

'Safer to buy in Gladstone than Sydney' says local expert

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Views from South Gladstone.

Mike Richards

By Suni Golightly

AT FIRST glance, the latest real estate figures numbers continue to paint a fairly grim picture for Gladstone, but a local expert says there is light at the end of the tunnel.

And for savvy investors, this tunnel presents some fairly extraordinary opportunities.

Anyone who has followed the Gladstone market will know that the town has been hit hard; first by the GFC then by the mining downturn.

While most of the Real Estate Institute of Queensland June quarter figures are weak - house sales are down 15% on last year and down 37% on five years ago - there has been a slight bump with the median of \$292,500 up 2.6% on last quarter.

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The data for any particular government figure is not exposed as per all other figures. It is subject to a number of factors including but not limited to: the data being preliminary, sales restrictions in the suburbs, and subject to changes in the data for any particular government figure. It is not possible to compare the data for any particular government figure with the data for any other government figure.

(LGA) Local Government Area
 Brisbane (SD)– Brisbane Statistical Division which includes the LGA's of Brisbane City, Ipswich City, Logan City, Moreton Bay Regional and Redland City.

^ Denotes acreage sales - on land size greater than 2,400m2. All other house and land sale statistics are based on land size under 2,400m2
 Unit and townhouse data includes sales of all building units and group titled properties.
 ~ Medians affected by varying quality of stock sold
 * Medians affected by varying quantities of new properties sold
 f Medians affected by varying numbers of waterfront properties sold
 t Medians affected by varying numbers of townhouse/villas sold

For units, the figures are lacklustre with a median sale price this quarter of \$149,458; down 35.4% on last quarter, down 25.2% on last year, and down a staggering 50.3% on five years ago.

Finding some good news in these figures may seem like an impossible task, but local real estate expert, Ray White Gladstone director John Fieldus, says there is some optimism to be found, although he stops short of calling this a market rise.

Mr Fieldus, who has been in Gladstone real estate for 30 years and has seen the good, the bad and the very ugly side of the market over recent years, says the 2.6% increase on last quarter and the improvements in the rental market can be seen as a tiny preview into the upturn he believes will eventually come to the town.

"For the first time in several years we have seen some growth in the residential area, and we are hoping this is a preview of things to come," Mr Fieldus said.

"We see it as Gladstone having been through a real estate bushfire, and these figures are the tiny grass shoots coming through. There is a recognition here that things will not get any worse."

With an upturn in mind, Mr Fieldus said the low figures of today presented exceptional investment opportunities that would not come again.

"The most indicative place to look is the rental market," Mr Fieldus said.

"Eighteen months ago there were 1200 vacancies in the city, that is now at about 450. That is a good key indicator of what is to come in sales.

"Investors judge the market on the rental rates, and with the rental market improving, I do believe sales will follow."

Mr Fieldus said savvy investors who were optimistic enough to see an upturn coming in the future could take advantage of the incredibly low prices on offer at the moment.

"We recently sold a unit for \$55,000. We are seeing prices we haven't seen in decades. Locals know that, so there is activity because of those prices," Mr Fieldus said.

"It's much, much smarter to buy at the bottom of the market.

"These rock bottom prices will dry up. And we are presently transacting with some savvy investors who buy these rock bottom places with a view to making maximum profits in the future.

"I'd actually say it's safer to buy in Gladstone than Sydney at the moment. Our greatest weakness is also our greatest strength: affordability."

Suburbs to watch:

NEW AUCKLAND

- Size: About 5sq km.
- Predominant age group: 0-14 years.
- Households: Primarily couples with children.
- Likely mortgage repayments: \$1800-2400 a month.
- Ownership: 59% of homes owner-occupied.

WEST GLADSTONE

- Size: About 8sq km.
- Predominant age group: 0-14 years.
- Households: Primarily couples with children.
- Likely mortgage repayments: \$1800-2400 a month.
- Ownership: 59.4% of homes owner-occupied.

TANNUM SANDS

- Size: About 85sq km.
- Predominant age group: 0-14 years.
- Households: Primarily couples with children.
- Likely mortgage repayments: \$1800-2400 month.
- Ownership: 68.8% of homes owner-occupied.

AGNES WATER

- Size: About 46sq km.
- Predominant age group: 0-14 years.
- Households: Primarily couples with children.
- Likely mortgage repayments: \$1000-1400 a month.
- Ownership: 58.5% of homes owner-occupied.

Source: CoreLogic RP Data



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