

Brisbane Hotspots

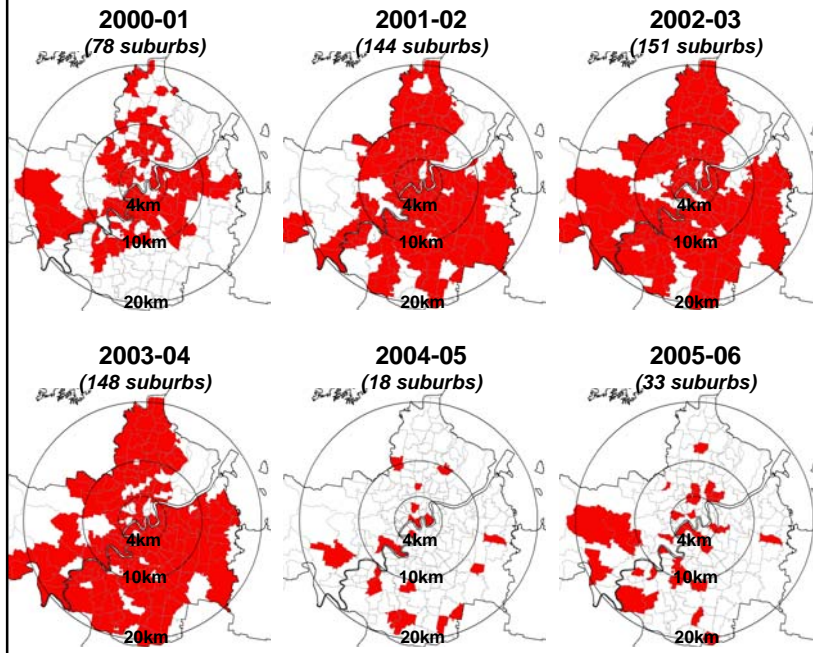
December 2006

Scope

The purpose of this Property Watch report is to assess suburbs of Brisbane that have the potential to perform over the coming year. Suburbs have been chosen based on current pricing levels, infrastructure, property trends, access to amenity and other factors. In addition, our hotspot picks from last year are analysed to see how they performed.

Last year's 'Hotspots' report suggested that growth in the market would be confined to those areas that provided a degree of uniqueness in the marketplace. This has certainly been the case over the last year, with blue chip inner city locations, acreage areas and riverside suburbs making up the bulk of the top performers list. Eight of these high growth suburbs were located along the Brisbane River and a large majority of Brisbane's acreage suburbs and inner city locations also made the grade. As can be seen from the series of maps to the right, growth appears to be returning to the market place relative to 2004/05. The number of suburbs recording at least ten percent growth over the year has nearly doubled from last years low of just 18 suburbs to 33 suburbs. While growth is a far cry from the boom times experienced between 2001 and the end of 2003, the fact that higher levels of growth are returning to the market is an encouraging sign for investors. Throughout the year our research has indicated that the upper end of the market has been the stand out performer. This segment of the market is less affected by changes in interest rates, with their decisions being more based on lifestyle choices as opposed to financial criteria.

Suburbs of Brisbane Local Government Area recording at least ten percent growth in median house price by financial year



Performance of last years hot spot picks

Our ten hotspots from twelve months ago are shown below, together with how they performed over the last year. The average change in median house price for the suburbs we selected was 6.2%, and the average change in median unit price was 9.6%, which once again is an above average result. Aside from our picks from last year, other top performing suburbs for median house price movements were South Brisbane, Tennyson, Spring Hill and Wacol, and top suburbs for median unit price movements were Bardon, Norman Park and Wilston.

Area	Property type	2005	2006	Change
West End	Units	\$256,000	\$280,000	9.4%
Indooroopilly	Units	\$277,500	\$318,500	14.8%
Fairfield	Houses	\$375,000	\$410,000	9.3%
Albion	Houses	\$410,000	\$439,000	7.1%
Taringa	Units	\$265,000	\$288,000	8.7%
New Farm	Units	\$331,250	\$350,000	5.7%
Balmoral	Houses	\$457,000	\$490,000	7.2%
Salisbury	Houses	\$300,000	\$321,000	7.0%
Upper Mount Gravatt	Houses	\$303,500	\$320,000	5.4%
Upper Kedron	Houses	\$415,000	\$420,000	1.2%

