



QUEEN'S WHARF
RESIDENCES

MARKET REPORT 2020

AUSTRALIA AND QUEENSLAND OVERVIEW.

Key Insights:

- > Australia's population, economy and opportunities are growing quickly.
- > Australians enjoy a high quality of life, with low pollution, low population density, and high standards of education, all within vibrant cities flanked by more than 500 national parks, and pristine beaches.
- > Looking at a snapshot of the Australian economy over the past 25 years, Australia has recorded consistent economic growth and resilience, particularly throughout the Global Financial Crisis.
- > Australia's high quality of life has meant population has continued to grow positively, growing at a rate of 1.5% per annum over the past 20 years. Short-term population growth has been slightly higher with both five-year, and ten-year growth rates of 1.6% per annum.
- > Key economic indicators within the Australian economy have been mostly positive, continuing to support the growth outlook of Australia:
 - Australia's labour force has grown by approximately 1.4 million new jobs over the past five years. The unemployment rate has also decreased, most recently recorded at 5.3% in September 2019.
 - Interest rates are currently at their historically lowest level at 0.75%, potential near-term adjustments note that the RBA is likely to further lower the cash rate to 0.5% in efforts to support economic growth.
 - Historically GDP has grown and has remained within a range of 2% to 4% per annum.
- > Tourism both domestic and internationally has impacted the Australian economy, recording positive growth across the board for the previous ten years.
- > There has been a consistent rise in international visitors to Australia over the previous ten years, reaching 8.6 million international visitors in FY18/19. This represents an increase of 63.2% since 2009. The majority of international visitors were from China (18.1%) and New Zealand (16.1%) in FY18/19.
- > Australia is well positioned for international companies doing business within Asia. The eastern seaboard offers four international airports with direct routes for an open trading economy.
- > Tertiary education enrolments continue to rise in Australia, with an annual average growth rate of 3.7% over the last 15 years. In 2017, there were 1,432,293 students enrolled across higher education institutions. Educating international students is now Australia's third-largest export worth over \$31 billion a year.
- > Queensland has remained the top state for relocation since September 2017 as people are attracted to the lifestyle and added affordability found within Queensland.
- > Queensland's affordability extends to its capital Brisbane, with houses being \$250,000 more affordable than Sydney and \$100,000 more affordable than Melbourne.

Source: Urbis Brisbane CBD Market Research Report, Dec 2019.





Queensland recorded a net interstate migration gain of 24,000 people [in 12 months to March 2018], with the population increasing overall by 1.7% or 83,300 to 4.9 million.

AMP Capital Chief Economist Shane Oliver said Queensland’s improving economy, standard of living and relatively affordable housing market were driving the surge in interstate migration.

Source: Elizabeth Tilley, The Courier-Mail



An unprecedented \$2 billion is being poured into new runways and airports across south east Queensland in a job-producing boom that aims to tap into the growing world demand for Queensland tourism and produce.

Brisbane Airport has spent \$1.3 billion on a new, parallel runway that will make it the most reliable gateway to the east coast of Australia.

Source: Exclusive, Future SEQ Editor, The Courier-Mail

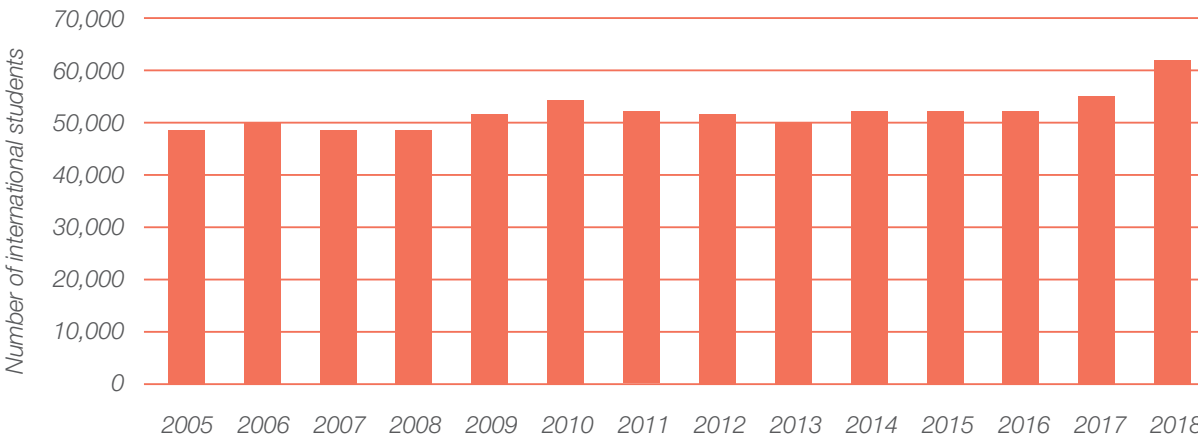
In its Australian Housing Outlook 2019-2022, QBE forecasts median house price growth in the Queensland capital to average 6.4% per annum over the next three years, boosted by tourism, an improving economy and affordability.

