

RESIDENTIAL MARKET & ECONOMIC OUTLOOK

QUEENSLAND, BRISBANE & SHOWGROUND HILL

OUTLOOK INSIGHTS

BOWEN HILLS: BRISBANE'S NEW MASTER PLANNED SUBURB.

POPULATION GROWTH

(CONTINUED ON PAGE 6)

The Inner Brisbane Estimated Resident Population increased by 3.7 per cent per annum for the 10 years ending 2011, above the Brisbane LGA, which achieved a growth of 2.0 per cent for the same period.

The Brisbane LGA is set to increase by over 9,000 residents per annum between now and 2031, approximately 70 dwellings are needed per week to accommodate this growth

STRUCTURAL UPLIFT

(CONTINUED ON PAGE 16)

Master Planned Communities are proving to be desirable lifestyle options, combining conventional development mechanisms in an integrated manner, forming complete communities.

"New Urbanism" involves communities that are Diverse, Walkable, Compact and Vibrant, characteristics displayed by Master Planned Communities

INFRASTRUCTURE

(CONTINUED ON PAGE 7)

Bowen Hills' is in proximity to a number of major transport infrastructure investments such as the recently opened \$4.8 billion Airport Link, the Clem 7 tunnel, the Inner City Bypass and Northern Busway.

The redevelopment of the RNA Showgrounds will result in a \$2.9 billion community activated by new residential, commercial, and retail developments

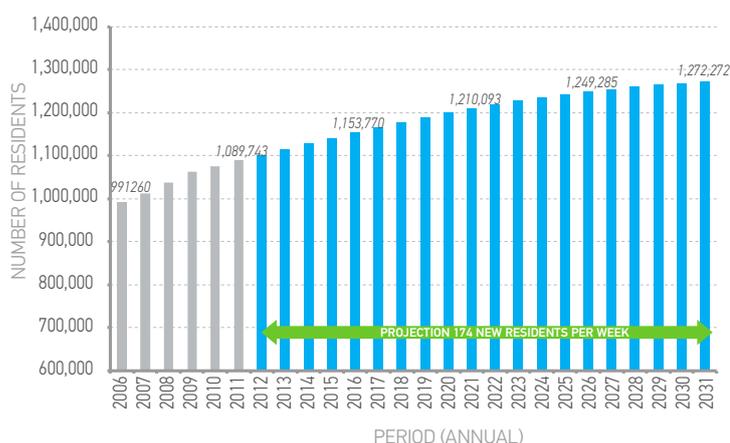
RENTAL

(CONTINUED ON PAGE 15)

The Inner Brisbane Apartment market is currently experiencing a lag in supply, which is driving high and increasing rental yields.

With forecast continued population growth, the advantages of inner city living and the limited supply of stock within this precinct, Bowen Hills should see continued rental growth at a premium to that of Inner Brisbane and the wider Brisbane region.

BRISBANE LGA ESTIMATED RESIDENT POPULATION 2001 TO 2011 AND POPULATION PROJECTIONS 2012 TO 2031



SOURCE : ABS ESTIMATED RESIDENTIAL POPULATION 2011 EDITION; OESR POPULATION PROJECTIONS 2011 EDITION

BOWEN HILLS MEDIAN RENTS AND RENTAL ESTIMATES FOR THE GREEN



1. THE RENTAL YIELDS FOR THE GREEN WAS BASED ON PRICE LIST PROVIDED AS AT OCTOBER 2011 FIGURES.
2. THE MEDIAN WEEKLY RENT FOR INNER BRISBANE WAS BASED ON THE JUNE 2012 QUARTER
3. THE GREEN ONE BEDROOM APARTMENT IS BASED ON A ONE BEDROOM FURNISHED APARTMENT
4. THE GREEN TWO BEDROOM APARTMENT IS BASED ON A TWO BEDROOM TWO BATHROOM FURNISHED APARTMENT

SOURCE: RTA MEDIAN WEEKLY RENT AND THE GREENS RENTAL ESTIMATE PROVIDED BY URBSI; PREPARED BY URBSI

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BOWEN HILLS INSIGHTS

The rejuvenation of Bowen Hills will set a new benchmark in mixed-use urban communities.

The area of Bowen Hills has a heritage rich in character, culture and emotion, particularly from that of Bowen Hills' heart and soul – the RNA showgrounds.

Located 1.6 kilometres from the Brisbane Central Business District (CBD), Bowen Hills is well serviced with an array of public transport and commuting arteries, as well as being in close proximity to major employment nodes offering a diverse mix of employment options.

This prime locality offers a number of educational institutions in easy commute, as well as being conveniently located amongst many leisure, recreation and entertainment offerings. The result of this is a high quality residential lifestyle that has seen Bowen Hills become increasingly popular amongst Brisbane's 'young professional' generation Y demographic.

Large scale urban development has been approved for the suburb, primarily focused around Lend Lease's rejuvenation project of the RNA showgrounds. This development makes Bowen Hills a suburb worth keeping an eye on over the coming years. With such significant investment into this master planned community, Bowen Hills will undoubtedly become one of Brisbane's most highly desirable inner city hubs and create a new standard in urban living.



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A UNIQUE WINDOW OF OPPORTUNITY FOR BRISBANE

COMPETITIVE ADVANTAGE

With a global outlook, exceptional industry strengths and a new world city edge, Brisbane continues to impress international investors. The city's open and supportive business environment is matched by a range of other benefits including:

- **Global advantages:** Brisbane's strategic location on the Australian eastern seaboard provides businesses with exceptional global air connections and the opportunity to operate across three international time zones.
- **Economic resilience:** Brisbane is a proven economic performer and has a strong and enduring history of growth, investment and prosperity.
- **Expanding infrastructure:** Brisbane is at the forefront of Australian infrastructure expenditure and is currently undertaking the nation's largest urban road project.
- **Population and employment:** Brisbane is firmly established as one of the fastest-growing capital cities in the country and is an investment destination with a vibrant employment market.
- **Talent, innovation and education:** Brisbane is home to a diverse pool of international talent, a cutting-edge research and development community and three world-class universities.
- **Sustainability:** Brisbane is looking ahead to a carbon-free future, working to become Australia's most sustainable city.
- **Lifestyle:** Brisbane is known globally as a city of choice, a progressive business destination with a subtropical lifestyle and affordable cost of living.
- **Tax benefits:** Brisbane offers investors the fiscal advantages of Australia's lowest taxes and charges.

Source: Brisbane Marketing

BRISBANE'S VISION

In 2031, Brisbane is regarded as a top ten lifestyle city and global hub for resource and related service industry businesses. Its high performing economy is known for its strong business and cultural links with Asia.



SOURCE: BRISBANE MARKETING

FUTURE ECONOMIC GROWTH SCENARIOS FOR METROPOLITAN BRISBANE



brisbane
australia's new world city



Across Australia, Brisbane is known as a lifestyle destination – a place where business and pleasure easily work in tandem under sunlit skies. A leading destination for business and investment, major events and international education, Brisbane is rapidly emerging as a diverse and energised global city with a \$114 billion economy.

