July 2015

Month in Review

HERRON TODD WHITE

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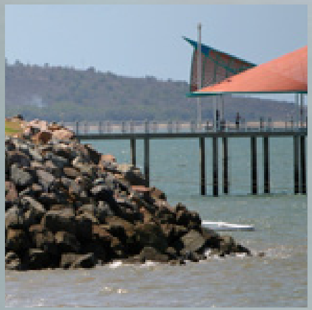
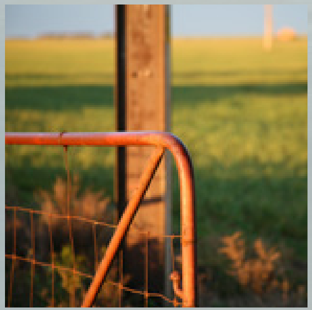




A lazy half million - 2015

Have you ever had those rare days where everything went right?

You ordered a coffee and they gave you a complimentary Tim Tam on the side? You went to suburban shopping centre for late night retail and pulled straight into a carpark next to the entry (sidebar: in our household, we chant my father-in-law's name every time we approach this dreaded ground-hog-day scenario so as to channel his good luck. It works over 80% of the time). How about the time you reached into your carry-all to grab your mobile phone and came out clutching a half a million dollars. "How did that get there?" you no doubt wondered.

Setting aside the fact you may be party to unlawful activity or that you've simply picked up the wrong bag after a lunch date, finding yourself with $500,000 to invest in property is both exciting and daunting. Our broad brown land is loaded with possibilities for you to make the most of your good fortune – from Cape to Bight and Broome to Byron Bay, there's certainly a property type and investment to suit your profile.

It's also daunting because opportunities abound. More than a few wise sages are prone to saying both, "It's always the peak of the market," and "The buy of the year is available every day". Sitting with a cool $500,000 at the ready means you're loaded and ready to fire, you just need to put the crosshairs on the right target.

Each July, Month In Review takes a look at the question of investing this magic sum. Buying power may have waned in a variety of locations over the years, but investing in property is certainly not out of the question with this figure in tow. If you're willing to think broadly about property and take some good advice, then be prepared to find yourself holding a piece of Australia.

We've tasked each of our offices to tell us where they would spend $500,000 on property in their service areas. The field is wide open – it might be a high capital growth option that's been flying under the radar, is close to facilities and set to shine. It could be a series of cash flow-positive holdings. In some sectors $500,000 might actually buy you multiple holdings.

To make it interesting, we've also requested our contributors to take a look back at the July 2014 issue of Month In Review for a little self-reflection. It's a time to contrast and compare what's played out in the half-million property sector over the previous 12 months and to see how their advice has altered – or otherwise.

For commercial readers this month, we're about to release a retail sector report card. Our doyens are set to give their half-year wrap of retail property performance for 2015. Get set to see what's hot, what's cool and if there are influencers driving markets in any particular direction. There's also insight on where we might be heading in retail as the year continues to play out, so stay tuned.

There you are lasses and chaps – time to take a close look at the money clip and see if you've miscounted by $500,000 or so. Herron Todd White are just the folk to guide you in the direction of profitable investing, but don't just read about it. Phone your nearest office to get some nitty-gritty on where the smart half millionaires are hanging out in bricks and mortar.

QS Corner - Interest rates, negative gearing, depreciation

What can you claim against your investment property?

Love it or hate it, agree with it or disagree with it, negative gearing is here and here to stay. The concept is that you are able to reduce the amount of tax you pay by claiming losses made on an investment property. The Australian Taxation Office definition is "a rental property is negatively geared if it is purchased with the assistance of borrowed funds and the net rental income, after deducting other expenses, is less than the interest on the borrowings". Economists, politicians, accountants and even humble mum and dad investors have an opinion on negative gearing and whether or not it artificially inflates property prices, leaving home ownership just out of reach for the next generation.

One thing is clear, low interest rates have closed the gap on negative gearing. The Australian Taxation Office has released new statistics that show the value of negative gearing tax breaks claimed for rental properties fell from $13.8 billion to $12 billion between the 2011-12 and 2012-13 financial years as a direct result of decreasing interest rates. Interestingly enough, the ATO has also reported that the overall net capital gains claimed increased from $9.7 billion in 2011-12 to $9.9 billion in 2012-13.

What does this mean? Well basically the gap between making a loss and a profit from your rental property is shifting and the overall capital value of that same property is increasing.

Whether or not negative gearing is a true and direct result of an increased, artificially inflated property market is debate for another time, however those who raise their hands in favour of negative gearing would now be looking far and wide to increase deductions on their properties. They need to remember that the ATO is not going to hand out any tax offsets on property if there are no legitimate deductions to claim.

Whether your investment property is new or old, big or small, residential or commercial, a Tax Depreciation Schedule (TDS) is a tool that should be in every investor's kit bag. You can use a TDS to maximise your claim for legitimate tax deductions. You pay for the report once (the fee is 100% tax deductible - another thing you can claim) and the schedule is for the life of your investment. Without this report you could potentially be missing out on thousands of dollars of deductions annually and therefore not maximising the return on your investment. A TDS will help improve cash flow and therefore reduce the amount of negative gearing required.

Herron Todd White is more than just a property valuer. We are fully qualified and accredited property advisors on all areas and classes of property. Our qualified and experienced Quantity Surveyors who are also registered tax agents are happy to answer any questions you may have on depreciation. Please address all enquiries to tds@htw.com.au.

Commercial

HERRON TODD WHITE COMMERCIAL

New South Wales

Overview

The year has passed its halfway mark with economic confidence still to fully fire. Interest rates remain low and we watch our major international trading partners with a keen eye. It's under these conditions that we complete our half-year report card on the retail sector.

Retail has had a tough run over the past few years, but are there have been areas beginning to kick in? Take a wander through this month's submissions and hear from our experts.

Sydney

The retail environment is showing some positive signs, with consumer sentiment reaching 102.4 in May 2015 (Westpac-Melbourne Institute), meaning optimists are outnumbering pessimists around the country. Westpac-Melbourne Institute has reported that the impact of the new Federal Budget and cuts to the RBA target cash rate earlier in the year have driven a positive result for consumer sentiment in May.

Improved consumer sentiment is being reflected in NSW retail turnover figures of which metropolitan Sydney is a dominant contributor. Retail turnover for NSW in the year to April 2015 grew by 4.9%, exceeding the trailing 10 year average of 4.3%. In particular, spending on household goods grew strongly in the year to April 2015 (an increase of 11.5%) and accounted for around 17% of all retail spending for the state. The growth in spending in this category appears to be testament to the positive flow on effects coming from Sydney's buoyant housing market into retail spending.

Cyclical upswing in the housing market drives increased spending for bulky goods items which include household goods, electronic goods and garden supplies and this of course makes bulky goods centres and retail warehouses increasingly attractive to property investors. The market for these so called large format retail complexes has already begun showing improved fundamentals through 2014. Major real estate agencies have reported improved vacancy rates for these markets.

However, not all retail property formats are enjoying good fundamentals, namely suburban strata retail shops in secondary locations. Sydney's buoyant housing market continues to drive the completion of high density residential developments which include ground floor retail shops as required by planning controls set by local councils. As such, more supply of strata retail shops is being added to stock, creating an environment of possible impending rises to vacancy.

Nevertheless, prime retail strips in suburban markets continue to show some solid results. While some retail properties situated in secondary retail locations are achieving lower rent and capital value rates and weaker yields, we are generally seeing yield

compression in main retail strips. As such, we see this as a potentially positive precursor to improved market conditions in some secondary locations as well.

Furthermore, despite growing concerns of higher supply-led vacancy to retail stock, Sydney's buoyant residential property market is not necessarily a hindrance to all aspects of the performance of strata retail property. A consequence of strong buyer demand for residential property is inflated capital values and shrinking yields, meaning other, higher yielding property types (such as commercial) are becoming more attractive to investors. We feel we have seen an increase in investment demand for strata retail property as a result, including a rise in first time commercial property investors adding to buyer demand for strata retail property in Sydney.

Canberra

The Commercial Zones in the ACT are established to recognise the various functions, values and characteristics within commercial areas and to provide a level of consistency and equity across the geographic range of commercial centres. Commercial areas are structured to reflect the principles of a hierarchical system of centres, which comprises: The City Centre (also known as Canberra City or Civic), Town Centres (Woden, Belconnen, Tuggeranong and Gungahlin), Group Centres (including Calwell, Charnwood, Chisholm, Conder, Curtin, Dickson, Erindale, Hawker, Jamison, Kaleen, Kambah, Kingston, Kippax, Manuka, Mawson, Wanniassa and Weston) and Local Centres.

> Retail activity has been subdued in recent times, with vacancies increasing as the downturn in activity post election takes effect.

Some smaller local shopping centres have struggled with declining patronage given the competition from Group Centres and Town Centres with larger supermarkets and a greater range of products. Some shopping centres have also created their own niche in the market by offering a vibrant mix of traders, while other centres are unable to recover due to a number of factors including close proximity to a major shopping centre, poor mix of traders and smaller and older population within the catchment area.

Recent sales include the K Mart site in Queanbeyan for $22.3 million to a private investor, Sandran Pty Ltd. The site of 9,105 square metres on Morisset Street near Riverside Plaza comprises a two-level commercial building providing ground floor retail and first floor office accommodation plus 119 on grade car spaces. Major refurbishments were completed to the ground floor in 2012 to allow for the occupation of K Mart on a 20 year lease expiring in 2032. Other tenants include Essential Energy and the NSW State Property Authority. Passing initial yield equates to circa 11.5%. At the other end of the price spectrum is the sale of a retail strata unit at the suburban Kaleen Shopping Centre (Gwydir Square). The unit of 158 square metres which sold for $650,000 showed a yield of 7.5% and building rate of $4,100 per square metre.

Illawarra

The Illawarra and Southern Highlands retail property market has shown signs of improvement over the past 12 months with an increase in sales volumes demonstrating improved confidence after a prolonged period of static conditions. Investment transactions have increased as investors are enticed back to the market by yield arbitrage and a common view that the market has bottomed. However, most prudent investors are still driven by good quality assets, strong lease covenants and rental security. There is still a large value difference between quality properties with national tenants and comparable properties with local tenants although this gap is expected to narrow over the next 12 months. Price point remains a factor with demand typically reducing for higher valued assets.

Low interest rates, a recovery in the development site market and increased buyer depth has resulted in yield compression despite rents largely remaining stagnant. It is our opinion that the local market is heavily driven at present by the low cost of borrowing and a buoyant Sydney market. Additionally, the low interest rate environment is converting some tenants into owners and this has the potential to affect rental rates moving forward.

Newcastle

There have been some interesting transactions in the bulky goods retail market in the Hunter Region over the past 12 months. This sector is proving particularly strong when compared to the office and industrial markets in our area.

This strength has been particularly evident in recent portfolio sales of near new bulky goods buildings with long term leases to national branded retailers.

An example of the strong bulky goods retail market growth is a multi-tenanted bulky goods property in

Bennetts Green that previously sold for $5.95 million in December 2012. This property sold for $9.4 million in February 2015. This represents a 57.98% value increase and an analysed yield compression of circa 200 basis points in a little over two years! We're frequently seeing yields in this sector at around 7% to 7.5% for national brand tenanted, well located buildings. Values are now above the pre-GFC prices in all established bulky goods localities. Bulky goods developments in Kotara, Warners Bay, Bennetts Green and Rutherford are well tenanted with national brands and low to zero vacancy levels.

Capital value growth in this market sector is fuelled by cheap money and a strong overseas buyer influence which are driving activity levels to an unprecedented degree. We recommend caution in this particularly hot market and while the upward cycle may continue into next year, a market correction seems inevitable.

Victoria

Melbourne

The Melbourne retail sector continues on trend with strong demand for retail assets from both domestic and foreign purchasers. The low interest rate environment is having the expected beneficial impact on Melbourne retail property, especially prime and super prime assets. Low interest rates have led to increased buyer activity, with demand currently outweighing supply, which in turn has resulted in yield compression across many of the retail submarkets.

Foreign investors are no longer primarily seeking prime and super prime retail assets as a result of the high demand and low supply of quality retail assets. Foreign and domestic investors are becoming increasingly willing to invest in retail assets that represent a higher degree of risk. This is one reason why much of the retail market in Melbourne is currently experiencing yield compression. The recent sale of 415-417 Collins Street, a partially vacant three-level office building with ground floor and basement retail, confirmed that investors are now prepared to accept sub 4% yields for quality retail assets. Selling for $8,888,888, which was $2.5 million above the reserve, this demonstrates a yield of only 2.2%.

Yield compression in certain Melbourne retail markets is expected to continue throughout 2015. Melbourne CBD retail super prime and prime yields compressed over the previous 12 months. This tightening is expected to continue over the remainder of 2015 as investor demand remains strong.

Melbourne CBD retail rents have increased over the first quarter of 2015 albeit somewhat modestly. The CBD retail landscape is in a state of flux with new international retailers such as Brooks Brothers entering the market and increasing the demand for super prime retail space. Last year more than 40 international retailers entered the Australian market, with most of these retailers seeking prime or super-prime CBD space. In contrast, local retailers in secondary locations with generally smaller retail premises are experiencing relatively flat trade levels. Rental growth may be further limited by an increase in retail supply as retail space within the Melbourne CBD is expected to increase by 22% between 2015 and 2017. The $30 million refurbishment of Australia On Collins, which is being rebranded as St. Collins Lane, will ensure Melbourne remains a destination of choice for international labels.

Some of Melbourne's shopping strips are currently experiencing an investment surge. Many shops are currently achieving prices that reflect sub 5% yields, not just limited to the prime shopping strips or superior retail locations. Shop 4 at 862 Glenferrie Road, Hawthorn was on the market for only two weeks and was recently purchased on a 4.53% yield. The property sold with a new lease of $68,000 per annum in place.

Gentrification is leading to increased retail demand in suburban locations. Vacancy rates in retail strips such as Chapel Street should start to fall over the next 12 months due to retailers becoming increasingly interested in areas with strong residential growth. South Yarra for example has in recent times experienced a surge of higher density residential apartments. This growth in population levels has led to increased demand from retail tenants. As residential developments come online the population and density levels will increase resulting in a larger customer base, particularly within the ten kilometre radius of Melbourne's CBD.

Certain shopping strips have experienced an uplift in leasing activity while others remain problematic with high vacancy rates leading to downward pressure on rents. Carlisle Street, Balaclava has recently had three retail shops leased which means that there are currently no vacancies in this metropolitan retail strip.

Vacancy rates along Chapel Street range from approximately 3% to 13%, in Prahran the rate is circa 11%, South Yarra the rate is circa 13% and Windsor the rate is circa 3%. Burke Street, Camberwell is currently experiencing a vacancy rate of circa 8%. Leasing conditions at the Bridge Road, Richmond shopping strip have deteriorated further and are currently reflecting a vacancy rate of circa 30%.

The first quarter of 2015 has seen Melbourne large format retail experience rental increases and it should also be noted that vacancy rates for large format retail have fallen significantly over the previous two years. The increased demand for large format retail is due primarily to the resurgence in household goods spending and increased residential construction activity. This submarket is currently a popular choice with investors due to the relatively high yields and long term growth prospects. We anticipate that the large format retail segment will remain strong in the short to medium term.

Current issues facing the retail sector include wavering consumer sentiment, weak wage growth and concerns over unemployment. In contrast, demand for food and hospitality offerings remains strong and if the Australian dollar continues on its downward trend there should be a decrease in online spending and uplift in domestic retail trade.

In summary within the Melbourne retail market we anticipate rental growth in super prime CBD locations, vacancy rates in many of Melbourne's retail strips to start to improve and yields for prime retail assets to continue to sharpen.

Echuca

There have been limited transactions of genuine retail premises in recent times. Most of the market activity is dominated by development sites. The retail premises at 609 High Street, Echuca, the only one to have transacted in recent times, sold for $470,000 on a vacant possession basis. The 130 square metre building with front and side verandahs, rear courtyard and front pavement dining, has formerly operated as a bar and grill followed by a cafe. The current owners have continued to operate a cafe on the site. It is a corner site with substantial passing vehicular traffic from both High Street and Warren Street and is opposite Hopwood Park in central Echuca.

South Australia

Adelaide

Retail has continued to face challenges within the Adelaide Market. The impact of online shopping and the generally poor economic conditions are hardest hitting strip shopping. Retailers are now relying heavily on the market presence of bulky goods style developments, shopping centres or established precincts. This is placing downward pressure on rents and upward pressure on yields.

Traditionally tightly held retail precincts such as Rundle Street in the CBD, The Parade Norwood, Jetty Road Glenelg and O'Connell Street are experiencing steady demand. While not exempt from the broader retail trading conditions, these locations continue to have strong tenancy demand.

A recent development approval granted by the Adelaide City Council for a $200 million retail/office/hotel project by the Makris Group on the old Le Cornu site may finally see something constructed on the 1.6 hectare site. The site is located in the centre of north Adelaide prime retailing precincts and has been vacant for approximately 25 years and has long been a significant detractor in the area. It's considered retail tenants along O'Connell Street will benefit greatly if the project is constructed. There have been multiple developments approved and mooted since 2000 but not commenced.

Aldi continue to purchase property surrounding metropolitan Adelaide as part of their $300 million expansion into South Australia. This includes a $70 million distribution centre in Regency Park. The latest acquisition will see an Aldi Store located on Belair Road opposite the Torrens Arms Hotel adjacent to the Mitcham Shopping centre, paying $3.3 million for a fully leased medical centre at 6% yield. Their intention to develop the property was clear with a development application showing an intention to undertake work within 12 months.

