



Westpac

Queensland

Property Report – July 2016

**HERRON
TODD WHITE
RESIDENTIAL**

National Overview

The lowest home loan interest rates seen in generations, restrictions on investment lending and softer market conditions across some state capitals are creating the ideal opportunity for first home buyers to get that all-important foot on the real estate ladder. There is a range of approaches first home buyers can take to get there.

Inner-city apartments – affordable and convenient

Opting for a unit rather than a house is often a more affordable option, and inner-city apartment developments offer a combination of convenience and low-maintenance living, with a wealth of amenities.

In Perth, a number of apartment complexes are being developed in and around the city centre as part of the state government's Directions 2031 and Beyond initiative designed to address urban sprawl. One-bedroom apartments in The Springs at Rivervale, for instance, start in price at around \$350,000.

In Melbourne, 2-bedroom apartments in inner-city Docklands and Southbank are selling for around \$600,000, though an increasing supply means buyers should be wary of limited capital growth prospects in the near term.

The concept of a 'first home' is changing

First home buyers have traditionally opted for houses in new estates in the outer suburbs. This is still a budget-friendly strategy, and there is a wealth of new estates especially targeted at first home buyers on the fringes of most state capitals.

However, in some areas – notably Sydney, the nation's most expensive property market – new estates are offering dwellings that are more compact than traditional homes, often on smaller lots to enhance affordability.

The growth zones around Leppington in the south-west and Marsden Park to the north-west of the Sydney CBD often feature semidetached duplexes or townhouses on parcels of land comprising 300 square metres. Here vacant land can start in price at \$350,000, with completed homes priced from around \$650,000.

Similarly, in Darwin's satellite city of Palmerston, newly developed suburbs such as Zuccoli offer vacant land priced from just under \$200,000.



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Growth potential matters

First home buyers need to be mindful not just of affordability but also of a property's capital growth prospects, and this largely hinges on location. The strategy of buying in a suburb where prices are more affordable than neighbouring areas can give first home buyers value today plus a head start on future price appreciation.

In Adelaide, for example, the outer suburb of Morphett Vale is considerably more affordable than the neighbouring towns of Flagstaff Hill and Hallett Cove. Yet it offers similar access to shops and community facilities, and local values are likely to benefit from the duplication of the Southern Expressway.

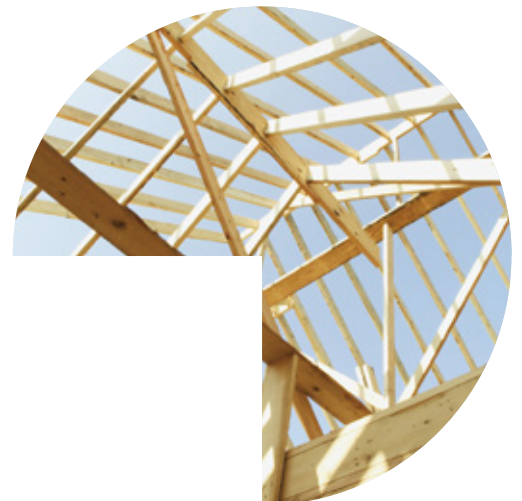
In Brisbane, the southern suburb of Algester offers a price point below \$500,000 while providing the same amenities as neighbouring Sunnybank Hills, where prices are much higher.

First home buyers in Tasmania enjoy a unique position. Not only is the state's property market considerably more affordable than markets in much of mainland Australia, the state government is offering a \$20,000 First Home Builders Boost to first timers who buy or build a new home.

The conundrum facing first home buyers in Tassie is whether to select a new home or purchase an established dwelling – often for a similar price – which could potentially deliver superior long-term gains. Undoubtedly first home buyers in other parts of the country would agree it's not a bad 'problem' to have.

Brendon Hulcombe

CEO - HERRON TODD WHITE



Queensland

Brisbane

First home buyers in Brisbane can find value across a number of suburbs, including Algester, located 18 kilometres south-west of the CBD. This location has gained popularity in the past 12 months, and with a typical price point below \$500,000, it remains affordable for first home buyers.

The surrounding townships of Sunnybank Hills and Parkinson have enjoyed healthy gains in the past 18 months, and Algester offers an opportunity to share the neighbourhood facilities – including the Sunnybank retail hub, schools and local train line – at a more reasonable price point.

On the north, the bayside suburb of Mango Hill, with a median house price of \$390,000, is a cheaper option than nearby North Lakes, where the median price is over \$400,000. First home buyers in Mango Hill can access quality homes on blocks ranging from 400 to 600 square metres and still enjoy proximity to the North Lakes commercial-retail hub. Furthermore, Mango Hill values will benefit from the recent construction of a local train station.

GOLD COAST

First home buyers looking for detached houses in the under-\$300,000 price bracket can find value in the fringe towns of the Gold Coast. Beenleigh, to the north, offers this opportunity, and with a median house price of \$305,000, the suburb has now become a hot prospect for investors. Located midway between Brisbane and the Gold Coast, Beenleigh has good infrastructure, with easy access to the M1 and a railway station.

