



# Opportunities build in prestige residential market

Property analyst Colleen Coyne, says the Gold Coast prestige residential market is showing signs of improvement, although there are still a large number of properties available. This represents an opportunity for serious buyers to join the exclusive lifestyle offered by beach and waterfront locales.

THERE is a close correlation between the prestige market and business performance.

This means that company profits and share market gains or losses can be key leading indicators of activity and price movements. From mid-2009, Australian business confidence has been rising. National Australia Bank's February 2010 survey saw a rebound in business confidence as the nation shrugged off recent interest rate increases and welcomed back growing activity in the resources and energy sectors. However, Queensland's business conditions continue to lag the general recovery.

The good news for the Gold Coast's prestige market is that recent months have seen a significant increase in inquiry levels from serious buyers, as well as an increased number of sales.

During calendar year 2009, sales numbers in the \$2 million plus range were down by roughly half on the peak year of 2007. Sales over \$5 million declined even further, from activity levels and prices that most agents would agree were simply unsustainable. This has seen a significant correction in prices. Although comparing 'like with like' can be difficult in this market, it is thought that current prices are around 20 per cent down on the peak.

More realistic pricing has stimulated buyers, who can now identify this as good value. Failure to sell some high profile properties at recent summer auctions for example, often reflects the gap between vendors' expectations and what the market is now prepared to pay. That said, there is also less urgency among vendors.

The vast majority of prestige properties in the current market are selling to locals, with some evidence of Brisbane and interstate buyers for apartments and offshore buyers for top-end waterfront properties in the

northern Gold Coast. Absentee owners continue to be among the more committed vendors.

Notable sales of the past year included:

- The \$18 million house purchase at 1 Albatross Avenue, Mermaid Beach in April 2009;
- In November 2009, the \$9 million purchase of Utopia, a luxury house on a double block at The Sovereign Islands;
- In February 2010, the sale at auction for \$8.2 million of 14 James Street, Currumbin, an elevated house in a bush land setting offering expansive beach views;
- Sanctuary Cove's \$7.2 million waterfront lot of 4000 sqm, sold to a Hong Kong businessman in mid-2009; and
- Off-the-plan sales in Element on Burleigh – a penthouse for \$4.2 million and a subpenthouse for \$3.1 million; and more recently a penthouse in Eclipse at Broadbeach for \$3.5 million.

Locals looking to upgrade from older apartments or to downsize from large houses for permanent apartment living have been driving recent activity, so that the improvement in the apartment market of \$2 million plus appears to have been greater than for houses. At Oracle in Broadbeach, Niecon has amalgamated adjoining units to create penthouse-sized apartments on mid-level floors for several off-the-plan buyers of this kind.

It will take some time to clear the available supply of prestige resale properties. However, there are limited numbers of new projects in the pipeline, mainly due to the shortage of funds for development. This should see a return to price growth over the medium term.