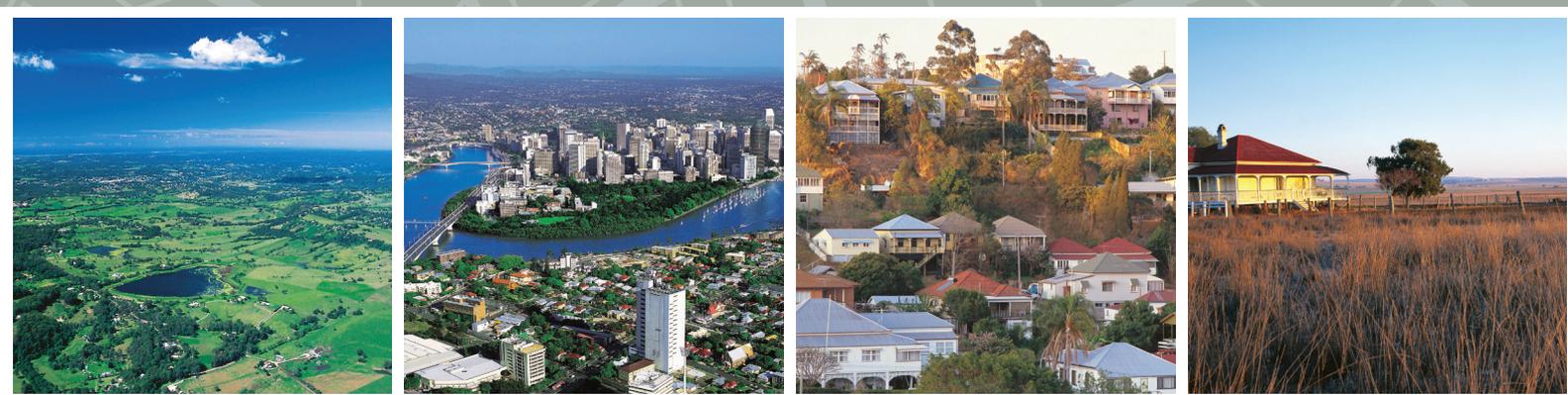


Valuer-General's 2015 Property Market Movement Report



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Valuer-General's foreword

I am pleased to release this year's property market movement report, ahead of the release of the 2015 annual statutory land valuations on Wednesday 4 March 2015.

Following a statewide market survey and consultation with local government and industry groups, 29 local government areas have been valued in accordance with the *Land Valuation Act 2010*. A market survey report for a local government area details the sales of land in the area since the last valuation was made and the probable impact of those sales on the value of land in an area. In addition, valuers also consider the types of issues that impact on the value of the land such as the state of the economy, including resource industries, the effects of commodity prices and population movements.

The 29 local government areas receiving annual new valuations this year are: Balonne, Banana, Brisbane, Cairns, Cassowary Coast, Central Highlands, Charters Towers, Gladstone, Gold Coast, Gympie, Hinchinbrook, Ipswich, Isaac, Livingstone, Logan, Mackay, Maranoa, Murweh, Noosa, Paroo, Redland, Rockhampton, Scenic Rim, South Burnett, Southern Downs, Sunshine Coast, Torres, Townsville, Western Downs.

The rateable local government areas being valued this year represent approximately 75% of all properties in Queensland. This valuation has resulted in all local government areas throughout Queensland being revalued within the last three years.

The new valuations will take effect on 30 June 2015 for local government rating, state land tax and state land rental purposes (where applicable).

This report summarises the comprehensive analysis of all property markets within the 2015 annual valuation program for Queensland by a team of regionally based registered valuers in the State Valuation Service of the Department of Natural Resources and Mines.

Due to the variation in land value movements within each local government area, this year the report will continue to focus on median land value movements for residential and rural residential land uses and total value movements for multi-unit residential, commercial, industrial and primary production land uses. This change in reporting provides more meaningful statistics relevant to the use of land and more accurately reflects how land values have changed.

There are continued signs of strength in some areas of Queensland's property market, for example increasing residential land values in Brisbane, Sunshine Coast, Gold Coast and Cairns local government areas.

Overall, 'The Queensland economy is in a period of transition, as construction of the liquefied natural gas

(LNG) projects near completion ahead of the production and export phase.'¹

According to Queensland Treasury and Trade, 'dwelling investment in Queensland grew 4.5% in 2013–14, after six consecutive years of decline.'² This growth contrasts with the weakening of resources and agricultural exports, the latter reflecting the impact of the ongoing drought. 'A slowdown in population growth is a further restraint on overall growth.'³

Generally, across Queensland there has been limited sales activity in rural markets resulting in a continued static to softening of land values within the grazing, horticultural, small crop and dryland farming industries. All industries are currently dealing with the effects of a long-term and widespread drought, restrictive financial policies and rising costs. It is expected that these trends, where potential purchasers still remain cautious, will continue for some time until there is an improvement in the weather and there is more confidence in the economy.

The Land Valuations Globe through Queensland Globe on Google Earth™ gives landowners unprecedented access to information. This includes the spatial representation of a valuation, valuation dates, and the ability to search by property identification number and a real property description—all on a satellite imagery background that allows users to zoom in to property level.

Landowners can take advantage of this tool by visiting Queensland Globe on the Department of Natural Resources and Mines website www.dnrm.qld.gov.au.

The Land Valuations Globe, the list of Queensland's statutory land valuations in a searchable table format, interactive maps that include market tables for major residential localities, and a rural sales map can be visited at www.dnrm.qld.gov.au—allowing landowners to compare their valuations with others in their area until 2 June 2015.

In line with modern business practice, landowners can elect to have future valuation notices and other valuation information sent to them by email by visiting www.dnrm.qld.gov.au.

With access to the internet and supporting technologies continuously improving, it is appropriate that there is flexibility in how we distribute information to landowners. There will be significant benefit to the public because it is more convenient, faster, sustainable and reliable. Those landowners who do not opt in will continue to receive information by mail.

Neil Bray

Valuer-General
State Valuation Service

¹ State budget 2104–15: *Mid year fiscal and economic review*, p5, Queensland Government

