



APPENDIX I

Forecast of Land Value Escalation – Queensland January 2012



Forecast of Land Value Escalation - Queensland

Prepared for Powerlink

January 2012

Our Report has been prepared for Powerlink for the particular purpose of establishing a forecast of land value escalations for use in Powerlink's Revenue Proposal. As such we approve that our report will be specifically provided only to the Australian Energy Regulator (AER), including its consultants, for its review and consideration. We acknowledge that the report will be posted on the AER website and therefore will be in the public domain.

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Peter Hyland; Ivan Hill
Consultant	Paul Riga, Scott Hinds
Job Code	BPE 0408
Report Number	1

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1 Summary

1.1 STUDY APPROACH

Powerlink have requested that Urbis undertake an historical assessment of land values (residential, rural and industrial) in several key Queensland regions, including: South East Queensland; South Queensland; Central Queensland; and North Queensland. Urbis has also been requested to generate estimates of future land value growth escalations in these regions.

Our forecasts have been prepared using trend analysis and identifying the relationships between economic demand drivers, land supply variables, population levels and historical land values. The identified relationships support our view on potential future growth in land values in the aforementioned regions.

Urbis has undertaken an assessment of the historical values for undeveloped, large-scale land parcels (greater than 3 hectares) in the regions identified in Section 2.1. Section 3 contains the historical values for each of these study areas, broken down into the aforementioned residential, rural and industrial land types.

Additionally, within section 2 Urbis has forecast potential future growth in escalation factors over the period 2011/12 to 2016/2017. For these forecasts and as requested by the client, residential and industrial land have been combined to form the *Urban* sector, whilst *Rural* remains separate. Historic land value activity from section 3, specifically median land value growth factors have been referenced in the forecast escalation factors, whilst average annual growth factors have been taken into account within our qualitative assessment.

Our approach is detailed more thoroughly on page 4 of this report.

Disclaimer

Urbis has been employed by Powerlink to undertake an Assessment of Future Land Values, with subsequent update reports occurring throughout the course of the past twelve months. No pre-existing relationship between Urbis and Powerlink existed prior to this.

- This Report has been prepared for the sole use by Powerlink and is not to be utilised or relied upon by any other party.
- The value analysis contained in this Report does not form the basis for valuation of a single property of any type. The data utilised is aggregated data which is to be used as a trend basis only. Individual properties have individual characteristics which must be considered in any site specific valuation.
- The forecasts provided are based on information available at this point in time. Factors affecting property valuation including market trends, economic conditions, physical and political instability are factors which cannot be controlled or fully previewed. Therefore, these forecasts should be used with due consideration of this and Urbis accepts no responsibility for changes which may occur relevant to these.

This report has been prepared in accordance with the Federal Court of Australia 'Expert Witness' guidelines as published by Chief Justice M.E.J. Black on 5th May 2008.

1.2 SUMMARY OF FINDINGS

The following tables summarise the key findings in terms of forecast escalation factors for the regions and land types through to 2016/2017. The percentage escalations are real (without CPI growth factors included).

The value indicators obviously need to be considered as generic forecasts and the specific nature of individual parcels e.g. size, physical constraints etc. will obviously impact value. The methodology in developing these forecasts can be found in section 2.2.

Table 1 – Urban (Residential and Industrial) Escalation Factor %

Escalation Factor

	Actual 2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
SE Qld	-13%	-3%	0%	5%	10%	15%	15%
South Qld	-26%	5%	12%	12%	10%	10%	5%
Central Qld	-1%	5%	14%	14%	12%	10%	5%
North Qld	7%	7%	12%	12%	10%	7%	5%
Combined Region	-8%	4%	10%	11%	11%	11%	8%

Table 2 – Rural Escalation Factor %

Escalation Factor

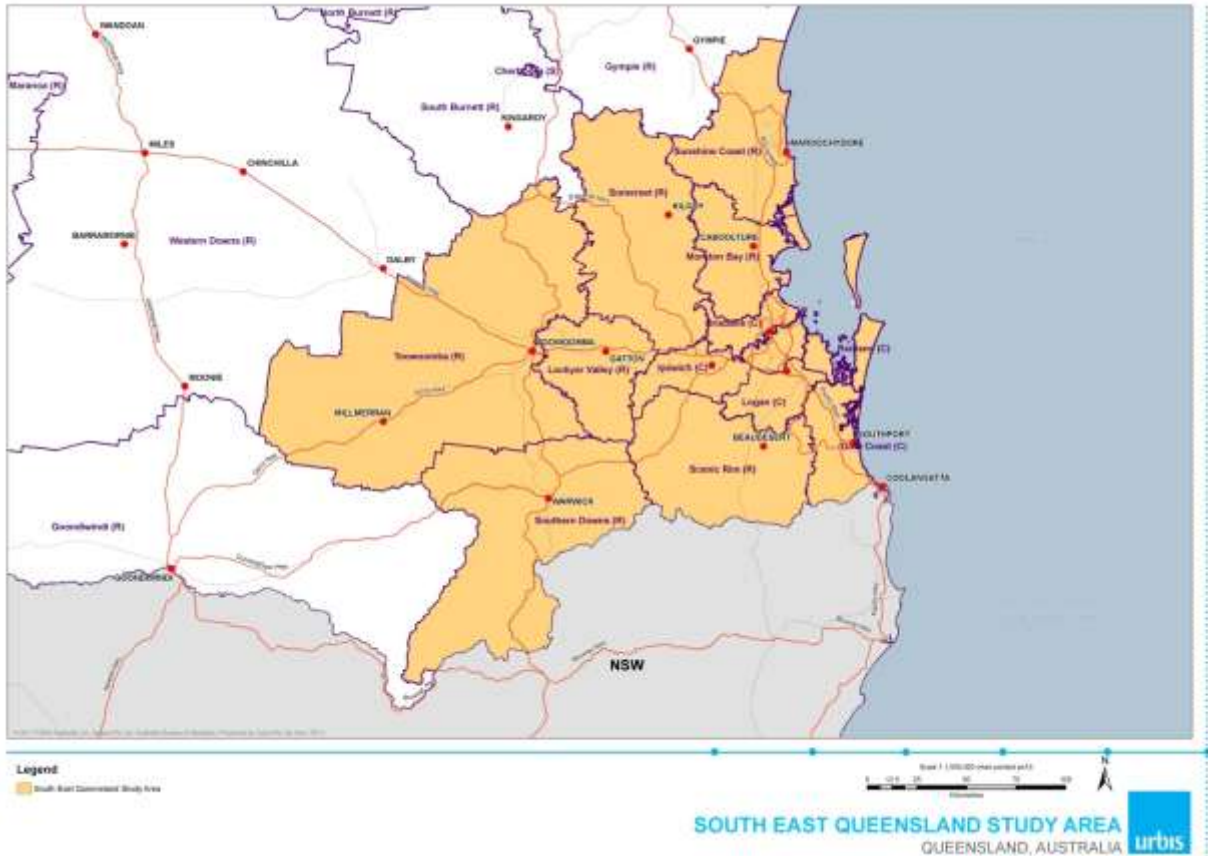
	Actual 2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
SE Qld	-14%	-3%	0%	7%	7%	10%	7%
South Qld	36%	3%	7%	10%	10%	8%	7%
Central Qld	3%	5%	10%	12%	12%	10%	7%
North Qld	-12%	7%	12%	12%	10%	7%	5%
Combined Region	3%	3%	7%	10%	10%	9%	7%

2 Forecast Land Values

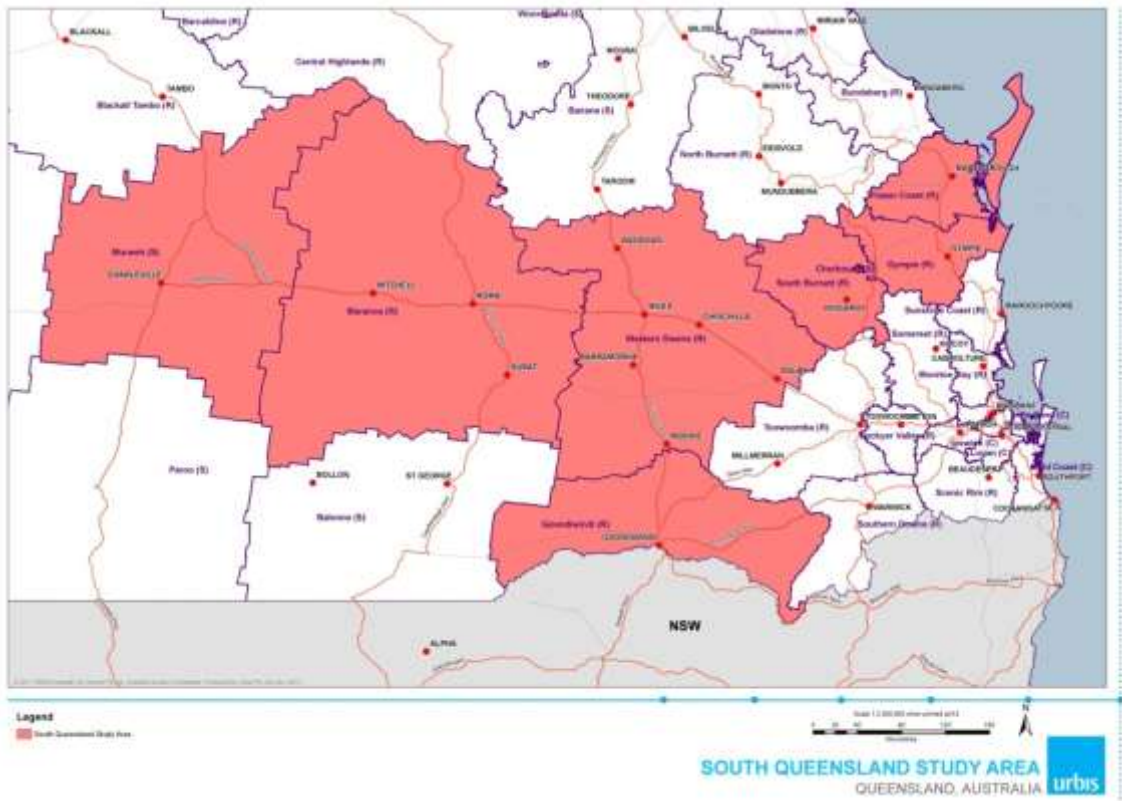
2.1 STUDY AREA

The regions and associated Local Government Areas (LGA) as defined by the Queensland Government which are relevant to this assessment are illustrated in the following maps and provided below:

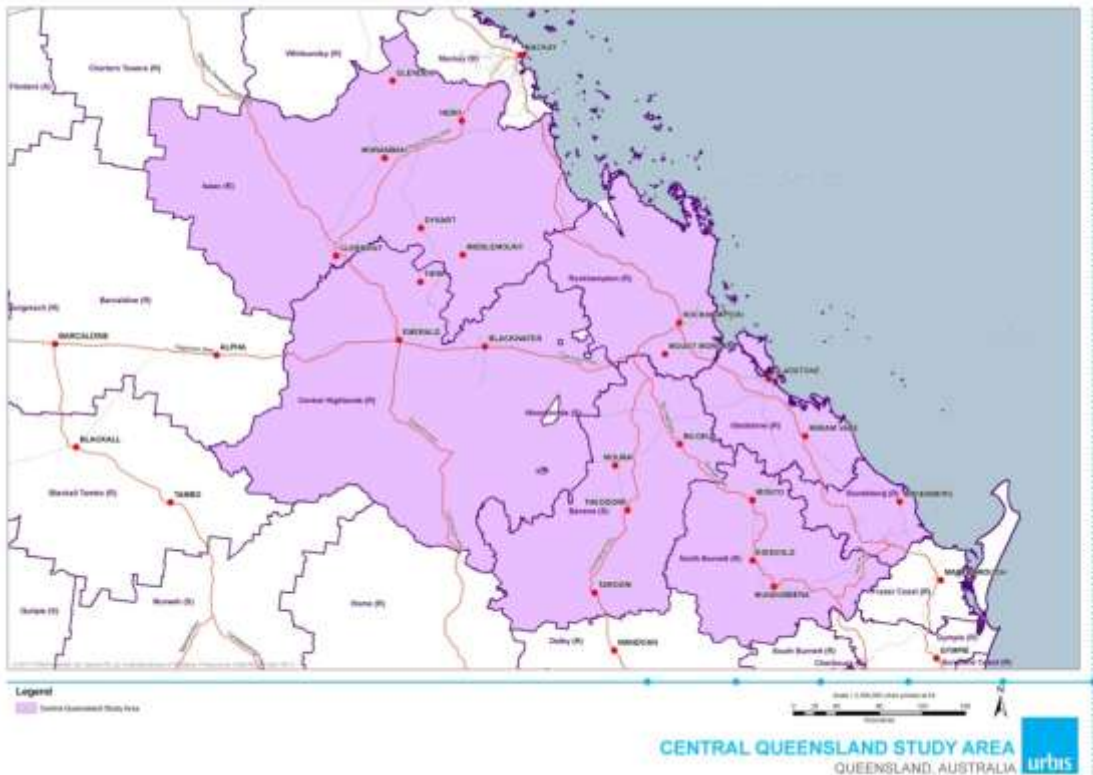
- **South East Queensland:** City of Brisbane; City of Ipswich; Logan City; Moreton Region; Sunshine Coast region; Somerset region; Lockyer Valley region; Scenic Rim, Gold Coast, Redland, Toowoomba region; and Southern Downs region.



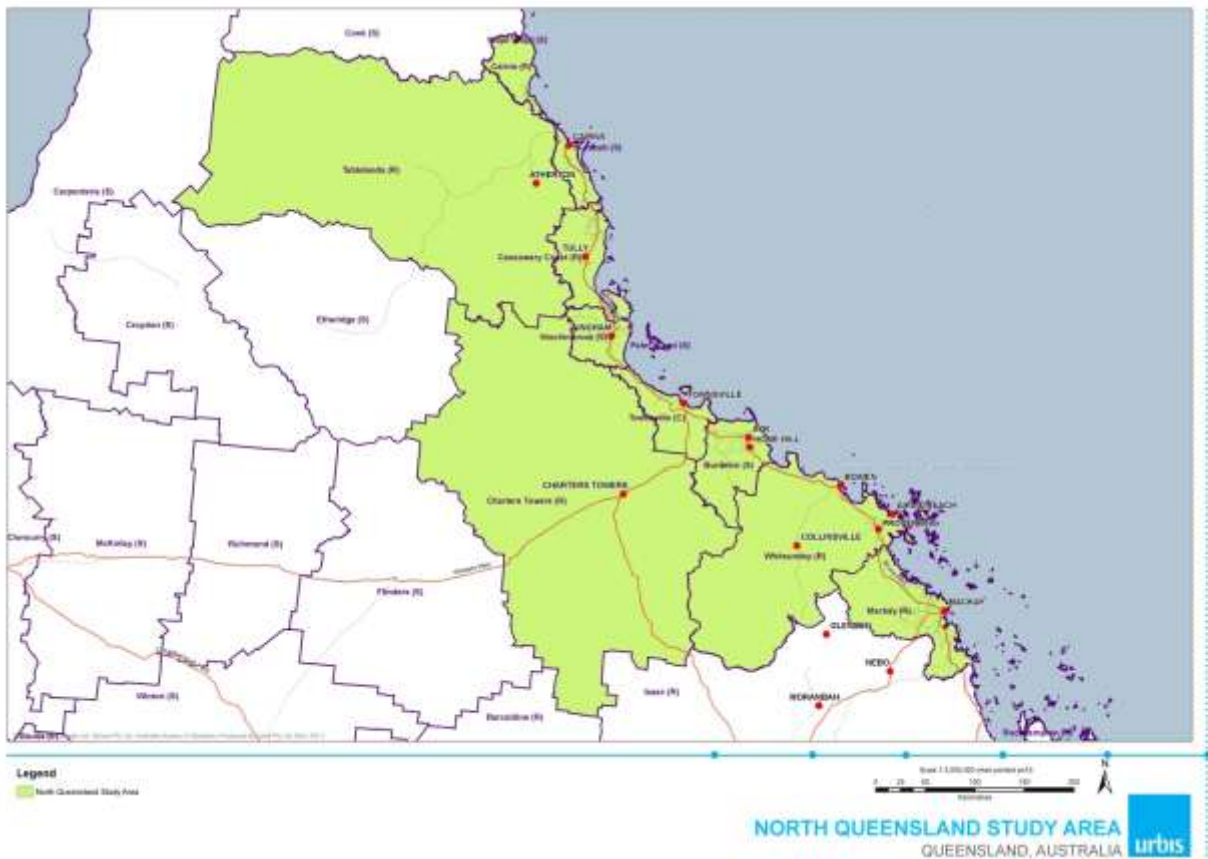
- **South Queensland:** Fraser Coast region; Gympie region; South Burnett region; Shire of Cherbourg; Western Downs region; Maranoa region; Murweh region and Goondiwindi region.



- **Central Queensland:** Isaac region; Rockhampton region; Central Highlands region; Shire of Banana; Gladstone region; North Burnett region, and Bundaberg region.



- **North Queensland:** Cairns region; Tablelands region; Cassowary Coast region; Shire of Hinchinbrook; Charters Towers region; City of Townsville; Burdekin shire; Whitsunday region; and Mackay region.



2.2 METHODOLOGY

Land value growth forecasts for the previously identified regions were generated in a workshop with experts from the Urbis Property Economics team. The projections have been based on a number of quantitative variables for each region such as historical trend analysis and forecast demand drivers, in conjunction with our detailed understanding of the relationships between the real economy, development cycles and the property market.

The major demand drivers for **residential land** include:

- Queensland Gross State Product (Access Economics, Sept 2011 Quarter);
- Regional Population (Office of Economic and Statistical Research);
- Queensland employment (Access Economics, Sept 2011 Quarter).

Planned infrastructure spending is implicitly accounted for in estimates of Gross State Product.

The major drivers for **industrial land** include:

- Queensland Gross State Product (Access Economics, Sept 2011 Quarter);
- Queensland Industrial production (Access Economics, Sept 2011 Quarter);
- Australian mining sector output (Commodity price expectations are implicitly accounted for in the forecasts of mining sector output.)

The major driver for **rural land** is:

Australian farm sector output (Commodity price expectations are implicitly accounted for in the forecasts of Australian farm sector output.) (Access Economics, Sept 2011 Quarter).

Additionally, several other forecast variables were analysed and used to inform our view on future land values. These forecast variables include: Australian coal production; coal prices; Queensland private housing investment; and Queensland average weekly earnings. Only short term forecasts were available for most of these variables, thus they were omitted from the charts presented in this report, but are used to substantiate Urbis' view on potential future growth in land values.

It must be noted that as is the nature of forecasting, the accommodation of a lag factor between variables and forecast escalations are implicit in this assessment. The lag factor has been assessed based on each individual region in relation to demonstrated historic trends.

Land values in Queensland will benefit from robust population growth, substantial levels of infrastructure spending and its strong links to the mining sector, which is expected to outperform in the medium to long term on the back of sustained demand for Australian minerals.

The report includes adjustments in relation to the severe natural disasters recently affecting South East Queensland and large regions of the state, most notably state-wide flooding and Cyclones in Central and North Queensland. The result of these disasters is that uncertainty surrounds economic forecasts (our major demand drivers) for 2010/2011 and 2011/2012, as it is too soon to accurately reflect the total impact. It is noted however that after the 1974 floods experienced in Brisbane, only a small proportion of *Urban* areas were affected and the decline in land values affected these areas for a 12-18 month period. Urbis has applied a similar timeframe to the current forecasts. Essentially however, the longer term periods (from 2012/2013 onwards) have not taken into account the occurrence of natural or man-made disasters which may affect land values.

2.3 SOUTH EAST QUEENSLAND

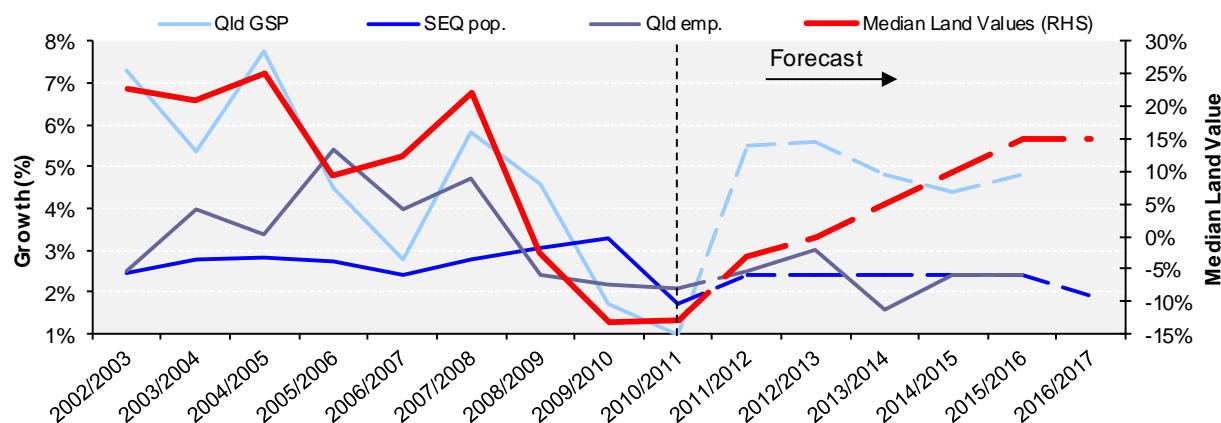
2.3.1 Forecast SEQ Urban land values

Urbis has forecast SEQ Urban land values from 2011/2012 to 2016/2017. These forecasts are presented in Chart 2.1.

Forecasts of South East Queensland Urban Land Values

2011/2012 to 2016/2017

Chart 2.1



Source : ABS, Access Economics; Urbis

Historically, Urban land values in the South East Queensland region have generally tracked the Queensland Gross State Product together with employment and population growth. It is our expectation

that as the Queensland economy returns to growth on the back of the resource sector and the white collar employment created by this sector, Urban land values in the South East will return to growth over medium term before plateauing towards the end of the forecast period.

The key findings from Chart 2.1 include:

- Urbis expects urban land values in SEQ to grow by an average of just over 7% per annum over the forecast period (2011/2012 to 2016/2017).
- Population growth is forecast by Office of Economic and Statistical Research at an average of 2.4% per annum from 2011/2012 to 2015/2016.