	Estimated median house price at June 2019 (\$'000s)	Forrecaast median house price at June 2022 (\$'000s)	% growth 2019 to 2022	% change - previous peak to 2022 forecast
Sydney	980	1,040	6%	-13%
Melbourne	760	810	7%	-10%
Brisbane	552	665	20%	17%
Adelaide	495	550	11%	11%
Perth	505	540	7%	-10%
Hobart	500	520	4%	4%
Darwin	500	535	7%	-14%

Source: Elizabeth Tilley, The Courier-Mail

International Student Numbers in Queensland

Universities have seen considerable growth in international student numbers. There has been continual growth in international students within Queensland since 2013. At a rate of 4.1% growth per annum, there were 61,485 international students enrolled in 2018. This figure has remained above 50,000 since 2009 and highlights the strength of the education sector within Queensland.



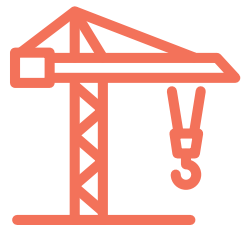
Prepared by Urbis: Source: Department of Education and Training.
Source: Urbis Brisbane CBD Market Research Report, Dec 2019.

BRISBANE OVERVIEW.

Key Insights:

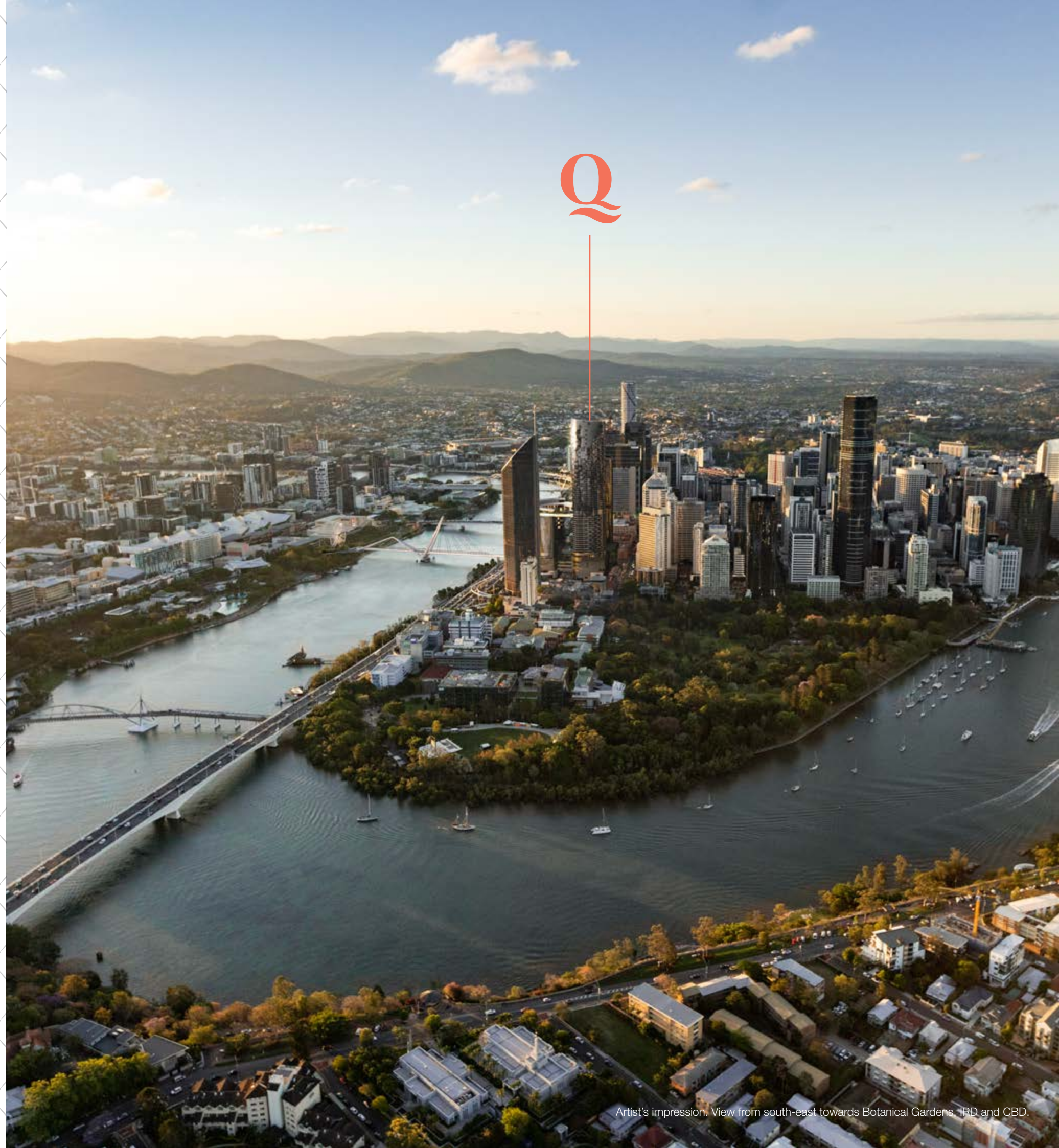
- > The population within the Brisbane City is forecast to increase from 11,036 residents in 2016 to 20,826 in 2041 reflecting a growth rate of 2.6% per annum.
- > During the 2018/19 FY, over 19 million day-trippers visited Brisbane, increasing at a rate of 4.4% per annum. 7.7 million domestic visitors stayed for an overnight trip in Brisbane, reflecting an increase of 3.5% per annum.

