River Report

2011

JOHNSTON DIXON

2010 Sets New Record Average Riverfront House Price of $3,545,000 (The Average has soared 269% in a Decade from $961,500 in 2000)

JOSEPHINE JOHNSTON-ROWELL
RIVERFRONT DIRECTOR

ISSUE 33

WELCOME TO OUR ANNUAL RIVER REPORT

I am pleased to announce that 2010 has seen yet another record average price being established for Brisbane Riverfront houses, as well as a new record for the total value of riverfront houses sold.

The average price for an absolute riverfront house rose to $3,545,597 over 2010, setting the tenth record in a row. Prices have soared by 269% since the current record run began in 2000 when the average price was just $961,490. When we started this indice in 1993, the average price was just $595,000.

The total value of all absolute riverfront houses sold in 2010 rose by 28% in price and 24% by volume. This 28% represents almost half of the substantial 64% rise in this index since 2008.

As predicted in last year's report, the $10 million glass ceiling has now been eclipsed, courtesy of a $10.3m riverfront sale in Hamilton.

The number of riverfront land sales eased further however with just 4 recorded, well down on 2007's 14.

As pleasing as it is to report the strong resurgence in riverfront values in the three years since the Global Financial Crisis hit, a fresh challenge is now upon us in the form of January's flood, which despite being far less severe than 1974, 'may' temporarily slow the river real estate sales juggernaut.

I only say 'may' as current interest in the river remains at a high ebb despite the flood event. The quantum of our first significant riverfront sale for 2011 (in this instance of a flood affected property) is genuine testament to that interest.

In addition to our regular market analysis, in this issue we also feature:

* *Beaches back at Chelmer*
* *Updated advisory from the BCC*

JOSEPHINE JOHNSTON-ROWELL
t: (07) 3858 8820
f: (07) 3371 9068
m: 0414 233 575
e: josephine@johnstondixon.com

ABSOLUTE RIVERFRONT HOUSE AND LAND SALES

RIVERFRONT HOUSES

The total value of absolute riverfront house sales for 2010 has come in at $145,369,500, a 28% increase over 2009, and an almost identical percentage increase as that of 2009 over 2008.

The number of sales rose by a significant 24% from 33 sales to 41. The average house price increased from $3,440,242 to $3,545,597, setting yet another new record, incredibly the tenth in a row.

In 2010 there were 34 sales recorded in the $2million plus range, an increase of 42% on 2009's 24 sales. Sales in the $2-3million price bracket increased 114% from 7 to 15. Sales over $4million increased 62% from 8 to 13. 2010 saw 2 x $7million plus sales, down from the 4 recorded in 2009.

2010/09/08/07 Comparative - Absolute Riverfront House Sales

	SALES BY PRICE BRACKET						
	$1-2million	$2-3million	$3-4million	$4-5million	$5-6million	$6million+	$7million+
2010	7	15	6	4	4	3	2
2009	9	7	9	3	-	1	4
2008	4	16	3	3	1	2	
2007	12	16	11	3	4	2	

"$10m glass ceiling smashed"

The highest absolute riverfront sale for the year was the $10.3million paid for a Hamilton home, establishing a new river record. The lowest absolute riverfront house sale this year was in Westlake, at $1.5million.

The top performing river suburb for 2010 by a very large margin was Chelmer which recorded 11 sales with a record total value of $36,195,000. The highest Chelmer sale was the $6million paid for a home with a Laurel Avenue address and the average house price for Chelmer for the year was $3.3million.

Coming in second this year was Yeronga which recorded 4 sales totalling $19,890,000, and Bulimba third with its 4 sales totalling $13,184,000.

The top performer last year, Norman Park, slipped to 8th place. Perennial peak performer Fig Tree Pocket only had one sale, albeit significant at $6.3million.

The average riverfront house price has risen from $3million to more than $3.5million in the three years since the GFC, continuing an unbroken spiral that broke through the $2million benchmark in 2004, and the $1million point in 2001.

RIVERFRONT LAND

A shortage of prime riverfront land has contributed to just 4 sales being recorded over 2010 compared to last year's total of 7, and the 14 recorded in 2007. The total value of land sales also decreased 32% over the year from 2009's $14,100,932 to today's $9,537,500.

The cheapest land sale was in Highgate Hill at $800,000 and the most expensive the $5.5m paid for a double block of land in Byron Street, Bulimba. The average riverfront land price rose 18% in value over the year to be back up above the critical $3m mark for the first time since 2007 at $3,007,500. Absolute Riverfront land has experienced similar stellar growth to its housing counterpart over the past decade having appreciated on average by 236%.

