Media Release

REAL ESTATE INSTITUTE QUEENSLAND

25 September 2020

QUEENSLAND PROPERTY MARKET DEFIES PANDEMIC PREDICTIONS
REIQ QUARTERLY QUEENSLAND MARKET MONITOR

Most prophets of doom tend to share one thing in common: their predictions never come to pass. In fact, Queensland's real estate market continues to defy even the most conservative predictions of property price falls as a result of the COVID-19 pandemic.

"The fact is, Queensland's residential property market continues to show remarkably stable results, with the first full quarterly COVID-19 property price report giving Queenslanders a comprehensive look at how the pandemic has affected our State's housing market," said Antonia Mercorella – CEO of the Real Estate Institute of Queensland (REIQ). "Restrictions on auctions and open homes coupled with border closures, restricting interstate buyers as well as international investors, have certainly proved challenging for our market. To counter this, the real estate industry proved itself highly agile, adapting to technology substitutes in place of live auctions and physical property inspections at almost lightning speed. And buyers and sellers were equally quick to embrace it. The evidence is in the numbers, with over 8,600 property transactions across Brisbane and more than 7,100 across regional Queensland in the three months of April to June."

So, what's the state of Queensland's property market? Powered by CoreLogic's latest data for the April-June 2020 quarter, a spectacular standout is that across 13 major regions, only two reported marginal price retractions – these included Cairns (0.5% and 1.3% drop in median house and unit prices respectively) and Mackay (2.2% drop in median unit price). However, Mackay, coupled with Gladstone, recorded the highest annual median house price hikes for the State (5.9%). But it still wasn't a match for Noosa, which remains Queensland's most expensive jewel in the crown with a median house price of $836,724 and median unit price of $715,000.

And while it's fairly unusual for any location to have all asset classes firing at the same time, that certainly wasn't the case in Toowoomba. The region's house, unit and land markets were all in the top three performers for major locations over the period. Toowoomba remains extremely affordable which has strengthened its appeal with both owner-occupiers and first home buyers in particular, who have been quick to move on both new builds and vacant land thanks to the *HomeBuilder* grant.

Meanwhile, the median house price in our State's capital increased 0.7%, with Brisbane house prices remaining stable with 2.8% annual growth which is a satisfying outcome considering the city recorded negative growth across all three months for the quarter. However, this was chiefly due to a softening in the unit market which saw zero growth while a median drop of -3.1% was recorded in areas including Brisbane's CBD and Fortitude Valley. This decrease in transaction activity and rentals shows the property market isn't immune to the COVID-19 economic fallout – CBD job cutbacks and office shutdowns along with hospitality and retail outlet closures have all played a significant part. The overall impact on property values will depend on how long it will ultimately take to contain the virus, how deep this recession will reach and how fast Queensland's economy will rebound.

Continues/…

The Real Estate Institute of Queensland Ltd
50 Southgate Avenue, Cannon Hill
PO Box 3447, Tingalpa DC Qld 4173
P | 07 3249 7300 F | 07 3249 6211
www.REIQ.com

“Brisbane’s affordability, low income-to-debt ratio, change in investor behaviour, rise in rental vacancies and historically low interest rates, which the Reserve Bank recently highlighted will likely remain for at least the next three years, along with the range of government grants currently available has seen first home buyers come out in force, allowing our capital city property market to continue to transact,” added Ms. Mercorella. “What’s helping drive price stability in the market is that while there’s increased demand driven by housing specific incentives such as the *First Home Owner’s* and *HomeBuilder* grants, advertised supply levels remain tight.”

COVID-19 has also accelerated interstate migration into Queensland, with predictions that a massive influx of Sydney-siders and Melbournites will make the move to the Sunshine State once border restrictions are eased.

“Prior to the outbreak of the pandemic, Queensland was the number one destination for interstate relocations – particularly from major metropolitan areas such as Sydney and Melbourne. As this pandemic continues to affect us all, it’s introduced many of us to the possibility of a ‘new normal’ way of working – that is, remotely from home. And spending more time at home is seeing more people considering their options,” further explained Ms. Mercorella. “As a result, interstate demand continues to strengthen in Queensland with the main drawcards being affordability, livability and the lifestyle on offer. And while border restrictions haven’t stopped interstate buyers from snapping up properties sight unseen over the last few months, we anticipate this demand to surge in the coming year ahead as we navigate through to the other side of this pandemic. Perhaps this is one prediction that will ultimately prove right!”

