

# The National Property Research Co.

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## **CHERMSIDE WEST MARKET ANALYSIS**

**PREPARED FOR:**

**LENNIUM GROUP**

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**APRIL 2017**

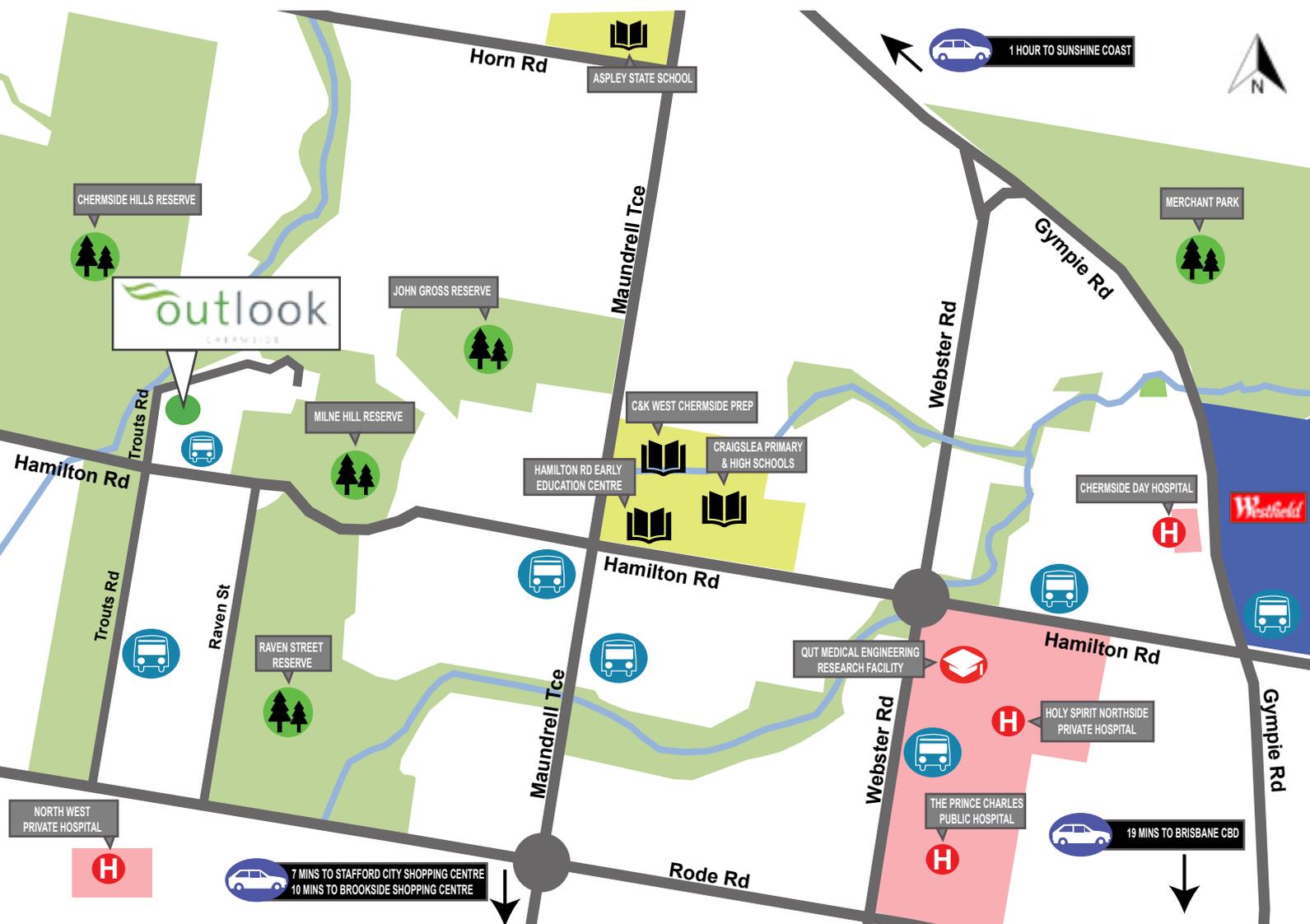
# CHERMSIDE WEST & SURROUNDS

## SUBURB OVERVIEW

Chermside West is located within Brisbane's Northern suburbs, approximately 10km North of the CBD and 14km West of Brisbane's Domestic & International Airport. Chermside West's neighbouring suburb of Chermside is one of Brisbane's most rapidly emerging urban centres and is fast becoming regarded as somewhat of a satellite city, predominantly servicing the needs and desires of residents who reside north of the CBD. Chermside West has been a key beneficiary of the ongoing urbanisation occurring within the neighbouring suburb of Chermside, as it finds itself on the fringe of rapidly improving infrastructure and surging employment hubs. The map below highlights a range of key features within Chermside West and the neighbouring Chermside precinct.

Throughout the balance of this report, demographic, economic and property market trends will be examined in relation to a 'Primary Catchment' area, which includes Outlook Chermside's host suburb of Chermside West as well as the neighbouring suburb of Chermside. Amalgamating these two suburbs into a single Primary Catchment has been done to provide a more sound indication of current and historical property market conditions, with the small physical size of Chermside West unable to provide a large enough sample size to infer credible property market trends due to a lack of historical sales records, particularly for townhouse product.

Outlook Chermside Surrounding Key Amenity Map



# CHERMSIDE WEST & SURROUNDS

## EDUCATION

As shown in the map above, Outlook Chermiside is set within close proximity to a range of educational facilities, catering for all types of students with early childhood, primary, secondary and tertiary education facilities all located within less than three kilometres of the project.

