

ISSUE 05 WINTER 21
Sunshine Coast

Place.




Advisory

Apartment.

FORECAST & INSIGHTS
FOR THE SUNSHINE COAST
PROPERTY MARKET



In this edition of **Apartment Sunshine Coast**, we uncover why the Sunshine Coast has **captured the attention of a nation**. We explain why **apartment values are expected to rise**, and we give insights into the **emerging trends** identified in Australia's strongest residential market.



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

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 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 site 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 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.

Touted as Australia's latest property hotspot, the Sunshine Coast has captured the attention of a nation following a barrage of media reports indicating exponential increases in home values and internal migration to the region.

Now, the latest data has more than validated the media hype.

Market Overview.

What's transpired amidst the global pandemic is the emergence of the country's strongest residential market.

Substantial increases in home values were recorded across the region, with both house and apartment values growing by over 13.5 per cent in the year.

In comparison, the same period saw Brisbane house values post a 5.6 per cent increase and apartment prices stagnate.

A product of the 'Covid catalyst', the boom can be attributed to the mass migration brought on by changes to working conditions and the feasibility of working remotely, which saw the Sunshine Coast gain triple its expected annual population increase.

The ABS estimate Queensland welcomed 30,000 new residents in 2020. In comparison, Western Australia had the second largest

population increase in the country, gaining a mere 1,380 people over the year.

Moreover, the perceived lifestyle benefits, and the prospect of strong returns saw many of 43,000 Australians who chose to move from capital cities to regional areas in 2020 adopt the Sunshine Coast as their new primary place of residence.

This heightened influx has placed immense pressure on the region's rental market, pushing vacancy rates to their lowest levels since 2005 and causing housing supply to drastically dwindle.

The new-found scarcity, which has played a hand in raising the region's median house price to a record \$830,000, has triggered a shift in demand.

With buyers unable to see value in purchasing a house on the Sunshine Coast

for \$80,000 more than what they would expect to pay in Brisbane. Their attention has now switched to spacious apartments that come at a much cheaper premium.

The increased uptake of larger apartments with three or more bedrooms has emerged as a defining trend on the Sunshine Coast, accounting for 43 per cent of all apartment transactions over the year.

However, the attractiveness of the price of apartments is tipped to be momentary.

It is expected the increased interest and low availability of apartments on the Sunshine Coast will significantly boost apartment values in the coming months.

If you are looking to enter the Sunshine Coast market, it is time to make a move.

Median Price

APARTMENTS

\$535,000

HOUSES

\$830,000

Growth

APARTMENTS

1 YEAR

13.6%

5 YEAR*

6.3%

10 YEAR*

4.2%

HOUSES

1 YEAR

13.7%

5 YEAR*

7.4%

10 YEAR*

5.9%

*Annual average growth rate

Sunshine Coast Regions.

What's happening with private and public infrastructure as well as the property market on Queensland's Sunshine Coast is significant and dramatic. It is changing the region forever. We are now seeing the impact that COVID-19 has had on the market and it seems to have fast-tracked the growth of this region in population and prices.



Caloundra

Caloundra, Currimundi, Dicky Beach, Kings Beach, Moffat Beach, Shelly Beach.

| OCT 2020 – MAR 2021 | MEDIAN PRICE | 1 YEAR GROWTH | 10 YEAR GROWTH* |
|---------------------|--------------|---------------|-----------------|
| APARTMENTS | \$510,000 | 10.9% | 3.4% |
| HOUSES | \$780,000 | 19.3% | 6.2% |

Kawana Waters

Birtinya, Bokarina, Buddina, Minyama, Parrearra, Warana, Wurtulla.

| | | | |
|------------|-----------|------|------|
| APARTMENTS | \$515,000 | 9.1% | 3.3% |
| HOUSES | \$835,000 | 8.4% | 5.2% |

Mooloolaba

Alexandra Headland, Maroochydore, Mooloolaba.