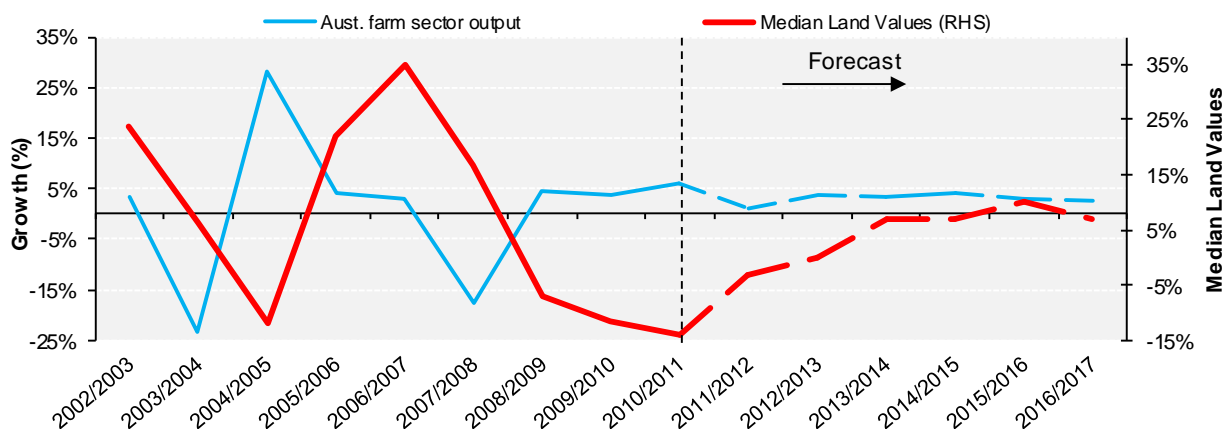
2.3.2 Forecast rural land values

Urbis has forecast SEQ rural land values from 2011/2012 to 2016/2017. These forecasts are illustrated in Chart 2.2.

Forecasts of South East Queensland Rural Land Values

2011/2012 to 2016/2017

Chart 2.2



Source : Access Economics; Urbis

The movement in Rural land values in the South East of Queensland have generally tracked the Australian Farm Sector Output with a lag period of up to 2 years. While the Australian Farm Sector Output has increased from 2007/2008 onwards, Rural land values have continued to fall although it is our expectation that this lag period has been increased due to the January 2011 flooding which impacted large parts of the Lockyer Valley and surrounding areas.

The major points to identify from Chart 2.2 include:

- Urbis expects rural land values in SEQ to grow by an average of just over 5% per annum over the forecast period (2011/2012 to 2016/2017).

2.4 SOUTH QUEENSLAND

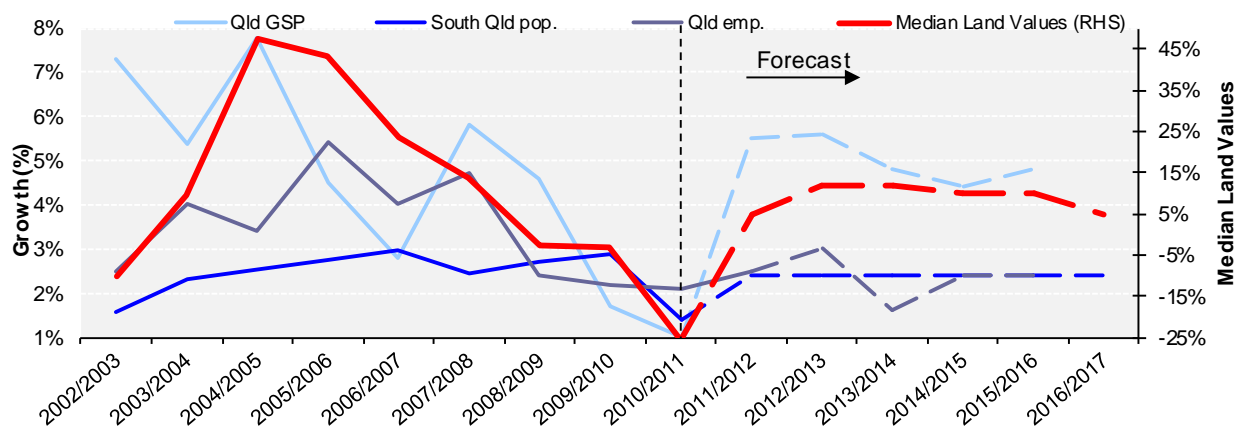
2.4.1 Forecast Urban land values

Urbis has forecast South Queensland Urban land values from 2011/2012 to 2016/2017. These forecasts are illustrated in Chart 2.3.

Forecasts of South Queensland Urban Land Values

2011/2012 to 2016/2017

Chart 2.3



Source : ABS, Access Economics; Urbis

Urban land values in the South Queensland region have generally tracked the movement in the Queensland Gross State Product and Queensland Employment. With the forecast increase in the Queensland Gross State Product and the employment opportunities created through the resource sector, Urban land values in the South Queensland region are expected to increase over the short to medium term before levelling off over the remaining forecast period.

The major points to note from Chart 2.3 include:

- Urbis expects urban land values in South Queensland to grow by an average of just under 9% per annum over the forecast period (2011/2012 to 2016/2017).
- Population growth is forecast at an average of 2.4% per annum from 2011/2012 to 2015/2016 (Office of Economic and Statistical Research).

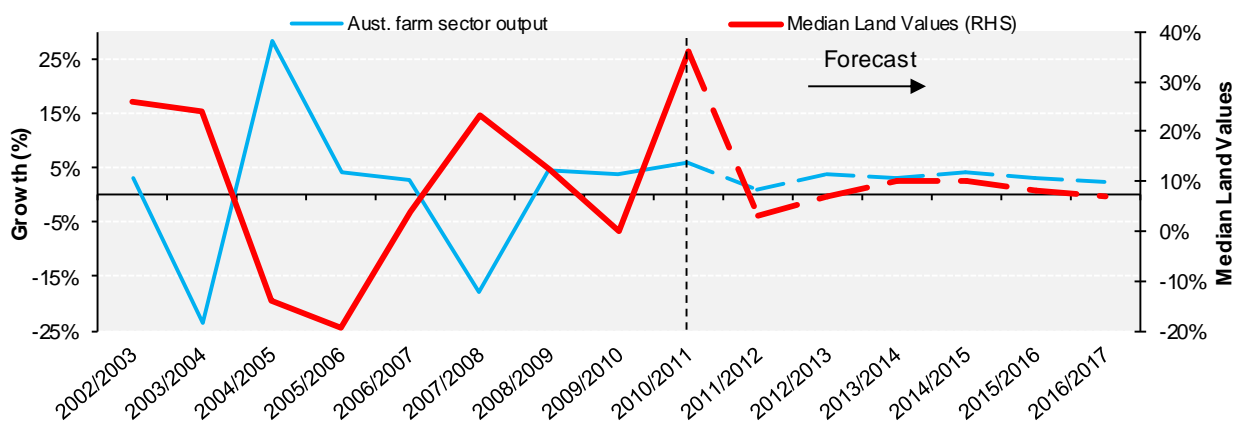
2.4.2 Forecast rural land values

Urbis has forecast South Queensland rural land values from 2011/2012 to 2016/2017. These forecasts are illustrated in Chart 2.4.

Forecasts of South Queensland Rural Land Values

2011/2012 to 2016/2017

Chart 2.4



Source : Access Economics; Urbis

Historically, Rural land values in the South Queensland Region have tracked the Australian Farm Sector Output although movement in prices have lagged by up to 2 years. We note that from 2009/2010, rural

land values have significantly increased while the Australian farm Sector Output has remained fairly static over this period. Demand for rural land during this period has been driven by the coal seam gas sector which has been actively acquiring property for their projects.

The major findings from Chart 2.4 include:

- Urbis expects rural land values in South Queensland to grow by an average of just over 8% per annum over the forecast period (2011/2012 to 2016/2017).

2.5 CENTRAL QUEENSLAND

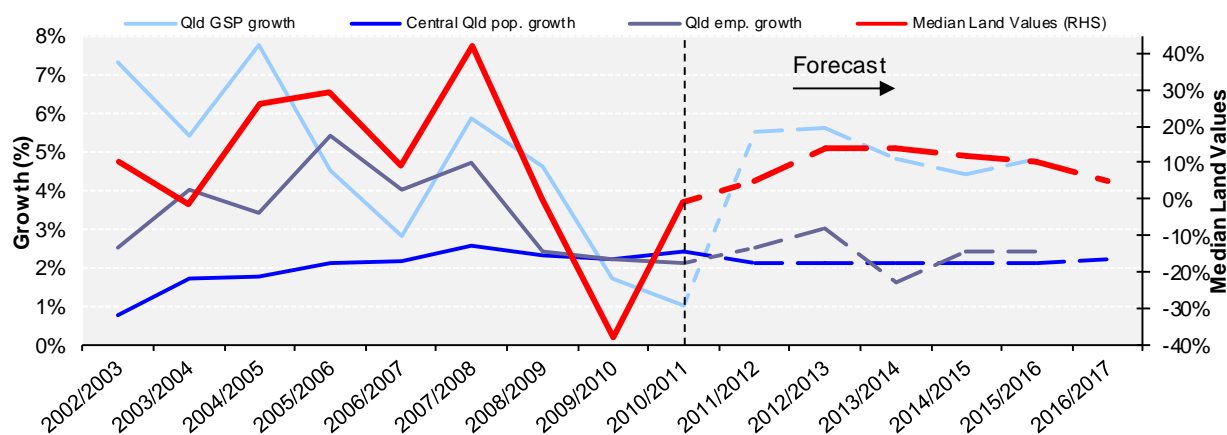
2.5.1 Forecast Urban land values

Urbis has forecast Central Queensland Urban land values from 2011/2012 to 2016/2017. These forecasts are illustrated in Chart 2.5.

Forecasts of Central Queensland Urban Land Values

2011/2012 to 2016/2017

Chart 2.5



Source : ABS, Access Economics; Urbis

Urban Land Values in the Central region have generally tracked Queensland Gross State Product and employment growth. Similarly to the South East and South Queensland regions, increasing activity in the resource sector is expected to drive Urban land values in the Central region. Urban centres like Gladstone, Rockhampton, and Emerald have seen an uplift in land values over recent times and this trend is expected to continue over the short term in line with the expected lift in the Queensland Gross State Product.

The major findings from Chart 2.5 include:

- Urbis expects residential land values in Central Queensland to grow by an average of just under 10% per annum over the forecast period (2011/2012 to 2016/2017).
- Population growth is forecast at an average of 2.1% per annum from 2011/2012 to 2015/2016 (Office of Economic and Statistical Research).

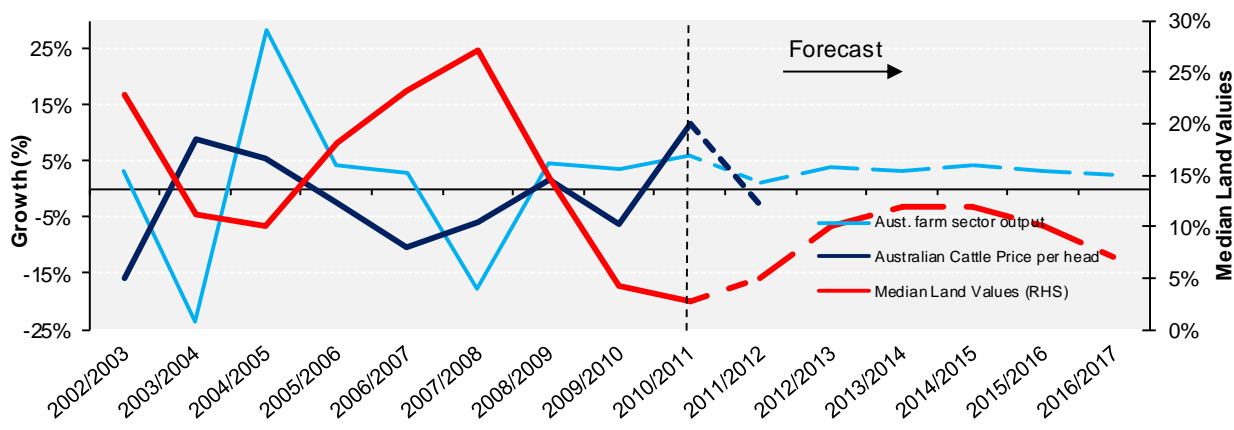
2.5.2 Forecast rural land values

Urbis has forecast Central Queensland rural land values from 2011/2012 to 2016/2017. These forecasts are illustrated in Chart 2.6.

