



Brisbane Vacant Residential Land Report

Second Quarter | 2011



HIGHLIGHT REPORT

PRD nationwide



Local Area Characteristics – The River City

Affectionately known as the “River City”, the Brisbane Local Government Area (LGA) boasts the largest population for any LGA within Australia. The large population now housed within the LGA, has arisen from strong economic growth and a relative affordability of real estate which drove demand and facilitated significant levels of investment within the region. Due to the constraints of the urban boundaries, this has had a flow on effect to other areas surrounding Brisbane and resulted in the development of a number of satellite cities. There are a number of suburban centres within Brisbane, such as Toowong, Chermside and Mount Gravatt forming a range of alternatives for residents other than commuting into the Central Business District.

Over the years, Brisbane has developed distinct entertainment and cultural precincts such as New Farm, Fortitude Valley and West End, providing a unique ambience supported by restaurants, boutique cafes and shopping alternatives. A number of iconic congregative public locations within the CBD include the popular Queen Street Mall, Roma Street Parklands and Botanical Gardens. These areas not only serve as landmarks but also have a recreational function, providing open space for gatherings and organised events.

In 1982, Brisbane hosted the Commonwealth Games which led to significant investments in infrastructure and sporting facilities. Furthermore, in 1988 the Southbank parklands located on the southern bank of the Brisbane River played host to the World Expo. This was pivotal in boosting the national and international profile of Brisbane.

Over the years, this established metropolitan area has enjoyed prolonged development, that has supported strong growth in terms of the local economy, population and property values. As with all developing cities, a great demand for real estate has prompted significant infill development, gentrification and densification within a close proximity to the CBD. As such, affordability and the availability of developable land in appealing areas have become a highly sought after commodity in Brisbane.

Demographics & Population

"Stronger population growth in suburbs further from the CBD is associated with dwellings being more affordable and available in these areas"

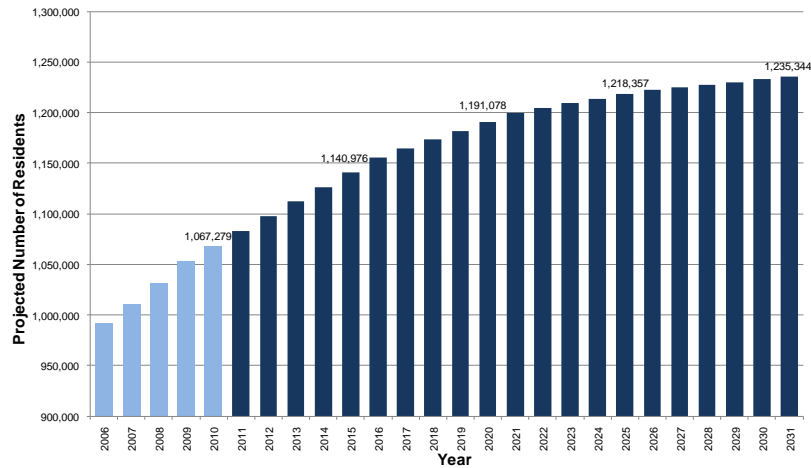
- According to the Australian Bureau of Statistics Estimated Resident Population, at June 2010 Brisbane recorded a population of 1,067,279 residents. This figure represents a strong annual growth rate of 1.4% or 14,841 new residents. Although this growth rate remains strong, yielding a sustained demand for property, it registers historically low in the Brisbane LGA, which recorded an annual growth rate of 1.8% per annum over the past 10 years.
- The Northwest and Southwest Outer Regions of Brisbane have sustained higher growth rates compared to the inner precincts, recording 1.6% and 1.5% increases over the 12 months to June 2010. Despite the stronger appeal of inner city precincts, this was a predictable statistic with dwellings being more affordable and available in suburbs further from the CBD.
- As seen in the graph to the right, if this growth rate remains moderately strong, the Brisbane LGA population can be expected to reach levels as high as 1,235,344 by 2031. To give an indication of the future demand for housing, PRDnationwide Research uses the increase in population and divides it by the current average household size of three residents per dwelling. This has yielded an estimate of the future demand for housing at 56,022 new dwellings by 2031.
- As a result of the Global Financial Crisis, stricter lending criteria and a lack of investors has continued to dampen development activity in Brisbane. However, the total residential dwellings approved over the 12 months to June 2010 registered 7,140, a significant increase from the 2009 financial year which saw 4,857 new dwellings approved. When comparing this level of activity to the Estimated Resident Population growth over the same period, this resulted in a surplus of 4,947 dwellings through this period. The strongest level of new residential dwelling approvals was within the Northwest Outer Precinct with 2,410 approvals. Whilst only a rough indication, this surplus should slightly alleviate the housing shortage and is owed to slowing population growth and increased activity during the 12 month period to June 2010. More recently, dwelling approvals have begun to decrease with a fall of 658 approvals recorded during the period from September 2010 to February 2011.
- Brisbane City has a high proportion of family households equating to 68.5% of all dwellings. Within Brisbane, a significant portion of the demographic is aged under 15 years at 18%, with 11% of residents aged over 65 years.
- Demand for vacant land in Brisbane City is directly associated with affordability and ease of access to Brisbane's suburban centres. As housing in Brisbane becomes less affordable, there will be greater emphasis placed on the release of developable land and densification, for Brisbane to maintain a property market capable of servicing all demographics.

