ACCRUE

REAL ESTATE

CREATING A WINNING INVESTMENT STRATEGY

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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 is committed to:

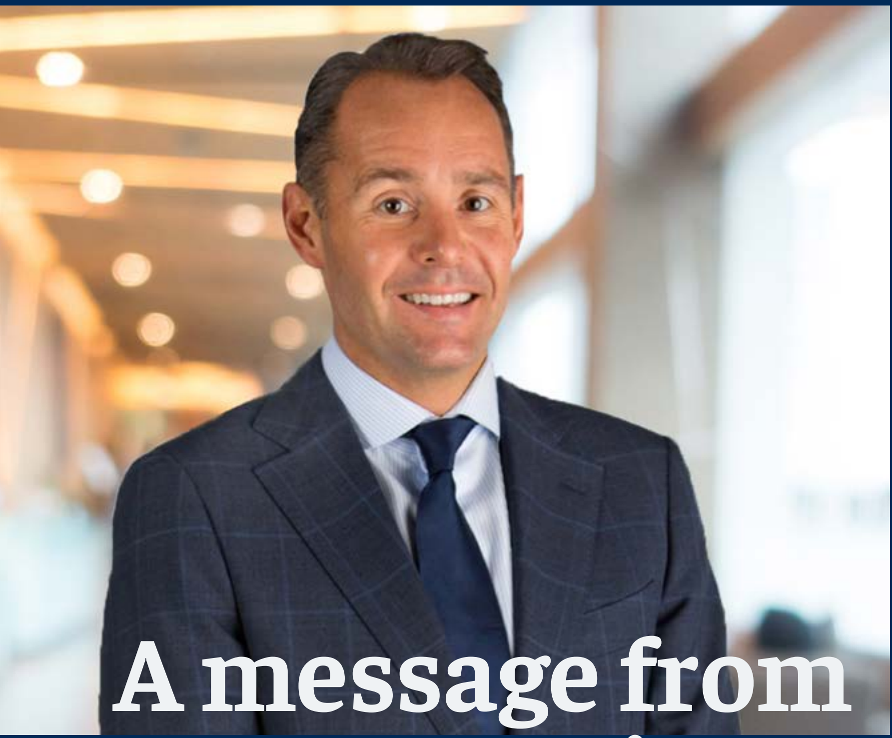
- Providing a financial contribution directly to Drummond Street;
- Establishing a staff volunteer program to provide direct assistance to the charity.

Drummond Street's mission to promote wellbeing 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

I've been watching property markets move through different phases of stability and opportunity over the past three years.

It's always startling how reactionary some commentators are about the things driving confidence in real estate. Interest rates rise and they sound doom and gloom... until borders reopen and it's all sunshine and positivity.

In truth, smart property investing is a long-term prospect. As such, investors who benefit most are the ones who track the bigger picture while keeping an eye on the distant horizon.

They are looking for windows of opportunity when assets with exceptional potential for price and rental growth are good buying... which just happens to be the case right now.

This month, we've introduced a powerful new tool to our data set; – the Australian Property Cycle which you can find on page 11. By drawing on the combined wisdom of our team, we can easily identify the phase where market sentiment sits.

At present, it's a positive story for smart investors. Our analytics indicate we are entering a very exciting period for buying. Rising rents and the first inklings of increasing confidence are the precursors to capital gains. This describes a prime time for investing to enjoy all the benefits a long-term cycle has to offer.

Of course, understanding where we are in the market is only part of the story. Strategic asset acquisition is crucial for any investor building an exceptional portfolio and that's exactly what we explore in this issue's cover story. The article walks you through the metrics that should guide investors on not only when to buy, but also what to buy. It's an important piece of the puzzle far too many people ignore when choosing to participate in the market.

We also chat with two hugely successful Accrue members. Leigh and Don's original ambition was simply to pay off their mortgage. After working with our team, they've now created a $2.8 million portfolio which generated $840,000 in equity in just four years – and they didn't have to give up the things they love to do it!

There are also another four Aussie investment hotspots to dig into, along with our regular pages of data deck which is full of useful, informative intel.

As I see it, those who act while others sit idle yield the greatest rewards. So long as you're relying on the right advice and remain strategic in your approach, the risks can be minimised and the benefits boosted.

Please enjoy our winter 2023 edition of Accrue magazine. We look forward to being a part of your investment journey.

JASON NEVINS
Managing Director

Creating a winning investment strategy

JASON NEVINS
Managing Director

Property investors may have been feeling a touch uneasy over recent months with reports of so much uncertainty, but there's a way to beat the market, and it's all about the nuances.

There's no denying the swings and roundabouts seasoned Australian property investors deal with. Let's start with a recent history of "the market" – a term I've put in quotation marks for reasons that will become apparent.

What was expected to be a tough run in the wake of the pandemic in 2020 turned out to be a prime opportunity. Those who did purchase at the start of lockdowns may have felt they were taking a gamble, but it paid handsome dividends.

Steady activity as we passed through the end of that year ramped up mightily in 2021 to boom levels. Fuelled by high household savings, low interest rates and government stimulus, real estate became the go-to sector. Capital cities and regional centres alike enjoyed double-digit value gains and strong tenant demand.

Of course, even a seasoned investor knows that cycles shift in the property market and that consolidation came the following year. 2022 saw the RBA switch gears in May and start to increase the cash rate. Inflation was up and our central bank was keen to slow it back into the target range.

The property market response was notable. Those owners compelled to sell for whatever reason needed to readjust their thinking on list price compared to 2021. For others, it was a case of sitting still and watching. Tighter listings helped keep prices firm in many good locations much to the surprise of some buyers. Some purchasers may have been thinking a crash was coming and there would be great opportunities to acquire at a discount. Unfortunately for those pessimistic buyers, this didn't eventuate. The correction was only marginal and in many states and suburbs, the market actually continued to gain momentum.

> **THERE'S NO SUCH THING AS "THE AUSTRALIAN PROPERTY MARKET."**

So, what's happening now as we approach the midpoint of 2023?

Well, the pause on interest rate rises in April gave buyers confidence and the first whiff of a turnaround has wafted through. CoreLogic data to 30 April shows that across the combined capitals, values rose 0.7 per cent for the month. Although there was a May increase in interest rates, many economists believe this will be the last rise we'll see for this cycle.

While this is a good outcome for those who've been waiting for the market to pivot, I also think there's something else to be learned when you dig below

ACCRUE MEMBER INVESTMENTS - OUTPERFORMING THE MARKET

Location	Year purchased	Purchase Price	Current Value	Rent PW	Capital Growth PA	Rental Yield	Ave Annual Returns
Ballarat, VIC	2019	$422,000	$620,000	$ 460	11.73%	5.67%	17.40%
Walloon, QLD	2020	$425,000	$610,000	$ 550	14.51%	6.73%	21.24%
Beaudesert, QLD	2021	$310,000	$420,000	$ 350	17.74%	5.87%	23.61%
Pimpama, QLD	2021	$420,000	$580,000	$ 575	19.05%	7.12%	26.17%
Andrews Farm, SA	2020	$360,000	$525,000	$ 450	15.28%	6.50%	21.78%
Springfield, QLD	2021	$430,000	$550,000	$ 520	13.95%	6.29%	20.24%
Deanside, VIC	2021	$530,000	$640,000	$ 460	10.38%	4.51%	14.89%
Maddingly, VIC	2021	$480,000	$550,000	$ 420	7.29%	4.55%	11.84%
Bannockburn, Qld	2021	$380,000	$495,000	$ 440	15.13%	6.02%	21.15%

Source: Accrue

the surface of those headline numbers, and it's this...

There's no such thing as "the Australian property market."

Our nation is a complex tapestry of property markets. The performance of real estate in terms of value gains and rental returns is as varied as the country's landscape. While some property assets may be suffering, others are thriving.

To illustrate the point, I've compiled a few examples in the table above of returns we've helped our members generate over this same topsy-turvy period.

As you can see, the results are incredibly striking with annual returns well into the double digits. Smart property investors are outperforming not only other property markets, but alternative investments too.

What's important is to firstly understand the general temperature of the property landscape via the macro drivers before digging into the micro data around property selection.

MACRO FACTORS

These drivers are those big, broad influencers which push overall sentiment one way or the other. The good news is that as we venture further into 2023, these macro drivers are positive.

Let's explore three facets that will help drive confidence in our property markets.

▶ Interest rates and inflation

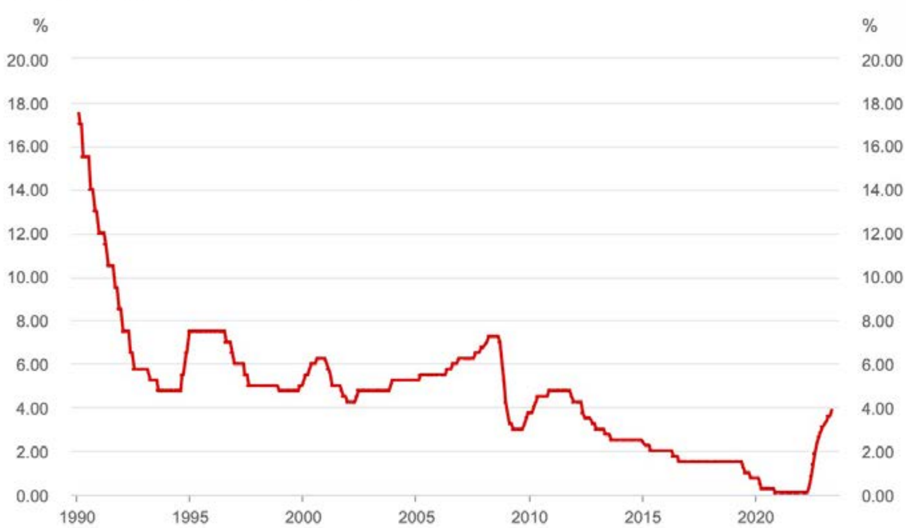
So, why do I feel optimistic about the future of interest rate movements?

Let's start with the cash rate chart from the RBA (see below).

This chart describes how the cash rate has shifted since 1990. As you can see, interest rates have risen from a 0.1 per cent record low in May 2022 to 3.6 per cent by March 2023. That's a significant impost on borrowers to be sure.

But the pause in April is telegraphing that we are approaching the top of the current cycle. Yes, there was another increase in May to combat inflation sitting well above the RBA's target of two to three per cent, but the CPI is heading in the right direction.

