



NT Property Sector

Quarterly Report

Report 01

Quarter Ended 31st December
2024



Presented by



December 2024: Snapshot

<div>Property Prices</div> <div><div><div>↓</div><div>\$561,000</div><div>-5% y/y</div><div>Houses</div></div><div><div>↓</div><div>\$373,000</div><div>-7% y/y</div><div>Units</div></div></div>	<div>Median Rent</div> <div><div><div>↑</div><div>\$646 p/w</div><div>+15% y/y</div><div>Houses</div></div><div><div>↑</div><div>\$503 p/w</div><div>+4% y/y</div><div>Units</div></div></div>
<div>Unemployment Rate</div> <div><div><div>↑</div><div>4.0%</div><div>0.1% y/y</div><div>National</div></div><div><div>↓</div><div>4.2%</div><div>-0.3% y/y</div><div>NT</div></div></div>	<div>Employment Change</div> <div><div><div>↓</div><div>-1.5%</div><div>-6.2% y/y</div><div>Full-time</div></div><div><div>↑</div><div>6.7%</div><div>+10.2% y/y</div><div>Part-time</div></div></div>
<div>Building Approvals</div> <div><div><div>↓</div><div>84 Approvals in December Quarter</div><div>-13%</div></div></div>	<div>Building Activity</div> <div><div><div>↓</div><div>\$29.2 Mn</div><div>-47% y/y</div><div>Houses</div></div><div><div>↓</div><div>\$5.6 Mn</div><div>-6% y/y</div><div>Other Residential</div></div></div>
<div>Consumer Price Index</div> <div><div><div>↓</div><div>2.4% in December 24 Quarter</div><div>-1.7%</div></div></div>	<div>Domestic Visitors</div> <div><div><div>1,495,000</div><div>June 2023</div></div><div><div>↓</div><div>1,394,000</div><div>June 2024</div></div></div>

All data relates to Northern Territory (NT) unless otherwise stated.
The most current data set available before publication is used throughout the NT Property Sector Report.
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Data analysis & commentary

Deloitte.

Contributors
Ruth Palmer
Lee Doyle



Cover: Charles Darwin University
Credit: DCOH

December 2024: Market Overview

The NT property market continues to show signs of gradual recovery, though challenges remain. While median house and unit prices remain 5% and 7% lower than last year, increased sales activity—29% higher for houses and 19% higher for units—signals renewed buyer confidence. Housing incentives introduced by the new government, coupled with recent interest rate cuts, may have contributed to this positive shift.

Rental Market and Vacancy Rates: Rental prices continue to escalate due to supply and demand imbalances. Over the past five years, median weekly rent in Darwin has surged by 50%, with house rents up 15% year-on-year and unit rents increasing by 4%. The vacancy rate has dropped to 3.7%, indicating a tight rental market that underscores affordability concerns.

Building Approvals and Market Activity: The residential building approvals declined by 13% in the December quarter, leading to a 15% decrease in investment in the sector, totaling \$53.3 million. This suggests a reducing appetite for development and rising construction costs continue to present further feasibility challenges. Also, many projects remain on hold, awaiting better market conditions.

Employment and Labour Market: Employment remains a mixed picture. Total employment grew by 0.1% in December, but this is well below the national average of 3.1%. A notable shift was the 6.7% increase in part-time jobs, while full-time employment declined by 1.5%. The unemployment rate slightly dropped to 4.2% but is above the national rate of 4%. The participation rate, however, has remained the same, highlighting the need for further workforce engagement strategies.

Tourism and Economic Outlook: Tourism remains a concern, with domestic visitor numbers falling by 7% amid cost-of-living pressures. The NT Government's renewed focus on tourism promotion will be crucial to reversing this trend and unlocking the Territory's economic potential. Meanwhile, inflation continues to stabilise, with CPI dropping to 2.4%, aligning with the RBA's target range and helping to moderate cost pressures.

Crime and Community Impact: While property crime has decreased slightly, theft-related offences remain a key challenge for businesses and communities. Government efforts to address crime and improve community safety will play a vital role in fostering confidence for investors and residents alike.

NT Property Sector Report Commentary

I am proud to present this quarterly report, which provides valuable insights into the Northern Territory's property sector. As we move into 2025 under the new CLP government, tracking progress is critical to understanding market trends, challenges, and opportunities. This report serves as a benchmark for measuring the effectiveness of policies and their impact on the Territory's economic landscape.

This report underscores the NT property sector's resilience and the importance of policy-driven solutions to stimulate investment, housing supply, and economic growth. With continued focus on infrastructure, affordability, and employment, we can build a more sustainable and prosperous future for the Territory. We will continue to track these trends closely, ensuring our industry has the data and insights needed to navigate the evolving landscape.

I look forward to working with our members, stakeholders, and government partners to drive meaningful progress and unlock the full potential of the NT property market.



Ruth Palmer
Executive
Director

Property Council
Australia – NT
Division



Lee Doyle
President

Property Council
Australia – NT
Division

The NT property market is slowly continuing to rebuild although median house rises are still short of where they were in the last peak in 2014-15. This combined with the escalations in construction cost has resulted in an alarmingly low levels of new construction. The market values in comparison to construction cost has placed the majority of projects across all scales and sectors as unfeasible and/or unfinanceable.

We are seeing the feasibility gap closing and more interest and activity around new construction, but many prospective projects are still sitting in a holding pattern waiting for marketing conditions to get where they need to be.

The change of Territory Government last August caused a wave of optimism off the back of policies and promises that would improve the economic and social conditions. And in the same period, the NT have been recognised nationally as having good investment conditions with low values and strong returns.

The NT and Darwin in particular is well positioned for capital growth in the property sector, but this is will depend on tourism visitation and population growth and it remains to be seen whether improvements in these can be delivered.

Darwin's Office Market Sees Positive Movement, but Challenges Remain

The latest Property Council of Australia Office Market Report for January 2025 reveals encouraging signs for Darwin's CBD office market, with vacancy rates dropping from 14.4 per cent to 11.9 per cent over the year.

This improvement has largely been driven by the withdrawal of 7,298 sqm of office stock, with lower grades of space still facing double-digit vacancy rates. The drop in office vacancy rates is a positive step for Darwin's CBD, but it's important to acknowledge the critical role that stock withdrawals played in this outcome.

The lower grades of office space are still experiencing significant vacancies, with C Grade space sitting at over 40 per cent. This underscores the need for innovative solutions to address underutilised stock. Darwin is a small market, and small shifts—whether in supply or demand—can significantly impact our vacancy figures.

