

The National Property Research Co.

CANNON HILL MARKET ANALYSIS

PREPARED FOR:

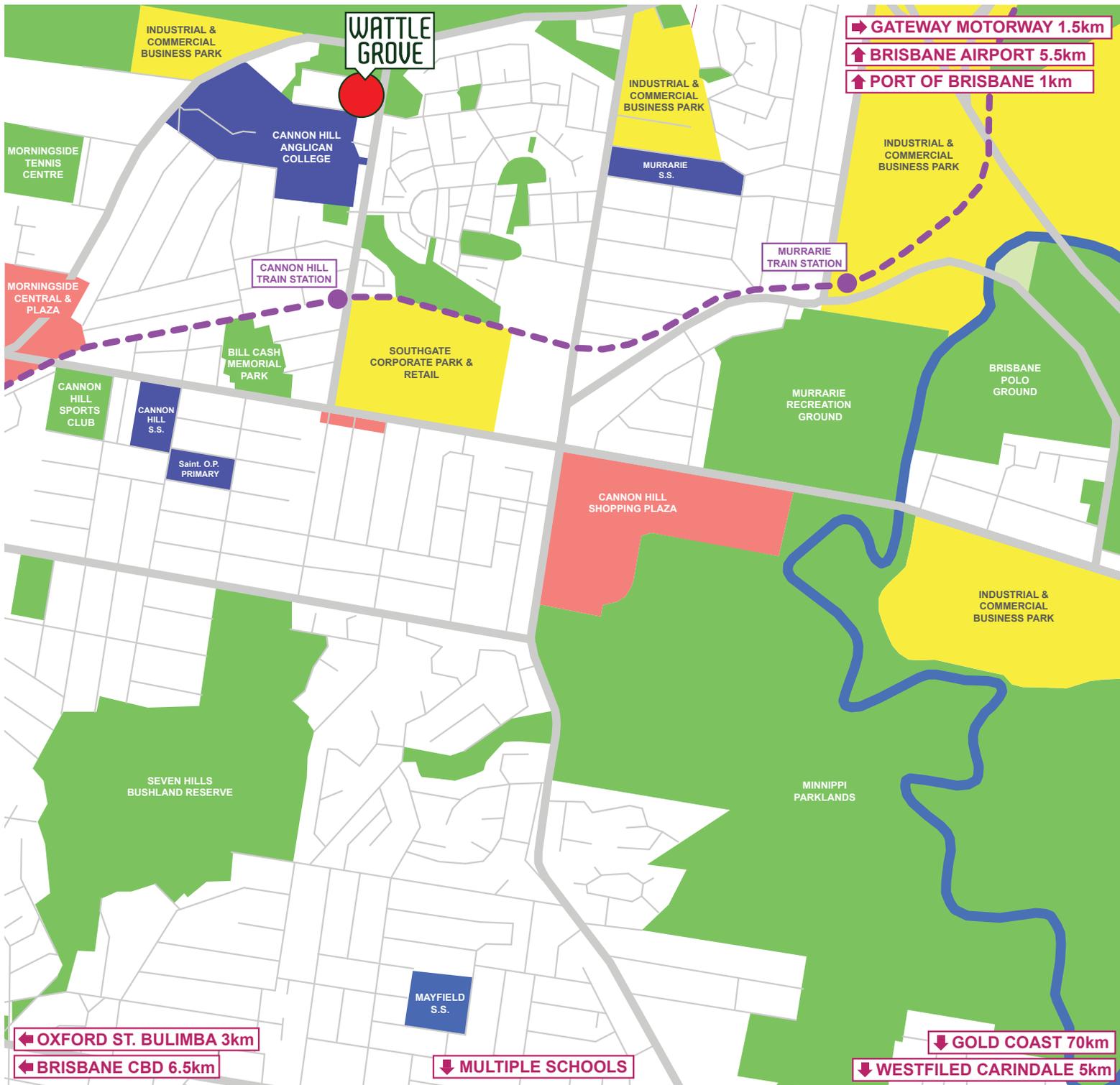
LENNIUM GROUP

MARCH 2017

CANNON HILL & SURROUNDS

SUBURB OVERVIEW

Cannon Hill is centrally located within Brisbane's Inner Eastern suburbs. Approximately 6.5km East of Brisbane's CBD and 5.5km South of the Airport, the two largest and most important employment hubs in Queensland. Furthermore, Cannon Hill is serviced by an abundance of local amenity including schools, major retail offerings, multiple bus stops, train stations and sporting facilities. The area also neighbours the lifestyle precinct of Bulimba, which features a range of restaurant and entertainment options. The map below highlights a range of key features within the Cannon Hill precinct.



CANNON HILL & SURROUNDS

EDUCATION

Local families are afforded a range of opportunities for their children's academic endeavours across all levels of education. There are public and private school options at both a primary and secondary level within the borders of Cannon Hill alone, whilst there are no less than seven university campuses within a 10 kilometre radius of Lennium Group's Wattle Grove project.



**7 PRIVATE & PUBLIC SCHOOLS
WITHIN 5KM OF WATTLE GROVE**

Those looking for their children to be educated within a public school system will find themselves located within the Cannon Hill State School catchment for primary aged students and the Balmoral State High School catchment for secondary aged students. Alternatively, those looking for a private education for their children will be pleased to know that there are a choice of 5 private different schools located within a maximum five kilometre drive from Wattle Grove. These include the neighbouring Cannon Hill Anglican College, as well as St Peter & Paul's School, Lourdes Hill College, St Oliver Plunkett Catholic School and Sisto College.



**7 UNI CAMPUSES WITHIN A 10KM
RADIUS: 102,000+ STUDENTS**

