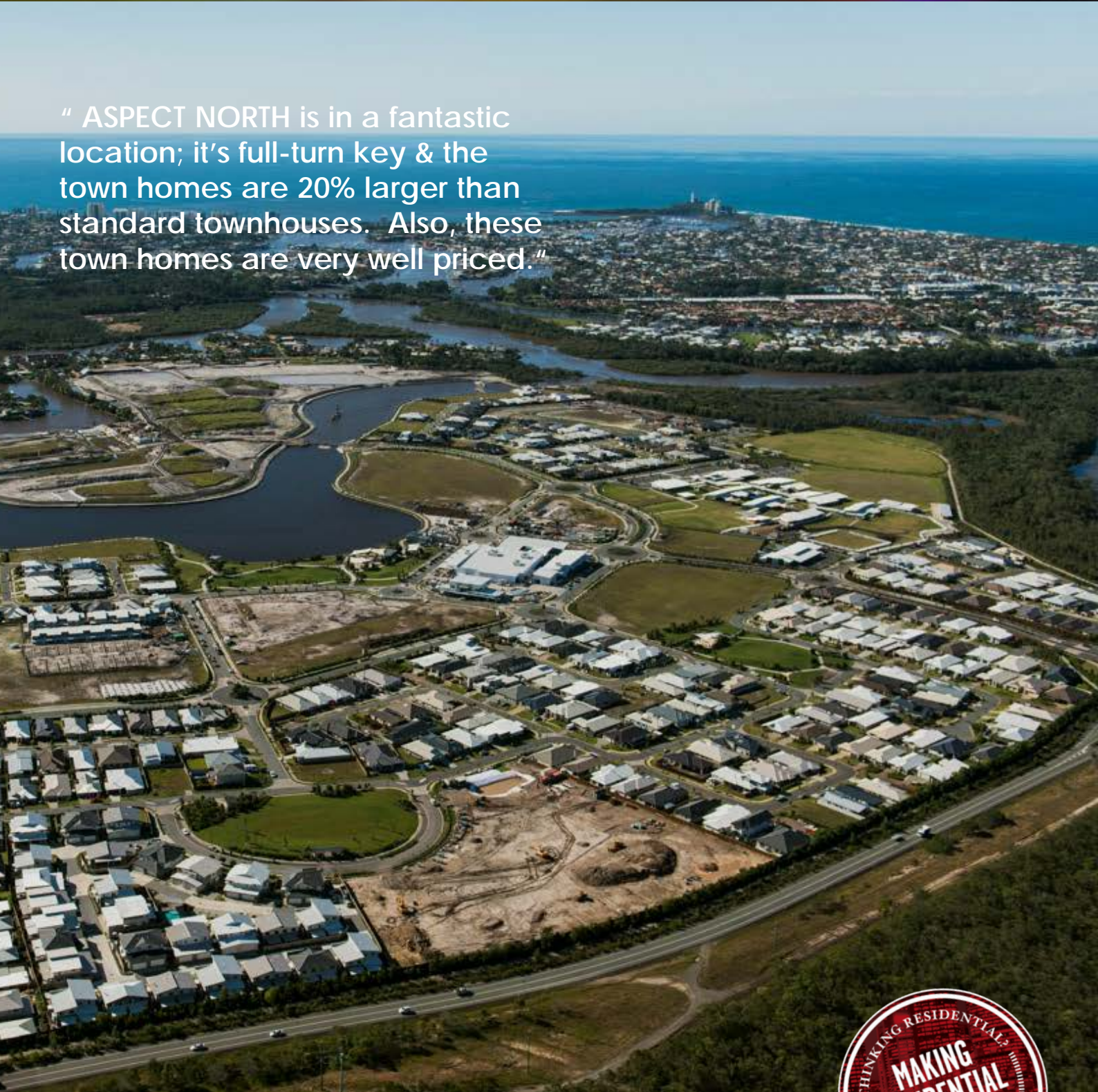


# matusik's

## *Seven Reasons Why*™

macro perspective - micro analysis

" ASPECT NORTH is in a fantastic location; it's full-turn key & the town homes are 20% larger than standard townhouses. Also, these town homes are very well priced."





**MICHAEL MATUSIK**

**INDEPENDENT, PERCEPTIVE  
& TO THE POINT.**

Michael Matusik is a leader in residential market analysis & property advice in Australia.

A 25 year veteran in this business, Michael has helped over 550 new residential projects come to fruition throughout the country.

He has seen what works & what doesn't work when it comes to new residential investment property.



**ASPECT NORTH  
IS A HIGHLY RATED  
MATUSIK PROPERTY  
PICK™**

What is Property Picks?  
See page 6 for more details.

# MY **7** REASONS WHY

Here are my seven reasons why astute investors should consider **ASPECT NORTH** on the Sunshine Coast, a good long-term investment opportunity.

