

APARTMENT

S U N S H I N E C O A S T

ISSUE 01
WINTER 2019

In this first edition of “**Apartment Sunshine Coast**”, we provide an overview of the **Sunshine Coast property market** and important insights, giving a clear indication of where it is today and where it is heading. We delve into the performance of the region’s **four different areas**, the rental market, the **state of the economy** and the **new apartment market**

A STRONG RENTAL
MARKET UNDERPINS
THE SUNSHINE COAST



place
projects



SUNSHINE COAST MARKET REPORT

We want to know how the Sunshine Coast property market is performing, what is happening and where it is heading.

As South East Queensland's leading off the plan apartment marketing company, we are constantly monitoring the property market, analysing fundamental trends, new property developments and almost everything property related.

We have our own dedicated research team "Place Advisory". Place Advisory has substantial property market data that has been developed over time and analysed in complex manners to provide the best insights into the property market on both a micro and macro level.

Our main aim of "Apartment Sunshine Coast" is to continue to provide meaningful insights into the new apartment market throughout other regions of South East Queensland, of which little is often known or reported.



AFTER YEARS OF GROWTH THERE IS UNCERTAINTY AHEAD

In the wake of the Banking Royal Commission and Federal Election of 2019, Australian property markets were facing a more uncertain future. As such, the Sunshine Coast briefly began to show signs of slowing down however, with this uncertainty now over, it is expected that the market will return to growth.

SALES VOLUMES BEGIN TO SOFTEN

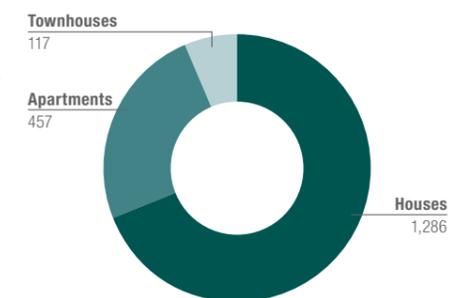
Sales volumes began to decline in the local Sunshine Coast property market in 2018. So far, it appears as if this trend is continuing into 2019. Tighter credit conditions and more stringent lending by banks have caused longer settlement and application periods. However, after several years of growth, it is natural to expect the property market to slow as it transitions into the next cycle. As such, any decrease in sales is expected to be temporary. Current sales rates remain above the last slowdown which occurred between 2010 and 2012.

PRICE GROWTH BEGINS TO SLOW AFTER 6 YEARS OF GAINS

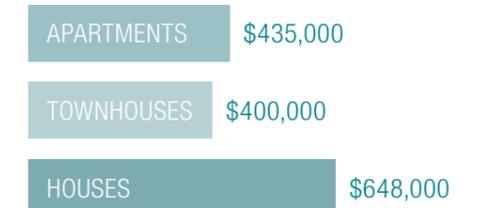
The Sunshine Coast appears to be feeling the effects of the current property climate despite surging ahead into the first half of 2018. Houses and apartments hit their peak at \$650,000 and \$455,000 in the September 2018 period respectively, while townhouses hit their respective peak at \$405,000 slightly earlier in the March period 2018. Leading into 2019, houses and townhouses have held firm however, apartments have begun feeling the pressure.

Houses have been the clear outperformer in price growth, recording the highest annual rate of median price growth of the three property types over the short (1 year), medium (5 years) and long term (10 years).

6 MONTHS TO MARCH 2019 SALES NUMBERS



6 MONTHS TO MARCH 2019 MEDIAN PRICES



ANNUAL MEDIAN PRICE GROWTH RATES

	1 year	5 years	10 years
Apartments	-3.3%	3.1%	1.4%
Townhouses	-1.2%	2.1%	2.2%
Houses	0.5%	5.3%	3.3%

SUNSHINE COAST AREAS



A STRONG RENTAL MARKET UNDERPINS THE SUNSHINE COAST

A strong rental market usually points to a healthy property sales market. Higher rents make buying one's own home appear more feasible and improves the investment decision for potential landlords.

