HERRON TODD WHITE

# Month in Review

## September 2021

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

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HERRON TODD WHITE

# A message from our CEO

## Welcome to the September edition of Month In Review

While extraordinary results continue for many population centres, there are signs we're heading toward more market stability as we approach the end of 2021.

Market analyst's data shows home values across the nation have risen around 20 per cent over the past 12 months. Yet, while yearly numbers were strong, monthly gains have begun to slow.

It's a tangible signal that property markets are beginning to stabilise

This aligns very much with what our teams are reporting on the ground where steadier price growth is being noted in some regions. Listings numbers are rising in some centres, so buyers have a little more choice than they did six months ago. In addition, recent moves by APRA to increase serviceability buffers by 0.5 percent could be a shot across the bow of runaway real estate prices.

Of course, there are still many factors at play that can influence future value movements.

For example, tight rental vacancy rates and rising rents are attracting more investors to the market. This is all in the shadow of shutdowns ending and a political will for international borders to reopen, and vaccination rates surpassing national plan targets in a growing number of states too.

Having up-to-the-minute information from professionals who work on the real estate frontline is key during this time.

This is where our teams thrive.

In this month's edition of our report, we kick off with a feature article revealing the growing trend in 'lifestyle industrial' and the way it's driving residential property prices in select locations.

In the main commercial section this month, our teams discuss new development and construction in the industrial sector. Stories of note include:

- **Sydney** – landlords seek 'less intrusive/more stable' tenants;
- **Brisbane** – lack of stock has seen developers take on both large- and small-scale projects;
- **Adelaide** – COVID has resulted in previously dormant industrial land being quickly absorbed.

The task for our residential teams was to dissect the nation's vacant land markets. Some stories of interest include:

- **Sydney** – rural lifestyle lots in south-western Sydney see extraordinary value gains;
- **Melbourne** – the western suburbs offer ample opportunity to buy allotments;
- **Canberra** – knockdown-rebuilds in established suburbs remain popular.

Finally, our rural teams deliver an outstanding market wrap again this month. They've also discussed entry-level opportunities in primary production markets throughout the nation. A ready guide for those keen to take their first steps into the rural sector.

Please enjoy this latest addition of *Month In Review*.

Gary Brinkworth



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# Land, Lots of Land

The fundamental building block of the property sector is actually dirt in all its glory.

There isn't a real estate holding in this nation that doesn't rely on someone laying claim to a defined piece of ground. Even volumetric lots that are titled and defined in mid-air need to be anchored to the earth in some fashion.

Land is key to all our real estate dealings, so this month's residential discussion on the vacant land market should appeal to everyone.

Allotments – surveyed, cleared and ready for use – stimulate the imagination. They are a blank canvas. There are no emotional drivers in terms of improvements (although elevation, orientation and outlook can evoke a sense of calm or dread).


Plenty of factors have combined this year to make vacant land "hot property".

A range of government stimulus, particularly in response to the pandemic, has been one driver. Another continues to be low interest rates. There's also a palpable sense of FOMO among buyers, combined with the feeling of security people have about owning a home as opposed to renting.

> *Plenty of factors have combined this year to make vacant land "hot property".*

The result is that across many population centres, land supply is short and demand is high. Well… for the most part anyway.

This month, we've tasked our teams with discussing their vacant land markets in detail.

We want to dig down (pun intended) and unearth (there's another) what's truly happening in centres throughout the nation – what's motivating demand, what your money buys and is it really a good idea to be purchasing patches of dirt in the current environment.

For our commercial piece this month, it's a look at the industrial sector and, specifically, observations on new development and construction in our markets.

The industrial sector has been a stalwart of resilience for many investors throughout the past two years. For some locations, this means new investment. Our submissions discuss what's popping up about the place and getting stakeholders excited.

Finally, it's our rural teams coming to the fore once more. They not only deliver another comprehensive rundown of their sector, but also delve into entry-level property options in their speciality industries. For those about to jump into the primary production space, here's the information you need.

There it is team. Another outstanding collation of wisdom from your crew at Herron Todd White.

Remember – we cover the breadth and depth of this nation's property markets like no one else. If you're in a real estate quandary, simply contact our professionals and get some expert guidance from the most brilliant property minds this nation has to offer.

HERRON TODD WHITE COMMERCIAL

# Commercial

September 2021

# How 'industrial lifestyle precincts' are driving a residential revolution

We live in strange times. Upheaval is underway not just on the home front and in our workplaces, but also in property markets. **Kieran Clair**


**CHRIS MCKILLOP**
Commercial Director
Herron Todd White, Sunshine Coast



**ED THWAITES**
Commercial Director
Herron Todd White, Newcastle

We're living in an era where some of the old rules about real estate are being turned on their head – and those who identify and embrace the changes are flourishing.

A case in point is the industrial property sector and its relationship to residential owners and users.

For as long as most of us can remember, residential property was considered far less appealing if it was within proximity of industrial uses. This was a golden fundamental among buyers and sellers.

But that's been flipped upside down because we've entered the age of industrial lifestyle precincts.

Industrial lifestyle precincts are new and established industrial areas that are no longer dominated by smash repair shops, spray painters and steel fabrication operations.

*"You go there on a weekend and it's really active which is totally counter-intuitive to what traditionally happens in industrial estates."*

Instead, these precincts house artisan bakeries, microbreweries, café's, restaurants, climbing gyms, basketball courts, recording studios... simply a range of services that are not only lower impact and convenient to everyday Aussies, but attractive to have nearby.

Caloundra industrial property Source: realcommercial.com.au

And they're helping change the face of suburbs while also creating an alternate living and workspace for residents.

Chris McKillop, commercial director at Herron Todd White Sunshine Coast, says the move toward lifestyle industrial is gaining momentum

"You get things like microbreweries serving food, or small retail outlets operating out of these sheds. So, it's not hard heavy industrial users.

"You go there on a weekend and it's really active which is totally counter-intuitive to what traditionally happens in industrial estates."

**Living in industrial**

Mr McKillop said there are some fundamentals which help these precincts thrive.

"Moffat Beach near Caloundra is a good example of the way industrial areas are being transformed. It has an established industrial precinct really close to high quality million-dollar-plus residential holdings. It's also where you can jump on a bike and be at the beach in three minutes. That industrial area now houses a great restaurant and a number of cafés – it's a real destination precinct for locals and tourists."

Mr McKillop said there's even the option to live permanently in an industrial precinct via 'caretaker units' if that takes your fancy.

"There's definite residential living options in these industrial precincts. In Moffatt Beach you can buy a 100 square metre industrial space downstairs that has a 100 square metre living space upstairs

*"So, it becomes a low maintenance investment. There's also a low buy-in here – you can pay $200,000 for a small 'concrete box' and stick a tenant in it. It's an easy first step into commercial investment."*

for $700,000. When your average house in Moffatt Beach is over $1 million, that industrial property starts looking very attractive.

"And we've definitely seen price growth in this space. If you've got a couple of 'toys', they're great. You can live upstairs and then have somewhere to park your car, caravan, boat and trailer – they're ideal."

And it's not just gentrification of older areas. New developments are embracing the industrial precinct movement, with the developers themselves eyeing an opportunity to profit.

"We're valuing an industrial project in Coolum at present which will be anchored around a microbrewer, and the actual architectural look of the project is just fantastic. The developer Is looking to get a premium on existing developments due to the high-quality design elements. In addition, the industrial units have mezzanine levels suitable for offices with space available for a kitchen and bathroom if the buyer wished."

**Investment opportunity**

All this activity is starting to bring investors to the field.

Industrial property has long been considered a 'gateway asset' for advanced residential investors looking to break into commercial. This cohort is now recognising the financial benefits in lifestyle industrial.

"They can buy these investments for sub-$500,000 and they'll get a five per cent net rental return, because the tenant typically pays all the outgoings. There's definitely more investors starting to creep into the space now."

But investors shouldn't journey in blindly or they will be stung, according to Mr McKillop.

"Make sure you check the zoning so you're not with heavy industry users in the complex – particularly if you're looking for something with a caretaker's unit.

"You should also look to follow certain developers doing new projects. Some developers are really noticing the trend and chasing it, so keep an eye on them."

**National phenomena**

The shift toward lifestyle industrial is taking hold across Australia with Ed Thwaites, commercial director at Herron Todd White Newcastle, confirming a rise in lifestyle industrial in his region too.

"What they're doing is more and more of that 'hipster' retail in these industrial areas. We see a lot of small tenancies with a shopfront with warehouse to the ground level and with a mezzanine office above.

"In fact, our business is in one of these estates and there're things like microbreweries, pet grooming... there's even an Instagram famous bow hunter called Adam Greentree who's set up his Nexus Bowhunting business just across from us.

"We're also starting to see more investors speculating on these units rather than just owner occupiers. They keen to diversify out of residential because everyone is chasing yield and that's what these can deliver."

Mr Thwaites said the attraction of long leases and outgoings paid by tenants were a big part of the draw for investors.

"So, it becomes a low maintenance investment. There's also a low buy-in here – you can pay $200,000 for a small 'concrete box' and stick a tenant in it. It's an easy first step into commercial investment."

Mr Thwaites said lifestyle industrial is changing the face of his local market.

"There's been an interesting example locally. Beresfield and Thornton were the highest value industrial estates in terms of land, and they're half an hour's drive out of Newcastle. But Mayfield West is much closer to the CBD, and it's swapped up the list to become the suburb with highest value industrial land in our area in recent years.

"Being within a few minutes of the CBD is very advantageous to any industrial lifestyle location."

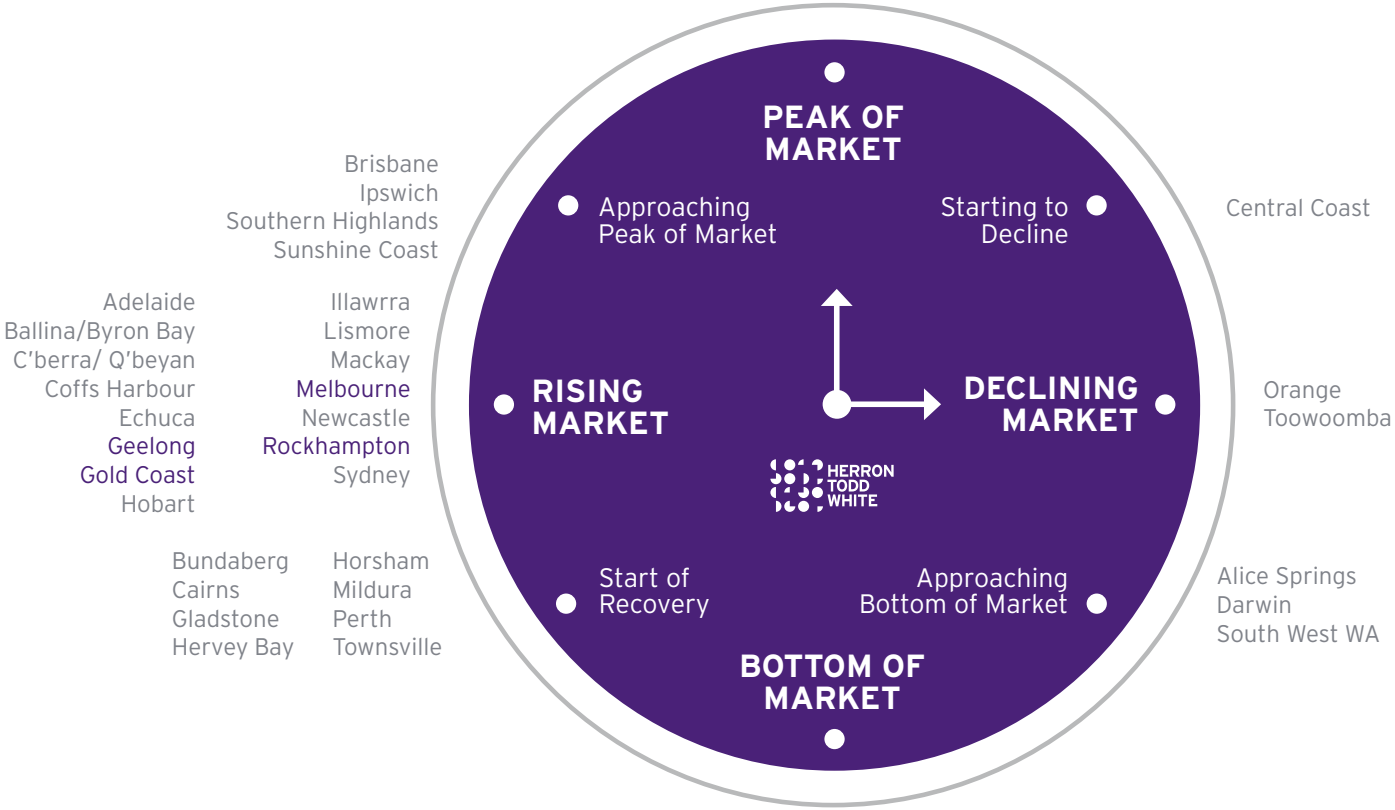
Mr Thwaites said there are a few necessary steps investors should take in terms of due diligence.

"I think you need to check on your strata costs. Going for something newer with lower repairs and maintenance allowances would help keep those costs low.

"Also, if you can have a tenant up front, preferably someone who's established, that's very important. If you do buy vacant, check tenant demand. Make sure you speak to experts about understanding the vacancy rates in your area as well."

# National Property Clock: Industrial

Entries coloured purple indicate positional change from last month.



# New South Wales

## Overview

Industrial property has, for the most part, flourished during the pandemic, and strong demand for great industrial space is stimulating development across many centres.

This month our commercial teams discuss new moves in their industrial sectors. From large scale to small shed, and everything in between, here's what's new in the industrial sphere.

## Sydney

The industrial market in Sydney has been growing consistently in 2021. We continue to note a shortage in supply that is seeing values being driven up and the competition between buyers remaining very strong.

The industrial precincts closest to major infrastructure have performed best and have strongly increased in price since the initial pandemic lockdowns of 2020. Prime locations such as Silverwater are leading the charge. An older unit in Egerton Street, Silverwater recently sold for $6000 per square metre. Despite being older, we believe this strong sale was driven by the location.

Smaller strata developments have seen a resurgence with new development focused on areas such as the outer and central west regions. Some of this new supply of smaller strata lots has been noted in suburbs such as Dural, Penrith, Mount Druitt, Wetherill Park, Chullora and Enfield.

Broadly speaking, these new developments have been attracting high rates per square metre as owner-occupiers drive the demand. We have been informed by a local agent that in some of these new developments, the rates have increased so much from the off the plan sale price that they have been on sold at a significant profit more than once before they even reach completion.

An example of the strong rates being achieved is 161 Arthur Street, Homebush. Units in this complex are brand new and are well positioned to access major motorways and arterial roads. The sales within this complex have been over $5500 per square metre.

161 Arthur Street, Homebush Source: commercialrealestate.com.au

We have also noted high rates at Chullora in the new development at 40 Anzac Street. Rates here have also been over $5000 per square metre for small industrial units. They too benefit from access to arterials and Sydney Markets.

40 Anzac Street Source: commercialrealestate.com.au

Further west at Mount Druitt, a newly completed complex is achieving rates over $3000 per square metre for small units. Some of the warehouses afford mezzanine levels. Each warehouse benefits from a roller door five metres in height. The warehouse areas have an internal clearance of up to seven metres. There have been ten confirmed, settled sales within the complex since November 2020, reflecting an overall sales rate for the complex of 1.1 sales per month.

*Although we have heard from agents that leasing is becoming easier, many prospective tenants are getting knocked back, particularly automotive users and gyms, with owners favouring less intrusive or what some may view as more stable tenants.*

Mount Druitt complex Source: commercialrealestate.com.au

As far as leasing is concerned, rates haven't risen nearly as fast as capital rates given the market is driven by owner-occupiers. This has resulted in yields between 3.0% and 4.5% depending on location. Although we have heard from agents that leasing is becoming easier, many prospective tenants are getting knocked back, particularly automotive users and gyms, with owners favouring less intrusive or what some may view as more stable tenants.

Overall we are optimistic about how the market will perform over the remainder of the year. The strengthening prices do not seem to be showing signs of slowing despite the current lockdown situation.

**Angeline Mann**
Commercial Director

## Coffs Harbour

The local market is predicted to strengthen over the next 12 months.

The industrial market currently features restricted sales activity based on an overall low supply of property but is recording increased leasing activity. Overall rental levels are gradually increasing based on the reduced supply.

There has been minimal COVID-19 impact on the local industrial market and this should continue in 2021.

The investment market is strong with firm yields at rates of 5.5% through to 7% being accepted depending on property size, price range, tenant and lease quality. The yield for small industrial bays is stronger in the range of 4.5% to 6% due to lower price range, affordability and increased competition from the owner-occupier market.

There remains a severe shortage of industrial land stock and this is forcing land prices upwards and leading to redevelopment of older improved sites. This trend looks to continue in 2021.

It will be interesting to see how the market reacts to the Enterprise Park development at Coffs Harbour Airport as there has been community debate on the proposed land use, zoning and the leasehold tenure on offer.

The construction phase of the Pacific Highway bypass for Coffs Harbour will begin in 2021 and this will add further pressure to the demand for industrial leasing .The Highway works will provide an overall economic stimulus to the local area and a spin off effect on nearby towns with industrial zoned holdings set to benefit.

**Ken Potter**
Property valuer

## Hunter Region

Industrial development in and around the Newcastle area has been a very busy space in the past year or so. Should you go for a drive through the newest section of Mayfield West, also known as the Steel River Industrial Precinct, you may be surprised by the sheer number of strata unit developments that have popped up in the area in the past 12 to 24 months.

The majority of these units are generally used for owner-occupiers, namely smaller businesses and tradies. However, we do have a fairly eclectic mix of users in the location including a couple of gyms, a brewery (check out Shout Brewery on Channel Road) and a flower outlet as well as some of your more standard industrial users.

Values for strata industrial units have moved pretty quickly in the past few years. You may have been able to snap up a 300 square metre unit for $2000 per square metre a few years ago. That same unit might fetch more like $2800 per square metre in the current market despite the significant uplift in stock. There's obviously a strong market for this type of property in the area.

We also note the imminent construction of a micro-unit complex on Spit Island Close, another addition to the wildly successful Cubby Hole brand. We'll keep an eye on how pre-sales go at the complex and how many COVID caravans can find a home there.

**Ed Thwaites**
Property Valuer

# Victoria

## Melbourne

Melbourne

Over the past few years, Melbourne has experienced considerable growth in the small-scale industrial unit development market in the outer industrial suburbs, particularly the western and northern suburban market. This asset class sits at an affordable price point for small scale business operators, investors and occupiers looking for additional storage space. The main risk to the end value and saleability of these types of assets is the potential for oversupply combined with a possible economic downturn.

That said, the RBA has recently announced that interest rates will remain unchanged. A continued low interest rate environment coupled with pent up demand is expected to drive values in the short term.

In Melbourne's outer north, the area which has seen capital values increase dramatically is the Epping industrial market. The appeal of this area is its proximity to the Melbourne Fruit and Vegetable Market, modern and well-designed industrial precinct and excellent access to major road linkage systems. Over the past twelve to eighteen months we have seen the sub 500 square metre industrial market increase from the mid $1000 per square metre of building area range to between $2,000 and $2,500 per square metre of building area. Developers have also struggled to keep pace with demand from logistics and e-commerce occupiers and given the scarcity of available serviced industrial land within proximity of major transport linkages, we have seen strong upward pressure on this market in particular.

*A continued low interest rate environment coupled with pent up demand is expected to drive values in the short term.*

The below table shows a list of some small scale industrial units in Epping which transacted at over $2,000 per square metre of building area in 2021:

| Address | Sale Date | Sale Price (,000) | Lettable Area (m2) | $/m2 Lettable Area |
|---|---|---|---|---|
| 9/27 Graystone Court, Epping, VIC, 3076 | 28/4/2021 | $520 | 220 | $2364 |
| 2/27 Graystone Court, Epping, VIC, 3076 | 9/4/2021 | $550 | 220 | $2292 |
| 3/27 Graystone Court, Epping, VIC, 3076 | 18/5/2021 | $545 | 239 | $2280 |
| 17/93 Yale Drive, Epping, VIC, 3076 | 4/2/2021 | $425 | 170 | $2500 |

Although the COVID-19 pandemic and associated lockdowns have seen increased pressure on business, the industrial rental market has remained relatively strong, with moderate demand in place. A strong proportion of tenant demand has come from online businesses using these types of warehouse units for storage and distribution purposes as part of the e-commerce boom we have seen particularly over the last 18 months.

Below are some recent lettings of warehouse units in Epping:

| Address | Sale Date | Term | Lettable Area (m2) | $/m2 Lettable Area | Rate ($/m2) |
|---|---|---|---|---|---|
| 23/27 Graystone Court, Epping, VIC 3076 | 7/7/2021 | 1+1 | 95 | $16,500 | $174 |
| 22/5 Scanlon Drive, Epping VIC 3076 | 24/6/2021 | 2+1 | 180 | $18,000 | $100 |
| 17/10 Graystone Court. Epping, VIC 3076 | 1/4/2021 | 3+2+2+2 | 430 | $46,000 | $107 |
| 1/10 Graystone Court. Epping, VIC 3076 | 1/2/2021 | 3+3+3 | 513 | $71,000 | $138 |

With land values expected to continue to increase as developers need to create a reasonable margin on their projects coupled with a broader lack of supply, this market is expected to show further gains throughout the remainder of 2021.

**James Feeney**
Valuer

# Queensland

## Brisbane

The continued surge in industrial performance throughout the second quarter of 2021 shows that it has upheld its momentum from earlier this year. The strength of the investment market at present has contributed to a significant absorption of prime, well-located assets and a contraction in vacancy levels across all industrial precincts and sectors. Owner-occupiers have rushed to secure quality stock on the market which has been largely driven by the low interest rate environment, however this has proven difficult with the increased prevalence of leaseback arrangements illuminating the difficulties in securing a premises. Due to this increased competition and decreasing levels of stock in the industrial market across the board, developers have capitalised on the opportunity to commence both small and large-scale developments which best demonstrates the confidence exhibited in this fierce market. Resultantly, land parcels and development sites within prime industrial precincts are in high demand and experiencing a strong increase in capital values due to the shortage in availability of existing stock at present and the perceived demand for the completed built form.

There has been a plethora of different development types and scales occurring Brisbane-wide which is largely driven by the confidence in achievable rents and capital values throughout all major industrial precincts. Eagle Farm, Brisbane's premier industrial precinct of the TradeCoast, has experienced the lowest levels of development activity, granted there was a pre-existing scarcity in land. Nonetheless, the precinct still experienced a tightening in vacancy levels due to its strategic location. As such, developers have sought land in periphery suburbs of the TradeCoast such as Pinkenba, Morningside, Murarrie and Lytton which are all experiencing some small to medium-scale developments. For example, construction continues to surge in the recent land subdivision known as Rivermakers Estate which comprises a mixture of multi-unit and medium scale industrial developments that have been well sought after by investors and owner-occupiers alike.

Rivermakers Estate, Morningside. Source: realcommercial.com

Furthermore, there have been notable land subdivisions and developments within the south-western industrial corridor such as Metroplex Westgate which reflected strong acquisition rates, ranging from approximately $350 to $450 per square metre. This development has the vision of replicating Metroplex on Gateway at Murarrie and has been performing well in recent months after a slow start. In the past 12 to 24 months, there has also been a significant increase in construction activity within the northern industrial precincts, more specifically Brendale and North Lakes. Northern suburbs experienced a large buy up in both smaller and larger land parcels due to the scarcity of land in the more central industrial precincts. We would expect over the coming months that industrial precincts with high underlying land value and development potential will remain in high demand and show sustained growth.

These new developments have provided the facilities for tenants and owner-occupiers struggling to find a home amidst the substantial levels of absorption across the market. There has been an emerging trend in the current market where developers have commenced construction

*Once again, the industrial sector has proven to be the strongest performer across all asset classes with both developers and investors showing sustained levels of confidence in this resilient industrial market for the foreseeable future.*

on speculative stock to combat the growing levels of demand and tight supply. Over the past 12 to 24 months, pre-commitment to speculative supply has been a prominent theme where some developers have secured tenants as far out as 18 months prior to completion which is indicative of the tightening in supply and the need for additional stock on the market. Additionally, the market is experiencing trends where major tenants have outgrown their existing facilities which is closely correlated to the increased levels of online shopping, autonomous and non-discretionary spending and the general strength of the retail sector at present due to the economic rebound in recent months. Major manufacturers and grocery giants are also seeking to upscale for similar reasons with many major tenants pre-committing to speculative stock that is purpose built for their requirements. Looking forward, a large amount of speculatively built developments is due for completion in the final months of the year and absorption of this stock is expected to remain high months before completion.

The development and construction sector, much like the investment market, has experienced a good level of growth in terms of acquisition rates, rental rates and yields. This has been mostly prominent in prime, well-located industrial precincts such as the TradeCoast, northern industrial precinct and south-western corridor. Land rates have been strongest in suburbs such as Pinkenba and Hemmant where evidence suggests large, unimproved sites have been in high demand reflected through their sale rates of circa $400 to $600 per square metre, in comparison to rates of $200 to $400 per square metre in locations such as Brendale and North Lakes. Hardstand sites have also been performing strongly and despite the stagnant nature of the rental rates remaining at approximately $20 to $40 per square metre, leased hardstand sites which provide interim or holding income have been transacting at premiums.

Once again, the industrial sector has proven to be the strongest performer across all asset classes with both developers and investors showing sustained levels of confidence in this resilient industrial market for the foreseeable future. Much like the investment market, the development and construction sectors are not expected to see a diminution in activity while the perceived demand for the finished product remains strong.

**Alistair Weir**
Director

## Gold Coast

Several new industrial developments on the Gold Coast have recently transitioned into mixed use product offerings with the inclusion of showroom style accommodation. A number of new projects have utilised good location attributes, where sites are on or close to high exposure roads, to diversify their market reach for strata units of an industrial style. One new development at 2 Case Street, Southport, has been designed to include showroom style units which include glass tilt panel doors and epoxy floors of a higher standard than typical industrial units. The showroom units have been positioned along the prime frontage of the site with industrial units (approved for self-storage) located along the rear boundary of the site. An example of the showroom units is shown as follows.

2 Case Street, Southport Source: Herron Todd White

Sales for the complex have shown strong results with record prices being paid for this type of accommodation. Smaller units (of under 100 square metres ground floor area) are now approaching the $5000 per square metre mark and analysed yields are currently ranging in the general order of 4% to 5%.

Another project in the initial stages of construction at 314-328 Burleigh Connection Road, Burleigh Heads, has a similar mixed-use nature, although this is a much larger development with a wider range of unit sizes which would appeal to a broad range of end users. From this perspective the design is a good utilisation of the 17,000 square metre site area and helps limit the risk of oversaturation of one type of product by incorporating a mixture of showroom, warehouse, and self-storage units. The complex plans and artist imagery are shown as follows.

*A number of new projects have utilised good location attributes, where sites are on or close to high exposure roads, to diversify their market reach for strata units of an industrial style.*

314-328 Burleigh Connection Road, Burleigh Heads Source: realcommercial.com.au

The project has had a good reception by the market, with owner-occupiers and investors alike showing very strong demand, particulary on the southern Gold Coast at present. At the date of writing, 33 of the 46 units are under contract. Sale prices have also been strong with one of the showroom units (circa 800 square metres over two levels) having sold for over $4000 per square metre overall. This would appear to be a record for the location. The smaller self-storage and medium sized warehouse units are both also showing strong sale rates of well over $4,000 per square metre of ground floor area.

There are several other projects planned in the area, although of a much smaller scale, which highlight the strength of the industrial market at present – which so far appears to be COVID-proof.

New industrial developments on the northern Gold Coast have remained more traditional. In the Yatala Enterprise Area, a large proportion of new builds comprises freestanding warehouses for single or dual tenant occupation. Demand remains strong and there are numerous examples of proposed buildings being sold off the plan, which is not typical for this market. Yield levels are hovering around 6% and value rates typically range between $1700 and $2000 per square metre.

An example of this is 9 Blue Rock Drive, Luscombe, a 1,620 square metre warehouse in the Empire Industrial Estate. It was purchased off the plan by an owner-occupier in early 2021 for $2.93 million (exclusive of GST), reflecting $1,809 per square metre. This is a modern, single tenant industrial building.


9 Blue Rock Drive, Luscombe Source: Herron Todd White

Over the past 12 months, yield levels have firmed and value rates for both buildings and land have improved, indicating the strength and resilience of the industrial market at present. Growth in rental rates appears to be more subdued, typically in the order of $120 per square metre per annum net for modern buildings.

Strata title developments, which have historically been popular in this region, have been less common of late, although there is still pent-up demand from both owner-occupiers and investors, including interstate investors.

Various stages of new lots have been released within the Upper Coomera industrial estate over the past 24 months. Developments completed to date include a mix of traditional freestanding buildings and strata unit developments. Both value and rental rates for new strata title units appear to have increased substantially, with evidence of units selling at rates of circa $2,250 to $2,750 per square metre, while leasing for between $160 and $180 per square metre per annum net. This is well up on the sales and rental rates achieved pre-COVID.

**Ryan Kohler**
Director

## Townsville

Townsville's industrial market continues to show positive signs on the back of optimistic growth in the mining sector, historically low interest rates and a continued focus on jobs growth.

We have seen the volume of land sales within the industrial market increase over the past 12 months, however this is coming off a very low base and there remains adequate supply based on this current demand.

We are now starting to see some of the "to be constructed" work coming through on these previously purchased lots. With the rapid increase in construction costs over the past 12 months, it is now proving difficult for these properties to stack up.

It is likely that the current construction cost, supply chain issues and time frame will prove inhibitive to new construction. Our market currently has good quality constructed stock available for purchase, which for now offers a more financially feasible option.

**Jason Searston**
Director

## Rockhampton

In the industrial property market, Rockhampton purchasers and tenants have generally trended towards better-quality buildings. Modern format

industrial buildings that provide good clearance and good utility of both the building and site are preferred rather than older, low clearance industrial buildings with limited site utility. Investor appetite remains strong for tenanted properties and as always, the tenant profile and lease covenant remain central to investors' decisions on yield and price points. Owner-occupiers are generally active up to $1.5 million, with investors active at all price points, however they are most active up to $5 million.

