



PRDnationwide Research

High Speed Rail & Property

Real Estate Analysis | June Quarter 2013

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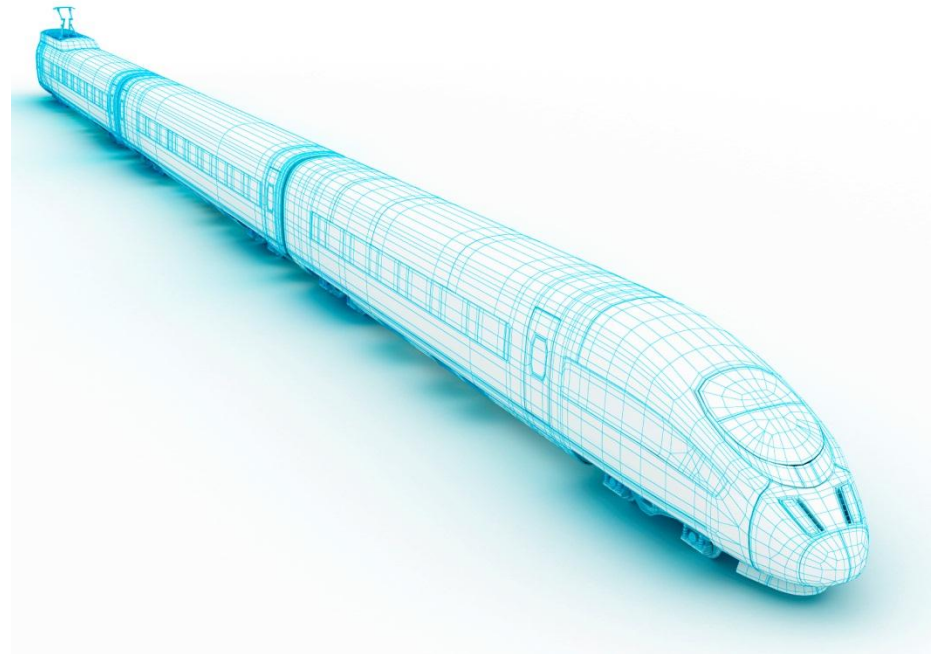
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Introduction & Methodology

- According to the Australian Bureau of Statistics, population and employment growth will continue to challenge the capacity of existing transport networks and public infrastructure along the east coast of Australia over the coming decades. Travel on the east coast is forecast to grow steadily at around 1.8 per cent per year over the next 20 years, increasing by approximately 60 per cent by 2035. By 2065, travel will have more than doubled, from 152 million trips in 2009 to 355 million trips.
- In August 2010, the Australian Government committed to a strategic study on the implementation of high speed rail (HSR) along the east coast of Australia. The study, managed by the Department of Infrastructure and Transport, was established to inform the Australian Government, the ACT and state governments' consideration of next steps for high speed rail in Australia. The study was undertaken in two phases, with the first phase on 4 August 2011.
- The report identified corridors and station locations and potential patronage, as well as providing an indicative estimate of the cost to build an HSR network. The second phase of the study was released on 11 April 2013. The phase 2 study built on the work of phase 1, but was considerably broader and deeper in objectives and scope, and refined many of the phase 1 estimates; particularly the demand and cost estimates. PRDnationwide Research recommends readers who are interested in HSR to read the full report found on the Department of Infrastructure and Transport website. PRDnationwide has utilised this report as a key guide for the proposed railway development. The report can be found at this website: http://www.infrastructure.gov.au/rail/trains/high_speed/index.aspx
- It is anticipated that the HSR network would comprise approximately 1,748 kilometres of dedicated route between Brisbane-Sydney-Canberra-Melbourne. Trains would run at an average of 300 kilometres per hour (186 miles per hour) on a dedicated track.
- Once fully operational (from 2065), HSR could carry approximately 84 million passengers each year, with express journey times of less than three hours between Melbourne-Sydney and Sydney-Brisbane.
- The estimated cost of constructing the preferred HSR alignment in its entirety would be around \$114 billion (in 2012 dollars).
- The HSR program and the majority of its individual stages are expected to produce only a small positive financial return on investment. Governments would be required to fund the majority of the upfront capital costs.
- If HSR passenger projections were met at the fare levels proposed, the HSR system, once operational, could generate sufficient fare revenue and other revenue to meet operating costs without ongoing public subsidy.
- It is anticipated that HSR would substantially improve accessibility for the regional centres it served, and provide opportunity for regional development.



- The aim of this research is to predict the potential impact and future benefits that a developed HSR could have on the property market within the various locations proposed on the east coast.
- Political arguments for or against the proposed HSR development is considered outside the scope of this report, and therefore is avoided entirely.
- Demographical data was sourced from the Australian Bureau of Statistics (ABS), historical property sales data was sourced from Price Finder, while rental data was obtained from a range of sources- RTA, Housing NSW, DHS, and RP Data.
- The historical property analysis conducted in this report takes house and unit sales from 1970 onwards and groups the transactions into 6 monthly periods to ensure the sample sizes are large enough to produce justifiable medians. Sales data is up to the most recent period of April 2013, while the rental data used is from the most recent quarter ending March 2013.

Key Findings

OVERVIEW

- The ABS predicts in its medium growth series, that the national population will reach 35.5 million by 2056. Unless current trends are prevented, the majority of the population growth will be experienced in and around the state capital cities, placing significant strain on the supporting infrastructure.
- Constructing a reliable and timely alternative mode of transportation such as High Speed Rail (HSR), would substantially improve accessibility for the regional centres it served, and provide opportunity for regional development. This could assist in deterring the growing concentration of residents around capital cities.
- HSR would provide a viable alternative to the third highest frequency air corridor between Sydney and Melbourne. For example, the report states that high-speed rail travel would reduce the current 11-hour train trip between Sydney and Melbourne to less than three hours, making it competitive with air travel in the total journey time between the two cities' central business districts. HSR could be used to link the Sydney region to the international airports of Newcastle and/or Canberra. By linking the airports of the neighbouring cities around Sydney, HSR could provide a viable alternative to Sydney's air travel congestion in more ways than one.
- There are significant benefits in the convenience of accessing one mode versus another (for example, journey times to airports versus journey times to an HSR station).
- Reliability and punctuality, particularly considering current congestion at airports and on motorways.
- A city transport hub with good local, subregional and regional services is important.
- The ability to release land, including railway land, for mixed-use development, including offices, residential, conference facilities, public services and open space is important. To secure the land needed for the project, local councils and state governments would have to forfeit potential short term revenue gains from land sales to prevent the kind of overbuilding that has stymied long-term projects like the proposed second airport for Sydney. There must first be coordinated quarantining of land from residential and industrial development for the construction of the track, a critical planning issue for all tiers of government.
- A development corporation or similar organisation is needed to undertake collaborative public-private real estate development in the station precincts.
- There needs to be a mix of public and private sector investment because the private sector will not invest in station precincts without a clear public sector commitment.
- Regional locations within two hours' travel by HSR that have capacity for increases in business growth could assist in making the metropolitan centres more globally competitive by providing less congested future growth options.

In the Commonwealth report, commonly occurring assets and qualities were identified that can facilitate regional development. Complementary regional assets include the following:

- High speed internet, such as Australia's NBN program.
- Universities and technical education facilities.
- Hospitals and bio-medical research centres.
- Well developed and supportive public governance and business-to-business connections within a region and between a region and a major metropolitan centre.
- Cultural, recreational and tourist amenities that attract visitors from outside the region.
- Quality-of-life amenities and cost-of-living benefits, such as a favourable climate, affordable housing choices, access to recreational and sporting opportunities and a less congested living environment.

INVESTMENT OUTLOOK

Development of HSR will be a catalyst for economic and social progression in capital cities, city fringe suburbs and regional/coastal towns. Residents who commute to work within the Central Business District (CBD) of the capital cities will be able to utilise HSR from city fringe suburbs. This will alleviate pressure on infrastructure and housing affordability in the inner and middle ring suburbs.

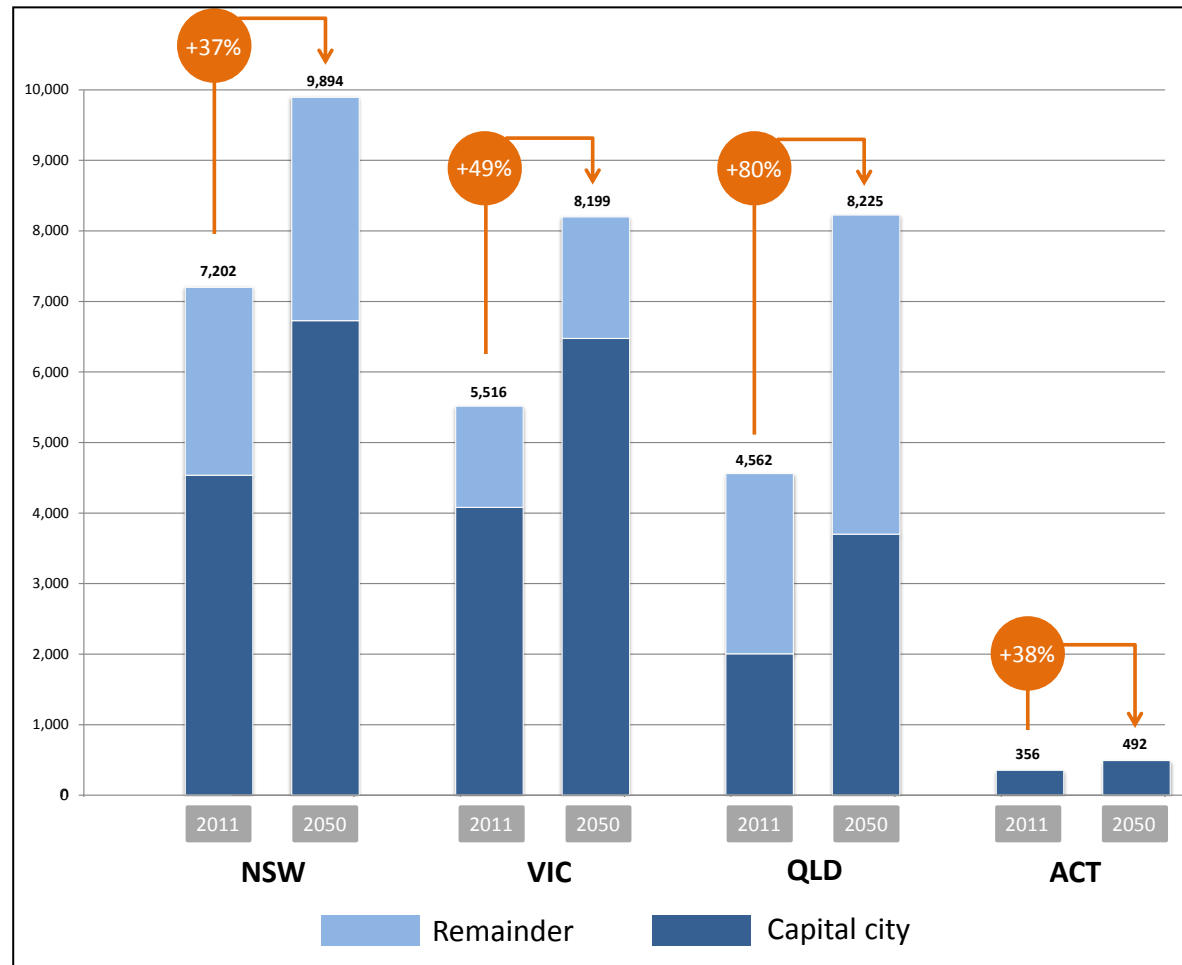
Regional and coastal areas will experience increased demand for property through the transference of a skilled workforce, increased employment opportunities and higher levels of tourism. Commuters can travel both to and from regional areas, so some areas might experience small gains in local jobs but, overall, regional incomes rise because of higher wage gains by commuters working in higher paying jobs in larger centres.

PRDnationwide expects the combination of carefully planned public and private sector investment with a high level rapid transit infrastructure to attract businesses to the regional areas of Australia. This would in turn pull new residents into the area creating further demand for real estate. Once the HSR is established expect values to increase as the regions will likely be undersupplied. Rental vacancy rates could also tighten, pushing weekly rents higher and improving investment yields.

Why High Speed Rail?

“The national population will reach 35.5 million by 2056 placing significant strain on supporting infrastructure”

Australian Population Projections 2006 – 2101 (mid-range projections, thousands)



Prepared by PRDnationwide Research. Source: ABS

According to the ABS, Australia has, is and will increase its population at considerably high growth rates. The ABS predicts in its medium growth series, that the national population will reach 35.5 million by 2056. Unless current trends are prevented, the majority of the population growth will be experienced in and around the state capital cities, placing significant strain on the supporting infrastructure. Predicted growth of capital city versus remainder of the state is shown in the Population Projections chart. Constructing a reliable and timely alternative mode of transportation such as HSR, would substantially improve accessibility for the regional centres it served, and provide opportunity for regional development. This could assist in deterring the growing concentration of residents around capital cities.

Other key notable benefits for HSR would be:

- HSR would provide a viable alternative to the third highest frequency air corridor between Sydney and Melbourne. For example, the report states that high-speed rail travel would reduce the current 11-hour train trip between Sydney and Melbourne to less than three hours, making it competitive with air travel in the total journey time between the two cities' central business districts.
- The convenience of accessing one mode versus another (for example, journey times to airports versus journey times to an HSR station).
- Reliability and punctuality, particularly considering current congestion at airports and on motorways.

Research results into emissions from HSR has been mixed, with reports such as the proposed California SHR development claiming to have zero net emissions¹, while the Commonwealth's Phase 2 report forecasts a net increase in emissions, after considering a reduction in emissions from Aviation, coach, automobile and general rail.

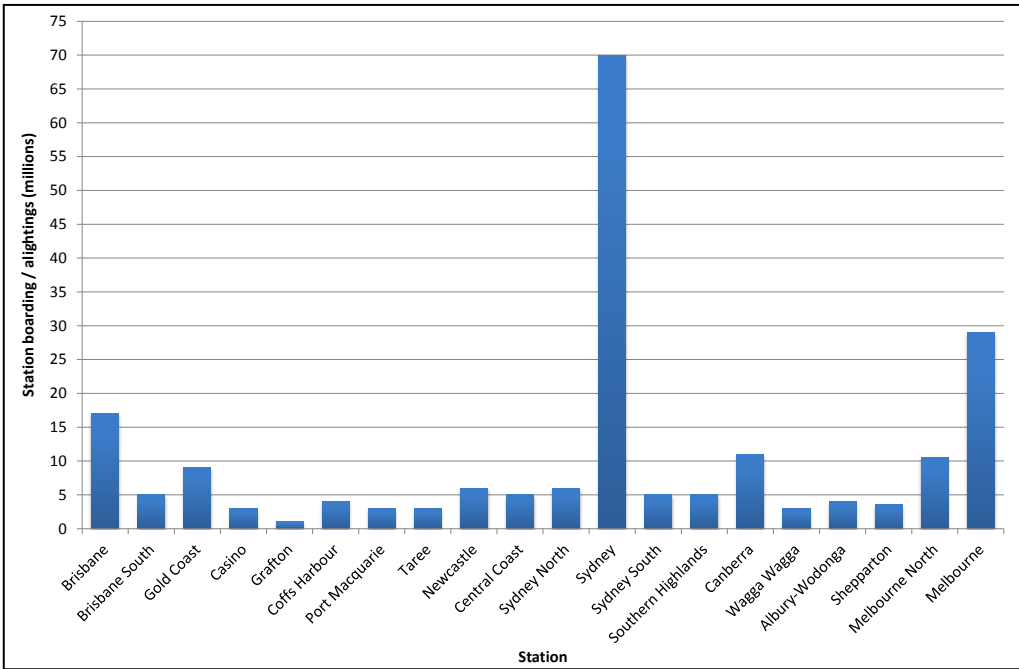
¹Source: California High-Speed Rail Authority

Anticipated demand for HSR according to the HSR Report Phase 2-

The forecasted demand at HSR stations along the route (the number of passengers boarding and alighting at each station) in 2065 is shown in the HSR Demand by Station chart. Sydney's Central Station, at the heart of the east coast network, would cater for the most passengers, followed by stations at Melbourne, Brisbane and Canberra. Passengers transferring between the north and south sections of the HSR line at Central Station in Sydney would account for about 21 per cent of all HSR passengers at Central. Of the regional stations, Gold Coast and Newcastle would attract significant numbers of passengers. Almost 50 per cent of HSR passengers would either board or alight at the regional stations, split broadly equally between residents of the regional areas and city residents travelling to the regional areas.

The chart also shows capital cities as the primary destination for passengers using regional HSR stations and inter-capital regional services are primarily designed to provide regular high speed links between regional stations and at least two capital cities. Regional services would also facilitate travel between regional stations, although some inter-regional movements with low demand may require passengers to change from one service to another at an intermediate station to complete their journey.

HSR Demand by Station in 2065



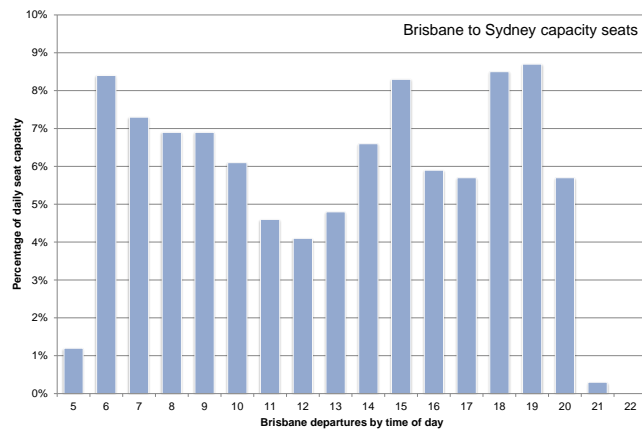
Prepared by PRDnationwide Research. Source: HSR Report Phase 2

The Commonwealth HSR report predicts the HSR network to attract 83.6 million passenger trips by 2065. Sydney-Melbourne is the largest market segment for HSR, with 18.8 million passenger trips in 2065. The next largest is Brisbane-Sydney, with 10.9 million passenger trips, followed by Sydney-Canberra with 5.2 million passenger trips. About half of the HSR demand would be diverted from air travel and about a quarter from car. New trips would amount to the remaining quarter.

- 34 per cent of all HSR trips would have an origin or destination at Sydney North, Sydney or Sydney South stations.
- 21 per cent of all HSR trips would have an origin or destination at Melbourne North or Melbourne stations.
- 13 per cent of all HSR trips would have an origin or destination at Brisbane or Brisbane South stations.
- Seven per cent of all HSR trips would have an origin or destination at Canberra station.

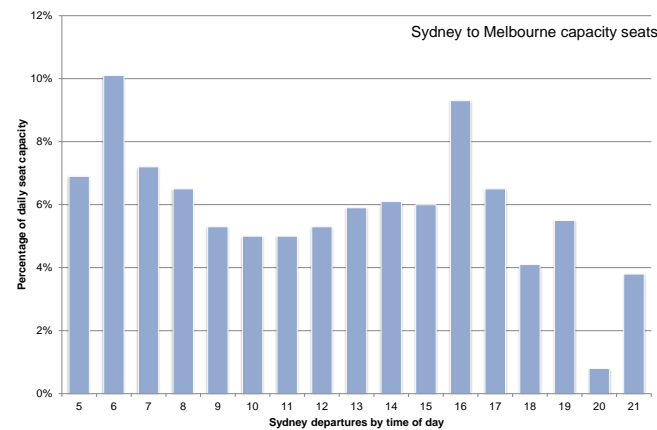
The Commonwealth report utilised Qantas Airways passenger statistics from 2011 as a comparison for demand forecasts. The Air Services Weekday Capacity graphs show the average weekday seat capacity (expressed as a percentage of the total seat capacity on the route that day) at hourly intervals over a year. Along with departure times, the time of arrival at a destination is important to consider in a comparison of HSR and air travel. For HSR to be competitive, the arrival times need to be comparable between the two modes, so that an equivalent or shorter journey time by HSR is not undermined by less frequent services or a longer experience at the beginning or end of the journey, for instance to travel from an HSR station to a final destination.

Brisbane – Sydney Air Services Weekday Capacity



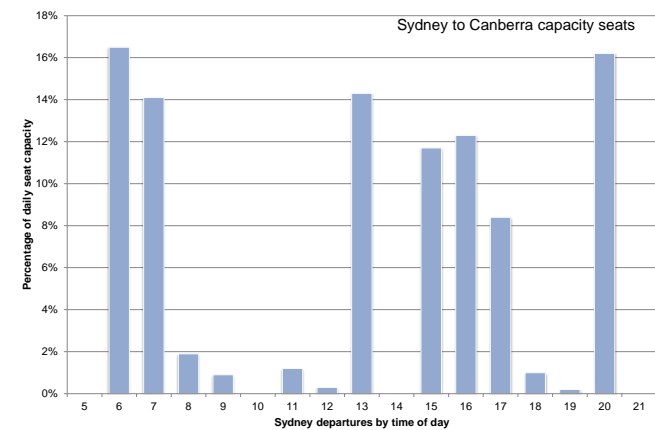
Prepared by PRDnationwide Research. Source: Qantas

Sydney – Melbourne Air Services Weekday Capacity



Prepared by PRDnationwide Research. Source: Qantas

Sydney – Canberra Air Services Weekday Capacity



Prepared by PRDnationwide Research. Source: Qantas

Locations

“Inter-capital express services would connect the state capitals with journey times less than three hours”

According to Commonwealth report, the preferred alignment includes four capital city stations, four city-peripheral stations, and stations at the Gold Coast, Casino, Grafton, Coffs Harbour, Port Macquarie, Taree, Newcastle, the Central Coast, Southern Highlands, Wagga Wagga, Albury-Wodonga and Shepparton. The preferred staging for the HSR path would involve building the Sydney-Melbourne line first, starting with the Sydney-Canberra sector. Subsequent stages would be Canberra-Melbourne, Newcastle-Sydney, Brisbane-Gold Coast and Gold Coast-Newcastle.

The report outlines proposed locations for HSR stations and service frequencies determined to match the forecast demand. Inter-capital express services would mainly operate non-stop between the CBD stations, although some services would make one call at one of the city peripheral stations to offer a non-stop service between the peripheral station and the destination capital. Generally, two service patterns have been developed for inter-capital regional services between capital cities. A regional service would need to be operated at least once every two hours, so that the minimum level of service at any regional station would be an inter-capital regional train every two hours (travelling between two capital cities). For example, the minimum service level at Taree would be a regional train every two hours to Brisbane and every two hours to Sydney. No HSR trains would operate non-stop through Sydney. Passengers travelling from stations north of Sydney to stations south of Sydney would have to change trains at Sydney Central.

In 2050, with HSR services operating Newcastle to Sydney, Sydney to Canberra, Sydney to Melbourne and Canberra to Melbourne, total forecast HSR demand is 39.2 million passengers per year, of whom 11 million would be travelling between Sydney and Melbourne CBD stations (28 per cent of total forecast HSR patronage). The 2050 service pattern would be:

- 66 trains each way per day between Sydney and Melbourne, of which 48 would be inter-capital, express services.
- 34 trains each way per day between Sydney and Canberra.
- 19 trains each way per day between Canberra and Melbourne.
- 28 trains each way per day between Newcastle and Sydney.

The demand at regional stations is also predominantly focused on travel to the capital cities. For example, the 2065 forecasts show:

- For Grafton, 38 per cent of passengers would be travelling to Sydney and 44 per cent to Brisbane/Gold Coast.
- For Newcastle, 47 per cent of passengers would be travelling to Sydney and 25 per cent to Brisbane/Gold Coast.
- For the Southern Highlands, 59 per cent of passengers would be travelling to Sydney, 23 per cent to Melbourne and two per cent to Canberra.
- For Albury-Wodonga, 69 per cent of passengers would be travelling to Melbourne, 12 per cent to Sydney and six per cent to Canberra.

Inter-capital express services would connect the state capitals with journey times less than three hours. These services would stop only at peripheral stations on the outskirts of metropolitan areas to pick up the outbound city resident market. Additionally, inter-capital regional services would connect the state capitals with more frequent stops at regional population centres.

The report also claims that HSR would generate lower emissions per passenger kilometre than other modes from which demand would divert, i.e. aviation and the private car. This results in a net reduction in GHG emissions of about 55 million tonnes of CO₂e over the period from 2035 to 2085, associated with the introduction of HSR.

High Speed Rail Pathway & Location of Stations



Prepared by PRDnationwide Research. Source: HSR Report Phase 2

The preferred railway line and station locations proposed are from the Commonwealths HSR Report Phase 2-

- The preferred railway line would commence from the north on a new HSR station in the footprint of the existing Transit Centre adjacent to Brisbane’s Roma Street station. The HSR alignment would run south in a tunnel beneath the existing Ipswich Line and emerge at St Lucia before crossing the Brisbane River and running on a viaduct along the Oxley Creek floodplain to Greenbank. A southern Brisbane station would be located just south of the M2 Motorway, west of Paradise Road. From Greenbank, the alignment would follow an inland corridor via Beaudesert, including a series of tunnels beneath the Border Ranges at the Queensland/NSW border. The Gold Coast would be served by a spur line from near Beaudesert, including a four kilometre tunnel beneath Mount Tamborine to an HSR station adjacent to the existing conventional rail station at Robina. The route would continue south of Beaudesert in tunnel underneath the World Heritage Gondwana Rainforest in the Border Ranges National Park, pass Casino to the west, and stay east of the Great Dividing Range passing Grafton, Coffs Harbour, Port Macquarie and Taree to Newcastle.
- The section from Beaudesert to Newcastle has a number of major structures including a seven kilometre viaduct across the Clarence River floodplain to the east of Grafton, a 2.5 kilometre tunnel beneath the Boambee State Forest to the southwest of Coffs Harbour, a five kilometre viaduct across the Wilson River floodplain to the northwest of Port Macquarie, a 15 kilometre viaduct across the Manning River floodplain to the east of Taree and a two kilometre tunnel beneath the Myall Lakes Ramsar Wetlands between Taree and Newcastle. Avoiding built-up areas, including Wyee, Wyong and Ourimbah to the east and steeper topography to the west, the alignment would broadly follow the F3 Freeway corridor south of Newcastle into Sydney. This would include long lengths of tunnel (including a 6.5 kilometre tunnel north and a series of smaller tunnels south of the Hawkesbury River) and a high level crossing of the Hawkesbury River, on a bridge adjacent to the F3 Freeway crossing at Mooney Mooney.

