

CoreLogic housing market review

Robina, Gold Coast

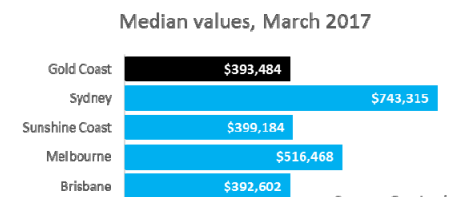
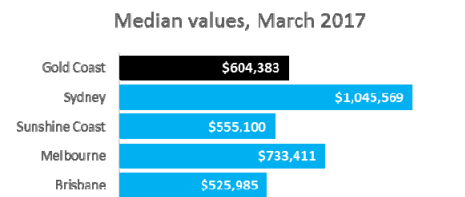
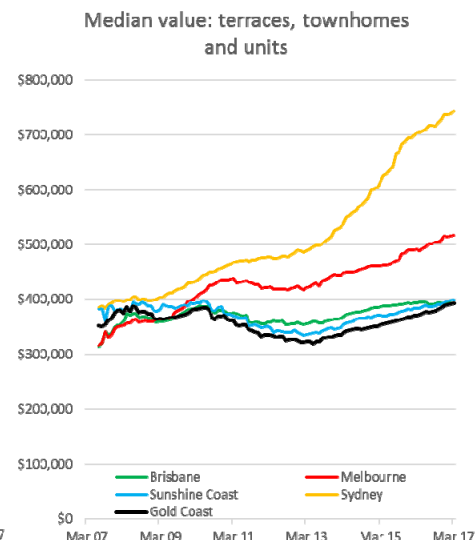
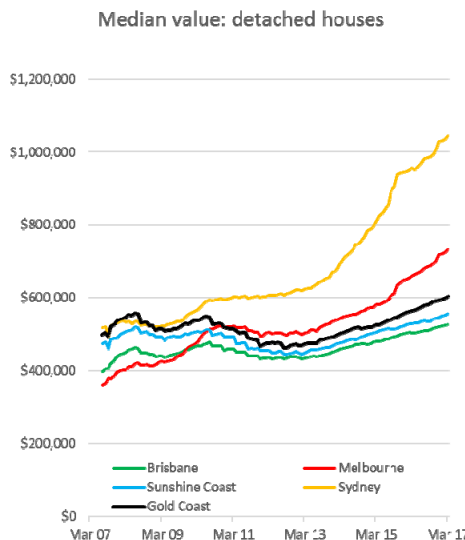
Dwelling prices on the Gold Coast are rebounding as population growth and strong economic conditions drive housing demand.

The Gold Coast housing market has been on a steady growth trajectory since early 2012, with dwelling values rising by approximately 30% through to March 2017, with both house and apartment values reaching new record highs.

The new record highs being reached are due to a recent market recovery in 2016, with current indicators suggesting that this upswing phase still has a way to run. There are a variety of factors supporting the renewed pace of capital gains across the Gold Coast including:

- A rebound in population growth; the Gold Coast is now recording the highest internal migration rate of any region nationally, attracting net internal migration of 6,428 new residents over the 2015/16 financial year which is almost four times higher than the net internal migration rate five years ago.
- Higher housing demand is also likely being influenced by the significant pricing gap between Gold Coast housing compared with Sydney and Melbourne. As at March 2017, the typical Sydney house value was 73% higher than that of the Gold Coast, while unit values were 89% higher. Prior to the global financial crisis, Gold Coast and Sydney home prices were virtually on par with each other.
- A range of economic factors have shown a substantial improvement across the Gold Coast which has helped to push the local unemployment rate down to 5.3%; well below the national and region average. Improved economic conditions can be seen in strong tourism numbers, a surge in construction and infrastructure projects as well as the stimulatory effect of stronger housing market conditions.
- There is renewed demand for lifestyle properties and holiday homes, particularly from southern home owners who have seen a substantial rise in their wealth due to strong housing market conditions in Sydney and Melbourne.

The strong demographic and economic conditions, as well as significant investments in major infrastructure projects and investment associated with the 2018 Commonwealth Games should continue to see housing market conditions on the Gold Coast remain vibrant, particularly those areas of the city with a strategic mix of retail, social and transport options, as well as having close proximity to major working nodes.



