



**JONES LANG
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Real value in a changing world

Weinam Creek

Property Market Assessment and Development Strategy

October 2013

Prepared for Redland City Council

Table of Contents

1 Executive Summary	1
2 Introduction	6
2.1 Weinam Creek Priority Development Area	6
3 Background Information Review	8
3.1 Redland Bay Centre and Foreshore Master Plan, 2009	8
3.2 Redland Bay Centre and Foreshore Master Plan: Highest & Best Use Analysis	8
3.3 Redland Bay Centre and Foreshore Master Plan Stage Two: Private Sector Opportunities	9
3.4 Recent and Emerging Development Activity	9
4 Demographic and Employment Trends	11
4.1 Population Forecasts for Retail Development	15
4.2 Employment Trends in Redland Bay	16
5 Retail Development Opportunities	21
5.1 Competition	21
5.2 Future Demand at Weinam Creek	22
6 Residential Market Opportunities	27
6.1 Residential Approvals and Recent Growth	27
6.2 Median Sales Prices	30
6.3 Unit / Apartment Market	30
6.4 Waterfront Housing Market	32
7 Marina Market	33
7.1 Overview	33
7.2 Competition	34
7.3 Demand	37
8 Other Development Opportunities	40
8.1 Health Services	40
8.2 Short-term Accommodation	41
8.3 Retirement Living and Aged Care	42
9 Market Sounding Findings	46
10 Weinam Creek Feasibility Assessments	51
10.1 Overview	51
11 Key Recommendations	56
11.1 Overview	56

Annexures

List of Tables

Table 1: Demographic Characteristics, Redland Bay Compared to Greater Brisbane, 2011	12
Table 2: Population Forecasts, Redland Bay and SMBI, 2011-2031	15
Table 3: Employment in Redland Bay, 2011-2031	16
Table 4: Dining Precinct, Potential Demand at Weinam Creek PDA	26
Table 5: Retirement Units Forecasts, Redland Bay and Redland LGA	45
Table 6: Scenario 1 Summary	51
Table 7: Scenario 2 Summary	52
Table 8: Scenario 3 Summary	52
Table 9: Scenario 4 Summary	53
Table 10: Scenario 5a Summary	54
Table 11: Scenario 5b Summary	54

List of Figures

Figure 1: Weinam Creek Priority Development Area	6
Figure 2: Age Profile, Redland Bay/SMBI compared to Greater Brisbane, 2011	13
Figure 3: Housing Ownership Profile, Redland Bay/SMBI compared to Greater Brisbane, 2011	13
Figure 4: Dwelling Stock Profile, Redland Bay/SMBI compared to Greater Brisbane, 2011	14
Figure 5: Family Type, Redland Bay/SMBI compared to Greater Brisbane, 2011	14
Figure 6: Income Profile, Redland Bay/SMBI compared to Greater Brisbane, 2011	15
Figure 7: Redland Bay Residents, Where they Work, 2011	18
Figure 8: Redland Bay Workforce, Where they Reside, 2011	19
Figure 9: SMBI and North Stradbroke Residents, Where they Work, 2011	20
Figure 10: Building Approvals, Redland Bay and Redland LGA, 2007-2013	28
Figure 11: Population Density, Weinam Creek and Environs, 2011	29
Figure 12: Median House and Sales Prices, Redland Bay, 2005-2012	30
Figure 13: Queensland Boat Registrations, 1996-2012	34
Figure 14: Weinam Creek Marina Catchment Area Competition Map	37
Figure 15: Registered Vessels over 10 Metres within Catchment*, 2002-2012	39

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1 Executive Summary

The development opportunity at Weinam Creek will provide for a major catalyst to transform the waterfront of Redland Bay and enhance the amenity and functionality of this busy local community hub. Unique to the site is the role it plays as serving as the primary commuter node for residents of the Southern Moreton Bay Islands (SMBI), some 5,800 people. The importance of this role will only continue to increase as this population increases to around 9,000 by 2031.

The initial development strategy for the site has been informed by an analysis of the market drivers and performance for the range of likely supportable land uses and considered in the context of local market characteristics including demographic profile. This has been evaluated against the site specifics including the unique elements of prime ocean frontage, a working harbour element, commuter role, and proximity to surrounding influences including community uses and the Redland Bay Village. A review of previous studies and background information has also been undertaken to ensure a holistic approach to reviewing the site and forming a view on the development potential.

A summary of this assessment is outlined below.

Economic and Demographic Profile

Weinam Creek is currently situated at the southern end of the Redland LGA within the suburb of Redland Bay. It is an area that has a robust level of population growth, driven by coastal lifestyle factors rather than a strong concentration of employment bases. This is highlighted by the relatively low level of employment self-sufficiency for Redland Bay at 25.7% as at the 2011 Census.

The population of Redland Bay was 14,284 in June 2012, up from 14,006 in June 2011 (2.0% growth). The estimated resident population of SMBI in June 2011 was 5,844, rising to an estimated 5,914 in June 2012 (1.2% growth). This solid growth was in line with the growth within the Greater Brisbane metropolitan area. Population growth is forecast to be particularly strong for both Redland Bay and the SMBI catchments over the short and medium term, averaging around 2.5% and 2.1% for the two catchments respectively for the decade to 2021.

The main characteristics of the Redland Bay population (compared with Greater Brisbane) are:

- A relatively high proportion of children (24% under 15 years; 20.1% in Greater Brisbane);
- A large population from the UK (9.2%; 5.6% in Greater Brisbane);
- Relatively high level of home ownership (73.9% either own or are buying their home; 65.5% in Greater Brisbane);
- Dominance of separate dwellings – 98% of all dwellings;
- Dominance of family households with very few lone person and group households;

Individual incomes for Redland Bay residents are in line with Greater Brisbane while average household incomes are 5.5% higher, reflecting the larger average household size, which translates to more households with more than one income earner. Incomes of SMBI residents are considerably lower.

Retail Development Opportunities

Retail development within the PDA is a critical component of the urban renewal of Weinam Creek, helping to create activity, a sense of community and identity as well as supporting other commercial and residential activity.

Weinam Creek should complement rather than compete with the existing nearby Redland Bay Shopping Village, which has been rezoned to develop as a District Shopping Centre, incorporating a large supermarket.

Achieving both local buy-in from its primary catchment of Redland Bay as well as providing services to residents of SMBI are critical to the success of a retail development at Weinam Creek.

While a full-line supermarket could be supported at Weinam Creek, Redland Bay Shopping Village is recommended as a superior location for such an anchor tenant. This is for a wide range of reasons including but not limited to: to the better retailing alignment with grocery shopping with other town centre uses, the ability to fully utilise high value waterfront land for higher and better uses delivering a stronger economic return, and enabling waterfront land to be utilised for activities that are consistent with the vision for the site in creating a strong mixed use destination.

Retailing at Weinam Creek could focus on leisure / lifestyle and incorporate a restaurant / dining precinct of 800-900 square metres. Possible uses include day spas, health and beauty services, boating related retail products, leisure wear, specialty food retailing and local services to serve both residents and ferry patrons.

Café / dining precincts are difficult to support in isolation but are a core land use in most successful waterfront precincts. Leveraging the water views will be important, but design will be critical to ensure maximum potential for activation and through linkages to other activators on or adjoining the site.

The amount of retailing supportable will largely depend on how much of a destination Weinam Creek can become. We do not consider that the retail component will be the primary attraction at Weinam Creek. A marina, tourism associated with it being the gateway to SMBI and its waterfront location are considered more likely to create the destination appeal.

Residential Development Opportunities

Redland Bay has experienced limited residential development in the past two years, but has seen strong growth over the past decade.

Residential estates of note in Redland Bay include AMEX Corporation's Valencia Springs and Fiteni Homes' Redland Bay Grove. Longer term, the proposed development of Shoreline has the potential to provide significant population growth for an extended period of time for the suburb.

The median sales price has hovered between \$450,000 and \$500,000 over the past 6 years. A relatively small portion of the market (19%) has been sales above \$600,000.

The market for apartments and units is expected to be shallow, at least in the short to medium term as 98% of all stock is detached housing. However, factors such as proximity to a new marina, water views, high quality amenity and proximity to services will all assist in building a market for higher density residential development.

The market will be price sensitive. We recommend that the majority of apartments / units in the initial stage will need to be priced at less than \$400,000, particularly product aimed at the investor market.

In the early stages of development, we recommend providing small lot terrace and townhouse packages as a first step towards increased residential densities. In the medium term, small apartment projects of 20 units maximum with views over water may be viable.

Marina Development Opportunities

A marina at Weinam Creek would provide direct access to open water and the Southern Moreton Bay Islands (SMBI).

A marina has the potential to anchor an attractive precinct, incorporating retailing (convenience based; leisure / lifestyle; cafes and restaurants), a tavern, housing and marine related uses.

The main market for wet berths will come from boat owners with vessels at least 10 metres in size, from Redland LGA and to a lesser extent, from Logan LGA and Brisbane South.

Weinam Creek may be preferred to alternative locations such as Manly Boat Harbour due to its smaller scale.

We consider a marina of around 200 berths should be supportable over the next 15-20 years, with demand coming from existing nearby boat owners with a preference for Weinam Creek over their existing berth as well as expected growth in boat ownership in the main catchment of Redland LGA, Logan LGA and Brisbane South.

The marina could be developed in three stages to take into account the growing demand for marina berths as the population base increases.

The marina appears particularly well suited to Weinam Creek due to: 1) financial feasibility due to existing deeper water conditions requiring less dredging and pre-existing infrastructure; 2) ability to stage appears easier than alternative locations such as Toondah Harbour; and 3) ability to develop the marina as a stand-alone component is considered a major plus that enables the marina to be 'bolted on' as market demand conditions support it.

Other Development Opportunities

The main location for health services in Redland LGA is at Cleveland (two hospitals and supporting allied health services). With solid population growth, there is expected to be future demand for a more comprehensive medical and health services clinic, such as a GP Super Clinic. A GP Super Clinic is expected to require a site of around 5,000 square metres. Weinam Creek could accommodate such a facility.

We do not consider Weinam Creek will be able to support short-term accommodation in the short to medium term. Even if Weinam Creek attracts some tourist visitation, we see the market primarily being day-trippers not requiring overnight accommodation. Visitors looking for a longer stay are more likely to be attracted to one of the nearby islands, particularly North Stradbroke.

We see a major opportunity for future retirement living with Redland LGA set to experience very strong growth in its population aged 65 and over (from 21,496 in 2011 to 52,728 in 2031, an increase of 31,252). This will support additional retirement villages / accommodation.

Over 3,000 additional retirement units will be supportable across Redland LGA to 2031. With large sites in the northern suburbs of Redland LGA becoming rarer, a sizable proportion of this demand could be accommodated in Redland Bay, including Weinam Creek.

Over time, integrated communities including retirement living and other complementary uses, multi-storey complexes and small clusters of retirement units are likely to be demanded by an ever evolving sector. The lifestyle / leisure attributes of Weinam Creek are well suited to attract this important market sector.

Market Sounding Process

The market sounding highlighted a number of key issues. Main issues were:

- Relocating all or partial car parks to an alternate location will be required but will be at moderate to significant costs. The ability for the market to fund this will be dependent on the revenue generation potential from the car parking and which entity captures this (public or private).
- Developing waterfront infrastructure is vital to reinvigorate interest in this location and attract additional permanent residents and visitors. The “front end” nature of this will be a challenge for potential developers given this component will require moderate upfront investment and with limited scale to offset this cost.
- The likely amount of potential development needs to be clearly articulated to the market given the significant private land holdings that reduce the total available scale of the development that Council can facilitate. This reduced scale, and combined existing surrounding uses which may remain in place for some time, will affect divestment method, type of buyers interested, and cost effectiveness of non-income producing development needed to promote interest in this location
- Relocation of boat ramp infrastructure will also be costly and require consideration of an appropriate funding prior to taking the opportunity to market.

Key Recommendations Support Competitive Market Responses

Relocation of Existing Car Park and Funding Issue:

- RCC will need to consider and provide guidance on parameters that can be considered in relation to the relocation and introduction of market-based charging of car parking costs (given expected existing community resistance).
- RCC to provide guidance on possibility of likelihood of potential acquisition of an alternate nearby site to accommodate vehicular parking of the commercial centre and ferry commuters.
- Jones Land LaSalle recommend that implementation of any increase in user pay car parking rates (existing site or new one) to be done concurrently with altered local traffic laws i.e. an enforcement of no parking zones in surrounding streets (the exception to be residents of those streets who can be issued with permits).
- Should the current car park be relocated a facility will still be required that can accommodate trailer and car parking related to the public boat ramp. Such a facility must be in very close proximity to the actual boat ramp. Solutions include:
 - Keeping part of existing car park for trailer parking (with balance to be developed).

- Relocation of boat ramp (potentially north along esplanade or potentially upstream in Weinam Creek. We note any new site should be in close proximity to town centre (to assist retail trade) as well as providing adequate growth for the increase in use of the ramp facilities as the location attracts more visitors. Funding of the relocation of the boat ramp will also require resolution, given the significant costs associated with this. Delayed payment of land for Council's site may be the preferred mechanism to provide sufficient incentive for the developer to undertake a substantial proportion of these works.

Waterfront Infrastructure

- RCC to consider whether Council or third party budget exists to partially fund these works (boardwalks, pools, landscaping etc.) which are considered crucial to attract new residents and visitors and help revitalise the location. Delayed payment of land for Council's site may be the preferred mechanism to provide sufficient incentive for the developer to undertake a substantial proportion of these works.
- One possible solution to this upfront funding expense relates to combining this funding need with the possible asset sale (or leveraging income) of a new car park development. That is, assuming the relocation and development of a new car park to nearby site can be proven to be financially attractive to investors or financiers then an opportunity may exist to use the sale of this asset, or leverage of the income to assist in funding this infrastructure. Such a scenario requires further discussion of the range of options for structuring this.

Developer Incentives

- RCC to provide guidance on appetite for development incentives such as "gifting" of land (to support new car parking solution, public amenity or boat ramp relocation offset), delayed or reduced infrastructure charges, discounted rates over set periods etc.
- RCC to consider adopting consistent infrastructure charges for Weinam Creek that align with balance of LGA.

2 Introduction

2.1 Weinam Creek Priority Development Area

The Weinam Creek Priority Development Area (PDA) was declared by the Minister for State Development, Infrastructure and Planning in response to a request from Redland City Council on 21 June 2013. The declared area is located in Redland Bay, covers an area of 42 hectares and incorporates the Weinam Creek Marina.

It is envisaged that the designated area will support a mixed use residential, tourism and retail based development. The importance of Weinam Creek and its ferry terminal is of particular significance as the gateway to the Southern Moreton Bay Islands, providing access for the island residents to shopping, health, education, employment and entertainment opportunities throughout the Redlands and the greater Brisbane area. It is therefore an important link between the Southern Moreton Bay Islands and the mainland. It has the potential to provide a regional focus for Redland Bay; an area that continues to grow.

Figure 1: Weinam Creek Priority Development Area



The vision for the Weinam Creek PDA as outlined on the Department of State Development, Infrastructure and Planning's website is reproduced below:

- Establishing new water transport services and support facilities at Weinam Creek
- Improving water front amenity through the consolidation of facilities and the improvements of public open space
- Providing appropriate infrastructure that meets market expectations for safety, comfort, convenience, information and service delivery
- Creating an accessible and connected place, featuring high quality public transport integrated with a safe and convenient walking and cycling network
- Reinforcing Weinam Creek as a community focus and a regional Gateway to Moreton Bay
- Creating a sense of place with communal areas providing opportunities for networking and social interaction
- Creating opportunities for mixed use and medium density residential development

3 Background Information Review

3.1 Redland Bay Centre and Foreshore Master Plan, 2009

The Redland Bay Centre and Foreshore Master Plan (the Master Plan) articulates Redland City Council's vision for the future development of this area. It was undertaken prior to the State granting the Weinam Creek Precinct Priority Development Area (PDA) status.

The area covered by the Master Plan extends to the north of the PDA, encompassing Redland Bay Centre, a small commercial and retail precinct and the main retail precinct located in Redland Bay. Weinam Creek and Redland Bay Centre are surrounded by adjoining residential areas.

The Master Plan identifies a number of aims, issues and priorities for realising the potential of this important foreshore area. Some of the key points are summarised briefly below:

Transport issues / Marine activity – The Master Plan recognises the long-term importance of the marine industry in providing ferry services to and from the Southern Moreton Bay Islands is a significant land use, but recognises that some of the infrastructure needs rationalising / upgrading. The use of Weinam Creek as long term parking for commuters dominates large areas of government owned land, providing a poor amenity potentially to the detriment of other land uses. Improved public transport (aimed in part at reducing reliance on private transport) is recommended.

