreLogic



77 Forrest Road, Margaret River

Source: CoreLogic

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77 Forrest Road, Margaret River

Source: CoreLogic



77 Forrest Road, Margaret River

Source: CoreLogic



77 Forrest Road, Margaret River

Source: CoreLogic

Finally, for something a little different, we have the sale of 24 Brockman Highway in Karridale.

Approximately 30 kilometres south of Margaret River and originally built in 1960, this one-bedroom, one-bathroom home is actually a converted church which, up until its sale in February for \$625,000, had been used as a Moroccan style short-stay accommodation.



24 Brockman Highway, Karridale

Source: CoreLogic



24 Brockman Highway, Karridale

Source: CoreLogic

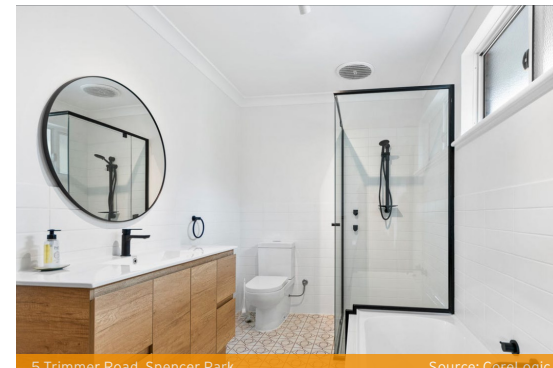
Following the coast down to our Great Southern area, the regional town of Albany is home to an abundance of affordable, dated, original condition housing that poses an attractive opportunity for those seeking a viable investment in the renovation space. Renovation activity in the area has shown that even a dated home can have a competitive edge in the market once touched up with a modern lift.

In the greater Albany suburb of Spencer Park resides this three-bedroom, one-bathroom circa 1970s-built home featuring a significant renovation makeover performed by the previous owner post purchase in 2021. Previously bought in original 1970s condition for a low \$280,000 in January 2021, this home has since had new flooring, paintwork, kitchen and bathroom fitouts allowing for a completely modern lift to the internal space. The property was sold earlier this year in February for just shy of half a million at \$490,000, displaying a 75 per cent increase.



5 Trimmer Road, Spencer Park

Source: CoreLogic



5 Trimmer Road, Spencer Park

Source: CoreLogic



5 Trimmer Road, Spencer Park

Source: CoreLogic



7 Bourke Street, Mount Melville

Source: CoreLogic



7 Bourke Street, Mount Melville

Source: CoreLogic



5 Trimmer Road, Spencer Park

Source: CoreLogic



7 Bourke Street, Mount Melville

Source: CoreLogic



7 Bourke Street, Mount Melville

Source: CoreLogic

Along the coast in the town of Esperance is another great opportunity for investors seeking generous growth as there are plenty of older, original condition retro style homes on the market that have the ability to generate large returns. However, undertaking a project in this area is not for the faint of heart, as the remoteness of the town means a lack of tradespeople and difficulty in sourcing building materials, which creates challenges for those looking to undertake a renovation project.

Purchased for a highly affordable \$190,000 in December 2019, this circa 1980s built brick home comprises three bedrooms and two bathrooms on a generous 792 square metre block. Found in its original 1980s style from a pine kitchen to dated carpets, the buyer has completely transformed this house into a fresh, modern space creating the feel of a brand new home. With internal and external works including a new coat of paint, modern tiled flooring, kitchen and bathroom, this extreme makeover has generated an attractive return on investment as it was then sold only a few years later for \$445,000, displaying a whopping 134 per cent increase!

Located only minutes across town in Mount Melville is this three-bedroom, one-bathroom, circa 1960s built double storey cottage with views over the town. Currently operating as an Airbnb, this property was sold for \$365,000 in June 2021 with plans to refresh the property into more appealing holiday accommodation. Renovation works undertaken include internal painting as well as a new kitchen, bathroom and laundry. The property was sold for \$495,000 in March this year, demonstrating a 35 per cent increase after the internal renovations.



4 McGlade Way, Castletown

Source: CoreLogic



4 McGlade Way, Castletown

Source: CoreLogic



4 McGlade Way, Castletown

Source: CoreLogic



4 McGlade Way, Castletown

Source: CoreLogic

Currently on the market is this perfect example for those looking to take on the challenge. Check out this circa 1970s-built character brick home maintained in its original condition and ready for the right investor to bring it back to life. Located at 23 Mungan Street, this property is currently listed on the market for \$400,000 and comprises three bedrooms and one bathroom with an internal living area of 99 square metres on a spacious 1,012 square metre block of land where opportunities are endless!



23 Mungan Street, Esperance

Source: CoreLogic



4 McGlade Way, Castletown

Source: CoreLogic



4 McGlade Way, Castletown

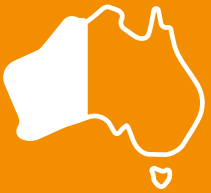
Source: CoreLogic



23 Mungan Street, Esperance

Source: CoreLogic

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23 Mungan Street, Esperance

Source: CoreLogic



23 Mungan Street, Esperance

Source: CoreLogic

The renovation market can be a goldmine for the savvy buyer, with many run down options on the market ripe for revival, proving to be profitable for both investors and home buyers alike, particularly as a good entry level product that can be improved over time as funds allow. It goes without saying though that due diligence must be front of mind before embarking on any renovation project and if you have any queries or would like to discuss things before making any decisions, our team is always available.



**Chris Hinchliffe**  
Director

# Northern Territory - Residential 2024

## Darwin

Renovations have always been a topical subject in Australia with interest growing over the past few years due to TV shows like *The Block*. Property owners are more involved than ever with many getting their hands dirty and undertaking the work themselves. Darwin is no different! Whether it's a shiny new shed in Humpty Doo, a Bunning's vanity unit in an investment, or a pool in the garden to cool off in the wet season days, we have seen a rise in do it yourself renovations.

Given the current construction climate this can be expected. Costs have skyrocketed over the past few years and paired with a lack of available labour, many property owners are going it alone. Regardless of whether you do it yourself or hire professionals, renovations can be a great value add for your property however there is always a risk over-capitalisation. Understanding the asset is crucial as not all renovations are created equal in terms of value they add to a property.

Beginning with the end in mind and renovating for the location, property type and potential buyer or renter is key - no point having a Rolls Royce interior in your farm car - it will still be a farm car. Nor would you put solid gold taps in an entry level investment property. Understanding the location and property type will play a major role in minimising the risk of over-capitalisation. High end finishes in an entry level two-bedroom, one-bathroom unit in a less sought after area will not change the location of the property and it's this

factor that will place a cap on how much someone is willing to spend to live in that location.

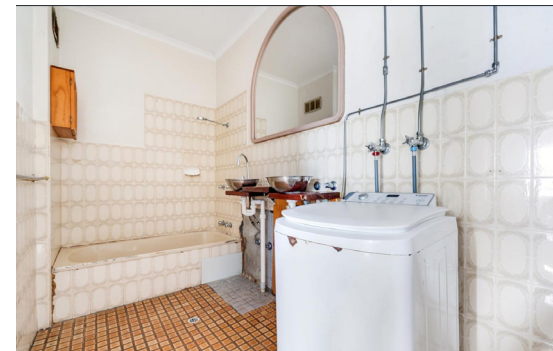
Broader appeal normally requires a more plain and simple design. The more unique you go, the less chance it will appeal to a wider segment of the market. Improvements made to your own house out of personal preference, whether that's painting the walls purple or going for unique lighting fixtures, may enhance the property to you however this appeal may be lost on potential buyers who have a different preference. This is more prevalent in investment properties where owners may spend large amounts of money on bespoke finishes and features that they would enjoy as opposed to what the market is seeking.

This is particularly true for many of the two-bedroom, one-bathroom 1980s built units we see in Darwin. Entry level units often in three-level walk up complexes with brick or masonry block walls make great investment or first homes with the solid structure a great canvas for renovations. These entry level units do not require high end finishes nor is the market prepared to pay for them. Many of these units are fitted with laminate benchtops and basic appliances which can be updated at a relatively low cost. Considerations should be given as to whether the investment is being held for a short term or long term as this can be a good guide as to what finishes to go with, i.e. stone benchtops over laminate given stone is more durable for the long term whereas laminate is a cheaper alternative.

Unit 15/156 Smith Street, Larrakeyah is a prime example of this. This two-bedroom, one-bathroom

unit in a three-level walk-up complex within walking distance of Darwin's CBD sold for \$240,000 in March 2024. The unit presented poorly at the time of sale with the price discounted to reflect this however is good buying at this price point.

With a bit of love, some hands on work and \$30,000 or so, this unit could easily achieve values around the \$300,000 mark. The sale of 4/124 Mitchell Street, Larrakeyah in October 2023 for \$295,000 confirms this.



Unit 15/156 Smith Street Larrakeyah

Source: realestate.com.au



Unit 15/156 Smith Street Larrakeyah

Source: realestate.com.au





4/124 Mitchell Street, Larrakeyah Source: realestate.com.au



4/124 Mitchell Street, Larrakeyah Source: realestate.com.au

Another key aspect of renovations is understanding that cost does not equal value, meaning if you spend \$10,000 on a property, the value will not necessarily increase by \$10,000. This is especially true for items deemed essential or expected by the market. For example, spending money on air-conditioning units in a property that doesn't have any will bring the value in line with comparable properties in the area however will not add more. The same principle applies for a kitchen renovation where \$30,000 might have been spent however there may have already been \$15,000 worth of improvements in the old kitchen which has been taken out.

As we transition into a greener future, sustainability will become a core focus of many industries, and property is no different. Consideration should be given to sustainability factors within properties. We are already familiar with water and energy efficiency ratings on appliances and with the government's net zero targets edging closer, we can expect these ratings to play a significant role in the way we view property in the future. This will be an interesting space to watch and consider as sustainability becomes more prevalent.

