2024

PREPARE FOR TAKE-OFF

McGRATH REPORT 2024

Contents

A message from

John McGrath

We are going through a period of significant change. Will the world's major economies go into recession? How will the COVID-19 experience impact globalisation and trade? And will we ever work out how to deal with climate change in a globally cooperative way?

All of this global uncertainty reminds me a lot of the immediate period after the GFC. Most people had a very dark outlook on the world economy back then. But I was advising clients to buy property as soon as they could, and those who did were rewarded in less than 12 months.

It's time to be that brave again, in preparation for the next major market upswing. You probably don't see it coming now, but I know after 40 years in this business that it's just over the horizon.

Our theme for the McGrath Report 2024 is 'Prepare for Take-off'.

We're in challenging times today as borrowers get used to higher interest rates for the foreseeable future. Affordability continues to be an issue for most Australians. The cost of living crisis is making home finances difficult to manage, but as inflation falls and interest rates stabilise, we expect an increase in market activity and optimism in 2024 and beyond.

In my view, property investment remains the most reliable path to wealth creation and a comfortable retirement in Australia today. In terms of home ownership, now is the time to 'rightsize' your living situation.

With rates this high, there may be temptation to store money in savings accounts with a 4% to 5% no-risk return that is higher than rental yields in many instances.

However, this is a shortsighted approach to long-term wealth accumulation. Capital growth is the superior consideration for investors wanting a financially secure retirement in 10, 20 or 30 years' time.

Many investors today are looking further afield for opportunities beyond where they live. The benefits of 'remote investing' include the potential for better capital growth in the regions, as well as the higher rental yields that come with more affordable properties.

One of the most fascinating elements of the Australian market is that 67% of us choose to live in one of just eight capital cities, despite our nation being a land of sweeping plains.

But the pandemic encouraged more people to move to the regions, which has led to very good price growth in many areas. Regional living is not just an option for those who work from home, either. Many of these economies are expanding, creating more local employment. The Regional Australia Institute reports that 92,200 regional jobs were advertised in July 2023 – 2.7% higher than a year ago, whilst city job ads fell 10.1%.

We also discuss the evolution of forever homes in this year's report. Average tenure periods are trending up in some markets, partly due to more Baby Boomers staying in place rather than downsizing, and this is forcing younger families who want the traditional Australian Dream to go further afield to the outskirts of cities in order to afford a house with a backyard.

Now let's talk about the market.

Sydney and Brisbane are leading the East Coast market recovery, with other cities and regional markets following suit to varying degrees. There is still plenty of great value available for buyers.

Stabilising interest rates, low unemployment and a forecast net increase of 715,000 migrants over the next two financial years provide tailwinds for the property market. However, buyers cannot access as much finance and household savings have declined, so market competition may be fickle.

The recent rate hiking cycle was the fastest on record, so adjusting to this new reality of 5% or 6% home loans is tough.

If you can navigate this volatile economic period, I'm confident you'll see your home's value start to rise, and probably sooner than you think.

I hope you enjoy this year's report.

JOHN McGRATH
CEO & FOUNDER

↗01

THE LONG HAUL: FINDING YOUR FOREVER HOME

The concept of a 'forever home' has evolved. Whilst people may buy or build their dream home with plans to put down roots for the long term, historical data shows that most homeowners move on within seven or eight years. But there are indications that more and more of us are taking the long view.

Ten years ago the median property hold period for Sydneysiders was 8.1 years. In 2023, the median is nine years. In Melbourne, hold periods have risen even more steeply, from 7.6 years in 2013 to 9.3 years in 2023[1].

In the short term, longer hold periods for properties are usually influenced by market downswings. Eliza Owens, CoreLogic Head of Research, said vendors who choose to sell in a falling market are often those who have held their properties for longer, and are therefore more likely to realise a profit from resale. Conversely, when home values are rising, those with shorter hold periods may also be enticed to sell, thanks to increased profit potential[2].

However, Owens said in the longer term there is evidence of extended hold periods in Sydney and Melbourne. This could be a reflection of Empty Nesters holding onto larger homes, rather than downsizing. Some are making room for their work or hobbies, others for their children or grandchildren to stay, and many have a strong desire to stay in the community they've known for many years, and find there is limited stock locally to downsize into[3].

This trend is supported by Australian Bureau of Statistics (ABS) data, which for NSW shows the proportion of two-person family households in dwellings with four or more bedrooms increased between 2016 and 2021[4]. The majority of two-person households in the 2021 Census (67%) were in detached houses, and 40% of them were in houses with four or more bedrooms.

Simon Kuestenmacher, co-founder of The Demographics Group, puts it more bluntly: Baby Boomers are monopolising our three and four bedroom homes, and declaring they'd "rather be carried out in a box" than downsize[5].

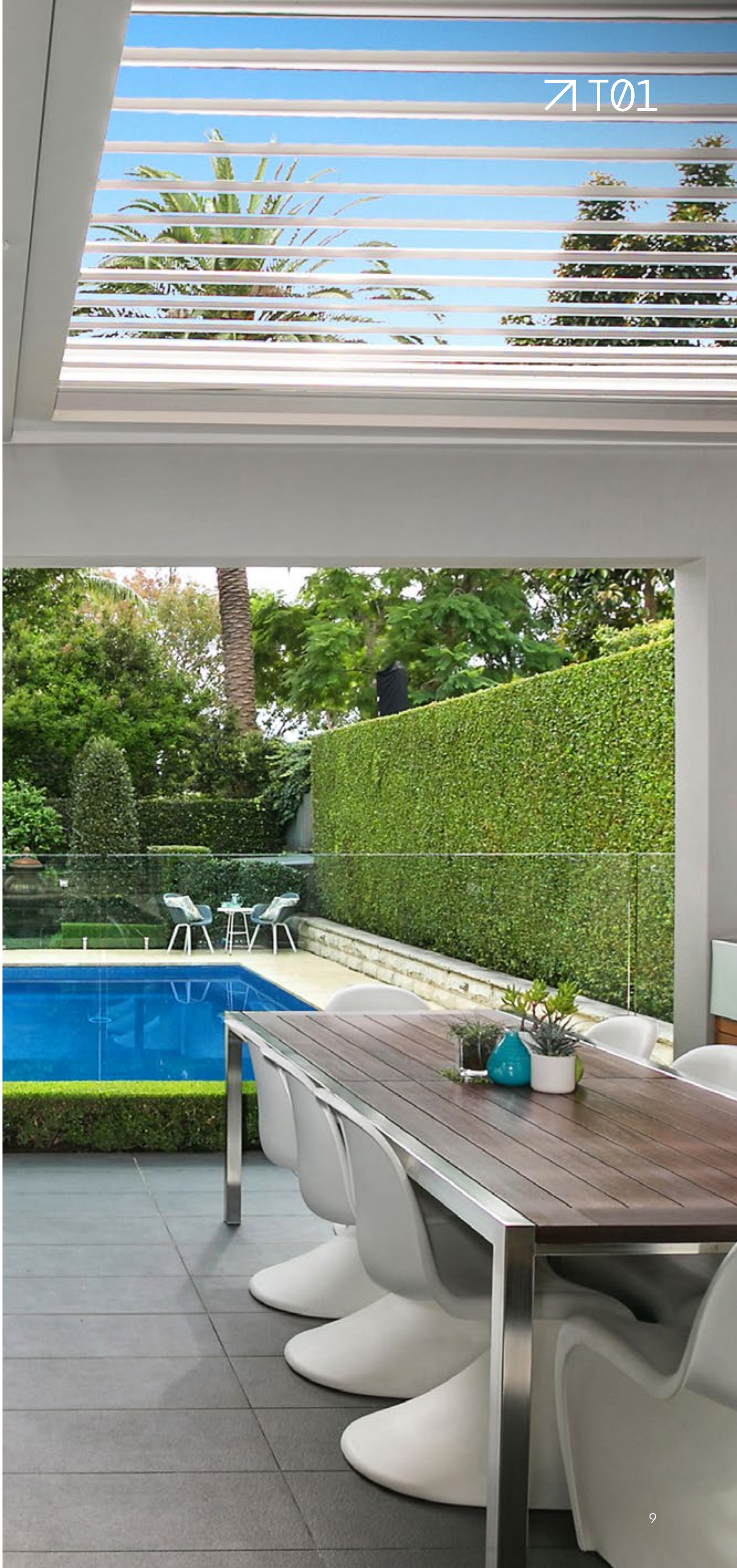
It's a slightly different story in Brisbane where typical hold periods have trended lower since the onset of the pandemic. Owens believes this may be because capital growth across Brisbane became much more robust through the COVID-19 period relative to Sydney and Melbourne. Extremely strong selling conditions encouraged more sales of properties that had been acquired around 2015, and consequently home values are around 30% higher across Brisbane since the start of coronavirus, compared with 2.4% higher in Melbourne and 14.5% higher across Sydney[6].

But in all of the eastern state capitals there are some suburbs where homeowners routinely stay put for 20 years or more. In NSW, North Epping, Oakville and Emerton have long tenure; in Melbourne it's Princes Hill, Clarinda and Vermont South, and in Queensland, Munruben tops the list[7].

Owens says these suburbs are heavily owner occupied, outer suburban areas that once were, or remain, popular with young families, and when the kids leave home Empty Nesters are choosing to age in place.

The knock-on effect of the Baby Boomer stranglehold on family homes in our inner and middle rings, when combined with a dearth of development in these suburbs, is a push to purchase on the outskirts of our cities.

Kuestenmacher said Millennials who have started, or plan to start, a family, and who are purchasing their first homes at a much later age than their parents, are forced to move to the urban fringes where homes are larger and more affordable.



PHOTOGRAPHY: CONTENT HOUSE

However, he expects a trend reversal in the 2030s when a critical mass of Baby Boomers is finally ready to downsize. In the intervening years we're not moving much at all.

Kuestenmacher points to the high costs associated with buying and selling: from stamp duty and legal fees, to styling and removalists.

The work-from-home trend has also increased the demand for larger homes as homeowners recognise the need for a dedicated office space. This race for space has provided another incentive to move to the city outskirts.

The trend of buying in peripheral city suburbs is supported by CoreLogic data showing the average distance to the CBD of properties sold in 2023 was 24.3km in Sydney (compared with 22.5km in 2014), 22.3km in Melbourne (compared with 20.3km) and 20.2km in Brisbane (compared with 17.2km)[8].

Whilst this data would reflect a change in the composition of buyers (there were more investors in the market favouring metropolitan areas in 2014), Owens argues there are also structural elements at play.

Affordability constraints on inner-city living and urban sprawl in the development of cities have likely contributed to the trend towards buying further away from CBDs. The average distance to the CBD across all cities hit a high in the year to April 2021, amidst the uncertainty of COVID-19 lockdowns and what was likely to have been the peak embrace of remote working.

The need for a separate room with a door to keep the family out meant the standard Australian home grew by at least one bedroom, said Kuestenmacher.