 **6 PRIVATE & PUBLIC SCHOOLS WITHIN 6KM OF OUTLOOK CHERMSIDE**

For those looking to have their children educated within a public school system, Outlook Chermiside is located within the Craigslea State School catchment for primary students and Craigslea State High School for secondary ages students. Co-located, these two schools are situated 1.5 kilometres from Outlook Chermiside, 3 minutes drive away.

Meanwhile, for those in search of a private school education for their children, there are three options located within less than 6 kilometres and a 5 to 10 minute drive from Outlook Chermiside. These include Northside Christian College (Prep to Year 12), Prince of Peace Lutheran College (Prep to Year 12) and Padua College (All Boys, Years 5 to 12).

 **2 MAJOR UNI CAMPUSES WITHIN A 10KM DRIVE: 19,400+ STUDENTS**

At a tertiary level, Queensland University of Technology's Institute of Health and Biomedical Innovation and Medical Engineering Research Facility is located less than 3 kilometres from Outlook Chermiside and neighbours The Prince Charles Hospital. Further afield, both the Australian Catholic University and Queensland University of Technology's Kelvin Grove campus are located within 10 kilometres and less than a 20 minute drive from the project hosting an estimated combined total of approximately 19,400 students as at the end of 2016.

## TRANSPORT

Chermiside West is connected to broader Brisbane predominantly via a number of major arterial roads and Translink Bus Services.

Traveling by private transport, future residents of Outlook Chermiside will reach Brisbane CBD in approximately 20 minutes and the Brisbane Domestic & International Airport in under 20 minutes. Since the completion of the \$3.2 Billion Clem 7 tunnel in early 2010, drivers will also have the option of by-passing the CBD entirely with access to the Pacific Motorway at Woolloongabba on the south side of the Brisbane River in less than 20 minutes.

Alternatively, the nearest public bus stop is situated less than 200 metres walk from Outlook Chermiside on Hamilton Road. The public bus system currently delivers patrons to Westfield Chermiside Shopping Centre in approximately 18 minutes and the Brisbane CBD in under 40 minutes (from the nearest major interchange on Maundrell Terrace).

