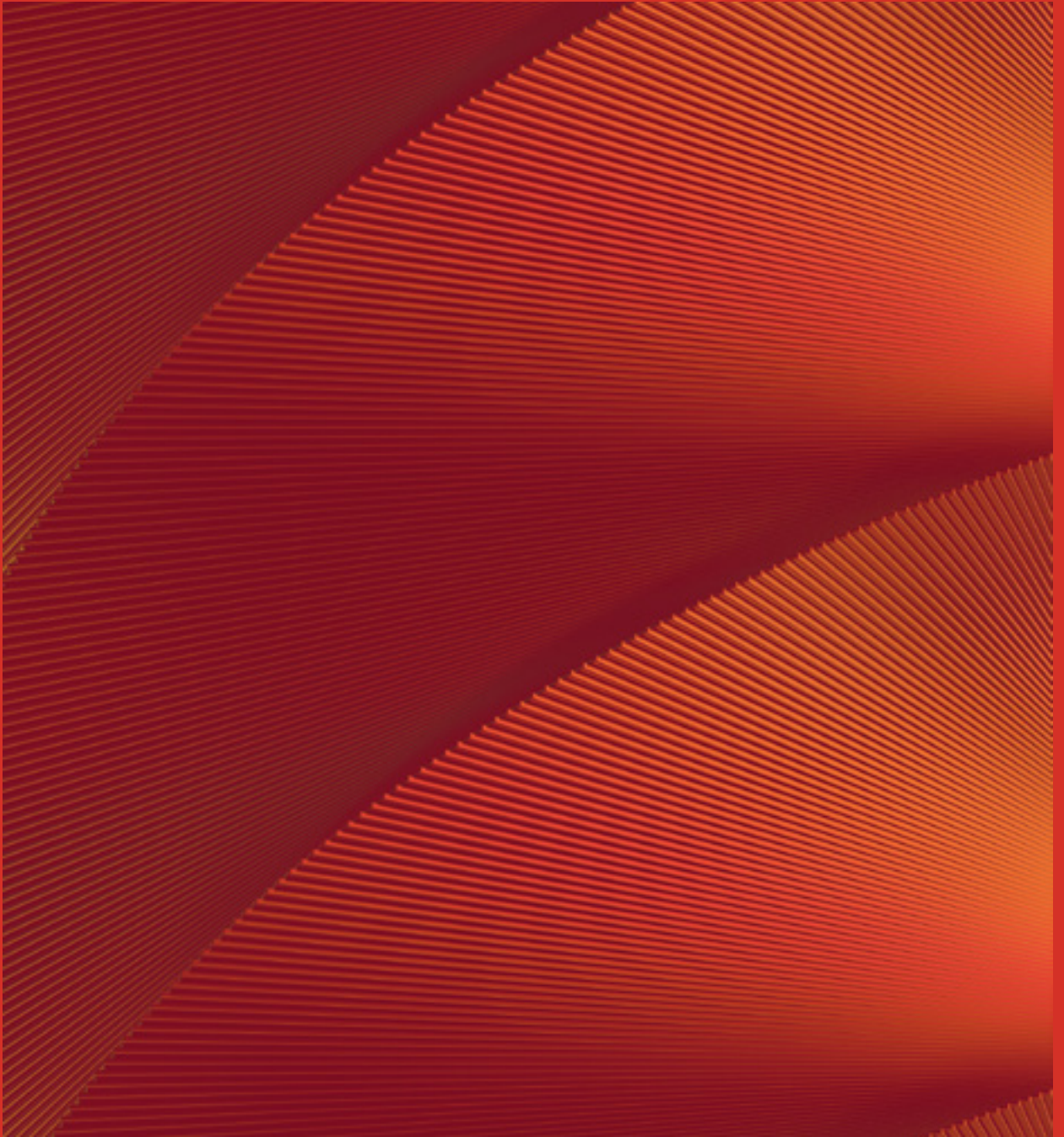


McGrath



The 2025 Report

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A New Era

A message from John McGrath

This is an important time for property in Australia, as many significant changes are afoot that will impact both buyers and sellers.

We are seeing direct action from various levels of government to address the many concerning issues contributing to a lack of housing supply, affordability and diversity to cater to our growing population and shifting demographics. Australians need more housing options in the areas where they want to live and work, also giving them the ability to choose different types of properties at different stages of life.

All of this will take time to unfold. Meanwhile, higher interest rates are straining some parts of the market, while stronger activity among Baby Boomers is also having an impact on property values. The lingering social effects of the pandemic continue to influence how and where we live in evolving ways.

Hence we believe we are approaching 'A New Era' in property.

The age of 2% to 3% mortgage rates is over, and many buyers are responding to tighter credit by moving to more affordable areas and/or buying smaller homes.

Meanwhile, one of our largest-ever population demographic has reached a stage of life when they're making some major decisions. The Baby Boomers hold half of Australia's private wealth, so when a lot of them are buying and selling at the same time, it has the power to move markets.

We're seeing this today.

Baby Boomers are retiring, downsizing, buying investments, and helping their kids buy their first homes. By 2025, every Boomer will have access to their superannuation, prompting many to make new choices. According to the Australian Bureau of Statistics, 710,000 Australians intend to retire between FY23 and FY28. Many will make a seachange, taking generous budgets to comparatively affordable coastal towns, with a steady price uplift inevitable in the most popular locations.

The allure of the coastal azure is one of the trends we explore this year. While beachside living is a common aspiration, it's no longer just about lifestyle. It's also about affordability for the many city millennials now working from home, who have the freedom to move to the coast.

Now let's talk about home values.

It's unusual to see strong price growth when interest rates are higher, but this is only happening in markets where demand outweighs supply. The stark outperformance of Perth, Brisbane and Adelaide is due to this and their relative affordability when compared to Sydney and Melbourne.

Their price growth has been so robust that Brisbane is now Australia's second most valuable capital city – a feat not seen since 1997. In addition, Adelaide home values are now higher than Melbourne for the first time in at least 40 years, and Perth values are also higher for the first time since 2015.

This means that Melbourne, a large international city rated among the world's best for lifestyle, is now Australia's third most affordable city market. This won't be the case for long, especially given Melbourne is projected to become Australia's most populous capital city by 2032.

During my 40 years in real estate, I have witnessed the market adapt to change in many innovative ways. It wasn't that long ago that the Bank of Mum and Dad and 'rentvesting' did not exist at scale, investors only bought locally, and families would have never contemplated apartment living.

In a world of geopolitical turmoil, Australia remains a safe haven and offers a stability that positions us well for the future.

John McGrath
CEO & Founder

The Calm Home: Serene, Smart & Safe

Clevelane Rooftop, Redfern
Photography: Felix Forest

01

How's the serenity?

With an escalation in international geopolitical risks and conflict, and a cost-of-living crisis at home, many people are taking steps to turn their home into a calming and sustainable sanctuary¹.

Amid this ongoing division and uncertainty, perhaps it was not surprising the soothing shade of 'Peach Fuzz' was chosen as the 2024 colour of the year by colour chart provider Pantone. The velvety gentle pastel mix of pink and orange was said to "capture the desire to nurture ourselves and others"².

There's been a revival of soft flooring with rugs and carpets being placed on floors, whilst also being exhibited artistically as wall hangings. Home decoration and layout approaches

are emphasising human connection and comfort, offering occupants a welcome break from the digital universe³.

The sanctuary trend is extending into other home design elements. Adam Haddow, Director of SJB architecture and design studio (pictured), said home design is increasingly trying to meet the health and wellbeing needs of our minds and bodies.

"Garden is the new luxury - it is less about how much house you have and more about how much garden you can enjoy," Haddow said. "The opportunity is that of a garden that is beautifully landscaped and private, leading to outdoor baths and showers - complete bliss.

"Serenity is also working out how to live closer together, better. This is resulting in the death of the 'open plan', towards more defined rooms and spaces, so that you can find space to be quietly alone."

"Serenity is working out how to live closer together...this is resulting in the death of the open plan" - Adam Haddow



Adam Haddow
Photography: Katie Kaars

Haddow said another trend, in line with the sanctuary theme, involves the rising use of natural and sustainably sourced materials which can be recycled at the end of their functional lives.

“Thankfully we’ve moved away from manufactured materials towards more natural ones,” Haddow said.

