

Place.



Advisory

# Sunshine Coast Property Market Report.

June 2023



## Sunshine Coast's residential property market overview.

The Sunshine Coast is a coastal region located in the northern section of South-East Queensland. It is situated about 100km north of the state capital, Brisbane, and stretches from the coastal town of Caloundra in the south, to the Noosa region in the north.

The Sunshine Coast is easily accessible by road, with the Bruce Highway providing a direct route from Brisbane to the south and the Fraser Coast to the north. The region is also serviced by the expanding Sunshine Coast Airport, located in the town of Marcoola, which provides access to a variety of domestic and international destinations. The airport works alongside all the major airlines in Australia, including the recently launched Bonza Airlines.

The Sunshine Coast's residential property market has demonstrated strong growth in recent years, making it one of Australia's best performing markets. The region's residential property market has benefited from strong population growth, a strengthening economy, an abundance of natural assets attracting tourists and a high demand for lifestyle real estate.

With its strong demand drivers including an appealing lifestyle, major infrastructure investment and natural beauty set to remain, the Sunshine Coast's residential property market is in good health and well positioned to continue on a future growth trajectory.

# The Sunshine Coast's strong existing, and future, projected population growth.

As noted previously, one of the key drivers of the Sunshine Coast's residential property markets recent strong performance has been its burgeoning population growth. As per the below statistics, the Sunshine Coast has outperformed Queensland significantly in terms of existing population growth over the past ten, and five-year, time periods.

