

Gold Coast Ponderings - October 2023

Across the Gold Coast and Tweed Shire regions the residential property market has remained quite fickle but nonetheless has been more robust than expected during September.

With very low stock levels persisting, many are optimistic that the change in season might spark a surge in property transactions during the latter half of the year. The anticipation is that vendors, now that the winter months have passed will be more inclined to list their properties.

For the Gold Coast region, the general sentiment is that buyers are being very selective and are still mostly interested in properties that are move-in ready. Accordingly, the market for properties in need of repair or significant renovation has been fairly subdued as evidenced by extended selling periods.

In contrast, there's strong demand for refurbished units, particularly under \$1 million, in the well located coastal suburbs, along with duplex units and freestanding houses with modern finishes priced under \$1.5 million. Many of the buyers for renovated property at the moment are reportedly cash buyers and those with significant savings and are therefore unaffected or less affected by interest rate fluctuations.



Whilst it may appear that more properties requiring updating have been hitting the market in the past year, it can be tough going if you're keen to do a quick renovate and flip, as undertaking this type of project still presents its challenges. Firstly, the task of securing available tradespeople and builders this year remains a real sticking point.

The consensus now is that it can be almost impossible to get trades to do even small renovation works... unless you pay absolute top dollar for their services! There can also be much stress organising trades to get the renovation work completed in a timely manner

For those looking to build a new home or do a larger scale renovation project, many builders on the Gold Coast are simply too busy and have multiple new house or full renovation projects on the go that have them already committed for the next 12 to 18 months. The time required to complete these larger scale projects is typically taking much longer than usual and quite often there can be delayed start times too.

The cost to renovate is another major issue for would be renovators, this stems from being subjected to higher labour and construction material costs.

These issues would no doubt have deterred many from embarking on significant renovation endeavours recently, leading buyers to shy away from fix-up properties unless they possess the necessary building skills. This does however present good buying opportunities for those who are competent enough to do the renovation work themselves.

For those equipped with do-it-yourself expertise, a reasonable selection of properties with renovation potential can be found within the current real estate market. These properties, many in centrally located suburbs such as Bundall, Southport, Ashmore and Labrador, offer the possibility of swift gains, making them fairly enticing prospects for the savvy investor. Indeed, a profitable venture is conceivable if the property is acquired at the right price.



They also note that an extensive renovation does not ensure that the full cost of the project will be returned upon resale. Typically, sellers are opting to update flooring, kitchens and bathrooms, which are costlier aspects of internal renovating. Repainting is essential to enhance appearance and to mask any unappealing features. For typical suburban residential properties exceeding \$100,000 on cosmetic refurbishment works is fairly uncommon and something we caution against.

Naturally, some buyers seek homes with a view to fully modernising throughout, often anticipating expenses for kitchens, bathrooms and flooring. Occasionally, they might invest more for a swimming pool and outdoor enhancements but spending over \$200,000 on a renovation is highly unusual unless structural changes are required to expand the overall dwelling size to accommodate larger sized families.

In summary, completing a renovation or achieving a quick flip profit in the prevailing market remains quite challenging, but there are good opportunities out there for those with experience in renovating who have the funds readily available. Renovators looking for the most profitable results should start their search for properties located east of the M1 and under the \$1 million threshold, as this is where most of the demand currently sits.

Happy hunting.

