

We The People

Program 71

Gold Coast Real Estate



We are often reminded that the Gold Coast is Australia's 6th largest city but I'm not sure why and what that does for us except drive up prices and choke our streets. People have to live somewhere so real estate has been and still is a very important part of the Gold Coast paradise model. It is said that tourism and building is the back bone of the Gold Coast and while that's true it's coming to an end for the building industry. Throwing up thousands of homes for the southern Australians to live in is failing because interstate folk are not coming here in numbers anymore. The reasons are many but one is that the cost of owning a nice Gold Coast home is prohibitive. I'm not talking about the high density crowded housing springing up everywhere which are the slums of tomorrow.....no, I'm talking about real homes on real blocks where there is room and privacy and somewhere for the kids to play. The Gold Coast is now one of the most expensive places in the world to live and the Council loves it because theirs is a short term narrow view for the future as they plan using the old expansion paradigm which is unsustainable. So let's have a look at residential real estate on the Gold Coast as it's probably your biggest investment and most pin their hopes and dreams on it.

It was believed a 6 year cycle occurred between boom and bust on the Gold Coast and that it ran like clockwork. Now it's claimed it's a ten year cycle and you can bet that's wrong too because if it were true we would all know when to buy and sell and that's unlikely. For my own part I have an uncanny knack of buying when it's high and selling when it's low and I'm not alone. We cannot rely on massive residential building anymore because it's destroying the very reason people want to come here. It's like burning the furniture to stay warm. The international research group Demographia reports that Australia is one of the worst in the world in terms of housing affordability but oddly that's not necessarily a bad thing on the world stage because it's also a reflection of our enviable standard of living. However for we Australians it makes owning a home difficult and near impossible for young people. Building dense crowded units and inadequate claustrophobic housing is definitely not the answer either as they do not provide quality of life and choke and drain the life from our communities. The only real way to improve housing affordability and maintain quality of life in this country is to cap the population and stop importing people. Massive immigration is hurting us and is preventing Australia and the Gold Coast from finding a sustainable level in terms of house prices.

The basis of the housing affordability research compares the average pre tax wage to the cost of housing and produces a ratio. Anything at 3 or under is affordable while the Gold Coast sits at nearly 8 which is classed as severely unaffordable. Now again this is not necessarily a bad thing in terms of the future because ironically the cheaper the housing the more congested and less desirable this area becomes. The previous State Labor government under Bligh and Beattie introduced the retrospective residential infill plan which increases living density in existing areas. This is a fatally flawed approach generating congestion and poor living environments and destroys the residential pleasure and quality of life we prize so much. Common sense tells me that when the average person or couple can't afford the average mortgage then prices must stagnate or fall. We are at that moment in time now so in my view real estate will not increase in value for a decade and rents won't rise much either because the same logic applies. We are not yet at the bottom of the market either. When demand falls so do prices and that's why capping the population of this country will over time, reduce demand and make quality housing much more affordable. This is a longer term view but one the Gold Coast City Council should look at. If Premier Newman wants a shot at Canberra and if Mayor Tate wants a shot as Premier then they should show real leadership in ensuring our quality of life is maintained or give it away as having failed their duty.

Until next time this is Kent Bayley