## Population Growth (10 years)

### Sunshine Coast LGA

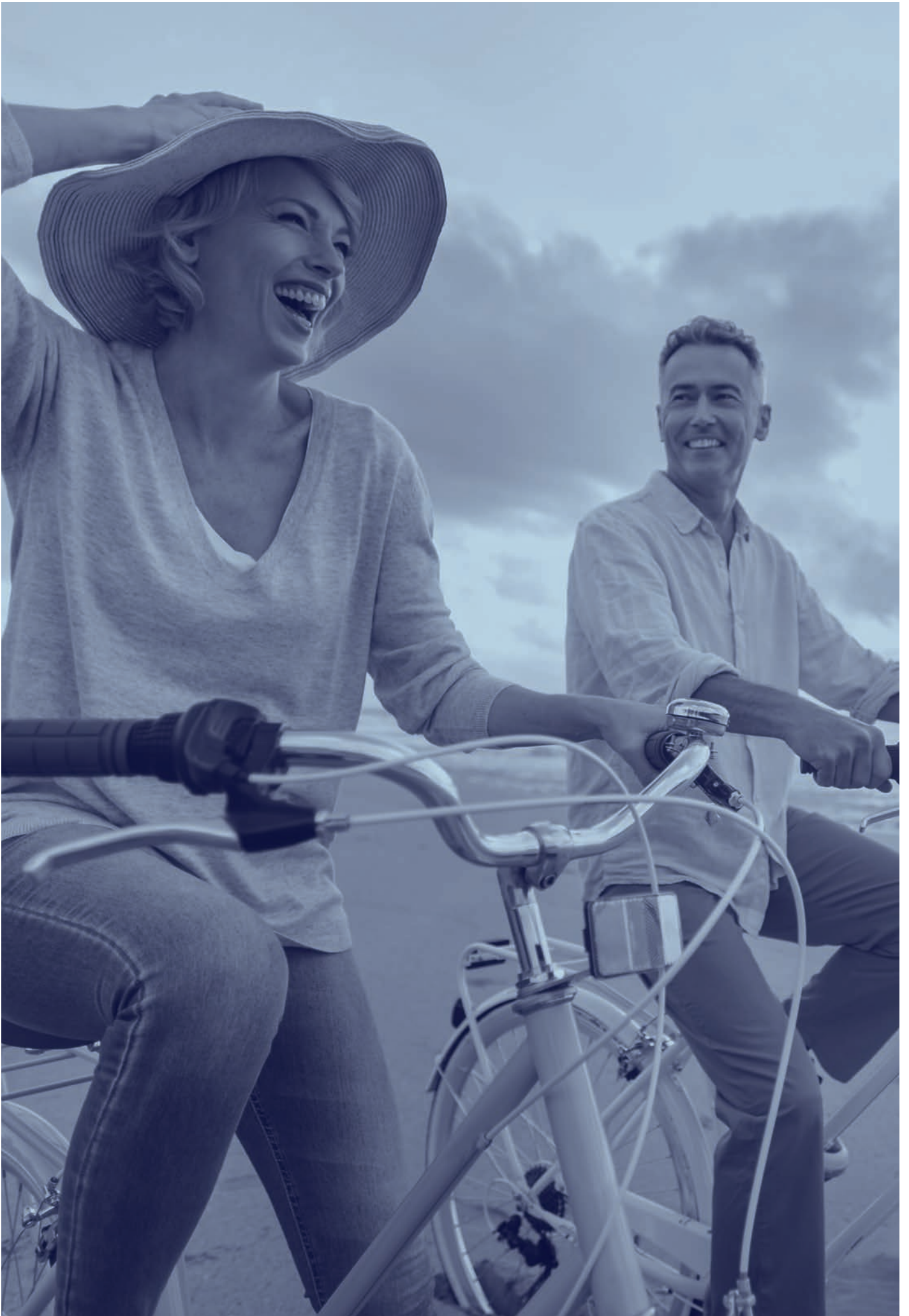
2.6%

2011	267,241
2016	302,841
2021	346,648

### Queensland

1.5%

2011	4,476,778
2016	4,845,152
2021	5,217,653





This strong population growth was driven largely by interstate migration, with many residents predominantly from Victoria and New South Wales choosing to relocate to the Sunshine Coast, especially in response to the COVID-19 pandemic. The pandemic accelerated a trend towards remote work, with many businesses allowing their employees to work from home on a more permanent basis. This made it possible for residents in locations like Sydney and Melbourne to relocate to the Sunshine Coast given they were no longer as permanently tied to their place of work in a physical sense.

Given the Sunshine Coast offers a high quality of life that is increasingly difficult to find near Australia's other major cities, its impressive population growth is projected to continue well into the future.

The Queensland Government Statistician's Office last completed their population forecasts for the state and its regions in December 2018. It is important to contextualise that these forecasts were completed prior to the announcement of the 2032 Brisbane Olympics and the structural social changes resulting from the COVID-19 pandemic. With the benefit of hindsight, it is now logical to conclude that such forecasts were likely on the conservative side as it pertains to coastal regions like the Sunshine Coast.

