

matusik

Experienced Residential Commentary

Lockyer Valley
20th May 2015

THIS **MATUSIK** PRESENTATION IS **OPINION & NOT ADVICE.**

THE AUDIENCE SHOULD SEEK THEIR OWN PROFESSIONAL
ADVICE ON THE SUBJECT BEING DISCUSSED.

1. LOCAL REAL ESTATE TRENDS

2. PROPERTY CYCLE

3. THREE VITAL SIGNS

4. THE URBAN SQUEEZE

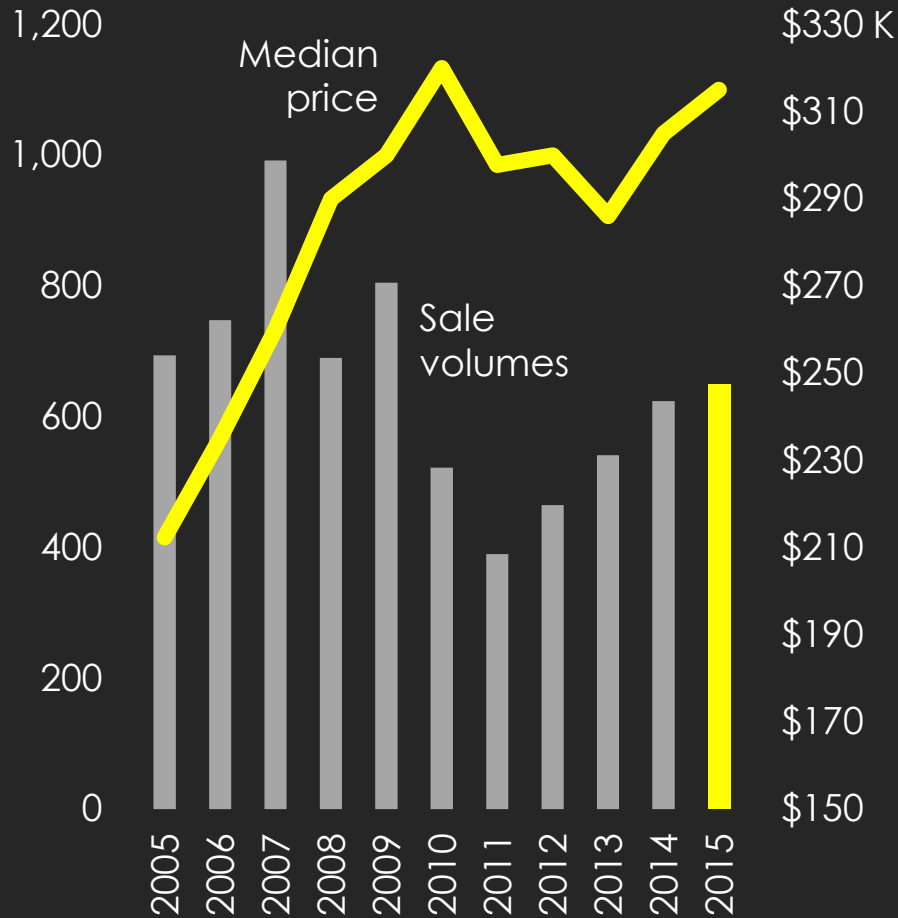
5. MARKET OUTLOOKS

LOCAL

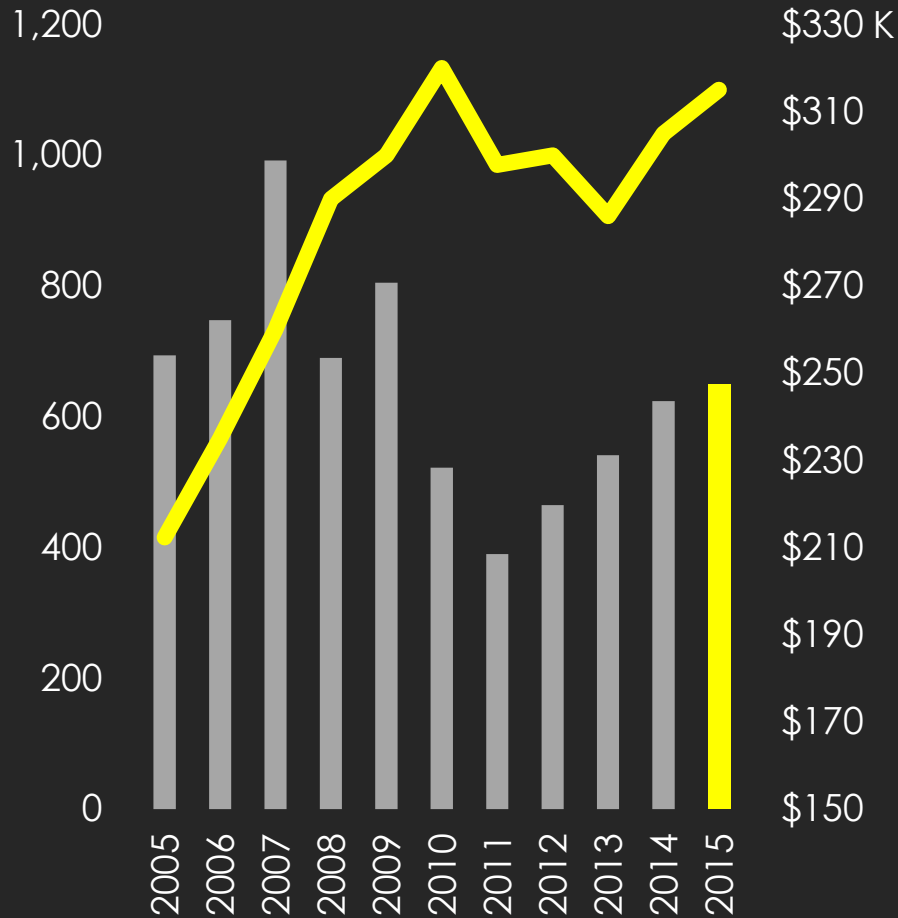
REAL ESTATE TRENDS

POWERED BY
matusik

LOCKYER VALLEY — DWELLING CYCLE



LOCKYER VALLEY — DWELLING CYCLE

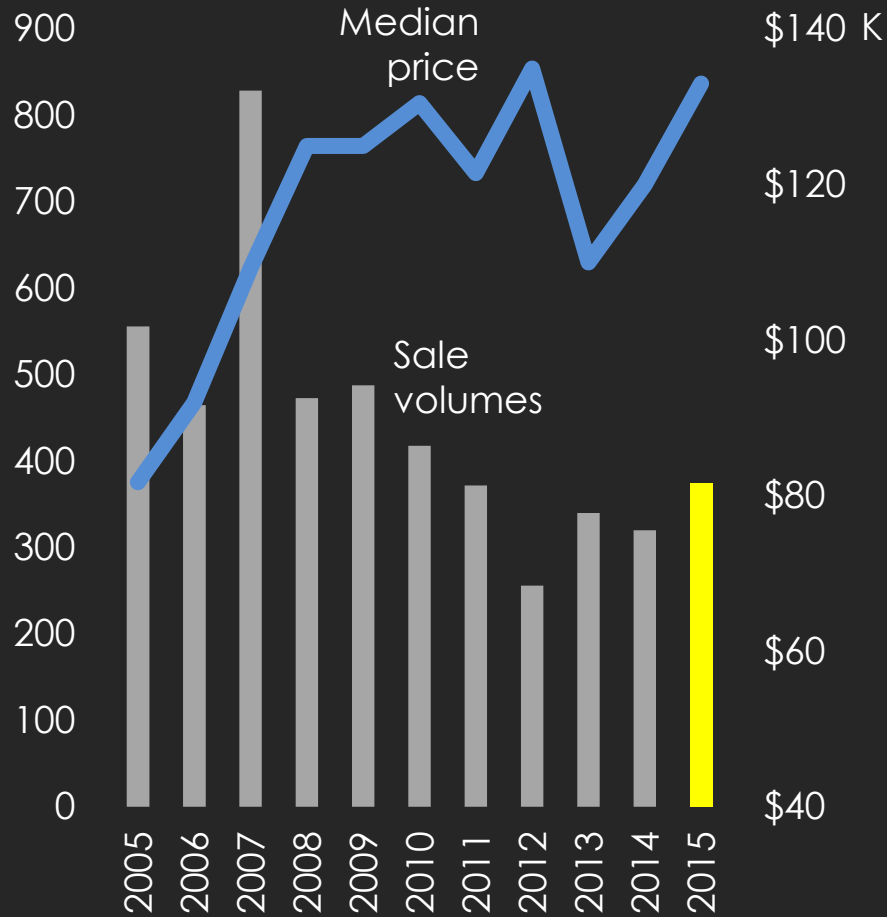


★ **SALE VOLUMES
INCREASING**

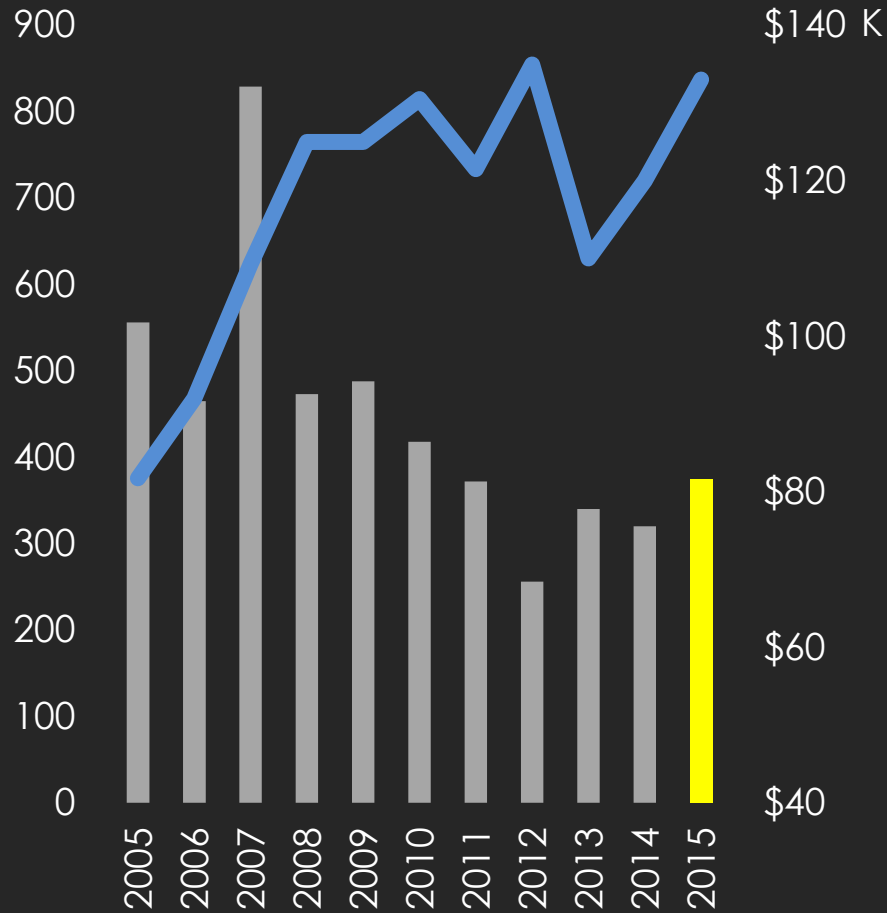
★ **HOUSE PRICES
STARTING TO
RISE SLOWLY**

