

Gold Coast starts to regain shine

Michelle Singer

The Gold Coast's new house and land market has passed the bottom, according to the latest report from long-time analyst Prodap.

Sales of both residential land and new houses improved significantly in the first three months of 2009, the report stated.

Compiled by Bill Morris, the report showed vacant land sales increased 78 per cent to 383 compared with the December quarter, and sales of house/land packages increased 103 per cent to 159.

Mr Morris said that in nine of the Gold Coast's top 10-performing projects, measured by sales volumes, the number of sales showed strong growth in March quarter 2009.

The locations of the sales volume increases were spread across the Gold Coast, with a significant increase in sales occurring in Gaven (Pacific Pines) and Upper Coomera, both on the northern fringe of the Gold Coast.

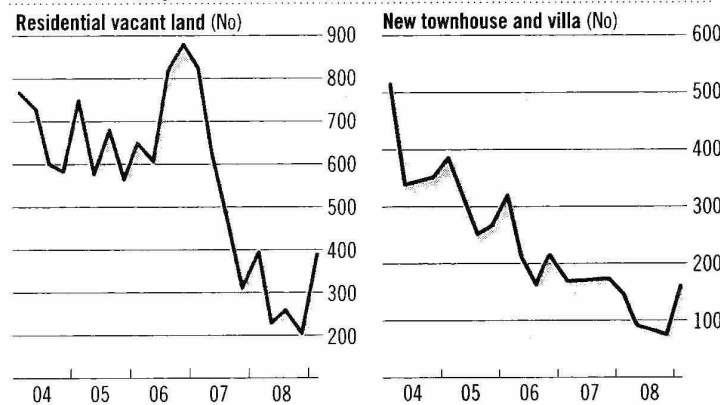
"Some would say it's entirely due to first-home buyers but it's more than that as they only represent 30 per cent of the market," Mr Morris said.

"It signifies the effect of interest rates more than anything, even though it's difficult to get finance."

Prices are yet to move. RP Data's Tim Lawless said house values remained 10 per cent below their peak achieved in early 2008 when average prices were \$594,000.

Ticking up

Gold Coast housing sales



SOURCE: PRODAP

He said that based on the RP Data Rismark Home Value Indices, house values remained unchanged at \$536,400 since the start of 2009.

"Land sales are mostly concentrated in the broad hectare areas in the northern corridor and north-western areas of the Gold Coast," he said.

"Housing markets in these areas are much more in line with market demand as they appeal to both first-home buyers and investors. Suburbs closer to the water are not as likely to be improving just yet."

According to Prodap, developers were planning to release 3800 new houses or blocks of land, compared

with the average underlying demand figure of 6000. Mr Morris said that as demand increased to its long-term average, there would not be enough stock.

As of March 13, total available vacant land lots for sale were 1217 – equivalent to 38 weeks' supply at the present rate of take-up.

Matusik Insights director Michael Matusik said government charges were part of the problem for developers. He said land in south-east Queensland was \$100,000 more expensive than in Melbourne and carried the second-highest government taxes and charges behind Sydney. Despite the low interest

rates and softening prices, Mr Matusik said Queensland's new-house and land market continued to suffer due to the high costs that were passed on to consumers.

"The new residential market is trading at less than half the volumes experienced last financial year. Queensland can no longer produce affordable new product at volume and as a result is losing sales to those states that can," he said.

"Over half of the land sold across south-east Queensland last quarter was priced over \$250,000, which mostly appeals to lifestyle buyers, who at present are not an active market segment."