Forecasts of Central Queensland Rural Land Values

2011/2012 to 2016/2017

Chart 2.6



Source : ABS, Access Economics, ABARE; Urbis

As with South Queensland Rural land values, Central Queensland Rural land values have generally tracked the Australian Farm Sector Output and the Australian Cattle Price with a lag period of up to two years. Based on this trend, it is our expectation that Rural land values in Central Queensland will begin to increase over the short to medium term.

As with the South Queensland Region, the increase in Rural land values within the Central region will be supported by the increase in activity from the resource sector with the Bowen basin being located within this region.

Central Queensland Rural land values appear to

The key points to note from Chart 2.6 include:

- Urbis expects rural land values in Central Queensland to grow by an average of around 9% per annum over the forecast period (2011/2012 to 2016/2017).

2.6 NORTH QUEENSLAND

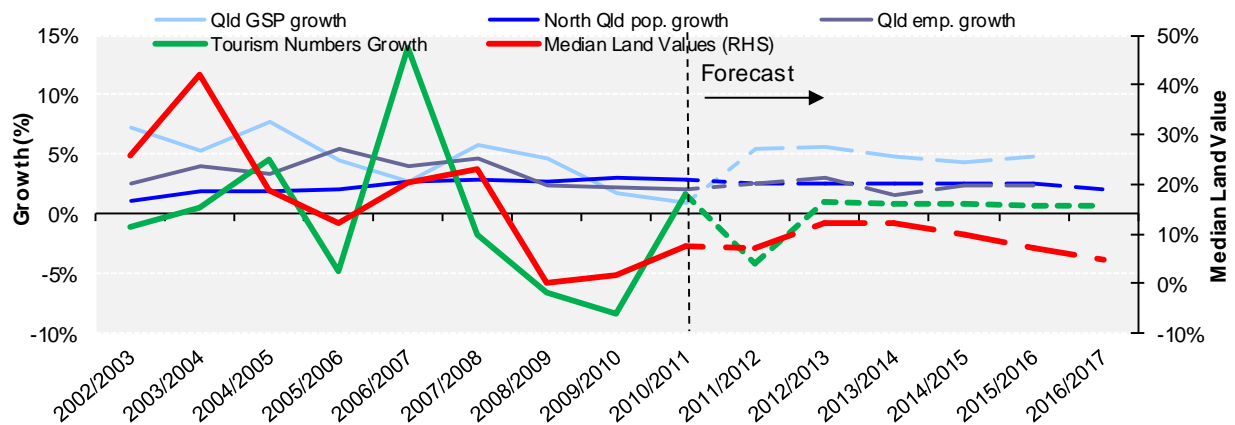
2.6.1 Forecast Urban land values

Urbis has forecast North Queensland Urban land values from 2011/2012 to 2016/2017. These forecasts are illustrated in Chart 2.7.

Forecasts of North Queensland Urban Land Values

2011/2012 to 2016/2017

Chart 2.7



Source : ABS, Access Economics, Tourism Queensland; Urbis

Historically, Urban land values in the North Queensland region have been influenced by tourism with major centres such as Cairns and Airlie Beach dependant on this industry. There is also a correlation between the movement in the Queensland Gross State Product and the Median land value. With a greater emphasis by the Queensland and Federal governments in promoting tourism both domestically and overseas (in Asia), tourist numbers to the North Queensland region are expected to increase over the short to medium term. Increased tourist numbers will drive the demand for labour and as such, housing within these locations.

Urban land values in Townsville will also benefit from the \$1 billion Port expansion and the expansion of the defence facilities in the region.

The important points to consider from Chart 2.7 include:

- Urbis expects urban land values in North Queensland to grow by an average of 9% per annum over the forecast period (2011/2012 to 2016/2017).
- Population growth is forecast at an average of 2.6% per annum from 2011/2012 to 2015/2016 (Office of Economic and Statistical Research).

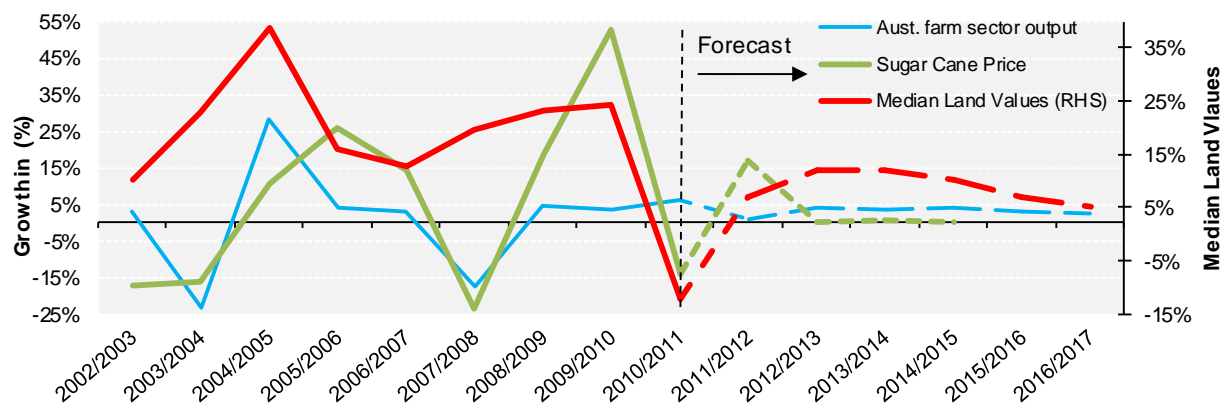
2.6.2 Forecast rural land values

Urbis has forecast North Queensland rural land values from 2011/2012 to 2016/2017. These forecasts are illustrated in Chart 2.8.

Forecasts of North Queensland Rural Land Values

2011/2012 to 2016/2017

Chart 2.8



Source : CaneGrowers, QSL, Access Economics; Urbis

Historically, Rural land values in North Queensland have correlated to the Australian Farm Sector Output and the fortunes of the sugar industry. Notably, the rural median land value has tracked the movement in the price for Sugar Cane Price (Dollar per Tonne). Based on information provided by CaneGrowers, sugar prices are expected to increase over the short term before decreasing over the medium term. It is our expectation that land values will follow a similar pattern.

The key results from Chart 2.8 include:

- Urbis expects rural land values in North Queensland to grow by an average of just under 9% per annum over the forecast period (2011/2012 to 2016/2017).

3 Historical Land Values.

3.1 HISTORICAL REVIEW OF LAND VALUES

Urbis has undertaken a historical review of land values (residential, rural and industrial) in several key Queensland regions. Due to the diversity of land values within each region, we have focussed on median land values to minimise the influence of extreme values. Additionally, the median values have been smoothed (by averaging the data over two years) to generate more meaningful results.

The following series of tables and charts presents the median values and smoothed median values for large-scale, undeveloped residential and industrial land parcels. Additionally, rural land parcels which are three hectares or greater in size have also been examined. Most of the commentary in this section refers to the smoothed median land values, as this series is less erratic.

As this assessment is based on transactional evidence sourced from RP Data, there are several limitations to consider:

- Transactional evidence may be more volatile than valuation evidence.
- The median land values for 2008, 2009, 2010 and 2011 are based on fewer transactions than previous years, particularly for industrial land.

3.2 SOUTH EAST QUEENSLAND

The median land values for South East Queensland (SEQ) are analysed and presented in Table 3.1.

South East Queensland Land Values, 2000/2001-2010/2011

Table 3.1

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Avg Ann Growth	
												2001/02-2005/06	2006/07-2010/11
Industrial Land Values													
Median	\$191,713	\$280,374	\$313,060	\$207,917	\$359,848	\$571,907	\$794,811	\$394,140	\$501,253	\$154,414	\$417,556	20%	-15%
Median (smoothed)		\$236,000	\$296,700	\$260,500	\$283,900	\$465,900	\$683,400	\$594,500	\$447,700	\$327,800	\$286,000	19%	-20%
Residential Land Values													
Median	\$31,017	\$50,193	\$49,317	\$71,113	\$79,470	\$85,287	\$99,875	\$126,000	\$94,101	\$97,312	\$69,608	14%	-9%
Median (smoothed)		\$40,600	\$49,800	\$60,200	\$75,300	\$82,400	\$92,600	\$112,900	\$110,100	\$95,700	\$83,500	19%	-3%
Rural Land Values													
Median	\$6,315	\$6,352	\$9,261	\$7,306	\$7,362	\$10,350	\$13,596	\$14,445	\$11,532	\$11,550	\$8,326	13%	-12%
Median (smoothed)		\$6,300	\$7,800	\$8,300	\$7,300	\$8,900	\$12,000	\$14,000	\$13,000	\$11,500	\$9,900	9%	-5%

Source: RP Data; Urbis

The key findings from Table 3.1 include:

- Residential, Rural and industrial land values all grew substantially from 2001/02-2005/06, increasing by up to 19% per annum over this period.
- All property classes recorded negative growth during the 2006/07-2010/11 period, with industrial land values being the most volatile over this period recording an average annual growth of -20%.
- The most stable asset class over the 2001/2002 – 2010/2011 period was rural values which recorded a 2001/2002 – 2005/2006 average annual growth of 9%, with -5% growth between 2006/2007 to 2010/2011 period.

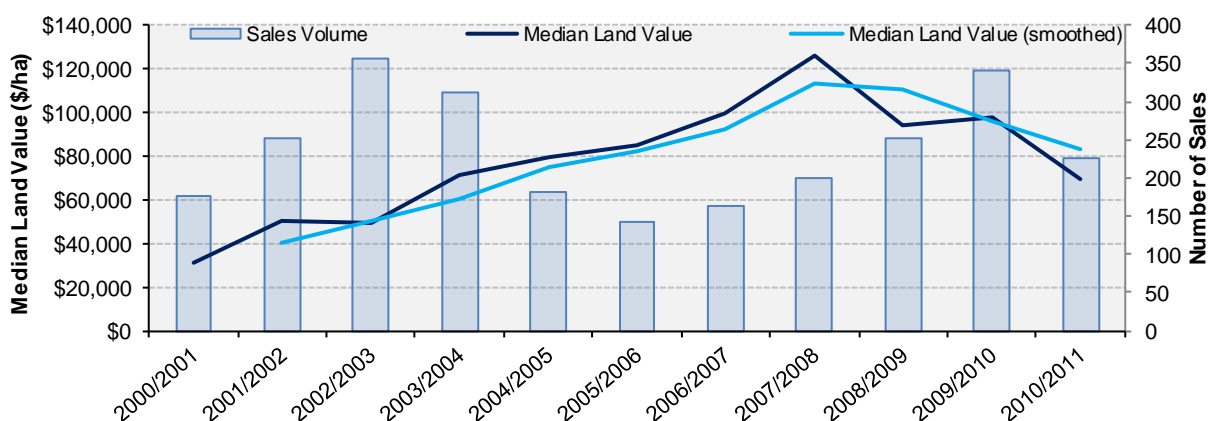
3.2.1 South East Queensland residential land values

SEQ residential land values have been analysed from 2000/2001-2010/2011 and are presented in Chart 3.1.

South East Queensland Residential Values

2000/01-2000/11

Chart 3.1



Source : RP Data; Urbis

The major points to note from chart 3.1 include:

- SEQ residential land values peaked in 2007/2008 at circa \$112,900 per hectare and have been trending downward since. Decreasing trends have continued with the 2006/2007 -2010/2011 period recording negative growth of -3%.
- SEQ residential land values are currently at circa \$83,500 per hectare.