As with any weak market there are opportunities for those willing to see over the horizon and the access to low cost borrowing goes a long way to assist. Established precincts on either prime retail strips or surrounding shopping centres may provide good returns relative to the actual risk of long term vacancy even if there is some initial downward rental pressure or required capital works.

Recent rezoning of urban corridors and a policy shift throughout metropolitan Adelaide toward mixed use developments incorporating commercial with high or medium density residential may provide solutions to economically obsolete retail strip buildings. This is however, a significant market shift that may require more than one cycle to take full effect. The opportunities to land back at a cycle-low exist for the longer sighted investor which in recent times are hard to find.

Queensland

Brisbane

The Brisbane retail property sector saw steady economic progression in the first half of 2015 which we expect to continue throughout the third quarter of 2015. This has resulted in an overall increase in sector confidence. Progression can be partially attributed to the bank interest rate which is at a record low of 2% as of 3 June 2015. Research conducted by the Australian Bureau of Statistics also shows that Australian retail sales turnover rose by 4.4% in April 2015 compared to April 2014. This figure exemplifies the positive effect the current consumer sentiment has had on the condition of the wider retail property market.

So far this year, investors have shown a strong interest in the sub $5 million market resulting in firming yields. These yields typically range between 6.5% and 7.5% for properties in prime locations, with properties in regional and neighbourhood locations having a higher range of 7% to 8.5%. The discrepancy in the yields of these three types of retail property promotes the importance of location in this asset class. An example of how retail property yields in Brisbane are firming is the sale at 190 Enoggera Road, Newmarket (see table below). On the other hand, retail centres with a higher price point over $5 million are generally achieving slightly softer yields of between 7.5% and 8.75% again depending on the location. A notable sale which occurred recently was the retail centre located at 100 Pickering Street, Enoggera which is also summarised below.

Address	Sale Date	Sale Price	GLAR (m2)	WALE (by income)	Analysed Yield	Rate ($/m2)
190 Enoggera Road, Newmarket	27/04/15	$3,312,500	500	2.73	6.63%	$6,625
100 Pickering Street, Enoggera	30/01/15	$12,250,000	6,082	5.00	7.75%	$2,014

In conclusion, we believe that given the available evidence the Brisbane retail property market showed steady improvement throughout the first half of 2015 which is a positive sign looking forward. In our opinion properties in prime locations will continue to be in high demand from tenants and investors alike given the income security these properties offer. However, despite yields having firmed over the past 12 months for properties in secondary retail locations, they are still considered an inferior asset class and should be analysed and assessed thoroughly by any potential purchaser.

Toowoomba

The Toowoomba retail sector appears to have been relatively stable for the six months to June 2015 with good retail floor space generally taken up within a reasonable timeframe. However, neighbourhood centres or strip shopping and convenience centres in low exposure areas have experienced high vacancy rates and turnover with several instances of these properties being sold with vacant possession for redevelopment as professional office space.

There have been several new developments over the past two years, including the Masters Home Improvements Centre in the suburb of Kearneys Spring and two neighbourhood shopping centres in the suburbs of Drayton and North Toowoomba.

In addition, there are several major retail projects in the planning stage and under construction. QIC is progressing on a $550 million redevelopment of the Grand Central and Garden Town Shopping Centres in Toowoomba's CBD. The expansion will include new discount department stores, new supermarkets and approximately 160 specialty retailers. Development is due for completion in early 2017.

Preliminary works have also commenced on two new food based developments. A small centre anchored by Subway and The Coffee Club is to be constructed on the corner of Ruthven and Alderley Streets in Kearney's Spring. Another proposed new centre located on the corner of Cohoe and Herries Streets in East Toowoomba will include a McDonalds, KFC, café and mini supermarket. Both sites are currently being cleared with construction expected to commence shortly.

Bunnings Hardware has purchased the former Toowoomba Foundry site with the intention of developing a second Bunnings store in Toowoomba. The site is located on the northern fringes of the CBD and has a land area of over five hectares. The proposed development is expected to be challenging due to potential heritage and contamination issues.

Local architects and planners, Aspect Architects and Project Managers have recently announced a proposal to redevelop an area within the CBD under the Waltons Stores model. The concept provides for an urban mixed use development that will incorporate retail tenancies as well as a series of food offerings, markets and professional office space on upper levels. The project value is estimated at $20 million and timing is yet to be determined.

Retail rents in general have remained relatively static, although it is anticipated the new developments, in particular, the QIC Grand Central Shopping Centre will achieve market leading rentals and it is suggested there will be a flow-on effect on CBD tenancies over a period of time. There is also some sentiment that retail space is in a holding pattern pending completion of the redevelopment.

In general retailers have reported a downturn in retail spending in early 2015, which may be a reflection of a reduction in consumer confidence. This coincides with the recent downturn in the energy sector and a number of job redundancies announced by the major coal seam gas operatives.

The low interest rates have resulted in strong demand for retail properties by investors. However, the lack of supply of quality, fully leased properties has limited the number of investment sales. The lack of quality investment stock is likely to continue through the remainder of 2015 and could result in a firming of yields if an attractive property is offered to the market.

Gold Coast

This time last year we were reporting a changing tide in the Gold Coast retail market. Now, in mid 2015, the surf's up.

The market stabilised in 2013 and gradually improved over the course of 2014 and 2015, being fuelled by the prevailing low interest rate environment and perception of value for money when compared to the investment options on offer interstate.

One of the biggest challenges for investors remains the difficulty in finding good quality investment stock.

Retail assets with a single national tenant on a long term lease are keenly sought after and are achieving record low yield levels.

In contrast, properties in fringe locations or in oversupply are still being treated with caution. To this end, there remains a significant variation in yield and value levels between primary and secondary properties.

If faced with the challenge of purchasing a $1 million retail investment, one's options would be limited and more or less restricted to smaller freehold properties in fringe locations or strata titled units. The following sales have occurred within this price bracket over the course of 2015:

- 34 Tweed Coast Road, Cabarita Beach (02/2015) - $1.1 million. An older style, single level retail building sold with a new lease in place to a discount variety store. Floor Area: 387 square metres. Analysed Yield: 9.42%.
- 2997 Surfers Paradise Boulevard, Surfers Paradise (05/2015) - $822,500. A two-level strip retail

building at the southern fringe of the Surfers Paradise retail precinct. Floor Area: 132 square metres. Analysed Yield: Not Available.

- 7 Elkhorn Avenue, Surfers Paradise (02/2015) - $875,000. A strata title retail shop at the northern end of the Surfers Paradise retail precinct. Property sold in vacant possession. Floor Area: 114 square metres. Analysed Yield: 8.49%.

The Gold Coast is hosting the 2018 Commonwealth Games and the athletes' village to be developed in Southport (at Parklands) is seen by the local community as a positive factor moving forward, as was the commissioning of the light rail in 2014.

Other projects such as the Pacific Fair redevelopment (under construction) and the Jupiter's Casino upgrade or extension (mooted) are expected to have a long term positive impact on the Gold Coast's reputation as a major tourism destination.

These factors, coupled with a small increase in Queensland retail spending over the past 12 months and a notable increase in construction activity, will hopefully result in more favourable trading conditions for retailers moving forward.

This has been echoed by a spate of new leasing transactions in Surfers Paradise and Broadbeach in the retail and hospitality sectors.

Rockhampton

Rockhampton's retail sector has been continuing on a relatively flat trend for the first half of 2015, much in line with 2014. In terms of the leasing market, incentives have become standard across new leases, generally in the form of rent free periods and fitout contributions. Tenants have increasing bargaining power and it is unlikely rents will rise in the short term.

Vacancies appear to be low in most modern shopping centres that are anchored with a major retailer. However there are still many vacancies within the traditional East Street Mall which is hampered by limited car parking. We anticipate there will be a slow shift of retail tenants to areas north of Fitzroy Street encouraged by new riverside development and popular ground floor dining precincts. The past 12 months has seen the opening of the ground floor retail component of Empire. This has been well received by locals and tenants who are paying prime rentals for these prime locations.

We note that the traditional retail precinct in East Street Mall is slowly seeing first floor accommodation revert from office or storage space to unit residential accommodation, which in conjunction with planned council rejuvenation of the mall, will see the profile of this area change over time. We anticipate that the increase in residential accommodation through this area will have a flow on effect in the immediate area, with changing demand on retail tenants to service the expanding clientele. We do not however anticipate such change in the immediate term.

In terms of sales activity, retail sales are still dominated by owner occupiers, with most activity sub $850,000. 2015 so far has seen the sale of multiple older style CBD and fringe CBD properties in the sub $350,000 price bracket which indicates the continued activity of owner occupiers in the market while interest rates remain low. We are also aware of a multi tenanted retail precinct currently under contract to an owner occupier at $825,000.

As many locals would have noticed, the retail precinct in Allenstown has been growing over the past 12 months with multiple new retail outlets opening in Canning Street and Upper Dawson Road. This has been encouraged by the redevelopment of Allenstown Square and development of new retail accommodation with good exposure to Upper Dawson Road and Canning Street.

Investors are still actively looking at the retail asset class in the local market. They are however very sensitive to tenant profile and the weighted average leases expiry. There appears to be good interest in shopping centres anchored by supermarkets. As an example we note the recent sale of a stand alone IGA store in Biolela, with a 13 year unexpired lease term. It is reportedly under contract for just over $8 million, reflecting a yield of about 7.3%. Reportedly sold to international interests, this may be the beginning of international buyers starting to look at provincial areas where up until now, they have focused on southern markets. While it is difficult to predict how strong this influence will be, for the remainder of 2015 we anticipate things to continue as they have over the past six months.

Mackay

The Mackay market is generally oversupplied with small retail tenancies and commercial office space, however the quality of some of the available supply is generally of a poor standard. Anecdotal evidence indicates that good quality or well positioned properties are still in demand, although owners are now having to offer incentives of between one and six months rent to secure tenants.

Despite this oversupply, rental rates have only softened marginally and there have been limited new lease agreements to our knowledge which show any significant downward correction in the market.

The prevalence of lease incentives is increasing and we anticipate that the full impact of the change in the supply and demand dynamic may be felt in the market through to the end of 2015.

Owner occupiers continue to dominate the market in the CBD with opportunistic buyers snapping up well priced properties. There have been a number of recent transactions in the range of $350,000 to $500,000.

Landlords are now having to get creative in managing their properties to ensure that they attract and retain tenants.

The Mackay Regional Council's City Centre Revitalisation Project is well underway and is looking great, with Stage 1 and 2 works completed and Stage 3 works already commenced. The project will transform the streetscape along part of both Victoria and Wood Streets and will also include lighting, landscaping, new footpath paving and pavement treatments and improved drainage. The project also includes the construction of a number of outdoor dining areas which are already being utilised by local cafés and bars. There has been a number of new businesses open in the City Centre over the past quarter which is a promising sign.

As part of the revitalisation project, Mackay Regional Council is offering incentives to landlords to improve the facades of their buildings which has already seen an improvement in the presentation of a number of retail shopfronts in the CBD.

The retail market has definitely been challenging over recent years, however with softening rentals and property prices, the affordability of property is improving. As the rents in major shopping centres continue to increase, we might just see a resurgence of demand for retail space in the City Heart.

Townsville

Retail expansions have continued throughout 2015 with the Stage 2 expansion of Fairfield Central Shopping Centre to accommodate a new Kmart and 25 specialty stores, the $18 million expansion of North Ward Shopping Village to accommodate a new Coles Supermarket and the demolition of two CBD sites to accommodate a new Woolworths Supermarket and 110 car parks as part of the five stage City Arcade development all well underway.

The initial stages of a $90 million expansion of Willows Shopping Centre to increase the centre size by 11,000 square metres is also underway. This expansion will include the latest format Woolworths, 45 new specialty stores, a fresh food precinct and mini-major Harris Scarfe.

The market remains price and yield driven with the sub $2 million market the most active. Purchasers appear to be prepared to pay sharper yields for lower value assets as these are typically less management intensive and are easier to debt fund. Properties with strong anchors are reflecting yields in the 8% to 9.5% range with sale volumes stable but low.

There are a number of key projects including the Stadium and Entertainment Precinct in the CBD and the Townsville City Waterfront Priority Development Area being mooted for the City, however to date we have not seen any quantifiable increase in confidence as a result of these proposed developments. Unemployment and overall confidence continue to be the biggest drivers in the current market.

Northern Territory

Darwin

There has been rapid growth in residential development in Palmerston East suburbs over the past few years. However, this has not yet been matched by corresponding growth in facilities and infrastructure such as retail.

In this city of 28,000 we are seeing the following retail projects underway, which will support the existing retail areas:

- Gateway – a 15 hectare site near the existing Palmerston CBD is under construction and will have 30,000 square metres of retail space including major retailers Woolworths and Big W and at least 60 specialty retailers.
- Rosebery – a suburban retail centre with 2,000 square metres of retail and commercial space and a service station. Construction is well advanced.
- Bellamack – construction is just commencing on a 1,200 square metre retail and commercial centre (including a tavern).
- Zuccoli – a future stage of this new suburb is designed to incorporate a neighbourhood retail centre.

And while not technically in Palmerston, the planned Coolalinga Village is within easy access and will draw custom especially from East Palmerston suburbs such as Johnston and Zuccoli. This development already has 12 commercial and retail showrooms, a service station and the obligatory McDonalds. Excavations have been completed for the construction of the main mall which is to have a Coles, K-Mart and 60 specialty retailers.

Palmerston City will need to sustain its current high growth rate if all these projects are to proceed and become viable centres. In any case, this additional competition will undoubtedly put pressure on existing retail accommodation, especially within the Palmerston CBD.

Western Australia

Perth

With weakness in discretionary spending habits of consumers continuing, retail owners have been under pressure to maintain occupancy in their assets, with evidence of increasing incentives in this market. Vacancy rates have increased marginally throughout the year across the board, however remain lowest in regional shopping centres. There is however an increasing trend towards tenants on short term leases, holding over and pop-up style shops.

In 2010 the State Government removed the floor caps which had kept retail space at shopping centres under 80,000 square metres as part of its planning document Directions 2031 and Beyond.

The removal of the caps ended a frustrating barrier for shopping centre owners and set the scene for the wave of expansions underway or being planned.

Over the next few years construction across the regional centre sector will increase as institutional owners seek to grow and reposition their assets. Planning is underway for a circa $400 million expansion of the Garden City Shopping Centre in Booragoon. Karrinyup Shopping Centre is planned to double in size to 113,000 square metres at a cost of $600 million. Likewise, Innaloo Shopping Centre is planning to double in size creating another 110 retail outlets in a planned $450 million expansion. Lakeside Joondalup has completed a 28,336 square metre expansion project. Midland Gate is extending another 19,395 square metres which is planned to be completed in 2017.

Meanwhile, in the sub-regional shopping centre space, Stockland Baldivis is planning an expansion of 22,341 square metres with completion due in 2016. Lakelands Shopping Centre is under development by ISPT. Located 65 kilometres south of Perth near Mandurah, this will be a convenience based neighbourhood centre. Due for completion in November 2016 the centre will be anchored by Aldi and Coles and complemented by First Choice Liquor and 37 specialty retailers. The centre will have 13,900 square metres of retail lettable area.

Sub-regional shopping centre owners are also focusing on actively managing their assets and maintaining occupancy levels. Leasing incentives are typically being offered which translate in the form of a contribution to fitout equivalent to six to twelve months rental on a typical five year lease.

The biggest demand for space in shopping centres will come from entertainment or food related retailers. In the CBD of Perth, international retailers will be most active. TopShop and Zara both opened Perth CBD stores late last year. It is rumoured that later this year UniGlo and H & M will make their first forays into the Western Australian market.

Some of the retail horror stories continue to be the Subiaco retail area of Rokeby Road between Bagot Road and Hay Street and Hay Street between Rokeby Road and Axon Street, as well as the retail area surrounding the modern Claremont Quarter development along St Quentin's Avenue and Bay View Terrace. In both locations, vacancies have risen and rents have dived, in some instances by as much as 60% over market peaks.

South West WA

There have been some major purchases of retail premises by Viva Energy Australia, who in April this year purchased Shell service station sites in Glen Iris, Busselton, Dunsborough and Margaret River and transformed them all into Coles Express service stations.

The Glen Iris site was purchased for $4.07 million. This comprised two lots with a total area of 1.1576 hectare. The site has a prominent location with good exposure and high volumes of passing traffic.

The Busselton site was purchased for $4.901 million. This comprises a 3,685 square metre site situated out of town however in a location with good exposure.

The Dunsborough site was purchased for $5.446 million. This comprises a 2,008 square metre prominent site and aside from the service station it also includes two retail shops currently used as restaurants.

The Margaret River site was purchased for $8.714 million. This comprises a 3,530 square metre site with good frontage and exposure with a Shell service station and an attached factory unit currently used by a tyre retailer.

Otherwise the retail market in the South West appears to have steadied. There are still some vacancies along the main trading areas in Bunbury, Busselton and Dunsborough, however rents appear to have stabilised.

Margaret River continues to perform well with very low vacancy levels. New developments in the Margaret River CBD are likely to be filled prior to completion.

Residential

HERRON
TODD
WHITE
RESIDENTIAL

Overview

Wouldn't a lazy half million dollars be a handy thing to hold? In today's residential market, it'll certainly buy you less in Sydney than it did a year ago, but you may find yourself able to get a touch more in Perth or Darwin. Whatever your area of interest, this month we tell you where your $500,000 buy-in will get you amongst the most interesting residential real estate.

Sydney

The Sydney property market is still in a growth phase and shows no signs of stopping in the short term with strong demand and limited supply. Recent government initiatives announced to release more stock are welcome news but will not help those looking for a property this weekend.

