



DEMOGRAPHIC & ECONOMIC STUDY

PREPARED FOR:

FOX & BELL GROUP

SEPTEMBER 2016

The
National
Property
Research
Co.

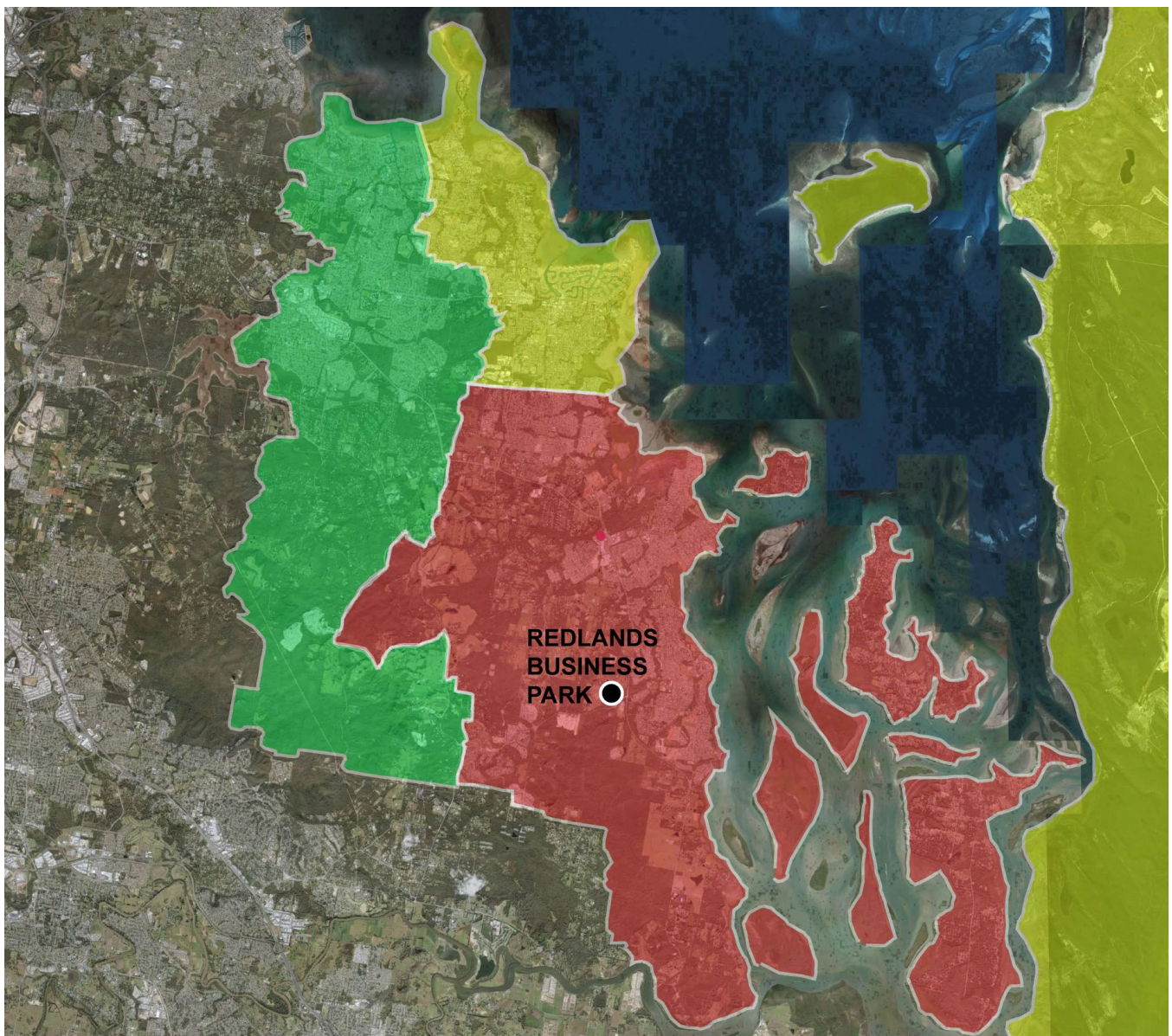
LOCATION & PRIMARY CATCHMENT

Redlands Business Park is positioned in the centre of Redlands LGA, which is a local government area of South East Queensland, located within a 35 minute drive south-east of the Brisbane CBD or a 40 minute drive north of Southport.

"Situated on German Church Road and with access to Cleveland Redland Bay Road, Redlands Business Park predominately services a Primary Catchment that includes residents of Thornlands, Victoria Point, Redland Bay, Mount Cotton and the Southern Redland Bay Islands."

The map below depicts the three key catchments that make up the Redland LGA, including the Redland Catchment (Primary Catchment) in Red, the Cleveland Catchment in Yellow and the Capalaba Catchment in Green. Throughout this report, a range of demographic, economic and other general market trends will be examined in relation to these catchments.

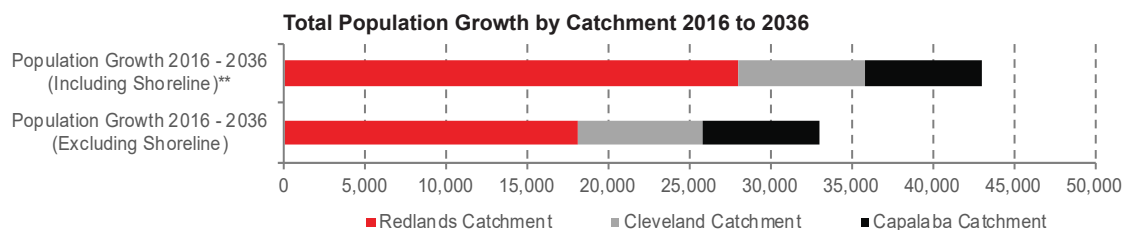
Redlands Business Park Location and Primary Catchment Map