Population Snapshot – SEQ Local Government Areas

Local Government Area	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010p	One Year Growth	One Year Growth %
Brisbane (C)	896,649	917,554	939,052	957,882	973,931	991,260	1,010,479	1,031,297	1,052,438	1,067,279	14,841	1.4%
Gold Coast (C)	387,102	403,566	420,961	435,772	450,482	466,433	484,638	499,514	514,885	527,828	12,943	2.5%
Ipswich (C)	125,451	127,458	129,776	133,227	138,167	142,477	148,049	154,669	162,381	168,131	5,750	3.5%
Lockyer Valley (R)	28,668	29,302	29,595	30,032	31,110	31,932	32,873	34,060	35,632	36,591	959	2.7%
Logan (C)	237,236	241,976	246,321	251,254	255,471	260,021	264,761	270,888	277,560	282,673	5,113	1.8%
Moreton Bay (R)	286,532	294,530	304,792	315,505	325,067	332,862	344,878	357,902	371,155	382,280	11,125	3.0%
Redland (C)	117,252	120,088	124,170	127,063	129,438	131,210	134,068	137,402	140,691	142,822	2,131	1.5%
Scenic Rim (R)	30,464	31,257	32,400	33,245	34,069	34,750	35,629	36,300	37,419	38,304	885	2.4%
Sunshine Coast (R)	247,167	256,403	267,613	277,830	286,591	295,084	304,070	313,851	323,419	330,934	7,515	2.3%
Toowoomba (R)	137,593	139,747	142,010	144,702	148,305	151,297	153,467	155,644	159,097	162,057	2,960	1.9%

Prepared by PRDnationwide Research Source: ABS, Estimated Residential Population Data

Population Projection - Brisbane LGA



Prepared by PRDnationwide Research Source: PIFU 2008 and ABS

Fastest Growing Precincts and Suburbs – Brisbane City LGA

Precinct	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010p	One Year Growth	One Year Growth %
Total Northwest Outer Brisbane	301,255	308,114	313,699	318,763	322,539	325,861	331,635	338,098	345,287	350,733	5,446	1.6%
Total Southeast Outer Brisbane	213,275	218,887	223,891	229,218	233,410	238,071	243,373	249,217	255,742	259,501	3,759	1.5%
Total Northwest Inner Brisbane	169,828	172,721	175,501	177,996	180,029	182,928	185,295	188,422	191,288	193,863	2,575	1.3%
Total Southeast Inner Brisbane	143,989	146,336	148,807	150,959	153,608	156,073	158,871	162,303	165,240	167,319	2,079	1.3%
Total Inner Brisbane	68,302	71,496	77,154	80,946	84,345	88,327	91,305	93,257	94,881	95,863	982	1.0%

