

# SEQ Catalyst Projects

Winter 2018

Since our [Autumn Catalyst Projects](#) report, several projects in South East Queensland's pipeline of major projects have progressed and several new projects have been added to the pipeline. This paper provides a brief overview of these key changes. The paper also provides a focus on major projects occurring in the **Toowoomba Region** at present.

## Update on SEQ Catalyst Projects

One of the most significant projects that has progressed during the past quarter is the Brisbane Metro, which has recently received Federal Government funding for the final third of the project that remained unfunded. The project will be jointly funded by the Brisbane City Council and the Federal Government. Based on receiving this funding, we expect the project is likely to proceed and be completed in 2023.

The recently released Federal and State Budgets also included funding for several other key transport infrastructure projects across South East Queensland which are of great significance. Provided they proceed, these projects will vastly enhance connectivity and travel times across the various areas of SEQ. The key projects that have recently received funding are as follows:

- Brisbane to Gold Coast M1 Upgrade (Eight Mile Plains to Daisy Hill and Varsity Lakes to Tugun): The Federal and State Governments have each allocated \$879.5 million of funding to this upgrade;
- Bruce Highway Upgrades, including Pine River to Caloundra: The Federal Government has allocated \$880 million to the upgrade of the Bruce Highway between Pine River and Caloundra (estimated total cost of \$1.1 billion);
- Cunningham Highway, Yamanto to Ebenezer interchange: The Federal Government has allocated \$140 million to this \$330 million project; and
- Sunshine Coast Rail Upgrade (Beerburrum to Landsborough): The Federal Government has agreed to fund \$390 million of the project and the State Government will fund \$160 million. Funding is yet to be decided for the remaining \$234 million.

In the private sector, Dexus has recently revealed plans for the redevelopment of the Eagle Street Pier. Whilst this project is still in the early stages of planning, it has attracted significant attention. The redevelopment is proposed to include two new 70-storey towers (either residential, hotel or commercial), dining and retail space and public space. The project has a six-year timeframe.

Furthermore, R&F have released plans for a 1.6-hectare site they acquired in 2015 at West End. The Chinese-based company is proposing to develop 1,032 apartments, retail and commercial space over seven buildings. Another recent announcement is that The Port of Brisbane and Carnival Australia have agreed to conditions for the new \$158 million cruise terminal at Luggage Point. Construction can now begin on the project, with completion targeted for mid-2020. On the Sunshine Coast, John Holland Group has been awarded the \$225 million contract to deliver the new runway at the Sunshine Coast Airport.

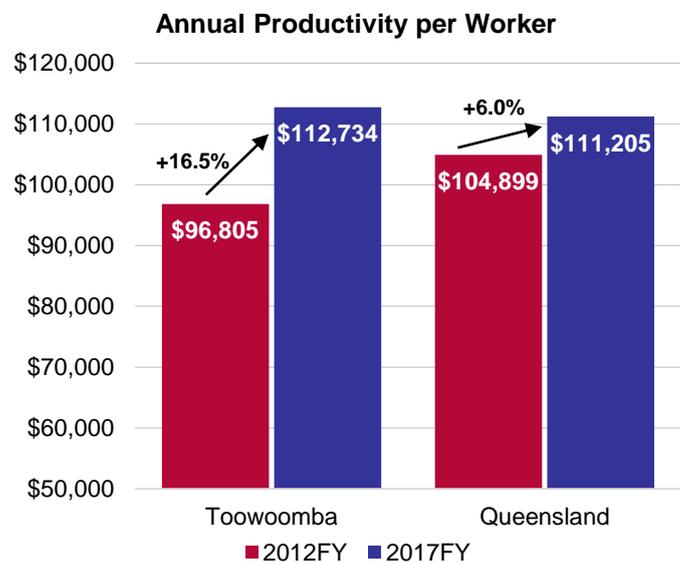


Dexus Eagle Street Pier Redevelopment

## Focus Region: Toowoomba

Toowoomba is located approximately 130 kilometres by road west of Brisbane. The city is located in the Darling Downs Region and is Australia's second largest inland city (after Canberra).

Toowoomba has experienced strong growth over the past five years. This is evidenced through a number of measures, including economic growth, building approvals, employment growth and the low unemployment rate (5.3% as at December 2017, which is below the unemployment rate for Queensland). Another interesting indicator is for worker productivity or value per employee. During the 2017 financial year, productivity per worker was \$112,734 in the Toowoomba Regional Council, having increased from \$96,805 over the five years from the 2012 financial year. For Queensland, productivity per worker increased from \$104,889 during 2012 to \$111,205 in 2017.



