Southeast Queensland property prices to peak in next two years, Sunshine Coast leading the way

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THE southeast Queensland property market is set to peak in the next two years, and the Sunshine Coast is shaping up to be a star performer, say industry experts.

PRDnationwide managing director Tony Brasier said falling stock levels, relative affordability and demand from interstate and Chinese investors were combining with the state's growing population to promote slowly increasing values in the southeast.

"The southeast Queensland property market has all the characteristics of a market in the process of strengthening significantly," he said.

"It is likely to boom over the next two years."

Mr Brasier said southeast Queensland could have the strongest growth of all major regions nationwide this year.

Matusik Property Insight's 2014 Property Outlook also paints an encouraging picture of the coming years, with Brisbane and the Gold and Sunshine coasts all firmly placed within the recovery phase of the property cycle.

Meanwhile, market analyst Michael Matusik warned against expecting a boom.

"Things are improving but boom is too strong a terminology," he said.

"I think we're going to see a recovery (and that) would be the best thing to happen rather than boom conditions."

The Property Outlook predicts the southeast's next peak market would be between mid-2016 and early 2017 but in the meantime homeowners could look forward to an upswing.

Solid value growth is anticipated for the 2014-15 financial year and the Sunshine Coast market in particular is a predicted standout.

Here, attached dwellings are expected to increase 12 per cent in value while vacant land and detached housing may each gain 7 per cent. Mr Matusik said the Sunshine Coast was a "potential big winner" during this property cycle.

"Strong employment growth, tight rental supply and underbuilding make the coast an attractive alternative to capital city investment," Mr Matusik said.

"Investors need to hold for a full cycle and buy property, by and large, priced under $500,000."

He said a $400,000 limit should be set for resale or second-hand stock.

In Brisbane, anticipated value growth for the same period was 7 per cent for detached houses, 5 per cent for vacant land and 2 per cent for attached dwellings.

On the Gold Coast, those figures were 4 per cent, 1 per cent and 8 per cent, respectively.

In the recovery phase of the property cycle, Mr Matusik advised renovators to be wary of overcapitalisation and renters to consider buying or locking into longer leases. The Gold Coast recovery phase was likely to be weaker than in the past because of relatively low employment growth and housing affordability but this meant property bargains were available.

“A recovery market is mildly favourable to sellers,” he said.

“(They) should expect a quick sale especially if the property is well priced, presented and marketed.”

He said Brisbane’s growth was currently stalled but the market would soon correct itself and “enjoy a much-awaited upturn”.

“Recent lifts in new dwelling and rental supply, plus relatively high levels of second-hand property for sale, have placed a brake on potential price and rental growth,” he said.

“(But) these are cyclical issues not structural ones.”