| | | | |
|------------|-----------|-------|------|
| APARTMENTS | \$540,000 | 13.2% | 4.4% |
| HOUSES | \$875,000 | 15.8% | 6.2% |

Northern Beaches

Coolum Beach, Mudjimba, Peregrine Springs, Point Arkwright, Yaroomba.

| | | | |
|------------|-----------|-------|------|
| APARTMENTS | \$575,000 | 23.7% | 3.5% |
| HOUSES | \$910,000 | 26% | 6.1% |

Noosa

Noosa Heads, Sunshine Beach, Sunrise Beach, Castaways Beach.

| | | | |
|------------|-------------|-------|------|
| APARTMENTS | \$1,060,000 | 21.8% | 8% |
| HOUSES | \$1,500,000 | 20% | 8.3% |

*Annual average growth rate

CONSTRUCTION HAS STARTED
WITH OVER 70% SOLD!

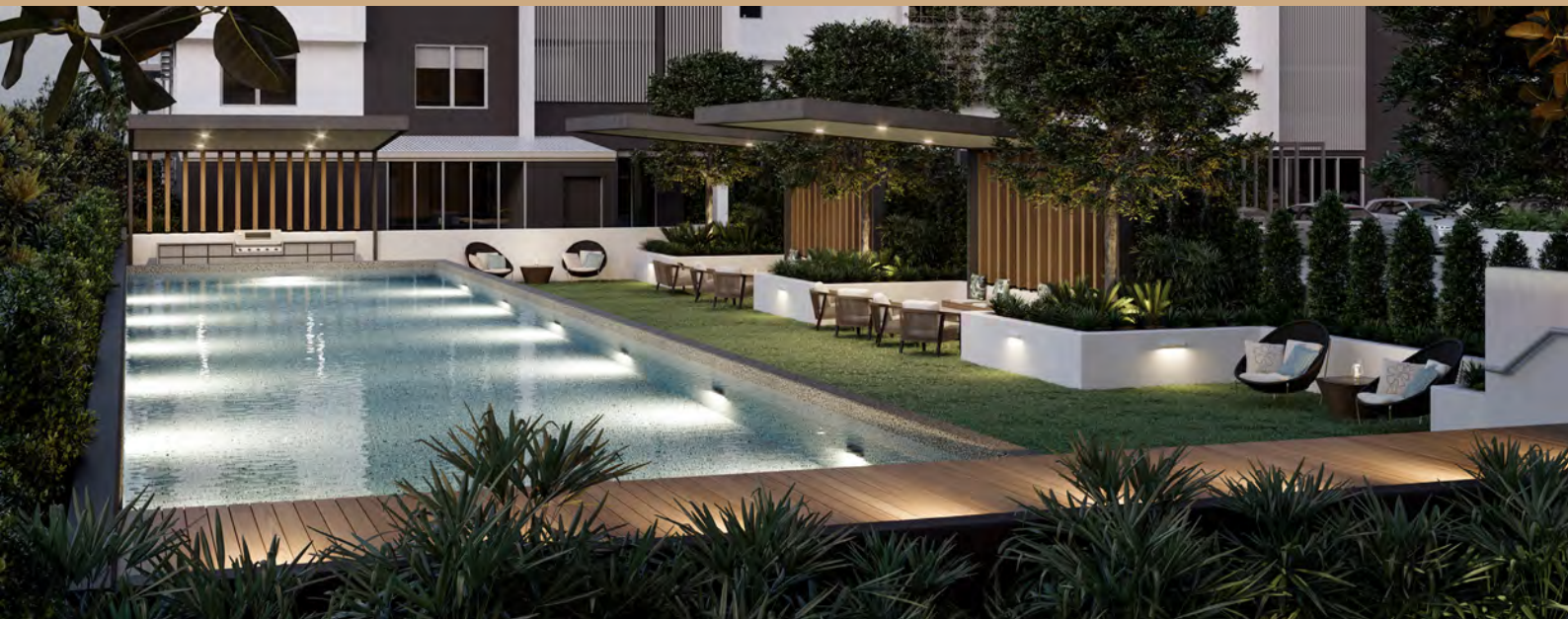


Jewel

BIRTINYA ISLAND

Jewel Residences is the new touchstone for leisure and lifestyle: imaginatively conceived, exquisitely finished. In each apartment, generous balconies integrate indoors and out, against the endless perfection of the lakeside backdrop. Wide expanses of glass capture every day's changing light on the water, and the peaceful neighbouring parkland.

