



South East Queensland

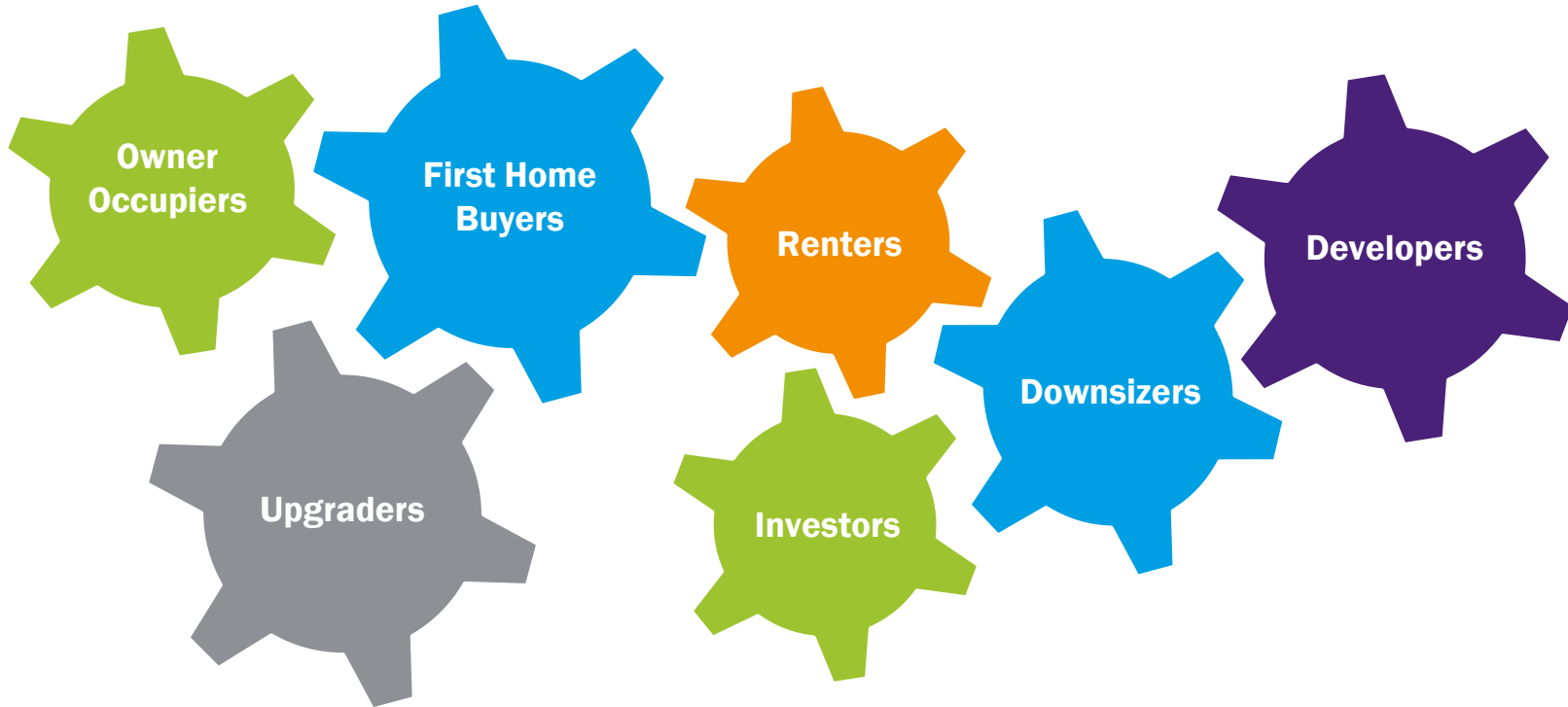
PROPERTY OVERVIEW BREAKFAST

Residential Markets

GAVIN HULCOMBE

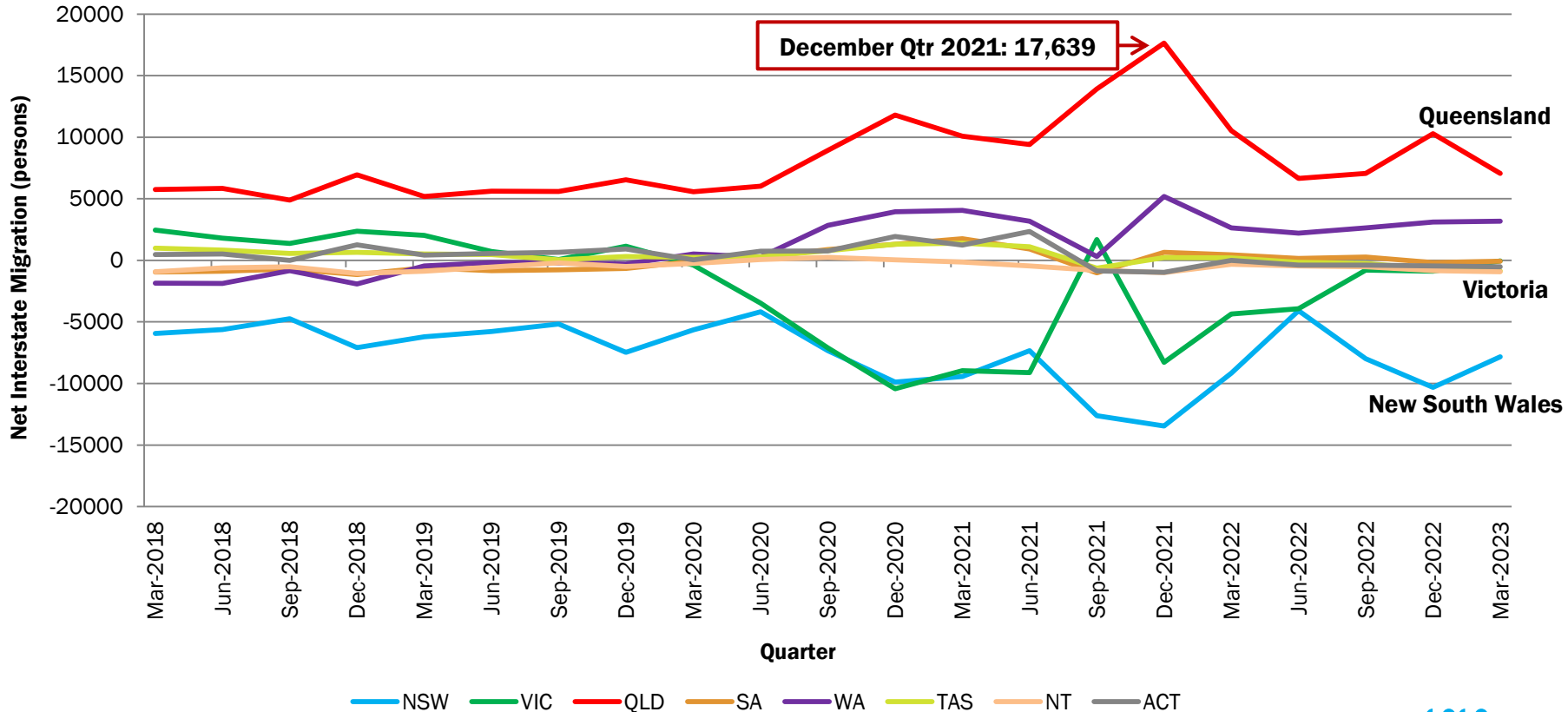


The Different Perspectives of Home Ownership



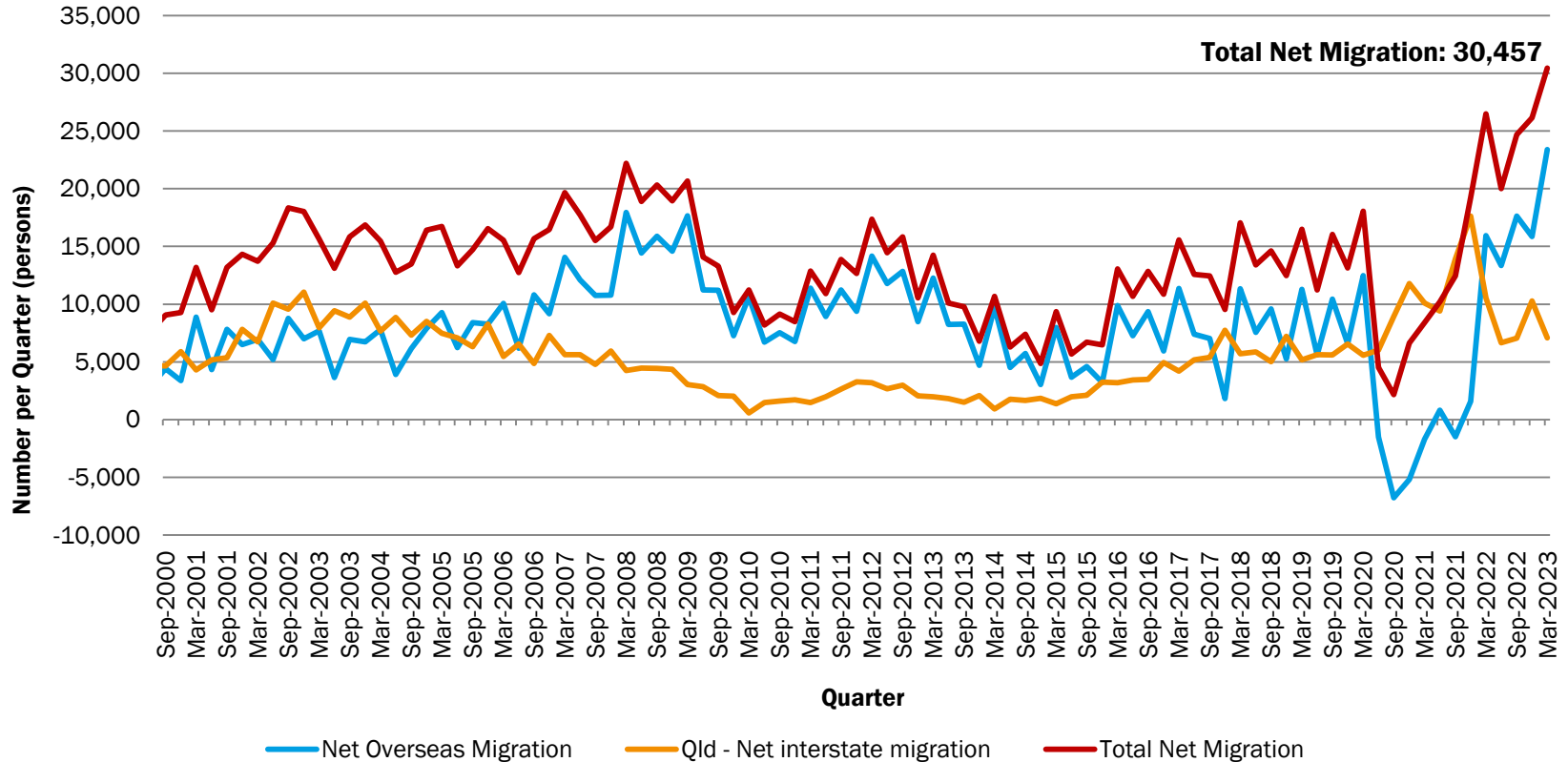
What is the social issue?