- Regional stations would be located west of Casino (along the Bruxner Highway), southeast of Grafton (adjacent to Grafton Airport), southwest of Coffs Harbour (west of the Pacific Highway), west of Port Macquarie (west of the Oxley Highway/Pacific Highway interchange), southeast of Taree (along Old Bar Road), west of Newcastle (east of the F3 Freeway) and at the Central Coast (north of the F3 Freeway/Pacific Highway interchange at Ourimbah).
- The alignment into Sydney from the north would be in tunnel, generally following the Northern Line towards Homebush, then east wards generally following the Western Line before terminating at Central station. A Sydney North peripheral station would be located adjacent to the conventional rail station at Hornsby.
- Exiting Sydney to the south, the route would be in tunnel from Central station to around Holsworthy and then predominantly at surface level to the east of Glenfield, Minto and Campbelltown. A Sydney South peripheral station would be located at the northern end of the Department of Defence land at Holsworthy, accessed via the M5 Motorway and Moorebank Avenue. The preferred alignment would then broadly follow the Hume Highway corridor, passing through the Southern Highlands and heading inland toward Yass. The alignment would deviate from the Hume Highway corridor in places to minimise adverse impacts on residential areas, such as Mittagong, Bowral and Moss Vale, as well as environmentally sensitive areas and water supply catchment areas.
- Canberra would be served via a spur line to an HSR station on Ainslie Avenue near Civic. The spur alignment would connect to the HSR alignment near Gunning. On the approach to Canberra it would run parallel to the Majura Parkway and then deviate to the west, in a 3.6 kilometre tunnel under Mount Ainslie towards Civic. From Goulburn the main route would continue west through Yass, skirt the Brindabella Ranges and deviate north and west from the Hume Highway corridor to serve Wagga Wagga and then on to Albury-Wodonga. West of Albury Wodonga, the alignment would also deviate from the Hume Highway corridor to avoid the hills northwest of Albury and to minimise noise and severance impacts on the community. From here, the preferred alignment would head towards Shepparton, past Seymour and broadly follow the Hume Freeway corridor toward Craigieburn.

- The alignment into Melbourne would be at surface level via Craigieburn to Roxburgh Park, then via the Upfield Line corridor in tunnel from Gowrie to Southern Cross station. A Melbourne peripheral station would be located just north of the M80 Western Ring Road west of the Hume Highway at Campbellfield. The Sydney-Melbourne route has comparatively few major structures, the longest being a three kilometre viaduct across the Murrumbidgee River floodplain to the east of Wagga Wagga and a two kilometre viaduct across the Murray River floodplain to the west of Albury-Wodonga. Aside from the 3.6 kilometre tunnel under Mount Ainslie, there would be three other tunnels, each less than two kilometres in length.
- Regional stations would be located in the Southern Highlands (adjacent to Mittagong Airport), east of Wagga Wagga (adjacent to Wagga Wagga Airport), west of Albury-Wodonga (north of the Hume Freeway/Murray Valley Highway interchange), and east of Shepparton (along the Midland Highway). Twenty stations are proposed, with the capital city stations located in the central business districts (CBDs).

Proposed station locations:

- | | |
|------------------|----------------------|
| • Brisbane CBD | • Sydney North |
| • Brisbane South | • Sydney CBD |
| • Gold Coast | • Sydney South |
| • Casino | • Southern Highlands |
| • Grafton | • Canberra CBD |
| • Coffs Harbour | • Wagga Wagga |
| • Port Maquarie | • Albury-Wodonga |
| • Taree | • Shepparton |
| • Newcastle | • Melbourne North |
| • Central Coast | • Melbourne CBD |

It is predicted that a regional centre with a population greater than 50,000 in 2036 could support a station. While stations have been generally proposed at these centres, in some cases, a single regional centre with insufficient population for a station may draw on a larger population from surrounding districts and therefore also be identified as a preferred station location. Similarly, others with a population greater than 50,000 may be able to access a nearby station in the surrounding area, for example:


- Fringe metropolitan areas, such as Logan (Brisbane) and Mitchell Shire (Melbourne) would be served by the peripheral station or by the city centre station in each city.
- An HSR station located at Newcastle could serve the population centres of Maitland, Cessnock and Port Stephens. Lake Macquarie, with a forecast population of approximately 230,000 in 2036, could support an HSR station of its own. However, with the dispersed nature of the population and an HSR station at Newcastle, the population of Lake Macquarie could be served by the Newcastle and Central Coast stations.
- The Great Lakes area could be served by a station at Taree, but could also be served by a Newcastle regional station, while Queanbeyan could be served by the Canberra terminal station.
- A Central Coast HSR station could serve both Gosford and Wyong, and also meet some of the travel demand from Lake Macquarie.
- The Far North Coast area of Lismore, Ballina, Byron and Casino could be served by one regional station, as the forecast combined population for the area in 2036 is 175,000. The station location was also influenced by the preferred alignment south from Brisbane.
- A Gold Coast Terminal station could serve the nearby areas of the hinterland and Tweed.


The proposed frequency of train stops along the Brisbane to Sydney railway line is shown in the Stopping Patterns chart. It proposes:

- Two one-stop inter-capital express services per hour for Brisbane to Sydney, calling at either Brisbane South or Sydney North city peripheral stations.
- One or two non-stop inter-capital express services per hour for Brisbane to Sydney.
- An hourly inter-capital regional service calling at Brisbane South, Coffs Harbour, Port Macquarie, Taree, Newcastle, Central Coast and Sydney North.
- An hourly inter-capital regional service calling at Brisbane South, Casino, Grafton, Coffs Harbour, Newcastle and Sydney North.
- Two regional services per hour for Gold Coast to Sydney calling at Coffs Harbour, Port Macquarie, Taree, Newcastle, Central Coast and Sydney North.
- Two regional services per hour for Gold Coast to Sydney calling at Casino, Grafton, Coffs Harbour, Newcastle and Sydney North.

Brisbane to Sydney Stopping Patterns in 2065

Service Group	Express	Regional	Regional	Regional	Regional	Trains/day per direction
Brisbane	○	○	○	●	●	68
Brisbane South	⊛	○	○	●	●	44
Gold Coast				○	○	46
Casino			○		○	33
Grafton			○		○	33
Coffs Harbour		○	○	○	○	66
Port Macquarie		○		○		33
Taree		○		○		33
Newcastle		○	○	○	○	66
Central Coast		○		○		33
Sydney North	⊛	○	○	○	○	90
Sydney	○	○	○	○	○	114
Peak Frequency (trains/hour per direction)	3 to 4	1	1	2	2	
Off-peak frequency (trains/hour per direction)	2 to 3	0.5	0.5	1 to 2	1 to 2	

 Express services call at the peripheral stations in the AM peak (outbound) and PM peak (inbound).

 Some regional services between gold Coast and Sydney would be extended to start from or terminate at Brisbane.

Prepared by PRDnationwide Research. Source: Commonwealth HSR Phase 2

Locations – Stopping Patterns Cont.

“Three one-stop inter-capital express services per hour for Sydney to Melbourne”

The proposed frequency of train stops along the Sydney to Melbourne railway line is shown in the Stopping Patterns chart. It proposes:

- Two non-stop inter-capital express services per hour for Sydney to Melbourne.
- Three one-stop inter-capital express services per hour for Sydney to Melbourne, calling at either Sydney South or Melbourne North city peripheral stations.
- An hourly inter-capital regional service calling at Sydney South, Wagga Wagga, Albury Wodonga, Shepparton and Melbourne North.
- An hourly inter-capital regional service calling at Sydney South, Southern Highlands, Wagga Wagga and Melbourne North.
- One inter-capital express service per hour, calling at Sydney South, for arrival in Canberra between 8am and 10am.
- Two inter-capital regional express services per hour for Sydney to Canberra, calling at Sydney South and Southern Highlands.
- One inter-capital express service per hour for Canberra to Melbourne, calling at Melbourne North to provide Melbourne arrivals between 8am and 10am.
- At least one inter-capital regional service for Canberra to Melbourne, calling at Wagga Wagga, Albury-Wodonga, Shepparton and Melbourne North.

Sydney to Melbourne Stopping Patterns in 2065

Service Group	Express	Regional	Regional	Express	Regional	Express	Regional	Trains/day per direction
Sydney	○	○	○	○	○			130
Sydney South	⊙	○	○	⊙	○			94
Southern Highlands			○		○			40
Canberra				○	○			38
Canberra						○	○	19
Wagga Wagga		○	○				○	35
Albury-Wodonga		○					○	25
Shepparton		○					○	25
Melbourne North	⊙	○	○			⊙	○	75
Melbourne	○	○	○			○	○	111
Peak Frequency (trains/hour per direction)	5	1	1	1	2	1	0.5	
Off-peak frequency (trains/hour per direction)	4	0.5	0.5	1	1	0.5	0.5	

⊙ Express services call at the peripheral stations in the AM peak (outbound) and PM peak (inbound).

Prepared by PRDnationwide Research. Source: Commonwealth HSR Phase 2

The Commonwealth report found international experience does not establish regional development impacts as a direct result of HSR. The most likely reality is that observed changes in regional development are in part influenced by the introduction of HSR but are also influenced by other factors, some of which may themselves be indirect effects from the introduction of HSR.

High speed rail in the United Kingdom

High Speed Two (HS2) is a proposed high-speed railway in the United Kingdom serving London, Birmingham, Sheffield and Leeds, or alternatively London, Manchester, Liverpool, Preston, Glasgow and Edinburgh. The UK Government launched a formal high-speed rail project in January 2009, and high-speed rail has the support of all three main political parties. The UK Government has now approved construction, due to begin in 2017, with the first trains running by 2025. Subject to consultation, the London terminus for the high-speed line would be Euston, a new Birmingham city-centre station would be built at Curzon Street, and there would be interchange stations with Crossrail west of Paddington and with the existing intercity rail network near Birmingham Airport. The only other high-speed route in the UK is High Speed 1 (also known as the 'Channel Tunnel Rail Link' to France).

HS2's proposal is for a Y-shaped network between London and England's major regional cities, serving Manchester, Birmingham, Leeds, East Midlands and Newcastle, with connections on to the West Coast and East Coast main lines to allow through services to Scotland. The Greengauge 21 study states that the total route length, including the connections to the existing network and High Speed One, would be 240 km (150 miles).

The United Kingdom Department for Transport's published report on the history and prospects of HSR cautions against an optimistic picture. It states that, while HSR is often promoted as a mechanism to improve accessibility that will enlarge markets and increase the competitiveness and productivity of firms within a newly-connected region, 'it would be unwise to pin much faith in new railways as an engine of growth'.

High speed rail in Spain

High speed rail has been in existence in Spain since 1992, originally connecting the cities of Madrid, Córdoba and Seville. Alta Velocidad Española (AVE) travels at speeds of up to 310 km/h (193 mph). As of June 2013, the Spanish AVE system is the longest HSR network in Europe with 2,441 km (1,517 mi) and the third in the world, after China and Japan.

The two large intermediate cities (Cordoba and Zaragoza) appear to have gained most in terms of accessibility to metropolitan areas as a result of having a HSR station. Previously (and unlike Newcastle or Albury-Wodonga in the Australian context), neither of these cities had air services to the capital, and therefore access to Madrid by car was complemented by conventional rail. In contrast, the head of line cities such as Seville had faster access to the capital with air services, and the smaller intermediate cities such as Ciudad Real were much closer to Madrid and therefore had reasonable access by car, coach and conventional rail.

Several research papers present two key findings:

- Firstly, large intermediate cities such as Cordoba and Zaragoza did not grow solely because of HSR access and;
- The presence of an HSR station did not guarantee greater local economic development. Large intermediate cities were already playing the role of the principal city within their sub-region, and an HSR station tended to reinforce that role. They also often had one or more universities with related infrastructure such as hospitals and government offices. The presence of a research university appears to be an important influence on how a HSR station impacts a town or city.

The Commonwealth report in summary, found that Spanish HSR suggests:

- Large intermediate cities did not grow solely because of HSR access.
- The presence of an HSR station did not guarantee greater local economic development.
- HSR can positively and negatively influence the economic and service relationships between small, intermediate and large cities.
- It has taken ten to 15 years for the regional impacts of Spain's first HSR line to become fully realised.
- The station needs to be located close to the city centre, preferably in a location where there are established business activities.
- The ability to release land, including railway land, for mixed-use development, including offices, residential, conference facilities, public services and open space is important.
- A city transport hub with good local, subregional and regional services is important.
- There need to be plans for signature architecture to address image and sense of place at each station.
- There needs to be a mix of public and private sector investment because the private sector will not invest in station precincts without a clear public sector commitment.
- A development corporation or similar organisation is needed to undertake collaborative public-private real estate development in the station precincts.

High speed rail in France

The TGV is France's high-speed rail service developed during the 1970s. Originally designed to be powered by gas turbines, the prototypes evolved into electric trains with the petrol crisis of 1973. The inaugural TGV service took place between Paris and Lyon in 1981.

A common theme through much of the literature on HSR in France is that HSR can add impetus to regional development, but will not alone cause it. To derive a positive impact from HSR, a region needs some positive attribute or competitive advantage prior to the implementation of an HSR system. In particular, HSR has proved beneficial to towns or regions that have a relatively strong, high-end service sector whose employees tend to be tertiary educated. Examples are higher education, hospital/medical complexes, information technology-based services, research centres, some back office activity (accounting, information technology, and human resources), science, engineering, marketing and consulting. Consistent with experience on other transport networks, centres at key nodes (for example, Lille) could be expected to derive additional benefit.

The experience of HSR services to areas that rely mainly on manufacturing, agriculture and mining has been that HSR has little impact on the key economic indicators such as employment and property values. Employees in the high-end services corridors tend to travel frequently for conferences and meetings, whereas employees in mining, manufacturing and agriculture do not travel as frequently for business purposes.

Examples of centres where there appears to have been a positive interaction between HSR and regional development include:

- Lille, on the crossroads between Paris, London and Brussels/Amsterdam. One of the main French cities outside Paris, Lille now has the largest university/medical complex in Europe and a substantial regional banking and insurance sector.
- Lyon, France's second city, is a major business and regional centre and is relatively wealthy. HSR is credited with opening up a new area for development as the old town's growth was constrained by a river and cliffs.
- Le Mans, now (post-HSR) a major centre for the insurance industry, built on insurance activity that was solely local and regional.
- Rheims, where new university campus extensions have complemented existing tertiary education. It has also become a centre for online information technology-based services and back office services (accounting, information technology, human resources).
- Marseilles, a major port and regional business/service centre, where a successful new business park and entertainment centre were constructed close to the HSR station.

There are also cases that show little positive, and some negative, impacts associated with the introduction of an HSR station. For example, TGV stations in Le Creusot, Montceau and Montchanin are located in declining mining areas and experienced no measurable regional development impact from the arrival of TGV. In Mâcon, business areas were set up in an attempt to attract activities that needed fast connections to Paris and Geneva, but had limited success. Regional areas in the north eastern part of France around Lille experienced 'tunnel' effects, meaning they have the negative noise and visual impacts of the HSR line running through the countryside but no direct improvements in access. Small towns without TGV stations in this area reported losses of some services to larger centres that have stations.

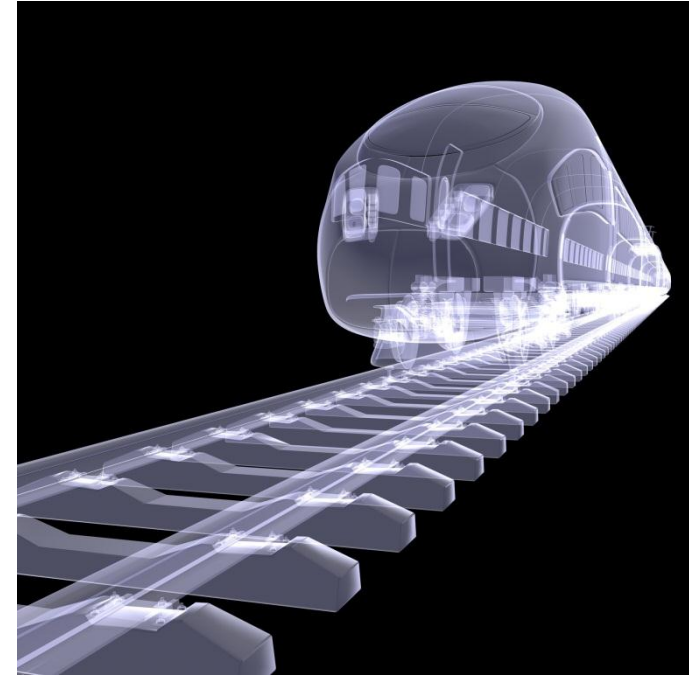
In Lille, local and regional government and business groups combined to develop several new office blocks in a rundown area (about a kilometre long) between the main Lille station and the HSR station. It was successful, although not in attracting the private sector. Many of the tenants are government-controlled or government-influenced banks and insurance companies. The net employment effects in the wider region are not known. There have been suggestions that the Lille development has partly been at the expense of smaller surrounding cities.

While French opinion is generally positive, it is also clear that HSR has not always been successful in promoting regional development. Active local policies are often seen as essential to HSR-related development, though not all succeed. Lyon's post-HSR development was arguably not the result of careful planning; rather, it was a market reaction to an opportunity to escape previous constraints. Nonetheless, strong local policies are clearly desirable.

Conclusions from international comparables

International comparables suggests that:

- HSR can both positively and negatively influence the economic and service relationships between small, intermediate and large cities.
 - Large intermediate cities do not grow solely because of HSR access.
 - The presence of an HSR station does not guarantee greater local economic development.
 - It can take ten to 15 years for the regional impacts of HSR to be fully realised.
 - The international experience suggests that HSR can contribute to, but is not always a cause of, regional development. Regional centres with stable or growing populations and healthy economies appear to benefit more from the addition of HSR than stagnant or declining centres. Regional areas in Spain and France within an hour and a half of major metropolitan areas with supportive economic development programs were more likely to gain both population and economic activity with the advent of HSR.
 - Towns with a manufacturing, mining and agricultural focus are less likely to benefit than those supporting high-end service industries.
 - Intermediate sized areas (50,000 to 100,000+ people), equivalent to the larger regional centres along the preferred Australian east coast HSR alignment, tended to attract population from surrounding communities.
 - Commuters can travel both to and from regional areas, so some areas experience small gains in local jobs but, overall, regional incomes rise because of higher wage gains by commuters working in higher paying jobs in larger centres.
 - There is also a distinction between population growth, and growth of economic activity. It is quite feasible to have growth in population of a dormitory town, with limited additional economic activity within the town itself.
- By encouraging businesses to cluster around HSR stations, HSR generates productivity growth. While the greatest impacts are felt in the main capital cities, regional centres also benefit, partly at the expense of surrounding areas. In many cases, the impacts may result in a redistribution of economic activity, rather than an overall rise in activity, by increasing the concentration of activity towards metropolitan centres. In such cases, for stagnant or declining regional towns, these impacts can accelerate their demise.
 - In particular, regional stations were located outside regional towns to avoid urban areas that would be disrupted by property acquisition, noise and visual amenity. The impacts on regional development described throughout this section are the result of complex, ongoing processes. No clear conclusion can be drawn about where positive or negative impacts would be experienced, especially for the regional centres with HSR stations.



- Regional centres in HSR corridors benefit from productivity improvements which can be gained through improved linkages between jobs. Importantly, those productivity gains are additional to the time savings measured in traditional transport benefits. These arise because larger markets allow wider choice and a greater range of specialist services.
- In essence, regional centres in proximity to major metropolitan areas are able to take advantage of concentrations of population and economic activity to exchange information and technology, thereby increasing the productivity of the HSR corridor. These linkages are cumulative, not singular. That is, the presence of a university or research centre augmented by HSR creates magnet infrastructure, which pulls information and people to a place that may be outside the normal bounds of communication. In the Australian context, examples of this could include Canberra and Newcastle. While these policies have been uneven in their impacts there has been population growth in some places like Albury-Wodonga, which gained improved accessibility from the upgrade of the Hume Highway.
- Most domestic migration occurs within regions or cities, rather than between them, but interregional drivers are important in shaping population distribution in regional areas. Coastal cities generally experienced the highest national growth rates between 2001 and 2009, driven by Australians' long-held attraction to coastal living, tourism, leisure amenities, and lifestyle choices, particularly among retirees. Cities experiencing economic restructuring and job losses, such as Newcastle and Wollongong, experienced slower growth.
- The second highest rates of regional population growth occurred in inland cities, classified as urban centres with populations of 25,000 or more, located more than 50 kilometres from the coast and not classified by ABS as remote or very remote. New residents to these during the same time period tended to be younger and drawn by tertiary education and jobs.
- Jobs growth in inland and coastal cities on the east coast has tended to be in the service sector, with half of new residents employed in retail, accommodation and food services. This is reflective of the primary reasons people move to these areas, which are lifestyle-related, to be close to family and friends, and for retirement. Job opportunities, an important factor in regional development, ranked as the sixth most cited reason for migration from metropolitan to nonmetropolitan areas in a 2004-2005 survey. HSR could attract a different mix of residents and higher order employment opportunities given appropriate policy responses.
- There will be significant future population growth in the east coast capital cities which needs to be accommodated. The CBD/inner areas of those capital cities already have high public transport mode shares for journeys to work to and from the CBD (62 per cent in Melbourne and 75.5 per cent in Sydney). CBD employment is forecast to double in these cities over the next 30 years. Given existing levels of congestion, it is unlikely that public transport capacity can be increased to fully cater for this demand from within the cities. In that case, regional locations within two hours' travel by HSR that have capacity for increases in business growth could assist in making the metropolitan centres more globally competitive by providing less congested future growth options.
- Regional centres that have good transport links to capital cities can attract employment and population growth for two reasons. First, housing, schools and social amenities are usually less expensive and more accessible in non-metropolitan areas. Second, back office opportunities would likely increase in regional areas to take advantage of lower occupancy costs and wages. HSR and complementary infrastructure such as the national broadband network (NBN) could enable these regional centres to offer a high quality of life and less congestion without sacrificing connectivity to metropolitan areas.
- In the Commonwealth report, commonly occurring assets and qualities were identified that can facilitate regional development. Complementary regional assets include the following:
 - ✓ High speed internet, such as Australia's NBN program.
 - ✓ Universities and technical education facilities.
 - ✓ Hospitals and bio-medical research centres.
 - ✓ Well developed and supportive public governance and business-to-business connections within a region and between a region and a major metropolitan centre.
 - ✓ Cultural, recreational and tourist amenities that attract visitors from outside the region.
 - ✓ Quality-of-life amenities and cost-of-living benefits, such as a favourable climate, affordable housing choices, access to recreational and sporting opportunities and a less congested living environment.
- Overseas research has found that the presence of an HSR station in combination with some of these assets has helped facilitate regional development. The extent of HSR's influence appears to be enhanced by the quality and the number of the complementary assets in a given location. More and better quality complementary assets increase HSR's impact on regional development.

- Stakeholders also identified HSR as a potential means of improving social outcomes in regions that have historically experienced relatively low educational attainment. The establishment of stations and O&M facilities in regions such as the Gold Coast, Newcastle and Albury-Wodonga has the potential to improve the accessibility of higher education institutions for both the local communities, and those currently living in metropolitan areas.
- The inclusion of local suppliers was also identified as a means of improving the welfare of workers living in remote areas, not only through the construction period but also through ongoing maintenance and operation of the HSR system.
- The Commonwealth report suggests that HSR could reduce the burden on patients, carers, medical workers, and medical students who are often required to travel significant distances using multiple transport modes to access healthcare services and facilities. There are opportunities provided by HSR to improve service delivery by enabling health workers to travel from capital cities to the rural clinical campuses currently established in most of the regional centres that would be served by a HSR station for both training students and staff as well as treating patients.
- HSR could offer significant opportunities to reconfigure the way other public services are delivered to communities and individuals.
- Data presented in the report on the travel patterns of international and domestic visitors shows that the most frequently cited reason for travel is to visit friends and relatives. Furthermore, most visits happen to or within the east coast states of Queensland, NSW and Victoria, with international visitors spending most of their time in a capital city, while domestic visitors spend most of their time in regional areas. The choice of travel mode for tourism seems to vary by age bracket with more mature groups relying relatively more than younger groups on rail and bus services. With an aging population, public transport is likely to be utilised more frequently. Research also shows that people experiencing disability or disadvantage are often excluded from opportunities to travel and the physical and mental benefits associated with leisure.
- Data on current usage of regional rail services shows that rail plays an important role in catering for the tourism travel needs of mature age visitors in regional areas. However, these conventional rail services are frequently limited and impose a significant travel burden on the mature age passenger in terms of time to get to/from the station, waiting time and accessibility issues at the station. Findings from the report suggest that HSR would deliver improved services in terms of travel time and reliability from regional areas to regional centres and metropolitan areas.

