

ECONOMIC NEED ADDENDUM REPORT

**PROPOSED MASTERPLAN
DEVELOPMENT
YANDINA – BLI BLI ROAD, BLI BLI**

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1. INTRODUCTION

This report was prepared as an addendum to an economic need and impact assessment (ENIA) submitted with the subject Development Application (DA) (MCU22/0033) and should be read in conjunction with the original ENIA report (dated November 2021).

While the subject DA as a Variation Request may comprise various forms, the proposed development intends to ultimately comprise:

- Low-density detached residential dwellings;
- Medium density residential precinct;
- Local activity centre including a small supermarket;
- Other non-residential uses including a service station and childcare centre; and
- An option for a Manufactured Home Estate (MHE) to be marketed as a retirement living option for over 50s.

Foresight Partners' economic need and impact assessment submitted with the subject DA concluded that there is a need for all the uses listed above.

1.1 Purpose of Report

The key purpose of this report is to address Item 22 of Sunshine Coast Regional Council's Information Request (dated 15 March 2022) for the DA. This item requests that:

22. *“A Retirement facility is proposed as an option in Precinct R3. It is understood that there are already three retirement villages in the Bli Bli area. The submitted Economic Need and Impact Assessment measures the anticipated shortfall of dwellings/residential lots using a defined residential catchment basis whereas, conversely, it measures the shortfall of retirement living dwellings on a whole of region (LGA) basis. Hence, it is unclear whether there is a more pressing demand for retirement living or residential lots in the Bli Bli catchment.*

Provide an amended Economic Need and Impact Assessment (or an addendum) that:

- (a) compares the anticipated shortfall of dwellings/residential lots directly against the anticipated shortfall of retirement homes in the Bli Bli catchment, for the 2021-2026, 2026-2031, 2031-2036, and 2036-2041 periods; and,***
- (b) compares the anticipated shortfall of dwellings/residential lots directly against the anticipated shortfall of retirement homes in the Sunshine Coast LGA catchment, for the 2021-2026, 2026-2031, 2031-2036, and 2036-2041 periods.”***

To address this, further investigations have been undertaken including:

- Assessment of the need for retirement dwellings in the defined 'Residential Catchment' (refer to Figure 2.1 in this addendum).

- Comparison with the estimated need for general residential lots in the defined Residential Catchment as per Council's request.
- High-level assessment of the need for additional residential housing in the Sunshine Coast LGA based on market indicators, data, and commentary.
- Discussion of the need for both retirement and detached residential dwellings at both the defined Residential Catchment and at the SC LGA level.

The relevant findings of these tasks are presented in this addendum report.

2. COMPARISON IN BLI BLI RESIDENTIAL CATCHMENT (RFI ITEM 22-A)

This section sets out an assessment of need for retirement dwellings in consideration of demand and supply in the defined 'Residential Catchment' (Figure 2.1). This is then compared to the need for general residential dwellings considering the same catchment (as was assessed in the ENIA report).

2.1 Residential Catchment

As requested by Council, the need for residential dwellings compared to the need for retirement homes has been evaluated in the context of the defined 'Residential Catchment', rather than within the entire Sunshine Coast LGA (as was assessed in the original ENIA report). The defined 'Residential Catchment' is shown in Figure 2.1 along with the supply of existing, proposed, and approved retirement living facilities in this area.

2.2 Retirement Living Supply

Table 2.1 sets out the supply of retirement living dwellings within the defined Residential Catchment.

The existing supply represents 1,917 retirement living dwellings. The average occupancy rate (for facilities reporting their occupancy levels) was 98.3% in May 2022 (up from 96.4% as at November 2021).

Preferences in retirement living products generally vary between users depending on facilities, dwelling types, level of amenity, etc. As such, an average occupancy of around 90% in a given area is considered effective full occupancy and may result in limitations upon residents accessing the retirement living products or amenities which they seek.