Padua College



Source: Conacle

Queensland University of Technology: Kelvin Grove Campus



Source: QUT



**36 MINS FROM BRISBANE CBD:  
DEPARTING MAUNDRELL TCE**



**UNDER 20 MINS DRIVE FROM  
BRISBANE AIRPORT VIA AIRPORT  
LINK TUNNEL**



**20 MINS DRIVE FROM BRISBANE  
CBD VIA M3**

# CHERMSIDE WEST & SURROUNDS

## RETAIL

As mentioned previously, Chermshire is fast becoming a satellite city for Brisbane's northern suburbs. Situated on the fringe of this emerging urban precinct, Chermshire West's proximity to commercial, retail and entertainment amenities continues to improve and grow.

Westfield Chermshire is regarded as northern Brisbane's major retail and commercial destination and is located approximately 3.5 kilometres East of Outlook Chermshire, 8 minutes drive away. Westfield Chermshire is currently undergoing a \$355 million redevelopment, with 95 new retailers being added. There are now approximately 390 different retail outlets within the shopping centre, 46 of which were recently launched in the first week of April as part of the first stage of the centres redevelopment. Upon completion later in 2017, Westfield Chermshire will become the largest Westfield Shopping Centre in Australia.



LESS THAN 4 KILOMETRES  
FROM WESTFIELD CHERMSIDE:  
390+ RETAIL OUTLETS

Closer to home, the McDowall Village Shopping Centre is located 1 kilometre from Outlook Chermshire, on the corner of Hamilton and Beckett Road. McDowall Village is essentially regarded as a neighbourhood convenience centre, hosting a range of 20 different retail outlets including an IGA, a local pharmacist, a news agent, a medical centre, a gym and a range of other stores to service daily requirements.

## RECREATION

Chermshire West is surrounded by a large range of open, green parklands, with Outlook Chermshire nestled between Chermshire Hills Reserve, Milne Hill Reserve and Raven Street Reserve. These three actually link together to create 129 hectares of bushland, known as Chermshire Hills Reserves.

Chermshire Hills Reserves comprises open forest, woodland and dry rainforest, providing protection for more than 200 native plant species and 115 different bird species. The most popular feature of the Chermshire Hills Reserves are its walking, biking and multi-use trails that wind throughout. Overall, there are 9 different trails throughout Chermshire Hills Reserves, ranging in distance from just 350 metres through to 2 kilometres.

Including Chermshire Hills Reserves, there are a total of 9 Brisbane City Council Parks situated within Chermshire West, each of which are located no further than 3 kilometres from Outlook Chermshire. Aside from the nature walks and bikeways, these parks also host basketball courts, barbecue areas, outdoor fitness equipment, dog-off-leash areas, playgrounds, cricket nets and more.



129 HECTARES OF PUBLIC BUSHLAND  
AT CHERMSIDE HILLS RESERVES

Westfield Chermshire



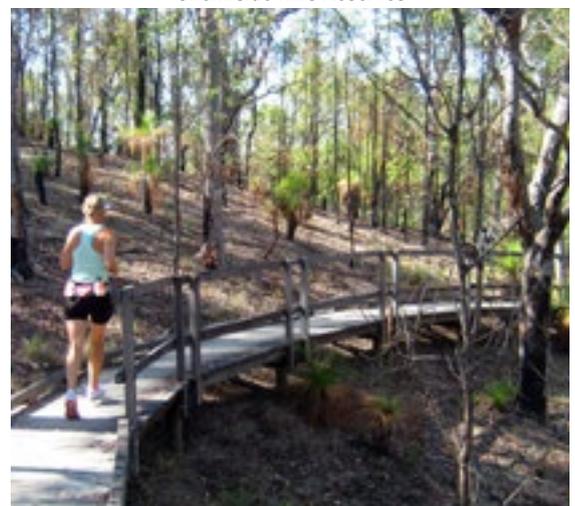
Source: MPN Consulting

Westfield Chermshire Redevelopment Plans



Source: Universities Australia

Chermshire Hills Reserves



Source: Weekend Notes

# DEMOGRAPHIC OVERVIEW

## POPULATION GROWTH

*"Between 2000 and 2016, the Primary Catchment's total population increased by 39%, outperforming both the Brisbane LGA (36%) and Queensland (38%) across the same time."*

Importantly, population growth trends throughout the Primary Catchment region is expected to remain strong throughout the medium to long term future. Between 2016 and 2036, the Primary Catchment's total population is expected to increase by 38.8%, largely in line with Queensland (39.6%) projections and ahead of the Brisbane LGA (21.1%) projections.



