

ISSUE 08 SUMMER 22/23  
*Sunshine Coast*

Place.  Advisory

# Apartment.



SUNSHINE COAST  
RESIDENTIAL PROPERTY  
MARKET ANALYSIS

**In this edition of Apartment Sunshine Coast,** we analyse the figures behind the resilient Sunshine Coast residential property market and the trends of its 'off the plan' apartment sales, derived from our own survey of real time data. We also offer insight to the Key Statistics in relation to the Rental Market, Building Approvals and Migration.



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.





# Market Overview.

The Sunshine Coast property market remains resilient, with median prices holding firm during 2022 to date.

Between September 2021 and September 2022, the Sunshine Coast median house price increased by 14.10%, reaching \$970,000. The median house price was \$850,000 one year earlier.

This strong growth was surpassed by the apartment market, with an increase in the median apartment price of 18.5% during the year to September 2022. The median apartment price was \$640,000 during the six months ending September 2022, up from \$540,000 one year earlier.

This strong level of growth has been achieved against a backdrop of declining sales volumes, indicating a lack of supply and an increase in land and building costs. House sales volumes peaked in the six months ending March 2021 and have declined steadily in the 18 months since this peak. Apartment sales volumes also peaked in the six months ending March 2021 and have experienced a more rapid decline in the 18 months since this peak.

The Sunshine Coast rental market remains under supplied with a residential vacancy rate of just 0.7% as at October 2022. Supply of rental dwellings on the Sunshine Coast has lagged behind demand for many years, however the vacancy rate has been sub 1.0% since July 2020, which is well below a balanced market level and indicates that additional supply is required.

Unsurprisingly, this imbalance has led to a dramatic increase in rental rates. According to data on new bond lodgements, the median rent for apartments across the Sunshine Coast Regional Council Area during the Jun-22 QTR is \$360 per week for a one bedroom apartment, \$500 per week for a two bedroom apartment and \$600 per week for a three bedroom apartment. This reflects a five year change of 24.1%, 37.0% and 39.5% respectively.

The median rent for houses across the Sunshine Coast Local Government Area during the Jun-22 QTR is \$503 per week for a two bedroom house, \$600 per week for a three bedroom house and \$710 per week for a four bedroom house. These rates reflect a five year change of 35.8%, 33.3% and 36.5% respectively.

The number of bonds held by the Residential Tenancies Authority for the Sunshine Coast Regional Council Area decreased by 1,565 between June 2020 and June 2022 (from 36,749 to 35,184). This widespread trend reflects the surge in owner occupier demand following the global pandemic declaration and highlights the need for additional supply of rental accommodation.

	MEDIAN PRICE	10 YEAR ANNUAL AVERAGE GROWTH RATE	1 YEAR GROWTH
APARTMENTS	\$640,000	5.90%	18.50%
HOUSES	\$970,000	7.30%	14.10%



# Sunshine Coast Regions.

The resilient nature of the Sunshine Coast residential property market is evident right across the four major regions. While houses command a higher price point, apartments have led one year growth, particularly in the Northern Beaches region with an incredible one year median price growth for apartments of 42.6% at \$862,500. This was followed by Caloundra, which recorded one year median price growth for apartments of 18.3% at \$686,000.



## Caloundra

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

	APR – SEP 2022	MEDIAN PRICE	1 YEAR GROWTH	10 YEAR GROWTH*
APARTMENTS		\$686,000	18.30%	6.70%
HOUSES		\$873,500	13.10%	7.30%

## Kawana Waters

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

APARTMENTS		\$615,000	2.60%	3.00%
HOUSES		\$1,285,000	9.40%	10.40%

## Maroochydore

Alexandra Headland, Maroochydore, Mooloolaba.

APARTMENTS		\$665,000	15.70%	7.20%
HOUSES		\$1,140,000	12.30%	8.60%

## Northern Beaches

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

APARTMENTS		\$862,500	42.60%	8.90%
HOUSES		\$1,290,000	17.3%	9.50%

Place Advisory have not recorded the Noosa Region in this Report.

\*Annual average growth rate

# CURRENT CONSTRUCTION COST TRENDS & RESULTANT IMPACT ON RESIDENTIAL PROJECTS.

A recent study by the National Housing Finance and Investment Corporation (NHFC), which covers the 2022 fiscal year, indicated supply constraints have pushed building materials and labour cost inflation to rise at their fastest pace in nearly 50 years.

The Australian construction market has seen significant price pressures in the past 12-18 months for both materials and labour.

Supply shortages have seen prices skyrocket, with steel prices increasing by 42%, and timber by over 25%.

