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Good-buy paradise

comments

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TOUGH FINANCIAL TIMES ADD UP TO FALLING PRICES IN THE QUEENSLAND HOLIDAY PROPERTY MARKET, WHERE BARGAINS BASK IN THE SUN.

Queensland's resort towns, the usual holiday investment havens of cashed-up southerners, have been hit hard by the financial downturn with apartment prices declining by more than 8 per cent in some regions.

Noosa apartment prices dropped by an average of 7.9 per cent, or $30,000, in the 12 months to November. Gold Coast house prices also

collapsed by nearly 9 per cent, losing $51,000 from their value over the same period. And house prices in far-north coastal towns such as Port Douglas took an average $25,200 hit over the same period.

RP Data research director Tim Lawless expects Port Douglas, Noosa and northern Cairns to be "very quiet" this year.

"Tourism activity is forecast to be very low," he says. "A large part of their market is driven by tourists coming through saying they would like to have a holiday home. A lot of these property owners are reliant on holiday-rental income and with holidaymakers very light on the ground, these owners are finding it quite difficult to service their mortgages."

However, Lawless can see the bright side. "For people who are secure in their jobs and are in a position to take advantage of these buying opportunities, it's a fantastic time to take a position in the market.

"For those buyers looking for a lifestyle upgrade as opposed to strong capital growth over the short to medium term, these markets are fantastic to buy into now."

Lawless estimates that average residential discounts will be between 7 per cent and 10 per cent up and down the Queensland coast.

"I know the Gold Coast is being hit very hard because a very large part of the unit market is investment-driven," he says. "The new development stock is finding it difficult to find buyers."

Despite Gold Coast apartment prices dropping by a hefty 4.1 per cent in the 12 months to November, slashing $16,700 from the average price, Andrew Bell, owner of the Ray White Group which runs seven offices on the Gold Coast, says he sold 12 out of 13 properties at auction recently.

"For properties priced at $1 million and under, it's quite a normal market," Bell says. "Obviously, first-home buyers' activity is brisk. But as you get further past the $1 million mark, that's where it slows and there are fewer buyers. That's not a surprise to anyone. The number of buyers is nowhere near as many as there were before the latter part of 2007.

"There are less buyers from locals and interstate. Some of our locals have been knocked around here. Having said that, there is definitely a substantial increase in the number of buyers in the market. There's a lot more people looking at open homes - the numbers are up 35 per cent. There's more and more people coming back because of interest rate drops."

Further up the coast, Richardson & Wrench Noosa principal Jennifer Carr says the market is definitely "not flying like it was. [But] we are still making sales. We sold over $20 million worth of properties last month. But prices have come off."

Sunshine Beach is still getting strong prices but it is harder to shift higher-priced homes, Carr says. ''We have got $1.75 million and $2.2 million for one-bedroom apartments on Hastings Street. But the prime stuff has slowed in the number of sales. Prices are holding or

just coming off.

"Further away from the beach, where sellers have a stronger motivation to unload and where buyers can smell a deal, some of our sellers are accepting lower offers."

Further north, Cairns is reacting badly to the travails of leading companies such as the Hedley Group, engineering group CEC and residential developer Glencorp, which have been rocked by the collapsing real estate, tourism and mining industries.

Cairns real estate agent and valuer with Herriots, Bob McPhail, has worked in far north Queensland for 25 years, says: "I have not seen it as affected so quickly. In previous years, it's been a slow and gradual decline of one to two years, whereas this decline has been three to six months."

Cairns people are losing their jobs, which is affecting the city's property investment market, he says. "Our vacancy rates in the residential market have risen from 2 per cent to 6 per cent.''

Like Lawless, McPhail stresses that it is a good time to buy. "There's some good deals. People have to work those deals and find them but they are certainly out there today.

"The Storm financial collapse will have an effect in Cairns and Townsville. A lot of elderly people in Townsville and Cairns will lose their homes because of the collapse of Storm.

"The Cairns market has dropped between five and 15 per cent, particularly on the south side of Cairns, which is the investment market. The Cairns northern beaches have come off 5 per cent."

Even further up the coast, McPhail says the Port Douglas market has been tough as well with prices coming back to 2006 levels.

"We have basically lost the capital gains we made through 2007."

LJ Hooker Port Douglas salesman Tony McGrath says local turnover is down on this time last year, probably by 30 per cent.

"But it wasn't good last year either," he says. "The market had gone flat but I don't think half the world had realised. Vendors have now realised that if they want to sell they have to meet the market.

"There are very few really stressed sales at this point. We have a lot of people who have a lot of equity in their properties, which is quite different to what it was like in the pilots' strike in 1989-90.

"But as far as the real estate business is concerned, it's just as tough."

McGrath reckons prices are down by an average of 15 per cent. "It's not that bad because people have not had to sell. But some sales lately are actually at replacement cost or near to.

"Particularly since the last interest rate drop, the inquiry level has been from far more serious buyers."