



Spring Hill Unit Market Overview

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Prepared by Colliers International Research.

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Area Characteristics

Understood to be one of Brisbane’s oldest residential neighbourhoods, **Spring Hill is located less than one kilometres from the central business district and due to its close proximity, has been considered to be an extension of the CBD.** The well established inner city locality provides access to modern conveniences and amenities. Major business, education and medical facilities reside nearby, whilst within walking distance is a myriad of cafe and shopping alternatives. Spring Hill has successfully integrated residential living with commercial and professional activities.

Spring Hill residential real estate has strongly benefited from the continued interest of inner city living. **The precinct has demonstrated continued price growth historically and continued rental demand from those who seek an inner city lifestyle. The precinct therefore offers strong investment potential.**

Unit Market Overview – “Tightly held units drive price growth”

Research has shown a healthy growth in median unit price within the suburb of Spring Hill through recent periods. The six months ending September 2008 registered a median price of \$362,500 within the inner city suburb. This figure was derived from a total of 70 unit transactions.

Into the longer five year term, Spring Hill has recorded a median price growth of 8.9 per cent per annum, outperforming the Brisbane City precinct, which saw only a 4.9 per cent annual growth over the same period. It is also worthwhile noting that there is a significant price difference between the two adjacent suburbs. The six months to September 2008 saw the Brisbane CBD record a median price of \$437,500, some \$75,000 more than similar apartment product within Spring Hill.

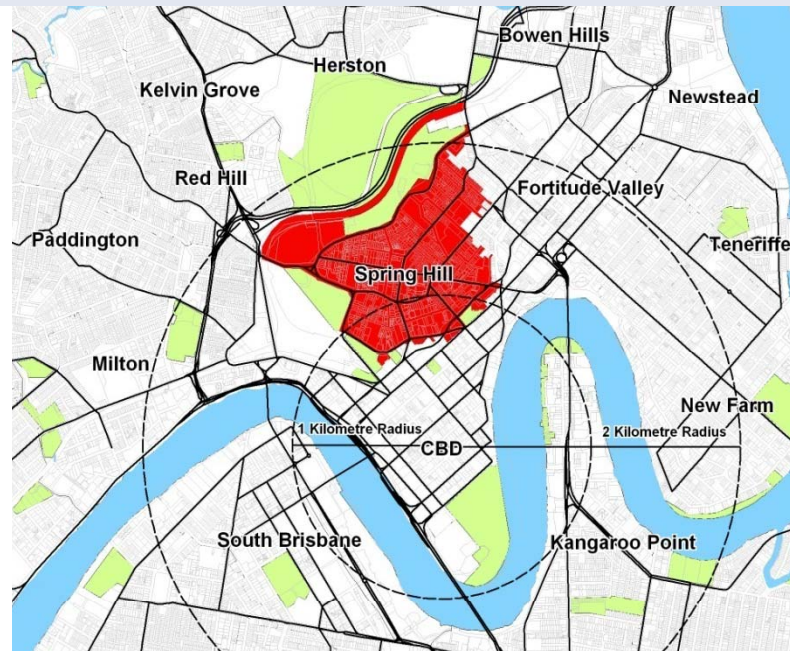
In addition, the majority of transactions within Spring Hill occurred within the \$400k - 499k bracket, equating to 29 per cent of the total sales during the six month period ending September 2008. Interestingly, this was closely followed by the less than \$100k bracket which recorded 20 per cent of the respective sales whilst the \$300k - \$399k bracket saw 17 per cent of total sales during the period.

In terms of the future for residential apartments, successful precincts will be those which appeal to the immediately surrounding community. A focus upon infrastructure or developing infrastructure population growth and employment opportunities will be crucial drivers of this appeal. Ultimately however, the final price will be the telling factor. Affordably priced apartments or well positioned and designed which provide decent yields with potential for capital growth will provide saleable product.