Haddow predicts an upsurge in rammed earth construction, which involves constructing walls by compressing raw materials such as gravel, silt, sand and clay into place between formwork. This building method, although labour intensive, typically has a low embodied energy. This means rammed earth construction produces less greenhouse gas emissions compared to other building methods⁴.

“Rammed earth is an amazing building product that has been around for a millennia – we’re now learning to use it in a contemporary setting,” Haddow said.

Haddow also predicted the increasing use of composite cabinetry material made from renewable paper, or kitchen or bathroom surfaces made from recycled tiles and benchtops. “These are materials that were recycled and are recyclable, and best of all they are made here in Australia,” Haddow said.

It is also predicted there will be a move towards the use of eco-friendly timber and bamboo, and recycled steel, concrete and glass, in construction⁵.

Embracing smart technology



The Isles, Drummoyne
Photography: Luc Remmond

While we want our homes to be serene, we also want them to take advantage of latest technological innovations which make us more comfortable, save time or help the environment.

The smart home trend is seeing more people install heat exchange appliances, which save energy by re-using generated heat, to deliver air handling and hot water systems.

Air filtration systems are being used to slow-release fresh purified air throughout the home, and coupled with ceiling fans, deliver a pleasant year-round climate without the use of air conditioning. This outcome is better for your health, the environment and household budget⁶.

There has been significant progress made in the data exchange between interconnected devices within the household. Advancement in home intuitive lighting control systems could soon remove the need to switch a light on or off.

SJB’s Haddow explains: “Systems and light fittings can replicate circadian rhythms so that it’s not a one size fits all outcome. The system responds to the quality of light across the day so that you don’t have to miss the

feeling of mornings or afternoons. I also love the fact the lighting will predict your movement, power down when not required and save you energy.”

As more people consider switching to an electric vehicle (EV), the convenience of a private EV charger is paramount. By 2027, 1,880,000 Australians intend to purchase either a hybrid or fully electric car, ahead of the preference for petrol vehicles (1,689,000) for the first time⁷. This means potentially 607,000 additional EVs will be regularly plugging in. Our new and existing homes need to accommodate this requirement, or they may be bypassed by future potential buyers.

Access to a standard power outlet or wall box is relatively easy for homes already with off-street parking. For those who are reliant on on-street parking, many councils are developing sustainability strategies which involves providing communal EV charging options.

Separately, more councils are developing planning controls for new apartments, and strata guidelines for existing apartment blocks, to encourage the installation of EV chargers in private car parks⁸.



19 Waterloo St, Surry Hills
Photography: Anson Smart
Finch House
Photography: Anson Smart

Creating safe homes

The weekly fruit and veg box, an unexpected bunch of flowers for a job well done, last night's Amazon purchase and an unbranded package ordered online a couple of months ago containing an outfit too small for your new puppy. More people are being invited to our front door than ever before.

Across the nation, 9.5 million households received a parcel from online shopping in 2023, delivered by the Australia Post Group⁹. However, according to a survey published in April 2024, around 18% of Australians had a delivery package stolen from outside their front door, doubling the percentage recorded in 2022¹⁰.

Regional Australia has seen the strongest retail home delivery growth, with an 18% increase in households shopping online since 2019, compared to a 16% rise for metropolitan areas¹¹. By 2030, the Australian Retailers Association forecast further significant growth in online retailing¹².

For those who have not yet installed an all-weather secured parcel box, or an interactive camera in the home doorbell, tracking a parcel delivery to the front doorstep can raise angst especially when awaiting high value items.

While there have been progressively more metal parcel locker systems, refrigerated lockers and intelligent mailboxes installed in foyers of apartment buildings in recent years¹³, thermal lockers are the latest device to support the growing online food delivery market.

Thermal lockers are covered by the delivery companies, rather than the building owners and can keep food warm for up to three hours¹⁴. Already common across China, the hope is to alleviate the need for time-poor delivery drivers hovering in the downstairs foyer of residential towers lingering to exchange with online customers who didn't fancy stepping out.

The redevelopment of New York's Waldorf Astoria has introduced a unique feature for their branded residences, which is now a feature being considered for new residential developments here. A concierge closet is seamlessly integrated into the entryway design of each home at The Towers, accessible from the common corridor and conveniently within the residence¹⁵. The closet can securely receive the private delivery of packages, as well have capacity for storing dry cleaning and 24-hour room service trays.

When it comes to personal safety, SJB's Haddow says the answer is not to install fences and bars on windows, but instead to design homes that make our streets more visible and active.

"We need to create homes that look onto the streets to deliver casual visual surveillance, rather than homes that turn their back on the street," he said.



Cleveland Rooftop, Redfern
Photography: Felix Forest

Allure Of The Coastal Azure

Australians flocking to the coast

Half the Australian population is estimated to reside within seven kilometres of the nation's coastline, which extends 34,000km around the country¹⁶. The coastal fringe tends to have a more desirable climate and captures most of our central business districts, international ports and airports for the capital cities, along with a beautiful natural environment throughout regional coastal areas.

Given many people have a strong desire to live close to the water, it's no surprise that four out of the five top Australian regional areas are situated along the coastline¹⁷.

The Sunshine Coast local government area holds top position, with an 11.8% share of net migration from capital cities to regional areas in the year to March 2024. Next in line was the Gold Coast, with a 10.8% share, while Lake Macquarie, which is nestled between the Central Coast and Newcastle in NSW, ranked fourth with a share of 4.7%. The fifth spot was taken by Greater Geelong – the gateway to Victoria's Great Ocean Road – with 4.6%¹⁸. All four coastal areas are located within a 150km radius and a commuting distance to their closet capital city.

When making the move, Queensland continues to be most favoured. Seven of the ten most in-demand Australian regional coastal suburbs for home buyers were in regional Queensland, based on average enquiries per listing on realestate.com.au in April 2024¹⁹.

A similar migration pattern is underway on the NSW Central Coast. According to the national online removalist booking platform Muval, more people moved to the Central Coast (and less people left) than any other Greater Sydney region in each year since 2019. This Central Coast net migration trend has been strengthening since 2021²⁰.

McGrath Central Coast Group Principal, Mat Steinwede, said the proximity to Sydney is a drawcard for those moving to the Central Coast whilst seeking a coastal lifestyle change.

“We have been inundated with enquiries from potential Sydney buyers who are planning to move up to the Central Coast” - Mat Steinwede

02



Photography: Adobe - Merrillie

Regional coastal break

Recent data prepared by CoreLogic shows that coastal buyers have benefitted from comparatively high dwelling price growth, and their budget is often stretching further in regional areas.

In FY24, 220 coastal suburbs in capital cities, and 356 coastal suburbs in regional areas, recorded more than 20 residential sales²¹. Across these suburbs in both city and regional areas, more than 60% recorded FY24 median dwelling price growth of 5% or higher, which demonstrates consistent market-wide capital performance.

Meanwhile, some one-third (31%) of the city suburbs, and 17% of regional suburbs, registered growth of 15% or higher. Regional markets which registered the most significant growth in FY24 were likely to have benefitted from buyers choosing the market because it presented comparatively higher levels of housing affordability²².

In FY24, median dwelling prices in city coastal suburbs grew by an average 10.9%, compared to 8.3% across all suburbs in capital cities.

“We have been inundated with enquiries from potential Sydney buyers who are planning to move up to the Central Coast for the first time,” said Steinwede. “In many instances, these buyers are following family and friends that have moved up over recent years impressed with the local schools and the easy commute.

“And although the population is growing and the housing market remains tight, the idyllic coastal village feel with the local café on the beach hasn’t been lost.”

Steinwede said planning control changes to allow duplexes within some Central Coast suburbs, and the regeneration of the

Gosford City Centre with a proposed new marina and more high-rise apartments, has opened further opportunities for investors, added rental homes and delivered low maintenance dwellings with better walkability suitable for downsizers.

“For those aspiring to live on the absolute waterfront and have a boating lifestyle, the Central Coast remains within reach and about a third of the price you would expect to pay in Sydney,” said Steinwede.

“In saying that, there are not too many deep waterfronts, so discerning buyers need to be willing to wait for the right property.”