Retailing – Redland Bay Centre expected to be expanded to district level (rezoned from Neighbourhood to District Centre Zone). Other smaller scale retailing to satisfy local / commuter needs.

Tourism / Recreation – The Master Plan recognises the potential of the area for tourism and recreation and seeks to provide a range of appropriate facilities to support these activities including tourism information, accommodation and hospitality.

Higher density residential / mixed use development – recognises that the current residential development is at very low densities and aims to increase densities throughout the Master Plan area. Also promotes mixed use developments particularly near Weinam Creek Community Village.

3.2 Redland Bay Centre and Foreshore Master Plan: Highest & Best Use Analysis (Urbis, September 2011)

This report provided an overview of the Master Plan area and the residential and retail markets as well as development options analysis.

The development options considered included a mix of retail, residential and marine related uses.

Two options for residential and retail development above basement parking were determined to provide a net profit on costs of around 25%. This assumed relatively high average sales prices on apartments of:

- \$393,000 for one bedroom apartments;
- \$555,000 for two bedroom apartments; and
- \$750,000 for three bedroom apartments

The analysis did not take into account the likely demand for residential apartments in a market that has not experienced large scale medium or higher density housing forms in the past. The price points did not appear to be reflective of the market depth or capacity to pay.

3.3 Redland Bay Centre and Foreshore Master Plan Stage Two: Private Sector Opportunities (Coffey, February 2012)

This report considered key opportunities identified in the Master Plan. Building on the Urbis Highest and Best use analysis, the report concluded that the car park site would provide an ideal pilot project to act as a catalyst to realise the vision of the Master Plan.

The report identified three key challenges:

- A disconnected and under-utilised foreshore;
- A mix of community facilities and operational activities with little segregation, impacting on the attractiveness and potential enjoyment of the existing facilities; and
- Large expanses of foreshore land, owned by the State, which is used as an open lot car park.

The report presented broad concept plans for parcels of land owned by Council and state government and considered various management / implementation structures to facilitate development. Since the release of this report, Weinam Creek has been designated as a PDA by state government.

Two concept design options primarily focussed on the development of the 4 hectare car park site and existing marina. Both provided for approximately 200 residential units and both had two common elements:

- A transport node that co-locates the bus and ferry inside the marina, separating operational and recreational elements of the Master Plan; and
- The development of the foreshore area to enhance the beauty and enjoyment of the foreshore.

Features considered in the options included:

- A high quality foreshore;
- A one stop transit centre;
- A continuous foreshore park;
- A community focussed hub; and
- A high street destination.

3.4 Recent and Emerging Development Activity

We have undertaken a review of recent major development projects within the suburb of Redland Bay and more specifically, within the PDA. The following provides a short summary of the main development activity:

The majority of the recent development applications have been for residential lot subdivisions, including Redland Heights Estate; Valencia Springs Estate; Unwin Road; Bankswood Drive; Muller Street, and Redland Bay Grove Estate.

Development proposals within the study area include:

- 10, two storey townhouses at 95-101 Hamilton Street. Approval was granted but we understand the project has been abandoned;
- Extensions to the Palm Lakes Retirement Village, providing an additional 41 units – Approved but the project has not proceeded; and
- Upgrades to the Redland Bay Marina Bus Station

Outside of the study area, there has been some low-medium density residential development, notably a 33 unit development at 245-247 Main Street by Fiteni Homes (Pine Terrace Redland Bay). This is located approximately 1km west of the subject site. Four bedroom duplexes are advertised for sale at between \$435,000 and \$455,000.

Southern Redland Bay Investigation Area

The Southern Redland Bay Investigation Area (SRBIA) has been identified as a potential land bank for medium to longer term urban development. To date, it is yet to be determined whether the area will be developed as a new community and included in the Urban Footprint for South East Queensland. SRBIA is located approximately 5km south of Weinam Creek and comprises approximately 310 hectares of land.

The Developers' Fox and Bell together with Fiteni Homes are the major land owners of the SRBIA and have proposed a future urban village, marketed as Shoreline Redlands, on the SRBIA. Fox and Bell's proposal comprises the development of a community for up to 10,000 residents in 3,600 homes, and includes a village centre with shops, restaurants and a tavern adjacent to a 2.2km foreshore park.

The proposal is planned as a master planned community incorporating schools, community facilities as well as business opportunities within the village centre. While most of the development would comprise relatively low density housing, some medium density housing is proposed adjacent to the village centre.

Should the SRBIA be approved for a new community, it will provide for considerable ongoing population growth within Redland Bay over the next 20 years.

While the project's proposed village centre would provide many of daily and weekly services required by its residential population, residents of Shoreline would also access services in nearby communities, including Weinam Creek / Redland Bay Village and Victoria Point. Future development at Weinam Creek may therefore benefit from a significant increase in the residential population within a relatively short drive.

4 Demographic and Employment Trends

This section focusses on the demographic and employment trends for the suburb of Redland Bay, which includes Weinam Creek. We consider the existing residential population of Redland Bay provides an insight into the potential local market for residential and commercial development at Weinam Creek. We also provide brief analysis of the population of the Southern Moreton Bay Islands (SMBI), which shows quite different characteristics. SMBI residents enjoy quite a unique lifestyle and are not seen as being as representative of a future Weinam Creek residential market as Redland Bay residents. However, they will naturally gravitate to, and utilise the facilities and services that may be provided at Weinam Creek.

The population of Redland Bay SA2 (Redland Bay) was 14,284 in June 2012, up from 14,006 in June 2011 (2.0% growth). This strong growth was in line with the growth within the Greater Brisbane metropolitan area. The estimated resident population of SMBI in June 2011 was 5,844, rising to an estimated 5,914 in June 2012 (1.2% growth).

The main characteristics of the Redland Bay population (compared with Greater Brisbane) are:

- A relatively high proportion of children (24% under 15 years; 20.1% in Greater Brisbane);
- A large population from the UK (9.2%; 5.6% in Greater Brisbane);
- Relatively high level of home ownership (73.9% either own or are buying their home; 65.5% in Greater Brisbane);
- Dominance of separate dwellings – 98% of all dwellings;
- Dominance of family households with very few lone person and group households; and
- Individual incomes are in line with Greater Brisbane while average household incomes are 5.5% higher, reflecting the larger average household size, which translates to more households with more than one income earner.

SMBI has a very different demographic profile than Redland Bay and Greater Brisbane, characterised by:

- Dominance of older residents, with 46.5% aged 55 and over;
- Few children with only 16.2% aged 14 and under (24% for Redland Bay; 20.1% for Greater Brisbane);
- Very few young adults. Just 2.5% of the residents were aged 20-24 (4.5% in Redland Bay; 7.6% across Greater Brisbane);
- A high level of outright home ownership (40.6%), reflecting the older age profile and number of long-time residents living on the islands;
- A dominance of separate dwellings (99%);
- A dominance of couples with no children and single person households, again reflecting the older generation with children no longer living at home; and
- A very low income profile with household income less than half that of Redland Bay residents and Greater Brisbane residents.

Table 1: Demographic Characteristics, Redland Bay Compared to Greater Brisbane, 2011

Selected Characteristic	Redland Bay	Southern Moreton Bay Islands	Benchmark to Greater Brisbane
<u>Population</u>	14,006	5,625	2,146,577
<u>Age Distribution</u>			
0-4 years	7.5%	5.7%	7.0%
5-14 years	16.5%	10.5%	13.1%
15-19 years	7.5%	4.3%	6.9%
20-24 years	4.5%	2.5%	7.6%
25-34 years	11.0%	6.4%	14.8%
35-44 years	16.4%	10.9%	14.8%
45-54 years	13.8%	13.2%	13.2%
55-64 years	11.3%	21.7%	10.8%
65 years & over	11.5%	24.8%	11.8%
<u>Birthplace</u>			
Australia	78.2%	75.7%	74.0%
UK	9.2%	8.5%	5.6%
Europe	1.9%	2.8%	2.2%
Asia	1.0%	2.0%	6.1%
Other	9.8%	11.0%	12.0%
<u>Housing Status</u>			
Owner	28.1%	40.6%	27.9%
Purchaser	45.8%	28.0%	37.6%
Renter	25.7%	31.1%	33.7%
Other	0.4%	0.4%	0.8%
<u>Dwelling Structure</u>			
Separate house	98.0%	98.8%	79.1%
Semi-det, row/terrace, townhouse	0.7%	0.1%	8.5%
Flat, unit, apt	1.2%	0.5%	11.7%
Other dwelling	0.1%	0.6%	0.7%
<u>Family Composition</u>			
Couple - No Children	36.9%	54.7%	37.0%
Couple - Dependant Children	37.3%	15.1%	31.6%
Couple - Non-dependant Children	13.1%	6.0%	13.3%
One Parent - Dependant Children	7.1%	14.9%	8.8%
One Parent - Non-dependant Children	4.9%	8.0%	7.3%
Other Family	0.8%	1.4%	2.0%
<u>Households</u>			
Family Households	85.9%	59.6%	72.9%
Lone Person Households	12.1%	35.8%	21.8%
Group Households	2.0%	4.7%	5.2%
<u>Income</u>			
Average Personal Income	\$41,455	\$24,519	\$41,468
- Variation from benchmark	0.0%	-40.9%	
Average Household Income	\$90,455	\$40,865	\$85,761
- Variation from benchmark	5.5%	-52.4%	
<u>Average Household Size</u>	2.9	2.0	2.6

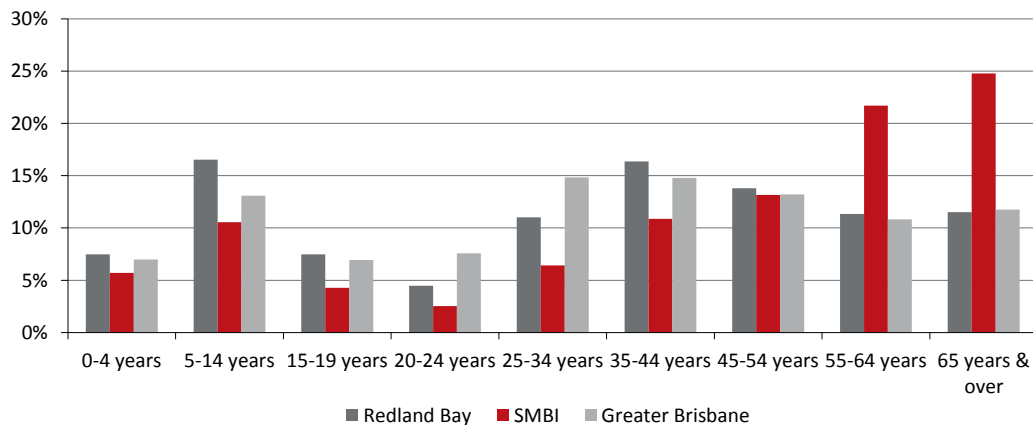
Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting

The following brief analysis focuses on the population of Redland Bay compared with Greater Brisbane. For comparison, we have also shown SMBI residents in the charts.

Redland Bay's population has:

- A relatively high proportion of children (24% under 15 years; 20.1% in Greater Brisbane);
- A higher representation of residents in the mid to later part of their working career 35+ and relatively low proportion of residents in their early part of their career (20-34 years)

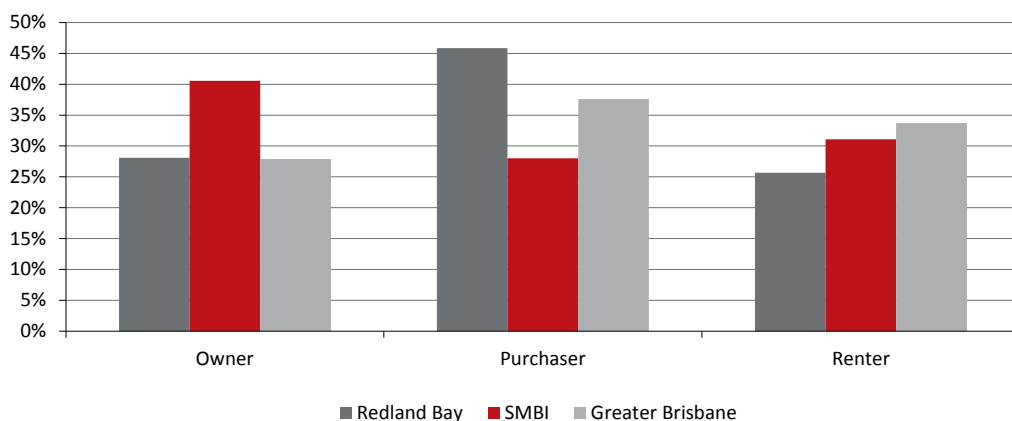
Figure 2: Age Profile, Redland Bay/SMBI compared to Greater Brisbane, 2011



Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting

The Redland Bay population has a relatively high level of home ownership (73.9% either own or are buying their home; 65.5% in Greater Brisbane) indicating a strong sense of ownership as an important driver of investment in any new housing;

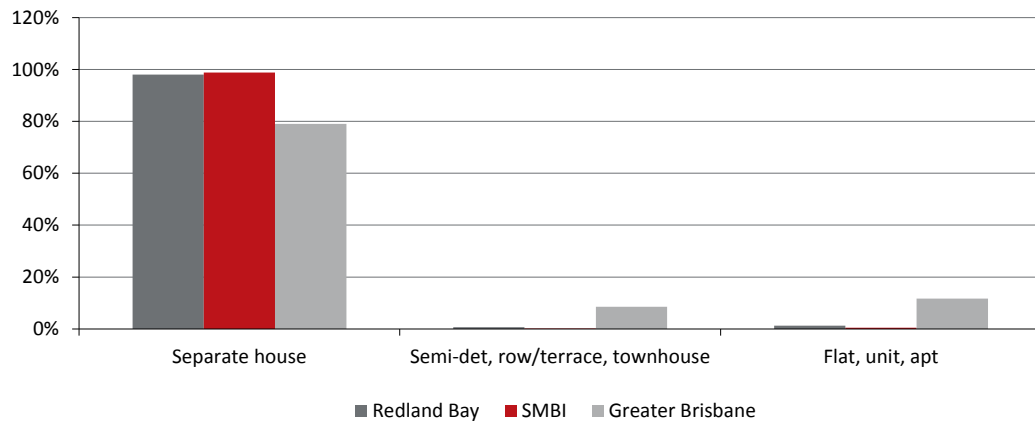
Figure 3: Housing Ownership Profile, Redland Bay/SMBI compared to Greater Brisbane, 2011



Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting

Redland Bay is dominated by detached housing stock, representing 98% of all housing in the area;

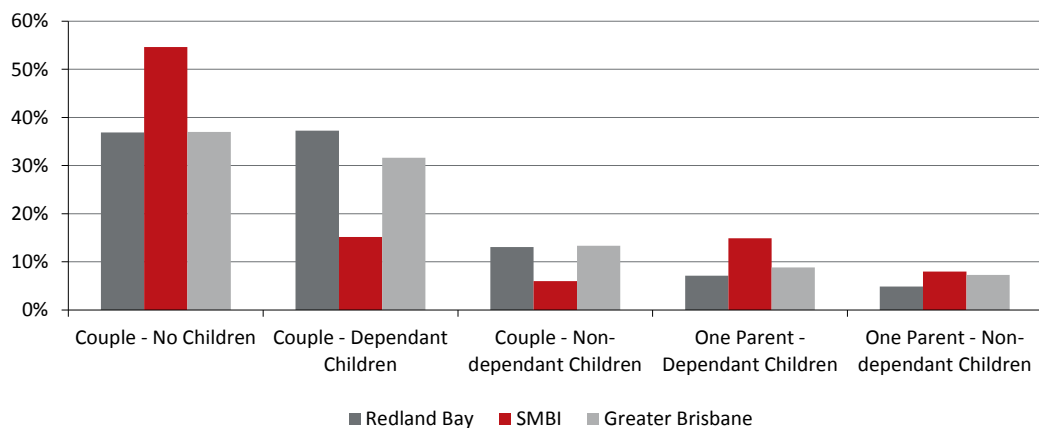
Figure 4: Dwelling Stock Profile, Redland Bay/SMBI compared to Greater Brisbane, 2011



Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting

The Redland Bay age profile highlights a strong family composition with a relatively high representation of couples with dependent children, consistent with a higher need for larger dwellings. Families make up 85.9% of all households, compared with 72.9% of households across Greater Brisbane;

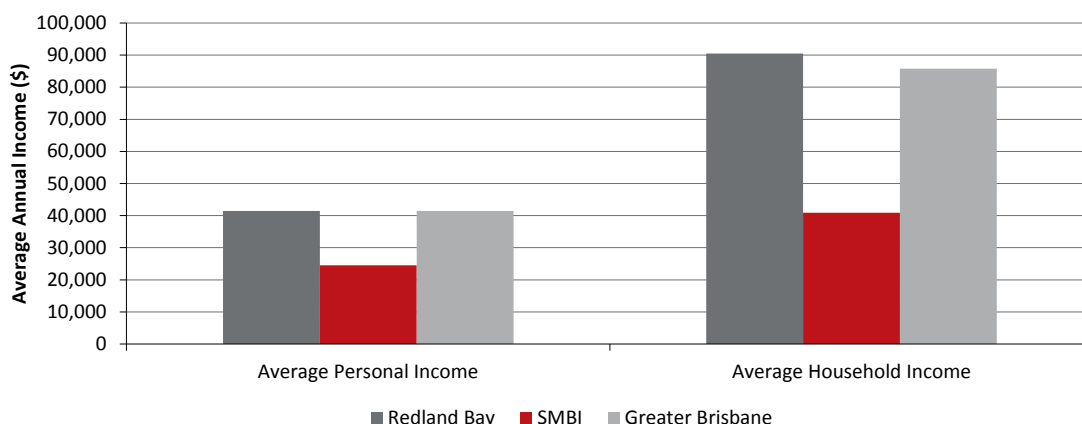
Figure 5: Family Type, Redland Bay/SMBI compared to Greater Brisbane, 2011



Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting

Incomes for Redland Bay are in line with average individual incomes for the wider metro area but higher for household incomes, indicating that more households have dual incomes compared to Greater Brisbane;

Figure 6: Income Profile, Redland Bay/SMBI compared to Greater Brisbane, 2011



Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting

4.1 Population Forecasts for Retail Development

The following forecasts are based on current Queensland government forecasts. We have considered the primary catchment of future retail development to be Redland Bay Statistical Local Area and the secondary catchment to be the Southern Moreton Bay Islands (SMBI).