That's why we are working closely with government departments to streamline policy and legislative changes that support the conversion of underused commercial spaces into much-needed residential accommodation, an election commitment made by the CLP. The data highlights the complexity of our market and the urgent need for a strategic approach to ensure Darwin remains competitive, livable and economically vibrant.

The Property Council remains committed to working with stakeholders to shape a sustainable future for our city.

Key Market Indicators, Darwin CBD (Aggregate)			
Grade	Vacancy Rate January 2025 (%)	Vacancy Rate January 2024 (%)	Net Absorption, 12 months to January 2025 (sqm)
A	5.3	7.5	-1,776
B	20.5	22.2	-445
C	41.1	50.0	1,281
Total	11.9	14.4	-940

Ruth Palmer
Executive Director



Property Council Australia – NT Division

Real Estate

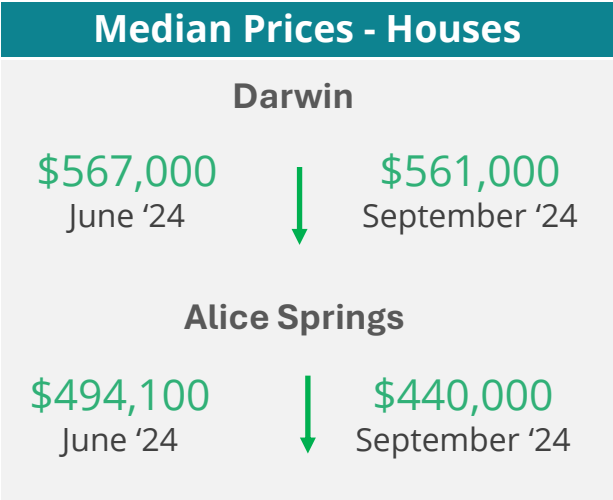
Median Prices

The NT property sector is showing the signs of recovery.

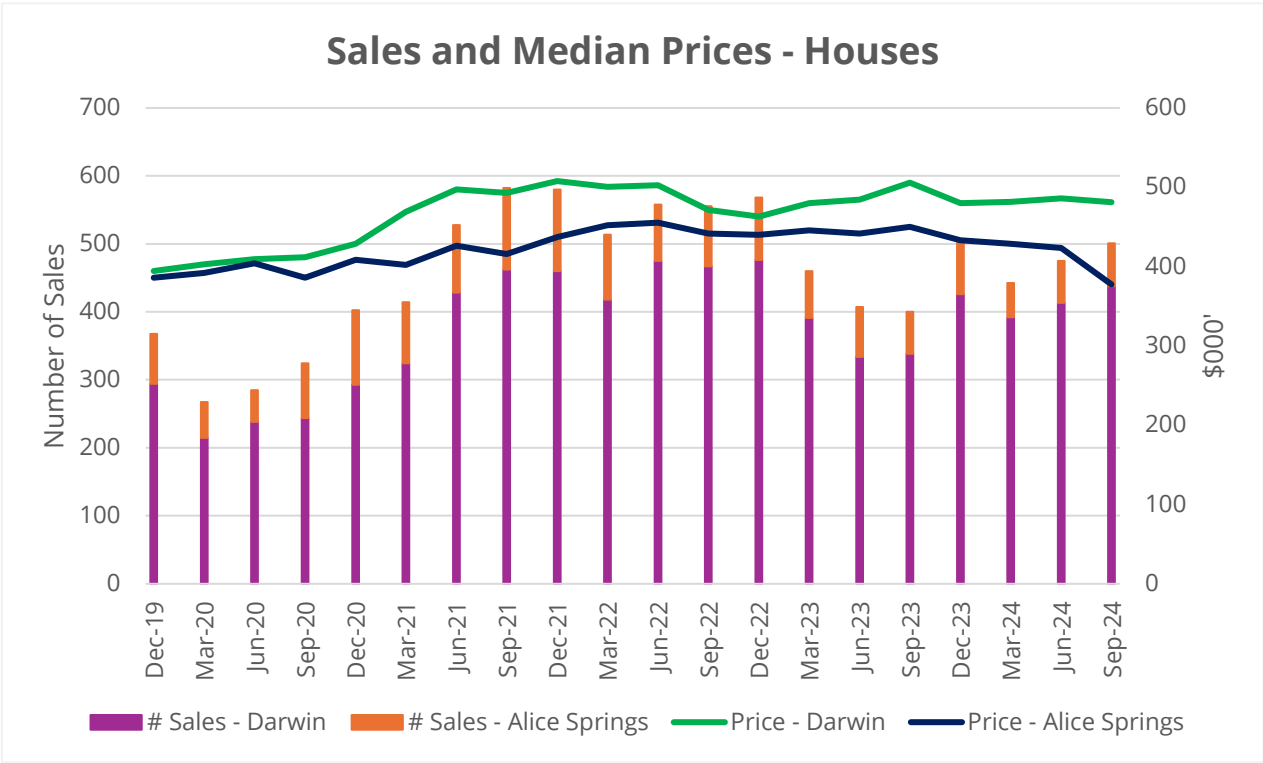
The median house prices in both Darwin and Alice Springs have declined gradually over the past year. The house prices in Darwin and Alice Springs sits 5% and 16% below their level at year ago respectively.

The unit prices also declined by around 5% on average for both Darwin and Alice Springs compared to previous year.

However, the reduction in house prices have led to a notable 25% increase in the number of houses sold in the Darwin and Alice Springs regions together compared to the previous year.



The housing incentives introduced by the new Territory Government and recent interest rate cuts by the RBA and banks may also be a contributory factor for the positive movement in the property market in the NT.



Source: Department of Treasury and Finance, Real Estate Institute of the Northern Territory

