

# Conveyancing Works Solicitors Matusik - Quarterly Index



**March 2011 Release**

Welcome. This is our first edition of our new quarterly report on the Queensland residential market. It is based around the conveyancing business undertaken by Conveyancing Works Solicitors, which at present covers close to one in five residential transactions across Queensland. This market share gives us a pretty good read on the local market conditions.

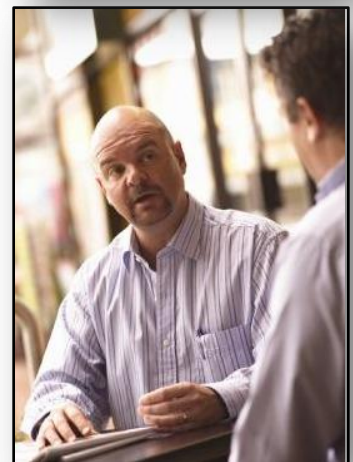
So what is going on? Home loans are down 20% across Queensland. There are more sellers in the market now, but fewer “tyre kickers” are shopping around. Investor interest is also on the wane. Owner-residents are the most active buyer segment, with most interested in buying a detached home. Prices peaked early last year, with the gains made during 2009 now largely eroded. Yet residential values rose by over 25% across Queensland between 2007 and 2010, illustrating underlying strength and the need for a long-term view.

*“The first release of the “Conveyancing Works/Matusik Index” focuses on the period up to 2010 where we started to see a growth in the length of the contract settlements, coming from closer scrutiny by all parties involved in the process. Banks certainly were tighter on their requirements and buyers more aware of what they would expect - both price wise and conditions put upon the sale. With our ten offices, Conveyancing Works felt working with Matusik, we could provide a clear indication of the market throughout Queensland, identifying some of the key criteria clearly that will be important for stakeholders in the industry. Within each release we will aim to have a key “feature article” - drawing on the key component of that quarter. I hope the report is useful and would welcome any feedback.”*



**Lee Bailie**, Chief Executive, Conveyancing Works Solicitors

*“We are firmly locked into a buyer’s market. The new Conveyancing Works/Matusik quarterly index reconfirms such. It also cuts through the statistical clutter and reiterates some of the larger trends – that most Queenslanders buy detached houses; vacant land sales are on the wane; we like decent-sized blocks; property prices are on the slide, as is investor interest. Most of the available loan-related information is dressed up and means little. We believe our new quarterly report will provide some real facts rather than the usual spin.”*



**Michael Matusik**, Director, Matusik Property Insights

The Conveyancing Works/Matusik index quarterly report is opinion and not advice. Readers should seek their own professional advice on the subject being discussed.

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## Queensland home loans

Home loans across Queensland are now about 20% down on last year. A strong, positive trend has turned negative in recent months, due to higher interest rates, rising costs, economic uncertainty and recent events. The end of the first home buyers boost hasn't helped matters either.

There are also more sellers in the market – reflecting a buyer's market. Of all the conveyancing done by CWS, around 45% of the paperwork in recent times has been for sellers. The subsequent drop in buyer activity suggests several trends – a lack of interest, urgency and potentially overpricing by sellers. In a buyer's market, sellers need to realistically price their property in order to attract interest. Often, too, the first offer is the best and sometimes the only one.

Buyer quality is, however, improving. There are less "tyre kickers" out there and more better-credentialed buyers. Many of the loans over the last 12 months were not subject to finance.

### % transactions subject to finance

Queensland

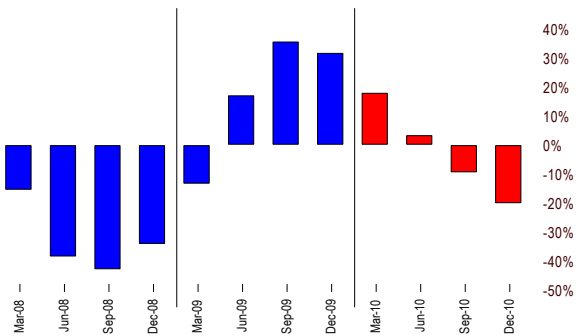
Subject to finance	No	Yes
Q1 2007	17%	83%
Q2 2007	19%	81%
Q3 2007	23%	77%
Q4 2007	25%	75%
Q1 2008	20%	80%
Q2 2008	22%	78%
Q3 2008	25%	75%
Q4 2008	29%	71%
Q1 2009	22%	78%
Q2 2009	22%	78%
Q3 2009	27%	73%
Q4 2009	26%	74%
Q1 2010	25%	75%
Q2 2010	26%	74%
Q3 2010	30%	70%
Q4 2010	27%	73%

### Conveyancing Works/Matusik index

Purchase file only, excludes terminations.

