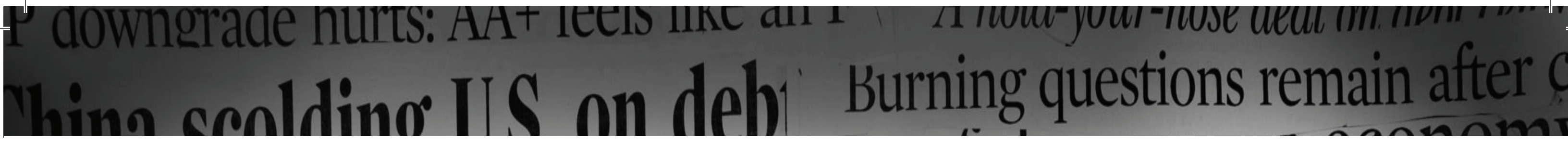

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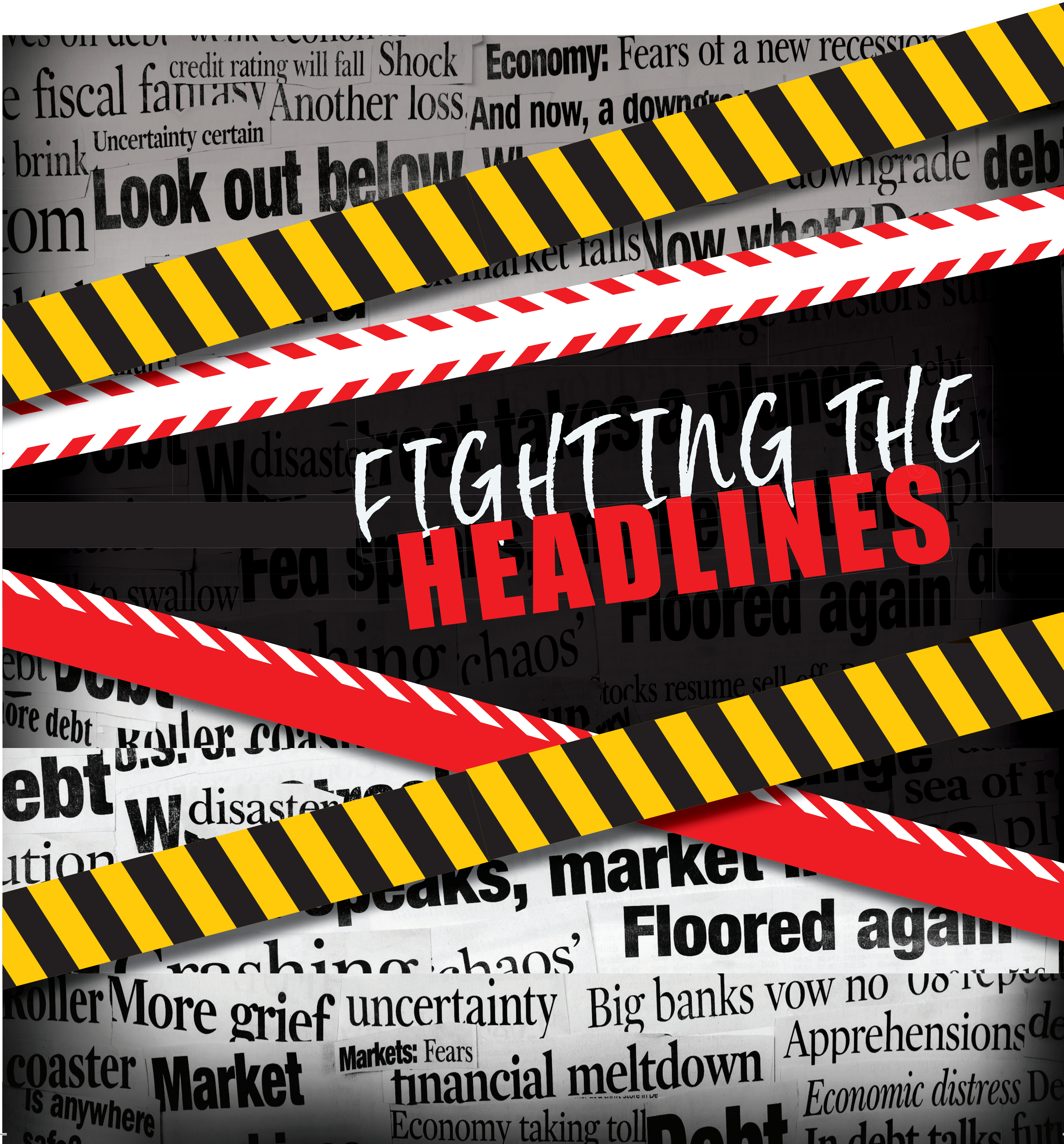


FIGHTING THE HEADLINES

contents

The Accrue Difference.

CREATING POSITIVE CHANGE, TOGETHER.

drummond street services
wellbeing for life

At Accrue, our mission is to build a community of success while promoting positive change.

We believe this collective approach creates a win for many and a better world for all. That's why we are proud to announce our most recent charity partnership with Drummond Street Services. Drummond Street is one of Victoria's longest serving welfare organisations, and one of the first welfare services in Australia.
Since 1887, Drummond Street has been directly assisting Victorian families and individuals. The organisation also promotes connected and inclusive communities and drives innovation and research into family support interventions.

To assist, Accrue are committed to:

- Provide a financial contribution directly to Drummond Street;
- Establish a staff volunteer program to provide direct assistance to the charity.

Drummond Street's mission to promote well being for life is an undertaking fully aligned with Accrue's ethos.

YOU CAN VISIT DRUMMOND STREET TO MAKE A CONTRIBUTION OR VOLUNTEER TO SUPPORT THE INITIATIVE BY GOING TO

www.ds.org.au

welcome

A message from our managing director

We're now through the first half of 2022 and changes in the market have been substantial in response to several major events.

A new federal government has taken up their post, there's been an uptick in inflation, a fall in unemployment and the ongoing scourge of the virus.

But the most significant influence on property prices so far has arguably been rising interest rates. The idea that rates could actually go up seems to have shocked people into purchaser paralysis – particularly in large cities.

This kind of knee-jerk reaction isn't unusual in my experience, yet reporting and analysis around softening markets has been both short-sighted and lazy. Much of the fear being fed to consumers isn't based on sound logic. Instead, headlines designed primarily to capture attention are racing to shout about the tough times ahead for real estate owners.

But the truth is far less confronting. In fact, if you dig into the metrics influencing markets at present, you'll discover a cause for optimism. Right now, there are opportunities to purchase assets with excellent long-term potential and with less buyer competition.

The problem for many investors is they don't truly grasp how lucrative property can be for those who adopt buy-and-hold strategies. For example, ABS data showed the value of Australian dwellings has increased 9.1 per cent per year since 2016 – and that's excluding rental return. Any investor would agree that's an outstanding result.

Of course, wading through the numbers can be exhausting, which is why we have done the hard yards you. In this issue of Accrue Magazine, we breakdown the bad headlines to deliver facts about what's really happening in the market and why investors should feel confident in their buying decisions.

We also have another fantastic Accrue member story. Lorraine and Shane started out simply wanting to break free of their mortgage. But early success has seen them up that ambition and they're now well on the way to a multi-property portfolio set to secure their family's future.

There's also our data deck and property clock section. It's a wealth of information detailing the numbers we analyse when unearthing the best investment opportunities for our members.

We're also delighted to publish a heart-warming report from our charity partner, Drummond Street Services on their Live Wires program.

So, don't let the headlines drag you down. Instead, dig a bit deeper and understand what's really happening. Better yet, contact us here at Accrue. Our team can discuss the options and help you to invest wisely for a financially secure future.

JASON NEVINS
Managing Director

Fighting the headlines

JASON NEVINS
Managing Director

The bulletins have been dire for many Aussies over the past few months, and property investors are among those feeling the pinch. But if you look beyond the sensationalism and dig a little deeper, there's plenty of good news out there for buyers.

The mantra among media circles is, "If it bleeds, it leads" because dramatic headlines supposedly shock audiences into engagement.

While I understand their desire to gain attention, the recent bad news surrounding property doesn't tell the whole story. In truth, there are opportunities to purchase well right now, and enjoy the long-term benefits of real estate. While I understand the motivation to grab eyeballs, the fact remains that many of these column inches aren't telling the whole story. In truth, there are opportunities to purchase well right now and enjoy long-term benefits that will mitigate any short-term risks.

A HISTORIC PERSPECTIVE

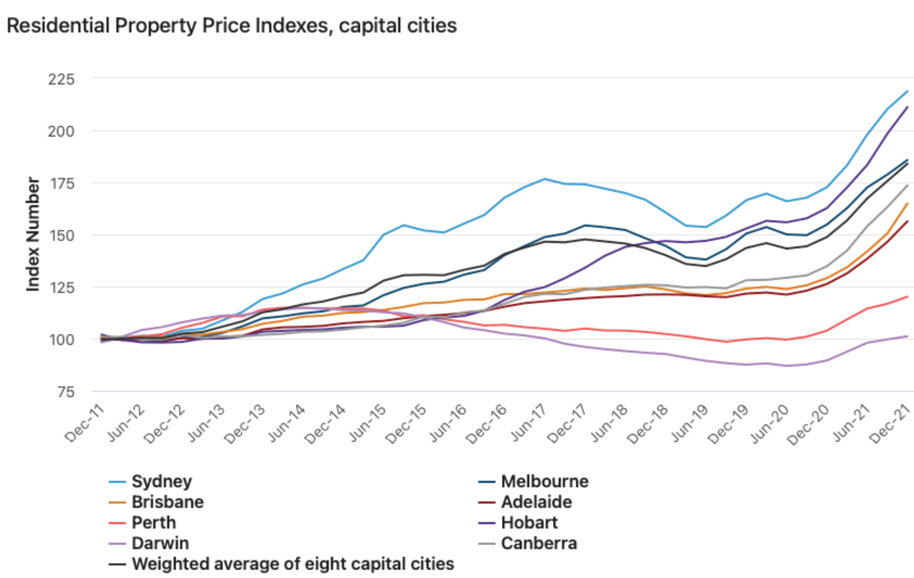
Cast your mind back to the start of 2020 and the arrival of COVID on our shores. Along with concerns around health, community and finance was a raft of dire predictions by leading economists about Australia's property markets.

