



Regional Queensland centres

1 Gold Coast

Hosting the Commonwealth Games and associated works, along with other infrastructure projects including the second phase of the Gold Coast Light Rail project and the expansion of Jupiter's Casino, has contributed to a boost in local economic activity and employment. However, the local economy looks set to cool slightly as the area awaits the next round of infrastructure projects.

The median house price on the Gold Coast grew an average of 7.8% per annum over the two years to June 2017. However, a strong uptick in supply through 2015/16 and 2016/17, coupled with softening demand, saw slower growth of 1.6% in the year to June 2018. With a strong supply pipeline also in the unit market, the median unit price has fallen by 2.4% to \$415,000 in the year to June 2018. The tightened credit environment is also likely impacting Gold Coast investors.

Outlook: Work on a number of major accommodation projects and the development of Westfield Coomera will help to sustain local economic activity, although this will be lower than that of the years leading into the Commonwealth Games. A lower Australian dollar also continues to buoy the region's tourism industry, as the Gold Coast becomes a more cost competitive holiday destination.

Dwelling completions are on track to peak in 2018, which will significantly reduce the stock deficiency and further ease pressure on prices. House price growth is expected to remain moderate in the next three years, averaging 2% per annum and taking the median house price to \$690,000 by June 2021. With a stronger increase in unit completions, unit price growth is forecast to be slower, at around 0.8% per annum and taking the median to \$425,000 at June 2021.

Price growth

↑
1.6%

Vacancy rates

↑
2.0%

Forecast house price

↑
6.1%

Unemployment

↓
4.4%



2 Toowoomba

Toowoomba benefits from its proximity to agricultural hubs in the Darling Downs and sits on the Melbourne to Brisbane freight route. A slowdown in building activity and the completion of some large infrastructure projects has seen the local economy slow with unemployment sitting at 5.2% in June 2018, up from 4.9% 12 months earlier. The median house price has fallen by 5% in the past 12 months, reaching \$380,000 at June 2018.

Outlook: Currently, the Second Range Crossing is under construction and supporting local employment. In the medium to long term, the Inland Rail project will further entrench Toowoomba's position as a major logistics hub, connecting Brisbane to Melbourne and to the rest of the interstate rail networks. The outlook for Toowoomba is moderate with an average growth rate of 2.6% per annum forecast in the three years to June 2021.





03. Queensland outlook

Regional Queensland centres continued

3 Sunshine Coast

Population growth of 2.5% in 2016/17 meant that the Sunshine Coast was the fastest growing of all population centres in Queensland. After a long period of undersupply, rising construction has reduced the dwelling deficiency, and vacancy rates have begun to edge upward, albeit remaining low at 2%. In the year to June 2018, house price growth on the Sunshine Coast outperformed both Brisbane and the Gold Coast, with the median increasing by 3.0%.

Outlook: A resurgence in the tourism industry, and a number of infrastructure projects including the second stage of the Sunshine Coast University Hospital and Caboolture Hospital redevelopment will maintain activity in the building sector and help to drive migration and population growth. Price growth is set to continue in 2018/19, but then steadily slow due to a rising supply pipeline. The median house price is expected to reach \$650,000 by June 2021, representing a cumulative rise of 9% over the next three years.



5 Cairns

The Cairns economy is dependent on tourism to drive employment and local economic growth. As a result, Cairns has been less affected by the recent downturn in the resources industry than Townsville.

A lower Australian dollar is increasing the attractiveness of Cairns as a holiday destination for tourists. Job prospects are improving, leading to a pickup in market sentiment and migration inflows, bolstering underlying demand.

Since 2010, the median house price has increased by 16% per annum. Cyclone Yasi and subsequent cyclones have increased home ownership costs and reduced buyers' willingness to bid up prices.

Dwelling supply has recently picked up, especially in the unit sector which has remained in a prolonged period of undersupply. Population growth has led to a tightening in vacancy rates (to 1.5% as at June 2018). Notably, the median house price remained flat over the year at \$420,000 in June 2018.