RIVERFRONT HOUSES AND LAND COMBINED

The total combined value of absolute riverfront house and land sales rose by a significant 19.4% in 2010 to $154,907,000, up from $129,762,893 in 2009 but still 24% off 2007's record total of $205million. The number of sales were up 12.5% at 45 on 2009's volume of 40 sales but again were still some 30% short of 2007's record total of 65 sales.

2010/09/08/07 Comparative - Absolute Riverfront Sale Numbers and Value

	NUMBER OF SALES			
	Houses	Vacant Land	Development Sites	Total
2010	41	4	-	45
2009	33	7	-	40
2008	29	11	-	40
2007	48	14	3	65

	SALE VALUE ($million)			
	Houses	Vacant Land	Development Sites	Total
2010	$145.4m	$9.5m	-	$155m
2009	$113.5m	$14.1m	-	$130m
2008	$88.6m	$27.5m	-	$116m
2007	$141.2m	$46.2m	$17.6m	$205m

RIVERSIDE HOUSE AND LAND SALES *(Properties separated from the river by a road or parkland)*

RIVERSIDE HOUSES

The total value of sales over 2010 was $17,826,500, down 15% from last years $21,057,000. The number of sales also fell 19% from 16 to 13 although the average sale price remained static at $1.3million. 2010's highest recorded sale was in Paragon Street, Yeronga at $2,150,000, and the lowest along Mt Ommaney Drive, Jindalee at $865,500.

RIVERSIDE LAND

There were 6 riverside land sales totaling $5,442,000 in 2010 compared to 5 totalling $5,775,000 last year. The average riverside land price slipped back under $1million over the year down from $1,155,000 to $907,000.

RIVERSIDE HOUSES & LAND COMBINED

The total combined value of Riverside houses and land in Brisbane was $23,268,500 (from 19 sales made during 2010), a figure 16% down from 2009's $26,832,000 (which was made up of 21 sales).

The GRAND TOTAL of all river sales (absolute riverfront and riverside house and land sales combined) in 2010 of $178,176,000, was up 15% up on last year but still 40% short of 2007's peak performance of $295,898,179

(Note: All sales statistics are sales that have settled in calendar year 2010)*

Chelmer Sales totalling $36,195,000 *almost double their closet rival*

(Top Sale in Laurel Ave, Chelmer at $6million pictured)