Queensland's resource boom presents the single most significant opportunity for the Brisbane economy over the next 20 years. The last two decades of strong population and economic growth have contributed to Brisbane's economy reaching \$114 billion, accounting for 46 per cent of the Queensland economy (2011 Gross Regional Product).

A key driver in recent years has been the resources sector which accounts for almost one-quarter (\$25 billion) of Brisbane's economy. The priority for Brisbane is to meet the resource demand growth to build Brisbane into an even stronger, more diversified economy linked closely to the rapidly growing Asian region.

Forecast economic growth is expected to outstrip population growth with Brisbane's economic output projected to increase by 40 per cent, from roughly \$55,000 per person in 2011 to over \$75,000 (in 2011 dollars) per person by 2031.

Achieving a \$217 billion economy under the high growth scenario (depicted on the opposite page) will require strong investment and responsiveness to the economic opportunities of the resource boom.

Failure to maximise these opportunities would deliver the low growth scenario resulting in a total loss in output over the next 20 years of \$479 billion and a \$35 billion smaller economy by 2031.

WITH GROWTH FROM TODAY'S \$114 BILLION ECONOMY TO AN EXPECTED \$217 BILLION BY 2031, BRISBANE IS ON TRACK TO BECOME ONE OF THE WORLD'S MOST PROSPEROUS CITIES.

BRISBANE IS RAPIDLY EMERGING AS A DIVERSE AND ENERGISED GLOBAL CITY WITH A \$114 BILLION ECONOMY.



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brisbanemarketing.com.au/window

THE BRISBANE ECONOMIC DEVELOPMENT PLAN 2012-31 FRAMEWORK FOR ACTION

The Brisbane Economic Development Plan 2012-31 presents a whole-of-Council framework of actions to deliver on the recommendations of the Lord Mayor's Economic Development Steering Committee. The strategy wheel presented below highlights some of the actions that will be delivered under the five key objectives:

1. Global reputation: Brisbane, Australia's New World City
2. Productive Brisbane
3. Talent attraction and global connections
4. Lifestyle city
5. Leadership, engagement and implementation



SOURCE: BRISBANE MARKETING

ECONOMIC FUNDAMENTALS

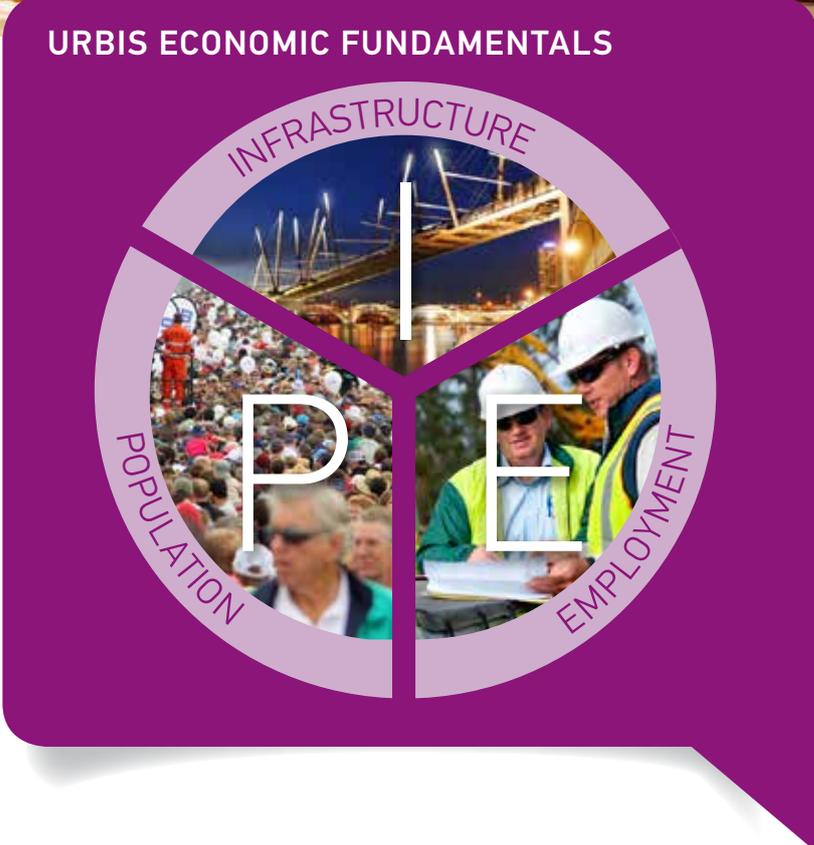
URBIS ECONOMIC FUNDAMENTALS

Easy as P.I.E

In the past couple of years, Australia's residential property market has revealed a number of trends that only a correction in the market would make clear. The major trend identified, and one that was largely forgotten, was the notion of time. Residential property is historically a long term investment class and those seeking greater gains in a short time frame may need to wait for the cycle to return.

The concept of time and residential property also identified a greater learning, a learning that was not completely understood in the past and saw some markets register above average growth and will see markets in the future outpace others. The correction in the residential market emphasised this factor and showed the importance of place superiority. Place superiority fundamentally articulated to developers and purchasers that focusing on product alone may no longer sell as it did in the mid 2000's. Finishes, amenities and views will no longer compensate for developments in marginal locations moving forward, and buyers were the first to vote with their wallets. Lasting appeal and enduring value will be the most important motivator for buyers moving forward and in today's new market demands those regions accommodating a unique formula will dominate the landscape over time.

Urbis has investigated the trends that will deliver sustained and confident growth now and into the future. This involves recognising the key fundamentals that investors should seek to secure returns as well as identify regions that will be the most desirable to live, work and play. To help identify these locations Urbis has concluded that the most desirable locations will be those locations accommodating "P.I.E." – Population, Infrastructure and Employment.



POPULATION GROWTH

Healthy and sustained population growth usually equates to a healthy and prosperous residential property market – look for emerging and growing regions and ask yourself, why are they growing? An easy way to clearly identify a region with sustained population growth is to understand the local employment nodes, increase in development activity and low vacancy rates for rental property.



INFRASTRUCTURE & INVESTMENT

Locations supported by adequate useable (existing) infrastructure and amenity are prime areas for residential development and growth. Residential developments are more desirable when infrastructure and amenity are within walking distance or transit accessible. Additional infrastructure and amenity investment is also as important as this supports greater population growth and employment opportunities.



EMPLOYMENT OPPORTUNITIES & DIVERSITY

Proximity to employment nodes and centres is an essential fundamental to strong residential growth. Localities that are well supported by employment generally drive a greater demand for residential dwellings, particularly those located in walking distance or those that are reinforced for sufficient public transport and accessibility.



KEY INSIGHTS:

- The estimated resident population (ERP) within Inner Brisbane increased by 3.7 per cent per annum over the ten years ending 2011. This compares to the growth of the wider Brisbane LGA, which recorded a growth of 2.0 per cent over the same period.
- In comparison to this growth, the Bowen Hills catchment (made up of the Bowen Hills and Fortitude Valley statistical local areas) recorded a population growth of 7.4 per cent per annum over the ten year period ending 2011.
- The \$2.9 billion development of the RNA Showgrounds Masterplan will be a core driver of capital price and rental growth, through structural uplift, in the suburb of Bowen Hills.
- Infrastructure such as the Airport Link and the Northern Busway will provide residents of Bowen Hills with an ease of access to significant employment nodes and amenity.
- The suburb of Bowen Hills is located less than 3 km from Queensland's largest employment node, the Brisbane CBD.
- The State's largest hospital and major employment node, the Royal Brisbane and Women's Hospital is directly adjacent to the RNA Showgrounds.



