



APPENDIX J
Forecast of Land Value Escalation - Queensland
January 2011



Forecast of Land Value Escalation - Queensland

Prepared for Powerlink

January 2011

DISCLAIMER

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.

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TABLE OF CONTENTS

- 1 Summary2**
- 1.1 Study Approach2
- 1.2 Summary Of Findings.....2

- 2 Forecast Land Values4**
- 2.1 South East Queensland.....4
- 2.1.1 Forecast Seq Urban Land Values4
- 2.1.2 Forecast Rural Land Values.....5
- 2.2 South Queensland.....5
- 2.2.1 Forecast Urban Land Values.....5
- 2.2.2 Forecast Rural Land Values.....5
- 2.3 Central Queensland.....6
- 2.3.1 Forecast Urban Land Values.....6
- 2.3.2 Forecast Rural Land Values.....6
- 2.4 North Queensland7
- 2.4.1 Forecast Urban Land Values.....7
- 2.4.2 Forecast Rural Land Values.....8

- Appendix A - Study Areas And Historical Land Values.9**
- A.1 Study Area10
- A.2 Historical Review Of Land Values10
- A.2.1 South East Queensland.....10
- A.2.1.1 South East Queensland Residential Land Values11
- A.2.1.2 South East Queensland Rural Land Values11
- A.2.1.3 South East Queensland Industrial Land Values12
- A.2.2 South Queensland.....12
- A.2.2.1 South Queensland Residential Land Values13
- A.2.2.2 South Queensland Rural Land Values.....13
- A.2.2.3 South Queensland Industrial Land Values.....14
- A.2.3 Central Queensland.....15
- A.2.3.1 Central Queensland Residential Land Values15
- A.2.3.2 Central Queensland Rural Land Values16
- A.2.3.3 Central Queensland Industrial Land Values16
- A.2.4 North Queensland17
- A.2.4.1 North Queensland Residential Land Values.....17
- A.2.4.2 North Queensland Rural Land Values17
- A.2.4.3 North Queensland Industrial Land Values18
- A.2.5 Residential Land Values – All Regions18
- A.2.6 Rural Land Values – All Regions.....19
- A.2.7 Industrial Land Values – All Regions.....20

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 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.

Our approach is detailed more thoroughly in section A.2 (Page 10).

Disclaimer:

- 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.

Urbis has undertaken an assessment of the historical values for undeveloped, large-scale land parcels (greater than 3 hectares) in the regions identified in Appendix A. Additionally, Urbis has forecast potential future growth in escalation factors according to land use (residential, rural and industrial) over the period 2010 to 2017. Within this report, residential and industrial land have been combined to form the *Urban* sector, whilst *Rural* remains separate. Specific reference is made to growth over the forecast period.

Appendix A contains the study areas and their historical values.

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 2017. The percentage escalations are nominal.

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.

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------|------------|-----------|-----------|------------|------------|------------|------------|------------|
| SE Qld | -4% | 0% | 8% | 14% | 17% | 20% | 21% | 16% |
| South Qld | 4% | 0% | 8% | 10% | 15% | 16% | 19% | 16% |
| Central Qld | -8% | 0% | 8% | 12% | 16% | 18% | 13% | 12% |
| North Qld | -3% | -1% | 8% | 15% | 20% | 20% | 18% | 15% |
| Combined Region | -3% | 0% | 8% | 13% | 17% | 18% | 17% | 15% |

Table 2 – Rural (Escalation Factor %)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------|-----------|-----------|------------|------------|------------|------------|------------|------------|
| SE Qld | 0% | 0% | 9% | 12% | 10% | 9% | 9% | 8% |
| South Qld | 4% | 0% | 8% | 8% | 10% | 10% | 10% | 8% |
| Central Qld | 5% | 5% | 10% | 15% | 15% | 15% | 15% | 13% |
| North Qld | 15% | 10% | 15% | 15% | 12% | 12% | 15% | 15% |
| Combined Region | 6% | 4% | 11% | 13% | 12% | 12% | 12% | 11% |

2 Forecast Land Values

Urbis has generated land value growth forecasts for the previously identified regions using trend analysis and 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; Regional Population; and Queensland employment. Planned infrastructure spending is implicitly accounted for in estimates of Gross State Product.

The major drivers for industrial land include: Queensland Gross State Product; Queensland Industrial production; and 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.

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.

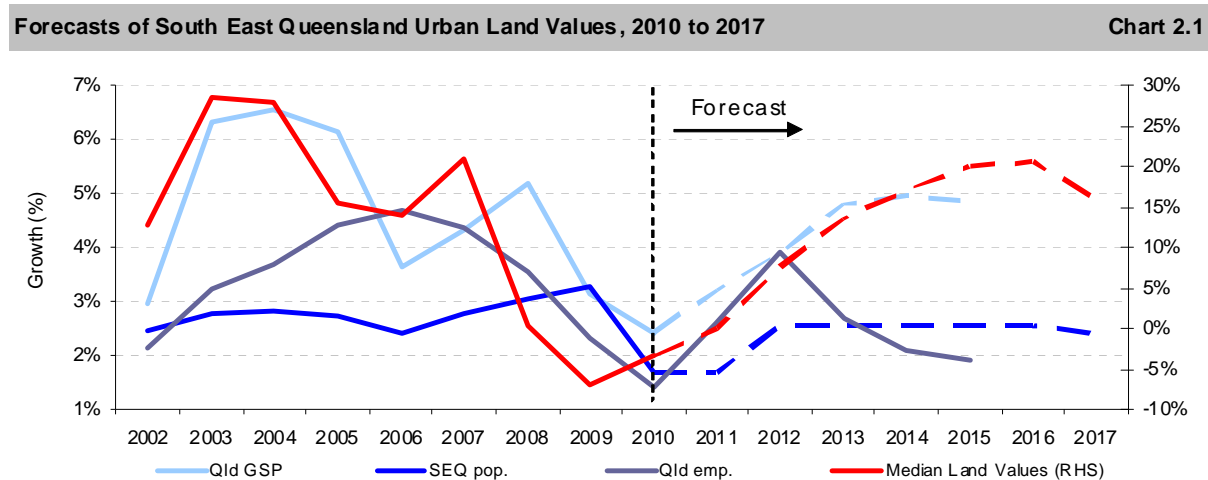
Land values in Queensland will benefit from robust population growth, substantial levels of infrastructure spending and its strong links to the mining sector, which is expected to outperform in the medium to long term on the back of sustained demand for Australian minerals.

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 2011 and 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 effected these areas for a 12-18 month period.

2.1 SOUTH EAST QUEENSLAND

2.1.1 Forecast SEQ Urban land values

Urbis has forecast SEQ Urban land values from 2010-17. These forecasts are presented in Chart 2.1.



Source : Access Economics; Urbis

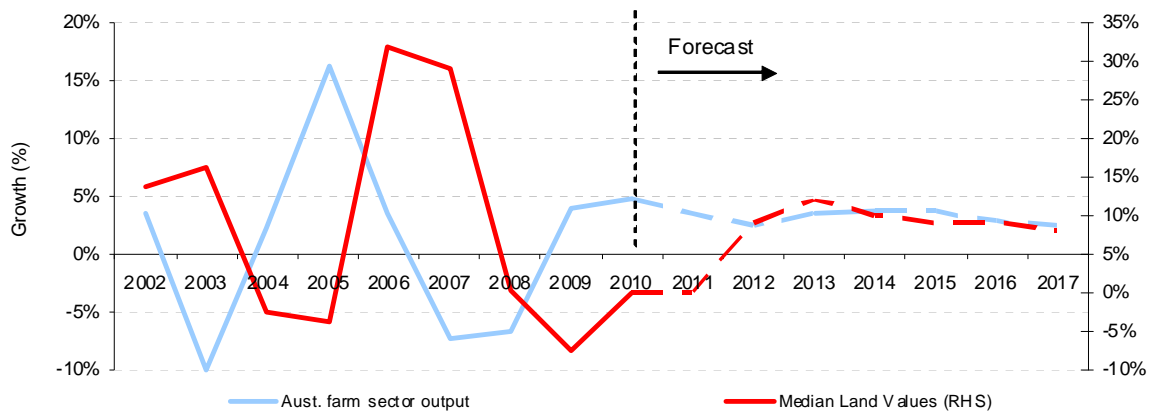
The key findings from Chart 2.1 include:

- Urbis expects urban land values in SEQ to grow by an average of just over 11% per annum over the forecast period (2010-17).
- Population growth is forecast at an average of 2.3% per annum from 2010-17.

2.1.2 Forecast rural land values

Urbis has forecast SEQ rural land values from 2010-17. These forecasts are illustrated in Chart 2.2.