★ **IMPROVEMENT TO
CONTINUE**

LOCKYER VALLEY — LAND CYCLE



LOCKYER VALLEY — LAND CYCLE

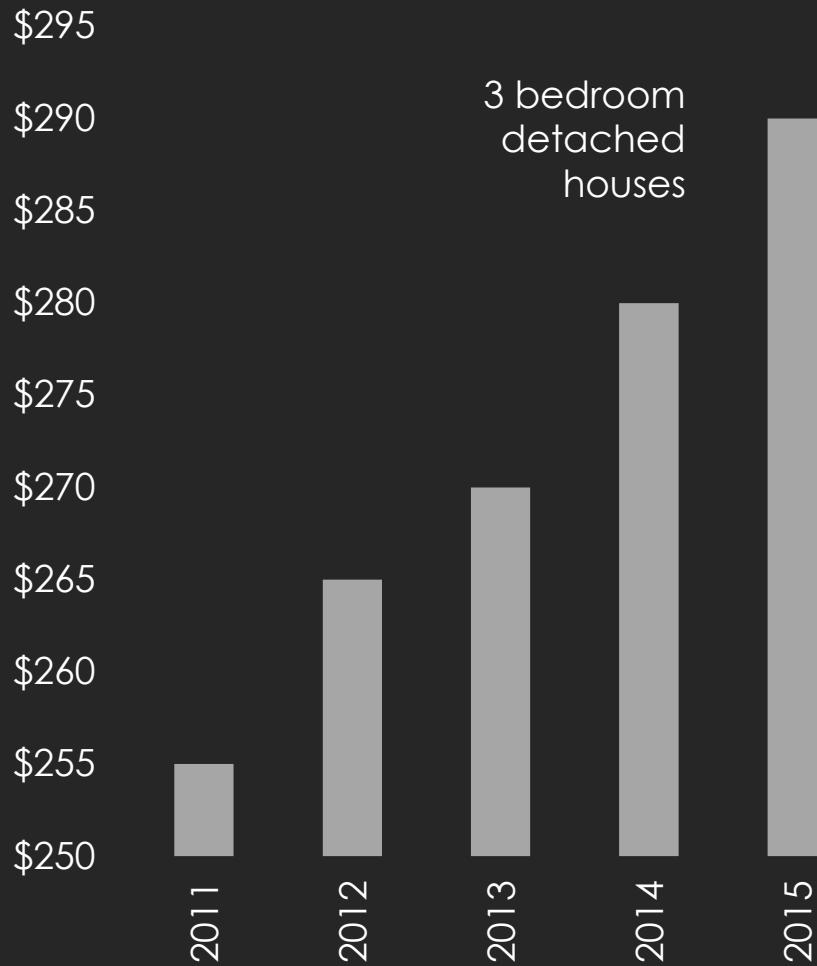


★ SALE VOLUMES IMPROVING

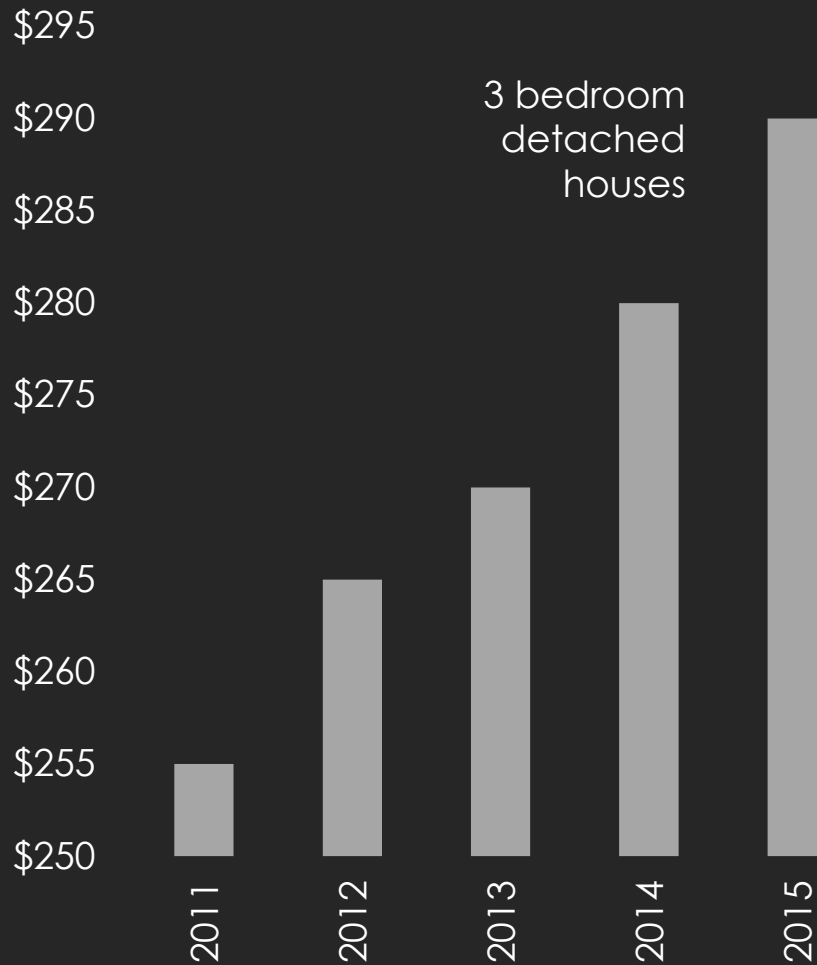
★ LAND PRICES SHOULD ESCALATE

★ CONSTRAINED BY LIMITED NEW LAND SUPPLY

LOCKYER VALLEY — WEEKLY RENT



LOCKYER VALLEY — WEEKLY RENT

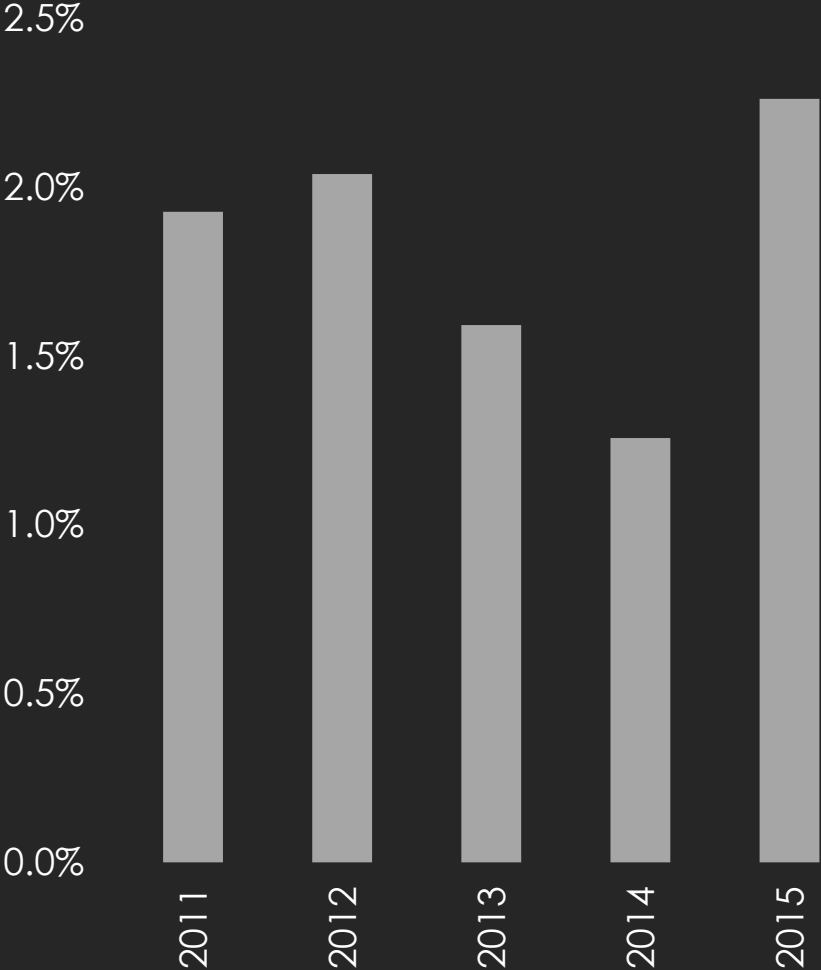


★ WEEKLY RENTS
INCREASING

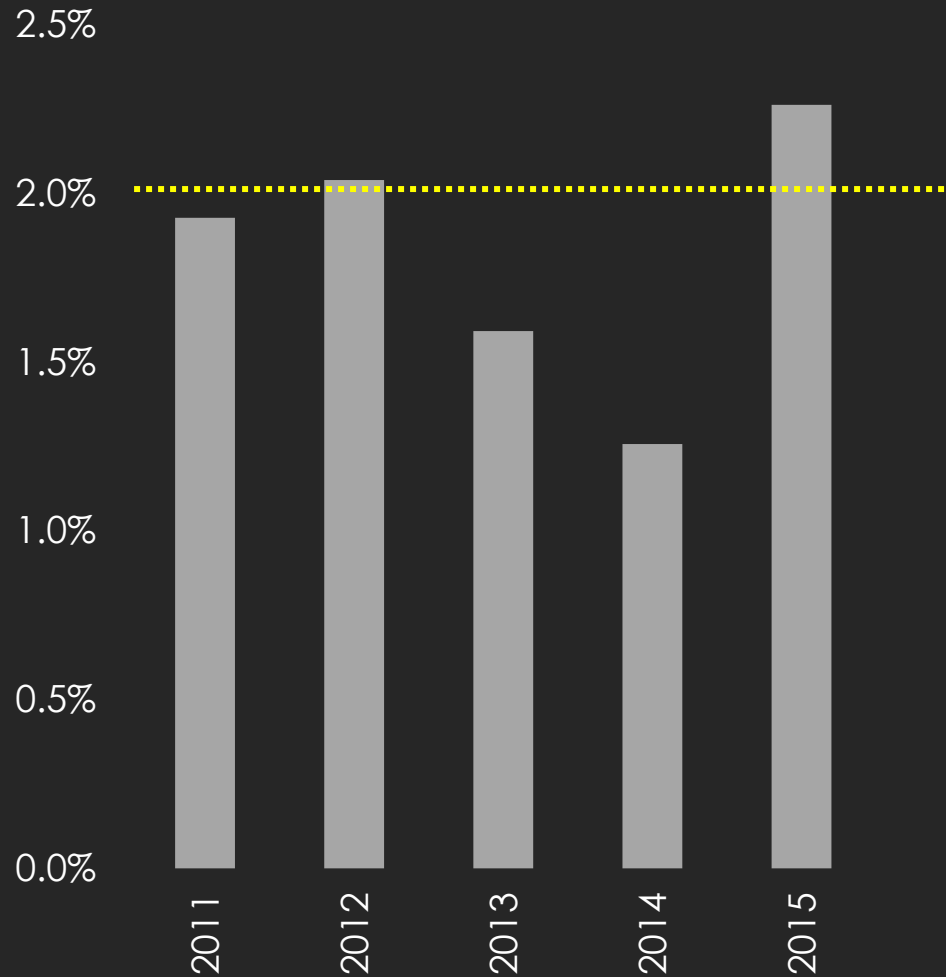
★ 3 & 4 BEDROOM
HOUSES IN