Source: Urbis Brisbane CBD Market Research Report, Dec 2019.



The lower Australian dollar is boosting the local tourism and education sectors in Brisbane, with a number of large building and infrastructure projects, such as Queen's Wharf and Cross River Rail, underway.

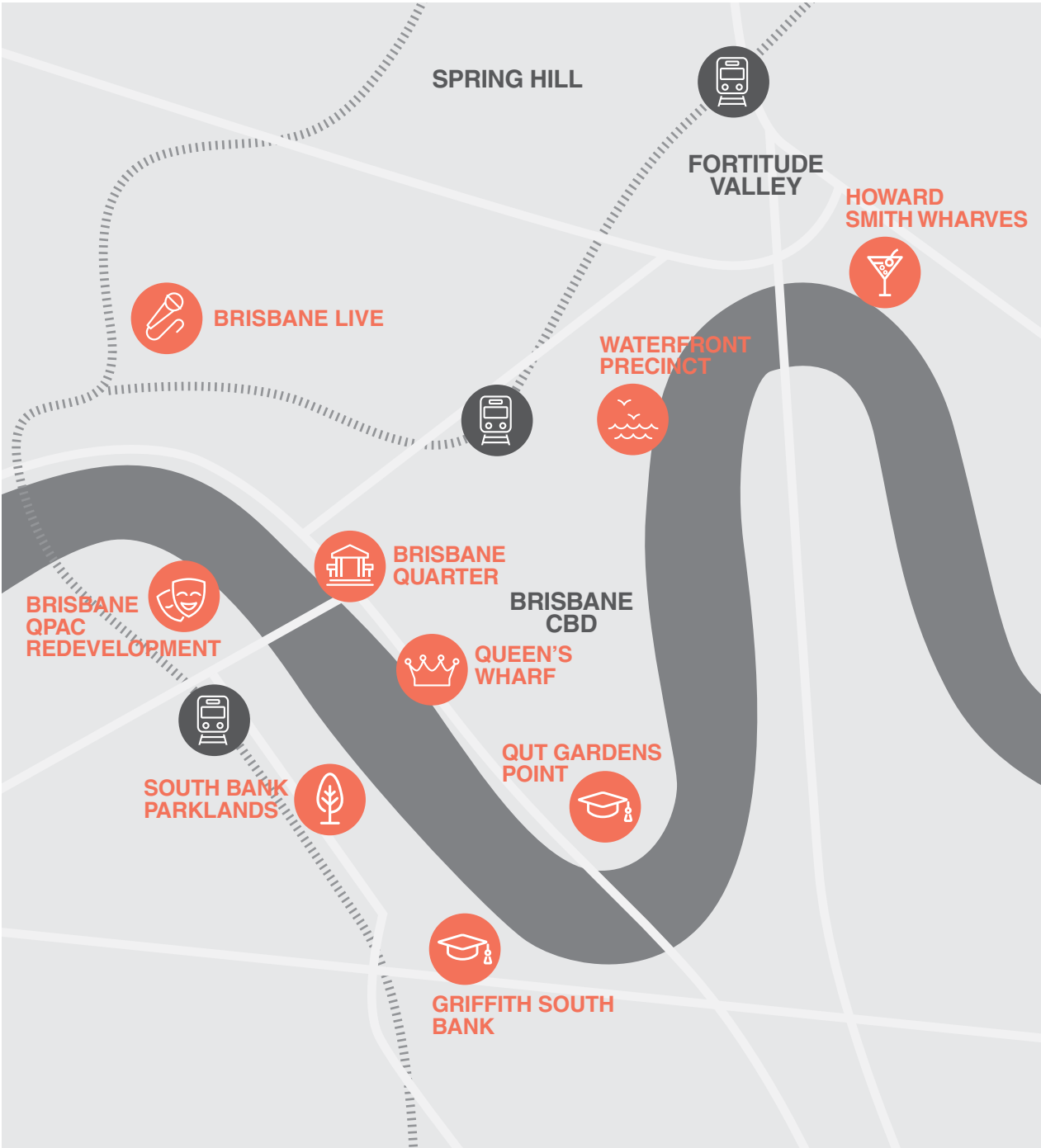
Source: Elizabeth Tilley, The Courier-Mail



Artist's impression. View from south-east towards Botanical Gardens, IRD and CBD.

