Overview

This report is the result of an examination into the historic and current market activity within the Outer North Brisbane Area. For the purpose of this report the Outer North Brisbane Area includes the suburbs of North Lakes, Deception Bay, Mango Hill, Murrumba Downs, Griffin, Rothwell, Newport, Kippa-Ring, Clontarf, Woody Point, Margate, Redcliffe, Scarborough and Kallangur.

The Outer North Brisbane Area is located roughly 25 km north of Brisbane in one of South East Queensland’s major growth areas. The region comprises a mix of established suburbs and new land releases. Over the past decade, the area has seen major growth in response to what has been a booming population, with a 4.5% growth recorded over the 12 months to June 2010 as popularity of master planned communities increases. These housing estates offer an alternative to the premium prices associated within inner city living without compromising on lifestyle for Brisbane’s demographic that are not attached to the CBD for employment.

The Outer North Brisbane Area is located within Brisbane’s Outer North Precinct. This is well serviced by frequent bus links to train stations, local activity hubs and Brisbane City. Furthermore, key transport infrastructure such as the Bruce Highway ensures strong connectivity to surrounding amenity such as Westfield Shopping Centre, schools, medical centres, sporting facilities and ease of access to the north and south for commuters.

This market is located within a growth corridor and is commonly perceived by property commentators to be a future growth area. This is attributed to the areas strong population growth, affordability, existing and planned infrastructure which will result in a heightened demand over the medium to longer term.

The Building Boost Grant is only a temporary grant and draws on the future supply of demand, which means activity will soften when the grant is withdrawn similar to the effect on the First Home Buyers Boost.

The house, unit and land markets have all recorded significantly weaker sales activity over the March 2011 half year when compared to the incentive driven period 12 months prior. This downturn has accumulated from a number of factors including the withdrawal of the First Home Owners Boost, increasing interest rates, rising cost of living and a general uncertainty within real estate.

Looking forward, as the property market in Brisbane bottoms out, confidence will gain traction and ultimately see growing interest from buyers.
OUTER NORTH BRISBANE MARKET OVERVIEW

House Market

Over the past 24 months to March 2011, the Brisbane housing market as a whole has incurred slowing sales volumes from the incentivised six months to September 2009. This is consistent with the wider trends seen within the Queensland property market. Within the Outer North Brisbane market, this has produced the weakest period in at least a decade. The downturn has accumulated from a number of factors including the withdrawal of the First Home Owners Boost, increasing interest rates, rising cost of living and a general uncertainty within real estate. In response to these market condition, record high listings and dwindling number of active purchasers, leaving vendors with little option but to discount prices in order to close the differential between buyer’s expectations and what their property was once worth. Looking forward, as the property market in Brisbane bottoms out, confidence will gain traction and ultimately see growing interest from buyers. Over the period commencing August 2011 through to the end of January 2012 there is likely to be an increase in new house construction as the governments $10,000 grant and a shift in the Reserve Bank of Australia’s stance on interest rates entices buyers from the sideline. However, this is only a temporary grant and draws on the future supply of demand, which means activity will soften when the grant is withdrawn similar to the effect on the First Home Buyers Boost

PRDnationwide Research has conducted a resale analysis on houses sold within Outer North Brisbane. To do this, all capital gains achieved from houses sold within a six month period are averaged out to give an annual growth figure for the area. Outer North Brisbane Home owners who sold at the peak of the market prior to the GFC in 2008, saw greater capital growth than those who held onto their houses and sold within the past two years when capital values softened. Over the 12 months to March 2007, the average annual capital appreciation achieved in houses sold was 6.6% per annum. Looking at median price movements over the most recent half year period, the Outer North Brisbane region has recorded an annual softening of 2.0%, culminating to a median price of $387,000.