On this basis, the "medium" and "high" population forecast scenarios generated for the Sunshine Coast in 2018 by the Queensland Government Statistician's Office are logically the relevant forecasts to examine in relation to understanding realistic future population trends for the Sunshine Coast region. The table below highlights the medium and high population forecasts for the Sunshine Coast Local Government Area (LGA), and the Brisbane LGA, for comparative purposes.

## Annual Population Growth

	Medium Forecast	High Forecast	Average Medium & High Forecasts
<b>2021 - 2026 (5 years)</b>			
Sunshine Coast LGA	2.4%	2.9%	2.6%
Brisbane LGA	1.0%	1.2%	1.1%
<b>2021 - 2031 (10 years)</b>			
Sunshine Coast LGA	2.2%	2.7%	2.5%
Brisbane LGA	1.0%	1.2%	1.1%
<b>2021 - 2041 (20 years)</b>			
Sunshine Coast LGA	2.0%	2.4%	2.2%
Brisbane LGA	1.0%	1.3%	1.1%

Source: Queensland Government Statistician's Office



These population forecasts bode well for the Sunshine Coast's residential property markets growth potential in the future should they come to fruition. It is worth considering that the strong performance of the Sunshine Coast residential property market over the past decade occurred in an environment with annual population growth in the range of between 2% and 3%. As per the table above, taking an average of the medium and high series population growth forecasts for the Sunshine Coast, produces future annual growth also in the 2% to 3% range.