Forecasts of South East Queensland Rural Land Values, 2010 to 2017 **Chart 2.2**



Source : Access Economics; Urbis

The major points to identify from Chart 2.2 include:

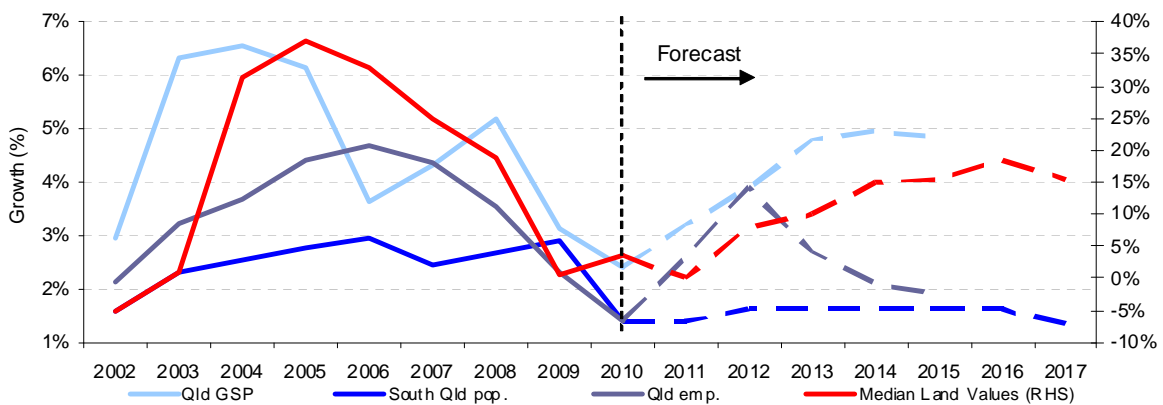
- Urbis expects rural land values in SEQ to grow by an average of just over 7% per annum over the forecast period (2010-17).

2.2 SOUTH QUEENSLAND

2.2.1 Forecast Urban land values

Urbis has forecast South Queensland Urban land values from 2010-17. These forecasts are illustrated in Chart 2.3.

Forecasts of South Queensland Urban Land Values, 2010 to 2017 **Chart 2.3**



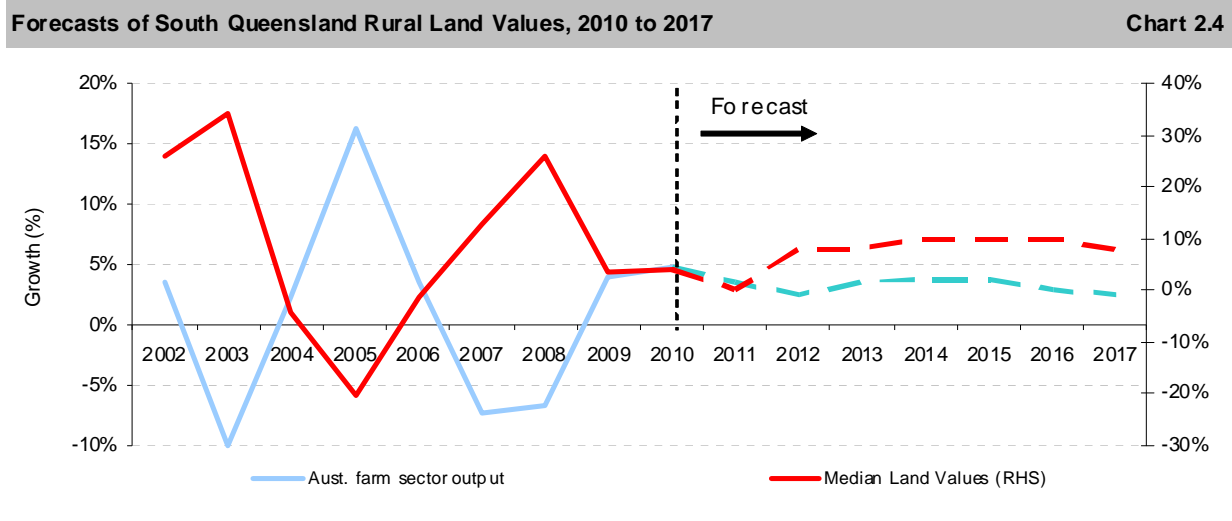
Source : Access Economics; Urbis

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 11% per annum over the forecast period (2010-17).
- Population growth is forecast at an average of 1.5% per annum from 2010-17.

2.2.2 Forecast rural land values

Urbis has forecast South Queensland rural land values from 2010-17. These forecasts are illustrated in Chart 2.4.



Source : Access Economics; Urbis

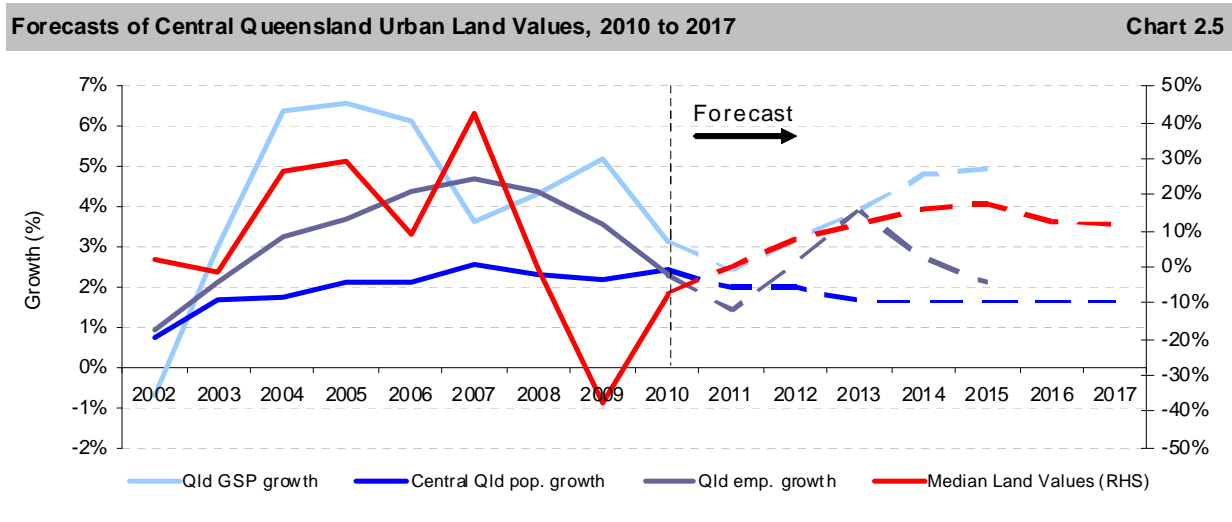
The major findings from Chart 2.4 include:

- Urbis expects rural land values in South Queensland to grow by an average of just over 7% per annum over the forecast period (2010-17).

2.3 CENTRAL QUEENSLAND

2.3.1 Forecast Urban land values

Urbis has forecast Central Queensland Urban land values from 2010-17. These forecasts are illustrated in Chart 2.5.



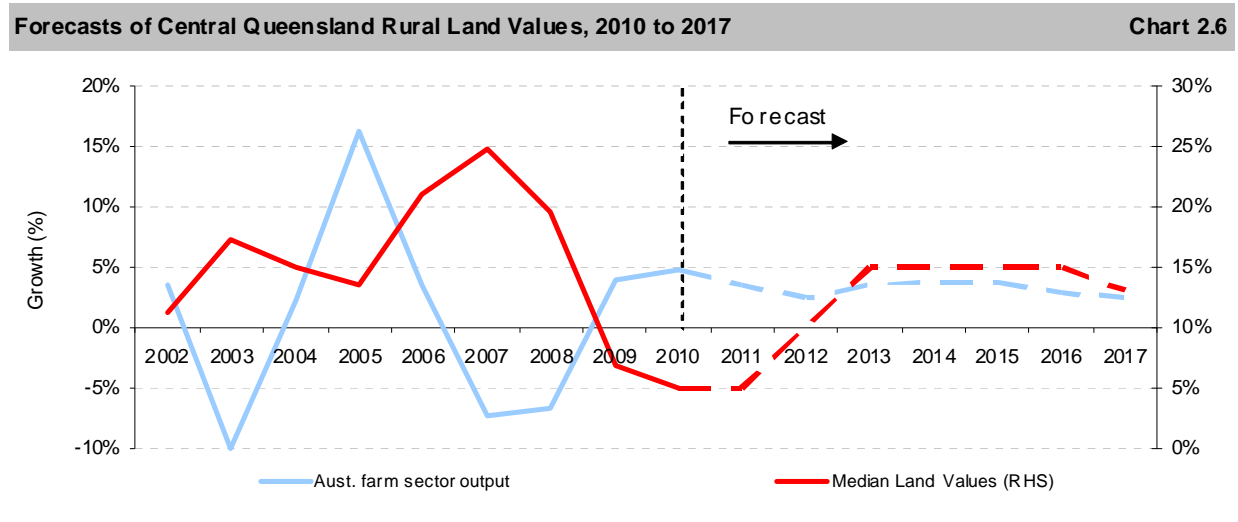
Source : Access Economics; Urbis

The major findings from Chart 2.5 include:

- Urbis expects residential land values in Central Queensland to grow by an average of just under 9% per annum over the forecast period (2010-17).
- Population growth is forecast at an average of 1.7% per annum from 2010-17.