In Queensland, there are also several major infrastructure projects underway at present, including the construction of the Cross-River Rail and the Queens Wharf precinct. These major projects are utilising construction capacity, creating further shortages and placing greater upward pressure on build prices. Cost pressures have been further exacerbated by the repair efforts necessary after major flood events in Queensland. Effectively, an already stretched building industry has had to stretch even further.

The sheer volume of construction has put a great amount of pressure on the labour market, which was already suffering from a migration shortage. These labour shortages have triggered a competitiveness in the industry's job market which has naturally translated into a growth in real wages. The current economic conditions, in particular the higher inflation rate, have further exaggerated the growth in wages.

As the single largest item of expenditure in most residential developments, construction costs have a significant ability to affect the ultimate feasibility of a project. Increased construction costs, combined with a higher cost of funding and no real backward movement in site values has

ensured that only a very limited number of residential apartment projects remain viable under these current conditions.

In simple terms, projects that have remained viable can pass on the construction cost uplift to the end user. Such projects possess the ability to attain a higher value from the end user given their unique location, quality product offering and primary target market. The most viable primary target market in the current environment appears to be downsizer and rightsizer owner occupiers.

These target markets have significant equity in their family home and are therefore less impacted by rising interest rates. Furthermore, many of these households have also seen the prices of their existing dwelling increase by of up to 30% during COVID-19 alone.

As a result of this, off-the-plan revenues in some projects for apartments are not covering costs and are threatening viability of projects yet to commence construction. Developers across SE Qld are reportedly negotiating price increases in contract variations of between 10% and 15%. Other developers are not proceeding and are returning deposits to buyers with a view to revisit the project when costs stabilise.



# Projector.

THE SUNSHINE COAST NEW APARTMENT MARKET APRIL – SEPTEMBER 2022

## The Sunshine Coast off the plan new apartment market extends sales volumes while available supply dwindles

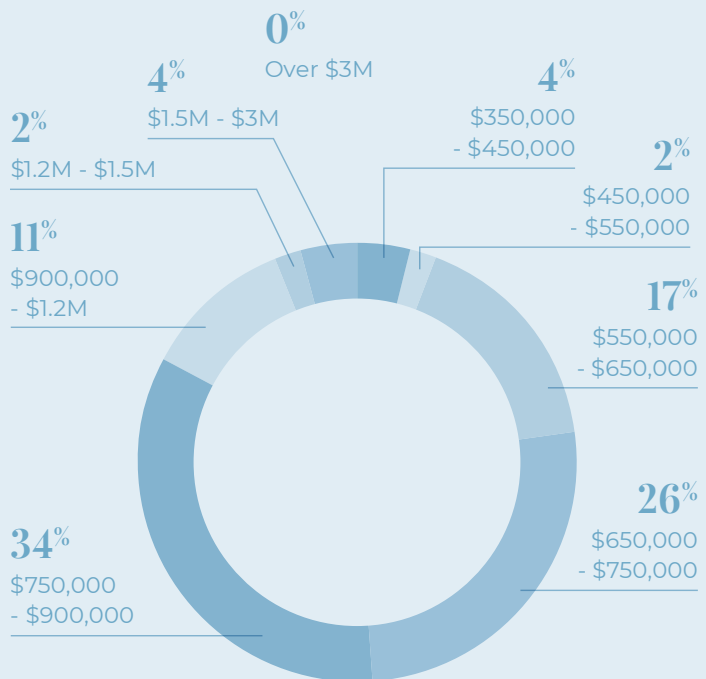
The six months to September 2022 saw an impressive level of off the plan apartment sales across the Sunshine Coast, with 315 new apartment sales being reported.

Many projects are reaching sell out, with final sales volumes slowing, however this has been more than offset by strong performance in new projects such as 'Hof' at Noosaville and 'The Corso' at Maroochydore, which together, accounted for 45% of recorded sales over the past six months.

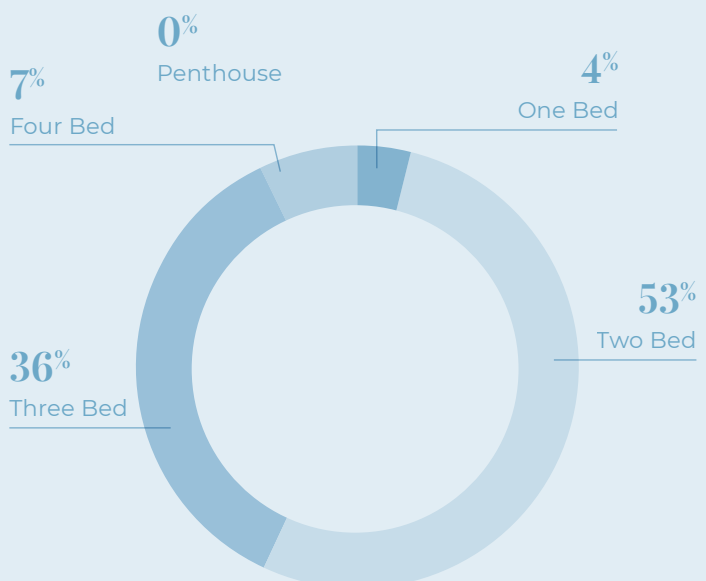
75% of current new supply is now under contract and only 322 apartments remain available for sale, paving the way for additional supply to enter the market.

