Month in Review

July 2019

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

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A lazy $500,000

Ever accidentally come across a few extra dollars, and then been left wondering what to do with it?

It's a pleasant dilemma that's confronted anyone who's prepped washing and checked last weekend's jeans pockets. Those times where a few accidental spare dollars set the imagination alight. Will this be an additional beer come Friday? Perhaps we can get the extra-large popcorn at the movies now?

Let's ramp up this scenario a little. I wonder if Jeff Bezos ever checked his spare wallet and thought, "Oh! That's where I left that half million!"

OK… so he probably didn't get to the heady heights of wealth by misplacing the occasional $500,000, but the mind does boggle. If you found yourself with the ability to access funds and make a dent in property markets, where would you place half a million dollars in the Australian real estate landscape?

Not so long ago, $500,000 would have provided formidable purchasing power across just about every population centre. Even though some of our biggest markets have taken a bit of a hit over the past two years, half a million probably doesn't cut as much sway as it once did in Sydney and Melbourne. That said, if you're willing to compromise on property type and location, you can still buy and reside within a long commute of both CBDs at (or around) this price.

Let's also step beyond this east-coast-centric thinking for a moment because if you're predisposed to the concept of borderless investing, there's certainly something, somewhere for you at this magic figure.

To help dispose of this chunk of spare change, we have put the request out to our teams in the field. This month, as we do each July, we've asked our specialists two simple questions:

1. What will $500,000 buy in your service area?
2. What should you consider and what should you avoid?

It has revealed a wealth of options available to purchasers open to the whole Aussie market – from Indian to Pacific, from Gulf to Bight… and across the Bass. Our valuers have named property types and locations and made observations and predictions, all aimed at showing you what to do with 50 per cent of $1 million.

If you're willing to compromise on property type and location, you can still buy and reside within a long commute of both CBDs at (or around) this price.

To help colour the commentary in a little, we've also requested they look at their submissions from 2018 and let us know what's changed since then in the half-million sector.

For commercial buyers, we've extended the theme a little. This month, it's industrial property and our experts take you on a stroll through the most affordable options for industrial buyers. There are sheds of all sorts on offer as well as growth in a type many may not have considered (hint: apparently, man cave storage sheds are a thing now!).

Finally, our rural crew looks at what is considered entry level in rural property throughout their patches. If you ever wanted to know what property price point it took to kick-off in the agricultural sector, our team has the answer.

So, there it is – another sterling issue of Month in Review. Mind you, keep aside a little of your new-found windfall and look to invest in some independent and highly specialised advice from one of our team. We are here to help you get the most out of every single dollar.

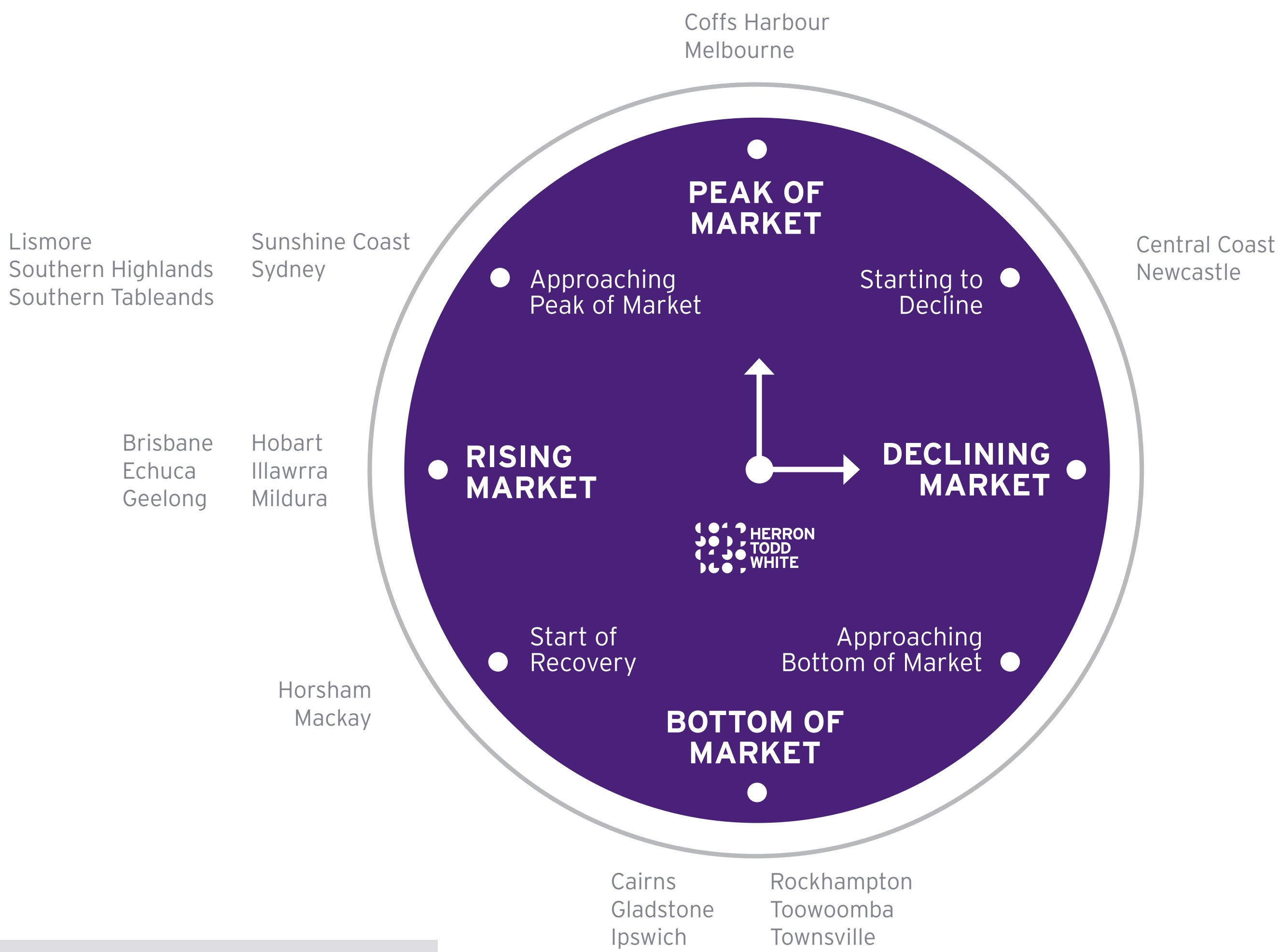
HERRON TODD WHITE

Industrial

July 2019

National Property Clock: Industrial

Entries coloured purple indicate positional change from last month.



New South Wales

Overview

The industrial property sector has plenty to offer those looking to graduate to commercial investment. As a jump off point, sheds offer some of the lowest risk options in most locations.

This month, our teams from around the nation let you know where to look and what to buy if you're keen to start purchasing industrial holdings.

Sydney

Despite the rising market and strong demand for industrial properties, there are still opportunities in Sydney for entry level investors.

In the western Sydney region, the suburbs surrounding the CBDs of Liverpool (Chipping Norton, Prestons, Moorebank), Campbelltown (Minto, Ingleburn, Leumeah, Smeaton Grange, Narellan), Blacktown (including Kings Park) and Penrith (Kingswood, Jamisontown, South Penrith) offer affordable entry level industrial properties.

These areas are experiencing buoyant conditions as the increase in population through large, low density residential land subdivisions and the lack of supply have in turn increased demand and overall capital values. In particular we note that redevelopment of inner city and some inner western industrial precincts has reduced the amount of industrial properties available and made them less affordable. This has resulted in businesses requiring industrial space to look further from the city. For this reason, transport becomes a vital consideration. Fortunately, infrastructure projects are underway in most parts of Sydney.

Chipping, Norton Source: HTW

An entry point industrial property in any of these locales is still currently achievable despite the increase in values.

Looking specifically at some areas where industrial properties are available below $1 million, we note the following sales.

In King Road, Hornsby, a strata unit sold for $580,000 late last year. The unit is 157 square metres and older in style. Hornsby offers a small industrial precinct with a mix of older style and more modern complexes. Hornsby is slightly more removed from transport and road access which tends to keep prices more affordable.

Chipping Norton comprises a mix of large warehouse and factories and small predominantly older style strata complexes. Earlier this year, a strata unit sold for $460,000. The unit is 201 square metres and older in style. It sold with a tenant in place and reflected a net yield of 5.5%. Chipping Norton provides easy access to Liverpool and the M5 Motorway.

King Road, Hornsby Source: HTW

iSpace, Kirrawee Source: HTW

Also representing good value is St Marys which being slightly more removed from infrastructure has property priced below $500,000. Recently we noted a sale of an older style strata unit of 274 square metres with five car spaces and additional hardstand on title for $500,000. This property is large enough to provide an excellent base for a small business.

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Another popular entry level investment of late is storage lots. These are generally viewed favourably as they are low maintenance and also quite handy for owners of small businesses needing storage space. A new development, iSpace, in Kirrawee in Sydney's south has small storage lots below $200,000 with asking rental rates from $150 per week. Internal clearances range from five to six metres and offer secure access.

Overall, we consider that, given the historically low interest rate environment, the rental and capital value growth outlook for the entry level industrial market in Sydney will remain positive.

Geographical factors related to access and connectivity to the wider Sydney metro area and beyond and infrastructure (both existing, proposed and under construction) will be a primary consideration for businesses and as such some of the noted entry level locations are considered likely to benefit from this.

Newcastle

As we discuss entry level industrial property this month, we simply can't go past the rise and rise of the micro shed. These are (as the name might suggest) small industrial strata units that range in size from about 15 square meters (about a single garage) to say 75 square metres. Above 75 square metres would be too large for this little category.

Often times these units will have and internal clearance to allow a small mezzanine level to be built. Toilets and kitchenettes are sometimes included, although usually your micro shed complexes will have common amenities (including showers). Sometimes plumbing will be capped off within the unit which means the plumbing is ready for quick toilet or kitchenette installation at an additional cost. Of course not all users of these sheds need their own amenities as they are favourites as storage solutions for empty nesters and used by grey nomads for caravan storage.

Cubbyhole Warnervale Source: realestate.com.au

Carrington Enterprise Centre Source: avidpm.com.au

Micro shed complexes are often branded; we've seen Myspace and My Shed in Mayfield West and Warabrook respectively and the first of its kind in our area, Cubbyhole in Boolaroo. Cubbyhole Warnervale is currently under construction and that complex will even include an on site café. Closer to town, the Carrington Enterprise Centre is also currently under construction. This complex comprises micro and more standard sized strata industrial units with high levels of onsite car parking.

Locally, the selling market for these units peaked around mid-2018, pretty much in line with the local residential unit market. While values haven't moved much, the rate of sale for this little product has slowed down considerably. It's a fairly discretionary property purchase, made primarily by retirees in superannuation funds or by tradies looking for extra storage. If times are tight or as we've seen recently, equity levels held in dwellings falls with downward market movement, this product type suffers in the marketplace. We do anticipate that this market will pick up again now as there is some more positive chatter in the residential market, with the lowering of interest rates and lifting of the APRA led credit tightening by banks. As the masses of residential units in and around Newcastle, Newcastle West and Wickham come on line, we anticipate these micro units will see a lift in popularity again as downsizers try to find a place for the second lounge suite, the buffet and the caravan.

Wollongong

Leased industrial assets under $1 million throughout the region are very hard to come. This segment is typically dominated by owner-occupiers. However, when affordable tenanted industrial assets are listed, they typically attract a high level of interest given their appeal to a broad pool of purchasers, although the major banks recently getting out of SMSF lending will reduce the number of buyers moving forward.

Investment yields at the lower end of the value range will typically sit between five and six per cent and rates per square metre of lettable area can get as high as $3,000 plus per square metre for small bay warehouses.

We see the main risk for investors in this space as strata projects, particularly around Port Kembla and Unanderra where several large complexes are currently being developed, some being purchased by investors with the intent to lease on completion. The amount of supply will likely put a cap on the rent owners can achieve and letting up periods may be prolonged.

Lismore

The Lismore industrial market is dominated by older style industrial development, comprising a mix of small to medium sized owner-occupied sheds and a scattering of larger complexes generally of a modest style and appeal. As such, we find industrial properties tend to be sub-$500,000 for stand alone, single or twin tenanted properties. When purchased by investors, we would expect yields of seven to nine per cent return with the lower yields more likely to be owner-occupiers where yield and return are not the driving factors. Larger complexes would tend to be eight per cent to 10.5%, however they are rarely transacted.

Investors are less active in this market as yields tend to be relatively low compared to risk. This is a result of the owner-occupier market driving yields down and is compounded by the fact that the rental market is static. Despite this, Lismore's industrial market is mature and tenants are relatively stable with well established businesses, not adversely impacted by the upward pressure on rents being experienced in coastal localities. As such the industrial economy has tended to avoid the boom and bust cycle.

Alstonville

Alstonville is a more dynamic market than Lismore with an uplift in values, tightening yields and increase in rents. This is a result of limited supply (it's a relatively small industrial precinct) and being a more affordable option compared to coastal localities coupled with good highway access and growing residential communities nearby.

Recent sales include:

Address	Purchase Price	Yield	Price/m²
Russellton Dr, Alstonville	$900,000	7.07%	$938
Kays La, Alstonville	$1,400,000	6.77%	$993
Russellton Dr, Alstonville	$365,000	6.24%	$1,134
Russellton Dr, Alstonville	$335,000	6.78%	$1,040
Owens Cr, Alstonville	$680,000	6.40%	$988

Ballina

The Ballina industrial market is considered a midpoint between Byron Bay and Lismore. Yields tend to be two per cent higher than Byron Bay and one to two per cent lower than Lismore. It is benefiting from growing surrounding residential areas, a strengthening tourist market and improvement in arterial roads. Ballina tends to have superior supply compared to Byron Bay and Lismore.

The recent release of land by Ballina Shire Council will allow for further expansion and create a broader market. In 2015 and 2016, the Ballina market saw an influx of newly developed smaller entry level industrial strata units. These were taken up quickly, predominantly off the plan and subsequently have been well held.

The expansion of the industrial area is likely to result in the opportunity for developers to provide similar product to meet likely pent up demand.

Byron Bay

Byron Bay has targeted entry level product for an extended period with a steady flow of small strata titled industrial units. Originally commencing at around $200,000, the market has progressed to such an extent that there is now little to no product available for under $500,000.

The strength of the demand revolves largely around the utility of the space for retail, light industrial, art studio and illegal residential uses. It has provided an affordable space for existing or relocating business and private start-up companies. The small compact size continues to limit supply and drive up prices. This is reflected in a recent record-breaking sale of a 1,184 square metre block of industrial land reportedly under contract for $1.750 million, indicating $1,478 per square metre. It is one of the very few vacant parcels within the industrial estate.

As a result of Byron Bay's limited supply, the Mullumbimby industrial estate has seen significant growth in value levels and construction with several high-end strata complexes. These previously experienced limited demand and very limited supply. Its location within the Byron Shire provides business with underlying Byron Bay branding while avoiding the congestion and

We find industrial properties tend to be sub-$500,000 for standalone single/twin tenanted properties.

parking issues associated with the Byron Bay industrial estate.

Coffs Harbour

Affordable industrial investment starts at circa $200,000 to $250,000 for small industrial bays in Coffs Harbour.

The market in this classification includes a significant component of self-managed superannuation fund investment. There is reasonable demand from owner-occupiers at comparatively firm analysed yields in the vicinity of five to 6.5 per cent net return. Rentals vary depending on size, age, quality, exposure and location. Small to medium industrial bays generally rent for between $90 and $125 per square metre.

For those considering small industrial development, the land component will generally be in the order of $250 to $300 per square metre and construction costs for improvements at circa $1,000 per square metre plus Council fees and charges.

Investors should be seeking modern, well located industrial bays with strong tenants on secure leases with sound covenants. A fundamental rule of this type of investment is to ensure the property is not over leased.

Dubbo

The lowest cost entry level industrial property in Dubbo is characterised by industrial strata units of approximately 120 to 160 square metres. Price is circa $1,300 per square metre. The buildings are typically of 1990s to 2000s build and tilt-up panel concrete construction. Stand alone property starts at circa $230,000 for a 1960 constructed C.I shed with limited amenity in a secondary location. Owner-occupiers dominate this entry level property market. Any analysis of implied yield would be circa 5.6 to 7.2 per cent.

Entry level for property investors is typically $370,000 plus for a standalone older style shed, however there is limited supply at this price level. More typical lower end industrial property is circa $550,000, where analysis on a vacant possession is circa 7.2 to 7.8 per cent. Property subject to a favourable lease profile would sell to strong investor interest on an analysed yield of 5.8 to 6.2 per cent.

Of note is that older style (circa 1980s) sheds of 750 to 1,100 square metres in secondary locations offered with vacant possession meet with limited demand, selling at an analysed yield of 8.1 to 9.2 per cent, or $620 to $760 square metre of GLA. Gross rents would typically be $60 to $75 per square metre.

Orange

Low cost entry level industrial property in Orange is characterised by industrial strata units of approximately 150 to 500 square metres. Prices range from $750 to $1,200 per square metre. These buildings are typically built between circa 1980s and 2000s and are of metal deck and tilt-up panel concrete construction. Stand alone property typically starts at circa $300,000 to $500,000 for a basic entry level metal deck shed with limited amenity in a secondary location. Owner-occupiers typically dominate this price point. Any analysis of implied yield would be circa 5.5 to 7.5 per cent.

Entry level for property investors would be typically $500,000 plus for a stand alone older style shed, however there is limited supply at this price level. More typical lower end industrial property is circa $500,000 to $750,000 where analysis on a vacant possession is circa seven to eight per cent.

Properties subject to a favourable lease profile continue to be well received by investors with analysed yields of six to eight per cent expected subject to the lease expiry profile.

Victoria

Melbourne

Buying into the industrial investment market can be relatively affordable with a price tag of less than $600,000 (excluding GST). There is a vast array of industrial pockets within metropolitan Melbourne where industrial strata unit investment properties can be sourced including areas such as Dandenong South in the south-east, Laverton North in the west and Campbellfield and Epping in the north.

Returns are generally low although this is dependent on rental terms. We have seen some attractive investment options in recent times at surprising yields.

An example of this is Lot 14 at 10 Cawley Road, Yarraville VIC 3013, also known as The Base, which sold in April 2019 for $395,000 (on a going concern basis). The modern, 162 square metre warehouse unit was constructed in 2018 and includes unisex amenities, kitchenette and a small mezzanine area within its warehouse accommodation. At the time of sale, the property was subject to a two year lease commencing 7 September 2018 with one further option of two years. The rental commenced at $22,000 per annum net plus GST ($136 per square metre per annum net plus GST) with three per cent annual reviews and market review at option. The sale equates to a yield of 5.57 per cent with a weighted average lease expiry (WALE) of 1.41 years.

Further guides of investment sales across metropolitan Melbourne within the last nine months include the following properties:

Address	Sale Date	Sale Price	Lettable Area (m2)	Passing Yield (%)	WALE
Lot 22/632-642 Clayton Road, Clayton South, VIC, 3169	April 2019	$575,000	320	5.39	2.33
Unit 6/113-123 Elgar Road, Derrimut, VIC, 3026	February 2019	$650,000	470	6.92	2.69
Lot 4/45 Network Drive, Truganina, VIC, 3029	November 2018	$386,300	212	6.42	2.00
Lot 2/12 Freight Road, Ravenhall, VIC, 3023	November 2018	$749,000	449	5.34	2.61
Lot 35/6-14 Wells Road, Oakleigh, VIC, 3166	October 2018	$578,000	236	5.88	3.00


'The Base', Yarraville Source: RP Data

The above investment properties show attractive yields, mostly a result of favourable rental rates. Lease terms for these smaller scale industrial units generally range from two to three years, possibly without the option for further term renewal.

Aside from the above, tenanted units within larger, modern, infill developments are often difficult to come by as the market is generally dominated by owner-occupiers who operate their independent businesses out of similar storage solutions. A first time investor looking for an industrial strata unit should be aware of the associated body corporate costs related to the parent development, with a focus on the lease being structured on a net basis. To that point, it is critical to understand that the tenant is responsible for all outgoings including Land Tax. Should the Retail Leases Act 2003 apply and the property has a Land Tax responsibility, this amount may not be recoverable from the tenant and would affect the owner's bottom line return.

Queensland

Brisbane

Underpinned by population growth along with government spending, the Brisbane industrial market continues to attract interest from the wider market. The market has seen strong tenant demand at the top end with an increase in supply for prime buildings. Vacancy has reduced in both the prime and secondary markets by approximately 15 per cent, however this was dominated by the take up of larger assets. Industrial land values continue to appreciate due to an undersupply of serviced industrial lots through the reclassification of industrial zoning. Land values are predicted to continue to increase over the medium to short term. Investment yields continue to tighten with prime yields ranging from 5.5 to seven per cent and tightening across the sector by approximately 50 basis points, however we note that the sub six per cent yields are dominated by institutional investors for larger assets with longer lease terms.

Entry Level Market

The previous three years has seen the emergence of workstore developments, otherwise known as the man cave segment. Located strategically near residential precincts, workstores generally range from 60 to 110 square metres in developments of ten to 40 units. There has been a significant increase in workstore industrial developments across Brisbane with developments taking place in Enoggera, Tennyson, Geebung, Tingalpa, Wynnum, Northgate, Banyo, Geebung and Eagle Farm. Presented as a bare shell, the units are built to a modern standard of concrete tilt panel construction with provisions for a mezzanine level. Driving this development is the fact that there are normally strong sales off-the-plan, making projects feasible and offering good profit margins to developers. The buyer profile is predominantly owner-occupiers, for example tradespeople and individuals requiring small business operations or general storage accommodation. We have seen a good level of take up for these properties so far, however caution that this is dependent on the quality of location.

The previous three years has seen the emergence of workstore developments, otherwise known as the man cave segment.

Prices range from approximately $250,000 for smaller units up to approximately $500,000 for larger units, dependant on the quality of the location. This equates to a rate per square metre of $2,500 up to in some instances $4,000 per square metre. Workstore units are heavily weighted to the owner-occupier market with sales showing that typically few are retained by the developer and even fewer leased to third parties. Rentals are calculated less on a rate per square metre basis and more on a price per month basis due to the small size and attraction to small businesses.

Yields at the entry level market remain dependant on the quality of building and length of term remaining. There is strong demand for properties with a term certain of three plus years in the sub $3 million market, with yields ranging from six to seven per cent for prime properties. As this market is dominated by owner-occupiers however, transactions remain subdued.

We expect the industrial market to continue to be buoyant in the near future due to a competitive rental market with tight yields expected to remain. It continues to be an attractive market for tenants to lease, vendors to sell and investors to invest.

Gold Coast

Over the past year, industrial values within the central and southern Gold Coast and northern New South Wales have generally continued to move upwards, particularly for owner-occupied stock (which in turn results in higher value levels for investor stock as leases head towards expiry and are available for near term owner occupation). Rental levels have also improved as a consequence of limited supply of industrial properties, however, increasing outgoings have hampered any significant improvement in the investment market (albeit that the investment market had improved notably in prior years).

There are potential speculative opportunities with respect to leased industrial units, where yields range in the order of six to 6.5 per cent with moderate lease expiries, say in the order of one to two years, that could be off-loaded closer to the lease expiry at a profit, if suitable for owner-occupation. Currently, buyers are paying prices which reflect yields in the order of five per cent and in some cases, below. Returns for industrial units with longer lease expiries tend to exhibit yields of up to 6.75 per cent, so industrial investment could be a good waiting game, with decent returns in the short term (especially comparative to interest rates at present) and the opportunity for capital gain in future.

With current record prices being paid for new concrete tilt panel owner-occupier product, it is becoming increasingly difficult to obtain units under the $500,000 mark. New units in the range of 100 to 150 square metres in prime areas are now reaching upwards of $3,500 per square metre. These are value rates never before seen on the Gold Coast.

This makes way for opportunities in lower demand areas where capital growth potential could catch up, in part based on price differential and affordability levels. One such area is Chinderah in northern New South Wales. There is currently a small industrial land subdivision in Naru Street which has fully sold with several developers planning medium size industrial unit developments. Off the plan units are currently being marketed from $289,000 ($2,900 per square metre for 100 square metre units). This reflects an attractive price point at circa 20 per cent below that of more established industrial precincts such as Burleigh Heads. The proposed development is circa 70 per cent sold at present with approximately 20 units planned in total.

Burleigh Heads has also had several new industrial unit complexes constructed recently, however having almost fully sold or leased at peak price levels, there are limited opportunities currently available and it may be time to look outside the square at areas such as South Murwillumbah or even Yatala, where land remains available and price points are much lower.

Tweed Valley Hospital Source: tweedvalleyhospital.health.nsw.gov.au

Another positive factor for industrial investment on the southern Gold Coast and Northern New South Wales is the new Tweed Valley Hospital which is currently under construction in Cudgen (immediately to the rear of Kingscliff), in northern New South Wales. The development is in the initial stages with site works currently being undertaken. The project has a state budget of $582 million and is planned for completion in 2022 and opening in 2023. The new hospital is anticipated to grow the local economy significantly which will likely result in a strengthening of the local industrial and commercial markets.

Toowoomba

Entry level industrial investment properties in Toowoomba generally consist of strata units and smaller properties in secondary industrial precincts.

Strata Units

Industrial strata units range in value between $180,000 and $650,000, with most sitting between $225,000 and $400,000. These strata units are in a similar price bracket to many residential dwellings (the median price of Toowoomba homes is circa $375,000) and residential units (the median price of Toowoomba units is circa $285,000). Industrial strata units are often considered more attractive due to their higher net yields of seven to nine per cent being well above the circa four to five per cent gross yields from housing.

The higher returns are a reflection of the increased risk of long term vacancy compared with residential properties that will often be re-let within a couple of weeks of becoming vacant.

Leasing demand for industrial strata units can fluctuate, with many occupants often preferring to buy rather than lease (due to the affordable price point). It is therefore recommended that investors seek units with long term leases in place.

The industrial unit market in Toowoomba is considered small with only a dozen or so strata complexes in the city. This is due to reduced demand for units with a historical preference for stand alone properties that include a yard. The small size of the market can easily result in an oversupply when a new complex is developed.

Secondary Precincts

Secondary industrial precincts in Toowoomba are positioned in suburbs such as Drayton, Rockville, Harlaxton and North Toowoomba.

Leasing demand for industrial strata units can fluctuate, with many occupants often preferring to buy rather than lease.

Some properties in these precincts can be purchased for under $500,000. These properties are generally smaller in nature and often contain older industrial sheds.

Due to the secondary location and older buildings it is often difficult to secure quality long term tenants. As such yields for these properties tend to be higher than average for Toowoomba industrial properties.

Townsville

The entry level industrial investor market is typically priced from around $500,000, with this market generally being thinly traded and underpinned by owner-occupiers.

Older style industrial warehouses in the established light industrial areas of Garbutt along with more modern strata industrial units are the typical entry level products. The older style properties are typically an office with warehouse or workshop configuration on 1,000 to 2,000 square metre lot sizes.

Industrial units are in limited supply in the market, corresponding with the historically lower levels of demand for this type of property, however we have seen some activity in this area over the past six to twelve months, with owner-occupiers of smaller service industry businesses moving from a home office operation to a dedicated workplace.

An entry level investment in the Townsville industrial market is considered reasonable given the current level of owner-occupier activity at this price point along with current lending affordability helping to provide a low risk environment.

This type of asset is traded on both a yield and anticipated capital growth basis with the current soft market conditions providing some opportunity for upswing. Yields are typically in the eight to nine per cent range with the compression of rental rates keeping yield progress low.

Sunshine Coast

The lower end of the industrial market on the Sunshine Coast is typically centred around the strata titled market. Generally, holdings below half a million dollars are strata titled or smaller stand alone holdings in hinterland locations.

The strata market varies depending on the age and location of the complex. Across the established markets in Kawana, Kunda Park and Noosaville, smaller sub 300 square metre holdings are generally above $1,800 per square metre with new complexes generally above $2,200 per square metre.

The Caloundra precinct and Bells Creek area have also seen increased development of strata titled holdings over the past three years and are also typically above $2,000 per square metre for space of up to 250 square metres.

While the Coolum industrial market has been slower in take up during that time, more recent sales indicate value levels are now over $1,800 per square metre for similar style product.

This market has traditionally been owner-occupied and as a result, investor returns are limited to circa six per cent yields.

Hinterland markets still have some smaller circa 1,000 square metre established lots that are developed with older sheds and are available under the $500,000 mark, though these are typically owner-occupied with limited supply available at any time.

Rockhampton

When talking entry level industrial properties in Rockhampton, we generally look at the sub-$500,000 bracket and what that can get you. It's not a lot, but it's a start for small businesses and mum and dad investors. Most of these properties are located in areas of Park Avenue, Kawana and Rockhampton City.

A few recent sales of vacant entry level properties include:

- A small, strata-titled unit in Park Avenue recently sold for $310,000. This property includes a basic shed and small office, with a reported total area of 234 square metres.
- A strata title unit in Kawana sold in late 2018 for $350,000. This is a modern industrial unit with a reported lettable area of 366 square metres.

Unit 1/92-98 McLaughlin St, Kawana   Source: xgxgxgx

This market has traditionally been owner occupied and as a result, investor returns are limited to circa six per cent yields.

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- An older style basic shed in Kawana also sold in late 2018 for $500,000. This shed has a lettable area of approximately 390 square metres and is set on a 1,619 square metre parcel.


168 Maloney St, Kawana Source: xgxgxgx

Investment opportunities at this price bracket are limited. Yields generally fall within the eight to ten per cent range depending on a variety of factors. There has been strong demand from southern investors in the sub $1-million price bracket, however only for leased properties with a sound unexpired lease term. A recent entry level investment is a multi-tenanted property in Kawana that has reportedly settled for $562,000, reflecting an analysed yield of about eight per cent. The property comprises a 2006 square metre parcel, improved with an L-shaped building with a lettable area of 579 square metres. The WALE was 2.07 years and there was one vacancy out of four.

Gladstone

There has been very limited activity, with many owners hesitant to sell in the current market unless absolutely necessary. As such, it is difficult to demonstrate entry level, however we can look broadly at the sub $1-million market for industrial properties to see what this has been able to get you. Over the past 12 to 24 months there has been only a handful of sales in this price bracket and they generally include older style sheds between $500,000 and $900,000.

There has been very limited activity, with many owners hesitant to sell in the current market unless absolutely necessary.