RYAN HAYES | 0460 003 727 | JEWEL@EPLACE.COM.AU



Projector.

THE SUNSHINE COAST NEW APARTMENT MARKET OCTOBER 2020 – MARCH 2021

In accordance with the wider Sunshine Coast residential market, project sales have performed strongly, posting the highest sales rate in recent history.

Heightened demand triggered by record migration and regional shift to the Sunshine Coast has seen 498 OTP apartment sales transacted over the last six months. Which is an increase of 73 per cent from the previous period.

It's evident that sentiment towards purchasing OTP has well and truly regained its favour among buyers, as external forces (like the substantial value hike in the house market) pushes purchasers to consider the OTP apartment market.

Furthermore, unclear future fiscal measures seem to be spurring activity in the OTP market, as buyers recognise the benefit of securing apartments at their present-day price and paying upon completion, eliminating turmoil that may be caused by inflation, the rising cost of building materials and wider apartment market in which values are poised to take off.

Record interest, marginal future supply, and low vacancy rates have coaxed investors from their hiatus on the Sunshine Coast. Investors are purchasing larger apartments that have become hot property amidst the increase of interstate migrants looking for family residences, and those sea changing and working from home.

Currently, Place Advisory's historical sales rates suggest if no new projects enter the market, only six months of OTP stock remains on the Sunshine Coast.

This undersupply presents fruitful prospects for new projects entering the market, especially those which can cater for the demand of larger apartments that can accommodate families.

It's expected that the positive sentiment will continue throughout the year as migration research suggests the record increase in interstate arrivals and the trend of regional relocation to the Sunshine Coast to continue.

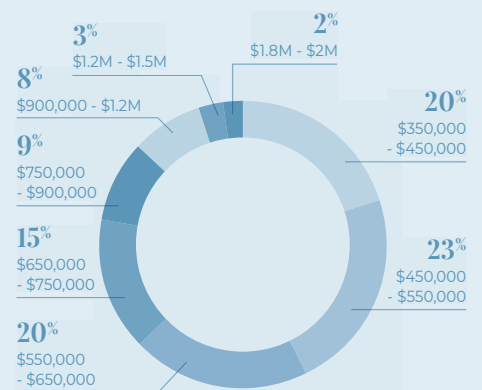
SUMMARY

- During the six months ending March 2021, there were 498 new apartment sales.
- At the end of March 2021, there were 36 new apartment developments on the market in the Sunshine Coast.
- Of the 1,834 total new apartment supply, only 422 (23%) remain available for sale.
- The weighted average sale price for the six-month period ending September 2020 was \$565,000, showing that there is a demand for mid-range apartments.
- "Market Lane – Stage 2" was the top-performing apartment development for the period, recording an impressive 63 apartment sales or 97% of its total stock. The second of two towers, the development features 65 apartments in Tower 1 and 81 apartments in Tower 2.
- During the six-month period ending March 2021, the majority of unconditional sales were two-bedroom configurations, accounting for 59% of all sales for the period. Three-bedroom apartments accounted for 35% of sales followed by one-bedroom apartments, accounting for a further 4%. The remaining are four-bedroom and penthouse configurations.
- The \$450,000 to \$550,000 price bracket was the most common for new apartment sales during the six-months ending March 2021, accounting for 23% of sales. This was followed by both the \$350,000 to \$450,000 and the \$550,000 to \$650,000 price brackets, which each accounted for a further 20% of sales, respectively.
- Nine out of the 36 new apartment developments completely sold out during the six months ending March 2021, with another eight developments notching a 90% sold out ratio.
- With new developments entering the marketplace, the proportion of new apartments that have now completed construction has slightly decreased.