Graph of the Cash Rate Target



Source: RBA

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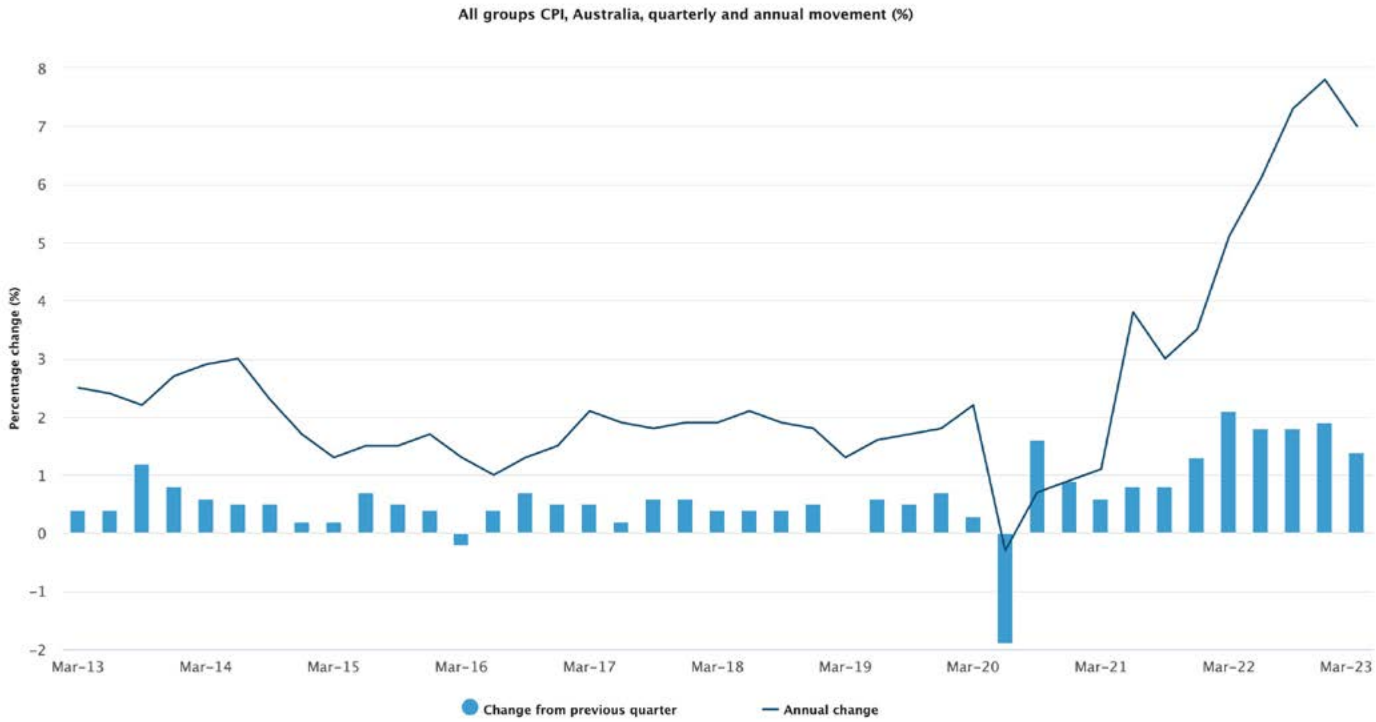

Source: Australian Bureau of Statistics

The annual inflation rate fell from a high of 7.8 per cent in the December Quarter 2022 to seven per cent for the March Quarter 2023 (chart above).

As in all things economics, the trend is your friend.

The consensus among almost every analyst is that we are either at, or very near, the peak cash rate – a factor that will deliver more confidence to buyers.

▶ Immigration

At present, we are dealing with already tight rental markets. You only need to look at any major metropolitan newspaper to read about long lines at open homes for rentals and fast-rising rents.

There is a myriad of reasons why we're in this position – many of them as a result of political posturing – but I'm confident rental returns will remain strong for some time to come and the big reason for that is immigration.

The number of new arrivals coming to Australia post-pandemic is already at fever pitch, but we're about to see that figure skyrocket further.

At the Jobs and Skills Summit in September 2022, the Prime Minister announced an increase in the skills and family immigration intake to 195,000 a year. In addition, the federal government looked to increase the intake of other migrants such as students and travellers. All this to bring much needed workers to our shores. The government estimated we'd have an additional 200,000 people coming to Australia.

But it's been much bigger than that.

Treasury revealed via updated forecasts in April that it expects net overseas migration to reach 400,000 this financial year and 315,000 in 2023/24. That's a huge jump on predictions in the October budget, which were for net overseas migration of 235,000 this financial year.

So, we can expect a wave of new arrivals right at the time when most major centres have a rental vacancy rate hovering around one per cent.

Anyone holding rental property will see even more demand for their assets from both tenants and eventual buyers.

▶ Price leaders

Some of the most impressive and desirable housing in the nation continues to achieve outstanding sales results, despite all the doom-and-gloom headlines.

Properties at these price points which sit above $5 million in most markets, and over $10 million in Sydney, are selling.

"Amity" (source: Domain)

Deep-pocketed purchasers led by wealthy locals, expats and overseas interests are causing record-breaking results.

A great example is the sale of Amity at 101 Welsby Street, New Farm in Brisbane which achieved $20.5 million in April – the single highest price ever paid for a residential property in that city.

This special piece of real estate offered a beautiful colonial home on over 2000 square metres of riverfront land in the heart of one of the capital's most desirable suburbs. The home was bought by an interstate purchaser who had been on the hunt with a local buyer's agent for some time.

So why should everyday investors care about very wealthy homebuyers? Well, it's because this sector is often a bellwether of future market direction. Prestige buyers often don't care about interest rate rises and cost-of-living problems. They have access to funds and can act purely on sentiment. They are also savvy operators. These buyers aren't going to make a major purchase now if they think it will be cheaper later.

The upper end can be a beacon of confidence for all buyers and it's saying that right now is a good time to purchase real estate.

STRATEGIC ASSET SELECTION

So, we can see there are some good things on the horizon, but smart property investors don't look to achieve the same results as everybody else. No – they want to outperform the average and that's where micro-market analysis comes in.

If you can select the best possible options based on the three elements of location, property type and price point, you will do financially better than most other investors.

So how do we as experts analyse markets based on these key selection criteria?

> SELECT THE BEST POSSIBLE OPTIONS BASED ON THE THREE ELEMENTS OF LOCATION, PROPERTY TYPE AND PRICE POINT, YOU WILL DO FINANCIALLY BETTER THAN MOST.

▶ 1. Location

"Location! Location! Location!" is a credo that's rung true for real estate buyers for decades – and it's foundational for investors looking to excel in their returns. By choosing the right location, you have the first important element of exceptional asset selection.

Location is best identified from macro to micro. First up, think about those regions which have the best metrics for success. This is a broad country and there is a lot happening everywhere, so starting with this big-picture view is essential.

As an example, let's look at south-east Queensland. This region has several favourable characteristics.

Firstly, there's relatively affordable housing. This is a good thing because an easy buy-in price means more Aussies can afford to acquire a home or investment there, which feeds into consistent demand for the right types of assets.

Then there is the infrastructure coming down the pipeline. Governments across all tiers are looking to spend big here. It's been reported that the state government alone will invest around $37.5 billion in infrastructure over the next four years – all part of addressing booming population growth and preparing for the 2032 Olympic games. Works will include entertainment and sporting venues such as the Gabba redevelopment and the Queen's Wharf project. Then there are transport builds such as the Cross River Rail and Brisbane Metro. There's also the international attention focused on the region in the lead-up to the Olympics themselves. This will unearth a plethora of opportunities.

Another locational example is the region in and around Perth, Western Australia. Sitting on the far west coast, the region's fortunes have always been reliant on the mining industry. It is central to fortunes. While this sector suffered in the wake of the mining boom, it has come roaring back to life over the past year with resource production returning in force. Demand for workers is huge and, like Brisbane, the Western Australian capital offers relatively affordable housing in comparison to its bigger east-coast counterparts.

So that's regional analysis. Once you have a handle on this, it's time to get down to micro considerations.

Identifying growth corridors within a region is important. You are looking for areas where infrastructure spending and new development is set to attract more residents looking for housing.

For example, there's Brisbane's western growth corridor. New development has seen an explosion of residents which has, in turn, fuelled demand for more and more infrastructure and facilities. We have watched areas such as Ripley, south of Ipswich, gain momentum with property investors reaping the rewards.

Micro-level data points which further enhance a suburb's prospects are the numbers we like to study. Some of the most notable include:

Owner-occupier to tenant ratios – Those suburbs with a higher proportion of owner-occupiers to renters are among the most desirable. Property owners tend to stay in place longer, spend more on upgrading their homes and help develop a strong community fabric, all of which boost an area's property prospects.

Population growth – By studying locations where population growth is on the rise, you can identify where housing demand will continue to increase among both owners and tenants. Benchmarking these against averages elsewhere helps paint the picture. If you purchase at the start of a population boom such as in the early stages of a residential development, you tend to enjoy the most benefits.

Population density – While some growth areas will take time to reach a solid population density, being within reasonable – or commutable – distance of a population centre ensures you have a pool of tenants and future buyers helping drive demand for property.

Demographics – A look at the demographic makeup of an area can pinpoint suburbs where real estate is set to strengthen. Localities where families are a dominant force are great for detached home investors. These are also suburbs where families will need to take on larger houses as they grow too. In addition, facilities and infrastructure — such as schooling and retail – will be drawn to these locations.

In most cases, benchmarking a suburb's metrics against a regional, state or national average can help place them in the ranking of preference for investors.

▶ 2. Property type

Once you have a location, it's time to start digging into what type of property you should buy.

This is a key criteria that many DIY investors fail to appreciate. You can absolutely nail the right location via comprehensive research, but it will all come unstuck if you outlay your hard-earned dollars on the wrong type of property.

My decades of experience have taught me a few things about property selection.

Firstly, you must understand your tenant and homeowner demographics. Look to invest in the types of homes that will appeal to the widest possible group of users. For example, if families are the most dominant tenant type, then select assets

"YOU CAN ABSOLUTELY NAIL THE RIGHT LOCATION VIA COMPREHENSIVE RESEARCH BUT IT WILL ALL COME UNSTUCK IF YOU OUTLAY YOUR HARD-EARNED DOLLARS ON THE WRONG TYPE OF PROPERTY.

that will appeal to them. Often, it's detached homes with adequate bedrooms and bathrooms, as well as covered lockup car accommodation.

You also want to choose low-maintenance options. The less you need to pay for repairs and upkeep, the better. It also means that your tenant is less likely to have to deal with things breaking down too.

If your best asset is attached housing, then choose the right type of construction, layout and fitout in this space as well – but look beyond just those elements. For example, townhouse complexes can be great investment options, but you'll want to select ones where there's strong property management in place. This means a manager who has worked with this particular type of property for some years and can understand how to deal with the personalities that go into resident groups and body corporates.

This leads me to another thing I've discovered.