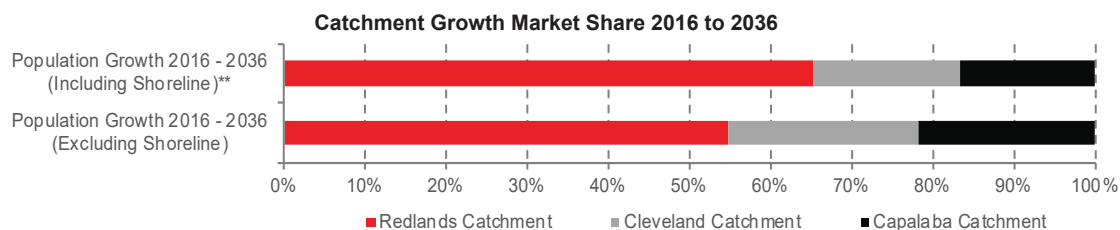
Source: Google Earth and The NPR Co.

KEY CONSIDERATIONS FOR LOCAL BUSINESSES

- Redlands Business Park is strategically located half way between the Gold Coast and Brisbane, near the junction of two of Redlands main thoroughfares, German Church Road and Cleveland Redland Bay Road.
- The Redlands Business Park is the only project that services the Primary Catchment of Thornlands SA2, Victoria Point SA2, Redland Bay SA2, the south-eastern pocket of Sheldon – Mount Cotton SA2 and the southern Bay Islands (part of Redland Islands SA2).
- Between 2005 and 2015, the Primary Catchment* area's total population increased by 33% or 11,396 people, outperforming the rate of growth observed within broader Redland LGA and the state of Queensland as a whole, each of which achieved a 17% and 22% increase in total population during the same period.
- Looking forward, the Redlands Catchment is expected to outgrow the two neighbouring centres by a considerable margin as can be seen in the charts below.



- The QGSO projections alone forecast an increase of approximately 18,066 people by 2036, equating to growth of approximately 30.4%. When combining the potential 10,000 residents expected through the development of the Shoreline project, this growth rate increases to 47.2%.



- In terms of total population growth for the Redlands LGA (the combination of the three catchments above), the Redlands Catchment is expected to record the highest percentage of total growth in both scenarios. Overall, the Redlands Catchment is expected to make up between 55% and 65% of the LGA's population growth across the two forecasts above.
- As at 2036 the Redlands Catchment is expected to host a total population of between 77,488 and 87,488 ahead of both the Cleveland and Capalaba Catchments with 43,791 and 63,713 residents respectively.
- Based on the conservative assumption that persons per household statistics were to remain constant, current population growth projections will create demand for an additional 7,432 residential dwellings to be built within the Primary Catchment by 2036.
- The region's most valuable industries of employment include: Construction (12.6%), Health Care & Social Assistance (11.8%) and Retail Trade (11.5%).
- From the first quarter of 2011 and the first quarter of 2016, the Primary Catchment's Unemployment Rate has fallen from 4.7% to 4.2%, achieving an average quarterly unemployment rate of 4.3%, well below the Queensland average.
- Increased residential development activity has virtually tripled the average number of building approvals recorded locally, from an average of 12 per month between June 2011 and July 2013, to 30 per month ever since.
- Between 2009 and 2015, the share of local businesses turning over less than \$50,000 per annum declined by 16.2%, while the share of businesses turning over \$200,000 or more increased by 15.4%.
- Approximately 49.6% of local households earn \$1,500 per week or more, well above the South East Queensland average of 44.2%. Further solidifying the Primary Catchment's status as an affluent region is the incredible fact that approximately 12.2% of local households are shown to have been earning \$3,000 or more during the 2011 Census.

*Due to data limitations, the Primary Catchment population figures are restricted to residents of Victoria Point SA2, Thornlands SA2 & Redland Bay SA2 only. If relevant segments of Sheldon - Mt Cotton SA2 and Redland Islands SA2 were able to be accounted for, total population growth numbers would be even greater.

** The Population Growth Rate (Including Shoreline) adopts the assumption that an additional 10,000 residents will move to the Redlands catchment as a result of the development of the Shoreline project. This is in addition to the population growth forecast by the Queensland Government Statistician's Office and as a result, should be viewed as an upside projection.

CENTRE OVERVIEW



"REDLANDS BUSINESS PARK IS A FULLY INTEGRATED INDUSTRIAL OFFERING IN ONE OF SOUTH EAST QUEENSLAND'S FASTEST GROWING REGIONS"



The Redlands Business Park will have a total size of approximately 228,000m² upon completion. At present Stages 1 and 2 are completed which encompassed 101,000m² of saleable land. The facility is currently home to over 40 industrial and service based businesses, with the completed park expected to provide employment for over 2,000 people.

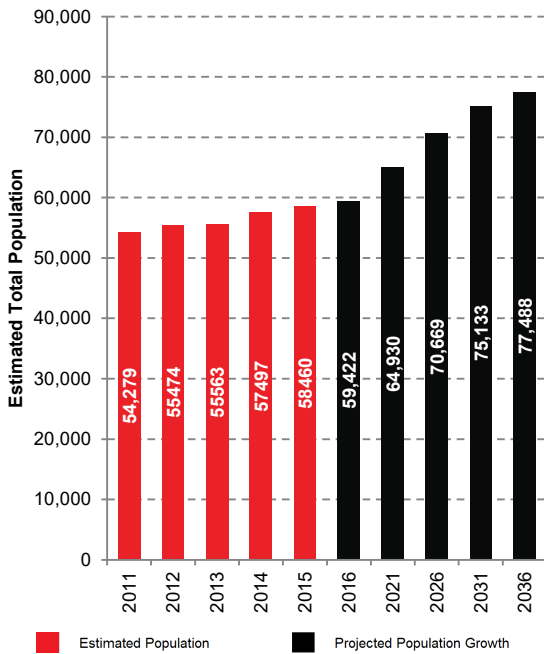
The development has 9 hectares of rehabilitated fauna habitat, through the addition of over 105,000 trees since the project's commencement. Furthermore, two fauna underpasses were constructed as part of the development along with more than a kilometre of fauna fencing to help protect local wildlife.

