THE GOLD COAST, AUSTRALIA: SPATIAL MODEL OF ITS DEVELOPMENT AND THE IMPACT OF THE CYCLE OF FOREIGN INVESTMENT IN PROPERTY DURING THE LATE 1980'S

With 4 figures and 4 tables

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Zusammenfassung: Gold Coast, Australien: ein räumliches Entwicklungsmodell und der Einfluß ausländischer Investitionen im Immobiliensektor während der späten achtziger Jahre

Die Gold Coast an der Nordost-Küste Australiens hat vier Phasen der Entwicklung erlebt: In der ersten Phase zwischen 1842 und 1889 war sie zentraler Ort für die unmittelbare Umgebung, in der zweiten Phase (1889–1957) diente sie als jahreszeitlicher Ferienort für Südost-Queensland, in der dritten (1957–1985) entwickelte sie sich zum Fremdenverkehrsziel und Standort von Immobilieninvestitionen für Australien, und in der gegenwärtigen vierten Phase (seit 1985) ist sie zugleich Urlaubsort und Investitionsstandort für den westlichen pazifischen Raum. Der vorliegende Beitrag befaßt sich vor allem mit den ausländischen Kapitalimpulsen, die die Entwicklung der Gold Coast seit 1985 gesteuert haben.

Der wirtschaftliche Wohlstand in den kapitalistischen Ländern des westlichen Pazifik wurde seit 1985 von einer wachsenden Kapitalausfuhr begleitet. Ein Teil davon strömte nach Australien, wobei der Immobilienmarkt der Gold Coast ein bevorzugtes Ziel der Kapitalströme war, die dort zwischen 1987 und 1989 einen Boom auslösten. Die erste Phase des Booms wurde von Käufern aus Neuseeland beherrscht, im weiteren Verlauf übernahmen jedoch die Investoren aus Japan und den südostasiatischen Staaten die Hauptrolle.

Die Verteilung der von den Japanern gekauften Immobilien zeigt die stärkste Konzentration an den zentralen und landschaftlich bevorzugten Standorten der Gold Coast, während die Immobilien der Neuseeländer eine größere räumliche Streuung aufweisen. Für die starke Standortkonzentration der japanischen Investitionen ist neben den sprachlich-kulturellen Barrieren vor allem der hohe Anteil von Großinvestoren verantwortlich, die in Surfers Paradise, dem Zentrum der Gold Coast, internationale Hotels, Bürohäuser und Freizeitanlagen gekauft bzw. errichtet haben. Obwohl sich seit 1990 der Zustrom ausländischen Kapitals verringert hat, hat sich die Gold Coast inzwischen von einem rein australischen Urlaubsziel zu einem internationalen Touristenzentrum entwickelt.

The second half of the 1980's saw an economic boom in the major countries of the Western world. This was particularly the case among the capitalist nations of Eastern and South Eastern Asia. Here the growth in industrial production, and large trade surpluses generated increasing amounts of capital which sought investment opportunities both within and outside the region. The major destination was the United States, but capital flows into Australia were also important (WARF 1988, BAIN 1991, DAVID a. WHEELWRIGHT 1991).

Concurrent with these trends was the removal of currency exchange controls by the Australian Government and the deregulation of the banking and financial system. This facilitated the flow of capital in and out of Australia and increased the integration of its economy into the international capital markets (LANGDALE 1991, p. 1–2). Foreign investment into Australia increased on average at 34.4% per annum from $81.9 billion in 1983–84 to $222.9 billion in 1988–89. In contrast, Australian investment abroad increased at a faster rate of 40.1% p. a., although from a smaller base of $26.7 billion in 1983–84 to $80.2 billion in 1988–89. Growth in manufacturing investment between 1983–84 to 1987–88 averaged 26.4% p. a. compared with 81.5% p. a. for investment into property and business services. According to LANGDALE this was a clear reflection of overseas interest in investment in Australian property.

Data published by the Foreign Investment Review Board (F.I.R.B.) of the Australian Government in Canberra substantiates this point. The F.I.R.B.'s role is to investigate and to advise the Government on the purchase of Australian assets by foreigners or on development proposals according to the provisions of the Foreign Takeovers Act 1975–1989. Hence its figures are restricted to proposals which have to be referred to it. Their data also shows the rising importance of real estate as a focus of overseas investment into Australia during the boom cycle of the 1980's (Table 1).

The peak flow of investment capital in 1988–89 was over three times the level of three years earlier. Within two years after that it had declined by over one third (1990–91). As the investment boom peaked so

Table 1: Total investment associated with proposals to the Foreign Investment Review Board (in million A$)
Umfang der beim Foreign Investment Review Board beantragten Investitionen (in Millionen A$)

	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91
Total (a)	9,818	18,464	24,849	32,023	24,105	20,241
Real estate (b)	1,928	5,193	9,713	14,766	10,490	5,648
(b) as a percentage of (a)	19.6	28.1	39.1	46.1	43.5	27.9

Source: Department of the Treasury: Foreign Investment Review Board, Canberra

did the proportion of it being invested in real estate. It shows that property investment by foreigners into Australia is the most volatile component of a volatile investment cycle. The underlying attractiveness of Australian real estate to the overseas, especially Asian, investors lies in the country's political stability, good infrastructure and communications, English language of its people and property values which by world standards are low (FERRIS 1987, p. 1). Also, during the period under consideration the Australian Government pursued an anti-inflationary policy with high domestic interest rates. For example, in 1989 prime lending rates in Australia were 17.4%, compared with 10.5% in Hong Kong and 8.7% in Japan. This, coupled with the appreciation of the Yen after September 1985, gave the overseas investor a certain competitive advantage when compared with the domestic investor of Australia.