² *ibid.* p6

³ *ibid.* p5

2015 Annual valuation program

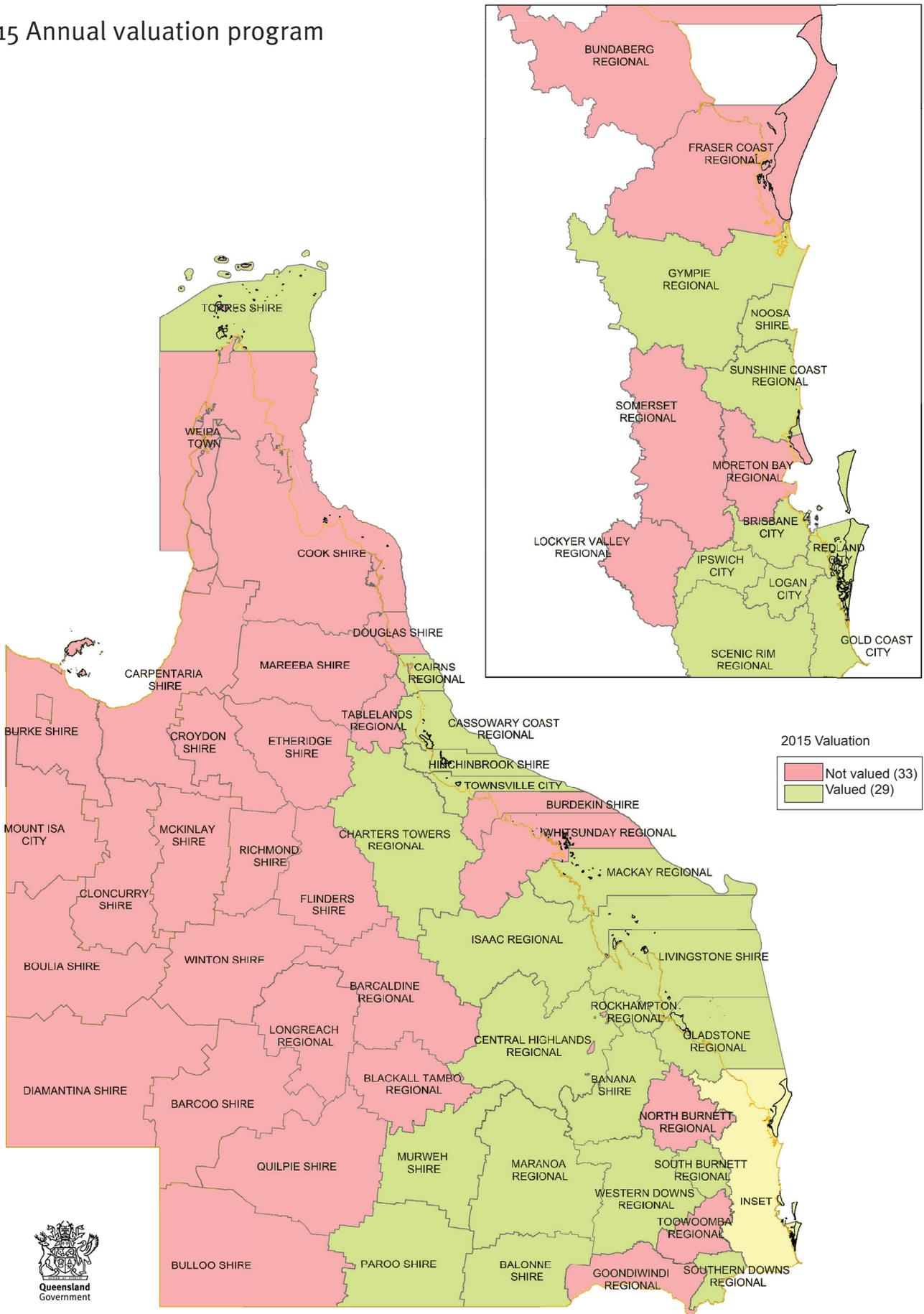


Figure 1: Local government areas and the 2015 annual valuation program

Introduction

Two methodologies are used to undertake statutory land valuations in Queensland—site value and unimproved value.

Site value is used to value all non-rural land. It is the amount which non-rural land could be expected to sell for, at the date of valuation, without any structural improvements on the land (e.g. houses, buildings or fences). Site value includes site improvements made to the land such as earthworks (e.g. levelling, filling, or drainage works). Excavations and drainage associated with a building are not included in site value.

Unimproved value is used to value rural land. It is the amount which rural land could be expected to sell for, at the date of valuation, without physical improvements such as houses, fences, dams, levelling or earthworks. If your land has been valued on an unimproved basis, it is either zoned rural (or equivalent) or designated rural for statutory valuation purposes.

Property market movement

The volume of property lodgements recorded with the Registrar of Titles increased over the first half of the 2014–15 financial year to an average of 2897 daily lodgements, up 4.3% from the previous financial year.

Property value changes, both up and down, can be attributed to a number of factors:

- supply and demand within the marketplace
- consumer confidence
- availability of finance
- local, national and global economic factors
- the effects of extreme weather events.

Table 1 shows the new median value and percentage movement for residential and rural residential land since the previous valuation. Table 2 shows new total value and percentage movement in total value for each land use category since the last annual valuation was issued. Figure 3 shows the overall percentage movement in total value since the previous valuation for each local government area and the whole state.

This year’s overall percentage movements in land values for the 2015 annual valuation are summarised below.

- Eleven local government areas recorded an overall increase between 0.1% (Southern Downs) and 10.7% (Gold Coast). Of these, seven recorded increases of less than 5%.
- Seventeen local government areas recorded an overall decrease in value between 0.7% (Townsville) and 19.4% (Central Highlands).
- Of the 17 local government areas that decreased, six decreased 0–5%, nine 5–10% and the rest decreased 10–19.4%.
- Murweh was the one local government area to record no overall change in value.

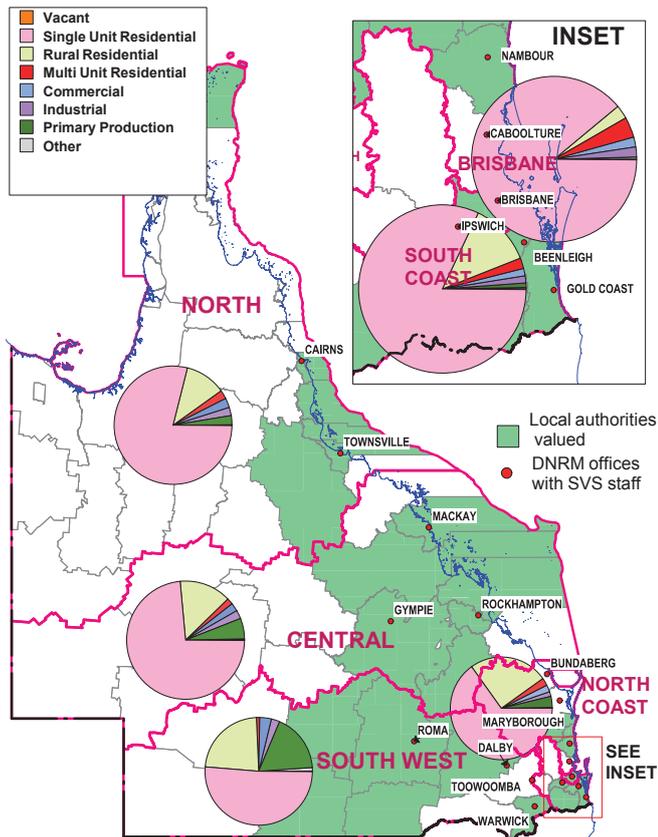


Figure 2: Property land use by region for 2015 valuation year

Overall market trends

Generally the major urban centres in South East Queensland—Brisbane, Sunshine Coast and Gold Coast—have seen values increase, driven by improving residential and commercial conditions. However, Redland, Logan and Ipswich remain subdued.

Regional Queensland has had mixed results with a downturn in values in centres influenced by the downturn in the mining industry, whereas tourism centres such as Cairns are showing an upswing in values caused by improvement in the tourism sector. Centres that do not rely on tourism or mining have been stable.

The market is still being influenced by:

- prevailing economic uncertainty and weak employment growth
- softer household consumption growth
- the slowdown in mining infrastructure expenditure and construction activity in some areas
- drought.

However, these drivers are offset by:

- an increase in tourist numbers
- low borrowing costs and rising rental yields
- investment opportunities from interstate and overseas buyers.

The mining and gas industries continue to influence the property market as the resources sector moves from an exploration and construction phase towards a production and export phase. This slowdown in activity is impacting on centres such as Gladstone, Wandoan, Mackay, and townships within the Bowen Basin and Central Highlands.

Limited sales activity in rural markets across Queensland resulted in a continued static-to-softening of land values in grazing, horticulture, small cropping and dryland farming.

Rural industries are dealing with the effects of a long-term and widespread drought, restrictive financial policies and rising costs.

In contrast, the effects of the recent lowering of the Australian dollar and the strengthening of beef commodity prices may not be reflected in the market place for some time. It is believed that the grazing market is at the bottom of the market cycle and has stabilised.

It is expected that these trends, in which potential purchasers remain cautious, will continue until there is an improvement in the weather and more confidence in the economy.