From a Sydney metropolitan point of view, finding properties for $500,000 or less is becoming more and more of a challenge each year. Traditionally seen as the entry level for many first home buyers it is also an affordable price point for the mum and dad investor looking at capitalising on equity in the family home. With an average increase of over 15% in property prices over the past twelve months and access for many to cheap money with interest rates at record lows, it is no wonder that finding properties under this price point is becoming difficult.

We have taken the topic to the team and asked a number of valuers active in different sections of the market what they would do personally with the price limit.

INNER SYDNEY

Within the inner Sydney suburbs, a studio unit is close to becoming the only option. Areas such as Potts Point and Darlinghurst still have studios available but you are purchasing a studio with a living area of between 15 and 30 square metres (to put that into perspective, a typical double garage is 36 square metres). Given the minimum size requirements of many lenders, this market is not available to everyone and generally restricts owner occupier interest. Predominantly we see investor activity in this part of the market with the typical tenant on short six month leases as they explore options and take advantage of the café lifestyle of the area. Once you get above $500,000 in these areas you can secure a small one bedroom unit which has broader market and tenant appeal and may have been under this threshold this time last year.

We also see a sprinkling of studio and very small one bedroom units in the inner west suburbs. There is restricted stock of this property type in these areas and we typically don't see the same capital growth. This is mainly due to the uniqueness of these properties and that they are not necessarily appealing to the everyday purchaser. In saying that, rental returns seem to be comparably high and again investor interest is the most likely for this property type.

A recent example would be a fully renovated, one bedroom unit in an 1890 converted building in Potts Point that agents advise sold for $462,500 in June.

SOUTHERN SYDNEY

The southern suburb of Kirrawee still represents good value at the $500,000 price point. Older style, circa 1970s style, 2-bedroom units are available under and around $500,000. Kirrawee is only one train stop from the hub of Sutherland, five stops from Cronulla and positioned adjacent to the Princes Highway. It has a small retail strip as well as an industrial presence but the suburb mainly consists of houses. Units are situated within close proximity of the train station and shops. The suburb also has a well regarded public high school, Kirrawee High. Kirrawee is also earmarked for development in the near future with the anticipated Brick Pit site which has been approved for some 700 residential units along with retail space.

NORTHERN SYDNEY

At $500,000 options are not generally available in the traditional blue ribbon suburbs of the lower north shore or northern beaches. Further out in adjoining suburbs opportunities are there and can be typically found in older 1960s or 1970s 1-bedroom, 1-bathroom units. Some locations to investigate include Meadowbank, Dee Why, Hornsby or Lane Cove (very just). These areas have recent sales for mid to high $400,000s and there is opportunity for capital growth with renovations and upgrades. They are generally more affordable given the overall size of the property to start with. All have good transport links and are popular with both tenants and owner-occupiers.

Market activity includes a renovated 1-bedroom unit in a 1975 block in Meadowbank which sold for $473,000 in April and a studio unit in Dee Why, fully renovated in a 1970s block which sold for $350,000 in April.

The lower northern Sydney suburbs such as Milsons Point could provide opportunities for company title properties at this price point however caution needs to be exercised with both arranging finance (some lenders have restrictions) and also with the by-laws of the parent company that owns the land. When buying company title property you are buying shares in the company that owns the parcel and the right to occupy the space that the shares relate to. Some restrictions can include no tenants until ownership for greater than three years, so always check the fine print first.

SOUTH WEST SYDNEY

The south west Sydney property market still offers a variety of opportunities to enter the market for under $500,000 for potential purchasers who are looking to either buy a home or unit for investment or to accommodate their family.

Units:
Fairfield Council: The sub $500,000 class is predominantly made up of 2000s and older style 2-bedroom units. As an example a 1970s built, 2-bedroom, 1-bathroom unit on Hamilton Road sold for $390,000 in May.

Liverpool Council: The sub $500,000 class is predominantly made up of 2000s and older style 2-bedroom units. A major regional centre with renowned hospital and other services, central Liverpool is a strong market. A 2000s built, 2-bedroom, 1-bathroom unit on Bathurst Street sold for $430,500 in April.

Dwellings:
Suburbs such as Ashcroft, Busby, Miller and Cartwright are within the Liverpool LGA. For sub $500,000 you can still purchase a standard circa 1950s or 1960s single level dwelling with 3-bedrooms and 1-bathroom on a 500 to 600 square metre parcel. Capital appreciation with renovations would follow.

As an example, a 1960s built, single level, 3-bedroom, 1-bathroom clad dwelling on 510 square metres with an upgraded kitchen and bathroom sold in Ashcroft for $450,000 in April 2015.

Further south the regional centre of Campbelltown includes Eschol Park, Glenfield and Ingleburn. With improvements to the road and rail networks within the region and the employment centres along the M7 motorway and the proposed Badgerys Creek redevelopment, the 55 kilometre distance to the CBD is no longer the same deterrent. For sub $500,000 you can still purchase a conventional style, single level, 1970s or 1980s 3- or 4-bedroom home on 550 to 650 square metres . A typical example is a 1980s built, single level, 3-bedroom, 2-bathroom brick dwelling on 537 square metres with a dated kitchen and bathroom which sold in Ingleburn for $495,000 in April 2015.

CENTRAL WESTERN SYDNEY

Parramatta has been redefined in recent years and options at $500,000 are limited as are options in the immediate adjoining areas with typical new release, multi-unit developments commencing at $700,000 plus for a 2-bedroom, 2-bathroom property. Dwellings are certainly out of reach with new record highs over $1 million being broken constantly in 2015.

This alone shows the popularity of the metropolitan area's second city with the commercial zone and transport interchange major attractions for those living in the area.

There are opportunities to purchase within the Central West LGA's of Parramatta, Holroyd and Auburn but is typically a circa 1960s to early 1980s, 2-bedroom, 1- bathroom unit within a walk up complex predominantly priced in the $450,000 to $500,000 range. These units all range between 60 and 75 square metres with single car space. Suburbs such as Harris Park, Granville, Rosehill, North Parramatta, Merrylands and Lidcombe are worth investigating. Being typically located within close proximity of transport, shops and schools gives them broad market appeal to owners and tenants.

Some examples would include the following:

A 1960s, newly renovated 1-bedroom, 1-bathroom unit in Granville at $350,000 in May.

Dated, 2-bedroom, 1-bathroom unit in North Parramatta in a two storey 1970s block at $435,000 in April.

A 1970s, two level building in Harris Park with some updates offering 2-bedrooms and 1-bathroom sold for $461,000 in April.

Canberra

The Canberra property market has seen signs of strength over the first half of the 2015 calendar year with established property leading the way. Subsequently the entry level mark into the ACT housing market remains relatively high.

Unit prices remain subdued across the ACT and provide ample scope for entry level buyers looking in the sub $500,000 market. However with strong levels of supply yet to hit the market, capital growth is expected to remain soft and strong competition for rents is expected to continue.

The Belconnen market remains an attractive locale under $500,000 with suburbs such as Evatt, Page and Macquarie all providing key features that appeal to entry level investors including central locations, large blocks, good neighbourhood facilities and limited new local supply.

Waramanga and Fisher provide strong options within the Weston market for southside buyers priced out of the Woden region. These suburbs again provide strong underlying characteristics to drive future capital growth. Alternatively the lower pocket of Narrabundah in Canberra's inner south provides a number of ex-government dwellings in a very central location. This pocket should be viewed as a long term investment however until the surrounding development is improved to a higher quality.

$500,000 still doesn't go too far in the ACT housing market unless you are willing to roll up your sleeves and improve a dated property. Alternatively Queanbeyan is only 15 minutes down the road and provides a much greater range of property.

Illawarra

The Illawarra property market has continued its strong growth over the course of 2015 and has certainly picked up the pace in the past six months. Local agents are advising that competition has become more fierce in some sectors of the market with buyers showing less objectivity when making the purchasing decision.

$500,000 doesn't buy you much these days in and around the Wollongong CBD but let's have a look where the money should be spent.

Following on from the boom period experienced from late 2013 and into mid 2015, $500,000 is now purchasing significantly less compared to the beginning of 2013. You can pick up basic and very dated homes in the more desirable suburbs where considerable work is required and in the more southern suburbs, older basic 3-bedroom homes can still be bought for under $500,000. For the past couple of years we predicted suburbs close to the Wollongong CBD, University and local beaches was where the $500,000 would be best spent. These were suburbs such as Fairy Meadow, Towradgi, Gwynneville and East Corrimal. $500,000 appears now to be the minimum price for a basic home in these locations.

This is also evident in coastal suburbs south of Wollongong such as Shellharbour Village, Warilla and Windang where older and basic homes are selling for a minimum of $500,000 and are fast becoming very scarce for under $500,000.

Purchasing a home in the northern suburbs localities such as Austinmer, Woonona and Bulli is close to unobtainable for under $500,000. The figure is around $600,000 to $700,000 for an older home close to local amenities but not necessarily close to local beaches and public transport.

In the Wollongong CBD, new 2-bedroom units can be purchased for around $500,000 to $550,000. These are seen as good investments as far as rental returns go and are attractive to first home buyers and investors due to the rebates and government grants offered. Older 2-bedroom units around the Wollongong CBD can still be purchased for around $350,000 and are also viewed as a good investment and have produced steady capital growth over the past couple of years.

Purchasing land and building in the new releases of Shell Cove, Flinders, Haywards Bay and Brooks Reach Horsley are viewed as a good way to spend $500,000. These areas have seen strong capital growth over the past 12 months. Land can be purchased for $260,000 to $300,000.

Our pick around $500,000 is now switching to southern suburbs such as Barrack Heights and Warilla, where a great amount of stock is older ex-NSW Housing 3-bedroom fibro in nature but close to beaches and good shopping. We will see a pick up in activity here with young first home buyers entering the doer-upper phase of their lives in a great beach side location that is rapidly re-invigorating itself. Some of the best buying if you can get it is in and around Shellharbour Village which still appears to be undervalued in our opinion.

Southern Highlands

The market in the Southern Highlands is currently increasing.

Under $500,000 in Bowral will obtain mainly semi-modern or modern townhouses at around $450,000 to $500,000. In East Bowral, which comprises semi-modern project homes, an investor could just pick up a 4-bedroom home that needs some work in the $480,000 to $500,000 range. Rentals are in the range of $450 to $550 per week. In Moss Vale and Mittagong, a modern project style home can still be purchased in the $450,000 to $500,000 range.

Southern Tablelands

The Southern Tablelands offers more choices and affordability to potential investors with lower price entry levels than the Highlands. Goulburn, with a population of around 24,000 has a steady workforce and is a popular country holiday destination.

> Due to the high real estate prices in Canberra and Sydney, we are seeing Canberra commuters and Sydney investors purchasing investment properties in Goulburn.

Depending on dwelling, land size and the quality of the home, you could purchase a new or modern home for between $390,000 and $500,000 and rent it out for between $400 and $500 per week. For capital growth, an investor could purchase an older style dwelling for between $250,000 and $350,000 and renovate.

Another option in Goulburn for the savvy investor would be to purchase multiple residential units or townhouse or villa properties for between $150,000 and $250,000 each and rent them out for between $200 to $300 per week. An investor could purchase two or three of these properties for under half a million. This market has shown good capital growth over the past few years and is now steady. Rental levels in Goulburn have reduced slightly over the past 12 months.

Compared to last year, our value levels have increased by 10% in the Highlands and remained steady in the Tablelands. We would consider reinvesting into these properties. Value and rental markets have improved in our region.

Newcastle

These days $500,000 doesn't go as far as it used to compared to even a handful of years ago, so if you are living in the Hunter region or simply looking to invest there, the big question is what does half a million get you?

Well there are a few answers to that one depending on what you are looking for. Are you a first homebuyer? Just looking to invest? Or are you looking for that future family home in that leafy suburb you've dreamt about since you were a kid.

That dream could be a reality for some with a few stipulations. If you are willing to sacrifice a few more minutes to work or live a few more kilometres away from the beach, then there are certainly options around. New subdivisions surrounding the Newcastle area including Fletcher, Cameron Park and Chisholm are your best bets for a decent sized home around the half million mark but get in quick as land is rising consistently as demand appears to be outstripping supply somewhat and it won't be cheap for long.

If you want to spend your half a million on an investment property then look no further than North Lambton, Georgetown or Jesmond which are all suburbs within close proximity of Newcastle University and John Hunter Hospital offering a plentiful supply of tenants to shore up your income streams. You will find a plentiful stream of students living out this way due to the proximity to the university and short travel times (dare we say cheap travel costs as well). These suburbs are also quite popular with first home buyers looking to break into the market at affordable prices yet not venturing too far away from the heart of the CBD of Newcastle. These prices are rising constantly however so we can't guarantee they will stay under $500,000 for long.

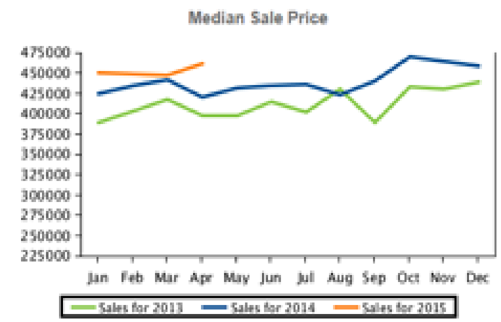
In Newcastle the quality of property you can get for less than $500,000 is not what it used to be with the growth that has occurred over the past 18 months. It is still possible to get a reasonable house around Nelson Bay for under $500,000 although we note land prices in the biggest subdivision in Nelson Bay at present are ever rising so Nelson Bay could be following the way of Newcastle with an influx of Sydney buyers looking to beef up their portfolio on the back of cheap finance and equity from Sydney property.

NSW Mid North Coast

This month we consider the best property options that half a million dollars will buy you on the Mid North Coast.

While that lazy half a million may be easier to obtain at the moment, it certainly doesn't go as far as it did last year with opportunities becoming harder to find.

On the mid north coast during the latter part of 2014 we noted an increase in demand and values for residential properties. This was also reflected in house prices peaking in October/November (as shown below). However the market has continued to rise albeit at a slower rate over the past few months.



Sourced from RP Data

Residential

Rental economy has remained strong fuelled by high current demands and increasing rents. This has seen returns for residential properties escalating at a higher rate than the increasing value rate of the dwelling especially in the low to medium price range.

Therefore taking the above into consideration we consider the following investments areas the best for a lazy half a million:

- Good quality villas or lower end villa complexes, consisting of two villas sold as in one line have been popular with investors producing an almost positively geared return and would be a good area for investment.
- Three to four bedroom older homes in the eastern side of Port Macquarie, around the $450,00 to $550,00, are also producing good returns in most instances and combined with excellent potential for future capital growth, is another area of good investment.
- House and land packages in the outer and western regions of Port Macquarie and nearby towns and villages can be purchased for between $450,000 and $550,000. With the construction of the Charles Sturt University Campus, these areas are also showing positive signs of good rental rentals which should increase in the future.

On the mid north coast, the major centre of Port Macquarie has the highest rates for capital growth and rental returns at present. The smaller regional and coastal towns and villages are also showing increases in growth and rental returns and consideration should also be given to similar types of properties, as mentioned above, in Forster, Lake Cathie, Bonny Hills and Laurieton for investment opportunities.

NSW Central Coast

The NSW central coast property market has experienced a substantial increase in values over the past year and this keeps us in line with many markets. With the increasing demand seen over the past year, those with a lazy $500,000 just don't appear to be getting all that much in comparison to this time last year.

Values vary considerably across our region and an almost unprecedented level of demand in the sub $500,000 market has been seen of late. This results in prices pushed above and beyond both the owner's and agent's expectations. Increasing values means those with dreams of being near the transport hubs, better suburbs or near beachside destinations will need on average $600,000 to $650,000 to secure entry level beachside properties and closer to $600,000 for the other locations. Thus the lazy $500,000 just won't cut it if the dream of owning a dwelling is on the agenda.

But with planning and quick action, $500,000 buyers can generally pick up a standard 3- to 4-bedroom, single storey project home in the newer and developing residential estates of Wadalba, Hamlyn Terrace and Woongarrah and their surrounding suburbs. These areas have been known for their affordability and with developing infrastructure we predict that the region will continue to grow over time. Residential development within the area is considered strong, with developers barely keeping up with the demand and selling off 300 square metres of land for approximately $220,000. Lots of double that size could be purchased for the same price just months ago.

For those who prefer the southern central coast lifestyle, property around Gosford, Wyoming, Narara and Niagara Park area is considered the most affordable. An average 3-bedroom single storey, 30 to 40 year old home with a garage can be purchased anywhere in the mid $400,000s to $500,000 range, with the odd larger 4-bedroom property being sold for just under $500,000. Although these houses are much older than those being sold for similar prices at the northern end of the central coast, these areas are more centrally located with train stations, schools, hospitals and the beach just a short drive away. Additionally, these suburbs are becoming more and more popular for Sydney commuters due to their short distance to the M1 and affordability in comparison to the current Sydney house prices.

For those who prefer a busier atmosphere and less maintenance, units in and round the Gosford area can be purchased anywhere from $300,000 to $500,000. But beware of jumping too soon as there are a large number of units approved and waiting for commencement and the construction of too many units in a short period will only result in an oversupply situation. This is a situation seen in the last bull market with a long recovery period resulting from it.

Tradies, builders, investors or those who fancy a renovator's delight may be able to snap up the occasional bargain in the more prestige southern central coast region closer to the water and beaches for a lazy $500,000 or less. These rundown properties are considered to attract a niche market where labour costs can be substituted with the purchaser's skill. Such is the case in The Peninsula areas of the coast such as Umina Beach, Woy Woy and Ettalong Beach where the demand and popularity of these areas has been nothing short of spectacular and where properties thought to be reasonably good value around the $500,000 mark now are well into the $600,000s. The sustainability of these markets at these levels remains to be seen, but we would be very cautious and expect them to show up on the lender's red flag list at some stage.

