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Strong Growth in Gold Coast market for 30 Years

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The Gold Coast local real estate market has experienced strong and consistent median house price growth over the past 30 years, with only slight anomalies along the way -- one of which we are experiencing currently.

Research conducted by PRDnationwide research director Aaron Maskrey shows the Gold Coast housing market experienced almost seven full years of strong, positive median house price growth until the start of 2008 when the market witnessed a downturn.

“We have experienced a median price growth decline that is typical after strong periods of high growth. Anyone who has monitored the local market for the past ten years, will acknowledge the impressive price growth the market has enjoyed.”

According to Mr Maskrey, the current downturn is nothing to be overly concerned about.

“Research shows periods of downturn are not protracted over long periods of time and, generally, periods of strong median price growth are followed by a period where the market experiences a correction to find equilibrium between demand and supply,” he said.

Mr Maskrey refers to the Gold Coast 30 Year House Sales Cycle graph to demonstrate, pointing out the significant upturn in median price growth recorded at December 1987 due to the stock market crash, followed by a period of recovery where the market corrected itself.

“Here, the median house price rose sharply before recovering and then slowly increased incrementally for some years,” he said.

“Price growth normally follows periods of high levels of activity, as in '87 when the number of sales jumped before returning to more regular levels.

“During the 1987 stock market crash, the Gold Coast property market experience a large spike of activity as investors pulled their money out of stocks and into the more stable option of property.

Currently, while we can see a significant downturn in median house price growth since December 2007, sales volumes have also declined significantly.

“It appears that we won't see recovered house sales volumes until 2011,” Mr Maskrey said. “History suggests we will enter a slower rate of price growth for a four to seven year period before the next boom.”

Mr Maskrey stresses that market forecasts were not always accurate, but were indicative based on historical trends.

“Clearly we can't say exactly when the next boom will be. Some industry professionals say it will be two years, while others suggest it may be four to five years. All we know is that historical trends suggest it will be within this range and the current downturn won't last for long.”

The relationship between Gold Coast property sales and the ASX were examined in the PRDnationwide research.

“The last 30 years has seen an interesting correlation between the ASX All Ords and the Gold Coast Sales Cycle whereby the house sales cycle has followed the All Ords closely, until the most recent global financial credit crisis,” said Mr Maskrey.

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About PRDnationwide

PRDnationwide was founded on Queensland's Gold Coast in 1975. The company has specialised in residential project marketing for more than three decades and it has a strong commercial presence in both the Gold Coast and Brisbane markets. It has a total of 139 franchise offices and corporate offices in Melbourne, Sydney, Brisbane and the Gold Coast. For further information about PRDnationwide visit www.prdnationwide.com.au.

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