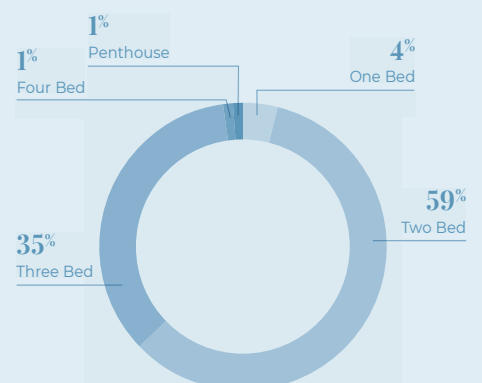
At the end of March 2021, 680 apartments (37%) have been physically delivered to the market. A further 882 apartments (48%) were under construction. The remaining 272 apartments (15%) were still awaiting construction.

- The majority of new supply is located in the central hub of Maroochydore (504 apartments) with Birtinya (301 apartments), Bokarina (274 apartments), Cotton Tree (195 apartments), Sippy Downs (192 apartments), and Buddina (170 apartments).

UNCONDITIONAL SALES BY PRICE POINT



UNCONDITIONAL SALES BY CONFIGURATION



A 12 MONTH COMPARISON

Looking at the previous six-month period to September 2020, there were a total of 281 unconditional new apartment sales. During the latest six month period there were a total of 498 unconditional new apartment sales, an increase of 73%.

There are currently 422 new apartments available for sale throughout the Sunshine Coast, which is 12% less when comparing to the six-months prior.

During the six-month period ending September 2020, 31% of the new apartment

stock was remaining available for purchase. Whereas, during the six months ending March 2021, only 23% of the total stock remains available for sale. This further suggests that if additional supply is added to the Sunshine Coast market, it will continue to sell.

The unsold stock (422 apartments) represents approximately 6 months of supply; this is based on Place Advisory's historical data and sales rates collected over the past 12 months.

Developments such as Market Lane, Jewel, Forest Edge & Botanica, alongside One Prosperity have been the top-performing apartment developments during the last 12 months on the Sunshine Coast.

Apartment supply over the last 12 months remains consistent with majority of the new supply being located within Maroochydore (27%) and Birtinya (17%). However, Bokarina has had an increase in supply and now accounts for 14% of the Sunshine Coast new supply.