INFRASTRUCTURE SPENDING.

The following major infrastructure projects have been identified as being of significance to the Brisbane LGA and specifically Inner Brisbane.



Queen's Wharf - \$3 Billion

Under construction, the \$3 billion Queen's Wharf project is set to be a world-class integrated resort development. Including a mix of six-star hotels, retail, dining, entertainment, theatre and convention uses, including a major casino. The development will attract visitors and investment to Brisbane, providing a boost to Brisbane's construction and tourism industries, as well as potential to promote greater interaction with the Brisbane River and key heritage sites. The project will create growth for Brisbane's construction and tourism industries by delivering up to 2,000 construction jobs and 8,000 ongoing operational jobs.

Whilst there are multiple high-end residential developments underway within Inner Brisbane, nothing is comparable to Queen's Wharf; this is due to the highly specialised nature and mix of integrated uses within the development.

Multiple projects offer a level of luxury, however, are solely residential projects. Queen's Wharf has taken a holistic approach through an integrated use design that is not only in a desirable location but will be internationally recognised.

The scale of the development is on a global scale - outside of Brisbane it is mostly comparable to Barangaroo in Sydney and looking more broadly to Singapore, the Marina Bay Sands development.

Source: Urbis Brisbane CBD Market Research Report, Dec 2019.



It will have the 'Singapore effect' – making Brisbane a vibrant city buzzing with night-life and igniting tourism initiatives across the wider region for years to come.

Source: Daryl Passmore, The Courier-Mail



Cross River Rail - \$5.4 Billion

Beginning construction in September 2019 Cross River Rail will include a 10.2km rail link from Dutton Park to Bowen Hills, with 5.9km of tunnel under the Brisbane River and CBD. The Cross River Rail will connect the northern and southern rail networks, providing significant benefits for commuters, improve the reliability and increase accessibility to the Brisbane CBD. There will be stations positioned in five key locations including, Boggo Road, Woolloongabba, Albert Street, Roma Street and Exhibition Showgrounds. The Cross River Rail is forecast to transport 3,800 people every ten minutes, taking 18,500 car trips per day off the road by 2036. Currently completion of the project is expected by 2024.



Image source: infrastructurepipeline.org

Brisbane Metro - \$944 Million

The proposed Brisbane Metro will deliver a 21km route linking Eight Mile Plains, Royal Brisbane Women's Hospital (RBWH) and UQ Lakes busway stations using the existing busway infrastructure. Two new high capacity metro lines are featured in the report, Eight Mile Plains to Roma Street and RBWH to UQ Lakes. Main construction works for the project are planned to start in 2020 and metro services are planned to commence in 2023.



Image source: watpac.com.au

Herston Quarter

Herston Quarter has been identified as a priority development by the State Government. Positioned 2km north of the Brisbane CBD in Herston, the project will provide a 132-bed public specialist centre, a new private hospital, aged care and retirement living, residential and student accommodation and research and commercial spaces. Multiple state-listed heritage sites are within the precinct all of which will be reused within the development and preserved to protect their heritage nature.



Image source: brisbanedevlopment.com

Brisbane Live - \$2 Billion

Brisbane Live is a market-led proposal for a new entertainment precinct to be built above the Roma Street Transit Centre and surrounding rail lines. The proposed complex will feature new hotels, up to 4,000 apartments, new commercial towers, a future dining precinct, medical facilities and pedestrian linkages from the Barracks to King George Square. The \$450 million Brisbane Live Arena will have capacity for 17,000 people and will benefit from the proposed Brisbane Metro and Cross River Rail, when complete.

Source: Urbis Brisbane CBD Market Research Report, Dec 2019.



Howard Smith Wharves

The Howard Smith Wharves development was recently completed creating a vibrant new waterside destination. The development is situated across a 3.4-hectare site at the northern end of Brisbane's iconic Story Bridge. Including a boutique five-star hotel, exhibition space, restaurants and retail, the site is open to the public, bringing additional community space to an inner-city location. There is also a new ferry terminal planned for the precinct.



Image source: visitbrisbane.com.au

South Bank

South Bank is considered the cultural destination within Inner Brisbane attracting a reported 14 million visits annually. Located along the bank of the Brisbane River the South Bank Parklands form a major part of this precinct; providing a mix of rainforest, grassed areas and plazas. Key features include the riverfront promenade, the Streets Man-Made beach, Grand Arbour, Piazza, the wheel of Brisbane and cultural facilities including the Queensland Performing Arts Centre (QPAC), the State Library, the Queensland Museum and the Queensland Art Gallery and Gallery of Modern Art (QAGOMA).