Our research indicates that strong migration driven population growth will further fuel apartment demand across the Sunshine Coast, lending further support to our observation that additional supply is needed.

### UNCONDITIONAL SALES BY PRICE POINT



### UNCONDITIONAL SALES BY CONFIGURATION



# SUMMARY

- In the six months to September 2022, there were 315 new apartment sales across the Sunshine Coast.
- Just 322 apartments remain on the market with 75% of total off the plan stock now absorbed.
- The \$750,000 - \$900,000 price bracket was the most popular accounting for 34% of sales. This was followed by the \$650,000 to \$750,000 price bracket which represented 26% of sales.
- Sales in most projects are now well advanced, with nine of 21 new projects now over 80% sold and 17 over 50% sold.
- 'The Corso' at Maroochydore, being developed by Habitat Development Group, was the best performing project with an incredible 76 sales recorded.
- This was closely followed by Stockwell's 'Hof' at Noosaville, with 65 sales being reported.
- Two-bedroom apartments were most popular, accounting for 53% of transactions.
- This was followed by three-bedroom apartments which comprised 36% of transactions.

## APARTMENTS AS AT SEPTEMBER 2022

DEVELOPMENT	SUBURB	STATUS	TOTAL	SOLD	AVAILABLE	% SOLD	APR - SEP SALES
Pinnacle on Maud	Nambour	Under Construction	40	35	5	88%	2
Hof	Noosaville	Awaiting Construction	90	65	25	72%	65
Altona	Peregian	Awaiting Construction	38	20	18	53%	17
The Corso	Maroochydore	Under Construction	158	76	82	48%	76
River Pearl	Maroochydore	Awaiting Construction	15	0	15	0%	0
Riverbend	Maroochydore	Under Construction	30	20	10	67%	4
Riverhouse	Maroochydore	Under Construction	25	12	13	48%	12
Reflection Cove	Maroochydore	Awaiting Construction	94	62	32	66%	0
Eclipse	Picnic Point	Awaiting Construction	13	12	1	92%	0
The Beachfront	Buddina	Awaiting Construction	73	70	3	96%	4
Lowanna	Buddina	Awaiting Construction	109	99	10	91%	14
Azzure (Stage 1)	Bokarina	Awaiting Construction	44	37	7	84%	1
Azzure (Stage 2)	Bokarina	Awaiting Construction	68	36	32	53%	4
Zinc Stage 1	Bokarina	Under Construction	44	44	0	100%	25
Zinc Stage 2	Bokarina	Under Construction	40	30	10	75%	25
Oasis	Bokarina	Awaiting Construction	56	48	8	86%	6
Jewel	Birtinya	Under Construction	106	106	0	100%	0
Seasons	Birtinya	Awaiting Construction	146	112	34	77%	35
Ocean Verge	Kings Beach	Under Construction	40	39	1	98%	0
Beachside	Kings Beach	Awaiting Construction	12	5	7	42%	5
Glasshouse	Caloundra	Awaiting Construction	29	20	9	69%	20
<b>OVERALL</b>			<b>1,270</b>	<b>948</b>	<b>322</b>	<b>75%</b>	<b>315</b>



# Investing in the future.

THE HIGHEST LEVEL OF INFRASTRUCTURE INVESTMENT, PER CAPITA, IN THE COUNTRY.

