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Toondah Harbour

Market Assessment Report

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1 Executive Summary

Jones Lang LaSalle has been appointed by Redland City Council to prepare a detailed development strategy to underpin the preparation of the development scheme for the Toondah Harbour Development Area. This includes a range of tasks including:

1. Detailed market assessment of the range of supportable land uses including the major components of residential, retail and marina
2. Benchmarking of comparable projects to inform the scale, mix and function of each of the components and level of integration. Key learnings relating to success factors and particularly short comings of the projects have also been identified.

We summarise the key findings below:

- **Residential Market:** Toondah Harbour is well positioned to provide a strong focus on medium density housing supply. It is quite clear that the initial target demographic for product will be local owner occupiers due to historical purchasing trends for medium density product in the local market. This would be via a combination of affluent older demographic that is currently residing within Raby Bay as well as broader middle income earners that will seek a more affordable product. This will provide a diversity of product in the project and support stronger take-up rates. This will further broaden in time with local investors expected to embrace the project as it gathers momentum.
- Recently, there have been a number of strong new transactions and resales within Cleveland, particularly around the Raby Bay Marina and canal development, illustrating that there is still strong demand from affluent residents to reside within the region.
- Cleveland can be separated into two distinct markets, a premium residential market comprising of the Raby Bay development and the broader Cleveland region. The distinction in the market is pronounced with the median sales price for houses within Cleveland recorded at \$535,000 during YTD2013, compared to \$1.2 million for houses within Raby Bay over the same period.
- There has been a shift towards apartment product over houses, which has been largely driven by an aged demographic profile of the area and with limited new supply of detached dwellings in close proximity to the Cleveland CBD. However, this medium density market is still relatively shallow and the attached product market is in the early stages of acceptance.
- The broader slowdown in the residential market across South East Queensland has similarly impacted the Cleveland apartment market with slow sales activity levels, with 89 sales were registered during 2012 and 32 YTD2013, below the 10 year average (2003 to 2013) of around 100 sales per annum. Sales of new products have been particularly slow with no new project commencements for over 2 years.

Marina Market

- As at June 2012, there were a total of 79,660 boats registered in the broader catchment area, with approximately 32% in Brisbane and 14% in the Redland LGA.
- An analysis of recreational boat registrations for the primary catchment area indicates strong growth over the last 10 years to June 2012. Growth in total registrations have averaged around 2,581 per annum over this period. More recently this has been softer at 581 new vessel registrations over 2011-2012.

- In considering the above supply side assessment in conjunction with the boat registration growth within the catchment area, this confirms our initial preliminary assessment of the total size of a potential marina at Toondah Harbour is supportable at around 400 berths, which would be staged over an extended period of time
- For Redlands specifically, there has been solid growth in vessel registrations, with total registrations increasing an average of 1.91% over a ten year period ending June 2012. While growth has slowed in line with the wider market, there has been positive growth each year and increased growth from 2011.
- Further, we note that the nature of boat registration growth for vessels greater than 10 metres is in part influenced by availability of wet and dry storage options within proximity for the registered owner. In this regard, it may be the case that additional marina berth supply in the catchment will induce demand that would otherwise have not been supported. As such, depth of demand for berths in the catchment area is expected see take-up of 400 berths within 10 to 20 years.

Retail Market

- The retail component of Toondah Harbour has been assessed to ensure it caters to the local catchment and provides a point of difference to the CBD to mitigate any direct competition.
- In this regard, the retail component of Toondah Harbour will need to have a dual role:
 - to cater to locally generated demand from within the new residential component in the project; and
 - to have a strong destinational role.
- The destinational role is particularly important given the prime oceanfront location, providing a major differentiator to the retail offering for the broader Redland City Council area. It also recognises the importance of Toondah Harbour in complementing and deepening the retail offering of Cleveland rather than competing with Cleveland CBD.
- The mix within Toondah Harbour takes account of the retail role of Cleveland CBD. The CBD already has strong performing components of the existing retail mix with the main component, the Stockland Retail Centre, having strong performing supermarkets and some specialities, particularly those playing an 'eat street' role.
- The quantum of supportable retail space for Toondah Harbour is estimated to be a total of between 1,500sqm and 2,500sqm depending on the extent to which a marina is developed at Toondah Harbour and excluding the function centre.
- The anchor component is recommended to be a waterfront pub/hotel and function/event centre with supporting accommodation developed in time as the market considers supportable. This component will be a significant star attractor to Toondah Harbour and is considered to have significant 'pulling potential' attracting a market from across greater Brisbane and South East Queensland.
- The mix is recommended to include:
 - Local convenience grocery shopping (local residents and ferry passengers) with the CBD still performing the role of major grocery shopping. Around 400sqm is considered supportable and appropriate for this retail component.
 - An 'Eat street' with focus on restaurants, cafes and small format bars providing village and waterfront dining opportunities. This will deliver an amenity level expected from local buyers of the new residential and regularly cater to a broad demographic profile of residents from Raby Bay and Cleveland as well as further afield including Victoria Point, Alexandra Hills and Capalaba.

2 Introduction

Jones Lang LaSalle has been appointed by Redland City Council to prepare an economically sound and robust development strategy to underpin the preparation of the development scheme for this landmark waterfront site at Cleveland. We recognise the strategic waterfront location of the site carries great significance for both Cleveland and indeed the South East Queensland region as the gateway to one of the State's most important tourism assets, North Stradbroke Island, affectionately known as "Straddie". In recognition of this importance, the site has long been earmarked for upgrade and development over many decades. Most recently, the current Redland City Council acted decisively on this opportunity and nominated to the State Government that the site be declared a Priority Development Area (PDA). This declaration was announced in June 2013. This will provide the platform to commence the process of facilitation of a strong development outcome.

The primary objective of this report is to provide the commercial foundation for the development strategy for Toondah Harbour. This will support a range of outcomes including:

- Outline the range of market supportable land uses with regard to the highest and best uses for the site,
- Outline the likely financial feasibility of each of the recommended land uses,
- Guide the formulation of the development the concept to support the preparation of the planning scheme over the site
- Support the project team in identifying the necessary elements to facilitating a successful transaction with the private sector to develop the site, including an outline of the recommended procurement framework and an approach and mitigating major barriers to successful development of the site

Based on these key outcomes, the report is structured into the components as detailed below;

Market Assessment and Development Strategy

This baselines analysis concentrates on the completion of a robust assessment of the core information required to formulate the most viable development outcome and understand the key market drivers for the project.

The baseline analysis and development strategy has been separated into a number of subsections, each providing crucial inputs into the strategy. This is summarised as follows:

- Establish project programme objectives and framework, which includes setting and clarifying key aspects including:
 - Vision and objectives
 - Key stakeholders and their drivers
 - Communication protocols
 - Programme timeframes, deliverables and milestones
 - Project team structure and resourcing plan
 - Role of the State in supporting the facilitation process for the PDA
 - Council's key drivers and extent of preferred role in the project
 - Background information and key issues that Council is aware of that may directly or indirectly have a material influence on the development of Toondah Harbour
- Refinement of Master Plan Concept Viability and Market Drivers – this subsection identifies the key catalysts/enablers required to support development. This includes:
 - Residential – more in-depth price point and market performance analysis, supported by detailed market consultation with developers
 - Marina – price points for the main competing marinas and detailed understanding of target market and performance including comparable benchmark project assessment and consultation with marina developers
 - Retail – retail market conditions, outlook, supportable space and relationship with retail in the Cleveland CBD

- Function centre / event space demand – further analysis of successful comparable function centres and consultation with high profile operators.
- Feasibility Testing – developing a strong understanding of the likely financial viability of a range of uses outlined in the recommended mix of uses in the development strategy.
- Preliminary Market Sounding – conducted to gauge representative views from the industry on the most viable and suitable form of development and to inform the structure plan.
- Procurement Strategy Framework – following the completion of the above four components of work, Jones Lang LaSalle will formulate the recommended procurement strategy.

The completion of the above components will provide the commercial foundation for the preparation of the development scheme for the site and support the procurement process through to selection of the preferred development partner(s) for the project.

3 Project Programme Objectives and Framework

Jones Lang LaSalle has worked with the project team from Redland City Council and the broader project team of consultants to establish the key programme objectives and framework. This is summarised below:

3.1 Vision and objectives

A vision and strong objectives for the redevelopment of Toondah Harbour is being developed by Redland City Council. Our understanding of the issues and drivers of the project and expected vision and objectives for the project are noted below:

1. To transform the site into a high quality destination that provides a high standard of amenity that elevates the status of the area as the launching point to one of South East Queensland's most important tourist destinations - Stradbroke Island.
 - The Cleveland community have long had a vision for the development of a high standard of facilities at Toondah Harbour as the major launching point to one of South East Queensland's 'hidden gems' and an important tourist destination, Stradbroke Island. The current site is dominated by open air car parking and provides limited amenity for local residents and visitors to Stradbroke Island.
2. Enhance the waterfront for local residents to provide a unique and attractive mixed use destinational focus in its own right.
 - This includes a range of commercial, retail, residential and marine based uses that complement Stradbroke Island ferry infrastructure to deliver a holistic experience for local residents, and visitors alike.
3. Resolve the range of complex issues for the site to provide a workable and viable framework that will entice the private sector to actively participate in the development of the site
4. To ensure maximum opportunity is provided for innovative responses from the private sector.
 - In doing so, Council are committed to providing high levels of commercial flexibility to deliver a quality and timely outcome.

4 Toondah Residential Market Overview

Key Insights

The median sales price for houses within the suburb of Cleveland during YTD2013 was recorded at \$535,500 compared to \$357,500 for apartments.

The residential market within the suburb of Cleveland undergone two periods of significant growth, following the introduction of the Raby Bay development in the mid 1980's and a secondary surge in the early 2000's. Post GFC, the market within Cleveland has experienced limited activity with the number of transactions for houses and apartments considerably below the long term average. This partly reflects limited land supply remaining in the immediate area for creation of new detached dwellings. We note that there were 189 sales during 2012.

The softening sales activity can be partially attributed to land supply constraints for detached dwellings which is expected to continue, and for attached dwellings is partly attributable to a mismatch in supply of medium density product to the local market with well-designed and well-priced product.

Recently, there have been a number of strong new transactions and resales within Cleveland, particular around the Raby Bay Marina and canal development, illustrating that there is still strong demand from affluent residents to reside within the region.

There has been a shift towards apartment product over houses, which has been largely driven by a shifting demographic and affordability constraints and limited new supply of detached dwellings in close proximity to the Cleveland CBD.

Moving forward, Toondah Harbour has the opportunity to capitalise on the potential undersupply of new product within Cleveland, which given the future development pipeline is set to continue over the short to medium term. Toondah can also offer a diverse produce mix to target both affordability and also the shifting demographic.

Cleveland can be separated into two distinct markets, a premium residential market comprising of the Raby Bay development and the broader Cleveland region. The distinction in the market is pronounced with the median sales price for houses within Cleveland recorded at \$535,000 during YTD2013, compared to \$1.2 million for houses within Raby Bay over the same period.

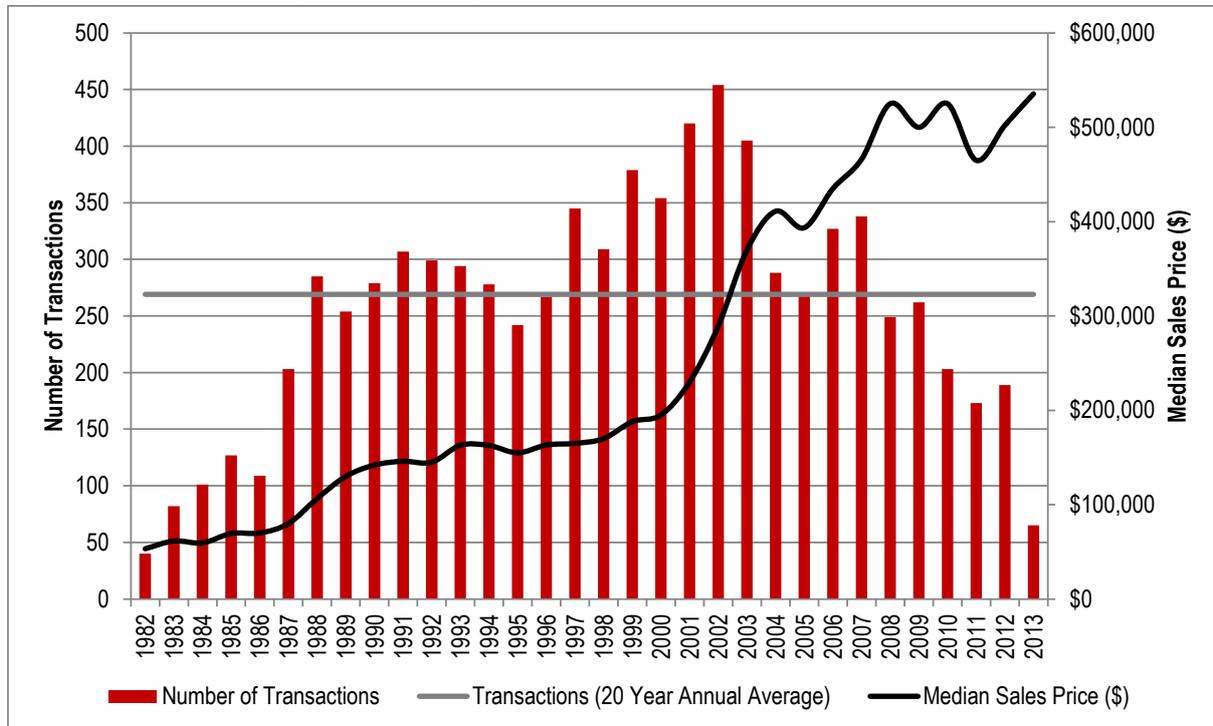
It is quite clear that the initial target demographic for product will be local owner occupiers due to historical purchasing trends for medium density product in the local market. This would be via a combination of affluent older demographic that is current residing within Raby Bay as well as broader middle income earners that will seek a more affordable product. This will provide a diversity of product in the project and support strong take-up rates. This will further broaden in time with local investors expected to embrace the project as it gathers momentum.