The potential development of Fox and Bell's Shoreline urban village would not be incorporated into the forecasts as it is a concept plan only. Shoreline is located approximately 4.5km south of Weinam Creek and if approved, could eventually be home to around 10,000 residents (3,600 homes; 2.8 residents per home).

Should population growth over the period 2021-2031 continue at a similar rate to that expected over the period 2016-2021, then the primary catchment could reach 22,000 residents by 2031 (i.e. 1.9% per annum growth continuing through to 2031).

Table 2: Population Forecasts, Redland Bay and SMBI, 2011-2031

Catchment	2011	2016	2021	2026	2031
Primary Catchment - Redland Bay	14,006	16,675	18,279	19,382	19,858
Secondary Catchment - SMBI	5,844	6,548	7,245	7,990	8,795
Total Catchment	19,850	23,222	25,524	27,372	28,653
Population Growth - per annum		2011-16	2016-21	2021-26	2026-31
Primary Catchment - Redland Bay		3.5%	1.9%	1.2%	0.5%
Secondary Catchment - SMBI		2.3%	2.0%	2.0%	1.9%
Total Catchment		3.2%	1.9%	1.4%	0.9%

Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting

4.2 Employment Trends in Redland Bay

This section provides a brief overview of the existing employment within Redland Bay and nearby SMI, highlighting the relatively low level of employment jobs in comparison to its population. The development of the Weinam Creek PDA provides an opportunity to increase the employment base within Redland Bay and may improve opportunities for residents to find work locally.

The following table provides a summary of the residential labour force of Redland Bay compared with the workforce within Redland Bay.

Redland Bay has a very low level of “Employment Self-Sufficiency”, measured as the ratio of jobs in the area to employed persons residing in the area. As at the 2011 Census, Employment Self-sufficiency was just 25.7%. Every industry group has less jobs than resident employees.

The employment make-up is quite typical of outer suburbs without major activity centres or large populations to support a larger, more diverse workforce. Most jobs would likely serve a local market, including a range of health and community services, retail and food catering businesses, and a mix of local tradespeople that loosely fit into the construction sector and may work from home.

Table 3: Employment in Redland Bay, 2011-2031

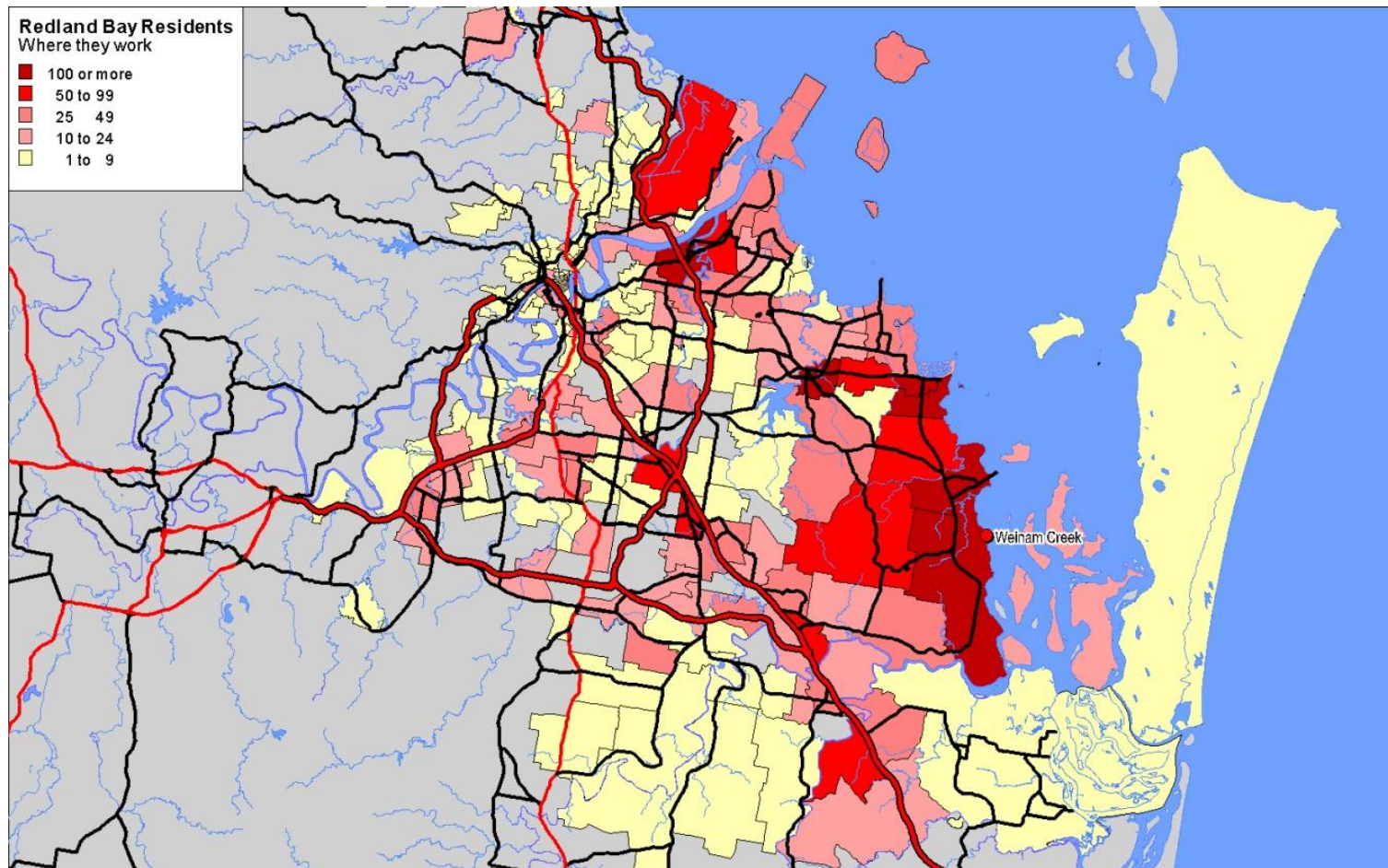
Industry Sector	Jobs in Redland Bay	% by Industry	Workers Residing in Redland Bay	% by Industry
Agriculture, forestry and fishing	61	3.5%	67	1.0%
Mining	9	0.5%	85	1.3%
Manufacturing	105	6.1%	734	10.9%
Electricity, gas, water and waste services	7	0.4%	59	0.9%
Construction	284	16.5%	894	13.3%
Wholesale trade	90	5.2%	350	5.2%
Retail trade	150	8.7%	752	11.2%
Accommodation and food services	127	7.4%	310	4.6%
Transport, postal and warehousing	68	3.9%	393	5.9%
Information media and telecommunications	20	1.2%	79	1.2%
Financial and insurance services	33	1.9%	183	2.7%
Rental, hiring and real estate services	42	2.4%	133	2.0%
Professional, scientific and technical services	104	6.0%	356	5.3%
Administrative and support services	57	3.3%	206	3.1%
Public administration and safety	77	4.5%	362	5.4%
Education and training	150	8.7%	482	7.2%
Health care and social assistance	184	10.7%	719	10.7%
Arts and recreation services	24	1.4%	75	1.1%
Other services	90	5.2%	285	4.2%
Inadequately described/Not stated	43	2.5%	186	2.8%
Total	1,725	100.0%	6,710	100.0%
Employment Self Sufficiency	25.7%			
Total	1,725		6,710	

Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting

The following maps illustrate where Redland Bay workers come from and go to. We have also provided a map showing where Redland Bay Island residents work. These maps indicate that Redland Bay residents travel far and wide to access work.

Redland Bay residents work across a very broad region of South East Queensland with concentrations within other parts of Redland LGA, including the Cleveland, Capalaba and Victoria Point centres and the health precinct surrounding the Redland Hospital and Mater Private Hospital Redland.

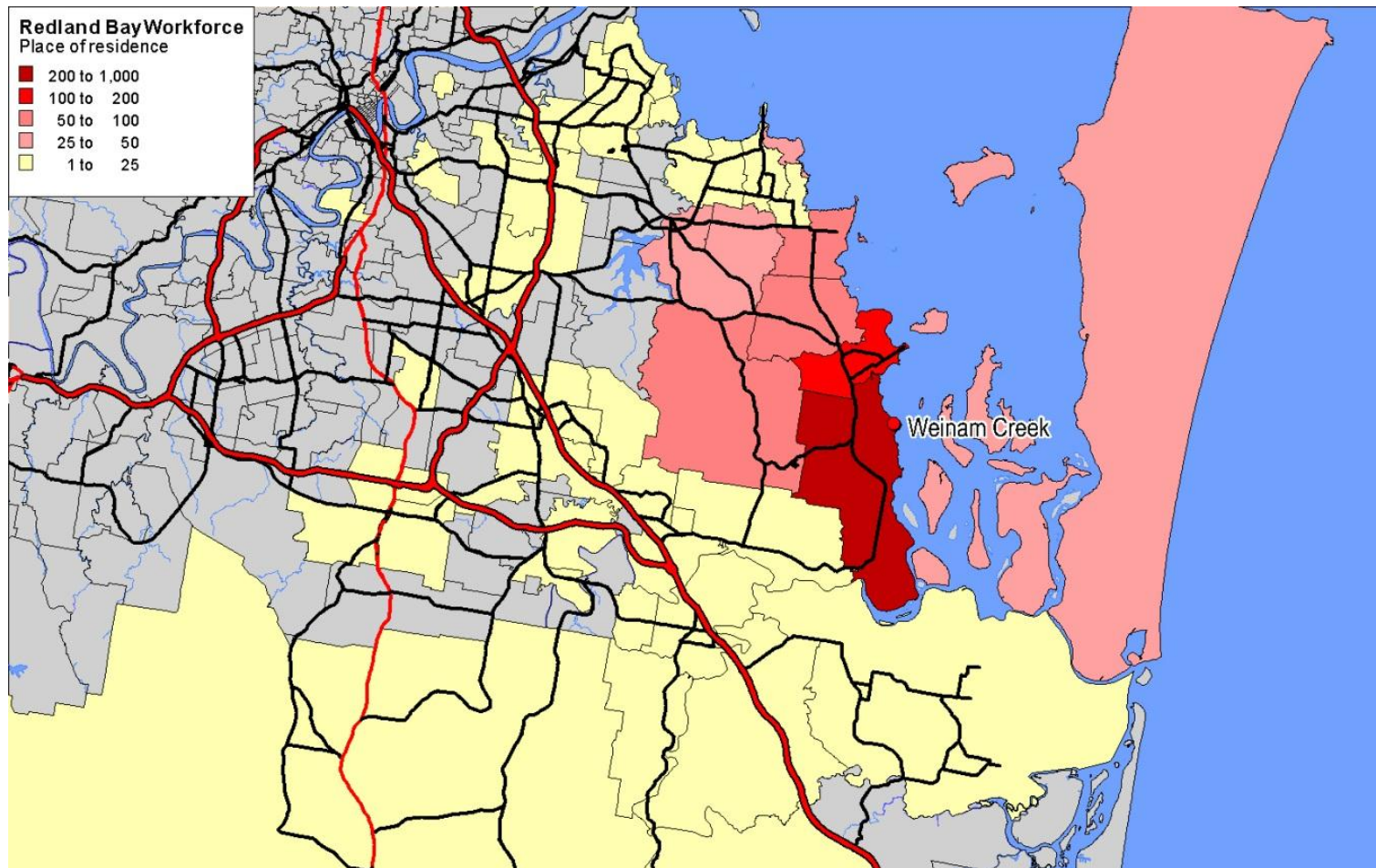
Figure 7: Redland Bay Residents, Where they Work, 2011



Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting, PBBI Mapinfo

Workers employed in Redland Bay primarily reside in Redland Bay or nearby. As noted earlier, employment opportunities are quite limited and future development at Weinam Creek has the potential to provide some employment opportunities.

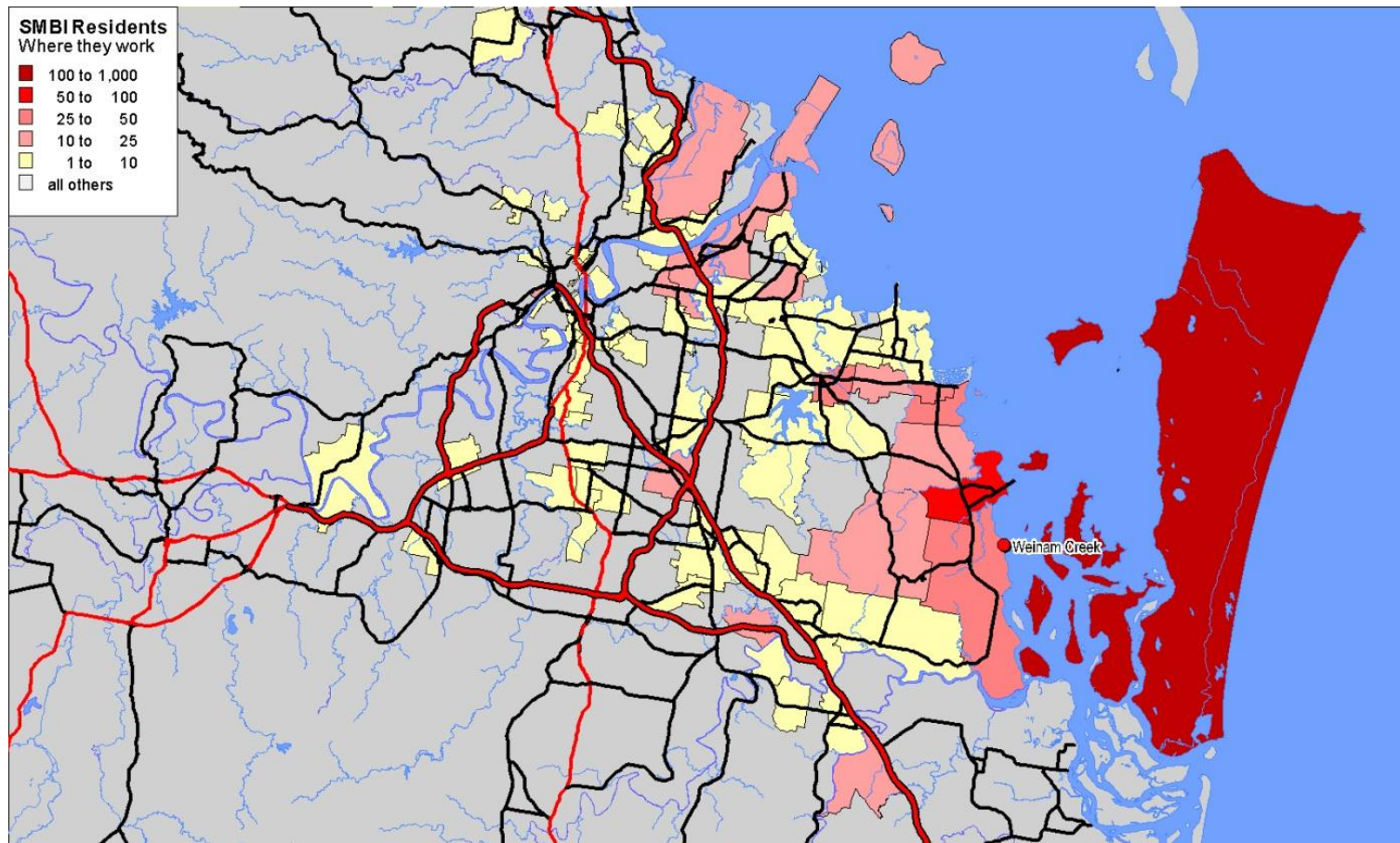
Figure 8: Redland Bay Workforce, Where they Reside, 2011



Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting, PBBi Mapinfo

A significant amount of SMBI and North Stradbroke residents work on the mainland across a large part of SE Queensland. More are employed at Victoria Point than Redland Bay, reflecting the greater availability of working opportunities there.