In Rockhampton, industrial development opportunities to watch include two key sites. First is the recent sale of surplus railway land in Knight Street, Park Avenue. This is an eight-hectare site zoned low impact industry and improved by several disused industrial sheds. This site was reportedly purchased by local interests looking at future development options. Second is the recently established Lily Place development on the old cement works site at Parkhurst which will provide 12 lots on about 20 hectares of high impact industrial zoned land with lot sizes varying from one to 3.5 hectares.

**Richard Dunbar**
Property Valuer

## Wide Bay

The industrial property market in the Wide Bay is starting to demonstrate a general improvement in market conditions.

Vacancies in the Bundaberg industrial market are declining, with rents holding firm at approximately $60 to $75 per square metre per annum gross for secondary properties or tenancies in secondary locations and $80 to $100 per square metre per annum gross for better quality tenancies or tenancies in prominent locations. The overall size of the tenancy also influences the achievable gross rental rate.

*Modern format industrial buildings that provide good clearance and good utility of both the building and site are preferred rather than older, low clearance industrial buildings with limited site utility.*

There appears to be a reasonable level of demand from owner-occupiers and investors, although demand from owner-occupiers is generally at lower price points. Investment yields vary on property quality, lease terms and tenant strength.

Vacancies in the Hervey Bay industrial market are at a very low level, particularly within the community titled industrial unit sector of the market. There is evidence to suggest that rental rates are beginning to increase within this sector of the market.

Sales have been quite limited in the Hervey Bay market over the past 12 months, however the sales that have been completed indicate a healthy level of investor demand.

Sentiment within the Maryborough market is improving off the back of renewed optimism brought on by the Rheinmetall NIOA Munitions Factory and additional announcements relating to the manufacturing industry within Maryborough. However, there is very little market evidence to suggest an overall improvement within the local industrial market.

Notable development activity within the Wide Bay includes:

- Bundaberg Brewed Drinks Super Brewery due to commence shortly;
- Rum City Foods depot on Commercial Street due to be completed soon;
- Recently completed Bundaberg Motor Group dealership on Johanna Boulevard;
- Rheinmetall NIOA Munitions Factory in Maryborough West;
- Elliot Green Power Battery Energy Storage System expansion adjacent to its Susan River Solar Farm;
- Proposed Sword and Stone and ESS Inc joint venture battery manufacturing plant in Maryborough West.

Future significant announcements on the successful train manufacturer to build Queensland's next passenger train fleet in Maryborough could also result in further development activity.

**Ben Harnell**
Property Valuer

## Mackay

There is a shortage of good quality heavy engineering workshops of over 1500 square metres with low site coverages in the Paget industrial area. To meet this unsatisfied demand there has been some construction activity. A recent example is a 2282 square metre high bay workshop on a 6449 square metre site at 40 Gateway Drive which was conceptualised on a speculative basis and eventually occupied by Bis, a resources logistics company, that needed to relocate from premises at Mackay Harbour. Major industrial users in Paget have difficulty planning for growth and future tenancy requirements when many have relatively short-term service contracts to the coal mining industry relative to the time required to complete a design and construct project.



We are aware of a proposal for a large purpose-built workshop and office/showroom with extensive concrete hardstand on a 7000 plus square metre site at Dozer Drive.

There have been no new major heavy engineering investment sales due to a shortage of supply, rather than an absence of investment demand. The most recent transactions indicate a firming in yields to around 8%.

**Greg Williams**
Director

## Emerald

A couple of major industrial projects are proposed at Sir Leslie Wilson Drive.

The first is a major expansion on a large partially improved 2.62 hectare site with a main industrial workshop building to comprise both a high bay area and a low bay area with a total GLA of 1,819 square metres and two office/warehouse buildings with a proposed GLA of 700 square metres. Upon completion, the complex will have a total GLA of 3,319 square metres. It will be occupied by a mining company.

The second is a new transport depot to be occupied by Followmont.

The current trend in new industrial development is towards good quality, large scale buildings on large sites to provide low site coverage.

**John O'Hagan**
Valuation Director

## Toowoomba

The western suburbs of Wilsonton, Glenvale and Torrington remain the most popular industrial locations in Toowoomba with the northern and southern precincts considered more secondary in nature. There is also strong demand for fringe CBD service industry properties, with this market dominated by owner-occupiers.

Leasing demand is currently subdued with an increase in industrial vacancies since mid-2017. Industrial rentals in Toowoomba have been relatively static however the reduced leasing demand has applied downward pressure on rentals with leasing incentives now common.

Demand from owner-occupiers for vacant industrial properties has also reduced since mid-2017 in line with leasing demand.

There is currently very strong demand from investors with yields between 7.5% and 8.5% often achieved for fully leased properties in good locations. There have also been a few instances where properties with a strong tenant on a long term lease have achieved a sub 7.5% net yield. Yields for secondary properties are softer at between 8.5% and 9.5%.

The demand for vacant industrial land in the western suburbs remains moderate, with acre lots achieving between $150 and $160 per square metre. This is down from the peak of the market which saw similar lots selling at $170 to $180 per square metre. The overall lack of supply of land in these areas should ensure that land values will hold firm. Vacant land positioned within secondary locations achieves a lower rate of between $100 and $140 per square metre.

Demand and supply for smaller industrial strata units in Toowoomba is limited. This market is predominantly owner-occupied with capital values remaining static over the past two years. These industrial units are often attractive to entry level investors, but the reduced leasing demand can often result in extended periods of vacancies.

The Charlton-Wellcamp Enterprise Area (located to the west of Toowoomba) is seen as the future location for the growth of the region's industrial development. The location of the industrial precinct was chosen due to its proximity to the existing Western Railway, the proposed Inland Railroad and the connection point between the existing Warrego Highway and the planned Toowoomba Bypass (construction now complete) which also provides a link to the Gore Highway to the south. The precinct is primarily to provide larger scale end users with the minimum lot size set at two hectares. Construction of the first land subdivision in the Charlton-Wellcamp Industrial Precinct (known as Witmack Industry Park) has concluded with a number of design and construct projects within the estate also completed. Construction of a second estate (with a transport and warehousing focus) was also completed in early 2016. Development of the Wellcamp Airport & Business Park has also commenced with the airport opened in November 2014 and lots in the business park available in 2020. The sale rate of the subdivided lots has been slow with most development to date a part of design and construct projects with lease-back. As such the rates paid for englobo sites are somewhat speculative until demand for the smaller subdivided lots improves.

**Ian Douglas**
Director

*These industrial units are often attractive to entry level investors, but the reduced leasing demand can often result in extended periods of vacancies.*



# South Australia

## Adelaide

South Australian industrial property has been highly sought after over the past 12 months. Tenanted industrial assets have proven to be hot commodities in the current market, with long-WALE, high-quality assets continuing to draw a lot of attention from investors. Recent evidence of this is available in Para Hills where an industrial asset leased to AMA group on an eight-year lease sold at auction in early August and reflected a yield of 4.09% at a sale price of $5.38 million. In our March edition, we touched on interstate investors purchasing industrial investments at sub 6% yields, and the yield compression has continued through the second and third quarter of 2021, driving capital values upwards and pushing yields to sub 5% now. This month, we look to new industrial developments within the South Australian market and the underlying projects and tenant demands fuelling this construction.

Industrial land across metropolitan Adelaide has been absorbed quickly in the current market after experiencing extended time on the market in a pre-COVID environment. Infrastructure upgrades have had a positive impact on absorption, and this is predicted to continue as the North-South corridor, Northern Connector and other road infrastructure projects progress. These various state projects have resulted in more demand for industrial space, and because of this, new industrial development is occurring in these northern areas around the newly improved transportation routes. Opportunities currently exist in Gillman and Wingfield; both suburbs are situated to the north of the Adelaide CBD and near the North-South motorway upgrades.


Industrial land for sale through General Property at 25-29 Whicker Road, Gillman SA Source: realcommercial.com.au

As touched on in our previous industrial update, industrial rents remain steady in major precincts around South Australia. Previous to 2021, face rents were being maintained by significant use of incentives, however as the use of the incentives is now decreasing in a more active market, face rents remain stable.

Over the past twelve months, land values have been creeping upwards in the industrial market.

The infrastructure projects have resulted in space being occupied by the state government to carry out these projects, as well as suppliers and contractors requiring space to help develop the new roads. One such example is the outer-northern industrial suburb of Gillman, located adjacent the Port River Expressway, which has remained largely undeveloped with minimal new construction in the past five years – in 2021 alone, four vacant allotments ranging between 8,000 and 12,000 square metres have been sold to owner-occupiers with developments currently in the planning stages.

Agents are reporting strong leasing demand for industrial assets and low vacancy rates across the sector as a whole. This has created a demand for speculative development of strata-titled industrial unit developments throughout 2021. Two such examples are Dudley Park (Islington Court) and Edinburgh (West Avenue). On Islington Court, Dudley Park there are four newly constructed boutique office/warehouse tenancies (circa 350 square metre lettable area). Further north, Edinburgh features several smaller office/warehouse tenancies on West Avenue that have been offered for sale or lease in the past few months. Recent sales at the Dudley Park development reflect passing yields of 4% to 5% while smaller units in the more outer-northern location of Edinburgh reflect yields in the 5% to 6% range. Approximately 18 to 24 months prior, investors would have expected to purchase such properties at circa 1% higher.

*Over the past twelve months, land values have been creeping upwards in the industrial market.*

Newly constructed industrial units on Islington Court, Dudley Park

Source: realcommercial.com.au

At the higher end of the scale, design and construct deals are more prominent in the industrial market. Australia's leading wholesaler, Metcash, has recently completed the development of a new $65 million distribution centre in Gepps Cross. The company signed a long-term lease with Charter Hall who facilitated the development on a design and construct basis. The distribution centre spans almost 70,000 square metres and will enable Metcash to supply central Australia's supermarkets. In addition to this, 21-25 Caribou Drive, Direk is currently offered for sale or lease through Leedwell Property on a 12,500 square metre allotment with purpose-built designs available and purchase options for turnkey facilities.

**Chris Winter**
Commercial director

# Western Australia

## Perth

As we embark on the 2022 financial year and in the wake of the COVID-19 pandemic, the industrial property market in Western Australia continues to forge ahead and leave the office and retail asset classes in their wake.

New construction to date however has been limited, in part due to the take up of existing space which had sat vacant for a prolonged period. However much of this stock is of dated construction. Present day building compliance has rendered older facilities often unfeasible to bring up to code or meet the current operational requirements of prospective occupants.

Aside from compliance upgrades, our team has witnessed consistent specification enhancements for older stock including installation of energy efficient LED light fittings replacing older style incandescent high bay lamps, installation of solar panels and greater automation.

New construction activity has been prevalent in recently created industrial land estates such as Tonkin Highway Industrial Estate in Bayswater and Roe Highway Logistics Park in Kenwick, however the volume of construction has been constrained by a finite supply of land in those estates and other core industrial estates. Our enquiries indicate that land in both the Tonkin Highway Industrial Estate and the Roe Highway Logistics Park is sold out or is being retained by the original developers for design and construct leasing opportunities to provide passive lease income post completion of the subdivision.

The vast majority of new development around Perth has been on a design and construct arrangement. Tenants enter into such agreements with builders often at inflated rental rates negotiated on a formulaic basis as a percentage of total construction cost (i.e. economic rents) as opposed to market fundamentals.

Much of this new built-form development comprises high quality fabrication, transport and logistics facilities, coinciding with steady uplift in demand over the past 12 months and lack of suitable existing stock. The rise of e-commerce after the disruption to normal business operations caused by the COVID-19 pandemic has put the spotlight firmly on logistics facilities in particular. Such facilities are likely to become more prevalent in Western Australia to meet customer delivery expectations and accord with advances in technology.

The residential property market in Perth is currently experiencing strong conditions fuelled by the prevailing low cost of debt funding and increased consumer confidence, together with government stimulus packages. As a result, those companies supporting the residential construction sector are beginning to seek alternate, larger scale premises.

Increased on-shore manufacturing (for example, pharmaceutical and medical supplies) is also contributing to construction activity, especially for owner-occupiers.

There has been a smattering of new strata titled developments in secondary industrial precincts such as Gnangara and Wangara in Perth's north. The product, typically consisting of industrial units ranging from 150 square metres up to 350 square metres in size, is tried and tested in such estates.

Infrastructure projects including the NorthLink WA and Forrestfield Airport Link have also assisted to trigger new construction activity.

NorthLink WA was a $1.02 billion transport project in Perth's east, north-eastern corridor providing a non-stop transport route from Morley to Muchea. The project was completed in April 2020 and has begun to directly benefit existing industrial estates in that corridor whilst also providing the impetus for developers to create new industrial land in Muchea catering to the freight transport sector.

*The Western Australian economy continues to go from strength to strength on the back of successful containment of COVID-19 and a strong mining and resources sector which bodes well for Perth's industrial property market in financial year 2022.*

The Forrestfield Airport Link is the construction of a new passenger rail line linking Perth City to Perth Airport and continuing further east to the suburb of Forrestfield. The rail link forms part of the state government's Metronet project. This project has already enhanced the profile of the Forrestfield industrial precinct and driven new development, particularly around the train station, albeit on a limited scale due to geographical constraints. Construction is well advanced with the first trains to operate on the Airport Line in the first half of 2022.

The Western Australian economy continues to go from strength to strength on the back of successful containment of COVID-19 and a strong mining and resources sector which bodes well for Perth's industrial property market in financial year 2022.

**Greg Lamborn**
Director



# Northern Territory

## Darwin

The industrial property market in Darwin has not yet enjoyed the surge in values that have been seen in the residential markets. There is still an oversupply of industrial accommodation, especially of older style properties in the established areas of Winnellie and Berrimah. This will need to be absorbed by the market, most likely as a result of a major employment project, before any change in values is evident.

Takeup of new land, which is also oversupplied, is also steady although there have been some sales in Berrimah Industrial Park. This estate benefits from its location at the demographic centre of Darwin, being equidistant from the CBD, northern suburbs and Palmerston.

Berrimah Industrial Park under construction Source: Dixon Group

We note that industrial property markets in other States have enjoyed stronger conditions due to Covid factors leading to demand for distribution centres for online retail. This trend has not been evident in Darwin due to our smaller population not justifying such centres and our fortunate position (to date) regarding Covid lockdowns.

The announcement of the awarding of the tender for the construction of the new $270 million fuel storage facility at East Arm by the US Government is a positive step in cementing the importance of Darwin as a defence centre. This project is anticipated to create 400 jobs during construction which will also be a boon to the local economy.

**Terry Roth**
Director

*There is still an oversupply of industrial accommodation, especially of older style properties in the established areas of Winnellie and Berrimah.*



# Australian Capital Territory

## Canberra

Canberra's industrial market is concentrated in three main localities, namely Mitchell in the north, Hume in the south and Fyshwick centrally located near Canberra Airport. The Fyshwick market remains the most popular of the three, providing a mixture of small, medium and large industrial and bulky goods use space, but activity in Mitchell continues to increase on the back of population growth in the Gungahlin district.

Most of the land releases in the ACT are through the Indicative Land Release Program controlled by the ACT government. The program is based on the current level of demand for industrial land. According to the program, 20,000 square metres of industrial land will be available in Fyshwick between 2021 and 2022 and 20,000 square metres in Pialligo between 2022 and 2023. The ACT government will further release 18,000 square metres of industrial land in Hume, the last land to be released in the Hume industrial estate under the Four Year Land Release Program. The recent industrial land sales in New West Industry Park, Canberra's growing industrial estate located in Hume, indicate a rate per square metre of $175 to $250.

Due to limited new land supply, good quality warehouses and distribution-type complexes with semi and B-double access remain hard to find. Across the market, rents for large, industrial warehouses vary from approximately $150 to $190 per square metre gross, relative to size and quality. New purpose-built developments demonstrate higher market rents, relative to the build specification, while medium sized tenancies are seeing rents of $185 to $250 per square metre gross.

There is typically a flight to quality with defensive assets underpinned by strong corporate tenants on long lease terms that are not exposed to economic issues associated with the Coronavirus in very high demand. We've seen properties with good tenant profile attracting a tight yield, circa 6% for large modern warehouses in Hume and Beard and sub 6% for properties in Fyshwick in the sub $5 million price bracket.

**Lucy Xu**
Valuer

*There is typically a flight to quality with defensive assets underpinned by strong corporate tenants on long lease terms that are not exposed to economic issues associated with the Coronavirus in very high demand.*

HERRON TODD WHITE RESIDENTIAL

# Residential

September 2021

# National Property Clock: Houses

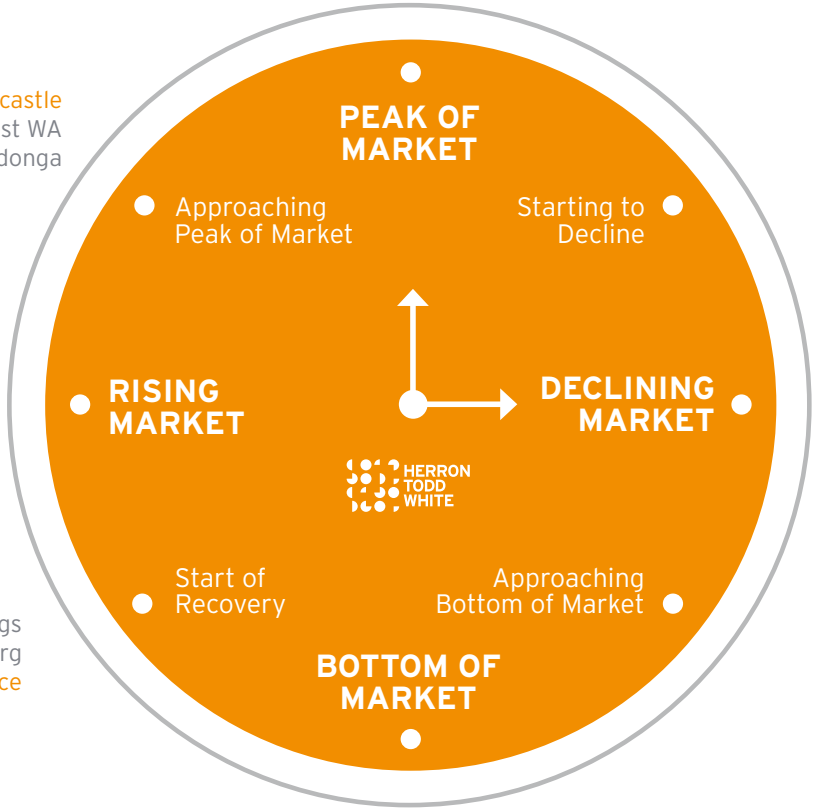
Entries coloured orange indicate positional change from last month.

Bathurst
Burnie/Devenport
Canberra
Dubbo
Launceston
Tamworth

Albury
Central Coast
Geelong
Mildura
Newcastle
South West WA
Wodonga

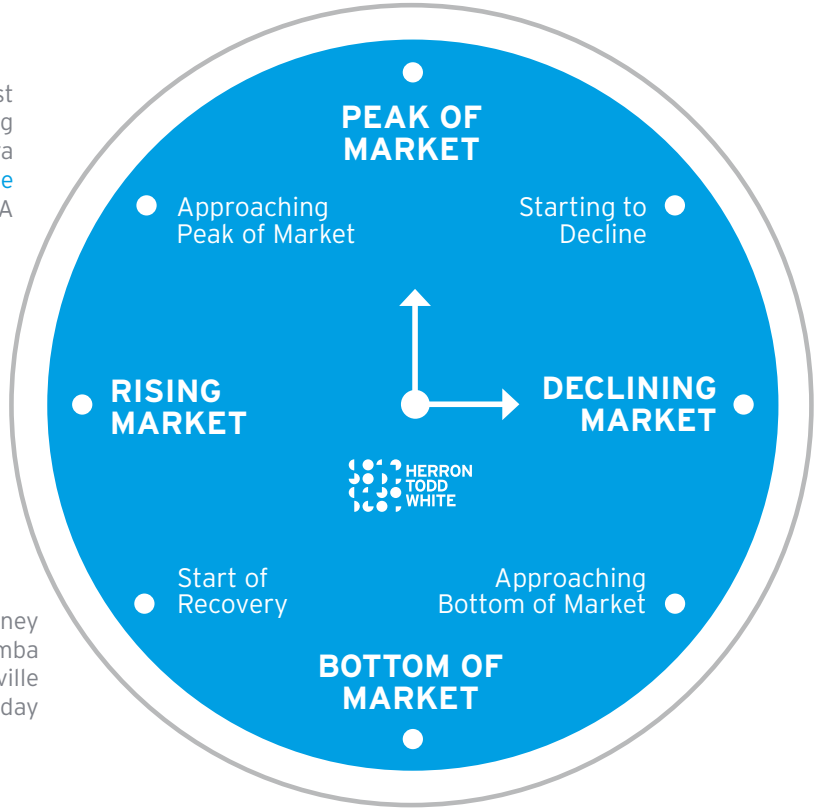
Adelaide
Adelaide Hills
Albany
Ballina/Byron Bay
Barossa Valley
Brisbane
Broome
Cairns
Coffs Harbour
Darwin
Emerald
Geraldton
Gladstone
Gold Coast
Hervey Bay
Hobart
Illawarra
Ipswich
Kalgoorlie
Karratha
Lismore
Mackay
Melbourne
Mount Gambier
Perth
Port Hedland
Rockhampton
Shepparton
S'thn Highlands
S'thn Tablelands
Sunshine Coast
Sydney
Toowoomba
Townsville
Whitsunday

Alice Springs
Bundaberg
Esperance



# National Property Clock: Units

Entries coloured blue indicate positional change from last month.




Bathurst
Burnie/Devenport
Launceston
Tamworth

Central Coast
Geelong
Mildura
Newcastle
South West WA

Adelaide
Adelaide Hills
Albany
Albury
Ballina/Byron Bay
Barossa Valley
Broome
Coffs Harbour
Dubbo
Geraldton

Gladstone
Gold Coast
Hervey Bay
Hobart
Illawarra
Kalgoorlie
Karratha
Lismore
Mackay
Mount Gambier

Mt Gambier
Perth
Port Hedland
Rockhampton
Shepparton
S'thn Highlands
Sunshine Coast
Wodonga

Canberra

Alice Springs
Brisbane
Bundaberg
Cairns
Darwin

Emerald
Esperance
Ipswich
Melbourne
S'thn Tableands

Sydney
Toowoomba
Townsville
Whitsunday

# New South Wales

## Overview

Vacant land is the basic building block of residential real estate. Tracking the health of the vacant property market helps paint a vivid picture of where we sit in the cycle.

Across many locations, demand for residential allotments is strong, given government stimulus, low interest rates and the overall bullish outlook by many stakeholders – but not all markets are the same across the nation.

In this issue of *Month In Review*, our residential crews give you a rundown on their local vacant land sectors.

## Sydney

Sydney is a big market with vastly different drivers. This is especially the case when it comes to vacant land and the ability to access it. As always, we have split Sydney up into different geographic locations.

First up, let's take a look at south-west Sydney, an area that has undergone significant redevelopment over the past five to eight years.

**South west**
**Estates**

The past 12 months have seen an incredible demand for traditional blocks in south-western Sydney. It doesn't feel that long ago that developers were offering incentives and rebates to entice prospective buyers. Today it is common to see buyers camped at the front of a sales office for weeks as they eagerly await a new land release, lucky dip style ballots and exorbitant fees just to secure an inspection. Even with the current COVID pandemic, there doesn't seem to be any slowing of demand with land values continuing to skyrocket. There are a number of key factors driving this demand:

- Low serviceability of a loan (historically low interest rates and the removal by APRA in July 2019 of the need to assess home loan applications using a minimum interest rate of at least 7.25 per cent);
- Lack of stock. There are a number of cases of this, such as developers drip feeding the market, the state government being slow to green light new land releases and delays in vital services (such as sewer and water) which has particularly become an issue around the Austral growth area;
- Broader increase in buyer demand from owner-occupiers. Whilst vacant land prices are increasing they are still considered very affordable when the average price you can expect to pay for a home in Sydney is now over $1 million.
- The Western Sydney International Airport along with the Aerotropolis which plans to bring a vibrant city to the west, which will provide jobs, entertainment and green space living.

The following are just a couple of examples of the price increases we are seeing daily:

- A 559 square metre vacant site in Denham Court sold in December 2020 for $571,000 and re-sold in May 2021 for $830,000, an approximately 45 per cent increase in less than 12 months;
- A 449 square metre vacant lot in Leppington sold in March 2020 for $425,000 and re-sold in July 2021 for $720,000, an approximately 69 per cent increase in a little over 12 months.

These price increases do not come as a surprise to us at Herron Todd White. In a recent conversation with a local agent who had sold a vacant parcel in Edmondson Park, they described buyer interest as "phenomenal, the phone didn't stop ringing seven days a week. It felt like half of Sydney was looking to buy the parcel. Even once it was sold, I still had buyers calling me up offering more money."

In the next five to ten years, a large majority of Sydney's residential land will need to come from south-western Sydney. Whilst there are still some stage releases to occur in the established estates (Leppington, Oran Park, Edmondson Park), the vast majority of residential land will need to come from the yet to be rezoned corridor starting from Catherine Field, heading north through Rossmore, Austral and Kemps Creek. With much of these land releases years away, we cannot see the demand for land decreasing any time soon.

*"Phenomenal, the phone didn't stop ringing seven days a week. It felt like half of Sydney was looking to buy the parcel. Even once it was sold, I still had buyers calling me up offering more money."*



### Lifestyle

The south-western Sydney rural lifestyle and large lot market has also been going through unprecedented demand and growth. The three most significant factors driving this demand are:

- Reduction in available rural lifestyle land due to rezoning within the south-west growth corridor and Aerotropolis.
- Downsizers. These are cashed up buyers who have sold their acreage lots to developers and are looking to stay within their community or rural lifestyle setting.
- Coronavirus pandemic. With the introduction of working from home arrangements and lack of travel options, buyers are flocking to semi-rural areas for a change in lifestyle.

The following examples demonstrate the strong increase in demand for rural lifestyle lots:

- A 1000 square metre vacant site in Austral sold in August 2019 for $750,000 and re-sold in June 2021 for $1.36 million, an approximately 81 per cent increase in a little over two years.
- A 4098 square metre vacant site in Grasmere sold in August 2020 for $1.03 million and re-sold in January 2021 for $1.2 million an approximately 16 per cent increase in five months.

In the next five to ten years, we consider there will be a continued shortage of available quality rural lifestyle land which will continue to drive prices of the limited availability of stock.

### Infill

As in all areas of Sydney, the infill vacant lot market is limited. On the rare occasion a vacant lot does come onto the market, it gets snapped up very quickly. This market applies to both owner-occupiers and developers.

A vacant 457 square metre block in the established suburb of Bonnyrigg sold in May 2020 for $580,000. The same block re-sold 11 months later in April 2021 after only being on the market for seven days for $700,000 which shows a 20 per cent increase.

Another strong market performer has been the infill double or triple lot parcel (which is generally found in the Fairfield LGA). This market has benefited as a result of a strong residential market with both investors and developers willing to significantly increase their bottom line to secure such sites.

A triple lot site sold in Canley Heights in August 2020 for $960,000. A similar triple lot site sold in July 2021 in the same suburb for $1.25 million. This is a 30 per cent increase in less than 12 months.

### North West Sydney

Land supply in new estates is mostly controlled by developers, slowly releasing lots to ensure demand and prices remain strong. Currently there is a strong demand for land within new subdivisions on the back of government incentives, the uplift in prices in established areas moving buyers further west and the strong results for completed products within these new estates. This has resulted in strong demand for new land and has seen prices jump considerably in a short space of time. We caution that this rapid growth is not sustainable in the long term and any changes to interest rates, supply levels or government incentives will have a negative impact on demand and values.

A 467sqm vacant block in Marsden Park recently sold for $820,000, representing $1755/sqm and a 61% uplift since purchased by the developer for $509,000 some 20 months beforehand. This sale is considered a huge result for the area given that more land will continue to be released over the next few years.


Source: realestate.com.au

3 Braeburn Crescent in the Bella Vista Waters area of Bella Vista recently sold for $2.315 million. This is just the land only! This reflects $3298 per square metre and is a record land sale for the suburb and highlights the strength of this pocket for people wanting to build their own dream home.


3 Braeburn Crescent - $2.315 million in March 2021 Source: realestate.com.au

14 Braeburn Crescent - $2.355 million in March 2021Source: realestate.com.au

HERRON TODD WHITE RESIDENTIAL

To highlight the strength of the vacant land market, have a look at the sale of 14 Braeburn Crescent for $2.355 million in March 2021, providing a 717 square metre block but also including a circa 2011, five-bedroom, two-bathroom dwelling with a triple garage. This property is on the same street with a similar block size and sold in the same month.

39 Ernesta Place Bella Vista, NSW, 2153 Source: RP Data)

This 726 square metre vacant land at Bella Vista was purchased in August 2020 for $1.445 million. The same sized block next door sold in July 2021 for $2.2 million. That is a $755,000 difference in price or 52 per cent in just 11 months. Demand for Bella Vista is showing strong results.


19 Pony Street Box Hill, NSW, 2765 Source: RP Data)


15 Cabalima Street Box Hill, NSW, 2765 Source: RP Data)

Box Hill is another suburb which has had strong land sales. A 509 square metre block in Pony Street transacted in January 2021 for $613,000. Two hundred metres down the road, a smaller block in Cabalima Street of just 451 square metres sold for $872,000 in June 2021. That is a $259,000 price difference in five months, for a smaller block.

Build it and they will come! For months we have seen construction progress on a brand new K-12 school for 1860 students in Box Hill. Currently it is surrounded by empty cow paddocks but in time will be the centre of a larger town centre. This investment in the area will help underpin values as it will create further demand once the school is functioning. We have found the more successful residential land developments have been the master planned estates as they provide purchasers a community to live in rather than just a block to build a home.

