

PROPERTY MARKET REPORT

# SUNSHINE COAST

ECONOMIC GROWTH  
POPULATION GROWTH  
EMPLOYMENT GROWTH  
MAJOR INFRASTRUCTURE  
INVESTMENT OPPORTUNITIES



## 01 Overview

The Sunshine Coast is Australia's 10th largest city by population with an expected 21% total population growth over the next 8 years.

## 02 Population Growth

With more than 350,000 residents currently living in the Sunshine Coast, there will be an estimated 200,000 additional people requiring housing at the Sunshine Coast by 2040.

## 03 Economic Growth

The Sunshine Coast's Gross Regional Product is estimated at \$16 billion and is expected to reach \$33 billion over the next 20 years.

## 04 Employment Growth

Massive major infrastructure projects like the Sunshine Coast University Hospital and airport expansion have stimulated employment growth since 2013 and will continue to drive employment growth during operational phase.

## 05 New Infrastructure

More than \$14 billion is being invested in the Sunshine Coast, including hospital upgrades, the airport expansion, master planned residential communities, light rail project, new Maroochydore CBD and Birtinya Town Centre.

## 06 Sunshine Coast Properties

An overview of the Sunshine Coast property market and the three major property types; Houses, Units and Townhouses



# Overview

**In one single glorious decade it was like the Coast has been awakened from a long and cosy period of hibernation.**

After Australia's leading demographer Bernard Salt released "The Activated City: Imagining the Sunshine Coast in 2040" last year, the region's Mayor, Mark Jamieson, has also showcased the region's investment mission which is part of the Regional Economic Development Strategy, to encourage job creating investment in the Sunshine Coast's seven high-value industries.

"New investment generates new businesses, which in turn offers more enduring employment opportunities for our residents and helps to deliver new facilities and services to meet the needs of our communities." He said.

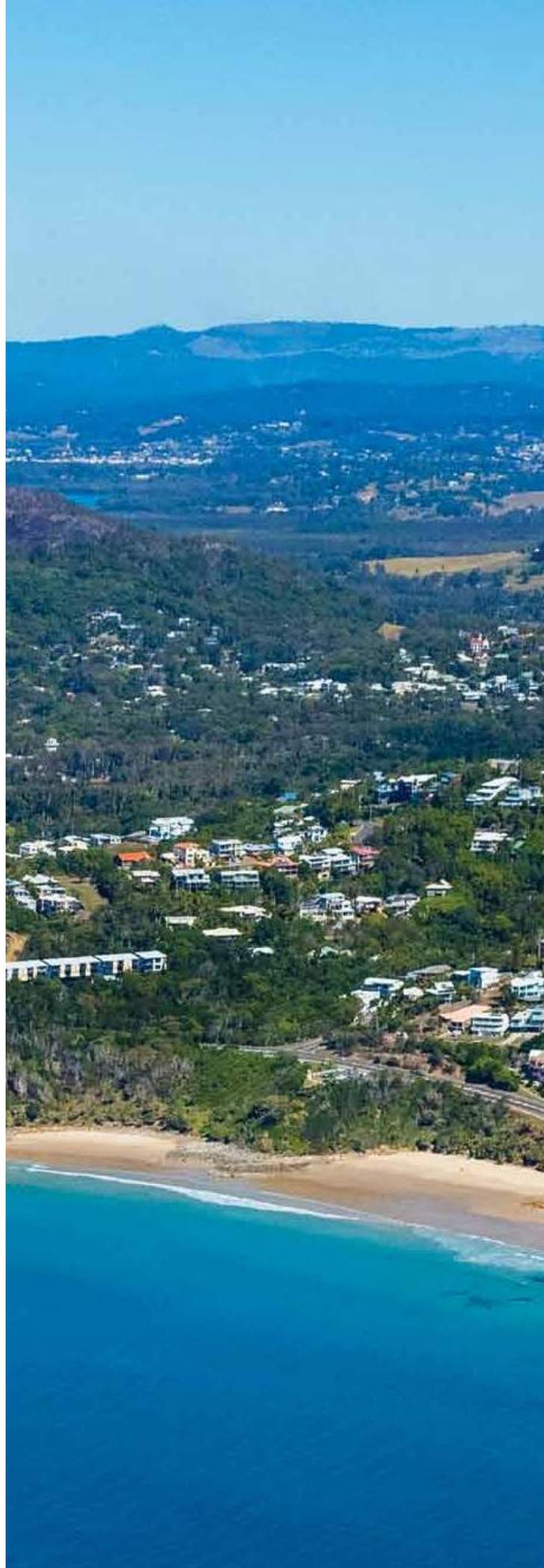
Following the Regional Economic Development Strategy, Mayor Jamieson has revealed a clear Economic plan for the Sunshine Coast. He states that "by staying focussed and committed to our plan for the region's economy, we are now experiencing a sustained period with one of the lowest unemployment rates in the State, continuing high levels of business confidence over the last three years and more than \$10 billion of investment in new infrastructure and major commercial and residential developments."