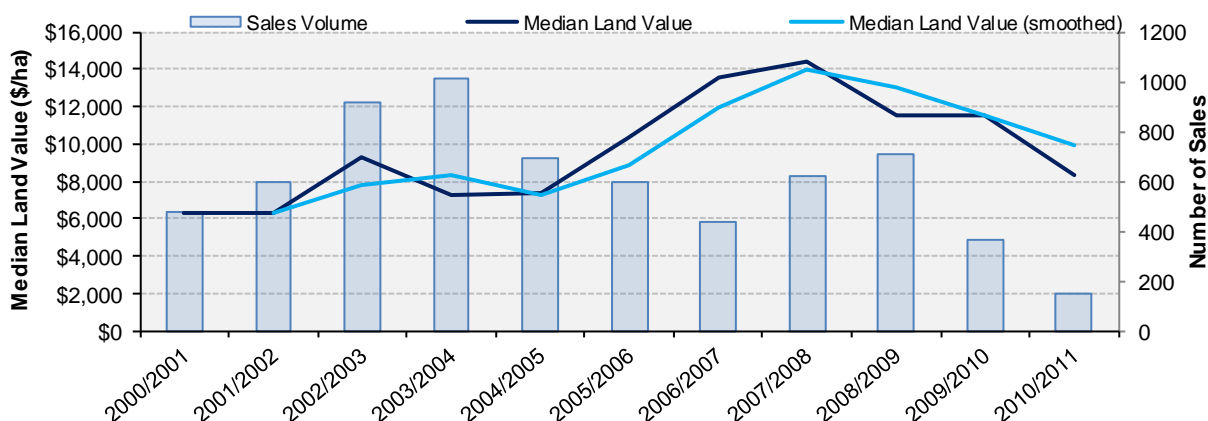
3.2.2 South East Queensland rural land values

SEQ rural land values have been analysed from 2000/2001 to 2010/2011 and are presented in chart 3.2

South East Queensland Rural Values

2000/01-2000/11

Chart 3.2



Source : RP Data; Urbis

The important findings from chart 3.2 include:

- SEQ rural land values also peaked in 2007/2008, but at a much lower \$14,000 per hectare than residential land values.
- SEQ rural land values experienced a sharp rise in values between 2003/2004 and 2007/2008, increasing from around \$7,300 per hectare to around \$14,000 per hectare.

- Since 2007/2008, SEQ rural land values have been trending slightly downward and were recorded at \$9,900 per hectare in 2010/2011, noting that there has been a sharp decrease in the number sales over this timeframe which will affect median figures.

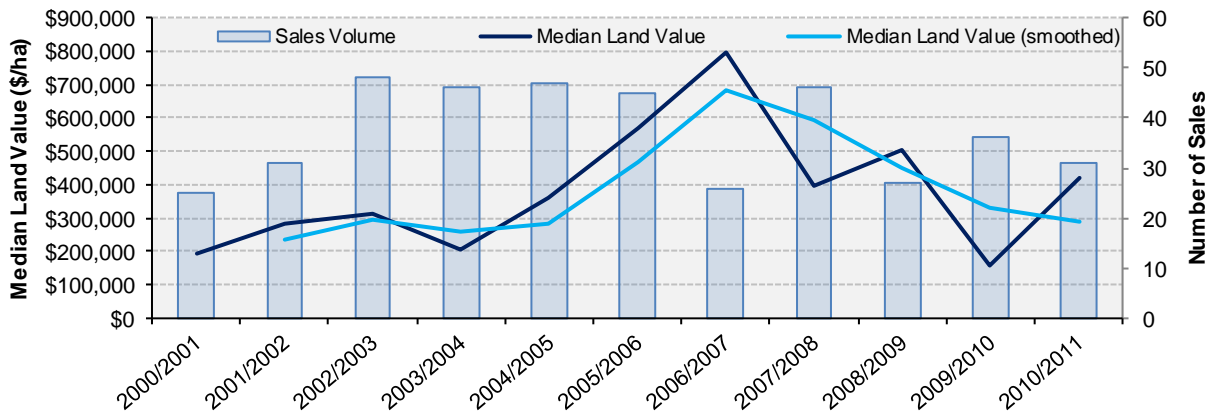
3.2.3 South East Queensland industrial land values

SEQ industrial land values have been analysed from 2000/2001 to 2010/2011 and are presented in chart 3.3

South East Queensland Industrial Values

2000/01-2000/11

Chart 3.3



Source : RP Data; Urbis

The important findings from chart 3.3 include:

- Unlike residential and rural land values in SEQ, industrial values peaked in 2006/2007, albeit at a much higher rate \$683,400 per hectare.
- SEQ industrial land values increased very sharply from 2003/2004 to 2006/2007, rising from almost \$260,500 per hectare to \$683,400 per hectare.
- After peaking in 2006/2007, SEQ industrial land values fell dramatically to circa \$286,000 per hectare in 2010/2011.

3.3 SOUTH QUEENSLAND

The median land values for South Queensland are analysed from 2000/2001 to 2010/2011 and presented in Table 3.2.

South Queensland Land Values, 2000/2001-2010/2011

Table 3.2

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Avg Ann Growth	
												2001/02-2005/06	2006/07-2010/11
Industrial Land Values													
Median	\$9,921	\$9,438	\$12,811	\$12,874	\$24,133	\$13,083	\$13,015	\$39,335	\$36,066	\$116,188	\$2,544	9%	-34%
Median (smoothed)		\$9,700	\$11,100	\$12,800	\$18,500	\$18,600	\$13,000	\$26,200	\$37,700	\$76,100	\$59,400	18%	46%
Residential Land Values													
Median	\$12,500	\$13,125	\$9,827	\$15,385	\$21,862	\$31,250	\$34,339	\$40,198	\$32,357	\$38,075	\$14,419	24%	-20%
Median (smoothed)		\$12,800	\$11,500	\$12,600	\$18,600	\$26,600	\$32,800	\$37,300	\$36,300	\$35,200	\$26,200	20%	-5%
Rural Land Values													
Median	\$2,205	\$2,408	\$3,424	\$3,874	\$2,423	\$2,625	\$2,635	\$3,684	\$3,583	\$3,536	\$6,218	2%	24%
Median (smoothed)		\$2,300	\$2,900	\$3,600	\$3,100	\$2,500	\$2,600	\$3,200	\$3,600	\$3,600	\$4,900	2%	17%

Source : RP Data; Urbis

The key findings from Table 3.2 include:

- South Queensland Industrial and Residential land values rose substantially from 2001/2002 to 2005/2006, increasing by an average of 18% and 20% per annum respectively.
- Rural values recorded a positive growth in both the 2001/2002 to 2005/2006 and 2006/2007 to 2010/2011 period at 2% and 17% respectively.

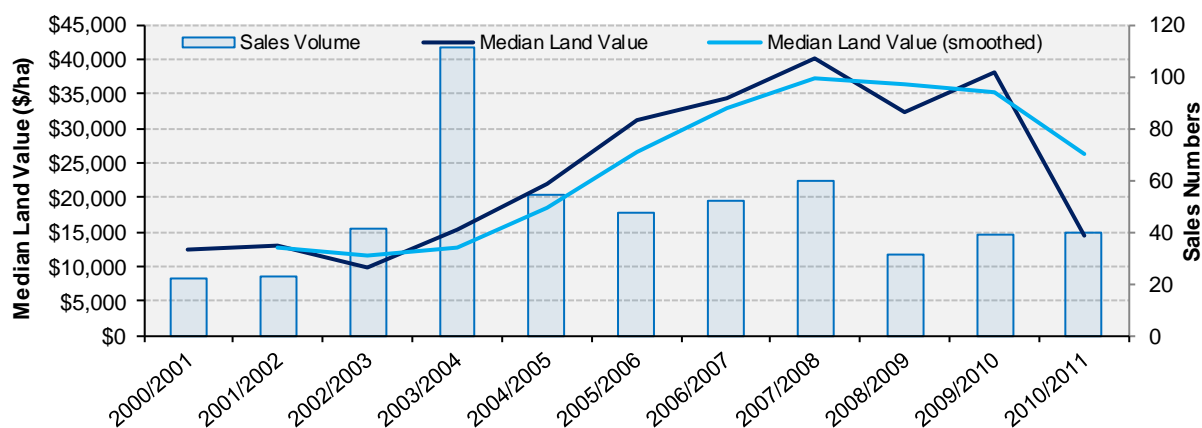
3.3.1 South Queensland residential land values

South Queensland Residential land values have been analysed from 2000/2001 to 2010/2011 and are presented in Chart.3.4

South Queensland Residential Values

2000/01-2000/11

Chart 3.4



Source : RP Data; Urbis

The major points to note from chart 3.4 include:

- South Queensland residential land values peaked in 2007/2008 at around \$37,300 per hectare and. Since then values have been downward trending, with a large negative trend occurring in the 2010/2011 period.
- South Queensland residential land values rose steadily between 2001/2002 and 2007/2008, increasing from around \$11,500 per hectare to \$37,300 per hectare.

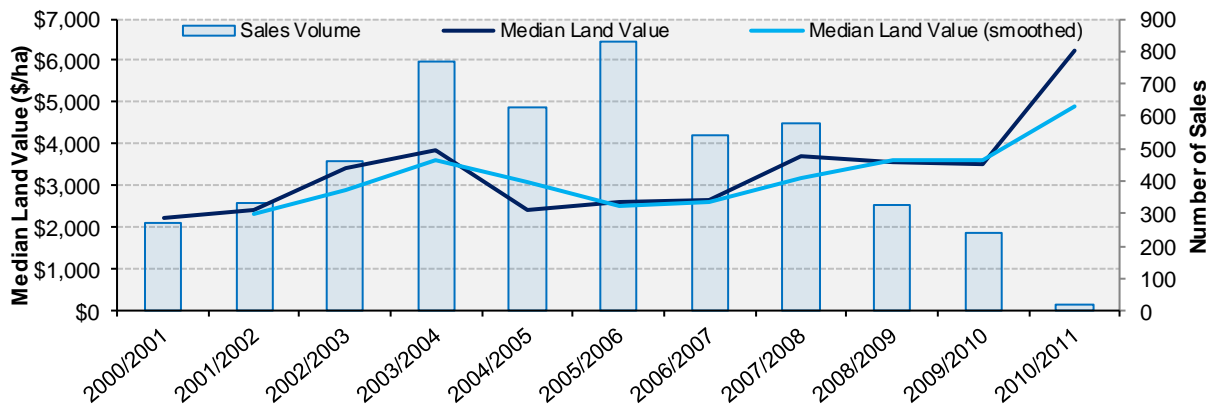
3.3.2 South Queensland rural land values

South Queensland Rural land values have been analysed from 2000/2001 to 2010/2011 and are illustrated in Chart 3.5.

South Queensland Rural Values

2000/01-2000/11

Chart 3.5



Source : RP Data; Urbis

The major findings from Chart 3.5 include:

- Rural land values have currently peaked in 2010/2011 at around \$4,900 per hectare, however this is largely due to the lack of transactional evidence in the market. Urbis suspects that this median spike is a result of the resources sector acquiring rural land for future use.
- The prior peak in the rural land values was in 2008 to 2009 at \$3,600.
- The 2001/2002 to 2005/2007 period demonstrated relatively stable growth of 2% per annum.