2.3.2 Forecast rural land values

Urbis has forecast Central Queensland rural land values from 2010-17. These forecasts are illustrated in Chart 2.6.



Source : Access Economics; Urbis

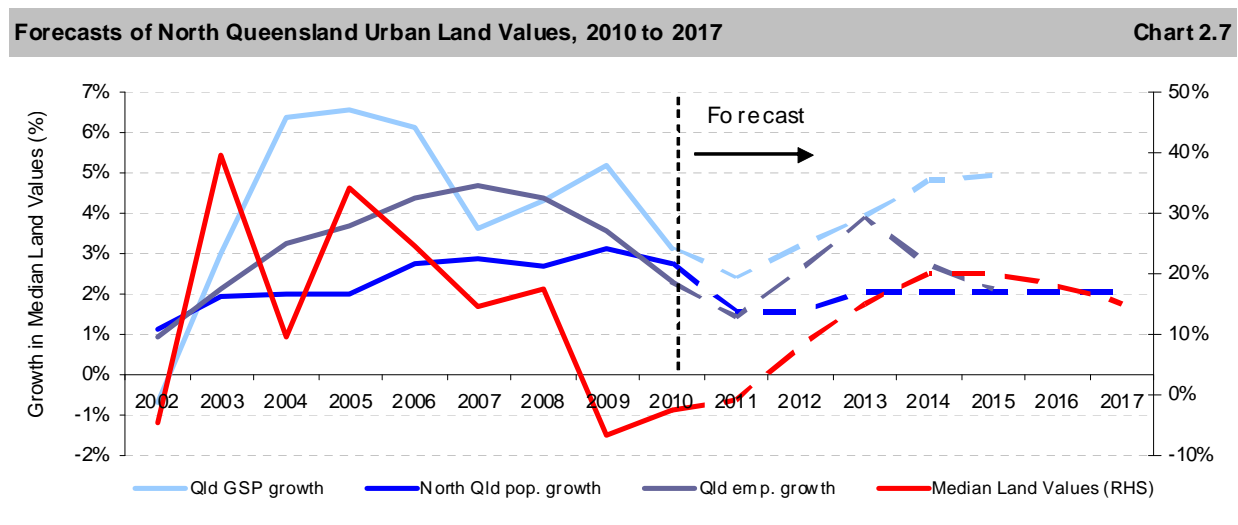
The key points to note from Chart 2.6 include:

- Urbis expects rural land values in Central Queensland to grow by an average of around 12% per annum over the forecast period (2010-17).

2.4 NORTH QUEENSLAND

2.4.1 Forecast Urban land values

Urbis has forecast Central Queensland Urban land values from 2010-17. These forecasts are illustrated in Chart 2.7.



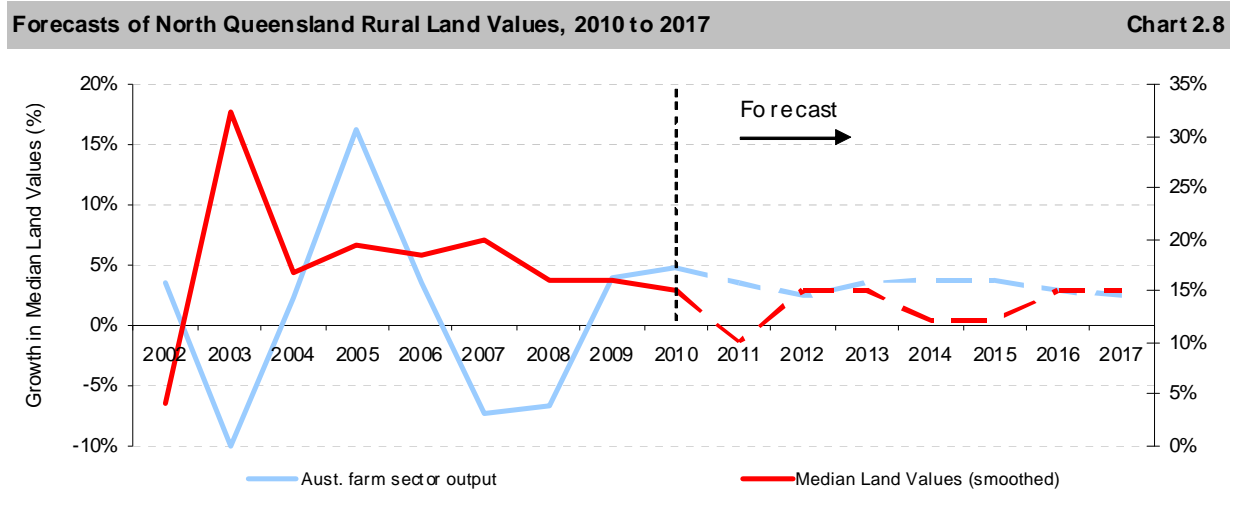
Source : Access Economics; Urbis

The important points to consider from Chart 2.7 include:

- Urbis expects urban land values in North Queensland to grow by an average of just under 12% per annum over the forecast period (2010-17).
- Population growth is forecast at an average of 1.9% per annum from 2010-17.

2.4.2 Forecast rural land values

Urbis has forecast North Queensland rural land values from 2010-17. These forecasts are illustrated in Chart 2.8.



Source : Access Economics; Urbis

The key results from Chart 2.8 include:

- Urbis expects rural land values in North Queensland to grow by an average of just under 14% per annum over the forecast period (2010-17).

Appendix A - Study Areas and Historical Land Values.

A.1 Study area

The regions and associated LGAs which are relevant to this assessment are illustrated in the following map and provided below:

- **South East Queensland:** City of Brisbane; City of Ipswich; Logan City; Moreton Region; Sunshine Coast region; Somerset region; Lockyer Valley region; Toowoomba region; and Southern Downs region.
- **South Queensland:** Fraser Coast region; Gympie region; South Burnett region; Shire of Cherbourg; Western Downs region; Maranoa 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.

A.2 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 and 2010 are based on fewer transactions than previous years, particularly for industrial land. This may skew the results.

A.2.1 South East Queensland

The median land values for South East Queensland (SEQ) are analysed and presented in Table A.2.1.

| South East Queensland Land Values, 2000-2010 | | | | | | | | | | | | Table 2.1 | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|---------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Avg Ann Growth | |
| | | | | | | | | | | | | 2001-05 | 2005-09 |
| Industrial Land Values | | | | | | | | | | | | | |
| Median | \$156,012 | \$284,779 | \$163,669 | \$207,917 | \$527,438 | \$471,548 | \$753,128 | \$799,879 | \$382,792 | \$185,969 | - | 13% | -21% |
| Median (smoothed) | | \$220,400 | \$224,200 | \$185,800 | \$367,700 | \$499,500 | \$612,300 | \$776,500 | \$591,300 | \$284,400 | - | 23% | -13% |
| Residential Land Values | | | | | | | | | | | | | |
| Median | \$32,203 | \$41,215 | \$41,503 | \$64,799 | \$71,055 | \$85,651 | \$92,864 | \$122,801 | \$93,519 | \$107,884 | \$97,959 | 20% | 6% |
| Median (smoothed) | | \$36,700 | \$41,400 | \$53,200 | \$67,900 | \$78,400 | \$89,300 | \$107,800 | \$108,200 | \$100,700 | \$102,900 | 21% | 6% |
| Rural Land Values | | | | | | | | | | | | | |
| Median | \$5,907 | \$6,674 | \$7,634 | \$9,011 | \$7,193 | \$8,366 | \$12,188 | \$14,314 | \$12,230 | \$12,275 | \$13,272 | 6% | 10% |
| Median (smoothed) | | \$6,300 | \$7,200 | \$8,300 | \$8,100 | \$7,800 | \$10,300 | \$13,300 | \$13,300 | \$12,300 | \$12,800 | 5% | 12% |

Source : RP Data; Urbis

The key findings from Table A.2.1 include:

- Both residential and industrial land values grew substantially from 2001-05, increasing by around 20% per annum. However, the trends in residential and industrial land values are quite different from

