

# Why Invest in West End

February 2007

**Area Characteristics** West End is one of Brisbane's most strategically located suburbs, situated conveniently over the Brisbane River from the Central Business District. The West End area has long held a unique bohemian character which is now very much in vogue and attracting people looking for an appealing, alternative near city lifestyle. The lively atmosphere that is currently experienced along Boundary Street is something that could be considered totally unique in Brisbane. As can be seen from the map on the last page of this report, a variety of social, retail, educational and business amenity lies at West End's doorstep which in turn drive a very healthy property market.

A variety of major infrastructure improvements have been proposed for the West End area, mostly stemming from the West End – Woolloongabba Local Plan and the City Centre Master Plan. The most significant proposals include:

- The provision for a new CityCat stop along Riverside Drive making the CBD and University of Queensland more accessible.
- The Hale Street Bridge linking to Cordelia Street that will improve transport links with the Northern Suburbs and Airport.
- The pedestrian bridge linking the Millennium Arts precinct with Tank Street making the CBD more accessible for pedestrians and cyclists.
- The implementation of the West End Riverside Parks Master Plan that will improve facilities, aesthetics and public amenity in Davies Park and the green strip separating Riverside Drive and the Brisbane River.
- The planned extension of the traditional CBD into South Brisbane by reserving Victoria Street Bridge for pedestrians and calmed traffic only. The bridge would also link the Melbourne Street Boulevard with the CBD through a public plaza.

In addition, the suburb has recently come under the spotlight of the Urban Renewal Task Force, the same Council led team responsible for the rejuvenation of some of Brisbane's most popular inner city locations including New Farm/Tenerife, Fortitude Valley and Bulimba. West End's urban renewal has already seen many of the riverside industrial land uses replaced with high quality residential developments and this process is ongoing. West End's remaining industry and warehousing provides ample opportunities to further develop the areas residential capabilities, especially since the Urban Renewal Task Force does not support the expansion of industrial land uses within the area. Montague Road is a prime example, as the area in the future will accommodate medium to high density residential development, moderate retail and commercial buildings, quality streetscapes and improvements to the riverside parklands.

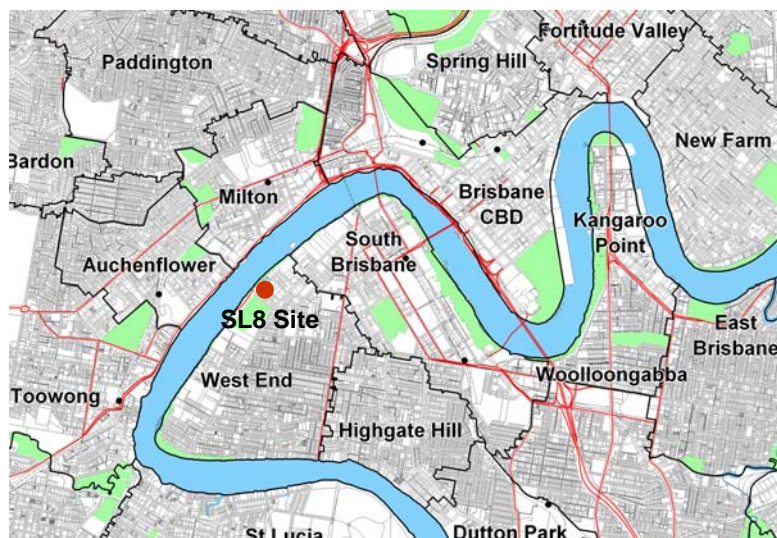
## Population growth

The population of West End as at June 2005, was just over 6,000 residents and the growth rate over the last five years has been quite moderate. With new town planning in place and the industrial land uses progressively being converted to high quality residential, the population of the West End area is projected to undergo strong growth over the coming years. The West End population projection graph to the right highlights this trend: over the next 15 years it is anticipated that the population of West End will grow at an annual rate of 2.6 per cent or approximately 337 residents. Five years from now the population is projected to reach just over 10,000 residents. This projected rate of increase is the highest for Brisbane's inner city area. With strong population growth comes high levels of demand for housing which may continue to see the West End real estate market perform well.

