

SUNSHINE COAST ECONOMIC AND HOUSING MARKET PROFILE



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Sunshine Coast Economic
and Housing Market Profile
Final
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NATIONAL ECONOMY

After slowing in late 2018, the Australian economy has been recovering in the first quarter of 2019. Business spending has returned to above the decade long-average, while accelerating iron ore prices are supporting net national income and State and Federal Budgets through increased mining royalties. Structural adjustments in Sydney and Melbourne housing markets continue to create some uncertainty regarding household confidence and expenditure. However, the impact to date of Sydney and Melbourne residential markets on other parts of the country has been muted.

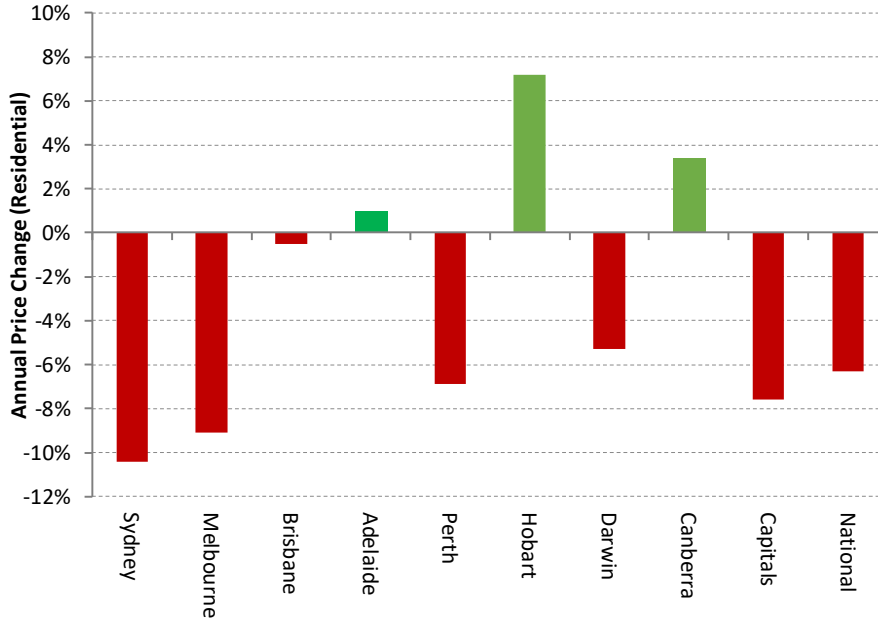


Figure – Median House Price Change, Australian Capital Cities, year to February 2019

This partly reflects the fact the national unemployment rate remains at “full employment” of 5% in February 2019, declining 0.5% in the year. This provides some buffer to the Reserve Bank of Australia in the short-to-medium term before making a move on interest rates, though this is dependent on their response to the continued low inflation environment.