The current average occupancy rate in the defined Residential Catchment (98.3%) is considered very high. This represents a restricted market and confirms a need for additional retirement dwellings. A balanced average occupancy rate would be in the order of 80% to 85%.

Table 2.1: Retirement Living Facilities, Within Residential Catchment

Map ID	Name	Address	Dwellings	Occupancy Rate
1	Blue Care Bli Bli Retirement Village	36 Lefoes Rd, Bli Bli	8	87.5%
2	Halcyon Landing	27 Waigani St, Bli Bli	199	99.0%
3	Halcyon Lakeside	1 Halcyon Way, Bli Bli	235	100.0%
4	Edgewater Lifestyle Community	171-203 David Low Way, Bli Bli	210	100.0%
5	Living Gems Pacific Paradise	596 David Low Way, Pacific Paradise	111	100.0%
6	GemLife Pacific Paradise Lifestyle Resort	26-40 Menzies Dr, Pacific Paradise	212	Unpublished
7	Living Choice Twin Waters Retirement Village	21 Baywater Dr, Twin Waters	152	100.0%
8	Plantation Retirement Resort	96 Petrie Creek Rd, Rosemount	143	99.3%
9	Churches of Christ in Queensland Sanctuary Park Retirement Village	44 Zealey Rd, Nambour	71	100.0%
10	Nambour Garden Village Retirement Community (Sundale)	35 Doolan St, Nambour	22	86.4%
11	Laurel Springs Retirement Village	18 Doolan St, Nambour	81	95.1%
12	Hibiscus Nambour	55 Carter Rd, Nambour	56	98.2%
13	Rotary Retirement Community (Sundale)	98 Windsor Rd, Burnside	80	92.5%
14	Coolum Beach Retirement Community (Sundale)	4 Wembley Rd, Coolum Beach	100	96.0%
15	Aveo Peregian Springs Country Club	21 Gracemere Blvd, Peregian Springs	237	97.0%
	Total		1,917	

Source: Foresight Partners ENIA Report Appendix 3. Village Comparison Documents and sale listings. Occupancy rates as at May 2022. Map IDs refer to Figure 2.1.