There were 34 $2million+ Sales Recorded in 2010

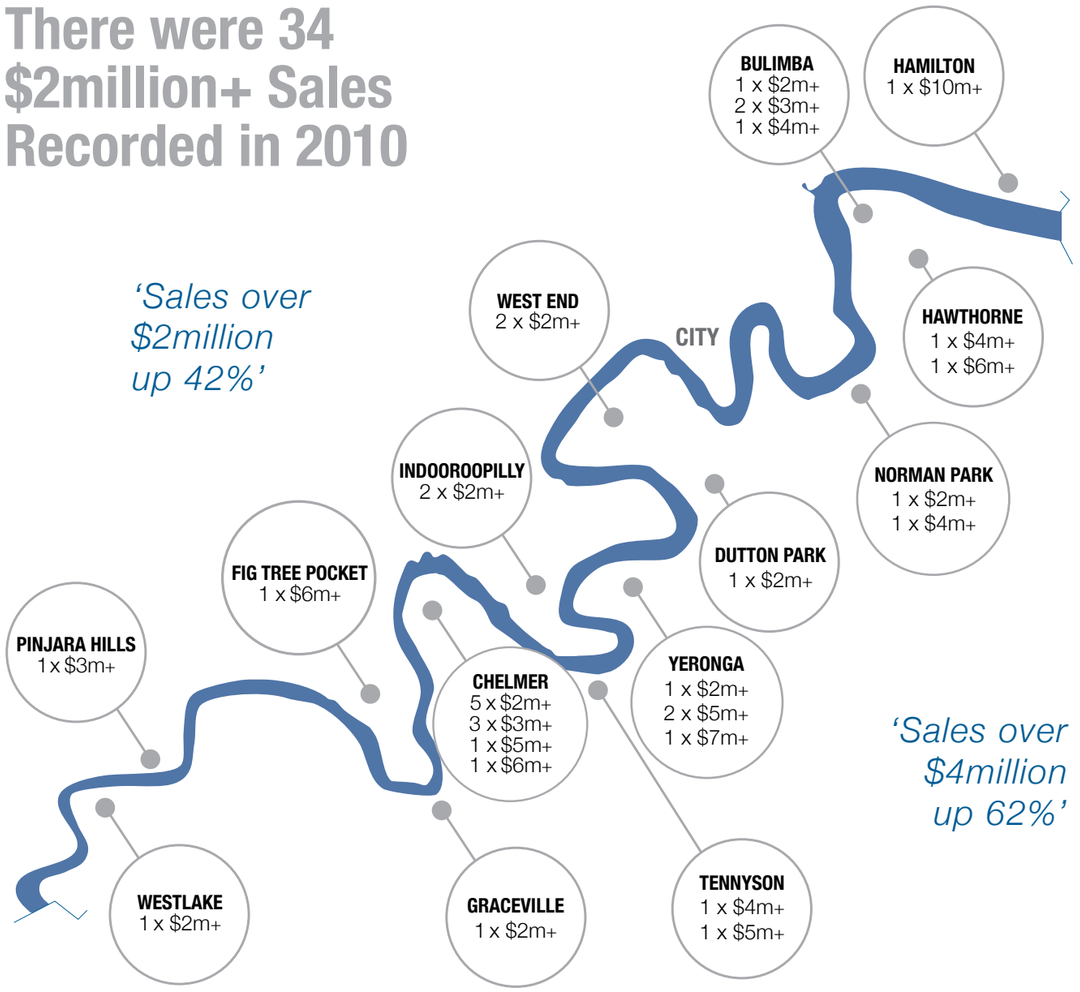


Table 1.

Absolute Riverfront Price Averages *(excludes development sites)*

	HOUSES		VACANT LAND	
	Average Price	Number of Sales	Average Price	Number of Sales
2010	$3,545,597	41	$3,007,500	4
2009	$3,440,242	33	$2,014,418	7
2008	$3,054,196	29	$2,497,090	11
2007	$2,942,656	48	$3,301,357	14
2006	$2,761,290	43	$2,392,500	8
2005	$2,666,687	37	$1,900,416	12
2004	$2,535,810	50	$1,511,667	6
2003	$1,890,103	66	$1,530,417	12
2002	$1,554,344	64	$1,040,875	16
2001	$1,131,349	56	$1,099,277	9
2000	$961,490	51	$894,500	8

The average absolute riverfront house price has risen by ***268.8% in just 10 years***

Average absolute riverfront land prices are back ***above $3million and are up 236% since 2000***

Table 2.

Absolute Riverfront Sales History

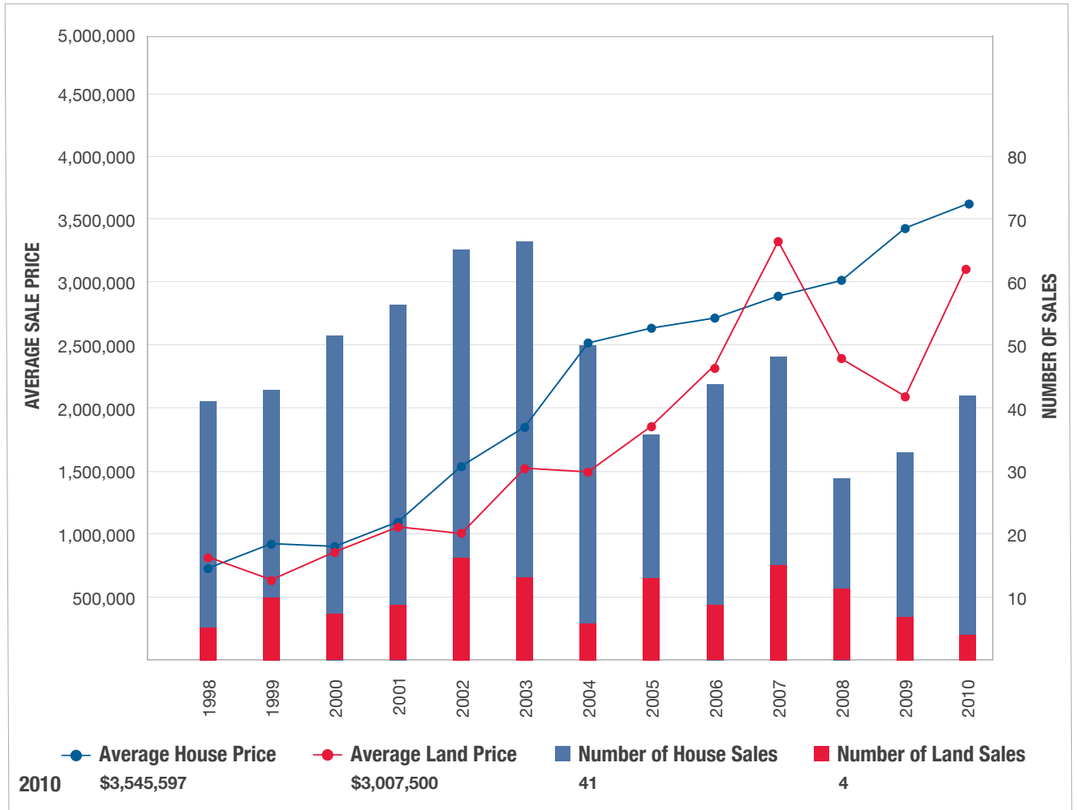


Table 3.