The park is currently serviced by universal storm water treatment equipment, cleaning the water to a high standard and leaving it cleaner than when it flowed into the park. The property is also a fully secure estate featuring full lockdown at night, on site security and CCTV coverage. Body corporate services include a common board room and concierge services for tenant's use.

ECONOMIC DRIVERS

POPULATION GROWTH

Primary Catchment* Recorded & Projected Population Growth



Source: ABS and The NPR Co.
*Primary Catchment Population projections assume that relevant parts of the Sheldon - Mt Cotton SA2 & Redland Islands SA2 are to retain their current share of total population moving forward.

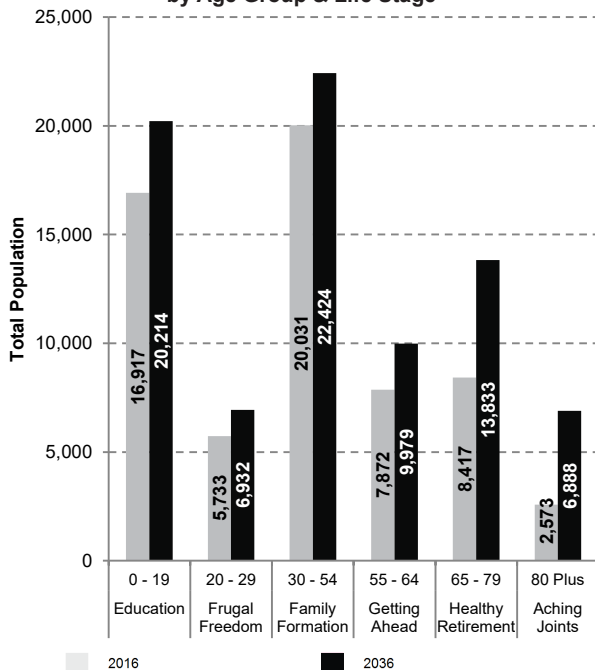
The growth in population achieved within the Primary Catchment area has occurred at a much greater pace than the general market trend over the past ten years.

"Between 2005 and 2015, the Primary Catchment* area's total population increased by 33% or 11,396 people, outperforming the rate of growth observed within broader Redland LGA and the state of Queensland as a whole, each of which achieved a 17% and 22% increase in total population during the same period."

The above-trend population growth realized throughout the Primary Catchment region has been supported by considerable residential development activity in recent years. Importantly, as we look towards the future, the bulk of Redland's future land supply is concentrated within the Primary Catchment, bolstered by the 4,000 plus tenements earmarked for the Shoreline master planned community which is expected to launch in the first quarter of 2018.

As stated previously, future population growth within the Primary Catchment will continue to outperform broader Redland LGA. The Primary Catchment's total population is expected to increase by 30% between 2016 and 2036, from 59,422 to 77,488 people, whilst Redland LGA's population is expected to grow by a lesser 22%. On the back of this growth, it's predicted that by 2036, approximately 42% of Redland LGA's total population will reside within the Redlands Business Park's Primary Catchment area (up from 38% in 2011).

Primary Catchment* Population Projections by Age Group & Life Stage



Source: ABS and The NPR Co.
*Primary Catchment Population projections assume that relevant parts of the Sheldon - Mt Cotton SA2 & Redland Islands SA2 are to retain their current share of total population moving forward.

"Furthermore, based on the conservative assumption that persons per household statistics were to remain stagnant, this growth in population will create demand for an additional 7,432 residential dwellings to be built within in the primary catchment by 2036."

The heightened growth predicted for the Healthy Retirement and the Education life stage will create opportunities for new retail offerings to target and service these sectors directly. Growth in the Education life stage will create stronger demand for children and teenage specialty stores, whilst changes to the Healthy Retirement sector will increase the ever-present need for healthcare services and suitable, aged friendly entertainment outlets..

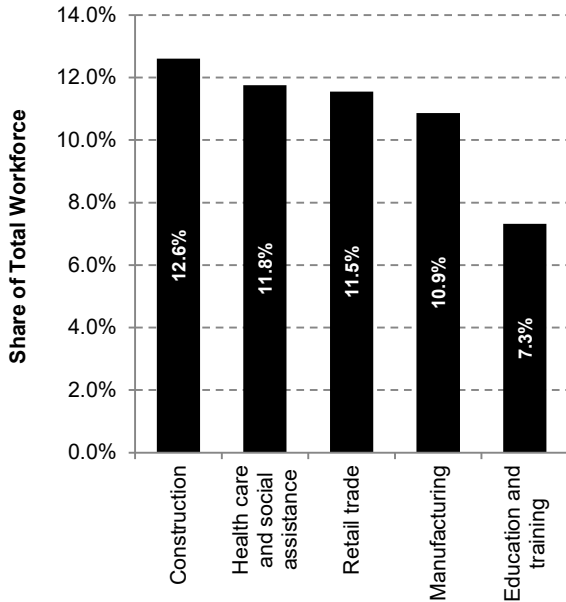
Those aged within these two life stages are expected to make up a combined, 53% of the local population by 2036. In combination, these two cohorts are incredibly important to the local business sector, as they represent a period of time where household consumption and expenditure reaches peak levels.

*Due to data limitations, the Primary Catchment population figures are restricted to residents of Victoria Point SA2, Thornlands SA2 & Redland Bay SA2 only. If relevant segments of Sheldon - Mt Cotton SA2 and Redland Islands SA2 were able to be accounted for, total population growth numbers would be even greater.