Figure 9: SMBI and North Stradbroke Residents, Where they Work, 2011



Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting, PBBI Mapinfo

5 Retail Development Opportunities

Key Points

Retail development within the PDA is a critical component of the urban renewal of Weinam Creek, helping to create activity, a sense of community and identity as well as supporting other commercial and residential activity.

Weinam Creek should complement rather than compete with the existing nearby Redland Bay Shopping Village, which has been rezoned to develop as a District Shopping Centre, incorporating a large supermarket.

Achieving both local buy-in from its primary catchment of Redland Bay as well as providing services to residents of SMBI are critical to the success of a retail development at Weinam Creek.

While a full-line supermarket could be supported at Weinam Creek, Redland Bay Shopping Village is recommended as a superior location for such an anchor tenant. This is for a wide range of reasons including but not limited to: to the better retailing alignment with grocery shopping with other town centre uses, the ability to fully utilise high value waterfront land for higher and better uses delivering a stronger economic return, and enabling waterfront land to be utilised for activities that are consistent with the vision for the site in creating a strong mixed use destination.

Retailing at Weinam Creek could focus on leisure / lifestyle and incorporate a restaurant / dining precinct of 800-900 square metres. Possible uses include day spas, health and beauty services, boating related retail products, leisure wear, specialty food retailing and local services to serve both residents and ferry patrons.

Café / dining precincts are difficult to support in isolation but are a core land use in most successful waterfront precincts. Leveraging the water views will be important, but design will be critical to ensure maximum potential for activation and through linkages to other activators on or adjoining the site.

The amount of retailing supportable will largely depend on how much of a destination Weinam Creek can become. We do not consider that the retail component will be the primary attraction at Weinam Creek. A marina and tourism associated with it being the gateway to SMBI with its waterfront location are more likely to create the destination appeal. The inclusion of a well-branded pub/hotel as the anchor to the precinct would provide a level of destination appeal and provide an important anchor to the specialty retail component.

5.1 Competition

This section considers the competing retail centres serving Redland Bay and SMBI residents (existing and future) and how Weinam Creek fits into this hierarchy. We have highlighted the main neighbourhood, sub-regional and regional centres that do not necessarily compete directly with the subject site, but would consider residents of Redland Bay and SMBI as part of their catchment.

Redland Bay Village Shopping Centre – Convenience Retailing

This centre is located approximately 1km north of Weinam Creek and straddles both the northern and southern sides of Stradbroke Street between Broadwater Terrace and Gladstone Street. The centre is owned and managed by local developers Fox and Bell.

Currently the centre is anchored by a small IGA supermarket and comprises around 45 tenancies. Larger tenants include a BWS liquor store and a discount pharmacy.

It is understood that there are future plans to redevelop the shopping centre to incorporate a larger supermarket. The recent rezoning of the retail centre zone from neighbourhood to District Centre Zone provides an opportunity for this centre to grow in response to increased demand.

The combined size of the northern and southern site of the Redland Bay Shopping Village is approximately 11,100sqm. This is quite restrictive in terms of future retail growth.

Rededge, Redland Bay

This is a small local centre comprising an small IGA supermarket, a medical centre and approximately 10 specialty shops. The centre is located on School of Arts Road and located approximately 1.6km south west of Weinam Creek.

Victoria Point – Sub-regional Retailing

Victoria Point is a sub-regional shopping and entertainment destination accommodating several supermarkets, a Bunnings store and a Kmart discount department store of around 6,000 sqm together with cinemas and entertainment, specialty shops, dining and commercial tenancies. It is located less than 5km to the northwest of the subject site. With a diverse range of anchor tenants at Victoria Point, residents within its catchment use the destination for more than convenience based shopping. It attracts residents from a relatively large catchment, including SMI and Redland Bay, being the closest destination for full-line supermarkets, a discount department store and cinemas.

Victoria Point comprises three main components:

- Leda Holdings' Victoria Point Shopping Centre includes both Coles and Woolworths supermarkets, a Kmart discount department store and around 90 specialty stores. Total floor area is approximately 27,000sqm. Approval has been granted for an 8,000sqm extension to include an additional discount department store and specialty stores.
- Lakeside Victoria Point is anchored by a 9 screen Cineplex, Aldi supermarket and dining precinct and incorporates a range of commercial tenancies as well as retailing.
- The Town Centre at Victoria Point comprises a Woolworth's supermarket, Dan Murphy's liquor, Bunnings Warehouse and specialties. Total floor area is over 13,000sqm.

Logan Hyperdome Shopping Centre, Regional Retailing

Logan Hyperdome is a large regional shopping centre approximately 15km to the west of Weinam Creek. It is the closest regional scale shopping centre to Weinam Creek / Redland Bay and comprises a Myer department store, two discount department stores (Kmart and Big W) and four supermarkets (Coles, BiLo, Woolworths and Aldi). Approximately 220 specialty retailers complement the main anchor tenants. There is also a Pacific cinema complex with 12 screens. Total floor area is approximately 74,600sqm. Plans have been approved for a 40,000sqm extension to include an additional discount department store, supermarket and specialties.

Bulky Goods Retailers

The nearest bulky goods / homewares retailing is at Victoria Point, although this is quite limited with the main retailer being a Bunnings Warehouse. Further afield, there are homewares retailers located at Cleveland (e.g. Harvey Norman) and more substantial offerings at both Loganholme and Capalaba (both approximately 15km away).

Bulky goods retailing require relatively large catchment. We do not consider Redland Bay to be a strong market for bulky goods retailers.

5.2 Future Demand at Weinam Creek

Given the proximity of Redland Bay Village to Weinam Creek, we have considered the demand potential of the two locations together and then comment on the role each may play to complement one another rather than compete with each other.

Supermarket Opportunities

Previous analysis undertaken by Urbis highlighted the current under-supply in supermarket floor space in the Weinam Creek Catchment, estimated at around 4,500 square metres across the main trade area. This was based on a population of 17,300 as at 2010. Assuming a population of 30,000 residents by 2031, the under-supply become more pronounced and may reach around 9,500 square metres. This is equivalent to three large supermarkets of around 3,200 square metres each.

In broad terms, each 10,000 residents can support around 3,000-4,000 square metres of supermarket space, or the equivalent of a large supermarket. Currently the catchment has none, with supermarket spending leakage to higher order centres such as Victoria Point.

What this means is that there is sufficient existing and future demand to support more than one supermarket within the Weinam Creek catchment, and possibly three large supermarkets by 2031. The future distribution of new supermarkets could be as follows:

- An expanded Redland Bay Village anchored by a full-line supermarket;
- A larger supermarket offering on Macleay / Russell Island;
- A supermarket (smaller than full-line) at Weinam Creek; and
- A supermarket to support future residential growth either to the south or west of Weinam Creek (potentially as part of the proposed Shoreline development should this proceed within the next 20 years).

The main issue is whether a full-line (3,000 square metre plus) supermarket is warranted at both Redland Village and Weinam Creek. Our view is that the two retail nodes are too close to one another to serve a similar role and function, and similar sized supermarkets at both centres may lead to the two locations competing to serve the daily / weekly needs of Redland Bay residents. The economic value of waterfront compared to Village centre land also suggests that far greater returns can be achieved from other higher and better uses, particularly when taking account of the large car parking requirement for a full-line supermarket. Excluding a full-line supermarket from the mix will also support the vision for Weinam Creek to be developed into a vibrant, unique destination precinct that has strong appeal to both residents and visitors.

We recommend that the roles of Weinam Creek and Redland Bay Village remain distinct. This could be achieved by Redland Bay Village being developed in line with its district centre status (anchored by a full-line supermarket) and Weinam Creek being more leisure / lifestyle focussed. The two nodes would then complement one another rather than compete.

Local “Convenience” Retail

Weinam Creek should support local level of retailing without undermining the district function of Redland Village. Furthermore, Weinam Creek is expected to build on its local residential population within the PDA. This population will support a small selection of retail outlets aimed at providing for the day to day needs of residents. Patrons of the ferry service to SMBI will also use local facilities and services, and services within a short walking distance of the ferry terminal will be best placed to cater to this demand.

A small supermarket (say 500sqm), hairdresser, café, bakery, and the like are expected to be the main retailers serving this local retail function at Weinam Creek.

Discount Department Store

We do not consider a discount department store is viable at Weinam Creek / Redland Bay. Such a store typically requires a catchment in the vicinity of 50,000 residents. Our assessment of the future catchment suggests that the population will grow to around 30,000 residents by 2031. The closest existing discount department store to Redland Bay is at Victoria Point, less than 5km to the north. This provides reasonable access for this form of retailing.

Cinemas

Similarly, we do not consider cinemas will be viable at Weinam Creek / Redland Bay. Victoria Point provides a 9 screen Cineplex and would certainly serve the Redland Bay catchment.

Previous analysis undertaken of the potential for cinemas at Cleveland highlighted that demand for cinemas in this market was only marginal, despite Cleveland having a far larger catchment than Weinam Creek / Redland Bay.

Restaurant / Dining Precinct

A restaurant precinct may provide a commercially viable opportunity at Weinam Creek, however this is likely to be part of a more extensive waterfront precinct offering, including residential (permanent; short-term), marina, lifestyle and retail.

Our assessment of the opportunity for a restaurant precinct draws on previous case studies of waterfront dining precincts as completed for Toondah Harbour. Some of the features of successful precincts are:

- Complementary dining establishments, clustering together to create an appealing destination and to drive reciprocal demand between offerings within the site. This is evidenced in a number of 'eat streets' around Brisbane which successfully leverage off each other to drive demand;
- Quality operators that build a strong client base and attract repeat visitation;
- Iconic restaurants. This has successfully activated dining precincts such as Eagle Street Pier in Brisbane, with celebrity chefs opening bars / restaurants;
- Alfresco dining opportunities with an appealing outlook;
- Accessible car parking for patrons;
- Support from local residents and workers – dining precincts that rely too heavily on a visitor market are likely to be difficult to sustain;
- Proximity to a workforce. The CBD workforce is a key market segment and it will be important to make sure that there are easy and quick transport options between the two sites; and
- Large catchment. The existing Redland Bay retail catchment (i.e. the catchment for supermarket / convenience retailing) is not large. A successful restaurant precinct will need to draw customers from a much larger catchment.

An iconic tavern or pub/hotel may complement and provide an anchor to a restaurant precinct. This would serve to reinforce the nearby Redland Bay Hotel which is an iconic hotel and provides for a greater cluster and choice of prime retail/entertainment venues.

Table 3 highlights the potential demand for 'Restaurant, Bar, Café and Take-away' food floor space at Weinam Creek. The analysis highlights demand for around 650-850sqm of floor space for these categories, which we believe should be skewed towards restaurants, bars and cafes rather than take-away food. Key inputs and findings of the analysis include:

- The primary trade area, and forecast population, for the previous retail assessments have been adopted. This utilises official state government forecasts for Redland Bay SLA;
- An annual Restaurant, Bar, Café and Take-away spending rate of \$1,400 per capita has been applied. This has been determined based on the 2010 ABS Household Expenditure Survey (HES). \$1,400 per capita per annum reflects the higher income profile of primary trade area residents and is consistent with those households between the third and fourth income quintile in the HES.
- By applying this rate to the total catchment size equates in a total available Restaurant, Bar, Café and Take-away spend of around \$23 - 28 million.
- A reasonable market share of 15% has been applied to the total spending market. Considering that spending is likely to leak to lunch-time spend at establishments around places of work, we believe this is reasonable. The rate of 15% is further supported by the fact that around 50% of the per capita spend is dedicated to 'take-away' food expenditure, a market that any retail at Weinam Creek is unlikely to capture due to the lack of a large nearby worker market.
- A high proportion of spend (some 30%) is anticipated to be generated from residents from beyond the trade area due to the number of visitors using ferry services and visiting Weinam Creek.
- Total turnover for a Restaurant, Bars, Café and Take-away precinct is forecast turnover to reach \$6.0 million by 2031.
- A reasonable supportable rate of turnover per sqm for food catering retailers is \$8,000 per sqm per annum. By applying this rate to the captured spend, it shows demand for around 625sqm in 2016 and 745sqm in 2031 for Restaurant, Bar, Café and Take-away floor space.
- An allowance of 15% has been allowed for 'other' retail shops, bringing total floor area within a dining precinct to 876sqm by 2031.

This analysis shows support for a relatively modest dining precinct and highlights the need for the precinct to draw very strong demand from beyond its immediate catchment in order to support a larger offering. This needs to be considered in the context of both existing dining options at Victoria Point and Cleveland as well as future competing precincts at locations such as Toondah Harbour.

Table 4: Dining Precinct, Potential Demand at Weinam Creek PDA

		2011	2016	2021	2026	2031
Population						
Primary Trade Area (persons)		14,006	16,675	18,279	19,382	19,858
Spending per person (\$ per annum)						
Restaurant, Bars, Café and Take-away		1,400	1,400	1,400	1,400	1,400
Available Spending (\$ million)						
Restaurant, Bars, Café and Take-away		19.6	23.3	25.6	27.1	27.8
Market Share						
Restaurant, Bars, Café and Take-away	15%	2.94	3.50	3.84	4.07	4.17
Beyond Trade Area						
Restaurant, Bars, Café and Take-away	30%	1.26	1.50	1.65	1.74	1.79
Total Spend Catchment						
Restaurant, Bars, Café and Take-away		4.2	5.0	5.5	5.8	6.0
Turnover per sqm.						
Restaurant, Bars, Café and Take-away		8,000	8,000	8,000	8,000	8,000
Supportable Floor Area						
Restaurant, Bars, Café and Take-away		525	625	685	727	745
Allowance for 'Other' Retail	15%	<u>93</u>	<u>110</u>	<u>121</u>	<u>128</u>	<u>131</u>
Total		618	736	806	855	876

Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting

Note: All values are in constant dollar (inflation adjusted) terms

Lifestyle / Leisure Retailing

Lifestyle / leisure retailing may include a range of specialty retailers aimed at the tourist market attracted to Weinam Creek such as day spas, health and beauty services, boating related retail products, leisure wear, and specialty food retailing.

One of the difficulties with this sector of the retail market is that it can be quite seasonal, being strongest in holiday periods and during the warmer months. Sales may also be skewed towards the weekend. These factors can make it difficult to successfully operate a viable business. Business operations that also derive trade from the local residents are best placed to succeed.

A small quantity of lifestyle / leisure retailing is expected to be viable in association with either a marina or short-term visitor accommodation, or preferably both.

6 Residential Market Opportunities

Key Points

Redland Bay has experienced limited residential development in the past two years, but has seen strong growth over the past decade.

Residential estates of note in Redland Bay include AMEX Corporation's Valencia Springs and Fiteni Homes' Redland Bay Grove. Longer term, the proposed development of Shoreline has the potential to provide long-term population growth in the suburb.

The median sales price has hovered between \$450,000 and \$500,000 over the past 6 years. A relatively small portion of the market (19%) has been sales above \$600,000.