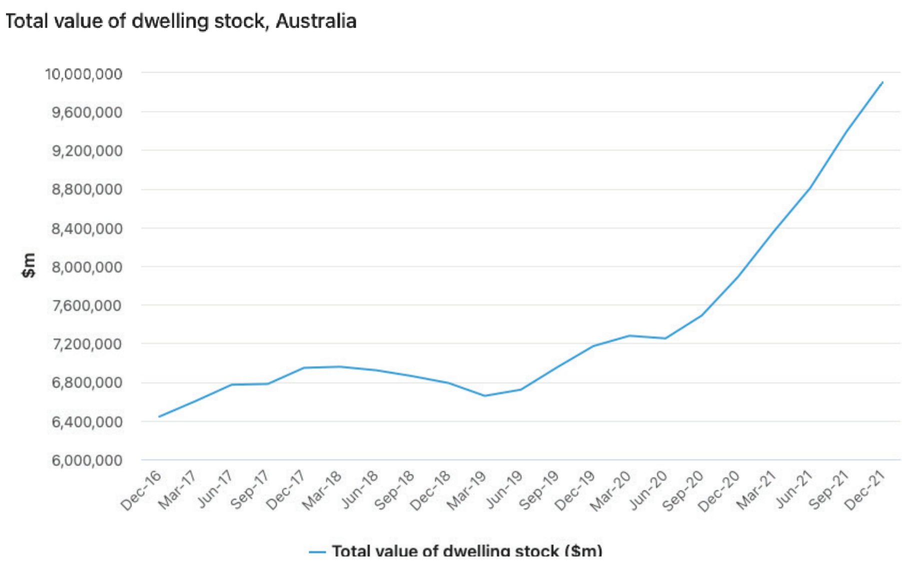
In May that year, Commonwealth Bank analysts suggested a 32 per cent housing crash would gut the balance sheets of Aussie households. They also touted an extended period of high unemployment.

In that same month, National Australia Bank warned of 15 per cent price falls in Melbourne and Sydney, and AMP's senior economist envisaged a worst-case scenario of 20 per cent property value declines.

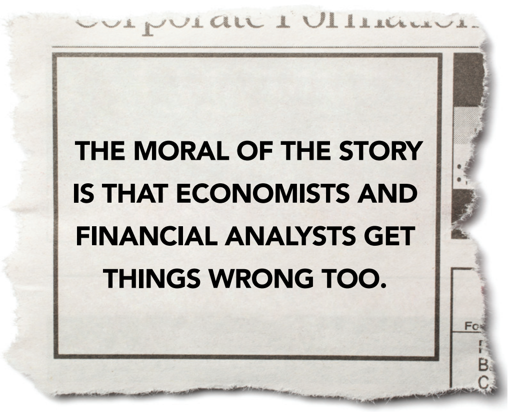
So... what actually happened?

The Australian Bureau of Statistics (ABS) residential property price index tells the story:





ABS numbers also reveal the total value of Australian housing stock went from approximately $7.2 trillion in March 2020 to around $9.9 trillion by December 2021. That's a near 30 per cent increase across the country.



Making important decisions about your future based on their forecasts is no guarantee of success. While they might have been well informed and acting on the best evidence available, any prediction is simply not a foregone conclusion.

COUNTERING THE HEADWINDS

As I've said in the past, short-term property market performance is a game of confidence.

If we're all reading pessimistic stories about the grim state of the economy, the outcome is foreseeable. It's human nature to feel fear and be paralysed into inaction. But I think the headwinds reported about recently aren't being given enough scrutiny.

Here are just some of the main issues causing concern, and why I believe things aren't anywhere near as disastrous as the reports keep telling us.

1. Interest rate and inflation

The Reserve Bank of Australia (RBA) increased interest rates in May this year from 0.1 to 0.35 per cent. Media was quick to report that this was the first interest rate hike since December 2010. As at the time of writing, there have been a further two increases of 0.5 per cent each, so the cash rate now stands at 1.35 per cent.

These moves were in response to higher-than-expected inflation, with the current annual inflation rate being 5.1 per cent. The RBA has a target figure of between two and three per cent, and they will use cash rates changes as a lever to either stimulate or stymie consumer spending.

The present situation may sound dire, but let's take a closer look at interest rates and why they shouldn't be a concern.

The RBA chart below illustrates the history of the cash rate back to January 1990 when it was at a whopping 17.5 per cent.

There are a few things to note on the chart below. Since about 1992, the cash rate bounced around but remained in the general vicinity of five per cent until about 2012. Over this time, cities and regions around the nation have seen markets swing up and down. There was the great 2003 price boom in Brisbane and the hot runs of growth throughout Sydney and Melbourne in the early to late 1990s. There were slow years too but across the nation, the long-term

A LOOK AT THE NUMBERS REVEALS THAT DWELLING VALUES ACROSS THE COUNTRY ROSE ON AVERAGE 9.2 PER CENT PER YEAR.

performance of property prices has been markedly positive.

In fact, let's extrapolate the figures from December 2016 to December 2021 in the second ABS chart above which tracks the total value of Australian dwelling stock. A look at the numbers reveals that dwelling values across the country rose on average 9.2 per cent per year.

So here we sit with a cash rate of 1.5 per cent and it seems to have dented the confidence of buyers according to commentators. But this buyer fear will dissipate because interest rates remain at historic lows. In fact, there's a long way for it to go before rates rise to anywhere near the long-term average of five per cent.

Another element worth considering is that banks rigorously assess borrowers' serviceability when working through loan approvals. Last year, the regulator compelled banks to increase their loan serviceability buffer to three per cent. This means when banks assess a loan applicant's financials, they will run the numbers assuming their interest rate will rise by three per cent. Applicants must be capable of covering this increase, or the loan will likely be rejected. As such, the majority of borrowers will easily be able to deal with current interest rate rises.

In short, I believe any downturn at present is a knee-jerk reaction to interest rate increases, but as it dawns on buyers that the cost of money remains low, they will reengage with the market to more normal levels.

2. A new Federal Government

I must admit, this headwind always confounds me a little, and it's that federal elections always seem to slow down market activity regardless of who is running for government. Property buyers sit on the sideline weighing up how each of the major parties' policies will affect them. It's even more so with property investors who fear the effect of future housing policies on their portfolios' values.

I understand the trepidation to some degree. In 2019, the Bill Shorten led Labor party campaigned on scrapping negative gearing and changing Capital Gains Tax thresholds for property investors. They believed it would be a popular move with the electorate.

What they didn't count on was that aspirational Aussies wouldn't appreciate the sentiment. Those who owned investment properties saw it as a direct attack on their hard work and sacrifice. There was also a large group of Aussies who didn't own investment property but aspired to one day be a landlord. Labor's position didn't sit well with either cohort and they were punished at the ballot box.

Fast forward to 2022 and the lesson has been learned. Anthony Albanese and Federal Labor have looked at ways to support property owners and boost the housing industry without seeking to vilify investors.

First up, there's no indication the new government has any intention of touching tax incentives which help stimulate investment. In fact, given today's tight rental vacancy across all markets, any move that deters investment could prove even less popular now than in 2019.

The other positive to come from Labor is its financial support of home ownership via the Help To Buy scheme. The program will assist eligible first-time buyers who've saved a minimum deposit of two per cent on a home purchase. The federal government provides an equity contribution to these buyers of up to 40 per cent of the purchase price of a new home or 30 per cent of an existing home.

While this scheme isn't directed at investors, stimulus of any sort lifts markets overall, meaning investors will see some benefit in their portfolios' values.

The new government is also keen to continue opening Australia's borders to the world. In conjunction with state authorities, the need for COVID testing and isolation has been scrapped across various jurisdictions. Given the country's low unemployment rate, I'd be surprised if we don't see a political push to attract workers from overseas. Students, backpacker travellers and professionals will be welcome to our shores soon enough, and that helps drive the economy and demand for housing – particularly rentals.

3. Cost of living woes

The ABS has reported that their five selected Living Cost Indices all rose in the March quarter 2022 – some at rates not seen since the GST's introduction in 2000.

So, there is a challenge around cost of living. But there are other factors that should be considered as well.

During the past two years, Australians have accumulated record savings. A report published by the Melbourne Institute: Applied Economic & Social Research and Commonwealth Bank notes: *"The continued high level of financial wellbeing is due partly to accumulated saving balances that remain elevated compared to pre-pandemic – with the median savings balance in December 2021 being 42 per cent higher than December 2019."*

Households started building their financial safety net of savings when the pandemic hit. They curbed their spending, stopped travel, decreased transport and didn't spend disposable income on things such as entertainment and dining.

In addition, a mortgage payment freeze saw plenty opt for putting these extra savings in offset accounts, helping reduce their home and investment loan repayment burdens.

In short, Australian households are currently sitting on an extraordinarily good buffer to help them through the current economic climate.

It's even better news for those who seek professional guidance when it comes to dealing with their household budget and long-term financial security. With the help of an advisor, everyday Australians can detail their incomes and expenditures. They can look at their resources and commitments and formulate a plan that not only ensures their yearly spending doesn't take them into the negative, but also helps them invest wisely for future benefit.

Cost of living won't be the big scary monster many are touting in the media at present.

