

Westpac

Northern Territory

Property Report – October 2015



National Overview

Media headlines regularly focus on the challenges first home buyers face finding affordable property, and yes, in many state capitals residential property is expensive.

However, what is often overlooked is the growth of competitively priced new estates located in outer-ring growth corridors, where house and land prices are often below \$500,000. The popularity of these developments is frequently underpinned by state government initiatives that actively encourage first home buyers to purchase newly constructed homes or build homes on vacant land.

These initiatives are certainly having a positive impact on the residential construction industry. Figures from the Housing Industry Association confirm apartment building was a strong performer in August 2015, with construction of houses also expanding¹.

NEW ESTATES ARE BACKED BY INFRASTRUCTURE

The availability of new estates in planned suburbs is good news for first home buyers, especially in our least affordable city, Sydney. The typical first timer looking to buy in Sydney's middle-ring suburbs, for instance, is often able to afford only a 1- or 2-bedroom apartment.

By contrast, in Sydney's south-west growth region, suburbs such as Oran Park and Leppington offer house and land packages priced from around \$480,000.

Yes, these are outer suburbs. However, anyone driving through this area for the first time couldn't fail to be impressed by the extent of new infrastructure construction, which is providing improved transport links plus local employment hubs. This level of activity, coupled with the planned second airport at Badgerys Creek, suggest the first home buyer estates of the south-west will prove to be a sound investment for the future.

It's a similar story around many state capitals: first home buyers prepared to look beyond established suburbs can find value. In Brisbane, for instance, Springfield Lakes (25 kilometres from the CBD) offers 3-bedroom homes priced from \$350,000. Melbourne's Point Cook area features new developments such as Featherbrook and Kingsford estate, which offer house and land packages starting at around \$375,000.

To the east of Darwin's satellite city Palmerston, Zuccoli is home to new masterplanned estates. Vacant lots of 300 square metres are selling for as little as \$160,000, making this area an affordable option for many of the Territory's first home buyers.



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PRICES HAVE COOLED IN WA

In Western Australia, Perth values have cooled over the past 12 months, and in northern suburbs such as Butler prices have dipped 0.9%. This is giving first home buyers greater buying power, and semi-detached homes in the area are priced under \$400,000.

TASMANIA AND SOUTH AUSTRALIA OFFER AFFORDABLE PRICES

First home buyers in South Australia and Tasmania are fortunate to have an affordable property market. Tasmanians also benefit from the state government's First Home Builder Boost (FHBB), currently worth \$20,000 for new constructions. However, our experts in Tasmania are urging first home buyers to weigh up the merits of a newly built home versus an established property. Given the affordability of Tasmania's property market, first home buyers can secure excellent value with established homes in quality suburbs, even if it means forgoing the FHBB.

A final word of caution: first home buyers on very tight budgets need to be mindful that many new developments feature extremely small lots, as a way of keeping prices down. Particularly diminutive allotments, while budget friendly, may have limited buyer appeal and prove harder to sell further down the track.

Brendon Hulcombe

CEO

¹ Australian Industry Group/Housing Industry Association media release; Australian PCI@: Construction rebounds in August, 7 September 2015.

Northern Territory



Darwin

Darwin first home buyers have faced the challenge of rapidly rising property prices in recent years. However, a number of new, affordable property developments are being released to the market. These estates, coupled with the Territory government's financial incentives, will give more Territorians opportunities to secure homes of their own.

Importantly, the First Home Owner Grant (FHOG) is currently worth \$26,000 in the Northern Territory, though it is only available to first home buyers opting for newly constructed homes. Buyers of established homes are no longer eligible for the FHOG and this is certainly helping to steer more first timers in the direction of new house and land packages.

Zuccoli development offers affordability and amenity

Among the most affordable new developments in the Territory is the Aspire estate in Zuccoli, located to the east of Palmerston, a satellite city of Darwin.

The 132-hectare masterplanned development will comprise 840 lots on completion in 2021. It is being released in stages, with only 61 blocks going to market in the latest release.

The appeal of Zuccoli lies in its location, amenity and price points. Vacant lots of 330 square metres are selling for as little as \$117,000 while house and land packages start in price at the low \$400,000s, making the area affordable for many first home buyers.

As a masterplanned estate, the Aspire development will eventually feature two schools, a commercial centre, social housing and new parks. The broader Palmerston area, in which the development is located, is a thriving community in its own right.

Zuccoli also offers easy access to major highways and Tiger Brennan Drive, giving residents a motorway-style commute to the Darwin CBD.

Limited short-term value growth in Zuccoli

Property price growth in Zuccoli is likely to remain fairly limited in the short to medium term, largely because of the steady flow of new lots coming onto the market over the next few years coupled with significant land releases in the area over the past five years.

Longer-term property price growth is likely to hinge on the Territory securing another large-scale infrastructure project following the completion of the \$34 billion Ichthys LNG Project in Darwin.

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