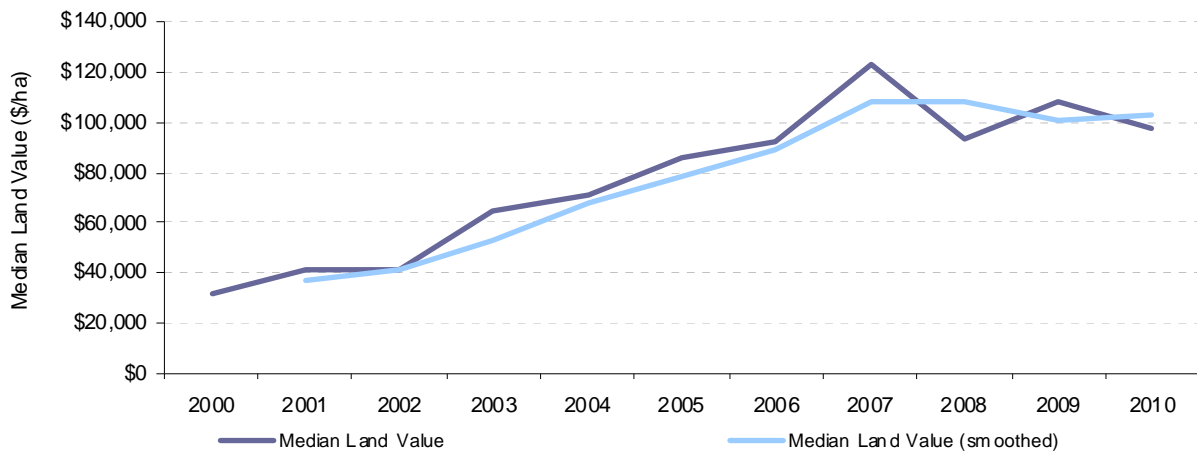
2005-09, with residential values increasing by an average of 6% per annum and industrial values decreasing by an average of 13% per annum.

- Rural land values have demonstrated a more stable trend than the other land uses, growing by circa 5-10% over the past ten years.

A.2.1.1 South East Queensland residential land values

SEQ residential land values have been analysed from 2000-10 and are presented in Chart A.2.1.

South East Queensland Residential Land Values, 2000-2010 **Chart 2.1**



Source : RP Data; Urbis

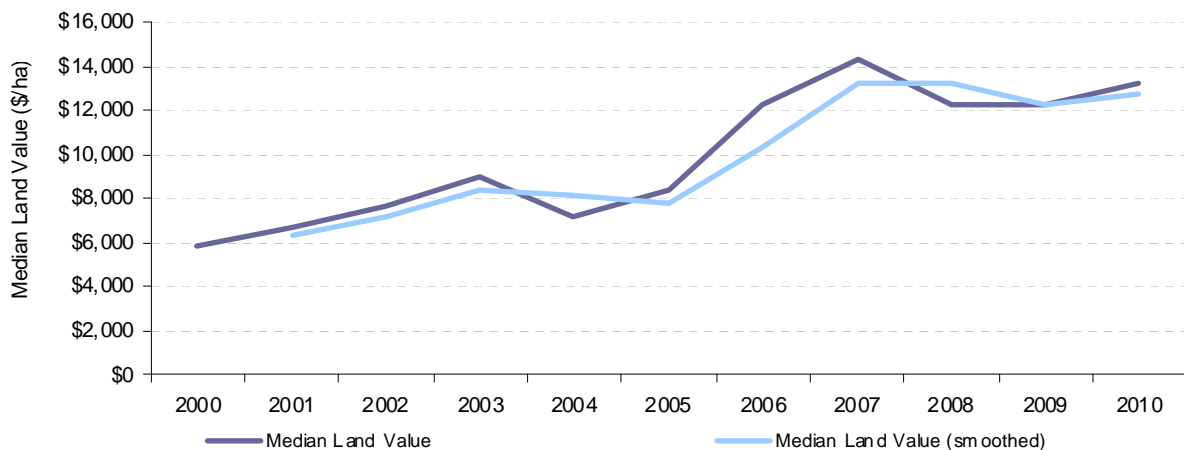
The major points to note from chart A.2.1 include:

- SEQ residential land values peaked in 2007 at circa \$120,000 per hectare and have been trending slightly downward over the past 2.5 years. Despite the recent falls, values increased by an average of 6% per annum from 2005-09.
- SEQ residential land values are stabilising at circa \$100,000 per hectare.

A.2.1.2 South East Queensland rural land values

SEQ rural land values have been analysed from 2000-10 and are presented in chart A.2.2

South East Queensland Rural Land Values, 2000-2010 **Chart 2.2**



Source : RP Data; Urbis

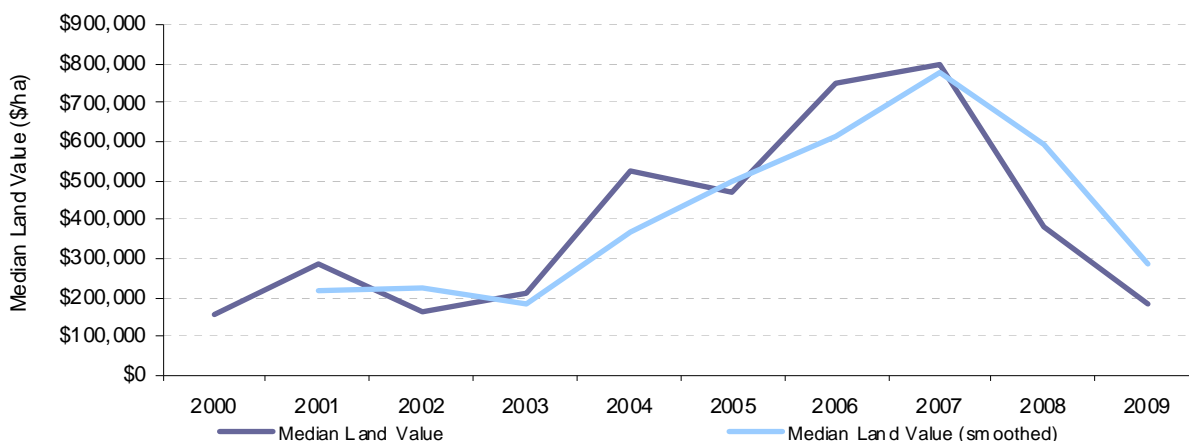
The important findings from chart A.2.2 include:

- SEQ rural land values also peaked in 2007, but at a much lower rate (circa \$13,000 per hectare) than residential land values.
- SEQ rural land values experienced a sharp rise in values between 2004 and 2007, increasing from around \$8,000 per hectare to around \$13,000 per hectare.
- Since 2007, SEQ rural land values have been trending slightly downward and were recorded at circa \$12,000 per hectare in 2009.

A.2.1.3 South East Queensland industrial land values

SEQ industrial land values have been analysed from 2000-09 and are presented in chart A.2.3

South East Queensland Industrial Land Values, 2000-2009 **Chart 2.3**



Source : RP Data; Urbis

The important findings from chart A.2.3 include:

- Like residential and rural land values in SEQ, industrial values peaked in 2007, albeit at a much higher rate (\$780,000 per hectare).
- SEQ industrial land values increased very sharply from 2003-2007, rising from almost \$200,000 per hectare to \$780,000 per hectare.
- After peaking in 2007, SEQ industrial land values fell dramatically to circa \$300,000 per hectare in 2009. However, these results are based on limited transactional activity from 2008-09.

A.2.2 South Queensland

The median land values for South Queensland are analysed from 2000 to 2010 and presented in Table A.2.2.

| South Queensland Land Values, 2000-2010 | | | | | | | | | | | | Table 2.2 | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------------|---------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Avg Ann Growth | |
| | | | | | | | | | | | | 2001-05 | 2005-09 |
| Industrial Land Values | | | | | | | | | | | | | |
| Median | \$16,260 | \$7,998 | \$4,506 | \$12,874 | \$16,909 | \$18,987 | \$10,191 | \$19,636 | \$39,335 | \$37,652 | - | 24% | 19% |
| Median (smoothed) | | \$12,100 | \$6,300 | \$8,700 | \$14,900 | \$17,900 | \$14,600 | \$14,900 | \$29,500 | \$38,500 | - | 10% | 21% |
| Residential Land Values | | | | | | | | | | | | | |
| Median | \$12,346 | \$12,132 | \$11,064 | \$12,360 | \$18,380 | \$23,704 | \$32,147 | \$37,647 | \$45,282 | \$38,075 | \$29,540 | 18% | 13% |
| Median (smoothed) | | \$12,200 | \$11,600 | \$11,700 | \$15,400 | \$21,000 | \$27,900 | \$34,900 | \$41,500 | \$41,700 | \$33,800 | 15% | 19% |
| Rural Land Values | | | | | | | | | | | | | |
| Median | \$1,840 | \$2,244 | \$2,892 | \$3,989 | \$2,586 | \$2,634 | \$2,509 | \$3,278 | \$4,004 | \$3,530 | \$3,686 | 4% | 8% |
| Median (smoothed) | | \$2,000 | \$2,600 | \$3,400 | \$3,300 | \$2,600 | \$2,600 | \$2,900 | \$3,600 | \$3,800 | \$3,600 | 7% | 10% |