Currently there are multiple planned upgrades for South Bank with most notable projects including a new theatre for QPAC and an extension and upgrade of the existing parklands.



Kangaroo Point Bridge - \$190 Million

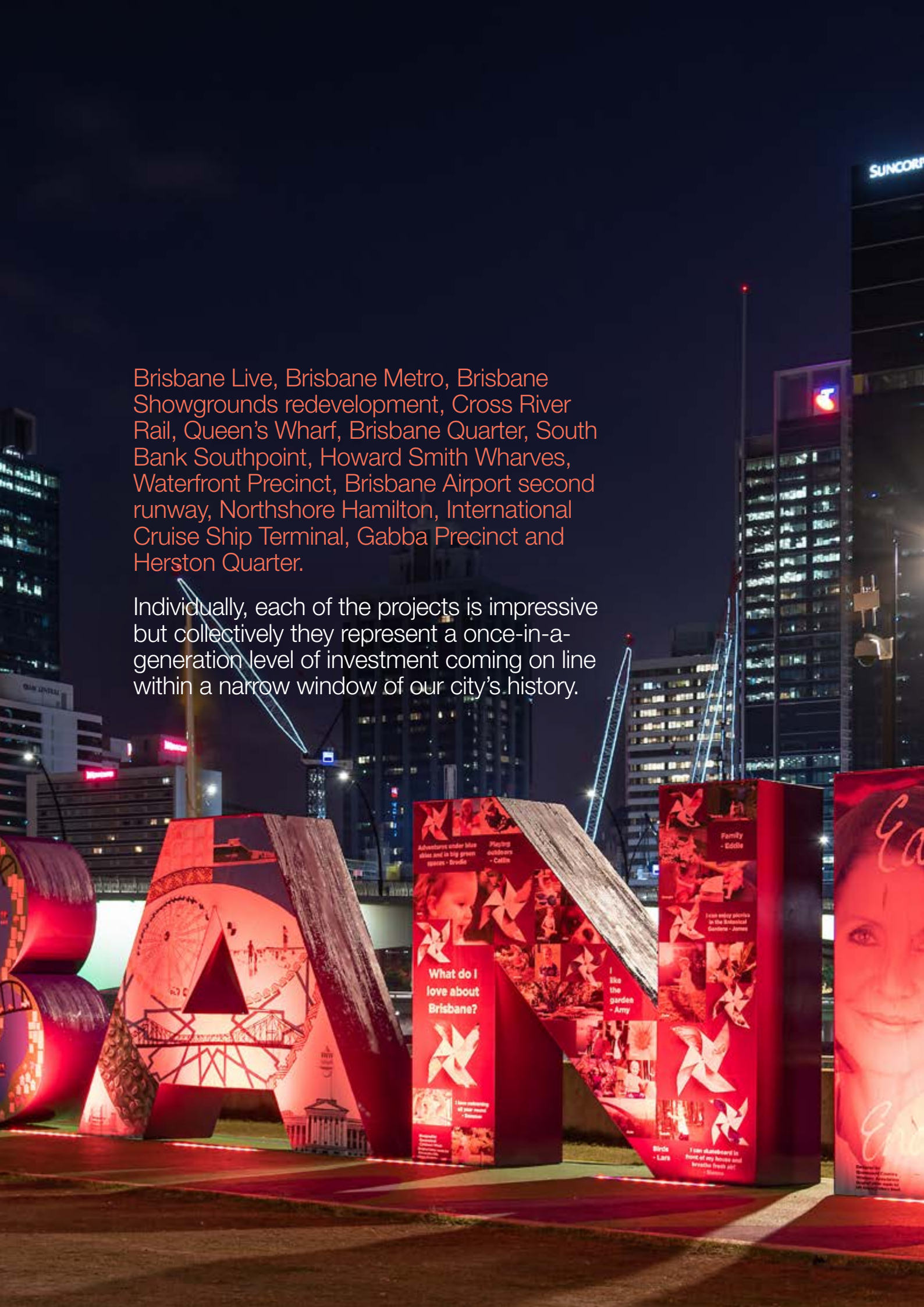
A preliminary business case has been undertaken for a new green bridge linking Kangaroo Point and the Botanic Gardens in the CBD. The bridge is expected to experience up to 5,300 trips per weekday. It is estimated that the bridge could cost around \$190 million and be completed by 2024 (pending funding).



