

Townsville Bulletin

Townsville good place to be during market mayhem, says expert

[TONY RAGGATT](#)

October 15th, 2008

IF you are going to be anywhere in these times of financial market mayhem, you will be better off in Townsville. That was the sentiment of CB Richard Ellis Townsville agent Graeme Russell whose firm in its latest MarketView report found the city was not immune to the global credit crunch but continued to be underpinned by sound fundamentals of strong population growth and a buoyant regional economy.

"I think, financially, this is one of the best places to be during these kind of conditions," Mr Russell said.

"Not everyone is at the mercy of the banks, there are cashed-up buyers around.

"There are large businesses that have to get on with their business plans.

"We can't all sit around twiddling thumbs when there are dollars to be made."

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While fear and panic had gripped financial markets and governments around the world were guaranteeing people's deposits to safeguard banks from collapse, Mr Russell said that, like it or not, Townsville was affected.

There were risks that many of the big projects hatched in the 'golden years' at Townsville would not go ahead as planned.

"It will be very interesting to see how it plays out," Mr Russell said.

"I always predict a good outcome for Townsville because it has proven to be very resilient.

"I was around when the late 1980s morphed into the recession and we are all still here.

"There was a change of market focus.

"We had to find ways of dealing with the change of times and that involved certain amounts of discounting of rentals.

"I'm not predicting we will go that way again but that was how we dealt with it and we'll deal with it again."

Mr Russell said the golden era between one and three years ago when it became very much a seller's market and a landlord's market had ended.

It had now become more competitive, giving purchasers and tenants more say.

"I'm finding prices are still reasonably firm but there's negotiation to be had now.

"A few years ago negotiations meant going up and every time we got an offer the price went up.

"Things are getting back to a normal market."

According to the report, our population growth forecasts have been revised upwards to a long-term growth rate of 2 per cent per annum to 2031.

That growth would mean the city's population would grow by about another 100,000 people to 270,000 by 2031 – more than 4000 extra people a year.

Demand for quality office space, and tighter vacancy rates, have prompted several office development proposals in the CBD.

"There is a risk, however, that lower levels of business confidence, if maintained, could impact on expansion plans and therefore demand for space," it says.

"The investment market is an area that has been noticeably affected by fallout from the global credit squeeze and general economic concerns.

"Yields have softened and the volume of sales activity in 2008 has reduced significantly."

Population growth is expected to support new and expanded retail facilities, while the resource sector and Townsville's position as the service centre for North Queensland is attracting investors and developers to our industrial market.



SOLID ... Townsville is not immune to the global credit crunch but has strengths that make it more resilient