The Commonwealth report found that the following economic benefits could arise from developing a HSR network:

- HSR could enhance, but would not necessarily produce, economic development or transform localities served by HSR. If combined with effective land use and regional planning, complementary assets and supportive public policies, it could lead to population and economic growth within regional centres, but much of this growth would come from moving people and jobs from other locations within or immediately outside the region. Productivity increases could result in small increases in aggregate Australian jobs over time, in addition to those associated with the operations and maintenance of HSR.
- For towns with strategies for complementary infrastructure, HSR could improve links between major cities and regional communities. HSR could also increase the utilisation of facilities such as regional universities and hospitals by expanding their effective catchments, while at the same time helping to reduce population losses from regional communities to the capital cities. It could also result in a concentration of a particular type of business in non-metropolitan areas (for example, those seeking low cost back office locations, start-up operations and emerging green technology enterprises). Through productivity improvements arising from these changes, HSR could improve the competitiveness of local companies attempting to compete in a global economy.
- However, establishing the required combination of policies, strategies and complementary infrastructure would not be straight forward. For regional areas seeking to maximise the opportunities presented by HSR, the local policy environment and general macro-economic conditions would be crucial. There is no generic policy that would work for all locations, and a diversity of responses would be likely to produce better outcomes. A well-placed HSR station combined with complementary assets, land available for development, zoning and planning to encourage new development, possible tax incentives for inward investment and a significant existing employment and population base would create the ideal conditions for beneficial regional development impacts to emerge.
- Regional communities without an HSR station are likely to be subject to pressure from nearby centres with HSR. However, they could also benefit from HSR if they were able to develop effective connections between their facilities and the stations. In all cases, the best results would come from intelligent responses based on an informed understanding of a region's strengths and constraints, and of the nature of the likely HSR impacts in each location.
- It would be imperative that regional stakeholder organisations take advantage of HSR to:
 - I. Develop integrated land use and economic development plans for the portion of the corridor in their region.
 - II. Work with local governments and the private sector to maximise HSR benefits to the region.
 - III. Act as a continuing reference group for HSR issues for regional communities.

TOURISM

There are two key features of tourism in Australia which HSR has the potential to change:

- International visitors spend almost all their time in the capital cities. Some 90 per cent of international visitor time in Victoria and NSW is spent in Melbourne and Sydney.
- For day visits from the capital cities, there is a clear link between the number of visits and the journey time from the capital city.

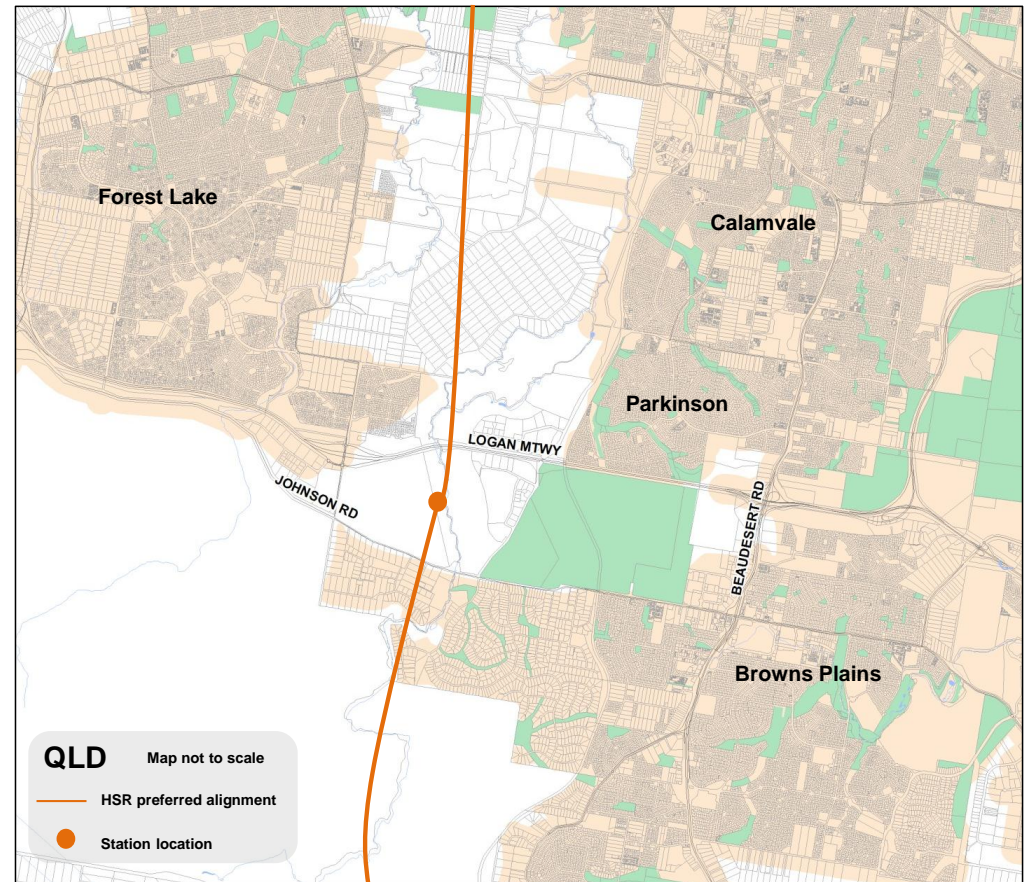
South Brisbane

The Commonwealth report found that the southern station in Brisbane should have good connections to the regional road network as well as the regional growth areas. The preferred peripheral station site in Brisbane is adjacent to the M2/MR6 Logan Motorway, and west of Browns Plains. Road access would be provided from the Motorway, via the Stapylton Road interchange. There is no urban rail access to the site. The interstate rail line is located approximately two kilometres to the east but is not used for regular urban rail services at present. The South Brisbane station at this particular site would increase user benefits by \$0.9 billion.



“The South Brisbane station would increase user benefits by \$900 million”

Proposed South Brisbane HSR Station



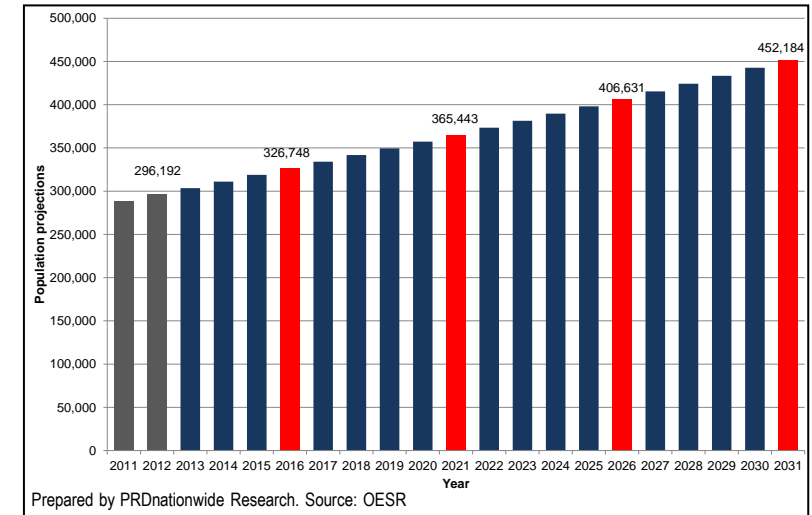
Prepared by PRDnationwide Research. Source: HSR Report Phase 2

- The population of the Logan LGA as at the 2011 Census was 278,050 residents. It is anticipated that the urban footprint will expand to accommodate 452,184 residents in 2031.
- Overall, the Logan LGA will experience a population growth of approximately 2.3 per cent per annum over the next 20 years. This equates to an average growth of 8,159 new residents per annum.
- The average number of residents per dwelling within the Logan LGA is 2.9, resulting in future demand of 2,813 new dwellings per annum needed to supply the required residential growth. The average residents per household is also greater than the Brisbane and Gold Coast LGA's, which average 2.6 and 2.5 persons per household respectively.
- According to the ABS, the average number of new residential private dwellings being approved for development is only 1,596 per year. This results in a shortfall in supply of 1,217 dwellings per year.
- The Logan LGA is classified as family oriented due to only 31.1 per cent of residents aged below 19 years and under, with the largest proportion being less than five years of age, equating to 8.2 per cent.
- Within the Logan LGA, 65.8 per cent of dwellings are owner occupied. This is slightly higher than the Brisbane LGA average of 61.5 per cent. In addition, the rental market equates to approximately 31.4 per cent of dwelling tenure and as such is generally associated with flat, unit or apartment living. Such dwellings represent 11.5 per cent of total dwelling structures in the LGA.
- The majority of dwellings types within Logan City are separate houses, equating to 87.9 per cent of dwellings. Nonetheless, the area is slowly transforming from traditional suburbia and seeing a greater acceptance of medium density dwelling development.

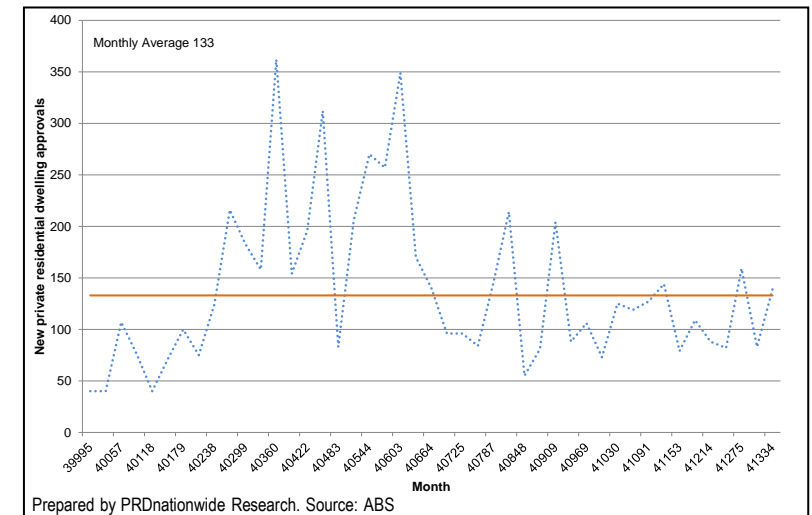
Suburbs identified to be directly affected by the development of a HSR station:

- Forest Lake
- Hill Crest
- Browns Plains
- Heritage park
- Boronia heights
- Forestdale
- Park Ridge

Logan LGA Population Projections



Logan LGA Dwelling Approvals



What are the characteristics of the property market in the surrounding station suburbs?

Settled sales have been subdued within South Brisbane since the peak of the market in 2007. The median house price has declined over the past couple years, while the median unit price has held firm. Under the South East Queensland regional plan to 2031, the Logan LGA would experience an expansion of its urban footprint to cater to the large growth in population that Brisbane in forecast to receive.

Station suburbs key figures and annual change for 6 month period ending May 2013:

- Median house price down 1.4 per cent (\$5,000) to \$350,000
- House sales down 12.4 per cent (46 sales) to 326
- Median unit price up 0.5 per cent (\$1,500) to \$334,500
- Unit sales down 4.7 per cent (2 sales) to 41

Where is the majority of property sales occurring in the HSR area?

Most of the dwelling sales have occurred within the master planned community of Forest Lake, at an average 50.7 per cent of transactions. Heritage Park, Park Ridge and Hillcrest have all experienced a slight increase in the proportion of dwelling sales over the past three years.

Suburb	Six month period			
	2010 MAY	2011 MAY	2012 MAY	2013 MAY
Boronia Heights	14.0%	8.5%	11.1%	11.7%
Browns Plains	11.5%	13.9%	10.4%	13.4%
Forest Lake	54.7%	51.4%	51.1%	45.5%
Forestdale	2.7%	6.5%	4.1%	3.5%
Heritage Park	8.3%	9.7%	7.5%	10.1%
Hillcrest	7.2%	9.4%	15.2%	11.2%
Park Ridge	1.6%	0.6%	0.7%	4.6%

What is the dominant price range?

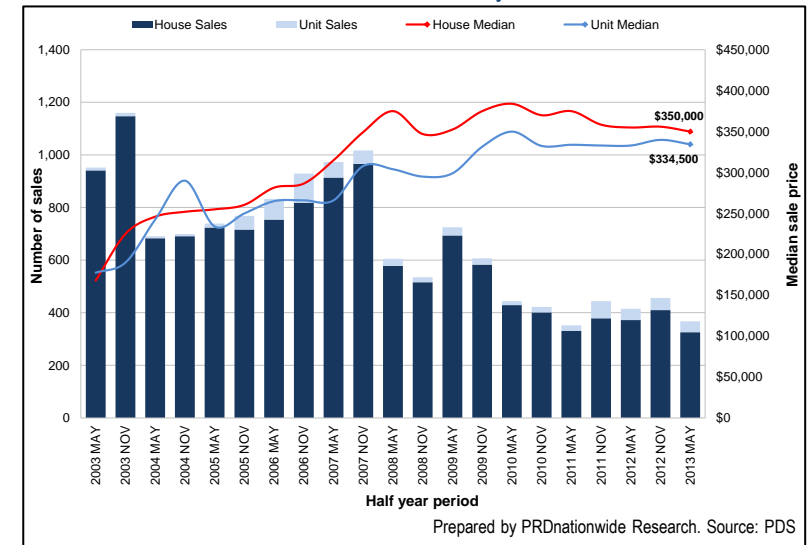
The majority of house sales transact within the \$300,000 to \$399,999 price segment, at 56.1 per cent. Notably, affordable house sales priced between \$200,000 to \$299,999 increased their proportion of market share from 4.7 per cent to 16 per cent. Houses priced \$500,000 to \$599,999 have also increased in market share, from 6.8 per cent in 2010 to 10.4 per cent in 2013.

While a significantly smaller market, the majority of sales that occurred within the station suburbs unit market took place between the \$300,000 to \$399,999 price bracket, at 56.1 per cent. It is interesting to find that 36.6 per cent of sales occurred for less than \$200,000 during the recent May 2013 six month period, where no sales occurred in this price segment over the previous three years.

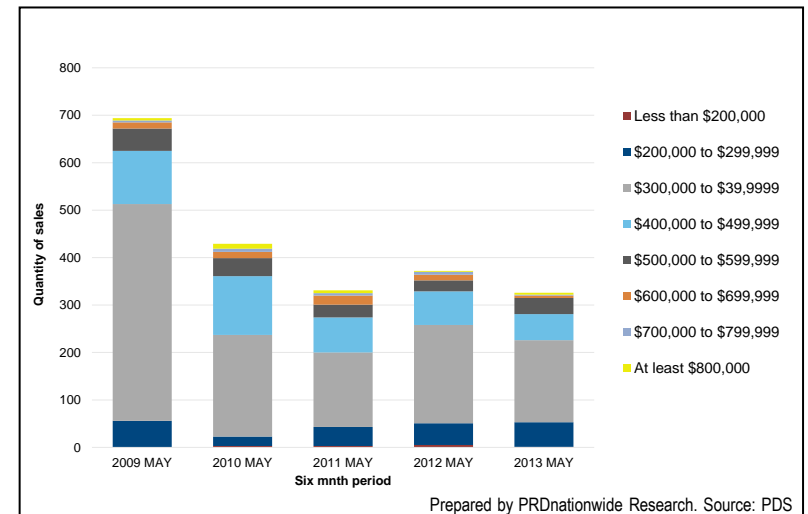
How could HSR affect the station suburbs?

The South Brisbane region has been earmarked to cater for a significant level of future urban expansion in the near future. A HSR network would compliment this large scale development and assist in connecting residents in the region with their daily work commute to the Brisbane CBD, in a quicker time than existing conventional rail. Several master planned communities are being developed within the region, and would appeal to families in search of recreational space. Through HSR, residing and commuting to work within the area would become much more attractive, generating heightened demand for local property.

South Brisbane Station Suburbs Sales Cycle



South Brisbane Station Suburbs House Price Points



The Gold Coast region is located approximately 70 kilometres southeast of Brisbane with an urban area stretching approximately 50 kilometres along the coast. It has grown significantly in recent years, and has become an important Australian tourism destination. The population of the Gold Coast was 494,500 in 2011 and is forecast to reach 850,000 in 2036 and 1.5 million by 2056.

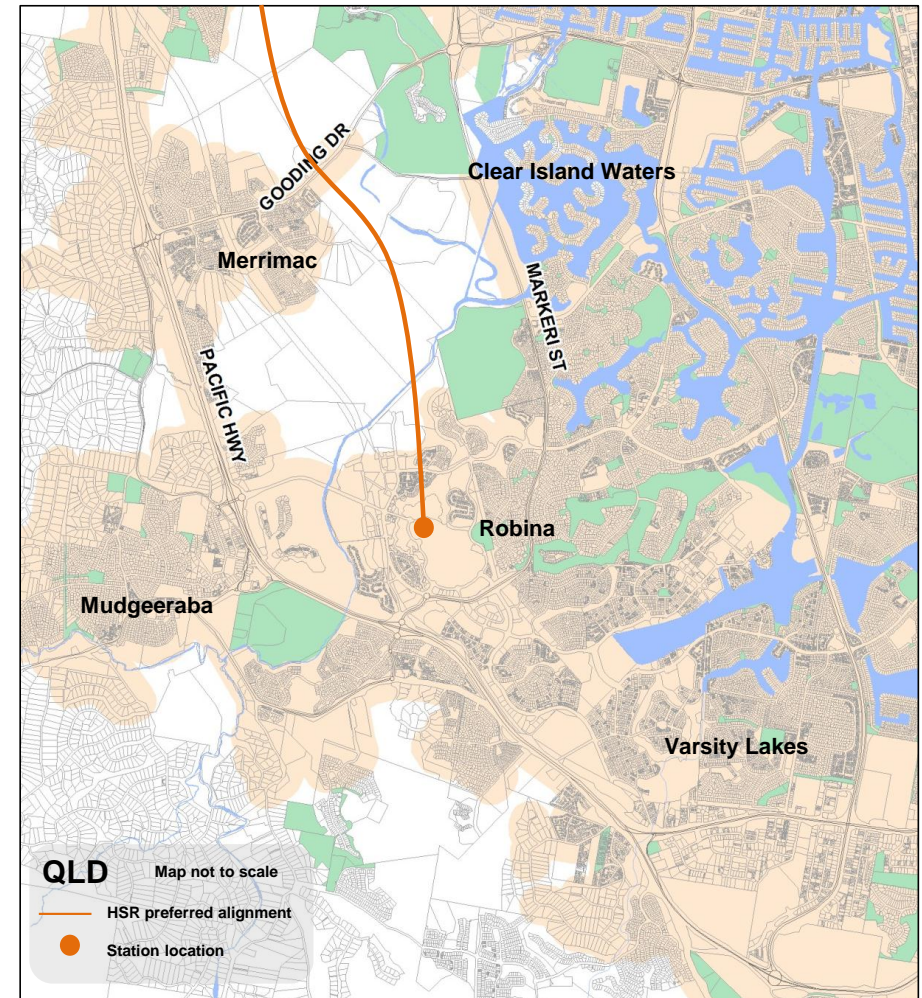
The biggest constraint in locating a suitable station on the Gold Coast was the potential impact on developed urban areas and planned future development, while any remaining undeveloped land would be subject to topographical constraints.

The Commonwealth report assessed two potential station locations at Carrara and Robina, with the objective of minimising impact on the urban areas while providing access to the regional road network. The location at Robina was the least constrained site, with the additional benefit of linkages with local public transport. The alignment to the station would also have fewer adverse land use impacts than the alignment to station sites at Carrara. Options in the vicinity of the station site were assessed, with the preferred location adjacent to the existing conventional rail station at Robina. The conventional rail and HSR stations would be adjacent to each other, with a walking distance of less than 40 metres between platforms.

The location at Robina has good access to the regional road network, and is close to the Pacific Highway/Robina Town Centre Drive interchange, approximately two kilometres away. Surfers Paradise would be 13 kilometres by road, Southport 18 kilometres by road and Coolangatta/Tweed Heads 25 kilometres by road. From a land use planning and policy perspective, the Gold Coast Planning Scheme 2003 (as amended) identifies Robina as a Key Regional Centre and a major public transport interchange. It is strategically located to serve emerging residential communities on the western fringe of the Gold Coast. A station in this location would have synergies with the current strategic planning intent for this area.

The report found Robina as the preferred location for the HSR regional station on the Gold Coast.

Proposed Gold Coast HSR Station



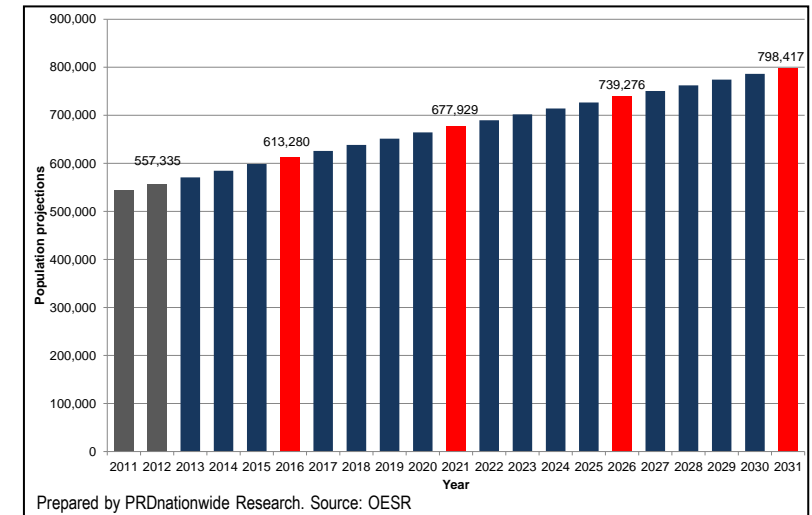
Prepared by PRDnationwide Research. Source: HSR Report Phase 2

- The population of the Gold Coast as at the 2011 Census was 494,501 residents. It is anticipated that the region will expand to accommodate 798,417 residents in 2031.
- Overall the Gold Coast LGA will experience a population growth of approximately 1.9 per cent per annum over the next 20 years. This equates to an average growth of 4,384 new residents per annum.
- The average number of residents per dwelling within the Gold Coast LGA is 2.5, resulting in future demand of 1,754 new dwellings per annum needed to supply the required residential growth.
- According to the ABS, the average number of new residential private dwellings being approved for development is 2,736 per year. While the amount of approved dwellings fluctuates from month to month, over the past four years the Gold Coast has experienced an average oversupply of 982 dwelling approvals per year.
- Within the Gold Coast LGA, 60.9 per cent of dwellings are owner occupied. This is slightly lower than the Brisbane LGA average of 61.5 per cent. The rental market equates to approximately 35.8 per cent of dwelling tenure, with a large portion associated to short-term holiday accommodation.
- The majority of dwellings types within the Gold Coast LGA are separate houses, equating to 60.4 per cent of dwellings. Nonetheless, the area has a large portion of medium to high density dwelling development. Such dwellings represent 38.4 per cent of total dwelling structures in the LGA.

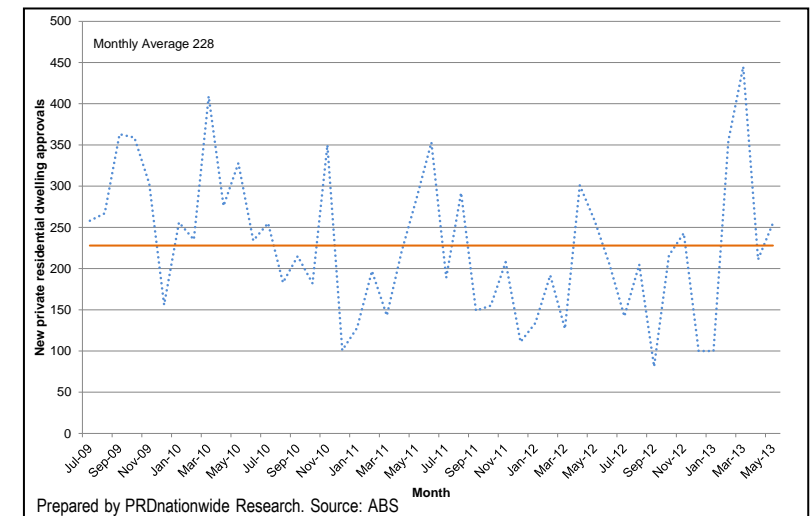
Suburbs identified to be directly affected by the development of a HSR station:

- Robina
- Mudgeeraba
- Varsity Lakes
- Burleigh Waters
- Clear Island Waters
- Merrimac

Gold Coast LGA Population Projections



Gold Coast LGA Dwelling Approvals



What are the characteristics of the property market in the surrounding station suburbs?

The Gold Coast has been one of the hardest hit property markets since the Global Financial Crisis, experiencing a significant fall in the amount of sales, with stagnant or declining values. However, the markets affordability through record low interest rates during 2012 and early 2013 has observed a steady level of sales, while both the median price for houses and units have improved. This is evident in the Gold Coast Station Suburbs Sales Cycle.

Station suburbs key figures and annual change for 6 month period ending May 2013:

- Median house price up 8.5 per cent (\$38,975) to \$499,000
- House sales up 1.3 per cent (5 sales) to 381
- Median unit price up 1.4 per cent (\$5,000) to \$360,000
- Unit sales up 5.5 per cent (14 sales) to 267

Where is the majority of property sales occurring in the HSR area?

Most of the dwelling sales have occurred within the suburb of Robina, at an average 31.3 per cent. Second to Robina, Varsity Lakes attracted an average 22.2 per cent of sales per six month period of all the station suburbs.

All dwelling sales Suburb	Six month period			
	2010 MAY	2011 MAY	2012 MAY	2013 MAY
Burleigh Waters	16.1%	19.0%	18.0%	17.0%
Clear Island Waters	4.0%	5.8%	4.8%	4.8%
Merrimac	12.0%	7.8%	12.1%	6.9%
Mudgeeraba	13.0%	16.8%	14.6%	13.1%
Robina	30.2%	28.8%	32.3%	34.1%
Varsity Lakes	24.8%	21.8%	18.3%	24.1%

What is the dominant price range?

The majority of house sales transact within the \$400,000 to \$499,999 price segment, at 41.2 per cent. House sales priced less than \$400,000 increased their proportion of market share to 21.5 per cent during the May 2012 six month period, but have since contracted back to under 10 per cent during 2013. Houses priced \$600,000 to \$699,999 have also contracted in market share, from 16.8 per cent in 2010 to 12.6 per cent in 2013.