The areas in Australia where foreigners purchased property in the late 1980's were quite location-specific. They were mainly: the upper North Shore, harbourside and eastern suburbs of Sydney, some in Brisbane, the northern beaches and Swan River suburbs of Perth, Cairns and the Queensland Gold Coast. The main portion of this paper will be concerned with the role of the foreign investor in the 1987–89 Gold Coast property boom and the impact which they have had on the development of the Gold Coast region.

1 The Gold Coast: the model of growth of a tourist centre

The Gold Coast is located on the east coast of Australia in the extreme southeast of the state of Queensland. Its latitude of 28 °S gives it a location which is the southern hemisphere equivalent of Florida. Also, both the Gold Coast and Florida are on the east coast of their continents hence they have a similar seasonal climatic regime: in the case of the Gold Coast a wet summer from December to April and a dry, mild sunny winter between May and November. Its subtropical latitude and the proximity of the MacPherson Ranges to the west provide an effective barrier to the cool, continental winter winds which blow from the southwest. The cooler half of the year has daytime temperatures of between 18° and 25 °C, with crisp nights, but no frosts. The summers are hot and humid but the Gold Coast is south of the main path of the summer cyclones off the northeast coast of Australia, though it receives the heavy rain associated with them. Generally speaking, the climate is conducive to outdoor recreational activities at all times of the year.

Development has occurred along a 45 km strip of coastline from Sanctuary Cove/Paradise Point in the north through Surfers Paradise to Coolangatta/Tweed Heads in the South. Its morphology shows characteristics typical of a resort town: a seafront elongation, a commercial core adjacent to the coast, a distinct zonation of holiday accommodation and residential areas in relation to the coastline and the commercial core area and a transport network which parallels the coast (PIGRAM 1977). The population of the Gold Coast at the 1991 Census was 301,559. This compares with 75,862 at the 1971 census and 177,264 at the census of 1981. In the period 1965–1990 the average annual population growth rate of the Gold Coast has averaged 7.1%. Migration accounted for 94% of this growth (RIDER HUNT 1992, p. 12). Also, tourism on the Gold Coast has boomed: data of the National Centre for Studies in Travel and Tourism shows that in 1990–91 1,759,200 Australian and overseas visitors stayed on the Gold Coast, making it the most important tourist destination within the country. The combination of immigrants, some of whom are retirees, and the growth of a large tourist industry has been the basis of Gold Coast development through most of its history (Mullins 1984). However the nature of this growth and the spatial dimensions of its driving forces have changed throughout the one and a half centuries of European settlement beginning in 1842.

Some understanding of the historical dimension is crucial to an explanation of the growth of any urban area. In the case of the Gold Coast, economic and population growth was a function of its environmental assets and its increasing ability to attract capital and people from an ever wider hinterland. As its hinterland as a tourist centre increased so did its ability do draw investment and an increasing flow of permanent residents. This in turn was an outcome of distinct phases of transport and economic development, government policies and changing lifestyles and perceptions of leisure and environmental attractiveness.

The following model seeks to crystallize the changing size and nature of the Gold Coast hinterland and the impact which this evolving hinterland has had on the city's size and character. Four phases of this process can be hypothesized:

I. 1842–1889: The coastal settlement as service centres for the local area.

Logging camps became the nuclei of settlements and liquor shops the nuclei of future hotels. Travel was on horse and cart or coastal boats, and accessibility from points outside the region was slow and cumbersome (Longhurst 1978).

II. 1889–1957: The coastal strip as a seasonal holiday resort and retirement location for a regional hinterland.

Developments in transport gave the Coast a regional hinterland: in 1889 the railway was completed from Brisbane, 75 km to the northwest. Brisbane was the major commercial centre and administrative capital of the Queensland colony. By 1911 over 80,000 cheap excursion tickets were sold in Brisbane for train trips to Southport and Coolangatta. The features of a tourist resort were beginning to appear: hotels, shops, holiday houses, cafes, camping areas, etc. Some people from interior Queensland were retiring to the Coast.

III. 1957–1985: The Gold Coast as a resort and investment property asset for the eastern Australian continent.

Post-1950 affluence and shorter working hours led to increased holiday travel, often in the newly purchased motor car. However a national hinterland for the Gold Coast required tourist amenities which were the best in Australia. This occurred through the attraction of metropolitan capital and marketing skills from Melbourne and Sydney. In 1957 a Gold Coast real estate agent persuaded Stanley Korman, a dynamic Melbourne entrepreneur to invest in the development of a large hotel/resort/entertainment complex in Surfers Paradise. The subsequent opening of this complex was attended by many members of Melbourne and Sydney society and was given national media coverage (McRobbie 1988, p. 269). The flow of southern investment capital accelerated, as did the volume of tourists. Size and character of the Gold Coast changed dramatically: high rise apartments replaced many coastal houses, in Surfers Paradise basic shops made way for specialty boutiques and the previous disconnected coastal towns became a continuous urban area (Midwood 1988).