INDUSTRY & OCCUPATION OF EMPLOYMENT

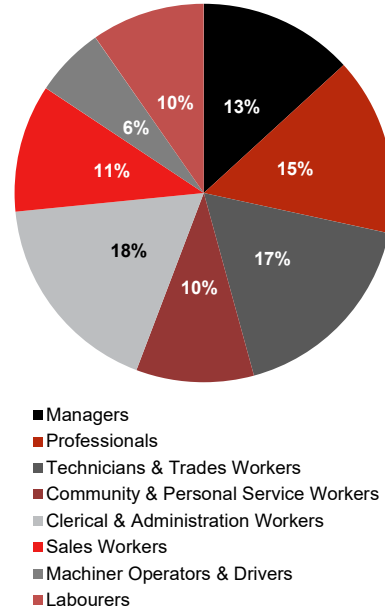
The two charts below depict both the top five Industries of Employment (left) and a breakdown of Occupations of Employment (right) throughout the Primary Catchment region, as at the 2011 ABS Census.

Primary Catchment* Top Five Industries of Employment



Source: ABS and The NPR Co.
*Due to the inability to isolate the data for relevant parts of Sheldon – Mount Cotton SA2 & Redland Islands SA2, the Primary Catchment data above relates only to residents of Thornlands SA2, Victoria Point SA2 and Redland Bay SA2.

Primary Catchment* Occupations of Employment



Source: ABS and The NPR Co.
*Due to the inability to isolate the data for relevant parts of Sheldon – Mount Cotton SA2 & Redland Islands SA2, the Primary Catchment data above relates only to residents of Thornlands SA2, Victoria Point SA2 and Redland Bay SA2.

The Primary Catchment's top 5 industries of employment reflect a healthy, diverse mix of white and blue collar industries.

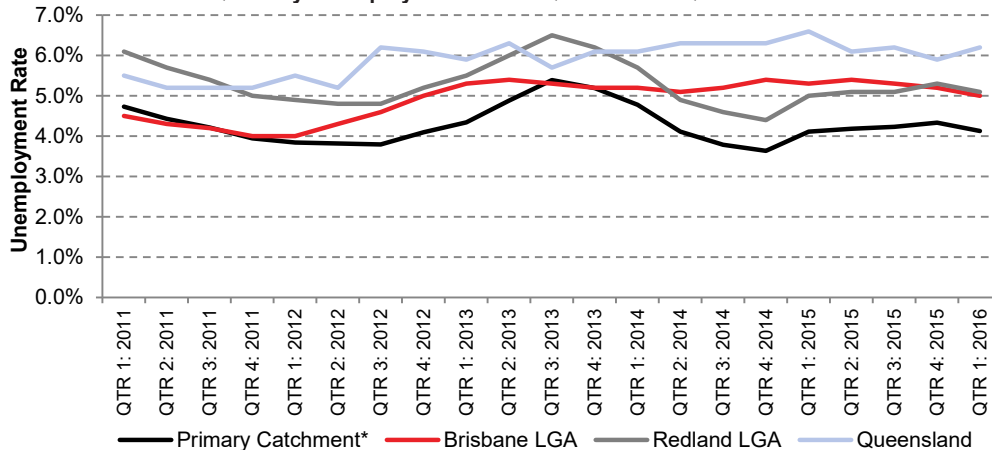
"The region's most valuable industries of employment include: Construction (12.6%), Health Care & Social Assistance (11.8%) and Retail Trade (11.5%)."

Rounding out the top five industries of employment are Manufacturing (10.9%) and Education & Training (7.3%). The chart on the right demonstrates that the local economy is serviced by highly skilled employees, with close to half (46%) of the local workforce employed in a Managerial, Professional or Technician/Trade role.

Both of the charts above depict a local economy generally supported by skilled employees across a diverse range of industries. These characteristics reflect a mature, diverse economy resilient against unfavourable changes in the economic landscape, with a lack of reliance on any one particular industry.

UNEMPLOYMENT RATES

Quarterly Unemployment Rates: QTR 1 2011 – QTR 1 2016



Source: ABS and The NPR Co.
*Due to the inability to isolate the data for relevant parts of Sheldon – Mount Cotton SA2 & Redland Islands SA2, the Primary Catchment data above relates only to residents of Thornlands SA2, Victoria Point SA2 and Redland Bay SA2.

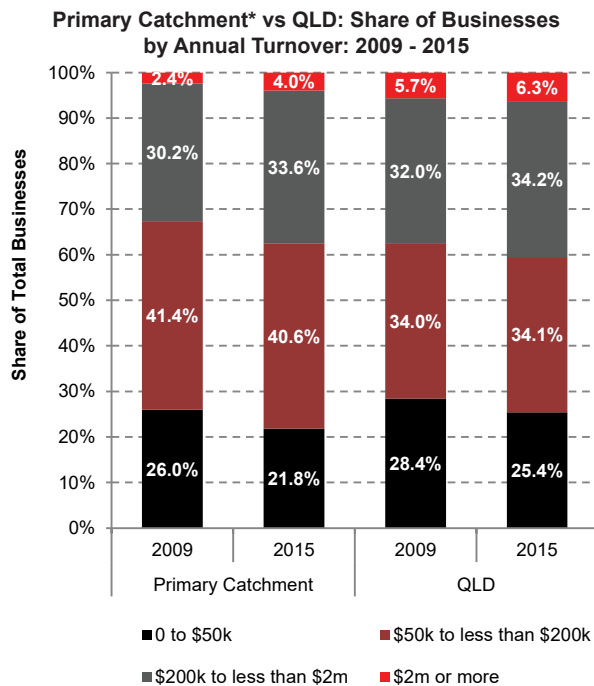
"Unemployment rates throughout the Primary Catchment region have outperformed Redland LGA, Brisbane LGA and Queensland, since the start of 2011."

