A review of key drivers across low, medium and high-density developments

Knight Frank

Australian Residential Development Review

2020

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AUSTRALIAN RESIDENTIAL DEVELOPMENT

An improving outlook for Australian residential development was earmarked by the end of 2020, until uncertainty returned with the coronavirus pandemic. There are ten development trends being monitored over the coming year.

The residential market was gaining momentum across most Australian cities heading into 2020, following the strengthening global economy and a relaxed local lending environment improving the residential development outlook. As the new year commenced, the world began to grapple with the health crisis surrounding the coronavirus pandemic and economic uncertainty ahead.

In October 2019, the International Monetary Fund (IMF) had forecast the Australian economy to grow by 2.3% in 2020. By April, the IMF had revised the outlook for Australia to contract by 6.7% in 2020 before recovering strongly in 2021, with 6.1% growth expected.

Across the Australian cities, there are ten residential development trends to monitor over the coming year.

High-density sites continue to dominate total sales

Developers and investors purchased a total $4.04 billion of development sites across Australia in 2019, down 21.5% on the previous year. Towards the end of 2019, it was becoming less difficult for developers to obtain local finance, although it's expected this may become challenging once again as the months progress in 2020. Dividing the total sales volume by density found sites suitable for high-density development recorded a 70.6% share in 2019, increasing from 67.9% in 2018, reflecting the ongoing demand for low-maintenance living. Although this ease is also found with medium-density homes, the share of sites fell from 6.8% in 2018, to be 6.1% in 2019. Less demand for low-density sites was also recorded, falling from 25.3% to 23.3% over the same time.

Less offshore developers buying sites

With the exception of Greater Brisbane, all major cities saw less residential sites purchased by offshore developers, by value, between 2018 and 2019. Greater Melbourne (43.7%) saw the highest share of offshore buyers over this time.

In Knight Frank's The Wealth Report 2020 Attitudes Survey, wealth advisors were asked which sectors were becoming of more interest to their clients (worth US$30m+). Almost 68% of Australian clients saw development land as an opportunity, trending above the global average of 62%.

Pressure on build costs and delivery

Construction workers were deemed an essential service in the lockdown, so work sites continued to operate with forced physical distancing. Although construction starts have slowed, it's likely the first ripples in the supply chain from the coronavirus impact will start to emerge from local and offshore raw materials, to warehousing and transport. Across Australia, the cost of construction rose 2.7% in 2019, with Melbourne recording the highest increase of 4.3%, followed by Canberra with 4%.

Housing pipeline tapers while the average block of land increases

Newly released land for single dwellings was down 25% in 2019 totalling 35,740 lots across the major Australian cities. Melbourne saw the most released with 11,964 land lots, followed by South East Queensland (8,188) then Perth (6,763).

Bucking the trend over the past decade, the average land lot in Australia actually grew to 421 sqm in 2019, up from 417 sqm a year earlier. Over this time the weighted average lot price fell by 4.3%, to a median value of $306,100.

New houses are becoming smaller, while new apartments are larger

The average new Australian house built in 2019, at 229 sqm was 1.3% smaller than a year ago, while the average new apartment size was larger by 3.2%, to 129 sqm, reflecting the recent rightsizing movement. The largest new houses were built in the

Australian Capital Territory (251 sqm) with the smallest in Tasmania (179 sqm). Conversely, Tasmania saw the largest new apartments built (159 sqm) while the smallest were in the Australian Capital Territory (102 sqm).

Apartment pipeline moderates in coming years

Across the major cities of Sydney, Melbourne and Brisbane, just under 142,800 new high-density apartments are in the pipeline (under construction or being marketed and likely to be built between 2020 and 2023). This delivery of apartments will be 27.3% less than those completed apartment over the past four years.

Projects to reach new heights with more apartments per project

Between 2016 and 2019 across Sydney, newly completed high-density projects averaged nine storeys. From 2020 to 2023, this will rise to 14 storeys for projects in the pipeline. Between these two times in Melbourne, the average new build will grow from 15 storeys to 17 storeys, while in Brisbane average new builds will move from 11 storeys to 13 storeys.

Sydney high-density projects averaged 103 apartments over the past four years, growing to an average of 126 apartments per project, over the next four years. In Melbourne, an average of 142 apartments were built, averaging 167 apartments in the pipeline. By comparison, Brisbane projects will grow from an average of 118 apartments, to 121 apartments in this time.

Population growth to pause

The new housing pipeline has factored in solid population growth across most of our major cities. Positive net migration is likely to pause for most of 2020 following the closure of borders through the coronavirus pandemic. Over the coming year, residential vacancy is likely to move towards, or stay in oversupplied territory, and have a potential reduction in median weekly rents. However, some comfort comes along the east coast, with a moderated delivery of new housing and apartment supply in the coming years.

