Darwin Market Research
June 2025

Inner Darwin Median House Price $850,000

Darwin Median House Rental $670 per week

7.9% yield for Apartments in Greater Darwin

Darwin Market Overview

The second quarter of 2025 recorded stable residential sale prices and a substantial increase in the volume of residential sales through all regions of Darwin. Palmerston recorded a significant increase in sales volume as compared to the previous year.

For the 12 months ending June 30, there was a small increase of 3.4% to the median price for houses in Darwin/Palmerston (source : TPC Pty Ltd) compared to the previous year and this is in line with all other capital cities which indicated 1% to 2.5% growth (source : Core Logic June 2025).

The increase in sales volume has been heavily influenced by interstate investors with our research indicating approximately 43% of all sales being to investors over the last 12 months ending June 2025.

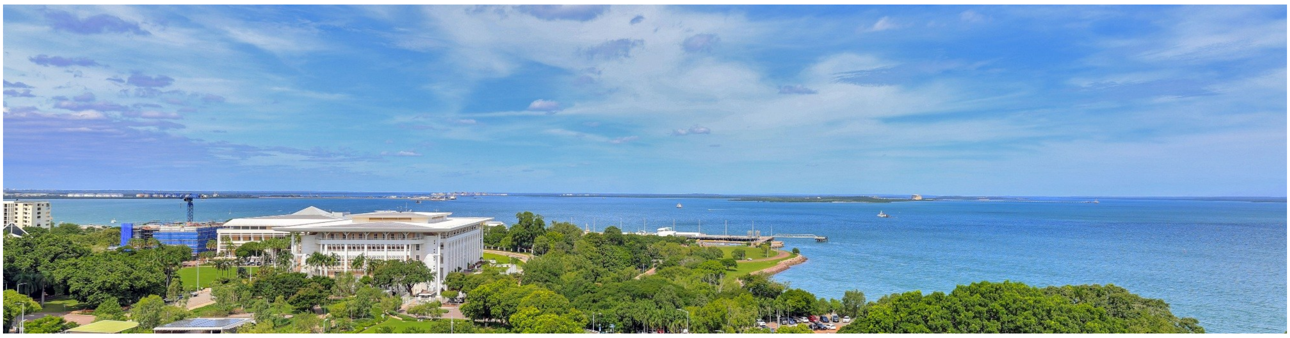
It is expected that interest rates will fall further over the coming months, possibly reducing to the early 3% or even high 2% range by the end of 2025. The announcement by the Reserve Bank of Australia (RBA) on July 8th to not deliver an interest rate cut, as widely forecast, instead keeping the cash rate on hold at 3.85%, was not anticipated by the market. The decision defied financial market expectations, which had priced in a 96% chance of a 0.25% cut.

Forecasts had shifted almost unanimously in favour of a cut, after the latest inflation data showed consumer prices rising less than expected in May, while economic growth slowed in the first quarter of the year, however, in its statement, the RBA's monetary policy board said it could wait for "a little more information to confirm that inflation remains on track to reach 2.5% on a sustainable basis.”

Consumer sentiment is likely to improve, while labour markets are holding tight. Additionally, persistently low levels of new housing supply are likely to support values. With the monthly inflation indicator for May showing a 2.4% core inflation rate (lower than the quarterly CPI trimmed mean of 2.9%), inflation is well and truly back within the RBA’s target range of 2% to 3%, beating the RBA’s latest forecasts, which had trimmed mean inflation holding at 2.6% from mid-2025.

The tight labour market, with the unemployment rate holding around 4.1% or lower since early 2022, should also support confidence and borrowing ability. Concerns about the labour market being ‘too tight’ seem to be fading, with no evidence of a blowout in wage growth. From a housing supply perspective, the rise in dwelling approvals from the cyclical lows of 2023/24 appear to be short-lived, with monthly numbers faltering below the decade average and well below the 20,000 approvals required to reach housing accord targets.