During recent years, several key strategies have been implemented in the Toowoomba Region to encourage migration to the region and the retention of its existing residents. One of these is the opening and running of 'The Branch' co-working space in the CBD in 2017, an initiative of the Toowoomba and Surat Basin Enterprise aimed at attracting new companies and start-ups to the region. Walton Stores, a new Urban Renewal development in the Toowoomba CBD that combines retail, food and beverage and commercial office space, is another example. The development incorporates innovative work environments with convenience for residents.

The Toowoomba Regional Council lists their 'priority' industries as Agribusiness, Transport and Logistics, Advanced Manufacturing, Tourism, Health and Education, Resources and Defence and Aerospace. Growth in a number of these industries has been boosted during recent years by some large-scale infrastructure and social infrastructure projects that have been completed, are currently underway, or in planning. Economic growth in the region has also been driven by the large pipeline of works, which are gradually transforming the region to be an agricultural and freight and logistics centre. We believe projects such as the Inland Rail, Second Range Crossing and InterlinkSQ will be catalysts for a significant transformation of Toowoomba going forward. These projects will have substantially positive impacts on the residential and commercial property markets in the region.

Following is a summary of key projects in the region (as well as surrounding regions) that are currently underway or in planning. These projects will add to other recently completed projects in the region, including:

- Wellcamp Airport – completed in 2014. Wellcamp Airport serviced close to 4,000 aircrafts in 2017, including approximately 80 passenger flights per week as well as weekly air cargo services to Hong Kong. Wellcamp Airport experienced growth in passengers of 27.4% during 2017.
- Grand Central Redevelopment – completed in 2017. \$500 million redevelopment of the Grand Central Shopping Centre.
- Pulse Data Centre (shown right)– completed in 2017. This \$100 million data centre is located within the FKG Witmack Industry Park.



## Toowoomba Region: Key Transport Projects

Key transport projects currently underway or in planning for Toowoomba are detailed below. Following the completion of key road and rail projects, Toowoomba will be highly accessible, both domestically and from international markets.



### Toowoomba Second Range Crossing

**Status:** Under construction and due for completion first half of 2019  
**Value:** \$1.606 billion.  
**Notes:** Being funded by Federal and State Governments.



### Cunningham Highway – Yamanto to Ebenezer Interchange

**Status:** Planning.  
**Value:** \$330 million  
**Notes:** Received \$140 million funding in the 2019FY Federal Budget. Project will improve connectivity between Ipswich and the Darling Downs Region.



### Inland Freight Rail

**Status:** Planning. Expected completion in 2025.  
**Value:** \$5.25 billion (Queensland components).  
**Notes:** Predominantly funded by the Federal Government, with private funding for some sectors.

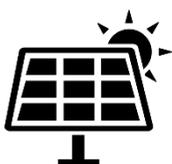


### InterlinkSQ Freight Terminal

**Status:** Expected completion in 2019.  
**Value:** \$235 million.  
**Notes:** Will be located adjacent to the existing Western Railway Line and connecting to the proposed Inland Freight Rail. Strategic location close to rail, road and air connections.

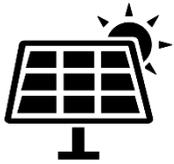
## Toowoomba Region: Key Energy Projects

There are three key energy projects underway or due to commence construction in the near future in the Toowoomba / Lockyer Valley regions. Each of the projects is being developed by foreign-based companies, showing the global interest that the Toowoomba Region is generating as a place to invest. The projects will be a positive source of employment and construction in the region. Whilst not located in the Toowoomba Region, it is also noteworthy to mention the Bulli Creek Solar Farm and Darling Downs Solar Farm projects that are being developed in the nearby regions of Millmerran and Western Downs.



### Oakey Solar Farm

**Status:** Stage 1 is currently under construction.  
**Value:** \$153 million.  
**Notes:** Being developed by Canadian Solar in two stages. Located in Oakey (Toowoomba Region).



