

# The Sydney Morning Herald

SE Domain  
HD **Buyers go for gold as coast heats up**  
BY Words by CAROLYN BOYD  
WC 1,467 words  
PD 8 March 2014  
SN The Sydney Morning Herald  
SC SMHH  
ED First  
PG 64  
LA English  
CY © 2014 Copyright John Fairfax Holdings Limited.

LP

SPECIAL REPORT - Invest in Queensland – Brisbane

After years in the doldrums, prices for coastal properties are on the move again.

TD

The Gold Coast - the comeback king of the Queensland coastal market - has rebounded strongly in the past six months and sales of units and houses have picked up.

"When [the Gold Coast market] is down, it generally comes back stronger than ever," says Andrew Bell, principal of the Ray White Surfers Paradise **Group**.

The Christmas holidays are traditionally busy for **property** sales on the coast as many holiday visitors take time out to peruse **property**, and this summer was particularly strong.

While the official figures are yet to be tallied, Bell says "everyone believes that we will have ... had the biggest January season in Gold Coast history".

Last January Bell's agency showed 1400 groups through open homes; this year it was 2000. "That's a big jump," he says.

Tony Coughran of boutique VFM Buyers Agents says buyers are starting to become "afraid of missing out on Gold Coast opportunities" as the market picks up.

Coughran steers investors to duplexes and smaller developments, particularly within a four-kilometre radius of the Gold Coast University Hospital and Griffith University's Southport campus. He targets yields of 5 to 6.5 per cent.

Andrew Wilson, the chief economist at the Fairfax Media-owned Australian **Property** Monitors, says the Gold Coast recorded a 6 per cent rise in its median house prices last year. "It was certainly the best result since 2010 and it brings it back to within 4 to 5 per cent of its previous price peak," he says.

Holiday lets

On the Gold Coast, interest from investors has been "very strong", says Ray White's Andrew Bell. Many are looking for apartments and townhouses priced from \$200,000 to \$400,000, and some are seeking holiday rentals they can let out but also use for themselves a couple of times a year.

Most investors purchasing holiday homes are looking around Surfers Paradise and Broadbeach. "Holiday letting has really started to pick up after several years being fairly dormant," says Bell.

When the dollar was higher the region lost many of its regular visitors to overseas destinations such as Thailand and Bali but Bell says they are now returning.

"We seem to be in favour again; we've had a lot of rejuvenation here."

Several years of falling prices is also making **property** look attractive. "For five or six years now we haven't seen many people looking to **buy** holiday accommodation but they're back in big numbers," says Bell.

Yields on holiday rentals start from 5 per cent and vacancy rates vary from building to building but are typically about 60 to 70 per cent, Bell says.

Investors seeking holiday homes tend to look for a slightly higher building quality "because they are going to stay in it themselves", says Bell. They are also happy to spend more money - up to about \$700,000.

#### Long-term rentals

Investors buying non-holiday lets tend to be more particular about the yields they want to receive, says Bell. "They're less likely to want the best position in the building and are less likely to be focused on having it in prestige condition with all of the latest mod cons," he says. "They tend to **buy** a little bit on the fringe part of the central markets and typically, they'd be paying \$300,000 or \$400,000."

In Gold Coast units, there is a bottoming out in prices. "It is just starting to get a sense of stabilisation but median prices on the Gold Coast are still about 15 per cent below their previous peak," says Wilson. "They certainly have got a long way to come back to where they were previously."

Wilson says yields for Gold Coast units are high at about 6 per cent because of the low **buy**-in prices.

"Vacancy rates are quite reasonable as well," he says. "In terms of prices growth there's still a question as to when. It still represents a medium-term to a longer-term prospect."

One challenge for investors is finding buildings with reasonable body corporate fees. "One of the problems we face here is that we have a lot of facilities in many of the buildings," says Bell. "We have swimming pools - sometimes two swimming pools - squash courts, saunas and all sorts of additional facilities that just cost a lot of maintain."

