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BOWEN HILLS LEADS INNER URBAN GROWTH

WITH MORE THAN \$25 BILLION IN MAJOR INFRASTRUCTURE INVESTMENT UNDERWAY THROUGHOUT BRISBANE, THE BULK OF WHICH IS UNDERWAY THROUGHOUT THE INNER CITY RING, THE CITY IS IN THE THROES OF THE SINGLE BIGGEST INVESTMENT CYCLE IN ITS HISTORY.



BRISBANE TAKES CENTRE STAGE

Brisbane is in the midst of an infrastructure boom which, coupled with strong lifts in population, highlights a period of growth unlike anything the city has witnessed.

With more than \$25 billion in major infrastructure investment underway throughout Brisbane, the bulk of which is underway throughout the inner city ring, the city is in the throes of the single biggest investment cycle in its history. Brisbane is being transformed into a world-class destination bringing with it economic growth and prosperity.

BRISBANE IS BEING TRANSFORMED INTO A WORLD-CLASS DESTINATION BRINGING WITH IT ECONOMIC GROWTH AND PROSPERITY.

These major projects (below) are defined as transformative infrastructure projects which are changing the face of Brisbane:

BRISBANE - TRANSFORMATIVE INFRASTRUCTURE PROJECTS

Project	\$ billion
Cross River Rail	5.4
Brisbane Airport Expansion	5.2
Northshore Hamilton	5.0
Queens Wharf Precinct	3.0
Brisbane Live	2.0
Millennium Square - Bowen Hills	2.0
Herston Quarter	1.1
Brisbane Quarter	1.0
Brisbane Metro	0.9
Howard Smith Wharves	0.1
Total	25.75

Source: Resolution Research, September 2018



POPULATION

The most recent estimates show that Brisbane is now home to more than 1.209 million people, representing a 2.0% growth on the previous year. This is the largest increase in population in five years and follows a steady upwards trend which has been in place since 2012/13. The outlook for population growth is solid, with a quarter of a million people set to move to Brisbane by 2036.

Interstate migration to Queensland is at its highest level in a decade, which combined with strong overseas migration is driving demand throughout the State's housing market.

INTERSTATE MIGRATION TO QUEENSLAND IS AT ITS HIGHEST LEVEL IN A DECADE, WHICH COMBINED WITH STRONG OVERSEAS MIGRATION IS DRIVING DEMAND THROUGHOUT THE STATE'S HOUSING MARKET.

BOWEN HILLS - OVERVIEW

Bowen Hills was designated as a Priority Development Area (PDA) by the State Government in 2008 and consequently falls under the planning jurisdiction of the state's Economic Development Authority. The suburb's declaration as a PDA over a decade ago, was in recognition of the important role it was expected to play in catering to the growing demands for housing and employment within close proximity to the CBD.

In its infancy stages, under the PDA, new development in Bowen Hills sought to stimulate population growth by addressing declining rates of housing affordability throughout Brisbane's inner city. A focus was put on the delivery of smaller apartment types to meet the needs of both renters and home-owners looking for a convenient, inner city address. Over the past ten years, in line with the area's strong population growth, supporting office and retail development together with the delivery of important road and lifestyle infrastructure, Bowen Hills has emerged as one of Brisbane's leading inner urban precincts. More recently, demand has shifted towards larger apartment



types in order to meet the demands of more affluent millennials seeking quality homes, close to work and on the doorstep of a diverse choice of recreational and lifestyle pursuits.

OVER THE PAST TEN YEARS, IN LINE WITH THE AREA'S STRONG POPULATION GROWTH, SUPPORTING OFFICE AND RETAIL DEVELOPMENT TOGETHER WITH THE DELIVERY IMPORTANT ROAD AND LIFESTYLE INFRASTRUCTURE, BOWEN HILLS HAS EMERGED AS ONE OF BRISBANE'S LEADING INNER URBAN PRECINCTS.

Lend Lease's development of Brisbane's new high street – King Street in Bowen Hills sits at the centrepiece of the regeneration of Bowen Hills. King Street is now one of Brisbane's most popular retail and dining destinations and has played a pivotal role in the local area economy.