PHOTOGRAPHY: CONTENT HOUSE

Affordability constraints on inner city living… have likely contributed to the trend towards buying further away from CBDs

Working from home has been extremely popular amongst knowledge workers – professionals whose jobs revolve around handling or using ideas and information rather than producing goods – through the pandemic, and may have empowered purchasing decisions further from the CBD, or even in regional Australia.

ABS census data shows more than a third of movers from capital cities to regions in 2022 were relatively young people, aged between 25 and 44, whereas only 10% were the traditional retirees aged 65 and above making a seachange or treechange[9].

A shortage of listings was a notable characteristic of the 2023 property market and another pointer towards longer tenure of homes. Listing volumes across the capital city markets trended up to 30% lower in 2023 than in the previous five-year period[10].

Would-be sellers may be waiting for stronger selling conditions, said Owens, or they could be reluctant to sell when there is not enough stock to choose from for their next home.

Pandemic-related government stimulus and record low interest rates helped fuel the highest inflationary environment in 32 years[11], with the cost of building a home skyrocketing by up to 20% by September 2022[12], driven by a mix of limited labour and materials, increased shipping costs and an elevated backlog of projects.

For purchasers, income is an important facet of affordability, but Owens said it doesn't seem to have influenced prices as much as interest rates have. Low interest rates mean a relatively low proportion of income is needed to service ongoing mortgage debt, whilst today's high interest rates are limiting for a whole range of buyers.

Rates started rising from historical lows in May 2022 and lending capacity for the average double income family had fallen by $250,000 by June 2023[13]. For large-scale developers, reduced borrowings equate to a fall in demand for their product, which leads in turn to a fall in construction starts.

The ABS recorded a 21.9% fall in dwelling commencements in the 12 months to December 2022, and commencements continued to fall in 2023, along with the value of building work[14].

A higher level of immigration has also put pressure on stock levels. Kuestenmacher points to the Federal Government's failure to link migration and housing policies as a key oversight.

Nevertheless, low listing numbers help underpin property prices as buyers compete for limited stock. Owens expects rising home values to trigger a wave of new listings. This may, in turn, lead to more homeowners thinking about a new forever home.

↗02

FEMALE FORCE

More women are finding roads into property ownership than ever before. The latest research has found a greater proportion of properties were solely owned by Australian women in January 2023 than in 2022[1].

It may be a slight increase – 26.6% to 26.8% – but it denotes an important shift. Property is becoming more accessible and affordable for women following changes in workplaces and government policies.

Perhaps the most significant change is in the nation's gender pay gap, which when measured using the Australian Bureau of Statistics (ABS) survey of average weekly earnings, has slowly narrowed from 18.7% in 2015 to 13% in August 2023[2]. This has allowed women to earn and save more money to buy a property than in the past.

Various government initiatives have also helped women achieve property ownership in recent years. This includes the Family Home Guarantee, which allows single parent households, where women are overly represented, to access home loans with a deposit as low as 2%[3].

This rising buyer demographic is likely to result in changes across the property landscape. Everything from the design of new homes to the way real estate is marketed could soon be tweaked and refined to appeal more to women.

WHAT DO WOMEN WANT?

Property ownership is still a widely held aspiration for many Australians. Owning a home is highly valued because it brings security of tenure as well as long-term social and economic benefits[4]. For example, in the past 20 years, property values have surged by 140%, whilst wages have risen by just 81.5%[5].

However, women generally do not enjoy the same financial stability as men. An ANZ study into financial wellbeing found 64% of women feel confident they can plan their financial future, compared with 71% of men[6]. The study found multiple reasons for this, including women at all ages feeling unsure of the risks associated with financial products[7], and the impact of having children on their earning potential[8].

Overall, men still own more property individually in Australia than women (29.9% versus 26.8% in 2023)[9]. They also own more properties individually as investments than women (36.3% versus 29.5%) and more owner occupied properties than women (27% versus 25.6%)[10]. They also own more houses than women (28.5% to 24.1%)[11]. However, the number of properties co-owned by a man and woman has fallen from 43.5% in 2022 to 43.4% in 2023[12].

Same-sex marriages, which have decreased each year since their introduction in 2017[13], make up the lowest volume of ownership of properties[14].

But further analysis shows women own more apartments than men – 35.7% compared with 34.6%.[15] There are several reasons for this. An apartment is more affordable than a house (for example, the median price of a house in Sydney is $1,359,936 compared with an apartment at $822,145[16]) so it is easier to service a mortgage for an apartment on a single income rather than a mortgage for a house.

Women also prefer apartments because they are commonly located in areas with good transport links and communities, offering both security and social opportunities, said buyer's advocate Nicole Jacobs[17].

"Security is a priority for women, especially if they are living in the property by themselves or with their kids and no partner," she said.

"The area is important if they have kids and, of course, travel time to schools. If raising their kids in two households, they are often aware of the time between the two houses and making it as easy as possible for the kids to adjust and everyone to co-exist."

Jacobs said women need to be close to their work, transport links and shops just as much as they need to be amongst friends.

"Most women really see value in being close to their social groups and this is a key driver when making a purchase decision," she said.

HOW ARE WOMEN INFLUENCING HOME DESIGN?

Design experts say women are wielding more influence over home design as they increasingly find the financial means to buy their own property.

Internationally renowned architect Blainey North, who has offices in Sydney, London and New York, said as women become better paid and have more financial independence they are buying homes for themselves that reflect their own taste and style[18].

"For quite some time now I've observed women worldwide have been acting with more and more agency," she said. "One of the ways in which this has expressed itself is through ambition to own property.

BLAINEY NORTH
PHOTOGRAPHY: ANSON SMART

PHOTOGRAPHY: LINKEDIN SALES SOLUTIONS

In the past 20 years, property values have surged by 140%, whilst wages have risen by just 81.5%

"We have more and more clients who are women, who are building their own lives and careers and want spaces that reflect who they are and who they want to be."

Increasingly, women are buying apartments, she said, and especially in the post-pandemic era, they are wanting these apartments to have separate kitchen and living zones.

"What women want, what we all want, is a space that we can connect to, feel peace and enjoy living in," she said. "After experiencing long periods of being together we understand how important personal space is within an apartment."

Australian interior designer Bianca Fraser, director at the Unlisted Collective, said the best design is functional and accessible for all genders[19].

"Women may consider a space which includes design features such as a generous wardrobe, functional kitchen, well designed bathrooms, open floor plans, natural light," she said.

"Many of these features are also those that are generally sought after by anyone looking for features in a home, being male or female. Our design work is aimed at both men and women."

WHERE ARE WOMEN BUYING?

Research by CoreLogic suggests that when women can afford it, they are more inclined to buy property than their male counterparts[20]. And when they do buy it tends to be in areas with more expensive properties and higher incomes[21].

For example, the two regions with the highest female property ownership in the country, Sydney's eastern suburbs and northern suburbs, whilst both having higher ownership rates than men (37.3% versus 32.8%, and 36.6% versus 31.8% respectively)[22] are also the regions with some of the highest property prices in the country[23].

Overall in Australia women own properties with a higher median value than men – $728,261 for female owners compared with $717,079 for male owners[24].

This can be explained by women tending to buy properties in more populous, high-value markets, whilst male property ownership is higher in states and territories such as Queensland, the Northern Territory and Western Australia where male-dominated industries like mining and construction are more common[25].

Women understand the importance of owning property for their wellbeing and their financial security. It is clear that when they have the means, they will buy. So, as Australia continues to head towards pay parity, it is reasonable to expect the gap between men's and women's property ownership in all categories will close.

↗03

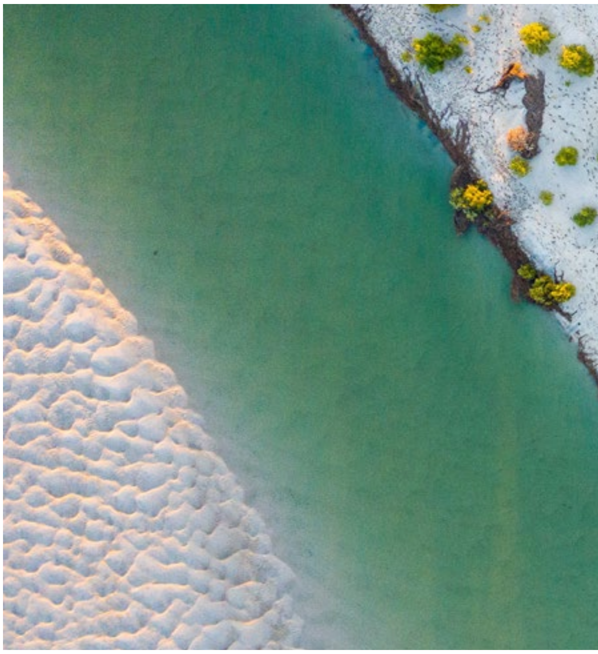
REMOTE CONTROL: A REGIONAL RENAISSANCE

It's one of the most fundamental shifts in the Australian psyche in recent history: city slickers who'd never seriously considered making the move to a regional area before suddenly had their eyes opened to the idea en masse.

Enticed by the promise of getting more bang for their buck and more flexible working arrangements introduced during the COVID-19 pandemic, they exited the big smoke in droves. And they weren't leaving behind things as top quality restaurants in the process — high-profile chefs are increasingly preferring to work close to where they source their produce, and foodies are becoming spoiled for choice in places like Byron Bay, Orange, the Tweed and the Sunshine Coast.

The move towards remote investing has largely been driven by the perception of better capital growth prospects

A trend that began with the seachangers and treechangers of decades past was magnified by what demographer Bernard Salt coined VESPAs – Virus Escapees Seeking Provincial Australia[1]. The population of regional Australia grew by more than 100,000 in FY22[2], building on 70,000 the year before[3].



The impact this trend has had on these regional areas cannot be understated, with unprecedented jobs growth and more money being poured into the regions leading to improved services and infrastructure and greater liveability.

Property values soared too[4], creating an attractive market for investors. The average distance between where landlords live and invest is reportedly now 857km, compared with 559km in the year to November 2021, and 294km pre-pandemic, according to data from MCG Quantity Surveyors[5].

The move towards remote investing has largely been driven by the perception of better capital growth prospects in the regions, and higher rental yields that usually come with more affordable properties. Another benefit of buying in regional areas is the opportunity to buy houses, which have historically delivered better capital growth than apartments, which are the only affordable option for many investors in the capital cities. With banks charging higher interest rates on investor loans, these investors are also being forced to look towards more affordable markets.

Advancements in technology necessitated by the pandemic, such as video inspections, 3D floorplans and signing contracts electronically, have also enabled this trend. The prospect of phone bidding and purchasing properties sight unseen is no longer foreign.