Photography: Adobe - Alessandro Biascioli

Coastal value growth outperforms wider market

Location	FY24 Price Growth
All capital city suburbs	8.3%
Capital city coastal suburbs	10.9%
All regional suburbs	7%
Regional coastal suburbs	7.8%

Source: CoreLogic, FY2024

Overall, coastal areas have shown strong capital growth compared to the national market. In FY24, median dwelling prices in city coastal suburbs grew by an average 10.9%, compared to 8.3% across all suburbs in capital cities. Meanwhile, prices in regional coastal suburbs rose by 7.8%, compared to 7% in all regional areas.

What's more, in NSW and Victoria, coastal buyers can get considerably more bang for their buck in regional areas, compared to capital cities.

For instance, Dover Heights, in the eastern suburbs of Sydney, was the most desirable coastal Sydney suburb in June 2024 with a median dwelling value of \$5,463,711. Compare this to Gerroa, which was the most expensive regional suburb in NSW with a median value of \$2,103,965 – around 39% the price of Dover Heights.

In the same month, the Mornington Peninsula's Portsea had a median dwelling

value of \$2,930,422, the highest across Melbourne's coastal suburbs. This compared to Aireys Inlet, which was the most attractive Victorian regional suburb with a median value of \$1,765,591²³.

Bucking this trend is Queensland, where coastal regional areas in June 2024 had more expensive housing, compared to the city. For instance, the popular Sunshine Coast suburbs of Noosa Heads (median value of \$1,870,804) and Sunshine Beach (\$1,774,691) now outpace Brisbane's highest median value of \$1,679,718 at Point Lookout located on North Stradbroke Island²⁴.

Despite strong growth in coastal dwelling values, in June 2024 some 34% of regional coastal suburbs²⁵ had a median dwelling value which was more affordable than regional Australia's median dwelling value of \$627,872²⁶. Regional Queensland offered the best value, namely at Dolphin Heads (\$292,699), Forrest Beach (\$303,922) and Barney Point (\$315,946)²⁷.

Waterfront aspirations

Living alongside the coast remains the ultimate luxury for many, with absolute waterfront properties offering unrivalled lifestyle advantages. An unencumbered frontage provides private waterfront access, uninterrupted water views and the potential for maritime facilities such as a jetty, pontoon or slipway.

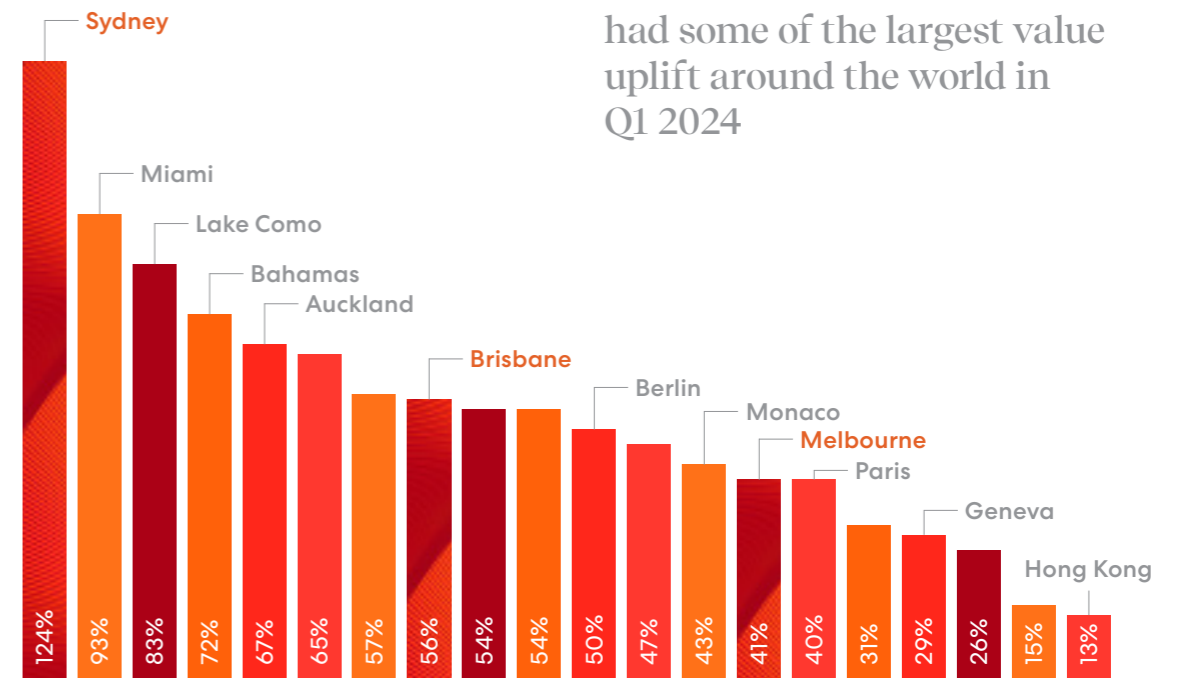
McGrath Research data shows that Australian buyers, more so than in many other parts of the rest of the world, are willing to dig deep into their wallets to achieve this lifestyle.

In March 2024, out of 20 global luxury residential markets, Sydney had the highest price differential between a home on the water's edge compared to a similar dwelling

one mile (1.6km) inland. Sydney recorded a 124% waterfront premium, up from a 95% premium in 2019. This result trumps the premium recorded in other storied international locations such as Miami (93%), Lake Como (83%) and the Bahamas (72%), along with the 49% average premium around the globe²⁸.

Brisbane's waterfront premium has increased 45% in 2019 to 56% in 2024²⁹ (which is on par to the 57% premium recorded for a waterfront home in the Algarve on the southern coastline of Portugal)³⁰. Melbourne's premium has recorded sharp growth, from 27% in 2019 to 41% in 2024³¹, to now be on par with the 40% premium paid for a Paris waterfront on the Seine³².

Australian waterfront homes had some of the largest value uplift around the world in Q1 2024



Source: McGrath Research, Knight Frank Research

Our Changing Cities: Housing Redefined

Family ties and growing pains

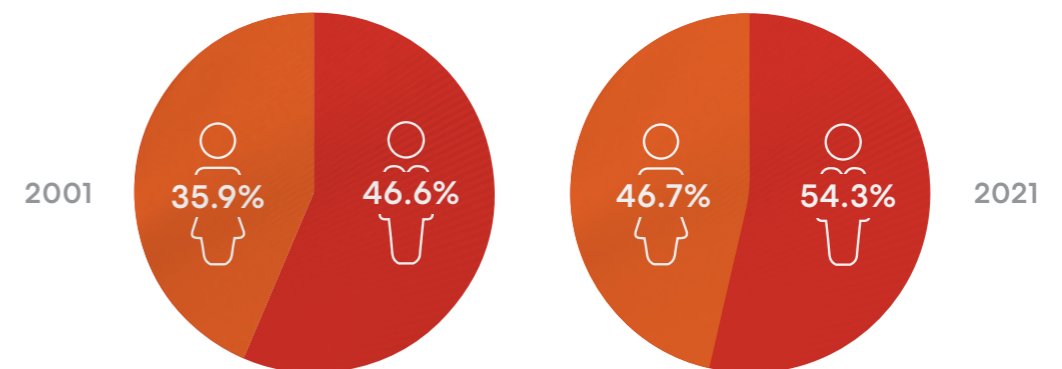
Tapping into a supportive network of parents, family and friends is increasingly becoming a pathway to home ownership and leading to changes in preferred dwelling types and city planning.

An October 2023 survey found 7% of Australians had either moved back home with their parents, or were a parent and had an adult child return home, in the previous 12 months. Among this group of people, 30% did so to save money for a deposit³³. This finding is supported by a March 2023 report which found that 9% of Sydneysiders aged 25-34 years are now living, or intend to live, with parents or other family members as a financial strategy for purchasing a home³⁴.

It now takes home buyers, on average, 10 years to save a deposit for the great Australian dream³⁵, despite 48% of first home buyers exploring government assistance schemes³⁶. Dipping into the Bank of Mum and Dad appears to be an important piggy back to home ownership with 45% of recent home buyers receiving financial assistance from family to purchase their first home³⁷.

High housing costs have resulted in less young adult children leaving the family home by their 30th birthday. In 2021, 54.3% of men and 46.7% of women were still living with their parents at this age, compared to 46.6% of men and 35.9% of women 20 years earlier³⁸.