Louis Cox  
Valuer

### Alice Springs

This month, we are throwing the spotlight on renovations. Does it make sense to renovate? Are some locations or property types better for renovation projects? How much to spend, and what to renovate? There are so many questions and we'll try to provide some insights and observations that may help answer some of them.

You only need to turn on the TV to realise that renovations are super-popular at the moment, all the cool kids are doing it. The reality shows do tend to make it look easier than it really is, and in the majority of these shows, contestants have very generous budgets and seemingly unlimited access to tradies at a snap of their fingers. The reality of renovating is very different in real life situations. Delays due to lack of available tradies, ever increasing material costs and even certification and planning approval processes all tend to make renovating a pretty big headache for most people.

But enough negativity! Renovating can be financially rewarding if you go about it in a smart way and it can also turn something that you're less than impressed with into the home of your

dreams. In Alice Springs there always seem to be a few renovator's delights on the market and certainly with the market being quite flat at the moment, these properties can be picked up very cheaply. As an example, there is a three-bedroom, one-bathroom home on an 800 square metre corner block in the suburb of Larapinta that has recently gone under contract for \$260,000. Now, the property does need some good old TLC, but generally is in good enough condition to be able to live in it while you renovate. It's not in the most desirable part of town, but it's not the worst either, and with a new kitchen and bathroom, some new floor coverings, a re-paint of the interior and a yard tidy up, it could be worth somewhere in the low \$400,000s.

Turning now to some personal experience, my partner and I purchased a very run down two-bedroom, one-bathroom townhouse about 18 months ago for \$145,000. We've spent approximately \$50,000 on the renovation so far, with probably another \$10,000 to \$15,000 still to go and expect its final value to be around \$290,000 to \$300,000. Probably the biggest lesson we have learnt is to watch your holding costs, especially if you're not residing in the property as you renovate it. So, I'm talking about your interest and debt payments, body corporate fees, insurance and council rates. The quicker you complete the project, the less the holding costs will eat into your profit.

Generally speaking, if you can find the proverbial worst house in the best street, that's your ideal target for a renovation project. It has much more up-side than finding a project in a poor area, with poor standard housing around it. This leads me naturally into the topic of over-capitalisation. For example with the above Larapinta house, it would be foolish to spend too much money on the





*We are aware of a number of recent instances where homeowners were looking to do extensions to their existing homes but the builder's quotes were very high and lead times were long, so the projects did not go ahead.*

renovation, as there is a ceiling of what people would be prepared to pay for a three-bedroom, one-bathroom home in that location, so forget about a top of the range renovation or even adding that fourth bedroom, a second bathroom and a pool, because you would have no chance of recovering the money you invested in it. It's important to know what the ceilings are in the locations you're looking at. Consider what your purchase costs are going to be (A), estimate what you'd have to spend on the renovation (B) and what the final value is likely to be (C). If  $C - A - B$  isn't a positive number, forget about it, and that's not even building in at least 20 per cent profit for your trouble.

Looking now at the finished product, renovated homes and units will obviously fetch superior sales prices to similar, unrenovated properties and they generally are easier for agents to sell as a lot of people don't have the time, money or motivation to undertake a big renovation project. As a result, they are willing to pay a higher price for a house or unit that requires no work, and that the new owners can virtually move their furniture in and put their feet up. This is especially true in the current market, which is quite flat. Good presentation and modern fit outs will certainly make a property more attractive to discerning buyers, and when it's a buyer's market, people certainly do get more discerning.

Sometimes, proposed renovation projects don't get off the ground, particularly in the case of extensions. We are aware of a number of recent instances where homeowners were looking to do

extensions to their existing homes but the builder's quotes were very high and lead times were long, so the projects did not go ahead. Builders remain busy and can be hard to engage for extension projects and of course the ever increasing cost of building materials is also impacting renovation jobs, not just new builds. In some of these scenarios, homeowners will instead look for properties on the market that tick all their boxes, as it's often less expensive (and causes less headaches and stress) to sell your existing property and buy one that fits your requirements.

As with anything property related, or indeed any financial decision of a major scale, it's vital to complete a thorough due diligence on whatever you're proposing to do. Make sure you know what your maximum total investment is likely to be and ensure that the value of the finished project makes it worthwhile.



Peter Nichols  
Valuer

# Australian Capital Territory - Residential 2024



## Canberra

Only three short years ago, the annual flurry of activity that occurs in spring in the residential property market was filled with a degree of optimism and anticipation. The optimism was of a good result and the anticipation was of strong demand - evidenced not only by the prices achieved across Canberra in 2021 and early 2022 but by the high clearance rates each passing weekend delivered.

Fast forward to 2024 and one thing we can be certain hasn't changed - the activity that occurs in spring and Canberrans' anticipation and optimism of leaving behind our infamously cold winter. On the other hand, one thing we can be certain has changed is that the market is no longer a seller's market and cost-of-living pressures along with the obvious higher interest rates (relative to 2021) are having an undeniable effect on the residential property market here in Canberra.

As winter nears its end, there will be the annual activity of vendors preparing their properties for sale, agents going live with new listings and buyers awaiting an increase in stock levels. But in spring 2024, vendors will have to contend with the fact that higher interest rates have limited buyers' budgets and top-end price ranges and properties are on average taking longer to sell, all compounded by the current environment we all find ourselves in - that cost-of-living pressures have squeezed household budgets and eroded affordability.

That said, is there still an opportunity for vendors to renovate and maximise the value of their property and does it make sense in spring

*The market is no longer a seller's market and cost-of-living pressures along with the obvious higher interest rates are having an undeniable effect on the property market.*

2024? From what we are seeing locally here in Canberra, not all properties are currently ideal for renovation in 2024 when the purpose is for profit maximisation.

Firstly let's look at what properties we're still seeing as ideal for renovation and delivering vendors a profit. Family homes in the \$750,000 to \$1 million price point, usually found in the south Canberra District of Tuggeranong or western flank of the Belconnen District and are either an older home with an original internal fit-out or beginning to look dated (over 20 years old) can still present vendors with an opportunity to renovate and potentially maximise their sale price for a few key reasons. Homes which occupy this price point, usually three- to four-bedroom homes with one or two bathrooms, are considered an affordable entry point for a fully detached dwelling in 2024 in Canberra, which makes them quite desirable in an environment where a lot of attention is paid to a home being affordable. So the demand from the market is still there despite the higher interest rates. Furthermore as properties within this price point present as an entry level for a lot of buyers into the market, vendors are able to renovate on a cost-effective budget. All the usual tick-list items such as fresh paint and new carpets and floor coverings can be done but traditionally more

expensive areas to renovate, such as kitchens and bathrooms, can be renovated on a stricter budget, forgoing high-end finishes for a flatpack DIY style kitchen and bathroom which can be picked up from major national hardware retailers or homemaker centres.



33 Beaumaris Street, Conder

Source: realestate.com.au



33 Beaumaris Street, Conder

Source: realestate.com.au



33 Beaumaris Street, Conder Source: realestate.com.au

A recent example occurred at 33 Beaumaris Street, Conder. Selling in December 2022 for \$627,500, the home was pitched with its renovation potential front and centre, presenting with an original kitchen and bathroom fit-out and overgrown garden.



33 Beaumaris Street, Conder Source: realestate.com.au



33 Beaumaris Street, Conder Source: hiveproperty.co



33 Beaumaris Street, Conder Source: hiveproperty.co

Fast forward to March 2024, the home sold for \$875,000. The home had undergone a full internal renovation, minor upgrades to the exterior, new outdoor deck and the overgrown garden cleared out for a simpler look. The renovations in this case netted the vendors a tidy gross profit of \$247,500.

Now looking at those properties which aren't ideal for renovation, where the intent is profit maximisation, we find ourselves looking at a more premium end of the market - the \$1 million to \$2 million price point. A significant reason why we're seeing this segment of the market take a hit with prices coming off their peak and stagnant growth over 2024 has a lot to do with the demographics of this segment. Properties within this price point tend to be larger four- to five-bedroom homes purchased by those with large families or multi-generational families living under the one roof. Taking on a \$1 million plus mortgage with current interest rates is a significant financial commitment, which is only made more difficult when taking into account the rising costs of insurance, utility bills and the costs to feed a family. So although the demand within this segment is still there, it has dropped off in its strength and willingness to pay for a property

within this price point due to the larger burden of servicing a \$1 million plus mortgage in the current cost-of-living crisis.

Renovating properties within this segment tends to be on the pricier end of renovation costs as well due to the size of the homes and the demands of buyers looking for a renovated home where the asking price is north of \$1 million. A flatpack DIY style kitchen or bathroom doesn't cut the mustard, with buyers in this segment looking for a move-in ready property, thoroughly renovated to a high standard and finish of professional quality by tradespeople.

So when considering a market segment where buyers are under considerable financial pressure and the associated high costs of renovating a home within this price point, there is a much more real prospect of over-capitalising in the current market.

An unfortunate recent example occurred at 46 Dunstan Street, Curtin. Selling in August 2021 for \$1.64 million, the home was pitched as an opportunity to acquire a home on one of Curtin's most tightly held streets and an immaculately maintained home, presenting with a dated fit-out, open plan living and family areas and overgrown garden.



46 Dunstan Street, Curtin Source: realestate.com.au



46 Dunstan Street, Curtin

Source: realestate.com.au



46 Dunstan Street, Curtin

Source: allhomes.com.au



46 Dunstan Street, Curtin

Source: realestate.com.au



46 Dunstan Street, Curtin

Source: allhomes.com.au

The home resold for \$1.65 million in June 2024, a mere \$10,000 more than its 2021 sale price despite the home undergoing a significant full internal renovation, major upgrades to the exterior and the overgrown garden cleared for a newly landscaped garden. Factoring in not only the significant costs likely associated with a renovation on this scale plus agent fees and marketing costs, this is a clear example of buying in a heated market (2021), renovating and subsequently selling in a weaker market (2024) resulting in a poor return on capital invested.

