

# Why Invest on the Gold Coast?

December 2007

### Location

The City of the Gold Coast is 1,401 km<sup>2</sup> in area and stretches from Beenleigh in the north, to Mt. Tamborine in the west and south to Coolangatta and faces the Pacific Ocean. It is Australia's premier tourist destination and is the country's sixth largest city. Surfers Paradise is 80 kilometres south of the Brisbane International Airport. The Gold Coast is a world class location with over 40 kilometres of unpolluted beaches and protected inland waterways all set against a back drop of spectacular National Park scenery.

### Population growth

The Gold Coast is the fastest growing municipality in Australia and has been for many years. Currently the city is growing by 3.5% per annum and has now reached a population of more than 507,000. In addition to this resident population base numerous visitors are attracted to the Gold Coast each day. This swells considerably when events are taking place such as Indy, Magic Millions, Schoolies Week, conventions and school holiday periods.

By the year 2026 the Gold Coast is projected to be home to over 760,000 residents. Population growth will continue to drive the Gold Coast into the future, much of which will stem from the baby boomers (aged 46 to 61).

### Tourism

The Gold Coast attracted approximately 4.58 million visitors (829,600 international and 3,757,000 million domestic) during the 2006/07 financial year and approximately 5.9 million domestic day trippers. Japanese and New Zealanders made up the largest proportion of international visitors.

During the June quarter of 2007 hotels on the Gold Coast had a room occupancy rate of 63.7%, motels 56.9% and serviced apartments 61.5%.

The extension of the Gold Coast Airport runway was completed mid way through the year and will see long haul direct flights from overseas destinations such as Asia and the Middle East. Gold Coast Airport has experienced continued passenger traffic growth with total passengers numbers reaching approximately 3.7 million for the 2006/07 financial year, an increase of 69.4% on figures of four years ago.

### Housing demand

There was a need to create approximately 6,900 new dwellings for the year ending June 2006, or 133 new dwellings per week on the Gold Coast to satisfy the growth in population.

According to Prodap research there were 700 vacant lots for sale at the end of the June 2007 quarter and approximately 4,368 vacant lots to come into the market over the next 12 months.

Based on current selling rates, there is around 13.8 months supply of new apartments across the high, medium and low rise sectors and only six months supply of new house and land packages.

### Residential markets

The median cost of a detached house on the Gold Coast during the six months ending 30 June 2007 was \$432,500. This is an increase of 76.5% from five years ago.

The median cost of a residential unit on the Gold Coast during the same six month period was \$340,000, an increase of 72% from five years ago.

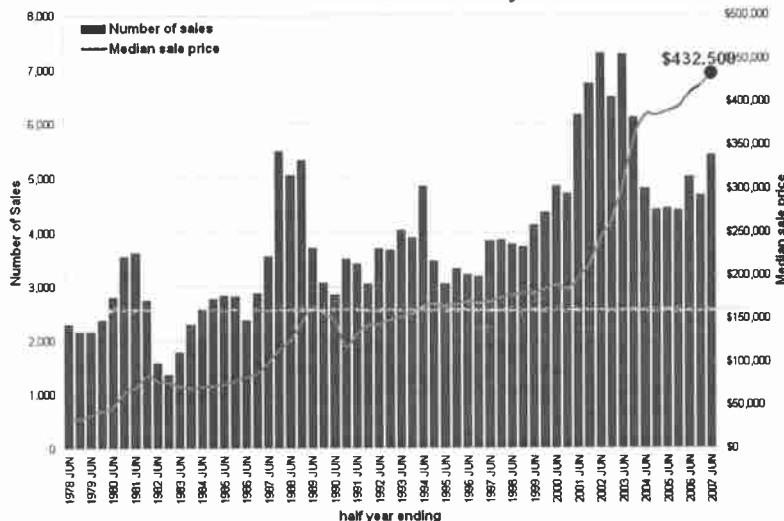
The median cost of a vacant block of land on the Gold Coast during the same period was \$215,000, an increase of 92% from five years ago.

Approximately 10,000 detached houses sold on the Gold Coast during the 2006/07 financial year. In addition, almost 9,500 residential units (new and existing stock) were sold and 2,900 blocks of vacant land.

