



Westpac

Queensland

Property Report – July 2015

National Overview

Owner-occupiers are the lifeblood of Australia's property market, and this quarter we reveal suburbs and locations where home buyers – first timers as well as upgraders – can enjoy the trifecta of amenity, affordability and healthy long-term capital growth prospects.

INFRASTRUCTURE IMPROVEMENTS DELIVER BENEFITS

As our growing cities spread outwards, strong transport links can be a key point of appeal for owner-occupiers. In Sydney, values in the Inner West suburb of Dulwich Hill have been constrained by limited public transport options but the opening of the Inner West's new light rail link is expected to push prices beyond today's typical price of \$1.2 million.

It's a similar story in Sydney's Hills District. The Norwest Rail Link, due for completion in 2019, will provide a much-needed rail link between this growth area and the city. Suburbs such as Baulkham Hills, where homes are currently priced at around \$800,000, are expected to be prime beneficiaries.

The Perth suburbs of Atwell and Success, located around 21 kilometres from the CBD, sit on opposing sides of the Kwinana Freeway, one of the city's major arterial roads. This gives residents excellent commuter access; however, neighbourhood rail links could be the factor that supports future price growth as Perth's expanding population puts increased pressure on commuting times. Home values in both suburbs start at around \$550,000.

RIDING THE RIPPLE EFFECT

The ripple effect, where rising prices in one area radiate outwards to neighbouring suburbs, can help owner-occupiers pinpoint areas that are affordable today but have growth potential for tomorrow. In Canberra, Narrabundah adjoins Griffith, one of the city's most sought-after suburbs, and this should support long-term price growth beyond the current median value of \$500,000.

Brisbane's middle-ring suburbs are enjoying a wave of price appreciation emanating from the inner city. Suburbs such as Kedron, Wavell Heights and Stafford in the north and Coorparoo in the south remain affordable, with entry-level prices typically ranging from \$500,000 to \$600,000.

Similarly, Melbourne owner-occupiers, who may be priced out of prestige suburbs such as Northcote and Preston, can find value in nearby Reservoir. An abundance of facilities plus a new retail hub look set to push up values from Reservoir's present median house price of \$541,000.



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SKIP THE MORTGAGE BELT

In cities such as Adelaide and Hobart, first home buyers and upgraders can still enjoy close proximity to the CBD, beaches and other lifestyle attractions – all for an affordable price. Adelaide's Plympton Park offers older homes on large lot sizes priced from around \$450,000. Demand for this type of property is expected to escalate as developers increasingly look for blocks with subdivision potential.

Darwin owner-occupiers who cast their net a bit wider can also find value. In the northern suburb of Millner, house prices are typically around \$550,000, making it more affordable than nearby Nightcliff or Co-conut Grove. Yet along with a wealth of facilities, Millner features large residential lots, which could have subdivision potential further down the track.

Brendon Hulcombe

CEO - HERRON TODD WHITE



Queensland



Brisbane's middle-ring suburbs, located approximately 6-8 kilometres from the city centre, are enjoying a ripple effect of price appreciation emanating from the inner city, though there are still pockets of affordable hidden gems with healthy growth potential.

In Brisbane's north, Kedron, Wavell Heights and Stafford are all experiencing strong demand. With close proximity to amenities, services and transport corridors, these suburbs are also a short distance from the employment hubs of Prince Charles Hospital and Chermide Shopping precinct. Entry-level prices range from \$500,000 to \$600,000.

In Brisbane's southern suburbs, Coorparoo, Camp Hill and Morningside are proving to be popular with owner-occupiers. Home prices in these areas start at about \$550,000, and values are expected to benefit from the extensive redevelopment of the former Coorparoo Myer Centre. The former Myer building was recently demolished and a \$232 million development is planned for the site, which will include three residential apartment towers plus a retail precinct including restaurants, cafes and a 10-theatre cinema complex. Future plans also include space for a busway to run under the site, and the development should underpin long-term price growth in the area.

Gold Coast

Helensvale is a Gold Coast location with strong growth potential over the next 5-10 years. The suburb has been well planned and offers a variety of lowset 4-bedroom brick homes built between 1985 and 1995. Prices start at around \$425,000 to \$475,000, though some waterfront housing is priced upwards of \$800,000.

Helensvale boasts excellent infrastructure, including the Westfield Helensvale Shopping Centre, a railway station and easy access to the M1. Property values are likely to climb once the extension of the light rail service to Helensvale is approved, possibly in the next few years. This link will markedly improve transport times to central areas of the Gold Coast.