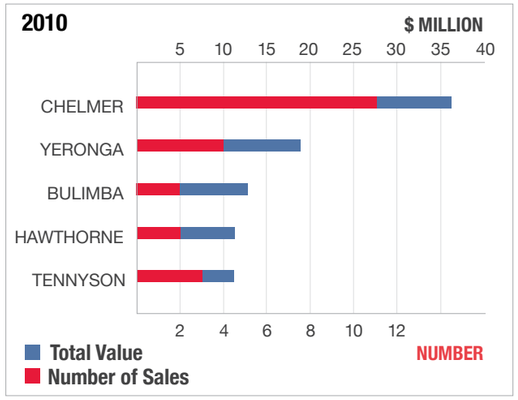
Top Performing Suburb by Average Absolute Riverfront House Price

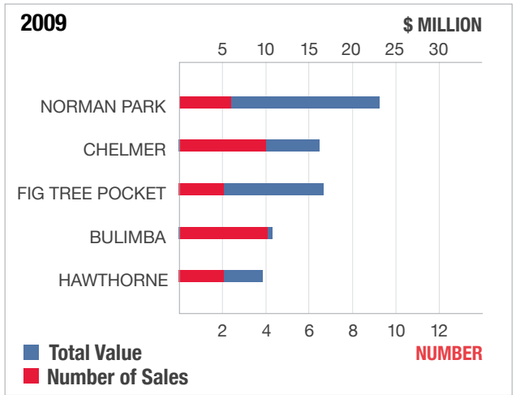
	First	Second	Third
2010	**HAWTHORNE** $5,695,000	**YERONGA** $4,972,500	**TENNYSON** $3,768,333
2009	**FIG TREE POCKET** $8,325,000	**NORMAN PARK** $3,809,166	**CHELMER** $3,790,000
2008	**HIGHGATE HILL** $3,310,000	**CHELMER** $2,698,333	**YERONGA** $2,558,333
2007	**HAWTHORNE** $3,616,667	**YERONGA** $3,482,222	**CHELMER** $3,130,000
2006	**BULIMBA** $3,033,333	**YERONGA** $2,914,050	**CHELMER** $2,732,857
2005	**FIG TREE POCKET** $4,075,000	**HAWTHORNE** $3,625,000	**YERONGA** $2,070,000
2004	**NEW FARM** $3,617,000	**HAWTHORNE** $3,525,000	**FIG TREE POCKET** $3,520,000
2003	**ST LUCIA** $2,916,667	**NEWSTEAD** $2,715,833	**FIG TREE POCKET** $2,615,545
2002	**HAWTHORNE** $2,440,000	**NORMAN PARK** $2,340,000	**BULIMBA** $2,193,333
2001	**KANGAROO POINT** $2,034,185	**NEW FARM** $1,758,333	**YERONGA** $1,655,375
2000	**HAWTHORNE** $1,200,000	**CHELMER** $1,115,250	**NEW FARM** $1,040,833

* Note: Averages only provided where there are 2 or more sales

Table 4.

2010/09/08 Absolute Riverfront House Sales Comparative - Top Five Suburbs by Total Value





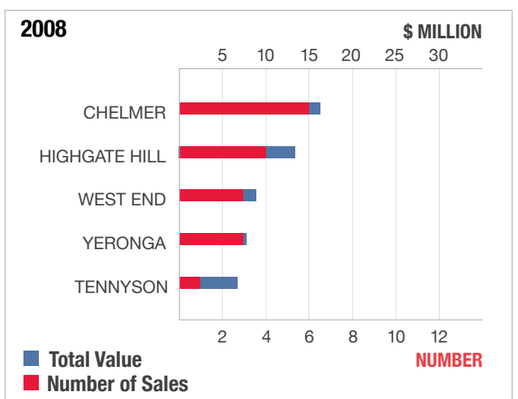


Table 5.