In terms of tertiary education, there are five major university providers that host campuses within a 10 kilometre radius of Wattle Grove as the crow flies. These include The University of Queensland (St Lucia & Herston), Queensland University of Technology (Gardens Point & Kelvin Grove), Griffith University (South Bank & Mount Gravatt) and Australian Catholic University. Overall, these seven campuses are estimated to currently host a combined total of more than 102,000 students. Wattle Grove's residents will be able to commute to any of these campuses in under 25 minutes by private transport or within the hour via public transport.

TRANSPORT

Set back from one of inner-Brisbane's key arterials, Wynnum Road, residents of Wattle Grove will find themselves in the heart of Brisbane CBD within just a 20 minute drive. For those who enjoy a weekend away, the Gateway Motorway is less than two kilometres away and grants access to the Brisbane Airport in under 12 minutes, as well as either the Sunshine or Gold Coast within just over an hour.

Furthermore, Cannon Hill Train Station is just 700 metres down the road, delivering residents to Brisbane Central Station in 30 minutes, with trains departing every 15 minutes during peak travel times. Meanwhile, the Cannon Hill Bus Interchange, located 2.3 kilometres from Wattle Grove at the Cannon Hill K-Mart Shopping Centre, provides access to 11 different bus routes, predominantly delivering commuters to and from the City and key employment nodes, but also offering direct routes as far north as Chermside and as far south as Westfield Garden City (Mount Gravatt).

Lourdes Hill College



Source: Bertoldi Architects

Queensland University of Technology



Source: Universities Australia



**EVERY 15 MINUTES
DURING PEAK TIMES:
30 MINS TO CENTRAL**



**12 MINUTES DRIVE
FROM
BRISBANE AIRPORT**

CANNON HILL & SURROUNDS

RETAIL

Residents of Cannon Hill are currently spoilt for choice in terms of retail, shopping and dining experiences. Residents of Wattle Grove will have access to a number of key regional shopping centres such as Westfield Carindale, Morningside Plaza and Cannon Hill Kmart Plaza, as well as enjoying the benefits of one Brisbane's premier boutique retail and café precincts at Oxford Street Bulimba.