New construction often delivers appreciable advantages over secondhand or older builds. The reasons are multiple and compelling.

Firstly, new builds – whether attached or detached housing – can be designed to appeal to tenants both now and in the future.

New builds also require less maintenance. In today's markets, it's possible to get great quality features and fittings at very reasonable prices. This means a newly built home can be highly functional, beautiful and relatively inexpensive to produce.

Thirdly – new builds deliver superior depreciation benefits which can boost your tax return come end of financial year. For those who are unaware, investors can claim a certain amount each financial year that recognises that a home's new fittings and features will experience ageing and wear-and-tear over time. A qualified professional can prepare a depreciation report and it can deliver thousands of dollars in tax refund to you as the landlord.

Finally, tenants will pay rental premiums for a new build. Like all of us, tenants enjoy the feel of moving into a brand-new property. A blank canvas that's clean as a whistle and has everything functioning how it should.

Selecting the right type of property for maximum return is crucial and is best achieved with the assistance of an advisor who understands their market and your specific investment needs.

▶ 3. Price point

Price point as a gauge for investment potential is another characteristic that can be missed by some investors. Never forget the end game of any investment strategy is to maximise your returns while mitigating risk – and your buy-in price has an influence on this.

Firstly, price point will be determined by your budgetary strengths and constraints. A full assessment of your financial status at the very start of the process will be essential. By working through your situation with experienced professionals, you can define what funds you'll have at your disposal. Hand in hand will be working with a mortgage broker. There's no getting around the fact that property investment is a function of finance. Determining at what level you can comfortably borrow is key.

Armed with that knowledge, it's time to turn your attention to the options.

As described above, we've applied analysis to decide the best possible locations for purchase. Now we marry property type against price – and here's where we've discovered something interesting.

By diversifying your investments across multiple, more affordable options – as opposed to one expensive property – you can achieve great results with minimal risk.

Let's say we identify a great suburb and have approval from the financier to invest up to $1 million. Now some might be tempted to spend almost all the funds on a high-priced older detached home on a large parcel of land. This is a bad idea for several reasons.

For starters, the gross rental yield on high-priced investments tends to be lower. It will often sit in the two to three per cent range. Lower rent relative to the cost of an investment can make it challenging to service a loan. Also, if for some reason your tenant vacates, it can take weeks to secure a new leaseholder for this type of property. Finally, while property markets are often led from the upper price point, the best gains are made by those in the median priced sphere.

So what happens if you invested that $1 million in, say, two townhouses in the same suburb? You will firstly realise a far better rental yield – often 3.5 to six per cent depending on a range of factors. This helps make repayment to the bank and dealing with ongoing costs very manageable.

But perhaps the best thing is that you are splitting your risk across two assets. If one loses a tenant, the other continues to collect rent. You don't suddenly forgo all your rental income because you aren't relying on just one lease arrangement. In addition, holding two townhouses means if you were confronted by an emergency that meant you had to sell down, you could offload just one asset and retain the other. There is also a much wider pool of renters and eventual buyers for properties at or around the median price point. You have more folk to sell to which usually translates into faster sale periods and even more competition for your home.

It's said that small fish are sweet and that is definitely the case when it comes to property investment. It is far better to build a multi-property portfolio of easily purchased assets in great growth locations than to "put it all on red" and roll the dice on one overpriced, underperforming property.

The secret to exceeding market expectations is strategic investment. If you've been watching "the market" and wondering why some get ahead while others lose their shirts, it's because selective investment is the path to success... but it only works if you act on the right advice and buy the right property in the right location for the right price.

IT'S SAID THAT SMALL FISH ARE SWEET AND THAT IS DEFINITELY THE CASE WHEN IT COMES TO PROPERTY INVESTMENT.

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Australian Property Cycle

We believe that the market is in the eight o'clock range where it's currently experiencing increased rents, growing confidence and price rises.

At Accrue, we recognise the importance of understanding the current stage of the property market cycle to provide our clients with the most relevant and accurate advice. The property cycle, which comprises 12 segments representing different cycle stages, is a valuable tool for assessing market conditions.

Based on our analysis, we believe that the market is in the eight o'clock range where it's currently experiencing increased rents, growing confidence and price rises.

This represents an ideal time for our clients to invest in the property market. Don't do what most people do and wait for the media to hype the market: by this stage, you have lost the advantage of capitalising on the market rebound.

As a trusted partner, Accrue is committed to helping our clients find the perfect investment property to suit their needs and goals. Our team of experts has a deep understanding of the property market and can provide tailored advice and solutions to meet our clients' unique requirements.

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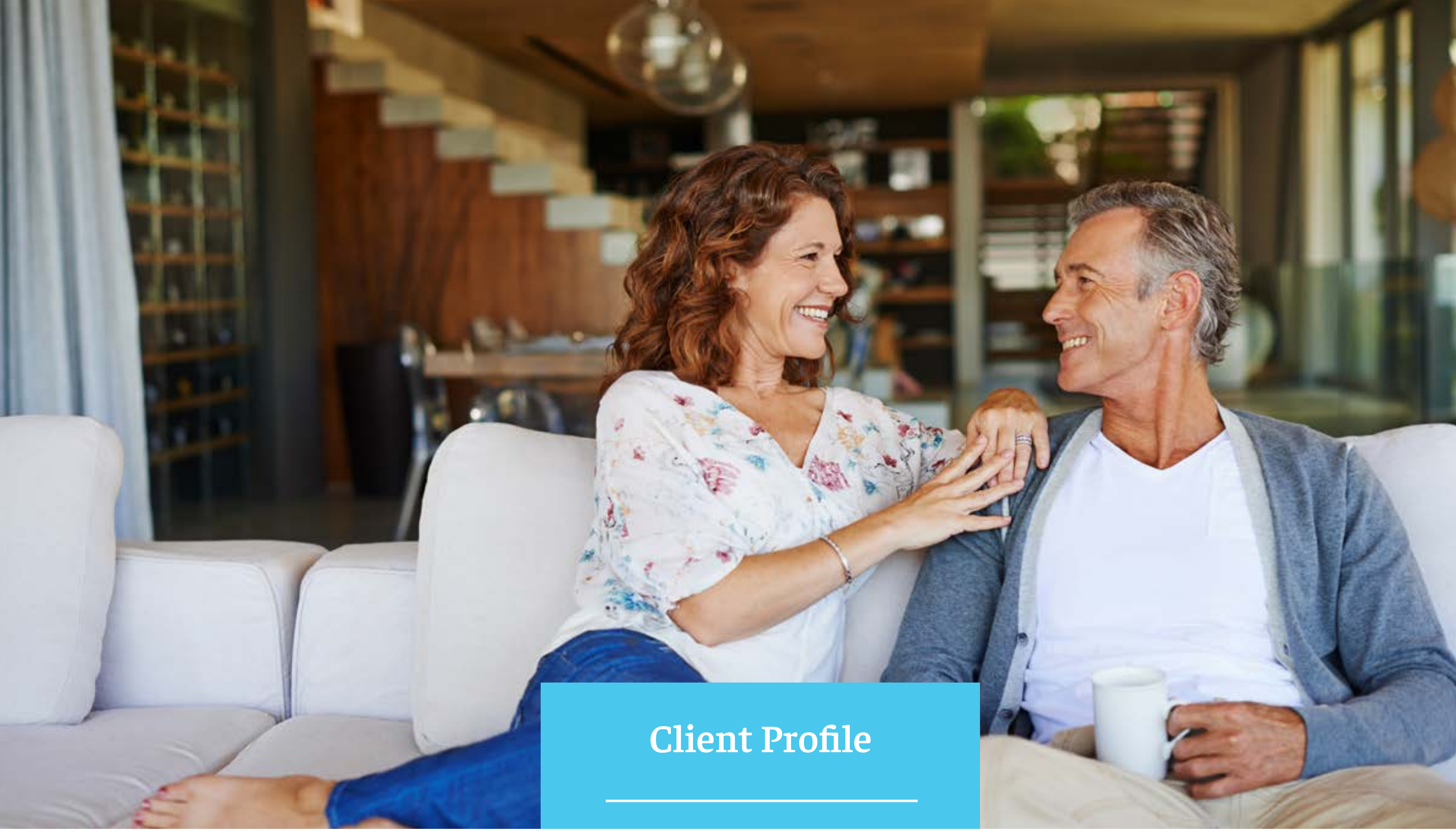
WINTER 2023



Client Profile

Trust in the process

Imagine an equity gain of $840,000 in just four and a half years without compromising on the things you love doing most.

That's exactly what's happened for Don and Leigh who'd never imagined they'd one day own a multi-property portfolio worth almost $3 million.

"Five or six years ago, all I wanted to do was pay down my mortgage and get debt free. We now have four investment properties... and all the debt is tax deductible. It's bloody brilliant!" Don said.

The couple have assets in growth markets across three states. Once construction is completed on their most recent purchase in South Australia, they'll own an impressive $2.775 million in real estate including their own home.

They bought their first investment, a townhouse in Wollert, Victoria, for $443,500 in 2018. Don and Leigh acquired their second property, a townhouse in Queensland just a year later, and then it was a new house-and-land package in Victoria another year after that.

"It almost felt silly not to roll into the second and then the third property... and now the fourth.

"There's security in having multiple properties that not all your eggs are in one basket. So, if the time comes, if things are going bad, we can still sell off one and not be terribly much worse off."

Don said some people don't invest because they're convinced mortgage commitments will mean the end of dinners out and holidays away. But, he said, the reality is completely different if you have the right plan and great support.

"The investment properties haven't had an impact on our lifestyle. None at all! Our lifestyle is exactly the same except we go on holidays now.

> "THE INVESTMENT PROPERTIES HAVEN'T HAD AN IMPACT ON OUR LIFESTYLE. NONE AT ALL!"

"You don't have to do anything to the property. It's rented out, growing in value, and we are just going about our normal lives."

Don said the tax advantages delivered by their portfolio put money back in their pockets come end-of-financial-year too – much more than he and Leigh expected.

"I fully fell off my chair. I was like, 'Wow, that's insane.' The tax benefits were a lot better than what we anticipated."

Of course, getting to where they are today has taken some work and the ability to trust in the process. Not an easy task after one close family member had been stung by going it alone in the real estate market.

"My brother had an investment property in Queensland when that all first went crazy, and everybody was buying up there, and he lost a lot of money on that. He just listened to the hype and thought that that was the way to make money and went in all guns blazing. He thought he could just do it himself.

"Because we worked with Accrue, all the information and research was there. They have a great track record, so we felt really safe and protected."

Don said teaming up with Accrue made everything simple. It was a case of working through the research and having faith in the strategy. All the heavy lifting was done by their Accrue team.

"It was certainly a lot easier than I expected it to be. Every step was explained properly. They (Accrue) had all their financial information ready to go through and show us where we'd be financially if we did it.

