

South East Queensland Property Overview Breakfast

14 November 2019

Gavin Hulcombe



Business leaders warn against tighter lending standards in wake of banking royal commission

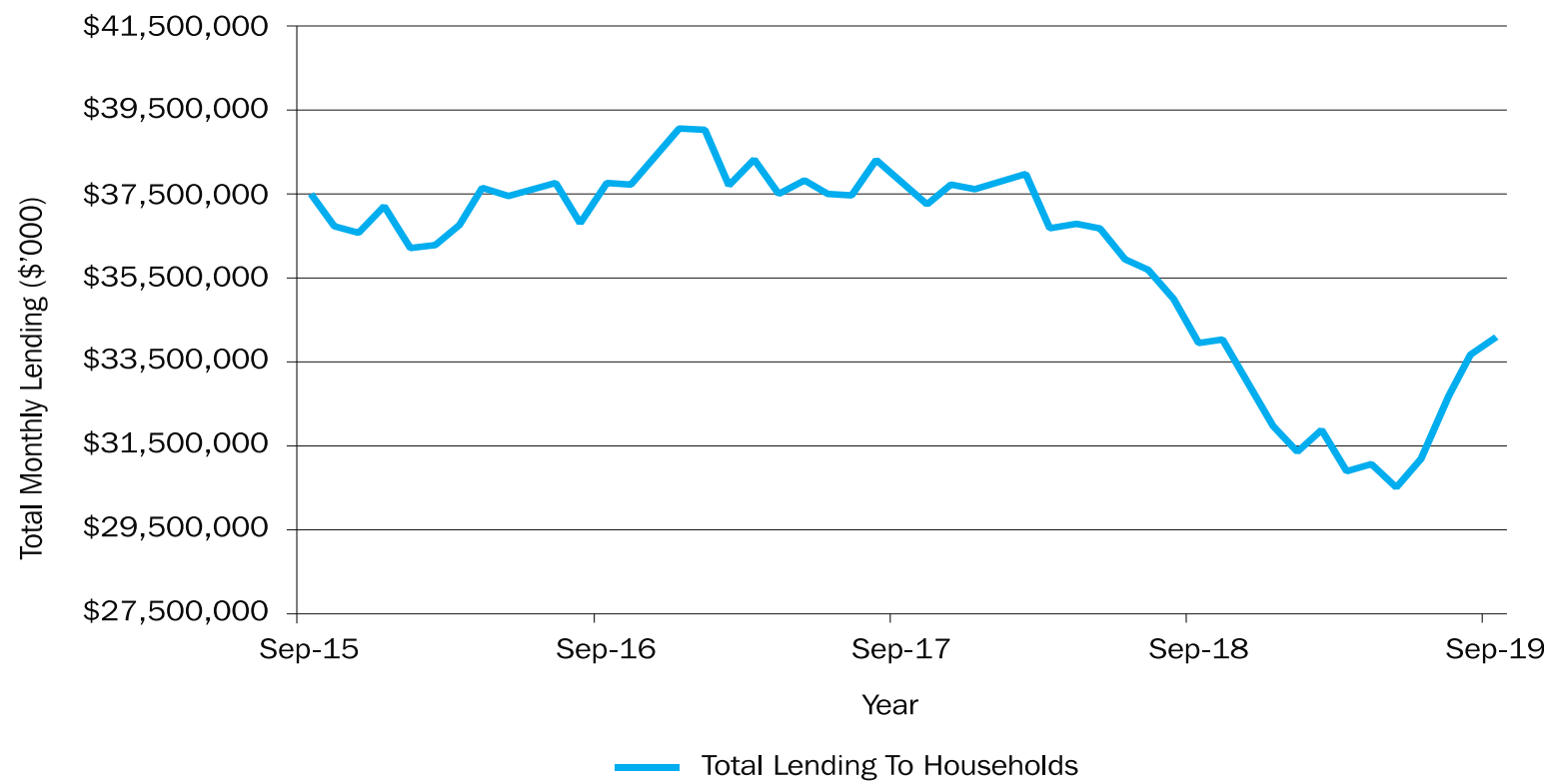
Regulators call out 'overly cautious' banks on lending

Home loans delayed, denied and dearer post-Hayne

Customers set to be able to borrow more as APRA moves to scrap key mortgage rule

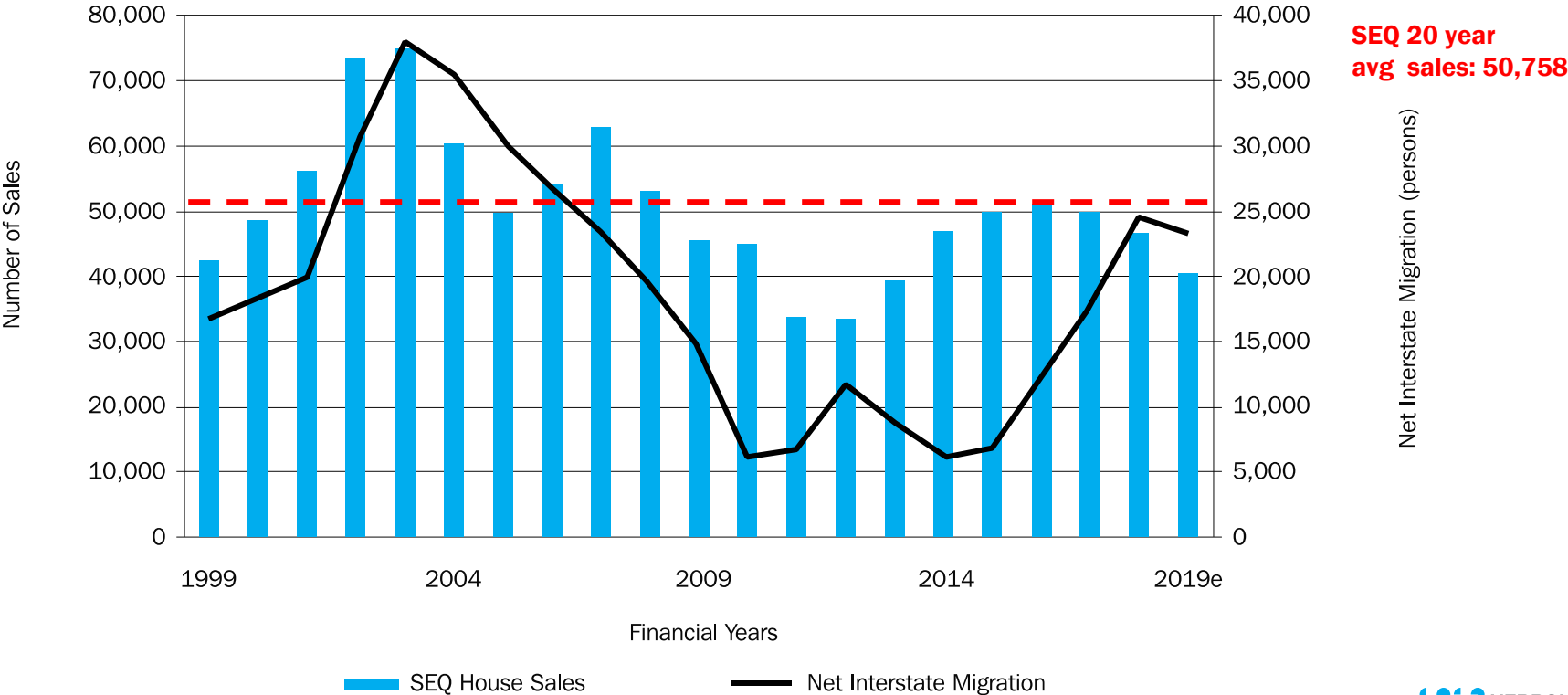
APRA removes interest-only lending cap, saying it has served its purpose

