Residential

December 2020

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.

Peak of Market:
Albury
Bathurst
Burnie/Devenport
Canberra
Dubbo
Hobart
Launceston
Tamworth

Approaching Peak of Market:
Geelong
Sunshine Coast

Starting to Decline:
Wodonga

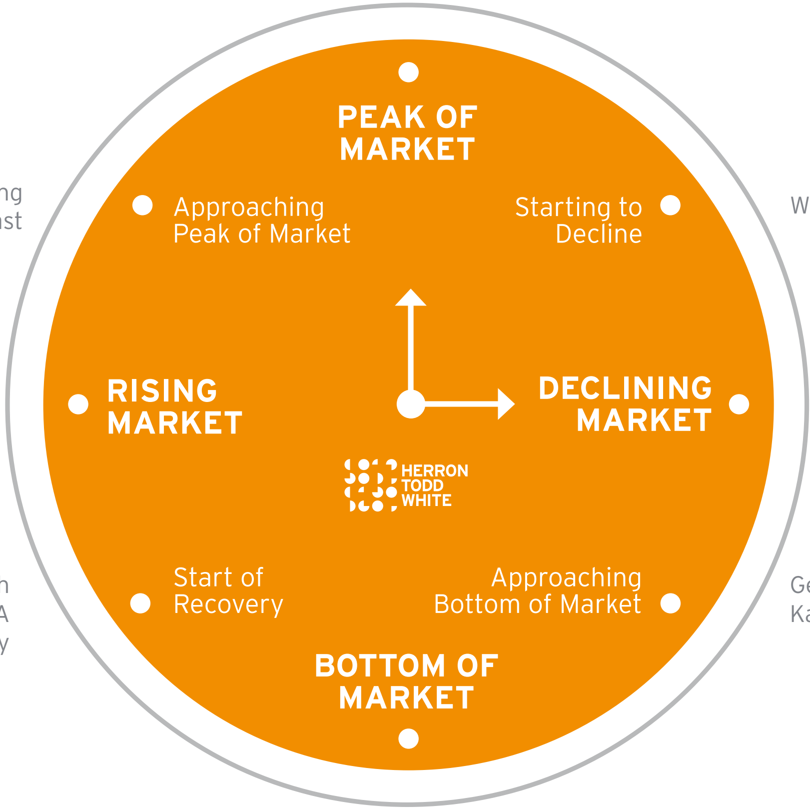
Rising Market:
Adelaide
Adelaide Hills
Ballina/Byron Bay
Barossa Valley
Brisbane
Cairns
Coffs Harbour
Emerald
Gladstone
Gold Coast
Hervey Bay
Illawarra
Ipswich
Karratha
Lismore
Mackay
Mildura
Mt Gambier
Newcastle
Port Hedland
Rockhampton
Shepparton
S'thn Highlands
Toowoomba
Townsville

Declining Market:

Start of Recovery:
Alice Springs
Central Coast
Darwin
Melbourne
Perth
South West WA
Whitsunday

Approaching Bottom of Market:
Geraldton
Kalgoorlie

Bottom of Market:
Albany
Broome
Bundaberg
Sydney



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National Property Clock: Units

Entries coloured blue indicate positional change from last month.

Adelaide Hills
Albury
Barossa Valley

Bathurst
Burnie/Devenport
Launceston

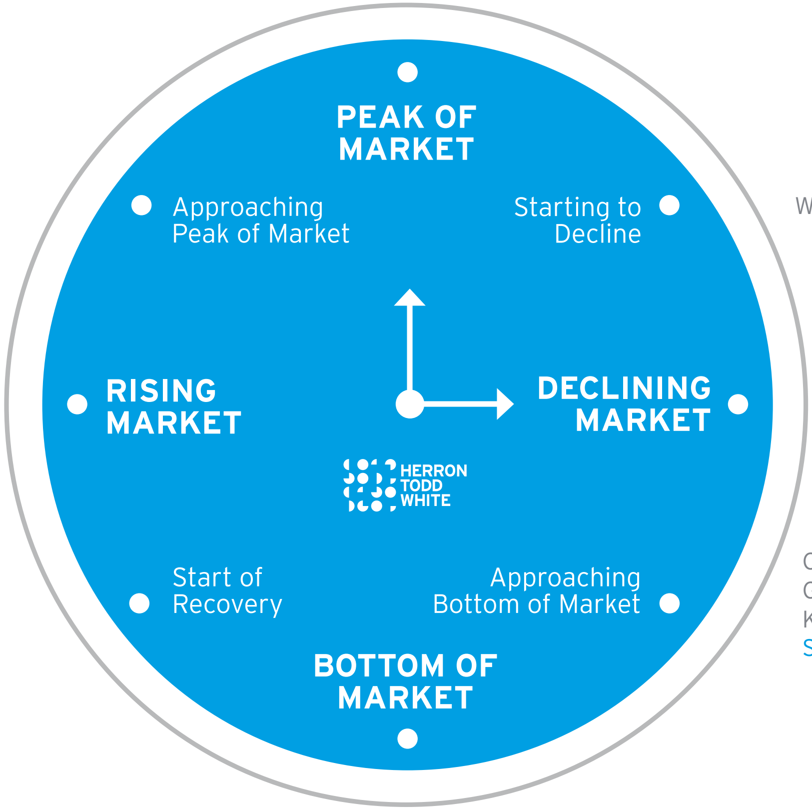
Tamworth

Geelong
Sunshine Coast

Wodonga

Adelaide
Ballina/Byron Bay
Coffs Harbour
Dubbo
Gladstone
Hervey Bay
Hobart
Karratha

Lismore
Mackay
Mount Gambier
Mt Gambier
Port Hedland
Rockhampton
Shepparton



Canberra
Perth

Alice Springs
Brisbane
Cairns
Darwin
Emerald
Gold Coast
Illawarra

Ipswich
Mildura
Newcastle
South West WA
Southern Highlands
Toowoomba
Townsville

Central Coast
Geraldton
Kalgoorlie
Sydney

Albany
Broome
Bundaberg

Melbourne
Whitsunday

New South Wales

Overview

In the first edition of *Month In Review* for 2020, we asked our teams to deliver their predictions for the year ahead. Most had no idea about what was to come while compiling their thoughts.

And so, with the benefit of hindsight, Herron Todd White's valuers around the country deliver a summary of how the year played out in residential markets, and whether their forecasts stood up against extraordinary events.

Sydney

When we look back to the start of 2020, we had just come through a horrific bushfire season while COVID-19 was still mainly confined to China and not really on our radar. So much has changed in our lives over the course of the year and property markets around the country looked like they were headed for another hard fall after less than a year of recovery since the previous downturn.

In February we made our predictions without any expectation of the impact the COVID-19 pandemic would have on our lives and our economy. We predicted new listings would increase in the first half of 2020 which would start to see price growth begin to moderate from the cracking pace set in the final quarter of 2019. We started 2020 with Sydney values sitting about 6.4% below the 2017 peak and we were expecting prices to move past this peak in the second half of 2020.

So, our predictions did not quite pan out, as the external shock that occurred a couple of months later put significant downward pressure on

CEO'S ADDRESS

2020 has been described in many ways such as significant and challenging, innovative and unprecedented.

Of course, our progression through the pandemic is not over, and its legacy is still to be defined. That said, if past months have taught us anything, it's that we can collectively find the solutions we need to be able to service our clients and operate under any circumstance.

Our year at Herron Todd White has been marked by significant events as well. We established new protocols to address challenges that came with COVID restrictions, including the development of our Contactless Inspection Tool – a feat which culminated in our team being presented with the Australian Property Institute's prestigious 2020 Innovation Award.

We also welcomed some of the industry's most respected professionals to our ranks, including former Queensland Valuer-General, Neil Bray, and one of Australia's most respected property experts Kevin Brogan.

Each year, our December issue of Month In Review is devoted to looking back at various markets and describing how they performed over the preceding 12 months.

And, of course, this year's report makes for essential reading.

In the residential submissions this month, our teams have completed a retrospective of their local markets and discussed outcomes such as:

- Capital city markets ending the year on a strong note despite difficult challenges throughout 2020;
- The rise of regional and lifestyle markets as populations decentralise;
- The increase in vacant land transactions and construction activity in response to low interest rates and government assistance; and
- The rise in first homeowners as a significant market cohort.

I hope everyone has a safe, enjoyable holiday season and an exciting New Year. We look forward to partnering with you in 2021, to ensure you make the most of your property assets.

Gary Brinkworth
CEO

So, our predictions did not quite pan out, as the external shock that occurred a couple of months later put significant downward pressure on property prices.

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property prices.

The Sydney residential property market is a resilient beast however and while sales transactions dropped off significantly during the months following the lockdowns in late March, prices continued to hold up far better than many were predicting.

Whilst price movements were not uniform across different localities, price points and property types, Sydney property values fell by approximately three per cent from late April through until the end of September. October saw prices level out at the start of the month and begin to increase slightly by the end of the month. According to CoreLogic, by mid-November prices had increased by 0.3 per cent over the previous four weeks and on the current trend, Sydney prices are likely to see a two per cent increase over the course of 2020. That is something few would have predicted back in April.

Home Value Changes

Capital city	Weekly change	Monthly change	Yr to date change	12 mth change
Sydney	0.1%	0.3%	1.7%	4.6%

Source: (Source: CoreLogic 15/11/20)

While a decrease in supply helped hold up prices throughout autumn and early winter, by mid-winter, listings and sales activity began to increase after COVID-19 restrictions continued to ease. By October, Sydney has seen annual sales volumes increase by 12.5 per cent over the year according to CoreLogic. Spring auction volumes were on par with 2019 and clearance rates returned to above 70 per cent. Despite the increase in sales volumes, total listings are down by 6.5 per cent as at mid-November compared to the same period last year.

In general, houses performed better than units with investor grade units, particularly in areas with a large recent supply of new units, experiencing the largest decreases in values. The CoreLogic October Hedonic Home Value Index showed houses having a year to date increase in value of 1.9 per cent, with units at 0.7 per cent.

The middle part of the market saw the largest decreases as prices eased. The lower end was propped up by first home buyers, while the top end, particularly at the prestige level, saw strengthening activity as the year progressed as buyers looked to upgrade.

North-West Sydney

The last quarter of 2020 is trending to finish up strongly within the north-west region of Sydney. Local agents confirm that good quality assets have seen an increase in demand with an uptake of property enquiries and registered bidders at auctions.

There are a few reasons for this, including: the north-west has always been a traditionally resilient market; pent up demand from months of uncertainty and a city-wide lockdown; increasing levels of consumer confidence; larger block sizes with landscaped backyards and detached dwellings being more appealing; recent infrastructure upgrades to transport hubs; quality schools; and historically low interest rates.

Generally, this region was travelling well at the start of the year. During COVID there was limited market activity and in recent months the market has begun to improve.

A recent example is 6 Claxton Circuit, Rouse Hill. The property is a semi-modern, five-bedroom, two-bathroom, three-car garage dwelling with a below ground pool, purchased for $1 million in March 2019 and re-sold for $1.32 million in November 2020 with no major renovation works done to the property since the previous sale.

Another example is 30 Kiewa Grove, Gables. The property, which comprises a 2019 architecturally designed dwelling comprising five bedrooms, four bathrooms, two-car garage with a below ground pool, sold at a suburb record of $1.52 million in September.

30 Kiewa Grove, Gables Source: PriceFinder

In North Kellyville, 3 Kurnell Place, a 2018 architecturally designed dwelling comprising four bedrooms, five bathrooms, two-car garage with a below ground pool, sold at the top end of the market for $1.92 million in November.

In Northmead, 26/2 Rifle Range Road, a circa 1997, three-bedroom, two-bathroom townhouse with a double garage, sold at auction in November for $1 million, a record sale for a 1990s three-bedroom townhouse in Northmead. The property features older updates internally, a landscaped courtyard and a modern inground pool. The townhouse is unique given the modern inground pool in the rear yard, a feature not seen before in the local area.

South-West Sydney

Winding back the clock to the start of 2020, we predicted the high growth seen in the last quarter of 2019 would be difficult to sustain in 2020. We were right, but not for the reasons we thought would be the driving factors. Instead the COVID-19 pandemic hit the south-west and took the market on a different journey.

The growth centres around Austral and the Aerotropolis as expected saw some strong gains with developers and land bankers returning to the Austral market after some 12 months of very limited activity, albeit at price points well below the highs seen in 2017 and 2018. The Aerotropolis saw some big progress towards what has been envisaged as a major employment hub with the gazettal (1 October 2020) of the State Environmental Planning Policy (Western Sydney Aerotropolis) 2020. This provided some much needed direction for the precinct which in turn saw an increase in interest from developers and landbankers.

The residential markets were a bit of a rollercoaster. When COVID-19 hit, media reports and articles painted a grim picture. However the extent of price drops, if any, were never really seen. Agents did report a drop in listings, overall interest and longer selling periods however certain price points (sub $800,000) did not seem to be impacted while the higher end markets experienced a small drop, with sale prices generally just below listed prices.

An example of prices remaining strong at the start of the year can be seen in a townhouse complex in Green Valley. A three-bedroom, one-bathroom townhouse in the complex sold in May 2019 for $477,000, followed by a similar three-bedroom, one-bathroom townhouse in the same complex in March 2020 for $520,000.

More recently, a modern home in Oran Park sold in November for $820,000 after previously selling in July 2019 for $765,000.

The last quarter of 2020 has really been about first homeowners. With another cut to interest rates and various government grants and initiatives, the market has seen these buyers return in droves with the intent of buying. Agents are reporting strong results in that sub $800,000 market as buyers fight for any quality stock.

The Northern Beaches has really benefited from COVID-19's reshaping of working environments.

A house in St Helens Park sold in November for a strong $660,000 and was on the market for a matter of hours, not days.

A recent sale in St Helens Park Source: CoreLogic

Northern Beaches
The overall prediction of business as usual didn't quite go to plan. It has been a rollercoaster of a year, particularly for the Northern Beaches.

The market began 2020 similar to how it finished 2019 with continued growth across all value levels. The uncertainty and negative media speculation surrounding COVID-19 certainly slowed the market although surprisingly, values remained fairly stable. The market really showed its resilience once the dust settled and everyone adjusted and accepted the new norm. We have experienced high levels of demand and capital growth to finish the year off strongly.

The Northern Beaches has really benefited from COVID-19's reshaping of working environments and giving people the opportunity to work remotely. Realestate.com.au released the most popular suburbs for prospective buyers in Sydney with Newport (second), North Narrabeen (third) and Collaroy (sixth) all featuring in the top ten - really highlighting current buyer demand. Another example of the underlying strength is the sale of 5 Darius Avenue, North Narrabeen. The knockdown sold for $1.93 million at auction on 31 October 2020.

5 Darius Avenue, North Narrabeen Source: realestate.com.au

To put the sale into perspective, the neighbouring property at 3 Darius Avenue sold for $1.49 million in September 2016 and another nearby property at 12 Lake Park Road, North Narrabeen, sold for $1.62 million in February 2020.

Inner Sydney/Eastern Suburbs
Aside from the unforeseen circumstances of the COVID-19 pandemic, our predictions of 2020 being a strong year for first home buyers have proven accurate. The First Home Loan Deposit Scheme has improved the perception of access to

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the market for first home buyers and low interest rates have made repayments affordable for many young professionals.

Recently completed infrastructure projects improved the amenity of areas such as Surry Hills and Kensington, with values in the area remaining particularly resilient throughout the pandemic, particularly in the owner-occupier market segment. An example is 14 Richards Avenue, a renovated four-bedroom terrace with parking on one of the suburb's best streets, which sold in the first week of lockdown in March for $3.8 million.