"From the first quarter of 2011 and the first quarter of 2016, the Primary Catchment's Unemployment Rate has fallen from 4.7% to 4.2%, achieving an average quarterly unemployment rate of 4.3%."

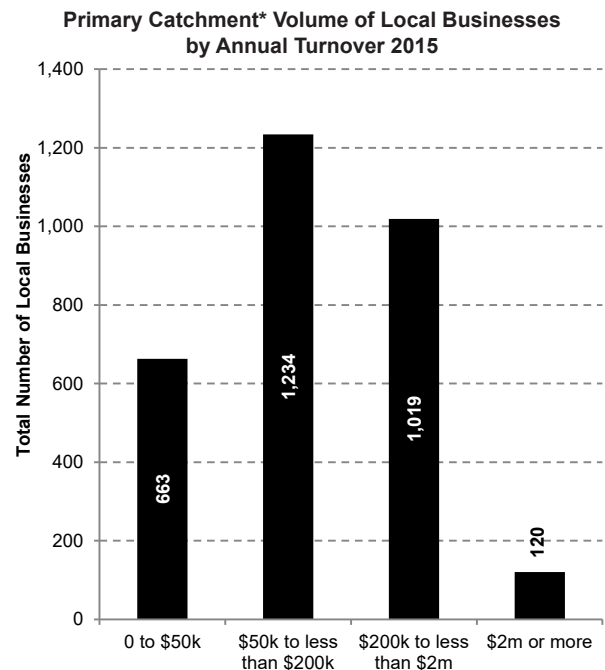
An unemployment rate of 5% is commonly regarded as being in a healthy state of full employment. Level of employment should not only be regarded as a key indicator of health in the local workforce, but should also be recognised as a major driver of growth and prosperity in the local business sector.

LOCAL BUSINESS TURNOVER

Keeping focus on local business confidence, the charts below depict the change in market share of local and state-wide businesses by annual turnover between 2009 and 2015 (left) and the total number of local businesses by annual turnover in 2015 alone.



Source: ABS and The NPR Co.
*Due to the inability to isolate the data for relevant parts of Sheldon - Mount Cotton SA2 & Redland Islands SA2, the Primary Catchment data above relates only to residents of Thornlands SA2, Victoria Point SA2 and Redland Bay SA2.



Source: ABS and The NPR Co.
*Due to the inability to isolate the data for relevant parts of Sheldon - Mount Cotton SA2 & Redland Islands SA2, the Primary Catchment data above relates only to residents of Thornlands SA2, Victoria Point SA2 and Redland Bay SA2.

The chart on the right provides a breakdown of total businesses by annual turnover as at the most recent recording period, June 2015. Overall, there were 3,036 businesses registered throughout the Primary Catchment region in June 2015, led by those turning over \$50,000 to \$199,999 (1,234).

Moreover, the chart on the left offers encouraging signs for the prosperity of local businesses through the decline in prevalence of lower turnover rates in favour of higher turnover rates. Between 2009 and 2015, the share of local businesses turning over less than \$50,000 per annum declined from 26.0% to 21.8%, whilst those turning over \$200,000 or more increased their presence from a 32.6% share in 2009 to a 37.6% share in 2015.

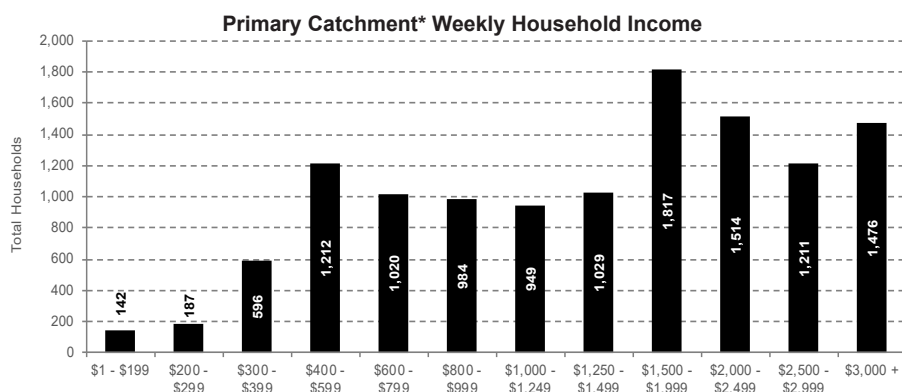
Shifts in local business turnovers have outperformed trends observed throughout the state of Queensland, particularly at the higher end. The share of businesses turning over \$200,000 to \$2 Million in the Primary Catchment grew by 11.3% (from 30.2% to 33.6%) between 2009 and 2015; well ahead of the 6.8% growth achieved state-wide (32.0% to 34.2%).

"Meanwhile, the portion of local businesses turning over \$2 Million or more increased by 66.7% (from 2.4% - 4.0%) between 2009 and 2015, above the 10.5% increases recorded throughout QLD as a whole (5.7% - 6.3%)."

Whilst increased turnover does not directly equate to increased profit, the notable shift towards higher turnover rates observed in conjunction with the abovementioned healthy levels of unemployment provides confidence for local business owners.

WEEKLY HOUSEHOLD INCOME

The following graph portrays weekly household income by total number of households throughout the Primary Catchment region, as at the 2011 ABS Census date. The weekly household income chart is favourably skewed to the right, with 49.6% of the 12,137 households depicted earning \$1,500 or more per week during the 2011 Census period. These figures carry a lot more weight when you compare the Primary Catchment to South East Queensland, where just 44.2% of households earn \$1,500 or more per week.



Source: ABS and The NPR Co.
*Due to the inability to isolate the data for relevant parts of Sheldon – Mount Cotton SA2 & Redland Islands SA2, the Primary Catchment data above relates only to residents of Thornlands SA2, Victoria Point SA2 and Redland Bay SA2.

