



# BOOM TIME FOR BRISBANE?

The sunshine state is abuzz with positive property speak, with analysts and experts predicting a continuation of pretty good things for 2015. ANGELA YOUNG

**W**e've all seen the Sydney market sitting up there on its peak, and Perth's been riding pretty high for a while, too, shouldering those two markets out of the running for good growth prospects in 2015 – at least that's what Open Wealth Creation director Cam McLellan believes, which is why he's got his nose in Queensland and has for a while now.

"Due to Perth and Sydney being at the peak of the markets, this leaves Melbourne and Brisbane currently as good market options," he says, adding that although he doesn't really "do" short-term predictions, he's definitely excited about Brisbane's growth prospects.

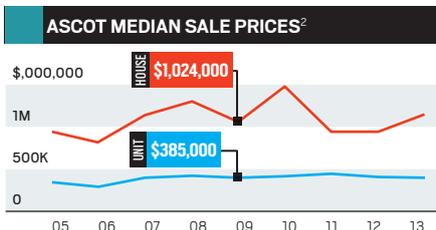
And McLellan's not the only one, even if excitement and enthusiasm aren't the words that spring to mind when hearing buyers' agent Ben Anderssen sizing up 2015's prospects.

"I'd say we can expect the next two or three years to be pretty much 'easy as she goes' in Queensland," he says, predicting "maybe three per cent growth".

Explaining that the market is a notoriously unpredictable beast, Anderssen goes on to say that we'll likely "continue to see little peaks and troughs in the market, for no real reason, exactly what we're seeing at the moment.

"Three months ago, properties under \$650,000 slowed a bit, having been walking out the door previously. Now, we're seeing them go crazy again.

ALL ABOUT ASCOT <sup>1</sup>		
	House	Unit
Median price Aug 14	\$1,165,000	\$409,000
12-month growth	22%	8.3%
Median rent Aug 14	\$620	\$380
Rent growth Aug 14 (YoY)	-0.8%	1.3%
Gross rental yield Aug 14	2.7%	4.8%
Properties sold Aug 14	92	80
Properties sold Aug 13	83	64
Average vendor discount Sept 14	2.7%	0.6%
Average vendor discount Sept 13	1.6%	2.9%



"It's called a 90-day cycle – you see it go crazy for a month, then slow down, then it takes off again in three months."

Despite the ongoing speculation and debate among the experts, he says, "no one really knows what's going on".

## ■ FEELING WAY TOO DAMN GOOD

Not everyone's sitting on the fence quite so comfortably, however.

Sales partner at LJ Hooker Noosa

David Zuric feels the future is definitely bright for the Sunshine Coast area, and even upwards and inwards, citing Eumundi as a place to watch, among others.

"Wealthy people from all over the world are now buying in the Eumundi area," he says.

"People with international business like to buy a retreat in the Eumundi range. It's slightly elevated, it's got that country feeling, but you're only 15 minutes from the beach," he explains.

In 2015, Zuric predicts, rural properties will start to recover, from having been slightly "down in the dumps" for 2014.

"Any food production close to Noosa is of great interest. All the farmers, lychees, avocados, those industries look to be growing again. Possibly the milk industry in Gympie area will see a resurgence, which will affect properties in Traveston."

Let's make money while the sun shines, isn't that what they say?

"In the Sunshine Coast urban area, it's all looking very good. Units are starting to sell in Hastings Street, Noosa," he says, and demand for rural properties seems to be growing, too.

That is, as long as people don't go crazy and start building high rises, Zuric stipulates, in which case it will become "ordinary... that would just be for short-term gain, though, for the developer but not for the area".

ON OFFER IN ASCOT

## Aspirational living

- ▶ Pub baron and cofounder of the Woolworths pub project Andrew Griffiths recently sold his colonial mansion “Windermere”, on Sutherland Avenue, Ascot, for \$10.2 million – the highest price achieved in Ascot ever. Gail Havig of Havig & Jackson Real Estate facilitated the sale for the property, which never even went on the market. “Windermere is one of the most important houses in Brisbane,” she says. “When it happened, it happened quite quickly.”
- ▶ Ascot offers some fantastic vantage points for the annual Brisbane fireworks extravaganza Riverfire, which takes place in September. Bartleys Hill Reserve is a particularly good spot.