While the property market is currently insulated thanks to wide range of monetary and fiscal policies that have been rolled out by both the Federal and State Governments in an attempt to soften the blow to the broader economy, the biggest concern is the impact of job losses. This is likely to create some downward pressure on property values as income and borrowing capacity is limited and sentiment levels drop. However, with the Federal Government preparing to unveil tax cuts and spending measures in the October 6 budget which will include lending reforms intended to improve access to credit, perhaps it’s not all doom and gloom as some pundits might have you think.

-ENDS-

About The REIQ: The Real Estate Institute of Queensland (REIQ) is the state’s peak professional association for real estate practitioners across the state. The Association’s purpose is to make important contributions to government policy direction, industry research and development, tailored educational programs and training, and the promotion of industry standards.

Media enquiries:
Olivier Björksäter-Bleylock
Corporate Affairs Manager, REIQ
T: 0417 623 723 E: objorksater@reiq.com.au

Continues/…

REIQ QUARTERLY QUEENSLAND MARKET MONITOR OVERVIEW

GREATER BRISBANE

House Market (<2400m2)

The Greater Brisbane region experienced a +1.0% rise in annual median price to June 2020 to reach $530,000, comprising positive results for Logan (+1.3%) and Moreton Bay (+0.9%) while Ipswich held flat and Redland fell -1.9%. Logan's median was $400,000, Moreton Bay's $450,000, Redland's came in at $520,000 and Ipswich had a $400,000 median. In terms of price movement across the June 2020 quarter, Greater Brisbane, Ipswich and Moreton Bay saw no price change while Brisbane and Logan's quarterly medians rose +0.7% and +0.9% respectively. Redlands quarterly median fell -1.0%.

Unit Market

The Greater Brisbane region saw its annual unit median rise +1.3% to $390,000, with most LGAs recording across-the-board underperformance. Ipswich's annual median had the most dramatic fall, recording -15.8% to $219,000. Logan units fell -4.3% to $225,000, Redland -0.8% to $360,650 and Moreton Bay saw zero movement, remaining at $315,000. Over the quarter, Ipswich saw a dramatic fall in its median, -2.7% to $216,000. Logan saw a modest fall of -0.9% while all other jurisdictions remained flat or slightly positive during the period. For Greater Brisbane over the year, listings have dropped by a substantial 12.5%.

BRISBANE LGA

House Market (<2400m2)

Brisbane houses are in the recovering phase of the cycle with the median house price +0.7% in June to record a result of $694,000. On an annual basis, the median price rose +2.9% to reach $700,000. General activity metrics indicate a lack of listings were behind the price resilience to midyear, with tighter vendor discounting a result. Total annual listing numbers to June 2020 were 17,822 which is a notable fall of -10.4% compared to last year.

Unit Market

A look at median price movements revealed unit values were steady, but still within the overall downward sector of the price cycle. Unit prices remained flat over the June 2020 quarter to recording a median of $400,500. Over the past year, the annual median unit price rose +1.9% to $420,000. Listing numbers over the year to June 2020 were 9,254 which was a -12.7% fall on the 2019 figure.

GOLD COAST

House Market (<2400m2)

The Gold Coast housing market has passed the bottom of the price cycle and is in a 'recovering' phase, with the annual house price rising +2.5% to $630,500. Prices rose modestly over the quarter, reflecting a +0.9% gain to $635,000. As the pandemic restrictions set in, stock numbers tightened, and vendors went to ground with a firmer market being the result. Total annual house listing numbers fell to 11,387 for year ending May 2020 – a drop of 11.7% on the previous year's listings.

Continues/...