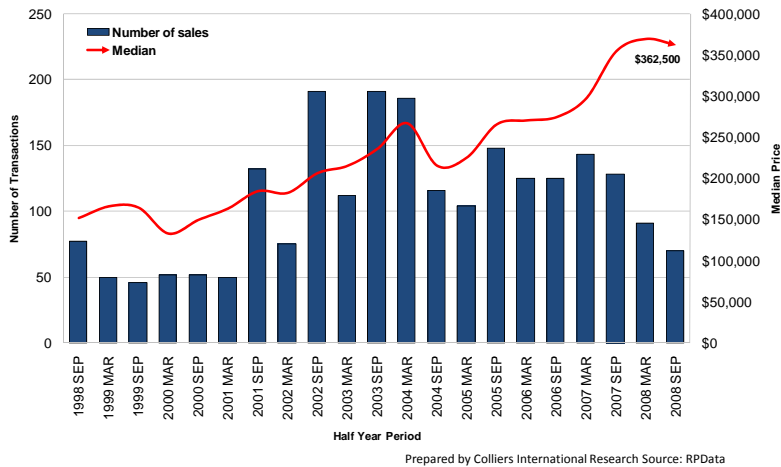
Spring Hill Unit Resale Analysis – “Despite economic uncertainty, the twelve months to Sept 2008 provides the strongest capital growth in 10 years”

A unit resales analysis was undertaken in order to provide a fair indication of the unit market establishing the true value and returns through investment. Analysis was undertaken into unit holding periods and returns achieved on all apartments held for longer than a twelve month period before being resold into the market.

As can be seen by the Spring Hill average annual capital growth graph, capital growth has increased consistently throughout the years. The past ten years has seen the Spring Hill apartment market



Spring Hill Apartment 10 Year Sales Cycle



Prepared by Colliers International Research Source: RPData

Spring Hill Apartment 5 Year Summary of Annual Capital Growth

Spring Hill		Brisbane CBD	
Median price	5 Year average % growth pa	Median price	5 Year average % growth pa
\$ 362,500	8.9%	\$ 437,500	4.9%

Prepared by Colliers International Research Source: RPData, RTA

Spring Hill Apartment 5 Year Summary for Price Growth & Rental Return

Units	Spring Hill	Brisbane CBD
Median price change pa	8.9%	4.9%
Rental return pa	6.1%	2.8%
GROSS PROPERTY RETURN	15.0%	7.7%

Prepared by Colliers International Research Source: RPData, RTA

grow considerably, and as a result, so has the capital growth within the respective projects. **The most recent twelve month period to September 2008 displays the highest capital growth of any period at 11.9 per cent**, based upon 123 settled transactions. This is a significant change from the one per cent average growth recorded ten years prior from only 46 settled resales, inherently indicating a demand for residences within close proximity of the CBD.

Over the ten year period, apartments within Spring Hill have been held for an average of 6.5 years before being resold identifying Spring Hill as a tightly held inner city suburb.

Rental Market – “Low vacancy drives demand”

Considering 44.6 per cent of residents within Spring Hill currently live in a rental tenancy, it becomes important to understand the demographics which reside within the area and the returns which are achieved.

According to the ABS census data, the majority of residents which dwell within Spring Hill are aged between 20 and 34 years of age, equating to 45 per cent of the population. This suggests there is a high proportion of professional individuals which are seeking an inner city abode. This is partly due to the central locality and walkable amenity but also due to the slightly more affordable rent in comparison to the CBD.

The Spring Hill rental market continues to grow in dollar terms. The period ending September 2008 registered record highs for median weekly rent within the suburb of Spring Hill due to continued demand for inner city apartments. Factors such as housing affordability, tightening vacancy rates and the underlying demand for inner city apartments has forced renters to pay a median weekly rent of \$370 for a one bedroom apartment and \$530 per week for two bedroom apartments. This is a twelve month growth of 15.6 per cent and 10.4 per cent respectively. Higher median rents could be expected for fully furnished apartments.

