

# FUTURE OF SOUTH EAST QUEENSLAND HOUSING

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## WHAT IS DRIVING SOUTH EAST QUEENSLAND'S NEW HOME MARKET?

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### RIPPLE OF GROWTH

Expected to drive unprecedented population and employment in SEQ.



### SEQ - A MASTER PLANNED CITY

Large-scale public and private investment is shaping SEQ as a master-planned city.



### HOUSING OPPORTUNITY

SEQ satellite cities boasting median price gaps up to \$295,000 on the Brisbane LGA.



### INTERSTATE COMPETITION

Key fundamentals in SEQ impacting strong interstate residential investment.



### CHRONIC HOUSING UNDERSUPPLY

Extended periods of cumulative undersupply resulting in pent up demand.

PREPARED EXCLUSIVELY FOR

**urbane**HOMES

NOVEMBER 2016

**urbis**

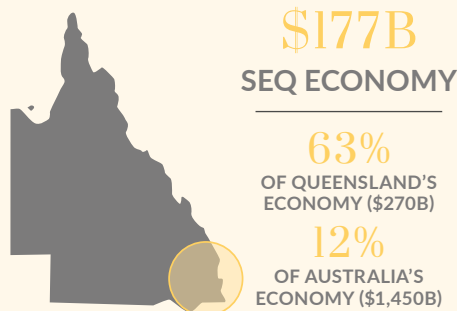
# QUEENSLAND'S ECONOMIC POWERHOUSE

## SOUTH EAST QUEENSLAND:

*Comprising eleven separate local governments and boasting unparalleled diversity, the region of South East Queensland (SEQ) is emerging as the nation's new economic powerhouse – a master planned city.*

### ECONOMY

SEQ is developing into one of the most diverse and active regions in Australia with an economy valued at more than \$177 billion in 2013.



Prepared by Urbis; Source: Brisbane Marketing

### PILLARS OF SEQ ECONOMY

SEQ boasts a diversity of industry driven by both public and private investment in infrastructure projected to be completed by 2021, including:

TRANSPORT <b>\$10.94B</b>	ENERGY <b>\$2.03B</b>
HEALTH <b>\$5.37B</b>	WATER <b>\$267M</b>
ARTS/CULTURE /RECREATION <b>\$734M</b>	JUSTICE & PUBLIC SAFETY <b>\$157M</b>
EDUCATION & TRAINING <b>\$504M</b>	

Prepared by Urbis for Urbane Homes; Source: QLD State Infrastructure Plan, March 2016

Comparable in size to Greater Melbourne, South East Queensland spans over 241 km of Australian eastern seaboard, extending more than 140 km inland to some of Australia's most fertile agricultural land, allowing for a number of locational, economic and social advantages, both within Australia and internationally.

State Government initiatives are harnessing the opportunity to significantly alter the region to enhance liveability and prosperity through large-scale infrastructure spending and transport connectivity. As a result, SEQ has become one of the nation's fastest growing regions activating a ripple effect, urging growth from the major cities including Brisbane and the Gold Coast, to new satellite cities of SEQ.

At the centre of SEQ's record growth is Queensland's capital city, Brisbane – one of the wealthiest and largest metropolitan local governments in Australia. Tightly held due to a combination of physical constraints and infrastructure limitations, investment has been driven to the satellite cities and master plans that make up SEQ such as infrastructure and amenity rich destinations including **Springfield** (Ipswich) and **North Lakes** (Moreton Bay) that have rapidly evolved over the last 10 years.





More than \$25 billion in infrastructure spending will drive the broad expansion of SEQ, resulting in more than 1.5 million new residents by 2036.

SEQ regions such as Moreton Bay, Logan and Ipswich have an abundance of existing industrial, and commercial uses. However, as these regions continue to evolve, a requirement to further strengthen the employment sector, particularly along major arterial and rail networks will be essential.

SEQ's geographic location places it as a strategic gateway for trade with Asia, further boosting economic growth and cultural exchange. Well connected to global markets yet economically resilient, SEQ's continued investment and trade is expected to drive high economic growth, making it a smart destination to do business, but also as an ideal destination to reside.