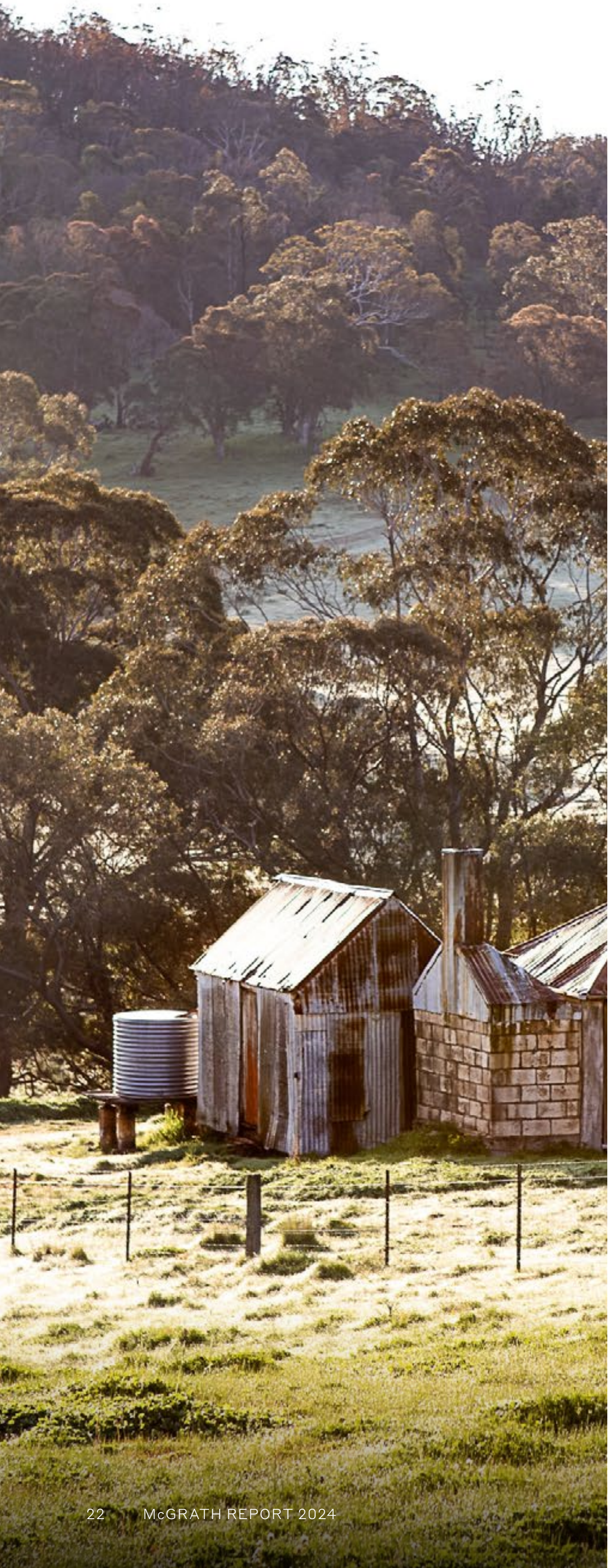
THE RIPPLE EFFECT

Buyers lured to the regions – whether investors or owner occupiers – who found themselves priced out of hotspots, have started to look in neighbouring 'ripple regions' where the lifestyle is similar but more affordable.

For example, whilst the median price of houses in ever-popular Byron Bay fell 8.7% over the 12 months to June 2023 to be $2.875 million, other nearby towns that offer excellent value a bit further from the coast have fared considerably better. In the hinterland town of Clunes, the median house price rose 6.1% to $1.35 million, whilst in Nimbin it rose 2.3% to $655,000[6].

On Queensland's Sunshine Coast, house prices in Noosa Heads rose by 5.8% to $2,157,500 in the 12 months to June, but there were more dramatic increases a bit further inland. House values in Kin Kin shot up 21.5% to $1,032,500, whilst in Black Mountain they climbed 24.4% to $1,244,000[7].

PHOTOGRAPHY: TIMOTHÉE DURAN



On Victoria's Mornington Peninsula, median house prices in highly sought-after Portsea dipped 11.7% over the same period to $3.4 million. But elsewhere buyers have turned to relatively affordable areas such as seaside Dromana, which has seen a 2.6% increase to $1,100,500, and neighbouring McCrea, which has increased 3.1% to $1,299,500[8].

Rental growth has slowed in regional markets across the country, down from a record overall monthly growth rate of 1.2% in March 2022, to 0.3% in May 2023. Nevertheless, since the onset of the pandemic, rental growth in the regions has outstripped the capital cities, climbing 29.2% to June[9].

POPULATION BOOM

The population boom in rural Australia is leading to strong employment growth, with regional job advertisements growing three times faster than in metropolitan Australia at the end of 2022[10]. Demand for labour in regional areas was highest in Queensland, followed by NSW and South Australia[11]. With more people paying rates in regional Australia, this is also leading to greater liveability as councils have more money to spend on footpaths, playgrounds and sporting facilities.

A range of exciting new infrastructure projects is also bound to draw even more people to the regions.

On the fast-growing Sunshine Coast, $300 million is being spent to create Australia's first 'smart city' at Maroochydore. The country's largest greenfield development will feature a mix of apartments, restaurants, a hotel, shops and parks, with the fastest available international data connections and free Wi-Fi hotspots[12].

PHOTOGRAPHY: PETER RAWLINGS

A range of exciting new infrastructure projects is also bound to draw even more people to the regions

The Comiskey Group is splashing out $35 million to build the Sunshine Coast's biggest music venue. Set to open in the Aura development, near Caloundra, in late 2024, it will be capable of holding 2,500 people, with restaurants, bars and function spaces. The company is also creating a Coachella-style outdoor festival site on 150ha of disused turf and strawberry farms south of Caloundra. Named Coochin Fields, the site is a similar size to North Byron Parklands, which hosts large-scale annual events like Splendour in the Grass and the Falls Music & Arts Festival[13].

In NSW's Central Tablelands region there are plans for a $35 million sports complex on the site of the Orange Ex-Services' Country Club golf course, featuring a field for rugby league, union and football games, and an oval for AFL and cricket to foster emerging sporting talent[14].

The NSW Government is also spending nearly $60 million on improving racing infrastructure across regional NSW, with Scone, Gosford and Cessnock the biggest recipients so far[15]. There are some exciting housing developments in the state, such as the Temora Airpark Estate beside the aerodrome in the Riverina town, where aviation enthusiasts can park their planes in their own hangars next to their houses and taxi to the runway just a few hundred metres away[16].

More than $4 billion has been invested in Victoria's Regional Rail Revival program, which is upgrading every regional passenger train line in the state, with beneficiaries including Ballarat, Bendigo-Echuca and Geelong[17].

Across regional Victoria, disused train lines are slowly being converted into shared paths for walkers and cyclists. The Great Southern Rail Trail, which winds through the historical towns of East Gippsland, is being extended to 130km, making it one of the longest in Australia[18].

The $46.8 million Surf Coast Aquatic and Health Centre is also set to open at Torquay, on Victoria's Great Ocean Road, in 2026[19].

In Tasmania, the northern city of Devonport is being revitalised as part of the Living City project, with a new $55 million waterfront precinct including a hotel, amphitheatre, events common, parks, playgrounds and pathways[20]. A spectacular sound and light show will provide nightly entertainment for locals and tourists[21].

There's no doubt that it's an exciting time for regional Australia, with the work-from-home generation benefitting from the opportunity to live a better life away from major metropolises, and the chance for many more to follow as property prices and rents stabilise.

↗04

BOARDING PASS: THE MIGRATION PATHWAYS

Australia is about to experience its biggest ever migration surge, with the Federal Government forecasting 1.5 million net overseas arrivals by 2027[1].

This equates to almost double the net number of migrants reaching our shores between 2017 and 2022, and is in stark contrast to the period over 2020 and 2021 when the Australian Bureau of Statistics (ABS) recorded more departures than arrivals in the wake of the COVID-19 border closures[2].

The influx is welcome news for the business community which has been navigating staff shortages since the end of the lockdowns.

In a 2023 survey conducted on behalf of the Business Council of Australia, 60% of the 2,115 participants reported being impacted by worker shortages, with 15% saying they had been strongly impacted[3].

In the same survey, 66% of respondents agreed that properly planned and managed migration, including the provision of adequate services, housing and other infrastructure, is a good thing for Australia.

Immigration lawyer Arnela Tolic, principal at Tolic Lawyers, said migrants are critical to our workforce, helping the economy to thrive. She said acute skill shortages were evident across the board in 2023, with the construction, healthcare and hospitality sectors hit especially hard. New migrants are expected to fill many of these vacancies in the coming months[4].

According to ABS 2021 census data, 79% of migrants choose to live in NSW, the ACT, Victoria and Queensland, with 19.2% residing in South Australia and Western Australia[5]. However, Tolic said a combination of increased living costs and incentives provided by the Department of Home Affairs is encouraging more migrants to settle outside of the eastern states' capital cities.

The Regional Australia Institute (RAI) has set a goal to double the proportion of new migrants settling in regional Australia by 2032 and has created a framework to harness overseas talent through attraction and settlement support for both international migrants and the skilled expat community living abroad[6].

