



SEQ Catalyst Projects

Autumn 2018

SEQ Overview

Whilst South East Queensland (SEQ) is already an exciting place to live, work and play, there are numerous major projects planned or underway that will drastically improve the region’s connectivity, amenity and employment possibilities over the coming decade. The projects will also have a substantial effect on the SEQ economy and its commercial property sector. Adding to this, we have the Commonwealth Games next month and a potential SEQ bid for the 2028 Olympic Games. In short, SEQ is evolving as a connected, thriving and innovative destination to live, work and visit.

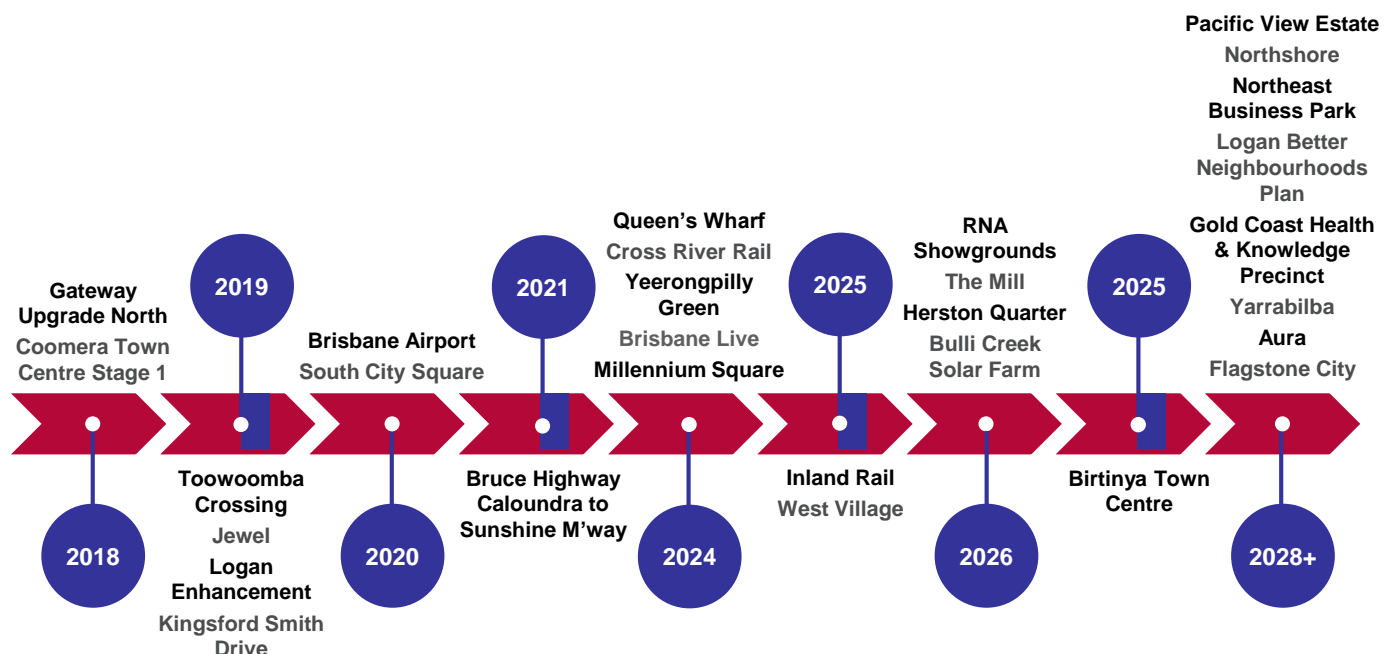
Projects: \$500 million plus

There are 39 projects or Priority Development Areas (PDAs) underway or in planning across SEQ (including Toowoomba) with total development costs of over \$500 million. The total development cost of these projects is estimated to be circa-\$65 billion. There is also a plethora of projects (underway or proposed) with costings between \$100 million and \$500 million across SEQ.

Projects Under Construction or Undergoing Early Works (\$500 million Plus)