Attractive currency play for offshore buyers

There is likely to be returned interest from offshore buyers throughout the year with favourable buying conditions against the Australian dollar. Over recent years, non-residents have been cautious across Australia with the introduction of fees and surcharges when buying residential property. Changes to the Foreign Investment Review Board (FIRB) in March 2020 may make gaining approval lengthier than experienced in the past.

Buyers becoming more risk adverse, despite lower borrowing costs

Until the full impact of the coronavirus is established, local buyers have become more risk adverse protecting themselves in the current economic environment. Many are sitting idle, neither walking away nor in a position to be lured by the availability and low costs of mortgage lending.

With the sudden stop in the economy and rising unemployment as a consequence, most markets must be prepared for a price redirection until a potential uplift once again in 2021. In saying this, those with secured income streams, or now in retirement, remain active in the market especially when planning to rightsize into the limited product when it becomes available.

71%
share of development sites sold in 2019 suitable for high-density

27%
less new apartments to be built in 2020-23 compared to 2016-19

3
storeys is the average added to projects in the pipeline

Noted

Given the definition of density varies across Australia, for consistency, definitions adopted in this report include:

High-density covers projects with more than 25 apartments in a complex and more than four storeys in height; as defined by Knight Frank Research.

Medium-density covers projects with one and two storeys semi-detached, row or terrace houses; plus flats, units or apartments in a one, two or three storey block; as defined by the Australian Bureau of Statistics (ABS).

Low-density covers a residential dwelling on single allotment; as defined by Knight Frank Research.

SYDNEY

The volume of Sydney **site sales** suitable for residential development totalled $2.1 billion in 2019, down 26.4% on 2018. Approximately 20.4% of these sites were purchased by **offshore developers**.

Dividing the 2019 site sales by **potential density**, reveals the highest portion was high-density (82.4%), followed by low-density (14.1%) then medium-density (3.5%).

Over the course of 2019, a total of 49,983 **building approvals** were recorded in New South Wales, 22.1% lower than in 2018. Sydney **construction costs** continued to rise, with growth of 3.4% over the 2019 year.

New household **loan commitments** in New South Wales fell by 14.7% in the year ending December 2019.

Non-resident buyers pay a duty surcharge in New South Wales as at 1 January 2020. This equates to 8% of the purchase price, in addition to standard state-based stamp duties and FIRB application fees.

Greater Sydney's total **residential vacancy** was 3.4% at the end of 2019, up from 3.2% one year earlier.

Low-Density

A total of 4,860 new **single allotments** were released across Greater Sydney in 2019, down 32.4% on the year before.

The **median lot price** was 5.9% lower in 2019, at $459,000. The **median lot size** rose from 377 sqm in 2018, to 380 sqm in 2019.

The number of low-density **building approvals** in New South Wales fell by 19.2% in 2019 (-18% recorded in Q4) with 24,263 single dwellings.

The **internal floor space** of a new house in New South Wales averaged 222 sqm in 2018/19, bigger than 220 sqm built a year earlier.

The **median value** for an established house in Greater Sydney stood at $1.142 million, up by 6.8% over 2019, with 5.7% growth alone in the fourth quarter.

Medium-Density

Medium-density **building approvals** fell by 16% over the 2019 year in New South Wales to total 9,017 dwellings; with 2.3% growth recorded in Q4 2019.

High-Density

Across Greater Sydney, high-density **site values** were indicative of $189,200/per apartment at the end of 2019, decreasing by 3.4% since 2018.

Site values ranged from an average $363,300 in the inner suburbs, not including the CBD, to an average $78,800/per apartment in the outer suburbs.

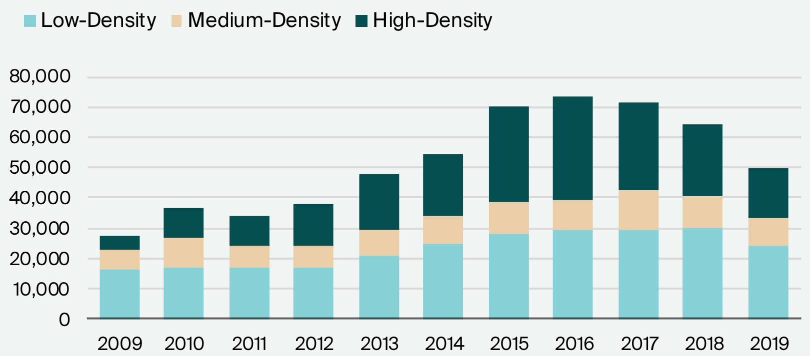
In 2019, high-density **building approvals** in New South Wales were down 28.7% on the previous year, with 16,703 dwellings. The last quarter of 2019 was trending upwards, recording 10% growth.

