

TOWNSVILLE

property snapshot

INDEPENDENT TOWNSVILLE PROPERTY MARKET RESEARCH

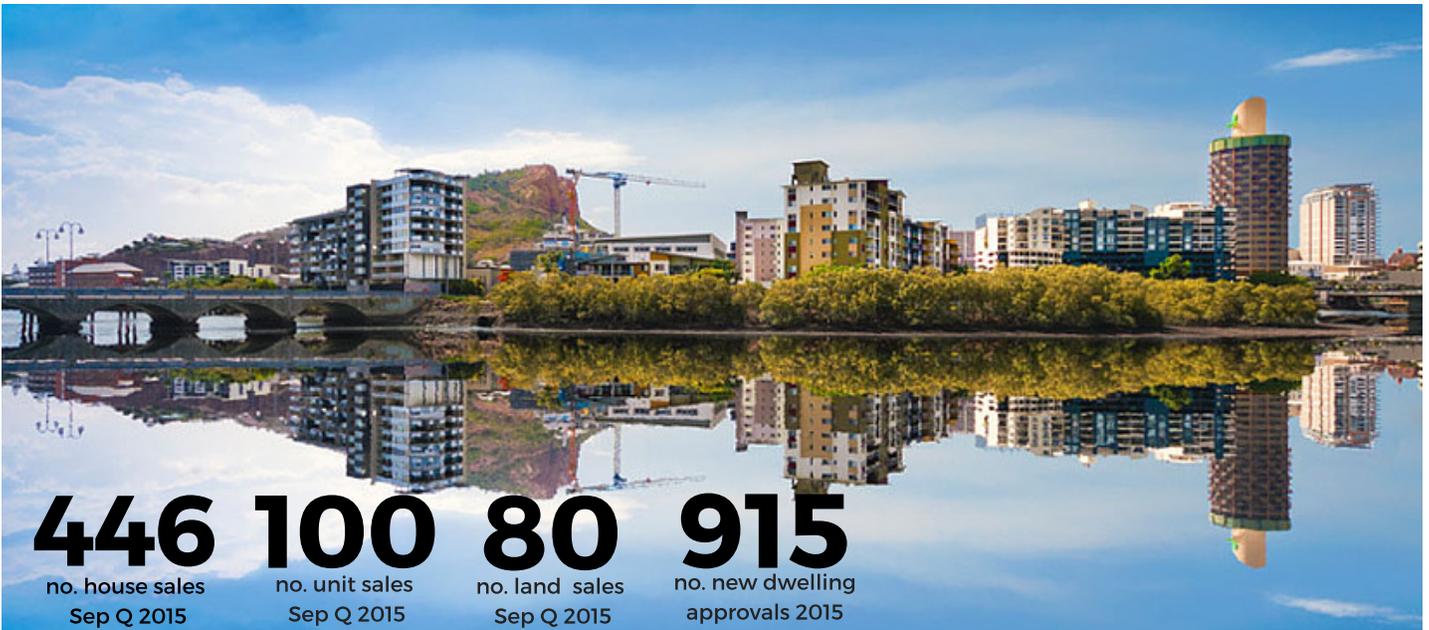
SEPTEMBER 2015 QUARTER



Kingsway Place apartment, RENTED by Townsville Rentals

ferry





COMMENTARY

TOWNSVILLE MARKET CORRECTING

Townsville residential property prices remain attractive, compared to large southern cities. Townsville property is a buyers' and renters' opportunity market as median prices perform consistently over the past year. September 2015 median prices show an interesting variety of results as rents fall slowly and vacancy rates rise.