Westfield Carindale is less than 6 kilometres south of Wattle Grove and is not only one of the largest shopping centres in the state of Queensland, but also the entire country, currently boasting an extraordinary range of 379 different retailers. Meanwhile closer to home, Morningside Plaza and Cannon Hill Kmart Plaza provide all of the daily necessities including Coles, Woolworths, Kmart, Australia Post and an array of other household retailers within just 2 kilometres of Wattle Grove.



**LESS THAN 6 KILOMETRES
FROM WESTFIELD CARINDALE:
370+ RETAIL OUTLETS**

Furthermore, 3 kilometres West of Wattle Grove, Oxford Street Bulimba has long established itself as one of Brisbane's premier, boutique retail and dining precincts. Oxford Street hosts a number of critically acclaimed cafes and eateries, whilst also hosting a range of fashion and lifestyle shopping outlets within a leafy riverside location. It is undoubtedly one of inner Brisbane's most frequented precincts by those in the know.

RECREATION

Cannon Hill's leafy location is complimented by an array of predominantly outdoor oriented, recreational amenities. There are a total of 10 Brisbane City Council Parks located within the borders of Cannon Hill. Two of the more prominent community parks are the Bill Cash Memorial Park and Regent Park. Bill Cash Memorial Park co-hosts both the Cannon Hill netball facility and the Cannon Hill Stars Junior Rugby League Club, whilst Regent Park hosts the Cannon Hills Community Sports Centre, local cricket fields and social barbecue areas. Both of these parks are an integral meeting place for the local community and are situated within 2 kilometres of Wattle Grove.

Additional nearby recreational facilities include the Brisbane Polo Ground (3.7 km), Murrarie Recreation Ground (3.0 km) Morningside Tennis Centre (2.2 km), Hockey Queensland (1.8 km), Colmslie Pool & Health Club (1.5 km) and Seven Hills Bushland Reserve (1.9 km).



**CANNON HILL IS WELL SUITED
FOR THOSE WHO LIVE AN
ACTIVE, SOCIAL LIFESTYLE**

Westfield Carindale



Source: Group GSA

Oxford Street Bulimba



Source: Universities Australia

Bill Cash Memorial Park



Source: The NPR Co.

DEMOGRAPHIC OVERVIEW

POPULATION GROWTH

"Between 2000 and 2015, Cannon Hill's total population increased by an impressive 27%, outperforming both the Brisbane LGA (22%) and Queensland (20%) across the same time."

Looking to the future, population growth within Cannon Hill is also forecast to continue to exceed both the greater Brisbane LGA and Queensland overall.



**POPULATION GROWTH FORECAST:
59% BETWEEN 2015 & 2036**

Similarly to the broader state and national trends, the local population is predicted to age across the coming years.

"Overall, the 'Healthy Retirement' and 'Getting Ahead' demographics are set to experience the highest growth rate between 2011 and 2036, at 128% and 105% respectively."

An ageing population base will heighten demand for smaller, lower maintenance properties, such as townhouses, which enable residents to enhance their lifestyle by lessening the ongoing burden of property maintenance.

Whilst it's important to acknowledge the ageing population, the continued market dominance of residents within the 'Family Formation' and 'Education' stages of life, should not be overlooked. Combined, these age groups are expected to make up almost 60% of the region's population by 2036.

The ongoing presence of these two age groups within Cannon Hill will play an integral role in building and supporting the area's future growth and younger residents.

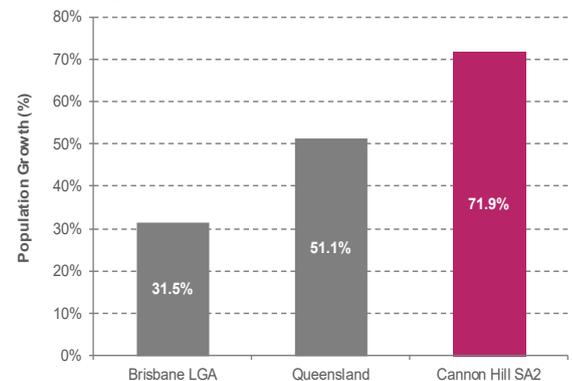
Overall, the population growth forecast for Cannon Hill is expected to have a considerable impact on the local housing market, with a significant number of new dwellings required to meet the new demand.



