

Darwin Market Research

December 2024



Inner Darwin Median
House Price \$835,000



Darwin Median
House Rental
\$680 per week



7.9% yield for
Apartments in
Greater Darwin

Darwin Market Overview

The December quarter of 2024 recorded stable residential sales prices in Darwin and Palmerston. There was a substantial increase in the number of homes that sold in most regions of Greater Darwin, with the exception of limited sales in the inner Darwin suburbs with higher median prices.

For the 12 months ending December 31, 2024 the overall median price for houses in Darwin/ Palmerston reduced by approximately -2.7% from the previous year (source : TPC Pty Ltd)

Other major capital cities ranged from -3% (Melb.) to +19% (Perth) in median price growth over 2024. Nationally, home values increased +4.9% over the 12 months to December, below the 8.5% rise recorded over the 2023 calendar year, but a more positive year-end result compared to 2022, when values fell -4.9%. (source RP Data Dec. 2024).

We anticipate that in the first half of 2025, Darwin will continue to see relatively stable sale prices and that in the second half of 2025, there will potentially be more activity as home loan rates finally begin to ease.

There has been reports from local agencies in Darwin that there is increased enquiry from interstate investors, with a notable spike in sales. Agents have advised that investor inquiry in the Darwin market picked up in late 2024 with strong interest in houses below \$600,000. For the last six years, there has been minimal investor activity with owner occupiers accounting for 95% of all buyers. It is now estimated that 60% of buyers are owner occupiers and 40% are investors. Of this investors portion, approximately 85% of these are interstate investors and, of that, 80% were using buyer's agents. Another agency advised of a similar trend with a 30% increase in sales in the past 2 months.

RP Data also reinforce the above with statistics indicating 32.1% of new loans for 2024 were for investors (Monthly Housing Statistics – Dec. 2024) which is well above the decade average.

The Reserve Bank of Australia (RBA) has held the cash rate steady at 4.35% for 13 consecutive months, but analysts suggest this could change soon, providing relief for borrowers who have struggled with rising costs since the pandemic. The Commonwealth Bank predicts the first rate cut will occur after the RBA's February 2025 meeting to 3.35%. NAB shared a similar outlook, predicting that rate cuts would begin by mid-2025 believing that conditions could only improve, claiming Australia is at the hardest point of the economic cycle right now. Further they predict that after the first rate cut, there will be significant impact on the psyche of consumers, as well as business people, that is likely to be far greater than the actual impact it will have on cashflow. NAB expects two additional cuts to follow within the next 12 months. Other banks, including ANZ & Westpac, have forecast rate reductions later in the year, with some predicting as many as five cuts in 2025.

All banks are focused on the employment rate and the strong employment market conditions throughout Australia and the minimal amount of unemployment. Typically, as long as people have jobs and there is income coming into the household, most bills and mortgage payments are met, and the worst doesn't happen. Despite the positive outlook on employment however, households are still feeling the strain of higher living costs but tax cuts have allowed some to save more.

Darwin Market Overview (continued)



Applications for Australia's most generous housing grant scheme opened in October 2024 in the Northern Territory. Under the scheme, first home buyers can either access a \$50,000 grant if they build or buy a new home in the NT, or a \$10,000 grant if they purchase an existing property. On the other hand, people who already own property can access a \$30,000 grant under the program, but only if they build or buy a new home in the territory.

Once homes are built, owners must live in them for a minimum of 12 months. Designed to help turn around the territory's net interstate migration deficit, the scheme was a key commitment of the Country Liberal Party (CLP) leading into the NT election in August 2024.

The homeowners grant has been enthusiastically taken up, with 323 applications received since October 1, 2024. 56 applications have been received for the \$50,000 grant for building or buying a new home, with 47 applications approved, 3 progressed and 6 paid out. NTG note that there has been a marked improvement in residential building approvals in the Territory with an increase of 24%, well above the national average of 11.2%.

NTG predict the grant would significantly grow the Territory economy to the tune of \$197m through 650 new home builds and 414 jobs created.

With regard to local sales volumes, research conducted by Territory Property Consultants in Darwin revealed the sales volume activity across Darwin and Palmerston suburbs for the 12 months ending December 2024 has increased in all regions (except inner Darwin) from anywhere between 20% to 60% from the previous year. This is a good indication of increased investor and owner occupier activity coming into 2025.