Average Absolute Riverfront House Prices by Area *(excluding development sites)*

Area	Number of Sales	Total Sales Value	Average Price
Bulimba / Hawthorne / Norman Park / East Brisbane	8	$30,709,000	$3,838,625
West End / Dutton Park / Highgate Hill	4	$9,840,000	$2,460,000
Fairfield / Yeronga / Tennyson	7	$31,195,000	$4,456,428
Chelmer / Graceville / Sherwood / Corinda	13	$40,737,500	$3,133,653
Jindalee / Mt Ommaney / Westlake	3	$5,385,000	$1,795,000
Pinjarra Hills / Moggill / Anstead / Bellbowrie	1	$3,668,000	-
Toowong / St Lucia / Indooroopilly	3	$7,235,000	$2,411,666
Fig Tree Pocket / Kenmore	1	$6,300,000	-

* Note: Averages only provided where there are 2 or more sales

Table 6.

Absolute Riverfront Sales Chronology (Since 1999)

	HIGHEST		LOWEST		AVERAGE	
	House	Land	House	Land	House	Land
2010	$10,300,000	$5,500,000	$1,500,000	$800,000	$3,545,597	$3,007,500
2009	$9,500,000	$3,500,000	$1,111,000	$1,345,000	$3,440,242	$2,014,418
2008	$6,800,000	$5,050,000	$1,330,000	$825,000	$3,054,196	$2,497,090
2007	$6,100,000	$7,200,000	$1,100,000	$1,230,000	$2,942,656	$3,301,357
2006	$4,600,000	$5,050,000	$1,250,000	$825,000	$2,761,290	$2,392,500
2005	$5,500,000	$3,175,000	$1,175,000	$950,000	$2,666,687	$1,900,416
2004	$5,250,000	$2,400,000	$825,000	$970,000	$2,535,810	$1,511,667
2003	$8,200,000	$3,660,000	$490,000	$495,000	$1,890,013	$2,470,727
2002	$4,100,000	$2,900,000	$365,000	$295,000	$1,554,344	$1,040,875
2001	$2,700,000	$3,200,000	$409,000	$393,000	$1,131,349	$1,099,277
2000	$2,900,000	$1,290,000	$375,000	$470,000	$961,490	$894,500
1999	$3,300,000	$2,880,000	$400,000	$235,000	$991,000	$682,700

* Note: The highest sale in 1993 was $6.8m for the mansion built by Keith Lloyd on 3450m² at Norman Park

	COMBINED RIVERFRONT SALES (HOUSE & LAND)	
	Number of Sales	Total Value
2010	45	$154,907,000
2009	40	$129,762,893
2008	40	$116,039,700
2007	65	$205,066,500
2006	53	$137,875,500
2005	58	$186,252,436
2004	59	$159,520,500
2003	81	$166,295,860
2002	86	$136,898,000
2001	65	$73,249,055
2000	59	$55,880,500

Fact Sheet

Advice for residents regarding repairing, renovating or rebuilding flood affected properties

The following is an abridged version of the most up to date requirement advice from the Brisbane City Council.

DWELLINGS

Will I need Council approval to do the work?

This will depend on the extent, type of repairs and renovations proposed and whether your house:

- complies with the Acceptable Solutions in the House Code
- is a Heritage House
- is located in a Demolition Control Precinct (DCP)
- is on a Small Lot
- is located in a non-residential area.

If you find you need an approval, there are two types:

Planning approvals/DA:

Are required for: Houses over 8.5m in height | for houses located in a DCP or on Small Lots | for Heritage houses | for Pontoons.

Building approvals:

Are required for: Houses | retaining walls | swimming pools | pool fences | fire safety systems.

My house has been flooded but does not need repairs. Do I need approval to move back in?

There are no Council approvals required.

What if rebuilding exactly as it was pre-flood?

If you intend rebuilding or repairing your house 'like-for-like' because your house was damaged by the flood, you do not need a DA, providing the previous building was lawful. If you want to rebuild it differently from the original approval, you will need a BA and may need a DA.

How do I obtain a copy of previously approved plans?

Council has some building plans for houses, house alterations and extensions approved since 1987. If you decide to rebuild 'like-for-like' you should be aware that the original house may not have flood immunity to Council's current standards. You may want to consider raising your house to achieve higher flood immunity. If the intended height of the house exceeds 8.5m above the ground level then a DA will be required.

What if I lodged a development application with Council prior to the flood?

If you have already lodged a development application for a house and you want to change your design to increase flood immunity, contact Council's assessment manager for the application to discuss your options.

Where can I find more information about planning and building in Brisbane?

For general information about planning and building in Brisbane, visit www.brisbane.qld.gov.au/planning andbuilding.

PONTOONS

If your pontoon can be repaired, and you have a previous Prescribed Tidal Works (PTW) approval or Section 86 Harbours Act (S86) approval, you can repair your pontoon without any additional approvals by complying with the conditions of the Department of Environment and Resources Management (DERM) Exemption Certificate CSCE019518811 dated 14 February 2011. This includes reinstating gangways and similar structures along with replacing/repairing damaged piles. You will be required to provide Council with certification from a Registered Professional Engineer of Queensland (RPEQ) once you have completed the works.