Statistical Local Area	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010p	One Year Growth	One Year Growth %
Richlands	926	920	906	887	864	862	916	995	1,102	1,297	195	17.7%
Pallara-Heathwood-Larapinta	783	795	816	829	943	1,539	1,899	2,267	2,706	3,130	424	15.7%
Moggill	1,115	1,271	1,432	1,559	1,927	2,187	2,414	2,756	3,119	3,389	270	8.7%
Wakerley	1,538	1,890	2,269	2,947	3,442	3,997	4,892	5,845	6,705	7,210	505	7.5%
Upper Kedron	1,512	1,898	2,361	2,524	2,606	2,766	2,864	2,964	3,071	3,234	163	5.3%
Wacol	4,969	4,996	5,002	4,937	4,924	4,626	4,634	4,724	4,836	5,084	248	5.1%
Yeerongilly	2,369	2,398	2,408	2,441	2,472	2,522	2,570	2,615	2,800	2,902	102	3.6%
Colamvale	9,480	9,723	9,782	9,860	10,216	10,559	11,218	12,006	12,865	13,321	456	3.5%
Banyo	4,903	4,914	4,905	4,935	4,957	5,010	5,064	5,306	5,414	5,574	160	3.0%

Prepared by PRDnationwide Research Source: ABS

Dwelling Characteristics – Brisbane City LGA

Dwelling Characteristics	Brisbane LGA	Queensland
Separate house	260,125	79.6%
Semi-detached:		
One storey	9,907	2.8%
Two or more storeys	17,803	5.0%
total	27,710	7.9%
Flat, unit or apartment:		
1 to 2 storey block	30,520	6.8%
3 storey block	17,271	2.3%
4 storey block or higher	14,200	2.1%
Attached to a house	443	0.1%
Total	62,434	17.7%
Other dwelling:		
Caravan/cabin/houseboat	1,850	0.5%
Improvised home	329	0.1%
Attached to a shop	411	0.1%
Total	2,590	0.7%

Prepared by PRDnationwide Research Source: ABS, Census 06

Future Development and Infrastructure

In the wake of the January floods which wreaked havoc across Queensland, a significant level of funding has been allocated for the rebuild to restore critical infrastructure. The State Government has sourced \$1 billion of this from deferring some non-critical existing infrastructure projects, which will see a number of highway upgrades put on hold.

Brisbane City currently has a number of infrastructure developments either proposed or under construction. Through zoning and the development application process, these investments have been regulated by the Brisbane City Council to cater for the forecasted growth in population and also facilitate economic development. However, with subdued demand from purchasers slowing the level of presales, finance remaining tight and the task of the flood rebuild ahead, it is expected that some much needed infrastructure will be postponed.

The most significant projects under construction or proposed include;

Bowen Hills Urban Development Area

A portion of Bowen Hills covering 108 hectares has been declared an urban development area which will facilitate a significant level of investment to be delivered over an extended time frame. Located in this Inner North suburb of Brisbane, 3km from the CBD, this plan has factored in an injection of \$15 billion dollars into transforming this suburb into one of Brisbane's key precincts. Already there has been:

- Early planning in progress for a Transit Oriented Development (TOD)
- Development approval granted for the RNA Showgrounds redevelopment
- Early site works commenced for The Chelsea, a 13 storey residential development
- Development Application submitted for a sporting complex within the Perry Park Precinct
- Development Application submitted for Madison on Mayne, a 32 storey residential development.

Cross River Rail Project

This proposed project will cost an estimated \$14.2 billion and will provide much needed "inner city rail capacity upgrades". This rail line is set to include underground stations at the preferred locations of Woolloongabba, Albert Street, Boggo Road Urban Village and Roma Street. Ultimately, this will be the biggest transport project undertaken in Queensland to date and will transform South East Queensland's transport system. Currently this project is in feasibility stage.

TransApex

Under Brisbane City Council's TransApex plan, Brisbane has seen the inclusion of the Clem7 tunnel and Hale Street Link (Go Between Bridge) to its transport nexus. However, still on the agenda are the Airport Link, Legacy Way and East-West Link which will further fill fundamental holes in Brisbane's road network. The specifics on these projects are expected to be as follows:

- Airport Link – Due for completion in 2012, the Airport Link will connect the ICB and Clem7 to Stafford Road, Gympie Road and East-West Arterial.
- Legacy Way – Scheduled for completion by 2016 and will connect the Western Freeway at Toowong to the ICB in Kelvin Grove.
- East-West Link – Expected to be finished post 2026 and will link the Pacific Motorway and O'Keefe Street in Buranda to the Western Freeway at Toowong.

Newstead Riverpark

This mixed use development is comprised of residential, business and retail along the riverfront at Newstead and will cost an estimated \$2 billion. Brisbane City Council has approved the development applications as at 2009, with completion scheduled for 2017.

