



Halls Creek Residential and Employment Considerations

December 2014 - Stockland Group

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Executive Summary

Stockland owns the majority of land assigned as the Halls Creek Identified Growth Area. This land has strong prospects of contributing towards necessary future supply of urban development land for the Sunshine Coast region.

POTENTIAL DEVELOPMENT

The Stockland land holding consists of 1,278 hectares of land on Bells Creek Road, Coochin Creek and the site allows for a significant expansion of the adjoining Caloundra South development. A new community at Halls Creek could include retail, commercial, community and health facilities in a series of District and Local centres; four schools covering High school and Primary school; over 100 hectares of employment land; and substantial open space and conservation land.

RESIDENTIAL LAND SUPPLY AND DEMAND

This analysis indicates there is a finite supply of greenfield land on the Sunshine Coast to accommodate future residential demand forecasts. Current supplies are anticipated to only meet the residential growth requirements for the next 11-15 years. If residential land supply is constrained this has the potential to place upward price pressure on existing housing on the Sunshine Coast. This then risks widening the affordability gap for residents in their ability to purchase housing.

To avoid these pressures it is necessary to identify future supply of residential land that will reduce market perceptions of land supply restrictions and ease market price pressure. The identification of future growth areas is a key strategy that can achieve these outcomes. In this context Beerwah East and Halls Creek have been identified as the only suitable large areas for new urban development on the Sunshine Coast by the State Government. Together these two areas have the potential to deliver 41,000 new dwellings for the Sunshine Coast, of which around 30,000 could be delivered by 2041, meeting the identified dwelling need.

EMPLOYMENT AND ECONOMIC DEVELOPMENT

Employment planning for Halls Creek is based on the principles of achieving employment self-containment within an expanded Caloundra South community. The land is currently used for limited grazing activity, with only minor direct and indirect employment generated. The key economic benefits Halls Creek could deliver include increases in employment, expenditure and Gross Regional Product for the region.

The site's attributes provide the opportunity to plan for well-located employment precincts to attract business to the region. This includes:

- Access to current and future transport infrastructure planned for Caloundra South; and
- Proximity and access into North Brisbane, airports and trade coast.

If developed, Halls Creek can deliver the following economic benefits:

- Create more than 10,000 new jobs (direct) for the region;
- Improve levels of employment self-containment - Halls Creek is estimated to have an employment self-containment rate of 93% (target of one job per household);
- Grow the annual GRP to \$906 million (at full development);
- Improve the employment base and diversity of jobs available – with one-third of the new jobs anticipated to be high value industry jobs; and

- Increase export revenue of \$195 million representing an increase of 5.4% in regional exports (based on 2011/12 regional export estimates).

Employment planning for Halls Creek is based on the following principles to create long term regional economic benefit:

- To assist the Sunshine Coast Council to achieve its goal of growing the regional economy (Gross Regional Product) above historical growth levels;
- To contribute to the generation of high value industry jobs at a rate greater than 2,000 per annum across the region;
- To grow goods and services exports to 20% of all goods and services production in the region; and
- To raise household income levels on the Sunshine Coast above the State average.

BEERWAH EAST

The Beerwah East Identified Growth Area is controlled under license by an international timber resource company that has a commitment to the Queensland Government to manage the resource ensuring associated economic, social, and environmental benefits continue. It also has commitments to its investors to meet documented financial rates of return associated with these assets. Importantly this resource has significant economic and environmental value to the Sunshine Coast, South East Queensland, and Queensland overall. It supports a substantial Forest and Wood Products industry whilst also performing a critical environmental role in storing carbon.

The conversion of this land into urban development land would carry a significant cost burden, through the conversion process and loss in opportunity cost alone. This would create a cost impost on the underlying land for development which is counterintuitive to creating affordable land for development. Conversely, there are no tenure impediments at Halls Creek. Given there is a significant level of uncertainty over the future availability and viability of the Beerwah East Identified Growth Area as a source of land for urban development, other Identified Growth Areas are important to meet the region's future development requirements.

1 Introduction

While no site boundaries have been defined Stockland owns the majority of land assigned as the Halls Creek Identified Growth Area. This land has strong prospects of contributing towards necessary future supply of urban development land for the Sunshine Coast region. The site forms the core land component of the Halls Creek Identified Growth Area (IGA) which, along with the Beerwah East IGA, are both prospective urban expansion areas within the current South East Queensland Regional Plan (SEQRP). There are significant residential supply and economic justifications for Halls Creek's nomination as an IGA and for it to be an important contributor within the updated SEQRP, which is projecting urban development needs to 2041.

1.1 BACKGROUND

The future prosperity of the Sunshine Coast is dependent on the growth and attraction of high value businesses and workers. This will be reliant on providing the economic environment for these businesses to develop and the residential communities and amenity to attract these workers and their families to live. In order to meet the Sunshine Coast's economic objectives as outlined in its Economic Development Strategy, the region will need to ensure it has identified adequate long term supply of residential, and employment land.

This analysis examines the long term provision of this supply and the potential role that land at Halls Creek can play in this supply.

1.2 POTENTIAL DEVELOPMENT

The Stockland land holding consists of 1,278 hectares of land on Bells Creek Road, Coochin Creek comprising of Lot 1 and 2 on RP910848. Given that prospective development may be 20-25 years away, detailed site planning is yet to be undertaken. However it is evident that the location and size of the site allows for a significant expansion of the adjoining Caloundra South development.