4. Construction cost increases

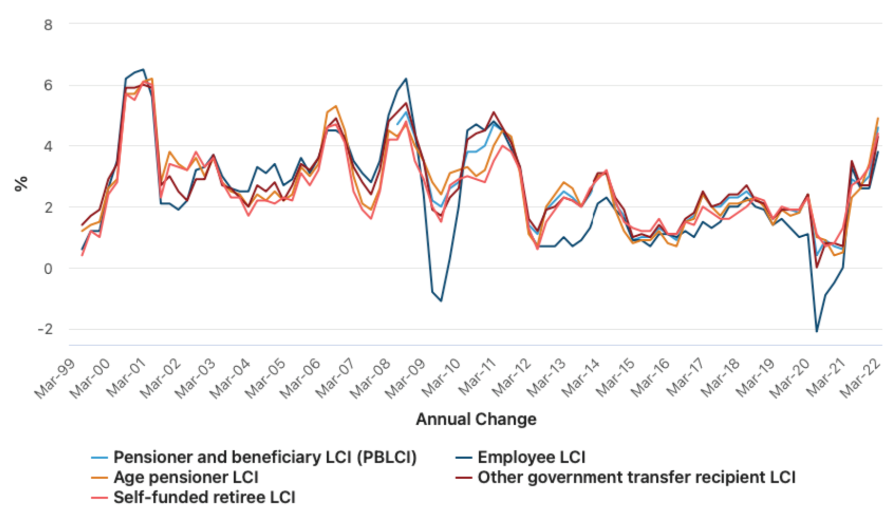
Rising construction costs caught many off guard in the past 12 to 18 months.

During COVID, there was a surge in demand for labour and building materials. Homeowners, now confined to their homes for work, rest and play, discovered the limitations of their abodes.

As such, many decided to do something about it.

This coincided with the federal government's $25,000 HomeBuilder grant program which was designed to prop up the building industry during the challenges of 2020 and 2021.

Selected Living Cost Indexes (LCIs) by household type: annual movement, Australia (%)



IN SHORT, AUSTRALIAN HOUSEHOLDS ARE CURRENTLY SITTING ON AN EXTRAORDINARILY GOOD BUFFER TO HELP THEM THROUGH THE CURRENT ECONOMIC CLIMATE.

And so, a building boom got underway with owners signing up for major renovations, extensions and new constructions.

But this resulted in some unwanted outcomes. Demand for labour skyrocketed. Meanwhile, supply chain challenges and overseas manufacturing slowdowns saw the cost of materials continue to rise.

CoreLogic's Cordell Construction Cost Index (CCCI) for Quarter 1 2022 showed national residential construction costs increased nine per cent over the 12 months to March 2022, which is the highest annual growth rate on record outside of the introduction of the GST in 2001.

The fallout has been swift. Builders who had signed fixed-price contracts saw their margins evaporate and a string of high-profile company closures ensued.

So, if you're looking to build a new investment, how do you counter rising costs? Well, while construction costs are likely to keep rising in the medium term, qualitative evidence suggests it will not be as drastic as the past 12 months because the demand for construction is slowing.

Secondly, those builders still operating have implemented measures to ensure projects are being completed within their quoted budget. This can include securing material prices early and confirming labour on their sites is locked in at fixed rates.

Finally, builders who continue to operate now have a track record of resilience. The collective goals of the builder and owner will always be to complete a project on time, within budget and of the best possible quality.

This can be achieved by working co-operatively with your contractor, or by using advisors to get manage your process.

THE GOOD NEWS NUMBERS

Among all the bad news that's been forced our way is a series of great metrics that are good news for investors set to profit in property. Next time you're in conversation with someone who only wants to look at the negatives, bring up some of these talking points to bolster your case for investing.

Vacancy rates

Vacancy rates remain incredibly tight. A balanced rental market is described as having between two and three per cent vacancy. CoreLogic released numbers recently which show sub-two per cent vacancies in our major capital cities, such as Sydney at 1.6 per cent, Melbourne at 1.8 per cent and Brisbane at 1.2 per cent. This isn't just a big city story either with major regional centres all screaming out for available accommodation.

YOUR INVESTMENT PROPERTY WILL BE IN HOT DEMAND WITH VERY LITTLE VACANCY IN THE FORESEEABLE FUTURE.

Your investment property will be in hot demand with very little vacancy in the foreseeable future

Rising rents

Again, looking at CoreLogic numbers and rents are increasing. Their recent statistics show that to March 2022, the Australian indexed median rent increased $62 per week, which equates to around 15 per cent in 19 months. And it's an across-the-board story with increases across all capitals and regionals. The smallest increase was $24 per week in Melbourne, while the most substantial was $102 per week in Greater Darwin.

Rising rents translate into better cashflow and yields for investors who select their asset wisely.

Limited new housing supply

While there was a construction boom throughout 2020 and 2021, this is slowing as the cost of building continues to rise. As fewer houses, townhouse and units are built, so too the availability of rental properties will reduce.

Numbers from CoreLogic show that while there are developers looking to bring stock to market, the availability of housing for tenants remains tight. Until increases in the cost of materials and labour begin to abate, you can expect owners and developers to hold off on many projects.

Of course, for those who do acquire an investment – especially a newly constructed one – tenant demand for this limited stock will drive rent increases and property values.

Predicted interest rate falls

As mentioned above, rising interest rates took steam out of the market. While I continue to expect buyers will come to realise our low interest rate environment is entrenched, one thing that will ramp up activity is when they are again reduced by the RBA.

That may not be as far off as some imagine.

The RBA has said rates will continue to rise in 2022 but expect they will hit their peak and stabilise by year's end.

The Commonwealth Bank has now said interest rate increases will have been aggressive enough to do their job in 2022 and they expect rate cuts to be a very real possibility in late 2023. While that may seem a long way off to some, those who invest in 2022 will be the beneficiaries when demand rises on the back of these interest rate falls.

Borders reopening

We have always been a popular destination for international immigrants, but we can only expect that to amplify as our borders reopen to the world. Our offerings are second-to-none with a stable system of government, universal healthcare and an enviable lifestyle from city to coast to country. On top of all these upsides, elements such as international conflict and political instability will play to Australia's advantage as a destination of choice.

It's been reported that Treasury Department has revised net overseas migration for 2021-22 from about minus 40,000 to plus 41,000, rising to 180,000 in 2022-23 and 213,000 in 2023-24. That's more people looking for shelter and helping drive our economy.

High employment and rising wages

Stable employment feeds into household confidence and the willingness to spend and invest. Australia's current unemployment rate sits at 3.5 per cent, the lowest it's been since November 1974. And the demand for workers is as strong as ever. Just recently, the minimum wage was increased 5.2 per cent by the Fair Work ombudsman heralding a move towards increasing worker incomes.

Rising wages and tight unemployment are an equation for household certainty over the long term.

WHY NOW IS A PRIME TIME TO INVEST

Here we sit in a market where buyer confidence has been hit by a plethora of bad news stories, but as you can see, this is all a bit of a smokescreen.

The media DO NOT report on sectors of the market. They merely look at the median house price, which is not a true reflection of the performance of properties that sit below the median.

Typically, in a shifting market, the first sector to feel the impact are assets priced well above the suburb's median. This is because many buyers in a hot running market are prepared to upgrade and stretch themselves, confident that rising prices will quickly meet their own value expectation. This cohort of purchasers is reduced when markets slow and doubt enters their thinking.

On the other hand, properties that typically fall within the investor, first homeowner and downsizer market – which are mostly those priced below the suburb median – are still outperforming. This is based on several factors, but it's predominately due to higher levels of demand across multiple property types.

As such, Accrue's investment strategy is to identify properties at price points under the suburb medium that offer opportunities for both growth and yield over the longer term.

I encourage investors to think like sophisticated professionals who firmly believe that now is the time to increase their investment portfolio. Take Warren Buffet – the Oracle of Omaha and founder of investment juggernaut Berkshire Hathaway. In the past six months, he's been investing more in solid, cashflow generating, defensive assets – a change to his approach from the previous two years.

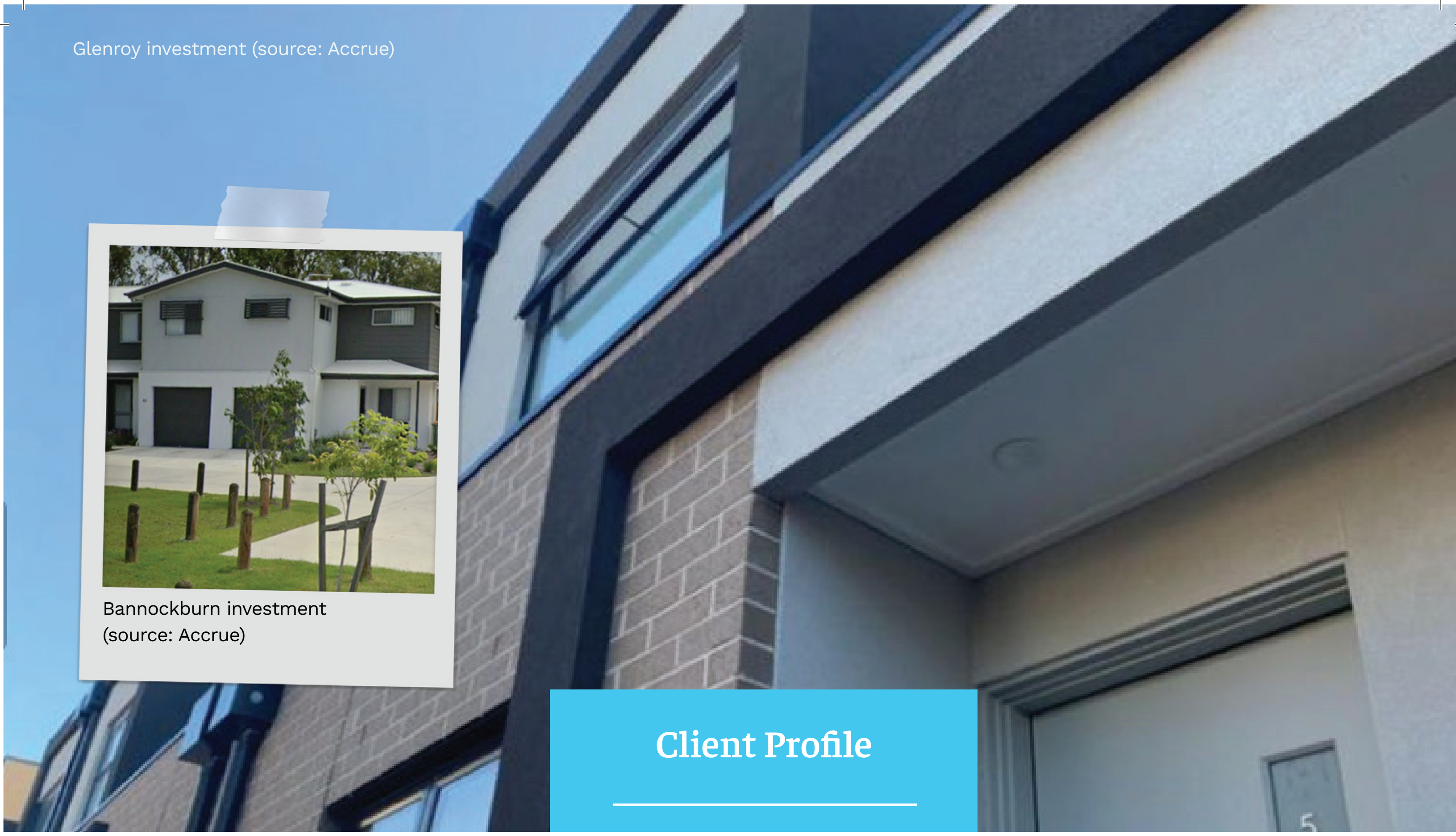
There are plenty of fundamentals which suggest housing offers an excellent investment option for the savvy long-term owner.