BRISBANE LGA AND BOWEN HILLS POPULATION GROWTH

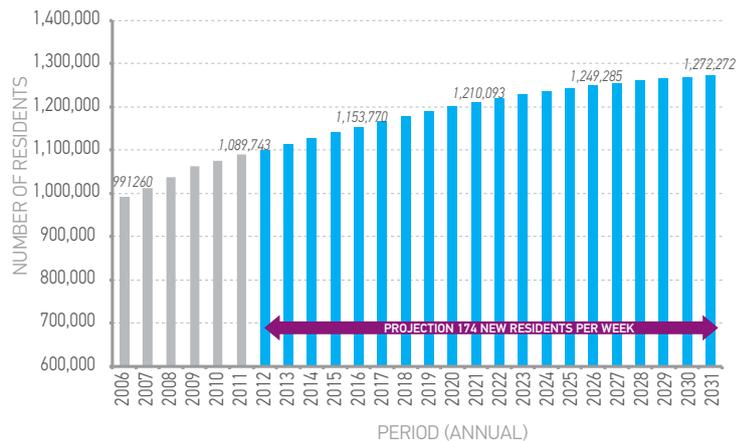
The Brisbane Local Government Area (LGA) is set to increase by over 9,000 new residents per annum between now and 2031, equating to approximately 174 new residents per week. The most significant growth is predicted to occur between now and 2021, with a projected increase of over 12,000 new residents per annum, or approximately 235 new residents per week.

Looking at actual figures between 2002 and 2012 the increase was just over 17,000 new residents per annum. This equates to, on average, 331 new residents per week over this ten year period. If we apply a rate of 2.5 persons per household this equated to a requirement of approximately 132 dwellings needed per week to accommodate this growth.

The Brisbane Population Growth vs. Dwelling Approvals graph indicates that the number of dwelling approvals in Brisbane, despite an incentive driven upturn in 2007-08, has continued to decline despite a consistent population growth over the period 2002-2012. Newly released Census data further highlights the supply and demand imbalance, suggesting an increase of 175,000 residents between 2001 and 2011. Over the same period, an increase of 57,800 dwellings was recorded. At an average household size of 2.5 persons per dwelling, the dwelling demand based on population growth was 70,000 dwellings. This suggests an undersupply to the tune of approximately 12,200 dwellings over the ten year period to 2011.

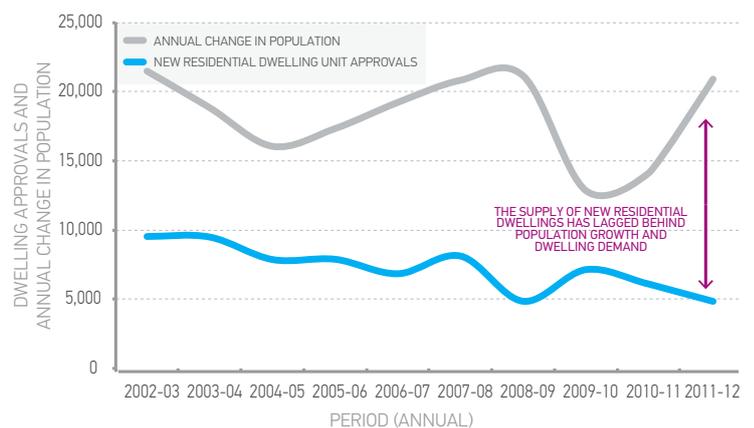
The housing shortage, driven by a sluggish development and building performance within Queensland and in particular Inner Brisbane has been one of the main reasons behind tight vacancy rates and increasing rental rates.

BRISBANE LGA ESTIMATED RESIDENT POPULATION 2001 TO 2011 AND POPULATION PROJECTIONS 2012 TO 2031



SOURCE : ABS ESTIMATED RESIDENTIAL POPULATION 2011; OESR POPULATION PROJECTIONS 2011

BRISBANE POPULATION GROWTH VS. DWELLING APPROVALS (2002-2012)



SOURCE : ABS ESTIMATED RESIDENTIAL POPULATION 2011; ABS 8731.0 - BUILDING APPROVALS, AUSTRALIA

ECONOMIC FUNDAMENTALS

BOWEN HILLS INFRASTRUCTURE AND INVESTMENT

Bowen Hills is in the centre of over \$13 billion invested in both private and public Infrastructure.

This investment in infrastructure includes:

AIRPORT LINK (\$4.8 BILLION) – COMPLETED JULY 2012

Residents of Bowen Hills are in immediate proximity to a number of entry and exit points for the recently opened Airport Link. Currently Australia's largest privately funded transport infrastructure project, it links Bowen Hills with the Clem 7 Tunnel, the Inner City Bypass and the Northern Arterials of Stafford Road, Gympie Road and Sandgate Road. The Airport Link enhances accessibility of these arterials and the Brisbane International and Domestic Airports. Benefits include:

- A more predictable and reliable journey,
- Reduced road congestion,
- Enhanced liveability of the Northern suburbs,
- Reduced emissions,
- Significant travel time savings, with a saving of up to 20 minutes between the city and the airport.