- |    |  |   |
|----|--|---|
| 1  | <b>SUNSHINE PLAZA</b>                                  | \$450m Expansion<br><i>Complete</i>                           |
| 2  | <b>KAWANA SHOPPINGWORLD</b>                            | \$110m Expansion<br><i>Complete</i>                           |
| 3  | <b>THE SPORTS HUB</b>                                  | New state of the art complex<br><i>Complete</i>               |
| 4  | <b>UNIVERSITY OF THE SUNSHINE COAST</b>                | \$81m expansion<br><i>Complete</i>                            |
| 5  | <b>SUBMARINE BROADBAND CABLE</b>                       | Generate \$927 million in new investment<br><i>Connected</i>  |
| 6  | <b>SUNSHINE COAST AIRPORT</b>                          | \$500m Upgrade, Additional Runway<br><i>Complete</i>          |
| 7  | <b>MAROOCHYDORE CBD</b>                                | \$4bn Development<br><i>Underway</i>                          |
| 8  | <b>AURA COMMUNITY</b>                                  | \$7bn+ Development<br><i>Underway</i>                         |
| 9  | <b>OCEANSIDE DEVELOPMENT BIRTINYA</b>                  | \$5.2bn Development<br><i>Underway</i>                        |
| 10 | <b>BRUCE HIGHWAY UPGRADE</b>                           | \$2bn+ Development<br><i>Underway</i>                         |
| 11 | <b>PALMVIEW COMMUNITIES</b>                            | \$7bn Developments<br><i>Underway</i>                         |
| 12 | <b>BIRTINYA TOWN CENTRE</b>                            | \$850m Development<br><i>Underway</i>                         |
| 13 | <b>SIPPY DOWNS TOWN CENTRE</b>                         | New town centre precinct<br><i>Underway</i>                   |
| 14 | <b>MASTER PLANNED RESIDENTIAL DEVELOPMENT YAROOMBA</b> | \$900m Development<br><i>Proposed</i>                         |
| 15 | <b>5-STAR RESORT MOOLOOLABA</b>                        | \$250m Development<br><i>Proposed</i>                         |
| 16 | <b>5-STAR RESORT MOOLOOLABA</b>                        | \$250m Development<br><i>Proposed</i>                         |
| 17 | <b>MOOLOOLAH RIVER INTERCHANGE</b>                     | \$320m Expansion; <i>Proposed</i>                             |
| 18 | <b>KELLY SLATER SURF RANCH COOLUM</b>                  | \$100m Development<br><i>Proposed</i>                         |
| 19 | <b>AUSSIE WORLD</b>                                    | \$150m Expansion<br><i>Proposed</i>                           |
| 20 | <b>MASS TRANSIT PROJECT</b>                            | \$2bn+ Development<br><i>Proposed</i>                         |
| 21 | <b>ACTVENTURE</b>                                      | \$130m Development<br><i>Proposed</i>                         |
| 22 | <b>BARNS LANE FARM</b>                                 | 6.8 hectares of rural oriented experiences<br><i>Proposed</i> |





# SUNSHINE COAST

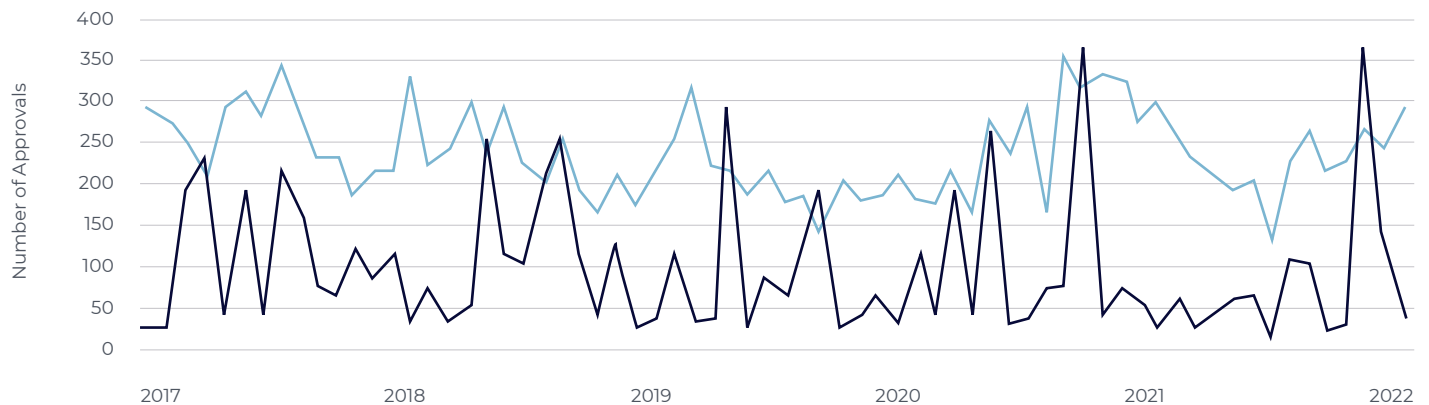
## *by the numbers.*

### APARTMENTS VS HOUSES MEDIAN PRICE & GROWTH

	MEDIAN PRICE 6 MONTHS ENDING SEPTEMBER				GROWTH RATE		
	2012	2017	2021	2022	10YR	5YR	1YR
APARTMENTS	\$359,500	\$435,000	\$540,000	\$640,000	5.9%	8.0%	18.5%
HOUSES	\$479,000	\$655,475	\$850,000	\$970,000	7.3%	8.2%	14.1%