Constrained Lending for Households



Source: Australian Bureau of Statistics
Includes Refinancing





SEQ House Sales & Net Interstate Migration



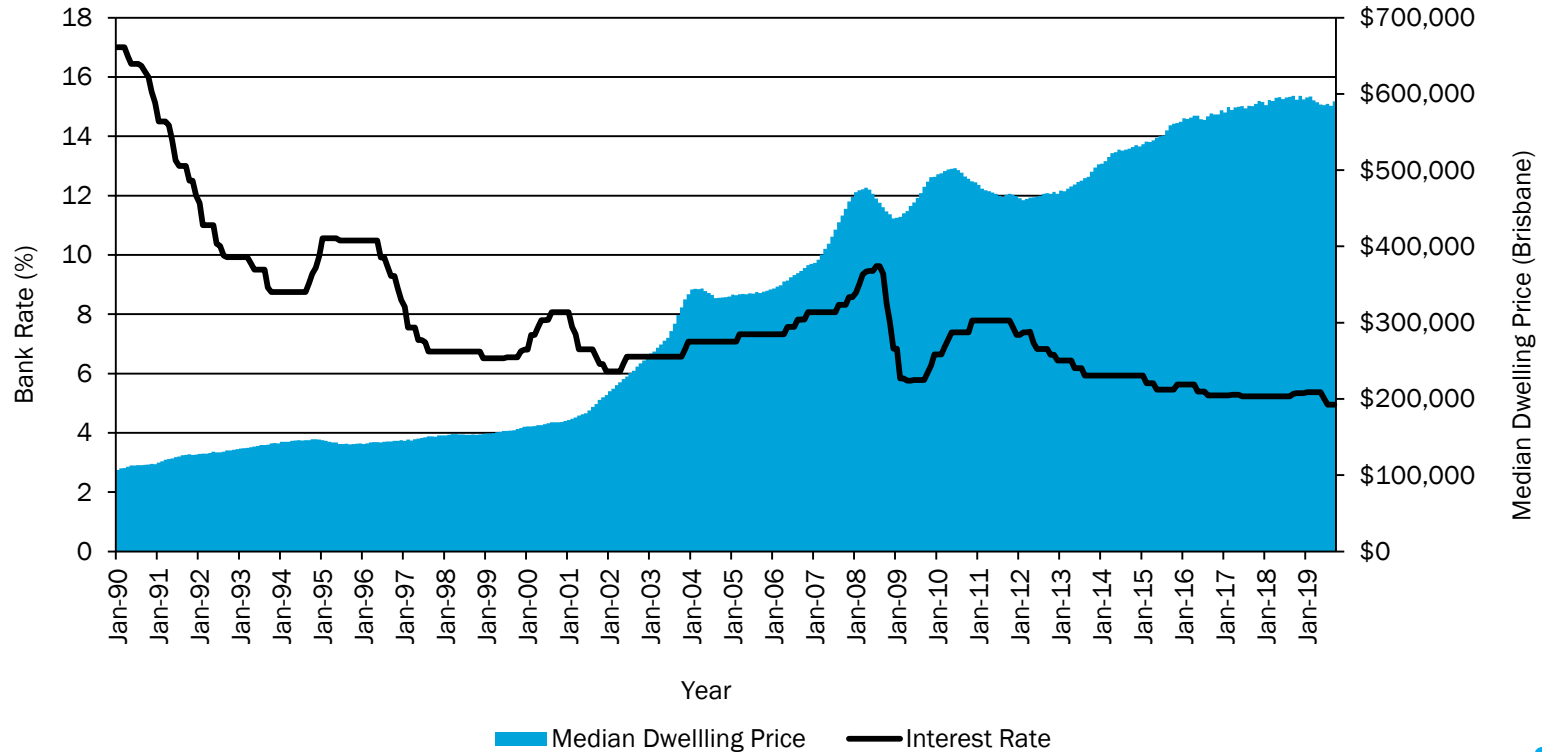
e = Migration based on 9 months annualised data

Source: Australian Bureau of Statistics

Lending is Cheap

Company ▾	Star Rating ▾	Current Rate ▾	Comparison Rate* ▾	Monthly Repayment ▾
Simplicity Plus P&I <80% Special Offer Variable				
	★★★★★ ?	3.24%	3.28%	\$1738.63
Base Variable Rate P&I Special Offer <80% Variable				
	★★★★★ ?	3.20%	3.21%	\$1729.87
Extra P&I 95% Variable				
	★★★★★ ?	3.32%	3.34%	\$1756.23
Premier Advantage Rocket Repay Home Loan P&I 95% Variable				
	★★★★★ ?	3.54%	3.95%	\$1805.13

Median Dwelling Price (Brisbane) vs Bank Rate



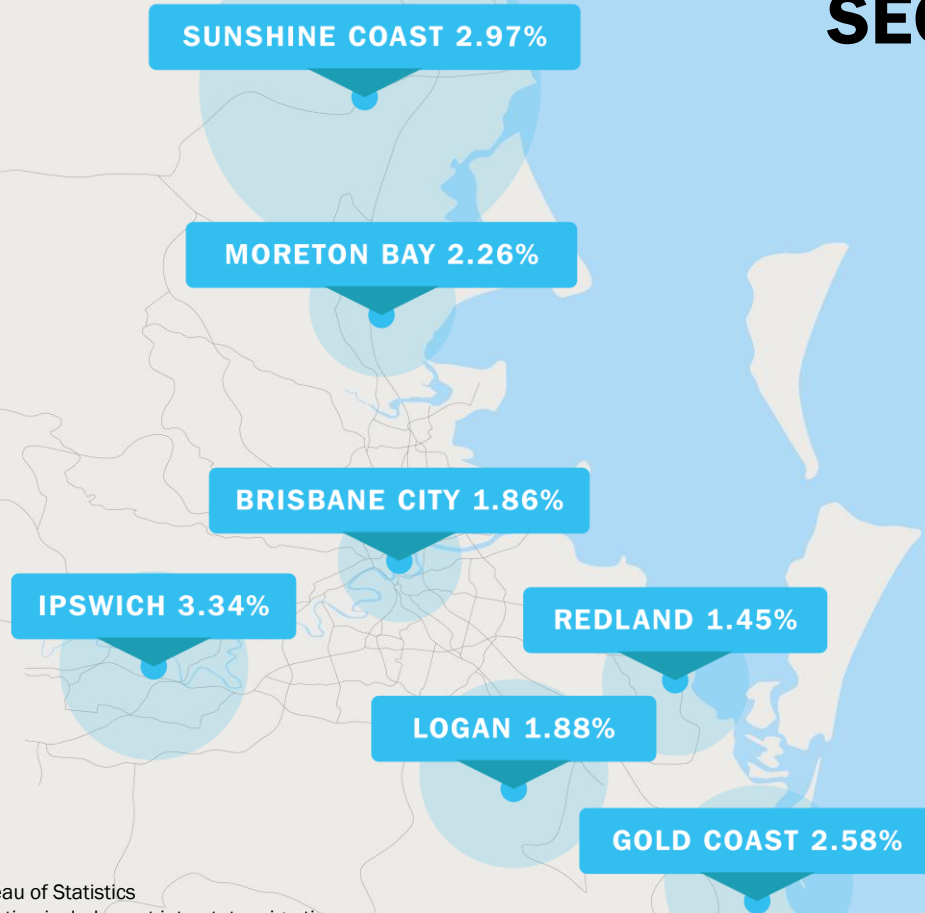
Source: CoreLogic – RP Data, Reserve Bank of Australia, Australian Bureau of Statistics

Affordability

	1998	2005	2009	2014	2019
Sale Price	\$200,000	\$420,000	\$575,000	\$620,000	\$681,667
Annual Interest on Loan (80% LVR)	\$10,784	\$23,755	\$26,864	\$29,413	\$23,172
Cost per month	\$899	\$1,980	\$2,239	\$2,451	\$1,931