DEMAND

★ 20%+ PREMIUM
PAID FOR NEW
HOUSES

LOCKYER VALLEY — VACANCY RATE



LOCKYER VALLEY — VACANCY RATE

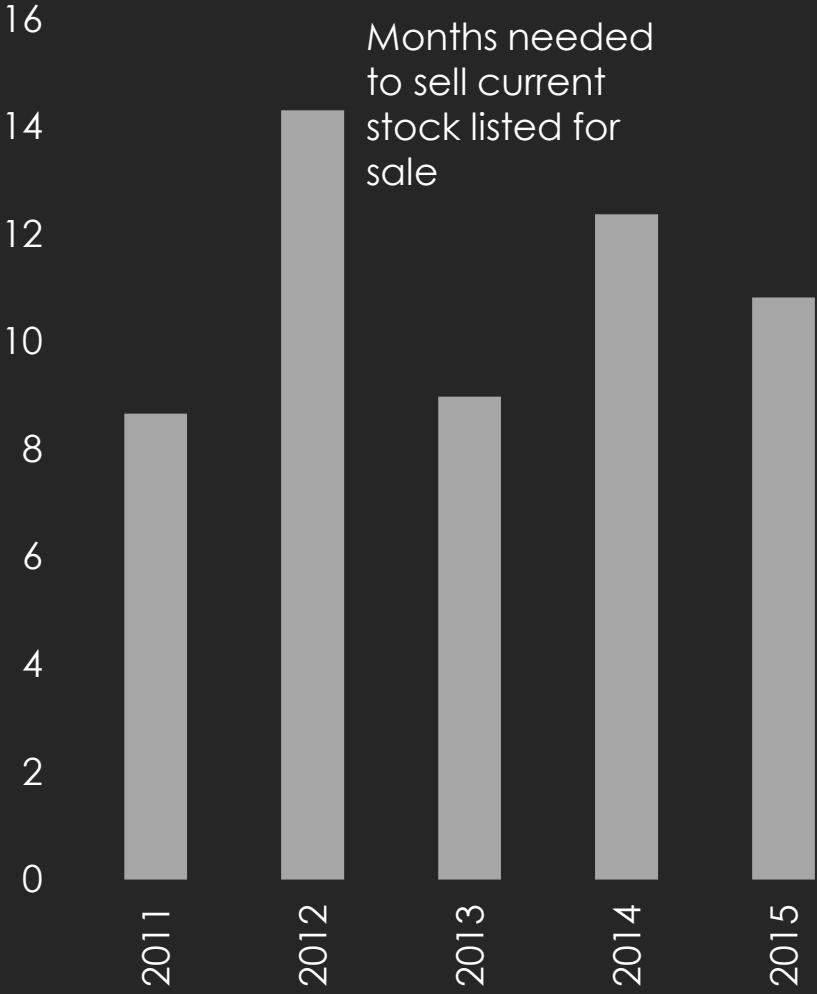


★ BELOW 2% TIGHT:
RENTS RISE

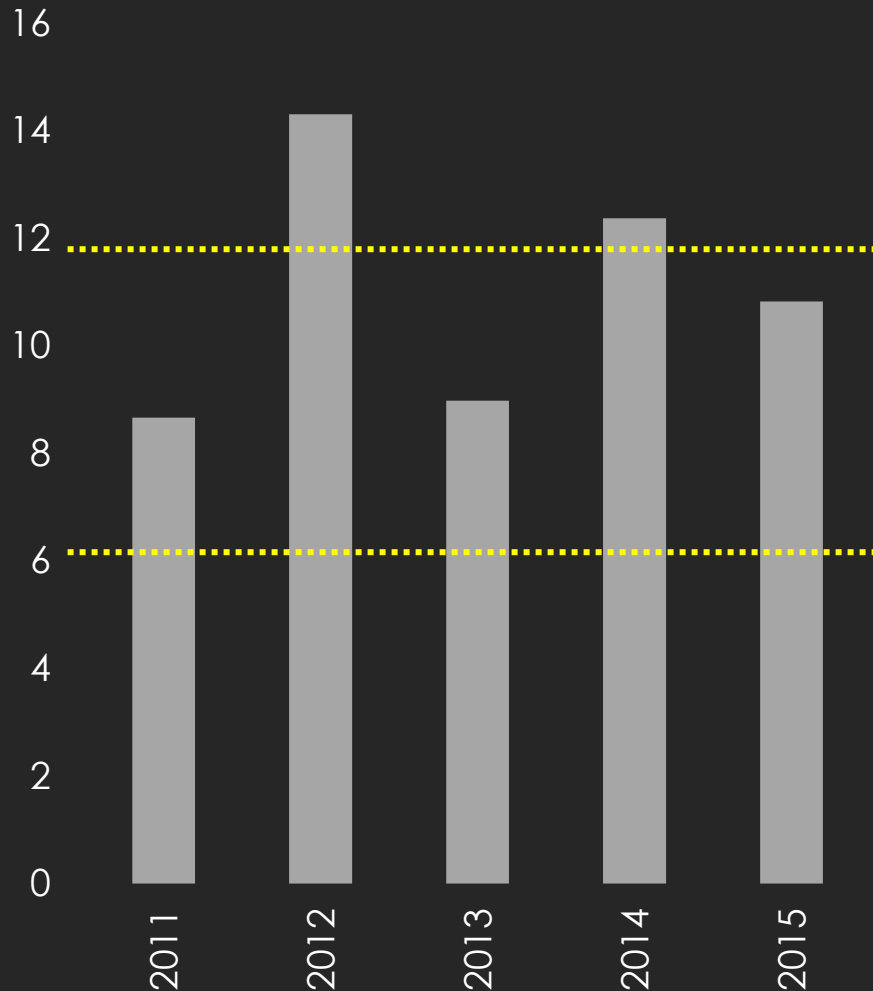
★ 2% TO 3%
BALANCED:
RENTS STABLE

★ OVER 3% LOOSE:
RENTS FALLS

LOCKYER VALLEY — RESALE SUPPLY



LOCKYER VALLEY — RESALE SUPPLY



★ BELOW 6M TIGHT:
PRICES LEAP

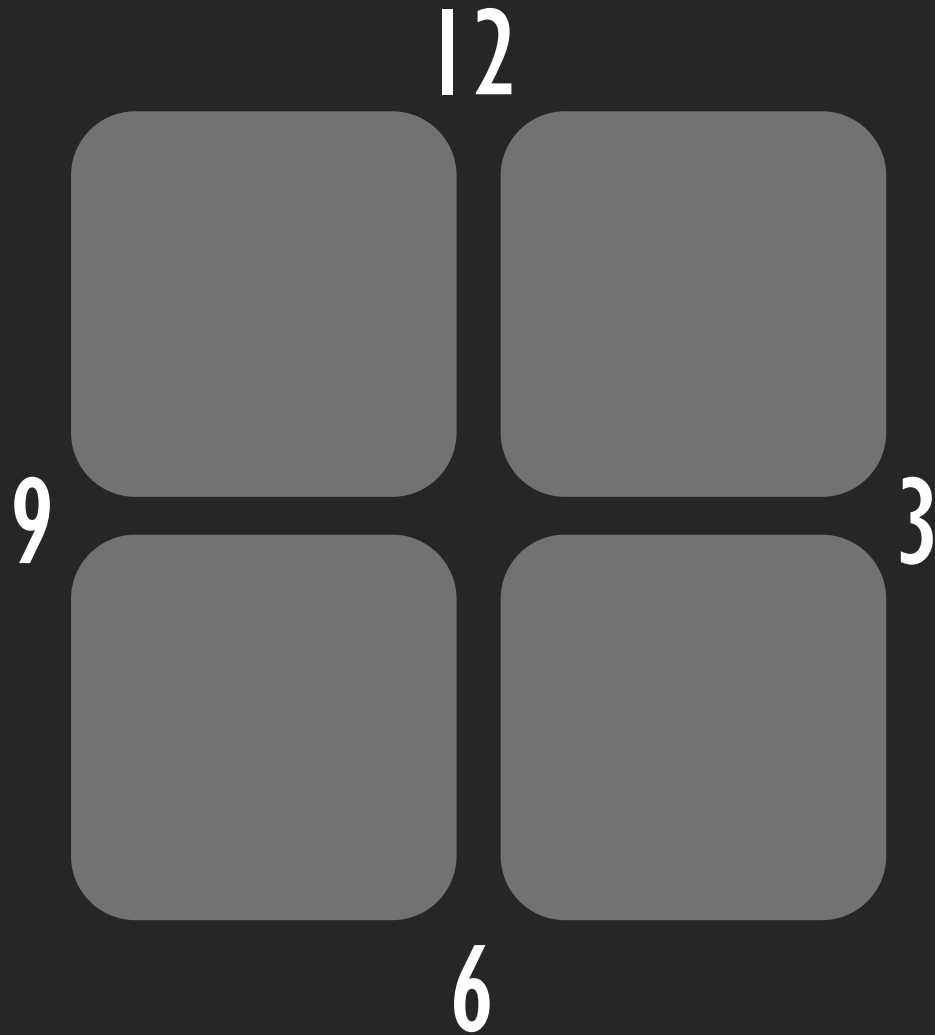
★ 6M TO 12M
BALANCED:
PRICES RISE

★ OVER 12M LOOSE:
LITTLE PRICE
GROWTH

PROPERTY

CYCLE

POWERED BY
matusik



PEAK

2

UPSWING

DOWNTURN

3

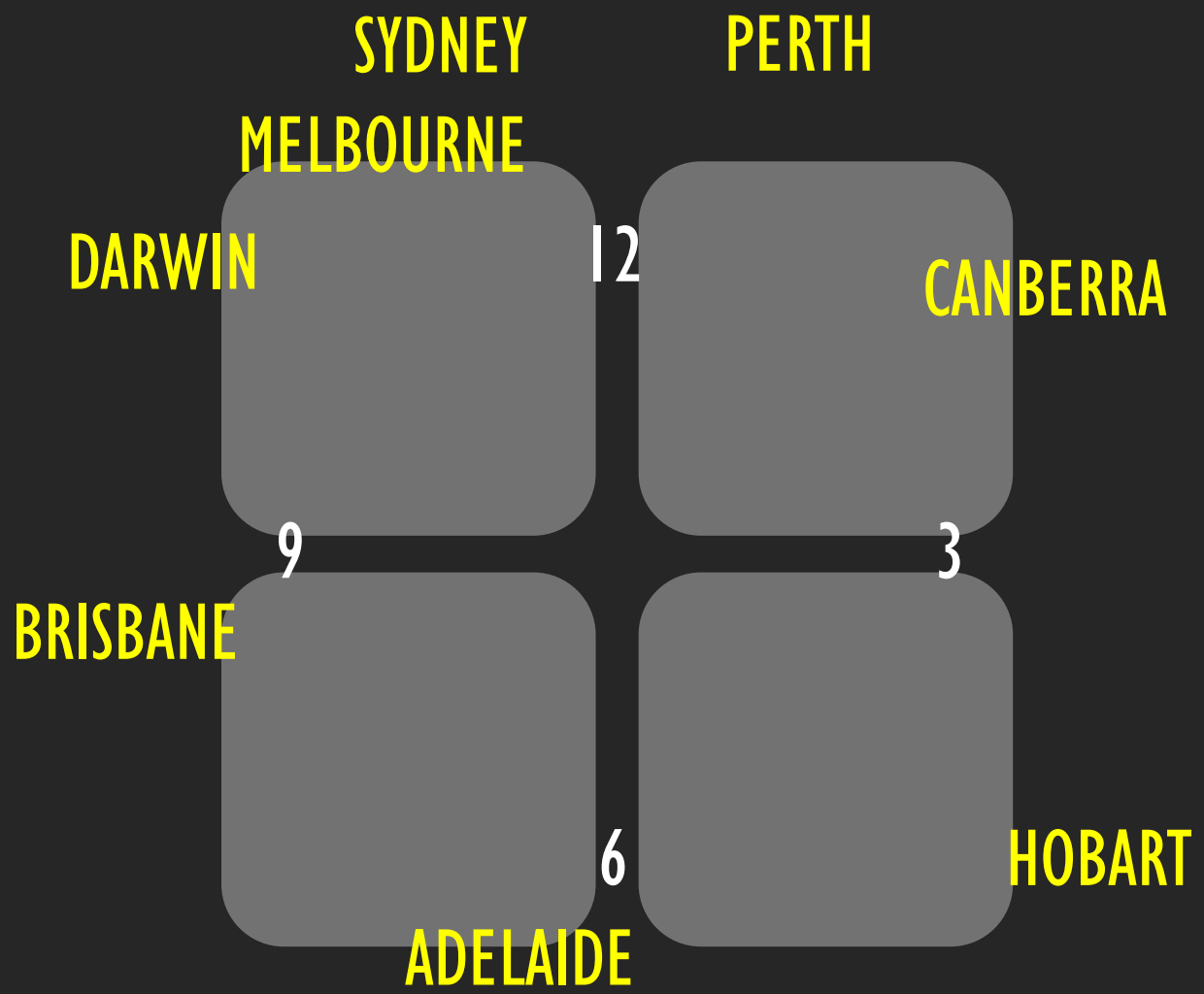
1

RECOVERY

STAGNATION

4

TROUGH



SYDNEY

PERTH

MELBOURNE

DARWIN

12

CANBERRA

MACKAY

TOOWOOMBA

9

3

BRISBANE

GLADSTONE

SUNSHINE &
GOLD COASTS

6

HOBART

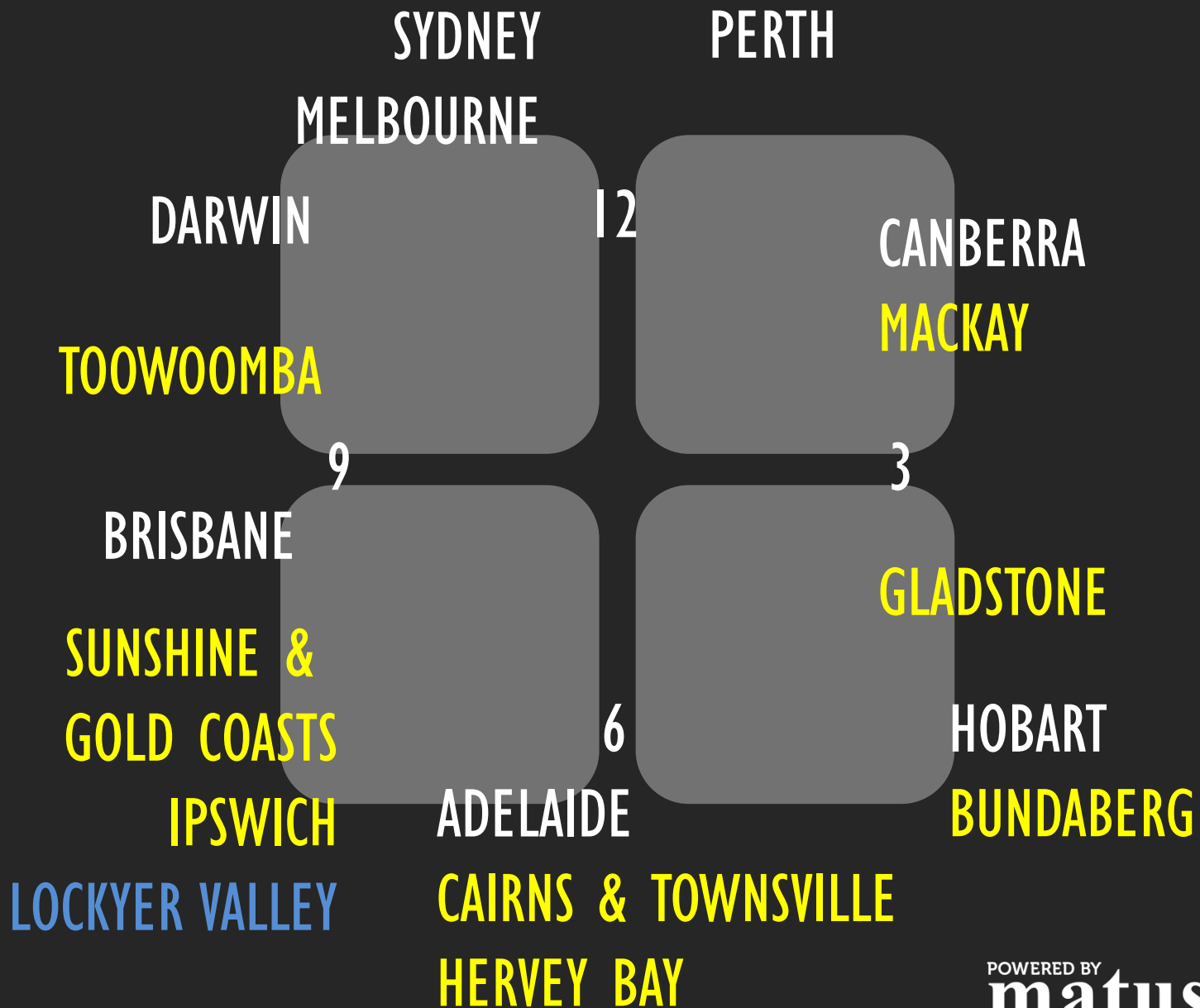
IPSWICH

ADELAIDE

BUNDABERG

CAIRNS & TOWNSVILLE

HERVEY BAY





EXPERIENCED RESIDENTIAL COMMENTARY

[SUBSCRIBE FOR FREE](#)

