



May 2011

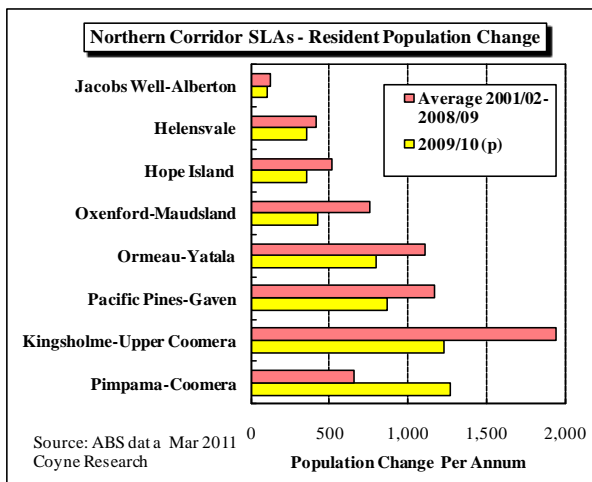
### Gold Coast Development Focus Shifts North

The Gold Coast’s Northern Corridor has become the centre of much of the region’s current development activity. With the commencement of Mirvac’s Gainsborough Greens and Stockland’s Ormeau Ridge, the focus has shifted closer to Brisbane, especially given the approaching sell-out of Stockland’s Pacific Pines project.

Stretching from Hope Island, Helensvale and Pacific Pines-Gaven in the south to Ormeau-Yatala and Jacobs Well-Alberton in the north, this growth corridor accounted for a resident population of 110,997 persons in June 2010, or 19% of the Gold Coast-Tweed’s total population of 591,473 residents. It represented 39% of the population increase in 2009/10.

The 2009/10 total increase of 5,408 persons was 19% below the average Northern Corridor increase of 6,697 persons per annum over the eight years to 2008/09. This reflects reduced net interstate and net overseas migration to Queensland.

The graph below shows that the Pimpama-Coomera Statistical Local Area (SLA) accounted for the highest population increase in 2009/10 (1,273 persons or 14.4%). It replaced Kingsholme-Upper Coomera, which was the leading growth area over the previous eight years (on average 1,943 persons or 14.9% per annum). The overall growth rate in 2009/10 for the Northern Corridor of 5.1% per annum was still double that of the overall Gold Coast-Tweed region and above Queensland on 2.0%.



It is significant that the Northern Corridor accounted for 1,062 new dwelling approvals, 54% of the total for Gold Coast-Tweed in 2010/11 to March.



The recently opened Coomera TAFE will offer vocational training in information technology, the creative industries and computer-based training for construction/engineering courses

The completion of the Coomera Campus of the Gold Coast Institute of TAFE, accommodating 500 students per day, is symbolic of the regional centre to be developed on the eastern side of the Pacific Motorway. It joins the Coomera Rivers State School and the Early Learning childcare centre in Foxwell Road as the first significant community facilities, ahead of Stage One of the Coomera Town Centre planned for around 2015/16 by Westfield and Queensland Investment Corporation (QIC).

Planning requirements around Coomera Town Centre and the proposed Pimpama railway station have seen a higher proportion of smaller lots (<400 square metres) and townhouses developed east of the Pacific Motorway. The Northern Corridor had 314 Other Dwelling approvals in 2010/11 to March, 40% of the total for the wider region.

Pimpama-Coomera had the highest number of townhouses (167 dwellings), reflecting activity at projects such as Salzburg Mews and Devine’s Arcadia Woods at Pimpama.

Other duplex and terrace style dwellings on lots of around 200 square metres are included in numerous developments in close proximity to the proposed Coomera Town Centre. They offer investment opportunities from around \$360,000 to \$400,000, with three bedroom dwellings of around 160 square metres including a single garage available for rent from \$310 to \$340 per week in the Pimpama-Coomera area and two bedroom dwellings sold for \$299,000 for a 107 square metre dwelling for rent at \$290 per week.



*Townhouses at Arcadia Woods*

### **Rental Market**

Since the Global Financial Crisis (GFC), Gold Coast residential vacancies have risen from lows of around 2.1% in early 2008 to peak in 2009 in excess of 5%.