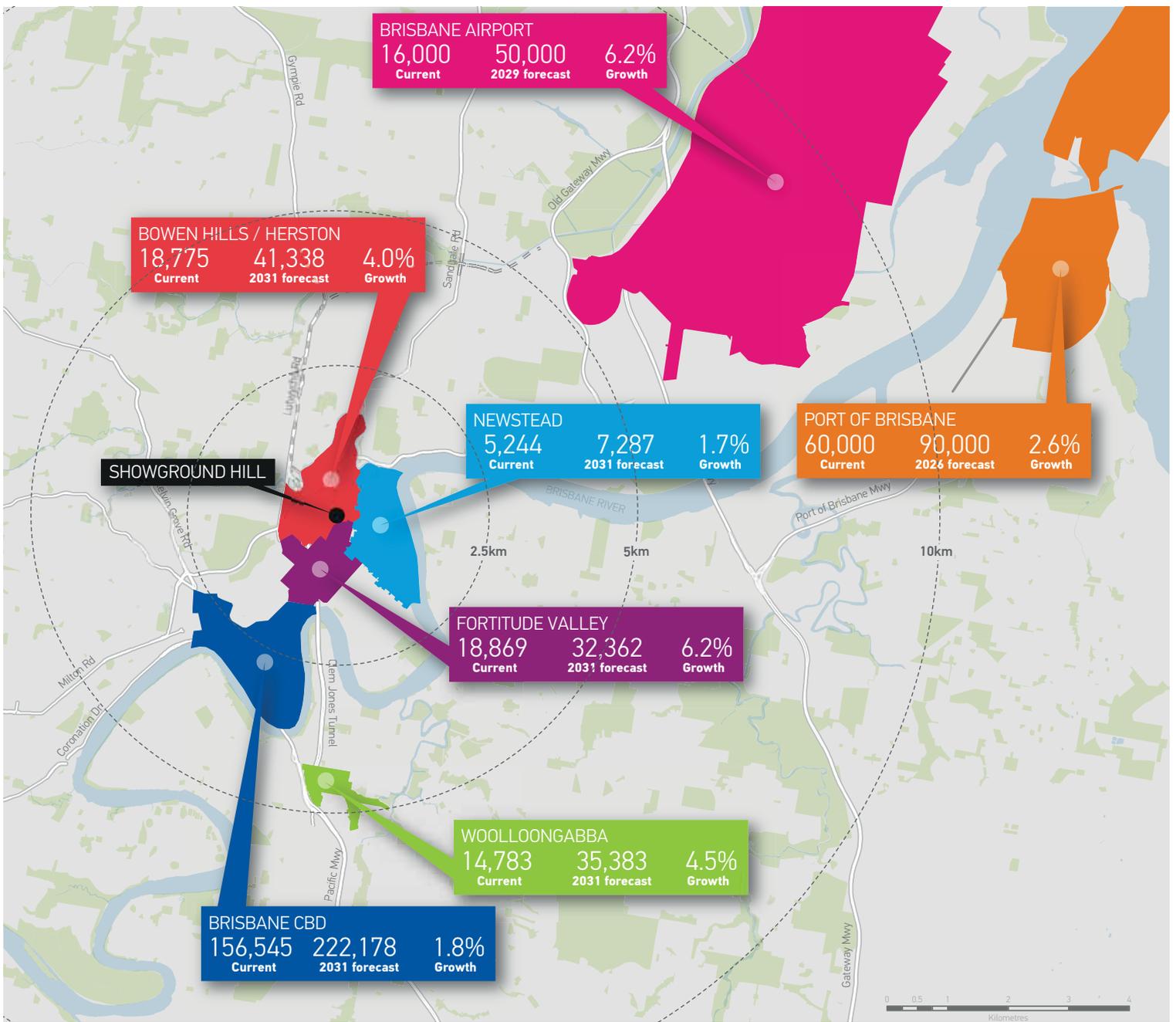
NORTHERN BUSWAY

The Northern Busway is midway through completion with the Inner North Brisbane route now complete providing access from Bowen Hills to QUT Kelvin Grove (to the West), the Northern suburbs of Brisbane (to the North) and the Brisbane CBD (to the South). In addition, it links all major rail networks and the Roma Street Busway, allowing residents of Bowen Hills access to additional public transport options.

ROYAL BRISBANE AND WOMEN'S HOSPITAL

Located in nearby Herston, the Royal Brisbane and Women's Hospital service district has recently undergone a major redevelopment at a total cost of \$510 million, the largest hospital redevelopment in Australia's history. This supercentre anchors a wider employment base of close to 19,000 jobs and offers core health service options to residents of Bowen Hills and the Brisbane LGA.





PREPARED BY URBIS. SOURCE: NATIONAL INSTITUTE OF ECONOMIC & INDUSTRY RESEARCH 2011



BOWEN HILLS KEY EMPLOYMENT NODES

FORECASTS INDICATE THAT BOWEN HILLS WILL BE WITHIN WALKING DISTANCE OF OVER 104,000 NEW JOB OPPORTUNITIES BY 2031.

- Showground Hill forecast in excess of 2,000 employment opportunities and Bowen Hills/Herston forecast in excess of 41,000 employment opportunities by 2031.
- Bowen Hills forecast in excess of 41,000 employment opportunities by 2031
- Brisbane CBD forecast employment to increase to over 222,000 persons by 2031 – an increase of close to 91,000 new jobs in total
- Brisbane Airport forecast employment of 50,000 persons by 2029 – an increase of 34,000 new jobs, or close to 1,900 new jobs per annum
- Port of Brisbane forecast employment of 90,000 persons by 2026 – an increase of

30,000 new jobs, or close to 2,000 new jobs per annum

The combination of these major employment nodes alone equates to over 214,000 new jobs between 2012 and 2031, with 104,000 of these job opportunities within 3 kilometres of Bowen Hills.

This represents a demand for over 11,000 new jobs per annum across these key employment nodes, equivalent to 217 new jobs created per week.

DEMOGRAPHIC INSIGHTS

AGE DISTRIBUTION

Gen Y population attracted by employment and entertainment precincts.

Based on Australian Bureau of Statistics (ABS) Census 2011 data, residents aged 20 to 34 years of age are the largest demographic residing within the suburb of Bowen Hills, equating to over 49 per cent of the population, with the 25 to 29 age group has the highest proportion of residents within Bowen Hills, at 21 per cent. The dominance of the 20 to 34 age bracket is highlighted when compared to the Brisbane LGA, which has only 26 per cent of its population within this age band.

This demographic is generally in the beginning of their adult life and employment cycles (in particular the large 25 to 29 age group) they are generally unwilling or unable to access the finance to purchase an apartment in Inner Brisbane, choosing instead to rent – contributing to the tight rental market. Whilst 20 to 34 is the major age demographic, 2011 census data indicates that the age brackets with the highest growth in proportion of residents were the 35 to 39 and 40 to 44 age groups, with growth of 29 per cent and 23 per cent respectively. This indicates that the appeal of the Inner City localities and the promotion of connected lifestyles is a growing attractor for a broader range of age groups.

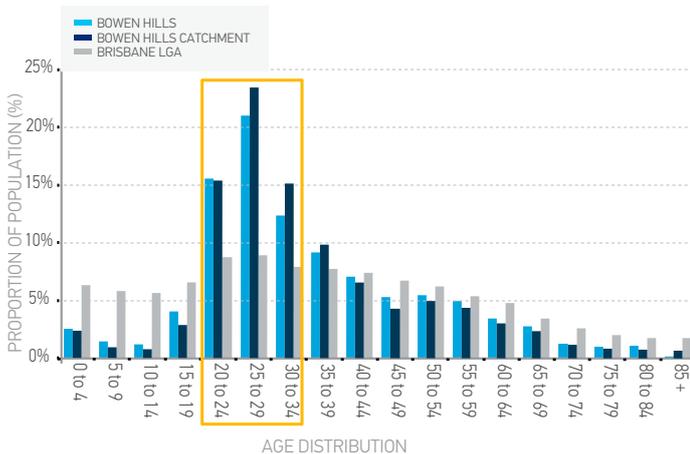
AVERAGE WAGE AND SALARY

Bowen Hills recorded a higher average wage than that of the Brisbane LGA.

The residents of Bowen Hills registered a median personal income of \$37,336 in 2011 based on 2011 Census data. This is higher than the \$35,984 registered within the Brisbane LGA for the same period. The higher salary recorded within Bowen Hills can be credited to a large young professional demographic residing in the suburb, indicated within the age distribution chart.