Residential Sales Activity



House Market

The median house price in Darwin/Palmerston decreased by -2.7% over the 12 months ending December 2024, to \$570,000. Further research conducted by Territory Property Consultants in Darwin revealed some additional data on housing over the same period.

Over the same period ending December 2024, the Average Median Price for the inner suburbs of Darwin (Larrakeyah/Parap/Stuart Park) decreased -10.2% to \$835,000, northern coastal suburbs (Nightcliff/Rapid Creek/Lyons/Muirhead) increased 2.83% to \$672,500, north eastern suburbs of Sanderson (Leanyer/Wulagi/Anula/Malak/Karama) decreased -5.36% to \$530,000 and Palmerston (all suburbs) increased approximately 2.9% to \$535,000.

Sales volumes for the year ending December 2024 increased for all regions (with the exception of inner Darwin as previously mentioned). Refer table below:-

2023 Calendar Year Darwin House Sales

Locality	No of Sales	Median Price
Darwin	131	\$930,000
Nightcliff	294	\$654,000
Sanderson	175	\$560,000
Palmerston	495	\$520,000

2024 Calendar Year Darwin House Sales

Locality	No of Sales	Median Price	Average Price Change	Change in Volume
Darwin	97	\$835,000	-10.22%	-25.95%
Nightcliff	370	\$672,500	2.83%	25.85%
Sanderson	211	\$530,000	-5.36%	20.57%
Palmerston	788	\$535,000	2.88%	59.19%

Apartment Market

Data from CoreLogic also shows that the Darwin apartment market experienced no real gains from 2024 with a median price decrease of -0.5% over the year to \$366,000. Darwin's apartment market still presents great value to both owner occupiers and investors alike, as it remains one of the most affordable capital cities to purchase an apartment with the highest yields of all capital cities remaining at 7.9% compared to Sydney and Melbourne with both at approximately 4%.

New Construction & Land Sales

The new land releases remain located predominantly in Northcrest, Zuccoli & Durack in Palmerston and Muirhead North (Lee Point). Further expansion of Lee Point land by DHA (Defence Housing Australia) is expected to now re commence since halting in August 2024 after clearance issues have now been resolved by the NTG.

In addition to the above, the future release of Holtze and Kowandi (adjacent to the Palmerston Hospital) from 2025 onwards will assist in alleviating a perceived lack of supply for shovel ready vacant land . The ultimate development of the area remains in its early stages however, Greater Holtze has the potential to support 30,000 to 35,000 people. The most detailed level of planning shown in the Land Use Vision Plan over the Holtze and Kowandi localities indicate the potential for accommodating approximately 15,000 people.

Volumes on new land sales remain low with continued high costs and scarcity of tradespeople, affecting the delivery of new housing supply. The introduction of the Home Buyers grant is anticipated to increase activity within this sector.



Residential Rental Activity

From our recent in office research based on managed accommodation classes, the current average weekly rental rates in Greater Darwin and Palmerston as at December 2024 are tabled below :-

Accomm. Type	Darwin (p.w.)	Northern Suburbs (p.w.)	Palmerston (p.w.)
House - 3 Bedroom	\$600 - \$680	\$580 - \$650	\$550 - \$650
House - 4 Bedroom	\$700 - \$750	\$650 - \$750	\$600 - \$700
House—Executive	\$850 - \$1000	\$700 - \$800	\$650- \$750
Unit - 1 Bedroom	\$450 - \$500	\$420 - \$470	\$400 - \$470
Unit - 2 Bedroom	\$550 - \$650	\$550 - \$630	\$480 - \$550
Unit - 3 Bedroom	\$650 - \$750	\$630 - \$675	\$520 - \$600
Unit—Executive	\$850 - \$1000	\$675 - \$750	N/A

Residential Rental Activity

Darwin's residential rental market has continued to perform strongly with both gross yields and annual rental increases and steady vacancy rates.

The table below references the average rental prices in Darwin according to the December 2024 report from Domain.com.au. They estimate the average apartment rental is \$550 per week and the average house rental is \$680 per week. The unit rentals have increased by 1.8% over 2024 whilst the detached housing rental rates have increased approx. 4.4%.

We also note the average house weekly rental is now the third highest of any capital city and the highest for gross yields deeming it an attractive option for investors.