Waterfront Precinct

Dexus' development plan for the Waterfront Precinct hopes to revitalise the key location by improving the Riverwalk and adding more access to public space and amenities. The proposal will see the construction of a new mixed-use precinct including two new 70 storey towers on the Eagle Street Pier site planned to be used for commercial activities, apartments, a hotel and more retail spaces. Preliminary timelines for the project indicate that depending on approvals, commencement of construction will begin in 2020 ready for anticipated completion in 2026.

Source: Urbis Brisbane CBD Market Research Report, Dec 2019.



Brisbane Live, Brisbane Metro, Brisbane Showgrounds redevelopment, Cross River Rail, Queen's Wharf, Brisbane Quarter, South Bank Southpoint, Howard Smith Wharves, Waterfront Precinct, Brisbane Airport second runway, Northshore Hamilton, International Cruise Ship Terminal, Gabba Precinct and Herston Quarter.

Individually, each of the projects is impressive but collectively they represent a once-in-a-generation level of investment coming on line within a narrow window of our city's history.



Over the next five years, Brisbane will experience investment in new major projects on a scale not seen even during Expo 88.

These projects will regear the city for the global marketplace, offering a buffer or hedging opportunity to commodity prices and global demand for our resources.

Source: Glen Norris, The Courier-Mail



Griffith University Urban Planner, Dr Tony Matthews says, Brisbane is becoming an international significant city, helped by what he calls 'mega projects' such as Queen's Wharf and Brisbane Live.

The fact that these projects are largely being funded by the private sector shows that there is confidence that the loans used to build these can be repaid and the projects are needed.

Source: Glen Norris, The Courier-Mail



Small local businesses are among the big winners as Brisbane's \$26.5 billion infrastructure, lifestyle, tourism and entertainment construction boom grows apace.

Source: Glen Norris, The Courier-Mail



EDUCATION.

Multiple Tertiary Education facilities are readily available within Inner Brisbane. Notably the Queensland University of Technology (Gardens Point campus) sits on the south west corner of the CBD, with a second campus located at Kelvin Grove. Griffith University has a South Bank campus across the river from the CBD and the University of Queensland is located at St Lucia with various specialist facilities located around Brisbane. Their main facility at St Lucia is easily accessed by the ferry along the Brisbane River and multiple bus routes. In conjunction to the three leading institutions, there are also smaller campuses for James Cook University,

Central Queensland University, Federation University Australia, Australian Catholic University, University of the Sunshine Coast, and Torrens University. The Queensland University of Technology is located within 300m of Queen's Wharf, allowing for a high level of synergy between the students, and amenity offered within Queen's Wharf – both in terms of retail and public space. Cross River Rail is due for completion by 2024, with the Albert Street Station located 400m into the city. It is expected that this station will provide greater connections to all major universities, as well as more connections to elite high schools across Brisbane.

Source: Urbis Brisbane CBD Market Research Report, Dec 2019.

Tertiary Institution	Total Students	International Students	Staff
Griffith University	48,037	8,552	4,488
Queensland University of Technology	45,550	8,943	4,678
The University of Queensland	53,692	18,071	6,613
Total	147,279	57,566	15,779

Note: Total student figures include both domestic and international students.
Prepared by Urbis: Source: Griffith University, Department of Education and Training. Queensland University of Technology and The University of Queensland.

EMPLOYMENT.

Brisbane LGA Employment Nodes. Top 5 Employment Nodes.

	2016		2041	2016-2041 Growth Per Annum
Brisbane City	148,399	Brisbane City	234,345	1.8%
South Brisbane	33,230	South Brisbane	74,230	3.3%
Rocklea - Acacia Ridge	29,915	Rocklea - Acacia Ridge	51,152	2.2%
Fortitude Valley	25,195	Fortitude Valley	39,335	1.8%
Brisbane Airport	22,824	Brisbane Airport	37,026	2.0%

Although the Brisbane City anticipates the highest number of new jobs, it is only expected to grow at 1.8% per annum. Strong employment growth is projected within Inner Brisbane over the next 25 years.

Employment is projected to increase by over 55%, reaching over 641,284 jobs by 2041.

This equates to an average annual increase of more than 9,075 new jobs per annum. More recently, key drivers across Inner Brisbane of education and health have experienced increased levels of spending from both public and private sectors. Brisbane has a wide range of world-class health research, training and education facilities, as well as numerous hospitals and medical centres. Inner Brisbane has access to a variety of different health facilities contributing 4,359 beds. Multiple Tertiary Education facilities are readily available within Inner Brisbane.

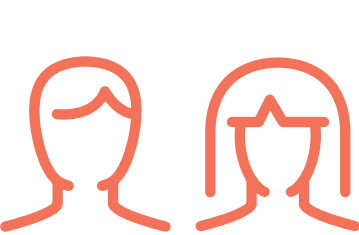
Source: Urbis Brisbane CBD Market Research Report, Dec 2019.



Brisbane continues to maintain a significant affordability advantage over other east coast capital cities, and as employment prospects improve, demand from home buyers who are priced out of these cities is expected to increase.