Mayor Jamieson also welcomed the news that an estimated 13,200 jobs had been created on the Sunshine Coast over the course of the year.

Bernard Salt also commented in his report that “Long gone is the sense that the Sunshine Coast is an enclave of older retired Australians and New Zealanders”. In fact, the Sunshine Coast has grown from an economic base of tourism & construction to an entrepreneurial, small to medium enterprises in health, technology, professional services, building and retail sectors in order to attract a steady flow of young people into the region. “This was always going to be a game-changer for the Sunshine Coast. No other city of a similar scale offered new and existing businesses the opportunity to reimagine their future in state-of-the-art premises next to the pulsing heart of an established Australian city.”

“The key difference between the Sunshine Coast of 2040 and the Sunshine Coast of today is not the population growth, or the new airport or hospital or even the expanded role of the university; it’s not even the new light rail; it is the sense that locals know that they can do whatever they want to do, locally. This is an important cultural distinction in regional Australia.”



Sunshine Coast commercial and industrial real estate giant Savills are predicting continued buoyancy in the commercial property market for the region this year. "Due to the buoyant investment market over the past 12-18 months we are still seeing sellers with expectations on average of around 7%".

Savills see the Sunshine Coast commercial property market to continue at a steady pace due to healthy business confidence and continued strong population growth within the region. "It is predicted that development generally will remain healthy in 2018 and there is still demand for well-located unit/townhouse sites, together with more traditional low density residential sub-division and mobile home estate sites".





SUNSHINE COAST

# Population Growth

There are more than 350,000 people who call the Sunshine Coast home and this is growing by 2.55% per year. According to KPMG's "Activated Sunshine Coast" Report, this is expected to increase by 57% to 500,000 people by 2040. Demographer Bernard Salt stated that "the growth on the Coast would be driven by thousands of 'knowledge working jobs'".

Residences are attracted by the employment and business opportunities, education and relaxing beachfront lifestyle of the Coast. The new Maroochydore CBD provides a vibrant hub of commerce, technology, innovation, entertainment and inner-city living which attracts young entrepreneurs and generates job opportunities on the Coast. Rapidly growing employment opportunities generated by major infrastructures will also result in massive population growth.

## Sunshine Coast 2017 and 2040

|                                   | 2017    | 2040    |
|-----------------------------------|---------|---------|
| POPULATION                        | 350,000 | 550,000 |
| PRIMARY & SECONDARY SCHOOLS       | 135     | 205     |
| INTERNATIONAL AIRPORT CONNECTIONS | 1       | 15      |
| DWELLINGS                         | 134,000 | 210,000 |
| LABOURFORCE                       | 165,000 | 272,000 |
| SCHOOL KIDS 5-18                  | 63,000  | 95,000  |
| AGED 80+                          | 18,000  | 50,000  |

## Sunshine Coast vs Australia Growth % 2017 and 2040

|                  | SUNSHINE COAST | AUSTRALIA |
|------------------|----------------|-----------|
| POPULATION       | 58%            | 38%       |
| LABOURFORCE      | 74%            | 44%       |
| SCHOOL KIDS 5-18 | 52%            | 31%       |
| AGED 80+         | 179%           | 141%      |



# Economic Growth

The Sunshine Coast economy is one of the largest regional economies in Australia, with a current Gross Regional product of more than A\$16 billion. The economy is predicted to grow in a strong and sustainable pattern over the next 20 years to reach A\$33 billion in 2033, accompanied by an increase in high-value employment, export and household income.

