

Rents up, hotels down in two-speed state

BRIDGET CARTER

RENTS in Queensland's resource hotspot, Gladstone, increased more than 20 per cent in the three months to September as the city's workforce expanded in response to the area's \$50 billion worth of approved coal-seam gas projects.

This compares with rent rises of about 5 per cent for the previous corresponding quarter, according to Woodward Report's update for the September quarter.

The report's author, Bill Morris, said rents for houses in Gladstone rose by about 30 per cent, while apartment rents lifted 20 per cent on average.

"It is all due to the coal loader at Curtis Island. That is a big project near Gladstone and it is going to employ 10,000 people in the next 10 years," Mr Morris said.

BG Group's Queensland Gas is developing the Queensland Curtis LNG project which involves expanding CSG production in the Surat and Bowen basins and building a 540km natural gas pipeline network and liquefaction plant on Curtis Island.

Santos and partners are also building the \$US16bn (\$15.8bn) Gladstone liquefied natural gas project in Queensland, which will supply Asian customers with up to 7.8 million tonnes of LNG produced mainly from CSG.

Principal of Raine and Horne

Gladstone, Mark Patton, said the influx of people to the city had driven rents up by about 20 per cent during the September quarter. "It is based on the construction phase for the gas refinery projects," he said.

Leading up to October, there was a marked increase in activity, but this had plateaued, he said.

Raine and Horne records show that in September units were renting for an average of \$416 a week, while the average weekly rent for a three-bedroom house was \$525.

However, it said rents in the city fluctuated sharply, with average rent for units in December being \$320 a week and \$500 a week for a three-bedroom house.

Midwood noted that rents on the Gold Coast were flat due to the downturn in construction and the flow of people to mining towns.

The number of hotel room nights sold on the Gold Coast fell 6 per cent and occupancies were down 4.5 per cent for the June quarter compared with the previous year, based on Australian Bureau of Statistics figures.

"These are significant falls. The only explanation can be the stronger dollar," Mr Morris said.

Gold Coast hotel occupancy rates were unlikely to improve while the Australian dollar was still high, he said. Serviced apartments performed better, reflecting more domestic visitors than those from overseas.

According to Midwood, the Gold Coast City Council approved four projects at one meeting on November 28. These were the beachfront tri-tower development Jewel; an apartment project in Old Burleigh Road, Surfers Paradise, worth a reported \$950m; and a sixth stage of Meriton's Brighton on Broadwater residential tower; as well as the expansion of the Treetops Shopping Centre and residential apartments at Burleigh West and the demolition and reconstruction of Labrador Park shopping centre.

The number of hotel room nights sold on the Gold Coast fell 6 per cent

"Each of these applications had been under negotiation for more than 12 months," Mr Morris said.

However, he believed the 2018 Commonwealth Games would provide a boost to the Gold Coast.

Queensland Premier Anna Bligh has predicted the Games could generate up to \$2bn in economic benefits, with up to 30,000 jobs created between 2015 and 2020. The state government will invest \$500 million in sport and transport infrastructure, including upgrades for 14 stadiums and sports centres.

Work on the \$653m athletes' village, to be built on government-owned land next to the new Gold Coast University Hospital, could start as soon as February.

Mr Morris said while there was an oversupply of high-rise apartments, there was no accommodation within 5km of the Commonwealth Games site.

He said that in Melbourne, \$2.9bn was spent, and the Games generated 13,600 full-time jobs and 22,000 part-time casual jobs during the course of the event.

"The Gold Coast can expect increased spectator numbers compared to Melbourne due to its reputation as a holiday destination," Mr Morris said.

Studio accommodation for 5000 athletes would become part of the future accommodation needs of Griffith University and the Gold Coast hospital, he said.

"This is particularly needed because there is a shortage of zoned medium-density residential land within walking distance of the university and hospital."

He said the question would be whether this accommodation was to be built by private developers or the state government.

"The rate of building will need to be in the order of 1000 units per year, which is a difficult target for a single developer or government contractor," Mr Morris said. "There will need to be a mix of developers working in unison."