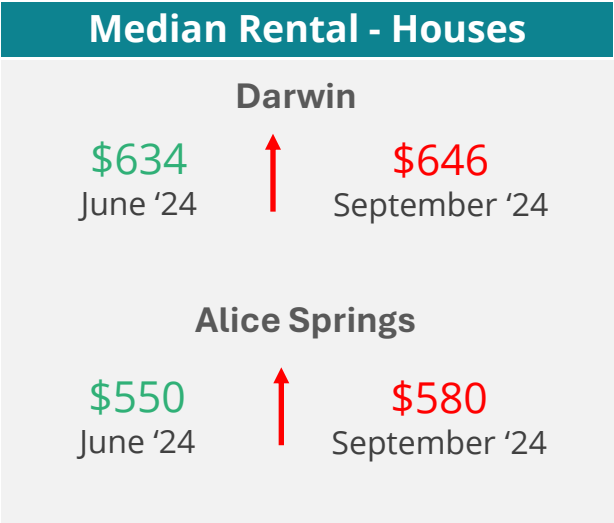
Real Estate

Median Rental

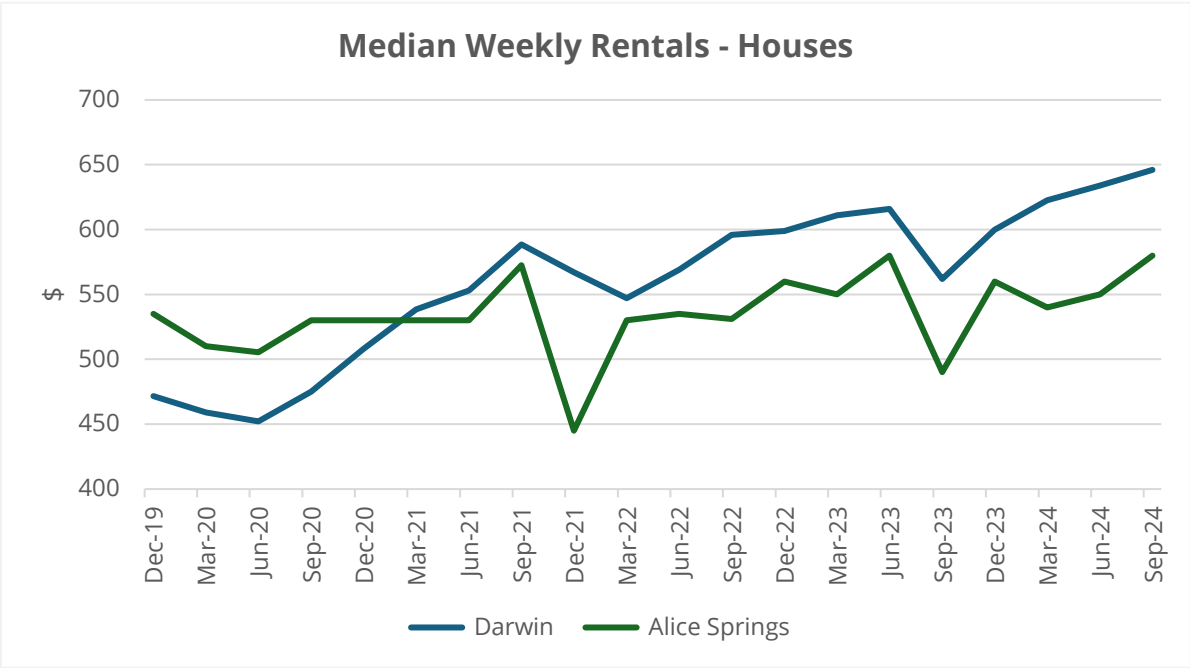
Over the past 5 years, the median weekly rent in the Darwin region has notably increased by around 50% for houses. However, the growth in median weekly rental for houses in Alice Springs has been slow over the past 5 years where the prices have only grown by around 8%.

The median weekly rentals for houses stood at \$646 and \$580 in Darwin and Alice Springs respectively for the September 2024 quarter compared to \$634 and \$550 recoded in the June 2024 quarter.

Increase in the population and the increase in the net overseas migration in the NT coupled with low construction activity has created an excess demand in the market driving rental prices up.



The median weekly rentals for units stood at \$503 and \$455 in Darwin and Alice Springs respectively for the September 2024 quarter compared to \$495.5 and \$410 recoded in the June 2024 quarter.



Source: Department of Treasury and Finance, Real Estate Institute of the Northern Territory

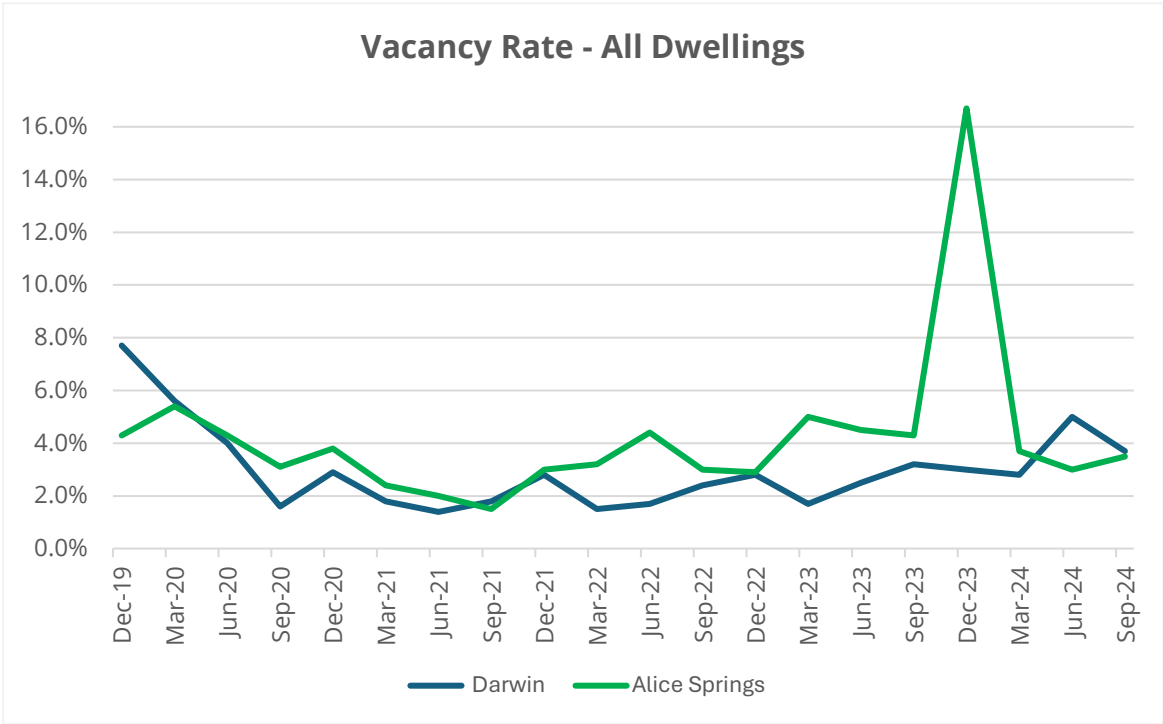
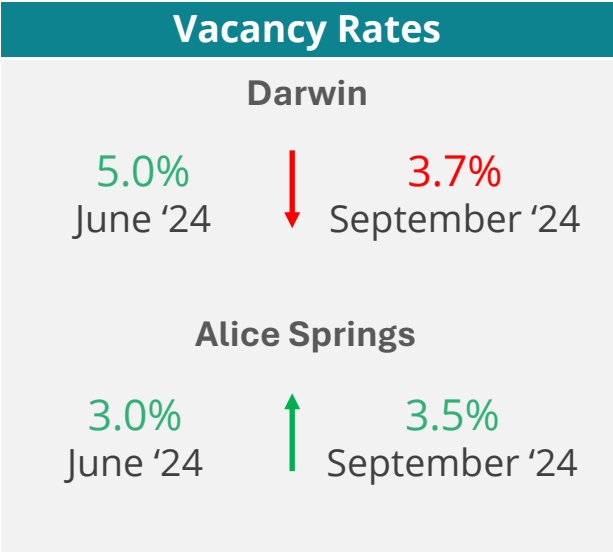
Real Estate

Vacancy Rates

The rental vacancy rate in the NT is highly fluctuating mainly influenced by the wet and dry seasons experienced.

