



Westpac

Queensland

Property Report – October 2015

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National Overview

Media headlines regularly focus on the challenges first home buyers face finding affordable property, and yes, in many state capitals residential property is expensive.

However, what is often overlooked is the growth of competitively priced new estates located in outer-ring growth corridors, where house and land prices are often below \$500,000. The popularity of these developments is frequently underpinned by state government initiatives that actively encourage first home buyers to purchase newly constructed homes or build homes on vacant land.

These initiatives are certainly having a positive impact on the residential construction industry. Figures from the Housing Industry Association confirm apartment building was a strong performer in August 2015, with construction of houses also expanding¹.

NEW ESTATES ARE BACKED BY INFRASTRUCTURE

The availability of new estates in planned suburbs is good news for first home buyers, especially in our least affordable city, Sydney. The typical first timer looking to buy in Sydney's middle-ring suburbs, for instance, is often able to afford only a 1- or 2-bedroom apartment.

By contrast, in Sydney's south-west growth region, suburbs such as Oran Park and Leppington offer house and land packages priced from around \$480,000.

Yes, these are outer suburbs. However, anyone driving through this area for the first time couldn't fail to be impressed by the extent of new infrastructure construction, which is providing improved transport links plus local employment hubs. This level of activity, coupled with the planned second airport at Badgerys Creek, suggest the first home buyer estates of the south-west will prove to be a sound investment for the future.

It's a similar story around many state capitals: first home buyers prepared to look beyond established suburbs can find value. In Brisbane, for instance, Springfield Lakes (25 kilometres from the CBD) offers 3-bedroom homes priced from \$350,000. Melbourne's Point Cook area features new developments such as Featherbrook and Kingsford estate, which offer house and land packages starting at around \$375,000.

To the east of Darwin's satellite city Palmerston, Zuccoli is home to new masterplanned estates. Vacant lots of 300 square metres are selling for as little as \$160,000, making this area an affordable option for many of the Territory's first home buyers.



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PRICES HAVE COOLED IN WA

In Western Australia, Perth values have cooled over the past 12 months, and in northern suburbs such as Butler prices have dipped 0.9%. This is giving first home buyers greater buying power, and semi-detached homes in the area are priced under \$400,000.

TASMANIA AND SOUTH AUSTRALIA OFFER AFFORDABLE PRICES

First home buyers in South Australia and Tasmania are fortunate to have an affordable property market. Tasmanians also benefit from the state government's First Home Builder Boost (FHBB), currently worth \$20,000 for new constructions. However, our experts in Tasmania are urging first home buyers to weigh up the merits of a newly built home versus an established property. Given the affordability of Tasmania's property market, first home buyers can secure excellent value with established homes in quality suburbs, even if it means forgoing the FHBB.

A final word of caution: first home buyers on very tight budgets need to be mindful that many new developments feature extremely small lots, as a way of keeping prices down. Particularly diminutive allotments, while budget friendly, may have limited buyer appeal and prove harder to sell further down the track.

Brendon Hulcombe

CEO

¹ Australian Industry Group/Housing Industry Association media release; Australian PCI@: Construction rebounds in August, 7 September 2015.

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Brisbane

Springfield Lakes, located approximately 25 kilometres south-west of the Brisbane CBD, is a popular suburb among first home buyers along the city's western corridor. The suburb is served by a newly completed railway line, and this has improved the appeal of subdivisions within the surrounding locality. Springfield Lakes features a shopping centre, a campus of the University of Southern Queensland and two schools, and the Mater Hospital is currently under construction.

A northern suburb worth a look by first home buyers is Mango Hill, situated approximately 25 kilometres from the CBD. It adjoins the near-complete North Lakes masterplanned estate, which provides a range of amenities, and construction of a rail line from Brisbane to Redcliffe is under way.

Property prices in both suburbs vary from the mid-\$300,000s to the high-\$600,000s. First home buyers can pick up 3-bedroom homes priced between \$350,000 and \$400,000.

Gold Coast

Rising investor interest in the Gold Coast market has pushed up property values, and there are now only limited opportunities for first home buyers in the Upper Coomera, Coomera, Pimpama and Ormeau localities.

At estates such as Oxenford Heights at Oxenford and Coomera Retreat at Upper Coomera, lots start from 450 square metres in size and are priced from approximately \$230,000, while house and land packages are generally priced from the low \$400,000s. These developments offer proximity to the M1, schools, transport and shopping.

First home buyers with a purchase budget below \$400,000 need to look further afield. The Vale at Holmview features lots starting at 313 square metres in size that are priced between \$169,000 and \$190,000. New 4-bedroom houses with full landscaping are generally selling for between \$375,000 and \$400,000. Schools and shops are close by.

Toowoomba

First home buyers are able to enter the property market in Toowoomba with relative ease due to its affordability and the supply of homes, however there is strong competition from investors for properties priced below \$450,000.

New subdivisions offering lot sizes starting at 400 square metres are located to the west of the CBD in the suburbs of Glenvale, Cranley and Cotswold Hills. However, we believe caution should be exercised when considering the long-term growth prospects of these estates. A looming oversupply could see values fall in the future.

Hervey Bay

New subdivisions are being developed across several suburbs within Hervey Bay, and house and land packages are selling below \$370,000. The Flamingo Park housing estate in Kawungan, for example, offers 3-bedroom homes priced from \$320,000 to \$345,000.

Rockhampton

First home buyers are most active in the newer north Rockhampton estates of Varsity Park, Crestwood and The Gardens. House and land packages for standard 4-bedroom dwellings are priced between \$380,000 and \$450,000.

Mackay

Property values across the Mackay region have fallen by up to 20% over the past two years, presenting excellent opportunities for first home buyers. New house and land packages have become very affordable in the developments Richmond Hills, Mira Flores and Belmere estate to the north, and Cuttersfield estate to the south. Four-bedroom dwellings start in price in the mid-\$300,000s, representing value not seen in Mackay in almost 10 years. That said, there is uncertainty as to whether the local property market has reached the bottom of the price cycle following the downturn in the resource sector.

Townsville

North Shore is a masterplanned development 12 kilometres from the Townsville CBD with entry-level prices that are affordable for first home buyers. New 2-bedroom dwellings on 124 square metre allotments are priced from around \$270,000, and the area is close to a variety of amenities, including a shopping centre anchored by Woolworths, schools, a medical centre and an aquatic centre. The northern beaches area has grown rapidly in the past two years; however, price growth is likely to be moderate over the medium term given the availability of land.

Cairns

The Edmonton–Gordonvale corridor of Cairns is traditional new first home buyer territory. The area is supported by seven land subdivisions, some offering land only and others providing house and land packages.

Land prices typically range from \$140,000 through to \$240,000, with completed homes selling from around \$370,000. This location has traditionally been a fringe area of Cairns, but it is gaining greater identity in its own right with the development of infrastructure and services in the Edmonton town centre and improved highway access.

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