**POPULATION GROWTH FORECAST:  
39% BETWEEN 2016 & 2036**

Similarly to the broader state and national trends, the local population is predicted to age across the coming years.

*"Overall, the 'Elderly and 'Healthy Retirement' demographics are set to experience the highest growth rate between 2011 and 2036, at 133% and 86% respectively."*

An increased prevalence of older residents typically results in increased demand for smaller, lower maintenance properties, such as townhouses, which enable residents to free themselves from some of the burden of ongoing property maintenance, in pursuit of an improved quality of life.

As well as acknowledging the ageing population shift, the ongoing dominance of residents within the 'Family Formation' and 'Education' stages of life, should also be considered. Combined, these age groups will make up virtually half (49%) of the Primary Catchment's population by 2036.

The continued prevalence of these two age groups will continue to support local economic growth as household expenditure typically peaks at the Family Formation stage of life, to the benefit of local businesses and service providers.

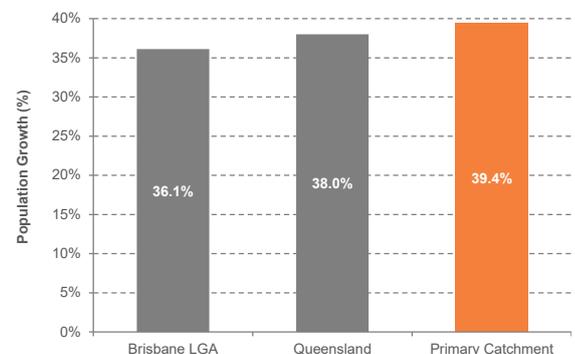
Furthermore, the population growth forecast for the Primary Catchment area will naturally have a considerable impact on the local housing market, particularly in relation to the number of new dwellings required to be built in order to meet the forthcoming demand.



**4,038 NEW DWELLINGS REQ'D: 2011 - 2036**

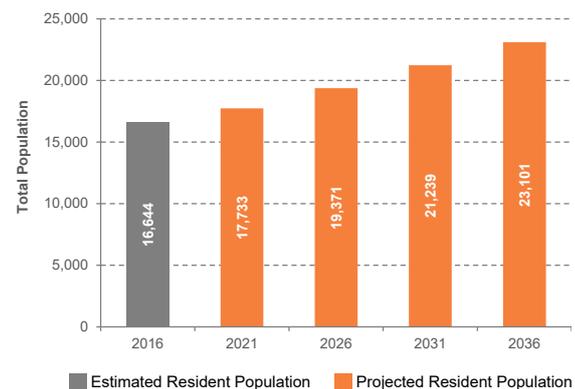
The scarcity of undeveloped land within the local area and the greater Brisbane LGA are expected to see an increased push towards medium and higher density housing product.

**Recorded Population Growth: 2000 - 2016 (%)**



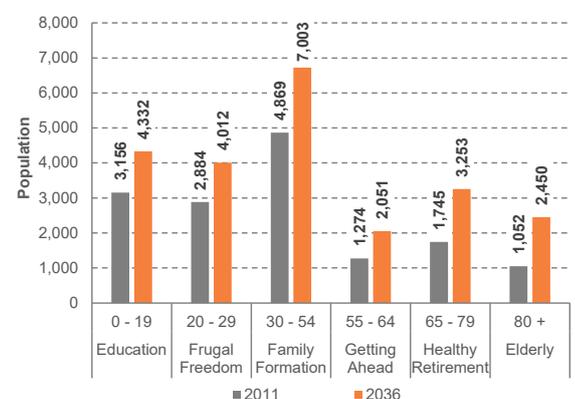
Source: QLD Government Statistician's Office

**Primary Catchment Population Growth Projection**



Source: QLD Government Statistician's Office

**Primary Catchment Population Projections by Life Stage & Age Group**



Source: QLD Government Statistician's Office

# DEMOGRAPHIC OVERVIEW

## DWELLING STRUCTURE & HOUSING TENURE

In the past, the local property market has been led by traditional, detached homes, whilst townhouses have historically been the least common.