With turning a profit tougher in the \$1 million to \$2 million price point than the more affordable



46 Dunstan Street, Curtin

Source: allhomes.com.au

\$750,000 to \$1 million price point for some of the reasons mentioned above, it is interesting to note there would need to be a couple of considerable changes in the market to occur to make renovating a property within that higher price point more economically viable. The first and most obvious is a reduction in interest rates. The RBA's quick and successive rate rises over 2022 and 2023 have no doubt had a profound impact on weakening the property market locally from its peak. Money (credit) is no longer cheap, especially when taking out a large mortgage and buyers have had to curtail the price range of what they can afford or are willing to spend. It's also worth noting that over the past three years, there have been significant increases in the costs associated with a renovation, from supply chain issues and increased demand inching up prices of raw materials, labour shortages and builders increasing their margins to cover their own cost increases. Since 2023 however it appears as though the period of COVID exceptionalism is behind us, as supply chain issues have eased and input prices for housing construction have come back off their peak, however the overall final cost builders are charging homeowners to undertake a renovation is still relatively expensive. Through our work, valuers are privy to current construction costs in the industry from reviewing building contracts and builders' quotes for renovation or extension works and collectively our local team of valuers has noticed the significant increase in the cost builders are still charging homeowners in Canberra for such works, despite falling input prices for housing construction relative to their peak in 2022.

With a low likelihood of interest rates trending down and the cost to renovate dropping anytime soon in favour of those wishing to renovate for a profit, one area where homeowners can themselves

**Our local team of valuers has noticed the significant increase in the cost builders are still charging homeowners in Canberra for such works.**

improve the appearance of their properties in time for spring in an affordable and relatively easy way is to take on some landscaping works. An overgrown and poorly landscaped garden can have a considerably negative impact on the overall value of a property, its potential sale price and overall marketability. Clearing out an overgrown garden not only increases the presence of a property from the street if it was previously obstructed, but also helps to maximise the utility of the land by opening up previously underutilised spaces, especially if the topography of the block is flat. Basic landscaping as well, such as planting established flowering plants or bushes and laying established turf in time for spring is a quick way to improve the street appeal of a property. That said, again it is a similar story to what has been mentioned earlier. Properties within the more affordable price point respond well to such DIY landscaping jobs.

So as we enter spring 2024, we are seeing that not all properties are presenting as ideal for renovation when the intent of the renovation is to maximise profit from a sale. There would need to be a considerable drop in interest rates, along with the associated costs of doing a professional renovation through a builder decreasing to make it more economically viable for homeowners within the more expensive price point to renovate their property for a profit.

**Michael QU**  
Valuer



# Tasmania - Residential 2024

## Hobart

If you are like me and go to bed each night watching the lifestyle channels dreaming of buying a doer upperer to do a reno and make a huge profit like they do in the good old U.S of A, think again. That is just not the case here in Hobart anymore.

From conversations with local agents in the area, it seems they are of the same opinion if you are to employ all of the trades and pay a retail price for the service. It may be a different story however if you are handy on the tools and are willing to put in the elbow grease. Lower priced dwellings and units just don't seem to have the profit margins that were once attainable because of increased labour and material costs.

There is recent evidence of a property that was purchased at the top of the market in Lenah Valley (city fringe) in March 2022 for \$920,000. The property was generally dated in nature and presented poorly from the kerbside. It appears that the property has had a nice renovation with new kitchen, updated bathroom, polished timber floors in the living areas and bedroom and a full repaint internally and externally. To look at the place now, the difference is night and day. You would be expecting a big profit margin, right? Wrong! The place is currently under contract for circa \$960,000 and after paying stamp duty and agent's costs, let alone the cost of the works on the property, you are big time in the red.

It seems apparent that if you are to do a big reno on a property in a favourable location, there may be the opportunity to turn a profit.

*Lower priced dwellings and units just don't seem to have the profit margins that were once attainable because of increased labour and material costs.*

Prospective purchasers of high end properties tend to lean towards fully renovated properties as opposed to those that require a full tart up due to the time and effort of going through all of the potential dramas.

If you are in a desirable location close to all amenities and love the suburb and don't intend on moving for quite a few years, sure, a renovation is the way to go. In theory the property market will increase as it normally does and when you commit now there is no risk of construction price increases.

There is a prime example of a property on the city fringe of Hobart purchased in February 2020 for circa \$950,000. Towards the end of 2021, a full renovation with major extensions had commenced with construction costs of circa \$830,000. Sure, property prices across the board have increased somewhat, however the property was recently released to the market and was subsequently sold for in excess of \$3.1 million. You wouldn't sneeze at a profit (tax free) of around \$1.3 million. Admittedly the build cost of \$830,000 would be in excess of \$1.1 million to \$1.2 million now, but that's still a good result in an uncertain market at the time.

So the question as to whether renovations are worth the hassle? Well, the answer is yes and no as detailed above. Construction and labour costs

need to reduce (which we all know they won't) and interest rates also need to get back to pre-pandemic levels to give the property market a kick in the backside to stimulate purchasers and reduce supply levels in the market. We all know that won't happen overnight but hopefully they reduce in the next 12 to 18 months.

Let's cross our fingers for favourable conditions in the near future.



Stephen Ning Liu  
Valuer





# Australian Cropping

August 2024

# Australian Cropping

## Vic/Tas

There is a fairly universal view among agents and farmers that the market for cropping land across most Victorian regions has now plateaued following a significant increase in the years from 2020 to 2023. Values for better cropping land are now roughly double, and in some cases have tripled, from what they were -eight to ten years ago, driven by a desire to gain greater economies of scale and helped by a run of above average seasons.

Well below average autumn rainfall throughout much of the state resulted in patchy germination and a reduced crop forecast. The Mallee region is

in better shape than most, however the Wimmera and north and central cropping regions are behind schedule, with many crops sown dry, and then receiving only light rainfall leading into winter. Winter crop production is currently forecast to be 9.2 million tonnes, down 13 per cent on the 2023 season.

Generally in dry seasons we see a more cautious approach from farmers, who elect to preserve their cash, given the high cost of inputs. This tends to put any expansion plans on hold.

The reduced sentiment has been reflected in fewer property sales during the first half of 2024. In some cases, such as the well improved Pendrea

at Werrimull (50 kilometres west of Mildura) which went to auction in March, buyers weren't willing to match the vendor's expectations and the property was passed in.

The purchase by Gofarm in April 2024 of the 2,336 hectare Eurambeen Station near Beaufort and the nearby 979 hectare Grandview is an indication that there is continued corporate interest in buying productive cropping country in safe rainfall areas. The scale of these properties and presence of relatively uniform soil types would likely have proved the main attractions.

It is also clear that agents and vendors have delayed marketing of cropping properties until

*Generally in dry seasons we see a more cautious approach from farmers, who elect to preserve their cash.*

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AUSTRALIAN  
CROPPING

the spring, in the hope that seasonal conditions will improve. The recent firming of some key commodities (particularly lamb and beef), grain and pulse prices remaining relatively stable, and the recent Bureau of Meteorology forecast of above average rainfall across south-east Australia for the second half of 2024 may result in a more active market moving forward.



**Graeme Whyte**  
Director

### Northern NSW

There has been a significant increase in winter crop plantings across the growing areas of New South Wales on the back of good soil moisture profiles. Some marginal (lower rainfall) areas have been able to plant crops which has led to the forecast that this year's crop is set to increase to approximately 15 million tonnes, an increase of approximately 28 per cent from the 2023/24 growing season.

The forecast is that approx. 6.1 million hectares will be planted to winter crops in New South Wales which is dominated by wheat (3.6 million hectares), barley (870,000 hectares), canola (830,000 hectares) and chickpeas (310,000 hectares).

Prices for wheat and barley have remained relatively steady in New South Wales with wheat ranging from \$335 to \$365 per tonne, barley ranging from \$310 to \$360 per tonne and sorghum ranging from \$310 to \$355 per tonne.

*The mixed farming and grazing market in south-eastern New South Wales for Quarter 4, 2024 remains stagnant after a period of softening in 2023.*

Barley prices are stable with an anticipated tightening in supply while wheat and sorghum prices are fluctuating across the state.

July winter rainfall, post planting, through large parts of central and western New South Wales is likely to benefit the planted crops and it is anticipated that winter crop yields will increase to forecast levels of 2.7 tonnes per hectare for wheat, 2.8 tonnes per hectare for barley, 1.9 tonnes per hectare for canola and 1.7 tonnes per hectare for chickpeas.



**Angus Ross**  
Director

### Southern NSW

The mixed farming and grazing market in south-eastern New South Wales for Quarter 4, 2024 remains stagnant after a period of softening in 2023. The southern sections have had a dryer than average autumn extending into winter with many graziers in the Upper Murray and eastern Riverina either feeding stock or destocking to more conservative levels. Two recent properties marketed for sale resulted in vendor bids only. The May to June marketing campaign of Glensloy, a 1,082 hectare third generation mixed farming holding situated in the typically tightly held locality of Young, passed in at a vendor bid reflecting an overall rate in the order of \$15,000 per hectare. Agents handling the sale reported strong interest in the holding from surrounding neighbours including a number of large, well established



Glensloy

Source: realestate.com.au

farming families, however no bids were tendered at auction. In the highly sought after Upper Murray, the June to July marketing campaign of Gwendoline and Sandy Creek, also resulted in the properties being passed in. The combined holding comprises a 305 hectare mixed farming operation in the blue-ribbon location of Tooma. The selling agent reports that discussions with a potential purchaser have continued at levels of between \$23,500 and \$25,000 per hectare. From market transactions occurring in both regions in late 2022 and early 2023, this market evidence would suggest the market has softened potentially in the order of 10 per cent.