Upper Coomera is a suburb worth a look by first home buyers. It has traditionally been dominated by investors; however, with 4-bedroom homes priced from \$375,000, a growing number of owner-occupiers are settling in the area and the overall presentation of the suburb is improving. Value growth will be further supported by the completion of the planned Coomera-M1 interchange. In addition, Westfield has announced the construction of Coomera Town Centre, a major shopping centre for the area.

Sunshine Coast

We believe the construction of the new Sunshine Coast University Hospital will be a game changer for the Sunshine Coast area, creating valuable employment opportunities. This will be supported by the state government's commitment to enhancing the Maroochydore CBD. Already, the Kawana area has seen increased demand for properties priced under \$500,000 and we expect strong demand to continue as major infrastructure projects reach completion.

Toowoomba

The Toowoomba residential property market continues to experience an upswing. The region's home prices have traditionally benefitted from Toowoomba's location as the gateway to western Queensland and the Darling Downs; however, in recent years this has been supplemented by mining activity, the construction of the Brisbane West Wellcamp Airport and the proposed Toowoomba Range Bypass Road.

Toowoomba's median sale price is currently around \$350,000, a price point that is attractive to both first home buyers and upgraders. Owner-occupier-dominated suburbs such as East Toowoomba, Middle Ridge, Kearneys Spring, South Toowoomba, Mount Lofty, Darling Heights and Rangeville are expected to record more stable growth than newer developments across Toowoomba's western suburbs.

Hervey Bay

Long-term capital growth for the Hervey Bay area tends to be strongest among suburbs with beach front-age and proximity to the CBD. With this in mind, the more established suburbs of Pialba, Scarness and Torquay are likely to provide reasonable growth over the next 5-10 years. Sites offering water or district views, or larger lot sizes are likely to offer the best long-term growth potential.

Bundaberg

Confidence in the Bundaberg market is growing, though values have tended to remain static in the under-\$350,000 price range. Popular locations include the coastal suburbs of Bargara and Kalkie and the newer estate in Branyan, which has larger allotment sizes. We believe the market will remain fairly steady for the foreseeable future.

Gladstone

Investors have largely retreated from the Gladstone market over the past 12 months and the majority of activity is now generated by owner-occupiers. Buying activity is strongest in the established suburbs of Kin Kora, Telina, New Auckland and Clinton, and the beachside suburbs of Tannum Sands and Boyne Island. These locations all offer quality

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infrastructure, and it is possible to buy homes in the \$300,000 to \$400,000 price range. Gladstone's economy remains relatively weak and the local property market is expected to remain relatively stable.

Rockhampton

The Rockhampton property market has been affected by the downturn in the mining sector and we expect local values to remain steady for the foreseeable future. Nonetheless, owner-occupiers can pick up homes priced from \$350,000. Popular suburbs include The Range, Wandal and parts of Allenstown, which offer major facilities such as public and private hospitals, local schools, neighbourhood shopping centres, and easy access to the CBD and airport.

Mackay

The scaling back of the mining boom has seen property values in Mackay fall by almost 20% and buyers entering the market from elsewhere can now take advantage of prices not seen in almost 10 years. It is difficult to know when the market will stabilise and in recent months estates such as Northview Gardens have recorded numerous sales in the \$500,000 to \$700,000 price bracket.

Townsville

Suburbs within a 5-kilometre radius of the Townsville CBD are predicted to offer good long-term prospects, and from an affordability perspective Pimlico and Hermit Park are worth a look by owner-occupiers. These suburbs are well served by major distributor roads, and local employment is available through Castletown Shopping Centre, Mater Hospital Pimlico, Mater Women's and Children's Hospital, and retail and commercial centres located along Charters Towers Road.

Dwellings in Pimlico and Hermit Park are typically 1940s timber-framed homes on lots of more than 600 square metres. Entry prices start in the high \$200,000s, and as the population of Townsville increases, these inner suburbs are expected to enjoy healthy capital growth.

Cairns

The Cairns property market has been rising steadily over the past three years, following an uptick in the local tourism industry. Price acceleration has been especially strong along the northern beaches of Cairns, though the southern suburbs may offer better buying opportunities, with entry-level prices ranging from \$300,000 to \$420,000, compared to \$380,000 to \$500,000 in the north. Apartments remain more of a buyer's market, though buyers need to be aware of escalating insurance costs.

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