Net Interstate Migration: March 2018 to March 2023



Source: Australian Bureau of Statistics

Queensland Net Migration: March 2023



North Lakes – Moreton Bay City



Identified 1995



Commenced 1999



Completed 2017



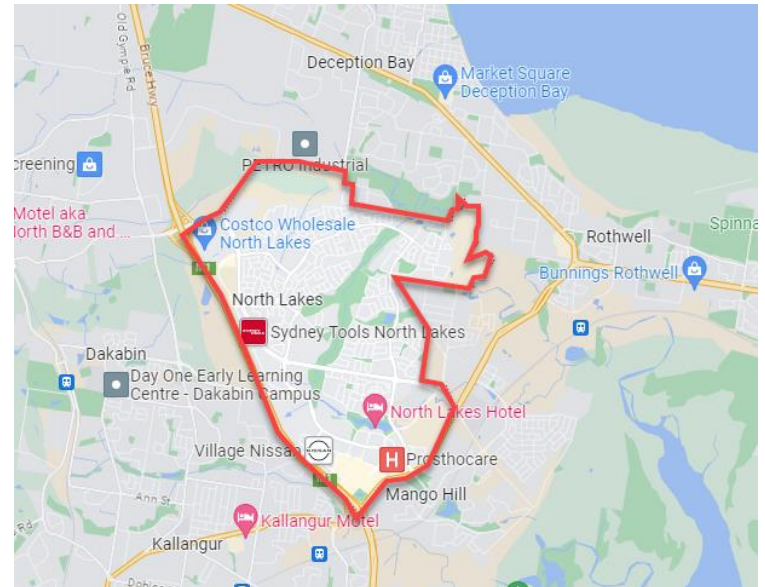
24,000
residents



10,000
dwellings
(approximate)



1,200
hectares



Ripley Valley - Ipswich



Declared 2010



Commenced 2012



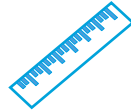
Completion 2036



131,000
residents



49,000
dwellings
(approximate)



4,680
hectares



South East Queensland is Growing

The Queensland Government's SEQ Regional Plan 2023 Update estimates South East Queensland will:

- have a population of almost six million people in 2046
- require almost 900,000 new homes.

This equates to:



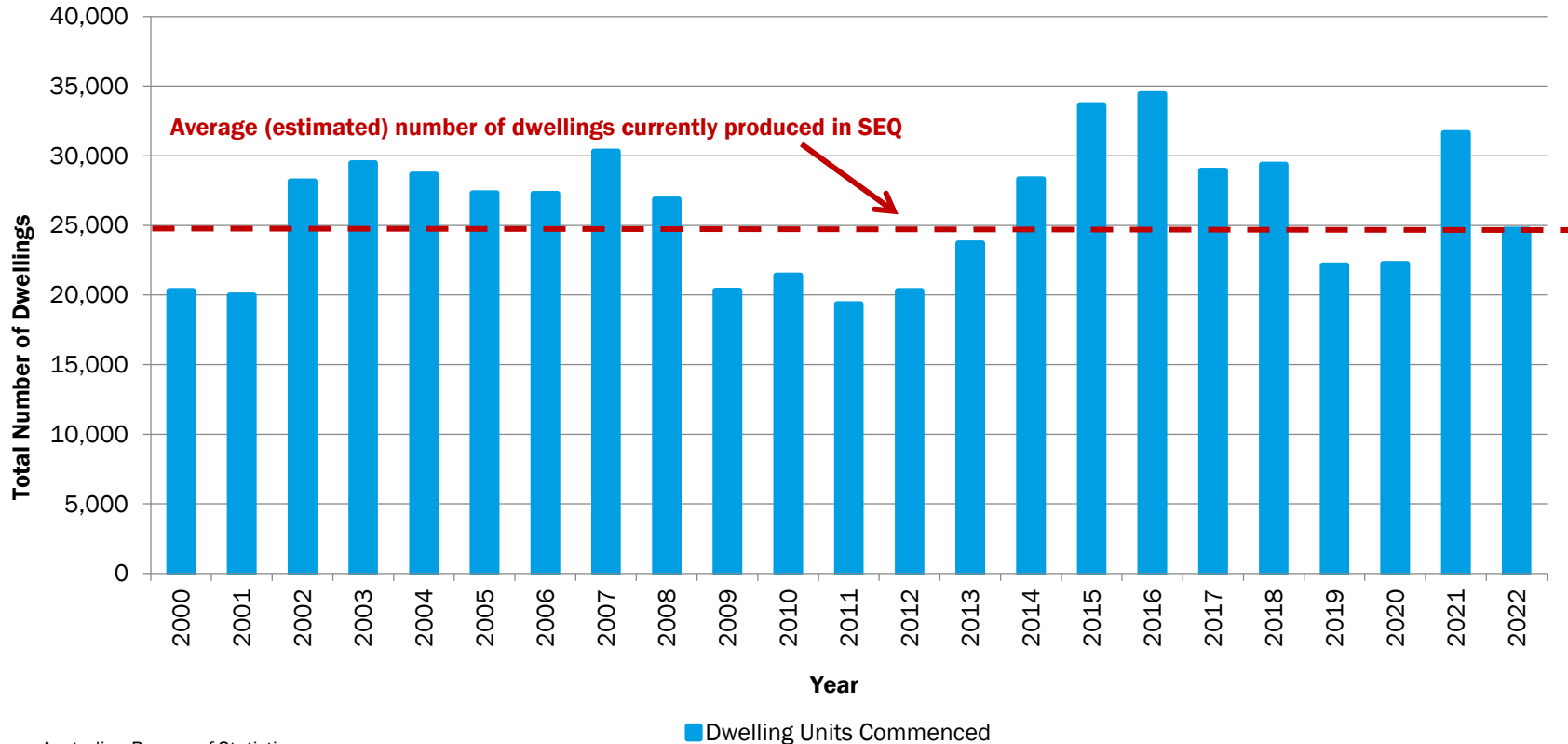
1,600 people per week



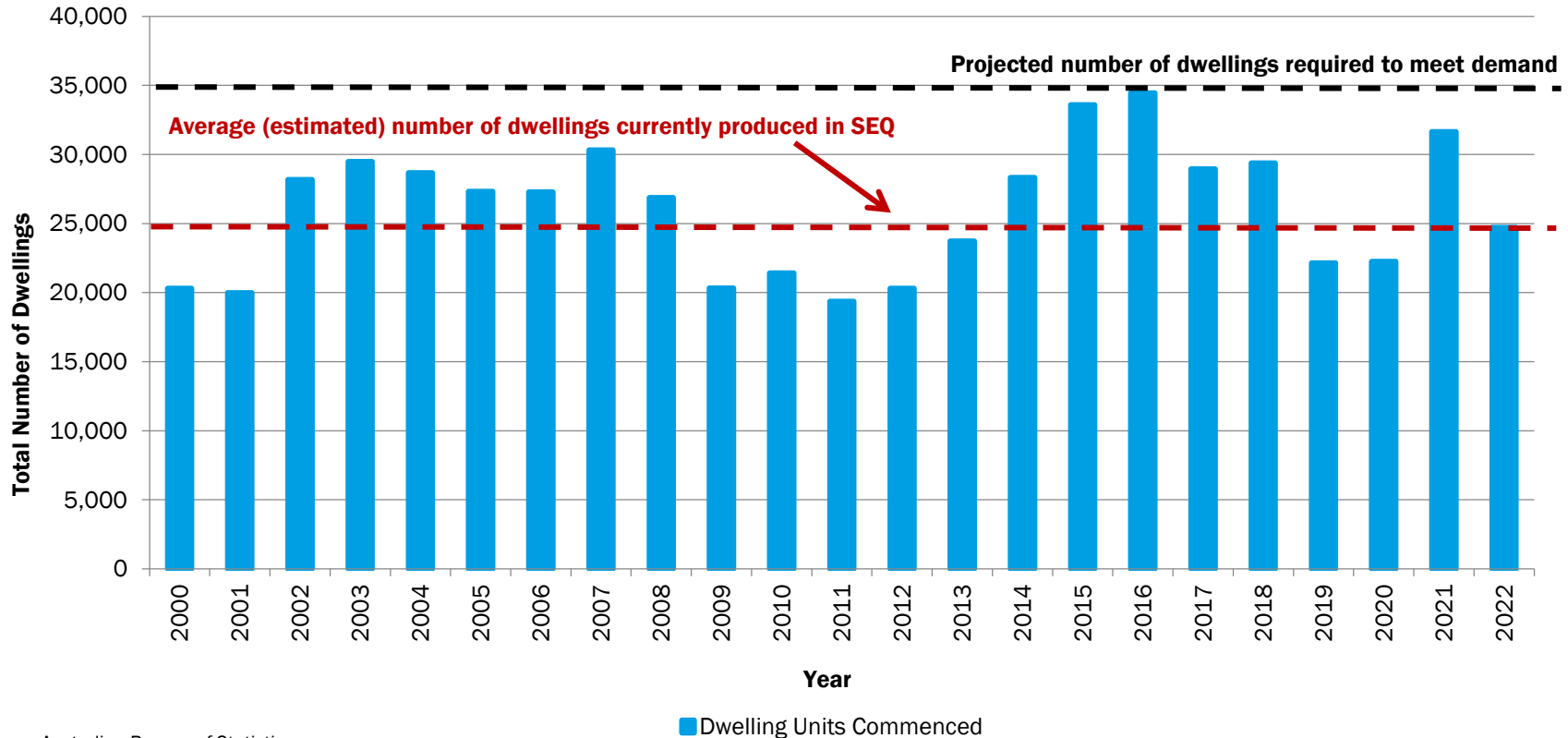
34,500 new homes per year



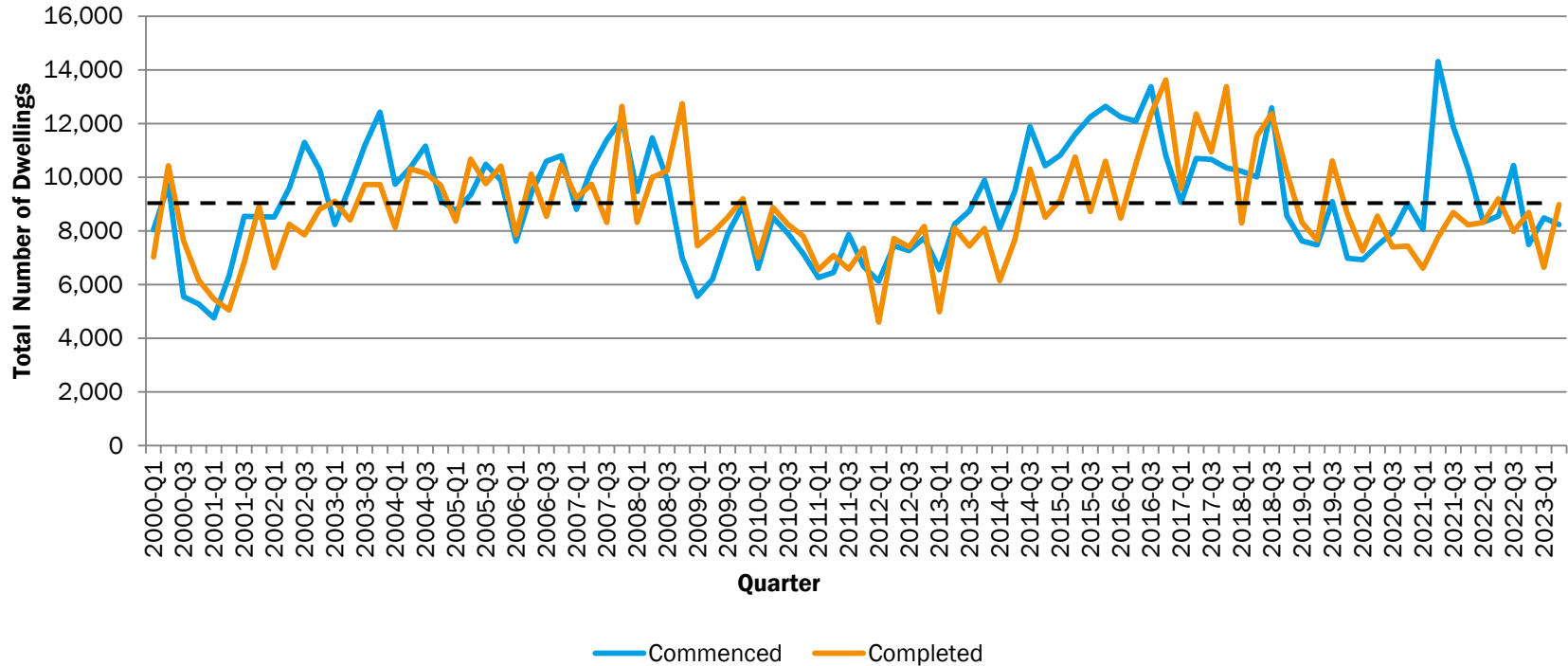
Estimated Dwelling Units Commenced - SEQ