THERE ARE PLENTY OF FUNDAMENTALS WHICH SUGGEST HOUSING OFFERS AN EXCELLENT INVESTMENT OPTION FOR THE SAVVY LONG-TERM OWNER.

Here's the silver lining every investor should realise. There's a window of opportunity right now to secure an asset for your portfolio at a very fair price – but the chance to buy well won't be around for long.

Taking advantage simply requires you to look past the camouflage of bad news and rely on the guidance of your advisors.

We are always available for a chat and to discuss where the next best property investment locations are for your wealth-building plans.


Glenroy investment (source: Accrue)

Bannockburn investment (source: Accrue)

Client Profile

Growing ambitions

This couple's initial goal of a mortgage-free retirement has evolved into so much more since working with Accrue.

Lorraine (52) and Shane (59) are typical hard-working Australians heading for a trouble-free retirement, but just a few years back their plans looked shaky.

Lorraine and Shane's jobs have delivered a consistent household income via secure fulltime employment. While they'd talked about a work-free future, raising four kids slowed down their investment plans. Lorraine said they had retirement in their sights, but realised they were not up to speed in terms of pulling together the assets and income needed.

"We were behind what you would expect for a couple of our age from a financial perspective, and we were fearful because we didn't have a plan," she said.

The couple were weighing up the options for getting help to advance their wealth position but hadn't settled on the best people to approach.

That's when their fortunes took a turn for the best.

"Accrue approached us. It was a cold call from them, but the experience was completely different from what we expected when we first answered the phone. We'd been to investment events before where you go and sit there for an hour and are then asked to decide whether you want to invest or not. The difference with Accrue is they came to our home and took a far more collaborative approach to learn about us and our needs."

Lorraine said the Accrue representative was interested in helping them define their ambitions before discussing investment options.

"They asked what our goals were and what we saw as the next steps. It was very supportive.

"At that stage, we just wanted to be mortgage free, so they came up with a strategy to achieve this with an investment property we'd hold for 10 years, and then sell to pay off our home and any other loan."

Accrue was on hand to help every step of the way, putting the couple in contact with an independent finance professional who assisted with lending arrangements.

The Accrue team then set to work unearthing real estate options that would help Lorraine and Shane meet their objective.

Lorraine said they wanted a professional couple or single as a tenant for their first investment, so they were keen to buy somewhere within a commutable distance of a CBD.

Accrue came up with three options worthy of consideration, and took the couple on an all-day tour to inspect the possible localities.

"They kept reminding us that this isn't where you're going to live. We had to take any emotion out of the decision."

The couple chose a two-bedroom, off-the-plan apartment in Glenroy, Victoria. The suburb's train line and easy travel to Melbourne's CBD helped seal their decision. They purchased the unit for $470,000 in 2017. It was valued by the financier at $550,000 just four years later.

"We've had two tenants since we've owned it. The first was a single lady, the second was a couple who've been there ever since."

Lorraine said Accrue not only helped them locating and securing the investment, but they also provided guidance about property ownership and being a landlord.

"They helped us understand that a good tenant is worth their weight in gold, and it's totally changed our mindset. If the tenant needs anything, we take care of it. In return they always pay their rent on time and are no trouble."

Lorraine said this first investment remained on track to deliver on their mortgage free plan. However, an annual review of their circumstances by the Accrue team and an independent advisor has seen them raise the bar on their ambitions.

IF YOU STAY IN THE COMFORT ZONE AND DON'T MOVE OUT OF IT, HOW DO YOU GROW?

"Accrue have a yearly check in with their members. They look at how you are and how things are going. In our review in 2020, Accrue went through the numbers and suggested we were in a good position to do more and asked us to think about possible next steps."

She said it felt like a leap at first, but they knew it was the right time to grow the portfolio.

"If you stay in the comfort zone and don't move out of it, how do you grow? That's how we think of things with our personal wealth. You have to be a little bit uncomfortable to make it work."

By working with their own finance broker, Lorraine and Shane found they could afford another property. Accrue went to work and unearthed an off-the-plan opportunity at Bannockburn, just half an hour from both Brisbane and the Gold Coast. The $380,000 three-bedroom townhouse is due to settle July 2022.

The most recent sale in the development was $475,000 in April this year, reflecting a $95,000 equity gain for Lorraine and Shane – and their purchase hasn't even settled yet.

"They've built a shopping centre and schools and there's a manufacturing plant that brings employment to the area."

Lorraine said Accrue had delivered on all their promises and more.

"They suggested an independent financial advisor – not someone from Accrue – to talk with us which helped immensely.

"And the research Accrue provide about the property options was so comprehensive. The pack we received with so many sales comparisons and information on future planning in the area was really impressive.

"Based on the experiences we've had to date, we'll now continue to build our portfolio. We did have an exit strategy planned for a sale of the first property because of our ages, but we do think each year we'll now be in a better position to building on our number of investments.

"Ultimately, our goal is now to have paid the home loan off and then, hopefully, have an investment opportunity that we could leave for each of our children."

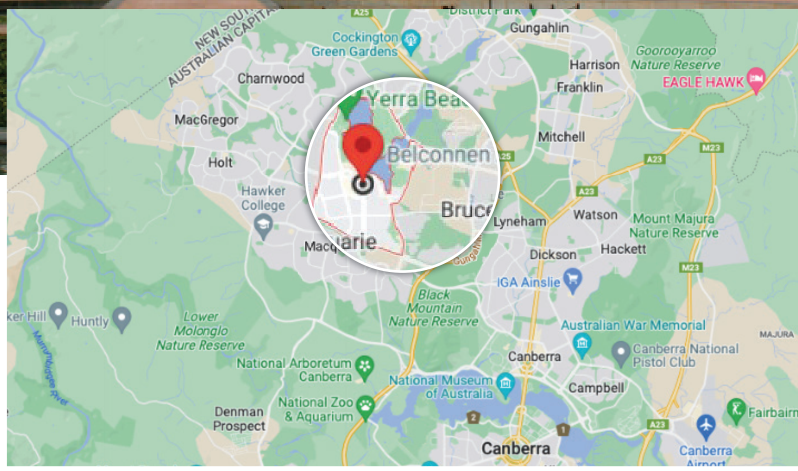
Lorraine said they have loved working with Accrue and have no hesitation recommending their service to others.

"They have experience that we look to leverage, and this helps us understand the financial and real estate worlds better."

"We have friends that are considering their investment options at the moment, and we've said to them, 'If you do want an introduction, let us know because we have nothing but good things to say about Accrue.'

"We see Accrue as partners in building our wealth and that's been pivotal to us."

In each issue of Accrue magazine we discuss locations across the nation with great investment potential.



Belconnen

Belconnen is a central region of Canberra that boasts excellent value growth prospects and renter demand.

The Belconnen district is a mix of suburban idealism and natural appeal with Lake Ginninderra being the central feature, along with Bruce Ridge and Black Mountain forming part of the outskirts.

Positioned just ten kilometres north-west of Parliament House and eight kilometres from Canberra's CBD, Belconnen is one the ACT's eighteen original districts. Belconnen's namesake suburb is the central commercial hub for the district and offers a wide range of facilities and infrastructure.

The major industry in the ACT is, unsurprisingly, politics and public service. The population can be transient and rental demand remains high for quality accommodation. Given the recent transition of power at the federal level, there will be some movement in the population throughout 2022.

Belconnen's town centre is the retail and services hub with a Westfield shopping centre and other specialty outlets available. Transport is mostly via road, so a bus services the area. The Belconnen Bikeway also traverses the district.

Local education facilities include Belconnen High School, Radford College and Canberra High School. Another substantive potential tenant hub is the University of Canberra in the suburb of Bruce, which is adjacent to central Belconnen.

The median house price in the suburb of Belconnen is $640,000 while the unit median is $470,000. Houses have seen 12-month capital growth of 21.9 per cent, while units have experienced a value gain of 9.9 per cent in the past year.

Rental returns are strong. Median rent for housing is $492 per week which reflects a healthy 4.0 per cent yield. Units achieve $500 per week which equates to a 5.8 per cent yield.