The residential sales analysis has been conducted for the suburb of Cleveland and examines the residential house and apartment markets. It should be noted that the residential data is only to Year to Date 2013 (YTD2013), therefore is only up till July and is considered preliminary data. The suburb of Cleveland was selected because it provided the best benchmark for the potential residential development within Toondah Harbour.

4.1 Residential Analysis – House Market

The chart below illustrates the number of settled house transactions and median sales price, on an annual basis, from 1980 to YTD2013.

Figure 1: Cleveland Housing Market Sales Cycle 1980 to 2013



Source: Jones Lang LaSalle Research & Consulting, RPDData

The median sales price for residential houses within Cleveland was recorded at \$535,000 for the YTD2013, based on 65 settled transactions. The median sales price has registered strong growth between 2012 and YTD 2013, with an increase in price of 6.7%.

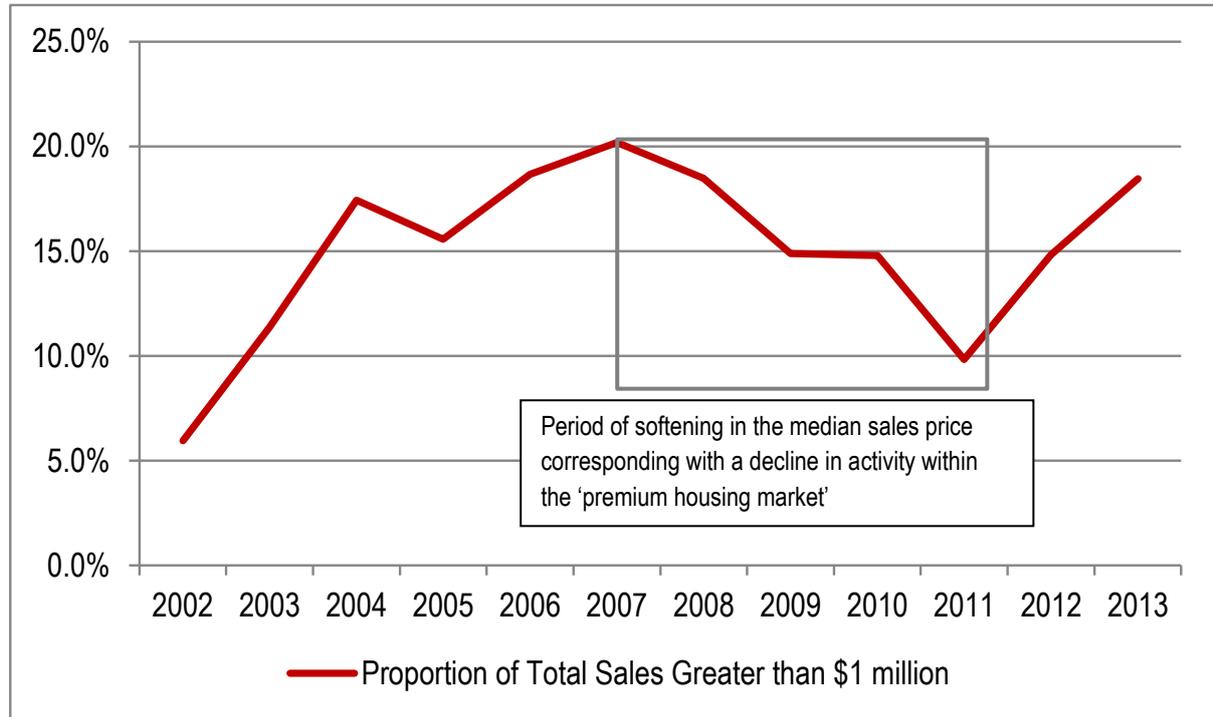
Market activity within Cleveland has remained subdued post GFC with the number of transactions well below the 20 year annual average. There has been some recent positive activity within the market, with the volume of transactions (number of sales) increasing during 2012, the first such occurrences post GFC.

One of the main causes in the decline in market activity has been the lack of recent development within Cleveland. The dwelling approvals data for the suburb of Cleveland illustrates that between 2002 and 2012, on average 42 houses have been approved for development per annum. Over the last three year period ending 2012, this number of has declined to only 23 houses per annum. This is largely considered to reflect the limited availability of land for new detached dwellings in the immediate area, particularly when compared to the larger master planned estates which offer a high level of amenity which typically provide for a level of new supporting retail, recreational and community facilities.

The limited number of new houses on the market can also be linked to the decline in the median sales price between 2009 and 2011. In a small sample size market, such as Cleveland, the sales price can be distorted by a high proportion of one particular segment of the market being dominant for transactions. Within Cleveland almost all the premium dwellings are located within the Raby Bay canal development. A higher proportion of more affordable transactions were evident between 2009 and 2011 with the number of transactions above \$1 million declining considerably but conversely the number of transactions for housing less than \$500,000 increased. On the other hand during 2012 where the median sales price registered strong growth, the number of sales above the \$1 million market increased significantly, suggesting a recovery in the more premium segment of this market.

Figure 2 illustrates the proportion of total sales greater than \$1 million, highlighting how the median sales price for Cleveland is directly linked to the premium dwelling market within Raby Bay.

Figure 2: Cleveland Housing Market - Proportion of Total Sales Greater Than \$1million

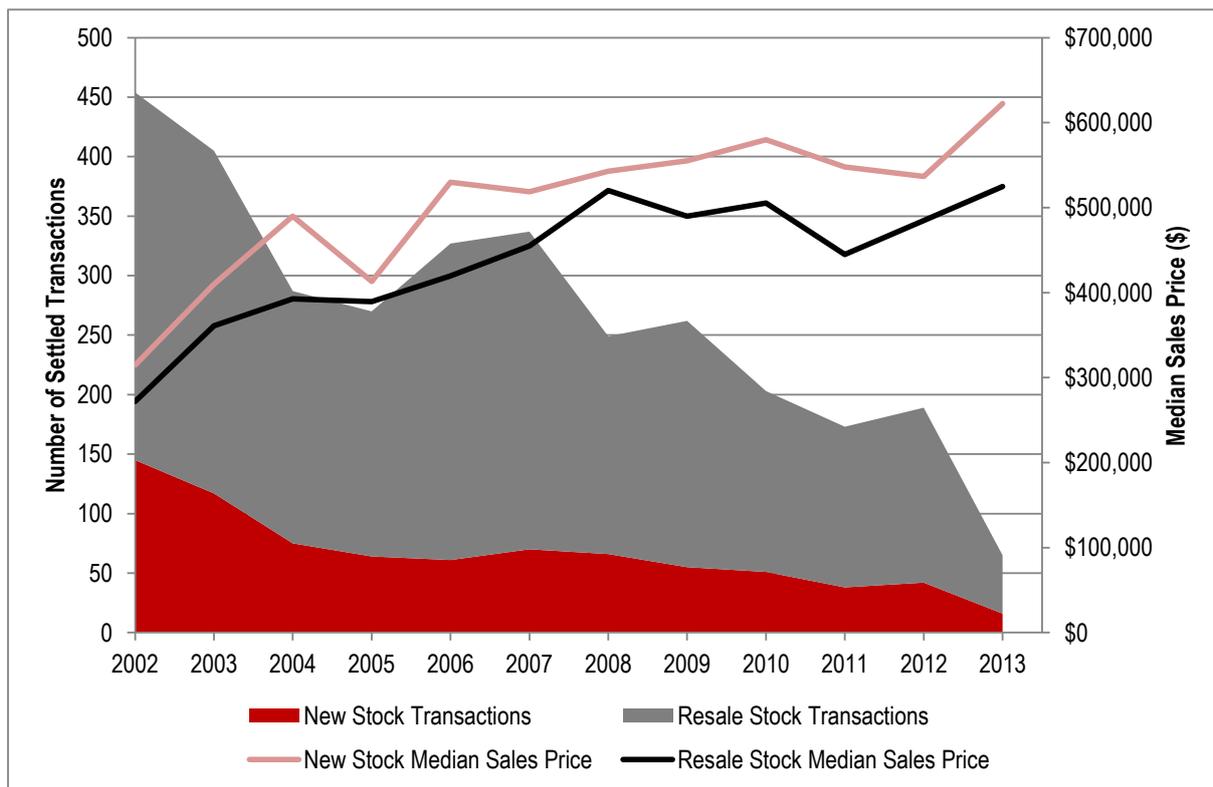


Source: Jones Lang LaSalle Research & Consulting, RPData

The chart below illustrates the median sales price and number of settled house transactions for both new stock and resale stock. Resale house transactions are the subsequent transactions following the purchase of the house. The resale chart is intended to illustrate a number of key elements including;

- The difference between the new stock median sales price and resale stock median sales price is referred to as 'the new dwelling premium'. The new dwelling premium is a key indicator as it illustrates the strength and affordability of the resale market and the type of new dwellings that are currently transacting.
- The proportion of new stock transactions compared to resale transactions provides an insight to the development conditions within a region. In regions that are undergoing significant development the proportion of new stock transactions is relatively high. If the proportion of new stock transactions is low the market may be undersupplied with new stock and could represent an opportunity to boost supply of new dwellings.

Figure 3: Cleveland House Market Resales Analysis 2002 to 2013



Source: Jones Lang LaSalle Research & Consulting, RPDData

The median sales price for new stock transactions was recorded at \$622,500 for the YTD2013, approximately 19% greater than the median sales price of \$525,000 recorded for resale transactions over the same period. The resale median sales price has been boosted by the houses within the Raby Bay Development. As the project began development in the mid 1980's, the majority of transactions for premium waterfront dwellings are resales. Despite this boost, the new dwelling premium is still significant, which is largely due to the scarcity of new houses within Cleveland.

Within Cleveland, between 2002 and 2013 there has been approximately 800 new stock transactions compared to 2,421 resale transactions, equating to a new stock sales proportion of only 24%. Over the last three years ending YTD2013, this proportion declined to 22% with only 96 new stock transactions occurring over the three year period. This trend is set to continue with limited development activity expected in the short term.

The lack of new housing development within the suburb of Cleveland can be attributed to tough economic and development conditions and a limited supply of new land available for development. The Toondah Harbour development has the opportunity to capitalise on this potential undersupply of new dwellings.

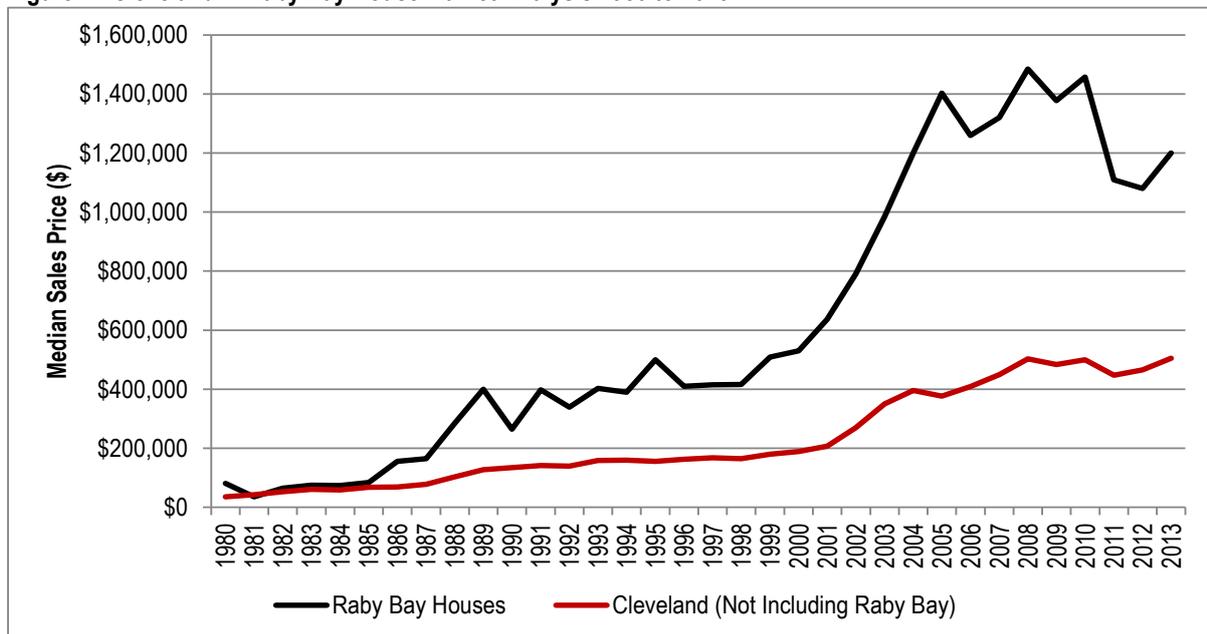
4.2 Raby Bay v. Cleveland Housing Markets

The residential housing market can be separated into two distinct markets, the premium Raby Bay canal estate and the surrounding broader Cleveland market. Raby Bay commenced construction in 1983/84 and is considered one of the earliest large scale master planned communities to embrace canal living in South East Queensland. The development was successful in drawing a more affluent demographic to the region. With this market segment still considered premium some 30 years later, we consider that there is strong potential for Toondah Harbour to replicate this success.

The chart below illustrates the median sales price for houses located within Raby Bay when compared to the broader suburb of Cleveland. The transactions within Raby Bay have been separated from the median sales price for Cleveland to illustrate the differences between the two markets. The graph is also utilised to understand the potential price points that a premium waterfront development could achieve within Toondah Harbour.

It should be noted that the median sales price for Raby Bay was based off a small sample size, which has contributed to the fluctuations in the median sales price.

Figure 4: Cleveland v. Raby Bay House Market Analysis 1980 to 2013



Source: Jones Lang LaSalle Research & Consulting, RPData

The median sales price for houses within the Raby Bay development was recorded at \$1.2 million for YTD2013 compared to \$505,000 for the broader Cleveland region. The median sales price within Raby Bay has softened since its peak of \$1.49 million in 2008, consistent with the effects of the GFC on a high proportion of waterfront and premium houses.

We consider that there is similarly strong potential for Toondah Harbour to attract a similar demographic to that of Raby Bay by offering a component of premium waterfront houses or townhouse dwellings. The high median sales price, which has been consistently above \$1 million since 2003, provides a strong indication that there is a market that would want to reside within a premium dwelling with Toondah Harbour and that this market has fared remarkably well throughout the GFC and recovery period suggesting a high level of price resilience, with demand outstripping supply, prices remaining relatively firm and sufficient wealth to weather the downturn.