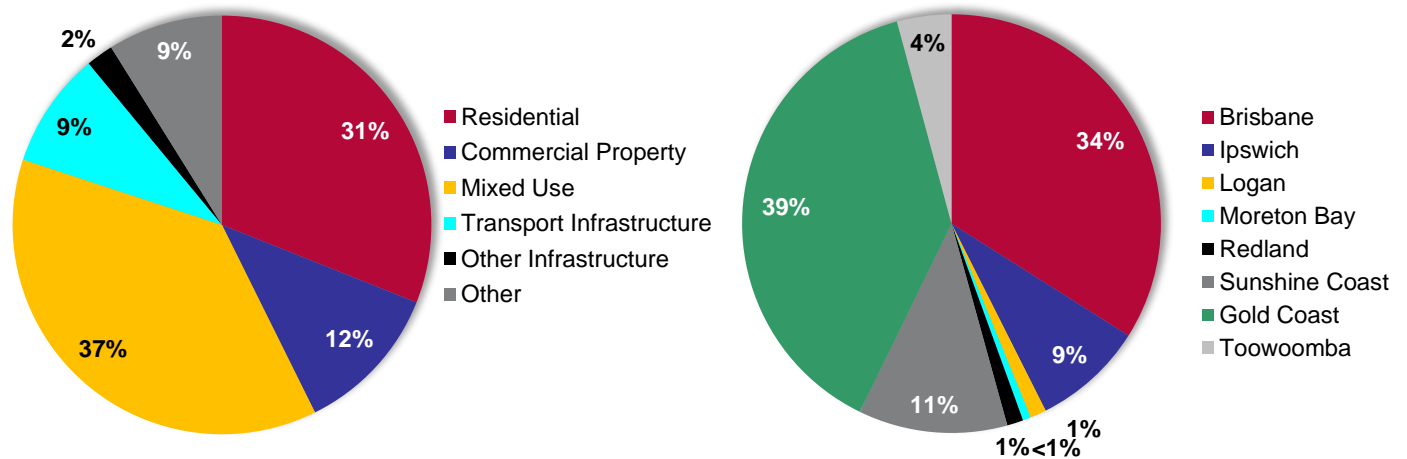
Of the total 39 projects with development costs of over \$500 million, there are 22 projects currently underway or undergoing early works. The chart below shows projects that are underway or in early works, as well as those expected to commence in the near future (typically funded and approved). Note that a number of these projects have staged completions and the chart shows the expected completion of the project’s final stage.

Timeline of Major Projects Underway, in Early Works or Likely









Projects: \$100 million - \$500 million

Mixed-use projects account for an estimated 37% of the total value of projects (underway and proposed) between \$100 million and \$500 million across SEQ. Residential projects are estimated to account for a further 31% of the total value of projects. Combined, Brisbane and the Gold Coast account for over 70% of the total value of projects in the \$100 million to \$500 million value bracket.



Selected Key Projects \$100 million - \$500 million

Brisbane		Brisbane Airport Automall Status: Construction to commence in the near future. Value: \$300 million. Notes: 51-hectare automotive precinct. Sci-Fleet Group and AP Eagers have secured sites in the precinct, which includes a 2.5 kilometre test track.
		Brisbane Cruise Terminal Status: DA Approved, construction to commence this year. Value: \$100 million. Notes: Involves the construction of a new mega-cruise ship terminal, proposed by the Port of Brisbane under the Government's Market-Led Proposal framework.
Ipswich		Waterlea at Walloon Status: Under construction. Value: \$350 million. Notes: Master planned community comprising 1,500 dwellings for base staff of the Amberley RAAF Base.
		RAAF Base Amberley Project Status: Under construction. Value: \$250 million. Notes: Federal Government funded project. Construction of The Battlefield Airlifter Main Operating Base Facilities over four areas.
Sunshine Coast		Sunshine Plaza Shopping Centre Redevelopment Status: Under construction. Value: \$350 million. Notes: Demolition of 6,500 square metres of showrooms and construction of 34,000 square metre extension to shopping centre.
Toowoomba		Oakey Solar Farm Status: Under construction. Value: \$136 million. Notes: Two-stage solar farm.

Key Transport Projects

There are a number of major transport-related projects underway or planned for SEQ, as summarised below and overleaf. It cannot be overstated the significance that these projects will have, upon completion, in shaping the future of SEQ.



Brisbane Airport Second Runway

Status: Under construction, expected completion in 2020.

Value: \$1.35 billion.

Notes: Will allow for the same capacity as Hong Kong and Singapore, providing regional economic benefits of ~\$5 billion p.a. by 2035.



Sunshine Coast Airport Second Runway

Status: Construction expected to start this year with completion anticipated 2020/21.

Value: \$320 million.

Notes: Construction of new runway capable of servicing international flights. Will provide regional economic benefits of \$4.1 billion between 2020 and 2040.



Gold Coast Airport

Status: Project will start after the Commonwealth Games. Expected completion in 2019.

Value: \$300 million.

Notes: Part of a long-term strategy to handle an expected 16 million passengers per annum by 2031.



Brisbane Cruise Terminal

Status: Approved, with construction to start mid-year.

Value: \$158 million.