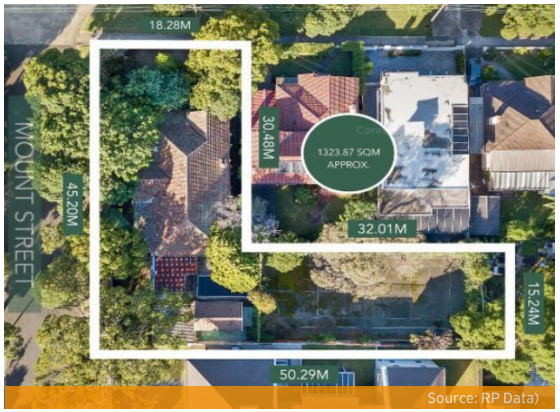

Source: nearmaps

**Inner West**

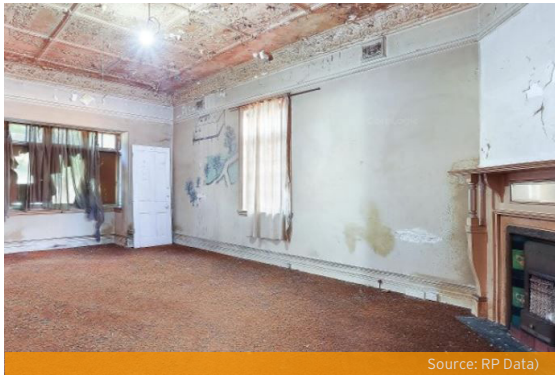
Vacant land in the inner west region of Sydney is quite scarce, however in some areas with more lenient heritage protections, these sales are reflected through sales of older dwellings which are under capitalising the allotment.

Areas such as Concord, Burwood and Five Dock have experienced a significant increase over the past 12 months in the values of properties with duplex potential. The increase in site values may correlate with the sharp increase in sale prices of modern duplexes in and around these areas.

Strathfield is a sought-after inner west suburb comprising larger land holdings. The area attracts a majority of buyers looking at building new, larger homes. Sale prices have increased significantly in the past six months. The sharp increase in sale prices may be attributed to the relatively low stock levels over the past 12 months together with the historically low interest rates. 155 The Boulevarde, Strathfield (below) was a dilapidated dwelling on the market with a price guide of $4.1 million to $4.4 million. The property was eventually sold for $5.5 million on 19 June 2021. It is also worth noting that this property is positioned within the Golden Mile of Strathfield which comprises the most sought after streets and properties in the area.



Source: RP Data)

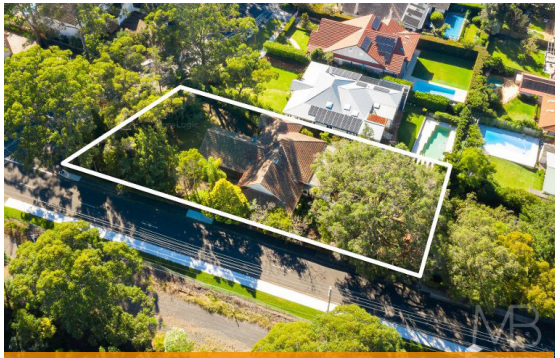

Source: RP Data)

Additionally, suburbs closer to the Sydney CBD including Annandale are also experiencing sharp increases in values. For example, 65 Pritchard Street, Annandale (below) was sold on 19 February 2021 for $2.02 million and was then re-sold for $2.405 million on 4 June 2021. The sale is considered to mostly reflect the underlying land value of the property given the age and condition of the existing improvements. The difference in sale prices reflects a capital growth of 19 per cent in under four months.

**North Shore**

Vacant land on Sydney's established North Shore is relatively rare and when it becomes available, demand is very high. The scarcity of vacant land is compounded by heritage conservation restrictions, meaning period homes often have to be retained to some extent, limiting the development potential. The market demand for quality, newly constructed homes is very strong and we see attractive profits being made by builders and developers specialising in such projects.

Vacant land with development potential on the North Shore is even harder to come by with councils having tighter regulations around higher density development. Property with dual occupancy potential has become very common across many areas in Sydney but due to these stricter requirements on the North Shore, they are far less common. In saying that, every now and then opportunities arise such as the recent sale of 21 Treatts Road, Lindfield. This property sold in June 2021 after 21 days on the market, according to RP Data records. Although this is not a true vacant land sale, the 1917 original residence is dilapidated and is council approved for demolition. This has also been sold with DA approval for the construction of two separate modern residences with the 1627 square metre corner allotment having dual street frontages, allowing separate access to each residence. This is an example of a rare development opportunity on the North Shore which when presented to the market, attracts strong demand from both traditional buyers and developers alike.


21 Treatts Road, Linfield
Source: RP Data)

**Northern Beaches**

The last large scale residential land release occurred in Warriewood in early 2020. As a result, established areas have become the main source of land, primarily in the form of knock-downs or smaller scale two to three lot subdivisions. It can vary greatly but an average parcel of land typically costs around circa $2 million, depending on a number of factors including location, land size and topography and usability. The market is extremely popular as competition for established properties is at an all-time high, buyers are looking for alternative ways to enter the market and rebuilding provides a great opportunity to enter at a discount with the flexibility of designing your own home.

65 Stella Street, Collaroy Plateau was marketed as a knock-down rebuild opportunity providing a level, rectangular shaped 422 square metre parcel that sold for $2.3 million in July 2021.

*The scarcity of vacant land is compounded by heritage conservation restrictions, meaning period homes often have to be retained to some extent, limiting the development potential.*



65 Stella Street, Collaroy Plateau Source: RP Data)

Constructing a brand-new home would conceivably result in a $3.2 million to $3.5 million product on completion. This is supported by a notable case study in 12 Aubreen Street, Collaroy Plateau. The rectangular shaped, near level, 411 square metre inside parcel was purchased in October 2020 for $1.5 million. A brand-new home was subsequently constructed and sold on 29 June 2021 for $3.2 million.

12 Aubreen Street, Collaroy Plateau Source: RP Data)

Sold June 2021 for $3.2 million Source: RP Data)

The Department of Planning recently released new information on the Draft Ingleside Proposal. The area will provide the largest release of new land since Warriewood Valley in the early 2000s. The new draft proposal envisages 980 new dwellings (reduced from the original 3400 dwellings) incorporating a mixture of lots between 450 square metres and two hectares, low-rise apartments and townhouses. The proposal is still in the draft stages but has the opportunity to provide additional housing and residential services to the community.

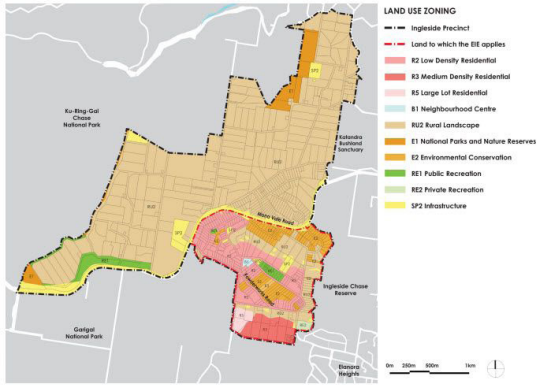



**Figure 2**
Proposed land use zones map.

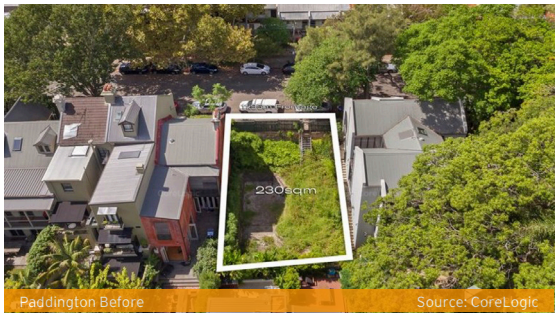
Inglside Proposed Land Use Zone Source: Department of Planning

**Inner Sydney and Eastern Suburbs**

Vacant land within Sydney's inner city is very hard to come by and often is secured by the subdivision of larger allotments, with many sales that give an indication of land value often having improvements of some kind – usually terrace or cottage dwellings in very tired condition. Alternatively, some sites will have DA approval for construction or renovation. As much of Sydney's inner-city suburbs are considered heritage conservation areas by local councils, it is common that at least the period facades must be retained, which can complicate construction. As a result, rear lane access and frontage can significantly impact land values.

Whilst the limited activity within this market segment means that statistics are hard to come by, land values within the inner city have historically performed strongly. However, this asset class is difficult to invest in within the inner city due to the high costs and with many sites involving mixed use components, banks are unlikely to lend generously.

One of the last pieces of vacant land offered for sale in Paddington in 2017 at 11 Stephen Street sold for $2.13 million. This was an uneven and partially excavated block with drainage easements and the remains of a neighbouring property's concrete swimming pool. A single modern dwelling has since been constructed at a cost advised to exceed $2 million.




Paddington Before Source: CoreLogic


Paddington After Source: CoreLogic

More recent near land value sales include 238 Liverpool Street in nearby Darlinghurst, which sold for $1.808 million in March 2021, being a very stripped back three-bedroom bald faced terrace on 89 square metres. Also in Darlinghurst, a run-down terrace on 240 square metres at 91 Barcom Avenue sold for $3.625 million in July 2021.

Elsewhere in the inner city, a double fronted cottage on 202 square metres at 59 Wells Street, Redfern sold for $1.88 million in July 2021.

In the eastern suburbs, it's a similar story with a scarcity of vacant land available. Those wanting to build a new dwelling will need to find older, rundown homes in the location they find appealing with a view to knockdown and rebuild. At 18 Percival Street, Maroubra, a basic single level weatherboard cottage sold in April for $2.05 million. The three-bedroom, one-bathroom dwelling on 285 square metres of land opposite a park was advertised towards those looking to renovate or knockdown and build a new home.

*Those wanting to build a new dwelling will need to find older, rundown homes in the location they find appealing with a view to knockdown and rebuild.*

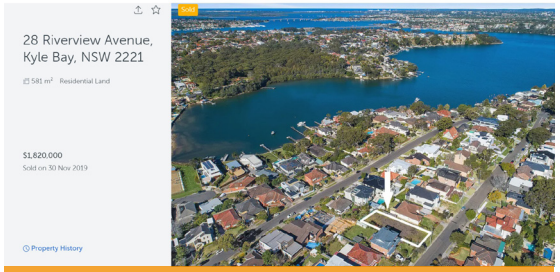
Further south in suburbs such as Matraville and Chifley, knocking down to build a duplex pair has become popular as developers look to take advantage of the strong recent sales results of completed duplex homes. A dilapidated single storey home at 2 Wills Avenue, Chifley on 853 square metres of land sold in July for $3.067 million.

For those looking for a view, 98 Bilga Crescent, Malabar, sold in March for $3.13 million. The dated, single storey, brick home on 462 square metres of land is positioned opposite Randwick Golf Course, with expansive golf course and ocean views available from a future second storey.

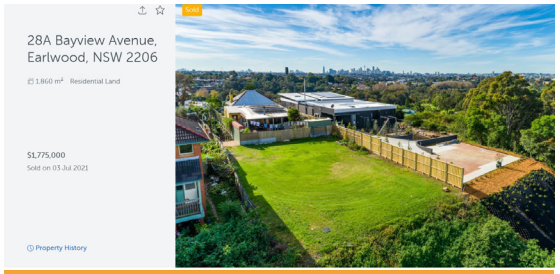
98 Bilga Crescent, Malabar Source: realestate.com.au

**St George/Sutherland Shire**

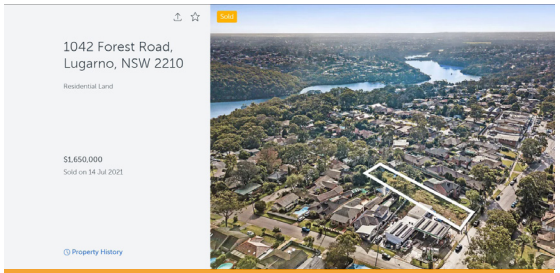
Quite similar to the inner west regions, the St George region comprises very few amounts of vacant land available, let alone that has sold. Notable vacant land sales over the past 12 months are below:



Source: realestate.com.au



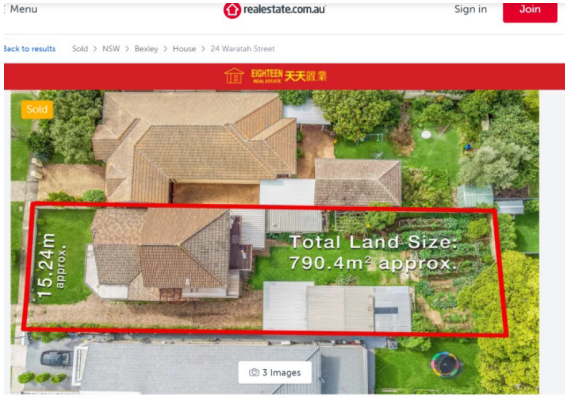
Source: realestate.com.au

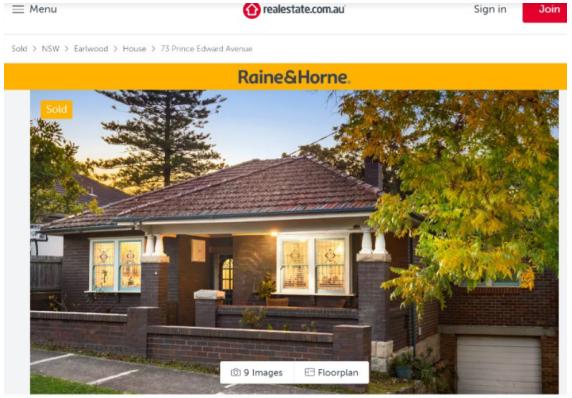


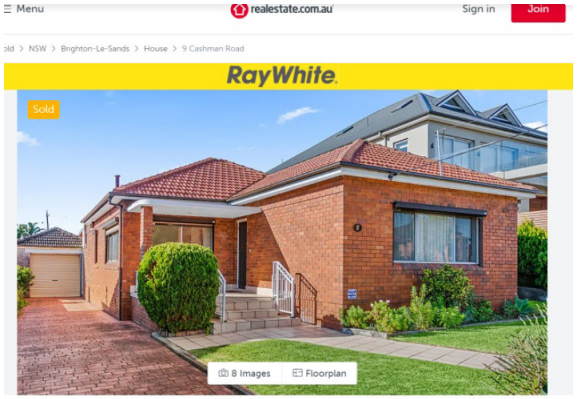
Source: realestate.com.au

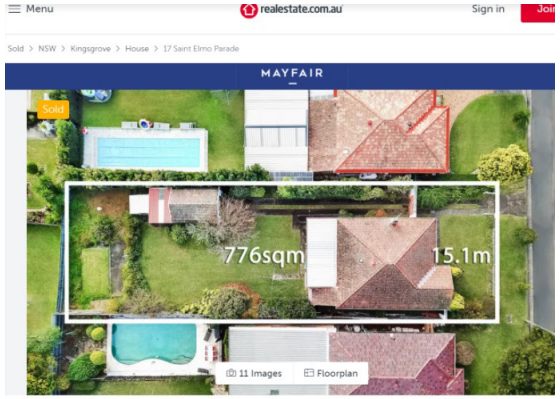
These local areas typically comprise older style dwellings, most of which have scope to be knocked down and rebuilt. This option tends to be prevalent across the greater St George area, as opposed to a specific location.

The St George area comprises many local small-scale developers and builders who seek out possible duplex sites. Examples of duplex site acquisitions are below:




*Demand, or more accurately, the demand for something invokes a litany of emotions and provocation. It reminds me of a favoutite film – Mad Max 2.*

Knock down rebuilds are one way of acquiring land for a new build in these established localities. This is a recent example in Sans Souci (source: realestate.com.au):


Given our current local market climate, the above evidence indicates that the demand for these types of properties is very strong, and prior to our lockdowns, was an extremely active and confident market.

**Shaun Thomas**
Director

## Lismore/Casino/Kyogle

"Every damn one of 'em's got a little piece of land in his head. Just like heaven, everybody wants a little piece of land" – Of Mice and Men (John Steinbeck).

Demand, or more accurately, the demand for something invokes a litany of emotions and provocation. It reminds me of a favoutite film – Mad Max 2. Demand for fuel drives a ragtag bunch of leather clad, flame haired Mohawk wearing dystopian gang members hurtling across a sunburnt desert in souped up muscle cars and other vehicular machinations creating impressive rooster tails of red dirt in their wake....all in pursuit,

*In summary, the demand for land in Lismore, Casino and Kyogle is relatively firm and in a low interest rate environment, is likely to stay that way for the short to medium term.*

the demand, for the juice...(the juice, the precious juice, was hidden in the vehicles).

But locals here can rest easy. Fortunately, such apocalyptic scenarios are not present when dealing with the demand for land in the Lismore, Casino and Kyogle regions... but nevertheless the demand for land is strong among the populace.

Lismore City is currently blessed with a number of residential estates which are expanding and providing an adequate supply of residential lots for the market, particularly within the suburb of Goonellabah where most of the activity is taking place. These include Eastwood Estate, Mt Pleasant Estate, Waterford Park, Hidden Valley, Valley View Estate and Sanctuary Hills Estate to name a few.

However, whilst the supply is still there, demand continues to rise unabated. Why? Because they can. Owner-occupiers looking to upgrade and even first home buyers have a strong preference nowadays for something new, something to start from scratch. And what better way to soothe that itch than by acquiring a new freshly laid residential lot on which to construct their dream home. The little factor of low interest rates certainly has helped to push the cause. This in effect, provides the various building companies a plethora of work for the next few years as the adjoining stages of the estates grow.

Expect sale price levels to range around the $275,000 to $300,000 mark for cut, levelled and retained allotments which afford views and ease of building envelope. However, as the new stages within the residential estates begin to expand, we are already hearing $300,000 plus rumours.

There seems to be little appetite for infill lots for the simple reason that there is really no supply. Whilst Lismore City has a 400 square metre minimum lot size, there are not too many corner or level lots with a land area of greater than 800 square metres that don't have a dwelling already plonked in the middle of them.

The satellite residential suburb of Perradenya, located in the rural area of Caniaba, approximately ten kilometres south-west of Lismore City has already witnessed a few re-sales of vacant lots in the newest stage which sold out in a manner of days in mid-2020. The demand for these lots was palpable at the time of auction...and it seems to continue. Consider 13 Grey Gum Close, Caniaba which re-sold on 05 July 2021 for $290,000 when initially purchased for $195,000 from the developer on 22 July 2020. Also, 3 Bottlebrush Close, Caniaba re- sold on 08 April 2021 for $315,000 when initially purchased for $250,000 from the developer on 22 July 2020.

Further west, the regional towns of Casino and

13 Grey Gum Close, Caniaba Source: realesate.com.au

Kyogle are at a pivotal point. There is or soon will be a genuine lack of residential lots available for sale. It is unclear as to the reason for the lack of developer interest as the demand from the general market still appears to be strong. This was clearly noted when the last rural residential land subdivision took place in Spring Grove at Verulam Ridge. The lots were sold relatively quickly with the only hold-up being the time taken to register the deposited plan.

Richmond Valley Council appears to be the only developer taking the initiative in Casino by acquiring a development site in Canning Grove on the north-west fringe of the town where ten lots have been developed in Stage 1 and sold within a year. Re-sales have taken place which has shown sale prices of $135,000 to $150,000. It wasn't too long ago that a sale price of $100,000 in Casino was considered glass ceiling breaking.

Finally, Kyogle finds itself in a similar predicament to Casino with really only one residential estate area designated for development, being the extension of the Mayfield Estate on the far north fringe of the town. The initial stage of 20 lots has all been sold and built upon. There were other small pockets of development in the satellite suburb of Geneva, approximately five kilometres west of Kyogle, but nothing of significance. Fortunately, there is a large residential/industrial zoned parcel of land adjoining the Mayfield Estate and covering 38.64 hectares which sold for $3 million on 27 October 2020. This will provide some much-needed vacant residential lot supply for the next few years once development commences.

One of the bright spots on the land market for Kyogle is the interest expressed in the vacant rural residential estate known as Kyogle Views on the south side of the town off Runnymede Road which has asking prices of around $220,000 to $260,000 depending on size and position.

In summary, the demand for land in Lismore, Casino and Kyogle is relatively firm and in a low interest rate environment, is likely to stay that way for the short to medium term.

**Vaughan Bell**
Property Valuer

## Byron

Looking for land? Want your own piece of paradise where you can build your dream home and do it your way? Well, to avoid disappointment, it might be prudent to head north or south of Byron Shire unless you want to spend a lot of time and money outcompeting other like-minded buyers.

The current strong residential property market has stifled the hopes of many buyers in the Byron Shire as house prices continue to climb. A few new land subdivisions would certainly go a long way towards increasing stock levels across the residential market, make housing more affordable in the shire and go some way towards easing the well publicised housing crisis on the north coast. (This is one valuer getting tired of seeing the least fortunate in society renting converted cow bales and busted caravans with outside toilets and showers.)

The one glimmer of hope for land buyers in the shire remains the Tallowood Ridge estate at Mullumbimby, but not for long. The second last

35 Cockatoo Crescent, Mullumbimby Source: domain.com.au

stage has sold out and while the final stage of 45 lots is not yet through council, the developer's agent reports having received approximately 300 expressions of interest on the land to date.

Pricewise, there are three reported re-sales in the second last stage of Tallowood Ridge between $700,000 and $750,000. For some added context:

- 29 Lorikeet Lane in Tallowood Ridge sold in a developer sale in March 2019 for $380,000 and re-sold in April 2020 (at the height of the first COVID scare) for $465,000;
- 35 Cockatoo Crescent in Tallowood Ridge was first sold by the developer in March 2019 for $360,000 and re-sold in February 2021 for $620,000.

The above settled sales and reported re-sales effectively demonstrate a doubling of land values in this estate over the past two years and highlights the demand and lack of supply of land in the area.

A few hardy buyers with deep pockets have purchased older established houses in the shire with the intention of major renovations or rebuilding, while others in locations such as Ocean Shores are subdividing existing lots into two or sometimes three community title or strata title lots if land size permits. Such endeavors are, however, symptomatic of the problem, rather than a solution to the lack of land in the area.

**Mark Lakey**
Property Valuer

## Clarence Valley

Vacant land in the Clarence Valley is in short supply due to the past 12 months of rapid buying fueled by low interest rates, cashed up city buyers seeking to relocate away from COVID hazard areas and improved residential property market values. Demand is sought by both owner-occupiers and investors.

There are several pockets of new estates currently being developed with opportunities for purchase. The majority have not yet completed development and are being marketed and sold off the plan, for example, in Iluka and around Grafton. Other than these few there are some small pockets of subdivided land parcels which appear for a very short time before being snapped up due to a strong demand with little supply market.

The Clarence Valley has long been seen as a cheaper option than locations to the north around Ballina and Lismore and also to the south around Coffs Harbour. For those seeking to get into the market, the Clarence Valley may be more attractive for both investing and building. Prices of estate release land around Grafton range from

*The above settled sales and reported re-sales effectively demonstrate a doubling of land values in this estate over the past two years and highlights the demand and lack of supply of land in the area.*

$140,000 for a 500 square metre lot to $230,000 for around an acre. In Iluka, residential land from 500 to 600 square metres sell for around $350,000. On the canal in west Yamba, lots are selling for around $700,000.

The shortage of land in the region is set to keep value levels firm however if there is an economic downturn this could bring spare land back to market.

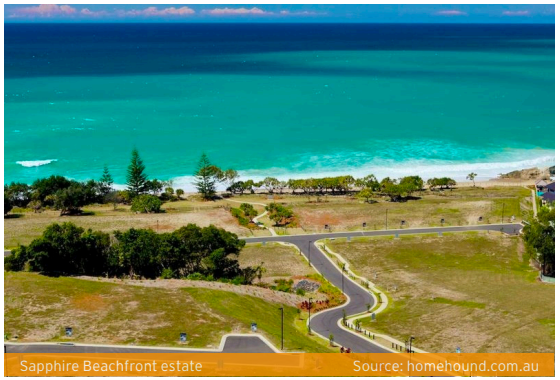
**Simon Evans**
Property Valuer

## Coffs Harbour

The Coffs Coast traditionally experienced steady growth with regard to new home construction which is a major driver for vacant land with the supply and demand being relatively balanced.

Demand over the past 12 months has significantly increased since the onset of COVID-19 as a result of the stimulation packages geared toward new construction plus the increased population migration from the capital cities to regional areas escaping the increasingly common lockdowns. This has seen the available supply dry up and prices being achieved almost doubling.

An example is the Emerald Beach estate (25 kilometres north of Coffs Harbour) which had 500 to 550 square metre sites selling in 2020 for $315,000 to $340,000. The last of this estate sold this year at between $450,000 and $475,000. This represents an approximately 40 per cent increase in value within 12 months. We are seeing the same sort of increase in most of the developing estates with the issue now being that there are no developed blocks of land available for sale. Any new releases off the plan are generally sold well before construction has started in most cases.



Sapphire Beachfront estate Source: homehound.com.au

The closer you get to the water and associated views, the greater increases in values. An example is within the modern Sapphire Beachfront estate ten kilometres north of Coffs Harbour which saw an elevated 550 square metre site with ocean views sell in January 2020 for $485,000, only to sell for $820,000 in February 2021, a massive 69 per cent increase.

The flip side of this vacant land grab is the demand for new house construction which has put pressure on the local building industry to cope with this extra demand both in the form of material and labour prices.

This extra demand results in longer waiting times, increased cost for building products and ultimately more expensive homes. Couple the increase in land values with rising building costs and we are now seeing the end product values exceeding existing value levels in many areas.

Given the current lack of supply and increased demand from both the local and capital city markets looking to vacate lockdown areas, we cannot see this bubble being popped any time soon.

No one has a crystal ball to accurately determine the state of the property market long term, however the Coffs Coast is well placed to ride any potential storm (once the real economic cost of the COVID pandemic is realised) given the location and lifestyle benefits, continuing population growth, regional infrastructure expenditure and the soon to start Coffs Harbour Pacific Highway bypass which will all play a role in strengthening the local economy.

**Grant Oxenford**
Property Valuer

## Newcastle

Land, land and more land, or should we say lack of it! The general high demand for housing along with the government building grants has seen exponential growth in the demand for vacant lots around Newcastle and the Hunter Valley. Developers have reported long wait lists with any available stock being snapped up at a premium.

While there are new subdivisions popping up left right and centre along the Hunter Valley, there is still not enough ready-to-build vacant lots available to satisfy the demand. Focusing on Newcastle, two of the larger and more popular new estates are located in Fletcher and Cameron Park. These suburbs offer new builds while still being within easy access to the Newcastle CBD and beaches. A quick search of sales sites shows a grand total of two ready to build lots across both suburbs, with a number of the unregistered lots already spoken

*Developers have reported long wait lists with any available stock being snapped up at a premium.*



for. Each new sale has seen a significant jump in price from the previous with re-sale lots seeing very nice growth. One such lot is 38 Blackwood Circuit, Cameron Park that sold in June 2019 for $250,000 and was re-sold in June 2021 for $410,000 showing an increase of 64 per cent in two years with no improvements undertaken – not bad at all.

38 Blackwood Circuit, Cameron Park Source: realestate.com.au

The vacant land market is tied directly to the demand for new housing in our area, with many purchasers priced out of more central suburbs and looking to capitalise on government incentives. One issue that has arisen from the recent high demand is builder availability, with many recording record waits of up to 12 months before construction can begin. This has left many potential new homeowners discouraged and looking back to purchasing an older established home rather than wait for construction to begin. This has not slowed down demand in the short-term but as vacant land prices rise and time of construction continues to push further back, we expect a slight cooling off in demand to occur.

The strength of the vacant land market does bring with it some concern around its ability to sustain the values into the future. Land developers have been expanding and developing as quickly as they can in an attempt to fulfil the current demand. The risk is that once these lots are available, if demand drops we will see significant falls in value. Combine this potential risk with the large number of subdivisions available in the Hunter Valley and there is the opportunity for an extensive over supply to occur. While there are no signs of this occurring at the moment with land still selling quickly and at a premium, only time will tell.

**Tom Mc Douall**
Property Valuer

## Central Coast

The Central Coast region geographically is home to some of the most scenic National Parks and naturally formed waterways within the state of New South Wales. With sandy edged coastlines bordering the region in the east and endless rural and bushland pastures towards the west, it is an area that is unique and hard to replicate anywhere else.

Immersed within this naturally beautified region are built up residential suburbs in the south and a mix of established and emerging suburbs in the development corridor to the north, home to a population of approximately 330,000.

Opportunities to secure vacant residential land parcels at the southern end of the Central Coast remain a challenge with very limited supply levels. There have been examples in Umina Beach, Woy Woy and Ettalong Beach of developers purchasing older style dwellings on land that is large enough and zoned for low density unit style living. The construction of choice is generally a mixture of single level villas and two storey townhouses, subdivided separately with strata title ownership.

Over the past five years, the Kings Estate in Terrigal has emerged from a natural bushland site that remained dormant whilst surrounding residential subdivisions progressed. This estate has provided a much-needed boost in vacant land supply levels in the local area, however the final stage 4 land release appears to be now fully sold by the developer. Some landowners who originally purchased lots off the plan have decided to sell and not develop. A recent example is the land at 76 Reginald Drive, Terrigal. Located within the Stage 4 land release, the land is approximately 876 square metres, west facing and moderately sloping towards the rear. The lot settled in January 2021 after an off the plan purchase for $630,000 and resold in May 2021 for $800,000.

It is no secret that supply of vacant land in the central areas of the central coast is limited, just like in the south. Most of the suburbs in the area are well-established, therefore it is infrequent that vacant parcels become available for sale. However, when land does hit market in this area, it is snapped up quickly.

The most recent and only large-scale land subdivision in this area is the Glades Estate located on the suburb border of Berkeley Vale and Glenning Valley. It was confirmed that all of the land in the primary stages was sold off the plan and completely

*Most of the suburbs in the area are well-established, therefore it is infrequent that vacant parcels become available for sale. However, when land does hit market in this area, it is snapped up quickly.*

*Demand for all of these suburbs is being driven by both Sydney and local buyers looking for affordable land within close proximity to the M1, railway corridor and local infrastructure.*

sold out with future stages yet to be released. In the past six months, we have seen some of these off the plan lots resell and achieve strong prices.

Examples of resales of lots in the subdivision include:

- **26 Bottlebrush Drive, Berkeley Vale**- 570 square metres of land which sold off the plan in March 2018 for $360,000 and resold in May 2021 for $578,000;
- **28 Bottlebrush Drive, Berkeley Vale** – 570 square metres of land which sold in February 2020 for $360,000 and resold in May 2021 for $591,000; and
- **11 Sandalwood Close, Berkeley Vale** - 463 square metres of land which sold off the plan in February 2019 for $362,000 and resold in February 2021 for $490,000.

Historically, beachside suburbs on the Central Coast have been gentrified over the years by buyers seeking opportunities in the knock down and rebuild market. Partially executed, 35 Mcgee Avenue, Wamberal was purchased in May 2019 with an older style dwelling in place for $1.62 million. A change of heart by the current property owners after demolishing the dwelling, the vacant land parcel with an approval granted for a new dwelling was under contract for $2.4 million as at July 2021, according to CoreLogic RPData records. Even without the added value of the pre-existing dwelling, it equates to a 48 per cent increase in value in just over two years.