Given the upside risk that housing values will accelerate further from here as interest rates reduce, we will likely see home values rise by more than this over the coming 12 months, despite the prospect for lower interest rates, affordability constraints will likely temper the extent of a housing market upswing.



Darwin Market Overview (continued)

With regard to sales volumes, research by Territory Property Consultants revealed the sales volume across all Darwin/Palmerston suburbs for the 12 months ending June 2025 was a substantial 36% above the previous year to June. Breaking this down further shows Palmerston volumes increasing by a staggering 94% above the previous 2023/24 Financial Year and, of that, some 45% of buyers were from interstate, the majority as investors.

As for annual capital returns, the trend has broadly been towards declining yields however there some variance among the individual capitals. Darwin continued to record the strongest housing rental yields across the capitals at 5.9%, followed by Hobart at 4.3%. Both major capitals, Melbourne & Sydney saw gross yields far lower than Darwin at between 2.7% to 3.2%. (source : Core Logic June 2025).

Residential Rental Activity

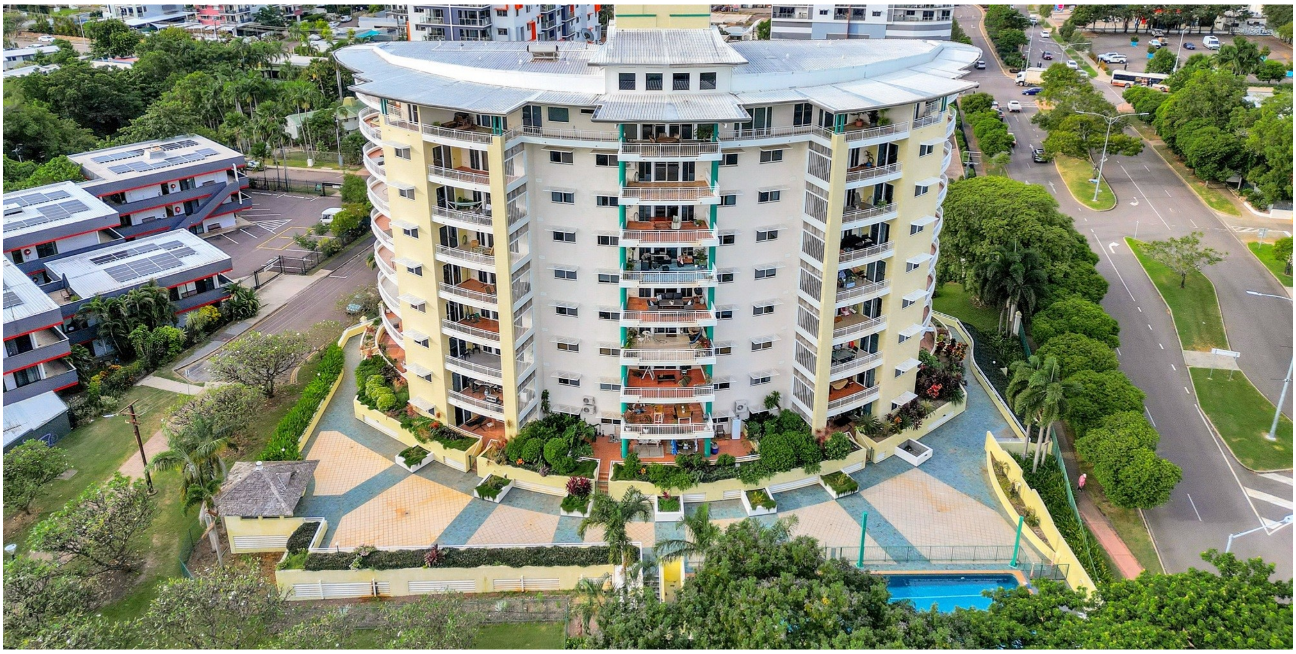
Compared to the same time last year, rental rates for Australian houses recorded between -3.3% to 15.9% in annual growth, with a national median growth of 8.9% (+$55 to $675 p.w.). The largest annual increase was in Canberra (+15.9%; +$200 to $800 p.w.) and the lowest in Melbourne (-3.3%; -$20 to $580 p.w.) There was an annual median price increase in Darwin (+3.1%; +$20 to $670 p.w.).