Source : RP Data; Urbis

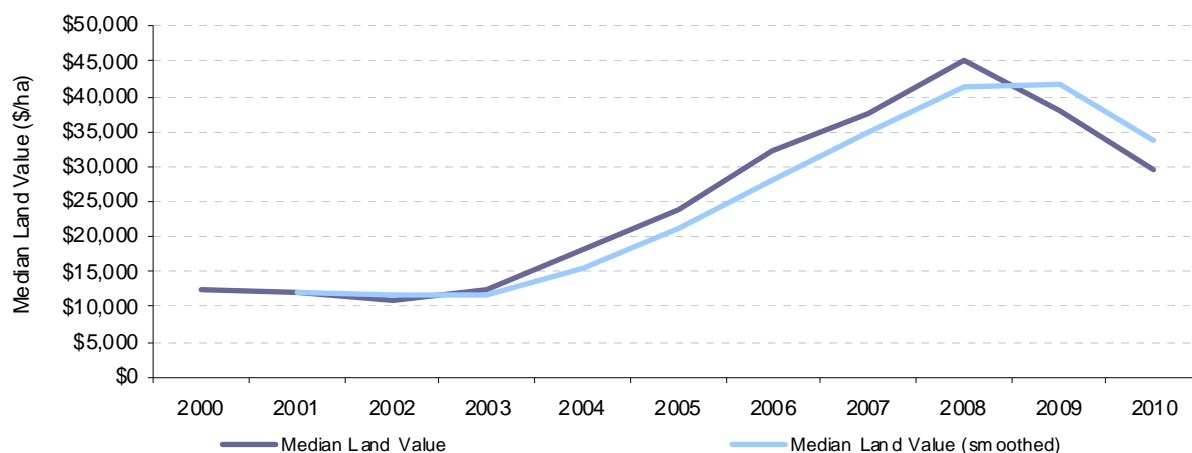
The key findings from Table A.2.2 include:

- South Queensland Industrial and Residential land values rose substantially from 2001-2005, increasing by an average of 10-15% per annum.
- Industrial and residential land values grew very strongly from 2005-09, increasing by circa 20% per annum.
- South Queensland Rural land values have been more stable over the past ten years, increasing by around 5-10% per year.

A.2.2.1 South Queensland residential land values

South Queensland Residential land values have been analysed from 2000-10 and are presented in Chart A.2.4

South Queensland Residential Land Values, 2000-2010 Chart 2.4



Source : RP Data; Urbis

The major points to note from chart A.2.4 include:

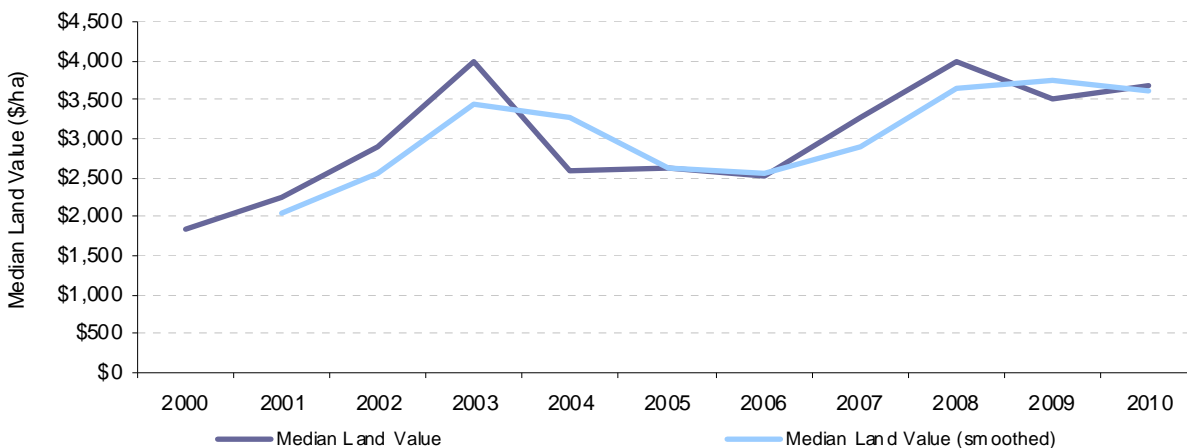
- South Queensland residential land values peaked in 2008 at around \$40,000 per hectare and remained at this level into 2009. Since then values have been downward trending.
- South Queensland residential land values rose sharply between 2003 and 2008, increasing from around \$12,000 per hectare to \$40,000 per hectare.

A.2.2.2 South Queensland rural land values

South Queensland Rural land values have been analysed from 2000-10 and are illustrated in Chart A.2.5.

South Queensland Rural Land Values, 2000-2010

Chart 2.5



Source : RP Data; Urbis

The major findings from Chart A.2.5 include:

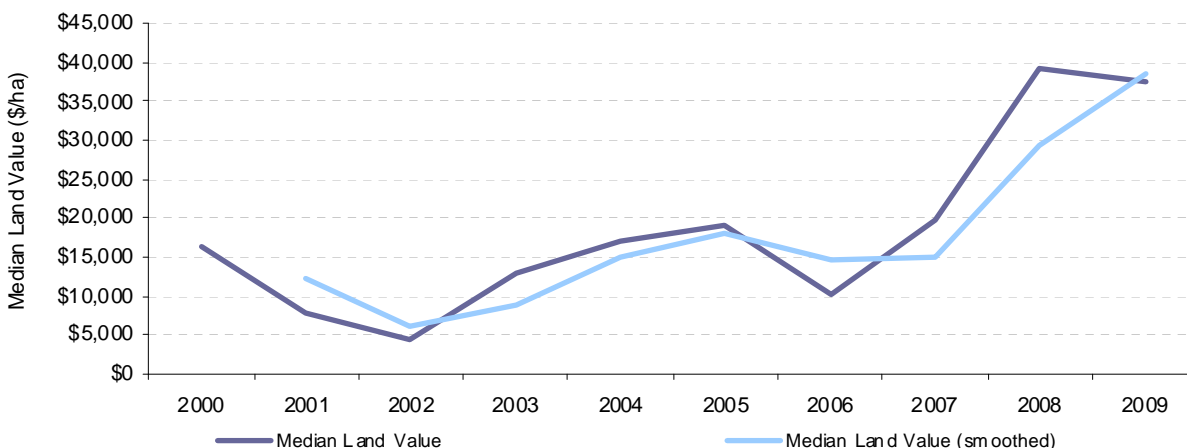
- Rural land values peaked in 2008 at around \$3,500 per hectare and remained at this level into 2009.
- Rural land values rose rapidly from 2001-03 and then fell significantly from 2003-06. This cyclical pattern of growth is partly attributable to rainfall levels and commodity price movements.

A.2.2.3 South Queensland industrial land values

South Queensland Industrial land values have been analysed from 2000-09 and are presented in Chart A.2.6.

South Queensland Industrial Land Values, 2000-2009

Chart 2.6



Source : RP Data; Urbis

The major points to consider from Chart A.2.6 include:

- Industrial land values grew strongly from 2006-09, increasing from \$15,000 per hectare to \$38,000 per hectare. However, these results are based on limited transactional activity over the past three years.
- From 2001-07, industrial land values rose moderately, increasing from \$12,000 per hectare to \$15,000 per hectare.

A.2.3 Central Queensland

The median land values in Central Queensland are analysed from 2000-10 and are presented in Table A.2.3.

| Central Queensland Land Values, 2000-2010 | | | | | | | | | | | | Table 2.3 | |
|---|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|----------|----------------|---------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Avg Ann Growth | |
| | | | | | | | | | | | | 2001-05 | 2005-09 |
| Industrial Land Values | | | | | | | | | | | | | |
| Median | \$8,207 | \$7,104 | \$32,305 | \$27,024 | \$40,157 | \$17,386 | \$92,784 | \$111,302 | \$272,295 | \$24,444 | - | 25% | 9% |
| Median (smoothed) | | \$7,700 | \$19,700 | \$29,700 | \$33,600 | \$28,800 | \$55,100 | \$102,000 | \$191,800 | \$148,400 | - | 39% | 51% |
| Residential Land Values | | | | | | | | | | | | | |
| Median | \$24,935 | \$27,094 | \$25,882 | \$26,238 | \$39,604 | \$45,455 | \$47,333 | \$84,485 | \$47,120 | \$34,568 | \$46,371 | 14% | -7% |
| Median (smoothed) | | \$26,000 | \$26,500 | \$26,100 | \$32,900 | \$42,500 | \$46,400 | \$65,900 | \$65,800 | \$40,800 | \$40,500 | 13% | -1% |
| Rural Land Values | | | | | | | | | | | | | |
| Median | \$2,072 | \$2,200 | \$2,556 | \$3,025 | \$3,398 | \$3,887 | \$4,926 | \$6,064 | \$7,084 | \$6,955 | \$8,600 | 15% | 16% |
| Median (smoothed) | | \$2,100 | \$2,400 | \$2,800 | \$3,200 | \$3,600 | \$4,400 | \$5,500 | \$6,600 | \$7,000 | \$7,800 | 14% | 18% |