One of the more recent sales is an older style shed in Hilliard Street that sold for $790,000. The shed has a reported area of 591 square metres and is set on a 2,668 square metre parcel. The shed was sold with vacant possession.

Another small strata industrial unit of approximately 251 square metres in Barney Point also sold with vacant possession for $100,000 in August 2018.

An online search of realcommercial.com.au indicates that there are a handful of offerings, mostly in secondary locations, in the sub $500,000 range.

Owner-occupiers have also been taking advantage of the affordable price of industrial land in the current market and looking at this option as opposed to buying an existing building. Industrial land has varied in price over the years, however more recently has been ranging from about $70 to $100 per square metre in more sought after locations. There have been few sales of land in secondary and less sought after locations, however asking prices indicate the market to be $50 per square metre and under.

Investment sales of industrial property have been few and far between and yield rates can be difficult to rationalise due to passing rents being considered above market. The most recent known investment sale considered at entry level is in Anson Close in Toolooa, selling for $890,000. The property has an unexpired lease term of about two years. The property is improved with a circa 1970s workshop with a floor area of approximately 600 square metres. The sales reflected a passing yield of about twelve per cent, however the passing rent was considered above market and the sale analysed to a much lower market yield.

COMMERCIAL

HERRON TODD WHITE COMMERCIAL

South Australia

Adelaide

The industrial property market across South Australia is expected to continue its recovery throughout 2019 as the market continues to be sustained by government investment in both the healthcare and renewable energy industries. Investor sentiment has recently shifted from the retail to the industrial sector, mainly due to slowing trade growth within specific retail markets as retailers continue the fight against online shopping. In contrast, warehousing and manufacturing benefits from the increase in online shopping, as companies require more warehousing space to facilitate the transport, manufacture and storage of goods. Investors and major real estate investment trusts are looking to industrial property, as retail sectors such as department stores and clothing outlets recorded negative retail trade growth through the latter part of 2018 and early 2019.

Within the South Australian market, property remains tightly held in the sought-after north-west and inner-west industrial precincts. Limited sales of industrial properties occurred in these areas over the first half of 2019, making it hard for investors and owner-occupiers to enter the market. The majority of current industrial investment opportunities are available in outer suburbs such as Lonsdale and Edinburgh, which are 26 kilometres south and 35 kilometres north of the CBD respectively. Property remains tightly held in the north and western industrial sectors, with 14 sales of industrial use land in the first half of 2019 according to current sales data.

Investor sentiment has recently shifted from the retail to the industrial sector.

The current low interest rate environment and recent cut in rates has resulted in further compression in property rents and yields. Premium industrial space across the nation is currently fetching yields of 6.5 per cent, while secondary space is generating yields of roughly 7.5 per cent. The Adelaide market is faring slightly better, with premium space measuring yields of eight per cent and secondary space nine per cent. Unsurprisingly, there has been no significant change in these figures since the previous update in April.

Looking to affordable investments within the Adelaide industrial market, current offerings remain scarce amidst the shortage of recently completed industrial developments. Entry level stand-alone sheds within the north and inner-north industrial precinct are roughly $320,000 to $350,000, which would net the owner 305 square metres of industrial floor space in the northern suburb of Edinburgh and 180 square metres in the inner-northern suburb of Wingfield. Similarly, industrial investors can acquire a warehouse in the southern suburb of Lonsdale for $335,000.

50 Barwell Avenue, Marleston Source: realcommercial.com.au

For the investor looking to enter the more popular west or inner-west industrial precincts, a warehouse and office in Marleston is currently on the market for $575,000. This offering would secure the owner 236 square metres of warehouse and office space on 422 square metres of land in the sought-after inner-west. An industrial investor however can acquire a unit or a shed in these areas for almost half the price; sheds in Lonsdale are on the market for $175,000 for around 140 square metres of space, while a higher quality and larger unit (175 square metres) in the northern suburb of Mawson Lakes would set the purchaser back $275,000.

There have been no major shifts in industrial rents throughout the first half of 2019. Net rental levels for premium industrial space in the north are currently between $60 and $90 per square metre, $70 to $110 in the inner-north, $90 to $140 in the inner-west precinct and $60 to $80 in the south. As mentioned, yields are measuring eight and nine per cent for premium and secondary space respectively. Slight upward pressure on rental growth is expected throughout the latter half of

COMMERCIAL

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2019, as infrastructure investment and a decline in unemployment are expected to buoy the rental market for industrial property.

The property market as a whole is predicted to stabilise throughout the remainder of 2019 as a Liberal government settles in for a new term. Investment in healthcare and renewable energy should fuel the demand for industrial space in South Australia as the market looks to recover from recent lows. Both the Darlington upgrade and the Northern Connector are expected to finish late this year, providing an upgrade to major freight and transport routes in the north and south of South Australia.

Western Australia

Perth

The more affordable industrial assets across the Perth metropolitan area tend to be located within secondary industrial precincts. Development in these estates typically comprises a not insignificant volume of small scale, often strata titled industrial (warehouse or factory) units. However, entry level assets in the sub-$500,000 bracket can be found in all industrial precincts throughout metropolitan Perth.

These types of assets are popular with small business owners, hobbyists and those requiring more space simply for storage purposes.

The prevailing low interest rate environment has provided small businesses with a conducive, cost effective opportunity to acquire such property at occupancy cost levels (i.e. mortgage repayments) that often prove more competitive than renting similar accommodation. Owner-occupied premises also avert the ongoing problem of regular rent reviews where rental liabilities can escalate throughout the duration of the lease term as opposed to mortgaged property where payments can be fixed.

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

Recent sales of similar leased properties around Perth indicate market yields tend to range between five and seven per cent.

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

The different motivations for the two market participants for acquiring a comparable property can lead to two notably different values.

The quality of tenants that tend to occupy these low end industrial properties should be carefully scrutinised as part of any potential acquisition by an investor. Such tenants are often susceptible to fluctuations in cash flow and the security of tenure can be feeble. Re-letting such premises can prove a costly exercise in the event of vacancy particularly in the prevailing soft industrial leasing climate.

XGxgxgx Source: xgxgxgx

Pricing is a function of a variety of factors but typically rates per square metre of floor space for these strata titled industrial units start at circa $1,100 per square metre for an older style, basic quality unit in an outer lying suburb to as high as say $2,750 square metres in prime industrial estates closer to the CBD. Aside from location, other key drivers of value for these types of property include age of construction, floor area and quality of specification.

Recent sales of similar leased properties around Perth indicate market yields tend to range between five and seven per cent with variation in yield largely a function of age and quality of improvements, location, quantum of value and nature of lease covenant.

A plethora of options exists in Perth's southern suburbs including Cockburn Central, Bibra Lake, Canning Vale and O'Connor. Suburbs such as Wangara and Malaga in the north are not in short supply either plus there remain recent additions to the marketplace in the newly developed Tonkin Highway Industrial Estate located east of the Perth CBD.

For owner-occupiers and investors, newly constructed units also carry the added benefit of depreciation benefits, making more modern units more sought after in the marketplace relative to older stock.

COMMERCIAL

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Northern Territory

Darwin

Smaller scale industrial in the Greater Darwin market has shown a period of oversupply which has had some impact on values. This is consistent with the rest of the Darwin property market.

From 2010 to 2014 the supply of small scale industrial accommodation was augmented by the construction of a number of strata industrial developments especially in the Winnellie and Berrimah areas. From about 2015 it was becoming evident that there was an adequate supply and new construction fell off. However, some of the developers still have a number of these units available for sale which they are gradually releasing to the market.

The majority of purchasers for this type of property are owner-occupiers (or their related superannuation funds) being mainly local tradies or even those living remote who need a small base in Darwin. Investors are more cautious with outgoings quickly eating into any rental income that these properties can generate.

Features generally sought in these types of properties are good clearance access, adequate common parking areas and a securely fenced yard. Office requirements are generally modest and may consist of a mezzanine level.

Increasing competition in this space is coming from Berrimah Business Park Stage 2 which has a number of smaller blocks (sub 2000 square metres) which can be built on to also appeal to the owner-occupier market. Whilst the total cost of such a project will exceed the half-million mark, it is still an attractive option for this market segment. There would be few, if any, sales of developed freehold (as opposed to strata) industrial properties in Darwin under the $500,000-mark.

Investors are more cautious with outgoings quickly eating into any rental income that these properties can generate.

Australian Capital Territory

Canberra

Overall the market had been stable in this sector prior to the election in May 2019, however there are glimpses of increased activity which suggest the start of a recovery cycle. Commercial agents are reporting increased activity on the back of a stabilising residential market and improved consumer confidence.

The ACT government's Four Year Indicative Industrial Land Release Program is based on the current level of demand for industrial land. The program is intended to achieve a number of objectives, but in essence it is to increase the ACT government's responsiveness to market changes by developing an inventory of land stock, where serviced industrial sites are available for immediate release. Land will be available across new estates in Symonston (2020-21), Fyshwick and Majura Valley (Pialigo, 2021-22) as well as Hume. The program aims to release 110,000 square metres over the next four years.

Queanbeyan continues to provide a desirable option for owner-occupiers in the market, as increasing municipal rates in the ACT continue to discourage activity. A Legislative Assembly committee is currently conducting a formal inquiry into the commercial rating system and has made numerous recommendations; the long-term effects from this are yet to be determined.

A recently completed industrial development in Hume comprising of 14 high-clearance modern warehouses (of various configurations) with mezzanine store and office options as well as rear hardstand has been received well, achieving $2,000 to $2,500 per square metre and reflecting yields of circa seven per cent. Investors and owner-occupiers are currently attracted to the small scale industrial market, particularly for superannuation purposes and also to have an asset that has potentially appreciating value and the ability to provide collateral for borrowing power.

The outlook for the remainder of 2019 is for much of the same, namely growth and increasing activity on the back of a stable residential market and political climate. Industrial leasing demand is improving, however rents remain stable generally with a continued need for incentives. Further proposed rate cuts will have an impact on the market in the long term and some rental growth may be observed when tenant demand levels increase and sales activity begins to soften.
The outlook for the Canberra and Queanbeyan industrial market is for increasing take-up levels over the next 12 months.

There are glimpses of increased activity which suggest the start of a recovery cycle.

COMMERCIAL

Residential

July 2019

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.

Albury
Bathurst
Canberra

Dubbo
Sunshine Coast

Central Coast
Coffs Harbour
Geelong

Gold Coast
Lismore
Tamworth

Kalgoorlie
Newcastle

Southern Tablelands

Broome
Geraldton
Illawarra

South West WA
Southern Highlands
Sydney

Alice Springs
Brisbane
Bundaberg
Darwin

Ipswich
Melbourne
Perth
Toowoomba

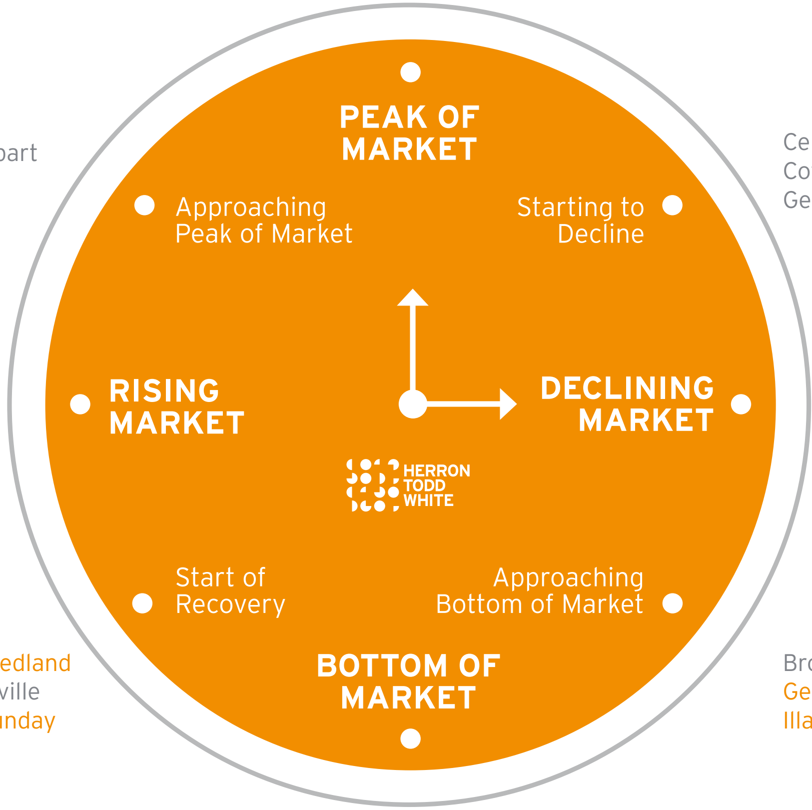
Cairns
Gladstone
Mackay

Port Hedland
Townsville
Whitsunday

Adelaide
Adelaide Hills
Barossa Valley
Emerald

Hervey Bay
Karratha
Launceston
Shepparton

Hobart

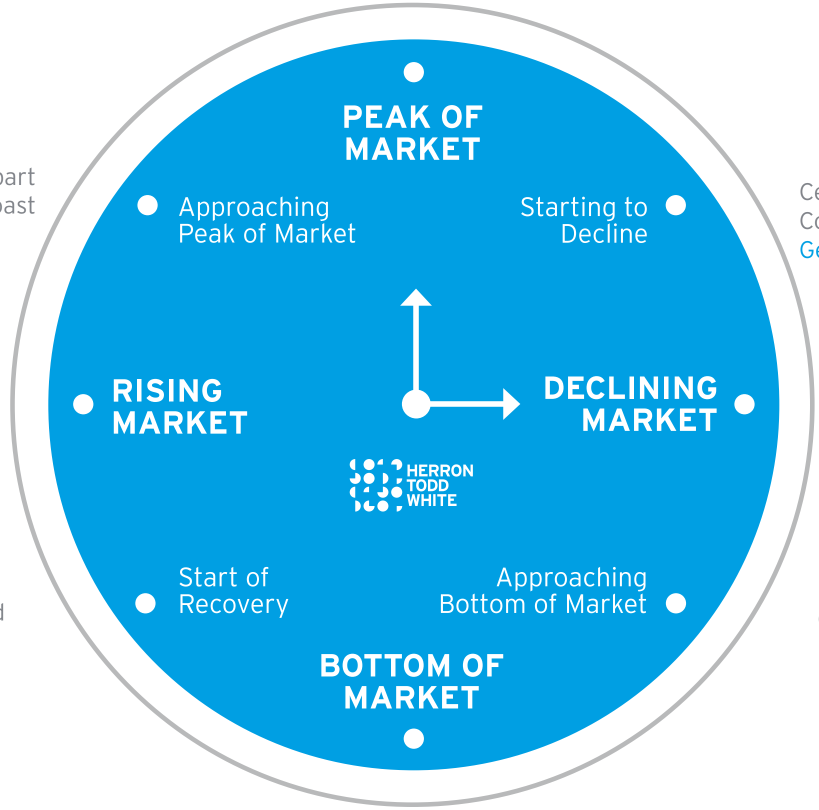


RESIDENTIAL

National Property Clock: Units

Entries coloured blue indicate positional change from last month.

Bathurst



Hobart
Sunshine Coast

Central Coast
Coffs Harbour
Geelong
Lismore
Tamworth

Albury
Dubbo
Hervey Bay
Karratha
Launceston

Canberra
Gold Coast
Kalgoorlie
Newcastle
Perth
Southern Tablelands

Adelaide
Cairns
Emerald
Gladstone
Port Hedland
Townsville

Broome
Geraldton
Illawarra
South West WA
Southern Highlands
Sydney

Adelaide Hills
Alice Springs
Barossa Valley
Brisbane
Bundaberg
Darwin
Ipswich
Mackay
Melbourne
Rockhampton
Shepparton
Toowoomba
Whitsunday

New South Wales

Overview

One way to track market performance is to look at the same metric each year and monitor the trends.

This month, as we do every July, our team is discussing the various options across the land for investing $500,000. It's an excellent benchmark that paints a vivid picture of real estate movements throughout the nation.

Sydney

In previous years, the sub $500,000 price point in the wider Sydney metropolitan was an ever-diminishing market. As values increased, the number of properties meeting this criteria reduced each year. In the past two years however, the wider market has contracted and as a result, we now have more options in play in this market.

That being said, when buying property at this price point, purchasers will still have to sacrifice in some aspect, be it location, commute time, accommodation or the overall condition and features they desire.

It should come as no surprise that western Sydney provides buyers with the most options in the sub-$500,000 price range, however there are still some options available in most parts of Sydney. Whilst these may be restricted to units, a number of these areas are now seeing the entry point for houses at well below $1 million, something that may not have been conceivable a year or two ago.

Western Sydney

Parramatta provides two major options for buyers with $500,000 or less to spend. You can pick up a semi-modern, one-bedroom, one-bathroom unit or an older two-bedroom, one-bathroom unit. A recent example is a one-bedroom unit selling for $488,888 on level eight in the Escen development. This is a late 2000s built development with common pool, sauna and gym and within close proximity of the CBD and rail.


A Parramatta 1 bedroom unit Source: PriceFinder

Further west in Penrith, you have the option of a modern two-bedroom, two-bathroom unit or an early 2000s three-bedroom townhouse for sub-$500,000. Given the wider market cooling over the past 12 to 18 months, detached houses in Penrith are now becoming available for sub $500,000. These properties are generally in fair condition with irregular blocks or located on busy roads but provide an entry point for buyers wanting a detached dwelling on circa 600 square metres blocks. With some smart renovations, these houses could prove to be a savvy buy in the long term. A recent example of this is a neat brick dwelling selling for $480,000 in March. Externally the property is neat but is prime for updating internally.

West Ryde is close to the geographical centre of Sydney and doesn't usually feature in this topic, but with the downturn over the past 12 to 18 months, there are now more opportunities for investors and first home buyers with older one-bedroom units selling for early $400,000s within close proximity of the rail and shops.

Campbelltown provides the most options for the sub-$500,000 market. You have the option of three-bedroom detached houses on circa 700 square metre blocks, modern two and one-bedroom units, or a variety of villas and townhouses. A recent example is an older 1960s three-bedroom, one-bathroom dwelling on 691 square metres of land selling for $450,000. The house had some minor updates throughout and would be perfect for a first home or investment. If you are after a modern unit, there have been some recent sales between $420,000 and $500,000 of modern built, two-bedroom, two-bathroom units.


A house in Campbelltown recently sold for $450,000 Source: PriceFinder

The sub-$500,000 price point is mostly made up of first home buyers and investors. These participants are generally sensitive to price and interest rate movements. A number of the major lenders recently reducing their interest rates is likely to have a positive impact on this sector of the market.

Within the new estates in western Sydney, buyers with a budget of up to $500,000 can mostly only find land. Examples would include a rectangular shaped 350 to 500 square metre parcel in Box Hill in the north-west or Austral in the south-west. The variance in price will depend on frontage and position within the developing suburbs. Given this, we have recently seen some three-bedroom, two-bathroom villas for sale at this price point in Austral and there are units proposed for Box Hill which will fall under $500,000.

For even better value, buyers can head to North Richmond, where for $475,000 to $500,000 you can acquire a 650 to 700 square metre, rectangular shaped block. The commute is circa 70 kilometres from the Sydney CBD, but more importantly circa 50 kilometres from both Parramatta CBD and the proposed second airport at Badgerys Creek.

Northern Beaches

There would be no great surprise to most that the sub-$500,000 market is still thin in the Northern Beaches. That being said, there is currently a greater amount of stock, a wider variety and located in a number of additional suburbs than there has been for several years.

A Narrabeen sale in June for $450,000 with a 4.7 per cent yield, a Balgowlah sale in April for $425,000 with a 4.8 per cent yield, an Avalon sale in May for $450,000 with a 4.4 per cent yield and a Dee Why sale in May for $450,000 with a five per cent yield, are all areas in which older style one-bedroom units have sold in 2019.

44/1259-1263 Pittwater Road, Narrabeen Source: CoreLogic

The only suburb where a two-bedroom unit is available in this price range is Dee Why, with a unit at 2/7 Ilikai Place scraping in at $500,000 even, enjoying a 4.7 per cent yield.

The product types and price bracket obviously appeal primarily to first home buyers and investors. Interestingly, four of the five examples have been subsequently listed for rent immediately after the sale, which is a good indication of the target market. Yields between four and five per cent are fairly consistent across the board, with rents ranging between $380 and $465 per week for the above mentioned properties.

By looking at buying the ugly duckling in a desired location, there is opportunity to create value and it is much easier to renovate than relocate your unit. Whilst there should be no expectation of any significant capital growth over the next 12-month period, there are some early market indicators that the worst may be behind us.

The cheapest house sale of 2019 currently goes to 2 Ellis Road, Beacon Hill. The sale represents the absolute bottom end of the market, selling at auction for $850,000 in February, well below the Beacon Hill median house price of $1.421 million (source: CoreLogic). As you can imagine, the price discount comes at a cost to the location and the quality of the existing improvements. The property comprises the original circa 1960s timber weatherboard dwelling, situated on approximately 538 square metres of land and adversely located on the corner of a busy intersection to Warringah Road.

2 Ellis Road, Beacon Hill Source: realestate.com.au

Inner West

A budget of $500,000 will generally restrict you to studio and one-bedroom apartments within this region of Sydney. In comparison to this time last year there are probably slightly more properties for sale in this price bracket, however it is still relatively slim pickings.

By looking at buying the ugly duckling in a desired location, there is opportunity to create value and it is much easier to renovate than relocate your unit.

RESIDENTIAL

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A one-bedroom unit at 22/106 Wardell Road, Marrickville sold for $455,000 in June this year. A similar unit within the same development sold for $570,000 in March 2017 which was considered to be just before the peak of the current property cycle in Sydney.

An expected rental return would likely be around $400 per week for the above example and this reflects an approximate gross annual return of 4.5 per cent (based on the purchase price of $455,000).

A Marrickville one-bedroom unit Source: realestate.com.au

This property type and price point appeals to first home buyers and investors, however first home buyers are currently more active in the market and have stronger borrowing power as owner-occupiers, which gives them the upper hand over investors. This is a welcome change in comparison to the years prior to the peak of the market.

If purchasing for the right reasons, in line with financial and personal goals and with a long-term view, then there is reason to purchase with confidence. However, if a first home buyer or investor is over extending themselves just to get into the market or is expecting to see strong capital growth within the next year, then there is a greater chance they could be disappointed.

If purchasing for the right reasons, in line with financial and personal goals, and with a long-term view then there is reason to purchase with confidence.

Strata living is not for everyone so if you are looking for the absolute entry point for a Torrens Title dwelling, you will be looking at original attached cottages on small allotments which typically require extensive renovation or restoration.

A property at 34 Flora Street, Erskineville, which sold for $720,000 in May is the most affordable house sold in the region this year. The dwelling is an original dilapidated one-bedroom cottage on 82 square metres of land and located adjacent to a unit building and within close proximity of railway lines.

A 1 bedroom cottage in Erskineville Source: realestate.com.au

There was a similar style property at 26 Flora Street that sold in July 2018 for $860,000. This is further indication of price reductions within this region over the past twelve months or so.

This type of property could be a good opportunity for someone in the financial and personal situation to buy the property and renovate it. This could be a tradesperson or someone who can do a lot of the work themselves or draw on industry connections. Alternatively, it could be a more established purchaser with funds to renovate.

However, we would advise that banks are likely to be cautious with lending for renovation or construction projects in the current market and this should be factored into a buyer's decision making if they intend to borrow a large portion of the property value.

These entry level properties will continue to remain subdued for the remainder of this year. Depending on local and wider economic conditions, we might start to see minimal growth at some point in 2020, although if needing to resell the property in the next year or so, it is unlikely that someone would see much of a profit if any, particularly after you consider stamp duty and other acquisition and selling costs.

Eastern Suburbs

The eastern suburbs of Sydney don't usually conjure ideas of property in the sub $500,000 sector. At this price point, you will only find older style studio or one-bedroom units.

A one-bedroom, one-bathroom unit with single car space on Anzac Parade at Maroubra sold in May for $385,000. Although with a tight 24 square metres of living area, the top floor 1970s unit had been updated internally and provided a good first home or investment opportunity close to Maroubra Junction.

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9/855 Anzac Parade, Maroubra Source: CoreLogic

Although we have seen prices generally declining over the past 12 months, the chances of buying a house in the east for $500,000 are still far from a reality. However, we are starting to see some sale transactions well below $1 million, which two years ago would have been extremely hard to come by. Properties selling at this price point of course have all the attributes you would expect, including small blocks of land, renovation projects and secondary locations.

One such example is 37 Universal Street, Eastlakes which recently sold for a reported price of $860,000. This property was on the market for 48 days with an asking price of $909,000. As expected for this price point, the property comprises only one bedroom and one bathroom accommodation, in dated condition throughout with a full refurbishment needed and situated on a comparatively small allotment of 199 square metres. The marketing for this property was obviously aimed at the renovator market, with potential to add additional living area or bedrooms, subject to council approval. So, although positioned at the very bottom end of the house market, money is going to have to be spent undertaking renovation works to make it habitable, possibly eliminating some first home buyers.

Interestingly, Eastlakes had a median price of $1.7 million at the peak of the market in 2017, with the current median now significantly lower at $1.3 million (source: PriceFinder).

37 Universal Street, Eastlakes Source: CoreLogic

This sale in Eastlakes is not a one-off example of properties selling in this price range. 8 Tunbridge Street, Mascot sold in early June for an advised price of $890,000. The property comprises a small two-bedroom, one-bathroom semi-detached timber weatherboard dwelling with no car accommodation, although it does feature renovated interiors.

Mascot had a median price of $1.409 million at the peak of the market in 2017, with the current median now significantly lower at $1.27 million (source: PriceFinder).

It is hard to envisage the housing market in the eastern suburbs declining much further. For the kind of money that the discussed properties sold for, we are seeing modern units selling for similar prices in some instances. Historically, purchasing land is superior for long term capital growth and we haven't seen opportunities like this in a fairly long time. Now may be the opportune time to get your foot in the market if you are a first home buyer or looking to capitalise on a renovation property at this price point.

Southern Sydney

In the sub-$500,000 range in St George and the Sutherland Shire, the properties available to you are going to be older style one and two bedroom units. This style of property is popular with investors or young singles or couples looking to enter the property market. Some suburbs within these areas such as Kirrawee and Miranda are currently also being flooded with new unit complexes which could raise problems with oversupply in the near future.

In the beachside suburb of Cronulla, older style one-bedroom, one-bathroom units are available in the $400,000 to $500,000 range. This style of property is usually aimed at investors and would achieve a rental of around $400 per week.

A recent sale in April, was a 39 square metre, one-bedroom, one-bathroom unit in a complex of ten in Wood Lane. The unit had a renovated kitchen and updated bathroom and although it is without parking, it was well located to Cronulla railway station and beaches. The property sold for $419,000 and was rented in 2018 for $370 per week.

Now may be the opportune time to get your foot in the market if you are a first home buyer or looking to capitalise on a renovation property at this price point.

4/5 Wood Lane, Cronulla Source: CoreLogic

4/5 Wood Lane, Cronulla Source: CoreLogic

Whilst there haven't been any house sales in the Sutherland or St George areas below $500,000 this year, there have been a number in the high $600,000s, thanks to price declines over the past two years. As can be expected, to pick up a property in this price range, a purchaser will need to be making some concessions on aspects of the property.

A recent example of a house selling below $700,000 was a single level, brick veneer, 1990s built home in Jannali which sold in March for $670,000. The property, which was in original condition, comprised three bedrooms, two bathrooms and one-car garage located on a 391 square metre battle-axe block, backing onto a school and located opposite the railway line.

Another example was a property on the Princes Highway in Engadine which also sold in March for $680,000. This property was on a larger 582 square metre lot, but located on the very busy highway and also in close proximity to the railway line. The well-maintained brick and clad home has three bedrooms, one bathroom and tandem carport, with the additional features of a large family room with bar, covered outdoor barbecue area and workshop or shed.

A Jannali house sold for under $700,000 Source: CoreLogic

A Engadine house sold for under $700,000 Source: CoreLogic

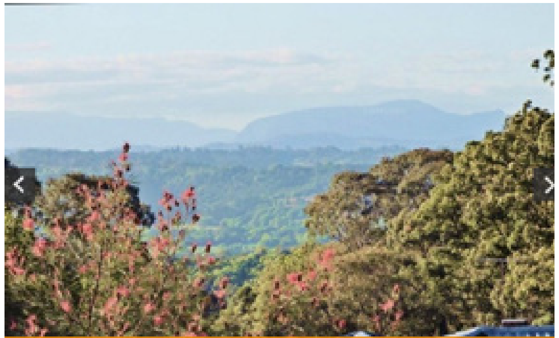
With recent events around the election, interest rates and APRA restrictions, it is hard to imagine the bottom end of the market going any lower than what we have seen in the first part of 2019. These properties provide a good opportunity for first home buyers and investors to get into the market at what is most likely going to be the most affordable time in the current cycle.

Lismore

In the Lismore local government area, a lazy half a million provides the buyer with a multitude of choices to own a better than average four-bedroom, modern dwelling on flood free land, with a good chance of getting better than average views thrown in.

30 James Rd, Goonellabah Source: RP Data

30 James Rd, Goonellabah Source: RP Data


30 James Rd, Goonellabah Source: RP Data

30 James Road, Goonellabah is a well built, 2002 four-bedroom, three-bathroom, two level modern dwelling that sold very recently for $500,000 (source: HTW). The sweetener to this property is that with the addition of one door to the lower level, it would be possible to sublet the lower level to generate a rental income for the owner of up to $200 per week.

A new four-bedroom, two-bathroom house and land package in Goonellabah can be purchased for between $450,000 and $500,000. Theses dwellings are not located within the main stream capital growth areas of the region, but do provide a brand-new dwelling with the associated solid rents and full tax depreciation benefits. They are flood free with modern underground infrastructure and convenience and major shopping, medical and schooling within a five-minute drive. These properties are well suited to the modern family that needs convenience in their busy lifestyles.

Vacant land within the established and new estate areas in the Lismore suburbs can still be found below $200,000. Standard sized allotments in the modern estates within the suburban areas of Lismore are priced at between $185,000 and up to well over $250,000.


Lot 2/41 Phillip Street, Goonellabah Source: HTW

Lot 2/41 Phillip Street, Goonellabah sold very recently with a three-bay shed and full boundary fencing on a 973 square metre allotment for $152,000. For the lazy $500,000, that leaves nearly $350,000 to build your dream home and plenty of land to do so.