### Housing activity

Queensland

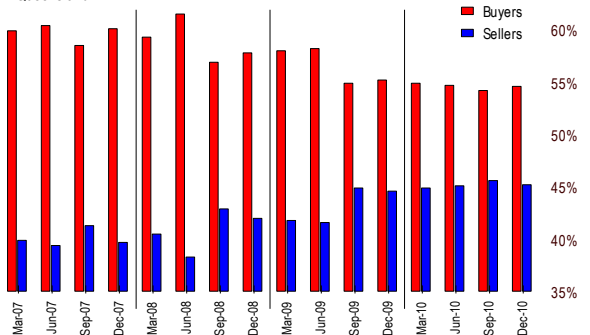


Matusik Property Insights and Conveyancing Works

Annual quarterly change. Total activity including buying and selling, excluding terminations.

### Activity make-up

Queensland

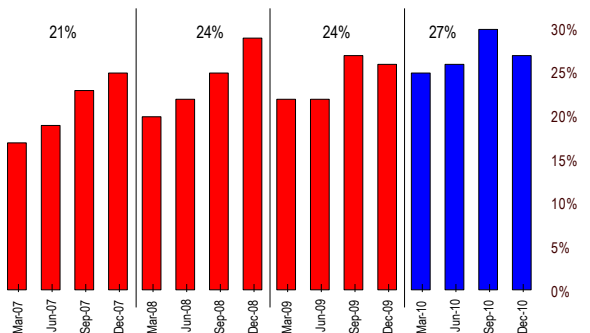


Matusik Property Insights and Conveyancing Works

Quarterly results, total activity including buying and selling, excluding terminations.

### Transactions not subject to finance

Queensland



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Quarterly results, purchase files only, excluding terminations. Figures indicate calendar year averages.

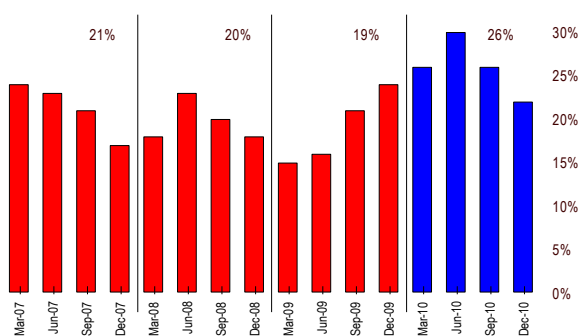
## Loan types

Investor interest was climbing up until about six months ago. Now, just one in five buyers across Queensland are investors. Uncertainty about future price direction, as well as declining net rental yields – due to sluggish rental growth plus rising costs – is giving potential investors, both here and elsewhere, cause for concern, or at least a more cautious approach to buying.

Owner-occupiers purchasing their second or subsequent home are now the most dominant buyer group. This usually involves selling their current abode which on average, is taking around 60 days to clear. The sales train at present, is moving quite slowly.

### Investment loans

Queensland



Matusik Property Insights and Conveyancing Works.

Quarterly results, purchase files only, excludes terminations. Figures indicate calendar year averages.

### Housing loan types

Queensland

Purchase Type	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008
Not Selected	30%	40%	40%	46%	30%
PRINCIPLE PLACE OF RESIDENCE	46%	37%	39%	37%	52%
<b>INVESTMENT</b>	<b>24%</b>	<b>23%</b>	<b>21%</b>	<b>17%</b>	<b>18%</b>
FIRST PRINCIPLE PLACE OF RESIDENCE	0%	0%	0%	0%	0%
FIRST HOME VACANT LAND	0%	0%	0%	0%	0%