35 Mcgee Avenue, Wamberal Source: CoreLogic RPData

The northern end of the Central Coast typically provides more options for those looking to purchase vacant land. The region continues to be the development corridor, appealing to many buyers as being a more affordable alternative to other Central Coast areas.

Woongarrah, Warnervale and Hamlyn Terrace have various existing and upcoming estates where vacant parcels of land range from 450 to 700 square metres. These estates offer a good location within close proximity to the M1, schools and shopping. Evidence of the recent growth in the market is shown through a recent sale of a vacant land block at 13 Honey Myrtle Road, Warnervale (672 square metres), selling for $399,000 in May 2021. By comparison, 7 Honey Myrtle Road (671 square metres) sold for $350,000 in November 2020.

A new subdivision is under construction at 37-53 Albert Warner Drive, Warnervale which indicates there is no shortage of demand for vacant lots such as these.

Looking further north to Wyee, Radcliffe Estate offers vacant lots ranging between 400 and 800 square metres. According to realestate.com.au, a 550 square metre parcel of land sold in this subdivision in July 2021 for $480,000. Pre-COVID and during the early months of 2020, prices were ranging from the low to mid $300,000s for vacant lots in this estate.

Demand for all of these suburbs is being driven by both Sydney and local buyers looking for affordable land within close proximity to the M1, railway corridor and local infrastructure.

These areas have seen demand levels increase as people more so now than ever have the flexibility to work from home and are less inclined to work from Sydney CBD based office environments. If working arrangements revert back to how we knew life before COVID-19, then buyers need to be mindful of the commuting time and distances to Sydney based workplaces.

Further north again at the tip of the Central Coast, Gwandalan is continuing to expand. While land is hard to come by in the existing estates, the upcoming Crangan Bay subdivision is under construction. The estate advises that 95 per cent of Stage One is sold, however this has not been confirmed and price guides are not readily available for this development.

Comparatively, a 700 square metre vacant lot in the existing Gwandalan estate at 66 Fairwater Drive sold for $329,000 in February 2021. Prior to that, it sold for $230,000 off the plan through the developer in 2016.

**Todd Beckman, Julia Miller and Jemma Briscoe**
Valuers



## Illawarra

The region has been under tighter restrictions recently and while these have impacted open homes and auctions, the overall sentiment of the residential property market in the Illawarra remains positive. Transactions have continued and new properties are still being listed.

As for land, demand has been strong in recent times along with the wider property market. The growth areas in West Dapto (Kembla Grange, Wongawilli and Horsley) move through different phases and further supply is either in the planning stages or currently under construction. Where rebates were once required to stimulate some action, these are a thing of the past in the current hotter market. Standard block sizes are approximately 450 square metres and prices sit around the high $400,000s for these lots with a 550 square metre lot in Kembla Grange Estate recently selling for $550,000. Larger lots can be available in these subdivisions although most of these are affected in some way by either powerlines or environmental impacts.

Further south, construction continues on future stages of the Calderwood Valley and Tullimbar subdivisions. The developer of Calderwood is not currently selling any lots and there are only a small number of re-sale lots available with prices starting in the high $300,000s for the smaller lots. Across the road, 1881 Tullimbar has recently settled its most recent stage, with stages one to four all being sold out. Re-sales are available on some lots with smaller split level lots available in the low $300,000s.

1881 Tullimbar Source: 1881tullimbur.com.au

Shell Cove remains the other major land release suburb in the region. The developer advises that their next release will take place mid-way through 2022. Re-sale lots do become available in different pockets of Shell Cove with a 390 square metre lot in the premium Beachside Collection listed for approximately $1.6 million.

Overall supply in the new release areas is limited and demand is high. In the next year or two, additional stages and subdivisions will hit the market. These are expected to sell well if the market remains as hot as it currently is although if conditions weaken, recent history has shown that prices in the new estates can be impacted when supply is at its peak.

Land in the established Illawarra suburbs is rare and when lots have come onto the market in recent months, they have been snapped up quickly. A block on Abercrombie Street in West Wollongong sold in March this year for $810,000 exactly two years after it previously sold for $570,000, a gain of 42 per cent.

*The Shoalhaven region is becoming a hotspot for local families and out of town buyers alike.*

For something a little different, would you like a small block of bushland in Helensburgh? Lady Carrington Estate was subdivided in the 1980s with speculation that the lots could be rezoned to permit residential dwellings. As of today, this hasn't yet happened and last year further submissions to rezone the land were knocked back. The lots continue to trade from time to time; recent sales range between $60,000 and $100,000. Council rates are approximately $135 per year. This is about as speculative as it comes, but if rezoning did occur, the lots would appreciate in value overnight.

**Chris McKenna**
Region Director

## Nowra / Shoalhaven

Well, the COVID-19 pandemic has once again impacted our lives. The latest lockdown across greater Sydney, including the Wollongong and Shellharbour Local Government Areas (LGAs), has not only affected our day to day lives but has also impacted the residential property market in the Shoalhaven region.

Agents are advising of a decline in people attending open houses and less out of town money (Wollongong and Sydney purchasers) active in the market. On the other hand, agents are noting that demand and property values have not been negatively affected. In some ways, the latest COVID-19 outbreak has allowed local purchasers to re-enter the property market. Let's take a quick look at how vacant land is currently performing in the Shoalhaven region.

Of significant note highlighting the strong demand and limited supply for vacant land in the region is the outcome of a new subdivision in Tapitallee known as Tangala Estate, situated near North Nowra and fronting Illaroo Road. This saw all 24 allotments of approximately an acre in size sell on

*The biggest driver historically behind the Southern Highlands market growth has been Sydney buyers as they realise there is an alternative to the urban environment.*

the same day for a reported combined total of $19 million with an average block price of $790,000. It was also reported that of the 24 purchasers, only two were from outside the region with over 100 registered bidders taking part in the auction.

With a limited supply of vacant land currently on the market in the region we are also seeing positive and strong results in other new subdivisions. Basin Rise Estate, located within walking distance to the St Georges Basin local shopping village and local leisure facilities, is reportedly selling strongly. This is also the case with a new subdivision further south known as Sussex Inlet Golf Village.

The Shoalhaven region is becoming a hotspot for local families and out of town buyers alike. The rapid population and infrastructure growth in this region are attracting more and more people to the area, many of whom are seeking to escape the city lifestyle. This combined with local purchasers looking to enter the market or upgrade on their existing property, makes purchasing a vacant allotment and building a new dwelling an attractive proposition.

**Joshua Devitt**
Director Valuer

## Southern Highlands

The northward march in record median prices across the Southern Highlands over the past 18 months is proving unrelenting across all value levels from the sub-$500,000 entry-level homes on the fringe of the Highlands villages to the prestige, rural lifestyle segment. Median prices in the main township of Bowral have risen more than 16 per cent over the 12 months to April 2021. All the above said, one of the standout performers when looking at price increases in the markets is without a doubt vacant land.

The biggest driver historically behind the Southern Highlands market growth has been Sydney buyers as they realise there is an alternative to the urban environment. Like other regional locations across New South Wales, the pace and level of sales has markedly increased over the past 18 months, one of the consequences of COVID-19 and continued lockdown restrictions felt within Sydney. Well known demographer Bernard Salt has identified this latest significant upward trend of Sydney buyers fleeing city living as "VESPAS" (Virus Escapees Seeking Provincial Australia). This does encapsulate the mood as individuals and increasingly millennials and young families seek more space and better lifestyle choices whilst still being located in the Goldilocks zone, just the right travel distance (90 minutes) from Sydney.

Looking back to Quarter 1, 2020 and prior to the initial surge in the local market, overall land stocks across the region had been sitting at a low to moderate level. Developments such as Renwick (Mittagong) had sold the vast majority of its remaining stages over the previous two years. Moss Vale's largest development of Darraby was on its last release and struggling to move all the remaining lots at the price guide of $260,000 to $295,000 and Bowral's Retford Park only had a handful of vacant parcels left.

Inevitably from Quarter 2, 2020 as the region began to be discovered by the VESPAS, property prices across all sectors boomed, markedly for vacant land. By way of illustration, the residual land in Moss Vale's Darraby Estate that had limited enquiry at the beginning of 2020 has quickly seen significant uplift over the past 12 months, with one of the most recent premium blocks in the estate achieving $480,000 only last month. The same impressive uptick in prices was noted in Renwick (Mittagong) with one particular block on Green Street which sold for $300,000 in 2017 recently re-selling for $630,000 some four and a half years later.

In the current term, we expect vacant land to continue to achieve strong results and be snapped up as quickly as stages come on the market, given the increased demand for the region and the relatively low levels of stock available. The current under supply would appear set to continue, with the majority of vacant land coming on the market being off the back of smaller subdivisions typically of less than 20 lots. This is of course until the staged release of the recently renamed and controversial development of Ashbourne Estate (Coomungie, Chelsea Gardens, Moss Vale) commences. The development located on the southern outskirts of Moss Vale is the largest land release in the Southern Highlands and will make way for up to 1,800 new dwellings over the next decade. The overall long term impact of such a large scale land release will create significant challenges for social and civil infrastructure which is already under capacity due to Wingecarribee Council and councillors' long term ineptitude that resulted in Council suspension and the appointment of an administrator in September 2020.



The light on the hill for the Southern Highlands region is that with the significant influx from the VESPAS showing no signs of abating, infrastructure is now front and centre as a priority for local government, which combined with a coordinated staged release of land to market in line with required infrastructure upgrades should ensure the risk of an oversupply of land within the local market is minimised.

**Kurt Bismire**
Valuer

## Tamworth

The central north-west New South Wales area of Tamworth has typically produced steady residential development sites throughout the past decade. Demand and supply were generally balanced throughout that period – that is until mid-2020. Since federal government incentives for new home construction have emerged, the Tamworth residential vacant land market has been inundated with local and out of town enquiry.

Demand for vacant land increased significantly in mid-2020. This demand has been primarily driven by affordable land prices in comparison to other regional centres (Dubbo, Mudgee, Orange). The strong general property market and incentives to build have also influenced the Tamworth vacant land markets.

Tamworth city is currently offering vacant land allotment within several estates, most of which are expanding any residual land available to accommodate current demand. The most active suburbs within the Tamworth area are Calala (Redbank Estate, Lampada Estate and The Outlook) and North Tamworth (The Meadows, Windmill Hills Estate and Northern Lights Estate). These estates all offer a range of vacant land sites from 600 square metre to larger 1,000 square metre allotments. Price differentials are largely influenced by soil types (which dictate house slab class), topography and aspects.

Let's talk price points.

Generally speaking, most residential vacant land within the Calala, Hillvue and North Tamworth locations ranges from prices of $135,000 to $165,000. These allotments typically have land areas of 650 to 800 square metres.

Rural residential land within the Moore Creek area (land sizes ranging from 2,000 square metre to four hectare sites) have a price range from $175,000 to $350,000.

Current strong market activity is expected to continue for the short to medium term mainly due to constraints on available stock. Future development has been fast tracked, however wet weather conditions and a local government and certifier backlog have delayed further developed land from entering the Tamworth market. The medium to long term outlook for the Tamworth vacant land market is that demand will taper off, leaving local markets and the construction industry to gain some ground on the recent and current spike in local residential property markets.

**Nick Humphries**
Property Valuer



# Victoria

## Melbourne

According to new figures from CoreLogic, Melbourne home values are 5.3 per cent higher compared to the pre-COVID heights recorded in March 2020. In Melbourne alone, housing values have risen by a further 1.8 per cent despite the state spending the majority of June under restrictions. This growth is in line with earlier predictions from the Commonwealth Bank, which predicted home values to rise by around 20 per cent for the year of 2021.

As it currently sits, the state is currently enduring its most recent lockdown. Relying on experience from the previous snap lockdowns, it won't be enough to hinder the growth seen throughout the market.

### Melbourne CBD and Inner City

Due to the obvious lack of supply of vacant residential land within the metropolitan Melbourne region, the very few sites that do become available are sold at a premium. In a city that has been vastly developed, the option of purchasing land and building a home is made near impossible by the unfeasible prices and limited availability.

When these opportunities do arise, they are generally being utilised for multi-level developments in an attempt to generate a revenue that will cover these high land costs. This can be made difficult by the area's relevant overlays and restrictions.

One of the few recently listed inner city vacant blocks is this site at 99 George Street, East Melbourne, Vic 3002. The site in exclusive East Melbourne is unique and is in close proximity to the CBD, public transport and the MCG. At just 229 square metres, the property is currently listed with an indicative price guide of $2.4 to $2.64 million and would provide a blank canvas for a contemporary home, subject to council approval.

For Sale: 99 George St, East Melbourne Source: realestate.com.au

### South-east

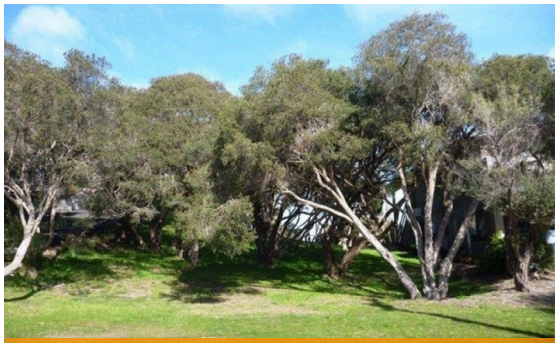
In regard to land, Melbourne's south-east is an area of interest in terms of availability and affordability. With Melbourne's inner city property prices remaining in a position of strength, the option of purchasing land and building in the middle and outer suburbs is becoming increasingly attractive for many individuals and young families.

The areas including and surrounding Clyde, Cranbourne and Officer have all seen an abundance of estate developments offer land at relatively affordable prices. These blocks range from approximately 175 to 800 square metres and can be purchased between $250,000 and $500,000. A few of the most sought-after estates offering vacant land or house and land packages are Smiths Lane, Arcadia and Elliston located in the suburbs of Clyde and Clyde North.

Conversely, market conditions along the Mornington Peninsula, particularly the suburb of Rye, are very strong with land selling at a premium. Due to the large block sizes, low density zoning and the attractive peninsula lifestyle, parcels of land ranging from 500 to 1500 square metres can be purchased for a price between $600,000 and $900,000.

This 697 square metre vacant block situated in the popular suburb of Rye recently sold at a price of $620,000. The land is in a quiet street in a general residential zone and would be suitable for a contemporary single level dwelling.

*As it currently sits, the state is currently enduring its most recent lockdown. Relying on experience from the previous snap lockdowns, it won't be enough to hinder the growth seen throughout the market.*



Sold (04 August 2021): 17 Nalong St, Rye Source: realestate.com.au


15 Dingley Street, Templestowe Lower Source: realestate.com.au

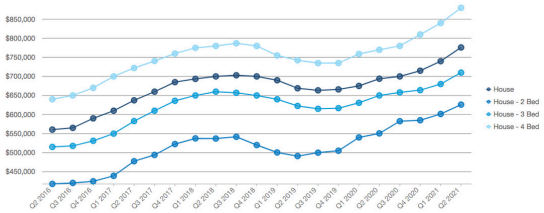
**Inner and Outer East**

The demand for vacant land in Melbourne's inner east is predominantly driven by the lack of availability. Vacant land is extremely scarce in these areas and purchased for a premium. An exception to this, however, is when owners decide either to knock down old and outdated properties in order to build brand new homes on large parcels or subdivide larger lots to create smaller vacant allotments to be sold or developed. Given the current low interest rates and individuals currently equipped with a higher borrowing capacity, the premium prices we have seen for these lots are tipped to continue.

The largest demand shift has been for larger dwellings as opposed to being closer to the outskirts. A prime example of this is a current listing at 15 Dingley Street, Templestowe Lower, a 721 square metre vacant lot listed with an asking price of $1.4 million to $1.5 million (realestate.com.au, 2021).

A new estate is currently being developed in Lilydale, known as the Kinley Estate. This estate recognises that as the last major development estate in the outer north-east, it aims to have a meaningful development – one which incorporates futuristic housing and urban design principles, whilst holding on to the character the surrounding area possesses. The Kinley Estate will offer the opportunity to purchase vacant land in the outer north-eastern suburbs, a short five minutes from the Lilydale town centre.

In the far outer east and Yarra Valley, given the regional nature, there is a larger amount of land stock available for buyers looking to purchase larger lots in order to build their ideal home. It is possible to apply for planning to build residential properties in areas of Healesville, Badger Creek and Yarra Junction that typically are zoned either rural conservation or green wedge and we are starting to see that these areas are becoming more residential in nature. Strength in this market can be highlighted in the median house price growth in the Yarra Ranges LGA across the past couple of years. From Quarter 3, 2019 to Quarter 2, 2021, the median house price has risen from $663,500 to $776,000 across the local council area, with a promising trend that looks to continue into the foreseeable future. This creates confidence in the market, generating an attractive alternative for homebuyers to build their dream home on large lots, rather than settling for established ones that may not suit individual needs.



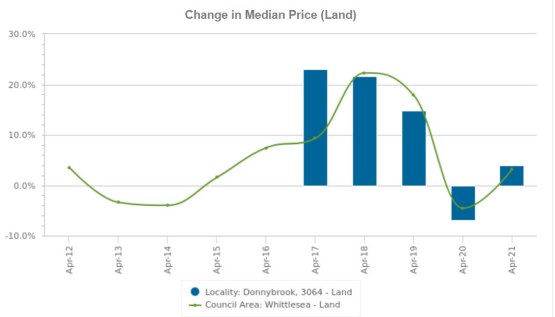

Source: PropertyData.com.au 2021

**Inner and Outer North**

The outer northern suburbs of Melbourne provide an abundance of vacant land blocks for sale, predominantly in suburbs with emerging estate developments. In the current COVID-19 climate, we are seeing buyers opt for larger parcels of land, with the outer north proving an affordable and realistic opportunity. Suburbs such as Mickleham, Donnybrook, Kalkallo and Wollert have all experienced an increase in buyer demand for vacant lots. For example, the amount of vacant land sales in Donnybrook has nearly doubled over the past year, jumping from 110 to 219 for the year up to April 2021 (RP Data, 2021). With government stimulus allowing potential buyers the opportunity to build at a reduced cost, the demand for vacant blocks has pushed median sale prices upwards throughout the pandemic.

*In the current COVID-19 climate, we are seeing buyers opt for larger parcels of land, with the outer north proving an affordable and realistic opportunity.*

For example, Donnybrook has experienced steady growth in median sale prices over the past year up until April 2021, increasing from $281,000 in July 2020 to $300,000 in April 2021. With the government's HomeBuilder scheme coming to an end and an increasing supply of vacant land blocks in the outer north, we expect prices to stabilise in the coming months.




Change in Median Land Price in Donnybrook Source: Rp Data 2021

As you move more towards the inner northern suburbs, the availability of vacant land stock becomes far scarcer and as a result, comes at a premium. Generally, should you want to develop a block of land in these areas, you will be required to demolish an existing building. However, in saying this, there are some vacant block land sales that have recently been transacted in Melbourne's inner north.

*With what seems like an endless supply, Melbourne's west has one of the largest development and growth potential areas in the country.*

The below vacant allotment at 10A James Street, Abbotsford recently sold for $737,500. Boasting just 120 square metres of land, this block is located in close proximity to North Richmond Station, Fitzroy Gardens and the restaurants of Victoria Street.

**Western Suburbs**

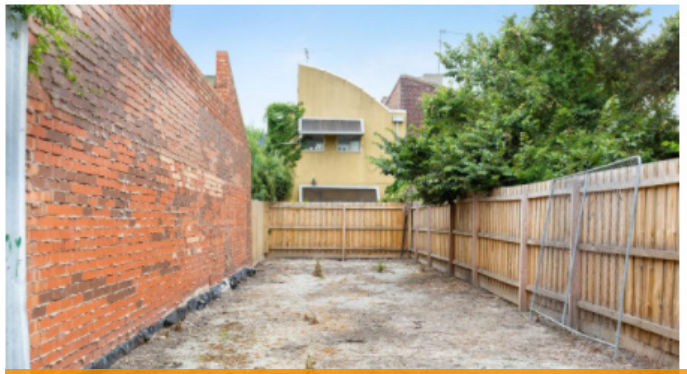
The outer western suburbs of Melbourne have been and will continue to be inundated with vacant land for quite some time. With what seems like an endless supply, Melbourne's west has one of the largest development and growth potential areas in the country. A few factors driving demand for this product type are government incentives (being the first home buyers and home builders grant alongside reduced stamp duty), attractiveness of existing multi-cultural communities and low interest rates.

Local government areas that have large stockpiles include Wyndham Vale and Melton which include suburbs such as Tarneit, Truganina, Mambourin, Wyndham Vale, Thornhill Park, Weir Views, Deanside and Rockbank just to name a few. Between the period of April 2020 and April 2021, Tarneit had 954 vacant land sales, increasing from 765 from the previous year with a median price of $315,000 (RP Data). Truganina sold 726 lots with a median price of $315,000 (RP Data). Both Thornhill Park and Weir Views sold over 200 lots each with both areas having a median price of $285,000 (RP Data). These price points are stacking up with demand being the key factor. The pandemic has changed people's needs with a larger dwelling on a large parcel of land being the more desirable product type. Market conditions should be maintained over the medium to long term on this basis.

A potential oversupply of land being developed could see prices decrease slightly over this time period, however demand for construction and new builds should counteract this should it happen.

**Geelong**

Geelong, much like the rest of Victoria has seen an uptick in first home owner activity in 2021. Low interest rates, subsidy programs and stimulus packages such as HomeBuilder and JobKeeper, along with a ban on international travel have meant more people are able to purchase land.



Sold: 10A James Street, Abbotsford


Source: realestate.com.au

Greater Geelong peaked in April 2021 with a 7.21 per cent change in median price for land. The sales of 19 Board Place, Geelong and 21 Mundy Street, Geelong for $865,000 and $890,000 respectively indicate a price guide of $1,700 to $2,000 per square metre of land for CBD stock.

19 Board Place, Geelong Source: CoreLogic

21 Mundy Street, Geelong Source: CoreLogic

Land developments such as Armstrong Creek, Charlemont, Mt Duneed and Lara are still proving popular, with some local agents noting that some buyers are camping out overnight to secure land in Villawood Properties' Armstrong Estate (realestate.com, 2021). Surrounded by local amenities such as schools, shops, employment and public transport, it's no wonder these growth areas are selling out quickly.

In Armstrong Creek, discussions with local land estate developers indicate that due to the strong demand, clients are being advised to register early or face long times on wait lists. The lack of readily available titled land in this region is impacting the price expectations of the limited titled land on the market.

Demand is again strong across the Bellarine Peninsula, with $11 million worth of land selling in 24 hours in St Leonards (Neville Richards, 2021). The property at 6 Devenish Way, St Leonards, sold through the developer in June 2020 for $234,950. A year later, the same property sold for $325,000 (RPData 2020). With construction still operating and most builders finding ways to work with the restrictions, land sales should expect to remain strong in these areas.

**Perron King**
Director

## Warnambool

Standard suburban land within newer residential estates has been selling as quickly as it is advertised within the Warrnambool region. Buyers new to the property market account for a large portion of this activity, opting to pursue house and land deals and avoid what may be considered the more stressful route of buying an established property. Investors too have been active in this space with relatively cheap land and rising land values making for a very attractive buy-in.

Warrnambool has a number of larger residential subdivisions available for buyers at varying price points. The market quite clearly identifies preferred locations such as the coastal Logans Beach Coastal Village or Hopkins Ridge Estate situated along Hopkins Point Road with ocean or river views the drawcard.

Broad river views were provided from 38 Motang Drive, Warrnambool which sold for $415,000 in March 2021. The lot did feature quite the sloping topography but also an enviable land area of 3,441 square metres.


38 Motang Drive, Warrnambool Source: Corelogic/RPdata.com

Similar in reputation is the Mervue Estate in South Warrnambool which provides great proximity to the golf course and city centre.

A tier lower is the land located within the Wollaston Way and Northern Edge estates. While highly active and selling easily, prices in these areas are $160,000 up to the lower $200,000 mark for larger blocks.

Centrally located allotments are being provided to the market via subdivision of existing property with high levels of enquiry and short selling times. Sized under 500 square metres, these allotments range between $240,000 and $300,000.

Looking forward, we believe that the uptake of vacant residential land in developed areas of the city will continue strongly, as will the land offered within or proximal to the expanding premium subdivisions along Hopkins Point Road.

*There has been a noticeable trend towards smaller lot sizes in most of the subdivisions completed in recent times, driven by developers needing to recoup the higher costs being incurred.*

Presently we see a level of optimism by potential land purchasers in the lesser regarded established estates to the south-west and west of Warrnambool including the areas of Merrivale and Dennington. Moving forward we feel that these areas may enjoy an uplift in values but caution that these will not be in line with other, more favourable areas.

24 Cilmery Crescent Woodford Source: Corelogic/RPdata.com

Finally, the semi-rural and lifestyle areas surrounding Warrnambool have shown a noticeable uplift in value over the previous six to twelve months. This sale at 24 Cilmery Crescent, Woodford, VIC, 3281 achieved $350,000 at auction and provides the winning bidder with 5677 square metres of land and views of the rolling green landscape all within 15 minutes of the Warrnambool city centre.

**Jordan Mowbray**
Valuer

## Mildura

The local market has seen land prices increase over recent times, particularly over the past 12 months.

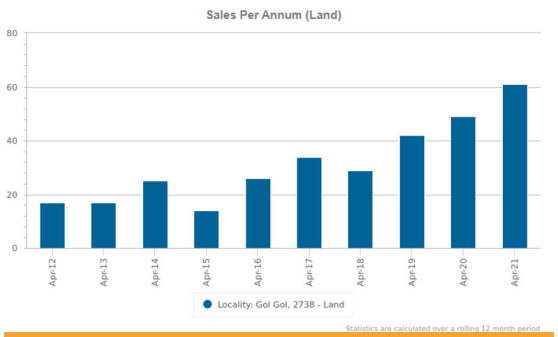
This is attributed to several factors including recent government grants put in place to create an incentive to build new homes. Working alongside this has been the shift of residents from larger cities to regional locations due to the COVID pandemic.

Recently there have been several large subdivisions undertaken with vacant blocks of land going under contract much faster than historically seen in the Mildura region. The majority of this development has been in Mildura with other suburbs such as Irymple, Red Cliffs, Gol Gol and Merbein having a large volume of vacant residential allotments come to the market and being met with a high demand.

There has been a noticeable trend towards smaller lot sizes in most of the subdivisions completed in recent times, driven by developers needing to recoup the higher costs being incurred.

Our observation is that the value of typical serviced allotments has increased by approximately 25 per cent during the past year, with slightly lower rates of growth evident in the preceding two to three years. The result is a median land price in Mildura of around $160,000, noting there is a significant spread in lot values depending on location.

The town of Gol Gol, located on the New South Wales side of the border, eight kilometres from Mildura has seen a large amount of new development in recent years, with buyers attracted by the larger than average allotments compared to Mildura and Irymple. Below is a graph indicating the higher volume of vacant allotment sales during the past three years.




Sales volume in Gol Gol Source: RP Data

**Jake Garraway**
Valuer

RESIDENTIAL

# Queensland

## Brisbane

Brisbane is Australia's largest city by land area, but only the third largest by population. That equation means we enjoy all the benefits of a bustling metropolis AND a low-density lifestyle.

It also tells you that we should have plenty of land available for vacant residential allotments within our region.

This bodes well for our local markets in 2021 and beyond. Not only did government stimulus elevate activity in the property market, but our relative success in supressing COVID has made us a very attractive option as a place to settle down. There's every expectation that as both national and international borders reopen, the Brisbane region will enjoy plenty of interest from those looking to relocate.

While history dictates the current upward price cycle will eventually swing back towards a more balanced market, this is unlikely to happen in the short term.

Like most other centres, this ramp up in demand for vacant land in Brisbane is linked to the construction boom, but there is some fallout now being felt. Building materials supply is tightening and construction costs continue to rise. In many instances we're seeing builds become either unaffordable or examples of overcapitalisation. It's likely purchasers will eventually begin to recognise better value in established housing which could ultimately slow the vacant land market.

*While history dictates the current upward price cycle will eventually swing back towards a more balanced market, this is unlikely to happen in the short term.*

But for now, things are strong. So, let's dig a little deeper into our market.

**Traditional size lots**

We've seen good demand for these blocks, particularly from first homeowners. There's also strong demand from families wanting to be close to new schools and amenities and they're keen to build a home that suits their needs.

While we do have a good stock of available developable land in our wider region, the process of completing subdivisions and bringing them to the market takes time. As such, supply is limited at the moment. The outcome has been a palpable sense of FOMO among buyers each time a new stage is released to the market.

And developers are the beneficiaries. We've heard anecdotally that they're able to pre-sell 70 per cent or more of each project's stage before it's completed.

Here are some examples of activity in the traditional size lot market to help paint the picture.

Positioned 28 kilometres south-west of the Brisbane CBD and adjacent to the Springfield Lakes development, Spring Mountain has plenty of new land due to be released in the coming years. The estate's last release of around 100 lots came to market just a couple of months ago and is already sold out. Price points sit at $240,000 to $265,000 for 300 to 350 square metre blocks.

Pallara is positioned 16 kilometres south of the CBD and has a large pipeline of land due to come online in the next few years. The predominant developer in the area is Ausbuild, although some smaller operators are bringing stock to market as well. Price points in Pallarra sit at $330,000 to $340,000 for 400 square metre lots and $285,000 to $305,000 for 300 to 350 square metre lots.

Other areas of interest for first time buyers and young families looking at the affordable end of the market include Logan where 400 square metre blocks are available for $230,000 to $250,000.

For those with a higher budget, Upper Kedron in Brisbane's north has a number of allotments on offer, with 400 square metres setting you back around $430,000. Values here have remained strong with established good-quality housing already finding favour in the market.

**Low density/rural residential sites**

The pandemic has recharged demand for low-density living. While we're sure good neighbours can indeed become good friends, there's nothing like having a huge slice of land all to yourself. It's an

excellent way to socially distance and it gives the kids plenty to explore during lockdowns.

While demand is up, there is limited stock of this sort within Brisbane City. Most sites are stand-alone rather than in estates and they're dotted around the outer Brisbane City suburbs – think Rochedale in the south and Brookfield, Pullenvale and Anstead in the west.

Local authority areas adjacent to Brisbane will have more options for those seeking lower density living.