14 Richards Avenue, Surry Hills Source: CoreLogic

After being a poor performer in 2018 and 2019, values in Pyrmont were tipped to improve in 2020, however the pandemic has caused this largely investor market to, at best, remain stable. A unit at 7/4 Tambua Street recently sold for $906,000 reflecting an average of two per cent per annum growth since its previous sale for $823,000 in 2015.

The first quarter of 2020 was full of optimism with strong prices being achieved across the board, particularly within owner-occupier dominated market segments, including good quality units, townhouses and dwellings. 5 Rowena Place, Potts Point, a two-bedroom townhouse in the city's inner east sold in February 2020 for $1.405 million, almost $150,000 more than the previous sale in the complex in 2018 – during which the broader market had remained volatile but at a similar level. Strong results such as these appear to be driven by low interest rates and generally positive market sentiment.

In the second quarter of 2020, with the onset of COVID-19 and its social distancing rules and restrictions placed on mass gatherings such as public auctions, the market began to slow and volumes began to decrease. Demand waned as buyers began to exercise caution amidst uncertainty and agents reported longer listing times and reduced competition. Speculation that investors would be forced to sell off en masse swirled and bargain hunters began to circle. Thankfully these fears did not eventuate as broadly as initially thought. Some investor units did hit the market for a loss, such as 9/71 Renwick Street, Redfern, a one-bedroom unit with parking which was purchased off the plan in September 2015 for $820,000 and resold in May 2020 for $768,000.


71 Renwick Street, Redfern Source: CoreLogic

As COVID-normal was achieved in the third quarter of 2020, a new market normal also emerged. Auctions returned and so did buyers and sellers. Many inner city agents reported record sales volumes in August and September (although notably not always record results). The owner-occupier market sprung into life as upsizers took advantage of record low interest rates and many professional and older couples sought to take their new found work from home lifestyle (and Sydney salary) to more affordable regional areas. This was the case with 55 Bowman Street, Pyrmont, a four-bedroom townhouse in Jackson's Landing, which achieved a strong result of $4.14 million during the height of the market boom in April 2017 and resold in August 2020 for $4.35 million.

Whilst the owner-occupier market has regained some of its positivity, large rental decreases across inner city areas have caused the investor market segment to experience longer selling periods and lower returns, particularly in areas with extensive supply pipelines such as Green Square. 226/2 Powell Street, a one-bedroom unit in Waterloo, sold for $625,000 in September 2020, $10,000 less than its previous 2016 sale price.

The fourth quarter of 2020 has seen this sentiment continue with owner-occupier properties achieving premium results and investor units lagging behind. After a new kitchen and cosmetic updates, 306/357 Glenmore Road in Paddington, an owner-occupier two-bedroom unit in a sought after warehouse building sold for $1.77 million in October 2020, after previously selling in April 2020 for $1.595 million.

The most significant increases in capital growth were dwellings above $1.5 million.

Something that became evident during the pandemic was the trend of people wanting more space, whether that be to just have a back yard and be within a quieter area within the same region.

We have been surprised by the resilience of the inner-city owner-occupier market, with multiple strong results as previously mentioned. Whilst these are not limited to a specific area, they are clearly differentiated by their price point and target market.

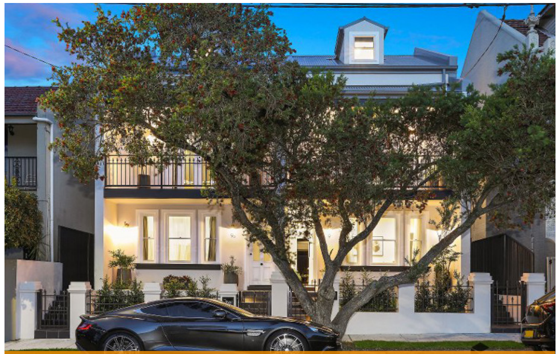
Inner West

The general market in the inner west of Sydney had experienced strengthened conditions in the months prior to the Coronavirus pandemic. From March until August and September, the market appeared to flatten or decline and a significant reduction in sale transactions occurred. In more recent months, the market has significantly strengthened especially in the dwelling market. The easing of restrictions as well as the low interest rate environment have increased buyer demand in most parts of the inner west. In saying this, there are still mixed results which would indicate that the market is still experiencing some volatility.

The most significant increases in capital growth were dwellings above $1.5 million. Balmain has performed strongest in the region with strong results experienced throughout the year, even during the pandemic. That bullish sentiment has been amplified in recent months with even stronger market conditions.

Areas with high density strata units such as Homebush, Camperdown, Erskineville, Lewisham and Summer Hill, where supply outstrips demand, saw the least movement in capital growth, and in some cases a decline in capital values. The rental market has been significantly impacted by the Coronavirus pandemic, which in turn is impacting overall value in these investor markets. Buildings which have been completed to a higher standard and attract owner-occupiers have been less affected by the decline.

A few sales provided some surprising results, the first being a recently completed duplex at 9 Thornley Street, Leichhardt for $2.7 million in November. This result is extremely strong for a duplex in Leichhardt.


9 Thornley Street, Leichhardt Source: CoreLogic

Another surprising result was the sale of 57 Victoria Street, Lewisham for $2.61 million in October, significantly higher than the sale opposite of a comparable property at 42 Victoria Street, Lewisham for $2.3 million in November 2019. 144 Cardigan Street, Stanmore which sold for $3.336 million in September also far exceeded vendor expectations.

It was surprising to see the rebound towards the latter part of the year, especially the strength of the rebound which can be attributed to the lack of stock for sale throughout the year, as well as the historically low interest rate environment.

Southern Suburbs

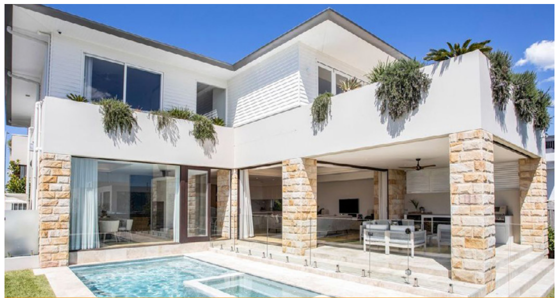
This time approximately 12 months ago, we were discussing the tragic impacts of the bushfires within New South Wales and across the country, the strong property performance over the final few months of 2019 and our thoughts on how the 2020 property market would play out. It is astonishing to reflect back and realise that the full impact of the Coronavirus pandemic was just around the corner. At the time, our expectations were that the majority of properties across this region would continue to perform well throughout 2020, particularly houses and lower density style developments such as townhouses. The exception to this was high density apartments within oversupplied pockets such as those in Miranda, Kirrawee and Sutherland, for example.

As we moved into the early months of 2020 and felt the full impacts of the COVID-19 lockdown period and associated restrictions, we saw the property market almost come to a halt particularly during April and May. In saying this, while market activity slowed significantly, property prices only appeared to have weakened slightly around this time as people appeared to take a longer term view and not sell unless they had to.

Something that became evident during the pandemic was the trend of people wanting more space, whether that be to just have a back yard and be within a quieter area within the same region or potentially moving to a regional area as working remotely meant that commuting to the CBD and other major areas was no longer a critical requirement when purchasing property. This is in direct contrast to what we were previously seeing with the trend of people wanting to live in built-up areas closer to transport, services and amenities in order to improve accessibility and work-life balance.

The rental market was impacted to a greater extent given that tenants were seeking rental reductions or unable to pay rent if they had been significantly financially impacted due to COVID-19. The weak performance of the rental market in general has directly impacted investment style properties such as apartments in particular. As investors withdrew from the market, we observed first home buyers and owner-occupiers seeing this as an opportunity to return to the market. Combined with incentives for first home buyers and historically low interest rates, property prices have remained stable in most cases and there has been evidence of some property types and locations seeing slight value increases as we moved into the final months of 2020.

Some of the premium suburbs within the Sutherland Shire such as Cronulla, Burraneer and Greenhills Beach have witnessed some extraordinary results including a substantial waterfront property in Burraneer which sold just above $9 million and a near new high quality home within a newly developed estate (Greenhills Beach) that recently transacted for a little over $4.5 million, setting a new record for the estate.



5 Shorebird Parade, Greenhills Beach Source: realestate.com.au

Prestige

Last month's issue was dedicated to the prestige market and we provided an in-depth look at how that sector of the market had performed so far in 2020.

The year can be broken up into three parts when looking at how the prestige market has performed. The January to March period, pre-COVID, saw the strong finish to 2019 continue, with good activity and sales results being achieved. As the lockdowns commenced, market activity plummeted and from April through to July, prices remained steady, with demand still reasonably strong for properties put to market or sold off-market.

By August there was strengthening activity in the market, with those who had put off selling during autumn now having the confidence to sell as it became clearer that the property market was holding up far better than expected. Prices appear to be strengthening as buyers take advantage of historically low financing costs to upgrade to a home more suitable to their changing needs, with many now looking for options which incorporate living requirements with the ability to work from home. As a result of the COVID-19 impact on many overseas countries, many expats are also looking to return to Australia which is adding to the demand in this price sector.

There have been a number of record suburb sales in 2020 with a price tag of at least $3 million, many of which we referenced in our previous issue. Many of these sales happened prior to April or after July, however there were a few which occurred during these months, highlighting how high quality properties were still in demand when the general market was at its softest.

The inner city and inner west managed a number of record suburb sales including in Alexandria, Surry Hills, Newtown, Balmain, Petersham, Concord and Earlwood.

In the eastern suburbs, a slew of suburbs had their record price broken this year including Woollahra, Waverley, Randwick, Bronte, Clovelly, Kensington, Little Bay and Pagewood. Darling Point also saw its record sale price equalled in early March with the sale of 4 Lindsay Avenue for $32 million.

11-13 Gibson Street, Waverley Source: PriceFinder

On the north side of the harbour, suburbs such as Newport, Terrey Hills, Middle Dural, Lindfield, Roseville, Riverview and Wollstonecraft all managed new records.

In the St George area, Blakehurst, Connells Point, Lugarno and Kingsgrove all had record sales, as did the Sutherland Shire suburbs of Illawong, Oyster Bay, Sylvania and Greenhills Beach.

There was also the Australian record auction result set in Vaucluse in September when a large modern home with tennis court and gun barrel harbour views towards the Harbour Bridge and city sold for $24.6 million, eclipsing the previous auction high of $23 million set in 2009.

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View from 42 Vaucluse Road, Vaucluse Source: CoreLogic

In the inner city suburb of Pyrmont, the Sydney Wharf complex has reportedly had an apartment sale record. The record selling price is rumoured to be around the $20 million mark, although the exact sale details have not yet been disclosed by the selling agent. This penthouse apartment is positioned at the end of the wharf and appreciates surrounding water views from multiple rooms. The apartment comprises five bedrooms, high-end accommodation, with an approximate internal area of 350 square metres and a private roof terrace with plunge pool.

In the first edition of our Month in Review publication this year we mentioned the possible record breaking property in Mosman at 2 Rosherville Road. It appears that this property was withdrawn from the market in June, at the height of the volatility surrounding COVID-19, after being on the market for close to 12 months. As a sign of the returning confidence in the prestige market however, 16 Iluka Road, Mosman was last month introduced to the market with a price guide of $33 to $35 million. Should this property sell anywhere close to this mark, it will significantly surpass the current Mosman sale record of $25 million.

16 Iluka Road, Mosman Source: realestate.com.au

Matthew Halse
Director

Southern Highlands

As we roll towards the festive season in 2020, it's fair to say that our early year predictions proved to be halfway out the window, but how close overall did we get? Our initial predictions were for a fairly stable market in which the region would enjoy some minor growth as the Southern Highlands continued to grow in prominence off the back of Sydney creeping ever closer to our doorstep. We were correct in the growing profile of the region, particularly to Sydney. We were however, way off the mark as far as quantum of sales and growth rate, with median prices across the three main townships of Moss Vale, Mittagong and Bowral having increased by between four and 21 per cent for the 12 months to August 2020, and sales rates and prices for the period September to present forging ahead.

Recent Median Sale Prices

Recent Median Sale Prices (House)

Period	Bowral Median Price	Wingecarribee Median Price
August 2020	$1,100,000	$837,500
July 2020	$1,120,000	$830,000
June 2020	$1,120,000	$830,000
May 2020	$1,090,000	$822,500
April 2020	$1,040,000	$810,000
March 2020	$1,020,000	$810,000
February 2020	$1,000,000	$810,000
January 2020	$960,000	$808,500
December 2019	$957,500	$800,000
November 2019	$940,000	$810,000
October 2019	$925,000	$800,000
September 2019	$912,000	$795,000

Statistics are calculated over a rolling 12 month period

Median Sales Price vs Number Sold

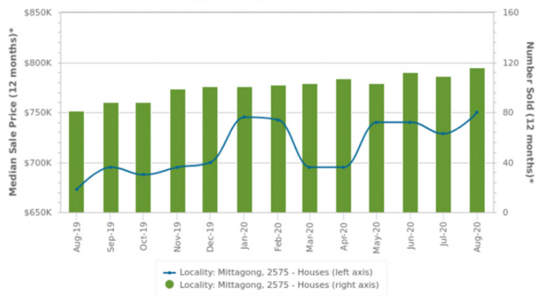
Recent Median Sale Prices

Recent Median Sale Prices (House)

Period	Mittagong Median Price	Wingecarribee Median Price
August 2020	$750,000	$837,500
July 2020	$728,500	$830,000
June 2020	$740,000	$830,000
May 2020	$740,000	$822,500
April 2020	$695,000	$810,000
March 2020	$695,000	$810,000
February 2020	$742,500	$810,000
January 2020	$745,000	$808,500
December 2019	$700,000	$800,000
November 2019	$695,000	$810,000
October 2019	$687,500	$800,000
September 2019	$695,000	$795,000

Statistics are calculated over a rolling 12 month period

Median Sales Price vs Number Sold



The real constraint for the Southern Highlands remains however, a backlog of civil infrastructure, road, sewerage and stormwater headworks restricting growth in the medium term.

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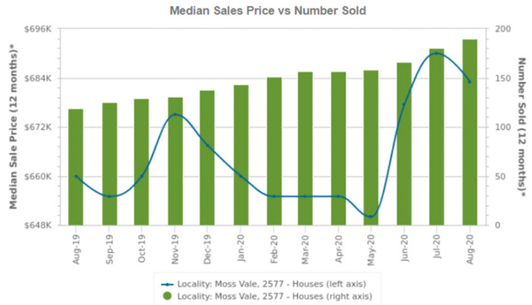
Recent Median Sale Prices

Recent Median Sale Prices (House)

	Moss Vale	Wingecarribee
Period	Median Price	Median Price
August 2020	$683,000	$837,500
July 2020	$690,000	$830,000
June 2020	$677,500	$830,000
May 2020	$650,000	$822,500
April 2020	$655,000	$810,000
March 2020	$655,000	$810,000
February 2020	$655,000	$810,000
January 2020	$660,000	$808,500
December 2019	$667,500	$800,000
November 2019	$675,000	$810,000
October 2019	$660,000	$800,000
September 2019	$655,000	$795,000

Statistics are calculated over a rolling 12 month period



We noted in February that central Bowral would be the most likely township to keep an eye on due to downsizers both locally and from Sydney valuing proximity to infrastructure. Whilst this element has turned out as anticipated, the quantum and prices being achieved have been robustly above our expectations, assisted along the way with the unexpectedly positive consequences of COVID-19, as purchasers appreciate the lifestyle benefits of a regional location.

The property fundamentals remain; essentially, good quality product in centrally located positions have been well placed to benefit from Sydney buyer interest with rates of transactions increasing throughout the last three quarters of 2020 and days on market contracting. It is now not uncommon for properties to exchange within two weeks of initial listing.