Those with a lazy $500,000 to spend could also cast an eye over the sleeper suburbs. We include some sections of Kincumber, Empire Bay and Erina among them along with Budgewoi, Blue Haven, Buff Point, Summerland Point and Gwandalan.

Bathurst

Half a million is a significant price point in the local area. The vast majority of residential sales are below this mark. This is true for new and established dwellings. Builders recognise this and the majority of spec homes are between $400,000 and $500,000, although the number of new homes nudging the half million dollar cost to construct has increased over the past year as interest rates have fallen and people have become more willing to upgrade the size and standard of a build. With an average house block in a new estate selling for around $160,000, this leaves $340,000 for the improvements. Given local building costs this can equate to a 250 square metre 4-bedroom 2-bathroom brick veneer dwelling to turn-key standard.

In the established market a price up to $500,000 does not preclude a buyer from a central location. A case in point is 289 George Street, Bathurst. This is a rendered double brick circa 1930s dwelling refurbished and extended in the late 1990s to create a 4-bedroom, 2-bathroom dwelling on a 926 square metre block. It is located within 10 minutes walking distance of town. The recent sale price was $470,000.

289 George Street, Bathurst

In the rural residential market, $500,000 is the starting point for a property of average quality a few kilometres out of town. Anything less and it is likely that the dwelling is compact or dated, the block is of below average quality or the property is located over 20 kilometres from town. Closer to town in Orange, two hectare lot subdivisions are selling from $380,000 to $420,000 per block. Once developed it's expected they would fetch above our target of $500,000, but not a bad option to land bank with an eye for land value to hit half a million in the medium term.

Dubbo

The Dubbo residential property market is continuing to climb with recent figures released by Australian Property Monitors (APM) showing a total of 636 house sales in the 12 months to 31 March 2015. The median price for houses in Dubbo is now $320,000 and $240,000 for units.

With this in mind, $500,000 will still buy a good quality family home in Dubbo. Some recent sales around this price range include:

15 Cobbity Avenue, Dubbo - $495,000, 24 March 2015

A brand new 4-bedroom, 2-bathroom brick veneer dwelling with 2-car built-in garage. Living areas or 210 square metres and land area of 833 square metres. Turn key package.

20 Pine Knoll Drive, Dubbo - $501,555, 4 December 2014

A circa 1980, 5-bedroom, 3-bathroom, rendered brick dwelling with 2-car attached carport and 1-car built-in garage. Living areas of 237 square metres. Ancillary improvements include a patterned concrete driveway, decomposed granite driveway, partially enclosed yard of mixed construction, paved paths, established landscaping, sprinkler system, solar heated fibreglass inground pool with paved surrounds and statutory pool fencing, clothes line, garden shed, mail box and retaining walls. Land Area of 4,000 square metres.

6R Debeaufort Drive, Dubbo - $514,000, 18 November 2014

A circa 1995, 4-bedroom, 2-bathroom, brick veneer dwelling with 2-car detached garage. Ancillary improvements include above ground pool with statutory pool fencing and renovated kitchen. Land Area 2.48 hectares.

218 Darling Street, Dubbo - $495,000, 23 September 2014

A circa 1940, 5-bedroom, 2-bathroom, brick veneer dwelling with 1-car detached garage. Living area of 199 square metres. Ancillary improvements include paved driveway; full boundary fencing of mixed construction; paved paths; moderate landscaping; fibreglass inground pool with paved surrounds and statutory pool fencing; clothes line, mail box. Land area of 948 square metres. Renovated kitchen and bathroom.

While $500,000 will still go a long way, there have been some amazing sales in the past 12 months with the highest residential dwelling sale at $890,000 in June 2014. The property is a high quality 5-bedroom, 3-bathroom residence with golf course frontage, comprising 392 square metres of living and almost 60 squares under roof, an 11 metre in-ground pool, extensive landscaping and a high quality fitout throughout. Land Area of 1,020 square metres.

The highest sale for a rural residential lifestyle property in the past 12 months is $1,425,000 in October 2014 for a prestigious property located at The Angle Estate which comprises 7.86 hectares of land with Macquarie River frontage.

Tamworth

The Tamworth 2014/2015 financial year to date indicates a median residential house price of $312,000. New estates, renovated period homes and large lot residential homes attract the mid million value. Renovated period homes in East Tamworth appear to be the safest buy with higher capital growth. Newer residential estates in Hillvue, North Tamworth and Calala offer low maintenance new modern homes with good neighbourhood appeal. Moore Creek and Kingswood are large lot residential estates on the edge of town also attracting the mid million.

Values in the mid million make up approximately 30% of the Tamworth residential market and are considered at the higher end of the market. Values in this bracket have remained steady throughout the past 12 months, with this trend likely to continue into the next financial year.

Victoria

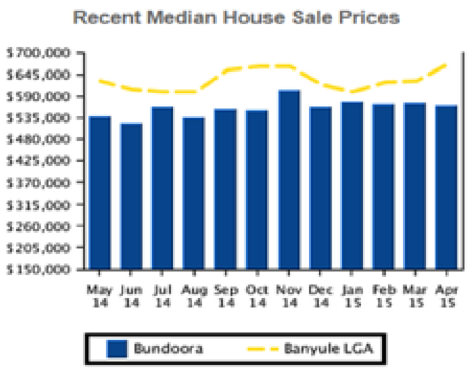
Melbourne

Melbourne's residential property market has been performing well in 2015. There have been strong levels of growth throughout Melbourne especially within the inner city suburbs. This can be attributed to many factors such as a record low cash rate of 2% and high levels of foreign investment. This is giving the Melbourne market a positive outlook and affordability is a growing issue. Many buyers are being priced out and are forced to buy in outer suburbs. Dwellings in most inner city suburbs are over $500,000, so we have looked at what can be purchased at this price point.

Once a working class suburb, North Melbourne has transformed into a lively suburb with a vibrant café culture. In addition to the walkable distance to the CBD, the suburb is well serviced by North/West Melbourne train stations, three tram routes and buses. Errol Street and Victoria Street are famous for the variety of shops, cafes and restaurants. In recent years, a large number of old factories and warehouses have been converted to modern apartments. The suburb is highly sought after by young professionals and students owing to its close proximity to the CBD, Victoria Market, hospital precinct and universities. 65% of the population is currently renting with a vacancy rate of 2.95%. The median price for units is $493,000 as of May 2015. 2-bedroom apartments in older complexes are generally available at the higher end of the $400,000 mark.

Bundoora is a northern suburb approximately 16 kilometres from the Melbourne CBD, and is home to RMIT and La Trove University with a demographic mix of students and families. When looking back to July 2014, it was reported that the median house price for a 3-bedroom home was $495,000. In March 2015, statistics indicate that Bundoora's median house price for a 3-bedroom home grew to $513,000 (http://www.reiv.com.au/Property-Research/Median-Prices/Median-prices-by-bedroom/3-bedroom-houses).

When looking at the overall median house price Bundoora recorded an average house price of $587,500.



Source: (https://rpp.rpdata.com/rpp/flow/suburbstatisticsreport.html?execution=e3s3#householdSubReport)

The median land price for Bundoora was recorded at $717,500 for May 2015.

This indicates that $500,000 will no longer be sufficient for buyers to purchase houses or adequate size land in this suburb and will force buyers to purchase apartments. The median apartment price recorded in May 2015 was $361,000, a large drop from April which was $455,000 and this median price drop is believed to have occurred from the oversupply of apartment developments in the area.

We have seen continual demand within the new house and land markets in the outer south-western region of Melbourne with areas such as Point Cook, Truganina, Tarneit and Williams Landing having had continual demand over the 2014/2015 period. Appeal for these markets is being driven by the relatively affordable entry level properties with buyers still being able to purchase three to four bedroom homes for under $500,000. RP Data Core Logic has reported an annual capital growth of 3.23% for the year so far, reflecting a new median house price of $465,000. Although Point Cook is situated approximately 22 kilometres from Melbourne's CBD, nearby railway stations such as Aircraft and Laverton on the Werribee line provide access to Point Cook's town centre as well as Melbourne City. Two of the more prominent estates within Point Cook (Alamanda and Sanctuary Lakes) have seen dwellings consisting of four bedrooms and two bathrooms situated on roughly 450 square metres of land sell from $450,000 to $550,000 depending on their street appeal and location. These sales reflect the strength within the current market and the desire to be a part of these established estates.

Mildura

With the median house price in Mildura around $275,000, buyers with $500,000 to spend have the option to buy a well above average standard home. For $500,000, buyers will be able to acquire either an upmarket 4-bedroom home, most likely with a swimming pool and good external improvements and located in one of the better areas within Mildura, or a large home on a rural residential lot (2,000 square metres to 4,000 square metres) in a preferred area surrounding Mildura.

Interestingly, and presumably in response to improved confidence and reduced interest rates, we have seen a higher number of transactions in the $475,000 to $525,000 bracket during the first half of 2015 compared to the same period in 2014.

For investors with this sum available, it is still possible to buy two reasonable standard 3-bedroom brick veneer homes in Mildura, which while being a bit dated will still be quite rentable. Typical gross rental returns at this price bracket will be in the order of 6%. Buyers at this price point will need to factor in some upgrading over the next few years, but on current indications will have no trouble finding tenants.

Another option which appeals to many investors is the purchase of an entire block of three or four units. A recent example is the sale of four units at 31 Chaffey Avenue, Mildura. These units were built around 1980, are of double brick construction and presently returning around $32,500 gross rent per annum. The block of units sold for $492,000 within two weeks of being listed.

Echuca

Five hundred thousand dollars give or take 5% buys an above average 4-bedroom, 2-bathroom house in most of the modern residential developments in Echuca/Moama, typically with an inground pool or good quality colourbond shed. Alternatively, buyers looking a bit further out might be able to secure a smaller or slightly older (circa 1990s) dwelling in a rural residential setting. This sum of money is also likely to secure a very high quality centrally located townhouse in Echuca or Moama.

Gippsland

WELLINGTON AND LATROBE REGIONS

In the Traralgon area, $500,000 will buy a modern 4-bedroom home in a superior, close-in residential estate, or an older style, rural residential property on the outskirts of town. Older style properties in prime locations will generally sell for $400,000 to $500,000, especially if they have been partly renovated or have subdivision potential.

Sales of single dwellings in the Morwell and Moe/Newborough areas over $500,000 are rare and generally represent large, high quality dwellings on large residential allotments or well established rural residential properties.

In Morwell you would be able to purchase four circa 1960s, commission style homes bringing a 7.5% to 8% rental return.

EAST GIPPSLAND

Standard residential properties in East Gippsland are generally well below the half million dollar level but you can spend that amount on a quality new build or a well renovated period dwelling in a good spot, although these are rare.

Moving out of town in the Bairnsdale area, $500,000 will get you a rural residential property with a standard build of a circa 2000s, 4-bedroom, single level dwelling with a shed on up to one hectare of land. Older dwellings come with more land (up to 15 hectares) and you can get a pool, more shedding and better views for the same money.

Properties extending out into the Nicholson area are of the circa 1990s era and will be set up for horses with basic stables, a number of paddocks and are close enough to schools for family appeal and should be comfortably within the budget.

If you are looking to be closer to water you can get a modern house in the Paynesville area with a lake view, but not canal frontage, for around $500,000.

BAW BAW (WARRAGUL/DROUIN)
Warragul and Drouin continue to provide affordable living with properties around the $500,000 price range being readily available. At this price a typical property of 1,000 to 4,000 square metres located on the fringes of the cities will comprise a modern house on a slightly to moderately sloped lot. Modern houses for $500,000 on 500 to 700 square metres can be found closer to the CBDs.

Alternatively, older style dwellings in prime locations of Warragul also sell in the $500,000 range, together with larger, high end townhouses close to the main streets.

SOUTH GIPPSLAND
In the coastal regions of Inverloch and Phillip Island properties in this price range comprise older properties with potential or restricted views or located in close proximity to the foreshore. There have been a few sales on Surf Parade, Inverloch for $485,000 to $550,000.

Phillip Island had a 644 square metre vacant block in Sunderland Bay with unrestricted water views sell for $535,000.

The main market for properties at this price in Cowes and surrounding suburbs are typically modern properties on lots under 1,000 square metres with no views and located some distance from the beach and CBDs.

Queensland

Brisbane

Based on average capital growth rates, $500,000 invested last year is probably worth about $530,000 if the approximately 6% per annum broadcast rate is accurate. Brisbane is a traditional market that loves property fundamentals – detached homes close to the CBD are always a sure thing. No matter what sort of market you're in, because in relative terms the strongest demand tends to lay close to the city.

In 2014 we were suggesting Mt Gravatt as an option with homes in the high $400,000s and early $500,000s on offer. This year our southbound valuers feel things have tightened, so the ability to purchase under $500,000 now lies beyond the 10-kilometre ring. Suburbs such as Eight Mile Plains and Runcorn are being mentioned in dispatches. They haven't been the sexiest of investment addresses in the past, but they are affordable and do appeal to renters. Twelve months ago you may have found options in Salisbury, Tarragindi and possibly even parts of Holland Park, but it'd be a rare gem if you could come across something there now. The same could be said for Stafford or Keperra on our north side. It may be a case of venturing to Brighton, Sandgate, Deagon, Boondall, Taigum or Backen Ridge to find the sub-$500,000 stuff as well.

Eight Mile Plains and Runcorn are positioned 12 to 14 kilometres from the CBD. For your half-million, expect to pounce on a 1980s high set brick and tile house of average condition with 3-bedrooms, and 1-bathroom. Rental would sit at around $430 per week, or a gross yield of about 4.5%. This is steady real estate with good long-term prospects, particularly given proximity to Garden City and associated public transport. Add to this that the neighbouring suburb of Mount Gravatt has been identified as a suburban node in the Brisbane City Plan. This means you can expect increased development in the area over the next few years, which helps feed demand in the locality.

Attached units certainly provide far more options for those with $500,000 to spend – particularly when it comes to second-hand stock. Coorparoo, Greenslopes and Annerley all come to mind as areas worthy of consideration. You'll certainly get change out of half a million as you can expect to buy a 1980s unit of 2-bedroom, 1-bathroom accommodation from the early $300,000s and up to $400,000. Yield is about 5%, which is plenty in our current low interest rate environment. If you want to seek similar stock north of the river, check out Alderley, Gaythorne and Enoggera where you'll find options at a 5% gross yield.

When it comes to areas of caution, new units are definitely being red flagged – particularly those built to attract investors and in areas of potential oversupply. Do plenty of research if your even remotely thinking of buying off-the-plan. Better yet, make sure you have a valuer check it out first. In this sector, the units that hold their value best are the ones designed and finished to appeal to both owner-occupiers and investors. Another sector to be wary of is properties located in secondary areas in outer lying suburbs.

While property has performed well this year, there's an expectation the market will be reasonably static over the coming few months, even with low interest rates. There's still a lot of uncertainty around the economy and around job security, and out net migration isn't running at levels high enough to drive a boom. Rents will likewise remain flat, particularly in inner city areas where there is new stock just on the market or due to be completed within the next 12 months.

Toowoomba

As we approach the second half of 2015 the Toowoomba residential property market continues to experience an upswing. However, while the Toowoomba residential market has benefited from its location as the gateway to the Surat Basin, the reduction in mining activity and low energy prices may see a stabilisation of values in the residential market. This volatile industry activity aside, the hype surrounding the Brisbane West Wellcamp

Airport and the proposed Toowoomba Range Bypass Road as well as low interest rates is likely to sustain development momentum and property enquiry for the time being.

For both stock on the market and sales recorded in the Toowoomba residential market, the sub $500,000 price bracket remains the most active. At present, the median house price recorded for Toowoomba has climbed to $357,500. While this is a new record and evidence of a firm consumer sentiment, the volume of sales recorded has decreased by almost 10%. Due to its affordability and broad market appeal to investors and owner-occupiers alike, this price bracket is likely to continue to represent the greatest portion of market activity.

There is a vast range of new and established dwellings currently for sale or recently sold for less than $500,000. For instance, the colonial dwelling with 3-bedrooms and 1-bathroom in East Toowoomba pictured below sold in January for $462,500.

Contrastingly, the near new brick dwelling with 5-bedrooms and 2-bathrooms in Glenvale pictured below sold for $425,000 in January.

While there is general demand across the board for properties for sale below $500,000, it is predicted that the owner-occupier dominated suburbs such as East Toowoomba, Middle Ridge, Kearneys Spring, South Toowoomba, Mount Lofty, Darling Heights and Rangeville will record a more stable growth pattern than new investor driven developments across Toowoomba's western suburbs. For instance, East Toowoomba has recorded a steady median price increase of nearly 60% over the past decade, a trend which is expected to continue due to the amenity, established schools and other desirable attributes this suburb offers.

Gold Coast

Across the southern Gold Coast and in northern New South Wales there are opportunities for investors and owner occupiers to purchase property in the $500,000 price range. The areas with the greatest demand are Burleigh Waters, Miami, Palm Beach, Elanora, Salt and Casuarina. These suburbs are well located close to amenities and the beach. The areas should offer reasonable growth if held for the long term. An example of short term growth is a property located at 7 Kelburn Close, Banora Point which sold in March 2014 for $527,000 in below average condition. The dwelling has been partly renovated since sale date (new bathroom and general tidy up works completed) and is currently under contract for $665,000 as at May 2015.

2014 image

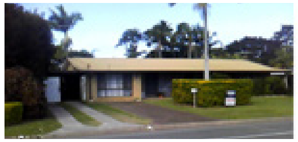
2015 image

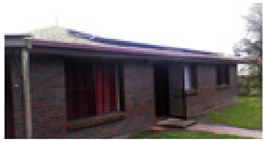
Perhaps you're looking for return on your investment like so many interstate investors of late. In the southern Logan market around Beenleigh and Eagleby, for a lazy $500,000 you can buy yourself not one but two investment properties.