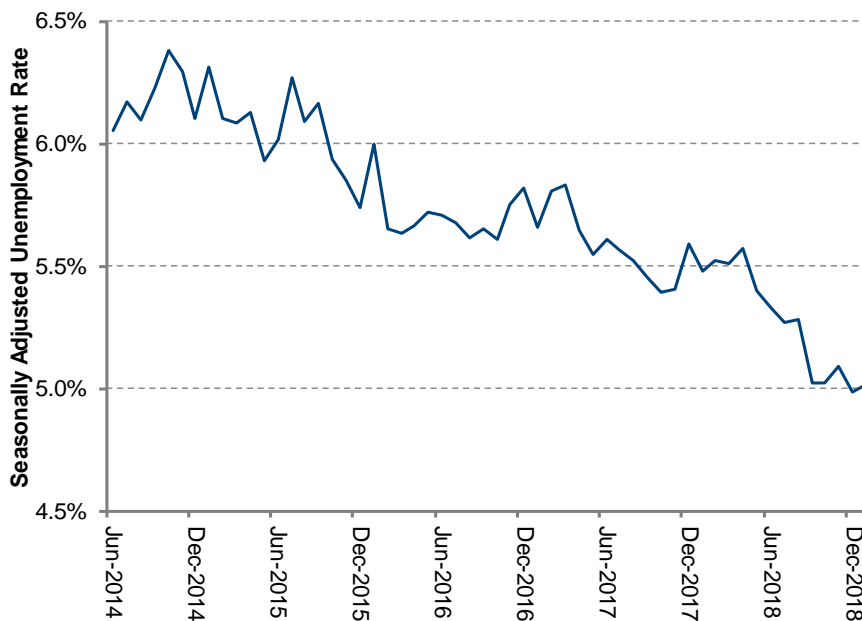


Figure – Unemployment Rate, Australia, 2014 to 2018

SUNSHINE COAST POPULATION

The Sunshine Coast has experienced strong population growth over the past decade, growing 2.5% pa to almost 320,000 in 2018. This strong growth is projected to continue, reaching 400,000 residents by 2027, and half a million by 2040.

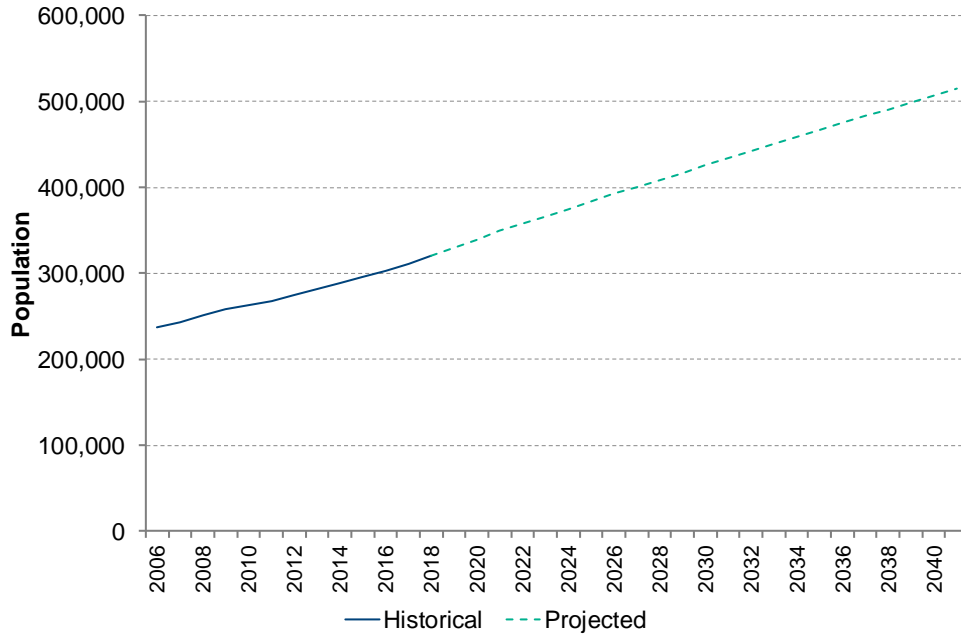


Figure – Population, Sunshine Coast, 2006 to 2041

The rapid population expansion is evident in the number of new residents to the Sunshine Coast. The past five years saw an average increase of 7,591 new residents call the Sunshine Coast home, a level that is expected to increase to over 9,200 people per year between 2019 to 2023.

