



CORNERSTONE VILLAGE

PIMPAMA

Market Overview Report

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Executive summary

Venture Crowd Property Australia Pty Ltd is proposing to build 76 quality three-bedroom townhouses on a 2.58-hectare site at 40 Gawthorn Drive in the northern Gold Coast suburb of Pimpama, approximately 50 kilometres south-east of Brisbane's Central Business District (CBD) and 19km from Southport, the CBD of the Gold Coast. To be known as **Cornerstone Village**, the double-storey townhouses all have three bedrooms, a separate laundry and 2.5 bathrooms. The master bedroom has an ensuite and the main bathroom has a bath and a shower. All bedrooms have dedicated robe spaces (the master bedroom has a walk-in-robe). Half of the townhouses (38) have one car park, another 38 have two car parks. Generous visitor parking is also provided.

The suburb of Pimpama is located on the northern end of the Gold Coast along the Pacific Motorway (M1) and railway line linking Brisbane with Varsity Lakes. The Brisbane-Gold Coast corridor is one of the fastest-growing areas in Australia. Last year, Pimpama's population increased by a staggering 3,674 people to reach 16,134 residents making it the fastest-growing suburb in Australia. In fact, 49% of the Gold Coast's total population growth last year was in Pimpama and its adjoining suburbs.

Close to **Cornerstone Village**, the **Pimpama Junction shopping centre** comprises a Woolworths supermarket, Medical Centre, Dentist, Chemist, bakery, newsagent, café, and a dozen specialty stores. Opposite the shopping centre are a number of fast-food retailers including McDonald's and Red Rooster. Also close by is the **Pimpama City Shopping Centre** which has Coles and ALDI supermarkets, a Medical Centre, Best & Less and over 40 specialty stores including fresh food, fashion, gifts and homewares. Nearby is the brand-new, \$470 million **Westfield Coomera** which comprises 140 specialty stores anchored by Woolworths, Coles, Kmart, Target, and an eight-screen Event Cinema.

A number of state and private schools including Pimpama State Primary School, Pimpama State Secondary College, King's Christian College (offering early learning and primary and secondary education), Coomera Springs State School, Coomera Anglican College, Saint Stephen's College and Upper Coomera State College are close to **Cornerstone Village**, as are three preschool and childcare centres.

Pimpama's high rate of population growth has led to a flurry of new development activity. During the year to end March 2019 there were 195 sales of medium-density dwellings (townhouses and apartments) in Pimpama and 202 detached house sales. The median sale price of townhouses in Pimpama has increased by an average of 8.5% per annum over the past three years, making Pimpama one of the best-performing suburbs across the northern Gold Coast. Unsurprisingly given its high level of population growth, the vacancy rate for permanent rental accommodation in Pimpama is currently just 2.8%, suggesting a significant shortfall of suitable rental product. As a result of strong demand for quality rental accommodation, gross rental yields in Pimpama are currently averaging 5.6% per annum.

With more than 350 new rental bonds lodged each month in Pimpama and the adjoining suburb of Coomera, and with Pimpama having one of the highest proportions of renter households of any suburb in Queensland, at 70%, not only will there be strong demand for quality new townhouse projects such as **Cornerstone Village** there is also likely to be strong demand for both build-to-rent as well as build-to-sell development options.

Cornerstone Village has been designed to suit long-term residents, both owner-occupiers and long-term tenants. The **Cornerstone Village** townhouses are well-sized with an average of 124m² of private internal living space and an average total size (including garage, porch and patio but excluding private open space) of 153m². Private open space for each townhouse ranges from 21m² to 35m². The **Cornerstone Village** townhouses are also very keenly priced at around \$419,000 with expected rents of between \$400 and \$430 per week.

Section 1 – Introduction

Background

Venture Crowd Property Australia Pty Ltd is proposing to build 76 quality three-bedroom townhouses on a 2.58-hectare site at 40 Gawthorn Drive in the northern Gold Coast suburb of Pimpama, approximately 50 kilometres south-east of Brisbane's Central Business District (CBD) and 19km from Southport, the CBD of the Gold Coast.