Capital Cities: Rent per week

Metro area	Apartments	Annual Change %	Houses	Annual Change %
Sydney	\$700	2.94%	\$850	14.12%
Melbourne	\$550	5.77%	\$600	8.33%
Brisbane	\$620	10.71%	\$650	7.69%
Perth	\$610	17.31%	\$660	6.06%
Adelaide	\$485	7.78%	\$600	6.67%
Hobart	\$460	2.22%	\$550	0.00%
Canberra	\$590	5.36%	\$750	9.33%
Darwin	\$550	1.85%	\$680	4.41%
National Median	\$600	0.00%	\$625	4.00%

Source : 2024 Rent.com.au property listing data

The rental rate range has remained relatively steady since the previous quarter, however as previously mentioned and in regard to overall vacancy rates this remains tight at approx. 1.5%.

Further research reveals that at the end of 2024, there was only around 500 properties for rent in Greater Darwin, which includes Palmerston. This is low considering there were approximately an excess of 1,300 available 3 years ago.

Most agents are cautiously optimistic about rents remaining static in 2025. It is anticipated that more rental stock will be available during 2025 with a significant number of interstate buyers investing into Darwin/Palmerston increasing supply.

Interstate purchasers are still buying at present and we expect a rise in rental stock in Palmerston in particular, mainly at the affordable end of the market.

Darwin's Commercial Market



The commercial investment market in Darwin continues to record low levels of activity due to the current high lending rates. This trend is also seen on a national scale with slow demand from larger corporate property investors and listed property funds. However, there has now been some interest more towards the end of 2024, with four (4) major commercial investment sales in excess of \$6 million.

These sales were as follows:-

17 Ginger St, Zuccoli, (Zuccoli Child Care Centre)	Sold \$6,600,000 in October 2024
23 Stuart Hwy & Ors, (Bridge Autos Sold to Eagers Auto)	Sold \$19,800,000 in December 2024
66 Esplanade, Darwin City (Minerals House)	Sold \$9,000,000 in October 2024
97 Mitchell Street, Darwin City (ex Health House)	Sold \$7,000,000 in December 2024

Minerals House was purchased by a local consortium on an imputed net yield of 10%. This comprised of a freestanding 4 storey commercial building with basement car park, large office floor plates, modern amenities and efficient central mechanical plant systems. The building is located on the Esplanade and, at time of sale, had the top floor vacant with 61% of the building leased.

With regard to the last sale (ex Health House), this was purchased by a local building consortium (JH Group) with the aim to conversion from office to accommodation. The sale of the five storey building at 97 Mitchell Street was recently completed with developer lodging an application to repurpose the building from commercial office space to hotel-motel suites. The application proposes reconfiguring floor levels with a basement office, gym and 34 car parks and 10 ground-floor motel suites with 11 car parks, alfresco cafe, office, board room and reception. The first floor would contain 23 motel suites with an additional 54 suites on the second to fourth floors delivering in total 87 new luxury hotel suites to the Darwin market.

Investment yields in Darwin are expected to remain stable with the future prospects of a reduction for bank lending rates, with fully let yields achieving in the order of 7.5% to 9.5% net.

Our current research indicates extremely low to nil vacancy for Premium/A Grade office stock in the CBD and with Darwin being a major focal point for Defence and associated Commonwealth Government agencies over the long term, there may be some pressure building for new premium grade space and possible investment opportunities at a later date.

There has been some refurbishment of lower grade office space in the CBD with the aim of leasing to Federal and NTG agencies (i.e. Energy House).

With regard to new / proposed developments within the CBD, the City of Darwin will partner with Territory construction company DCOH to build a new \$150 million civic centre adjacent to the existing council building structure on Harry Chan Avenue.

Council voted unanimously to support the development, with Lord Mayor Kon Vatskalis unveiling concept drawings of the new building, which is scheduled for completion in 2028.

The new 20-storey structure will be built in the existing chamber's carpark, with the old building set to remain operational until its replacement has opened.

The lower 10 floors of the new building will be dedicated council space including two floors containing customer service, the new library, a new function space, Council Chambers, public meeting rooms and community space.

There will be an additional three floors of office space for staff and five floors of carparking and building operational space, with the top 10 levels designated commercial office space for DCOH including 10,000 sqm of net lettable area within the project.

City of Darwin will contribute \$77 million for the proposed development including \$49 million from its carparking fund for about 400 new parking bays and about \$30m in borrowings, with the remainder being bankrolled by DCOH.



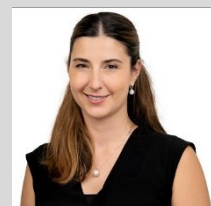
Proposed new DCC Civic Centre Building

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