1,200 + NEW DWELLING REQUIRED BY 2036

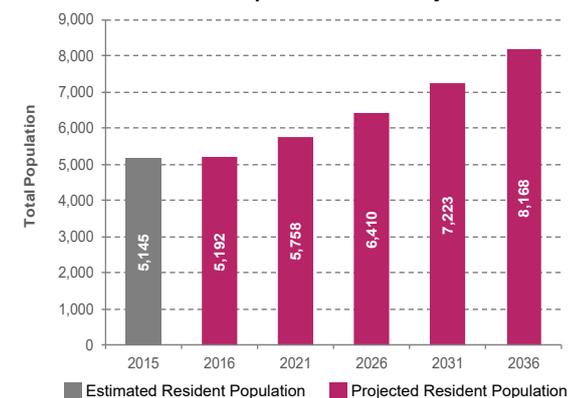
The scarcity of undeveloped land within the local area and the greater Brisbane LGA are expected to see an increased push towards townhouse style dwellings and other medium density product within the area.

Projected Population Growth: 2011 - 2036 (%)



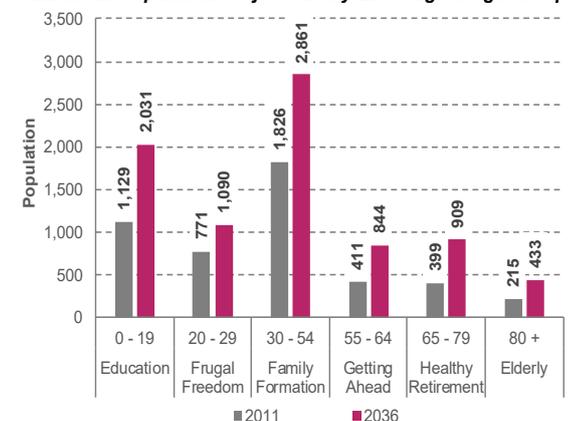
Source: QLD Government Statistician's Office

Cannon Hill SA2 Population Growth Projection



Source: QLD Government Statistician's Office

Cannon Hill Population Projections by Life Stage & Age Group



Source: QLD Government Statistician's Office

DEMOGRAPHIC OVERVIEW

DWELLING STRUCTURE & HOUSING TENURE

The property market within Cannon Hill has been historically dominated by traditional, detached homes.

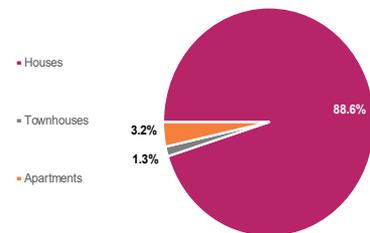


Looking towards the future, it's expected that there will be a decline in the portion of traditional detached houses, in favour of townhouse accommodation. This shift towards higher densities will need to occur in response to the declining land supply within the Brisbane LGA.

A greater presence of small lot housing and townhouse accommodation will not only provide more affordable entry points for new housing product, but will also offer greater diversity in dwelling types to suit all types of purchasers.