APARTMENTS AS AT MARCH 2021

| DEVELOPMENT | SUBURB | STATUS | TOTAL | SOLD | AVAILABLE | % SOLD | OCT - MAR SALES |
|--------------------------------------|--------------------|------------------------|-------|-------|-----------|--------|-----------------|
| Beachlife Alex | Alexandra Headland | Construction Completed | 58 | 58 | 0 | 100 | 3 |
| Curve Birtinya | Birtinya | Under Construction | 55 | 33 | 22 | 60 | 0 |
| Revive Oceanside (Stage 1) | Birtinya | Construction Completed | 60 | 46 | 14 | 77 | 21 |
| Affinity Place | Birtinya | Construction Completed | 30 | 29 | 1 | 97 | 6 |
| One Prosperity | Birtinya | Awaiting Construction | 50 | 50 | 0 | 100 | 38 |
| Jewel | Birtinya | Under Construction | 106 | 53 | 53 | 50 | 53 |
| Seanna Residences | Bokarina | Under Construction | 63 | 59 | 4 | 94 | 14 |
| Oceanus Bokarina Beach | Bokarina | Under Construction | 99 | 99 | 0 | 100 | 14 |
| Azzure (Stage 1) | Bokarina | Awaiting Construction | 44 | 14 | 30 | 32 | 14 |
| Azzure (Stage 2) | Bokarina | Awaiting Construction | 68 | 0 | 68 | 0 | 0 |
| The Beachfront Buddina | Buddina | Under Construction | 73 | 64 | 9 | 88 | 5 |
| The Hedge Lifestyle Apartments | Buddina | Construction Completed | 97 | 67 | 30 | 69 | 12 |
| Oceane Coolum Beach | Coolum Beach | Construction Completed | 21 | 19 | 2 | 90 | 4 |
| Essence Cotton Tree | Cotton Tree | Under Construction | 19 | 16 | 3 | 84 | 0 |
| The Cosmopolitan | Cotton Tree | Construction Completed | 143 | 103 | 40 | 72 | 15 |
| One The Esplanade | Cotton Tree | Under Construction | 20 | 16 | 4 | 80 | 5 |
| Nature | Cotton Tree | Awaiting Construction | 13 | 0 | 13 | 0 | 0 |
| Saltair Rise | Kings Beach | Construction Completed | 35 | 35 | 0 | 100 | 6 |
| Avalon | Maroochydore | Under Construction | 93 | 87 | 6 | 94 | 6 |
| Market Lane - Tower 1 | Maroochydore | Under Construction | 81 | 80 | 1 | 99 | 47 |
| Market Lane - Tower 2 | Maroochydore | Under Construction | 65 | 63 | 2 | 97 | 63 |
| Alpha Luxury Apartments | Maroochydore | Under Construction | 14 | 14 | 0 | 100 | 1 |
| Rise Maroochydore Beach | Maroochydore | Under Construction | 48 | 45 | 3 | 94 | 0 |
| Botanica Riverside Residences | Maroochydore | Under Construction | 16 | 14 | 2 | 88 | 4 |
| Plaza Central Maroochydore (Stage 1) | Maroochydore | Under Construction | 42 | 42 | 0 | 100 | 11 |
| Plaza Central Maroochydore (Stage 2) | Maroochydore | Awaiting Construction | 43 | 30 | 13 | 70 | 30 |
| Banksia | Maroochydore | Construction Completed | 15 | 13 | 2 | 87 | 0 |
| Reflections on Bradman | Maroochydore | Construction Completed | 15 | 15 | 0 | 100 | 5 |
| The Rhythm on the Beach | Maroochydore | Construction Completed | 72 | 72 | 0 | 100 | 7 |
| HONU | Moffat Beach | Awaiting Construction | 5 | 5 | 0 | 100 | 5 |
| The Cove - Stage 1 | Pelican Waters | Awaiting Construction | 36 | 0 | 36 | 0 | 0 |
| Pinnacle | Picnic Point | Construction Completed | 30 | 28 | 2 | 93 | 0 |
| Eclipse | Picnic Point | Awaiting Construction | 13 | 10 | 3 | 77 | 6 |
| Forest Edge & Botanica | Sippy Downs | Construction Completed | 104 | 89 | 15 | 86 | 52 |
| HQ | Sippy Downs | Under Construction | 30 | 18 | 12 | 60 | 25 |
| Parkwoods | Sippy Downs | Under Construction | 58 | 26 | 32 | 45 | 26 |
| OVERALL | | | 1,834 | 1,412 | 422 | 77 | 498 |