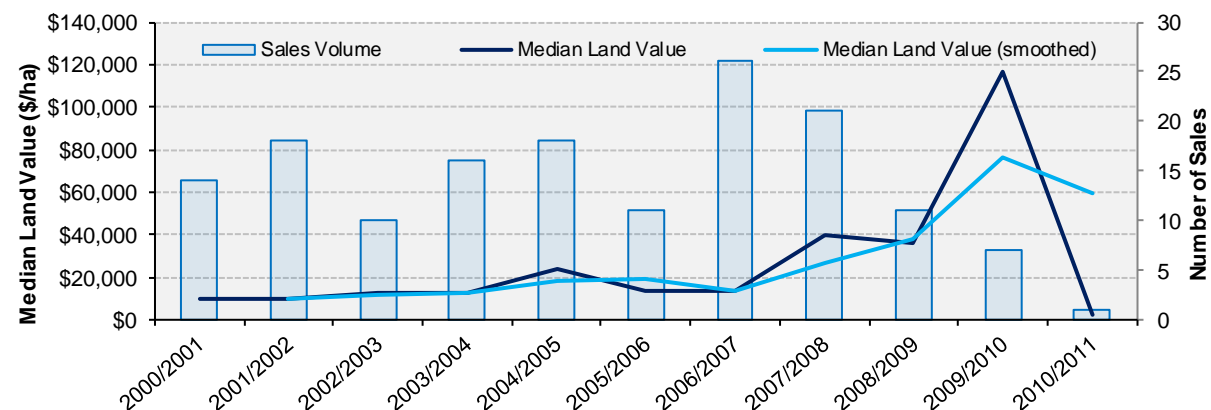
3.3.3 South Queensland industrial land values

South Queensland Industrial land values have been analysed from 2000/2001 to 2010/2011 and are presented in Chart 3.6.

South Queensland Industrial Values

2000/01-2000/11

Chart 3.6



Source : RP Data; Urbis

The major points to consider from Chart 3.6 include:

- The current median value reflecting strong positive growth with in the current 2006/2007 to 2010/2011 period of 46%. It is noted that the lack of transactional evidence in the current reporting period displays a sharp decline in the median value.
- Industrial land values displayed positive growth of 18% over the 2001/2002 to 2005/2006 period.

3.4 CENTRAL QUEENSLAND

The median land values in Central Queensland are analysed from 2000/2001 to 2010/2011 and are presented in Table 3.3.

Central Queensland Land Values, 2000/2001-2010/2011

Table 3.3

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Avg Ann Growth		
												2001/02-2006/07	2006/07-2010/11	
Industrial Land Values														
Median	\$9,739	\$32,305	\$17,102	\$68,739	\$19,516	\$24,635	\$131,265	\$286,781	\$24,444	\$21,256	\$89,800		-7%	-9%
Median (smoothed)		\$21,000	\$24,700	\$42,900	\$44,100	\$22,100	\$77,900	\$209,000	\$155,600	\$22,800	\$55,500		1%	-8%
Residential Land Values														
Median	\$21,161	\$27,094	\$25,882	\$26,238	\$39,604	\$45,455	\$47,333	\$84,485	\$47,120	\$34,568	\$46,371		14%	-1%
Median (smoothed)		\$24,100	\$26,500	\$26,100	\$32,900	\$42,500	\$46,400	\$65,900	\$65,800	\$40,800	\$40,500		15%	-3%
Rural Land Values														
Median	\$1,716	\$2,593	\$2,794	\$3,174	\$3,500	\$4,399	\$5,180	\$7,000	\$7,000	\$7,553	\$7,415		14%	9%
Median (smoothed)		\$2,200	\$2,700	\$3,000	\$3,300	\$3,900	\$4,800	\$6,100	\$7,000	\$7,300	\$7,500		15%	12%

Source: RP Data; Urbis

The important findings from Table 3.3 include:

- Industrial land values displayed minor growth from 2001/2002 to 2005/2006 at 1% per annum and negative growth between 2006/2007 to 2010/2011 of -8%.
- Residential and rural land values rose considerably from 2001/2002 to 2005/2006, increasing by around 15% per annum. However, a different trend is observed from 2006/2007 to 2010/2011, with residential values declining slightly at -3% and rural values continuing their upward trajectory by around 12%.

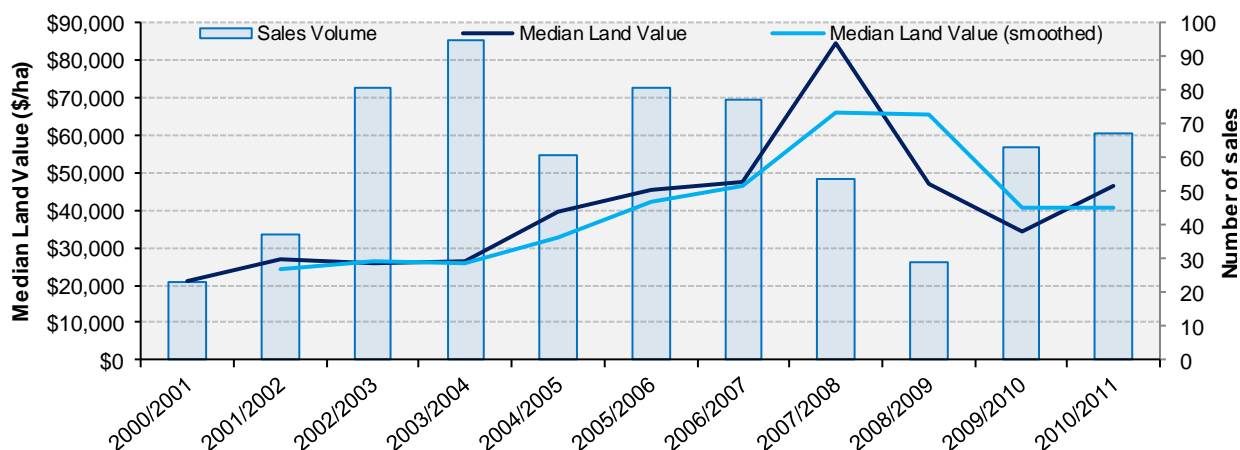
3.4.1 Central Queensland residential land values

Central Queensland Residential land values are analysed from 2000/2001 to 2010/2011 and illustrated in Chart 3.7.

Central Queensland Residential Values

2000/01-2000/11

Chart 3.7



Source: RP Data; Urbis

The key points to consider from Chart 3.7 include:

- Residential land values peaked in 2007/2008 at around \$65,900 per hectare and have been trending downward since. Residential values are presently estimated at circa \$40,500 per hectare.
- Residential values rose strongly from 2003/2004 to 2007/2008, increasing from around \$26,100 per hectare to \$65,900 per hectare

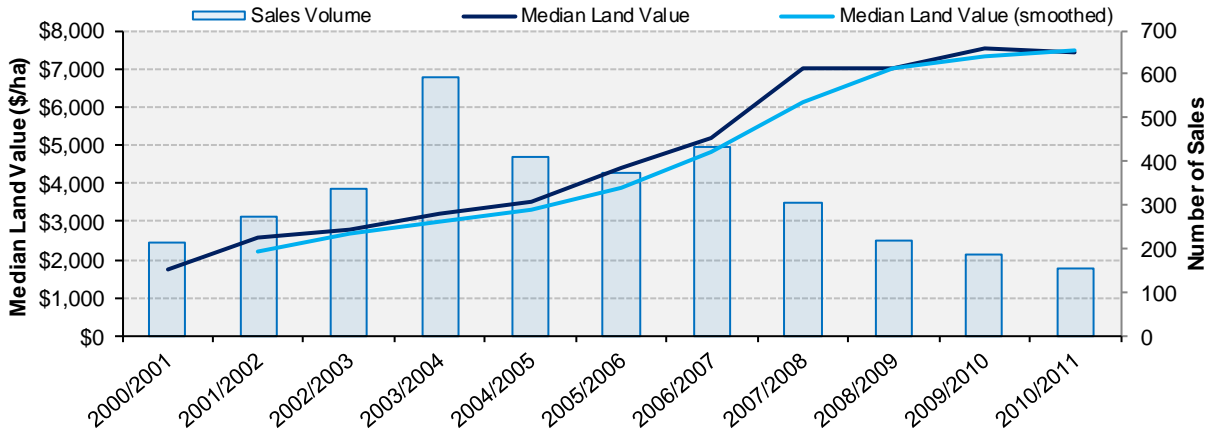
3.4.2 Central Queensland rural land values

Central Queensland rural land values are analysed from 2000/2001 to 2010/2011 and presented in Chart 3.8.

Central Queensland Rural Values

2000/01-2000/11

Chart 3.8



Source : RP Data; Urbis

The major findings from Chart 3.8 include:

- Central Queensland rural land values have grown continuously from 2000/2001 to 2010/2011, rising from \$1,700 per hectare to \$7,500 per hectare. This represents growth of up to 15% per annum.

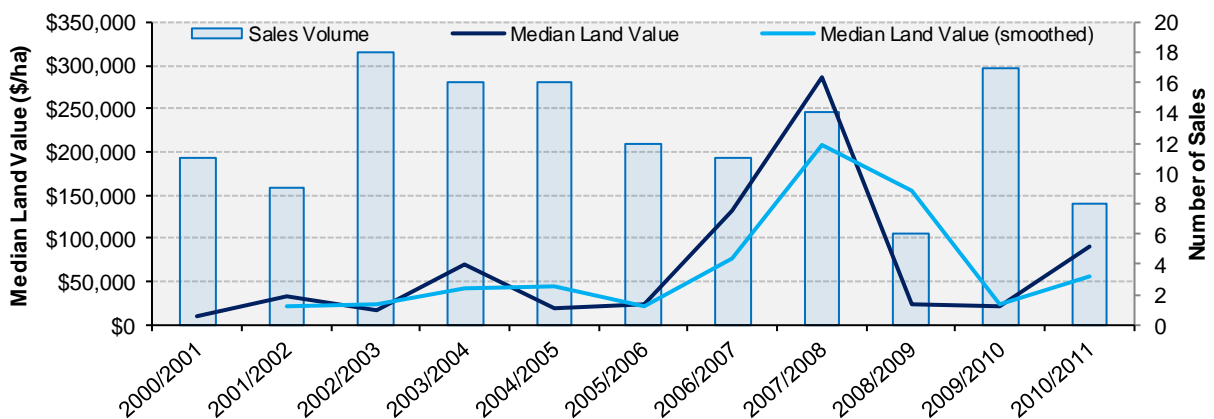
3.4.3 Central Queensland industrial land values

Central Queensland industrial land values are analysed from 2000/2001 to 2010/2011 and presented in Chart 3.9.

Central Queensland Industrial Values

2000/01-2000/11

Chart 3.9



Source : RP Data; Urbis

The key findings from Chart 3.9 include:

- Central Queensland industrial land values peaked in 2007/2008 at around \$209,000 per hectare and then declined substantially in 2008/2009 to around \$155,600 per hectare. Further decline has been in 2009/2010 to around \$22,800. However, these results are based on limited transactional activity from 2008/2009.

- Values grew rapidly from 2005/2006 to 2007/2008, increasing from around \$22,100 per hectare to \$209,000 per hectare.

3.5 NORTH QUEENSLAND

The median land values in North Queensland are analysed from 2000/2001 to 2010/2011 and presented in Table 3.4.