A new apartment in New South Wales averaged 114 sqm **internal floor space** in 2018/19, down from 117 sqm one year ago.

New apartment prices in Greater Sydney fell 2.2% since 2018 to an indicative $13,400/sqm in 2019; to range between an average of $6,000/sqm and $25,000/sqm (excluding prime and Sydney CBD projects).

The **median value** for an established apartment in Greater Sydney stood at $735,500, up by 3% over 2019, with 4.3% growth in the last quarter.

Building approvals by density, NSW
Annual total dwellings



Source: Knight Frank Research, ABS

MELBOURNE

Melbourne **site sales** in 2019 suitable for residential development totalled $1.1 billion, down 36.5% on the previous year. Approximately 43.7% of these sites were purchased by **offshore developers**.

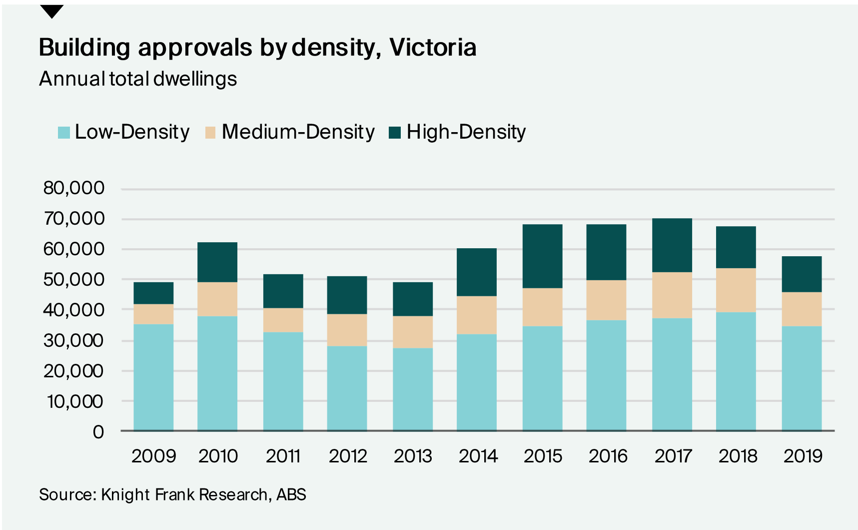
Apportioning the 2019 site sales by **potential density**, reveals the highest portion was high-density (68.3%), followed by low-density (27.2%) then medium-density (4.5%).

A total of 57,427 **building approvals** were recorded in Victoria in 2019, 15.2% lower than in 2018. Melbourne **construction costs** continued to rise in 2019, growing by 4.3%.

In Victoria, new household **loan commitments** were down by 10.8% in the year ending December 2019.

Non-resident buyers pay a duty surcharge in the state of Victoria as at 1 January 2020. This equates to 8% of the purchase price, in addition to standard state-based stamp duties and FIRB application fees.

Total **residential vacancy** in Greater Melbourne was 2.2% at the end of 2019, similar to one year ago.



Low-Density

There were 11,964 new **single allotments** released across Greater Melbourne in 2019, down 35.2% over the last year.

The **median lot price** fell by 2.6% in 2019, to $330,300. The **median lot size** was larger in 2018 at 400 sqm, compared to 395 sqm in 2019.

Low-density **building approvals** in Victoria fell by 11.9% over 2019 (-3.1% in Q4 2019) to 34,864 single dwellings.

A new house in Victoria averaged 246 sqm **internal floor space** in 2018/19, slightly bigger built than 245 sqm built in the previous year.

The **median value** for a Greater Melbourne established house stood at $902,000, up by 8.7% over 2019, with 5.0% growth in the fourth quarter.

Medium-Density

Medium-density **building approvals** in Victoria decreased by 22.4% across 2019, to total 10,913 dwellings, although 24.8% growth was recorded in the last quarter.

High-Density

High-density **site values** were indicative of $120,400/per apartment across Greater Melbourne at the end of 2019, remaining similar to 2018.

The site values ranged from an average $139,400 in the inner suburbs, excluding the CBD, to $40,000/per apartment in the outer suburbs.

In Victoria, high-density **building approvals** in 2019 dropped by 17.6% on the previous year to record 11,650. The last quarter of 2019 was trending upwards, with 157% growth.

A new apartment in Victoria averaged 148 sqm of **internal floor space** in 2018/19, up from 130 sqm a year ago.

