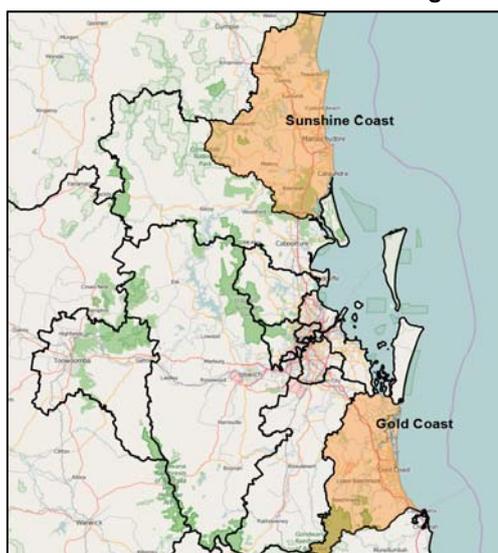


The residential land market in both the Gold Coast and Sunshine Coast has experienced a recovery during the four years to 2016/17. The upturn has been driven by improved affordability attributed to low borrowing costs, and a deficiency of dwelling stock after a prolonged period of weakness. Local economic conditions have also improved, underpinned by the construction of significant infrastructure projects, which in turn have improved employment opportunities and confidence.

This paper profiles the various indicators relating to demand, dwelling and lot supply, and prices. The Gold Coast and Sunshine Coast regions are defined as the Statistical Area 4 (SA4) regions as defined by the Australian Bureau of Statistics (ABS).

### Gold Coast and Sunshine Coast Regions

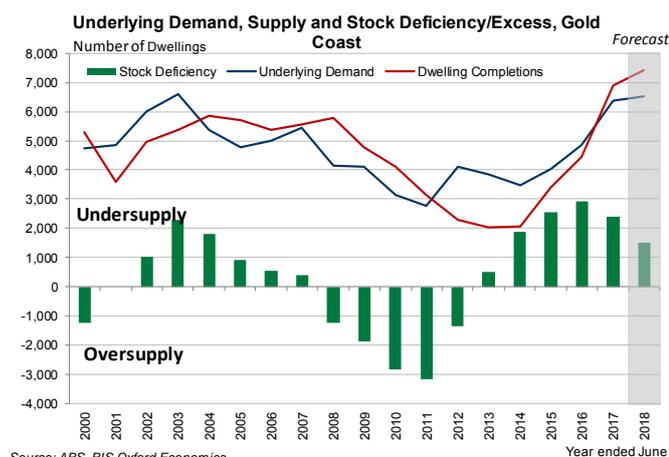


Source: OpenStreetMap

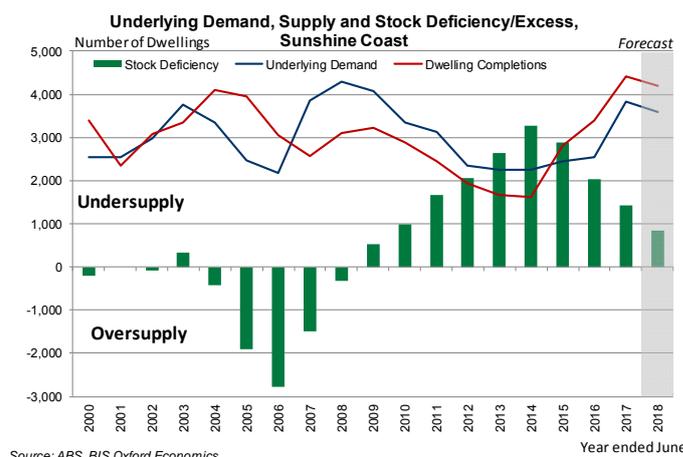
### STOCK DEFICIENCY

Underlying demand in the **Gold Coast** steadily picked up since 2013/14 on the back of strengthening population growth and improving local economic conditions. Over the same period, the upturn in new dwelling supply lagged, but has now surged to record levels as low interest rates and price growth buoyed market sentiment. However, it appears that demand begun to flatten in 2016/17 as investor demand contracted and the level of supply outpaced demand. Consequently, the dwelling deficiency has begun to be eroded, alleviating some upwards pressure on prices. The supply pipeline is also estimated to have flattened over 2016/17, although remains above the level of underlying demand.