"And then all of a sudden, you can be on this path. Just a little bit of good guidance can make all the difference."

The decision to invest can lead to all sorts of challenges around understanding your financial situation and how to manage loan repayments – particularly if you try to go it alone. But by working with an experienced team who explains the process of wise investment, you can come out on top.

"You don't actually realise that spending that little bit of money to get into an investment property can put you so much further ahead.

"YOU DON'T ACTUALLY REALISE THAT SPENDING THAT LITTLE BIT OF MONEY TO GET INTO AN INVESTMENT PROPERTY CAN PUT YOU SO MUCH FURTHER AHEAD."

"We talked through everything – for our finances, there was a specialist there to help us get ourselves sorted. Then Mark (Mark Gilbert, Accrue national sales manager) explained how he researched and shortlisted properties that fit with our particular situation.

"Accrue's people were there every step of the way. And we were kept in the loop during the whole journey. They bring in the right people to help do it all. The finance people are specialists in working with property and the builders all have great reputations.

"We had access to everybody who was involved the whole time. We could ask a question of the right person and always get the right answer."

Don said another benefit of working with experts was being isolated from the stresses of negotiation. All that is taken care of before you are presented with the properties.

"There's no back and forth haggling. Mark comes in and says, 'Okay, these are the prices on these, I've negotiated this price.

"It takes a level of confidence and a bit of a gift of the gab to be able to negotiate for yourself. So having someone doing it for you... (who) has been doing it for a while certainly makes it easier."

Don said he and Leigh are well on the way to a stress-free life when it comes time to slowing down on the work front.

"I'm looking at that (retirement) probably in the next five years.

"I think that's one of the things that people are surprised by as well, when you start looking at property investment, that it's not just about putting a nest egg away. It's about actually creating lots of work flexibility because you don't have to work full time.

"I enjoy my job. I like going to work. But then in saying that, having just come back from a holiday, I like that too. I could really get used to not having to get up and go to work every day."

As you can see, this couple are converts of outsourcing the hard stuff to the experts.

"I think having an attitude of, 'Let's let the professionals do what they do best, both from a finance and a property perspective.' Sometimes a little bit of information can be dangerous if you know what I mean. And you try to do too much yourself and you can think you know more than you do."

Don said that having a new perspective on property investment has put them well ahead of where they would have been otherwise. He said their old plan was simply to pay down their home loans. Now they have an asset base that delivers exponential growth.

"In four and a half years, we probably would have paid $50,000 off each one of those home loans, because that's roughly what you do... we'd be in a net asset position of about $500,000 to $600,000 versus now that we've invested – we are at $1.269 million. Easily double where we would have been in just four years."

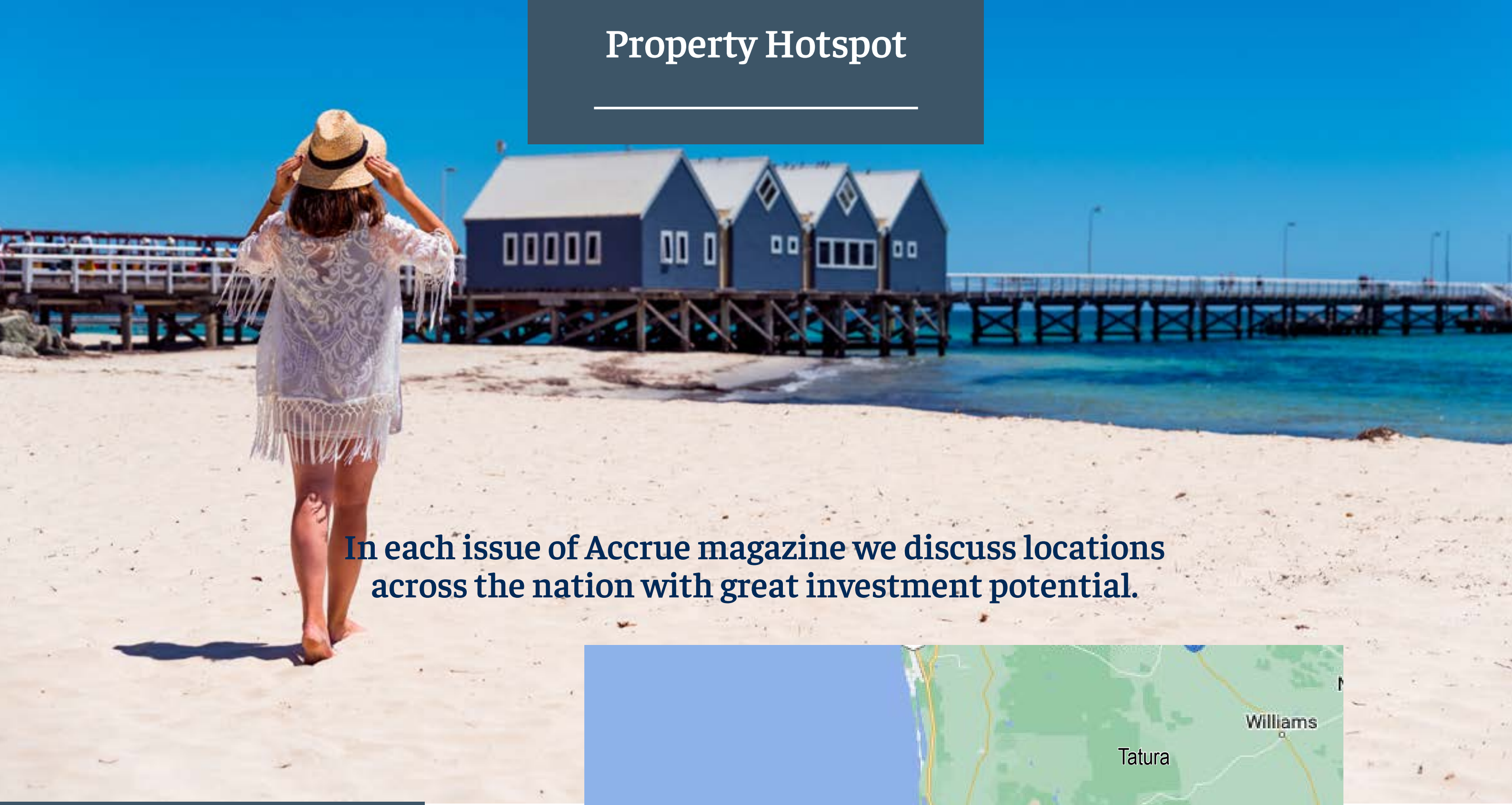
Don said they'd encourage anyone considering property investment to give it a go, so long as they draw on the help of experts.

> I THINK THE OTHER THING TOO, IS LEARNING THAT INVESTMENT NEEDS TO BE DONE WITH YOUR HEAD AND NOT YOUR HEART."

"A lot of people think they can't get into investing because they can't afford what's going on. Around the corner, in their own backyard, the prices are booming. But Mark and his team are looking at properties all around the country.

"I think the other thing too is learning that investment needs to be done with your head and not your heart. When you're investing in growth corridors, your growth potential is exponential. Once all that infrastructure goes in around those properties, it's like 'BOOM!', prices and rental demand ramps up."

ACCRUE REAL ESTATE



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

Busselton

History, coastline and a burgeoning economy – Busselton brings together the best of regional Western Australia.

Positioned approximately 200 kilometres south of Perth and with an Indian Ocean aspect from the shoreline of its sheltered beach, Busselton is as picturesque as it is prosperous.

The region offers residents an enviable lifestyle – there's the iconic Busselton Jetty which stretches two kilometres of shore, culminating at the area's famous Underwater Observatory. Away from the water and outdoor enthusiasts will discover the delights of national parks such as the Coolilup and Tuart State Forests.

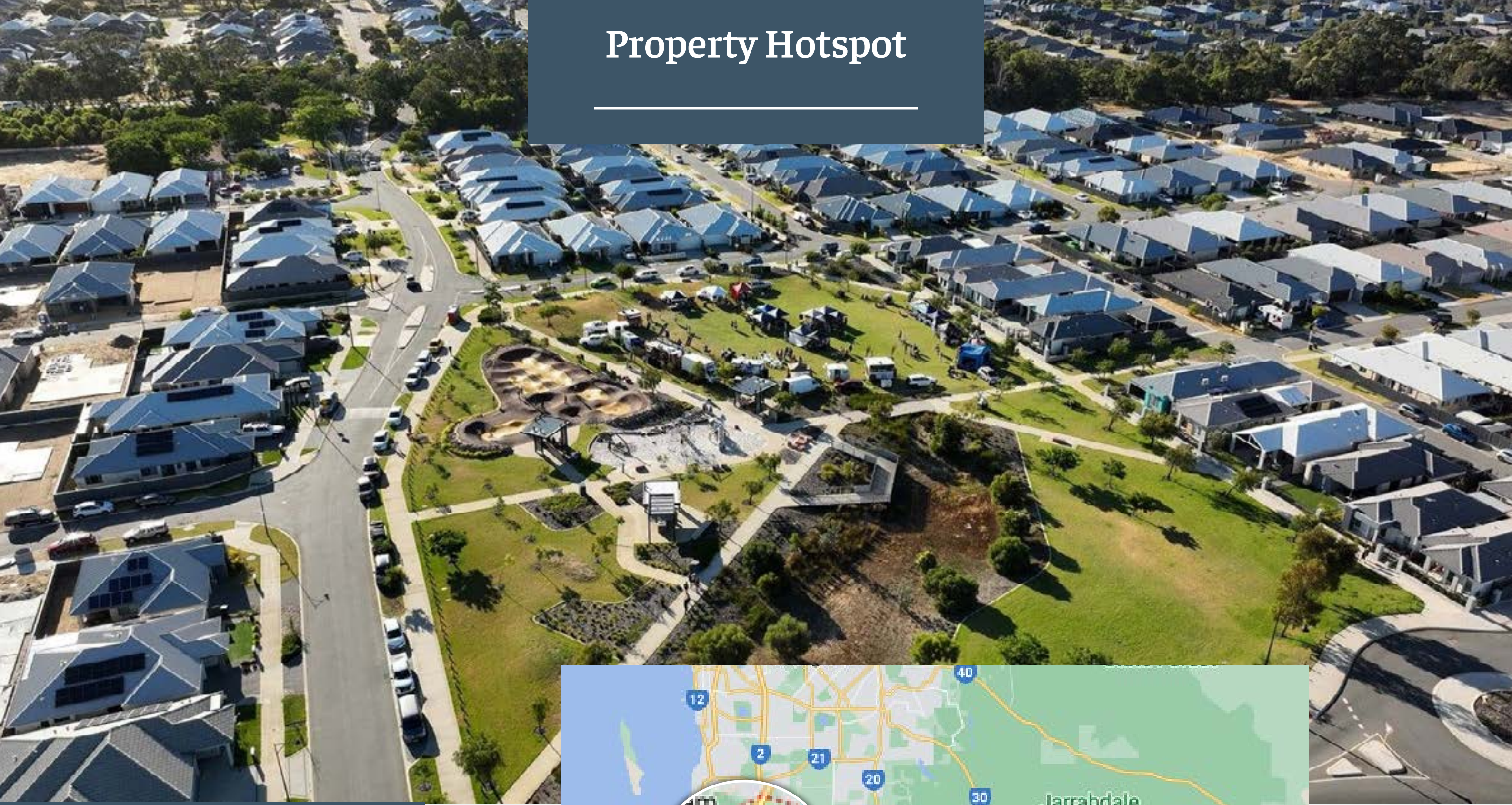
Busselton was one of Western Australia's earliest colonial settlements and established itself as a port and centre of commerce in the 1800s. Today, it's less reliant on agriculture, evolving into a tourism and service industry hub for the wider region.

