

Glenvale, Toowoomba

Market Summary

Prepared by
Broad Property Research & Advisory Pty Ltd
ABN 86 563 894 018

October 2020

Section 1 – Introduction

The project

VentureCrowd Property Australia Pty Ltd (VentureCrowd) has a large residential development site along Drayton-Wellcamp Road, near the corner of Devine Road, in the Toowoomba suburb of Glenvale. Glenvale is located approximately 8.5km west of Toowoomba's Central Business District and 133km west of Brisbane. The site is located on the border of Glenvale and Wellcamp and is only one kilometre from Wellcamp Primary School, 3.5km from the Toowoomba Bypass Road, and 11km by road from Toowoomba Wellcamp (Brisbane West) Airport.

The elevated site offers expansive, attractive views of the local area and has approval for 314 lots, although we understand VentureCrowd is looking to increase site yield to approximately 400 lots. The site (and its immediate surrounds) is predominantly undeveloped agricultural land and is the logical “next stage” of residential development moving westwards along the Drayton-Wellcamp Road from the existing urban centre of Glenvale.

VentureCrowd is seeking funding for development of the Glenvale site and has commissioned Broad Property Research & Advisory Pty Ltd (BPRA) to provide an independent assessment of the local residential property market and to outline the drivers of demand for property in Glenvale. BPRA is an independent property research firm that offers a wide range of research services for the residential, commercial and industrial property sectors across Australia and New Zealand.

The location

Situated on the edge of the Great Dividing Range, approximately 125 km west of Brisbane, Toowoomba is the second largest inland city in Australia (the largest being the nation's capital, Canberra) and has emerged as one of the most dynamic regional cities in the country in recent years.

The local property market has been driven by steady economic and population growth and significant investment in infrastructure which has provided an extraordinarily stable and resilient market. Toowoomba has been ranked as one of Australia's most family-friendly cities, with a temperate climate, good housing affordability and choice, and an enviable lifestyle.

Toowoomba has a population of approximately 170,000 permanent residents and a workforce of 85,000 people. The Toowoomba Region has experienced strong and steady economic growth with an annual average increase in Gross Regional Product (GRP) of approximately 4.1% over the past decade and growth of 3.8% in the year ending June 2019, rising to \$12.19 billion.

As the capital of the Darling Downs, Toowoomba is south-west Queensland's centre for public administration, education, health services, defence and a wide range of professional services. It is also recognised as one of Australia's leading regions for agricultural production and innovation and is a major transport and logistics hub.

Built upon its garden city image, Toowoomba has more than 240 public parks and gardens. The Toowoomba region offers excellent primary, secondary and tertiary education options, transport connectedness, health facilities, and a large range of shopping and dining options.

Section 2 – Research findings

Residential sales

During the 2019/20 financial year, there were 95 house sales in Glenvale with a median sale price of \$360,000. This compares to a median sale price of \$377,500 from 85 sales in 2018/19.

During the 2019/20 financial year, there were 15 settled vacant land sales in Glenvale with a median sale price of \$164,900 and an average lot size of 479m².

Table 1: Glenvale: Settled vacant land sales

Year	No. sales	Price range	Median sale price	Average lot size	Average \$/m ²
2018	50	\$145,000 to \$207,500	\$165,000	545m ²	\$303
2019	8	\$145,000 to \$181,900	\$174,900	450m ²	\$389
2020	15	\$158,000 to \$184,000	\$164,900	479m ²	\$345

Broad Property Research & Advisory Pty Ltd, October 2020. Source: Price Finder. Settled sales for financial years.

Table 1 indicates that most new allotments in Glenvale have been priced in a fairly narrow range between \$145,000 and \$185,000. Furthermore, land sales appear to be supply-led; that is, the number of sales increases as more lots become available.

Compared to the Toowoomba region as a whole, Glenvale offers smaller lot sizes at more affordable prices, but with a similar average price per square metre. See table 2.

Table 2: Residential land cycle, Toowoomba Urban Area

Financial year	No. of sales	Median sale price	Average lot size	Average \$/m ²
2011	299	\$145,000	759m ²	\$191
2012	302	\$159,000	799m ²	\$199
2013	458	\$160,000	669m ²	\$239
2014	522	\$163,000	694m ²	\$235
2015	661	\$169,500	678m ²	\$250
2016	319	\$171,500	692m ²	\$248
2017	456	\$175,000	686m ²	\$255
2018	340	\$175,000	686m ²	\$255
2019	228	\$225,000	676m ²	\$333
2020	459	\$230,000	630m ²	\$364

Broad Property Research & Advisory Pty Ltd, October 2020. Source: Price Finder. Settled sales for financial years.

Table 2 suggests the Toowoomba land market has now entered the recovery phase. Sales volumes in 2020, despite recent national setbacks including bushfires and COVID19, are considerably higher than 2019. Median land values are also rising, reflecting the undersupply of new land on the Toowoomba market.