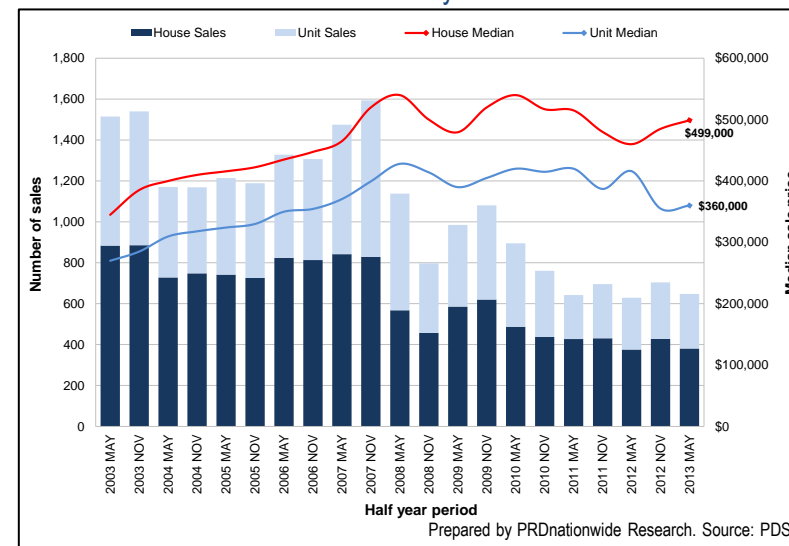
The majority of sales that occurred within the station suburbs unit market was between the \$300,000 to \$399,999 price bracket, at 37 per cent. The \$500,000 to \$599,999 bracket has contracted by 8.1 per cent from 2011 to 2013.

How could HSR affect the station suburbs?

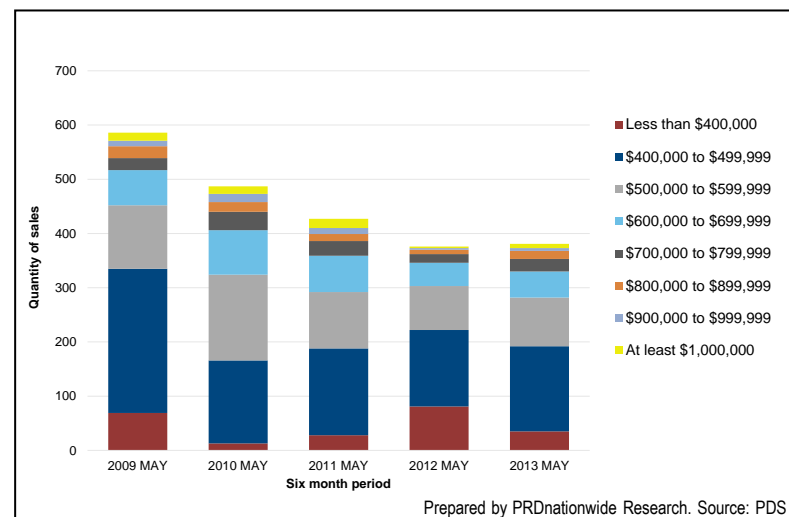
Robina has already developed into a major business, retail, health and transportation hub on the Gold Coast. With the addition of a HSR station to its already diversified local economy, it is expected that the economic benefits to this region would be substantial and could match those received by the main capital cities. Through a HSR development, major businesses could relocate to the commercial precinct in Robina, allowing the region to benefit directly from future employment opportunities that arise. A HSR network would also assist the daily work commute from the Gold Coast to Brisbane, in a much quicker time frame. Residing and commuting or working locally within the area would become much more attractive, generating higher demand for local property.

“Median house price up 8.5 per cent to \$499,000”

Gold Coast Station Suburbs Sales Cycle



Gold Coast Station Suburbs House Price Points



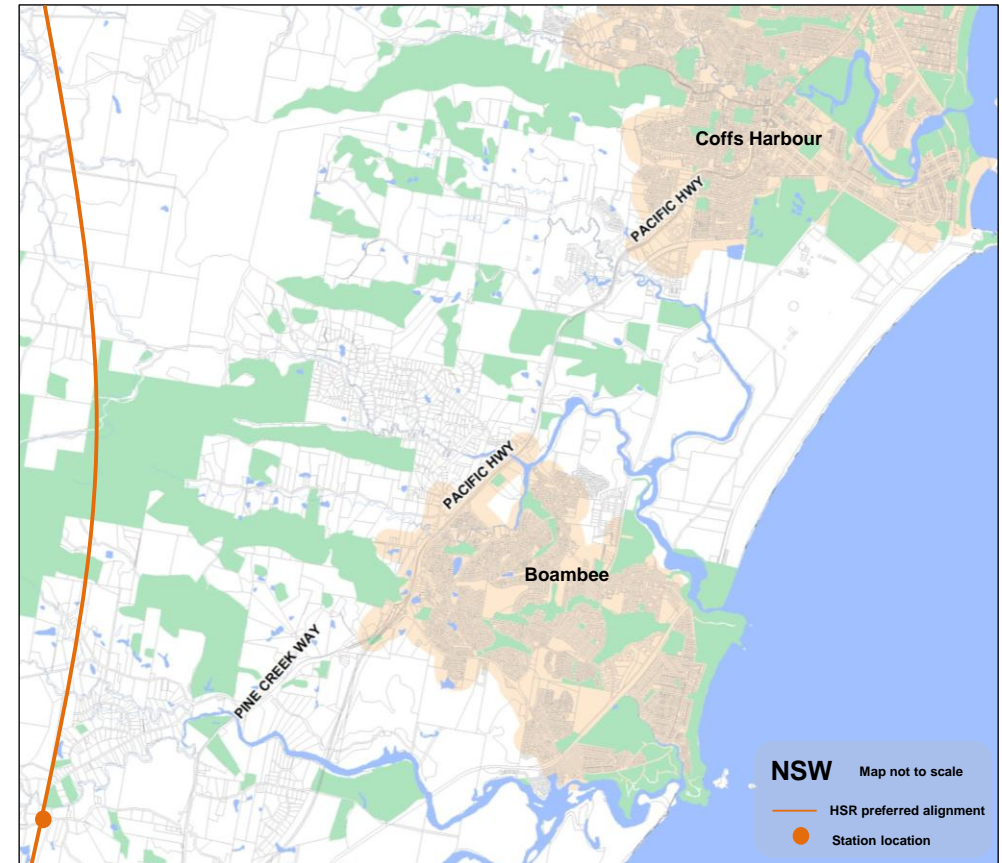
Coffs Harbour is identified in the Regional Strategy as a major regional centre in the Mid North Coast region of NSW. The region had a population of 68,413 in 2011, and projections indicate this will grow to 101,800 in 2036 and 105,700 in 2056. The urban area of Coffs Harbour is constrained by the surrounding terrain. Much of the proposed growth will occur in the areas immediately adjacent to the existing urban area, into the adjacent foothills, to the south in North Boambee and Bonville.

Location options for a station were assessed northwest of Coffs Harbour around Karangi, along the coast near Coffs Harbour CBD and southwest around Boambee and Bonville, with the southwest options being preferred due to their better road access and proximity to future development. Because of the vertical gradients of the HSR alignment passing Coffs Harbour, Bonville is the closest location to Coffs Harbour with sufficient level land area to accommodate a station.

Bonville has good transport links, with bus services linking to Coffs Harbour and Sawtell centres and conventional rail stations. There is direct access to the Pacific Highway and the future urban land proposed for release in the Bonville area in the Regional Strategy. The alignment is constrained to the south by the floodplain of the Bellinger River and there is minimal scope to move the alignment east, closer to the Pacific Highway. The preferred location is approximately 15 kilometres by road from both the centre of Coffs Harbour and Coffs Harbour Airport.

The report found the preferred station location to the west of the Pacific Highway/Archville Station Road interchange, south of Valery-Gleniffer Road.

Proposed Coffs Harbour HSR Station



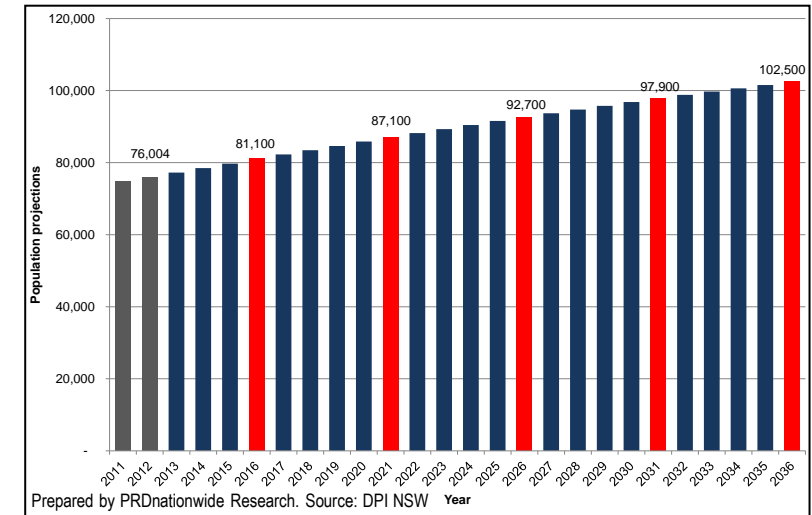
Prepared by PRDnationwide Research. Source: HSR Report Phase 2

- The population of Coffs Harbour as at the Census of 2011 was 68,413 residents. It is anticipated that the region will expand to accommodate 102,500 residents in 2036.
- Overall Coffs Harbour will experience a population growth of approximately 1.3 per cent per annum over the next 25 years. This equates to an average growth of 1,108 new residents per annum.
- The average number of residents per dwelling within Coffs Harbour is 2.4, resulting in future demand of 462 new dwellings per annum needed to supply the required residential growth.
- According to the ABS, the average number of new residential private dwellings being approved for development is only 240 per year. This results in a shortfall in supply of 222 dwellings per year.
- Coffs Harbour has a strong presence of residents who are looking to retiree or have retired, with 39.8 per cent of its total population over the age of 50 years, compared to 33.2 per cent for the state of New South Wales.
- Within Coffs Harbour 64.3 per cent of dwellings are owner occupied. This is slightly lower than the New South Wales average of 66.6 per cent. In addition, the rental market equates to approximately 31.8 per cent of dwelling tenure and as such is generally associated with flat, unit or apartment living. Such dwellings represent 20.7 per cent of total dwelling structures in the LGA. The majority of dwellings types within Coffs Harbour are separate houses, equating to 76.2 per cent of dwellings.

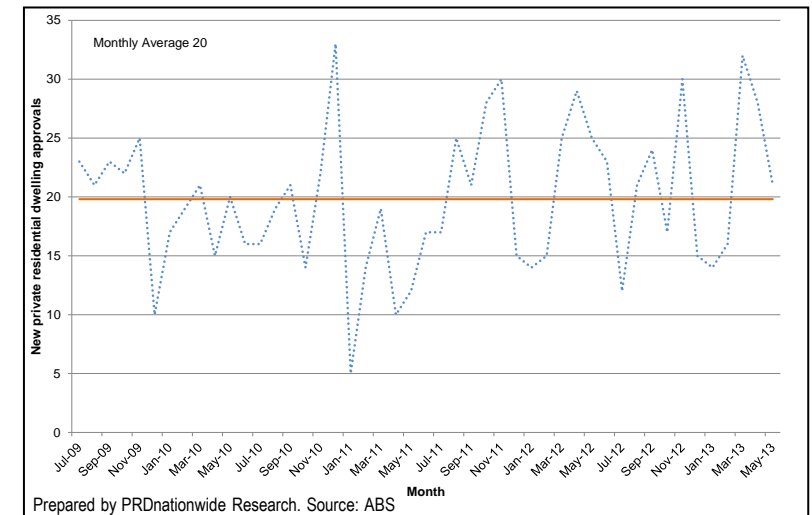
Suburbs identified to be directly affected by the development of a HSR station:

- Coffs Harbour
- North Boambee Valley
- Boambee East
- Boambee
- Toormina
- Sawtell

Coffs Harbour LGA Population Projections



Coffs Harbour LGA Dwelling Approvals



What are the characteristics of the property market in the surrounding station suburbs?

The region is a popular destination for holiday makers and retirees. Coffs Harbour has undergone the City Plan Project, which aimed to establish Coffs Harbour as a regional growth centre. Within this plan, the former Base Hospital site in the middle of the city was redeveloped into a new Coles supermarket and an expanded Park Beach Plaza Shopping Centre. Coffs Harbour typically experiences a consistent level of sales, with steady long-term growth in values. The 10 year median price growth rates for houses and units display this trend, at 4.3 per cent per annum (houses) and 4.1 per cent per annum (units).

Station suburbs key figures and annual change for 6 month period ending May 2013:

- Median house price down 0.7 per cent (\$2,500) to \$362,500
- House sales up 17.4 per cent (43 sales) to 290
- Median unit price up 2.1 per cent (\$5,500) to \$262,500
- Unit sales up 6.9 per cent (10 sales) to 155

Where is the majority of property sales occurring in the HSR area?

Most of the dwelling sales have occurred within the suburb of Coffs Harbour, at an average 54.1 per cent. Following Coffs Harbour, Boambee East attracted an average 20.8 per cent of sales per six month period of all the station suburbs.

All dwelling sales Suburb	Six month period			
	2010 MAY	2011 MAY	2012 MAY	2013 MAY
Boambee	2.1%	1.9%	1.5%	1.9%
Boambee East	11.1%	24.0%	24.7%	23.6%
Coffs Harbour	60.6%	52.9%	51.2%	51.5%
North Boambee Valley	2.4%	1.9%	2.4%	3.8%
Sawtell	10.3%	8.9%	9.5%	8.2%
Toormina	13.5%	10.4%	10.6%	10.9%

What is the dominant price range?

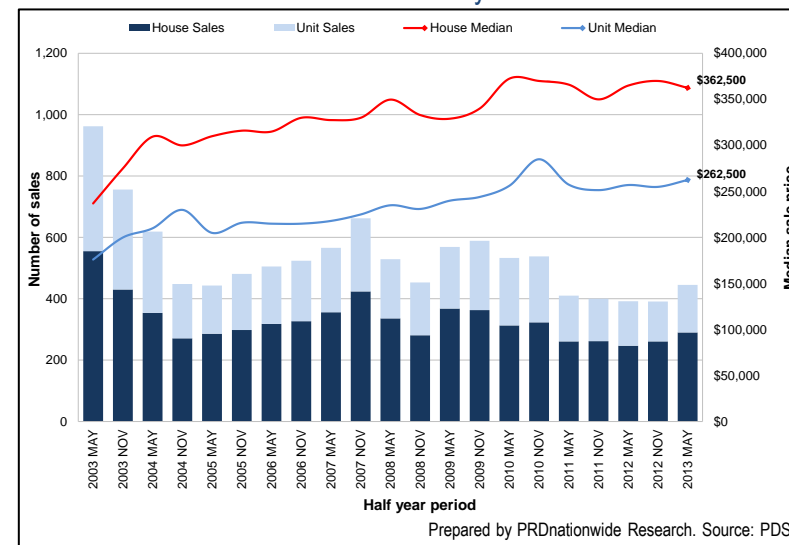
The majority of house sales transact within the \$300,000 to \$399,999 price segment, at 43.5 per cent. House sales priced less than \$300,000 decreased their proportion of market share from 34.8 per cent to 19.7 per cent during 2013. Houses priced \$500,000 to \$699,999 have expanded in market share, from 6.3 per cent in 2009 to 13.8 per cent in 2013.

The majority of sales that occurred within the station suburbs unit market was between the \$200,000 to \$299,999 price bracket, at 44.1 per cent. However, growth in value of the unit market is evident as the \$300,000 to \$499,999 price segment has expanded by 9.1 per cent from 2010 to 2013.

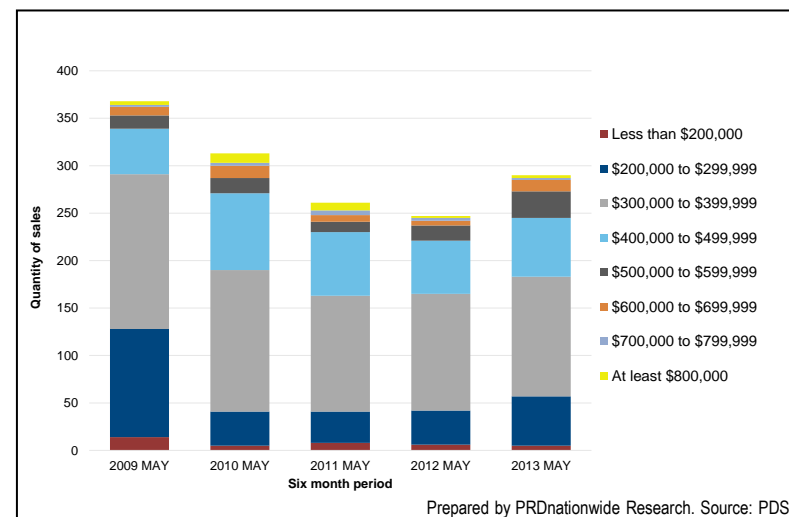
How could HSR affect the station suburbs?

Similar to the Gold Coast, Coffs Harbour has a diversified economy with strengthens in tourism, health, and a university. Through an addition of a HSR station, the region could attract further businesses to relocate away from capital cities and set up in a lower cost environment. A HSR station would also improve the flow of skilled labour to and from major capital cities. Coffs Harbour would also get a boost in tourism through an improved ease of access for international travellers to reach the region. However due to the distance Coffs Harbour is from Sydney and Brisbane, there would be less demand from residents in Coffs Harbour commuting daily for employment to these capital cities than regions such as the Gold Coast, which are much closer in location.

Coffs Harbour Station Suburbs Sales Cycle



Coffs Harbour Station Suburbs House Price Points



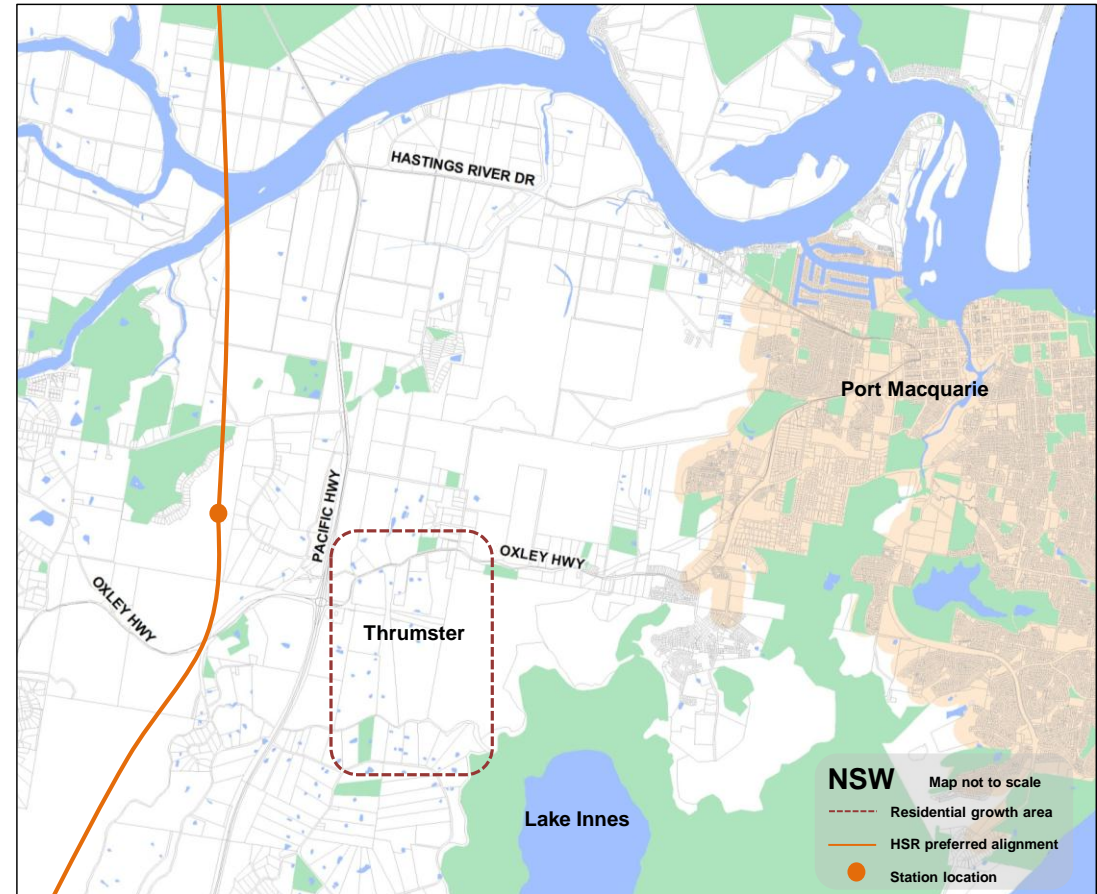
Port Macquarie is located within the Mid North Coast region of NSW and is identified as a major regional centre in the Mid North Coast Regional Strategy, together with the surrounding communities of Wauchope, Lake Cathie and Bonny Hills. Port Macquarie Airport is located approximately five kilometres west of the city centre, while the conventional rail station is located at Wauchope, 20 kilometres west of Port Macquarie.

The Port Macquarie area had a population of 72,696 in 2011. This is estimated to grow to an estimated 107,600 in 2036 and 111,800 in 2056. Much of the growth will occur in the area around the Oxley Highway/Pacific Highway interchange. Other growth areas are identified at Wauchope, to the south in the Lake Cathie/Bonny Hills area, and in the Kew/Laurieton corridor. The two major constraints near Port Macquarie are the Hastings River and large areas of planned residential growth around Thrumster. These constraints make it difficult to locate a station within ten kilometres of the city centre. Potential HSR station options were identified in the Oxley Highway corridor, east and west of the Pacific Highway, to facilitate access from Port Macquarie and Wauchope, the two main population centres in the area. The preferred station location would be to the west of the Oxley Highway/Pacific Highway interchange.

This location is approximately 15 minutes by car (ten kilometres) from the centre of Port Macquarie. The preferred location would provide good access from the regional road network, as it is adjacent to the Pacific Highway/Oxley Highway interchange. The location would also provide access from the coastal communities at Lake Cathie/Bonny Hills and Kew/Laurieton, along the Pacific Highway. Access to Port Macquarie Airport would be via the Pacific Highway and to Wauchope conventional rail station via the Oxley Highway. Bus services currently run between Wauchope and Port Macquarie and could provide access to and from the HSR station.

From a sustainability and land use planning perspective, this location avoids any significant environmental or heritage impacts. The location is close to Port Macquarie and Wauchope, as well as the future growth area at Thrumster, which would not be adversely impacted, but could be supported, by the station. There would be opportunities to integrate the developed area to the east of the Pacific Highway with a station to the west of the Pacific Highway.

Proposed Port Macquarie HSR Station



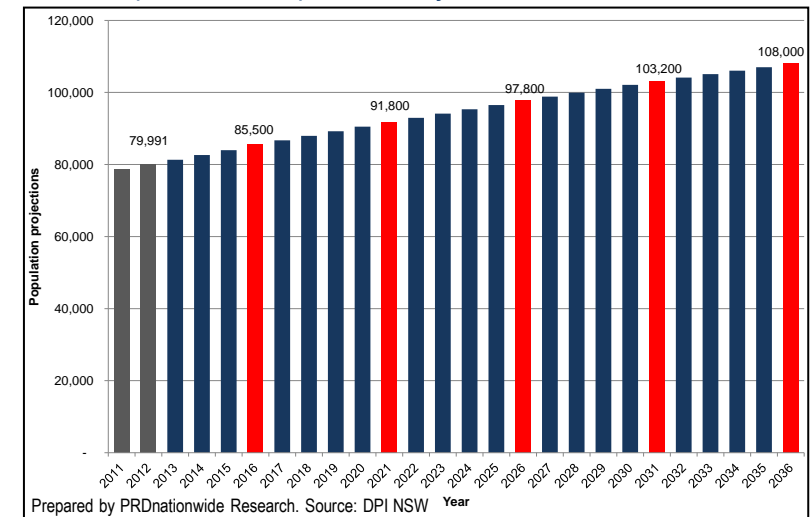
Prepared by PRDnationwide Research. Source: HSR Report Phase 2

- The population of the Port Macquarie – Hastings LGA as at the Census of 2011 was 72,696 residents. It is anticipated that the region will expand to accommodate 108,000 residents in 2036.
- Overall Port Macquarie will experience a population growth of approximately 1.3 per cent per annum over the next 25 years. This equates to an average growth of 1,172 new residents per annum.
- The average number of residents per dwelling within Port Macquarie is 2.3, resulting in future demand of 510 new dwellings per annum needed to supply the required residential growth.
- According to the ABS, the average number of new residential private dwellings being approved for development is only 252 per year. This results in a shortfall in supply of 258 dwellings per year.
- Port Macquarie has a strong presence of residents who are looking to retiree or have retired, with 46 per cent of its total population over the age of 50 years, compared to 33.2 per cent for the state of New South Wales.
- A high portion of dwellings within Port Macquarie are owner occupied, at 68.9 per cent of total dwellings. In addition, the rental market equates to approximately 26.4 per cent of dwelling tenure and as such is generally associated with flat, unit or apartment living. Such dwellings represent 21.5 per cent of total dwelling structures in the LGA. The majority of dwellings types within Port Macquarie are separate houses, equating to 75.7 per cent of dwellings.

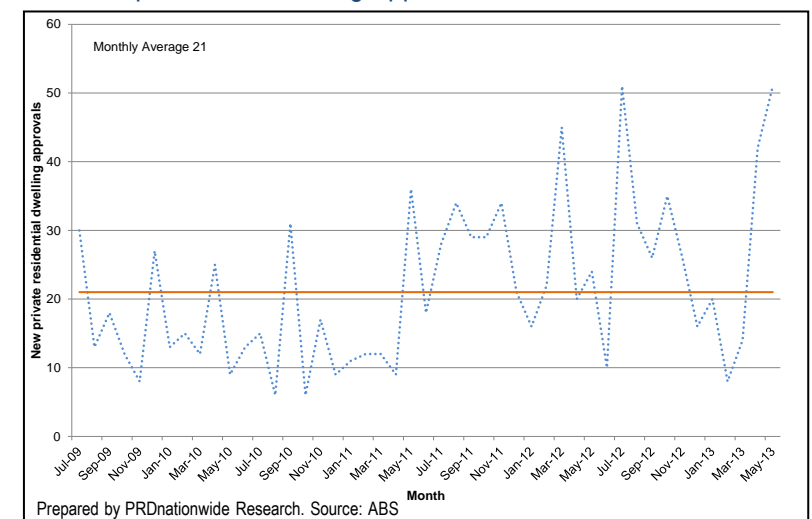
Suburbs identified to be directly affected by the development of a HSR station:

- Port Macquarie
- Thrumster
- Fernbank Creek

Port Macquarie LGA Population Projections



Port Macquarie LGA Dwelling Approvals



What are the characteristics of the property market in the surrounding station suburbs?