New apartment prices in Greater Melbourne grew by 6.3% since 2018 to $10,200/sqm in 2019, to range between an average of $6,500/sqm and $15,000/sqm (this excludes prime and Melbourne CBD projects).

The **median value** for an established apartment stood at $549,500 across Greater Melbourne, up by 12.2% over 2019, with 5.6% growth in Q4 2019.

BRISBANE & GOLD COAST

Brisbane site sales suitable for residential development totalled $589.4 million in 2019, up 41.4% on the previous year. Approximately 28.5% of these sites were purchased by **offshore developers**. Dividing the 2019 site sales by **potential density**, reveals the highest portion was high-density (52.5%), followed by low-density (26.3%) then medium-density (21.2%).

On the **Gold Coast**, **offshore developers** purchased approximately 58.7% of the $142.5 million total volume of **site sales** in 2019, which was down 38.6% on 2018. The highest portion of sales, by **potential density**, was for medium-density (58.3%), low-density (28.1%) then high-density with 13.6%.

A total 29,949 **building approvals** were recorded in Queensland in 2019, 24.6% lower than in 2018. Brisbane **construction costs** in 2019 rose by 2.4%. In Queensland, new household **loan commitments** were down by 10% in the year ending December 2019.

Non-resident buyers pay a duty surcharge in Queensland as at 1 January 2020. This equates to 7% of the purchase price, in addition to standard state-based stamp duties and FIRB application fees.

Greater Brisbane's total **residential vacancy** was 2.7% at the end of 2019, up from 2.5% one year earlier. Over the same time the Gold Coast LGA increased from 1.6% to 1.8%.

Low-Density

A total of 8,188 new **single allotments** were released across South East Queensland in 2019, down 26.6% on the year before. The **median lot price** was up 1.9% in 2019, to $271,000. The **median lot size** grew from 433 sqm in 2018, to 435 sqm in 2019.

The number of low-density **building approvals** in Queensland fell by 16.7% in 2019 (-4.8% in Q4) to 20,287.

The **internal floor space** of a new house in Queensland averaged 223 sqm in 2018/19, smaller than the 231 sqm built a year earlier.

The **median value** for an established house in Greater Brisbane stood at $577,500, up by 1.5% in 2019 (1.3% in Q4 2019) while on the Gold Coast, the median value grew by 4% in 2019 to $645,000, with 2.4% growth in Q4.

Medium-Density

Queensland medium-density **building approvals** fell by 39% in 2019, to total 4,613, with a contraction of 19.4% in Q4 2019.

High-Density

Greater Brisbane high-density **site values** were indicative of $39,100/per apartment at the end of 2019, down 1.3% since 2018. Over this time, Gold Coast high-density site values remained steady at $71,700/per apartment.

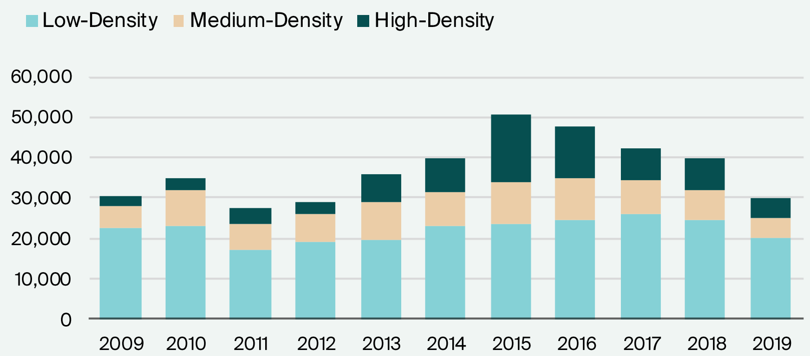
High-density **building approvals** in Queensland fell by 35.3% over 2019, to 5,049 dwellings. The last quarter of 2019 continued to trend downwards, recording a fall of 19.4%.

In 2018/19 a new apartment averaged 133 sqm of **internal floor space** in Queensland, down slightly from 134 sqm one year ago.

Between 2018 and 2019, indicative **new apartment prices** remained steady in Greater Brisbane (at $7,400/sqm) and on the Gold Coast ($7,800/sqm), excluding prime and CBD projects.

The **median value** for an established apartment in Greater Brisbane stood at $377,500, down by 5.1% over 2019, with −3.4% recorded in Q4 2019. On the Gold Coast, the median value was $422,000, down 0.7% over 2019 (and also falling 0.7% in Q4).

