



**Westpac**

# Queensland

Property Report – January 2016

## National Overview

As we head into 2016, two key factors are taking some of the heat out of a number of metropolitan property markets. APRA-initiated caps on investment lending are watering down demand among local investors. In addition, the Chinese government has increased restrictions on the amount of capital its citizens can take out of the country. This, too, is seeing a softening of demand from overseas investors.

### POTENTIAL SAVINGS FOR UPGRADERS

It's worth stressing that we are not seeing property values tumble. Nonetheless, more-sustainable growth in our state capitals will benefit first home buyers as well as upgraders, who may have been sitting on the sidelines waiting for markets to take a breather.

Upgrading in the current market can mean selling your current home for a lower price than you may perhaps have achieved, say, 12 months ago. The trade-off is the potential to pocket valuable savings on a home in the next price bracket. As our experts across Australia confirm, the current market offers ample opportunities to take advantage of this strategy.

### VALUE IN SOUGHT-AFTER SUBURBS

In Sydney, some locations are experiencing price falls. In Caringbah South, for example, the median house price has dipped from \$1.582 million in June 2015 to around \$1.28 million at present. Yet with proximity to the Cronulla beaches, nearby transport links and ample local facilities, Caringbah South is expected to deliver strong price growth over the long term.

In Melbourne, suburbs such as Balwyn and Balwyn North, in the city's east, were a favourite among Chinese investors. As this buyer segment withdraws, auction clearance rates are dropping from around 72% to as low as 30%. This has seen values fall by up to 10%, giving today's buyers excellent value for money.



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#### DECLINE IN RESOURCE SECTOR BOOSTS AFFORDABILITY IN PERTH

The end of the mining boom is the chief cause of price corrections across virtually the whole Perth market. Median prices in prestige locations such as Peppermint Grove have fallen by more than 10%. The lower end of the market is also more affordable. In suburbs such as Balga, to the north of Perth, vacant development sites formerly priced at \$480,000 are now listing for around \$420,000 – a saving of 12.5%.

Darwin hasn't escaped the weaker market conditions. Values in and around the CBD have dropped by 4% over the past year; and to the south, sales in Alice Springs have slowed noticeably, providing value-packed buying opportunities.

#### TASSIE MARKET PICKS UP

Tasmania's property market continues to perform below long-term averages, though this is a reflection more of a sluggish state economy than of a downturn in the property market. On a positive note, we are beginning to see increasing sales volumes leading to stock shortages in some areas, suggesting now is a good time to buy.

#### QUEENSLAND MARKET – A MIXED BAG

Brisbane values are reasonably static, with more of the same expected in 2016. The Gold Coast market is strengthening and is likely to pick up speed as we head towards the Commonwealth Games in 2018.

By contrast, a tapering of investor activity on the Sunshine Coast is creating opportunities in the \$600,000 to \$900,000 price range typically favoured by upgraders. For buyers in the north of the state, Mackay offers outstanding value. Prices have dropped by around 30% and quality homes that were once priced from \$700,000 can now be picked up for around \$550,000.

#### LOOK FOR THE POTENTIAL FOR LONG-TERM GAINS

Regardless of the savings that can be made in a cooler market, buyers still need to be mindful of the fundamentals that will underpin long-term capital gains.

If a location ticks the boxes for ample local facilities, strong transport links and nearby employment opportunities, buyers can be reasonably confident their property will notch up healthy value growth over time.

Brendon Hulcombe  
CEO - HERRON TODD WHITE



## Queensland



### Brisbane

The Brisbane property market was a relatively steady performer over the past 12 months, though the majority of growth was recorded among inner-city suburbs within 5-8 kilometres of the CBD. Beyond this, the market was reasonably static, with more of the same expected in 2016.

One exception is Brisbane's east, where the completion of the East Village multi-residential and retail development at Cannon Hill is likely to boost values in Cannon Hill and the surrounding areas of Morningside, Murarrie and Carina.

### Gold Coast

The Gold Coast market is forging ahead with no signs of softening, at least until after the Commonwealth Games in April 2018. Increased building activity and strengthening tourism are underpinning a healthy employment market, and as a result, there are few suburbs where buyers can find what could be described as 'bargain' properties.