The agent is slightly wary as talk of bigger and bigger developments creeps in.

“There are big discussions going on. A big Japanese company wants to build up to 12 storeys and the community is rejecting this because it’s outside the Sunshine Coast council plan,” he says.

Some local councillors, however, are apparently trying to be flexible.

“Most of the people here are against it. We’re just asking, ‘why can’t you stick to the plan that’s been worked on for years?’ Now some developer comes in and says ‘No, I want more.’

“We don’t want to be like the Gold Coast. I know there’s a lot of money circulating down there, but we can’t be the same all the way up [the coast] – our niche is to be different.”

And that ‘different’ involves “good quality properties, good quality lifestyle”, according to Zuric.

It’s no wonder the residents of Noosa want to keep hold of their special reputation. Among other things going for the area – beautiful beaches, aspirational suburbs, that fabulous Queensland climate – there’s the Noosa Biosphere Reserve status, an international designation from UNESCO (the United Nations Educational, Scientific and Cultural Organisation) that renders it a site for research on sustainable relationships between people and their environment, which is something worth protecting.

“Not many ordinary [local] people would support anything outside of the Noosa and Sunshine Coast Plan,” Zuric says.

“Noosa Shire wants to keep everything environmentally safe and sound.”

### ■ COASTAL CONTENTMENT

Safe and sound is a sentiment perhaps attributable to the Gold Coast, too, which despite suffering a little over recent months looks likely to see the sun shine once more in 2015.

Queensland Government’s Assistant Minister for Planning, Rob Molhoek, says of the new, much-hyped Gold Coast Hospital site at Southport: “It’s perfectly positioned to capitalise on more than \$3 billion in infrastructure spending under way in Southport, including the Gold Coast Rapid Transit System, the Commonwealth Games (taking place in 2018) and the new China Town precinct.”

While that transit system has seen some controversy (and not too many passengers), there’s no doubt the Games will bring people – and their dollars – to the area, though whether that influx will have legs remains to be seen.

Not too surprisingly, the Deputy Premier Jeff Seeney is feeling very enthusiastic about the Gold Coast’s prospects.

Speaking at the launch of the InfrastructureQ Directions Statement recently, Seeney enthused: “Queensland is at an exciting place in time where our strong plan for a brighter future could deliver major game-changing infrastructure across our state and key sectors such as transport and education.”

### ■ IF YOU BUILD IT...

Seeney might be biased, of course, but even the Infrastructure Association of Australia’s executive director Roger Black thinks things are looking up.

“There looks like there’s some light coming down from the end of the tunnel. It’s perhaps a little bit closer than it was at the beginning of the year, the light seemed really far away at the beginning of the year.”

Black says the government’s leasing of assets excites the organisation, referring to this ‘recycling of capital’ as “encouraging”.

He does, however, stress the need for the projects to get moving, pointing out that promises about infrastructure plans being ‘in the budget’ won’t necessarily bring investment into the region.

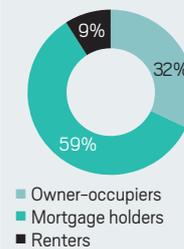
“There needs to be confidence that

### ASCOT FACT SHEET

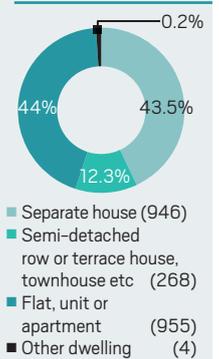
Ascot has an oversupply to demand situation. There are many rental properties available to tenants and there’s an oversupply of for-sale listings. Discounting has been muted. Incomes in Ascot are growing slightly faster than the Queensland average. The proportion of renters to owner-occupiers is above average for Queensland. Rental vacancy rates are a high 7.4 per cent. Stock for sale levels are down by 2.4 per cent year on year.

Source: SQM Research, www.sqmresearch.com.au (accurate to September, 2014)

#### OCCUPANT TYPE<sup>3</sup>



#### HOUSING MAKE-UP<sup>4</sup>



#### VACANCY RATES<sup>5</sup>

7.4%  
ASCOT

2.2%  
BRISBANE

#### 10-YEAR AVERAGE ANNUAL GROWTH<sup>5</sup>

3.8%  
HOUSES

3.6%  
UNITS

#### KEY DRIVERS

- ▶ Close to Brisbane CBD.
- ▶ Attractive lifestyle.
- ▶ Tightly-held market.
- ▶ Aspirational suburb.

