

GOLD COAST MARKET MONITOR

Local market performance and insights

2024



Gold Coast Commercial Real Estate: Thriving Amidst Economic Resilience

In recent years, the Gold Coast has experienced a robust and burgeoning commercial real estate market, driven by strong population growth and a favourable economic climate. This thriving economy serves as a testament to the region's resilience and significance. With the Gross Regional Product (GRP) constituting roughly 10 per cent of Queensland's Gross State Product (GSP), the Gold Coast has consistently outperformed national economic trends in the past three years, a boon for its commercial real estate sectors.

Among these sectors, the industrial segment stands out as a beacon of growth, propelled by the rapid expansion of the local population and heightened economic activity. Despite challenges such as high construction costs and debt burdens affecting sales volume, the sector continues to witness a surge in demand and rent increases. This momentum is underpinned by limited supply and robust economic fundamentals. Similarly, the retail market on the Gold Coast has weathered headwinds such as rising interest rates and reduced disposable household income. However, occupancy rates remain resilient, driving rental growth and sustaining investor interest. Although construction projects have faced hurdles due to cost pressures, the prospect of stabilised interest rates is expected to reignite investor confidence in the retail sector. In tandem, the office market has experienced some post-pandemic challenges with vacancy rates overall rising off the back of new supply additions and steady tenant demand levels. That said, quality remains in demand with A-grade buildings maintaining low vacancy rates, with the Robina-Varsity Lakes region emerging as a hub of activity.

Overall, the Gold Coast's commercial real estate sector alongside its broader economic landscape, offer a multitude of opportunities for investors, occupiers and tenants alike. Despite challenges, the sector is forecast to thrive due to robust demand, strategic infrastructure investments, and a supportive business environment.





1166 Gold Coast Highway, Palm Beach

Key Market Indicators

Sales

	Q2 2024						OUTLOOK TO Q2 2025		
	SALES PRICE \$/SQM			YIELD			Capital Value	Supply	Demand
	Low	Average	High	Low	Average	High			
Office	\$4,000	\$5,000	\$9,000	5.0%	6.0%	7.0%	↑	↑	↑
Industrial	\$4,000	\$4,500	\$5,000	5.0%	6.0%	7.0%	→	→	→
Retail	\$7,000	\$10,000	\$20,000	5.0%	5.5%	7.0%	↑	→	↑

Leasing

	Q2 2024			OUTLOOK TO Q2 2025			
	RENT PRICE \$/SQM			Rent	Supply	Demand	Incentives
	Low	Average	High				
Office	\$350	\$400	\$500	↑	↑	→	→
Industrial	\$200	\$220	\$250	→	→	↓	↑
Retail	\$500	\$800	\$2,000	↑	→	↑	→

Macroeconomic Outlook

Inflation

Monthly CPI over February 2024 remained steady at 3.4 per cent, although showed a slight increase when removing volatile items and holiday travel. Housing, particularly rents continue to put pressure on the inflation rate, with rents rising 7.6 per cent over the year to February 2024, which was higher than the rate recorded in January 2024. Insurance and financial services cost inflation also remained high, and steady, at 8.4 per cent. There was a modest decrease in food and non-alcoholic beverage inflation, caused mainly by a decline in the price of meat and seafood which declined 2.2 per cent over the year to February and a decline in fruit and vegetables which fell 0.5 per cent. Overall, inflation is moderating at a healthy rate, although stickiness is likely to prevail in the housing category, which is the largest contributor to the CPI basket.

Inflation is moderating at a healthy rate, although stickiness is likely to prevail in the housing category, which is the largest contributor to the CPI basket.

66-70 Griffith Street, Coolangatta



Retail Trade

Retail trade increased in seasonally adjusted terms by 1.1 per cent over January 2024, but was flat in trend terms. Given that retail trade jumps around quite dramatically between November, December and January, the trend data is important to consider, and as the ABS suggests, indicates there is no underlying growth in retail trade by Australian consumers.