As mentioned, Bowral has seen extremely strong sales levels including the recent sale of a centrally located property on 1,560 square metres of land for $4.25 million, listed for a total of 11 days.

The properties in Lismore, Casino and Kyogle which benefited most from this movement were generally established residential properties ready for occupation, particularly around the $400,000 plus mark.


39 Boolwey Bowral Source: realestate.com.au

Another strong performer across the Southern Highlands region has been the township of Bundanoon which has seen a strong price growth over the past six months. Local agents note that buyers and families particularly like the small village charm of Bundanoon which they feel has been somewhat compromised in some of the other townships across the region. By way of illustration, we note the recent sale of a modern style, four-bedroom project home on 2000 square metres of land that initially traded in June 2020 at $962,500 having exchanged contracts in November at $1.065 million, showing over ten per cent growth during this time.

As 2020 rolls to a welcome conclusion, the ripple effects of COVID-19 continue to be felt. We have observed increasing levels of interest in vacant land and dwellings across the three major towns of Mittagong, Bowral and Moss Vale as well as rural lifestyle holdings as young couples, families, downsizers and retirees continue to take the leap to reap the benefits of relocating to the region and the lifestyle benefits that accrue with that decision.

Overall, the most surprising thing for us this year has been the rate of transactions from Quarter 2, 2020. Fast forward from Quarter 1, 2020 with the market outlook being somewhat uncertain, to a position presently where properties are trading close to or at listed prices, with short selling periods and off market transactions being more commonplace, where agents approach property owners directly to entice them to consider selling their properties to waiting qualified purchasers (often being underbidders on previous sales).

The secret may be out. The real constraint for the Southern Highlands remains however, a backlog of civil infrastructure, road, sewerage and stormwater headworks restricting growth in the medium term.

Tim Stevens
Property valuer

Lismore/Casino/Kyogle

Given the drama that has played out in 2020 thanks to a particularly nasty virus known as COVID-19 which came to national interest in late February and early March, one would think that our early predictions through twenty-twenty vision (boom-tish) for a steady improvement in the property market for Lismore, Casino and Kyogle would come to naught.

However, it is interesting to see that the property market not only remained relatively steady (yes, there was a period between say April and June when real estate activity was quiet) but performed quite admirably particularly from around July and August 2020.

It would appear that the COVID-19 narrative provided an interesting sub-plot whereupon during the enforced lockdown and working from home position, both the employer and employee realized a Eureka moment in that......we actually CAN do our jobs from the home office. This is particularly so within the professional services industry.

For example, a professional couple decided to sell up in Sydney and move to the Northern Rivers. Why? Because the Executive PA to the CEO realized that they could do the same tasks from the dining room table i.e. arranging meetings via phone or Zoom, take notes, send emails etc. So...why spend 30 minutes plus to travel to work in an office in the CBD and do the same tasks they can do from home? The proceeds from the house sale in Sydney helped secure a home on a few acres in the Northern Rivers and STILL left money over to go into the bank account....AND they still get paid the same wage while working from home.

The properties in Lismore, Casino and Kyogle which benefited most from this movement were generally established residential properties ready for occupation, particularly around the $400,000 plus mark and rural residential properties within close proximity of town centres.

Investors and first home buyers also got amongst the action, thanks largely to the record low interest rates on offer. Name a time when you remember bank interest rates were around 2.14 to 2.59 per cent for variable home occupier loans....yeah, I don't remember in my Generation X era. As a result, towards the end of 2020, it wasn't long before real estate agents started fretting about limited stock available for sale - demand high, supply low, prices increase.

The impact of COVID-19 is yet to be fully realised by the local market however is having a major impact on local businesses in the area of Lennox Head, Ballina and surrounds.

Vacant residential lots have also proven to be popular. One particular estate in Goonellabah (Eastwood Estate) has already started development of the third stage and given the strength in the market, the adjoining 100 acres has been purchased by the developer. Cut, levelled and retained sites in this estate were achieving $220,000 plus in the prior stages. Now, we have clear indications that similar lots for stage 3 are asking $250,000 plus.

Probably the two most unexpected sales to occur in this small pocket of the Northern Rivers would be the glass ceiling-breaking sale of a fully renovated, turn of the century home in Girards Hill for over $1 million. One top of that, we have a 1523 square metre vacant site in the Eastwood Estate which just sold this month for $400,000....and it comes complete with a mature, native tree in the far corner of the block (something that most modern residential estates rarely have).

In summary, with low interest rates likely to be a feature for the next few years, it will be interesting to see how things develop in 2021....well, it has been given one heck of a launching pad from the end of 2020 despite the challenges experienced.

Vaughan Bell
Property Valuer

Ballina

The COVID pandemic is still having an interesting impact on the local housing market around the coastal areas of Lennox Head to Evans Head. There seems to be a very strong demand for properties which in turn has left agents with a limited supply of properties for sale and this is continuing into the Christmas period. We have seen properties selling for above asking prices and people from larger city areas trying to obtain properties within this locality. This movement has kept property prices at a premium and in some areas has seen significant increases in value.

Market drivers within the sought-after coastal areas of the Ballina Shire are typically influenced by the performance of capital city markets - most notably the Sydney and Melbourne markets and to a lesser extent the Brisbane and coastal south-east Queensland markets. Whilst the demand resulting from these capital city markets has typically been concentrated in the more desirable areas of Byron Bay and surrounding localities, in more recent years potential purchasers have expanded their searches into the desirable areas of the Ballina Shire - most notably Lennox Head, Skennars Head and East Ballina, as well as the rural localities of Newrybar, Brooklet, Fernleigh and Tintenbar.

Population pressures have also continued in the Ballina Shire in recent times, with estates in Lennox Head, Ballina Heights, Cumbalum and Wollongbar trying to cater to this demand. We note that the rental market in all Northern River coastal areas is extremely tight which in turn has driven up rental values in the area.

The impact of COVID-19 is yet to be fully realised

After what the past 12 months has served up, the take home message is that change is inevitable and those who can adapt in a crisis will prevail.

by the local market however is having a major impact on local businesses in the area of Lennox Head, Ballina and surrounds. The North Coast of New South Wales has seen very little infections from the testing, with the majority of infections in the Byron Bay locality. There is major interest from city residents making the move to the North Coast as businesses realise that home based work is beneficial to some industries. This coupled with the new Ballina and Byron Gateway Airport has allowed people to work remotely and still have access to travel to the larger cities if needed.

Bernard Walter
Property Valuer

Byron

What a year it has been. 2020 certainly broke the real estate mould in so many ways. If there is any take home message from the past 12 months, it is that human beings have an ability to adapt and overcome obstacles with resilience and fortitude. This was never better demonstrated than in the property market.

At the end of 2019, who would have thought that it was okay for:

- Valuers to carry out contactless inspections for finance valuations?
- Real estate agents to FaceTime buyers to show them around houses listed for sale?
- Buyers and tenants to willingly disinfect and wait patiently to inspect property like Noah's animals entering the ark, two by two?

The Byron Shire certainly had its highs and lows this year. What started out as another normal year unravelled in dramatic style in March and April. Travel restrictions brought the shire's main industry of tourism to a grinding halt, resulting in massive numbers of holiday accommodation properties becoming vacant and placed onto the permanent rental market. Vacancy rates ballooned and landlords had to accept much reduced rents or none at all. As travel restrictions eased, tourists trickled back and by October and November, things had pretty much righted themselves. Even with the absence of international travellers, there is a sense of quiet optimism in the holiday letting market which is flowing through into the permanent rental market.

After a hiatus in March and April when property sales dipped as both buyers and sellers stepped back from the market to assess what was happening with COVID-19 and the security around jobs and mortgages, the property market unexpectedly surged from July and August onwards. Always a Mecca for cashed up buyers seeking to escape the big smoke, Byron Bay and its surrounding coastal and hinterland communities became a focal point for absentee buyers using COVID-19 as an added incentive to leave the city. Properties with the right vibe are currently in strong demand and sellers are able to ask, and in most cases receive, a premium for their properties.

After what the past 12 months has served up, the take home message is that change is inevitable and those who can adapt in a crisis will prevail. Let's hope that in 2021, the change will be a little less sudden and brutal and in a positive vein.

Mark Lakey
Property Valuer

Coffs Harbour

2020 started slowly with the impact of the devastating fires throughout the region which seems such a long time ago now. We expected demand to drop off for the affected localities which it did, however values did not significantly diminish, rather there was a period of no growth with limited turnover.

As we were dealing with the hangover of this tragedy, along came COVID-19. The early onset of the pandemic in March and April saw some sectors of the market in Coffs Harbour experiencing a period of weak buyer demand and some diminution in asset values as people were uncertain of the future, however the various stimulus packages and policies introduced by the federal and state governments proved to be effective on the spread of the virus and ultimately the emergence of a strong regional market. The fact that we are like caged animals forced to stay at home with no interstate movement combined with the government handouts and record low interest rates has seen a remarkable turnaround in the local market. This is evidenced with recent sale transactions indicating higher value levels than those being achieved prior to the onset of the pandemic.

Given this new pent-up demand and the limited supply of product, it is commonplace that prices being achieved are above asking prices with agents reporting several buyers on most properties and sales periods counted in days rather than weeks. We have noticed an influx of out of town buyers trying to escape the more populated cities which adds to the local demand. This is not just affecting sale prices; rental demand is also off the Richter scale with several agencies reporting no properties available for rent. The construction market (new and renovations) has also seen an explosion as many are trying to take advantage of the $25,000 government grant. This has seen the vacant land market dry up as there is very little product to satisfy this demand with prices rising significantly for any available land.

So where to from here? Who knows! This is a market driven by factors we have not seen before. It remains uncertain as to how the property market will be impacted as the government assistance packages end in December 2020 (Coronavirus Supplement) and March 2021 (JobKeeper) with a view to a vaccine being produced in 2021. Will this vaccine be the golden bullet which will bring back traditional market forces or is this the new norm with further pressure to be applied on the already wavering regional markets. Regional markets traditionally offer affordability and lifestyle. On the current trajectory, affordability is diminishing rapidly which will see pressure back on jobs and wage growth to counterbalance the effect of rising prices.

Grant Oxenford
Property Valuer

Newcastle

What a year it has been! Beginning with fires, followed by a swift move into lockdown and then wrapping up the year with a local real estate market that has seen very strong growth, 2020 will be one to remember.

Back in our February 2020 edition, we predicted that this year would bring a number of events all converging in a strong market with record sales predicted. In essence...we nailed it! However the journey there was not what we expected. The COVID-19 pandemic sent the whole Australian economy into a spin, with a huge level of uncertainty across all markets. Businesses were closing and people all over Australia were losing their jobs within the space of weeks.

The start of 2020 was hopeful that the Newcastle market would continue on from the rise seen at the end of 2019, with a number of record sales closing out the year. 2020 started with optimism until COVID-19 hit the country in March. With the pandemic creating so much unprecedented uncertainty, the volume of properties for sale shrunk to the lowest levels seen in the last 30 plus years. Agents around the region reported that the number of property listings had dropped up to 80 per cent compared to the same time last year.

The Newcastle and Hunter property market stalled and plateaued early in the year with minimal activity. While many believed this was to be the new normal for 2020, we were all proved wrong as the Newcastle market began to rally and take off. Agents reported a large number of buyers with limited product resulting in many properties selling above guides, where only months ago the buyers were nowhere to be seen. This has led to the market continuing to surge upwards with a number of suburb records continuing to be set as the year progresses.

The Newcastle prestige market performed well across the whole year with properties in the range often being snapped up within a matter of days of being listed. 38 John Parade, Mereweather set a new record for Newcastle with a sale price of $7.25 million after a total of two days on the market! We also saw a new record set for Lake Macquarie with 7 Foreshore Street, Eraring selling for $6 million. While not as impressive as the previous numbers, 19 Kirkdale Drive, Kotara South just set the new suburb record at $1.185 million, a whopping $540,000 above the current suburb median (source: Corelogic). With new records being set at what feels like weekly intervals, 2020 has been a top notch year for the Newcastle market.

38 John Parade, Merewether Source: RpData

7 Foreshore Street, Eraring Source: RpData

Now it isn't all about the multi-million dollar homes, with the $500,000 to $1 million price bracket also performing exceptionally well. Many properties within this range sold well over expectations

The supply of stock on the market could not keep up with the increased demand levels

with a number of auctions bringing ten to 30 per cent higher than guide. 17 Hawkins Street, New Lambton went to auction on 7 November with a guide of $625,000 and sold under the hammer at $775,000 after 30 days on market. Agents have reported that it isn't just the locals keen on the market, with plenty of buyer enquiries from Sydney and as far as Melbourne as working from home becomes the norm.

Investors remained slightly more subdued for slightly longer, however are now out in full swing as they look to take advantage of the strong rental market, with many rentals being tenanted off market or within one week of properties hitting the market.

The Newcastle and Hunter property market has shown amazing resilience over the past 12 months and its response to the COVID pandemic was unexpected. This performance shows that Newcastle is a strong, long term market with plenty of potential for both owner-occupiers and investors. Fingers crossed that 2021 brings a similar market performance, without the lockdown or drama preferably.

Tom Mc Douall
Certified Practising Valuer
Valuation Manager

Central Coast Region

Christmas cheer is in the air. Many of our subscribers reading this current issue are generally focusing forward at this time of year on how best to celebrate the Christmas and New Year holiday break. The Central Coast region is always welcoming of the holiday makers who flock to our region to see out the remainder of the year with much anticipated time to be devoted and spent with family and friends.

However, as much as I'd like to continue to advertise our region as one of the best holiday hot spots on offer in New South Wales, we need to digress and take a look back at the year that was and dissect the important topics that influenced our property market.

For our dedicated subscribers this will come as no surprise. Our February issue was a time when we took a look into the crystal ball and attempted to predict and forecast what was going to occur in our market throughout the year. It's a time when likeminded property experts get wobbly knees, as our area of expertise revolves around looking at historical property data as opposed to future forecasting. And, I must say we were again left exposed!

We expected the bushfire events in our region to affect property values in the disaster areas and we predicted the housing market to remain stable on the back of the market peaking towards the end of 2019 in most market segments. On reflection, our forecasts and predictions had logical merit, however, COVID-19 happened and triggered an environment no property market in recent history had faced before.

It was well publicised in the media that property prices would decline over the course of the year, due mainly to the uncertainty of the developing global pandemic of COVID-19. With the market entering unchartered waters, lenders tightened up lending practices and offered loan deferrals to mortgage holders. Market sentiment had drastically changed with buyers and vendors reluctant to commit.

The government played a major role in changing the sentiment of the market, implementing incentive schemes for those who were impacted most with the introduction of JobKeeper, JobSeeker and early access to superannuation funds. These schemes, along with demonstration that COVID-19 could be contained, brought renewed confidence back into our property market.

Our region offers affordability and a lifestyle that neighbouring regions envy. We saw a shift in buyer mentality with evidence that Sydneysiders were moving into our region as businesses offered work from home arrangements. The supply of stock on the market could not keep up with the increased demand levels, resulting in local agents reporting bidding wars and a reduction in the duration of marketing campaigns. This was also evident in the rental market across most segments.

With the increased demand levels, we can report that volumes for valuation instructions from mortgage lenders has risen sharply over this time with strong activity in both the refinancing sector and securing funding for property purchasers. This is something we did not expect at the time COVID-19 came to town.