Source : RP Data; Urbis

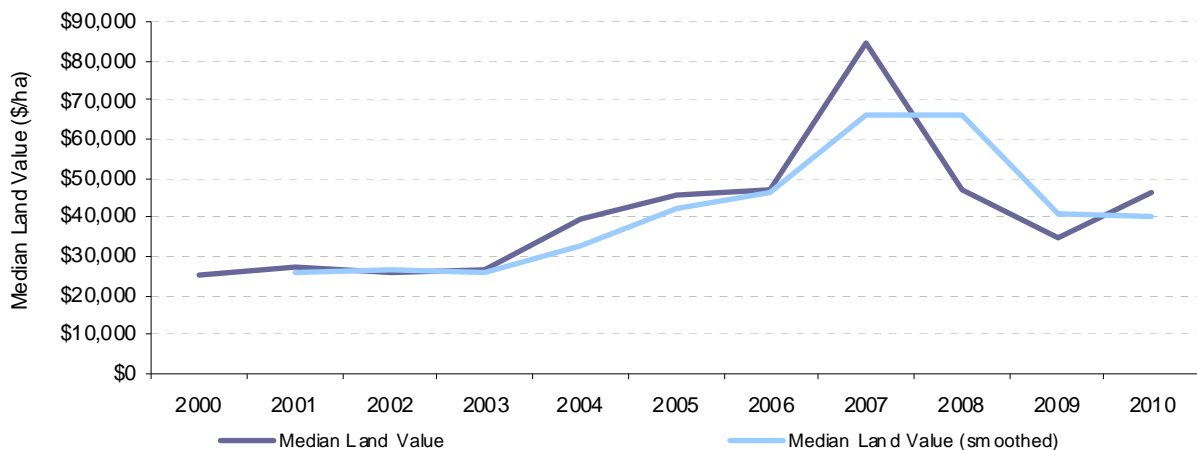
The important findings from Table A.2.3 include:

- Industrial land values grew very strongly from 2001-05 (39% per annum) and 2005-09 (51% per annum). However, industrial values declined dramatically from 2008-09.
- Residential and rural land values rose considerably from 2001-05, increasing by circa 15% per annum. However, a different trend is observed from 2005-09, with residential values declining slightly and rural values continuing their upward trajectory (increasing by around 20% per annum).

A.2.3.1 Central Queensland residential land values

Central Queensland Residential land values are analysed from 2000-10 and illustrated in Chart A.2.7.

Central Queensland Residential Land Values, 2000-2010 Chart 2.7



Source : RP Data; Urbis

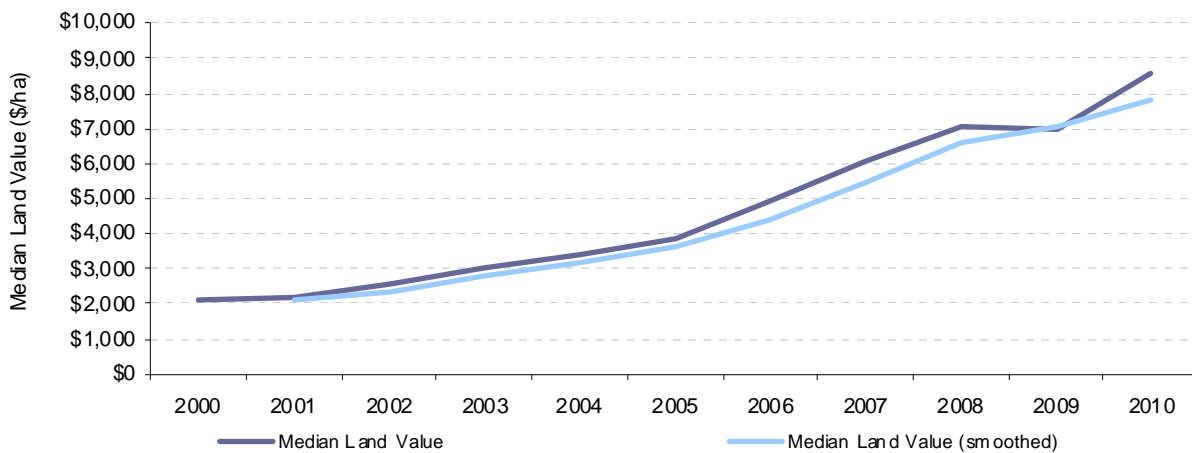
The key points to consider from Chart A.2.7 include:

- Residential land values peaked in 2007 at circa \$65,000 per hectare and have been trending downward since. Residential values are presently estimated at circa \$40,000 per hectare.
- Residential values rose strongly from 2003-07, increasing from around \$25,000 per hectare to \$65,000 per hectare

A.2.3.2 Central Queensland rural land values

Central Queensland rural land values are analysed from 2000-10 and presented in Chart A.2.8.

Central Queensland Rural Land Values, 2000-2010 **Chart 2.8**



Source : RP Data; Urbis

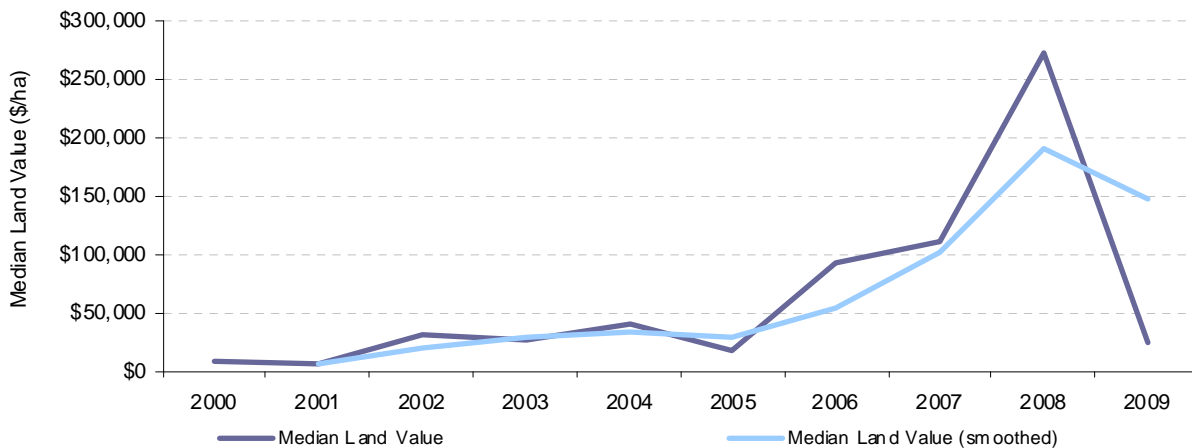
The major findings from Chart A.2.8 include:

- Central Queensland rural land values have grown continuously from 2000-10, rising from circa \$2,000 per hectare to \$8,000 per hectare. This represents growth of 15-20% per annum.

A.2.3.3 Central Queensland industrial land values

Central Queensland industrial land values are analysed from 2000-09 and presented in Chart A.2.9.

Central Queensland Industrial Land Values, 2000-2009 **Chart 2.9**



Source : RP Data; Urbis

The key findings from Chart A.2.9 include:

- Central Queensland industrial land values peaked in 2008 at circa \$190,000 per hectare and then declined substantially in 2009 to around \$150,000 per hectare. However, these results are based on limited transactional activity from 2008-09.
- Values grew rapidly from 2005-08, increasing from around \$30,000 per hectare to \$190,000 per hectare.