Estimated Dwelling Units Commenced - SEQ



Dwellings Commenced Versus Completed - Qld

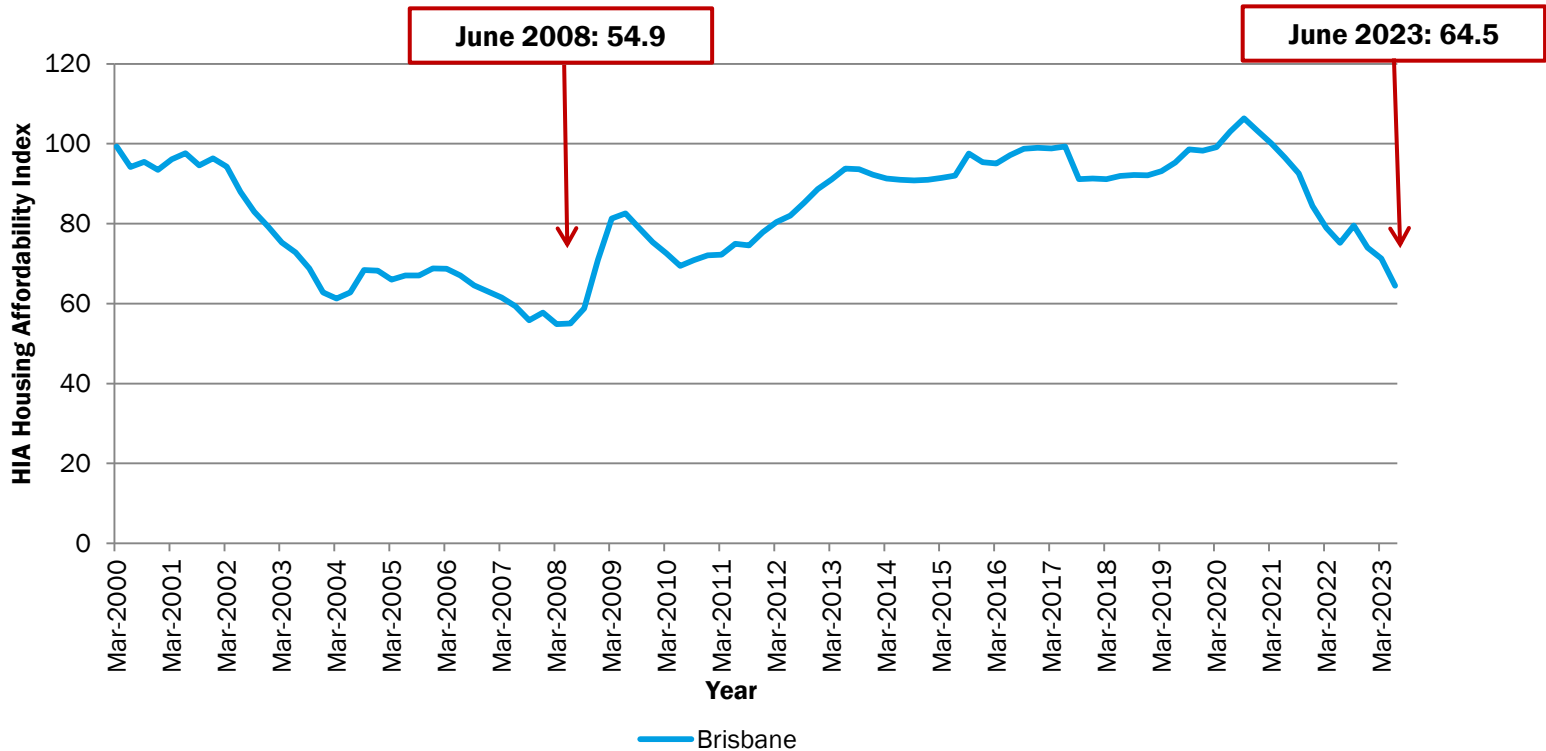


Dwelling Affordability Index – Brisbane

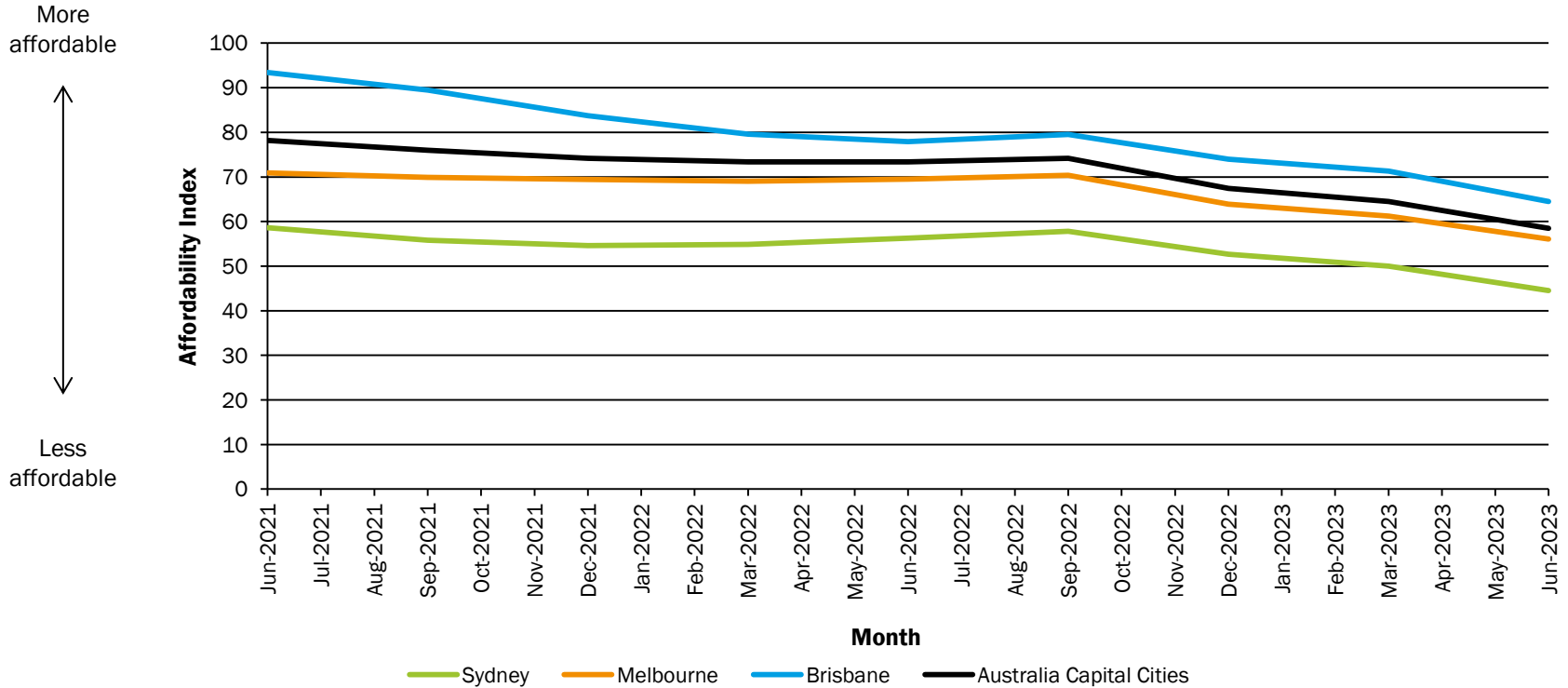
More affordable



Less affordable



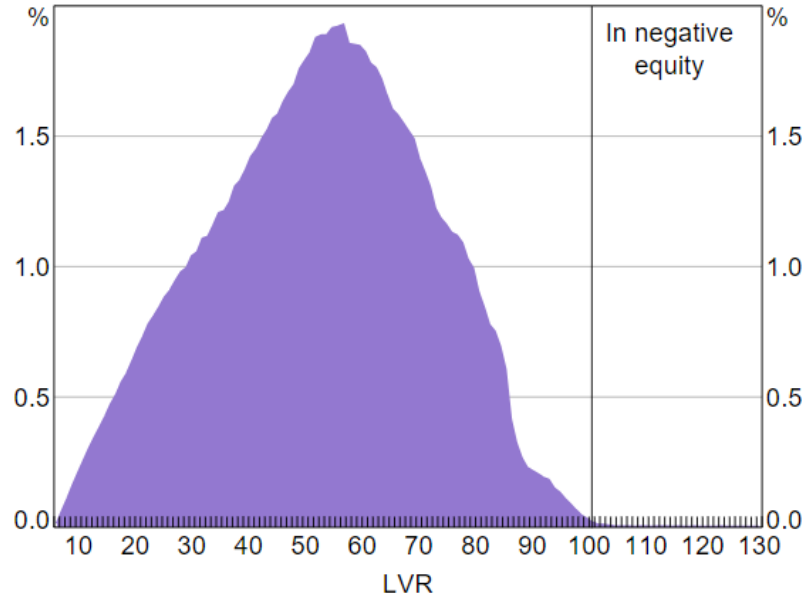
HIA Housing Affordability



RBA Financial Stability Review - Housing

Outstanding LVR Distribution*

Share of balances, July 2023



* Loan balances adjusted for redraw and offset account balances; property prices estimated using GCCSA price indices.

Sources: ABS; CoreLogic; RBA; Securitisation System.

Problem



Constraints

Disconnect between state and local objectives

Approval delays

Two car spaces per 2 bedroom unit

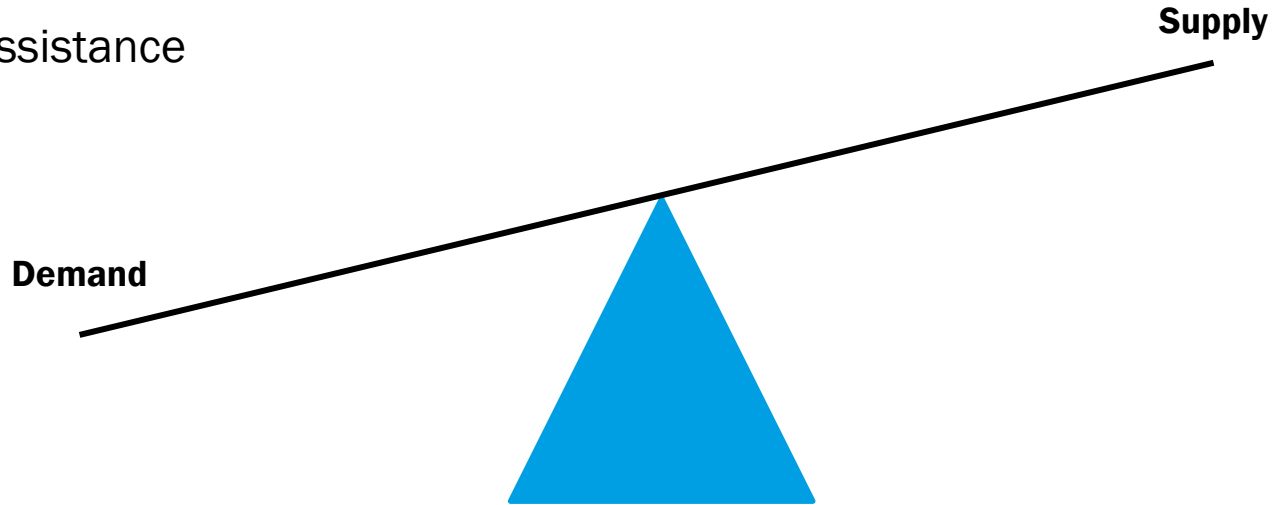
Lower densities – no townhouses on low density residential land