The Real Estate Institute of Queensland Ltd
50 Southgate Avenue, Cannon Hill
PO Box 3447, Tingalpa DC Qld 4173
P | 07 3249 7300 F | 07 3249 6211
www.REIQ.com

Unit Market

While unit prices are fairly steady, they remain in the softening sector of the price cycle. Unit median prices stayed flat over the quarter, coming in at $415,000 while the annual median rose by +1.2% to $415,000. Listing numbers for the 12 months to June 2020 were 8,016 – a sizable reduction of 15.2% on the previous year's result of 9,454.

TOOWOOMBA

House Market (<2400m2)

The Toowoomba house market was one of the strongest of all major regions over the June quarter, recording an increase of +1.4% to $360,000. Over the year, it also posted growth of +0.6%. The region also experienced a low volume of listings with sales volumes down about 50% compared to the previous quarter. During the June quarter, the effects of COVID-19 were most prominent in March and early April, but enquiries returned to more normalised levels after that period.

Unit Market

The Toowoomba unit market was equally healthy over the June quarter, with a median unit price increase of +3.2%. The region's median unit price is just shy of $304,000, however, only 40 sales were reported over the three-month period with the volume of sales down significantly compared to the previous quarter. However, Toowoomba was the best performing major region for vacant land median price change over the June quarter with an increase of +2.9%. Vacant land stocks have been absorbed and new home construction is set to boom between now and the end of 2020.

SUNSHINE COAST

House Market (<2400m2)

It's quite absurd to think that a tourism location would have the strongest property market in the State. But that's the situation on the Sunshine Coast where the June quarter saw the median house price increase +1.7% and even higher in Noosa, up +1.9%. The median house price for the Sunshine Coast LGA is now $605,000 and in Noosa, its nearly $840,000. The region is no doubt benefiting from being a domestic holiday location with an influx of southeast Queenslanders taking place once travel restrictions eased.

Unit Market

Whereas unit markets in other regional locations are bearing the brunt of the pandemic, the situation seems to be reversed on the Sunshine Coast. The median unit price has increased +1.2% over the June quarter and is up an impressive +3.8% in Noosa. Similar to its housing market, the low volume of listings is supporting the unit market with demand generally out-stripping supply. The volume of unit sales on the Sunshine Coast has fallen by more than 50% compared to the previous quarter.

Continues/…

REIQ
REAL ESTATE INSTITUTE QUEENSLAND

FRASER COAST

House Market (<2400m2)
Both quarterly and annual median house price movements up to June 2020 indicate Fraser Coast values are stable but within the falling section of the price cycle. The annual median house price was $322,500 across 1,622 transaction to June 2020 – a minor fall of -0.8% on last year's figure. The quarterly median house price to June 2020 was $320,000 across 219 transactions and reflected an increase of +1.0% over the period.

Unit Market
The Fraser Coast unit market is moving toward its peak of the current cycle. The annual median unit price to June 2020 was $255,000, which reflects a +2.0% increase on last year's measure. The quarterly median unit price was $230,000 which reflected no significant change on last year's result. Total listing numbers for units fell over the year by 14.0% while stock on market was down 1.2%, both reflect a tightening in the sector.

BUNDABERG

House Market (<2400m2)
Analysis of both quarterly and annual median price movement indicate Bundaberg's housing is in the 'recovering' phase of its price cycle. Bundaberg's median house price rose +1.8% in the year to June 2020, coming in at $280,000. The quarterly median price was $280,000. This was a +1.1% increase on the median price as compared to the previous quarter. Total annual house listing numbers fell by -11.3% from 3,171 for the year to June 2019, to 2,813 for the year to June 2020.

Unit Market
Analysis of both quarterly and annual median price movement indicate Bundaberg's unit market is in the rising sector of the cycle and approaching its peak. The quarterly unit price saw a dramatic uptick, although sale numbers were limited at 27. The figure for the June 2020 quarter was $247,750 which was a notable +2.0% increase compared to the previous quarter. The annual median for units to June 2020 was $255,000. This reflected a +2.0% increase on the median compared to last year's result. Total listings for the year to June 2020 was 341 representing a dramatic -24.2% reduction on last year's total figure of 450 listings.

