



# Residential Overview

## ***HERRON TODD WHITE*** ***PROPERTY MARKET OVERVIEW***

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# The Gold Coast



[www.htw.com.au](http://www.htw.com.au)

## Volume of sales

fallen from

**17,000 in 06/07**

to

**9,800 in 09/10**

(only 2000 between 1 January and June 30)

# Growth Corridors

Strategic Plan released July 2009

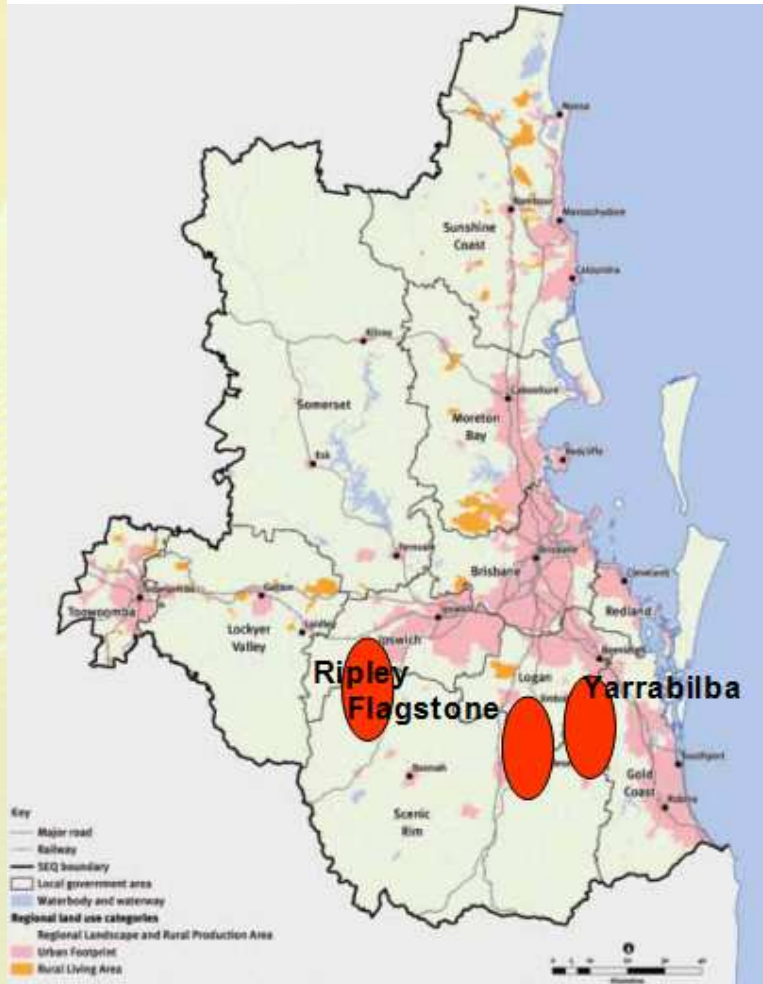
Plans for growth to 2031

Emphasis on Transport Orientated Developments (TODS)

Plan to re-direct growth inland

New directions:

- 3 new inland cities
- push Townsville as regional centre
- decentralise government departments to  
**Bowen Hills**  
**Fitzgibbon**  
**Ipswich**



# Development Sites

- Limited Gold Coast sale transactions over past 24 months
- Little interest from prospective purchasers (unless cheap)
- Major issues with gaining funding
- Site values have come off approx. 17 – 45%
- Feasibilities don't stack up unless land bought well
- Medium density bucking trends



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## Site values - Why they had to fall!

### Simple Development Exercise







#### Development Cost

Land	4,000	m2 @	\$300 /m2	1,200,000
Building	2,000	m2 @	\$800 /m2	1,600,000
Interest				120,000
Acquisition Costs				50,000
<b>Total Cost</b>				<b>\$ 2,920,000</b>

#### Achievable Value

Achievable Income	2,000	m2 @	\$ 120 /m2	240,000
Capitalised at			<b>8.50%</b>	\$ 2,823,529
less leasing costs			0.15	36,000
Incentive		3 months		60,000
				<b>\$ 2,727,529</b>

# Cash is competing with property...

1 Year Term	30 Day Term	90 Day Term	3 Year Term
	Term Deposit No monthly account keeping or transaction ...		Fixed <b>7.25%</b>
	Premier Investment		Fixed <b>7.05%</b>
	Term Deposit		Fixed <b>7.00%</b>
	Security Plus		Fixed <b>7.00%</b>
	Standard Term Deposit		Fixed <b>7.00%</b>
	Regular Income Term Deposit		Fixed <b>7.00%</b>

# SEQ englobo site sales



Address		No of Lots	\$ / Lot	Total Sale Price
Waterford	2010	535	\$43,925	\$23,500,000
Augustine Heights	2010	171	\$52,807	\$9,030,000
Narangba	2010	600	\$41,666	\$25,000,000

- Steady during 2009
- Sales have included rebates
- Sale prices stabilised second half of 2009
- Supply generally restricted by major developers to maintain prices
- Land + building costs > current sales prices