A preliminary community plan has been prepared to assess development and economic potential. A new community at Halls Creek could include a diverse mix of land uses designed to generate local jobs and provide key services and amenity for the local residents. This includes retail, commercial, community and health facilities in a series of District and Local centres; four schools covering High school and Primary school; over 100 hectares of employment land; and substantial open space and conservation land, as illustrated in the table below:

LAND USE	INDICATIVE SCALE
Residential	10,832 dwellings (520 ha)
District Centre	1 Centre (11 ha)
Local Centres	5 Centres (35.5 ha)
Employment Land	108ha
Education	4 schools (24 ha)
Conservation and Buffers	468 ha
Open Space	118 ha

Source: Stockland

2 Residential Demand and Supply

The Sunshine Coast region including the local government areas of Sunshine Coast and Noosa have grown rapidly over the past 30 years, more than tripling in size from a population of 93,000 to almost 340,000. This has reflected an average annual population growth rate of 4.5% over this period, well in excess of the growth rate of the Brisbane Statistical Division (2.1% p.a.).

Regional Population Growth: 1981-2010

REGION	1981	1986	1991	1996	2002	2006	2010	AV. GROWTH RATE
Brisbane SD	1,124,828	1,229,679	1,369,071	1,532,425	1,663,120	1,857,830	2,043,185	2.08%
Gold Coast SD	145,727	194,535	255,516	322,589	387,102	466,433	527,828	4.54%
Sunshine Coast SD	92,796	116,535	161,302	210,471	247,167	295,084	330,934	4.48%

Source: QLD Government, OESR

Population growth for the Sunshine Coast is anticipated to continue in a similar quantum in the long term and the availability of land to accommodate these future residents is a key issue facing the Sunshine Coast region. This analysis examines the extent of this issue with a specific focus on the availability of greenfield residential land.

2.1 DWELLING DEMAND

Population growth for the Sunshine Coast is forecast to be strong over the next 20 years and longer, averaging around 2%. Whilst this reflects a lower growth rate than historically, it is consistent with the scale of population growth per annum over the past 20 years for the region. This will see the population of the Sunshine Coast region grow from around 330,000 persons to over 530,000 persons by 2036. This is anticipated to equate to approximately 8,750 persons per annum from 2013 to 2036 (QLD Government, Medium Growth Scenario, 2013). This figure is realistic when compared to historical growth rates of:

- 9,300 persons per annum over the past nine years,
- 8,930 persons per annum over the past 19 years, and
- 8,210 persons per annum over the past 29 years.

Population Projection

SUNSHINE COAST REGION

	2011	2013	2016	2021	2026	2031	2036
Population	318,279	330,498	353,060	396,490	440,346	485,626	531,697
			2011-2036	2013-2036			
New Residents			213,418	201,199			
Avg. New Residents per annum			8,537	8,748			
Avg. Annual Population Growth Rate			2%	2%			

Source: OESR Medium Growth; prepared by Urbis

When these population projections are converted into dwelling projections it is estimated that annual demand for new dwellings will range from 3,605 dwellings to 3,887 dwellings to 2031, and from 3,742

dwellings to approximately 4,000 dwellings to 2036. The key factor for housing affordability and lifestyle on the Sunshine Coast is how demand estimates compare to the estimated dwelling supply levels. This is investigated in the following section.

Sunshine Coast Dwelling Demand: 2011-2036

FACTOR	2011	2016	2031	2036
Dwellings	113,626	127,414	185,720	207,167
Total Growth from 2011			72,094	93,541
Per annum Growth from 2011			3,605	3,742
Total Growth from 2016			58,306	79,753
Per annum Growth from 2016			3,887	3,988

Source: Queensland Government Statisticians Office, 2013

2.2 DWELLING SUPPLY

The Residential Broadhectare study conducted by Queensland Treasury and Trade estimates residential land supply for greenfield areas. This includes development of standard housing product, higher density dwellings, and rural residential dwellings. The Sunshine Coast Broadhectare Study has estimated that the total area of broadhectare land available for residential development on the Sunshine Coast as at 2013 was 3,200 hectares. If this land were fully developed it has the potential to yield approximately 45,800 dwellings and accommodate 101,200 people, using current average household sizes. This includes:

- 20,124 standard residential dwellings;
- 24,817 dwellings in a higher density format; and
- 811 dwellings on rural residential lots.

In addition to this there are around 3,900 vacant residential lots that add to the overall residential land supply.

In total this equates to a future residential supply of almost 50,000 dwellings. As illustrated in the table below, the available residential land stock indicates approximately **13 years of remaining supply on the Sunshine Coast**, with a possible range of 11-15 years, based on the current medium series household projections and the expected broadhectare dwelling yield.

Sunshine Coast Broadhectare Supply scenarios

SUNSHINE COAST REGIONAL

Dwelling Production	Demand for Residential Lots	Supply - Stock of Residential lots			
	Dwellings required	Broadhectare	Existing	Total potential	Years
Scenario	to 2036	dwelling yield	Vacant land parcels	dwellings	Supply
Low Trend	79,626	45,753	3,884	49,637	15
Medium Trend	93,093	45,753	3,884	49,637	13
High Trend	107,725	45,753	3,884	49,637	11

Source: OESR Medium Growth; prepared by Urbis

2.3 DEVELOPMENT TIMING

Whilst residential land supply has been identified to accommodate in the order of 50,000 dwellings, not all of this land will be brought to market and developed within the required timeframe.

The Queensland Government estimates that there will be a need for around **55,000 dwellings** in the Sunshine Coast's greenfield development areas **by 2041** (Dept State Development, Infrastructure and Planning, SEQRP Fact Sheet, July 2014). It estimates that existing greenfield development areas (including Caloundra South and Palmview) have the capacity to deliver 30,000 dwellings of which around 25,000 might be delivered by 2041.

This leaves 30,000 to be delivered by new greenfield areas. This is the context within which Beerwah East and Halls Creek have been identified as the only suitable large areas for new urban development on the Sunshine Coast by the State Government. Together these two areas have the potential to deliver 41,000 new dwellings for the Sunshine Coast, of which around 30,000 could be delivered by 2041.