In good news for café and restaurant owners, there was a bounce back in spend in this category, with turnover increasing by 1.3 per cent month on month. However, in total turnover terms, Australians still spent less at cafes and restaurants than they did in September 2023. Similarly, overall retail turnover is only 0.2 per cent higher than it was in September on a seasonally adjusted basis. Australian consumers are clearly watching their spend and making adjustments due to high housing costs for the roughly 60% of Australians who rent or have a home loan. It is unlikely trade in discretionary goods will improve until there is a clear signal from the RBA that interest rate cuts are imminent.

Business Sentiment

Business sentiment and conditions continue to converge, with conditions now almost catching up to where sentiment lies according to the February 2024 NAB Business Sentiment Survey. Business conditions are now a touch below their long run average, while confidence improved slightly, it still remains below average. Conditions deteriorated the most in recreation & personal services and finance, business & property. Trend conditions in the retail sector remain the worst of all industries.

Overall, this data tells us that businesses are expecting weaker conditions over the next six months at least, and have been preparing for this for some time.

Interest Rates

While the unemployment rate is still lower than what the RBA would like, quarterly inflation data and monthly retail trade showed positive inroads are being made in the fight against inflation. While services inflation is still increasing, the main contributors to this – rents, insurance and utilities – are not at all responsive to increases in the cash rate, and it is unlikely continued inflation in these areas will convince the RBA to increase again. Given capacity utilisation and Job Vacancies are falling, albeit slowly, and consumers and borrowers are showing signs of being under significant financial pressure, it is looking increasingly likely that we are at the peak of the monetary policy tightening cycle. However, the RBA is likely to hold the cash rate at the peak until at least mid 2024, to allow inflation to come down to the 2-3 per cent target range.

Impact on Commercial Property Market

Economic output over the first half of 2024 in Australia is likely to be subdued, and businesses are already cutting back on inventories and reporting slowing turnover, particularly those in the discretionary retail sector. However, Australians are spending more on domestic travel versus international travel, which is positive news for areas like the Gold Coast. We have now passed the final phase of the monetary tightening cycle, with potential interest rate relief on the horizon for homeowners and businesses expected in the 3rd and 4th quarters of 2024. Demand for office property in the Capital Cities remains very subdued, however in regional areas like the Gold Coast, strong population growth and changing work patterns act as positives for office demand.

Gold Coast Demographics

Labour Force

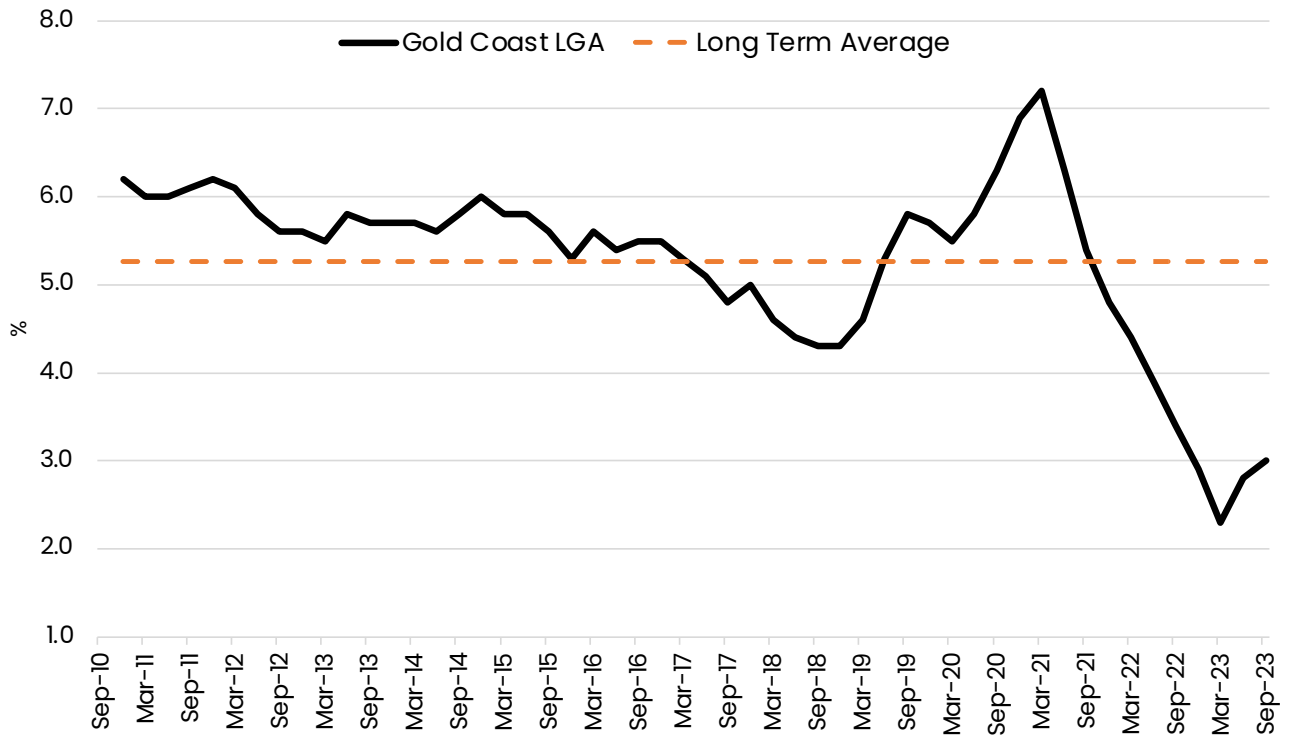
The Gold Coast region recorded a slight drop in the overall number of employed people over 2023, and a more significant increase in the number of unemployed people, although this increase was off a very low base. As at December 2023, there were 4,957 online advertisements for jobs on the Gold Coast, with the largest online job categories being sales assistants, general clerks, nurses and waiters.

