

RESOURCE PLANNING AND DEVELOPMENT COMMISSION

LAUDERDALE QUAY PROJECT OF STATE SIGNIFICANCE

RESPONSE STATEMENT OF EVIDENCE

1. *Introduction*

- 1.1 My name is **Colleen Coyne** and my professional address is PO Box 3109 Nerang East Queensland 4211.
- 1.2 My current position is Director, Colleen Coyne Property Research Pty Limited.
- 1.3 I attach at "A" a brief summary of my CV.

2. *Engagement*

- 2.1 I have been engaged by Walker Corporation Pty Ltd to:
 - review and provide a statement of evidence in response to matters raised as part of the public exhibition and representation process on the draft Integrated Impact Assessment Statement for the Lauderdale Quay proposal; and
 - if required, appear at and give evidence to the formal RPDC hearing process

in respect of specific matters within my field of expertise.

- 2.2 For the purposes of this task I am the author or one of the authors of a report prepared for submission with the draft Integrated Impact Assessment Statement namely, **Lauderdale Quay Research**.

3. *Expert Witness Guidelines*

- 3.1 For the purposes of this statement of evidence I note, understand and accept the following:
 - (a) I have an overriding duty to assist the RPDC on matters relevant to my area of expertise;
 - (b) I am not an advocate for Walker Corporation Pty Ltd and my evidence must necessarily be evaluative rather than inferential;
 - (c) my paramount duty is to assist the RPDC in reaching a correct decision as part of the recommendation which it is obliged to make to the Minister pursuant to the State Policies and Projects Act 1993 and the declaration of this as a project of State significance;

- (d) I have made all inquiries which are I consider necessary for the purposes of providing this opinion and I have not withheld from the RPDC any material facts which are relevant to my assessment; and
- (e) I reserve the right to alter or amend my opinion in the event that additional facts are drawn to my attention.

4. *My Response*

4.1 Lauderdale Quay Project Overview

4.1.1 The Lauderdale Quay project is a proposed waterfront residential and marina development that would be the first of its kind in Tasmania. It is proposed to include 477 residential allotments, with provision for private mooring of vessels in front of the allotments; internal waterways of 45 to 80 metres; a commercial marina with capacity to accommodate 120 to 140 vessels of varying sizes; and three commercial lots. The project also includes extensive open space, and a boardwalk network. The commercial precinct is expected to include mixed-use retail and commercial space. The residential component is proposed to include a range of densities from attached dwellings to detached housing on typical lot sizes of 450 and 783 square metres.

4.2 Purpose

4.2.1 The main purpose of this research is to report on the experience with a selection of similar developments elsewhere in Australia.

4.3 History of the Lifestyle

4.3.1 The earliest waterfront communities were made up of those fortunate enough to live in homes with direct frontage to Australia's harbours, beaches and river systems. Even today such positions are keenly sought. It is no accident that Sydney's wealthiest suburbs include Point Piper and Mosman, occupying prime locations on Sydney Harbour, with views of the Sydney Harbour Bridge and the Sydney Opera House.

4.3.2 Just as owning your own block of land and building your own home are the great Australian dream, owning a waterfront home is the pinnacle of that dream. This is aspirational real estate, the reward for a lifetime's work.

4.3.3 The earliest Australian manmade waterfront communities were waterway systems off the Nerang River, near Surfers Paradise at the Gold Coast. Today, thousands of Gold Coast and Sunshine Coast families and retirees enjoy the lifestyle offered by waterfront living.

4.3.4 To some, the visual amenity and privacy offered is enough, but many take the opportunity offered of a private jetty or pontoon to have immediate access to a boat. Whether it is a "tinny" for fishing with the "kids" or an ocean-going yacht, this too is part of Australia's love affair with the water, part of the Australian lifestyle.