As at the date of issue, our local property market remains strong with property values likely to exceed our predicted peak of the market in late 2019, however we are unable to confirm this due to a delay in statistical data. Although, we must not get ahead of ourselves here, as there has been a re-emergence of COVID-19 in many countries around the world. If our region was to be impacted by a second wave of Coronavirus, it would likely stall markets and depending on its intensity, we may see

> *The strength of the market throughout the back end of the year in the midst of the pandemic has certainly been surprising.*

markets decline given the recent strong price rises in property values.

Todd Beckman
Property Valuer

Illawarra

A year unlike any other. At the start of 2020 we looked forward and predicted what the year might hold. We certainly didn't predict a pandemic and the restrictions and economic downturn it created. We envisioned that the market would continue the more positive sentiment seen towards the end of 2019. This was accurate for the first three months of the year up until COVID-19 became a dominant topic and the market effectively stalled as uncertainty crept in. For the months of April and May, RP Data records show that only 466 residential properties transacted within the Wollongong LGA, a rate of 233 per month. For the remaining months (January to March and June to October), 2,434 residential transactions occurred, a rate of 304 per month.

Whilst the number of sales did dry up, prices didn't take a big hit as might have been expected. In the early days of the pandemic evolving, we became aware of a small number of sales being renegotiated lower by the purchaser, however this didn't last long as the population quickly learnt more about who was being impacted and how.

Those still in a stable position became more confident and as the year progressed, sales picked up and so did prices. Throughout the Illawarra region, 44 residential properties sold in excess of $3 million, with the rural residential sector dominating in this price bracket. Of these 44 properties, 11 sold for over $4 million with the most expensive being a 60-hectare Rose Valley property for $6.05 million. Two coastal homes topped $4 million, one each in Thirroul and Gerroa.

In our 2020 prediction, we did want to keep an eye on Wollongong CBD units with a number of large projects nearing completion. By the end of the year, 560 units will have settled over four major developments in the Wollongong CBD with the agents of Avantè, Skye, Signature and Parq all advising that the majority of units have been sold. Developers are showing confidence that the market will continue to hold or strengthen as a number of new projects continue their construction including 149 units in Crownview (373 Crown Street) and 92 units in Aire (38 Atchison Street) along with smaller developments either in the construction or planning phases.

The strength of the market throughout the back end of the year in the midst of the pandemic has certainly been surprising. The Illawarra's location, price bracket and lifestyle are playing a part in providing an attractive place to reside. Agents are reporting stronger than usual buyer enquiry from Sydney as a large part of the workforce has suddenly become more flexible with working remotely and a commute to Sydney one or two days a week is much more bearable than five days.

Chris McKenna
Residential Team Leader

Tamworth

The 2020 calendar year has certainly been eventful for the Country Music Capital, so let's get some perspective on the year that's been.

Residential and rural residential markets remained steady in the early months of the year, with entry level and first homeowners showing the most activity throughout January and February. Generally, the majority of Tamworth residential market segments saw a slow but steady start to the year with no reductions in property values. The majority of the focus was on DIY renovations rather than new home construction.

The hope for increased market activity within the city was seemingly dashed following widespread travel and economic lockdowns where enforced by the Australian government due to the COVID-19 health crisis. For Tamworth, this impacted retail and small business primarily. Rural markets continued to remain strong (due to prevailing rainfalls and firm commodity prices). COVID-19 caused initial market disruption to residential markets reflected by a pause in sales volumes whilst the market determined its future direction amidst national uncertainty.

Following additional RBA rate cut announcements and government stimulus geared towards first home and new home construction, local residential markets saw increased activity. An increase in vacant land sales throughout the third quarter of the year, partnered by strengthening new home enquiry has seen an increase in building activity within developing residential estates in Tamworth. This has provided significant uplift to the local building industry, resulting in the majority of construction businesses oversubscribed with new business.

Also apparent in the Tamworth market is strengthening market activity in established suburban residential markets (sale prices from $200,000 through to $500,000). Buyer demand has been largely owner-occupiers with investor enquiry increasing for the entry level ($200,000 to $350,000).

Rural residential property and small acreage and hobby farm style property has seen steady to strengthening market activity. Land area sites of 4,000 square metres to ten hectares are proving to be highly sought after, with proximity to Tamworth centre and elevated views or creek frontage highly regarded. A good example of this strengthening market is the sale of 584 Nundle Road, Piallamore achieving well above market expectation at $1.5 million.

In summary, after a subdued start the Tamworth local residential market is expected to remain steady with the majority of markets experiencing early signs of strengthening. All eyes are now firmly set to the next short-term milestone early in the New Year. Expectations are that extended government economic incentives will play a pivotal role in continuing positive activity and market progression heading into the end of financial year 2021.

Happy Christmas.

Nick Humphries
Valuers

Victoria

Melbourne

2020 was a year to remember in more ways than one. For Melbourne's property market, the beginning of the year looked as though housing values were on the up after a short period of uncertainty, with the average house price of Melbourne surpassing $850,000. Investors seized the opportunity of the dip in the market and long-term growth looked promising. However, no one could have possibly foreseen the pandemic and the ripple effects seen across the globe. Many predicted massive declines in prices in Australia's capital cities, particularly Melbourne and Sydney, however the result was far less devastating.

As we get set to close the books on yet another year, it's time to look back on our pre-COVID predictions and reflect on a year that was, and a year that wasn't.

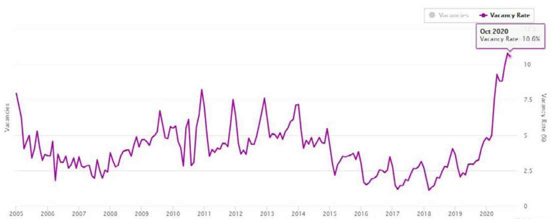
The effects of Melbourne's lockdown, border restrictions, increasing unemployment, low population growth and the softening of the rental market saw the median house price tumble throughout the year. The positive news of relaxed restrictions, which stopped Victorians from buying, selling or leasing their properties over recent months, will ultimately see a return to real estate transactions in Melbourne.

Melbourne CBD

Undoubtedly, 2020 has been a year full of unprecedented events such as the bushfires, COVID-19 pandemic and the first recession in almost three decades. Reflecting on our prediction at the start of the year, it was believed that housing demand in the Melbourne CBD, particularly demand for apartments, would be steady due to strong migration, the appeal of Melbourne to international and interstate students and workers relocating closer to the business district. However, the arrival of COVID has driven the Melbourne CBD's housing market in a different direction.

Many predicted massive declines in prices in Australia's capital cities, particularly Melbourne and Sydney, however the result was far less devastating.

Source: REIV 2020



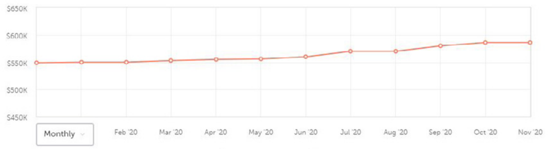
Source: SQM Research 2020

Due to the lockdown environment and remote working and learning restrictions, many young people have exited the rental market in the CBD and moved back in with their parents. Moreover, there has been a sharp decline in international student numbers due to the closure of the international border and the restrictions on international travel. All these factors have caused a spike in the vacancy rate which reached 10.6 per cent as of October 2020. Although the vacancy rate has reached its historical high, the median price of apartments in the CBD is relatively stable. According to the latest market insight by REIV, the median sale price of apartments in the CBD is $580,000, reflecting a growth rate of 2.7 per cent compared to the same quarter last year. Thanks to the historic low interest rate, mortgage repayment holiday and extension of JobKeeper, the housing market in the CBD is relatively resilient amid the COVID crisis.

South-East

At the beginning of the year, we noted that there were a handful of locations that indicated strong growth potential in the south-eastern region of Melbourne. We predicted that Officer was one of the best suburbs in which to invest in 2020. The median house price was sitting at $549,000 at the start of the year.

Officer Median House Price



Source: SQM Research 2020

Recent figures show that our predictions were correct. Amid the COVID crisis, the median housing price in Officer has recorded a growth rate of approximately 6.7 per cent. With affordable housing and land packages combined with historic low interest rates and several government incentives, more first home buyers are getting into the housing market and hunting for their dream house in a new estate. Apart from Officer, housing prices in other south-eastern suburbs such as Clyde, Clyde North, Cranbourne and Pakenham, also experienced positive growth during the whole year.

Although the housing market is filled with uncertainty, the housing market in the south-east region is relatively resilient. Due to the Home Builder Stimulus, we are also seeing high demand for vacant lots or house and land packages in the region.

Western Suburbs

In Melbourne's west, areas such as Tarneit, Truganina, Melton and inner suburbs such as Williamstown and Essendon remained stable throughout the year despite the unprecedented times. The medium price in Tarneit for January 2020 was $550,000; in August it reached $560,000. Melton's medium house price recorded the same price in August as it did in January, at $385,000. Williamstown's median house price in January was $1.33 million and in August was $1.355 million. While these areas did not see the long term growth predicted at the start of the year, they also did not see the massive declines predicted when the pandemic reached Australia in March. The inner western suburbs saw little movement as fewer houses were placed on the market with owners not looking to part ways in a perceived declining market unless absolutely necessary. Developing areas such as Tarneit and Melton saw spikes in land sales with the offering of the government's incentive in order to ease the blow of the pandemic on the housing and construction markets. Owner-occupiers and purchasers continue to dominate the market in these areas.

The rental market did suffer across the area however. With tough restrictions in place across metropolitan Melbourne, residents sought refuge in country Victoria or for housing larger than their current situation. The inner western suburbs experienced very low levels of rental occupancies given the price of the area and the uncertain financial position Victorians found themselves in. Areas such as Tarneit and Melton saw a steady amount of rental occupancies due in part to the larger land parcels and larger dwelling areas, desirable when facing lockdowns and other restrictions enforced by the government.

One interesting point made throughout this year was regarding the price of construction. At the start of the year, overall prices from volume builders started to decline in an attempt to be competitive and draw in business at a time when demand was lacking. Builders were forced to slash prices or package deals and inclusions for no extra cost in order to secure clients. Through the help of the government Home Builder grant, the price of construction contracts started to increase in line with the workload and return to the price point prior to the pandemic.

Overall, Melbourne's western property market remained stable throughout an unpredictable and difficult year.

Inner and Outer East

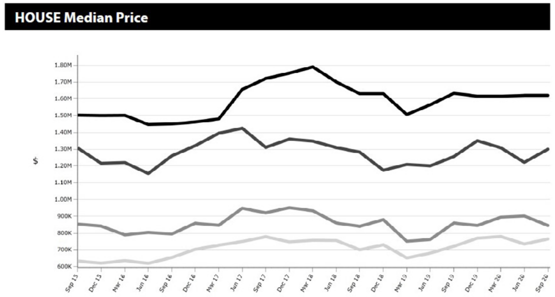
At the beginning of the year, the market ramifications of the impending global pandemic were unquestionably unforeseen. Towards the end of 2019, the market in Melbourne's inner and outer east corrected and the number of auctions and clearance rates increased, causing declining average days on the market and strong median prices. It was predicted that the increase in property prices would continue, with specific focus on suburbs to feature such growth including Box Hill, Glen Waverley, Ringwood and Ferntree Gully.

It was expected that a boom period was unlikely, however with the trend continuing from the second half of 2019 for auction rates and median prices, it was assumed a positive growth year for property owners in the eastern suburbs. Unfortunately, as has been well documented, this did not come to fruition. Restrictions imposed for property inspections and auctions caused clearance rates and auction numbers to tumble as vendors were forced to sell through virtual auctions or expressions of interest, and in cases where vendors were either adamant or desperate to sell, did so with a recorded discount of 12 per cent in Melbourne's inner east and 12.6 per cent in the

Apart from Officer, housing prices in other south-eastern suburbs such as Clyde, Clyde North, Cranbourne and Pakenham, also experienced positive growth during the whole year.

HERRON TODD WHITE RESIDENTIAL

outer eastern suburbs in July.



Source: Propertydata.com.au

Suburb Median Prices September 2015 - September 2020

		Current Median House	Current Median Unit
Box Hill		$1,620,000	$545,000
Glen Waverley		$1,300,000	$1,050,000
Ringwood		$845,000	$635,000
Ferntree Gully		$765,000	$587,900

Source: SQM Research 2020

The above chart shows that median prices in the aforementioned suburbs levelled over the course of the year throughout the tough restrictions faced by metropolitan Melbourne and did not increase as predicted. Interestingly, prices remained relatively level after the upward trend seen at the end of 2019, indicating strong demand from buyers in these inner-city suburbs despite the low volumes across Melbourne and high withdrawal rates as vendors opted to hold off until restrictions eased.

Positive signs can also be found in the results from the end of October, the drop in COVID cases and subsequent easing of restrictions to a near normal life, leading to the highest weekly auction volume the city has experienced since July, with preliminary numbers showing a healthier clearance rate of 72.6 per cent (CoreLogic, 2020).

In Melbourne's outer east, the Yarra Ranges LGA maintained an upward trend in annual median house price from Quarter 4 2019 to Quarter 3 2020 (PropertyData.com.au). The median house price increased from $666,000 (Quarter 4 2019) to $700,700 (Quarter 3 2020) in gradual increments throughout the year and this trend was experienced across all house types of two, three and four bedrooms, highlighting market resilience in Melbourne's eastern corridor in 2020.

Inner and Outer North

It didn't take long for that optimism and confidence in the market to be gone with news of the COVID-19 virus. This directly impacted the Victorian real estate market with agents not able to perform open houses let alone auctions and many vendors also hesitant to market their properties in an uncertain lockdown environment using new digital platforms. The stage 4 restrictions saw a 350 per cent dip in auctions in the month of September 2020 compared to that of September 2019 (Corelogic, 2020) and this considering September is the start of the spring selling period which usually sees the highest number of listings during the year.

Although the number of listings in Victoria were down, property in the outer north, particularly new land under $350,000 and house and land packages under $600,000, saw a boom compared to the rest of the market. Many developers in the Donnybrook, Kalkallo and Mickleham areas said they have had some of their busiest months of all time this year even during the stage 4 lockdown. The driving factor for the strong result in this area of the market was the homeowner's building grants introduced by the federal government making buying more affordable, especially for first home buyers.

The inner north saw listings down in line with the rest of the market during the peak of the COVID-19 restrictions, but surprising to many was the consistently strong sales coming from inner northern suburbs such as Coburg, Fitzroy and Northcote in the $1 million to $1.75 million price range. This was the result of a number of willing and able buyers competing over limited stock which saw many sale results in line with pre COVID prices, a surprise to many in the industry.

However, one of the biggest surprises in the property market was the ability of the industry to adapt and overcome the challenges of operating in a lockdown environment. With restrictions on auctions and open houses, the ability of agents, vendors and buyers to operate on a digital platform and participate in auctions and open houses is something that will continue to become more normalised in a COVID normal world especially as the technology develops further and acceptance grows by both sellers and buyers.

Geelong

Despite the impact COVID has had on the market, the February predictions for the Geelong region have proven to be true. Looking back, it was predicted that growth would be moderate over the course of the year, forecasting an increase of five to eight per cent. This call was close to the mark as the median dwelling value grew from $560,000 in February to $615,000 in November 2020, a nine per cent increase over the year.

In Melbourne's outer east, the Yarra Ranges LGA maintained an upward trend in annual median house price from Quarter 4 2019 to Quarter 3 2020 (PropertyData.com.au).

Arguably, the most surprising thing to occur in the Geelong region this year is the sale price records.

This growth is due to a myriad of factors, including reduced interest rates, easing of borrower serviceability, improved housing affordability and the first home buyers grants making it easier for new homeowners to enter the market. Strong employment sectors such as government, education, health and finance, along with buyers choosing to escape central locations and prioritising lifestyle locations have made certain that the Geelong property market has remained strong despite the trying times.