The Port Macquarie region is known for its natural beauty, wineries and beaches, with one of the most moderate climates in Australia. Since 2004, activity in the property market has typically held firm. House prices have observed steady long-term growth, while there have been limited price moments for unit stock. The 10 year median price growth rates for houses and units display this trend, at 2.1 per cent per annum (houses) and 0.5 per cent per annum (units).

Station suburbs key figures and annual change for 6 month period ending May 2013:

- Median house price up 0.8 per cent (\$3,000) to \$398,000
- House sales down 1.4 per cent (5 sales) to 344
- Median unit price down 6.4 per cent (\$18,000) to \$262,000
- Unit sales up 20.1 per cent (31 sales) to 185

Where is the majority of property sales occurring in the HSR area?

Almost all the dwellings sales over the past four years have occurred within the suburb of Port Macquarie. However, looking ahead there are plans to expand the urban footprint through to Thrumster.

All dwelling sales Suburb	Six month period			
	2010 MAY	2011 MAY	2012 MAY	2013 MAY
Fernbank Creek	0.0%	0.0%	0.4%	0.0%
Port Macquarie	99.8%	100.0%	99.4%	100.0%
Thrumster	0.2%	0.0%	0.2%	0.0%

What is the dominant price range?

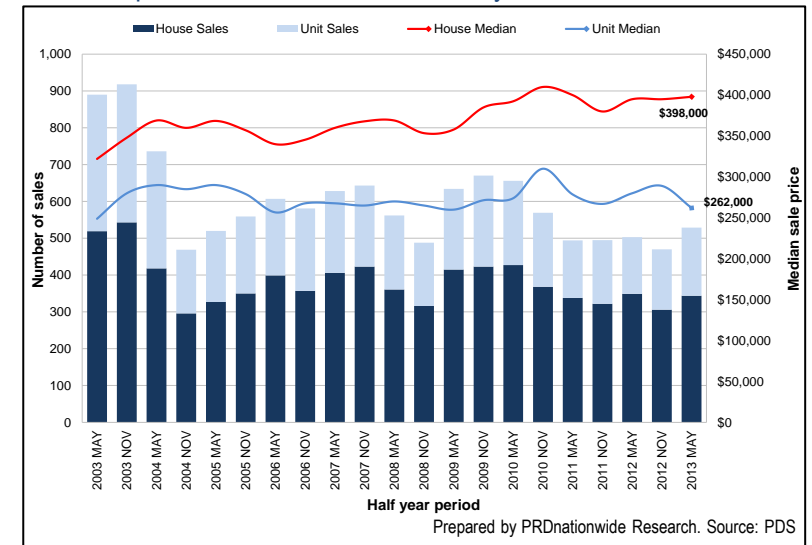
The majority of house sales transacted within the \$300,000 to \$399,999 price segment, at 41.6 per cent. Increasing values in the region are shown through a contracting proportion of house sales priced less than \$300,000, which fell from 22.2 per cent to 9.3 per cent. Houses priced between \$400,000 to \$699,999 have expanded in market share, from 30 per cent in 2009 to 43 per cent in 2013.

The majority of sales that occurred within the station suburbs unit market was between the \$200,000 to \$299,999 price bracket, at 42.2 per cent. However, the affordable end of the market for units less than \$200,000 has expanded by 5.8 per cent from 2009 to 2013.

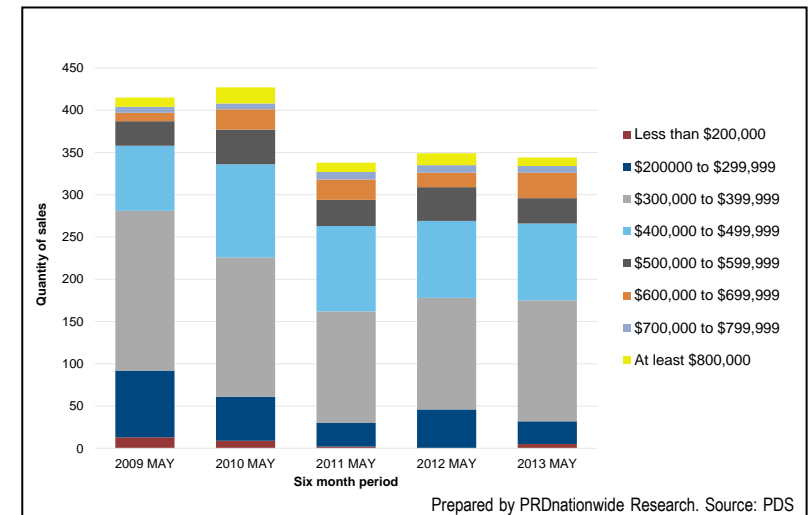
How could HSR affect the station suburbs?

Development of a HSR station would bring the benefits of attracting further businesses from capital cities, improving the flow of skilled labour to and from major capital cities and a boost in tourism through an improved ease of access for international travellers. However, these benefits cannot occur without careful planning and proactive public and private investment. If planning and investment is provided, then PRDNationwide Research expects demand for real estate within the area to increase, assisted by the attractive lifestyle benefits Port Macquarie has to offer its residents.

Port Macquarie Station Suburbs Sales Cycle



Port Macquarie Station Suburbs House Price Points



Newcastle is the seventh largest city in Australia and the second largest urban area in NSW. The city has a population of approximately 148,535 within the LGA, and has experienced continued population growth over the past decade. The population of Newcastle is projected to grow to 177,700 in 2036 and 184,600 in 2056.

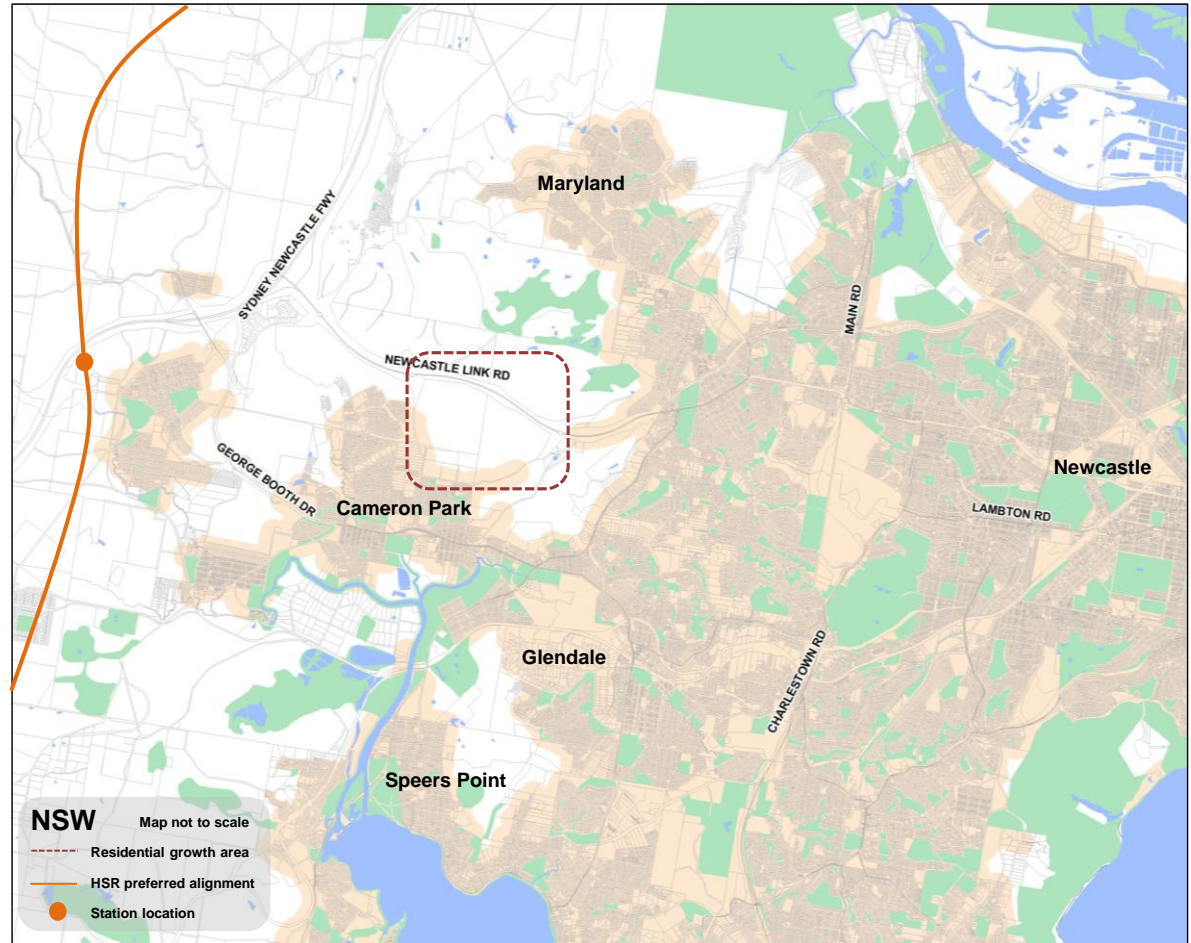
Newcastle is the world's largest coal export port and has major education and health care facilities. The regional airport, which is the major RAAF base, located to the north of the city, handles more than one million passengers every year. The Newcastle urban area extends from the city centre to the F3 corridor, including the major centres of Charlestown, Glendale, Hamilton and Mayfield, which provide services for the surrounding population and serve as employment centres. The Newcastle LGA adjoins the Lake Macquarie LGA, which encompasses the major centres of Warners Bay, Belmont and Toronto.

Potential station locations were identified close to the Pacific Highway (F3 Freeway) near Cameron Park and Hexham. Both locations offer good access to Newcastle and the Maitland region via the Newcastle Link Road and the Hunter Expressway (currently under construction) or the New England Highway respectively. Locations closer to Newcastle city centre were tested but any gain in user benefits was more than offset by the additional cost of moving the alignment.

A station near Cameron Park would better serve the population to the southwest of the Newcastle city centre and the Lower Hunter Valley via the Hunter Expressway, which is expected to open at the end of 2013. The station would also be accessible to residents in the Lake Macquarie area and northern parts of the Central Coast via the F3. Options for station locations in the vicinity of Cameron Park were investigated and a preferred location is proposed to the south of the F3 Freeway. It is close to the F3 Freeway/Newcastle Link Road/Hunter Expressway interchange. Newcastle city centre is approximately 20 kilometres away by road, as is Maitland.

The Commonwealth report found the preferred station site for Newcastle to be west of Cameron Park, adjacent to the F3 Freeway. However, in light of the increasing demand for a second international airport around Sydney, the development of a HSR station in or next to the existing Newcastle Airport could provide an alternative solution. The benefits of linking the Newcastle Airport would be a lower cost alternative, by deferring construction of a second Sydney airport, but also provide the additional advantages of linking the main business centres by HSR.

Proposed Newcastle HSR Station



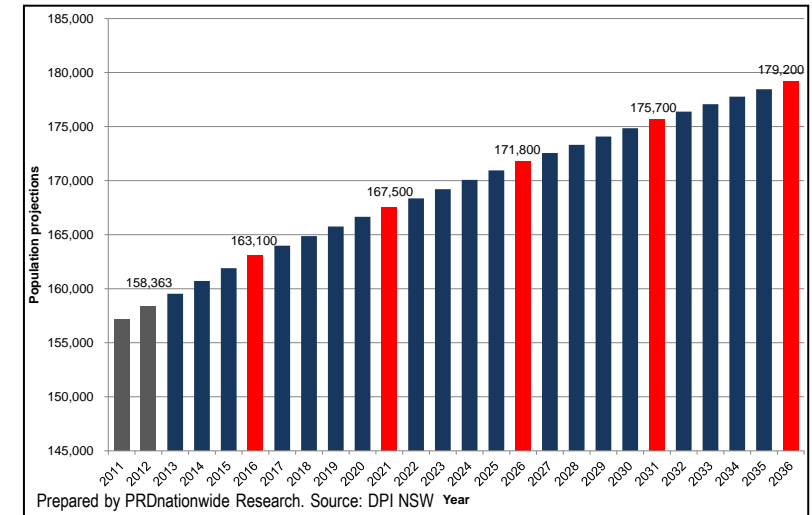
Prepared by PRDnationwide Research. Source: HSR Report Phase 2

- The population of Newcastle as at the 2011 Census was 148,535 residents. With new town planning and further expansion of the urban footprint, the population of Newcastle is projected to expand to 179,200.
- Overall the Newcastle LGA will experience a population growth of approximately 0.8 per cent per annum over the next 25 years. This equates to an average growth of 1,227 new residents per annum and a demand of 511 new dwellings per annum needed to supply the residential growth.
- According to the ABS, the average number of new residential private dwellings being approved for development since June 2010 is only 432 per year. This results in an undersupply of 79 dwellings per year.
- Newcastle has a larger portion of youthful workers in its resident makeup, with 16.7 per cent of residents between the ages of 20 to 29 years of age. This is 3.4 per cent more than the average for New South Wales. The average household has less occupants in Newcastle (at 2.4 persons) compared to the New South Wales (at 2.6 persons).
- Within Newcastle 62.7 per cent of dwellings are owner occupied. This is lower than the New South Wales average of 66.6 per cent. The rental market equates to approximately 33.9 per cent of dwelling tenure and as such is generally associated with flat, unit or apartment living.
- The majority of dwellings types within Newcastle are separate houses, equating to 73.5 per cent of dwellings. However, almost a third of dwellings (at 26 per cent) in the area are medium to high density living.

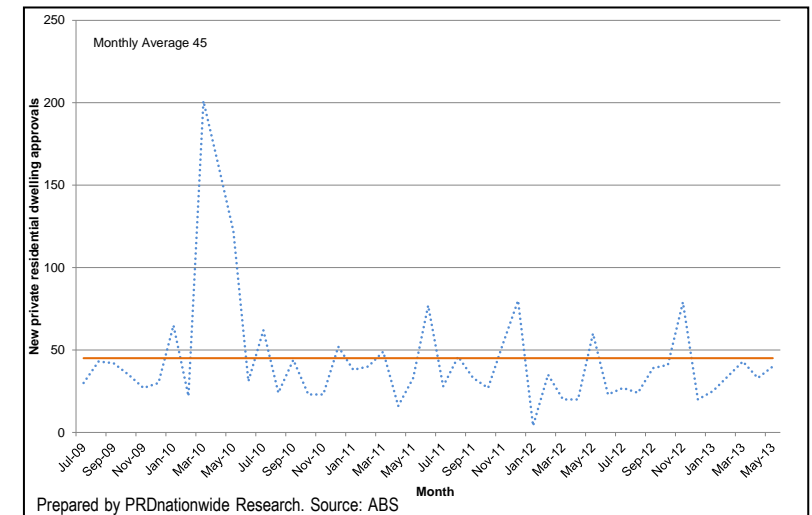
Suburbs identified to be directly affected by the development of a HSR station:

- Seahampton
- West Wallsend
- Holmesville
- Barnsley
- Edgeworth
- Cameron Park
- Stockrington

Newcastle LGA Population Projections



Newcastle LGA Dwelling Approvals



What are the characteristics of the property market in the surrounding station suburbs?

The Newcastle area has several beautiful beaches, parks and coastal walks which attract both national and international visitors. While the Newcastle town centre offers many bars, relaxed cafes and high quality restaurants which are enjoyed by locals and visitors alike. Newcastle Port is considered to be one of the largest coal export harbours in the world and the region surrounding the Newcastle LGA boasts some of the largest coal deposits on the planet. Despite softer conditions in the Hunter Valley's coal industry, record trade throughput in the Newcastle port is driving the employment in Newcastle. Overall, the surrounding station suburbs house prices have observed long-term growth. The 10 year median price growth rate for houses displays this trend, at 4.8 per cent per annum. Activity has fluctuated over the past decade, but recorded an average 153 settled sales per six month period.

Station suburbs key figures and annual change for 6 month period ending May 2013:

- Median house price down 0.7 per cent (\$2,500) to \$352,500
- House sales down 11.3 per cent (17 sales) to 134

Where is the majority of property sales occurring in the HSR area?

Typically, the majority of house sales within the station suburb area have occurred within the suburb of Edgeworth, with an average 42.8 per cent of total transactions. However, Cameron Park also recorded a significant portion of sales, averaging 32 per cent. Compared to 2010, Barnsley experienced the largest increase in sales (at three per cent) during 2013.

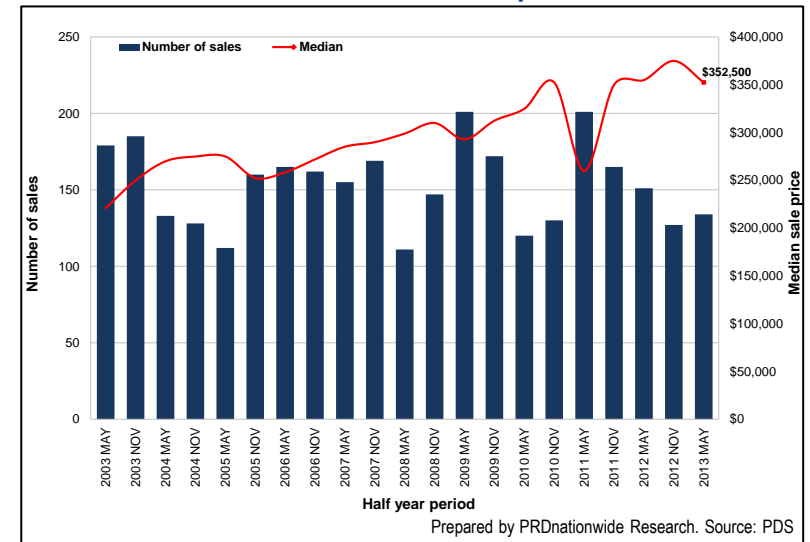
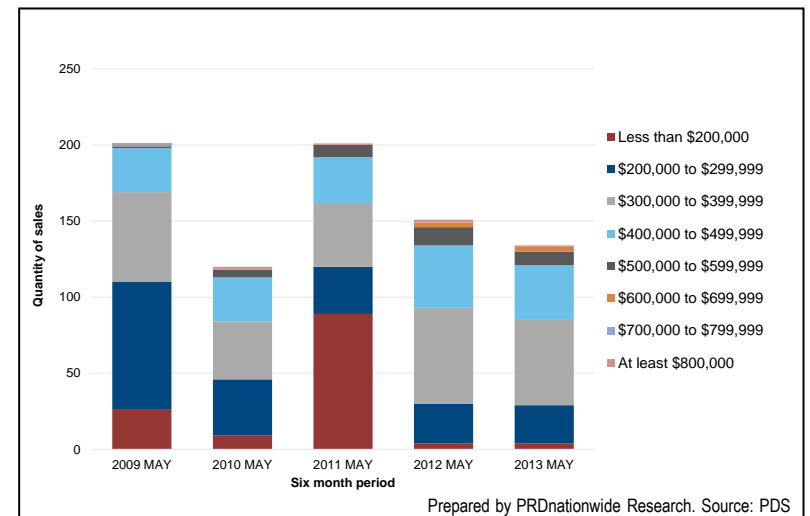
House sales Suburb	Six month period			
	2010 MAY	2011 MAY	2012 MAY	2013 MAY
Barnsley	6.7%	5.5%	9.9%	9.7%
Cameron Park	38.3%	19.4%	35.1%	35.1%
Edgeworth	35.8%	65.2%	35.1%	35.1%
Holmesville	8.3%	4.0%	4.6%	5.2%
Seahampton	0.0%	0.5%	1.3%	2.2%
Stockrington	0.0%	0.0%	1.3%	0.7%
West Wallsend	10.8%	5.5%	12.6%	11.9%

What is the dominant price range?

The majority of house sales transacted within the \$300,000 to \$399,999 price segment, at 41.8 per cent. Increasing values in the region are shown through a contracting proportion of house sales priced less than \$300,000 which fell from 54.7 per cent to 21.6 per cent, despite recording a strong level of sales during the 2011 six month period. Meanwhile, the proportion of houses priced above \$400,000 have expanded in market share, from 15.9 per cent in 2009 to 36.6 per cent in 2013.

How could HSR affect the station suburbs?

Newcastle is fortunate to have an already diversified economy, through a university, hospital, retail and surrounding resource industry. Furthermore, Newcastle is located within a moderate distance from Sydney, with an already existing railway line, allowing for employees to commute to and from easily. Development of a HSR station would assist in attracting further businesses out of Sydney, improving the flow of skilled labour to and from the neighbouring city. Tourism would receive a boost through an improved ease of access for international travellers, to not only Newcastle, but the Hunter Valley region. Would be residents within the area would have the appealing option of commuting to Sydney for employment or locally, but be able to reside in a region at the foot of the Hunter Valley and within reasonable distance to Newcastle's beaches. If a HSR station is developed, expect the surrounding suburbs to advance through increasing levels of amenities, schools, and additional residential communities.

Newcastle Station Suburbs House Sales Cycle**Newcastle Station Suburbs House Price Points**

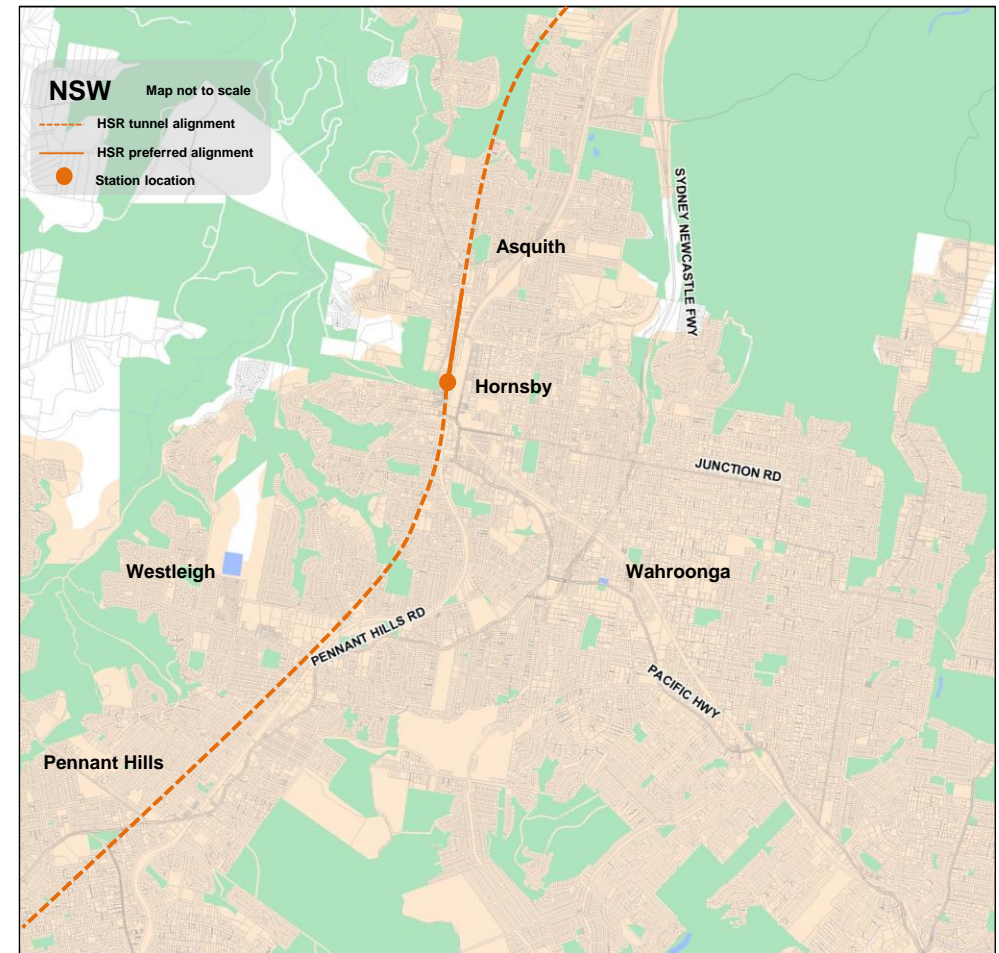
Easy interchange with the urban transport network (road and rail) is desirable to provide access between the HSR stations and urban centres within Sydney. A station at Hornsby was assessed as the main option. There are limited alternative options for a station to the north of Sydney. Much of the area surrounding the preferred alignment is residential, and a peripheral station would have significant environmental impact and would require the acquisition of properties. There are few defined centres that could accommodate an HSR station, and limited opportunities to interface with both the urban rail and road networks.

Opportunities for peripheral station sites along Pennant Hills Road were reviewed, but no sites could be found that met the location criteria. Hornsby provides access to the arterial road network via the Sydney-Newcastle F3 Freeway, which is planned to be connected to the Sydney orbital network via the M2 Motorway in the future. Road traffic access to the station site is limited by the capacity of the local road network; additional road infrastructure would be required to provide capacity for vehicles accessing the HSR car park. Good access to the urban rail network would be provided via an interchange at Hornsby station, which is served by the Northern line, North Shore line, Western line, and Newcastle and Central Coast line.

Implementing this station option would increase HSR user benefits by \$1 billion compared with not having a northern peripheral station. The preferred alignment would be in tunnel through Hornsby, requiring a below-ground HSR station. The station could be constructed using cut-and-cover techniques, and is potentially viable. However, the construction complexity means a station structure cost estimate of approximately \$150 million.

