



Property overview, indicators, trends and tips

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ALTERNATIVE FORMS OF INVESTMENT

 *CASH*

 *GOLD*

 *PRESTIGE CARS*

 *SHARES*

 *BONDS*

 *REAL ESTATE*


???? Why Real Estate ????



REAL ESTATE - RISK

The return on property should reflect the perceived added risk of this form of investment in comparison with risk free cash

NON – RESIDENTIAL

 *Often selling on yields between 6.5 - 7.5% good for developers
– high risk for investors*

Cash returns in excess of 7%, longer term returns of 10%+



REAL ESTATE - RISK

RESIDENTIAL

 *Often selling on gross yields between 3-5%*

???? What is the Risk of Residential Property ????



RESIDENTIAL PROPERTY RISK

POSITIVES

- *Low Capital Entry Point*
- *More easily understood than non-residential*
- *Cyclical demand*
- *Long term capital gain*



RESIDENTIAL PROPERTY RISK

NEGATIVES

- *Poor return compared with cash*
- *Poor return with bad tenants*
- *Loss of value due to obsolescence*
- *On-going maintenance*
- *Asset difficult to sell in bad times*
- *Possible capital loss in the short term*

???? How do you Minimise the Risk ????



MINIMISING THE NEGATIVES

DIVERSIFICATION

- *Varied demographics*
- *Varied market segments*

EDUCATION

- *Research the investment drivers*
- *Make lease terms suit the income profile*



MINIMISING THE NEGATIVES

INVESTIGATION

- *Understand the real net income*
- *Understand the tax implications*

INFORMATION

- *Rely on professional advice*

???? What are Some of the Important Indicators ????



POPULATION INDICATORS

NATIONAL GROWTH 2001-2006

- *Queensland – 35%*
- *Victoria – 25.2%*
- *New South Wales – 18.9%*
- *Western Australia – 12.7%*

Source: ABS figures



POPULATION INDICATORS

NATIONAL GROWTH 2006

- *Queensland – 28.6%*
- *Victoria – 25.7%*
- *New South Wales – 22.1%*
- *Western Australia – 14.5*

Source: ABS figures



POPULATION INDICATORS

QUEENSLAND GROWTH 2006

- *Natural increase – 28,000*
- *Overseas migration – 30,000*
- *Interstate migration – 25,000 (0-50)*
(net migration has been falling since 2003)

???? Where are the new arrivals going ????

Source: ABS figures



POPULATION INDICATORS

LARGEST GROWTH 2001-2006

 Hervey Bay – 4.9%

 Caloundra – 4.1%

 Gold Coast – 3.7%

 Maroochy – 3.7%

 Thuringowa – 3.6%

 Mackay – 3.5%

 Caboolture – 3.5%

 Pine Rivers – 3.4%

 Cairns – 3.0%

 Livingstone Shire – 3.0%

 Burnett Shire – 3.0%

 Gladstone – 2.9%

 Cooloola – 2.6%

 Ipswich – 2.5%

 Redland – 2.3%

 Brisbane – 2.0%

Source: ABS figures

???? What is the predicted growth ????



PREDICTIONS

PREDICTED GROWTH 2006-2016

- *Gold Coast – 140,000*
- *Brisbane – 128,000*
- *Ipswich – 80,000*
- *Maroochy – 44,000*
- *Caboolture – 40,000*

Source: QLD Government LGA projections



PREDICTIONS

PREDICTED GROWTH 2006-2016

- *Pine Rivers – 40,000*
- *Caloundra – 39,000*
- *Cairns – 25,000*
- *Redland – 24,000*
- *Beaudesert – 20,000*

Ipswich and Beaudesert are predicted to have a major population growth between 2016 and 2026 as Brisbane growth declines

Source: QLD Government LGA projections






OVERVIEW OF 2001-2006

WHAT DO THE INDICATORS TELL US

- *The 2006 Census confirms that the coastal region of Queensland has grown strongly*
- *The rate of growth in SEQ is slowing but still accounts for a large percentage of the total growth*
- *Residential lot approvals have slowed by 25% over the last two years compared to the previous two years*



OVERVIEW OF 2001-2006

-  *The Queensland Government continues to predict strong growth for the next 20 years, but will be releasing new predictions by June 2008*
-  *Statistics over the whole State, a whole Shire or a whole town may not accurately reflect a segment of the market within the State, Shire or town*
-  *Investors need to look carefully at the market evidence for the market segment in which they are planning to invest.*



MARKET EVIDENCE - BRISBANE SUBURBS

Residential housing data only \$350,000 - \$550,000 (350-750m2)

WAVELL HEIGHTS		
Period	Number of sales	Average Price
JAN 2007 – JUN 2007	86	\$420,000
JUL 2006 – DEC 2006	55	\$415,000
JAN 2006 – JUN 2006	55	\$410,000