## RIPPLE GROWTH

In order to deliver sustained and confident growth for investment in South East Queensland, strong economic fundamentals will be key to help guide sound investment strategy, these fundamentals include:



### POPULATION GROWTH

1.5M+

NEW RESIDENTS BY 2036



### INVESTMENT & INFRASTRUCTURE

\$25B+

INFRASTRUCTURE SPENDING COMMITTED TO 2031



### EMPLOYMENT OPPORTUNITIES

142,000+

NEW JOB OPPORTUNITIES BY 2021

## INFRASTRUCTURE

South East Queensland is undergoing the largest public infrastructure spending initiative in Australian history with more than \$25B in infrastructure spending prior to 2031.



COMPLETED/UNDER CONSTRUCTION

\$9.5B



PLANNED (2016-2019)

\$5.9B



FORECAST (BEYOND 2020)

\$10B



TOTAL

\$25.4B

Prepared by Urbis for Urbane Homes; Source QLD Government, Brisbane Marketing



## GREATER SPRINGFIELD – ONE OF AUSTRALIA'S FASTEST EMERGING CITIES

Expected to develop into a substantial regional city and services hub by 2030, Greater Springfield offers interconnected economic drivers including health, education and information technology.



560,000

RESIDENTS WITHIN 22MINS OF THE SPRINGFIELD CBD

Projected to house approximately 138,000 residents as well as provide 52,000 jobs by 2030, Greater Springfield has already benefited from more than \$11.7 billion in public and private investment, including \$1.2 billion in major rail and transport hubs.

Most recently, the new \$85M Mater Private Hospital has completed, offering 80 inpatient beds, theatre space, inpatient wards and a day surgery unit.



## QUEEN'S WHARF PRECINCT

Declared a Priority Development Area (PDA) in 2014 with a vision to become a unique and vibrant new world city development, Queen's Wharf is set to be a first class integrated resort development. Including a

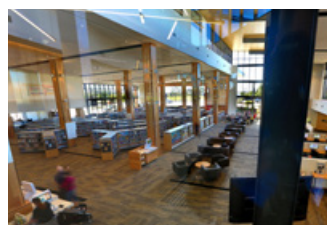


\$3 BILLION

8,000 JOBS

major casino, mix of six star hotels, retail, dining, entertainment, theatre and convention uses.

The development will further attract visitors and investment to SEQ, providing a further boost to the region's construction and tourism industries, while offering the potential to promote greater interaction between major tourism and satellite cities of SEQ.



## NORTH LAKES

One of Australia's largest master-planned cities is nearing completion, North Lakes is the premier residential, shopping and commercial destination with a total spending capacity over \$4 billion.

Expected to be completed

in 2016, the Moreton Bay Rail Link (\$1.15B) will deliver a 12.6 km dual-track rail line connecting the Brisbane LGA with key cities of Moreton Bay, including North Lakes, Caboolture and Redcliffe.



SERVICING A RETAIL POPULATION OF NEARLY

360,000

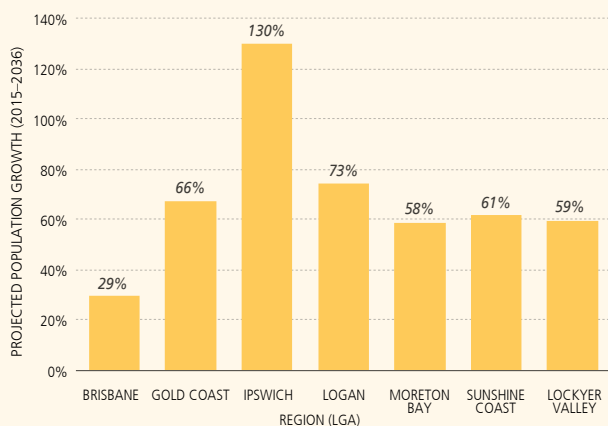
# POPULATION

By 2036, over 72 per cent of Queensland's population will reside in South East Queensland, of which 70 per cent will live outside of Brisbane.

