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QUALITY AND PRICE DRIVE SALES ACTIVITY

Our recent review of the Gold Coast's Northern Corridor and observations of the wider market indicate that well-located, quality projects have tended to outperform other products in the market. This is provided the price is also attractive or appropriate incentives are available.

Lack of finance for both end purchasers and developers continues to inhibit activity. Buyers seeking to upgrade to new homes in owner-occupier estates such as Stone Creek at Upper Coomera or apartment buildings along the coastal strip are still finding it difficult to sell existing homes at the desired price to fund the transition.

In the Northern Corridor, the development focus has shifted towards Brisbane and Logan with the commencement of the region's most recent golf course community at Gainsborough Greens at Pimpama, and the two Stockland estates of Ormeau Ridge and Vale at Holmview Central. Masterplanned communities with extensive community and recreational facilities, addressing a range of market segments, have achieved higher sales rates on a more consistent basis than newly developed estates in areas of fragmented land ownership.

Nevertheless, estates at Pimpama and Coomera are contributing to the region's supply of more affordable rental accommodation, for example, houses on lots of 400 sq m or less at Ingles Group's Big Sky and townhouses and duplexes at Devine's Arcadia Woods at Pimpama.

With the Coomera Town Centre still some years away, greenfield projects east of the Pacific Motorway are still somewhat isolated from community facilities. In contrast, a gated townhouse project with recreational facilities, such as Sunland Group's Gardene in the heart of the Pacific Pines Town Centre, can command a higher price point than the townhouses at Coomera and Pimpama.

Affordability for new housing remains an issue in the Gold Coast market. It is necessary to look in the Logan corridor at developments such as the Flagstone estate at Jimboomba to find significant supplies of land priced under \$180,000 or house and land packages under \$350,000.

Many factors have contributed to the Gold Coast's reduced demand and falling construction activity. However, there is little doubt that the situation for

developers has been exacerbated by high infrastructure charges and planning delays and complexities. This has resulted in developers selling sites and departing the Gold Coast market for other jurisdictions.

The recent state government announcement that the infrastructure charges will be capped for residential development and reduced for non-residential development from 1 July 2011 is therefore most welcome. It is hoped that some postponed non-residential developments, for example to service the growing population in the Northern Corridor, can at last proceed over the next one-to-two years.

On a positive note, the Gold Coast's tourism industry has enjoyed high occupancy rates over the recent Easter holidays, a turnaround from the summer months, when Queensland's disasters resulted in reduced visitor numbers. The tourism industry continues to outperform, despite challenging times, partly due to access via Gold Coast Airport and proximity to the Brisbane region.

Buyers have started to return to the coastal strip's new apartment market over recent months, notably from interstate. There is a sense that choice might be running out in the lower price ranges and in well-located, quality projects, even if there is still an oversupply of higher priced apartments.

Brisbane and Queensland country buyers have purchased discounted stock, for example at Santai and Beach Shacks in Casuarina at prices typically in the \$200,000 to \$400,000 range. Stock is also moving in the \$600,000 to \$1.5 million range at centrally located projects, such as Amalgamated Property Group's Sierra Grande at Broadbeach and Element at Burleigh Heads.

It is possible that 2011 will represent the bottom of the current cycle, but it is anticipated that the recovery process will continue to be gradual. ■



Gainsborough Greens