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# Focus narrowed for Brisbane buyers

**It's a difficult balance finding a property in Queensland that's both affordable and well-positioned. As with the rest of the country, lower-priced homes are selling best, but that doesn't mean they are the best buy for investors, as Kit Kadlec reports**

**M**uch like other states and territories, Queensland now has a ceiling level on property prices – below it things are stable, while above it values are sinking.

It's all based on demand from purchasers backed by the First Home Owner Grant who are keen to snap up lower-priced homes. A growing number of owners of higher-priced ones – especially those bought as a second property – are starting to feel the pinch of the financial crisis, and they have little option but to try to sell now and quickly.

That leads many experts on the Queensland market to set the bar at about \$500,000. Anything below that is where the greatest buying activity is.

"The top end of the markets are struggling a bit," says Cameron Kusher, analyst with RP Data. "They are taking a longer time to sell, and there are not a lot of people in it."

Kusher says he expects these problems in the higher end of the market to continue throughout the year.

After missing out on bonuses or facing other financial worries, the wealthier owners are selling their holiday homes, mostly along the coast. And that means, especially, the Gold

Coast, Sunshine Coast and Palm Cove, says Kusher.

Scott McGeever, president of the Real Estate Buyers Association of Australia, agrees, adding that there are few buyers willing to pay top dollar for these properties right now.

"I think it's just a matter of confidence," he says, "and there's no confidence in spending at the moment."

Other areas cooling and set to struggle are the coastal tourism regions, particularly those up north around Cairns.

"A lot of the North Queensland market is heavily reliant on tourism, and you'd anticipate those numbers would go down with the global financial crisis," says Kusher. "Those are markets that are fairly exposed."

### Where to buy

The Queensland market may be seeing overall median prices falter, but there are still some sectors outperforming the rest.

"At best, it's a flat market, but the lower end is definitely the most active end," says McGeever.

Boosts for first homebuyers as well as lower interest rates are certainly incentives for those with more optimism and better financial

stability. And for investors, there are also some great rental yields in areas such as Brisbane.

"I think investors will certainly come back in the market in the short to medium term," says McGeever. "Rents are increasing and the property prices are staying relatively flat."

As rents have gone up, some frustrated tenants have been pushed to look to buy and McGeever says he expects that trend to continue.

"They are finding it as cheap [to own] as their rental payments," he says.

There are few people promoting the prospects of massive coastal homes at the moment, but there are many pushing well-priced suburban homes. Some are worth picking up for investors, but McGeever says there are also many that are not.

He relates that he was recently reading about some development companies promising great returns on properties, but he says investors should be especially cautious about such claims at the moment.

"I just think it's dangerous telling people that," he adds, and suggests investors look to buy in the most built-up areas rather than try to find a bargain in a more remote area. McGeever believes it makes much more sense to be patient and search for a well-located property at a good price.

"When the market is down and prices are too, why wouldn't you go and buy a blue-chip property – a BHP share instead of a share in a mining company that started up yesterday?" he asks.

Finding those areas includes looking for solid infrastructure and areas relatively close to the water. And in Brisbane, that also means staying within about a 15km radius of the CBD. He foresees transportation nodes becoming of even greater importance as the Brisbane population rises.

"Public transport is going to become a major part of getting around," he says.

But ultimately, the short-term performance of the market is going to rely on the level of confidence there is in it – and this will rely on employment levels.

"People are wondering if they buy a house, are they going to be able to keep their job?" says McGeever.

He expects the overall Queensland market to remain flat until at least until next year.

## Kedron

**Units** Median price \$328,000

Capital growth (3 months to Dec 08)	Capital growth (12 months to Dec 08)	Medium rental rate
3.68%	19.16%	4.80%

Source: Residex December 08

**I**n the inner-northern Brisbane suburb of Kedron, the city views and nearby parks are more than enough to keep demand strong, even in the current economic climate.

Those looking at property listings in the suburb quickly realise there are two sections, split by the main road – and any property listed usually states which section it is in.

'The Avenues', an area bordering the large Kalinga Park district is to the east, says Jeff Cornford, area precinct manager for Coronis Realty, and it has many city views. Padua Precinct lies on the other side and borders Stafford and Gordon Park. This area boasts a number of post-WWII homes.

Even though Cornford lives in the Padua Precinct himself, he concedes that The Avenues are the most popular, given their location and views.

"Anything that comes up for sale in there tends to sell very quickly," he says, adding that there are also some blocks of units on the southern side of Kedron that have performed well in terms of growth lately as well.

Rather than one section of town performing better than another, however, it's more about the buyer's preference as to the style of the home.

The suburb, about 6km from the city, has good infrastructure already in place. "We've got that circumference," says Cornford. The airport, a shopping centre, public transportation and private and state schools are also nearby.

The suburban atmosphere, location, and good schools helps keep the area popular with young families.

"It's a very traditional, older area, but it's been repopulated," says Cornford. "I believe the schools are pretty much bulging right now."

According to Cornford, some of the best streets for units are on the lower numbers of streets in The Avenues, such as avenues Five, Six and Seven.

## Charleville

**Houses** Median price \$153,000

Capital growth (3 months to Dec 08)	Capital growth (12 months to Dec 08)	Median rental rate
5.20%	12.90%	6.09%

Source: Residex December 08

**C**harleville is a small country town, well away from any major city in Queensland, but kept strong by agriculture and tourism. It's over a 750km drive from Brisbane and 270km from Roma, the next big town east.

Employment comes from local farms as well as two meatworks plants that keep it at a steady level in the town, says Margaret Lambert of McCurran & Co, First National Real Estate.

In the cooler months, most of the tourists come to visit attractions such as a wildlife sanctuary to see bilbies, the Cosmos Centre for stargazing, and the Royal Flying Doctor Service museum.

The older hotels in town also lend a bit of character to the area.

The real estate market has shown some steady growth, but still affords a median house price around \$150,000, according to Residex. Some new estates opened recently, says Lambert, which helped 12-month growth for 2008 to reach 12.9%.

There's a lot of red dirt around the town, Lambert says, and some mugga trees – as well as plenty of kangaroos, emus, goats, cattle and other animals both farmed and native. Despite its isolation, Charleville is connected to Brisbane by rail, which has helped its growth considerably. There's also a golf course, a racetrack and a hospital, as well as a private and a public school.

The ABS estimates there were about 3,550 people living in Charleville in 2006 and, at that time, unemployment was low – about 2.8%.

Lambert says there's really only one main street – and that's Alfred Street – that runs from one end of town to the other, and contains the main shopping centre and a number of homes.

### QLD PROPERTY

#### Brisbane houses

Median value \$448,000

Growth over 12 months 3.57%

Growth 3 months to December 08 0.51%

Rent return 4.19%

Rent amount December 08 \$360/week

#### Brisbane units

Median value \$346,500

Growth over 12 months 7.06%

Growth 3 months to December 08 -2.15%

Rent return 4.97%

Rent amount December 08 \$330/week

Source: Residex, 3 months to December 08