Welcoming 1.5M new residents over the next twenty years, SEQ is undergoing a major population boom. Excluding the Brisbane LGA which is all but exhausted of traditional housing opportunities, regions including Ipswich and the southern corridor are projected to accumulate more than 43 per cent of SEQ's population growth, equating to approximately 540,000 new residents over the next 20 years.

A notable population shift outside the Brisbane LGA is projected, with nearly 80 per cent of Queensland's population expected to live in SEQ by 2036. Over the next 20 years, population growth will shift dramatically across key regions within SEQ, with projections indicating a softening share within the Brisbane LGA and greater proportion of growth occurring in key satellite cities including Ipswich, Moreton Bay and Logan.

## SOUTH EAST QUEENSLAND LGA'S PROJECTED POPULATION GROWTH (2015–2036)



Prepared by Urbis for Urbane Homes; Source QGSO 2015

The Brisbane LGA's limited remaining land supply and shift toward higher density and infill development is expected to drive the delivery of only 5,200 new dwellings per year by 2036.

Urbis has identified that new housing in SEQ will be predominantly located in emerging cities and master planned communities of SEQ and will largely make up the 23,000 new dwellings per annum required by 2036.

This extensive growth is to be centred along SEQ's southern corridor comprising Ipswich (23%), Gold Coast (21%) and Logan (12%), which are projected to deliver 55 per cent of SEQ future housing requirements.

## SEQ NEW DWELLING REQUIREMENTS & POPULATION SHIFT

	ACTUAL POPULATION INCREASE (2014–2015)	ESTIMATE RESIDENT POPULATION (2015)	POPULATION INCREASE (2015–2036)	ESTIMATE NEW DWELLING DEMAND (P.A.)	ESTIMATE PROPORTION OF NEW HOUSING IN SEQ
BRISBANE	1.3%	1,248,023	+260,074	5,201	18%
GOLD COAST	1.8%	577,340	+305,244	6,105	21%
IPSWICH	2.7%	328,764	+341,059	6,559	23%
LOGAN	1.3%	326,216	+195,975	3,500	12%
MORETON BAY	2.0%	437,578	+188,843	3,632	13%
SUNSHINE COAST	1.7%	347,321	+167,606	3,492	12%