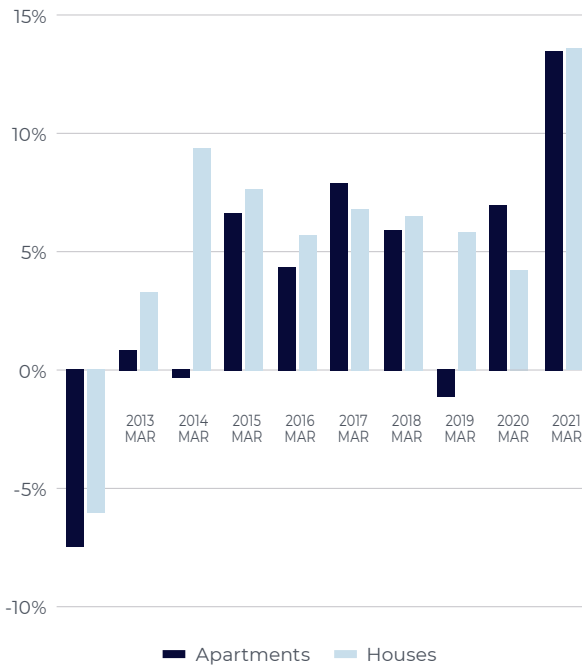
Investing in the future.

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 | SEKISUI 5-STAR RESORT YAROOMBA | \$900m Development <i>Proposed</i> |
| 15 | 5-STAR RESORT MOOLOOLABA | \$250m Development <i>Proposed</i> |
| 16 | SUNSHINE COAST STADIUM | \$68m Expansion <i>Proposed</i> |
| 17 | KELLY SLATER SURF RANCH COOLUM | \$100m Development <i>Proposed</i> |
| 18 | AUSSIE WORLD | \$150m Expansion <i>Proposed</i> |
| 19 | MASS TRANSIT PROJECT | \$2bn+ Development <i>Proposed</i> |

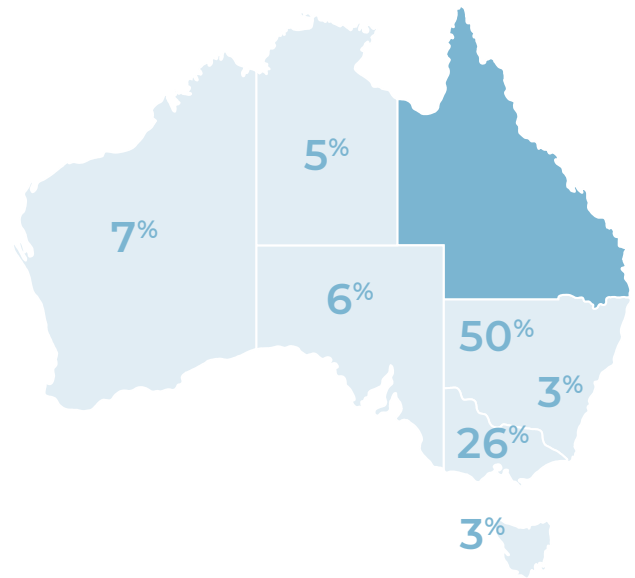


AVERAGE YEARLY CAPITAL GROWTH (APARTMENTS/HOUSES)