Within the unit market, $500,000 will upsize your property portfolio by two should you wish to buy two two-bedrooms units and use the full allocation, with a number of semi modern two and three-bedroom units and townhouses listed for sale in East Lismore and Goonellabah for between $210,000 and $265,000.


22/2 Taylor Avenue, Goonellabah Source: RP Data

22/2 Taylor Avenue, Goonellabah is offered for sale for $265,000. The property has three bedrooms, one bathroom and a single car garage and is within minutes of shopping centres, sporting fields, schools, university, hospitals and the aquatic centre. Rental achievable for this type of property is $300 to $350 per week depending on condition, reflecting a yield of 5.8 to 6.8 per cent gross yield.

With the federal election in the rear-view mirror we expect that the housing market in the Lismore area will continue to be steady and stable with a business as usual outlook. Major growth has already happened in this region in recent years and unless there are significant economic incentive schemes initiated or major job creation projects announced, it is expected that the market will continue to be steady as it goes.

Casino/Kyogle

Whilst the market activity over the course of the first six months of 2019 has softened somewhat, little has changed from the previous year in terms of what one can score with a lazy half a million. In other words, in some places, that $500,000 would get you less whereas in some places, you could get more for your money.

However, the mix of product may have remained relatively similar, particularly in the more regional areas within the Richmond Valley and Kyogle Council areas.

Still, in the more remote areas, we have noted a distinct fall in some market sectors. For example;

- **$50,000 to $75,000** per steep timber vacant 40 hectare bush blocks in the rural localities of Drake and Tabulam; or
- **$120,000 to $125,000** standard vacant residential blocks in Casino and Kyogle. Relatively

flat but may ask slightly more than $125,000 individually, so a package deal of say four at the nice round figure of $120,000 each would be hard for a vendor to pass up in the current market.

There are not too many residential properties within Casino or Kyogle that would use up the whole $500,000 in one transaction apart from the sought-after areas of Gays Hill (Casino) or the newer residential estate in Kyogle and possibly within the satellite suburb of Geneva.

Such properties usually deliver the full quota of features such as air-conditioning, good quality appointments, pool, established landscaping and larger site area.

For those inclined towards a more rural residential setting, there are opportunities to use a substantial part of the $500,000 gift to acquire an established modern four-bedroom, two-bathroom home with double garage in close proximity to the town centres of Casino or Kyogle. Typically, such properties would comprise lots ranging in size from 4,000 square metres to five hectare.

Semi-remote rural localities with properties on lots from 40 hectares to even 100 hectares purchased under $500,000 are still available and provide semi-modern homes with established ancillary improvements. However, distance and maintenance of the land are factors that any potential purchaser must consider.

At present, even with the record low interest rate levels now even lower compared to last year, the future of any significant price improvement is not generally clear or warranted as there is still the overriding climate of people expressing that old age concern of "is my job secure?"

Ballina /Byron Bay

Value levels at or around the $500,000 mark have been relatively stable over the past 12 months. $500,000 would get you a basic two-bedroom unit within Lennox Head, whilst in Ballina $500,000 would get you a reasonable three-bedroom villa or townhouse or a basic but neat and tidy three-bedroom dwelling. Further west in Alstonville or Wollongbar, $500,000 would get you a neat and tidy circa 1990s three-to-four-bedroom dwelling.

In Byron Bay, $500,000 would only allow you to purchase a basic one to two-bedroom townhouse or villa located west of the city centre.

$500,000 in Lennox Head would buy you a basic unit within reasonably close proximity of the Lennox Head shopping precinct and beaches.

In truth, potential purchasers looking to buy into the Byron Bay or Lennox Head market will almost need a lazy $750,000 at a minimum for a solid investment opportunity.

Ocean Shores however would present an easier opportunity to spend a lazy half million in a dated two to three-bedroom townhouse villa option. Three-bedroom houses can be purchased at around the $600,000 mark.

As the market has continued to firm over the past 12 months, these opportunities, even within the locality of Ocean Shores, have become harder to find. The prediction from last year's lazy half million edition remains true, as the market in the Byron Shire is almost void of the $500,000 price bracket and has spread to localities in recent times considered secondary. It should be considered however, that the unit market in Ocean Shores would be all on offer for a lazy half a million dollars. This suburb provides a great locality to major service centres such as the Gold Coast airport and major shopping facilities.

Little has changed from the previous year in terms of what one can score with a lazy half a million.

Clarence Valley

Within the Clarence Valley, there remain ample investment opportunities for under $500,000 across a plethora of property types. Median prices in localities such as Maclean and Grafton sit well below, while Yamba and beachside localities record medians closer to half a million dollars. As in most property markets, the lower end receives the most interest while the more prestige style properties over $500,000 have been recording slightly slower selling periods of around three to six months, which is still a healthy marketing period.

Across the Clarence Valley, there remain numerous detached dwellings, units and even some acreage and rural residential properties for sale at affordable sub-$500,000 prices. Over the past 12 months, this market has performed in line with our predictions and is likely to continue at this level until the infrastructure upgrade workforce shifts. Despite the initial attention associated with local infrastructure improvements slightly subsiding as the Pacific Highway and Harwood Bridge upgrades near completion, it continues to be a prime time to capitalise on rental returns whilst keeping in mind the opportunity for capital gains in the long term.

Coffs Harbour

Not much has changed from last year within the lazy half million price bracket. Yes, the market has cooled its jets with the pendulum swinging toward buyers after being firmly in the seller's court over recent years. This swing has seen all the pressure on the prestige or higher end market of $900,000 plus whilst the $500,000 market continues to remain stable.

Looking at the median house prices (sourced from realestate.com.au) for different suburbs illustrates this point. Coffs Harbour sits at $505,000 with rental value of $440 per week, Boambee East $479,000 and $420 per week, Toormina $459,000 and $420 per week.

These areas are your meat and potatoes with regard to suburban locations well located to all services and as always, nowhere is too far from the beach. You would expect to buy a 20 to 40-year-old three or four-bedroom, two-bathroom home with varying car accommodation on a 500 to 1,000 square metre site for your $500,000 and for the investors, returning around four to five per cent.

Moving further afield to the northern beaches and Woolgoolga we see these values rise somewhat which is due to the limited supply and influence of rural residential markets. The most affordable for your $500,000 is Sandy Beach which has seen a resurgence in recent years, having a median


Coffs Harbour Source: industry.nsw.gov.au

If you are looking for more bang for your $500,000 buck then you will have to travel further afield to the smaller coastal towns such as Nambucca Heads.

house price of $475,000 and rental of $430 per week. Well located to Woolgoolga, the new estates west of the highway have become very popular with owner-occupiers and investors. Land prices around the $250,000 mark and build costs starting from $280,000 sees new product hitting the low $500,000s. Woolgoolga tips the median house price at $520,000, however it's hard to find a home in central Woolgoolga for this price, more your good quality unit at this level. West of the old Pacific Highway will put you into a 20 to 40- year-old brick and tile home.

If you are looking for more bang for your $500,000 buck then you will have to travel further afield to the smaller coastal towns such as Nambucca Heads. Here, the median price falls to $395,000 with rental of $350 per week. At $500,000, you are expecting a lot more home or good location closer to the beach, although I would not suggest this is a good option for investors as rentals are on the lower side with better options for returns.

If you are looking at the rural residential market, $500,000 will not buy you much other than a block of land with a shed in the greater Coffs Harbour area. You have to travel 45 minutes in any direction before you hit the affordable rural market which appeals to lifestyle buyers rather than investors.

There is plenty of diversity on offer within the region for $500,000 which is why we are experiencing continual population growth as the affordability factor and lifestyle opportunities sometimes seem too good to be true.

Newcastle

Where in Newcastle can you buy a property for a lazy half million? Let's first start off by saying really, half a million dollars is still a great amount of money to have available to spend on property. But can you buy a property in Newcastle area for less than $500,000?

Short answer – yes.

Longer answer – yes, but it also involves further questions of what type of property you're after, the location of the property, and whether it's for you to live in or as an investment. There are plenty of questions that only a buyer can answer as everyone has different tastes and budget requirements.

As we all know, the further from the city centre you go, the more affordable prices become. If the lazy half million is your budget, you can start your search by answering a few of the above questions to give yourself an idea of where best to begin.

North Lambton is showing more promise for those looking for more breathing room in the lazy half million budget. The suburb is still close to everything with a range of house and unit types and land sizes to match. The average median price in North Lambton is $540,000 (according to RP Data, 2019) but looking more closely in the suburb you can find some properties which can tick your boxes. A property in the area recently sold for $480,000. This two-bedroom, one-bathroom dwelling which may need a little TLC depending on owner requirements is situated on 556 square

HERRON TODD WHITE RESIDENTIAL

metres of land. It's close to schools, John Hunter Hospital and also the Newcastle University Callaghan campus.

High St, North Lambton sold for $480,000 Source: realestate.com.au

Looking at units now, there has been an increase in the number of townhouses and units in the area, with plenty of options to choose from. A recent sale in December 2018 was a three-bedroom, one-bathroom townhouse with one-car garage space for $425,000. This unit is located close to the Newcastle University Callaghan Campus with an approximate weekly rental range of $430 to $450 per week.

North Lambton unit sold for $425,000 in 2018 Source: realestate.com.au

Maryland, located west of Newcastle, is sometimes overlooked for the nearby suburb of Fletcher with its vacant land options and plenty of newly built houses, but Maryland has options for those wanting to keep below $500,000. You can find the more typical brick dwelling styles of the 1990s which can fit larger family sizes right down to unit dwellings for the professional investor. The median price for Maryland is $510,000. As we mentioned above in regard to North Lambton, this suburb has a range of prices which can flirt around the $500,000, but depending on your tastes you can definitely find something here to suit your needs.

A recent sale in Maryland was a four-bedroom, two-bathroom and two-car garage which went for $482,500 in April 2019.

Crosbie St, Maryland sale of $482,500 Source: realestate.com.au

In last year's July Month in Review we looked at the same topic of where to buy for less than $500,000. We looked at Wallsend as a good option for those who didn't mind not being close to the city centre. We still stand by this statement as Wallsend is a good option for that price range.

Another interesting note we mentioned back in 2018 is that, yes, bargains can be found with closer proximity to the city centre area but they are sometimes harder to find and need more TLC than others. The compromise is that you then need to spend some money on renovations which can lift the cost beyond your original $500,000 mark.

So in finale – yes, you can find properties for a lazy half million, but its location and features will be entirely dependent on the buyer's requirements.

Tamworth

$500,000....the lazy half million. With this level of buy-in in the Tamworth market, a prospective buyer has available a large range of potential purchases all with solid growth and a good outlook for the future.

Beginning with new builds, $500,000 allows buyers to either purchase a newly constructed home or build their own, with 180-plus square metres of living and the standard double garage and alfresco. These dwellings are normally located on 700 to 1,500 square metre lots within the suburbs of Calala, North Tamworth, Moore Creek and Hillvue. With some of the newer subdivisions now a few years old, there are starting to be several resales which are showing strong sale prices as people are opting to purchase newer houses with all of the landscaping and site works complete, over building their own.

Now if suburbia is not your thing, the next place to look is the rural-residential market. Over recent years we have seen an increase in values in the smaller rural residential market (one to ten hectares), however $500,000 still gets you a reasonable home on acreage. Within this price bracket, buyers are looking at places around Daruka, Moore Creek and Hallsville. Typically you will get a two to six hectare site with a circa 1980s to 2000s dwelling in original, but good condition. Recently, 20 Cypress Pine Lane, Daruka sold for $521,500, and consists of a circa 1997, three-bedroom, two-bathroom dwelling with detached workshop and granny flat sitting on 1.22 hectares.

If space is what you need, then this is the market for you.

Last but not least are the character houses located in north and east Tamworth. Here, buyers are after the double brick, federation home located within close proximity of the CBD. Our budget allows buyers to pick up a two to four bedroom home with established grounds, but in need of update, as they are typically in original or partially updated condition. Recent years have seen strong growth within this market as owner-occupiers look to upgrade and live in Tamworth's more prestigious suburbs.

55B Napier Street, East Tamworth Source: realestate.com.au

55B Napier Street, East Tamworth, recently sold for $525,000 and consists of a 1940s, three-bedroom, one-bathroom brick home with partially updated interior. While in good condition and with a new kitchen, there is certainly scope for big renovations for this property. With prices having crept up in recent years, buyers are now also opening up their options to central West Tamworth, where this year we saw a 1940s renovated four-bedroom, two-bathroom house with pool and above average ancillary improvements sell for $470,000, (43 King Street).

Now that we have covered owner-occupiers, let's have a quick look at investors.

The humble duplex or triplex is the way to go for this price bracket. The past six months have seen strong interest in duplexes with their high gross return of six to eight per cent which has caused an increase in sale prices for these properties. The other option is to simply buy two properties. If this was the desired option we would be looking at South Tamworth and Hillvue, where a 1960s three-bedroom dwelling can be had for as little as $220,000 all the way up to $300,000 for a fully renovated property. These locations would expect a six per cent rental yield giving a nice return on investment.

Albury

In the Albury area, the price point of $500,000 is a bit of a no man's land. It is too much for most housing stock or not nearly enough for the remainder. A snapshot of this in real time is a quick search of what is for sale and what has sold at this price point.

What is currently for sale dead on this figure is really interesting and reflective of the range of choice for home owners and investors alike in this market. There are only four properties listed at $500,000 against a backdrop of 55 properties listed in the range of $450,000 to $550,000. Similarly, in the past 12 months, two properties sold for $500,000 and 14 sold in the range of $450,000 to $600,000 (Corelogic). The properties for sale at $500,000 comprise a circa 2000, four-bedroom plus, two-bathroom, two-car garage on an elevated 855 square metre allotment with local views in Glenroy, north west of Albury CBD. Also in the same suburb is a circa 2011, five-bedroom, two-bathroom property with a pool on a 1,202 square allotment and the other property is a circa 2015, duplex pair, with four bedrooms, two bathrooms, one-car garage, and a two-bedroom, one-bathroom, one-car garage unit at the rear, again in Glenroy. This property, appealing only to investors, has been on the market for 440 days, so it looks like you won't need $500,000 to buy. Generally, you can invest in Albury for much less.

The properties that have sold right on the half million comprise a circa 1960, renovated three-bedroom, one-bathroom, two-car garage on an elevated 721 square metre allotment in an area called Forrest Hill, which is a sought after location just north-west of central Albury, where half a million is entry level only and in a similar location, an Art Deco, part renovated three-bedroom, one-bathroom, one-car garage on an elevated 722 square metre allotment. This snapshot is very specific, but the point is that in Albury, if you have $500,000 to spend, the main pressure point is location as otherwise there is a range of property types available. For much less than $500,000, a home owner or investor can run the gamut in regard to age, style, size and ancillary improvements and once the purchase steps over the half million threshold, probably dwelling and land size, view or location and ancillary improvements really stand out. The home owner in this bracket is most likely an upgrader, cashed up metro tree changer or the forever home new builder. The residential investor will need more than $500,000 to enter the four-unit flats building market in a good location, however a smaller complex or one in a secondary location such as Lavington will come in well under the $500,000 mark, and in this area, purchasing two freestanding dwellings for rental with change is still possible.

In regard to the best performing properties with $500,000 burning a hole in an investor's pocket, Albury has had a good capital growth run over the past five years, so growth based investment

In the Albury area, the price point of $500,000 is a bit of a no man's land. It is too much for most housing stock or not nearly enough for the remainder.

requires astute decision making. It is probably continuing attractive rental returns that may drive the investment market in the short to medium term now, and the best performers here are well below $500,000. Units probably represent the best return on investment in most areas of Albury, followed by sub-$200,000 dwellings that may have subdivision or flipping potential. However, if it is a single transaction for the half million spend, it is really a long-term acquisition or investment at this level, as rental returns for large homes are weaker than more basic stock and the market looks to be levelling off for generic new homes with an oversupply predicted in Thurgoona and agents reporting investors leaving the market chasing potential capital growth in the falling markets of Sydney and Melbourne.

There has been strong growth in the rural lifestyle market in the surrounds of Albury, so $500,000 will not be enough to secure a farmlet change. Between out of town buyers and the aspirations of many locals to upgrade to the rural lifestyle choice, more funds than half a million will be required.

It is great to have choice when assessing property investment options, whether for owner-occupiers or investors, and Albury has bucket loads of choice where purchasers should be able to work their half million hard rather than accept poor or lazy returns.

Southern Highlands

In this area, $500,000 will buy a circa 1970 to 1990 three-bedroom brick and tile in Hill Top, Colo Vale, West Moss Vale and New Berrima. Moss Vale and Colo Vale are realistically priced in the $500,000 to $600,000 bracket. New Berrima and Hill Top have some sub-$500,000 houses available too.

The best performing property at $500,000 is located in Moss Vale, due to solid infrastructure growth in the precinct and future growth appears to be on track. Colo Vale is good too with good proximity to the Hume Highway and Mittagong. It appeals to commuters with a trip to Sydney being achieved in just over one hour (depending on traffic). Another spot is New Berrima which, again, appeals to commuters and logistics workers due to excellent proximity to the Hume Highway, the Sydney CBD being 1.5 hours north and Goulburn and Canberra being one hour and 1.5 hours south respectively.

Solid investing for detached housing is in Moss Vale and Colo Vale, with 1980s to 1990s brick and tile homes in the range of $500,000 to $600,000 depending on land size and property condition. Also, look at Hill Top and New Berrima with similar 1980s to 1990s era with some older style homes generally in the $425,000 to $500,000 bracket and brand new homes starting at $600,000.

For units, there's limited supply in Hill Top, Colo Vale and New Berrima. Moss Vale has a small supply of older style villas and townhouses. Recently we have seen villa and townhouse developments coming on line as Moss Vale town centre increases in profile to be similar to Bowral and Mittagong. These new properties are appealing to the retirees market who have some available money from downsizing either locally or moving from Sydney.

This price sector performance in the short to medium term will be mixed. Hill Top has seen the most significant decline in the past 12 months but appears to be stabilizing. Colo Vale has also seen a decline over this period of time. Moss Vale and New Berrima have seen minor adjustments in comparison to the northern villages. We anticipate that in the short term, the slow sales rates will continue and overall volume will be down in the Southern Highlands, however, we believe the medium term to be positive due to the region having good proximity to Sydney and the continuing growth of Sydney's south-west corridor bringing the Highlands closer to greater Sydney.

Buyers at this price point are mostly young families across all four suburbs. Again, due to the proximity to Sydney, we believe the medium to long term outlook for the region is positive.

In terms of rental return, a typical three-bedroom, one-bathroom brick and tile dwelling will achieve a base rental of $375 with up to $500 achievable in Moss Vale for a renovated property. We have however noticed a slight decline in rental returns over the past six to 12 months.

We noted this time last year the ramp up of the northern villages of the Southern Highlands of Hill Top and Colo Vale. We observed isolated opportunities in this area, however due to the recent softening residential market we have seen more opportunities sub $500,000 emerge in Hill Top. We are also seeing some entry level homes in Colo Vale now available in the early $500,000 price bracket. This is also relevant further south in the New Berrima area with more properties becoming available in the low $500,000 bracket as

Typical housing type in this market would be single level 1970s to 1990s brick and tile residences.

the market continues to soften.

The typical housing type in this market would be single level 1970s to 1990s brick and tile residences. There are limited opportunities for villas and townhouses in these suburbs with Moss Vale being the exception and having the majority of this higher density use, due to being located in a major township which appeals to retirees and direct access to infrastructure services.

Overall, we believe the future looks positive for the Southern Highlands region given its reasonable proximity to Sydney coupled with the rapid development of Sydney's south-west corridor and major transport infrastructure announcements including Western Sydney Airport at Badgerys Creek which brings the Highlands closer to Sydney. As a direct result of this we are seeing an influx of young families moving to the region, particularly the northern suburbs of the Southern Highlands.

So where would we suggest the best performing property is for $500,000? Colo Vale would be our pick in the northern suburbs due to proximity to the Hume Motorway and Sydney and Moss Vale in the south of the region due to established and improving retail, social and transport infrastructure within the township and again direct access both north and south to the Hume Motorway.

Southern Tablelands

Goulburn's current median house price is $408,500, giving buyers plenty of opportunities at the $500,000 price point. Historically, buyers can expect a circa 2000s brick veneer dwelling with four bedrooms and two bathrooms in areas such as Green Valley Road and Dimitri Street. These properties generally rent for $400 to 450 per week. This price point allows for buyers to purchase a new three-bedroom, two-bathroom detached dwelling on a much smaller allotment which typically rents for $380 to $400 per week - think McAlroy Place, Kidd Circuit and Huxtable Place. Despite being a thinly traded market at this price point, the older style double brick properties closer into town can also fetch similar money.

In our opinion, the medium and longer term prospects of Goulburn will continue to transform the region as we see a broadening purchaser catchment comprising more young families, first home buyers and investors entering the market. In turn, we feel the median house price will continue to edge towards $500,000 with more developments coming online or nearing completion such as the Teneriffe Estate and Canberra and the Southern Highlands buyer's market seeing the market as an affordable lifestyle alternative with easy access to the Federal and Hume Highways, Canberra City and Airport.

Illawarra

Declining residential property prices throughout 2018 and 2019 means that $500,000 is now back in play in many Illawarra areas. A search on realestate.com.au shows that in the past month, sales of properties under $500,000 include:

- An older three-bedroom home on 643 square metres in Albion Park for $480,000;
- A four-bedroom, two-bathroom brick and tile dwelling on 880 square metres in Bomaderry for $455,000;
- A basic updated three-bedroom home in Mount Warrigal for $395,000;
- A 1970s renovated two-bedroom ground floor unit in Kembla Street, Wollongong for $425,000; and
- A partially renovated three-bedroom villa in Bellambi for $420,000.

If you are after volume, $500,000 could purchase two blocks of land such as an 800 square metre block in Bomaderry that recently sold for $242,000 or a 640 square metre split level lot in Calderwood which sold for $220,000.

Investors with $500,000 to spend need to consider factors including the immediate return from rental income along with longer term capital growth. While rental growth has also slowed recently, we haven't seen too much decline. This means that returns to investors are looking a lot more inviting than 12 to 18 months ago. Consider an older style two-bedroom unit in Wollongong for $400,000 and rented at $375 per week, a gross return of 4.9 per cent. The same unit would have sold for $460,000 just 18 months ago and the return then would have been 4.2 per cent. On the other hand, capital growth is a lot harder to predict. From 2013 to 2017, the market grew across all residential sectors in the Illawarra and it is very difficult to say that one spot will perform better than another.

The property market is cyclical and will return to an upward trend at some stage. Recent indications are that buyer activity has picked up and auction clearance rates are returning to decent levels. These are signs that the market may have bottomed, however we will need to see a longer-term trend to be confident of this.

Victoria

Melbourne

The Melbourne property market has shown signs of stabilisation from previous months and this trend may not continue. With the Coalition government's surprise election victory and tight credit from institutional lenders slightly lifted, some of the housing stress is expected to lessen in coming months as buyers grow more confident following the Reserve Bank's recent interest rate cut and moves by bank regulators to lower the stress-test threshold on borrowers.

Residential estates in the outer suburbs (25-plus kilometres from Melbourne's central business district) in the north, south-east and west are continuing to expand, with house and land packages remaining a popular choice for first home buyers and families. In the middle ring suburbs, located within 10 to 25 kilometres of the CBD, such as Keilor East, Preston, Box Hill, Clayton and Bentleigh, we are seeing redevelopment of older dwellings on large sites into multiple townhouses and small scale apartment complexes. In the inner city, apartment buildings are in various stages of completion and concerns remain around off the plan apartment purchases.

South-East Melbourne

The south-east of Melbourne has seen enormous growth, with the continuous development of housing estates in the outer south-east and apartment complexes in the inner south-east. Thanks to these developments, home buyers are spoilt for choice when it comes to purchasing a property for below $500,000.

In the inner city apartment buildings are in various stages of completion and concerns remain around off the plan apartment purchases.

In the outer south-east you will find mostly family friendly housing developments offering house and land packages, however to find a median house price below $500,000 you will have to travel out to Frankston North which has a median house price of $463,693 or Hastings where the median house price is $462,668. When it comes to units and apartments, buyers can find good value in Cranbourne where the median unit price is $356,814 or Pakenham where the median is $378,156 (source: openagent.com.au).

When you are restricted by a $500,000 budget, there are many options in the south-east for units and apartments. 2/11 Rhyl Close, Endeavour Hills, a two-bedroom, two-bathroom unit located approximately 31 kilometres from Melbourne's CBD sold on 28 May 2019 for $500,000 on the dot.


2/11 Rhyl Close, Endeavour Hills Source: realestate.com.au

Also selling for $500,000 on the dot on 22 May 2019 was 1/45 Serpentine Road, Keysborough, a three-bedroom, two-bathroom detached unit of two positioned on approximately 287 square metres approximately 27 kilometres from Melbourne's CBD. The property was a little dated compared to the Endeavour Hills property but offers an extra bedroom.


1/45 Serpentine Road, Keysborough Source: realestate.com.au

When searching for a home in the south-east for less than $500,000, you must realistically consider your circumstances. A single or couple looking to buy for themselves would likely consider the inner south-east around St Kilda, Elwood or closer to the city fringe. However, closer to the city you would be compromising the size of a property but the opportunity costs may be worth it due to the proximity to the CBD. 208/173 Barkly Street, St Kilda sold on 31 January 2019 for $494,000. This apartment offers two bedrooms, two bathrooms and one car space. Proximity to the CBD, St Kilda Beach and tram access are all tempting features for homebuyers however are not always practical when starting a family.

208/173 Barkly Street, St Kilda Source: realestate.com.au

208/173 Barkly Street, St Kilda Source: realestate.com.au

In the past six months, there have been no recorded house sales within 27 kilometres south-east of the CBD. This forces homebuyers looking for a family home to look further and further out if they still want the quality. For example, 243 Cheltenham Road, Keysborough, a deceased estate situated approximately 27 kilometres from the CBD sold in March 2019 for $500,000. This property offers three bedrooms, one bathroom on 532 square metres of land, however the quality compared to the units and apartments mentioned above is very poor and the property is in need of a renovation. It may be difficult for a buyer to outlay further capital when the sale price is already at $500,000.

243 Cheltenham Road, Keysborough Source: realestate.com.au

243 Cheltenham Road, Keysborough Source: realestate.com.au

West

Melbourne's outer western region has changed considerably over recent times due to significant population pressure and demand for housing. Figures released by the ABS in March showed that Wyndham and Melton were the fastest growing municipalities behind the city of Melbourne. The key reason is affordability.

A recent study by Corelogic revealed that Werribee's median house value of $486,022 in March this year was the most affordable and Hoppers Crossing was the second most affordable with a median house value of $527,217 for suburbs more than 20 kilometres outside of Melbourne.

Those looking for a bargain however may need to compromise on the size of the dwelling and the number of bathrooms while others may even have to roll up their sleeves and get their hands dirty. Typical dwellings within this area tend to be a mixture of older style brick veneer or weatherboard three-bedroom dwellings with single carports on approximately 550 square metres allotments.

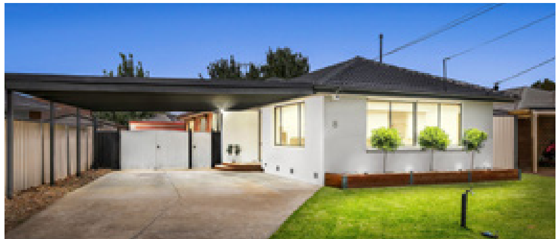
Examples currently on the market include:

13 Goulborn Court, Werribee - $395,000 to $430,000

3 Goulborn Court, Werribee Source: realestate.com.au

Three bedrooms, one bathroom on a 587 square metre allotment.

8 Broken Court, Werribee - $459, 000 to $499,000



8 Broken Court, Werribee Source: realestate.com.au

Four bedrooms, one bathroom, double carport on 540 square metre allotment.

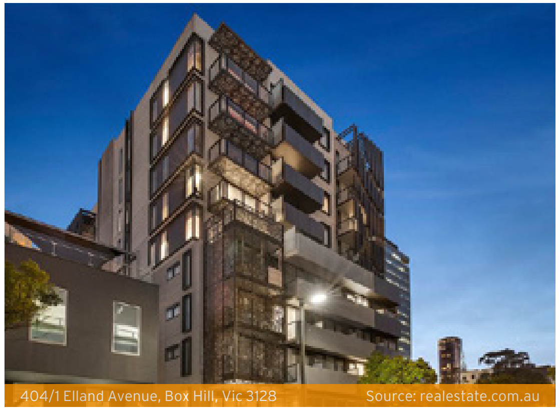
Buyers might have to be quick however with Werribee recording a 5.3 per cent median house price increase over the March quarter which should increase buyer confidence. Furthermore, Werribee was recently identified as Melbourne's cheapest suburb located on a metro train line. Property prices are influenced by public transport access to and from the CBD and with population and urban sprawl increase, we expect demand to increase.

Alternatively, if buyers are after something more modern, they will need to look further afield to developing estates such as Wyndham Vale, Rockbank or Melton South.

East

In 2018, properties prices were showing signs of decline; properties were still selling, however the supply had declined and days on the market averaged to about four weeks. This time last year, the median unit sale price in Lilydale was $539,000 with a rental return of $350 per week, and approximate rental yield of 3.38 per cent. Today it has dropped to a median of $490,000 with a rental return of $365 per week reflecting a yield of approximately 3.87 per cent.

Fast forward to 2019, with a budget of $500,000, purchasers are still able to find a modern two-bedroom, two-bathroom, one-car space apartment in Boxhill, Watirna South and Ringwood. The weekly rent is around $340 to $550 depending on the location and age of the apartment.


404/1 Elland Avenue, Box Hill, Vic 3128 Source: realestate.com.au

$500,000
404/1 Elland Avenue, Box Hill, Vic 3128
2 Bed 2 Bath 1 Car Apartment

If apartment living is not your style and you prefer a bit of land, older style villa units with two-bedrooms, one-bathroom and one lock up garage can be found in the areas of Ringwood, Croydon, Bayswater, Boronia and Kilsyth. The weekly rent is around $330 to $380.

The majority of purchasers of apartments and units are first home buyers and downsizers, with villa units generally performing better than apartments.