To be known as **Cornerstone Village**, the project will be developed in several stages and almost one-half (43%) of the site is dedicated to a conservation area. As well as 76 three-bedroom townhouses, there is more than 2,000m² of private open space (equating to between 21m² and 35m² per townhouse) and another 8,124m² of communal open space (including BBQs, seating areas and an exercise station) in addition to the conservation area.

All townhouses are double-storey and have three bedrooms, a separate laundry, and 2.5 bathrooms. The master bedroom has an ensuite and the main bathroom has a bath as well as a shower. All bedrooms have dedicated robe spaces (the master bedroom has a walk-in-robe). Half of the townhouses (38) have one car park and another 38 have two car parks. Generous visitor parking is also provided. **Cornerstone Village** is conveniently located only:

- 1.5km by road from Pimpama Junction shopping centre;
- 2.0km from Gainsborough Greens Golf Course;
- 2.5km from the Pacific Motorway (M1);
- 2.75km from Pimpama State Secondary College;
- 3.0km from Pimpama State Primary School;
- 3.0km from Pimpama City Shopping Centre;
- 5.75km from Coomera railway station;
- 5.75km from Westfield Coomera; and
- 6.0km from Ormeau railway station.

Both Ormeau and Coomera railway stations offer trains every thirty minutes with travel times of:

- 7-11 minutes to Beenleigh;
- 16-21 minutes to Robina Town Centre;
- 20-25 minutes to Varsity Lakes (Bond University);
- 46-50 minutes into Southbank; and
- 56-61 minutes into Brisbane's Central Station.

Planning is underway for a new railway station to be built in Pimpama itself, although realistically this is likely to be several years from actual completion.

The **Cornerstone Village** townhouses are well-sized with an average of 124m² of private internal living space and an average total size (including garage, porch and patio but excluding private open space) of 153m². Private open space for each townhouse ranges from 21m² to 35m². The **Cornerstone Village** townhouses are also very keenly priced at around \$419,000 with expected rents of between \$400 and \$430 per week.

The location

With a population of nearly 607,000 permanent residents, the Gold Coast is Australia's largest city outside of the five mainland state capitals and for the past three decades has been one of the fastest growing major regions in Australia. Last year, the Gold Coast was the second fastest-growing municipality in all of Australia, attracting 15,633 new residents, behind only Brisbane City which gained 22,942 new residents.

Having around 300 days of sunshine each year and a year-round mild subtropical climate, the Gold Coast is one of Australia's favourite holiday destinations. The Gold Coast is the most-visited region in Queensland for domestic and international holiday travellers. The Gold Coast also received almost eight million domestic day-trip visitors last year.

Although regarded as Australia's premier tourist destination, the Gold Coast is not dependent upon just the tourism industry for its survival. The Gold Coast has a broad industry and employment base, meaning the Gold Coast can weather downturns in any one particular industry segment very well. Health care and social services is the Gold Coast's largest employer, with 13% of the workforce, followed by retail trade with 12% of the workforce and the tourism-related accommodation and food sector with 11% of the workforce. The construction industry employs 10% of the Gold Coast's workforce, with another 9% employed in the education and training sector, and 7% in manufacturing.

Looking ahead, the Gold Coast's annual population growth rate is projected to be around 14,650 new residents per annum between now and 2031. This means that there is a need to build 5,650 new dwellings per annum. In addition, the Gold Coast is expected to hold a quarter (24%) of all the new jobs created across the south east corner of Queensland over the next five years.

The suburb of Pimpama is located on the northern end of the Gold Coast along the Pacific Motorway (M1) and railway line linking Brisbane with Varsity Lakes. The Brisbane-Gold Coast corridor is one of the fastest-growing areas in Australia and this "M1/railway spine" comprises six of the Gold Coast's ten fastest-growing suburbs. Last year, Pimpama's population increased by a staggering 3,674 people to reach 16,134 residents making it the fastest-growing suburb in Australia. In fact, 49% of the Gold Coast's total population growth last year was in Pimpama and its adjoining suburbs of Coomera, Ormeau, Upper Coomera and Willowvale.