# The 2032 Brisbane Olympics likely positive impact on the Sunshine Coast.

In June 2021, it was announced that Brisbane would host the 2032 Olympic Games. The responsibility of hosting the games will also fall on other South-East Queensland regions, including the Sunshine Coast. It is forecast that the 2032 Olympics will result in a range of positive impacts on the Sunshine Coast economy and residential property market.

As the host city for the Olympics, Brisbane will experience a surge in visitors in the lead-up to, and during the event. Many of these visitors and competitors are likely to also travel to the Sunshine Coast region as the Sunshine Coast will be hosting multiple events and they will be also drawn to its natural beauty and unique tourist attractions. This process has the potential to drive an increased level of demand for short-term rental properties.

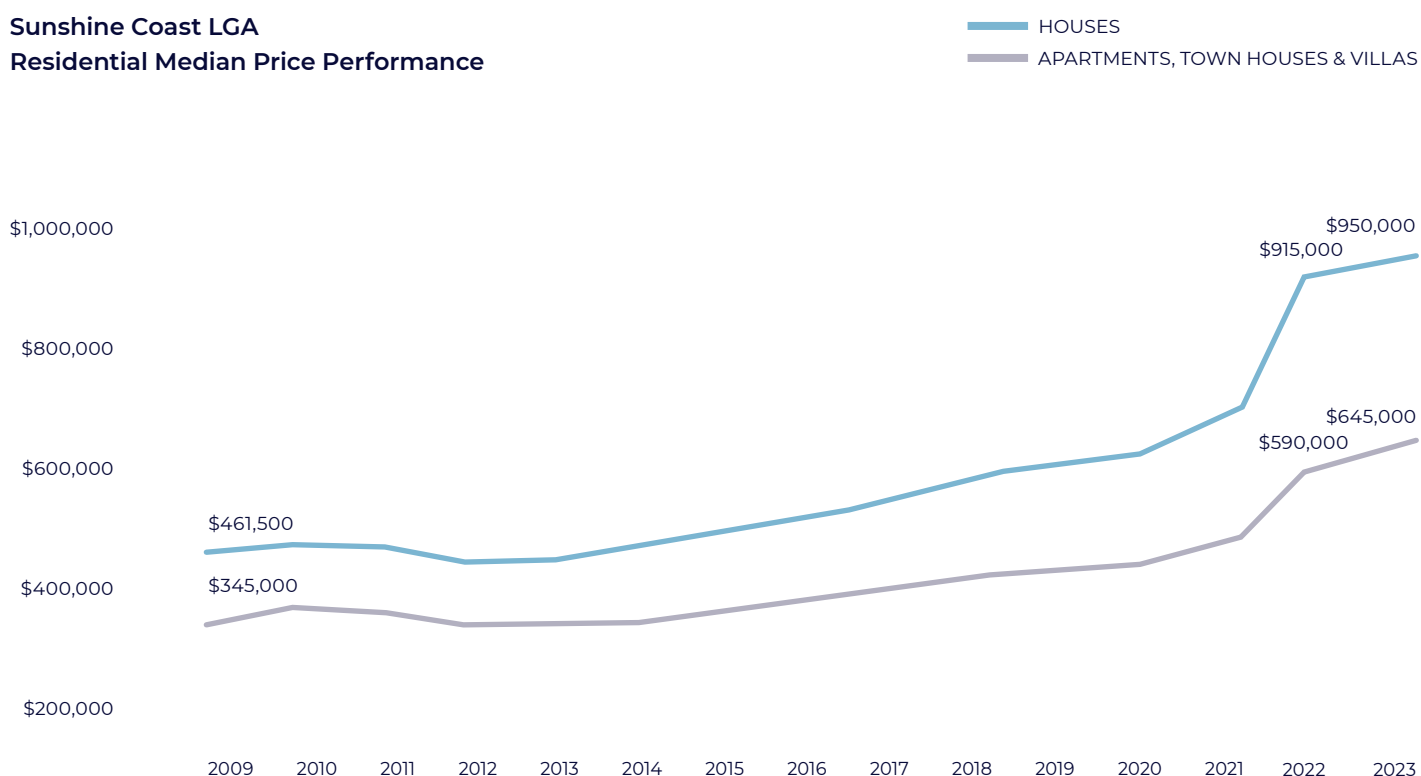
The Olympics is a major international event that attracts media coverage from around the world. The Sunshine Coast is likely to receive increased exposure as a result, which could drive strong interest from international property purchasers. An increased level of demand from overseas, especially for high-end Sunshine Coast property, promises positive results for the overall residential market.