GLADSTONE

House Market (<2400m2)
The Gladstone housing market continued its strong market conditions over the previous quarter. In fact, it seems like the region has felt very few negative, and many positive, impacts from the pandemic. The median house price increased +0.4% over the June quarter but its performance over the year was the equal best major region in the State at growth of +5.9%. The median house price is now $286,000. However, the number of sales in Gladstone was down about 40% compared to the previous quarter.

Continues/…

The Real Estate Institute of Queensland Ltd
50 Southgate Avenue, Cannon Hill
PO Box 3447, Tingalpa DC Qld 4173
P | 07 3249 7300 F | 07 3249 6211
www.REIQ.com

Unit Market

Gladstone's unit market remains soft, but it's not due to the pandemic. While still a very small part of the region's property sector, high body corporate fees continue to impact the unit market even though rents can be attractive. To illustrate the size and perhaps softness of the Gladstone unit market, not enough sales were recorded over the June quarter to calculate a reliable median unit price.

ROCKHAMPTON

House Market (<2400m2)

Rockhampton housing is in the recovering phase of the property price cycle. The June quarterly median house price rose slightly to $275,000 across 201 sales while annually, houses saw a median sale price of $267,000 (+4.3% increase on the previous year). Values are notably softer on a medium-term analysis. The median house price five years ago was $295,000 which translates to a -9.5% drop since that time. The total number of listings for the 12 months to June 2020 was 2,092 – a -10.4% drop on the previous year's 2,334 listings.

Unit Market

Rockhampton's unit market is relatively thin. The 12-month median unit price fell by a notable -6.0% to $253,750. The total number of unit listings for the 12 months to June 2020 was 200 – a substantial -23.7% decrease on the previous 12-month period, which had 262 listings.

MACKAY

House Market (<2400m2)

The Mackay housing market has continued its run of healthy market conditions over the June quarter. While recording a flat median house price of $400,000 over the period, the region has had four consecutive quarters with a negative price result. These sorts of numbers helped Mackay to become the equal number one major region for median house price growth over the year ending June with a price uplift of +5.9%. The median house price in Mackay is now only about 5.0% off its figure from five years ago.

Unit Market

The solid market conditions have yet to positively impact Mackay's unit sector. The median unit price reduced -2.2% over the quarter to $222,000 and was also down -2.2% over the year. The median unit price is still -28.5% below its level five years ago, which is a fall of more than $80,000. However, its current low median unit price is now the most affordable of all major regions, which is likely to become attractive to bargain hunters in the times ahead.

TOWNSVILLE

House Market (<2400m2)

The Townsville median house price held steady over the June quarter, posting an increase of +0.6% to $320,000. The annual median house price also increased +0.6%. The volume of sales was down about 30% over quarter – a better result than many other parts of Queensland.

Continues/…

The Real Estate Institute of Queensland Ltd
50 Southgate Avenue, Cannon Hill
PO Box 3447, Tingalpa DC Qld 4173
P | 07 3249 7300 F | 07 3249 6211
www.REIQ.com

Unit Market
The Townsville unit market was stronger over the quarter, posting a healthy +3.8% median unit price increase. Over the year, a median unit price rise of +8.3% was the second highest of all major regions in the state – behind the seemingly perennial number one unit location of Noosa.

CAIRNS

House Market (<2400m2)
Given Cairns was set to be more negatively impacted than most other regions during lockdowns, its median house price held its ground over the June quarter, dipping by -0.5% to $400,000 and recording an increase of +0.7% over the year. House prices were being supported by the continued low volume of listings, with robust competition amongst buyers for properties on the market. That situation is reflected in the volume of sales, which are down about 53% compared to the previous quarter.

Unit Market
The Cairns unit market is not faring quite as well with median prices reducing over the quarter and the year. The median unit price fell -1.3% over the June quarter to $215,000 and was also down -1.3% over the year. Only 120 unit sales were recorded during the June quarter, down significantly from the previous three-month period.

The Real Estate Institute of Queensland Ltd
50 Southgate Avenue, Cannon Hill
PO Box 3447, Tingalpa DC Qld 4173
P | 07 3249 7300 F | 07 3249 6211
www.REIQ.com