Property Hotspot

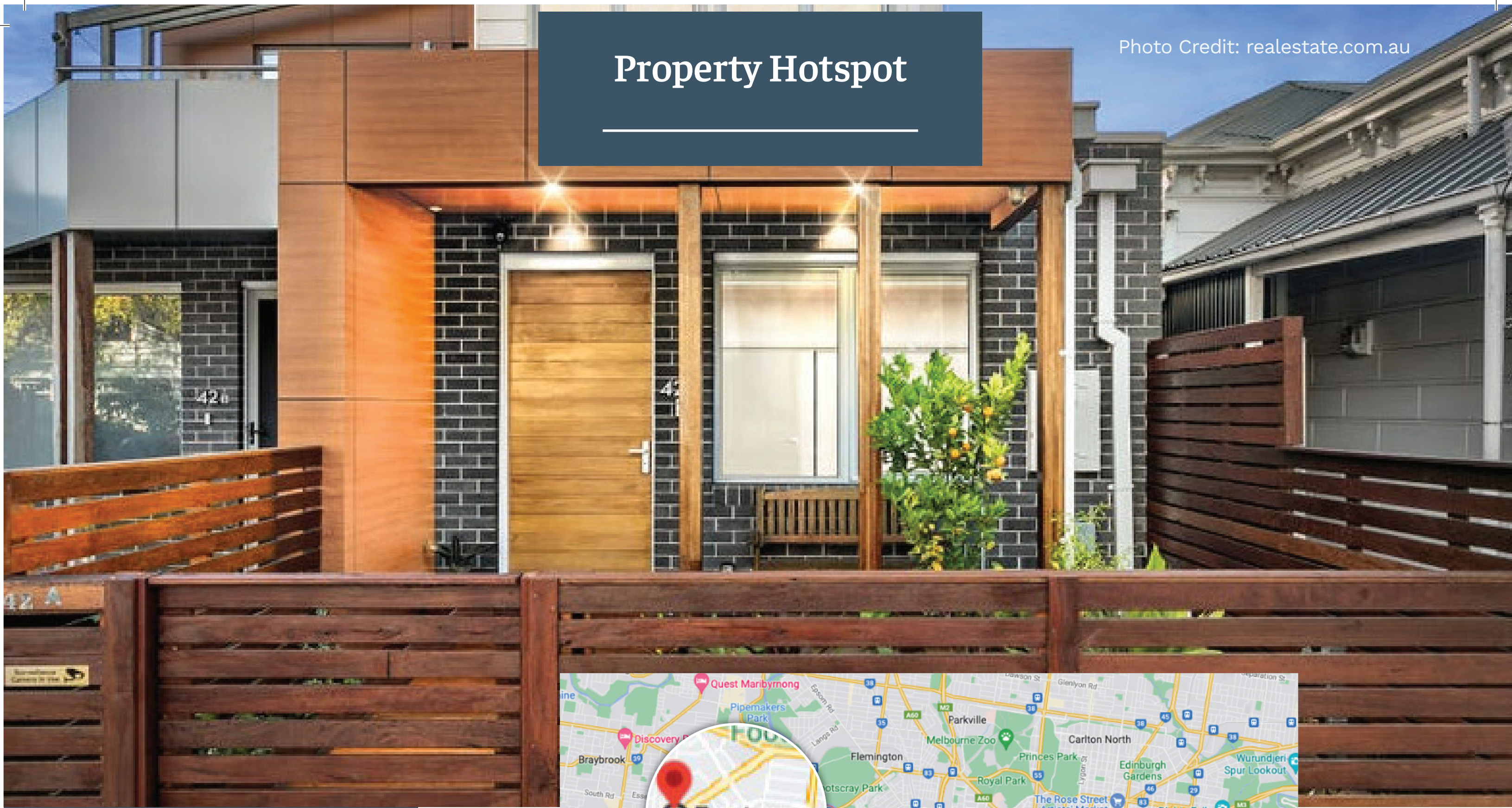
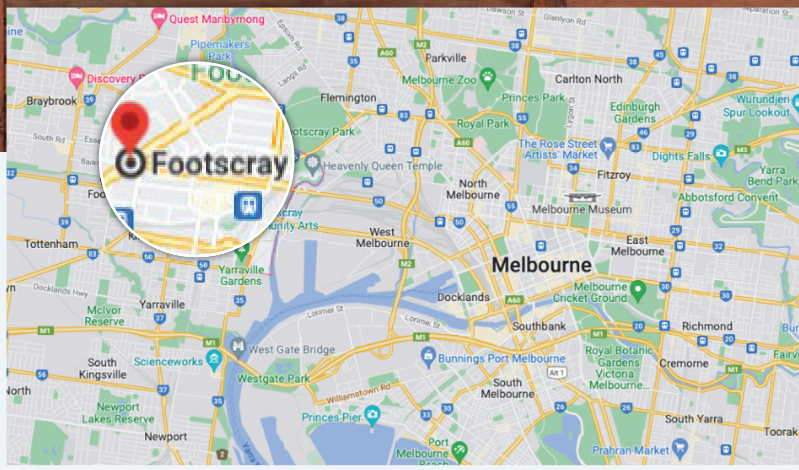


Photo Credit: realestate.com.au



Footscray

Footscray is among the most recognised suburbs in Greater Melbourne. More than just the home of the Western Bulldogs AFL team, Footscray delivers a gentrified lifestyle that's attracting a growing population of Melburnians. Positioned just six kilometres from the heart of Melbourne's CBD in the inner west.

The suburb is known for its cultural diversity and cache as an urban lifestyle centre. This iconic locale is dominated by hip cafes, restaurants and retail outlets all attracting a mostly young "it" crowd of new arrivals who are joining long-term residents.

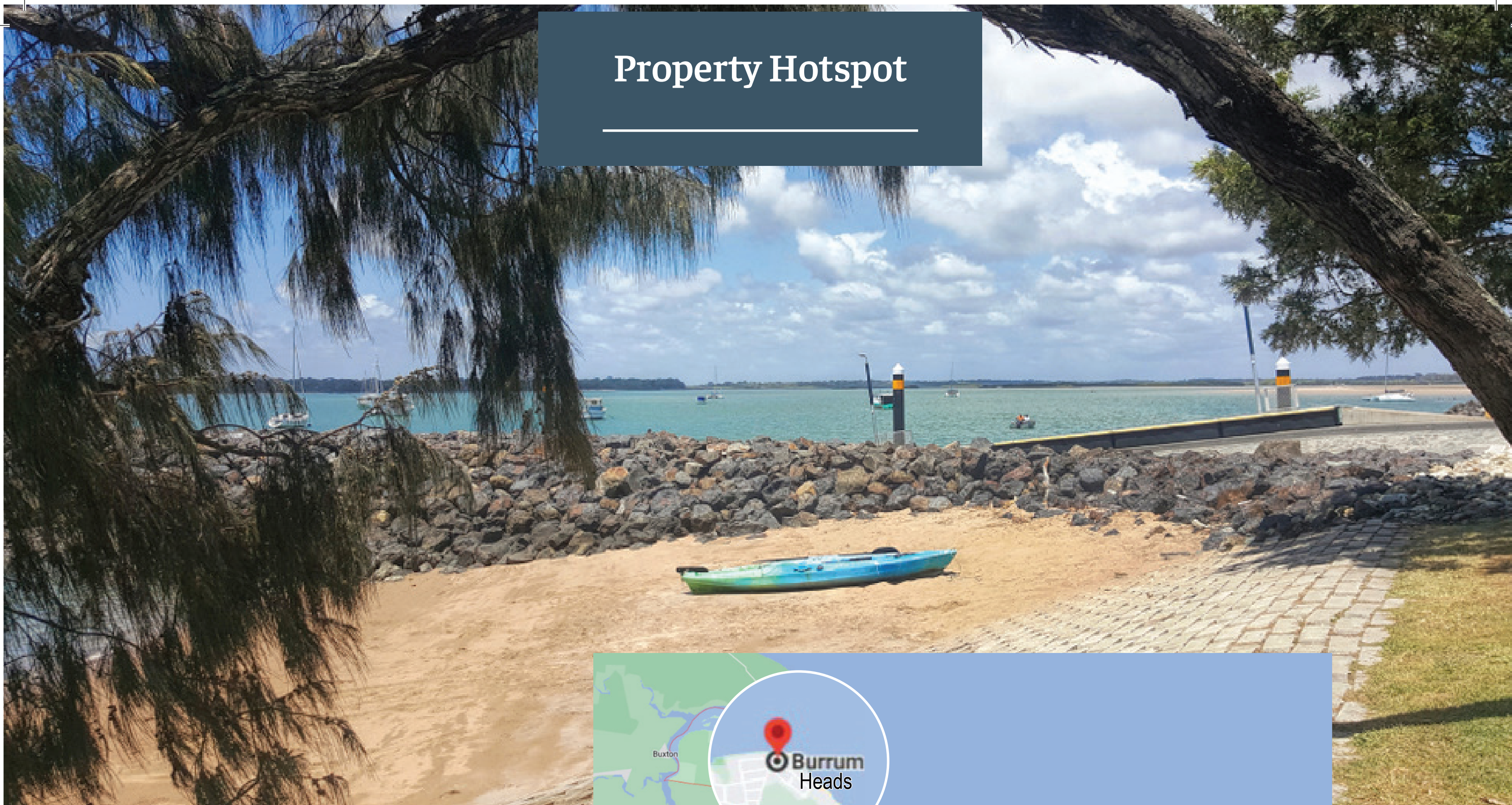
ABS statistics reflect this too. As at the 2021 census, the median age of residents was just 34 years and over 56.5 per cent have never been married. Just 50.9 per cent of residents were born in Australia, while Vietnam, India, England and China were the countries of origin for 17.6 per cent of residents.

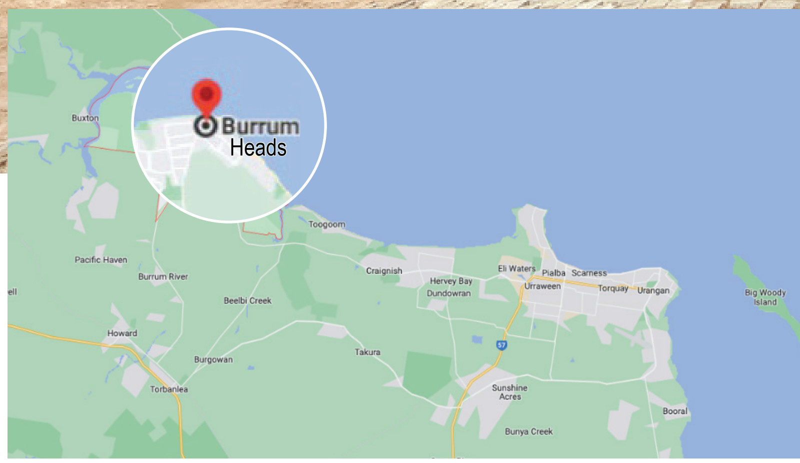
Trams and buses service Footscray while the nearest train station is in the adjacent suburb of Seddon. There's a local primary school and high school as well, and most retail and other services are within the bounds of Barkly Street, Irving Street and French Street.