IV. Since 1985: The Gold Coast as a tourist destination, investment location and residential base for the western Pacific Basin.

Affluence in the western Pacific Basin and the deregulation of controls on financial transfers gave the Gold Coast the opportunity to attract the foreign tourist and potential resident and so gain new impulses both in its spatial expansion and its transformation to a more sophisticated international tourist resort. The pushing out of its tourist source areas was made technically possible in 1984 by the upgrading of its airport at Coolangatta and the 1988 completion of Brisbane's new international airport with which the Gold Coast was given a direct road link. The arrival of overseas visitors led to a new type and style of development: the large international hotel.

Between 1985 and 1991 ten large international hotels were opened in the central region of the Gold Coast. The first duty free shop was opened on the Gold Coast in 1981, by 1988 there were 12. This phase of development of the Gold Coast saw not just the arrival of an increasing flow of overseas visitors, but also the flow of property investors and purchasers. This encouraged the spread of urban development (especially northwards along the coast), as well as the proliferation of high rise buildings mainly in the central area between Broadbeach-Surfers Paradise and Main Beach.

To conclude, the development of the Gold Coast can be seen in terms of how distinct phases each moulding the geography and urban character of its environment. The forces which pushed this development ebbed and flowed in an identifiably cyclic manner. The capital flows of the most recent phase of its development will now be considered in greater detail.

2 The Gold Coast property cycle

The time-space equation has always been axiomatic in geography but the consideration of investment capital flows in relation to this equation is relatively recent. HARVEY (1982, 1985) sees capitalism as inherently expansionary, but this occurs in an urbanised space economy within which flows of capital can oscillate quickly between locations having particular advantages at a given time compared with those perceived to be less favoured. Hence a study of locational patterns without a consideration of the time-space equation is unrealistic. Thus there is an economic system within which regions function, but locational advantages within it can change in a cyclic or episodic manner. Such changes in system operation, whether abrupt or smooth, create new geographic patterns (GRAF a. GOBER 1992). At a given time capital will flow to and accumulate at a given location within the system and at a subsequent time it will just as readily cease to flow to this previously favoured region. The rapidity with which flows of capital can now fluctuate in the world and the global nature of such flows means that money, time and space have become interconnected variables of great significance to any economic study of locations. In the 1980's financial deregulation by national governments and surplus liquidity facilitated this process among the countries of the Pacific Basin. Capital flows into property became a particularly vivid example of this.

In an urban area experiencing a rapid rate of economic development and population growth such as the Gold Coast the property industry is an important sector of the local economy. The property industry both services the growing population and stream of visitors as well as providing its own impetus to growth and change. This growth has been highly cyclic, a characteristic which has been researched by a number of scholars (KEARNEY 1974, GOTTLIEB 1976, MASSEY a. CATALANO 1978, BARRAS 1979, LOW a. MOSER 1991).

At one level, flows of capital into property are a response to demand, but there is also an investment market in property which functions as one of a number of investment options available at a given time and with only an oblique relationship to demand for property at that particular time (BARRAS 1979, p. 1). For example, there is evidence to show that the global sharemarket crash of October 1987 led to a shift of investment into property, thus heightening boom conditions irrespective of any rise in demand by potential residential and commercial buyers or leasees. For example, such steep rises in property values in Japan enabled owners of land and real estate to borrow large sums against these assets and so buy property in other countries (*Time* March 23, 1992). Such funds flowed into Australia, with the Gold Coast being one of the main destinations. In 1990–91 the bubble burst and many purchasers/developers were caught with serious liquidity problems (*Australian Business Monthly* May 1992).

Another factor in property cycles is timing. This makes it difficult to co-ordinate the cycle of supply with that of demand. Demand can rise relatively suddenly, but the long period required to initiate and construct a new building causes a delayed development response to changed market conditions. The boom-phase of the cycle also encourages new developers to enter the market so that the danger exists that a plethora of building sites, houses, apartment buildings, offices, shopping centres are placed on the market at the same time. By which time pent-up demand may have been largely satisfied, interest rates for borrowers may be on an upward curve and the specific segment of the market for whom the property was developed may be in recession (LOW a. MOSER 1991, p. 6). Thus property cycles usually exaggerate the general cycles experienced by the economy. This has been the case on the Gold Coast.

Property booms on the Gold Coast occurred in 1958–60, 1968–70, 1979–82 and 1987–89. In each boom large investment-developers entered the Gold Coast property scene and pushed it in new directions (COOMBES 1983, 1985). The boom was inevitably followed by a bust as sales figures for the twelve year period (1980–91) show (Table 2).

