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Affordable units continue to appeal

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Over recent years, units and townhouses have been the most affordable option for first home buyers, but this trend is currently taking a breather, according to the Real Estate Institute of Queensland (REIQ).

As house prices escalated, units and townhouses were the most affordable - and often the only - option for many first home buyers.

But with the \$14,000 and \$21,000 boost monies now available, many first-time buyers can now afford to buy a modest house instead.

"This trend, plus investors not yet comprehensively returning to the market, means the unit and townhouse market has been affected by lower overall demand in the December quarter. Over the year, however, most areas recorded steady price growth," REIQ chairman Peter McGrath said.

Following a state-wide property trend, there has been a notable increase in the number of affordable units and townhouses sold.

REIQ figures show about 85 per cent of all unit and townhouse sales were for under \$500,000 in the December quarter, up from 79 per cent six months before.

This increase in the number of affordable unit sales has lowered the median price in many areas of the State.

"Some regional areas have also been affected by new developments - perhaps begun during the highs of 2007 - coming on to the market simultaneously," Mr McGrath said.

"And given this oversupply in some areas - as well as restricted access to finance - land previously ear-marked for unit developments is remaining undeveloped."

While there have been mixed results across the State, the unit and townhouse market is likely to stage a come-back as demand from investors increases.

First home buyers are also expected make a return as the stock of affordable houses is depleted by the current strong demand.