The market for apartments and units is expected to be shallow, at least in the short to medium term. However, factors such as proximity to a new marina, water views, high quality amenity and proximity to services will all assist in building a market for denser residential development.

The market will be price sensitive. We recommend that the majority of apartments / units should be priced at less than \$400,000, particularly product aimed at the investor market.

In the early stages of development, we recommend providing small lot house and land packages as a first step towards increased residential densities. In the medium term, small apartment projects of say 20 units maximum with views over water may be viable.

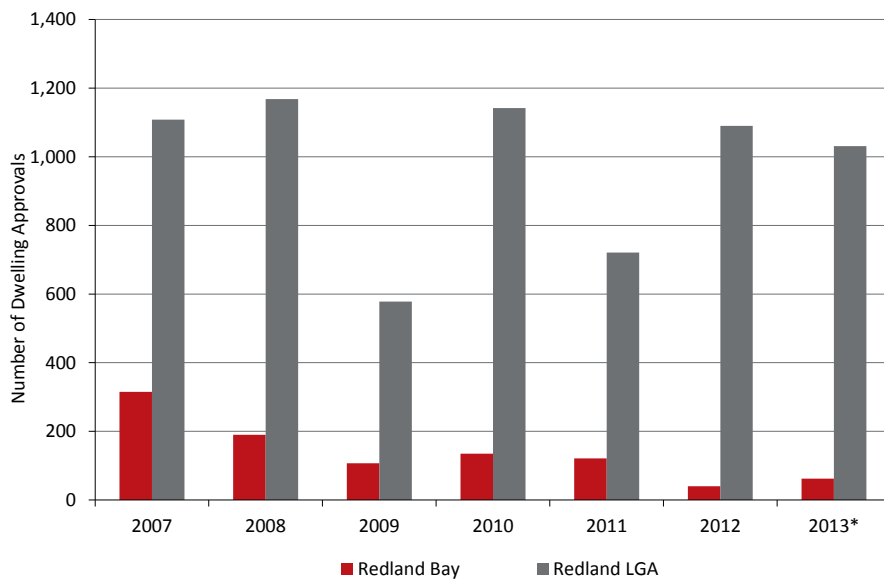
This section highlights the market opportunities for residential development within the PDA. Our point of reference is the suburb of Redland Bay, while we also consider the broader residential trends across the Redland LGA.

We have focussed on the potential for medium density forms of residential development, which has been quite rare at Redland Bay. Where such development has occurred in the Redland LGA, it has typically offered view over water and good access to a range of services and facilities, including access to public transport. A redeveloped Weinam Creek potentially offers some of these characteristics.

6.1 Residential Approvals and Recent Growth

Figure 11 below provides the residential building approvals by financial year for Redlands LGA and Redland Bay. Approvals two most recent years for Redland Bay (40 and 62 approvals respectively) are well down on levels experienced in the year to June 2007 (315 approvals). Across the Redlands LGA, approvals have been relatively buoyant in the last two years, due in part to relatively strong numbers for the Cleveland-Stradbroke region.

Figure 10: Building Approvals, Redland Bay and Redland LGA, 2007-2013



Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting

Note: Data is for financial years

* 2013 data is for financial year to date (May 2013)

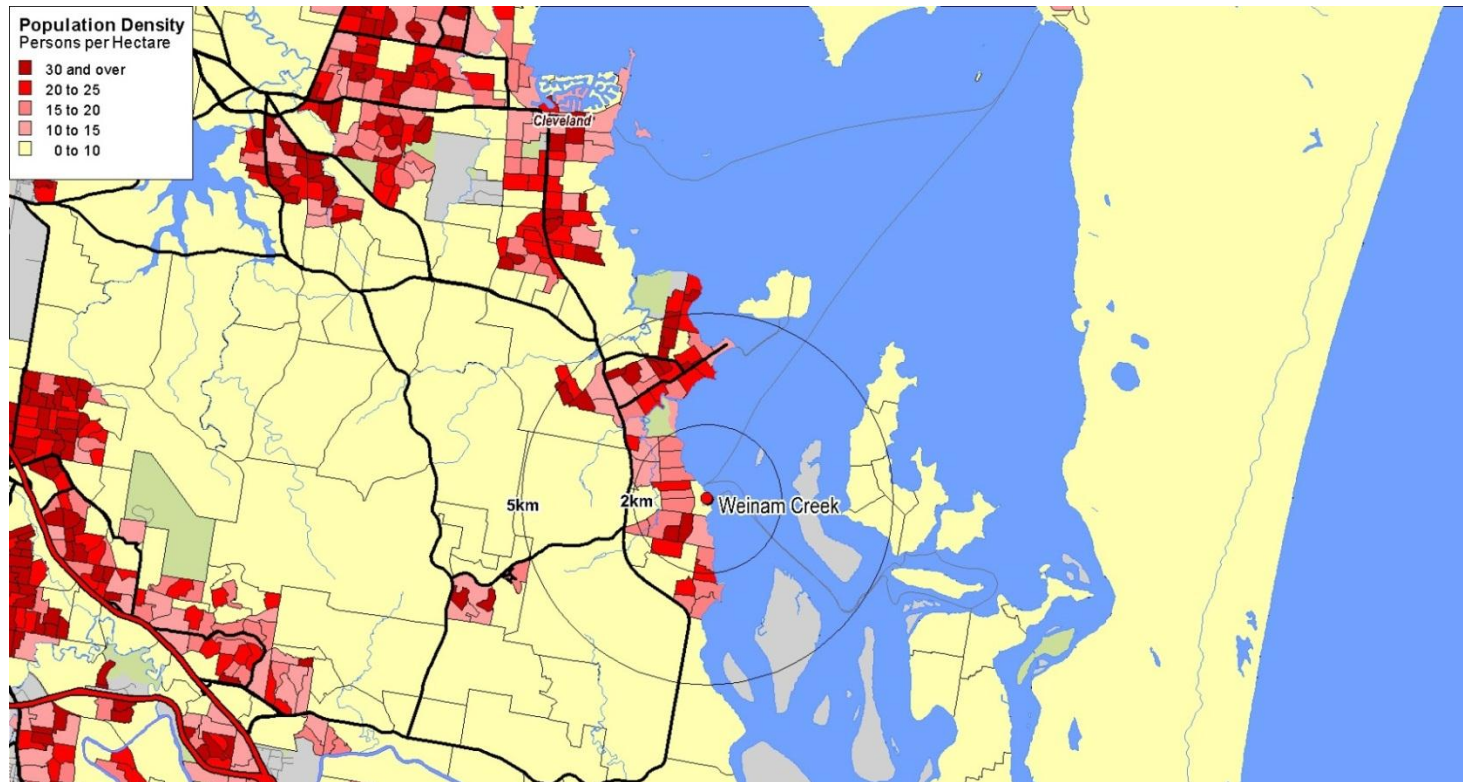
Between the 2001 and 2011 Census, total occupied private dwellings in Redland Bay grew from 2,438 to 4440, or 2,002 in 10 years (200 per annum). While growth since the 2011 Census has deteriorated, this is more an indication of the recent subdued housing market than a lack of future opportunities at Redland Bay. There are numerous recent land releases and greenfield sites that provide future residential opportunities while the proposed Shoreline development, which is located within the Redland Bay region, may provide longer term opportunities for significant growth.

Current and recent major residential projects are highlighted below:

Project Name	Details	Developer
Valencia Springs	A 250 lot residential development commenced in 2004. Final stage was released in September 2012.	AMEX Corporation
Redland Bay Grove	Predominantly completed. Stage 4 is being marketed, comprising 43 lots.	Fiteni Homes
Pine Terrace Redland Bay	A 33 dwelling development backing onto a reserve.	Fiteni Homes
Unwin Road	A 135 lot subdivision has been granted subdivision approval.	Fiteni Homes
Redland Heights Estate	An 85 lot subdivision (Stage 2) has been approved.	Philip Usher Constructions

The following map highlights the relatively low density of existing residential development surrounding the Weinam Creek site. Much of the land within 5km of Weinam Creek is farmland or bushland and existing urban areas are less densely populated than other Redland suburbs such as Victoria Point, Cleveland, Capalaba and Thornlands.

Figure 11: Population Density, Weinam Creek and Environs, 2011



Source: Australian Bureau of Statistics, Jones Lang LaSalle Research & Consulting, PBBI Mapinfo

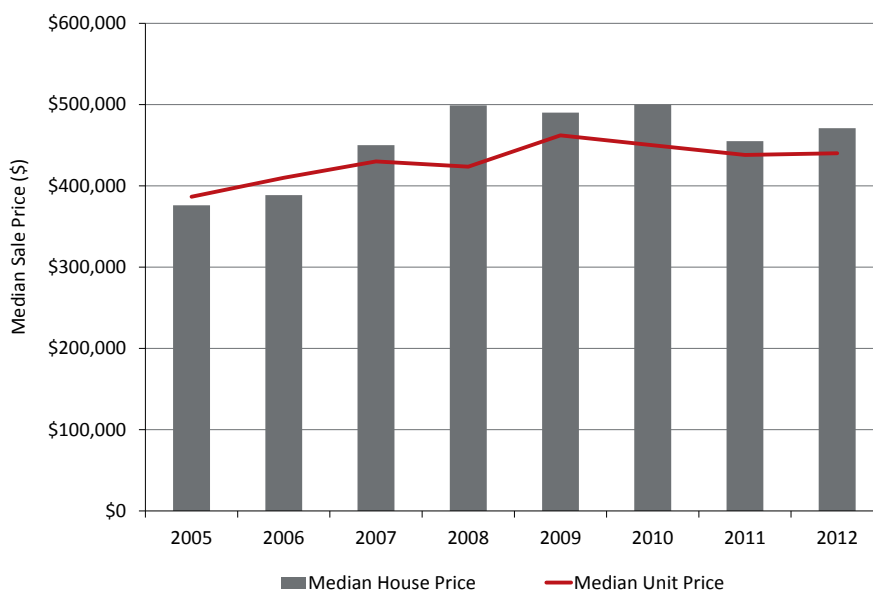
6.2 Median Sales Prices

Since 2007, there has been little change in the median sales price of single dwellings in Redland Bay. This reflects the impact of the GFC on the residential market.

The majority of dwellings have sold for between \$400,000 and \$600,000. Since the beginning of 2012, this market segment has accounted for 55% of all sales.

Houses above the \$600,000 price point accounted for just 19% of all sales. The higher priced offerings tend to be recently constructed large dwellings or have views overlooking Moreton Bay or both.

Figure 12: Median House and Sales Prices, Redland Bay, 2005-2012



Source: RPData, Jones Lang LaSalle Research & Consulting

The vast majority of lots on the market are large single detached housing allotments. Lots sizes start at 400 square metres but most lots are 600-750 square metres. Land prices typically range between \$230,000 and \$280,000. House and land packages are being marketed from \$460,000 by Fiteni Homes at Redland Bay Grove.

6.3 Unit / Apartment Market

Sales of strata units have been quite rare in Redland Bay averaging around 8 per annum between 2008 and 2012. This reflects the lack of development of strata product at Redland Bay. 98% of Redland Bay's housing market is classified single housing, leaving just 2% for other housing forms (apartments and units; semi-detached, terraces, townhouses).

The development of higher density housing forms is therefore a relatively untested market in Redland Bay.

Victoria Point to the north of Redland Bay has attracted some medium and higher density housing forms. As at the 2011 Census, 86% of the housing was classified as single dwellings the remainder being a mix of townhouses, semi-detached housing, apartments and units (primarily townhouses / semi-detached). As with Redland Bay, apartment projects are rare.

Unit sales at Victoria Point have averaged around 20 units per annum. Most of the “units” have been medium density product concentrated around Colburn Avenue. The largest such development is Victoria Cove, which adjoins the town centre and comprises single and two storey townhouses in small groups.

Cleveland, which is located approximately 12km north of Redland Bay, has a reasonable apartment market and provides some insight into the potential for apartment living in the future within the Weinam Creek PDA. Both locations provide waterfront views, with Weinam Creek offering views over the Southern Moreton Bay Islands. While further from the Brisbane CBD than Cleveland, we consider that the drivers that have led to the development of a small apartment market at Cleveland Bay may offer a similar future opportunity at Redland Bay and more specifically Weinam Creek. These include views over water, access to a range of services and facilities (as part of the Weinam Creek PDA redevelopment), and relatively high amenity given the proximity to water and parks.

Previous analysis of the Cleveland Apartment market revealed an average of just 38 new apartment sales per annum between 2003 and 2013. The median sale price for new stock YTD in 2013 was \$375,000, although this is well below the market peak of 2009 and 2010, when the median sale price was above \$450,000.

There is a marked difference in the tenure of units and apartments compared with separate dwellings in Cleveland and these trends are typical across Australia. The key trends are:

- The market for separate detached houses is dominated by owner-occupiers, who comprise 77.5% of total detached dwellings, with rental properties accounting for the remaining 22.5%;
- Nearly all the rental accommodation for detached dwellings is private rental accommodation;
- 57% of the semi-detached, terrace and townhouse style accommodation is rental accommodation – 37% being housing authority / co-op and the remaining 20% being private rental;
- The units and apartments are dominated by rental accommodation (63%), of which 44% is private rental and 19% is housing authority / co-op.

This highlights the market for higher density forms of housing at Weinam Creek will likely be led by a balanced mix of investors and owner occupiers. While investors often account for 80% of the market in some apartment projects across Australia – Cleveland’s proportion of owner-occupiers in units and apartments is actually quite high at 37%. This may reflect the relatively high quality of some apartment buildings in Cleveland, which offer views over Raby Bay, and the desire for purchasers to remain in the Cleveland area, downsize and have walkable access to surrounding amenity.

Market potential

Our views of the potential for a unit or apartment market at Weinam Creek are as follows:

- Weinam Creek has the potential to offer excellent views of the Southern Moreton Bay Islands;
- Proximity to a quality marina may boost sales of apartments to boat owners;
- The Cleveland apartment market indicates the market is relatively shallow, and this is likely to be even more so at Weinam Creek as this market does not yet exist;

- There is a continuing change in preference in favour of units and apartments, however this is expected to take some time before Redland Bay can support a significant apartment market;
- As a starting point towards increased residential density, provision of small lot house and land packages (attached; semi-detached dwellings) may be offered within the PDA;
- The size and price point of apartments will be key to success. A shallow market suggests small apartment complexes will be more viable (3-4 storey maximum and up to 20 units) while median sales prices suggest the majority of stock will need to be offered to the market at under \$400,000; and
- The larger part of the market for higher density housing is typically investors, but investors will only be drawn to a market where there is evidence of a strong or emerging rental market and this may not be immediately evident particularly in the early stages. This will mean the product will need to largely cater to the owner occupier market initially. Features that may influence the rental market include access to high quality amenity and community services, convenient retail services, good public transport and employment opportunities.

6.4 Waterfront Housing Market

Previous research undertaken by Jones Lang LaSalle of Raby Bay versus the rest of the Cleveland housing market clearly showed the premium attached to waterfront property compared with non-waterfront property. The median sales price for houses within the Raby Bay development was \$1.2 million for YTD2013 compared to \$505,000 for the broader Cleveland region (excluding Raby Bay).

The waterfront at Weinam Creek has not seen large scale residential development and is predominantly detached housing on relatively large lots. Certainly, there is a premium attached to such locations, but waterfront housing at higher densities (either smaller lots or apartments) has not occurred. Much of the existing housing dates back many decades to a time when there was less of a premium placed on waterfront locations, and also a time when there was limited development at Redland Bay. As the region develops, the waterfront location will become more sought after, which may see the density of development increase.

7 Marina Market

Key Points
A marina at Weinam Creek would provide direct access to open water and the Southern Moreton Bay Islands (SMBI).
A marina has the potential to anchor an attractive precinct, incorporating retailing (convenience based; leisure / lifestyle; cafes and restaurants), a tavern, housing and marine related uses.
The main market for wet berths will come from boat owners with vessels at least 10 metres in size, from Redland LGA and to a lesser extent, from Logan LGA and Brisbane South.
Weinam Creek may be preferred to alternative locations such as Manly Boat Harbour due to its smaller scale.
We consider a marina of around 200 berths should be supportable over the next 15-20 years, with demand coming from existing nearby boat owners with a preference for Weinam Creek over their existing berth as well as expected growth in boat ownership in the main catchment of Redland LGA, Logan LGA and Brisbane South.
The marina could be developed in three stages to take into account the growing demand for marina berths as the population base increases.
The marina appears particularly well suited to Weinam Creek due to: 1) financial feasibility due to existing deeper water conditions requiring less dredging and pre-existing infrastructure; 2) ability to stage appears easier than alternative locations such as Toondah Harbour; and 3) ability to develop as a stand-alone component is considered a major plus that enables the marina to be 'bolted on' as market demand conditions support it.