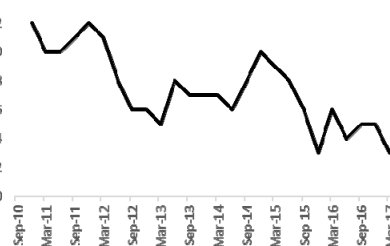
Source: CoreLogic

Top ten regions nationally for internal migration 2015/16

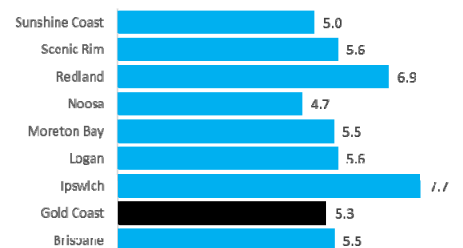
Region (ASGS SA4)	State	Net internal migration 2015/16	Net internal migration 2010/11
1 Gold Coast, Qld	Qld	6,428	1,633
2 Sunshine Coast, Qld	Qld	6,200	2,171
3 Melbourne - West, Vic	Vic	5,491	7,110
4 Geelong, Vic	Vic	4,216	2,412
5 Moreton Bay - South, Qld	Qld	3,991	2,073
6 Ipswich, Qld	Qld	3,779	2,146
7 Melbourne - North East, Vic	Vic	2,854	1,771
8 Richmond - Tweed, NSW	NSW	2,680	-34
9 Sydney - Outer South West, NSW	NSW	2,541	728
10 Latrobe - Gippsland, Vic	Vic	2,503	2,928

Source: CoreLogic, ABS

Unemployment rate Gold Coast



Unemployment rate, March '17, South East Qld council regions



Source: CoreLogic, Dept of Employment

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The Robina housing market has recorded a stronger performance for each key housing market indicator relative to the broader Gold Coast region

The Robina housing market has outperformed the broader Gold Coast average on every key measure, with dwellings recording a price premium, higher rates of capital gain, higher rental rates with attractive yields and stronger selling metrics.

Dwelling values

House values in Robina are typically 8.4% higher than the Gold Coast average, while values for terrace homes and apartments show a larger 11.5% premium as at March 2017. A price premium generally indicates that buyers place a higher value on housing in the Robina area.

The stronger performance of the Robina housing market is also reflected in the rates of capital gain. Over the past five years, Robina house values have increased at an annual rate of 5.2% while values across the terrace homes and apartments sector have risen by 3.3% per annum. Both sectors have outperformed the broader Gold Coast average.

Selling conditions have been strong

As housing market conditions have gathered pace, the average selling time and rate of vendor discounting has reduced substantially across Robina over the past five years. Houses are taking an average of just 30 days to sell while other property types are taking a slightly longer 44 days to sell.

Similarly, the discounting rate, which measures the median difference between the original asking price of a property and the ultimate selling price, has reduced substantially over the past five years. Robina vendors are now offering up minimal discounts (3.6% for houses and 3.7% for non-houses) on asking prices.