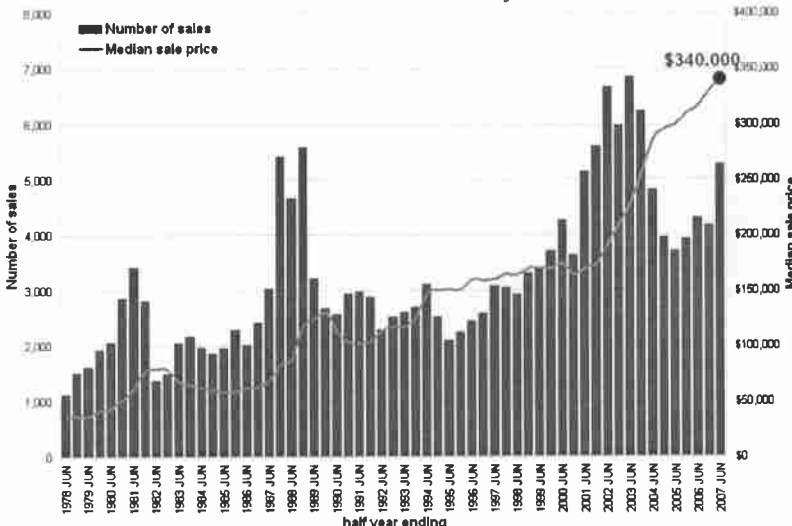
### Employment

Queensland's unemployment rate for September 2007 was 3.6%, just slightly above its lowest level of 3.5% in August 2007, and well below the national rate of 4.4%. The overall unemployment rate for the Gold Coast at the June 2007 quarter was 4%.

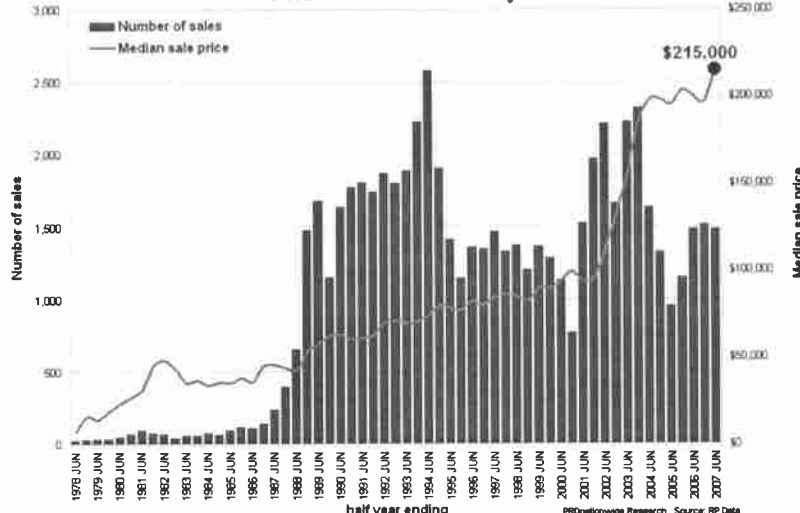
Gold Coast - house sales cycle



Gold Coast - unit sales cycle



Gold Coast - land sales cycle



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**Commercial market**

The Gold Coast commercial market shows continued demand for property, with limited availability of quality stock.

There have been some significant commercial sales reported during the year which demonstrate the confidence investors have in the Gold Coast market. The largest commercial sale over the last twelve months would be the sale of the Corporate Centre at Bundall and associated sites for \$106m. Some other examples are; Aspect at Varsity Lakes \$19m; 11 Elysium Road, Carrara \$10.7m; a restaurant on the Gold Coast Highway at Broadbeach \$6.6m; 21 Orchid Avenue, Surfers Paradise \$9m and Earle House at Nerang \$3.5m.

**Office space**

At July 2007 the city's major office precincts of Southport, Bundall, Surfers Paradise, Broadbeach, Robina and Varsity Lakes had a total office space area of 370,438m<sup>2</sup> of which only 5% or 18,626m<sup>2</sup> was vacant. The overall vacancy rate has fallen from a high of 35% in January 1993 to sit at the current rate, again confirming the level of business confidence on the Gold Coast.

**Industrial**

The Gold Coast industrial market continues its drive forward from Murwillumbah to Beenleigh on the back of continued population growth, strong local economy and steady industry development. As a result we are experiencing low vacancy rates across all sectors.

Owner occupiers have emerged as the drivers behind the recent surge in land and vacant possession values. Vacant industrial land continues to rise with recent sales rates of between \$450/m<sup>2</sup> and \$500/m<sup>2</sup> being achieved. In the emerging areas of Yatala and Ormeau, land values are currently around \$350/m<sup>2</sup> to \$450/m<sup>2</sup> for serviced developable blocks. Unserviced blocks are being heavily sourced in the northern industrial precincts of Yatala and Stapylton with larger sites being snapped up for between \$80/m<sup>2</sup> to \$130/m<sup>2</sup>. Vacant possession rates have seen prices range from \$1,500/m<sup>2</sup> to over \$2,200/m<sup>2</sup> in some central Gold Coast industrial suburbs.

Rental rates have steadily increased over the past five years with vacancy being readily absorbed. The investment market continues to attract keen interest from local and southern investors with yields showing around 7.5% to 8.0% for industrial property.