**Brett Parbery**  
Associate Director

### NSW Riverina and Northern Victoria

Seasonally, the central and western parts of the Riverina (Narrandera through to Hay and Hillston), have received good late autumn rain and the winter crops are well established and looking good. The dry autumn helped cotton growers with a long finish to crops and many have obtained good yields well north of 14 bales per hectare. Areas further east, particularly south of Wagga



## *Corporate and investor interest in the large scale end of the cropping property market remains solid with some large transactions occurring in the first half of 2024.*

through to northern Victoria, have not been as fortunate with rainfall. Many crops were late planted and have been progressing slowly with regular lighter falls. Many operators will be hoping for a shift in weather patterns moving into the critical early spring phase.

Market activity generally in the smaller to medium scale cropping segment of the market appears to have slowed with fewer listings on the market and a noticeable decrease in the number of potential buyers competing for properties currently offered for sale. Agents are pointing to interest rates and corresponding borrowing costs as the main factors driving a softening in demand. Many farm owners expanded in the past few years and values nearly doubled in some areas. The majority of that growth was debt funded.

Counter to this trend for smaller holdings, corporate and investor interest in the large scale end of the cropping property market remains solid with some large transactions occurring in the first half of 2024. A recent example is the reported sale of the Commins Portfolio, a group of 10 properties totalling 2,807 hectares located at Whitton and Darlington Point in the central Riverina. The sale included over 14,000 megalitres of ground and surface water entitlements. Over 80 per cent of the total holdings are developed to modern bankless flood irrigation with a significant level of supporting working improvements. The reported sale price of over \$88 million indicates a rate per hectare for the irrigated land excluding water of well over

\$12,000 per hectare. This represents a premium on recent market sales rates and highlights the demand for large scale turnkey holdings in this locality, particularly with multiple sources of irrigation entitlements.



**Andrew Garnsey**  
Valuer





# Property Market Indicators

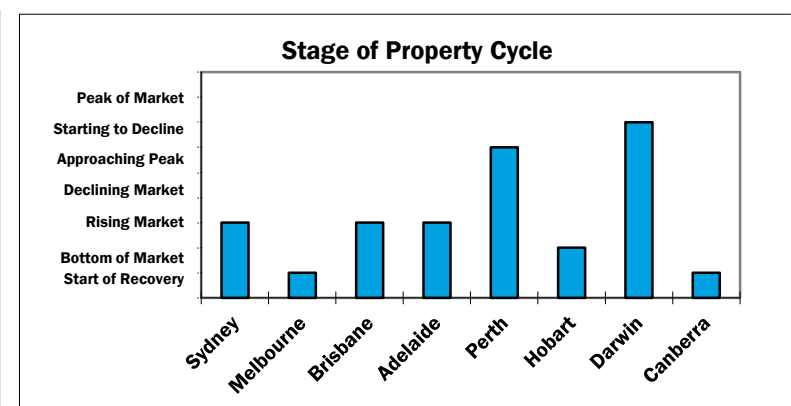
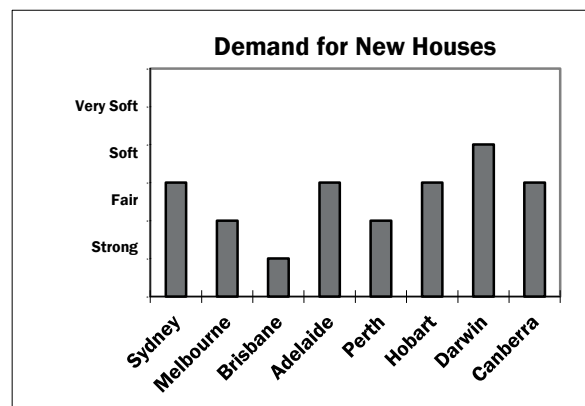
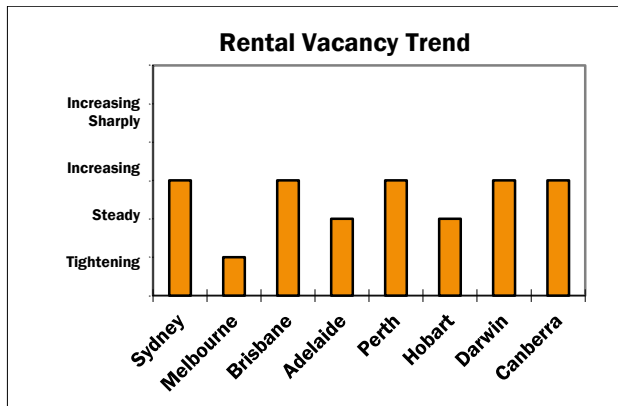
August 2024

# Capital City Property Market Indicators – Houses

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Tightening sharply	Steady	Tightening	Steady	Tightening	Steady	Steady
Demand for New Houses	Fair	Strong	Very strong	Fair	Strong	Fair	Soft	Fair
Trend in New House Construction	Steady	Increasing	Declining	Increasing	Steady	Steady	Increasing	Increasing
Volume of House Sales	Steady	Steady	Increasing	Declining	Steady	Declining	Steady	Increasing
Stage of Property Cycle	Rising market	Start of recovery	Rising market	Rising market	Approaching peak of market	Bottom of market	Starting to decline	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	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

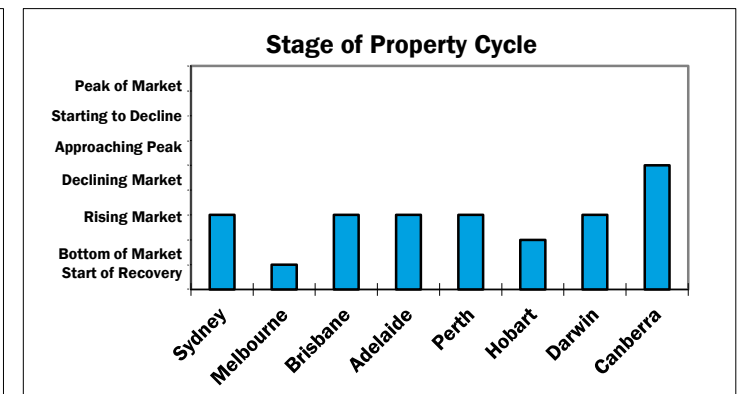
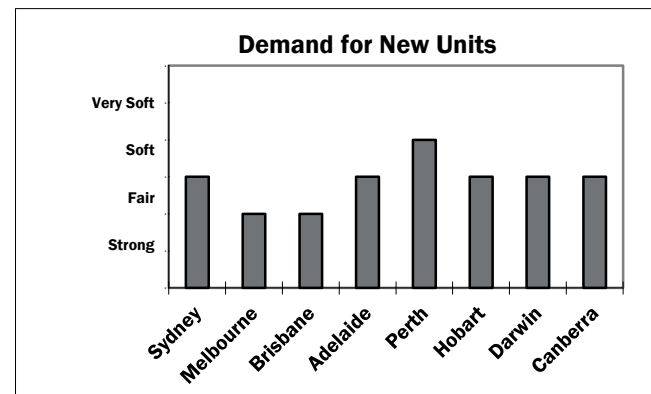
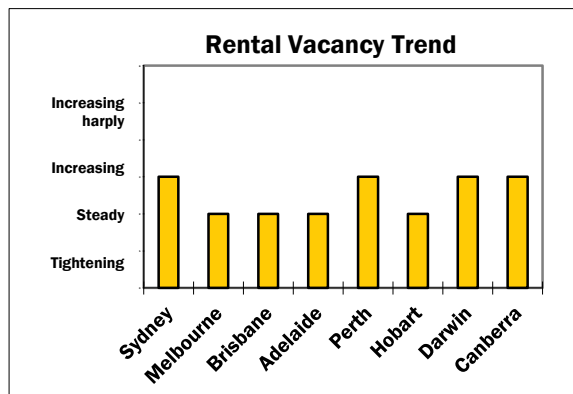


## Capital City Property Market Indicators – Units

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	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	Severe shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Tightening	Tightening	Tightening	Steady	Tightening	Steady	Steady
Demand for New Units	Fair	Strong	Strong	Fair	Soft	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	Rising market	Start of recovery	Rising 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

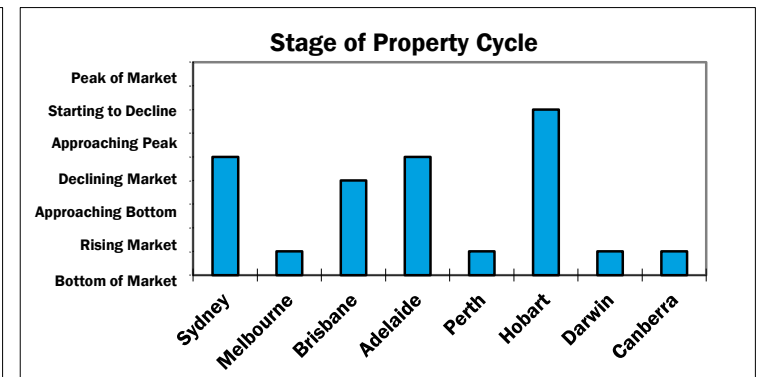
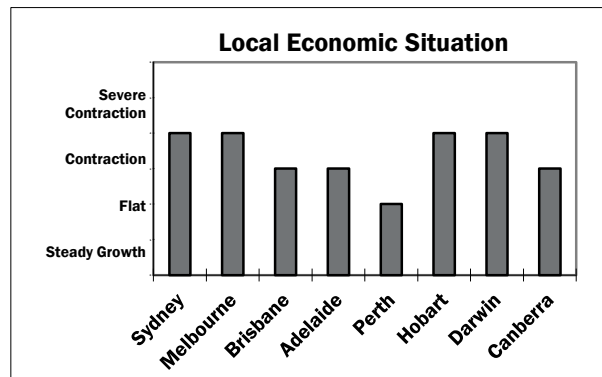
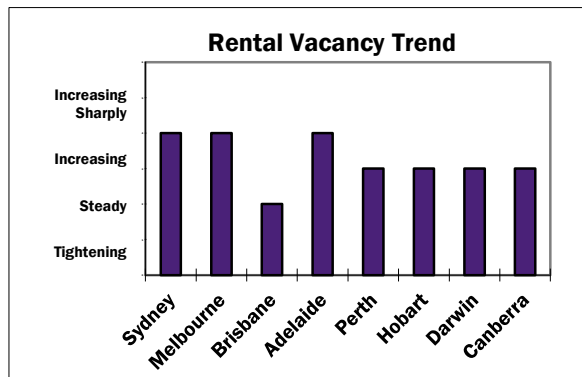


