



SQM Research Media Release

SQM Research Releases Its Annual Gold Coast Market Snapshot

Tuesday 22nd September 2015

For Immediate Release

SQM Research has today released its annual Gold Coast Market Snapshot. The key findings of the report are that dwelling prices are expected to rise by 7-11% for 2016 for which should make the Gold Coast an outperforming region for real estate investors next year. As a consequence, SQM Research has lifted its investment rating for the areas from 3.0 stars (issued in 2011) to 3.75 stars. The basis for this forecast and upgraded rating are as follows:

- Very low vacancy rates of under 2%
- Rents currently rising at up to 8% p.a.
- Rental yields very high at 6%
- Continued robust population growth of 2.5% p.a.
- Low dollar will see tourism continue to recover
- Current strong employment growth conditions
- No sign of new building surge yet
- Enthusiasm for 2018 games will assist economy
- Market crash of 2009-13 and just modest recovery until now means prices are still below fair value.

That said, there remain some key risks on the Gold Coast that investors should be aware of. These include:

- Housing market highly volatile
- Boom/bust economy too reliant on tourism
- Watch out for possible post games slump in 2019
- Real estate scams are still present in the region

Speaking of the review, Managing Director of SQM Research - Louis Christopher says, "Back in 2010 the Gold Coast housing market suffered a perfect storm of events that created a major dwelling price crash. A lot of those events have now dissipated and right now, there are many favourable economic factors which are helping to improve the region. So we believe Gold Coast property investors are likely to enjoy good returns, both in rents and capital growth for up to the next three years."



SQM Research	
Gold Coast	Current Rating
Location	4
Demographics	3.5
Market	4.5
Local Economy	3.75
Overall Rating	3.75

In summary

- **SQM Research forecasts dwelling price growth for the Gold Coast of 7-11% for 2016.**
- **SQM Research has lifted its rating for the area.**
- The Gold Coast housing market is entering into a more robust housing recovery period after a severe downturn that lasted four years.
- The current recovery appears to be in early stages and has occurred as a result of an improving local economy, which in turn has been assisted by a lower Australian dollar, thereby encouraging tourists to the region.
- The economy on the Gold Coast is overall largely driven by tourism and construction for which both sectors are now in recovery.
- The Gold Coast has a population approaching 600,000 with one of the highest rates of population growth in Australia at 2.5% p.a.
- Sentiment for the Gold Coast has improved in recent times, especially with the ongoing build up to the 2018 Commonwealth Games which promises to be positive for the economy.
- There is no question right now Landlords are in charge of the Gold Coast market as vacancies have plummeted and rents have accelerated.
- Residential building activity has increased since its bottom in 2013, however, building rates are nowhere near the surges recorded in previous cycles and is likely to remain in check for the next three years.

For further information, please go to

<http://www.sqmresearch.com.au/goldcoastreport.php>

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About SQM Research

SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. For more information please visit www.sqmresearch.com.au

Research Methodology

In general, the assessment approach adopted by SQM Research incorporates a combination of qualitative and quantitative research techniques to assess property investment products,

Information generated is passed through the SQM Research assessment model at the completion of the assessment process. The assessment model generates a product score, which correlates to a specific star rating (out of a maximum of five stars). Each star rating covers a scoring range, allowing products to be ranked within quarter star increments.

Following are descriptions for each of the star ratings, which have been developed as a guide for dealer group research teams and investment committees:

- 4.5 stars and above – Outstanding. Highly suitable for an investment
- 4 stars to 4.25 stars – Superior. Suitable for inclusion for most investors
- 3.75 stars – Favourable. Consider for investment
- 3.5 stars – Acceptable. Consider for investment, subject to restrictions.
- 3.25 stars – Caution required. Not suitable for most investors
- 3 stars – Strong caution required. Not suitable for most investors
- Below 3 stars – Avoid or redeem. Not suitable for investors