Future Supply

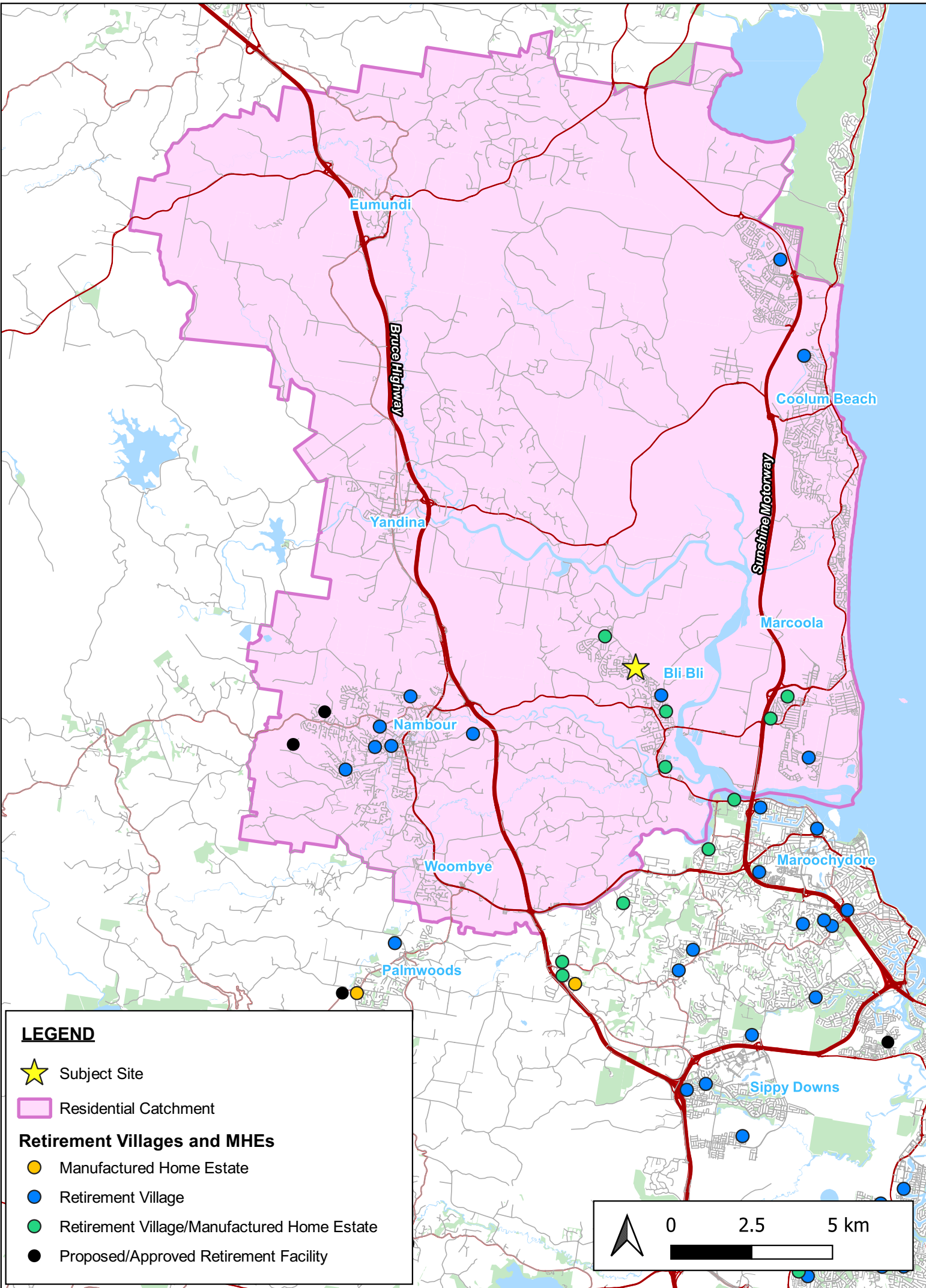
There are two approved retirement living developments within the defined Residential Catchment which, if developed, would supply an additional 391 retirement living dwellings to the market. These developments are detailed below in Table 2.2. For the purpose of this assessment, it is optimistically assumed that these projects are fully developed by 2026.

Table 2.2: Future Retirement Dwelling Supply, Within Residential Catchment

Map ID	Status	DA Ref	Name	Address	Number of Dwellings
A1	Preliminary Approval	MCU20/0318	Unknown	3-53 Savilles Road, Highworth	275
A2	Approved	MCU10/0025	Sundale	30 Henebury Rd, Burnside	116
		Total			391

Source: Foresight Partners ENIA report Section 3.3.2.

Figure 2.1: Existing Retirement Living Facilities within Defined Residential Catchment



LEGEND

★ Subject Site

Residential Catchment

Retirement Villages and MHEs

● Manufactured Home Estate

● Retirement Village

● Retirement Village/Manufactured Home Estate

● Proposed/Approved Retirement Facility



2.3 Retirement Living Demand and Need

Similar to the ENIA report, estimated demand for retirement living dwellings is based on a utilisation rate applied to the forecast population in the 50+ age group.

Table 2.3 sets out estimated demand for retirement dwellings generated by residents of the Residential Catchment. This is based on the estimated utilisation rate for the Sunshine Coast LGA employed in the original ENIA report.

Table 2.3: Estimated Resident Retirement Dwelling Demand, Residential Catchment, 2016 to 2041

	2016	2021	2026	2031	2036	2041	Inc. 2021-41
Persons Aged 50+	30,382	36,033	40,155	42,788	45,518	48,614	12,581
Utilisation Rate	7.0%	7.2%	7.4%	7.6%	7.8%	8.0%	
Persons in Retirement Living	2,137	2,608	2,983	3,260	3,555	3,889	1,281
Avg. Persons per Dwelling	1.40	1.40	1.40	1.40	1.40	1.40	
Retirement Dwelling Demand	1,526	1,863	2,131	2,329	2,539	2,778	915

Source: QGSO Population Projections 2018 edition by age by sex rebased with ABS June 2021 ERP. Estimated utilisation rate for Sunshine Coast LGA (refer to original ENIA report).