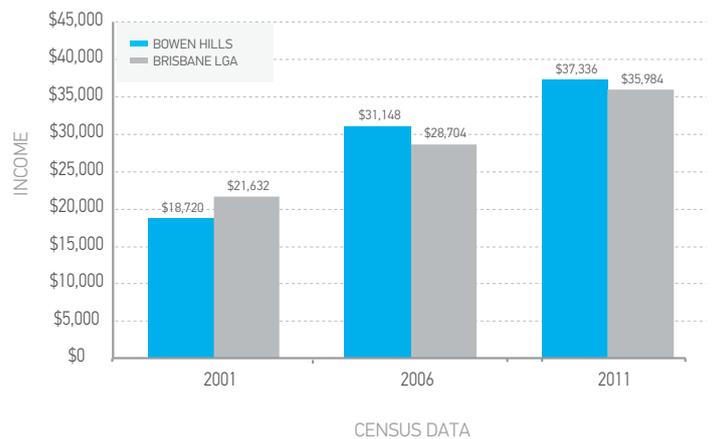
The journey of Bowen Hills into an increasingly desirable address can be noted in the increase in personal income from 2001 to 2011 census years, in particular in it surpassing the Brisbane LGA over that time. This young professional demographic represents a key demographic for investors and developers as they are generally further progressed in their life and work cycles so have a greater purchasing power. Due to this purchasing power they are prepared to pay a premium to purchase or rent in a product, which offers the walkability and work/life balance that they desire.

BOWEN HILLS AGE DISTRIBUTION



SOURCE : ABS CENSUS DATA 2011

BOWEN HILLS MEDIAN PERSONAL INCOME PER ANNUM



SOURCE : ABS CENSUS DATA 2011



KEY INSIGHTS:

- The largest age demographic within Bowen Hills is residents 25 to 29 years of age, equating to 21 per cent of the population.
- There are a large proportion of Gen Y and Gen X residents in Bowen Hills, evident with 49 per cent of the population 20 to 34 years of age, and 22 per cent of the population 35 to 49 years of age.
- The median personal income based on 2011 Census Data for Bowen Hills is 4 per cent higher than the Brisbane LGA.

SHIFTING DEMOGRAPHICS

The Gen Y demographic will be the primary driver of dwelling demand in the future so the question is what sort of dwellings will they want to reside in?

The table below illustrates the breakdown of the generations within the Brisbane LGA focusing on their age and percentage of the LGA's population over the annual periods 2011, 2016, 2021. Noticeably, the greatest proportion of the population within all three periods is the Generation Y demographic, with the significance of the Generation X demographic being slowly replaced by the new maturing Generation Z. Of key relevance to developers and investors alike, is how the dwelling preferences of each demographic change as their age and family structure change.

Examining the key Gen Y demographic we see that in 2011 this demographic forms the basis of Brisbane LGA's strong rental market as at this age they are starting their work and life cycles are without the financial capacity to purchase a dwelling. Their dwelling preference is for low maintenance dwellings that are well serviced by public transport, are centres of activity or leisure and provide destination appeal.

Moving forward to 2016, this Gen Y demographic has matured in their life and work cycles and now exhibit greater purchasing power and an adjusted family structure. The majority of the demographic have moved into a young family and require a dwelling and location that suits this changing lifestyle, however, as they have grown up accustomed to higher density living, unlike, previous generations they will not be opposed to residing in a family orientated townhouse or apartment. They are now seeking dwellings that provide a wealth of amenity, green open spaces and a centred walkable urban environment while still providing an ease of access to their place of employment.

Understanding the demand and drivers of the Gen Y demographic will be a key driver of future capital growth and rental demand as this demographic becomes more dominant and moves through their different phases of their dwelling accommodation life cycle.

EMERGING MARKETS - GENERATION Y AND iGENERATION

Brisbane LGA Population Projections by Age

GENERATION	BORN	AGE	% of POPULATION	AGE	% of POPULATION	AGE	% of POPULATION
Baby Boomers	1946 - 1964	47-65	20.7%	52-70	18.8%	57-75	16.5%
Generation X	1965 - 1979	32-46	22.2%	37-51	22.6%	42-56	22.1%
Generation Y	1980 - 2000	11-31	32.4%	16-36	35.7%	21-41	39.4%
iGeneration	2001 - present	0-10	14.4%	0-15	14.6%	0-20	15.9%
		2011		2016		2021	

SOURCE : URBIS, OESR POPULATION PROJECTIONS 2011

NEW URBANISM & MASTER PLANNED COMMUNITIES

New Urbanism involves fixing and infilling cities, as well as the creation of compact new towns and villages.

Bowen Hills has traditionally been driven by a stronger focus on supplying commercial and employment space over residential dwelling development. A large employment base exists within and surrounding the suburb and coupled with a limited supply of residential dwellings, has resulted in pent up housing demand with Showground Hill, developed by Lend Lease, seizing on the opportunity to capitalise on this demand.

The Showground Hill development has the distinct advantage of being developed as a master planned community. Showground Hill is designed and developed around the principles that make up the concept of "New Urbanism", which essentially has combined architecture and urban design to promote the creation and restoration of Mixed-use communities that are:

- Diverse;
- Compact;
- Walkable;
- Vibrant.

Master planned communities have proven to be more desirable because they essentially combine conventional development components nevertheless are assembled in an integrated fashion in the form of a complete community.

THE PRINCIPLES OF MASTER PLANNED COMMUNITIES

The principles of New Urbanism can be applied increasingly to projects at the full range of scales from a single building to an entire community.

1 Walkability

- 1.6km to Brisbane CBD
- Closest master planned community to Brisbane CBD
- 700m to key retail and recreational node, Fortitude Valley
- 3km to Queensland University of Technology

2 Connectivity

- Bus and train networks link the development with the surrounding regions
- 1km to Bowen Hills Station
- 500m to Fortitude Valley Station
- 1.3km to Royal Brisbane and Royal Women's Hospital bus station

3 Mixed-Use & Diversity

- 340,400m² new residential, commercial and retail development.
- \$59M Royal International Convention Centre situated within the development.
- 37,000m² exhibition pavilions and 5,000 sqm fresh food market.

4 Accessibility to Key Job Centres

- 7,450+ permanent and part-time jobs at the Royal Brisbane and Women's Hospitals
- 18,400 jobs at Brisbane Airport by 2014, further development to provide up to 50,000 employees by 2029
- Additional 30,000 jobs at Port of Brisbane by 2028.

5 Quality Architecture & Urban Design

- Emphasis on beauty, aesthetics, human comfort, and creating a sense of place. Special placement of civic uses and sites within community. Human scale architecture & beautiful surroundings nourish the human spirit

6 Quality of Life

- Taken together these add up to a high quality of life well worth living, and create places that enrich, uplift, and inspire the human spirit.

7 Traditional Neighbourhood Structure

- Distinct centre and edge
- Public space at centre
- Importance of quality public realm; public open space designed as civic art
- Contains a range of uses and densities within 10-minute walk
- Highest densities at town centre, progressively less dense towards the edge

8 Increased Density

- More buildings, residences, shops, and services closer together for ease of walking and enable a more efficient use of services and resources to create a more convenient, enjoyable place to live.

