SMART PROPERTY INVESTMENT

By investors for investors

The suburbs tipped for growth in Queensland

by James Nihill | August 01, 2019 | 1 minute read

Things are finally starting to look up for the Australian property market, especially for a popular investor favourite – Queensland.

In this post-election climate, we've witnessed the securing of negative gearing and capital gains tax, the Reserve Bank slash interest rates to its lowest ever levels and the Australian Prudential Regulation Authority (APRA) remove the serviceability buffer for borrowers.

Consumer confidence is rising, and it is arguably the most stable period for property investors in recent years. Property forecasts predict that the worst is over and property prices are likely to stabilise in Australia's capital cities by the end of the year, and are even expected to show growth in 2020. A resilient location that has remained relatively unaffected by the recent property downturn, however, is the humble Sunshine State.

Brisbane managed to power through the national downturn as its affordable housing market allowed the city to bypass the impact of the restrictive lending criteria that other major capital cities felt.

The city's property market has remained slow and steady, with dwelling prices rising by 0.3 of a percentage point for the year to November and by 0.1 of a percentage point over the past three months, according to CoreLogic.

BIS Oxford Economics predicts that Brisbane could be looking at up to 20 per cent growth over the next three years as a result of high levels of interstate migration, steady population growth and major infrastructure projects including the new Queen's Wharf and the construction of Brisbane's second airport runway.

But it's not just Brisbane that's looking good to investors. The growth potential of regional and Far North Queensland markets is unrivalled.

After nearly a decade of fierce debates, protests and uncertainty, environmental approval for the Adani coal mine was recently passed and it's looking highly likely that the mine will go ahead.

The mine will be based in the Galilee Basin, and surrounding towns will be dramatically affected by the anticipated mining boom. Everywhere between Mackay and Townsville is expected to see rental growth — and will ultimately become a landlord's dream.

House prices in towns such as Bowen, Longreach and Moranbah are up to 73 per cent below their peak and on the cusp of a major rebound. Research from CoreLogic reveals the town of Blackwater in the Central Highlands recorded a 33.5 per cent growth — the strongest growth in home values over the past year in the state.

Rockhampton is another area to watch if you're looking to invest. According to the Real Estate Institute of Queensland (REIQ), Rockhampton is the most affordable housing sector of all markets in Queensland. The city's median house price rose by an impressive 15 per cent to $265,000 in the March quarter of this year — a trend that is only set to continue in the wake of the Adani mine approval.

Vacancy rates in Queensland are some of the lowest in the nation, particularly in the Far North. The REIQ Residential Vacancy Report for the March quarter showed that just 1.3 per cent of Cairns rental properties weren't tenanted, down from 1.7 per cent last year.

The consistent high rental demand in Cairns is starting to see rents rise by upwards of $45 a week for a three-bedroom house, and the report shows that this low rental vacancy rate has created the best conditions for investors in a decade, with no signs of slowing down.

This year has seen Queensland become an outstanding region for investment opportunities; however, as always, not all properties are created equal and investors must do their homework before jumping in.

Investors are cautioned to do their numbers, research specific locations and always seek professional advice before jumping in.

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