Building approvals by density, Queensland
Annual total dwellings



Source: Knight Frank Research, ABS

PERTH

The volume of Perth **site sales** suitable for residential development totalled $122.7 million in 2019, down 22.3% on the previous year. There was no record of disclosed sites purchased by **offshore developers** over this time.

Apportioning the 2019 site sales by **potential density**, reveals the highest portion was low-density (62%), followed by high-density (38%). There were no major sites ($2m+) purchased for medium-density in this time.

Over 2019, a total of 15,131 **building approvals** were recorded in Western Australia, 4.5% lower than in 2018. Perth **construction costs** saw growth of 1.5% over 2019.

In the year ending December 2019, new household **loan commitments** in Western Australia fell by 10.6%.

In Western Australia, **non-resident buyers** pay a duty surcharge as at 1 January 2020. This equates to 7% of the purchase price, in addition to standard state-based stamp duties and FIRB application fees.

Greater Perth's total **residential vacancy** was 2.4% at the end of 2019, falling from 2.8% one year earlier.

Low-Density

There were 6,763 new **single allotments** released across Greater Perth (including Peel) in 2019, up 1.3% on the year before.

While the **median lot price** fell 2.3% to $217,000, in 2019. The **median lot size** remained the same between 2018 and 2019, at 375 sqm.

The number of low-density **building approvals** in Western Australia fell by 10.1% in 2019 (although up by 4.5% in Q4) to 11,483 houses.

The **internal floor space** of a new house in Western Australia averaged 225 sqm in 2018/19, smaller than the 235 sqm built a year earlier.

The **median value** for an established house in Greater Perth stood at $537,000, down by 1.9% over 2019, with 0.7% growth in Q4 2019.

Medium-Density

Medium-density **building approvals** fell by 7.8% over 2019 in Western Australia to total 1,549 dwellings, also down by 6.6% in the fourth quarter.

High-Density

Across Greater Perth, high-density **site values** were steady in 2019 with an indicative of $50,200/per apartment.

The average site value ranged from $60,100/per apartment in the inner suburbs, not including the CBD, to $20,800/per apartment in the outer suburbs.

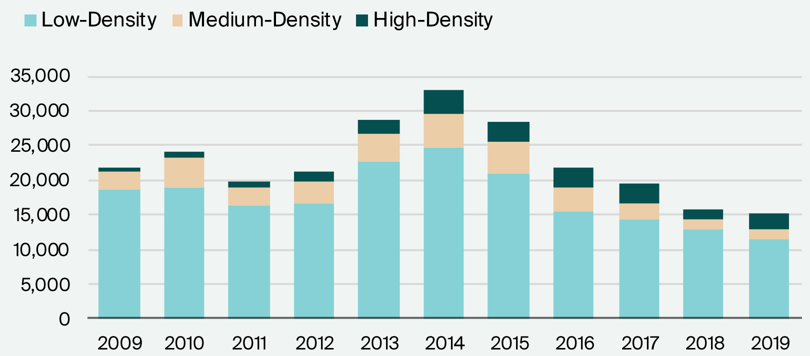
In 2019, high-density **building approvals** in Western Australia increased 50.4% on the previous year, to 2,099 dwellings. Although, the last quarter of 2019 fell by 59.9%.

A new apartment in Western Australia averaged 156 sqm of **internal floor space** in 2018/19, much bigger than the 134 sqm built one year ago.

New apartment prices in Greater Perth remained stable at an indicative $7,700/sqm across 2019, to range between an average of $5,900/sqm and $11,300/sqm. This excludes prime and Perth CBD-based projects.

The **median value** for an established apartment in Greater Perth stood at $342,500 at the end of 2019, down slightly by 0.5% over the year, although falling by 2.1% in the fourth quarter.

Building approvals by density, WA
Annual total dwellings



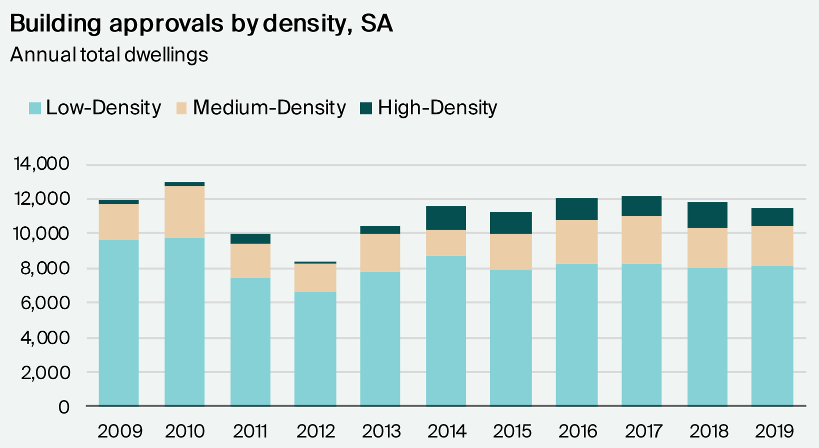
Source: Knight Frank Research, ABS

ADELAIDE

Adelaide **site sales** in 2019 suitable for residential development totalled $103.9 million, up 209% on the previous year.