In the suburb itself, Queen Street serves as the centre of retail activity with a range of outlets. Schooling options include St Mary MacKillop College in West Busselton and Georgiana Molloy Anglican Church in Yalyalup. Busselton Hospital is also in West Busselton

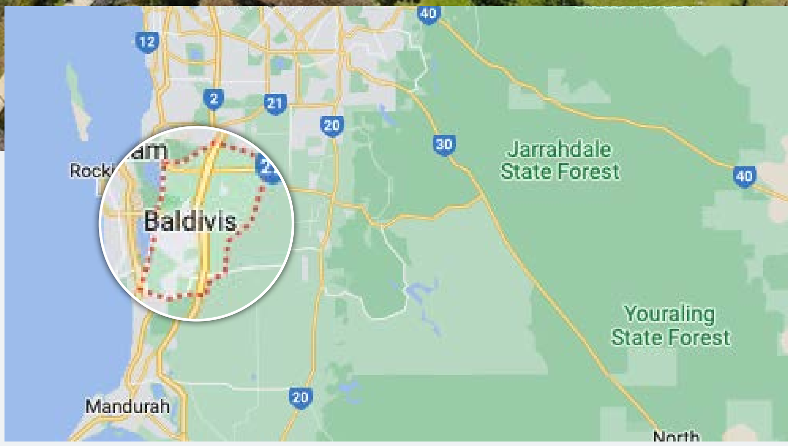
The wider area includes the Busselton Margaret River Airport, while the Bussell Highway is the primary connection to other major centres and the state's capital.

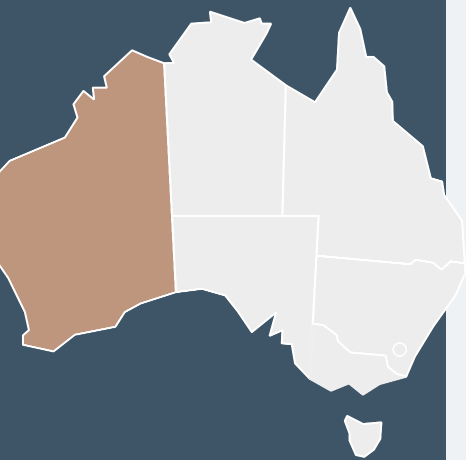
While Busselton is a popular retirement destination, ABS data shows that families make up 70.2 per cent of all households. Almost 70 per cent of housing is owner-occupied which is a great ratio for investors seeking long-term capital gains.

The median house price in Busselton is $620,000 and median rent sits at $600 per week reflecting an impressive gross return of five per cent. New lowset brick-and-tile housing of modern finish and family appeal would be an excellent opportunity for astute investors to profit.



Property Hotspot





Baldivis

Drive 30 minutes south of Perth on the Kwinana Freeway and you'll arrive at the beautiful semi-rural residential community of Baldivis. This is a progressively developing residential area with several housing estates being established throughout the suburb and surrounds since the 1990s.

The area has immediate family appeal. Schools are plentiful with 11 institutions throughout Baldivis including Baldivis Primary School, Mother Teresa Catholic College and Tranby College. There is also a range of local sporting clubs that includes soccer, cricket and AFL, along with nearby Rockingham Golf Club. It's also a short drive along Safety Bay Road to the Rockingham shoreline.

The commute to the Perth CBD is simple with Warnbro Train Station the start of a 17-minute train journey to town. This makes Baldivis a popular spot for city workers seeking a relaxed semi-rural lifestyle. Of course, local buses run throughout the region as well.

Facilities in Baldivis are comprehensive. Baldivis Town Centre on Settlers Avenue is the primary retail area with the sub-regional Baldivis Shopping Centre the focus of activity. A second hub is Baldivis Square where retail, professional services and food outlets can be found.

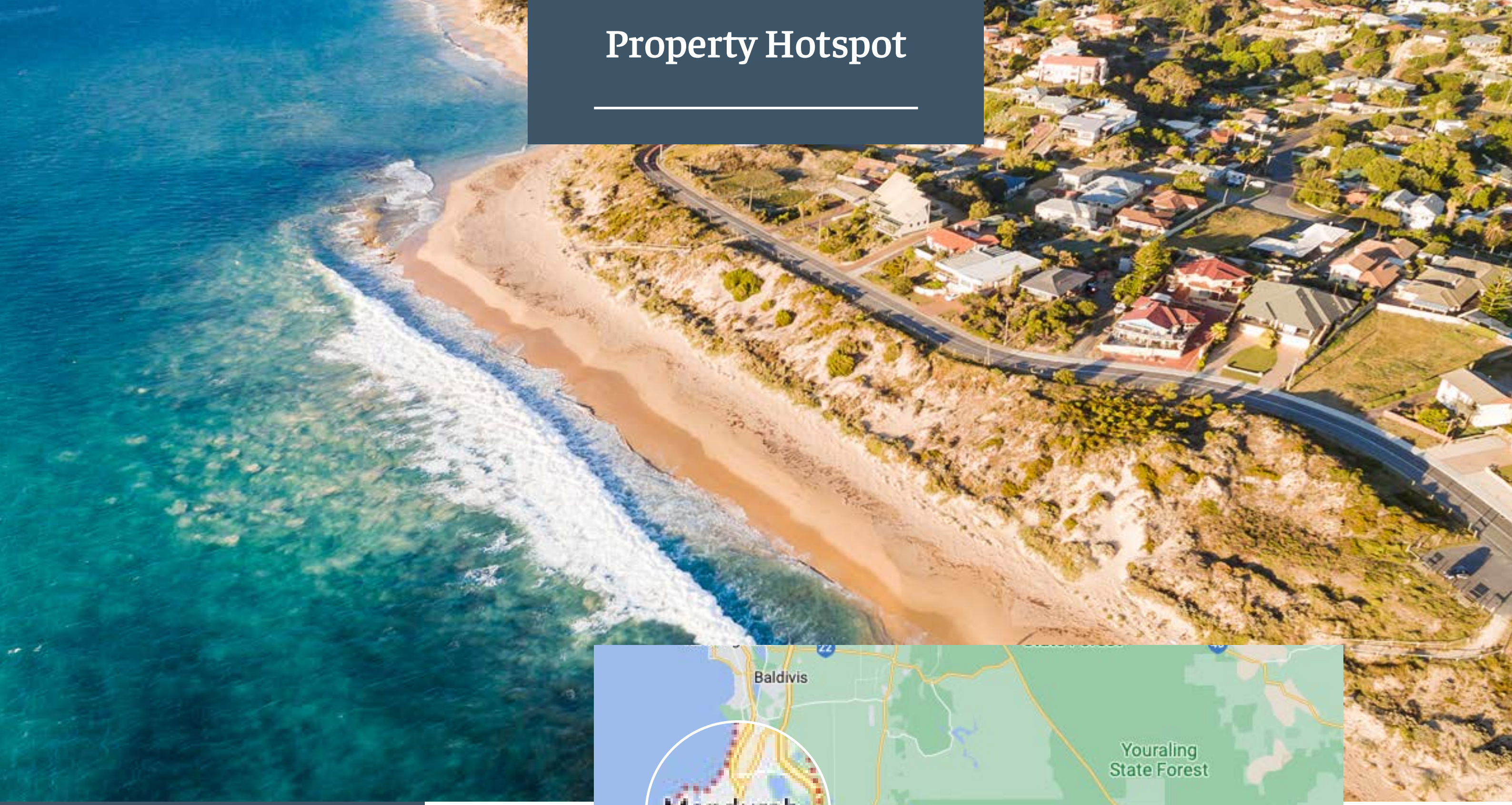
The median house price in Baldivis is $475,000 with median rent being $495 per week which equates to a very healthy gross yield of 5.4 per cent.

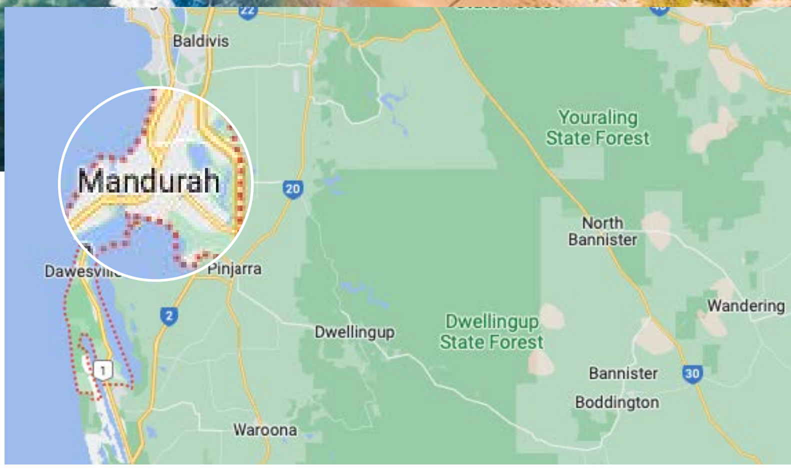
ABS statistics show 95.5 per cent of homes are detached houses and 53 per cent are couples with children with an average of two children per family household. 75 per cent of homes are owner-occupied as well.

Given Baldivis has seen residential development ramp up since the 1990s, most homes are of contemporary brick construction with good family appeal.

ACCRUE REAL ESTATE

Property Hotspot





Mandurah

Mandurah City has so much to offer with shorelines, parkland and nature reserves right across its 107 square kilometres positioned approximately 60 kilometres south of Perth's CBD. The jurisdiction's Indian Ocean shoreline runs for approximately 45 kilometres. The area also runs into Collins Pool, a massive stillwater with ocean access via Dawesville Channel.

Mandurah caters for a range of interests. There's the marina and canal-front developments that attract the boat crew. The beaches bring in the sun lovers and surfers. On the other side of the stillwater sits Austin Bay and its nature reserve.