Hosting the Olympics will require a significant investment in infrastructure, including transportation, accommodation, and sports facilities. The Sunshine Coast is expected to benefit from this investment in the lead-up to the event. The legacy of hosting the Olympic Games is also often felt long after the event has ended. The Sunshine Coast is therefore likely to benefit from improved infrastructure, increased tourism, and a higher profile following the 2032 Olympic Games. This could lead to further sustained demand for residential property located in the region.

The appeal of the Sunshine Coast residential property market is characterised by impressive price growth, extremely low vacancy rates, strong rental growth and an under supply of dwellings

For the purposes of this analysis, the Sunshine Coast LGA will be examined to identify macro trends for the Sunshine Coast residential property market. The chart below identifies historical median price performance for the Sunshine Coast LGA detached housing market and attached residential product market (apartments, town houses and villas).

**Sunshine Coast LGA Residential Median Price Performance**





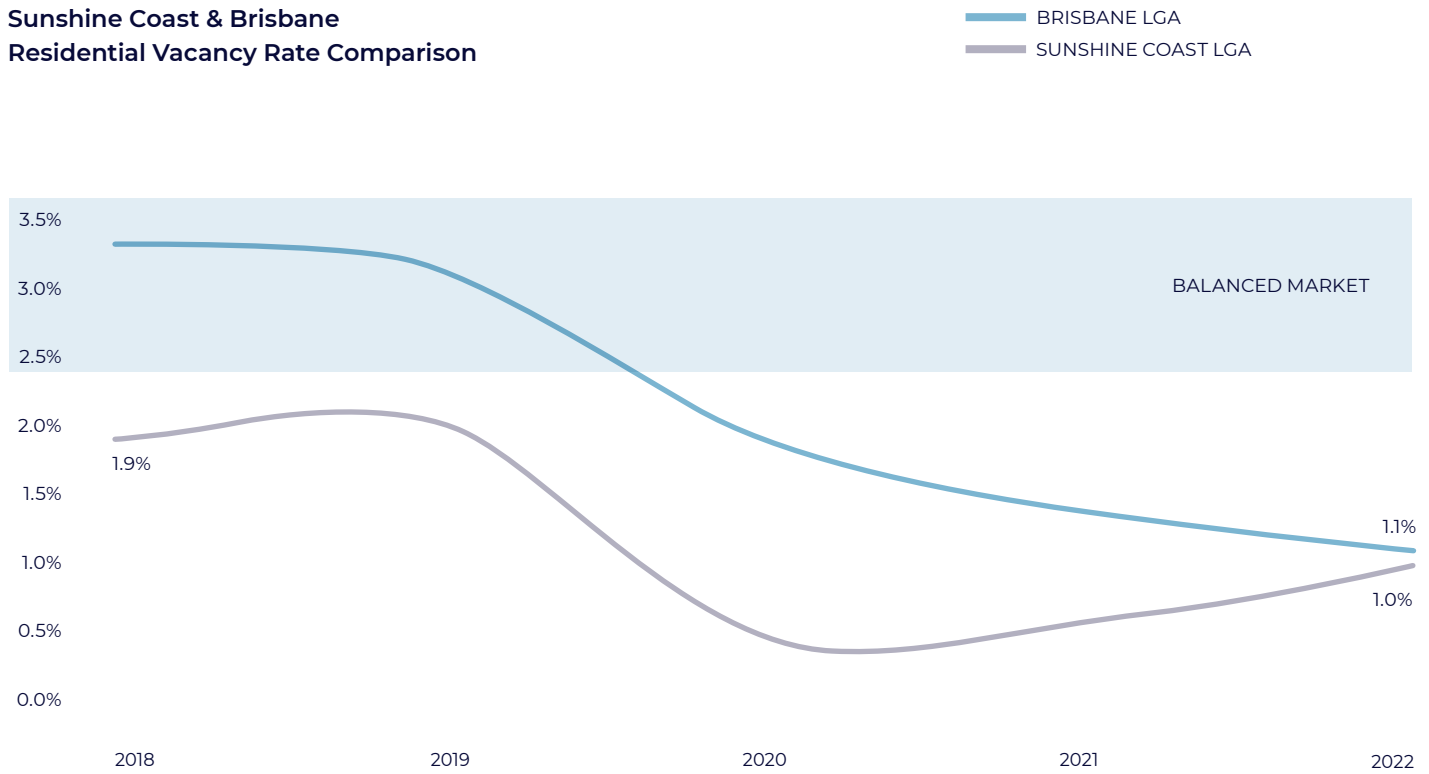


## ● Key Insights

- Prices for both detached houses and attached residential product market (apartments, town houses and villas) commenced an upward trajectory on the Sunshine Coast LGA from the year ending March 2013 onwards; post working through the market challenges associated with the Global Financial Crisis (GFC) in 2008.
- These prices accelerated further from the year ending March 2020 which coincides with the strong population growth experienced by the region during the COVID-19 pandemic and driven by high levels of interstate migration.
- The average price for a detached house on the Sunshine Coast is currently around \$950,000 which represents annual average price growth of 15.0% from the year ending March 2020 and 5.3% since the year ending March 2009.
- The average price for attached product on the Sunshine Coast (apartments, town houses and villas) is currently around \$645,000 which represents annual average price growth of 13.6% from the year ending March 2020 and 4.6% since the year ending March 2009.
- The chart also identifies that median prices for both detached houses and attached product (apartments, town houses and villas) have continued to increase over the year ending March 2023 which is in direct contrast to many other national markets given the current rising interest rate environment; this highlights the overall continual strength of the Sunshine Coast residential market.

The chart below highlights historical vacancy rate trends for all residential dwellings located on the Sunshine Coast. The Brisbane LGA has been included for comparative purposes.