This site would be located within Hornsby town centre, immediately to the west of (and adjacent to) the existing Hornsby station. It would be located in an area currently used as a car park, between Jersey Street and Jersey Lane, adjacent to the Hornsby Council and NSW Police Local Area Command buildings. It would not require demolition of the Hornsby Council building or NSW Police Local Area Command buildings. The development of the station at this site could precipitate a major uplift and urban renewal opportunity in this area.

Proposed North Sydney HSR Station



Prepared by PRDnationwide Research. Source: HSR Report Phase 2

North Sydney Cont.

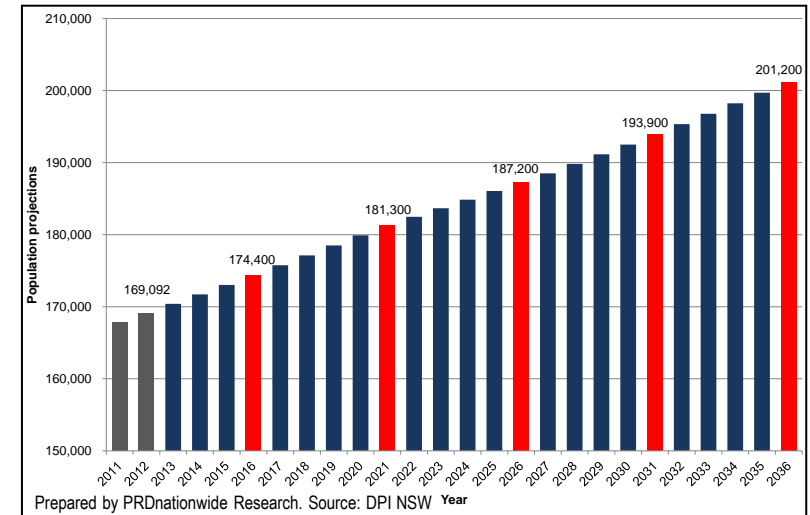
- The population of Hornsby as at the 2011 Census was 156,847 residents. With new town planning and further expansion of the urban footprint, the population is projected to expand to 201,200.
- Overall the Hornsby LGA will experience a population growth of approximately one per cent per annum over the next 25 years. This equates to an average growth of 1,774 new residents per annum and a demand of 612 new dwellings per annum needed to supply the residential growth.
- According to the ABS, the average number of new residential private dwellings being approved for development is only 312 per year. This results in an undersupply of 300 dwellings per year.
- Hornsby has a larger portion of middle-aged workers in its resident makeup, with 29.4 per cent of residents between the ages of 40 to 59 years of age. This is 2.5 per cent more than the average for New South Wales. The average household has more occupants in Hornsby (at 2.9 persons) compared to the New South Wales (at 2.6 persons).
- Within Hornsby 76.7 per cent of dwellings are owner occupied. This is significantly higher than the New South Wales average of 66.6 per cent. The rental market equates to approximately 20.3 per cent of dwelling tenure and as such is generally associated with flat, unit or apartment living.
- The majority of dwellings types within Hornsby are separate houses, equating to 75.5 per cent of dwellings. However, 24.1 per cent of total dwellings in the area are medium to high density living.

Suburbs identified to be directly affected by the development of a HSR station:

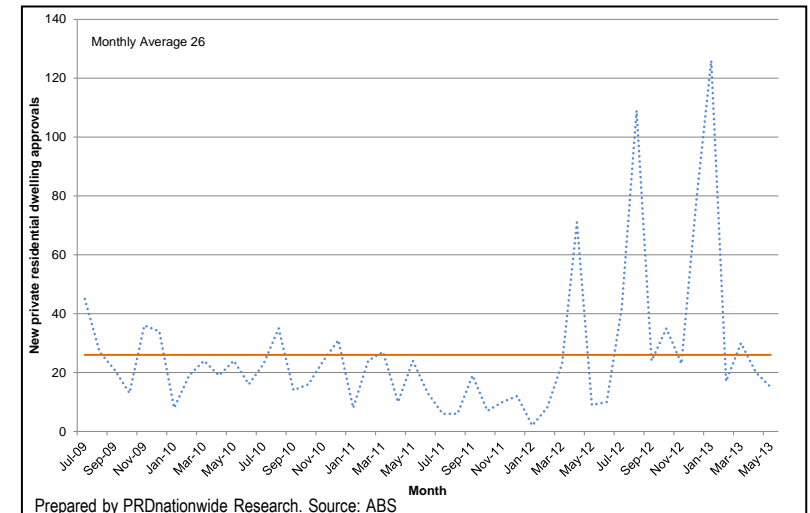
- Hornsby
- Waitara
- Asquith
- Hornsby Heights
- Mount Colah

“There is a forecasted undersupply of 300 dwellings per year”

Hornsby LGA Population Projections



Hornsby LGA Dwelling Approvals



What are the characteristics of the property market in the surrounding station suburbs?

Dwellings around the Northern Sydney station suburbs typically consist of low-to-medium density housing, and are located on both sides of the existing railway line. Residential areas on the western side of the train line enjoy bushy surrounds and close proximity to Regional and National Parks, as well as the beautiful Lisgar Gardens. High-rise apartments have been developed adjacent to the existing train line as part of the NSW state planning policies to allow medium to high density development along transport corridors. While the Northern Sydney station suburbs have experienced a consistent level of house sales over the past decade, the lions share of property sales were for unit stock, with an average of 61.6 per cent of total sales. By observing the Sales Cycle, it is evident that since 2010 the median price of both houses and units have increased. The 10 year median price growth rates for houses and units display this trend, at 4.5 per cent per annum (houses) and 2.6 per cent per annum (units).

Station suburbs key figures and annual change for 6 month period ending May 2013:

- Median house price up 4.5 per cent (\$30,000) to \$700,000
- House sales down 1.2 per cent (2 sales) to 165
- Median unit price up 2.6 per cent (\$11,750) to \$456,750
- Unit sales up 3.5 per cent (6 sales) to 178

Where is the majority of property sales occurring in the HSR area?

Most of the dwelling sales have occurred within the suburb of Hornsby, at an average 52.7 per cent. Hornsby Heights has improved its share of sales by 3.1 per cent, while Waitara has contracted by nine per cent.

All dwelling sales Suburb	Six month period			
	2010 MAY	2011 MAY	2012 MAY	2013 MAY
Asquith	5.5%	7.5%	5.9%	6.4%
Hornsby	47.5%	54.1%	55.8%	53.6%
Hornsby Heights	11.2%	8.5%	12.1%	14.3%
Mount Colah	11.4%	10.2%	10.6%	10.2%
Waitara	24.4%	19.7%	15.6%	15.5%

What is the dominant price range?

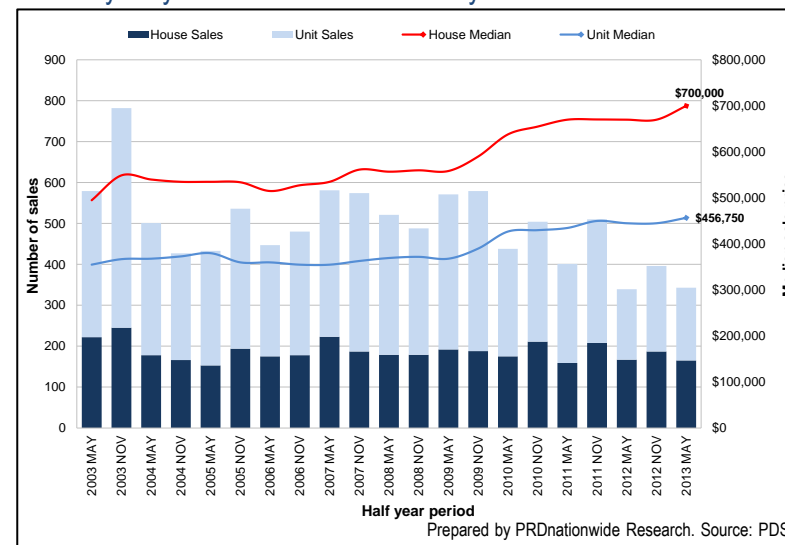
Over the past four years there has been a substantial contraction of sales priced under \$600,000, falling from 68.2 per cent of total sales to 14.6 per cent. The majority of house sales use to transact within the \$500,000 to \$599,999 price segment, at 42.7 per cent, but have now shifted to the \$600,000 to \$699,999 price bracket, at 33.9 per cent. This reflects strengthening values over the past four years. House sales priced for over \$800,000 have increased, growing from 2.6 per cent of market share, into 20.6 per cent.

The majority of sales that occurred within the station suburbs unit market was between the \$400,000 to \$499,999 price bracket, at 58.4 per cent. Unit sales under \$200,000 have disappeared over the past four years, while the \$500,000 plus price segment has expanded from four per cent to 25.8 per cent.

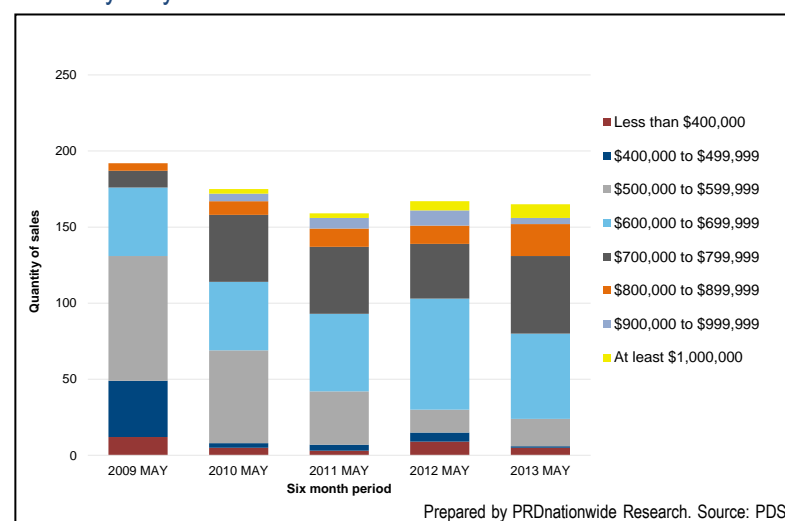
How could HSR affect the station suburbs?

Residents in this region would benefit directly from rapid access to the City's CBD. As a result, residing within the area would become more attractive, further increasing demand for property. The market would tighten through lower vacancy rates, higher rents and rising values. Large business could also relocate to this fringe city location to reduce operating costs. This would improve local employment opportunities and generate further interest in developing the region.

North Sydney Station Suburbs Sales Cycle



North Sydney Station Suburbs House Price Points



Sites for peripheral stations south of Sydney are constrained by the Georges River (and its floodplain) and the location of the preferred HSR alignment in tunnel to the east of the Georges River, while Liverpool city centre and the urban rail network are to the west of the Georges River. Crossing the Georges River to access these areas would add significant cost. The Georges River creates a boundary between the developed areas to the west and the Defence land to the east. The alignment would pass through or beneath the developed areas, and only one site has been considered on the western side of the river.

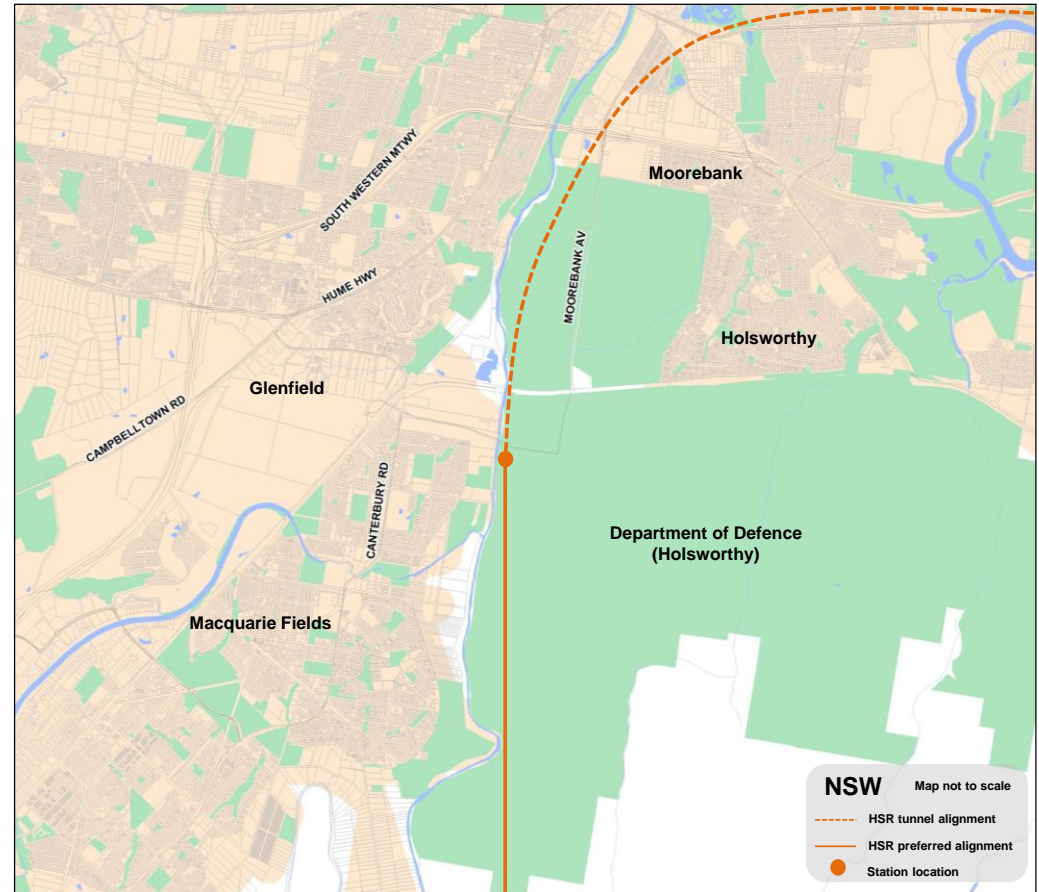
Five potential sites were identified. A peripheral station at Holsworthy would generate \$2.8 billion in relative user benefits at a reduced cost compared to other surrounding options at Moorebank and Glenfield. It would provide reasonable access to the regional road network via the M5 Motorway at the Moorebank Avenue interchange. A dedicated public transport link could be provided to nearby Glenfield station, which is on the urban rail network. This service would most likely be a shuttle bus service, subject to demand.

While the Glenfield site provides opportunities for urban renewal and creates excellent interchange opportunities with the urban rail system, it would require an additional \$0.91 billion in alignment and station capital costs. Road access could be constrained, and additional road infrastructure may be required to provide capacity for vehicles accessing the HSR car park.

The Holsworthy site would accommodate a surface station just south of where the alignment emerges from the tunnel from Sydney Central. Locating a station any further north from this would mean that it would have to be sub-surface at considerable extra cost. However, no suitable location free of flooding was identified.

For HSR alone, the alignment via a peripheral station at the Holsworthy site provides the greatest user benefits at the least cost. Future opportunities to allow interchange with the urban rail network should be investigated if further phases of HSR development occur. Holsworthy was identified as the preferred Sydney South peripheral station site.

Proposed South Sydney HSR Station



Prepared by PRDnationwide Research. Source: HSR Report Phase 2

South Sydney Cont.

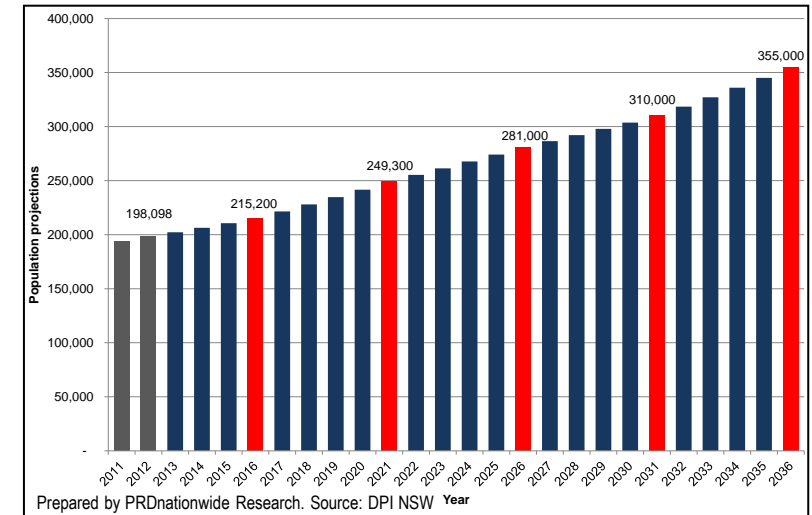
- The population of Liverpool as at the 2011 Census was 180,143 residents. With future infill and further expansion of the urban footprint, the population is projected to expand to 355,000 by 2036.
- Overall the Liverpool LGA will experience a population growth of approximately 2.8 per cent per annum over the next 25 years. This equates to an average growth of 6,994 new residents per annum and a demand of 2,186 new dwellings per annum needed to supply the residential growth.
- According to the ABS, the average number of new residential private dwellings being approved for development is only 864 per year. This results in an undersupply of 1,322 dwellings per year.
- Liverpool is classified as family oriented as 31 per cent of residents are aged below 19 years and under, compared to the New South Wales average of 25.6 per cent. The average household has more occupants in Liverpool (at 3.2 persons) compared to the New South Wales (at 2.6 persons).
- Within Liverpool 66 per cent of dwellings are owner occupied. This reflects the New South Wales average of 66.6 per cent. The rental market equates to approximately 30.4 per cent of dwelling tenure and as such is generally associated with flat, unit or apartment living.
- The majority of dwellings types within Liverpool are separate houses, equating to 75.3 per cent of dwellings. However, 24.5 per cent of total dwellings in the area are medium to high density living.

Suburbs identified to be directly affected by the development of a HSR station:

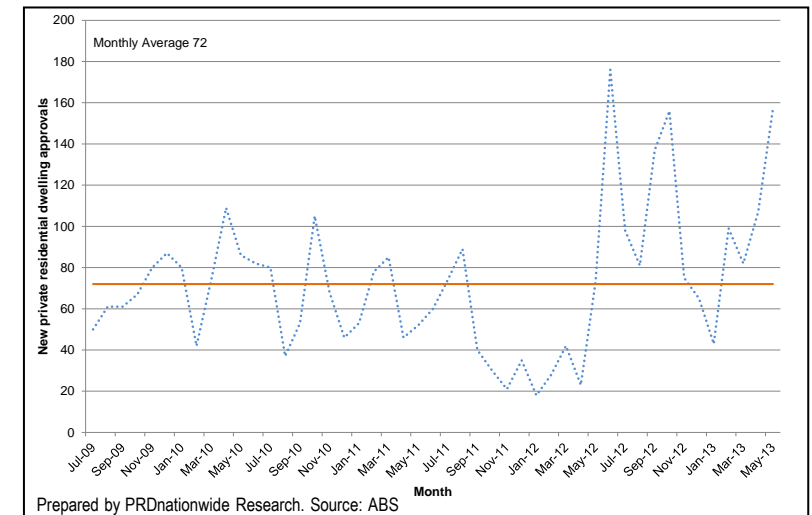
- Glenfield
- Macquarie Fields
- Long Point
- Ingleburn
- Macquarie Links
- Bardia

“There is a substantial undersupply of 1,322 dwellings per year”

Liverpool LGA Population Projections



Liverpool LGA Dwelling Approvals



What are the characteristics of the property market in the surrounding station suburbs?

The area has a mix of gated communities, public and private housing and is surrounded by bushland. The nearby Macquarie Links, is a high-security housing estate based around an international standard golf course. A number of new residential subdivisions have been developed in the north-western corner of Glenfield in the area bounded by Campbelltown Road and Glenfield Road. There also are mixed density housing comprising duplex and freestanding housing. The suburb of Holsworthy is most notable for a large Australian Army reserve, Holsworthy Barracks. A new development called 'Mornington' has been built in the fields between Wattle Grove and Holsworthy railway station. Sales activity within the market has stabilised at just over 500 house and 100 unit transactions per six month period. Values have steadily increased in the area with the house median price rising 4.3 per cent and units rising 5.1 per cent per annum over the past decade.

Station suburbs key figures and annual change for 6 month period ending May 2013:

- Median house price up 2.7 per cent (\$10,000) to \$385,000
- House sales down 1.0 per cent (2 sales) to 207
- Median unit price up 7.5 per cent (\$19,000) to \$274,000
- Unit sales up 7.2 per cent (6 sales) to 89

Where is the majority of property sales occurring in the HSR area?

Most of the dwelling sales have occurred within the suburb of Ingleburn, at an average 38.7 per cent, followed by Macquarie Fields with an average 31.6 per cent. Bardia has improved its share of sales to 6.4 per cent, while Ingleburn has contracted by nine per cent.

All dwelling sales Suburb	Six month period			
	2010 MAY	2011 MAY	2012 MAY	2013 MAY
Bardia	0.0%	0.0%	1.4%	7.4%
Glenfield	24.3%	25.2%	27.7%	19.6%
Ingleburn	43.2%	37.2%	37.7%	36.8%
Long Point	0.3%	0.0%	0.3%	0.0%
Macquarie Fields	28.1%	35.3%	30.8%	32.1%
Macquarie Links	4.1%	2.2%	2.1%	4.1%

What is the dominant price range?

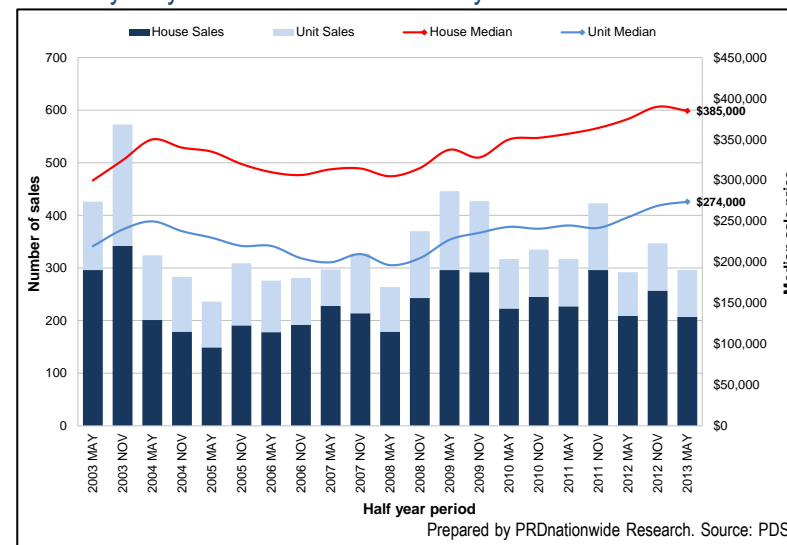
Over the past four years there has been a substantial contraction of sales priced under \$300,000, falling from 30.1 per cent of total sales to 11.1 per cent. Meanwhile, the \$500,000 plus price segment amounted for 4.1 per cent of house sales in 2009, but have grown to 9.2 per cent. This shift away from affordable sales into the higher priced tier of the market reflects strengthening values over the past four years.

The majority of sales that occurred within the station suburbs unit market was between the \$200,000 to \$299,999 price bracket, at 74.2 per cent. Unit sales under \$200,000 have disappeared over the past four years from 17.3 per cent to 2.3 per cent, while the \$300,000 plus price segment has expanded from six per cent to 23.6 per cent.

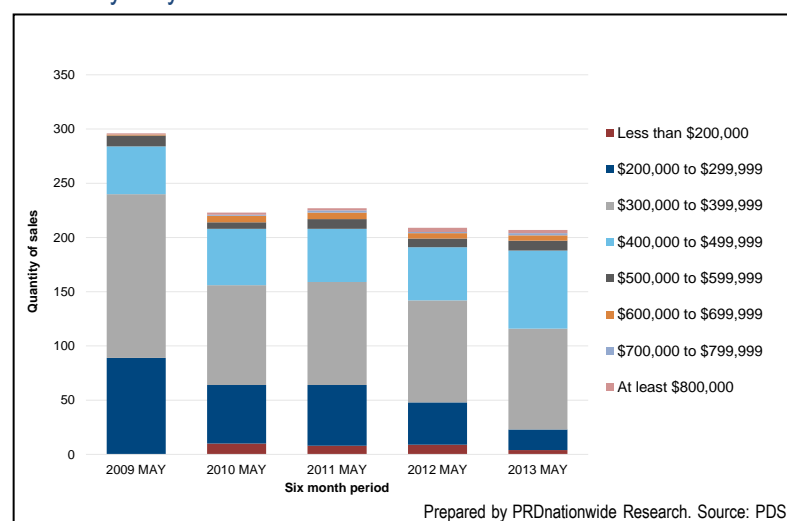
How could HSR affect the station suburbs?

In what is a predominately blue collared area, a HSR station will further open the region up to white collar CBD employees. Through a wider range of demand for property, expect elevated property prices. The surrounding market would tighten through lower vacancy rates, higher rents and rising values. Large business could also relocate to this fringe city location to reduce operating costs. This would improve local employment opportunities and generate further interest in developing the region.

South Sydney Station Suburbs Sales Cycle



South Sydney Station Suburbs House Price Points



Sydney

Sydney would be the hub of HSR on the east coast, with HSR services approaching both from the north and south. The Sydney station would therefore need to accommodate nearly twice the volume of passenger flows of any other city station. It would also have commuter services approaching from both directions, which would add considerably to the peak hour flows. Urban development, topography and environmental issues present major challenges in identifying suitable routes for HSR through the Sydney metropolitan area. An appraisal of potential access alignments into Sydney has confirmed that direct tunnels from the periphery of Sydney to the CBD are the optimal arrangement.

The Central station option is preferred for HSR services in Sydney. Demand analysis shows that Central station provides large benefits for both business and leisure travellers, which far out weigh any difference in capital costs. Peripheral stations would be located at Hornsby to the north of Sydney, and at Holsworthy to the south of Sydney, as these sites provide the highest net benefit.