Council will allow temporary pontoons for a period up to 31 January 2013. The temporary pontoon and associated structures must meet the design, construction and safety criteria of the IDAS code for development applications and must be allocated within the approved pontoon site area. A PTW approval is not required, however you need to advise Council of your intention to construct a temporary pontoon. All temporary pontoons must be replaced by permanent pontoons or made lawful by 31 January 2013. All works for replacement permanent pontoons must be completed by 31 January 2013.

If you want to rebuild a permanent pontoon structure in a different location, a PTW application will be required. Council will offer a free pre-lodgement service for people to discuss what permits are required. Council will fast-track these applications. If you are not replacing your pontoon 'like-for-like' then a PTW approval will be required. Council will fast-track these applications.

To obtain a copy of your previous PTW or S86 approval, contact Council by emailing **dafloodenquiries@brisbane.qld.gov.au** or contact Council on (07) 3403 8888. You will need to provide the property address and, if known, the real property description eg Lot 12 RP 345678. Approvals given from 2006 may be available on PD Online on Council's website at **www.brisbane.qld.gov.au**

The State Government is responsible for the design and construction standards of pontoons under the IDAS code for development applications for prescribed tidal work. A review of standards may occur following the outcomes of the independent Commission of Inquiry into the flooding, being undertaken by the Queensland Government.

Many pontoons washed down the Brisbane River during the flood had no identifying marks on them. Make sure that your new or restored pontoon has your street address and property description (lot/plan) clearly marked on it.

Many pontoons were not securely attached to their piles, so when the river level rose these pontoons floated off the top of their piles and down the river. Council expects you to ensure you have a tethering system in place to ensure your pontoon does not float away. Talk to your engineer or designer about ways of securely attaching your new or restored pontoon so it will not float away. See diagrams below for examples.

Maintenance work on a lawful tidal structure means maintaining works in accordance with the development approval.

Examples of maintenance work include:

- replacing a structural element of an approved structure (e.g. jetty or pontoon, weir, community facility on State coastal land) in accordance with approval plan;
- replacing displaced material (e.g. rocks, soil, etc) from an approved structure (e.g. rockwall, bundwall, seawall); and re-surfacing an existing approved structure (e.g. boat ramp) in accordance with approved plan.

Examples of work not considered to be maintenance work include:

- replacing or rebuilding whole structures; and
- changes in a structure which will lead to lower structural capacity.

Diagram showing pontoon fixed to pile with chain

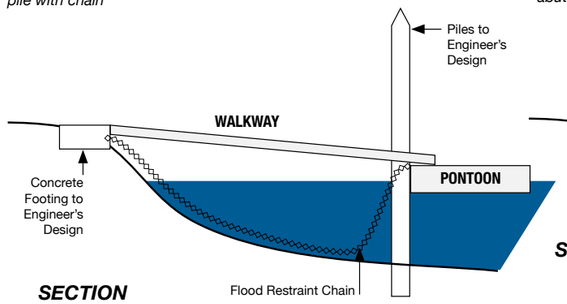
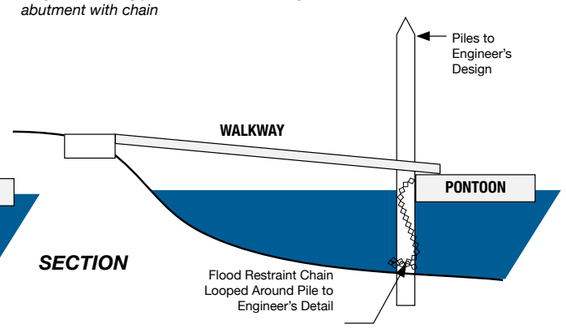


Diagram showing pontoon fixed to footing/ abutment with chain



Comment

In 2001 Brisbane City Council approved a City Plan to restrict riverfront owners from building private jetties and pontoons within 20 metres of an existing landing. This superseded a minimum requirement of a 3 metre separation to "restrict visual clutter along the river banks". It was our contention at the time that this would have the opposite affect, which indeed it did. A stampede to install pontoons resulted to protect property values and not just moor boats.

As a result of the recent flood more than 380 pontoons and 18 boats were washed down the Brisbane River. It will be interesting to see how many are reinstalled now that the 20m separation rule no longer applies.