"Further solidifying the Primary Catchment's status as an affluent region is the fact approximately 12.2% of local households are shown to have been earning \$3,000 or more during the 2011 Census."

Whilst high weekly household incomes often result in greater disposable incomes, it's important that household incomes are observed in relation to housing costs before any major conclusions are to be made.

HOUSEHOLD AFFORDABILITY

Housing affordability has a considerable flow-on effect throughout the business sector, with housing costs typically taking priority over other discretionary spends. Once the cost of servicing weekly mortgage or rental repayments commands 30% or more of weekly household incomes, housing costs are deemed unaffordable.

This section of the report will compare housing affordability within three of the Primary Catchment's key suburbs of Victoria Point, Thornlands and Redland Bay. Housing affordability calculations will be examined for locals entering the rental market and locals looking to purchase their own house with a mortgage. All calculations are based on weighted median weekly incomes and the cost associated with either meeting the current median rental rate or servicing debt on the current median house price.

Owned with a Mortgage				
Location	Weighted Average Median Household Income (Weekly)	1H 2016 Median House Price	Weekly Mortgage Repayments (10% deposit & 4.52% Interest)	Housing Share of Income
Redland Bay SA2	\$2,393	\$520,000	\$595	25%
Victoria Point SA2	\$2,270	\$506,500	\$579	26%
Thornlands SA2	\$2,530	\$568,000	\$650	26%

*Adjusted based on quarterly changes to the Wage Price Index out to June 2016
Source: ABS, PriceFinder & The NPR Co.

The table above suggests that housing costs are comfortably affordable within all three of the Primary Catchment's host suburbs, with weekly mortgage repayments commanding less than 30% of weekly household incomes. Whilst Redland Bay is shown to be the most affordable market with a housing share of income of 24.9%, there is little that separates the three key suburbs.

Furthermore, the table below suggests that those looking to enter the rental market will find themselves in a very similar position, with median weekly rental rates accounting for less than 30% of rental household incomes across all three suburbs. Again, Redland Bay offers the most affordable rental destination with a rental share of income of 23.6%, followed by Victoria Point (25.3%) and Thornlands (25.4%).

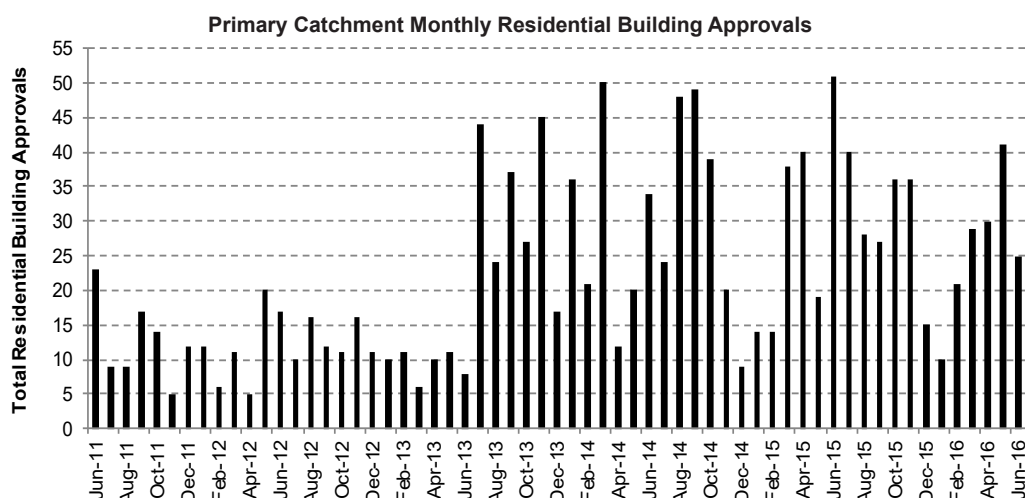
Rented				
Location	Weighted Average Median Household Income (Weekly)	Rent Range for 3 - 4 Bed Houses	3 Bed Weekly Rent (Dec 2015)	Rental Share of Income
Redland Bay SA2	\$1,675	\$340 - \$470	\$395	24%
Victoria Point SA2	\$1,560	\$340 - \$470	\$395	25%
Thornlands SA2	\$1,654	N/A - \$485	\$420	25%

*Adjusted based on quarterly changes to the Wage Price Index out to June 2016
Source: RTA, PriceFinder & The NPR Co.

Local businesses will be a key beneficiary whilst housing costs remain comfortably below the 30% affordability threshold. An affordable residential markets generally inspires consumer confidence, with people naturally more willing and able to spend on discretionary items when they are less concerned with being able to cover weekly housing costs. Whilst the state of the market is obviously subject to change, the fact that housing costs generally sit at 25% of household income provides a reasonable buffer against increased prices or tightening economic conditions.

BUILDING APPROVALS & LOCAL PROJECTS

The chart below provides the total number of residential building approvals recorded throughout the Primary Catchment region per month, between June 2011 and June 2016.



Source: ABS and The NPR Co.
*Due to the inability to isolate the data for relevant parts of Sheldon – Mount Cotton SA2 & Redland Islands SA2, the Primary Catchment data above relates only to residents of Thornlands SA2, Victoria Point SA2 and Redland Bay SA2.

Over the past five years there has been an average of approximately 22 residential building approvals per month recorded throughout the entire Primary Catchment region. More recently through, from around mid-2013 onwards, building approvals have improved considerably, on the back of a wave of new residential development activity, mainly centred within Thornlands and Redland Bay.

"Increased residential development activity has virtually tripled the average number of building approvals, from an average of 12/month between June 2011 and July 2013, to 30/month."