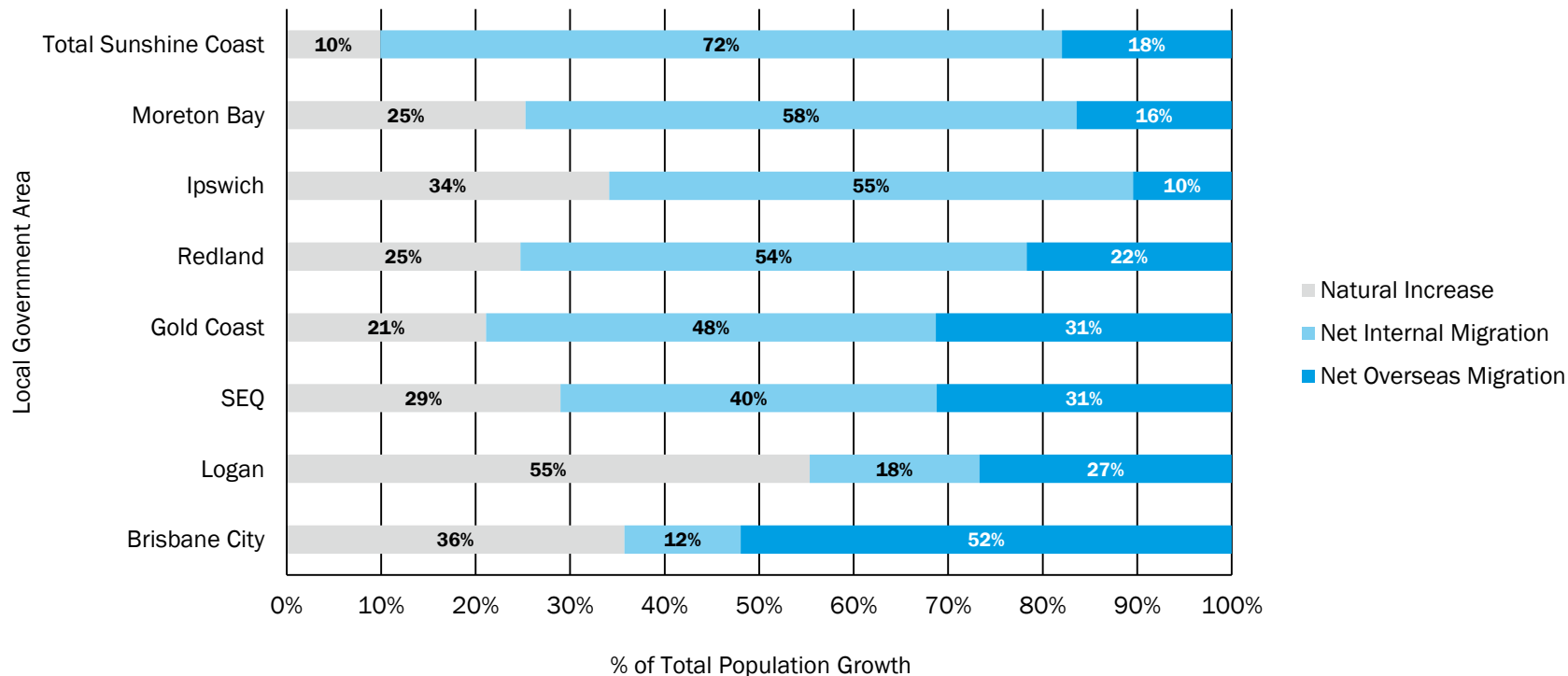
SEQ Population Growth 2017/18



Source: Australian Bureau of Statistics

Note: Net internal migration includes net interstate migration

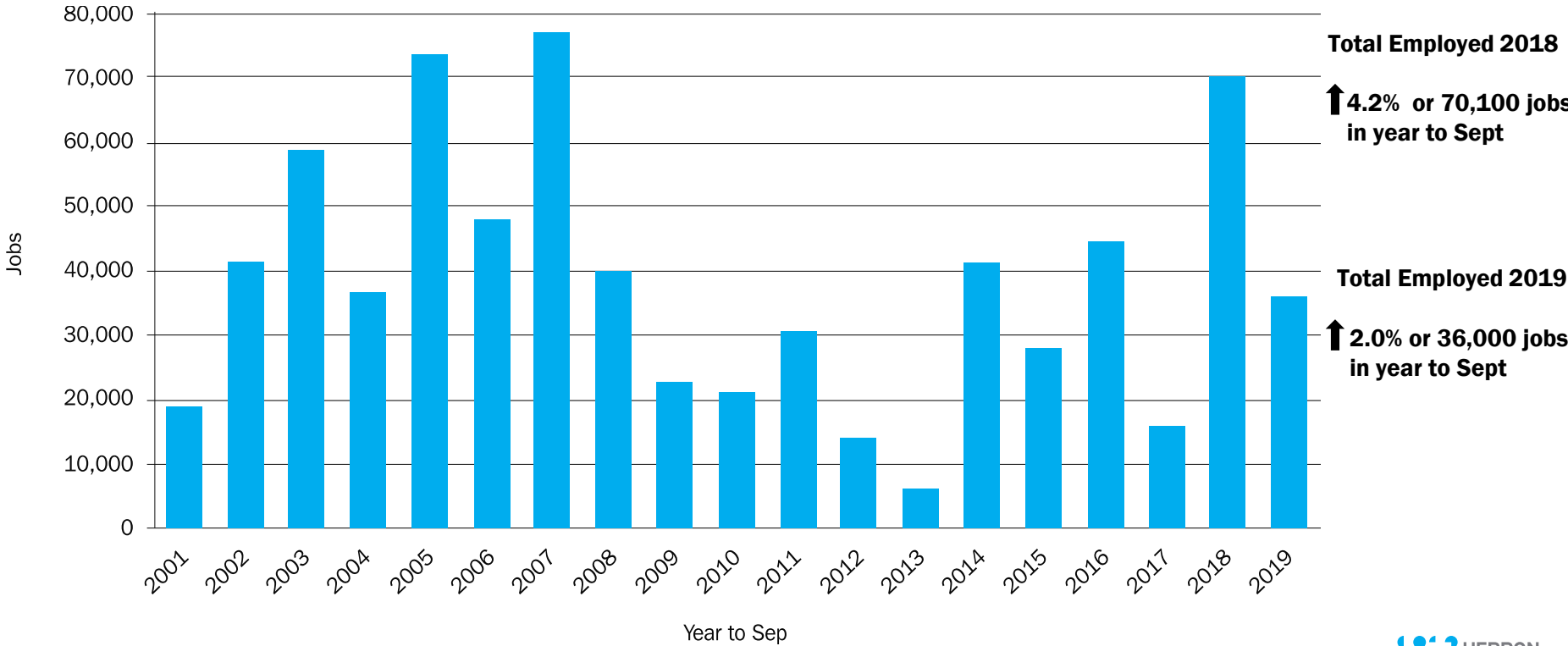
SEQ Components of Population Growth 2017/18