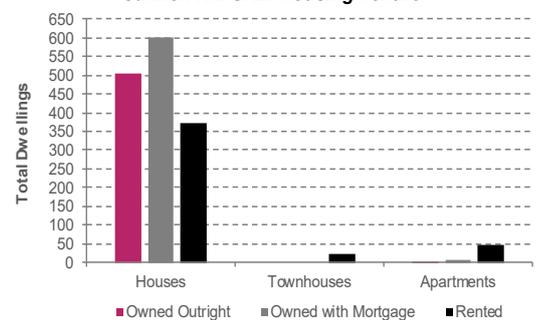


Cannon Hill SA2: Dwelling Structure



Source: ABS

Cannon Hill SA2: Housing Tenure



Source: ABS

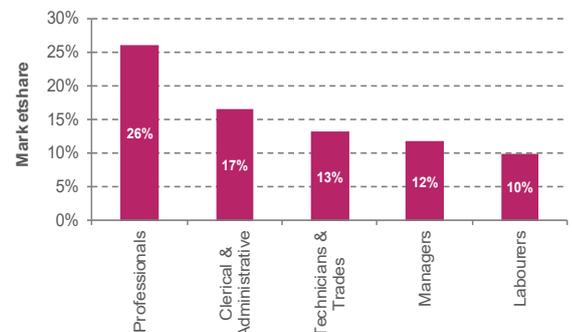
OCCUPATION OF EMPLOYMENT

Cannon Hill's most common occupation is 'Professionals', which makes up 26% of the local workforce. This is a significant portion of the small market and highlights the number of white collar workers who call the area home.



Overall, the diverse range of key industries of employment, combined with a considerable share of highly skilled employees, reflects a high degree of maturity within the local economy and a level of resilience against unfavourable changes in the economic landscape.

Cannon Hill SA2: Top 5 Occupations of Employment



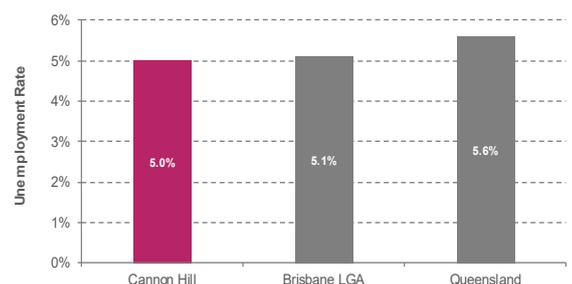
Source: ABS

UNEMPLOYMENT RATES



During Quarter 3, 2016, the unemployment rate within Cannon Hill was recorded at 5.0%. This is superior to that of the greater Brisbane LGA that recorded a rate of 5.1% for the region as a whole. Please note that 5% is commonly regarded as 'full employment' by most economists. Both areas also clearly outperformed the Queensland rate of 5.6%.

Cannon Hill: Unemployment Rates - September 2016



Source: Australian Government Department of Employment

DEMOGRAPHIC OVERVIEW

TOWNHOUSE RENTAL AFFORDABILITY

It is generally accepted that once the cost of servicing weekly mortgage or rental repayments commands 30% or more of weekly household income, housing costs are deemed unaffordable.

\$

CANNON HILL:
WELL BELOW AFFORDABILITY
THRESHOLD OF 30% AT 25.5%

Cannon Hill also hosts the most affordable townhouse rental market out of all of the secondary catchments analysed. Two of the additional suburbs, Balmoral and Hawthorne were also found to be above the 30% threshold, representing unaffordable rental markets.

Greater levels of affordability can also stimulate increased demand for dwellings, particularly in well located rental markets.

**Cannon Hill SA2: Rental Housing
Share of Income (Houses)**



Source: PriceFinder, RTA & The NPR Co.



Port of Brisbane

RESIDENTIAL SALES

HISTORICAL HOUSE SALES SUMMARY

Due to the lack of Townhouse sales within Cannon Hill since 2000, the traditional House market will be analysed in order to provide commentary around market movements.

The accompanying chart provides an overview of the long term price growth achieved in House sales within Cannon Hill from 2000 to 2016.

**CANNON HILL:
373% HOUSE PRICE GROWTH
SINCE 2000**

Whilst the increase in median price is undeniable, the average annual increase of 10.2% is also a significant indicator of the sustained growth that the area has achieved in the long term.

Cannon Hill has also outperformed all of the secondary catchments in terms of long term price growth since 2000. Overall the subject suburb's median house price increased by between 13% and 107% more than the neighbouring suburbs.

Interestingly, Cannon Hill still offers a distinctly more affordable price to that of the surrounding suburbs in the local area, with a median house price of only \$700,000.