It is suitable to consider and confirm new development areas up until 2041 – the range of the next SEQRP – as large master planned communities usually take between 10-15 years to be progressed. Although Halls Creek may not be needed until around 2035-2040 the role of strategic land use planning is to flag areas for potential urban development well in advance of need.

2.4 SUMMARY

There is a limited supply of identified greenfield land on the Sunshine Coast to accommodate future resident forecasts. Current supplies are anticipated to only meet the residential growth requirements for the next 11-15 years (It is noted that there is additional dwelling supply potential through infill and redevelopment opportunities although this has not made a significant contribution historically to dwelling supply on the Coast). If residential land supply is constrained this has the potential to place upward price pressure on existing housing on the Sunshine Coast. This risks widening the affordability gap for residents in their ability to purchase housing.

To avoid these pressures it is necessary to identify future supply of residential land that will reduce market perceptions of land supply restrictions and ease market price pressure. The identification of future growth areas is a key strategy to achieve these outcomes.

3 Economic Development Strategy

The Sunshine Coast region has developed an economic development strategy to guide its economic development over the next 20 years. It is important that new development on the Sunshine Coast aligns with and contributes to the objectives of this strategy. Stockland has formulated a development strategy at Caloundra South that embraces these objectives and intends to do the same with prospective development at Halls Creek.

Stockland understands that large master planned communities can only be functional, sustainable and successful if there is a sound economic base, as they are demonstrating at North Lakes.

3.1 SUNSHINE COAST ECONOMIC DEVELOPMENT STRATEGY

The Sunshine Coast Regional Economic Development Strategy provides a 20-year vision of making Sunshine Coast “a prosperous, high-value economy of choice for business, investment and employment – while offering an enviable lifestyle and environment” by 2033. Economic development in the form of employment generation, including high value employment opportunities, gross regional product, and above average income levels will be essential to increase the prosperity of the Sunshine Coast and meet the key goals of the region’s Economic Development Strategy over the period to 2033 of:

1. Grow the economy from a Gross Regional Product of \$13.8 billion to \$33 billion
2. High value industries provide at least 100,000 employment opportunities
3. 20% of goods and service produced for export outside the region
4. Household income levels above the State average

To meet the Sunshine Coast’s economic objectives as outlined in its Economic Development Strategy, the region will need to ensure it has identified adequate long term supply of residential, and employment land. This analysis examines the long term provision of this supply and the potential role that land at Halls Creek can play in this supply.

3.2 STOCKLAND ECONOMIC DEVELOPMENT AT CALOUNDRA SOUTH

Stockland has formulated an Employment and Economic Development Overarching Site Strategy (EEDOSS) for its Caloundra South project. It is Stockland’s intention that this Strategy will flow through to the development of Halls Creek as an integrated component of the overall Caloundra South project. The EEDOSS for Caloundra South is led by a vision that is supported by Strategies, and Actions as outlined in the following sections.

3.2.1 EMPLOYMENT AND ECONOMIC DEVELOPMENT VISION

The vision for the Caloundra South Employment and Economic Development Overarching Site Strategy is:

‘To deliver Australia’s most prosperous and connected master planned community’.

This vision is aligned with the place making and economic development principles within the approved Master Plan and will be achieved through a focus on the following goals and objectives:

A PREFERRED LOCATION FOR BUSINESS AND INVESTMENT - Caloundra South is well recognised, locally, regionally, nationally and internationally as a great place to establish and grow a business, with a focus on delivering amenity early for business and residents to locate here.

- A significant percentage of businesses in Caloundra South are export oriented businesses; and
- A number of regionally significant businesses (>100 employees) are based in Caloundra South.

MAXIMISE JOB SELF-CONTAINMENT - The provision of jobs in Caloundra South is equally important as the number of residents that move there. The employment opportunities offered provide employment for a variety of skill levels, employment types (e.g. Part-time, full-time, contract), and income levels.

- The total number of employees working in Caloundra South is directly relative to the number of residents living in Caloundra South.

BUSINESS DIVERSITY FOR THE SUNSHINE COAST - The businesses established in Caloundra South contribute to the growth and increased diversity of the Sunshine Coast economy, with a particular focus on attracting businesses not currently present on the Coast.

- Economic activity generated by the development of Caloundra South increases per capita Gross Regional Product in the Sunshine Coast region.

EXCELLENCE IN SKILLS DEVELOPMENT - Life-long learning, from early childcare, school, tertiary education, and vocational education opportunities are fostered in Caloundra South that expands the skills base and strengthens the regional economy.

- Caloundra South has a higher proportion of tertiary educated residents than the Sunshine Coast average.

A PREMIER COMMUNITY - Economic development in Caloundra South reflects the values and investment priorities of Stockland such as early amenity, access to retail, and provision of necessary infrastructure.

- Caloundra South is recognised as a leading sustainable master planned community; and
- Caloundra South has above average levels of household income.

3.2.2 EMPLOYMENT AND ECONOMIC DEVELOPMENT INITIATIVES

The EEDOSS vision and objectives will be realised through the implementation of a series of initiatives and tactics. The EEDOSS initiatives were developed through an economic opportunity analysis of the local area and wider region; an assessment of the economic Strengths, Weaknesses, Opportunities, and Threats of the Caloundra South PDA; the identification of responses to Opportunities and Threats; and the alignment of these responses with the EEDSS vision and objectives.

This resulted in the identification of nine EEDSS initiatives in the following economic development categories:

Employment Facilitation – activities undertaken in order to ensure that the area is well supported by government policy and investment, is well promoted as the place to be, and has the basic infrastructure necessary to offer an attractive space for business

Industry Attraction – Enabler and Accelerator activities which encourage new business to locate in Caloundra South, whether it is to serve the growing population, or as a more ‘export oriented’ business that prioritises access to skilled labour

Priority Catalytic Initiatives – These are projects and actions that will generate early economic development benefits for the PDA and which will stimulate flow on employment and economic benefits for residents, workers, and visitors to the local area and wider region.