4.4 Case Studies

- 4.4.1 Annexure 1 starting on page 6 includes some snapshot statistics on the experience of a sample of waterfront developments throughout Australia.
- 4.4.2 Although manmade waterfront developments occurred on the Gold Coast from the 1950s, four more recent projects are summarised in Annexure 1: the residential communities of Runaway Islands and The Sovereign Islands, both developed by Lewis Land; and the integrated residential resort communities of Sanctuary Cove and Hope Island Resort.
- 4.4.3 Lewis Land, founded by the late Bernard Lewis, has developed numerous waterfront estates in the northern suburbs of the Gold Coast. Runaway Islands was developed as a series of four manmade islands which maximised the waterfront available. It is located on waterways off The Broadwater, but west of Bayview Street, so that boating access is impeded by bridges, restricting the types of boats that can be moored to smaller craft.
- 4.4.4 In contrast, The Sovereign Islands were constructed directly within The Broadwater. It has attracted a range of international and interstate buyers because of its uninterrupted boating access and its prestigious address.
- 4.4.5 Both Runaway Islands and The Sovereign Islands are primarily owner occupied, although the Sovereign Islands has around 10% of part-time owners, usually based offshore.
- 4.4.6 The concept behind Sanctuary Cove and the neighbouring Hope Island Resort, both on Hope Island, fronting the Coomera River, was different. They include championship golf courses and Sanctuary Cove has a five-star 250 room international hotel, as well as the Marine Village and 312-berth marina that hosts the annual Sanctuary Cove Boat Show. Hope Island Resort is also a mixed-use concept, with a neighbourhood shopping centre fronting its 270-berth marina, with boardwalk tavern and office buildings.
- 4.4.7 With Japanese owners in the 1980s and early 1990s, both Sanctuary Cove and Hope Island Resort catered for international owners and visitors to a much greater extent than Lewis Land's permanent residential communities. Following the change of ownership of both resorts in the early 2000s, there has been a change in the type of resident to include a higher proportion of permanent residents. This is mainly attributable to Hope Island gaining much needed community infrastructure, including a range of schools within easy access at Parkwood and Upper Coomera and the opening of the neighbourhood shopping centre within Hope Island Resort. The completion of the eight-lane M1 to Brisbane also made these northern Gold Coast waterfront communities attractive the Brisbane buyers.
- 4.4.8 Annexure 1 includes two other waterfront developments, Settlement Shores at Port Macquarie in New South Wales (NSW) and Bayview Haven in Darwin, Northern Territory.
- 4.4.9 Port Macquarie is a regional centre and an established holiday and retirement destination. The introduction of the prestigious Settlement Shores waterfront development raised the profile of Port Macquarie, attracting buyers who might otherwise have moved from Sydney to Queensland. The estate has contributed to higher levels of expenditure on housing and retail goods in the town.
- 4.4.10 The Darwin estate highlights the role of these waterfront estates in providing much needed mooring facilities for the recreational boating community. Both Bayview Haven and another Darwin estate, Cullen Bay, have lock-controlled boating access to the waterways, which is necessary because of the significant tidal range.

4.4.11 Cullen Bay was developed with a significant retail/restaurant precinct, but Bayview Haven is predominantly a residential community. Only about one-third of its lots have direct water frontage, with many of the dry lots on elevated and sloping land, offering bay breezes and views across the marina and towards the city skyline.

4.5 Indicative Absorption Levels

4.5.1 The developers of waterfront estates, which are often the premium priced real estate in the immediate area, tend to control supply levels carefully to ensure price levels are maintained. When vacant lots are offered for sale in buoyant economic conditions, take-up levels can be quite rapid. This was particularly so when prices were lower than they are today.

4.5.2 Table 1 shows an analysis of developer waterfront land sales rates, based on recorded sales in RP Data, for selected developments. Older data is not readily accessible, so instead of Runaway Islands, the table shows a more recent project by Lewis Land, to the south-west of Runaway Islands, Harbour Quays, adjoining the Harbourtown Outlet Shopping Centre at Biggera Waters. For Settlement Shores in Port Macquarie, only the more recent Stage Two is shown.