#### POPULATION<sup>6</sup>

5165

#### WALK SCORE<sup>7</sup>: 82

Ascot has a Walk Score of 82. This location is very walkable, so most errands can be accomplished on foot. There are about 56 restaurants, bars and coffee shops in Ascot. People in Ascot can walk to an average of two restaurants, bars and coffee shops in five minutes.



<sup>1</sup>Source: APIM and SQM Research. <sup>2</sup>Source: realestate.com.au. <sup>3</sup>Source: SQM Research. <sup>4</sup>Source: ABS 2011 Census. <sup>5</sup>Source: APIM. <sup>6</sup>Source: www.walkscore.com.au. H = houses, U = units, YoY = year on year, SNR = statistically not reliable.

## INVESTOR SNAPSHOT

## Banking on Brisbane

Thirty-seven-year-old Cam McLellan is the CEO of a property investment specialist company and lives with his wife and three children in Melbourne.

He's passionate about property and invests both professionally and personally – and he's loving Queensland right now. While his development company currently has more than 1000 apartments under construction as well as townhouses and a subdivision, Cam has personally purchased more than 30 properties in the northern corridor of Brisbane this year alone – and has never sold any of his Queensland property portfolio.

"I like the four major capital cities (Perth, Melbourne, Sydney and Brisbane) for long-term investing," he says.

"Due to Perth and Sydney being at the peak of the markets, Brisbane (as well as Melbourne) is currently a good option."

When it comes to his Queensland investments, Cam likes to stick to the capital. "Brisbane has an undersupply of available housing particularly in the northern corridor. Match that with a strong population growth and consumer confidence – good times are ahead compared to Perth and Sydney."

Cam says he doesn't really "do" short-term predictions: "Saying that, I am excited about Brisbane's growth prospects currently."

Explaining his modus operandi, Cam says: "I like my property investments to achieve strong growth but I also don't want them to cost much out of my back pocket."

"I purchase new medium density housing in middle to outer suburbs and take advantage of depreciation over the first three to five years. That way the property costs me very little to hold until the rent increases and covers holding costs. Equity growth is the only way real wealth is achieved."

When adding property to his portfolio or his kids' portfolios, Cam likes to buy new houses and land. "I'm a traditionalist," he says, "and never forget the golden rule of investing, land appreciates and buildings depreciate."

As for the state's unique selling points, though he doesn't own a traditional Queenslander home, he does like the style. "I'm a country boy originally so they feel very homely to me. My wife's looking at a Queenslander/Hamptons style build for our next holiday home."

While Melbourne's home, the successful investor's been known to say that of all the cities, the next best place to live is Brisbane.

"It's a good mix of business and country town but importantly, you've got the sun."

Cam's definitely not a fan of regional investments: "I avoid areas with an oversupply of available land that's being developed, which includes many areas in the west and south of Brisbane and also all regional areas. Shortage of land is what causes prices to rise and what do regional areas have lots of? Land."

He also avoids holiday locations, a market segment he's seen so many dive into – and then witnessed the subsequent heartache due to these areas' volatility.



## Cam's clues

Use your smartphone or tablet and your favourite QR scanner app to see some of Cam's top tips on smart property investing.



## Name:

Cam McLellan  
Lives: Blackburn, Melbourne, Vic  
Invests: Brisbane (among other locations around the country)  
Properties: Many  
Strategy: Buy and hold.

What he does like is the current position of the market cycle.

"I'm looking forward to the next few years, which is why I'm so active in Brisbane currently. What is exciting is the large amount of investors in Melbourne and Sydney all moving to a smaller market like Brisbane, that can really invigorate things."

And it's definitely Brisbane's northern corridor that's proving to be a strong rental market in his opinion.

"My properties are being rented out at a rapid rate and I'm achieving great yields."

"This will continue," he predicts, but warns: "There are also many areas where there's an oversupply of rentals."

One of Cam's most successful purchases is a 10-storey high rise in Brisbane's West End, where 107 apartments are currently being constructed. The project is expected to return about 89 per cent on equity over two years.