Higher density in confined areas



Supply Versus Demand

- First home buyer access to super
- First home buyer grants
- Rental assistance



Price Per Square Metre

Unit – Inner Ring



Sale Price: \$1,400,000

114m² living area

\$12,281/m² living area

Townhouse – Mid Ring



Sale Price: \$931,000

117m² living area

\$7,957/m² living area

Suburban Dwelling – Outer Ring



Sale Price: \$592,000

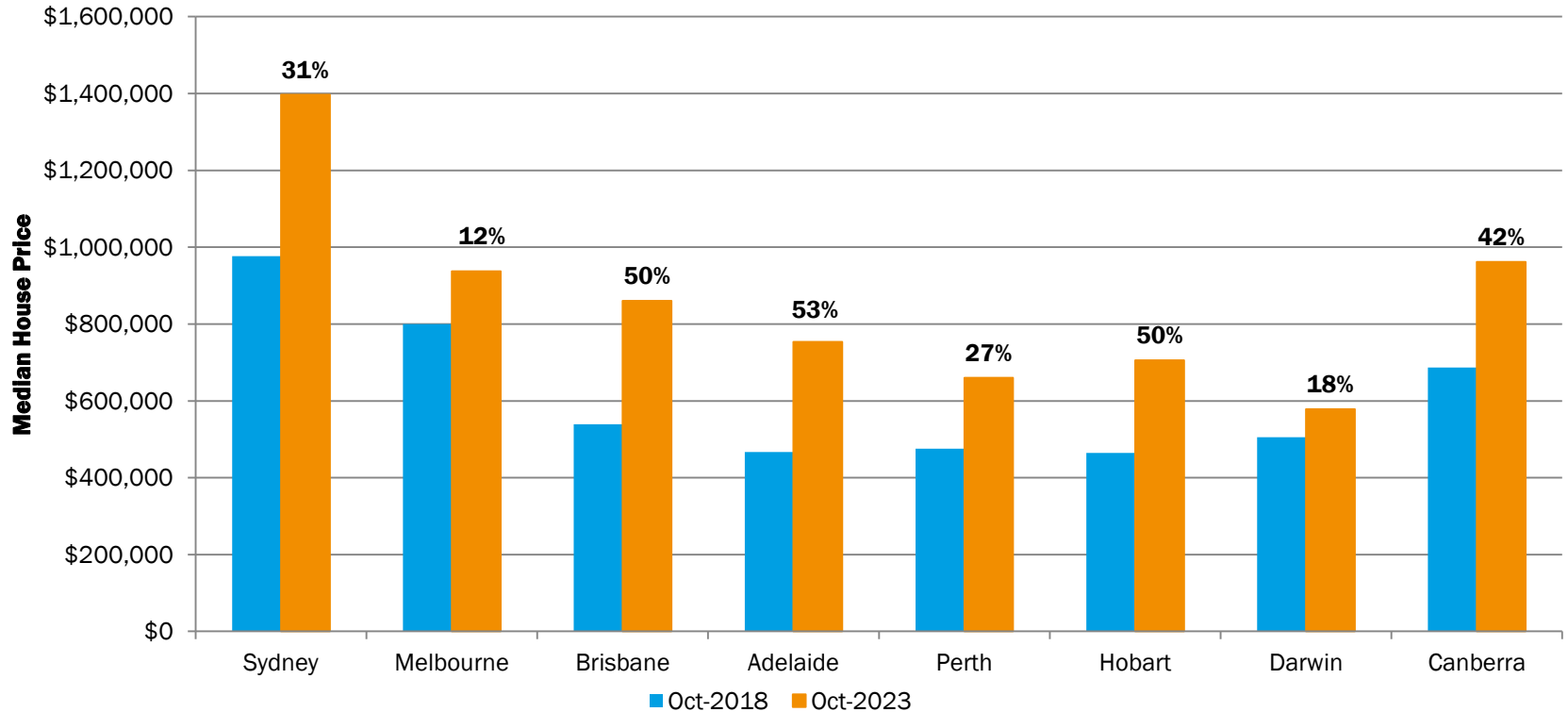
144m² living area

\$4,111/m² living area

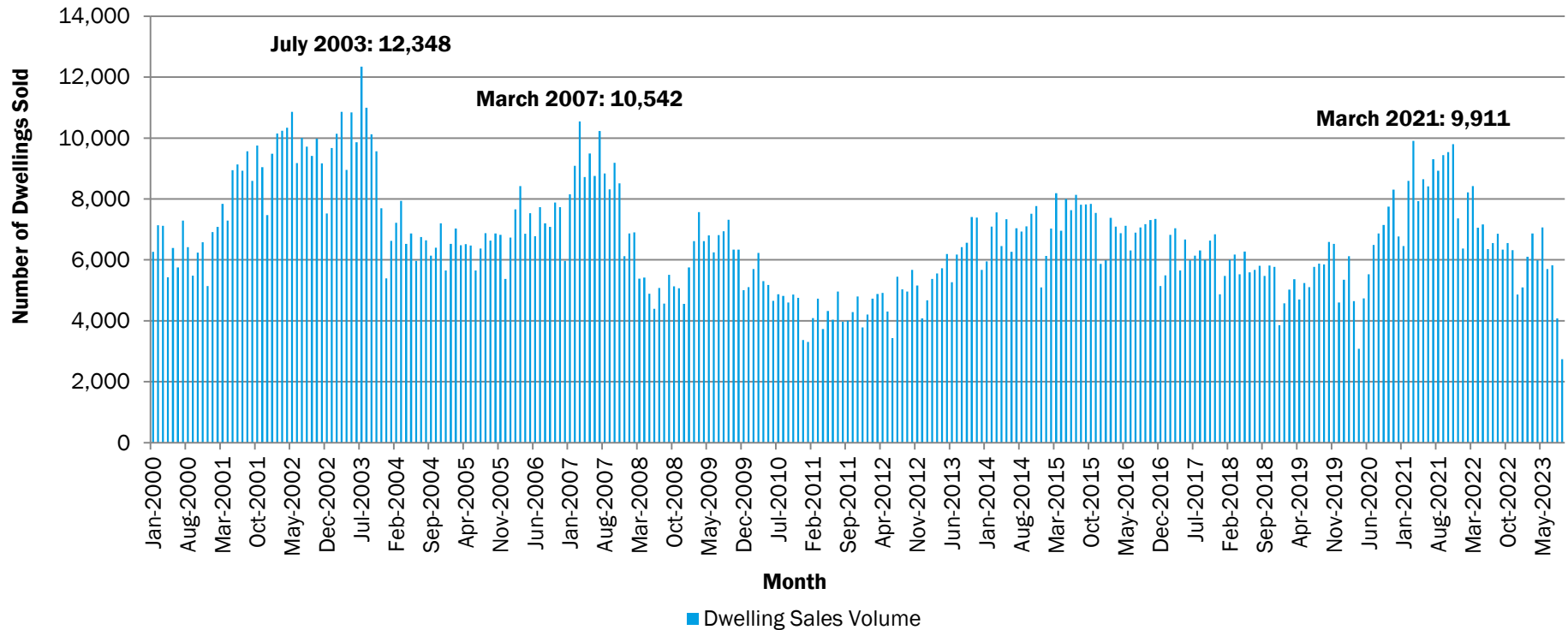


Housing Market

Median House Price – October 2018 vs 2023

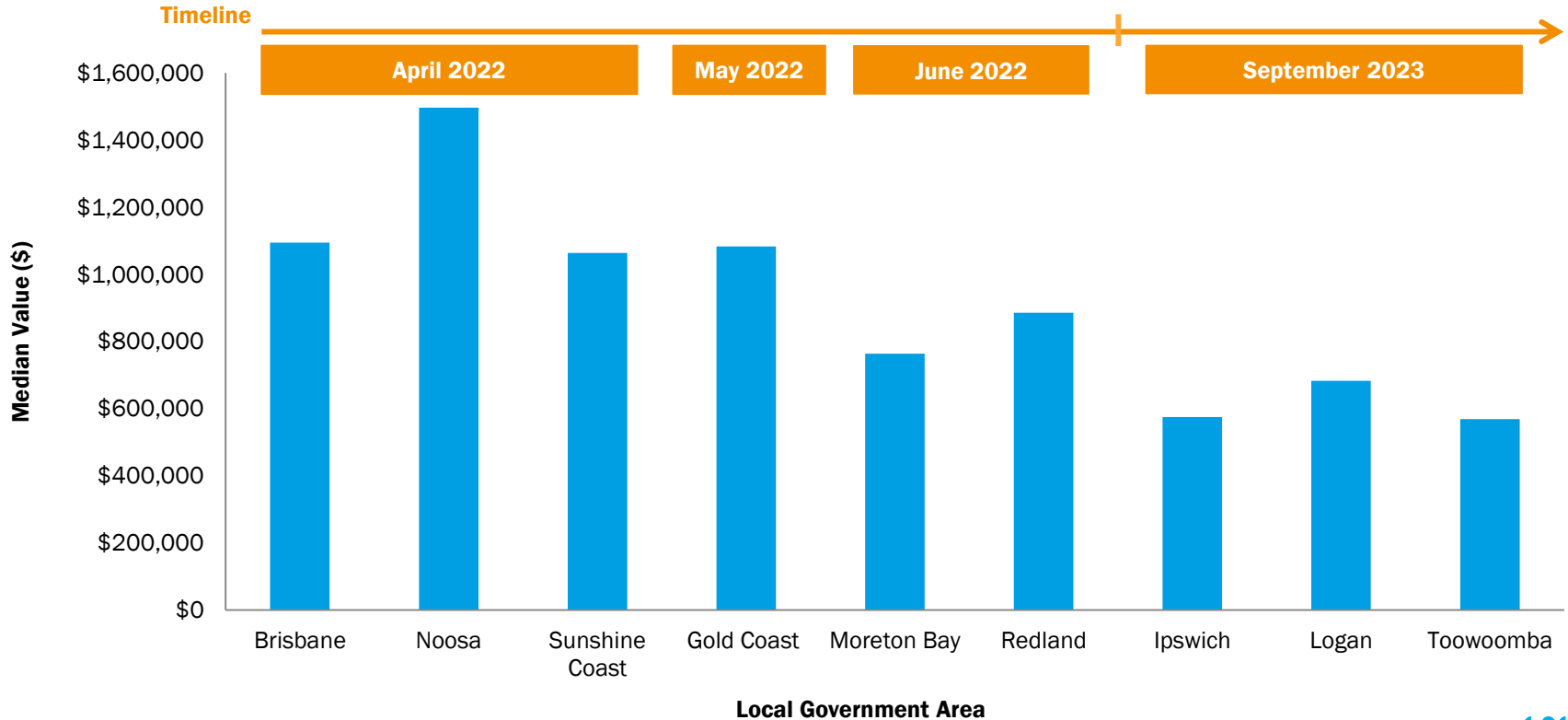


Dwelling Sales Volume – South East Qld LGAs*



*Based on the LGAs of Brisbane, Moreton Bay, Logan, Ipswich, Redlands, Gold Coast, Sunshine Coast & Noosa