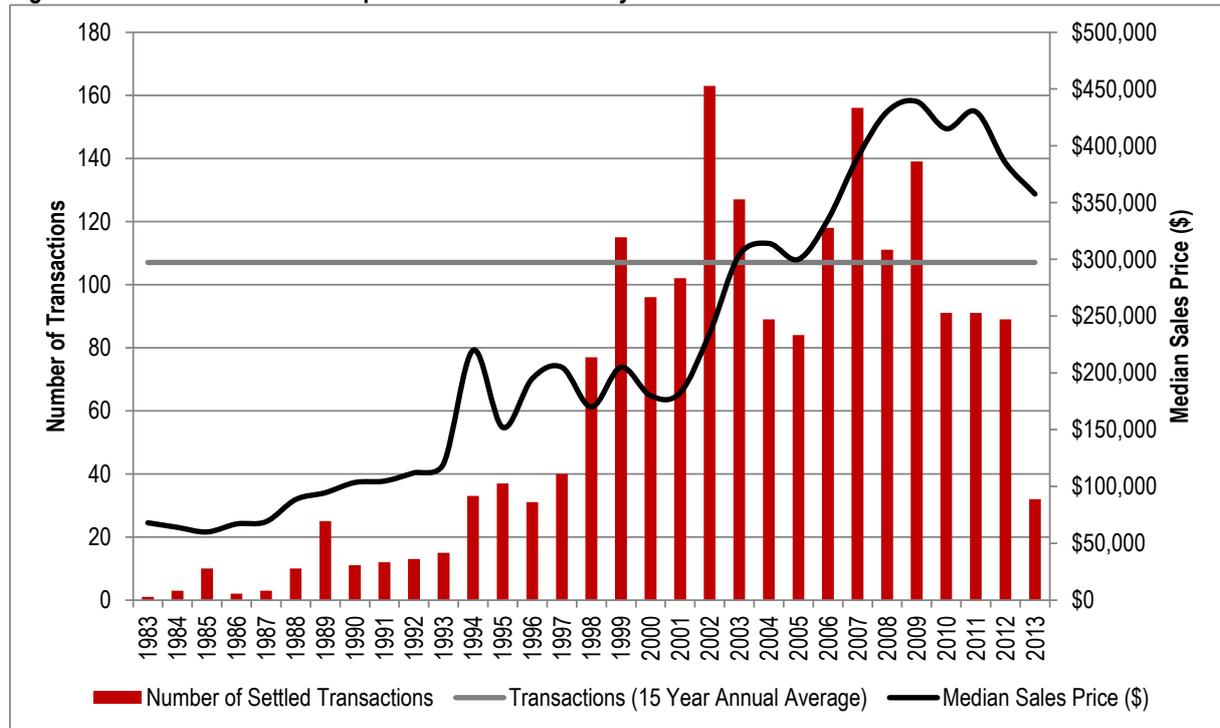
The size of Raby Bay also provides a good indication as to the market depth of this premium market. Between 2002 and YTD2013, there has been 467 sales (both new and resale) within the project with an average of approximately 40 sales per annum. Given the size of the Toondah Harbour development, the project would only need to attract a small market share of this premium market to make the premium house or townhouse section feasible and support strong take-up rates.

4.3 Residential Analysis – Cleveland Apartment Market

The chart below illustrates the number of settled apartment transactions and median sales price, on an annual basis, from 1980 to YTD2013. It should be noted that the data only includes **settled apartments** and not off-the-plan or unconditional contracts and as such does not provide a current market perspective for pre-committed demand.

The average sales rate from 1999 to YTD2013 (15 year) was included as a benchmark for the average market take-up that has been achieved within the suburb of Cleveland,

Figure 5: Cleveland Residential Apartment Market Sales Cycle 1980 to 2013



Source: Jones Lang LaSalle Research & Consulting, RPDData

The median sales price for apartments within the suburb of Cleveland was recorded at \$375,500 for the YTD 2013, based on 32 settled transactions. The median sales price has softened between 2012 and YTD2013 with the price decreasing by approximately 5% per annum over the five year period ending YTD2013.

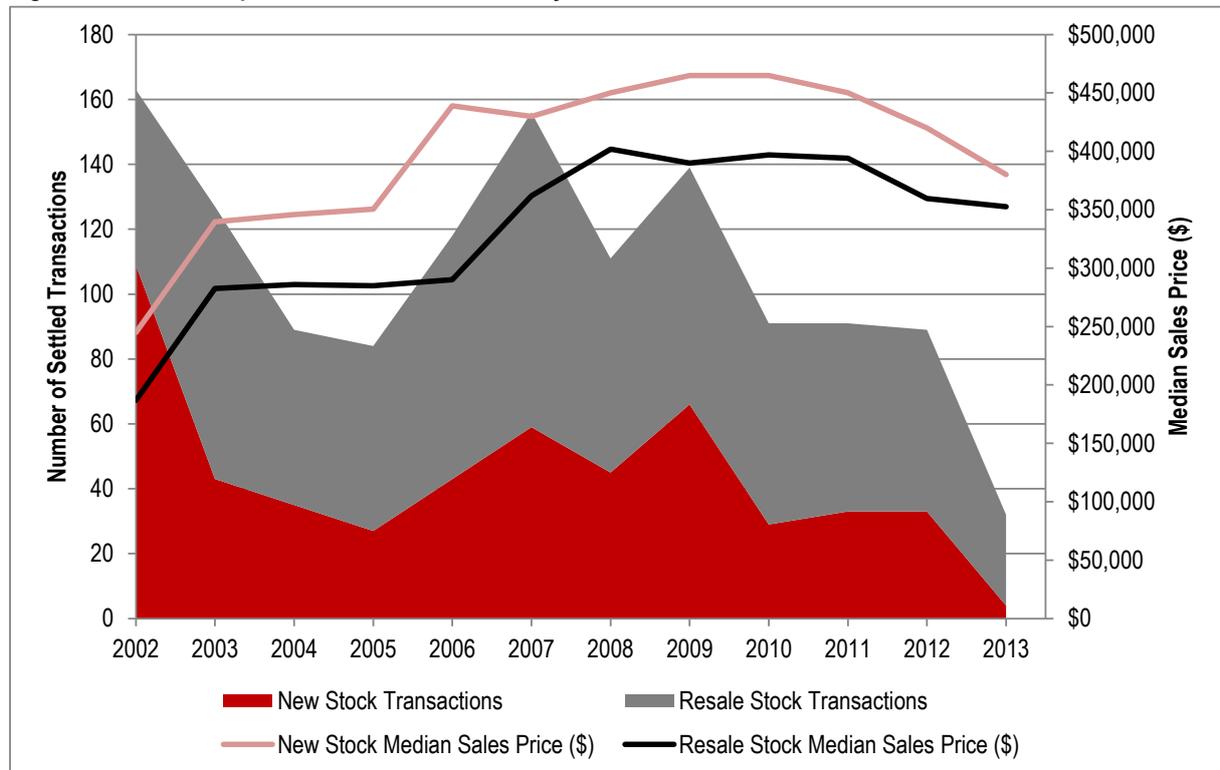
The softening in median sales price correlates with the limited activity that is currently being experienced within the market, with only 32 sales recorded YTD2013. The 32 and 89 sales registered during YTD2013 and 2012, respectively, are significant below the historical 15 year annual average of 107 transactions.

This softening can be largely attributed to a minimal amount of new stock currently on-the-market, evident with only 70 new (developer transactions) occurring over the last three years compared to almost 150 resale transactions. Significantly, the number of new stock transactions over the last three year period (2011 to 2013) is almost half the number of transactions registered over the preceding three year period (2008 to 2010).

Anecdotal evidence gathered through discussions with developers and sales agents has indicated that a number of projects currently active within Cleveland have recorded slow sales rates as they are struggling to sell their remaining stock. This has been attributed to the stock being targeted towards an investor or first home buyer market, through the development of homogenous projects within limited amenity and standard finishes. Due to this incorrect mix of new supply, some of these projects have been forced to discount their prices to sell their remaining stock, which has contributed to the decline in median sales price.

The chart below illustrates the median sales price and number of settled apartment transactions on an annual basis between 2002 and YTD2013 for new and resale stock.

Figure 6: Cleveland Apartment Market Resales Analysis 2002 to 2013



Source: Jones Lang LaSalle Research & Consulting, RPDData

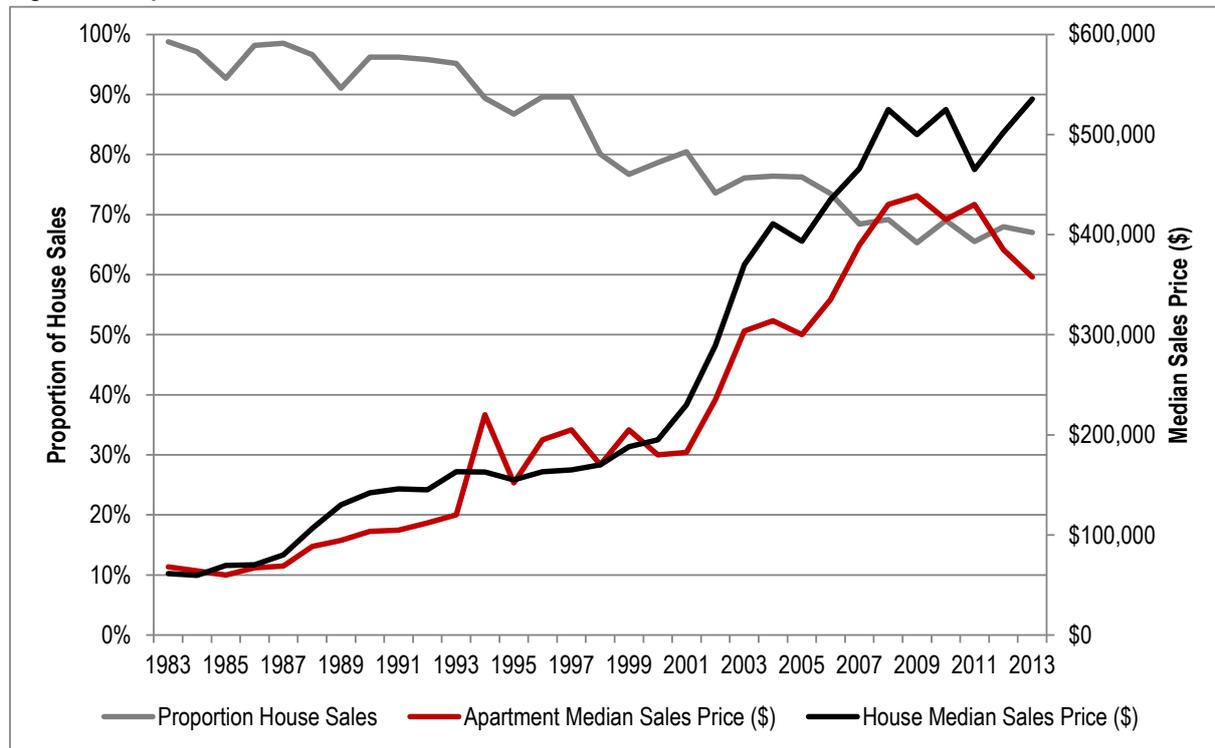
The median sales price for new apartments was recorded at \$380,000 over the YTD2013, 8% greater than the median sales price recorded for resale apartments, \$352,500, over the same period. However, this is down from \$450,000 in 2011 highlighting the strong price pressures evident in this segment of the market. Similar to the housing market, the median sales price for new apartment has been consistently higher than resale stock, which is normal for most markets that are broadly in balance. This premium has averaged around 10-15% for new dwellings compared to existing dwellings.

The apartment market within Cleveland experienced a significant influx in stock during 2002 with 109 new apartment transactions recorded. Since 2002, the number of new stock transactions has continued to decline, indicating that there has been a stagnation of development conditions within the region. Between 2003 and YTD2013, there has been approximately 417 new apartment sales, equating to a sales rate of 38 transactions per annum. The sales rate has declined over the last few years with only 24 sales per annum between 2010 and 2013, highlighting the lack of new stock on the market.

Toondah Harbour has a number of distinct advantages over the new apartments currently on the market, including the potential for water views, a master planned development and significant internal amenity. These advantages could allow any potential density development within the region to generate a strong market share, which given that the apartments proposed will be boutique projects should allow the development to move quickly through the stages.

The chart below illustrates the proportion of house sales (against total house and apartment sales within the suburb of Cleveland) against the median sales price for both houses and apartments.

Figure 7: Proportion of House Sales V. Median Sale Price



The proportion of declining house sales illustrates the continued change in product preferences within the suburb of Cleveland with a continued increase in the proportion of apartment sales evident. The change in product preference can be driven by;

- **Affordability** – one of the key constraints on a residential market is affordability, especially the price of houses within a region. Interestingly, when comparing detached product to apartment product within Cleveland, it can be seen that the price of an apartment, which was boosted by a smaller sample size and high end waterfront product, was identical to a house at \$170,000 in 1997. As houses continued to be developed and the region continued to grow the median house price increased considerably to \$525,000 only 10 years later. This is considered to have priced a lot of potential purchasers and residents out of the market shifting focus to medium density dwellings as the only option to remain in the area. Between 1998 and 2013, the house priced increased by \$365,000 compared to only \$187,500 for apartments, however; the proportion of house sales declined by 13%, illustrating the densification that occurred within the region.
- **Shifting Demographics** – The suburb of Cleveland has undergone a significant demographic change between the 2001 and 2011 Census with the vast majority of population growth occurring within the 55 years and above age bracket. Emerging market trends highlight that this market has started to look to ‘downsize’ into lower maintenance dwellings, and for middle to upper income markets will typically do so where dwelling quality and amenity levels are high. This demographic is generally residing within a large house; usually the family home, and no longer has the need for the space. Lower maintenance dwellings, generally in the form of premium boutique apartments or townhouses are now being increasingly targeted by this demographic, particularly where retail and recreational amenity is provided for within easy walking distance.

