

# Rentals cool as tenants buy up

THE Gold Coast property market will stabilise by the end of the year in response to a growing number of loan approvals for first home buyers, according to statistics released yesterday.

The latest Housing Finance figures for April, released by the Australian Bureau of Statistics revealed loan approvals had risen for the seventh consecutive month, largely because of first home buyers taking up the Federal Government grant.

Investors are also starting to come back to the market.

In April, 28 per cent of loans approved were for first home buyers.

First home buyers have also helped curb dramatic increases in rents on the Gold Coast in the March quarter.

Bill Morris, author of the Midwood Queensland Investment Report, said landlords were facing lower interest rates and less competition in the rental market as more people took advantage of the grant.

By the end of the year the Gold Coast property

market would have 'bottomed out', after prices dropped by 16 per cent from December, 2007, to March, 2009.

"There's some hope out there. We should see prices start to rise gradually by early next year.

"It will then peak again early in 2010."

But the news wasn't all good.

Approvals for new developments on the Gold Coast have slumped to record lows.

According to the Midwood report, there were just 1564 new house and unit approvals recorded from October, 2008, to March, 2009, less than half of what was expected in that period.

Mr Morris said the development approval figures were a result of fewer development applications being lodged with the Gold Coast City Council and banks refusing to fund new developments.

He said banks were instead concentrating on funding low-risk, lower profit home loans.

"But they are going to have to fund some developments sooner or later (to get their profits back up)," said Mr Morris.