	GOLD COAST	QUEENSLAND	AUSTRALIA
Employment			
Dec '23 (000)	361.0	2,883.6	14,201.1
Dec '22 (000)	361.8	2,788.6	13,820.2
Change (%)	-0.2	3.4	2.8
Unemployment			
Dec '23 (000)	12.1	130.3	573.6
Dec '22 (000)	8.3	110.8	497.6
Change (%)	46.6	17.6	15.3
Unemployment Rate			
Dec '23 (%)	3.3	4.3	3.9
Dec '22 (%)	2.2	3.8	3.5

Source: Jobs & Skills Australia, Labour Market Data Dashboard, Gold Coast, December 2023

Despite an uptick in the number of unemployed people on the Gold Coast over 2023, the overall unemployment rate only increased by 1.1 per cent, due to a falling participation rate. The unemployment rate on the Gold Coast is still well below both the Australian and Queensland averages, indicating the strength of the economy over the past few years. The long-term average unemployment rate on the Gold Coast is 5.3 per cent, and since late 2021 demand for labour has been so strong that the unemployment rate has sat well below this.

Gold Coast LGA, Unemployment Rate (Smoothed)



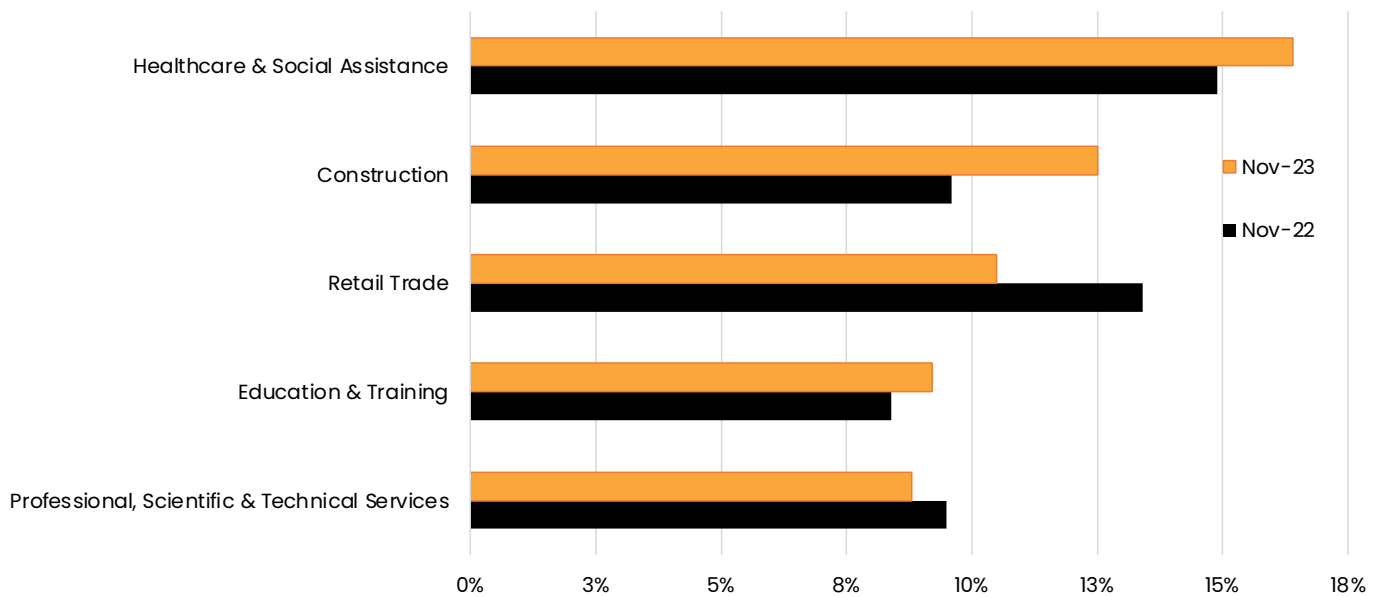
Source: Jobs & Skills Australia, Small Area Labour Markets, September quarter 2023.



While the largest employing industry across the Gold Coast is still Healthcare & Social Services, there has been a recent large increase in the proportion of the working population in Construction, and a similar decrease to the proportion working in Retail Trade. This pattern is likely to stabilise or reverse over 2024, as the construction sector slows due to high costs and lack of capacity.