For Darwin units we have seen a rise in weekly rental levels over the 2024/2025 FY. Rent.com advise an average weekly rental of $570 pw compared to $525 pw in June 2024. This is a 7.5% increase over the past 12 months and is attractive to investors due to strong yields. Whilst the average house rental is $670 per week. The table below references the average rental prices in Darwin according to the June 2025 report from Rent.com.au.

Capital Cities: Rent per week

Metro area	Apartments	Annual Change %	Houses	Annual Change %
Sydney	$750	4.20%	$900	2.90%
Melbourne	$595	6.30%	$580	-3.30%
Brisbane	$650	8.30%	$675	3.80%
Perth	$680	13.30%	$700	7.70%
Adelaide	$550	14.60%	$620	4.20%
Hobart	$500	11.10%	$585	7.30%
Canberra	$620	5.10%	$800	15.90%
Darwin	**$570**	**7.50%**	**$670**	**3.10%**
National Median	$610	1.70%	$675	8.90%

Source : 2025 Rent.com.au property listing data



Residential Rental Activity

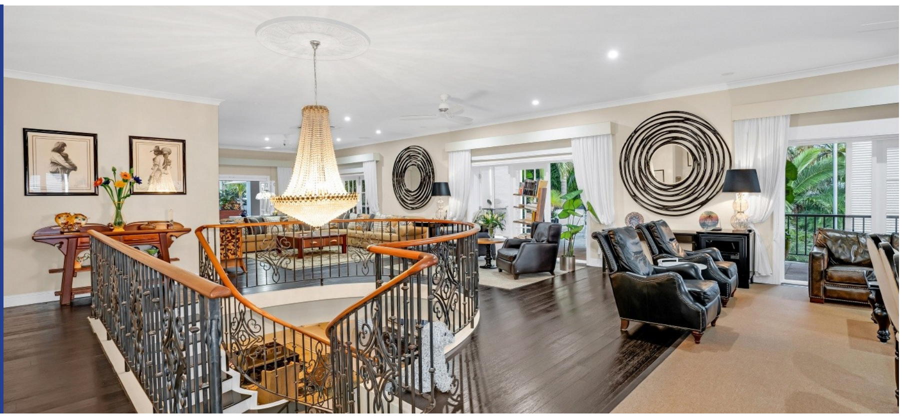
Darwin's overall residential vacancy rate, according to our residential property managers, is 0.5% as of June 2025, making it the tightest rental market in Australia. This low vacancy rate has led to increased rental prices and a competitive rental market for tenants. The rate has dropped significantly from 2.63% in November 2023. Rental rates have increased compared to the previous quarter.

The large increase in volume for residential sales over the first half of 2025 in Darwin and Palmerston is highly correlated with the fact that Darwin is consistently providing the most attractive returns for investment residential property nationally for any capital city. This trend is expected to continue for the latter half of this year.

From recent in office research, based on managed accommodation classes, the current average weekly rental rates in Greater Darwin and Palmerston, as at June 2025, are tabled below :

Accomm. Type	Darwin (p.w.)	Northern Suburbs (p.w.)	Palmerston (p.w.)
House - 3 Bedroom	$650—$750	$580—$650	$550—$650
House - 4 Bedroom	$750—$850	$680—$780	$600—$700
House—Executive	$850—$1200	$780—$900	$650—$750
Unit - 1 Bedroom	$480—$550	$420—$500	$420—$480
Unit - 2 Bedroom	$550—$750	$550—$630	$520—$580
Unit - 3 Bedroom	$750—$850	$630—$680	$600—$650
Unit—Executive	$850—$1000	$680—$750	N/A

Residential Sales Activity



House Market

The median house price in Darwin/Palmerston over the past 12 months ending June 2025 was $600,000 in contrast to $580,000 for the year ending June 2024. Further research conducted by Territory Property Consultants in Darwin revealed some additional data on housing over the same period.