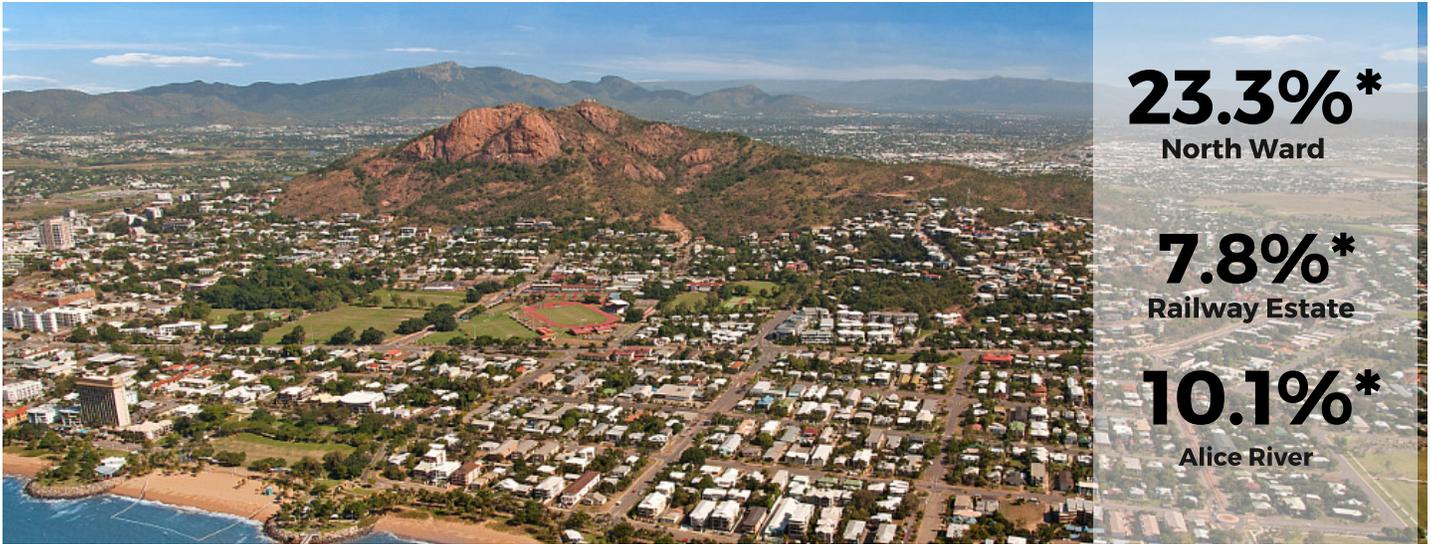
Townsville has a mature economy with solid diversification. The recent announcement of job losses at QNI is expected to be offset by public works projects brought forward by the State Government. The short-term net job impact is positive with the loss of 237 QNI jobs more than compensated by the gain of 430 public construction jobs.

Townsville Property Indicators Snapshot

Indicator	Result	Trend	Source
House prices September 2015 annual	\$342,000	Steady	REIQ
Unit prices September 2015 annual	\$284,310	Steady	REIQ
Rent houses/week September Qtr	\$305	Slow fall	REIQ
Rent units/week September Q	\$250	Slow fall	REIQ
Homes for sale September 2015	3082	increasing	Realestate.com.au
Vacancy rate houses December 2015	> 5%	Steady	
Unit vacancy rate December 2015	7%	Steady	
Market sentiment	Steady	Bottom of market	Anecdotal

Source: REIQ, HTW and DS Economics

- COLIN DWYER,
DS ECONOMICS



*Median house price growth Sep 2014 to Sep 2015

MARKET PERFORMANCE

HOUSES

September 2015 median prices for established houses in Townsville (\$342,000) have softened marginally over the past year but there are several suburbs that have experienced rises in their median prices. This is in part due to new home sales, sales of above-average priced properties and desirable locations close to employment zones and recreational facilities.

Mean vendor discounting for houses has increased to 8.9% and mean time-on-market has steadied to 94 days.

Median house prices, selected suburbs

Suburb	Sales	Median price	1 year change	5 year change	Trend
Idalia	14	\$525,000	7.1%	7.1%	Solid
Alice River	3	\$512,000	10.1%	3.4%	Solid
North Ward	5	\$635,000	23.3%	14.4%	Solid
Annandale	27	\$415,000	-3.5%	-13.5%	Soft
Douglas	19	\$388,500	-2.1%	-9.1%	Steady
Kirwan	57	\$340,000	-2.9%	-10.5%	Soft
Bushland Beach	21	\$400,000	-4.0%	-4.8%	Soft
South Townsville	7	\$355,000	3.6%	-6.6%	Solid
Railway Estate	7	\$345,000	7.8%	-5.5%	Solid
Townsville	446	\$342,000	-2.7%	-7.4%	Soft