Percentage of men and women still living at home at age 30



Source: Melbourne Institute



As a result, many families are preferring larger homes with multiple living areas, ahead of modest homes, and holding these homes for a longer period.

Multi-generational household formation is also being driven by the 'sandwich generation' welcoming the care of older relatives into their family home. With an aging population³⁹, these types of living arrangements are likely to intensify in the coming years.

At the same time as more families are living together in the suburbs, governments are working to enhance the liveability of these areas.

Under the Thriving Suburbs Program, the Federal Government is investing \$350 million over the next three years towards driving local economic prosperity by building community-focused infrastructure throughout new and outer suburbs of Australia⁴⁰. This complements the \$150 million urban Precincts and Partnerships Program aimed at unifying urban places, growing economies and serving communities, alongside the previously signed City Deals commitments⁴¹.

Photography: Adobe - Harley Kingston

Making more space

Self-contained secondary dwellings are an emerging solution for homeowners looking after the generations either before or after them, and who also want to increase the value of their property.

States across Australia are encouraging secondary dwellings as an immediate and cost-effective opportunity to deliver necessary housing supply. This could be in the form of a 'Fonzie' flat, often found above an existing structure like a garage, or the traditional granny flat, which is typically located as a detached dwelling in the backyard.

A study has highlighted the growing development opportunities for 655,792 new granny flats in suburbs across Sydney, Melbourne and Brisbane. The ideal granny flat was defined as a two-bedroom self-contained dwelling with one bathroom and an internal space of more than 60sqm.

The most development opportunities for granny flats were found to be in Sydney (242,081 potential sites), followed by Melbourne (229,051) and Brisbane (184,660)⁴².



Photography: McGrath Ettalong

Smaller lots, higher towers and not enough dwellings

For most of the 20th century, the sight of a few bikes left scattered on a suburban home's front lawn was a sure sign that local kids were playing in the backyard after school. That home was often sitting on the fabled quarter acre block, or 1,012sqm.

However, this scenario is rapidly moving into the rear view mirror, as governments grow wary of the high costs of delivering infrastructure and services to support large new housing blocks on city fringes, and as buyers look for low-maintenance and lifestyle-rich accommodation in existing urban areas. This has increasingly required our cities to build more on less land⁴³.

In 2023, soft consumer demand and industry capacity constraints led to a 33% reduction in the number of urban fringe housing lots being released to the market, compared to the annual average across the previous decade⁴⁴. In addition, the average size of these lots dropped from 481sqm in 2014 to 414sqm in 2023⁴⁵.

This trend towards more efficient housing will only continue, with the NSW Government announcing plans to allow townhouses, terraces, duplexes and small apartment buildings across more residential zones⁴⁶, and the Victorian Government promoting fast-tracked and ready-made approvals for apartment buildings up to three storeys near train stations and key centres⁴⁷.

In line with the same trend, Australia's suburbs are increasingly reaching for the skies.

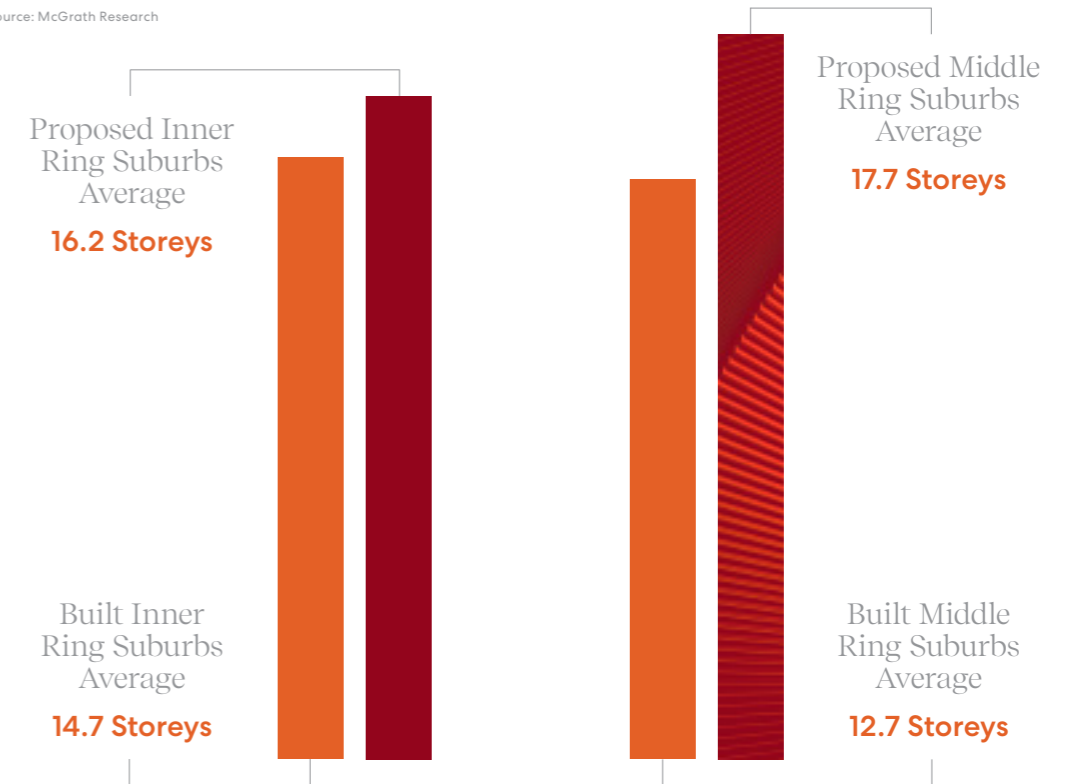
In 2021, apartments comprised some 21.6% of homes in Australia's East Coast capital cities – that is Brisbane, Melbourne and Sydney. This compares to an 18.9% apartment share of all homes in 2011. Between 2011 and 2021, Brisbane experienced the greatest growth in new apartment dwellings (56.1%), followed by Sydney (43.4%) then Melbourne (26.7%)⁴⁸.

This apartment surge has led to a dramatic change to the skylines of our East Coast capital cities, with an average apartment tower height of 13.6 storeys for all high-rise buildings⁴⁹ built between FY15 and FY24.

In coming years, middle ring suburbs in these cities will challenge the traditional supremacy of inner ring suburbs when it comes to the skyscraper stakes⁵⁰. The average height of all proposed middle ring suburb towers is 17.7 storeys, compared to just 16.2 storeys in inner ring suburbs⁵¹. This is a reversal of the situation across the last decade from FY15 to FY24, when towers to an average of 14.7 storeys were built in inner ring suburbs, compared to just 12.7 storeys in middle ring suburbs.

The changing skyline of Sydney, Melbourne and Brisbane apartment towers.

Source: McGrath Research



Middle ring suburbs with the highest average proposed towers will be Sydney's Parramatta (35.4 storeys), Melbourne's Box Hill (23.2 storeys) and Brisbane's Indooroopilly (12.5 storeys)⁵².

A key issue, however, is that the supply of apartments has not kept pace with demand, due to planning delays, high building costs and shrinking developer finance. The number of new apartments built in East Coast capital cities in 2023 was 60% below the annual average of 37,380 apartments built between 2013 and 2022 although there are signs that construction has been picking up momentum since this time⁵³.

As a result, in FY24, established apartment price growth outperformed house price growth in Brisbane, Melbourne and Hobart and recorded a national increase of 6.5%⁵⁴.

This scarcity of newly built apartments in recent years will likely continue to place upward pressure on apartment prices, as more buyers turn to this housing option⁵⁵. This is despite the fact that building cost escalation has eased in the first half of 2024⁵⁶, resulting in more homes coming on to the market in line with the National Housing Accord target to build 1.2 million homes by mid-2029⁵⁷.

Baby Boomers Making Their Move



Paving the way



Photography: Adobe - Joshua Orr/Wirestock Creators

Decisions made by Baby Boomers will have a significant flow-on effect to other generations.

Baby Boomers were born between 1946 and 1966, a period during which Australia enjoyed solid economic growth and a consequential surge in birth rates. The lower cost of housing when measured against earnings, and an earlier inheritance from their parents, paved the way to early home ownership for the Boomer generation.

