

Roller-coaster Coast property market

Leah Fineran | September 9th, 2009

THE Gold Coast could face a dramatic property price boom as early as December next year, according to the latest real estate research.

The Midwood Queensland Investment Report released today warns the city is in for a roller-coaster ride over the next 12 months with the potential for housing prices to drop even lower before beginning a steep climb leading into 2011.

Property analyst and report author Bill Morris said an influx of first home buyers into the market recently, combined with a sharp drop in new housing development approvals in the city could lead to a severe shortfall of properties for sale.

He said the predicament would drive prices up and lock average homebuyers out of the market.

"It's a classic case of demand outpacing supply," he said.

"We're running down the stock of new housing to keep pace with population growth -- it will get down to the situation where we have more buyers than houses for sale."

Mr Morris said now was still a good time for buyers to enter the market with the average house price continuing to decline in the June quarter.

Other research has shown a rise in median house prices in many Gold Coast suburbs but Mr Morris said average prices statistics were more accurate and showed average house prices had fallen 8.5 per cent and unit prices 8.8 per cent since the peak in December 2007.

However, he said even first home buyers with the government financial boost were finding it difficult to secure bank loans.

"It's still a good time to buy if you can get finance because there are bargains around and vendors are quite flexible," he said.

He said developers and builders were also struggling with the banks, leading to a shortfall of new housing product across the city.

"Developers are being restricted in their access to finance, the banks have changed their lending and we're not getting houses built," he said.

"We should have 6500 new properties being built but we're not even making it halfway."

The report states that across Queensland the development of new residential property was down 36 per cent for the year to March 2009 and estimated to be down by 41 per cent in the year to June 2009.

Across the state dwelling approvals fell to 11,888, marking the lowest point since 2000.

The only area in oversupply is the Gold Coast office market, which tops the nation with a 20.1 per cent vacancy rate.