LOW VACANCIES PUSH RENTS HIGHER

In positive news for Sunshine Coast property investors, tight rental vacancies on the Sunshine Coast have been causing rental increases for owners of all property types. However, the rate of rental growth eased over the past 12 months for all property types except two-bedroom apartments. As rents continue to increase and yields improve for investors, more upward pressure is likely to be placed on property prices.

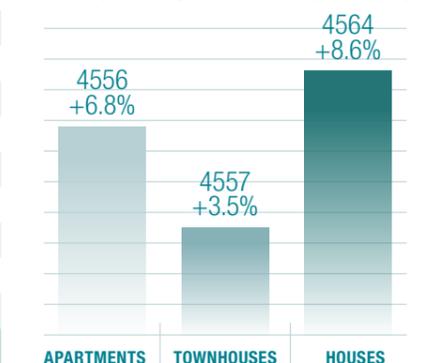
In March 2019, the Sunshine Coast recorded a tight vacancy rate of 1.6% with only 520 rental properties available throughout the region. Vacancy rates have been around these low levels since 2013 when property prices began their upward trend.

All postcodes, except 4562, in the Sunshine Coast recorded a vacancy rate of below 2% in March 2019 indicating that low vacancy is occurring throughout. Such strong vacancy rates are providing a positive argument for new development in the region while also ensuring that potential buyers can be confident in their decision to purchase.

Property Type	March Quarter 2017	March Quarter 2018	March Quarter 2019
Apartment			
1 Bed	\$280	\$300	\$300
2 Beds	\$365	\$365	\$380
3 Beds	\$420	\$440	\$435
Townhouse			
2 Beds	\$360	\$380	\$390
3 Beds	\$420	\$430	\$438
House			
2 Beds	\$360	\$370	\$375
3 Beds	\$440	\$450	\$450
4 Beds	\$500	\$530	\$530

Prepared by Place Advisory. Source: RTA

TOP POSTCODES FOR RENTAL GROWTH 12 MONTHS TO MARCH 2019



Postcode	Vacancy Rate	Vacant Properties
4551	1.3%	109
4556	1.6%	72
4557	1.3%	50
4558	1.3%	61
4559	1.4%	7
4560	1.5%	57
4561	0.5%	3
4562	3.2%	15
4564	0.8%	14
4572	1.1%	10
4573	1.3%	56
4575	1.8%	66
Sunshine Coast	1.6%	520

Prepared by Place Advisory. Source: RTA

MAROOCHY NORTHSHORE (Peregian beach to Maroochy River)

Maroochy Northshore has been a standout performer and now boasts the most expensive houses and townhouses in the Sunshine Coast. The area is well sought after due to its quieter atmosphere and abundance of picturesque views.

Over the past 12 months ending March 2019, House and apartment prices have continued to increase by 1.5% and 0.6% respectively. However, townhouses have struggled with their median price down 3.7% over the same period.

MARCH 2019 MEDIAN PRICE



KAWANA WATERS (Mooloolah River to Wurtulla)

Kawana Waters has been a standout performer over the long term with houses (3.5% p.a.) and townhouses (3.6% p.a.) having the best 10-year growth rates for median prices.

Both property types have continued to record price increases into 2019 highlighted by a 7.7% increase for townhouses over the last 12 months. However, the same cannot be said for the area's apartments which have decreased by 6.9% over the same period.

MARCH 2019 MEDIAN PRICE



MAROOCHYDORE (Maroochy River to Mooloolaba)

The Maroochydores area boasts the equal most expensive houses in the Sunshine Coast. However, price growth has slowed to a halt with apartments (\$445,000) and townhouses (\$386,000) both recorded small declines of 2.2% and 1% respectively over the last 12 months.

However, after several years of growth apartments remain the most expensive in the Sunshine Coast. In contrast, townhouses are now the Sunshine Coast's most affordable.