Although building approvals do not equate directly to building commencements, the recent sustained increase in approvals suggests that development activity has been much more prevalent over the past few years, with signs of more to come in the short term. Given that the leading industry of employment for the Primary Catchment region is Construction, increased development activity will continue to support employment growth and economic health throughout the Primary Catchment. Most importantly though, residential approvals is a lead indicator of forthcoming population growth, which provides greater demand for all business sectors, creating opportunities for expansion of established businesses or new arrivals altogether.

Current New Residential Supply Summary				
Project	Distance From Redlands Business Park	Total Lots	Total Lots Sold*	Total Lots Remaining
Ellabay	4.0 km	84	0	84
Highview Park	4.1 km	78	58	20
Pyrus Green	4.1 km	15	15	0
Parkedge	4.3 km	135	83	52
Vanstone Rise	4.4 km	52	49	3
Seascape	5.2 km	187	0	187
The Rise @ Thornlands	5.9 km	156	0	156
Affinity	6.0 km	86	0	86
Esperance	6.6 km	244	139	105
Waterline	6.7 km	227	116	111
Brookvale	7.1 km	19	0	19
Majestic on King	8.5 km	83	32	51
Thornland Waters	9.4 km	27	15	12
Total		1,393	507	886

*Based on settled sales only, prior to approximately July 2016 due to an approximate 3-month lag in the database.
Source: PriceFinder and The NPR Co.

The table above provides a brief overview of the current state of the new residential supply pipeline, covering each of the major projects that are currently underway throughout the Primary Catchment region. As is shown, there are approximately 886 lots left in the balance of the 13 listed, active development projects.

"Based on current person per dwelling figures throughout the Primary Catchment, these 886 remaining lots can be expected to house approximately 2,618 new residents upon completion."

LOCAL INFRASTRUCTURE & MAJOR PROJECTS

The following section of the report will analyse the significant economic drivers and major projects, in regard to the Redland Business Park, paying particular attention to the Primary Catchment area. These projects are expected to provide a significant number of jobs within the region as well as creating a series of positive multipliers such as demand for trades and industrial supplies as well as ongoing works post completion. Overall, it is expected that these projects will have a positive effect on local businesses within the area.

VICTORIA POINT CENTRAL BUS STATION

Artist's Impression of the Victoria Point Central Bus Station



Source: Translink

Plans for the proposed Victoria Point central bus station were released in August 2016, with the proposed station expected to be located between Bunker Road and Cleveland-Redland Bay Road. The interchange will be directly opposite the Victoria Point Lakeside Shopping centre and is expected to provide a significant accessibility boost to the area.

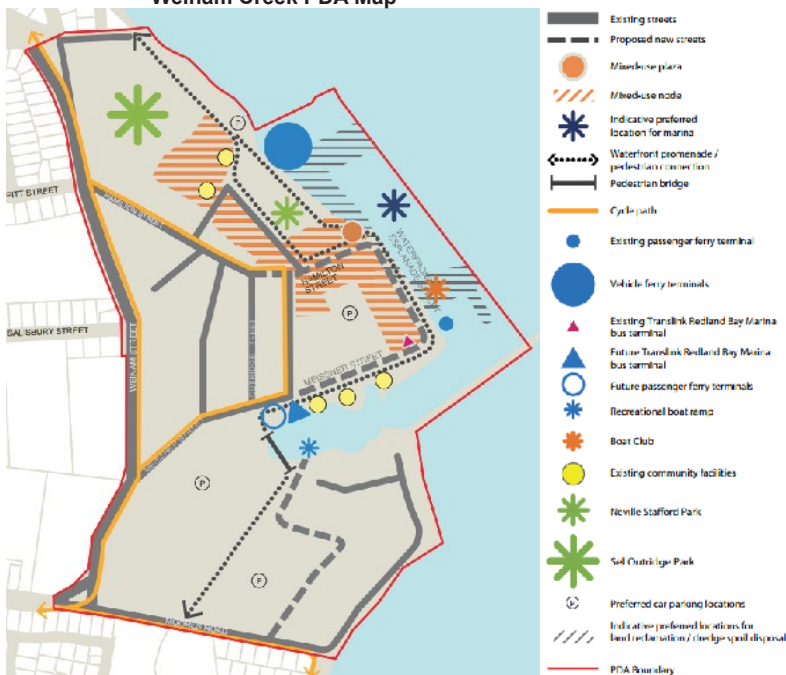
Access to each platform will be via existing pedestrian crossings at Bunker Road or the shopping centre access roads. The station will include capacity for six buses and will have improved lighting and security cameras with 24-hour video recording. The final design of the upgraded station is due in late 2016. Construction is expected to start in mid-2017, funding permitting.

Additional features of the new proposed station include:

- Sheltered bus platforms and waiting area,
- Sheltered bus platforms & waiting area,
- Go card top-up facilities,
- Bicycle storage facilities and
- Bus driver facilities.