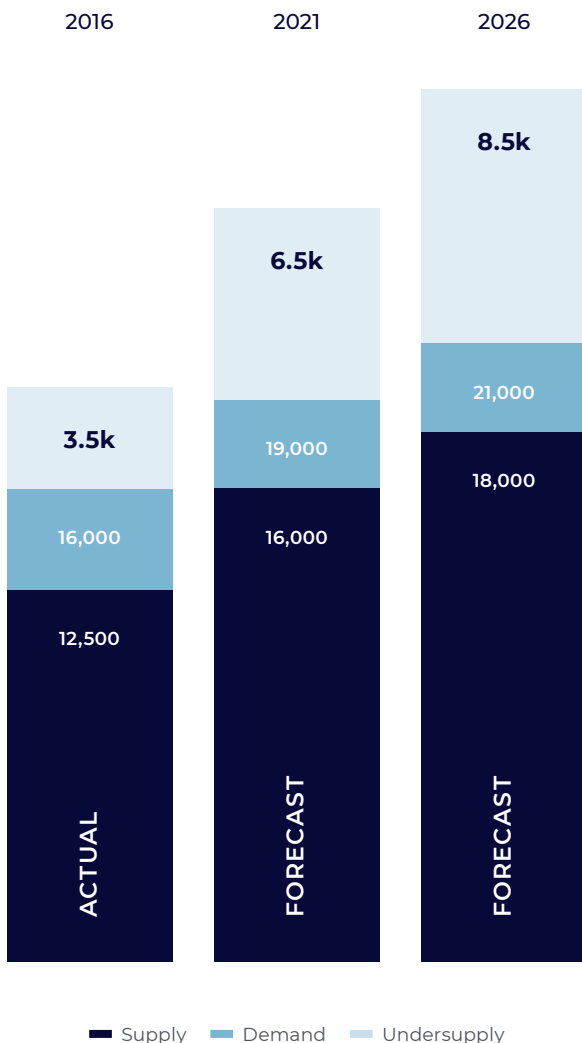


QUEENSLAND INTERNAL MIGRATION ESTIMATES FOR DECEMBER QUARTER

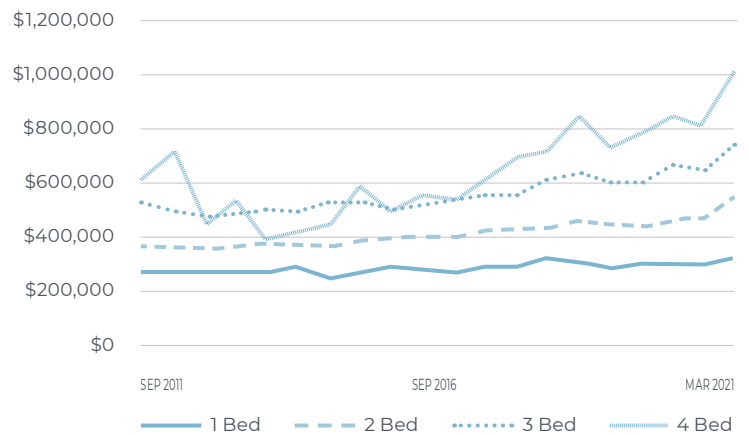
9,736 PEOPLE



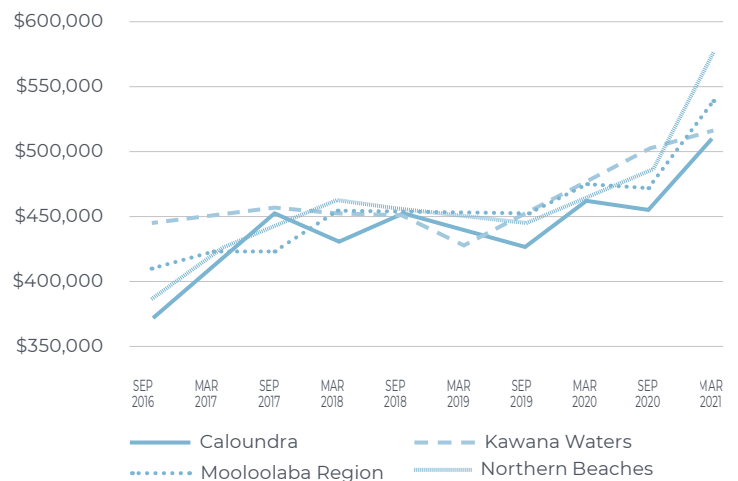
THE UNDERSUPPLY IS INCREASING



APARTMENT MEDIAN PRICE BY CONFIGURATION



APARTMENT MEDIAN PRICE BY REGION



A MARGINAL DISPARITY IN GROWTH OVER THE LAST DECADE HAS SEEN THE GAP BETWEEN MEDIAN VALUES OF SUNSHINE COAST HOUSES AND APARTMENTS WIDEN TO THE POINT WHERE SOMETHING HAS TO GIVE.

Widening '*value gap*' Set to Boost Apartment Prices.