Prepared by Urbis for Urbane Homes; Source ABS, QGSO 2015

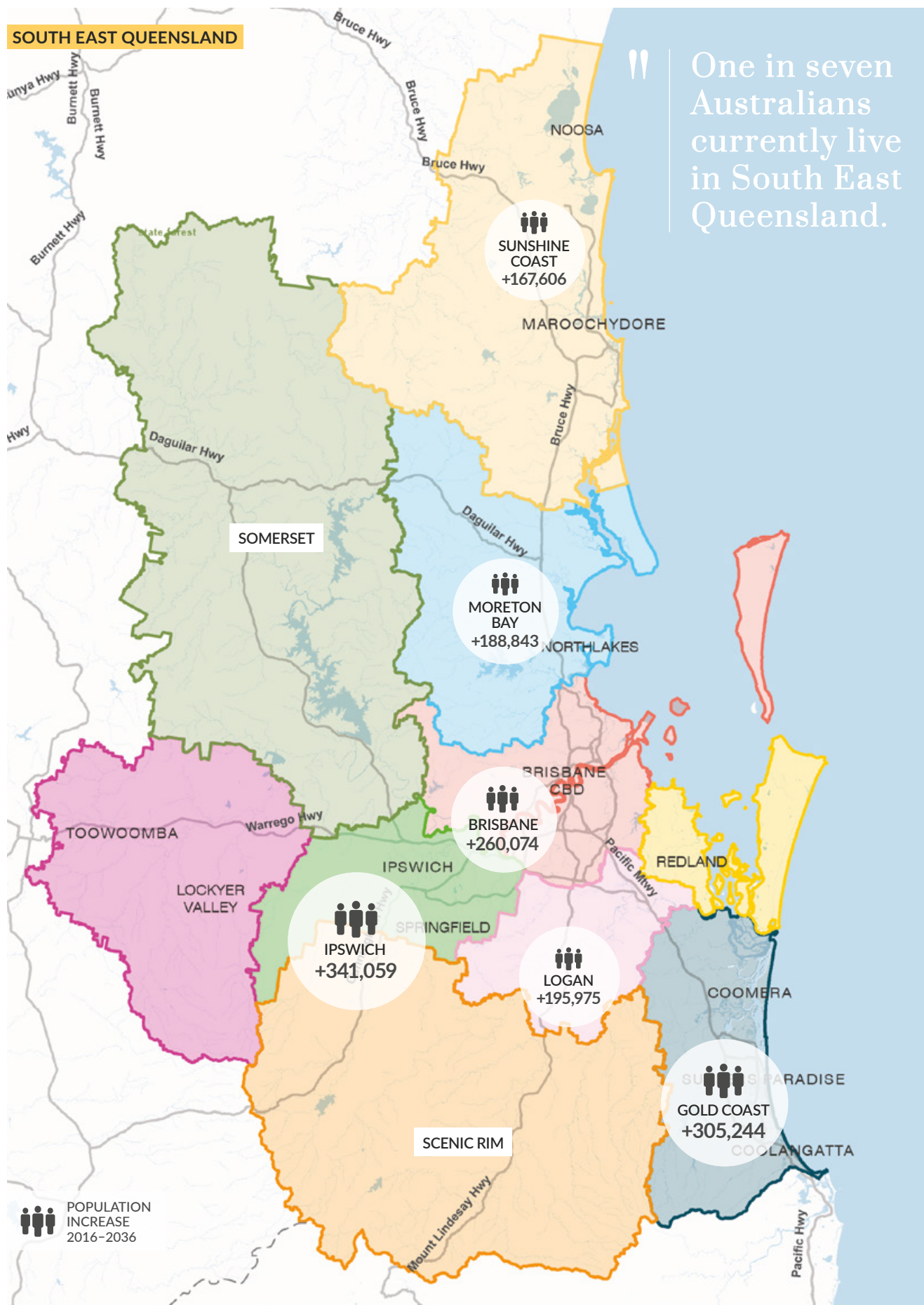
Increasing by more than 130% over the next twenty years, the Ipswich LGA will play a vital role in satisfying the future population growth of SEQ.



## SOUTH EAST QUEENSLAND



One in seven  
Australians  
currently live  
in South East  
Queensland.



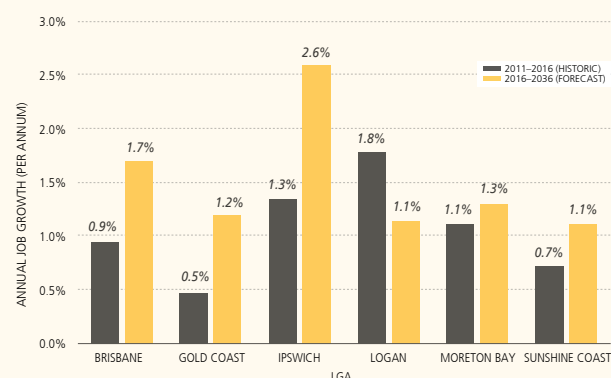
# SOCIAL INFRASTRUCTURE & EMPLOYMENT

Traditional job growth is evolving outside of major capital cities, significant public and private investment is occurring into greater SEQ regions, generating decentralised job growth.

SEQ regions such as Moreton Bay, Logan and Ipswich have traditionally seen job growth targeted toward Blue Collar employment. The ripple effect away from major cities has resulted in diversified industry growth with the strongest job growth in the health and education industries, driving a diversified employment offering throughout SEQ. Long term employment growth is expected across SEQ, likely to record upwards of 28,000 new jobs per annum in the period to 2036.