Table 2: Gold Coast City: all settled property sales
Gold Coast City: Zahl der Grundstücks- und Immobilienverkäufe

Year	No. of sales
1980	11,237
1981	14,717
1982	11,773
1983	8,659
1984	9,236
1985	8,675
1986	9,499
1987	10,514
1988	18,008
1989	16,975
1990	9,606
1991	7,664

Source: Gold Coast City Council (1990)

Table 3: Gold Coast City and Albert Shire: property purchases by non-Australian residents 1986–87 to 1989–90

Gold Coast City und Albert Shire: Grundstücks- und Immobilienkäufe durch nicht-australische Einwohner 1986–87 bis 1989–90

Country of purchaser	1986–87	1987–88	1988–89	1989–90
New Zealand	148	564	222	103
Japan	37	122	266	194
Hong Kong	8	14	50	74
Singapore/Malaysia	10	1	13	9
Other Asia/Pacific	11	33	43	14
Other	4	17	12	14
Total	218	751	606	421

Source: Department of Lands, Brisbane

The nature of the property cycle is one in which a slow rise is followed by a sudden acceleration of demand which then reverses into a gradual decline. Thus in both booms shown on Table 2 the upswing of the cycle accelerated between 1980 and 1981 and 1987 and 1988 when sales of property rose by 31.0% and 72.3% respectively. In the year which followed this peak year of each boom the decrease in sales was slower: 20.0% (1981 to 1982) and 5.7% (1988 to 1989). The 1987–1989 boom saw the arrival of the foreign investor and their behaviour was seen to be equally cyclic (Table 3).

All sales of property in the state of Queensland have to be registered with the Department of Lands. In most cases there is a slight delay between the completion of sale and its lodgement with the Department of Lands. So the sales figures do not exactly mirror the property cycle. The actual sale was completed about three to eight weeks earlier than the timing of these figures indicate. Even though the cycle of purchases by non-Australians on the Gold Coast mirrored the general cycle of sales, the relative importance of purchasers from different countries changed during the investment cycle.

The cycle rose sharply to peak in the year ended 30th June, 1988, with property purchases by foreigners trebling from 1986–87 to 1987–88. The two years which followed saw a steady decline from 751 property purchases in 1987 to 606 (1988–89) and 421 (1989–90). Investors from two countries predominate at all stages of this four year cycle: New Zealand and Japan.

Seven out of ten to nine out of ten overseas purchases each year are by nationals of New Zealand and Japan. As the cycle progressed there was a change in the balance between them: the predominance of New Zealand buyers during the first two years (1987, 1988) is replaced in 1989 and 1990 by those from Japan. The early strength of New Zealand buyers and their rapid decline in importance has to be explained in terms of conditions within their home country. New Zealand had tight foreign exchange controls until 1985, with their removal there was a pent-up demand for foreign property for investment as well as the possibility of retirement and holiday home purchases in adjacent and culturally similar Australia. In particular the subtropical environment of the Gold Coast and its strong image were attractiv to New Zealanders (Charnock 1987, p. 31). However New Zealand has a small population and economy so the pool of Gold Coast property purchasers soon declined just as the flow of Japanese tourists was increasing, Australian property consultants were developing their Asian networks and the Yen appreciated against the Australian dollar. The individual Japanese house or apartment purchaser was also being encouraged by the arrival of Japanese developers and institutional investors drawn to Australia with its relatively cheap real estate and a real estate sector having higher liquidity than in Japan (Furuta 1987, p. 55).

There was also a steady rise in investment from Hong Kong, so that in the final year of the cycle, one overseas purchaser in six came from there. Hong Kong's strong economy and the approach of 1997 with the political and economic uncertainty associated with it saw Australia attracting increased flows of investment, as did Canada and the U.S.A. The role of purchasers from other countries was relatively minor. Most however were from Asia and the S.W. Pacific: Malaysia, Singapore, Taiwan, the Philippines, Papua-New Guinea and New Caledonia. For Europe and the U.S.A. Australia is too far away. U.S. property purchases have traditionally invested in North America, the British have a long tradition of institutional investment in Australia, but during the 1980's favoured Europe and North America (Hajdu 1988). So purchasers from beyond the western Pacific were very few.

The pattern of purchases by price categories is varied (Table 4). New Zealanders purchased properties which were overwhelmingly the less expensive houses and apartments, then the Japanese entered the Gold Coast property market at all levels: from the smaller house or apartment to the large villa with a canal frontage and the luxuriously appointed high-rise flat and penthouse. They were also present to a much greater extent in the market for commercial property such as hotel sites, office buildings and large tracts of land which they bought to develop as golf

Table 4: Gold Coast City and Albert Shire: property purchases by non-Australian residents – price category of purchase 1986–87 to 1989–90

Gold Coast City und Albert Shire: Grundstücks- und Immobilienkäufe durch nicht-australische Einwohner – Kaufpreise 1986–87 bis 1989–90

Price category	New Zealand	Japan	Other foreign countries
		1986–87	
<$250,000	143	22	30
$250,001–500,000	4	11	3
$500,001–1,000,000	–	4	–
>1,000,000	1	–	–
		1987–88	
<$250,000	506	47	49
$250,001–500,000	43	52	10
$500,001–1,000,000	10	11	5
>1,000,000	5	12	1
		1988–89	
<$250,000	181	111	89
$250,001–500,000	35	80	20
$500,001–1,000,000	3	30	3
>1,000,000	3	45	6
		1989–90	
<$250,000	85	72	83
$250,001–500,000	16	66	29
$500,001–1,000,000	2	25	11
>1,000,000	–	31	1

Source: Department of Lands, Brisbane

course-hotel-resorts. Purchasers from other countries did include a significant proportion of wealthy individuals, but the role of the developer and institutional investor was very much smaller than with the purchases of the Japanese. There are also noticeable similarities and differences in the geographical pattern of purchases by the three categories of buyers. An analysis of the relevant cartographic data follows.

