

South East Queensland: 2021’s Hottest Hotspot?

Australia’s property boom is shifting away from the big cities

After the wild ride that was the year 2020, it became evident that people desired a change in their lifestyle and environment. And with that, a number of city-dwellers decided to set foot outside the major cities and **relocate** to the regional areas of Australia.

In South East Queensland, Brisbane house prices remained resilient through 2020. The outstanding demand for lifestyle areas such as the Sunshine Coast delivered a notable overall growth among its suburbs, and recreated a surge of buyer interest. This year, South East Queensland continues to shine with capital growth predicted to soar in the coming months. In fact, Westpac has tipped Brisbane that property prices will see a surge of 20% by 2023.

The increase in customer sentiment, the current historically low-interest rates, and the overall affordability of the region, make South East Queensland the property hotspot of Australia in 2021.



Identifying a property hotspot

According to the data provided by **CoreLogic**, Queensland was one of the ten suburbs that had the largest growth in house values in 2020, dominating the list of property hotspots in Australia for 2021. Investments on properties are driven by the benefits one can reap from a property’s value. The region’s local economy and its distance from major cities also affect a property’s marketability. Though cost and interest rates play into making a decision, infrastructure developments, population growth, and employment opportunities are the most important factors that affect the market and influence economic activity.

CoreLogic’s Eliza Owen, Head of Residential Research Australia, noted several key factors that have caused prices to push upward. “The main drivers are record-low mortgage rates and relatively low levels of stock on the market, and that’s something that’s driving an upward swing”, shared Owen. She explains that the Gold Coast and Sunshine Coast have been top destinations for internal migration, and that this has been a recurring trend for several years now. According to Owen, “In an environment where there’s no internal migration, that internal movement is really benefitting markets relative to other parts of the country”.

Capital Cities Population Change			
	ERP at 30 June 2020	2019 - 2020 (no.)	2019 - 2020 (%)
Sydney	5,376,2016	57,107	1.1
Melbourne	5,159,211	80,088	1.6
Brisbane	2,560,720	46,914	1.9
Adelaide	1,376,601	16,127	1.2
Perth	2,125,114	37,559	1.8
Hobart	238,834	2,610	1.1
Darwin	147,231	-184	-0.1
Canberra	431,380	5,095	1.2

*Figures based on the 2019-20 Australian Bureau of Statistics report

A recent report from the **Australian Bureau of Statistics**, (ABS), showed Queensland receiving a net gain of more than 22,000 people in 2020, nearly doubling its 10-year average of 12,409. In Brisbane alone, the 2019-20 financial year resulted in a 1.9% population growth, the highest percentage increase among all the capital cities. This resulted in an increased housing demand which erased any predictions of property price plunges.

CoreLogic also reported a **substantial growth** in prices in almost every region in Queensland in the first two months of 2021. In the capital city, Brisbane, house values have climbed 7.6% above the previous peak through March until May of 2020. Strong price hikes were also evident in the latest CoreLogic figures in the Gold Coast and the Sunshine Coast. **The report** shared a growth of 2.5% in the Gold Coast area, and 2.6% in the Sunshine Coast region, pushing the 12 months gain up 10.5% and 11.2%, respectively.

Median House Price Growth Forecast, 2019-2022			
	Estimated House Price June 2019	Estimated House Price June 2022	Growth 2019-2022 (%)
Sydney	980,000	1,040,000	+6
Melbourne	760,000	810,000	+7
Brisbane	552,000	665,000	+20
Adelaide	495,000	550,000	+11
Perth	505,000	540,000	+7
Hobart	500,000	520,000	+4
Darwin	500,000	535,000	+7
Canberra	680,000	750,000	+10

*Source: BIS Oxford Economics

Indicators of Growth

There are several things that drive property markets and determine a property’s value or potential for growth. According to independent real estate analyst, Terry Ryder, it is important to inform investors and property buyers which areas to invest in based on in-depth research, and careful consideration of these three important factors:

1. Infrastructure Projects

The accessibility of getting around from one suburb to its surrounding areas is a huge contributor to a property’s value. Motorways, trains, rails and bridges add to a significant rise in a location’s worth.” Infrastructure can be a huge generator of economic activity and jobs which then increases the demand for real estate”, according to **Terry Ryder**. He further explains that transport infrastructure like new or upgraded motorway links and rail links are things that can revolutionise a location’s appeal with the added accessibility.