Timing of Median Value Peaks by Region - Houses



Land Subdivision Market

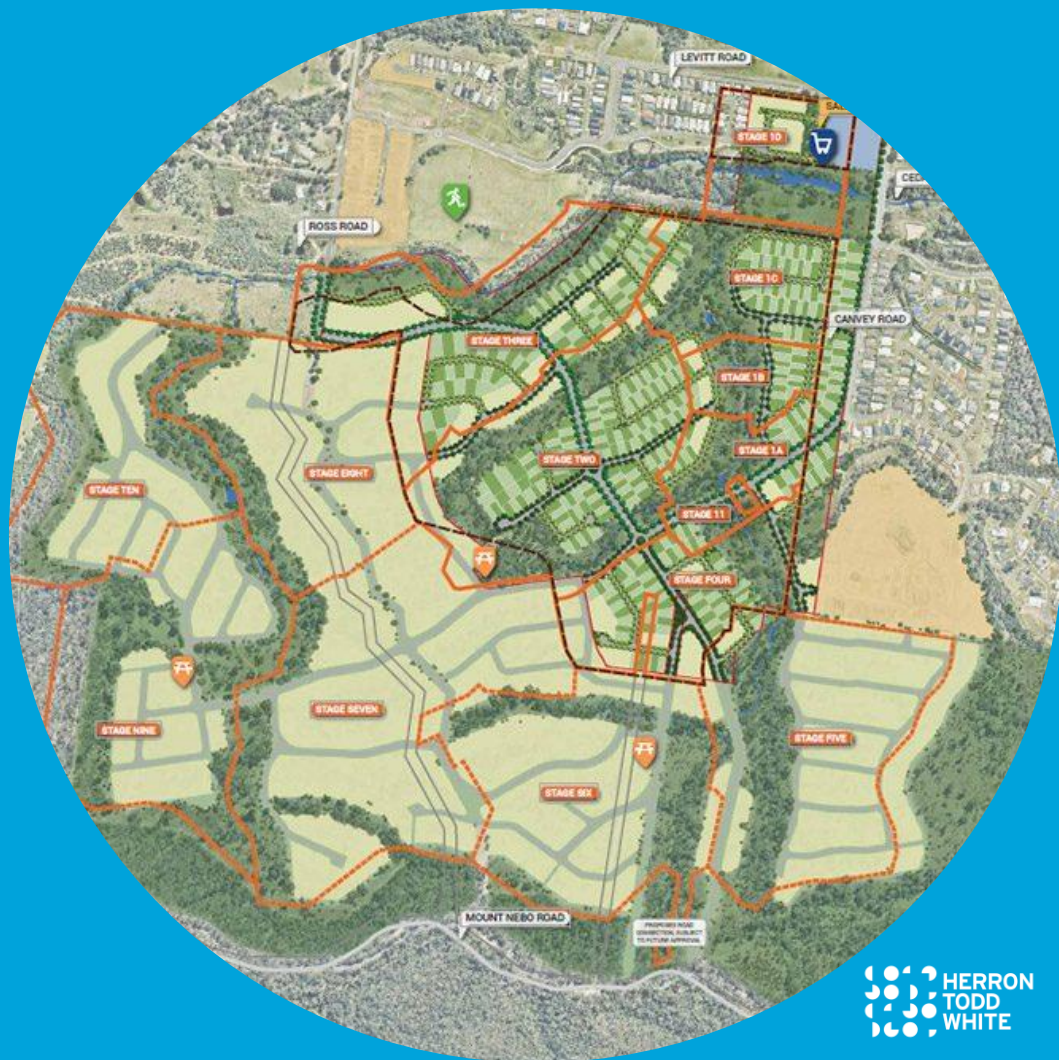


Image Source: CedarWoods

Building Costs



Build Date	Price per m ²	Percentage Change
Dec 2019	\$1,438	
October 2023	\$1,821	26%



4



2



2

Valuation Range – New Estates

	Land Cost 325m ²	House Build Cost 4/2/2	Total Cost
House/land package off-plan early 2022	\$325,000	\$280,000 (2022)	\$605,000
Land purchased early 2022	\$325,000	\$350,000 (2023)	\$675,000
Land purchased 2023	\$400,000	\$350,000 (2023)	\$750,000
Completed house value 2022			\$700,000
Completed house value 2023			\$725,000

Englobo Sales Are Still Strong

49 Cunningham Drive, 51 & 70 George Alexander Way, Coomera

Under Contract March 2023: circa \$194,700,000

Yield of Circa 4,000 Dwellings



161ha



LDR/MDR



No DA



94, 96, 98 & 110 Park Ridge Road, Park Ridge

Sold mid 2023: \$16,500,000

Preliminary approval for 173 lots



17.7ha



Mixed Use



173 lots

Residential Unit Market

Image Source: Aria Upper House



Unit Resales – Brisbane

Residence 9, Argyle
49 Maxwell Street, New Farm



2021: \$8,500,000

2023: \$12,100,000

↑ 42%

'Southpoint' 1508
289 Grey Street, Sth Brisbane



2018: \$1,850,000

2023: \$2,999,999

↑ 62%

'The Standard' 2504
15 Manning Street, Sth Brisbane



2018: \$1,250,000

2023: \$2,250,000

↑ 80%

Unit Resales – Sunshine Coast & Gold Coast

801, 67-71 Sixth Avenue, Maroochydore



2021: \$780,000

2023: \$1,410,000

↑ 81%

4201, 272 Hedges Avenue, Mermaid Beach



2021: \$6,898,856

2023: \$12,000,000

↑ 74%

'The Palm Beach Residences' 501 2 Mawarra Street, Palm Beach



2020: \$574,000

2023: \$925,000

↑ 61%

Developer's Perspective: Inner-Ring Unit Site



	Project 1 Completed 2020	Project 2 Completed 2023	Project 3 (to be commenced) Priced as at 2023	Percentage Change: Project 1 to Project 3
GFA	Between 15,000m ² to 17,000m ²			
\$/m GFA	\$2,193	\$3,107	\$4,859	122%

Feasibility – Medium Density Development

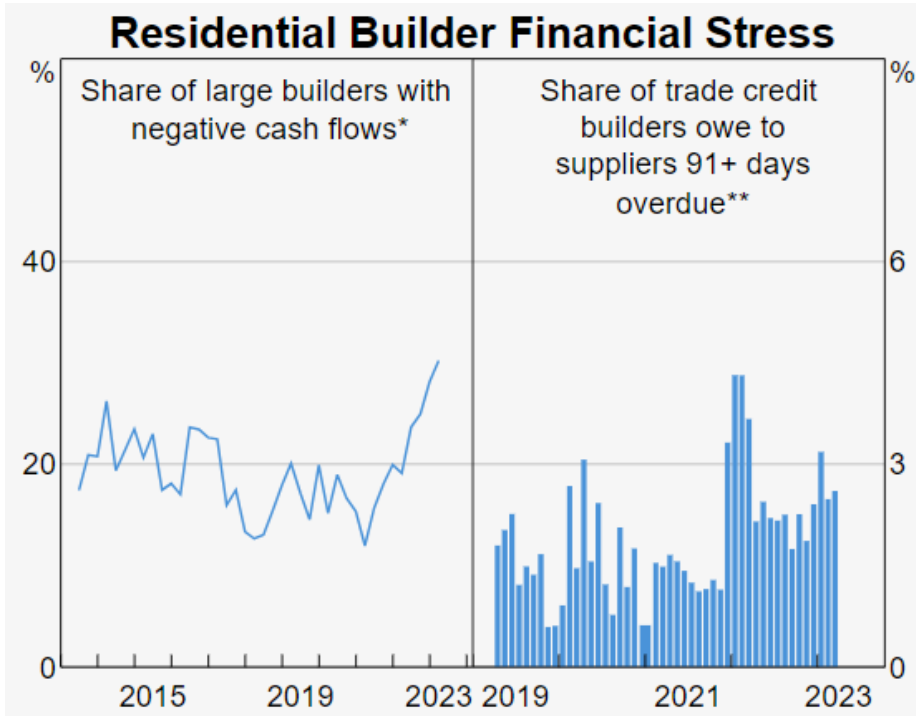


Medium Density Inner City Development

	<i>Total (\$)</i>
<i>Gross Revenue</i>	\$56,850,000
<i>Net Revenue</i>	\$49,565,091
<i>Less Total Costs (excl. Land)</i>	\$59,346,085
<i>Profit @ 18%</i>	\$10,682,295
<i>Residual Site Value</i>	-\$4,771,638
<i>Land Value based on Direct Comparison Method</i>	\$9,250,000

Mid Ring Low Medium Density Development

	<i>Total (\$)</i>
<i>Gross Revenue</i>	\$6,345,000
<i>Net Revenue</i>	\$5,725,716
<i>Less Total Costs (excl. Land)</i>	\$5,021,203
<i>Profit @ 18%</i>	\$903,817
<i>Residual Site Value</i>	\$1,351,640
<i>Land Value based on Direct Comparison Method</i>	\$1,500,000



Hutchinson Builders' net profits fall almost 93 per cent amid rising costs, labour shortages