Gold Coast LGA – Largest Employing Industries



Source: Jobs & Skills Australia, Labour Market Data Dashboard, Gold Coast, December 2023

The unemployment rate on the Gold Coast is still well below both the Australian and Queensland averages, indicating the strength of the economy over the past few years.



Population Growth

Strong population growth is a major driver of economic growth on the Gold Coast. Population growth over the 5 years to 2026 is expected to be well above the Queensland average, at 2.3 per cent per annum. The fastest growing areas on the Gold Coast are, and will continue to be, Ormeau-Oxenford, Surfers Paradise and Broadbeach-Burleigh. Population growth in the Robina area is expected to accelerate through to 2046, which is in contrast to most other areas where the growth rate is expected to decelerate.

The population of the Gold Coast is forecast to exceed 1 million people by 2046. This represents an increase of almost 274,000 people over the 20 years to 2046.

Gold Coast Population Forecasts by SA3

Five years to	2026	2031	2036	2041	2046
Broadbeach-Burleigh	2.0%	1.7%	2.2%	2.1%	1.9%
Coolangatta	1.2%	1.2%	1.2%	1.1%	1.1%
Gold Coast - North	2.4%	2.2%	1.9%	1.7%	1.7%
Gold Coast Hinterland	1.1%	0.8%	0.4%	0.2%	0.1%
Mudgeeraba - Tallebudgera	1.0%	0.7%	0.9%	1.0%	0.6%
Nerang	1.1%	1.2%	1.2%	1.1%	1.1%
Ormeau - Oxenford	4.1%	2.4%	1.9%	1.6%	1.3%
Robina	0.8%	0.8%	1.1%	1.2%	1.6%
Southport	2.0%	2.0%	1.6%	1.5%	1.4%
Surfers Paradise	3.1%	2.9%	2.5%	2.2%	1.9%
Gold Coast	2.3%	1.8%	1.7%	1.5%	1.4%
Queensland	1.7%	1.4%	1.3%	1.2%	1.1%