Source: Elizabeth Tilley, The Courier-Mail

DEMOGRAPHIC.



65.2% of the Brisbane CBD is made up of couples with no children.



64% of the age distribution in the Brisbane CBD is between 20 and 44 with the largest percentage (32.7%) between 25 and 34.



63.6% of the Brisbane CBD is renting.



This indicates a majority of the Brisbane CBD residents are young professionals with no children between 25 and 34 years of age with an average household income of \$103,376. The preference for this demographic is low maintenance dwellings, with 90.8% of people living in apartments.



Brisbane City's population is forecast to increase from 11,036 in 2016 to 20,826 in 2041, a growth of 2.6% per annum. Comparatively, the Brisbane LGA which is expected to grow at 1.1% per annum over the same period.

Source: Urbis Brisbane CBD Market Research Report, Dec 2019.



BRISBANE PROPERTY MARKET.

Key Insights:

All capital cities excluding Perth and Darwin have experienced positive median house price growth over the five years to June quarter 2019. Brisbane recorded positive growth over the past five years for both houses and units; increasing at a median rate of 4.0% and 0.6% respectively.

Brisbane possesses solid fundamentals for future residential growth:

- > Solid population growth, with solid interstate and international migration.
- > Stability in the employment market, with strong projections in growth industries.
- > Significant Infrastructure spend, particularly within the Inner City.
- > Strong demographic representation in the key worker age groups.

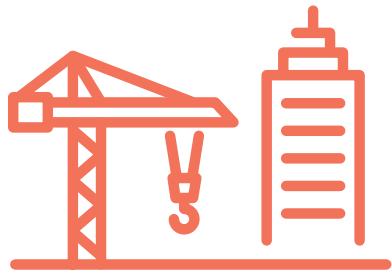
Source: Urbis Brisbane CBD Market Research Report, Dec 2019.



Apartment prices in Brisbane have now risen for five straight months to be higher over the past year.

There has been a spike in apartment sales in Brisbane, with investors prepared to pay \$100,000 more for a premium product, new research reveals. The latest Urbis Apartment Essentials report, reveals 212 apartments were sold in the June quarter, nearly double that of the previous quarter when only 122 sold. The average sale price was \$757,488 — up \$113,000.

Source: Elizabeth Tilley, The Courier-Mail



Brisbane is on the cusp of a mini boom with house prices set to ‘accelerate’ over the next three years — outperforming every other capital city, a leading industry player predicts.

Source: Elizabeth Tilley, The Courier-Mail



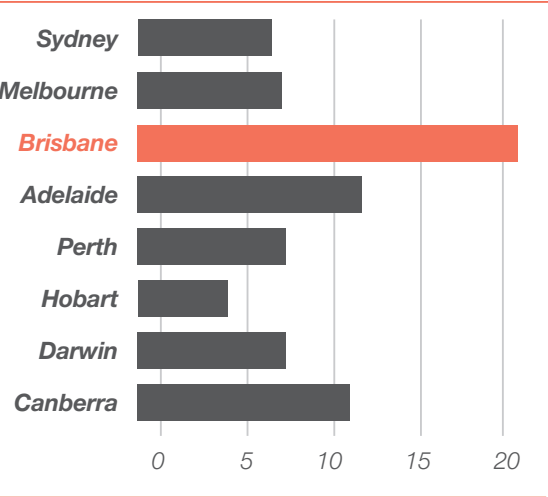
A massive jump in house prices is forecast for Brisbane over the coming three years, almost double the nearest Australian state capital, with major Queensland cities close behind.

Latest analysis by BIS Oxford Economics has forecast a massive 20% growth in house prices in Brisbane, with demand driven by its relative affordability compared to other capitals and a pick-up in positivity.

Its Residential Property Prospects 2019-2022 has the city's median house price growing at almost double the speed of the nearest growth capitals Adelaide (11%) and Canberra (10%). In contrast, prices in Sydney (6%) and Melbourne were set to remain in single digits in terms of percentage growth over the three years.

Source: Sophie Foster, The Courier-Mail

Total growth 2019 to 2022 (%)



Source: BIS Oxford Economics



BIS Oxford Economics Associate Director, Angie Zigomanis expected Brisbane to be a big winner by the end of 2022, bucking the slow recovering coming out of southern markets.

Source: Sophie Foster, The Courier-Mail

INNER-BRISBANE APARTMENT MARKET.

Key Insights:

- > Sales cycles from across the Brisbane LGA and Inner Brisbane have all followed an upward trend of steady growth in median unit pricing since June 1999.
- > The recorded median price peaked in 2015 following an increase in the number of unit transactions. Prices have since softened as the market continues to absorb existing supply.
- > Limited supply has particularly effected price points within Brisbane CBD as the market reacts to decreased offerings.
- > The pending settlement of developments such as 443 Queen are anticipated to increase the median unit price point, potentially recording a higher median price point than figures displayed for 2015.