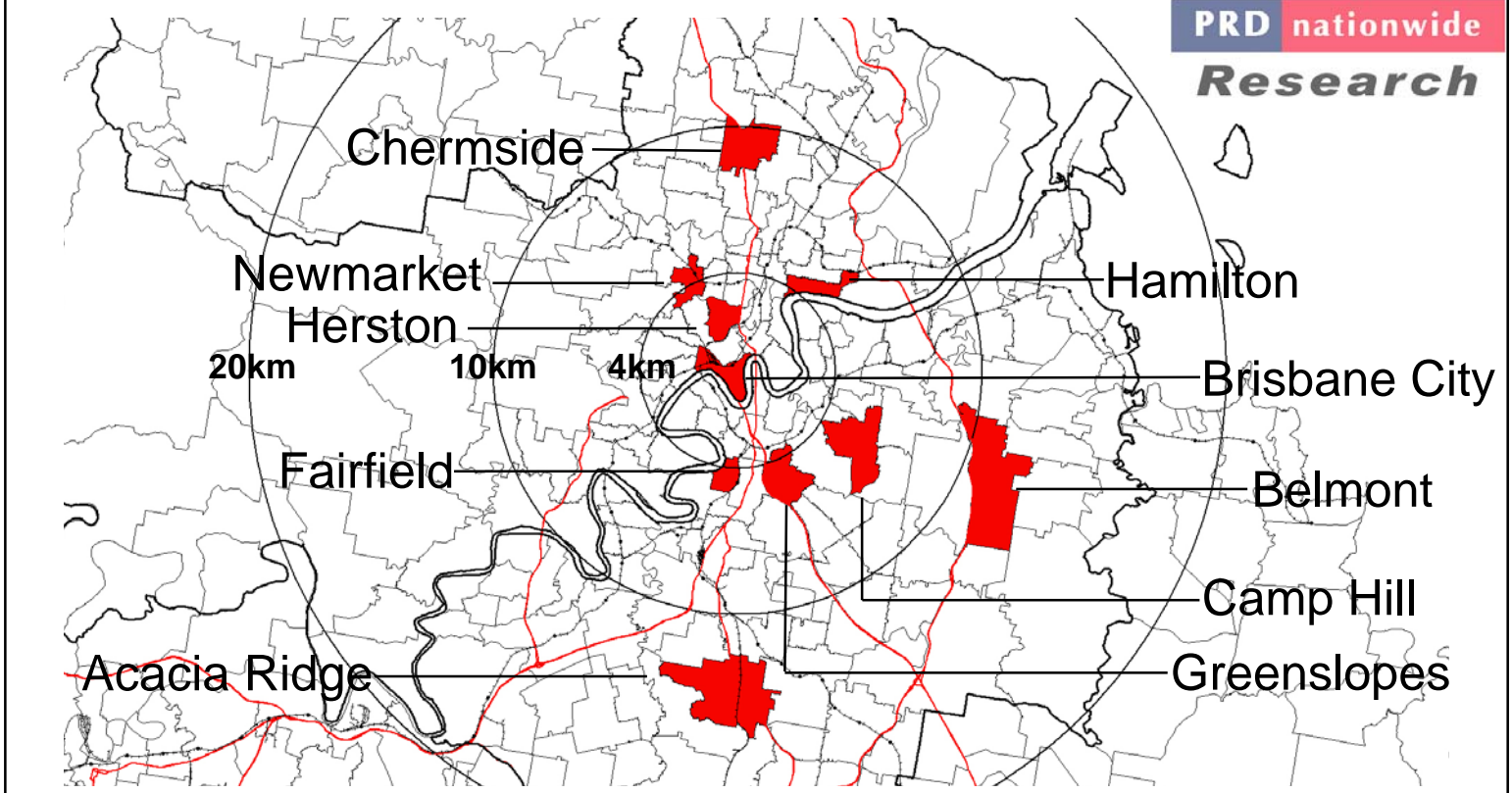
Prepared by PRDnationwide Research Source: RP Data

Hotspot picks for 2007

What does the year 2007 hold in store? In our opinion, the first half of 2007 will behave quite similar to the second half of 2006. Now is a good time for buyers to be positioning themselves strategically in the marketplace for higher levels of growth that will most likely return towards the end of 2007 and into 2008. The following trends provide an insight into the growth drivers that have influenced our Brisbane hotspot picks for 2007 – see the next page for our ten hotspot picks.