Close to **Cornerstone Village**, the **Pimpama Junction shopping centre** comprises a Woolworths supermarket, Medical Centre, Dentist, Chemist, bakery, newsagent, café, and a dozen specialty stores. Opposite the shopping centre are a number of fast-food retailers including McDonald's and Red Rooster. Also close by is the **Pimpama City Shopping Centre** which has Coles and ALDI supermarkets, a Medical Centre, Best & Less and over 40 specialty stores including fresh food, fashion, gifts and homewares.

A ten-minute drive away is the brand-new, \$470 million **Westfield Coomera** which comprises 140 specialty stores anchored by Woolworths, Coles, Kmart, Target, and a Medical Centre. Westfield Coomera includes an outdoor dining precinct offering a range of contemporary restaurants in an open-air courtyard, as well as many entertainment options including an eight-screen Event Cinema.

A number of state and private schools including Pimpama State Primary School, Pimpama State Secondary College, King's Christian College (offering early learning and primary and secondary education), Coomera Springs State School, Coomera Anglican College, Saint Stephen's College and Upper Coomera State College are close to **Cornerstone Village**, as are three preschool and childcare centres.

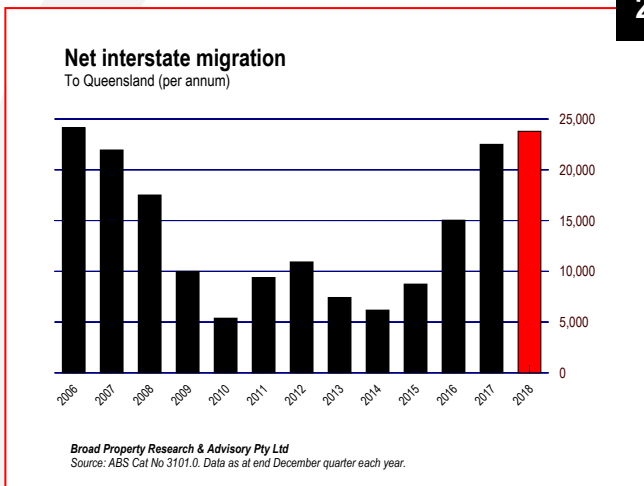
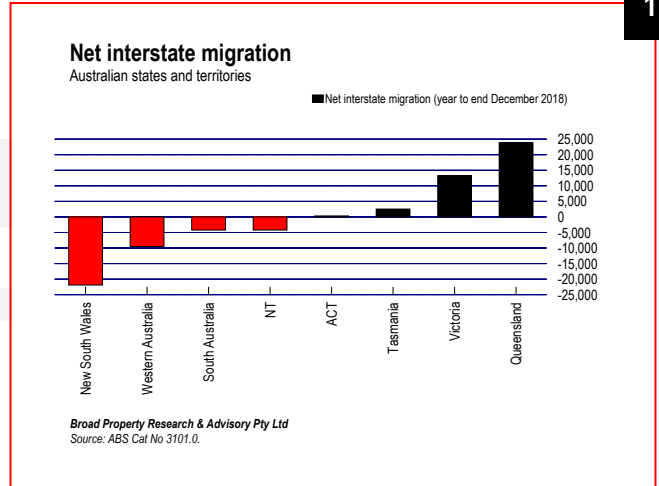
Finally, Pimpama is 50 kilometres equidistant from both Brisbane Airport and the Gold Coast Airport at Coolangatta. These are Queensland's two busiest airports, servicing more than 30 airlines flying to 50 domestic and 30 international destinations.

Section 2 – Market overview

Population growth

One of the main drivers of demand for residential property is population growth. Recently released figures from the Australian Bureau of Statistics (ABS) show that Queensland's population grew by 89,900 permanent residents in the 12 months to the end of December, 2018 to reach 5.053 million people.

As shown in **chart 1**, Queensland attracts more interstate migrants than any other state or territory, and only Queensland (23,796) and Victoria (13,209) had a sizeable net gain from interstate migration over the past year.