# Capital City Property Market Indicators – Office

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

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

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

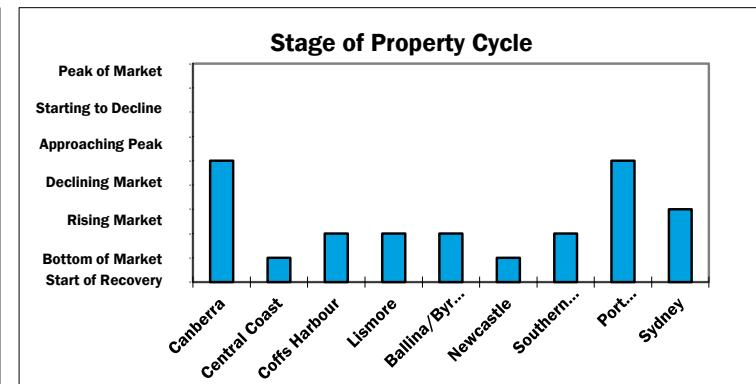
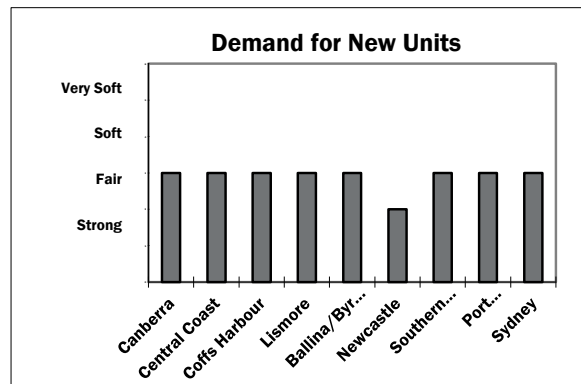
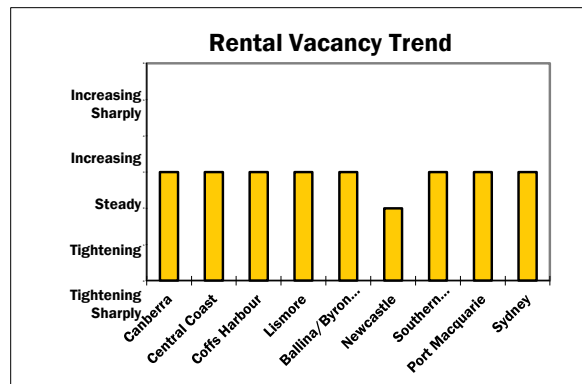


# East Coast New South Wales Property Market Indicators – Houses

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

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

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

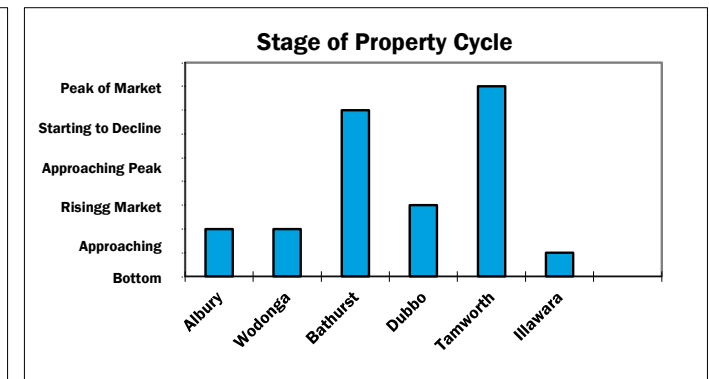
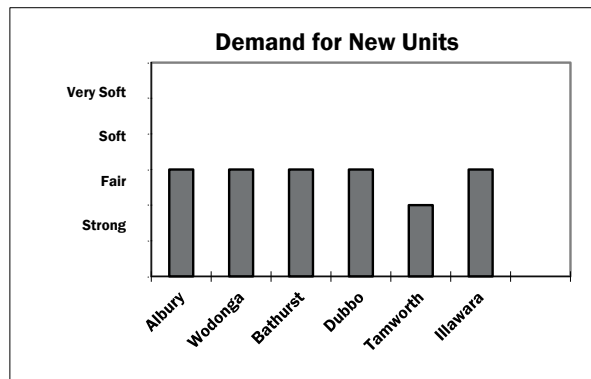
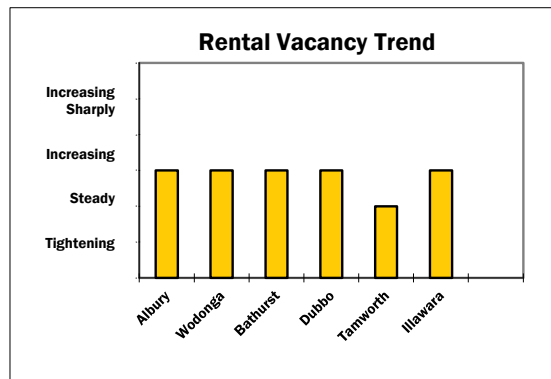


## Country New South Wales Property Market Indicators – Houses

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

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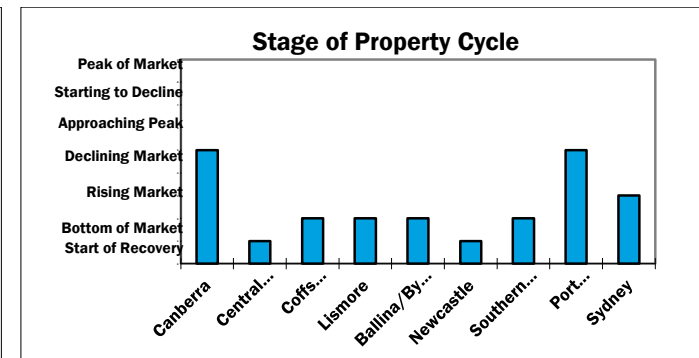
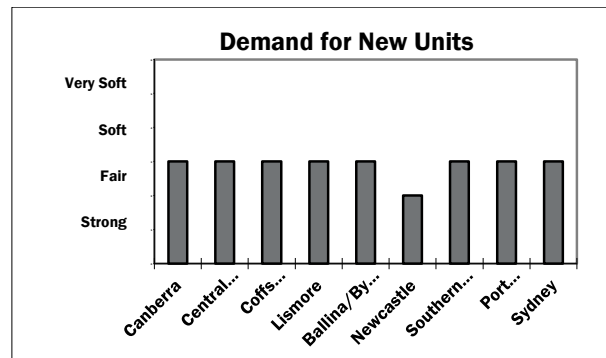
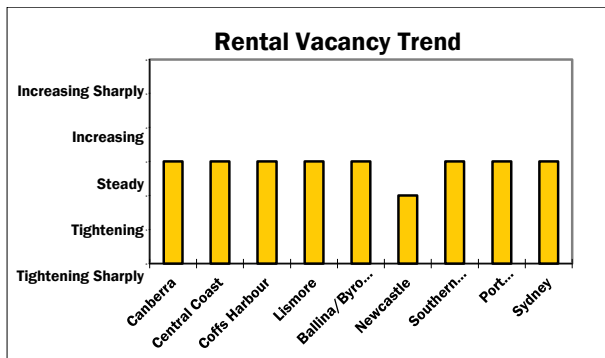


# East Coast New South Wales Property Market Indicators - Units

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

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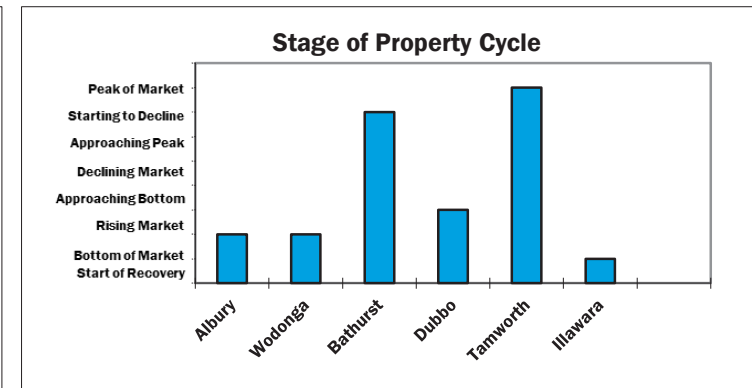
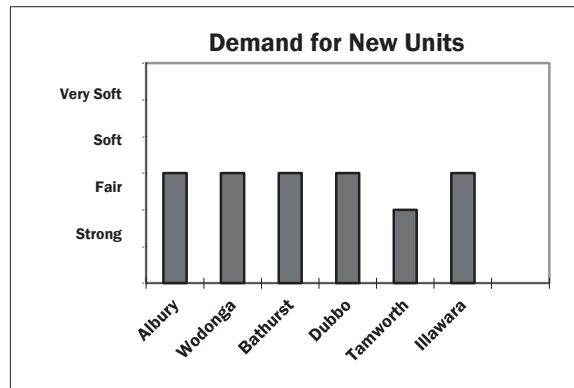
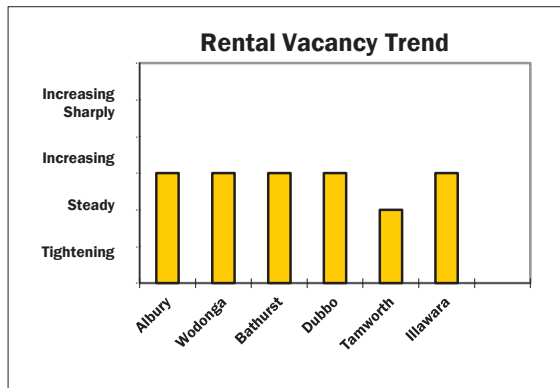
# Country New South Wales Property Market Indicators - Units