Source: REIQ Sept Qtr 2015

Suburbs to watch

North Ward and Idalia are above-average priced suburbs with some prestige locations such as Castle Hill and Ross River frontage. They have continued to show rising median prices over the past year. These leading suburbs are conveniently located close to major employment and recreation zones. Castle Hill, part of North Ward, in particular reflected some bargain opportunity buying. Idalia is conveniently located close to several employment zones - Townsville Hospital, Lavarack Barracks, James Cook University, Aitkenvale business precinct including Stockland, and within five kilometres of the CBD - and has recently added new retail space enhancing the desirability of this leading Townsville suburb.

The other solid performing suburbs are South Townsville and Railway Estate. Both are located close to the proposed new integrated stadium and entertainment centre and the CBD employment zone. These suburbs should continue their positive median price trend if the integrated stadium project is approved in 2016.



*Median unit price growth Sep 2014 to Sep 2015

UNITS

Units and townhouse median prices were positive for the year to September 2015 despite a 9% drop in sales activity.

North Ward and Townsville City account for a significant share of unit sales each year. Both suburbs are experiencing positive annual price changes. This is probably due to a combination of bargain buying and proximity to the proposed integrated stadium project.

Mean vendor discounting for units has steadied to 9.1% and mean time-on-market has fallen to 119 days.

Median unit prices, selected suburbs

Suburb	Sales	Median price	1 yr change %	5 yr change %	Trend
North Ward	19	\$330,000	30	-9.3	Solid
Townsville City	8	\$392,500	3.8	-20	Solid
Douglas	-	\$330,000	13.8	5.8	Solid
South Townsville	5	\$518,615	42.1	8.6	Improving
West End	7	\$215,000	3.8	-20	Solid
Townsville	100	\$ 284,310	4.5	-13.8	Improving

Source REIQ Sept 2015

LAND SALES

The median price of land in Townsville remains steady at \$159,000.

Median land sale prices

City	Sales	Median price	1 yr change %	5 yr change %	Trend
Townsville	80	\$159,000	-2.5	-3.5	Steady

Source: REIQ Sept 2015

NEW DWELLING SUPPLY

There were 915 dwelling approvals in Townsville for the year to 31 December 2015 with an approved value of \$326.5m. This is a decline of several hundred approvals over the same period last year.

VACANCY RATE

Townsville residential 3 bedroom house rental vacancy rate was steady in September 2015 Quarter with units vacancy rate remaining soft. Townsville's residential rental vacancy rate, based on a 3-bedroom house, was steady in September 2015 Quarter; while the 2-bedroom unit unit vacancy rate remained soft.

At the end of September 2015, Townsville's overall vacancy rate increased slightly, to 5.6%. Oversupply conditions - for both houses and units - remain in Townsville's rental sector, along with lower tenant enquiry levels (based on what? REIQ anecdotal evidence from RE Agents). Median weekly rents were relatively unchanged across all rental types for the September 2015 quarter.

On average, year-on-year rents for 3 bedroom houses have dropped 4.7% or \$15 per week, and declined 3.8% or \$10 per week for 2 bedroom units.

Townsville rental information

Rent	\$/week	New Bonds	Vacancy trend
2 bed units	\$250	Declining	Soft
3 bed homes	\$305	Steady	Steady with some suburbs

