IPSWICH AREA

Property Watch®

PRD nationwide

Ipswich Clock Tower Landmark

MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	⬆	⬆
HOUSE MEDIAN	⬇	⬆
HOUSE RENTS	⬇	⬇
LAND SALES	⬆	⬇
LAND MEDIAN	⬇	⬇

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

KEY HIGHLIGHTS

- The market has responded well to price corrections in the year to June 2012, though underlying employment will be the key driver of sales activity in the coming years.
- The Ipswich Local Government Area has demonstrated the highest average annual population growth rate (3.9 per cent) from 2006 to 2011 across the South East Queensland region.

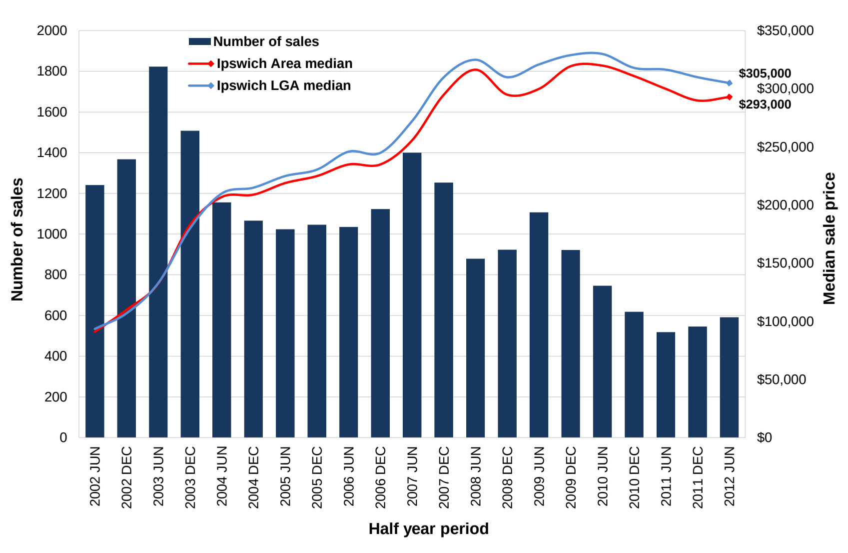
IPSWICH AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Ipswich Area, which encompasses the suburbs within the 4304, 4305 and 4306 post codes.

The Ipswich Area house market registered a total of 591 settled transactions in the six months to 30 June 2012, representing a marked increase of 14.1 per cent from the historically low level of activity recorded during the June 2011 period. While sales activity during the June 2012 period remains below the five year average of 864 sales, activity appears to be trending upwards, albeit at a steady rate. A total of five interest rate cuts since November 2011 (official cash rate is currently 3.25 per cent as at October 2012) and greater competition between lenders has increased enquiry levels and sales volumes in the current market.

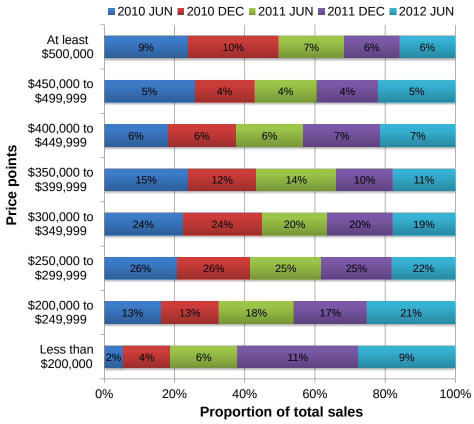
While improvements to mortgage affordability over the past year has led to more stable market conditions, in the long term, affordable housing will ultimately underpin a sustainable and resilient property market. The Ipswich Area house market recorded a median price below $300,000 during the June 2012 period. Compared to the inner Brisbane housing market, comparable properties are some 25 to 35 per cent less expensive, which is a major drawcard even for those who work in the Brisbane CBD or surrounds. A price point analysis undertaken on house sales over the past three years highlights a notable shift in buyer activity towards the sub $250,000 price range. This price range accounted for 30 per cent of total sales in the June 2012 period, compared to 15 per cent in the June 2010 period. The prevailing median price of $293,000 reflects low to no growth in values since the government stimulus was introduced in late 2008. Repercussions of temporarily underpropping the housing market from a collapse resulted in re-inflated prices which exacerbated the fall in demand.