Month in Review | August 2024

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

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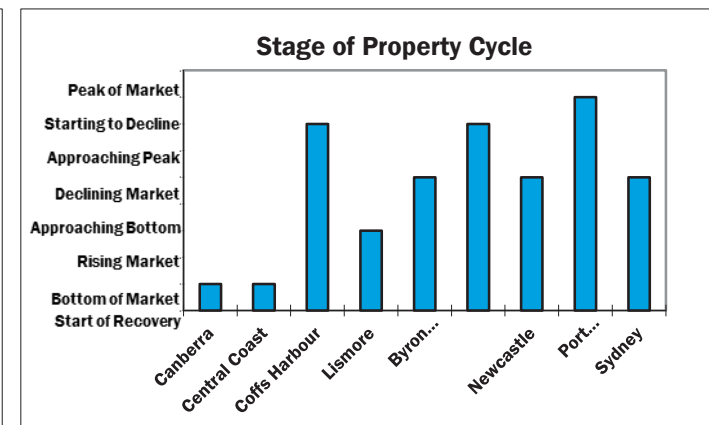
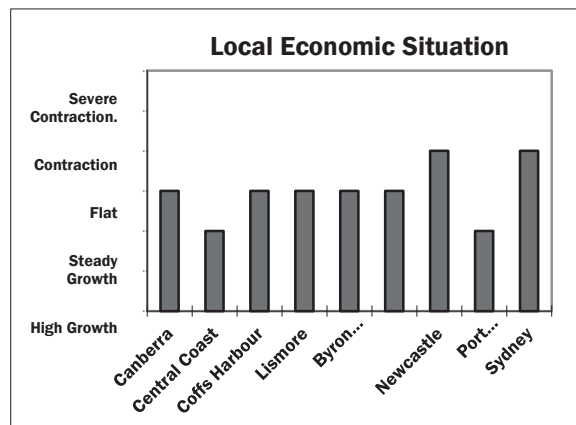
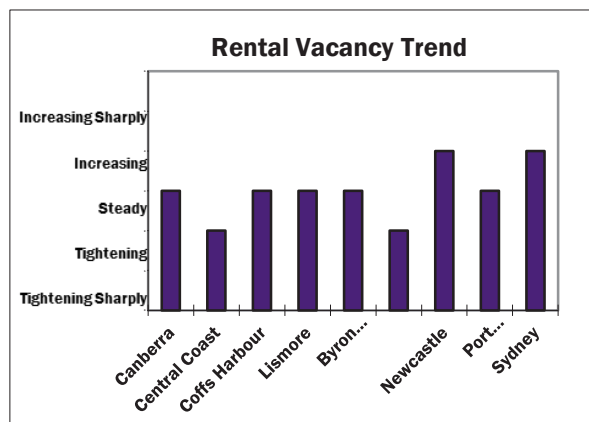


# East Coast & Country New South Wales Property Market Indicators – Office

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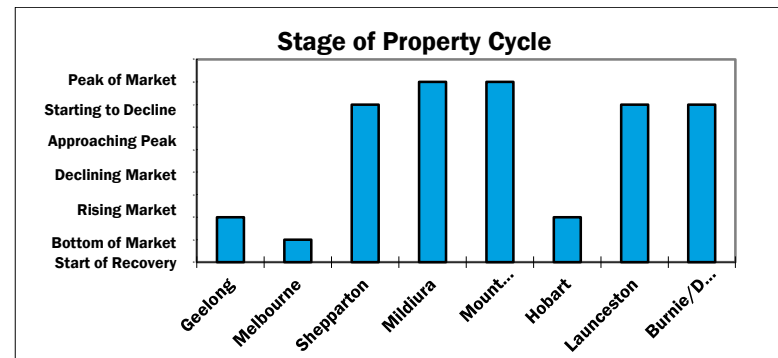
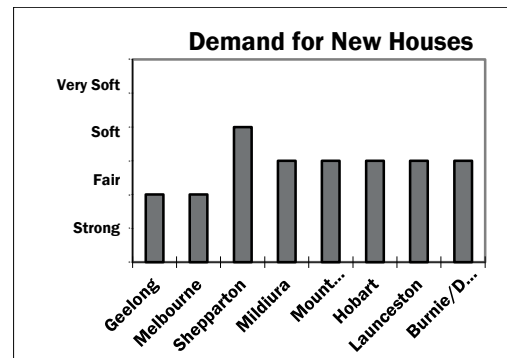
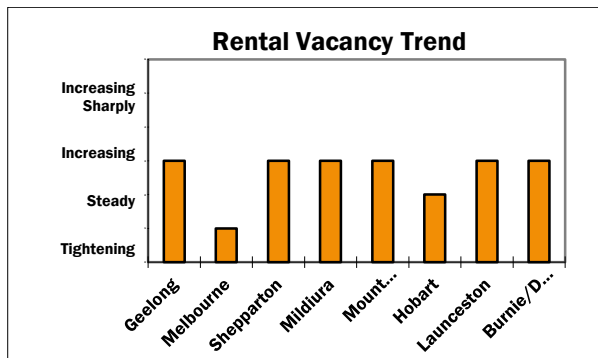


# Victorian and Tasmanian Property Market Indicators – Houses

Factor	Geelong	Melbourne	Shepparton	Mildura	Mount Gambier	Hobart	Burnie/ Devenport	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening sharply	Steady	Steady	Steady	Tightening	Steady	Steady
Demand for New Houses	Fair	Strong	Soft	Fair	Fair	Fair	Fair	Fair
Trend in New House Construction	Increasing	Increasing	Increasing	Steady	Steady	Steady	Increasing	Increasing
Volume of House Sales	Steady	Steady	Steady	Steady	Declining	Declining	Steady	Steady
Stage of Property Cycle	Bottom of market	Start of recovery	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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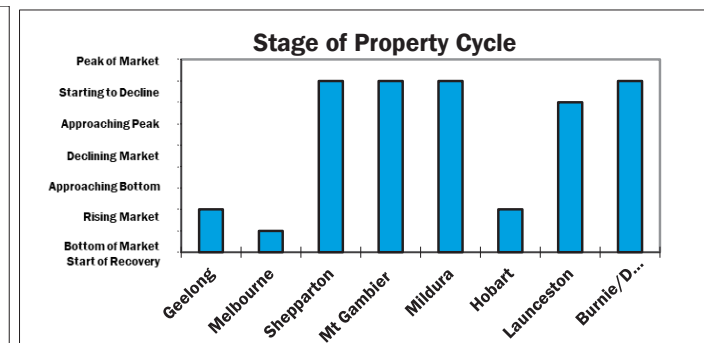
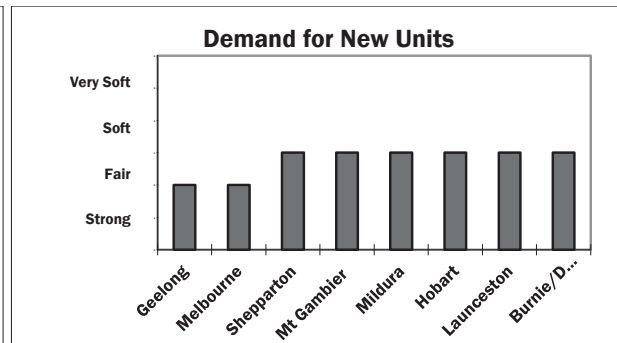
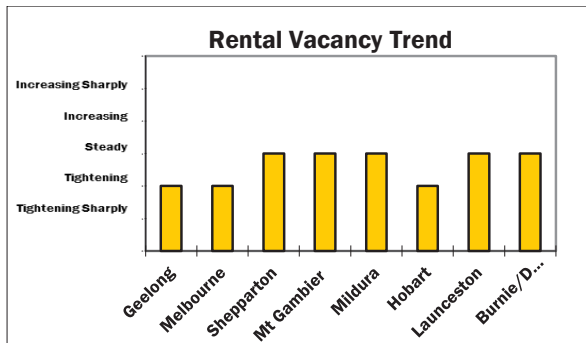