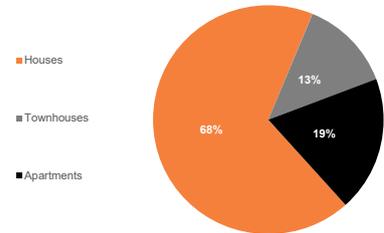


Moving forward, there will be a decline in the portion of traditional detached houses, in favour of townhouse and apartment accommodation. The forthcoming shift towards higher densities is nothing less than a simple necessity, with the population growing and land supply dwindling.

Accordingly, the future for Chermside and Chermside West will entail greater diversity in housing product, catering for the needs of a broader range of purchasers. Increased prevalence of townhouse or apartment accommodation will also provide more affordable entry points for new housing product.

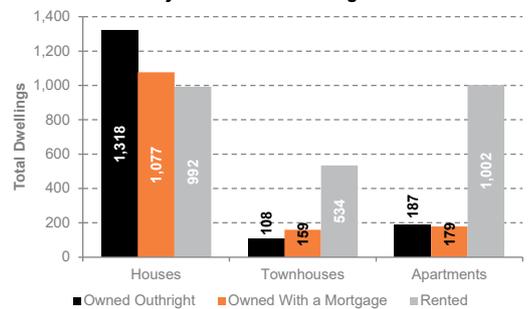


Primary Catchment Dwelling Structure



Source: ABS

Primary Catchment Housing Tenure



Source: ABS

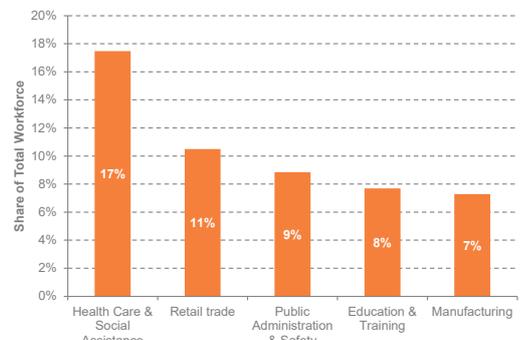
## INDUSTRY OF EMPLOYMENT

The two most common industries of employment are Health Care & Social Assistance (17%) and the Retail Trade (11%). This is heavily influenced by the presence of four hospitals within the Primary Catchment and one of the country's largest shopping centres in Westfield Chermside. Clearly, employees of these major infrastructure facilities are eager to reside close to their place of work.



More broadly speaking, the Primary Catchment's top five industries of employment spans across a diverse range of key industries, offering employment opportunities for both highly skilled and blue collar employees alike.

Primary Catchment Top 5 Industries of Employment



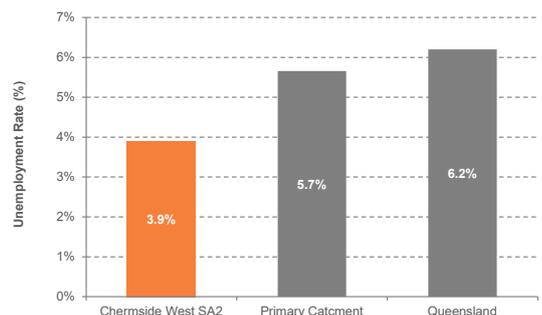
Source: ABS

## UNEMPLOYMENT RATES



During Quarter 4, 2016, the unemployment rate within Chermside West was recorded at just 3.9%. This is superior to that of the Primary Catchment as a whole (5.7%) and the state average which reached 6.2%. With most economists regarding full employment at an unemployment rate of 5%, the labour market in Chermside West is in a healthy position at present.