3 The distribution of foreign investment on the Gold Coast

The pattern of property purchases by foreigners is not a mirror of the extent and shape of the builtup area of the Gold Coast. Foreign purchasers show a strong bias towards the most central locations and those which are deemed to be environmentally particularly desirable. The conceptualization of a model of the pattern formed by these properties purchased by non-Australians would have the following characteristics.

In general terms, there is a centrally located core concentration, with a series of individual units and clusters extending away from it. This can be detailed in the following way. Firstly, there is a large concentration of foreign-owned properties in the central area of the Gold Coast, based on Surfers Paradise. Secondly, extending north and south of the core cluster along the coastal zone is a long disconnected ribbon of individual foreign-owned properties, but also containing few widely-spaced clusters. The ribbon of such foreign-owned properties peters out as distance from the urban core increases. Thirdly, there are relatively few properties in the Gold Coast urban area away from the coastal zone. Those which occur there are immediately to the west of the urban core, i. e. a minimization of the distance to the most central location in the urban area has been an apparent influence on the purchasers' choice of property. However within this model there are differences in emphasis according to the home country of the purchaser and the phase of the 1986–90 property cycle at which the purchase was made.

Properties purchased by New Zealanders are the most widely dispersed (Figures 1.1, 1.2, 1.3 a. 1.4). The main concentration is in the urban core of the Gold Coast (Surfers Paradise, Main Beach and Broadbeach), but there are also properties purchased by them in all the main Gold Coast suburbs to the south and north: Burleigh Heads, Palm Beach, Coolangatta, Southport and Runaway Bay. Some of these properties are 1 to 2 km from the coast. New housing estates further inland, such as Robina, Carrara and Helensvale, also saw property purchases by New Zealanders. This shows their propensity to buy cheaper properties, a point already seen earlier.

Purchases by the Japanese show a generally greater tendency to cluster (Figures 2.1, 2.2, 2.3 a. 2.4). This applies particularly in the central Main Beach-Surfers Paradise-Broadbeach area, as well as to specific points in Runaway Bay, Sanctuary Cove and Currumbin. Some of the urban districts of the Gold Coast, such as Southport, Mermaid Beach and Palm Beach, only have a marginal Japanese property-owning presence; though there are some properties purchased by them in the new urban developments in the inland fringe of the Gold Coast. The new Robina estate is an example.

This tendency for Japanese purchases to cluster to a greater extent than the purchases of New Zealanders is both a function of the characteristics of the Japanese and their perception of Gold Coast prop-