This reflects a shift of renters into the first home owners market on the back of historically low interest rates and the First Home Owners Grant Boost. More recently, data from the Office of Economic and Statistical Research (OESR) indicates a return towards the equilibrium vacancy rate of 3.0%. The house vacancy rate in the December Quarter 2010 was 3.4%, while townhouses, apartments and duplexes had a higher vacancy rate of 5.9%, reflecting oversupplies of apartments along the main coastal strip, as well as townhouse vacancies in the Northern Corridor.

This corridor has historically been an important contributor to the region's supply of rental dwellings.

Kingsholme-Upper Coomera and Pacific Pines-Gaven are two SLAs, which in 2006 together accounted for 3,345 rental dwellings at the Census (43% of occupied private dwellings). Close to three-quarters of medium density dwellings were rented. However only 27% of separate houses in Pacific Pines-Gaven were rented, compared with 42% at Kingsholme-Upper Coomera.

Table 1 on page 3 provides a snapshot of trends in median rents for selected postcode areas, based on new bonds lodged with the Queensland Residential Tenancies Authority (RTA).

Rental growth in the Northern Corridor has been subdued since the GFC, although the median rent for a four bedroom house continued to increase steadily in the overall Gold Coast City market. A strong surge of rental growth occurred over the year to March 2008, a period of strong population and economic growth. Table 1 shows some property types saw a slight fall in the median rent in some Northern Corridor postcode areas in the year to March 2010. The soft rental market partly reflects weak employment conditions (unemployment for the region rose to 8.1% in March 2011).

### **Regional Outlook**

Over the medium term, prospects are good for a turnaround in the Gold Coast regional economy. If the Gold Coast were to win its Commonwealth Games 2018 bid, this could trigger a recovery in confidence, with major construction activity brought forward (decision due in November 2011). The opening of the Gold Coast University Hospital in late 2012 will create demand for an additional 2,000 jobs.

The completion of Stage One of the Rapid Transit System from Griffith University to Broadbeach in 2014 is likely to see resurgence in visitor numbers, as tourists and locals check out the new light rail.

Stage One of the long-promised Coomera Town Centre may become a reality around the middle of the decade, underwriting rental growth and capital gains.

**Table 1 – Selected Postcode Areas - Residential Rents as at March Quarter**

Postcode Area	2007	2008	2009	2010	2011	% Change pa 2007/11
<b>Four Bedroom Houses</b>						
Gold Coast City	\$380	\$420	\$440	\$440	\$450	4.3%
4208	\$345	\$380	\$390	\$390	\$400	3.8%
4209	\$350	\$380	\$400	\$395	\$400	3.4%
4212	\$450	\$540	\$550	\$560	\$555	5.4%
<b>Three Bedroom Townhouses</b>						
Gold Coast City	\$310	\$340	\$360	\$360	\$360	3.8%
4208	\$310	\$340	\$350	\$350	\$340	2.3%
4209	\$275	\$330	\$340	\$335	\$340	5.4%
4212	\$330	\$370	\$380	\$380	\$380	3.6%

Source: RTA Note: 2007 data for Gold Coast City based on former boundaries, including Beenleigh area

4208 postcode includes Gilberton, Jacobs Well & Alberton; 4209 postcode includes Canowindra, Pimpama, Coomera & Upper Coomera; & 4212 postcode includes Helensvale & Hope Island

The Westfield/QIC development on a 35 hectare site on Foxwell Road is expected to include a Myer department store, two discount department stores, two supermarkets, ten mini-majors and 150 specialty stores (source: *Gold Coast Bulletin* 19 November 2010, quoting Bernie Brookes of Myer). However exact details of the project and timing remain uncertain, as a development application has not yet been lodged.

Other supermarket-based centres at Ormeau and Pimpama may perhaps commence in the near future, now that infrastructure charges are to be reduced.

### Diversity a Feature

One of the features of the Northern Corridor is the diversity of new residential products on offer, from waterfront living in international resorts at Sanctuary Cove and Hope Island Resort to acreage living on the western hillsides. There are numerous current and potential projects. This is partly due to the fragmented land ownership, a result of previous subdivision patterns. Among the larger, more recent projects are the following.