The vacancy rate in Darwin has declined to 3.7% from 5% in the previous quarter indicating a tight rental market. A low vacancy rate signals a strong rental market, but can lead to affordability concerns for tenants.

However, the vacancy rate in Alice Springs has increased to 3.5% in the September 2024 quarter compared to 3% recorded in June 2024 quarter.



Source: Department of Treasury and Finance, Real Estate Institute of the Northern Territory

Market Activity

Building Approval

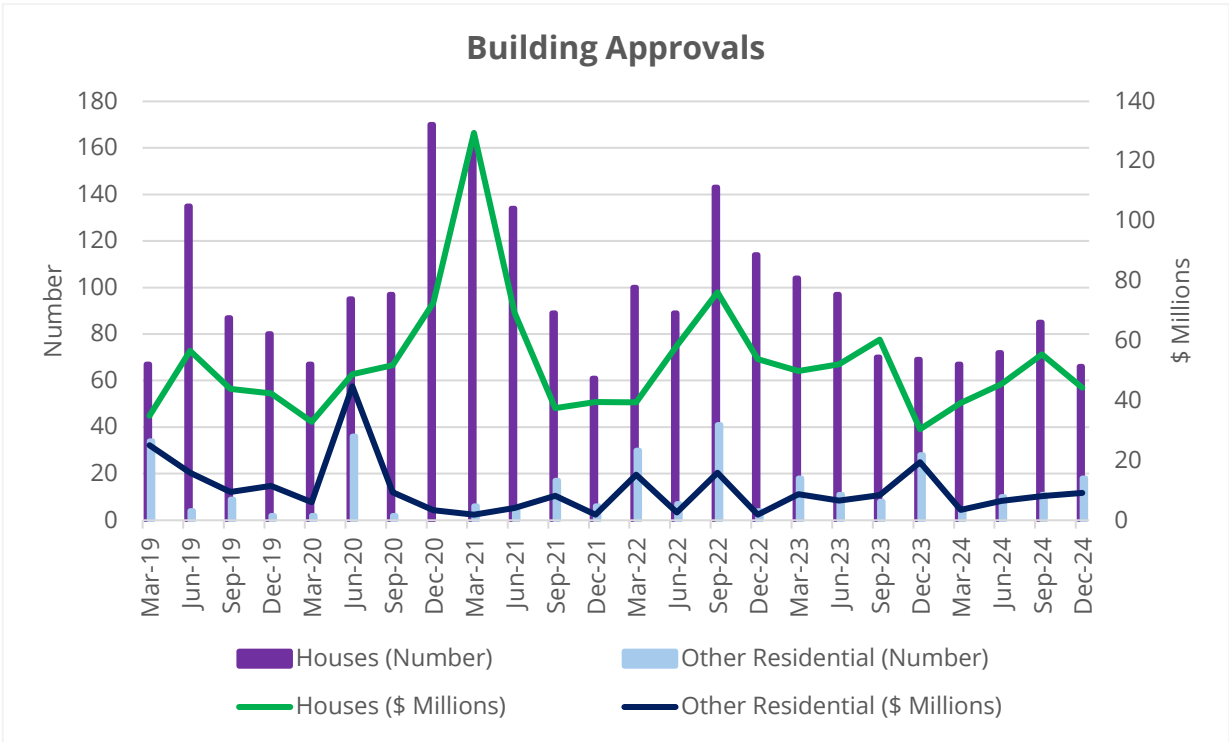
Only 84 residential dwellings were approved in the December 2024 quarter compared to the 96 approvals recorded in the September 2024 quarter, which is a 13% decline in approvals.

Factors such as the wet season experienced in the NT starting from November and the slow down in work due to the festive season also impacts the decline in the building approvals in the December 2024 quarter.

With the declines in the number of dwelling approvals, the investments made in dwellings also declined to \$53.4 million in the December quarter compared to the \$63.4 million investments made in the September 2024 quarter.

Building Approvals	
96 Approvals September '24	84 Approvals December '24
\$63.4 Mn Investment in Dwellings September '24	\$53.4 Mn Investment in Dwellings December '24

The decrease in building approval activities and the investments made indicate a challenging economic movement and decreased supply of properties will further tighten the property market in the NT.