The city has a diverse economy incorporating tourism and professional services as well as scientific and technical services.

The city also helps service the needs of nearby mining operations.

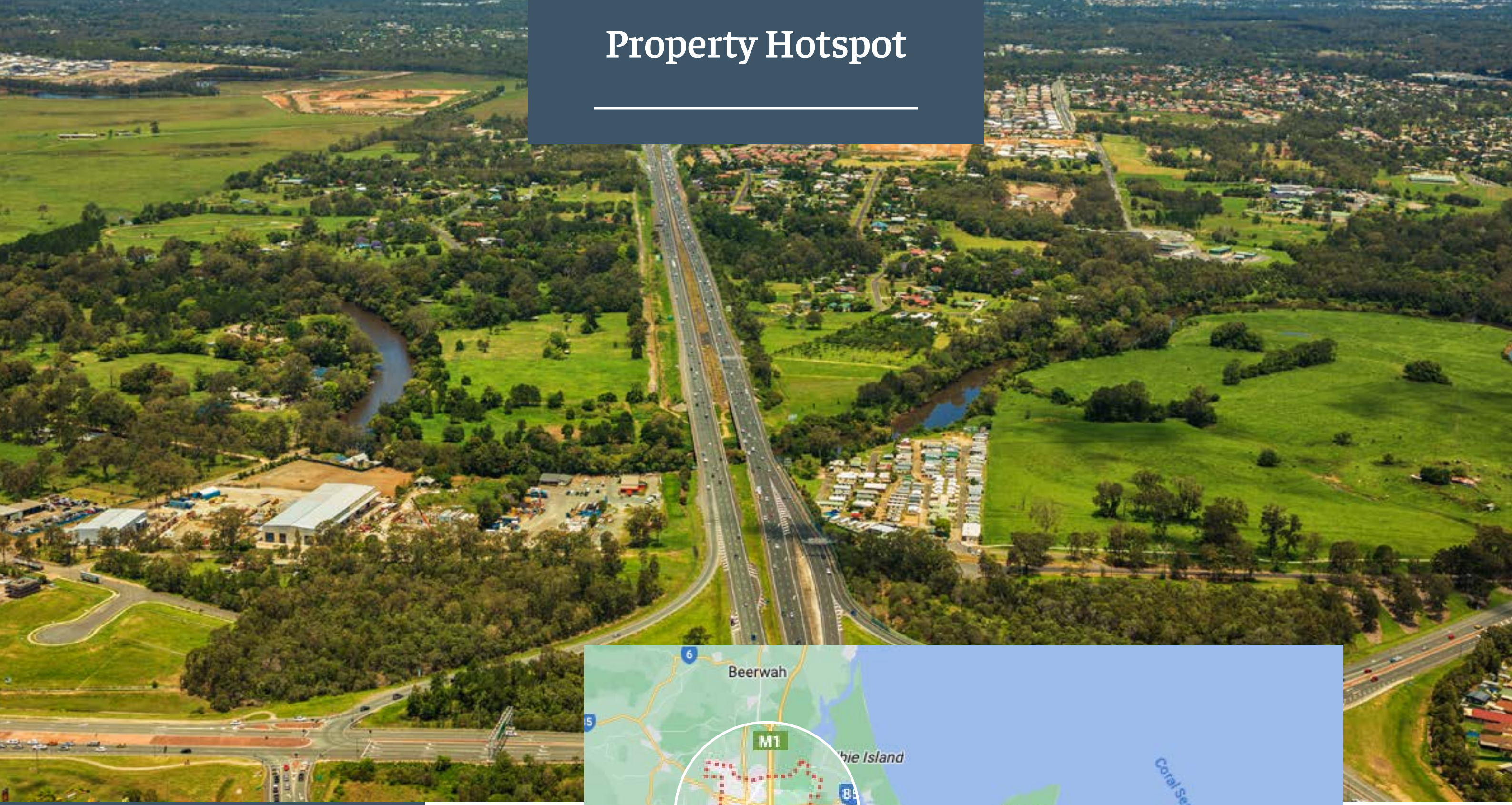
Pinjarra Road and Mandurah Estuary are the central business districts for the area, while Halls Head Central is one of the main shopping centres.

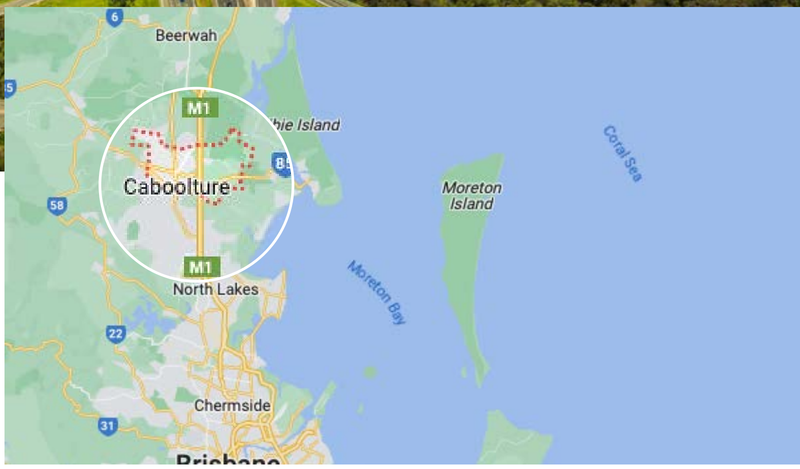
While it's a reasonably short drive to the Perth CBD, Mandurah Station is where commuters can access the Mandurah railway line and a bus station that's part of the Transperth network.

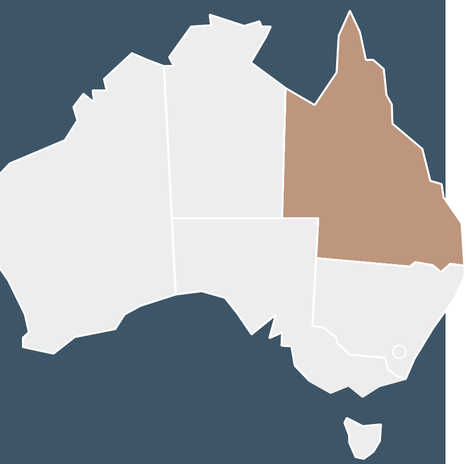
There are multiple schooling options available right across Mandurah from Mandurah Baptist College in the north through to St Damien's Catholic Primary in the south. Peel Health Campus on Lakes Road is a major health precinct as well.

ABS data shows the median age of residents is 45 years, with 83.5 per cent of residences being detached homes. Families comprise 69.9 per cent of all households, with 69.6 per cent of homes being owner-occupied.

The median house price in Mandurah is $355,000 and median rent is $400 per week, which equates to a very healthy gross yield of 5.9 per cent. Housing styles are varied and include older lowset homes, more contemporary dwellings and units.







Caboolture

Caboolture's location smack dab between Brisbane and the Sunshine Coast on the Bruce Highway makes it an ideal option for commuter residents seeking the best of all worlds, but the city's appeal extends well beyond easy access to other centres. Caboolture is a wonderful community hub unto itself.

Caboolture is where rural lifestyle meets urban convenience. Properties range from acreage homesites and more traditional detached housing (both new and established) right through to villas, townhouses and units.

The town centre provides a range of necessary services and facilities, however a short trip down the Bruce Highway will deliver you to the Westfield North Lakes shopping centre and the ever-popular Costco – one of only two in south-east Queensland.

Transport options include Caboolture Train Station which delivers passengers directly to the centre of Brisbane or further north to the coast's hinterland destinations.

A progressive program of development has been underway across Caboolture over the past few decades. From road upgrades through to commercial enterprises, all these works keep boosting the city's growth prospects.

The Caboolture Historic Village always gathers a crowd too, particularly during its weekly country market. Caboolture Hospital is in the city's CBD, while schools include multiple primary and secondary options.

The median house price in Caboolture is $575,000 although that would encompass a wide range of house styles and types. The median rental of $500 per week equates to a gross median yield of 4.5 per cent.

With an ongoing shortage of rental property in this region combined with record population growth and the Olympics 2032 buzz, the right sort of Caboolture property investment should deliver very impressive returns.

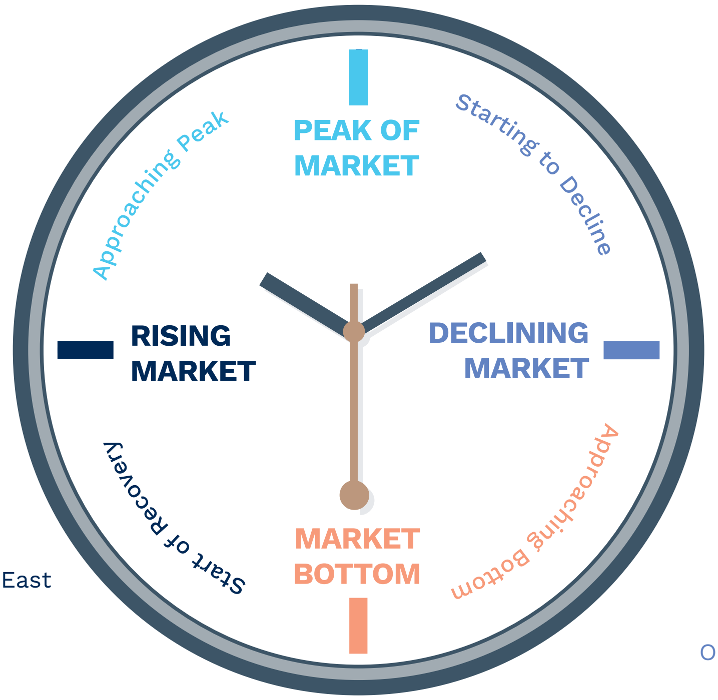
ACCRUE

The Data Deck

Australian Property Clock

WINTER 2023

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



Adelaide - South West
Adelaide - North West
Albury
Cairns
Darwin
Melbourne CBD
Melbourne Southbank
Melbourne - Outer South East
Sydney CBD
& Northern Sydney CBD
Sydney - Outer West
Townsville
Perth CBD
Perth Reigonal

Canberra
Sunshine Coast
Brisbane CBD
Outer West Brisbane
South Brisbane
Gold Coast
Toowoomba
Gladstone
Perth - South West
Gippsland
Shepparton
Outer West Melbourne
Hobart & Launceston
Geelong
Ballarat
Bendigo

Sydney - South West
Newcastle
Coffs Harbour

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 30 April confirms the market's early signs of a positive upswing. The quarterly 1.4% gain for combined capitals, led by Sydney, is a lead indicator of future price direction. This is further established by a positive monthly result for five of the eight capital cities.