A clear vision via a 20-year economic blueprint indicated that the Sunshine Coast is set to be a leading regional economic powerhouse - with a progressive approach to sustainable economic growth and outstanding opportunities which are unrivaled elsewhere in Australia.

With massive capital investment to occur in a new city centre, an international Airport, leading health and education precincts, connectivity with international markets and excellent investment conditions, the Sunshine Coast is expected to transition to a New Economy and create a high value and sustainable economy.

**Solar Farm** 

 **>\$10 million**  
economic benefit

100% of council's electricity offset by renewables

**Submarine cable** 

**\$927 million**  
per annum to Queensland economy

\$700m per annum to Sunshine Coast economy

**Airport** 

**2230 jobs**  
\$4.1 billion contribution to economy

**Sunshine Plaza** 

**\$400 million**  
expansion

creating 5200 construction and retail jobs

**Maroochydore** 

**15,000**  
jobs by 2025

\$4.4 billion contribution to economy

**University** 

**\$81 million**  
expansion complete

20,000 students by 2020

**Palmview** 

**\$3 billion**  
development

17,000 residents

**Hospital** 

**4600 jobs**  
\$1.8 billion investment

**Light Rail Project** 

Stage 1 by 2025

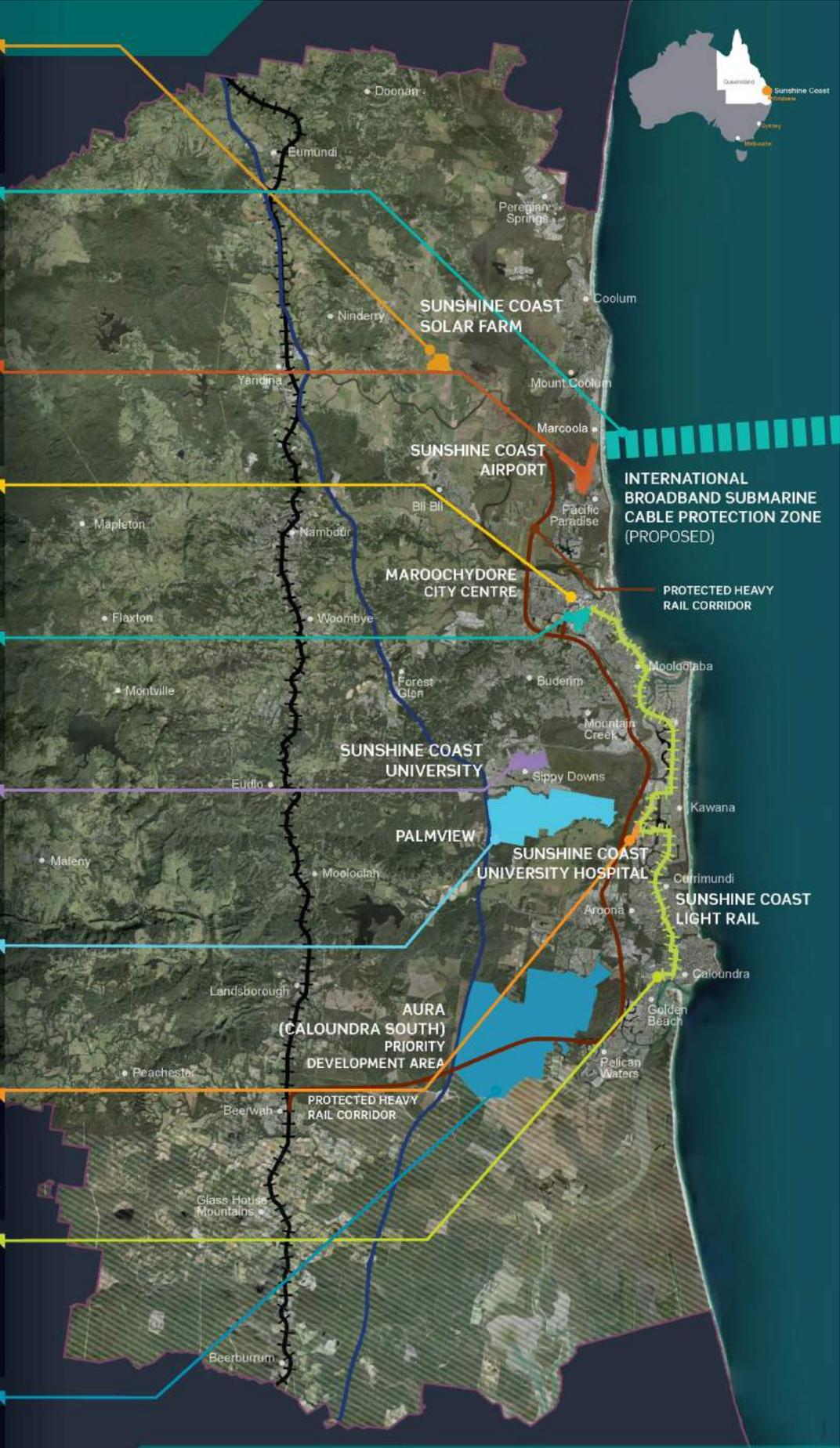
**9000 jobs**

\$3.6 billion contribution to economy

**Aura (Caloundra South)** 

**50,000**  
residents

**\$7 billion+** investment



**Sunshine Coast Major Projects**

Mayor Mark Jamieson mail@sunshinecoast.qld.gov.au 07 5441 8242





SUNSHINE COAST

# Employment Growth

New industries have been growing in the Sunshine Coast, such as education, healthcare and professional services. The region's top five industry sectors by total employment are health care and social assistance, construction, accommodation, retail & food services, education and training.

The unemployment rate at the Sunshine Coast is currently below the Australian and Queensland average unemployment rates. Tens of Thousands of jobs are being created for well into the future as there are major infrastructures being planned and underway. For example, Youi insurance, the largest private employer on the Sunshine Coast, moved their Global Headquarters to Sippy Downs and created more than 3000 job opportunities.