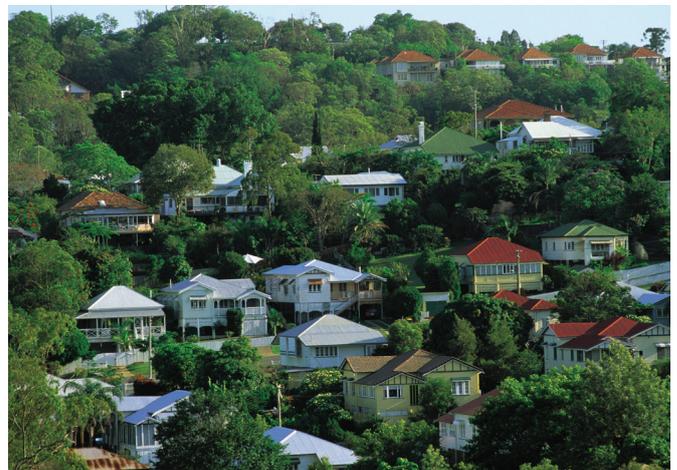
Brisbane

The Brisbane City Plan 2014 (City Plan), coupled with renewed interest in city or near-city apartment living, contributed to a dramatic increase in developer interest in land suitable for unit development. While interest in Newstead and Bowen Hills has developed progressively in recent years, South Brisbane and nearby suburbs in 2014 became the areas in high demand, and this has translated into significant land value rises. The new visions represented by the Kurilpa Riverfront Renewal Draft Master Plan, the new cultural centre redevelopment, and the proximity to South Bank and the central business district (CBD) underpinned strong consumer interest in this exciting redevelopment area.

In 2014 there was increased interest in the residential market. Although property commentators highlighted reasons why there was good value in buying in Brisbane compared with the market movements in Sydney and Melbourne, the Brisbane residential sector had experienced relatively subdued conditions in many suburbs in the past few years.

In 2014, interest in most property sectors increased significantly. The demand is not just from local buyers and developers but also institutional buyers from other states of Australia and overseas. Low interest rates was only one of a number of factors that stimulated strong competition from prospective buyers that intensified throughout the year, resulting in rising values across most Brisbane suburbs. The overall median increase in residential land rose from \$320 000 in 2014 to \$355 000.

The total residential land value rose by 10.9%. In some suburbs impacted by flooding in 2011, allowances of up to 25% were applied by the Valuer-General for flood impact at that time; yet in 2014, sales revealed that buyers were purchasing flood impacted land at prices close to the prices being paid for non-flood impacted land. Flood-impacted suburbs such as Chelmer, Graceville and Sherwood showed large increases in site valuation which previously had included flood impact allowances ranging from 10% to 25%.



Brisbane homes (image courtesy of Tourism Queensland).

While there were increases in 164 suburbs and a large number of sales across Brisbane, a small number of suburbs showed no significant increase, suggesting the market movement trend may continue during 2015. The inner fringe suburbs located close to the CBD and CBD fringe with a median value in 2014 of over \$500 000, increased moderately. These suburbs included Teneriffe, Hamilton, New Farm, Fortitude Valley, Bulimba and Hawthorne. Nearby inner suburbs such as Ashgrove, Paddington, St Lucia, and Bowen Hills increased moderately. Some outer suburbs that had not increased in the last revaluation showed moderate increases, while the balance of suburbs had small to moderate increases.

Rural residential land represents a small market sector in Brisbane yet showed a small 7% increase in issued values, thereby following the general trend in residential lots.

As for the multi-unit market; interest in new apartments being built in the fringe CBD grew over the past few years as developers actively competed for the prime sites. The release of the new City Plan offered investors a new vision for Brisbane that has been embraced by local developers. This sector saw a 14% increase in overall valuation level with some moderate-to-large increases in CBD fringe suburbs including South Brisbane, West End, and Kangaroo Point.

Some of the commercial land in the suburbs is classified for multi-purpose use, including units and, while the traditional commercial markets remained quiet, the impact of developer and investor interest in these sites resulted in the value of commercial sites also rising by an overall 5%.

Overall, values for the CBD remained at 2013 levels. Brisbane's CBD commercial office has, according to Property Council of Australia's July 2014 Office market report¹, recorded an overall vacancy rate increase. These increases range from 14.8% in July 2014 to 15.6% in January 2015, with B grade space showing a vacancy rate of 23%², up 3% for the same period. Currently the B grade markets accounts for approximately 50% of buildings within the CBD. For the same period, the vacancy rate for premium space reduced from 14.2% to 9.1% and demand for high quality office accommodation is expected to continue.

The CBD fringe commercial market recorded an overall vacancy rate rise of 0.8–12.8% on the addition of 34 080 m².

The issued valuations for the industrial market rose only 2% with limited vacant or lightly improved sales across the sector despite a number of improved sales in the distribution sector of the industrial market.

Greater Brisbane

The greater Brisbane area includes the cities of Redland, Logan and Ipswich. All three were last valued in 2013.

Redland City increased overall by 2%, largely as a result of moderate increases in smaller-size residential land values in Cleveland and other areas. Some bay island lands did decrease in value but, other than some localised market movement, residential land values in general were static. Smaller-scale residential unit lands increased in value. Activity in the commercial and industrial land market in the area was limited, with the transactions that did occur generally supporting the current levels of value with some minor increases. Rural and rural residential land values remained unchanged overall.

Logan City land values remained unchanged overall. Larger homesites in the Cedar Grove area recorded significant increases with a more moderate increase in Chambers Flat and Park Ridge. Slow demand for smaller residential unit land resulted in no change in value in that market. Rural residential lands recorded some moderate increases in smaller acreage lot areas, but generally remained unchanged. Commercial and industrial land values were static with the exception of some localised movements in Slacks Creek and Berrinba.

Ipswich City land values also remained unchanged overall. The strongest market in the local government area was the greater Springfield area comprising Springfield, Springfield Lakes, Augustine Heights and Brookwater where small increases in land value were recorded. Development has continued in the Deebing Heights and Ripley area, but value has remained static. Land values in established areas of the city generally remain static except in some areas where the ongoing effects of floods are continuing to pull back price and value. Flood impact also reduced the value of some Karalee riverfront rural residential lands. In the south-west corner of the city a softer market resulted in a decrease in rural residential and farming land values.

Commercial lands generally remained unchanged across Ipswich with the exception of the Ipswich CBD where some reductions were due to flooding impact and market factors. The major industrial areas of Carole Park, Citiswitch and Redbank generally maintained their value, however more isolated areas such as Raceview, Yamanto and Wulkuraka showed significant reductions in value due to market and flooding impacts.

The Swanbank–New Chum area showed some increases in the levels of value for well-located land and for land that was once contaminated and now has been remediated. Overall, the multi-unit market showed limited activity, and the levels of value generally remained unchanged.

¹ Property Council of Australia, 2015, *Brisbane CBD and fringe office vacancy increases: renewal needed*, viewed 5 February 2015, <http://www.propertyoz.com.au/Article/NewsDetail.aspx?p=16&id=10522>

² Property Council of Australia, 2014, *Brisbane office market must transition*, viewed 19 February 2015, <<http://www.propertyoz.com.au/Article/NewsDetail.aspx?p=16&id=9822>>

Gold Coast

In the past 12 months the Gold Coast property market has continued to improve with an overall increase of 10.7%.

The residential land market has shown significant recovery with median value in Bundall increasing by 38%. Other waterfront residential lands recorded moderate-to-large increases; beachfront land had only a minor increase. Generally, residential land in the coastal area increased and land value west of the motorway was static. Rural residential land value in the Currumbin Valley and Tallebudgera Valley areas recorded minor increases and remained static elsewhere.

Increasing development demand and changes to planning schemes resulted in moderate land value increases of residential unit lands in high density areas, but land values in other unit areas remained unchanged.

