

# SIPPY DOWNS

Property Watch®

PRD nationwide



Typical residence at Sippy Downs

## 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 March 2012.

## KEY HIGHLIGHTS

- Buyers are holding off any commitments to purchase until price corrections cease to transpire in the market.
- Activity in the local market continues to soften despite declining interest rates since late 2011.
- Rental price growth in the house market remains stagnant over the past three years to March 2012.

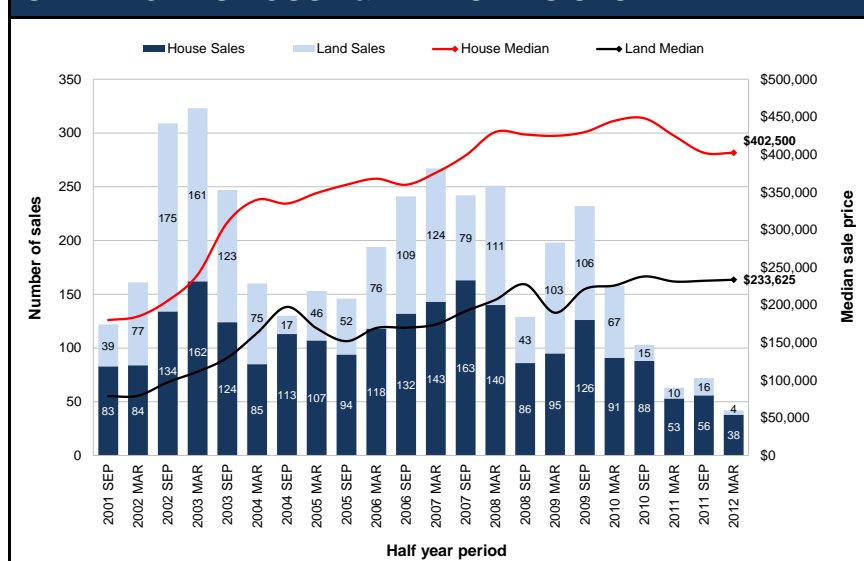
## SIPPY DOWNS MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of Sippy Downs. The Sippy Downs community is located approximately 90km from the Brisbane CBD, bounded by the Bruce Highway and Sunshine Motorway to the west and by the Mooloolah River National Park to the east. Only 10 minutes from the Sunshine Coast's best surf beaches, the suburb boasts a serene backdrop, with a nexus of eco-spines delineating the urban form in addition to numerous parks and recreational facilities. Sippy Downs is also the education hub of the Sunshine Coast, home to both Chancellor State College and the University of the Sunshine Coast.

The Sippy Downs property market has continued to soften, with recent sales activity in the house market registering the lowest volume of settlements in over a decade. The house market registered a mere 38 sales in the six months to March 2012, down 28.3 per cent on the corresponding period in 2011. Land transactions were also scarce, with only four sales registered during the March 2012 half year period. Observing the House and Land Sales Cycle below, it can be seen that activity in the market has diminished considerably since the stimulus driven 2009 period. The key factors driving the markets underperformance in recent years is a subdued level of demand and diminishing vacant land ripe for residential development.

During the six months to March 2012, anecdotal evidence attributed approximately 70 per cent of enquiries and purchases to have come from owner occupiers, and 30 per cent from investors. New land subdivisions are unlikely to come to market in the short to medium term as the delivery of existing land estates remains on hold until such time market fundamentals improve in the area.

## SIPPY DOWNS HOUSE & LAND SALES CYCLE



Prepared by PRDNationwide Research. Source: PDS

**Increased demand** for more affordable property has **shifted values down** in recent years, though not enough for sales activity to **regain traction**.

## PORTION OF NEW AND EXISTING STOCK SALES

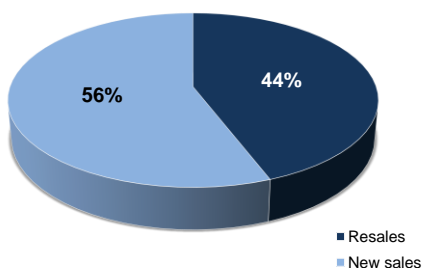
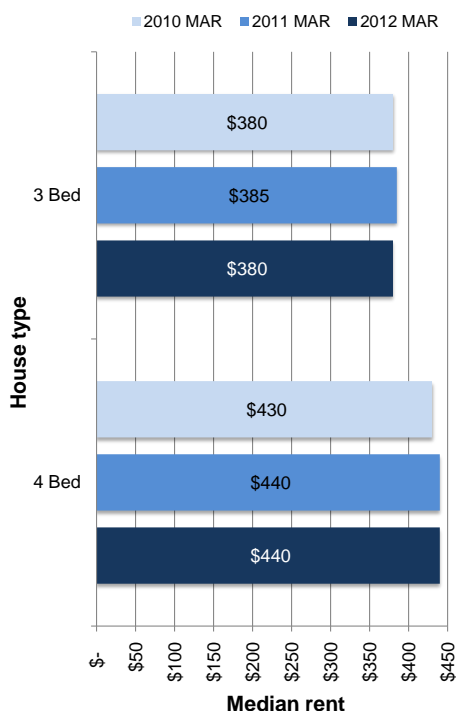