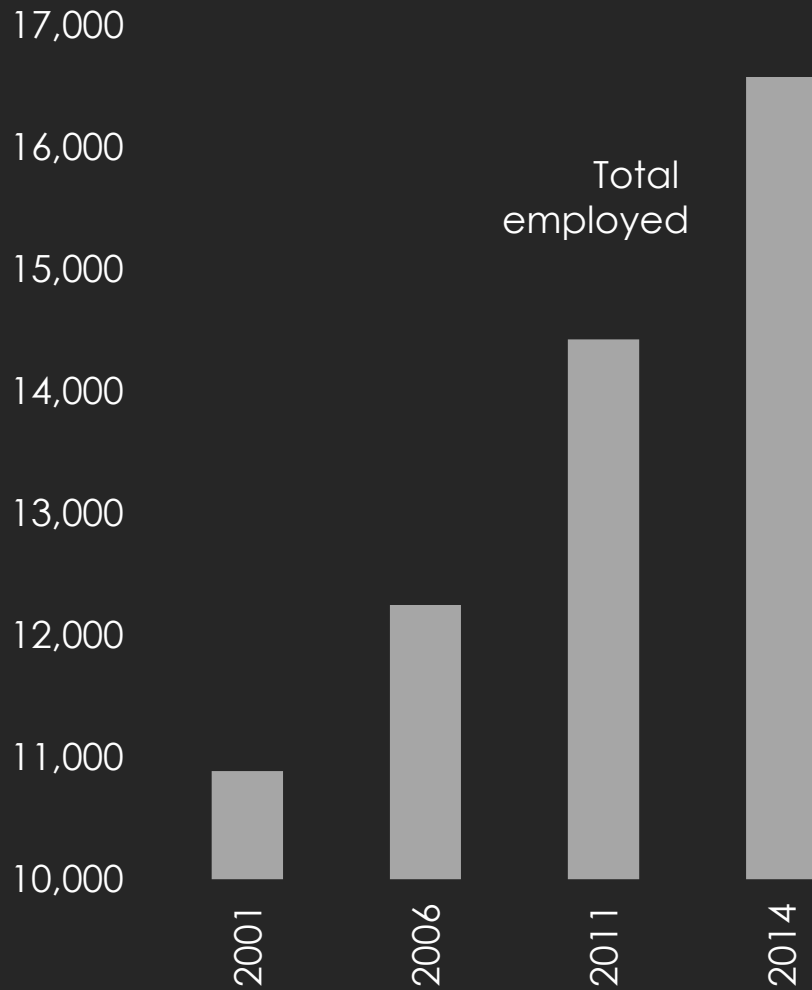
MATUSIK.COM.AU

THREE

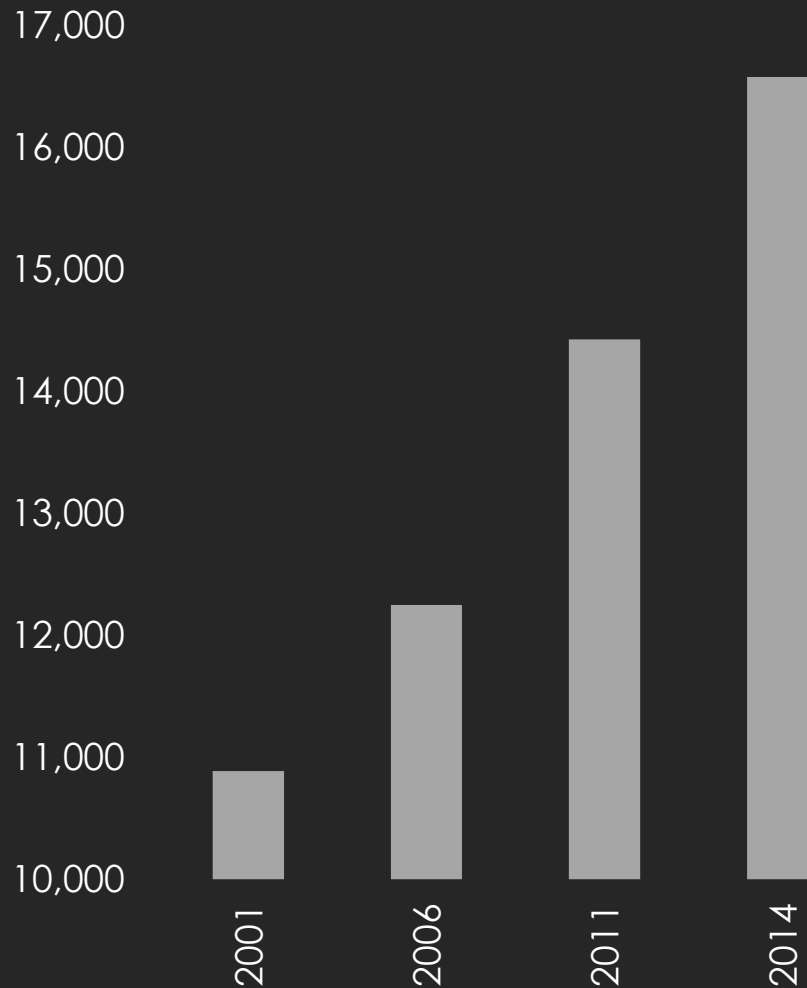
VITAL SIGNS

POWERED BY
matusik

LOCKYER VALLEY — EMPLOYMENT



LOCKYER VALLEY — EMPLOYMENT



★ NEW JOBS:
725 (pa) OVER
LAST 3 YEARS

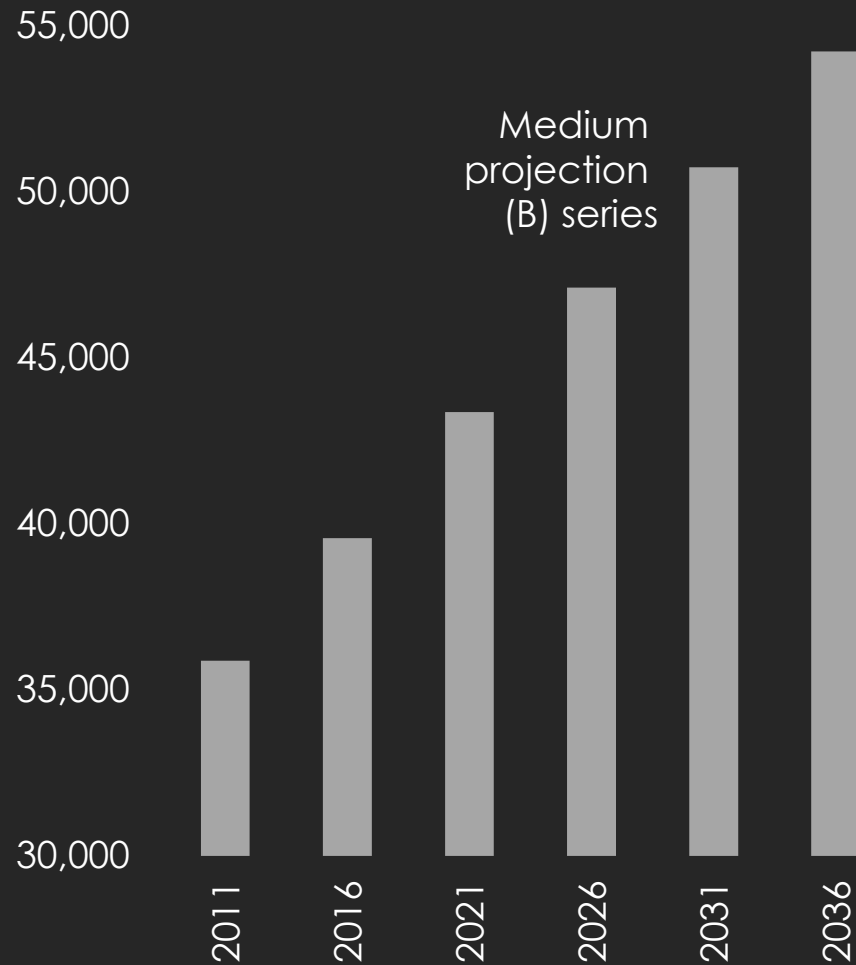
★ LOW WAGES:
90% QLD AVG

★ HIGH U/E:
1%+ ABOVE
QLD AVG

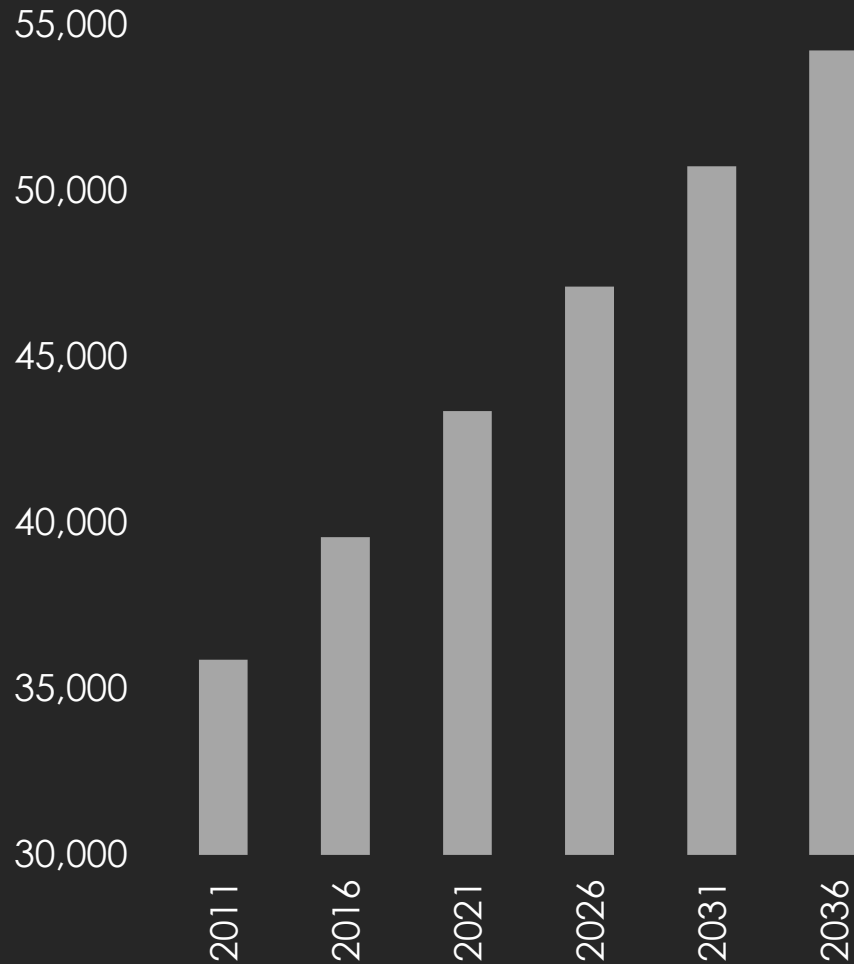
LOCKYER VALLEY — EMPLOYMENT

★ EDUCATION + HEALTH	20%
★ RETAIL ETC.	18%
★ AGRICULTURE	14%
★ CONSTRUCTION	12%
★ MANUFACTURING	10%
★ TRANSPORT	7%
★ TOURISM	6%
★ PROFESSIONALS/MANAGERS	25%