Here are a couple of very recent examples:

43 Temma Street, Eagleby is under contract as at June 2015 for $240,000 in fair condition. Property comprises a basic, on ground, circa 1984, brick and metal roof dwelling with 3-bedrooms, 1-bathroom and 1-car carport with a tenant currently paying $310 per week.

25 Chapman Drive, Beenleigh sold in May 2015 at auction for $250,000 in fair condition. Property comprises a basic, on ground, circa 1984, brick and metal roof dwelling with 3-bedrooms, 1-bathroom and 1-car carport. Agent advises tenant will happily pay $320 per week.





25 Chapman Dr, Beenleigh *43 Temma St, Eagleby*

For a total purchase price of $490,000 you get a gross yield of 6.68%. Not bad!

Recent market activity has seen some suburbs which may have previously been overlooked for some owner occupiers, increase in value to figures above 2007/2008 price levels. For example 61 Macquarie Avenue, Molendinar was purchased for $550,000 in November 2008 and has recently gone under contract for $610,000 in largely the same condition. Other similar suburbs that have recently seen a jump in entry level prices include Coombabah and Helensvale, with first home buyers (in most cases) having been pushed further out, away from more central and coastal suburbs.

Another example of market movement can be seen in the recent sale (under contract) of 8110 Magnolia Gardens Court, Hope Island, being an attached townhouse with golf course frontage, for $478,000 having last sold in September 2013 for $425,000 with only some light refurbishment in between.

Local agents are consistently reporting having more potential purchasers than properties to sell, which poses the question... Where to next for first home buyers? Eagleby perhaps.

Labrador offers good opportunity for investors with some 2-bedroom, 1-bathroom walk-up style units selling in the early to mid $200,000 range and being let for over $300 per week, often in original condition and within walking distance of the Broadwater.

There has been considerable improvement in property values for residential property in the more central areas of the Gold Coast over the past 12 months. With this firming in the market, the opportunities to buy a freestanding dwelling on 500 square metres of land for around $500,000 or less within well-located suburbs such as Benowa, Mermaid Waters and Robina are now becoming extremely limited. Local real estate agents are still reporting strong levels of demand for this type of residential property and stock levels are very low which has inevitably put upward pressure on property prices. Investing in entry level detached housing in this price range in the central suburbs of the Gold Coast has always been a solid option.

Examples of detached housing which have sold for $500,000 or less in the past couple of months include:

1 Chadstone Place, Robina sold in March for $500,000. Comprises a single storey, circa 1990, brick 3-bedroom, 2-bathroom dwelling with 2-car garage. Updated bathroom and pool. Land area of 482 square metres. Previously sold in September 2012 for $425,000;

10 Piccabeen Close, Robina sold in March 2015 for $490,000. Comprises a single storey, circa 2001, rendered brick 3-bedroom, 2-bathroom dwelling with double lock-up garage. Land area of 517 square metres. Previously sold in January 2013 for $415,500.

135 Bamboo Avenue, Benowa sold in May 2015 for $425,000. Comprises a small, single storey, circa 1980, brick 3-bedroom, 1-bathroom dwelling with 1-car carport. Original kitchen and bathroom. Land area of 598 square metres.

With increasingly limited reasonably priced opportunities available for detached housing in the central areas, buyers will be required to negotiate quickly or will be forced to look into a different property type such as a townhouse or villa.

Townhouse units or villas in the central parts of the Gold Coast are still considered to be good options provided that the associated body corporate costs are relatively low. Local agents advise that these properties are also in good demand and stick levels are relatively low, but buyers will likely find it much easier to find an opportunity at less than $500,000, which still offers good capital growth potential and a sound rental return.

Examples of townhouses or villas which have sold for $500,000 or less in the past couple of months include:

23/103 Salerno Street, Surfers Paradise sold in February 2015 for $407,000. Subject property comprises a two level, circa 2000, 3-bedroom, 2-bathroom townhouse and 1-car garage and 1-car carport. This is a gated complex with various facilities. Previously sold in June 2009 for $420,000.

56/7 Elliott Street, Surfers Paradise sold in January 2015 for $435,000. Comprises a two level, circa 2001 4-bedroom, 3-bathroom townhouse with 1-car garage. This is a gated complex with various facilities. Previously sold in December 2012 for $395,000.

28/34 Albicore Street, Mermaid Waters sold in February 2015 for $490,000. Comprises a single storey, circa 2000, 3-bedroom, 2-bathroom villa with 2-car garage. This is a gated complex with common swimming pool.

Overall it is quite clear that market confidence has picked up again and with interest rates still predicted to remain low, property investment on the Gold Coast should provide a solid option for those owner occupiers or investors willing to spend a lazy half million.

Sunshine Coast

As always, the question of where to park a lazy $500,000 remains somewhat challenging. This is especially so given that the early and easy capital growth for housing has passed us by.

The beach side area properties that provide a modest home with a higher value land component would still be a good pick. You will just have to be pretty selective and also be prepared for a long term hold as the gains are not likely to be so easily won over the next 12 months. The main reason we think that this product is appealing is that there are little to no new beachside estates in the pipeline so these properties will not be easy to replicate.

The other option we believe has some legs is the rural residential markets in and surrounding the hinterland townships. The market has yet to recover and remains fairly soft and there is an ability to purchase these properties at below replacement cost which has to hold you in good stead in the future. The future upside magnifies if you can afford to get into the $700,000 to $800,000 range where you really do get a lot of home for your money.

Units in small complexes with low body corporates and near to beaches (typically built in the 1980s) still look good value below $300,000 and up to say $400,000 for the refurbished ones, though this market has been picked over in the best areas such as Alexandra Headland and Cotton Tree.

The Sunshine Coast market is into the recovery with the easy gains passed. You just need to do more homework to buy well and with your investment horizons being more long term.

Gladstone

As stated in 2014, a lazy half a million would buy an above average quality, modern home on an allotment generally greater in size than 800 square metres in the modern suburbs of Kirkwood and New Auckland. We also stated that older, more central suburbs such as Gladstone City, West and South Gladstone offer older style, fully refurbished homes of above average size and quality and generally with district or harbour views for $500,000.

In 2015, half a million dollars will still buy these property types in these locations however transactions are very few and far between. These properties generally have easy access to urban services including schools and shops and are usually purchased by owner occupiers.

Most of the activity in the current market is occurring within the $300,000 to $400,000 bracket. Property in this price range comprises a mix of older housing in well established suburbs with good infrastructure and modern, average quality homes in new estates.

Rockhampton

It has been twelve months since we looked at what you can get in the Rockhampton area for a lazy half million dollars. Not much has changed in this price bracket. While we have seen a softening in the market in the lower price range houses in the higher price range of $500,000 plus have been tending to hold their values.

To recap, the areas in which you can look at spending this sort of money depends on what type of property you are interested in. For an older style house you would be looking in the suburb of The Range on the south side of Rockhampton which is close to most of the major facilities in Rockhampton. This price range will get you a nice older style dwelling that is generally partially renovated.

Also on the south side we mentioned that two high-rise unit developments were due for completion at the end of 2014. These developments have been reasonably popular and there are still some options available but are becoming close to fully sold.

The north side of Rockhampton provides buyers an opportunity to buy a more modern dwelling with Frenchville and Norman Gardens being the areas in which $500,000 properties are generally found. These properties are mainly onground dwellings of 3- to 4-bedrooms.

For those looking for a bit more land to put the shed or pool or to be further from your neighbours, the areas of Rockyview, Gleenlee and Glendale provide a rural residential lifestyle where for around the $500,000 you will get a more modern home about five to ten years old with a shed.

The majority of property for $500,000 in the Rockhampton area is generally purchased by owner occupiers. However those investors looking in this price range can expect to get about $450 per week for a more modern dwelling in the Frenchville or Norman Gardens area while an older home on The Range could achieve between $450 and $500 per week.

Mackay

Again we get to see what the lazy half million dollars will get you. Last year we stated that you would get a lot more bang for your buck than the year before and 12 months later you can now get even more! If you are a glass half empty type, then the Mackay market has seen significant falls in value on the back of the mining downturn in the Bowen Basin. Values across the board are down 15% and fast approaching 20%. However, if you are a glass half full type, then the current market presents some of the best buying opportunities seen in Mackay in almost ten years. The big question is has the market hit bottom? Unfortunately that is a bit tricky to establish at present and only time will tell.

For half a million dollars we stated in 2014 that you could get a new and fairly large executive style home in the northern beach suburbs of Blacks Beach, Eimeo, Rural View or Bucasia. For the same price, new but smaller, 3- to 4-bedroom homes could be acquired in the inner northern suburbs of Glenella, Mount Pleasant, Andergrove or in the newer area of Ooralea to the south. As at June 2015, the same applies, however for half a million, the dwellings are now bigger and you can get a shed and pool included for the same price!

In 2014 we stated that older style dwellings in all the established suburbs of Mackay can be found under $500,000, these dwelling being refurbished internally and externally and will usually include shed or pool. In 2015, these dwellings are well under $500,000 and for a lazy half million you will get a large fully renovated Queenslander.

Units have also been affected by the downturn.

You can buy large modern units at Mackay Harbour or the CBD now for $500,000 and less.

Emerald

A lazy half million in Emerald will open up approximately 80% of the market to you and enable you to buy a very good quality home and even some acreage. The market between $150,000 and $300,000 is currently where most the activity is. With a serve contraction in values over the past two years a quality home under $500,000 is now very real, however remember that values don't appear to have bottomed yet.

Townsville

Houses in the inner city localities of South Townsville, North Ward and Belgian Gardens would be desirable locations for a $500,000 investment with key projects including the Stadium and Entertainment Precinct in the CBD and the Townsville City Waterfront Priority Development Area being mooted for the city. Houses in these areas are typically older style homes having undergone some upgrading or renovating and are generally more appealing to the owner-occupier market. Housing investor stock in these areas typically results from owner occupiers relocating out of town but still desiring to hold onto their properties, hence placing them on the rental market.

For a $500,000 investment, the modern middle class suburbs of Idalia, Annandale and Douglas would provide a good quality masonry constructed home that would appeal to both owner occupiers and investors. These areas are in close proximity to major employment hubs including the Lavarack Army Barracks, Townsville Hospital and the expanding James Cook University and its Discovery Rise precinct. These suburbs provide modern lifestyle facilities including parks, barbecue facilities and walking and bike paths.

From an investor perspective we have seen an increasing trend in the construction of new duplexes over the past 12 to 18 months within the developing residential areas. These are typically 2 by 3-bedroom configurations providing dual income stream and flexibility for owner occupation on one side while deriving an income from the other side. Entry level into these modern style investments typically starts in the low $600,000s.

South Australia

Adelaide

It's interesting times in the Adelaide market. Some sectors are not performing well with negative real growth while others are fairly solid on the back of low interest rates. Predictions from analysts are variable but generally not positive in the short to medium term. This is largely due to negative economic factors and a general lack of confidence.

However in any market there are opportunities and for buyers in the $500,000 bracket our suggestion is to stick to inner suburban areas and make sure that the property is close to transport shopping and community facilities. Secondary locations need to be viewed with caution from an investment perspective. The inner western suburbs being close to the city and having many character precincts would be a good place to look but with $500,000 perhaps a smaller cottage or townhouse would be worth considering.

In the traditionally strong eastern and southen suburbs $500,000 would be best spent on a cottage needing some attention , or a townhouse or unit for investment purposes. The inner city is also worth a look but selection of the right building is important. Property used exclusively for student accommodation may provide better investment return but capital growth can be limited.

We wont provide specific locations, other than to say stick to inner suburbs at present, because under current market conditions we are recommending any property be looked at with consideration of its individual characteristics in mind. Growth in capital values will come but probably not in the short term so the opportunity at present is associated with buying at the right price in the right area and having a longer term view.

Mount Gambier

In the south east of South Australia, $500,000 will enable you to purchase practically anywhere. Few dwellings sell for more than $500,000 and demand for property tends to reduce significantly when the market value is greater than $500,000.

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

37 Bluebell Drive, Mount Gambier, $525,000

A circa 2012 4-bedroom, 2-bathroom, modern dwelling on 1,357 square metres. Located in a modern residential division with good quality surrounding houses. Analysed land value is $115,000 and Improvements value is $410,000.

7 Power Street, Mount Gambier, $500,000

A circa 1890 two storey 4-bedroom, 3-bathroom, renovated character dwelling on 1,013 square metres Located in a sought after area surrounded by quality homes. Analysed land value is $140,000 and improvements value is $360,000.

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

31 Dohle Road, Yahl, $539,000

A circa 1993 5-bedroom, 2-bathroom dwelling on one hectare. Located on the eastern edge of Mount Gambier with good quality properties situated on country living allotments. Analysed land value is $150,000 and improvements value is $389,000.

The below property is located in the established township of Naracoorte. Naracoorte is approximately 100 kilometres north of Mount Gambier.

9 Price Avenue, Naracoorte, $525,000

A circa 1980 4-bedroom, 2-bathroom architect designed dwelling on 1,882 square metres. Situated in an established residential area where surrounding properties are predominantly detached dwellings. Analysed land value is $95,000 and improvements value is $430,000.

Tasmania

Tasmania's property market continues to deliver more bang for the buck to buyers compared to other states. Relatively stable economic conditions, a more buoyant business sentiment, developments within the tourist and food production sectors and increases in residential property sales volumes in the first quarter of 2015 all bode well for a continued stable, positive outlook for the state.

Character homes with period features on smaller parcels of land within approximately one kilometre of Hobart's centre have recently sold for a touch over $500,000.

Modern, centrally located 2-bedroom, 2-bathroom apartments (within a 500 metre range of the City centre) have sold from prices starting at just under $500,000. For larger apartments or those located on higher levels within an apartment complex prices in the mid $500,000 range are being achieved. Suburbs located within a six kilometre radius include Mount Nelson to the south of central Hobart where 4- to 5-bedroom homes on larger blocks can be purchased from just below to slightly above half a million dollars. A similar sized, older style home on a smaller parcel of land can be purchased in Lenah Valley, to the north-west within this radius for the same budget. Following this sized radius to the east in Bellerive, older style 3- to 4-bedroom, 1-bathroom homes have been purchased from just below to slightly above the $500,000 mark. Moonah, north of the City within this radius proves to be a much more affordable suburb as it is possible to purchase either two houses or a house and a unit with such a budget.

With a little change from a half a million dollar budget a 2-bedroom, 1-bathroom new townhouse can be purchased in central Launceston in the state's north. To purchase a centrally located 3- to 4-bedroom character home you will need to stretch your budge to just over half a million dollars. In the well regarded, centrally located suburbs of East, South and West Launceston for a buyer with this budget range it is possible to purchase a variety of house styles including character, renovated 4-bedroom, 2-bathroom cottages and houses. To the city's north-west in Riverside either a modern 3- to 4-bedroom home or an older style similar sized home with more land are available for purchase in this price bracket.

In Devonport in the state's north-west, a $500,000 budget goes a long way. It is possible to purchase a large 4-bedroom, 2-bathroom home with spectacular views or water frontage on a larger than average parcel of land. The same is true for Burnie, further west however you get more land for your money. Alternatively there are currently modern, beach front 2-bedroom, 2-bathroom high rise units offered for sale at just under half a million dollars.

Northern Territory

Darwin

A lazy half million........Where to invest $500,000 in the Darwin region?

$500,000 would not get you much in the immediate Darwin region over the past couple of years. However, more recently the adjustment to the First Home Buyers Grant (effective 31 December 2014) has brought on a buyer's market situation with some noticeable bargains being found.

First home buyers looking for some land to call their own, larger than the affordable approximately 300 square metre to 400 square metre blocks in the new subdivisions can find good buys around the older suburbs of Palmerston and the northern suburbs of Darwin.

> $500,000 and below could get a standard 3-bedroom, 1-bathroom ground level dwelling located on approximately 700 square metres to 800 square metres of land.

For the savvy first home buyer this also allows for the possibility of renovations and extensions. But the catch is, in purchasing an established property you will now forfeit the First Home Buyers Grant. For those seeking to make full use of their grant there is a possibility to purchase units off the plan however with a ceiling of $500,000 the potential stock will most likely be limited to 2-bedroom units.

Conversely, for the investor seeking an affordable property or a renovation project, it is a good time to buy. The increase in rental vacancies and properties on the market for increased periods of time have led to this buyer's market situation with some good purchasing being achieved at the lower end of the market.

For those seeking the straight forward investment and good returns Darwin has previously offered, the prospects have begun to taper off in the below $500,00 segment. With many landlords unable to secure tenants there has been a noticeable decrease in rental returns. For example, for a standard 3-bedroom dwelling in Palmerston, the REINT March 2015 quarter reports a decrease of 4.8% year on year from the previous year to a median rental income of $500 per week.

The Northern Territory's property market has been a stand out market in Australia over the past decade, averaging 7.4% annual growth for dwellings, year on year (RP Data/ Core Logic). However more recently we have noticed the effects that decreased market confidence and the First Home Buyers Grant being pulled from established dwellings has had on the market. Despite this with the Northern Territory's close proximity to Asia and the opportunities associated with mining and gas projects it can still be a good investment option.