9 Smart Transportation

- A network of high-quality trains connecting cities, towns, and neighbourhoods together
- Pedestrian-friendly design that encourages a greater use of bicycles and walking as daily transportation

10 Sustainability

- Minimal environmental impact of development and its operations
- Eco-friendly technologies - respect for ecology and value of natural systems
- Energy efficiency
- Less use of finite fuels
- More local production
- More walking, less driving



LEGEND:

Shopping and dining precincts

- 1. Brisbane CBD
- 2. South Bank Precinct
- 3. Fortitude Valley
- 4. Caxton Street Dining Precinct
- 5. Teneriffe Retail and Dining Precinct

Schools and tertiary institutions

- 6. All Hallows' School
- 7. Brisbane Boys' and Girls' Grammar Schools
- 8. St Joseph's College
- 9. Fortitude Valley State School
- 10. St. James' College

Hospitals

- 11. Royal Children's Hospital, Royal Brisbane and Women's Hospital
- 12. St Andrew's War Memorial Hospital
- 13. Brisbane Private Hospital

Recreation

- 14. Bowen Park
- 15. Teneriffe Park
- 16. Newstead Park
- 17. Perry Park

Transportation

- 18. City Cat Route 
- 19. City Glider 
- 20. Clem Jones Tunnel 
- 21. Legacy Way Tunnel 

A MATURING BRISBANE MARKET WILL RESULT IN MASTER PLANNED COMMUNITIES BEING SOUGHT AFTER RESIDENTIAL DESTINATIONS.

BRISBANE RESIDENTIAL MARKET

BRISBANE APARTMENT MARKET

Limited supply, continued population growth and strong demand maintains Brisbane market buoyancy.

The median sales price for apartments in the Brisbane LGA was recorded at \$402,000 over the preliminary June quarter 2012, based on 513 settled transactions. 2012 has so far been an interesting period for the Brisbane LGA apartment market with the market attempting to gain traction in the midst of international and domestic economic uncertainty.

Regardless of this concern, the last five years returned an average capital appreciation rate of 2.1 per cent per annum, with the then ten year time period delivering an average capital appreciation rate of 7.2 per cent per annum.

Recent agent and developer surveys indicate that investors are returning to the Brisbane residential property market, viewing property as a more stable investment given the volatility of financial markets. Investors have realised that now is the opportunity to capitalise on depressed dwelling prices and strong rental returns. The return of investors into the Brisbane residential market may see an increase in sales volume over the second half of 2012, with median price growth predicted to continue increasing.

INNER BRISBANE APARTMENT RENTAL INSIGHTS

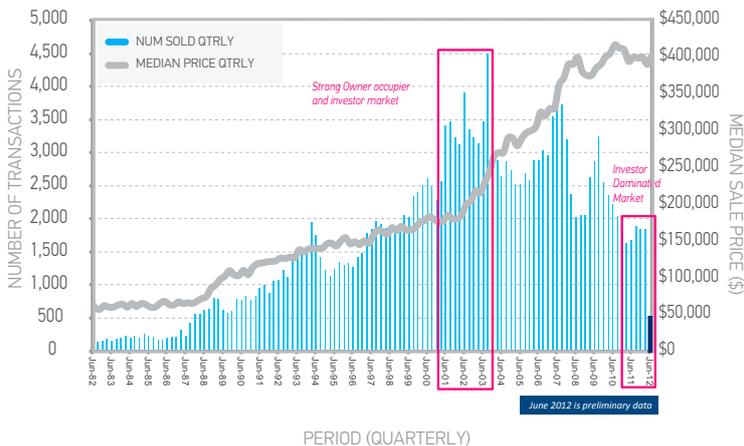
Everybody wants to live in Brisbane...but where are they all going to live?

The Inner Brisbane apartment market is experiencing an under supply of dwellings, with the delivery of new dwellings unable to meet demand requirements. This under supply, coupled with a continued demand for dwellings driven by younger residents, has contributed to increased rental growth and rental returns for the investment market.

The graph illustrates the strong median weekly rental return from one and two bedroom apartments within the Brisbane Inner City in comparison with the wider Brisbane region. One bedroom apartments in the Inner City catchment finished the June 2012 quarter with a median weekly rent of \$355, equivalent to an increase of 8 per cent over the year. Two bedroom apartments in the catchment recorded a growth of 2 per cent over the year, finishing the June 2012 quarter with a median weekly rent of \$480. As at the June 2012 quarter, the Inner City catchment was commanding a premium over the remainder of Brisbane of approximately 18 per cent for two bedroom apartments and 25 per cent for two bedroom apartments.

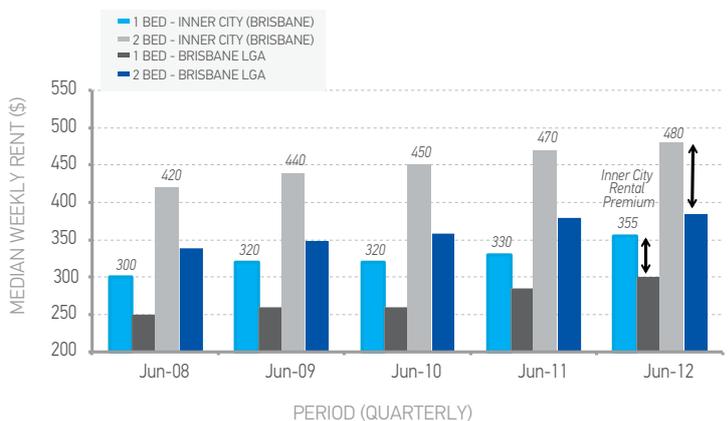
This continuing growth in one and two bedroom apartments is a result of investor demand with much of the one and two bedroom apartment stock currently available on the market geared heavily towards the investor market.

BRISBANE LGA APARTMENT SALES CYCLE JUNE 1982 TO 2012



PREPARED BY URBIS; SOURCE RPDATA

RENTAL PREMIUM OF INNER CITY OVER REST OF BRISBANE



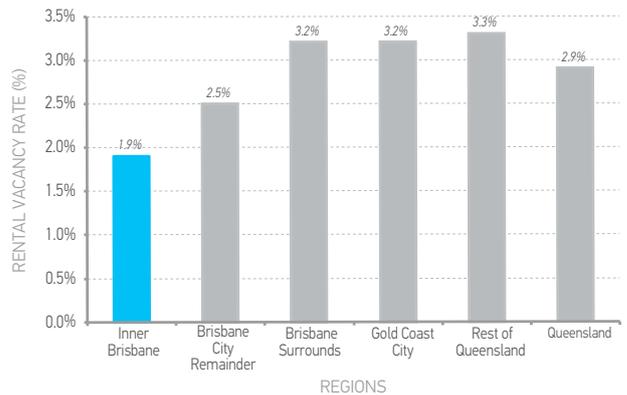
PREPARED BY URBIS; SOURCE RTA



The latest rental vacancy rates data, produced by the Office of Economic and Statistical Research Queensland, indicate a current imbalance between supply and demand for rental dwellings within Inner Brisbane. The Inner Brisbane vacancy rate was 1.9 per cent at the end of the March quarter 2012, registering a significantly lower vacancy rate than the oversupplied markets of the Gold Coast and Brisbane Surrounds.