### BUILDING APPROVALS

— Apartment — House



Source: ABS, Building Approvals Australia

### APARTMENT MEDIAN RENT (\$/WK) BY CONFIGURATION

QTR	1 BED	2 BED	3 BED
Jun-18	\$290	\$365	\$430
Jun-19	\$290	\$370	\$450
Jun-20	\$315	\$380	\$450
Jun-21	\$340	\$450	\$525
Jun-22	\$360	\$500	\$600
5 Yr Change	24.1%	37.0%	39.5%

### HOUSE MEDIAN RENT (\$/WK) BY CONFIGURATION

QTR	1 BED	2 BED	3 BED
Jun-18	\$370	\$450	\$520
Jun-19	\$380	\$460	\$540
Jun-20	\$385	\$460	\$530
Jun-21	\$450	\$540	\$630
Jun-22	\$503	\$600	\$710
5 Yr Change	35.8%	33.3%	36.5%

Source: Residential Tenancies Authority

# Migration set to boost demand.

THE SUNSHINE COAST IS FORECAST TO BE A MAJOR BENEFICIARY OF MIGRATION DRIVEN POPULATION GROWTH, FUELLING DEMAND FOR ALL RESIDENTIAL PROPERTY TYPES.



## PERMANENT MIGRATION

The Australian Government has lifted the permanent migration cap from 160,000 per annum to 195,000 for the 2022-23 financial year. A further \$36 million is also being invested toward processing the existing visa application backlog and setting up the permanent migration program. The regions are set to benefit from a greater intake of much need skilled workers under the program.

## INTERNATIONAL STUDENTS

International students are returning to Australia en masse and 2023 is forecast to be a blockbuster year for enrolments. While demand is at record levels, the challenge is for the Australian Government to process the high level of student visas in a timely manner.

## INTERSTATE MIGRATION

Queensland is the leading State for net interstate migration and the lifestyle regions including the Sunshine Coast are the clear winners of this trend. In the year ending March 2021, Queensland was head and shoulders above all other states and territories, with net interstate migration totalling 30,785 people. This incredible figure is at the expense of Victoria and New South Wales, which experienced large declines of 18,191 and 17,796 respectively.

## ELECTRONIC TRANSACTIONS MANDATED IN QLD – GET YOUR ID READY!

In a move which will bring Queensland in line with many other States (NSW, VIC, SA & WA), the Queensland Government has passed the Land Title Regulation 2022 (Regulation), mandating electronic conveyancing, from 20 February 2023.

While e-conveyancing has now been around for some time, until now buyers and sellers have been able to

choose whether to settle conveyances electronically or by the more traditional 'paper' method in which representatives of both parties meet and exchange paper transfer documents and bank cheques. From 20th February 2023, the mandatory 'default' position will be electronic settlement, unless an exemption applies.

A key component of e-conveyancing is the requirement for law firms and financiers to verify the identity of their clients, requiring a minimum level of original

photo identification to be produced and a face-to-face meeting to occur to confirm that the client's identity matches their identification. Verification of identity meetings must be face to face and can occur in several ways:

- (i) with the solicitor in the solicitor's office,
- (ii) with the solicitor's 'Identity Agent' in that Agent's office,
- (iii) with the 'Identity Agent' at the client's home or business, or
- (iv) at Australia Post.





**WHY CHOOSE US?** We are leaders in the creation and delivery of individually considered and specifically designed sales and marketing strategies for well-located Queensland residential projects.

We take pride in offering a full-service project marketing approach to your development. At Place Projects, we actively engage with our Developers to provide advisory information in relation to site acquisition through to settlement. We provide tailor-made strategic marketing campaigns to promote your project's unique selling points and influence specific target markets.

This holistic approach, combined with our experience, local knowledge and research by Place Advisory means we can minimize the risk while maximizing the return on your development.

Place Projects has applied this formula with continued success with major developments, boutique projects, master planned communities, investment sales, residential sales as well as DHA mid-lease and surplus sales.

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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**LEAD CONVERSATION & SALES**  
**CAMPAIGN REPORTING**

**ONGOING MANAGEMENT**

**REVIEW TARGET MARKET**  
**REVIEW STRATEGY & FEEDBACK**  
**CONTRACT MANAGEMENT**  
**REVIEW MARKETING INITIATIVES**



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