LOCKYER VALLEY — POPULATION



LOCKYER VALLEY — POPULATION

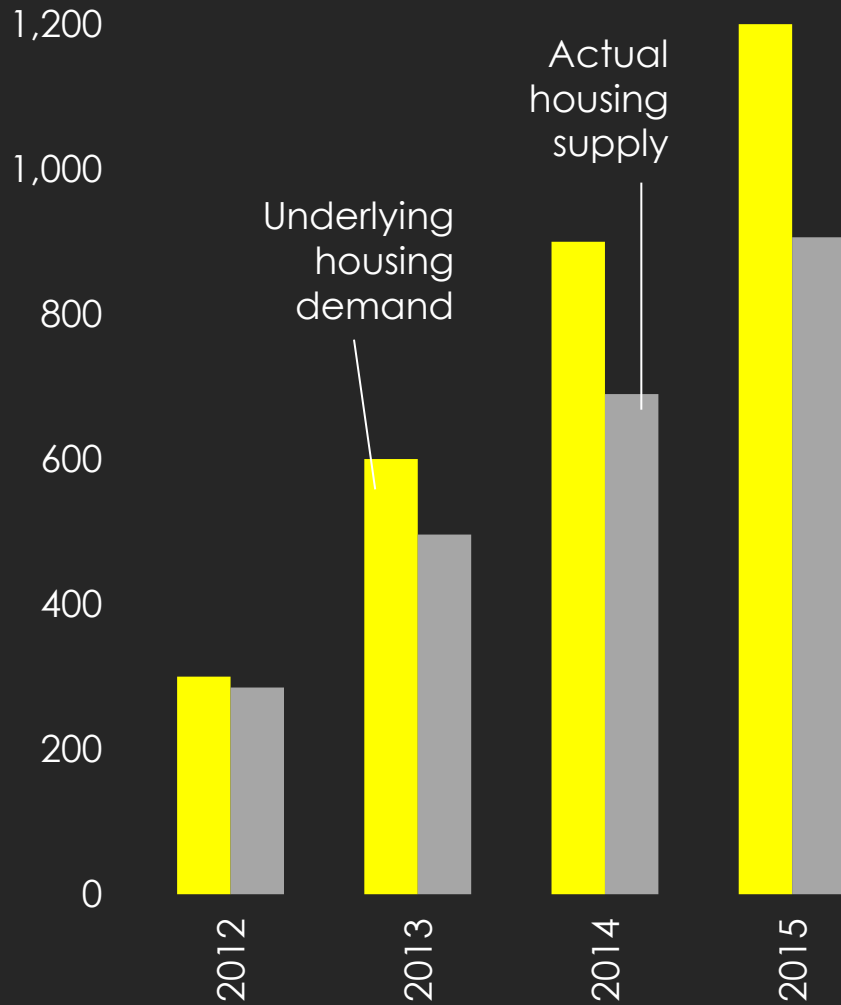


★ ANNUAL POP PROJECTION:
750 RESIDENTS

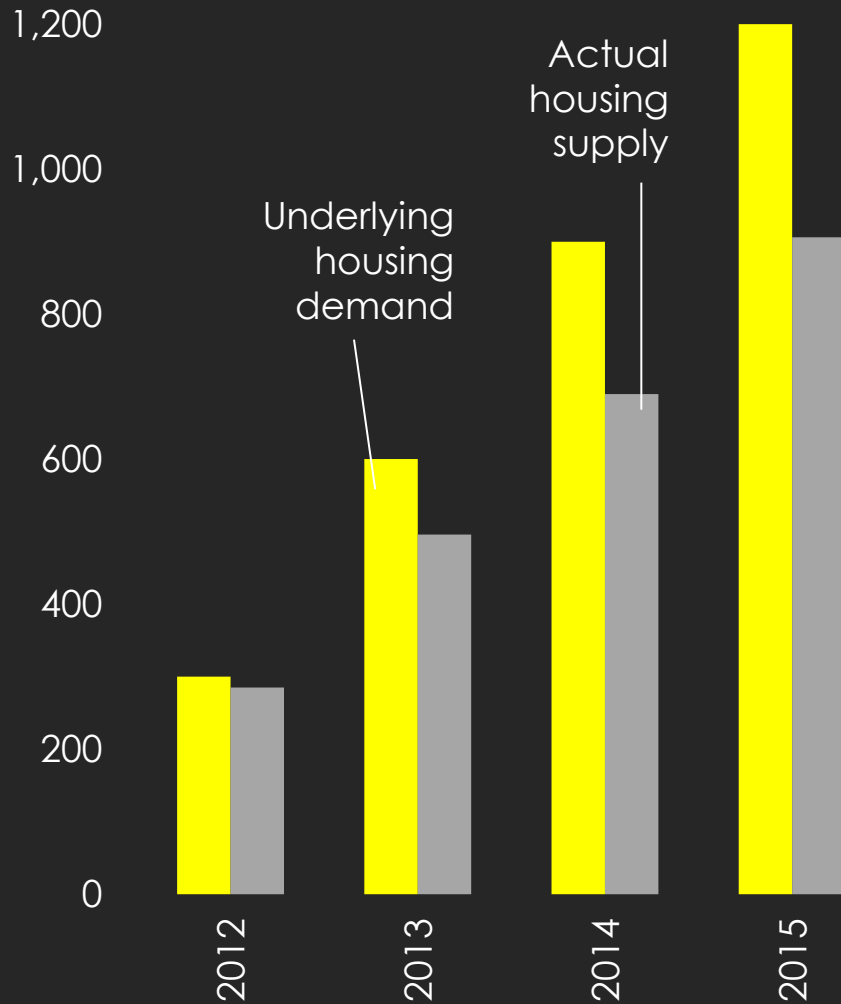
★ GROWING AT TREND

★ NEED TO BUILD:
300 NEW HOMES PER ANNUM

LOCKYER VALLEY — SUPPLY V DEMAND



LOCKYER VALLEY — SUPPLY V DEMAND



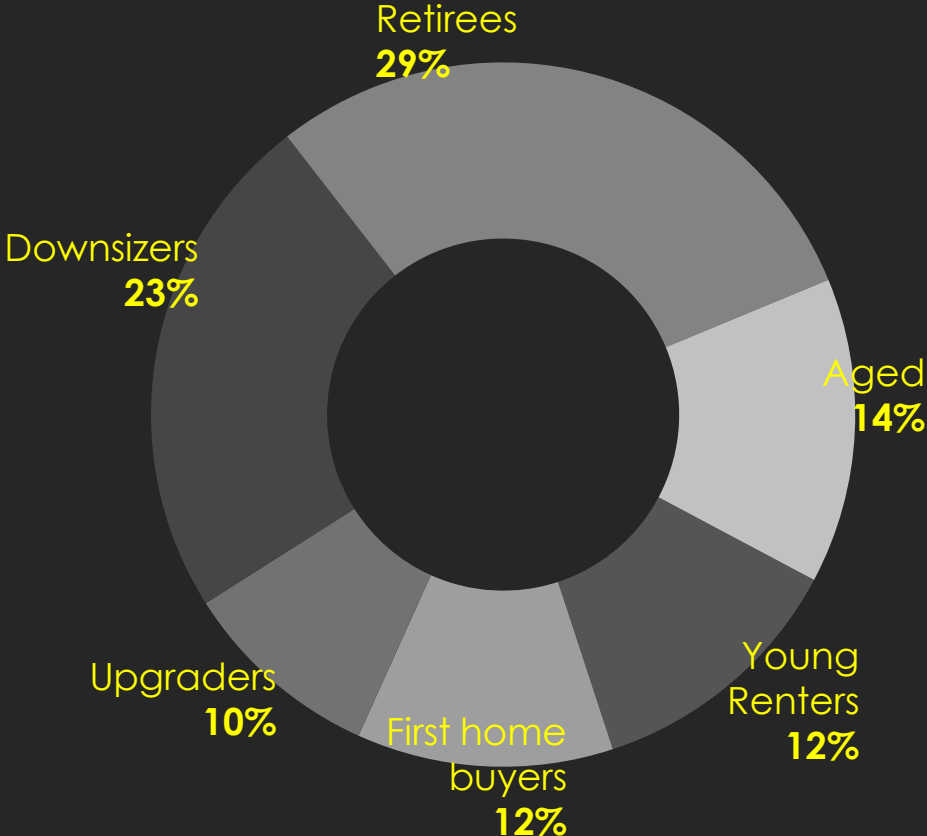
★ NEW HOUSING SUPPLY BELOW UNDERLYING DEMAND

★ NEW HOUSING MARKET IS UNDERSUPPLIED

LOCKYER VALLEY — DEMOGRAPHICS

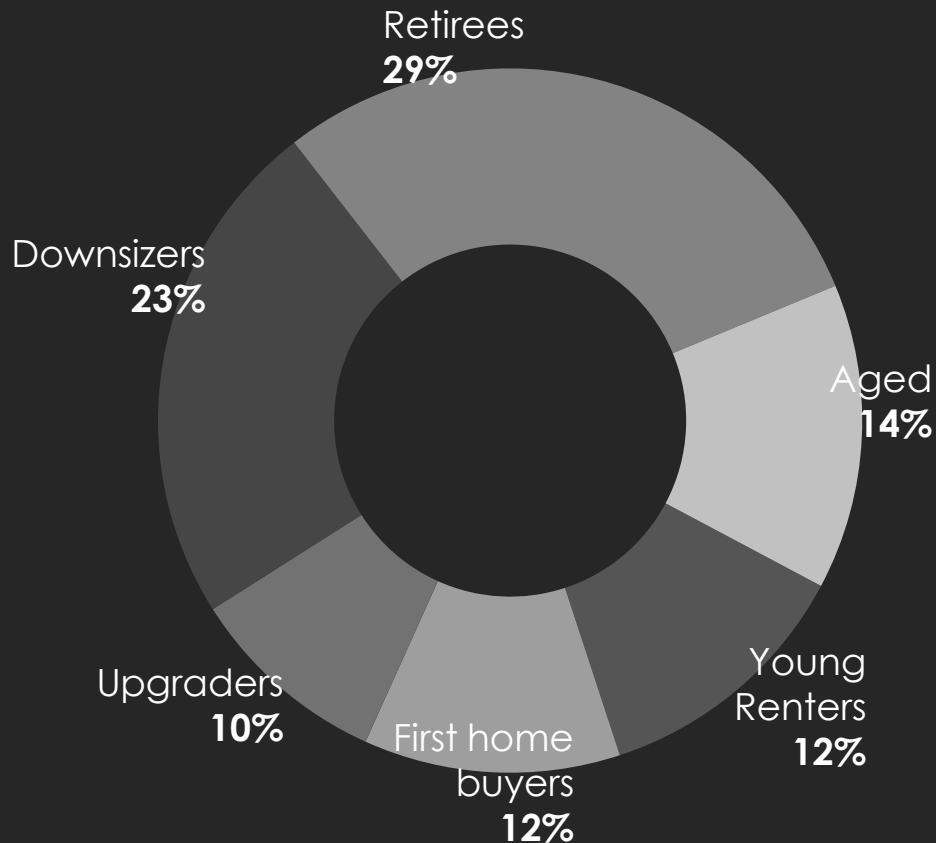
★ CHILDREN	0 - 19 YEARS
★ YOUNG RENTERS	20 — 34 YEARS