The Toondah Harbour development has the potential to offer a diverse product mix that can provide affordability through the development of higher density apartments situated towards the back of the site. Also, the park and water frontage provides a unique selling point to this older demographic, if coupled with the development of lower density apartments and/or premium townhouses.

4.4 Target Markets

Target Market One: Older 'Downsizer' Residents – 55+ years of age

The downsizer is generally residing within the region or has close links and is looking to move from a larger residential dwelling into a smaller lower maintenance dwelling. Within the suburb of Cleveland approximately 38 per cent or 5,408 residents are aged 55 years of age or above, illustrating the strong market depth for this demographic. They are toward the end of their working career and most will have a high level of net equity in their existing dwelling.

The older downsizer has a number of fundamental needs and wants including;

- A lower maintenance, smaller dwelling
- Walkability to key recreational and retail amenity

Case Study Example: Raby Bay

A detailed demographic case study has been compiled to illustrate the market depth of this demographic. The table below compares the demographic differences between the Statistical Area Level 1s (SA1s) that the Raby Bay Canal development comprises of, against the broader suburb of Cleveland.

Region	Median Age	Difference compared to Cleveland	Median mortgage repayment (\$/monthly)	Difference Compared to Cleveland	Median total household income (\$/weekly)	Difference Compared to Cleveland
3100732	55	9	\$3,500	\$1,500	\$2,886	\$1,747
3100723	54	8	\$2,800	\$800	\$2,670	\$1,531
3100736	53	7	\$2,700	\$700	\$2,643	\$1,504
3100733	50	4	\$2,400	\$400	\$2,333	\$1,194
3100735	49	3	\$2,300	\$300	\$2,312	\$1,173
3100724	45	-1	\$1,750	-\$250	\$1,856	\$717
Cleveland	46	0	\$2,000	\$0	\$1,139	\$0

Raby Bay has attracted a considerably different demographic market to that of the wider suburb of Cleveland. The median age for residents within the Raby Bay SA1s ranges in age from 55 to 45 years with the majority significantly higher than Cleveland.

The premium dwellings within the region are evident within the median mortgage repayments for dwellings within the Canal, which range from \$2,000 to \$3,500, which is greater than the suburb of Cleveland. The median total household income for residents within the SA1s range from \$1,856 to \$2,886 per month (\$96,512 to \$150,072 per annum), which is significantly greater than the median household income within Cleveland.

The development at Toondah Harbour has the potential to attract this older demographic by offering residential product that appeals to the needs and wants of this demographic.

Target Market Two: Local 'Upgrader'

The upgrader currently lives within the surrounding region and generally looking to upgrade from their first or second dwelling. They have moderate to high net equity in their existing dwelling being mid-way through their working career and as such have an increased financial capacity to purchase a new dwelling. In regions such as Cleveland and Raby Bay, which have experienced strong growth in house prices they also have increased equity. They have a stronger focus on pursuing lifestyle elements including walkable recreational and retail amenity in close proximity to their residence which will be a major attribute of Toondah Harbour.

Target Market Three: The Investor

There is the potential for a small proportion of the development within Toondah Harbour to attract a local investor. This investor will be attracted to the development because of the perceived capital growth and strong rental appeal provided by a master planned development. Marketing strategies should include the affluent demographic market within Raby Bay.

4.5 Recent Transactions Analysis

Our analysis of recent transactions of residential sales within the Toondah Harbour area has focused on types of stock which we believe are representative of the attached residential product which could be developed at Toondah Harbour.

The following sales are recent sales across units, townhouses and houses within the Raby Bay and nearby waterfront locations.

Table 1: Recent Sales – Attached Product - 2012 to YTD2013

Address	Characteristics	Date Of Sale	Sale Price	Comments
10/141 Shore Street West	4bed, 2bath, 3 car	01/03/2013	\$830,000	Sold in 2006 off the plan for \$1.1 million
10/12 Esperance Ct, Cleveland	3bed, 1ens, 2bath, 2car, 1lug	03/07/12	\$750,000	Located On Raby Bay, Built in 1996
12/12 Esperance Ct, Cleveland	3bed, 2bath, 1car	16/03/13	\$730,000	Complex located on Raby bay, Built in 1996
53/18 Masthead Dr, Cleveland	3bed, 1ens, 2bath, 2lug 153sqm	20/01/13	\$637,500	Located On Raby Bay Marina Built in 1999
2/141 Shore St W, Cleveland	3bed, 1ens, 2bath, 2car, 2lug	15/03/13	\$600,000*	Built in 2006
141 Shore St W, Cleveland	2bed, 1ens, 2bath, 2car, 2lug	05/01/13	\$431,000	Built in 2006
28/18 Masthead Dr, Cleveland	2bed, 2bath, 2car	13/02/13	\$535,000	Located On Raby Bay Marina, Built in 1999
13 Esperance Ct, Cleveland	3bed, 1ens, 2bath, 1car, 1lug	19/07/12	\$535,000	
45 Channel St, Cleveland	3bed, 1ens, 2bath, 1car, 1lug	30/10/12	\$438,000	
7 Shore St E, Cleveland	131 sqm	09/11/12	\$440,000	New Development, Located Near Toondah Harbour.
7 Shore St E, Cleveland	132 sqm	04/02/13	\$435,000	See Above
7 Shore St E, Cleveland	115 sqm	03/09/12	\$435,000	See Above
7 Shore St E, Cleveland	123 sqm	14/10/12	\$422,000	See Above
7 Shore St E, Cleveland	127 sqm	22/11/12	\$420,000	See Above
7 Shore St E, Cleveland	2bed, 2bath, 1lug, 128 sqm	29/09/12	\$420,000	See Above
141 Shore St W, Cleveland	2bed, 2bath, 2car, 2lug, 131 sqm	31/07/12	\$409,000	

Address	Characteristics	Date Of Sale	Sale Price	Comments
7 Shore St E, Cleveland	2bed, 2bath, 1lug	30/01/13	\$380,000	
150 Middle St, Cleveland	99 sqm	10/07/12	\$372,000	
150 Middle St, Cleveland	121 M, 2bed, 1ens, 2bath, 2car, 2lug	27/06/12	\$370,000	
11/2 Masthead Dr, Cleveland	11/2 Masthead Dr, Cleveland	04/02/13	\$316,500	
2 Masthead Dr, Cleveland	2bed, 1ens, 2bath, 2car, 2lug	16/11/12	\$316,500	

Table 2: Recent Sales - Houses - 2012 to YTD2013

Address	Characteristics	Lot Size (sqm)	Date Of Sale	Sale Price	Comments
202 Shore St N, Cleveland	3bed, View, 1ens, 2bath, 2wc, 2car, 2lug	873	18/06/12	\$955,000	Ocean frontage
30 Seacrest Ct, Cleveland	5bed, 1ens, 3bath, 2car, 2lug,	843	14/01/13	\$1,665,000	Canal frontage
89 Masthead Dr, Cleveland	4bed, 1ens, 3bath, 3car, 3lug	840	20/06/13	\$1,550,000	Canal frontage
6 Captains Ct, Cleveland	6bed, 1ens, 4bath, 2car, 2lug	834	01/03/13	\$1,535,000	Canal frontage
56 Seacrest Ct, Cleveland	4bed, 1ens, 3bath, 3car, 3lug	874	22/05/12	\$1,400,000	Canal frontage
25 Captains Ct, Cleveland	5bed, 1ens, 3bath, 3car, 3lug	853	16/03/12	\$1,300,000	Canal frontage
39 Plymouth Ct, Cleveland	4bed, 1ens, 3bath, 2car, 2lug	963	24/06/12	\$1,290,000	Canal frontage
11 Seahaven Ct, Cleveland	4bed, 1ens, 3bath, 2car, 2lug	1002	09/10/12	\$1,270,000	Canal frontage
2 Sturgeon St, Ormiston	4bed, View, 1ens, 3bath, 2car	1993	05/11/12	\$935,000	Ocean frontage

Table 3: Recent Sales - Townhouses - 2012 to YTD2013

Address	Characteristics	Size (sqm)	Date Of Sale	Sale Price	Comments
2/199 Queen St, Cleveland	4bed, 2bath, 1ens 2lug	263	For Sale	\$565,000	Near new, air con throughout. Land size 490sqm
3/62 Island Street, Cleveland	4bed, 2bath, 2car	250	For Sale	\$495,000	\$26 per week Body Corp.
7/23-25 North Street, Cleveland	3bed, 2bath, 2car	199	For Sale	\$400,000	\$97 per week, Body Corp.
Esperance Court, Raby bay	2bed, 2bath, 2car	230	For Sale	\$680,000	Waterfront, Raby Bay Townhouse. Includes 17m Berth.

Source: (Tables 1,2,3) Jones Lang LaSalle Research & Consulting, RPData

5 Toondah Marina Market Analysis

Key Insights

As at June 2012, there were a total of 79,660 boats registered in the broader catchment area, with approximately 32% in Brisbane and 14% in the Redland LGA.

An analysis of recreational boat registrations for this primary catchment area indicates strong growth over the last 10 years to June 2012. Growth in total registrations have averaged around 2,581 per annum over this period. More recently this has been softer at 581 new vessel registrations over 2011-2012.

For Redlands specifically, there has been solid growth in vessel registrations, with total registrations increasing an average of 1.91% over a ten year period ending June 2012. While growth has slowed in line with the wider market, there has been positive growth each year and increased growth from 2011.

In considering the above supply side assessment in conjunction with the boat registration growth within the catchment area, this confirms our initial preliminary assessment of the total size of a potential marina at Toondah Harbour is supportable at around 400 berths, which would be staged over an extended period of time

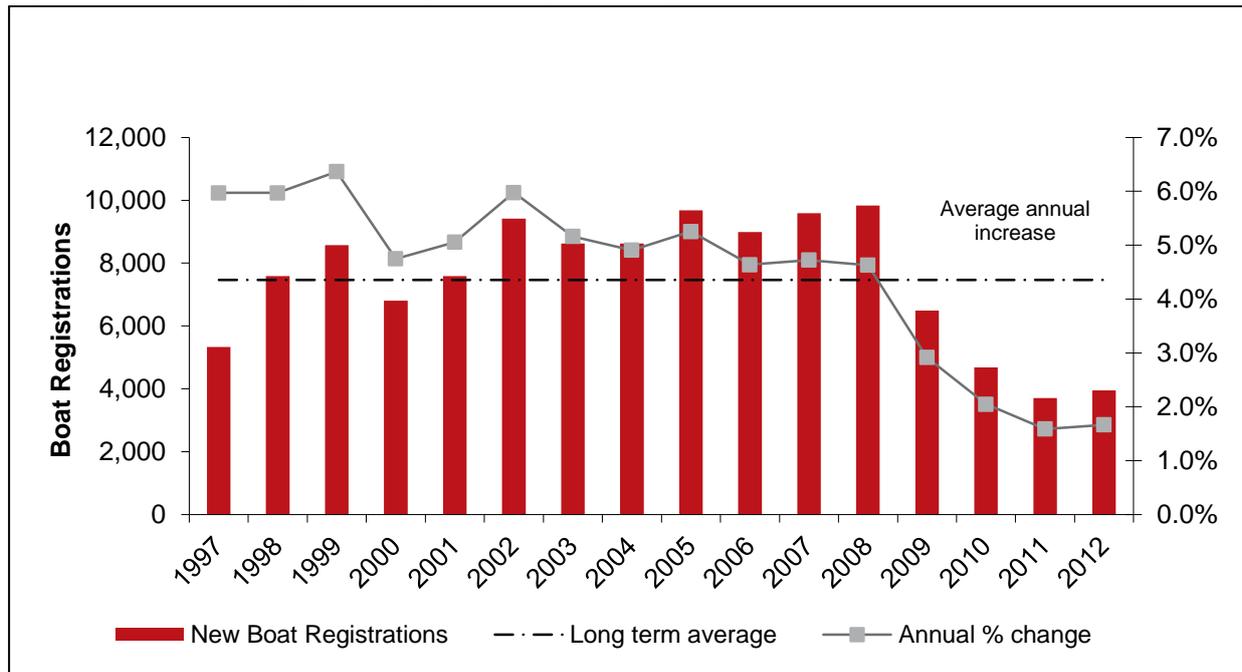
Further, we note that the nature of boat registration growth for vessels greater than 10 metres is in part influenced by availability of wet and dry storage options within proximity for the registered owner. In this regard, it may be the case that additional marina berth supply in the catchment will induce demand that would otherwise have not been supported. As such, depth of demand for berths in the catchment area is expected see take-up of 400 berths within 10 to 20 years.

5.1 Marina Demand Assessment

Recent activity in the marina and boating sector has reflected the broader economic slowdown with growth having moderated over 2009 to 2012. However, despite the slowdown, new boat registrations across Queensland have continued to record positive growth every year, albeit with the growth rate slowing from a peak of 5.8% in 2008 to 2.1% in 2011. Importantly, the year to June 2012 saw the first year of increase in the growth rate, achieving 2.3% growth compared to 2.1% the prior year. This equates to 3,951 additional registrations.

With Queensland consistently recording high levels of population growth, not surprisingly registrations have still tracked broadly in line with state population growth rates, even during recent years of around 2.0-2.5% per annum. We consider that the current caution in consumer spending, which typically impacts spending on discretionary items such as leisure boating, will be a temporary side-effect of the current economic conditions and a more moderate level of state economic growth. As the state economy begins to pick up further through the second half of 2013 and 2014, and returns to longer term trend levels, consumer demand for recreational boating is expected to strengthen in line with the broader economic outlook for the State.