The Inner Brisbane Vacancy rate has been declining since the December 2009 quarter. This decline was subsequently driven by a lack of new dwellings entering the market, further adding to the supply and demand imbalance. With population growth continuing to remain strong for the region and dwelling supply remaining low, it is probable to expect that the Inner Brisbane vacancy rate should continue to contract in the short term driving rental rates to continue to increase – a positive sign for investors.

COMPARITIVE RENTAL VACANCY RATES



SOURCE: RENTAL TENANCIES AUTHORITY (RTA) QLD

STRONG KEY FUNDAMENTALS

Brisbane, the building blocks for a strong residential market.

The Brisbane LGA has strong fundamentals in place that will help drive the market out of the trough and into the recovery and growth periods of the real estate cycle. These strong fundamentals are:

- Demographic – Growth and dwelling shift in key Gen Y demographic, influencing demand for apartments and rental markets in inner city locations.
- Economic – Commodities boom filtering into Brisbane, privatisation of the Brisbane Port and continued private and public investment into other key nodes will drive further employment opportunities.
- Employment – Continued investment into the region will aid in future employment prospects, promoting migration from interstate.

- Migration – Increase in population growth may drive further demand for dwellings, advancing the supply and demand imbalance within the residential market.
- Development – Improved confidence and economic conditions may lead to further investment and development, providing key infrastructure and amenities to support growth.

Based on these fundamentals, estimated Brisbane LGA growth rates are detailed in the table below and are based on current economic indicators and preliminary market results.



ESTIMATED BRISBANE LGA MARKET GROWTH

	2011	2012*	2013*	2014*	2015*	2016*
Median Residential Dwelling Growth (per annum)	-4%	1% to 3%	5% to 6%	7% to 8%	8% to 10%	10% to 12%
Annual Growth Rate (per annum)	5%	5.5% to 6%	5.5% to 6%	6% to 7%	7% to 8%	7% to 8%

1. * ARE FORECASTED GROWTH BASED ON URBIS ESTIMATES SOURCE: URBIS FORECASTS AND RPDATA; PREPARED BY URBIS THESE ARE NOMINAL GROWTH RATE FORECASTS (I.E. THEY INCLUDE INFLATION) AND ARE BASED ON ASSUMPTIONS RELATING TO CURRENT MARKET AND ECONOMIC CONDITIONS AND EXPECTATIONS. NO GUARANTEE IS GIVEN THAT THESE RATES WILL BE ACHIEVED OR THAT THEY WILL TRANSPIRE FOR ANY PARTICULAR LOCATION OR DEVELOPMENT.

BOWEN HILLS RESIDENTIAL MARKET

BOWEN HILLS APARTMENT MARKET OVERVIEW

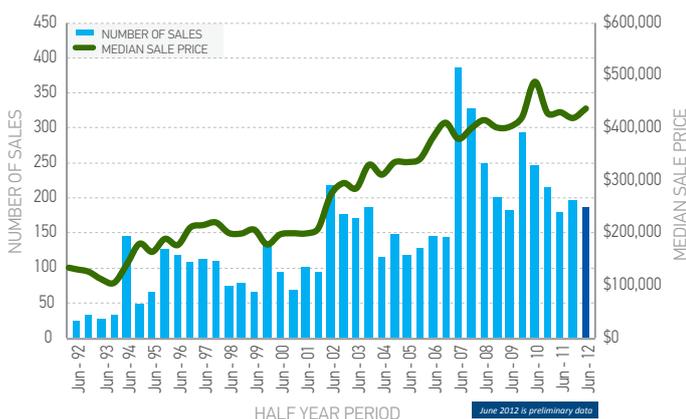
Bowen Hills sales price growth indicates strong long term fundamentals.

The median sales price within the Bowen Hills catchment over the preliminary June quarter 2012 was recorded at \$437,000, based on 187 apartment settlements during the period. This catchment is made up of the suburbs of Bowen Hills, Fortitude Valley and Newstead, and is dominated by high and medium density apartment product, with very few separate house dwellings available.

The Bowen Hills catchment apartment market delivered an average capital appreciation rate of 4.8 per cent per annum over a 10 year time period, with the turbulent economic times experienced in the last 5 years still returning an average capital appreciation rate of 2.9 per cent per annum.

The future rejuvenation of the area will lift the demand for residency in the area and should result in quality apartment product experiencing a significant surge in value. For potential investors, coupling this capital appreciation with the regions strong rental yield and forecasted future growth demonstrates the potential investment opportunities Bowen Hills offers.

BOWEN HILLS CATCHMENT APARTMENT SALES CYCLE



PREPARED BY URBIS; SOURCE RPDATA

BOWEN HILLS APARTMENT RENTAL INSIGHTS

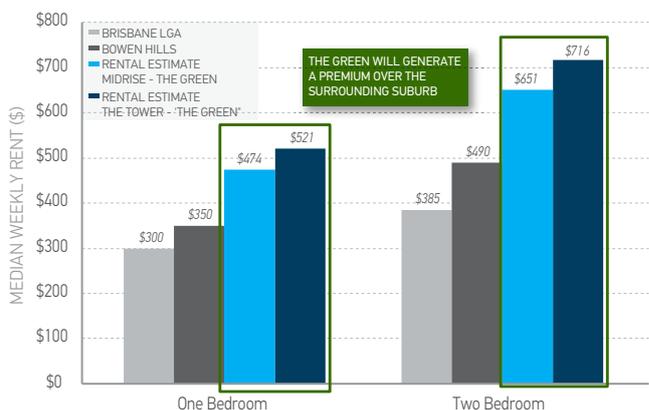
Limited supply within an emerging precinct continuing to drive rental prices.

The Residential Tenancy Authority Data (RTA) for Bowen Hills includes Bowen Hills, Fortitude Valley, Herston and Newstead due to the data being collected on a postcode basis.

Bowen Hills has mirrored the Inner City Brisbane undersupply of apartment stock, and with tight supply, increasing employment opportunities and an underlying demand to live within inner Brisbane rental growth should continue. The chart below illustrates a stable median weekly rental growth in one and two bedroom apartments with one bedroom apartment finishing the June 2012 quarter with a median weekly rent of \$350, equivalent to an increase of 3 per cent over the year. Two bedroom apartments in the catchment recorded a greater growth of over 4 per cent for the year, finishing the June 2012 quarter with a median weekly rent of \$490.

Rental estimates undertaken suggest demand for rental apartments in the master planned community should increase and drive future rental premiums. The estimated rental premium at Showground Hill is driven by the desire to reside in a master planned community combined with Showground Hill's prime location near the Brisbane CBD and major employment and recreational nodes.

BOWEN HILLS MEDIAN RENTS AND RENTAL ESTIMATES FOR THE GREEN



SOURCE: RENTAL TENANCIES AUTHORITY (QLD), URBIS



STRUCTURAL UPLIFT

CAPITAL VALUES WITHIN BOWEN HILLS ARE SET TO BENEFIT FROM 'STRUCTURAL UPLIFT'

Structural uplift is essentially the impact that a master planned community has on capital values and lifestyle within and surrounding the site.