By the time Baby Boomers were 39 years old, 19.4% already owned their home outright, compared to just 5.7% of the Gen Y generation at the same age⁵⁸. This scenario has helped turbo-charge wealth creation for Baby Boomers, given their lower reliance on fluctuating mortgage interest rates and significant capital appreciation over this time.

Flash forward to today, Baby Boomers hold close to half of Australia's private wealth, despite comprising only 21% of the country's population⁵⁹. Baby Boomers, aged 60 and over, currently own a combined \$4.5 trillion, with at least \$3 trillion of this – much of it in property – to be passed on to their children over the next decades⁶⁰.

Given their relative importance in Australia's real estate market, any property-related decisions made by Baby Boomers will have a significant flow-on effect to other generations.

Exploring the downsizing movement

As Baby Boomers reassess lifestyle, wellbeing and financial factors, which they increasingly do as they age⁶¹, downsizing from the family home to one with less upkeep becomes a viable consideration. The move can also deliver an opportunity to bring to fruition the capital gains their homes have amassed over the decades of ownership.

Upon the sale of their home, the downsizer super contribution scheme can become available for Australians aged over 55 years to contribute \$300,000 per spouse, into their superannuation fund tax-free⁶². This incentive scheme is designed to encourage more Baby Boomers to consider selling homes which are more suitable for younger, growing families in the local area.

Whilst some potential downsizers need to carefully consider the impacts of a home equity release on asset thresholds which apply to income support payments, these issues do not come into play for the one in three Australians aged over 65 who are fully self-funded retirees⁶³. For those who are reliant on the aged pension, the Federal Government from 1 January 2023 increased the period that home sale proceeds are exempt from the asset test, from one to two years, to encourage more downsizing to take place⁶⁴.

As Baby Boomers reassess lifestyle, wellbeing and financial factors, which they increasingly do as they age, downsizing from the family home to one with less upkeep becomes a viable consideration.



Photography: Adobe - bernardbodo

Making it happen

Many Baby Boomers aspire to find a home which is safe, has space for hobbies and guests, is near public transport, requires little maintenance and has room for a small garden. Given it is the mortgage-free Baby Boomers who currently have the discretionary cash to drive growth in holiday travel⁶⁵, many also want a lock-up-and-leave enabled homebase⁶⁶.

Therefore, it is not surprising that, as people become older, they become more interested in moving into medium and high-density attached dwellings, such as semi-detached homes, terraces, townhouses and apartments. These types of smaller dwellings are preferred by 29% of people aged 75 and above, compared to just 22% of the 55-64 years cohort⁶⁷. Some 79% of Australians aged 65-74 years are seeking homes no larger than three bedrooms⁶⁸.



Photography: Adobe - Alessandro Biascioli
Photography: Adobe - Davide Angelini



Photography: Overflightstock Ltd

However, to date, it has been difficult for Baby Boomers to find the types of homes in their preferred locations⁶⁹. Some 40% of potential downsizers have reported they would be likely to move if they could access suitable housing in the right places⁷⁰.

The good news is that things are about to change. More supply of quality, affordable housing will likely be made available over the medium term as the National Housing Accord is embraced by all levels of government, investors and the residential development, building and construction sector. This is likely to benefit Baby Boomers and have a flow-on effect across the entire property market.

For landowners and developers, this presents a strong opportunity to take advantage of new planning controls to supply new housing stock which will meet the needs of downsizing Baby Boomers. Already architects and developers are catering for this trend by delivering spacious and luxurious inner-city apartments⁷¹. Meanwhile, retirement villages are close to capacity, recording a vacancy rate of just 5% in 2023, down from 11% a year earlier⁷².

For the downsizers, there is the opportunity to release significant equity from the family home and therefore boost funds for a more aspirational and exciting retirement.

Some 22% of downsizers stay in the same neighbourhood⁷³. For Sydney downsizers who adopt this approach, the suburbs with the greatest percentage difference in value between a house and an apartment in June 2024 were Bellevue Hill (87%), Vaucluse (84%) and Strathfield (79%). In Melbourne, the best suburbs under this scenario are Hawthorn (80%), St Kilda West (77%) and Malvern (74%). In Brisbane it's Ascot (72%), Hamilton (71%) and Clayfield (69%) whilst down in Hobart, Sandy Bay (50%), Blackmans Bay (37%) and Bellerive (31%) top the list⁷⁴.

However, not all downsizers want to age-in-place, with 79% moving to a new location⁷⁵, often to escape the rising density and bright lights of the city for the regional areas. It has been reported that older Australians are happiest when they retire to small regional towns due to their quiet and carefree lifestyle, clean country air and affordable homes⁷⁶.

The typical city downsizer will be able to pocket equity when moving to a regional area. Compared to their surrounding regional areas, median home values in Sydney in June 2024 were 48% higher, while in Melbourne the difference was 37% and Brisbane 32%⁷⁷. The difference is even greater when moving from a city house to a regional attached dwelling.

This downsizer interest in small regional towns is having a flow-on benefit to dwelling values in these towns⁷⁸ while also making it easier for young families to move into existing and vacated larger dwellings in capital cities, ensuring these dwellings are better utilised.

City Spotlight



Sydney & Surrounds

MEDIAN HOUSE PRICE
\$1,471,892

MEDIAN APARTMENT PRICE
\$859,050

CORELOGIC, SEPTEMBER 2024

Sydney & Surrounds

Home prices in Australia's most valuable market surged to a new record peak in June 2024⁷⁹ despite higher interest rates and cost-of-living pressures. This was due to a restricted supply of homes for sale amid many demand drivers, including wealthy Baby Boomers rightsizing their homes while also serving as the Bank of Mum and Dad to first home buyers, and a buoyant trophy home market.

Overall, Sydney dwelling prices rose by 6.3% to a median \$1,170,152 in FY24, in a capital growth rate effort that easily outperformed Melbourne, Hobart and Canberra but was well below Brisbane. This included a 6.8% increase in the median house price to \$1,466,475 and a 5% lift in the median apartment price to \$855,468⁷⁹.

Despite higher interest rates, price growth has given buyers and sellers confidence to transact. However, many buyers must compromise due to restricted lending capacity, leading to stronger demand and price growth for houses in cheaper suburbs, as well as apartments across the city as more people compromise on the type of home they buy to suit their budget⁸⁰.

Meantime, annual new residential building approvals⁸¹ are at decade-lows due to higher interest rates, a labour shortage, high construction materials costs and difficulty obtaining council permission. This is exacerbating tight supply and contributing to the unusual situation of rising home values amid higher interest rates.

There is strong demand in Sydney from three key buyer groups – Baby Boomers and other cash buyers, first home buyers and investors.

More than one in four sales in NSW in 2023 were cash sales⁸², representing a large group of buyers typically towards the top end of the market who are unaffected by higher interest rates. Robust demand for trophy homes among executives and entrepreneurs led to some phenomenal prices in FY24 and FY25, including a reported \$80 million for a harbourside home in Point Piper and about \$80 million for a Bellevue Hill home.

Other cash buyers include Australia's largest contingent of Baby Boomers, many of whom are rightsizing while also helping their children buy their first homes⁸³.

At the other end of the market, one in four NSW buyers are purchasing their first homes and four in ten are buying investments⁸⁴. Both cohorts typically target apartments, and strong competition between them amid very low supply of new apartments led to a narrowing of the gap between Sydney's median house and apartment price growth in FY24⁷⁹.

Across the regions, the NSW median house price lifted 4% to \$763,364 and the median apartment price rose 4.7% to \$590,376 in FY24⁷⁹. Some of the strongest markets for price growth included the Central Coast, Wollongong and Newcastle-Maitland⁸⁵. Unlocking new housing supply, building new essential services amenities such as hospitals

NSW is also experiencing the strongest investor activity of all the states and territories, with buyers appearing confident that the Emerald City will deliver the best long-term capital growth.



Photography: Road Trip with Raj

and schools, and progressively rolling out Australia's biggest public transport project, the Sydney Metro, are key components of the NSW Government's State Infrastructure Plan⁸⁶.