Notes: Construction of a new mega-cruise ship terminal under the Government's Market-Led Proposal framework.



Cross River Rail

Status: Early site works commenced in 2017. Completion expected from 2024.

Value: \$5.4 billion.

Notes: Rail link between Dutton Park and Bowen Hills. The State Government has committed to fully-fund the project, however, is pursuing Federal Government and / or private sector funding.



Inland Freight Rail

Status: Estimated to be operational by 2025.

Value: \$10 billion.

Notes: 1,700-kilometre rail project from Melbourne to Brisbane, via regional Victoria, New South Wales and Queensland. The Federal Government has committed to finance the project.



InterlinkSQ Intermodal Freight Terminal Phase 1

Status: DA approved. Parts of the wider project are underway.

Value: \$235 million

Notes: Construction of freight terminal in Toowoomba, including rail infrastructure connecting to the Port of Brisbane.

Key Transport Projects (Continued)



Brisbane Metro

Status: Business case released. Currently unfunded.

Value: \$944 million.

Notes: High-frequency subway systems to link Eight Mile Plains to Roma Street and Herston to St Lucia. Brisbane City Council-led project.



Gold Coast Light Rail Project

Status: Stage 2 completed late 2017. Stage 3A is in planning (business case due late 2018).

Value: Stage 2 \$420 million; Stage 3A \$500 million.

Notes: Stage 2 connects the Southport end of Stage 1 of the Light Rail Project to the heavy rail station at Helensvale. Stage 3A is proposed to run from Broadbeach to Burleigh Heads.



Toowoomba Second Range Crossing

Status: Under construction, expected completion 2019.

Value: \$1.6 billion.

Notes: Bypass route to the north of Toowoomba, approximately 41 kilometres in length. Funded on an 80:20 basis by the Federal and State Governments.



Logan Motorway Enhancement Project

Status: Under construction, with expected completion 2019.

Value: \$512 million.

Notes: Involves the upgrade of parts of the Logan and Gateway Extension motorways and construction of new south-facing ramps at Compton Road. The project was the first Market-Led Proposal to be approved in Queensland.



Gateway Upgrade North

Status: Under construction, expected completion by late 2018.

Value: \$1.143 billion.

Notes: Upgrade of Gateway Motorway between Nudgee and Bracken Ridge. Jointly funded by Federal and State Governments.



Bruce Highway Upgrade Caloundra to Sunshine Motorway

Status: Under construction, expected completion by late 2020.

Value: \$929.3 million.

Notes: Upgrade of Bruce Highway between Caloundra Road and the Sunshine Motorway. Jointly funded by Federal and State Governments.



Kingsford Smith Drive Upgrade

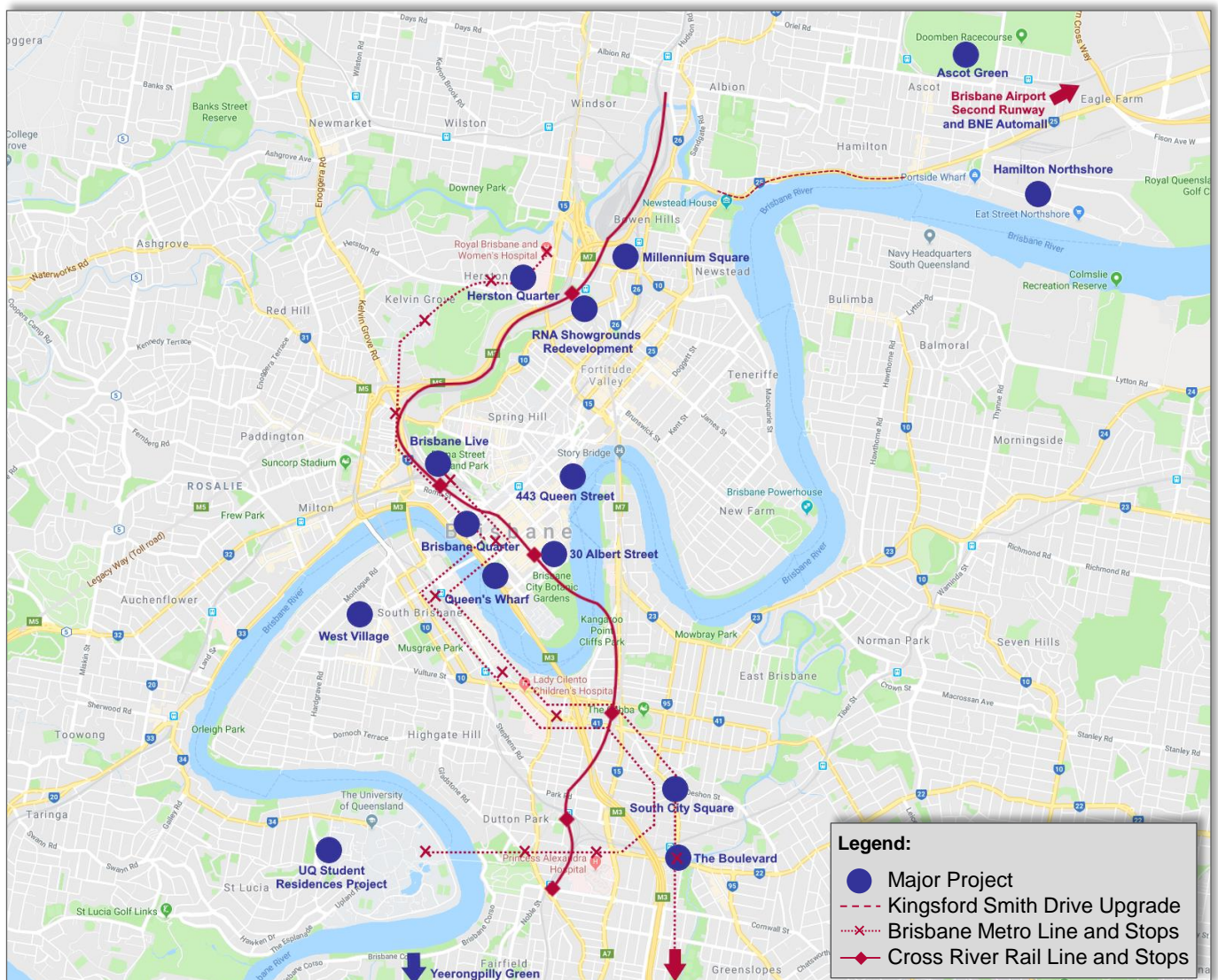
Status: Under construction, expected completion in 2019.