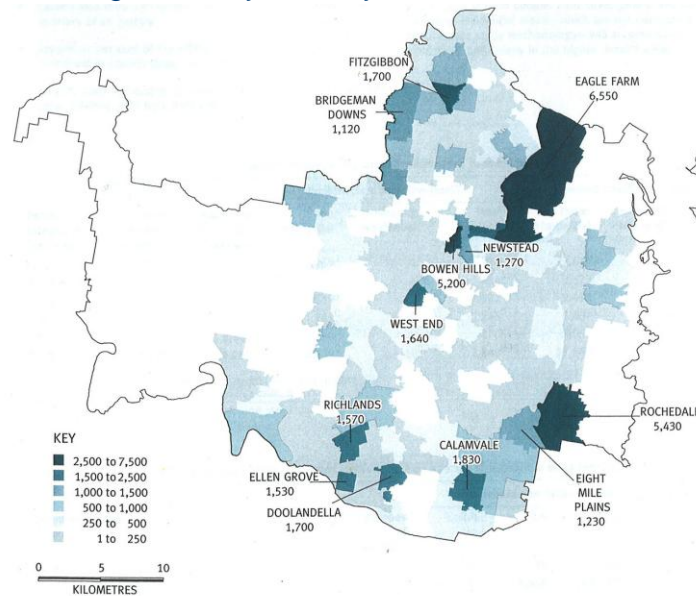
Ipswich Motorway Road Upgrade – Dinmore to Goodna

The \$1.95 billion Ipswich Motorway Upgrade from Dinmore to Goodna will continue to deliver enhancements to a vital traffic and freight corridor along this stretch of highway, until its completion expected in late 2012. The upgrade incorporates a complete overhaul of the highway and includes increasing the number of lanes from two to six with provisions for eight in the future, pedestrian bridges/underpasses, new cycle lanes and foot paths and upgrading major interchanges.

Doomben Racetrack Redevelopment

Over the next ten years Doomben and Eagle Farm racecourses will be developed and upgraded into a racing precinct at an estimated cost of \$1.2 billion.

Brisbane City Broadhectare Dwelling Yields by Locality



Source: Broadhectare Study Ed.6 2009

According to the Queensland Department of Infrastructure and Planning, there is 2,830 hectares of broadhectare land available for residential development remaining within the Brisbane LGA, with provision for a further 10 hectares of low density residential development. This equates to 2.1% of the total area, inclusive of offshore land, falling under the Brisbane LGA. This has the potential to yield 57,455 dwellings through the development of this land in different capacities. Of the total broadhectare stock remaining, 2,253 hectares is classed as being suitable for detached urban developments, supporting a potential yield of 24,795 dwellings. The total supply of higher density developable land is far less than detached urban land with only 578 hectares, however this has a much higher yield of 32,645 dwellings.

As identified by the Department of Infrastructure and Planning, the suburbs with the greatest capacity for dwelling yields are Eagle Farm, Bowen Hills and Rochedale. These areas have a combined potential to yield approximately 17,180 dwellings. However, where the potential for dwellings in Eagle Farm and Bowen Hills is leveraged off provisions for high density residential development, Rochedale has the greatest potential for detached residential developments.

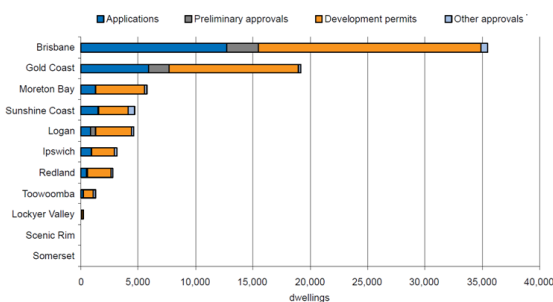
Based on a medium level of demand and taking into account diminishing household sizes, the Department of Infrastructure and Planning estimate the supply of vacant land will run out in eight years, which is a relatively short period of time when compared to the Ipswich LGA which has a projected 22 years of supply remaining.