News Limited is expected to release plans shortly for its \$2 billion Millennium Square development which plans to revolutionise the company's facilities into a

world class multimedia hub. Millennium Square will see the redevelopment of a large portion of currently underutilised land in Bowen Hills (including its existing four hectare site) into a master-planned precinct containing office space, a hotel, retail, supermarket, cinemas, cafes, bars and restaurants. Millennium Square will also deliver a new public plaza which will connect with the Bowen Hills Train Station which will also undergo a significant redevelopment.

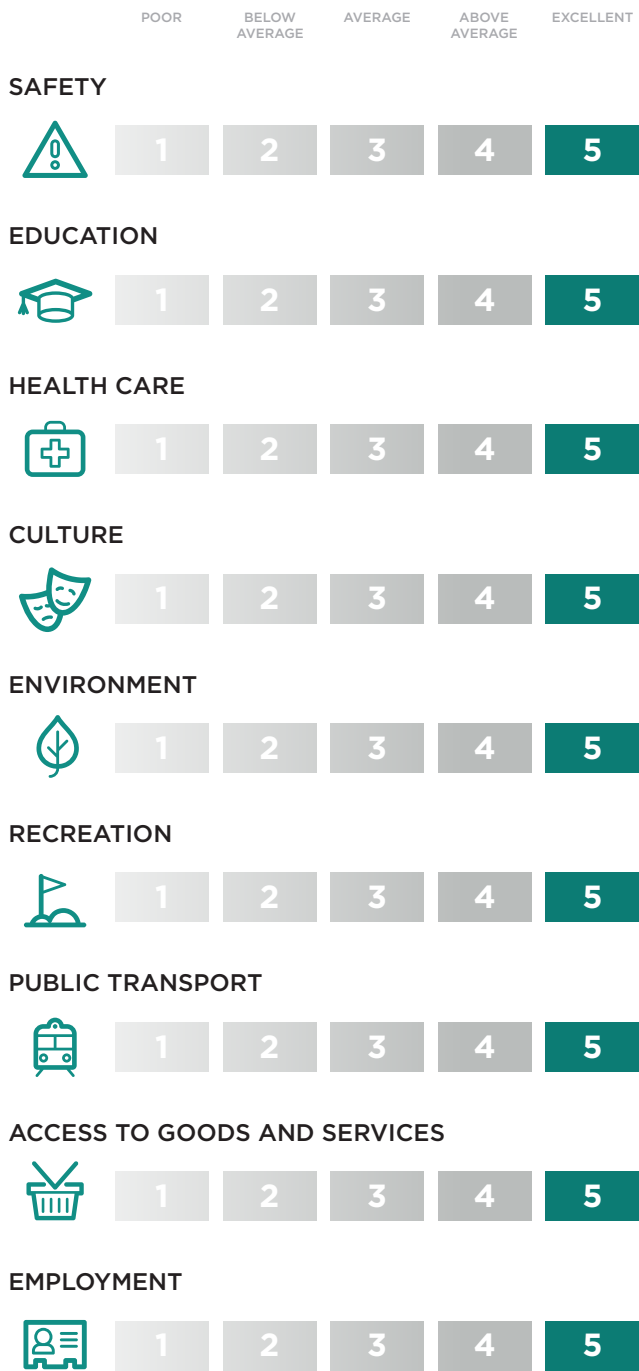


Walk Score rates Bowen Hills as the 11th most walkable neighbourhood in Brisbane with a Walk Score of 86. Most errands can be accomplished on foot in Bowen Hills with residents able to walk to an average of 20

restaurants, bars and coffee shops in the area within five minutes.

Our Quality of Life Index reveals Bowen Hills offers residents an excellent quality of life, with the highest rankings achieved across each indicator.

QUALITY OF LIFE INDEX



Source: Resolution Research, September 2018

BOWEN HILLS - POPULATION AND DEMOGRAPHICS

In 2006 Bowen Hills was home to 1,585 people, by 2016 the population had more than doubled to reach 3,226. By 2020 we expect the population will exceed 5,000 residents as demand for inner city dwellings continues to compound.



Primary dwelling demand within Bowen Hills is driven by the local workforce and students enrolled in tertiary education. The high concentration of new office development within Bowen Hills is resulting in rapid job creation which sees Bowen Hills rank in the top five employment growth areas in Brisbane. By 2031 the suburb’s workforce is expected to sit at more than 12,000.