MARKET EVIDENCE - BRISBANE SUBURBS

Residential housing data only \$350,000 - \$550,000 (350-750m2)

FERNY HILLS		
Period	Number of sales	Average Price
JAN 2007 – JUN 2007	50	\$390,000
JUL 2006 – DEC 2006	22	\$385,000
JAN 2006 – JUN 2006	21	\$395,000



MARKET EVIDENCE - BRISBANE SUBURBS

Residential housing data only \$350,000 - \$550,000 (350-750m2)

MT GRAVATT		
Period	Number of sales	Average Price
JAN 2007 – JUN 2007	23	\$410,000
JUL 2006 – DEC 2006	15	\$425,000
JAN 2006 – JUN 2006	15	\$395,000

???? What about the outer areas ????



MARKET EVIDENCE - GREATER BRISBANE AREA

Residential housing data only \$250,000 - \$450,000 (350-750m2)

MORAYFIELD		
Period	Number of sales	Average Price
JAN 2007 – JUN 2007	131	\$295,000
JUL 2006 – DEC 2006	62	\$280,000
JAN 2006 – JUN 2006	78	\$285,000



MARKET EVIDENCE - GREATER BRISBANE AREA

Residential housing data only \$250,000 - \$450,000 (350-750m2)

REDBANK PLAINS		
Period	Number of sales	Average Price
JAN 2007 – JUN 2007	37	\$295,000
JUL 2006 – DEC 2006	19	\$325,000
JAN 2006 – JUN 2006	19	\$315,000



MARKET EVIDENCE - GREATER BRISBANE AREA

Residential housing data only \$250,000 - \$450,000 (350-750m2)

MARSDEN		
Period	Number of sales	Average Price
JAN 2007 – JUN 2007	60	\$280,000
JUL 2006 – DEC 2006	19	\$290,000
JAN 2006 – JUN 2006	15	\$280,000

???? What about the country ????



MARKET EVIDENCE - SOUTH EAST QUEENSLAND

Residential housing data only \$200,000 - \$500,000 (350-750m2)

YANDINA		
Period	Number of sales	Average Price
JAN 2007 – JUN 2007	6	\$345,000
JUL 2006 – DEC 2006	8	\$270,000
JAN 2006 – JUN 2006	5	\$290,000



MARKET EVIDENCE - SOUTH EAST QUEENSLAND

Residential housing data only \$200,000 - \$500,000 (350-750m2)

LAIDLEY		
Period	Number of sales	Average Price
JAN 2007 – JUN 2007	9	\$225,000
JUL 2006 – DEC 2006	3	\$220,000
JAN 2006 – JUN 2006	2	\$220,000



MARKET EVIDENCE - SOUTH EAST QUEENSLAND

Residential housing data only \$200,000 - \$500,000 (350-750m2)

COOMERA		
Period	Number of sales	Average Price
JAN 2007 – JUN 2007	21	\$295,000
JUL 2006 – DEC 2006	19	\$255,000
JAN 2006 – JUN 2006	26	\$350,000

???? What are the trends from this evidence ????



MARKET TRENDS - SALES ACTIVITY

BRISBANE Residential housing data only \$350,000 - \$550,000 (350-750m²)		
Area	18 month Trend	% change
Wavell Heights	Moderate growth	+ 56%
Ferny Hills	Strong growth	+ 138%
Mt Gravatt	Moderate growth	+ 53%



MARKET TRENDS - SALES ACTIVITY

GREATER BRIBANE AREA Residential housing data only \$200,000 - \$500,000 (350-750m ²)		
Area	18 month Trend	% change
Morayfield	Strong growth	+ 68%
Silkstone	Strong growth	+ 95%
Marsden	Very strong growth	+ 300%



MARKET TRENDS - SALES ACTIVITY

SOUTH EAST QUEENSLAND Residential housing data only \$200,000 - \$500,000 (350-750m ²)		
Area	18 month Trend	% change
Yandina	Slight growth	+ 20%
Laidley	Very strong growth	+ 350%
Coomera	Slight decline	- 20%

???? How can the investor maximise their return ????



PROPERTY TIPS

GOLDEN RULES FOR PROPERTY INVESTMENT

- *Always plan for a long term investment and try to anticipate the impact of changes to interest rates and employment levels and other local economy drivers*
- *Do not buy on the two tiered property market*
- *Avoid maximum negative gearing without advice*
- *Do not overcapitalise your property*



PROPERTY TIPS

GOLDEN RULES FOR PROPERTY INVESTMENT

- *Carefully investigate market value*
- *Remain informed on your market segment for the length of the investment*
- *Do not pay more than market value*
- *Do not sell for less than market value*





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Merry Christmas and a prosperous property portfolio