Ryder suggests that buyers can be confident once the planned infrastructure projects have already started and are being built. Schools, hospitals, and essential services, also affect an area’s property market. With a good number of first-time buyers prompted by the decision to start a family, areas with a good school district are most attractive. Community centres, shopping centres, restaurants, and green spaces also make an area more desirable and influence the demographics of an area. Furthermore, more than just for recreation, good retail spaces generate jobs for the community.

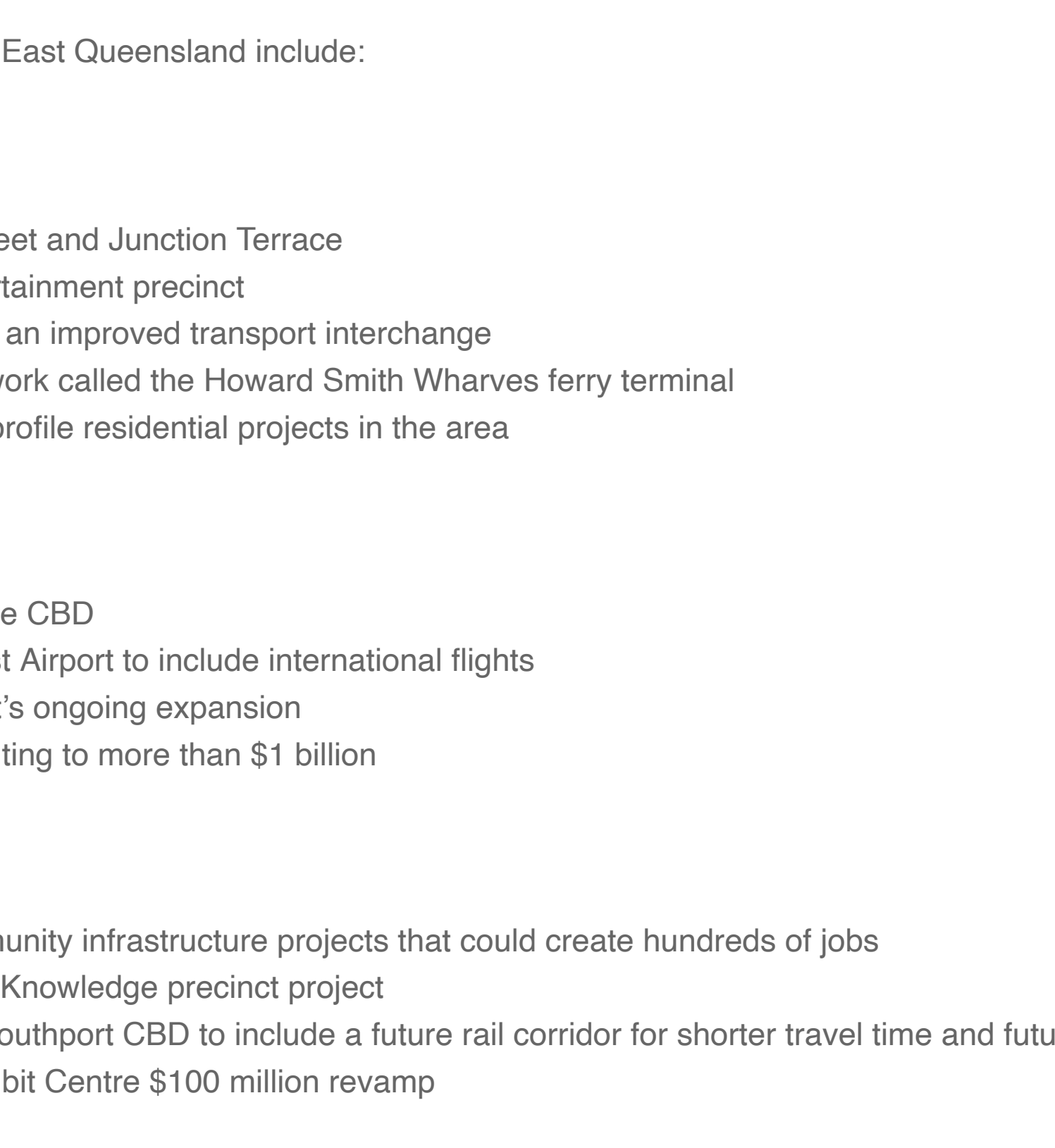
2. Job Opportunities

Another key factor in driving markets is the availability of employment. Historically, Sydney and Melbourne have had the strongest markets as these cities house a lot of corporate giants’ offices, and headquarters of most businesses. This made areas located closer to the big cities, and with better travel options, most marketable. Ipswich is a region that has been a catalyst for growth in South East Queensland. The city’s rapid expansion, fuelled by population growth, has been able to generate **numerous jobs** in the region.

3. Population Growth

In the basic economics of supply and demand, more people mean more competition, and therefore, a rise in prices often occurs. On the other hand, when there are more properties available versus the number of buyers, property prices take a dive. This post-pandemic market is seeing a swell in the population in regions outside the major cities with more and more remote work opportunities which are now allowing people to swap the costly city living they had to endure to be closer to their offices. Plus, the planned infrastructure projects bring more job opportunities and in turn more people to the area.

All these three key factors – infrastructure projects, job opportunities, and population growth, work together and feed into each other to determine an area’s value and potential for market growth. An area that offers accessibility in travel, together with the presence of good schools and healthcare facilities, create jobs and drive immigration up, is likely to see growth. In a continuous and connected cycle, more people attract more businesses which, in turn, creates more employment, and brings in an increase in government funding to develop more infrastructure and community improvements.



How does South East Queensland stack up?