7.1 Overview

Queensland's marina market is the largest in Australia, offering over 11,300 wet berths to boat owners. The State's marine industry is concentrated in four main regions:

- Cairns;
- Mackay / Whitsundays;
- Brisbane; and
- The Gold Coast.

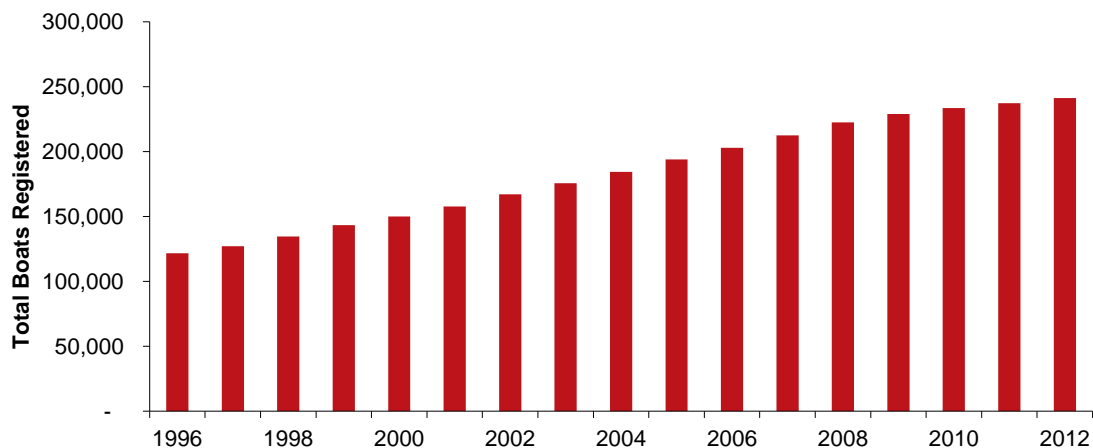
The Gold Coast represents the strongest concentration of this industry with many of the major boat builders located in the Coomera Marine Industry Precinct.

Queensland boat registrations have shown continued growth over the period 1996 to 2012 with recreational registrations reaching 243,874 as at November 2012¹. Analysis of this trend highlights average growth of approximately 7,400 new vessel registrations per annum over the last 10 years.

The rate of growth, however, has slowed in the three years to June 2012, dropping to just 4,100 per annum, or 1.8% per annum. Nevertheless, the continued rise in boat registrations despite the onset of the GFC and economic slowdown is testament to Queenslanders love affair with the water and boating. More recent growth in boat registrations has been in line with the state's population growth rate of around 1.9% per annum.

¹ Department of Transport and Main Roads, 2011.

Figure 13: Queensland Boat Registrations, 1996-2012



Source: Department of Transport and Main Roads, 2011

Note: Data is for financial years

Discussions with marina owners highlight that demand for marina berths comes primarily from the local market, including residents within 2 hours of the marina. At Weinam Creek this would include the local government areas of Redlands, Logan Brisbane, Gold Coast and Ipswich. Given the strength of the Gold Coast marina market, our experience indicates that most of the demand would come from Redlands, followed by the suburbs of south-eastern Brisbane and Logan within 45 minutes of Weinam Creek. For residents of south eastern Brisbane and Logan, the Redland coastline provides the most convenient access to open water.

A marina could be a significant generator of economic activity and provide a backdrop that supports a wide range of land uses, including multi-storey residential development, retail, a dining precinct and a range of leisure / lifestyle retailing and services. However, there may not be sufficient demand to support major marina developments at both Toondah and Weinam Creek. The deep water nature of Weinam Creek is a positive over Toondah Harbour although Toondah Harbour is the main point for tourism to North Stradbroke Island, generating strong levels of activity to this node. Further, we note there is still regular dredging required at Weinam Creek which will impact financial viability of an expanded marina.

A marina investigation area as shown on the Redland Bay Centre and Foreshore Master Plan provides an opportunity for a relatively simple “bolt-on” marina construction without the development of the marina being contingent upon other development. This is a major advantage and one that will be necessary for financiers to fund the project.

7.2 Competition

The closest large marina to Weinam Creek is Raby Bay, a 109 berth marina approximately 12km to the north. There are no other major marinas in Redland LGA, despite its extensive coastline and access to the Southern Moreton Bay Islands and Stradbroke Island.

Approximately 15km to the south is the large Horizon Shores Marina, a 488 wet berth marina with extensive dry storage racks, trailer storage and industrial, commercial and retail services. This marina has approval to expand to a total of around 1,400 berths and has much of the necessary infrastructure in place to do so, so will be a major source of competing supply for some time.

Approximately 23km to the north-west is the large Manly Boat Harbour, which supports five marina facilities and approximately 1,800 wet berths, including:

- Royal Queensland Yacht Squadron;
- East Coast Marina;
- Wynnum Manly Sailing Club;
- Moreton Bay Trailer Boat Club; and
- Wynnum Manly Gunn Marina

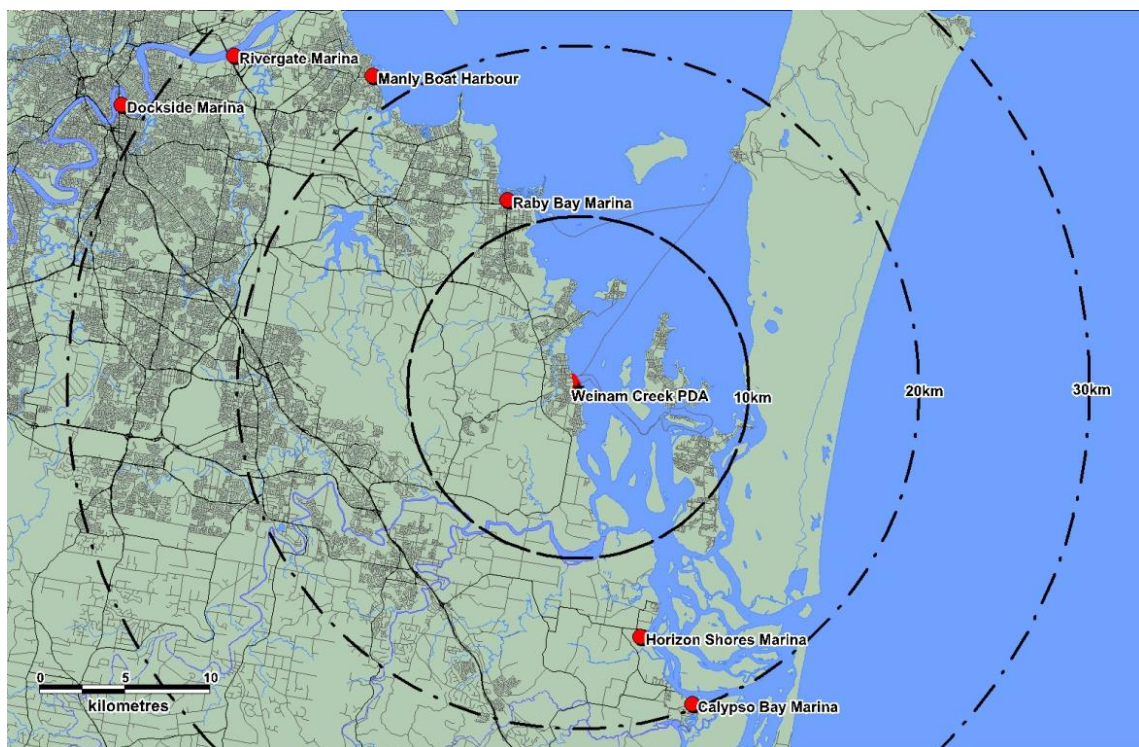
The Manly Boat Harbour is the largest such marina in Australia and is well located to serve the eastern suburbs of Brisbane LGA and Redlands LGA.

A summary of the main marinas in the broader catchment area are outlined as follows:

Marina Name	Location	Berths	Comments	Future Development Potential
Calypso Bay Marina	Gold Coast	107	Master planned marina with large residential subdivision component. Strong leisure focus.	Potential to reach 247 berths / no development of new stages expected until late 2012.
Horizon Shores	Gold Coast	488	Master planned freehold marina.	Up to 1400 berths total that are approved.
Gold Coast City Marina	Gold Coast	200	The Gold Coast City Marina (GCCM) and Shipyard is a major marine industry industrial area within the Gold Coast, dedicated to manufacture, servicing / repairs and refits of recreational boats. GCCM currently has approximately 60 hectares developed at present.	Potential for additional 120 berths / 64 moor and store freehold berths
Gold Coast International Marine Precinct	Gold Coast	390	The Gold Coast International Marine Precinct (GCIMP) project is a joint venture between Harbour Island Pty Ltd and Maritimo Pty Ltd.	Early planning phases are underway for a large scale development to construct a new integrated marine industry facility on 64 hectares of land adjacent to the existing Gold Coast marine precinct at Shipper Drive, Coomera.
Hope Harbour	Gold Coast	279	Residential and leisure marina with strong focus to the residential component. Close proximity to the Gold Coast and Broadwater. Accommodates boats ranging from 25ft – 150ft.	No future development potential
Hope Island	Gold Coast	236	Development by Mirvac. Strong residential focus with golf course integrated into development. Located in the northern Gold Coast region.	No future development potential
Marina Mirage	Gold Coast	76	Integrated with a high end retail precinct on the Gold Coast. Good access to the Seaway Spit. Directly opposite several high end hotels.	Potential to increase berth capacity in the future
Sanctuary Cove	Gold Coast	297	Well known marina located in the northern Gold Coast region. Strong retail, commercial and residential focus.	No future development potential

Marina Name	Location	Berths	Comments	Future Development Potential
Dockside Marina	Brisbane	101	Centrally located near the Brisbane CBD in Kangaroo Point. Smaller marina integrated with high rise residential apartment component.	No future development potential
Raby Bay Marina	Brisbane	109	Located in Cleveland, approximately 30 minutes from the Brisbane CBD. Provides mooring for boats with a maximum length of 20 metres.	No future development potential
East Coast Marina	Brisbane	365	Older style marina located in Manly with only a small retail component that is relatively old and out-dated. Houses range of marine industries including 25 tonne lift, antifouling, trimming, boat sales, chandlery, and marine engineering. Berth size ranges between 9m to 20m.	No future development marina berth potential. Dry stacking only – current expansion underway for 120 bays
Royal Queensland Yacht Squadron Marina	Brisbane	572	Located at Manly Boat Harbour catering to vessel sizes from 10m to 33.5m. 35tonne travel lift. Range of industrial marine service providers. Recent 150 berth expansion.	No future development potential.
Moreton Bay Trailer Boat Club Marina	Brisbane	350	Located in Manly Boat Harbour catering to vessel sizes from 8m to 20m. Recent expansion by 135 berths.	No future development potential.
WM Gunn Marina	Brisbane	220 (approx.)	Located in Manly Boat Harbour.	No future development potential.
Wynnum Manly Yacht Club Marina	Brisbane	300 (approx..)	Located in Manly Boat Harbour catering to vessel sizes from 8m to 19m.	No future development potential.
Rivergate Marina	Brisbane	105	One of Brisbane's largest shipyards / marinas. More industrial focus rather than leisure. The shipyard provides for a variety of services including travel lifts with 300 and 75 tonne ratings, paved hardstand areas with 400 tonne load capacity, covered maintenance sheds and café.	No future development potential

Figure 14: Weinam Creek Marina Catchment Area Competition Map



Source: Jones Lang LaSalle

7.3 Demand

Demand for dry and wet berths at marinas comes primarily from owners of large boats and most of the demand is expected to come from Redlands, Brisbane South and Logan. These three regions had 1,665 boat registrations of 10 metres and over as at June 2012.

Should Toondah Harbour also see the development of a marina, Weinam Creek and Toondah Harbour will compete with existing marinas and each other for what is a relatively small portion of the overall boat market. For those residents particularly of Redland and Logan, a marina location on Redland Bay with direct access to deep waters may provide an advantage over existing sites. Plus the sheer size of Manly Boat Harbour may deter some boat owners, who will prefer a less busy harbour to berth their boat.

The Figure below illustrates the growth in total boat registrations and vessels over 10 metres in size between June 2002 and June 2012 for the main market catchment of Redland LGA, Logan LGA and Brisbane South. The 10 metre market will be the main source of demand for wet berths. In the 10 years to June 2012, growth in boat registrations of 10 metres and over averaged 4.3% per annum, slightly higher than overall growth of 3.7% per annum.

There appears to have been a strong relationship between the strength of the economy and demand for large boats, which is not surprising. In the lead up to the GFC, the market for large boats was very buoyant. However, since 2008, the number of large boat registrations has plateaued.

Assuming an improved economy moving forward, demand for large vessels should return. A 3% per annum increase would equate to an average increase of 66 large vessels per year over a 20 year period. This is above the expected population growth rate of around 2% but lower than the growth experienced over the 10 years to June 2012.

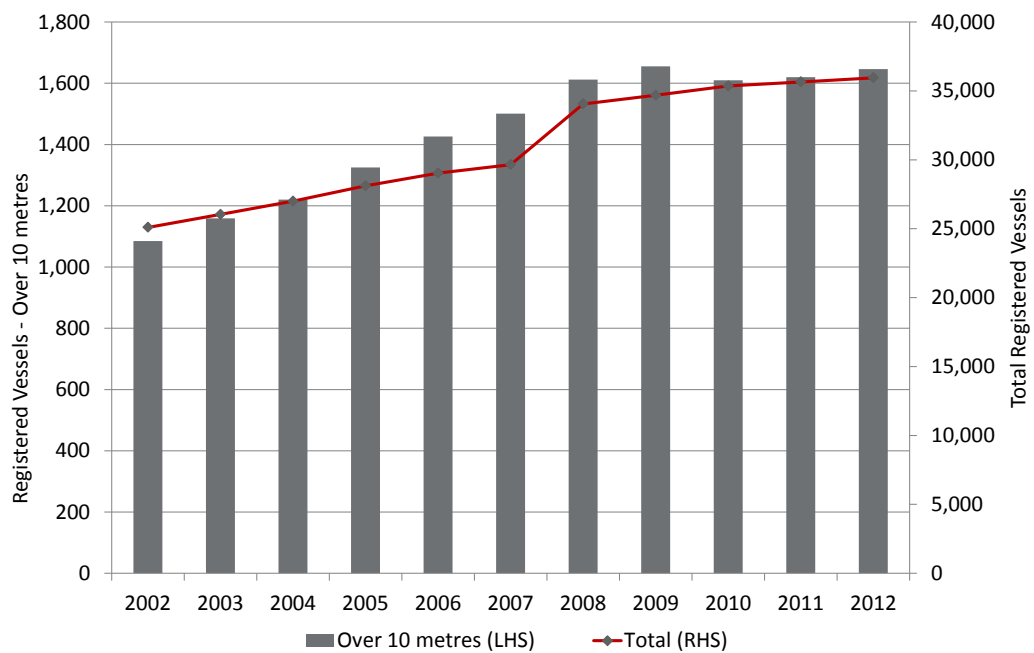
Of course, Weinam Creek can only expect to achieve a portion of the market share. Should Weinam Creek achieve the equivalent of a 10% market share of future growth, then demand for marina berths over a 20 year time frame would amount to 132 berths (6-7 per annum). Given the strength of the nearby north Gold Coast market, potential for a marina at Toondah, other possible new marinas in the future, competition from Manly Boat Harbour for berths, and potential for other storage options (dry berth), a larger market share for Weinam is considered unlikely.

What is expected to occur is that some local boat owners that have their boat in a competing marina will consider moving to Weinam Creek due to greater convenience. This is most likely to come from Redland residents. Redland LGA had 592 vessels greater than 10m in length. If 10% of this market were attracted to Weinam Creek, then around 60 marina berths would be taken up.

Allowing for both Redland residents choosing Weinam Creek over their current berthing option and allowing for future growth, we consider a 200 berth marina is potentially supportable at Weinam Creek in the long run. We have assumed most of the demand is from future growth, which means that the project should be built in stages. There is likely to be pent up demand in the first stage from patrons of existing marinas, which may warrant the first stage being the largest of three stages (stage 1 = 80; stage 2 = 60; stage 3 = 60).