- 1 PROJECT.** Fantastic location in the new infrastructure 'pulse-point' of the Sunshine Coast – the Kawana area – 67 town homes; 160m<sup>2</sup> to 195m<sup>2</sup>; priced \$385,000 to \$460,000.
- 2 DESIGN.** A mix of 3 & 4 bedrooms; large liveable floor areas; great sized rooms; spacious private courtyards; most with double garages. Full turn-key – see before you buy.
- 3 DEMOGRAPHICS.** The area holds 340,000 permanent residents & is growing by 8,000 per annum – most of the growth is around the Kawana area. **There is a need for more new townhouses in the area.**
- 4 ECONOMY.** Over \$1m a day spend locally on infrastructure projects. The \$2b University Hospital & Kawana Health Hub injects over \$700m per annum into local business.
- 5 DEMAND.** Over 8,000 resales on Sunshine Coast per year – a third were townhouses or apartments. **Vacancy rate is tight, just 1.4%, & there is an undersupply of new homes.**
- 6 RECOVERY.** The Sunshine Coast & especially Kawana, are in recovery. Rents have risen 18% & prices 7% in the last year.
- 7 VALUE.** **ASPECT NORTH** offers great value for money. Large, well designed town homes; high gross rental returns expected – well over 5%. Independent bank valuation & local rental support. **A highly rated Matusik Property Pick.**

## 1 PROJECT

- 67 town homes priced \$385,000 to \$460,000
- 3 bedroom: 160m<sup>2</sup> to 185m<sup>2</sup>
- 4 bedroom: 195m<sup>2</sup>

"ASPECT NORTH is in a fantastic location – the new infrastructure 'pulse-point' of the Sunshine Coast – being in the Kawana area. This last stage holds just 67 town homes on an elevated site & within Stockland's Brightwater Estate.

A mixture 3 & 4-bedroom town homes - all with large liveable floor areas with spacious private courtyards, great sized bedrooms, kitchens & bathrooms & most with double garages. The overall project layout is very spacious, which is in sharp contrast to most local townhouse projects."

## 2 DESIGN

- Full turn-key town homes
- Most with double garages
- Ducted air; high ceilings; stone bench tops & stainless steel appliances

"When buying an investment town home, there are three design factors to remember:

- ✓ 3 or 4 bedrooms – 2.5 bathrooms – 2 off-street parking spaces
- ✓ Living/dining downstairs & bedrooms/bathrooms upstairs
- ✓ The fewer shared walls the better – duplex arrangements are better- more light/private outdoor space/less wall-related noise

ASPECT NORTH is also 'full turn-key', which means you get to see what you are actually getting before you buy."

## 3 DEMOGRAPHICS

- 340,000 permanent residents
- Population growth 8,000 per annum
- Need for more new townhouses

"The Sunshine Coast holds 340,000 full-time residents. It is the 9th largest urban area in Australia & is growing by about 8,000 new residents each year; & almost all the coast's current population growth is taking place in & around Kawana.

Most local homes are detached houses, yet just 2 out of 5 of the local residents have children living at home. More than half live in one or two person arrangements. Our Dwelling Need Modelling suggests the need for more attached dwellings in the area, especially townhouses. "

## ECONOMY

- \$1 million spend locally every day
- KHU drives 25% of Sunshine Coast economy
- 70% of Qld's new jobs are on the Sunshine Coast

"Over \$1 million a day is set to be spent on new infrastructure projects in the Kawana area over the next 5 years. This massive investment injection includes the \$2 billion University Hospital, which forms the centre piece of the 'Kawana Health Hub' or KHU. The KHU makes up for a quarter of the Sunshine Coast economy, injecting over \$700 million each year into local business.

At present, 171,000 people work on the Sunshine Coast – an increase of 18,000 over the last 12 months. Seven out of ten new jobs in Queensland are currently created on the Sunshine Coast. "

## FAST FACTS

### UNIVERSITY HOSPITAL

The Sunshine Coast University Hospital or SCUH started construction in 2013, with stage one of 450 beds completed in 2016, expanding to 738 beds in 2021. The hospital will create 2,000 building jobs & 3,500 permanent jobs once complete. It is expected that over 15,000 people will visit the hospital each day. It will be the 6<sup>th</sup> largest teaching hospital in the world.

### RAMSAY PRIVATE

The 200-bed Ramsay Private Hospital is now complete, housing 700 permanent employees.

### SARC

Skills, Academic & Research Centre will provide teaching & research within the hospital campus. A \$61 million capital investment, with 150 academic & support staff catering for 1,300 students each year.

#### Data sources:

ABS, APM, SQM Research, Qld RTA, Queensland Government, BIS Shrapnel, HTW, Westpac & Melbourne Institute, Matusik Missive & Matusik estimates. 24<sup>th</sup> September 2013.

### INNOVATION PARK

Kawana Health Innovation Park will be a commercial precinct distributed across a number of sites across the hospital campus.

### TOWN CENTRE

The Kawana town centre – adjacent to the SCUH, commenced in 2013 too. The town centre incorporates 80,000m<sup>2</sup> of retail, commercial, community & entertainment facilities as well as medium density residential sites. The town centre is expected to generate around 5,000 jobs during construction & similar in permanent positions upon completion.