Nonetheless, upgraders looking at the \$400,000 to \$600,000 price bracket can find good value across a number of suburbs. These include Pimpama and Ormeau (suitable for upgraders with a budget in the low \$400,000s), Tweed Heads South (\$475,000), Benowra Point (low \$500,000s) and Mudgeeraba and Parkwood (both \$550,000).

### Sunshine Coast

The first half of 2015 saw the Sunshine Coast perform well; however, tighter lending restrictions have put the brakes on the local market. This is creating opportunities in the traditional upgrader price bracket of \$600,000 to \$900,000, which experienced more moderate price gains in 2015 than the lower end of the market.

Suburbs and properties falling within this price range vary from those fronting the canals or lake through to properties in the hinterland. Despite cooler conditions at present, the completion of the Sunshine Coast University Hospital in 2016 should underpin long-term capital growth.

### Darling Downs

Toowoomba's median house price has fallen for the first time since 2011. The decline of about 3% is minor and it certainly hasn't triggered substantial buying activity among upgraders.

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It should be noted that the preferred upgrader locations of East Toowoomba, Rangeville, Middle Ridge and Mount Lofty rarely experience price falls. The extensive array of local amenities, schools and high-quality properties has tended to support home values across a variety of market conditions. Indeed, over the past decade East Toowoomba has recorded a 46% increase in the median house price – rising from \$280,000 in 2005 to \$410,000 today.

## Hervey Bay

Hervey Bay is currently experiencing steady sales activity across most price brackets, though most notably in the under-\$400,000 market. To date, supply appears to be meeting demand, and this has resulted in property values remaining relatively stable.

In the \$400,000 to \$600,000 bracket typically favoured by upgraders, we are seeing a healthy supply of listed properties. This is giving buyers the upper hand, and with strong negotiation it is possible to secure some great buys.

## Gladstone

Investors have largely retreated from the Gladstone market over the past 12 months, and property values are beginning to stabilise after dropping by as much as 40% since the peak of 2011–12.

Values are now at levels not seen since about 2005, and upgraders have definitely been active in recent months. Popular locations include West Gladstone (median price \$277,500) and Kin Kora (\$326,000), which are established suburbs close to major urban amenities. Upgraders are also active in the beachside suburb of Tannum Sands and the rural townships of Beecher and Burua, where homes are generally priced above \$400,000. These locations are expected to achieve long-term value growth supported by proximity to services and lifestyle appeal.

## Rockhampton

Over the past 12 months, owner-occupiers have been the dominant force in the Rockhampton market, and this has contributed to the stabilising of the under-\$300,000 market. Ideal suburbs for upgraders include Frenchville (median price \$315,000) to the north of the CBD and Allenstown (\$241,000) to the south. Both locations have seen a reduction in median prices of up to 10%. However, we believe they have potential for long-term growth supported by proximity to facilities and local employment hubs.

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## Mackay

Property values in Mackay have dropped by around 30% and with many homes now priced at 2005 levels, the region offers the best buying opportunities seen in a decade. Some of the most lucrative savings can be found among Mackay's modern estates. Northview Gardens in Glenella, for instance, has seen a large number of sales over the past 12 months – all at heavily reduced prices. Dwellings that were selling for \$700,000 to \$850,000 are now being resold for between \$550,000 and \$650,000.

## Townsville

The Townsville market as a whole has become more affordable over the past 12 months. In outer suburbs such as Kelso, dwellings requiring work can be picked up for as little as \$150,000 to \$200,000. Inner suburbs such as Kirwan and Douglas, which are attracting upgrader interest, offer 4-bedroom homes in modern estates priced from the mid-\$300,000s.

Key suburbs to watch are Condon and Rasmussen, which are well positioned in relation to the Ring Road and have entry prices starting at \$190,000.

## Cairns

Sales growth in Cairns has slowed over the past 6 months but values are continuing to rise, and the current median house price is \$410,000.

For upgraders, the broader Redlynch area is popular. The median house price is around \$450,000 and the location offers an attractive mountain backdrop, good recreational facilities and a local retail centre.



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