Unemployment Rates - December 2016



Source: Australian Government Department of Employment

# DEMOGRAPHIC OVERVIEW

## HOUSEHOLD AFFORDABILITY

It's generally accepted that once the cost of servicing weekly mortgage or rental repayments commands 30% or more of weekly household income, housing costs are deemed unaffordable.

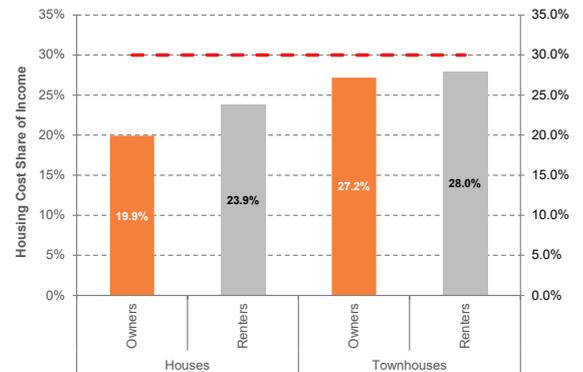
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**HOUSES & TOWNHOUSES:  
BOTH MORTGAGE & RENTAL RATES  
REGARDED AS AFFORDABLE**

Importantly, the Primary Catchment currently hosts an 'affordable' market for owners and renters of both house and townhouse product. Mortgage or rental payments are estimated to command between 19.9% (House Owners) and 28.0% (Townhouse Renters) of household incomes.

Remaining below the below the affordability threshold provides resilience against unfavorable changes in broader economic conditions, as well as reasonable opportunity for both rental and sales price growth to occur.

**Primary Catchment Housing Share of Income:  
Houses & Townhouses (Owners & Renters)**



Source: PriceFinder, RTA & The NPR Co.

# RESIDENTIAL SALES

## HISTORICAL TOWNHOUSE SALES SUMMARY

*Due to the low volume of sales within Chermside West since 2000, this section of the report will take into account historical sales transactions within Chermside West and Chermside combined, which make up the 'Primary Catchment'.*

The accompanying chart depicts long term median price growth achieved in townhouse sales within the Primary Catchment from 2000 to 2016.

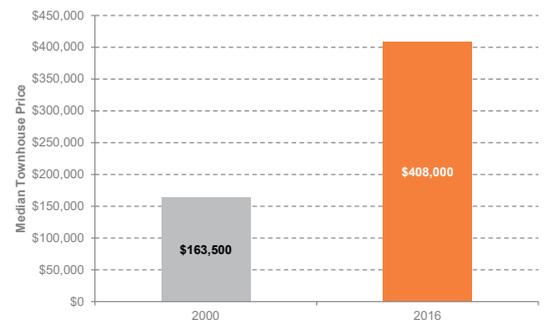
PRIMARY CATCHMENT:  
**150% TOWNHOUSE PRICE GROWTH  
SINCE 2000**

The Primary Catchment's median townhouse price increased by 150% between 2000 and 2016, from \$163,500 to \$408,000. Price growth recorded within the Primary Catchment outperformed the neighbouring suburbs of Mcdowall (98%) and Aspley (122%), which also recorded a lesser median townhouse price of \$405,000 and \$389,000 respectively in 2016.

Although reaching \$408,000 in 2016, the Primary Catchment's median townhouse price continues to be restrained by a dominance of older, dated stock, with most of the region's new supply coming via apartments, rather than townhouses. In fact, in 2016, there were just 12 townhouse sales recorded within the Primary Catchment, compared to 257 apartment sales and 188 house sales. Clearly, townhouse accommodation is still an emerging product type throughout the Primary Catchment, remaining in low supply and 'flying-under-the-radar'.