The upturn in the **Sunshine Coast** market lagged that in Gold Coast. Dwelling completions ramped up in 2013/14 as low interest rates facilitated development as well as investor demand. Underlying demand picked up sharply in 2015/16, underpinned by strong local economic conditions although has remained below the level of supply. As a result, the dwelling deficiency has been steadily eroded and was estimated to be 850 dwellings at June 2017. However, much like conditions across the state, the Sunshine Coast market appears to have topped out. Underlying demand and dwelling completions are on track to ease in 2017/18.



Source: ABS, BIS Oxford Economics

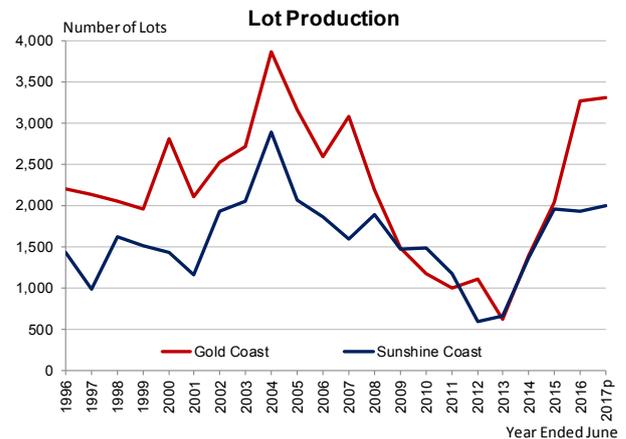


Source: ABS, BIS Oxford Economics

## LOT PRODUCTION

After bottoming in 2012/13, lot production has recovered strongly on the back of improving underlying demand. Lot production is estimated to have reached 3,300 lots in **Gold Coast** and 2,000 lots in the **Sunshine Coast** over 2016/17. This rise has seen the level of lot production come close to previous peaks in the early 2000s.

Notably, over 2016/17, lot production has begun to flatten out in both Gold Coast and Sunshine Coast. This could be indicative of easing underlying demand as well as the absorption of pent up demand, or even the market hitting capacity constraints. Fewer lots produced in this cycle may lead to a stronger recovery in the next cycle as there may be a deficiency of lots on the ground able to meet demand.

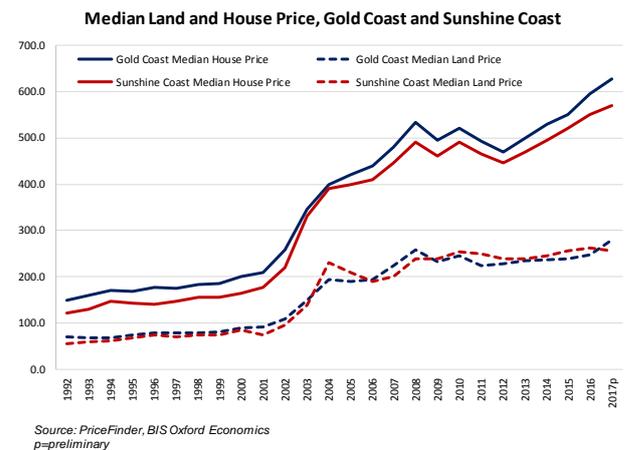


Source: Office of Economics and Statistical Research, PriceFinder, BIS Oxford Economics

## MEDIAN PRICES

The median land price in Gold Coast rose 13% to \$279,000 at June 2017 while the median house price rose 5% to \$627,800. This resulted in a modest deterioration of land price affordability. The median land price rose to 44.4% of the median house price. The Sunshine Coast similarly saw land price growth outpace house price growth. The median land price declined 2% to \$256,000 while the median house price rose 4% to \$570,000 at June 2017.

This would suggest that land in the Sunshine Coast is becoming more affordable versus the established dwelling stock and has the potential to divert demand to the new housing market.



Source: PriceFinder, BIS Oxford Economics  
p=preliminary

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