★ FIRST HOME BUYERS	35 — 44 YEARS
★ UPGRADERS	45 — 59 YEARS
★ DOWNSIZERS	60 — 74 YEARS
★ RETIREES	75 — 84 YEARS
★ AGED	85+ YEARS

LOCKYER VALLEY — DEMOGRAPHICS



Projections next decade
(2016 to 2026)

LOCKYER VALLEY — UNDERLYING HOUSING DEMAND



Projections next decade
(2016 to 2026)

★ HOUSING DEMAND:

RETIREES

DOWNSIZERS

AGED

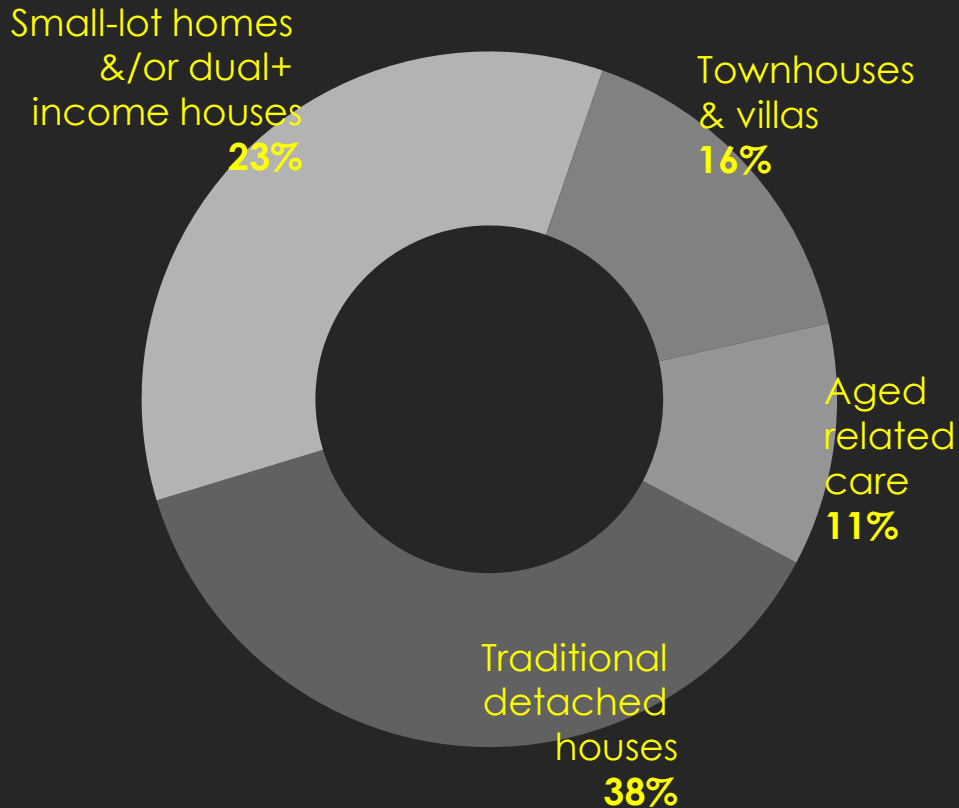
1ST HOME BUYERS

YOUNG RENTERS

UPGRADERS

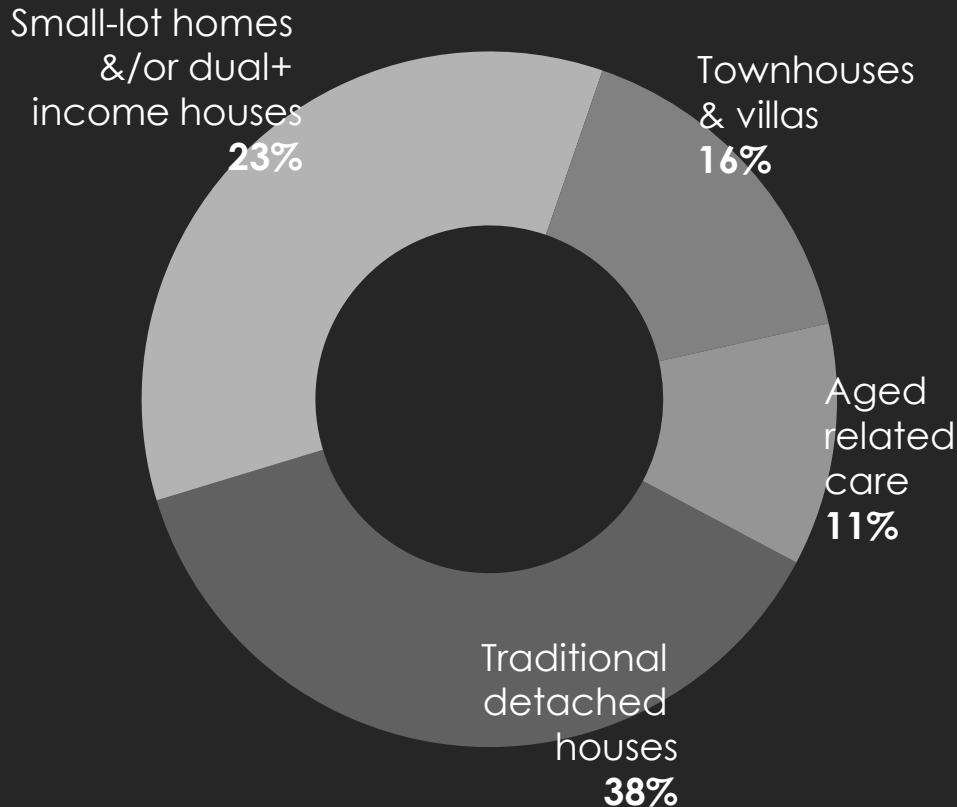
POWERED BY
matusik

LOCKYER VALLEY — UNDERLYING HOUSING DEMAND



Projections next decade
(2016 to 2026)

