

# MOUNT ISA

## Property Watch®



Mount Isa lookout

## MARKET INDICATORS

| Change from Last | Year | Half Year |
|------------------|------|-----------|
| HOUSE SALES      | ↑    | ↑         |
| HOUSE MEDIAN     | ↑    | ↑         |
| HOUSE RENTS      | ↑    | ↑         |

The indicators depicted above are based on the year ending July 2012.

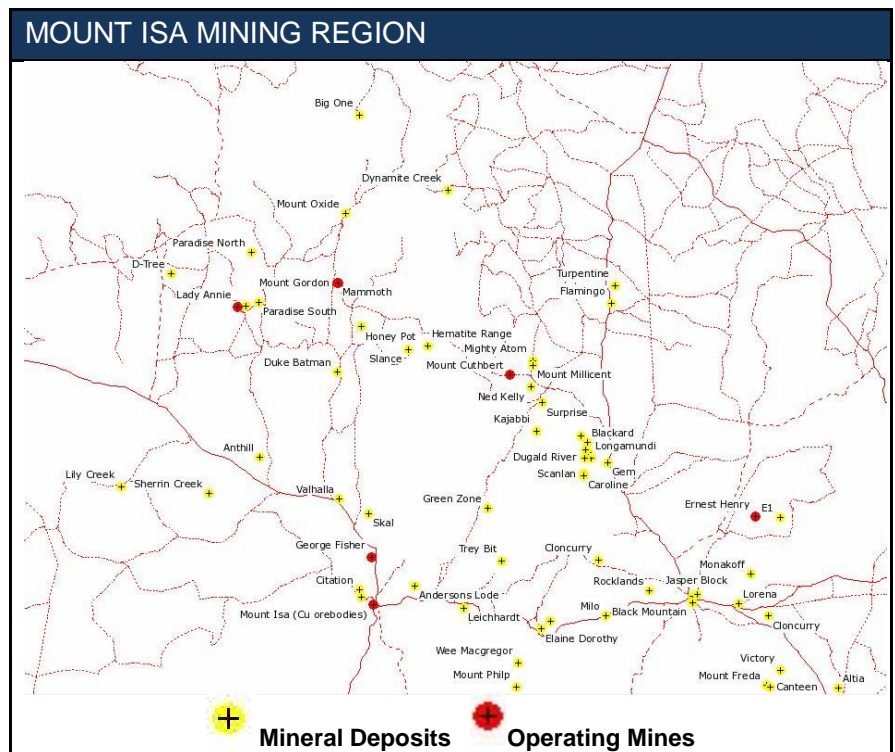
## KEY HIGHLIGHTS

- Over a period of two years the weekly median rental price has increased by 22 per cent to now be \$550 p/w.
- The recent overturn from the Queensland State Government on uranium mining should boost the local economy. To date there are approximately 12 known deposits of uranium within the region.
- Over the past decade houses within the Mount Isa LGA have experienced exceptional growth of 12.4 per cent per annum.

## MOUNT ISA MARKET OVERVIEW

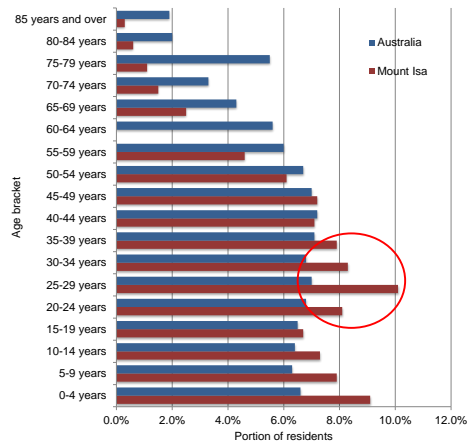
The following Property Watch report is the result of an investigation into the historic and current market trends of the Mount Isa Local Government Area (LGA). Mount Isa was established as the first 'company town' in Australia, due to the discovery of its mineral resources. It has now become the administrative, commercial and industrial centre for the state's large north-western region. As at the latest census of 2011 the population of the town was 21,992, equating to a population growth rate of 3.1 per cent per annum over the past five years. Compared to the nation's growth of 1.6 per cent per annum, Mount Isa represents a region that is in rapid growth.

Mining is the predominant industry in the region with the Mount Isa Mines (MIM) one of the largest productive mines in history, through the production of lead, silver, copper and zinc. There are currently approximately six operational mines in the north-west region, with a further 62 locations of known mineral deposits. The recent overturn from the Queensland State Government on uranium mining should allow for an economic boost to the local economy. To date there are approximately 12 known deposits of uranium within the region, with Westmoreland accounting to one of the largest and highest quality deposits, spread over 50 kilometres. It is estimated that it will take four to seven years to develop an uranium mine project, which will provided over 1,000 new jobs for local residents.