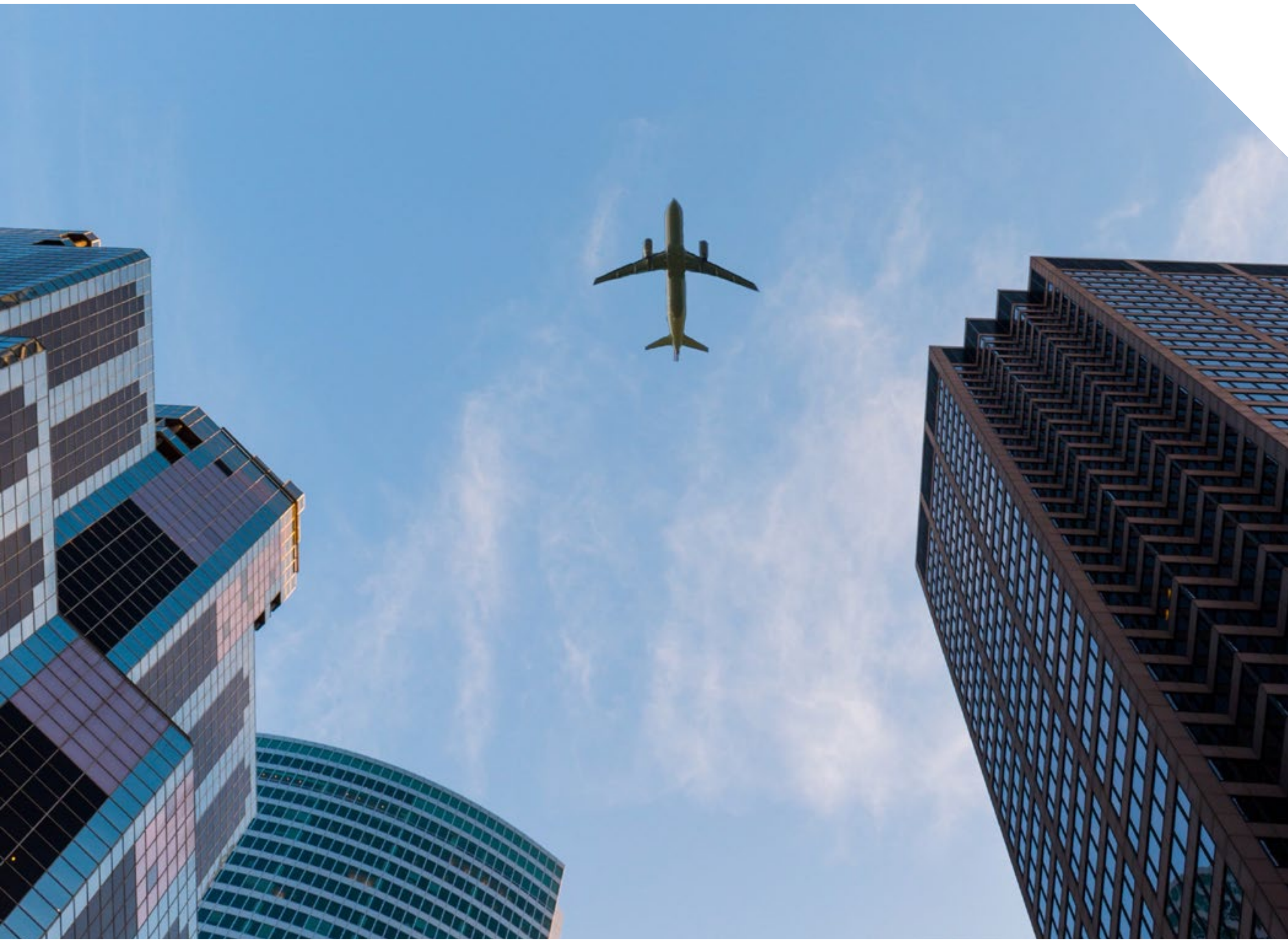
Key to the success of such programs is adequate housing. The RAI encourages employers in regional centres to offer assistance in arranging both temporary and long-term accommodation for skilled migrants and their families[7], but they must still contend with the vagaries of the Australian property market.

The Property Council of Australia noted the 2023-2024 Federal Budget highlighted the strength of new overseas migration but also the extent of the housing supply crisis. It warned the Australian Government must match its targeted approach to migration with the same focus on housing investment and better planning processes across the country[8].

To that end, Minister for Home Affairs Clare O'Neil has outlined a new migration strategy that will align investments in infrastructure, service provision and housing, including ensuring joint action across all levels of government to address barriers to increasing housing supply[9].

Most migrants start their property journey in the rental market. However, rental supply has tightened considerably since late 2021, with vacancy rates very low in most major centres[10]. The return of international migration, in particular the return of international students, has added to already strong demand for rental properties across the country.

Advertised rents have shot up and finding a suitable rental property has become more difficult as vacancy rates have declined.



PHOTOGRAPHY: CAMERON CASEY

Immigration lawyer Arnela Tolic, principal at Tolic Lawyers, said migrants are critical to our workforce, helping the economy to thrive

Most migrants start their property journey in the rental market, which has tightened considerably since late 2021

Dwelling approvals have fallen to a 10-year low, putting pressure on existing stock, with private sector house approvals down 17.6% in the 12 months to June 2023, and apartment approvals down 10.4% in the same period[11].

The National Housing Finance and Investment Corporation is forecasting around 148,500 new homes (net of demolitions) to be built in 2022-23. This is expected to fall to 127,500 new homes in 2024-25. A recovery in supply is expected after 2025-26[12].

Meanwhile, the value of new loan commitments for housing was also significantly lower in the first half of 2023 compared with the corresponding period in 2022[13].

Tolic said a migrant's finances largely dictate their housing options. Whilst some migrants may come with sufficient funds to immediately buy a property, others have just enough to migrate to Australia and have no choice but to rent for the first year or two whilst they find work and build the credit history required to obtain a home loan.

Many migrants gravitate to outer-ring neighbourhoods where their compatriots live, others move to more affordable regional areas, and they tend to form strong bonds in the communities where they first settle.

There is a range of options for international students, from university hubs to shared accommodation in private rentals within commuting distance of education centres. Tolic said there has been a notable trend for some students from wealthier Asian backgrounds to move into an apartment purchased by their parents. These properties are often in affluent suburbs that promise above average capital growth.

Cashed-up overseas buyers have been active in other sectors of our property market, and as a result, Australia has regained the top spot in New World Wealth's 2023 list of countries favoured by wealthy individuals. Approximately 82,000 high-net-worth individuals have moved to Australia over the 20 years to 2022, and another 5,200 were expected to arrive in 2023, according to head of research at New World Wealth, Andrew Amoils[14].

Some will enter through the traditional investment migration route, but a significant number will receive their Australian residency under the government's Global Talent Independent Program, which targets highly skilled professionals that can help grow Australia's innovation and tech sectors, including agri-food, digitech and renewable energy.

The Australian Department of Home Affairs made 5,000 Global Talent Independent visas available in 2022-2023, and a further 5,000 places have been set aside for the program for 2023-2024[15].

Amoils said the reasons behind Australia's continued popularity with wealthy migrants include our country's natural beauty, temperate climate, political stability, first class healthcare system, excellent education opportunities and advanced economy.

Foreign investors are also returning to our shores in greater numbers, with investment across all sectors of real estate up 7.1% in the 12 months to December 2022. Direct investment came in at almost $145 billion, ranking second in monetary value to mining and quarrying[16].

Whilst foreign investors are blocked from buying existing residential properties in Australia, temporary residents living here can buy existing homes, and overseas citizens can purchase new properties after applying for permission[17]. The policy settings have been designed to encourage the construction of new homes.

In FY21, 5,310 residential real estate purchase transactions had a level of foreign ownership with a total value of $4.2 billion. Transactions had been on a steady decline since FY18, when 10,491 purchase transactions took place[18].

Victoria, NSW and Queensland represented 83.3% of all purchase transactions and made up 88.8% of the total value of purchase transactions recorded on the Register for Foreign Ownership of Residential Real Estate for the FY21 period, with new dwellings accounting for 68.6% of transactions.

There are plenty of commentators, including government representatives, who believe an increased migrant intake and greater numbers of foreign investors will place untenable pressure on an already struggling housing market[19]. But without these two cohorts, businesses will continue to fold and our ageing population will face different, but equally challenging, problems.

Apart from filling critical gaps in our workforce and providing funding for our educational institutions, migrants add cultural depth and incredible diversity to our towns and cities, making life richer for all Australians.

PHOTOGRAPHY: CELINE LITYO

PHOTOGRAPHY: DMITRY OSIPENKO

SYD

SYDNEY
& SURROUNDS

MEDIAN HOUSE PRICE
$1,359,936

MEDIAN APARTMENT PRICE
$822,145

CORELOGIC, SEPTEMBER 2023

33°52′11.4" S 151°12′29.83″ E

Sydney is leading the national property market rebound, with home values resuming their long-term growth pattern following a relatively short and sharp market correction.

After a 24.5% lift in median home values during the pandemic, Sydney property prices fell rapidly by 13.8% between their peak in January 2022 and their trough in January 2023[1].

But the rebound has been equally as swift.

Sydney returned to growth earlier than expected, given interest rates were still rising, largely due to an 18.4% decline in new listings, year over year[2]. Auction clearance rates quickly rose above 70%[3] as sellers adjusted their expectations and buyers sought to take advantage of moderated prices.

Another factor was a surge in migration, particularly from China following the cessation of COVID-19 restrictions there in late 2022. Migrants tend to rent first but with Sydney's vacancy rate barely above 1%[4], it is likely new arrivals are fast-tracking their first home purchases[1].

Sydney's median house price is $1,359,936 and its median apartment price is $822,145[5]. Desirable inner and middle ring suburbs are seeing the fastest price growth as buyers seek to upgrade in premium neighbourhoods[6].

The fastest price recovery is being seen in Sydney's prestige market following a 17.4% decline in values during the correction[7]. This substantial discount and the weaker Australian dollar is encouraging expats, foreign buyers and locals to compete for the best prestige homes in harbour and beach areas. A Sydney eastern beaches record was set in May 2023 with a $45 million sale in Tamarama[8].

The rural outskirts have become Sydney's new trophy home zone, with large prestige estates commanding extraordinary prices as more of the city's business elite purchase impressive sprawling acreages in areas like Camden, Middle Dural and Kenthurst. These buyers no longer need daily proximity to their corporate CBD offices, and the opening of the Western Sydney International Airport in 2026 will be highly convenient for frequent business travellers.

The desire for prestige acreage is also being seen in premium regional areas of NSW like the Southern Highlands and the Byron Bay hinterland. Over the past 20 years, more prestige homes have been built in desirable seachange and treechange areas and this is attracting more buyers today. The record $37 million sale of a 47ha estate near Byron Bay in April 2023 exemplifies this trend[9].

In Sydney's middle market, wealthy foreign families are an increasing force. They are seeking a primary or secondary residence for themselves, and/or an investment property to be occupied by their children whilst studying at university. They are typically buying established properties in the $4 million-plus bracket in desirable school catchment areas such as Sydney's upper north shore.

First home buyer activity in NSW fell to a five-year low in February 2023[10]. The new state government reversed a 2022 reform that allowed first home buyers to choose an annual land tax instead of lump-sum stamp duty, and it raised the threshold from $650,000 to $800,000 under which first home buyers pay no stamp duty.

Migration from Sydney to the regions is continuing, albeit on a smaller scale than during the pandemic[11], and this has contributed to an overall softer regional market correction[12].

Premium regional beach hubs experienced the strongest pandemic gains and the highest falls during the correction[13]. This means there is a lot of new value in the most popular regions today, whilst the strongest capital growth is now occurring in more affordable rural and treechange areas of the state[14].

The biggest silver lining of a market downturn is the opportunity to buy high quality property for the long term, in the best locations, at a discount. That time is now. Sydney is re-entering a period of normal market conditions where 2% to 5% growth per year is a reasonable expectation.

PHOTOGRAPHY: NICK JONES


PHOTOGRAPHY: HARRY BURK

↘ CANBERRA

The biggest silver lining of a market downturn is the opportunity to buy high quality property for the long term

Canberra went through a two-tiered market correction over FY23, with house prices declining by 10% whilst apartment values lost just 4.2% over the period[1].

Interest rate rises had a dramatic effect on Australia's second most expensive capital city housing market, with reduced borrowing capacity leading to higher competition in the outer suburbs as buyers traded off proximity to the city for greater affordability.

Canberra and the ACT experienced an exceptionally strong upswing during the pandemic, with home values rising almost 40% between March 2020 and the market peak in June 2022[2].

Even after the correction, Canberra dwelling values remain more than 30% higher than pre-COVID-19, with its median house price now $953,166 and its median apartment price $601,910[3].

The Canberra market began a new growth cycle in May 2023. Auction clearance rates quickly rose above 60%[4] as the supply and demand balance strengthened.

Renovated homes in the central established suburbs are commanding premium prices, whilst there has been a drop-off in demand for knockdown-rebuild opportunities in these areas due to the high cost of building materials, supply chain disruptions and a shortage of labour.

This has led to more buyer demand in the outer suburbs where there are larger and newer houses that are more affordable because they sit on smaller blocks. Young families, in particular, are preferring newer, low-maintenance properties in suburbs such as Taylor and Moncrieff in the Gungahlin region, and Coombs and Wright in the Molonglo Valley.

First home buyer[5] and investor activity[6] remains strong in Canberra. More out-of-area investors are looking to the city to diversify their portfolios amid growing values, strong rents, and a large, reliable rental pool. The apartment yield of 5% is stronger than Sydney at 4.1% and Melbourne at 4.6%[7]. Apartment capital growth is also vastly higher in Canberra at 35.2% over the past three years, compared with 4.3% in Sydney and 3.6% in Melbourne[8].

Buying off the plan is an increasingly popular option for investors as Canberra continues to expand its previously limited apartment market.

Canberra's property market is showing resilience, underpinned by a strong local economy, the highest household incomes in Australia[9] and the lowest unemployment rate of any state or territory[10].

John McGrath's

TOP PICKS

GORDON

If wide treelined streets and Federation homes take your fancy, Gordon is a fine choice for aspirational family living. Access to great schools, both public and private, is a key reason why people move here. Buyers will find better value in Gordon than Killara, whilst still in the school catchment. Gordon has a large professional community and its own shopping village and train station, enabling an easy 30-minute commute to the CBD.

GLENORIE

This small, tranquil suburb with its relaxed semi rural lifestyle is just 44km from the CBD, and with close proximity to major shopping hubs at Castle Hill, Rouse Hill and Hornsby. A family-dominated suburb with virtually no apartments, the median house price has almost doubled since 2020. Residents live in large forever-style houses on generous acreages that allow for horse stables and paddocks, pools and tennis courts. This is an equestrian-loving community with Glenorie Horse & Pony Club hosting many rallies, dressage competitions and show riding events.

CURL CURL

'Curly', as it's called by the locals, is a secluded suburb offering the best of the northern beaches without the hustle and bustle of its larger neighbours, Dee Why and Manly. With a long stretch of white sandy beach and many wide open grassy spaces, locals love surfing, swimming, picnicking, fishing and strolling the coastal paths. Several streets traverse majestic rocky clifftops where the area's best homes capture vast ocean panoramas. Houses here command a premium, with the median price now on par with Sydney's iconic Bondi Beach today[1].

FAIRFIELD

More than 70% of residents are migrants[2], making Fairfield one of the most multicultural areas in Australia with a vibrant family community. The suburb showcases a diverse mix of shops, cafes and restaurants offering delicious cuisine from many different countries. It's just a 35 minute drive to the Western Sydney International Airport and Aerotropolis, which will make domestic and international travel more easily accessible and provide a major new employment hub for locals when it opens in 2026. The development of more medium-density housing over the years has led to affordable homeownership opportunities. A major transport hub for the region, it connects to several motorways and has a large train station serviced by two railway lines with a direct commute to Parramatta and the far west, and the CBD.

CHIFLEY

Still under the radar, Chifley sits next to the beach suburb of Malabar just 14km from the CBD. An ideal area for people who love the great outdoors without the premium price tag. Chifley has easy access to several beautiful local beaches, big national parks and reserves, walking trails, sports fields, an equestrian club and several golf clubs. The neighbourhood has had a facelift in recent years, with young family buyers replacing original houses with new, contemporary residences. There is also a much higher-than-average number of semis and townhouses in Chifley[3], providing more affordable options for buyers.

PHOTOGRAPHY: SHAN S

MEL

MELBOURNE & SURROUNDS

MEDIAN HOUSE PRICE
$925,374

MEDIAN APARTMENT PRICE
$603,642

CORELOGIC, SEPTEMBER 2023

37° 50' 27.3" S 144° 56' 47.2" E

Despite economic headwinds, signs of a recovery in prices have emerged since the bottom of Melbourne's property market in February 2023[1].

Its market entered a slowdown during the second half of 2022, as rising interest rates and concerns over the cost of living tempered buyer enthusiasm and forced vendors to think twice before listing.

House prices fell 2.9% in the 12 months to September 1, 2023, whilst apartment values fell 0.7%. The median house price in Melbourne is $925,374, whilst the median apartment price is $603,642.[2].

Whilst dwelling values fell 9.6% from peak to trough, recent monthly results paint a brighter picture. Dwelling values grew by 1.6% in the three months to September.[3]. This price stabilisation has so far been concentrated in Melbourne's inner city, inner east and south east[4].

Although these green shoots look promising, key metrics still show a cooler market in 2023 compared with previous years, in particular the selling frenzy seen at the tail end of the pandemic.

Sales volumes in Melbourne fell 23% in the 12 months to June 2023. In regional Victoria they fell 25.9% during the same period[5]. These declining sales follow a particularly strong selling period at the end of the COVID-19 lockdown, during the early months of 2022.

New listings have also fallen relative to 2022 levels. In Melbourne they were down 5.5% in June 2023, when compared with June 2022. In regional Victoria they were down 8.5%[6]. The median time it takes to sell a property has increased from 28 to 31 days in Melbourne, and from 28 to 51 in the regions[7].

Rising interest rates have undoubtedly reduced the ability of first home buyers to enter the Melbourne market when compared with the low fixed-rate environment experienced in 2021. Despite this, there was a 2.6% month-on-month increase in new loans to first home buyers in Victoria in June 2023[8].

The rental market has been placed under immense pressure from the return of international students and professional workers. Whilst final figures are not yet available, net overseas migration in Australia was forecast to be 400,000 in 2022-23 and is predicted to reach 315,000 in 2023-24, and traditional population patterns suggest Melbourne will be one of the favoured destinations amongst many new arrivals[9].

Vacancy rates reached a record low during FY23, and currently sit at 0.8%[10]. Rents in Melbourne grew 12.6% in the 12 months to June 2023 and recorded the highest increase in the country during the June quarter[11].

This trend has been particularly pronounced in inner city apartment markets and marks a stark contrast from the peak of the pandemic when Melbourne's inner city vacancy rates increased dramatically. Despite the recovery in rents, inner city apartment price growth remains sluggish, although investor lending rose 1.3% in June 2023[12].

> With the pandemic firmly in the rear view mirror, Melbourne has reopened in the past year

It's unlikely that this population-based demand will dissipate any time soon, with record rates of migration predicted to continue over the next year. Melbourne is on track to have one third of Australia's entire population growth in the next decade[13], and overtake Greater Sydney for the title of Australia's most populous city by 2031-32[14].

This growth story is expected to boost demand for Melbourne property in the medium to long term, with population pressure likely to outweigh any rise in interest rates[15]. However, it is yet to translate to an uptick in foreign buyer activity[16].

A review into federal infrastructure funding placed a question mark over when jointly funded future infrastructure projects in Victoria, including Melbourne's Airport Rail link, will be completed[17]. Despite this uncertainty, several transformative state-funded projects remain on track for completion within the next two years. These include the West Gate Tunnel and the Metro Tunnel, both of which are expected to improve options for commuters and provide increased amenity in surrounding suburbs.

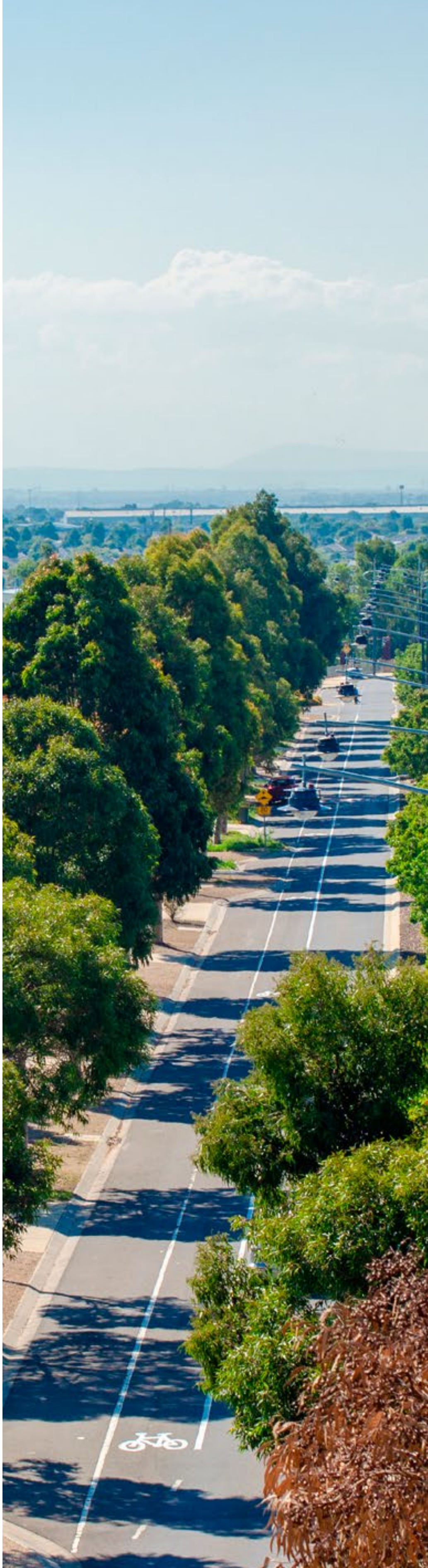
Regional Victoria dwelling prices proved more resilient to the downswing during the first half of 2022, peaking in May 2022, but have fallen 8.7% to 9.3% since[18]. Key regional markets such as Geelong and Ballarat have recorded a reduction in demand, with prices falling and days on market increasing in both areas[19].

With the pandemic firmly in the rearview mirror, Melbourne has reopened in the past year. Despite the current downturn in selling activity, everything that has long made the city one of the most liveable in the world remains proudly on display. As more and more new arrivals call the city home within the next decade, the Melbourne market's best days may well lie ahead.

PHOTOGRAPHY: PAT WHELEN

John McGrath's

TOP PICKS



SPOTSWOOD – MELBOURNE

Whilst inner west hotspots like Seddon and Yarraville get all the headlines, Spotswood has often flown under the radar, despite a solid track record of price growth. That makes it an ideal choice for those seeking a thriving multicultural community, expanding dining scene and good road and rail links, alongside strong growth fundamentals. With the Grazeland Melbourne food market, Scienceworks museum and plentiful parkland, Spotswood is a suburb that's got something for everyone.