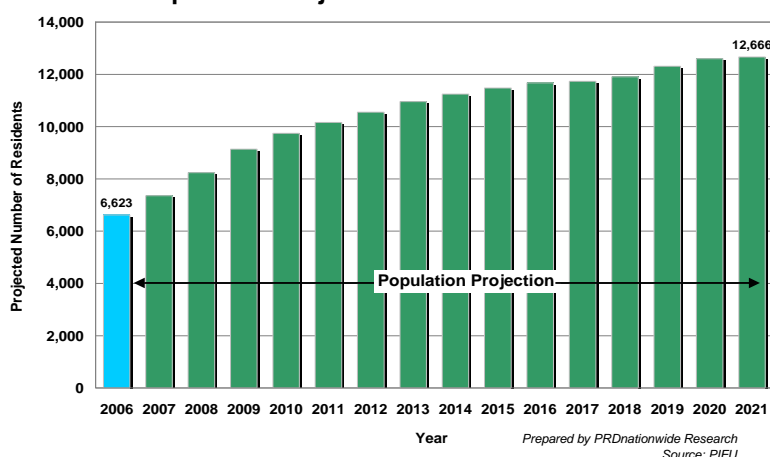
## Demographics

The age distribution for the area (see graph to right) shows fewer children and fewer seniors than the Brisbane average and a bias towards the young adult age groups. Twenty to thirty-four year olds comprise a significantly higher proportion of the West End population compared to the broader Brisbane average. This fifteen year age category makes up 35% of the West End population compared to the Brisbane average of 25%. Twenty to twenty-four year olds are the most populous at 13.1%. These young adult age groups are attracted to West End for the proximity of several universities, the major working nodes surrounding the area (in particular the CBD and Mater Hospital), and of course the vibrancy and social opportunities the West End area provides.

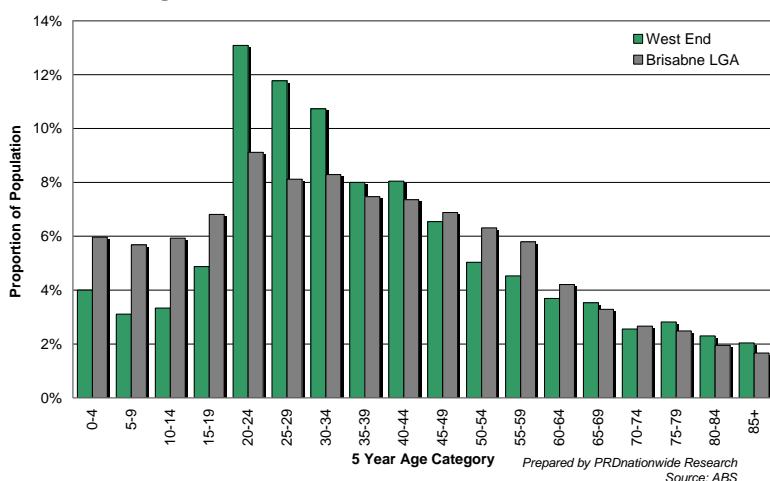
The most recent demographic information for West End shows a higher than average proportion of renters in the area with 57% of all dwellings being rented (compared to the Brisbane average of 34%). The large rental population is supported by a high proportion of group households and single person households and lower proportions of family households.



West End Population Projections



West End Age Distribution



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**Unit Market**

The West End unit sales cycle graph to the right indicates the sales and median unit price over the last 10 years on a half yearly basis. Sales activity in the West End market has been trending upwards since reaching a recent low during the Sep-04 half year. At the end of Sep-06 the median unit price was \$314,000 based on 35 sales. This median considers all apartment settlements ranging from bottom end unit stock to prestige new apartment developments along the river. The median unit price trend line reflects the range of unit stock in the West End market which creates a somewhat erratic trend line. Based on the September quarter results of the PRDnationwide Quarterly Unit Report, the weighted average sale price for new units within the 'Brisbane South' precinct (which includes unit projects located in West End, South Brisbane and Woollongabba) was just over \$560,000.

Settled new unit stock such as Leftbank (Buchanan Street) and the Regatta Apartments (Duncan Street), have set new pricing benchmarks for West End with several \$million plus sales transacted. As more premium apartment stock is introduced to the market we expect the premium price points to become more evident on the sales cycle graph.

In order to gauge the capital growth evident in the West End market place, a resale analysis has been conducted. A resale analysis identifies individual sales transactions for units at West End and calculates the capital growth between each sale. The graph below right shows the median capital growth rates for unit resales by year for West End and Brisbane's inner city. Over the last ten years, capital growth at West End has outperformed the inner city average every year apart from 1999 when the growth rates were equal. The last three years have seen the median capital growth figure at West End range from 9.7% during 2003 to 8.6% during 2005. These growth figures are well in excess of the Inner City average and highlight the health of the West End investment market.