IPSWICH AREA HOUSE SALES CYCLE



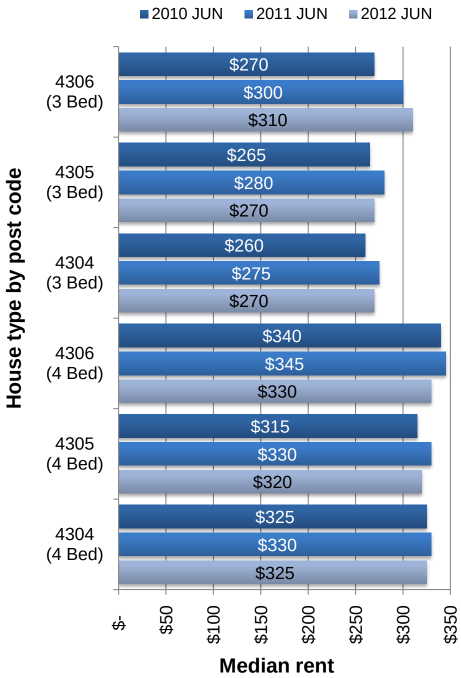
Prepared by PRDnationwide Research. Source: PDS

HOUSE PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

MEDIAN HOUSE RENTS



Prepared by PRDnationwide Research. Source: RTA

TOP 10 SUBURBS JUNE-12 HY

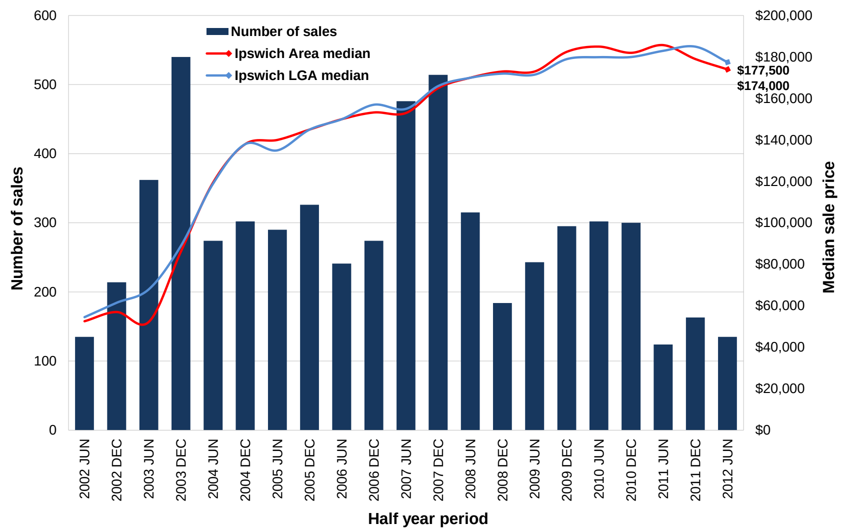
Suburbs	Total Sales June-11	Total Sales June-12	Annual Change %
Brassall	75	**70**	-7%
Yamanto	29	**51**	76%
Raceview	57	**48**	-16%
Flinders View	33	**45**	36%
North Ipswich	40	**38**	-5%
Bundamba	26	**32**	23%
Karalee	17	**25**	47%
Silkstone	21	**22**	5%
Eastern Heights	36	**18**	-50%
Leichhardt	15	**18**	20%

Prepared by PRDnationwide Research. Source: PDS

Activity in the Ipswich Area vacant land market remains subdued registering 135 transactions during the June 2012 period. Volumes have fallen 17.2 per cent from the previous December 2011 six month period, as the $10,000 New Home Building Boost Grant rekindled interest in the market (particularly in the three months to January 2012). The median price for land sales during the June 2012 period was $174,000, representing a 6.3 per cent fall from the June 2011 period and reiterating the markets appetite for value.

The revamped First Home Owners Grant (FHOG) introduced on the 21st of September by the Newman Government's 2012/13 budget, may perhaps be the trigger to inject more value in the market. The First Home Owners Construction Grant (FHOCG) extends the existing $7,000 cash hand out for the purchase of any property, to $15,000 exclusively for purchases of new/ off the plan property. A combination of the FHOCG and the reinstatement of transfer duty concessions provides an exceptional saving for first home buyers who are considering building. The availability of competitively priced house and land offerings in the immediate area is likely to be the key draw card to buying new. Already developers are noting an increase in buyer enquiry and have been successfully unloading old stock to bring forward mooted stages in their estates. It is expected that volumes will trend upwards on the back of this new incentive at least for the short term.

IPSWICH AREA LAND SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

At first glimpse, the implementation of this new incentive may appear to be at the detriment to the established market, and it does – depending on what side of the fence you're sitting. Whilst it is likely to dilute the first home buyers segment from the established markets buyers' pool, less competition will create greater opportunities for would-be buyers, as vendors will be forced to reprice accordingly to stay competitive. Genuine vendor discounting has hardly been evidenced across the market place, with many vendors opting for longer listing periods and potential vendors waiting for prices to firm before putting their property to market – hence the level of activity over the past year. Therefore, the introduction of the new stimulus will in fact place the necessary pressure on vendors to reconsider their price expectations in order to sell within a reasonable timeframe. If priced correctly and presented well, houses in the established market will generally offer better value for money with regards to lot and dwelling size as well as proximity to existing infrastructure, services and amenity. Despite the battle between new and old markets, depressed volumes and softened values are likely to be corrected when employment and subsequent demand improves from what has been a very tough cycle in the local economy.

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