### Yarranlea Solar Farm

**Status:** Construction expected to commence this year.

**Value:** \$250 million.

**Notes:** Recently purchased by Chinese-based Risen Energy. Located in Yarranlea (Toowoomba Region).



### Lockyer Valley Gas Power Station

**Status:** Construction expected to commence over the next year, with completion forecast for 2020.

**Value:** \$100 million.

**Notes:** Being developed by global company Quinbrook. Located in Gatton (Lockyer Valley Region).



### Bulli Creek Solar Farm

**Status:** Stage 1 is under procurement with completion expected for 2019. Stages 2 and 3 are scheduled for completion in 2020 and 2021.

**Value:** \$600 million.

**Notes:** Located in Bulli Creek (Millmerran Region). Being developed by Australian company, Solar Choice.



### Darling Downs Solar Farm

**Status:** Currently under construction and due for completion this year.

**Value:** \$210 million.

**Notes:** Being developed by APA, an Australian energy infrastructure business. Located in Kogan (Western Downs Region).

## Potential Effects on the Toowoomba Property Market

The Toowoomba Region is undergoing a significant transformation. The completion of major projects will have a significant impact on the region's economy and property market.

### Industrial

The most notable expected outcome is for increased occupier and investor demand in the industrial sector. Toowoomba is expected to continue to grow into a significant transport, logistics and business hub as a result of the completion of major projects. New industrial development is expected to continue within the Toowoomba Enterprise Hub – which is close to the Wellcamp Airport (completed in 2014) and adjoining Business Park, the existing Western Railway, the Inland Rail and the Second Range Crossing. The Toowoomba Enterprise Hub is one of the largest industrial land parcels in South East Queensland (over 2,000 hectares) and we expect significant industrial and commercial development to occur in this area over the long term.

The Toowoomba Enterprise Hub has already attracted national and international tenants, such as Boral, Spiecapag and Schlumberger. In 2017, IOR Petroleum opened its Charlton site, recognising the future growth potential of the Toowoomba Enterprise Hub. We expect that investor demand for industrial property assets in this location will strengthen going forward as the region continues to attract more major tenants. The Melbourne – Brisbane Inland Rail Project is expected to have a significant impact on industrial occupier demand in 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.

## Residential

Toowoomba's residential property market will benefit from continued improvements to accessibility, employment opportunities and amenity in the region. Residential property prices have experienced strong growth over the past five years, however, the area remains affordable relative to the Greater Brisbane Region. Improvements in accessibility and employment prospects due to the major projects under construction and in planning will encourage migration to the region. The Toowoomba region's population is expected to grow by circa-40,000 residents between 2016 and 2036. However, if other key projects such as high speed passenger rail are pursued, the region could see stronger population growth than previously forecast.

The Toowoomba Railway Parklands Priority Development Area (PDA) was declared in December 2014 and approved by the Queensland Government in January 2016. The PDA covers an area of 51.3 hectares and is situated north of Toowoomba's CBD.

The vision for the PDA is to create a mixed-use urban village of regional significance. The PDA will facilitate the development of high-quality amenity, CBD convenience, recreation and entertainment opportunities, residential supply and urban parklands. The PDA has the capacity to create 2,270 residential dwellings.

***“The Toowoomba Railway Parklands Priority Development Area is set to facilitate development at a time of unprecedented opportunity and investment within Toowoomba. The recent and future investment in infrastructure and the flow-on benefits of continued mining and agricultural growth within the Surat Basin means that Toowoomba's time is now.”***

*(Toowoomba Railway Parklands PDA Development Scheme, 2016)*

## Retail

Whilst the Toowoomba Region is forecast to experience fairly modest population growth over the long term, the Lockyer Valley Region (which adjoins the Toowoomba Region) is forecast to experience strong population growth over the longer term. This will benefit the retail sector in Toowoomba. Toowoomba's Grand Central Shopping Centre underwent a \$500 million expansion that was completed in 2017. The shopping centre is the largest in the Darling Downs region and is likely to benefit from strong population growth in the Lockyer Valley Region, particularly since it has been expanded and repositioned as a consumer destination. Furthermore, the Wellcamp Airport has the potential to support increased tourism to the region, which would be a positive source of demand on retail trade.

## Office

Benefits to the office sector from major infrastructure and catalyst projects are more indirect than other sectors such as industrial. The office sector is likely to benefit from Toowoomba's diversifying and strengthening economy, however this benefit will be subtle and built over time. The major projects underway will enhance Toowoomba's ability to capitalise on its food product manufacturing, mining and agriculture production base, by providing increased opportunities to access interstate and global export markets. It is likely that demand for office space will strengthen from these sectors.

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