## Sunshine Coast & Brisbane Residential Vacancy Rate Comparison



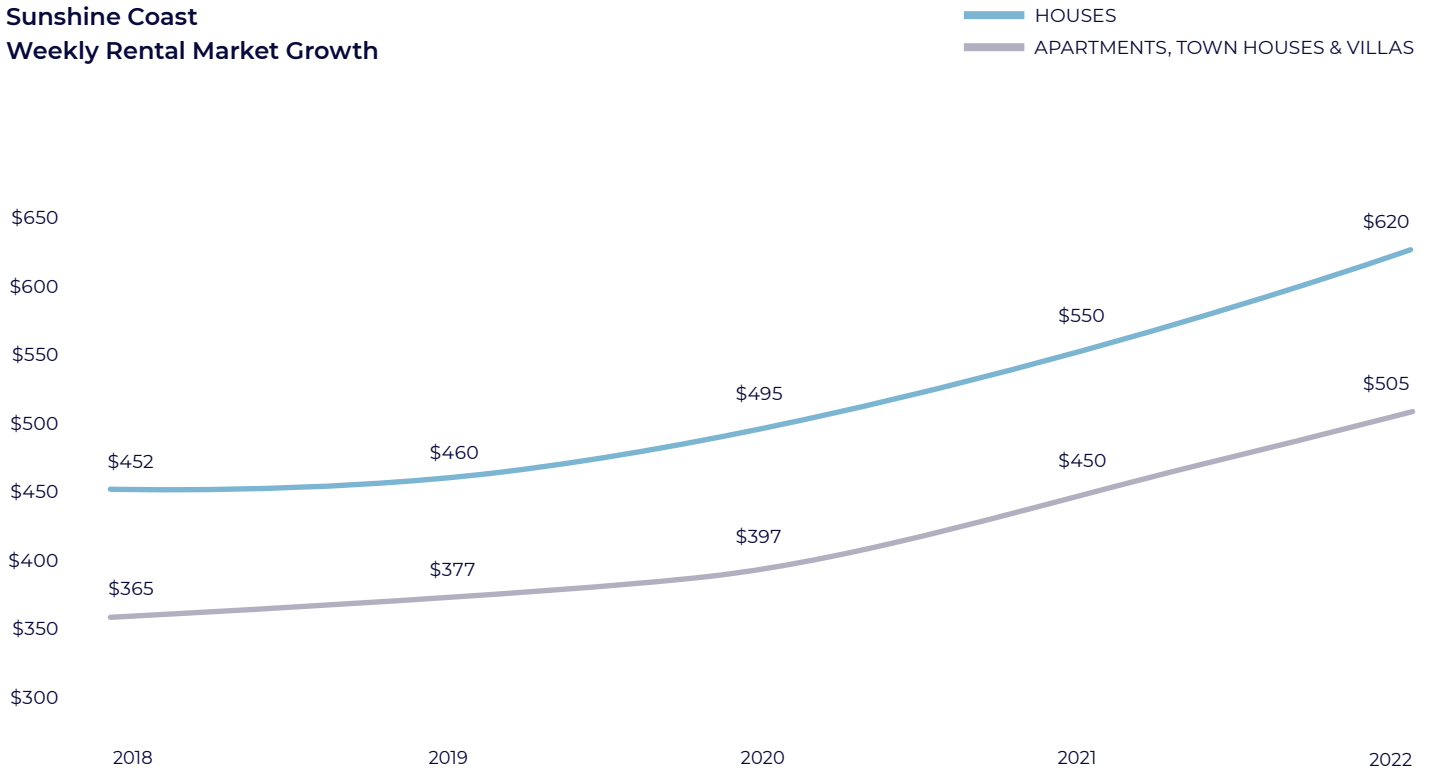
Source: SQM Research

### ● Key Insights

- A balanced residential rental market, where supply is meeting demand, is generally considered to result in a vacancy rate of between 2.5% and 3.5%.
- The current rental vacancy rates of 1.0% for the Sunshine Coast should be considered as “full occupancy” especially when factoring in the fact that coastal rental markets will always have some form of shorter-term holiday based turnover periods.
- Given residential vacancy rates act as a real time indicator regarding the existing supply of dwellings capacity to handle subsequent demand, the Sunshine Coast residential market is currently best described as undersupplied.
- With the escalating construction cost environment making it a challenge to deliver new residential dwellings across the board currently, combined with existing, and forecast, strong demand drivers for the Sunshine Coast, it is unlikely this undersupplied status is set to change in the region any time soon.
- It is also interesting to note that the vacancy rates on the Sunshine Coast (a coastal market) have continually tracked lower than Brisbane (a capital city market) over recent years; this provides further evidence to indicate the strength of Sunshine Coast residential property market.

The chart below identifies historical rental market growth trends for detached houses and attached residential product market (apartments, town houses and villas) located on the Sunshine Coast.

### Sunshine Coast Weekly Rental Market Growth



Source: Residential Tenancies Authority



#### ● Key Insights

- Given the undersupplied nature of the Sunshine Coast residential market, it is not surprising that strong levels of rental price growth has also been achieved for both houses and attached residential product (apartments, town houses and villas).
- Since December 2018, weekly rental values for detached houses located on the Sunshine Coast LGA have experienced average annual growth of 8.2%, while attached residential product (apartments, town houses and villas) recorded average annual growth of 8.5%.