A.2.4 North Queensland

The median land values in North Queensland are analysed from 2000-10 and presented in Table A.2.4.

| North Queensland Land Values, 2000-2010 | | | | | | | | | | | | Table 2.4 | |
|---|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|----------|----------------|---------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Avg Ann Growth | |
| | | | | | | | | | | | | 2001-05 | 2005-09 |
| Industrial Land Values | | | | | | | | | | | | | |
| Median | \$8,910 | \$26,563 | \$26,549 | \$56,790 | \$97,596 | \$78,925 | \$226,491 | \$429,454 | \$153,082 | \$51,070 | - | 31% | -10% |
| Median (smoothed) | | \$17,700 | \$26,600 | \$41,700 | \$77,200 | \$88,300 | \$152,700 | \$328,000 | \$291,300 | \$102,100 | - | 49% | 4% |
| Residential Land Values | | | | | | | | | | | | | |
| Median | \$24,623 | \$16,810 | \$22,598 | \$32,493 | \$27,937 | \$53,209 | \$47,882 | \$67,734 | \$68,306 | \$58,166 | \$96,815 | 33% | 2% |
| Median (smoothed) | | \$20,700 | \$19,700 | \$27,500 | \$30,200 | \$40,600 | \$50,500 | \$57,800 | \$68,000 | \$63,200 | \$77,500 | 18% | 12% |
| Rural Land Values | | | | | | | | | | | | | |
| Median | \$4,609 | \$3,636 | \$4,952 | \$6,405 | \$6,849 | \$8,993 | \$9,768 | \$12,727 | \$13,379 | \$16,911 | \$19,682 | 25% | 17% |
| Median (smoothed) | | \$4,100 | \$4,300 | \$5,700 | \$6,600 | \$7,900 | \$9,400 | \$11,200 | \$13,100 | \$15,100 | \$18,300 | 18% | 18% |

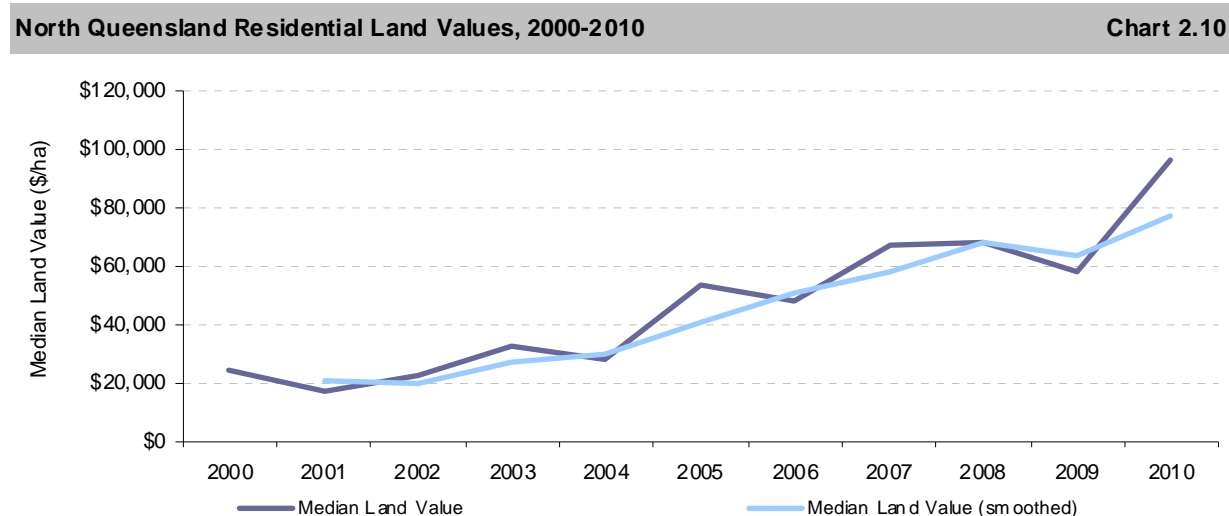
Source : RP Data; Urbis

The key points to note from Table A.2.4 include:

- Industrial land values grew very strongly from 2001-05, increasing by an average of 49% per annum. Since 2005, values have increased moderately to around \$100,000 per hectare in 2009.
- Both residential and rural land values rose by around 20% per annum from 2001-05. However, since 2005, rural values have grown slightly stronger than residential values, increasing by an average of 18% per annum over the period 2005-09.

A.2.4.1 North Queensland residential land values

North Queensland residential land values are analysed from 2000-10 and presented in Chart A.2.10.



Source : RP Data; Urbis

The major findings from Chart A.2.10 include:

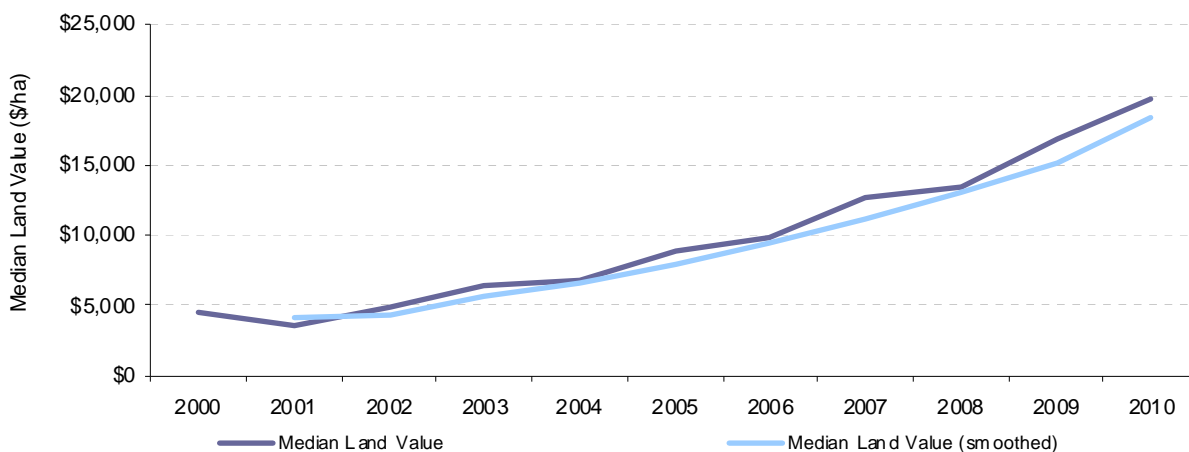
- Residential land values have risen consistently over the past ten years, increasing by an average of 10-20% per annum. Land value growth was stronger from 2001-05 (circa 20%) than 2005-09 (circa 10%).

A.2.4.2 North Queensland rural land values

North Queensland rural land values are analysed from 2000-10 and presented in Chart A.2.11.

North Queensland Rural Land Values, 2000-2010

Chart 2.11



Source : RP Data; Urbis

The key findings from Chart A.2.11 include:

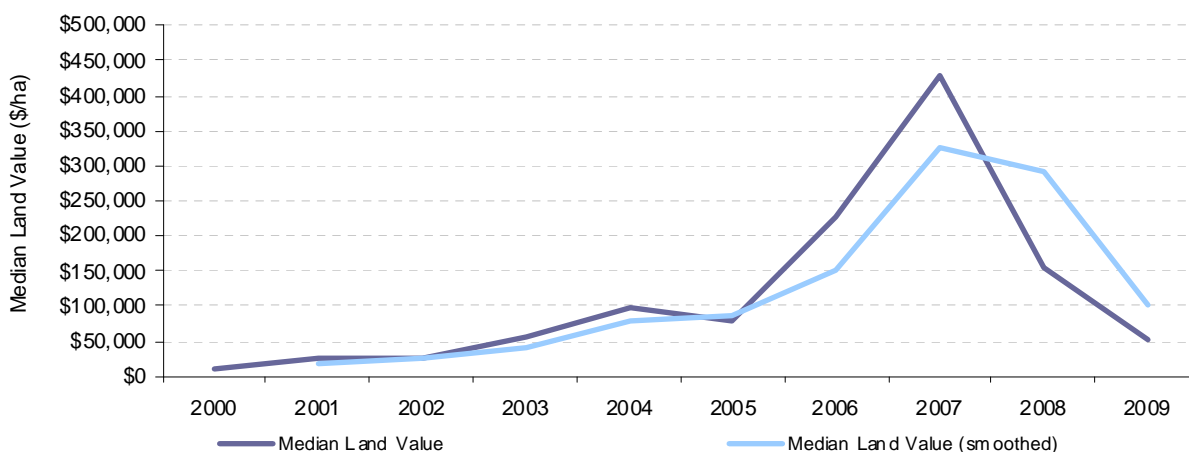
- Rural land values have risen continuously in North Queensland over the past ten years. Values were observed at circa \$15,000 per hectare in 2009.

A.2.4.3 North Queensland industrial land values

North Queensland industrial land values are analysed from 2000-09 and illustrated in Chart A.2.12.

North Queensland Industrial Land Values, 2000-2009

Chart 2.12



Source : RP Data; Urbis

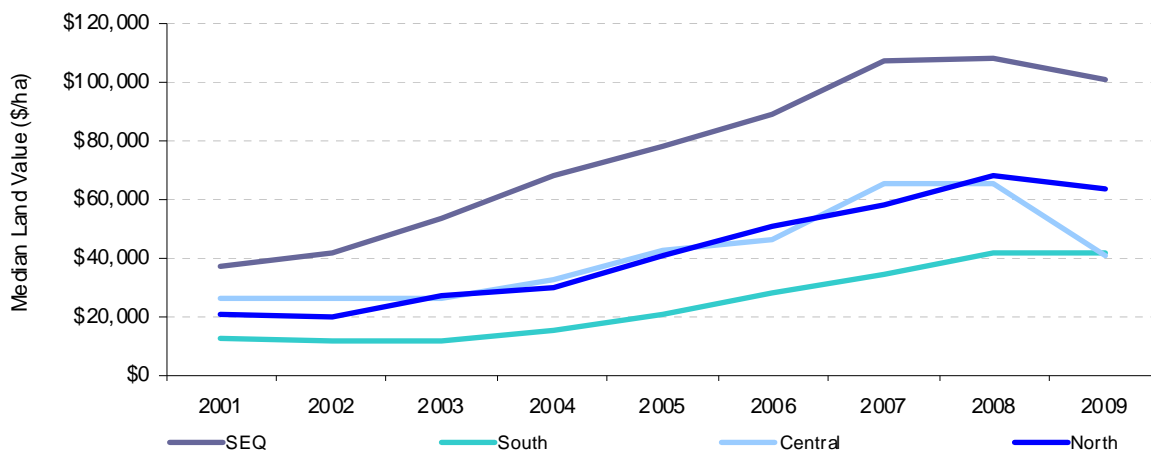
The important findings to consider from Chart A.2.12 include:

- Industrial land values peaked in 2007 at circa \$330,000 per hectare and since then have decreased very rapidly. However, the results from 2008-09 are based on limited transactional activity.
- Industrial land values rose very rapidly from 2005-07, increasing from around \$90,000 per hectare to \$290,000 per hectare. However, the results for 2008 and 2009 are based on limited transactional evidence.