The Inner Brisbane has witnessed higher median price growth than the Brisbane LGA. Furthermore, despite the slowing of supply, there has still been price growth over the last five years. This indicates a strong level of demand for units within the inner ring, providing a higher quality of urbanised living.



The Brisbane CBD achieves a higher price point when compared to the rest of Inner Brisbane. In the last year, 18 of 25 sales were priced over \$1 million in the CBD.

The Brisbane CBD has a prospective new high-rise apartment supply of 4,247 across nine projects in development approval and application status. Low supply when compared to 117 projects with over 19,000 apartments in application and approval for the rest of Inner Brisbane.

Source: Urbis Brisbane CBD Market Research Report, Dec 2019.



PRESTIGE APARTMENT MARKET.

Key Insights:

Brisbane's premium apartment market achieves strong resales. Between 2014 and 2019, **11 of 15 premium developments recorded annual price growth on \$1 million plus sales.**

- > Whilst the prestige apartment market (projects with apartments priced above \$1 million) within Brisbane has followed a similar pattern to the overall Brisbane market, it has recorded a slightly higher level of growth from 2016 to 2018.
- > This is likely due to a shift in purchaser types from investors to owner occupiers as owner occupiers look to boutique projects to live in.

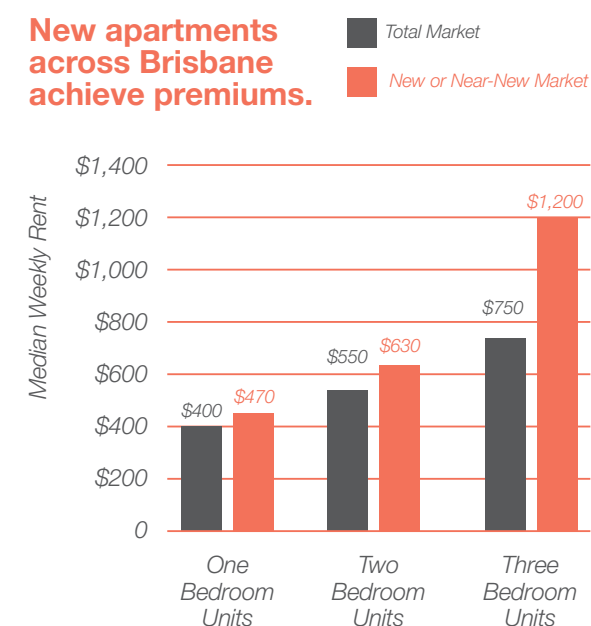
Source: Urbis Brisbane CBD Market Research Report, Dec 2019.

NEW APARTMENT MARKET.

Key Insights:

- > Sales activity for new apartments within Inner Brisbane has softened over the past two years, following a trend seen nationally and driven by changes to finance and lending conditions.
- > There is a clear shift towards greater urbanisation currently happening within Inner Brisbane as residents trade space for place, seeking low maintenance dwellings in key urban hubs.
- > A key driver of urbanisation is the increase in the owner occupier market, as owners seek higher quality apartments, placing value on space and quality.
- > Key drivers suggest that there will be a gradual increase in sales as confidence returns post previous low levels of supply. Appreciations of urban amenity, population and migration increases as well as employment stability should positively impact the market from 2020 onwards.

New apartments across Brisbane achieve premiums.



Prepared by Urbis: Source: realestate.com.au, primary research, RTA.

The Inner Brisbane new apartment market has withstood the influx of new supply over the past 5 years to register rental growth across parts of the market. One-bedroom apartments have shown the highest rate of growth at 2.9% per annum over the period.

Source: Urbis Brisbane CBD Market Research Report, Dec 2019.

RENTAL ANALYSIS.

Key Insights:

- > Vacancy rates within Inner Brisbane remain lower than the total established market indicating preference for the new apartment product.

When comparing established product with new product vacancy has been recorded at 3.3% and 0.6% respectively. **Increased demand for new product has allowed for owners to charge higher prices, achieving price premiums of 15-17% for one and two-bedroom apartments and 60% premiums for three-bedroom apartments.**

- > Such high premiums for three-bedroom apartments is due to the limited availability of such product.
- > Declining levels of new supply has allowed for the absorption of existing stock; this has had a positive effect on rental price growth as 2019 has seen a slight increase in pricing, particularly for quality product in desirable locations.

Source: Urbis Brisbane CBD Market Research Report, Dec 2019.

Vacancy rates are falling and people are becoming more and more positive about that, Dr Mardiasmo said. We are definitely getting more renters through the door and all our investment properties are becoming absorbed quite quickly.

Source: Michael Bleby, The Australian Financial Review

