

NAB Residential Property Survey: Q1 2015

by NAB Group Economics

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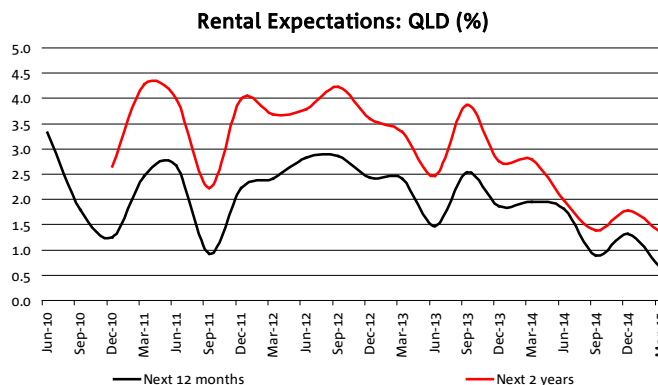
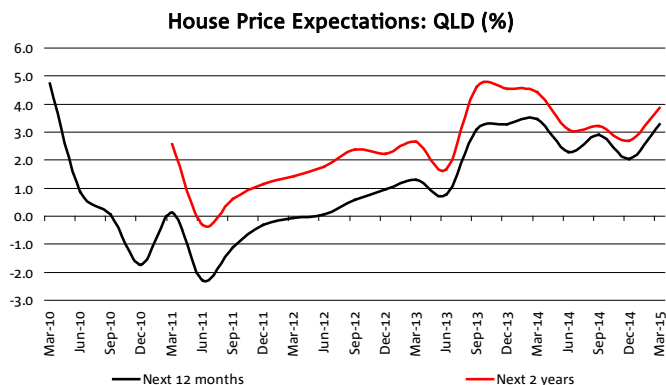


State Report: Queensland

Prices & Rents

House price expectations rise to 3.3% next year (2.1% in Q4) and 3.9% in 2 years (2.7% in Q4).

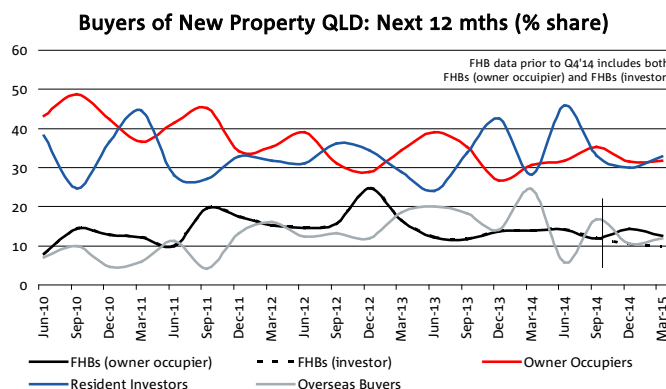
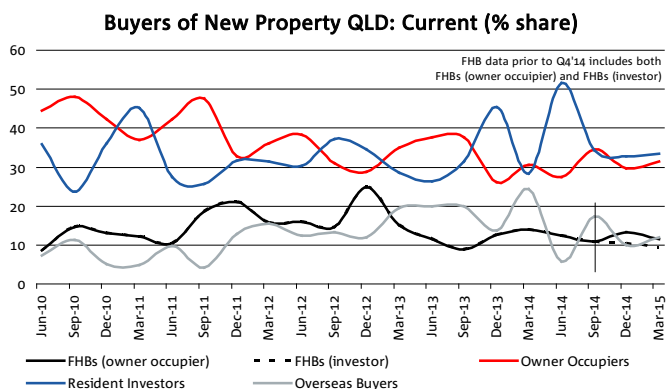
Rental prospects weakened. One year growth forecast now 0.6% (1.3% in Q4) and 1.4% in 2 years (1.8% in Q4).