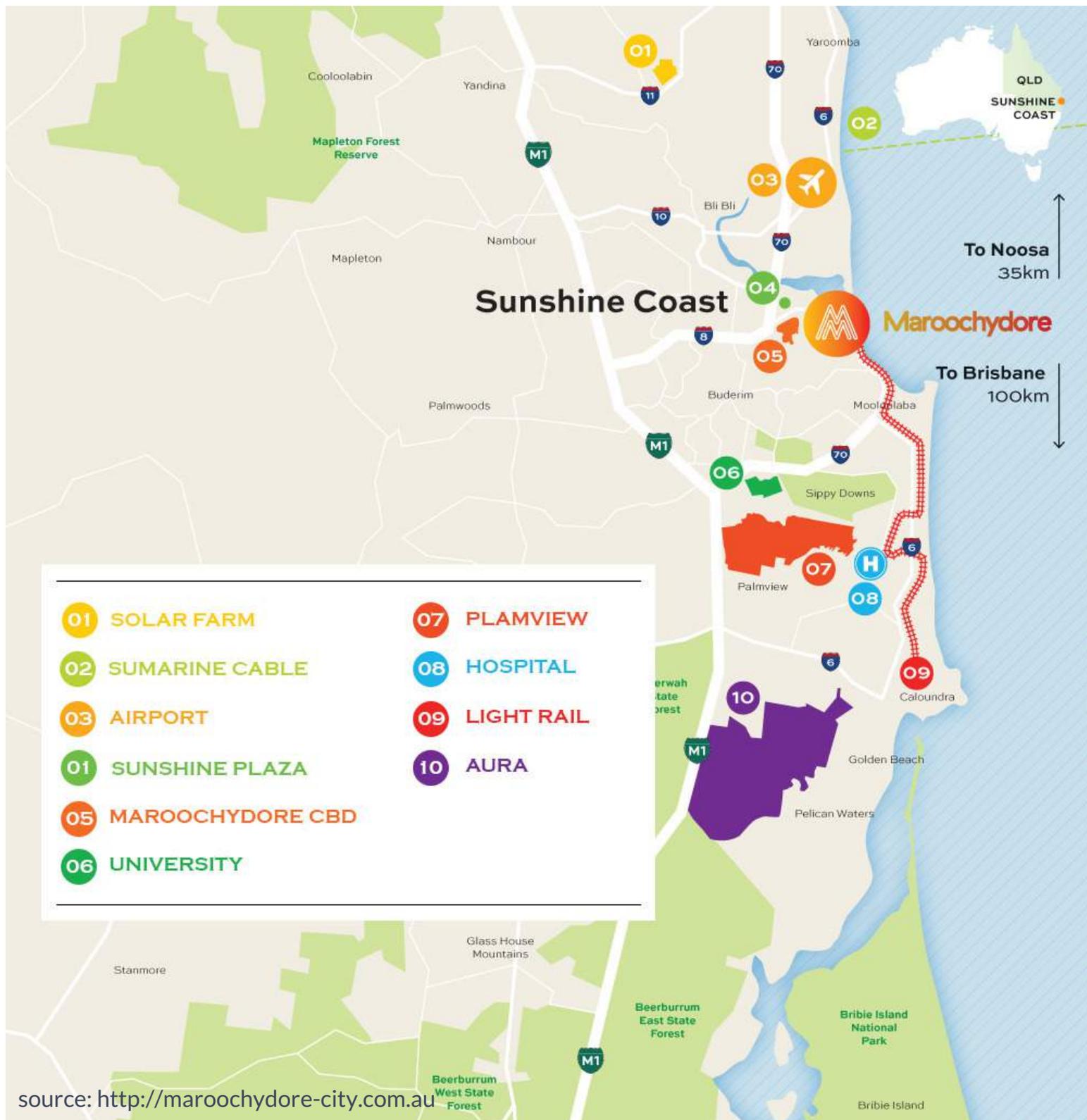
An aerial photograph of a beach and ocean. The top left shows a sandy beach with some greenery and a few people. The rest of the image is dominated by clear, turquoise water with visible ripples and a few people swimming or surfing in the distance. The text is overlaid in white, serif font.

Sunshine Coast  
population will  
grow from  
350,000 to about  
550,000 by 2040

BERNARD SALT

# SUNSHINE COAST MAJOR PROJECTS

On the doorstep of Asia and the Pacific Rim, the popular and rapidly growing Sunshine Coast is a local, national and global destination. More than AUD\$2.5 billion in major infrastructure projects and over AUD\$8.5 billion in private investments are already underway or in the pipeline in the Sunshine Coast.