Outlook: Outside of a strong tourism sector, there is little else driving the local economy. Price growth in the Cairns market is projected to be limited, with cumulative growth of 3.6% bringing the median house price to a forecast \$435,000 by June 2021.

4 Townsville

Townsville appears to have turned a corner after a significant period of depressed economic activity as a result of the decline in mining investment across regional Queensland. The unemployment rate has improved markedly, however, at 9.1% it is still significantly above the state and national average.

A lower Australian dollar has helped to boost tourism in the area and the cuts to State and Federal Government funding for defence and public administration jobs have largely been worked through. Construction activity has picked up in 2017/18 and looks to further increase in 2018/19, driven by the start of large infrastructure projects including the Townsville Integrated Stadium and Entertainment Centre development and Lavarack Barracks expansion.

The residential market in Townsville appears to be approaching the bottom of its cycle. The median house price has been on a continuous descent for eight years, falling by a cumulative 16%.

Outlook: With some upside now beginning to emerge for the local economy, the median house price is forecast to rise to \$345,000 by June 2021. This represents a 7.8% increase in prices over the next three years, although most of the growth is likely to be occurring towards the end of this period once excess stock is absorbed.





Queensland regional mining centres

Through the mining investment boom, the median house price in Gladstone increased by 32% to its peak and by 17% in Mackay. Conversely, as at the June 2018 quarter, median house prices were 45% and 26% lower respectively than their previous peak.

In contrast, the Isaac Region, which contains the smaller towns of Dysart and Moranbah, saw a 97% rise in its median house price between December 2007 and March 2012. This surge was then followed by a large decline, where the median house price fell by 82% by September 2017.

The unemployment rate in Gladstone and Mackay peaked post-boom at 8.2% and 8.3% respectively. Meanwhile, the unemployment rate in the Isaac Region peaked at only 3.2%. This suggests that Gladstone and Mackay have a greater percentage of permanent residents who are less likely to leave when employment prospects decline. On the other hand, in the Isaac region, without other employment opportunities, the unemployed population left the region.

👁️ Outlook

Sales volumes as well as price growth are unlikely to return to previous peaks for quite some time, although the median house price in the Isaac region has increased by nearly 50% to \$178,000 in the year to June 2018. This may indicate firstly an over-correction in prices as owners (and mortgagors) looked to get out of the market at any price, and secondly that some intrepid investors are now entering this market. Mackay also seems to be recovering with some price growth, taking the median to \$330,000 at June 2018 (up 4% from its trough) while the unemployment rate has also begun to come down. In contrast, Gladstone's median house price reached a new trough in June 2018, and with the unemployment rate still drifting upwards and reaching 7.9% in March 2018, the city has continued to struggle.

Median house prices and unemployment rates

REGION	MEDIAN HOUSE PRICE (\$) SALES IN PRIOR YEAR				% CHANGE		UNEMPLOYMENT RATE (%)		
	START OF UPTURN	PEAK	TROUGH	JUNE 2018 QTR	START TO PEAK	PEAK TO JUNE 2018	SEPT 2012	JUNE 2018	
Isaac Region (MORANBAH, DYSART)	Median house price (\$)	335k	660k	120k	178k				
	Sales in prior year	440	659	329	269	97%	-73%	0.9	1.5
	Date	Dec-07	Mar-12	Sep-17	Jun-18				
Gladstone Region	Median house price (\$)	365k	480k	265k	265k				
	Sales in prior year	906	1,531	909	909	32%	-45%	3.8	7.9
	Date	Mar-09	Dec-11	Jun-18	Jun-18				
Mackay Region	Median house price (\$)	381k	446k	318k	330k				
	Sales in prior year	3,832	3,251	1,721	1,666	17%	-26%	2.9	3.8
	Date	Sep-07	Sep-12	Sep-17	Jun-18				
Greater Brisbane	Median house price (\$)	427k	552k		552k				
	Date	Dec-08	Jun-18		Jun-18	29%	0%	5.3	6.0