Commercial land value was affected by price movement in high density areas and values also increased in the Robina and Varsity Lakes area. Industrial land in the Yatala development area recorded a moderate increase in value but central areas remained static.



Surfers Paradise, Gold Coast (image courtesy of Tourism Queensland)

South East Queensland

South East Queensland encompasses the valley areas west of Greater Brisbane, coastal areas north to Bundaberg and areas inland to the North Burnett Regional Council area.

These local government areas were valued in the 2015 annual valuation:

- Scenic Rim Regional Council
- Sunshine Coast Regional Council
- Noosa Shire Council
- Gympie Regional Council
- South Burnett Regional Council.

South East Queensland is undergoing a period of transition with the smaller regional centres still experiencing weaker local economies while the 'lifestyle' centres such as Noosa and Sunshine Coast are showing a marked improvement since 2013. This has translated into increasing land values in the larger coastal centres while smaller hinterland towns and villages are experiencing a static to declining market.

Scenic Rim decreased overall by 7% due to a decline in value of rural and rural residential lands throughout the area. The residential land urban areas recorded minor reductions in value and Mount Tamborine minor increases. Commercial and industrial land value generally remained unchanged with minor increases in Beaudesert. The rural residential market, which is the biggest component of value in the area, generally decreased 5–15% with minor increases around Tamborine Village. Rural land also decreased by similar amounts.

The Sunshine Coast area (comprising the newly de-amalgamated Noosa Shire Council and the Sunshine Coast Regional Council), in line with other larger coastal 'lifestyle' centres, is experiencing a period of increased sales activity and small value rises in the residential sector since the last valuation in 2013.

Demand for new houses and land is strong, which has seen renewed development activity along the coastal strip. Although demand and value growth is largely centred on the more affordable areas there is improvement in the \$500 000+ prestige land market. The unit market is steady with improving market values in most areas driven by first home buyers and owners looking to downsize.

In contrast the hinterland regions of Gympie and South Burnett have weakened, reflecting local considerations such as poor weather conditions, volatile commodity prices and uncertainty about local economies.

The Gympie local government area last valued in 2014 has shown a small to moderate fall in residential land values within Gympie city and Cooloola Cove. Land values in Tin Can Bay, Rainbow Beach and the small hinterland villages generally remain unchanged.

The South Burnett local government area was last valued in 2012. Since that time residential activity has declined with small falls in land values in Kingaroy, Wondai and some hinterland centres. Murgon, Nanango and Blackbutt are generally unchanged.

Rural home site values generally mirror the changes in the urban areas with small increases in value in Sunshine Coast with some small decreases in Gympie. South Burnett generally remains unchanged, however smaller parcels around Nanango show varying decreases while homesites around Murgon are increasing.

Industrial, retail and other commercial activity has been largely static across the region as a reflection of local market conditions. This subdued activity has seen land values generally remain unchanged in the Gympie region. The commercial and industrial areas in Kingaroy have recorded a small decrease that mirrors residential trends.

Sunshine Coast has seen minor increases in some prime industrial areas but more isolated properties have fallen. Commercial values have generally held, however there was a small increase in the Dalton Drive area within the emerging Maroochydore City Centre precinct.

Farming activities such as cattle, small crops and tree crops are significant enterprises in South East Queensland. Rural land values have generally remained steady with subdued market activity in most areas that supports existing levels.

South West Queensland

South West Queensland encompasses Toowoomba and areas to its west and south-west as far as the Queensland border.

These local government areas were valued in the 2015 annual valuation:

- Western Downs Regional Council
- Southern Downs Regional Council
- Maranoa Regional Council
- Balonne Shire Council
- Murweh Shire Council
- Paroo Shire Council.

Rural markets throughout the region are generally static or have continued to soften. Sales evidence has been limited.

The ongoing and combined effects of the continuing drought, global economic factors, changes in bank lending policies, and rising costs have made potential rural purchasers cautious. An expanded view of the rural sector is on page 10.

Until recently the expansion of the gas industry in the Surat Basin had a significant impact on property markets within Western Downs. As this industry has moved from exploration–development into production, property markets have slowed.

Values are static in urban markets affected by this industry, including the townships of Roma, Dalby, Miles and Tara. Chinchilla has seen large reductions in residential land values. On the other hand, small towns such as Yuleba, Mitchell, Condamine and Injune in the Surat Basin, where land is much cheaper, have seen large increases.

Commercial and industrial markets continue to benefit from the gas industry. Sales in these sectors do not demonstrate any change in values.

In contrast, Wandoan has been affected by the downturn in the coal industry and the shelving of a proposed large coal mine. This has resulted in uncertainty in the property market so Wandoan values have reduced significantly.

Within Western Downs the rural homesite market has also been impacted resulting in small to large reductions in Chinchilla, Wandoan and Tara.

In Southern Downs, last valued in 2012, there have been variations in value levels between towns and within towns. Generally, residential markets in Warwick and Stanthorpe have seen limited change, except for large reductions in values for properties suitable for development, moderate increases for multi-unit properties in Warwick, and small increases in the centre of Warwick.

Commercial markets in both these centres have seen small reductions and industrial markets have not changed.

Small to moderate increases occurred in the townships of Ballandean, Hendon, Emu Vale, parts of Allora, and Tannymorel. Small reductions occurred in Mt Colliery, Pratten, other parts of Allora and Killarney. Moderate to large reductions occurred in Maryvale and Leyburn. All other townships showed no change.

The rural homesite market around Warwick saw variable small increases.

Within Balonne Shire the residential market of St George is subdued, with very limited sales supporting a moderate reduction in value. The small towns of Mungindi, Nindigully and Thallon are showing large increases.

Rural homesite properties close to St George have seen moderate increases, but flooded properties saw moderate reductions.

Flood studies were carried out after the flooding events throughout the region from 2011 onward. As a result, levees were constructed in the towns of St George and Roma. From limited sales, values have been reviewed and valuations of properties outside the levees have been reduced.

The western towns of Cunnamulla and Charleville have seen no change in value in all market sectors.

Small reductions in values have occurred for small good quality brigalow/softwood scrub areas at Wandoan, and moderate reductions have occurred in the mixed grazing and farming properties surrounding Chinchilla and Miles.

A significant review of all rural valuations has occurred within the shire of Paroo to improve relativity between valuations. This market-based review generally resulted in increases and decreases being issued to landowners. Similar reviews were undertaken last year in the shires of Barcoo, Bulloo, Quilpie and Diamantina.

Central Queensland

Central Queensland encompasses Rockhampton and extends south to Miriam Vale, north to Bowen and west to the Queensland border.

These local government areas were valued in the 2015 annual valuation:

- Central Highlands Regional Council
- Gladstone Regional Council
- Banana Shire Council
- Rockhampton Regional Council
- Livingstone Shire Council
- Mackay Regional Council
- Isaac Regional Council.

Over the last year Central Queensland has been mixed in its property movement, but generally urban property markets have softened and rural property markets have remained static.

Regional urban markets, for the last dozen years, have been influenced by the region's resource industry. The region has continued to struggle with the uncertain economic viability of the Bowen Basin coal industry. Reductions in coal prices over the last three years have seen several more uneconomic mines closed, remaining operational mines rationalised, and infrastructure development projects mothballed or abandoned.

Support industries have also been impacted by rationalised operations and staff levels that have reduced the region's workforce, with the biggest impact occurring in the mining towns themselves.

The effect on the property market has seen demand for urban lands fall considerably while the supply has increased as unemployed workers and uneconomic businesses put their properties on the market and move out of the region.

Although several new Bowen Basin mines commenced operating last year, the workforces for these mines come from outside the region and the changes have been too minor to have any positive effect on the number lost from the region's workforce.