Source: Australian Bureau of Statistics

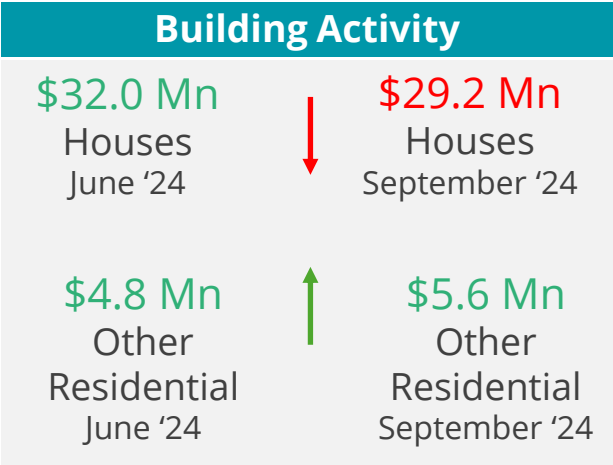
Market Activity

Building Activity

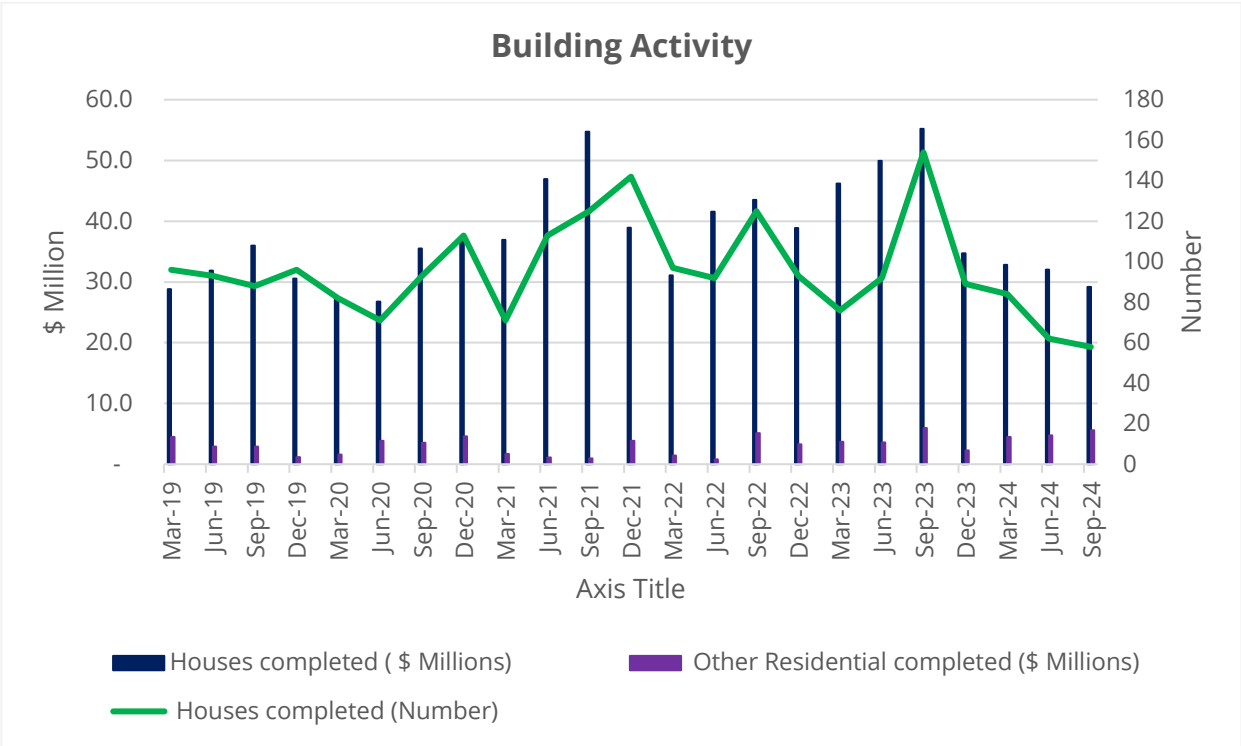
Total value of residential dwelling completed in the September 2024 quarter was recorded at \$34.78 million opposed to \$36.81 million recorded in June 2024 quarter. This shows a 6% decline in building activity in the private sector.

The value of housework completed declined by 9% in the September 2024 quarter compared to the June 2024 quarter reaching a value of \$29.18 million.

However, the value of other residential dwelling work complete increased by 18% in the September 2024 quarter reaching a value of \$5.6 million as opposed to \$4.7 million in the June 2024 quarter.



The number of houses completed stood at 58 in the September 2024 quarter, which is a 6% decline from the 62 recorded in the previous June 2024 quarter.



Source: Australian Bureau of Statistics

Market Activity

Construction Activity

Trend construction work done in the NT increased by 4.9% to \$1 billion in the December 2024 quarter. In the December quarter 2024 value of engineering work done increased by 9.9% while value of building work done decreased by 5.2% compared to the September 2024 quarter. Nationally, the trend value of construction work done increased by 1.2% in the December 2024 quarter.

The trend value of construction work done in the Territory increased 11.2% over the year to the December 2024, the strongest result of the jurisdictions.

Construction Activity

↑

11.2%

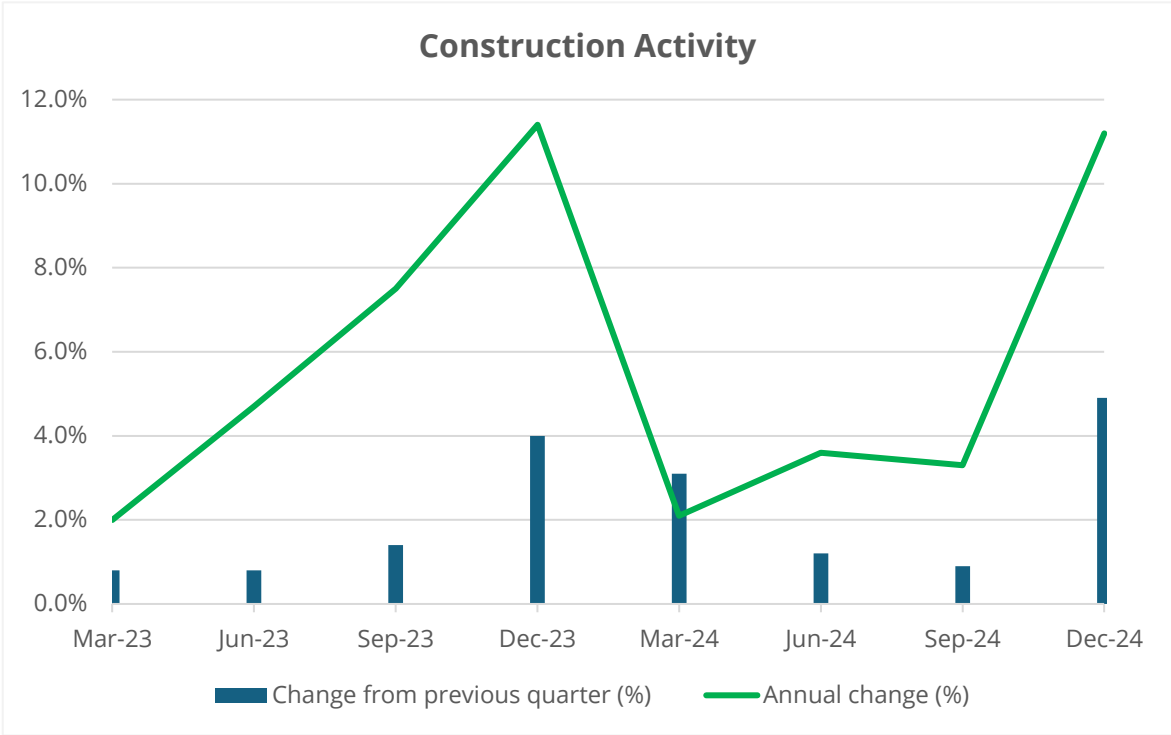
Annual Change

↑

4.9%

Change from Previous Quarter

Nationally, the trend value of total construction work done increased by 3.1% over the year ended December 2024.



