

Home prices set to rocket again

by Jenny Rogers

GOLD Coast house prices are tipped to rise by a nation-leading 22 per cent over the next three years as Australia's fastest population growth in two decades fuels a ferocious demand for housing.

The city, along with Brisbane, the Sunshine Coast and Darwin, is expected to have the strongest price growth in the country through to 2011, according to leading independent economic forecaster BIS Shrapnel.

The Residential Property Prospects 2008-2011 report also predicts another interest rate hike in the September quarter this year.

But this would do little to slow the need for housing on the Coast thanks to continued interstate and overseas migration, 'significant' pent-up demand and strong employment and wages growth.

In a separate study, the Midwood Report has highlighted a lack of hotel stock on the Gold Coast and said the most obvious site was in Broadbeach close to the convention centre.

The Gold Coast's median house price is expected to rise from \$475,000 to \$580,000 by 2011, according to BIS Shrapnel senior project manager and study author, Angie Zigomanis.

"The shortage of new properties being built, the strong demand from population growth, both interstate and overseas, and the very low rental vacancy rates on the Gold Coast are all the factors bubbling away beneath the surface and fuelling housing demand," said Mr Zigomanis.

He said housing price growth would be slower in the 2008-09 financial year as the market recovered from a series of interest rate hikes and the global credit crunch and should then pick up pace towards 2011.

Mr Zigomanis said that despite a further predicted rate hike, the average cost of renting was set to rise much more than the cost of buying in 2008-09 and 2010-11.

The national population is expected to grow by 1.5 per cent through 2008-09, the highest since the late 1980s.

"Australia is experiencing

record net overseas migration inflows, which is underpinning what is already strong underlying demand for housing," he said.

"With construction of new dwellings below previous peak levels, a rising deficiency of dwellings is also evident in the extremely low vacancy rates which will drive strong rental growth in most cities."

The Midwood Report called for more hotels to be built on the Gold Coast and said the Broadbeach area close to the convention centre was the most obvious site.

"The Gold Coast has not seen a new hotel constructed since the Palazzo Versace in 2000," it said.

"The Hilton and Azzura Pacific Resort are the only two projects proposed since then and are both unlikely to be completed before 2011."

The report said average hotel occupancy rates on the Gold Coast had risen from 61.6 per cent in 2000 to 72.9 per cent in 2007 and average room rates had risen from \$117.11 per night to \$165.72 per night over the same period.