Further north, Grant Whittaker, Knight Frank Australia's Queensland managing director, says prices on the Sunshine Coast - Caloundra through to Noosa - are starting to move. "There is a market there now, where as two years ago, you couldn't sell anything up there," he says.

Buyers agent Anne Lindner of **Property** Business Sunshine Coast has seen the market pick up dramatically. At open homes last weekend, Lindner was being told by agents that "properties were under contract as we walked in the door".

"They had only been on the market for less than two weeks, the price ranges we were looking at for houses ... were up to \$550,000," Lindner says.

Lindner's buyers include families relocating to the Sunshine Coast off the back of a bounce in full-time jobs, and investors keen to tap into the shortage of rentals.

"You can ask quite a good rent at the moment for quality properties," she says. "There's probably 20 tenants at any particular open for rental."

Interest has been strong in Kawana Waters, where two new hospitals are coming online over the next few years as part of the Kawana Health Campus.

"There are very nice units for mid \$300,000s and you can still get a very nice house there for under \$550,000," says Lindner.

In the far north, Cairns is also improving. "It's a tourism-based market and ... there is a lot of **Chinese** tourism into Cairns, which is starting to help that economy rebound," says Whittaker.

#### New builds

In a dramatic turnaround from recent years, Ray White's Andrew Bell says the Gold Coast is facing a shortage of new stock after a record period without any new developments coming online. "We are critically short of brand new stock to sell. We are down to about 100 [completed] apartments left and they will probably be gone within two months."

Many buyers who have helped mop up the remaining units left over from the last building boom have come from **China**, says Bell. "They've been very active buyers on the Gold Coast."

Whittaker says while there is a lot of development being spoken about on the Gold Coast there is very little under way right now. "I suspect that within the next 12 months we will start to see a number of developments commence out of the ground," he says.

Bell says two major developments are in the pipeline in Surfers Paradise but have not yet been named or marketed. They should sell easily once brought to market, he says. "As long as their pricing is sensible [the developers] will be knocked over in the rush, just because there is pent-up demand."

Demand for land has certainly bounced back, says Andrew Roubicek, director of **residential** for Colliers International in Brisbane. "It is not a boom, it's just getting back to some more normality," he says.

Land sales rebounded on the Sunshine Coast first and then the Gold Coast followed suit, Roubicek says.

Pricing of future coastal **apartment** projects will likely be similar to those now being **sold**. "If you look at Oracle and Soul, which are two benchmark projects on the coast ... they have certainly made some good sales volumes over the last couple of years," Roubicek says. "No doubt the market is looking at that pretty closely and using that as bit of a benchmark."

Erle Cramer, managing director of Cramer **Property**, which is marketing the Soul project, says it has been a "sensational start to the year" with 36 units **sold** totalling \$49 million. The appetite for \$1 million-plus properties has returned, he says. "It is pretty remarkable."

#### Future growth

On the Gold Coast, Andrew Bell is tipping interest to remain strong in Surfers Paradise. "It clearly is still the hottest market on the Gold Coast," says Bell.

The Commonwealth Games in 2018 will inject some buzz and the new \$1.2 billion light-rail line, due to open mid-year, should boost areas such as Southport.

"People are going to move back to the Gold Coast from Sydney or Melbourne because there is now work being created for the Commonwealth Games and that will obviously create a demand for housing," says Roubicek.

**IN** irreal : Residential Real Estate | i85 : Real Estate Transactions | icre : Real Estate/Construction | ireest : Real Estate

**NS** m1421 : Gold Markets | ccat : Corporate/Industrial News | m14 : Commodity Markets | m142 : Metals Markets | mcat : Commodity/Financial Market News | mpcsm : Precious Metals Markets | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter

**RE** austr : Australia | brisbn : Brisbane | queensl : Queensland | apacz : Asia Pacific | ausnz : Australia/Oceania

**PUB** Fairfax Media Management Pty Limited

**AN** Document SMHH000020140307ea380007r