For Sale $460,500 to $490,000
1/95 Scoresby Road, Bayswater, Vic 3153
2 Bed 1 Bath 1 Car unit

Looking to buy the family home, we recommend the buyer to increase the budget to about $700,000 and look further out towards Ferntree


1/95 Scoresby Road, Bayswater, Vic Source: realestate.com.au

Gully and Lilydale for something that has been updated and ready to move in, as we have found properties that were sold within the $500,000 budget were in original condition that required some renovation work.


9 Rose Court Lilydale, VIC, 3140 Source: RP Data

Sold $500,000
9 Rose Court Lilydale, VIC, 3140
3 Bed 1 Bath 1 Car house
820 square metres

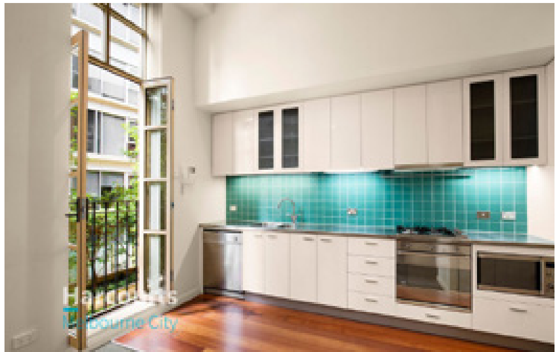
Sold $530,000
38 Agora Boulevard Ferntree Gully, VIC, 3156
3 Bed 1 Bath 2 Car house
727 square metres

With a budget of $500,000, purchasers are still able to find a modern two-bedroom, two-bathroom, one-car space apartment in Boxhill, Watirna South and Ringwood.

38 Agora Boulevard Ferntree Gully, VIC   Source: RP Data

CBD

The Melbourne CBD and inner city suburbs residential market has remained steady throughout the year in values, and rental returns are ranging from four to five per cent. At an entry point of $500,000, you will find a one-bedroom, one-bathroom, one-car space city apartment or a two-bedroom, one-bathroom apartment in the heart of the CBD.



206/336 Russell Street, Melbourne   Source: realestate.com.au

$470,000
206/336 Russell Street, Melbourne, Vic 3000
1 Bed 1 Bath 1 Car Apartment
45 square metres

The apartment living area will vary generally between 50 and 60 square meters which reflects $7,500 to $8,500 per square metre. You will see developers now coming up with new incentives to trump other developments by offering facilities such as allocated refrigerated wine storage and common cinema rooms, BBQ facilities, gyms and swimming pools are now the norm.

We caution buyers that between 2011 and late 2018, more than half of inner-city off-the-plan apartments re-sold by their owners had no capital gain or sold at a loss. "They basically sold for the same price or less" (SMH, Johanson, S. May 2019).

North

As a result of the declining Melbourne property market, more purchasing options with $500,000 have opened up in the outer northern suburbs, which were not available in 2017/2018. This price tag can give you a circa 1990 to 2005 single storey dwelling with a land area of 550 to 700 square metres in Craigieburn or a newly constructed modern single storey dwelling on a smaller allotment in Mickleham.

13 Plumpton Avenue, Craigieburn   Source: RP Data

13 Plumpton Avenue, Craigieburn
Sold Price: $500,000
3 Bedroom, 2 Bathroom, 4 Car
Sale Date: 29 May 2019
Land Area: 695 square metres
Year Built: 1980

2 Puckle Avenue, Mickleham   Source: RP Data

2 Puckle Avenue, Mickleham   Source: RP Data

(Source - RP Data)

2 Puckle Avenue, Mickleham
Sold Price: $472,500
3 Bedroom, 2 Bathroom, 2 Car
Sale Date: 12 May 2019
Land Area: 290 square metres
Year Built: 2018
(Source - RP Data)

Alternatively, as there is an oversupply of vacant land allotments in these outer northern suburbs, buyers could purchase a small block of land and build a new single storey dwelling for around the same price tag.

Property that can be bought for $500,000 in the inner northern areas such as Collingwood, Carlton and Brunswick are still very limited, even with the decline in property values. Buyers in these areas can purchase a studio apartment with a living area of 45 to 55 square metres. As these suburbs are in such close proximity to the Melbourne CBD, you will not find another type of property to purchase with this price tag in these areas.

206/75 Wellington Street, Collingwood
Sold Price: $460,000
1 Bedroom, 1 Bathroom, 1 Car
Sale Date: 26 April 2019
Living Area: 50 square metres
Year Built: 2019
(Source - RP Data)


206/75 Wellington Street, Collingwood Source: RP Data


206/75 Wellington Street, Collingwood Source: RP Data

Another option is to co-purchase an existing two or three-bedroom single dwelling on a small parcel of land in Brunswick or Fitzroy with the sole purpose of providing rental income and hold as a future investment property. As rental properties are still quite sought after and are providing reasonable returns, this is also a viable option.

Shepparton

In the Shepparton region, a lazy half million dollars still buys you far more than in most regional centres. Most of the ex-display homes are selling for around the $500,000 mark with a considerable upgrades list, which is up from around the $450,000-mark last year. Unfortunately, due to the oversupply of land in the area, it is still quite easy for builds to be an overcapitalisation in their respective estates.

Many out of town investors are still being drawn to the Shepparton region because of the strong rental yields exhibited by the sub-$300,000 market, of which most appear to be investment properties merely changing hands, rather than an influx of rental stock. There are still a number of former housing commission properties being sold with yields up around 7.5 to eight per cent with tenants in place. Typically, these properties don't last more than a fortnight on the market.

Inner-city buying is still very competitive, however I personally see this as the area with the most growth potential as the government spending starts rolling into the area over the next two to three years with the hospital redevelopment, arts museum and rail upgrades. Character homes in these areas will see a significant upswing in values as properties with equivalent amenity in other towns are fetching far higher prices.

Units are still struggling with falling prices over the past five years to the tune of -13.5 per cent (Core Logic), however rental yields are strong, giving investors positive cash flow.

The best buying in Shepparton at the moment is a 1960s to 1980s dwelling that could use some cosmetic refinement. These are at very affordable prices with good prospects for value uplift after works have been completed. These properties are always sought after by owner-occupiers, investors and tenants, mainly due to their location and the bang for buck.

Mildura

The median price for a detached dwelling in Mildura is just under $300,000, however there are numerous sales at around $500,000 and sales activity at this level appears to be increasing.

A quick glance at our records suggests that the number of sales over $480,000 in the Mildura postcode has increased from around 20 per year in 2015/2016 to around 50 per year now.

Last year we predicted a strong outlook for better standard homes in the Mildura region and the evidence suggests this has proven true, with this sector showing more value growth than the lower end of the market.

$500,000 will buy a modern four-bedroom home on a larger than average size lot, with good external improvements such as sheds or pools. Buyers are typically owner-occupiers, with investors more likely to buy cheaper housing in the $250,000 to $400,000 bracket, due to their higher rental yield.

The improved sales activity in the $500,000 segment is due to a combination of ongoing strong economic conditions in the local farming sector and low interest rates. The outlook for the farming sector remains generally positive and we expect our economy to remain buoyant in the next one to two years, although we note the potential for low irrigation allocations in the coming year to curb this confidence.

The other alternative for investors with $500,000 to spend is to buy a complex of three or maybe four units. Rents have been increasing in recent years, and this has maintained gross yields of around 6.5 to seven per cent. Older complexes will be more affordable, however these come with a need for ongoing maintenance and buying a better standard three-unit complex may prove the better long term investment.

Wodonga

The Wodonga, and indeed West Wodonga, residential dwelling markets have been characterised by a spread of sales which have predominantly occurred within the $200,000 to $400,000 price bracket, followed by the $400,000 to $600,000. It's not insignificant to point out that while the number of sales overall has remained stable over the past two years, the number of sales within the $400,000 to $600,000 price bracket has increased to 28 per cent of all sales over the past 12 months.

In terms of newer dwellings, $500,000 certainly goes a long way in Wodonga. At this level of value, you could expect to purchase a large 200 square metre dwelling with a high quality fit-out, situated on an allotment of between 550 and 850 square metres located within a well-regarded residential estate with either elevated views or situated close to schools, shopping and recreation facilities. Generally, these properties are of a display home type standard.

Older established properties at around $500,000 will secure the purchaser a large renovated period style dwelling located within close proximity to the CBD and situated on a large allotment of between 800 and 1,000 square metres.

28%

of all sales in **Wodonga** over the past twelve months were in the **$400,000** to **$600,000** price bracket

If you're looking for a tree change and are seeking a rural lifestyle property within the surrounding district, $500,000 will not get you much in the way of newer quality improvements, rather one should expect an older style dwelling most likely requiring renovation or updating.

With regard to vacant rural lifestyle land, you should expect to pay a minimum of $250,000 for allotments in excess of one hectare. Unfortunately the tyranny of distance does not help in lowering the price point, particularly the closer you get to Yackandandah, Beechworth and Kiewa, all of which are well regarded and sought after localities.

In terms of investors within this market, $500,000 will most likely allow you to purchase two 1990 two-bedroom strata titled units in original condition with lock-up garage and private rear yard. Unfortunately there are very few blocks of flats within Wodonga, let alone at this price point. The last block of units sold had six one-bedroom barracks style flats built circa 1970, which was purchased for $625,000 at a gross yield of just under 6.1 per cent.

Queensland

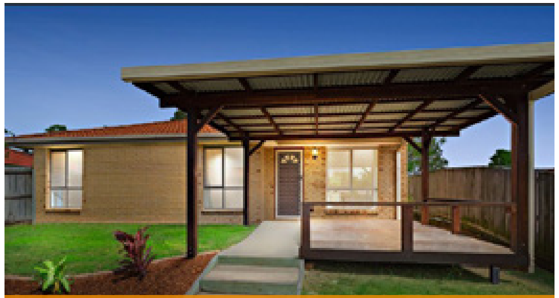
Brisbane

Wandering around the Brisbane residential property scene with a lazy $500,000 to spend will get you some attention, but being slightly below our capital city median (which is somewhat close to $600,000), your choices in 2019 are more limited than they were a few years back.

That said, our market has been attracting new residents from Australia's more expensive capitals in increasing numbers. We have so much to offer and $500,000 provides reasonable options for anyone who wants to take part but didn't just sell their Sydney-based, tax-free home for loads of cash.

A great example of what you can jag at $500,000 in Brisbane is a basic, semi modern three-bedroom, one-bathroom house on a 400 to 600 square metre block in Hemmant, Tingalpa or Wynnum West.

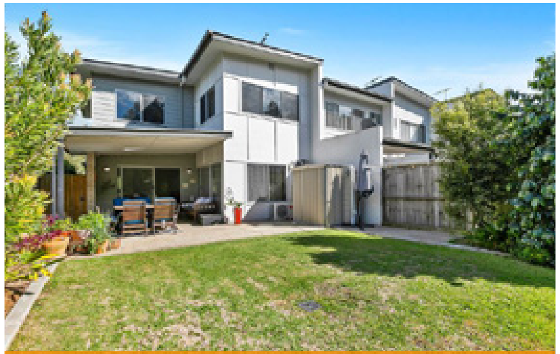
For example, this home at 17 Toondah Place, Tingalpa was reported to have sold in May for $480,000. The property provides three bedrooms and a single bathroom on 580 square metres of land.



17 Toondah Pl, Tingalpa Source: realestate.com.au

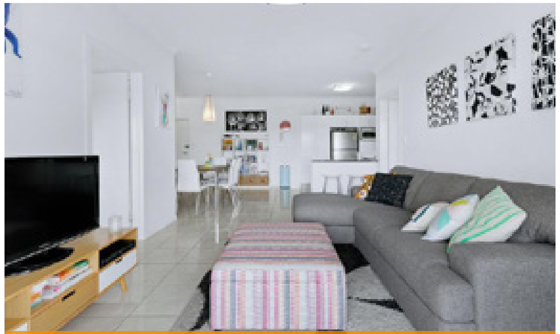
$500,000 provides reasonable options for anyone who wants to take part but didn't just sell their Sydney-based, tax-free home for loads of cash.

Attached housing in the mid-to-outer suburbs provides opportunity to spend your dough as well. A great example would be a modern three-bedroom, two-bathroom townhouse in Manly West such as this one at 21/312 Manly Road which sold in May this year for $535,000.



21/312 Manly Rd Source: realestate.com.au

If you want to be closer to town, another option would be a two-bedroom, two-bathroom unit in near-CBD suburbs where prices have taken a bit of a hammering in response to oversupply concerns. One recent example is 21/35 Dunmore Terrace, Auchenflower which sold for $489,000 in February this year. The unit offered a modern finish with two bedrooms, two bathrooms, and two-car accommodation in a medium-rise development.



21/35 Dunmore Terrace, Auchenflower Source: realestate.com.au

Some other examples from around the traps include Keperra on the northside. In this suburb, lowset post war homes that are a little dated on the inside will fall just shy of $500,000 with something a little more polished being in the early to mid-$500,000s.

One great example is this property at 69 Annandale Street, Keperra which sold for $504,000 in May this year. Positioned on a 625 square metre lot, this renovated cottage offered three-bedroom, one-bathroom accommodation with ready access to retail and transport.

Other options can be limited. Inner-city areas such as Paddington, Ashgrove and Alderley don't even have vacant 405 square metre lots below


69 Annandale St Keperra Source: realestate.com.au

$500,000, while entry level at The Gap is in the mid-$500,000s – and that's for something requiring a bit of work.

The Northgate and Nundah precinct will see some options in secondary locations, or for somewhat dated dwellings, around the $500,000 mark, but these are mostly knock-downs as entry level here is pushing closer to $550,000.

So, this is what your dollars will buy, but how wise is it to purchase at this price point in BrisVegas, and what are your best alternatives?

When it comes to detached housing, sticking with fundamentals of location will always serve you well in Brisbane. When tethered to the $500,000 price point, we suggest that staying as close to the CBD as possible in a well-serviced suburb would be a safe bet. A circa 2000 low-set, brick, three-bedroom, one-bathroom house in Hemmant would provide excellent capital growth prospects for example. You can also compromise on the age and condition of the home to keep the price down. Perhaps a highset post-war that needed some love would be a great under-$500,000 buy. After a bit of work, it's likely to exceed the half-million mark in value. If cash flow was a priority, then

When markets rise, it's often the cheaper properties that are dragged up first.

a townhouse would have a higher rental return, however value is more likely to remain flat or go backwards.

While the majority of buyers at this mark will be local owner-occupiers, with many being first home buyers, there's still plenty to attract investors. Those who pay circa $500,000 should expect rent between $400 and $450 per week for a detached house, while a townhouses can achieve $450 to $500 per week.

If you can find an elusive bargain in an area such as Kedron for $500,000 you're doing well - they are becoming rarer, but still pop up from time to time. Geebung, Northgate or Virginia are also good investment locations as they offer easy access to highways and are close to major shopping outlets.

Banyo is another area worth considering with some cheaper properties on offer, although the style and condition of house may be a somewhat lesser standard. You really must think about compromises if you want to go much cheaper – such as living on a main road or thoroughfare or other secondary location.

All-in-all though, because this price point is in the lower half of the Brisbane house value spectrum, the potential for gains is good. When markets rise, it's often the cheaper properties that are dragged up first.

We touched on units earlier as an option too. There are bargains to be had with this property type, but as a general observation, we'd suggest a cautious approach. Older conventional brick walk-up units in six or eight- pack style complexes can be purchased in the inner city for under $400,000, but don't expect runaway value growth any time soon.

Finally, how did we go in last year's lazy $500,000 report? Well, we were pretty spot on with our picks. Mostly, our market has been subdued, so we were suggesting much the same type of property last year as we have suggested this year. Dwelling values have shifted very slightly in a positive direction, whilst established units have probably decreased some.

It's Brisbane after all, so stay conservative, stick to your knitting and you should do okay over the long term.

Gold Coast

The Gold Coast, Tweed Coast and Lower Logan areas offer many opportunities in the sub-$500,000 bracket or the lazy half million. With everything from acreage to beachfront units, there is something for everyone! So, let's take a look at what each region has to offer.

North West Region

Taking in the northern growth corridor on the western side of the M1 and out to Jimboomba, there are many options for someone who has a lazy half a million dollars to invest in this region. Across most suburbs an average quality, modern, four-bedroom, two-bathroom house in good condition and ready to rent will be less than $500,000 and on a smaller lot even as low as $340,000 for a six year old, four-bedroom, two-bathroom house on a 400 square metre lot in Yarrabilba!

The main issue when trying to pin down a good investment option is that the market throughout the region has eased in recent times, predominantly due to APRA investment lending regulations and reduced buyer confidence. We do hope however that with the recent interest rate cut, it might improve market confidence and we may start to see some growth again.

The best performing properties can be split into two categories. First, rural residential small acreage properties in the western locality of Jimboomba have been growing slowly and bucking the trend of the easing property market. Secondly, the more preferred locality closer to the M1, the Gold Coast-Brisbane Railway and the recently completed Westfield Coomera, is Upper Coomera with the property market over recent years increasing strongly and only starting to ease a little in the past two months or so.

Upper Coomera Source: Corelogic

A neat, 14-year-old, modern style, four-bedroom, two-bathroom brick and tile dwelling with double garage transacted in May 2019 for $480,000. This showed good growth from the previous sale of $438,000 in July 2016 with no substantial work undertaken to the property.

This example shows a ten per cent return in three years. This property would rent for $480 to $490

We consider the duplex unit market going even stronger than the housing market in recent years in this location.

per week with good demand for rental properties in this suburb mostly attributed to the location of the property and proximity to the facilities as noted above.

Upper Coomera has always fluctuated short term, but over the medium term it has always had steady growth which would be considered reasonable to any property investor.

We consider the duplex unit market going even stronger than the housing market in recent years in this location. Take a look at the following example:

1/9 Wendy Court, Upper Coomera Source: Corelogic

A part two level, 2008 build, rendered brick, weatherboard and tiled roof duplex unit with double garage at 1/9 Wendy Court, Upper Coomera sold late last year for $433,233. Previously, this property sold for $372,500 in February 2017 and $328,500 in March 2012.

This example shows a 16.5 per cent return in under two years. This property would rent for approximately $420 per week. The duplex market has been a lot more popular recently with first home buyers and has continued to be of strong interest to investors as it always has.

Finally, the suggestions we gave last year performed exactly as predicted. The investment market estates in this area have an oversupply and were not achieving the rental returns expected. As a result, prices in these estates such as Yarrabilba have eased up to ten per cent in the past 12 months, particularly the second hand product. Established houses in the older areas have held up better in this downturn.

Central North Region

From Southport to Hope Island and out to the M1 presents a few decent opportunities for property purchasers with a lazy half million. The market has eased over the past six months in a number of areas and as a result there have been a few sales that present as decent value in comparison to 2018. Below are a few examples of purchasers with a long-term view capitalising on a weaker market.

1/33 Nakina Street, Southport Source: RPData Core Logic

A neat duplex unit at 1/33 Nakina Street, Southport built in circa 1992 and comprising three bedrooms, two bathrooms and single lock up garage sold in June 2019 for $340,000. The duplex has an assessed rental of $390 per week. A great entry point property for a first home buyer or investor as this market has eased over the past 12 months. Comparable sales in the area present this as good value, with a similar duplex selling 12 months ago for $360,000, being of similar condition and size, however in a slightly inferior location along a busy street.

8/146 Central Street, Labrador Source: RPData Core Logic

A circa 1992, part two level (brick/tile) townhouse with three bedrooms, one bathroom plus downstairs toilet and single lock up garage located at 1/146 Central Street, Labrador sold in May 2019 for $302,500. Sales within this complex indicate this product has decreased in value since the previous sale at $365,000 in October 2018 of a similar unit, albeit in superior condition with plantation shutters and tiled living area.

In the more centrally located area of Southport, a unit within a low rise complex transacted for $240,000 in May 2019. Unit 5/43 North Street, Southport is a circa 1982, ground level (brick and tile) unit with two bedrooms, one bathroom and

1/146 Central Street, Labrador Source: RPData Core Logic

single basement garage. The unit had undergone some upgrades and presented in a good condition with updated floor coverings, kitchen and bathroom. This property would achieve a rental of $330 per week. Previously purchased in December 2012 for $219,000, the unit has had minor upgrading of the flooring. The sale represents a gross yield of 6.6 per cent based on a 48 week year with four weeks of letting up allowance.

Now that the election is over, we are seeing more enquiry and reported interest volumes from agents, resulting in a stabilising in values after a drop throughout 2018 and 2019. Whilst we cannot predict the bottom of the market, it certainly is not at the top and for those investors with a long-term view on the Gold Coast market and finance ready, decent purchases are available with less competition.

Central Region

If I was to invest $500,000 in today's market in the central region of the Gold Coast, the obvious choice for me would be to buy a two-bedroom unit in a beachside suburb. Mermaid Beach has been a hot spot over recent years and there are still some opportunities here at this price point, however lately, it appears that it is getting harder to find properties in this suburb at $500,000 or less that represent really good value for the money.

An alternative beachside location to take into consideration is Main Beach, located just north of Surfers Paradise. Main Beach is a popular, established, good quality, beachside, residential, holiday and local commercial and retail locality. The Main Beach area is a popular tourist destination due to its beachfront location, its restaurant and retail precinct (Tedder Avenue) and close proximity to The Broadwater, The Spit and Surfers Paradise. The area also caters for a strong component of permanent residents.

All properties in this suburb generally have good accessibility to the beach, whilst many also are within walking distance of the light-rail system. There are solid investment opportunities available in the $400,000 to $500,000 price range, however be mindful that stock levels in this price bracket are reportedly quite low at present.

Typical examples of these properties which have recently sold in Main Beach are highlighted below.

41/1 Cronin Avenue, Main Beach – sold in March 2019 for $410,000.

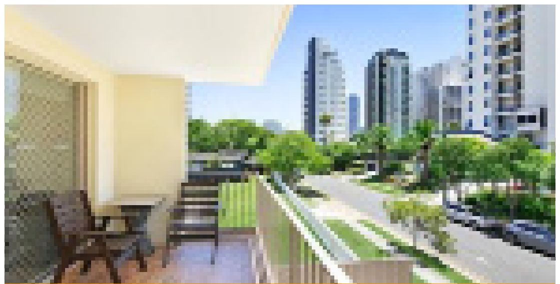
41/1 Cronin Av, Main Beach Source: realestate.com.au

A single level, circa 1988, two-bedroom, two-bathroom low rise strata unit, with one basement car space and living area of 85 square metres (including a balcony). The strata unit has an easterly aspect with local views. Some cosmetic updates were completed over the years including new carpets. The complex includes a common swimming pool and barbecue facilities.

32/11 Breaker St, Main Beach – sold in February 2019 for $444,000.

32/11 Breaker St, Main Beach Source: realestate.com.au

A single level, circa 1988, two-bedroom, two-bathroom low rise strata unit with two side by side basement car spaces and living area of 83 square metres. The unit has local views and fair presentation. The complex includes a common swimming pool and barbecue facilities.


32/11 Breaker St, Main Beach Source: realestate.com.au

7/8-10 Peak Av, Main Beach – sold in Jan 2019 for $465,000

A single level, circa 1988, two-bedroom, two-bathroom low rise strata unit with two basement car spaces. The unit was refurbished internally and has a northerly aspect with local views. The complex includes a common swimming pool.

For those wanting for a really safe, long term investment option, look for the circa 1970 to 1990 built two-bedroom apartments with low body corporate fees as these can generally achieve a weekly rental value of $420 to $500 per week.

One thing to be aware of is that Main Beach is known to have many developments which have higher than average body corporate fees, so it is best to avoid those units subject to high body corporate and management fees.

North-East Region

Investing $500,000 in the current market conditions in the north-eastern growth corridor would be new product in an owner-occupier estate such as Gainsborough Greens at Pimpama. Builders such as Plantation Homes and DBC Homes offer a ready built product for houses and duplex units with prices of $410,000 to $500,000. There is strong rental demand for that estate and always strong resales. The new product will also offer depreciation for investors and no body corporate fees.

Another option if investors were after more rental yield investments would be the more affordable areas such as Eagbleby where three-bedroom, two-bathroom, one and two car garage homes sell between $210,000 and $240,000, and achieve rentals of $320 to $360. Two bedroom, one bathroom, one car accommodation older units go for as low as $150,000 and achieve rents of $220 to $250 with very low body corporate fees. There is high demand for cheap rentals close to schools, shopping, parks and highway. With $500,000 you could possibly pick up a few of these properties and have a solid return.

Typical examples of properties which have recently sold are highlighted below.

3 Butterleaf Crescent, Pimpama, QLD, 4209 – Sold March 2019 for $490,000.


3 Butterleaf Crescent Pimpama, QLD Source: realestate.com.au

Comprises a circa 2018, onground, single level, four-bedroom, two-bathroom, detached modern dwelling brick veneer walls, colorbond roof and two car garage. The property has good external condition, good internal condition and good presentation. Total building area is 207 square metres. The property has standard ancillary improvements for the area. Land Area is 375 square metres.

89 Great Sandy Circuit, Pimpama, QLD, 4209 – Sold March 2019 for $494,900.

Comprises a circa 2018, onground, single level, four-bedroom, two-bathroom, detached modern dwelling with brick walls, colorbond roof and two-car garage and living area of 164 square metres. This is a recently completed home built


3 Butterleaf Crescent Pimpama, QLD Source: CoreLogic


1/24-28 Albert Street Eagleby, QLD Source: realestate.com.au

by Plantation Homes with typical finishes for a dwelling in this locality. Land area is 375 square metres.

1/24-28 Albert Street, Eagleby, QLD, 4207 – Sold March 2019 for $173,000

A circa 1989, three-bedroom, one-bathroom semi-modern townhouse with brick veneer walls, concrete tiled roof and one-car attached carport. The living are is 68 square metres and provides a basic kitchen and modern bathroom. Rental is $260 to $280 per week.

4/202-206 Fryar Road, Eagleby, QLD, 4207 – currently under contract for $237,500


4/202-206 Fryar Road Eagleby, QLD Source: realestate.com.au

A circa 2009, three-bedroom, two-bathroom modern townhouse with brick and fibrous cement sheeting walls, colorbond roof and two-car garage. The townhouse has a westerly aspect with local views, an original interior throughout with split system air conditioning. It was purchased in 2009 for $316,500. Rental is $350 per week.

Tweed Shire

There is plenty available in the Tweed Shire for a lazy $500,000 - it just depends what you are willing to compromise.

After a house close to town? Something with a bit of character and that has views? You will need to head inland to Murwillumbah and the surrounding villages and there is plenty to find. Although there are some good buys around that come already completely renovated, there are also quite a few that will need a bit of updating.


9 Mooball Street, Murwillumbah Source: realestate.com.au

9 Mooball Street, Murwillumbah - sold 16 April 2019 for $487,000

A circa 1910, high set, two-bedroom, one-bathroom, renovated, detached older dwelling with timber walls, metal roof and two-car accommodation. Agents advise that the living area is 119 square metres and outdoor area is 40 square metres. Features include an overall renovated interior with renovated kitchen, split system air conditioning, period style features, polished timber floors and high ceilings. The property is an irregular shaped, easy sloping, inside lot positioned below road level. The lot faces south with hinterland views and has frontage to non-residential uses. Ancillary improvements include driveway, fencing and landscaping. The property has good external condition and good presentation. The land area is 1,087 square metres.

7 Wade Street, Murwillumbah – sold 18 March 2019 for $490,000

A high set, circa 1940, older style, fibrous cement


7 Wade Street, Murwillumbah Source: realestate.com.au

sheeting, three-bedroom, two-bathroom, dwelling, with metal roof and one-car detached garage. Features include polished timber floorboards and high ceilings. The dwelling is located on an easy sloping, irregular shaped, inside lot situated below road level with hinterland views. Ancillary improvements are of an average standard. The property has good external condition and good internal condition, with the kitchen and bathrooms having been renovated. The land area is 809 square metres.

10 Old Convent Rd, Uki Source: realestate.com.au

10 Old Convent Road, Uki – currently under contract for $475,000

A circa 1975, split level, three-bedroom, one-bathroom, detached semi-modern dwelling on concrete footings and slab, brick piers foundation with brick and hardiplank walls, metal roof and one-car detached carport. The property has good external condition, good internal condition and good presentation with living area of 108 square metres, outdoor area of 12 square metres and 15 square metres of car space. The property is an irregular shaped, easy to moderately sloping, inside lot with a suitable building site which is cut levelled and positioned above road level. The property is cleared and faces north with no significant views and has frontage to a creek. Access to the property is easy and direct. Ancillary improvements include a concrete driveway, concrete, paved and tiled paths, timber decking, established landscaping, established trees, garden walls and retaining walls with rock construction. Land area is 816 square metres.

Or perhaps you're after something a bit more coastal? A lazy $500,000 will get you an older duplex, townhouse or unit if you want to be within a few kilometres of the beach.

2/7 Gibson St, Kingscliff Source: realestate.com.au

2/7 Gibson Street, Kingscliff – sold 14 February 2019 for $500,000

A circa 1980, part two level, semi-detached, semi-modern brick, two-bedroom one-bathroom duplex unit with tile roof and one-car attached carport. Agent advises that living areas are 103 square metres, outdoor area of 33 square metres and car space of 17 square metres. Ancillary improvements include driveway, fencing and landscaping. The property has fair external condition, fair internal condition, fair external paint condition and fair main roof condition.

2/8 Coucal Street, Pottsville – currently under contract for $535,000

2/8 Coucal Street, Pottsville Source: realestate.com.au

A circa 2008, three-bedroom, two-bathroom modern duplex unit situated in a two-unit complex on a concrete footings and slab foundation with lightweight composite clad and bagged brick walls, metal roof and two car garage. The property has fair external condition, good internal condition and good presentation with a living area of 139 square metres, outdoor are of 16 square metres and car space of 35 square metres. The property has a southerly aspect with no significant views. Ancillary improvements include exposed aggregate driveway, partially enclosed yard of colorbond panel construction, exposed aggregate paths, established landscaping, established trees and rain water tank(s) of polythene, slimline construction. The strata land area is 399 square metres.

26/40-48 Kamala Crescent, Casuarina – sold 5 March 2019 for $500,000

A circa 2006, two-bedroom, two-bathroom modern strata unit, situated on level two of a three-level, 45 unit low rise complex on a concrete footings and slab foundation with rendered brick walls, metal roof and one car basement car space. Living are is 89 square metres with outdoor area of 24 square metres and car space of 16 square

26/40-48 Kamala Cr, Casuarina Source: realestate.com.au

metres. The property has good external condition, good internal condition and good presentation. The strata unit has a northerly aspect with local views. Ancillary improvements include concrete driveway, partially enclosed yard of mixed construction, paved paths, established landscaping, established trees and common improvements include on-site management and caretaker, barbecue facilities, passenger lift and resort pool. The property has good external condition, good internal condition and good presentation.