The NSW Government is attempting to deliver more supply to subdue the growth in home prices and rents. Its headline housing reform is the new Transport Oriented Development (TOD) program, which seeks to allow almost 200,000 new homes to be built close to 49 train and Metro stations. The most significant planning changes are being proposed at the Bankstown, Bays West, Bella Vista/Kellyville, Crows Nest, Homebush, Hornsby and Macquarie Park precincts, where 61,855 homes will be built⁸⁷. NSW has a target of 377,000 new homes under the National Housing Accord, which aims to build 1.2 million homes between FY25 and FY29⁸⁸.

New planning rules will also allow more dual occupancies in most residential zones across NSW, while plans to encourage additional townhouses, terraces and taller apartment buildings near town centres are in the pipeline. Apart from additional supply, these

changes are designed to boost the diversity of housing stock. This will be especially helpful for multi-generational families and downsizers wanting to remain in the neighbourhoods they love.

Meantime, major transport projects are nearing completion, with final testing underway on the Parramatta Light Rail from Westmead to Carlingford⁸⁹ and the high-frequency Sydney Metro extension between Chatswood and Sydenham that opened in August 2024. The new Western Sydney International Airport remains on track to open in 2026.

Sydney and NSW are Australia's most expensive city and regional markets, and therefore the most sensitive to changes in interest rates. An anticipated rate cut in 2025 may spark a new surge in demand, leading to further price rises. NSW is also experiencing the strongest investor activity of all the states and territories⁸⁴, with buyers appearing confident that the Emerald City will deliver the best long-term capital growth. This means many people are thinking about their next move in Sydney property sooner, rather than later.

Canberra



Canberra's median weekly rent for all dwelling types is \$674, which is the second highest in the country behind Sydney.

The Canberra market stabilised and began its recovery in FY24, delivering modest home value growth which was on par with Brisbane and Sydney but outperformed Melbourne and Hobart. Dwelling prices lifted 2.2% to a median \$870,071⁹⁰. The median house price rose by 3.2% to \$986,414, while the median apartment price weakened 1.1% to \$587,051.

Separate Canberra buyer groups are being driven by different motivations.

Owner-occupiers, for instance, are preferring renovated houses⁹¹ because high building materials costs and a shortage of tradies are making renovations too hard. Affordability is challenging for first home buyers but they remain enthusiastic, comprising a third of the market⁹². They are targeting apartments, townhouses and affordable newly built houses on smaller lots in new suburbs.

Investors, meanwhile, represent almost 40% of the market in Canberra⁹². They are drawn to the city for its high weekly rents, a sizeable pool of long-term tenants, and increasing opportunities to buy new apartments with attractive yields and tax depreciation benefits. Despite continuous new supply, rental yields for Canberra apartments remain strong at 5.1%. That's higher than Sydney (4%), Hobart (4.6%), Melbourne (4.7%) and Brisbane (4.8%). Canberra's median weekly rent for all dwelling types is \$674, which is the second highest in the country behind only Sydney⁹³.

As part of the Australian Capital Territory (ACT) Government's commitment to the National Housing Accord, new planning reforms now in place are designed to raise the supply of smaller, more affordable homes to buy and rent in established suburbs. One reform allows owners of residential blocks over 800 sqm to build and unit-title a second home no larger than 120 sqm on their land⁹⁴. Updated design guidelines and district strategies are intended to ensure all infill development preserves each suburb's character.

The ACT Government is also using tax reform to improve affordability for key buyer groups.

Home buyers can now earn \$250,000 a year (or more if they have children) and avoid \$34,000 in stamp duty on the first \$1 million of their purchase⁹⁵. This compares to the previous \$170,000 income threshold. But they now must not have owned a property for five years, instead of two years, to be eligible.

Also, downsizing pensioners can now avoid duty on the first \$1 million of their purchase (previously \$550,000) while all buyers can avoid duty on purchases of off-the-plan apartments and townhouses worth up to \$1 million (previously \$800,000).

Canberra is on the cusp of a new upswing in values. Given the city's high median prices, anticipated interest rate cuts are likely to enable more buying activity. Greater housing diversity is inspiring more people to embrace apartment living. And the ACT Government's stamp duty reforms may encourage more locals to change homes when it suits their circumstances.

John McGrath's Top Suburb Picks

Summer Hill/Dulwich Hill - Sydney

As the Inner West gets groovier and groovier, and the Light Rail makes it a short tram ride into the CBD you can no longer resist the attractiveness of these little sleeper villages. Some of the best coffee in Sydney makes this cool precinct a no brainer.

Glebe - Sydney

This once working-class suburb on the edge of the CBD seems to have slipped under the radar by most. Can't fathom why. A five minute stroll to the city, Sydney University, UTS, Darling Harbour and Broadway Retail. What more do you need to realise this sleeping giant is about to awaken.

Millers Point - Sydney

An unbeatable spot with easy access to city life. It's a short stroll to the Barangaroo precinct and the new Metro station, or the bustling charm of The Rocks. The area has gentrified with the transformation of many heritage terraces with stunning harbour views. Subdued price growth during the COVID years has created good buying opportunities today.

Eastlakes - Sydney

Handily positioned between the airport and the CBD young families should be investigating this suburb. A vibrant mix of multi-cultural groups resembling Paddington and Surry Hills in the 80s, it offers a mix of both affordable apartments and cottages, allowing upgraders the opportunity to buy a house for under \$2 million. Why wouldn't you.

Bardwell Park - Sydney

Bordering the prestigious Inner West enclave of Earlwood, this little pocket must be on your shortlist. If you play golf, it has a course. If you work in the CBD, it's a few stations away. And if you like a strong long black you can take your pick of emerging cafes.

Long Jetty - Central Coast

This sleepy little beachside village was up until fairly recently 'somewhat unfashionable' if you can believe it. Well, those days are over and this little jewel in the crown remains some of the best value on the East Coast. Work from home and commute to Sydney a couple of days a week? Sounds like heaven to me.

City Spotlight

Melbourne & Surrounds

MEDIAN HOUSE PRICE
\$929,715

MEDIAN APARTMENT PRICE
\$610,652

CORELOGIC, SEPTEMBER 2024

Photography: Adobe - anekoho

Melbourne & Surrounds

In recent times, it's been commonplace to describe Australia as having a two-speed property market, with some capital cities and regions recording fast home price growth and others seeing only sluggish growth, or even falls. With this metaphor in mind, it's apt to describe Melbourne's property market as shifting into one of the lower gears, as changes to land tax and better housing supply than other capitals have kept prices relatively flat.

In FY24, Melbourne's median dwelling prices saw a modest uptick of 1.3%, but prices declined by 0.6% in the three months to June 2024 indicating softening market conditions⁹⁶. Hobart was the only other state capital with weaker market conditions in FY24. Regional Victoria saw a 0.5% median dwelling value decline over the same period.

The soft market may have in part come about from the Victorian Government's decision, in January 2024, to lower the land tax-free threshold for investment properties from \$300,000 to \$50,000⁹⁷. Victoria is now towards the bottom of the pack for investor activity. Investor lending made up 30.7% of the state's total housing market finance commitments in April 2024. This figure was well below the national average of 37% and significantly lower than in New South Wales (42.2%), Queensland (38.2%) and South Australia (36.6%)⁹⁸.

The tax, along with high ongoing interest rates, may have also encouraged existing investors to sell up and take investment properties off the market. This is evidenced

by the fact that Melbourne saw a 39.4% surge in new sale listings in May 2024 compared with May 2023 - by far the largest increase in the country⁹⁹. Regional Victoria also saw a significant 42.6% increase in listings for the year to May 2024.

Coming at the same time as Victoria's population increased by a national-high 186,500 in the year to December 2023¹⁰⁰; the above situation is likely to have resulted in comparatively high rent increases. Median house rental prices for Melbourne increased by 9.2% in FY24, and by 7.5% for apartments in the same period¹⁰¹. This means Melbourne had the second highest house rental percentage increase out of any capital city in FY24, while its unit apartment increase was in the middle of the pack.

There's been good news, however, for both first home buyers and housing supply. First home buyers made up 32.1% of owner occupier loan commitments in Victoria in June 2024, which was higher than the national average of 29.2% in this month, and significantly more than the 10-year national average of 24.6%¹⁰².