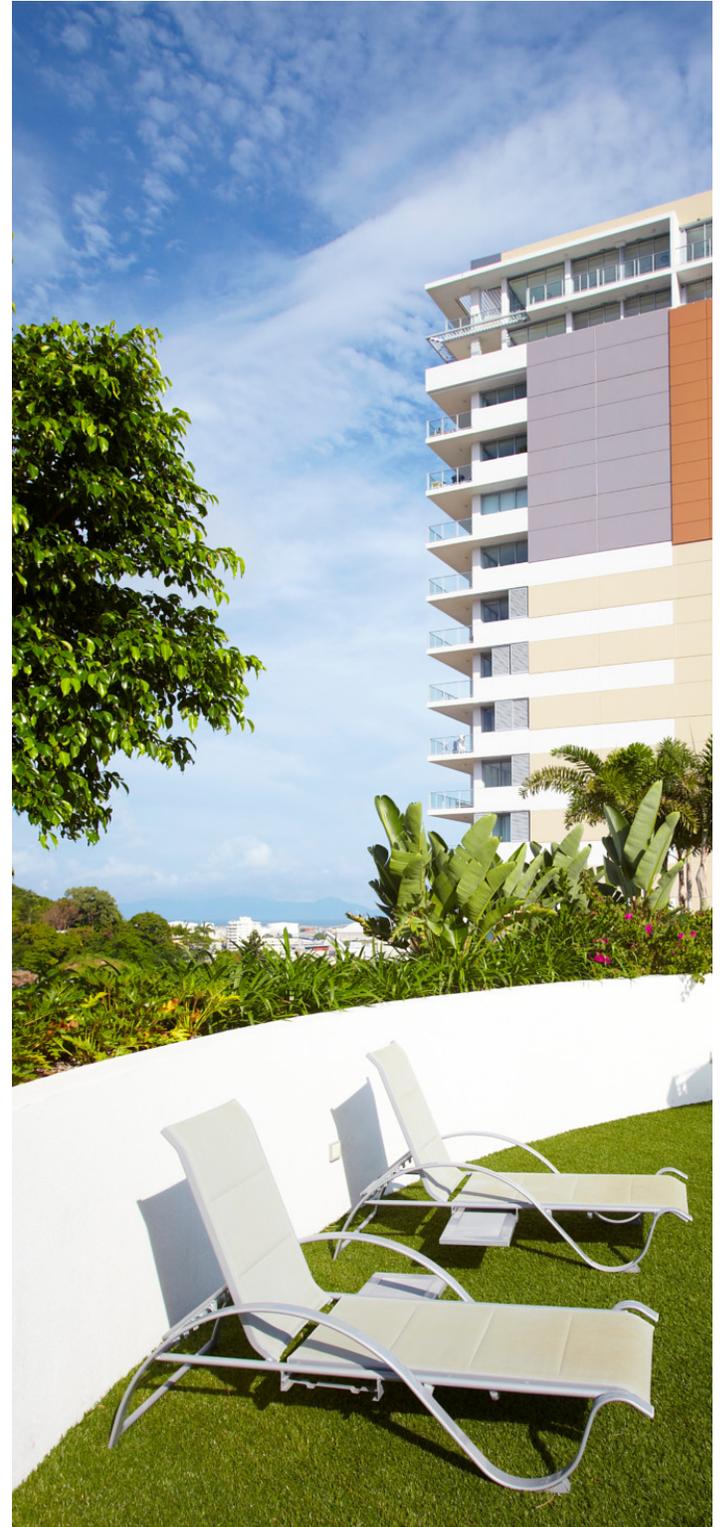
Source: DS Economics

MARKET SENTIMENT

Generally, stable conditions remain in Townsville's property market. The number of home sales in the Townsville property market remains steady as supply increases. The market is a characteristic buyer's market with some good buys occurring in the higher priced bracket. The mean discount rate is steady.

'Upgraders' have recognised buying opportunities close to employment zones and recreational facilities, combined with record low interest rates, increasing supply and steady property prices. At the start of March, the Reserve Bank Australia had left the interest rate at 2%, for the tenth consecutive month.

The October to December quarter is traditionally a stronger period in the market, as new residents move to Townsville searching for a well-priced home to buy or rent.



Housing affordability survey

International research group Demographia recently released its 2016 housing affordability survey, revealing Townsville as the seventh most affordable housing market in Australia.

The annual report - which looks at median house prices and divides them by local median household incomes - also lists Townsville as the 216th most affordable market globally, and fourth most affordable housing market in Queensland.

The typical Australian house costs 5.6 times the median household income. Townsville's housing affordability index is 4.3, its median house price is \$342,000 and its median household income is \$79,200.

Housing is considerably more affordable in Townsville than the major capital cities (\$140,000 cheaper than Brisbane's houses, half Melbourne's and a third the price of Sydney's) which offers a distinct advantage when attracting new workers to the largest city in North Australia.

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