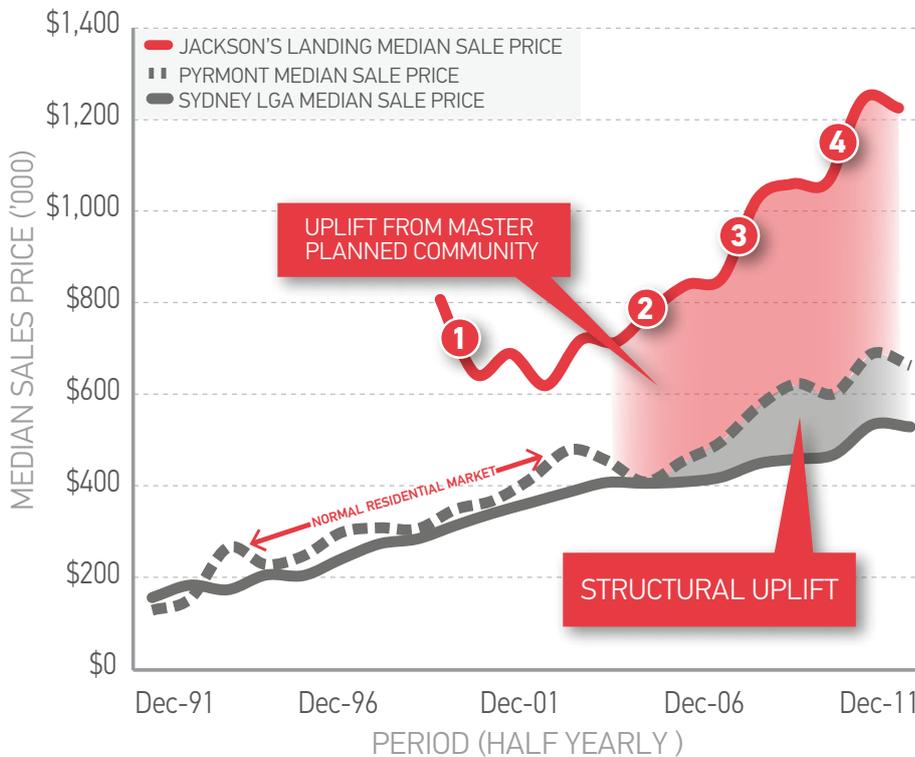
Characteristics of successful communities or MPC's are located in preferred sub-markets, accessible to key job centres, served by quality retail, transport infrastructure and open space, have diversity and innovative dwellings and flexible planning entitlements or public private partnerships.

These factors were important to their success and therefore the by-product of this success is greater capital growth or structural uplift. During the booming

times many MPC's strayed from their segmentation models i.e. chasing larger homes and higher prices.

Post downturn, the product changed to service the market demand and developers in top communities who had fluid strategies, flexibility and stuck to delivering on their vision and promises have continued to record strong sales due to this sense of community.

JACKSON'S LANDING STRUCTURAL UPLIFT



- 1 REGATTA WHARF PRE-SALES
- 2 DISTILLERY HILL PRE-SALES
- 3 STONE CUTTERS SUGAR DOCK EVOLVE
- 4 SILK ANTIAS PRE-SALES

RESULTS OBTAINED FROM JACKSONS LANDING ARE NOT NECESSARILY INDICATIVE OF RESULTS THAT MIGHT BE OBTAINED FROM SHOWGROUND HILL.

PREPARED BY URBIS
SOURCE: JACKSON'S LANDING MARKET OUTLOOK

Lend Lease

SHOWGROUND HILL WILL BE ONE OF THE LARGEST MIXED-USE URBAN REGENERATION PROJECTS IN AUSTRALIA.



AREAS

Total area of 22ha, of which 5.5ha will be redeveloped for **private development** (office, retail and residential uses). Remaining area will include existing and new **RNA buildings**, a series of **public landscaped spaces**, **hotel and convention facilities**, **parking** and a **fresh food market**.



RESIDENTIAL

Approximately **2,000 apartments** (totalling 174,000m² GFA), including **key worker housing**.

Targeting **minimum 4 star Green Star** building ratings.



NEW BUILDINGS

340,000m² GFA of **private development** (office, retail and residential uses); 22,000m² GFA **convention facility**; 37,000m² GFA of **exhibition pavilions**; permanent **fresh food markets**; 150-250 room, 3.5 star **hotel**.



OFFICE BUILDINGS

Up to **145,000m² GFA of office space**;

Targeting **minimum 5 star Green Star** building ratings.



OPEN SPACE

New infrastructure and public realm across 15ha of the site with **seven key open spaces** each with a different character and use offering **greater public access** to the site, with nearly 50,000 within approximately 5 minutes walk of the site.



RETAIL, FOOD & BEVERAGE

A maximum 20,000m² of **retail floor space** (including a maximum of 6,000m² of **supermarkets**) plus 5,000m² of **fresh food market** GFA.



LOCAL COMMUNITY

As well as securing the future of the Ekka, the project will **stimulate investment**, attract **new businesses** and **generate employment** opportunities. 2,000 jobs per annum will be created over the life of the development. 15,000 people will live, work and play in the completed precinct.



HOTEL

3.5 star hotel, approximately **150-250 rooms**, **function rooms**, **bar** and **restaurant** (proposed)



HERITAGE

Lend Lease and the RNA are committed to **protecting the rich and enduring legacy** of the Showgrounds and the Ekka. New facilities, buildings and open space will **respect and enhance** the neighbouring heritage buildings and **celebrate the rich history** of the precinct that it hosts.



SUSTAINABILITY

The redevelopment will provide a **long term, sustainable development plan** for the site providing new daily activities and community uses. All residential and office buildings will be **green star rated** and part of a mixed use development positioned for the future.



RNA CORE FACILITIES

Industrial pavilion
Fresh food markets
Cattle pavilion
Horse pavilion



TRANSPORT

Strong links will be established with **direct pedestrian and cycle** links to the Fortitude Valley and Bowen Hills railway stations as well as the Royal Brisbane and Women's Hospital Northern Busway Station.



CAR PARKING

Maximum parking rates:
Residential: 1.5 spaces / unit; Office: 1 space / 100m² GFA;
Retail: 1380 spaces; Event and overflow parking: 2825 spaces.



LEASEHOLD/FREEHOLD

The proposed location for the hotel and additional retail/commercial areas will be leasehold. The 5.5ha private development area is freehold.



RNA LEND LEASE VISION

INSPIRED BY THE HERITAGE AND HISTORY OF THE RNA SHOWGROUNDS, WE ARE DEVELOPING A CONTEMPORARY, WORLD CLASS COMMUNITY AND EVENTS PRECINCT. OFFERING A VIBRANT NEW DESTINATION FOR THE PEOPLE OF BRISBANE.

The RNA Showgrounds is Brisbane's most significant regeneration project and a 'once-in-a-lifetime' opportunity.

The regeneration of the RNA Showgrounds will transform the site into a new, vibrant destination in which to live, work and play.

The regeneration of the RNA Showgrounds will respect and celebrate the site's rich heritage and 'Queensland icon' status.

Lend Lease, in collaboration with the RNA, will bring the project's vision to life.



FOR GREATER DETAIL, REFER TO showgroundhill.com



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