MARCH 2019 MEDIAN PRICE



CALOUNDRA (Currimundi to Pelican Waters)

Property here has been positive without being the best. Median house prices remained steady compared to 12 months prior. Apartments increased by 1.7% compared to townhouses which decreased by 4%.

Boasting the Sunshine Coast's most affordable houses, the gap in price between the other areas is now at \$65,000 to Kawana Waters and \$80,000 to Maroochydores meaning there are great opportunities to enter the market.

MARCH 2019 MEDIAN PRICE



PROJECTOR

THE SUNSHINE COAST NEW APARTMENT MARKET MARCH 2019

DEFYING THE DOWNTURN

The region's new apartment market is full of optimism despite many apartment developments in other markets now experiencing difficulties selling their stock and meeting presale requirements as various property markets around the country are being reported as being in a state of decline. For the first time, Place Advisory is reporting on the new apartment market in the Sunshine Coast with this edition designed to give the reader a strong understanding of the depth of this market. Additionally, we provide valuable insights on available apartments.

DEPTH OF THE MARKET

Throughout the Sunshine Coast there are currently 26 active new apartment developments totalling 1,064 apartments.

With approximately 16,500 apartments throughout the Sunshine Coast, this new supply accounts for a healthy 6.4% of the market.

Approximately, 46% of this new apartment supply has already been sold.

WHERE ARE THE DEVELOPMENTS

The majority of new supply (380 apartments) are located in the central hub of Maroochydore with many apartments also located in Birtinya (215 apartments), Cotton Tree (161 apartments) and Coolum Beach (108 apartments). Combined, these four suburbs account for just over 80% of all new apartments on the Sunshine Coast.

STATUS OF CURRENT PROJECTS

Approximately two thirds (66%) of new apartments are under construction with the rest yet to commence.

PROPORTION OF APARTMENTS AVAILABLE

Two Bedroom apartments are proving to be the most popular on the Coast with 45% of available apartments in this configuration.

Three bedroom apartments are close behind accounting for a further 36% of available apartments.

One Bedroom (10%) and Four Bedroom (9%) apartments account for the remaining apartments.

SUNSHINE COAST NEW APARTMENT MARKET SUMMARY

Place Advisory has gathered data on each new apartment development in the Sunshine Coast and summarised it below. Of the 26 developments, The Cosmopolitan in Cotton Tree is the largest with 142 apartments. This development also has the most remaining for sale due to its larger scale. Drift in Coolum Beach has impressively already sold out and is expected to complete construction towards the end of 2019.

Development	Suburb	Status	Total Apartments	Apartments Remaining	Proportion Sold
Cosmopolitan	Cotton Tree	Under Construction	142	94	34%
The Hedge Lifestyle Apartments	Buddina Beach	Under Construction	97	33	66%
Avalon	Maroochydore	Under Construction	86	**	**
The Rhythm on the Beach	Maroochydore	Under Construction	72	21	71%
Southbank at Oceanside	Birtinya	Awaiting Construction	70	57	19%
Revive Oceanside (Stage 1)	Birtinya	Underconstruction	60	48	20%
Beachlife Alex	Alexandra Headland	Awaiting Construction	58	32	45%
Drift	Coolum Beach	Under Construction	56	0	100%
Curve Birtinya	Birtinya	Under Construction	55	41	25%
Rise Maroochydore Beach	Maroochydore	Awaiting Construction	48	*24	*50%
Plaza Central Maroochydore (Stage 1)	Maroochydore	Awaiting Construction	42	32	24%
The Ivy Picnic Point	Maroochydore	Under Construction	37	10	73%
Allure Mooloolaba	Mooloolaba	Under Construction	33	3	91%
Pinnacle Picnic Point	Maroochydore	Under Construction	31	2	94%
Affinity Place	Birtinya	Construction Completed	30	19	37%
First Bay Coolum	Coolum Beach	Awaiting Construction	24	24	0%
Oceane Coolum Beach	Coolum Beach	Awaiting Construction	21	18	14%
Essence Cotton Tree	Cotton Tree	Awaiting Construction	19	13	32%
Botanica Riverside Residences	Maroochydore	Awaiting Construction	16	14	13%
Alpha Luxury Apartments	Maroochydore	Under Construction	14	4	71%
Vue on Bradman	Maroochydore	Under construction	14	13	7%
Eclipse Picnic Point	Maroochydore	Awaiting Construction	13	11	15%
Latitude Coolum Beach	Coolum Beach	Awaiting Construction	7	3	57%
Riverpoint	Maroochydore	Awaiting Construction	7	**	**
116 Alex	Alexandra Headland	Under Construction	6	1	83%
Onyx	Mooloolaba	Awaiting Construction	6	**	**
Total			1064	517	46%