Investors may look inland for better yield as the coast does not return the same. Most buyers are owner-occupiers and the Tweed, particularly secondary locations inland, is much cheaper than areas such as the neighbouring Gold Coast and Byron Shire, however, there has been some easing since the beginning of 2019 and some better bargains may be available down the line.

Toowoomba

The Toowoomba property market is relatively affordable compared to many locations in Australia, therefore half a million can purchase a wide range of properties. The $500,000 price point comprises many different properties such as renovated older character homes within the established inner suburbs, original and renovated 1970s to 2000s brick homes in many suburbs, new houses in developing areas, and homes on larger acreage lots in close-by neighbouring suburbs.

With this month's focus on the $500,000 price point, we have provided recent examples of property sales in this segment.

Below is a sale of a typical, brick circa 2000s home in the established area of Middle Ridge. This property sold for $510,000 and comprises a four-bedroom, two-bathroom dwelling with double garage.

As an investor you could typically get $400 to $500 rent per week.

12 Winton Ct, Middle Ridge Source: realestate.com.au

An alternative for buyers seeking larger lots is represented by the sale of a modern three-bedroom, two-bathroom dwelling in the satellite suburb of Top Camp for $491,000. This property features a 3,684 square metre lot, playground and cubby house.

As an investor you could typically get $400 to $500 rent per week.

3 Acacia Av, Top Camp Source: realestate.com.au

For those seeking older style character homes, this property in East Toowoomba sold for $500,000 and comprises a renovated four-bedroom, two-bathroom dwelling with an extended deck.

As an investor, you could typically get $400 to $500 rent per week.

13 Leonard St, East Toowoomba Source: realestate.com.au

Comparing these sales to sales of 12 months ago, half a million in the rural residential and renovated, older homes market is still getting you a similar quality dwelling. However, the market seems to have moved upwards in Middle Ridge and similar suburbs with $500,000 getting you an older, brick dwelling in original condition.

See below sale in Middle Ridge 12 months ago.

20 Beardsworth Ct, Middle Ridge Source: realestate.com.au

The $500,000 price point in Toowoomba and surrounding areas is well above the median house price which is around the $390,000 mark. Therefore, there are many areas across the region where homes can be secured at this price. Areas which may generate superior capital growth or resale appeal are likely to be concentrated in the eastern suburbs including Mount Lofty, East Toowoomba, Rangeville and Middle Ridge.

It is also possible to secure two dwellings at this price point in Toowoomba. Some older style detached dwellings (two to three bedrooms, one bathroom) in the western suburbs including Harristown, Newtown and Wilsonton are selling for between $200,000 and $300,000 and can provide strong rental returns. Two older style or even semi modern strata units can easily be purchased for under or up to $500,000, reflecting the affordability of the Toowoomba residential market.

Sunshine Coast

In the past, we have suggested that the best place to park your lazy $500,000 is in an older original dwelling along the coastal strip, basically, as close to the beach as you can. This certainly would have paid off as it's now difficult to enter this market at this level, although not impossible. There are still some beachside localities that provide this opportunity. Once again, given the coastal lifestyle which is not going out of fashion any time soon, go for it.

These areas include Golden Beach, Battery Hill and some parts of Kawana to the south and to the north, Pacific Paradise, Marcoola, Mount Coolum and the back of Coolum Beach. These are probably the only areas in which you may find a freestanding dwelling for around $500,000.

For investors, units in these beachside localities also provide good opportunities for under $500,000 with locations around Noosa Heads, Coolum Beach, Mooloolaba and Caloundra all providing good access to tourist amenities and good rental returns at this level. It has continued to be the smaller complexes with lower body corporate fees which have been the best performing.

One market that is still offering value for money which we touched on last year are the hinterland townships along the rail corridors, from Glass House Mountains and Beerwah in the south through to Palmwoods, Yandina and Eumundi in the north. These towns have seen some good growth over the past 24 months with a number of new subdivisions offering larger allotments with the ability to put a house and land package together for under $500,000.

Entry level rural residential in the southern hinterland areas and along the Blackall Range on land sizes of between 2,000 and 20,000 square metres still offer very good value for money. In most cases you have the ability to purchase at well below replacement cost and in turn get a lot of bang for your buck.

As we touched on last year, with the larger estates of Aura in Caloundra West and Harmony at Palmviews there are options of smaller lot sizes with some as small as 67 square metres which has helped this lower end of the market to easily find a property for under $500,000. It is expected the supply of these modern small lot developments is likely to continue as more land is developed and we think the high levels of supply may limit growth in the future.

The diversity of the property mix on the coast and hinterland provides a number of opportunities for owner-occupiers and investors. It is difficult to identify one location, however being as close to the beach as you can would be a good start, although I would not discount the larger lots in the hinterland given the ability to purchase below replacement cost.

Cairns

$500,000 in Cairns is above the median house price and well above the median unit price so with that amount of money in your back pocket you should have a reasonably pleasant house hunting experience, although it is the bottom end of the range for a house in one of the better regarded suburbs close to town.

The first decision to make will be what is most important - the location or the house? In the

These are probably the only areas in which you may find a freestanding dwelling for around $500,000.

southern corridor for example, $500,000 will buy a very nice modern home of good size in an average location. In Edge Hill or Whitfield it will buy a nice block of land with a house in need of fairly significant renovation. Closer to the city in Parramatta Park or Cairns North, it will buy a reasonably nice Queenslander. On the Northern Beaches, it will buy a nice home in a newish subdivision or an older home in an older established area closer to the beach. There always seems to be a trade-off around this price point.

$500,000 is generally not first home buyer territory in Cairns so you will be competing with others who probably have a bit of equity and know what they are looking for. You will be priced out of the rural residential market and most CBD apartments with views that are large enough to live in.

Rockhampton

This month we take a look at what you can get for a lazy half million. Upon reflection from this time last year, we are happy to report our position on the property clock has improved slightly, rising from the bottom of the market to a position now considered to be in the recovery stage, albeit very slow. This view has been formed after seeing a tightening of the vacancy rates, improved rental returns and apparent air of confidence after an election result which has seen the national spotlight shine on Central Queensland, much warmer and brighter than it has been for quite some time.

For purchasers looking to spend $500,000 in the Rockhampton region, there are a number of options. Modern homes in North Rockhampton, predominantly Parkhurst, Frenchville and Norman Gardens, will provide the option of purchasing an established four-bedroom, two-bathroom dwelling with double garage in a well-regarded locality.

Alternatively, in our sought-after localities south of the river, a Queenslander, typically in neat, updated condition, with or without views can be purchased in the areas of Allenstown, Wandal or the Range.

Each of these options are generally sought by owner-occupiers, typically second or subsequent home owners looking to upgrade before the local market starts to see an improvement in prices.

Investors on the other hand, have more options available to them for the use of their $500,000. Whilst they could seek a return on something like the above, returns would be considered quite low (in the order of four to five per cent). Perhaps purchasing two cheaper properties in our investor pockets in the older, established and centrally located suburbs would provide a greater return on investment. These property types include anything from an aged Queenslander, to ex Queensland Housing Commission stock to 1970s high set homes.

The Rockhampton unit market is generally fairly thinly traded, however $500,000 could see you purchase an established two or three bedroom riverfront unit depending on the aspect, size and level.

Sets of flats remain a constantly sought after option for investors. Currently $500,000 is likely to buy a set of up to five flats. With recent sales of flats showing gross returns ranging in the order of seven to 10 per cent, this is a high yielding option under current market conditions although growth potential can vary greatly depending on the age, condition and location of the property.

The short to medium term performance of Rockhampton and the region overall is generally considered to be a period of stabilisation. Capital growth is not expected to be huge but returns should remain fairly solid in the interim with vacancy rates showing a tightening trend, currently below three per cent in most sectors of the market.

Buyers at this price point should be reasonably comfortable investing in the current market, where prices seem to have been stabilising over recent months and there are a number of infrastructure projects in the pipeline for the region, including the Bruce Highway upgrade throughout the Parkhurst and Rockyview region (currently under construction), proposed Rookwood Weir, Capricorn Highway duplication and the Rockhampton Ring Road projects to name a few.

Perhaps purchasing two cheaper properties in our investor pockets in the older, established and centrally located suburbs would provide a greater return on investment.

Gladstone

Several options are available for those with a cool $500,000 to park in the Gladstone property market.

An option for investors who are willing to wait until market conditions improve is to pick up a handful of older style two-bedroom units or townhouses around the city fringe. There have been multiple transactions of this type of property in the past year, with values mostly sub-$100,000 and showing gross returns of approximately four to seven per cent. More modern three-bedroom, two-bathroom townhouses are fetching between $150,000 and $200,000.

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

For owner-occupiers, locations such as Boyne Island and Tannum Sands have the added lifestyle appeal due to their close proximity to the beach and the Boyne River. In these suburbs, $500,000 is generally able to purchase a large, well-established dwelling on a moderately sized block which may even benefit from river or sea views. Although dwellings at this price point are typically older and perhaps slightly more dated than dwellings at this price point elsewhere, the added benefit of being within close proximity to the beach and the Boyne River compensates for this.

There are also properties located within various established suburbs of Gladstone itself or even some of the outer rural residential areas which are certainly able to command this sort of money. Dwellings in these areas are typically generous in size (above 180 square metres of living), well-appointed and often include a shed or pool and sit on large allotments.

Bundaberg

The options for a lazy half million are endless in this very affordable part of the country where the turtles come home to nest. If it's rural residential that floats your boat (unlike the recent sinking of the HMAS Tobruk LSH 50) then a mid-1990s home in the Tantitha estate consisting of five bedrooms, two bathrooms, with a pool and a four-car detached garage would fit the bill. There is also a two-bedroom granny flat at the rear of the 5,100 square metre allotment.

If it's an investment property that you would like to drink to (with a Bundaberg Rum obviously) then you could buy two renovated circa 1950s timber weatherboard homes of three bedrooms and one bathroom in some of the older suburbs such as Bundaberg South or Walkervale.

If it's a slightly more modern home that you are after, you could purchase two 1980s original brick homes with three bedrooms and one bathroom.

You could also purchase two units circa 2005, both being two bedroom and one bathroom with a built in garage for the lazy half a million.

Passing the Bundaberg Brewed Drinks factory, home of the world famous Bundaberg Ginger Beer, you can drive the 13 kilometres to Bargara and purchase a brand new contemporary style four-bedroom, two-bathroom home with a two-car built in garage.

Also on the coast, you could fly down to Elliot Heads, like an aviation pioneer, our very own Bert Hinkler, and purchase a mid-2000s esplanade front home of four bedrooms, two bathrooms and two-car built in garage and a pool with excellent ocean views for $470,000.

All in all, the Bundaberg region is a very affordable option to purchase for investment or to live in.

Mackay

This month, we take a look at what a "lazy half million" might get you in Mackay and reflect on where we have come from 12 months ago.

Last year and the few years before that we wrote :

"For $500,000, you are looking at a large executive style rendered dwelling around ten years old or newer with shed and pool in the northern beaches, still with some change to be had for the back pocket. In the better quality estates in the north, you can now get good quality brand new dwellings from most of the builders in Mackay for under the $500,000 mark. In the traditional older suburbs south of Mackay, there have been very few sales of older style Queenslanders over the $500,000 mark. You can get a fully renovated large Queenslander for this price. It feels a bit like Ground Hog Day writing this article. The residential market in terms of value has not seen any material increases over the past 12 months. The biggest difference with spending the lazy half million in the current market is that you have to act twice as quickly on a lower level of available stock to secure a property before it sells from under you! The past 12 months has seen increased buyer activity with greater demand and shortening time on market."

Well, I know how Bill Murray feels, but it's still Ground Hog Day in the Mackay area. The residential market continues to bubble along, with good momentum on the back of increased employment opportunities in the resource sector, large infrastructure projects and general optimism in the Mackay economy. One blip was the recent federal election, where local agents reported a slowdown in the market for the month leading in, waiting to see which party was elected and possible taxation issues on property that would arise. Now that the dust has settled, agents report increased interest again. Yesterday, we also heard that the Adani Carmichael mine cleared another hurdle which will add further confidence to the resource sector and associated service industries in Mackay.

Last year we wrote:

"For investors, anecdotal evidence from agents indicates that rental vacancies are starting to

> *Well, I know how Bill Murray feels, but it's still Ground Hog Day in the Mackay area.*

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

tighten and in some cases rental values have increased slightly. For an investor with half a million, there have been recent sales of duplex and small flat buildings. There have been buildings containing four or five flats selling under $500,000 with gross yields between eight and nine per cent. Older style duplex properties have been selling between $250,000 and $300,000 on gross yields around the seven per cent mark. This still holds true in Mackay, with one small exception. Over the past 18 months, rental vacancy rates have tightened significantly and currently sit around the three per cent mark with rental values starting to increase."

Well, it's been a big 12 months in the rental market. Vacancies have tightened even further, to fall below two per cent with rental values increasing significantly over this period, between $30 and $60 per week. A recent report by ANZ and Corelogic listed Mackay as a regional city that is actually cheaper to buy than to rent!

We also stated:

"It is considered to be an ideal time to invest in Mackay. Values are currently at levels not seen in almost 13 years. Optimism is returning to the mining industry on the back of increased prices for coking coal and flow on effects to the resource sector including increased employment opportunities, not only in mining, but in large infrastructure projects currently underway including the $500 million Mackay Ring Road project and the new sports precinct project."

This statement is considered to remain relevant. With the potential for capital growth, it is still considered a great time to invest in Mackay, with good yields currently available on dwellings and units. A flow on effect is that we are already witnessing tenants who are missing properties or not willing to pay the higher rents starting to enter the market as owner-occupiers. This should see the momentum over the past two years continue into the short-term future.

Hervey Bay

A lazy $500,000 can buy a diverse range of property on the Fraser Coast, depending on individual preferences, purpose and strategies. Sale prices of vacant land along the Hervey Bay Esplanade have improved over the past few years with sites now selling for just over $500,000 for 1,000 square metres offering restricted ocean views and an easterly aspect. Older renovated homes located within a few streets of the Esplanade have started to show increased demand, with some selling for just over $500,000, however there is still adequate supply below this price point.

Duplexes continue to provide a steady rental return at six to seven per cent gross for the investor. A popular choice for older residents is the generic circa 1990s onground, two-bedroom, one-bathroom unit which typically sell for around $220,000, so a lazy $500,000 could scoop up two of these quite comfortably. More modern townhouse type units built circa 2007 providing three-bedroom, two-bathroom accommodation can be purchased for between $260,000 and $320,000. Rental vacancy rates have been consistently low for a while now, which has put some pressure on rents with a slight increase for most property types. Demand continues to be steady for rental stock which looks set to continue in the short to medium term.

The property market in Maryborough remains very affordable compared to Hervey Bay. Gross rental yields in Maryborough have been typically ranging between seven and ten per cent, with blocks of flats selling for well under $500,000. It would also be possible to buy two renovated Queenslanders in this location and still have change left over. Capital growth is considered to be a lot slower in this location however for an investor looking for a steady return this area is definitely worth a look.

Emerald

The market continues to slightly firm in Emerald, particularly for higher quality properties above $500,000. You can still purchase two good quality strata titled units for $500,000 but the housing standard for this price has lifted. The bottom bar has now lifted for modern, large, good quality homes in good locations on lot sizes from 700 to 1,100 square metres where $500,000 would now be between the bottom end and middle of the range depending on what ancillary improvements are in place. Rental on these properties starts at $400 per week and as high as $550 per week. With anything on acreage selling below this price point, it would have to provide below average standard of accommodation.

Whitsunday

When looking at purchasing in the Whitsundays, $500,000.00 opens up a number of options for investors and owner-occupiers.

An owner-occupier or investor could purchase a modern four-bedroom dwelling with a pool or a shed in the suburbs of Cannonvale or Jubilee Pocket and would look at a rental return from $480 up to $550 per week.

A lazy $500,000 can buy a diverse range of property on the Fraser Coast, depending on individual preferences, purpose and strategies.

You are also able to secure yourself a rural residential lifestyle property located just on the outskirts. These are mainly slightly older dwellings located on one to two hectare lots and usually have a shed or a pool.

Within Airlie Beach, you can purchase a three-bedroom unit with views. Any investor in this market is usually looking to holiday let for the higher return. You might be able to secure yourself an older dwelling but it would need work for this price in Airlie Beach.

On Hamilton Island, you are looking at a unit within the Whitsunday Apartment complex. These are one bedroom with views over Catseye Bay. These units can be owner-occupied or holiday rentals.

The Whitsunday market is holding firm at this stage with most real estate agents advising low tenancy vacancy rates.

There have been no massive gains over the past 12 months and it appears to be holding steady.

South Australia

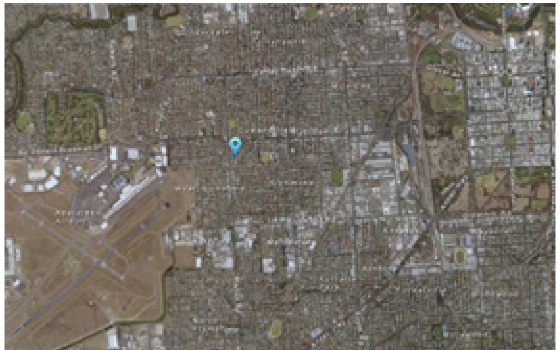
Adelaide

Since the post GFC slump, the Adelaide metropolitan housing market has been on a meteoric rise. Throughout 2011 and 2012, a lazy half million was a king's ransom with the median house price hovering in the high $300,000s. In 2019, the ability to purchase the average metropolitan home, cover your stamp duty and still be left with some change has since past.

The options to purchase a traditional dwelling at this price point in the inner ring have become scarce, particularly the inner north, east and south. Most commonly available are courtyard homes of varying age, quality and condition in locations with negating environmental factors. Examples include 183A Portrush Road, Maylands ($500,500), a circa 2008 community titled three-bedroom, two-bathroom dwelling and 10 Nairne Terrace, Forestville ($490,000), a partially updated character cottage disposed as three bedrooms and one bathroom. Both properties are poorly located with Portrush Road being a major transport route and Nairne Terrace located opposite a railway line.

10 Nairne Terrace Forestville Source: realestate.com.au

The inner west provides the best variety in housing stock at $500,000. The price differential between the inner west and remaining inner ring can be attributed to Adelaide Airport located 6 kilometres west of the CBD. The suburbs of Mile End, Hilton, Thebarton, Cowandilla and Torrensville are all situated between the CBD and airport and are characterised by early 1900s dwellings on a mixture of allotment sizes. Purchasers in this area will have to compromise with intermittent aircraft noise from 6am till 11pm... but for those with a little bit of Darryl Kerrigan in them, this shouldn't be a problem. Located only 3.5 kilometres from the CBD but one kilometre from the Adelaide airport runway is 27 Spencer Street, Cowandilla which transacted in April for $511,500. This property provides an original circa 1920s bungalow disposed as four bedrooms and one bathroom on a 725 square metre allotment. Comparatively, the remainder of the inner ring price points for similar properties 3.5 kilometres from the CBD start in the early $900,000s.



27 Spencer Street Cowandilla Source: property location browser

27 Spencer Street Cowandilla Source: realestate.com.au

In the middle ring, we are starting to see a tale of two property types at this price point with new builds and properties with development potential being most commonly available. The southern suburbs of Mitchell Park, Sturt and Seacombe Gardens are located some ten kilometres south-west of the CBD and have been popular with investors, developers and first home buyers over the past 12 months. These suburbs are serviced by a number of large community hubs and have easy access to the CBD via the recently upgraded South Road and the Seaford train line. Examples of the differing property types available include 9A Greenock Drive, Sturt ($480,000), a circa 2018, two-bedroom, two-bathroom dwelling on a 265 square metre allotment and 49 Limbert Avenue, Seacombe Gardens ($520,000), a circa 1950s weatherboard dwelling on an 800 square metre allotment.

Depending on which direction you go from the CBD, $500,000 can be considered the market ceiling or just a starting point in the outer ring. The northern suburbs hits a price ceiling in the mid to high $400,000s, making the properties available at $500,000 the cream of the crop. Properties at this price point are typically found in new subdivisions, particularly surrounding Blakeview and Angle Vale. The sales of 2 The Avenue, Blakeview ($540,000) and 41 Fantasia Drive, Angle Vale ($500,000) represent the market at this price point. These properties each provide similar accommodation with 2 The Avenue, Blakeview being situated on a 595 square metre allotment in a traditionally metropolitan suburb and 41 Fantasia Drive, Angle Vale being situated on a 1,875 square metre allotment in a rural residential location.

41 Fantasia Drive Angle Vale Source: realestate.com.au

The outer ring north-east of the CBD was predominantly developed throughout the 1990s to early 2000s. The suburbs of Greenwith, Golden Grove and Wynn Vale characterise this region. Properties available at the half million price point are predominantly disposed as four bedrooms and two bathrooms with updated interiors and above average site improvements. Representing this price point are the sales of 11 Newark Court, Greenwith ($511,000) and 13 Kable Court, Golden Grove ($490,000). Providing four bedrooms and five bedrooms respectively, both have been partially updated with 11 Newark Court featuring a below ground swimming pool.

The deep south provides opportunities to purchase in proximity to the beach at a fraction of the prices.

13 Kable Court Golden Grove Source: realestate.com.au

The deep south provides opportunities to purchase in proximity to the beach at a fraction of the prices paid due west of the CBD. The compromise is the location, with the likes of Moana, Aldinga, Seaford and Port Noarlunga being upwards of 30 kilometres from the CBD. Located on the Seaford Esplanade and achieving a price of $510,000 was the sale of 259A The Esplanade, Seaford. This property provided a circa 1990s courtyard home in average condition disposed as three bedrooms and two bathrooms. This is a tale of worst house in the best street with prices on the Esplanade typically starting in the high $600,000s. More substantial dwellings such as 21 Basin Street, Aldinga Beach ($515,000) can be purchased a drop punt back from the Esplanade. This sale comprised a circa 2005 brick veneer dwelling disposed as four bedrooms and two bathrooms on a 740 square metre allotment.

259A Esplanade Seaford Source: realestate.com.au

For those looking to park their money, the inner and middle rings appear to be best positioned to achieve any capital gains over the next 12 months. Within the inner and middle rings, the $500,000 price point is providing gross rental returns of around five per cent. Purchasers at this level should feel confident with both the rental and sales market remaining stable over the next 12 months. The outer ring continues to provide gross rental returns above seven per cent however at a lower purchase price point. Particularly in the north, the lower achievable rentals are deterring investors from entering the market at the $500,000 price point.

There are a score of properties available at the $500,000 price point in suburban Adelaide. Depending on which direction you choose from the CBD, a different property type will be available. Compromises may have to be made but there is something out there for everyone.

Mount Gambier

In the south-east of South Australia, $500,000 will enable you to purchase a wide variety of property. Few dwellings sell for more than $500,000 each year and demand for property tends to reduce significantly within this price range given the median house price is around $265,000.

Houses that have sold for around $500,000 within the past year include the following Mount Gambier properties. This shows that you can buy a good quality dwelling for this price.

15 Redwood Avenue, Mount Gambier SA 5290 - $518,000

15 Redwood Avenue, Mount Gambier Source: realestate.com.au

A circa 2008 three-bedroom, two-bathroom, detached dwelling on 950 square metres located in a good modern residential division surrounded by quality homes.

17 Jardine Street, Mount Gambier SA 5290 - $500,000

A circa 1902 four-bedroom, two-bathroom, renovated character dwelling on 1,050 square metres, centrally located and surrounded by quality homes.

17 Jardine Street, Mount Gambier Source: realestate.com.au

Below is a typical rural living property situated on the outskirts of Mount Gambier.

47 Eldridge Drive, Worrolong SA 5291 - $505,000

47 Eldridge Drive, Worrolong Source: realestate.com.au

A circa 2011 four bedroom, two bathroom dwelling on 3,201 square metres located on the edge of Mount Gambier with good quality properties surrounding, situated on country living allotments.

The best performing properties around the $500,000 range are generally large modern dwellings situated in modern residential divisions, properties located on the outskirts of town on rural living size allotments and renovated character dwellings that are centrally located, such as the sales above. These properties could achieve a rental return of between four and 4.5 per cent, however most of these properties are owner-occupied.

$265 THOUSAND

Mount Gambier
median sale price
May 2019

Within Mount Gambier we do not generally see any units or attached housing selling for $500,000 or above.

The median sale price for Mount Gambier for May 2019 is $265,000, therefore all of the above properties are considered to be at the top end of the market.

The market has remained relatively stable over the past 12 months with similar market conditions to last year. For $500,000 you can purchase a similar property this year to what you could last year.

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Western Australia

Perth

The 2019 lazy half million edition of our Month in Review could not have come at a better time, but before we get stuck into what you can purchase for $500,000 we need to touch on a few recent events. There have been a number of small wins for the Western Australian property market over the past month including the federal election result, a shift in the cash rate and proposed changes to APRA's regulation over lenders.

The recent federal election saw a win for the Liberal National Party which was a great result for Western Australia, as Labor had proposed changes to capital gains tax and negative gearing. These changes would have limited negative gearing to new housing only from 1 January 2020, as well as halving the capital gains tax discount to 25 per cent. Our general thoughts are that this policy would have only dampened investor confidence and potentially made it harder for first home buyers to enter the market, so we are happy with the election result in this regard.

APRA recently proposed changes to its regulation guidelines surrounding the way in which lenders assess a customer's loan eligibility. Lenders are currently meant to be checking that their customers are able to pay off a potential loan at a minimum interest rate of seven per cent, or two per cent above the application rate, whichever is higher. This is to ensure that the customer would still be able to service the loan should interest rates rise.

APRA's proposed changes would instead get rid of the seven per cent and see the minimum rate be applied at 2.5 per cent above the application rate. So, for a 3.75 per cent application rate, the lender would check serviceability at 6.25 per cent. As there are many market rates lower than five per cent, this would allow for more flexibility from the lender and increased borrowing capacity for customers. Analysts are suggesting an increased borrowing capacity of nine per cent for the average customer, so if you were able to afford a loan of $600,000 originally, you could potentially borrow an extra $50,000, which goes a long way in the search for your ideal home.

The 2019 lazy half million edition of our Month in Review could not have come at a better time.

To top this off, on 4 June 2019, the Reserve Bank of Australia's board members decided to lower the cash rate by 25 basis points to 1.25 per cent in the hope that the four major banks would pass this cut on to their customers. Together these factors should heighten affordability in Perth, adding more confidence to the market and hopefully bringing a slight boost in demand.

The latest Adelaide Bank and Real Estate Institute of Australia's Housing Affordability Report has revealed that Perth is one of the most affordable cities compared to other capital cities in Australia. The Real Estate Institute of WA (REIWA) say that the report "found that the proportion of income required to meet loan repayments in WA improved to 22.6 per cent in the March 2019 quarter, a decrease from 23.1 per cent compared to the December 2018 quarter and the average loan size reduced 4.1 per cent to $336,186." To compare, in New South Wales the proportion of income required to meet loan repayments is 35.4 per cent with an average loan amount of $453,101, so affordability continues to look extremely attractive through Western Australia.

Now with that out of the way we can jump into our lazy-half million! Perth's median house price was $487,000 for the March 2019 quarter, so $500,000 can most definitely go a long way if you are thorough in your search for a property. This $500,000 can vary in value depending on which areas you are looking in and what product you are looking for. Are you an investor looking for long term capital growth and a decent rental income? Are you a young family looking for a new home with good amenities close to schools and shops? Are you a developer solely looking for profit in a secure location? Have the kids flown the coop and you're looking to downsize? Value is relative and we will present a few options around the $500,000 price point in different areas around greater Perth.

Greenmount is a suburb located 18 kilometres north-east of the CBD. The median house price settled at $477,750 for the March 2019 quarter, increasing 2.7 per cent over the year and 4.1 per cent since the December 2018 quarter. Pictured

HERRON TODD WHITE RESIDENTIAL


Figure 1 - Barussela Avenue, Greenmount Source: CoreLogic


Figure 2 - Kitchen - Barussela Avenue, Greenmount Source: CoreLogic

above, this property sold for $530,000 in February 2019 and has four bedrooms, two bathrooms and a double garage. It was built circa 2007 on 834 square metres of land.

Presenting as a fantastic renovation project, this 2,430 square metre block sold for $510,000 in January 2019. The circa 1925 dwelling comprises three bedrooms and one bathroom. Currently zoned R20, it could also be a great development opportunity with potential for a multi lot subdivision.

South Yunderup is a township located near Mandurah, 70 kilometres south of Perth. It is a fairly diverse suburb as there are older, circa 1980 plus houses located along the Murray River canals, but


Figure 3 - Great Eastern Highway, Greenmount Source: CoreLogic


Figure 4 - Interior - Great Eastern Highway, Greenmount Source: CoreLogic

it also has been subject to land development since 2010 at the Austin Lakes Estate. South Yunderup's median increased 12.9 per cent year-on-year, and four per cent during the March 2019 quarter.

This property (Figures 5 and 6) is situated on the Murray River Canal and comprises three bedrooms, one bathroom and a double garage. It was built circa 1988 on 612 square metres of land but has been refurbished since. It sold for $490,000 in March 2019 and won't suit everyone due to its location, however it may fit well with empty nesters who love to entertain.

Munster is located 20 kilometres from the CBD and is surrounded by Beeliar, Yangebup, Spearwood,


Figure 5 - Alfresco - Allambi Way, South Yunderup Source: CoreLogic


Figure 6 - Allambi Way, South Yunderup Source: CoreLogic

Coogee and the industrial suburb of Henderson. The median in Munster is $525,000, increasing five per cent year-on-year and 1.9 per cent since the December 2018 quarter.

This property (Figures 7 and 8) was built circa 1988 on 805 square metres of land. It comprises four bedrooms, two bathrooms and a double garage and has been renovated internally. It sold for $515,000 after 72 days on the market which is just under the March 2019 quarter Perth metro average of 79 days.