Should you have lost your pontoon or boat and not yet located it, property identification information is available on the Maritime Safety Queensland website at www.msq.qld.gov.au

Residential pontoons piled high at Hemmant

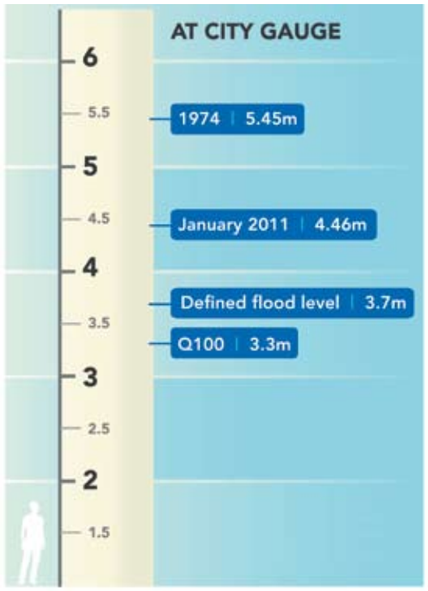
To help our city and rebuild after the January 2011 flood event, Council marshalled experts to advise what flood standards homes should be built to in Brisbane. As a result, the Defined Flood Level will be raised to January 2011 peak flood level in most areas, changing the habitable floor level for properties affected by the river flood.

The new minimum habitable floor level for residential development will be 500mm above the January 2011 peak flood level except where the existing defined flood level is higher than the January 2011 peak flood level.

Council will soon vote on the new 'interim' flood level. The 'interim' flood level will come into effect once adopted by Council and approved by the State Government. Council will be able to confirm the new level for individual properties once the new flood standard is adopted.

The new level will only be applied to new residential development but should be considered for industrial and commercial developments.

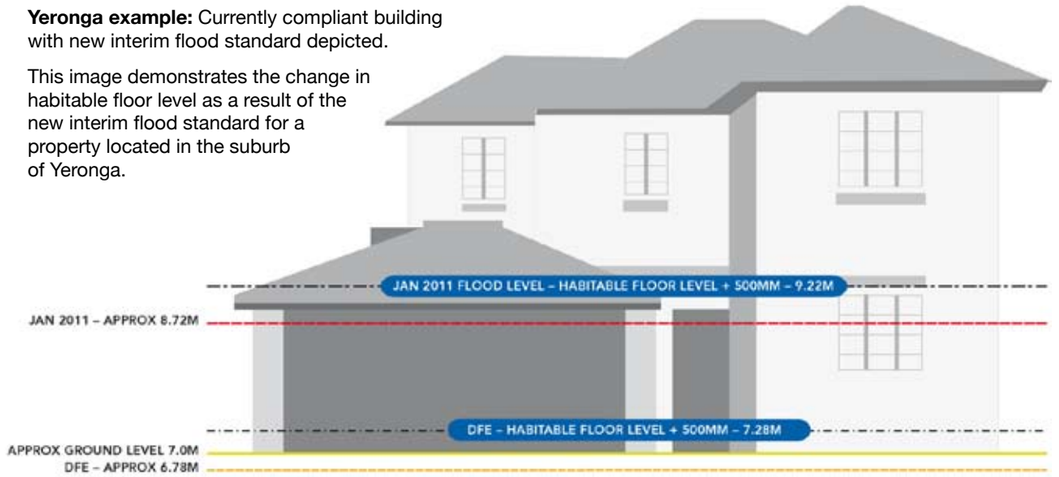
The interim position will be in place until such time as a decision is made by the Queensland Floods Commission of Inquiry (estimated completion January 2012) amends it or until new information is available to indicate the interim position needs reviewing.