Table 2.4 sets out estimated total demand for retirement dwellings in the Residential Catchment, including consideration of external demand (estimated at 25% of total demand).

This assessment demonstrates an estimated shortfall of 533 retirement dwellings by 2026, even assuming that the approved projects in Table 2.2 are established.

Assuming the subject proposal is developed prior to 2030, there would still be an estimated shortfall of around 514 retirement dwellings in the Residential Catchment by 2031.

Table 2.4: Forecast Demand and Need for Retirement Dwellings, Residential Catchment, 2021 to 2041

	2021	2026	2031	2036	2041	Inc. 2021-41
Retirement Dwelling Demand	1,863	2,131	2,329	2,539	2,778	915
External Demand	621	710	776	846	926	305
Total Demand (Dwellings)	2,484	2,841	3,105	3,386	3,704	1,220
Supply without Subject Proposal	1,917	1,917	1,917	1,917	1,917	
Pipeline Supply		391	391	391	391	
Total Supply (Dwellings)	1,917	2,308	2,308	2,308	2,308	
Oversupply (+) or Undersupply (-)	-567	-533	-797	-1,078	-1,396	
Supply with Subject Proposal	1,917	2,478	2,591	2,591	2,591	
Oversupply (+) or Undersupply (-)	-567	-363	-514	-795	-1,113	

Source: Table 2.3, approved developments in Section 2.2, Foresight Partners.

2.4 Need for Detached Residential Dwellings

The need for detached residential dwellings in the defined Residential Catchment was assessed in Foresight Partners' November 2021 ENIA report (refer to Section 2). The conclusions of this assessment are reproduced in Table 2.5.

As set out in Table 2.5, assuming the proposed and approved pipeline supply of 1,073 lots is developed by 2026, there is a projected shortfall of around 952 detached dwellings in the Residential Catchment by 2026. This is expected to increase to a shortfall of 4,617 dwellings by 2041, without further additions to the detached dwelling supply.

Table 2.5: Supply-Demand Outlook, Detached Dwellings in Residential Catchment, 2026 to 2041

	2026	2031	2036	2041
Pipeline Supply (detached dw)	1,073	-	-	-
Est. Total Supply (detached dw)	29,394	29,394	29,394	29,394
Est. Demand (detached dw)	30,346	31,714	32,784	34,012
Surplus (+) / Shortfall (-)	-952	-2,320	-3,390	-4,617

Source: Foresight Partners ENIA report, Table 2.5 on page 16.

2.5 Conclusion: RFI Item 22-A

Table 2.6 sets out a comparison of the need for detached residential dwellings and retirement dwellings within the defined Residential Catchment.

Table 2.6: Need for Detached Dwellings and Retirement Dwellings, Within Residential Catchment

	2026	2031	2036	2041
Detached Dwellings Shortfall (-)	-952	-2,320	-3,390	-4,617
Retirement Dwellings Shortfall (-)	-533	-797	-1,078	-1,396

Source: Table 2.4, Table 2.5. Shortfall without subject proposal. Note: Categories are distinct meaning that retirement dwellings are not a subset of detached residential dwellings.

In considering demand and supply of retirement dwellings and detached residential dwellings in the defined Residential Catchment, this assessment demonstrates that:

- There is a current need for both retirement dwellings and detached residential dwellings in the Residential Catchment.
- Development of detached residential uses only at the subject site would not address the demonstrated need for retirement living facilities.
- Even with the subject proposal, there is still a shortfall of retirement dwellings highlighting the pressing need for the proposal, and likely minimal impacts upon the existing and future retirement living supply.
- Very high occupancy rates at existing retirement living facilities support the above conclusions of a community and economic need for additional retirement facilities.
- Given that the need for retirement dwellings in the Residential Catchment was assessed by applying the utilisation rate of retirement living at the Sunshine Coast LGA level, this assessment is likely to be conservative.