**AVERAGE PRICE DISCOUNT OF
30% TO NEIGHBOURING AREAS**

HISTORICAL BUYER ORIGIN SUMMARY

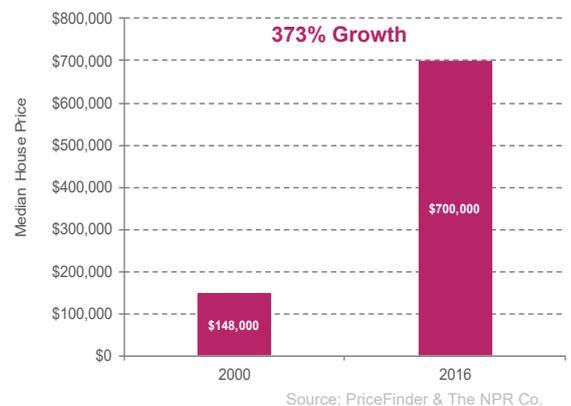
Buyer origin data provides a valuable insight into the makeup of the local residential market and helps to gauge the historical split between owner occupiers and investors.

 **65.1% OF HOUSES
SOLD TO LOCALS**

Interestingly 28% of House sales have been to buyers throughout the rest of Queensland (outside Cannon Hill), whilst Interstate and International buyers have contributed just 7% of House sales since 2000.

The prevalence of local buyers across both housing types, demonstrates a strong desire amongst locals to remain within their own community.

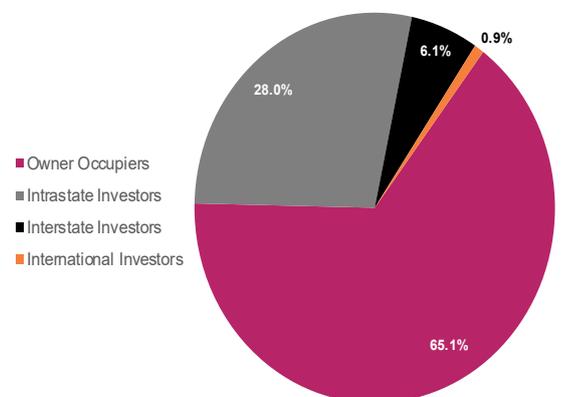
**Cannon Hill: Long Term
Median House Price Growth 2000 - 2016**



2016 Median House Prices



Cannon Hill: House Sale Buyer Origins 2000 - 2016



Note: Owner Occupiers refer to those purchasers from within Cannon Hill.
Source: PriceFinder & The NPR Co.

RESIDENTIAL REALES

HOUSE REALES & CAPITAL GROWTH

Cannon Hill Resales data has been derived from all sales recorded since the start of 2000. Overall, Historical resales for houses within Cannon Hill have been overwhelmingly positive.

"Overall houses have recorded an average capital gain of between \$113,480 and \$623,750 based on short and long term holding periods, seen in the chart attached."

It is important to note that these capital gains are an average of each individual holding period range. Overall, Cannon Hill achieved an average capital gain of \$167,233 across an average holding time of 5.1 years.

The breakdown of resales, in terms of positive to negative, can also be seen on the right. It is clear from the chart included that capital gains within Cannon Hill far out way the capital losses, in every holding period. Overall, only 2.9% of all resales recorded since 2000 registered a capital loss.

**100% OF PROPERTIES HELD 10 YEARS +
ACHIEVED A CAPITAL GAIN**

This is a considerable feat, one which not only reinforces the significant value growth within Cannon Hill but also reiterates the ongoing demand for dwellings within the region.

RENTAL MARKET

TOWNHOUSE RENTAL MARKET SNAPSHOT

Median rental growth within the Primary Catchment has also been strong over the last six years, driven predominantly by continual demand for rental product within the area and the level of affordability mentioned previously.