Note: 1. * indicates approximate values. 2. ** indicates values unknown 3. Total proportion sold excludes developments with unknown sold proportions.



ECONOMY & INFRASTRUCTURE

THE SUNSHINE COAST REGION RECORDED ITS **HIGHEST LEVEL** OF INTERNATIONAL TRAVELLER OVERNIGHT STAYS DURING THE **LAST FINANCIAL YEAR.**



THE SUNSHINE COAST'S ECONOMY KEEPS TICKING ALONG NICELY

The Sunshine Coast's property market has been one of Queensland's shining lights over the past several years. Behind this resilient market is a strong local economy.

The creation of new jobs throughout the region has been increasing in recent years. Over the 12 months to June 2018 the Sunshine Coast recorded its highest rate in over 10 years at 7.48% and is on track for a similar result in 2019.

The region has also been experiencing above average population growth at well over 2% per annum over the past seven years. 2017 (2.7%) and 2018 (2.8%) were the strongest. The region is now on track reach 500,000 residents by around 2030.

INFRASTRUCTURE APLENTY IN THE SUNSHINE COAST

Infrastructure spending is a fundamental component of a strong property market. More infrastructure spending ensures more jobs, a stronger economy, and population growth. The result is more demand for property.

Infrastructure spending is aplenty on the Sunshine Coast. Many major projects are in the pipeline or already underway. These projects will guarantee a monetary injection of several billion dollars into the local economy and support the strong rate of job creation occurring throughout the region.

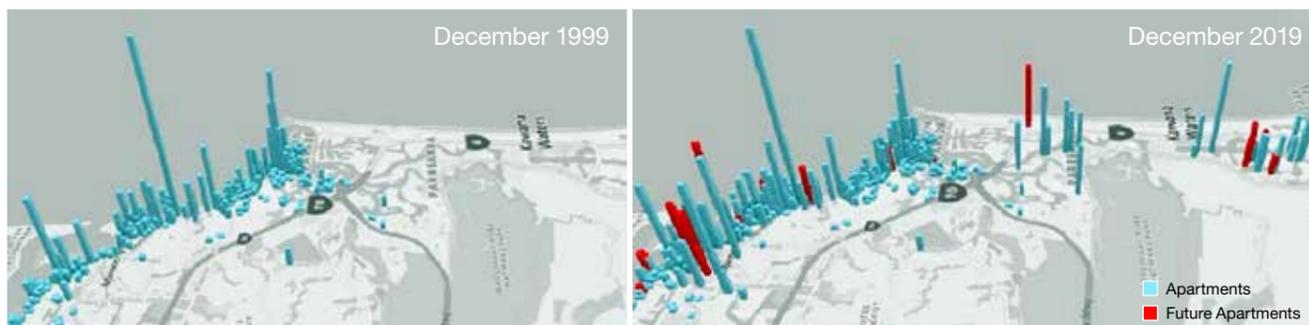
Project	Cost/Contribution to Economy	Expected Completion	Description
Sunshine Plaza	\$400,000,000 Cost	Mid 2019	Expansion of the existing Sunshine Plaza. Will create 5,200 jobs
Sunshine Coast Airport	\$347,000,000 Cost \$4,100,000,000 to Economy	End 2020	Airport expansion. It is set to create 2,230 new jobs and increase tourism to the region
Bruce Highway Widening	\$200,000,000 Cost	Late 2020	Caloundra Road to Sunshine Motorway widening from 4 lanes to 6 lanes
University Expansion	\$81,000,000 Cost	Completed	University expansion. Will accommodate 20,000 students
Maroochydore City Centre	\$4,100,000,000 to Economy	Stages TBA	Significant retail and commercial additions etc. Over 2,000 apartments and 250 hotel rooms. 15,000 new jobs
Light Rail	\$3,600,000,000 to Economy	2025	A light rail train line running from Caloundra to Maroochydore. Will create 9,000 jobs
International Broadband Submarine Cable	\$927,000,000 to Economy	2020	Will deliver Australia's fastest telecommunications connection to Asia and the second fastest to the United States. Will create 864 new jobs