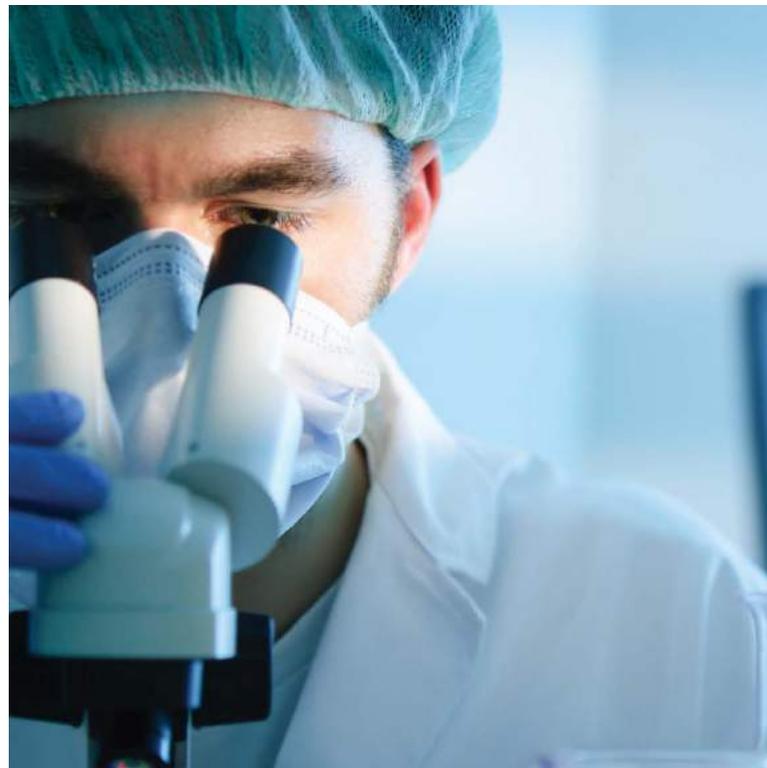


# UNIVERSITY OF THE SUNSHINE COAST & HOSPITAL PRECINCT

The University of the Sunshine Coast (USC) is a unique and successful regional institution, established on a greenfield site at Sippy Downs 20 years ago to support the development aspirations of the Sunshine Coast community. More than 13,492 students are currently enrolled in the USC and 84% of students are studying at the Sippy Downs Campus. There are 2,256 international students from 73 countries studying at USC. According to a 4-year strategic plan from the USC, it is expected to be a comprehensive university of 20,000 students by 2020. It is set for a major expansion in the wider South East Queensland, which includes new campuses, study nodes and collaborative health facilities.

Hotspotting founder, Terry Ryder said the Sunshine Coast University and the \$2 billion University Hospital were examples of regional game-changers.

“We have this whole new industry now bringing lots of new people to the Sunshine Coast and many of them earning pretty good money so that is a big change to the economy,” he said. Mr Ryder goes on to say “the Kawana precinct between Maroochydore and Caloundra would see demand from both owner-occupiers and tenants ramp up while the airport expansion and the Maroochydore CBD renewal had driven prices.”





# \$347 million Airport expansion

Expected to be completed by 2020

The Sunshine Coast airport expansion is well underway and planned to deliver a new runway and a parallel taxiway to accommodate larger international and domestic aircrafts, i.e. 787 Dreamliners will be able to fly in from Asia.

It is set for completion and to be fully operational in 2020. The expansion project is expected to generate more than **2230 jobs** and attract up to **2 million more passengers** annually by 2040 which is significantly beneficial to the tourism industry and local economy.

"It will contribute \$4.1 billion to the Sunshine Coast economy between 2020 and 2040 and result in 3500 fewer dwellings being affected by noise when it is operating by Christmas 2020", Sunshine Coast Mayor Jamieson said.

Maroochydore Chamber of Commerce executive member Jenni Swayne also stated that "Sunshine Coast businesses were already beginning to prepare plans to expand their export businesses or develop new export opportunities".

**The project is expected to generate 2,230 new full-time direct and indirect jobs by 2040 and inject around \$4.1 billion into the Sunshine Coast economy in the 20 years following its commissioning in 2020.**

*Sunshine Coast  
Council*



# PROPOSED SUNSHINE COAST LIGHT RAIL

## CONNECTING MAROOCHYDORE TO CALOUNDRA

### PREDICTED TO DELIVER BY 2025

The proposed Sunshine Coast Light Rail has been named one of five major game-changing projects spearheading council's plans to sustain the coast's prosperity, lifestyle and natural assets into the future. It is expected to put an estimated \$3.6 billion of benefits back into the economy and generate **9,000 jobs** directly and indirectly during construction and operation.

The Sunshine Coast Light Rail will provide an efficient, high quality transport option and has the potential to generate social, economic, transport and environmental benefits across the Sunshine Coast. It is expected to reduce reliance on car travel and traffic congestion and connect people and places to major hubs and areas of employment, education, health and tourism.

Sunshine Coast Councillor Rick Baberowski said the he hoped the light rail project would be up and running within a decade". He said that "we have 200,000 new residents coming to the Sunshine Coast over the next 20 years and we are making a very serious commitment to light rail".



### 09. Light Rail

Stage 1 by 2025. 9,000 jobs. \$3.6 billion contribution to economy. Proposed.





# PROPOSED \$5B HIGH SPEED RAIL

## CONNECTING BRISBANE TO MAROOCHYDORE

200 km of fast rail from Brisbane to the Sunshine Coast has been proposed to the government under The North Coast Connect project. Three stages will be included in the project: upgrading the existing Brisbane to Beerburrum line, building new lines and improving the Beerburrum to Nambour line, and building a 40-kilometre North Coast Line from Beerwah to Maroochydore.