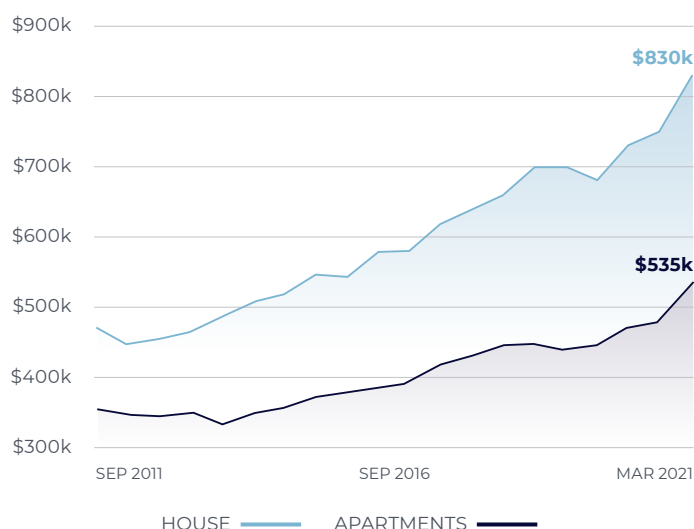


The value proposition of purchasing a larger apartment amid the region's latest property boom has also spurred buyers on in the local off-the-plan market, with OTP sales increasing to the highest level in years.

Although apartment prices have remained attractive amidst the boom, the widening of the value gap has reached a point of where apartment values are expected to increase on the back of increasing interest and the squeeze on availability.

Therefore, if you're thinking of entering the apartment market on the Sunshine Coast, there's no time like the present.

MEDIAN HOUSE AND APARTMENT VALUES



% DIFFERENCE BETWEEN MEDIAN HOUSE AND APARTMENT VALUES



Sunshine Coast property has netted owners healthy returns over the decade, with house and apartment values increasing by a yearly average of 5.9 per cent and 4.2 per cent, respectively.

Both dwelling types have performed strongly over the period, however, the slight difference in average yearly growth rates has seen the percentage difference between the values of houses and apartments widen from 25 per cent in 2012 to 43 per cent last quarter.

On average, today's buyer is faced with the prospect of spending \$830,000 for a house on the Sunshine Coast. That's \$80,000 more than they would pay on average for a house in Brisbane, and \$380,000 more than what they would have been expecting to pay in 2012.

Drivers of demand, most notably being the significant rise of net internal migration to regional areas, is set to further increase values, a scary prospect for those looking to buy a house on the Sunshine Coast.

As such, owner-occupiers purchasing on the coast are seeking out alternatives.

Uptake on larger apartments with three or more bedrooms has become more and more prevalent, accounting for 43 per cent of all apartment sales over the last year.



About Place Projects.

Place Projects is South East Queensland's premier project marketing agency with the experience and resources to bring success to your next residential development.

Our people are 'hands on' operators who specialise in marketing off-the-plan apartment developments and master-planned communities in the South East of Queensland market. Our clients range from small local builders to large publicly listed companies; our buyers range from first home buyers and luxury downsizers, to professional national and international investors.

Place Projects is a high-quality organisation with a proven track record of customer satisfaction and outstanding sales results, which has helped us achieve record residential sales. The secret to this success is managing our growth and hand-picking the very best sales professionals in the business. Our unique set of systems and processes helps our staff grow professionally. It also allows us to offer a comprehensive sales and marketing service that minimises costs to our clients.

Using our proven formula, we empower developers and investors with information to make informed decisions on areas including site selection, development creation and planning, and buying opportunities. It also assists in the development of tailor-made strategic marketing campaigns that actively engage a project's most suitable target markets. This holistic approach, combined with our experience and local knowledge, means we can minimise the risk, while maximising the return on your development.

The detail of our reporting systems to developers is second to none. The reporting system available supports rational discussion in marketing spends, and minimises lost sales opportunities.

The Place Projects team is led by some of the most experienced and high achieving sales and marketing professionals in the industry. If you are interested in discussing how Place Projects can work with you, and your next project, please contact our team.



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