Alice Springs

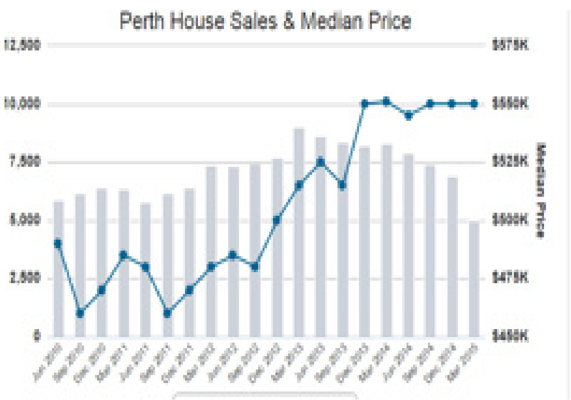
The Alice Springs market has very good opportunities around the $500,000 price level. A typical home in this price range will generally provide 4-bedrooms, 2-bathrooms situated in the established residential areas of East Side, Sadadeen, Gillen, Braitling and in parts of Araluen. Depending on the level of renovation, properties will often include a pool.

Western Australia

Perth

Buyer confidence has well and truly left the Perth market.

The median house price in Perth remains the same at $550,000 for the third consecutive quarter.



Source: REIWA

The number of total current listings (including land, units and houses) is well above equilibrium at about 14,289 in comparison to 12 months ago when it was just slightly below at 10,538. This confirms that the market is slowing.

Source: REIWA

Agents are still reporting good levels of enquiries and to the week ending 14 June 2015, there were 693 sales in the Perth metropolitan real estate market compared with 751 for the same week a year ago.

Source: REIWA

The recent interest rate cuts have done little to boost the confidence in real estate. When people are still losing their jobs in the mining sector, it will take a little time before the dust settles and people can see clearly where things are heading.

So, if I was going to park a lazy half million somewhere, I would probably be patient and hold back for a little while as we suspect that the market is about to change in Perth. We do not see that confidence is likely to come back any time soon, so if you can bear having $500,000 sitting in a very low interest bearing account for a little while longer then now would be a good time to start doing some homework.

There are still areas in the Perth metropolitan area which are relatively close to the Perth CBD and more importantly, close to rail (Bassendean as an example, which is 11 kilometres east of the Perth CBD) which hold good value for money. Our recommendation is to look at areas such as this which are close to public transport links, amenities (shops, cafes), and have an ageing population with older housing stock, located on larger, traditional sized lots. These types of areas afford the astute buyer the opportunity for a good longer term play that may one day give you development upside in addition to the traditional capital appreciation.

Remain patient, because your half million might buy you a little bit more by the end of the year.

South West WA

Where would you park a lazy half million in the south west of Western Australia?

> The coastal strip in the City of Busselton and development sites within South and East Bunbury are just two options among many opportunities within the south west to invest $500,000.

If you are looking for medium to long term capital growth in the region then a good option is along the coastal strip located on the northern side of Bussell Highway traversing the suburbs of Busselton, West Busselton, Broadwater and Abbey. This coastal strip is approximately 500 metres in width and runs for approximately 10 kilometres along Geographe Bay.

As the City of Busselton continues to grow at a strong rate this well located section of land will continue to grow in desirability and affluence, pushing the urban sprawl further away from the coast line. Consequently, this will result in good capital growth over the medium to long term as an increase in population will lead to stronger demand of a product that has limited scope to increase in supply. As such, this well positioned and limited coastal strip would represent a good option for a prospective purchaser looking to invest $500,000.

$500,000 is an entry point into this market and would secure a very basic residence with the vast majority of value being in the land. While the rental return of the investment would be weak, purchasing within this coastal strip would provide a strong opportunity for capital growth over the medium to long term.

Moving 50 kilometres north from the City of Busselton lands the prospective purchaser in Bunbury. Throughout South Bunbury and East Bunbury there have recently been some zoning changes which are encouraging higher development within these areas. 700 to 900 square metre properties which were previously single residential now have duplex or triplex potential. Property values are starting to gain momentum as these zoning changes are filtering through. Now would be a good opportunity to invest $500,000 for medium to long term capital growth.

Esperance

A lazy half million to invest – wouldn't that be nice. An advantage of this region is that sum could buy you quite a bit. A substantial home in the small coastal town of Hopetoun could be purchased, although the potential for capital growth would be very slim, or perhaps 20 to 25 homes in Norseman could come close to soaking up your funds. There may be a problem with ongoing maintenance, erratic rental income and no capital growth to contend with however.

For that sort of money, definitely two, and if you play your cards right, three homes could be purchased in Nulsen which would give the best return on investment in this area with potential rentals of $250 per week on average. Most properties are basic and sound with routine maintenance requirements for buildings of their age, being typically 30 to 40 years.

Adjoining Nulsen, Sinclair has a generally better market profile and there may be the chance to squeeze two properties into your $500,000 limit with rental incomes in the vicinity of $300 per week. Alternatively, one property at around $350,000 could still return in the vicinity of $380 per week and leave some change in your pocket.

The lower end of Castletown, being the largest residential suburb in Esperance, is on par with Sinclair and rises from there. A new home with modern construction and finish can still be purchased within the $500,000 limit which should have no maintenance issues and be able to return between $400 and $450 per week. The coastal suburb of

West Beach and the central suburb of Esperance itself have similar characteristics to the range offered in Castletown.

The market here has remained virtually unchanged over the past twelve months. This does give some stability for investors and rental levels have remained strong although recent months have seen some increase in vacancy and time will tell whether rental rates will soften to stimulate occupancy. Sales volumes are not high but have been consistent. We anticipate the next twelve months will see little departure from this trend.

Therefore, $500,000 in this region can buy a lot, whether that is one property or multiple purchases. The balance is allowing for maintenance and associated issues with older buildings in the lower priced areas offset by potential greater returns compared to the set and forget investment of more modern properties that may have a lower capitalised return but less potential grief.

Rural

HERRON
TODD
WHITE
RURAL

Darling Downs

The rains have been a very welcome sight in the month of June, especially as they fell as far west as Charleville. Falls of up to 50 mm have been recorded although it has been very sporadic. Those higher recordings were generally concentrated south of the Warrego Highway. It's been no drought breaker although exceptionally timely as the majority of the winter planting has now been completed, on less than ideal moisture profiles in some parts. Cattle numbers have been weaker overall throughout those selling centres, with quality still being mixed with a large percentage of lighter cattle evident. Despite this the markets have remained strong with the Eastern Young Cattle indicator up about 160 cents from where it was 12 months ago.

The property market is still showing mixed signals at present. There has been some strong market indicators within the Taroom area underpinned by strong market competition. We are aware of a pending sale of a 2,500 hectare holding within that Wandoan/Taroom district, that if settled will provide another solid indicator. More details will be provided once publicly confirmed. A number of unconfirmed settled sales are also pending within the Condamine area including that of Deepwater a 2,201.49 hectares broadacre Brigalow block. Basin Down, further west between Surat and St George was recently sold prior to auction. Consisting of a 7,159 hectare aggregation ranging between Balonne River, the property is heavier country partly developed to cultivation and running back to transitional Bauhinia and Box country. The property sold prior to auction on a WIWO basis, between circa $550 and $600 per hectare overall. Within the feedlot sector there has been some renewed activity with the reported sale of Opal Creek near Cecil Plains purchased by ACC and The Mount west of Forbes in NSW.

Overall the activity in the market is a welcoming sign, given that it has been dominated by anxious vendors or receiver properties for the past three to four years now. There is no doubt pain still exists however some positive commodity trends and positive outlook in the meat, grains and cotton industries is starting to be reflected in confidence albeit a low basis.

Central Queensland

The property market across central Queensland can be split into two sectors at the moment; the drought affected market generally west of about Jericho or Barcaldine and the eastern market which has seen more favourable seasonal conditions in recent years.

The western market has seen very little market activity during the first half of 2015 almost exclusively due the ongoing severe drought conditions. Vendors are simply opting to hold off going to market until there is a break in seasonal conditions rather than attempting to sell properties with very limited, if any, pasture reserves. The few properties that have gone to market with some feed reserves have generally found strong market competition. The most recent and only market transactions include the Llorac/Pastoria aggregation (20,603 hectares) located 40 kilometres north of Muttaburra, which sold at auction for $4,650,000 with good competition, being well grassed at the time of sale. Also, Busthinia (7,368 hectares) a desert block located on the Capricorn Highway between Jericho and Barcaldine sold at auction for $820,000 to a droughted purchaser chasing grass.

Meanwhile in the eastern areas that have seen more favourable seasonal conditions allowing producers to capitalise on the strengthening cattle market and softening interest rates, market activity has been strong with a number of property transactions taking place in recent months. In particular good quality smaller scale developed Brigalow and softwood scrub blocks have seen strong demand with a number of sales showing rates of between about $1,850 per hectare and $2,500 per hectare ($750 per acre to $1,000 per acre). Sales include Brigalow scrub block Alberta (1,297 hectares) located approximately 56 kilometres west of Moura on the Dawson Highway for $2,700,000 and Langsvale (2,061 hectares) located between Moura and Bauhinia, which sold at auction for $3,850,000, with good competition.

After the highly publicised sale at auction of Wild Horse Station (4,574 hectares) located 30 kilometres south of Rolleston for $9,000,000, the upcoming auction of Struan (11,179 hectares) located 58 kilometres north of Rolleston with strong developed scrub country and Comet River frontage will be highly anticipated by industry stakeholders to see if it generates similar strong value rates.

Echuca

Increases in the likelihood of an El Nino developing have resulted in sharp increases in demand for temporary and permanent water resulting in permanent entitlements jumping 15% since the start of the year and likewise temporary water prices are up 10% to 15% from where they were at the start of the year. Transactions of dryland cropping country in the Mallee have been well down on what they were for the same time last year with activity generally limited to smaller add on parcels and levels of value around $1,600 per hectare for reasonable quality rising country. Interestingly there has been a larger scale going concern transaction of a dairy farm in the Riverina after a relatively long period of inactivity with a property having been sold on a walk in walk out basis in excess of $5 million. The quality of the cattle was a key consideration for the buyer.

Mildura

Winter is well and truly upon us in the Sunraysia region with very cold weather finally arriving in late June bringing the first hint of frosts along with the cold south westerlies rolling through. The area has received good rains over the past week.

Dryland farmers have completed their sowing programs with crops well established and general optimism among growers. As with all seasons, the final outcome will depend on rainfall in the spring months.

Sale activity at this time of year is scarce, but we can report on a completed sale of a 728 hectare mixed property in the Millewa area approximately 75 kilometres west of Mildura with part arable sandy loam and part stonier country with modest dwelling and shedding. Upon analysis the sale showed around $656 per hectare, a figure slightly above expected levels and is reflective of a tightly held area and returning confidence.

The table grape harvest has come to a close with all reports that the 2015 harvest was at levels above average.

Sale activity has been limited to a recent sale in the Robinvale area of an established table grape property planted to modern varieties which included a dwelling, packing shed with coolrooms and 102 ML water share and items of plant. After deduction of the water share, improvements and plant the plantings analyse to show around $42,000 per hectare for the

Crimson seedless, $35,000 per hectare for the Red Globe and $27,000 per hectare for the Menindee and Thompson seedless varieties.

Upon analysis the sale showed figures above expected levels and is reflective of a tightly held area and returning confidence in the table grape market.

This week Australia and China have signed the long-awaited free trade agreement. The Winemakers' Federation of Australia (WFA) has welcomed the agreement which will draw down existing wine tariffs to zero over four years. It is hoped that this will add significantly to the Australian wine industry's export earnings.

Sales activity in this sphere has been limited in the past 12 months. We can report that a large Robinvale property has been placed under contract. The property was subject to a national campaign and comprises a 181 hectare property planted to 160 hectares with approximately 66 hectares of red varieties and 93 hectares of white varieties. It is to include a 1,152ML water entitlement. The property is a modern well set out wine grape vineyard with excellent irrigation infrastructure, homestead, administration block and shedding. Our analysis shows value levels at around $7,000 per hectare which is showing a softening in value levels per hectare and is reflective of the market and industry as a whole.

With talk of another El Nino and possible low starting allocations for next season, water prices have seen a jump over the past month. Current quoted levels are:

- NSW Murray High Security: $2,450 to $2,500/ML,
- NSW General Security (Below Choke): $1,100 to $1,200/ML
- VIC High Reliability: $2,300 to $2400/ML.

Temporary market prices in SA and Vic Murray continue to rise as buyer demand remains high and currently sit around $150 to $160/ML.

South West WA

It was around this time last year that Twiggy Forrest's Minderoo Group had confirmed the purchase of Harvey Beef and I was commenting on how it may impact the local market.

Based on sales data from Landgate, 24 farming properties over 20 hectares sold within the Shire of Harvey from June 2013 to June 2014. It may surprise some readers that only 22 properties sold from June 2014 to June 2015. This variance is not significant and given the Shire of Harvey has a mix of uses including dairy, horticulture and beef this statistic is not something you would hang your hat on when commenting on a market influence.

Having been travelling around the south west and speaking to a number of people in the beef industry, confidence appears high however the main problem facing potential purchasers is obtaining scale.

Looking at what is on the market at the moment there is only one property standing out for those looking for a reasonable scale property. This is a property known as Ireland Farm, located on the south coast in the Esperance region. This region has a 600 mm rainfall with a mix of sandy loam soils. The property has a reported grazing area of 1,703 hectares which has a carrying capacity of 1,000 breeders. The property is on the market with an asking price of $7,200,000 which equates to $4,227 per grazing hectare or $7,200 per breeder.

Also of note is that Prenti Downs, a cattle station near Wiluna in the midwest pastoral region which has a lease area of 383,510 hectares, is currently under offer for an undisclosed amount.

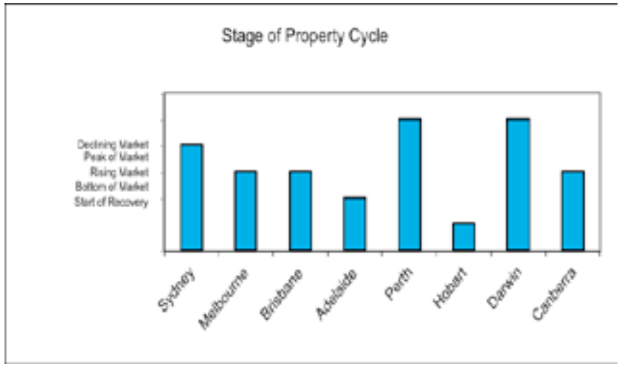
Discussion with agents indicates demand for grazing properties is currently at a good level and likely to continue on this trend for the foreseeable future.

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	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Tightening - Steady	Steady	Steady	Increasing	Steady	Steady	Steady
Demand for New Houses	Strong	Strong - Very strong	Strong	Fair	Soft	Strong	Strong	Strong
Trend in New House Construction	Steady	Steady - Increasing	Increasing strongly	Increasing	Steady	Increasing	Increasing	Steady
Volume of House Sales	Declining	Increasing strongly - Increasing	Steady	Steady	Declining	Increasing	Declining significantly	Steady
Stage of Property Cycle	Peak of market	Rising market	Rising market	Bottom of market	Declining market	Start of recovery	Declining market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	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



Market Indicators

Capital City Property Market Indicators - Units

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

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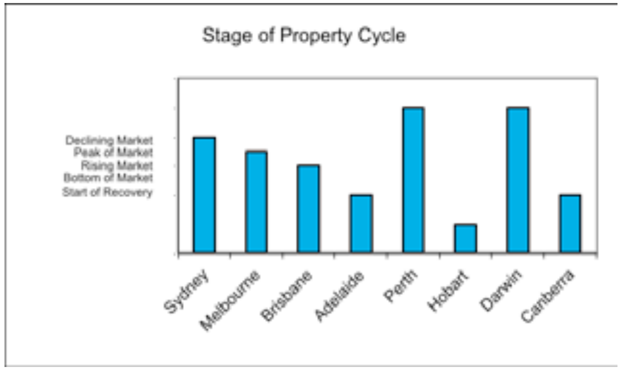
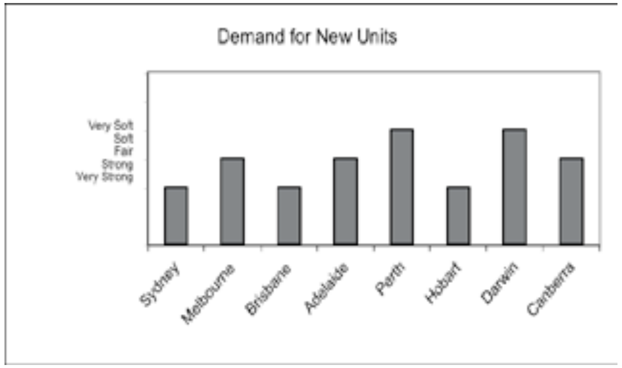
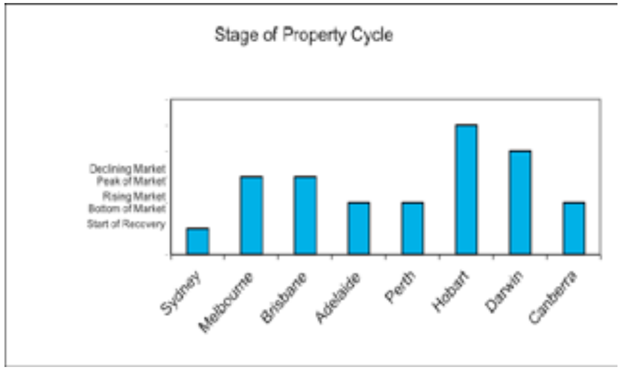