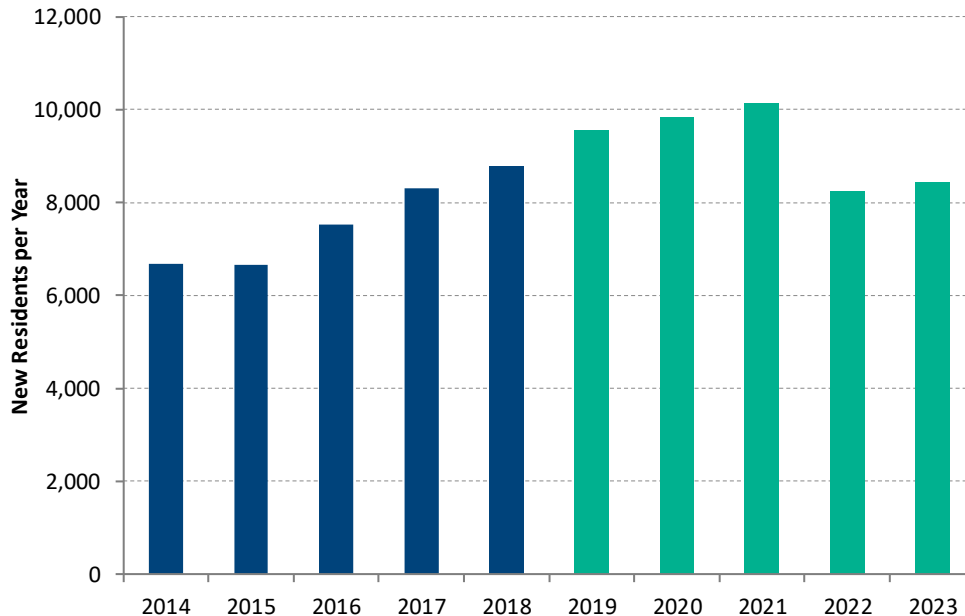


Figure – Annual Population Change, Sunshine Coast, 2014-2023

SUNSHINE COAST ECONOMY AND JOBS

While the unemployment rate in regional locations can be more volatile than State or national averages, overall Sunshine Coast rates have trended broadly in line with the Queensland average, averaging a rate of 6% per annum since 2010.

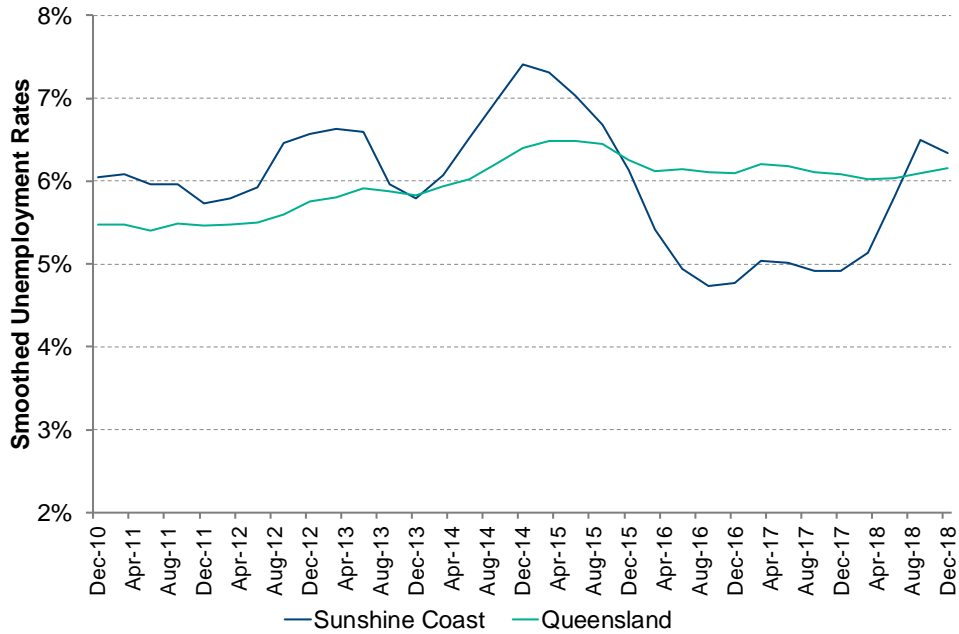


Figure – Unemployment Rate, Sunshine Coast LGA and Queensland, Dec 2010 – Dec 2018

This strong employment position has been the result of positive economic growth in the Sunshine Coast region since the GFC. The regional economy grew by over 5% in the 2017/18 year alone, driven by accelerating population growth and increased labour force participation.