Residential Infill Development Overview

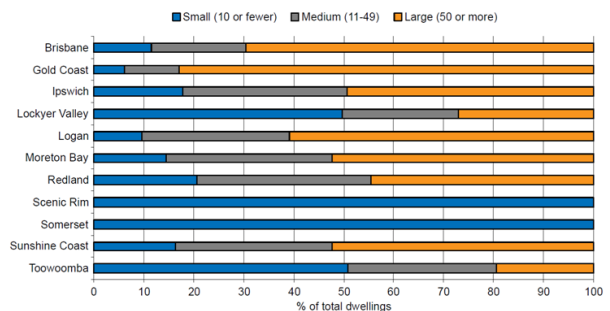
Although development of broadhectare land accounts for a significant portion of the supply of dwellings, infill development provides the strongest ongoing yield of dwellings. The following section provides an overview of multi-dwelling infill projects at various stages of the development pipeline, as per the most recent Residential Infill Development Report from the Office of Economic and Statistical Research (OESR).

Based on the most recent data to 30 June 2010, there were 3,511 multiple dwelling infill projects within South East Queensland, equating to a potential 77,166 dwellings. Brisbane accounted for the majority of infill development at 35,433 new dwellings, 56.3% of which are currently approved projects. The 10 highest dwelling yields by suburb were all located within close proximity to the CBD and therefore are likely to be high density infill developments. The top three suburbs by dwelling yield were Brisbane CBD (2,592), Newstead (2,132) and West End (1,721). Of the Brisbane LGA residential multiple dwelling infill projects, just under 70% of developments have a product yield of 50 dwellings or more.

SEQ Multiple Dwelling Infill Development Dwelling Yield by Approval Stage – June 2010



SEQ Multiple Dwelling Infill Developments by Project Size – June 2010



Tables Prepared By OESR Source: OESR Residential Infill Report

Vacant Land Market

“The shortage of active competition means that from a buyers stand point, this is generating an environment favouring those willing to ride out the bottom of the property cycle”

The data included within this market analysis is based on all settled transactions over the past ten years and is current to April 2011.

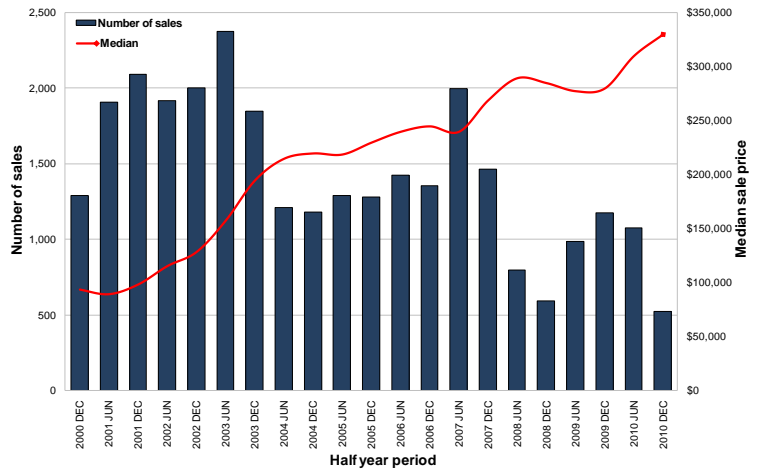
- The median price recorded over the six months ending December 2010 for the Brisbane City LGA was \$330,000. This represents a price peak following a significant drop in sales activity on the incentive driven period over the half year to December 2009. This equates to a very strong 12 month growth rate of 16.8% or \$47,500. However, this increase is predominately due to a significant contraction in the portion of sales transacting within the \$200,000 to \$400,000 market segment, as opposed to increasing capital values. Over the December 2010 period, this price bracket has incurred a 73% decrease in sales when compared to the December 2009 period.

- According to Master Builders Queensland, as at the December quarter 2010 the average cost of building a 200m² brick veneer home with four bedrooms, two baths and two car garage is roughly \$317,000. This represents an increase of 5.4% over the past 12 months. Master Builders Queensland has highlighted that this increase is the result of the 6-star energy requirements for new houses which came into effect from May 2010. For a home buyer to build their own house, PRDnationwide Research has estimated that this will cost an average of \$647,000, \$108,295 greater than the Brisbane median house price of \$538,705.