Source: Australian Bureau of Statistics

Note: Net internal migration includes net interstate migration

SEQ Total Jobs Created



Source: Australian Bureau of Statistics

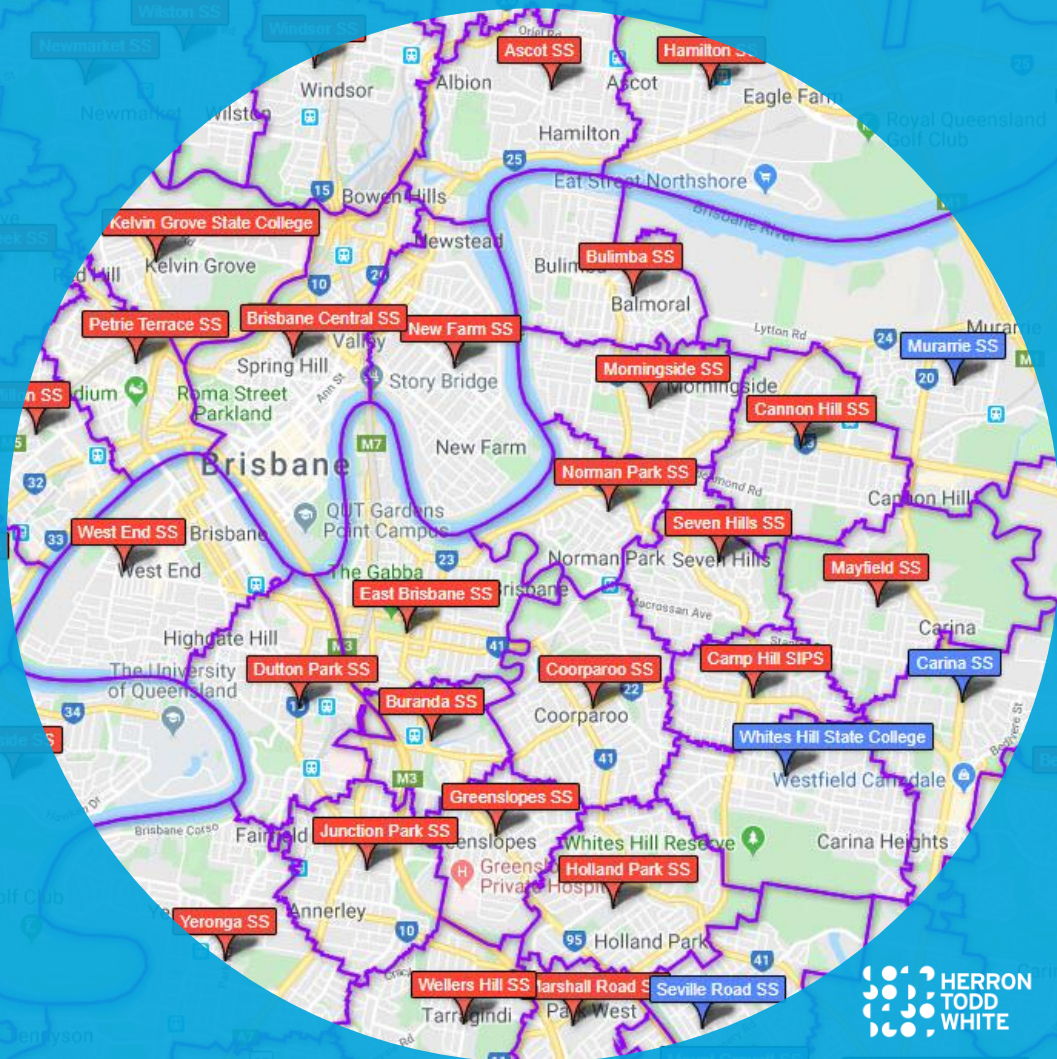
Housing Market

Source: Master Builders Association



Emerging Trends

- School zones



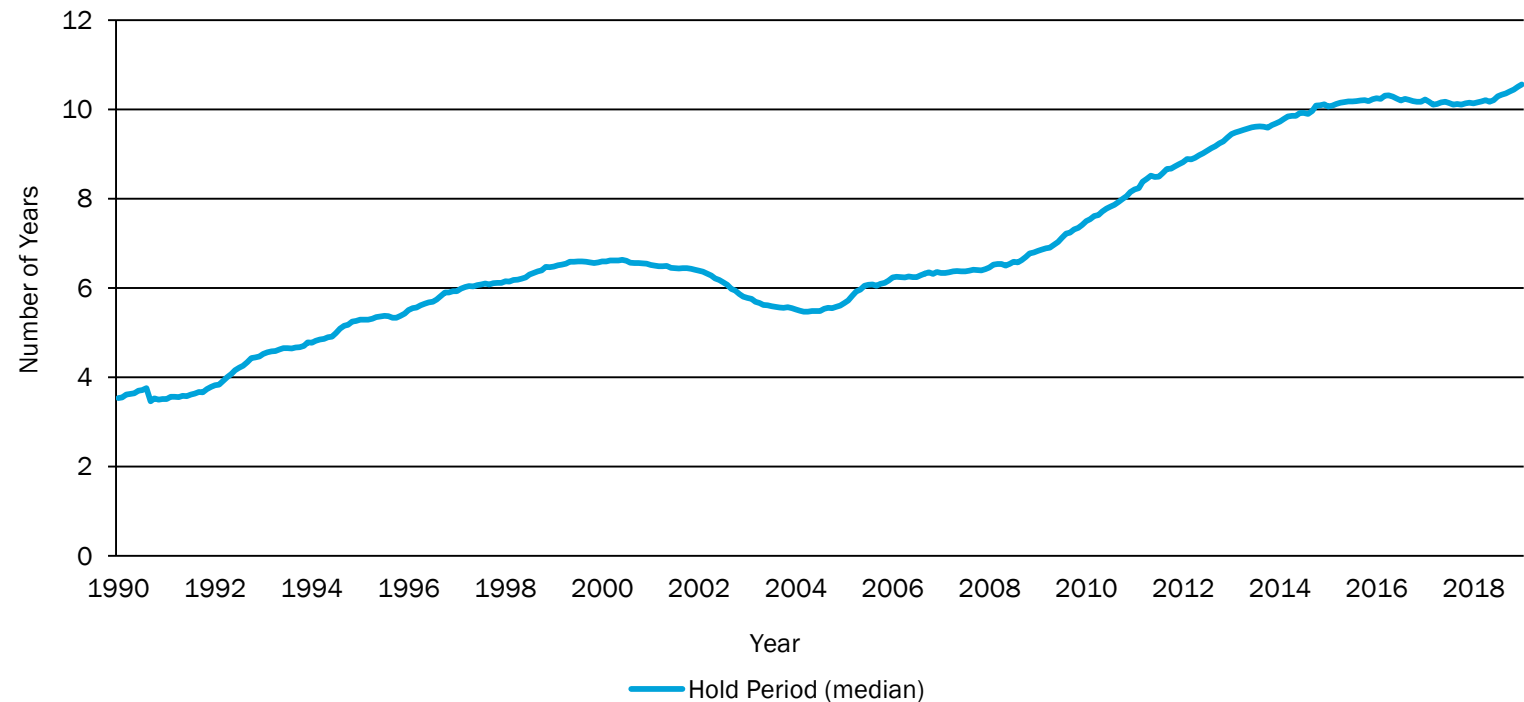
Emerging Trends

- School zones
- Staying put



Source: Homes To Love – Photographer Lisa Cohen

SEQ Length of Ownership



Source: CoreLogic – RP Data

Renovate or Relocate?

	Sell	Buy	Net Cost for Relocation
Sale Price	\$600,000	\$800,000	-
Stamp Duty	-	\$21,850	\$21,850
Agents Commission	\$15,000	-	\$15,000
Incidental Costs (legal, relocation, building inspections)	\$2,000	\$3,000	\$5,000
Total			\$41,850