LOCKYER VALLEY — UNDERLYING HOUSING DEMAND



★ HOUSING DEMAND:

TRAD. HOUSES

SMALL-LOT HOMES

DUAL+INCOME

TOWNHOUSES

AGED CARE

Projections next decade
(2016 to 2026)

POWERED BY
matusik

URBAN

SQUEEZE

POWERED BY
matusik

TOOWOOMBA

LOCKYER
VALLEY

IPSWICH



TOOWOOMBA

LOCKYER
VALLEY

IPSWICH

TOOW.

LOCKYER

IPSWICH

★ POPUALTION

160k

40k

220k

★ POP GROWTH

2k (pa)

750 (pa)

10k (pa)

TOOW.

LOCKYER

IPSWICH

★ POPUALTION

160k

40k

220k

★ POP GROWTH

2k (pa)

750 (pa)

10k (pa)

★ H&L PRICE

\$385k

\$325k

\$425k

★ 4B HOUSE RENT

\$390/wk

\$320/wk

\$350/wk

TOOW.

LOCKYER

IPSWICH

★ POPUALTION	160k	40k	220k
★ POP GROWTH	2k (pa)	750 (pa)	10k (pa)
★ H&L PRICE	\$385k	\$325k	\$425k
★ 4B HOUSE RENT	\$390/wk	\$320/wk	\$350/wk
★ LAND PRICE	\$205k	\$130k	\$180k
★ AVG LOT SIZE	750m ²	925m ²	500m ²

TOOW.

LOCKYER

IPSWICH

★ POPUALTION	160k	40k	220k
★ POP GROWTH	2k (pa)	750 (pa)	10k (pa)
★ H&L PRICE	\$385k	\$325k	\$425k
★ 4B HOUSE RENT	\$390/wk	\$320/wk	\$350/wk
★ LAND PRICE	\$205k	\$130k	\$180k
★ AVG LOT SIZE	750m ²	925m ²	500m ²
★ HOUSE AFFORD.	x 5.1	x 4.4	x 5.5
★ RENT AFFORD.	33%	26%	30%

MARKET

OUTLOOK I.

POWERED BY
matusik

- ★ **ECONOMIC SHIFT COMING**
- ★ MANY FORCED TO COMPROMISE HOUSING
- ★ **LIMITED GENERIC PRICE GROWTH**
- ★ RENTAL PREMIUM — DESIGN & TENANTS SHARING
- ★ **AFFORDABLE OWNER-RESIDENT RESALE APPEAL**
- ★ GREATEST DEMAND = AFFORDABLE 'COMPACT' HOUSING
- ★ **INVESTOR — BUYING YIELD & USE OPTIONS**

MARKET

OUTLOOK 2.

POWERED BY
matusik

- ★ **PROPERTY CYCLE**
- ★ LOCKYER VALLEY IN HOUSING RECOVERY
- ★ **YOUR VITAL SIGNS OKAY**
- ★ URBAN SQUEEZE — PRODUCT & AFFORDABILITY
- ★ **NEED FOR INNOVATIVE DETACHED HOUSING**
- ★ RENTAL RETURNS & LOCAL OWNER RESIDENT APPEAL
- ★ **GREATEST DEMAND = HOUSE & LAND BASED PRODUCT**

THANK

YOU

POWERED BY
matusik

MATUSIK PROPERTY INSIGHTS

MICHAEL MATUSIK IS ONE OF **AUSTRALIA'S FIRST** PROPERTY ANALYSTS

26

Years Experience

563

Consultancy Briefs

823

Property Presentations

2149

Property Publications

A 26 year veteran in this business, Michael & his team have advised on over **563 new residential projects** throughout the country. Michael is a qualified Town Planner with first class honours and is considered a thought leader in the housing industry. Michael is also a member of the Future Housing **Taskforce**. Read more about the **Matusik Mindset here**.

Matusik Property Insights undertakes detailed residential consultancy work. Michael supervises all advisory investigations. He is available as a professional speaker for events. His presentations are insightful, fact based, engaging and candid. If you would like to find out more about our advisory services or an event, please **contact the office**.

MATUSIK.COM.AU



matusik

Experienced Residential Commentary

Lockyer Valley
20th May 2015

MATUSIK MINDSET

We believe that property is a long-term investment. Passive investors should give consideration to buying new or newly completed stock. Post this cycle (2008 to 2015/16), we believe the Australian residential market is likely to slow down, possibly significantly; & in certain locations; & for certain property types – values, sales & even rents could fall, possibly substantially. We think these sluggish conditions could last for several years.

The reasons why are many & include high debt levels; the lessening “impulse” of interest rates; low affordability; workforce & general economic restructuring; changing demographics; low inflation; potential changes to property taxation & fewer fiscal government incentives.

Our analysis suggests that many Australians will need to compromise on their housing in the future.

Compact housing, especially in major urban areas, appears to be shaping up to be better potential investments.

Similarly, in regional locations & outer suburbs, properties with dual (or more) incomes look more promising as a passive investment, rather than traditional housing.

With less potential price growth in coming years – or possibly over the next decade to come – investors should be focusing more on rental returns. They should also be thinking about buying a product with strong owner-resident resale appeal. In our view, residential property will return to being more about cash-flow rather than largely about capital growth.

The astute will buy strategically for a rental premium; & not just buy a generic property in anticipation of overall price growth.

Our reports, presentations & communiques all carry this mindset & our Property Pick process showcases those projects & properties that we believe better fit Australia's new housing future.

WARNING, DISCLAIMER **& MATUSIK POLICIES**

POWERED BY
matusik

RISKS OF INVESTING IN PROPERTY

Direct investment in residential property, like all investments, involves a number of risks. If these eventuate, your income might be lower than expected. There may even be none. In addition, the capital value of your investment could fall.

The key risks of investing in property are outlined below:

- ★ The property purchased may not provide the income or capital gains the asset was expected to produce.
- ★ There is a risk that your property may, for periods of time, lie vacant & hence not generate income. Maintenance & repair costs are the investor's responsibility & can vary, and at times be significant. Such costs are sometimes recoverable from rental bonds or under insurance policies.
- ★ There are a number of factors that affect the general property market including increases in supply & falls in demand; the cyclical nature of property values; increases in taxes & operating expenses; overall

economic conditions; demographic changes; changes in town planning laws; casualty & condemnation losses; environmental risks; regulation on rents; detrimental new developments in the area; increases in interest rates; similarly, inflation & changes to bank funding policies.

- ★ Gearing increases the volatility in the value of your investment. In the early stages of residential investment, a significant fall in the property's value may see balances fall to less than the total amount of borrowings.
- ★ Increases in interest rates often increase the cost of borrowings.
- ★ Changes in laws or their interpretations including taxation, superannuation & corporate regulatory laws, practice & policy could have an impact on your investment. You should seek professional tax advice before investing in residential property.

DISCLAIMER

This presentation has been prepared by Matusik Property Insights Pty Ltd. This content has been prepared without taking into account the objectives, financial situation or needs of any particular individual. It does not constitute formal advice. For this reason, individuals, before acting, should consider the appropriateness of the information, having regard to one's objectives, financial situation & needs. They should seek appropriate professional advice.

Information herein includes material obtained from third parties considered to be accurate. Whilst this information has been carefully compiled, no warranty or promise as to its correctness is made or intended. Interested parties should undertake independent inquiries & investigations to satisfy themselves that any details herein are true & correct.

In addition, no forecasts are being made about potential capital gains or rental returns. Past information about capital gains or rental growth does not imply such gains or growth will be made in the future. Matusik Property Insights disclaims all liability for any loss or damage suffered by any person of, or in connection with, the provision of information in this presentation, or the purported reliance thereon by any person.

This presentation is valid for three (3) months from date of issue.

TRADEMARK & COPYRIGHT

Seven Reasons Why, Property Pick & Ten Things You Need To Know About™ are trademarks of Matusik Property Insights Pty Ltd. Registered copyright nos. 103812, 10353 & 10354. All rights reserved.

Matusik Presentations are for individual use only.

Reprinting, republication or distribution of any portion of this document is strictly prohibited.

If looking to redistribute or reuse please contact us for more detail.

office@matusik.com.au or 07 3368 2878

DATA SOURCES

Matusik Property Database; Qld Government various websites & publications; RPData; Qld RTA; REIQ; RBA; SQM Research; APM; realestate.com.au; ABS various publications & REIA Market Facts.

POWERED BY
matusik