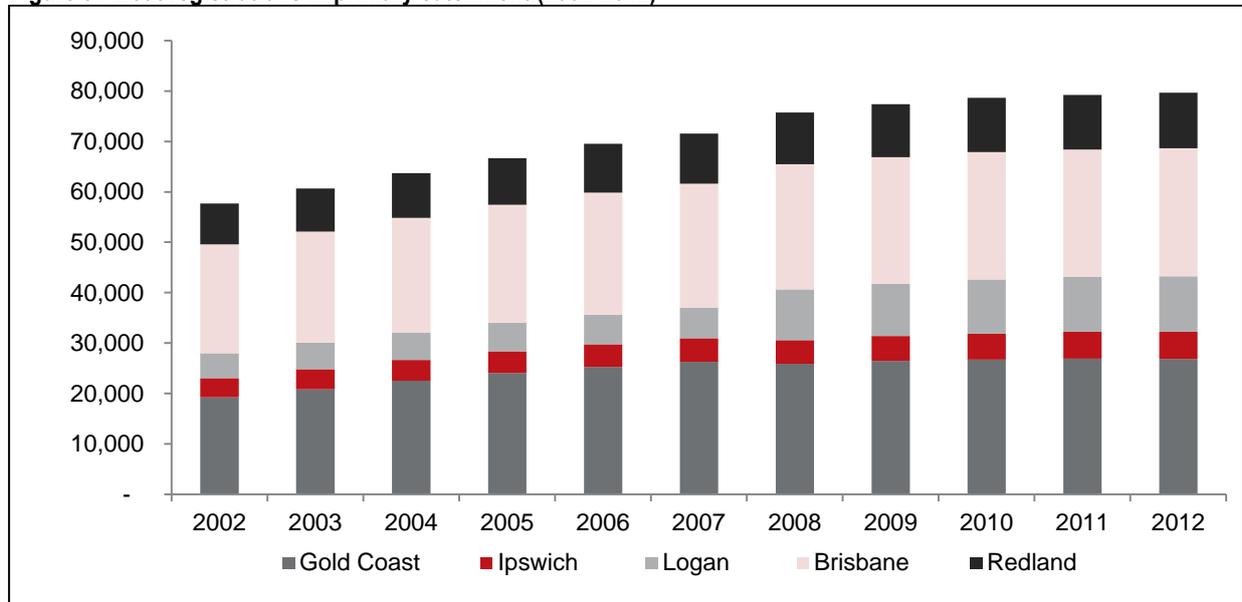
Figure 8: Queensland change in boat registrations (1997 – 2012)



Source: Jones Lang LaSalle Research & Consulting, DTMR

Relative to local demand generation potential for marina berth demand at Toondah Harbour, growth in boat registrations within the primary catchment for this marina is particularly strong. The primary catchment for Toondah Harbour covers Brisbane, Gold Coast, Logan, Redland and Ipswich Local Government Areas (LGA).

Figure 9: Boat registrations in primary catchment (2002-2012)



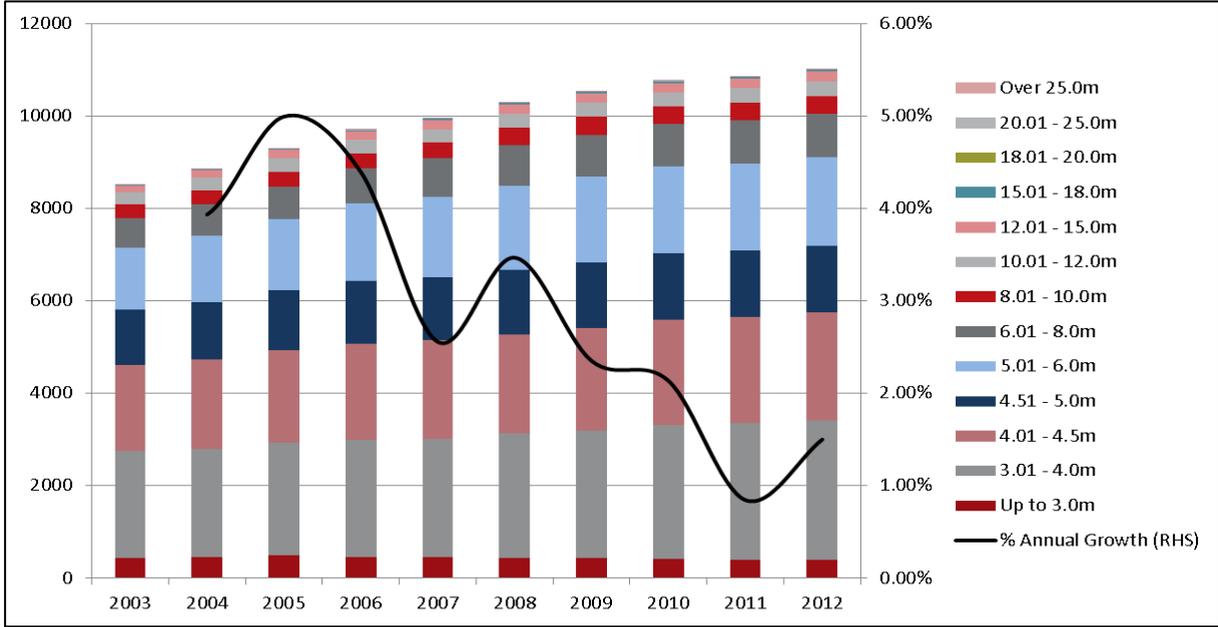
Source: Jones Lang LaSalle Research & Consulting, DTMR

The chart above shows total boat registrations in the aforementioned LGA's over the past 10 years to June 2012. This indicates:

As at June 2012, there were a total of 79,660 boats registered in the catchment area, with approximately 32% in Brisbane and 14% in the Redland LGA. An analysis of recreational boat registrations for this primary catchment area indicates strong growth over the last 10 years to June 2012. Growth in total registrations have averaged around 2,199 per annum over this period with particularly strong growth over the six years to June 2008 when growth in registrations averaged 3,019 per annum. More recently, during 2011- 2012, boat registration growth has been softer and increased by a modest 417 vessels within the catchment. Importantly, it is noted that each LGA within the catchment has recorded positive growth every year with the exception of the Gold Coast in 2012, partly considered to mirror the extended period of tough economic conditions on the Coast. The Gold Coast is also expected to comprise only a small level of market share for a marina at Toondah Harbour, with our experience analysing market share for existing marinas in northern Gold Coast and Brisbane demonstrating that Gold Coast residents do not tend to travel north to a marina, preferring to launch and/ store their vessel within the more established local marina market.

For Redlands specifically, there has been strong growth in vessel registration, with total registration increasing an average of 3.1% over the 10-year period to June 2012.

Figure 10: Total Boat Registration by Size: Redland LGA, June 2003 - June 2013



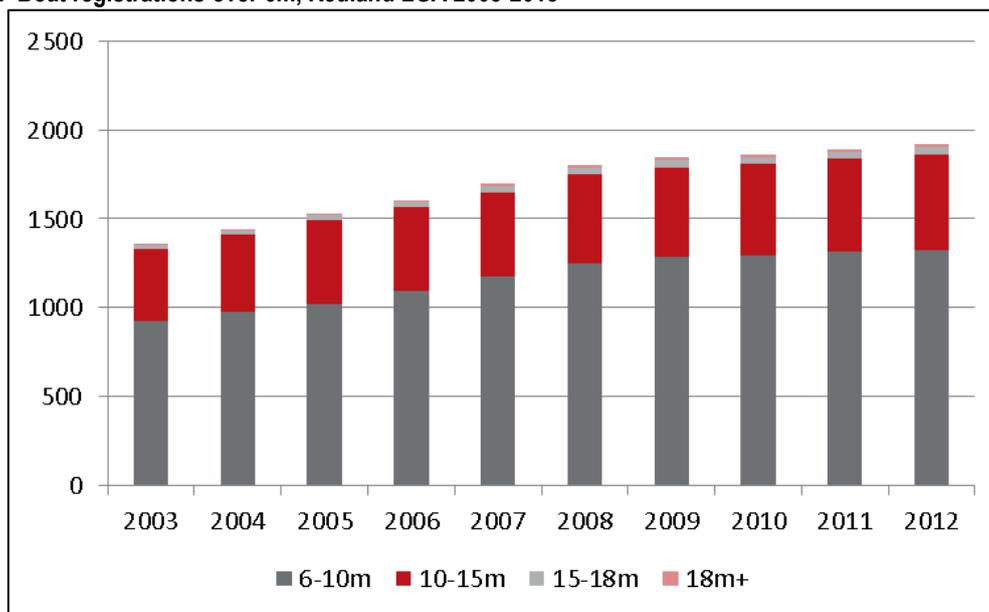
Source: Jones Lang LaSalle Research & Consulting, DTMR

Within the boat sizes which will form the market for a marina development at Toondah Harbour, there has been solid growth within all ranges that primarily require a wet berth or dry storage. This is summarised as follows:

- Over the last five years, the largest percentage growth has been in the over 18m category which has recorded an average annual growth of 9.12% (or 11 new vessel registrations per annum), albeit with the smallest number of vessels.
- The largest growth in real terms has come from the 6-10m category with an average annual increase of 39 registrations, with the 10-15m category also recording strong growth of 10 new vessel registrations per annum.

This indicates that there is a robust demand base that continues to sustain growth even during a slow market within the immediate region for Toondah Harbour. We expect that a marina development at Toondah Harbour would capture a significant portion of this continued demand, particularly given the only other source of new marina berths is expected to be limited to Weinam Creek over the medium to longer term.

Figure 11: Boat registrations over 6m, Redland LGA 2003-2013



Source: Jones Lang LaSalle Research & Consulting, DTMR

5.2 Marina Supply Assessment

Our assessment of the current supply of marinas in the catchment area builds on our initial assessment of the existing supply prepared in our December 2012 assessment. This is presented below;

Table 4: Existing Marina Supply and Future Development Potential

Marina Name	Location	Berths	Distance to Weinam Creek	Comments	Future Development Potential
Calypso Bay Marina	Gold Coast	107	20km	Master planned marina with large residential subdivision component. Strong leisure focus.	Potential to reach 300 berths
Gold Coast City Marina	Gold Coast	200	27km	The Gold Coast City Marina (GCCM) and Shipyard is a major marine industry industrial area within the Gold Coast, dedicated to manufacture, servicing / repairs and refits of recreational boats. GCCM currently has approximately 60 hectares developed at present.	Potential for additional 120 berths / 64 moor and store freehold berths
Gold Coast International Marine Precinct	Gold Coast	390	27km	The Gold Coast International Marine Precinct (GCIMP) project is a joint venture between Harbour Island Pty Ltd and Maritimo Pty Ltd.	Early planning phases are underway for a large scale development to construct a new integrated marine industry facility on 64 ha of land adjacent to the existing Gold Coast marine precinct, Coomera.

Marina Name	Location	Berths	Distance to Weinam Creek	Comments	Future Development Potential
Hope Harbour	Gold Coast	279	28km	Residential and leisure marina with strong focus to the residential component. Close proximity to the Gold Coast and Broadwater. Accommodates boats ranging from 25ft – 150ft.	No future development potential
Hope Island	Gold Coast	236	27km	Development by Mirvac. Strong residential focus with golf course integrated into development. Located in the northern Gold Coast region.	No future development potential
Marina Mirage	Gold Coast	76	40km	Integrated with a high end retail precinct on the Gold Coast. Good access to the Seaway Spit. Directly opposite several high end hotels.	Potential to increase berth capacity in the future
Sanctuary Cove	Gold Coast	297	26km	Well known marina located in the northern Gold Coast region. Strong retail, commercial and residential focus.	No future development potential
Dockside Marina	Brisbane	101	32km	Centrally located near the Brisbane CBD in Kangaroo Point. Smaller marina integrated with high rise residential apartment component.	No future development potential
East Coast Marina	Brisbane	358	22km	Older style marina located in Manly with only a small retail component that is relatively old and out-dated.	Expansion of dry rack storage underway (120). No future marina development potential
Royal Queensland Yacht Squadron Marina	Brisbane	572		Located at Manly Boat Harbour catering to vessel sizes from 10m to 33.5m. 35tonne travel lift. Range of industrial marine service providers. Recent 150 berth expansion.	No future development potential.
Moreton Bay Trailer Boat Club Marina	Brisbane	350		Located in Manly Boat Harbour catering to vessel sizes from 8m to 20m. Recent expansion by 135 berths.	No future development potential.
WM Gunn Marina	Brisbane	220 (approx.)		Located in Manly Boat Harbour.	No future development potential.
Wynnum Manly Yacht Club Marina	Brisbane	300 (approx.)		Located in Manly Boat Harbour catering to vessel sizes from 8m to 19m.	No future development potential.
Raby Bay Marina	Brisbane	109	12km	Located in Cleveland, approximately 30 minutes from the Brisbane CBD. Provides mooring for boats with a maximum length of 20 metres.	No future development potential

Marina Name	Location	Berths	Distance to Weinam Creek	Comments	Future Development Potential
Rivergate Marina	Brisbane	105	28km	One of Brisbane's largest shipyards / marinas. More industrial focus rather than leisure. The shipyard provides for a variety of services including travel lifts with 300 and 75 tonne ratings, paved hardstand areas with 400 tonne load capacity, covered maintenance sheds and café.	No future development potential

This indicates that limited new supply of marinas in the immediate catchment area is likely within the medium to longer term. Since our initial assessment, we note the only change with regard to potential new competing marinas for Toondah Harbour is the potential marina that may be developed at Weinam Creek, also a Priority Development Area (PDA). However, it is considered that Weinam Creek is some 15 minutes drive south providing for an opportunity for each marina to cater to slightly different catchments. Additionally, it is recognised that the development potential of both these marinas is being assessed by the project team with a view to ensure they can be staged over time, in order to underpin the financial viability of their development and to ensure they can secure necessary funding.

In considering the above supply side assessment in conjunction with the boat registration growth within the catchment area, this confirms our initial preliminary assessment of the total size of a potential marina at Toondah Harbour is supportable at around 400 berths, which would be staged over an extended period of time. Further, we note that the nature of boat registration growth for vessels greater than 10 metres is in part influenced by availability of wet and dry storage options within proximity for the registered owner. In this regard, it may be the case that additional marina berth supply in the catchment will induce demand that would otherwise have not been supported. As such, depth of demand for berths in the catchment area is expected see take-up of 400 berths within 10 to 20 years.

5.3 Marina Berth Price Point Analysis

Our price point analysis for marina berths has considered a range of marinas across Queensland, with a concentration on South East Queensland, but we have primarily focused on marinas which we consider are useful benchmarks for berths at Toondah Harbour as part of the proposed development. Of particular relevance is Raby Bay Marina, due to its physical proximity to Toondah Harbour, being less than 3kms from the site. We have provided a case study of the Raby Bay Marina in Section 7.2 of this report.