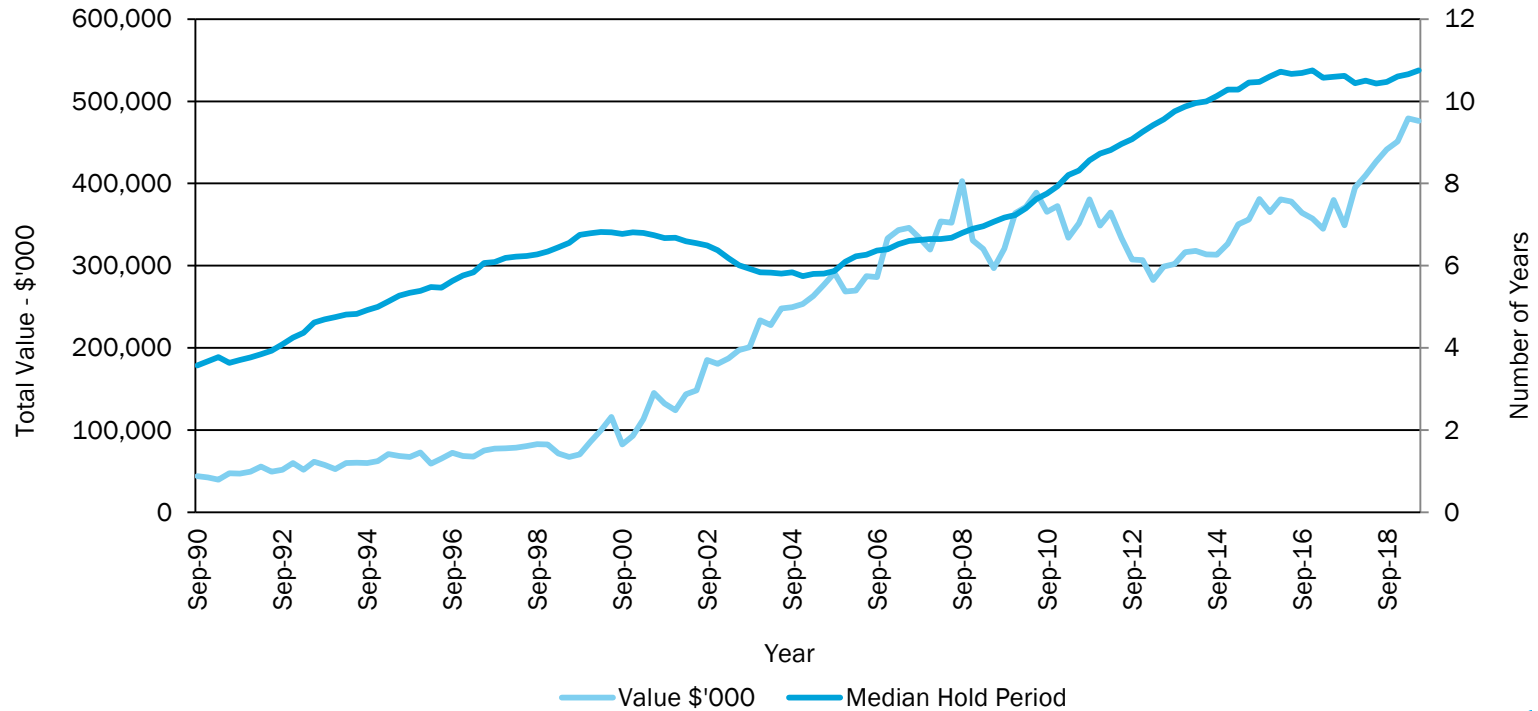
Emerging Trends

- **School zones**
- **Staying put**
- **Renovating**

Source: unsplash.com



Rise of Renovation



Source: CoreLogic- RP Data, Australian Bureau of Statistics

Emerging Trends

- School zones
- Staying put
- Renovating
- First home buyers

Source: realestate.com.au



First Home Loan Deposit Scheme



Laws Passed:
Week of 17 October 2019



Guaranteed deposit
Eligible first home buyers



Starts 1 January 2020
Supports low & middle incomes



**Capital City &
Regional Centres**
\$475,000



**Rest of
Queensland**
\$400,000



**Taxable Income
Singles (p.a.)**
\$125,000



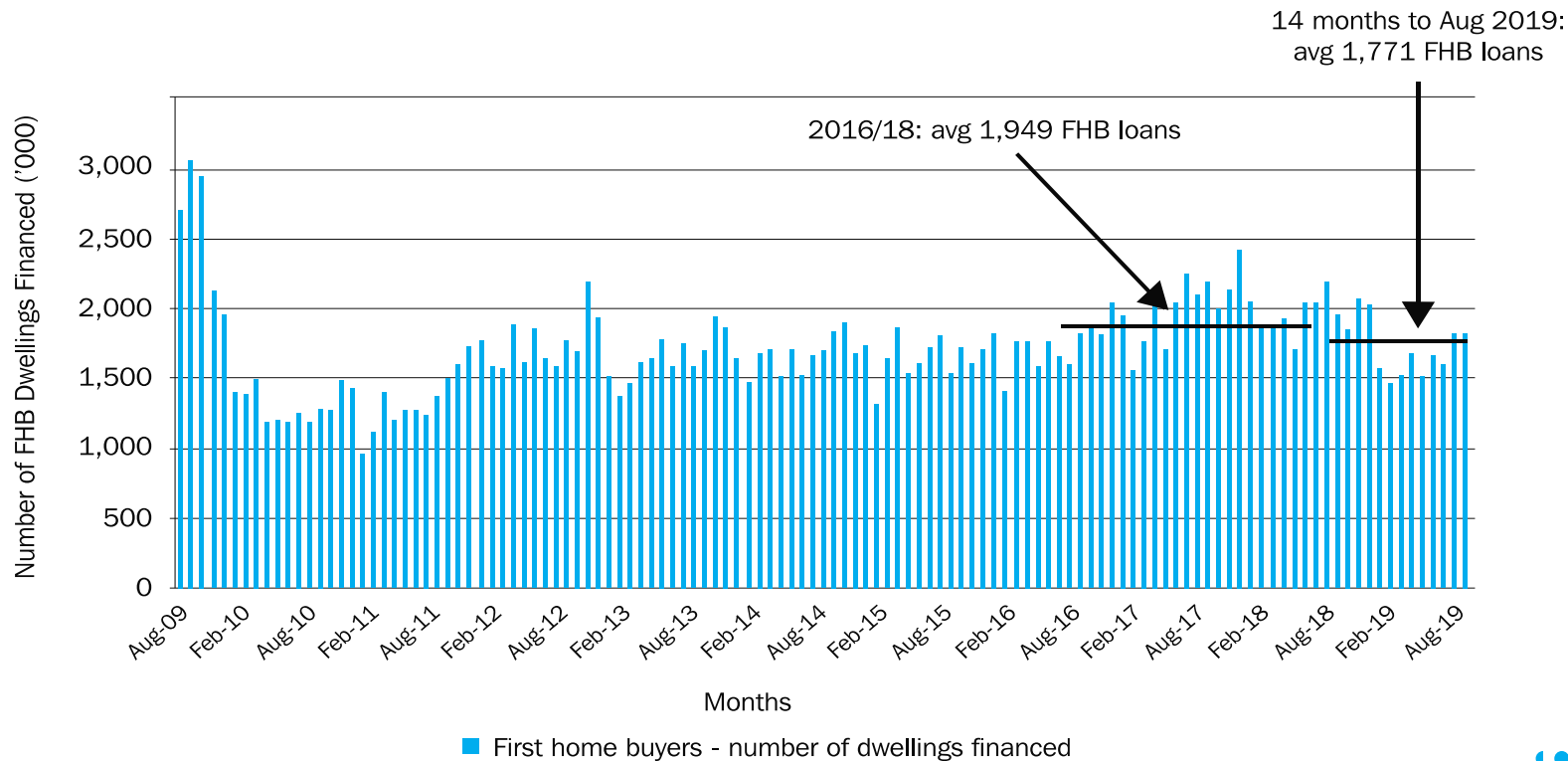
**Taxable Income
Couples (p.a.)**
\$200,000

First Home Buyers – State Based Schemes

	Property Type	Maximum Value	Grant	Stamp Duty Concession
Queensland	Newly constructed house & land	<\$750,000	\$15,000	Exempt <\$550,000
New South Wales	Newly constructed house & land	<\$600,000	\$10,000	Exempt <\$650,000
	Vacant land	<\$750,000 for combined land and proposed dwelling	\$10,000	Exempt <\$350,000
Victoria Melbourne Metro	Newly constructed house & land	<\$750,000	\$10,000	Exempt <\$600,000 (new or existing)
Victoria Regional	Newly constructed house & land	<\$750,000	\$20,000	Exempt <\$600,000 (new or existing)