In order to attract patrons, we consider a marina at Weinam Creek will need to offer a range of supporting facilities and services. This may include dry storage, trailer parking, convenient car parking, boat servicing and repairs, and retail services. This will also complement the existing maritime industries at Weinam Creek.

Figure 15: Registered Vessels over 10 Metres within Catchment*, 2002-2012



Source: Department of Transport and Main Roads, 2011

Notes: Data is for financial years

* Catchment is defined as Redland LGA, Logan LGA and Brisbane South

8 Other Development Opportunities

Key Points
<p>The main location for health services in Redland LGA is at Cleveland (two hospitals and supporting allied health services).</p> <p>With solid population growth, there is expected to be future demand for a more comprehensive medical and health services clinic, such as a GP Super Clinic.</p> <p>A GP Super Clinic is expected to require a site of around 5,000 square metres. Weinam Creek could accommodate such a facility.</p>
<p>We do not consider Weinam Creek can support short-term accommodation such as serviced apartments or an accommodation hotel. Even if Weinam Creek attracts some tourist visitation, we see the market primarily being day-trippers not requiring overnight accommodation. Visitors looking for a longer stay in the region are more likely to be attracted to one of the nearby islands.</p>
<p>We see a major opportunity for future retirement living with Redland LGA set to experience very strong growth in its population aged 65 and over (from 21,496 in 2011 to 52,728 in 2031, an increase of 31,252). This will support additional retirement villages / accommodation.</p>
<p>Over 3,000 additional retirement units will be supportable across Redland LGA to 2031. With large sites in the northern suburbs of Redland LGA becoming rarer, a sizable proportion of this demand could be accommodated in Redland Bay, including Weinam Creek.</p>
<p>Over time, integrated communities including retirement living and other complementary uses, multi-storey complexes and small clusters of retirement units are likely to be demanded by an ever evolving sector. The lifestyle / leisure attributes of Weinam Creek are well suited to attract this important market sector.</p>

8.1 Health Services

Demand for health services at Weinam Creek is driven by the population within the residential catchment that would naturally gravitate to services should they locate there. For the purposes of this assessment, we have assumed the catchment to be Redland Bay and SMBI, which is the same catchment used for retail services. We have considered overall demand generated by this population, existing services offered, population growth that will drive future demand and higher order health services within the Redland LGA that local residents would also access.

Existing medical services

Both the Mater Private Hospital Redland and Redland Public Hospital are located in Cleveland, approximately 12km to the north of Weinam Creek. These hospitals serve the Redland LGA and the Wynnum-Manly area. There are a range of allied health facilities within the same health precinct as these two hospitals.

Redland Bay is served by a number of medium sized medical centres / surgeries, including the following:

- Redland Bay Surgery, 2-8 Stradbroke Street, Redland Bay
- Adhar Medical Centre, 11 Stradbroke Street, Redland Bay
- Donald Road Family Medical Centre, 100-102 Donald Rodd, Redland Bay
- Rededge Medical Centre, Shp15/ 30-32 Cypress St, Redland Bay

There are also other medical and health services such as physiotherapy, dental services and pathology.

Over the next 10 years, we anticipate that a more comprehensive health and medical offer will be required. Demand will grow over time in line with population growth and the aging of the local residents. It is noted that the 35-54 age group in Redland Bay is quite large when compared with the Brisbane metropolitan average, suggesting that the local aged population will grow at a faster rate than other age groups.

Future demand for medical services

The population catchment is expected to reach around 30,000 residents in 2031.

Statistics from the Australian Institute of Health Workers (AIHW) show that throughout Australia, there are:

- 1.6 medical practitioners working in private practices per 1,000 residents;
- 1.4 medical practitioners working in hospitals per 1,000 residents; and
- 0.4 medical practitioners in 'other work environments' (community offices etc.)

When applied to the estimated population of the Weinam Creek catchment in 2031, this equates to a requirement for 48 medical practitioners in private practice and 12 in other work environments. We have excluded medical practitioners in hospitals, assuming that Weinam Creek will not attract a private or public hospital.

The future demand for medical services, based on the provision rate of doctors to serve the local population, is relatively high, suggesting a GP Super Clinic or similar may eventually be demanded to service Redland Bay's and SMBI's growing population. The question is where is the most appropriate location for such a facility?

Weinam Creek / Redland Bay already has a range of community and medical facilities so it is appropriate to build on this and provide a node for medical services in a location that is convenient to both Redland Bay residents and residents of SMBI. A location in close proximity to the ferry terminal and proposed transport interchange would be convenient for both the SMBI and Redland Bay market. A main road location or highly visible location would be advantageous. Two of the four medical centres highlighted above are within Redland Bay Shopping Village. It may be appropriate to build on this concentration within or near the existing centre

A typical GP Super Clinic is likely to be 1,500-2,500 square metres in size and require approximately 5,000 square metres, assuming parking partially at grade and partially under-croft. Medical centres are large generators of vehicular traffic and are likely to require around 4 spaces per 100 square metres of floor area.

8.2 Short-term Accommodation

There is no visitor accommodation in the Weinam Creek PDA.

The nearest hotel accommodation is at Cleveland, which is limited to relatively small establishments such as the Cleveland Sands Hotels and Cleveland Visitor Villas Hotel. Existing accommodation on the SMBI is bed and breakfast style accommodation.

Visitor accommodation obviously supports tourism and is often promoted as a desirable land use in urban renewal areas, helping to activate areas, bringing night-time patronage to nearby

cafes and restaurants and supporting the local retail sector. However, Weinam Creek does not have sufficient destination appeal to attract and retain visitors for a long enough period to support overnight stays. Furthermore, there is not likely to be the corporate market driven by a sizable local workforce to drive demand for overnight accommodation.

Even if Weinam Creek became a destination for tourists, it is more likely to be a daytrip rather than longer stay. Longer stays would consider staying on one of the nearby islands while daytrips can easily stay in the Brisbane CBD and access the Redland Bay region from there. A marina may support some overnight accommodation but our experience of analysis of such marinas is that most marina users will be local people.

We note that new investment in visitor accommodation is constrained by the relatively low revenue per available room (RevPAR) in Australian hotel rooms. Some Australian accommodation markets have been trading at high occupancy rates, which tends to suggest high demand for accommodation. However, new accommodation may still not be viable unless developers are confident of achieving higher room rates.

8.3 Retirement Living and Aged Care

Retirement living / aged care is a growing sector. Australia is ageing and demand for independent living units for retirees as well as assisted living and nursing home beds is increasing. The obvious demand comes from the retirement aged population, or communities with a high level of residents over the age of 65.

Existing Supply in Redland LGA

Jones Lang LaSalle has identified 18 retirement villages comprising some 2,180 units (a mix of independent and assisted living units). This does not include nursing homes. Victoria Point has been a popular location for retirement villages, with five identified:

- Victoria Point Retirement Village;
- Renaissance Victoria Point;
- Salford Waters Retirement Community Estate;
- Tranquil Waters;
- Lifestyle Estates Victoria Point

Redland Bay has two villages:

- Tall Trees Retirement Village; and
- Palm Lakes Retirement Village

Tall Trees is one of the largest villages in Redland LGA, comprising some 250 low care residential units. An application to extend this village has been approved but has not yet proceeded. Stage 2 is for 54 units and Stage 3 a further 36 units. Palm Lakes Retirement Village is a small village with 26 assisted living units. It too has previously gained approval back in 2007 (prior to the global financial crisis) to extend its facility through the addition of 41 units, however this project has not gone ahead. We understand that Palm Lakes will eventually expand, but the immediate focus for development is their facility at Bethania.

With strong growth in the aged population within Redland LGA, which drives demand for retirement living, we would expect that these projects, or new retirement living projects, will eventually proceed.

Opportunities

Retirement villages have typically been relatively low density, low rise developments, often close to city centres but not typically in them. This section highlights some recent trends applicable to retirement living products within a town centre or urban renewal environment such as Weinam Creek / Redland Bay.

Multi-storey retirement projects

We consider that retirement villages could become a significant land use in multi-storey apartment developments within city centres. Such projects are attracting interest from not-for-profit providers.

In order to improve affordability, providers are considering alternative models that keep up-front purchase costs down and have considered the potential to access funding through the National Rental Affordability Scheme (NRAS). Tall Trees is a multi-unit development, comprising three storey apartment buildings.

Small retirement clusters

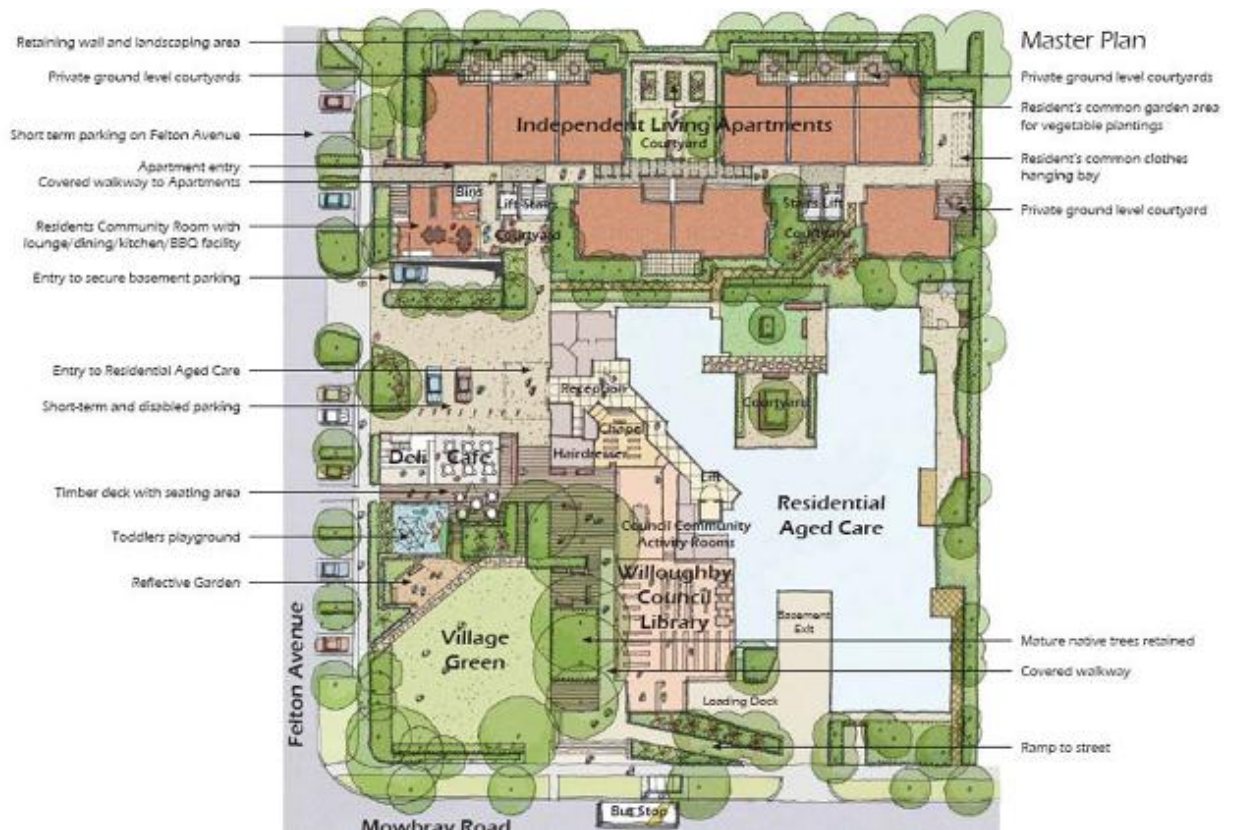
There may well be demand for small scale retirement living that is better integrated into existing residential communities. This was highlighted by a recent study conducted on behalf of ECH Inc. by Flinders Institute for Housing, Urban and Regional Research². Not all retirees that express interest in living as part of a retirement community want to be in a large facility. Some want access to the facilities that may only be viable within a large facility but prefer to be located within a small cluster of purpose built retirement units.

Redland Bay has the potential to meet some of its future demand for retirement living through the development of small purpose built clusters of dwellings throughout the community. This may include a project within the Weinam Creek PDA and could also be within a multi-storey development that provided views out over SMBI.

De-institutionalising the Sector

This emerging trend of breaking down the barriers or “de-institutionalising” retirement living is expected to also see interest in integrated developments that incorporate retirement living. Developments providing local shopping, community facilities and allied health facilities with retirement living and aged care has been successfully developed interstate, often in multi-storey developments. Weinam Creek may not be seen as an obvious choice for such a development, but the site potentially offers high quality amenity and lifestyle advantages for retirees.

² Flinders Institute for Housing, Urban and Regional Research, Our Homes, Our Communities: The Aspirations and Expectations of Older People in South Australia, May 2009



St Peter's Green, Lane Cove North. Integrating retail and community facilities that are available to the general public

Future Demand

As communities age, demand for retirement living and aged care facilities rise significantly. This can often coincide with limited availability of sites to develop such facilities.

Much of the demand for retirement living at Weinam Creek is expected to come from the primary catchment of the Redland Bay. However, the rising number of retirees over the next 20 years in communities to the north (e.g. Cleveland, Victoria Point) at a time when there may be limited new opportunities in these communities may see retirees move south.

The following demand assessment considers potential demand across the Redland LGA and for Redland Bay. The basis of this assessment is as follows:

- At present there are around 2,180 independent and assisted living units in 18 retirement villages across the Redlands LGA;
- Assuming an average occupancy of 1.35 persons per unit, these villages would accommodate around 2,940 retirees;
- As at 2011, the population aged 65 and over was estimated at 21,496 in Redland LGA. It is estimated that around 13.7% of this group were residing in retirement units (i.e. the penetration rate was 13.7%);
- The population aged 65 and over is expected to rise from 21,496 in 2011 to 52,728 in 2031, an increase of 31,252;
- Assuming the same penetration rate for retirement living into the future, there will be further demand for 4,279 residents living in retirement villages by 2031;
- At an average occupancy of 1.35 residents per unit, this will require a further 3,169 retirement units;

- Assuming Redland Bay accounts for 10% of total Redland LGA demand (approximate percentage of the total population of the LGA) then there is an estimated demand for around 317 units in Redland Bay by 2031 (300 units).

Actual location of future demand will depend largely on opportunities presented. Given the designation of Weinam Creek as a PDA and the potential opportunities throughout Redland Bay for future greenfields land releases, we consider that Weinam Creek and more generally Redland Bay provides significant opportunities to cater for future retirement living demand from across the LGA. Retirement living should form part of an integrated redevelopment of Weinam Creek. Recent proposals to expand the existing Redland Bay facilities demonstrates the interest in future growth.

Table 5: Retirement Units Forecasts, Redland Bay and Redland LGA

	2011	2016	2021	2026	2031
Total Population - Redland LGA	145,874	158,293	169,607	179,784	188,471
- Aged 65 and over	21,496	29,013	36,898	45,273	52,748
Five yearly increase (65 and over)		7,517	7,885	8,375	7,475
% aged 65 and over	14.7%	18.3%	21.8%	25.2%	28.0%
Retirement Units in Redland LGA - Existing	2,180	2,180	2,180	2,180	2,180
Residents in Retirement Units - Existing (assuming 1.35 residents per unit)	2,943	2,943	2,943	2,943	2,943
Penetration rate of aged population (based on existing units)	13.7%	13.7%	13.7%	13.7%	13.7%
New Demand - Residents		1,029	2,109	3,255	4,279
New Demand - Units		762	1,562	2,411	3,169
Redland Bay Demand (assume 10% of total Redland LGA Demand)		76	156	241	317

Source: Jones Lang LaSalle, PIFU (Queensland Government, Australian Bureau of Statistics)

9 Market Sounding Findings

Key Points

The market sounding process highlighted a number of key issues. Broadly, the three most significant issues raised were car parking, waterfront infrastructure, and the limited scale of the opportunity.

The current car parking location is considered prime development land. Relocating all or partial car parks to an alternate location will be required but will be at moderate to significant costs. The ability for the market to fund this will be dependent on the revenue generation potential from the car parking and which entity captures this (public or private).

Developing waterfront infrastructure is vital to reinvigorate interest in this location and attract additional permanent residents and visitors. The “front end” nature of this will be a challenge for potential developers given this component will require moderate upfront investment and with limited scale to offset this cost.

The likely amount of potential development needs further consideration as there are many lots which are privately owned and would be required to be developed by other groups or acquired by the selected developer(s) of Council's land holdings. This reduced scale, and combined existing surrounding uses which may remain in place for some time, will affect divestment method, type of buyers interested, and cost effectiveness of non-income producing development needed to promote interest in this location.