# Victorian and Tasmanian Property Market Indicators – Units

Factor	Geelong	Melbourne	Shepparton	Mount Gambier	Mildura	Hobart	Launceston	Burnie/Deveport
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Steady	Steady	Steady	Tightening	Steady	Steady
Demand for New Units	Fair	Strong	Fair	Fair	Fair	Fair	Fair	Fair
Trend in New Unit Construction	Increasing	Steady	Declining	Steady	Steady	Steady	Increasing	Increasing
Volume of Unit Sales	Steady	Steady	Steady	Steady	Steady	Declining	Steady	Steady
Stage of Property Cycle	Bottom of market	Start of recovery	Peak of market	Peak of market	Peak of market	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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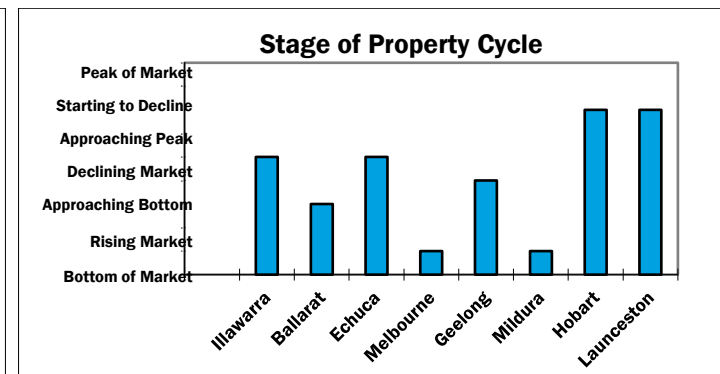
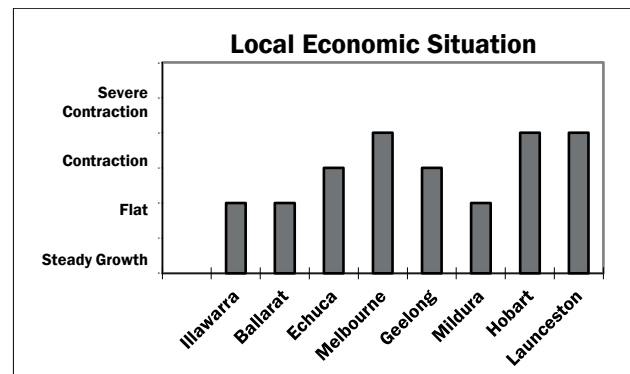
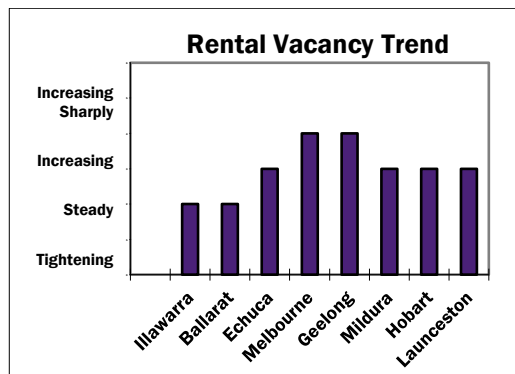


# Victorian and Tasmanian Property Market Indicators – Office

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

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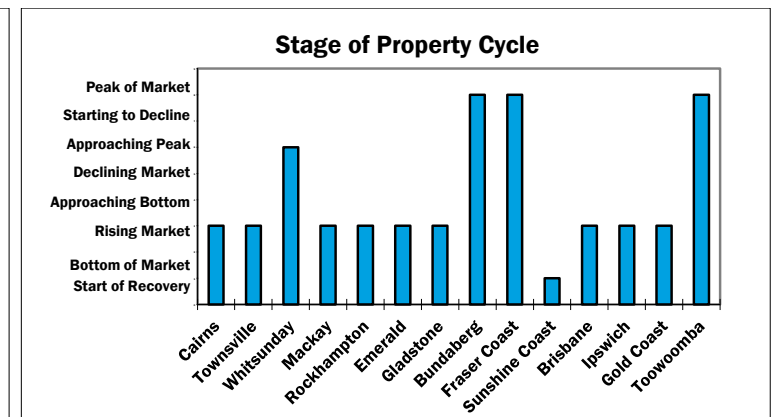
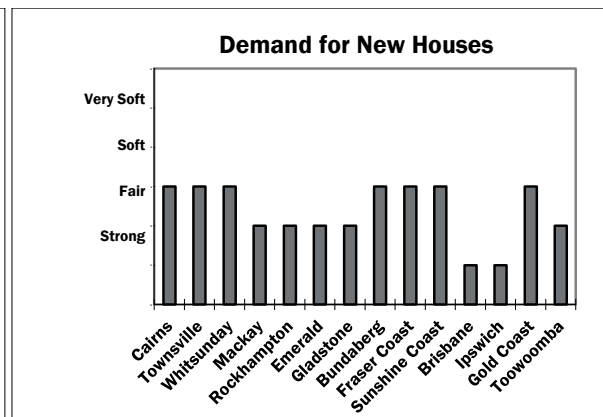
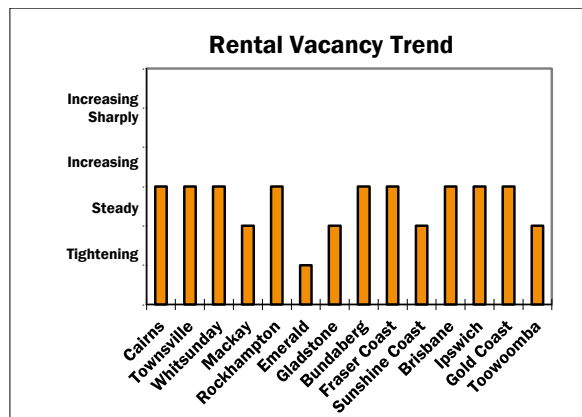


# Queensland Property Market Indicators – Houses

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Fraser Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	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	Tightening	Steady	Tightening sharply	Tightening	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening
Demand for New Houses	Fair	Fair	Fair	Strong	Strong	Strong	Strong	Fair	Fair	Fair	Very strong	Very strong	Fair	Strong
Trend in New House Construction	Steady	Steady	Steady	Declining	Declining	Increasing strongly	Declining	Steady	Steady	Steady	Declining	Declining	Steady	Declining
Volume of House Sales	Declining	Declining	Steady	Increasing	Increasing strongly	Increasing	Increasing strongly	Steady	Steady	Declining	Increasing	Increasing	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	Peak of market	Start of recovery	Rising market	Rising 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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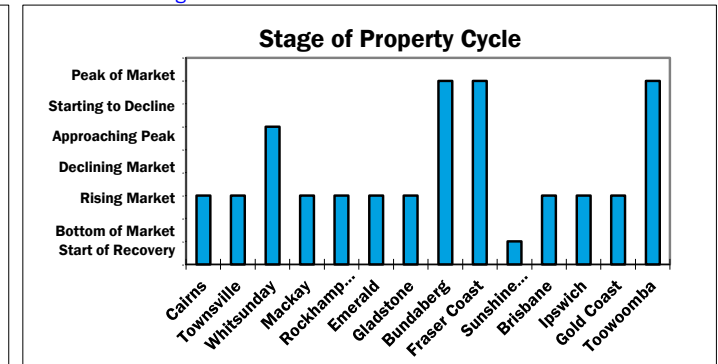
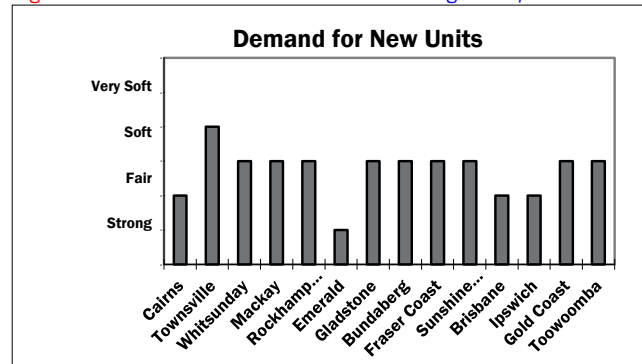
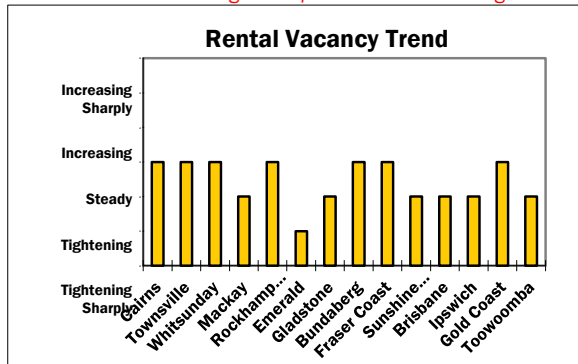


# Queensland Property Market Indicators – Units

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	Tightening	Steady	Tightening sharply	Tightening	Steady	Steady	Tightening	Tightening	Tightening	Steady	Tightening
Demand for New Units	Strong	Soft	Fair	Fair	Fair	Very strong	Fair	Fair	Fair	Fair	Strong	Strong	Fair	Fair
Trend in New Unit Construction	Steady	Increasing	Steady	Steady	Steady	Increasing strongly	Steady	Steady	Steady	Steady	Increasing	Increasing	Steady	Steady
Volume of Unit Sales	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Steady	Steady	Declining	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	Peak of market	Start of recovery	Rising market	Rising 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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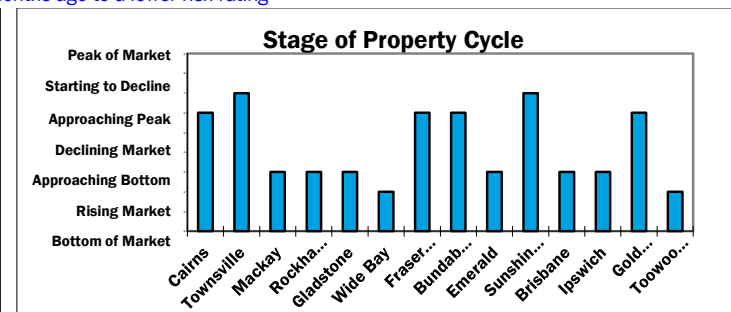
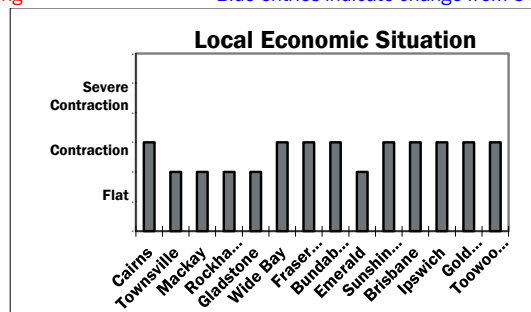
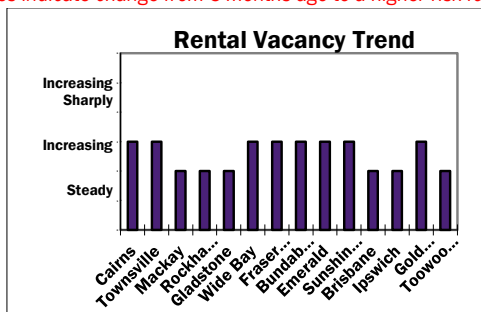


