



Darwin most affordable
apartments in Australia



Darwin returns highest
yields in Australia



5.6% Yield for Apartments
in Greater Darwin

Darwin Market Overview

As we approach the end of 2021 and in contrast to earlier forecasts of residential values falling by up to 30% due to Covid -19, the past 12 months rather surprisingly has shown growth in capital values and rental levels.

According to CoreLogic, Darwin recorded annual growth for detached residential housing of 19.3%. The last 3 months (August to October 2021) reveals a more stable growth rate (0.4%) (Source: CoreLogic November 2021 Home Value Index).

The stabilising of Darwin residential values in the latter half of 2021 can be largely attributed to the phasing out of Federal and Territory Government incentives. The Territory Government's \$20,000 BuildBonus grant and Commonwealth Government backed \$25,000 new HomeBuilder grants both closed in April 2021. The Territory Home Owner Discount, which provided stamp duty concessions of more than \$18,600 for homebuyers, ended in June 2021.

Our research indicates continuing healthy demand but pressure may come from supply shortages, particularly, as there is a reduced number of new homes coming onto the market. Rental demand remains high with strong interest and limited available stock. We anticipate demand will remain high whilst interest rates remain low and there does not appear to be significant pressure on these rates in the medium term.

In November 2021, the Reserve Bank declared “a bounce back is now under way” after the Delta outbreak, with companies now hiring and the job rate set to trend lower for the next couple of years. National emergency measures introduced to support the economy during the Covid pandemic will be wound back, paving the way for an expected interest rate rise but not until late 2023. So we anticipate continued growth for Darwin housing during 2022.



Residential Sales Activity

According to CoreLogic, the median house price in Darwin increased by 17.1% over the past 12 months ending October 2021 at \$567,056. Further research conducted by Territory Property Consultants in Darwin revealed some additional data on housing over the same period. The Median Price for the inner suburbs of Darwin (e.g. Larrakeyah/Parap/Stuart Park etc) increased 20% to \$792,500, northern coastal suburbs of Nightcliff (e.g. Nightcliff/Rapid Creek/Lyons/Muirhead etc) increased 20.5% to \$580,000, north eastern suburbs of Sanderson (e.g. Leanyer/Wulagi/Anula/Malak/Karama) increased 13% to \$510,000 and Palmerston (all suburbs) increased 18.6% to \$474,500.

Sales volumes also increased dramatically by over 45% across all of Darwin suburbs and Palmerston in comparison to the previous 12 months. Refer table below:

2019 - 2020 Darwin Residential Sales

	No of Sales	Median Price
Darwin	78	\$660,625
Nightcliff	212	\$481,250
Sanderson	159	\$451,250
Palmerston	483	\$400,000

2020 - 2021 Darwin Residential Sales

	No of Sales	Median Price	Median Price Increase Over 12 Months
Darwin	138	\$792,500	19.96%
Nightcliff	340	\$580,000	20.52%
Sanderson	232	\$510,000	13.02%
Palmerston	754	\$474,500	18.63%



Apartment Market

Data from CoreLogic also shows that the Darwin apartment market experienced the second highest growth of all capital cities, with the median apartment price increasing by 17.6% over the last 12 months to \$356,024. This is a healthy increase, however still below the 2014 peak.

Darwin's apartment market still presents great value for both owner occupiers and investors alike. It remains one of the most affordable capital cities to purchase an apartment with the highest yields of all cities at 5.6% and an annual rental increase of 18.5%. This compares to Sydney with yields of 5.8% and Melbourne with yields of 0.2%.



Land Sales

Land sales and new house builds have steadied from higher levels of activity in early 2020 as the NT Government Build Bonus scheme and the Federal Government Home Builder grant, being the main factors underpinning the sector, were phased out in April 2021.

The Northern Territory's building approvals remained low last month, with 3 fewer certificates issued than in September and 35 fewer than October last year. The Fidelity Fund issued 39 new Fidelity Certificates for houses, units and extensions across the Territory in October. The approvals consisted of 12 home extensions, 24 houses and 3 units. While extensions and suburban units had remained reasonably consistent in recent times, the new home building commencements are down by approximately 50 per cent from 2020.

The new land releases are located predominantly in Northcrest (ex Berrimah Agricultural Farm), Zuccoli in Palmerston and Muirhead. Activity has slowed due to the phasing out of the government subsidies.

Residential Rental Activity

Darwin's residential rental market has continued to perform strongly with both gross yields and annual rental increases rating as the highest in all capital cities. CoreLogic indicate Darwin weekly rentals have increased by 19.5% for housing and 18.5% for apartments over the past 12 months.

The table below references the average rental prices in Darwin according to the October 2021 report from Rent.com.au. They estimate the average apartment rental is \$445 per week, the average house rental is \$580 per week and the average room rental is \$190 per week.

Oct 2021 Median Rent - Apartments / Houses/Avg. Price per room

Metro area	Apartments	Houses	Price per room
Adelaide	\$350	\$425	\$153
Brisbane	\$415	\$500	\$185
Canberra	\$500	\$540	\$250
Darwin	\$445	\$580	\$190
Hobart	\$405	\$500	\$186
Melbourne	\$375	\$445	\$185
Perth	\$400	\$450	\$160
Sydney	\$490	\$650	\$275
National median	\$430	\$485	\$205

Source: Rent.com.au - October 2021 Snapshot

According to the Real Estate Institute of the Northern Territory (REINT), over the past 3 months, vacancy rates in Greater Darwin have remained very low at approximately 1.9%. Stock for both detached dwellings and apartments are limited and most are leased within 3 weeks.

The current average weekly rental rates in Greater Darwin and Palmerston are tabled below courtesy of NT Real Estate Institute 2021:

Accommodation Type	Darwin (p.w.)	Palmerston (p.w.)
House - 3 Bedroom	\$550 - \$685	\$500 - \$600
House - 4 Bedroom	\$650 - \$850	\$625 - \$675
Unit - 1 Bedroom	\$300 - \$350	\$325 - \$375
Unit - 2 Bedroom	\$400 - \$500	\$375 - \$425
Unit - 3 Bedroom	\$500 - \$630	\$475 - \$525



In 2022, we expect an increase in population as a result of the opening of state borders and the employment opportunities which flow from significant projects such as the \$4.7 billion Santos LNG venture which will require 600 workers in its initial phase.

We foresee a significant increase in transactional activity in the NT, which will be in response to demand for accommodation brought about by multi-billion dollar defence projects in Darwin and Tindal along with the construction of a \$400 million ship lift facility on Darwin Harbour. Added to this is the on-shore gas facility at the Betaloo Basin site and these projects combined will have a marked impact.

Darwin's Commercial Market

The commercial market has been noticeably active over 2021. With buyer interest coming from national real estate listed and unlisted trusts investing into commercial property. This is partially driven as a result of secure corporate and multi-national company leases. It is anticipated commercial lending rates will remain at historical lows for the medium term, and this will sustain interest in commercial and industrial property.

Investment yields in Darwin are at historical lows between 7.5% to 8.5%, as a result of stable low interest rate borrowings. There continues to be higher levels of interest in strata titled commercial property and this is driven by private investors who understand the benefit of leased property.

The Reserve Bank of Australia predicts little or no changes in the official cash rate until late 2023. As always much will depend on the stability of the global economies following Covid-19.



The Darwin Transit Centre, 69 Mitchell Street sold for \$16.25 million and drew 17 offers to purchase.



Darwin City and Waterfront



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