Applying the (much higher) retirement living utilisation rate for the Bli Bli SA2 (9.2%) would result in a more significant estimated shortfall of retirement dwellings (i.e. a shortfall of 1,210 retirement dwellings by 2026).

3. COMPARISON IN SUNSHINE COAST LGA (RFI ITEM 22-B)

This section sets out a broad comparison of the need for detached residential dwellings and the need for retirement dwellings at the Sunshine Coast LGA level.

3.1 Catchment

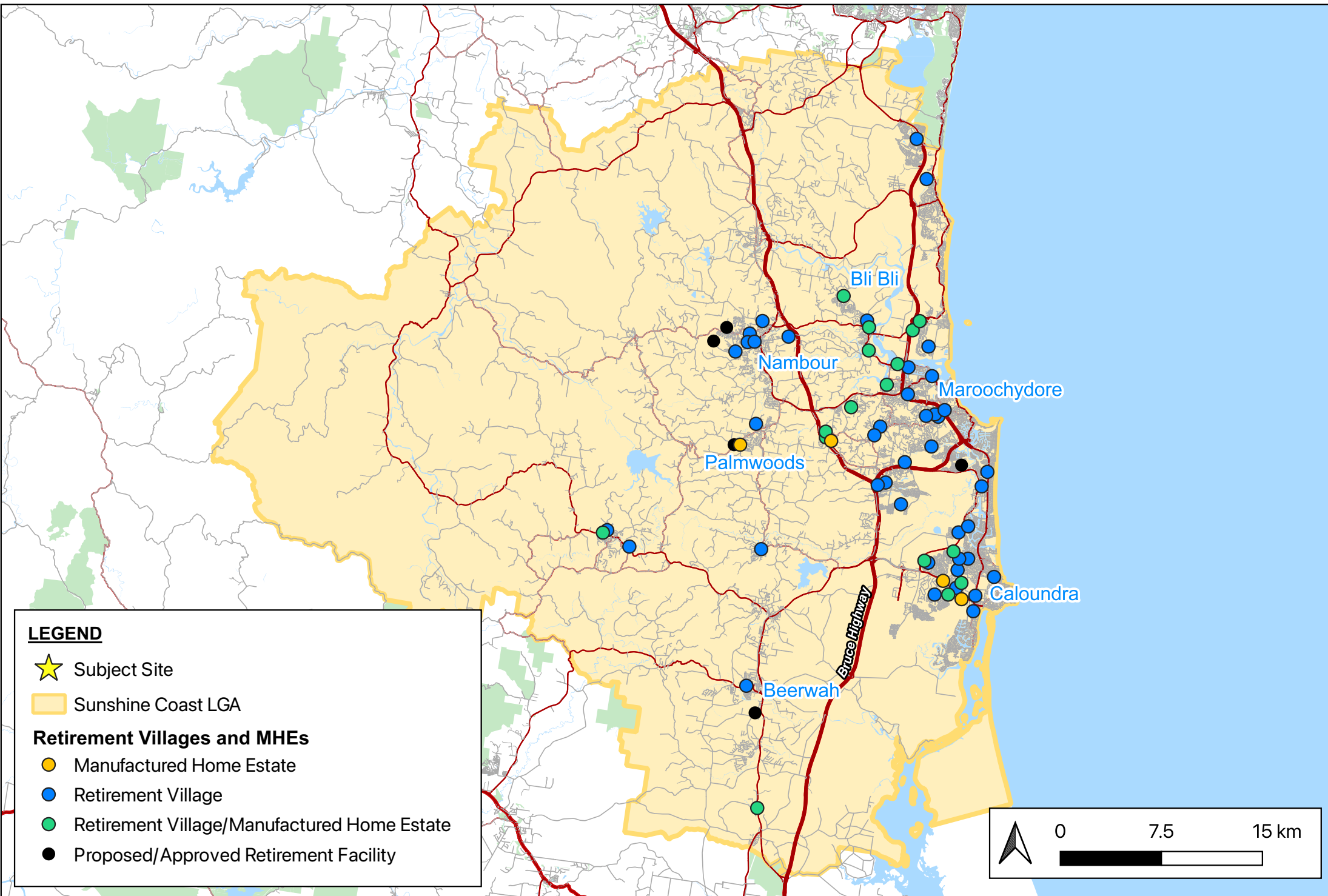
As requested by Council, the need for both detached residential dwellings and retirement dwellings have been evaluated in the context of the entire Sunshine Coast LGA.