Purchase Type	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Not Selected	19%	17%	14%	8%	9%
PRINCIPLE PLACE OF RESIDENCE	58%	63%	61%	56%	51%
<b>INVESTMENT</b>	<b>23%</b>	<b>20%</b>	<b>18%</b>	<b>15%</b>	<b>16%</b>
FIRST PRINCIPLE PLACE OF RESIDENCE	0%	0%	7%	19%	20%
FIRST HOME VACANT LAND	0%	0%	1%	2%	5%

Purchase Type	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Not Selected	7%	9%	7%	2%	3%
PRINCIPLE PLACE OF RESIDENCE	50%	52%	57%	61%	67%
<b>INVESTMENT</b>	<b>21%</b>	<b>24%</b>	<b>26%</b>	<b>30%</b>	<b>26%</b>
FIRST PRINCIPLE PLACE OF RESIDENCE	19%	12%	9%	6%	4%
FIRST HOME VACANT LAND	3%	3%	1%	1%	1%

Purchase Type	Q4 2010
Not Selected	4%
PRINCIPLE PLACE OF RESIDENCE	72%
<b>INVESTMENT</b>	<b>22%</b>
FIRST PRINCIPLE PLACE OF RESIDENCE	3%
FIRST HOME VACANT LAND	1%

### Conveyancing Works/Matusik index

Purchase file only, excludes terminations.

## Property type

Despite the increased reporting on the trend towards urban consolidation and the take up of new downtown apartments, the CWS/Matusik indices suggest that real demand for apartment living is flat and somewhat limited.

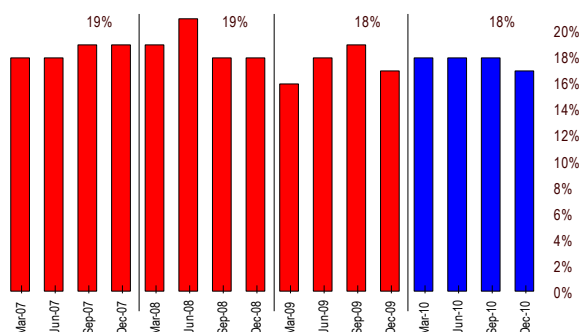
One in five Queensland buyers purchases an apartment or unit – a market share which has changed little over recent years.

The vast majority – well over 70% – buy a detached house on freehold land. Most of these dwellings are in a suburban setting and many are in the outer lying suburbs. Affordability, followed closely by practicality, drives housing choice rather than urban planning or left-leaning opinion columns.

Demand for detached housing remains strong.

### Apartment loans

Queensland



Matusik Property Insights and Conveyancing Works.

Quarterly results, purchase files only, excludes terminations. Figures indicate calendar year averages.

### Property type

Queensland

Property Type	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008
Not Selected	11%	11%	15%	15%	7%
DETACHED DWELLING	61%	61%	54%	55%	64%
APARTMENT	18%	18%	19%	19%	19%
VACANT LAND	10%	11%	12%	11%	10%

Property Type	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Not Selected	4%	3%	7%	12%	8%
DETACHED DWELLING	63%	69%	67%	65%	64%
APARTMENT	21%	18%	18%	16%	18%
VACANT LAND	11%	10%	8%	7%	10%

Property Type	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Not Selected	8%	9%	6%	3%	1%
DETACHED DWELLING	64%	64%	68%	70%	72%
APARTMENT	19%	17%	18%	18%	18%
VACANT LAND	9%	10%	7%	9%	9%

Property Type	Q4 2010
Not Selected	1%
DETACHED DWELLING	73%
APARTMENT	17%
VACANT LAND	8%

### Conveyancing Works/Matusik index

Data based on all file types, excludes terminations.

## Allotment sizes

Whilst most buy detached product, the demand to buy a vacant allotment and build is on the decline. Just one in eight residential transactions last year involved buying vacant land, compared to 11% a few years before.

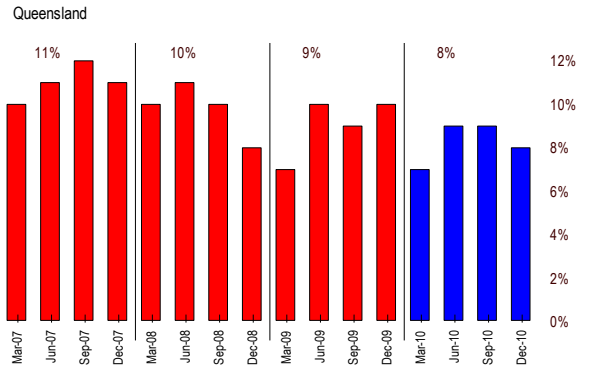
There is a strong movement towards buying “turn-key” housing solutions as well as buying older established homes.