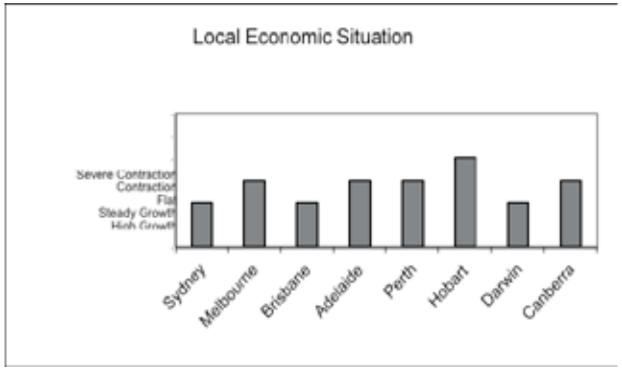


Capital City Property Market Indicators – Retail

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





Market Indicators

New South Wales Property Market Indicators - Houses

Factor	Albury	Bathurst	Canberra/ Q'beyan	Central Coast	Dubbo	Griffith	Mudgee	New-castle	Orange	Sydney	Tam-worth	North Coast	Wagga Wagga	Wollon-gong	Coffs Harbour
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Balanced market	Severe shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Tightening sharply	Steady	Steady	Tightening	Tightening	Steady	Steady	Tightening	Steady	Steady	Tightening - Steady	Tightening
Demand for New Houses	Strong	Strong	Strong	Very strong	Strong	Fair	Strong	Strong	Strong	Strong	Fair	Strong	Strong	Strong	Strong
Trend in New House Construction	Steady	Steady	Steady	Increasing strongly	Increasing	Steady	Increasing	Increasing	Steady	Steady	Steady	Steady	Increasing	Increasing	Increasing
Volume of House Sales	Steady	Steady	Steady	Increasing	Steady	Increasing	Steady	Steady	Increasing	Declining	Steady	Steady	Steady	Increasing	Increasing
Stage of Property Cycle	Bottom of market	Rising market	Rising market	Rising market	Peak of market	Start of recovery	Rising market	Peak of market	Start of recovery	Peak of market	Rising market - Peak of market	Bottom of market	Start of recovery	Rising market - Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Occasionally	Very frequently	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally

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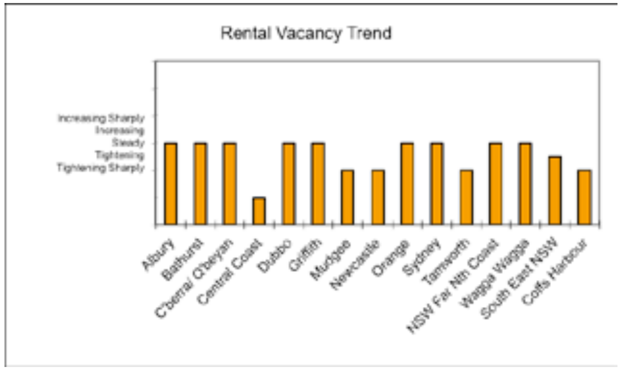

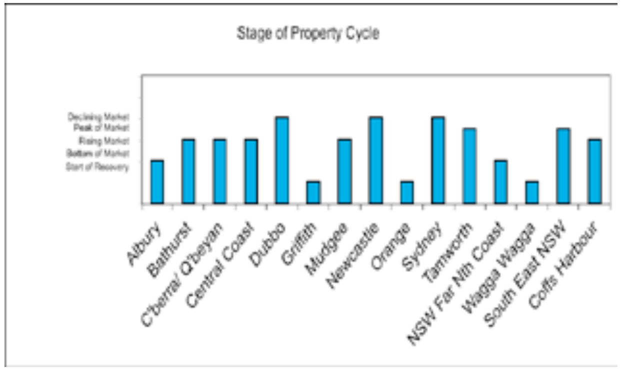

Market Indicators

New South Wales Property Market Indicators – Units

Factor	Albury	Bathurst	Canberra/ Q'beyan	Central Coast	Dubbo	Griffith	Mudgee	New-castle	Orange	Sydney	Tam-worth	North Coast	Wagga Wagga	Wollon-gong	Coffs Harbour
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Severe shortage of available property relative to demand	Balanced market	Balanced market	Severe shortage of available property relative to demand	Severe shortage 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	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Increasing	Steady	Tightening sharply	Steady	Steady	Tightening	Tightening	Steady	Tightening	Tightening	Steady	Steady	Tightening - Steady	Tightening
Demand for New Units	Soft	Fair	Fair	Strong	Strong	Soft	Strong	Strong	Soft	Strong	Fair	Strong	Fair	Strong	Strong
Trend in New Unit Construction	Declining	Declining	Steady	Increasing	Increasing	Declining	Increasing	Increasing	Declining	Increasing	Steady	Steady	Steady	Increasing	Increasing
Volume of Unit Sales	Declining	Declining	Steady	Increasing	Steady	Steady	Steady	Steady	Steady	Declining	Steady	Steady	Steady	Increasing	Increasing
Stage of Property Cycle	Bottom of market	Rising market	Bottom of market	Rising market	Peak of market	Start of recovery	Rising market	Peak of market	Start of recovery	Peak of market	Rising market - Peak of market	Bottom of market	Start of recovery	Rising market - Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasion-ally	Occasion-ally	Almost never	Almost never	Occasion-ally	Almost never	Occasion-ally	Very frequently	Occasion-ally	Frequently	Occasionally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally

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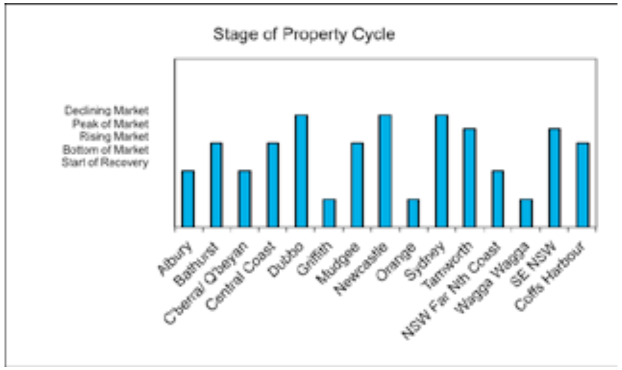

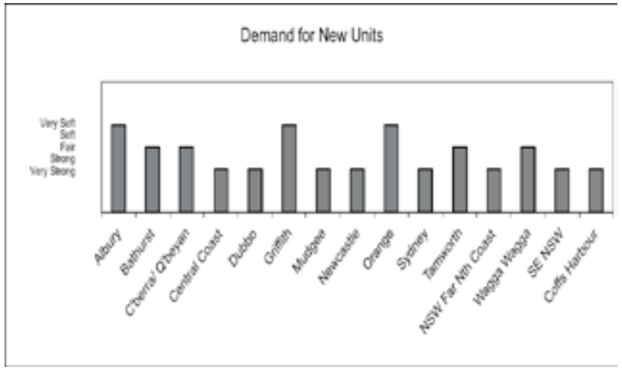

New South Wales Property Market Indicators - Retail

Factor	Albury	Bathurst	Canberra/ Q'beyan	Central Coast	Dubbo	Griffith	Mudgee	New-castle	Orange	Sydney	Tam-worth	North Coast	Wagga Wagga	Wollon-gong	Coffs Harbour
Rental Vacancy Situation	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market - Over-supply of available property relative to demand	Shortage of available property relative to demand - Balanced market
Rental Vacancy Trend	Increasing	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening	Steady	Tightening	Increasing	Steady	Steady	Steady	Steady
Rental Rate Trend	Declining	Stable	Stable	Stable	Stable	Stable	Stable	Increasing	Stable	Stable	Declining	Stable	Declining	Stable	Stable
Volume of Property Sales	Steady	Steady	Steady	Increasing	Steady	Steady	Steady	Increasing	Steady	Increasing	Steady	Steady	Steady	Increasing	Increasing
Stage of Property Cycle	Bottom of market	Rising market	Bottom of market	Bottom of market	Rising market	Start of recovery	Rising market	Rising market	Declining market	Start of recovery	Peak of market	Bottom of market	Bottom of market	Rising market	Rising market
Local Economic Situation	Flat	Flat	Flat	Flat	Flat	Flat	Flat	Steady growth	Contraction	Steady growth	Contraction	Flat	Flat	Flat	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Significant	Small - Significant	Significant	Significant	Significant	Significant	Significant	Large	Small - Significant	Significant	Significant	Significant	Significant	Significant	Significant

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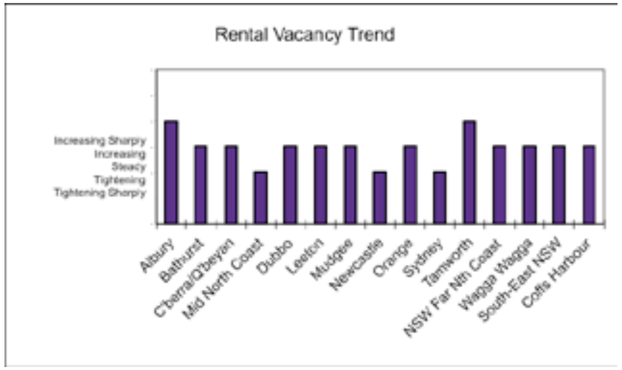
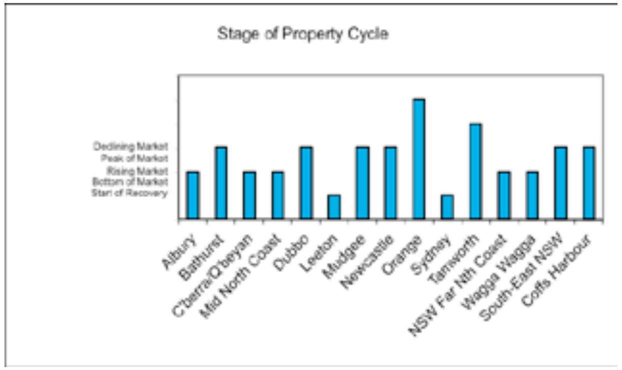
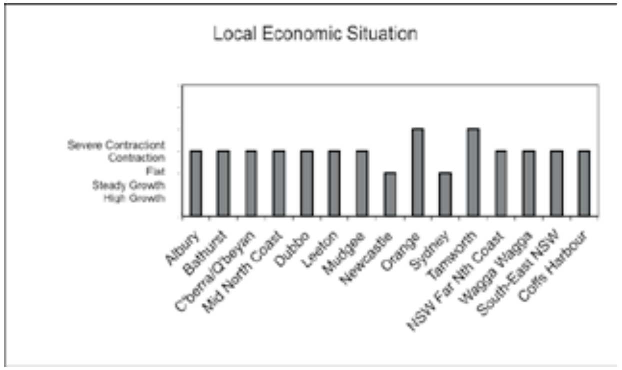






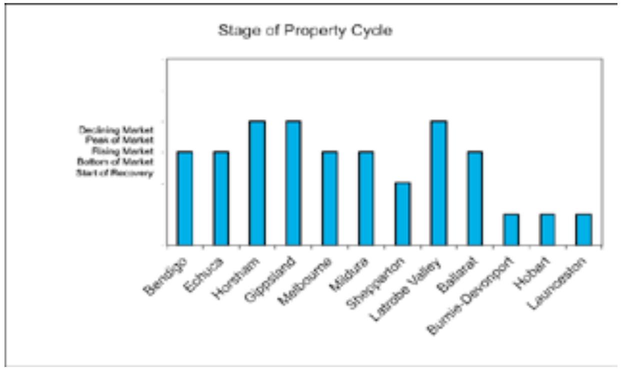
Market Indicators

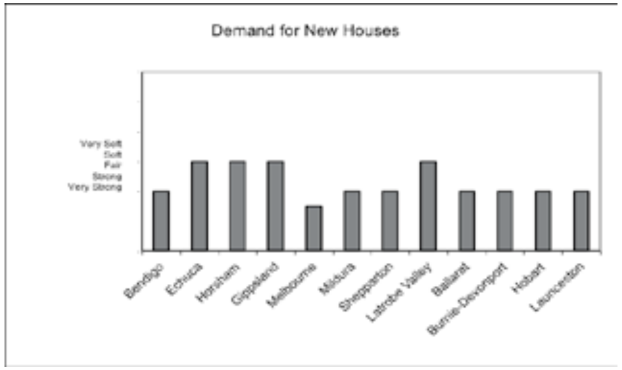
Victoria/Tasmania Property Market Indicators - Houses

Factor	Bendigo	Echuca	Horsham	Gippsland	Melbourne	Mildura	Shepparton	Latrobe Valley	Warrnambool	Burnie / Davenport	Hobart	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Tightening	Steady	Steady	Tightening - Steady	Tightening	Steady	Steady	Increasing	Steady	Steady	Steady
Demand for New Houses	Strong	Fair	Fair	Fair	Strong - Very strong	Strong	Strong	Fair	Strong	Strong	Strong	Strong
Trend in New House Construction	Increasing	Steady	Steady	Steady	Steady - Increasing	Declining	Increasing	Steady	Increasing	Increasing	Increasing	Increasing
Volume of House Sales	Increasing	Steady	Declining	Steady	Increasing strongly - Increasing	Increasing	Steady	Steady	Steady	Increasing	Increasing	Increasing
Stage of Property Cycle	Rising market	Rising market	Peak of market	Peak of market	Rising market	Rising market	Bottom of market	Peak of market	Rising market	Start of recovery	Start of recovery	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasion-ally	Occasion-ally	Occasionally	Occasionally	Occasion-ally	Occasionally	Occasion-ally	Occasion-ally	Occasionally	Occasion-ally	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





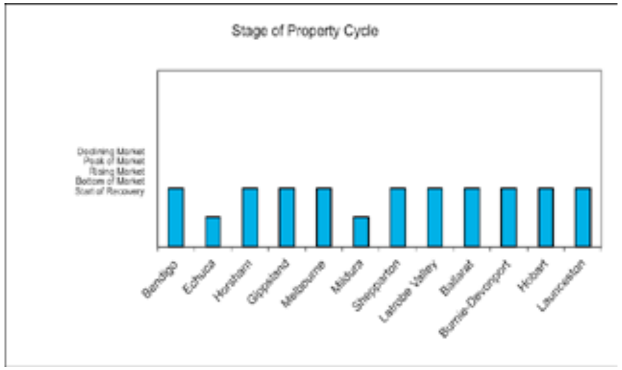
Market Indicators

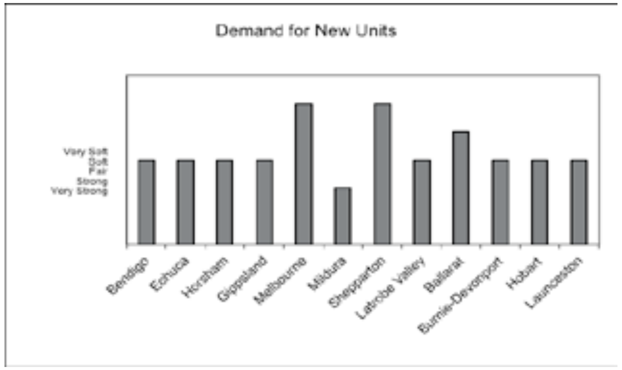
Victoria/Tasmania Property Market Indicators - Units

Factor	Bendigo	Echuca	Horsham	Gippsland	Melbourne	Mildura	Shepparton	Latrobe Valley	Ballarat	Burnie / Davenport	Hobart	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	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	Steady	Steady	Steady	Tightening	Steady	Steady	Increasing	Steady	Steady	Steady
Demand for New Houses	Strong	Fair	Soft	Fair	Fair	Fair	Very soft	Fair	Strong	Strong	Strong	Strong
Trend in New House Construction	Steady	Steady	Steady	Steady	Increasing strongly	Declining	Increasing strongly	Steady	Increasing	Steady	Steady	Steady
Volume of House Sales	Increasing	Steady	Declining	Steady	Increasing	Steady	Declining	Steady	Steady	Increasing	Increasing	Increasing
Stage of Property Cycle	Rising market	Rising market	Peak of market	Peak of market	Rising market - Peak of market	Rising market	Bottom of market	Peak of market	Rising market	Start of recovery	Start of recovery	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasion-ally	Almost never	Occasion-ally	Occasion-ally	Occasionally	Almost never	Occasionally	Occasion-ally	Occasionally	Occasionally	Occasion-ally	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





Victoria/Tasmania Property Market Indicators - Retail

Factor	Bendigo	Echuca	Gippsland	Melbourne	Mildura	Latrobe Valley	Wodonga	Burnie/ Davenport	Hobart	Launceston
Rental Vacancy Situation	Balanced market	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	Over-supply of available property relative to demand	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Increasing	Steady	Steady	Tightening	Increasing	Increasing	Increasing	Increasing
Rental Rate Trend	Stable	Stable	Stable	Stable	Stable	Stable	Declining	Declining	Declining	Declining
Volume of Property Sales	Steady	Steady	Declining	Increasing	Steady	Increasing	Steady	Declining	Declining	Declining
Stage of Property Cycle	Rising market	Rising market	Declining market	Rising market	Bottom of market	Rising market	Bottom of market	Declining market	Declining market	Declining market
Local Economic Situation	Steady growth	Flat	Flat	Flat	Flat	Steady growth	Flat	Contraction	Contraction	Contraction
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Significant	Small	Significant	Small	Small	Significant	Small	Small	Small