- **Follow the infrastructure spend:** The major infrastructure and renewal projects such as the Eleanor Schonnel Bridge (recently opened), the Northern Busway and Eastern Busway, and Northshore Hamilton urban renewal project to name a few. These are projects to watch as the carry on effects should provide positive results for the suburbs benefiting from this new transport infrastructure.
- **Premium unit living:** With more and more baby boomers looking to downsize into inner city premium apartment living, we expect the high end and boutique unit market to continue outperforming the broader unit market. New developments around Norman Park, Hamilton, New Farm and Newstead will provide well located premium apartment stock over the next several years and prime locations like these are running out fast.
- **Inner city sub-division potential:** Housing on sub-dividable blocks within close proximity to the CBD provide excellent scarcity value, often with a reasonable price tag.
- **Outer suburbs with strong transport links and major working nodes close by:** The outer areas are very appealing to first home buyers and young families as well as renters working at nearby employment nodes such as the industrial centers of Brisbane. The low price base and transport links will pull demand from the segments most affected by low affordability levels, while investors will drive demand in these areas as they attempt to buy into a high yield market with strong capital growth potential. Outer areas designated for Transit Oriented Developments (TODs) should record strong performances over the medium to long term.





Brisbane City (houses)
 Approx distance from CBD 1km
 Median house price: \$452,000

The detached house market of Brisbane City is often overlooked with the higher profile unit market stealing the limelight. The detached housing stock classified as within the Brisbane City boundary is concentrated between Petrie Terrace and Hale Street. The housing character is exclusively workers cottages and this entire precinct is zoned as a character controlled precinct. The homes are on small lots and are just a short stroll to the surrounding amenity such as the cafes and bars of Caxton Street and Given Terrace, Suncorp Stadium and the Roma Street Parklands. The development of the Petrie Barracks, located at the top of Caxton Street, has the potential to spur further growth in this area. The owners of the site, QM Properties and Property Solutions, have announced the area will be developed with approx. 10,000sqm of commercial space, two new bars, a Coles Supermarket, a seven movie screen cinema and other retail tenancies. The median price of just \$452,000 represents a low entry point into this market which is ready to be transformed.

Newmarket (units)
 Approx distance from CBD 4km
 Median unit price: \$196,500

The recent development of the Reading Centre at Newmarket which includes a variety of retail offerings and the renovated Newmarket Hotel has seen a new vibrant image associated with this once 'tired' suburb. The median unit price below \$200,000 is absolutely low for such a well located and serviced area. Newmarket is well connected to the City via Kelvin Grove Road and via Lutwyche Road into the Valley. The retail offering is exceptionally high and the close by cafe precinct of Wilston Village is also a strong selling point.

Herston (houses and units)
 Approx distance from CBD 3km
 Median house price: \$405,000
 Median unit price: \$223,000

Herston is situated within Brisbane's inner city. While the suburb is quite large, more than half the area is consumed by the Royal Brisbane Hospital, one of the largest employment nodes in Brisbane. Due to the small residential area of the suburb, housing stock is quite scarce, with only 7 house sales and 9 unit sales during the first half of 2006. The housing market in the area provides an excellent rental market, with the hospital, Kelvin Grove campus of QUT, the Kelvin Grove Urban Village and the commercial centres of Spring Hill, Fortitude Valley and the CBD all within easy travelling distance. The suburb also benefits from access to the Inner Northern Busway linking to the City and major arterial roads. With the completion of the North South Bypass tunnel, the linkage to Brisbane's South will be even stronger.

Chermside (houses)
 Approx distance from CBD 9km
 Median house price: \$335,000

Chermside is already providing a high level of retail amenity, with the Westfield Chermside being the major shopping centre servicing the broader northern area of Brisbane. The area has also been designated as having potential for Transit Oriented Developments (TODs), meaning strategically located sites could be 'upzoned' and the height limit for developments could be raised and the area become a strategic transit and employment node. The Northern Busway will link to Chermside, providing an upgraded level of public transport infrastructure.