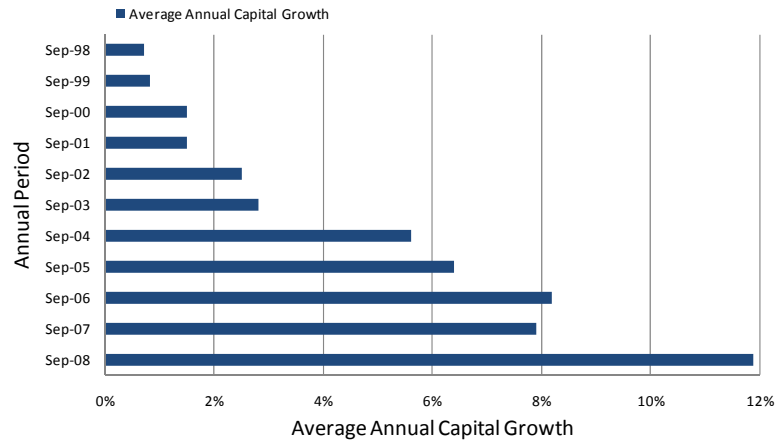
Analysis of Inner city vacancy rates for residential tenancies shows that the inner Brisbane precinct, understood to be a five kilometre radius from the GPO, has tightened further. **Currently there is only a 1.3 per cent vacancy within the inner precinct and hence the least residential rental supply within South East Queensland.**

When median prices are analysed against median rents for Spring Hill and the Brisbane CBD it can be identified that Spring Hill records a greater return on investment dollars. Spring Hill has returned a solid yield of 6.1 per cent through recent periods whilst the Brisbane CBD has seen returns of around 2.8 per cent. This makes Spring Hill an attractive investment alternative.

Infrastructure and Amenity Overview – “Spring Hill means continued growth”

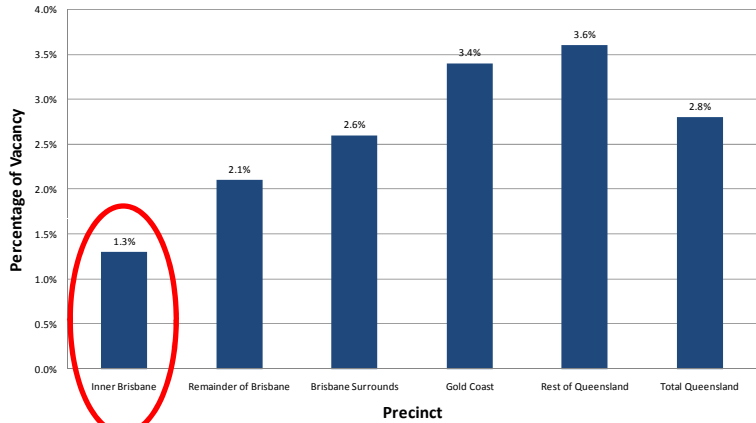
The changing residential landscape has led to consumers demanding walkable urban environments, proximity to the CBD and direct access to transport nodes which facilitates convenient movement between desired locations. Spring Hill allows for all of these residential drivers. With access to transport nodes including the Inner City Bypass and Queensland Rail, proximity to the CBD, walkable cafe’s, restaurants and bars, Spring Hill caters for a wide variety of persons and suggests continued demand and related growth into the future in terms of both asset and rental return.

Spring Hill Apartments Average Annual Capital Growth Past Ten Years



Prepared by Colliers International Research Source: RPData

Vacancy Rate December 2008



Prepared by Colliers International Research Source: OESR

	Sep-03	Sep-07	Sep-08	12 Month Growth Rate	5 Year Growth Rate
1 Bedroom Tenancies	\$235pw	\$320pw	\$370pw	15.6%	9.50%
2 Bedroom Tenancies	\$365pw	\$480pw	\$530pw	10.4%	7.7%

“Lasting appeal and enduring value will be the important motivators for property investment moving forward. Underlying population growth, access to infrastructure and employment opportunities will be the drivers. Spring Hill ticks the right boxes.”

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