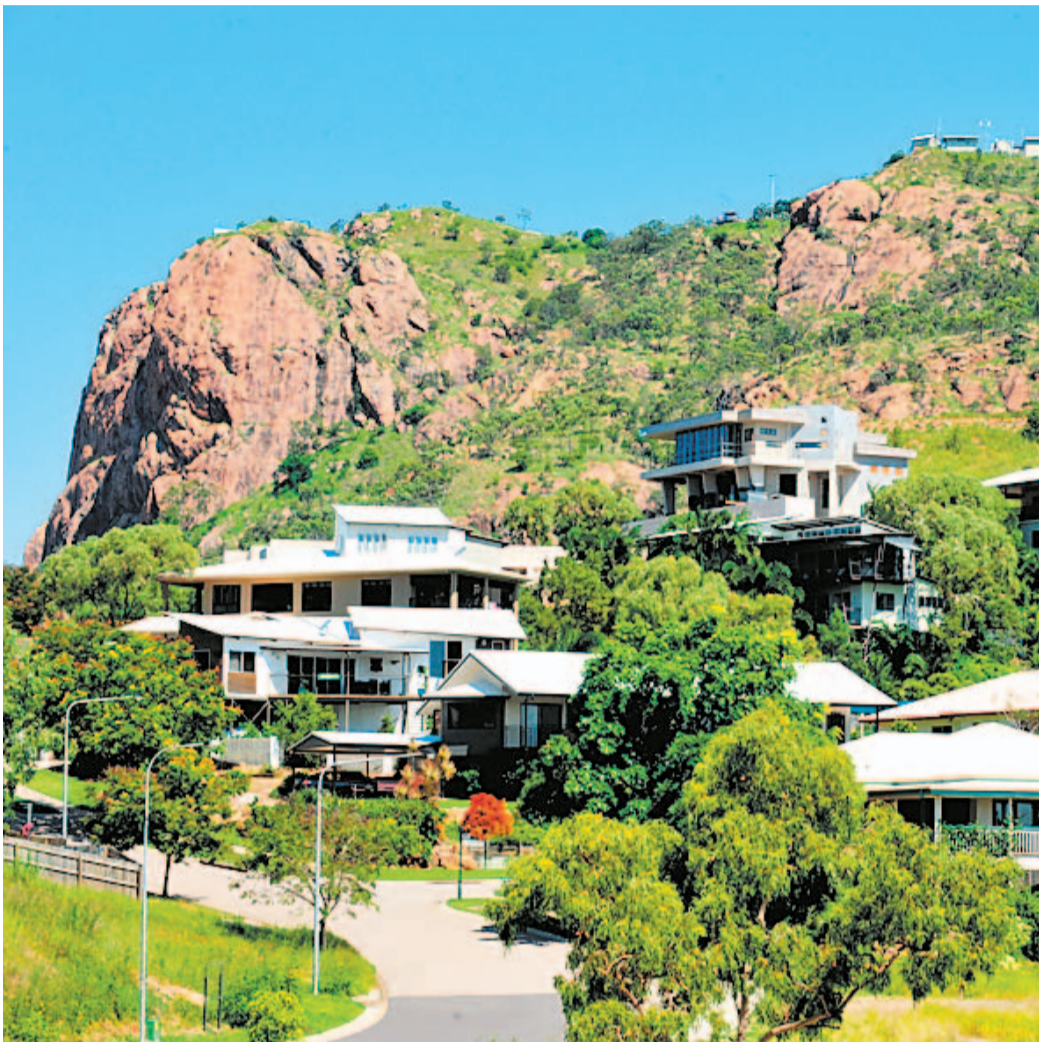


# Top end property set to rebound



If southern market trends are anything to go by, the top end of the local property market is set to experience increased activity in the near future.

PRDnationwide Townsville research manager Dean Dederer said housing sales volumes in the over \$750,000 price point were already trending upwards.

"As the market recovery continues, now may be a good time for buyers to revisit top end property before prices rise," Mr Dederer said.

In the June 2009 quarter, sales volumes in the \$750,000-plus price point increased by 60 per cent from the March 2009 quarter. This follows a period of very little activity in the top end of the local market.

"Castle Hill for example, which is the premium suburb in Townsville, only experienced four settled sales in the year ending June 2009, following 11 sales in the year ending June 2008 and 20 sales in the year ending June 2007," Mr Dederer said.

