



The Prodap Report predicts new house sales to surge in 2010/11

Supply lag could fuel prices: Prodap

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GOLD Coast house prices are set to rise unless a significant number of new homes come on the market this year, a quarterly housing report has predicted.

With an underlying demand of about 6000 property sales a year to service the region's annual population growth of 17,000 people, the Prodap Report has forecast a price spike in late 2011 if planned stock does not hit the market this year.

The report predicts the market

will bounce back strongly from the GFC and record a 45 per cent rise in the number of new house and land sales in 2010/11.

It suggests sales volumes in the city will rise from 550 a quarter to 800 during the next year, driven by strong demand, population growth and favourable interest rates.

Report author and property analyst Bill Morris said the predicted price rise was part of a seven-year cycle and would not be excessive.

Mr Morris said the Gold Coast market was in good shape despite the tough economic times, and he

expected it to improve in coming months.

"What generally happens is the stock gets run down to minimal levels, there is not much new production going on and we are about to move into a period of high demand," he said.

"Normally we get a price increase at the top of the cycle and I expect to see that in the middle of or late next year."

New house and land sales in the year to March 2010 (2282) were low compared with the yearly average over the past five years (3400).