**Infill blocks**

Of course, infill blocks are the most likely option if you're looking to build a new home in higher-density suburbs closer to the CBD. These are usually created when a larger block has been split into two or three, or where a property is bought with a demolishable (post-war) home.

Infill blocks in Brisbane are highly prized – particularly very close to the CBD.

A great example is this site at 56 Murruba Street, Paddington which sold in March this year for $1.525 million. It had a good size frontage and was of regular shape, but had no notable elevation, was west facing and has some exposure to a busy local road.

56 Murruba Street, Paddington Source: realestate.com.au

Even our more affordable suburbs are seeing strong demand for infill sites. Take this sale at 15 Brier Street, Moorooka. It sold in August for $732,000. It's a regular shaped 607 square metre lot that's cleared and ready to build on. The location is reasonable and there is a westerly outlook to the rear.

15 Brier Street, Moorooka Source: realestate.com.au

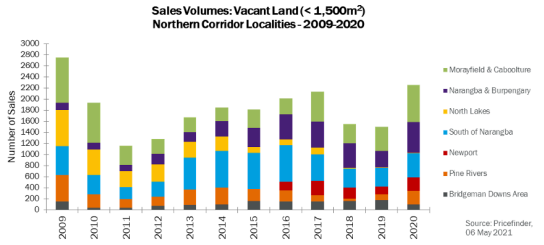
**Development corridors**

Brisbane's "pebble in the pond" layout makes for corridor development that radiates away from the city centre.

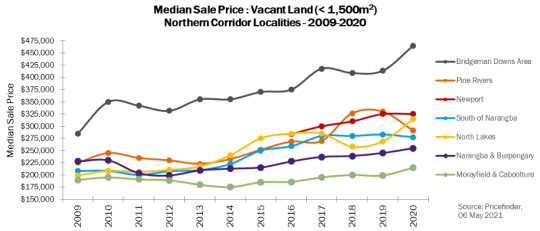
For this submission, we've focused on activity in the northern growth corridor, but similar activity will be being experienced in the west as well.

In the north, our experts have said that vacant land in large master-planned projects is most in demand. Prices have been on the rise – to the point that it can be difficult to support some contract figures because of a lack of comparable evidence. Put simply, some purchasers' prices are a little "pioneering" compared to available sales evidence from previous weeks.

You can see how the tempo of sales has ramped up in 2020 and we expect 2021 will see even more activity.



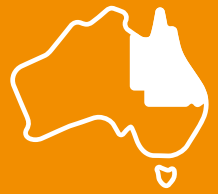

Prices have made similar moves.




Staying in the north and Peet Limited is developing a project in Caboolture that will see prices for 450 square metre sites rise from $235,000 in the current stage to $290,000 in the next stage.

Our valuers also met with the developer of Fairland Estate in Morayfield. They have just started earthworks on their site at Robbs and Clark Road and did a little pre-release marketing with no prices advertised. Their first stage of 28 lots received an astonishing 400 written expressions of interest from buyers – owner-occupiers only!

Then there's the strong demand for vacant land in Redcliffe and Mango Hill, again driven by owner-occupier households. Among the first homebuyers, there's also a smattering of interest from interstate purchasers at present. Brisbane families are moving away from their inner suburbs too and seeking a more relaxed lifestyle with better access to the coastline.





Some examples of price points include 350 square metre blocks in Newport for $350,000 to $375,000, and 400 square metre sites priced from $380,000 to $410,000. Lakefront 445 square metre sites in Newport fetch $800,000, while canal front lots of similar size will realise $1.1 million.

The more affordable option for buyers is Mango Hill where a 400 square metre lot is worth $375,000, while 500 square metres can achieve $425,000. Lakefront Mango Hill lots of 400 square metres are fetching $465,000.

Heading further north and we've noted increased site acquisition activity by developers in Morayfield recently, so we expect supply and sale volumes for vacant lots in the suburb to increase significantly over the next two-to-three years and beyond. This will be largely driven by developers such as Fairland, Trask Land, Lend Lease, Ausbuild and Cedar Woods, all of whom have large amalgamations with applications lodged (either pending approval or very recently approved).

Caboolture suburbs, including Upper Caboolture and Bellmere, account for around 20 to 25 per cent of all vacant land sales through the northern corridor. These areas deliver larger lots (on average) at a lower price point. The large master-planned estates of Riverbank by Peet and Central Springs by QM Properties dominate this location.

Riverparks Estate in Upper Caboolture is the next largest estate in the area, however proposed subdivisions to the west of this estate within Caboolture West to be undertaken by Lennium, Orchard Property Group, Baycrown, Avid and Stockland are expected to commence construction simultaneously in early-mid 2022, which will yield a combined circa 2400 lots, substantially increasing supply here.

In short, Brisbane's land market is strong, but rising building costs and rising supply in our outer suburbs will see prices temper at some stage. As to when, well that's the million-dollar question.

**David Notley**
Director

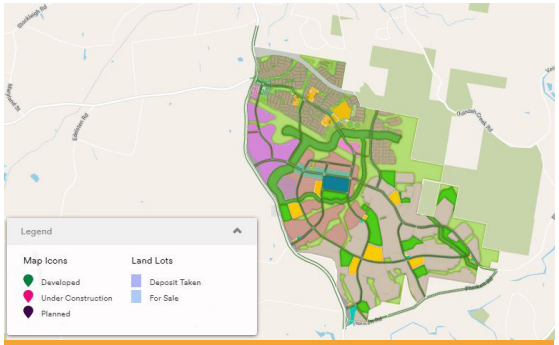
## Gold Coast

**North Western Gold Coast and Lower Logan**

The south-eastern corner of Queensland has seen numerous master planned communities and infill sites developed with smaller lot housing and residential estates. This is one of the most burgeoning sectors for housing construction in the state and this is no more obvious than in the City of Logan and north-western Gold Coast areas.

Located north of the Gold Coast, Logan provides cheaper land alternatives for those pushed out of the exploding housing market closer to the ocean south and the growing metropolis of Brisbane City. The demand for land in this sector is stronger than ever, buoyed by numerous key factors such as population growth, availability and affordability. The positioning between the two cities also offers access opportunities for both at a fraction of the price. Key development areas in this sector include sub-divisions such as Yarrabilba, Flagstone, Bahrs Scrub and Holmview. The entry level option is in Flagstone located 45 kilometres inland from the M1 Highway. This sub-division offers allotments of 250 square metres starting at $143,000. Whilst these may seem extremely small for most, it offers a very affordable option for first home-buyers to build their own home for less than $400,000.

Moving 20 kilometres east, Yarrabilba is another substantial growing sub-division with key amenities such as schools, local shopping precinct, several parklands and a commercial/industrial sector. New land can be purchased at their latest The Parks release for $166,000 for a 260 square metre allotment. Block sizes range up to 640 square metres, so there are larger options for growing families. The map below depicts the size of the development and the areas still available for future release.




Yarrabilba Master Plan — Source: Lendlease

Further east and closer to the main CBD of Logan, Bahrs Scrub and Holmview are very popular sub-divisions only 15 minutes drive from the M1 Highway. Land can be purchased in the latest release of Panorama in Bahrs Scrub for $208,000 for a 330 square metre allotment. The more established Brookhaven sub-division provides smaller 250 square metre lots from $190,000. Neighbouring Brookhaven to the north is the

*Once we get on top of COVID-19 and travel restrictions are lifted, there may be an even larger interstate and international migration to the Gold Coast and we will again see another substantial property value lift.*

developing suburb of Holmview, where a similar price point is advertised by developers.

Whilst steady releases of land are available in this sector, vacant land re-sales are key to determining current market value and in turn supporting developer prices. Unfortunately, there are a very limited amount of these types of properties being transacted, as most are built upon when sold. A recent re-sale of 7 Platypus Street in Bahrs Scrub of a 468 square metre allotment in February 2021 for $265,000 shows an almost 10 per cent increase in value since the previous sale in April 2020 at $244,000. Overall, at the current price points, land values are being supported by assessments made in these general areas. We consider that due to the market trajectory in this area coupled with a level of supply, current market conditions will be maintained over the medium term. This forecast is also further supported by a recent $1.2 billion dollar infrastructure development funding announcement to the areas of Yarrabilba and Greater Flagstone.

**The Northern Corridor**

The property market on the northern Gold Coast is still in a prolonged boom stage with no signs of a slowdown. Sales prices for existing dwellings are still tracking upwards. It's not unusual to see dwellings that sold one or two years ago re-sell for between $75,000 to $150,000 more in the $500,000 to $1 million bracket. Sales agents are reporting that about one-third of the sales are by interstate buyers and many properties are being purchased sight unseen. Additionally, sales stock is very low being well below average Gold Coast numbers. Properties continue to sell quickly, often off market and usually with multiple offers. These factors are driving the demand for vacant residential land parcels.

The northern Gold Coast encompasses the growth corridor tracking the M1 motorway stretching north towards Brisbane. The suburbs of Ormeau, Pimpama, Coomera and Upper Coomera are areas with large land release estates. Estate sales agents are reporting that stock levels have all but been sold out. Despite sales prices being increased by the developers, we are generally supporting most of the sales prices. In most cases we are risk rating those sales to the lenders along the lines that the prices are at the upper end and may not be achieved if the market was to weaken.

A sample of a recent sale of a vacant block is in the latest estate release in Pimpama, being a regular level allotment of 576 square metres for $372,000. This block is well positioned being in a cul-de-sac, backing to parkland and situated within a superior part of the suburb.

Small blocks of circa 300 square metres can be purchased in Coomera for circa $295,000 and circa $325,000 for 400 square metre parcels.

There is no real certainty about the short- or medium-term outlook, however we suspect that the market will continue to strengthen over the very short term within this region. On a longer-term projection and once we get on top of COVID-19 and travel restrictions are lifted, there may be an even larger interstate and international migration to the Gold Coast and we will again see another substantial property value lift. The northern corridor will be the beneficiary of this as it contains the majority of the growth and new suburbs within the region.

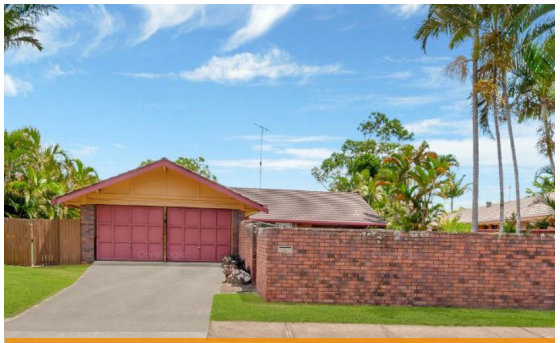
**Southern Gold Coast**

The southern beachside suburbs of the Gold Coast have limited land available for the construction of a new dwelling so the news to report is quite slim. These suburbs include Miami, Burleigh Heads, Palm Beach, Currumbin, Tugun, Bilinga and Coolangatta. They have become highly desirable due to their proximity to local beaches and the restaurant and café lifestyle. Purchasers are now choosing to purchase an older-style dwelling for demolition and subsequent construction of a new and high quality dwelling, or to undertake a full renovation and extension of the existing improvements.

198 Mallawa Drive, Palm Beach before Source: Herron Todd White

198 Mallawa Drive, Palm Beach after Source: Herron Todd White

Comprising a circa 1975 low set brick and tile dwelling with an approximate 18.3 metre canal frontage on its rear north-eastern boundary, this property sold in March 2021 for $1.9 million. The original dwelling has been demolished.



158 Burleigh Street, Burleigh Waters before Source: Herron Todd White


158 Burleigh Street, Burleigh Waters after Source: Herron Todd White

Comprising a circa 1980 low set brick and tile dwelling with an approximate 27.9 metre lake frontage on its rear north-western boundary, this property sold in June 2020 for $1.05 million. The original dwelling has been demolished and a new dwelling is currently under construction.

In recent months, the underlying land price for properties in this area has improved circa 20 to 30 per cent as owners seek a project, be it a renovation or a new build in a popular beachside location.

**Janine Rockliff**
Director

## Sunshine Coast

When talking vacant land on the Sunshine Coast, it's pretty clear that it is in short supply. The recent high demand levels have certainly shown an insatiable appetite for land. The effects of COVID-19, remote working opportunities and government stimulus have all led to a significant uplift in sale volumes. And it's not restricted to a certain size or location.

Within the main land estates such as Aura at the southern end of the Sunshine Coast and Harmony at Sippy Downs, over the past nine months new releases are being sold out within a day or two of being released. The numbers in each of these releases can vary anywhere from between 30 and 70 lots. From discussions with these developers, we note that there is a good mix that is predominantly led by owner-occupiers, with those lots being at the smaller end of the spectrum.

Through the hinterland townships, there are a number of infill subdivisions which have also been performing well. These are where you can find the larger more traditional size allotment of 600 to 700 square metres. These areas all provide good communities and that small town feel yet remain well located. In many instances these areas are circa 20 minutes from the coast.

In the rural residential markets, land is even scarcer. Any land that has been created from splitter blocks or boundary realignments is being snapped up. Of the smaller estates they are being sold out in weeks. One thing that really helps this vacant land market, and also others, is that values paid for the built product have increased. So when you previously had the ability to purchase a completed property for at or below replacement cost, this is now simply not the case.

One interesting observation in the marketplace is that external relativities are being brought in. For example, with the inland properties, a local will think that a 20-minute drive to the beach is a long way. Someone coming from one of the capitals, where it takes them usually 45 minutes or more to get to the beach, they have a very different view. Combined with the green spaces and other amenities on offer, it can become an easy decision for them. This is even on the back of the recent price growth with some of these properties still looking cheap in relative terms.

At present there have been no major signs of a slowing in the vacant land market. We would anticipate natural slowing because the current pace cannot be maintained forever. One thing that may really put the brakes on is the pressure that's being experienced through the construction sector. It's hard to find a builder or tradie with capacity and if you do, the costs to build have increased dramatically.

**Stuart Greensill**
Director

## Rockhampton

The past 12 months has seen a surge in demand for land off the back of the federal government Home Builder Grant. Whilst the grant was available, there was a significant volume of land sales with developing estates selling out the latest stages quickly. The buyer profile for these allotments consists of first home buyers at entry level

*Through the hinterland townships, there are a number of infill subdivisions which have also been performing well.*

prices in selected estates of Norman Gardens ($150,000 for 450 square metre allotments) and Gracemere ($105,000 for 600 square metre allotments) through to second or third home buyers and upgraders chasing larger allotments at Parkhurst ($200,000 plus for 1300 square metres) or Rockyview ($250,000 plus for 4000 square metres). Average, level and easy to build on new lots on the Capricorn Coast were also in high demand with significant price increases taken up by buyers without hesitation.

The region is now at a point where there are very limited ready to build allotments available across the region. This has seen re-sales of vacant land in established areas also improve over this time, particularly on the Capricorn Coast, with sales of moderately to steeply sloping allotments becoming active in the market again after a dormant period.

This sales activity has in turn led to significant increases in construction activity across the region however, the Queensland Master Builders Association reports increased building costs due to supply shortage of materials as a result of increased demand – a direct result of the Home Builder grant (now ended) as well as ongoing disaster recovery work and continued low interest rates. Further, many materials imported to the country are experiencing supply chain shortages due to COVID-19. Delays in construction as well as significant increases to building costs are being experienced.

This has the potential to see vacant allotments re-listed for sale, rather than being constructed upon and may lead to lesser demand for vacant allotments (and greater demand for established housing) due to the increasing construction costs and extended time frames to complete builds in the medium term.

The demand for rural residential blocks (greater than two hectares) seems to be remaining greater than the available supply across the region.

**Cara Pincombe**
Property Valuer

## Gladstone

Vacant land in the Gladstone region was in high demand until the government building grant ended. Since then, there has been very limited activity in this sector. Now this could all be just because builders are so booked up with existing work, however this appears unlikely. As it happens, most of the demand during the stimulus period was for larger, flat blocks. The supply of these types of blocks however has been low for a number of years and as such towards the end of the stimulus period it was clear that purchasers were looking outside of Gladstone itself for these types of blocks and so remaining developer lots in modern estates in Boyne Island, Tannum Sands and Calliope were snapped up. In Gladstone, infill lots, some with significant slope, also started to be snapped up. Sloping lots in Gladstone have in the past had extended selling periods due to the increased costs associated with building on a slope and the fact that these were selling represented just how much demand there was. There is still land available in various fringe estates in Gladstone. Two of the estates are small lot estates which saw some activity for first homeowner builds due to the lower price point. There has also been some investor activity in these estates, however they are at well above market price points and are being sold off to southern investors by project marketers.

**Regan Maye**
Associate Director

## Bundaberg

Land lots of land.... in the past 12 months, the Bundaberg and coastal areas including Bargara and Innes Park have seen a surge in demand for land off the back of multiple drivers including the federal government Home Builder Grant. Whilst the grant was available, there was a significant volume of land sales with developing estates selling quickly. Owner-occupiers appear to be the dominant buyer profile. First homeowners, upsizers and downsizers all are represented in the market, providing a real mix of buyers from all demographics. Investors appear to be less active within the market, which is represented in the style of homes being built. Land within the market is still price point sensitive with most sales transacting under $200,000.

A standout sale at Bargara is a 1812 square metre ocean front vacant site that sold for $2.35 million in March 2021, demonstrating significant demand for ocean front properties within the region.

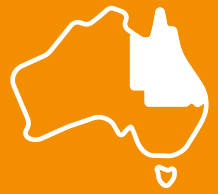
There has been evidence demonstrating that esplanade land in Elliott Heads has increased to over $500,000 with strong sales occurring over the past 12 months.

The broader vacant land market within the region continues to improve, however the impacts of rising construction costs on the vacant land market are largely unknown. There is the potential for a reduction in activity should construction costs continue to rise.

**Catherine Kersnovske**
Property Valuer

*Vacant land in the Gladstone region was in high demand until the government building grant ended.*







## Mackay

Vacant land has seen a surge in buyer activity right across the Mackay region in the past 12 months, with virtually all estates experiencing this demand. The federal and state government grants did this job, allowing up to $45,000 for first home buyers to purchase and build a new dwelling. This demand continued strongly up until the end of the grant, and we have now seen an easing. However, this can also be attributed to the large quantity of land sold and the backlog of builders trying to complete new dwellings. We have been told anecdotally that some builders have six to 12 months forward work on their books.

This demand for vacant land hasn't been just in the new estates. Blocks that have lain dormant on the market for years have all been snapped up.

**Mick Denlay**
Director

## Hervey Bay

Vacant land is in short supply across the Fraser Coast after a very rapid absorption of available stock over the past twelve months. Land sale prices have been rising in the vicinity of between 20 to 50 per cent in comparison to prices only eighteen months ago. This is particularly relevant for smaller seaside areas such as River Heads, Toogoom, Burrum Heads and Poona. Some of these areas were oversupplied with some sites sitting on the market for years, with asking prices as low as $60,000. These same sites are now selling for well over $100,000 depending on views, land size and topography. Demand has been driven by mostly interstate and out of area buyers looking for a seachange and perhaps working remotely, although reasons seem to vary widely depending on age. First home buyers were prevalent when the government building grants were available, however demand has now dropped off due in part to the escalating price increases and cessation of grants.

There are some existing estates in the process of completing new stages with the current high demand indicating that stock will sell very quickly. Most builders in the area have been inundated since Homebuilder was introduced, with start dates for new builds now pushed out six to twelve months. The rising price of materials and labour has created a major challenge for builders quoting on new contracts. Vacant land prices are expected to continue to rise in the short to medium term given the low supply and relentless ongoing demand.

**Tracey Werder**
Valuers

## Townsville

Following the announcement of the government HomeBuilder stimulus package in 2020, demand in the vacant land market surged massively with many land developers caught somewhat off guard. This huge spike in demand across most of the new land estates in Townsville saw developers pushing forward new land releases to meet the demand and timeframe requirements of the grants.

Since the end of the HomeBuilder stimulus package on 31 March 2021, the vacant land market in Townsville has returned to a steadier volume of activity. Anecdotally we continue to see demand, however much of the new product remains under construction.

On the back of the surge in new home construction during 2020, availability of builders and trades has become scarce with reports in the market suggesting that the wait time to commence construction of new builds has increased.

We have seen strong demand for the larger lifestyle blocks typically within the 1000 to 3000 square metre range. This demand correlates with the strong activity in this quasi-rural residential established market, which is resulting in increased sale values.

It is expected that the vacant land market will continue to see a steady level of interest as the established property market continues to improve and sale prices experience upward pressure. In particular it is anticipated that the larger lifestyle blocks will continue to be in demand. We remain somewhat cautious however, of the rising cost of construction materials and how this inevitably impacts the overall build cost compared to the established market, even with house prices starting to rise.

**Darren Robins**
Director

## Toowoomba/Darling Downs

The Toowoomba region has been a major beneficiary of the Australian government Home Builder grant, with a surge in vacant residential land sales and building approvals since the grant announcement in June 2020. This has fuelled a residential construction boom which has extended into 2021 and is expected to continue into 2022.

Both the rural residential vacant land and residential vacant land markets in Toowoomba

*Land sale prices have been rising in the vicinity of between 20 to 50 per cent in comparison to prices only eighteen months ago.*

*Estates that had previously been carrying excess stock are now fully sold with developers and selling agents continuing to report unprecedented demand .*

and the broader Darling Downs region remain robust due to affordable property prices, strong interstate migration, the current low interest rate environment, various government stimulus offers available (and extended) and a rise in consumer confidence which have all contributed to the growth in this market segment.

Estates that had previously been carrying excess stock are now fully sold with developers and selling agents continuing to report unprecedented demand for additional allotments even with the increase in construction costs and extended lead in times to begin construction (of up to 12 months in some instances). Estates in fringe suburbs such as Kearneys Spring and Cotswold Hills and satellite suburbs including Highfields, Kleinton, Gowrie Junction and Withcott are generally sold out, which continues to make it challenging for first home builders to enter the market, with re-sales in these estates recording stable to steady growth within less than a year or two of ownership.

There are very few infill blocks available for sale in established areas in and around Toowoomba, although there has been a slight increase in larger established blocks being subdivided and then on-sold. A recent 784 square metre infill block in the good established locality of Mount Lofty recently sold (advised under contract) for $480,000. This property was advertised for sale in 2019 for $395,000 before being withdrawn from the market, which shows the strength in the current vacant residential land market in well-established localities.

Mount Lofty site Source: RPData

The vacant rural residential/lifestyle land market remains strong with limited supply of available stock generally driving demand. A recent 1.31 hectare allotment in the well sought after rural residential locality of Preston, situated along the Toowoomba escarpment providing valley views recently sold (advised under contract) for $545,000. This property previously sold in May 2019 for $475,000.


Preston allotment Source: RPData

One locality in the Darling Downs service region that has seen a significant increase in residential vacant land stock available for purchase is in the localities between Ipswich and Plainland, which is considered a growth corridor along the Warrego Highway. This area encompasses approximately 40 to 50 kilometres with various areas, allotments and suburbs being zoned future urban which has appealed to local developers. Vacant land within these new estates is generally being offered for sale from between $160,000 for a 300 to 400 square metre allotment and up to $230,000 for larger sized allotments (some of which are acreage). Whilst these listing prices are currently considered to be at the upper and very upper end of market parameters, they are presently being supported by the available sales evidence of both under contract and settled re-sales within the locality.

There has been a steady demand from both owner-occupiers and investors in these localities, which has been primarily driven by the affordable entry level price point (in comparison to those being experienced closer to Brisbane) and the migration of purchasers from larger city centres to these satellite suburbs that are offering all general amenities in their master plans, generally larger allotment sizes and varying construction style options. We do highlight that there are several estates currently under construction within this general locality and future developments are proposed, which whilst providing continued growth for the supply of land into the future, may impact current sale prices and values if the market weakens from its strong current position.

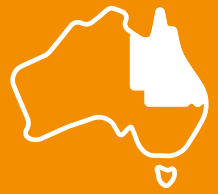
The challenge now facing buyers who have purchased vacant allotments throughout the Darling Downs service area is the availability of suitably skilled tradespeople. The current strong demand for their services is now drastically extending

construction times and increasing construction prices, where in some instances, the added value of improvements plus the land purchase is not currently reflected as added value on a dollar per dollar basis (as perceived by the market).

Overall, we foresee this market sector continuing to perform at a steady rate generally throughout all areas that we service in the medium term and with current market conditions. This is further confirmed by the continued general feedback from sales agents that the main issue at present is the lack of stock on the market given the current high demand.

**Marissa Griffin**
Director



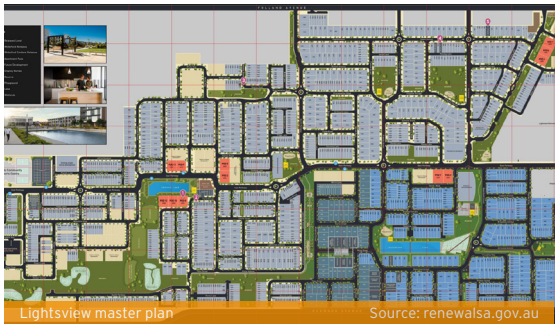


# South Australia

## Adelaide

Over the past 12 months, vacant land has had a spike in demand, driven by the Home Builders Grant and low interest rate environment. The Home Builders Grant has been the catalyst for many purchasers who had been sitting on the fence to take the plunge into a land and build project whilst developers have looked to capitalise on this demand with an increase in suburban subdivisions and record transaction numbers in outer greenfield developments.

Within the traditional metropolitan area, the largest proportion of vacant land can be found within the master plan subdivisions dotted throughout the inner and middle rings. These developments comprise both privately owned land and land being developed through joint ventures between Renewal SA and associated partners. Examples of these developments include Lightsview north of the CBD, Tonsley south of the CBD and Hamilton Hill east of the city. Within these developments there is a focus on higher density living. Allotment sizes can begin at sub 100 square metres for townhouse style allotments and reach a ceiling at 500 square metres for traditional detached dwelling lots. Price points vary broadly from location to location with allotments ranging in price from $110,000 to $500,000.


Lightsview master plan Source: renewalsa.gov.au


Hamilton Hill Source: www.hamilton-hill.com.au

There has been a long tradition of residential development within the outer southern suburbs and Adelaide Hills which has centred around the Southern Expressway and South Eastern Freeway transport corridors. More recently the construction of the Northern Connector has seen a sharp increase in residential development in the northern suburbs. Developments within these regions comprise green fill style sites with developers utilising transport corridors and existing community infrastructure where possible. With a greater expanse of land available in these developments, we find a broader range in allotment sizes ranging from 150 square metres to 1,000 square metres. Price points vary broadly from location to location with allotments ranging in price from $85,000 for townhouse lots to $300,000 for detached dwellings lots.

The evolution of the workforce during the pandemic to remote working arrangements has seen increased demand in rural living and lifestyle allotments. Wanting the lifestyle but not the maintenance, purchasers in this market typically seek out allotments ranging in size from one to ten hectares. This style of allotment can be found throughout the Adelaide Hills, Fleurieu Peninsula and northern Adelaide Plains and vary in gradient, views and available services. Entry level lifestyle allotments are typically found in the Adelaide Plains ranging in price between $200,000 and $350,000 with similar allotments in the Adelaide Hills and Fleurieu Peninsula ranging between $275,000 and $1 million plus. Examples of these lifestyle allotments include 4 Post Road, Lewiston a regular shape near level allotment of one hectare which achieved a sale price of $305,000 and 45 Peacock Road, Oakbank an undulating irregular shape allotment of 5.5 hectares with local views, dam and workshop which achieved a sale price of $900,000.

*The evolution of the workforce during the pandemic to remote working arrangements has seen increased demand in rural living and lifestyle allotments.*


4 Post Rd, Lewiston Source: realestate.com.au

45 Peacock Rd, Oakbank Source: realestate.com.au

Vacant land within established inner and middle ring metropolitan suburbs has become a hot commodity. Within the middle ring, allotments typically comprise vacant allotments of sub 400 square metres which have been split from a parent allotment by a developer. Density restrictions within the inner ring typically see vendors put improved allotments to market advertised as land opportunities, not wanting to outlay additional funds for a demolition or pre-sale renovation. Within these markets, rate per square metre has a greater focus. Historically rates have hovered between $400 and $700/per square metre and $900 to $1200 per square metre for sites within the middle and inner rings respectively. With the recent spike in demand, these price points have risen to $600 to $1000 per square metre and $1200 per square metre and above respectively.

Examples of these within middle ring include 17A Learmonth Terrace, Enfield, a regular shaped level allotment of 346 square metres which achieved a sale price of $309,000 equating to $893 per square metre and 8A Parsons Street, Oakland's Park, a regular shaped level allotment of 356 square metres which achieved a sale price of $340,000 equating to $955 per square metre.

Examples of these within the inner ring include 16 Sprod Avenue, Toorak Gardens, a 1150 square metre site improved with a dilapidated house which achieved a sale price of $1.78 million equating to $1547 per square metre and 4 Clarence Street, Hyde Park, a 545 square metre allotment improved with an original 1980s brick dwelling of two bedrooms and one bathroom which achieved a sale price of $1.51 million equating to $2770 per square metre.

8A Parsons St, Oaklands Park Source: realestate.com.au

*Vacant land within established inner and middle ring metropolitan suburbs has become a hot commodity.*


16 Sprod Ave, Toorak Gardens Source: realestate.com.au

4 Clarence St, Hyde Park Source: realestate.com.au

The Home Builders Grant closed on 14 April 2021. The time period has since passed from when we would see vacant allotments settling which were contracted during the period of time the grant was available. It was a hot topic of conversation as to whether the grant had artificially inflated the market for vacant land and we would see post grant hangover or whether a new base price point would be set for vacant allotments. Recent sales suggest the market has remained buoyant. The low interest rate environment and low stock levels would suggest this market has stability in the short to medium term.

**Nick Smerdon**
Director

## Mount Gambier

Vacant land sales have seen a significant rise in volume over the past 12 months. The government homebuilder stimulus has been the main driver for demand of vacant land within the region.

There are a number of multiple stage developments opening on the fringe of Mount Gambier city. These estates typically had a large supply of land available, however since the introduction of the government home builder grant, supply has dropped off significantly which has been the main driver of demand in these areas. Centrally located allotments rarely hit the market and if they are in blue ribbon areas will often achieve above market expectations.

The price of vacant land has risen over the past 12 months and price points vary depending on location and land size. A typical 600 to 1,000 square metre allotment ranges from $100,000 to $140,000 and larger 3,000 to 6,000 square metre allotments in a country living estate range from $140,000 to $200,000. A popular estate is Springview Drive which offers vacant allotments around 900 to 1,200 square metres with a price point of approximately $130,000 to $150,000.