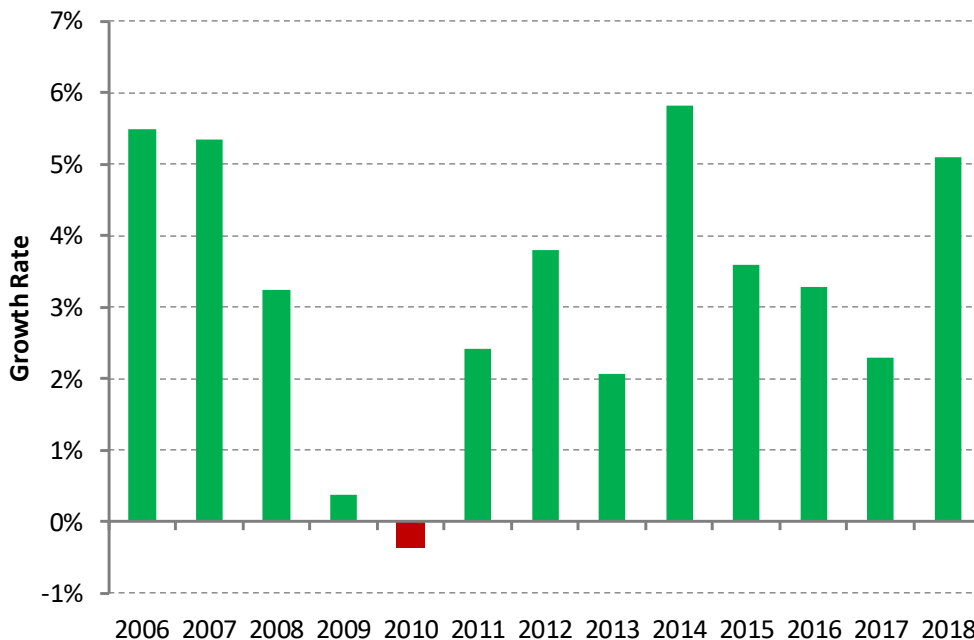


Figure – Economic Growth Rate, Sunshine Coast, 2006 to 2018

The Sunshine Coast has a diverse economy, with construction, health, tourism and education all featuring prominently. New investment in economic infrastructure - such as the Sunshine Coast Airport and the new International Broadband Submarine Cable - are expected to drive growth into the future.

Housing on the Sunshine Coast Housing Market

The Sunshine Coast has a diverse and dynamic housing market, meeting the needs of multiple market segments. This includes local residents, interstate migrants, retirees and young families. The number of new residential building approvals has trended up for the past five years, with a spike in the 2016-17 financial year reaching a total of 4,547 building approvals. The number of houses approved has increased each year, while the number of buildings classified as 'other residential buildings' is responsible for the higher total in 2016-17.