Small character dwellings can be purchased in Rivervale for around $500,000 (Figures 9 and 10), like this partially renovated two-bedroom, one-

Figure 7 - Barrington Street, Munster Source: CoreLogic

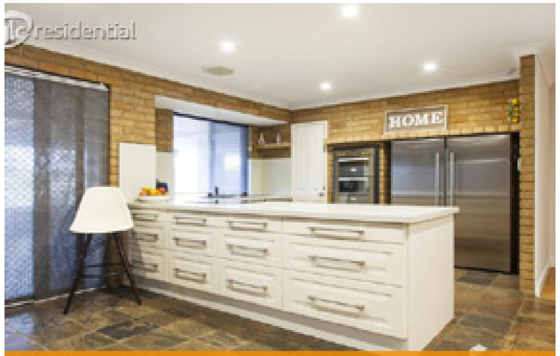

Figure 8 - Kitchen - Barrington Street, Munster Source: CoreLogic


Figure 9 - Surrey Road, Rivervale Source: CoreLogic


Figure 10 - Kitchen - Surrey Road, Rivervale Source: CoreLogic

Figure 11 - Archibald Road, Balcatta Source: CoreLogic

Figure 12 - Aerial View - 361 Main Street Balcatta Source: Google Maps

bathroom construction on a 683 square metre allotment. It was originally built circa 1937 and sold for $539,000 in March 2019 after just 11 days on the market. Rivervale's median increased 1.5 per cent to $510,000 in the last year and increased 4.1 per cent over the March 2019 quarter.

The two Balcatta properties (Figures 11 and 12) represent development blocks that sold for $505,000 and $500,000 respectively. Situated nine kilometres north-west of the CBD, Balcatta has seen a multitude of blocks developed into three or four lot subdivisions and unit developments, yet the majority of housing in Balcatta are still single residential dwellings on 700 to 900 square metre allotments. The median in Balcatta settled at $500,000 for the March 2019 quarter and has increased 2.2 per cent year-on-year.

Glen Forrest is a rural-residential suburb in the city of Mundaring, located 30 kilometres east of Perth. Glen Forrest has also seen significant growth over the past year, increasing its median house price 15 per cent to $560,000.

This Glen Forrest property (Figures 13 and 14) sold for $490,000 in February 2019. The circa 1975 dwelling comprises three bedrooms and two bathrooms on 1.21 hectares of land. Other well-performing lifestyle living suburbs include Mundaring and Lesmurdie, boasting 2018-2019 growth rates of six per cent and 3.6 per cent respectively.

On the opposite side of the city, Fremantle's unit market performed well over 2018-2019. The unit median is currently $539,000, increasing 1.7 per cent over the March 2019 quarter and 11.1 per cent year-on-year. The general attractive nature of this famous cultural area tends to lure constant demand regardless of the flurry of modern apartment and unit developments in the surrounds.

This unit (Figure 15 and 16) sold for $495,000 in November 2018 after seven days on the market. It comprises one-bedroom, one-bathroom and

RESIDENTIAL

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Figure 13 - Bailey Road, Glen Forrest Source: CoreLogic

Figure 14 - Living Area - Bailey Road, Glen Forrest Source: CoreLogic

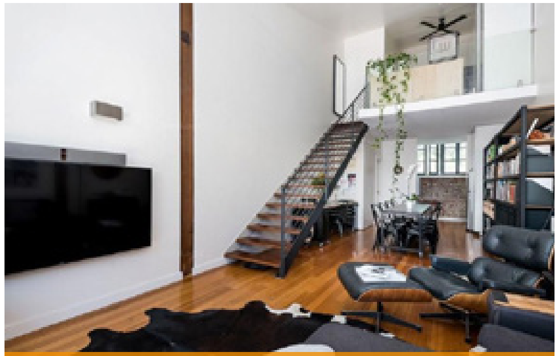


Figure 15 - Russell Street, Fremantle Source: CoreLogic

Figure 16 - Dining Area - Russell Street, Fremantle Source: CoreLogic

Figure 17 - Nautilus Crescent, Scarborough Source: CoreLogic

Figure 18 - Living Area - Nautilus Crescent, Scarborough Source: CoreLogic

single parking space, with a floor area of 75 square metres.

Scarborough, another coastal suburb, is situated 10 kilometres north-west of the Perth CBD. Its unit median increased 5.2 per cent over the past year and two per cent in the March 2019 quarter. Scarborough has recently undergone a $100 million redevelopment to reinvigorate the suburb. There have been a few apartment complexes and unit developments recently completed in the area.

This new unit (Figures 17 and 18) was completed in late 2018 and sold for $515,000 in February 2019. It comprises two bedrooms, two bathrooms and two car spaces with a floor area of 140 square metres.

The suburb of Innaloo has a fair few unit developments popping up (Figure 19). Two of these brand new 190 square metre, three-bedroom, two-bathroom units sold for $510,000 and $520,000 in April 2019.

East Victoria Park is a suburb situated six kilometres south-east of Perth along Albany Highway. The unit median increased 0.6% over the past quarter and 6.1 per cent year-on-year. With a median rent of $330 per week and a median unit price of $402,500, East Victoria Park is currently achieving yields of 8.2 per cent. This seems to tick both boxes for any investor as capital growth and rental yields look extremely healthy.

This unit (Figures 20 and 21) sold for $485,000 in April 2019. The circa 1993 dwelling comprises three bedrooms, two bathrooms and a double carport, with 258 square metres of floor area.

We could keep on going with these examples for a long time as there have been a fair few sales in this range over 2019 so far. But this should be enough to show that there are enough opportunities for all types of buyers in this price bracket throughout the Perth metro area, regardless of what type of property you are looking for. Whilst debate rages as to whether the Perth market is at or close to the bottom of the market cycle, the opportunities remain plentiful and affordability is a key factor differentiating the city from other capitals.

Figure 19 - Aerial View - King George Street, Innaloo Source: CoreLogic

Figure 20 - Carnarvon Street, East Victoria Park Source: CoreLogic

Figure 21 - Living Room - Carnarvon Street, East Victoria Park Source: CoreLogic

South West WA

Last year discussing this same topic, we talked about two localities that are often brought up with regard to potential capital growth, these being the coastal strip in Busselton and Dunsborough.

While these areas didn't perhaps do as well as expected over the past 12 months, they are still considered to have outperformed most other areas in the region. These localities remain on the radar if you were spending a lazy $500,000, but we thought we might look at some other areas that also have potential.

Values in and around Bunbury have taken a hit over the past few years so when the market recovers (which it will at some stage) these are some of the areas that we consider would perform better on the rebound.

Bunbury

Residential properties in close proximity to the CBD in Bunbury itself are worth considering. With the increasing number of quality restaurants in the CBD, the completion of the Dolphin Centre, a proposed water park, the proposed boat harbour and rejuvenation of the CBD among many other projects, it is becoming increasingly more desirable to live close to the city centre. A lazy $500,000 will get you a semi modern home on a 400 to 500 square metre lot, a vacant lot with ocean views or a modern three-bedroom, two-bathroom townhouse, all within a short walking distance of the CBD.

South Bunbury

Still in close proximity to the CBD as well as being close to Back Beach, South Bunbury offers many alternatives for $500,000: older homes in close proximity to the beach (some with ocean glimpses), older homes on larger lots with development potential, modern homes on small blocks and semi modern or renovated character homes on medium sized blocks. This locality is ripe for gentrification and when the market turns, demand for properties in this locality are likely to outstrip most other localities in Bunbury.

East Bunbury

Similar to South Bunbury, this locality offers good value for older homes on development sites which will become much more attractive when the market turns.

Northern Territory

Darwin

Finding a property worth a lazy $500,000 is becoming increasingly easier in the greater Darwin area, as a result of continued weakening market trends for almost four years now.

Across almost all areas of the Territory residential market, both median prices and sales volumes have repeatedly shown softening market conditions, with strong evidence we have almost reached the bottom of the market. Whilst these figures are obviously quite undesirable for vendors and home owners looking to refinance, potential first home owners are in an excellent position to enter into the market. Investors can also take advantage of weak market conditions as well, with rental yields still remaining some of the best in the country.

House/units/house & land packages are all areas that offer good opportunity for purchasers under $500,000. The NT Government are offering some of the most generous incentives in the country to build brand new dwellings across all locations.

First home owners from 7 May 2019 are eligible for the following grants:

- $10,000 First Home owner,
- $2,000 for household goods grant,
- $20,000 build bonus (available on first 600 dwellings).

There is also a stamp duty exemption up to $650,000. So, for a first home owner building a dwelling for $500,000 the total grant is $37,650. A huge incentive by any reports, noting it is 7.5 per cent of the total value at half a million. The sub-divisions in demand are North Crest & Zuccoli at these price points. In Katherine the Casuarina Street sub-division is on offer and further south to Alice Springs new home owners are looking to Kilgariff.

$37,650

The total grant for a first home owner building a dwelling for $500,000.

Homing back into the Darwin CBD the opportunity to spend $500,000 provides fantastic opportunity for both investors & owner occupiers. The relatively weak unit market offers high grade two-bedroom units for under $500,000, slightly older yet spacious three-bedroom units and towards the inner locations of Fannie Bay & The Gardens a good quality two-bedroom townhouse is on offer for under $500,000. The median price is still showing numbers in the red down seven per cent for the quarter and representing a near 20 per cent annual change to $330,000. It was pre-2008 since we have seen median prices at this level in the inner suburbs.

Darwin's northern suburbs are the shining light within the market at present. Established dwellings are on offer for a good quality 1980s, three-bedroom, two-bathroom dwelling at prices under $500,000. This style of dwelling in Wulagi/Anula/Leanyer is ready for walk-in-walk-out. There are quality family homes well serviced by schools, public transport and shopping centres, for the renovators looking at or around $500,000. Nightcliff is a sought-after beach side suburb where $500,000 will allow a buyer to secure an older home with "good bones" on a large allotment. Median values are slightly up in the northern suburbs, with the North Coastal region up 3.6 per cent year-on-year to $580,000 and North up 9.1 per cent to $492,000.

So, with $500,000 in the back pocket, Darwin – and the NT more generally – offer excellent opportunity for both investors and owner occupiers. While the economy is experiencing a lull at present, that can turn around quickly with business confidence and a few projects.

The NT Government are offering some of the most generous incentives in the country to build brand new dwellings across all locations.

Australian Capital Territory

Canberra

$500,000 is enough to get a buyer into the ACT housing or unit market, but this amount is on the lower end of the value spectrum.

$500,000 would be considered a lower amount given that most reasonably located and well-built housing stock in the ACT is usually above the $700,000 mark. $500,000 will still be enough to purchase a house in the outer suburban areas, such as the west side of Belconnen, the Tuggeranong District and some parts of Gungahlin. Finding housing stock for under $500,000 in the inner suburban areas such as Inner Belconnen, Woden Valley and Western Creek has become very difficult and properties in these areas sold under this amount are usually in need of heavy renovation work, in undesirable locations, have unusually small block sizes or have other environmental issues (main roads, noise). Housing stock under $500,000 in the central locations such as Inner North and Inner South is nearly non-existent given very high land values.

Buyers at the $500,000 mark are often first home buyers or investors given the low price point and solid yields. The lower price point properties are arguably the best performing properties in the market at the moment, as most houses on the market for sub $550,000 are being snapped up very quickly.

$500,000 is enough to purchase a range of different unit types in almost any suburb in Canberra. $500,000 will often be enough to purchase a new one or two-bedroom apartment in one of Canberra's best suburbs such as the City, Turner, Braddon, Griffith, Forrest or Kingston. Canberra's inner-city suburbs feature a number of established unit complexes built pre 1990s, which usually include one and two-bedroom units that commonly sell for between $200,000 and $400,000 depending on quality, location and size.

Given that Canberra's unit market has been sluggish recently due to high quantities of new stock being introduced to the market, the suggested best performing property would be housing stock.

The best investment would depend on your investment goals, but $500,000 would be well invested in an established area with large land parcels such as West Belconnen or Tuggeranong.

The best investment would depend on your investment goals, but $500,000 would be well invested in an established area with large land parcels such as West Belconnen or Tuggeranong.

Tasmania

Hobart/Launceston

There is very limited stock sub $500,000 in the inner Hobart region.

The property boom has lifted most houses out of this price segment, however there have been recent examples of units selling under this price threshold.

For example, a modern one-bedroom strata just sold for $410,000 at 209 Sandy Bay Road and a three-bedroom upper level strata just sold for $440,000 at 217 Liverpool Street.

With inner Hobart's median pricing just having passed the $490,000 price threshold (that's above both Adelaide and Perth!) the search for affordable housing takes you to the middle ring and outer ring suburbs. For example, in Berriedale you can still purchase a neat three-bedroom, one-bathroom house for just above the $300,000 mark while in Howrah, a sought-after suburb on the eastern shore a 1970s style brick three-bedroom, one-bathroom high set dwelling with double garage under at 1 Lara Street just sold for $462,000.

The housing shortage, as we have discussed previously, has left Hobart with a virtual nil vacancy rate with rents now accounting for a greater percentage of the average wage than in Sydney! Using the Howrah property as an example, we would expect a gross return of around 4.5 per cent if that were to be placed in the rental pool. Gross

209 Sandy Bay Road, Hobart Source: realestateview.com.au

yields above 6.5 per cent are being achieved in some of the lower socio-economic suburbs such as Bridgewater and Gagebrook.

We have seen post the federal election a return to the market of mainland investors.

In the north of the state, Launceston still offers affordable buying with a median house price of $475,000 within the inner-city region. An example is 55 Upton Street which just sold for $662,000 being a three-bedroom two-bathroom weatherboard home with off street parking just a stone's throw from the CBD.

In essence, under $350,000 will buy you a renovated three-bedroom, one or two-bathroom brick home in an established, solid residential suburb such as Summerhill. For example, 73

73 Stanley Street, Summerhill Source: realestate.com.au

Stanley Street just sold for $310,000 being a low set modern three-bedroom, one-bathroom dwelling with detached garage. Investors would expect a gross yield of between five and six per cent for such a location. Those who took this advice last year would have enjoyed a capital return upwards of ten per cent to boot!

Those who took this advice last year would have enjoyed a capital return upwards of ten per cent to boot!

HERRON TODD WHITE RURAL

Rural

July 2019

Overview

This month, the rural team have taken a look and what constitutes entry-level property in their service areas. What's available for those at these beginning price-points and how is this segment of the market is set to perform?

Tim Lane

NSW North Coast

The NSW North Coast has very strong underlying rural lifestyle values for many rural properties, particularly those closer to the beaches and towns. There are many smaller scale farms operated on a weekend basis as the owners are employed off farm or the farm is totally managed or operated by share farmers or lessees. Many of these farms are not viable operations on a stand alone basis.

Entry level for macadamia nut farms is possible below $1 million for build up style blocks without a house and sheds. The market below $1.5 million is tight if there is a reasonable house, sheds, some plant and equipment and a mature macadamia orchard of a minimum of ten hectares. At present, ten hectares of mature macadamia orchard, whilst quite profitable at current commodity prices if operated well, is not considered a viable stand alone operation having regard to some potential variations in seasonal conditions and average commodity prices over a longer term historical period.

At present, the market for viable stand alone operations likely exceeds $2 million. There has been capital growth in recent years as the commodity price and the rural residential property market has firmed. Listings of macadamia farms for sale are limited, however the analysis of sales indicates $75,000 to $100,000 per mature orchard hectare excluding structural improvements, crop, plant and equipment and balance land, with the top end of the range expected to have very good presentation, row spacings, production and verifiable history of production.

There are various horticultural pursuits including blueberries, avocados, nurseries etc, however in very general terms, over $1.5 million would be required to be considered as viable allowing for seasonal fluctuations in prices and conditions.

For sugar cane farms, there are build up style blocks that sell for below $500,000, but they would not be viable operations on a stand alone basis. On current commodity prices, many sugar cane farms are not particularly profitable. Macadamia nut farmers have been active purchasers of sugar cane farms, but some farms that have sold for the purpose of continuing to grow sugar cane have been in the $1 million to $2 million price bracket in good cane growing areas. Values above $1.5 million would likely include a house, sheds and some plant and equipment, but a lift in commodity prices is required for these to be strictly considered stand alone viable operations at the moment. These farms, excluding structural improvements, crop, plant and equipment and balance land indicate in the range of $10,000 to $15,000 per sugar cane cultivated hectare. The most apparent avenue for capital gain is in the underlying rural residential value and from external industries demanding the land, such as the macadamia industry. The macadamia purchasers have paid over $20,000 per hectare for some cane land, so this is a logical point of capital gain.

Dairy farm sales are very few. Beef cattle grazing sales are common and there are many entry level build up style blocks that can start from relatively low value levels below $500,000. Viable stand alone beef grazing properties have not been common over the past 12 months. Investments in the $2 million and $3 million range would be expected to obtain some sort of viability.

Paul O'Keeffe

Central West and Western NSW

The drought continues relentlessly in the Central West and Western areas of New South Wales.

The majority of northern and western New South Wales has received limited rain year to date. Pockets in the western area including along the Darling River east of Wilcannia and up to Bourke and across to Enngonia were lucky enough to have received rain events around Easter and subsequent follow-up falls. Some of these property owners have had the best start to a season in some years. These are of course the minority.

There was limited winter crop planted in the Central West cropping areas. With the seasonal window closing quickly, we are facing the potential of another missed winter crop or at best below average yields.

Rural property listings across all regions have reduced in number and therefore transactions as well. With the limited offerings we are seeing the auction pass-in rate and days on market increase as the expectations of vendors exceeds the market demand offered by purchasers. Unfortunately, the poor seasonal factors and limited cash flow are weighing heavily on expansion plans from sound equity purchasers, even on the back of post-election stability and an interest rate cut. A military solution is required and General Rain is the answer.

Allister Rodgers

Central Tablelands

The Central Tablelands rural market appears to be progressing in a similar positive direction as it has over the past several months, although activity is low in the market and any general trend is difficult to gauge.

There remains a reasonable level of demand, with limited properties for sale and this balance may support value levels somewhat, however buyer optimism may slow and stabilise somewhat with the continued dryer than average seasonal conditions and the prospect of a difficult winter with below average feed available.

The main overriding fundamentals driving market activity in the broader rural market do remain in a reasonable position and this may maintain some market activity over the coming months.

Craig Johnstone

Southern and Western NSW

Over the past few months, we have been discussing where we feel we are in the terms of our property clock. Generally we have felt that we were at the top of the current cycle with the only proviso being that good rainfall could see the market continue on as it has over the past three years. This rainfall has eventuated over a number of areas and where we may have expected to see some softening and we are seeing a continuation of the activity levels across most areas of New South Wales. General sales volumes did peak approximately three years ago with reduced sales volumes each year since. This drop in sales volume has also helped maintain current value levels. There are still areas in New South Wales, particularly in the north-west around Walgett and also further west to the areas between Broken Hill and Tibooburra where there still remains critically drought affected areas. These areas are still experiencing demand but not to the same extent as in the areas of central New South Wales, Riverina where some relieving rainfall events have been encountered.

The major concern for new entrants is that the firming of most markets over the past two to three years created a spike in property values.

One recently settled sale is that of Taltatni which is located approximately 15 kilometres downstream of Albury on the northern side of the Murray River. This 312 hectare property was improved with a set of steel cattle yards and machinery shed and transacted at $5.5 million, or approximately $17,500 per hectare, which would be considered to be at the very upper end of current market expectations, however is reflective of its prime riverfront location, good soils and highway frontage.

A recent auction in western New South Wales was that of the property Riverside Station which is a 7,700 hectare property approximately 30 kilometres from Wilcannia. This property enjoys a 14 kilometre frontage to the Darling River and is improved with a five-bedroom homestead, workshop, basic quarters, shearing shed, sheep and cattle yards. The property also has a 1,800 hectare cultivation consent which allows for cultivation activities following a flood event. The country consists of a mix of open softer grey clay loams along the river running to red sandy loams. Initially marketed with expectations of between $1 million to $1.2 million, we believe this has transacted slightly above this level which would indicate an achieved per hectare rate of $169 approximately. These figures, if confirmed, will show the continued strong interest in western grazing country.

Scott Fuller

Mildura/Sunraysia

The theme for this month is the more affordable end of the rural markets.

Entry level property values often reflect the balance of risk and return. The bad news for new entrants or others intending to expand their operations in the horticultural sector in this region is that many of our key local horticultural industries have experienced sustained growth and high commodity prices on the back of many factors including a lower Australian dollar, improved access to some key export markets and reduced global supply. This has resulted in strong demand across virtually all irrigated operations and has made it more difficult for new entrants to afford these assets.

The major concern for new entrants is that the firming of most markets over the past two to three years created a spike in property values. Value levels appear to have now levelled, particularly in the almond, citrus and table grape market sectors.

Another sector which appears to have cooled somewhat is greenfield development sites. Whilst there appears to be a large cash pool from investment funds, the ongoing dry conditions in the Murray Darling catchment dams, uncertainty of allocations and indeed the current price levels of irrigation water entitlements has resulted in a degree of nervousness from investors. The concerns may be justified given the low (zero) allocations to NSW Murray and Murrumbidgee General Security water licences which had a flow on effect to levels paid in the temporary market which saw levels peak at around $600 per megalitre in the early part of 2019. The recent increase in the cost of leasing temporary water has made many growers and investors question the economics of turning water into dollars, particularly to greenfield operations. Demand for this type of property will always be cyclical, however there remains several opportunities to acquire and land bank this type of property, generating some return from dryland farming pending any future development.

Wine grape returns have improved, off a low base, but at current levels are little more than break even particularly for those using leased water allocations, however there is considered to be a reasonable chance of vineyard value appreciation in the medium term.

A strategy for a buyer with a lower risk profile would be to consider purchasing dryland cropping country in the Millewa district of north-west Victoria, where levels have pretty much stagnated in recent years due mainly to the below average rainfall. This is in contrast to the southern Mallee regions where value levels have almost doubled over the past four years in some cases. We note that solar companies have moved into the area over the past two to three years and many landholders have been approached to lease suitable land for their operations.

The alternative for new entrants is to lease land under a long term lease arrangement for this type of country, which can provide a kick start without the large initial capital outlay. For a passive investment in agricultural land, this could provide opportunity.

Shane Noonan

Echuca/Deniliquin/Bendigo

The bank managers Herron Todd White Deniliquin deal with on a day-to-day basis advise that most farmers in the area make about two to three per cent return on their capital, excluding capital gains. Therefore, in real terms, that means $20,000 to $30,000 return per $1 million of capital.

Therefore, a living area with a value in the vicinity of $5 million including water would typically provide an income of $100,000 to $150,000.

Anecdotally, most farmers without off-farm income in the area would have farms including water that would at least equate to $5 million in value.

Broadacre irrigation arrived in the Deniliquin area post the Second World War. The area saw large scale soldier settlement with the typical farm being 259 hectares (640 acres) with a water right that equated in today's terms to 250 mega litres per annum.

An entry-level, former soldier settler's block now costs in the vicinity of $1 million excluding water, hence based on banking advice would provide an annual income of about $20,000 to $30,000. To make a living on a farm of this size requires off-farm income.

Like most rural areas, aggregation is a big factor, with several larger scale operators owning in the vicinity of ten former soldier settlers blocks. Any viable farmer owns at least three farms plus water.

Interestingly, values in the area have doubled since about 2013, with income according to farmers, bank managers and accountants remaining largely unchanged, hence in 2013 a living area would have had a capital value of around $2.5 million.

John Henderson

North and North West Queensland

Starter opportunities are as rare as hen's teeth in north and north-west Queensland.

The opportunity to enter the agricultural sector is difficult on its own, let alone trying to enter the property side of the equation, if that is your goal.

Often, the comment is made that you have to inherit it to get it... is that true though? Is it a Furphy? There are plenty of examples of graziers and farmers getting around who started with nothing and ended up on the land. No matter if the property is inherited or not, as an agricultural business person, learning to be profitable is a core requirement.

At a time when it is near impossible to find country to lease or agist, the supply of starter blocks in the beef industry is a real issue in north and north-west Queensland. It certainly is difficult for a future grazier to get a business established in the beef sector.

Perhaps the perception of what is a beef cattle starter block is an issue? Perhaps the why is also an issue? Or is it that there are not enough blocks around each of the country towns?

Cows Source: HTW

So, what is expected of a starter block? How big? What price range? How many cattle should it carry?

This first layer of questions provides perspective as to the expectations of the potential entrant into the market. This allows the reality of checking if the expectations are real or a Furphy in their own right.

Take, for instance, the recent sale of Baronta Park near Prairie. In your eyes, is that a starter block? Baronta Park sold to an established local grazier. As a starter, if you can put down a deposit or find the collateral, then good on you. The property sold for $1.65 million with some cattle. Apparently, it has consistently run 400 breeders and there is an area of Stock Route to apply for to help the grazing area. A question of a few financiers reveals that a 20 to 50 per cent deposit would be required. So, depending on the financial structure, about $300,000 to $750,000 is required.

To put that into perspective, it would take a while to build up a share portfolio of that scale! Perhaps this market pricing segment reflects a second or third rung in the progression to becoming a land baron.

There is a thinly traded market segment from $330,000 to $750,000 dotted across the region. This price range would indicate the need for equity or a cash contribution of between $66,000 and $150,000 at a 20 per cent deposit (80 per cent loan-to-value ratio) or $110,000 to $225,000 at 30 per cent deposit (70 per cent loan-to-value ratio), plus your cattle and plant.

The scale of these blocks is small. They carry a few cows or horses, so the cash flow contribution from the enterprise will not be big. At least some of these blocks do have a cottage though.

For areas around Mount Isa, Julia Creek, Richmond and Hughenden, there are a limited

Often, the comment is made that you have to inherit it to get it... is that true though?

number of blocks in the system. This presents its own problems for aspiring land holders. Certainly, there are rural residential parcels available from time to time, however this rung in the investment journey to buying a Baronta Park equivalent is missing.

Subdivision of larger holdings close to these towns may be an option. In some market areas, there may be a demand factor that would provide a handsome profit to the existing land holder. This might be food for thought for those potential vendors around these towns.

Charters Towers certainly has a full spectrum of rural residential and starter blocks. The starter blocks there are getting few and far between as well at present. There has been some price movement to reflect this. Now an affordable starter block is even smaller and you may have to feed that bronco or steer too.

So where have there been sales?

- Prairie – Tower Paddock sold to a mustering contractor at public auction for $330,000 in April 2018. Okay, sure, it's not Nappa Merrie, but it is a start for the buyer to get into the property investment ladder.
- Torrens Creek – Hazelrig sold privately via private negotiation for early $600,00s and it has a house too.
- Tangorin – Of same namesake sold privately for a couple of hundred thousand dollars more. It's a bit larger, has a high percentage of Landsborough Creek channels within it, a house and shed too.

These sales are in locations that do not suit everyone, however in each case, they suited someone to make a start. Some of you may not even know where Tangorin is or how important the township was in the history of Hughenden and Muttaburra.

Alas, all is not lost though; there are other opportunities and good news stories. There is a small block (runs about 20 weaners) with a liveable shed for sale near Ingham for $220,000. Certainly, this block is an option for someone to build some equity and use it as a rung in the ladder towards buying that bigger property.

Even though the sugar price is not sitting sweet at the moment, the cane industry does offer more affordable options for an agricultural manoeuvre. There are few new entrants to the market in the Herbert and Burdekin areas, yet there are farms for sale at affordable prices. Is this an option?

While attending a cane farm valuation a few years ago, the farmer told the story of his why:

"I was paying off a $700,000 principal place of residence in Townsville with after-tax money. So, I sold that, bought a cane farm for $600,000. It has a house and shed. The cane covers the rates, insurance, production costs and I live in a pre-tax position."

This story has been heard a couple of times in the cane sector. Another story was told the other day: "I work on a mine site and wanted to do something on my days off so I bought a small cane farm. It's nearly paid off, so now I am wondering if I should grow my operations towards having a living area tonnage".

It's good to hear some good news stories. There are some people who are making a start in the cane and horticultural sectors.

Not all is doom and gloom for the beef sector, however not having that entry level rural block market segment between residential and larger scale operations is causing a problem.

There are success stories in the beef sector. They share similar characteristics to those in the cane and horticultural areas:

- The buyer is profitable in their existing business or personal investments (if an employee);
- They seek out other rungs in the ladder to grow their equity in order to acquire the larger operation. They have investments in either shares, residential or commercial property.

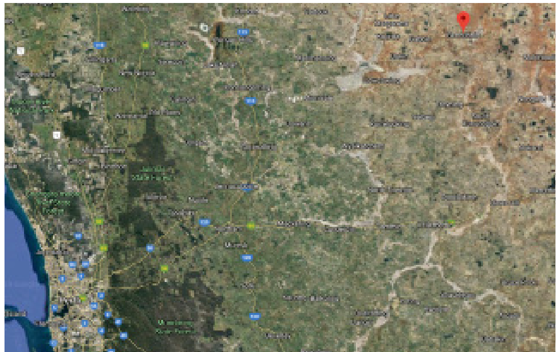
Until seasonal conditions improve, cattlemen will continue to find it difficult to get agistment or country to lease to build their herds, so perhaps a strategic approach using alternative investments is needed until that equity pool is large enough.

Roger Hill

Western Australia

Western Australia is still considered in some regions to provide good value in comparison to other Australian states and territories and also across the developed agricultural world. The state is very diverse from cattle stations in the northern pastoral regions to vineyards in the south- west and many other agricultural, horticultural, silvicultural and aquaculture land uses in between. We consider that the entry level in Western Australia would initially be at a hobby farm level in areas which are affordable for a scale which can develop some level of return and then build on from there. A number of areas surrounding the Perth metro area, south-west and great southern have been heavily influenced in the last couple of decades by rural lifestyle purchasers driving land values beyond limits to make a commercial return and what would be considered entry level rural. We therefore would look to the wheatbelt areas and the medium to low rainfall areas that have lower land values however also have lower yields and are more susceptible to drought conditions, so not without risk.

We did a quick search and for $460,000 you can buy 1,259 hectares or 949 arable hectares at Bencubbin in the eastern wheatbelt.



Bencubbin Source: Google Maps

For a purchaser looking to get into agriculture this is an affordable level and scale with residential improvements. The asking price equates to $485 per arable hectare which outside of pastoral regions would be considered one of the lowest price points in the country.

This scale would not be viable as a sole source of income however someone interested in agriculture could work in the industry in the surrounding areas and use this as a starting point to build a viable operation and also use as accommodation. Current livestock and machinery prices will make it difficult to stock and crop the property straight away and require additional investment, however the use of contractors for cropping or building a mob of sheep over time can limit the initial capital outlay required. Benchmark surveys indicate that the low rainfall region can produce up to 1.7 t/ha of wheat and carry 2.4 DSE/winter grazed hectare.