Moving forward, it will simply not be sustainable to concentrate employment growth within major centres like the Brisbane CBD. Job growth is decentralising, as a result the largest projected increase in job growth will be located in Ipswich and Moreton Bay, driven largely by the establishment of growing master planned cities in Springfield and North Lakes, as well as introduction of new rail networks improving resident connectivity.

## HISTORIC AND FORECAST JOB GROWTH (2011-2036)



Prepared by Urbis for Urbane Homes; Source NIEIR 2015

The cornerstone of growth outside of Brisbane has been based on the development of Health, Medical, and Education facilities, funded by local, state and federal governing bodies, as well as large scale private investment.

Employment growth in the Brisbane CBD has seen commercial office space extending beyond the boundaries of the Brisbane LGA, leading to a number of thriving employment nodes equipped with state-of-the-art facilities. As new high profile firms are attracted to these satellite cities and employment nodes, they will create a significant catalyst for the region, and their workforces will form a major driver for SEQ residential markets.

Health care, education and retail sectors employ more SEQ residents than any other industry.

## EDUCATION

217,753

ENROLLED STUDENTS  
IN 2014

39,000

ENROLLED STUDENTS  
SINCE 2009  
(ON AVERAGE P. A.)

Prepared by Urbis for Urbane Homes; Source QLD Government SIP, March 2016

## MEDICAL

\$178  
MILLION

435  
BEDS

IPSWICH HOSPITAL  
- Completed 2014

\$145  
MILLION

344  
BEDS

LOGAN HOSPITAL EXPANSION  
- Completed 2014

\$85  
MILLION

80  
BEDS

SPRINGFIELD MATER  
PRIVATE HOSPITAL  
- Completed 2015

\$1.76  
BILLION

750  
BEDS

GOLD COAST UNIVERSITY  
HOSPITAL HEALTH &  
KNOWLEDGE PRECINCT  
- Completed 2014

\$1.8  
BILLION

738  
BEDS

SUNSHINE COAST UNIVERSITY  
HOSPITAL  
- Under construction

Prepared by Urbis for Urbane Homes;  
Source QLD Government SIP, March 2016




# HOUSING AFFORDABILITY DRIVING GROWTH



SEQ is well positioned to track the value uplift recorded in satellite cities of Greater Melbourne.

Satellite cities of SEQ are projected to record consistent capital growth on the back of continued strong residential sales activity. Bridging the median price gap recorded in comparable localities of Melbourne, SEQ cities are offering a substantial value proposition as SEQ continues its emergence as a master planned city.

## SEQ HOUSING OPPORTUNITY

	 MEDIAN PRICE	 AFFORDABILITY GAP	 MEDIAN PRICE	
MELBOURNE	\$829,500	\$209,500	\$620,000	BRISBANE
DANDENONG (35KM)	\$585,000	\$190,000	\$395,000	LOGAN (35KM)
FRANKSTON (40KM)	\$470,000	\$145,000	\$325,000	IPSWICH (40KM)
MACEDON RANGES (60KM)	\$521,000	\$91,000	\$430,000	MORETON BAY (50KM)
GEELONG (80KM)	\$596,250	\$23,250	\$573,000	GOLD COAST (75KM)
TORQUAY (90KM)	\$668,500	\$148,500	\$520,000	SUNSHINE COAST (95KM)

Prepared by Urbis for Urbane Homes; Source APM Price Finder, 2016








# SEQ HOUSE MARKET

Residents growing dependence on city-living, strong job growth and lifestyle amenity will drive the shift to well-located communities and satellite cities of South East Queensland.

A record house price in Brisbane's LGA has triggered the ripple effect to neighbouring satellite cities, driving median price growth. SEQ residents are trading off the comparable affordability as the market is reactive to past and present catalysts.