3.2 Retirement Living Supply

Foresight Partners' ENIA report assessed the supply of retirement living facilities in the Sunshine Coast LGA in Section 3.3 and Appendix 3. Figure 3.1 shows the locations of the existing and future supply of retirement living facilities in the Sunshine Coast LGA.

There is a current supply of 8,386 retirement living dwellings in the Sunshine Coast LGA between retirement villages and manufactured home estates. There is a future pipeline supply of 1,021 retirement dwellings in the region.

Figure 3.1: Current and Future Supply of Retirement Living Facilities, Sunshine Coast LGA



3.3 Retirement Living Need

The need for retirement dwellings at the Sunshine Coast LGA level was assessed in Foresight Partners' November 2021 ENIA report (refer to Section 3). The conclusions of this assessment are reproduced in Table 3.1 below.

The Sunshine Coast LGA is severely under-provisioned in terms of retirement dwellings. As at 2021, it is estimated that there is an undersupply of around 1,160 retirement living dwellings.

Assuming the pipeline supply of 1,021 dwellings is fully developed by 2026 (excludes the subject proposal), there will still be a forecast undersupply of around 1,836 dwellings by 2026. Development of the subject proposal would assist in addressing the significant shortfall, however, assuming the proposed MHE is developed by 2028, there will still be an estimated shortfall of 3,225 retirement dwellings in the region by 2031.

Table 3.1: Forecast Retirement Dwelling Supply Demand Balance, Sunshine Coast LGA, 2021 to 2041

	2021	2026	2031	2036	2041
Existing Supply	8,386	8,386	8,386	8,386	8,386
Pipeline Supply	-	1,021	1,021	1,021	1,021
Total Supply	8,386	9,407	9,407	9,407	9,407
Forecast Demand	9,546	11,243	12,915	14,842	16,910
Oversupply (+) or Undersupply (-)	-1,160	-1,836	-3,508	-5,435	-7,503
Subject Proposal	-	-	283	283	283
Total Supply with Subject Proposal	8,386	9,407	9,690	9,690	9,690
Oversupply (+) or Undersupply (-) with Subject Proposal	-1,160	-1,836	-3,225	-5,152	-7,220

Source: Foresight Partners' ENIA report Table 3.8. Figures may not add due to rounding.

3.4 Need for Detached Residential Dwellings

Foresight Partners' ENIA report provided an overview of the Sunshine Coast property market and indicators of demand and need for additional detached residential dwellings.

This analysis is updated and revised below:

- The Sunshine Coast LGA is expected to grow from around 343,590 persons in 2021 to around 506,866 persons in 2041, an increase of 162,866 persons (and an average annual growth rate of 1.96%)¹. For comparison, Queensland is expected to grow at an average annual growth rate of around 1.55% over the same period.

¹ QGSO Population Projection 2018 Medium Series, rebased with ABS ERP 2021 (latest available).

- In the region, the closing stock of uncompleted lot approvals was 6,415 lots as at September 2021². This is reported as around 3.2 years of supply of uncompleted lot approvals in the Sunshine Coast LGA³.

Dwelling approvals of houses only over the past three full years (2018-19 to 2020-21) averaged 2,699 houses per year in the region. This implies that the closing stock of uncompleted lot approvals (6,415 lots) is equivalent to only around 2.4 years of supply at recent demand levels.