Source: CoreLogic

Index results as at 30 April, 2023	Change in dwelling values				
	Month	Quarter	Annual	Total return	Median value
Sydney	1.3%	3.0%	-10.7%	-8.1%	$1,031,138
Melbourne	0.1%	0.3%	-8.9%	-5.9%	$751,125
Brisbane	0.3%	0.1%	-9.8%	-5.8%	$705,016
Adelaide	0.2%	-0.1%	1.3%	4.8%	$650,981
Perth	0.6%	1.0%	1.3%	5.9%	$572,837
Hobart	0.0%	-2.4%	-12.7%	-9.1%	$648,811
Darwin	-1.2%	-2.0%	-0.5%	5.5%	$484,483
Canberra	0.0%	-1.0%	-9.3%	-5.8%	$839,732
Combined capitals	**0.7%**	**1.4%**	**-8.4%**	**-5.1%**	**$771,579**
Combined regional	**0.1%**	**-0.1%**	**-6.8%**	**-2.8%**	**$579,818**
National	**0.5%**	**1.0%**	**-8.0%**	**-4.6%**	**$709,130**

VALUE CHANGE BY HOUSING TYPE – CAPITAL CITIES & REST OF STATE

A further breakdown of values for the 12-months ending April by CoreLogic shows superior price resilience for units compared to houses across eight capitals, including Sydney, Brisbane and Melbourne.

State-wide figures were even more pronounced, with five of the seven jurisdictions showing less dramatic price change for units compared to houses. The outperformance of houses by units was unexpected by many commentators.

		Home value index change in value (year-on-year)	Median value (property)	Median rental value (per week)
Houses	Sydney	-12.0%	$1,253,759	$695
	Melbourne	-10.1%	$907,220	$500
	Brisbane	-11.8%	$781,881	$575
	Perth	1.5%	$599,240	$560
	Adelaide	0.3%	$697,909	$525
	Hobart	-12.7%	$692,361	$550
	ACT	-11.1%	$946,463	$690
	Darwin	0.3%	$573,534	$650
Units	Sydney	-7.2%	$787,427	$640
	Melbourne	-5.8%	$590,473	$495
	Brisbane	1.5%	$498,374	$500
	Perth	0.1%	$409,457	$500
	Adelaide	8.8%	$444,910	$450
	Hobart	-12.8%	$512,428	$480
	ACT	-2.7%	$603,696	$560
	Darwin	-1.1%	$367,068	$500

		Home value index change in value (year-on-year)	Median value (property)	Median rental value (per week)
Houses	Rest of NSW	-10.7%	$712,660	$550
	Rest of Vic	-7.5%	$594,813	$450
	Rest of Qld	-6.4%	$563,453	$550
	Rest of WA	3.6%	$444,076	$550
	Rest of SA	10.3%	$372,509	$380
	Rest of Tas	-6.7%	$523,256	$440
	Rest of NT	5.6%	$489,251	$550
Units	Rest of NSW	-4.6%	$566,425	$450
	Rest of Vic	-4.8%	$409,563	$370
	Rest of Qld	-2.5%	$554,291	$460
	Rest of WA	6.9%	$281,162	$500
	Rest of SA	4.6%	$278,549	$280
	Rest of Tas	-5.8%	$394,883	$388
	Rest of NT	-9.1%	$288,405	$390

Source: Housingdata.gov.au

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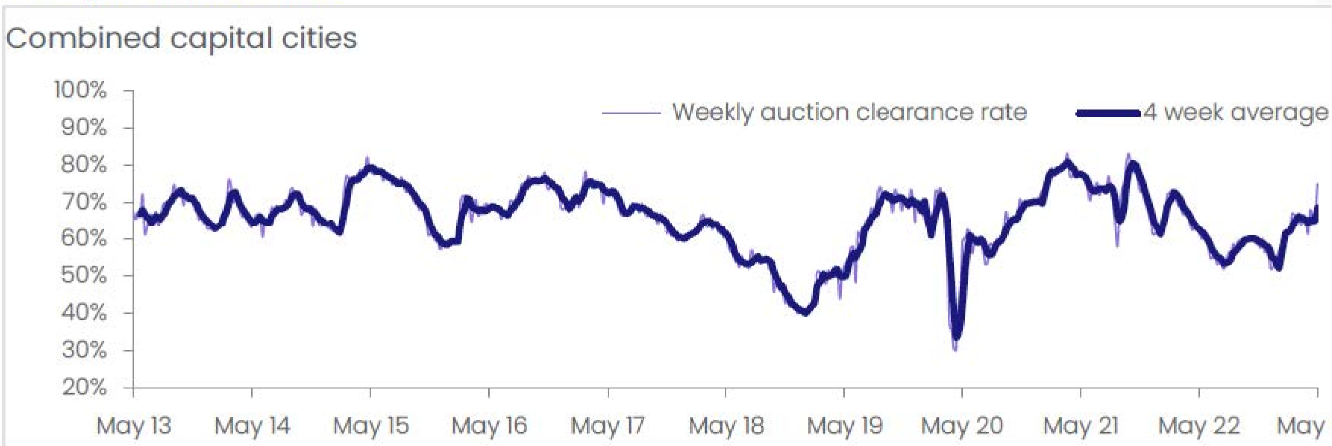
SHARE MARKET VOLATILITY

This chart tracks ASX 200 price movements over the past 12 months. While the index had an overall modest increase of 2.9%, its volatility has been dramatic. For example, those who purchased the index on 30 May 2022 would have seen an 11.7% fall in their investment by 20 June 2022. A similar fall between August 2022 and November 2022, and another from February 2023 to March 2023, highlight just how risky this asset class is for investors.

AUCTION CLEARANCE RATES

Data to 7 May reveals that last year, 2,059 capital city auctions were held. Despite an unexpected cash rate rise during the month, the combined capitals recorded the highest preliminary clearance rate since mid-February 2022 (75.7%), with 75.1%. The weekly clearance rate in the big auction markets of Sydney, Melbourne and Adelaide are all tracking well above 70% which indicates a strengthening market.

Weekly clearance rates



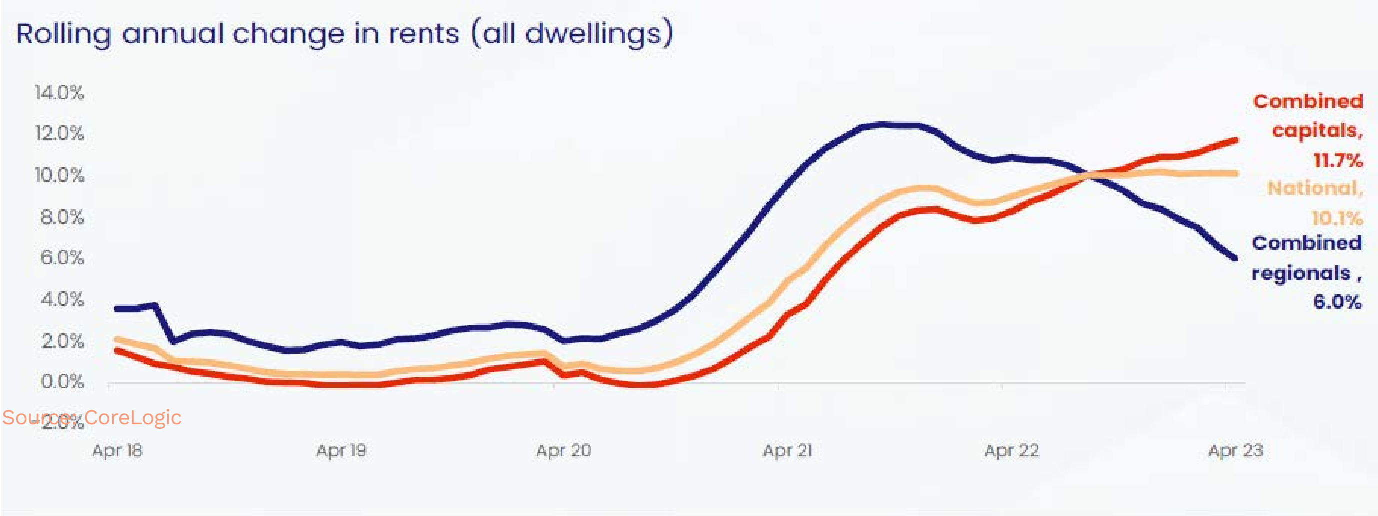
Capital City Auction Statistics (Preliminary)

City	Clearance rate	Total auctions	CoreLogic auction results	Cleared auctions	Uncleared auctions
Sydney	78.5%	650	498	391	107
Melbourne	76.0%	732	587	446	141
Brisbane	68.2%	129	88	60	28
Adelaide	72.1%	128	61	44	17
Perth	n.a.	12	6	2	4
Tasmania	n.a.	2	1	0	1
Canberra	66.2%	97	65	43	22
Weighted Average	**75.1%**	**1,750**	**1,306**	**986**	**320**

Source: Corelogic

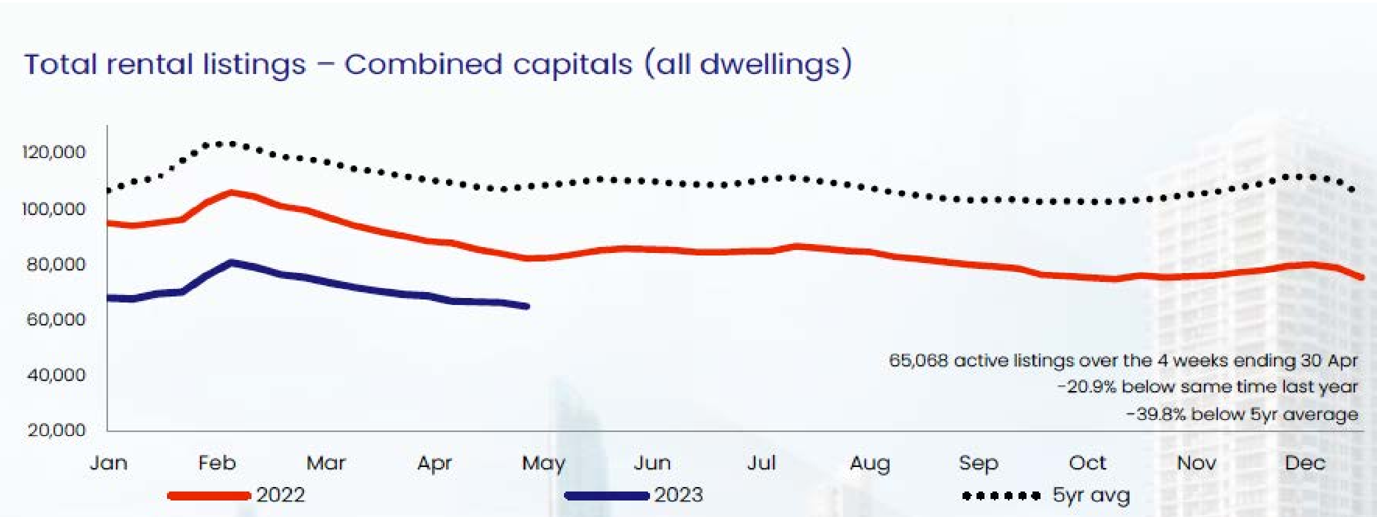
RENTAL MARKET PERFORMANCE

CoreLogic's numbers confirm that the tighter rental market is translating into ever increasing returns for landlords. The data house's rental index showed an 0.8% increase for April, up 2.8% over the past three months and 10.1% higher for the year. The annual 11.7% combined capitals annual rental increase was a new record.