Mirvac's **Gainsborough Greens** at Pimpama is the Gold Coast region's most recent golf course estate. Mirvac plans a total of approximately 2,300 dwellings over the next decade in a mix of community title and non-community title precincts. Stage One of 119 lots, Terrace Green, features a mix of golf course frontage lots of 511 to 728 square metres priced from around \$320,000 to \$425,000 and non-golf course frontage lots of 353 to 565 square metres priced from \$220,000 to \$235,000.

Golf course memberships are available separately – the golf course is being upgraded and redesigned by Ross Watson. House and land packages are available, with the initial Mirvac homes opposite the Recreation Hub priced in the \$595,000 to \$625,000 range. A builders display village of around 30 houses is scheduled to open in late 2011. Mirvac has achieved steady sales since the release in September 2010, mainly to builders and to upgraders from Brisbane and nearby estates.



*One of Mirvac's family homes in the Terrace Green precinct at Gainsborough Greens*

Other community title estates in the Northern Corridor include Stockland's **Riverstone Crossing** at Upper Coomera; Austcorp's **Coomera Waters**, developed since 2001, with a prime hilltop stage not due for release for two to three years; and Heritage Pacific's **Genesis** at Coomera, where recent offerings include 450 square metre lots priced from \$229,000, adding to its mix of 600 to 700 square metre lots priced in the \$250,000 to \$290,000 range, and packages priced from \$424,290 to \$478,000.

Stockland is the market leader in the Northern Corridor. The 5,000-lot **Pacific Pines** estate immediately west of the Pacific Motorway and Westfield Helensvale has been developed since 1993 on a mix of sloping and elevated land. It is approaching sell-out of its final land release. However Sunland Group is developing a 97-dwelling gated townhouse project, Gardene in the town centre.

At **Highland Reserve** at Upper Coomera, Stockland has been marketing since late 2005, with a wide range of lot sizes from 450 square metres near the lake to hillside lots of around 2,000 square metres. While the larger lots are priced around \$270,000 and firmly targeted to upgraders, smaller lots are priced from as low as \$180,000, with house and land packages from \$363,900 to \$399,900. These more affordable prices appeal to young families (including first home buyers), as well as older people downsizing. The inclusion of the Highland Reserve Primary School, with state of the art classrooms, wireless broadband and laptops for all children, has enabled the estate to maintain above average take-up rates. Availability of developer rebates, incentives and finance has also assisted.

Stockland's **Ormeau Ridge** estate, with a total of up to 900 dwellings around a one hectare Hilltop Park and linear park along the Pimpama River, is also targeting a more affordable market segment. Lots of 350 square metres are priced from \$192,000, 450 square metre lots around \$225,000 and lots of 600 to 700 square metres around \$264,000. The mainly single storey house and land packages are priced from around \$350,000 to \$425,000. The family oriented recreational facilities appeal to both first home buyers and upgraders, but the competitive prices have also attracted some investors.

Ormeau Ridge has been selling well off-the-plan, especially to the southern Brisbane/Logan markets, since its release in late 2010.

Generally speaking, the sloping land to the west of the Pacific Motorway has determined that the vast majority of lots on offer at Upper Coomera over the past decade have been traditional and larger lot sizes of 600 square metres plus in established estates such as **Coomera Springs** and **Stone Creek**.

Ability to sell existing homes in the current more subdued conditions continues to impede sales at many such estates that are mainly targeted to owner occupiers.



*Small lot detached houses within the immediate Coomera Town Centre catchment*

Many of the newer estates, especially east of the Pacific Motorway are offering higher proportions of lots around 300 square metres. Estates such as Devine's **Arcadia Woods** (opposite Gainsborough Greens at Pimpama) and Ingles Group's **Big Sky** estate in Finnegan Way, Coomera have sold predominantly to investors.

Big Sky, with around 100 lots in Stages One and Two, has been marketing since 2009. The larger 400 to 600 square metre lots sold readily at prices from \$238,500 to \$252,000. However about one-third of around 30 lots of 300 square metres are still available, priced at \$198,000, with predetermined two storey house designs. This may reflect the reduced appetite of investors for the Gold Coast market, as the completed houses appear to have been well accepted by the rental market.

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