The continued preliminary development of the new Galilee Basin coal industry is seen as a positive influence for the region. Over a billion dollars has been invested with a further billion to be spent in the near future. However associated companies are yet to build the significant infrastructure needed for coal mining in this area so mining activity in the Galilee Basin has had little positive effect on the region to this time.

As mentioned, the hardest hit areas have been the coal towns themselves. The worst affected property markets in these towns have been the improved residential property market and the residential rental market. Reliable evidence of a decline in vacant land has taken time to filter through, but there is now sufficient market evidence to indicate a significant downward movement.

The level of reduction varies from town to town: the extent of reductions relates to a combination of the town's reliance on the mining industry and when the town's associated mines rationalised their workforce. Towns like Dysart, which was one of the first to have redundancies and is solely reliant on mining, have experienced major reductions in land values. In contrast, towns like Dingo, with very little reliance on mining, have experienced only minor or no reductions.

Although there is considerable variation between mining towns, the norm throughout the local government areas of Central Highlands, Banana and Isaac has been significant value reductions for all urban land types.

Property values have been reduced in all the mining towns of Moranbah, Tieri, Dysart, Middlemount, Nebo, Clermont, Capella, Blackwater, Buff and Moura. These are the characteristics of the hardest-hit markets: the improved residential property market in many towns, down 15–30% from the peak values of three years ago; the residential rentals market, reduced from \$1000 to \$2000 per week to whatever property owners can get in some towns; and the development property market, which in many centres is now down to residential value levels.

The market movements in urban centres of the coastal local government areas that supported the mines have also varied greatly, but again the level of their reliance on the resource industry has played a major part in their market movement.

Rationalisation of the mining industry has impacted drive in/drive out (DIDO) workers the most.

Mackay, the Bowen Basin's major industry support area and a major dormitory for DIDO workers, is now feeling the full impact of the resource industry decline. All urban property markets have experienced at least minor reductions, the hardest hit being multi-unit and development lands. The improved market, though still softening, is showing recent signs of stabilising, however the vacant market may continue to soften for the next year or two while supply and demand find equilibrium.

Livingstone Shire is a major DIDO dormitory for the Bowen Basin coal mines. Coupled with a sluggish tourist industry, the shire's property market has weakened. The effect on the urban coastal centres has been most evident. Movement has been mixed as market focus moves from executive property attributes (such as elevated views) to economic issues (such as ease of development). Significant reductions occurred in the executive residential market whereas the lower valued standard residential properties have either remained static or slightly strengthened.

Although the shire markets have softened, the impact has been at the same level of the mining towns. The shire's hardest hit lands have been future development and industrial values.

Rockhampton is least reliant on the mining industry of any of the coastal support areas, so it has been the least affected by the resource downturn. Rockhampton values have remained flat though all land types and locations have experienced a mix of small reductions and increases. The exception has been some development lands which have experienced more substantial reductions.

Gladstone, although very much a resource centre, has surprisingly bucked the trend of reductions in labour force associated with mining towns: worker numbers for the local government area actually increased in the last year. Work camps on Curtis Island now house 95% of all non-residential workers, rather than Gladstone's residential and multi-unit residential market. As a result, Gladstone City's accommodation numbers have reduced 85% since 2011 so there is an oversupply of residential properties and small to moderate reductions throughout urban markets. The most affected land uses are the multi-unit and development lands.



Gladstone harbour (image courtesy of Tourism Queensland)

Property markets will remain soft for at least the next year as infrastructure projects that originally created the increase in property demand start to come to a close.

The major rural markets for Central Queensland are grazing and sugar cane. The grazing markets throughout the region, after several years of softening, are believed to have reached the bottom of the property cycle. Although over the last year the industry has experienced the impacts of drought, the weak Australian dollar, and restrictive financial environment sales, the region has shown little evidence of any downward movement. Values this year have remained static throughout with the only exception being minor isolated reductions in western Isaac and southern Banana.

The sugar cane market has been limited in activity but values remain static. The industry remains generally optimistic in the face of industry uncertainty about marketing and lower commodity prices.

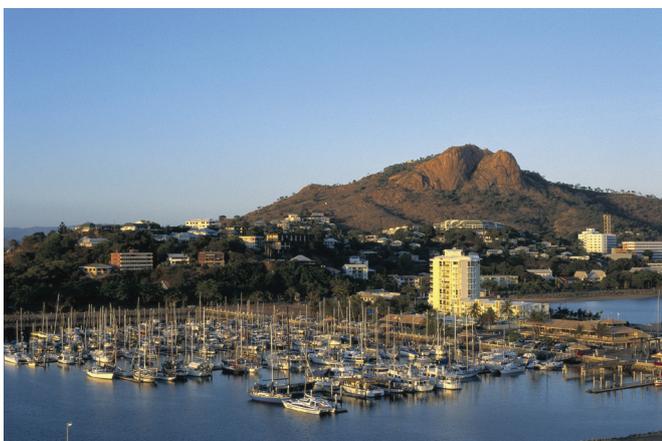
North Queensland

North Queensland encompasses the Burdekin in the south, north to Cape York and west to the Queensland border.

These local government areas were valued in the 2015 annual valuation:

- Cairns Regional Council
- Townsville City Council
- Cassowary Coast Regional Council
- Hinchinbrook Shire Council
- Charters Towers Regional Council
- Torres Shire Council.

The Cairns property market is showing signs of growth, particularly within the residential sector. Values in all other sectors, including industrial and commercial, are stabilising.



Townsville (image courtesy of Tourism Queensland)

The tourism industry is recovering due to the Australian dollar's fall from a high of \$US1.05 in mid-2013. For the financial year to date, international passenger numbers to Cairns have increased by about 5% with growth in domestic visitation of about 4%. Over the period December 2013–December 2014, airport passenger numbers increased by 3.1% compared to 2013.

Growth is expected to continue during 2015 due to a more competitive Australian dollar and the establishment of new international air routes to mainland China, Bali and Singapore.

Demand for improved residential properties has continued to strengthen throughout 2014. Median property prices for houses in Cairns have continued to grow over the last three years, with the median house price trend rising by 5.6% over the last 12 months to reach \$380 000 in October 2014. This is back to the levels experienced in the peak of 2007–08.

Property prices in central Cairns have increased due to high levels of demand. The more prestigious locations of upper Edge Hill, Whitfield and Kanimbla Heights are once again the most attractive localities, with sales evidence showing moderate valuation increases depending on location and views. Building construction approvals have increased strongly. The scarcity of development land within the central Cairns area has resulted in vacant parcels generally emanating from infill development.

Residential lands in the northern beaches and Redlynch Valley have all experienced an increase in land values.

Similar to residential lands elsewhere, increases have occurred in the southern corridor from Woree through to Edmonton, and Gordonvale.

Moderate increases within Gordonvale are due to increased demand; the absorption of distressed estate properties from the market; and the rise from a relatively low valuation platform.

Land values in the Babinda locality have remained static due a lack of demand, while values in the Bramston Beach locality have continued to soften.

The rural homesite market in the Cairns district has generally increased over the last 12 months. The exceptions are areas south of Bellenden Ker where the market has softened.

There has been negligible movement in the Cairns commercial market since the previous revaluation. Although confidence has slightly improved, this has not yet translated into increased market activity and the retail market is still floundering from the market downfall of previous years.

The industrial sector, like the commercial sector, has not demonstrated any major corrections from the level of values 12 months ago.

The Townsville property market has been impacted by loss of job security, high unemployment, high rental vacancies, and a downturn in the mining sector, all of which have created a relatively flat market.