FLEMINGTON – MELBOURNE

With gentrified North Melbourne and Kensington on its doorstep, Flemington offers a similar level of inner city convenience at a much more attractive price point. Like its neighbours, Victorian and Edwardian homes are thick on the ground here and trams provide a convenient way to get into the city. A vibrant local dining scene is complemented by further options in neighbouring Ascot Vale and Kensington, whilst strong demand from university students means rentals are quickly snapped up.

ELSTERNWICK – MELBOURNE

Just 9km south east of Melbourne's CBD, Elsternwick boasts excellent proximity to the city as well as nearby beaches. It also offers all the buzz of the inner east with a touch of peace and quiet. There is a range of housing options available, including new and old apartments and larger family homes. The bustling shopping precinct along Glen Huntly Road boasts trendy cafes, boutique shops and restaurants, whilst nearby Elsternwick Park is a dog-walker's paradise.

POINT COOK – MELBOURNE

Well-established and packed with amenities, Point Cook stands out from the crowd. With a median house price of $760,000[1], it remains below Melbourne's median and below that of neighbouring Werribee South. Prices have remained resilient during the recent downturn, and rents have grown strongly in the past year. The suburb, one of the country's most multicultural, has a good mix of housing stock and its proximity to the water is a big drawcard for residents.

MANSFIELD – REGIONAL VICTORIA

Removalist trucks may not be such a common sight in Mansfield since the peak of the pandemic's treechange frenzy, but there are still plenty of reasons why those seeking a change of pace, or a solid investment, should keep this regional Victoria town on their shopping list. Price growth has not yet reached the heights of high country lifestyle locations like Bright, while its proximity to Mt Buller ski resort means it's the ideal launching point for winter sports fans.

PHOTOGRAPHY: DOUBLELEE

PHOTOGRAPHY: PATRICK RYAN

BNE

BRISBANE & SURROUNDS

MEDIAN HOUSE PRICE
$832,247

MEDIAN APARTMENT PRICE
$526,159

CORELOGIC, SEPTEMBER 2023

27°28'4.58" S 153°1′41.12″ E

It's been a rollercoaster ride for Brisbane's property market over the past year or so, with prices hitting a record high before cooling off and then beginning a recovery. But with strong population growth and an infrastructure boom in the lead-up to the Brisbane 2032 Olympic and Paralympic Games, the long term outlook is positive.

The property price peak came in June 2022, just one month after the Reserve Bank of Australia began increasing interest rates, and prices fell by 11% over the next eight months, hitting a trough in February 2023[1]. Things have been steadily improving since then, with property prices rising 4.6% over the period to September[2]. Prices also rose 6.2% on the Gold Coast and 1.8% on the Sunshine Coast over the June quarter[3].

Brisbane has had the biggest population increase of any capital city in the country, with Sydneysiders and Melburnians flocking north in droves in search of a better lifestyle. The city's population increased by nearly 60,000 people – or 2.3% – in FY22[4], with overseas students also returning[5]. The city's population is forecast to grow by a further 16% over the next decade, surpassing three million before the Olympic cauldron is lit[6].

The Sunshine Coast is experiencing the largest population growth in Australia, with people moving from both metropolitan and regional areas, leading to a 14.9% rise in the year to March 2023. It was closely followed by the Gold Coast at 7.8%[7].

In a pre-Olympic spending spree, the Federal and Queensland Governments are outlaying $5 billion to build new sporting venues and upgrade existing ones. Projects include building the new 17,000-seat Brisbane Arena and rebuilding The Gabba cricket ground, along with 16 other sites[8]. History has proven major events like this have a huge impact. Sydney property values climbed by 60% between the Olympic announcement in 1993 and the Games in 2000[9], whilst house prices in Brisbane reportedly rose 238% in the 11 years before Expo 88[10].

PHOTOGRAPHY: FINN STAYGOLD

There are several other exciting infrastructure projects in the works. They include the new Cross River Rail, a 10.2km line with twin tunnels under the Brisbane River and CBD[11], and the proposed 37km Direct Sunshine Coast Rail Line linking Beerwah with Caloundra, Kawana and Maroochydore[12].

Queensland is an attractive place for first homeowners, with the State Government offering a grant that gives eligible buyers $15,000 towards buying or building a new home. In addition, the Gold Coast and Sunshine Coast have reportedly also seen some of the biggest uptakes in the country for the Federal Government's Regional First Home Buyer Guarantee scheme, which started in October 2022[13].

Things are looking good for investors, but not so good for renters, with Brisbane rents rising by 10.3% in FY23. Rents also rose by 4.5% on the Sunshine Coast and 7% on the Gold Coast over the same period[14].

Many landowners have also been spared a tax increase, with the Queensland Government reportedly shelving proposed land tax changes that would have included the value of investment properties owned in other states when working out how much land tax to charge on Queensland investment properties[15].

Overall, the outlook for South East Queensland is positive for both owner occupiers and investors, with prices rising, strong population growth and mass infrastructure investment. The sooner you invest in this burgeoning region, the better.

Brisbane has had the biggest population increase of any capital city in the country

John McGrath's

TOP PICKS

HAMILTON – BRISBANE

Part of the 304ha riverfront site, Northshore Hamilton, is being transformed into the athletes' village for the 2032 Olympics, with apartments to be converted and sold to the public after the Games. The upmarket suburb, on the north side of the Brisbane River, is already an appealing place to live, with Queenslander-style homes, waterfront parks and buzzing Eat Street Northshore markets. Combined with the revamp of the Portside Wharf dining and residential precinct, it is one to watch.

ALBION – BRISBANE

From its historical pub to funky cafes, patisseries and distilleries, riverside Albion has plenty of appeal. Just 5km north of the CBD, it's an easy 15-minute bus ride to the office. A new indoor sports centre to be built at the Breakfast Creek Sports Precinct will host the Olympic basketball and Paralympic wheelchair basketball events.

CLONTARF – BRISBANE

A coastal suburb that is easily connected to Brisbane City by public transport. With sprawling beaches, waterfront parks and plenty of playgrounds, families love this suburb on the southern end of the Redcliffe Peninsula. There is a boat ramp, a golf club and a dog park, too. It's no wonder the suburb has been one of the best performers in the Moreton Bay region over the past year.

SOUTHPORT – GOLD COAST

Offering a similar lifestyle to places such as Broadbeach, Burleigh Heads and Palm Beach at a more affordable price point, the plethora of high rises here makes it an attractive option for those who like to live close to the action. Broadwater Parklands has a lovely coastal walking track, modern playgrounds and barbecue areas, with regular events held on the Great Lawn. Australia Fair Shopping Centre has everything you'll ever need, and it's around 10 minutes' drive to Surfers Paradise.

COOLUM BEACH – SUNSHINE COAST

Exciting developments like the Kelly Slater-backed Surf Ranch are putting this relaxed beachside suburb firmly on the radar. Popular with families and couples, Coolum Beach is just 20 minutes south of Noosa Heads. It's a mecca for surfers, with some of the most consistent waves on the Coast, and an easy drive to Sunshine Coast Airport, which is also being expanded.

PHOTOGRAPHY: DARREN TIERNEY

HBA

HOBART
& SURROUNDS

MEDIAN HOUSE PRICE
$700,629

MEDIAN APARTMENT PRICE
$522,461

CORELOGIC, SEPTEMBER 2023

42° 52' 49.9" S   147° 19' 29.9" E

Tasmania's charming capital city of Hobart has emerged as a shining star in Australia's economic landscape in the past decade[1], underpinned by its affordable and robust housing market.

After reaching a cyclical peak in May 2022[2], the city experienced a sharp market downswing, recording double-digit falls in both house and apartment prices[3]. Overall, Hobart home values recorded the second largest decline of any city or regional market[4]. The correction in Hobart ended in April 2023 but the city recorded no price growth at all through to September[5].

Despite the soft market conditions today, dwelling values remain 24.6% higher than before COVID-19[6].

Hobart is also the only capital city where overall stock levels have trended higher and are above the five-year average. And whilst this supply has risen, demand has fallen, with an estimate of sales volumes tracking 12.3% below the same period in 2022[7].

With higher stock levels and less demand, selling conditions have become more challenging.

Hobart is the only capital city where stock levels have trended higher and are above the five-year average


PHOTOGRAPHY: ZIYAO XIONG

The median time it takes to sell a property has risen from 12 days back in June 2022 to 50 days in June 2023, and discounting rates have also increased from 3.3% to 5.0% over the past year[8].

One upside of the declining market has been the improvement in the city's affordability levels, which has paved the way for many first home buyers to get into the market. Aided by record-low unemployment[9] and a generous $30,000 State Government-funded First Home Owner Grant[10], more than 700 first time homeowners have taken advantage of the conditions and incentives to buy or build a new property in the past two years[11].

The decline has also extended to the rental market. Hobart was one of only two capital city markets to record a fall in rental values in the June quarter[12]. The fall in rents is due to an increase in stock levels and an uptick in vacancy rates – up to 2.2% from 1.6% a year ago – which has relieved the pressure on rental values[13], with the possibility of the city soon becoming the most affordable rental market in Australia[14].

Irrespective of Hobart's housing market performance,Tasmania more broadly is performing well above the national average in several key areas, including dwelling starts, housing finance and construction[15]. Big projects such as the Hobart Airport redevelopment[16], which could mean direct flights to Asia and Europe, will improve accessibility, and an ambitious plan to deliver $1.5 billion worth of new houses and apartments by 2032[17] is aimed at helping more Tasmanians into the home ownership and rental markets[18].

Despite the challenge of economic headwinds such as high inflation and the rising cost of living pressures, Hobart's outlook remains promisingly healthy, thanks to its strong growth forecast, booming tourism industry[19], export market[20] and low unemployment levels[21]. Combined, it all bodes well for a housing market that looks to be well placed for future gains.

LAUNCESTON

As the recipient of some major spending initiatives, Launceston, Tasmania's second largest city in the state's north, is back and bustling after emerging from the disruptions of pandemic-induced lockdowns[1].

Best known for its enviable lifestyle and world class wine and produce, Launceston is also shaping up as a future star performer, thanks to government investment[2] and a still relatively affordable housing market[3].

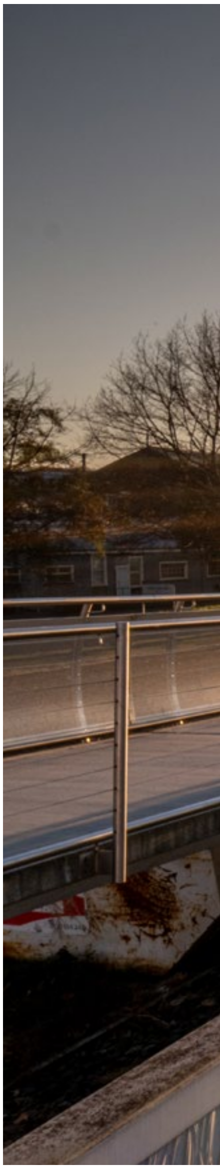
Even after a substantial 53% rise between March 2020 and the peak in May 2022[4], Launceston's median house and apartment values – at $545,043[5] and $413,806[6] respectively – are still more affordable than Hobart's.