Source: Department of Treasury and Finance

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Labour Market

Employment

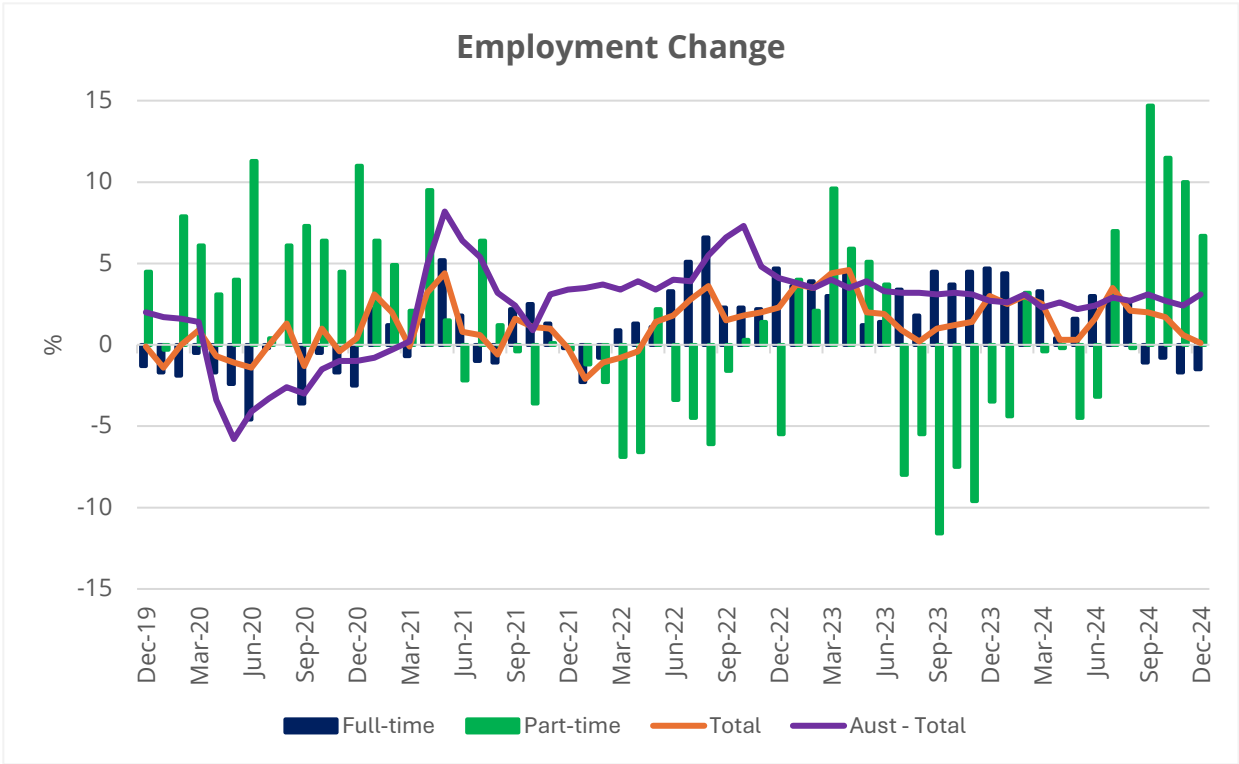
By the end of December 2024, seasonally adjusted employment in the NT increased only by 0.1% over the year while national employment increased by 3.1%.

Part-time employment was increased by 6.7% compared to the previous year while full-time employment declined by 1.5% during the same period.

Increase in the NT employment was mainly driven by female workers where female employment increased by 1.1% compared the same period last year, while male employment declined by 0.8% during the same period.

Employment Change			
-1.1%	↓	-1.5%	
Full-time September '24		Full-time December '24	
14.7%	↑	6.7%	
Part-time September '24		Part-time December '24	

Compared to the last quarter, 400 people were added to the number employed, but compared to the previous year the NT has seen a decrease of 1,500 people to the number employed.



Source: Department of Treasury and Finance, Australian Bureau of Statistics, Labour Force Australia

Labour Market

Unemployment

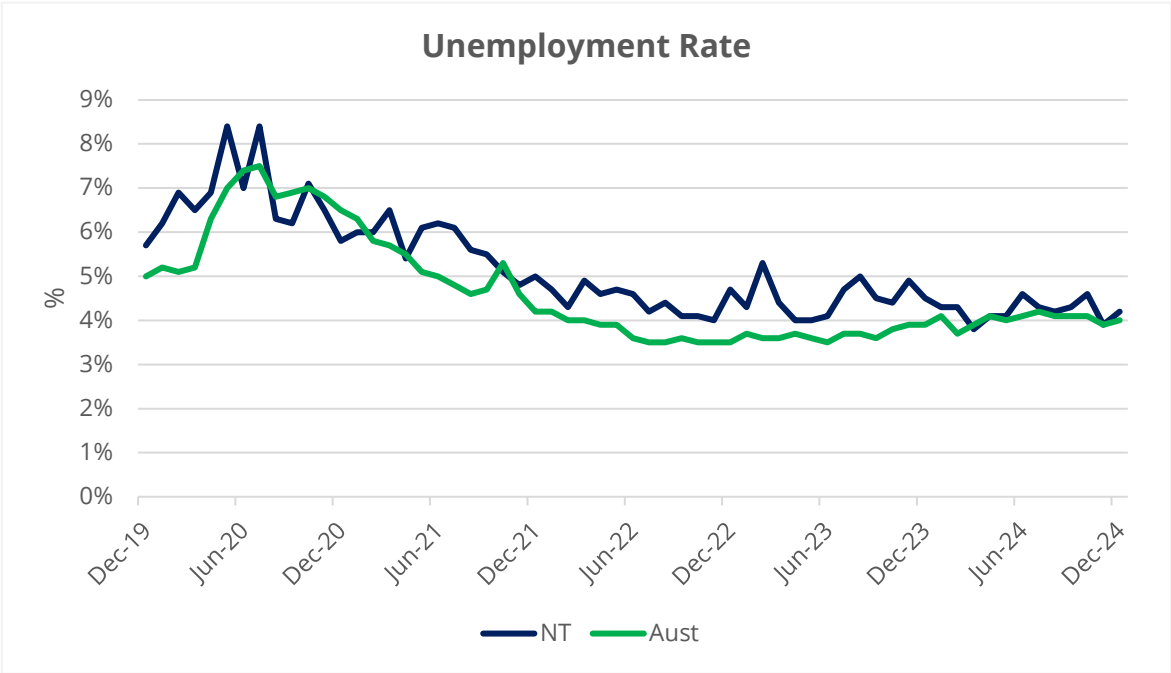
The unemployment rate declined to 4.2% in the December month compared to the 4.3% recorded in the month of September showing signs of increased economic activity in the NT.