Both measures are below the minimum four-year approved supply as sought in the SEQ Regional Plan⁴. This contributes to supply and price pressures, adversely affecting the regional community.

- The two largest masterplan residential developments in the Sunshine Coast are Palmview (Harmony) and Caloundra South (Aura), set to add around 16,000 residents and 50,000 residents respectively⁵. Although these projects provide capacity to meet part of the region's growing need for residential housing, the provision of only two large developments severely limits choice, variety, and location.
- Around 55% of the supply of broadhectare land in the Sunshine Coast LGA is located within the Caloundra South (Aura) or Palmview development areas. Meanwhile, residential land supply north of Maroochydore remains seriously constrained. Only around 12% of the supply of broadhectare land in the Sunshine Coast LGA is located north of Maroochydore⁶. This highlights the need for additional residential lots to be brought to market in this area.
- There are increasingly limited greenfield residential development opportunities in the region, implying further potential issues in meeting market demand.
- The median price of houses and units in the Sunshine Coast LGA has increased significantly between 2016 and 2022, likely indicative of a significantly supply-constrained residential market and high demand (Figure 3.2).
- The rental vacancy rate for the Sunshine Coast was estimated at around 0.5% in 2021, which is well below a healthy rental vacancy rate of around 3%⁷. A low vacancy rate is indicative of rental price and affordability pressures, limited consumer choice, and may be indicative of more serious issues such as homelessness for some low-income households.

² QGSO Residential Land Development Activity Spreadsheet September 2021 (latest available). Excludes lots which are already subdivided, certified, and vacant.

³ Land Supply and Development Monitoring Report 2021.

⁴ ShapingSEQ page 167.

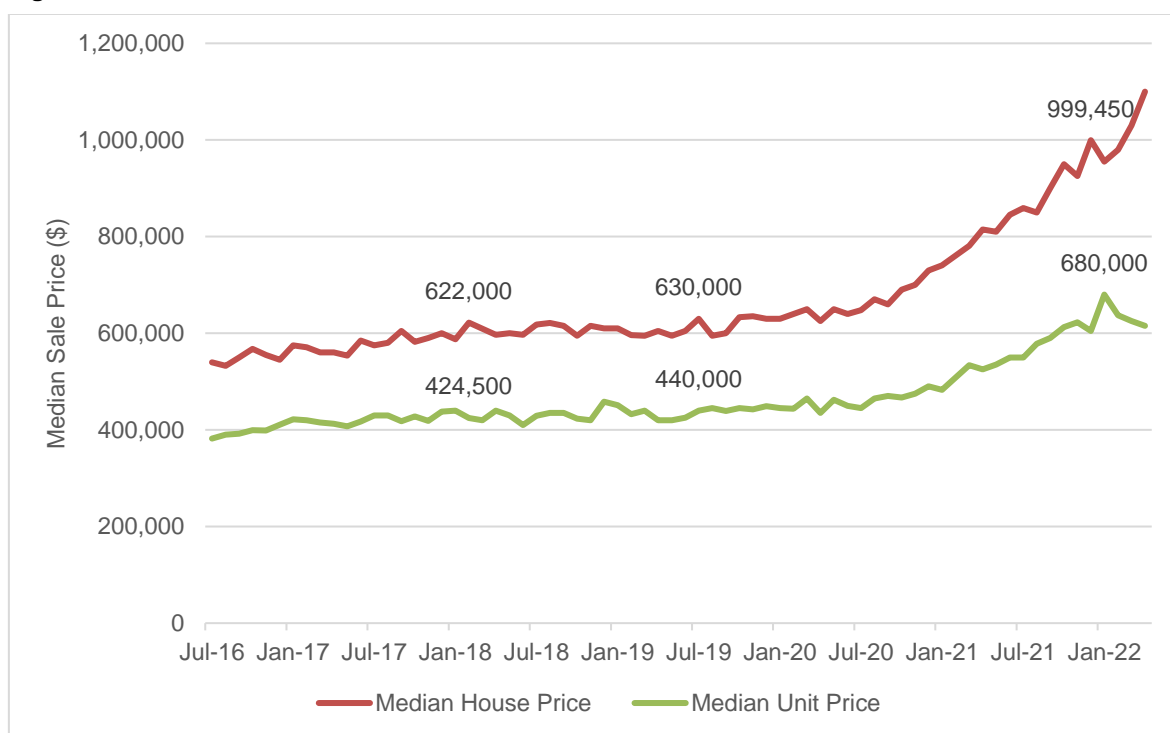
⁵ Sunshine Coast Major Projects Map, Sunshine Coast Council 2020.