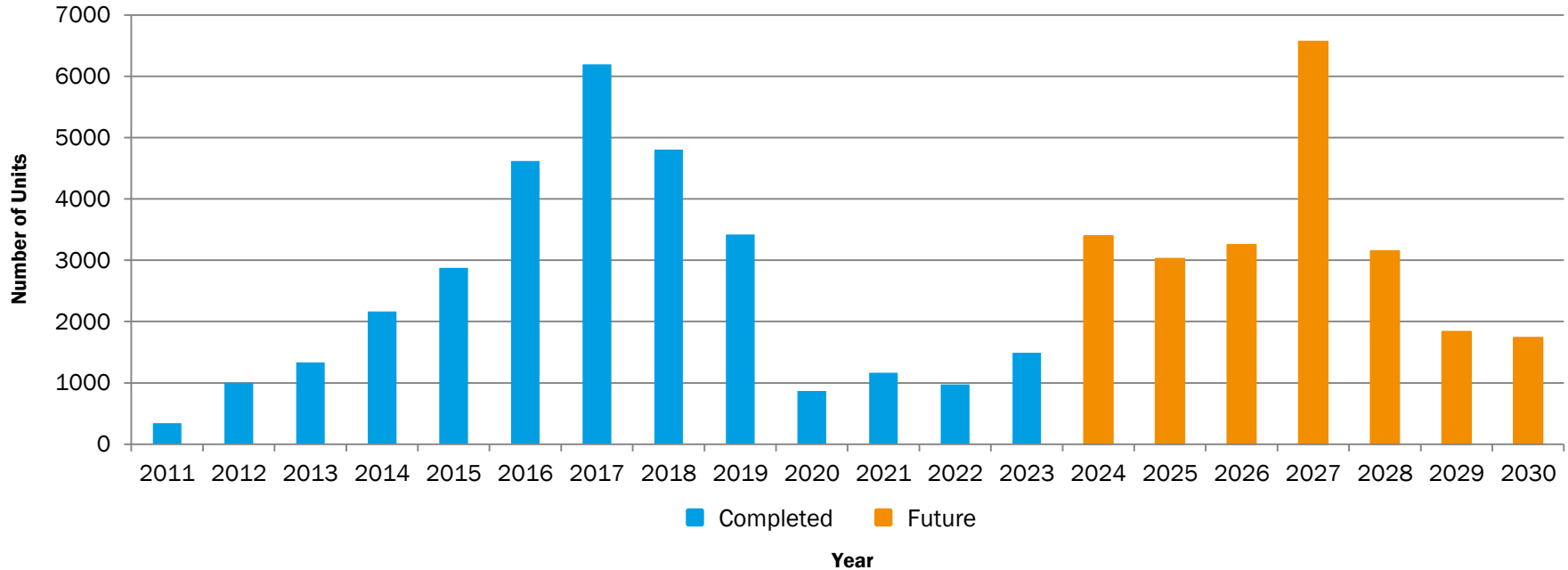
Australian Financial Review

<https://www.afr.com> > Property > Commercial

Why apartment developers will struggle to hire builders

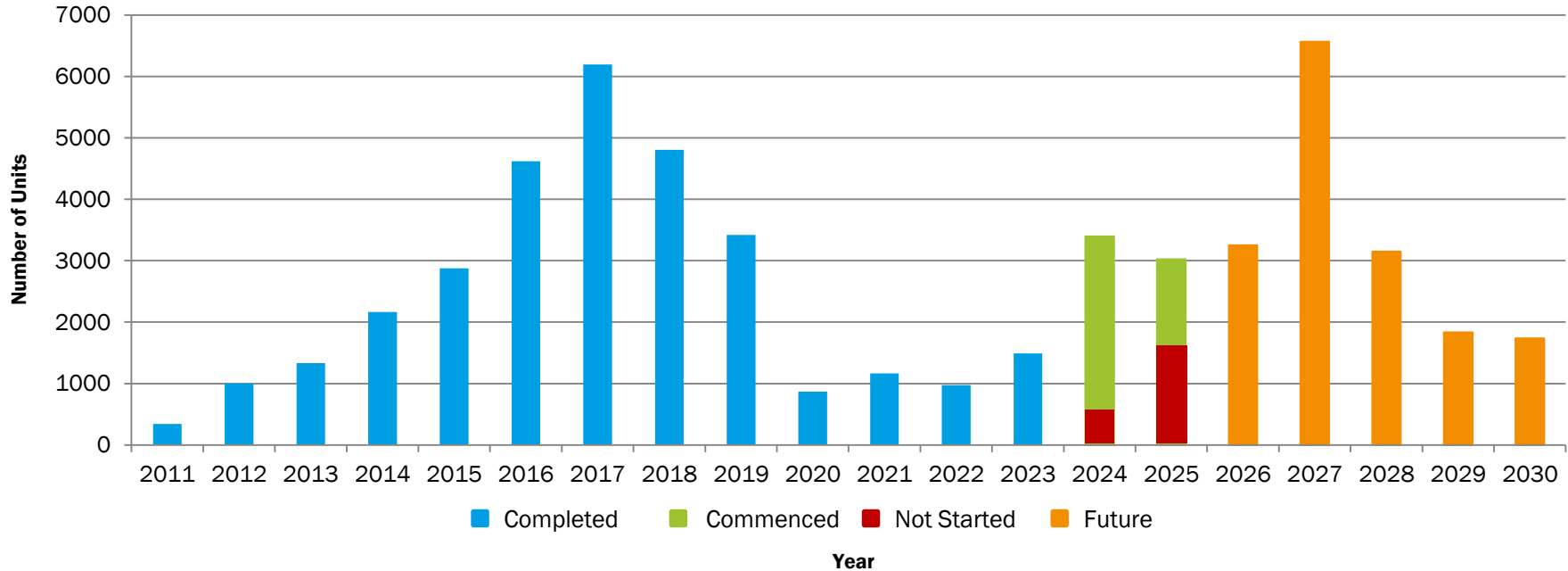
Labour shortages and razor sharp margins see builders profits plunge

Pending Supply – Inner Brisbane* Sep 2023



* Bowen Hills, Brisbane, Fortitude Valley, Greenslopes/Stones Corner, Hamilton, Kangaroo Point, Milton, Newstead, South Brisbane, West End, Woolloongabba

Pending Supply – Inner Brisbane* Sep 2023



* Bowen Hills, Brisbane, Fortitude Valley, Greenslopes/Stones Corner, Hamilton, Kangaroo Point, Milton, Newstead, South Brisbane, West End, Woolloongabba

Unit Development Site Sale



17-27 Skyring Terrace, Teneriffe

Under Contract March 2023: **circa \$120,00,000**

Yield of Circa 400 Dwellings



17,600m²



**Mixed Use
(Inner City)**



DA lodged

Investors, Where are they?



Image Source: [Couriermail.com.au](https://www.couriermail.com.au)

Queensland's Migrants

Figure 4 NOM by age group, Queensland, 2021–22

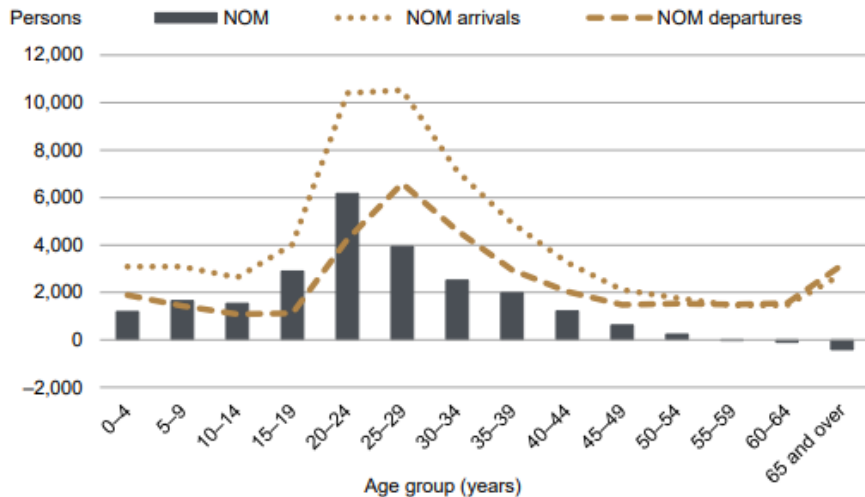
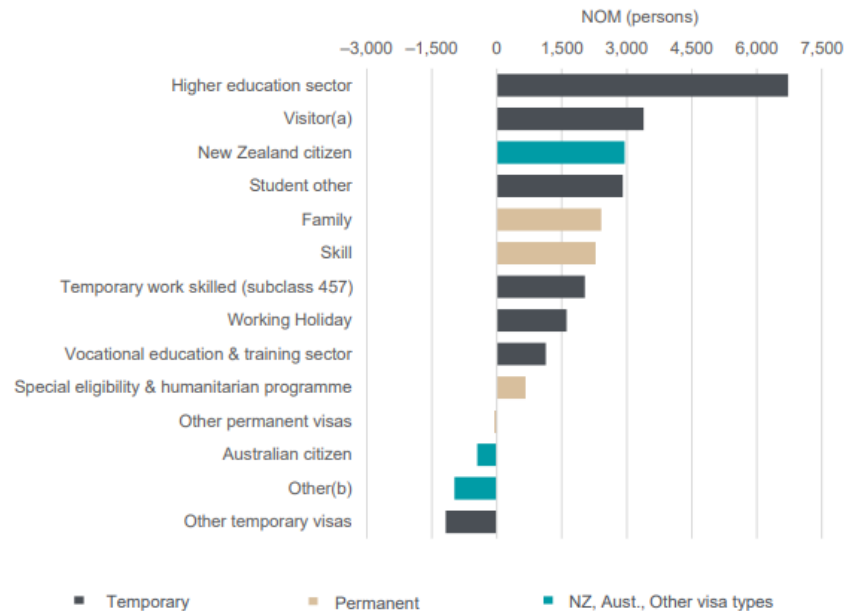
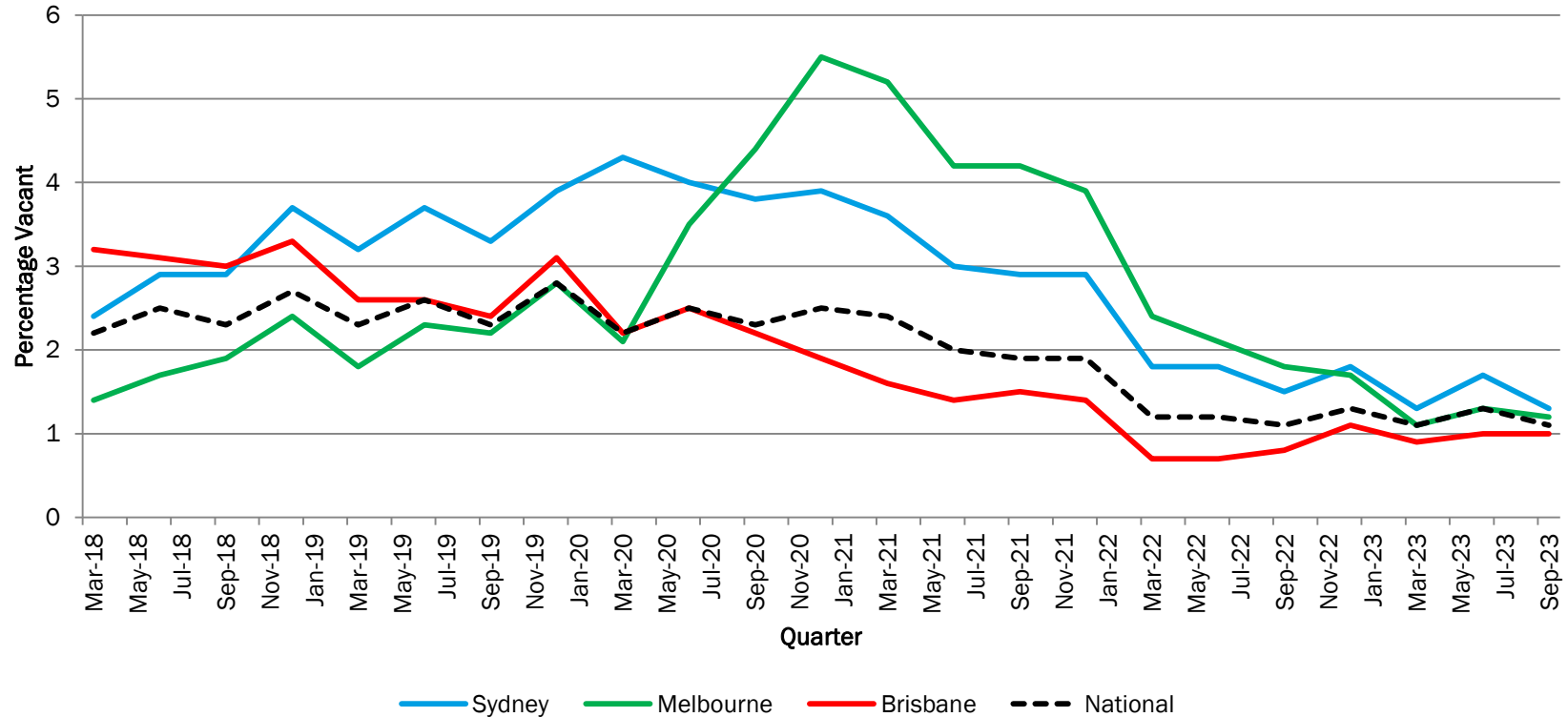