"A stabilising in broader economic conditions, a rally in the stock market and a range of economic indicators all heading into positive territory are providing some much-needed confidence to business and consumer markets.

"This additional stability and boost to confidence is critical for all sectors of the market and in particular the upper end, which often includes business owners and executives who are directly impacted by economic cycles."

The Reserve Bank of Australia recently stated that economic conditions in Australia had



been stronger than anticipated and that the risk of a severe economic contraction had now abated. This underpinned the RBA's decision to keep Australia's cash rate at a near 50-year low of just 3 per cent when they met earlier this month.

"The RBA also expressed concern over the demand-supply imbalance of housing due to insufficient dwelling commencements," Mr Dederer said.

"This is widely viewed as one of the key factors that will place upwards price pressure on property values across the board.

"A resurgence in activity in the upper end of the local market will once again place upward pressure on prices and reduce the length of time on the market."

Mr Dederer said historically, most of the top end homes in Townsville were located in North Ward, Townsville City, Castle Hill or Magnetic Island.

"Now, there is a much more varied geographical distribution with sales over \$750,000 occurring in suburbs including Idalia (Fairfield Waters), Douglas (Riverside Gardens), Annandale, Condon, Kirwan, Alice River and Bushland Beach," he said.

Mr Dederer said local real estate would continue to impress records over time as it was fuelled by population, economic and development growth in the region.

## Investors are diving back into the property market

INVESTORS are borrowing more as housing finance growth outpaces economists' expectations.

Australian Bureau of Statistics (ABS) information shows investment housing borrowing increased by 2.4 per cent in May, compared with the previous month.

Loans for owner-occupiers rose by a seasonally adjusted 2.2 per cent over the same period with 63,855 loans granted.

It was the eighth straight month of growth for housing finance and ahead of economists' forecasts of about a 1.3 per cent increase.

First time home buyers made up a record 29.5 per cent of loans in the month, pipping the previous peak of 28.6 per cent in April.

RE/MAX Excellence agents Lyn Griffiths and

Rohan Banning said property investors would play an important role in helping to underpin Townsville's real estate market next year when the affects of the first-home buyer boost dried up.

However, Ms Griffiths said investors and home up-graders were already stirring up plenty of activity in the local real estate market.

"Over the past three months we have dealt with many more investors and second-home buyers as opposed to first-home buyers," Ms Griffiths said.

"That activity indicates confidence in the long-term outlook and also mirrors the fact that buyers are using low interest rates to snap up properties at competitive prices before the next wave of growth."

While activity in the lower price brackets is bubbling, there's still plenty of sales and interest on homes priced from \$400,000 to \$500,000.

About 1600 new homes need to be built each year to meet growth in Townsville's population, which the ABS forecasted to increase by about 5100 people this year.

While the extent of Townsville's housing shortage isn't known, the Reserve Bank conservatively estimates that Australia faces a current shortfall of 40,000 dwellings.

Building approvals in Townsville recently soared to an 18-month high, but Mr Banning said it was not enough to meet expected future demand.

"Townsville's population has grown at 3 per

cent, which is well above the Queensland average," Mr Banning said.

"Investment activity is crucial to ensure that there is enough rental accommodation available to meet the increase of new residents. Likewise, development activity both around the city and in the Northern Beaches will provide more opportunities for new residents to purchase or build new homes instead of pooling up for rental properties.

"Right now investors can benefit from very low interest rates and the potential for rental rate increases in the future."



### Ray White's August Auction Event

Tuesday 25 August, 6:00pm – Ray White Rooms: 71 Eyre St, North Ward

Lot 1	4 Coen Street, Douglas	Naomi Theodossio	0407 573 358
Lot 2	5 Beagle Court, Kirwan	Kimberley Orr	0415 038 321
Lot 3	2 Alexander Court, Rasmussen	Chris Orr	0413 642 584
Lot 4	2/17 Stanton Terrace, North Ward	Shannon Harding	0427 879 258
Lot 5	17 Weaver Street, Heatley	Malcolm Thomson	0400 545 664
Lot 6	12 Cassia Crescent, Port Hinchinbrook	Robert Boothey (Ray White Ingham)	0427 078 129
Lot 7	53 Keith Williams Dr, Port Hinchinbrook	Robert Boothey (Ray White Ingham)	0427 078 129



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