Both Brisbane and Sunshine Coast students and workers will benefit from the fast rail project. It will only take 45 minutes to travel from Brisbane to the Sunshine Coast. The fast rail would hugely relieve pressure from the Bruce Highway and generate job opportunities.

Member for Fairfax Ted O'Brien stated that "connecting the new Maroochydore CBD and new international airport to fast rail would deliver huge economic and social benefits to our region,"





# ***OTHER SUNSHINE COAST GROWTH PROJECTS***

## ***01***

### ***MAROOCHYDORE CITY CENTRE***

The \$430 million 53-hectare greenfield site in the heart of Maroochydore is being transformed into a Central Business District and is expected to generate 15,000 jobs by 2025 and \$5.9 billion contribution to the Sunshine Coast economy. The \$40m refurbishment of the Sunshine Plaza will be part of the CBD and expected to create 5,200 jobs.

## ***02***

### ***BIRTINYA TOWNCENTRE***

The \$830 million Stockland Birtinya Town Centre masterplan development is directly opposite the world class Sunshine Coast Health Precinct. The first stage of the 10,648 sqm centre will open by the end of 2018 and expected to generate more than 550 jobs during the construction and more than 14,600 new full time jobs on completion.

## ***03***

### ***SOLAR FARM***

Completed in July 2017, Sunshine Coast Solar farm has generated \$10 million economic benefit. With 57,850 solar panels and 7.1 hours of sunlight on average per day, the Solar Farm is expected to generate enough electricity to power 5,000 homes.

## ***04***

### ***YOUI HEADQUARTERS***

One of Australia's largest insurance company Youi has moved their global headquarters to Sippy Downs, which generated 1,500 job opportunities in Stage 1 and expected to create 3,000 positions in Stage 2.



# SUNSHINE COAST PROPERTIES

As well as the booming Gold Coast property market, industry experts predict the Sunshine Coast property price will skyrocket on the back of rising infrastructure spending, industry growth, jobs and lifestyle. Property owner-occupiers are attracted by the relaxing lifestyle in the Sunshine Coast, which include downsizing families. Also, residential properties are in huge demand due to professionals that are attracted by employment and business opportunities, such as doctors, health care professionals and entrepreneurs.

Strong capital growth, appealing yields and extremely low vacancy rates capture astute investors attention and it is considered that the Sunshine Coast will be our nation's next property hotspot.

The Sunshine Coast residential vacancy rate has consistently decreased over the past five years and is currently only 1.2%, which is lower than the Gold Coast and Brisbane inner city. According to The Price Predictor Index by Hosspotting, "the Sunshine Coast region has overtaken the Gold Coast as the top market in regional Queensland."

The latest Herron Todd White Residential report stated that "dwelling sales within the coastal corridor between Maroochydore and Caloundra, particularly the sub \$700,000 price range, are expected to continue increased demand as a result of the growth in infrastructure around the Sunshine Coast University Hospital. Stock levels continue to remain very low".



# HOUSE & LAND

Angie Zigomanis, senior manager for residential property at BIS Oxford Economics, said Sydney-siders are flocking to Queensland to capitalise on the state's comparatively low prices. "We're starting to see increased interstate migration flows out of NSW – that's being reflected in first-time buyer numbers in Queensland," he said.



According to the Real Estate Institute of Queensland's (REIQ) latest Queensland Market Monitor, the median house price in the Sunshine Coast jumped from \$557,500 in June to \$570,000 in September. Queensland's southeast corner, beach front markets of the Sunshine Coast are now among the tightest rental markets in the state.

REIQ CEO Antonia Mercorella mentioned that "Caloundra and Maroochydore have vacancies of just 0.4 per cent, the lowest rate ever recorded, and this means that tenants are going to struggle significantly to get a rental property,"

MAROOCHYDORE

# 0.4 %

VACANCY RATE

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# HOUSE & LAND



DUAL OCC/ DUPLEX

# DUAL INCOME

Earning two incomes from one property is one of the best investments in the property market. There are a few types of dual income properties, such as Duplex, Dual-Occupancy (Auxiliary) and Dual-Key properties.

