



New Farm Peninsula Market Overview

August | 2010



Area Characteristics- “Fastest Growing Development Corridors”

The dynamic city of Brisbane continues to grow, driven by a steady flow of new residents who are attracted by strong employment opportunities and continued infrastructure upgrades being implemented by the Brisbane City Council. The desire for high density residential development within Brisbane’s Inner City has strengthened significantly through 2010. The recent South East Queensland Regional Plan (SEQRP) has forecast a demand for 158,000 new dwellings to be delivered to Brisbane by 2031. **This translates into a need to deliver up to 70 ten storey towers per year to meet demand, confirming that an underlying demand for residential apartments exists and will continue to exist in the future.** As Lord Mayor Campbell Newman stated: “with the fastest population growth in the country, consistent and strong economic development, competitive labour and property costs, close proximity and access to Asian markets, highly skilled labour and leading educational institutions, world class infrastructure and our clear lifestyle advantages, it is not hard to see why Brisbane is well and truly Australia’s new world city.”

Brisbane’s Inner North precinct has become one of Brisbane’s fastest growing development corridors. The implementation of new transport infrastructure nodes, and increased levels of densification within the local plans has seen this region develop through recent years, faster than any other part of Inner Brisbane. The New Farm Peninsula is defined as the area commonly known as New Farm, Newstead and Teneriffe. Teneriffe as a suburb only came into existence in February 2010 when the Brisbane City Council changed the boundaries of these suburbs, officially naming Teneriffe.

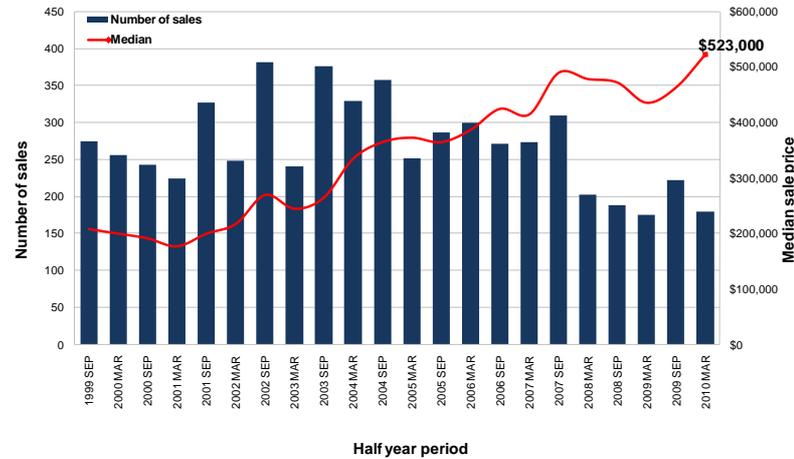


The New Farm Peninsula Real Estate Market- “Strong Returns for Apartment Purchasers”

In today’s dynamic marketplace where uncertainty and poor sentiment surround Brisbane’s outer area property market, **the savvy investor should return back to the basics of where demand has been strong and will be consistent going forward.** Purchasers have recognised the continued demand for residential product within this area.

In terms of the median sale price recorded for residential apartment settlements within the area, it can be established that the precinct has recognised consistent long term growth. Despite the economic volatility of 2008 and 2009, **the New Farm Peninsula apartment market has established a very strong twelve month growth rate to March 2010 of 20%. This growth is significantly stronger than the Brisbane LGA of 6.6% for the year ending March 2010. A further analysis of long term growth shows a ten year growth rate of 10.1% per annum** for the New Farm Peninsula, to record a median sale price of \$523,000 for existing apartment stock.

New Farm Peninsula Unit Sales Cycle



Prepared by Colliers International Research Source: PDS Live & RPData

Apartments that have been sold in the recent challenging economic market have still received strong median price growth. **This shows that if product is well designed, well located and affordable, tailored to the target market, residential multi unit developments will sell in any market.** Coming periods will likely see the New Farm Peninsula continue to derive strong unconditional sales due to an established underlying market demand from owner occupiers and investors alike.

New Farm Peninsula Apartment 12 Month Property Return Summary

	New Farm Peninsula	Brisbane LGA
Median Unit Price Growth (to March 2010)	20%	6.6%
Unit Rental Return (to June 2010)	4.3%	4.6%
Total Property Return	24.3%	11.2%

Prepared by Colliers International Research Source: PDS Live & RPData & RTA

The New Farm Peninsula Rental Market- “Strong Investment Potential”

The New Farm Peninsula rental market is one of the strongest within the Brisbane LGA, with 57% of residents living in a rental tenancy. For this reason 73% of dwellings are considered to be an attached dwelling. Residents are attracted to this area for its residential amenity, efficient transport and reputation as a fashionable location.