New Property Market

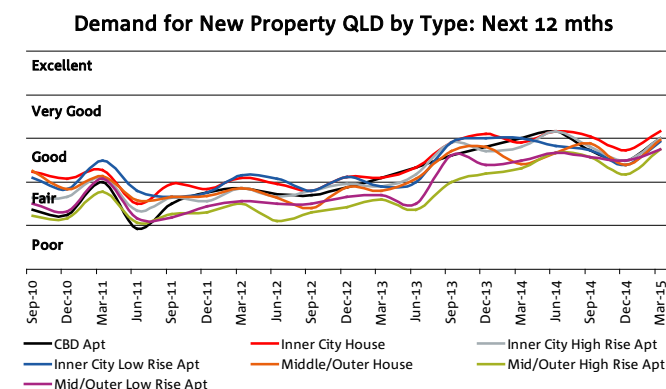
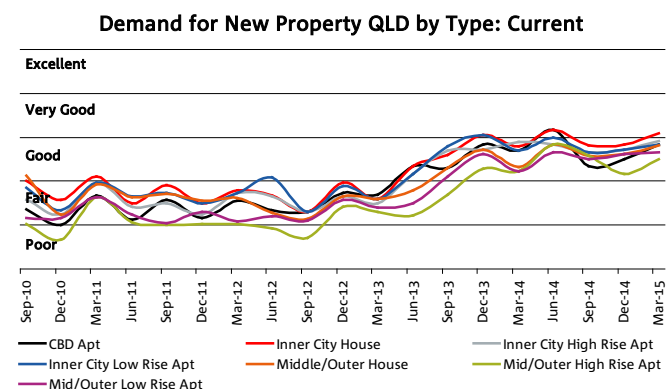
Local investors (33.5%) biggest buyers of new property, ahead of owner occupiers (31.4%). Total FHBs (20.9%) pull back, but foreign buyers more active (12%).

Resident investors (32.8%) expected to be the biggest buyers of new property next year, just ahead of owner occupiers (31.8%). Total FHBs (22.2%) also higher.



Demand improves for all new property types and is now rated "very good" for new inner city houses.

Demand for all new property expected to strengthen next year; biggest improvement for mid/outer high rise.



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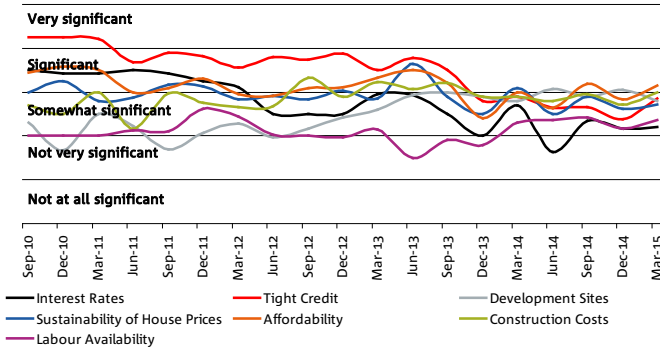
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New Property Market (cont...)

Housing affordability now identified as the biggest constraint on new housing developments in QLD. Level of concern also rising over all other impediments, except for a lack of development sites.