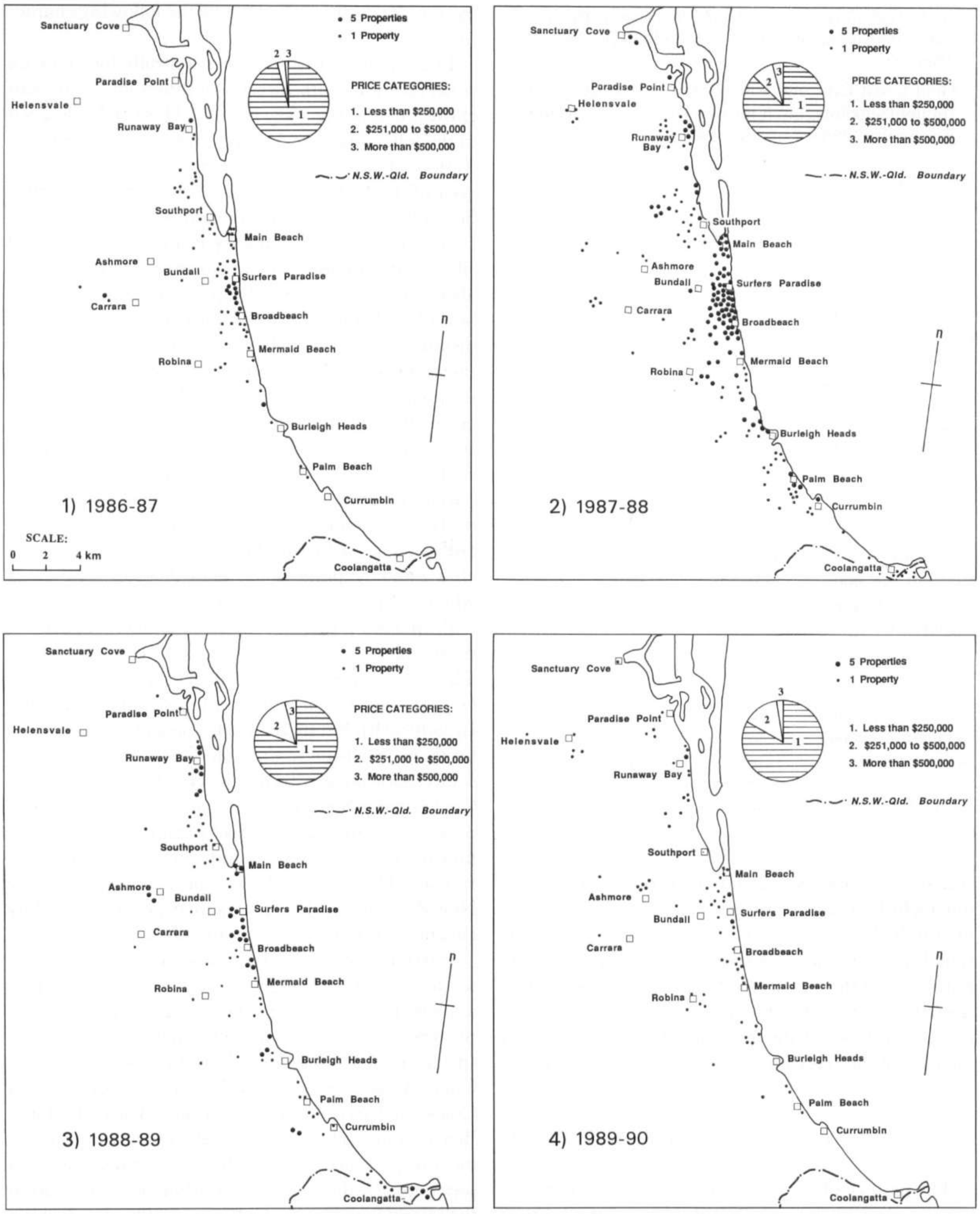

Fig. 1.1–1.4: Purchases by New Zealanders, 1986–1990
Immobilienkäufe von Neuseeländern 1986–1990

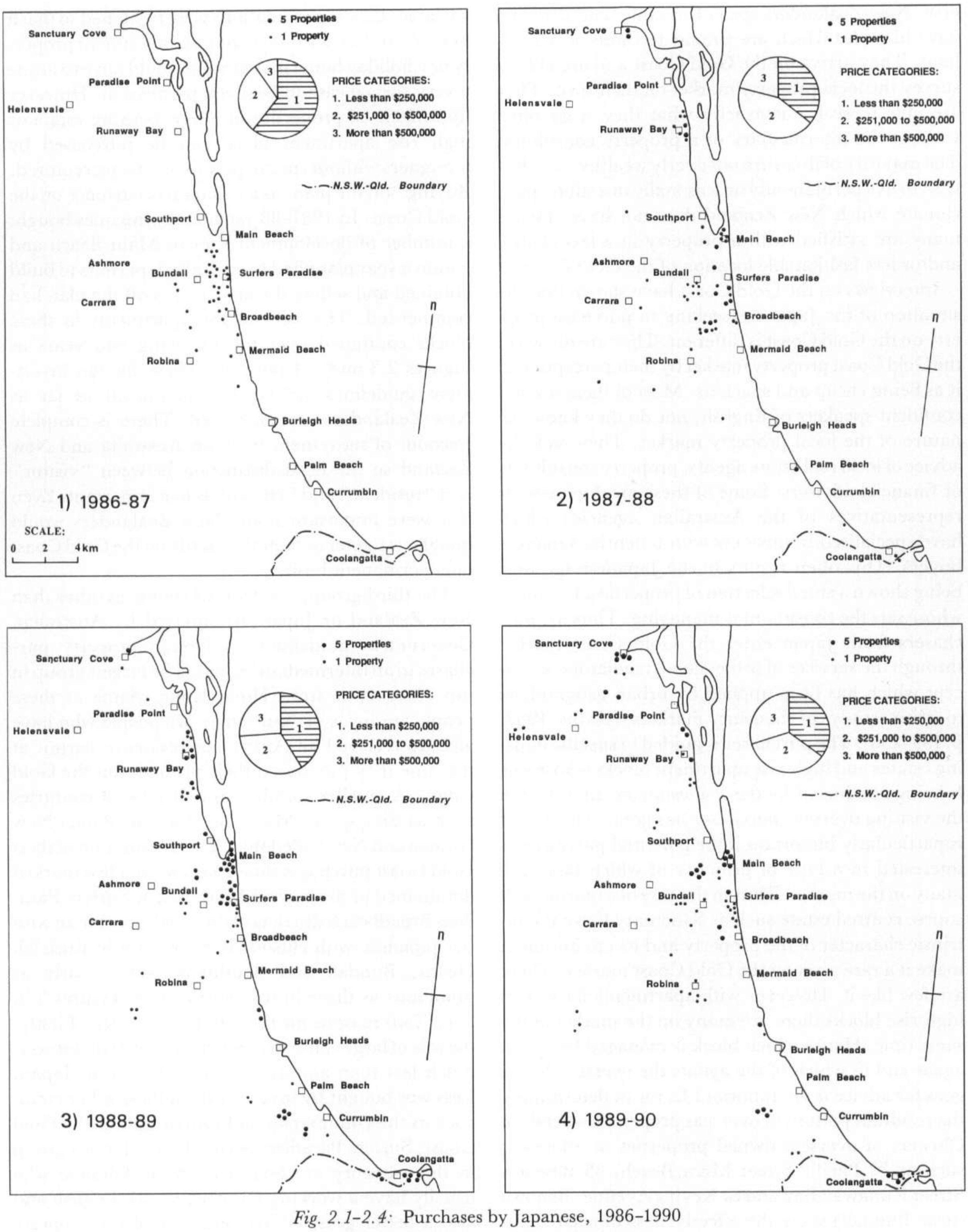

Fig. 2.1–2.4: Purchases by Japanese, 1986–1990

Immobilienkäufe von Japanern 1986–1990

erty. New Zealanders speak the same language and have lifestyles which are similar to those of Australians. They arrive on the Gold Coast and are able to survey the local property market on their own. They are able to seek out exactly what they want often without the intermediary of a property consultant. The majority of them are not overly wealthy, but they wish to live permanently or seasonally in a subtropical climate which New Zealand does not have. Hence many are satisfied with a property in a less central and/or less fashionable location of the Gold Coast.

