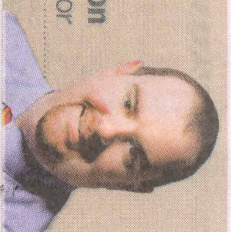


Outlook

on Queensland's development market

with **Jim Hutchinson**
Real Estate and Home Editor



Townsville's prospects positive

TOWNSVILLE'S diversified economy, projected population growth and lack of new housing supply is expected to buffer it from the effects of the global financial crisis and fluctuations in the property market, according to an independent property researcher.

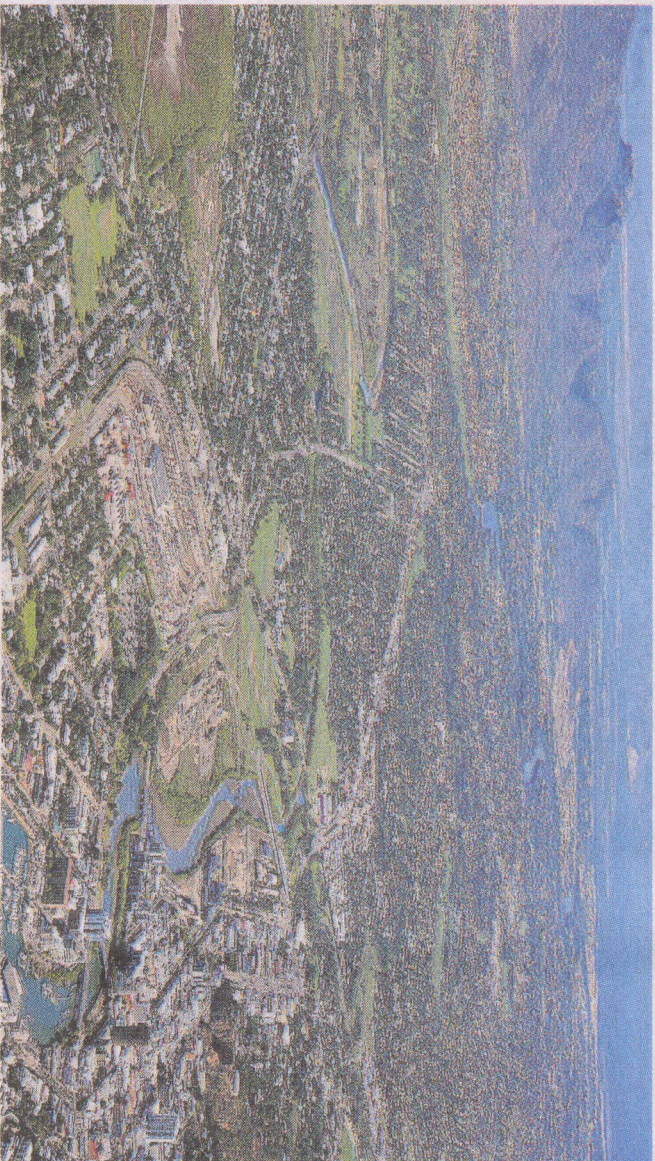
Colleen Coyne (pictured), director of Colleen Coyne Property Research, said although Townsville was not immune to the effects of the financial upheaval, the city was positioned to ride out the turmoil better than many other areas, with its strong position expected to put a floor under property prices in the region during 2009.



"Townsville and its surrounds support the largest and most diversified economy outside southeast Queensland, ensuring a varied mix of employment opportunities," she said. "The rental market also remains tight, with the vacancy rate well below other regional Queensland centres, which will underpin property values in the medium term."

Ms Coyne said according to REIQ figures, Townsville's 1.5 per cent vacancy rate in the September 2008 quarter compared favourably to 2.1 per cent in Mackay and Gladstone, 4.6 per cent in Cairns and 3.1 per cent on the Sunshine Coast.

"Building approvals also dropped to just 457 houses and 145 other residential



dwellings in the six months to December 2008 which, when coupled with projected population growth, will only help to support values, in an environment of reducing new supply," she said.

"The combination of these elements has ensured ongoing interest in the region, particularly from investors looking for solid yields and developers seeking opportunities to cater for future demand."

Ms Coyne said activity remained

strongest for properties priced below \$500,000.

"Preliminary data for the apartment and townhouse market indicates sales of higher priced stock have fallen in recent months, with 63 per cent of March quarter sales to date being in the \$250,000 to \$500,000 price range," she said.

"The latest housing statistics from REIQ show an increase in activity in the under \$350,000 price category, which

represented 47 per cent of sales, and a fall in the \$500,000-plus market from nine per cent to six per cent during the December quarter.

"While median house prices increased by 2.9 per cent to \$360,000 in the December quarter, my preliminary data for the March quarter indicates they have dropped back about 1.4 per cent to \$355,000.

"Activity by entry level buyers using the Federal Government's First Home

Owner Grant will have contributed to the increase in sales in the under \$350,000 price range."

Ms Coyne said both the residential vacancy rate and unemployment rate were likely to increase during 2009, due to a cooling in the booming mining sector, but she said there were an array of major projects in the pipeline that would help keep unemployment in Townsville relatively low.

"These include significant infrastructure and government developments such as the expansion of Townville General Hospital, expansion of the port and relocation of another light infantry battalion from Sydney," she said.

"Other projects include the redevelopment of Flinders Street in the CBD, coinciding with a proposed new \$200 million Flinders Plaza retail and entertainment precinct and expansion of Abbott Point coal terminal.

"Major mixed-use and residential developments include Lang O'Rourke's waterfront Harbourside project, which will include 140 hotel apartments managed by Mantra, 22 residential apartments and a restaurant and retail precinct, Delfin's 20,000-lot Rocky Springs community and Stockland's 4500 house and apartment project North Shore."

Ms Coyne said residential development would help support the region's expanding population, set to increase by two per cent per annum to about 270,500 by 2031, and continue to drive its economy.