

## Property clock set to head skywards

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**TOWNSVILLE'S property market is headed for firmer ground with all the signs pointing to a pick-up in activity on the part of investors sooner rather than later, according to a leading property agent.**

Kerri Willenborg, principal of LJ Hooker Townsville and LJ Hooker Kirwan, says vacancy rates across the Townsville area are low, while demand for rental properties is strong.

"Demand for rental properties is growing and the number of available properties is decreasing, which can only mean one thing - rents are likely to rise," she says.

"It is a simple case of supply and demand and a tenant with a rent review looming could be excused for feeling somewhat anxious.

"Such a situation may be bad news for tenants, but is good news for landlords and for the property market as a whole."

Ms Willenborg says rising rents indicate we are entering a new phase of the property cycle.

"Rising rents are a clear sign that the current property market - which has been bumping along the bottom with investors reluctant to sink funds into a new home - will turn upwards," she says.

"Higher rents will spur renewed interest among investors in buying properties to cash in on the favourable rental market.

"That means increased demand, and that will eventually put pressure on house prices."

Ms Willenborg says higher rents will make tenants think about their situation, many of whom will choose to quit the rental treadmill in favour of owning their own home.

"Faced with rising rents, many tenants will be looking at their finances and recognising that the gap between rental payments and repayments on a mortgage is shrinking," she says.

"Inevitably, many will decide they would rather be paying off their own home.

"The good news for people looking to buy a home is that, despite alarming reports of an affordability crisis, there are some remarkably affordable properties on the market.

"This is especially the case for buyers with realistic expectations of their first home."

Ms Willenborg's comments come in the wake of Herron Todd White's latest quarterly survey which showed vacancy trend rates tightening for 12 months.

The property consultancy said ongoing rental demand exceeded the low rate of new supply, slashing vacancy rates in both the house and unit sector.

"The latest vacancy rates stood in trend terms at 2.5 per cent for houses, 3.1 per cent for units, and 2.8 per cent overall," it said.

"The latest median house rent stood at \$355 per week, while median rent in the units sector stood at \$285 per week.

"Tightening vacancy rates mean that rents are likely to continue rising over the near term, potentially attracting renewed investor interest in rental housing."