Townsville's residential market has been subdued. The western suburbs, including Kirwan, have experienced little change in value. That trend continues in the northern suburbs in localities such as Derragun through to Balgal Beach. Inner city suburbs have maintained their current value; however reductions have been undertaken on difficult sites with building constraints and increases have occurred for lands with improved infrastructure. Justified market corrections of between 5 and 15% have occurred across the board to better improve valuation relativity from suburb to suburb.

Industrial values in the northern precincts of Garbutt, Mount St John, Mount Louisa and Bohle have softened over the last 12 months. Precincts like Stuart and Roseneath (which have recently emerged as strategic locations partly because of improved government-sponsored road, rail and port infrastructure) have experienced an increase in value having come off a much lower valuation base. Other localities such as the Townsville Port and Shaw have experienced no change to value.

Commercial values have generally remained unchanged.

As in the 2013 annual valuation, the residential market in the Cassowary Coast has been variable. The impacts of the agricultural sector, a slow tourism market and the lingering effects of Cyclone Yasi have caused values to stabilise or soften.

Residential values have generally held steady in the town of Innisfail, with the surrounding smaller coastal and hinterland communities, such as Wangan and South Johnstone, softening in value.

High-value beachfront and elevated coastal properties in the Island Coast localities of Bingil Bay, Mission Beach, Wongaling Beach and South Mission Beach have experienced a further softening of values, however residential lands outside of these areas have stabilised in value.

The southern Cassowary Coast towns of Tully, Cardwell, and components of Port Hinchinbrook have reduced in value.

Commercial, industrial and multi-unit lands have generally mirrored the residential trend in the Cassowary Coast townships.

Reductions in value have been experienced in most urban centres in Hinchinbrook Shire, including Lucinda, Forrest Beach, Taylors Beach, Toobanna, Trebonne, Halifax, Cordelia, and Ingham. Sales volumes are down compared to last year. Valuations within Abergowrie are low compared to other townships, so no value amendments have been made.

The property market in Charters Towers is exhibiting signs of stability; however there has been a reduction in sale volume over the last 12 months. The number of improved residential sales to 1 October 2014 was 90, down from 116 during the annual valuation in 2013. The median sale price for improved residential dwellings has increased slightly, up from \$190 000 in 2013 to \$207 500 in 2014.

As a consequence, there have been very few value amendments within Charters Towers township. Smaller rural townships within the local government area, including Greenvale and Ravenswood, have also not changed value. The exception is the town of Homestead where typical values have now increased to \$4400.

Torres Shire is one of the most northern local governments in Queensland. The majority of lands valued are in the Thursday Island group. These include Thursday Island, the shire's administrative centre and major service centre of the region; Horn Island, the second service centre of the Torres Strait; and Prince of Wales Island.

The property market on Thursday Island has been tightly held in the past; but slowed recent demand has resulted in declining rentals in the built environment, with both private and government bodies showing moderate falls. As a result, land valuations have slightly reduced.

There were limited amendments to valuations on Horn and Prince of Wales islands, where values are not as high as on Thursday Island.

The pastoral industry in North Queensland has continued to struggle with a run of poor seasons and low returns.

Drought conditions deteriorated further across this market segment with much of western and north western Queensland, including Charters Towers local government area, being drought declared.

A lack of buyer confidence has resulted in only a small number of transactions across the entire sector. In general, market evidence indicates a continued small to moderate decline in values for the larger grazing properties, with the smaller, more-affordable properties holding their value. The decline in values is more evident for the poorer quality, high operating-cost forest blocks.

North Queensland coastal farming is dominated by sugar cane production. Levels of value for cane land have held firm over the last 12 months though values have softened in the wet tropic areas between Babinda and Tully. Values for well-located good quality arable lands have stabilised in the Cairns locality. Distressed 'tree-farm' sales which had placed downward pressure on farms in the Herbert River locality have been absorbed into the market. Sales of going-concern cane farms since that time have demonstrated a moderate increase in valuation levels.

Rural

Across Queensland there is limited sales activity in rural markets, resulting in a continued static to softening of land values within the grazing, horticultural, small crop and dryland farming industries.

All industries are dealing with the effects of a long-term and widespread drought, restrictive financial policies and rising costs.

In contrast, the effects of the recent weakening of the Australian dollar and the strengthening of beef commodity prices may not be reflected in the marketplace for some time. The grazing market is at the bottom of its market cycle and has probably stabilised.

These trends, where potential purchasers still remain cautious, will continue for some time until there is an improvement in the weather and more confidence in the economy.

Figures 4 and 5 illustrate the extent of the drought throughout Queensland since the date of valuation 1 October 2014.

In the western pastoral zone, the market peaked around 2008 and has since fallen back to around 2005–06 value levels. This market continues to be subdued, with very few sales transactions.

Limited sales across Queensland have shown small to large reductions in current unimproved rural values in the various markets of Cairns Regional Council at Babinda, Cassowary Coast Regional Council, Charters Towers Regional Council, Isaac Regional Council, Banana Shire Council at Taroom, Gympie Regional Council at river and creek flats on the Mary River, South Burnett Regional Council at Blackbutt, Scenic Rim Regional Council, Ipswich City Council and Western Downs Regional Council at Wandoan, Chinchilla and Miles.

Small to large increases are occurring in property values in smaller well-located farms in Hinchinbrook and a small number of properties in Balonne Shire east of the Moonie River.

Sales of rural land purchased by resource companies for the purpose of mining or other extractive industry are not used to determine statutory land values of rural land. This market activity has generally now slowed due to the state of resource sector, and respective markets are now being influenced by rural landowners.



Boonah (image courtesy of Tourism Queensland)