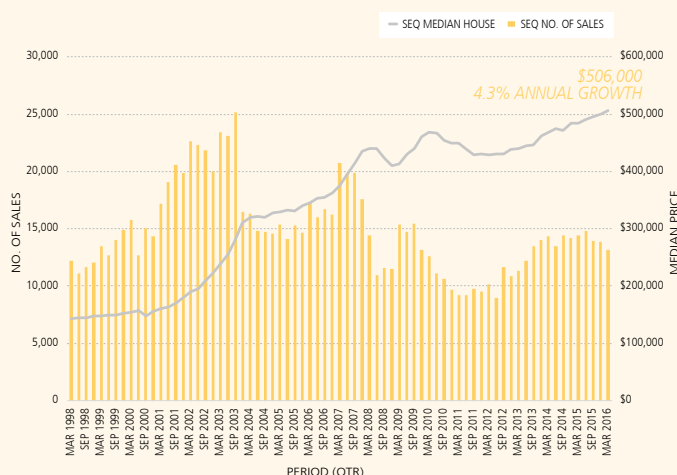
The median sale price for houses in SEQ have ranged between \$330,000 in the Ipswich LGA and \$620,000 in the Brisbane LGA, a price gap of \$295,000 at the period ending March 2016.

## SEQ LGA HOUSING SCORECARD - MARCH 2016

			
	ANNUAL MEDIAN PRICE GROWTH (MAR 2015-16)	MEDIAN WEEKLY RENT	RENTAL YIELD
BRISBANE	7.3%	\$460	3.9%
GOLD COAST	2.3%	\$480	4.5%
IPSWICH	2.8%	\$335	5.3%
LOGAN	3.9%	\$375	5.1%
MORETON BAY	3.6%	\$380	4.6%
SUNSHINE COAST	4.0%	\$470	4.7%

Prepared by Urbis for Urbane Homes; Source APM PriceFinder

## SEQ HOUSE SALES CYCLE - NEW RECORD HOUSE PRICE



Prepared by Urbis for Urbane Homes; Source APM PriceFinder, 2016

Median house price has increased by more than \$20,000 over the year on the back of extraordinary sales growth.

SEQ housing sales activity has increased dramatically over the past five years, notably Ipswich and Sunshine Coast regions registering greater than 125 per cent growth in sales activity. As a result of this strong sales activity, the median house price has too responded, increasing by 3.9 per cent per annum over the last decade.



SEQ satellite cities including Ipswich, Logan and Moreton Bay have all recorded strong house price growth and correlating sales activity. Both price and sales activity growth in such regions is a market response from increasing affordability constraints within the Brisbane LGA housing market, which at the end of the March quarter 2016 registered a record median house price of \$620,000, increasing by 7.3 per cent over the past year.

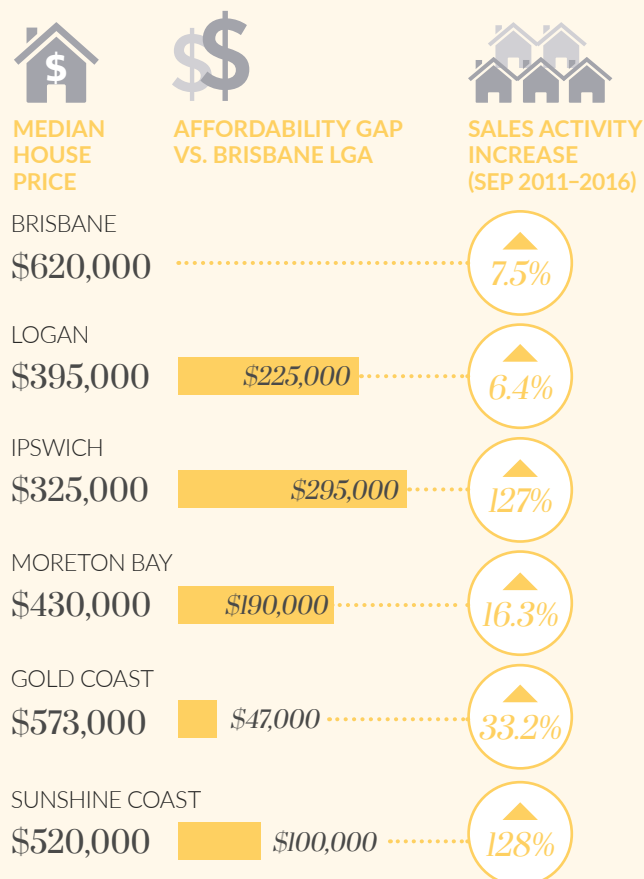
Record house median price in the Brisbane LGA has seen an emergence of new cities in SEQ, drawing on the diversification of residential markets driving dynamic market movements, spurred by affordability with SEQ and comparable capital city regions of greater Melbourne.