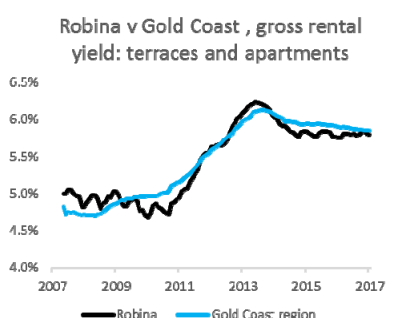
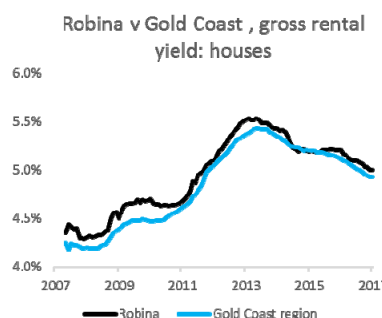
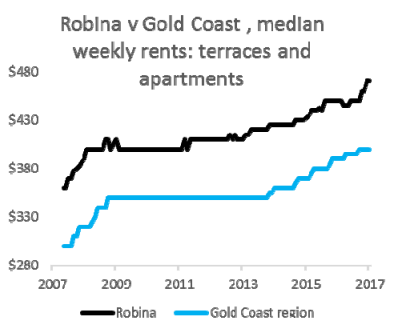
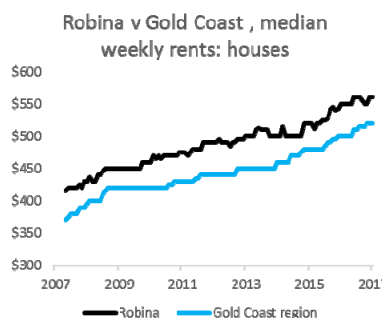
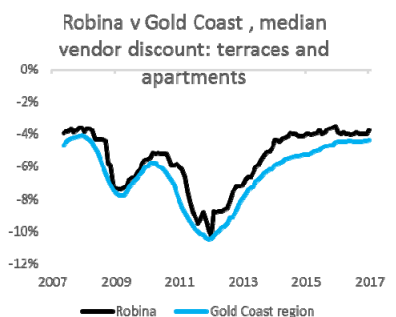
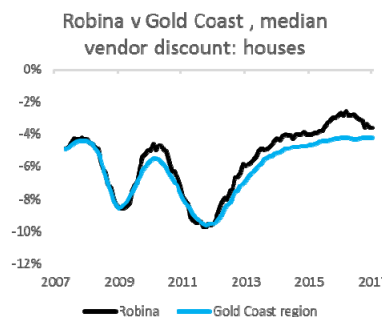
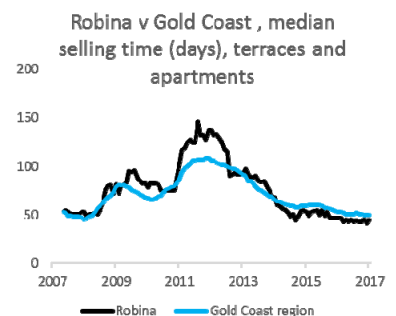
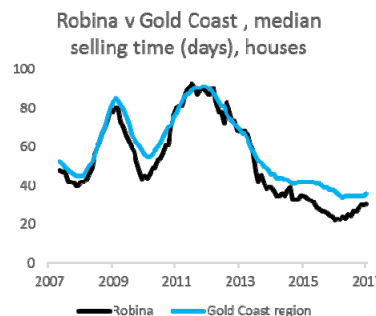
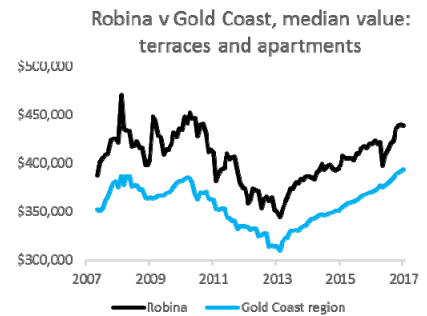
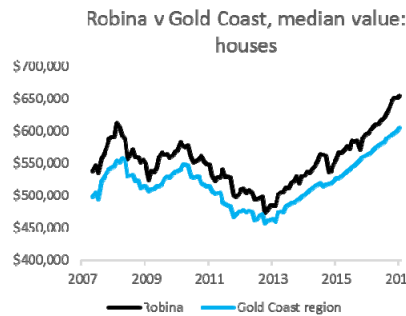
The fact homes are selling quickly and vendors are applying little in the way of discounts from their original asking prices suggests buyers are facing urgency in their decision making process. Additionally, the strong selling conditions are likely to support further upwards pressure on housing prices.

Rental markets

Robina houses are attracting a median rental rate of \$560 per week, up 2.5% per annum over the past five years. The medium density sector has seen slightly stronger rental conditions, with weekly rents up 4.4% over the past twelve months and 2.8% per annum over the past five years.

With dwelling values rising at a faster pace than weekly rents, rental yields have compressed relative to their recent peaks. Despite the softened yield, Robina houses are still returning a very healthy 5.0% gross yield while terrace homes and apartments are returning a higher 5.8% gross yield.

Rental returns in Robina are significantly higher than yields in most capital cities. Sydney and Melbourne, for example, are showing gross yields slightly lower than 3.0% for houses and approximately 4.0% for terrace homes and apartments. The healthy yield profile indicates that dwelling values are well balanced with rental rates and, when coupled with the capital gains, are likely to be attractive to investors.



Source: CoreLogic