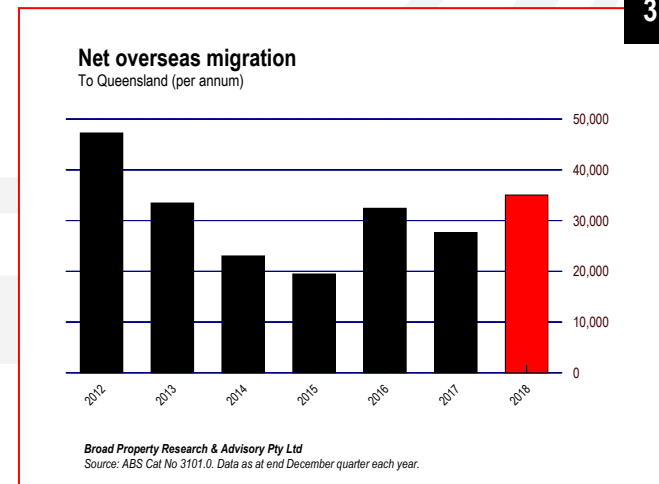
Net interstate migration to Queensland has been increasing each year for the past decade. See **chart 2**. Queensland's net gain from interstate migration of 23,796 people in 2018 was the highest level of interstate migration to Queensland since 2006. Furthermore, ABS data shows that almost one-third (31%) of Queensland's net gain from interstate migration in 2018 settled on the Gold Coast. This equates to 7,441 people.

Queensland is also a popular choice for overseas migrants, with more than 35,000 overseas residents choosing to call Queensland their new home over the past 12 months. See **chart 3**.

Whilst not a record, it is the highest level of net overseas migration to Queensland since 2012 and reflects the quality of lifestyle, safety, and security that Queensland offers.

Queensland is a growth state, and most of its annual population gain settles in its south-east corner. This is reflected in the fact that five of Australia's 15 fastest-growing municipalities are in Queensland's south east.

Indeed, with a population of nearly 607,000 permanent residents and an annual increase of almost 16,000 people, Gold Coast City is the second fastest-growing municipality in Australia.



Section 3 – Pimpama

Top performance

The Gold Coast was the second fastest-growing municipality in all of Australia last year and Pimpama was Australia’s fastest-growing suburb. As shown in **chart 4**, Pimpama gained 3,674 new residents last year, more than double the number of new residents attracted to each of the adjoining suburbs of Coomera and Upper Coomera.

Population growth in Pimpama is supply-led; that is, population growth has increased when new dwellings have been delivered. This provides a significant level of comfort to proponents of new townhouse projects such as **Cornerstone Village**.

Almost 20% of all dwellings in Pimpama are townhouses. This again confirms the appropriateness of additional townhouse product such as **Cornerstone Village**.

Pimpama’s high rate of population growth has led to a flurry of new development activity. During the year to end March 2019 there were 195 sales of medium-density dwellings (townhouses and apartments) in Pimpama and 202 detached house sales.

As shown in **chart 5**, the median sale price of townhouses in Pimpama has increased by an average of 8.5% per annum over the past three years, one of the highest rates of capital growth across the northern Gold Coast.

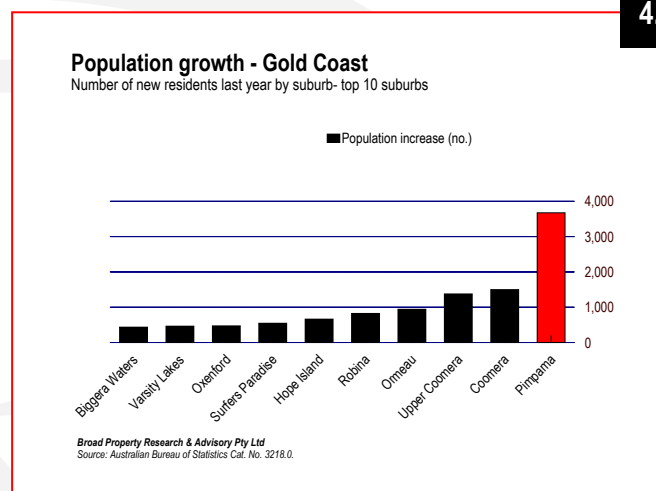
Chart 5 also confirms that the locational advantages of Pimpama and Coomera compared to other suburbs in the area.