Apportioning the 2019 site sales by **potential density**, reveals the highest portion was low-density (57.2%), followed by high-density (42.8%). There were no major sites ($2m+) purchased for medium-density in this time.

A total 11,518 **building approvals** were recorded in South Australia in 2019, 2.7% lower than 2018. Adelaide **construction costs** continued to rise (by 2.5%) in 2019.



Source: Knight Frank Research, ABS

In South Australia, new household **loan commitments** were down by 5.1% in the year ending December 2019.

Non-resident buyers pay a duty surcharge in the state of South Australia as at 1 January 2020. This equates to 7% of the purchase price, in addition to standard state-based stamp duties and FIRB application fees.

Total **residential vacancy** in Greater Adelaide was 1.0% at the end of 2019, down from 1.2% one year ago.

Low-Density

There were 2,494 new **single allotments** released across Greater Adelaide in 2019, down 19.9% over the year.

The **median lot price** increased by 2.6% in 2019, to $179,500. The **median lot size** grew from 422 sqm in 2018, to 449 sqm in 2019.

Low-density **building approvals** in South Australia were up 1.1% over 2019 (and up 1.3 in Q4 2019) to 8,176 single dwellings.

A new house in South Australia averaged 198 sqm of **internal floor space** in 2018/19, remaining the same as the previous year.

The **median value** for a Greater Adelaide established house stood at $543,000, up by 1.1% over 2019, with 1.3% growth in the fourth quarter.

Medium-Density

Medium-density **building approvals** in South Australia decreased by 0.2% across 2019 to total 2,317 dwellings, although over the last quarter growth was up by 55.5%.

High-Density

High-density **site values** were indicative of $40,000/per apartment across Greater Adelaide at the end of 2019, remaining similar to 2018. Site values ranged from a lower $30,000/per apartment to an upper of $100,000/per apartment; excluding sites in the CBD.

In South Australia, high-density **building approvals** in 2019 dropped by 29.4% on the previous year, to record 1,025 dwellings. The last quarter of 2019 was trending downwards, falling by 37.4%.

A new apartment in South Australia averaged 139 sqm of **internal floor space** in 2018/19, bigger than the average of 134 sqm built one year ago.

New apartment prices in Greater Adelaide stayed steady since 2018 at $7,000/sqm in 2019, to range between an average of $6,000/sqm and $8,000/sqm (excluding prime and CBD projects).

The **median value** for an established apartment stood at $306,500 across Greater Adelaide, down by 3.7% over 2019, also falling 1.4% in Q4 2019.

HOBART

Across 2019, there were no major **site sales** recorded ($2m+) in Greater Hobart suitable for low, medium or high-density residential development.

In the 2019 year, a total of 3,117 **building approvals** were recorded in Tasmania, 3.7% higher than in 2018.

Hobart **construction costs** continued to rise in 2019, with growth of 3.5%.

In the year ending December 2019, new household **loan commitments** in Tasmania fell by 2.3%.

Non-resident buyers pay a duty surcharge in Tasmania as at 1 January 2020. This equates to 8% of the purchase price, in addition to standard state-based stamp duties and FIRB application fees.

Greater Hobart's total **residential vacancy** was 1.7% at the end of 2019, up from 1.5% one year earlier.

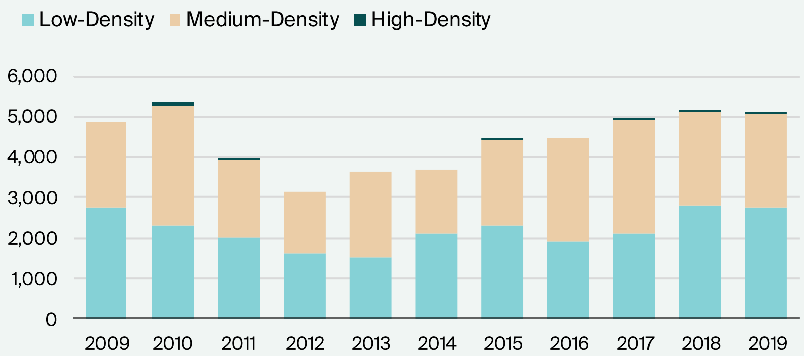
Low-Density

The number of low-density **building approvals** in Tasmania fell by 1.1% in 2019 (also down by 18.5% in Q4) to 2,767 single dwellings.