**4.5.3 Table 1 Selected Waterfront Developments
Developer Waterfront Land Recorded Sales**

Calendar Year	The Sovereign Islands	Harbour Quays	Sanctuary Cove*	Hope Island Resort**	Settlement Shores Stage 2
1988	1				
1989	7				
1990	19				
1991	4				
1992	2			16	
1993	1			43	
1994	3			53	
1995	20			24	
1996	20			19	
1997	22			22	
1998	8			5	
1999	28			6	
2000	32			8	
2001	77			33	21
2002	133		72	59	18
2003	172		46	43	18
2004	42		8	19	10
2005	21		18	22	21
2006	12	49	2	11	2
2007	8	99	11	5	
2008	2	4	2		
2009		2			
Total	634	154	159	388	90

Source: RP Data

Note: medium density sites excluded

* only sales by Mulpha Sanctuary Cove (Developments) Pty Ltd

** only tidal waterfront land north of Hope Island Road

4.5.4 The analysis for Sanctuary Cove and Hope Island Resort only includes tidal waterfront land, not water view or golf course frontage land (it also arbitrarily excludes waterfront land at Hope Island Resort south of Hope Island Road). For Sanctuary Cove, only sales since the acquisition by Mulpha Sanctuary Cove (Developments) Pty Ltd are included.

4.5.5 The analysis in Table 1 shows that peak sales rates for waterfront land occurred in the Gold Coast market in the early 1990s and early 2000s. It should be noted that the four Gold Coast waterfront developments listed in Table 1 were only some of the waterfront developments available.

4.6 Community Benefits

4.6.1 One of the major community benefits attributable to the presence of waterfront developments is that they attract a higher socio-economic buyer profile, that is responsible for higher levels of local expenditure, not only in building and furnishing their homes, but in local stores and restaurants.

4.6.2 For the Gold Coast, creation of recreational and resort infrastructure at Sanctuary Cove and Hope Island Resort has enhanced its tourism infrastructure and expenditure in the region by tourists. The hosting of a major event, the annual Sanctuary Cove Boat Show, makes a significant contribution to the region (\$311 million, according to a study by Griffith University, five times the former Indy motor race and almost three times the Magic Millions thoroughbred carnival).

4.7 Conclusion

4.7.1 In summary, there appears to be three necessary conditions for the creation of a successful waterfront community:

- an individual or corporate developer with a vision and willpower to see the project progress to completion;
- significant capital available for the upfront expenditure on the necessary engineering and community amenity works, so that critical elements of the project are in place (eg waterways, parks); and
- a team of professionals responsible for balancing the engineering and environmental challenges against the desire by the community to have an attractive waterfront lifestyle.

4.7.2 These are specialist developments which predominantly appeal to the middle to upper end of the residential market. They are well suited to the baby boomer demographic who is currently downsizing from large family homes to more manageable properties and seeking lifestyle options such as those offered by golf course and waterfront estates. However these are also products that appeal to families, usually mature families with older children buying their second, third or fourth home.

4.7.3 If the developer plans for a mixed-use concept with a commercial marina and retail/restaurant precinct and medium density components, a waterfront development may also fulfil the needs of the wider community in providing these amenities and housing options. Depending on the location and market positioning, the medium density housing might suit younger couples either as permanent tenants or owners, or might become holiday homes or residences for part-time owners. They might also appeal to empty nesters and retirees downsizing.

4.7.4 This type of amenity also makes waterfront communities more appealing to potential buyers from outside of the immediate catchment, for example interstate and international buyers who regularly visit for holidays or a major event (such as the Sydney to Hobart Yacht Race). It is entirely possible that the Lauderdale Quay project could target such purchasers.

- 4.7.5 There is evidence that waterfront developments offer a number of benefits to the local communities where they are created, including:
- attraction of a higher socio-economic group because the concept on offer has a high profile market positioning, potentially attractive to a wider national and international market;
 - significant local expenditure in construction of the estate;
 - above average expenditure in the construction of the middle to upper market housing;
 - local retail viability is enhanced through expenditure by the new residents on fitting out and furnishing their new homes, as well as in lifestyle expenditure on activities such as visiting local restaurants and cafes and equipping and operating boats; and
 - creation of a pleasant public amenity that can be used by the local community, in the form of public parks, pedestrian and cycling networks and boardwalks.
- 4.7.6 For the Gold Coast and Sunshine Coast, and to a lesser extent the other case study examples mentioned in Port Macquarie and Darwin, the creation of high profile residential resorts has significantly enhanced the tourism and recreational infrastructure, enabling these regions to attract a greater share of international and interstate visitors. The Lauderdale Quay project has the potential to play a similar role in the tourism industry of Tasmania. For example a visitor for the Sydney to Hobart Yacht Race might stay an additional day to visit the restaurants and take a local cruise from the Lauderdale Quay marina.

4.8 Annexure 1 – Selected Projects

4.8.1 Runaway Islands - Lae Drive, Runaway Bay, Gold Coast, Qld;

4.8.2 Developer: Lewis Land;

4.8.3 Location: approximately ten kilometres north of Surfers Paradise and one kilometre inland from The Broadwater; Runaway Bay Shopping Village is located immediately to the east;

4.8.4 Key Attributes: group of four islands accessed by two bridges from external street system; maximises the number of waterfront lots; total of approximately 700 lots; bridge at Bayview Street restricts boating access to smaller vessels;

4.8.5 Period Marketed: developer sold out vacant land over four year period from 1984 to 1988; subsequent sales by builders;

4.8.6 Buyer Profile: locals upgrading and interstate buyers, plus significant number of lots sold to builders; predominantly owner occupied properties, although less than half take advantage of the waterways to moor a boat.

4.8.7 The Sovereign Islands – The Sovereign Mile, Paradise Point, Gold Coast, Qld;

4.8.8 Developer: Lewis Land;

4.8.9 Location: approximately 14 kilometres north of Surfers Paradise; located within The Broadwater, providing unimpeded boating access;

- 4.8.10 Key Attributes: total of 713 lots across four islands linked to Paradise Point by a bridge; regarded as the Gold Coast's premium waterfront development; manned security with gated access from 10 pm to 6 am; includes small commercial marina of 19 berths;
- 4.8.11 Period Marketed: marketed from 1988, with final lots completed in around 2004; still ten developer lots reported unsold;
- 4.8.12 Recent Land Prices: final stage, Knightsbridge, with north to water lots fronting The Broadwater, released December 2003, prices \$1.7 million to \$2.1 million for lots of approximately 800 square metres;
- 4.8.13 Buyer Profile: during 1990s targeted to international buyers, for its prestigious address in The Broadwater; during 2000s increased number of local and interstate buyers; only about half of owners moor a boat, partly because The Broadwater position of the outer islands is exposed to prevailing winds; approximately 10% of owners are part-time residents, usually living offshore; mix of older families and empty nesters/retirees.
- 4.8.14 Sanctuary Cove – Caseys Road, Hope Island, Gold Coast, Qld;**
- 4.8.15 Developers: Discovery Bay Developments Pty Ltd (Mike Gore); Ariadne Ltd; EIE & Long Term Credit Bank of Japan (LTCB); purchased by Mulpha Sanctuary Cove (Developments) Pty Ltd in 2002;
- 4.8.16 Location: northern part of Gold Coast, approximately 18 kilometres from Surfers Paradise and 56 kilometres from the capital city, Brisbane; connected to Paradise Point across the Coomera River by bridge;
- 4.8.17 Key Attributes: an Integrated Tourism Resort (ITR); under the foreign investment policy foreign buyers may acquire properties within ITR designated projects, without the need to seek individual approval; foreign investors may resell to other foreign investors; consists of public areas (marine village, 250-room Hyatt Regency Hotel, a recreation club, 312-berth marina, now planned for expansion by 250 berths) and private residential estates (gated) and two private championship golf courses, The Palms (previously a public course) and The Pines; a country club; includes a range of lot types (waterfront across four harbours, golf course frontage and standard dry lots, many with water/golf course views) plus a range of attached and detached medium density precincts in buildings of up to three/four storeys; total of approximately 1,800 dwellings of which approximately 1,100 dwellings developed to date; total of approximately 850 waterfront properties (including some built product), of which approximately 600 developed to date;
- 4.8.18 Period Marketed: originally marketed from about 1987, but LTCB who inherited the property when EIE got into financial difficulties, held the property with minimal development throughout the 1990s; marketed by Mulpha since 2002;
- 4.8.19 Recent Land Prices: waterfront lots from \$990,000 to \$1.2 million, golf course frontage lots of approximately 800 square metres \$625,000, standard dry lots around 800 square metres with harbour views \$450,000;
- 4.8.20 Indicative Sales Rate: small number of developer products released annually to maintain prices; an average reported sales rate of approximately 25 waterfront sales per annum since 2002;

- 4.8.21 Buyer Profile: mix of international, interstate and local buyers upgrading to security gated, full golf buggy access lifestyle; boating and golf enthusiasts; older empty nesters and retirees; but since Mulpha repositioned the project around 20% to 25% of owners are families with children; recently majority of buyers from South-East Queensland;
- 4.8.22 Comment: internationally recognised resort; provides private resort lifestyle for residents; Griffith University study indicates Sanctuary Cove Boat Show generated a direct economic impact of \$311 million to the Gold Coast, five times the (former) Indy motor race and almost three times the Magic Millions thoroughbred carnival.
- 4.8.23 Hope Island Resort** – Hope Island Road, Hope Island, Gold Coast, Qld;
- 4.8.24 Developers: Shinko Australia; Jefferson Properties in late 1990s; purchased by Walker Corporation late 2000; onsold to Mirvac in late 2007; with golf course, clubhouse and hotel entitlement with some balance land sold to L2 Capital in 2007;
- 4.8.25 Location: northern part of Gold Coast, approximately 17 kilometres from Surfers Paradise and 55 kilometres from the capital city, Brisbane; connected to Paradise Point across Coomera River by bridge;
- 4.8.26 Key Attributes: an ITR on a 360 hectare site divided by Hope Island Road; includes mix of waterfront lots with direct boating access to Coomera River; 270-berth marina; neighbourhood shopping centre, with boardwalk restaurants, tavern and offices; 18 hole championship golf course; some limited dry lots; total of approximately 1,500 entitlements, of which approximately 500 dwellings developed by Shinko and Jefferson Properties prior to the purchase by Walker Corporation; approximately 650 lots/dwellings developed by Walker Corporation, with approximately 350 dwellings still to develop and/or sell (including on sites sold to other developers); gated residential precincts;
- 4.8.27 Period Marketed: marketed during 1990s by Shinko and Jefferson Properties; by Walker Corporation from 2000/01 to 2007 and since by Mirvac;
- 4.8.28 Recent Land Prices: no developer waterfront lots still available, but these sold up to around \$1.1 million in around 2006 for 1,000 square metre lots with uninterrupted boating access; golf course frontage lots currently available for around \$510,000; resales of parkfront lots in vicinity of waterways would resell now for around \$480,000, but developer stock sold in 2005 for around \$300,000;
- 4.8.29 Buyer Profile: Shinko marketed significant number of properties to international buyers, particularly Japanese, with access to the golf course a major incentive to purchase; since Hope Island neighbourhood shopping centre opened and M1 with eight lanes completed in late 2000, significant increase in locals upgrading to the lifestyle, including around one-third of owners now being families with children; also appeals to permanent and part-time couples, especially businesspeople and professionals;
- 4.8.30 Comment: both Sanctuary Cove and Hope Island Resort raised socio-economic profile of Hope Island, which was a fringe suburb; it has generated significant local spending both in its construction and from the residents; it offers an appealing lifestyle with security and privacy and a high level of visual and recreational amenity.

4.8.31 Settlement Shores – Bay Street, Port Macquarie, NSW;

4.8.32 Developer: Port Shores Pty Ltd (local company);

4.8.33 Location: approximately one kilometre from Port Macquarie town centre; adjoins subregional shopping centre, Settlement City; approximately 300 kilometres north of Sydney;

4.8.34 Key Attributes: waterfront estate with approximately 500 lots off Hastings River; mix of courtyard lots of 550 square metres, larger lots >1,000 square metres; duplex sites and medium density sites; separate sites sold for Settlement City shopping centre, The Sails Resort and a commercial marina;

4.8.35 Period Marketed: 1971 to 2005; stage two commenced in early 2000s;

4.8.36 Recent Land Prices: from 2003 to 2005 740 square metre waterfront lots sold for \$650,000; courtyard waterfront lots with own mooring sold for \$575,000; integrated dry lot houses on lots of 300 square metres sold for \$500,000;

4.8.37 Buyer Profile: locals upgrading and Sydney buyers; majority empty nesters and retirees; around 40% of houses have boats on mooring.