These buyers are no doubt taking advantage of welcome high housing supply levels, along with the exodus of investors, and ongoing benefits of state government stamp duty concessions on purchases up to \$750,000¹⁰³. Over the past decade, 733,000 new homes have been delivered in Victoria, which is the best result in Australia and significantly more than NSW's 650,000 completions over the same period¹⁰⁴.

This combination of strong population growth, infrastructure improvements and short-term housing supply limitations will see Melbourne's housing market bounce back.

Looking forward, as Melbourne's population continues to outpace other cities, and with interest rates expected to start on a downward trajectory from early next year¹⁰⁵, it is more than likely that property prices will see gains in the medium term.

Over the next decade, Victoria's population is projected to increase by an average of around 125,000 per year¹⁰⁶. This will be happening as the same time as Victoria, like other states, struggles with continuing constraints on the building sector, including labour shortages and high material costs.

New infrastructure projects are expected to make the city's suburbs more connected and attractive. The Metro Tunnel rail line project is set to be completed in 2025 and will

benefit people living near the Cranbourne, Sunbury and Pakenham train lines. Other new infrastructure projects include the Suburban Rail Loop (to be completed by 2035) and North East Link freeway project (to be completed by 2028)¹⁰⁷.

This combination of extremely strong population growth, infrastructure improvements and short-term housing supply limitations will no doubt see the city's housing market bounce back. The fact that Melbourne has been named, for the past two years, as one of the top five most liveable cities in the world¹⁰⁸ (after dropping to 10th place after the pandemic) shows it is a vibrant, desirable place to live which attracts people from around the country and world.



Photography: Adobe - Gavin

John McGrath's Top Suburb Picks

Keilor East - Melbourne

Set to get a new train station as a part of the Melbourne Airport Link, this suburb sits within the Essendon Keilor College school zone and is a stone's throw from the M80 ring road, Highpoint Shopping Centre and vibrant Buckley Street in Essendon. Keilor East has all the charm and lifestyle of Essendon with a much lower price tag – its median house price is \$1,007,551¹⁰⁹ compared with Essendon's hefty \$1,800,000¹¹⁰.

St Kilda East - Melbourne

Just slightly inland from its namesake and arguably more famous beachside suburb, this little hamlet has parks, transport and good schools on its doorstep. It has more of a suburban feel than its more bustling neighbour, with leafy streets and art deco-style homes and apartment blocks, but it's just a short tram ride into the heart of St Kilda. St Kilda East is ideal for investors, downsizers and first home buyers alike.

Glen Waverley - Melbourne

With Monash and Deakin Universities just around the corner and a plethora of restaurants, shops and transport options at its disposal, this eastern suburb doesn't need to be close to the city. It also has two train stations – one of which is set to become part of the Suburban Rail Loop – and several bus routes. Glen Waverley could also be poised to be another job hub for Melbourne, with many businesses and government agencies, including the Department of Education, already calling it home. This suburb is one to watch.

Altona North - Melbourne

With the West Gate Tunnel due for completion in 2025, the west is set to become more connected than ever to the CBD and the rest of Melbourne. Less pricey than its waterside neighbours to the south, Altona North still boasts lifestyle, with its golf course, Kororoit Creek Trail and multiple sports centres. It's also just a short drive to the Scienceworks museum, and Yarraville restaurants and shops, and is only 10km from the city.

Spring Gully - Regional Victoria

With its median house price increasing by 11.5% in the year to June 2024, yet still staying at a relatively affordable \$680,000¹¹¹, this suburb on the edge of Bendigo is one to watch. Closer to Melbourne than the Bendigo CBD and surrounded by greenery, Spring Gully combines the best of both city and country living. And the suburb is set for a boom, thanks to plans for a new housing development, school and general store.

City Spotlight

Brisbane & Surrounds

MEDIAN HOUSE PRICE
\$966,382

MEDIAN APARTMENT PRICE
\$653,325

CORELOGIC, SEPTEMBER 2024

Brisbane & Surrounds

2024 was a landmark year for Brisbane, with the Olympics host city briefly taking the silver medal position among Australia's capital cities in the property price stakes¹¹². In May 2024, Brisbane's median dwelling value leap-frogged Canberra to record the nation's second highest city median dwelling value, behind Sydney's gold medal spot. Brisbane last held this second placed position way back in 1997.

The achievement reflected strong price growth over the past four years. Since the start of COVID-19¹¹³ to June 2024, Brisbane median dwelling prices have soared by a staggering 61.5%, compared to a combined capital city price growth of 32.6% in the same period¹¹⁴.

There are a range of likely factors behind the price growth.

Firstly, Brisbane has continued to experience steady population growth, thanks in the main to overseas and domestic migration. Already burgeoning from an exodus of locked down Sydneysiders and Melburnians fleeing north during the pandemic, Brisbane's population surged by a further 3.1% in FY23, reaching a total of 2.71 million. This was the third highest population growth rate of any capital city in the country, after Perth and Melbourne¹¹⁵.

A strong pipeline of infrastructure works, some needed to deliver the 2032 Olympic

Given Brisbane's population growth, infrastructure spend and Olympic City status, there is every reason to expect property price growth will continue in coming years.

Games, may also be assisting dwelling price growth. Upgrades are planned for the Queensland Sports and Athletics Centre (QSAC) and Suncorp Stadium, with the government also exploring legacy transport opportunities to link the QSAC, QEII Jubilee Hospital and Griffith University with city precincts¹¹⁶.

Major construction works have also begun for the Brisbane Metro, which will link 18 stations on two lines from Eight Mile Plains to Roma Street, and Royal Brisbane Women's Hospital to The University of Queensland¹¹⁷.

The 10.2km Cross River Rail project, which includes twin tunnels running under the Brisbane River and CBD and four new underground stations at Boggo Road, Woolloongabba, Albert Street and Roma Street, is also set to be complete in 2025¹¹⁸. Construction of the 37.8km Direct Sunshine Coast Rail Line, that connects the North Coast Line at Beerwah to Maroochydore via Caloundra and Birtinya, is set to begin the following year¹¹⁹.

Strong first home buyer activity has supported Brisbane's property market. In FY23, Queensland had the highest per capita usage, out of any Australian state or territory, of the Federal Government's First Home Guarantee scheme (under which the government guarantees the home loans of eligible first home buyers)¹²⁰. And the trend is set to continue.

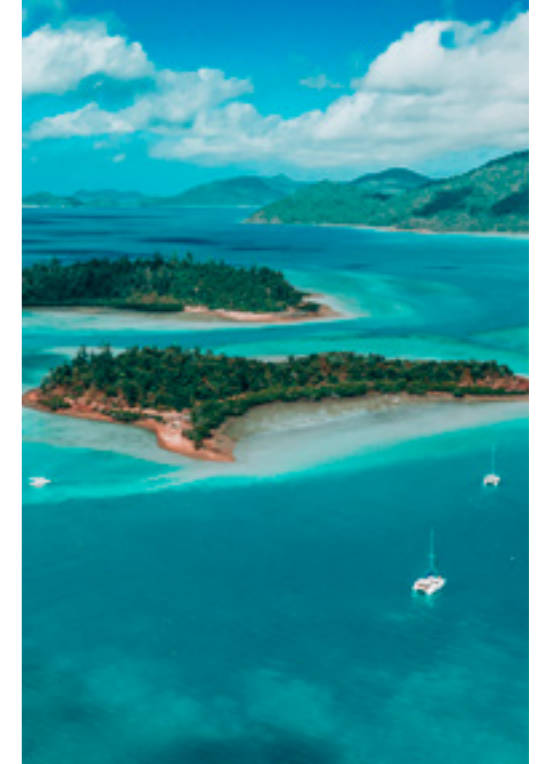
In June 2024, the Queensland Government announced it had increased, from \$500,000 to \$700,000, the value at which first home buyers paid no stamp duty, saving these buyers up to \$17,350¹²¹.

In good news for investors, Brisbane median weekly rents rose by 8% to \$656 in FY24. The biggest increase was in Brisbane's east, where rents rose by 9.9% to \$734¹²².

Brisbane's housing price and population performance is also rubbing off on surrounding areas. In FY24, median home values at the Gold Coast's Southport increased by 15.58% to \$895,461, and at the Sunshine Coast's Buderim by 15.96% to \$1,110,111¹²³.