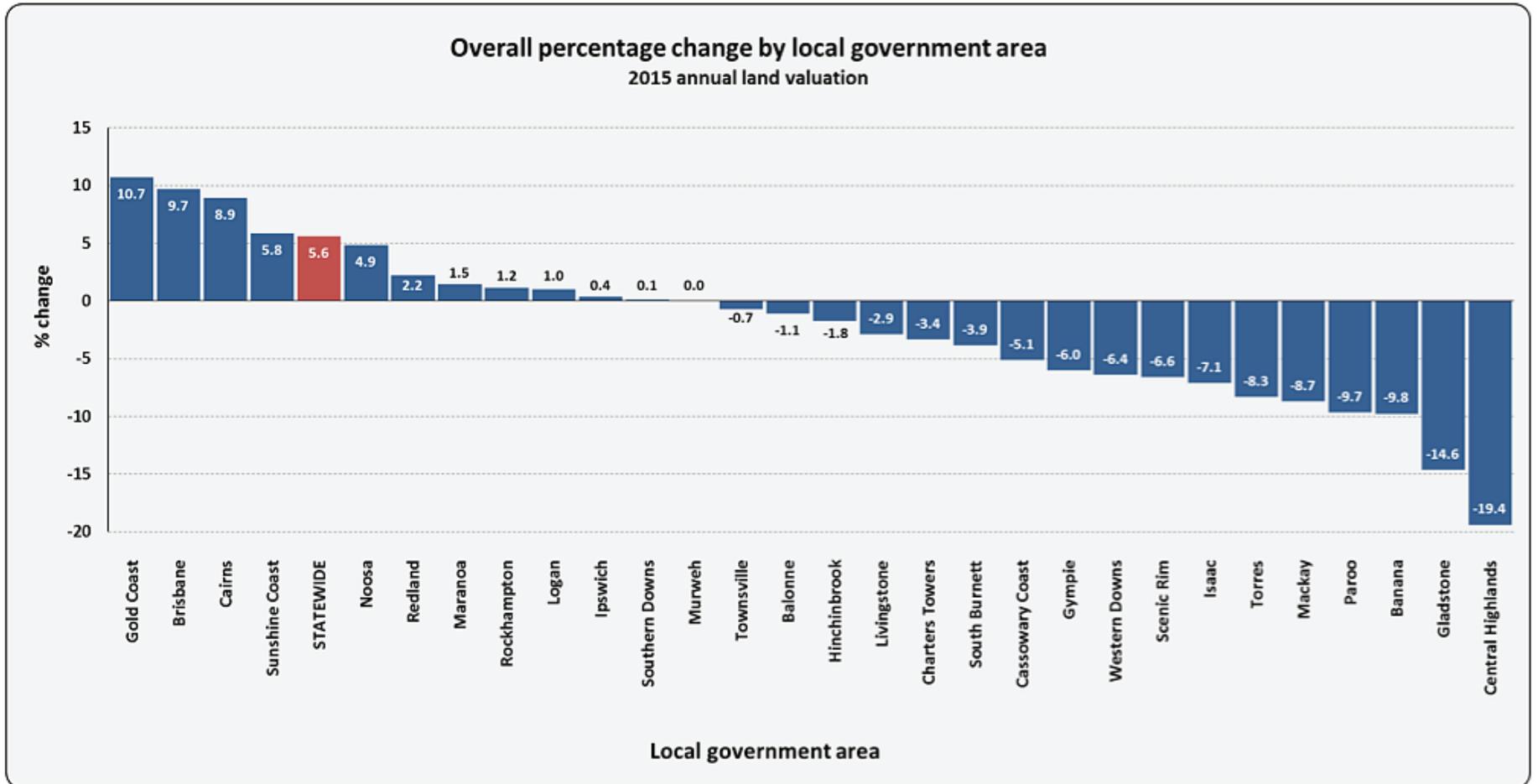


Figure 3: Overall percentage movement in total value since the previous annual valuation for the whole state and all local government areas valued in 2015.

Table 1: New median value and percentage movement in median value for residential and rural residential land since the previous annual valuation in local government areas revalued in the 2015 annual valuation

LGA	Residential		Rural residential	
	New median value (\$)	Median value change (%)	New median value (\$)	Median value change (%)
Balonne	37,500	-13.8	96,000	10.3
Banana	66,000	-7.0	85,000	6.3
Brisbane	355,000	10.9	590,000	7.3
Cairns	162,500	12.9	270,000	8.0
Cassowary Coast	75,000	-3.9	109,000	-4.4
Central Highlands	93,000	-38.8	215,000	-13.1
Charters Towers	52,000	0.0	110,000	-4.4
Gladstone	157,500	-19.2	152,500	-9.0
Gold Coast	260,000	9.5	315,000	1.6
Gympie	82,000	-12.8	121,000	-7.6
Hinchinbrook	71,000	-15.5	107,500	-8.1
Ipswich	139,000	0.7	220,000	0.0
Isaac	94,000	-16.8	100,000	0.0
Livingstone	146,000	2.1	180,000	-1.4
Logan	190,000	0.5	280,000	5.7
Mackay	167,500	-8.2	192,500	-6.1
Maranoa	128,000	0.0	162,500	1.6
Murweh	28,500	0.0	67,000	0.0
Noosa	220,000	8.6	180,000	5.9
Paroo	9,900	0.0	40,000	0.0
Redland	240,000	4.4	475,000	0.0
Rockhampton	116,000	1.8	157,500	0.0
Scenic Rim	147,000	-3.6	210,000	-2.3
South Burnett	62,000	-7.5	79,000	-6.0
Southern Downs	89,000	3.5	130,000	-0.8
Sunshine Coast	217,500	7.4	237,500	5.6
Torres	192,500	-8.3	149,000	1.0
Townsville	146,000	0.0	190,000	2.7
Western Downs	101,000	-3.8	68,000	-2.9

Table 2: New total value and percentage movement in total value for multi-unit, commercial, industrial and primary production land since the previous annual valuation in local government areas revalued in the 2015 annual valuation

Local government area	Multi-unit		Commercial		Industrial		Primary production	
	New total value (\$)	Total value change (%)	New total value (\$)	Total value change (%)	New total value (\$)	Total value change (%)	New total value (\$)	Total value change (%)
Balonne	1,827,800	-13.8	9,848,700	0.3	6,020,700	-1.6	313,935,000	0.4
Banana	3,872,000	-18.1	19,858,800	-15.1	38,947,378	-25.4	965,048,210	-5.6
Brisbane	19,643,419,500	14.4	16,163,107,150	5.0	10,759,818,709	1.4	107,834,000	7.9
Cairns	849,899,000	1.7	926,579,500	0.7	697,181,700	0.6	165,735,000	-0.5
Cassowary Coast	58,915,000	-3.3	126,158,200	-3.8	62,955,100	-9.3	270,441,000	-9.1
Central Highlands	55,271,500	-42.4	117,953,600	-31.3	160,027,149	-37.1	1,283,874,900	0.0
Charters Towers	2,185,600	0.0	17,206,000	0.0	14,253,010	-1.3	424,109,860	-5.7
Gladstone	208,254,000	-31.8	241,522,500	-10.2	497,822,900	-6.2	185,814,350	-0.1
Gold Coast	10,570,585,400	11.7	3,119,683,620	7.1	2,669,628,200	11.1	125,621,400	0.0
Gympie	31,609,500	-9.6	121,716,600	2.8	80,503,500	-1.6	462,192,500	-1.6
Hinchinbrook	9,156,500	-8.3	51,062,500	-10.1	16,674,500	-2.8	303,975,900	20.0
Ipswich	252,108,500	-0.1	896,490,700	0.7	967,691,700	1.1	201,162,000	-8.6
Isaac	38,400,500	-18.3	41,057,000	-18.9	43,254,530	-17.3	1,523,704,480	-0.6
Livingstone	93,330,500	-8.3	88,998,500	-4.7	52,506,500	-10.4	217,503,900	0.0
Logan	765,281,000	-0.9	1,448,304,500	3.1	1,012,865,500	1.5	124,447,600	-2.3
Mackay	311,722,500	-18.2	615,677,900	-5.0	657,544,000	-9.6	389,729,500	-0.1
Maranoa	12,325,500	0.1	78,154,200	1.1	118,315,380	12.0	940,291,030	-0.1
Murweh	256,000	0.0	10,486,200	0.0	4,188,380	0.0	168,796,100	0.0
Noosa	1,399,526,000	0.3	234,252,700	0.3	116,277,500	1.9	52,004,000	0.0
Paroo	36,000	0.0	2,608,800	0.0	993,500	0.6	90,776,500	-11.2
Redland	741,097,000	0.6	676,255,500	1.4	136,601,700	8.8	80,963,600	0.0
Rockhampton	133,585,500	10.8	498,630,300	0.4	298,308,100	5.5	215,276,600	0.2
Scenic Rim	40,866,500	-5.5	157,852,500	-1.1	64,589,800	-6.4	1,014,198,000	-13.8
South Burnett	18,316,000	-6.5	61,699,600	-4.6	42,173,700	-6.1	538,481,900	-0.4
Southern Downs	27,064,500	17.5	160,795,000	-4.1	60,165,000	0.2	407,920,720	0.0
Sunshine Coast	2,819,221,000	1.7	1,610,155,600	2.2	675,890,100	-1.2	308,667,700	0.1
Torres	28,116,000	-9.3	26,387,500	-9.0	11,949,000	-9.2	1,060,000	0.0
Townsville	731,690,000	-0.3	1,096,423,038	-0.7	935,992,060	-3.2	86,075,100	-0.1
Western Downs	45,428,500	-10.5	167,883,500	-4.1	146,229,724	-2.0	1,573,660,350	-3.4