A duplex is two adjoining properties on the same title. Each side of a duplex is typically identical to the other, as this maximises building and material efficiencies. Dual-occupancy properties are like duplexes but it is not necessary for two properties to have the same floor plans, i.e. it can be a 3 bedroom & 1-bedroom property. Dual-key properties are properties with floor plans that allow for an area of the residence to be locked off for separate use.

Affordable dual-income properties at the Sunshine Coast start from \$671,000. With low vacancy rates and rent yields over 6%, dual-income house & land packages are providing amazing Return on Investments (ROI).

# APARTMENTS

The Queensland government recently declared the number of interstate migration to Queensland was at its highest level in eight years, with 15,716 people moving here in the year to March 2017 – most coming from New South Wales.



Strong population growth in the Sunshine Coast is being driven by key factors including increased employment opportunities, generated through major infrastructure projects to be delivered in the coast, housing affordability and lifestyle. The increased population will boost the demand of the residential property, which includes apartments.

According to KPMG's "The Activated City" report, it is expected that 'more knowledge workers and a greater influx of tech-savvy 20-somethings' will be attracted into the region due to the new city centre and lifestyle. Apartments at the Sunshine Coast will be quickly soaked up by young professionals, couples and those looking to downsize.

# APARTMENTS

After our due diligence, here are some hot suburbs for apartment projects at the Sunshine Coast.

## BIRTINYA

Birtinya is well known for the new \$5.3 billion Oceanside Health Hub, which is the largest health infrastructure asset currently being developed in Australia and expected more than 3,500 staff will work in the new hospital and about 6,000 staff will be required by 2021. In late 2017, Stockland received State and local planning approvals for the proposed \$830 millions Birtinya Town Centre, a new civic plaza, walkable waterfront along Lake Kawana and open green space.

Limited apartment projects are perfectly positioned to meet the growing accommodation demands for thousands of health and business professionals, enabling them to live across the road from the hospitals and new town centre. Priced from only \$360,000, with up to 6% rent yields (unfurnished), and a 1% vacancy rate for the area, these units are likely to sell out fast.

## COOLUM BEACH

Surrounded by numbers of small sandy coves, several rocky headlands, and substantial areas of bushland, Coolum provides residents with a backdrop of idyllic natural settings. It has become a highly desirable location for owner-occupiers due to the relaxing lifestyle.

The vacancy rate at Coolum Beach is currently sitting at 1%, which reflects the high demand and low supply residential market. Affordable apartments at Coolum beach are expecting high return on investments in view of the low vacancy rate and potential high rent yields from short term holiday renting or long-term renting from local residents.

**RENT YIELDS**  
**ABOVE 5%**

## SIPPY DOWNS

With convenient proximity to the M5 Bruce Highway, the internationally acclaimed Sunshine Coast University Sippy Downs Campus, and Youi Insurance headquarters, Sippy Downs has a diverse demographic of residents, from local and international students, young professional workers, to families. Youi Insurance, the largest private employer on the Sunshine Coast, has moved their new Global Headquarters to Sippy Downs, creating over 4,500 new job opportunities to the area.

With vacancy rates in Sippy Downs and across the Sunshine Coast at a staggering 1%, new residential projects are answering the growing demand for residential development and expansion in the area.

**VACANCY RATES**  
**BELOW 1%**

# TOWNHOUSE

Sunshine Coast Townhouses are popular among investors and owner-occupiers due to their close proximity to the beaches, shopping centres, schools and transportation, as well as providing a secured community for families.



With the close proximity to shopping centres, schools, hospitals, train stations and the famous Sunshine Coast beaches, as well as easy-to-manage lawn and spacious living areas, townhouses are a great option for owner-occupiers and tenants. Townhouses are generally less expensive than single-family homes in the same neighborhood but have similar house size.

New 3 – 4 bedroom townhouses are available in a range of locations in the Sunshine Coast, which include but not limited to Noosa, Palmview, Birtinya, and Caloundra.

Property valuation company Herron Todd White has also said that “the Sunshine Coast has always been a popular investment location for both dwelling and units alike, with many holiday-let units owned by intrastate and interstate investors”.



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INVESTMENTS**

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