Springview Drive Source: Gebhardts Real Estate

In the short term, we expect market conditions for vacant land to remain similar, however we expect an easing of the current strong market conditions in the medium to long term due to increased building costs and the end of the homebuilder grant.

There is currently a rental shortage in the region and there is a market if an investor wants to build an investment property, however significant building times make this difficult to meet current demand. Building is seen as an attractive option in the current market due to the significant price rise of established housing, however the cost of building and build times increasing may put pressure back on established housing for those who do not want to wait and may result in less demand for vacant land.

**Lauren Kain & Adrian Castle**
Valuers

# Western Australia

## Perth

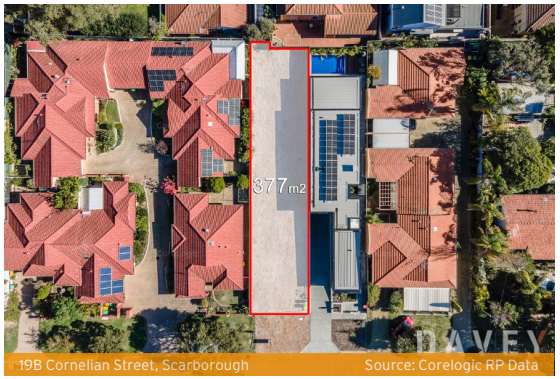
Whilst there has been plenty of discussion focused on the challenges being faced in the residential construction industry and associated trade shortages of late, we now turn our attention to the thing that comes first – land.

The recent demand for land is directly linked to the construction boom instigated by overly generous government stimulus creating once in a generation demand in a very short period. This has caused the current issues in the construction industry, but the effect on demand for vacant land is an interesting one to explore. Naturally, everyone expected that the demand for land would decline significantly after the qualification period for government building grants lapsed, however we have been pleasantly surprised by the tenacity of the demand for vacant land throughout Western Australia.

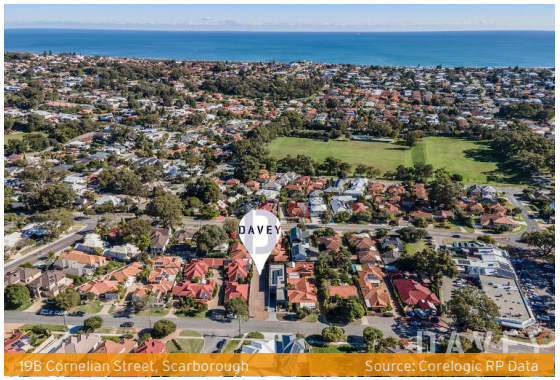
Perth's love affair with building the dream home has resulted in continued urban sprawl throughout the four main corridors of the Perth metropolitan area. Urban infill is also strong, particularly for suburbs with well-established community infrastructure. REIWA reported for the week ending 1 August 2021 that 1,565 lots of land were listed for sale with 98 transactions having taken place.

Starting with the north-eastern corridor of Perth, we have the recently re-zoned suburb of Henley Brook, approximately 25 kilometers north-east of the central business district. Take up rates have been strong, especially in Mirvac's Henley Brook Private Estate. Stage 1 is very close to being sold out, with the site works yet to be completed. Lot sizes between 360 and 380 square metres are selling for $250,000 to $275,000, whilst larger lots between 450 and 520 square metres are selling for $300,000 to $400,000. Site works on the estate began around February this year, which suggests that a portion of the lots would not have had building contracts signed before the government grants ceased on 31 March, yet demand appears to have remained strong. It is interesting to note that with most vacant land estates there is usually an onsite sales office, however, reports from our valuers on the ground advise that a sales office has not been required for this estate with the majority of lots having sold off the plan.

Heading towards the coast, throughout the established locality of Scarborough new lots are coming onto the market through numerous, smaller low to medium density subdivisions. One such example is 19B Cornelian Street, Scarborough, a 377 square metre slightly irregular shaped, street front allotment that sold in June for $658,000 after four days on the market.



19B Cornelian Street, Scarborough Source: Corelogic RP Data



19B Cornelian Street, Scarborough Source: Corelogic RP Data

16 Ventnor Street, Scarborough is a 716 square metre irregular shaped, corner allotment with a dated two-bedroom, one-bathroom dwelling, with the allotment having potential for a two-lot subdivision. The property sold in March for $1.35 million after four days on the market.

*Perth's love affair with building the dream home has resulted in continued urban sprawl throughout the four main corridors of the Perth metropolitan area.*

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16 Ventnor Street, Scarborough Source: Corelogic RP Data

16 Ventnor Street, Scarborough Source: Corelogic RP Data

Moving further north, plenty of first home buyers are flocking to the growing suburb of Landsdale where lots ranging from 450 to 600 square metres are typically selling for approximately $350,000 to $450,000 depending on size, shape, street frontage and location. 38 Beihai Street, Landsdale is a slightly irregular, 533 square metre allotment that sits adjacent to the busy Alexander Drive, selling in March for $360,000. Comparably, 19 Beihai Street, Landsdale sold in May for $395,000 after seven days on the market. Number 19 is a 496 square metre, slightly irregular shaped allotment that sits opposite public open space. Both lots are situated within the modern Vermont Gardens Estate. Demand is expected to remain strong, especially given the limited opportunities to secure land in high quality, largely established suburbs such as Landsdale.

Beihai St, Lansdale Source: Landgate

Along the Darling Scarp in Perth's hills, there is similarly strong demand for larger allotments that can provide a rural lifestyle and privacy from neighbours. The established nature of the locality and the challenges with creating new stock in the hills due to the undulating topography have contributed to a lack of ongoing supply. Increasingly strong demand has been further boosted by uncertainties in regard to potential future lockdowns and restrictions imposed by COVID-19, with buyers flocking to the quieter lifestyle offered by semi-rural style lots. 20 Aboyne Road, Gooseberry Hill is a rectangular shaped 2241 square metre corner allotment situated at the end of a cul-de-sac. This property sold for $550,000 in June after being on the market for 24 days. 6 Nangana Way, Kalamunda sold in February for $550,000 after 284 days on the market, as per RP Data. The property is a slightly irregular shaped 2059 square metre allotment that has potential for a dwelling to attain city views.

20 Aboyne Rd, Gooseberry Hill Source: Corelogic RP Data


6 Nangana Wy, Kalamunda Source: Corelogic RP Data

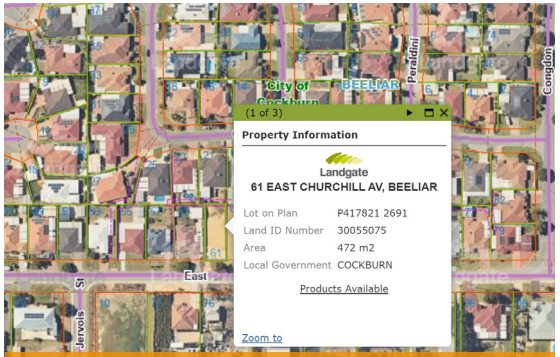
Infill demand within Perth's southern corridor is also strong. Vacant lots in good localities do not last long on the market. Typically, lots with areas of 350 to 600 square metres sell in the range of $300,000 to $500,000. Strong current market conditions

*The established nature of the locality and the challenges with creating new stock in the hills due to the undulating topography have contributed to a lack of ongoing supply.*

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

are expected to remain for the foreseeable future. 61 East Churchill Avenue, Beeliar sold in March for $322,000 after seven days on the market. The property is a regular shaped 472 square metre allotment with a 13.5 metre street frontage close to public transport and parks.



61 East Churchill Ave, Beeliar Source: Landgate

Extending our search to regional areas we can report a large range of market conditions. For instance, there are no significant changes in the vacant land market within the wider wheatbelt areas, however the goldfields town of Kalgoorlie and its surrounds are currently experiencing a resurgence in demand for land in established areas. Interestingly, building costs in Kalgoorlie have increased in line with the supply cost increases, but not anywhere to the extent of the Perth metropolitan area. Demand within the developing suburb of Karlkurla has been slow to pick up, however demand has surged in recent times. Infill lots within the more established part of town are attracting higher demand, particularly in areas close to the CBD and consequently the values are generally towards the upper end expectations. The vacant land market in Kalgoorlie is expected to remain relatively strong over the next 12 months due to low stock and a highly competitive rental market linked to a strong gold price.

*The strong market conditions in the south-west are expected to continue in the short to medium term, in line with steadily rising population growth which was already high pre-pandemic.*

In the south-west, listings for vacant lots have dropped dramatically in most areas with developers scrambling to provide new stock to meet demand. This has placed upward pressure on land values in most areas in the south-west. Very low rental vacancy rates have increased rental values and encouraged renters to look at other options including home ownership, but the lack of established stock on the market has increased demand for vacant land. Locations currently being developed with the potential to substantially increase supply of vacant land include Yalyalup, Kealy and Australind. These are all growth areas on the perimeter of the Busselton and Bunbury urban areas.

The Treendale Estate in Australind is situated just off Forrest Highway and has been attracting strong interest from buyers. This estate has a variety of options available with allotments ranging from approximately 375 to 900 square metres with prices varying from $140,000 to $280,000. Within the Treendale Estate, 10 Volans Lane, Australind sold in February for $186,000 after 73 days on the market. This is a regular shaped 544 square metre allotment within close proximity of all amenities.

The strong market conditions in the south-west are expected to continue in the short to medium term, in line with steadily rising population growth which was already high pre-pandemic. However, the inability to get skilled tradespeople to these areas is likely to slow the construction sector as it works through the backlog of building already contracted.

Rural lifestyle properties within Western Australia's south-west are highly sought after with increased demand in the Yallingup, Dunsborough and Margaret River rural residential markets. As a result, land values have increased with any new rural residential subdivisions being snapped up very quickly. There are a limited number of rural residential developments planned for these regions which is likely to have further upward pressure on land values. Lot 59 Dryandra Avenue, Yallingup sold in May for $695,000. The property is a 1.32 hectare allotment with a north facing orientation, dam, proximity to the various breweries and wineries in the south-west and only minutes from arguably some of Australia's best beaches.


Lot 59 Dryandra Ave, Yallingup Source: REIWA

Turning our attention to the Pilbara, the lack of affordable rentals and price increases for established dwellings has encouraged people to build. Vacant lots are selling at their highest rates in eight years in South Hedland and land estates

in Karratha are selling out in record time, with particular demand for lots exceeding 800 square metres.

General price points in the Pilbara are approximately $95,000 to $120,000 for cottage lots, $165,000 to $200,000 for lots with areas between 500 and 800 square metres and between $250,000 and $300,000 for larger 900 to 1,000 square metre lots, although buyers should be aware that construction costs in the Pilbara are some of the highest in the country.

Currently, Baynton is providing the most land stock. Being on the outskirts of Karratha, it is currently the only suburb in this locality that is expanding, although there have been long held plans to develop Malataga on the eastern side of town. Demand for decent sized lots (700 square metres and above) is expected to remain over the medium term. The smaller lots tend to struggle in the Pilbara market as they do not tend to suit the way of life up there. Lots that can accommodate boat and trailer parking and large sheds tend to perform better. 25 Nyamina Road, Baynton is an irregular shaped 1,182 square metre corner allotment that sold in May for $290,000, as per RP Data.

25 Nyamina Rd, Baynton Source: RP Data/CoreLogic

Heading up the highway to both Port Hedland and South Hedland, it appears that vacant land supply is drying up and as such, replacement costs are being achieved. Typically, 500 to 800 square metre lots are selling for within the $100,000 to $140,000 range. 21 Longtom Loop, South Hedland sold in May for $130,000 after five days on the market, as per RP Data. The property is a regular shaped, near level lot situated within the sought-after Elements Estate. The current market conditions in Port and South Hedland are expected to remain strong for the foreseeable future, as rents continue to rise in the town.

There has also been a recent flurry of activity within the coastal tourism town of Exmouth, particularly for canal lots, although we note the transactions are still well below the prices achieved on the original release. Although all the local builders are at maximum capacity presently, it is expected that the market will level out once this initial round of construction generated from the housing grants is completed. We are aware of several significant constructions in the area that are due to commence, which will reflect some of the most significant residential developments in the town for quite some time. Exmouth is experiencing a surge in demand from Perth based families seeking holiday homes in a warmer, more rugged area than that available in most other areas of the state.

Overall, the current demand for vacant land is strong across Western Australia with no immediate signs of waning, which is a surprise given the cessation of government stimulus. Infill land in the inner suburbs of the metropolitan area is highly sought after and does not last long on the market with buyers willing to pay a solid premium for location. Down in the south-west, vacant land is highly sought after as the population continues to grow, with rural lifestyle properties being the best performers. Low stock and increased rents within the mining centres appear to be the main drivers of the current vacant land market in these regions with a lack of supply over the past decade resulting in increased demand for modern stock at present.

**Chris Hinchliffe**
Director



# Northern Territory

## Darwin

I think we should start with knowledge that in The Territory we have no shortage of land. According to The Northern Territory Government's website, the population of the Northern Territory is approximately 250,000 or one per cent of Australia's population, with 60 per cent of those living in the Greater Darwin area. The Northern Territory's land mass is close to 1.35 million square kilometres which is the third largest in Australia after Western Australia and Queensland. To put that into perspective, that is 5.4 square kilometres to each person in the Northern Territory. Compare that with .098 square kilometres in New South Wales. 55 times more land per person in the Northern Territory than New South Wales. We have land and a lot of it!

Residential land releases across the Greater Darwin region have been focused to four main markets in the past 12 to 24 months:

| STATE/TERRITORY | % | (square kilometres) | | |
|---|---|---|---|---|
| | | MAINLAND AREA | ISLAND AREA | TOTAL AREA |
| Western Australia | 32.9 | 2 523 924 | 3089 | 2 527 013 |
| Queensland | 22.5 | 1 723 030 | 6712 | 1 729 742 |
| Northern Territory | 17.5 | 1 334 404 | 13 387 | 1 347 791 |
| South Australia | 12.8 | 979 651 | 4670 | 984 321 |
| New South Wales | 10.4 | 801 137 | 13 | 801 150 |
| Victoria | 3.0 | 227 038 | 406 | 227 444 |
| Tasmania | 0.9 | 64 519 | 3882 | 68 401 |
| Australian Capital Territory | < 1 | 2358 | — | 2358 |
| Jervis Bay Territory (ACT*) | < 1 | 66 | 1 | 67 |
| AUSTRALIA | — | 7 656 127 | 32 160 | 7 688 287 |

XGxgxgx Source: ga.gov.au

*At the time of writing there are no government grants on offer and since these grants have been removed, we expect there to be a pull back from buyers.*

- Northern suburbs – Muirhead and Lee Point;
- Palmerston – Zuccoli;
- Infill – Northcrest and Boulter Road, Berrimah;
- Darwin rural area – local developer subdivisions.

Future land releases are also earmarked. In the 2021 budget, Holtze was announced which has been on the planning agenda for a period of time, while another significant sale to a local Darwin developer was the 29 acre KOA Caravan Park in Karama that will be transformed into a new housing estate along McMillans Road adjacent to the Darwin Golf Club.

| Year | No of Land Sales | Avg Size | Average Price | Rate $/sqm |
|---|---|---|---|---|
| 2010 | 333 | 745 | $ 230,129 | $ 309 |
| 2011 | 411 | 752 | $ 216,872 | $ 288 |
| 2012 | 535 | 719 | $ 255,234 | $ 355 |
| 2013 | 661 | 685 | $ 259,792 | $ 379 |
| 2014 | 727 | 647 | $ 275,508 | $ 426 |
| 2015 | 567 | 565 | $ 270,581 | $ 479 |
| 2016 | 577 | 510 | $ 231,148 | $ 453 |
| 2017 | 389 | 479 | $ 205,478 | $ 429 |
| 2018 | 316 | 508 | $ 228,193 | $ 449 |
| 2019 | 237 | 521 | $ 220,695 | $ 424 |
| 2020 | 303 | 551 | $ 241,100 | $ 438 |
| 2021 (1 Jan- 31 March) | 151 | 524 | $ 216,303 | $ 413 |

Source: Department of Treasury, REINT DEC RELM

Demand for residential land has been strong for the first half of 2021 and this was down to the government grants on offer to home buyers and first home buyers. At one point an eligible buyer could have been able to obtain upwards of $50,000 in grants if they decided to buy new and build. The grants were as follows:

**Purchasing Prior to 30 November 2020:**

NT Home Owner Assistance, NT Government Grant: **$20,000**

Home Builder Grant, Federal Government Grant: **$25,000**

Home Goods Grant, NT Government Grant: **$2,000** (First Home Buyers)

Territory Home Owner Discount (THOD), NT Government Grant

For Example:

Land Purchase: **$250,000**

Stamp Duty: **$7,857.15**

Stamp Duty Under THOD: **$0**

$7,857.15 Saving Under THOD

**Total Grants: $54,857.15**

**Purchasing Prior to 31 March 2021:**

NT Home Owner Assistance, NT Government Grant: **$12,000**

Home Builder Grant, Federal Government Grant: **$15,000**



**Territory Home Owner Discount (THOD), NT Government Grant**

Example:

Land Purchase: **$250,000**

Stamp Duty: **$7,857.15**

Stamp Duty Under THOD: **$0**

**$7,857.15** Saving Under THOD

**Total Grants: $34,857.15**

These grants were a main driver in the recovery and increase in land sales volumes across the Darwin market. At the time of writing there are no government grants on offer and since these grants have been removed, we expect there to be a pull back from buyers. It is still too early to determine what the full effect on the market has been, but anecdotal evidence suggests if the land being released is desirable, buyers are still active.

Demand has been strong in both the affordable sector and premium sector. Zuccoli land releases have been targeted to the affordable dwelling market. The typical allotment is selling for under $200,000 for a 450 to 500 square metre allotment. The typical three- or four-bedroom home in the suburb is selling for between $500,000 and $650,000 depending on the final finishes and improvements, showing great value for someone looking to get into the market and build their own home.

The same can also be said for Muirhead and Lee Point, with strong demand for new in the coastal suburbs. Location is key and the land sells at a premium given the proximity to Casuarina, the largest shopping centre in the Top End along with the Royal Darwin Hospital, Lee Point and Casuarina Coastal Reserves offering Territorians a great lifestyle. The most recent land releases in these suburbs has also focused on allotments below 700 square metres with a few select allotments above being developed slightly larger. The typical land sales are between the low to mid $300,000s and sales within the area would be regarded as a premium product.

Finally, what we are also seeing is the infill in the Darwin area namely Berrimah with some recent developments at Northcrest and Boulter Road. The location, being right in the middle of the Darwin CBD, Casuarina and Palmerston, offers a great option for purchasers and this is seen as the new corridor in Darwin, but given Berrimah has traditionally been a mix of light industrial and agricultural land there is still need for improvement in the overall amenity and services for young families.

There is still a lot of land planned for future development in the Master Plan for Darwin, but this is reliant on the land being titled and handed over. Even though there is a current lack of incentives being offered to potential purchasers, the market is still strong for newly developed land and it is still too early to see whether the removal of the incentives will change the tide in the growing and strong market.

Terry Roth
Director

## Alice Springs

The market for vacant land in Alice Springs is a very interesting one. There is a definite lack of available vacant land for purchase at the moment, which can be attributed to a number of factors, including:

- Lack of privately owned land that is available for development or sub-division;
- Much land surrounding Alice Springs is either Crown Land, pastoral lease or tied up with sacred site or native title claims;
- A general lack of demand from the public.

In the past five years there have been two major land sub-divisions, South Edge and Kilgariff. These developments are both fully sold out, and a second stage of the Kilgariff estate is currently being developed, with an initial release of 45 blocks. Of the 45 blocks, 19 were sold by ballot in early June with a further three blocks having gone under contract since the ballot. Interestingly, the land prices for Stage 2 are showing an increase of 10 to 15 per cent compared with sales achieved for Stage 1. Sales activity to date seems to indicate that the general public has accepted this uptick in land values from Stage 1 to Stage 2.

This development is being undertaken by the Land Development Corporation, which is a NT Government backed organisation whose purpose is to develop and sell land in the Northern Territory to meet the needs of consumers. Particularly in Alice Springs, developing, sub-dividing and selling residential land is not a viable business proposition due to cost of headworks and other development costs, so the NT Government has stepped in to provide land for the general public, where private developers have shied away from such projects.

The lack of population growth in Alice Springs is a major factor behind the lack of demand for vacant residential land. Construction costs are also

*The lack of population growth in Alice Springs is a major factor behind the lack of demand for vacant residential land.*


Stage 2 of Kilgariff

Source: realestate.com.au

a detracting factor, with build costs in excess of $2,000 per square metre not uncommon. When combined with high land prices, the total outlay for a house and land package can quite often exceed the likely market or re-sale value. As a result, many people dismiss the option of building and instead go down the path of buying an established home. That said, there will always be a section of the population that crave that new home feeling.

The NT Government has incentives in place to encourage people (particularly first home buyers) to build rather than buy established and this has kept the local house construction industry viable. Given that the last of the Kilgariff blocks were sold in December 2020, vacant land sales since that time have been minimal and it's fortunate that many builders had a large backlog of work to keep them busy until the expected release of individual titles for Stage 2 of Kilgariff in late 2021 or early 2022.

For the reasons stated above, demand for vacant land in Alice Springs is expected to remain fairly soft, virtually in sync with the low level of supply. Obviously, the danger is that an over-supply of land will lead to a drop in land values for new developments, which could flow through to the established home market also.

**Peter Nichols**
Valuer

# Australian Capital Territory

## Canberra

While parts of the country have seen negative effects of COVID-19 on the property market and economy, Canberra has been one of the strong performers during this time with strong employment rates and property prices at an all-time premium.

Owning land is viewed as a golden ticket, especially in Canberra. New estates are popping up on every corner, with additional stages being added to those that have been around for the past 12 to 24 months. The notion of a work-from-home lifestyle has motivated consumers to seek out more space and for some that means ditching the apartment living for something with a backyard or space for a home office. This is driving an increase in demand for vacant blocks of land where people can plan and build a home designed around their new living arrangements. Consumers are happy to live that little bit further from the city in order to have an oasis of their own.

Interest rates have remained strikingly low and are forecast to remain low for the duration of 2021, encouraging homeowners and investors to refinance and reap the benefits of paying less interest. This is a key factor contributing to the record sale prices as people have more room to move when applying for a home loan.

Areas such as Whitlam, Strathnairn, Taylor and Denman Prospect are developing greenfield sites that have proven to be popular. Whitlam has become one of Canberra's most sought after locations, with the first residential block release in 2020 selling out in days. Block sizes in some of these estates can range from 300 to 700 square metres on average.

*Owning land is viewed as a golden ticket, especially in Canberra.*

The average price for a block in these new estates can range from $350,000 to $490,000 depending on location, size and aspect. In some cases, we have observed prices reaching as high as $1000 per square metre.

In the upcoming year, more subdivisions and additional stages will continue to enter the market. These are forecast to sell quickly if conditions remain strong. If conditions were to weaken, prices in these new estates could be impacted and sale prices could potentially lessen.

In terms of vacant land in established areas, this can be hard to come by, however we have seen a rise in knock down and rebuilds due to the government building incentives and also the demolition of Mr Fluffy sites where the home contained loose-fill asbestos and therefore the removal of the dwelling was required. Demolition of these dwellings opens up vacant blocks in established areas to be re-developed or sold. Many Mr Fluffy sites have been proposed for new dual occupancy dwellings to be constructed.

The outskirts of Canberra on the border of ACT and NSW has seen an increase in demand for rural land including rural lifestyle blocks, with increased prices and shorter days on the market.

While blocks are selling fast, the wait times for builders and construction workers can be lengthy causing a backlog, especially due to the shortage of building materials in Australia. We may see a shortage of available land in the coming 12 months if demand remains high but development is slow.

Overall, land in Canberra has proven to be a hot market for families and those looking to upsize. The investment into infrastructure such as a second stage of tram lines is attracting more and more people to the outer suburbs. With local purchasers and investors competing within the market, purchasing vacant land and building the dream home can be an exciting prospect.

**Tahleah Williams**
Valuer

# Tasmania

## Hobart/Launceston/Regional

Give me land, lots of land under starry skies above. Good luck in getting some!

Vacant residential lots in the greater Hobart area are becoming scarcer by the day, however there are more releases on the horizon.

Each new subdivision scheduled to have titles released in the next 12 months is pretty much accounted for with back up contracts in the event the current purchasers cannot secure finance.

There are some punters out there signing the contract in their names and or nominee in the hope the market will continue to rise and sell the block at an inflated price to another party contemporaneously on the date of settlement. But be careful, as if the nominee cannot complete the settlement, you may be up for purchase of the said lot, so have your finances ready just in case. If successful and you make a tidy profit, you are not liable for stamp duty, however you must pay any capital gains tax. If you are paying tax, you are making money aren't you? To me, in this current market and high land prices the risk and stress far outweigh the benefits.

Some recent examples of vacant land price increases on the eastern shore of Hobart are as follows:

**5 Fermoy Crescent, Howrah** is a 692 square metre block which initially sold off the plan for $238,000 in June 2020. This block re-sold in March 2021 for $300,000. That's an increase of 26 per cent in nine months;

**5 Argo Place, Oakdowns** is a relatively small 540 square metre allotment coming in at $246,000 in December 2020. The previous sale was in May 2020 (only seven months prior) for $192,000. Not a bad 22 per cent increase. But look into this sale a little deeper and the initial off the plan purchase was $120,000 in December 2016. Now that's a whopping 105 per cent jump from the off-the-plan price to the most recent sale.

Stories of increases like this are not uncommon, it's just the way things are.

What is driving these crazy prices? Record low interest rates and the state and federal government First Home Builder grants are the main drivers along with low supply and record demand fuelling the fire. With the increased pressure on builders comes labour and construction material shortages. With these shortages comes increased construction prices. It's a double edged sword but that's what you get with a housing boom.

When it end is anyone's guess. If you are a home owner and investor, ride the wave and enjoy the

5 Argo Place, Oakdowns Source: realestate.com.au

benefits. If you are trying to get into the market, I wish you the best of luck. Having pre-approved finance would be the first step I would be taking so you know the upper limit of what you can buy.

**Mark Davies**
Property Valuer

*There are some punters out there signing the contract in their names and or nominee in the hope the market will continue to rise and sell the block at an inflated price to another party contemporaneously on the date of settlement.*

HERRON TODD WHITE RURAL

# Rural

September 2021



## Overview

The rural teams have again stepped up with a comprehensive description about the performance of their various markets.

In addition, they've provided a rundown on entry-level property in their specialty areas and industries. What are the opportunities on offer for those wishing to break into the primary production sector?

## Southern NSW

The rural property market in Southern New South Wales has started the spring selling season strongly with online auctions now becoming an acceptable way of transacting properties during COVID.

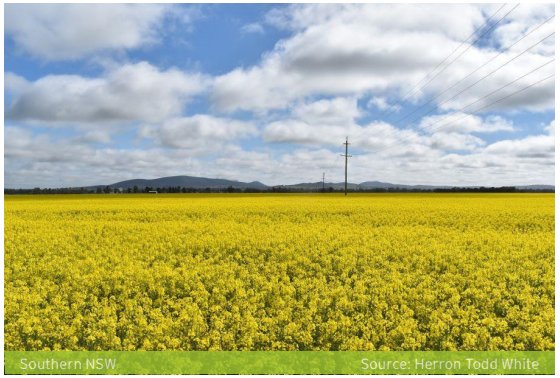
Two recent examples have demonstrated the high level of demand for what formerly would have been considered entry level properties in the dryland mixed farming area centred around Wagga Wagga. Riverina Livestock Agents recently offered the property Old Moorlands, located approximately six kilometres east of Coolamon (35 kilometres north-west of Wagga Wagga) through the Auctions Now online bidding platform. The 410-hectare mixed farming property was a mostly arable holding with a six-stand shearing shed, machinery shed, cattle yards, sheep yards and 200 tonnes of grain storage. After nearly 60 bids the property was sold under the hammer for $6.24 million or just shy of $6160 per acre.

*Going forward we foresee a shift in entry level operators looking further north and west.*

The second example of an entry level holding to recently transact in this area is the 274.18 hectare property Kurrajong, located 20 kilometres west of Yerong Creek (60 kilometres south-west of Wagga Wagga). A gently undulating mixed farming holding, the property had red and brown loam soils typical for the area with a two-stand shearing shed, sheep yards, hay shed and small storage shed. Selling agents Nutrient Harcourts conducted an auction with bidding culminating in a total sale price of $3.61 million, or just over $5300 per acre.

Historically, properties of similar size and location used to present an opportunity for younger or first-time farming operators to enter the market, however as land values have increased this is becoming increasingly difficult given the amount of equity required to secure finance for both the acquisition and ongoing working capital. The market is now mostly comprised of existing operators looking to expand, often for the next generation, by leveraging off increased equity levels and favourable income returns given back-to-back above average seasons in 2020/21 and strong commodity prices. Going forward we foresee a shift in entry level operators looking further north and west where larger mixed farming properties can still be secured at price levels that are still affordable provided the seasons and commodity prices continue to be favourable.

**Andrew Garnsey**
Valuer



Southern NSW Source: Herron Todd White

Southern NSW Source: Herron Todd White

## Mildura

The recent announcement that AWARE Super intends to sell its large-scale irrigated farming portfolio in Northern Victoria is expected to return a substantial profit to fund members. These properties were purchased around 15 years ago at a time when returns and values were depressed and have been transformed into a much more productive and viable enterprise. The original investor was VicSuper, which then merged with First State and WA Super in 2020 to form AWARE Super.

Our office has often commented on how this original transaction is a great example of how a superannuation fund with patient capital can accumulate and revitalise tired rural assets. Timing is of course always important, and history will likely show that the members of the super fund have profited handsomely from what was a risky purchase of several run-down farms in the early 2000s. The portfolio covers around 9000 hectares located between Swan Hill and Kerang, with around 3600 hectares developed for irrigation and used to

*With the market for cropping land currently heated, the decision to sell now also looks like good timing.*

grow crops including tomatoes, cereals and in some years cotton. There are also areas set aside for conservation.

With the market for cropping land currently heated, the decision to sell now also looks like good timing. Demand for cropping land in general remains white hot, with sale prices in recent months continuing to exceed expectations, often by more than 20 per cent. Most sales have involved smaller parcels which have been snapped up by local farmers, many of whom are suffering from a fear of missing out. Low interest rates are also fuelling these decisions.