This new 'pulse point' on the Sunshine Coast will employ around 2,000 construction workers at any one time between now & at least 2016. In addition, it is projected – yet international case studies of similar major infrastructure projects suggest a higher multiplier – that 10,000 permanent jobs will be created in the locality.

## 5 DEMAND

- Over 8,000 resales each year
- Tight local vacancy rate
- Undersupply of new housing

"About 8,000 residential properties sell on the Sunshine Coast each year, with a third being town homes or apartments.

The local vacancy rate is 1.4%. Sales volumes are increasing (up 27% on last year) across the coast & the amount of local resale stock on the market is down 40% on this time two years ago. Local asking prices are currently lifting by 7%.

There is an underlying need to build 3,500 new homes on the Sunshine Coast each year. Last year just 1,700 new dwellings were built. "

## 6 RECOVERY

- Weekly rents are increasing
- Asking prices are also increasing
- The Kawana market is in recovery

"The Sunshine Coast residential market – and especially the Kawana area - is in recovery.

Local asking rents have currently risen a big 18% over the last year.

Asking prices have risen by 7% in recent months.

Weekly rents & property prices are rising in the Kawana area.

So, too, are sales volumes & buyer enquiries, whilst resale stock for sale is declining. "

## 7 VALUE

- Great capital growth potential
- Strong gross rental returns
- Bank valuation & local rental support

"ASPECT NORTH offers, for mine, great value for money.

Large & well designed town homes, in a very spacious layout, with views towards the water & adjacent to great lifestyle facilities.

High gross rental returns – well over 5% - are expected. Being a new property, generous depreciation allowances apply. The body corporate fees are very modest, too.

Importantly, ASPECT NORTH has independent bank valuation & local rental market support. "

## WHAT IS PROPERTY PICKS™?

Matusik Property Insights has developed a rating model to assist investors to better select new residential investment opportunities.

Currently, there is no rating system designed to help investors with new project selection.

Property Picks uses a 'bottom up' approach – we don't rate a project based solely on 'macro' market information. Importantly, we assess each development on its own merits.

### Broad philosophy

Our broad position is to only select residential investment opportunities with the following characteristics:

- ▶ Within a ten minute commute of major "hard-core" infrastructure
- ▶ Small or staged projects
- ▶ Inner city or infill developments
- ▶ Well priced, with local resale support
- ▶ Location attributes – high existing amenity & limited new supply
- ▶ High quality & designed for existing & future local demographic demand

### 3. Detailed approach

Only new developments that tick all the right boxes receive Matusik Property Picks support.

Property Picks is set around nine key investment attributes that are shown to improve total investment returns.

In order to receive our **highly rated property picks stamp**, a new project must get a tick in all nine boxes.



- ☑ **Pedigree.** Who is the developer? Do they have a good track record? Do they deliver what they say they will?
- ☑ **Site.** What's the Walk Score? How good is the actual site? What facilities already exist in the local area?
- ☑ **Design.** Limited wasted space? Does the design facilitate sharing? Will the project & product appeal to owner-residents?
- ☑ **Who.** Does the project appeal to at least two major local rental demographics subsets?
- ☑ **Rentals.** How big is the local rental market? What has been the local vacancy rate & rental growth over the past 3 years?
- ☑ **Need.** How many jobs & businesses are within a ten minute drive of the site?
- ☑ **Depth.** How big is the local resale market? What are the local price points?
- ☑ **Supply.** Underlying demand versus current new dwelling supply.
- ☑ **Upside.** What new infrastructure & amenity improvements are planned for the local area?

The validation process draws on our extensive experience & importantly, on a range of third-party data sources & independent expertise.

We only stamp those projects which we believe have the combined attributes to deliver above-average total investment returns over the longer-term.

**In summary, Property Picks cannot be bought, it must be earned.**

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## END NOTES

### Risks of investing in property

Direct investment in residential property, like all investments, involves a number of risks. If these eventuate, your income might be lower than expected. There may even be none. In addition, the capital value of your investment could fall.

The key risks of investing in property are outlined below:

- ▶ The property purchased may not provide the income or capital gains the asset was expected to produce.
- ▶ There is a risk that your property may for periods of time lie vacant & hence not generate income. Maintenance & repair costs are the investor's responsibility & can vary, & at times be significant. Such costs are sometimes recoverable from rental bonds or under insurance policies.
- ▶ There are a number of factors that affect the general property market including increases in supply & falls in demand; the cyclical nature of property values; increases in taxes & operating expenses; overall economic conditions; demographic changes; changes in town planning laws; casualty & condemnation losses; environmental risks; regulation on rents; detrimental new developments in the area; increases in interest rates; similarly, inflation & changes to bank funding policies.
- ▶ Gearing increases the volatility in the value of your investment. In the early stages of residential investment, a significant fall in the property's value may see balances fall to less than the total amount of borrowings.
- ▶ Increases in interest rates often increase the cost of borrowings.
- ▶ Changes in laws or their interpretations including taxation, superannuation & corporate regulatory laws, practice & policy could have an impact on your investment. You should seek professional tax advice before investing in residential property.

### Disclaimer

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