Prepared by PRDnationwide Research. Source: Geoscience Australia

### MOUNT ISA AGE PYRAMID



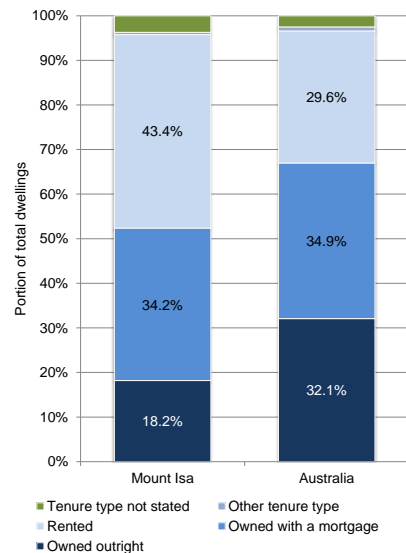
Prepared by PRDnationwide Research. Source: ABS

Due to the nature of employment opportunities focused around the regional mines in Mount Isa, there are a large proportion of residents who are aged between 20 to 35 years of age. By observing the Mount Isa Age Pyramid, this large proportion of residents within this age group is found when comparing the age structure of Brisbane.

Typically, the mining workforce can be quite transient and will likely prefer rental accommodation. Compared to the Australian average, the Mount Isa LGA has a large portion of renters, accounting to 43.4 per cent of total dwellings (while the Australian portion of renters amounts to just under a third of the market at 29.6 per cent). The Mount Isa rental market has seen significant growth in the median weekly rental price, rising at just over 22 per cent in two years to record \$550 for the September 2012 quarter. It is interesting to note that upon close analysis over the past three years, significant increases were experienced in the median rental price over the June quarters.

Over the past decade the median house price within the Mount Isa LGA has experienced exceptional growth of 12.4 per cent per annum, while the most recent 12 month period ending July 2012 only observed 3.7 per cent growth. Using the median house price with the median rental price, investors can expect a gross return of 7.9 per cent on their investment. Sales activity has not recovered from the highs experienced pre-Global Financial Crisis (GFC), but it appears underlying demand has been stable enough throughout the 2012 financial year to see a 10.1 per cent increase in house sales from the previous year. Approximately 197 sales were recorded in the July 2012 six month period.

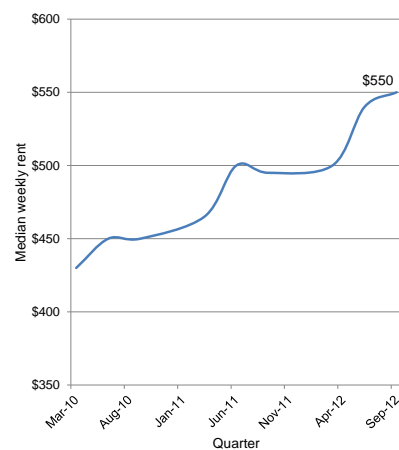
### MOUNT ISA OWNERSHIP TENURE



Prepared by PRDnationwide Research. Source: ABS

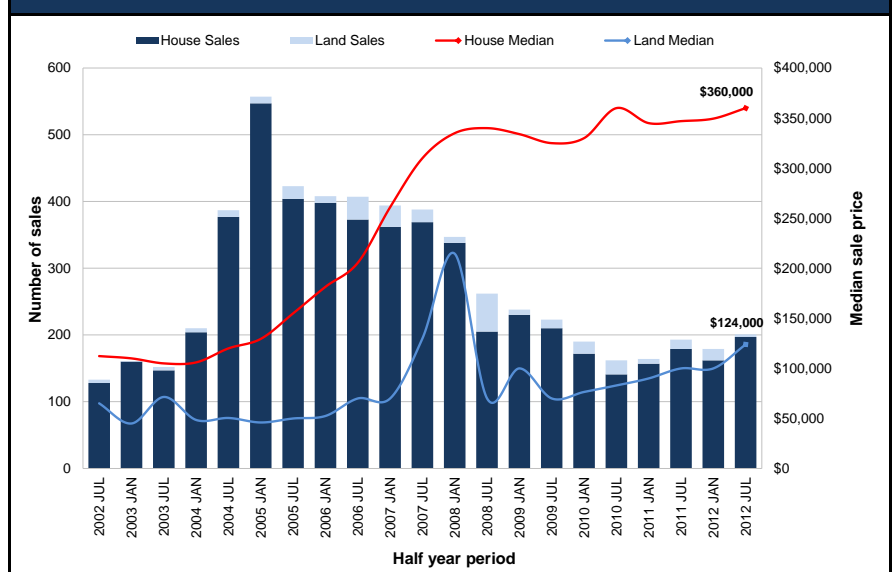
The Mount Isa vacant land market has averaged 15 settled sales per six month period over the past decade. The first half of 2012 observed only four settled vacant land sales, with at the time of writing only 17 available blocks of land listed for sale. Over the past decade, the median price for vacant land has risen by 6.7 per cent per annum, but the most recent 12 month period ending July 2012 observed strong growth of 24 per cent, with a recorded median price of \$124,000. However, the median vacant land price should only be used as a guide, and not reflect true value. PRDnationwide Research prefers to utilise a minimum of 20 settled sales to ascertain a justifiable median price. That being said, using the median price of vacant land as an indicative guide, investors should note the large disparity between the median price houses to that of vacant land. This disparity has increased from \$33,500 in July 2003 to a price difference of \$236,000.

### MOUNT ISA MEDIAN RENTS



Prepared by PRDnationwide Research. Source: RTA

### MOUNT ISA LGA HOUSE & LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS