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Southport CBD – Looking Forward to Revitalisation

Southport is the traditional administrative, legal, medical and commercial heart of the Gold Coast region. Over the medium term, it will be the beneficiary of several regionally significant infrastructure projects.

These include:

- the Gold Coast University Hospital, due to open next year at Parklands (expected to create an additional 2,000 operational jobs);
- the Gold Coast Rapid Transit (GCRT), often known as the light rail, with Stage One to operate between the Gold Coast University Hospital and Broadbeach from 2014; and
- upgraded infrastructure as a result of the Gold Coast winning its bid to host the Commonwealth Games in 2018, for example the Gold Coast Aquatic Centre's expansion.

The Commonwealth Games will also see redevelopment of the 26 hectare Parklands site near the proposed Health and Knowledge precinct for the Athletes Village, with 945 apartments (mainly two bedroom units), 42 townhouses, plus student accommodation.

After the Games, the apartments are expected to accommodate students and hospital workers.

Located immediately opposite the Broadwater, Southport Central Business District (CBD) was established in 1875. It was one of the leading holiday centres for Brisbane during the early 1900s. Holidaymakers arrived by train (the line was closed in 1964). The Jubilee Bridge opened in 1925, connecting Southport to the surf beaches south of the Nerang River (Main Beach, Surfers Paradise).

Regional Assets

Southport includes a number of significant regional assets that have contributed to its designation as a Principal Activity Centre under the South East Queensland Regional Plan. These assets are listed on page 2.



Southport CBD, viewed from the Broadwater Parklands. Nerang Street Mall on the right, (with the Gold Coast Institute of TAFE and Pivotal Point fronting the mall), Australia Fair in the centre and, within the Parklands on the left, The Porch, an outdoor cinema. Two towers of Southport Central in the distance, with the freehold retirement community, Victoria Towers on the left. Inset on the right is a close-up of the Pacific Hotel's 1927 opening date (now incorporated into Australia Fair. This replaced the original Pacific Hotel built in 1878). Inset on the left shows families picnicking, with the popular Rockpools children's water playground in the distance.

Demographics and Employment

Southport is an extensive suburb of 14.3 square kilometres and a 2010 Estimated Resident Population of 30,000 people. It had an average growth rate of 777 persons or 3.0% per annum from 2001 to 2010.

Southport's population is slightly older than Gold Coast City's. It includes an above average proportion of lone person and group households, of rented dwellings and of apartments and townhouses. This reflects the presence of the older population, low income groups and students attending various educational institutions.

The wider suburb of Southport is well serviced with schools, including The Southport School (TSS), St Hilda's, Aquinas College, two state high schools and two state primary schools.

According to the Queensland Office of Economic and Statistical Research (OESR), Southport's population will reach 50,000 people by 2031, an average increase of 962 persons or 2.5% per annum (based on the 2011 medium series projection).

Indeed this may underestimate the potential growth of Southport, as the OESR projections may not have taken into account the impact of the light rail and Commonwealth Games.

The *GCRT Corridor Study Repositioning the City*, prepared by Hassell for Gold Coast City Council (GCCC) in August 2011, refers to a MacroPlan Australia supporting Economic and Input Analysis. This factors in a 20% uplift in population along the Corridor over 20 years, as a result of intensification of development around the light rail. This study also envisages a 50% increase in employment within the Corridor, mainly of health, education and public sector jobs.

Residential Apartments

Since Meriton Apartments decided to retain the Regatta building of 172 units at Brighton on Broadwater as serviced apartments last year, Southport Central has been the main new project marketed in Southport CBD. The receiver has been achieving steady sales, reporting improved activity of eight to ten sales per month in the second half of 2011 (up from three to five sales a month earlier in the year).

Southport's Regionally Significant Assets

- **Griffith University**, four kilometres west of Southport CBD, with approximately 16,000 students (expected to increase to 30,000 students by 2025), with leading-edge research facilities such as the Institute for Glycomics;
- **Southport medical precinct**, currently focused on the Gold Coast Public Hospital and Allamanda Private Hospital immediately west of Southport CBD, but soon to be enhanced with the opening of Gold Coast University Hospital near Griffith University;
- **Southport legal precinct**, focused on the Southport Court House on the corner of Hinze and Davenport Streets;
- **Southport Broadwater Parklands**, stretching three kilometres alongside the Broadwater between Loders Creek and the Jubilee Bridge (now known as the Sundale Bridge);
- **Australia Fair Shopping Centre**, a regional centre of around 55,000 square metres. Owned by the Yu Feng Group, it is anchored by Kmart, Coles and Woolworths supermarkets, Sam's Warehouse and Birch Carroll and Coyle cinemas and includes around 225 specialty stores and parking for around 2,500 cars;
- **Gold Coast Institute of TAFE** in the Nerang Street Mall, as well as numerous other educational organisations servicing international students;
- **Southport Library**, located west of the Raptis Group's Southport Central project;
- **Southport RSL Club** and **Southport Workers Club**; and
- Approximately 153,000 square metres of **commercial office space**, including older buildings on Marine Parade and in and around Short Street, as well as newer space in projects such as Southport Central.

Analysis of recorded sales for 2011 indicates the following average prices for receiver stock in Southport Central:

- Tower 2, 2 bed plus study units, \$519,917, or \$4,193/m² gross;
- Tower 3, 1 bed plus study units, \$336,000, or \$3,862/m² gross;
- Tower 3, 2 bed units, \$434,500, or \$4,218/m² gross; and
- Tower 3, 2 bed plus study units, \$474,600, or \$4,699/m² gross.

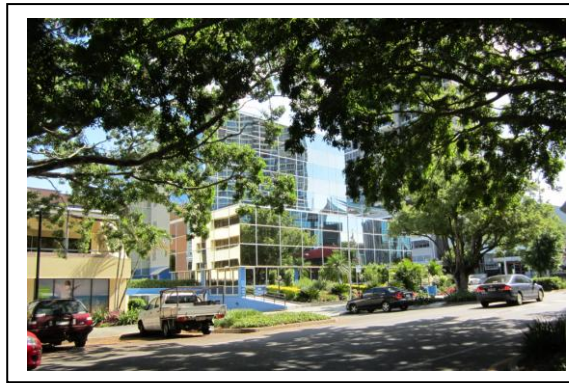
The vast majority of sales have been the more affordable one bedroom plus study units, although there is now a limited supply of these units. Rents at Southport Central are typically around \$380 to \$400 per week for a one bedroom plus study unit and \$470 to \$480 per week for a two bedroom unit. There are now a number of rented units available for sale to investors.

Sales over the past year at Southport Central have been to a mix of investors from interstate, China and other Asian countries, expatriates from the Middle East and local owner occupiers, including some downsizing from houses to the larger apartments.

The recently completed H2O Broadwater, developed by Philip Usher Constructions, with 356 apartments, 15 retail outlets and 1,180 m² of office space, is located immediately opposite the Broadwater Parklands. The apartments are being offered for holiday and permanent rental. It is possible these apartments will be marketed again once the Gold Coast's market has recovered sufficiently to see prices start to improve.

Developers Look to the Future

Two other projects in Southport CBD are marketing off-the-plan: a luxury project, Brighton Grand, with 26 apartments opposite James Overall Park and the Nerang River; and Metro 88 at 171 Scarborough Street, consisting of two six storey buildings with a total of 60 apartments. Metro 88 is targeting the affordable end of the market, with remaining 1 + 1 bedroom units from \$325,000 and two bedroom units from \$377,000 (around \$4,500/m² gross). About 40% of Stage One is reported presold.



The Short Street office precinct is noted for its mature trees.

Meriton Apartments has recently obtained development approval for a 55 level complex as the final stage of Brighton on Broadwater. It is expected to include a supermarket, tavern, medical centre and around 500 apartments.

A number of development sites have been sold in Southport CBD over the past year, including two sites previously owned by the Ingles Group. The Iridium site in Scarborough Street has approval for 338 apartments and the Insignia site on the corner of Nerang and Railway streets for 380 apartments. Both sites were acquired by a Chinese consortium for a combined price close to \$12,000 per unit site.

Commercial and Retail Markets

As at July 2011, Southport's office vacancy rate was 18.2%, below the overall Gold Coast market on 22.4%. This was primarily due to Southport Central, where the receiver sold office suites for between \$2,500 and \$2,800/m² in Tower 3, about 80% to owner occupiers taking advantage of discounted prices to upgrade. Around ten suites of about 150 suites initially offered by the receiver in early 2010 are still for sale.

Office space in Southport CBD typically leases for \$300 to \$350/m² gross, with incentives of around 20%. It is considered that affordability and the quality of local amenities, such as the Broadwater Parklands have contributed to small professional firms relocating to Southport over recent months. Future benefits from the light rail may also be a consideration.

Some retailers and landlords in Southport CBD are doing it tough, especially in Nerang Street west of Scarborough Street, which has been adversely impacted by construction works for the GCRT. Construction of the overall light rail project is now set to continue for up to two years, but it is understood construction will take place along specific sections at a time, so as to minimise the impact on individual businesses and reduce disruption to as short a time as possible.

The macro-economic environment for retailers has also been challenging, so that it is not surprising that there are a few vacancies, even in the otherwise vibrant Australia Fair. More significant vacancies are evident in Southport Central and along the lengthy street frontages such as Scarborough Street, north of Nerang Street.

Chinatown a Bright Spot

The bright spot in regard to Southport CBD's retail sector is the planned Chinatown in Davenport and Young Streets, where a number of new tenants have already taken leases (for example, Thai Massage and Chinese restaurant). The Gold Coast Chinatown Association has appointed KPMG to undertake a preliminary economic study.

GCCC is also planning a streetscape revitalisation programme for Davenport Street near the courthouse for 2012.

Light Rail to Transform Southport

GCCC in its *Central Southport Master Plan* of December 2009 refers to the GCRT as a *significant catalyst project with the potential to transform Southport into a higher order Transit Oriented Development (TOD)*. It envisages densities of 40 to 120 dwellings per net hectare (and higher in core areas).

TOD precincts are typically characterised by medium to high density, mixed-use development, with a high quality public realm that promotes active transport (walking and cycling), use of public transport and a reduction in car dependency.



Creation of Chinatown in Davenport Street may coincide with the proposed addition of direct flights from Guangzhou.

The Gold Coast Hospital Site - A Catalyst Project

The existing Gold Coast Hospital is to close when the new Gold Coast University Hospital opens. The State Government and GCCC are currently assessing options. Among the concepts being floated are the relocation of a State Government department to the site or the relocation of GCCC from the Evandale site at Bundall (assuming this is to be redeveloped as a Cultural Centre). The latter option is favoured by the Committee for Southport, a recently formed group of local business and property owners.

What does appear to be critical to the future well-being of Southport is that, whether the main hospital building is refurbished or redeveloped, the new project should primarily be a major employment generator. Elections in early 2012 suggest this decision will be delayed for some months.

While the next two to three years will be difficult for many property owners and tenants in Southport CBD, it is possible to look forward and imagine a revitalised urban centre that has much more in common with inner city metropolitan areas than the beachside suburbs of Surfers Paradise and Broadbeach. Over the medium term, Southport should compete with Robina/Varsity Lakes on a more equal footing as a result of currently planned investments.

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