However, the city hasn't been immune from the national property downturn, due to rising interest rates and high inflation levels, with a decline in house and apartment values of 8.1%[7] and 13.9%[8] respectively in the year to July 2023.

Despite a blowout in days on market (the time it takes for a property to sell) and vendor discounting rates[9], Launceston and Tasmania's northeast posted an 0.3% rise in dwelling values in May, followed by a modest 0.3% fall in June[10]. Tasmania's best performing regional market is Devonport, where dwelling values posted a 4.3% increase in the June quarter[11].

Rental conditions have eased a little across the region, with the vacancy rate rising from 1.7% in June 2022 to 2.3% in June 2023, however, vacancies are still well below the decade average of 3.7%[12].

Despite softer conditions, there's an air of positivity around the region as it stands to benefit from several major multimillion-dollar spending initiatives and urban renewal projects[13] – from all levels of government. It's expected that the investment and renewed activity will usher in a new era of education, innovation and wealth for Tasmania's entire north[14].

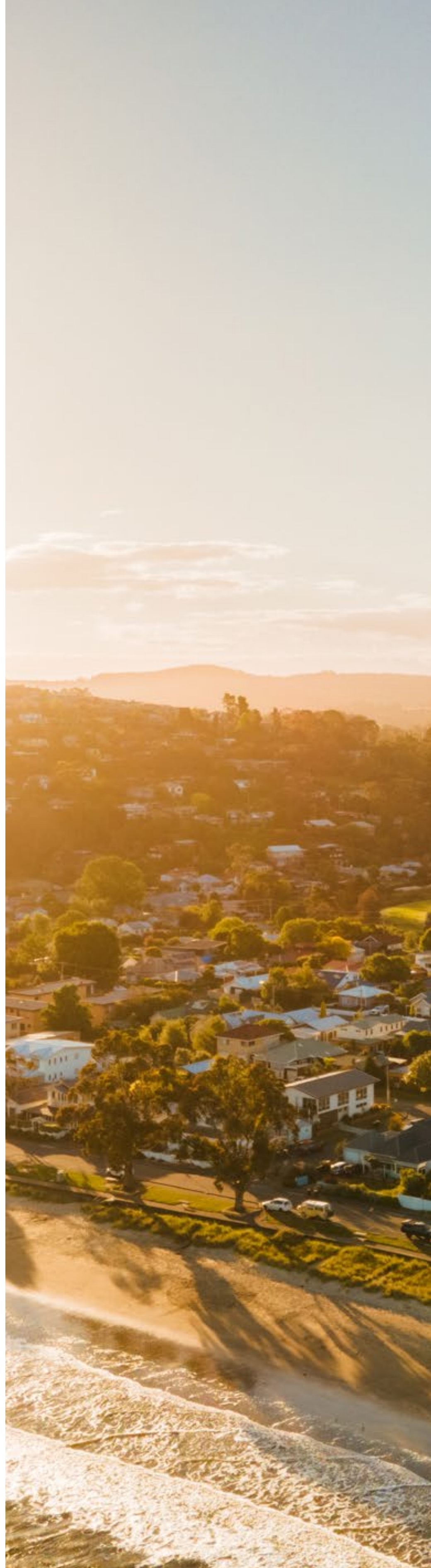


Despite a blowout in days on market… Launceston and Tasmania's northeast market looks to be stabilising

PHOTOGRAPHY: MATTHEW FLEMING

John McGrath's

TOP PICKS



RIVERSIDE – LAUNCESTON

On the banks of the Tamar River about 4km from the CBD, Riverside residents can be in town in minutes, or off tasting some of the best wines in the country in less than an hour. It's not unusual for homes on suburban blocks to have views of the river or those a bit further out to have room for a horse or some chickens. Families love being close to the four schools in the area, the kids' amusement centre and Tailrace Park.

ACTON PARK – HOBART

Offering a semi-rural mix of tranquility and urban convenience, just 15 minutes from Hobart and barely five minutes from the airport, Acton Park is ideal for families and those who seek plenty of space and a connection to nature on picturesque acreages. But it also has city-like amenities close by, such as the hip new Local Grocer, and woodfired pizza from LUMA at the Cambridge Centre.

MOONAH – HOBART

An up-and-coming suburb where you can still find houses for less than $650,000[1], Moonah is just 5km north of Hobart's city centre. Its affordability and wide quiet streets make it a magnet for young families, as well as those buying their first home. Another drawcard is its thriving food scene clustered around Main Road, with renowned restaurants like St Albi. Cycle into Hobart on the Intercity Cycleway or catch the bus down New Town Road.

EAST LAUNCESTON – LAUNCESTON

East Launceston is prime real estate thanks to its city fringe location, stunning heritage architecture and proximity to schools, Calvary Hospital, cafes and in-vogue restaurants like Geronimo. As the city's most prestigious suburb, its median house price of $915,000[2] is affordable compared with equivalent suburbs in Hobart or on the mainland.

EAST DEVONPORT – REGIONAL TASMANIA

Its location – on the doorstep of walking trails, East Devonport Beach and close to the airport – makes this a sought-after suburb. But it's still possible to buy a house here for less than $400,000, and the prices of homes with views of the river and beach are a drop in the ocean compared to waterside suburbs in mainland cities.

PHOTOGRAPHY: JOSHUA BROWN

TREND 01 — THE LONG HAUL: FINDING YOUR FOREVER HOME

1. Median hold periods of sold properties in Sydney, Melbourne and Brisbane, CoreLogic, published June 2023
2. Emailed responses from CoreLogic Head of Research Eliza Owens, June 2023
3. Emailed responses from CoreLogic Head of Research Eliza Owens, June 2023
4. 2021 Census of Population and Housing, Time Series Profile, Australian Bureau of Statistics, published 2022; and 2016 Census of Population and Housing, Time Series Profile, Australian Bureau of Statistics, published 2017
5. Phone interview with Simon Kuestenmacher, Co-founder of The Demographics Group, June 23, 2023
6. Emailed responses from CoreLogic Head of Research Eliza Owens, June 2023
7. Top 5 suburbs by median hold period in Brisbane, Melbourne and Sydney, CoreLogic, published June 2023
8. Average distance to the CBD for properties sold in Brisbane, Melbourne and Sydney, CoreLogic, published June 2023
9. Regional Internal Migration Estimates, provisional, December 2022, Australian Bureau of Statistics, published June 15, 2023
10. Total Property Listings, SQM Research, published June 2023
11. Consumer Price Index, December Quarter 2022, Australian Bureau of Statistics, published January 25, 2023
12. Consumer Price Index, September Quarter 2022, Australian Bureau of Statistics, published October 26, 2022
13. Borrowing power shrinks by almost $250,000 after 12 RBA hikes, RateCity, published June 9, 2023
14. Building Activity Australia, Australian Bureau of Statistics, published April 12, 2023

TREND 02 — FEMALE FORCE

1. Women and Property Australia 2023, CoreLogic, published March 7, 2023
2. Gender Pay Gap Data, Workplace Gender Equality Agency, published March 2023
3. Women and Property Australia 2023, CoreLogic, published March 7, 2023
4. Home Ownership and Housing Tenure, Australian Institute of Health and Welfare, published April 5, 2023
5. Women and Property Australia 2023, CoreLogic, published March 7, 2023
6. Financial Wellbeing, Spotlight on Australian Women, ANZ, published March 2023
7. Financial Wellbeing, Spotlight on Australian Women, ANZ, published March 2023
8. Financial Wellbeing, Spotlight on Australian Women, ANZ, published March 2023
9. Women and Property Australia 2023, CoreLogic, published March 7, 2023
10. Women and Property Australia 2023, CoreLogic, published March 7, 2023
11. Women and Property Australia 2023, CoreLogic, published March 7, 2023
12. Women and Property Australia 2023, CoreLogic, published March 7, 2023
13. Marriages in Australia, Australian Institute of Family Studies, published March 2023
14. Women and Property Australia 2023, CoreLogic, published March 7, 2023
15. Women and Property Australia 2023, CoreLogic, published March 7, 2023
16. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
17. Emailed responses from Nicole Jacobs, July 22, 2023
18. Emailed responses from Blainey North, July 18, 2023
19. Emailed responses from Bianca Fraser, June 23, 2023
20. Women and Property Australia 2023, CoreLogic, published March 7, 2023
21. Women and Property Australia 2023, CoreLogic, published March 7, 2023
22. Women and Property Australia 2023, CoreLogic, published March 7, 2023
23. Women and Property Australia 2023, CoreLogic, published March 7, 2023
24. Women and Property Australia 2023, CoreLogic, published March 7, 2023
25. Women and Property Australia 2023, CoreLogic, published March 7, 2023

TREND 03 — REMOTE CONTROL: A REGIONAL RENAISSANCE

1. On your bike and out of the city, The Australian, published August 28, 2020
2. Regional population, Australian Bureau of Statistics, published April 20, 2023
3. Regional population, Australian Bureau of Statistics, published March 29, 2023
4. Three years on from the pandemic: is the housing market going 'back to normal'?, CoreLogic, published March 23, 2023
5. Landlord 'remote investing' trend creates new danger for tenants, realestate.com.au, published May 2, 2023
6. Market Trends, 12 months to May 31, 2023, CoreLogic, published August 10, 2023
7. Market Trends, 12 months to May 31, 2023, CoreLogic, published August 10, 2023
8. Market Trends, 12 months to May 31, 2023, CoreLogic, published August 10, 2023
9. More than 40% of Australian house and unit markets record double-digit rent increase, CoreLogic, published June 8, 2023
10. More jobs than people in regions – New report by Regional Australia Institute reveals demand highest for doctors and nurses, Regional Australia Institute, published May 24, 2023
11. Regional labour markets hits record growth – but still can't meet job demand, Regional Australia Institute, published February 15, 2023
12. Maroochydore City: Where tomorrow shines, SunCentral, published 2023
13. Comiskey Group announce Aura Hotel, the Sunshine Coast's largest entertainment venue, Comiskey Group, published August 30, 2022; and Comiskey Group announce new festival site, 'Coochin Fields' on the Sunshine Coast, Comiskey Group, published May 4, 2022
14. Council making progress on sports precinct project while new cost impacts are addressed, City of Orange, published September 1, 2022
15. Recipients of Racing for the Regions Program, NSW Government, published July 1, 2021
16. Temora Airpark Estate, Temora Council, published 2023
17. Regional Rail Revival, Victoria's Big Build, State Government of Victoria, updated June 23, 2023
18. Great Southern rail extension fully open, Rail Trails Australia, published December 24, 2022
19. Surf Coast Aquatic and Health Centre, Surf Coast Shire, published March 1, 2023
20. Devonport reimagined: the vision changing the region, Devonport City Council, published September 12, 2022
21. Sound and Light Show, City of Devonport, published March 31, 2023