Over the past 12 months, the Average Median Price for the inner suburbs of Darwin (e.g. Larrakeyah/ Parap/Stuart Park etc) decreased 6.1% to $850,000, northern coastal suburbs (e.g. Nightcliff/Rapid Creek/Lyons/Muirhead etc) decreased 2.2% at $645,000, north eastern suburbs - SANDERSON (e.g. Leanyer/Wulagi/Anula/Malak/Karama) a slight increase of 1.85% to $550,000 and Palmerston (all suburbs) increased 3.25% to $555,000.

Sales volumes for the year ending June 2025 increased significantly for all Darwin/Palmerston suburbs. The surge of interstate investors was driven by Darwin's attractive yields for houses (Refer TPC table below):

July 2023 to June 2024
Darwin House Sales

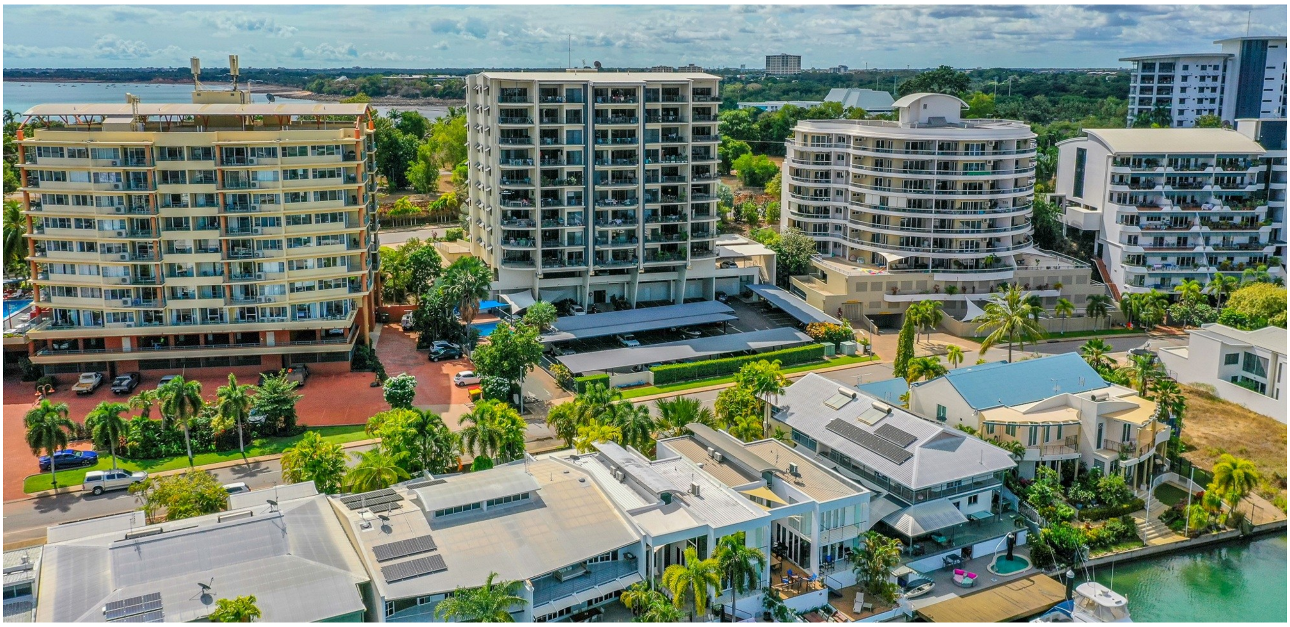
Locality	No of Sales	Median Price
Darwin	117	$905,000
Nightcliff	321	$660,000
Sanderson	203	$540,000
Palmerston	584	$537,500