Toowoomba land prices are very competitive when compared to other areas across south east Queensland (SEQ). Allotment sizes in Toowoomba are also quite large when compared to typical allotments sold in other local government areas in SEQ.

Employment and infrastructure

According to the 2020 *Toowoomba and Surat Basin Enterprise (TSBE) Development Status Report*, the region has an infrastructure pipeline in excess of \$13 billion. A number of major projects were completed during 2019, including the Toowoomba Bypass, which will underpin future development and opportunities for the region. Some of the key major infrastructure and development projects currently underway in the region include:

- Inland Rail, the planned 1,700 km freight rail line which will enable freight to be delivered from Melbourne to Brisbane, via regional Victoria, New South Wales and Queensland (specifically, Toowoomba), in less than 24 hours. Inland Rail will be constructed over a 10-year period;
- InterLinkSQ is a master-planned logistics, warehousing and industrial estate, strategically located 13km west of Toowoomba (at Charlton, near Glenvale) to maximise transportation and supply chain efficiencies. The facility will include 3km of state-of-the-art rail infrastructure for the existing West Moreton rail line as well as direct connection to the Inland Rail alignment. Seaway Intermodal will work in partnership with InterLinkSQ to build and operate a \$235 million shipping and logistics solution for organisations involved in interstate and international business and transport;
- Toowoomba Wellcamp Airport is Australia's newest airport. After commencing passenger flights in November 2014, the airport now offers services weekly to destinations including Sydney, Melbourne, Townsville, Brisbane and Western Queensland. In November 2016, Toowoomba Wellcamp Airport began operating weekly air-cargo services to Hong Kong. This is Southern Queensland's only scheduled international air freight-only service. The Wellcamp Business Park which adjoins the new airport is being progressively developed, with a focus on aviation, transport, food processing, corporate and mining services; and
- Wagner Corporation is proposing an Intermodal Terminal at Wellcamp Business Park and Toowoomba Wellcamp Airport, to handle a wide range of freight and be interoperable with rail, road and air logistics. The intermodal facility at Wellcamp will be a hallmark of the strategic intersection of the Inland Rail route with the Toowoomba Wellcamp Airport and the newly completed Toowoomba Bypass infrastructure.

Wagner Corporation has also announced a \$175 million plan to develop the Wellcamp Entertainment Precinct which will incorporate motorsport, driver-training and a 40,000-person performing arts venue. The Queensland Government has committed \$40 million to the project which will boast business, tourism and event facilities as well as accommodation for up to 5,000 guests. With the circuit to be designed by Mark Skaife, there is speculation the course may draw the V8 Supercars annual event from the Willowbank track in Ipswich and possibly host a round of the Indycars. The project will support 130 jobs during construction and up to 2,500 jobs when hosting major events.

The region also has a number of large-scale renewable energy project approvals including four solar farms with a combined total investment in excess of \$1.5 billion.

By 2041 it is expected that Toowoomba's western corridor (centred on the suburbs of Glenvale and Wellcamp) will be the second largest employment area in Toowoomba, accounting for 23% of regional employment growth. This will primarily be driven by the transport, postal and warehousing industry and growth of the Charlton Wellcamp Enterprise Area (also known as the Toowoomba Enterprise Hub).

Population and demographics

Approximately 170,000 people live in Toowoomba. Over the past decade the local population has grown by some 1,650 new residents each year. Looking ahead, the projected growth rate is expected to be slightly higher over the next decade with an estimated annual increase of 1,700 new residents each year.

The suburb of Glenvale has a population of approximately 7,000 residents. It is part of the Toowoomba West statistical area, which is the second fastest-growing area within the Toowoomba City Council, recording a population growth rate of 3.0% per annum last year. This is more than three times the population growth rate of the Toowoomba region as a whole (0.8%).

Population projections identify Toowoomba West as a high-growth area due to the significant supply of greenfield urban land that is relatively unconstrained, such as the parcel owned by VentureCrowd.

The bulk (83%) of Toowoomba's housing stock are detached houses. A review of the 2016 Census results for the Toowoomba region found the following in relation to **detached houses**:

- 35% are fully owned
- 37% are owner-residents with a mortgage
- 28% are held by investors (rented)

- 46% are three-bedroom dwellings
- 36% have four-bedrooms
- 8% have five or more+ bedrooms

- 20% of detached dwellings typically hold one resident
- 38% have two residents
- 15% have three residents
- 15% have four residents
- 12% have five+ residents

- 20% of detached dwellings are lone person households
- 31% are couples without children
- 46% are families with children or other relatives still at home

Dwelling demand

One of the main drivers of demand for residential property is population growth. As noted above, Toowoomba's population is expected to increase by 1,700 new residents each year over the next decade. With an average household size of 2.5 persons per household (as per the 2016 Census), this means there is a need to build some 680 new dwellings each and every year in Toowoomba over the next decade (2021 to 2031).

