

Floor's in sight for Qld housing

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Queensland house prices will hit bottom by the end of this year and are likely to slowly rise to a peak by the end of 2011, according to the May edition of the *Midwood Queensland Investment Report*.

For the March quarter, Gold Coast house prices fell by an average of 16 per cent since the peak of the market in December 2007.

Brisbane slumped 10 per cent over the same period.

The November 2008 edition of the *Midwood* report predicted a 20 per cent fall to the bottom of the Queensland housing market and Bill Morris, author of the report, believes there is not much further to go to reach the prediction.

"We think the bottom will have been reached by the end of 2009. Prices will then begin to rise again in 2010," the report says.

Mr Morris believes the Gold Coast and Brisbane markets will lead the housing sector out of its slump, followed by Townsville and Cairns.

The stringent approach adopted by banks to development lending has created a dearth of rental accommodation in Queensland.

"Suncorp's decision to retreat



Gold Coast rental yields are strong.

Photo: GLENN HUNT

from all property lending is a body blow to the development industry because there is no longer a 'home team' financier which specialises in the Queensland market," the report says.

Mr Morris predicts that a return to development funding by the banks, combined with lower interest

rates, will see developers and investors flock back to the housing sector, providing a much needed boost.

The lack of construction activity and rental investment properties, in Brisbane and the Gold Coast in particular, may be remedied further by government legislation introduced last year.

The federal government introduced the National Rental Affordability Scheme to stimulate the supply of up to 50,000 new affordable rental dwellings.

Under the scheme, successful applicants will be eligible to receive a national rental incentive (about \$8000) for each approved dwelling, on the condition they are rented to eligible low and moderate income households at 20 per cent below market rates.

According to the report, Gold Coast rents continue to rise above the consumer price index. These higher growth rates for one- and two-bed flats reflect demand at the lower end of the rental scale. Rents for three- and four-bed houses continued to escalate at about CPI.

In a glimmer of hope for the beleaguered high-rise apartment sector on the Gold Coast, the report reveals there were 79 unconditional sales in the May 2009 quarter.

"This is the best figure recorded over the last nine-month period and is encouraging."

Stock levels, or units available for sale, have risen to 1465, which is about one year's supply at normal take-up rates (1500 a year), but longer at current take-up rates (4½ years).