Interviews on the Gold Coast have shown that the situation of the Japanese seeking to purchase property on the Gold Coast is different. They are drawn to the Gold Coast property market by their perception of it as being cheap and spacious. Most of them are not confident speakers of English, nor do they know the nature of the local property market. They seek the advice of local real estate agents, property consultants or financial advisers. Some of these are Japanese or representatives of the Australian agencies which have specialised in business with potential Japanese buyers. This often results in the Japanese inquirer being shown a sifted selection of properties, i. e. those whose sale the consultant is managing. Thus the purchasers from Japan enter the Gold Coast market through the services of professional mediators, a concept which has been applied by urban geographers to their study of housing markets (Knox 1982, p. 153–156). The purchaser is guided to specific housing estates and high-rise apartment blocks whose sale is being conducted by the real estate agent to whom the visiting overseas purchaser has gone. This factor is particularly important if the potential purchaser is interested in a type of property of which there are many on the market. Thus in the case of a marine-golf course centred estate such as Sanctuary Cove the intrinsic character of the property and its environment make it a rare asset on the Gold Coast market. There are few like it. However with apartments for sale in high-rise blocks there are many on the market at the same time. Hence which block is managed by which agent and to which of the agents the overseas buyer goes for advice is an important factor in determining the resultant pattern of overseas property ownership. Clusters of overseas-owned properties at addresses such as 70 Pacific Street Main Beach, 35 Bayview Street Runaway Bay and St Kevins Avenue, Benowa (near Bundall) show the effectiveness of such channelling of buyers.

The change on 29th September, 1987 of Australian Government policy towards residential property purchases by non-Australian citizens has also been a variable. Existing regulations were tightened so that a non-Australian wishing to buy an investment property or a holiday home in Australia would have to argue a very special case to be given permission. However up to 50% of properties in a new housing estate or high rise apartment block can be purchased by foreigners without special permission being required. Buying "off the plan" is a common occurrence on the Gold Coast. In 1987–88 Japanese companies bought a number of development sites in Main Beach and within a year plans had been drafted, permits to build obtained and selling the apartments off the plan had commenced. The sales of the apartments in these blocks continued over the following two years as Figures 2.3 and 2.4 indicate. These foreign investment guidelines are far less significant as far as New Zealanders are concerned. There is complete freedom of movement between Australia and New Zealand so the legal distinction between "visitor" and "resident" and "citizen" is less important. Even if it were important many New Zealanders would qualify as sooner or later they settle on the Gold Coast on a permanent basis.

The third group, residents of countries other than New Zealand or Japan are affected by Australian Government guidelines on foreign property purchases to an intermediate extent. The largest group in this category is from Hong Kong. Some of these people are investors but others are people who have already received an Australian residence permit at the time they purchased their property on the Gold Coast. A smaller number are citizens of countries such as Singapore, Malaysia, Taiwan, Papua-New Guinea and New Caledonia. The distribution of their Gold Coast purchases shows a somewhat less marked dominance in the central Main Beach-Surfers Paradise-Broadbeach districts of the Gold Coast than with the Japanese with clusters of properties in Burleigh Heads, Bundall and Southport being nearly as numerous as those in the central zone (Figures 3.3, 3.4). Two reasons for this can be identified. Firstly, the role of large company and institutional investors is much less than amongst the investors from Japan. Less was bought by investors from these other countries in the commercial and tourist hub of the Gold Coast, Surfers Paradise. Secondly, the largest group in this category are Southeast Asian Chinese who usually have a working familiarity with English and also a better grasp of Western capitalistic property markets than do the Japanese. Some are a link in a process of chain migration to Australia. This means that they have a relative or close friend who can help them with the selection and purchase of a suitable