July 2024 to June 2025
Darwin House Sales

Locality	No of Sales	Median Price	Average Price Change	Change in Volume
Darwin	142	$850,000	-6.08%	21.37%
Nightcliff	476	$645,000	-2.27%	48.29%
Sanderson	251	$550,000	1.85%	23.65%
Palmerston	1132	$555,000	3.26%	93.84%

Highlights during the year ended June 2025 were three residential sales in excess of $2M, 4 Mimosa St, Nightcliff for $2,700,000, 214 Casuarina Drive, Nightcliff for $2,630,000 and 13 Perkins Court, Larrakeyah for $2,000,000.

Also to note that the median price in Palmerston remains above the median price for Sanderson (Northern suburbs of Darwin) and is attributed to the larger newer housing estates that have been developed in Palmerston for the past 4 years.



Apartment Market

Data from CoreLogic shows that the Darwin unit market experienced an increase in growth (5.0%) in contrast to Sydney at 0.2% and Melbourne at -1.3%, with the median unit price ending June 2025 at $387,485.

Darwin's unit market still presents great value to both owner occupiers and investors, as it remains one of the most affordable capital cities to purchase a unit with the highest yields of all capital cities remaining at 7.9% as against Sydney and Melbourne with both at only approximately 4% to 4.9%. (source : Core Logic June 2025)

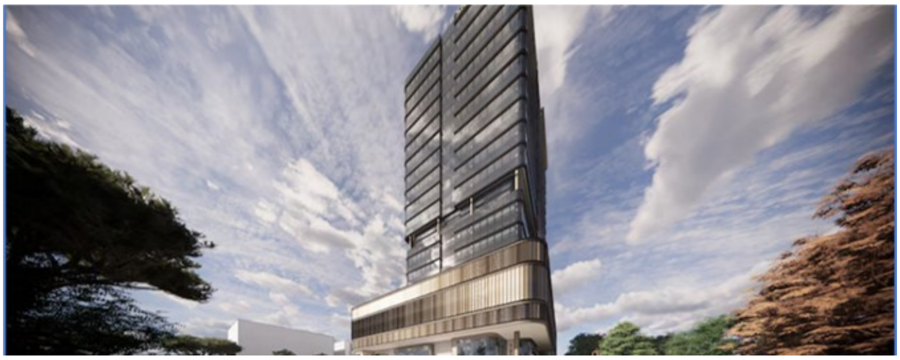
We expect the median residential price to continue increasing over 2025 with imminent interest rate cuts assisting this scenario. We expect the median residential price to continue to increase over 2025, with imminent interest rate cuts assisting this scenario.

New Construction & Land Sales

In May 2025, the number of residential building approvals in the Territory increased by 37.8% in annual terms and we would attribute the increase in new building activity as building infrastructure costs begin to temper somewhat in comparison to previous years.

Existing land releases remain located predominantly in Northcrest, Zuccoli in Palmerston East, Marrara Gardens (ex-Malak Caravan Park), and, more recently Darwin's newest residential estate, The Parks at Holtze. The first lots have recently hit the market in this urban development in Greater Darwin, offering purchasers a chance to enter the property market for less than $200,000. The Parks has acquired a development permit and is offering an initial release of 33 lots starting from $189,000. A total 544 lots will be developed at the site opposite Palmerston Hospital, and the first residents expected to be able to start moving in from late 2026.

Darwin's Commercial Market



Darwin's commercial market is experiencing a quiet transformation with increasing national attention. A combination of infrastructure investment, population growth, and a focus on national security is driving interest from buyers, tenants, and developers. The industrial sector is particularly active, with strong demand for large-format warehousing and transport facilities in the East Arm precinct and smaller industrial units in trade-focused suburbs.