	INITIATIVES	DESCRIPTION
Employment Facilitators	Promotion and Branding	<ul style="list-style-type: none"> ▪ Define Caloundra South Brand, establish the ‘identity’ of the local economy, and compliment with an ‘events strategy and program’.
	Government Support &	<ul style="list-style-type: none"> ▪ Continue to build on government relations and identify key opportunities for partnerships and investment at all levels of

	Engagement	government – Federal, State and Local.
	Infrastructure investment	<ul style="list-style-type: none"> ▪ Deliver planned amenity in Caloundra South ▪ Encourage strategic regional infrastructure to be delivered
Industry Attraction	Enabler Industry	<ul style="list-style-type: none"> ▪ Broker the development of population serving industry such as supermarkets, specialty stores, and services.
	Accelerator Industry	<ul style="list-style-type: none"> ▪ Undertake research and investigations to attract regional scale businesses to Caloundra South.
Priority Catalytic Initiatives	Construction Cluster	<ul style="list-style-type: none"> ▪ Establish an <i>agglomeration</i> of construction related businesses e.g. modular housing construction factory, builder storage, light industrial base for tradesmen, hardware shops, training for trades, product display.
	Industrial health precinct	<ul style="list-style-type: none"> ▪ Attract medical and health related support industries to the Caloundra South– leveraging proximity to new Sunshine Coast Hospital, incl. pharmaceuticals, laundry and catering services, medical equipment manufacturing, health services, medical specialists, medical research and development, etc.
	Target niche manufacturing	<ul style="list-style-type: none"> ▪ Attract manufacturing businesses in specific segments e.g. medical technology
	Establish home based business focus	<ul style="list-style-type: none"> ▪ Though population is initially low, several enablers are required early and are expected to have a big impact over time on employment levels – communications infrastructure, hubs, housing typologies

Analysis has been undertaken to estimate the employment potential for the Caloundra South Master Plan combining a fundamental approach to employment land use development and a series of economic development strategies and initiatives that generate additional employment opportunities and economic benefits. It is Stockland's intention to implement these economic development initiatives over the course of the development life of Caloundra South to realise these greater employment and economic benefits for the community and wider Sunshine Coast region.

The Base development strategy is estimated to generate in the order of 14,000 jobs within the Caloundra South Master Plan Community across a range of industries and property sectors:

- Industry, including industrial property;
- Retail property, including bulky goods land uses;
- Community uses, including arts and culture, sport & recreation, community facilities;
- Home Based Businesses, including any part or full time paid employment where activity is undertaken from the home (assessed as full time equivalent workers); and
- Education & Other, including primary, secondary, and tertiary education.

The prioritised economic development strategies and initiatives are estimated to generate an additional 3,300 jobs taking the overall locally based employment to over 17,000 jobs.

Economic Development		JOBS by SECTOR					Total
Strategy	Industry	Retail	Commercial	Community	Home BB	Education & Other	
Base Development Strategy	4,095	3,725	2,428	345	888	2,285	13,766
Innovation Strategy	324	112	243	34	1,022	32	1,767
Construction Cluster	324	183					507
Health Strategy	324	112	121		135	32	724
Niche Equipment Manufacturing	324						324
Home Based Business Strategy					1,686		1,686
Total	5,391	4,131	2,793	379	2,045	2,349	17,087

Source : Urbis

Additional economic development strategies have been formulated by Stockland with potential to generate in the order of 20,000 locally based employment opportunities. These strategies are anticipated to be implemented in the medium and longer term development life of the project.

Each of the initiatives is realised through a series of enabling sub-strategies that are implemented through an Action Plan framework.

3.3 STOCKLAND HALLS CREEK – ECONOMIC DEVELOPMENT

Preliminary investigations for Stockland Halls Creek indicate the development is estimated to accommodate around 30,000 future residents on the Sunshine Coast in around 11,000 new dwellings. The land is currently used for limited grazing activity, with only minor direct and indirect employment generated.

Preliminary planning provides for approximately 100 hectares of employment land, 6 centres, 4 schools, and almost 500 hectares of open space and conservation land. The employment land has been identified to be strategically located to take advantage of existing and planned facilitating infrastructure, and optimise access to both the Sunshine Coast and Northern Brisbane markets. This addresses a future supply constraint on industrial land on the Sunshine Coast whilst also providing a high level of job self containment for the residents of Halls Creek.

The proposed land use mix will generate local jobs within the Halls Creek community as well as flow on economic benefits for the wider Sunshine Coast region in the form of Gross Regional Product, Exports, and Jobs. It will draw on the actions, initiatives and successes of the Caloundra South EEDOSS to drive economic development at Halls Creek.

The following table draws on benchmarks for employment land use, worker incomes, Gross Regional Product per worker per sector, and Exports per worker per sector to calculate the economic development benefits that Halls Creek can contribute to the Sunshine Coast in future years and its overall Economic Development Strategy goals.