From a current population of 14,000 people living in 5,000 dwellings, official government projections suggest Toowoomba West will be home to more than 30,000 people living in more than 12,700 homes by the year 2050. This suggests a need for around 265 new houses in Toowoomba West each year for the next 30 years.

At present, there are some 3,500 urban allotments approved for development in Toowoomba, of which a very low 17% (or 580 lots) have operational works approval but have yet been sold and settled. With demand for 680 new dwellings each year, there is currently less than one year's supply of new land available for sale on the Toowoomba market. Toowoomba therefore doesn't have enough land for sale to meet forecast demand. New estates, such as VentureCrowd's Glenvale development, are needed as a matter of urgency.

The Toowoomba City Council also sees future residential development in the Glenvale-Toowoomba West area meeting demand for both smaller dwellings (less than four bedrooms) and for dwellings on smaller lots as a way of improving both housing diversity and affordability.

Rental market

Whereas only 28% of detached houses in the Toowoomba region are rented, in Glenvale 38% of dwellings are rented. Across the Toowoomba region, vacancy rates are currently a very tight 0.5%. This suggests an undersupply of suitable rental product. The median weekly rent for four-bedroom houses in Toowoomba is currently \$400 per week, and median weekly rents across all dwelling types have risen by around \$7 per week over the past 12 months. Gross rental yields in Toowoomba are currently averaging 5.4% per annum. Not only is this excellent in the current investment climate, but is significantly ahead of average gross rental yields across Brisbane as a whole (4.5%) as well as in Sydney (2.9%) and Melbourne (3.2%).

Section 3 – Conclusion

The residential land market in Toowoomba is currently undersupplied. The large site owned by VentureCrowd along the Drayton-Wellcamp Road in Glenvale has the ability to address this land supply shortage. Furthermore, it is located in the identified Toowoomba West growth area and is the logical “next stage” of residential development moving westwards along the Drayton-Wellcamp Road from the existing urban centre of Glenvale.

The Toowoomba City Council also sees future residential development in the Glenvale-Toowoomba West area meeting demand for both smaller dwellings (less than four bedrooms) and for dwellings on smaller lots as a way of improving both housing diversity and affordability.

The site is well-located in relation to infrastructure and employment. Positioned at the western gateway of Toowoomba, the Glenvale-Toowoomba West area is highly accessible by regional transport corridors. It is located at the intersection of the national highway network (Gore and Warrego Highways), rail lines and Brisbane West Wellcamp Airport that connects the Darling Downs to South East Queensland, and more broadly Australia and the world. By 2041 it is expected that Toowoomba’s western corridor will be the second largest employment area in Toowoomba, accounting for 23% of regional employment growth.

Our analysis of recent sales indicates that most land buyers in Toowoomba are locals. Smaller allotment types do also appeal Brisbane residents and people migrating from New South Wales, whilst larger allotments have some appeal to people moving into Toowoomba from the surrounding country areas. For VentureCrowd’s Glenvale site we believe there are two distinct buyer segments:

- Owner residents. These will predominantly be from the local (Toowoomba) region; secondary owner-occupier markets are Western Downs and towns along the Ipswich-Gatton-Toowoomba corridor. Also, some interest from the Sunshine Coast, Gold Coast and the greater Brisbane region; and
- Investors. Toowoomba’s largest investor markets are from New South Wales and the Brisbane region. There is also a modest amount of local investor interest and from residents of the Western Downs. Glenvale has a strong rental market and vacancy rates in the area are extremely tight at present, making new residential product as proposed by VentureCrowd an appealing proposition for investors.

Recent evidence suggests most estates in the Toowoomba region are achieving 2 to 3 vacant land sales per month, but those adopting a more aggressive marketing budget and targeting builder partners to supply house and land packages are achieving a consistent rate of sale of 5 to 6 sales per month. Initially the Glenvale site is likely to meet with pent-up demand, and rates of sale could therefore be even higher.

Disclaimer

Whilst the information contained in this document has been carefully compiled, no warranty or promise as to its correctness is made or intended. Interested parties should undertake independent inquiries and investigations to satisfy themselves that any details herein are true and correct. No forecasts are being made about potential capital gains or rental returns. Past information about capital gains or rental growth does not imply such gains or growth will be made in the future. We do not accept any responsibility or liability for any loss or damage arising out of reliance on the information in this document. Our comments assume any future interest rate increases are modest and that Australia’s economic conditions remain favourable. Prolonged downturns in the economies of China or the USA, or significant international events such as war, pandemics or terrorist attacks, may have a detrimental impact on Australia’s economy and the performance of residential property. This document is copyright and no part may be reproduced without prior written permission from us. Project information provided by VentureCrowd Property Australia Pty Ltd. Information valid for six months from date of compilation (October 2020). Data sources used include Australian Bureau of Statistics, Australian Stock Exchange, Matusik Property Insights, Price Finder, Residential Tenancies Authority, SQM Research, Toowoomba Regional Council, and Toowoomba and Surat Basin Enterprise.