Canberra

Canberra is Australia's capital city and is located in the ACT approximately 290 kilometres southwest of Sydney by road and approximately 660 kilometres northeast of Melbourne by road. Approximately 350,000 people currently live in Canberra, with this number projected to increase to 550,000 by 2056. Canberra's planning policy continues the development of a city based on a polycentric pattern, with the city centre (Civic) as the hub surrounded by urban precincts and residential areas, each with its own centre. While urban intensification is noted for other town centres and transit corridors, Civic is the focal point for urban intensification, and the 'city will remain the "first among equals" of the town centres' as the ACT's commercial and retail centre, with the Central National Area containing the prime administrative and cultural institutions. The ACT's current transport plans include a range of transport projects to support population growth, including a rapid transit network based on the 'hub and spoke' network form, connecting Civic to other town centres, but not Canberra Airport.

Current government commitments are to the first stage of a light rail network between Civic and Gungahlin to the north, along the Northbourne Avenue transport corridor. Later stages are proposed to connect Civic with the other satellite suburban centres. The role of Canberra Airport in the national aviation market was recently considered by the Australian and NSW Governments. The Commonwealth report concluded Canberra Airport is too far from the Sydney market to serve as Sydney's second major regular public transport airport, but that it will grow to serve the southern NSW region, and is the only airport in the region capable of serving as an aviation freight hub.

An HSR station in Civic would allow HSR passengers to walk to buildings within the CBD and provide better access to the primary tourist destinations in the Parliamentary Triangle than a station at Lyneham, Dickson or Canberra Airport. Either Civic station site would benefit from the economic status of Civic as Canberra's CBD, planned employment and retail development, and good fit with territory government planning and growth policy, and would provide opportunities for urban renewal. The construction of a station in Ainslie Avenue would not be as disruptive as a station built in Northbourne Avenue. However, a Civic station is dependent on vehicle access and parking arrangements in Civic being able to accommodate the volume of forecast HSR passengers, especially in peak periods.

Civic-Ainslie Avenue has been nominated by the Commonwealth report as the preferred station site. The alignment to Civic-Ainslie Avenue would cross over the planned Majura Parkway near its start at the intersection of Mount Majura Road and Majura Road, then run parallel to Majura Parkway east of Mount Majura and deviate to the west, with a tunnel under Mount Ainslie towards Civic. The railway would approach Ainslie Avenue in a cutting, passing beneath Limestone Avenue before surfacing for the station platforms. This alignment would shield Canberra residents in the urban area to the west of Mount Ainslie from visual and noise impacts, and would minimise the visual and noise impacts of HSR in the immediate area. Ainslie Avenue would be reconfigured after construction to reinstate through traffic.

The Civic-Ainslie Avenue site provides significant net user benefits, and creates opportunities for urban renewal and consolidation in the centre of Canberra. The cost of the HSR station is estimated to be \$0.16 billion. An HSR station at Civic-Northbourne Avenue has the highest capital cost at \$0.28 billion, due to a longer and more complex access alignment and the deep cut-and-cover construction required in a constrained work site/environment.

While the Canberra Airport sites had lower capital costs than other options, they also had the lowest user benefits of potential HSR sites in Canberra, limited redevelopment opportunities, and lowest public transport access. The proposed private funding contribution of \$140 million did not outweigh these issues. The sites are also contrary to current centre planning in Canberra, and lack the ability to generate mixed use development (residential and commercial) adjacent to a station, due to aircraft noise impacts.

The proximity of the Civic-Ainslie Avenue station site to the hub of a rapid transit system would facilitate public transport access to the HSR. In addition, car access to the HSR station could be accommodated by the provision of with multi storey public car park development with a mixed use commercial component on the site. Should capacity be exceeded, additional parking could be located towards the eastern end of Ainslie Avenue, with a shuttle bus service connecting the station precinct and car park. Nonetheless, if adequate parking were considered not to be feasible at Civic Ainslie Avenue, a station at Canberra Airport is an alternative that could be further explored.

Despite the option of a HSR station at the Canberra Airport being dismissed by the Commonwealth report, there are three key factors in which PRDnationwide render this option a viable alternative. The first is the heightened demand for a second international airport at Sydney and the surrounding costs of building this infrastructure in the Sydney region. The second is the limited availability of car parking facilities around the Civic-Ainslie Avenue proposed site and finally the decentralised structure of Canberra City would likely require passengers to continue their journey back out of the centre of Canberra.

Wagga Wagga is a major regional centre in the Riverina region. The Riverina is a major agricultural producer, with a large food and wine industry. Wagga Wagga City Airport is approximately ten kilometres east of the city centre on the Sturt Highway. Wagga Wagga had a population of 59,458 in 2011, which is projected to grow to 72,800 in 2036 and 75,700 in 2056. A major growth area is proposed south of the city, around Lake Albert, which provides a constraint to potential station locations, as does the Murrumbidgee River, which runs east to west to the north of Wagga Wagga. Options for station locations in the vicinity of Wagga Wagga City Airport were assessed, with the preferred location for a station to the south of the airport.

The location provides good access to the Sturt Highway via Elizabeth Avenue, with potential for synergy with the airport access off Elizabeth Avenue. Wagga Wagga, which has a conventional rail station, would be approximately 15 kilometres by road from the preferred station location. Options to the north of the airport and Sturt Highway are constrained by the Kyeamba Creek floodplain and are likely to cost more, due to the added costs of construction in the floodplain. The urban development area planned to the south and east of Wagga Wagga would be supported by the station location, and there is a possible long-term option for a flood-free southern highway bypass on this land, which would improve accessibility to the station.

Proposed Wagga Wagga HSR Station



Prepared by PRDnationwide Research. Source: HSR Report Phase 2

Wagga Wagga Cont.

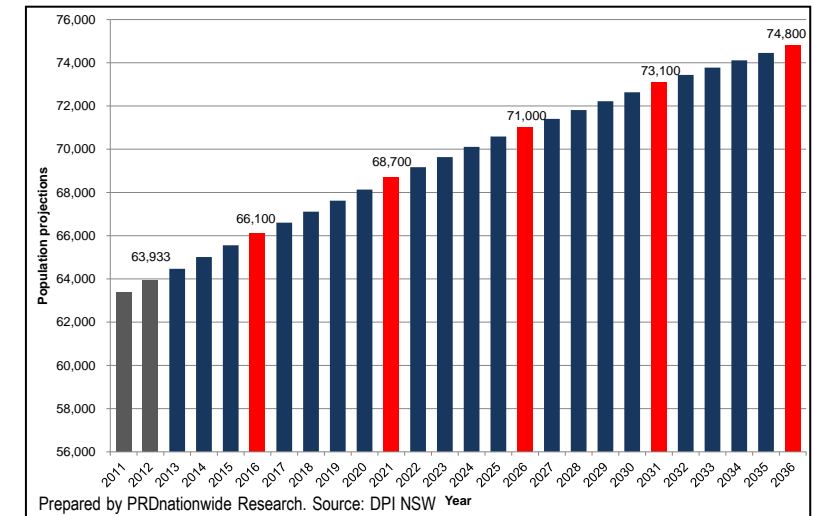
- The population of Wagga Wagga as at the 2011 Census was 59,458 residents. With new town planning and further expansion of the urban footprint, the population is projected to expand to 74,800 by 2036.
- Overall the Wagga Wagga LGA will experience a population growth of approximately 0.9 per cent per annum over the next 25 years. This equates to an average growth of 614 new residents per annum and a demand of 245 new dwellings per annum needed to supply the residential growth.
- According to the ABS, the average number of new residential private dwellings being approved for development is 288 per year. This results in a slight oversupply of 43 dwellings per year.
- Wagga Wagga is classified as a youthful, family oriented town, as 44.5 per cent of residents are aged below 29 years and under, compared to the New South Wales average of 38.9 per cent. The average household has slightly less occupants in Wagga Wagga (at 2.5 persons) compared to the New South Wales (at 2.6 persons).
- Within Wagga Wagga 64.1 per cent of dwellings are owner occupied. This is similar to the New South Wales average of 66.6 per cent. The rental market in Wagga Wagga equates to approximately 32.3 per cent of dwelling tenure and as such is generally associated with flat, unit or apartment living.
- The majority of dwellings types within Wagga Wagga are separate houses, equating to 84.8 per cent of dwellings. Only a small portion at 14.5 per cent of the total dwellings in the area are medium to high density living.

Suburbs identified to be directly affected by the development of a HSR station:

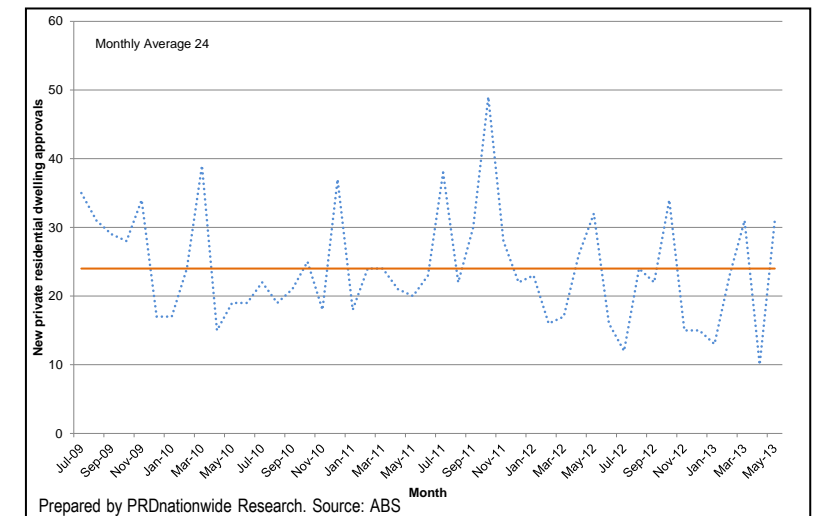
- Wagga Wagga
- North Wagga Wagga
- East Wagga Wagga
- Turvey Park
- Mount Austin
- Tolland
- Bourkelands
- Lloyd
- Glenfield Park
- Ashmont
- Koorringal
- Lake Albert
- Gumly Gumly
- Forest Hill

“Wagga Wagga is classified as a youthful, family oriented town”

Wagga Wagga LGA Population Projections



Wagga Wagga LGA Dwelling Approvals



What are the characteristics of the property market in the surrounding station suburbs?

Wagga Wagga is New South Wales's largest inland city, with an important agricultural, military, and a main transport hub of Australia. The City has a highly diversified local economy that attracts people from all over the Riverina and south western New South Wales to its shopping facilities. The town is the major support city for over 200,000 people who live across the region. Major businesses such as Fonterra, Cargill and Heinz already call Wagga Wagga home, while there is a large Army and Air Forces base. Dwellings sold within this region are predominantly detached houses. Over the past decade there has been consistent median price growth at 1.8 per cent per annum.

Station suburbs key figures and annual change for 6 month period ending May 2013:

- Median house price up 1.8 per cent (\$5,000) to \$390,000
- House sales up 14.3 per cent (50 sales) to 399
- Median unit price down 5.5 per cent (\$12,500) to \$215,000
- Unit sales down 18.0 per cent (9 sales) to 41

Where is the majority of property sales occurring in the HSR area?

The majority of dwelling sales occurred within the suburb of Wagga Wagga, at an average 20.7 per cent, followed by Koorngal with an average 11.7 per cent. Lake Albert has improved its share of sales to 10.8 per cent, while Turvey Park has contracted to 5.9 per cent.

Suburb	Six month period			
	2010 MAY	2011 MAY	2012 MAY	2013 MAY
Ashmont	8.1%	8.5%	6.3%	7.0%
Bourkelands	7.1%	5.7%	8.2%	8.5%
East Wagga Wagga	0.5%	0.7%	0.7%	0.2%
Forest Hill	3.5%	1.7%	2.1%	2.7%
Glenfield Park	9.4%	11.5%	11.3%	12.1%
Gumly Gumly	2.4%	1.1%	1.2%	1.1%
Koorngal	12.3%	10.0%	13.1%	11.4%
Lake Albert	7.4%	10.4%	12.2%	10.8%
Lloyd	1.3%	1.3%	0.9%	0.8%
Mount Austin	7.4%	7.4%	6.1%	6.6%
North Wagga Wagga	1.0%	1.7%	0.9%	1.3%
Tolland	10.6%	11.1%	10.6%	10.8%
Turvey Park	8.7%	5.9%	7.7%	5.9%
Wagga Wagga	20.3%	23.0%	18.5%	20.9%

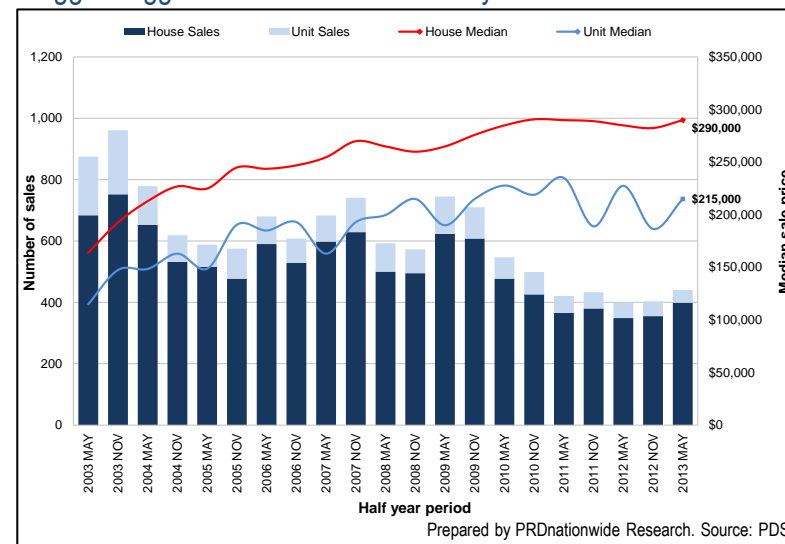
What is the dominant price range?

The majority of house sales transacted within the \$200,000 to \$299,999 price segment, at 40.4 per cent. However, this bracket has contracted by 10.2 per cent over the past four years. House sales priced between \$300,000 to \$399,999 have increased their proportion of market share by 5.6 per cent to amount to 28.1 per cent. Unit sales were split between two main price brackets, with 48.8 per cent of total unit sales occurring in both the \$100,000 to \$199,999 and \$200,000 to \$299,999 price brackets. Traditionally the \$100,000 to \$199,999 bracket registered the majority of sales (recording 53.3 per cent in 2009) but has since contracted.

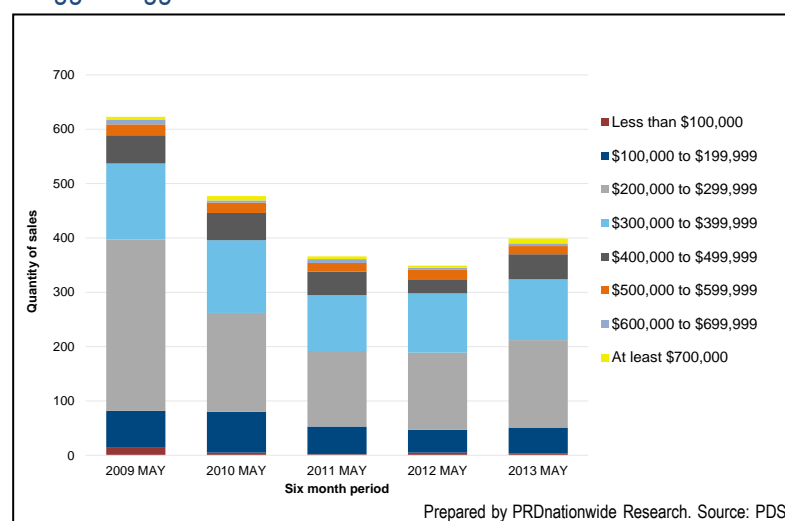
How could HSR affect the station suburbs?

The development of a HSR station would assist the region in not only accessing skilled employees, but skilled services that would normally be difficult to obtain. The City is located halfway between Sydney and Melbourne and could take advantage by using HSR to access skills and services from both major cities. Employment opportunities are likely to grow as a result, enticing residents away from the main capital cities. Tourism would likely increase in the region as travellers would see the HSR commute between Sydney and Melbourne as an attractive alternative to flying, which allows passengers to view the surrounding countryside.

Wagga Wagga Station Suburbs Sales Cycle



Wagga Wagga Station Suburbs House Price Points



Albury is located in the Murray region of NSW, while Wodonga is located in Victoria on the opposite bank of the Murray River. Together, Albury and Wodonga form a major regional centre, with a regional airport and the Charles Sturt University Campus. The population of Albury Wodonga was 83,329 in 2011, which is projected to grow to 106,700 in 2036 and 113,500 in 2056. A growth centre is proposed east of Albury around Thurgoona.

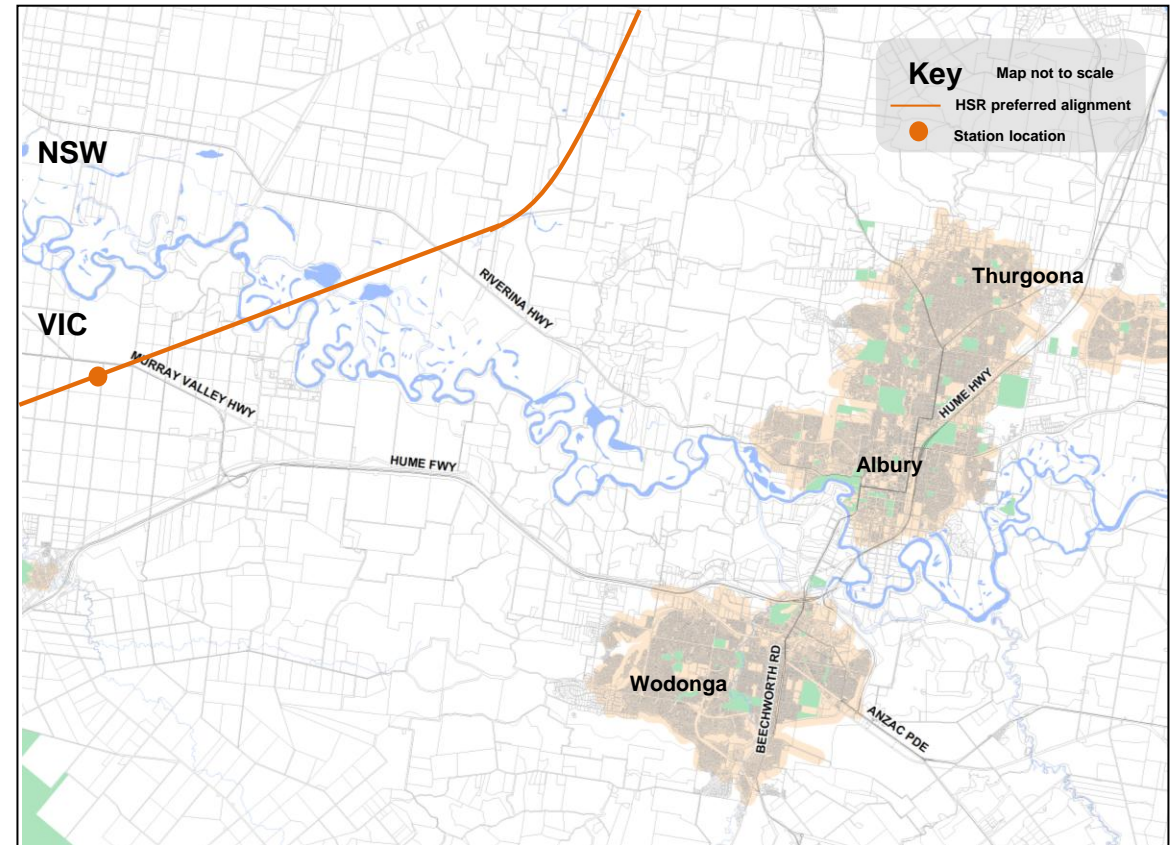
The area surrounding Albury-Wodonga has major natural features (including Lake Hume, the Murray River and hills northwest of Albury) as well as future residential growth areas. Potential HSR station zones were identified, taking these constraints into account while still seeking to provide good access.

Alignments and stations to the north and east of Albury would have significant adverse impacts on the existing built-up area. Options further north on the alignment would be constrained by the Murray River and its floodplain, while options further south would increase the station distance from Albury-Wodonga. The alignment would be constrained from moving closer to Albury-Wodonga by the topography north and west of Albury, Lake Hume to the north and east, and endangered species around Chiltern to the west.

The preferred station is located at Barnawartha North, southwest of Albury-Wodonga. The preferred location would provide good access to the Hume Freeway via the Murray Valley Highway. Albury would be approximately 25 kilometres by road and Wodonga approximately 20 kilometres by road from the proposed HSR station location, between 15 and 20 minutes by vehicle via the Hume Freeway. A station in this area would also provide access to the Rutherglen and Murray Valley region to the west.

The preferred alignment could allow connections to be made between the HSR alignment and the existing rail line north and south of Albury Wodonga in the future, if warranted, allowing regional services to access the existing stations. Options to the north of the Murray Valley Highway would be more costly, due to the additional costs of construction in the floodplain. The preferred location for Albury-Wodonga station is northwest of the Hume Freeway/ Murray Valley Highway interchange.

Proposed Albury-Wodonga HSR Station



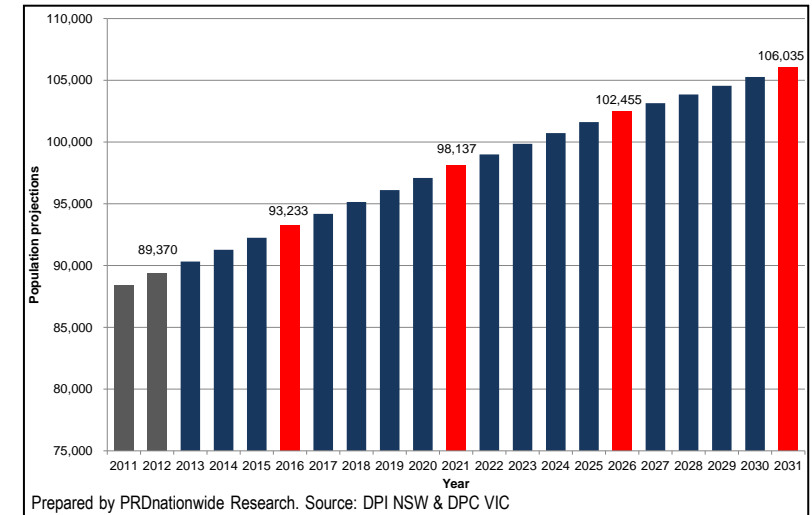
Prepared by PRDnationwide Research. Source: HSR Report Phase 2

- The population of the Albury – Wodonga region as at the 2011 Census was 83,329 residents. The region is expected to grow in population to 106,035 by 2031.
- Overall the region will experience a population growth of approximately one per cent per annum over the next 20 years. This equates to an average growth of 908 new residents per annum and a demand of 363 new dwellings per annum needed to supply the residential growth.
- According to the ABS, the average number of new residential private dwellings being approved for development is 564 per year. This would result in an eventual oversupply of 201 dwellings per year.
- The average household has slightly less occupants in the region (at 2.5 persons) compared to the New South Wales (at 2.6 persons).
- Within the Albury – Wodonga region, 63 per cent of dwellings are owner occupied. This is just under the New South Wales average of 66.6 per cent. The rental market in the region equates to approximately 33.6 per cent of dwelling tenure.
- The majority of dwellings types within the region are separate houses, equating to 79.6 per cent of dwellings. There is an increasing portion medium to high density dwellings within the region, at 19.9 per cent of the total dwellings.

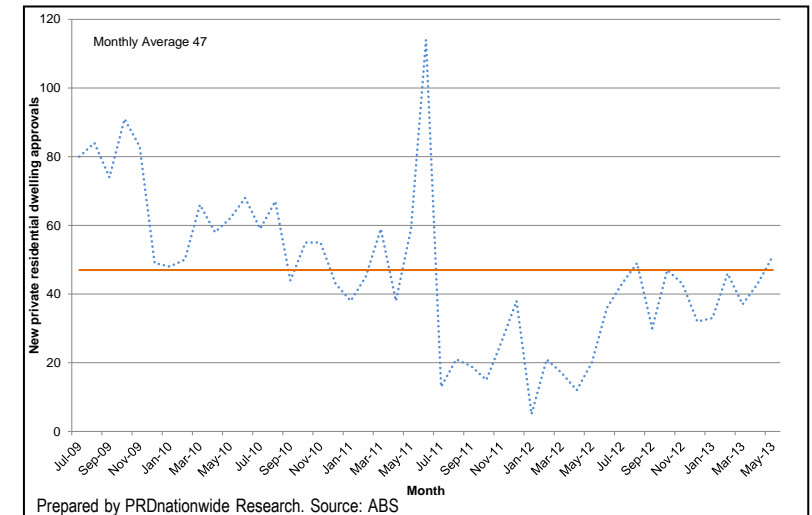
Suburbs identified to be directly affected by the development of a HSR station:

- Barnawartha
- West Wodonga
- Wodonga
- Gateway Island
- South Albury
- Thurgoona
- Springdale Heights
- Glenroy
- West Albury
- North Albury
- Albury
- East Albury

Albury – Wodonga LGA Population Projections



Albury – Wodonga LGA Dwelling Approvals



What are the characteristics of the property market in the surrounding station suburbs?

The Albury – Wodonga region serves as an administrative centre for the agricultural communities around the area and a central point for the delivery of government services. Several major secondary industries are based in the region, such as a logistics distributions hub, a large cattle market, a pet food factory, and the Mars Corporation corporate headquarters. There is also an Australian Army logistics base and a training centre for army technical apprentices, Latchford Barracks. The region has a campus of La Trobe University and Wodonga Institute of TAFE. The majority of dwellings sold within the past decade were detached houses, however the property market on the whole has observed a decreasing level of activity. Despite waning activity over the past decade, the median price of houses has improved by 4.3 per cent per annum while units have grown at 5.1 per cent per annum.

Station suburbs key figures and annual change for 6 month period ending May 2013:

- Median house price down 0.7 per cent (\$2,000) to \$273,000
- House sales down 6.7 per cent (35 sales) to 484
- Median unit price down 6.4 per cent (\$13,000) to \$190,000
- Unit sales up 4.2 per cent (4 sales) to 99

Where is the majority of property sales occurring in the HSR area?