# The Sunshine Coast's major projects, and investment into infrastructure precincts, set to drive future growth.

Major investment into infrastructure projects and precincts on the Sunshine Coast has contributed vastly to the recent economic growth experienced by the region. As this investment is set to continue into the future, it will further contribute to the ongoing growth of the region, and the residential property market remains well positioned as a major beneficiary. Some of these major projects and infrastructure precincts are summarised as follows.

## Sunshine Coast Airport Expansion

The Sunshine Coast Airport has recently undergone a major expansion, aimed at improving connectivity to the region and supporting economic growth.

The expansion included a new runway, a terminal expansion, and upgraded facilities for passengers and airlines. The new runway will allow for larger planes to land at the airport, thus providing new opportunities for airlines to offer international flights and attract more tourists from overseas markets to the region.

As part of this expansion, new airline Bonza has also entered the market, offering a range of domestic flights to and from the Sunshine Coast. Bonza will operate alongside existing service providers including Qantas, Virgin, Jetstar and Air New Zealand. Bonza's entry into the market is expected to support economic growth and improve connectivity, by offering new flight options and providing competition for existing airlines.

## Sunshine Coast University

The Sunshine Coast University is a major tertiary education institution that offers a wide range of undergraduate and postgraduate programs across multiple disciplines including business, health sciences, education, and engineering. The university has a range of international partnerships and exchange programs in place, and its population includes a significant proportion of students from a range of countries. The university's international focus is anticipated to drive further population growth and economic benefits for the region in the future.

## Sunshine Coast Stadium expansion and new indoor facility

The Sunshine Coast Stadium is a sporting and events venue located in Kawana. During 2024, the stadium will be expanded to bring its total seating capacity to 11,814 persons. As part of the 2032 Olympic Games, a new international indoor sports centre will also be developed adjacent to the expanded Sunshine Coast Stadium. This new indoor sports centre, expected to be completed by 2027, will contain 11 courts and also have the ability to convert to a 6,000 seat show court.

## Direct-flight destination opportunities with the new runway

- EXISTING ROUTES
- POTENTIAL ROUTES
- ..... BONZA NEW FLIGHT OPTIONS





## **Maroochy CBD Development - SunCentral**

The Maroochy CBD development, known as SunCentral, has already commenced transforming the heart of Maroochy into a vibrant and dynamic precinct. The SunCentral development is being led by the Sunshine Coast Council and will ultimately deliver a range of new buildings and infrastructure, including commercial, residential, and retail spaces. The SunCentral development is part of the Sunshine Coast Council's broader vision for the region, which aims to create a sustainable, liveable, and prosperous community for all residents. The economic impact of the SunCentral development is expected to be significant, with the project set to create thousands of jobs during the construction phase, plus provide ongoing employment opportunities post completion.

## **Under Sea International Broadband Network**

The landing station for a new international submarine cable, located in Maroochy, is now operational. The network project included the installation of a 550km undersea fibre optic cable which connects the Sunshine Coast to the 7000km Japan-Guam-Australia South (JGA-S) submarine cable. With the network now operating, the Sunshine Coast provides the fastest international connection point from Queensland, and east Australia, to Asia.

This is a game changer in terms of taking the region's attractiveness as an investment location to the next level. The network will help stimulate local business, generate new investment, and improve overall telecommunications diversity to Australia's east coast.

## **Sunshine Coast Rail**

Traditional, heavy rail on the Sunshine Coast significantly improves the region's accessibility to larger cities like Brisbane and other localised areas. This connectivity has led to increased investment in the region, especially during COVID-19, with businesses having the ability to establish themselves on the Sunshine Coast with the knowledge that their employees could commute efficiently on public transport.

In addition to the existing heavy rail, there are also plans to introduce a light rail system on the Sunshine Coast. The proposed light rail will run from Maroochy to Caloundra, stopping at key locations along the way, such as Mooloolaba and Kawana. This is anticipated to have a positive impact on the region's economy, as it will improve accessibility to local tourism destinations and business hubs.