Urban renewal strategies, led by the Council were responsible for the rejuvenation of some of Brisbane's most popular inner city locations including Newstead, Teneriffe and New Farm, which have seen periods of continued capital growth. Strong investment potential exists within the New Farm Peninsula in coming years, due to a strong demand from those who seek access to inner city living and the convenience associated.

Due to the strong demand in the precinct, rental vacancy rates are considerably low. The rental vacancy rate of the Inner Brisbane Area for the June 2010 quarter was 2.8%, compared to the Brisbane LGA of 4.9%. Factors such as housing affordability, tightening vacancy rates and the underlying demand for inner city apartments has resulted in continued strengthening of rental returns. According to the Rental Tenancy Authority, **the average weekly rent for a two bedroom unit increased 12.8% during the year ending June 2010.** This is significantly higher than the increase experienced in the Brisbane LGA of 2.9%.

The New Farm Peninsula has established a strong 12 month growth rate of 20% in median unit price to March 2010. It has consistently achieved growth of 10.1% per annum during the past ten years, with a rental increases of 12.8%. The New Farm Peninsula returned a solid total property return of 24.3% through recent periods, whilst the Brisbane LGA has seen returns of 11.2%.

Coming periods will likely see the New Farm Peninsula continue to see continued demand for residential purchasers given the area contains strong access to amenity and is understood to be a strong investment precinct.

Inner Brisbane Infrastructure – “Driving Growth”

The implementation of new infrastructure upgrades will allow Brisbane to further integrate its suburbs and provide both employment nodes and efficient transport nodes for Brisbane city's residents. The result will be future growth for those inner city regions which can promote strong infrastructure access.

For the 2009/10 financial year, Brisbane City Council has committed \$1.53 billion in new infrastructure including, roads, transport and other capital works. Brisbane City Council is also investing \$160.4 million in public transport in 2009/10. In addition, the South-East Queensland Infrastructure Plan and Program 2009 – 2026 will manage the extreme growth of the Brisbane region. The 2009 edition of the plan identifies \$124 billion in estimated infrastructure investment which is expected to create up to 900,000 jobs in the region through 2026. Source: Brisbane City Council – Economic Development

CityGlider

The CityGlider, a \$4.5 million mass transit bus service aims to provide a dedicated, reliable and accessible public transport system linking West End and Newstead. The proposed bus service will operate on high frequency timetables departing every 10 – 15 minutes, 18 hours a day (Sunday to Thursday) and will become Brisbane's first 24 hour service on Friday and Saturdays. The route which travels through the heart of the Brisbane CBD will provide better access for inner city residents, such as those residing in the Fortitude Valley, whilst servicing all related busway and rail connections.

Chinatown Mall Redevelopment, The Fortitude Valley

The recently completed Chinatown Mall has been the product of an \$8 million Brisbane City Council upgrade, revamping the deteriorated precinct into an alternative location for retail amenity outside of the Brisbane CBD, particularly benefitting the local Fortitude Valley residents. The Chinatown Mall now encompasses three distinct terraced zones one of which is dedicated to events and dining alone.

Northern Busway

The construction of the Northern Busway will establish a link between the Inner Northern Busway and the Airport Link which is currently under construction. The project will provide public transport nodes from the northern suburbs to the CBD.

- \$800 million project (est.); Expected completion 2012

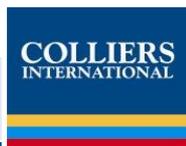
Northern Link Tunnel

The two parallel tolled tunnels will connect the western freeway at Toowong to the Inner City Bypass at Herston. A part of the Council's TransApex plan, the Northern Link will span a distance of 5.5 kilometres, 4.7 kilometres of which will be underground and reduce congestion on current cross city nodes.

- \$1.6 billion project (est.); Expected completion 2014

Prepared by Colliers International Research. Source: RP Data, PDS Live, RTA, ABS. For further details contact: Lachlan Walker, Research Analyst | Residential - E: lachlan.walker@colliers.com

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Median Weekly Rental Growth 2 Bedroom Units

	New Farm Peninsula	Brisbane LGA
June 2009 To June 2010	12.8%	2.9%

Prepared by Colliers International Research Source: RTA

Rental Vacancy Rate Summary

	Inner Brisbane	Brisbane LGA
June 2010 Qtr	2.8%	4.9%

Prepared by Colliers International Research Source: OESR

“New Farm Peninsula has established a strong 12 month growth rate of 20% in median unit price, a consistent growth rate of 10.1% p.a over ten years and a median weekly rental growth of 12.8% over the past 12 months.”

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