Relocation of boat ramp infrastructure will also be costly and require consideration of an appropriate funding prior to taking the opportunity to market.

To understand the current drivers for investment and barriers to investment in the Weinam Creek opportunity, Jones Lang LaSalle conducted consultation with a range of active property investors and developers—some who specialise within the Redland Bay District and others on a more broad scale. This covered discussions on various issues including land uses (retail, commercial, residential, and community), funding, scale, staging, preference for land use location, integration issues/drivers and infrastructure charges. The primary findings of this consultation process and consistent themes are outlined below with car parking, waterfront infrastructure, and the scale of the opportunity being of most concern. Each of these issues, and others identified, will need a clear solution reached prior to going to the market.

1. Car Parking

In developing the strategy for Weinam Creek, it is recognised that having a strong and clear solution to the funding and location of the car park will be critical to unlocking the potential of the site. Residential developments that directly overlook a car park, and retail and commercial developments without convenient parking, will be challenged and their success may be compromised.

The relocation of the car park was confirmed by all groups as being the single most important issue and having clear resolution on it with regard to funding and staging is required. A number of solutions have been considered by the project team and these were tested with the market. Issues and solutions related included:

- Who will fund this and when
- Where it will be relocated to
- Whether there is any revenue associated with this
- If full cost recovery could be achieved through user charges
- Cost associated with nearby land used for the car parking i.e. resumption possibilities
- On-grade verse multi-deck / under cover parking

- Community backlash against relocation
- Location of smaller “drop off” zone for permanent island residents and those using boat ramp facilities
- Split parking locations with different related pricing regimes to encourage long term parking away from “core” centre.

The land parcel currently housing the on-grade car parking at Weinam Creek is considered to represent the best development parcel under the proposed PDA. The scale of parking and the primary users of the car park / its function role its present form it is significantly underutilised relative to inherent value and it is considered that addressing parking needs will be critical to facilitate development of the waterfront parcel. Successful outcomes on this stage will be crucial to developing other sites located in the PDA.

2. Waterfront Infrastructure

Market feedback reinforced prior views that increased waterfront amenities are required as a stimulant to attract visitors. Boardwalks, playground facilities, swimming pools, landscaping etc were all mooted as ways to capitalise on the waterfront location. There was a common belief that some, if not all of this work, must be carried out at the beginning of any proposed residential and commercial development.

Delivering such infrastructure is quite commonplace for developers of any new or emerging communities however timing, funding, and scale of development need clarification. Issues and solutions related included:

- Who will fund this and when
- Should developers be required to fund, there is major concern about timing from when this expense incurred until when reimbursed through development sell down
- Whether their income from commercial and residential sales (both price and amount of product) will be sufficient in relation to prior spend on waterfront infrastructure

3. Scale of Opportunity

Defining the scale of the opportunity available for the market to participate in will give clarity to following issues.

- Capacity of developer(s) to deliver
- Viable total spend for all non-income producing facilities that need to be delivered to attract interest in the location e.g. waterfront infrastructure
- Type of suitable developers
- Likelihood of funding
- Sale type-one sale or multiple ‘super lots’

4. Price Points / Target Market

The demographics of the immediately surrounding population, and their price sensitivity, will affect spending and investment patterns.

The wealth and house value of immediate residents will only support affordable dwellings. In addition, during Monday to Friday, commercial activities will predominately only be supported by

local residents (mainland and southern islands) and their low discretionary income is a concern to those with whom we consulted.

5. Internal Competition

Questions were raised about the close proximity of the Weinam Creek development to the Toondah Harbour Development. Some were concerned about them competing against each other but most agreed they were catering to two different markets, with Weinam Creek delivering more affordable waterfront living and amenities and Toondah Harbour supporting a more high end product.

It also appears this difference may also link to the likely developer of each of these PDA's, the different scale and price of each development means it is unlikely that the same developer will deliver both. Grouping both developments is one way around such a scenario although Weinam Creek will generate sufficient individual enquiry to avoid the need to do this which will ensure it does not need to be further complicated by linking with another project.

6. Density

- Developers canvassed clearly indicated that 3 storey residential developments (potentially 4) would be the most the market would support. The affordability of product, versus the increased in costs that come with basement car parking needed with additional stories, was the key constraint.
- Given the surrounding older demographic, there also appears an opportunity for residential product that is a step in the living cycle between standalone houses and retirement living. The fact that this can all be done within same community is a major positive and may assist demand.
- The lack of take up of medium density product in the broader catchment should be put in context with lack of supply - the concept build it and they will come can be justified to a certain extent.

7. Retail Positioning and Scale

All developers were adamant not to split retail hubs across the site. This was viewed as confirmation of our views that the small amount of retail will require critical mass for activity generation. It was considered by most groups to be ocean facing and north facing where possible.

8. Retail Anchor

The concept of an iconic Hotel to attract visitors to the location was well received by those canvassed and thought to be both the best short and long term option to increase interest in the location. However development of new hotels is extremely rare in the current market (we note the large amount of pubs currently being marketed by receivers) and very attractive lease conditions will be required to make any such operation viable to the operator.

Such costs will need to be reflected in the price offered by the developer (e.g. they may factor in the construction of a building shell, generous fit incentives, and very low rent etc) so as to attract the right publicans. Such expenses, deemed as "loss leaders" to attract both residents and visitors to the community, can be significant and council subsidies, incentives (e.g. reduction in infrastructure charges) may also be considered to entice the developer to build such a development.

9. Staging

- Staging of any new built form should be focused on the core town centre (current car park). Increasing activity and amenity around this site will drive demand in other surrounding locations.
- Successful implementation of the above will ensure normal market conditions can prevail to support orderly take up of non-RCC owned residential land in the PDA for redevelopment to higher density. This may take some time for the market to reach a balance for this to become economically viable for developers to build upon. i.e. a higher level of amenities will increase demand and price for the end product. This issue is discussed further in the following feasibility analysis section of the report.

10. Marina

Current deep water access, close proximity to islands of Moreton Bay, and local market boat registration demand drivers indicate that in the medium to long term this will be successful. However no developer consulted had the interest to deliver this in the short to medium term and all required significant increase in amount of residential dwellings in the adjacent area before it would be considered. The ability to stage a marina independent of other components of the project was noted by all groups as an advantage.

11. Infrastructure Charges

Clear feedback given that developers request the following from council:

- Consistency of charges (noting that there is not consistency across RCC area currently)
- Direct and specific feedback how such funds are being invested at the micro level .e.g. showing how funds are being spent and benefiting the location they are developing. Highlighting that the cost applied is a locational levy rather than general revenue raiser will install confidence in the developer to further commit to the project and the broader community. For a project of this nature, it was noted by most groups that recycling of contributions back into the public amenity to support the project would be expected.

12. Marketing of Streamlined Approval Process

Emphasise there is a new council with a new mandate as a significant stigma still exist in the development community from amount of previous delays with prior administration. Positive steps undertaken by recent Council initiatives were noted as being viewed favourably.

All groups requested that a realistic goal of the planning approval processes for the site should be that it is viewed as being a broad set of design principles rather than too prescriptive. In particular:

- Weinam Creek is deemed a price sensitive market so design guidelines should be realistic
- Flexibility to slightly alter scheme to respond to changes in market conditions

13. Miscellaneous

Other additional feedback included:

- Ensuring barge and water taxis were placed together- not enough critical mass for retail use without doing so
- The issue of noise from industrial marine uses may be raised occasionally. However given the active harbour is a source of clientele for retailers, is generally considered a plus as an 'active waterfront' to help create interest in the site and is of a reasonably limited scale, it is not considered a major issue. Residential uses fronting the harbour were considered to be potentially incompatible over time.

10 Weinam Creek Feasibility Assessments

10.1 Overview

A key component of determining the necessary steps to attract investment to the Weinam Creek PDA is to understand the likely financial viability of developing new projects within this location. This has been tested under a number of scenarios to verify the extent to which different land uses and development densities are considered viable.

The key scenarios have been jointly developed with Council and Diecke Richards, as well as types of development Jones Lang LaSalle consider to be market supportable in time, or of interest to test.

The scenarios are based on 5 core scenarios, with a sub-variations sensitivity testing conducted on a new car park development. For the purpose of the feasibility assessments, key generic assumptions are as follows:

- It is assuming the land is serviced
- The benchmark Return on Cost (ROC) for each particular development is 20%. The ROC is a key metric that is used by financiers in determining whether to provide debt funding for a project and, in this high level feasibility assessment, is arguably the most important metric to understand. A general hurdle rate of return of around 20.0% is considered acceptable for bank funding purposes.
- Surrounding demographics dictate that this is a price sensitive location

Scenario 1 –Current Car Park Site east of Banana St “Central Core”

Table 6: Scenario 1 Summary

Scenario 1	Central Core
Site	2,200sqm
Land costs	\$800/sqm
Type of Development	3 level residential unit development (30X2 bedrooms) and a 360sqm ground floor retail area. Undercroft parking for residents and retail users. All development proposed surrounds a small amount of existing at grade car park not related to this feasibility
Rent (retail)	\$400/sqm
Capitalisation rate on retail*	9%
Residential Sales Price	\$450,000

Results Summary for Scenario 1:

The key outputs are:

- Estimated Profit of \$2.67million
- Return on Cost (including Finance) of 26.6%

The above results highlight that the return is considered viable. Obviously community related issues need to be addressed as this development scenario involves relocation of car parks required by boat ramp and ferry passengers.

Scenario 2 – Surrounded by Hamilton St, Weinam St and the Esplanade “Northern Precinct”

Table 7: Scenario 2 Summary

Scenario 2	Northern Precinct
Site	11,000 sqm
Land costs	\$300/sqm
Type of Development	Strata complex comprising 3 level townhouse dwellings (50 X 4 bedrooms). Includes on grade car parking.
Residential Sales Prices	\$576,000

Results Summary for Scenario 2:

The key outputs are:

- Estimated Profit of \$3.61million
- Return on Cost (including Finance) of 17.7%

The above results highlight that the return is just below what is considered viable. A minor increase to achievable sales prices (approx. \$10 000 per unit) or reductions in building costs can overcome this and justify a development. We do note with caution that the older demographic in this location which may create a mismatch of this product type. Market feedback suggests this may not translate to a higher demand for a 4 bedroom product.

Scenario 3 –Bordered by Banana Street, Hamilton Street, Meissner Street “South Western Precinct”

Table 8: Scenario 3 Summary

Scenario 3	South Western Precinct
Site	12,000sqm
Land costs	\$600/sqm
Type of Development	Strata complex comprising single level town house dwellings (60X2 bedrooms) with on grade car park.
Residential Sales Price	\$450 000

Results Summary for Scenario 3:

The key outputs are:

- Estimated Profit of \$1.39million
- Return on Cost (including Finance) of 6.6%

The results highlight that currently this is not a viable option. There is a strong impact from the higher land costs (compared to option 2) and the relatively lower prices to be achieved (a more modest ground floor development). Higher land costs are based on the need to purchase from private owners at a rate that reflects the current cost of the existing dwellings. In order to produce a viable return (with costs being generally conservative and not likely to be any lower) the returns would need to increase by increasing total price or reducing building area to improve margins.

Jones Lang LaSalle believe achieving \$450 000 for this product to be at the top end of what the current market would support, and even savings in construction (by reducing size of townhouse) would not make this development viable. Consideration was given to altering development type to a two storey product but the market feedback suggested the older demographic has a greater need for ground level dwellings.

Scenario 4 –Esplanade and Auster St “Southern Precinct”

Table 9: Scenario 4 Summary

Scenario 4	Southern Precinct
Site	7,040 sqm
Land costs	\$600/sqm
Type of Development	32 x 2 level townhouses with each dwelling on its own 200sqm lot
Residential Sales Price	\$509 000

Results Summary for Scenario 4:

The key outputs are:

- Estimated Profit of \$2.71 million
- Return on Cost (including Finance) of 25.1%

Viable development. Higher sales prices anticipated to be achieved (compared to scenario 3) are based upon the more appealing location that possesses direct bay side views.

Scenario 5a –south western end of Meissner St, “New Car Park Precinct” (assumes purchase/ reclamation)

Table 10: Scenario 5a Summary

Scenario 5	New Car Park Precinct
Site	5,500 sqm
Land costs	\$250/sqm
Type of Development	Multi deck car park of 500 car parks
Rental	\$150 per month (\$5 per bay per day)
Occupancy	Assumes 100%
Capitalisation Rate	8.5%

Results Summary for Scenario 5a:

.The key outputs are:

- Estimated Loss of \$3.89 million
- Return on Cost (including Finance) of -30.8%

The results indicate that based on the adopted assumptions this would be an unviable development. Projected income was based on a conservative option because of the expected community resistance to both car park relocation and increase in rentals charged.

Scenario 5b –South Western End of Meissner Street, “New Car Park Precinct” (assumes purchase/reclamation)

Market feedback has suggested reaching a solution on car parking is crucial to the success of the Weinam Creek PDA. Therefore alternate inputs were modelled to identify the types of parameters that would need to be achieved for a financially viable outcome. Key variables adopted included: land price was reduced to a very modest rate of \$150/sqm, infrastructure charges were excluded, and the car park rate was increased to \$7.50 a day.

Table 11: Scenario 5b Summary

Scenario 5	Car Park Precinct
Site	5 500 sqm
Land costs	\$150/sqm
Type of Development	Multi deck car park of 500 car parks.
Occupancy	Assumes 100%
Rental	\$225 per month (approx. \$7.50 per bay per day)
Capitalisation Rate	8.5%

Results Summary for Scenario 5b:

The key outputs are:

- Estimated Profit of \$2.33 million
- Return on Cost (including Finance) of 17.3%

The above results highlight that the return is slightly below the standard parameters to be deemed viable. Minor changes to car park rental (an increase of \$5 per month per bay) would produce a financially viable development outcome. However, this needs to be weighed against the generous parameters assumed e.g. no infrastructure charges; full occupancy, discounted underlying land value etc. This highlights the challenges associated with delivering a low car parking cost in a multi-deck solution.

11 Key Recommendations

11.1 Overview

Trends highlighted in our research, market sounding, and feasibility analysis have identified the major factors that will need to be addressed as a matter of priority in the initial implementation of shaping a successful Weinam Creek PDA. With this in mind we have identified some initial steps categorised into the broad groups as outlined below.

Relocation of Existing Car Park and Funding Issue:

- RCC to provide guidance on parameters that can be considered in relation to the relocation and introduction of market-based charging of car parking costs (noting expected existing community resistance).
- RCC to provide guidance on possibility of likelihood of potential acquisition of an alternate nearby site to accommodate vehicular parking of the commercial centre and ferry commuters.
- Jones Land LaSalle recommend that implementation of any increase in user pay car parking rates (existing site or new one) to be done concurrently with altered local traffic laws i.e. an enforcement of no parking zones in surrounding streets (the exception to be residents of those streets who can be issued with permits).
- Should the current car park be relocated a facility will still be required that can accommodate trailer and car parking related to the public boat ramp. Such a facility must be in very close proximity to the actual boat ramp. Solutions include:
 - Keeping part of existing car park for trailer parking (with balance to be developed).
 - Relocation of boat ramp (potentially north along esplanade or potentially upstream in Weinam Creek. We note any new site should be in close proximity to town centre (to assist retail growth) as well as providing adequate growth for the increase in use of the ramp facilities as the location attracts more visitors. Funding of the relocation of the boat ramp will also require resolution, given the significant costs associated with this.

Waterfront Infrastructure

- RCC to provide guidance on whether Council or third party budget exists to partially fund these works (boardwalks, pools, landscaping etc.) which are considered crucial to attract new residents and visitors and help revitalise the location. Delayed payment of land for Council's site may be the preferred mechanism to provide sufficient incentive for the developer to undertake a substantial proportion of these works.
- One possible solution to this upfront funding expense relates to combining this funding need with the possible asset sale (or leveraging income) of a new car park development. That is, assuming the relocation and development of a new car park to nearby site can be proven to be financially attractive to investors or financiers then an opportunity may exist to use the sale of this asset, or leverage of the income to assist in funding this infrastructure. Such a scenario requires further discussion of the range of options for structuring this.

Developer Incentives

- RCC to provide guidance on appetite for development incentives such as “gifting” of land (to support new car parking solution, public amenity or boat ramp relocation offset), delayed or reduced infrastructure charges, discounted rates over set periods etc.
- RCC to consider adopting consistent infrastructure charges for Weinam Creek that align with balance of LGA.



Real value in a changing world

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