Chart depicts sales analysed for the year to March 2012. New sales include land sales to account for house & land packages.

Prepared by PRDnationwide Research. Source: PDS

## MEDIAN RENTS (4556 PC)

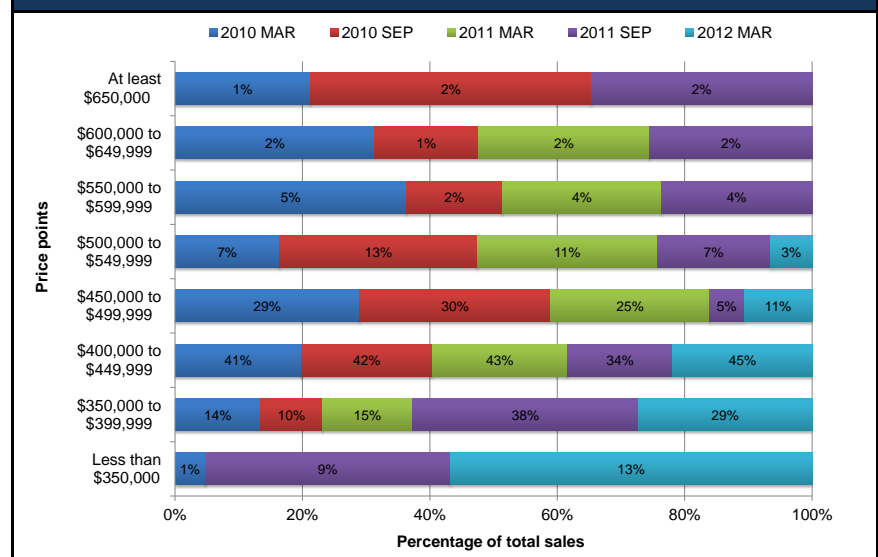


Prepared by PRDnationwide Research. Source: RTA

As evidenced by the House Price Point Distribution chart below, there has been a significant shift to lower price points over more recent years. Buyers have become more reluctant to pay top price for property given the level of uncertainty surrounding the direction of the local property market and wider economic environment. Many prospective buyers active in today's market are becoming more attuned to the state of the Australian housing market and are factoring in the risk of further falls to capital values when negotiating an acceptable price to pay for a particular property. In the six months to March 2012, there were very few transactions recorded over \$500,000 compared to previous years. A notable increase in the sub \$350,000 price point during the March 2012 half year period has also contributed to a falling median house price since the March 2010 half year period.

Sippy Downs recorded a median house price of \$402,500 in the March 2012 half year period, representing a decrease of 5.3 per cent from the corresponding period in 2011. Increasing demand for more affordable property is shifting values down, though not enough for sales activity to regain traction. The land market has not recorded sufficient sales volumes since the March 2010 half year period to establish a reliable median land price.

## SIPPY DOWNS HOUSE PRICE POINT DISTRIBUTION



Prepared by PRDnationwide Research. Source: PDS

Resales activity has closed the gap between the portion of new and existing stock selling in the market. During the year to March 2012, 56 per cent of transactions were from new sales, with the remaining 44 per cent derived from the established market. In the year to March 2008, the portion of new to existing stock was 79 to 21 per cent, respectively. With very few land releases, this reiterates the slowdown of developer activity in the area.

The rental market is perhaps another factor contributing to diluted sales volumes, with median rents for the 4556 postcode flat across three and four bedroom house types over the past three years. The relative affordability of renting (relative to mortgage serviceability) is perhaps delaying many would-be buyers from entering the market, including potential buyers with more than adequate financial capacity to do so. With that said, further reductions to interest rates (25 basis points in June 2012 and more anticipated throughout the year) together with the reinstatement of transfer duty concessions on the 1<sup>st</sup> of July 2012 are likely to bolster buyer enquiry and activity in the market. Improved affordability and revived confidence is likely to support a recovery in the market by the end of the year.