Halls Creek Economic Development Drivers

Meeting the Goals of the SC Economic Development Strategy 2013-33

Halls Creek	No. Jobs	Av. SC Indiv. Inc.	GRP/Worker	GRP Per Sector	Exports/Worker	Export per Sector
Retail Workers	1,217	\$44,599	\$55,600	\$67,650,834	\$28,764	\$34,998,702
Commercial Workers	199	\$74,460	\$98,051	\$19,543,401	\$13,960	\$2,782,402
Industrial Workers	2,250	\$62,275	\$113,214	\$254,731,050	\$13,960	\$31,409,073
Transport and Warehousing	1,500	\$65,097	\$90,746	\$136,119,000	\$13,960	\$20,939,382
Manufacturing & Assembly	1,000	\$59,453	\$98,171	\$98,171,000	\$70,798	\$70,798,000
Education & Community Workers	340	\$60,809	\$67,080	\$22,798,055	\$6,296	\$2,139,943
Health	66	\$60,151	\$76,090	\$5,055,377	\$8,604	\$571,641
Arts & Recreation	277	\$57,419	\$50,256	\$13,899,592	\$9,286	\$2,568,397
Home Based businesses	1,625	\$74,460	\$98,051	\$159,313,590	\$13,960	\$22,681,539
Development Workers	1,591	\$70,693	\$81,223	\$129,209,609	\$3,673	\$5,843,222
Total Workers	10,065	\$63,620		\$906,491,507		\$194,732,300
High Value Industry Workers	3,408					
SC Av. Individual Income		\$43,688				
QLD Av. Individual Income		\$49,865				

Source: Urbis

Specific points to note regarding Halls Creek potential contribution to the Sunshine Coast Economic Development Strategy goals are:

- Total direct employment creation of 10,065 new jobs for the Region;
- Annual GRP of \$906 million (at full development) representing 5% of the targeted growth in the Sunshine Coast's economy by 2033;
- 3,408 high value industry jobs representing 8.3% of the targeted increase of 41,000 high value industry jobs by 2033;
- Average individual income of new jobs generated at Halls Creek of \$63,620 (in today's dollars), 28% higher than the State average reflecting the anticipated high workforce participation rate of the community ;
- Export revenue of \$195 million representing an increase of 5.4% in regional exports (based on 2011/12 regional export estimates); and
- Based on the development of 10,832 new dwellings and the generation of 10,065 new jobs, Halls Creek is estimated to have an employment self-containment ratio of 0.93 (Based on a target of one job per household on average).

Goals of a New Economy - Halls Creek Contribution to the Sunshine Coast

SUNSHINE COAST REGION

	Sunshine Coast			Halls Creek	
	2013	2033	2013-2033 Growth	2013-2033	Contribution to Growth (%)
Economy Value	\$13.8billion	\$33 billion	\$19.2 billion	\$906 million	4.7%
Employment Opportunities of High Value Industries (jobs)	59,000	100,000	41,000	3,408	8.3%
Proportion of Goods and Services produced for export outside the region	13.6%	20%	6.4%	\$196 million	5.4%
Household Income Levels	22.3% below the State average	Above State Average	To increase Income	Average individual income of new jobs is \$63,620	28% above state average

Source: prepared by Urbis

3.4 DELIVERING JOBS FOR LOCAL COMMUNITIES

Economic development is one of the most challenging aspects of community delivery and it requires ongoing commitment. It is important to consider economic development early in the life of a project and to ensure that it is fundamental to all planning decisions. Setting goals for high employment self-containment is an important early step, along with well-considered land use allocation, a suite of practical well-resourced initiatives and leadership and commitment. That is why Stockland and Urbis are considering economic development at Halls Creek, although prospective development may be 20-25 years away.

Stockland has a substantial track record in achieving high employment and self-containment targets within its diversified property portfolio and master planned communities. Local examples of this include North Lakes in the Moreton Bay Region and the evolving Oceanside precinct at Kawana on the Sunshine Coast.

3.4.1 NORTH LAKES EMPLOYMENT GENERATION

Stockland is the lead developer of the North Lakes Master Planned Community in the Moreton Bay Local Government Area. Located approximately 25kms from the Brisbane CBD and adjacent to the Bruce Highway, the development is accessible to Brisbane, the Sunshine Coast as well as the Brisbane Airport and Port of Brisbane. At North Lakes, Stockland is delivering a strong economic development strategy, including high employment self-containment.

Significant investment from Stockland has underpinned the development of North Lakes to reach its current stage, with further investment assigned to continue to make North Lakes a leading location in South East Queensland to live, work, and play.

The North Lakes community, with a population of 15,000 and growing, is one of Australia's leading Master Planned Communities as awarded by the Urban Development Institute of Australia (UDIA).

The North Lakes community is covered by the Mango Hill Infrastructure Development Control Plan (DCP), which plans to ultimately accommodate approximately 25,000 residents and targets the creation of 13,000 jobs in the local area.

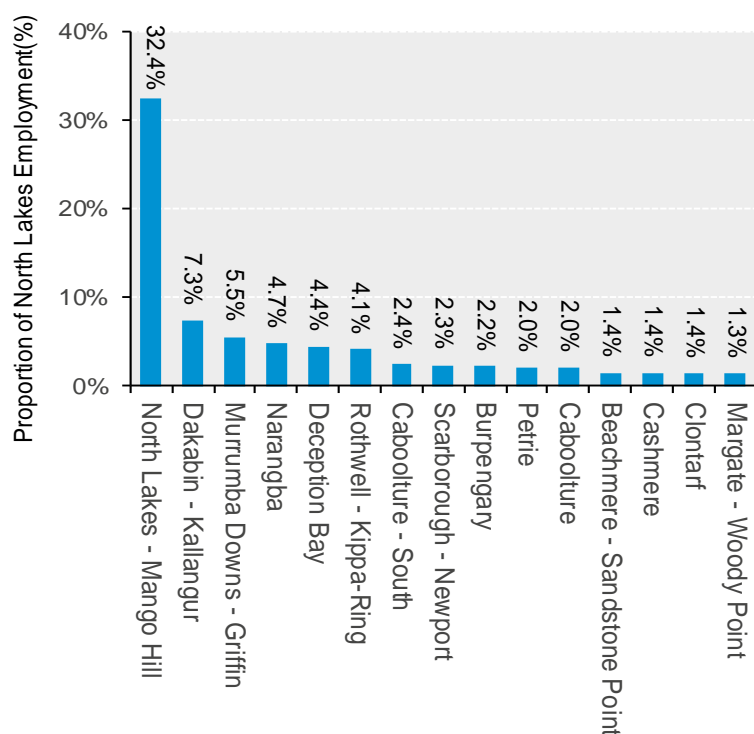
The town centre area incorporates a major Westfield shopping centre together with diversified land uses, including commercial, health, community, education and recreation. The northern industry area provides a wide range of employment opportunities around mixed industry and business, bulky goods and light industry.