4.8.38 Bayview Haven – Tiger Brennan Drive, Darwin, Northern Territory;

4.8.39 Developers: Henry Walker Eltin (HWE); from 1997 in joint venture with Austcorp Group Limited; Austcorp took over whole ownership from around 2002/03;

4.8.40 Location: approximately four kilometres from Darwin CBD; fronting Sadgroves Creek and Frances Bay to the east of Darwin Harbour;

4.8.41 Key Attributes: mix of waterfront lots, dry lots and medium to high density residential and commercial marina of approximately 128 berths suited to various sized craft; waterway system access via a lock-controlled system due to high tidal range; total of approximately 830 dwellings; Stage 2 of approximately 250 dwellings not yet developed; approximately one-third of lots with direct water frontage and private pontoons;

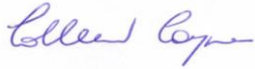
4.8.42 Period Marketed: marketed initially by HWE from 1994 to 1997 prior to completion of waterways; relaunched in 1999 following completion of lock system and waterways; final lots in Stage 1 completed around five years ago;

4.8.43 Recent Land Prices: elevated, sloping dry lots with water views \$600,000; a few resale waterfront lots now listed at \$697,000 for 847 square metres with shared 12 metre mooring in place, up to \$750,000 for 1,040 square metre lot; developer waterfront lots reached \$380,000 to \$450,000 range in around 2003;

4.8.44 Buyer Profile: a mix of locals upgrading to waterfront lifestyle and to secure private moorings; includes business people who have relocated for work; apartments include a component of permanent tenants; Defence Housing Authority was an early purchaser of housing for the significant presence of defence personnel families in Darwin; typically more of a family location than Cullen Bay which has a significant retail/restaurant precinct;

4.8.45 Comment: provided much needed marina and berthing opportunities; created significant construction and upmarket housing and apartment environment location; more distant from outer harbour, so initially less favoured by boating enthusiasts than Cullen Bay, but provides a more protected position; also valued by residents for its quiet residential amenity and elevated positions offering breezes and views of the marina and Darwin CBD skyline.

DATED this 10th day of June 2009.



Colleen Coyne

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(WITNESS NAME)

Attachment "A"

Colleen Coyne Resume

Position: Director, Colleen Coyne Property Research Pty Limited

Established in 1999, based on the Gold Coast, specialising in market research for developer clients; mainly operating in New South Wales and Queensland, but with some experience in other Australian states. Refer to www.colleencoynere.com.au

Previous Employment

1994-1999 various national research positions with LandMark White (NSW) Pty Ltd, including National Research Director, based in Sydney; undertaking market research for internal use by valuers and for clients

1981-1994 various research positions with PRD Consulting Services Pty Ltd (the consulting arm of PRD Realty, now part of Colliers); initially based in Brisbane, then on the Gold Coast; started consulting to developer clients, mainly in New South Wales and Queensland

1978-79 casual tutor at Griffith University School of Modern Asian Studies

1974-1977 secondary teacher, Queensland Department of Education

Tertiary Qualifications

Master of Urban & Regional Planning, University of Queensland, 1981

Diploma in Education, University of Queensland, 1974

Bachelor of Arts, University of Queensland, 1973

Other Professional Education

Planning Institute of Australia's Certified Practicing Planner Economics of Development Course facilitated by Chifley Business School, two day face-to-face course 13-14 November 2008

Australian Property Institute's Risk Management Module, 2004

PS146 Compliance Program Generic Knowledge & Managed Investments units – Securities Institute of Australia, 2002

Four units of the Securities Institute of Australia's Graduate Diploma in Applied Finance and Investment, 1996 to 1997

North American Study Tour – five week trip visiting retail and mixed-use developments, research parks and residential/resort communities, 1991

Professional Affiliations

Associate Member of the Australian Property Institute

Member of the Urban Development Institute of Australia (Qld)

Corporate Member of the Planning Institute of Australia

Australian Population Association Member

Member of the Urban Land Institute, 1990-2003

Property Council of Australia (NSW) – Research Committee Member 1995-1999

Gold Coast Development Association – Vice President Research 1987-1993