Source: Queensland Government, New South Wales Government, Victorian Government

QLD First Home Buyers



Entry Level Options for First Home Buyers

Arana Hills

Radius from CBD: 12km



73 Narellan Street

3  1  2 

Sale Price: \$525,000

Sale Date: 11 June 2019

Land Area: 607m²

Tingalpa

Radius from CBD: 10km



15 Cox Close

3  1  1 

Sale Price: \$467,500

Sale Date: 20 August 2019

Land Area: 452m²

Forest Lake

Radius from CBD: 19km



52 Beltana Place

4  1  1 

Sale Price: \$353,000

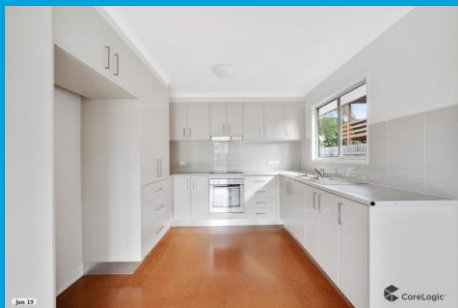
Sale Date: 29 June 2019

Land Area: 320m²

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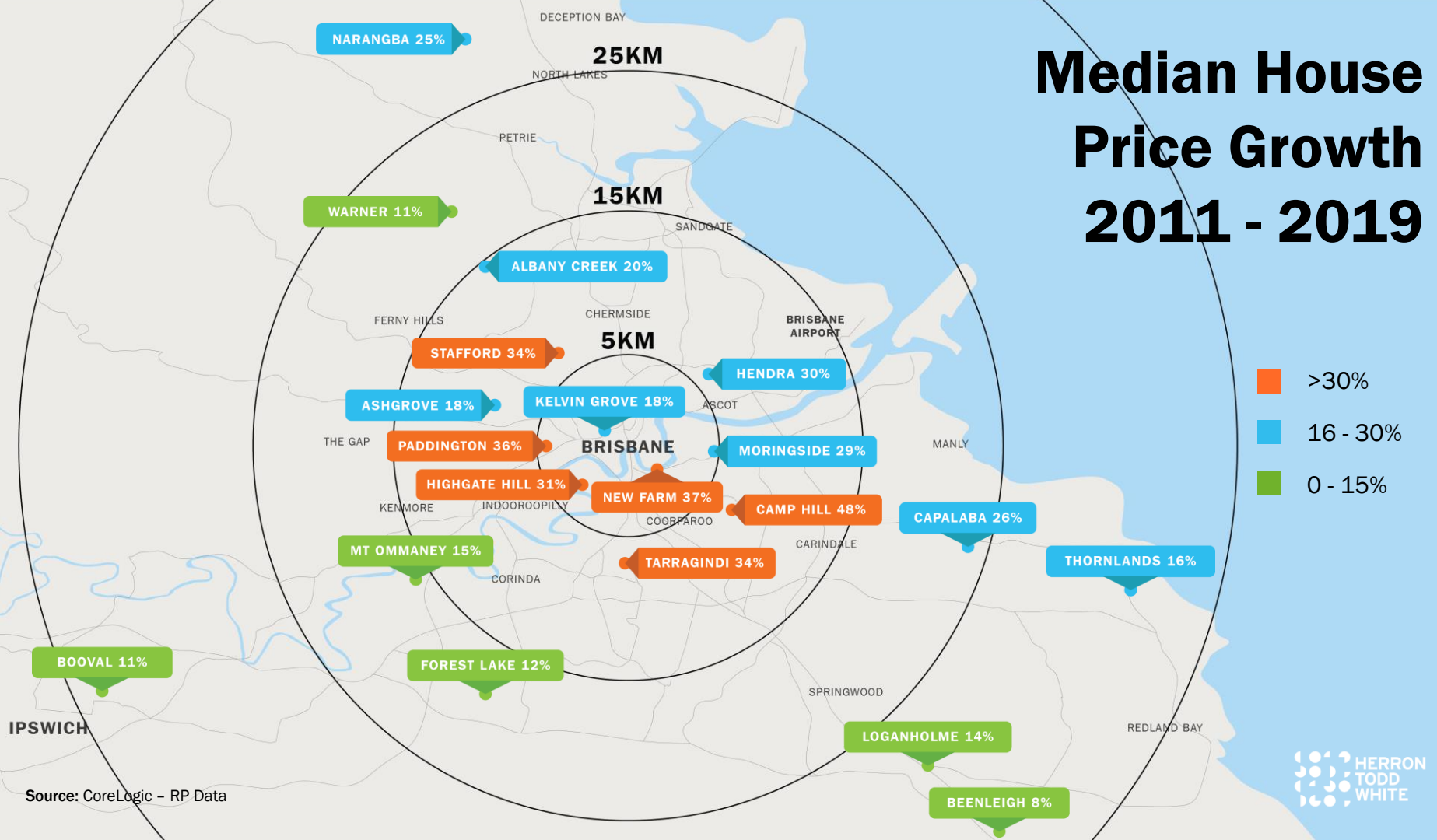
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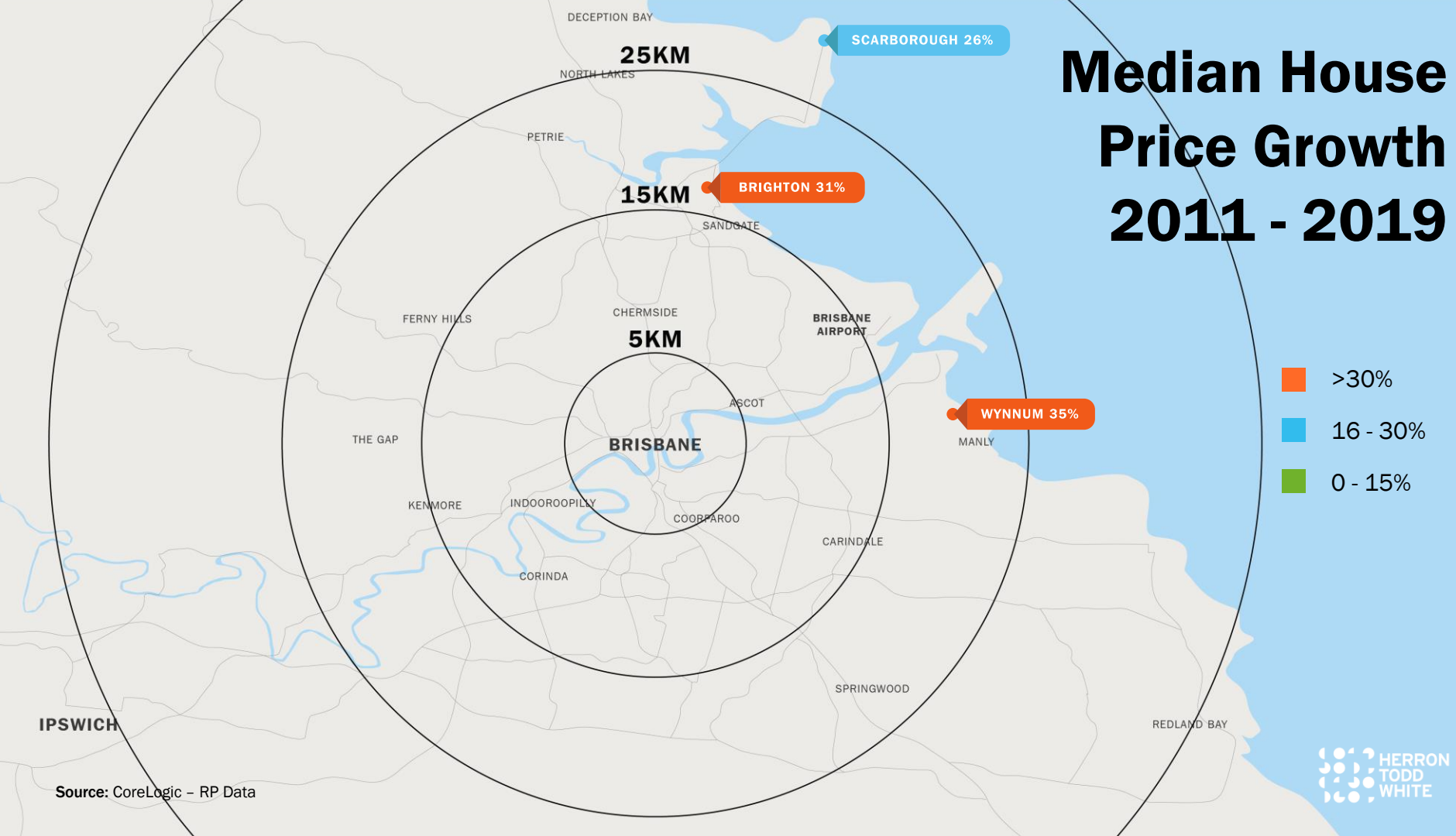
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Median House Price Growth 2011 - 2019