BOWEN HILLS IS A POPULAR RENTAL ADDRESS WITH 80% OF THE POPULATION LIVING IN RENTAL HOUSEHOLDS. THERE ARE MORE THAN 96,500 STUDENTS ENROLLED IN TERTIARY AND FURTHER EDUCATION INSTITUTIONS SITUATED WITHIN A 5 KILOMETRE RADIUS OF BOWEN HILLS, WHICH ARE A KEY DRIVER OF RENTAL DEMAND WITHIN THE SUBURB.



Bowen Hills is a popular rental address with 80% of the population living in rental households. There are more than 96,500 students enrolled in tertiary and further education institutions situated within a 5 kilometre radius of Bowen Hills, which are a key driver of rental demand within the suburb. However the main driver of rental demand is from young professionals employed in industries close to home. Unsurprisingly, given the suburb's immediate proximity to the Royal Brisbane Hospital, health is the main industry of employment for the suburb's working population. Doctors, nurses, architects, engineers and lawyers are the main occupations of working residents which, although many are in the early stages of their careers, are earning incomes which are at an 18% premium to Brisbane.

Apartments dominate the dwelling landscape making up 91% of all occupied dwellings. Consistent with broader inner city living trends, smaller households dominate with the suburb recording an average household size of 1.7 persons, which is considerably lower than the Brisbane average of 2.7. Studio and one-bedroom apartments account for half of all dwelling types with two-bedroom apartments accounting for a further 37% of dwelling types.



BOWEN HILLS - RESIDENTIAL MARKET FUNDAMENTALS

Over the past five years, growth in the suburb's median apartment price as averaged 5.6% per annum which has been one of the strongest throughout Brisbane's inner city region.

OVER THE PAST FIVE YEARS, GROWTH IN THE SUBURB'S MEDIAN APARTMENT PRICE AS AVERAGED 5.6% PER ANNUM WHICH HAS BEEN ONE OF THE STRONGEST THROUGHOUT BRISBANE'S INNER CITY REGION.

An in-depth analysis of the market's performance reveals a growing disparity between the performance of newer, larger apartment types versus the smaller, established apartments situated throughout the suburb. Whereas values across smaller (<60m²) established apartments in high density developments of 180 or more apartments have remained relatively stable over recent years, growth throughout larger (>60m²) apartment types, in more boutique developments (such as Omega Apartments), has led the way, averaging 4.4% per annum. This growth provides evidence that in line with the delivery of supporting hard and soft infrastructure, the market is growing in sophistication as it meets the housing demands of inner Brisbane's young, affluent millennials.



New development within the area has been highly constrained over recent years and limited to only a handful of projects. As it nears completion, Omega Apartments is set to be the next development to enter the market and is expected to establish a new benchmark in quality of the suburb. An analysis of the project in comparison to its major counterparts both within Bowen Hills and neighbouring Newstead reveals a compelling value proposition offered by the project with larger apartments delivered at an affordable price point.



In comparison to the most recent major developments delivered in the suburb, Omega is comprised of markedly larger apartments which are only marginally more expensive on a rate per square metre basis than Belise (\$6,666 v \$6,334) and considerably more affordable than The Yards, Haven and Newstead Series.

BENCHMARK PROJECTS – BOWEN HILLS AND NEWSTEAD

Development	Average total area (m ²)	Average \$/m ²
Omega, Bowen Hills	85	\$6,666
Belize, Bowen Hills	73	\$6,334
The Yards, Bowen Hills	71	\$7,603
Haven, Newstead	90	\$7,684
Newstead Series, Newstead	90	\$6,968

Source: Resolution Research, *The State of Queensland – September 2018*

Consistent with the strong demand for rental apartments within Bowen Hills the market is reflecting solid investment credentials. At the time of undertaking this research, the apartment market was recording an average gross rental yield of 4.9%. A recent study undertaken by Place Projects revealed that “at the end of the day, walk ability and connectivity are key for the lifestyle for the majority of renters seek”. In this vein, Bowen Hills ticks all of the boxes for renters which is why the market’s performance has been so solid.

CONSISTENT WITH THE STRONG DEMAND FOR RENTAL APARTMENTS WITHIN BOWEN HILLS THE MARKET IS REFLECTING SOLID INVESTMENT CREDENTIALS.





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