Over its 10 years of development, North Lakes has become a strong Major Regional Activity Centre offering, in addition to those listed above a range of community amenities and features also are situated within the Master Planned Community. These include:

- A number of childcare centres;
- 18-hole championship golf course;
- The North Lakes Business Park; and
- Future land development for retail and large warehouse development.

Top 15 Resident Locations of North Lakes Employment

SA2 REGIONS FROM NORTH LAKES-MANGO HILL SA2, 2011



Source : ABS Census Data 2011, Urbis

The North Lakes area provides significant employment opportunities. The top 15 resident locations of North Lakes Employment chart provide a number of key insights into the strength of North Lakes as an employment centre and its key competitors.

The following points provide an overview of the analysis.

- Almost one third of employees within North Lakes live within North Lakes community; and
- The majority of people (above 60 per cent) working in North Lakes also live in North Lakes and the surrounding areas (within a 10km catchment).

The other resident locations include the northern suburbs of Brisbane that lie within 20km of North Lakes.

The employment generated at North Lakes covers a wide variety of sectors as reflected in the 2011 Census data on employment in the North Lakes master plan area. Whilst North Lakes plays a sub-regional retail role it has also generated strong employment opportunities in Health Care and Social Assistance (857 jobs); Accommodation and Food Services (511 jobs); Education and Training (459 jobs); Construction (340 jobs); Financial and Insurance Services (335 jobs); and Professional, Scientific, and Technical Services (251 jobs).

North Lakes - Employment by Industry

CENSUS 2011

Industry	North Lakes -Mango Hill SA2 (#)	North Lakes ¹ (#)
Agriculture, Forestry and Fishing	3	3
Mining	8	8
Manufacturing	85	85
Electricity, Gas, Water and Waste Services	0	0
Construction	360	340
Wholesale Trade	61	61
Retail Trade	1,417	1,404
Accommodation and Food Services	539	511
Transport, Postal and Warehousing	51	51
Information Media and Telecommunications	33	31
Financial and Insurance Services	335	335
Rental, Hiring and Real Estate Services	126	124
Professional, Scientific and Technical Services	251	251
Administrative and Support Services	114	114
Public Administration and Safety	84	84
Education and Training	526	459
Health Care and Social Assistance	860	857
Arts and Recreation Services	56	53
Other Services	177	175
Inadequately described	26	26
Not stated	3	3
Not applicable	0	0
TOTAL	5,115	4,975

Source :ABS Census Data 2011; Urbis

Notes: 1. Jobs of key employment zone outside North Lakes was removed, including Mango Hill State School, local shops, etc.

Stockland has also been successful in generating jobs at a strong self-containment level. Recent analysis of Stockland's North Lakes project reflects the following employment generation ratios to dwellings.

Population and Jobs

STOCKLAND NORTH LAKES MASTER PLANNED COMMUNITY

	2011	2014
Population	16,359	18,189
Household Size	3	3
Dwellings	5,453	6,063
Jobs	4,975	5,940
Jobs per dwelling	0.91	0.98

Source: prepared by Urbis

Over the past four years at North Lakes, Stockland has been developing jobs at a faster rate than dwellings. Whilst the wider North Lakes/Mango Hill/Griffin area will continue to grow in the number of dwellings, Stockland's residential land at North Lakes will be exhausted in 3-4 years' time. Despite this Stockland's plans for continued employment land development at North Lakes will yield in the order of a further 7,500 jobs.

3.4.2 OCEANSIDE EMPLOYMENT GENERATION

Stockland's Oceanside development will incorporate a major town centre, health hub, commercial precinct, community facilities, parks, and a number of residential precincts. The project has been underway for over ten years with around \$1 billion expended across the project already through the foundation works and early development components. The major development phase has just begun and this will see development expenditure triple and the establishment of a significant employment base.

The Economic benefits that will be generated by the development of the Oceanside precinct over the 15 year period from 2011 to 2026 will be in the form of development expenditure that translates into Gross State Product (economic growth), and employment benefits through the creation of new jobs. These benefits will accrue both through the development phase of Oceanside and through the ongoing operation of businesses and activity that will occur in the precinct as a result of this development.

Development Phase - Employment Impacts

The development of Oceanside over the period from 2011 to 2026 is estimated to generate directly the equivalent of 9,921 person years of employment. Effectively this equates to 661 full time equivalent jobs over this 15 year period. These direct jobs will generate flow on jobs through activity stimulated in other organisations and industries (7,949 industrial support job years) as a result of the direct development activity occurring at Oceanside. In addition there will be further jobs created through the consumption effect of workers employed directly on the development of Oceanside (7,184 consumption induced job years). Together the direct and indirect employment impacts of the development of the Oceanside precinct over the period 2011 to 2026 is estimated to generate the equivalent of over 25,000 full time job years. Over this 15 year development period this equates to 1,671 full time jobs being added to the Sunshine Coast and Queensland economies.