Closer to the Gold Coast, the suburbs of Ormeau, Coomera and Pimpama offer childcare facilities, schools, local shopping and access to Brisbane and the Gold Coast via the M1 freeway. These locations generally provide a mix of modern and established detached houses with median prices below \$450,000.

On the southern-central Gold Coast, Mudgeeraba, Highland Park and Merrimac are well-located townships with a wide choice of schools and shopping facilities. At Mudgeeraba, a typical entry-level 3-bedroom detached dwelling will cost between \$440,000 and \$460,000. At Merrimac, houses on smaller allotments (450 square metres) are available for between \$400,000 and \$450,000. At Highland Park, a typical 3- or 4-bedroom house will sell for as little as \$380,000. These suburbs also offer entry-level townhouses priced from \$260,000 to \$280,000.

On the eastern side of the M1 freeway, Coombabah, to the west of Runaway Bay, offers good value. The suburb is adjacent to a nature reserve with views across the river, yet it is within proximity to the facilities of Broadwater. Original brick houses built from 1970 to 1980 on 500-square-metre allotments can be purchased for between \$390,000 and \$450,000.



SUNSHINE COAST

Throughout the first half of 2016, the Sunshine Coast has offered entry-level pricing below \$500,000, and as a result the region is popular among first home buyers. Moreover, tighter investment-lending criteria may give first home owners the advantage they have been waiting for.

On the western side of the Nicklin Way, Currimundi, with a median house price of \$440,000, provides good value for semi-modern single-unit dwellings. The suburb provides access to several popular amenities, such as Currimundi Markets, Talara Primary College, good public transport, several local parks and the popular Currimundi Lake and local surfing beaches.

With the new Sunshine Coast University Hospital nearing completion, an influx of medical professionals is expected in the surrounding area, which may put upward pressure on local values.

Darling Downs

The Toowoomba region has always been attractive for first home buyers due to the low entry prices relative to capital city and coastal markets. A modest dwelling with renovation potential can be purchased for as little as \$215,000 in the suburbs of Newtown, Rockville, Harristown and Harlaxton.

Units have traditionally been less sought after by first home buyers in Toowoomba. However, an oversupply of new unit stock is emerging across the western suburbs, which may provide opportunities for first home buyers to secure modern units at prices below initial selling values.

BUNDABERG

The Bundaberg region encompasses a broad geographic area and includes multiple suburbs that are attractive to first home buyers on affordability grounds.

First home buyers can pick up dwellings in Bundaberg priced in the order of \$150,000 to \$200,000, though this price bracket will provide only very basic accommodation. Suburbs on the eastern fringe such as Kalkie, Ashfield and Bundaberg East offer more modern homes at prices between \$200,000 and \$300,000.

GLADSTONE

Property values in Gladstone have eased to levels that are attracting interest from first home buyers, with multiple properties for sale for less than \$200,000, and older suburban townhouses priced between \$75,000 and \$125,000.

That said, Gladstone's property market – and local economy – have continued on a downward trend in the first half of 2016. Major employers in the region have cut hundreds of jobs in the past six months and the Gladstone economy is likely to remain subdued for the foreseeable future. First home buyers need to be aware of this downside.

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ROCKHAMPTON

The downturn in the mining sector, improved affordability and record low interest rates are attracting first home buyers back to the Rockhampton market. In south Rockhampton, the suburbs of Allenstown and Wandal offer older highset timber or fibro dwellings in the \$260,000 to \$320,000 price range.

MACKAY

Since late 2013, the downturn in the resource industry has had a significant impact on the Mackay property market. Values have dropped around 30% and there is a significant number of 'mortgagee in possession' properties listed for sale. While this may sound dire, it presents good buying opportunities for first home buyers. At the lower end of the market, average homes can be purchased for between \$200,000 and \$250,000.

One impediment facing first home buyers is that the slowing of the mining sector has seen some lenders lower their loan to valuation ratios (LVRs) for Mackay. A number of lenders will lend only 70% of a property's value, which will require first home buyers to save larger deposits.

TOWNSVILLE

Townsville is currently at the bottom of the property market cycle, making this an ideal time for first home buyers to enter the market. The older suburbs of Gulliver and Currajong provide older-style homes on generous lots with proximity to shopping centres and employment hubs. Median house prices in these areas are \$275,000 and \$295,000 respectively. The estates of Haven and The Village provide new entry-level homes priced from the high \$200,000s. These estates are within 4 kilometres of the CBD; however, the downside is smaller lot sizes.

CAIRNS

The northern beaches suburb of Smithfield provides an opportunity for first home buyers to enter the Cairns market. The suburb, which has a median price in the order of \$410,000, is approximately 15 kilometres north-west of the Cairns city centre and mainly comprises average-quality dwellings through to executive homes. Smithfield also offers the James Cook University campus, a regional shopping centre, council library, swimming pool, and public primary and high schools.

Plans to improve road infrastructure are likely to encourage population growth in Smithfield, and modern homes in the suburb offer significantly better value than some of the popular northern beaches locations such as Trinity Beach and Clifton Beach.

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