**Unit Rental Market and Vacancy Rates**

Like most of Brisbane's inner city rental markets, the West End rental market is exceptionally tight. The median weekly rental rate for two bedroom units now exceeds the weekly rental rate for three bedroom houses. The graph below right shows the median weekly rental rate trend for three bedroom houses and two bedroom units over the last ten years. Growth in rental rates, particularly units, has been exceptionally strong over the last eighteen months.

- One bedroom units median weekly rents increased by 12.5 per cent over the year from \$200/week to \$225/week.
- Two bedroom units median weekly rents have increased the most, recording an increase by 26.7 per cent over the year from \$300/week to 380/week.
- Median three bedroom unit rents have seen the lowest increase over the last 12 months with an increase of 11.1 per cent, with rents increasing to \$500/week from \$450/week.

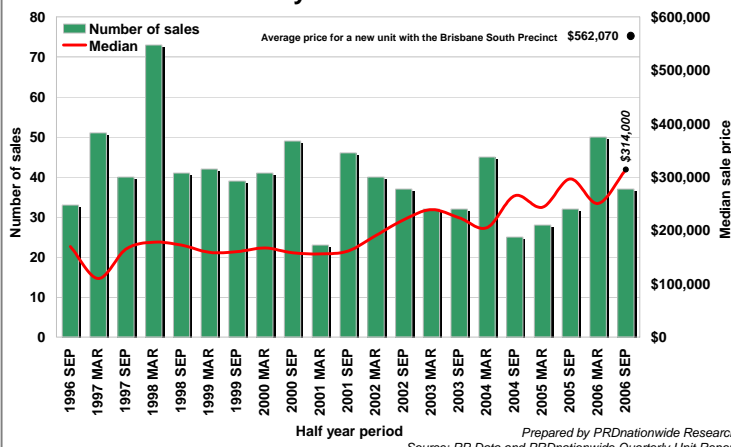
Note that these rental rates are the median rate for all units rented during the December quarter of 2006. New unit rents typically range between 15% - 30% higher than these rates.

Vacancy rates for inner Brisbane have fallen to 2.0% during the December quarter of 2006 (see graph bottom right). Quality rental stock is in high demand and much of West End's unit market is geared towards the young adult age groups discussed on the previous page. With white collar employment showing consist increases and the introduction of further retail, social and transport amenity into West End, we expect the rental market to remain healthy.

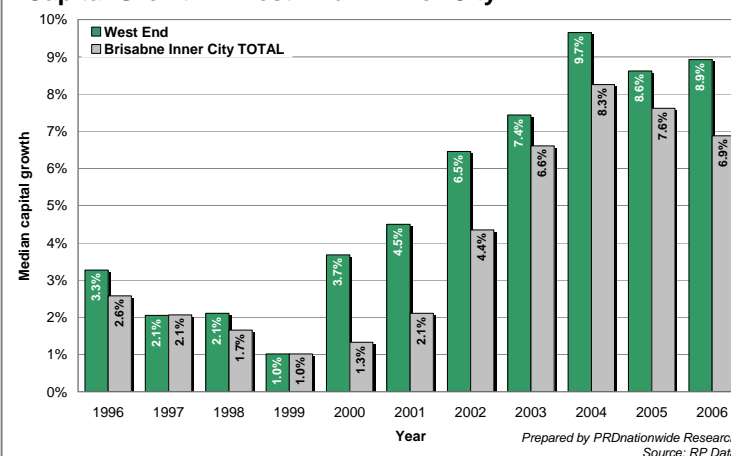
**Summary – why invest in West End?**

- Strategically located suburb with a rich diversity of amenity including restaurants, cafes, bars and shopping.
- Within close proximity to major Brisbane attractions and facilities including the Millennium Arts precinct, Cultural Centre, South Bank, the Convention Centre, the Queen Street Mall, Griffith University and the South Bank Institute of Technology.
- Significant infrastructure spending is taking place to enhance pedestrian, cycle and vehicular flows between West End and other areas of the city.
- Ongoing urban renewal and town planning changes have created a very livable vision for West End.
- Population growth for the area is projected to outpace the greater Brisbane area, providing ongoing demand for housing in the area.
- The demographics of the area provide a proven rental market supported by the areas proximity to major working and education nodes.
- Median unit prices and market activity are trending upwards.
- Capital growth based on resales has historically outperformed the broader Inner Brisbane market. Median growth rates have ranged from 8.6% to 9.7% over the last three years.
- The rental market is showing consistent rises in rental rates.
- Vacancy rates for inner city unit stock are at historic lows of just 2.0%