In more recent months, especially since restrictions have eased, Melbourne residents have flooded the market and are snapping up properties, particularly higher end stock. This is evident as Bellarine Property agents have reported only five current listings for the Barwon Heads region, down roughly 60 per cent from the same time last year. This aligns with a trend also experienced on the Mornington Peninsula.

Arguably, the most surprising thing to occur in the Geelong region this year is the sale price records.

2 Stephens Parade, Barwon Heads Source: realestate.com.au

The sales record was broken twice during 2020. The first was a $7.25 million price for a Lorne home in January. This record was recently broken by an exclusive residence overlooking Barwon Heads' renowned golf club. While the final price has not been revealed, local property agents have confirmed that the sale price for the property at 2 Stephens Parade has broken the previous record ().

Perron King
Director

Mildura

At the start of 2020 we never imagined that the year would unfold the way it has. Lockdowns, social distancing and wearing masks while inspecting homes and visiting the supermarket were all unimaginable concepts ten months ago. We also never expected that Australia would enter a recession and that interest rates would fall to the level they have. However, despite the year's unpredictability, many of the local property market forecasts we made in February have turned out to be reasonably accurate.

While there was a hiccup in sales activity during April and May, the local market proved remarkably resilient, with the relative affordability of housing in the Mildura region and sustained low interest rates working in our favour. Demand proved strongest for modern homes in the $350,000 to $450,000 range suited to owner-occupation and with buyers being a mix of first home buyers and buyers trading up from older homes.

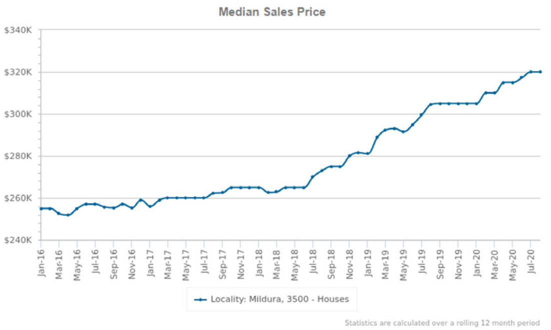
There were times when we wondered whether the reduced intrastate migration of teachers, police officers, health workers etc. would lead to reduced demand, however this does not seem to have reduced values. It is clear that there has been greater movement of people from Melbourne to some surrounding regional areas and while this may not benefit Mildura directly due to our more remote location, it is possible that there will be a ripple effect.

While we predicted at the start of the year that the cost of vacant residential lots would rise, in part due to a shortage of serviced lots being available, we failed to forecast the extent of the higher demand. Values rose at a faster rate than we expected, attributed to the additional government stimulus on offer. Developers have seen their subdivisions sell at a much faster than usual rate. The big question for 2021 will be to what extent the government stimulus has brought forward sales activity and whether there will be a resulting dip in sales once the stimulus is withdrawn.

At the start of 2020, most parts of south-eastern Australia were in severe drought, with our local horticultural industries battling the impact of reduced water allocations and high water leasing costs. We predicted that if this weather pattern continued, there could be reduced demand for rural lifestyle property, due to the higher cost of keeping them green.

Fortunately, it started raining early in the year and we now have replenished irrigation dams and removal of water restrictions. This has helped maintain values for large lot residential properties surrounding Mildura, particularly in Irymple, Nichols Point and Gol Gol. In most cases buyers have been owner-occupiers looking to upgrade from smaller, in town allotments, with the majority of this market being younger families.

As seen in the graph below, the median sale price for stand-alone homes in Mildura has continued to rise, particularly over the previous two years.



XGxgxgx Source: RP Data

Jake Garraway
Residential Valuation Manager

Shepparton

What a year 2020 has been. We went from a society that had no idea what social distancing was, to one where wearing masks became the norm so much so that not wearing one outside now feels somewhat wrong.

Back in February, I stated that "all signs point to another strong year for growth". The outcome was accurate, but the method was definitely unforeseen.

The local market has gone from strength to strength. Prior to COVID, there was around three years' worth of land already developed, based on council average building approval rates. Fast forward to July and almost every block of land offered to the market is gone, as well as land that is yet to title. At the time of writing, most of the land titling before June or July 2020 is optioned or under contract. This sentiment has carried across almost all price points for investors and owner-occupiers. Consequently, the rising tide has lifted all ships.

Naturally, this has seen prices rise faster than what happened since the boom of the early 2000s. The interest has been a mixture of locals and buyers from metro areas, but the overall feeling of the fear of missing out is really driving the prices we're seeing.

Luke Jorgensen
Valuer

Warrnambool

Warrnambool's residential market performed strongly this year with the median house price rising to approximately $395,000, up from $375,000 in 2019. This increase can be attributed to increased investor activity spurred on by an ever-lowering cash rate and solid rental returns across a range of price points. The investor profile in Warrnambool continues to have a strong local presence but 2020 has seen a noticeable increase in metro-based investors entering the market.

Perhaps the most surprising aspect of the market is the speed at which properties are transacting after initial listing and the willingness of prospective purchasers to pay the asking price. In years past, it was uncommon to see the asking price paid in Warrnambool, however it now appears that purchasers in 2020 were likely to be successful only if they were willing to meet the advertised price.

Adrian Castle
Certified Practising Valuer

Queensland

Brisbane

These are the opening stanzas from our February Month In Review submission where we set out predictions for 2020:

Could this be Brisbane's year?

We've been waiting in the wings for about a decade – hoping it's our time to shine and rocket up the property value charts. We've watched Sydney and Melbourne go from strength to strength while our property owners have generally been eking out modest gains at best. Positive moves, to be sure, but not head-turningly stellar.

It seems the long post-mining-boom hangover, which fed into diminishing employment numbers and plummeting net interstate migration all came into play and kept the prices subdued most of last decade.

But things have been looking up of late – and with substance... and it lays solid groundwork for a positive 2020.

You can almost smell the naïve positivity of a life when the pandemic had not even begun to weasel its way into our thinking.

I miss those days of blissful ignorance!

Our outlook was obviously upbeat way back then and we were looking forward to seeing our market bloom as the year progressed. Interstate migration was ramping up, relative affordability was attracting interest and a big spending infrastructure program looked like it would bring jobs growth and added lifestyle appeal.

You can almost smell the naïve positivity of a life when the pandemic had not even begun to weasel its way into our thinking.

Our recommendation in February was to stick with the fundamentals. Buying detached homes (not units) as close as possible to the CBD would mitigate risk and boost capital growth potential. Demand for rentals in these near-city addresses is traditionally good too, so these properties seemed a safe bet.

We were keen to let those with slightly more modest budgets know that established family addresses such as Chapel Hill and Kenmore to the west, Stafford Heights and Chermside to the north and Holland Park, Carina Heights and Moorooka south of the river had the right ingredients for 2020.

But then, just a few weeks later in February and March, we were delivered the sobering news that our shoreline had been breached by COVID-19 and, for the sake of our health, it was time to slam shut the borders and hibernate businesses.

You know the rest – no trade meant a dire outlook.

Like everywhere else in Australia, March and April brought uncertainty and dread to Brisbane.

Real estate agents were delivered tough rules around open homes and auctions. In effect, there were to be none.

Also, legislation designed to protect residential renters doing it tough was being debated and it had some investors considering their options.

But anybody who'd been entertaining the idea of selling took a moment to reassess. Why list in a time of uncertainty if you don't absolutely have to?

The result was that listings dried up. While there were a few bargains to be had in the early days of the pandemic, with plenty of reports about property transacting at a discount on price expectations, there was just too little choice for buyers to bag a bargain.

And so, it proceeded. Less supply, even in the face of lower overall demand, meant that values held firm.

Restrictions eased on 15 May and Queensland saw its real estate industry spring back to life, with the results being open homes and auction events underway and more properties for sale

Then a funny thing happened as we passed through July and August. It appeared that Queensland was one of the most successful states at stopping the spread. Apart from a couple of scares, our state's hard border stance meant infections were unable to take hold.

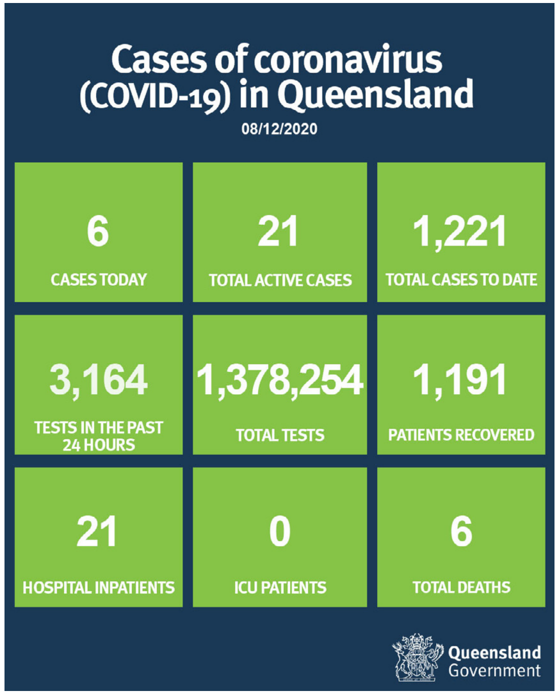
Our big city cousins to the south were hit by lockdowns. Suddenly, one-bedroom Bondi flats were feeling very squeezy – and no doubt the disappointment delivered to Melbourne residents being shut in for a second time was immense.

Brisbane and its beautiful south-east Queensland beaches looked incredibly inviting.

We also found that expats hoping to escape tough pandemic landscapes overseas were keen to come home and set themselves up in Brisbane.

So, what we see today is this.

As at the time of writing, Queensland's infection numbers remain enviably good:



And the market has followed suit.

A recent report by the Courier Mail delivered the headline "Sales going through the roof" where local buyer's agent Melinda Jennison said of family friendly inner-city suburbs, "It's absolutely frantic out there and anyone expecting to secure a home at a discount due to the predicted "fiscal cliff" is dreaming."

It's fair to say that the last 12 months have been an unpredictable time for our market, but overall, we've been pleasantly surprised by Brisbane property's resilience.

The numbers have stacked up according to CoreLogic as well. The data behemoth's latest Property Market Indicator Summary revealed that Brisbane house values had improved by 3.2 per cent in the 12-months to 6 December 2020.

Not a bad outcome for a crisis year.

Drilling down and what we've seen is from June to date there was increased demand and activity within the inner, mid-ring, prestige and general lifestyle locations (i.e. bayside, coastal, rural and rural residential) throughout the Brisbane market.

Limited stock coupled with the increase in demand meant these areas saw some improvement in market values.

The outer and fringe suburbs have similarly seen an increase in demand over recent months although with limited capital growth in comparison to the inner and mid ring areas.

Additionally, house and land markets have seen an excellent recovery following the announcement of the Federal HomeBuilder stimulus package on 04 June 2020, with most developers reporting a significant increase in demand for vacant land and subsequent volume of sales. Implementing of the government builder stimulus coupled with the first home buyers grant and low interest rates has prompted first home buyers to get active.

Ultimately, good quality properties in good locations close to the CBD, established nodes or lifestyle features are typically selling quickly in the current environment with secondary properties in secondary locations or outer lying localities seeing slightly longer selling periods and limited demand.

It's fair to say that the last 12 months have been an unpredictable time for our market, but overall, we've been pleasantly surprised by Brisbane property's resilience.

Strong demand, activity and sales transactions in the prestige sector at this stage was unexpected, but welcome.

Likewise, strong demand, activity and sales transactions in the house-and-land market throughout Brisbane is not something we foresaw at the start of 2020.

We in the Brisbane office would like to wish all our readers a merry Christmas and a happy 2021.

David Notley
Director

Gold Coast

Who would have thought that 2020 would have played out as it did?

In February, the Gold Coast housing market was showing signs of recovery with sale prices continuing to improve, time on market decreasing and multiple buyers for good quality stock. The shutdown in March and April saw contracts collapsing or being renegotiated due to the uncertainty being experienced around the country as job security was front of mind and businesses were forced to close, with no known date of re-opening.

Agents are reporting that stock levels have declined significantly and is not uncommon for a property to be listed and sold within hours.

Our predictions were that the interstate cashed up buyers would return to the Gold Coast in 2020, and they did, but not for the reasons we were thinking at the start of the year. The past few months have seen properties being purchased sight unseen as southern investors and relocating owners move north to the sunshine, white sandy beaches and beautiful hinterland. Locally, the rural residential market has improved throughout the year as families seek space and room to move.

Central West and Scenic Rim

A call out for 2020 is the market on Tamborine Mountain. Agents are reporting that stock levels have declined significantly and is not uncommon for a property to be listed and sold within hours. Tamborine Mountain is a popular tourist destination for its cafes and wineries. There is a high proportion of green space and larger blocks and it is still only 45 minutes by road to the beach. There are also two state primary schools, a state high school and a private college located on the mountain. The median house price is $579,000 and the demographic is fairly evenly spread between couples, families and retirees.

The affordability offered within the Scenic Rim has attracted a number of local Gold Coast buyers to move to larger properties but still be within easy commuting distance of the M1 and regional facilities. This has driven an increase in value levels and again a shortage in quality stock.

North West Region

Record low interest rates, down to a cash rate of 0.1 per cent from 0.75 per cent in February and also a large number of stimulus grants for first home buyers and first home builders has pushed demand in the growing areas of Coomera, Pimpama, Bahrs Scrub, Yarrabilba and Flagstone. Developers have increased land prices as each new stage is released and it appears that both investors and owner-occupiers are back in the market securing new homes and taking advantage of the incentives on offer.

This area saw a significant slowdown in the construction industry up to February this year which is now a distant memory as streets are filled with tradies and owners are pushing for a pre-Christmas handover of their new homes or a pre-Christmas start to comply with incentive requirements.

Southern Gold Coast / Northern New South Wales

The northern New South Wales and southern Gold Coast markets were ticking along nicely and showing stable to steady growth at the start of the year. Post lockdown, the northern part of New South Wales (Tweed Shire) was included in the border bubble which enabled residents to cross from parts of Queensland to parts of New South Wales without quarantining. The first few weeks of confusion passed and we all got used to applying for a border pass and queuing up to cross. The creation of this bubble created significant demand for the northern Tweed Heads suburbs of Kingscliff and Casuarina with an over ten per cent increase in prices achieved in the past three months alone. This was driven by owners relocating in the area and also a large number of southern buyers moving to the region.

More recently, there have also been some record sales in the southern Gold Coast suburbs. A large 2742 square metre waterfront property at Palm Beach broke all canal-front records by selling for $5.05 million at auction. Comprising three lots improved with an original 1980s home and a 52 metre easterly aspect to a wide portion of the canal, it is suitable for renovation, redevelopment with one or three homes, duplexes, or even subdivision into four lots.

Central Gold Coast

The Isle of Capri Decongestion project is well underway with duplication of the bridge at the eastern end of the island commencing earlier this year. Property prices within this locality have continued to grow over the past six months despite the uncertainty, with one property located on Amalfi Drive being purchased via video call in excess of $4 million. Sales volumes within the area don't seem to have been affected, with agents reporting a lack of stock available for sale and any houses listed selling within short timeframes.

Activity levels for housing improved throughout 2020, however investor units stagnated as the tourism sector was severely impacted by the lockdowns across the country. Whilst occupancy levels have increased, they are still well below previous years and this is a result not only of the border restrictions within Australia but the absence of the international tourist market. As the borders open throughout Australia, it is anticipated that tourists will return to the more traditional holiday areas of Broadbeach and Surfers Paradise, however it may be a while until demand for holiday units on the resale market improves. As predicted earlier in the year, there are a number of projects nearing completion or due for settlement and this will see an influx of this stock either from purchasers reselling or defaulting on settlement.

