

Qld markets bounce back

Monday, 18 September 2006

Defying interest rates, market pundits, and cyclical slowdowns, Queensland's established housing markets largely performed well over the June quarter on the back of continued demand from both owner-occupiers and investors.

Today's release of the June quarter median sales figures from the Real Estate Institute of Queensland (REIQ) confirms a solid bounce back in prices and sales activity.

Across the region, Brisbane saw growth of 0.8 per cent in the median house price; Gold Coast saw 0.3 per cent, while Logan was the strongest market with 4.1 per cent growth over the quarter followed by Ipswich on 2.1 per cent.

The unit markets in Greater Brisbane and Gold Coast were positive over the three months to the end of June - Greater Brisbane saw 3.7 per cent growth and the Gold Coast recorded 0.7 per cent.

Commenting on the new figures, REIQ Chairman, Peter McGrath, said that after more than two years of fairly flat house price movement, many parts of metropolitan Queensland had recorded better than average growth in prices for residential property.

"Over the past year, REIQ data has highlighted positive developments in most major centres in the Southeast," he commented.

"We're also seeing very strong growth in some of the regional centres on the eastern seaboard, as well as the booming mining districts in central and western Queensland," he said.

"Back in 2003, analysts were predicting sales volumes in Southeast Queensland would collapse - they have returned to 'pre-boom' levels and are now starting to increase."

Mr McGrath said that while these figures took account of the first rate rise this year; they did not factor in the second rate rise in early August.

He also said the main through line in the data was the issue of affordability affecting markets at all levels across the Southeast.

"The obvious explanation for sharp increases in house prices in Logan and Ipswich is the extremely strong demand for houses under \$250,000.

"The suburbs across these two cities remain the only option for families to enter affordable home ownership within commuting distance to Brisbane," Mr McGrath said.

Mr McGrath said the growth spurt in unit prices across Brisbane and the Gold Coast was also an issue of affordability with younger first-time home buyers choosing a unit or townhouse as a cheaper alternative to a house.

"An ever-growing number of new home buyers are choosing a very different home ownership option than previous generations," he said.

"More young people are asking themselves why they would opt for a three or four bedroom house 20 or 30 kilometres from their jobs and social lives when for the same money they could be living in a unit conveniently located in the inner city suburbs."

Despite this trend, Mr McGrath said that first home buyer numbers, as a proportion of total residential property buyers, is still below historical levels.

REIQ analysis points to a welcome bounce back in the investor market for units due to a realisation that strengthening demand from first home buyers and tenants - in particular students - is presenting lucrative investment options.

The rental market is tightening with fewer properties available in key population centres and rents edging higher by the month. Vacancy rates are also quite low.

The Sunshine Coast house market remains a concern with all three local government areas recording negative or flat figures - Caloundra on -1.6 per cent; Maroochy on 0.0 per cent; and Noosa on -0.7 per cent.

Second hand units on the Sunshine Coast performed below expectations with the exception of the Noosa Shire which saw 12.7 per cent, largely buoyed by big gains in Noosa Heads and a sharp variation in the types of units sold quarter to quarter. Caloundra recorded -6.9 per cent and Maroochy -1.8 per cent.

"The lack of affordable housing on the Sunshine Coast is affecting the region's sales numbers and price movement," commented Mr McGrath.

Across the State, the standout markets continue to be those within the central Queensland mining belt and Mackay, which showed extraordinary price growth over the quarter and the 12 months to the end of June 2006.

Rockhampton saw house price growth of 8.1 per cent over the quarter and 29 per cent over the year. The Banana shire - home to Moura and Biloela - recorded a staggering 19 per cent over the quarter and 51.2 per cent over the year.

Mackay bounced back to strong figures with 6.6 per cent house price growth over the quarter and 27 per cent over the year.

Mr McGrath said the booming resources sector was not only the backbone of the region's

property market but also the whole State's economy.

"The optimism this sector generates is not confined to the towns and mining centres across central and western Queensland. The benefits flow directly to the Southeast and contribute to our State's economic success.

"The key to growth in the property sector in these areas is continued housing demand emanating from mining activity.

"Investors have realised for some time the lucrative future these towns' real estate markets hold.

"While rents are increasing at a similar pace as sale prices, the drawback now is not enough stock to satisfy the growing need."

Mr McGrath also pointed to continuing robust growth in Townsville and Thuringowa.

Townsville recorded house price growth of 2.4 per cent growth over the quarter and 12.2 per cent over the year, while Thuringowa saw growth of 0.2 per cent over the quarter and 15.2 per cent over the year.

"State Government population figures show the twin cities of Townsville and Thuringowa are set to be among Queensland's highest growth areas over the next 20 years," he explained.

"Higher defence spending is just one reason for the positive sentiment across this part of north Queensland.