Source: Queensland Government Statistician's Office, 2023 edition

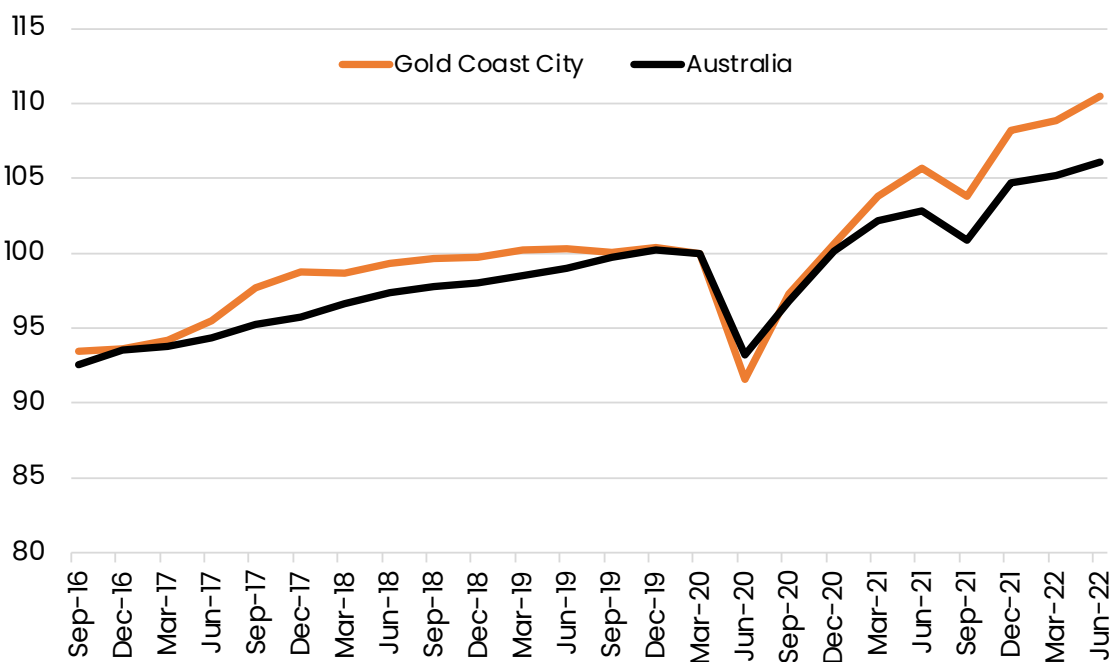




Business Conditions

The Gold Coast's Gross Regional Product (GRP) represents roughly 10.6 per cent of the Queensland's Gross State Product (GSP). Since March 2021, the Gold Coast's economy has grown at a faster rate than that of the rest of Australia.

Indexed Gross Regional Product (GRP)