Source: Queensland Government and Sunshine Coast Council. For a more complete list please visit the sunshine coast regional council website using the following link: <https://invest.sunshinecoast.qld.gov.au/Why-Sunshine-Coast/Major-Projects>



THE CHANGING LANDSCAPE OF THE SUNSHINE COAST APARTMENT MARKET

The Sunshine Coast has a long-time established apartment market with many buildings built before 2000 causing prime development sites to remain scarce and highly sought after. However, as technology and style has changed, so too has the landscape of the Sunshine Coast Apartment Market.



Please note: Building height represents the number of units in the development.

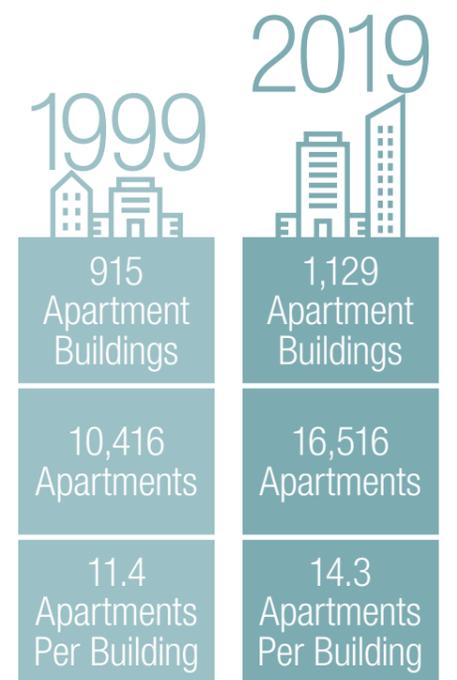
UNTIL 1999

At the end of 1999, the Sunshine Coast already boasted a significant apartment market culminating in almost 10,500 apartments throughout the region. Spread over 915 buildings, Maroochydore and Caloundra accounted for the majority of the apartment market. On average, there were 11.4 apartments per building, meaning the majority were low to medium density.

2000 – 2019

From 2000 to the present, only 214 (23.3% of existing) new apartment buildings have been added to the Sunshine Coast market. However, as designs evolved, and buildings got taller, these new apartment buildings added a further 6,100 (58.5% of existing) apartments to the region at more than two and a half times the density – 28.5 apartments per building. However, over a 20-year period, this level of new apartment supply is modest at only an average of 305 new apartments per year.

There is now a total of 1,129 apartment buildings on the sunshine coast, totalling 16,516 apartments. With only 26 new apartment buildings currently active in the market, new apartments are scarce, particularly those on high levels offering the best views. The region's tight rental market ensures that more supply will be beneficial to the Sunshine Coast while the region's high population growth rate and strong economy will ensure that the apartment market generates strong long term gains for those who purchase.



Place Projects is South East Queensland's premier project marketing company.

Specialising in marketing off-the-plan apartment developments, we provide a full-service sales organization to the South East Queensland market.

Our passion for innovation and exceptional results ensures interaction with quality people, quality properties and quality marketing.



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