Operating Phase - Employment and Gross State Product Contribution

The development of the Oceanside precinct will create ongoing employment for persons in a range of sectors including commerce, professional services, retail, health and medical, education, tourism and hospitality, community services, and a range of service industries. Based on the estimated scale and mix of these activities, it is estimated that Oceanside will accommodated around 11,456 full time workers (including the Public and Private hospitals). Applying Gross State Product contribution estimates per worker for each of the identified sectors indicates that the contribution to the Queensland State Economy from the ongoing operation of the Oceanside precinct could be in the order of \$781.3 million per annum. This effectively adds a further 0.26% to Queensland's economic growth per year.

Operational Gross State Product Contribution

KAWANA PRECINCT - 2011-2026 - INCLUDING PUBLIC HOSPITAL

Land Use	Number of Employees	\$ GSP Contribution
Commercial - Transit Centre Precinct	0	\$0
Commercial - Remainder	2038	\$206,938,648
Residential - Attached ¹	286	\$40,998,719
Residential - Detached ²	70	\$9,982,524
Health Care Premises	1067	\$63,985,784
Aged Care Premises	208	\$12,740,187
Short Term Accommodation	300	\$13,074,655
Function / Conference Centre	84	\$3,672,202
Retail - Kawana Town Centre	930	\$44,850,230
Retail - Remainder	1018	\$49,070,010
Indoor Entertainment	67	\$3,215,070
Restaurant / Food Outlet	164	\$7,131,630
Service Station	33	\$1,607,535
Education - TAFE	250	\$13,133,491
Education - Child Care Premises	13	\$700,453
Community Purposes	160	\$8,321,522
Sport and Recreation	69	\$4,161,575
Hospital - Private	700	\$44,341,523
Hospital - Public (SCUH)	4000	\$253,380,134
Total	11,456	\$781,305,892

Source : Kawana Waters Draft Layout Plan; Urbis

4 Beerwah East

The Sunshine Coast Council has indicated a preference for the Beerwah East Identified Growth Area to provide long term urban land supply for the Sunshine Coast. This area is principally under a long term lease (99 years expiring in 2109) to the Hancock Timber Resources Group (HTRG). This land is being used as a softwood timber plantation contributing to Queensland's forest products industry. Whilst this area has some merits in being considered for long term urban land development, there are a number of challenges associated with relying on the future availability of this land. These relate to:

- The economic value and role of the timber resource;
- The environmental value and role of the timber resource;
- The Queensland Government's obligations and conditions of lease for the land; and
- HTRG's obligations to its investors.

4.1 THE ECONOMIC VALUE AND ROLE OF THE RESOURCE

The Queensland Forest and Timber Industry Plan (Timber Queensland, December 2012) identifies the importance of the industry to Queensland as a whole –“The growing, processing, manufacturing, wholesaling and retailing of timber and wood-based products plays an important economic, social, and environmental role in Queensland, especially in rural and regional areas”. Importantly it notes that whilst the industry consists of a number of discrete sectors they are all linked via the supply of raw material (log timber) or via access to shared markets (Timber Queensland, 2012).

4.2 EMPLOYMENT

Within Queensland, employment in the Forest and Timber industry is estimated to be 18,600 persons (ABS, 2012). On the Sunshine Coast softwood timber resources support significant timber and wood products industries across the Sunshine Coast, Moreton Bay Region, Gympie Region, and Fraser Coast. This includes major timber mills in Caboolture and Maryborough; Sawmilling clusters around Woodford; Timber and Furniture manufacturing clusters around Maroochydore, Landsborough, Warana, Beerwah, Narangba, Morayfield, Burpengary, and Lawnton. Employment generated by these industries is significant and particularly important to the regional areas. A loss of this base resource would result in substantial job losses across a number of regions in Queensland.

4.3 RESOURCE SCARCITY

Softwood timber plantations are a scarce resource across Australia, with the Sunshine Coast resources being the closest to a major metropolitan area in Australia. This is unusual and increases the value of this resource as it has the dual benefits of being close to timber processing areas (Caboolture and Maryborough) whilst also being proximate to major markets. South East Queensland, as one of the fastest growing regions in Australia, has a high demand for softwood timber in its various forms including house frames, flooring, furniture, and landscaping. Economically this is significant as transport costs can represent a high proportion of the value chain of softwood timber if located significant distances from markets or processing facilities.

There is a shortage in softwood timber supply in Australia with the country importing 20% of its softwood timber supply used in the housing construction industry. Queensland is also a net importer of manufactured wood products and the trade deficit in those products is projected to continue to grow. China and other Asian economies are expected to have an increased capacity to manufacture and export wood products by 2040. Using ABS data, the Department of Agriculture, Fisheries and Forestry (DAFF) estimates that Queensland imported \$880 million of forest and timber industry products in 2010–11 (Timber Australia, 2013). A growing reliance on imports is of concern for the industry in Australia as this increases the exposure and risk to overseas market fluctuations and changes in exchange rates.

4.4 THE ENVIRONMENTAL VALUE AND ROLE OF THE RESOURCE

Timber provides two significant benefits for the environment. Firstly it absorbs carbon dioxide, removing it from the atmosphere and turning it into stored carbon. Secondly it generates clean air through cleaning carbon dioxide. These two benefits are part of the one continuous process that is facilitated by the growing of trees which is optimised through the plantation timber model. This is because trees store carbon during their growth phase then act as a carbon store when they mature.

Wood as a material for construction and manufacturing is a unique material as it is the only material that naturally stores and locks away carbon. This is why the Forest and Wood products industry is the only industry sector in Australia that stores more carbon dioxide than it releases into the atmosphere (Timber Queensland, 2013).

The environmental value of forests will continue to rise as the resource increases in scarcity and world economies move towards carbon trading and taxing regimes.