With regard to A grade office space in the CBD, vacancy is extremely tight and current gross rent levels have strengthened with a current range, as at July 2025, of approximately $740/m² to $780/m² gross for part/full floors. There remains limited larger commercial investment stock available for sale in the Darwin CBD and minimal A grade/ Premium commercial office space available for lease. This will eventually lead to refurbishment of existing office space and new developments but the latter only on pre-commitment generally from either NT or Federal government agencies.

Commercial Investment yields in Darwin are expected to tighten in line with a reduction in commercial bank lending rates. Commercial and Industrial yields with typical minimum 3 year lease tenure are now achieving between 6.0% to 7.0% net.

Darwin's retail sector remains stable, particularly in suburban shopping centres. Healthcare and service-based retailers are replacing traditional fashion and food retailers, while strip retail rents at $300-$400/m² are attracting cost-conscious tenants. Shopping centre rents exceeding $1,000/m² are being supported by government and service-sector tenants.

The only major new office construction is the new Darwin City Council building, a $150 million CBD high-rise office to replace its ageing civic centre and council chambers, in partnership with property developer DCOH. This will be a 20-storey building with the City of Darwin to occupy 10 floors, including customer service, library, and community spaces, whilst DCOH will own and operate the top 10 floors for commercial use. (Pictured above)

As for major sales there has only been two (2) significant commercial transactions over 2024/2025. Firstly, the Travelodge Resort (now rebranded Leea) at 64 Cavenagh Street, a prime tourism/hotel complex comprising of 136 rooms and 32 townhouses which sold for $23,000,000 in March 2025. There was increased interest in the hotel due to the opening of the Charles Darwin University CBD campus which is expected to generate demand for inner-city accommodation. The resort had last sold to the Toga property group in 2006 for $24.5m. More than 30 rooms at the hotel had not been part of a $4m facelift Toga undertook in 2020 and will be upgraded by the new owners.

Secondly, Minerals House located at 66 Esplanade was sold to a local group for $9,000,000 in October 2024 on a net yield of 10%. This is a freestanding 4 storey commercial building with basement car park, large office floor plates, modern amenities and central mechanical plant systems. At the time of sale, it had the top floor vacant and 61% of the building leased.

The other CBD market activity occurring is the refurbishment of older office stock to residential accommodation, with the prime example of the old Health House building at 87 Mitchell Street. For many of these older buildings, this is a suitable option to avoid the other final solution of demolition such as what occurred at the old Palm Court development at 8 Cavenagh Street, now vacant and available for high rise development.

Darwin's industrial market is experiencing strong demand, particularly for premium assets, driven by logistics and defence sectors. While there is a lack of larger properties with long-term leases, in demand land in areas like Berrimah are attracting developer interest. Strategic infrastructure projects are reinforcing Darwin's position as a logistics hub.

Key Industrial Trends:

- Strong demand for premium assets. Logistics operators and defence contractors are actively seeking premium industrial properties.
- Industrial land in Berrimah is selling for \$230/m² to \$270/m², indicating high demand and boosting Darwin's role as a major trade and logistics centre.
- Growth of e-commerce and the need for supply chain security are further increasing demand for warehouse and storage facilities.
- Limited supply—The lack of long-term leases on attractive yields is hindering sales transactions.
- Rental growth- Prime industrial rents have increased to \$160/m² to \$180/m², secondary rents rising.
- Prime industrial rents: Increased from \$130/m² to \$150/m² to \$160/m² to \$180/m² in Winnellie.
- Secondary industrial rents: Increased by approximately 10% to \$100/m² to \$120/m².
- Berrimah land sales—selling for \$230/m² to \$270/m².

Darwin's industrial market is robust, with strong demand for quality assets and land. Strategic infrastructure projects and the growth of key industries are driving this positive momentum. Investors are attracted to the strong rental yields and limited supply. Yields for good-quality industrial property assets in Darwin are typically between 7.0% and 8.0%, with a premium of up to 2.0% for secondary properties due to the abundance of older-style accommodation.

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