Constraints on New Housing Developments: QLD

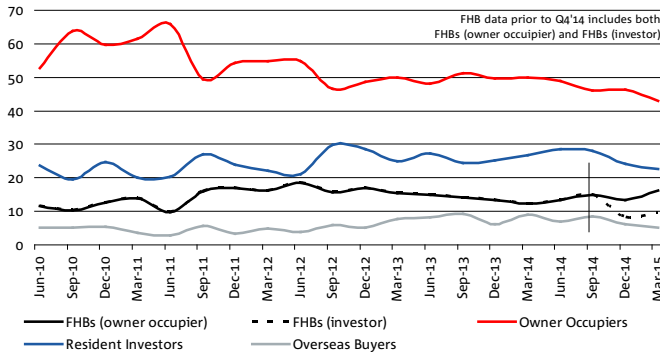


Existing Property Market

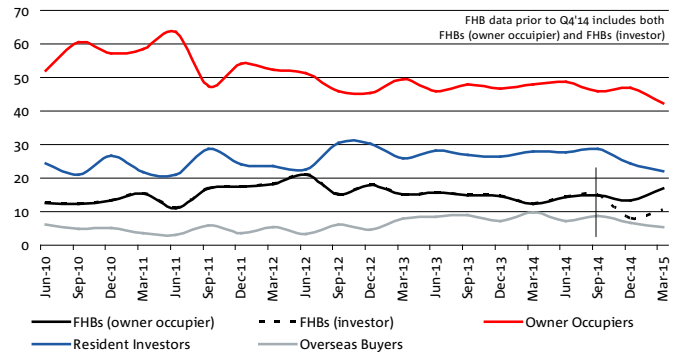
Share of demand from owner occupiers falls to a low of 43.1%. Share of resident investors (22.7%) and foreign buyers (5.1%) also lower, but FHBs owner occupiers (16.1%) and investors (9.4%) rises.

Share of owner occupiers (42.2%), local (22.1%) and foreign (5.3%) investors buying established property expected to fall next year, while FHBs owner occupier (16.9%) and investors (10.4%) rising.

Buyers of Existing Property QLD: Current (% share)



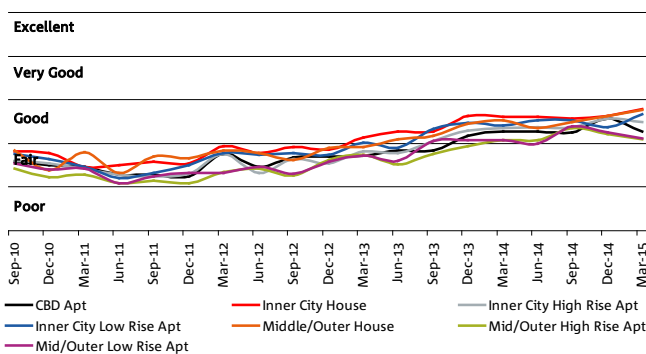
Buyers of Existing Property QLD: Nxt 12mth (% share)



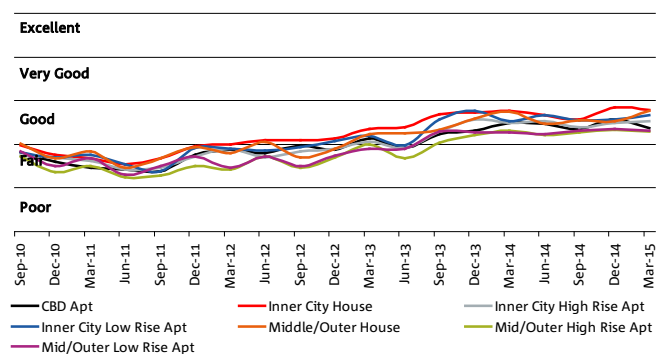
Demand for existing property in QLD still a mixed bag, but overall "good". Demand up for inner city low rise, CBD apartments and houses in the inner city and mid/outer ring higher, but pared back elsewhere.

Outlook for existing property demand to remain "good" in all property categories. Demand expected to be stronger across all categories, except inner city houses and low rise (unchanged).

Demand for Existing Property QLD by Type: Current



Demand for Existing Property QLD by Type: Next 12m

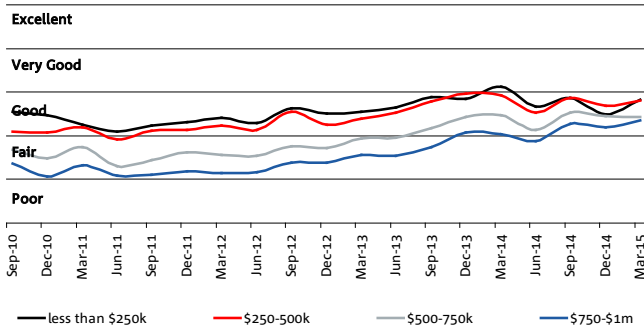


Existing Property Market (cont...)