The scene is set for a property boom in South East Queensland, with several infrastructure projects well underway. This makes South East Queensland a strong bet for investors and a solid foundation for capital growth in 2021.

Current major developments in South East Queensland include:

Brisbane

- Ipswich Road and Ponsonby Street and Junction Terrace
- Queen’s Wharf world-class entertainment precinct
- Cross River Rail construction for an improved transport interchange
- Brisbane’s world-class ferry network called the Howard Smith Wharves ferry terminal
- Victoria Park upgrade and high-profile residential projects in the area

Sunshine Coast

- A new 563-hectare Maroochydore CBD
- Expansion of the Sunshine Coast Airport to include international flights
- University of the Sunshine Coast’s ongoing expansion
- Bruce Highway upgrades amounting to more than \$1 billion

Gold Coast

- \$9.81 million shovel-ready community infrastructure projects that could create hundreds of jobs
- Ongoing Gold Coast Health and Knowledge precinct project
- \$5 billion transformation of the Southport CBD to include a future rail corridor for shorter travel time and future traffic growth
- Gold Coast Convention and Exhibit Centre \$100 million revamp
- Light Rail construction
- Airport Expansion
- *The Spit*, an ocean-side cruise ship terminal that can cater to the world’s largest ship cruise ship vessels

Moreton Bay Region

- *The Mill* priority development
- USC Moreton Bay campus upgrade
- Caboolture Hospital upgrade, amounting to \$395 million
- Development of a \$2 billion North East Business Park
- Caboolture West Master Plan development (\$9.5 million, covering 6,500 hectares)

Ipswich

- Ipswich Road and Ponsonby Street upgrade
- \$5.8 million expansion of the engineering building of the University of Southern Queensland in Greater Springfield
- Greater Springfield CBD that is twice the size of Brisbane CBD
- Additional 10,000 units to be added to Park Avenue’s luxury apartments
- Construction of Australia’s largest dementia-friendly retirement village



Where to invest in South East Queensland

South East Queensland’s property market is ripe for the picking. With a continuously improving economy, population growth, infrastructure projects coming to fruition, add to that the fact the region is a lot more affordable, makes South East Queensland the one of the most promising hotspots for property investment this year. Now is an exceptional time to invest in this very promising Australian region.