Footscray has seen stellar capital growth in the past year. The median house price is $975,000 which reflects a 12.4 per cent increase in 12 months. The median house rent of $480 per week reflects a 2.7 per cent gross yield.

For units, the median price has risen 1.6 per cent in the past year and now sits at $475,000. The median unit rent of $340 reflects a gross annual yield of 4.2 per cent.

Footscray has excellent long-term prospects for investors. A recent slowdown in market activity is proving an opportune time to take advantage of the inevitable upswings in value and rental returns.





Burrum Heads

East of Childers and around 25 kilometres north-west of Hervey Bay sits a beautiful beachside location that delivers an enviable lifestyle to its residents.

Burrum Heads is surrounded by the Burrum River and is on the shores of Hervey Bay, so you know fishing, boating and its waterfront vistas are appealing to new residents.

Local facilities include a pub, bowling club and a local retail precinct with cafes and supermarket. The area is popular with tourists. There are holiday units and caravan parks and the park and boat ramp help promote the pleasant coastal village feel.

Of course, many locals are here because of the area's laid-back lifestyle. Residents enjoy its relaxed pace, with nearby Hervey Bay or even Bundaberg (50 kilometres north) providing comprehensive facilities when needed.

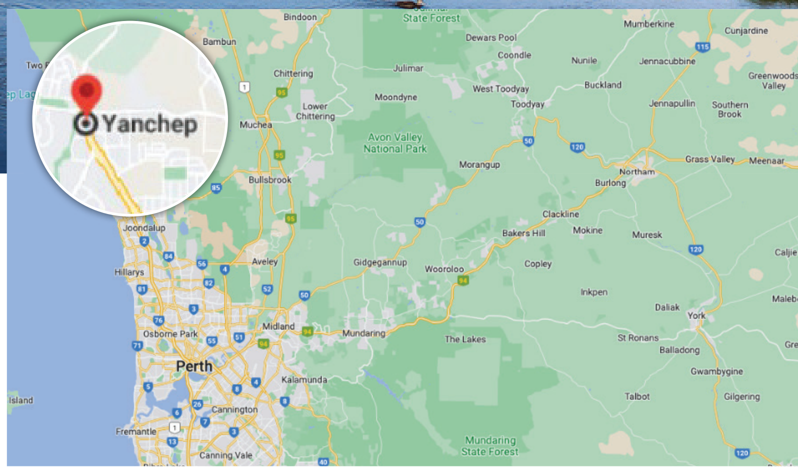
Burrum Heads has a small population of 2538 with a large percentage of retiree residents. This means the ratio of homeowners to renters is strong, which bodes well for investors looking to make good market value gains.

And while it might be a retiree haven, there are still plenty of families who choose to live in Burrum Heads while utilising schools and employment in Hervey Bay and Bundaberg.

The median house price in Burrum Heads is $595,000 which reflects an increase of 25.3 per cent over the past 12 months. The median house rent is $490 per week which equates to a gross yield of 4.3 per cent. While this median rent has risen 14 per cent in the past year, the current vacancy rate of one per cent is an indicator that rents should increase again this year.

Burrum Heads is a great regional sea-change location with a market that's primed for continued strengthening over the medium to long term.

Property Hotspot



Yanchep

Yanchep is a fabulous waterfront suburb located 48 kilometres north of Perth's city centre.

Founded on the crayfishing industry, Yanchep was also famed as the base for Alan Bond's America's Cup campaign in 1977. But its appeal extends well beyond crustaceans and boat races.

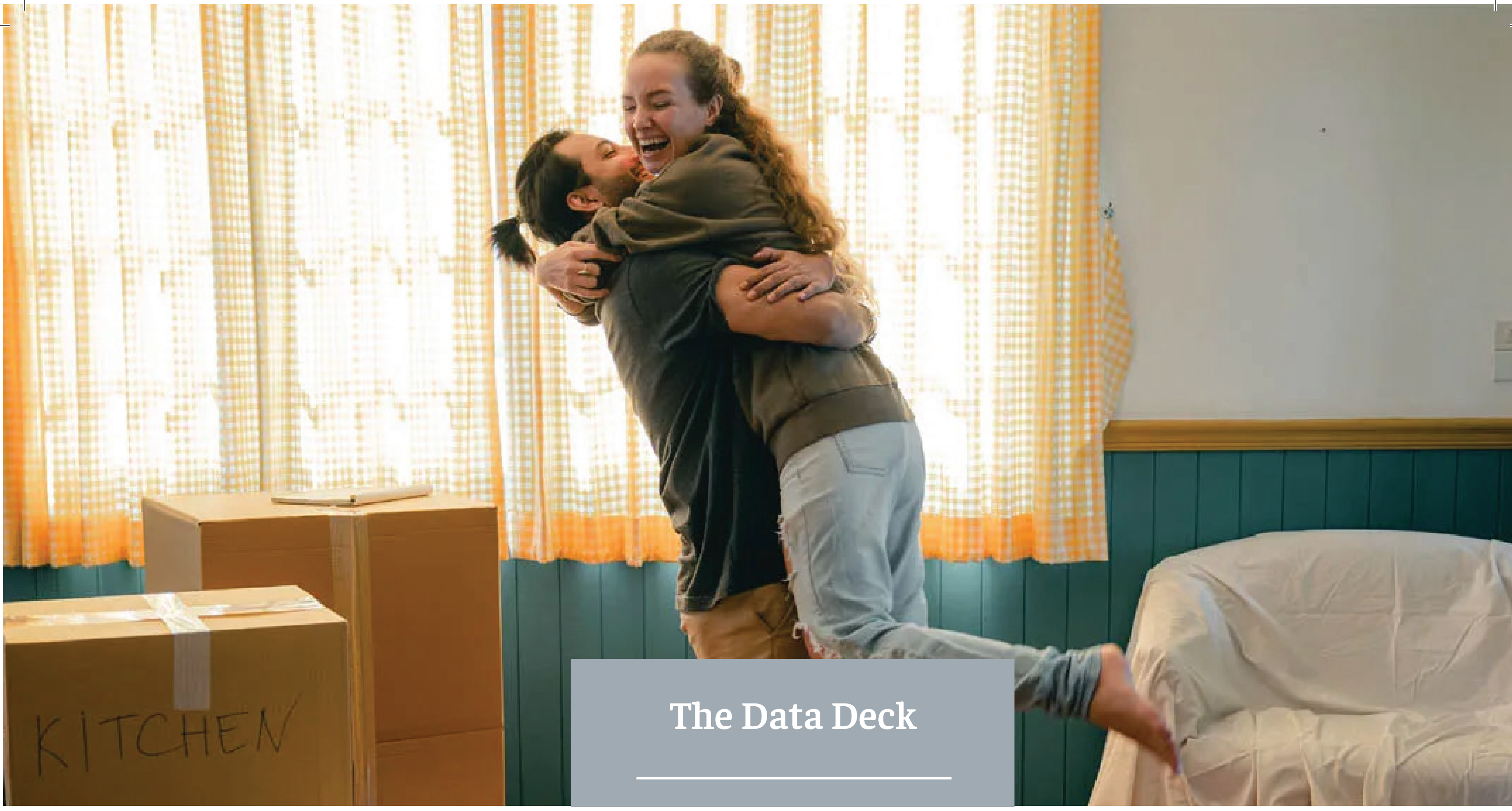
The suburb covers over 220 square kilometres and most of that space is national park. Much of the population and commercial activity are centred along the coastline – particularly where Marmion Avenue meets Yanchep Beach Road.

Yanchep facilities include a shopping centre, specialty retail and some industrial development. Schooling is delivered by two primary campuses and one secondary facility. Roads are the primary transport option out of town, with a bus trip to Perth taking around one hour.

Demographically, Yanchep is dominated by family households, most comprising two parents with children. This household type is typical of areas where residents are less transient which boosts the community foundation of the suburb. The percentage of home ownership also exceeds the Western Australian average, which is a positive for investors looking forward to long-term capital gains.

The median house price in Yanchep is $459,500 – an increase of 8.1 per cent over the past 12 months. The median house rent is $450 per week. This reflects a 21.6 per cent increase from just one year ago. The median gross yield based on the above figures is an impressive 5.1 per cent and the rental vacancy rate is an extremely tight 0.3 per cent. That incredibly low figure tells us tenant demand vastly outstrips supply and should fuel rent increases for some time yet.

Yanchep is yet another regional coastal location that enjoyed a surge of popularity during the pandemic. That said, its appeal will continue, with the right fundamentals for those looking to escape the big city but remain within a commutable distance of a capital.



The Data Deck

Australian Property Clock

JULY 2022

Our research and acquisitions team use data and analytics to identify the nation's next property hotspots, keeping our clients ahead of the market.

Brisbane CBD
Canberra
Geelong
Ballarat
Outer West Melbourne
Bendigo
Sunshine Coast
Outer West Brisbane
South Brisbane
Gold Coast

Hobart
Launceston

Sydney CBD
Sydney - Outer West & South West
Newcastle
Coffs Harbour

Gippsland
Shepparton
Adelaide - North West
Perth - South West
Albury
Perth CBD
Toowoomba
Gladstone

Townsville
Cairns
Darwin

Melbourne - Outer South East & Northern

Melbourne CBD
Melbourne Southbank
Adelaide South West

Please note: Property Clock positions are based on the subjective opinion of our highly informed Accrue team. They are not based on a defined algorithm or specific data points.

Data Deck

Accrue is presented with over 3,000 property options each year.

Based on a comprehensive analysis of a range of criteria, we narrow this pool down to less than 30 per cent which we consider worthy of presentation to our members.

CORELOGIC HEDONIC HOME VALUE INDEX

CoreLogic's analysis to the 1st July illustrates the softening market. Quarterly outcomes for Sydney, Melbourne and Hobart have moved into the negative. This has been reflected in National home values too. Despite this, figures remain overwhelmingly positive as compared to 12-months ago.