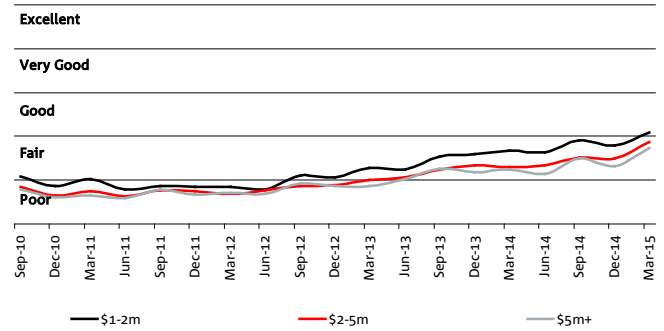
Capital growth prospects improve for existing houses valued less than \$1mn (except \$500-750k). Overall prospects for growth continue to be rated “good”.

Prospects for capital growth in the premium apartment market in QLD improves. Outlook assessed as “fair” for apartments above \$2mn and “good” between \$1-2mn.

Capital Growth Prospects QLD: Houses <\$1m



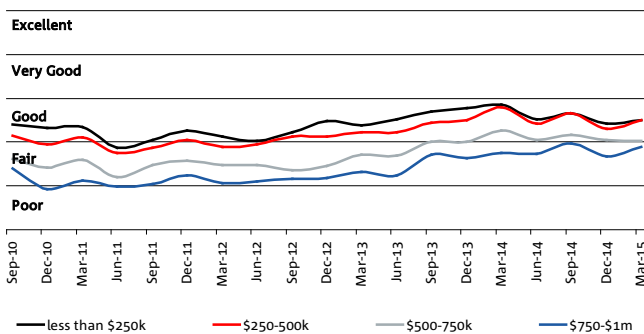
Capital Growth Prospects QLD: Houses >\$1m



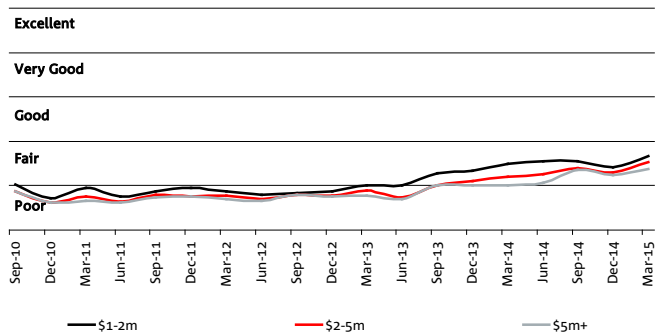
Capital growth prospects for existing apartments valued at less than \$1mn also improve (bar \$500-750k). Prospects for properties valued at \$750k-\$1mn considered “fair”, but “good” at all other price points.

Prospects for capital growth in the premium apartment market in QLD improved slightly in Q1’15. However, property professionals continue to rate the outlook as only “fair”.

Capital Growth Prospects QLD: Apartments <\$1m

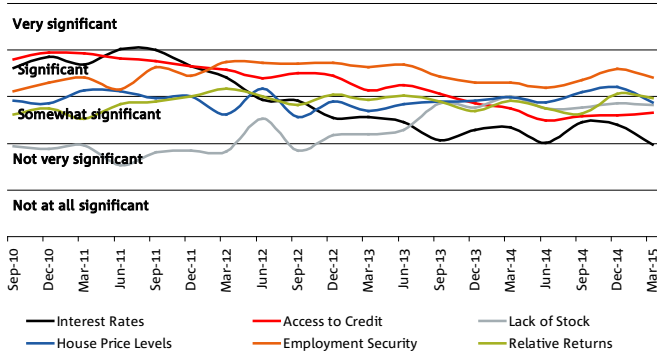


Capital Growth Prospects QLD: Apartments >\$1m



Employment security was by far the biggest constraint to buying existing property in QLD, followed by relative returns on other investment. There was a slight increase in property professionals citing access to credit and a lack of stock as impediments, although the level of concern was rated only “somewhat” significant.

Major Constraints on Existing Property: QLD



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