⁶ Based on Foresight Partners' analysis of QLD Government Broadhectare Land Supply as at June 2021.

⁷ REIQ: *No Relief for Queensland's Excessively Tight Rental Market*. Dated 27 January 2022.

- The lack of available residential property in the Sunshine Coast LGA has resulted in severe affordability issues. Between 2016 and 2021, weekly earnings per person at the Queensland level increased by around 13%, while the median price of houses and units in the Sunshine Coast LGA increased by around 52%.
- The current rate of supply provision is unlikely sufficient to support the beginning of a “protracted property upswing” in the Sunshine Coast LGA⁸. Recent increased demand is likely due in part to interstate migration as a result of COVID-19, which has given people motivation to seek a better, seaside lifestyle⁹. However, the Sunshine Coast has grown at a rate commensurate to Brisbane and the Gold Coast, indicating that growth in the region is likely not just a short-term phenomenon⁸.

Figure 3.2: Median Sale Price of Houses and Units, Sunshine Coast LGA, 2016 to 2022 YTD



Source: Pricfinder. Note: Nominal prices.

⁸ The Urban Developer: *Sunshine Coast Needs New Suburb Every Year to Meet Demand*. Dated 11 June 2021.

⁹ REIQ via Sunshine Coast News: *Living the dream: where to now for the hottest property market in the nation*. Dated 31 December 2021.

3.5 Conclusion: RFI Item 22-B

In considering demand and supply of retirement living and detached residential dwellings in the Sunshine Coast LGA, this assessment demonstrates that:

Detached Residential

- The closing stock of approved lots in the LGA represents only around 2.4 years of residential supply at the current rate of demand. This is well below the benchmark of 4 years of supply sought by the SEQ Regional Plan.
- The lack of available residential property in the Sunshine Coast LGA has resulted in severe affordability issues highlighting the need for additional supply and a variety of housing options.
- Choice and variety of housing locations are constrained given that a significant portion of the pipeline supply is in Caloundra South and Palmview.
- The rental vacancy rate for the Sunshine Coast LGA was estimated at around 0.5% in 2021, which is well below a healthy rental vacancy rate of around 3%.

Retirement Living

- Assuming the pipeline supply of 1,021 retirement dwellings is fully developed by 2026 (excludes the subject proposal), there will still be a forecast undersupply of around 1,836 retirement dwellings in the region by 2026.
- Even with the subject proposal, there is still a projected shortfall of retirement dwellings in both the Residential catchment and the LGA. This highlights the pressing need for the proposal to provide various housing options to the market, and the minimal impacts upon the existing and future retirement living supply.

4. SUMMARY

- Overall, there is a current need for additional retirement dwellings and additional detached residential dwellings at the Sunshine Coast LGA level and in the defined Residential Catchment.
- The proposal will also assist in meeting demand and need for additional residential housing in the region. Numerous factors are limiting the supply provision and increasing demand, which has led to an overwhelming current (and growing) need.
- Development of detached residential uses only at the subject site would not address the demonstrated need for retirement living facilities in the region.
- It is beneficial to the community to provide an integrated development with detached general residential uses and retirement living to enable ageing in-place and community interaction between age groups.
- The Preliminary Approval application will allow for the market to provide appropriate housing choices to meet community needs.