# Queensland Property Market Indicators – Office

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	Tightening	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	Bottom 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	Flat	Flat	Flat	Steady growth	Flat	Flat	Flat	Flat	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Significant	Significant	Significant	Significant	Significant	Small	Small	Significant	Significant	Significant	Large	Small	Large

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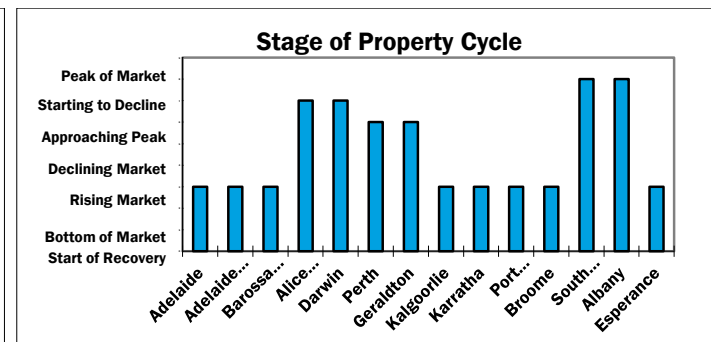
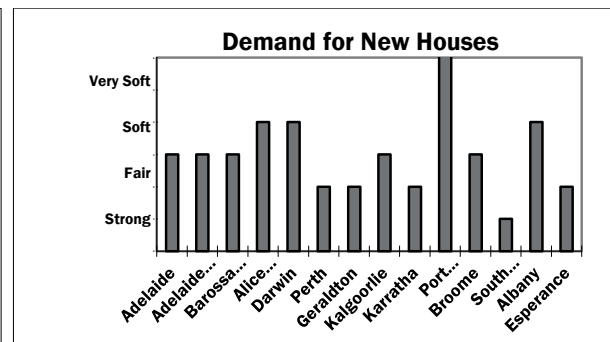
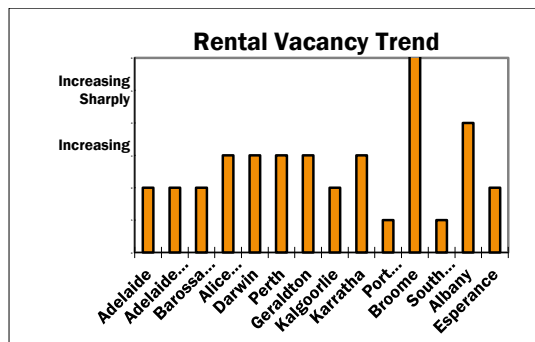


# SA, NT and WA Property Market Indicators - Houses

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	Steady	Steady	Tightening	Steady	Steady	Tightening	Tightening sharply	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 significantly	Increasing	Declining
Volume of House Sales	Declining	Declining	Declining	Declining	Steady	Steady	Increasing	Steady	Steady	Steady	Steady	Increasing	Declining	Increasing
Stage of Property Cycle	Rising market	Rising market	Rising market	Starting to decline	Starting to decline	Approaching peak of market	Approaching peak of market	Rising market	Rising market	Rising 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	Almost never	Almost never	Frequently	Occasionally	Occasionally	Occasionally	Almost never	Occasionally	Very frequently	Occasionally	Almost never

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

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

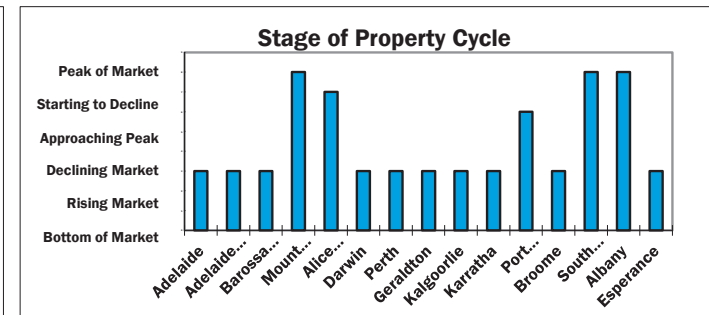
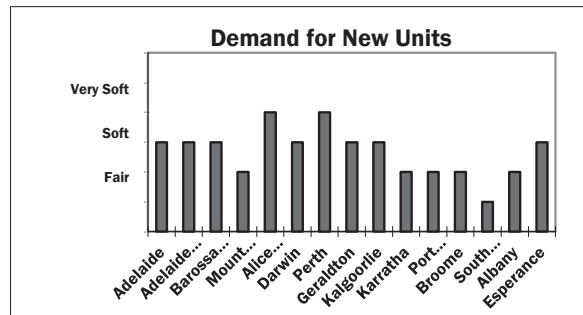
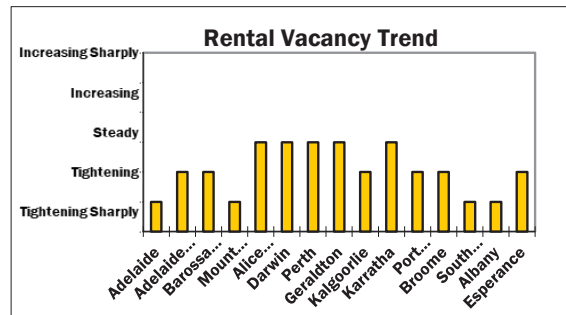


# SA, NT and WA Property Market Indicators – Units

Factor	Adelaide	Adelaide Hills	Barossa Valley	Mount Gambier	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany	Esperance
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	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	Steady	Steady	Tightening	Steady	Tightening	Tightening	Tightening sharply	Tightening sharply	Steady
Demand for New Units	Fair	Fair	Fair	Fair	Soft	Fair	Soft	Fair	Fair	Strong	Strong	Strong	Very strong	Strong	Fair
Trend in New Unit Construction	Increasing	Increasing	Increasing	Steady	Increasing	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	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Almost never	Very frequently	Occasionally	Almost never

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

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

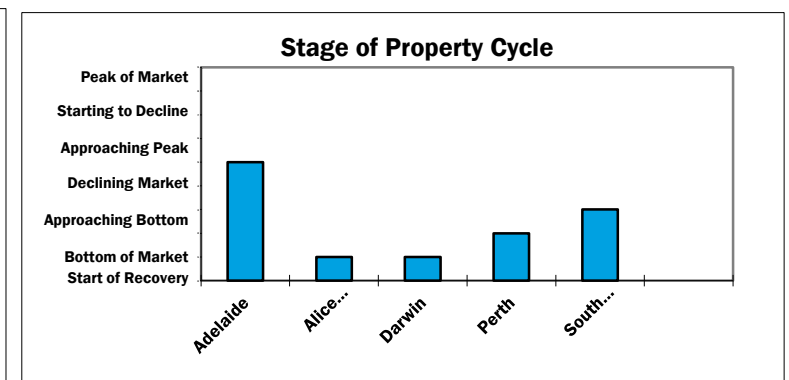
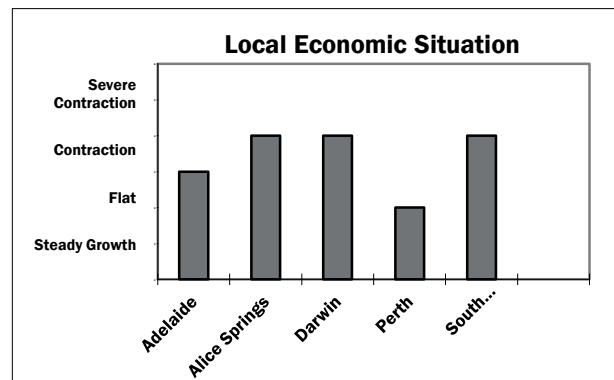
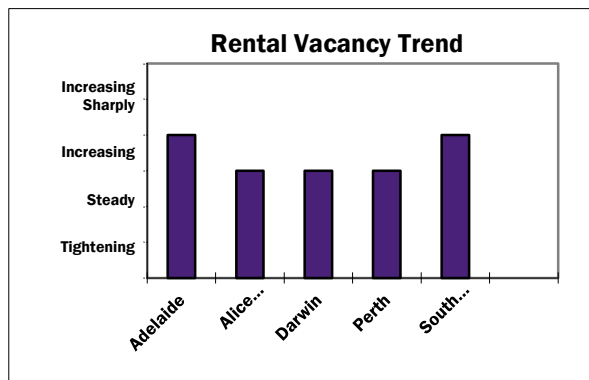


## SA, NT and WA Property Market Indicators – Office

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

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

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



## TALK TO YOUR LOCAL EXPERT

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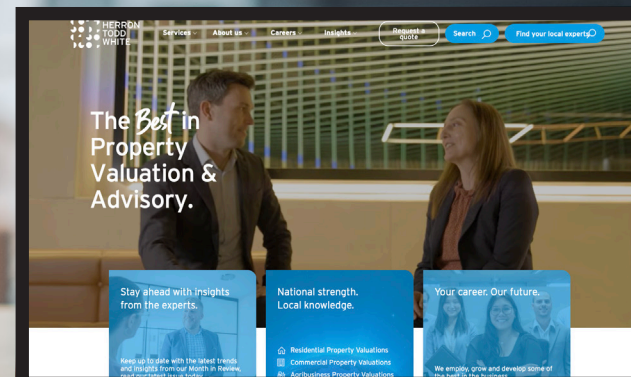
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