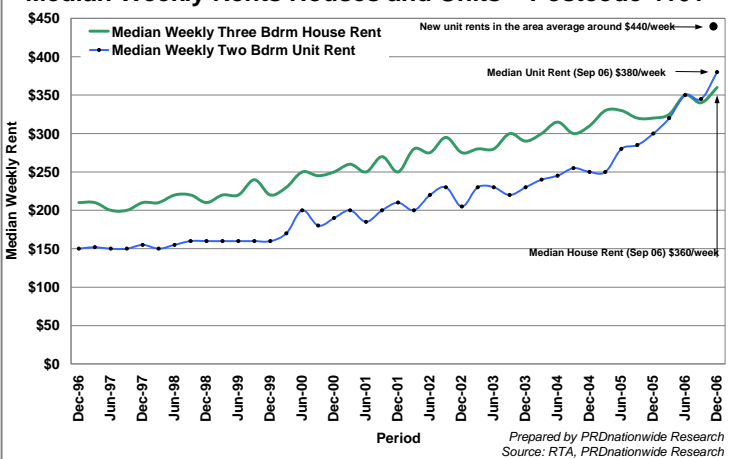
**West End Unit Sales Cycle**



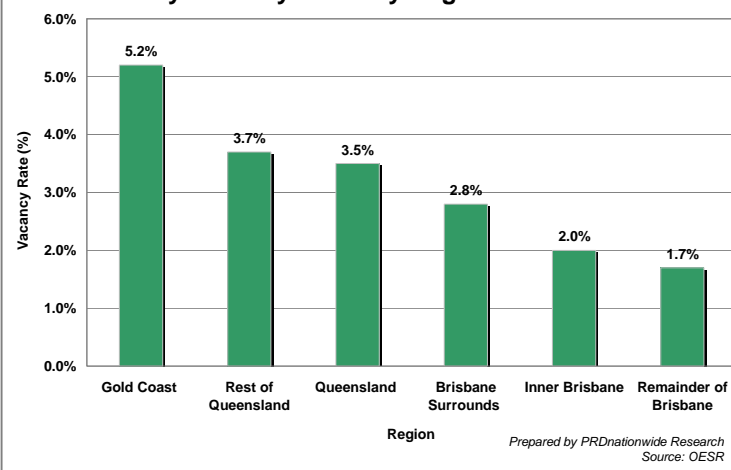
**Capital Growth – West End v. Inner City**