Index results as at 30 June, 2022	Change in dwelling values				Source: CoreLogic
	Month	Quarter	Annual	Total return	Median value
Sydney	-1.6%	-2.8%	5.9%	7.8%	$1,110,660
Melbourne	-1.1%	-1.8%	3.1%	6.0%	$798,198
Brisbane	0.1%	2.7%	25.6%	30.0%	$784,826
Adelaide	1.3%	5.1%	25.7%	30.1%	$642,470
Perth	0.4%	2.1%	5.8%	10.4%	$558,644
Hobart	-0.2%	-0.1%	13.7%	17.9%	$735,936
Darwin	0.9%	2.3%	6.5%	13.1%	$509,833
Canberra	0.3%	1.5%	16.3%	20.9%	$937,568
Combined capitals	-0.8%	-0.8%	8.7%	11.3%	$826,662
Combined regional	0.1%	2.0%	19.9%	24.2%	$600,442
National	-0.6%	-0.2%	11.2%	14.0%	$752,110

VALUE CHANGE BY HOUSING TYPE – CAPITAL CITIES

A further breakdown of this 12-month CoreLogic data reveals houses continue to outperform units in all cities apart from Hobart.

Australian home value index – monthly values, Capital city regions, month ending June 2022
Australia only

		Home value index change in value (year-on-year)	Median value (property)	Median rental value (per week)
Houses	Sydney	6.8%	$1,382,631	$650
	Melbourne	3.5%	$975,850	$460
	Brisbane	27.4%	$892,133	$530
	Perth	6.2%	$585,114	$500
	Adelaide	27.4%	$699,251	$485
	Hobart	13.6%	$796,863	$550
	ACT	15.8%	$1,065,317	$700
	Darwin	5.1%	$588,928	$600
Units	Sydney	3.5%	$821,150	$530
	Melbourne	2.2%	$623,249	$420
	Brisbane	15.8%	$501,074	$450
	Perth	2.8%	$412,149	$450
	Adelaide	15.1%	$423,708	$400
	Hobart	13.7%	$583,443	$450
	ACT	18.3%	$629,531	$560
	Darwin	9.2%	$378,325	$485

Australian home value index – monthly values, Rest of state regions, month ending June 2022
Australia only

		Home value index change in value (year-on-year)	Median value (property)	Median rental value (per week)
Houses	Rest of NSW	21.9%	$781,147	$520
	Rest of Vic	15.6%	$633,935	$430
	Rest of Qld	21.7%	$568,647	$500
	Rest of WA	8.9%	$419,281	$490
	Rest of SA	22.9%	$346,365	$350
	Rest of Tas	21.6%	$559,360	$430
	Rest of NT	3.4%	$456,754	$530
Units	Rest of NSW	15.4%	$595,067	$425
	Rest of Vic	12.6%	$415,886	$350
	Rest of Qld	22.4%	$552,734	$420
	Rest of WA	8.1%	$252,418	$425
	Rest of SA	11.1%	$234,303	$270
	Rest of Tas	26.2%	$418,717	$350
	Rest of NT	8.4%	$301,319	$400

Source: Housingdata.gov.au

VALUE CHANGE BY HOUSING TYPE – REST OF STATE

This data demonstrates house prices changes outside of capital city statistics. The capital city results were mirrored in the rest-of-state figures where houses again outperformed units over the year, except in Tasmania.

SHARES VS. PROPERTY

This chart allows us to compare share market performance to property market over the past year. The ASX 200 recorded an 8.42 per cent increase to 6th April 2022. Given the Hedonic Home Value Index (above) reflected an 18.2 per cent change in property values over the same period, it's obvious smart investors are buying defensive assets like property.

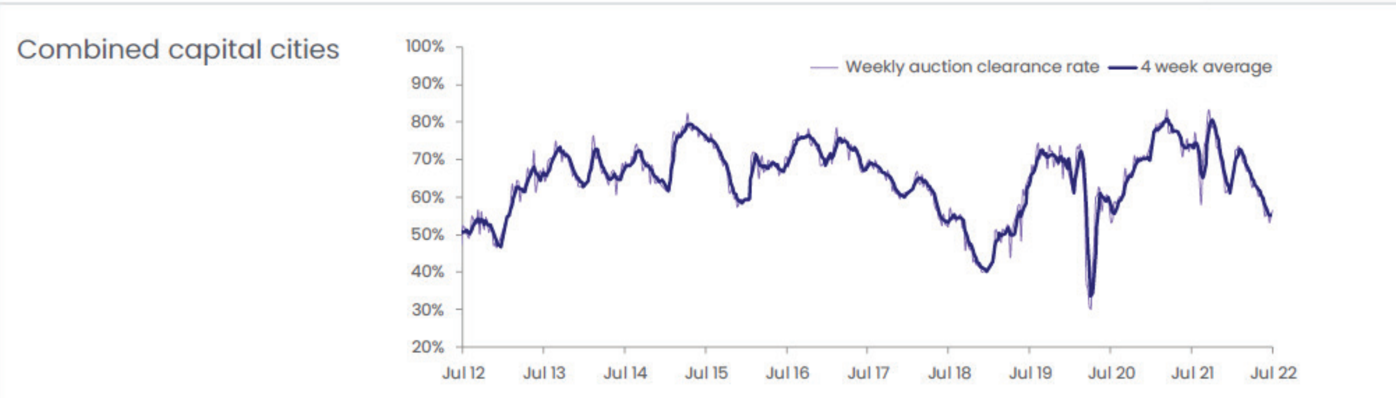
S&P/ASX 200 Source: Google Finance

AUCTION CLEARANCE RATES

Corelogic data to 17th July revealed the combined capital city auction clearance rate 4-week average figure has continued to fall this year. This downturn in auction clearances was across the board, not just in Sydney and Melbourne.

The second table shows capital city auction clearances for the week ending 17th July are mostly sub-60 per cent. Sydney, and Melbourne are both tracking well below their previous peaks around the 70% to 80% range.

Weekly clearance rates



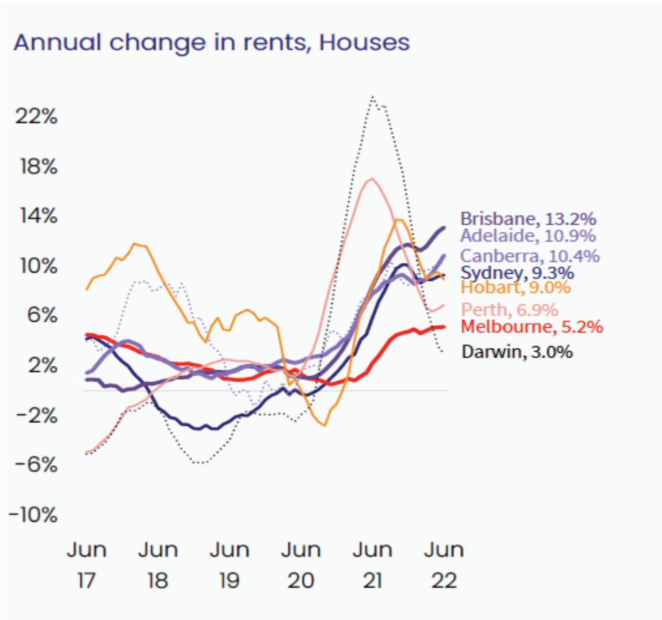
Capital City Auction Statistics (Preliminary)

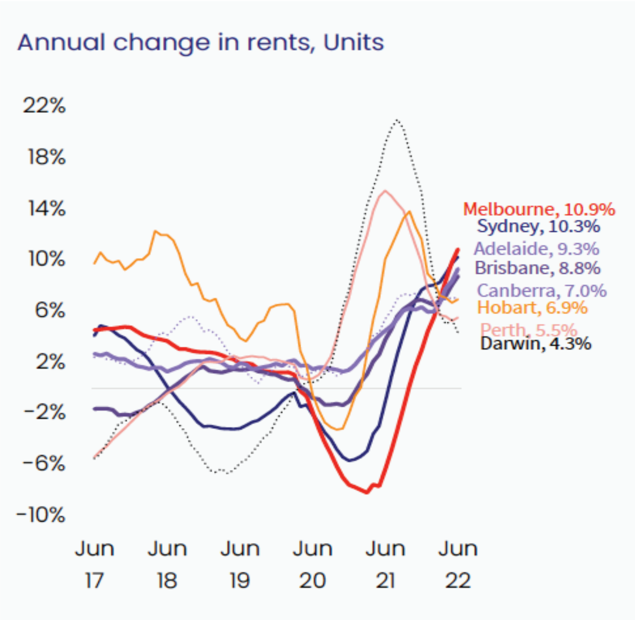
City	Clearance rate	Total auctions	CoreLogic auction results	Cleared auctions	Uncleared auctions
Sydney	56.9%	639	506	288	218
Melbourne	55.6%	656	538	299	239
Brisbane	44.8%	155	96	43	53
Adelaide	69.7%	124	76	53	23
Perth	n.a.	9	7	1	6
Tasmania	n.a.	0	0	0	0
Canberra	64.5%	84	62	40	22
Weighted Average	**56.4%**	**1,667**	**1,285**	**724**	**561**

Source: Corelogic

RENTAL MARKET PERFORMANCE

CoreLogic's numbers show that rents increased nationally 0.9% in June which took the annual growth rate to 9.5% – the highest growth rate since December 2020.





Source: CoreLogic

PROPERTY LISTINGS

SQM Research data to the end of June 2022 revealed monthly property listing numbers have fallen 6.2% over the past year. This normally indicates the market is tightening, with vendors perhaps holding off listing until interest rate jitters ease. Interestingly, listing numbers rose in Sydney where some vendors are looking to offload in fear of further price falls.