Unsurprisingly given its high level of population growth, the vacancy rate for permanent rental accommodation in Pimpama is currently just 2.8%. A vacancy rate under 3% suggests a significant shortfall of suitable rental product.

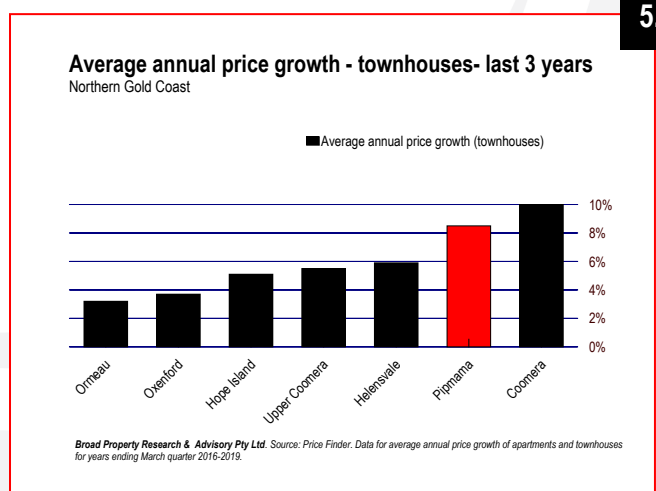
According to the Residential Tenancies Authority, more than 350 new rental bonds are lodged each month in postcode 4209 (which includes Pimpama and Coomera).

Pimpama has one of the highest proportions of renter households of any suburb in Queensland, at 70%, and suggests there will be strong demand for quality new townhouse projects such as **Cornerstone Village**. See **chart 6** on the following page. Such a high proportion of both renter households and new rental bonds suggest strong demand for both build-to-rent as well as build-to-sell development options.

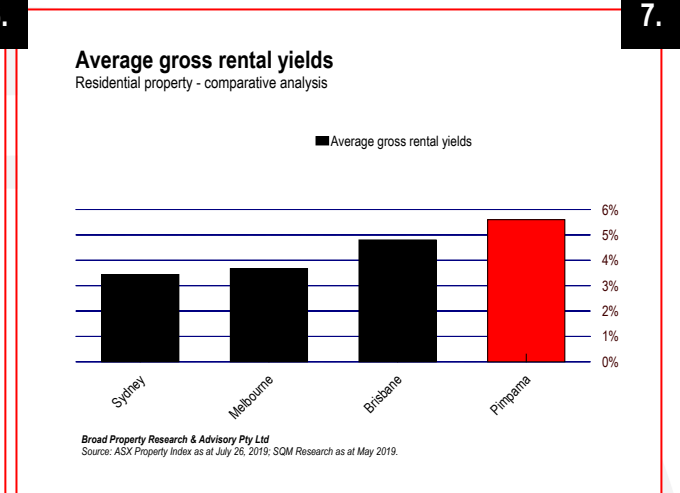
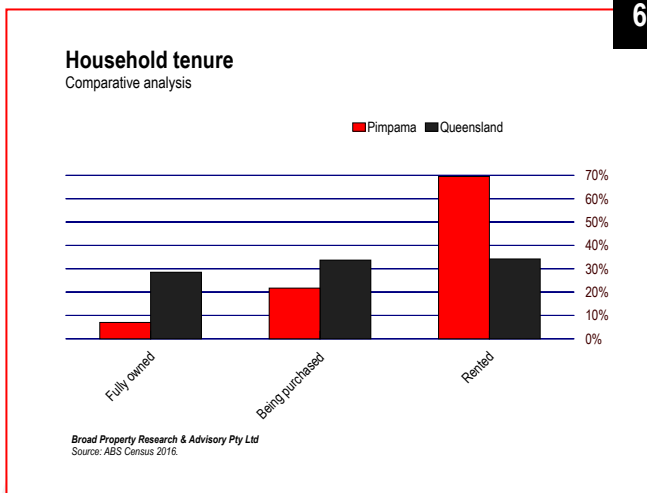
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As a result of strong demand for quality rental accommodation, gross rental yields in Pimpama are currently averaging 5.6% per annum. Not only is this significantly ahead of average gross rental yields in Brisbane (4.8%) it is way above average gross rental yields in both Sydney (3.4%) and Melbourne (3.7%). Investors are therefore likely to find new townhouse developments such as **Cornerstone Village** an attractive proposition. See **chart 7**.