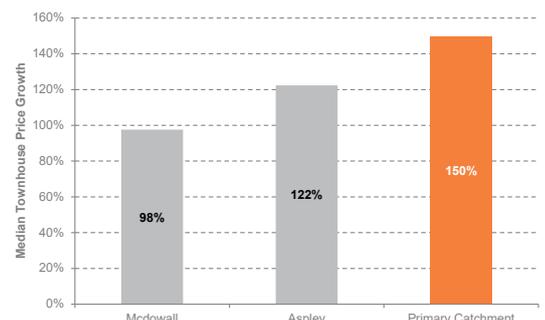
Of the 12 Townhouses sold locally in 2016, just 3 sales come from newly developed stock. Sales prices achieved across the 3 new townhouses sold in 2016 ranged between \$590,000 and \$610,000, well ahead of the \$408,000 median.

**Primary Catchment: Long Term  
Median Townhouse Price Growth 2000 - 2016**



Source: PriceFinder & The NPR Co.

**Long Term Townhouse Price Growth 2000 - 2016:  
Primary Catchment Vs. Neighbouring Suburbs**



Source: PriceFinder & The NPR Co.

# RESIDENTIAL SALES

## HISTORICAL BUYER ORIGIN SUMMARY

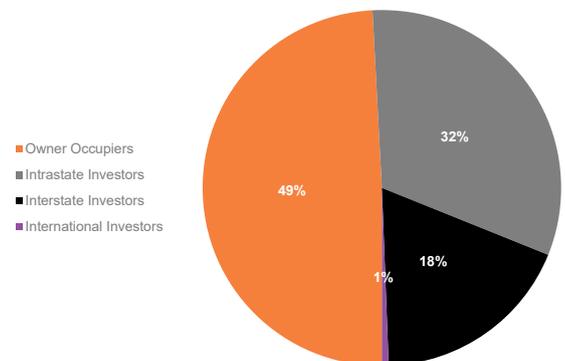
Buyer origin data provides a valuable insight into the makeup of the local residential market and helps to gauge the historical split between owner occupier and investment purchases.

### 49% OF TOWNHOUSES SOLD TO LOCALS

Overall, between 2000 and 2016, 32% of all Primary Catchment townhouse sales have been attributed to buyers located within the state of Queensland, but outside of Chermside and Chermside West (Intrastate Investors). Meanwhile, Interstate and International buyers have contributed a further 19% of Primary Catchment townhouse sales since 2000.

The relatively high portion of local townhouses sold to investors is a sign of confidence in both the longer term capital growth prospects (discussed below) and sustained healthy rental demand evident throughout the entire Primary Catchment region.

**Primary Catchment Townhouse Sales: Buyer Origins 2000 - 2016**



Note: Owner Occupiers refer to those purchasers from within Chermside & Chermside West  
Source: PriceFinder & The NPR Co.

**4032 Postcode Medium Density Vacancy Rate: Q3 2016**

# 2.9%

Vacancy Rate includes the combination of all Townhouse & Apartment Rentals.  
Source: PriceFinder & The NPR Co.

*"The Medium Density rental market within the Primary Catchment's host postcode of 4032 recently reached a healthy vacancy rate of 2.9%, with properties taking an average of just 22 days to let during the first quarter of 2017."*

# RESIDENTIAL REALES

## TOWNHOUSE REALES & CAPITAL GROWTH

The townhouse resales data has been derived from all sales recorded within the Primary Catchment since the start of 2000. The two accompanying charts convey an undeniably strong resales market throughout recent history.

*"Overall Townhouses have recorded an average capital gain of between \$66,081 and \$256,750 based on short and long term holding periods, seen in the chart attached."*

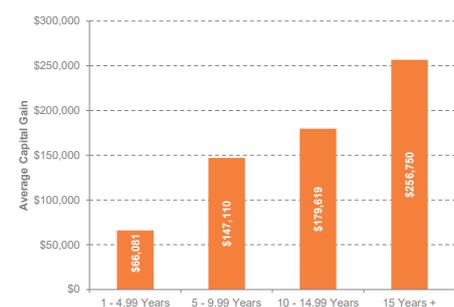
It is important to note that these capital gains are an average of each individual holding period range. Across all holding periods, the townhouses resold within the Primary Catchment achieved an average capital gain of \$106,952 over an average holding time of 5.6 years.

