

Buy now says property forecaster

Mike Bruce

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GOLD Coast property prices could climb by up to 20 per cent over the next two years, before a mini-bust in 2011/12, according to a respected property forecaster.

Brisbane-based analyst Michael Matusik said now was the perfect time to buy in a local property market on the brink of a mini-boom, with prices expected to grow by 15 to 20 per cent over the next 18 to 24 months.

"With the lack of supply and falling interest rates I think that we will see a mini-boom being created, particularly in the lower half of the market," said Mr Matusik.

In contrast to many other forecasters who have predicted that prices still have some way to fall and despite gloomy predictions of growing unemployment, Mr Matusik has been relatively bullish about the residential market in larger population centres.

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But Mr Matusik said while houses below \$500,000 in capital cities and surrounding areas were selling well, anything above \$750,000 was struggling to attract demand.

"The Gold Coast market is strong under \$500,000 for existing homes but anything over \$750,000 is hard particularly on the Coast because the Coast right now is not enjoying a lot of discretionary buyers," he said.

Mr Matusik downplayed the role of rising numbers of jobless on the property market, saying it would take double-digit unemployment to have a real effect on prices.

"Even if unemployment gets to 8 or 9 per cent in capital cities and surrounds, you still have 92 per cent of people who have work and are awash with funds and they use this sort of opportunity to purchase," said Mr Matusik. "It's just confidence holding them back at the moment."

But by 2011, the mini-boom would come to an end on the back of rising interest rates.

"I reckon in two to three years time we will see a market bust, with house prices correcting by 5 to 10 per cent," he said. "It won't keep going up, it will have to correct itself somewhere along the track."

One of the biggest factors continuing to drive prices on the Gold Coast would be the tight land supply, he said.

Mr Matusik said the 2009 draft of the Southeast Queensland Regional Plan, the Gold Coast would have to accommodate an extra 137,500 dwellings by 2031 of which 57,500 would be developed in greenfield sites.

"Our analysis of market trends, land ownership and census data suggest, however, that the Gold Coast will not be able to accommodate anywhere near an additional 137,500 new dwellings, unless more greenfield land is opened up for development."

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