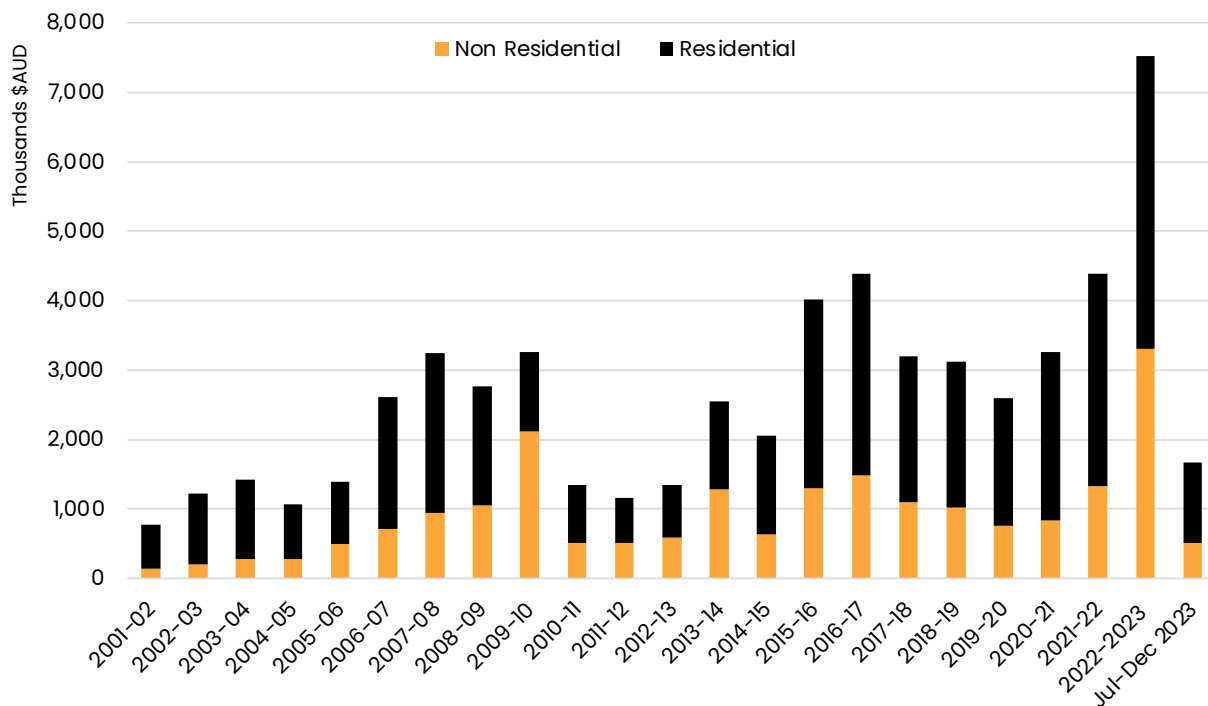


Source: .idcommunity, Gold Coast City Council Index, 100 = March 2020.



Unlike other areas of the country, the Gold Coast has recorded a huge increase in building approvals over the 2023 financial year. In fact, there was a 148 per cent increase in the value of non-residential building approvals. Unfortunately, the cost of construction and lack of construction capacity means a number of these approved projects will not be able to go ahead.

Gold Coast Value Of Total Building Approvals



Source: .idcommunity, Gold Coast City Council. Note: Not indexed to inflation.

Impact on Commercial Property Market

The Gold Coast benefits from very strong population growth, and this is reflected in a very large increase in non-residential building approvals over the 2023 financial year. Demand for newly built, quality commercial property will continue, as population growth adds to the demand for offices, shops, healthcare, childcare and industrial facilities.

Development and Investment Activity

Due to the lack of commercial builders on the Gold Coast at present, there are a limited number of commercial developments available for lease or sale. There is, however, a large amount of infrastructure investment activity in the region, including:

PROJECT	VALUE	STAGE	DETAILS
Gold Coast Airport Expansion	\$260 million	Complete	New terminal opened in 2022. Further upgrades underway.
Health & Knowledge Precinct	\$5 billion	Underway	200 Ha of high tech industry development, with retail and residential components.
Southport CBD Rejuvenation	\$5 billion	Underway	Various upgrades, including rejuvenation of Chinatown and Australia Fair Shopping Centre. Commercial Redevelopment opportunities to be available.
The Spit Masterplan	\$60 million (committed)	In planning	Community infrastructure projects and release of undeveloped land along 140 Ha of GC peninsula
M1 Pacific Highway Upgrade	\$5 billion	Underway	Widening lanes, improving interchanges, Coomera Connector
Faster Rail Project	\$2.5 billion	In planning	Upgrade of Brisbane-GC train line, doubling capacity
Gold Coast Light Rail – Stage 3	\$1.2 billion	Underway	Extension from Broadbeach South to Burleigh Heads. 8 new stations.

The Gold Coast has the third lowest office market vacancy rate in the country, at only 6.4 per cent as at January 2024, and vacancy only increased by 0.1 per cent from July 2023.

Most other major office markets, including Sydney and Melbourne, have vacancy rates well into the double digits.

18 Kortum Drive, Burleigh Heads



Supply and Demand Outlook

Investment Demand

There continues to be strong demand for retail assets on the Gold Coast from investors. Strong population growth, and increasing domestic travel versus international travel means that retail sites are still highly sought after, despite the current overall lack of consumer demand in Australia.