All in all, the market on the Gold Coast and northern New South Wales improved over the past six months with a large number of sales to interstate purchasers who are now accustomed to working from home. This has driven demand and in turn an increase in value levels in the more centrally located areas east of the M1 and also rural residential properties within easy commuting distance of the M1 and the Gold Coast or Brisbane.

Janine Rockliff
Director

Sunshine Coast

When looking back on the 2020 Sunshine Coast property market, it is fair to say that it has been a year that has challenged everyone. The year started much the way 2019 ended with good activity and values increasing in most areas. However, this was all put on hold from late March into April when we experienced the escalation of COVID-19, which in turn led to restrictions on social interaction and ultimately nationwide lockdowns and closure of the state's borders. As a result, there was a high level of uncertainty within the economy and the property market as a whole for a short period.

In the middle of the year as restrictions started to ease, the number of recorded COVID-19 cases continued to decline and the government rolled out its stimulus packages (JobKeeper and Homebuilder), it appeared there was a considerable resurgence of confidence in the market. Agents reported a high level of interest throughout most areas and in particular, beachside suburbs which have historically been sought after. Extremely low stock levels across all of the Coast's property markets coupled with all-time low interest rates and economic stimulus packages have seen property values increase, all while a global pandemic is occurring.

One notable shift we have continued to see post the initial lockdowns (that also helped to prove that it can be done) is the ability to work remotely. The momentum this has gathered has been a big positive for the Coast market. A significant part of the feedback is that people are looking to leave capital cities for a better lifestyle. They want to live where they want to live rather than live where they work. Given that working remotely is an option across a range of professions, this has helped open up our market even more.

Another market nuance is that there has been a feeling that people have begun to bring their decisions forward. That is to say that if they were thinking of making the move to the Coast, they have started the process a bit earlier than expected to make it a reality. The low interest rate environment has helped this along.

Looking back at each of the property sectors, the prestige market was one that has outperformed everyone's expectations with a record number of $4 million plus sales being achieved across the Coast. At the moment in 2020, we are tracking at circa 45 sales or properties that are under contract for the year. Our previous best was in 2018 at 32. This market has been extremely dynamic with a significant portion of sales being achieved off market. An example of the growth and dynamic nature of this market can be seen by the example below.

43 Mossman Court in Noosa Heads was purchased in May 2017 for $5.1 million. In 2019 the property was placed back onto the market for two months with a list price of $6.55 million before being taken off the market. It has recently been placed under contract off market for $10 million.

43 Mossman Court, Noosa Heads Source: Realestate.com.au

The $25,000 federal government housing grant certainly helped stimulate the market with the demand for vacant land increasing dramatically. We understand that land releases in estates such as Stockland's Aura and Avid's Harmony were being sold out in a day or two. This level of activity appears to be more common than not with various agents reporting this to be the case across the Coast.

Hinterland markets are also seeing improvement primarily off the back of historically low stock levels. Areas in the northern hinterland and along the Blackall Range are seeing a mix of buyers seeking a tree change and also weekender style purchasing. Given the apparent urgency in the market, some buyers are missing out and this has led to an increase in properties selling in excess of list price.

This fear of missing out has moved strongly into the virtual inspection space. There have been an increasing number of purchases made via virtual inspection and we are not just talking about modest properties. Multimillion dollar properties are being purchased this way, especially given the border restrictions throughout the year.

The unit market has been somewhat similar to that of the housing market in that entry-level properties have tended to perform pretty well. There have been a number of unit complexes under construction throughout the year with the larger owner-occupier market performing best.

Further north, the Gympie region has experienced another good 12 months as affordability drives the demand with a number of coastal buyers making the shift up north. These areas are attracting those looking for larger lots and do give you more bang for your buck.

It is becoming more and more apparent that people just want to be on the Sunshine Coast experiencing all the Coast lifestyle has to offer. Like most things, there will be winners and losers. It would appear the Sunshine Coast property market in 2020 has been one of the big winners.

Stuart Greensill
Director

Rockhampton

See you later 2020! Who would have predicted that? At the beginning of 2020, market indicators were showing signs of increased positivity and we were of the opinion that we were going to see a continued positive trend throughout 2020. Improving sales activity, firming prices, decreasing days on market, continued low rental vacancy rates and increased project activity in the region all pointed to the continued recovery of the property market. Was our prediction correct? To a degree it was, however we probably thought of a more gradual continuation of the positivity in the market as opposed to the now very buoyant sometimes crazy activity we are currently seeing.

The market as a whole has performed beyond expectations in the Rockhampton and Capricorn Coast area. This has not been limited to a certain sector of the market. All sectors have seen an increase in activity. Although the unit sector may not have seen activity as strong as general housing, it has still shown positive signs. Established housing across most price points has been strong. Land sales have been through the roof, with a number of developments selling out and having holds on stages that will not be ready until early 2021. Due to this, builders and tradies are run off their feet.

The market as a whole has performed beyond expectations in the Rockhampton and Capricorn Coast area.

The type of buyer driving the market has not been limited to a particular sector. First home buyers, upgraders, downsizers, retirees and investors are all active. Investors are now seeing the benefit of low interest rates, low vacancy rates and upward trend of prices.

Due to the increased demand, agents are finding themselves in the position of having multiple offers, more often than not at list price and sometimes above. Property is selling at the first open house, again often with multiple offers. One of the most surprising things coming out of our ever-buoyant market is the number of houses being sold without making it to market with agents having an extensive list of potential buyers ready and waiting.

2020 - what a year!

Cara Pincombe
Property Valuer

Emerald

The 2020 residential market in the Central Highlands has remained steady in Emerald, with a slow consistent firming in Blackwater and Moranbah. Rent saw the most gains in 2020. We started the year optimistically and then COVID-19 hit which only slowed things for two months and then away we went again. Our economy was one of the least affected in the country as the resource sector continued to drive strong employment demand. This in turn caused rents to rise to their highest levels in the past eight years with very low vacancy rates. All this has been happening while coal prices have mostly been on a downward trend.

Medium house prices in Emerald have only very slightly firmed in the past 12 months while we have seen up to 20 per cent increases in some areas of Moranbah and Blackwater.

We have been surprised at how strong the employment demand in the resource sector has remained despite lower coal prices. Our market for many decades has followed the coal price so the current situation sees us going completely against the trend but then again, 2020 has been a year like no other.

Kerry Harrold
Residential Valuer

Mackay

What a crazy and wild year 2020 has turned out to be. In January, we sat down and gave our predictions for the year ahead and I am pretty sure not one person could have predicted the pandemic and its enormous effects around the country and the world. I feel my crystal ball is pretty good, but not that good!

So, what did we say in January? We spoke about the improved economic conditions in Mackay resulting in increased confidence and optimism in the Mackay economy which had resulted in a positive shift in the residential market. The main prediction was....

"So what do we think will happen to residential property in 2020? We think the momentum gained in Mackay over the past two years will continue into 2020. We anticipate modest price growth throughout the year across all market sectors, with rentals to remain tight. With continuing record low interest rates, good employment opportunities and a general feeling of optimism across Mackay, we think 2020 will be a good year for the residential real estate market."

Even in the midst of the global pandemic, I must say, we got this exactly right! During the first quarter of 2020, the Mackay residential market was steaming along. However, when the pandemic hit and the government announced its restrictions, all bets were off. We wrote at the time of restrictions that we thought the market would just tread water and try to ride out the restrictions and pandemic. It became apparent after the first six weeks that the majority of industries in Mackay, particularly mining, mining services, infrastructure projects and government employment, were virtually unaffected. When some restrictions started to ease, the market didn't just tread water, it surfed a large wave of optimism that the economy as a whole would recover and prosper sooner than our capital city counterparts.

The last six months of the year have seen buoyant market conditions, with all agents reporting increased buyer enquiry, shorter listing times and multiple offers received on most properties. This has seen an increase in property values (modest growth). With respect to rentals, it appears one effect the pandemic had, along with travel restrictions, was to stimulate population growth in the regions. The Mackay rental market is currently one of the tightest in the state with a vacancy rate of 0.6 per cent and rental values increasing throughout the year.

The other major effect on the market that we didn't see coming was the government's building boost stimulus package and the effect it has had in Mackay. Virtually every block in town has sold, with developers scrambling to create more allotments before the grant deadline expires. Local builders have reported an increase in enquiry, with construction planned into 2022.

So that was the year that was, an unprecedented time that I personally hope to never see again in my lifetime! Merry Christmas to all our loyal readers and we look forward to giving our predictions for 2021 in February.

Michael Denlay
Director

Gladstone

Slow and steady growth was what was predicted for the Gladstone region at the beginning of the year. That's probably what would have happened had COVID not hit us. I doubt anyone from Herron Todd White predicted that a global pandemic would headline 2020. It would have taken an extremely brave soul to predict probably the opposite to what we were all thinking. Gladstone has had its fair share of doom and gloom and we honestly were not sure where the market would go after it had just seen some signs of life after bottoming in 2017 and 2018.

The market remained fairly stable for the first half of the year and we certainly were not prepared for what happened next. My catchphrase of the year has been "there's nothing like a global pandemic to kick start the market!" And kick start it, it has! The past five months have seen a flurry of activity and the steady growth that was predicted quickly turned into rapid growth. We have seen evidence of some significant gains in value in the area, with some evidence showing increases of over 20 per cent in just 12 months. (We do highlight that not every property has gone up 20 per cent in 12 months, but the market certainly has risen and is continuing to rise.)

Across the second half of 2020, we have seen the market dynamic shift. Gone are the days of buyers having all the power. Vendors are now in the box seat with many properties selling for very close to, if not over asking price. There is much evidence of multiple offers being made for well sought-after property that is appropriately priced. Days on the market have also significantly reduced. You would be hard pressed to find a property in the region that would take over six months to sell. Typically, anything that has been listed for this long that has not sold is priced above market.

Rents have continued to rise in 2020 on the back of record low vacancy rates. The rate has been sitting at 1.1 per cent since July. Letting agents are reporting that up to 20 applications are being made for each property.

New construction activity has certainly leapt forward since the government stimulus packages were announced. We know of at least two local well known builders who are booked solidly for

"There's nothing like a global pandemic to kick start the market!" And kick start it, it has!

the next 12 months and continue to turn clients away. This has led to an increase in building activity for builders who are not mainstream or perhaps only build one or two houses a year. The stimulus packages in our region are certainly having the desired effect and are keeping numerous trades employed.

The market over the past few months has certainly had a boom time feel to it. The sheer level of transactions occurring and the increase in pricing was definitely not something we would have predicted at the beginning of the year. It will be interesting to see whether the market activity slows up a bit over the typically quiet months of December and January or whether it just powers ahead.

After the year that was 2020, I certainly will not be making any more bold predictions at this point as it could go any which way. I'll leave that for our first issue in 2021! Stay safe and see you all in the new year.

Regan Aprile
Associate Director

Bundaberg

Taking a look back at the start of the year, we were cautiously optimistic of what might happen in the property market. Then COVID reached pandemic proportions and we all believed we would be twiddling our thumbs for the remainder of the year. The government stepped in with a stimulus package and since then, we have not looked back. We in the property industry have had an extremely busy time since February. Sales of vacant land have been startling in that most vacant blocks have been sold so that owners can take advantage of the generous grant from the government. Sales of established residential product have also peaked with most agents running out of stock. If this continues, we consider that prices would inevitably rise. It appears that demand is across the whole range of property prices. Southern buyers are also beginning to be a presence in the local market with the advent of working from home and in some cases, no need to visit the office.

We are still one of the most affordable places around and proximity to the southern tip of the Great Barrier Reef makes the Bundaberg region one to watch.

Catherine Kersnovske
Property Valuer

Hervey Bay

The year of 2020 is likely to be remembered by many as one of uncertainty and tumultuous changes. The property market was tipped by many economists to fall considerably, however unwavering resilience has been the result along with continuing market confidence. These unprecedented times have been challenging, with sellers being very cautious in the middle of the year and many withdrawing their homes from sale to ride out the storm. The reduced stock levels coupled with ongoing demand pushed prices higher, which continues today. Demand continues to outstrip supply with some property achieving sale prices at five to ten per cent above what would have been realistic twelve months ago. This rising market makes for very challenging times in the valuation space, as sales evidence struggles to keep pace with contract prices. The federal government Homebuilder Grant has been in high demand with vacant land flying off the shelf and frazzled brokers scrambling to organise finance within tight timeframes.

The Fraser Coast has seen a wide mix of buyers from all over the country with some happy to purchase sight unseen in the mid $800,000s which was relatively unheard of in our regional patch. The rental market remains very tight, with limited supply and slowly appreciating rents. New stock is expected to achieve over $420 per week for a four-bedroom, two-bathroom dwelling, typically yielding five to six per cent (gross). As states across the country continue to open, it is anticipated that this trend to escape to the regions will be ongoing in the short term to a moderate degree, however, is likely to settle down in 2021. It is safe to say we all look forward to a more stable, predictable twelve months ahead.

Tracy Lynd
Property Valuer

Townsville

It is fair to say that 2020 in the Townsville residential property market has astounded us. Our thoughts back in January 2020 were that the inner city 4810 postcodes and suburbs located within a five-kilometre radius of the city could likely see some increased levels of activity on the back of the stadium completion with the remaining suburbs to remain somewhat status quo.

The year started out as we had anticipated with positive sentiment and momentum from 2019 carrying through to healthy levels of activity within the suburbs located within an eight-to-ten-kilometre radius of the city. The onset of COVID-19 saw the sales momentum quieten during March and April, however by May, sale volumes had returned to pre-COVID levels and have continued to build throughout

Sales of established residential product have also peaked with most agents running out of stock.

2020. Sales growth has become more widespread, extending into the Upper Ross and Northern Beaches area. Median prices have firmed with inner city values starting to show increases. We are hearing from agents that some properties are receiving multiple offers and this is resulting in prices coming in at the upper end of expectations in some areas.

The vacant land market has also surged on the back of home builder grants, with larger developers pushing forward with new land releases to meet current levels of demand.

The rental market has also tightened significantly, reportedly due to a combination of increased demand and a reduction in supply. Agents are reporting that some owners are selling their investment properties due to the positive market environment, which in turn is affecting supply levels. Coupled with this, we are seeing increased demand as people move to the region to escape the pandemic with improving business confidence and employment opportunities facilitating this change.

Overall, 2020 appears to have accelerated our recovery with current conditions now considered sufficient to move us past the start of recovery for the housing sector and cautiously into a rising market.

Darren Robins
Director

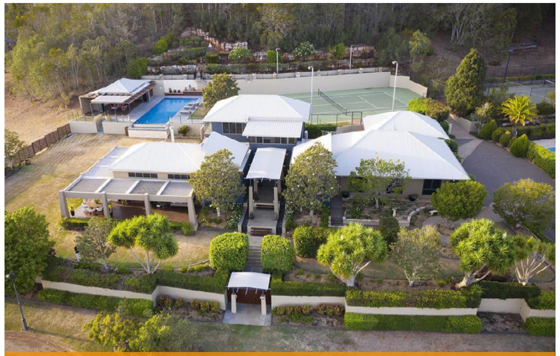
Toowoomba & Darling Downs

2020 – WOW! What a year! 2020 commenced on a generally stable activity and value platform, although the market was already beginning to show signs of being multispeed and property specific with strong demand and value levels in the upper end of the market. In our February 2020 Month in Review outlining our predictions for the year, we forecast this trend to continue throughout 2020 – and it definitely has!