Source: CoreLogic

The situation is only compounded by the ongoing drop in rental listings. 2023 rental listings numbers are tracking well below the 2022 comparable periods.



VACANCY RATES

Low vacancy rates indicate a market where demand for rentals outstrips the available supply of rental housing. SQM Research data shows the national residential property rental vacancy rate sits at just 1.1%, continuing the theme of tenant demand vastly outstripping rental supply.

Vacancy Rates - March 2023

City	Mar 2022 Vacancies	Mar 2022 Vacancy Rate	Feb 2023 Vacancies	Feb 2023 Vacancy Rate	Mar 2023 Vacancies	Mar 2023 Vacancy Rate
Sydney	12,748	1.8%	9,301	1.3%	9,187	1.3%
Melbourne	12,400	2.4%	5,545	1.1%	5,581	1.1%
Brisbane	2,457	0.7%	2,802	0.8%	3,004	0.9%
Perth	1,206	0.6%	839	0.4%	938	0.5%
Adelaide	580	0.3%	821	0.5%	885	0.5%
Canberra	350	0.6%	1,069	1.8%	1,060	1.8%
Darwin	176	0.7%	378	1.4%	305	1.2%
Hobart	111	0.4%	237	0.9%	297	1.1%
National	**36,868**	**1.2%**	**32,040**	**1.0%**	**32,814**	**1.1%**

Source: SQM Research

PROPERTY LISTINGS

SQM Research data reveals total monthly residential property listings continue to fall with a huge 9% retraction in April 2023 compared to May 2023. This was also a drop of 0.8% compared to the same time last year. This situation supports rising property values with less supply for buyers to choose from.

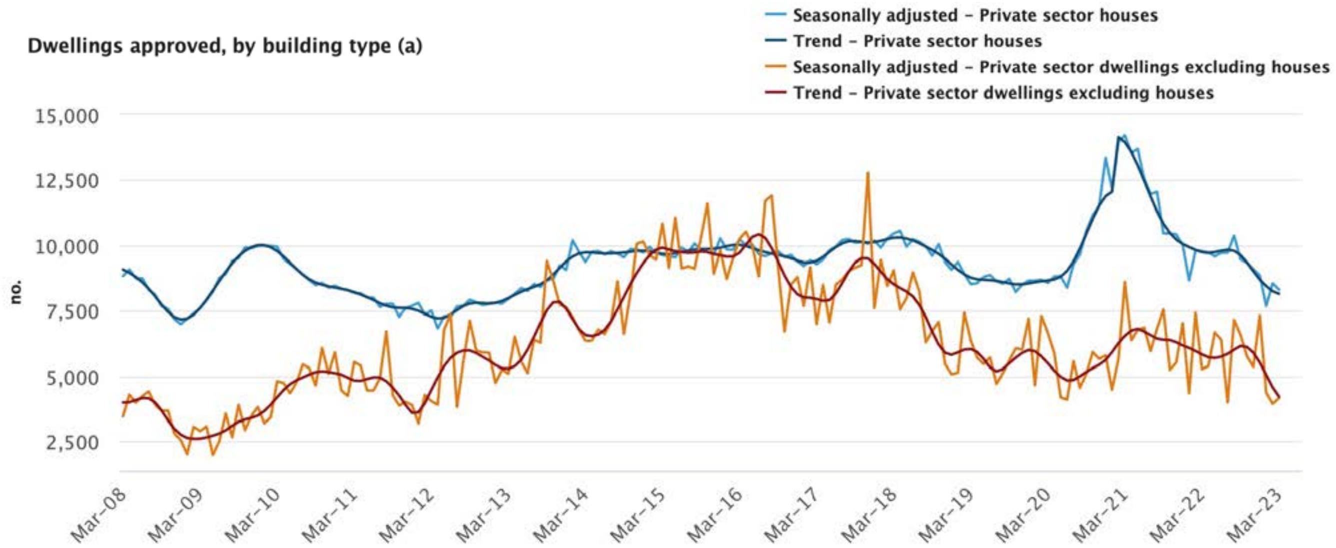
Total Property Listings

City	April 2023 Total	March 2023 Total	April 2022 Total	Monthly change %	Yearly change %
Sydney	26,169	30,054	30,138	-12.9%	-13.2%
Melbourne	33,264	37,987	37,135	-12.4%	-10.4%
Brisbane	18,162	20,403	18,632	-11.0%	-2.5%
Perth	18,903	20,956	22,373	-9.8%	-15.5%
Adelaide	9,529	10,610	9,907	-10.2%	-3.8%
Canberra	3,081	3,472	2,824	-11.3%	9.1%
Darwin	1,535	1,575	1,623	-2.5%	-5.4%
Hobart	2,613	2,736	1,607	-4.5%	62.6%
National	**227,020**	**249,404**	**228,901**	**-9.0%**	**-0.8%**

Source: SQM Research

BUILDING APPROVALS

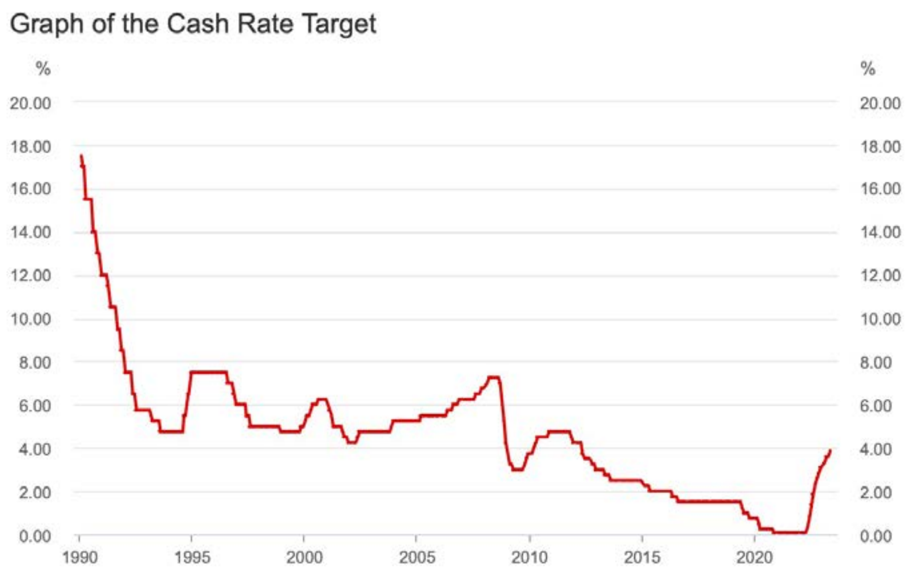
Building approvals help inform experts on the supply versus demand balance. While the ABS reports that national total dwelling approvals fell just 0.1% in March, the seasonally adjusted annual fall in total dwelling approvals was 17% which highlights the supply/demand imbalance in favour of investors and owners.



Source: ABS

INTEREST RATES

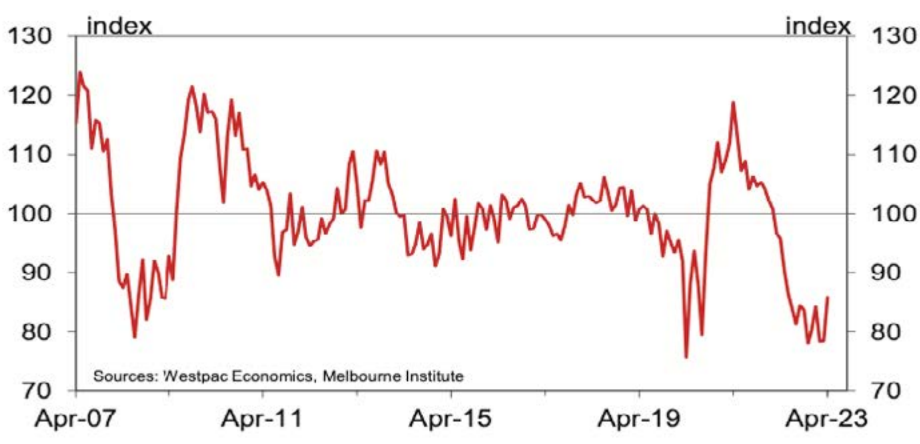
This long-term chart shows cash rate movements since 1990. While the cash rate has risen over the past year to reach 3.85%, it remains historically low compared to the last three decades when it went as high as 17.5%.



Source: RBA

CONSUMER SENTIMENT

Consumer sentiment delivers a temperature check on the perceived economic strength of the nation. Positive confidence bodes well for property markets. The Westpac-Melbourne Institute Consumer Sentiment index surged 9.4% in April, suggesting households are gaining confidence, potentially on the back of the approaching peak in interest rates.



Source: Westpac Economics

POPULATION MOVEMENT

Total population change and net interstate migration figures are lead indicators in house price movements. Jurisdictions with increasing populations 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.

In both tables, the clear beneficiary of population growth continues to be Queensland and Western Australia with residents moving from New South Wales and Victoria to these two states. That said, all states and territories saw a total rise which reflects an increase in post-pandemic immigration numbers and natural population growth.

	Population at 30 September 2022 ('000)	Change over previous year ('000)	Change over previous year (%)
New South Wales	8193.5	108.7	1.3
Victoria	6656.3	108.4	1.7
Queensland	5354.8	114.4	2.2
South Australia	1828.7	25.2	1.4
Western Australia	2805.0	50.4	1.8
Tasmania	571.9	4.1	0.7
Northern Territory	250.6	0.9	0.4
Australian Capital Territory	459.0	6.3	1.4
Australia (a)	26124.8	418.5	1.6

Source: www.abs.gov.au

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT
Interstate arrivals	83,152	70,639	119,069	26,116	37,828	13,427	13,847	18,699
Interstate departures	121,066	86,208	72,446	24,678	26,170	13,406	17,060	21,743
Net interstate migration	-37,914	-15,569	46,623	1,438	11,658	21	-3,213	-3,044

ACCRUE

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.

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