A combination of housing undersupply and unprecedented population growth in regional centres of SEQ is driving the rental market. At the period ending December 2015, Ipswich and Logan were recording respective rental yields of 5.1 and 5.3 per cent, with the remaining centres of SEQ registering between 4.5 and 4.7 per cent.



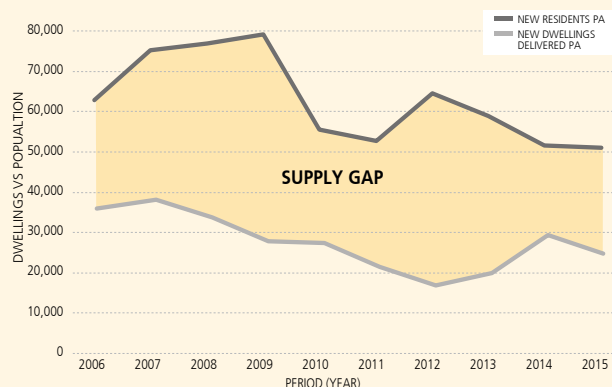
SEQ remains chronically under-supplied despite the emergence of new satellite cities. Growth regions such as Ipswich, Logan and Moreton Bay recording a housing shortfall of approximately 10,000 dwellings.

#### SEQ LGA HOUSE PRICE COMPARISON



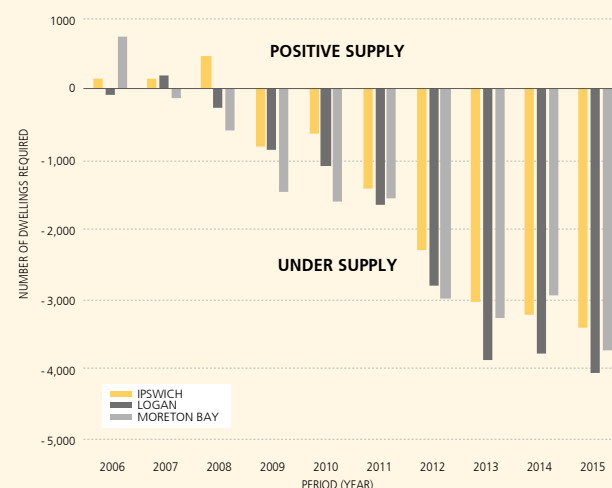
Prepared by Urbis for Urbane Homes; Source APM PriceFinder, 2016

#### SEQ DWELLING SHORTAGE



Prepared by Urbis for Urbane Homes; Source QGSO, 2015.  
\*does not consider ave. household size due to variance in density across SEQ.

#### CRITICAL HOUSING UNDERSUPPLY (LGA)



Prepared by Urbis for Urbane Homes; Source ABS, QGSO, 2015

# HOUSING DEMAND & BARRIERS TO SUPPLY

!! An increasing young family demographic, paired with affordability and strong employment growth, particular in health and education sectors, will drive future housing demand.

SEQ's continued infrastructure spend creating more accessible and liveable master planned destinations will likely continue to drive these regions as a viable solution for both owner occupiers and investors alike.

It must be noted that affordability of the SEQ housing market is not the only factor supporting the demand for housing. The shifting age demographic of Gen Y (22–34 years) residents will likely drive a further demand into larger housing offerings as they begin families of their own.

SEQ is already seeing the beginning of this shift – a desire for housing that maximises quality of life and minimises the cost of living, offering competitively priced housing opportunities in well-located destinations with proximity to amenity and infrastructure.