WEINAM CREEK FERRY & PRIORITY DEVELOPMENT AREA

Weinam Creek PDA Map



Source: Economic Development Queensland

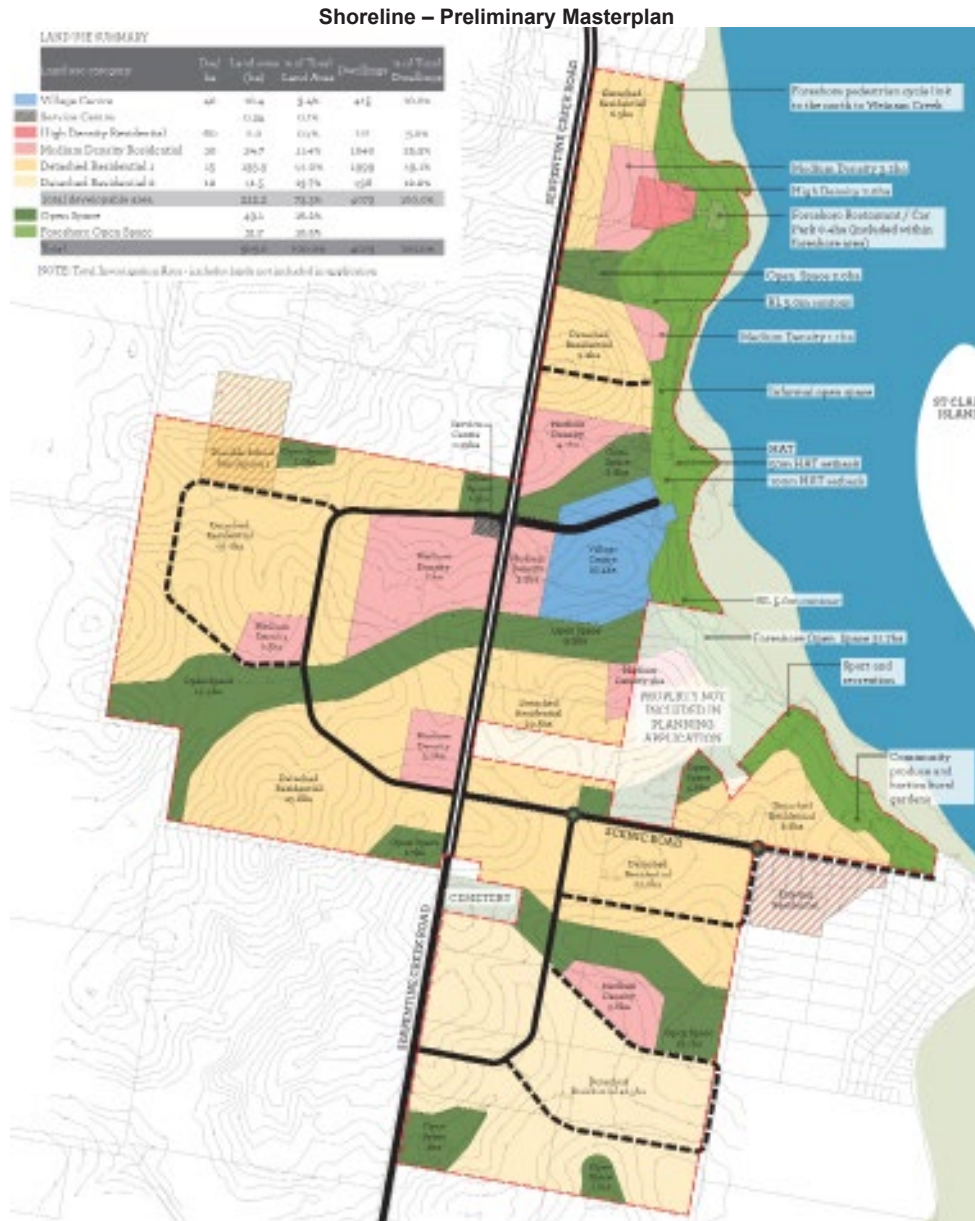
The \$5 million bus station and transport hub at the Redland Bay ferry terminal is expected to be completed by December 2016 after being granted approval in late 2014. The new precinct will include a landscaped public plaza, go card top-up facilities, bicycle storage, lighting, security cameras, bus layover bays and two shops.

The land was declared a Priority Development Area by the Queensland Government in 2012, bringing its development into the spotlight.

The ferry terminal within the precinct gives surrounding island residents direct access to the mainland and its amenity. The redevelopment represents a positive step in improving connectivity within the region by reinforcing existing transport routes that are essential for island living. A more seamless transition between the mainland and Redlands Islands will strengthen the catchment region for Redlands Business Park through improved commuter access.

SHORELINE

The Shoreline development is an urban village with Council and State approval for approximately 4,000 homes, shops, restaurants and a new foreshore precinct. The project is to be built on a mostly vacant, 310-hectare site, along the Redland Bay coastline.



The \$2.5 Billion development is expected to cater to both the ageing population as well as address housing options for young and emerging families. The result is will be a high quality residential offering close proximity to natural and manmade amenity.

Shoreline will activate the area's foreshore by providing walking and cycle paths, sporting fields, community facilities and restaurants, all by the bay. It will provide much needed educational and medical facilities for the surrounding area. Conservation is also a key outcome of the proposal with the development expected to create four wildlife corridors linking bushland and surrounding floral as well as including safe road passages for animals.

Shoreline is the embodiment of the 30 minute city where all facilities, employment, education, services and activities are within a short distance of the project's town centre. Quite simply, Shoreline will represent one of the biggest economic and social drivers for the broader Redland LGA, through its potential impact on population growth, increased private investment, improved market confidence and a vast array of other associated flow on effects for the local community and its businesses. Importantly, Redlands Business Park is located less than five kilometres from the Shoreline site and will certainly become one of the first points of call for future Shoreline residents, providing a sizeable boost for business patronage in years to come.

The National Property Research Co.

307 Queen Street, Brisbane 4000 QLD
www.nprco.com.au
(07) 3229 0111

BE IN THE KNOW

Matthew Gross

Managing Director
mgross@nprco.com.au

Tom Stock

Property Economist
tstock@nprco.com.au

Tasman Nealon

Property Economist
tnealon@nprco.com.au

This Research Report of National Property Research Pty Ltd is issued on the basis that it is only for the information of **Fox and Bell Group** and that it is not a valuation. This report may not be reproduced, distributed or published without the written permission of National Property Research Pty Ltd. Any recommendations contained herein are subject to the property market at the time of writing the report and as such are conditional. They must not be relied upon without specific advice from an Analyst of National Property Research Pty Ltd as to the appropriateness of the intended action. Past performance of property is no guarantee of future performance. Given that some of the material conveyed in this report is from speaking with Agents, Operators and other persons in positions of trust, National Property Research has endeavoured to ensure that all information is true and accurate. National Property Research reserves the right to amend the report should new information become available.