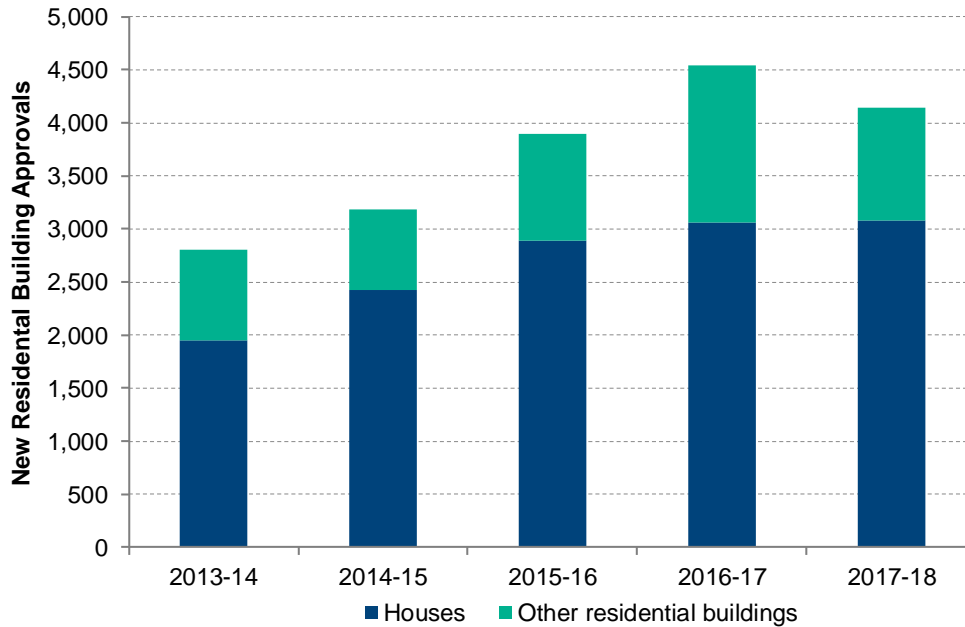


Figure – Residential Building Approvals, Sunshine Coast

This growth in new dwelling approvals has reflected strong price appreciation in recent years. Estimates from Moody Analytics is that median house prices in the Sunshine Coast increased 6.5% and 5.7% in 2017 and 2018 respectively. This growth has seen land and house and land prices increase steadily since 2012/13. In 2017/18, vacant land in major residential developments in the Sunshine Coast sold for a median price of \$250,000, with the median house prices coming in at \$545,000.

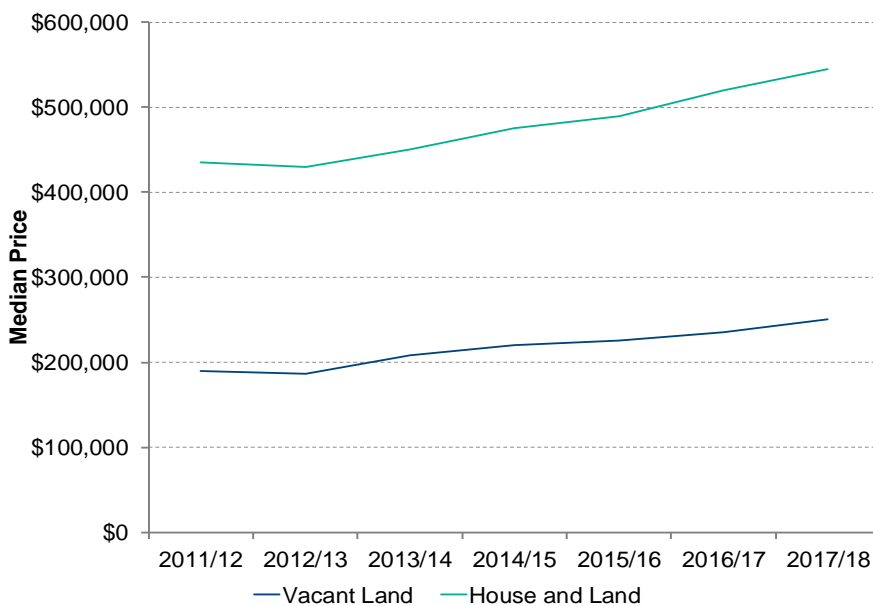


Figure – Median Prices, Vacant Land and Houses, Sunshine Coast

Prospects for the Sunshine Coast house market remain positive, despite national headwinds. Strong local economic fundamentals, including positive economic and population growth, is expected to support prices in the short-term and provide the foundation for strong growth in coming years.

Sources:

- ABS (2017) Census of Population and Housing, 2016, Australian Bureau of Statistics, Canberra
- ABS (2018) Estimated Residential Population, 2018, Cat No 3218.0 Australia Bureau of Statistics, Canberra
- ABS (2019), Building Approvals, Australia, Cat No 8731.0, Australian Bureau of Statistics, Canberra
- Department of Labour and Small Business (2019) Small Area Labour Market, Australian Government, Canberra
- Moody Analytics (2018) CoreLogic-Moody's Analytics Australia Home Value Index Forecast, Brisbane
- REMPLAN (2019) Gross Regional Product – Sunshine Coast, REMPLAN, Melbourne
- Residex (2019) Median House Prices and Sales, Residex, Sydney
- DSDMIP (2019) Land Supply and Development Monitor – Sunshine Coast Residential, Queensland Government, Brisbane

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