The Gold Coast has the third lowest vacancy rate in the country, at only 6.4 per cent as at January 2024, and vacancy only increased by 0.1 per cent from July 2023. Most other major office markets, including Sydney and Melbourne, have vacancy rates well into the double digits. Values are likely to increase as both private and institutional investors turn their attention away from major capital city CBD markets, and into regional markets where demand is still solid and vacancy rates are low.

While industrial demand has been strong for some time, particularly over the Covid-19 period, it is likely that demand has now peaked, and that values in some areas will be challenged. Investors are still eager for the right type of industrial product, which are good sized industrial land and warehouses, however the smaller 'man cave' type product is likely to see flat levels of demand.

Tenant Demand

Office demand continues to be solid on the Gold Coast, in contrast to many markets around the country. We expect that rents will increase while incentives will remain flat. Demand is good from the professional services and medical type organisations, which are expanding to meet the needs of the rapidly growing population.

Similarly to the office market, demand for retail space is good as domestic tourism holds up very well despite the challenging economic conditions nationally. In many ways, the Gold Coast benefits from this, as tourists from NSW and Victoria alter travel plans from overseas destinations to cheaper domestic destinations like the Gold Coast.

Demand in the industrial market has now peaked, although it is still holding up well. We expect that supply will remain subdued as the market works to absorb the current supply already on the market. Rents are likely to be flat, and we are likely to see an increase in incentives.



No matter your real estate needs, we're here to help

PARTNER WITH AUSTRALIA'S MOST ICONIC REAL ESTATE BRAND

LJ Hooker Commercial Southern Gold Coast

southerngoldcoast.ljhcommercial.com.au

1/18 Park Avenue
Burleigh Heads QLD 4220

Phone (07) 5576 5500

Email commercial@ljhookersgc.com.au

LJ Hooker Commercial Gold Coast

goldcoast.ljhcommercial.com.au

Shop 1 & 2, 3131 Surfers Paradise Boulevard
Surfers Paradise QLD 4217

Phone (07) 5592 0555

Email goldcoast@ljhooker.com.au

LJ Hooker Commercial NSW

Bankstown	Ph: 02 9790 1111
Coffs Harbour	Ph: 02 6651 6711
Forster	Ph: 02 6591 6400
Macarthur	Ph: 02 4620 6111
Newport	Ph: 02 9979 1111
Sydney City Fringe	Ph: 02 8595 1899
Tamworth	Ph: 02 6767 1710
Taree	Ph: 02 6552 1133
Terrigal	Ph: 02 4385 8444
Wollongong	Ph: 02 4229 8600

LJ Hooker Commercial ACT

Canberra	Ph: 02 6248 7411
----------	------------------

LJ Hooker Commercial NT

Darwin	Ph: 08 8924 0977
--------	------------------

LJ Hooker Commercial QLD

Brisbane	Ph: 07 3115 7128
Broadbeach	Ph: 07 5531 6688
Bundaberg	Ph: 07 4131 8000
Gold Coast	Ph: 07 5592 0555
Mackay	Ph: 07 4962 3535
Solutions	Ph: 07 5585 7888
Southern Gold Coast	Ph: 07 5576 5500
Sunshine Coast	Ph: 07 5409 4888
Toowoomba	Ph: 07 4688 2266

LJ Hooker Commercial SA

Adelaide	Ph: 08 8232 8844
----------	------------------

Connect with us



 LJ Hooker Commercial

ljhcommercial.com.au



Find an agent

LJ Hooker Commercial does not give any warranty in relation to the accuracy of the information contained in this report. If you intend to rely upon the information contained herein, you must take note that the information, figures and projections have been provided by various sources and have not been verified by us. We have no belief one way or the other in relation to the accuracy of such information, figures and projections. LJ Hooker Commercial will not be liable for any loss or damage resulting from any statement, figure, calculation or any other information that you rely upon that is contained in the material. © LJ Hooker Commercial 2024