Interestingly, and again contrary to the industry spin, most Queensland buyers prefer larger allotments, with the median lot size purchased last year being 700 square metres. This trend, too, has shown little change in recent years.

One of the key requirements when buying a new detached home (and/or vacant allotment) is frontage width. Most buyers want a double garage, and allotments that cater for such usually resell better than those that don't.

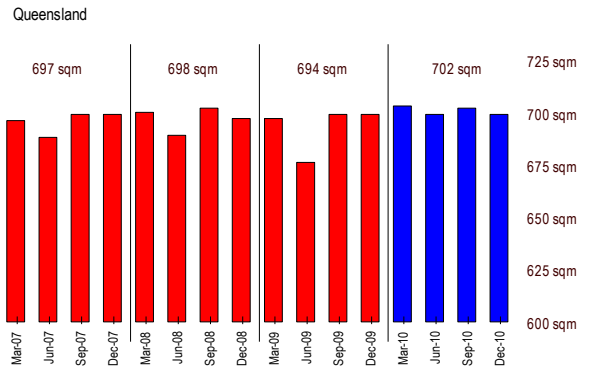
Another important factor is orientation – north/south running allotments are more popular than those running east/west. Solar orientation (and good design) is becoming more important to buyers as well.

### Loans for vacant land



**Matusik Property Insights and Conveyancing Works.**  
Quarterly results, purchase files only, excludes terminations. Figures indicate calendar year averages.

### Median allotment size



**Matusik Property Insights and Conveyancing Works.**  
Quarterly results, purchase files only, excludes terminations. Figures indicate calendar year averages.

### Allotment size

Queensland

Allotment Size	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Min	125m2	109m2	139m2	180m2	115m2	92m2	1432m2	161m2
Max	12.37Ha	13.11Ha	16Ha	40Ha	23.96Ha	40.62Ha	81.63Ha	72.82Ha
Average	1192.6m2	1291.5m2	1421.1m2	1807.6m2	2400.7m2	2697.8m2	4081.1m2	3353.1m2
Median	697m2	689m2	700m2	700m2	701m2	690m2	703m2	698m2

Allotment Size	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Min	225m2	171m2	102m2	166m2	116m2	169m2	84m2	177m2
Max	45.37Ha	55Ha	96.1Ha	41.2Ha	40.9Ha	128.14Ha	88.83Ha	63.99Ha
Average	3098.3m2	2417.2m2	4200.3m2	2768.1m2	2476.9m2	3488.7m2	4048.9m2	3867.2m2
Median	698m2	677m2	700m2	700m2	704m2	700m2	703m2	700m2

### Conveyancing Works/Matusik index

Data based on all file types, excludes terminations.

## Value of loans

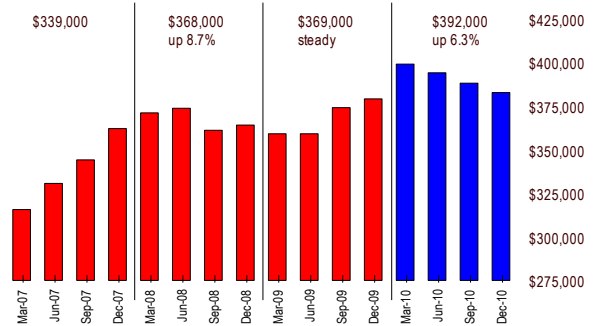
New buyer conveyancing suggests that Queensland's dwelling prices peaked about a year ago. Since then, values have fallen by 4%. When looking at year-on-year results, prices in 2010 were up about 6% on the year before. But in recent quarters, any gains made in late 2009 and into 2010 have been largely lost.

Taking a longer term view, Queensland residential values have risen from \$316,000 in early 2007 to \$400,000 in 2010. This is a 27% increase.

As Mark Twain has often been quoted as saying, history may not repeat itself, but it does rhyme.

### Median property price

Queensland



Matusik Property Insights and Conveyancing Works.