Queensland drought situation as at 1 October 2014

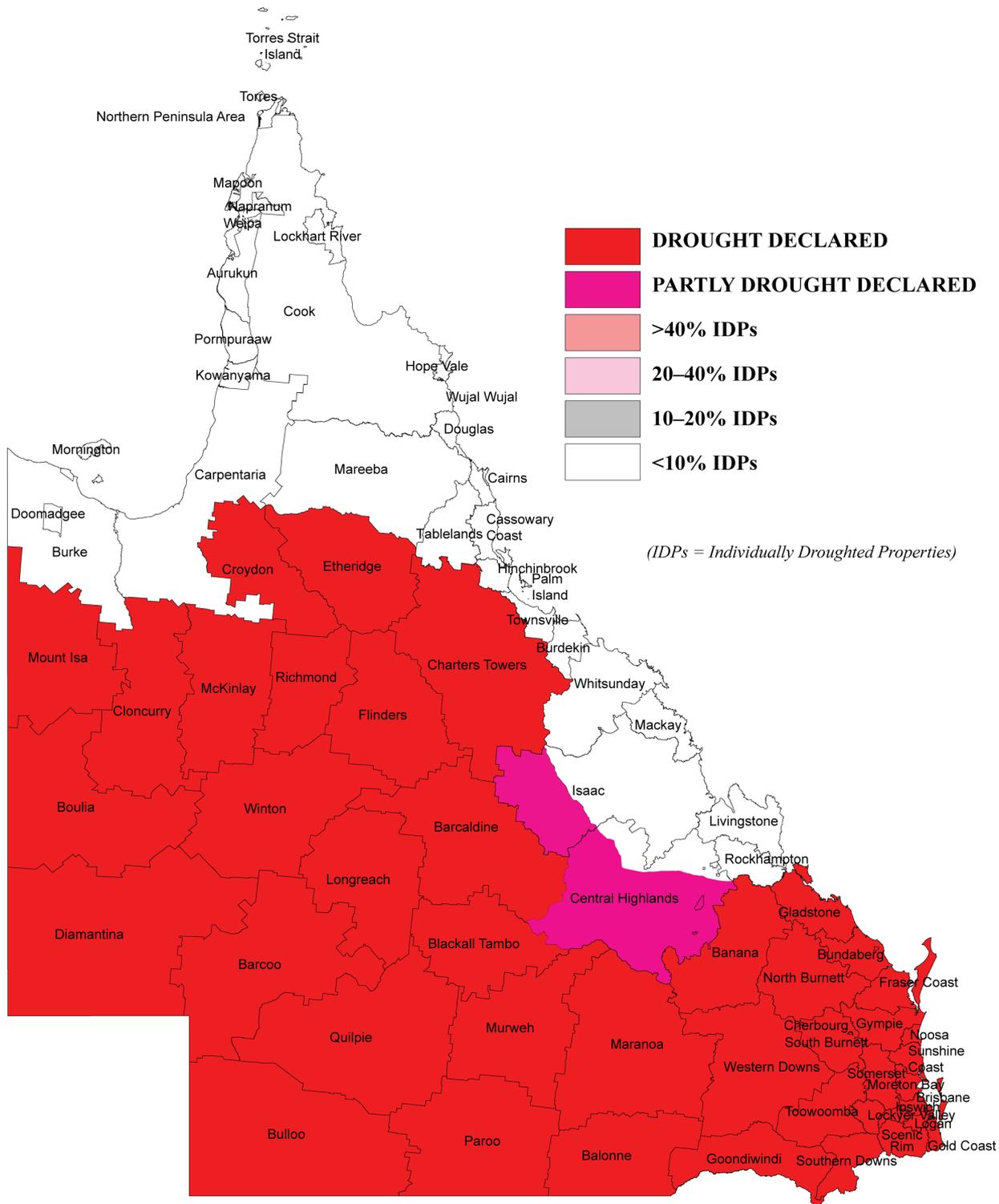


Figure 4: Queensland drought situation as at 1 October 2014

Queensland drought situation as at 1 January 2015

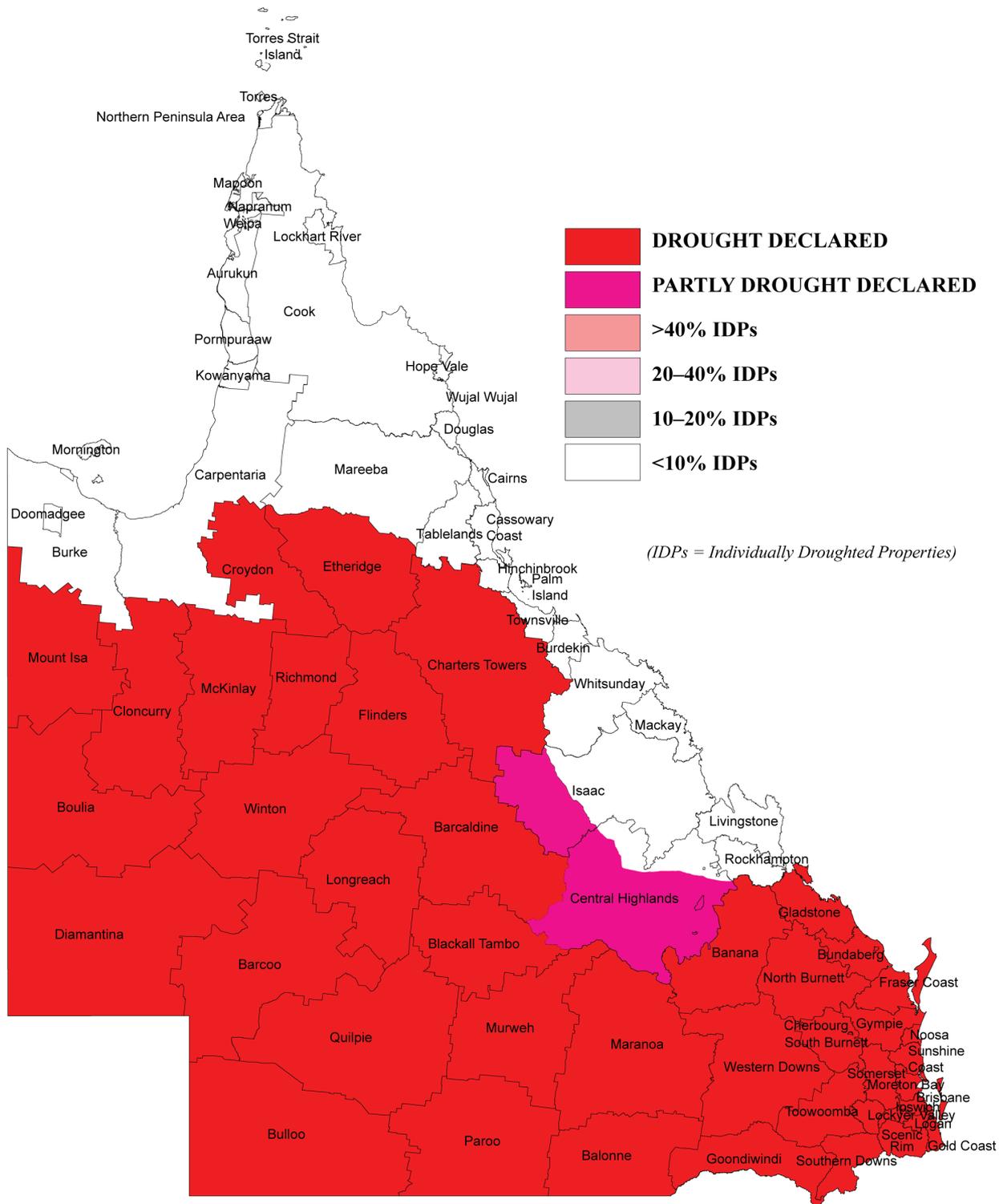


Figure 5: Queensland drought situation as at 1 January 2015