The **internal floor space** of a new house in Tasmania averaged 179 sqm in 2018/19, down from 187 sqm one year earlier.

The **median value** for an established house stood at $530,500 in Greater Hobart, up by 15.6% over 2019, with further growth of 8.5% in the last quarter of 2019.

Building approvals by density, Tasmania
Annual total dwellings



Source: Knight Frank Research, ABS

Medium-Density

Across Tasmania, medium-density **building approvals** rose by 54.5% in the 2019 year to total 295 dwellings. In the fourth quarter of 2019, building approvals rose by 184%.

High-Density

High-density **site values** were indicative of $90,000/per apartment across Greater Hobart at the end of 2019. This remained stable over the past year.

An average site value ranges from a lower $80,000/per apartment, to an upper of $100,000/per apartment, this excludes the Hobart CBD.

In 2019, high-density **building approvals** in Tasmania increased 244% to total 55 dwellings. There were no projects seeking building approval in the last quarter of 2019.

A new apartment in Tasmania averaged 159 sqm of **internal floor space** in 2018/19, considerably larger than 135 sqm built a year ago.

New apartments prices in Greater Hobart have remained steady at an indicative $7,500/sqm between 2018 and 2019.

An average new apartment ranged from $7,200/sqm and $7,800/sqm (excluding prime projects).

The **median value** for an established apartment in Greater Hobart stood at $441,000, up by 19% over 2019, with 15.2% growth recorded in the last quarter of 2019 alone.

CANBERRA

The volume of Canberra **site sales** suitable for residential development totalled $60.3 million in 2019.

Apportioning the 2019 site sales by **potential density**, reveals the greatest, and only portion was attributed to low-density (100%) housing. There were no major sites ($2m+) recorded for high–density and medium-density in this time.

Over 2019, a total of 5,028 **building approvals** were recorded in the Australian Capital Territory, 29.7% lower than in 2018.

Canberra **construction costs** saw growth of 4.0% over 2019.

In the year ending December 2019, new household **loan commitments** in the Australian Capital Territory fell by 10.8%.

In the Australian Capital Territory, **non-resident buyers** don't pay a duty surcharge as at 1 January 2020. This means only standard territory-based stamp duties and FIRB application fees will apply.

Canberra's total **residential vacancy** was 1.3% at the end of 2019, up from a very low 0.6% one year earlier.

Low-Density

There were 1,470 new **single allotments** released across Canberra in 2019, up by 36.1% on the year before.

While the **median lot price** in Canberra fell 7.4% to $423,000 in 2019; the **median lot size** remained similar at 493 sqm in 2018, compared to 494 sqm in 2019.

Low-density **building approvals** in the Australian Capital Territory fell by 12.5% in 2019 (but was up by 3.5% in Q4) to 1,198 houses.

The **internal floor space** of a new house in the Australian Capital Territory averaged 251 sqm in 2018/19, larger than 242 sqm built a year earlier.

The **median value** for an established house in Canberra stood at $788,500, up by 5.4% over 2019, with growth of 7.3% in Q4 2019 alone.

Medium-Density

Medium-density **building approvals** fell by 19.7% over 2019 in the Australian Capital Territory to total 1,407 dwellings, but up 53.7% in in the last quarter.

High-Density

Across Canberra, high-density **site values** fell by 22.2% in 2019 with an indicative of $70,000/per apartment.

Average site values ranged from a lower $50,000/per apartment to an upper of $100,000/per apartment, excluding the CBD.

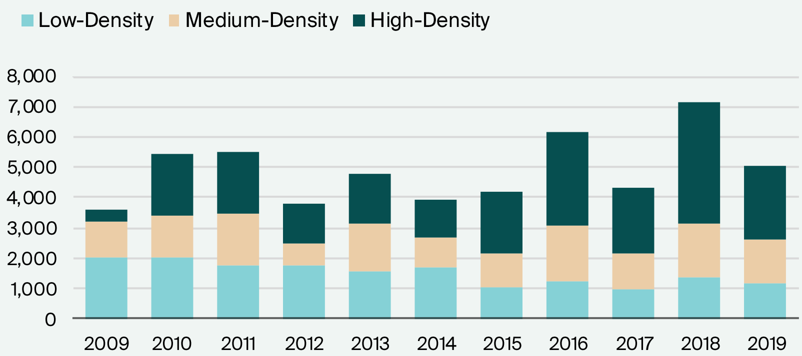
In 2019, high-density **building approvals** in the Australian Capital Territory decreased by 39.9% on the previous year, to 2,423 dwellings. The last quarter of 2019, at 46.3%, also trended downwards.