Value: \$650 million.

Notes: Widening of the road from four to six lanes as well as pedestrian and cycle facilities.

Focus Region: Inner Brisbane

It is well documented that Brisbane, particularly Inner Brisbane, is undergoing a substantial transformation. Projects are frequently being marketed as contributing to the transformation of Brisbane as a 'Global City', 'New World City' or 'Destination'. Brisbane is even going to be home to Australia's longest zip line from 2020! The vast majority of projects being developed or proposed across Inner Brisbane are positioned in close proximity to stations along the Cross River Rail and proposed Brisbane Metro alignments, highlighting the potential synchronisation of the projects and the dependence on improved public transportation systems in opening up areas of Inner Brisbane, that in many instances, are relatively underutilised at present. For example, in November 2017, the Labor Government announced that the Brisbane Live Precinct will be delivered in conjunction with the Cross River Rail by the Cross River Rail Development Authority, in partnership with AEG-Ogden. The interconnectedness of major projects across Inner Brisbane is highlighted on the map below, which shows proposed and underway projects over \$250 million across Inner Brisbane, in proximity to the major transport projects underway or proposed.



There is an estimated \$34 billion of projects and PDAs (\$100 million plus) proposed or underway across the Brisbane City LGA. The Brisbane economy will benefit considerably during the construction phase, and upon completion, of the projects. Aside from the obvious benefits of boosts to construction, the projects will benefit industries such as tourism, health, international education and engineering, to name a few.

Potential Effects on the Property Market

Industrial

- The Melbourne – Brisbane Inland Rail Project is expected to have a significant impact on industrial occupier demand and investment in certain areas of SEQ. The key areas in SEQ that are likely to benefit are as follows:
 - Toowoomba: There has already been increased occupier demand in Toowoomba as well as a number of new industrial estates being developed along the proposed route. Worth noting is the 200 hectare InterLinkSQ transport and logistics park that is located directly adjacent to the Inland Rail Corridor. Other new estates include Wellcamp Business Park and Witmack Industrial Park.
 - Bromelton: The Inland Rail will intersect the existing coastal interstate rail at the northern part of the Bromelton PDA. Bromelton has an estimated 1,350 hectares of future industrial land. In 2017, STC Logistics constructed a new rail terminal and warehouse hubs on a 134-hectare site on the inland rail route.
 - Acacia Ridge: Acacia Ridge is an established industrial precinct located in the Western Corridor and is the final stop on the Inland Rail route. Acacia Ridge already has a large intermodal facility and has strong road infrastructure connecting the region with the Port of Brisbane, Brisbane Airport, the Gold Coast and Logan Motorway Corridor. Whilst not part of the Inland Rail project, a \$2.5 billion link between Acacia Ridge and the Port of Brisbane has also been proposed.
- The Gateway Upgrade North project is scheduled for completion later this year. The project involves road upgrades between Nudgee and Bracken Ridge and is expected to result in a significant reduction in road travel times between Brisbane and the Moreton Bay Region. We expect that the completion of these works will encourage stronger occupier demand for industrial land in the Northern Corridor.
- The Logan Motorway and M1 Corridors are expected to see stronger demand upon completion of the privately-funded Logan Enhancement Project. The project involves the widening of sections of the Logan and Gateway Extension Motorways and constructing new south-facing on-off ramps. The project is expected to improve the accessibility of the region and result in stronger occupier demand in the surrounding industrial precincts.