A sign of the greater logistical difficulties being experienced by local citrus exporters is the amount of packed product sitting in coolrooms, waiting for erratic shipping slots. Growers are also having to slow down their harvests in an effort to reduce the bottleneck. In a double whammy, the cost of shipping has increased dramatically in the past 12 months. Returns in 2021 will be lower as a result.

**Graeme Whyte**
Director

## Central Tablelands

The rural market continues to show a high level of activity.

In the New South Wales Tablelands market, there are relatively diverse production and property type entry-level opportunities being offered for sale, mostly at price points ranging between $1.5 million and $4 million.

For entrants looking for high rainfall grazing properties in relatively good proximity to Sydney, an example is the 61 hectare Duddawarra at 40 Clarke Simpson Road, Little Hartley which sold for $2.2 million in May 2021. The property is located ten kilometres south-west of Little Hartley and 135 kilometres from the Sydney CBD. It comprises mostly open grazing country with river frontage, is improved with a dwelling, stables, shedding and yards and has annual rainfall of 800 to 850 millimetres. Our analysis excluding buildings shows $30,234 per hectare for its predominantly open small farm grazing land in reasonable proximity to Sydney.

The equine focused Ant Hill at 909 Jenolan Caves Road, Hampton, located 37 kilometres north-east of Oberon and 37 kilometres north-west of Katoomba, sold for $4.01 million in November 2020. The 314-hectare property is improved with a dwelling and extensive equine facilities. With moderately to steeper undulating land situated on an elevated plateau, it is partly arable with approximately 134


Tandarra & North Woodlands Source: keady.com.au

hectares of open arable country and 180 hectares of more sloping non-arable country. Our analysis excluding buildings shows $10,554 per hectare, further broken down to show $14,000 per hectare for open arable country and $8,000 per hectare for open to moderately timbered more sloping areas.

For moderate rainfall cropping and improved grazing properties, useful examples are:

- Tandarra & North Woodlands, Tallarook Road, Cowra selling for $2.07 million in February 2021. A 231-hectare gently undulating cropping property located 17 kilometres west of Cowra, it is considered to be 100 per cent arable and cropped annually with canola, wheat and barley. Analysis excluding the shed located on the property shows a rate of $8,935 per hectare for the dryland cultivation country in an appealing 625 millimetre district;
- A more grazing-focused mixed farming type property suiting a new entrant would be Rockcliffe, 1106 Scenic Road, Monteagle, located 11 kilometres north of Young. This 186-hectare property sold in March 2021 for $3.2 million and is improved with a well renovated double brick homestead along with shedding and yards. It is considered 90 per cent arable and is predominantly developed with clover and fescue based pastures. Our analysis excluding buildings shows $14,518 per hectare for its mostly arable pasture improved mixed farming country.

For buyers seeking to enter the prestige property market there has been a good volume of such properties for sale recently, though the price point increases somewhat. A good example is the 190-hectare Rosyth, 1549 The Escort Way, Borenore which sold in April 2021 for $5.1 million. It is located 15 kilometres west of Orange and is extensively improved with a substantial renovated

double brick Federation dwelling and a new contemporary style second residence, along with shedding and yards. Our analysis excluding buildings indicates $20,222 per hectare overall, further broken down to show $21,000 per hectare for open arable country with scattered shade timber and $14,000 per hectare for the open non-arable grazing land.

**Craig Johnston**
Director

## Central Western QLD

The rural property market in Central Western Queensland has been quite active in recent months. Market values have been well above previous records and demand is still strong for well grassed properties.

There have been six recent sale contracts in the region, including two in the Muttaburra area, three in the Longreach area and one at Barcaldine. Market activity at this level is unusual but given the massive increase in land values around most of Australia, the Central West region is seen to be offering better value for money, with buyers from a large cross section of Queensland, New South Wales and South Australia showing interest.

The forthcoming auctions of Leebrook and Merino Downs (in mid-October and early November) in the Aramac district will test the depth of the market further, as both properties are of a similar size with comparable country types.

**Chris Dyer**
Property Valuer

## Wheatbelt/Mid-West

The sentiment in the wheatbelt and mid-west regions is extremely positive in what is so far shaping up to be a very good season. After a July which only recorded three days without rain in the Perth metropolitan region, yield estimates are high in many areas.

Most areas currently have few or no properties on the market. It will be interesting to see what impact a very good season will have on prices come selling season at the end of the year. After two years of good price growth in dry and average seasons, a wet season may see even further capital growth.

One area which has seen some activity throughout the year is the western end of the Shire of Coorow in and around Eganu. In what has been a historically low value and entry level district due to the pale deep sands and shallow yellow sands that characterise the area, there has been an increase in demand.

Canola crop Source: Herron Todd White

The area receives good annual rainfall and through soil amelioration works, operators are converting cheap grazing land into productive cropping country. Early estimates of canola yields in this area range from two to three tonnes per hectare which far exceed previous season averages for the district.

**Luke Russell**
Rural Valuer

HERRON TODD WHITE

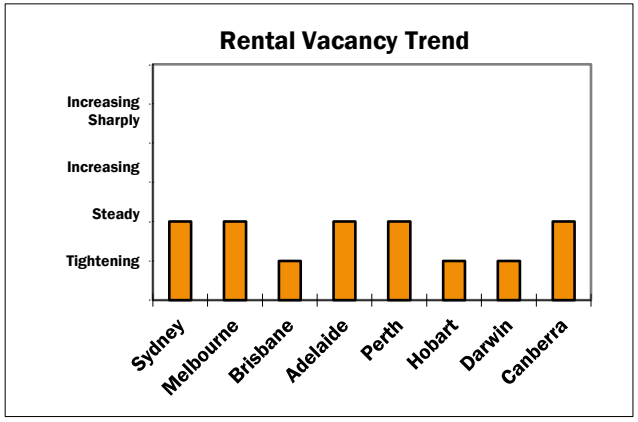
# Property Market Indicators

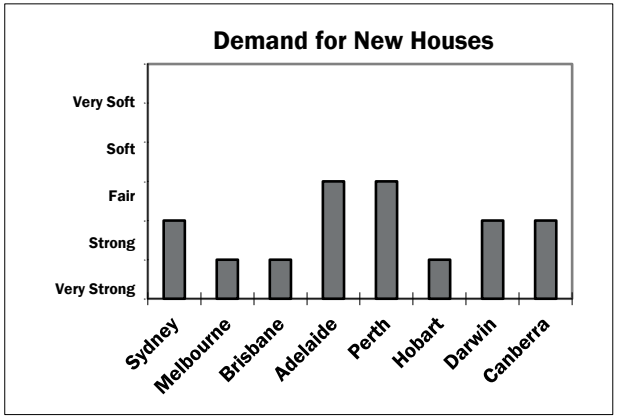
September 2021

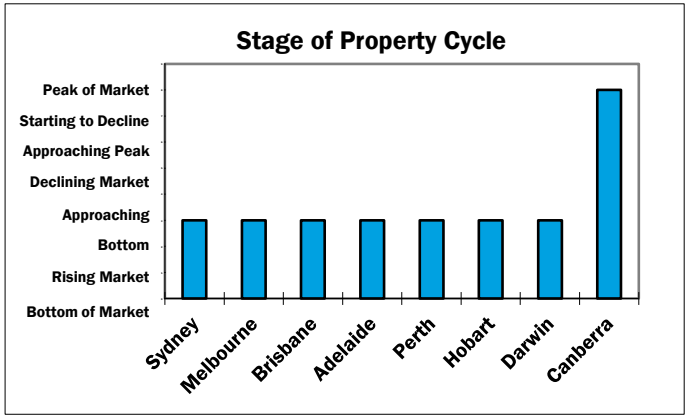
# Capital City Property Market Indicators – Houses

| Factor | Sydney | Melbourne | Brisbane | Adelaide | Perth | Hobart | Darwin | Canberra |
|---|---|---|---|---|---|---|---|---|
| Rental Vacancy Situation | Over-supply of available property relative to demand | Shortage of available property relative to demand | Severe shortage of available property relative to demand | Shortage of available property relative to demand | Severe shortage of available property relative to demand | Severe shortage of available property relative to demand | Shortage of available property relative to demand | Shortage of available property relative to demand |
| Rental Vacancy Trend | Tightening | Tightening | Tightening sharply | Tightening | Tightening | Tightening sharply | Tightening sharply | Tightening |
| Demand for New Houses | Strong | Very strong | Very strong | Fair | Fair | Very strong | Strong | Strong |
| Trend in New House Construction | Steady | Declining significantly | Steady | Steady | Declining significantly | Declining significantly | Declining significantly | Declining |
| Volume of House Sales | Increasing | Increasing strongly | Increasing strongly | Steady | Increasing | Increasing strongly | Increasing | Increasing strongly |
| Stage of Property Cycle | Rising market | Rising market | Rising market | Rising market | Rising market | Rising market | Rising market | Peak of market |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Occasionally | Occasionally | Occasionally | Frequently | Occasionally | Almost always | Occasionally | Occasionally |

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



# Capital City Property Market Indicators – Units

| Factor | Sydney | Melbourne | Brisbane | Adelaide | Perth | Hobart | Darwin | Canberra |
|---|---|---|---|---|---|---|---|---|
| Rental Vacancy Situation | Over-supply of available property relative to demand | Over-supply 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 | Steady | Steady | Tightening | Tightening | Tightening | Tightening sharply | Tightening sharply | Tightening |
| Demand for New Units | Fair | Fair | Strong | Fair | Strong | Very strong | Fair | Fair |
| Trend in New Unit Construction | Increasing | Steady | Steady | Increasing | Declining | Declining significantly | Declining | Declining |
| Volume of Unit Sales | Steady | Steady | Increasing | Steady | Increasing | Increasing strongly | Increasing | Steady |
| Stage of Property Cycle | Start of recovery | Start of recovery | Start of recovery | Rising market | Rising market | Rising market | Start of recovery | Declining market |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Frequently | Almost never | Occasionally | Occasionally | Occasionally | Almost always | Almost never | Occasionally |

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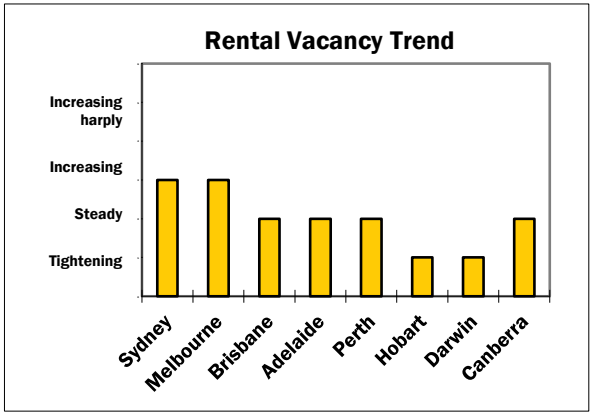


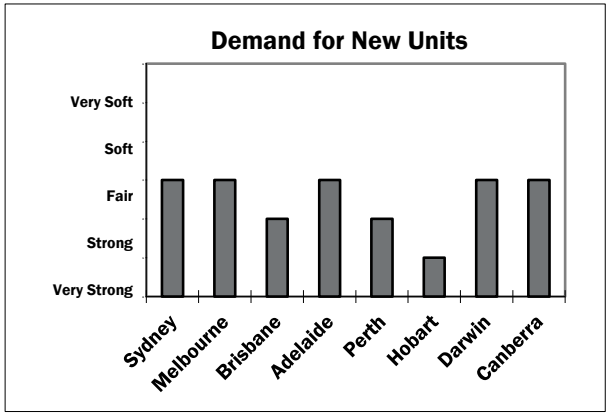


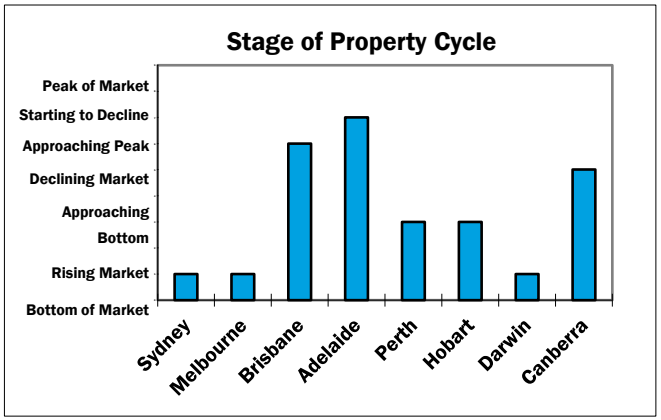

# Capital City Property Market Indicators – Industrial

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

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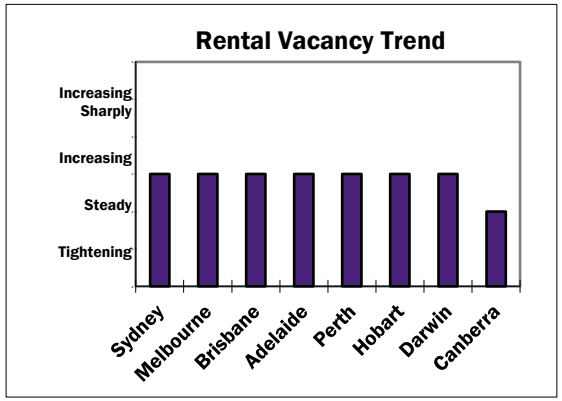
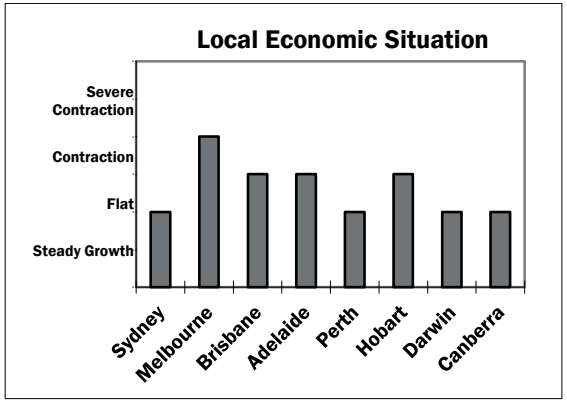
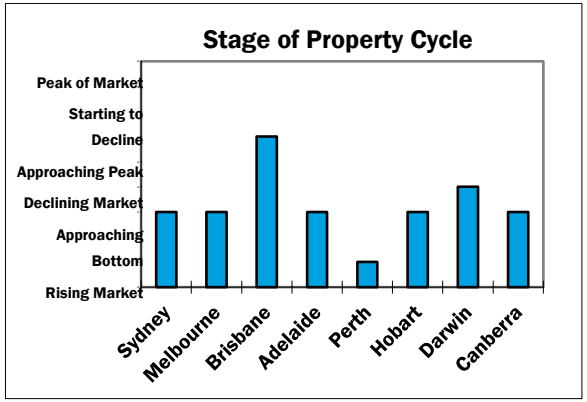


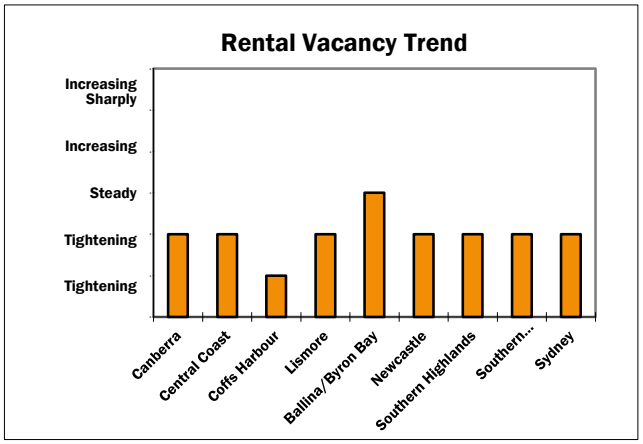



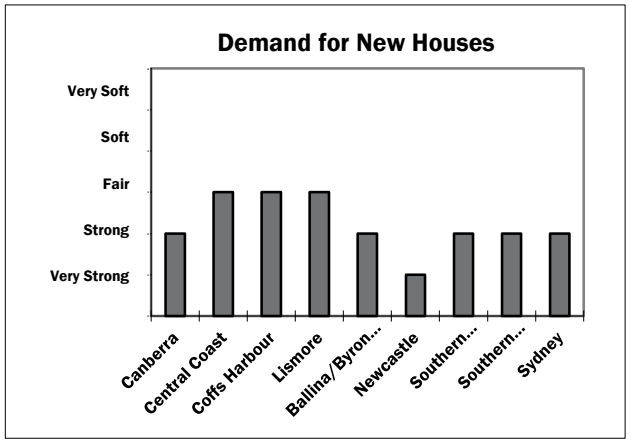



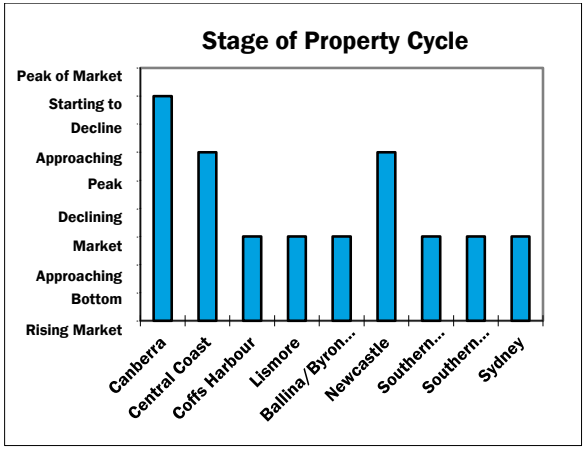
# East Coast New South Wales Property Market Indicators – Houses

| Factor | Canberra | Central Coast | Coffs Harbour | Lismore | Byron Bay/Ballina | Newcastle | Southern Highlands | Southern Tablelands | Sydney |
|---|---|---|---|---|---|---|---|---|---|
| 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 | 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 | Over-supply of available property relative to demand |
| Rental Vacancy Trend | Tightening | Tightening | Tightening sharply | Tightening | Steady | Tightening | Tightening | Tightening | Tightening |
| Demand for New Houses | Strong | Fair | Fair | Fair | Strong | Very strong | Strong | Strong | Strong |
| Trend in New House Construction | Declining | Steady | Declining | Steady | Declining | Declining significant-ly | Declining | Declining | Steady |
| Volume of House Sales | Increasing strongly | Increasing | Increasing strongly | Increasing | Steady | Increasing strongly | Increasing | Increasing strongly | Increasing |
| Stage of Property Cycle | Peak of market | Approaching peak of market | Rising market | Rising market | Rising market | Approaching peak of market | Rising market | Rising market | Rising market |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Occasionally | Occasionally | Almost never | Almost never | Almost never | Occasionally | Frequently | Frequently | 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*



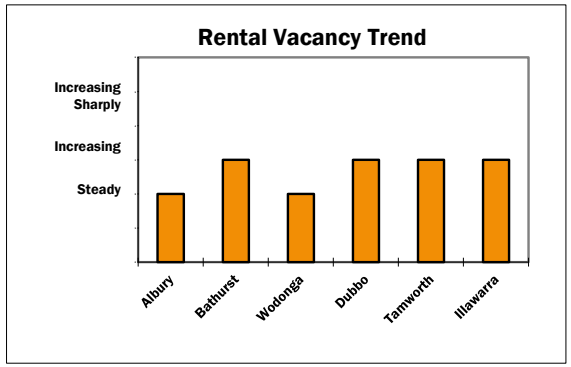



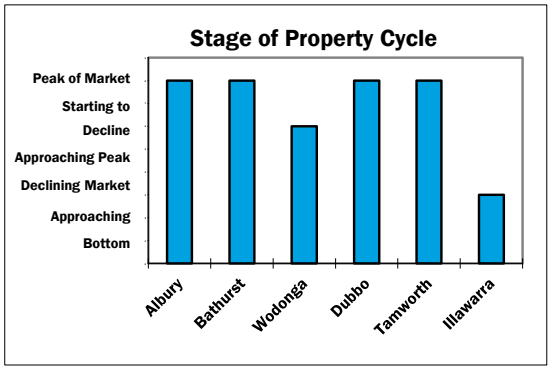
## Country New South Wales Property Market Indicators – Houses

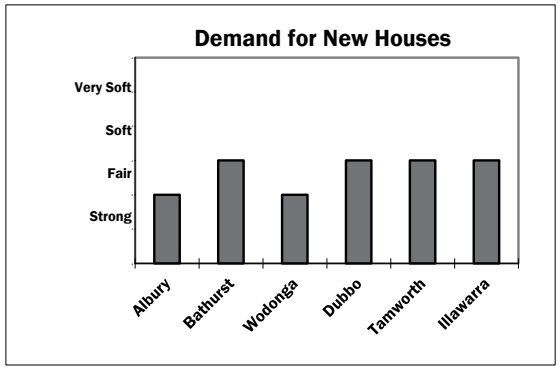
| Factor | Albury | Bathurst | Wodonga | Dubbo | Tamworth | Illawarra |
|---|---|---|---|---|---|---|
| Rental Vacancy Situation | Shortage of available property relative to demand | Balanced market | Shortage of available property relative to demand | Balanced market | Balanced market | Balanced market |
| Rental Vacancy Trend | Tightening | Steady | Tightening | Steady | Steady | Steady |
| Demand for New Houses | Very strong | Fair | Very strong | Fair | Fair | Strong |
| Trend in New House Construction | Declining significantly | Steady | Declining significantly | Steady | Declining | Steady |
| Volume of House Sales | Increasing strongly | Increasing | Increasing strongly | Increasing | Steady | Increasing |
| Stage of Property Cycle | Approaching peak of market | Peak of market | Approaching peak of market | Peak of market | Peak of market | Rising market |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Occasionally | Almost never | Occasionally | Very frequently | Occasionally | Frequently |

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

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



# East Coast New South Wales Property Market Indicators - Units

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

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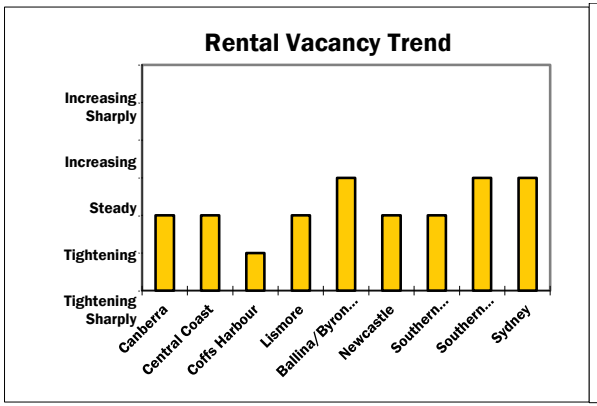


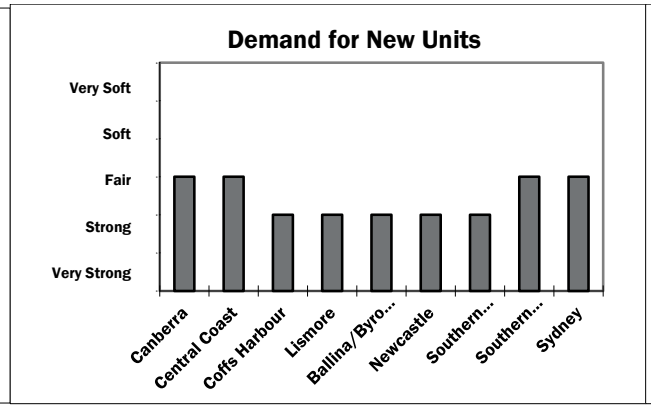


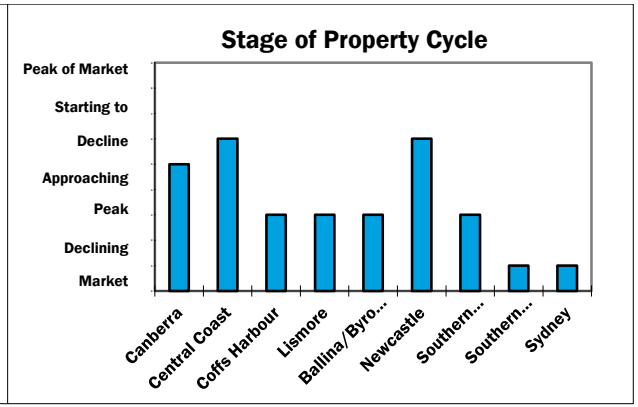

# Country New South Wales Property Market Indicators - Units

| Factor | Albury | Wodonga | Bathurst | Dubbo | Tamworth | Illawarra |
|---|---|---|---|---|---|---|
| Rental Vacancy Situation | Shortage of available property relative to demand | Shortage of available property relative to demand | Balanced market | Balanced market | Balanced market | Balanced market |
| Rental Vacancy Trend | Tightening | Tightening | Steady | Steady | Steady | Steady |
| Demand for New Units | Strong | Strong | Fair | Fair | Fair | Fair |
| Trend in New Unit Construction | Steady | Steady | Declining | Declining | Increasing | Steady |
| Volume of Unit Sales | Increasing | Increasing strongly | Increasing | Steady | Steady | Steady |
| Stage of Property Cycle | Rising market | Rising market | Peak of market | Rising market | Peak of market | Rising market |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Occasionally | Occasionally | Almost never | Occasionally | Occasionally | Frequently |

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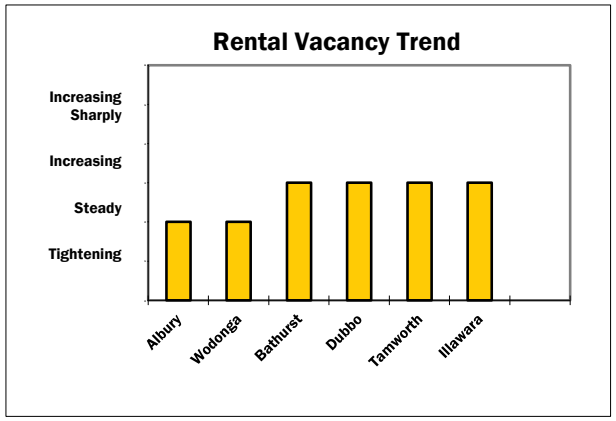


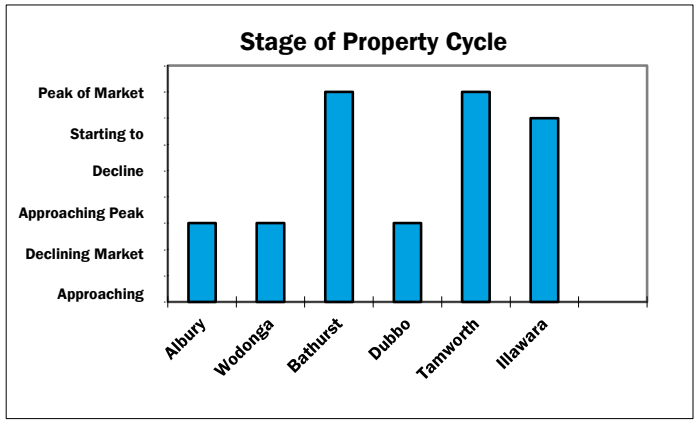


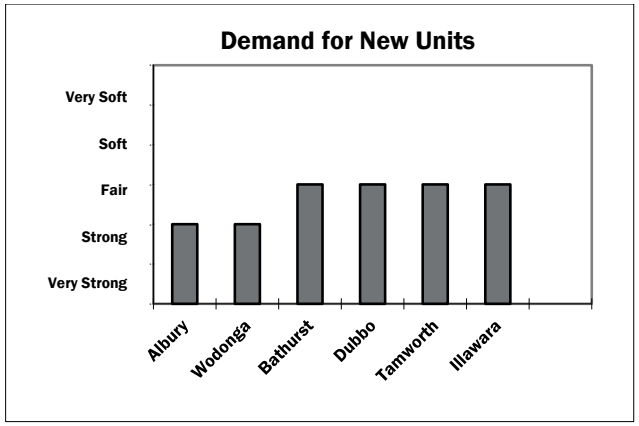

# East Coast & Country New South Wales Property Market Indicators – Industrial

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

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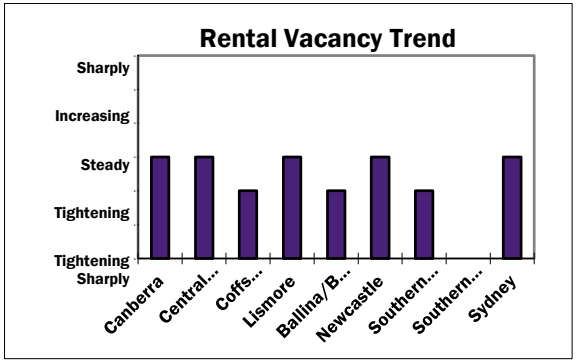
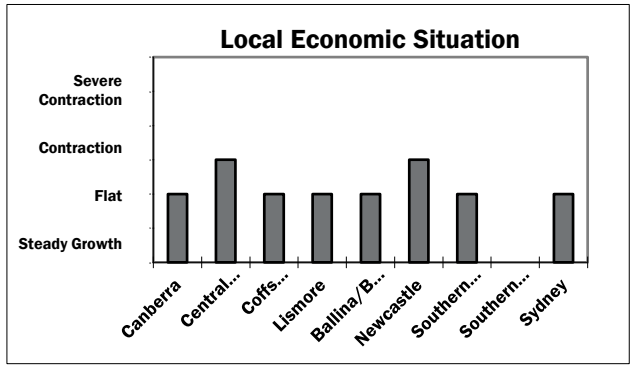
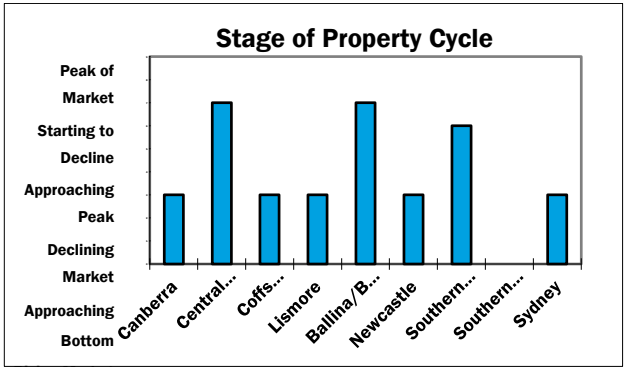


