

HOUSING MARKET REPORT

Autumn 2017 Edition

more
than
money



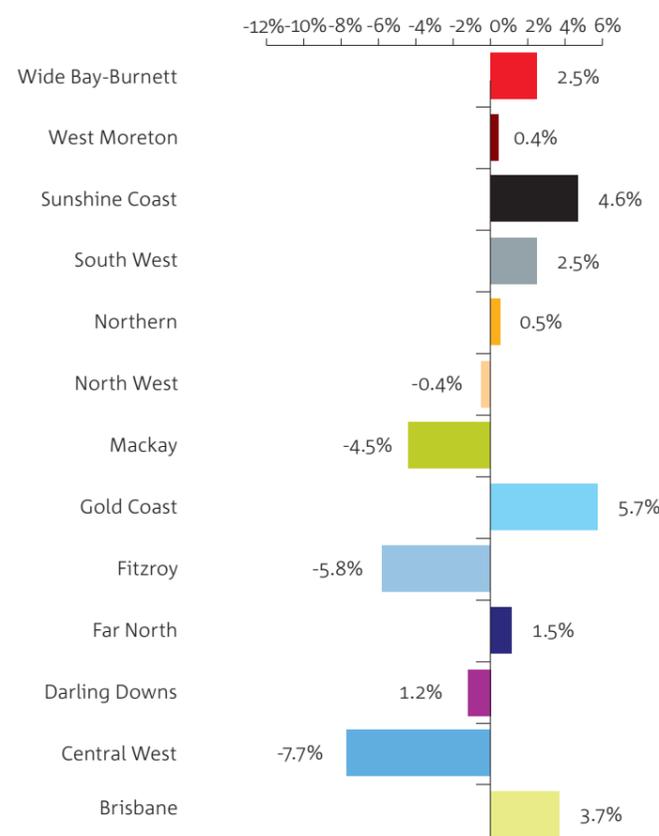
Queensland overview

CoreLogic's view:

The Queensland housing market has recorded only modest growth since 2012, with home values across Brisbane rising 18.2% in total over the past five years, while regional house values have recorded a softer result with values 11.6% higher. While growth conditions have remained sedate relative to the larger capital cities, home values have been consistently rising on an annual basis. Recently, interstate migration into Queensland has been trending higher which should add to the upwards pressure on housing, however a relatively weak labour market remains as one of the primary barriers to higher growth in home values.

Higher levels of unit supply in key areas of Brisbane's inner city has contributed to a weaker result compared with detached houses. The past twelve months has seen unit values hold reasonably firm with a growth rate of just 0.2% while house values have increased by 4.0%. The Gold Coast and Sunshine Coast have seen some momentum gather, with home values rising 5.7% and 4.6% respectively in these coastal markets.

Annual change in home values over past year*



*Data for homes in capital cities, houses in regional areas. Data to Mar-17 for capital cities, Feb-17 for regional areas

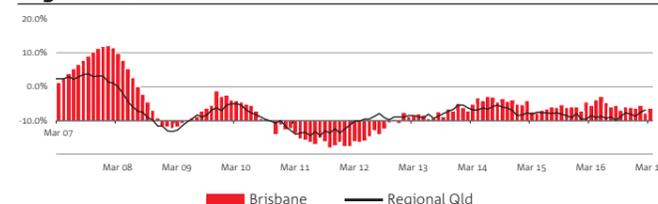
Source: CoreLogic



This report is prepared by RPDData Pty Ltd ("trading as CoreLogic Asia Pacific") ABN 67 087 759 171 and National Australia Bank Ltd ABN 12 004 044 937
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The remaining areas of regional Queensland haven't been as strong. Regions associated with the mining sector continue to record falling home values over the past twelve months, with the largest declines recorded in the Central West (-7.7%), Fitzroy (-5.8%) and Mackay (-4.5%). While these areas remain in negative growth territory, the rate of decline has started to ease.

Annual change in home values, Brisbane and Regional Qld



Important information

See next page for details regarding source data used in this report.

NAB's view:

Brisbane continues to experience muted, but relatively steady property price growth. Brisbane units are expected to underperform.

The Brisbane property market has been relatively subdued compared to the other major eastern capital cities, although it has still experienced relatively consistent price growth. The various cross winds from mining, tourism and agricultural sectors may have contributed to such a result, although weakness emanating from the mining sector is expected to subside, particularly if coal prices remain elevated.

Divergent market conditions will see overall price growth remain relatively modest. Inner city apartments expected to underperform other segments.

The state's labour market remains soft, which is providing a barrier to strong property price growth. However, with the mining sector beginning to stabilise and the appeal of comparatively good affordability, the market may see further support from interstate migration – which has already shown an improved trend in recent years.

Solid population growth is needed to help offset additions to Brisbane's housing stock, most notably for inner city apartments. Supply concerns are already apparent in the relative price performance of apartments, while Brisbane vacancy rates also look to have risen in the back half of 2016 – pushing into oversupplied territory.

While we question whether improving demand conditions will be enough to fully head-off mounting supply risks, there were at least some encouraging signs for Qld from **NAB's Residential Property Survey** in the first quarter of 2017. Market sentiment jumped in the first quarter of 2017, and while it is still well below NSW and Victoria, it hit its highest level since 2015 – and respondents to the survey said they expect it to improve further in the next 12 months. Additionally, foreign buyer activity rose in the quarter, for both new and existing homes, although the level is still relatively subdued compared to past experience. Respondents also revised their expectations for property prices in the next 1-2 years higher.

Despite more encouraging signs, NAB expects prices growth to remain modest. House prices are forecast to rise by just 1% in 2017 and 1.9% in 2018. Supply concerns will continue to weigh on units/apartments, especially in the inner city, with prices forecast to fall 0.3% in 2017 and 1.8% in 2018.



HOUSES
1.0%



UNITS
0.3%



Important information about this report

The information on the white background (headed CoreLogic's view) is about the housing market in the 12-month period to March 2017 for information about capital cities and to February 2017 for information about regional areas.

It was provided by RP Data Pty Ltd, which trades as CoreLogic Asia Pacific, but is referred to in this report as CoreLogic.

The information on the grey background (headed NAB's view) is provided by NAB Group Economics, taking into account data sourced until March 2017. It's our economists' view about the national capital city house and unit price growth over the next 9 months to December 2017.

NAB's view takes into consideration the March 2017 NAB Residential Property Survey of property market professionals. The survey asked participants to give their views on where they think house prices are expected to move.

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2.4 The NAB Residential Property Survey

The NAB Residential Property Survey referenced in this report consists of extracts from data obtained by NAB from a March 2017 survey of property professionals. This reflects the surveyed property professionals' views about what they think will happen to the housing market in Australia in a 24 month period up to March 2019. The views in the survey do not necessarily reflect NAB's views except where expressly called out in this report.