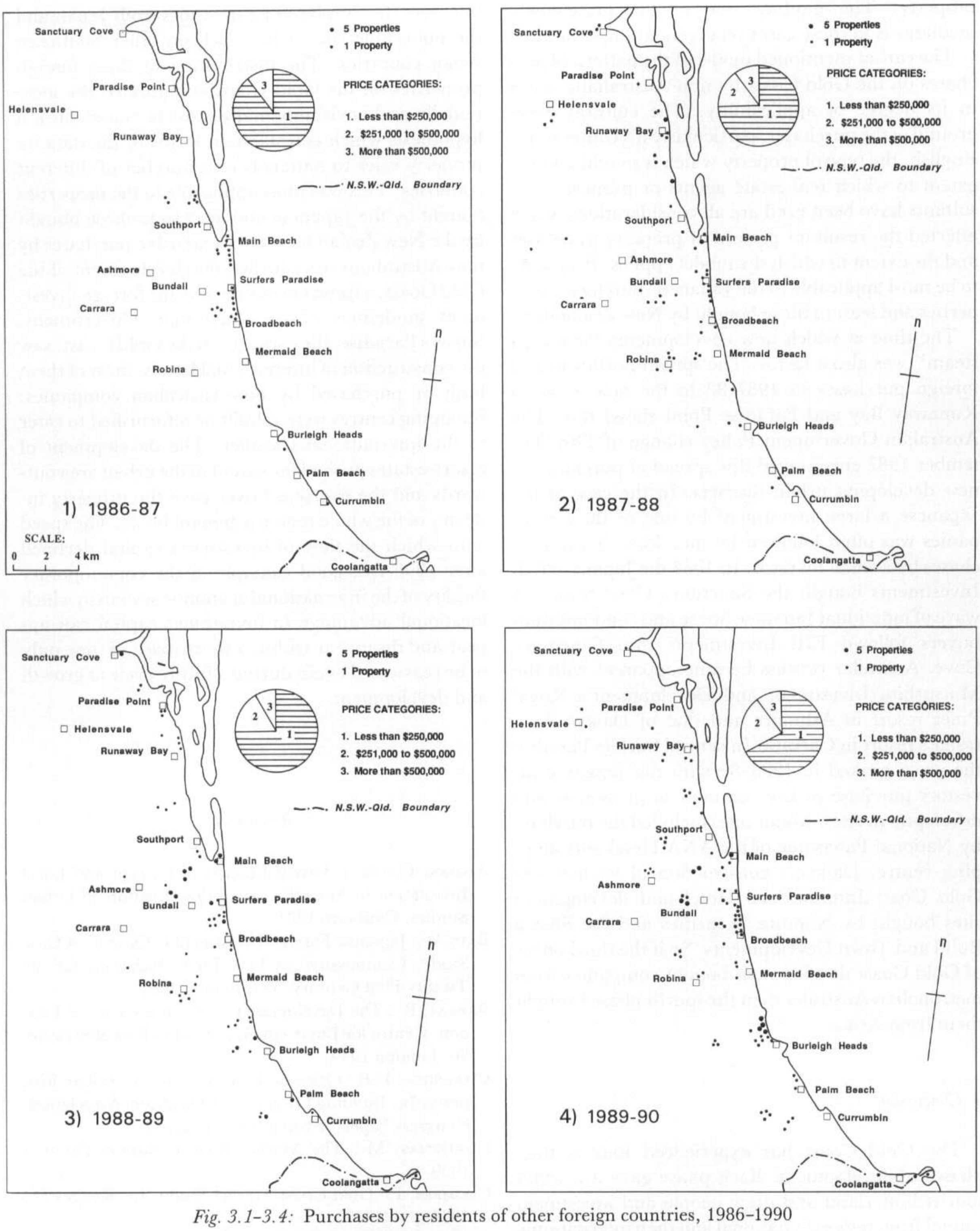

Fig. 3.1–3.4: Purchases by residents of other foreign countries, 1986–1990
Immobilienkäufe von Einwohnern anderer Staaten 1986–1990

property. The guiding role of the professional mediator is in these cases relatively unimportant.

The earlier mentioned model of the pattern of purchases on the Gold Coast by non-Australians varies in its degree of applicability. The cultural background of the purchaser, particularly his command of English, the type of property which is sought and the extent to which real estate agents or property consultants have been used are all considerations which affected the resultant pattern of property purchases and the extent to which the model applies. It appears to be most applicable to the Japanese-purchased properties and least to those bought by New Zealanders.

The time at which new developments "came on steam" was also a factor. The spread northwards of foreign purchases in 1987–88 to the new areas of Runaway Bay and Paradise Point shows this. The Australian Government Policy change of 29th September 1987 encouraged this spread of purchases to new developing urban districts. In the case of the Japanese a large investment by one of their companies was often followed by individual home purchases by a small investor. In 1988 the Japanese EIE Investments bought the Sanctuary Cove resort. A wave of individual Japanese house and condominium buyers followd EIE Investments into Sanctuary Cove. A similar process became apparent with the Matsushita Investment and Development's Royal Pines resort in Ashmore and that of Daikyo Australia's resort in Carrara. In central Surfers Paradise the wave peaked in 1988–89 with the Japanese investors purchase of key commercial properties and development sites. Major ones included the purchase by National Panasonic of the ANA Hotel and shopping centre, Daikyo's construction of its five star Gold Coast International Hotel and development sites bought by Nomura Securities and the Showa Build and Town Developments. So if the third phase of Gold Coast development bought companies from metropolian Australia then the fourth phase brought them from Asia.

4 Conclusion

The Gold Coast has experienced four distinct phases of development. Each phase gave it a wider tourist hinterland and drew people and investment capital from regional, national and then international sources. The concern of this article has been mainly with the most recent phase of development and the role of the non-Australian investor in fuelling it. New Zealanders dominated at the beginning of the boom, but were then replaced by investors from Japan and the noticeable rise of buyers from other Southeast Asian countries. The distribution of these foreign properties on the Gold Coast accentuated the locationally and environmentally most favoured sites, a hypothesis which is testable in terms of the data on property sales to nationals of a number of different countries. This was most applicable to the properties bought by the Japanese and least so to those bought by the New Zealanders. Such extensive purchases by non-Australians have fuelled the development of the Gold Coast, a trend encouraged by the foreign investment guidelines of the Australian Government. Surfers Paradise, the core area of the Gold Coast, saw the construction of international hotels, most of them built or purchased by non-Australian companies. Shopping centres were rebuilt or refurbished to cater to the international traveller. The development of resort-estates pushed the extent of the urban area outwards and the overseas buyer gave the property industry of the whole region a general boost. The speed with which the flow of investment capital declined after 1990 is a good example of the contemporary fluidity of the international economic system in which locational advantage to investment capital can appear and disappear within a short space of time only to be reassessed again during a future cycle of growth and development.

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