### 100% OF PROPERTIES HELD 10 YEARS + ACHIEVED A CAPITAL GAIN

Capital gains within the Primary Catchment have far outweighed capital losses in every holding period. Overall, 258 of the 272 resales recorded since 2000 registered a capital gain.

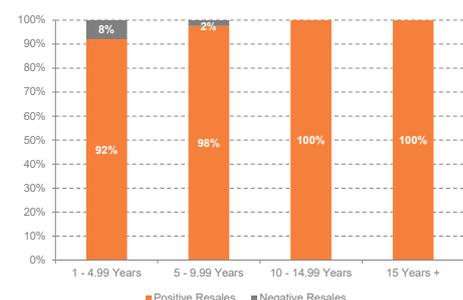
The Primary Catchment's townhouse market has historically provided a sound return on investment for owners, particularly rewarding those who have held longer term.

**Primary Catchment: Average Capital Gains 2000 - 2016**



Source: PriceFinder & The NPR Co.

**Primary Catchment: Resale Volumes 2000 - 2016 (1 Year Min.)**



Source: PriceFinder & The NPR Co.

# KEY INFRASTRUCTURE

Brisbane is currently undergoing a vast amount of urban renewal and infrastructure development through a number of major landmark projects. The following, significant projects are concentrated in Brisbane's North and are expected to positively effect both Chermshire West and greater Brisbane into the future, through improved connectivity, employment growth improved the quality of life for residents.

## Brisbane Airport Upgrades



*"Brisbane Airport Corporation has delivered approximately \$1 billion worth of infrastructure since 2009 with a further \$3.8 billion earmarked for investment in major projects over the next decade."*

Australia's biggest aviation project, the \$1.35 billion New Parallel Runway is under construction, with plans underway for a new Regional Satellite Terminal, new aircraft aprons and taxiways, more car parks, two new hotels and a Brisbane Airport Conference Centre.

## Brisbane Mega Cruise Ship Terminal



The Queensland Government has given approval to Stage 1 of the \$100 Million Cruise Ship Terminal at the mouth of the Brisbane River.

*"The development could triple the size of Brisbane's cruise industry over the next 20 years, growing to support 3,750 jobs, bringing 766,260 international and domestic cruise visitors annually to the City and contributing approximately \$1 billion in gross output annually to Queensland's economy by 2036."*

The project currently has 80% of approvals in place and construction is expected to begin in October 2017, with completion likely by late 2019.

## Herston Quarter



The transfer of children's health services from Herston Quarter to Lady Cilento Children's Hospital in late 2014, led to high vacancies throughout the precinct. In response, Herston Quarter was declared as a PDA in 2016, for redevelopment into a mixed use zone with a strong emphasis on health related issues.

*"Construction is scheduled to commence in 2017 and is expected to take 10 years to complete a total of 12 buildings on-site, Supporting 700 jobs annually throughout the development process."*

Upon completion, Herston Quarter will create a global benchmark for health precincts, through integrated public rehabilitation services and elective surgery, intergenerational living and green spaces in ways that encourage socialisation, innovation, collaboration and interaction.

## Westfield Chermshire Redevelopment



Westfield Chermshire is currently undergoing a \$355 Million, 33,000 sqm redevelopment, which will see 95 new retailers added, including a luxury dining and entertainment precinct, and additional parking facilities.

Construction first began in January 2015 and stage one was recently completed in April 2017 with the launch of 46 new stores. Completion of the final stage, stage 2, is scheduled for later this year, in June 2017.

*"Upon completion, Westfield Chermshire will be 156,000sqm, with over 400 retail outlets and more than 7,000 carparks, making it the largest Westfield Shopping Centre in Australia."*

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