

# Apartment market begins to lift

Andrew MacDonald | September 4th, 2009

GREEN shoots of recovery could be creeping back into the local apartment market, according to new data.

The latest Colliers International Gold Coast Apartment Report has found sales of new dwellings on the Gold Coast and in northern NSW have risen for a second successive quarter.

According to the report, 178 new dwellings were sold in the region in the three months to June.

In the March quarter, 117 new apartments were sold, while only 77 were snapped up in the December quarter.

Meanwhile, 121 were sold in the September quarter.

Colliers International Gold Coast property marketing director Brinton Keath said significant drops in prices over the last 12 months, as well as renewed, tentative confidence from investors, had contributed to the gradual recovery.

"Definitely prices fell away a lot over the last 12 months and now it has got to a point where people are starting to get confident enough to get back in at a certain level," he said.

"Certainly prices are not what they were 12 or 15 months ago but I think people have adjusted in the new and completed markets.

"We seem to have reset and we're now starting to move on again.

"I think we may be seeing a bottoming out of prices."

Despite Mr Keath's prediction he said property values were unlikely to grow rapidly as investor confidence gradually returned to the market.

"While there is a noticeable increase in activity, we are not expecting any strong price growth over the coming 12 months," he said.

"This is the amount of time we believe it will take for current supply levels to be soaked up.

"Completed stock is attracting the most interest, accounting for 53 per cent of sales as investors feel confident in securing prices at today's prices and interest rates."

Mr Keath said the report found units under \$600,000 were proving most popular, suggesting - in contrast to previous quarters -- investors were predominantly driving the market as opposed to first home owners.

That finding was backed up by research from the Tweed Heads-based North Estate Agents, which found that although the boosted first homebuyers grant -- which will be scaled back on September 30 -- had led to increased activity in the sub-\$500,000 market, future growth was likely to be fuelled by investors.

"We have experienced an increase in interest from the investment market for property between \$400,000 and \$500, 000," said North Estate Agents principal Mark Humphries.