Most of the dwelling sales have occurred within the suburb of Wodonga, at an average 22.8 per cent, followed by West Wodonga with an average 20.5 per cent. The suburb of Albury has decreased its share of sales to 8.1 per cent, equating to a fall of 3.2 per cent.

All dwelling sales Suburb	Six month period			
	2010 MAY	2011 MAY	2012 MAY	2013 MAY
Albury	11.3%	10.2%	9.6%	8.1%
Barnawartha	2.4%	2.6%	3.1%	1.4%
East Albury	8.0%	9.4%	10.4%	8.7%
Glenroy	4.4%	4.2%	4.2%	5.8%
North Albury	8.0%	10.6%	9.8%	8.6%
South Albury	1.8%	3.0%	1.8%	2.7%
Springdale Heights	2.7%	2.1%	2.8%	2.4%
Thurgoona	9.9%	10.2%	9.3%	10.1%
West Albury	6.6%	7.3%	5.4%	8.1%
West Wodonga	23.7%	20.8%	19.2%	18.2%
Wodonga	21.3%	19.7%	24.4%	25.9%

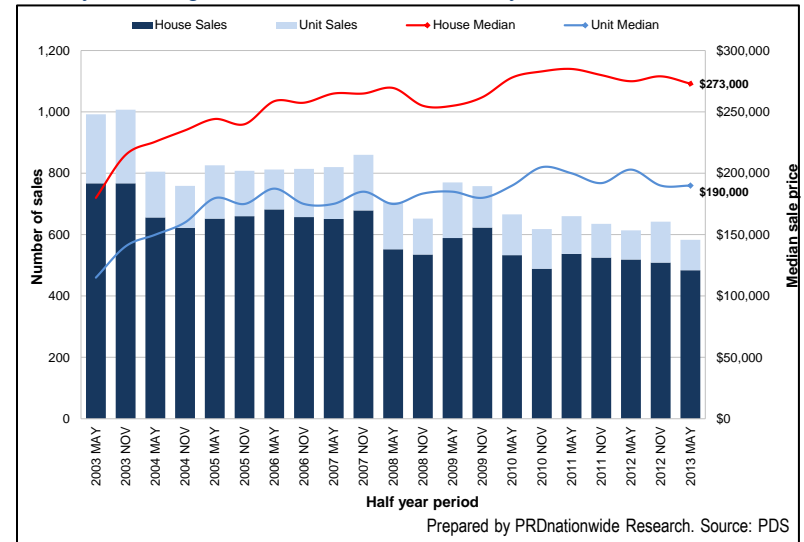
What is the dominant price range?

The majority of house sales have occurred within the \$200,000 to \$299,999 price bracket, at 42.8 per cent over the past four years. This was followed by the \$300,000 to \$399,999 bracket, with 28.9 per cent. This price bracket has experienced significant growth in the portion of sales, expanding from 20.7 per cent of total sales to 28.9 per cent. House sales between the \$100,000 to \$299,999 price segment contracted by 10 per cent, reflecting strengthening values in the market over the past four years. The majority of unit sales that occurred within the station suburbs were between the \$100,000 to \$199,999 price bracket, at 47.5 per cent. However, this bracket has contracted by 10.5 per cent over the past four years, with unit sales less than \$100,000 increasing by 7.2 per cent to amount to 11.1 per cent of total unit sales.

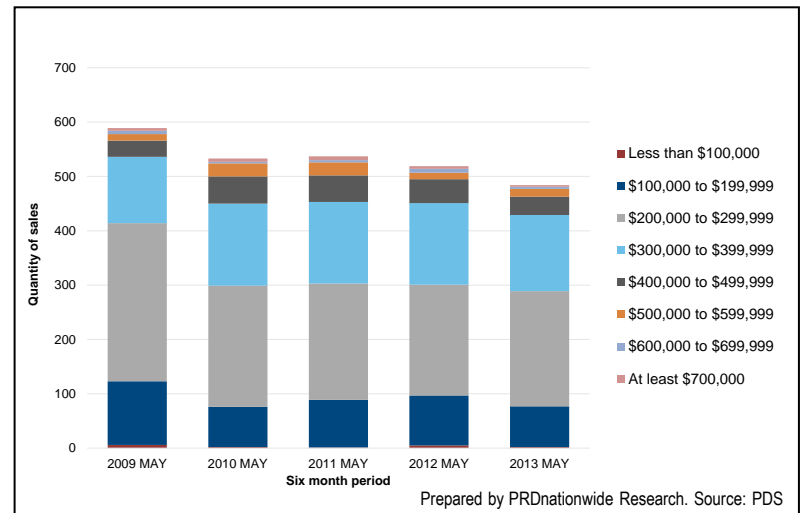
How could HSR affect the station suburbs?

Through the careful planning and proactive public and private investment, the development of a HSR station could attract skilled labour away from the capital cities. Improved services would boost not only the surrounding area, but the entire region. In addition, tourism throughout the area would likely improve as international visitors should perceive the HSR commute between Sydney and Melbourne as an attractive alternative to flying, which allows passengers to view the surrounding countryside.

Albury-Wodonga Station Suburbs Sales Cycle



Albury-Wodonga Station Suburbs House Price Points



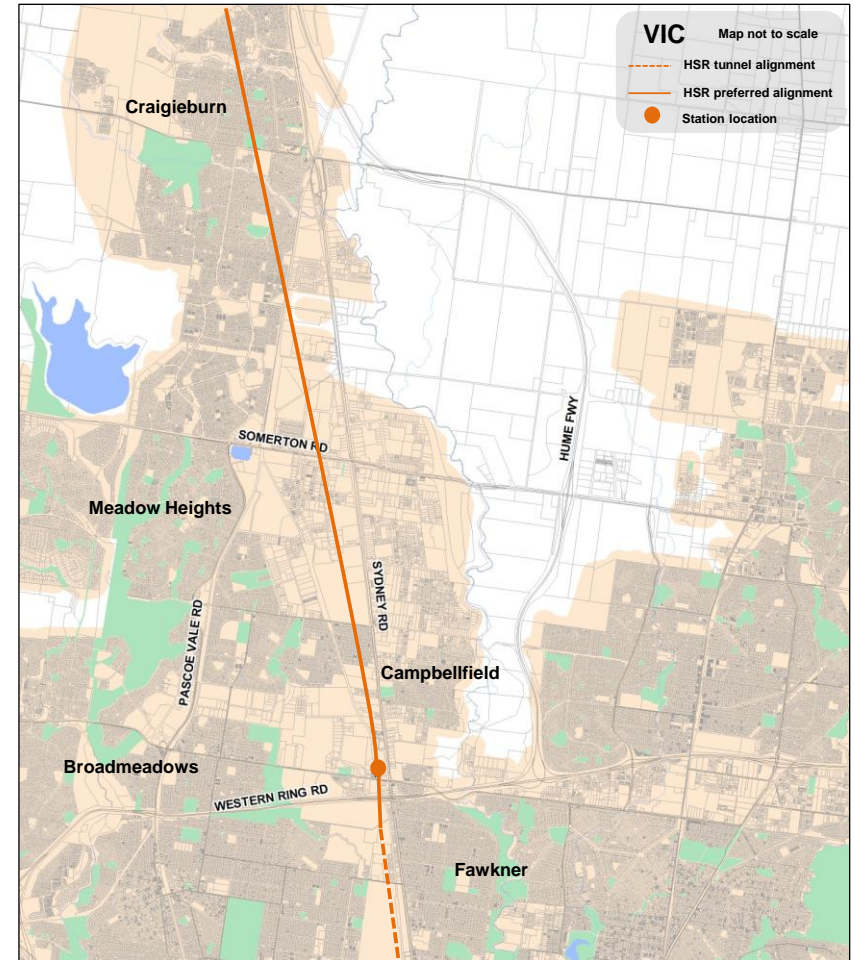
Two potential North Melbourne locations were identified on the preferred route: one at Craigieburn and the other at Campbellfield. The preferred peripheral station is Campbellfield, near the M80 Western Ring Road. The site is located north of Gowrie, to the west of the intersection of Camp Road and the Hume Highway. The station would be constructed at ground level, oriented north south. The site has potential access to the Hume Highway to the east and Camp Road to the south. These roads provide access to the M80 Western Ring Road/Hume Highway interchange for regional road network access throughout Melbourne. Local car parking access roads would be required. There is potential for a future interchange between the HSR station and the urban rail network which passes to the east of the site. The site is adjacent to land currently occupied by light industrial units. Location of an HSR station in Campbellfield could stimulate future development and increase land use densities. Provision of an HSR station in Campbellfield would yield user benefits of \$3 billion.

A city centre station at Southern Cross station is preferred over North Melbourne. It would generate greater economic benefits and be better aligned with Victorian Government planning policies than the options at North Melbourne. It would also provide better connectivity with Melbourne CBD and nearby complementary infrastructure, and yield greater user benefits than the North Melbourne options.

If the Melbourne Airport Rail Link project were to proceed, combining the rail link and HSR projects into the same corridor could be cost efficient, minimise social impacts through the use of one corridor, and offer a better planning solution for access to Melbourne CBD. The overall net benefit of developing the two projects together may be higher than developing the projects separately. The access corridor via Craigieburn is preferred over the corridor via Yuroke, as it has a lower capital cost and would offer time savings. For HSR alone, the least costly and most efficient urban alignment would be via Upfield. The Jacana alignment has the advantage of providing a shared corridor and, potentially, shared infrastructure with a future express rail link between Melbourne Airport and Southern Cross station. Future opportunities for synergies between HSR and a Melbourne Airport rail link should be investigated further as the Victorian Government finalises its proposals.

Campbellfield on the Upfield alignment is the current preferred peripheral station for Melbourne, adjacent to the M80 Motorway. This option has good accessibility to the regional road network via the M80 Motorway (Western Ring Road) and provides opportunity for access to the urban rail network via the Upfield line.

Proposed North Melbourne HSR Station



Prepared by PRDnationwide Research. Source: HSR Report Phase 2

North Melbourne Cont.

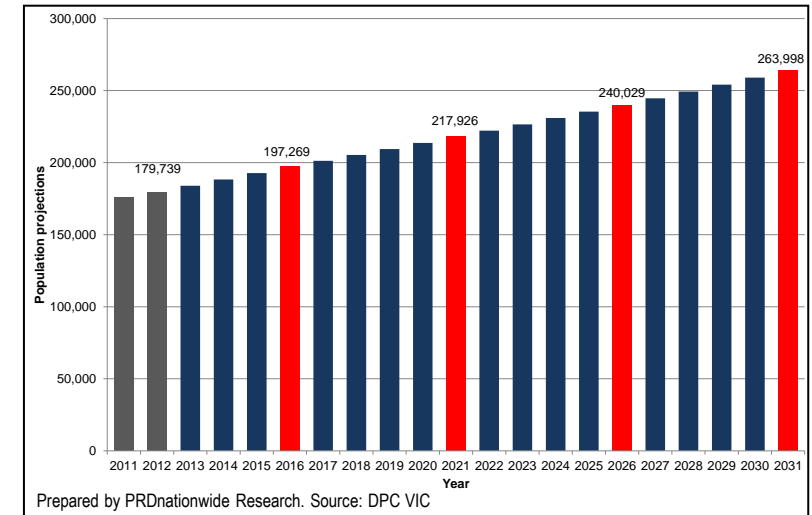
- The population of the Hume LGA as at the 2011 Census was 167,562 residents. With future infill and further expansion of the urban footprint, the population is projected to expand to 263,998 by 2031.
- Overall the Hume LGA will experience a population growth of approximately 1.6 per cent per annum over the next 20 years. This equates to an average growth of 3,536 new residents per annum and a demand of 1,141 new dwellings per annum needed to supply the residential growth.
- According to the ABS, the average number of new residential private dwellings being approved for development is only 1,620 per year. This results in an undersupply of 1,916 dwellings per year.
- The average household has more occupants in Hume (at 3.1 persons) is well above the Australian (at 2.6 persons).
- Within Hume 76.1 per cent of dwellings are owner occupied. The rental market equates to approximately 20.4 per cent of dwelling tenure.
- The majority of dwellings types within Hume are separate houses, equating to 87 per cent of dwellings. However, a small portion at 12.5 per cent of total dwellings in the area are medium to high density living.

Suburbs identified to be directly affected by the development of a HSR station:

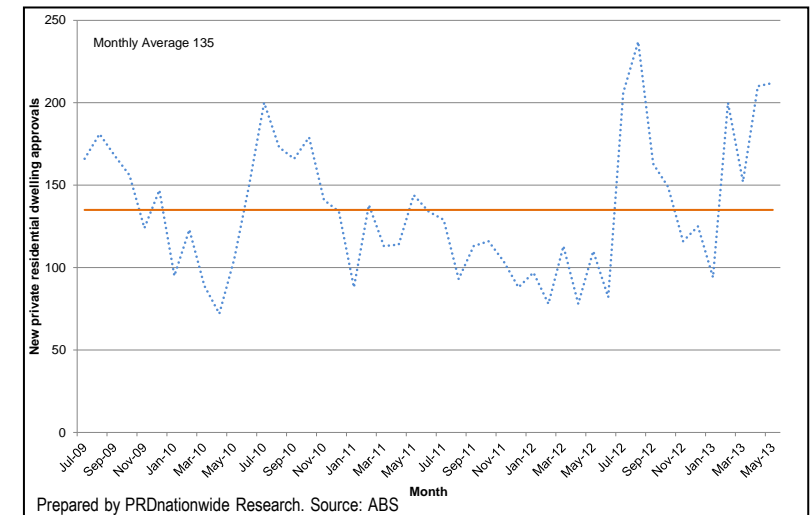
- Craigieburn
- Roxburgh Park
- Somerton
- Meadow Heights
- Greenvale
- Coolaroo
- Dallas
- Broadmeadows
- Campbellfield

“There is a substantial undersupply of 1,916 dwellings per year”

Hume LGA Population Projections



Hume LGA Dwelling Approvals



What are the characteristics of the property market in the surrounding station suburbs?

Campbellfield is an industrial and business suburb, containing several industrial areas and business parks, including Ford Australia. However, it is forecasted that this plant shall close in October 2016 with the minimal loss of 650 jobs. Since the peak of the Victorian property market in 2009, sales activity has continued to decline. By observing the North Melbourne Station Suburbs Sales Cycle, it is evident that the softening in demand since 2009 has resulted in the median price of both houses and units falling.

Station suburbs key figures and annual change for 6 month period ending May 2013:

- Median house price down 4.3 per cent (\$15,000) to \$335,000
- House sales down 17.4 per cent (114 sales) to 541
- Median unit price down 9.1 per cent (\$27,500) to \$275,000
- Unit sales down 12.1 per cent (7 sales) to 51

Where is the majority of property sales occurring in the HSR area?

Most of the dwelling sales have occurred within the suburb of Craigieburn, at an average 42.8 per cent, followed by Roxburgh Park with an average 10.7 per cent. During this period, Craigieburn has improved its share of sales by 6.9 per cent, while Broadmeadows has contracted by 3.9 per cent.

All dwelling sales Suburb	Six month period			
	2010 MAY	2011 MAY	2012 MAY	2013 MAY
Broadmeadows	13.7%	9.4%	10.1%	9.8%
Campbellfield	4.3%	2.1%	3.4%	2.7%
Coolaroo	2.2%	2.5%	2.9%	2.0%
Craigieburn	36.5%	44.2%	47.0%	43.4%
Dallas	4.6%	7.2%	4.1%	5.7%
Greenvale	7.6%	7.3%	10.4%	9.5%
Meadow Heights	12.3%	10.8%	7.2%	10.1%
Roxburgh Park	18.8%	16.5%	15.0%	16.7%

What is the dominant price range?

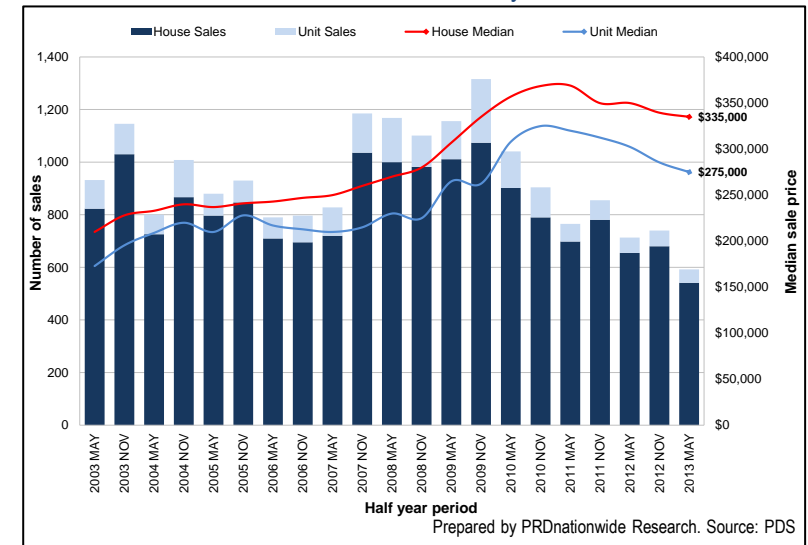
Over the past four years there has been a substantial contraction of sales priced under \$300,000, falling from 45.1 per cent of total sales to 21.4 per cent. During this period, the \$300,000 to \$399,999 price bracket increased by 15.7 per cent to amount to just over half of the total house sales in 2013. The substantial drop in sales priced under \$300,000 and into the higher priced tier of the market reflects strengthening values over the past four years.

The majority of unit sales that occurred within the station suburbs were between the \$200,000 to \$299,999 price bracket, at 49.0 per cent. However, this bracket has contracted by 14.4 per cent over the past four years, with unit sales between \$300,000 to \$499,999 increasing by 7.1 per cent to amount to a third of total unit sales.

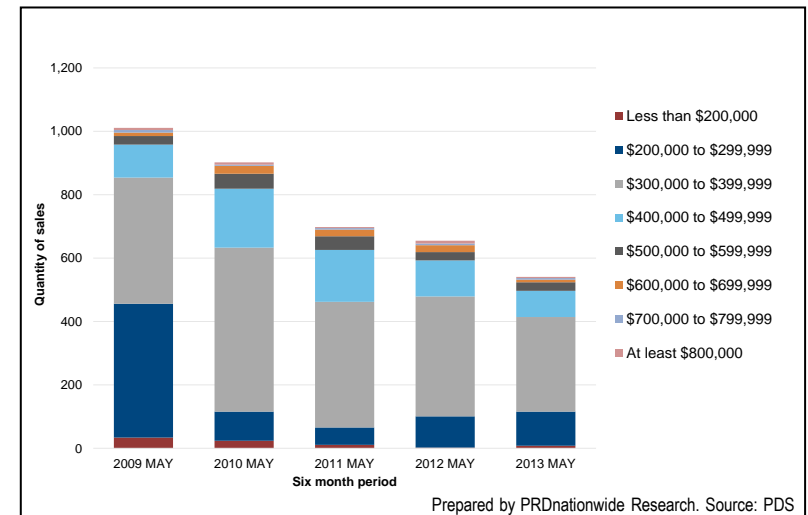
How could HSR affect the station suburbs?

The North Melbourne region has been earmarked to cater for a significant level of future urban expansion in the near future. A HSR network would compliment this large scale development and assist in connecting residents in the region with their daily work commute to Melbourne CBD, in a quicker time than existing conventional rail. Several master planned communities are being developed within the region, and would appeal to families in search of recreational space. Through HSR, residing and commuting to work within the area would become much more attractive, generating heightened demand for local property.

North Melbourne Station Suburbs Sales Cycle



North Melbourne Station Suburbs House Price Points



HSR can have both positive and negative impacts on the economic and service relationships between small, intermediate and large cities. The presence of an HSR station alone does not guarantee greater local economic development and, should positive impacts arise, it can take ten to 15 years for them to become fully realised.

The Commonwealth report concluded that due to the significantly large number of variables that affect economic development, it is difficult to ascertain the extent to which an HSR system causes development that would not otherwise have happened, or enhances development that is already occurring.

Based upon international experience and local assessments, HSR has the potential to improve the productivity of the Australian economy at the national, regional and metropolitan levels. However, changes will also result in significant permanent relocations of people or jobs both within and outside the corridor. While final outcomes for specific regions are unclear, it is expected that the benefits of HSR would be more prevalent in the major cities. PRDnationwide believes that city fringe suburbs located around HSR stations, such as Hornsby and Holsworthy of Sydney, will experience a large shift in demand for local property. Other coastal regions such as the Gold Coast will also be best aligned to reap the benefits of HSR. The Commonwealth report found that regions without an HSR station are unlikely to benefit significantly from the HSR network.

HSR could enhance regional centres as alternatives to metropolitan centres and stem the steady drift of people and jobs to the more congested and expensive capital cities. However the history of the impact of transport improvement on Australian towns is that they concentrate activity in the larger centres and create commuter towns lacking in higher level services. While the Commonwealth report found that this is also a likely outcome of the introduction of HSR, PRDnationwide believes that HSR could be a major catalyst in attracting residents away from the capital cities. Through coordinated private and public investment, regional towns located around HSR stations should also experience a dynamic real estate market.

When combined with NBN and other complementary assets, HSR offers the prospect of enhancing access for regional residents to improved health, educational, cultural and sporting activities. This could make regional areas more attractive for living and/or working. In addition, there is the prospect of increased back office operations and for some start-up, knowledge-based businesses in regional areas to take advantage of lower cost housing, labour and facilities. International tourists and visitors could also be enticed to spend more dollars in regional areas, as the areas would be more accessible. However, these benefits cannot occur without careful planning and proactive public and private investment.

The report had found benefits of the international experience mixed – there are examples of regional success but others where little difference or even declines are observed. Integrating complementary assets with HSR could have positive regional impacts but these have been associated with pre-existing complementary assets and station locations complementary to the existing regional CBDs. In Australia, it would appear that the most successful regions are likely to be those with existing high end education, health and technological sectors.

International studies have also found that air travel has not been largely impacted by HSR development. This may be due to passengers being used to utilising existing railway as their main mode of travel, as is the case in Europe. However, PRDnationwide believes that HSR would provide a viable alternative to air travel within Australia and would attract passengers away from the skies. By in large, Australians are not used to travelling between capital cities via railway, due to the distance and time required to complete the journey. The development of HSR would alter this, and open railway travel as a direct alternative to flying.

An investment of the magnitude and nature of HSR can have unintended consequences and impacts, such as causing small regional cities to lose jobs and residents to nearby regional centres with HSR stations. These negative impacts would need to be controlled and mitigated through effective regional development policies, early and careful planning to position local businesses for change, and appropriate human and capital investment in complementary assets.

Regional towns should be aware that HSR is not the magic bullet for development. To gain positive and sustained benefits, regional communities along the corridors would need to follow deliberate strategies. Existing strategies are not equipped for HSR, but they could be redesigned with a clearer focus, increased capacities and a high level of cooperation between Australian, state and local government agencies.

Another significant benefit which could arise from the development of HSR would be linking the Sydney region to the airports of Newcastle and/or Canberra. Sydney has limited available space to develop a much needed additional airport and acquisition and construction of the site would prove to be quite costly. By linking the airports of the neighbouring cities around Sydney, HSR could provide a viable alternative to Sydney's air travel congestion in more ways than one.

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About PRDnationwide Research

PRDnationwide's research division provides reliable, unbiased, and authoritative property research and consultancy to clients in metro and regional locations across Australia.

Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential and commercial properties.

Our Knowledge

Access to accurate and objective research is the foundation of all good property decisions.

As the first and only truly knowledge based property services company, PRDnationwide shares experience and knowledge to deliver innovative and effective solutions to our clients.

We have a unique approach that integrates people, experience, systems and technology to create meaningful business connections. We focus on understanding new issues impacting the property industry; such as the environment and sustainability, the economy, demographic and psychographic shifts, commercial and residential design; and forecast future implications around such issues based on historical data and fact.

Our People

Our research team is made up of highly qualified researchers who focus solely on property analysis.

Skilled in deriving macro and micro quantitative information from multiple credible sources, we partner with clients to provide strategic advice and direction regarding property and market performance. We have the added advantage of sourcing valuable and factual qualitative market research in order to ensure our solutions are the most well considered and financially viable.

Our experts are highly sought after consultants for both corporate and government bodies and their advice has helped steer the direction of a number of property developments and secured successful outcomes for our clients.

Our Services

PRDnationwide provides a full range of property research services across all sectors and markets within Australia.

We have the ability and systems to monitor market movements, demographic changes and property trends. We use our knowledge of market sizes, price structure and buyer profiles to identify opportunities for clients and provide market knowledge that is unbiased, thorough and reliable.

Our services include:

- Advisory and consultancy
- Market Analysis including profiling and trends
- Primary qualitative and quantitative research
- Demographic and target market analysis
- Geographic information mapping
- Project Analysis including product and pricing recommendations
- Rental and investment return analysis
- Competitive project activity analysis
- Economic indicators
- Social research, including focus groups





Our Research Reports

Property Watch® Reports: Over 130 snapshots of various areas around Australia, as well as specific reports on property topics of interest such as resale growth, infrastructure planning, luxury properties, and supply and demand.

Highlight Reports: Major annual reports examining the macro and micro economic information of larger catchment areas within select city, rural, and coastal regions.

Quarterly Economic and Property Report: Produced quarterly to examine economic and property trends nationally.

Niche Reports: Covering topical subjects such as mixed use and transit oriented developments, marina berths, waterfront property and luxury property markets.

Suburb Profiles: Detailed demographic and sales information for statistical local areas (suburbs) in Queensland, New South Wales, Victoria, and Australian Capital Territory.

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Research Consultancy Service

We set industry benchmarks when partnering with our clients to answer key questions and solve complex issues in the residential development arena.

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We simplify your decision-making process by providing comprehensive information and recommendations including (but not limited to):

For more information on how we can assist you, contact (07) 3229 3344.



"We set industry benchmarks when partnering with our clients to answer key questions and solve complex issues in the residential development arena."