Berth Sales (Long Term Leases)

Sales evidence for the Raby Bay Marina analysed was based on 17 leases advertised for sale as at July 2013 with prices ranging from \$55,000 for a 10 metre berth through to \$190,000 for a 19 metre berth. This represents a lineal metre rate of between \$5,000 and \$10,000 per metre, with an average of \$6,500 per lineal metre with 17 years remaining on the lease term. It is noted that the prices for some berths varied considerably depending on the location of the berth within the marina, volumes of supply in that berth size and vendor circumstances. This was most evident with 15 metre berths ranging from \$75,000 to \$160,000. The price, lease term remaining and advertised price are illustrated within the table below.

Table 5: Raby Bay Marina Advertised Marina Berth Information, July 2013

Berth Placement	Length (Lineal Metre)	Lease Term Remaining (Years)	Advertised Price (\$)	\$/Per Linear Metre	\$/Per Linear Metre/Years Remaining
A	19	17	\$190,000	\$10,000	\$370
A	15	17	\$160,000	\$10,667	\$395
A	15	17	\$120,000	\$8,000	\$296
A	15	17	\$110,000	\$7,333	\$272
C	12	17	\$109,000	\$9,083	\$336
B	14	17	\$90,000	\$6,429	\$238
C	12	17	\$85,000	\$7,083	\$262
B	15	17	\$80,000	\$5,333	\$198
A	15	17	\$75,000	\$5,000	\$185
A	15	17	\$75,000	\$5,000	\$185
B	15	17	\$75,000	\$5,000	\$185
A	15	17	\$75,000	\$5,000	\$185
B	15	17	\$75,000	\$5,000	\$185
A	15	17	\$75,000	\$5,000	\$185
B	15	17	\$75,000	\$5,000	\$185
B	10	17	\$55,000	\$5,500	\$204

Source: Jones Lang LaSalle Research & Consulting, Peter Hanson Yacht Brokers Raby Bay

For berth sales with reasonably lengthy lease term of 17 years (compared to an average lease term of around 20 years offered for most new berth sales in South East Queensland marinas), an average asking price point for Raby Bay is around \$6,500 per lineal metre.

As a comparison, we note that Royal Queensland Yacht Squadron (RQYS) and Horizon Shores Marina (HSM) are also considered highly comparable benchmarks for Toondah Harbour. RQYS is considered highly comparable to a potential marina at Toondah Harbour and it is noted that advertised rates are considerably higher than for Raby Bay Marina. Our research indicates this is considered due to the improved access to deep water boating and larger marina with good quality marina amenities – e.g. yacht club with function centre. Rates for RQYS are summarised below:

Table 6: RQYS – 28 year lease terms remaining

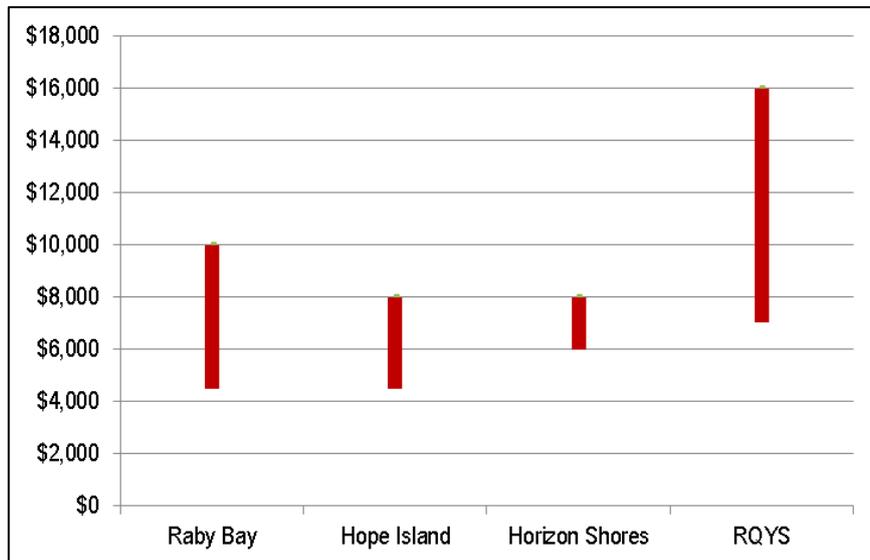
Lineal Metre	High Asking Price	Low Asking Price	Average Asking Price
10	\$10,000	\$5,000	\$7,050
12	\$12,250	\$9,167	\$10,365
13	\$9,231	\$9,231	\$9,231
15	\$10,667	\$8,333	\$9,524
17	\$11,765	\$8,235	\$10,438
21*	\$13,333	\$13,333	\$13,333
25*	\$16,000	\$12,000	\$14,667
30*	\$16,000	\$16,000	\$16,000

*Berth is single pen and achieves a higher rental return

Hope Harbour was also assessed for comparison, although it is important to note that recent price points being achieved at around \$5,000 to \$8,000 per lineal metre are for freehold berths (as opposed to long term lease). While these rates are in line with lease hold rates at Raby Bay, we note that access to reach deep water boating areas from Hope Harbour is constrained with a lengthy timeframe navigating at slow speeds through the man-made canals. As such, Hope Harbour is not considered directly comparable given the superior accessibility to deep waters and quality boating conditions from RQYS, HSM and Toondah Harbour.

A summary of marina berth sales rates are provided below. We note that this pricing is based on the current advertised rates.

Figure 12: Comparative Berth Sales Prices, Asking Price per Lineal Metre by Marina, 2013



Source: Jones Lang LaSalle Research & Consulting

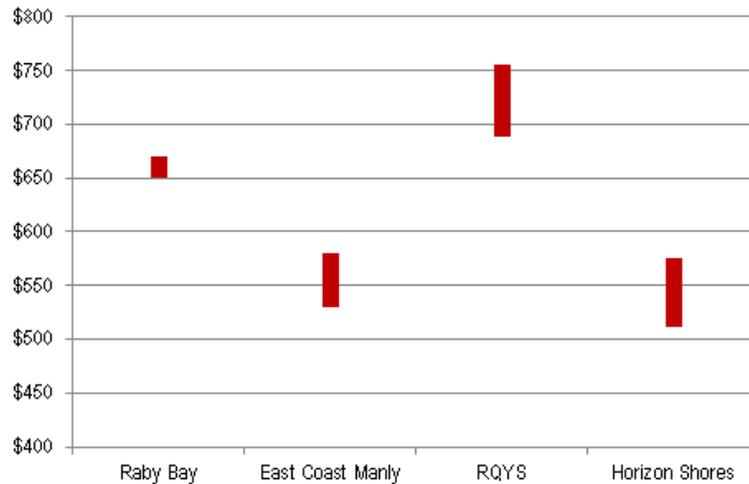
Berth Rental Rates

Berth leasing rates are typically structured on a sliding price point arrangement whereby the price per lineal metre generally increases with the size of the berths. We have considered the leasing price points for a number of marinas, including all marinas investigated within Section 7.2 of this report. In particular, we had strong regard for the following Raby Bay and RQYS as outlined due to proximity and similarities in catchment.

Currently, Raby Bay marina has advertised rental rates of between \$8,000 to \$10,000 per vessel within the 12-15m range. The average annual gross rental price per lineal metre equates to \$660.

By comparison East Coast Marina at Manly has rental rates for a six month lease of \$2,950 for a 9m vessel and up to \$6,130 for a 22m vessel. Taking account of typical discounts in the SEQ marina market for 12 month leases of around 10%, the annual gross rental price equates to around \$530 to \$580/lm.

Figure 13: Marina Berth Rental Rates, Asking Price per Lineal Metre per annum, 2013



Source: Jones Lang LaSalle Research & Consulting

Conclusions

Based on our assessment, we note the following conclusions in relation to a future marina at Toondah Harbour:

- The solid history of boat registration growth within the catchment area, coupled with limited supply of additional marina berth and dry stacking facilities in the area demonstrates a stable base to support continued demand for marina berths in the primary catchment area.
- Depending on ultimate size, configuration and supporting facilities, a marina at Toondah Harbour should achieve berth lease and sales rates above Raby Bay Harbour but below or in line with RQYS rates. The reasons for this are:
 - Toondah Harbour will be part of a mixed use project with slightly superior boating access to deep water compared to Raby Bay Marina and a direct oceanfront positioning versus a canal.
 - Toondah Harbour will likely be positioned close to or slightly below RQYS as it will not be of the same scale, it is further from Brisbane LGA (a large potential market for demand for berths) and will not offer the same level of specialised facilities for boaties. However, we note that depending on final design and positioning of the broader project at Toondah Harbour through elements such as the level of integration with the mixed use residential and boutique retail components, services available (e.g. fuel, maintenance, provisioning and car parking), and marketing initiatives such as packaging of berths with premium residential product, the marina may be able to achieve strong leasing and sales rates in line with RQYS.

6 Toondah Harbour Retail Market Analysis

Key Insights

The retail component will need to have a dual role:

- 1) to cater to locally generated demand from within the new residential component in the project and
- 2) to have a strong destinational role.

The destinational role is particularly important given the prime oceanfront location, providing a major differentiator to the retail offering for the broader Redland City Council area. It also recognises the importance of Toondah Harbour in complementing and deepening the retail offering of Cleveland rather than competing with Cleveland CBD.

Cleveland CBD already has strong performing components of the existing retail mix. The main component, the Stockland Retail Centre, has strong performing supermarkets and some specialities, particularly those playing an 'eat street' role. The mix at Toondah Harbour takes account of this.

The quantum of supportable retail space is estimated to be a total of between 1,500sqm and 2,500sqm depending on the extent to which a marina is developed at Toondah Harbour and excluding the function centre.

The anchor component is recommended to be a waterfront pub/hotel and function/event centre with supporting accommodation developed in time as the market considers supportable. This component will be a significant star attractor to Toondah Harbour and is considered to have significant 'pulling potential' attracting a market from across greater Brisbane and South East Queensland.

The mix is recommended to include:

- Local convenience grocery shopping (local residents and ferry passengers) with the CBD still performing the role of major grocery shopping. Around 400sqm is considered supportable and appropriate for this retail component.
- An 'Eat street' with focus on restaurants, cafes and small format bars providing village and waterfront dining opportunities. This will deliver an amenity level expected from local buyers of the new residential and regularly cater to a broad demographic profile of residents from Raby Bay and Cleveland as well as further afield including Victoria Point, Alexandra Hills and Capalaba.

This section outlines likely retail performance within the Toondah Harbour catchment, which is primarily the Cleveland SLA for the study, and highlights key retail opportunities for Toondah Harbour. The section focuses on identifying and analysing the prime retail options that can be sustained within Toondah Harbour.

6.1 Review of Existing Cleveland CBD Retail Offerings

The Cleveland CBD Commercial Investment Attraction Strategy report reviewed the existing supply of retail within the Cleveland CBD and surrounding region. The assessment highlighted that the current retail offering largely serves the retail needs of nearby residents with the majority of retail located within the Stockland Cleveland Shopping Centre.

Stockland Cleveland is understood to be a strong performing retail centre, generating total retail sales of around \$130 million from around 15,000 sqm of retail floorspace. Combined, Coles and Woolworths are estimated to achieve a turnover of \$80 million from 7,600 sqm of leasable space, which is around 35% higher than the 'typical' double supermarket based centre (compared with the 2012 *Urbis Retail Averages*). The retail specialty shops also perform well, understood to be achieving turnover rates of around \$7,500 per sqm (15% above the average for Double Supermarket based Centres from the 2012 *Urbis Retail Averages*).

The strength of the retail turnover within Stockland Cleveland highlights that the existing retail is likely to be undercatering to local demand in Cleveland. While this may support additional retail space, it is critical that any retail at Toondah Harbour is complementary to the existing and future retail offerings within the Cleveland CBD, and should primarily cater to the immediate Toondah Harbour residential catchment and visitors to the harbour.

6.2 Review of Key Recommendations within the Cleveland CBD Commercial Investment Attraction

Jones Lang LaSalle has considered the optimum retail mix for Toondah Harbour in the context of the retail outcomes proposed for the Cleveland CBD to ensure that both retail strategies complement and with each site's retail strategy linked to their respective strengths, as well as their position within the market.

The key retail outcomes for the Cleveland CBD as part of the Commercial Investment Strategy are;

- An opportunity to increase the provision of supermarket floor space within the Cleveland CBD with the most likely options being an extension on an existing supermarket within Stockland Cleveland or the introduction of another competitive supermarket operator (ALDI or similar).
- There is the potential to accommodate a Discount Department Store (DDS) within the Cleveland CBD in the short to medium term.
- A further opportunity exists to diversify the current retail offering within the Cleveland CBD by introducing enhanced retail offers potentially in the form of an 'eat street'; and
- A potential boutique size cinema in the CBD of around 4 screens (6 screens is not considered supportable).

6.3 Retail Spending and Demand within the Toondah Harbour Catchment Area (Cleveland SLA)

The indicative retail spending assessment considered the potential spending on the primary good and services sold at supermarkets, food and beverage outlets, cafes and specialty retail within the immediate catchment area. The table intends to identify what market share would be necessary to attract reasonable turnover levels. It should be noted that in all cases attracting a quality operator is paramount to a strong performing and sustainable retail outcome.

Table 7: Indicative Retail Spending, Toondah Harbour Catchment Area

Annual Household Spend by Item, 2011- 2012	\$, by Quintile					Ave.	Ratio – Highest to Ave.
	Lowest	Second	Third	Fourth	Highest		
Meals - cafes, restaurants etc.	553.8	811.72	1,367	1,995	3,587	1,663	2.2
Fast Food and Takeaway	480.48	938.08	1564.68	2118.48	2831.4	1586.624	1.8
Alcohol Off Premises	400.92	691.08	1042.6	1219.4	1804.4	1031.68	1.7
Alcohol, Consumption on licensed premises	153.92	319.28	556.4	767	1333.8	626.08	2.1
All Other Food and Non-Alcoholic Beverage	4287.92	5973.24	7209.8	8642.92	10615.8	7345.936	1.4

Source: Jones Lang LaSalle Research & Consulting and ABS

Our demographic analysis of the catchment area has positioned the likely retail spend within the fourth and fifth quintile. This is reflective of the site's location in proximity to an affluent population within Raby Bay and factors in population demand from both this segment of the market, as well as the wider market.