TREND 04 — BOARDING PASS: THE MIGRATION PATHWAYS

1. Budget 2023-24: National Population Projections, 2022-23 to 2033-34, Australian Government Centre for Population, published May 17, 2023
2. National, State and Territory Population, Australian Bureau of Statistics, published June 15, 2023
3. Worker Shortages and Migration, Business Council of Australia Research, published May 2023
4. Phone responses from Tolic Lawyers principal, immigration lawyer Arnela Tolic, June 27, 2023
5. Permanent migrants in Australia, Australian Bureau of Statistics, published March 29, 2023
6. Rebalance the Nation report, Regional Australia Institute, published 2022
7. Steps to Settlement Success, A Toolkit for Rural and Regional Communities, Regional Australia Institute, published 2019
8. Housing supply must rise to meet nation's migration needs, Property Council of Australia media release, published May 9, 2023
9. A Migration System for a More Prosperous and Secure Australia, Outline of the Government's Migration Strategy, Department of Home Affairs, published April 27, 2023
10. New Insights into the Rental Market, June 2023 Bulletin, Reserve Bank of Australia, published April 24, 2023
11. Building Approvals, Australia, Australian Bureau of Statistics, published August 1, 2023
12. State of the Nation's Housing Report 2022-23, National Housing, Finance and Investment Corporation, published April 2, 2023
13. Lending Indicators, Australian Bureau of Statistics, published August 1, 2023
14. Where and Why Millionaires are Migrating in 2023, Henley Private Wealth Migration Report 2023, Global Insights, published June 13, 2023
15. Migration Program planning levels, 2023-24 permanent Migration Program, Department of Home Affairs, published June 8, 2023
16. Foreign Investment Statistics, Australian industries and foreign direct investment, Department of Foreign Affairs and Trade, published May 2023
17. Foreign Investment Review Board Guidance 6, published April 12, published 2022
18. Register of Foreign Ownership of Residential Land, Australian Taxation Office, published August 2022
19. Migration surge will inflame Australia's housing crunch: Dutton, The Sydney Morning Herald, published May 11, 2023

CITY SPOTLIGHTS — SYDNEY & SURROUNDS

1. Hedonic Home Value Index, April Results, CoreLogic, published May 1, 2023
2. Monthly Housing Chart Pack May 2023, CoreLogic, published May 9, 2023
3. Auction Market Preview – 4 June 2023, CoreLogic, published May 31, 2023
4. Rental Pulse, CoreLogic, published May 3, 2023
5. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
6. Mapping the Market, May 2023, CoreLogic, published May 2023
7. Hedonic Home Value Index, March Results, CoreLogic, published April 3, 2023
8. CoreLogic records, as of May 28, 2023
9. CoreLogic records, as of May 28, 2023
10. First home buyer loans rose in March, Australian Bureau of Statistics, published May 5, 2023
11. Regional Movers Index, March 2023 Quarter Report, CBA and Regional Australia Institute, published May 31, 2023
12. Hedonic Home Value Index, April Results, CoreLogic, published May 1, 2023
13. Prestige pockets of regional Australia take brunt of market downturn, CoreLogic, published May 17, 2023
14. Which suburbs are leading the market bounce-back?, CoreLogic, published April 20, 2023

TOP PICKS — SYDNEY & SURROUNDS

1. Market Trends, 12 months to May 31, 2023, CoreLogic, published August 10, 2023
2. 2021 Census, Fairfield suburb profile, Australian Bureau of Statistics, published June 28, 2022
3. 2021 Census, Chifley suburb profile, Australian Bureau of Statistics, published June 28, 2022

CITY SPOTLIGHTS — CANBERRA

1. Hedonic Home Value Index, June Results, CoreLogic, published July 3, 2023
2. Hedonic Home Value Index, June Results, CoreLogic, published July 3, 2023
3. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
4. Auction Market Preview – 4 June 2023, CoreLogic, published May 31, 2023
5. Housing finance; First home buyers; By state; New loan commitments; Numbers and values, Australian Bureau of Statistics, published August 1, 2023
6. Housing finance; Investors; By detailed purpose; New loan commitments; ACT; Numbers and values, Australian Bureau of Statistics, published August 1, 2023
7. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
8. Market Trends, 12 months to May 31, 2023, CoreLogic, published August 10, 2023
9. Household Income and Wealth, Australia, Australian Bureau of Statistics, published April 28, 2022 (Data cube 14, Gross mean household income, All households)
10. Labour Force Australia, July 2023, Australian Bureau of Statistics, published August 17, 2023 (States and Territories, Seasonally adjusted table)

CITY SPOTLIGHTS — MELBOURNE & SURROUNDS

1. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
2. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
3. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
4. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
5. Monthly Housing Chart Pack, CoreLogic, published July 12, 2023
6. Monthly Housing Chart Pack, CoreLogic, published July 12, 2023
7. Monthly Housing Chart Pack, CoreLogic, published July 12, 2023
8. Lending Indicators June 2023, Australian Bureau of Statistics, published August 1, 2023

9. Statement 2: Economic Outlook, Budget 2023-24, Australian Government, published May 9, 2023
10. Quarterly Rental Review, CoreLogic, published July 2023
11. Quarterly Rental Review, CoreLogic, published July 2023
12. Lending Indicators June 2023, Australian Bureau of Statistics, published August 1, 2023
13. 2022 Population Statement, Centre for Population, published January 6, 2023
14. 2022 Population Statement, Centre for Population, published January 6, 2023
15. What drives Australian house prices over the long term?, LongView/PEXA, published February 2023
16. NAB Residential Property Survey Q2 2023, NAB, published July 20, 2023
17. Infrastructure blowouts, builder insolvencies dint budget, The Age, published May 23, 2023
18. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
19. Regional market update, CoreLogic, published May 2023

TOP PICKS — MELBOURNE & SURROUNDS

1. Market Trends, 12 months to May 31, 2023, CoreLogic, published August 10, 2023

CITY SPOTLIGHTS — BRISBANE & SURROUNDS

1. Brisbane's new record price fall barely dents pandemic gains, CoreLogic, published January 30, 2023
2. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
3. Regional SA4's highest and lowest June quarter value change, CoreLogic, published July 2023
4. Regional population, Australian Bureau of Statistics, published April 20, 2023
5. BNE arrivals begin for Class of '23, Brisbane Airport, published February 7, 2023
6. Population Statement: Capital City and Rest-of-State Population Projections 2021-22 to 2032-2033, Australian Government Centre for Population 2022, published 2022
7. Regional Movers Index, Commonwealth Bank/Regional Australia Institute, published May 31, 2023
8. Infrastructure agreement for Brisbane 2032 Olympic and Paralympic Games, Department of Infrastructure, Transport, Regional Development and Local Government, published February 20, 2023
9. Cumulative growth in home values following Olympics announcement 1993, CoreLogic, published July 2023
10. Property prices in Queensland's south-east predicted to boom before and after Brisbane 2032 Olympic Games, ABC online, published October 16, 2021
11. Cross River Rail Project Overview, Queensland Government, published 2021
12. Our future transport plan, Sunshine Coast Regional Council, published 2023
13. New scheme a hit despite first-home buyer loans hitting five-year low, The Australian, published March 3, 2023
14. Rental data for Queensland 2022-2023, CoreLogic, published July 2023
15. Queensland government shelves controversial land tax changes as treasurer defends policy, ABC News online, published September 30, 2022

CITY SPOTLIGHTS — HOBART & SURROUNDS

1. Tasmania back on top: CommSec State of the States, CommSec, published May 1, 2023
2. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
3. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
4. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
5. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
6. Hedonic Home Value Index, August Results, CoreLogic, published September 1, 2023
7. Monthly Housing Chart Pack July 2023, CoreLogic, published July 12, 2023
8. National Housing Market Update, July 2023, CoreLogic, published July 12, 2023
9. Tasmanian Budget Speech 2023-24 Building Tasmania's Future: Strong, Safe, Secure, Michael Ferguson, Tasmanian Treasurer, published May 25, 2023
10. Over $1.5 billion investment to provide more housing than ever before, Jeremy Rockiff, Premier of Tasmania, published March 1, 2022
11. First Home Owner Grant Statistics, State Revenue Office of Tasmania, published May 31, 2023
12. Quarterly Rental Review, CoreLogic, published July 6, 2023
13. Quarterly Rental Review, CoreLogic, published July 6, 2023
14. Quarterly Rental Review, CoreLogic, published July 6, 2023
15. Tasmania back on top: CommSec State of the States, CommSec, published May 1, 2023
16. Hobart Airport master plan approved, Hobart Airport, published April 5, 2023
17. Tasmanian Budget Speech 2023-24, Building Tasmania's Future: Strong, Safe, Secure, Michael Ferguson, Tasmanian Treasurer, published May 25, 2023
18. Tasmanian Budget Speech 2023-24, Building Tasmania's Future: Strong, Safe, Secure, Michael Ferguson, Tasmanian Treasurer, published May 25, 2023
19. Indicative Results Show Record Visitor Spend, Tourism Tasmania, published December 14, 2022
20. Tasmanian Budget Speech 2023-24, Building Tasmania's Future: Strong, Safe, Secure, Michael Ferguson, Tasmanian Treasurer, published May 25, 2023
21. Labour Force, Australia, Australian Bureau of Statistics, published June 15, 2023

CITY SPOTLIGHTS — LAUNCESTON

1. CBD businesses bouncing back from COVID-19 disruptions, City of Launceston, published September 9, 2021
2. Northern Cities Projects, Northern Cities Major Development Initiative, Office of the Coordinator General, Tasmanian Government, published 2018
3. Hedonic Home Value Index SA4 Data, CoreLogic, published July 3, 2023
4. Emailed responses from CoreLogic Executive Research Director Tim Lawless, July 7, 2023
5. Hedonic Home Value Index SA4 Data, CoreLogic, published July 3, 2023
6. Hedonic Home Value Index SA4 Data, CoreLogic, published July 3, 2023
7. Hedonic Home Value Index SA4 Data, CoreLogic, published July 3, 2023
8. Hedonic Home Value Index SA4 Data, CoreLogic, published July 3, 2023
9. Regional Market Update, CoreLogic, published May 17, 2023
10. Emailed responses from CoreLogic Executive Research Director Tim Lawless, July 7, 2023
11. Emailed responses from CoreLogic Executive Research Director Tim Lawless, July 7, 2023
12. Emailed responses from CoreLogic Executive Research Director Tim Lawless, July 7, 2023
13. Devonport Living City Masterplan, Devonport City Council, May 30, 2019
14. Northern Cities Projects, Northern Cities Major Development Initiative, Office of the Coordinator General, Tasmanian Government, published 2018

TOP PICKS — HOBART & SURROUNDS

1. Market Trends, 12 months to May 31, 2023, CoreLogic, published August 10, 2023
2. Market Trends, 12 months to May 31, 2023, CoreLogic, published August 10, 2023

McGrath