**Median Weekly Rents Houses and Units – Postcode 4101**

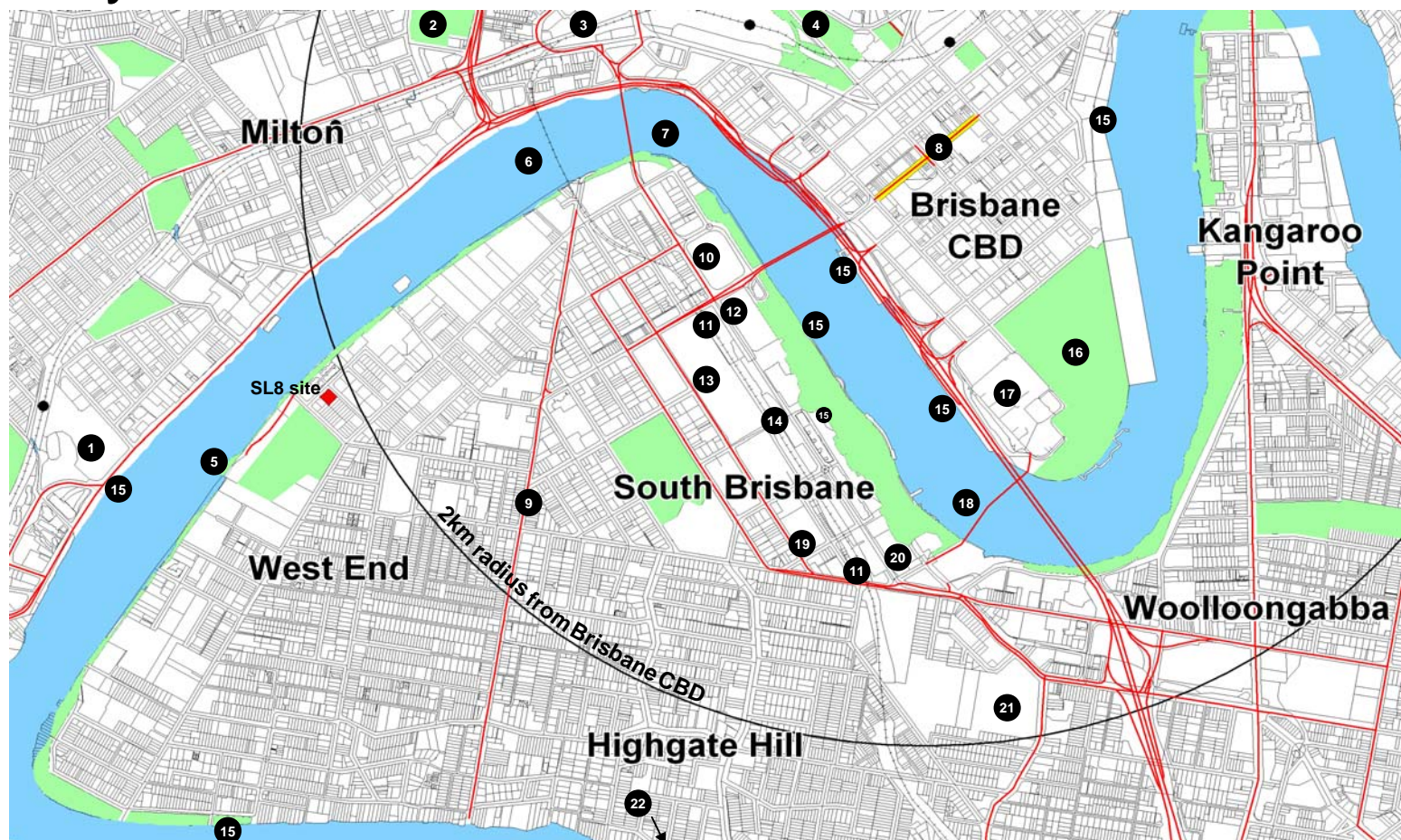


**Multi Density Vacancy Rates by Region**



# Why Invest in West End

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- 1 The Wesley Hospital employs over 1,900 full and part time and casual staff, and serves more than 75,000 people each year.
- 2 Suncorp Stadium, 52,500 seat stadium home to local and international rugby league, rugby union, football and outdoor concerts
- 3 Petrie Terrace Barracks \$120 million re-development including commercial office space, supermarket, cinemas, specialty retail and restaurants as well as a proposed pedestrian bridge linking Suncorp Stadium with the CBD
- 4 Roma Street Parklands, the worlds largest urban subtropical garden
- 5 Potential City Cat site – a new City Cat terminal has been proposed for West End, although the location and status of this project is still unconfirmed.
- 6 Proposed Hale Street Link forming part of Brisbane's TransApex infrastructure upgrades. The bridge will link South Brisbane to Milton and provide a convenient transport link to the Northern Suburbs and airport.
- 7 Proposed pedestrian bridge linking the Millennium Arts precinct with Tank Street and the North Quarter development of the Brisbane CBD.
- 8 Queen Street Mall, Brisbane's main retail precinct including the Myer Centre, Queens Plaza, Broadway, the Wintergarden and a variety of boutique retail outlets. The mall is soon to be extended to the Brisbane River.
- 9 Boundary Street, an eclectic mix of retail, cafes, restaurants and coffee shops
- 10 Millennium Arts Precinct including the recently re-developed Gallery of Modern Art (the largest modern art gallery in Australia), the State Library and Queensland Museum
- 11 Train stations (South Bank and South Brisbane)
- 12 Queensland Performing Arts Centre, the states premier live performances venue featuring musicals, world class opera, dance, orchestral performances, plays and more.
- 13 Brisbane Convention and Exhibition Centre which is officially ranked among the leading convention centres in the world.
- 14 South Bank Parklands featuring a man-made sandy beach as well as a bustling retail and office strip, cinemas, myriad of restaurants, parkland and bbq facilities
- 15 Existing City Cat terminals providing high speed ferry services around Brisbane. Currently the closest terminals to the SL8 site are located at Hoogley Street West End and South Bank.
- 16 City Botanic Gardens – approximately 20 hectares of landscaped gardens with special features of cycads, palms, figs and bamboo. The Gardens are adjacent to QUT and Parliament house also feature a river stage for concert events.
- 17 Queensland University of Technology (QUT), one of Australia's largest universities with 40,000+ enrolled students.
- 18 Goodwill Bridge – a pedestrian bridge linking South Brisbane with QUT, the Botanic Gardens and City River Walk.
- 19 South Bank Institute of Technology – Queensland's leading Institute of TAFE with more than 27,000 students and currently undergoing a \$550 million redevelopment project to be completed during 2008.
- 20 Griffith University South Bank Campuses which includes the Queensland College of Art and the Queensland Conservatorium
- 21 Mater Public and Private Hospital's employing over 4,000 people
- 22 Eleanor Schonell Bridge – a bus and pedestrian bridge linking Dutton Park with the University of Queensland