4.5 GOVERNMENT AGREEMENTS

The agreement to lease Forest Plantations Queensland assets between the Queensland Government and Hancock Timber Resource Group (HTRG) incorporates a 99 year licence to manage, harvest, and re-grow plantation timber. The Queensland Government stipulated publicly "that all plantation timber land will continue to be used for forestry and not housing development" (Timber and Forestry e News, 24/5/10). In reference to the lease agreement the Queensland Government commented that "we have secured the same access rights for the public as they currently enjoy now – which means walking, cycling, horse riding, motorcycling, car rallies, photography and other similar pursuits in State Plantation Forests will continue". There appears to be clear intent from both the Queensland Government and HTRG for these resources to continue to be used for forestry and to continue to play an important role in the ongoing sustainable operation of the Forest and Wood Products industry in Queensland.

4.6 INVESTMENT CONSIDERATIONS

Hancock Timber Resource Group (HTRG) was founded in 1985 and is based in Boston, Massachusetts, USA. It develops and manages globally diversified timberland portfolios for public and corporate pension plans, high net-worth individuals, and foundations and endowments. As of December 2013, assets under management totalled \$11.5 billion. These assets are located in the United States, Canada, Australia, New Zealand, and Brazil.

It is the world's largest timberland investment manager for institutional investors, serving both domestic and non-US clients. It offers several investment vehicles including individually managed accounts and pooled funds. Timberland investments provide institutional investors with a number of benefits including a history of attractive returns, excellent capital preservation, portfolio diversification and low to moderate risk.

A unique characteristic of Timberland is that it functions as both a factory and a warehouse. In other words, timber can be grown and then "stored on the stump." This gives investors the flexibility of harvesting trees when timber prices are up, and delaying harvests when prices are down. Timber is also a renewable resource that increases in value as trees mature. Consequently, larger diameter trees are disproportionately more valuable than smaller ones (Hancock Queensland Plantations, May 2010).

Timber is a long term investment with plantation timber having a harvest life of 30-40 years. Thus it requires extremely long term planning. The interruption of the life cycle of a plantation through natural disasters, fire, or government intervention, can have devastating impacts on the value of that plantation. If HTRG were required to relinquish its rights to the Beerwah East forest resource it is likely it would seek significant compensation.

4.7 BEERWAH EAST SUMMARY

The Beerwah East Identified Growth Area is controlled under license by an international timber resource company that has a commitment to the Queensland Government to manage the resource ensuring associated economic, social, and environmental benefits continue. It also has commitments to its investors to meet documented financial rates of return associated with these assets. Importantly this resource has significant economic and environmental value to the Sunshine Coast, South East Queensland, and Queensland overall. It supports a substantial Forest and Wood Products industry whilst also performing a critical environmental role in storing carbon.

The conversion of this land into urban development land would carry a significant cost burden, through the conversion process and loss in opportunity cost alone. This would create a cost impost on the underlying land for development which is counterintuitive to creating affordable land for development. Conversely, there are no tenure impediments at Halls Creek. Given there is a significant level of uncertainty over the future availability and viability of the Beerwah East Identified Growth Area as a source of land for urban development, other Identified Growth Areas are important to meet the region's future development requirements.

In summary, the Beerwah East IGA plays an important resource, economic, and environmental role for the Sunshine Coast and wider South East Queensland region. Relying solely on Beerwah East for the future urban land supply for the Sunshine Coast will create longer term growth challenges. Finally significant land tenure and ownership issues would need to be resolved for this land to contribute to the future urban land supply of the Sunshine Coast.

5 Conclusions

5.1 RESIDENTIAL LAND SUPPLY AND DEMAND

This analysis indicates there is a finite supply of greenfield land on the Sunshine Coast to accommodate future residential demand forecasts. Current supplies are anticipated to only meet the residential growth requirements for the next 11-15 years. If residential land supply is constrained this has the potential to place upward price pressure on existing housing on the Sunshine Coast. This then risks widening the affordability gap for residents in their ability to purchase housing.

To avoid these pressures it is necessary to identify future supply of residential land that will reduce market perceptions of land supply restrictions and ease market price pressure. The identification of future growth areas is a key strategy that can achieve these outcomes. In this context Beerwah East and Halls Creek have been identified as the only suitable large areas for new urban development on the Sunshine Coast by the State Government. Together these two areas have the potential to deliver 41,000 new dwellings for the Sunshine Coast, of which around 30,000 could be delivered by 2041, meeting the identified dwelling need.

5.2 EMPLOYMENT AND ECONOMIC DEVELOPMENT

Employment planning for Halls Creek is based on the principles of achieving employment self-containment within an expanded Caloundra South community. The land is currently used for limited grazing activity, with only minor direct and indirect employment generated. The key economic benefits Halls Creek could deliver include increases in employment, expenditure and Gross Regional Product for the region.

The site's attributes provide the opportunity to plan for well-located employment precincts to attract business to the region. This includes:

- Access to current and future transport infrastructure planned for Caloundra South; and
- Proximity and access into North Brisbane, airports and trade coast.

If developed, Halls Creek can deliver the following economic benefits:

- Create more than 10,000 new jobs (direct) for the region;
- Improve levels of employment self-containment - Halls Creek is estimated to have an employment self-containment rate of 93% (target of one job per household);
- Grow the annual GRP to \$906 million (at full development);
- Improve the employment base and diversity of jobs available – with one-third of the new jobs anticipated to be high value industry jobs; and
- Increase export revenue of \$195 million representing an increase of 5.4% in regional exports (based on 2011/12 regional export estimates).

Employment planning for Halls Creek is based on the following principles to create long term regional economic benefit:

- To assist the Sunshine Coast Council to achieve its goal of growing the regional economy (Gross Regional Product) above historical growth levels;
- To contribute to the generation of high value industry jobs at a rate greater than 2,000 per annum across the region;
- To grow goods and services exports to 20% of all goods and services production in the region; and

- To raise household income levels on the Sunshine Coast above the State average.

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