Source: CoreLogic - RP Data

Median House Price Growth 2011 - 2019



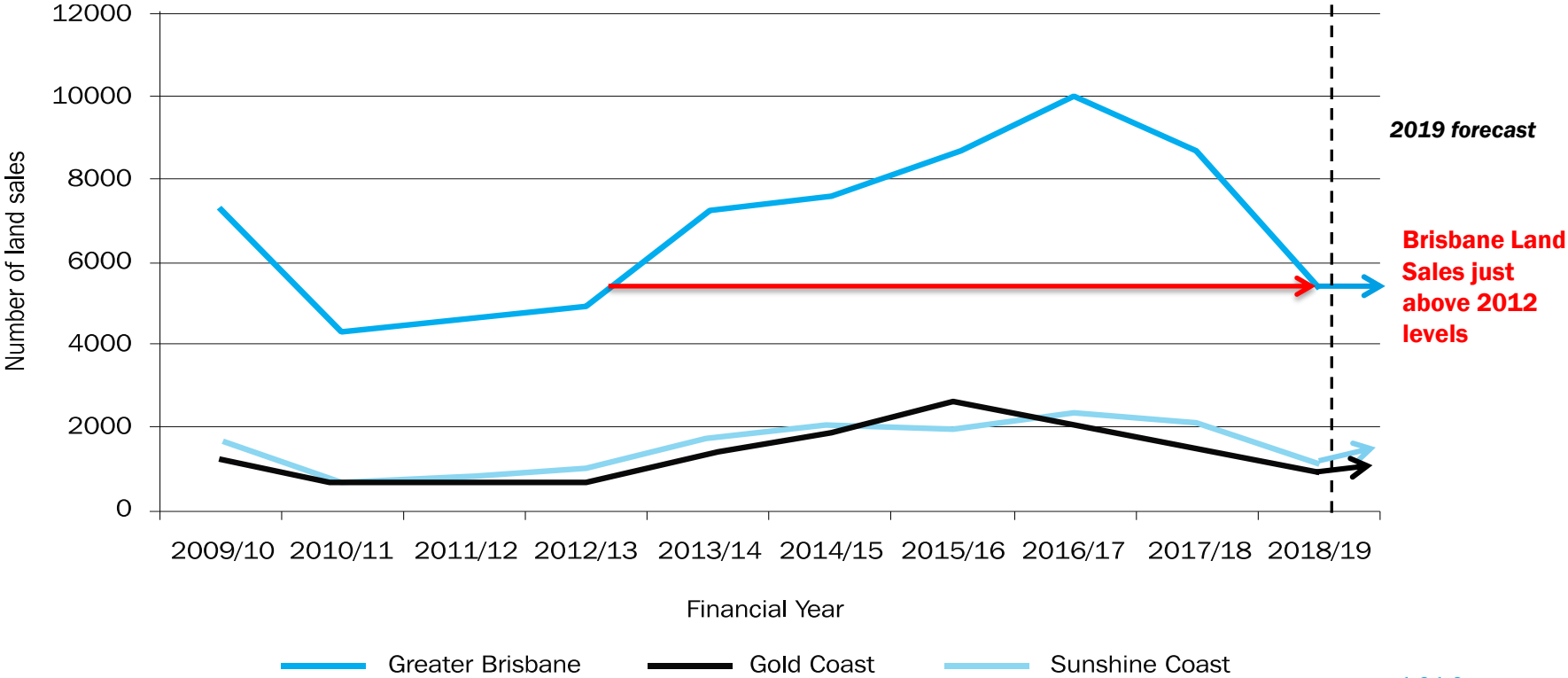
Source: CoreLogic - RP Data

Land

Source: Stockland – Aura Subdivision



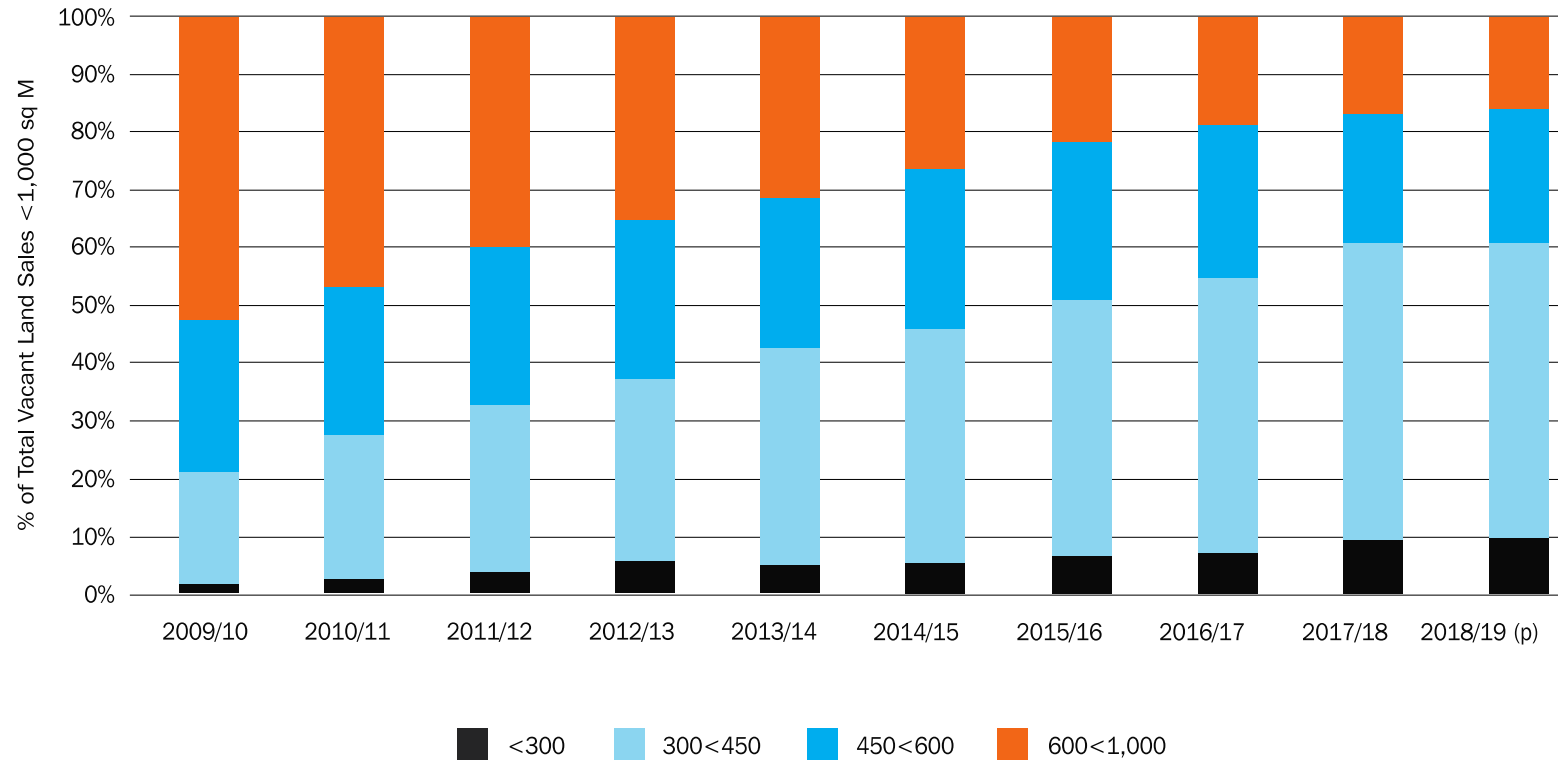
SEQ Land Sales Volumes



P = Projected

Source: CoreLogic – RP Data, Herron Todd White Research

SEQ Land Sales by Lot Size (m²)



P = Projected

Source: CoreLogic – RP Data, Herron Todd White Research

Residential Unit Market

Source: Your Neighbourhood



Pending Supply – Inner Brisbane Units

Suburb	Total Existing Units (As at Mar 2014)	Proposed Supply (As at Sept 2015)	Units Completed (Apr 2014 - 2018)	Units Completed/ to Complete 2019	Units to Complete (2020)	Units to Complete (2021)
Inner Brisbane	30,433	47,220	20,129	3,365	2,863	3,164
Brisbane CBD	8,053	6,409	1,126	237	730	135
Fortitude Valley	2,863	6,660	2,235	557	30	722
Newstead/Teneriffe	3,424	5,177	3,308	392	455	333
Bowen Hills	1,442	5,555	765	130	242	-
Hamilton	2,232	3,827	1,245	332	-	83
South Brisbane	3,041	6,236	3,928	608	364	689
West End	1,991	5,923	2,265	355	500	534
Woolloongabba	938	4,040	1,103	308	-	316
Kangaroo Point	3,736	1,680	985	332	197	68
Greenslopes	2,064	-	353	114	-	107
Milton	649	1,713	876	-	345	177

Impact of Supply

Finish	Suburb	Started Presales	Total re-sales (2019)	Percentage Change
High	Brisbane	March 2014	7	↑ 8.58%
Mid	Newstead	May 2015	5 (2 sales in 2018)	↓ -4.84%
Low	Fortitude Valley	July 2014	7	↓ -25.15%



Amenity – Quality Projects



Unit Development Site Sales

Jephson St & High St, Toowong

Sale Date: **May 2019**

Sale Price: **\$40,000,000***

Land Area (m ²)	\$/m ² Site Area	\$/m ² GFA	\$/m ² Unit
13,102	\$3,053	-	-

*Sale includes office building at 88 Jephson St

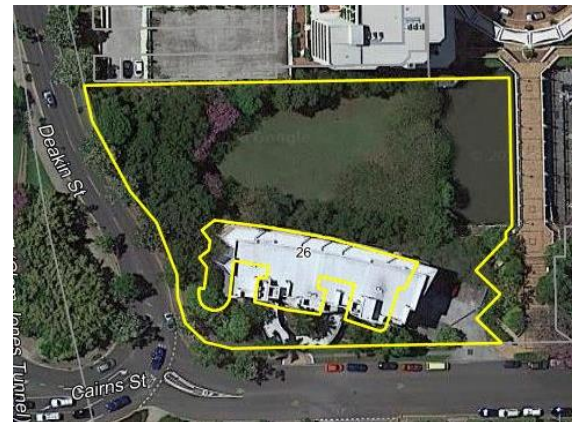


Cairns St, Kangaroo Point

Sale Date: **Aug 2019**

Sale Price: **\$17,000,000**

Land Area (m ²)	\$/m ² Site Area	\$/m ² GFA	\$/m ² Unit
4,964	\$3,425	\$850	\$54,662



Town Planning Changes

- Multi-unit dwellings requiring minimum of 2 car spaces (closed to community consultation)
- Townhouses in LDR zoning (closed to community consultation)
- Length of approval process

Source: Brisbane City Council

The Gold Coast

Source: Google Images



Premium \$ - one unit per floor

“Sea” – Main Beach

Completion Date: *May 2018*

Floor Level	Configuration	Floor Area	Sale Date	Sale Price
3	3 bed, 3 bath, 2 car MPR, Study, Pwd	373m ²	Feb 2018	\$4,900,000
5	3 bed, 3 bath, 2 car MPR, Study, Pwd	368m ²	Feb 2019	\$5,500,000
7	3 bed, 5 bath, 3 car MPR, Study, Pwd	705m ²	Feb 2019	\$8,250,000



Strong 'Off The Plan' Sales

"272 Hedges Avenue"

Completion Date: *June 2022*

- 44 levels/98 apartments
- Prices from \$1,160,000 - \$6,493,000
- 80% already pre-sold since mid-2018
- 48% local buyers



Pending Supply – Gold Coast

Suburb	Approved	Currently Marketed For Sale	% Marketed For Sale of Total Units
Main Beach	763	65	1%
Surfers Paradise	7,576	3,373	54%
Broadbeach	1,748	1,702	27%
Mermaid Beach	1,080	1,080	17%
Total	11,167	6,220	100%

Impact of Unit Supply/Resales

Finish	Suburb	Sale Date Range	% Change
High	Benowa	Jan 2016 – Jul 2019	↑ 16%
Mid	Broadbeach Waters	May 2015 – Oct 2018	↑ 4%
Low	Southport	Sep 2015 – Aug 2019	↓ -21%



Prestige Re-Sales - Houses

Address	Sale Price	Sale Date	Re-sale Price	Re-sale Date	% Change
57 Charolais Cres, Benowa	\$3,900,000	Aug 17	\$3,300,000	Jul 19	-15%
12 Crest View Key, Broadbeach Waters	\$1,850,000	Nov 17	\$1,710,000	Jun 19	-8%
18 Maryland Ave, Carrara	\$5,500,000	Oct 16	\$6,300,000	Jul 19	15%
20 Seabeach Ave, Mermaid Beach	\$1,965,000	Feb 17	\$2,425,000	Mar 19	23%
171 Jefferson Ln, Palm Beach	\$3,500,000	Sep 17	\$3,700,000	Feb 19	6%
47-49 Knightsbridge Pde West, Paradise Point	\$5,625,000	Sep 16	\$5,485,000	Sep 19	-2%
40-42 The Peninsula, Paradise Point	\$3,400,000	Jul 17	\$3,300,000	Apr 19	-3%
11 Southern Cross Dr, Surfers Paradise	\$6,950,000	Jul 17	\$5,800,000	Feb 19	-17%

