

Prices likely to soar as land runs out

by Peter Gleeson
chief reporter

THE Gold Coast has less than three months of vacant land available, sparking fears house prices and rents will soar to record levels.

Latest data from the Prodap report released yesterday shows sales of house and land packages have plummeted to an all-time low, meaning affordability has become almost impossible for tens of thousands of people wanting to buy their own home.

Stocks of vacant land are declining markedly, sitting at less than 90 days supply, which the report says is 'far too low'.

In Mudgeeraba, for example, available vacant land has been snapped up quickly by investors, with projects such as The Aspect and Mudgeeraba Rise sold out.

The report said there was a production shortfall of about 1000 houses in the Gold Coast region and planned production of new dwellings was low 'which will exacerbate the availability of rental accommodation and put increasing pressure on rents'.

Rents on the Gold Coast are already the highest in Queensland, rising an average 10 per cent in the past year, four times the Consumer Price Index, which is 2.7 per cent.

The report's author, Bill Morris, says house prices are set to increase again leading into 2008-09 and demand will exceed supply, putting extra pressure on land prices.

"Vacant land sales maintained their strong run which started in September, 2006," said the report.

"This has been the highest consecutive three quarters since the 2002-2003 boom.

"However, the stock of vacant allotments has dwindled to 740, less than three months' supply. This is putting upward pressure on land prices.

"Supply is being hampered particularly in the boom suburb of east Coomera. Prices are buoyant and are set to rise in our opinion leading into 2008-09



Prodap report author Bill Morris

when demand will increasingly exceed the supply of residential land."

The report said new house building had surged in the past six months after 'treading very cautiously since 2003'.

It said the problem the building industry

now faced was finding the labour to build the houses and units as the non-residential sector also began to surge.

Mr Morris said the stock of conventional dry lots was approaching the low levels that were available just before the 2003 boom.

He said sales of house and land packages were at 'dismally low levels', down 46 per cent, reflecting lower levels of investment in new rental properties.

"This is because of two primary reasons," said Mr Morris.

"The investment market has been regulated in Queensland requiring disclosure of sales commissions and 'cooling off' periods and new product has been limited by the amount of equity being directed into residential property, compared to the stock market."

According to the report, the city's 'hot spots' for vacant land sales included Upper Coomera, Biggera Waters, Coomera, Waterford, Oxenford, Ormeau and Mudgeeraba.

A total of 740 lots were available for sale at the end of March, with 4228 planned over the next 12 months, although about 20 per cent will not eventuate.

Volume is being restrained by low stock levels, particularly in booming Coomera. Packaged housing sales were best at Varsity Lakes, Hope Island, Mudgeeraba and Oxenford.