The Indicative Retail Demand table (table 5) summarises potential spending and supportable floor area that could expect to flow to a small format supermarket based centre. It is assumed that the supermarket's main catchment region would be;

- Future residents residing within the Toondah Harbour development
- Residents from the immediately adjoining Cleveland and Raby Bay areas that are closest to Toondah Harbour; and
- Visitors and workers to and from Stradbroke Island
- Visitors and workers associated with the village centre, waterfront retail and including the events/function space and will include both social and corporate visitors

In this indicative modelling, Jones Lang LaSalle have used the current population for the Toondah Harbour catchment area, and assumed that the retail component of Toondah Harbour captures a conservative market share of retailing. This market share reflects the retail offering's position within the market and the likely ability to capture demand from the immediate

region and the need for the retail component to be appropriately sized such that it does not compete with the Cleveland CBD.

Jones Lang LaSalle has allowed for some trade from beyond the catchment. Due to the destination appeal of the proposed development, particularly the food and beverage component, this should be a relatively strong component of the overall mix. However, in order to minimise competition with the Cleveland CBD retail market and concentrate on a complementary offering only, the total quantum of retail space is quite modest, with a total of around 1,100sqm considered to be supportable by 2016 rising to 1,500sqm by 2031. We note that due to the unique destination focus of the project, and the potential for a marina, that this total amount of space could be increased allowing for marina based retail services. On this basis, we would consider around 2,500sqm of retail (excluding function centre) would be supportable at an upper limit. This has also been benchmarked against comparable projects in our case studies to support this conclusion.

Table 8: Indicative Retail Demand, Toondah Catchment Area

		2013	2016	2021	2026	2031
Population						
Primary Trade Area (persons)		15,628	16,836	18,137	19,539	21,049
Spending per person (\$ per annum)						
- Food Retailing		6,118	6,568	6,903	7,255	7,625
- Non-food Retailing		5,575	5,781	6,076	6,386	6,712
Total Spending per person		11,694	12,349	12,979	13,641	14,337
Available Spending (\$ million)						
- Food Retailing		95.6	110.6	125.2	141.7	160.5
- Non-food Retailing		87.1	97.3	110.2	124.8	141.3
Total Available Spending		182.7	207.9	235.4	266.5	301.8
Main Trade Area						
- Food Retailing	5.0%	4.8	5.5	6.3	7.1	8.0
- Non-food Retailing	1.0%	0.9	1.0	1.1	1.2	1.4
Beyond Trade Area						
- Food Retailing	10%	0.5	0.6	0.7	0.8	0.9
- Non-food Retailing	2%	0.0	0.0	0.0	0.0	0.0
Total Retail						
- Food Retailing		5.3	6.1	7.0	7.9	8.9
- Non-food Retailing		0.9	1.0	1.1	1.3	1.4
Turnover per sqm.						
- Food Retailing		7,000	7,000	7,000	7,000	7,000
- Non-food Retailing		5,000	5,000	5,000	5,000	5,000
Supportable Floor Area						
- Food Retailing		759	878	994	1,125	1,274
- Non-food Retailing		178	199	225	255	288
Total		937	1,076	1,218	1,380	1,562

Source: Jones Lang LaSalle Research & Consulting and ABS

Key Assumptions:

- Per capita spending developed in line with the retail spending analysis in Table 4;
- Average retail spending per capita is developed from Australian Bureau of Statistics (2012) data;

- We have outlined the total likely spend within the catchment, and then assumed a market share for the Toondah Harbour catchment. This market share is estimated based on our expectations of the retail offering developed at the Site, and we have assumed a modest position given the size of the offering.
- We have applied the required turnover on a per metre basis as per industry averages, and benchmarked against rents achieved for comparable centres as provided by Jones Lang LaSalle retail leasing and property management.

6.4 Retail Opportunities

This section considers the key opportunities for retail land uses in Toondah Harbour. We have considered the various roles that retail plays to help identify a range of retail outcomes for the project. While the retail component of large scale mixed use projects will often only form a small part of total commercial returns, it will typically play a critical role in anchoring an urban renewal precinct by being the main attraction in its own right. In this regard, its importance cannot be understated and it will very much indirectly drive the total project returns. Retail will contribute to a vibrant, long term economically sustainable outcome and is often seen as a key barometer for the success of a project. Retail also provides convenience for residents, workers and visitors by providing for the daily or weekly needs of patrons as well as more of a low key supporting role to complement other surrounding uses. In most successful projects, retail plays all three of these roles.

The main opportunities considered fall into three broad categories. They are:

- **Destination retail** – the provision of a specialised retail format that will attract customers from a regional catchment to the Toondah Harbour site. The retail provides a unique offering and identity that complements rather than competes with the existing regional offer within the City Centre. The bay side location of the site provides an opportunity to reinforce this retail identity;
- **Neighbourhood retail** – the provision of a retail precinct that provides a range of services to a local catchment. This most certainly will service the future population on the Toondah Harbour development as well as some surrounding population;
- **Local / Ancillary retail** – small scale retail supporting other uses on the precinct. This would be primarily supported by the population living, working and visiting the precinct.

Proposed retail development within the Toondah Harbour development area will be a reasonably compact, high quality and destination offering which addresses these three categories.

Our retail leasing analysis has included a number of comparable retail offerings across Brisbane, in conjunction with discussions with our retail sales and leasing team, to determine what we believe to be achievable and supportable rental rates.

Destination Retail

Bar/Restaurant Space with Function Capabilities

The strategic location of the Toondah Harbour development on the edge of the South-East Queensland coast, under 40minutes drive from the Brisbane CBD and adjacent to Raby Bay, provides a significant opportunity for a high quality dining, bar and function offering which establishes Toondah Harbour as a destination in its own right within South East Queensland. We envision this development as a high quality, mid-tier priced offering which embraces the site's location on the cusp of the Moreton Bay and the sub-tropical climate enjoyed by the region.

We consider the success of the dining/bar component to be a critical driver of success for the whole Toondah Harbour project. A good retail offering which has strong destination appeal underpins the entire ability of the site to attract users, and while it may not provide the largest financial returns, the retail offering will drive interest in the site and support a long term sustainable economic outcome.

A bar and restaurant (with function capabilities) which successfully embraces the site's bay side location will provide this significant destination appeal for the retail offering as well as creating day/night activation. Due to the untested nature of this offering within the region, the strength of the operator will be critical to the success of the offering. A strong offering, which achieves these outcomes, will drive demand for the wider retail component and be a key factor in the success of the development.

The key elements which will drive the destination appeal and ultimately the success of the bar/restaurant offering are;

- **Complementary dining establishment** clustering together to create an appealing destination and to drive reciprocal demand between offerings within the site. This is evidenced in a number of 'eat streets' around Brisbane which successfully leverage off each other to drive demand;
- **Quality operators** that build a strong client base and attract repeat visitation. This will be particularly important for the Toondah Harbour site, to create a deeper destination appeal to capture demand from a wider population. Attracting such operators to Toondah Harbour will involve a targeted and deliberate approach during the procurement and EOI process;
- **Iconic restaurants** – This has successfully activated dining precincts such as Eagle Street Pier in Brisbane, with celebrity chefs opening bars / restaurants. This may include attracting an interstate operator seeking to expand into the Brisbane market. An iconic restaurant has the ability to brand a region as a food destination;
- **Alfresco dining** opportunities with an appealing outlook, and which make use of Brisbane's subtropical climate. For Toondah, there is a strong opportunity to utilise the good visual amenity stemming from its bay-side location;
- **Accessible car parking** for patrons;
- **Support from local residents and workers** – dining precincts that rely too heavily on a visitor market are likely to be difficult to sustain. Repeat visitation from locals is critical and will be driven largely by the quality of the operators and the convenience of visitation;
- **Proximity to a workforce** – the CBD workforce is a key market segment and it will be important to make sure that there are easy and quick transport options between the two sites;
- **Large catchment** – in the case of Toondah Harbour, this is expected to stem from the significant residential development within Toondah harbour, Raby Bay and the wider Cleveland region. We are also confident that demand will be captured from the wider Brisbane population if the above factors are successfully achieved.

Neighbourhood Retail

Neighbourhood retail is certainly not unique. However, we consider a neighbourhood focused retail component as part of the Toondah Harbour development to have the potential to provide a more satisfying shopping experience for surrounding residents and over time attract a large, loyal customer base. In order to do this, it will need to provide a unique offering with a strong component of quality independent operators that create a strong level of retail identity. An over representation of national chains will diminish the market share potential and undermine the destination appeal of the centre. Furthermore, the strong growth in Cleveland's residential population forecast over the next 20 years, in addition to the development of residential properties as part of the project, will support additional demand for convenience based supermarket shopping. Our spending analysis has outlined a supportable supermarket size of 300-400sqm to support the immediate local catchment of Toondah Harbour, including visitors and workers without detriment to the Cleveland CBD grocery offering.

Small Format Supermarket/Convenience Store:

Small format supermarkets normally achieve gross rents of between \$350 to \$550 in other similarly sized retail nodes across Brisbane. Due to the location of this development, and with the proximity of planned residential development, we believe that a gross rental rate of \$450/sqm p.a. would reflect fair market value and a sustainable gross rent level. As a point of differentiation this may include a delicatessen / green grocer style format to generate broader market appeal and further differentiate the offering and support strong local 'ownership'. This also aligns with the likely target demographic profile.

Table 9: Small Format Supermarket/Convenience Store Leasing Evidence

Location	Size (sqm)	Gross Rent per sqm	Comments
Carina North (Foodworks)	351	\$390 (net)	5 year term. Of the comparable properties, this gives the closest indication of likely supportable rent levels for Toondah. Store is similar small format retail, with 10 other retail tenancies in the centre.
Fernbrooke (Nightowl)	191	\$441	Not a new development
Calamvale (Nightowl)	177	\$614	Smaller size offering, which reflects the premium attached to the gross rent
Yeronga Village Shopping Centre (IGA)	189	\$600	Higher density region, not new development. Successful cluster of retail uses.

Source: Jones Lang LaSalle Research & Consulting

Ancillary Retail

Local and ancillary retailing is not aimed at being a destination in its own right but supports other land uses on the site and will typically cluster with other retail uses. Food and beverage outlets are required to serve the local workforce and visitors; local convenience retailing will be needed for residents; and additional uses such as gift shops and themed offerings may co-locate with visitor attractions or Stradbroke Ferry Operations.

Specialty Stores Including Cafes:

We believe that a small offering of mid-tier, boutique retail specialty stores would be supported within the Toondah Harbour development. As per the baseline report and our retail spending analysis above, we expect that around 500sqm of specialty stores would be supported by the catchment by 2016. We anticipate that a large segment of this space would be comprised of cafes and small mid to high quality dining options. To provide a level of critical mass, in time this may be increased to around 800sqm depending on factors such as final mix, location, the size of the pub/hotel and conference space and whether that facility includes a restaurant, and if there is a marina developed at Toondah Harbour.

The rents for these types of stores are likely to vary significantly within the offering depending on a number of factors such as the final designs of the retail space and surrounding area, the position of the space within the development, and tenant specific factors. We believe that an average gross rent of \$650/sqm p.a. across all the speciality tenancies would reflect likely market value and allow for these variances. We believe that this reflects a conservative forecast, and that this figure is indicative of the lower threshold of achievable rents.

Table 10: Speciality Stores including Cafes

Location	Size (sqm)	Gross Rent per sqm	Average Gross Rent per Sqm	Comments
Bluewater Square	54-140	\$650 - \$800	\$700	Located within a similar demographic, but anchored by a large format supermarket. Speciality stores are mid quality offering.
Fernbrooke	42-66	\$616 - \$666	\$640	Neighbourhood retail, no major anchor. Basic food and beverage retailers with some basic speciality stores.
Redbank Plains Shopping Centre	77-272	\$550 - \$692	\$600	Neighbourhood retail centre, anchored by large major supermarket. Retail offering of a fairly basic and low quality mix. Significant growth area.
Carina North	54-85	\$600-700 (Net)	\$700	Metropolitan location similarly sized retail offering and mix of tenants which is indicative of desired tenant mix at Toondah.
Greenslopes IGA	45-150	\$640 - \$755	\$700	Similar tenancy mix to the desired outcomes for Toondah Harbour. The offering has been recently constructed, which demonstrates the premium which tenants are willing to pay for new space.

Source: Jones Lang LaSalle Research & Consulting

6.5 Conclusions

Given the total supportable quantum of retail space and the three key retail uses identified for Toondah Harbour, the table below outlines our recommend retail use mix. We note that this retail mix has been determined in conjunction with due regard to the Cleveland CBD, to ensure that the sites produce reciprocal benefits for each other, and work in a complementary fashion. We have provided indicative rents based on evidence from comparable offerings within the wider market. It should be noted that the mix below excludes the pub/hotel and function/events facility and is conservatively based on the project proceeding without marina. Should the marina proceed we consider an upper limit of around 2,500sqm in total retail area would be supportable.

Table 11: Recommended Retail Mix

Retail Component	Supportable Area sqm	Gross Rent \$p.a per sqm	Total Gross Rent (Approx) \$ p.a
Small Format Supermarket/Convenience Store	300-400	450	135,000-180,000
Specialty Stores including Bar/Restaurant	800-1,100	600	500,000-650,000
Total	1,100-1,500	Ave 550 (approx.)	635,000-830,000

Source: Jones Lang LaSalle Research & Consulting

The success of retailing at the Toondah harbour site is highly influential on the success of other uses within the Priority Development Area. As such, the retail solution will be critical to ensure it is holistically incorporated as part of the broader strategy, with careful consideration of staging to ensure each phase is a success and that the outcome is economically sustainable over the long term.