The local market experienced a sharp reduction in sale volumes in April during the initial COVID-19 lockdown phase, but quickly rebounded with solid sale volumes in May and rising to strong sale volumes from June onwards. Selling agents have been reporting strong buyer demand and limited supply, which in some instances has seen strong sale prices being achieved. In particular, selling agents are reporting strong demand from non-local purchasers looking to relocate to more regional areas within an approximate two-hour commuting distance of Brisbane, such as Toowoomba, Highfields, the Southern Downs region, the Somerset region and the Lockyer Valley.

Despite the COVID-19 backdrop, there have been several high value sales for this region and here are just a few examples:

Address: 19 Kara View Court, Rangeville
Sale Price: $2.4 million **Sale Date:** 20 Feb 2020



19 Kara View Court, Rangeville Source: realestate.com.au

Address: 56-58 East Street, Redwood
Sale Price: $1.9 million **Sale Date:** 2 May 2020

Address: 15 St Ives Court, Mount Lofty
Sale Price: $1.75 million **Sale Date:** 16 Sep 2020 (Agent advised)

19 Karaview Source: realestate.com.au

Address: 35 Curtis Street, East Toowoomba
Sale Price: $1.7 million **Sale Date:** 19 Sep 2020

35 Curtis Street, East Toowoomba Source: realestate.com.au

The old adage of location, location, location has continued to be proven correct throughout 2020 in Toowoomba, with properties in the sought-after eastern suburbs of Toowoomba remaining in high demand. In addition, there has continued to be good demand for contemporary style renovated colonial dwellings in the well-regarded suburb of East Toowoomba. An example of this is illustrated below, with a colonial cottage at the road front and a contemporary style renovation at the rear:

Address: 38 Eleanor Street, East Toowoomba
Sale Price: $880,000 **Sale Date:** 21 July 2020

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

38 Eleanor Street, East Toowoomba Front Source: realestate.com.au


38 Eleanor Street, East Toowoomba Rear Source: realestate.com.au

In our February 2020 Month in Review, we noted that there had been a significant reduction in demand for vacant land and slow sale rates for land in new estates, however, a flow on effect of COVID-19 and the government Home Builder Grant has been a sharp reversal of this trend and very strong demand for vacant land in new estates. There are currently very few vacant lots available for sale which are already developed. Some developers have commenced selling the next stages of their estates off Disclosure Plans to give purchasers the best chance of obtaining the Home Builder Grant, and in some instances these lots are already all under contract.

Another sector of the market which has continued to experience strong demand is the rural lifestyle sector, with many properties within a short commuting distance of Toowoomba having sold in the $1 million plus price bracket. An example of this is noted below:

Address: 2199 Gore Highway, Umbiram
Sale Price: $1.15 million **Sale Date:** 20 Aug 2020


2199 Gore Highway, Umbiram Source: realestate.com.au

On reflection, the local property market has rebounded strongly from the impact of COVID-19 and it remains to be seen if this continues in 2021.

Bradley Neill
Director

Cairns

Our predictions for 2020 were boldly summarised as "If we had to have a wager on where the residential market would be in December 2020, our bet would be the same or slightly less sales than 2019 and median prices similar to or slightly below 2019".

If we drew a straight line from early 2020 to now, we would say that the market has improved in terms of both sales volumes and prices and our prediction was overly pessimistic (strange for a valuer, I hear you say!).

However, that summary clearly overlooks a year none of us could have predicted or even imagined. After the initial shut down where we were all to hibernate for a period of time, the market seized up with a bleak outlook not only for the property market but for business. As the infection rate flattened and government stimulus measures were put in place, the property market started to thaw although it wasn't until the HomeBuilder grant was released that we started to see a dramatic increase in demand for land and house construction. Our regional valuers also began to report an increase in demand in regional areas, particularly across the Atherton Tablelands, as a result of people trying to escape built up areas and also to become more self-sufficient.

As 2020 comes to a close and with the announcement that the Queensland borders will open to Victorian and all New South Wales residents from 1 December, there is some optimism in the air. We will start 2021 in a market with:

- Strong demand for vacant residential land with little supply and prices increasing;
- Many home builders having a significant amount of work booked for 2021;
- Activity and upward pressure on prices in the lower end unit market from both investors and some owner-occupiers;
- Strong demand for well-located owner-occupier units with limited stock;
- Reports of an increase in demand emerging for upper end and prestige properties although not to the same scale as being experienced in south-east Queensland;
- Very low residential vacancy rates in most locations in far north Queensland;

- A healthy established home market with limited stock and upward pressure on prices;
- An active rural residential market constrained by limited stock with increasing prices;
- A positive shift in sentiment to regional locations where demand has been weak for years with many remote regional areas possibly achieving more sales in 2020 than in the past five years combined;
- Record low interest rates, relatively easy access to finance and the possible softening of the responsible lending guidelines.

Craig Myers
Director

South Australia

Adelaide

2020 has been a year like no other, providing more twists and turns than a John Grisham thriller. At the time of writing the February 2020 prediction edition of the Month in Review, COVID-19 had yet to enter our vocabulary. The metropolitan Adelaide market was tipped to enter the new decade on a high after strong growth at the back end of 2019. With rose coloured glasses on, we stated that "with no known market disruptors on the horizon, there is no reason to indicate that this strengthening level of market activity won't continue into 2020". This statement has become ever poignant as we unwittingly entered a period of market disruption not seen in generations. So with all that said, here is our year like no other in review.

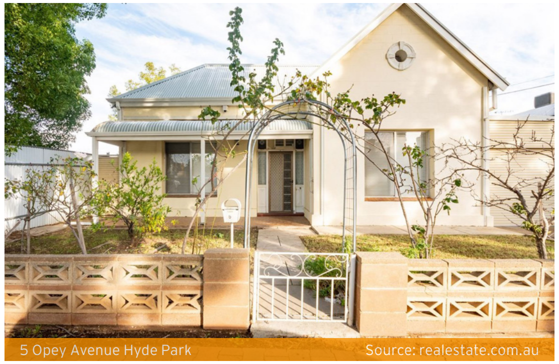
The hard word was put on the middle ring suburbs of Felixstow, Seaton and Pasadena to perform well through 2020. Both Seaton and Pasadena outperformed their September 2019 quarters with stable transaction numbers and increases in median house prices of 6.34 per cent and 31.15 per cent respectively. Felixstow had an increased level of turnover in the September quarter of 2020 however recorded a 9.66 per cent reduction in the median house price for the same period in 2019. Two correct predictions and the other is just an indication that Felixstow is still providing value for money in comparison to surrounding suburbs. We will give ourselves a B for this prediction.

We stated in February that irrelevant of market conditions, there was always strong demand for character dwellings in the middle and inner rings.

2020 has been a year like no other, providing more twists and turns than a John Grisham thriller.

Not helping this prediction was the cancellation of auctions which make up the bulk of sales within this market segment. On the back of the auction freeze, stock levels reduced as vendors were spooked that without the competitive nature of an auction, top dollar may not be achieved. What ensued were low stock levels with a still active cohort of buyers. This market dynamic ensured price levels remained relatively stable during the peak of lockdown. Examples of this can be seen in the sales of 3 Collingrove Avenue, Broadview and 5 Opey Avenue, Hyde Park. Both of these properties transacted in January 2020 only to be sold again in June 2020 and August 2020 respectively. Both achieved slight increases in their pre COVID-19 sale prices. Demand remained strong in this market segment even though it was inadvertently helped along by the unusual market conditions at play. We will give ourselves a B+ mark for this prediction.

3 Collingrove Avenue, Broadview Source: realestate.com.au


5 Opey Avenue Hyde Park Source: realestate.com.au

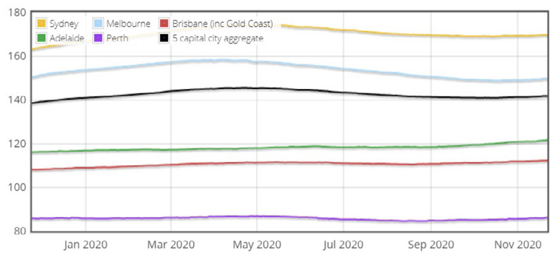
After strong growth throughout 2019 in the prestige market, the $3 million plus price point was tipped as one to watch in 2020. Sales evidence suggests that transaction numbers in this market segment remained stable with metropolitan Adelaide recording 22 residential transactions above $3 million in 2020, just pipping the 21 transactions achieved in 2019. Interestingly the median sale price for those properties above $3 million was slightly lower in 2020, down from $3.6 million in 2019 to $3.3 million in 2020. Some of 2020's highest transactions include 411 Esplanade, Henley Beach and 12 Robe Terrace, Medindie which achieved sale prices of $5.68 million and $4,710,888 respectively. The expected bonanza of $3 million plus transactions didn't eventuate but the market remained stable throughout a period of uncertainty. We will give ourselves a C+ for this prediction.

411 Esplanade Henley Beach Source: realestate.com.au

12 Robe Terrace Medindie Source: realestate.com.au

We tipped that the CBD unit market was one to treat with caution with limited opportunities for capital growth given the abundance of available stock. Corelogic data indicates that the median sale price dipped slightly from $430,000 in September 2019 to $427,500 in August 2020. With a high proportion of investors and overseas purchasers, this market was negatively affected by border restrictions and the fear of a looming property crisis. Interestingly the CBD unit market under performed in comparison to the broad metropolitan unit market which saw the median unit sale price rise from $325,500 in April to $360,000 in November. This prediction turned out to be spot on, so an A+ is in order.

Our predictions mostly hit the dartboard with some a bit closer to the bull's eye than others, but one thing no one could predict in 2020 was how the market was going to respond to the ensuing COVID-19 crisis. In the early stages of the pandemic, there was an initial shock to the market when we saw a reduction in both stock levels and buyer enquiry. As time went on, South Australians began to realise that they were somewhat sheltered from the virus and began to see an uptick in activity. In mid-June, the market appeared to have reached a peak with many pundits questioning how long the rising market could go on. Cause for further concern was the downward cycle the big east coast markets entered which South Australia typically lags behind. Just as things appeared to slow, the September quarter exploded with the South Australian metropolitan median sale price reaching a record high of $492,500. The CoreLogic Hedonic Price Index suggests that this strong growth is going to extend into the December quarter. The rising market can be attributed to a lack of stock, increased buyer activity and record low interest rates.



Corelogic Hedonic Price Index Source: CoreLogic

Forgetting the surprise of COVID-19, we did have some positive surprises in 2020.

Surprise 1: We are on the verge of the highest transaction ever recorded within metropolitan Adelaide with 45 Palmer Place, North Adelaide currently under contract after being listed for sale with an asking price of $10 million plus.

Surprise 2: Regional lifestyle properties remained popular. During the early stages of the pandemic, the regional lifestyle market was tipped to be negatively affected as holiday homes are typically the first to hit the market during times of financial hardship. As the future of both domestic and international travel looked bleak, agents across regional South Australia had an influx of buyer enquiry as South Australians looked to their own back yard for holiday destinations.

Surprise 3: After what feels like years of conjecture, the state government announced that the North-South Corridors Darlington stretch will form a 10.5-kilometre tunnel at a cost of $8.9 billion and creating upwards of 4000 jobs. Once the tunnel is completed, the northern and southern suburbs will be connected by a non-stop 78-kilometre motorway.

45 Palmer Place North Adelaide Source: realestate.com.au

Adelaide's North-South Corridor

The market remained resilient throughout 2020 as experts from far and wide predicted doom and gloom scenarios nationwide. With market fundamentals remaining on shaky ground, there remains uncertainty as to how long the strength in the market can hold. What I am certain about is that I, like many other South Australians, will be standing up at the stroke of midnight on 31 December telling 2020 that this is not see you soon, this is goodbye.

Nick Smerdon
Property Valuer

Mount Gambier

Our predictions at the start of 2020 were for a stable market with a similar number of sales occurring as 2019 and a continued slight increase in the median house price. Even with COVID-19 deciding to show up, our predictions were very close to these two targets.

One of the main changes to the Mount Gambier property market for 2020 was an increase in demand for housing and a reduced supply of stock. This was not predicted as the Mount Gambier region has historically seen an oversupply of housing.

Agents are positive about the current market with many sales occurring prior to listing, going to highest and best offers and achieving above listing price. Listing periods have decreased and purchasers are having less negotiating power with the stronger market factors. This has not been a typical occurrence in our local market however with supply dropping off and demand increasing, it really has led to a more active market. Agents are reporting that out of town buyers relocating to a regional lifestyle and investors seeking our strong yields are factors in the stronger performance.

The government construction stimulus has seen land sales increase drastically over the past four to five months of the year, however we expect this to slow down with the grant nearing completion and builders unable to take on much more work; many builders are booked out for the next 12 to 24 months.

An interesting point to note about 2020 is that a certain price point has been much more active than others. Houses above $500,000 have usually been less active with few sales occurring each year - 2019 achieved 13, 2018 achieved 11 - however 2020 has so far achieved 22 sales above $500,000 with a number of properties currently under contract over $500,000. This is a positive for the local market and we expect this trend to continue.

Adrian Castle
Certified Practising Valuer

An interesting point to note about 2020 is that a certain price point has been much more active than others.

Western Australia

Perth

In what seems a remarkable achievement, our overall February predictions have rung true (for the most part). Quoting our February edition "all in all, we see a fairly mixed bag for 2020, but largely a positive one" – and oh boy, what a mixed bag it was. The Western Australian property market has navigated through the turmoil of Coronavirus and shot out the other side with more confidence than ever. The most notable points for discussion are now record low rental vacancy rates, a booming residential construction sector and an extremely active established property market.

Many factors are contributing to the current state of the Western Australian property market, but the bulk of the heavy lifting has been through returning ex-pats and surging consumer sentiment. This increased confidence was started by the state and federal governments. Stimulus packages such as the HomeBuilder and Building Bonus schemes combined with the First Home Owner Grant meant that qualifying buyers in Western Australia could secure up to $69,440 in government assistance to build a new dwelling. Whilst this was underway, the state government was seemingly relaxing its restrictions by the week which gave an unexpectedly strong level of confidence in the residential real estate market.

Vacant land stock has diminished – even the awful, irregular, awkward allotments in second and third tier locations that were experiencing lengthy marketing campaigns have largely now sold. This seems to have set a sentiment in Western Australia's collective mind that you will miss out if you don't act right now, with land sales increasing an astonishing 71.56 per cent from December 2019 to June 2020, resulting in an increase in median land values from $240,000 to $250,000 from December 2019 to September 2020 (with the true rise in values yet to be reflected in the reported statistics). This has followed through to the established property market as well, where demand has surged. Western Australia's resource sector has continued its incline, as mineral investment remains strong with a number of projects still in the pipeline over the coming years.

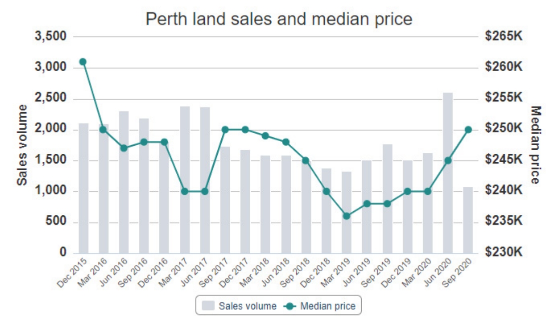


Figure 1: Median House Price Perth Source: REIWA.com.au, 2020

Western Australians returning from overseas have been cramped into space in the homes of friends and family whilst looking for alternative housing options. Unfortunately, this has now led to a severe rental shortage. Damian Collins (REIWA President) has stated that the vacancy rate was on track to reach a miserly 0.8 per cent. Whilst this may be good for investors and will also apply upward pressure to house prices, REIWA estimates that Perth will run out of rental stock by early 2021, with some property managers reporting 30 to 40 applications per property. We're seeing investors already returning to the market to take advantage of the rental returns on offer, but also the risk sentiment to residential real estate appears to have altered, with agents reporting that clients now see it as a relatively safe place to park money.

