

Westpac

Northern Territory

Property Report – January 2016



**HERRON
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RESIDENTIAL**

National Overview

As we head into 2016, two key factors are taking some of the heat out of a number of metropolitan property markets. APRA-initiated caps on investment lending are watering down demand among local investors. In addition, the Chinese government has increased restrictions on the amount of capital its citizens can take out of the country. This, too, is seeing a softening of demand from overseas investors.

POTENTIAL SAVINGS FOR UPGRADERS

It's worth stressing that we are not seeing property values tumble. Nonetheless, more-sustainable growth in our state capitals will benefit first home buyers as well as upgraders, who may have been sitting on the sidelines waiting for markets to take a breather.

Upgrading in the current market can mean selling your current home for a lower price than you may perhaps have achieved, say, 12 months ago. The trade-off is the potential to pocket valuable savings on a home in the next price bracket. As our experts across Australia confirm, the current market offers ample opportunities to take advantage of this strategy.

VALUE IN SOUGHT-AFTER SUBURBS

In Sydney, some locations are experiencing price falls. In Caringbah South, for example, the median house price has dipped from \$1.582 million in June 2015 to around \$1.28 million at present. Yet with proximity to the Cronulla beaches, nearby transport links and ample local facilities, Caringbah South is expected to deliver strong price growth over the long term.

In Melbourne, suburbs such as Balwyn and Balwyn North, in the city's east, were a favourite among Chinese investors. As this buyer segment withdraws, auction clearance rates are dropping from around 72% to as low as 30%. This has seen values fall by up to 10%, giving today's buyers excellent value for money.



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DECLINE IN RESOURCE SECTOR BOOSTS AFFORDABILITY IN PERTH

The end of the mining boom is the chief cause of price corrections across virtually the whole Perth market. Median prices in prestige locations such as Peppermint Grove have fallen by more than 10%. The lower end of the market is also more affordable. In suburbs such as Balga, to the north of Perth, vacant development sites formerly priced at \$480,000 are now listing for around \$420,000 – a saving of 12.5%.

Darwin hasn't escaped the weaker market conditions. Values in and around the CBD have dropped by 4% over the past year; and to the south, sales in Alice Springs have slowed noticeably, providing value-packed buying opportunities.

TASSIE MARKET PICKS UP

Tasmania's property market continues to perform below long-term averages, though this is a reflection more of a sluggish state economy than of a downturn in the property market. On a positive note, we are beginning to see increasing sales volumes leading to stock shortages in some areas, suggesting now is a good time to buy.

QUEENSLAND MARKET – A MIXED BAG

Brisbane values are reasonably static, with more of the same expected in 2016. The Gold Coast market is strengthening and is likely to pick up speed as we head towards the Commonwealth Games in 2018.

By contrast, a tapering of investor activity on the Sunshine Coast is creating opportunities in the \$600,000 to \$900,000 price range typically favoured by upgraders. For buyers in the north of the state, Mackay offers outstanding value. Prices have dropped by around 30% and quality homes that were once priced from \$700,000 can now be picked up for around \$550,000.

LOOK FOR THE POTENTIAL FOR LONG-TERM GAINS

Regardless of the savings that can be made in a cooler market, buyers still need to be mindful of the fundamentals that will underpin long-term capital gains.

If a location ticks the boxes for ample local facilities, strong transport links and nearby employment opportunities, buyers can be reasonably confident their property will notch up healthy value growth over time.

Brendon Hulcombe

CEO - HERRON TODD WHITE



Northern Territory

Darwin

Property values across the greater Darwin area have declined by more than 4%, and more in some cases, as the market has softened over the past 12 months. This is creating valuable opportunities for first home buyers and upgraders, as we don't expect conditions to improve in 2016.

By way of background, a variety of factors impose development constraints on Darwin land. These include: flood zones; the presence of mangroves; and the land requirements of the Australian Defence Force, especially around the Darwin International Airport (RAAF) and the Robertson Barracks (Australian Army) at Holtze, 22 kilometres south of the Darwin city centre.

These constraints are likely to underpin property price growth over the long term, especially in localities closer to Darwin. The majority of new land developments are spreading south from the CBD in the direction of Palmerston and beyond, and today's first home buyers and upgraders can take advantage of more affordable prices to buy into suburbs likely to deliver solid capital gains over time.

In Darwin's northern suburb of Millner, home values have fallen by as much as 10% over the past 12 months. The median house price is now close to \$560,000, yet this popular location offers a wealth of appeal, including generous lot sizes of up to 1,100 square metres plus an abundance of local amenities.

The availability of good public transport in Millner and proximity to Charles Darwin University, Casuarina Shopping Centre and Marrara Sporting Complex are expected to support long-term capital growth in the suburb.

INNER DARWIN VALUES FALL BY UP TO 10%

A softer market is also creating opportunities for buyers hoping to upgrade to some of Darwin's prestige suburbs.

For instance, entry prices in Fannie Bay, located 5 kilometres from the Darwin CBD, have fallen by up to 10%. The median house price in this part of Darwin is currently about \$865,000 – a significant fall from the previous minimum entry price of more than \$900,000.

Fannie Bay is a highly desirable suburb. It is located within walking distance of the beach, has good public transport links, and offers access to all major roads and plenty of retail outlets.



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Alice Springs

The soft conditions seen in the Alice Springs market over the past 12 months are providing compelling opportunities for discerning buyers.

Median price data in such a slow market are proving less useful as a measure of price falls, especially in the under-\$500,000 market, where sales of dwellings have fallen significantly.

The more sought-after and tightly held suburbs such as Desert Springs and Mount Johns, as well as Old East Side and Stirling Heights, have generally outperformed the lower end of the market. Nonetheless, with fewer sales being completed compared to previous years, upgraders are well placed to enjoy value buying.



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