## **Sunshine Coast Health Precinct**

The Sunshine Coast Health Precinct provides state-of-the-art medical facilities and services to the region. The precinct contains the Sunshine Coast University Hospital (public), the Sunshine Coast Health Institute, the Sunshine Coast University Private Hospital plus it also incorporates a health hub and surrounding accompanying services in the Birtinya Town Centre.

Overall, the development of the Sunshine Coast Health Precinct has, and will continue, to have a significant positive impact on the region's healthcare system, economy, and residential property market. The facilities located in this precinct will enable the region to grow in a sustained manner given the provision of high-class health and medical services now available for its residents.

## **Bokarina Beach Precinct**

The Bokarina Beach Precinct is a highly sought-after lifestyle location on the Sunshine Coast. Located right on the beach, the precinct is home to a range of luxury apartments, townhouses, and houses, plus a range of associated amenities and facilities. One of the main attractions of the Bokarina Beach precinct is its proximity to Sunshine Coast Health Precinct, thus it attracts numerous professionals working in the health and medical industry.

# Investing in the future.

The highest level of infrastructure investment, per capita, in the country.

1	SUNSHINE PLAZA	\$450m Expansion <i>Complete</i>
2	KAWANA SHOPPINGWORLD	\$110m Expansion <i>Complete</i>
3	THE SPORTS HUB	New state of the art complex <i>Complete</i>
4	UNIVERSITY OF THE SUNSHINE COAST	\$81m expansion <i>Complete</i>
5	SUBMARINE BROADBAND CABLE	Generate \$927 million in new investment <i>Connected</i>
6	SUNSHINE COAST AIRPORT	\$500m Upgrade, Additional Runway <i>Complete</i>
7	MAROOCHYDORE CBD	\$4bn Development <i>Underway</i>
8	AURA COMMUNITY	\$7bn+ Development <i>Underway</i>
9	OCEANSIDE DEVELOPMENT BIRTINYA	\$5.2bn Development <i>Underway</i>
10	BRUCE HIGHWAY UPGRADE	\$2bn+ Development <i>Underway</i>
11	PALMVIEW COMMUNITIES	\$7bn Developments <i>Underway</i>
12	BIRTINYA TOWN CENTRE	\$850m Development <i>Underway</i>
13	SIPPY DOWNS TOWN CENTRE	New town centre precinct <i>Underway</i>
14	MASTER PLANNED RESIDENTIAL DEVELOPMENT YAROOMBA	\$900m Development <i>Proposed</i>
15	4-STAR RESORT MOOLOOLABA	\$250m Development <i>Proposed</i>
16	5-STAR RESORT MOOLOOLABA	\$250m Development <i>Proposed</i>
17	MOOLOOLAH RIVER INTERCHANGE	\$320m Expansion <i>Proposed</i>
18	AUSSIE WORLD	\$150m Expansion <i>Proposed</i>
19	MASS TRANSIT PROJECT	\$2bn+ Development <i>Proposed</i>
20	ACTVENTURE	\$130m Development <i>Proposed</i>
21	SUNSHINE COAST UNIVERSITY HOSPITAL & HEALTH PRECINCT	6.8 hectares of rural oriented experiences <i>Proposed</i>



## Who is Place Advisory?

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

At Place Advisory, we understand the importance of ongoing market research. We employ in-house full-time researchers, so we can retain and have easy access to all of the information we gather.

By providing our clients with accurate, up-to-date research, it ensures they can make informed, financially sound business decisions. It enables us to identify opportunities for our clients, provide advice on choosing the best available sites

and create the optimal package for each project. We can then provide qualified recommendations on the product mix, positioning, design, finishes and price.

Access to such comprehensive buyer information also enables us to identify early market trends. Our in-depth local market knowledge can help you develop a product that will yield greater returns, experience faster sales, and achieve the best financial result.

Our main aim of "Apartment" is to continue to provide meaningful insights into the new apartment market and social trends throughout the Brisbane area.




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