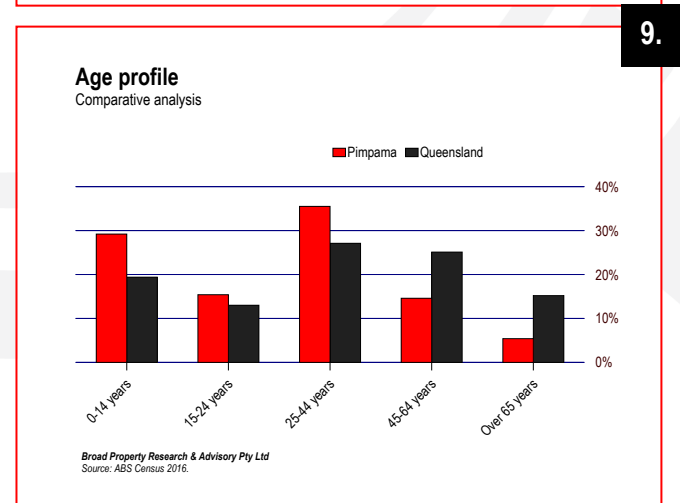
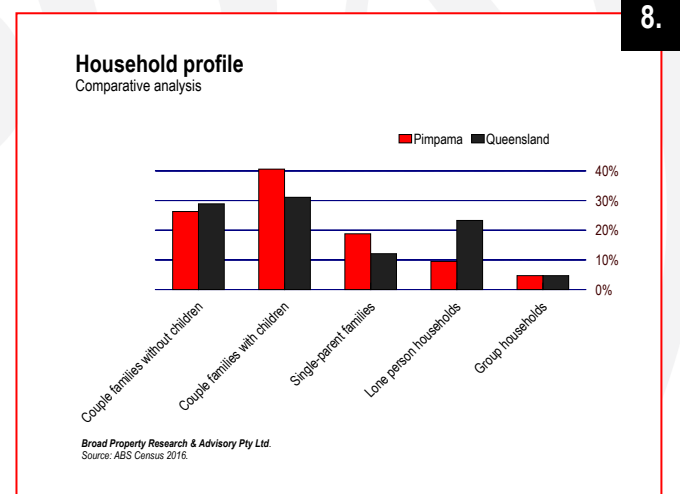
Housing demographics

Census data shows the predominant household type in Pimpama is a couple with young children, followed by couples without children. See **chart 8**. The latter are mainly young couples intending to have children in the near future. Three-bedroom townhouse product, as proposed for **Cornerstone Village**, is ideally suited to these household types.

As shown in **chart 9**, more than one-third (36%) of Pimpama's population is aged between 20 and 44 years and a further 29% are children aged 14 years and younger.

With the exception of the University of Queensland-based suburb of St Lucia, Pimpama actually has the youngest age profile of any suburb in South East Queensland and the youngest median age (27 years).

Although relatively young, the median weekly household income for Pimpama residents (\$1,591 per week) is some 13.5% higher than the Queensland average of \$1,402 per week.



Section 4 – Cornerstone Village

Competitive advantage #1 – dwelling size

The **Cornerstone Village** townhouses are well-sized with an average of 124m² of private internal living space and an average total size (including garage, porch and patio but excluding private open space) of 153m².

This compares to the average size of three-bedroom townhouses currently selling in Pimpama of 116m² (private internal living space) and 140m² (total size). Dwelling size is particularly relevant given that the ability for tenants to share comfortably makes a property more attractive, and is a way to appeal to a wider audience of prospective renters and/or future buyers.

Furthermore, private open space for each of the **Cornerstone Village** townhouses ranges between 21m² and 35m². Some townhouses currently selling in Pimpama only offer 5m² of private open space.