A number of good seasons have seen demand for cropping and grazing properties increase with values increasing accordingly across a number of wheatbelt regions. This area has been subject to drought conditions and therefore subject to higher risk of not providing a return and therefore capital gains will likely be lower. We do however note that the continuous development of agricultural technology and plant varieties is resulting in an potential increase in yields and returns and these developments could have a significant impact on the production potential of the lower rainfall areas which has the potential to flow on to capital gains.

Northern Territory

The sale of the 3,882 square kilometre breeding block Kalala, strategically located at the junction of the Stuart Highway and Carpentaria Highway near Daly Waters (276 kilometres south of Katherine) was finally consummated with a settlement late in March after being on and off the market since 2016. We understand that the deal was negotiated in December 2018 at around $58 million (WIWO) with an estimated 20,000 head of Brahman and Brahman cross females plus followers and plant and equipment. The assessed sale price (bare) appears to analyse out to mid to low $30 million. We understand that the property had been relatively well tested over the marketing period with inspections from a mix of potential foreign, interstate and local buyers (including some fairly high calibre players). The property finally sold to Rallen Australia Pty Limited, a company associated with the Langenhoven family of South Africa who reportedly have a permanent base in Sydney. The Langenhovens entered the beef industry in Australia only five months before with the purchase of two Roper River District cattle stations, Mt McMinn (810 square kilometres for $4.96 million) and Big River (708 square kilometres for $5.5 million). The sale indicates continued strong confidence in the northern live export sector.

We also note that during February / March the sale of a rare Darwin region floodplain cattle station was negotiated. The transaction remains under contract with settlement pending and therefore details remain confidential at this stage, however we understand that the potential new owner will be an existing Northern Territory pastoral leaseholder who will background their northern breed on the floodplains over the dry season for sale into a South East Asian feedlot later in the year near the wet. If the deal is consummated at settlement, it is likely to set a new $/AE record for floodplain country in the Territory.

At the time of writing the $130 million walk-in, walk-out deal to sell Auvergne, Newry and Argyle Downs in the Victoria River District and West Kimberley as part of the Consolidated Pastoral Company disbursal to Vietnamese agricultural and finance company (CAIT) was still under contract with settlement pending.

Pastoral Feed Outlook

Just prior to the impact of ex-Tropical Cyclone Trevor in late March which delivered more than 100 millimetres of rain to parts of the Gulf, Barkly and Plenty/Simpson Districts of the NT, the Department of Primary Industry and Resources (NT) Pastoral Feed Outlook was released for the March quarter.

KEY	Green = low risk	Orange = watch	Red = high risk
KEY	↑ = increasing trend	↓ = decreasing trend	↔ = steady

	Northern Territory Pastoral Districts											
Indicator	Darwin	Katherine	VRD	Sturt Plateau	Roper	Gulf	Barkly	Tennant Creek	Northern Alice Springs	Plenty	Southern Alice Springs	Comments
2018/2019 total pasture growth	↓	↔	↓	↓	↓	↓	↓	↓	↓	↓	↓	Arrows indicate trend compared to the long-term median (for this time of year)
Current estimated standing biomass	↑	↑	↑	↔	↑	↓	↓	↔	↓	↓	↓	Arrows indicate trend since previous quarter.
Current fire risk	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	Arrows indicate the trend since previous quarter.
Current seasonal outlook	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	Arrows indicate the trend since previous quarter and taking into account the forecasted model predictions.

Source: Northern Territory Government, Department of Primary Industry and Resources

The report revealed that the majority of the Northern Territory (apart from the Top End and patches in the Katherine District) looks set for a significantly reduced productivity over the 2019 dry season with well below average rainfall recorded for the 2018/2019 wet season. We note that ex-Tropical Cyclone Trevor delivered drought-breaking rain to parts of the Gulf District, south-east parts of the Barkly Tablelands, parts of the Plenty and Southern Alice Springs districts, effectively bringing their annual rainfall up from below average to around average and for the Plenty district, to above average (refer rainfall decile map).

A summary of the forecast feed conditions from the Pastoral Feed Outlook report is:

"Feed conditions have dramatically deteriorated in several districts in the past four months. The predicted late onset to the northern wet season materialised and total rainfall is some of the lowest on record for some districts. As at 1 March 2019 a large part of the NT from about Larrimah down to Alice Springs has experienced below-average pasture growth for the 2018/19 season. The majority of this area is experiencing extremely low growth (lowest 10% of years on record). As a result, large areas of the Barkly and Alice Springs districts in particular, are currently showing low to extremely low levels of standing dry matter"

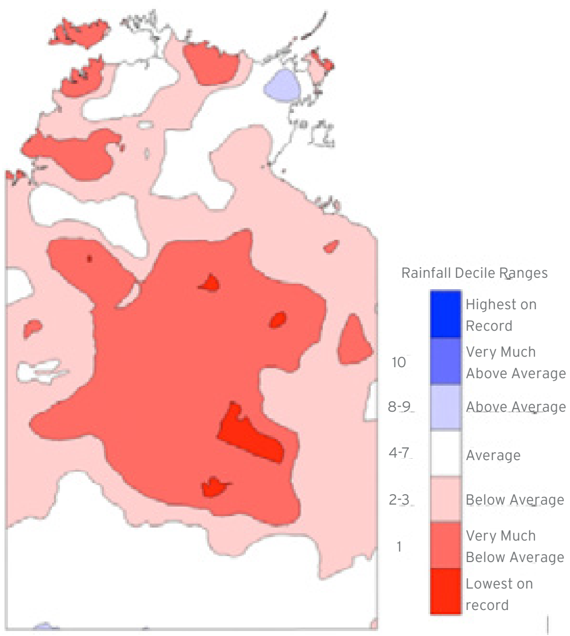
The table above from the Pastoral Feed Outlook summarises the situation Territory wide.

Darwin Floodplains

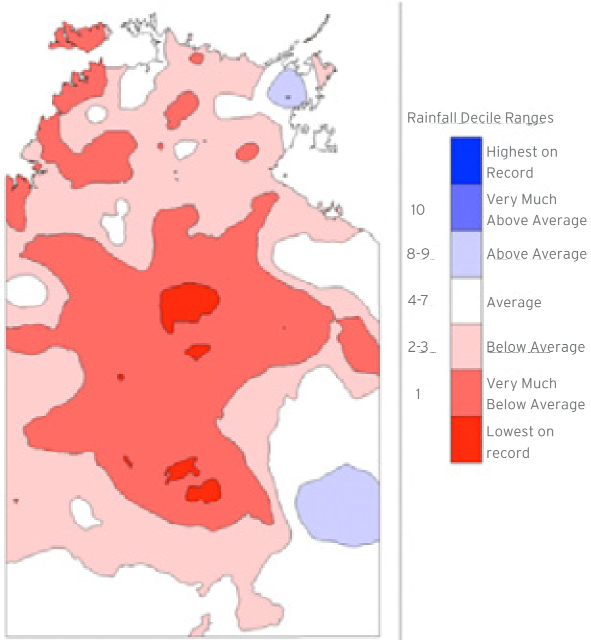
A recent inspection of some of the Darwin floodplain properties (between Darwin and Kakadu National Park) reveals generally below average inundation levels. These sub-coastal floodplains are predominantly on the lower reaches of the main rivers of the region. While the wet season in the Top End has been generally below to well below average to date (refer BOM Rainfall Decile map below) some floodplain properties may still effect reasonable flooding in response to at least average wet season falls over their river catchment systems.

Overall, there are seven floodplain pastoral leases including (south-west of Darwin): La Belle Downs, Welltree, Litchfield and Elizabeth Downs and (east of Darwin) Koolpinyah, Woolner and Marrakai, plus

Northern Territory Rainfall Deciles: 1 October 2018 to 28 February 2019 (pre Cyclone Trevor):



Northern Territory Rainfall Deciles: 1 October 2018 to 31 March 2019 (post Cyclone Trevor):



Source: Northern Territory Government, Department of Primary Industry and Resources

four Perpetual Crown Leasehold grazing properties: Opium Creek, Melaleuca, Swim Creek and Carmor Plains. Combined, they offer approximately 210,000 hectares of highly productive sub-coastal floodplains and represent about the only green feed left in the Territory come the middle of the dry season. The best floodplain pastures comprise wild rice grass, Kazungula etc on the shallower floodplains, para grass to Aleman grass where moderately flooded, through to native and olive hymenachne in the deeper channels. The limited number of floodplain stations is very tightly held and are very popular for agistors hoping to add another 70 kilograms (more or less) liveweight over six months of the dry, ready to export in November/December when the live export prices are traditionally on the rise. The poor 2018/19 wet season flooding is likely to see cattle accessing the floodplains much earlier than normal (usually May/June), but the grazing period and bulk of feed is likely to be significantly reduced and so too subsequent productivity.

In response to the feed shortfall across much of the Territory, land agents are reporting increased enquiry for Top End and Katherine properties that still have reasonable supplies of grass, however listings of such remain slim. As mentioned previously, we note the recent contract for sale of a Darwin floodplain. We are also aware of several northern pastoralists with grass quickly straining up fence lines in anticipation of rising demand for agistment country.

Frank Peacocke

HERRON TODD WHITE

Property Market Indicators

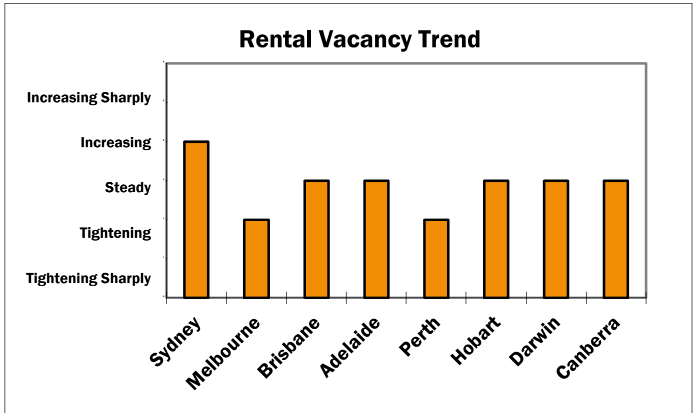
July 2019

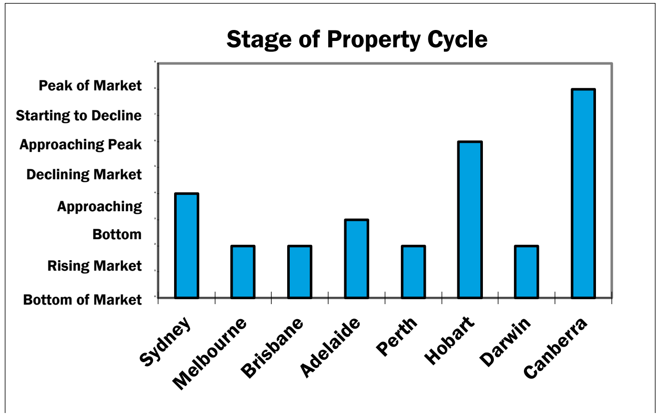
Capital City Property Market Indicators – Houses

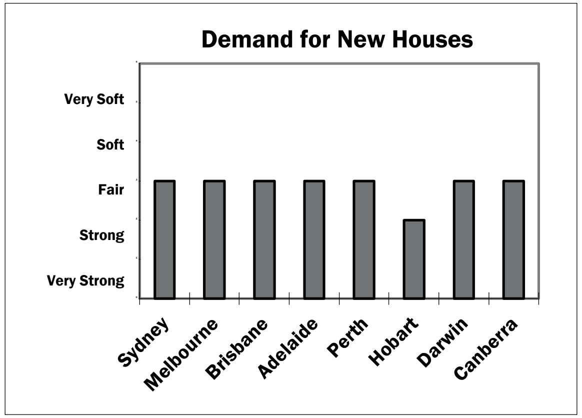
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Severe shortage of available property relative to demand	Over-supply of available property relative to demand	Shortage of available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

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

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





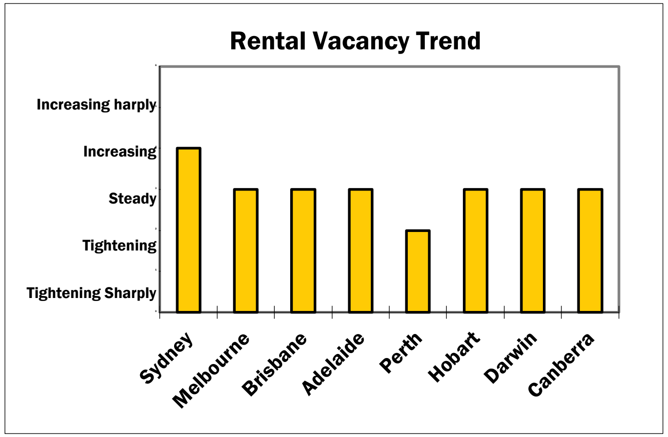


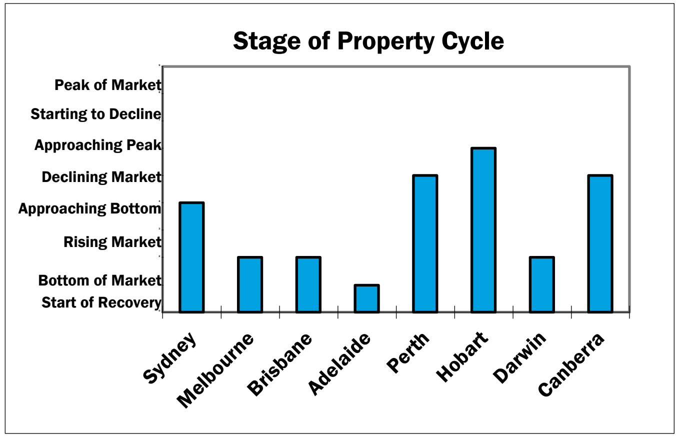
Capital City Property Market Indicators – Units

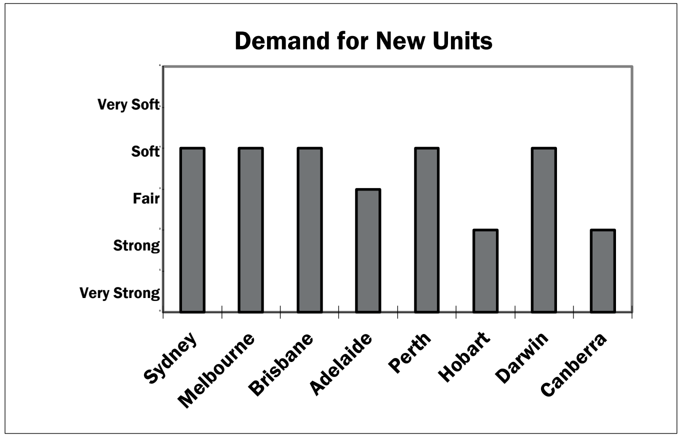
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Severe shortage of available property relative to demand	Over-supply of available property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

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

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





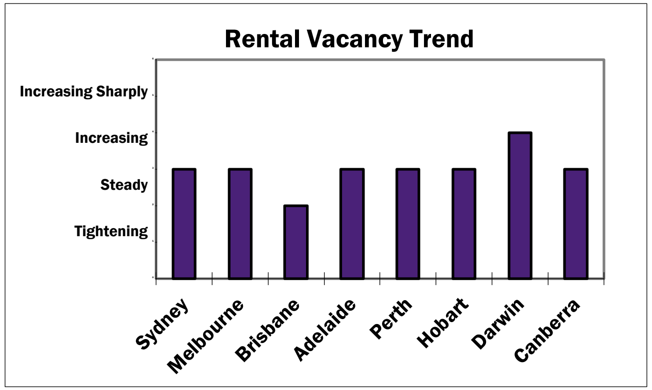


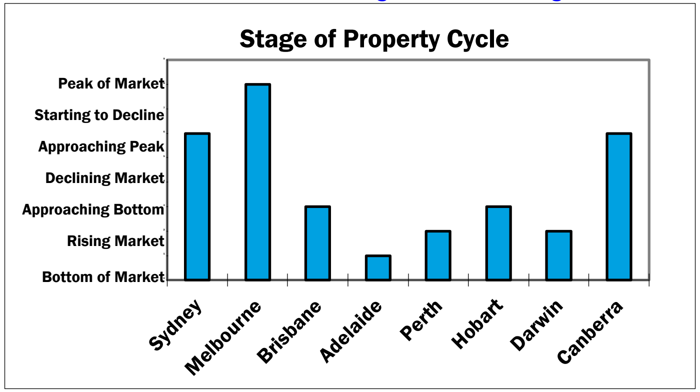
Capital City Property Market Indicators – Industrial

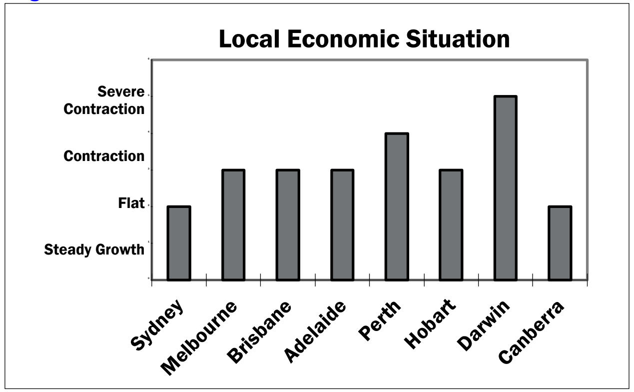
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of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

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

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





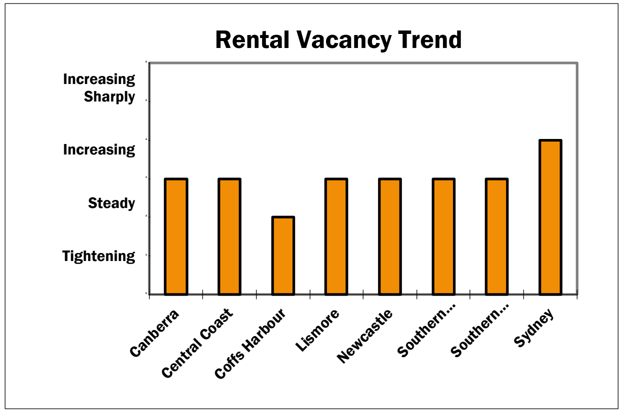


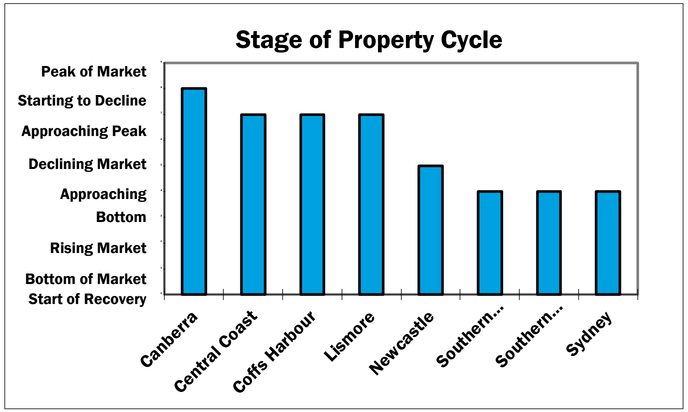
East Coast New South Wales Property Market Indicators – Houses

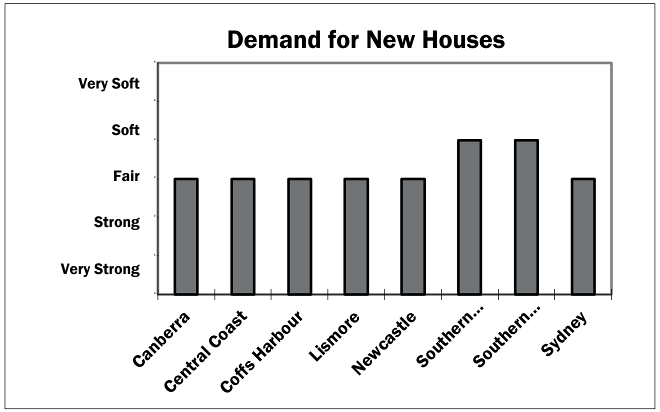
Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Newcastle	Southern Highlands	Southern Tableands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced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

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

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





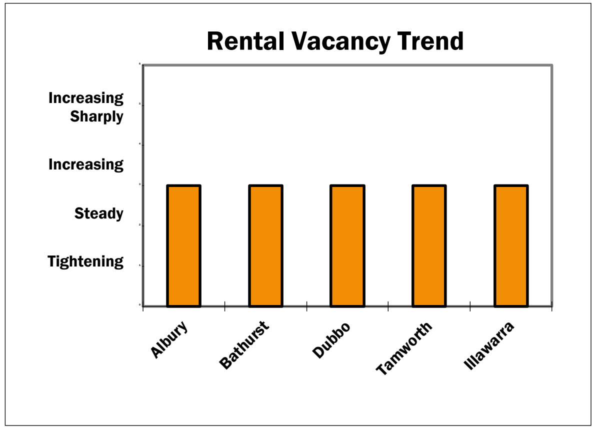


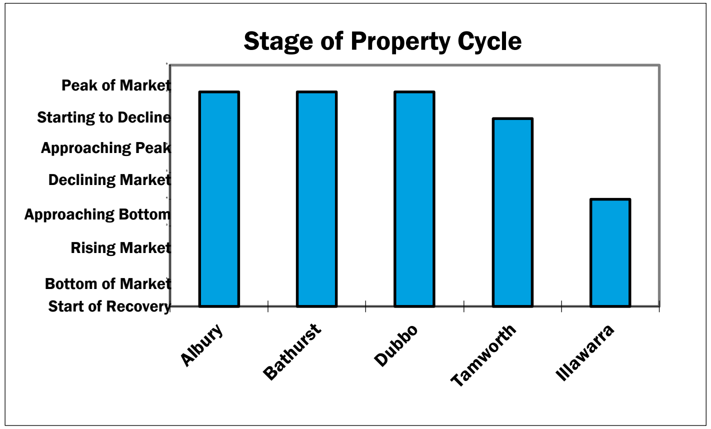
Country New South Wales Property Market Indicators – Houses

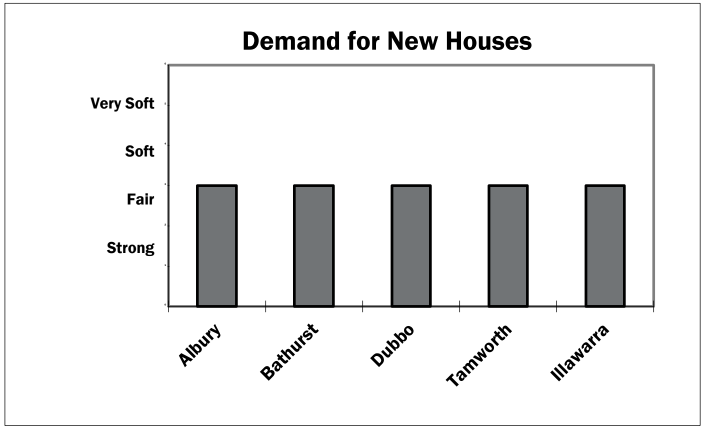
Factor	Albury	Bathurst	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady
Demand for New Houses	Strong	Fair	Fair	Fair	Fair
Trend in New House Construction	Declining	Declining	Steady	Declining	Steady
Volume of House Sales	Steady	Steady	Increasing	Steady	Steady
Stage of Property Cycle	Peak of market	Peak of market	Peak of market	Starting to decline	Approaching bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Very frequently	Occasionally	Frequently

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

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







East Coast New South Wales Property Market Indicators - Units

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

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

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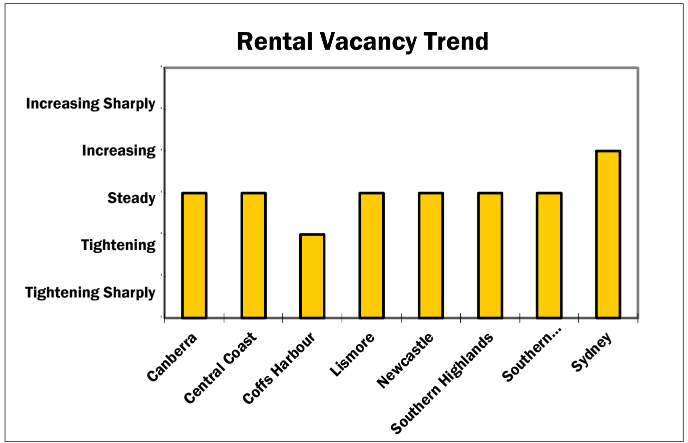

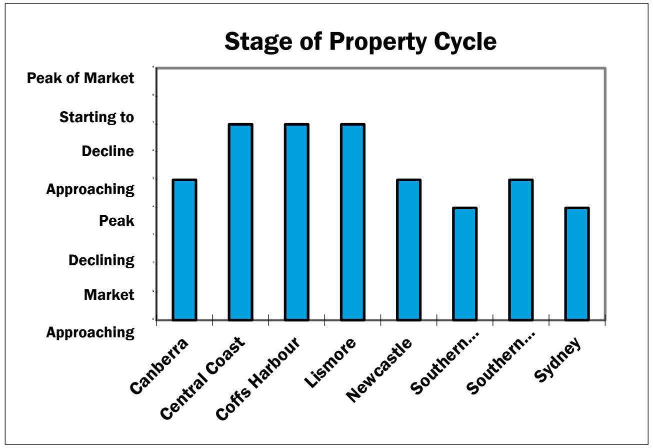

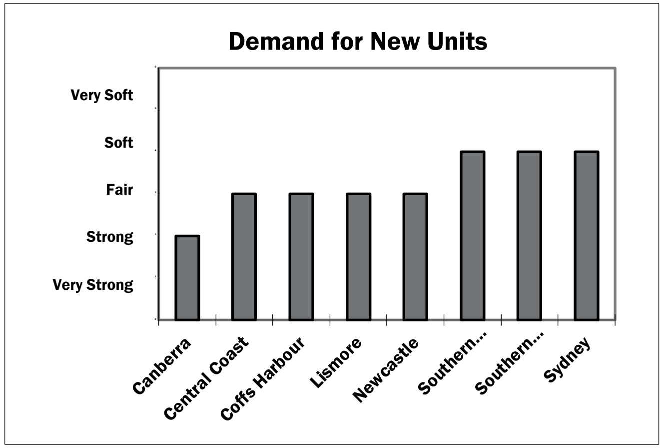

Country New South Wales Property Market Indicators - Units

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

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

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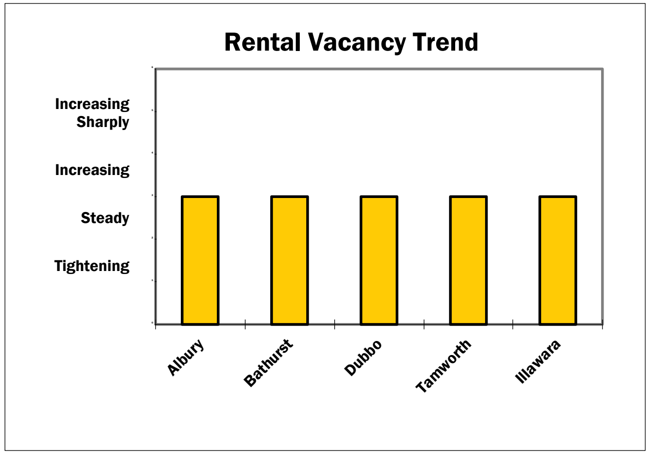
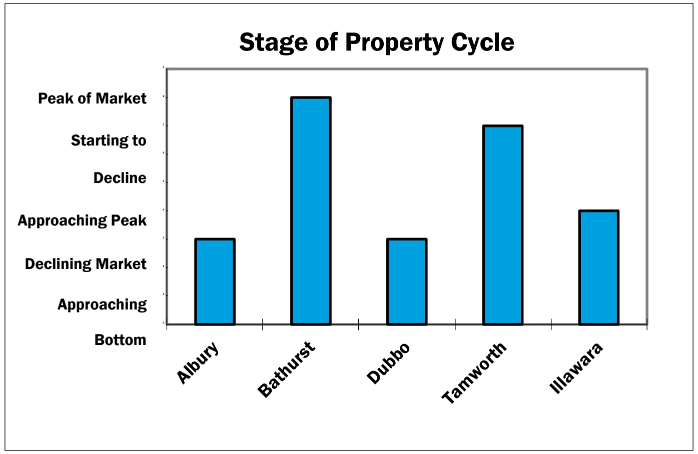
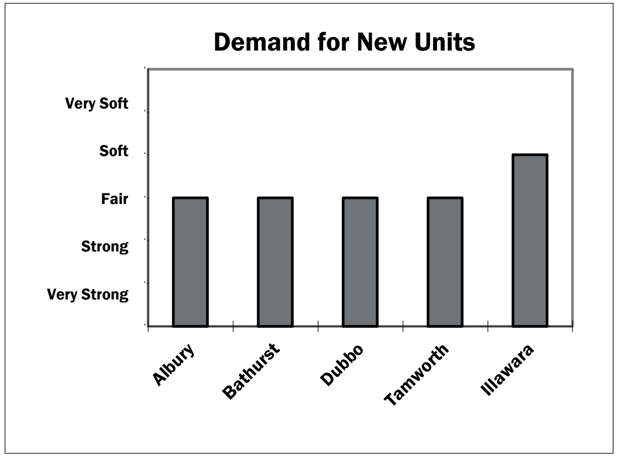