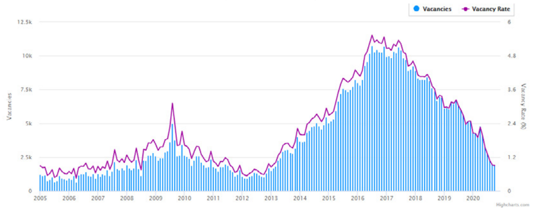


Figure 2 Source: SQM research

Annual Growth %

	Economic Growth	Retail Trade	Equipment Investment	Employment	Construction Work	Population	Housing Finance	Dwelling commencements
NSW	-1.7	-4.3	-17.1	-2.4	-8.9	1.09	10.5	-12.6
VIC	1.6	-6.2	-22.4	-5.8	6.2	1.77	15.8	-1.8
QLD	-0.5	1.5	-16.1	-1.5	-0.4	1.67	-4.5	0.5
SA	0.1	-1.1	-12.9	-1.4	-5.3	1.02	-2.0	-2.2
WA	7.7	3.3	5.9	-0.3	7.8	1.57	-9.8	-30.3
TAS	3.3	2.5	-1.8	+0.4	-8.1	1.12	-8.6	-4.3
NT	7.9	2.5	-46.3	-5.1	-3.9	-0.17	-23.0	-5.9
ACT	4.9	-1.1	0.0	-1.6	2.5	1.07	21.0	-14.9
AUST	1.5	2.3	-13.8	-2.8	-1.0	1.41	7.3	-8.0

Figure 3: Comsec - State of the States Source: SQM research

At the onset of the COVID-19 pandemic, we saw long queues outside government support offices reminiscent of the great depression, as well as a seven per cent fall in GDP. Here in Western Australia we feared the worst, however with swift action by the state government in terms of border controls

Out here in the west, we end 2020 with an optimistic attitude towards the future.

and a relatively strong mining sector, the state managed a $1.2 billion surplus last financial year.

Many experts and pundits feared a property crash, with economic factors leading to a large reduction in demand, however since the federal and state government building grants were introduced into Western Australia, the building industry has undergone a boom period with people looking to take advantage of these once in a life time stimulus packages. Prior to the grants being announced, the residential building industry in Western Australia was at a 20 year low in activity which resulted in a number of constraints around labour and land development once the grants came into effect. There was a 170 per cent increase in dwelling construction contracts over the first two months after the incentives were announced which reflects the immense demand for these products.

Originally in order to claim the state incentive, the site excavation works were required to start within six months of contracts being signed to be eligible. This caused a rush for purchasers and builders to meet the deadlines in order to claim the incentives. With the construction industry experiencing a shortage in labour, this caused builders to advise purchasers that they could not meet requirements, and many closed their books, however the state government has recently announced that homebuilders will now have up to one year to start construction work once contracts have been signed. This has once again allowed builders to take on new clients and ensure that construction deadlines are being met for the incentives to be claimed. We're also seeing builders assisting their clients to secure finance approval by stumping up funds for their clients to use, which are then secured by a deed to be paid back to the builder if their client qualifies for government incentives. This is a flow on effect of the way the grants work - they don't necessarily assist to get the deals done up front. Builders are also offering short term accommodation options for construction workers from other states to attract workers in order to maintain the huge demand for construction in the state.

There is no doubt that these incentives, coupled with record low interest rates, relative strong state economic conditions and returning expats have launched the Perth housing market into a state of recovery, and dare we say it, frenzy. Selling time has reduced to 33 days on the market, compared to 57 days in October 2019, with vendor discount rates reducing to 3.3 per cent from 4.7 per cent in October 2019. Additionally, CoreLogic's estimate of settled sales over the past three months is 13 per cent higher than a year ago - all very positive indicators.

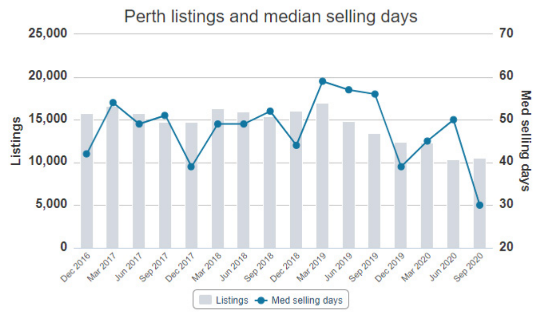


Figure 4 - Perth Listings & Average Selling Days Source: REIWA.com.au, 2020

Out here in the west, we end 2020 with an optimistic attitude towards the future (something very few places around the world are likely to be feeling). As the saying goes, when you're at the bottom, the only way to go is up.

Chris Hinchliffe
Director

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

Northern Territory

Darwin

The start of 2020 promised a continuation of the moribund market conditions which all Darwin property markets had experienced over the past five years. However, by the end of the year there was an unexpected but significant spike in demand and market activity, leading to price growth in a number of residential market segments.

Most of the change in sentiment has been driven by Government's response to the pandemic.

In the residential sphere, this is most evident in the introduction of generous incentives, especially for first home builders who could be entitled to up to $55,000 in various programs to encourage them to commence building, with all the economic multiplier benefits that it generates.

As a result, we have seen all 22 blocks in Northcrest stages 3A-3C being snapped up by prospective home builders and a similar situation exists in Zuccoli. This level of demand would have been unthinkable 12 months ago when estate developers were deliberating on whether to hold off on more land releases: now there is a scramble to get land developed as soon as possible.

The NT Government recently announced that it would extend its BuildBonus program until the end of March 2021, Building contracts signed for three months after 1 January 2021 will be eligible for a $12,000 grant. Whilst this is down from the $20,000 which was available in 2020, it is still a generous incentive to encourage building works.

Of course, the improvement in market conditions which has developed in the past two months has not been spread evenly across the board. There is still an oversupply of residential units in the CBD and inner suburbs and this market segment has not improved to the same extent as some others.

Also, demand is most evident in the sub-$650,000 price brackets.

There has also been a decrease in vacancy rates across Greater Darwin. The fact that the NT (so far) has avoided the worst ravages of the pandemic and has mainly avoided lockdowns has seen a population influx from southern states.

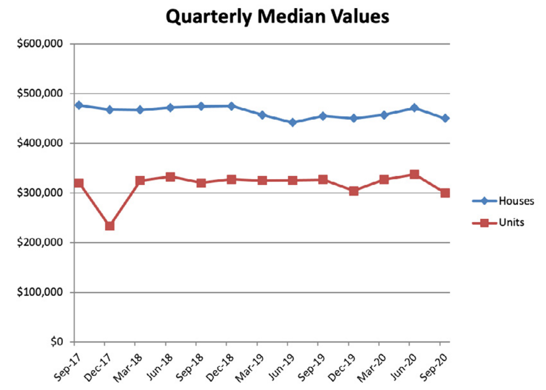
Whilst the improvements in residential market conditions have been very welcome, we have some concerns about how sustainable they will be through 2021. The economic fundamentals in Darwin have not changed in the past 12 months, and if employment prospects do not improve, we will see many new Territorians drift back down south in search of work. However, in a financial environment of historically low interest rates and a physical environment offering the best lifestyle of any Australian capital city, why wouldn't many of them choose to stay?

Terry Roth
Director

Alice Springs

As the year draws to a close, we can look back on what has been an unprecedented year for the property market in Central Australia. The impact of the pandemic locally has been less severe than many other regional centres, not only in terms of number of infections and death toll but also in relation to the property market. Our relatively low population density combined with prompt border lockdowns allowed the Northern Territory to experience only 46 recorded cases of COVID-19, with no deaths.

Transaction numbers for the March and June 2020 quarters were understandably below average, but the market experienced a strong rebound in the September quarter, with transaction numbers returning to levels not seen since mid-late 2018. After two quarters which saw 72 and then 70 sales, September's result of 108 house and unit sales was pleasing to say the least. As can be seen from the graph below, the bounce back, particularly with houses, has been strong.



Source: CoreLogic

Agents are reporting an active market, with properties selling quickly and their biggest problem at present is finding properties to list for sale. As

Agents are reporting an active market, with properties selling quickly and their biggest problem at present is finding properties to list for sale.

yet we have not seen any sustained indicators that market values have begun to strengthen, however if this increased level of activity continues, it may eventually place upward pressure on prices as demand outstrips supply. Government first home buyer incentives have been highlighted as a possible explanation for this lift in activity and as these schemes wind down, it is possible that activity will also scale back. December and January are historically quiet periods for the local residential market, so we shall watch with interest the sales figures as they are released early in the new year. The longer-term sustainability of this increased market activity will become clearer as we enter the early months of 2021.

In a year full of surprises, perhaps the most surprising thing has been the solid rebound of market activity. As we entered lockdowns and restrictions earlier in the year, it was difficult to forecast the likely impacts on the property market. Activity leading up to the pandemic had been subdued and it would not have been beyond the realms of possibility that the market may have stalled altogether, however demand remained steady during the worst of the lockdowns and now that we appear to be coming out the other end of the COVID-19 tunnel, there is reason for some optimism in the local residential market.

Peter Nichols
Certified Practising Valuer
Alice Springs and Central Australia

Australian Capital Territory

Canberra

With 2020 drawing to a close, you'd be forgiven for wondering where the past 11 months have gone, especially given what we've ALL experienced with the Coronavirus pandemic, be it through a decrease or increase in business demand, restrictions on our civil liberties and social lives or most importantly, impacts on our health and loved ones.

At the beginning of the pandemic when the federal government began imposing immediate restrictions and state and territory borders started closing, there was some genuine concern that the residential property market would feel the impact of such measures. Historically the ACT has weathered past volatile market events well compared to other capital cities but this time around the concern amongst local industry participants was a bit more founded, largely due to the speed at which restrictions could be imposed, how the effects could impact multiple industries at a single time and that it did not discriminate – once thriving industries were brought to a standstill overnight.

In the initial few months of the pandemic, March, April and May, when general fear and uncertainty was at its most heightened and toilet paper was the hardest supermarket commodity to come by, the most obvious effects on the residential property market were the ban on in-person auctions and open homes. This along with a degree of pessimistic market sentiment meant that stock levels suffered, with sellers in a position to wait and see, withholding their properties from the market. Thankfully there was no increase in forced or mortgagee in possession sales seen locally, with most banks enacting temporary measures allowing mortgage repayment deferrals until late 2020 or early 2021. As a result, individual agents were reporting a lack of forthcoming listings and a slight reduction in enquiry levels amongst buyers. Prior to the pandemic, the conditions of the local residential market were fairly balanced with good demand for houses and moderate amounts of stock. On a ground level this was also noticed, with job volumes for mortgage security valuations for properties under contract decreasing and the majority of the job volumes being made up of mortgage security valuations for refinancing purposes, helped along by the cuts to the official cash rate by the Reserve Bank of Australia during this time. Another local trend picked up on during the pandemic was what felt like an increase in the number of homeowners renovating or extending their owner-occupied properties, with regular weekly valuation runs involving multiple valuations for the purpose of a proposed renovation or extension. Prior to the pandemic, such valuations were a less regular occurrence in the weekly wash of refinancing and under contract valuations, but the trend may be unsurprising given the shift in working from the office to working from home and a new need for an increase in living area.

The local unit market has also remained unchanged from its position prior to the pandemic.

As the second half of the year passed, Canberra was largely spared the COVID-19 cases seen in the larger cities, which meant some normality to certain industries was returned from June onwards. For the real estate industry this meant that auctions and open homes could resume under COVID-safe conditions. With a sizeable portion of Canberra's workforce being employed in the public service and the local private sector offering services to or in some way benefiting from the many government departments in Canberra, local job losses weren't as grave as in other cities. Baited buyer demand began making itself known again at auctions and open homes, however housing stock levels of established properties remained down on levels prior to the pandemic. In short, this return of demand and limited stock saw Canberra's house prices remain unaffected by the economic impacts of the pandemic, spurred along by stable employment and increased competition amongst buyers for the limited properties available. Records were even set for some suburbs. In the case of Nicholls, a blue-ribbon suburb in Canberra's outer northern district of Gungahlin, 2020 saw the suburb's house price record set with the sale of 10 Wendy Ey Place for $2.025 million in August. This record only lasted a few months however, eclipsed by the sale of 11 Hendry Close for $2.475 million in November.


11 Hendry Close, Nicholls ACT 2913 Source: realestate.com.au

The local unit market has also remained unchanged from its position prior to the pandemic. That may sound positive but past issues of the Month in Review will reveal that market conditions for the unit market aren't as good overall as the housing market. Market volatility is still greatest in apartments. As 2020 draws to a close, a large amount of new stock, particularly in the suburbs of Belconnen and Gungahlin that were under construction at the beginning of the year, have come onto the market with the new stock not absorbed finding itself competing against similar stock only a few years old. With such a high concentration of similar stock confined to single suburbs, apartment owners looking to sell in these areas may often find their properties competing against other apartments within the same complex or surrounding complexes at the same time, potentially having a negative impact on market values.

Looking back at what our local valuation team predicted for 2020 in the February issue of Month in Review, call it luck or the predictability of Canberra, it has mostly eventuated. The residential property market for houses remained steady and robust with prices across Canberra's suburbs not showing any drops in value and properties of unique offering in desirable suburbs fetching record prices. The unit market, particularly apartments, performed as predicted remaining quite stagnant with growth often negated by the continual flow of new apartments coming onto the market.

In what has been a year of shock and surprise, one of the most surprising things our valuation team noticed was the stability and increase in job volumes. In the initial few months of the pandemic, as mentioned earlier, there was some uncertainty as to what it meant for our industry (valuation and property advisory services) and whether there'd be a noticeable decrease in job volumes or things would stay as is. Surprisingly job volumes remained stable and any movement from regular job numbers was a strong increase in requests for valuations, with valuers' calendars being booked out up to three days in advance with full daily runs of multiple valuation jobs across Canberra and surrounding rural residential locations.

Sandra Howells
Property Valuer

Tasmania

Hobart

The predictions for the Hobart region in February 2020 were for steady growth and we didn't let you down. Sure, the past six or so months have been a trying time and there was a quiet time between April and June, however continued reducing interest rates and government stimulus packages have spurred the market on with good growth throughout the year.

Interest rates in February were circa 3.12 per cent and the Reserve Bank cash rate was sitting at 0.75 per cent. Now the Reserve Bank cash rate is at an all-time low of 0.1 per cent and standard variable owner-occupied rates are down to around 2.29 per cent. Money is cheap and this is spurring the market even further.

We predicted the lower socio-economic areas to level out but this couldn't be further from the truth with these areas outperforming higher valued areas. At this point in time with rates so low, it is actually cheaper to buy than rent. On the flip side of the coin, the banks aren't making it any easier to access funds for most lower income earners.

Property sales in excess of $1.5 million have slowed since the pandemic but there are still some high-end property transactions. Properties up to $600,000 are still walking out the door with multiple offers often well in excess of asking prices.

According to a report submitted by SQM Research, the vacancy rate for the Hobart region was sitting at a low 0.9 per cent in February and surprisingly as at October, the rate had reduced to a low 0.6 per cent. Rental prices seem to have levelled out since the start of the pandemic with gross yields hovering around the five per cent mark.

What will 2021 bring for us in the south is anyone's guess but it would be fair enough to predict a steady market with possible increases due to the record low interest rates, shortage of supply and many owner-occupiers and investors alike chomping at the bit to buy a safe piece of the Apple Isle property market.

Stephan Ning Liu
Property valuer

Properties up to $600,000 are still walking out the door with multiple offers often well in excess of asking prices.