North Queensland Land Values, 2000/2001-2010/2011

Table 3.4

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Avg Ann Growth		
												2001/02-2006/07	2006/07-2010/11	
Industrial Land Values														
Median	\$11,533	\$31,800	\$24,370	\$63,667	\$92,916	\$114,708	\$334,955	\$370,291	\$36,066	\$70,352	\$215,054		38%	-10%
Median (smoothed)		\$21,700	\$28,100	\$44,000	\$78,300	\$103,800	\$224,800	\$352,600	\$203,200	\$53,200	\$142,700		48%	-11%
Residential Land Values														
Median	\$17,740	\$20,406	\$27,536	\$40,645	\$40,427	\$50,652	\$59,006	\$75,959	\$59,019	\$78,356	\$69,320		26%	4%
Median (smoothed)		\$19,100	\$24,000	\$34,100	\$40,500	\$45,500	\$54,800	\$67,500	\$67,500	\$68,700	\$73,800		24%	8%
Rural Land Values														
Median	\$3,472	\$4,611	\$4,250	\$6,494	\$8,571	\$8,874	\$10,669	\$12,658	\$16,171	\$19,699	\$11,738		18%	2%
Median (smoothed)		\$4,000	\$4,400	\$5,400	\$7,500	\$8,700	\$9,800	\$11,700	\$14,400	\$17,900	\$15,700		21%	13%

Source : RP Data; Urbis

The key points to note from Table 3.4 include:

- Industrial land values grew very strongly from 2000/2001 to 2005/2006, increasing by an average of 48% per annum. Since then, values have decreased moderately to a low in 2009/2010 of around \$53,200 per hectare.
- Both residential and rural land values rose by around 24% and 21% per annum respectively, from 2001/2002 to 2005/2006. However, since 2005/2006, rural values have grown slightly stronger than residential values, increasing by an average of 13% per annum over the period 2006/2007 to 2010/2011.

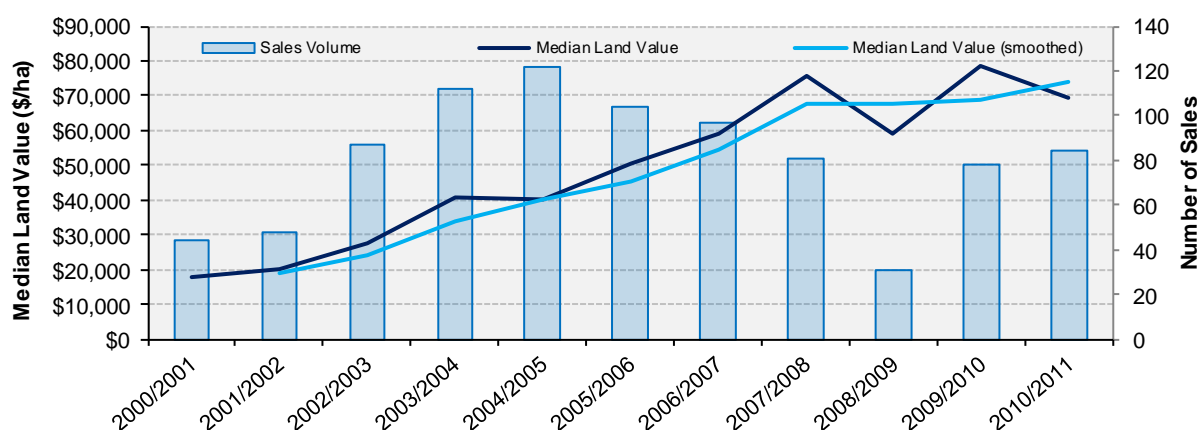
3.5.1 North Queensland residential land values

North Queensland residential land values are analysed from 2000/2001 to 2010/2011 and presented in Chart 3.10.

North Queensland Residential Values

2000/01-2000/11

Chart 3.10



Source : RP Data; Urbis

The major findings from Chart 3.10 include:

- Residential land values have risen consistently over the past ten years, increasing by an average of 8 to 24% per annum. Land value growth was stronger from 2000/2001 to 2005/2006 (circa 24%) than 2006/2007-2010/2011 (circa 8%).

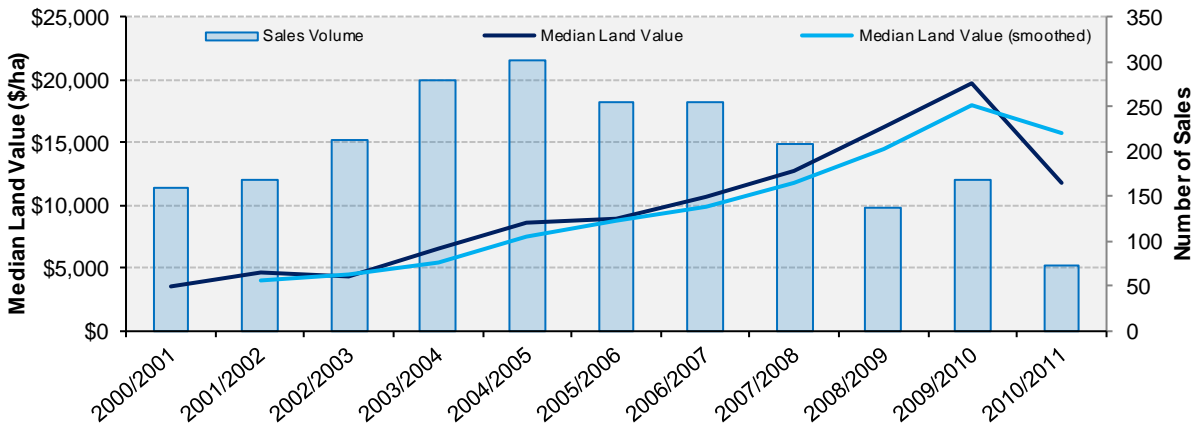
3.5.2 North Queensland rural land values

North Queensland rural land values are analysed from 2000/2001 to 2010/2011 and presented in Chart 3.11.

North Queensland Rural Values

2000/01-2000/11

Chart 3.11



Source : RP Data; Urbis

The key findings from Chart 3.11 include:

- Rural land values have risen continuously in North Queensland over the past ten years with only a fall in median pricing in the 2009/2010 period. Values were observed at around \$15,700 per hectare in 2010/2011.

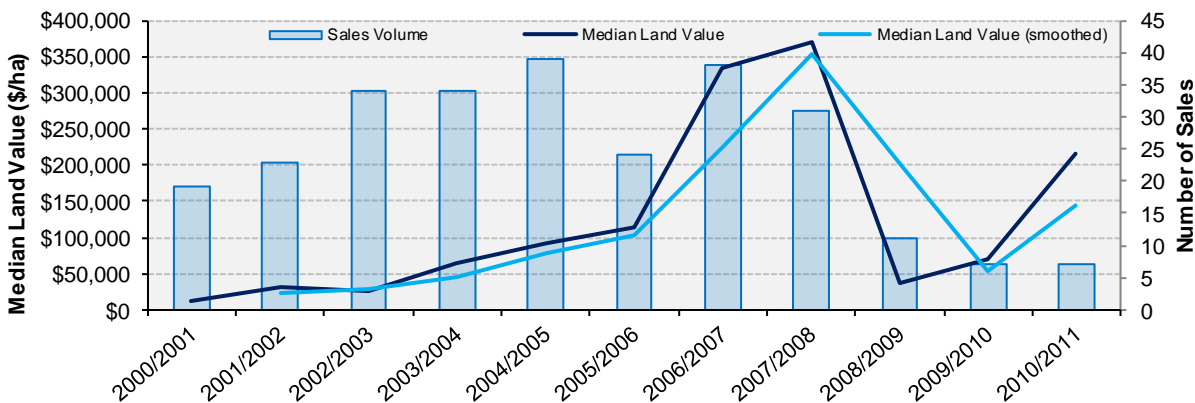
3.5.3 North Queensland industrial land values

North Queensland industrial land values are analysed from 2000/2001 to 2010/2011 and illustrated in Chart 3.12.

North Queensland Industrial Values

2000/01-2000/11

Chart 3.12



Source : RP Data; Urbis

The important findings to consider from Chart 3.12 include:

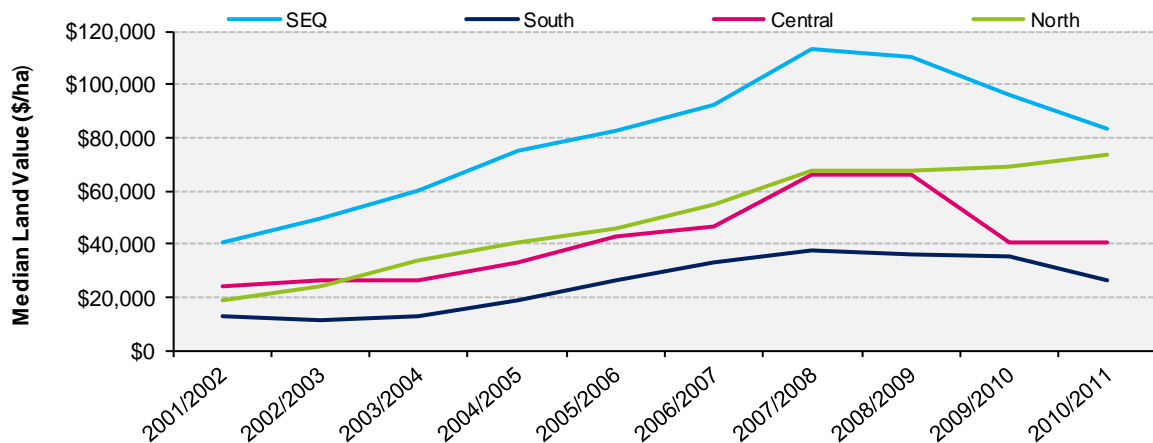
- Industrial land values peaked in 2007/2008 at \$352,600 per hectare and then decreased very rapidly through 2008/2009 and 2009/2010.
- Industrial land values rose very rapidly from 2005/2006 to 2007/2008, increasing from around \$103,800 per hectare to \$352,600 per hectare.

3.6 RESIDENTIAL LAND VALUES – ALL REGIONS

The residential land values for each region are combined and illustrated in Chart 3.13 to provide an indication of relativity.

Residential Land Values, 2000/2001-2010/2011

Chart 3.13



Source : RP Data; Urbis

The key points to note from Chart 3.14 include:

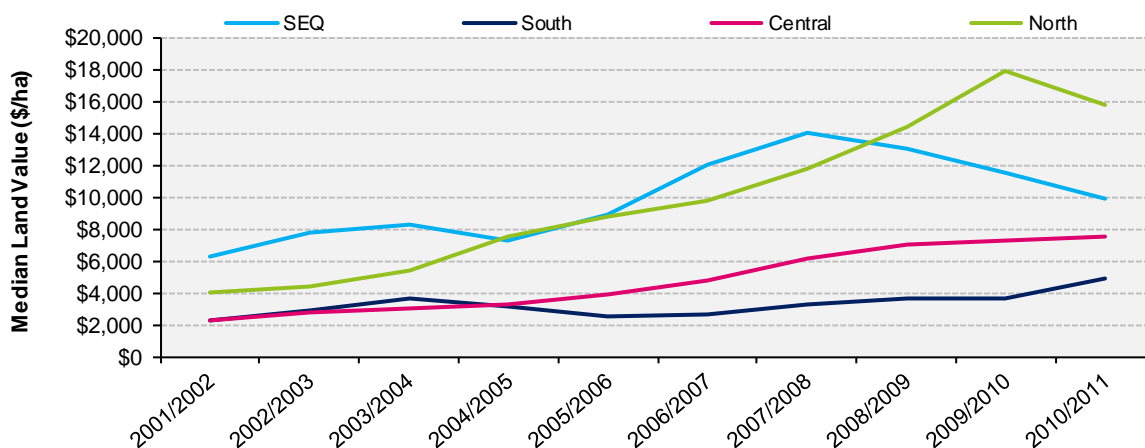
- Residential land values have trended consistently upward from 2000/2001 to 2007/2008.
- Residential land values in SEQ are substantially higher than elsewhere with North Queensland following closely.
- The growth in residential land values across all regions has varied across the 2006/2007 to 2010/2011 period with North Queensland land values being the best performer with 8% growth.