Household income and median price are two key demand drivers for affordable housing. Across SEQ, household incomes ranged between 13 and 23 per cent proportion of the median house price for the period ending March 2016, with Ipswich (23%) and Logan (20%) recording the most affordable housing stock with relation to household income.

Demand for new homes have increased in SEQ in 2016 due to a number of key contributing factors, including:



**Consumer and Investor Confidence** – spurred by comparable affordability and investment return against Sydney and Melbourne.



**Interest Rates** – at a record low 1.75 per cent in July, tipped to again go lower again in the second half of the year.



**Strong Brisbane Market** – established home market in the Brisbane LGA impacting on the price competitiveness of new homes.



**SEQ Affordability** – median price gap ranging between \$47,000 to \$295,000 against the Brisbane LGA median price.



**Interstate Affordability** – compared to satellite cities of Melbourne – like for like median price gaps up to \$209,500.



**Unprecedented Forecast Growth** – resulting in strong initial take-up of new projects as new families wait on the delivery of new developable land.

## UNPRECEDENTED POPULATION GROWTH

SEQ may expect a further population boom of **nearly 9%** between 2016 and 2021.

## SHIFTING DEMOGRAPHIC

Young family demographic projected to rise by **14,000 p.a** between 2016 and 2021.

## PROVISION OF INFRASTRUCTURE

More than **\$7 billion** in rail infrastructure connecting SEQ is currently planned or under construction.

## HOUSING SHORTAGE

SEQ regions recording unprecedented sales levels up to **25% p.a** on the back of strong housing demand.

## Supply barriers reducing the provision of new greenfield land have resulted in the prolonged under-supply of new housing in SEQ.

SEQ residents have emphasised a need for future housing supply to be integrated into high-quality urban environments. Major barriers in housing supply and delivery emerge from the challenges that developers, local councils and state governments face in delivering commercially viable housing options that suit the needs of Australian residents.

Unlike the fast-paced environment around infill development, sales and construction; supply of new housing is one that is largely moderated. In 2003, the SEQ Urban Growth Boundary was introduced to limit new greenfield opportunities and was intended to be reviewed every five years. This process of review has yet to occur since being introduced, contributing to dwelling supply imbalances and urban growth.

Fundamental constraints affecting the delivery of new housing supply in SEQ are highlighted below:

### LAND FRAGMENTATION

Slowing land supply from an inability to amalgamate development sites to create englobo land parcels.

### ENVIRONMENTAL CONSTRAINTS

Added pressures as a result of vegetation management, environmental effects including flooding, water quality and koala protection.

### FINANCE & GOVERNMENT

Financial and government influences pressuring the project feasibility and delivery of new communities.

### LACK OF INFRASTRUCTURE

Inability to unlock developable greenfield land due to infrastructure requirements, timing and cost.

## WHAT IS DRIVING SOUTH EAST QUEENSLAND'S NEW HOME MARKET?

## SEQ is one of Australia's largest metropolitan regions – a leading destination for tourism, business and investment – a master planned city accommodating visitors and residents alike.



### RIPPLE OF GROWTH

The ripple of growth and urban sprawl will continue to drive unprecedented population and employment growth in the satellite cities of SEQ.



### SEQ – A MASTER PLANNED CITY

SEQ's future as a master planned city will be driven by the accessibility of employment, education, health and lifestyle offerings – completed and future road and rail connection positioned to be the significant driver for growth.



### HOUSING OPPORTUNITY

Median price and household income will guide the affordability of SEQ markets, with SEQ cities currently boasting an affordability gap on the Brisbane LGA market of up to \$295,000.



### INTERSTATE COMPETITION

Like Melbourne, SEQ may expect a ripple of growth resulting in value uplift that has been recorded between 35 and 90 kilometers of the Melbourne CBD – offering interstate investors a platform for medium and long term investment and growth.



### CHRONIC HOUSING UNDERSUPPLY

SEQ cities of Ipswich, Gold Coast, Moreton Bay and Logan have registered extended periods of cumulative undersupply resulting in pent up demand and strong rental yields.



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