Figure 7 NOM by visa type, Queensland 2021–22



Rental Vacancy Rates – March 18 to September 23



Warner + 28%



2019: \$470 2023: \$600

Paddington + 27%



2019: \$945 2023: \$1,200

Yeronga + 26%



2019: \$620 2023: \$780

North Lakes + 36%



2019: \$550 2023: \$750

Rochedale + 29%

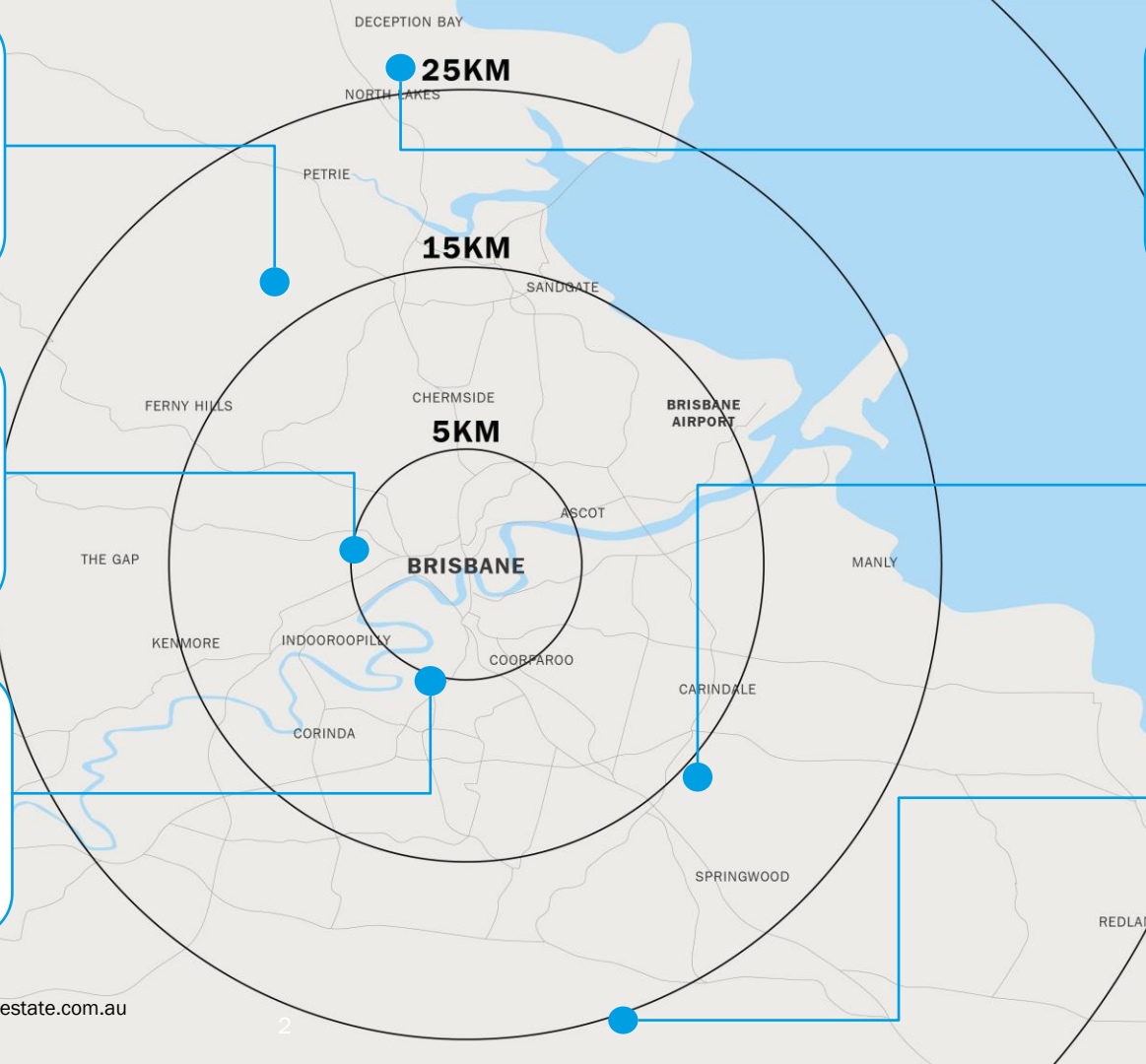


2019: \$700 2023: \$900

Crestmead + 49%



2019: \$390 2023: \$580



Investors

Mum and Dad investors are by far the biggest provider of rental accommodation (circa 500,000 in Queensland).

- Costs are exceeding rental growth
- Tenancy law changes
- Taking the capital gain
- Replaced by owner occupiers.





Nick Lenaghan
Property editor

Oct 17, 2023 - 5:04pm

Investors could be elbowed out by big build-to-rent players: Jarden

BUILD TO RENT PHIL BARTSCH THU 26 OCT 23

Gabba Green Light Bolsters Brisbane BtR Pipeline



Build-to-rent: a field of dreams or renters' nightmare?

Build-to-rent (BTR) has increasingly been touted as a potential panacea for the Australian housing crisis but whether it shapes as the long-term saviour or short-term sugar hit is yet to be seen.

By **Belinda Botzolls**, Founding Director, Add Valuer | 11-10-2023 | [Development](#) | 4 min read



Prestige

Prestige Sales

101 Welsby Street, New Farm



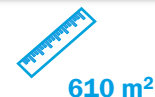
April 2023: \$20,500,000
**Brisbane's Highest
Recorded Sale**

5 McMillan Court, Southport



Sept 2023: \$24,800,000
Suburb Record

37 Wilson Avenue, Dicky Beach



March 2023: \$6,000,000
**Vacant Land
Suburb Record**

Coastal Hinterland Markets

**9 Tallai Road,
Tallai**



**Sold: \$5,600,000
August 2023**

**1728 Currumbin Creek Road,
Currumbin Valley**



**Under Contract:
\$7,000,000
August 2023**

**69-71 Dales Road,
Chevallum**



**Suburb Record
Under Contract:
\$9,500,000
July 2023**

Conclusion – There Is No Easy Solution



Significant constraint on supply to continue.

- Cost
- Availability of builders/trades
- Economics of development under pressure.

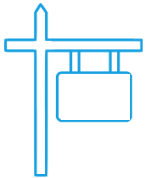


Established house prices are being supported by cost to replace.



Migration

- Continues to fuel demand.



Rentals

- To remain tight with upward pressure on rents.

Disclaimer

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