**Sites**

The supply of suitable development sites along the coastal strip of the Gold Coast is fast diminishing and amalgamation is becoming more difficult. Developers are now looking to the northern corridor and other areas for opportunities. In the future we are likely to see a focus on mixed use sites and transport oriented developments (TOD) in close proximity to the rail and bus stations. Several major development sites have changed hands this year. Some examples of these are; 6.72ha site at Tugun \$16.9m, 5.39ha site at Varsity Lakes \$26.4m, 4.04ha site at Ormeau \$5.3m, 53.5ha site at Gilston \$16m, 630m<sup>2</sup> site on The Esplanade at Burleigh Heads \$3.95m, 1,445m<sup>2</sup> at Labrador for \$4.25m, 11.63ha at Nerang for \$20.75m, 3,783m<sup>2</sup> on Gold Coast Highway at Mermaid Beach \$8.25m, 2.47ha at Hope Island \$12.7m, 23ha at Holmview \$20m, 1.2ha at Budds Beach \$32.9m, 792m<sup>2</sup> beachfront site in Surfers Paradise \$14.8m and a 1.42ha site at Robina \$8.36m.

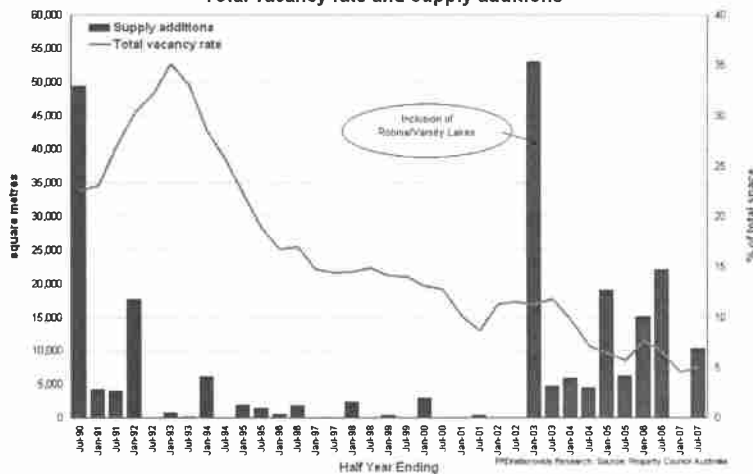
**New development**

As at October 2007 there was approximately \$66 billion worth of new development either under construction or in the planning stages on the Gold and Tweed Coasts. This figure is conservative as it was based on projects with an end value of \$10 million or more and therefore does not include smaller development projects. The majority of the \$66 billion of development is in the residential housing sector with \$22.7 billion.

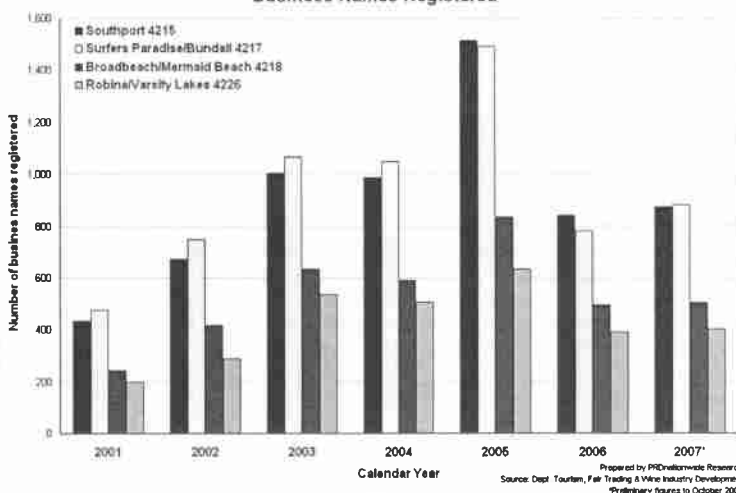
**Business**

The number of business name registrations on the Gold Coast peaked during 2005 with 4,468 registrations in the postcodes of 4215, 4217, 4218 and 4226 which are the main commercial precincts of the Gold Coast. Since then the numbers have steadied to record preliminary figures for 2007 of 2,654.

**Gold Coast Office Space**  
Total vacancy rate and supply additions



**Business Names Registered**



**Why invest on the Gold Coast ?**

- It is the fastest growing municipality in Australia.
- It has 4.5 million visitors annually.
- There is a need to create 6,900 new dwellings or 133 new dwellings per week to satisfy population growth.
- The median cost of a Gold Coast home is \$432,500. Prices have risen 76.5% from five years ago.
- The median cost of a Gold Coast unit is \$340,000. Prices have risen 72% from five years ago.
- The median cost of a residential vacant block of land is \$215,000. Prices have risen 92% from five years ago.
- Office space vacancy is sitting at 5%.
- The Gold Coast offers a lifestyle which is world class.

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Source: PRDNationwide Research, Gold Coast City Council, RP Data, Qld Dept. of Natural Resources, Property Council of Australia, Gold Coast Airport, Prodap, Tourism Research Aust., Qld Dept. of Local Govt., Planning, Sport & Recreation, Qld Dept. of Tourism, Fair Trading & Wine Industry Development, Aust. Govt. Dept. of Employment & Workplace Relations

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