Office

- Demand for office space comes from growth in white collar employment. Therefore, the key benefit to the office sector is likely to be in terms of stronger occupier demand from firms servicing the tourism industry, engineering and construction firms and the education sector. SEQ has lacked a major stimulus to office space occupier demand for a number of years now and the projects planned and underway are likely to provide the required boost. This will have positive flow-on effects on investment demand and investment yields for office buildings.
- Outside of Brisbane, the Maroochydore City (Bright City) and North Lakes Laguna projects include the development of sizable amounts of office space. The Sunshine Coast and Moreton Bay Regions are expected to increasingly come into their own due to forecast strong population growth, improved accessibility and increased amenity and services. This is expected to result in a strengthening in demand for office space in these regions.

Retail

- There will be a substantial amount of new retail supply added to SEQ following the completion of a number of key projects. This will increase competition amongst retailers in an already competitive environment.
- However, it is important to consider that new retail supply to be added to the market will also cater towards forecast strong growth in visitors (who like to shop and eat out). China remains a key international source market and visitation from China is expected to continue to grow at a rapid rate over the foreseeable future. Most of the new retail supply is located within regions expected to benefit from increased domestic and international visitation and is therefore expected to be relatively resilient against growth in online retailing.
- New retail supply across SEQ will also cater to strong location-specific population growth (such as the Coomera Town Centre in Coomera).

Residential Development

- We expect that the Cross River Rail and proposed Brisbane Metro will continue to encourage developers to look for potential development opportunities in Inner Brisbane and middle-ring suburbs that will be opened up by the new transport systems.
- In the Moreton Bay Region, the development of the USC Campus (and the wider PDA area) as well as the proposed Laguna North Lakes development will provide new sources of employment in the region. Furthermore, the Moreton Bay Regional Council's Incentivising Infill Development Policy is expected to encourage stronger development activity along the Redcliffe Peninsula Rail Corridor. The region will also benefit from the completion of the Gateway Upgrade North project (scheduled for 2018) which will significantly ease congestion. Demand for housing is expected to strengthen due to increased amenities, employment growth and improved desirability of living in the Moreton Bay Region. This is likely to result in price growth in the region's residential market.

Hotels

- The expansions of the Brisbane, Sunshine Coast and Gold Coast Airports, the new cruise terminal, and key projects such as Queen's Wharf and Brisbane Live, will see increased demand for hotel and short-term accommodation across SEQ.
- Some areas, such as the Sunshine Coast, are expected to come into a shortage of hotel accommodation, presenting opportunities for developers to enter the market.
- Pending the progress of the SEQ bid for the 2028 Olympic Games, developers may start to look at potential opportunities in some of the underserved regions of SEQ.

Student Accommodation

- Currently what separates Brisbane from other competing Australasian cities (such as Melbourne or Singapore) is our public transport system. The key transport projects underway and proposed in Inner Brisbane are likely to provide increased incentive for international students to study in Brisbane. There are already a number of student accommodation projects underway across Inner Brisbane.
- It is expected that the development of the USC Campus in Petrie will encourage some student accommodation developments in the surrounding area.

Conclusion

South East Queensland is at the start of a significant evolution. At the centre of this is the Inner Brisbane region, which is expected to benefit substantially from a number of key projects. What stands out to us is the substantial capacity that the key projects will provide to accommodate increased visitor numbers to Brisbane. Some of the projects (such as Queen's Wharf, Brisbane Live and Howard Smith Wharves) give people a reason to visit; some (such as the Airport's Second Runway, the new cruise terminal and the Cross River Rail and Brisbane Metro projects) provide improved accessibility; and others (such as the hotel components of the Brisbane Quarter and the Howard Smith Wharves developments) increase the choice and availability of accommodation. The direct and flow-on benefits that increased tourism (both domestic and international) and construction will have on the region's economy is substantial.

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