7 Case Studies

A range of case studies are provided below to assist in forming benchmarks for potential mix of land uses, quantum of space, key success factors and any identified constraints or failures of particular projects. In addition to the case studies prepared in the preliminary development strategy in late 2012, those selected for inclusion in this report are:

Three hotel/conference/function centres:

- Q Station Manly
- Watsons Bay Hotel
- Stradbroke Island Hotel

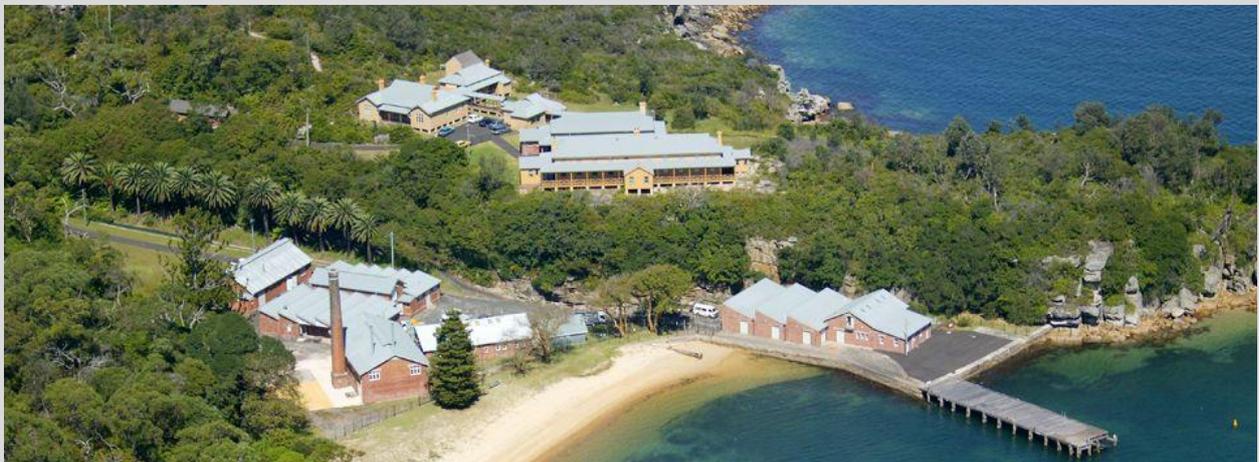
Six Marinas:

- Raby Bay, Brisbane
- Hope Island, Gold Coast
- Port Coogee, Perth
- Martha Cove, Melbourne
- Holdfast Shores, Adelaide
- East Coast Marina, Manly Brisbane

7.1 Targeted Restaurant/Bar (with Function Centre element) Tenant Types

Q STATION MANLY

The Q Station Manly occupies the site of Sydney's old quarantine station within the Sydney National Park. The station was restored at a cost of more than \$19 million and includes a boutique hotel, conference facilities and a number of restaurants.



Accommodation

The Q station comprises of a Boutique Hotel of 79 rooms, which offers a number of different room types including; Heritage Rooms/Suites, Deluxe Rooms and Historic Cottages. The accommodation has been adapted from the old quarantine station's original accommodation wings. The room rates range, on average, from \$180 to \$550 in the lower season months to \$260 to \$600 during the busier periods.

Conference, Event and Wedding Facilities

Q Station has constructed a number of conference facilities catering to events ranging from small meeting to entire banquets. There are 17 meetings rooms within the station ranging in capacity from 4 to 150 persons. The table below illustrates the maximum room capacity and room size for the varying options within the Q Station. The Q Station offers wedding packages ranging from \$115 to \$165 per person, which include a venue, beverages, food and entertainment. Ceremony packages range in cost from \$1,200.

	Maximum Capacity (Persons)							Size (Sqm)
	Threatre	Classroom	U-Shape	Boardroom	Dining	Cocktail	Cabaret	
Dr Cumpston Room	120	75	30	30	80	150	70	183
Nurse Ford Rooms	120	60	30	30	80	150	56	115
Former Men's Smoking Room	50	30	25	20	50	80	28	66
Former Ladies' Sewing Room	50	30	25	20	50	80	28	66
Dining Room	-	-	-	-	96	150	72	106
Dr Salter Room	20	12	15	14	20	25	14	42
Dr Mackellar Room	40	18	20	20	20	40	14	50
Governor Bourke Ballroom	250	160	70	-	200	400	140	283
Room 22	25	12	12	14	20	20	14	38

Example of Accommodation Facilities



Heritage Queen



Deluxe Suite



Cottage Retreat

Example of Conference Facilities



Formers Men's Smoking Room



Governer Bourke Ballroom



Dr Salter Room

Restaurant Facilities



Source: Jones Lang LaSalle Research & Consulting, Qstation

WATSONS BAY HOTEL

Watsons Bay Hotel is a four star boutique hotel located on the Sydney Harbour at Watsons Bay. The hotel offers a range of accommodation options, a conference and events facility, bar and restaurant.



Accommodation

The Watson Bay hotel comprises 32 rooms, including a Bridal Suite, loft suite, harbour view apartments and standard king suites. The room rates range, on average, from \$180 to \$285pn during low periods to \$255 to \$425pn during busier periods.

Conference, Event and Wedding Facilities

The Hotel offers a number of function rooms, which can be tailored to events, conferences or wedding facilities including;

- Watsons Bay Boardroom - A flexible space which can hold up to 15 people in a boardroom style and 20 people in a theatre style
- The Sunset Room – Purpose built event and indoor dining space that can hold up to 250 people.
- Watsons Bar and Beach Club – Outdoor bar and dining area, which can accommodate up to 200 guests in a banquet style or 1,000 guests for a stand up event.
- Top Deck – outdoor space with a retractable roof that can seat up to 120 people or accommodate 200 people for a stand up event
- Food packages range from \$80pp to \$135pp. Wedding packages from \$700 to \$1,000

Example of Accommodation Options



Example Restaurant and Bar Options



Source: Jones Lang LaSalle Research & Consulting and Watsons Bay Hotel

STRADBROKE ISLAND BEACH HOTEL

The Stradbroke Island Hotel and Spa Resort is a 33 room hotel located on North Stradbroke Island. The complex offers a hotel, conference and wedding facilities and a restaurant/pub.



Accommodation

The Hotel complex comprises of 12 hotel rooms and 21 three and four bedroom apartments. The hotel rooms range in price from \$170 to \$240 pn during the low season through to \$235 to \$315 pn in the peak season. The three bedroom apartments range in price from \$1,625 for 7 nights during the low season to \$3,750 for 7 nights during the peak season. The four bedroom apartments range in price from \$3,025 for 7 nights during the low season through to \$5,025 during the peak season.

Conference, Event and Wedding Facilities

The Hotel offers a number of venues, which can be tailored to events, conferences or wedding facilities including;

	Maximum Capacity					
	Cocktail	Banquet	Theatre	Classroom	U-shape	Boardroom
Cylinder	60	50	50	20	20	24
Flinders	60	50	50	20	20	24
Headland	150	120	130	60	40	50

The cost for the hire of the rooms ranges from \$60pp, which includes room hire and catering. If a package is not utilised then the cost is \$500 for a half day to \$750 for a full day.

The hotel also contains a large wedding room with capacity for up to 110 guests, which can be hired for \$1,000 to \$2,000 for the day, depending on the season and day of the wedding.

Example of Accommodation and Restaurant



Conference and Wedding Facilities



Source: Jones Lang LaSalle Research & Consulting and Stradbroke Island Beach Hotel and Spa Resort.

7.2 Marina Focussed Mixed Use Developments

This section summarises a range of relevant case studies from around Australia and highlights key lessons from the project. We have had particular regard for marina developments that are of comparable scale and nature to Toondah Harbour and have been assessed in relation to land use mix, staging, and scale as well as key success factors and/or identified shortcomings that may provide relevant learnings for Toondah Harbour. The list of case studies includes:

- Raby Bay, Brisbane
- Hope Island, Gold Coast
- Port Coogee, Perth
- Martha Cove, Melbourne
- Holdfast Shores, Adelaide
- East Coast Marina, Manly Brisbane

RABY BAY, BRISBANE



Figure 9: Raby Bay Aerial Imagery

Location

The Raby Bay marina consists of 126 moorings ranging from 5m to 20m and allowing boats with drafts of up to 5m. Our market research into the profile of the market for the marina indicates that the proximity to quality boating destinations in Moreton Bay and relatively easy access from the surrounding catchment at Raby Bay through to Greater Brisbane CBD has made it particularly attractive to owners of larger boats. The marina operators have also advised that the low vacancy rate within the Marina has allowed them to be selective about lessees when vacancies do become available.

The marina also includes a number of small commercial and retail tenancies within the Raby Bay Harbour Centre. There are currently two commercial office tenancies available for lease with an advertised price of \$25,800 per annum (60 sqm at \$430 per/sqm) and \$27,000 per annum (60 sqm at \$450 per/sqm). The commercial and retail elements are well situated on Shore Street West with a large amount of open-air parking.

The residential development surrounding the marina is characterised by residential apartments and canal frontage houses, which reflect a typical 1990's design. The original Harbour View Townhouse development, located to the east of the Marina Harbour, has sold 69 new townhouses since its inception in 1999 with a sales price of between \$199,000 and \$425,000. The apartments have recorded strong resales over the last 10 year

period with an average capital growth of 9 per cent, based on 79 resale transactions.

In addition to the residential component, Raby Bay Marina is also located in close proximity to the Raby Bay canal estate, a premium residential community. The community started construction in 1983/84 and has attracted a high proportion of higher income earners to the region, attracted by the waterfront homes and location of the project.

Source: Jones Lang LaSalle Research & Consulting and Raby Bay Marina

EAST COAST MARINA, MANLY, BRISBANE



Location

East Coast Marina is located in the suburb of Manly, in Brisbane. It currently contains 365 berths, and is designed for both short and long term occupancy. Berth sizes range from 9m to 20 m, although larger boats are able to be housed for short periods of time. The site is located in close proximity to the Brisbane CBD and the Brisbane International Airport.

The marina also provides short term budget accommodation. There are 36 apartment units, as well as a three bedroom holiday house. Due to the Manly Marina being used for a number of sailing regattas, and other similar events, the motel is considered to trade relatively well.

Status

East Coast Marina is currently constructing a multiple level dry storage facility to add to the existing facility. The existing facility can hold 80 vessels with an expansion of 120 spaces to a total capacity of 200 dry stack spaces. The cost to expand this capacity is reported to be around \$2.5M, which includes the improvements to the existing slabs, drainage, and water access.

Source: Jones Lang LaSalle Research & Consulting and East Coast Marina

HOPE ISLAND, GOLD COAST



Location

The Hope Island Marina is located within the master planned Hope Island Resort and adjacent to the Sanctuary Cove Residential Community. The Hope Island precinct, which now incorporates a number of residential communities, was one of the largest residential greenfield developments undertaken within South East Queensland. The Hope Island precinct incorporates low and medium density residential projects, short term accommodation and lifestyle amenity including the Marina Village and golf course. The Hope Island Marina Village has been developed over several stages and currently incorporates seven food and beverage outlets and over 12 shops and beauty outlets.

Status

There is no residential development directly linked to the marina, however, the marina is surrounded by a number of mixed use and low density residential communities. The Hope Island residential market has seen significant volatility in prices since 2008, with particularly limited activity in the premium waterfront market post GFC. The market was also significantly affected by a number of large scale insolvencies within the region, which resulted in an influx of discounted product on the market. Developers within Hope Island have shifted their product design, with a greater concentration on low to medium density townhouse and apartment product, targeted at the investment market.

Marina berths were selling at price points of around \$10,000 per lineal metre pre-GFC, and the inland nature of the marina being constructed on freehold land meant that berths are freehold (i.e. no seabed lease). Prices have come back considerably by between 40%-50% on average.

Source: Jones Lang LaSalle Research & Consulting and Hope Island Marina, Consolidated Properties

MARTHA COVE, MELBOURNE



Location

Martha Cove is located 80 kilometres south of Melbourne on the Mornington Peninsula. The 97 hectare project is one of Victoria's largest waterfront developments and has master plan approval for:

- 650 marina berths available to all members of the public;
- 1,150 dwellings including a mix of apartments, townhouses and houses;
- Around 2,000 sqm of retail including a small supermarket, speciality shops, cafes and restaurants;
- A retirement village of 450 dwellings; and
- A hotel.

Status

With development starting around 2005, the developers (City Pacific) plan was to complete all buildings and works for the marina before selling majority of the dwellings, to ensure that the amenity of the waterfront precinct wasn't affected during the sales process. Unfortunately, this front-ended delivery model saw a disproportionate level of investment in the initial stage without sufficient offsetting revenues. This saw the project become heavily exposed to the tough economic conditions post GFC and resulted in the project going into receivership in 2009.

Source: Jones Lang LaSalle Research & Consulting and Martha Cove Harbour

PORT COOGEE, PERTH



Location	Port Coogee is a 140 hectare master planned community which is currently being developed 23 kilometres south of Perth CBD. In 2013, the development received a prestigious award being “the best master planned community in Australia” from the UDIA.
Status	When complete, the development is proposed to incorporate 1,900 dwellings (1,100 apartments and 800 houses), 300 marina berths and around 12,000 sqm of retail floorspace which is to include a full-line supermarket, specialty shops, cafes and restaurants. The development is still in early stages with 150 berths released and a number of dwellings developed.

Source: Jones Lang LaSalle Research & Consulting and Port Coogee Marina

HOLDFAST SHORES, ADELAIDE



Location	Holdfast Shores is a mixed-use development located in Glenelg, a seaside suburb of Adelaide. The development uses include: apartments; hotels; retail and; restaurants.
Status	The residential apartments were very successful, with majority of the owner-occupiers buying off the plan. One bedroom apartments sold for around \$195,000 off the plan in the late 1990's and are now selling for around \$600,000. 3 bedroom apartments currently sell for around \$1.4 million while the more exclusive penthouses/luxury apartments sell for anywhere between \$2-3 million. Due to such high demand, the sale of the marina berths was restricted to those who had purchased apartments off the plan. Prices initially were around \$45,000 and now sell for around \$400,000, which is slightly lower than the peaks of \$450,000 prior to the GFC. The critical mass of retail and restaurants (circa 3,000 sqm of leasable floorspace) has proven to be a success, creating a significant destination dining precinct that is used by Adelaide residents and visitors alike.

Source: Jones Lang LaSalle Research & Consulting and Holdfast Shore Marina



Real value in a changing world

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