A new apartment in the Australian Capital Territory averaged 102 sqm of **internal floor space** in 2018/19, much smaller than the 118 sqm built one year ago.

New apartment prices in Canberra have remained stable at an indicative $7,750/sqm across 2019, to currently range between an average of $6,500/sqm and $10,000/sqm. This excludes prime projects.

The **median value** for an established apartment in Canberra stood at $455,500 at the end of 2019, increasing a slight 0.1% over the year, but up by 4.0% in the last quarter.

Building approvals by density, ACT
Annual total dwellings



Source: Knight Frank Research, ABS

DARWIN

Across 2019, there were no major Greater Darwin **site sales** recorded ($2m+) suitable for low, medium or high-density residential development.

Over the 2019 year, a total of 24 **building approvals** were recorded in the Northern Territory, higher than 2018. Darwin **construction costs** rose by 0.2% between 2018 and 2019.

In the year ending December 2019, new household **loan commitments** in the Northern Territory fell by 13.8%.

In the Northern Territory, **non-resident buyers** don't pay a duty surcharge as at 1 January 2020. This means only standard territory-based stamp duties and FIRB application fees will apply.

Greater Darwin's total **residential vacancy** was 7.7% at the end of 2019, trending down from 8.2% one year earlier.

Low-Density

The number of low-density **building approvals** in the Northern Territory fell by 30.1% in 2019 (and down by 8.7% in Q4) to 416 single dwellings.

The **internal floor space** of a new house in the Northern Territory averaged 201 sqm in 2018/19, larger than the 182 sqm built one year earlier.

The **median value** for an established house stood at $509,500 in Greater Darwin, down by 1.1% over 2019, with further a fall of 3% in the last quarter.

Medium-Density

Medium-density **building approvals** rose by 4.6% in the 2019 year with a total of 114 dwellings in the Northern Territory. In the fourth quarter of 2019, building approvals rose by 23.8%.

High-Density

High-density **site values** were indicative of $50,000/per apartment across Greater Darwin at the end of 2019. This had fallen by 16.7% over the past year. An average site value ranged from a lower $30,000/per apartment, to an upper of $70,000/per apartment, this excludes the CBD.

In 2019, high-density **building approvals** in the Northern Territory totalled 24 dwellings, higher than in 2018. There were no projects approved in the last quarter of 2019.

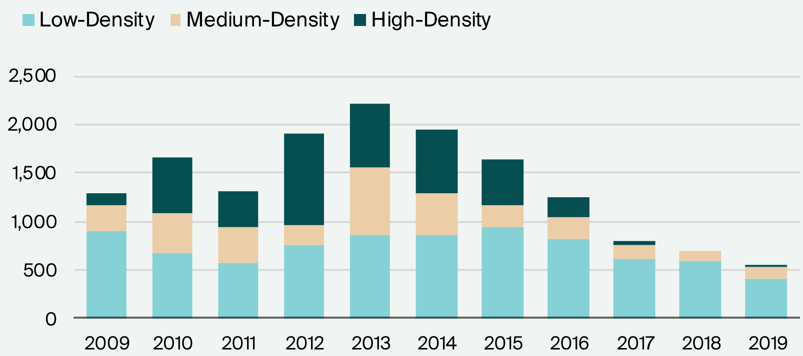
A new apartment in the Northern Territory averaged 139 sqm of **internal floor space** in 2018/19, slightly larger than the average 137 sqm built a year ago.

New apartment prices in Greater Darwin decreased by 9.1% between 2018 and 2019, to an indicative $5,000/sqm.

An average new apartment ranged from $4,000/sqm and $6,000/sqm (excluding prime projects).

The **median value** for an established apartment in Greater Darwin stood at $286,000, down by 11.1% over 2019, with -5.4% in Q4 2019.

Building approvals by density, NT
Annual total dwellings



Source: Knight Frank Research, ABS

DATA SOURCES

High-density pipeline by volume, apartments and storeys (25+ apts and 4+storeys across major cities)—Knight Frank Research; Development site sales by volume, density and offshore (all states & territories $2m+, except New South Wales & Victoria $5m+)—Knight Frank Research; Building approvals—ABS; Construction costs—Rawlinsons Cost Guide; New household loan commitments—ABS; Total vacancy—REIA; Land lots—UDIA; New home sizes—CommSec, ABS; Median values & growth—APM; Development site values—Knight Frank Research; New Apartment Values—Knight Frank Research.

Note: Unless stated, all references to dollars or $ refer to Australian dollars (AUD).

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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