The unemployment rate of the NT has declined by 0.3% in the month of December compared to the same period last year.

It must also be noted that the unemployment rate of the NT follows the trend of the National rate.

Unemployment Rate			
4.1%	↓	4.0%	National
National		National	December '24
September '24			
4.3%	↓	4.2%	NT
NT		NT	December '24
September '24			

However, it must be noted the NT has the second highest unemployment rate among all Jurisdictions in Australia .



Source: Department of Treasury and Finance, Australian Bureau of Statistics, Labour Force Australia

Labour Market

Labour Force Participation

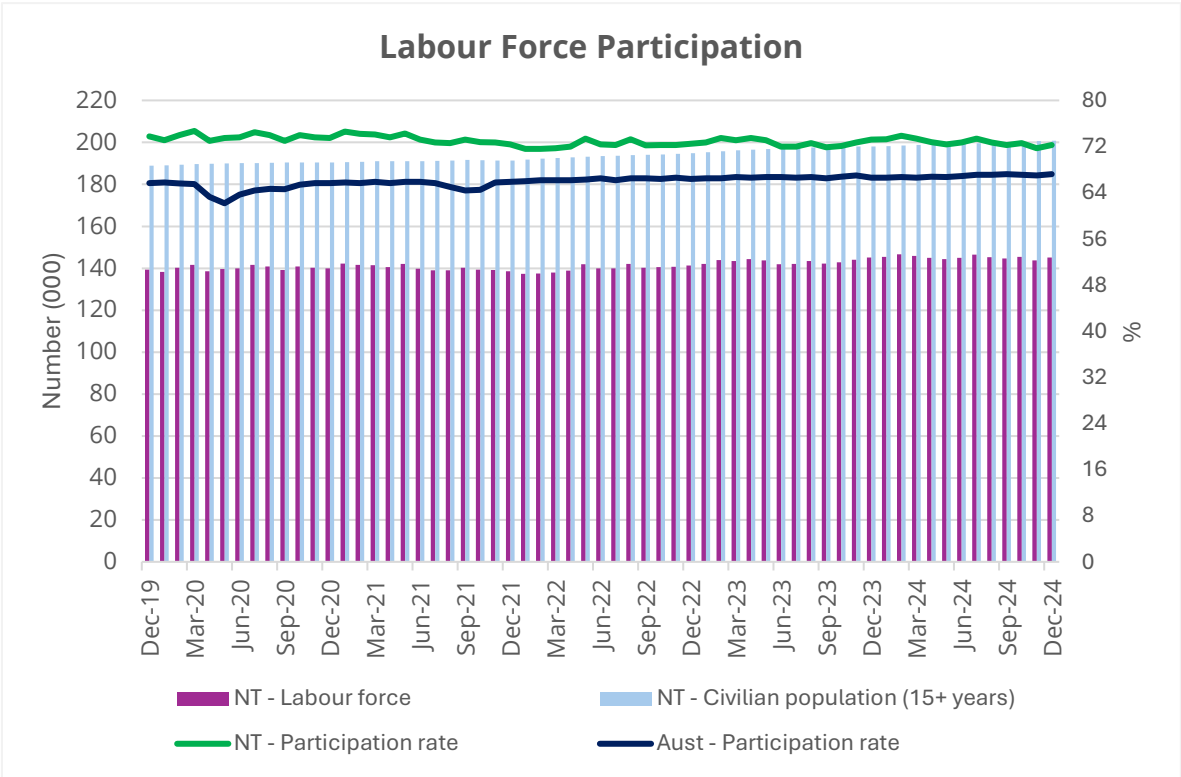
The participation rate in the NT and in Australia remained the same at 72.3% and 67.2% respectively in the December 2024 quarter compared to the September 2024 quarter.

Participation rate declined by 0.9% in the NT over the year, while the national participation rate increased by 0.6% during the same period.

In the NT, both female participation rate and male participation rate was recorded at 72.2% compared to national rates of 63% and 71.5% respectively.

Labour Force Participation			
67.2%	⊖	67.2%	National
National		December '24	
72.3%	⊖	72.3%	NT
NT		December '24	

Furthermore, when compared with other jurisdictions, NT has the highest labour force participation rate in Australia.



Source: Department of Treasury and Finance, Australian Bureau of Statistics, Labour Force Australia

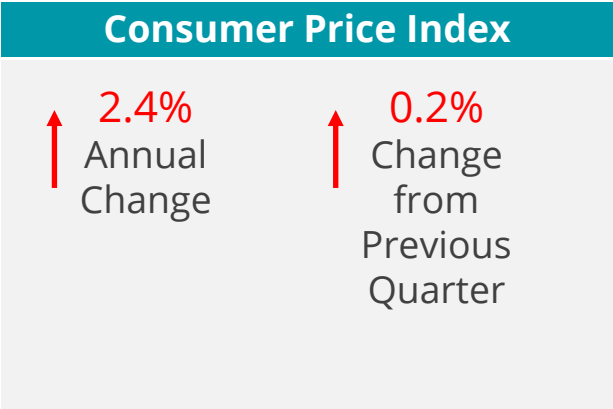
Fiscal and Monetary Policy

Consumer Price Index (CPI)

The CPI has been gradually declining and by end of December 2024 stands at 2.4% year-on-year. This reduction in the CPI aligns with the Reserve Bank of Australia’s projections of an anticipated inflation rate of 2% - 3% target in 2025.