During the March 2011 half year, the subdued Outer North Brisbane housing market has recorded its lowest level of sales activity in at least the past decade, equating to 894 transactions. This represents a softening of 25.6% (308 sales) from the 1,202 settled transactions recorded during the corresponding period in 2010. When compared to other property types, houses have been the least affected in the Outer North Brisbane region with stronger drops in sales recorded for both units and vacant land. The most active price point during the March 2011 half year was

Sales Activity

House Sale Price Points

Suburb Price Points – March 2011 Half Year

Graph Prepared by PRDnationwide Research, Source: PDS
the $350,000 to $399,999 bracket, which accounted for 23.0% (206 sales) of total house sales. This was followed by the $300,000 to $349,999 price point, which saw a further 20% (179 sales) of total transactions. On an individual suburb level, North Lakes has recorded the majority of sales achieving 209 settled transactions, 71.2% (148 sales) of which registered within $350,000 to $499,999 price point. This was followed by Kallangur and Deception Bay with 139 and 106 settled transactions respectively. The price points within Pacific Pines during the March 2011 half year remain dominated by the affordable sub $400,000 market, with Kallangur recording 84.1% under $400,000 and Deception Bay recording 81.1% of total sales under this mark.

Unit Market

The Outer North Brisbane unit market has performed well leading up to the six months to March 2011 as low maintenance residences such as townhouses and units gain increasing popularity from First Home Buyers and downsizers. However, over the March 2011 half year sales have fallen to levels consistent with the corresponding period five years prior, together with a small softening in median price. This is attributable to the external factors which have hampered sales in the housing market, with uncertainty reaching its peak over the March 2011 half year period.

A resale analysis has been conducted on units sold within Outer North Brisbane during the half year to March 2011 revealing an average annual capital growth of 2.2% per annum. Following the markets peak in 2003, where average annual capital growth was 20.2% per annum, average annual capital growth has declined. These softening’s were particularly strong following the GFC, which saw the average annual returns of unit owners diminish considerably to 3.9% per annum over the most recent period to March 2011. Looking at the median price over the most recent half year, Outer North Brisbane recorded a 1.6% annual decrease, culminating to a median price of $340,475.

Sales have softened considerably from the March 2010 half year period by 43.8% (229 sales), to record a total of 294 settled transactions. To highlight this low volume of sales, it registers well below the five year average of 446 sales per half year period. The most active price point during the six months to March 2011 was the $300,000 to $349,999 market, with 36.1% (106 sales) of total sales. This was followed by the $350,000 to $399,999 market with 18.4% of total sales, indicating the affordability of dwellings in this market. Interestingly, 10.9% (32 sales) have transacted above the $500,000 price point, almost all of which were attained in suburbs on the Redcliffe Peninsula.
On an individual suburb level Murrumba Downs has recorded the majority of settled unit sales, achieving 60 of the total 294 settled transactions, with all but one transacting within $300,000 to $400,000. This was followed closely by Redcliffe which saw 59 sales, while Deception Bay recorded 34. These two markets saw a more even distribution in their price points.

Vacant Land Market

The vacant land market in the Outer North Brisbane region is currently in the midst of its most subdued period since the 1999 March period, just prior to the commencement of the 2000 property boom. Vacant land in this region is primarily available from releases in master planned communities such as North Lakes and Freshwater. This region will see growth in accordance with the Queensland Government Building Boost Grant which was announced in the 2011-2012 budget handed down on the 14 June. This applies to the construction of new homes under $600,000 which became effective on the 1st August 2011. However, this has had a negative impact on sales leading up to August as potential buyers are holding out for the grant. In January this growth will likely fade as future buyers have already been enticed into the market, leading to thinner demand for vacant land.

Looking at the median land price over the most recent six month period, the Outer North Brisbane Region has recorded an annual growth of 2%, to register a median price of $249,800. This does not reflect increasing capital values rather a change in the dominant purchasers within the market.

Settled vacant land transactions have fallen a staggering 66% (356 sales) since the March 2010 half year period to record a total of 183 transactions. This registers well under the five year average of 461 sales per half year. In terms of the price point distributions, there has been contractions across all market segments, however the strongest has been absorbed within the $175,000 to $224,999 market which accounted for 67.4% of the total annual drop in sales. However, this market still holds the majority of transactions accounting for 53.6% (98 sales) of the total sales over the half year to March 2011. On an individual suburb level, North Lakes recorded the majority of settled transactions with 82% (150 sales) of total sales. The bulk of these sales occurred within the $175,000 to $224,999. This was followed by Kallangur and Murrumba Downs, with nine and seven settled transactions respectively.