A closing thought on investing in Brisbane? "Get in while you still can is my advice."

there will actually be work for people, work for companies. We'd like to see a consistent pipeline of projects," he says, "and sometimes those projects need to be in regional Queensland as well. There aren't enough of those."

If you build it, they will come, as it were. For many, though, it's the state's capital that's looking most promising for 2015. While Toowoomba's forthcoming airport definitely could be one of the reasons for the reportedly higher levels of interest in that area, Hot Property Specialists senior buyers' agent Zoran Solano isn't too sure.

"I'm a little bit sceptical as to the benefit of the airport up there," he says.

"I guess longer-term it'll be a benefit, but I don't know that I'd expect to see

major capital growth there next year."

Solano goes on to explain that there's actually very little interest in property in Queensland outside of the Brisbane area.

"We've seen interest in mining towns and remote locations really really suffering," he says.

"We're seeing people who have purchased in those locations, their rental yields are dropping back, their values are dropping back... we're really seeing that action coming back to the capital city. That would be the biggest thing I'd see happening next year."

Founder and managing director of Xcel Properties Kim Clarke thinks the mining game is not done yet.

"In areas such as Mackay, Gladstone and Rockhampton, the housing market

has been slow over the past 12 months (but)... while the market has slowed down, mining areas such as Mackay are tipped to start showing signs of recovery in 2015. With the dollar balancing against the greenback and low interest rates likely to continue into 2015, this is good news for the state's exporters in the mining, manufacturing and agricultural industries," he says.

"I think for homebuyers interested in making the transition from renting to buying, and who have secure employment, now is a good time to buy before prices pick up next year."

When it comes to activity in particular city areas, Solano reckons north of the river is the direction to head.

“It’s an area that’s been getting a lot of exposure – a lot of the suburbs picked in the top 10 for Queensland moving forward are on that Brisbane northside.

“We’ve got the employment hubs of the airport and the CBD, which in itself is growing north, out through Fortitude Valley and Bowen Hills. Areas around that 10- to 13-kilometre radius are still affordable. If we look at what’s occurred closer to the CBD, we see a ripple effect of the interest in the CBD moving outwards, within that 10-kilometre radius – Geebung, Zillmere, Aspley.

“I think it’s still going to be quite strong in those areas into next year.”

#### ■ STAR CITY

The Real Estate Institute of Queensland’s CEO Antonia Mercorella agrees.

“Southeast Queensland was the state’s star performer in 2014, where the region’s key real estate markets delivered steady and sustainable price growth.

“Brisbane achieved its first consecutive increase in June quarter

sales in more than two decades – a sign that the local market is gathering momentum. Interstate investors are showing renewed interest in Brisbane,” Mercorella says, thanks in no small part to its significant affordability edge over Melbourne and Sydney.

Talk of Toowoomba’s strengths, too, is not unfounded, she says, describing the area as “a quiet achiever”.

“Toowoomba’s median house price recorded an increase of 23.6 per cent over the past five years.”

Investments in the guise of the new Brisbane West Wellcamp Airport and the long-planned Second Range Crossing are both expected to drive growth in the region.

Further north, Mercorella says, the Cairns market is going from strength to strength, too, as tourism picks up.

For Solano, and for others in the field, the biggest issue for 2015 is stock levels, particularly for the buyers.

“It’s been such a crazy, weird market,” Anderssen says. “All we’re hoping for

#### INTERESTING

► **Queenslanders are most at risk of credit default** in the year 2015, with 16 per cent at risk. Other Australian states range from 10 to 13 per cent at risk.

► **Residential building approvals for detached houses** in Queensland climbed in August 2014. Generally, approvals increased 1.4 per cent.

next year is that there’ll be a bit more stock on the market.”

In Noosa, Zuric is seeing movement. “There’s so much talk of another three years’ steady growth in Queensland in general, but I personally think it’s going to go even further,” he concludes.

Clarke, meanwhile, summarises things quite nicely: “I think the Queensland market is entering its next growth phase. People want to buy in Queensland. But I think many potential homebuyers have been waiting to see what happens.”

It’ll be interesting to see if that waiting period is over. Watch this state. **API**

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