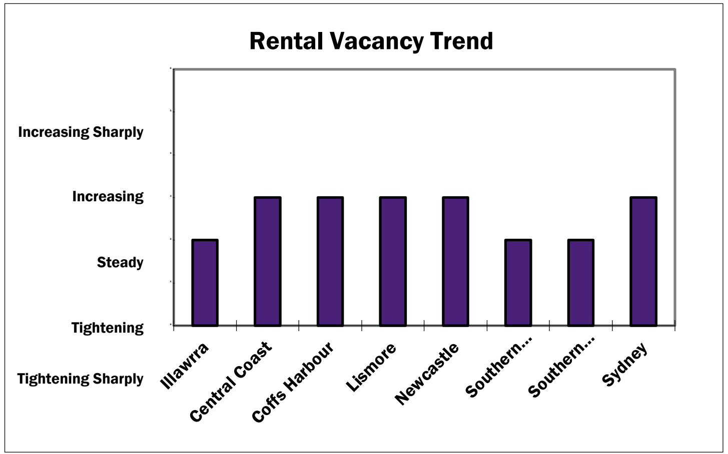


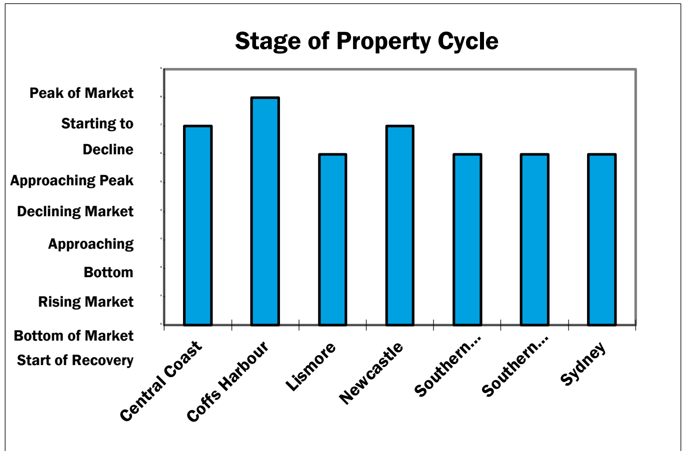
East Coast & Country New South Wales Property Market Indicators – Industrial

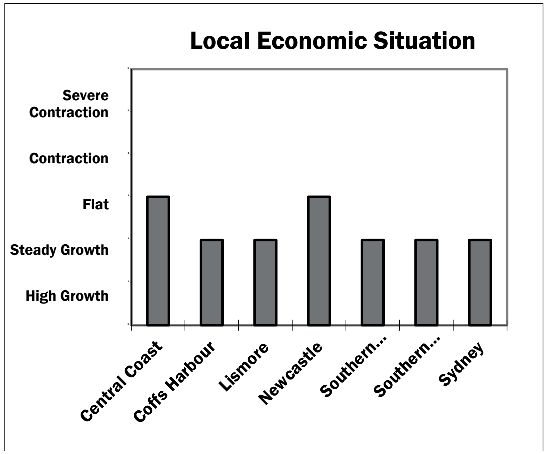
Factor	Central Coast	Coffs Harbour	Lismore	Newcastle	Southern Highlands	Southern Tablelands	Sydney	Illawarra
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market
Rental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

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

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





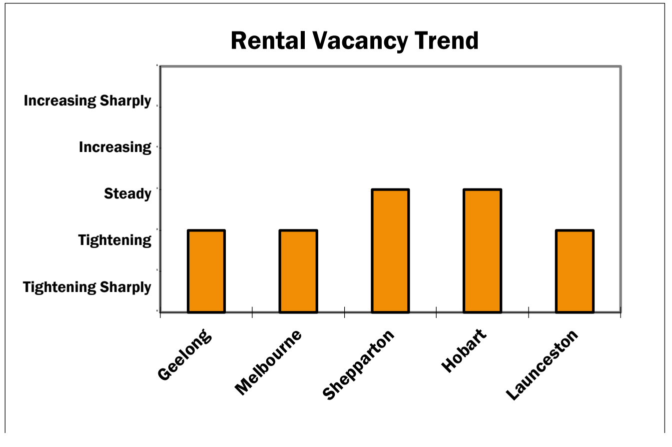


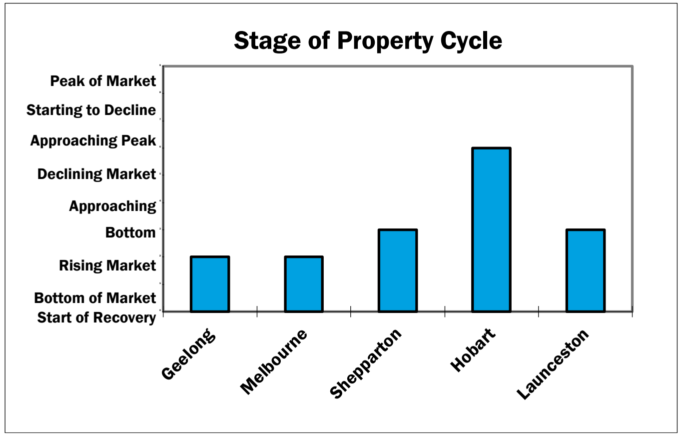
Victorian and Tasmanian Property Market Indicators – Houses

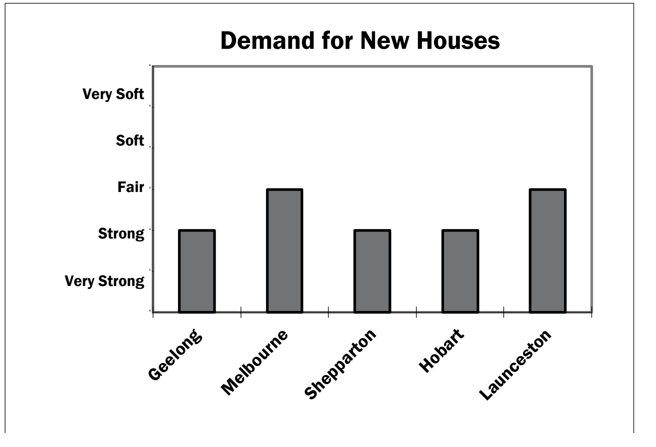
Factor	Geelong	Melbourne	Shepparton	Hobart	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Tightening	Tightening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

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

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





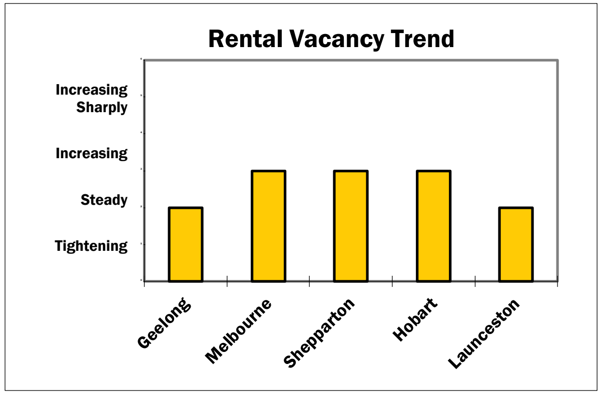


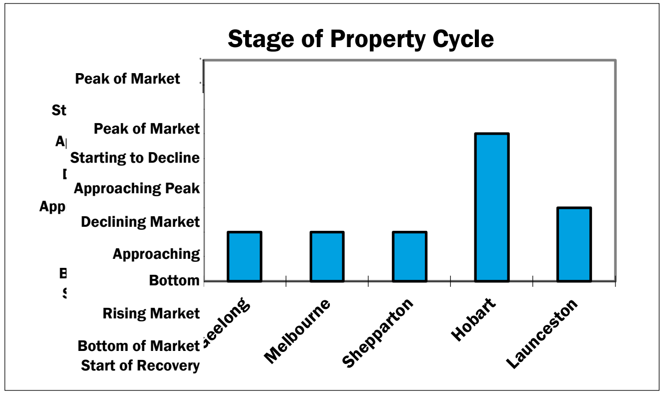
Victorian and Tasmanian Property Market Indicators – Units

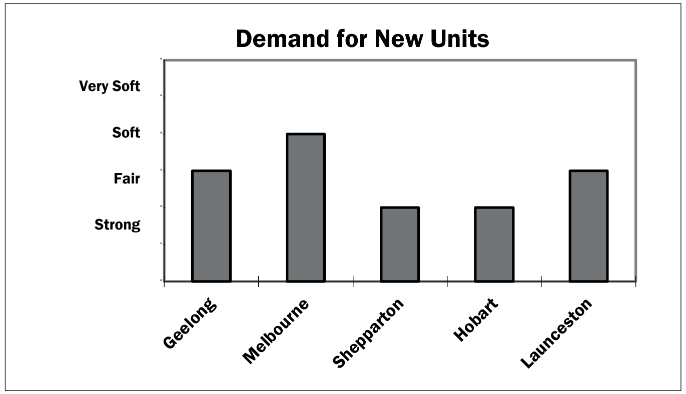
Factor	Geelong	Melbourne	Shepparton	Hobart	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Tightening	Steady	Steady	Steady	Tightening
Demand for New Houses	Fair	Soft	Strong	Strong	Fair
Trend in New House Construction	Steady	Increasing	Steady	Steady	Declining
Volume of House Sales	Steady	Declining	Increasing	Steady	Steady
Stage of Property Cycle	Starting to decline	Bottom of market	Bottom of market	Approaching peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Almost never	Almost never	Occasionally	Almost never

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

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







Victorian and Tasmanian Property Market Indicators – Industrial

Factor	Geelong	Echuca	Horsham	Melbourne	Mildura	Hobart
Rental Vacancy Situation	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady
Demand for New Houses	Stable	Stable	Stable	Stable	Stable	Stable
Trend in New House Construction	Increasing	Steady	Steady	Steady	Steady	Declining
Volume of House Sales	Rising market	Rising market	Start of recovery	Peak of market	Rising market	Rising market
Stage of Property Cycle	Steady growth	Flat	Flat	Flat	Steady growth	Flat
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Significant	Small	Significant	Significant	Small	Significant

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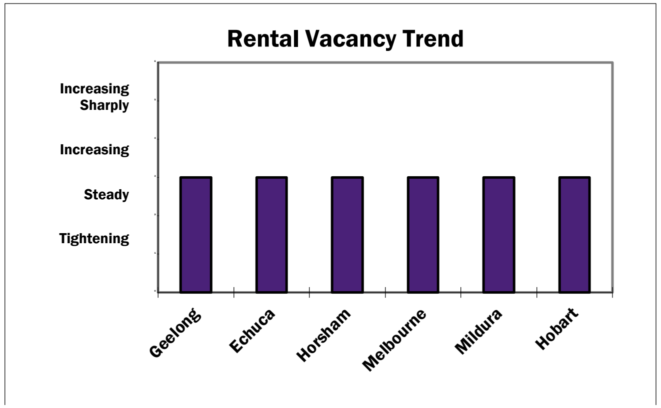
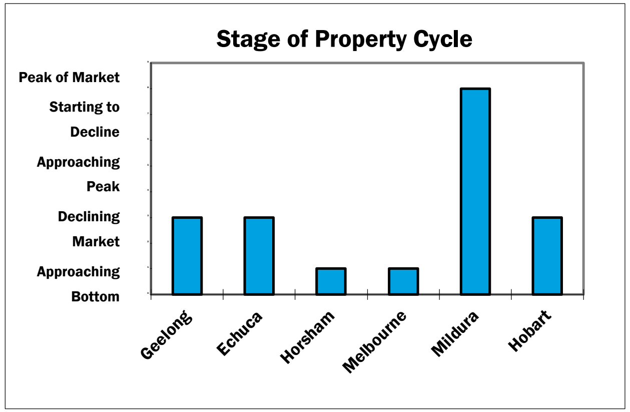
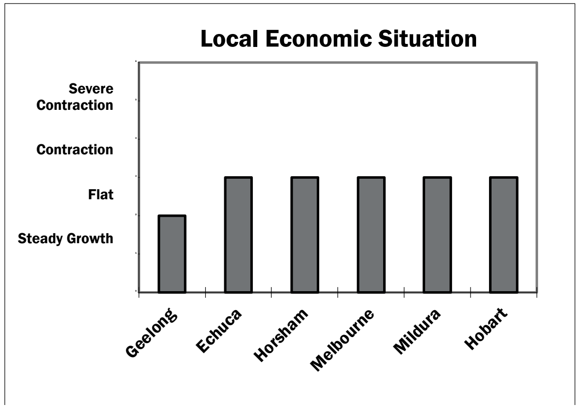
Blue entries indicate change from 3 months ago to a lower risk-rating





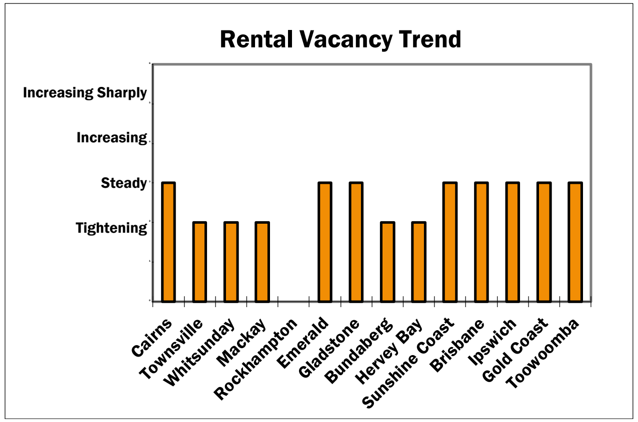


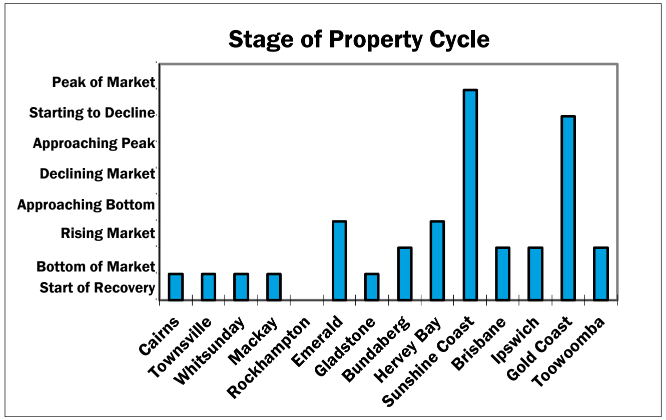
Queensland Property Market Indicators – Houses

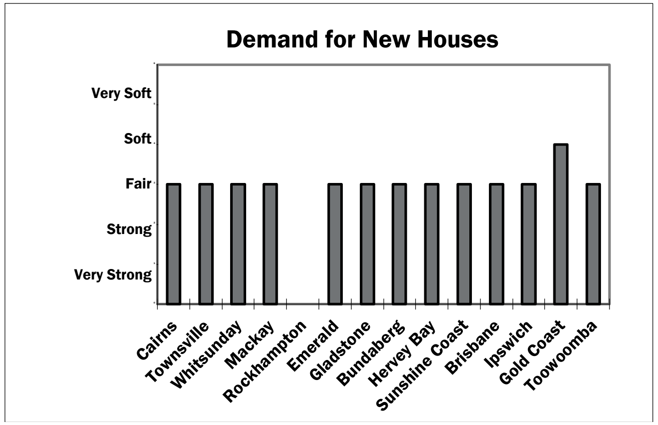
Factor	Cairns	Townsville	Whitsundays	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	0	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Tightening	Tightening	Tightening	0	Steady	Steady	Tightening	Tightening	Steady	Steady	Steady	Steady	Steady
Demand for New Houses	Fair	Fair	Fair	Fair	0	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Soft	Fair
Trend in New House Construction	Steady	Increasing	Declining	Steady	0	Steady	Steady	Increasing	Steady	Steady	Increasing	Increasing	Increasing	Steady
Volume of House Sales	Steady	Steady	Steady	Increasing	0	Steady	Steady	Steady	Steady	Declining	Steady	Steady	Declining	Declining
Stage of Property Cycle	Start of recovery	Start of recovery	Start of recovery	Start of recovery	0	Rising market	Start of recovery	Bottom of market	Rising market	Peak of market	Bottom of market	Bottom of market	Starting to decline	Bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Almost never	Almost never	Occasionally	0	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Frequently	Very frequently	Frequently	Occasionally

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

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





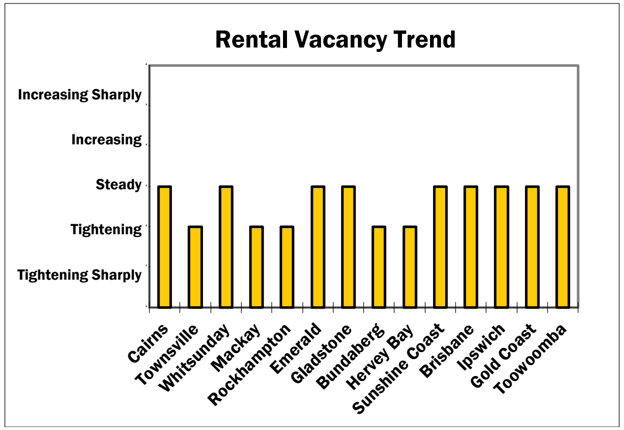


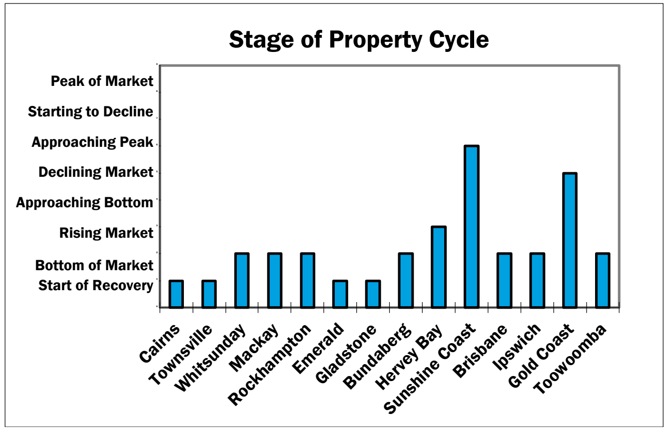
Queensland Property Market Indicators - Units

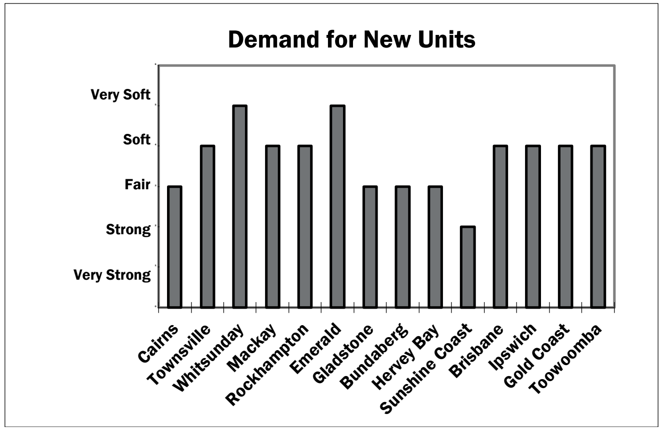
Factor	Cairns	Townsville	Whitsunday	Mackay	Rock-hampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Tightening	Steady	Tightening	Tightening	Steady	Steady	Tightening	Tightening	Steady	Steady	Steady	Steady	Steady
Demand for New Units	Fair	Soft	Very soft	Soft	Soft	Very soft	Fair	Fair	Fair	Strong	Soft	Soft	Soft	Soft
Trend in New Unit Construction	Steady	Increasing	Declining significantly	Increasing	Steady	Increasing strongly	Steady	Steady	Steady	Declining	Steady	Steady	Steady	Declining
Volume of Unit Sales	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Declining	Declining
Stage of Property Cycle	Start of recovery	Start of recovery	Bottom of market	Bottom of market	Bottom of market	Start of recovery	Start of recovery	Bottom of market	Rising market	Approaching peak of market	Bottom of market	Bottom of market	Declining market	Bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Almost never	Very frequently	Very frequently	Frequently	Very frequently

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

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







Queensland Property Market Indicators – Industrial

Factor	Townsville	Mackay	Rockhampton	Gladstone	Sunshine Coast	Brisbane	Ipswich	Cairns	Toowoomba
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Shortage of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Tightening	Tightening	Increasing	Steady	Steady
Demand for New Units	Stable	Stable	Stable	Stable	Increasing	Stable	Increasing	Stable	Stable
Trend in New Unit Construction	Steady	Increasing	Steady	Steady	Steady	Steady	Steady	Steady	Steady
Volume of Unit Sales	Bottom of market	Start of recovery	Bottom of market	Bottom of market	Approaching peak of market	Rising market	Bottom of market	Bottom of market	Bottom of market
Stage of Property Cycle	Flat	Steady growth	Flat	Flat	Steady growth	Flat	Flat	Flat	Contraction
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Significant	Large	0	Nil	Small	Significant	Large	Small	Significant

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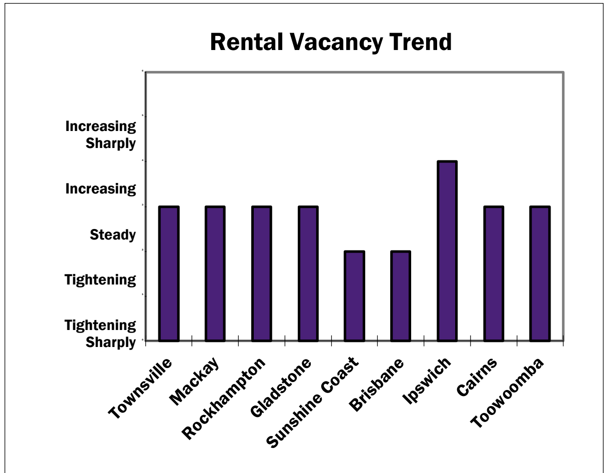
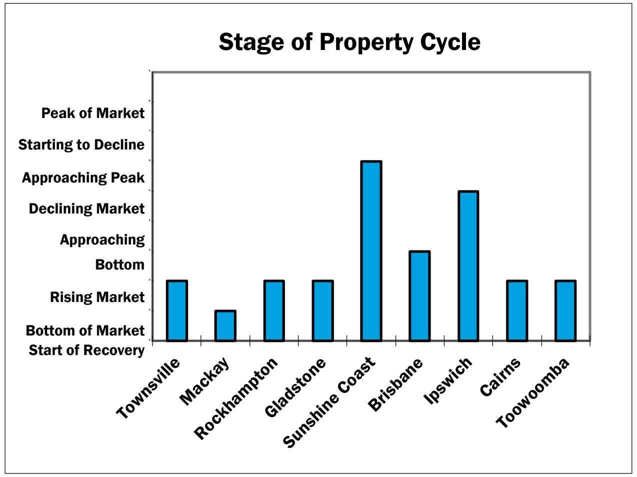
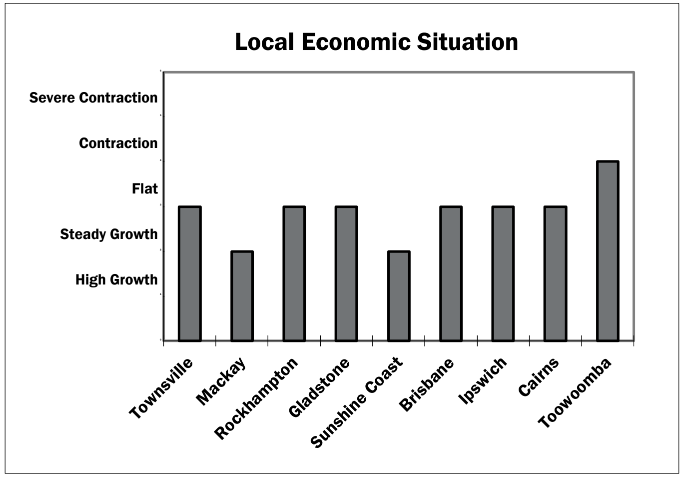
Blue entries indicate change from 3 months ago to a lower risk-rating





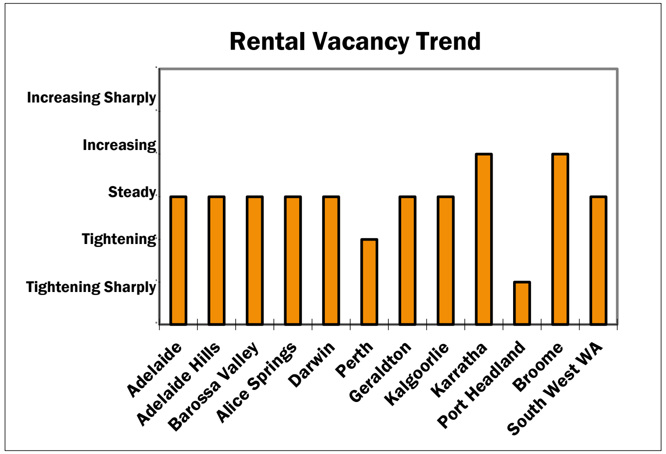


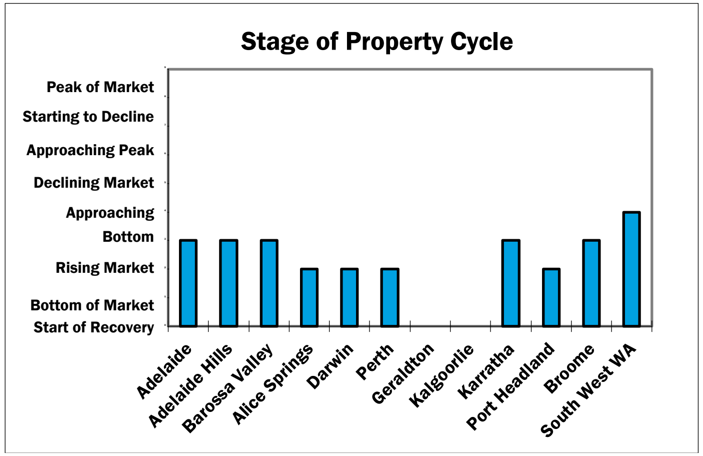
SA, NT and WA Property Market Indicators - Houses

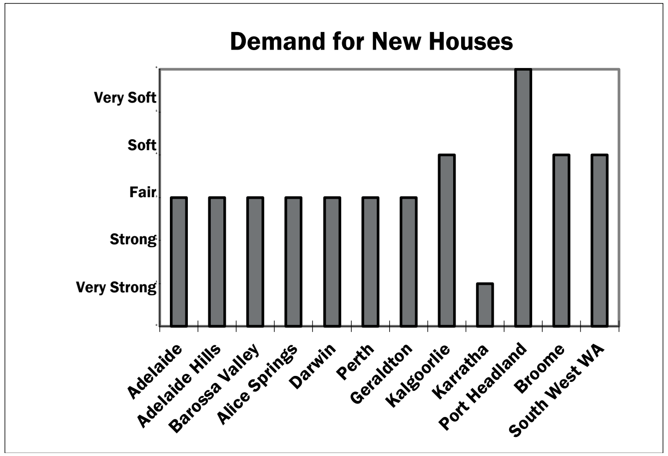
Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Headland	Broome	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Tightening	Tightening	Increasing	Tightening	Tightening	Steady	Steady
Demand for New Houses	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Soft
Trend in New House Construction	Steady	Increasing strongly	Steady	Steady	Steady	Increasing	Steady	Steady	Steady	Steady	Steady	Declining
Volume of House Sales	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Declining	Declining	Declining	Declining	Declining
Stage of Property Cycle	Rising market	Rising market	Rising market	Bottom of market	Bottom of market	Bottom of market	Approaching bottom of market	Declining market	Rising market	Start of recovery	Approaching bottom of market	Approaching bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasion-ally	Occasion-ally	Almost never	Occasionally	Occasionally	Almost never	Almost never	Almost never	Almost never	Almost never	Almost never

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

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







SA, NT and WA Property Market Indicators – Units

Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Headland	Broome	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Tightening	Tightening	Increasing	Tightening	Tightening	Steady	Steady
Demand for New Houses	Fair	Fair	Fair	Fair	Soft	Soft	Fair	Fair	Fair	Fair	Fair	Soft
Trend in New House Construction	Steady	Increasing	Steady	Steady	Declining	Increasing	Steady	Steady	Steady	Steady	Steady	Declining
Volume of House Sales	Steady	Steady	Steady	Steady	Declining	Declining	Increasing	Declining	Declining	Declining	Declining	Declining
Stage of Property Cycle	Start of recovery	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Declining market	Approaching bottom of market	Declining market	Rising market	Start of recovery	Approaching bottom of market	Approaching bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasion-ally	Occasion-ally	Almost never	Occasionally	Frequently	Almost never	Almost never	Almost never	Almost never	Almost never	Almost never

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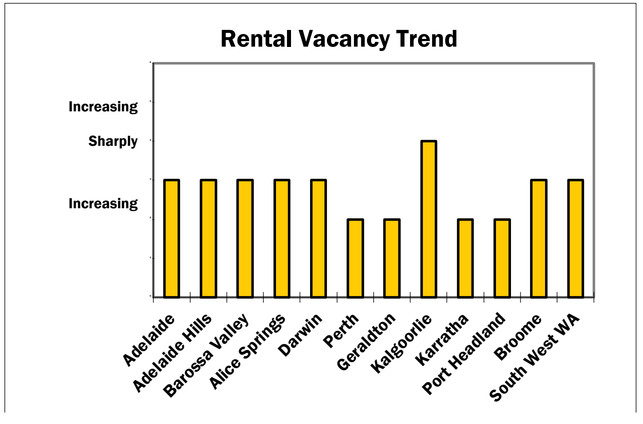

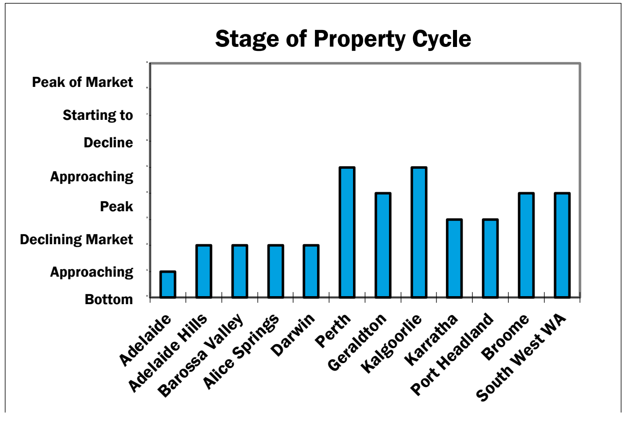

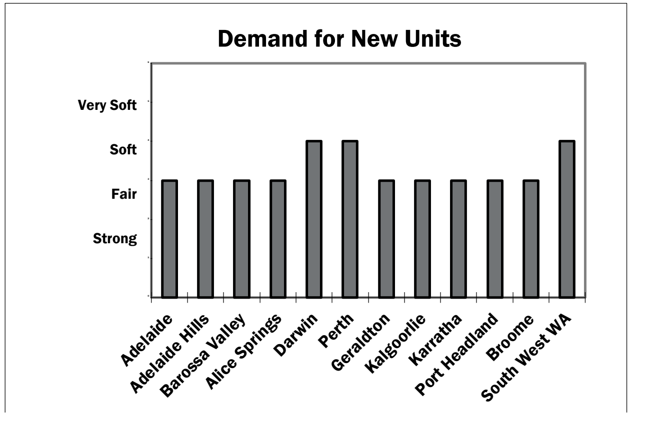

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