

REPORT SHOWS PROPERTY SALES NOT SUSTAINABLE

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THE latest Gold Coast property report by Prodap shows 2041 aggregate sales of new developer stock for FY 10 – well short of the 6000 required to sustain population growth.

This compares to 1913 in the year ending June '09 and 1991 in the year ending June '08 for both land lots and dwellings.

Report author Bill Morris says there has been little change in the last three financial years, despite dramatic changes in the economic climate. He says the sales volumes should really be up around 6000 per year to sustain population growth of around 15,000 per annum.

“There is currently pent-up demand occurring, which eventually will lead to a rise in average prices for new product,” he says.

“We have already seen the mean average house price reach \$600,000 on the Gold Coast and it will get higher.”

Aggregate new developer stock is down to an unsustainable level of 1206 land and dwelling lots, which equates to only seven months supply at current take-up rates. There are 665 dry land lots available for sale on the Gold Coast and 80 waterfront lots.

“The low level of stock will stimulate demand in the coming months, leading to rising prices and a peak in the property cycle in late 2011 or early 2012. But the peak will be much lower than the previous one experienced on the Gold Coast in 2003-04,” says Morris.

Forecast production of new stock over the next 12 months is 3737 land and dwelling lots. Morris believes this is at a level above current demand, but still lower than underlying demand.

“The larger public company developers continue to dominate sales, with Stockland achieving the majority market share of vacant land sales (43 per cent) and Sunland achieving the majority market share of new dwelling sales (44 per cent),” he says.

The report also found that Upper Coomera, Gaven and Waterford recorded the highest number of vacant land sales in the June 2010 quarter, while Merrimac, Holmview and Ashmore were the highest in terms of new dwelling sales.