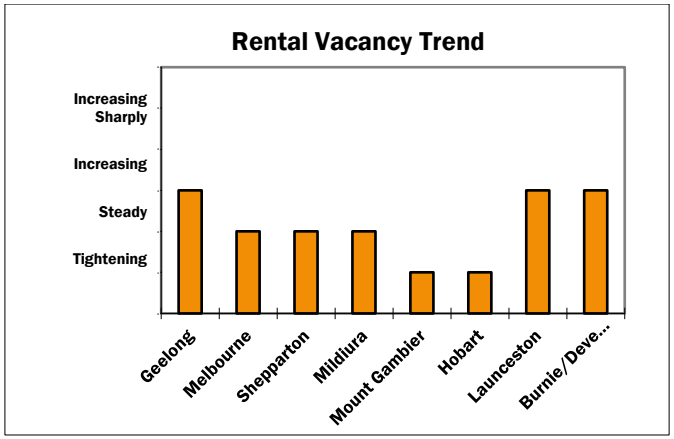



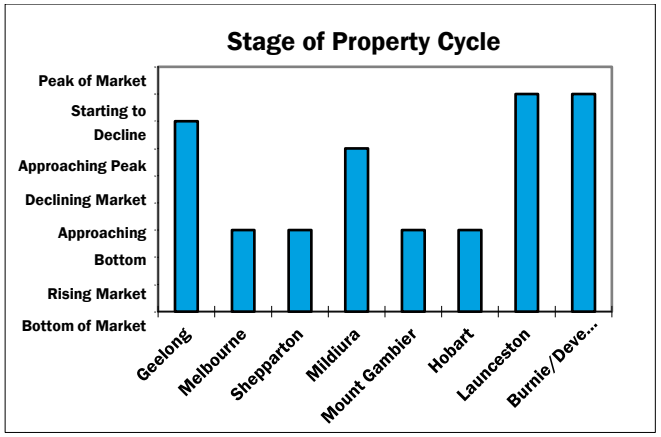



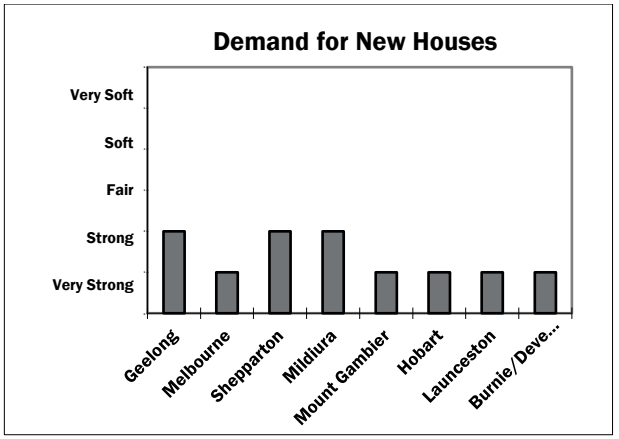
# Victorian and Tasmanian Property Market Indicators – Houses

| Factor | Geelong | Melbourne | Shepparton | Mildura | Mount Gambier | Hobart | Burnine/ Devenport | Launceston |
|---|---|---|---|---|---|---|---|---|
| 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 | Shortage of available property relative to demand | Shortage of available property relative to demand | Severe shortage of available property relative to demand | Shortage of available property relative to demand | Balanced market |
| Rental Vacancy Trend | Tightening sharply | Tightening | Tightening | Tightening | Tightening sharply | Tightening sharply | Steady | Steady |
| Demand for New Houses | Very strong | Very strong | Strong | Strong | Very strong | Very strong | Very strong | Very strong |
| Trend in New House Construction | Declining significantly | Declining significantly | Declining | Declining | Declining | Declining significantly | Declining significantly | Declining significantly |
| Volume of House Sales | Increasing strongly | Increasing strongly | Increasing | Steady | Increasing | Increasing strongly | Declining | Declining |
| Stage of Property Cycle | Approaching peak of market | Rising market | Rising market | Approaching peak of market | Rising market | Rising market | Peak of market | Peak of market |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Almost never | Occasionally | Almost never | Almost never | Occasionally | Almost always | Occasionally | Frequently |

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



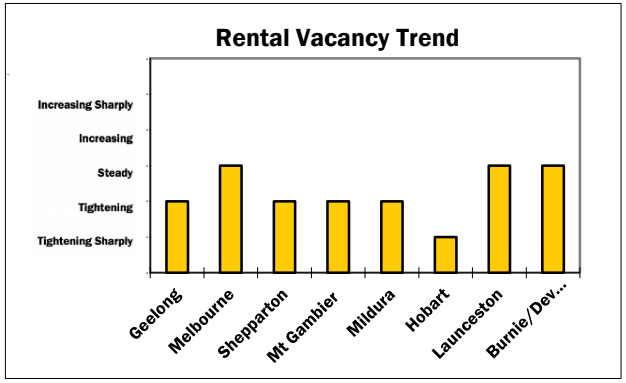



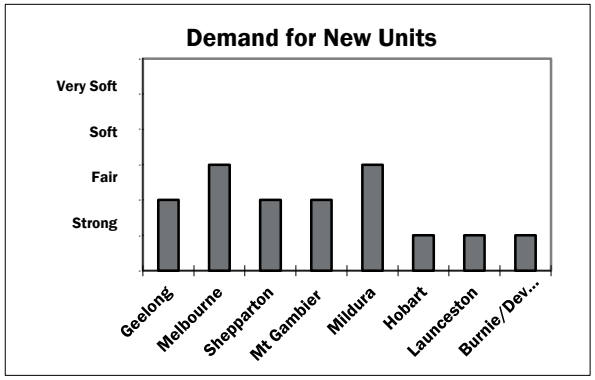



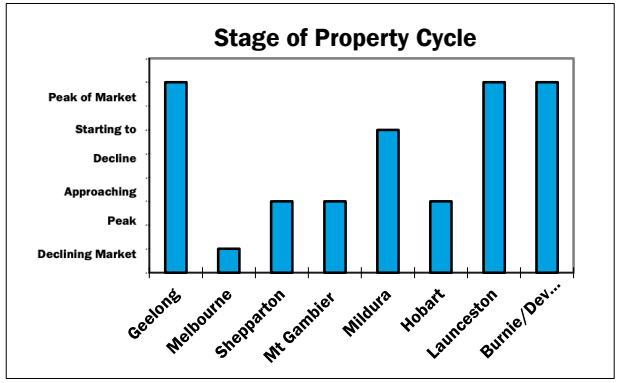
# Victorian and Tasmanian Property Market Indicators – Units

| Factor | Geelong | Melbourne | Shepparton | Mount Gambier | Mildura | Hobart | Launceston | Burnie/Develport |
|---|---|---|---|---|---|---|---|---|
| Rental Vacancy Situation | Shortage of available property relative to demand | Over-supply 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 | Balanced market | Balanced market |
| Rental Vacancy Trend | Tightening | Steady | Tightening | Tightening | Tightening | Tightening sharply | Steady | Steady |
| Demand for New Units | Very strong | Fair | Strong | Strong | Fair | Very strong | Very strong | Very strong |
| Trend in New Unit Construction | Declining significant-ly | Steady | Steady | Steady | Steady | Declining significant-ly | Declining significant-ly | Declining |
| Volume of Unit Sales | Increasing strongly | Steady | Increasing | Increasing | Steady | Increasing strongly | Declining | Steady |
| Stage of Property Cycle | Approaching peak of market | Start of recovery | Rising market | Rising market | Approaching peak of market | Rising market | Peak of market | Peak of market |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Almost never | Almost never | Almost never | Occasionally | Almost never | Almost always | Frequently | 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*



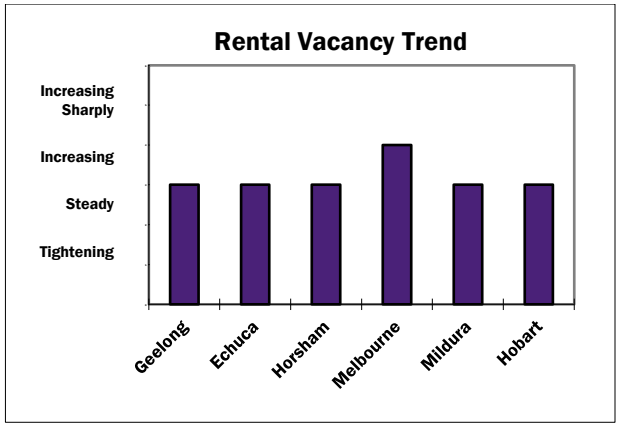



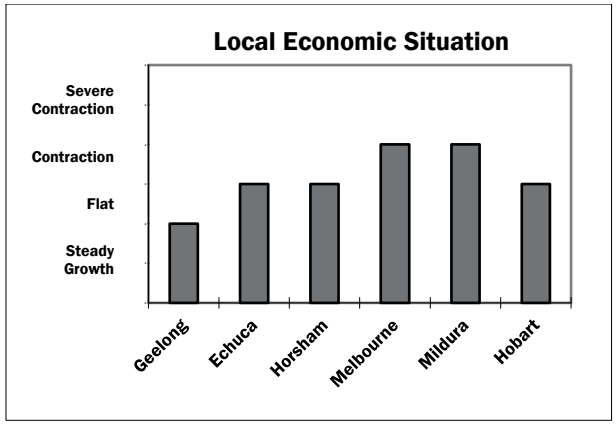
# Victorian and Tasmanian Property Market Indicators – Industrial

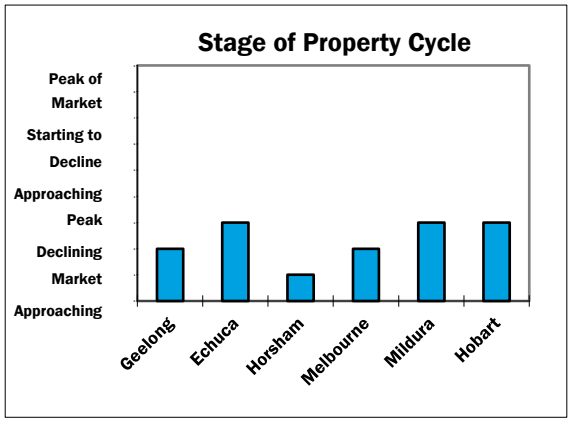
| Factor | Geelong | Echuca | Horsham | Melbourne | Mildura | Hobart |
|---|---|---|---|---|---|---|
| Rental Vacancy Situation | Balanced market | Balanced market | Over-supply of available property relative to demand | Balanced market | Balanced market | Over-supply of available property relative to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

*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*



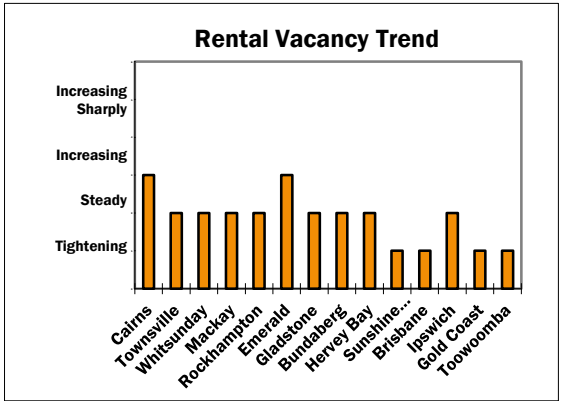



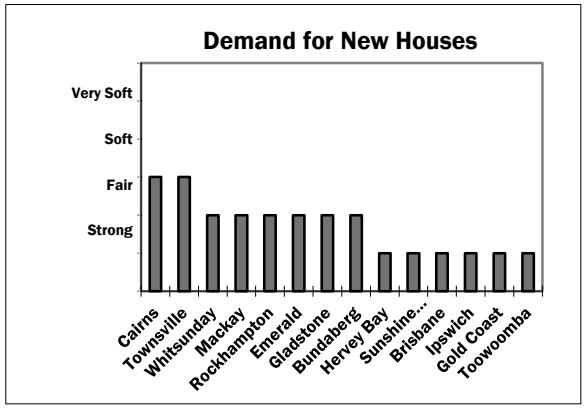
# Queensland Property Market Indicators – Houses

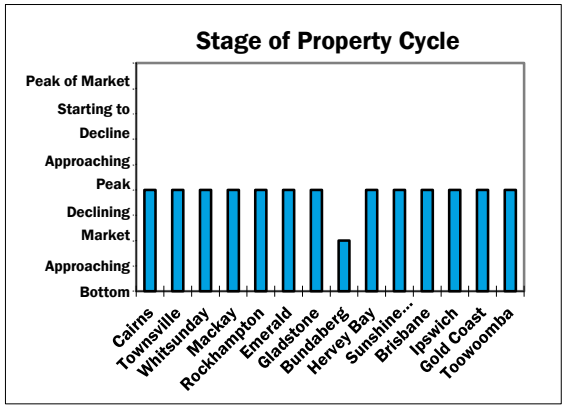
| Factor | Cairns | Townsville | Whitsunday | Mackay | Rockhampton | Emerald | Gladstone | Bundaberg | Hervey Bay | Sunshine Coast | Brisbane | Ipswich | Gold Coast | Toowoomba |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rental Vacancy Situation | Shortage of available property relative to demand | Severe shortage of available property relative to demand | Severe shortage of available property relative to demand | Shortage of available property relative to demand | Severe shortage of available property relative to demand | 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 | Severe shortage of available property relative to demand | Severe shortage of available property relative to demand |
| Rental Vacancy Trend | Steady | Tightening | Tightening | Tightening | Tightening | Steady | Tightening | Tightening | Tightening | Tightening sharply | Tightening sharply | Tightening | Tightening sharply | Tightening sharply |
| Demand for New Houses | Fair | Fair | Strong | Strong | Strong | Strong | Strong | Strong | Very strong | Very strong | Very strong | Very strong | Very strong | Very strong |
| Trend in New House Construction | Declining | Steady | Declining | Declining | Declining | Declining | Declining | Declining | Declining significantly | Declining significantly | Steady | Steady | Declining significantly | Declining |
| Volume of House Sales | Increasing | Increasing | Increasing | Increasing | Increasing | Steady | Increasing | Increasing strongly | Increasing strongly | Increasing | Increasing strongly | Increasing strongly | Increasing | Increasing strongly |
| Stage of Property Cycle | Rising market | Rising market | Rising market | Rising market | Rising market | Rising market | Rising market | Start of recovery | Rising market | Rising market | Rising market | Rising market | Rising market | Rising market |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Occasionally | Almost never | Occasionally | Occasionally | Occasionally | Occasionally | Occasionally | Almost never | Occasionally | Occasionally | Occasion-ally | Occasionally | Occasionally | Very frequently |

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

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



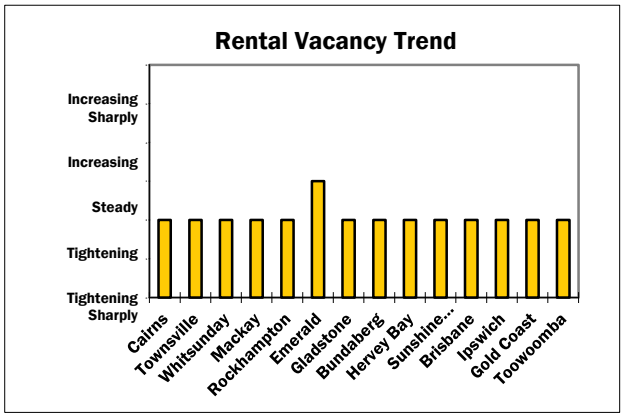



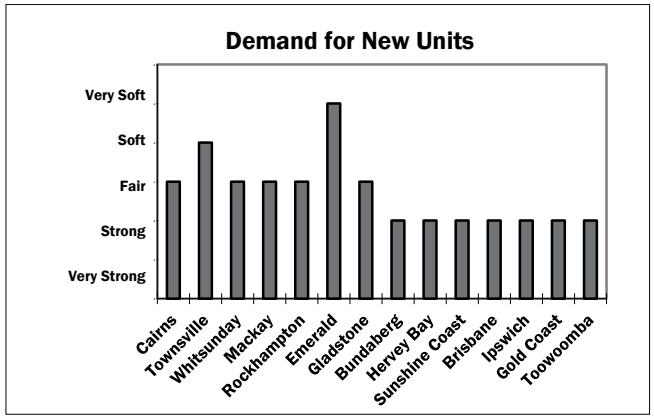



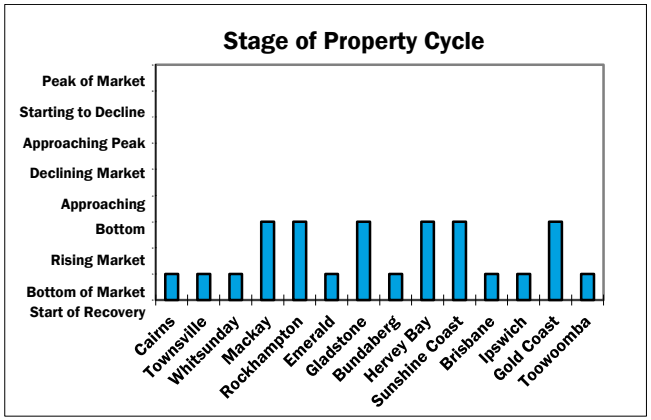
# Queensland Property Market Indicators – Units

| Factor | Cairns | Townsville | Whitsunday | Mackay | Rock-hampton | Emerald | Gladstone | Bundaberg | Hervey Bay | Sunshine Coast | Brisbane | Ipswich | Gold Coast | Toowoomba |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | Severe shortage of available property relative to demand | Balanced market | 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 | Tightening | Tightening | Tightening | Tightening | Tightening | Steady | Tightening | Tightening | Tightening | Tightening | Tightening | Tightening | Tightening | Tightening |
| Demand for New Units | Fair | Soft | Fair | Fair | Fair | Very soft | Fair | Strong | Strong | Strong | Strong | Strong | Strong | Strong |
| Trend in New Unit Construction | Steady | Increasing | Increasing strongly | Declining | Steady | Increasing strongly | Steady | Declining | Declining | Declining | Steady | Steady | Declining | Steady |
| Volume of Unit Sales | Steady | Increasing | Increasing | Increasing | Increasing | Steady | Increasing | Increasing strongly | Increasing | Increasing | Increasing | Increasing | Increasing | Increasing |
| Stage of Property Cycle | Start of recovery | Start of recovery | Start of recovery | Rising market | Rising market | Start of recovery | Rising market | Start of recovery | Rising market | Rising market | Start of recovery | Start of recovery | Rising market | Start of recovery |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Occasionally | Almost never | Almost never | Occasionally | Occasion-ally | Occasionally | Occasionally | Almost never | Occasionally | Occasionally | Occasion-ally | Occasion-ally | Occasionally | Occasionally |

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



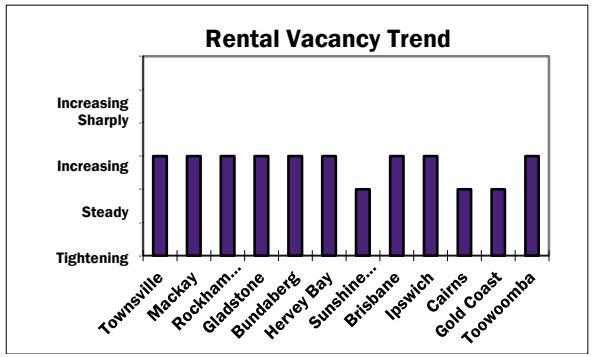



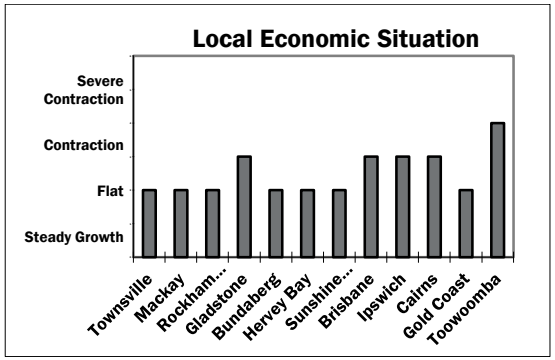
# Queensland Property Market Indicators – Industrial

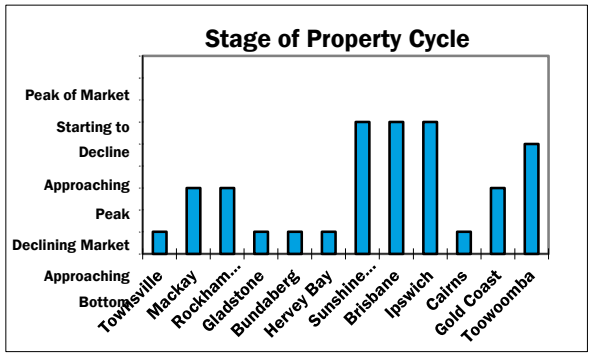
| Factor | Townsville | Mackay | Rockhampton | Gladstone | Bundaberg | Hervey Bay | Sunshine Coast | Brisbane | Ipswich | Cairns | Gold Coast | Toowoomba |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rental Vacancy Situation | Balanced market | Balanced market | Balanced market | Balanced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

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

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



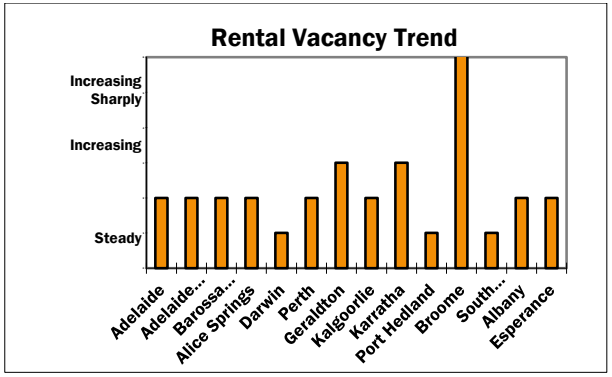



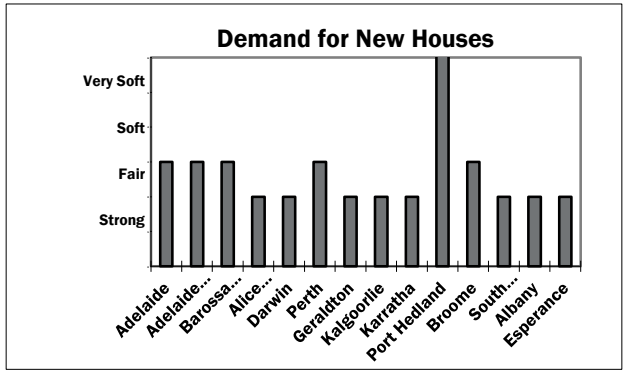



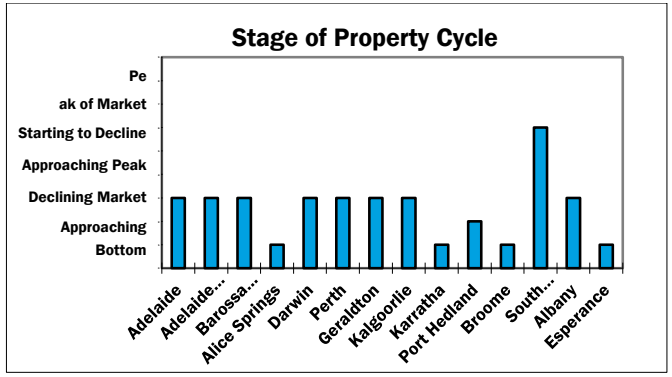
# SA, NT and WA Property Market Indicators - Houses

| Factor | Adelaide | Adelaide Hills | Barossa Valley | Alice Springs | Darwin | Perth | Geraldton | Kalgoorlie | Karratha | Port Hedland | Broome | South West WA | Albany | Esperance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rental Vacancy Situation | 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 | Shortage of available property relative to demand | Shortage of available property relative to demand | Severe shortage of available property relative to demand | Severe shortage of available property relative to demand | Shortage of available property relative to demand | Balanced market |
| Rental Vacancy Trend | Tightening | Tightening | Tightening | Tightening | Tightening sharply | Tightening | Tightenin g | Tightenin g | Steady | Tightening | Tightening sharply | Tightening sharply | Tightening | Tightening |
| Demand for New Houses | Fair | Fair | Fair | Strong | Strong | Fair | Fair | Fair | Strong | Strong | Strong | Strong | Strong | Fair |
| Trend in New House Constructio n | Steady | Steady | Steady | Declining | Declining significantly | Declining significantly | Declining | Declining | Declining | Declining | Declining | Declining significantly | Declining | Declining |
| Volume of House Sales | Steady | Steady | Steady | Increasing | Increasing | Increasing | Increasing | Increasin g | Steady | Increasing | Increasing | Declining | Increasing | Increasing |
| Stage of Property Cycle | Rising market | Rising market | Rising market | Start of recovery | Rising market | Rising market | Rising market | Rising market | Rising market | Rising market | Rising market | Approaching peak of market | Rising market | Start of recovery |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Frequently | Frequently | Frequently | Occasionally | Occasion-ally | Occasion-ally | Occasion-ally | Occasion-ally | Occasion-ally | Almost never | Occasionally | Occasionally | 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*



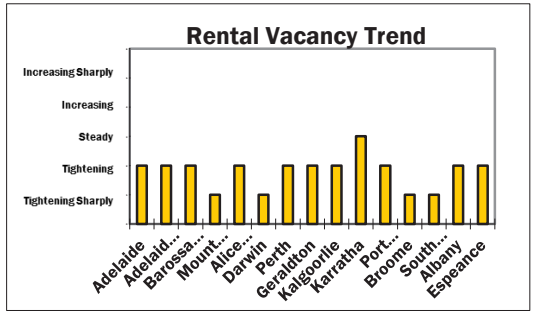



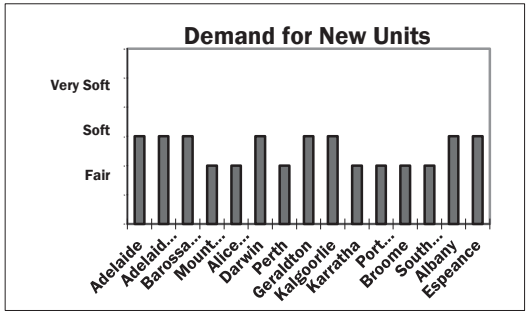



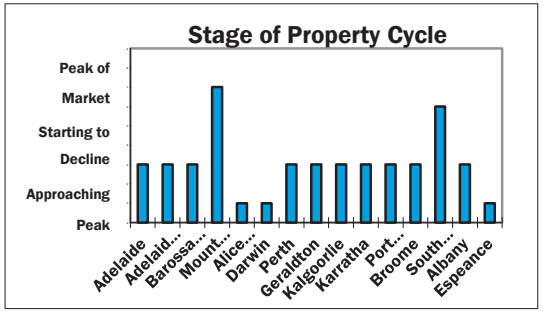
# SA, NT and WA Property Market Indicators – Units

| 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 | Shortage of available property relative to demand | Shortage of available property relative to demand | Shortage of available property relative to demand | Shortage of available property relative to demand | Shortage of available property relative to demand | Shortage of available property relative to demand | Shortage of available property relative to demand | 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 | Shortage of available property relative to demand | Balanced market |
| Rental Vacancy Trend | Tightening | Tightening | Tightening | Tightening sharply | Tightening | Tightening sharply | Tightening | Tightening | Tightening | Steady | Tightening | Tightening sharply | Tightening sharply | Tightening | Tightening |
| Demand for New Units | Fair | Fair | Fair | Strong | Strong | Fair | Strong | Fair | Fair | Strong | Strong | Strong | Strong | Fair | Fair |
| Trend in New Unit Construction | Increasing | Increasing | Increasing | Steady | Steady | Declining | Declining | Steady | Steady | Steady | Steady | Steady | Declining | Steady | Steady |
| Volume of Unit Sales | Steady | Steady | Steady | Increasing | Increasing | Increasing | Increasing | Increasing | Increasing | Steady | Increasing | Increasing | Declining | Increasing | Steady |
| Stage of Property Cycle | Rising market | Rising market | Rising market | Rising market | Start of recovery | Start of recovery | Rising market | Rising market | Rising market | Rising market | Rising market | Rising market | Approaching peak of market | Rising market | Start of recovery |
| Are New Properties Sold at Prices Exceeding Their Potential Resale Value | Occasionally | Occasion-ally | Occasion-ally | Occasion-ally | Almost never | Almost never | Occasion-ally | Occasionally | Occasionally | Occasion-ally | Almost never | Almost never | Occasionally | 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*



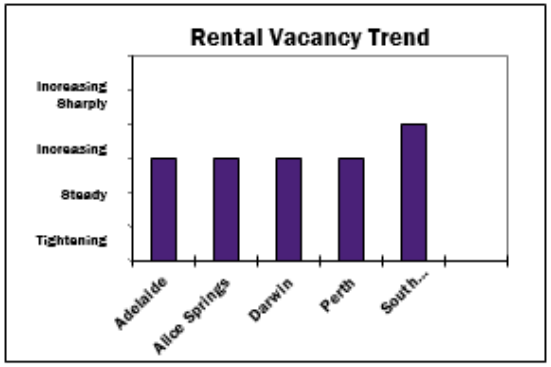



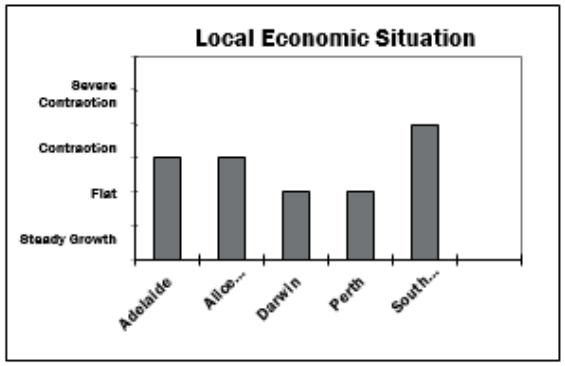



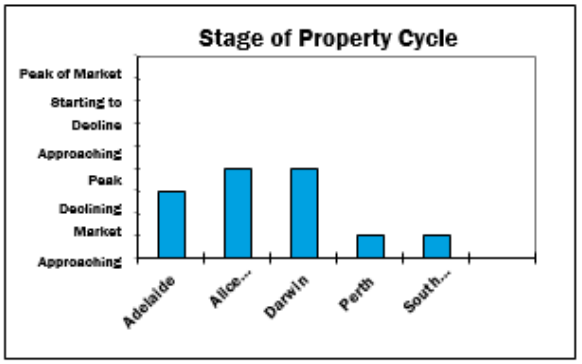
# SA, NT and WA Property Market Indicators – Industrial

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



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