Competitive advantage #2 - inclusions

In addition to being larger than competing stock, the **Cornerstone Village** townhouses include an array of design features not always found in townhouses or established houses in the suburb. These include:

- All master bedrooms are large and have an ensuite;
- Main bathroom has a bath as well as a separate shower (not a shower over the bath);
- Generous robe space in all bedrooms;
- All have powder room on lower level;
- Separate laundry;
- High ceilings;
- Kitchens have a breakfast bar and stone benchtops;
- Sitting room/study upstairs;
- Reverse-cycle split-system air conditioning;
- LED downlights;
- Ceiling fans with light to living area and bedrooms;
- Quality carpets and tiles;
- Flyscreens and blinds;
- Private, screened entry; and
- Quality stainless steel appliances.

Cornerstone Village also offers experienced on-site management for peace of mind of residents and absent owners.

Competitive advantage #3 - price

Not only are the townhouses proposed for **Cornerstone Village** larger than those in most competing projects, their pricing is exceptionally competitive as well. The **Cornerstone Village** townhouses are priced from \$429,900 with expected rents of between \$400 and \$430 per week.

These rent forecasts have been provided by local agents and are based on rents currently being achieved in comparable townhouse complexes in Pimpama. Note that data from the Residential Tenancies Authority indicates median weekly rents across all dwelling types in Pimpama have increase by an average of \$10 per week over the past 12 months, equivalent to between 2.3% and 5.0% depending upon dwelling type.

Competitive advantage #4 - target markets

Given the strong rental market that exists in Pimpama and the area's household profile, the intention to deliver all three-bedroom townhouses in **Cornerstone Village** is eminently sensible. The project will predominantly appeal to the investment-buyer market as the dwellings will be readily rented by a large pool of potential tenants. Whilst this may include people working in Brisbane's CBD, most Pimpama residents work locally in the following industries:

- Trades and technical services;
- Retail;
- Hospitality;
- Education; and
- Healthcare and social services.

Appealing to such a wide range of potential renters is important, as it insulates investors from a slow-down in any one particular market segment. However, the very affordable prices proposed for the **Cornerstone Village** townhouses and their livable designs means the project may also attract interest from first home buyers looking to enter the market.

To this end, it should be noted that the Queensland Government is currently offering a grant of \$15,000 for first home buyers purchasing new dwellings valued under \$750,000. For eligible buyers, this grant may be used to purchase a townhouse in **Cornerstone Village**. Further details regarding eligibility criteria can be found at <https://qld.gov.au>

Section 5 – Conclusion

Pimpama's demographic profile as outlined in this report confirms the appropriateness and desirability of three-bedroom townhouse product as proposed for **Cornerstone Village**, particularly as they are larger than typically found in the suburb and have more generous private outdoor space. **Cornerstone Village** also has some 5,930m² of dedicated conservation area plus another 8,124m² of communal open space (including BBQs, seating areas and an exercise station) for use by residents.

The Gold Coast was the second fastest-growing municipality in all of Australia last year and Pimpama was Australia's fastest-growing suburb. Population growth in Pimpama is supply-led; that is, population growth has increased when new dwellings have been delivered. This provides a significant level of comfort to proponents of new townhouse projects such as **Cornerstone Village**.

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Whilst more than one-third (36%) of Pimpama's population is aged between 20 and 44 years and a further 29% are children aged 14 years and younger, giving Pimpama the second-youngest age profile of any suburb in South East Queensland and the youngest median age (27 years), the median weekly household income for Pimpama residents (\$1,591 per week) is some 13.5% higher than the Queensland average of \$1,402 per week.

With more than 350 new rental bonds lodged each month in Pimpama and the adjoining suburb of Coomera, and with Pimpama having one of the highest proportions of renter households of any suburb in Queensland, at 70%, not only will there be strong demand for quality new townhouse projects such as **Cornerstone Village** there is also likely to be strong demand for both build-to-rent as well as build-to-sell development options.

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Whilst the project will predominantly appeal to the investment-buyer market, the very affordable prices proposed for the **Cornerstone Village** townhouses and their livable designs means the project may also attract interest from first home buyers looking to enter the market, with the Queensland Government's \$15,000 first home buyer grant being an added incentive.

Disclaimer

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