## Residential Vacant Land Market

### Sales Volume



Source: The PRODAP Report June QTR 2010

# Housing Market

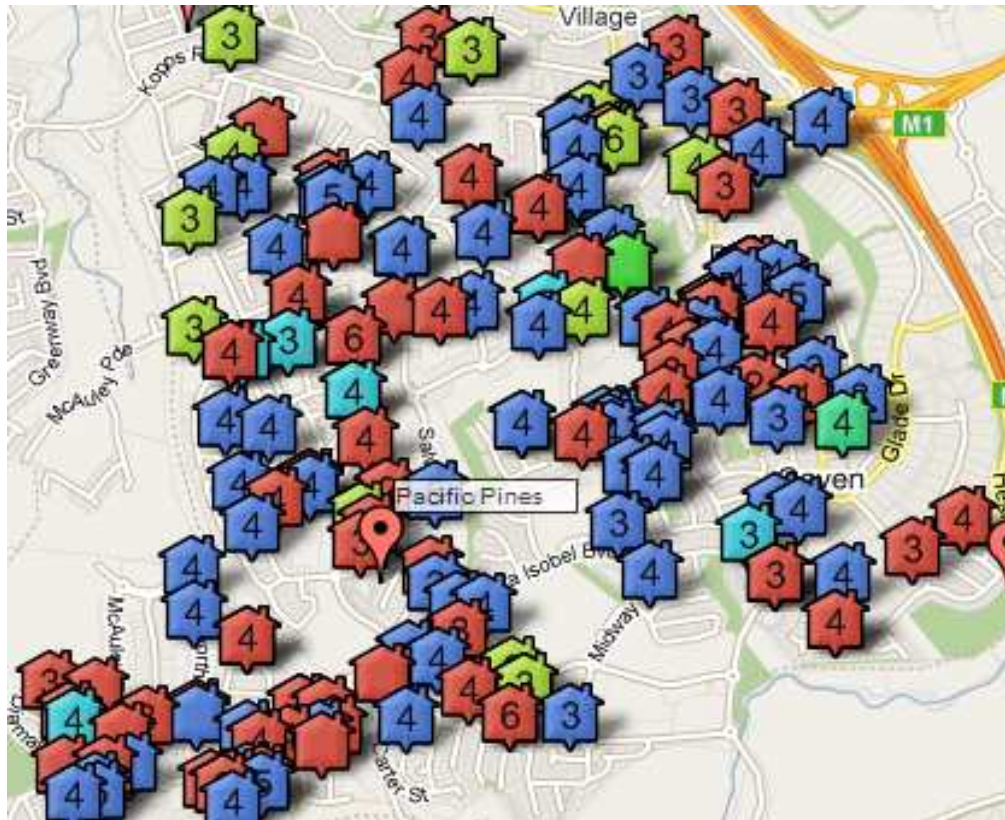
- Under \$500k strong through 2009 (5 - 10% increase) but have slowed since FHOG ended
- Middle and upper markets remain soft with buyers very selective
- Since Easter 2010 volumes dropped by 20 to 30%
- Rentals softened by 5 to 25%
- Supply is a concern in some locations/price brackets

# House Market Supply



- Broadbeach Waters has 168 properties for sale
- 226 house sales in 12 mths to end March 2010
- 36 are asking over \$1,000,000
- 70 over \$1.0m sold in same period

# House Market Supply



- Pacific Pines - 200 houses for sale
- 344 house sales in 12 months to end March 2010
- ie 10 months stock on market

# Prestige Residential Sales



## **1-3 Britannic Cr, Sovereign Islands**

Sold April 2008 for \$3,800,000

Renovated - \$1.0m

Re-sold March 2010 for \$7,200,000



## **255 Monaco Street, Surfers Paradise**

Sold April 2005 for \$7,675,000

Renovated - \$3.0m

Re-sold February 2010 for \$8,500,000

# Prestige Residential Sales



## **52 Admiralty Dr, Surfers Paradise**

Sold November 2005 for \$5,700,000

Re-sold May 2010 for \$5,750,000



## **122 Commodore Dr, Surfers Paradise**

Sold September 2007 for \$5,755,000

Re-sold July 2010 for \$3,750,000



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# Apartment Sector

- Oversupply of near new resale apartments
- A number of projects have been shelved
- Good quality master planned estates (eg Varsity Lakes and Emerald Lakes) are generally steady
- Purchasers favouring amenity (TODS)
- Holiday accommodation on Tweed Coast are most effected
- Settlement risk in new projects is the hot topic



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# Highrise Settlements

400 sold off the plan out of 505 units.

Sales range from \$9,000 to \$12,000/sqm

Re-sales of quality units range up to \$8,500/sqm.



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# Prestige Units

## **26702 Ephraim Island, Paradise Point**

Sold September 2003 for \$2,250,000

Re-sold April 2010 for \$1,810,000.

## **2471 Skyline North Tower, Chevron Renaissance, Surfers Paradise**

Sold May 2007 for \$4,000,000

Re-sold June 2010 for \$2,100,000

# Medium Density

- Star performer during 2009 (The Parc in Tugun has sold out)
- Price points under \$400k - \$450k
- Solid rental returns
- Owner occupier and investor demand
- Potential to ease during 2010



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- 75 two level townhouse units
- Extensive communal facilities
- 66 sold to date
- Sale prices range between \$390k - \$430k



# Cassia Merrimac



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# Blue Sky.....

- **Economy will recover**
- **Population is growing at 15,000 pa**
- **Billions being spent on infrastructure**
- **Good weather and surf – Tourist mecca**
- **Opportunistic buyers will be rewarded**

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