Source: CoreLogic – RP Data

Commonwealth Games Village Precinct

- Renamed – Smith Collective
- Athletes accommodation has been renamed Smith Collective, including 1,252 residences and 5,700sqm of convenience retail
- Approved GFA of over 160,000 across 15 buildings
- Existing supply in Southport is 150,000

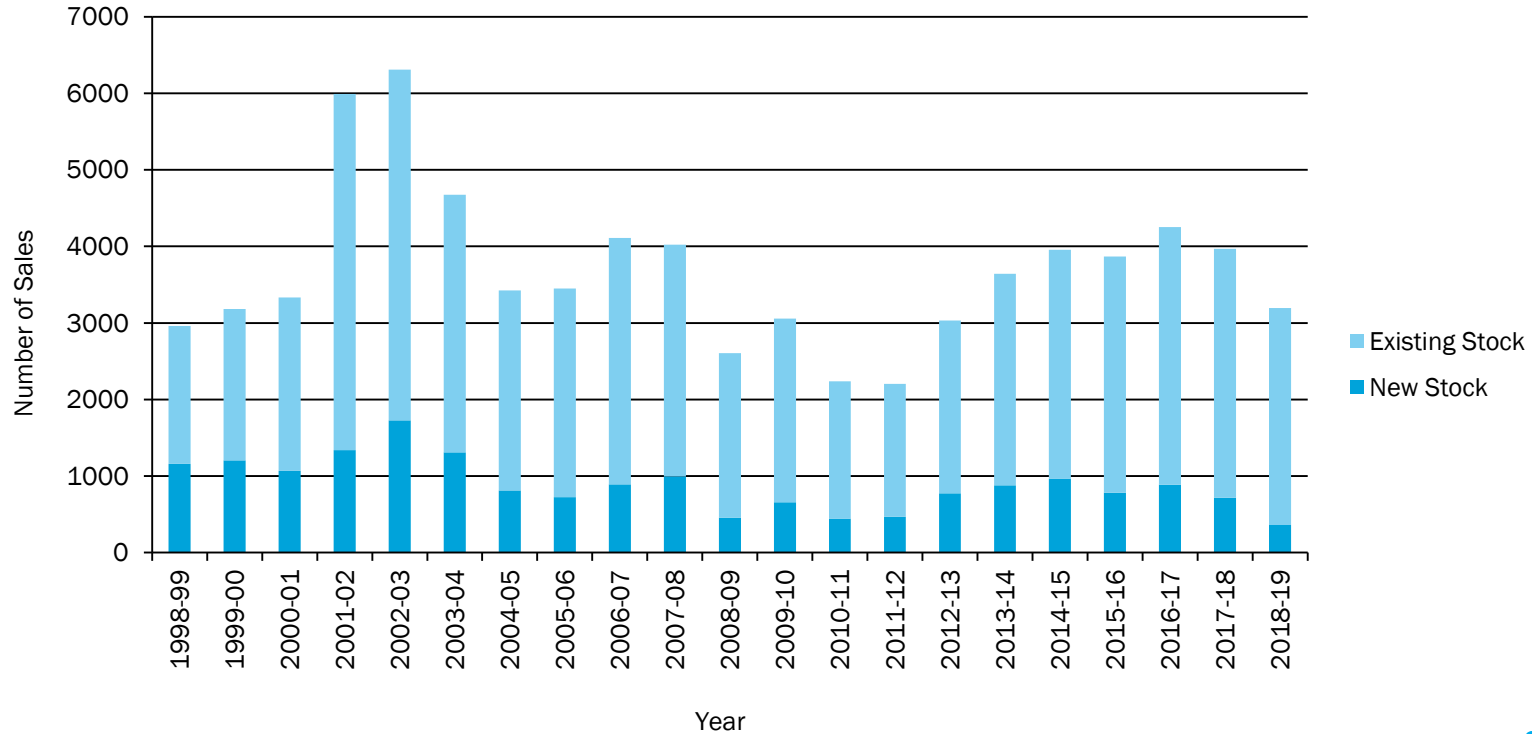
Source: Economic Development Queensland, The Smith Collective

The Sunshine Coast

Source: Sunshine Coast Council



Number of Units Sold



Prestige 'Off Market' Transaction – Noosa Heads

35-37 Mossman Ct

8  7  4 

Contract Price: \$12,250,000

Settlement: December 2019

Land Area: 1,305m²



Record Sale – Prestige Unit

6/55 Hastings St, Noosa Heads

3  3  2 

Contract Price: approx. \$10,000,000

\$/m² Internal: approx. \$41,667

Internal Area: 240m²

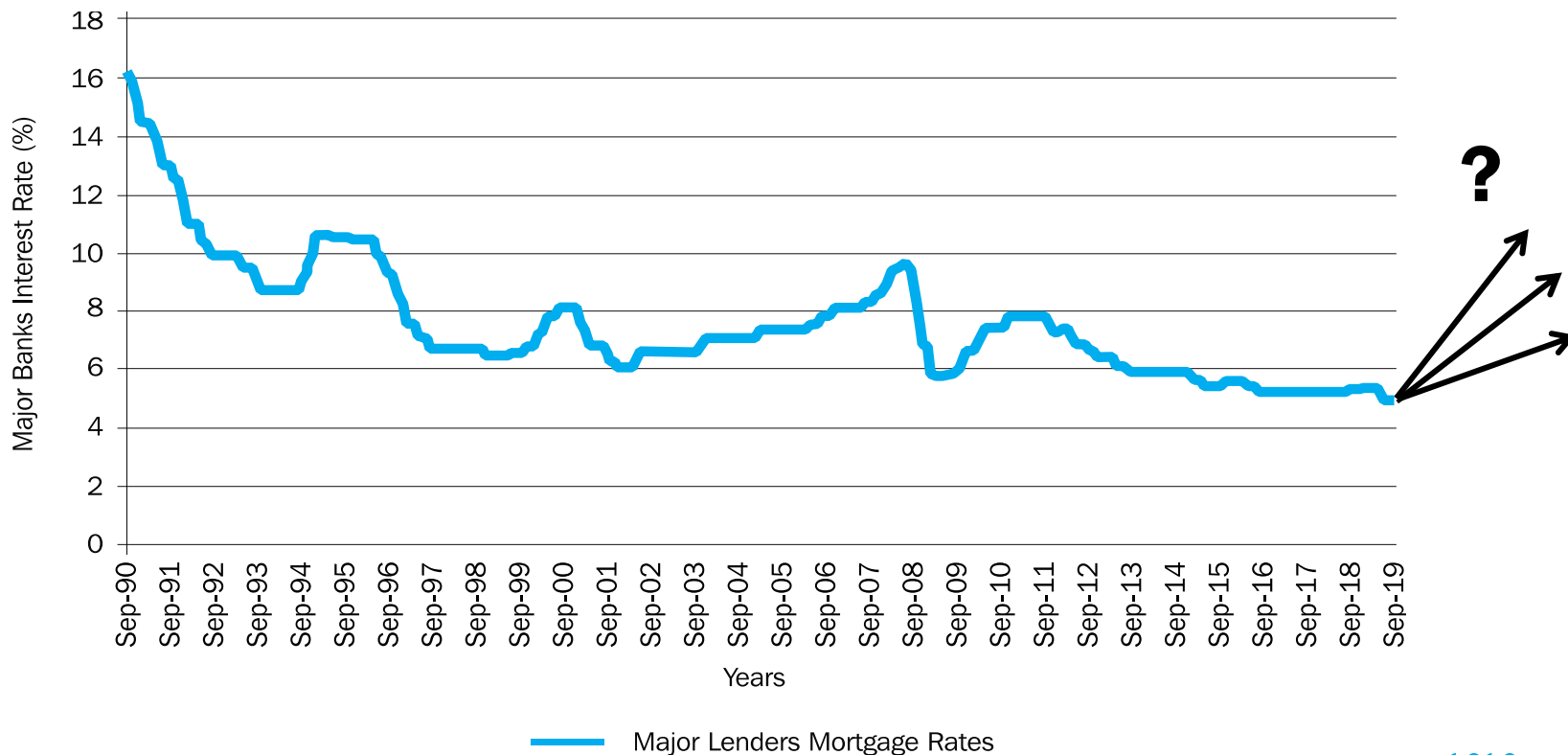


Wrap Up

- Mid-year turning point
- Investors are still missing
- Impact of interest rate still to come
- Unit supply suppressed with values stabilised
- Housing momentum building – beachside/inner city strongest
- Infrastructure still coming
- Is now a good time to buy?



The trend is your friend until the bend at the end!



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