

First National Broadbeach

Inside this issue:

- Gold Coast Market 1
- Permanent & Holiday Rental 1
- Think Like An Investor 1
- Think Like An Investor 2
- Median Prices March Quarter 2

Gold Coast Property Market

I believe we have weathered the worst on the Gold Coast and we can now see some positive signs. The Global Financial Crisis hit the coastal strip hard, especially in higher priced properties.

Over the past few weeks we are experiencing more buyers coming back to our market but they are looking for bargains. The enquiry rate on waterfront homes has increased and properties in the lower priced range.

However, according to the latest REIQ report, unit & townhouses are on the decline and

there have been fewer buyers for the affordable properties. There has been a 20% decline in the market between October & March compared to the previous 6 months.

There were several factors causing the negative growth including stricter criteria for borrowing money since the Global Financial Crisis plus the rolling back of the government grants for first home buyers.

Presently banks have little faith in the high rise market and they are not lending. The reason our residential market held

its ground during the global financial crisis was mainly due to our very low interest rates plus the financial incentives for first home buyers.

There are some incredible bargains at the moment for the astute investor who wants to build a portfolio.

Savvy investors always buy when the markets are low!



Permanent Rental Market

After an extremely high vacancy period over the past few months, permanent rental enquiries are improving. We have rented several properties recently, but unfortunately some owners have had to reduce the price to meet the market. It is far better to get less and have your properties rented than have it vacant for long periods. Our property management section is offering shorter leases so that when the market recovers, rent can be increased.



Holiday Rental Market

The past year has been the most difficult in our 10 years being in holiday rentals. Visitors on the Gold Coast have been down considerably because of many factors, i.e. the global financial crisis, high aussie dollar, our weather during peak holiday periods and the competitiveness in the market place. We have had to increase our advertising on the internet, magazines and local and interstate papers to remain competitive together with offering incentives and discounts. There has been an improvement over the past 2 weeks with more enquiry being generated.



Think Like An Investor

While it's unlikely that experienced home buyers will buy a home that they don't like, the same is not true of experienced property investors. Yet many novice property investors report that they have difficulty buying something they don't 'like' even if it is a good sound investment. Many investors make it harder for themselves than they need to by being unnecessarily emotional about their purchases. They see their investment properties as an extension of their own home and indulge in the same feelings of pride of ownership.



Think Like An Investor Cont.....



It is not uncommon for novice investors to turn down a property with terrific investment potential and strong rental demand just because they themselves *couldn't live in it*. Some end up buying what they consider to be a 'nicer' property, only to find that the tenants have different priorities and will choose more basic accommodation in order to say, stay closer to amenities or to save on rent. Remember that many renters

need to use public transport, and that the proximity of shops, schools and transport weigh more heavily with prospective tenants than a flash kitchen. Not only that, buying something that you need to charge above median rent for, may end up in increased vacancy as tenants would rather economise now for benefits further down the track. The strongest demand for both resale and rental is usually, by very definition, around the

median price in any market place or location. Those who choose to invest in the luxury end of the market are usually the first to be hit by any economic downturn. Much of the luxury rental accommodation available is leased by corporations who, in poorer economic times, can no longer justify the cost of accommodating employees in high rent areas. And high income earners are unlikely to commit to large mortgages or rents in a

climate of economic uncertainty with the possibility that salaries or jobs could be under revision. Median priced properties—those in what you could call middle range of the market—are not as badly affected and usually give their owners the best long term return. If they lose some demand from their usual occupiers because young people move back home or families scale down to smaller or cheaper accommodation, they pick up tenants or purchasers who can no longer afford the luxury markets.

Units & Townhouses—March Quarter, 2010



Locality	Median 12mnths -end March, 10	Median 12mnths - end March 09	Change over 1 year	Locality	Median 12mnths -end March, 10	Median 12mnths - end March 09	Change over 1 year
Ashmore	\$310,675	\$299,000	3.9%	Main Beach	\$632,500	\$632,500	0.0%
Benowa	\$465,000	\$353,000	31.7%	Mermaid Beach	\$370,000	\$361,000	2.5%
Broadbeach	\$470,000	\$430,000	9.3%	Mermaid Waters	\$328,750	\$316,250	4.0%
Broadbeach Waters	\$420,000	\$382,500	9.8%	Miami	\$385,000	\$352,500	9.2%
Bundall	\$350,000	\$348,000	0.6%	Molendinar	\$336,000	\$346,000	-2.9%
Burleigh Heads	\$410,000	\$425,000	-3.5%	Palm Beach	\$360,000	\$349,000	3.2%
Burleigh Waters	\$360,000	\$382,500	-6.0%	Paradise Point	\$395,000	\$350,000	12.9%
Carrara	\$383,500	\$390,000	-1.7%	Robina	\$450,000	\$427,500	5.3%
Clear Island Waters	\$436,000	\$332,500	31.1%	Runaway Bay	\$500,000	\$420,000	19.0%
Currumbin Waters	\$335,000	\$330,000	1.5%	Southport	\$375,000	\$360,000	4.2%
Hollywell	\$870,000	\$660,000	31.8%	Surfers Paradise	\$350,000	\$370,000	-5.4%
Labrador	\$317,500	\$314,725	0.9%	Tugun	\$425,500	\$398,000	6.9%
				Varsity Lakes	\$389,000	\$378,250	2.8%

Source: Gold Coast Bulletin

For all our best buys, holiday rentals, short & long term rentals visit our website www.fnbroadbeach.com.au

If you would like us to add you to our email database and receive our newsletter each month, please let us know by calling (07) 5592 5111

www.fnbroadbeach.com.au

mail@fnbroadbeach.com.au

IMPORTANT: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. The newsletter is issued as a helpful guide and is for their private information. Every effort is made to ensure the contents are accurate at the time of publication. We take no responsibility for any subsequent action that may arise from the use of this newsletter.