3.7 RURAL LAND VALUES – ALL REGIONS

The rural land values for each region are combined and presented in Chart 3.14.

Rural Land Values, 2000/2001-2010/2011

Chart 3.14



Source : RP Data; Urbis

The key points to note from Chart 3.14 include:

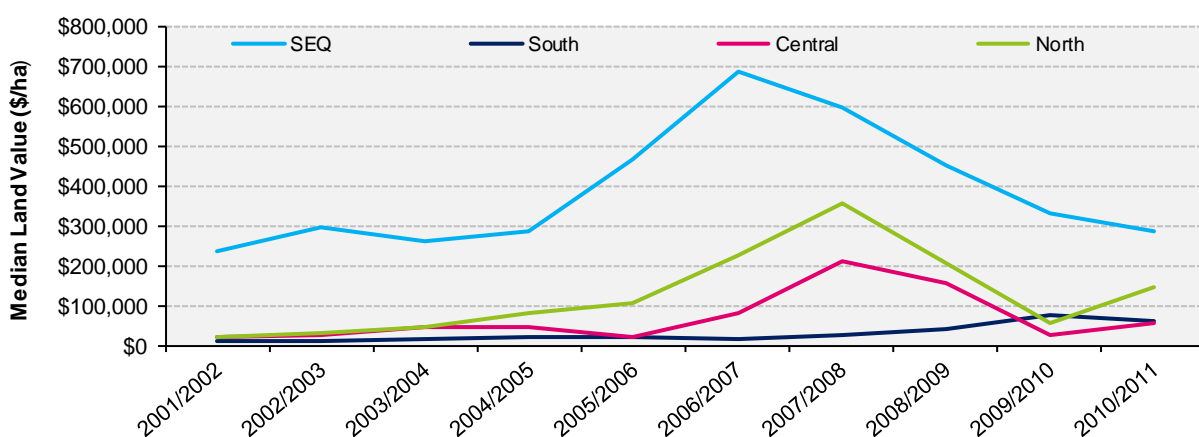
- Rural land values in North Queensland are substantially higher than elsewhere and showed consistent growth over the 2000/2001 to 2009/2010 period.
- SEQ rural land values grew rapidly from 2004/2005 to 2007/2008 and have been decreasing since.
- There has been little growth in South Queensland rural land values from 2000/2001 to 2010/2011.

3.8 INDUSTRIAL LAND VALUES – ALL REGIONS

The industrial land values for each region are combined and illustrated in Chart 3.15.

Industrial Land Values, 2000/2001-2010/2011

Chart 3.15



Source : RP Data; Urbis

The major findings from Chart 3.15 include:

- Industrial land values have shown similar trends in both Central and North Queensland, where values rose strongly from 2005/2006 to 2007/2008 and then declined substantially. However, the land values observed over the past two years are based on limited transactional activity, which may skew the results significantly.

- South East Queensland industrial land values are substantially higher than elsewhere, followed by North Queensland Industrial land values.

Appendix - Urbis CV's



Peter Hyland

REGIONAL DIRECTOR

Peter is a qualified economist and town planner with over 25 years professional experience. He has worked extensively during his career on projects throughout Australia, the Asia-Pacific, the United Kingdom, Europe and the Middle East.

Expertise

Peter specialises in the economics and implementation of urban development and his ability to marry planning and economic considerations has made him a key advisor to many of Australia's largest developers and government bodies.

Peter was appointed by the Minister for Infrastructure and Planning to the Board for Urban Places to advise the Queensland Government on major projects and is also a member of the State Executive Council for the Property Council of Australia.

Professional Qualifications

- Master of Urban and Regional Planning (Applied Economic Analysis), University of Queensland (1982)
- Bachelor of Arts (Economics, Urban Geography), University of Queensland (1977)
- Post Graduate Diploma in Education (Social Science), University of Queensland (1978)

Professional Affiliations

- Member – Planning Institute of Australia (MPIA)
- Fellow Development Institute of Australia (FDIA)
- Member – Property Council of Australia

Professional Appointments

- 2009 – Current: Member Board for Urban Places (Queensland Government)
- 2006 – Current: Member State Executive Council (Qld) Property Council of Australia
- 2005 – Current: Member Urban Development Institute of Australia Regional Planning Advisory Body
- 2011 – Current: Member Catholic Archdiocesan Property and Building Committee
- 2006 – 2009: Member State Heritage Council Development Committee

Work History

2000 – Current Urbis Pty Ltd

1997 – 2000, Director
Pricewaterhouse Coopers

1990 – 1997, Director Hyder
Consultants

Contact

t 61 7 3007 3800

f 61 7 3007 3811

e phyland@urbis.com.au

w urbis.com.au

Experience Synopsis

25 years business development and senior leadership experience across 3 highly respected professional services firms

Demonstrated technical expertise and experience in projects both nationally and internationally

Highly developed and recognised communication skills both in staff and client engagement and in public forum presentations. Peter has presented papers to National and State conferences of the UDIA, PCA, API and legal associations.

Professional Experience

March 2000 – present: Urbis Pty Ltd

- Director responsible for establishment of Brisbane office with responsibility for management and growth of all business units
- Membership of both Executive Board and Management Committee during this time
- 2008 – Current: Formal position of Regional Director
- Served as National Director Property Division 2006 – 2007
- Overseen growth of Queensland business to a staff of 70 and revenue of \$12 million

February 1997 – March 2000: PricewaterhouseCoopers

- Director, Corporate Finance Division (Property Services Group) Brisbane
- Responsible for establishment of Property Services Group
- Grew business within 3 years to a staff of 12 and a turnover of \$3 million
- Undertook project work on major property transaction and development matters throughout Australia, Asia Pacific and Europe

March 1990 – February 1997: Director Hyder Consultants (formerly Acer Wargon Chapman)

- 1995 – 1997: Director heading up Planning, Environment and Economic Division, Australia and South East Asia. Responsible for managing a team of some 60 professionals across offices in Australia and South East Asia and also for being project Director for major projects in the Region.
- 1990 – 1995: Director Planning Services Division Acer Wargon Chapman (to become Hyder Consulting). Responsible for growing and managing an Urban Planning business for Acer Wargon Chapman. Grew team from none in 1990 to some 30 planners, designers, scientists and economists by 1995 across offices in Brisbane, Cairns, Gold Coast, Sydney, Melbourne and Adelaide.

1984 – 1990: Urban Planning positions Queensland Government and part time Lecturer, Queensland University of Technology

- 1986 – 1990: Senior Urban Planning, Department of Business Industry and Regional Development
- 1984 – 1986: Urban Planner, Department of Education
- 1987 – 1990: Part-time Lecturer in Development Economics, Faculty of Built Environment, Queensland University of Technology
- 1979 – 1983: Teaching Positions, Brisbane
- Senior Master Social Sciences, Anglican Church Grammar School.
- Social Sciences Subject Master, St Josephs College, Nudgee



Ivan Hill

DIRECTOR

Ivan has recently returned to Brisbane to take up a role as Director with Urbis following a successful career in South East Asia and previously in Australia. Ivan has over 16 years experience in valuation and corporate real estate advisory. He has undertaken numerous large scale assignments for a range of clients including major international and Australia institutions, government enterprises and corporations.

Since returning to Australia Ivan has undertaken a number of portfolio institutional retail valuations for major retail owners.

Expertise

Ivan specialises in transaction management, property valuation and corporate real estate consultancy and his experience includes:

- Rental and valuation advice for commercial, industrial and retail properties;
- Valuation and market advice for residential property;
- Valuation of Inglobo land parcels and feasibility studies;
- Development appraisal with particular focus on mixed use sites;
- Valuations for portfolio valuations
- Tenant representation services
- Transaction Management
- Strategic reviews for corporate property holdings
- Real estate portfolio management and analysis
- Spatial research and analysis using Geographic Information Systems.

Qualifications and Affiliations

Bachelor Business (Property)– UQ

Associate – Australian Property Institute

Member – Royal Institute of Chartered Surveyors

Contact

t 61 7 3007 3800

f 61 7 3007 3811

e ihill@urbis.com.au

w urbis.com.au



Paul Riga

CONSULTANT

Paul is a Consultant who joined Urbis in the Property Economics discipline in June 2010. He has completed a dual degree in Business Management and Commerce with majors in Human Resources, Organisational Management and Accounting.

Qualifications and Affiliations

Bachelor of Business Management (UQ)

Bachelor of Commerce (UQ)

Contact

t 61 7 3007 3840

f 61 7 3007 3811

e priga@urbis.com.au

w urbis.com.au

Expertise

- Market and Industry Assessments
- Residential Supply and Demand Assessments
- Development Feasibility Analysis
- Benchmarking and Positioning Analysis
- Strategic Development Sessions

Experience

Paul's recent experience includes:

- Asset Portfolio analysis and advisory
- National Housing Assessments – Resources Industry
- Site Specific Residential Market Analysis – Market Profile, Demographics and Forecasts
- Regional Residential Market Analysis – Market Profile, Demographics and Forecasts
- Infrastructure Charge studies and analysis – Residential
- Infrastructure Charge studies and analysis – Commercial/Retail
- Development Feasibility Assessment – Residential
- Development Feasibility Assessment – Commercial/Retail
- Residential Land Supply and Demand Assessments
- Industrial Land Supply and Demand Assessments
- Cost-Benefit Analysis – Institutional Programs
- Provision of Benchmarking Projects for a variety of clients including Real Estate groups
- Facilitating of Strategy development sessions for clients
- Development and integration of strategic plans for clients in a number of industries
- Preparation of financial models and simulations, including for merger and acquisition services
- Facilitation and development of one-to-one and one-to-many financial basics training courses
- Provision and facilitation of Lender Relationship Meetings between financiers and clients



Scott Hinds

ASSISTANT VALUER

Scott is an Assistant Valuer and Consultant who joined Urbis in the Property Economics discipline in May 2011 and has completed a degree in Property from the University of the Sunshine Coast. He has worked across and experience in a wide range of property related assets across the South East Queensland.

Qualifications and Affiliations

Bachelor of Business - Property
(USC)

Member – Australian Property
Institute

Contact

t 61 7 3007 3807

f 61 7 3007 3811

e shinds@urbis.com.au

w urbis.com.au

Expertise

- Retail/Commercial/Residential property valuations and advisory
- Development Feasibility Analysis
- Market and Industry Assessments
- Supply and Demand Assessments

Experience

Scott's recent experience includes:

- Retail and Commercial property valuation
- Residential valuations and market commentary
- Rating and taxation valuation and advise
- Rental assessment and advice
- Asset Portfolio analysis and advisory
- Site Specific Market Analysis – Market Profile, Demographics and Forecasts
- Development Feasibility Assessment – Residential/Commercial/Retail
- Highest and best use analysis
- Market share analysis
- Land Supply and Demand Assessments
- Benchmark analysis
- Land Use Analysis assessments

Sydney

Level 21, 321 Kent Street
Sydney, NSW 2000
t +02 8233 9900
f +02 8233 9966

Melbourne

Level 12, 120 Collins Street
Melbourne, VIC 3000
t +03 8663 4888
f +03 8663 4999

Brisbane

Level 12, 120 Edward Street
Brisbane, QLD 4000
t +07 3007 3800
f +07 3007 3811

Perth

Level 1, 55 St Georges Terrace
Perth, WA 6000
t +08 9346 0500
f +08 9321 7790

Australia • Asia • Middle East
w urbis.com.au e info@urbis.com.au