The Caloundra West-Baringa area, on the Sunshine Coast, also experienced the largest overall population growth (1,700 people) and growth rate (9.8%) of any Australian regional area in FY23¹²⁴. The area is home to Australia's largest master-planned community, Stockland's Aura development¹²⁵.

Given Brisbane's strong population and migration growth, infrastructure spend and support for first home buyers, and its Olympic City status, there is every reason to expect property price growth will continue in the city, and surrounding areas, in coming years.



Photography: Adobe - Callan

North Queensland

The real estate market in North Queensland is increasingly becoming as hot as its climate, with Townsville the key area to watch, thanks to its relative affordability, laidback tropical lifestyle and access to health and education facilities. Median dwelling prices in the city – which lies between Airlie Beach and Cairns – rose by 20.11% to \$471,942 in FY24¹²⁶.

It's also proving an excellent place to invest. Rental values rose by 10.2% to a median of \$502 per week in FY24. Cairns was also a strong performer, with median rents increasing by 7.7% to \$554 over the same period¹²⁷.

John McGrath's Top Suburb Picks

Springwood - Brisbane

Springwood is undergoing change as young professionals and families move in, and Baby Boomers move out. With the south western suburb boasting convenience, diverse housing options and attractions such as a 36ha conservation park brimming with koalas and swamp wallabies, it is expected to remain popular among buyers.

Forest Lake - Brisbane

Brisbane's first master planned community when built in the early 1990s, the south western suburb of Forest Lake is now coming into its own. Centred around a man-made lake, properties here offer more bang for your buck than in the inner city – and people are starting to take notice.

North Ipswich - Brisbane

Located on the Bremer River 40km west of the CBD, the historic suburb of North Ipswich is set to benefit from improved Olympic public transport and infrastructure, including the \$30 million North Ipswich Sport and Entertainment Precinct. It's also a great place to nab a Queenslander at a fraction of the price you could expect to pay closer to town.

Caloundra West - Sunshine Coast

Caloundra West has long played second fiddle to the neighbouring and arguably more glamorous seaside suburb of Caloundra. This is now changing, as Sunshine Coast buyers take an interest in Caloundra West's less expensive housing. What's more, the suburb's location close to the coast, and the new Stockland Aura development, makes it an appealing lifestyle choice.

Townsville - North Queensland

Savvy sea changers are snapping up properties in this surprisingly cosmopolitan city, which offers hatted restaurants, a growing number of breweries and distilleries and gorgeous beaches. Prices are still on the lower side compared to many other parts of Queensland and gross rental yield is among the highest in Queensland¹²⁸, making Townsville a safe bet for both investors and owner occupiers.

City Spotlight

Hobart & Surrounds

MEDIAN HOUSE PRICE
\$692,606

MEDIAN APARTMENT PRICE
\$549,569

CORELOGIC, SEPTEMBER 2024

Hobart & Surrounds

Hobart already has a reputation for a vibrant food and culture destination, a beautiful coastline and fascinating history. Now the Tasmanian capital may be about to earn another label – the home of a comparatively affordable housing market.

Softening median home values meant Hobart finished FY24 as the second most affordable capital city in Australia, and the only capital to record a median dwelling price fall over the financial year. What's more, Hobart's 28.1% dwelling price increase since the start of the pandemic to June 2024 may at face value seem impressive, but in fact represents the second lowest increase of any capital city during this period¹²⁹.

It was a slightly better situation in the state's regions where there was a 0.7% median dwelling jump in FY24, but even this result was well below the price increase in most other Australian regional areas¹³⁰.

Meanwhile, rental yields in Hobart and regional Tasmania finished FY24 at a healthy 4.3% and 4.5% respectively, with both areas recording yields higher than the relevant national averages¹³¹.

The above modest median dwelling price changes, strong rental returns and stock

listings which are tracking at 46% above average¹³², means Hobart and regional Tasmania has become an attractive proposition for buyers looking for value and returns, in a great lifestyle location.

This is particularly the case for new entrants, who in May 2024 made-up just under one third of Tasmania's residential property buyers. From February 18, 2024, eligible first home buyers have been able to avoid paying stamp duty altogether on established homes valued \$750,000 or less. These changes will save first home buyers \$28,900¹³³.

Despite inflation and mortgage rate increases weighing heavily on everybody's minds across the country, there is a sense of optimism in Tasmania with a couple of major construction projects underway.

The new Bridgewater Bridge will make moving between Hobart and the regions to the north easier, in particular the suburbs of Granton on the southern end of the bridge and Bridgewater to the north which will benefit from improved commuter links to Central Hobart¹³⁴. Even more exciting is the proposed \$715 million Macquarie Point Stadium, which will be a proud feature of the Macquarie Point Urban Renewal Project that will transform Hobart's waterfront¹³⁵.



Photography: Adobe - William

The real question will be whether the first home buyer duty concession, and the above infrastructure projects, will help turnaround low population growth which has been a lag on the Tasmanian economy and therefore its property market. Tasmania's population grew less than half a per cent in CY23, the weakest result out of any Australian state or territory¹³⁶. On the bright side, the state's unemployment rate has fallen from 6.3% in May 2019 to 4% in May 2024¹³⁷.

Hobart has earned a new label as one of the nation's most affordable housing markets, along its existing reputation for food and culture and a beautiful coastline.

Launceston

Launceston may be the state's second largest city in terms of population, but it's the city's growing cultural and gastronomic presence which is really lifting its profile. In fact, in 2019 Launceston was named a Creative City of Gastronomy by the United Nations Educational, Scientific and Cultural Organisation (UNESCO)¹³⁸.

Despite the obvious attraction of the city on the River Tamar, homeowners will be disappointed by a 2.7% drop in median

house values to \$535,000 in the year to June 30, 2024¹³⁹. Median apartment values performed better with a 2.3% rise to \$440,000¹⁴⁰. The silver lining of course will be for buyers, and particularly new entrants into the market, who can now nab a bargain in Launie (as the locals call it).

Launceston may be the state's second largest city in terms of population, but it's the city's growing cultural and gastronomic presence which is really lifting its profile.



Photography: Zachary Ferguson
Photography: InSydeMedia



Photography: Adobe - Joshua

Devonport

On the state's north coast, Devonport is bracing itself for a development boom.

On the state's north coast, Devonport is bracing itself for a development boom. A \$240 million upgrade to the city's port will see a 40% increase in freight capacity and 72,000 additional visitors each year by 2031¹⁴¹. This commitment will cement Devonport's reputation as a gateway into the state and boost the region's economic prospects, making it a more desirable place in which to live and invest.

Couple this with some of the most affordable home values in the state and the prospects for the city look promising. Median house values held steady at \$485,000 in the year to June 30, 2024, while apartment values held on at \$386,250¹⁴².

John McGrath's Top Suburb Picks

Kingston - Hobart

Famous for its beach, this suburb's location at the gateway to the Southern Outlet motorway means its residents can reach the city centre in just 10 minutes. With a huge amount of land still available for development and talk that it could be the location of a performance centre for Tasmania's new AFL club, Kingston is an area primed for growth.

North Hobart - Hobart

Cool and vibrant, North Hobart attracts a hip crowd thanks to its nightlife and trendy eateries. The predominantly older-style housing stock has been injected with new life recently thanks to luxe developments like The Rox which will lift the suburb's profile and potentially edge it closer and closer to a \$1 million median value¹⁴⁴.

Primrose Sands - Regional Tasmania

A tiny seaside hamlet located midway between Hobart and Port Arthur, Primrose Sands has historically been best known for its affordable housing. It's now emerging as a gentrifier hotspot with some new private apartment developments lodged with Sorrell Council. Known for its beautiful beach, the median home value of \$500,000 is predicted to take off in coming years¹⁴⁵.

Legana - Launceston

Although considered to be on the outskirts of Launceston, this quaint semi-rural hub is in fact only a short 15 minute drive into the centre of town, making it perfect for those who want to feel a little removed from the bustle. What's more, completion of the 350-place Legana Primary School at the start of the 2025 school year will be sure to attract young families to the suburb.

Latrobe - Devonport

Plenty of land releases and development in the past decade make this semi-rural pocket outside of Devonport a neighborhood to watch. And if the 9.6% jump in median house prices continue, it could prove a happy investment, particularly for first home buyers who will rejoice at the \$581,000 median house value¹⁴³.

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