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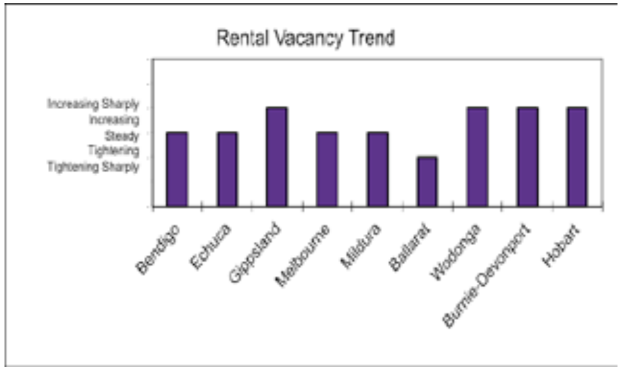
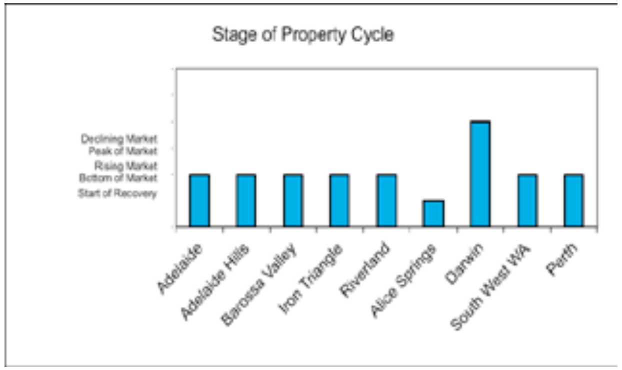
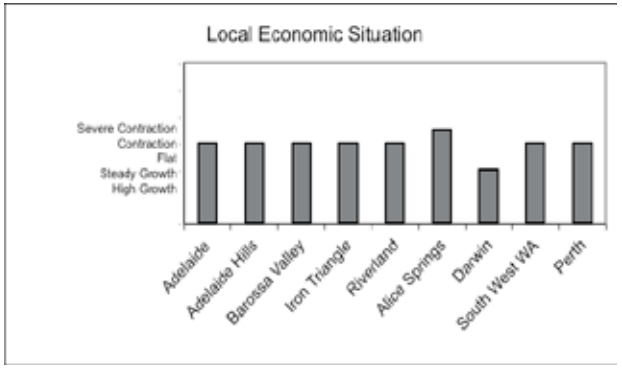
Blue entries indicate change from 3 months ago to a lower risk-rating





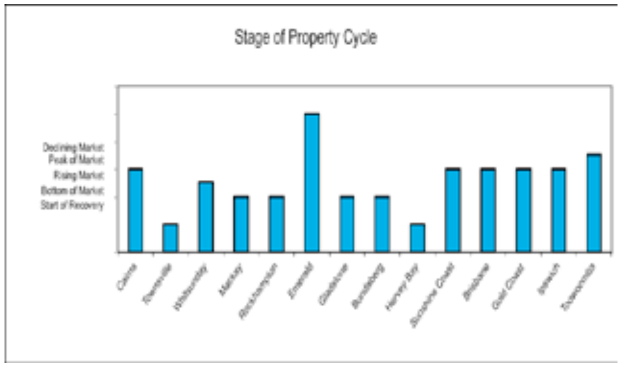


Queensland Property Market Indicators - Houses

Factor	Cairns	Towns-ville	Whit-sunday	Mackay	Rock-hampton	Emerald	Glad–stone	Bunda-berg	Hervey Bay	Sunshine Coast	Brisbane	Gold Coast	Ipswich	Too-woomba
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand - Balanced market	Balanced market - Over-supply of available property relative to demand	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market
Rental Vacancy Trend	Increasing	Steady - Increasing	Steady	Steady	Steady	Steady	Steady	Steady	Tightening	Tightening	Steady	Tightening	Steady	Steady - Increasing
Demand for New Houses	Soft	Fair	Fair	Soft - Fair	Fair	Very soft	Soft	Fair	Fair - Strong	Strong	Strong	Strong	Strong	Strong
Trend in New House Construction	Increasing	Steady	Steady	Declining - Steady	Steady	Declining significantly	Steady	Increasing	Steady - Increasing	Increasing	Increasing strongly	Increasing	Increasing strongly	Increasing
Volume of House Sales	Increasing	Declining	Steady	Steady	Steady	Steady	Steady	Declining	Increasing - Steady	Increasing	Steady	Increasing	Steady	Steady
Stage of Property Cycle	Rising market	Start of recovery	Bottom of market - Rising market	Bottom of market	Bottom of market	Declining market	Bottom of market	Bottom of market	Start of recovery	Rising market	Rising market	Rising market	Rising market	Rising market - Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasion-ally	Occasion-ally	Almost never - Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Frequently	Almost never	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	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



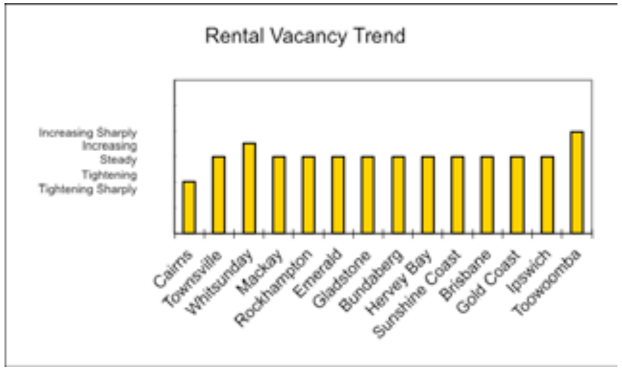
Market Indicators

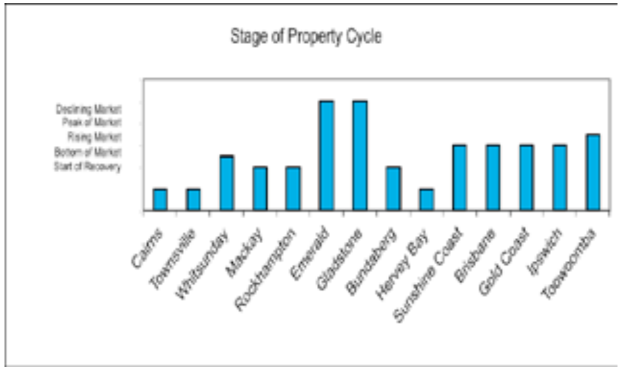
Queensland Property Market Indicators - Units

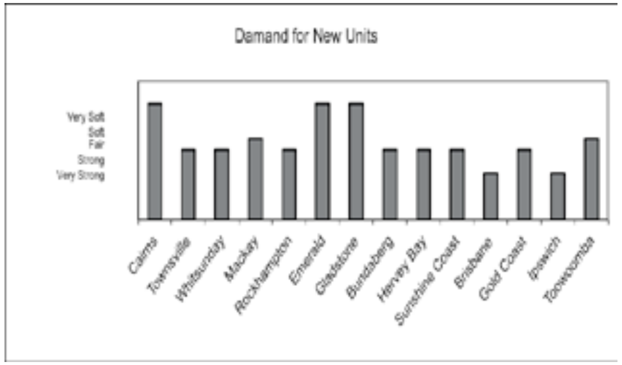
Factor	Cairns	Towns-ville	Whit-sunday	Mackay	Rock-hampton	Emerald	Glad-stone	Bunda-berg	Hervey Bay	Sunshine Coast	Brisbane	Gold Coast	Ipswich	Too-woomba
Rental Vacancy Situation	Shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market - Over-supply of available property relative to demand	Balanced market	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand - Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Tightening	Steady	Steady - Increasing	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Increasing
Demand for New Units	Very soft	Fair	Fair	Soft - Fair	Fair	Very soft	Very soft	Fair	Fair	Fair	Strong	Fair	Strong	Soft - Fair
Trend in New Unit Construction	Declining	Steady	Steady	Steady	Increasing	Declining significantly	Steady	Increasing	Steady - Increasing	Increasing	Increasing strongly	Steady	Increasing strongly	Increasing
Volume of Unit Sales	Increasing	Increasing	Steady	Steady	Declining	Declining	Steady	Declining	Increasing - Steady	Increasing	Steady	Increasing - Steady	Steady	Steady
Stage of Property Cycle	Start of recovery	Start of recovery	Bottom of market - Rising market	Bottom of market	Bottom of market	Declining market	Declining market	Bottom of market	Start of recovery	Rising market	Rising market	Rising market	Rising market	Rising market - Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Frequently	Almost never	Occasion-ally	Occasion-ally	Occasion-ally	Frequently	Occasion-ally	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







Market Indicators

Queensland Property Market Indicators - Retail

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

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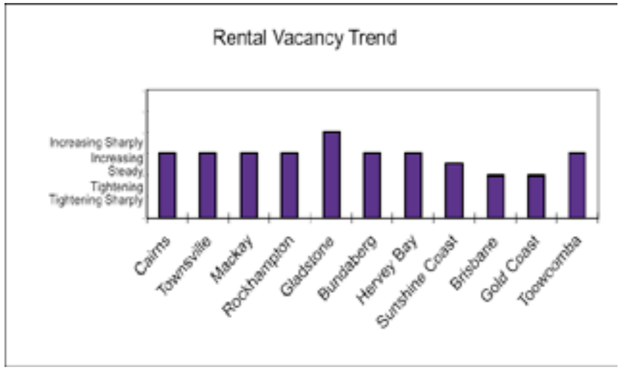
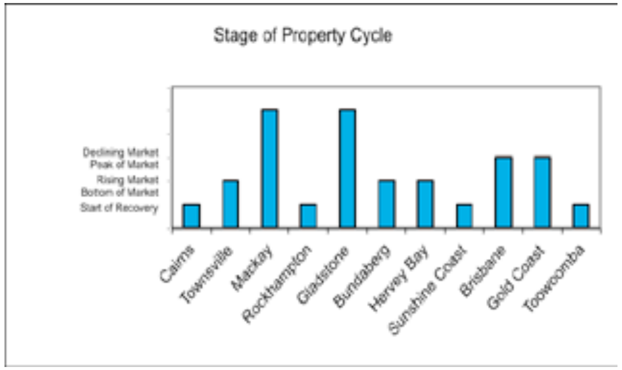
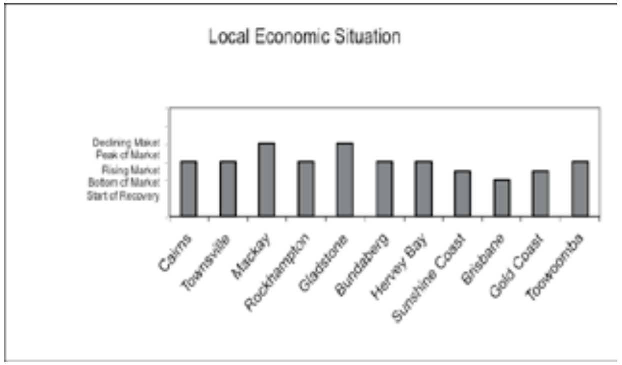
Blue entries indicate change from 3 months ago to a lower risk-rating





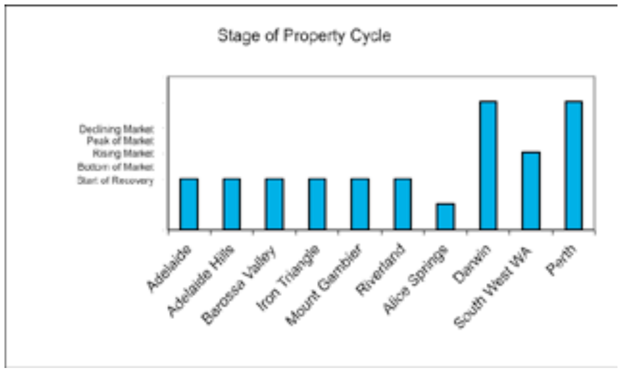


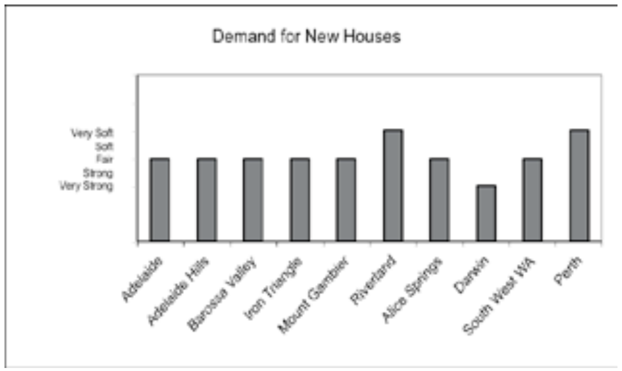
Northern Territory, South Australia & Western Australia Property Market Indicators – Houses

Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Mount Gambier	Riverland	Alice Springs	Darwin	South West WA	Perth
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	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	Tightening	Steady - Increasing	Steady	Steady	Increasing
Demand for New Houses	Fair	Fair	Fair	Fair	Fair	Soft	Fair	Strong	Fair	Soft
Trend in New House Construction	Increasing	Increasing	Increasing	Increasing	Declining	Steady	Steady - Increasing	Increasing	Increasing	Steady
Volume of House Sales	Steady	Steady	Steady	Steady	Steady	Steady	Steady - Declining	Declining significantly	Steady	Declining
Stage of Property Cycle	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Start of recovery	Declining market	Rising market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasion-ally	Occasionally	Almost never	Almost never	Occasionally	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



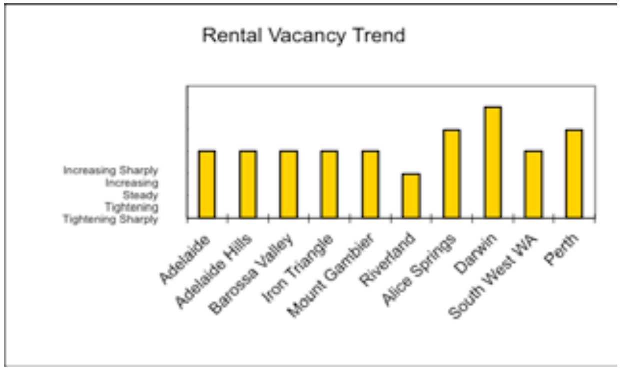


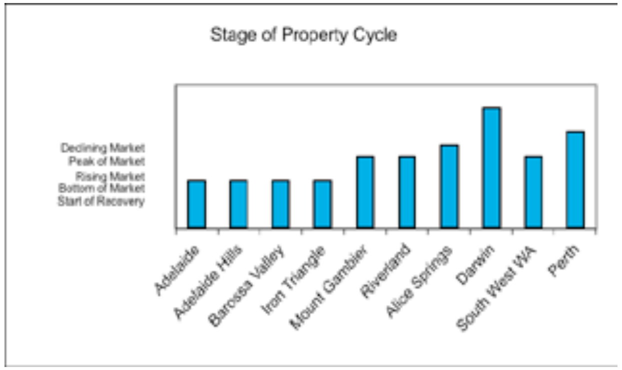
Market Indicators

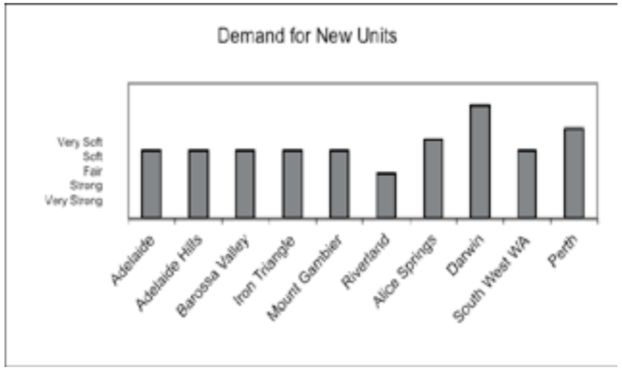
Northern Territory, South Australia & Western Australia Property Market Indicators - Units

Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Mount Gambier	Riverland	Alice Springs	Darwin	South West WA	Perth
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Tightening	Steady - Increasing	Increasing sharply	Steady	Increasing
Demand for New Units	Fair	Fair	Fair	Fair	Soft	Soft	Fair	Soft	Fair	Soft
Trend in New Unit Construction	Increasing	Increasing	Increasing	Increasing	Declining	Steady	Steady - Increasing	Increasing	Increasing	Declining
Volume of Unit Sales	Increasing	Increasing	Increasing	Increasing	Steady	Steady	Steady - Declining	Declining significantly	Steady	Declining
Stage of Property Cycle	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Start of recovery	Declining market	Rising market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasion-ally	Occasionally	Almost never	Almost never	Almost never	Occasionally	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*







Northern Territory, South Australia & Western Australia Property Market Indicators - Retail

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

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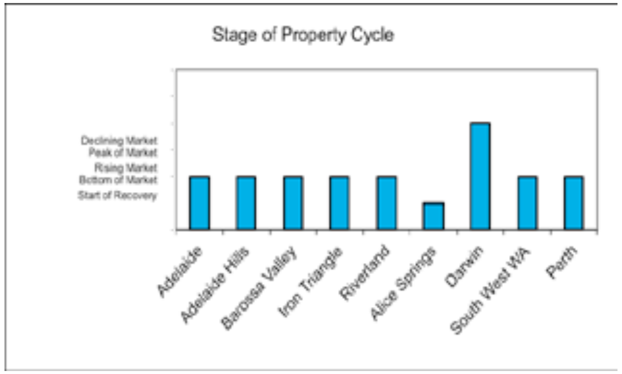
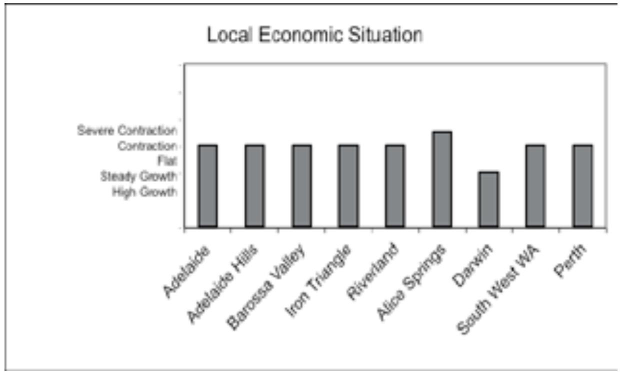
Blue entries indicate change from 3 months ago to a lower risk-rating





Market Indicators

Local expertise.
National strength.
Trusted solutions.

Herron Todd White is Australia's leading independent property valuation and advisory group. For more than 45 years, we've helped our customers make the most of their property assets by providing sound valuations and insightful analytical advice.

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