

PROPERTY**Weekenders become a mere memory**

Maurice Dunlevy
February 24, 2005

THE fish 'n' chip shop isn't the only great Aussie institution being priced out of existence at many of our favourite coastal holiday spots.

While trendy cafes and restaurants fill seaside shops that once sold chiko rolls and hamburgers with the lot, the humble holiday home is also caught in the seachange phenomenon, and has seen prices spiral.

Whether it's the far north coast of NSW, where the median house price at under-developed Pottsville is \$420,000, or the north Queensland holiday hotspot of Port Douglas, where the median is \$528,000, holiday homes are serious real estate.

It's also a boom experienced in almost every coastal city, town and hamlet, driving up prices in some unlikely places.

Goolwa, a south coast town near the mouth of the Murray River in South Australia, is one.

Holiday homes once struggling to move at \$200,000 are worth a cool half-million.

Common wisdom is that the holiday home market is off the boil, but five years of remarkable price growth, fuelled by cashed-up boomers, means many popular locations are out of reach of many buyers.

Worse still, economic forecasters BIS Shrapnel recently predicted that baby boomers will continue to underpin demand in a market where existing ownership is already highest among 50 to 64-year-old households.

After few gains throughout the 1990s, most properties have at least doubled in value, while the rest have kept pace with upward movements in the wider housing market.

Victoria has some of the most expensive holiday homes, with property values along the Great Ocean Road now rivalling many blue-chip Melbourne suburbs.

But it's Queensland with the most hot spots, in a market described by PRDnationwide founder Gordon Douglas as slower but still ship-shape.

Mr Douglas believes ageing baby boomers - often on the receiving end of death duty-free wills - will continue to drive the entire east coast market for the next 15 to 20 years.

"If you take a long-term view of the market, there is no downside," he said.

His only caution is that the spoils won't be shared evenly, with the best performers being communities that do better at providing infrastructure and managing physical assets such as landscaping and traffic solutions. He cites Townsville as a good example of a community that has unlocked its real estate potential with waterfront development making the Far North Queensland city, as well as nearby Magnetic Island, popular locations.

Other Queensland picks are Port Douglas to the northern beaches of Cairns, Airlie Beach in the Whitsundays, **Seventeen Seventy**, and absolute waterfront on the Gold and Sunshine Coasts.

In NSW, it's most of the northern coastline from the Queensland border to Gosford, with Coffs Harbour, Port Macquarie and Port Stephens all locations to watch.

Valuer Kerry Herron, founder of national firm Herron Todd White, isn't as keen on holiday homes in remote places, with his 2005 market pick the stretch of eastern seaboard coastline between Noosa and Byron Bay.

Mr Herron said good airline accessibility, with discounted ticket prices, would continue to drive that market.

"For people either visiting or living permanently, this region also has good hospital and medical care as well as plenty of entertainment," he said.

Mr Herron said property should be no more than a "sea breeze" west of the coastline.

While there appeared to be no shortage of buyers as far north as Cooktown, he was not convinced that buying in remote areas was such a good idea.

"These buyers tend to be people I call economic refugees, because they can't afford to pay Gold and Sunshine Coast prices," he said.

Mr Herron said locations such as Magnetic Island were arguably attractive, but there was still "a little bit of a question mark" because getting to an island off Townsville involved a lot of air travel.

PRDnationwide national research director Tim Lawless said while the much-touted seachange phenomenon had provided many coastal regions of Australia with new vitality, areas such as Byron Bay and Surfers Paradise - once the ultimate beach shack location - had watched their laid-back lifestyles disappear in a plume of car exhaust fumes.

"Byron Bay and Surfers Paradise are being loved to death, causing traffic congestion," he said.

Equally worrying was that a market that historically appealed to both the rich and working class was now so expensive that prices in many popular holiday locations were out of reach.

Head of property research at Macquarie Bank, Rod Cornish, said the market had slowed, but only after a remarkable run.

"The pull forward was much stronger than anybody anticipated, with a trend that was both upwards and long," he said.

Mr Cornish said the market, powered by the boomers, had come off and would need to "rebalance", but he remained optimistic, particularly about prime locations.

In Sydney's case, that was any property within a three and a half hour drive of the city. He said the market had already shown its sensitivity to interest rate rises, but it was jobs that would determine future outcomes. "If at some point we were to have an economic downturn and people started to lose jobs, this would have the biggest impact," he said.

Macquarie isn't expecting that to happen and nor is BIS Shrapnel, which has forecast holiday home ownership, albeit driven by the baby boomers, to climb steadily over the next five years from an estimated 8.4 per cent of households in 2003 to 8.6 per cent in 2009.

The largest increase is forecast for NSW, with an average of an additional 3500 owners per annum until 2009.

Melbourne property consultant Mia Andrew, who advises her clients on interstate property purchases, sees little downside in holiday investments.

"Prices have stopped going up, but they haven't gone down, and that's good," she said.

Ms Andrew said any oversupply, where it had occurred in locations such as parts of Victoria's Mornington Peninsula, would be short-term because baby boomers were still in the market.

"We all need to understand that the sea change isn't a flash in the pan ... it's going to be around for a very long time."

In Queensland, PRDnationwide has identified hot spots at Palm Cove, Magnetic Island, Yeppoon and surrounding suburbs, **Agnes Water and Seventeen Seventy**, the Bundaberg coastline including Bargara and Burnett Heads, Hervey Bay, Tin Can Bay and Rainbow Beach and the northern Sunshine Coast.

Best buys include Magnetic Island where, despite average house prices rising from \$144,230 to \$297,500 over a five-year period, properties are still below replacement cost and therefore represent good value.

NSW hot spots include southern Newcastle, with PRDnationwide identifying suburbs such as Caves Beach, Swansea and Toronto as areas already relatively close to Sydney but also likely to benefit from the planned high-speed rail link.

"Southern Newcastle has shrugged off its mining town image and is now a great investment opportunity," said Mr Lawless. He said median prices ranged from \$240,000 at Toronto to \$425,000 at Caves Beach.

Victorians, according to the report, will have to travel further to find coastal gems, with areas such as Torquay becoming part of Geelong's urban sprawl and less of a holiday location.

While there were still beautiful spots at reasonable prices, they were mostly more than two hours from Melbourne, with the exception of locations such as San Remo and Kilcunda, on the western tip of the Bass Coast, where the median house price was \$327,500.

Across the Nullarbor, PRDnationwide notes the Mandurah and Busselton/Margaret River region of Western Australia are among the real estate winners.

The recent sale of a 1060sqm block in Mandurah for \$3.6 million matched prices (on a square metre basis) in Cottesloe, traditionally Perth's most salubrious beachfront suburb.

In South Australia, the majority of holiday homes are beachfront shacks on St Vincents and Spencer Gulfs, while a large number of similar properties line the River Murray.

The most expensive homes are about 80km south of Adelaide on a stretch of coastline between Victor Harbor and Goolwa at the mouth of the Murray River.

Many of the biggest sales have been recorded on the "million dollar mile" between Victor and the Port Elliott waterfront.

Ends.