A.2.5 Residential land values – all regions

The residential land values for each region are combined and illustrated in Chart A.2.13 to provide an indication of relativity.

Residential Land Values, 2001-2009 **Chart 2.13**



Source : RP Data; Urbis

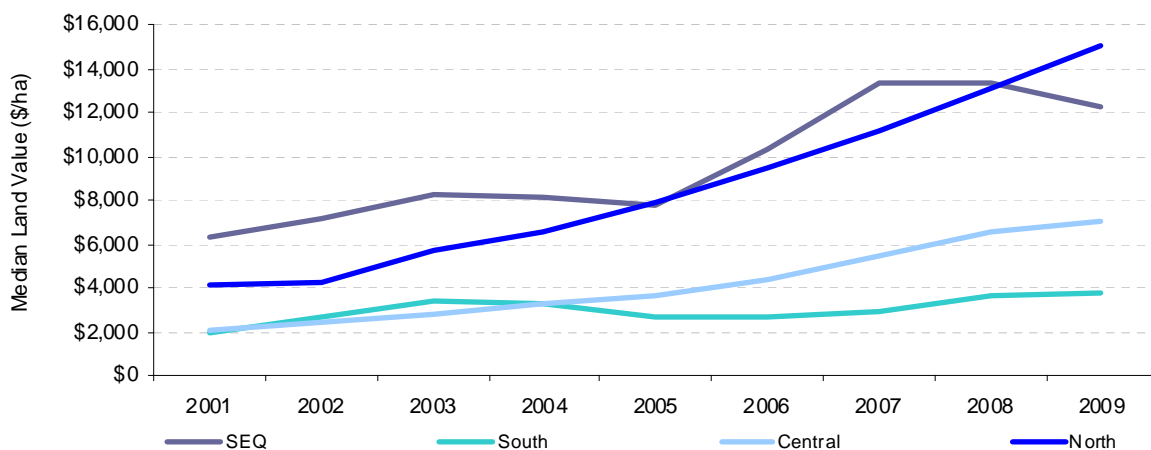
The key points to note include:

- Residential land values have trended consistently upward from 2001-09.
- Evidently, residential land values in SEQ are substantially higher than elsewhere. Land values in North and Central Queensland are relatively uniform, while South Queensland land values are slightly lower.
- The growth in residential land values across all regions has been very similar from 2001-09.

A.2.6 Rural land values – all regions

The rural land values for each region are combined and presented in Chart A.2.14.

Rural Land Values, 2001-2009 **Chart 2.14**



Source : RP Data; Urbis

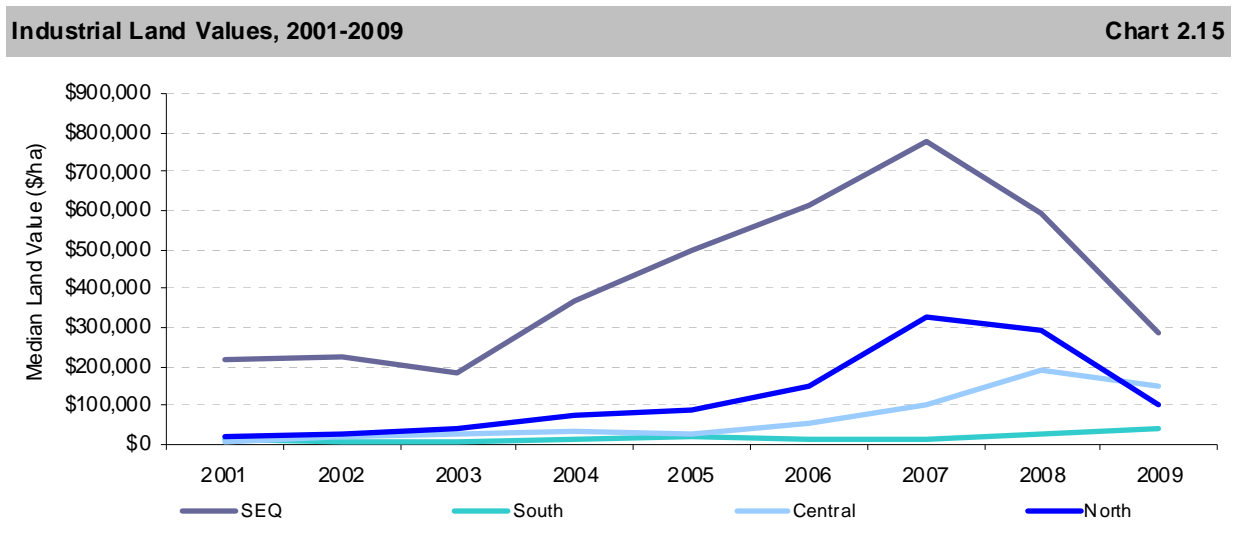
The key points to note from Chart A.2.14 include:

- Rural land values in SEQ and North Queensland are substantially higher than elsewhere.
- SEQ rural land values grew rapidly from 2005-07 and have been stagnant since.

- Rural land values in Central and South Queensland are very similar in terms of rate per hectare and observed trends.
- There has been little growth in South Queensland rural land values from 2001-09.

A.2.7 Industrial land values – all regions

The industrial land values for each region are combined and illustrated in Chart A.2.15.



Source : RP Data; Urbis

The major findings from Chart A.2.15 include:

- Industrial land values have performed similarly in both SEQ and North Queensland, where values rose strongly from 2003-07 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.
- SEQ industrial land values are substantially higher than elsewhere, followed by North Queensland Industrial land values.

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Peter Hyland

Director

Peter has more than 20 years experience in the property sector, with specific experience throughout Australia and the Asia Pacific region.

A specialist in the area of property strategy and portfolio analysis, Peter is a qualified urban economist and town planner who has experience of advisory work in the property sector for both public and private sector clients.

Expertise

Peter specialises in property development economics, client liaison and representation, property development initiation and co-ordination, strategic land use planning and the project management of consultants' inputs to major projects and studies. He has an excellent understanding of the property development and investment market, specifically in Queensland, but also throughout Australia and the Asia Pacific region. His extensive experience enables him to bring a balanced perspective and approach to a diverse range of projects.

Experience

Peter's recent experience includes:

- corporate real estate strategy;
- property portfolio analysis;
- urban economics and planning;
- land use and development assessment;
- major project assessment;
- strategic business planning; and,
- project management.

Qualifications and affiliations

- Master of Urban and Regional Planning - Applied Economic Analysis
- Bachelor Arts – Economic Geography
- Post Graduate Diploma – Education (Social Science)
- Member - Planning Institute of Australia
- Member – Property Council of Australia
- Member – Urban Development Institute of Australia

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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.

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Expertise

- Market and Industry Assessments
- Performance Measurement and Management
- Benchmarking and Positioning Analysis
- Strategic Development Sessions

Experience

Paul's recent experience includes:

- Office Portfolio assessments
- Residential Market Analyses
- Provision of Benchmarking Projects for a variety of clients including Real Estate
- Infrastructure Charge Investigations
- Target Site Analysis
- Development and implementation of an online performance tracking tool, giving clients the ability to monitor and report their employees key performance indicators (KPI's)
- Facilitating an entire benchmark project for a national professional services group consisting of over 200 firms with the analysis including both financial and non-financial data
- 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



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 12 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.

Qualifications and Affiliations

Bachelor Business
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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.

Experience

Ivan's recent experience includes:

- The transaction management of a large residential development site in Korea on behalf of 3M with a sale value of \$75 million.
- The transaction management of a mixed use development site in Singapore on behalf of 3M with a sale value of \$50 million
- A sale and lease back transaction for Philips Asia Pacific in Bangkok Thailand.
- The redevelopment of 3M's headquarters in Sydney. The site was to be sold down in multiple parcels for office park accommodation.