Fairfield (houses)
 Approx distance from CBD 5km
 Median house price: \$410,000

The riverside suburbs of Brisbane's inner south represent some of the forgotten gems of riverside Brisbane. With the opening of the Eleanor Schonnel Bridge linking the inner south with the University of Queensland the area has been cast into the spotlight. Fairfield and the surrounding suburbs are one of Brisbane's greenest, with a series of parks linking up with the stretch of riverside parkway known as the Corso. Housing options range from absolute riverfront, to park frontage homes, and affordable options within the interior of the suburb. The bridge link with the University of Queensland will open up the lucrative student rental market to the area and the Boggo Road Busway will provide bus services linking with the CBD and eastern suburbs of Brisbane. There has been some talk of a new CityCat stop extending to Yeronga, however this is yet to be confirmed.

Belmont (houses)
 Approx distance from CBD 11km
 Median house price: \$396,000

Belmont, within Brisbane's south eastern suburbs, provides one of the most affordable acreage living options in Brisbane. The average land size for homes sold during 2006 was just over 3,000sqm - five times the traditional block size throughout Brisbane. With a median house price of just \$335,000, the area represents good buying. The planned Eastern Busway will eventually provide an upgrade to public transport in the area. Being adjacent to the Gateway Motorway, the area will also benefit from the duplication of the Gateway Bridge due for completion by 2011.

Greenslopes (units)
 Approx distance from CBD 4km
 Median unit price: \$243,000

Greenslopes will benefit from the introduction of the new Eastern Busway, with a major transport interchange being built at Buranda. The retail amenity in the area is extensive, particularly the Stones Corner shopping precinct. The rental market is very strong, with the Princess Alexandra Hospital and Greenslopes Private Hospital creating a large rental population. Many of the unit developments around Greenslopes were built in the eighties and provide views of the City. Access to the Pacific Motorway is very convenient and the suburb also has arterial roads such as Ipswich Road, Logan Road and Old Cleveland Road providing efficient transport options. The existing Greenslopes Busway, part of the South West Busway opened in 2001, provides an excellent public transport option into the CBD.

Hamilton (units)
 Approx distance from CBD 5km
 Median units price: \$310,000

The amount of new development to take place in the Hamilton area over the coming years will be intense, with riverside land between the under-development 'Portside Wharf' and the Royal Queensland Golf Course to be developed as part of Brisbane's largest urban renewal project. The newest units along the river, Bretts Wharf and Portside Wharf, have sold well. The unit market in the area should benefit over the long term from the additional retail offerings provided and ongoing renewal of the area as the industrial land is gradually developed with high end residential and mixed use offerings. The Hamilton unit market represents an excellent long term growth proposition due to these factors and the currently low median price for the area.

Camp Hill (houses)
 Approx distance from CBD 6km
 Median house price: \$415,500

The suburb of Camp Hill will be one of the key beneficiaries of the Eastern Busway, which is currently in the planning phase. The Busway, when completed, will link the Boggo Road Busway and new Eleanor Schonnel Bridge with the eastern suburb of Capalaba. The new level of public transport infrastructure will provide a much needed transport link between the eastern areas of Brisbane and should assist to ease the traffic congestion being experienced along Old Cleveland Road. The suburb is currently undergoing a high level of renovation and is becoming one of the trendier areas to live for young professional families.

Acacia Ridge (houses)
 Approx distance from CBD 12km
 Median house price: \$247,000

Acacia Ridge is one of the most affordable suburbs within Brisbane, with a median house price of just \$225,000. The area is attractive to first home buyers, young families and investors. The affordable price points and strategic location of the suburb are attractive to owner occupiers seeking an affordable entry point to the market, while the high rental yields and low vacancy rates being achieved are attractive to investors. A large working node exists in this mainly industrial area, providing an exceptional strong rental market.

Prepared by PRDnationwide Research
 For further details contact: Tim Lawless, National Research Director. (07) 3229 3344, timlawless@prd.com.au or Mitch Koper for media enquiries 0417 771 778
 Sources: RP Data. Use with written permission only. All other responsibilities disclaimed. © 2006

This information has been carefully compiled and is not intended to be treated as a warranty or promise as to the correctness of the information. Interested parties should undertake independent enquiries and investigations to satisfy themselves that any details herein are true and correct. Use with written permission only.