Total Property Listings

City	June 2022 Total	May 2022 Total	June 2021 Total	Monthly change %	Yearly change %
Sydney	29,761	29,920	26,788	-0.5%	11.1%
Melbourne	35,191	36,529	35,900	-3.7%	-2.0%
Brisbane	18,635	18,313	22,579	1.8%	-17.5%
Perth	21,341	21,809	21,539	-2.1%	-0.9%
Adelaide	9,035	9,397	11,377	-3.9%	-20.6%
Canberra	2,656	2,664	2,897	-0.3%	-8.3%
Darwin	1,649	1,617	1,595	2.0%	3.4%
Hobart	1,602	1,538	1,206	4.2%	32.8%
National	**221,572**	**223,859**	**236,218**	**-1.0%**	**-6.2%**

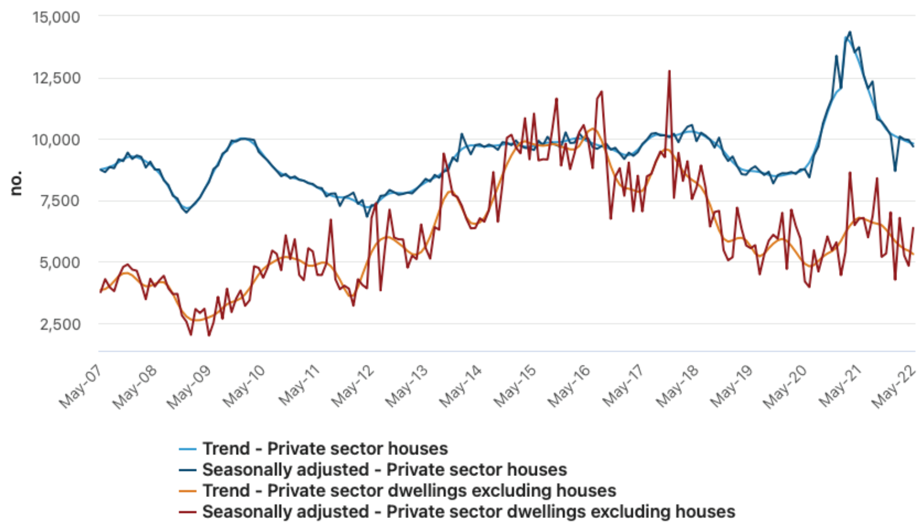
Source: SQM Research

BUILDING APPROVALS

Building approvals help inform experts on the supply vs demand balance. Suburb-level approvals are most useful, however the ABS are reporting that national total dwelling approvals rose 9.9% seasonally adjusted in May 2022. The ABS said the result was driven mostly by non-house approvals which rose 32% in the month.

Dwellings approved, by building type (a)

Source: ABS



VACANCY RATES

Low vacancy rates indicate a market where demand for rentals outstrips the available supply of rental housing. SQM Research have released data showing the national residential property rental vacancy rate sits at just 1.0 per cent, down from 1.7 per cent last year.

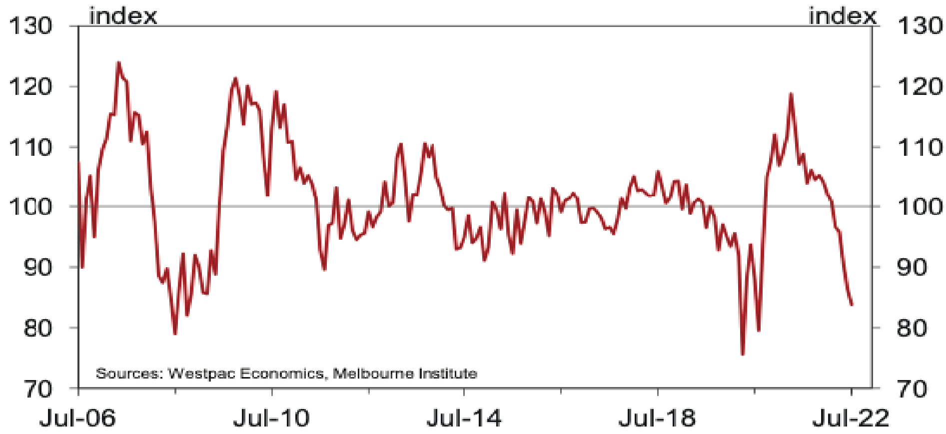
Vacancy Rates - June 2022

City	Jun 2021 Vacancies	Jun 2021 Vacancy Rate	May 2022 Vacancies	May 2022 Vacancy Rate	Jun 2022 Vacancies	Jun 2022 Vacancy Rate
Sydney	21,159	2.8%	11,914	1.5%	12,417	1.6%
Melbourne	21,992	3.5%	11,370	1.7%	10,966	1.7%
Brisbane	4,520	1.3%	2,403	0.7%	2,279	0.6%
Perth	2,015	0.9%	1,391	0.6%	1,331	0.6%
Adelaide	1,299	0.6%	710	0.3%	750	0.4%
Canberra	492	0.7%	514	0.7%	577	0.8%
Darwin	149	0.4%	181	0.5%	175	0.5%
Hobart	140	0.4%	130	0.4%	186	0.6%
National	**60,468**	**1.7%**	**36,478**	**1.0%**	**37,049**	**1.0%**

Source: SQM Research

CONSUMER SENTIMENT

Consumer sentiment delivers a 'temperature check' on the perceived economic strength of the nation. Positive confidence bodes well for property markets. The most recent chart shows confidence has fallen sharply again in July with interest rate fears fuelling the downturn.



POPULATION MOVEMENT

Total population change and net interstate migration figures are lead indicators in house price movement. Those jurisdictions with increasing population often enjoy more buoyant property prices. Net interstate migration is an even more telling statistic. This helps identify where people are moving from and where they're going to.

In both tables the clear beneficiary of population growth throughout 2021 was Queensland with residents moving from New South Wales and Victoria to the Sunshine State.

	Population at 31 Dec 2021 ('000)	Change over previous year ('000)	Change over previous year (%)
New South Wales	8095.4	11.2	0.1
Victoria	6559.9	-3.5	-0.1
Queensland	5265.0	73.7	1.4
South Australia	1806.6	9.6	0.5
Western Australia	2762.2	30.5	1.1
Tasmania	569.8	4.3	0.8
Northern Territory	249.3	0.2	0.1
Australian Capital Territory	453.3	1.9	0.4
Australia (a)	25766.6	128.0	0.5

Source: www.abs.gov.au

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT
Interstate arrivals	111,050	89,756	145,981	33,413	44,218	16,421	17,998	25,106
Interstate departures	146,387	109,142	95,819	32,433	34,930	16,907	21,418	26,907
Net interstate migration	-35,337	-19,386	50,162	980	9,288	-486	-3,420	-1,801

Drummond Street Services

Live Wires
Drummond St Services

The popular after-school life skills program for primary-aged children on the Collingwood Housing Estate

Community

Live Wires

The popular after-school life skills program for primary aged children on the Collingwood Housing Estate

The children are as energetic as ever and we currently have between 20 and 28 primary schoolers attending every Wednesday and Thursday afternoon.

This program has been supporting and engaging children for 15 years and has never been more important in terms of bringing families back into contact and supporting children through the many lockdowns. It has been concerning to see the dip in the mental health of the children, their older siblings, and families during Covid and we have had to refer nine of them for extra support recently.

Some of the first participants have now matured and gone onto peer and leadership positions in community organisations or work at Drummond Street Services and now want to give back. We are employing people from the public housing estate community who speak Arabic, Amharic and Mandarin which the children appreciate.

LIVE WIRES works to support children's development and encourage school engagement, give them a break from family and promote positive social skills. LIVE WIRES run 3-6pm Wednesday and Thursday. There are also activities during the School Holidays. Typically, one BIG DAY excursion per week. (Ice skating for the day recently) and one activity on the estate per week. (We had a massive circus skills workshop, a picnic and games).

LIVE WIRES is a place-based, unique community development program. That means we customise the program with the community to suit their unique needs. Over the last 12 months there has been a noticeable shift in the life skills and resilience of the children. They have some positive role models within the staff group, to support their parents' teaching of life skills and respectful relationships.

The program has three regular paid staff members, and usually students and volunteers to help as well.

During Covid we have had to have extra casuals on because it was necessary to split the group and ensure some social distancing. We also had many staff off sick and needed to

Live Wires
Drummond St Services

replace them quickly. If we had not had the funding support from Accrue we wouldn't have been able to continue to run the program through such a difficult time. Even in the hard lockdowns we had online quizzes, games and song writing sessions with the children to keep them upbeat. We dropped off care packs, family food and hand sanitiser/masks and in-language information about vaccination.

The program over the last year has also provided children with opportunities to learn about life skills like:

- Respectful communication
- Healthy eating
- Looking after the earth, sustainability
- Ethics and citizenship
- Social competencies
- Co operation with peers
- Emotional regulation and problem solving
- Help seeking
- Peer leadership
- Artistic outlets
- Recreational and sports activities

LIVE WIRES also uses play-based approaches to support the children's numeracy and literacy and encourages curiosity and problem solving. For some children who have experienced trauma, the program provides a consistent supportive base on which to rebuild their confidence in communicating and seeking help from the adults in their world. It is heartening to see some of the children move up to the drum youth services with the older cohort and new younger ones arrive, usually encouraged by word of mouth on the estate.

Drummond Street Services is very grateful to be partnering with Accrue Real Estate whose funding has significantly strengthened the program (which previously was running on a shoestring, unfunded for 3 years). Through this generous funding we can continue to support these children by providing them with safe opportunities to learn, laugh and play in their diverse community, and spend time with additional positive adult role models (outside their family) on a regular basis.

Thank you to the wonderful staff, volunteers and students who work with the community to make LIVE WIRES a success. Thank you to our funders Accrue Real estate.

Accrue Real Estate

46 641 781 624

T: Melbourne (03) 9696 0085
Brisbane (07) 3088 7932

F: (03) 9696 0075

E: info@accruerealestate.com.au

Mail: P.O. Box 416,
South Melbourne, VIC 3205

Office: Melbourne 69 York Street,
South Melbourne, VIC 3205

Brisbane Suite 20 /138 Juliette St
Greenslopes, QLD 4120

Sydney Level 2, Pymble Place,
25 Ryde Road
Pymble, NSW 2073