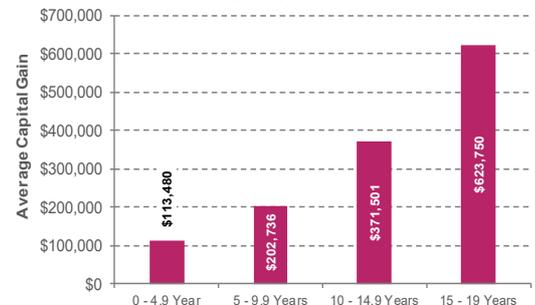
TWO BED TOWNHOUSES 14.3% **THREE BED TOWNHOUSES 19.0%**

At present, median rents for two and three bedroom townhouses are currently at \$400 and \$500 dollars per week. It is important to note that the median represents the middle of the market and as a result, it is expected that newer and higher quality homes will attract a premium to the median rate, largely reflective of the level of finish and size of the new dwelling.

"The Cannon Hill area has recently recorded an average days to let of only 35 days for townhouse product."

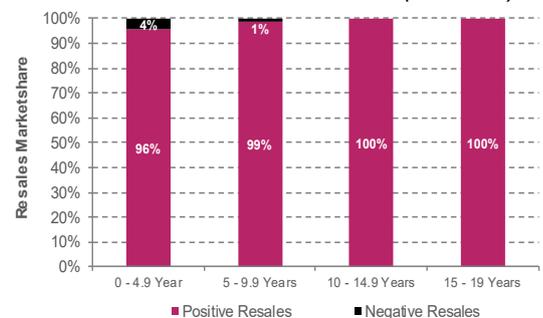
Limited time on market is a sound reflection of the quick take up of property within the area and continuing demand for high quality townhouse product within the area.

Cannon Hill: Average Capital Gains 2000 - 2016



Source: PriceFinder & The NPR Co.

Cannon Hill: Resale Volumes 2000 - 2016 (1 Year Min.)



Source: PriceFinder & The NPR Co.

4170 Postcode Median Weekly Rental Rates: Townhouses



Source: RTA

Townhouse Average Days to Let: QTR 4 - 2016

35 Days

Source: PriceFinder & The NPR Co.

KEY INFRASTRUCTURE

Brisbane is currently undergoing a vast amount of urban renewal and infrastructure development through a number of major landmark projects. The following, significant projects are expected to positively effect both Cannon Hill and greater Brisbane into the future and help to improve the quality of life for residents.

Brisbane Airport Upgrades



The Brisbane Airport Corporation currently has more than 100 construction and development projects on site or in planning.

"Brisbane Airport Corporation has delivered approximately \$1 billion worth of infrastructure since 2009 with a further \$3.8 billion earmarked for investment in major projects over the next decade."

Australia's biggest aviation project, the \$1.35 billion New Parallel Runway is under construction, with plans underway for a new Regional Satellite Terminal, new aircraft aprons and taxiways, more car parks, two new hotels and a Brisbane Airport Conference Centre.

Brisbane Mega Cruise Ship Terminal



The Queensland Government has given approval to Stage 1 of the \$100 Million Cruise Ship Terminal at the mouth of the Brisbane River.

"The development could potentially triple the size of Brisbane's cruise industry over the next 20 years, growing to support 3,750 jobs, bringing 766,260 international and domestic cruise visitors annually to the City and contributing approximately \$1 billion in gross output annually to Queensland's economy by 2036."

The project currently has 80% of approvals in place and construction is expected to begin in October 2017, with the terminal being operational by the end of 2019.

Brisbane Metro



In 2016, Brisbane City Council announced the Brisbane Metro concept, a high frequency rapid transport connection designed to cut travel times, reduce CBD bus congestion and free up buses to provide more services in the suburbs. Recently, the concept has evolved to an expanded network of high frequency services and will now run over 21 km.

"The project is now expected to feature two new high capacity Metro lines and will also introduce a new fleet of 60 trackless, rubber-tired Metro vehicles, each with the capacity to carry up to 150 passengers."

Cross River Rail



Brisbane's Cross River Rail project is a proposed, 10.2 km rail link which is expected to expand the capacity of the existing rail network and improve travel within the inner city and its surrounds.

"The project includes 5.9 km of tunnel, along with new high capacity stations in four locations."

The project is expected to unlock network capacity and meet forecast passenger demand and accommodate future growth. Once operational, the rail will provide the equivalent capacity of a 30-lane highway.

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