To help you decide which specific area in South East Queensland to invest in, consider the following information:

1. Brisbane

By the end of 2020, Brisbane had six new million-dollar suburbs. The Brisbane property market held its own during the Covid-19 period, benefiting from interstate migration that caused a rise in rentals and high sales activity. With the capital city’s rising momentum, Brisbane has been spending on major new infrastructure such as the newly-completed Ipswich Road and Ponsonby Street Junction Terrace. Brisbane’s inner north public park will be receiving an upgrade set to start this year. The changes and improvements are designed to re-establish the park into a natural retreat. The property market in Brisbane has presented a number of investment opportunities featuring some of its booming suburbs. Brisbane is benefiting from interstate migration resulting in double-digit growth in house prices.

2. Gold Coast

The Gold Coast keeps attracting residents and investors with the highest employment-to-population ratio outside the capital cities. Add to that, the infrastructure investment plan targeted to boost the city’s value and make it more globally competitive. A 25% median apartment price growth in the Gold Coast has been reported over the past five years. Infrastructure investments include a \$5 billion transformation of the Southport CBD which was designed to reduce travel time and prepare for future traffic growth, light rail construction, airport expansion, an ongoing upgrade on the Gold Coast Health and Knowledge precinct, and The Spit—an ocean-side cruise ship terminal.

3. Sunshine Coast

Just north of Brisbane, the Sunshine Coast is a strong performer with its beaches: Noosa Heads, Sunrise Beach, Sunshine Beach, Warana, and Yaroomba having a long-term capital growth averaging between 5% to 7% per year. The local economy has grown 4% per year over the last 15 years, brought about mostly by tourism, retail, and construction. A \$5 billion health precinct is one of the new industries helping to strengthen and diversify the local economy.

4. Moreton Bay

The third largest council in Australia, Moreton Bay, has a current population of 469,465 residents. Its significant population growth was brought about by immigration and workers seeking a quieter lifestyle with a relatively shorter commute to Brisbane CBD or the Sunshine Coast. The Moreton Bay Regional Council aims to turbocharge its economy by shifting to high-value industry, agribusiness, and tourism. Their future goals include a population increase close to 200,000 residents, and an additional 100,000 jobs, and 16,000 new businesses. Council mayor Peter Flannery explains the **regional economic development strategy** is pushing the economy toward high-value industry. Among the major development projects is The Mill, a 460-hectare mixed-use development project that covers the Petrie Town Square, rail station and former paper mill, which is now home to a University of the Sunshine Coast campus.

5. Ipswich

Less than an hour away from Brisbane CBD is an innovative community located at the epicentre of one of Australia’s fastest growing regions. Greater Springfield in Ipswich prides itself in having created an economy based around the sectors that will power Australia’s future: health, education, and innovation. According to the population growth **report** of regional Queensland, Ripley was reported to have the fastest growing population with a 20.3% increase in 2020. Also, the report shows that Ipswich is the fastest growing local government of the same year.

Greater Springfield is set to become a viable alternative to Brisbane CBD with its land area twice the size of the latter (390 hectares). To date, an estimated \$18 billion investment has been made on the project. After its completion, the estimated cost is reported to be \$85 billion. Greater Springfield CBD is designed to be a 41-minute rail trip from Brisbane Central, with two train stations already in operation: Springfield Central, and Springfield. One of the many highlights of the Greater Springfield development is the construction of Australia’s largest dementia-friendly retirement village by the Aveo Group. The project, which is already on its first stage, has created senior living units integrated with allied health facilities. Greater Springfield has embraced renewable energy to live and conduct businesses more efficiently. More than 30% of the city has been designated as a green space turning the Greater Springfield into a lifestyle hub.