Quarterly results, purchase files only, excludes terminations. Figures indicate calendar year averages and annual change in values.

### Loan values

Queensland

Price	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008
Min	\$5,000	\$14,000	\$14,000	\$20,000	\$22,000
Max	\$1,910,000	\$3,000,000	\$18,000,000	\$1,740,000	\$2,650,000
Average	\$341,132	\$354,709	\$367,506	\$389,271	\$404,457
Median	\$316,500	\$331,523	\$345,000	\$363,000	\$372,000
Total	\$1,262,872,472	\$15,220,150,878	\$1,547,201,462	\$1,586,280,906	\$1,279,700,650

Price	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Min	\$15,000	\$4,000	\$22,500	\$16,700	\$6,000
Max	\$1,825,000	\$1,515,000	\$2,200,000	\$1,830,000	\$1,750,000
Average	\$398,900	\$388,362	\$386,128	\$382,554	\$380,823
Median	\$374,650	\$362,000	\$365,000	\$360,000	\$360,000
Total	\$1,083,411,070	\$922,358,881	\$1,049,496,216	\$1,056,230,769	\$1,208,352,613

Price	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Min	\$11,110	\$18,000	\$5,500	\$12,500	\$23,000
Max	\$1,700,000	\$2,700,000	\$1,675,000	\$2,845,000	\$1,900,000
Average	\$398,926	\$404,377	\$420,313	\$424,155	\$414,275
Median	\$375,000	\$380,000	\$400,000	\$395,000	\$389,000
Total	\$1,292,917,889	\$1,449,692,964	\$1,354,668,581	\$1,391,228,878	\$1,208,854,309

Price	Q4 2010				
Min	\$10,000				
Max	\$2,100,000				
Average	\$406,744				
Median	\$383,670				
Total	\$1,168,574,324				

### Conveyancing Works/Matusik index

Data based on all file types, excludes terminations.

## Methodology

Our Solicitors and Paralegals use electronic files to systematically store all the information required to process every transaction within our business. Over time we have advanced our collection of tailored data for each transaction which has enabled us to streamline our procedures and develop automated features which benefit both client and referrer.

These systems have allowed us the ability to draw on very specific information from our database that we can use to highlight trends in the market and to assist in growing our business potential and effectiveness of our marketing strategy.

## Conveyancing Works Solicitors

Conveyancing Works Solicitors is a law firm structured as an incorporated company, which has been trading for over 11 years in Queensland. We are the leading conveyancing specialist in Queensland, providing conveyancing services for private residential buyers and sellers, and property developers. In that time we have completed over 150,000 Queensland conveyancing transactions representing some \$40,000,000,000 worth of assets.

Our systems provide unprecedented management reporting and control allowing our clients to track their transaction online and receive SMS updates during the process. There are also a team of Business Relationship Licensees who work closely with the refers in the market ensuring full and complete communication always occurs.

During our development, we have established in-house industry leading information technology systems and state of the art processes not previously seen in the industry.

We pride ourselves on being the most affordable and experienced solicitors in Queensland for conveyancing, and are committed to professionalism, quality and personalised service.

To get a quote from our experienced Staff, call 131810 or visit [www.conveyancingworks.com.au](http://www.conveyancingworks.com.au)

## Matusik Property Insights

Michael Matusik is the director of Matusik Property Insights, a Brisbane-based company that is recognised as one of Queensland's, and indeed Australia's, leading specialists in residential insight and analysis. Matusik has helped over 500 residential projects come to fruition.

As well as running a successful development advisory firm, Michael also authors the Matusik Snapshot – an in-depth analytical newsletter covering pertinent aspects of the property industry; pens a weekly property column for the Courier Mail; is a guest commentator on Saturday morning ABC Radio 612 with Warren Boland; and creator and writer of the weekly Matusik Missive.

Michael is regularly called upon by the Australian media for comment; gives over 60 presentations a year to industry leaders, including the Property Council of Australia (PCA) and the Urban Development Industry of Australia.

Michael is pleased to be teaming up with Queensland's leading conveyancing firm, Conveyancing Works Solicitors, to provide a new quarterly update on the Queensland residential market.

To follow Matusik log onto [www.matusik.com.au](http://www.matusik.com.au) today.