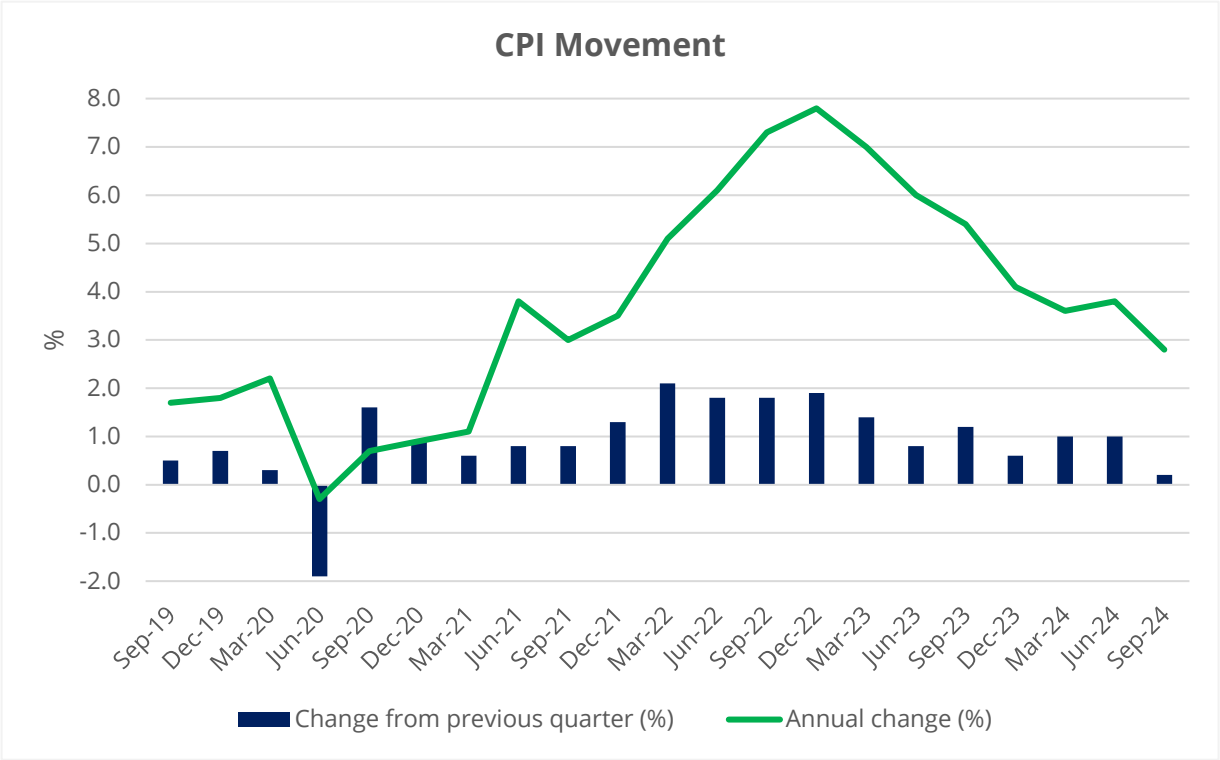
The main reasons for lower CPI inflation were due to a fall in prices for electricity and automotive fuel and moderating price rises for new dwellings. This reduction has driven the annual goods inflation to be at 0.8% which is the lowest since 2016.

It was also noted that non-discretionary inflation in the December 2024 quarter was the lowest since 2021 standing at 1.8%.



However, the discretionary inflation increased by 3.2% in the December 2024 quarter.

Also, it is interesting to note that the CPI of Darwin reduced by 0.1% in the December 2024 quarter compared to September 2024 quarter.



Source: Australian Bureau of Statistics

Tourism

Domestic Overnight Travel and Expenditure

In the years 2020-2022, travel declined due to COVID-19 and related travel restrictions.

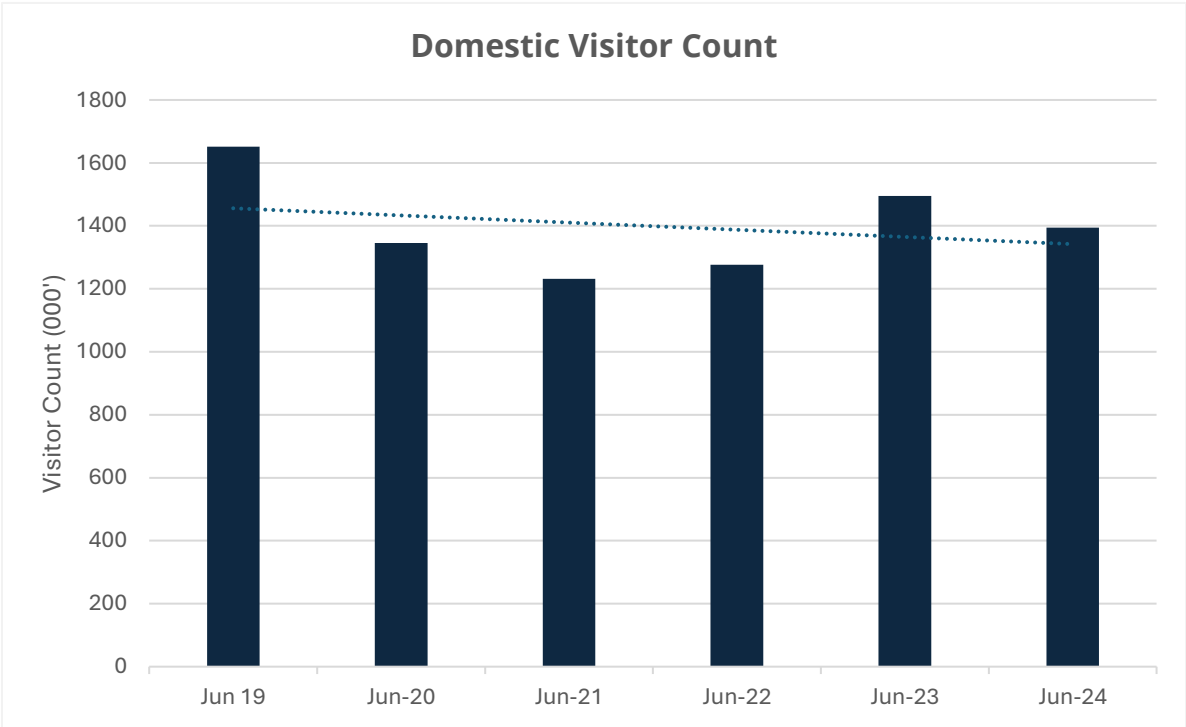
However, in 2023, the travel sector experienced some recovery with reopening of boundaries and increased government activities to boost travel.

High inflation and rising interest rates affected travel in 2024, where many were limiting their discretionary spending. Domestic visitor count in June 2024 dropped to 1,394,000 visitors from 1,495,000 visitors in June 2023.

Tourism Trends	
1,394,000 Visitors	7,193,000 Nights
\$2.6 Bn Spend	

Some have attributed the crime rates in the NT has also contributed to reduced visitor counts.

However, it is believed that the recent actions proposed by the NT Government to increase tourism activities in the NT will boost travel into the Territory boosting economic activities as well.



Source: Australian Trade and Investment Commission, Tourism Research Australia

Crime

Property Crime

Property crimes in the NT has been a major factor affecting safety of people as well as businesses operating.

At the start of the year, 2,241 total property crimes were recorded in the NT and by the end of the year it slightly reduced to 1,791.

Theft related offences and property damage offences accounts for more than 70% of the property crimes recorded on average.

House break-ins and commercial break-ins account for around 15% and 8% respectively of the total crimes recorded over the year.

Property Crime Count

Year on Year Change

1,996
December '23

↓

1,791
December '24

Month on Month Change

1,898
November '24

↓

1,791
December '24



Source: NT Police, Fire & Emergency Services

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