- During the six months to December 2010, sales activity has decreased a staggering 60.4%, recording only 427 settled sales. This is indicative of current market conditions with consecutive interest rate rises, the surprise November rate rise and the withdrawal of the First Home Owners Boost at the end of 2009 culminating to dampen buyer confidence within the market. As a result this has prompted potential buyers to hold off until there is more certainty in the market. The most active vacant land price point for the December 2010 half year was \$300,000 to \$349,999, which accounted for 15.9% of activity. Wakerley accounted for the most sales within this price point, at 11 (16.2%) of the total 122 settled transactions. This was followed by Calamvale with 10 (14.8%). The bulk of vacant land sales occurred in lots sized between 400m² to 599m² with 47% of vacant land sales, followed by 600m² to 799m² with 23%.

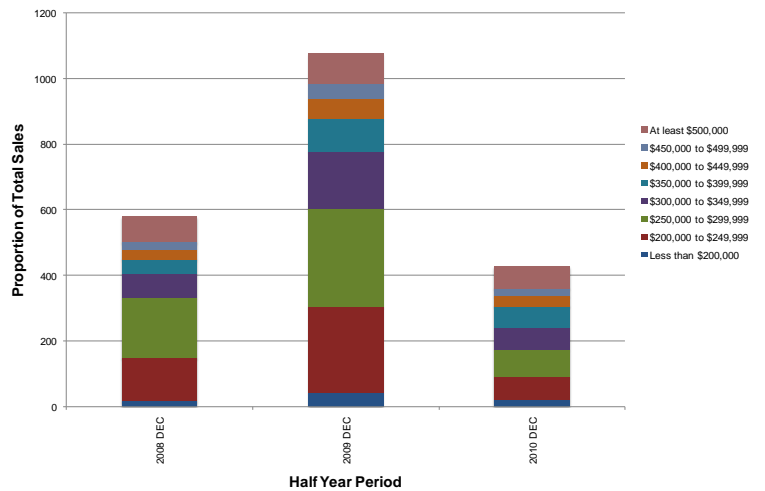
- The recent contraction within Brisbane's vacant land market has occurred in line with decreasing buyer confidence. This has seen the household savings rate increase to 10% of annual net disposable income, indicating that uncertainty in the housing market is seeing potential purchasers save their disposable income and servicing existing debt. However, the shortage of active competition means that from a buyers stand point, this is helping generate an environment favouring those willing to ride out the bottom of the property cycle.

Brisbane City LGA Ten Year Vacant Land Sales Cycle



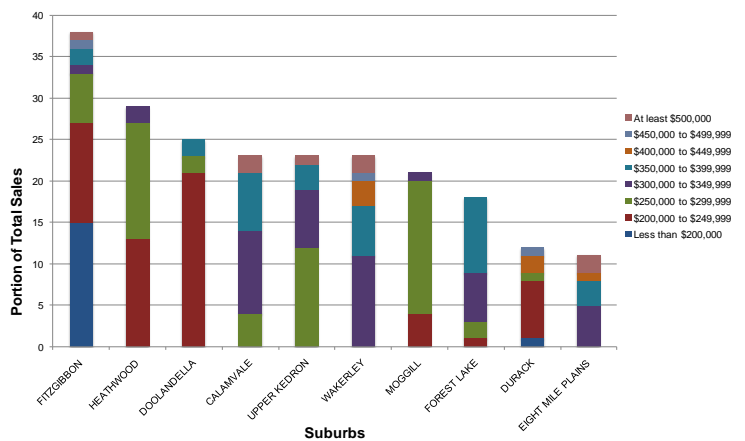
Prepared by PRDnationwide Research Source: PDS Live

Brisbane City LGA Vacant Land Price Points



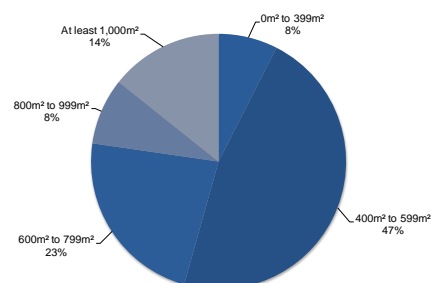
Prepared by PRDnationwide Research Source: PDS Live

Brisbane City Most Active Suburbs – Six Months To December 2010



Prepared by PRDnationwide Research Source: PDS Live

Brisbane City Sales by Lot Size – Six Months To December 2010



Prepared by PRDnationwide Research Source: PDS Live