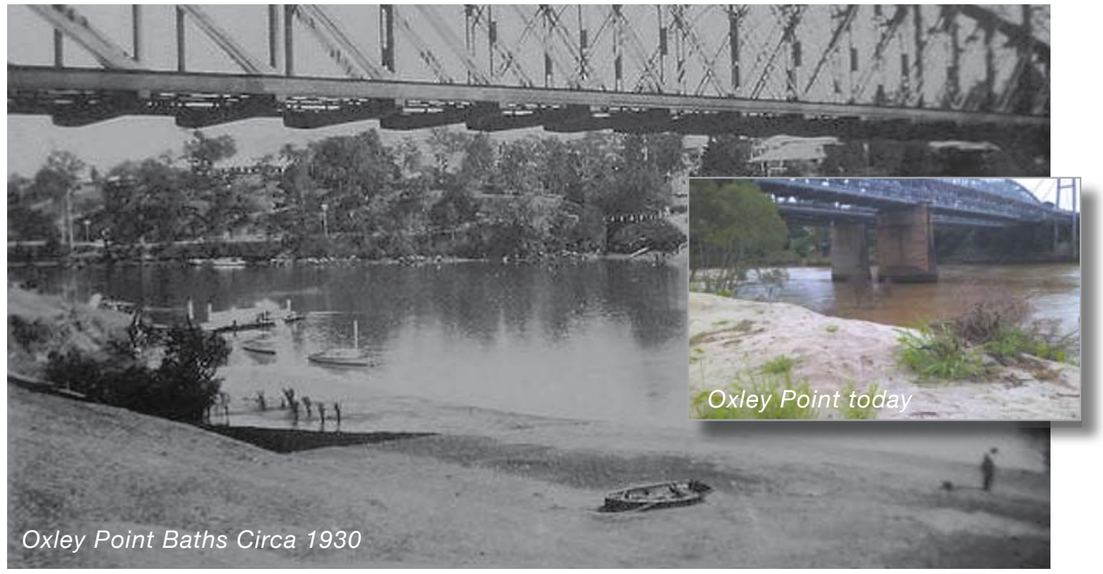


The change from 3.7m to 4.46m at the City Gauge (located at Thornton St, Kangaroo Point).

Yeronga example: Currently compliant building with new interim flood standard depicted.

This image demonstrates the change in habitable floor level as a result of the new interim flood standard for a property located in the suburb of Yeronga.





Height difference between 2011 and Defined Flood Event (DFE)

Selected Locations	Jan 2011 Flood Approx. Level *(m AHD)* *	DFE Design Level *(m AHD)*	Difference between 2011 and DFE *(m)*
Brett's Wharf	2.48	2.05	0.43
Mouth Breakfast Creek	2.80	2.05	0.75
Powerhouse	3.20	2.80	0.4
New Farm Park	3.41	3.10	0.31
Story Bridge	4.35	3.66	0.69
City Gauge	4.46	3.70	0.76
SouthBank	5.35	4.30	1.05
Park Road	6.63	5.11	1.52
West End Ferry	7.42	5.79	1.64
Fairfield	8.72	6.78	1.94
Tennyson Tennis Centre	9.84	7.79	2.05
Mouth Oxley Creek	10.0	7.99	2.01
Graceville (Low Side)	10.10	8.05	2.05
Sherwood Arboretum	11.61	9.51	2.10
Seventeen Mile Rocks	12.57	10.30	2.27
Centenary Bridge	12.91	10.80	2.11
Westlake	13.80	11.88	1.92
Goodna Creek	16.79	15.20	1.59
Moggill Ferry	17.48	15.90	1.58
Karana Downs	22.98	21.10	1.88

Interim Flood Standards

The table at right shows a comparison between the current and interim flood standard for several suburbs along the Brisbane River. The level difference is subject to verification of the January 2011 flood height and therefore may change.

Definitions

Minimum Habitable Floor Level
The minimum level at which habitable areas of development (generally including bedrooms, living rooms, kitchen, study, family and rumpus rooms) must be constructed.

Defined Flood Level (DFL)
The Defined Flood Level is the predicted height that water will rise to when a defined flood event occurs.

Might we soon be back swimming between the flags at Chelmer?

The recent floods have returned countless tonnes of sand and gravel to the bed and banks of the Brisbane River, as well as fresh hope that it may soon return to full health.

One flood event won't reverse the full physical and ecological toll of half a century of indiscriminate dredging ('ostensibly' for navigation purposes) that turned an inviting crystal clear waterway dirty brown.

But when the mountains of fresh sand and gravel washed down fully settle over the sludge left behind from the dredging, we should see a marked improvement in turbidity.

Some other relevant river facts:·

· Before dredging commenced, the Brisbane River was tidal for just the first 16km of its length. It is now tidal to a full 85km upstream.

· Giant saltwater mangrove varieties are increasingly taking over native freshwater mangrove habitats along many tidal sections of the river.

· The Brisbane River Cod (close relative of the Murray Cod) became extinct in the river around the middle of last century due to the combined affects of habitat degradation and overfishing. Mary River Cod were then introduced to compensate.

The Final Word

"Some welcome confidence returned to the River Market over 2010 despite a sluggish domestic economy, ongoing uncertainty abroad (a hangover from the GFC), and interest rates having risen 65% over just the last two year period.

The start of 2011 however was not ideal with rolling floods affecting a large part of Eastern Australia, all of Queensland, and Brisbane City experiencing its first true 'post Wivenhoe' flood.

Just two months on however, the city is largely back to normal, and the river property market has been buoyed by a very early landmark sale.

The decisive nature of this $5milion+ sale, particularly given it was for a flood affected property, has immediately quelled most of the wild speculation about post flood river values.

Additionally, the series of very serious natural disasters that have affected our region since (Cyclone Yasi and then the devastating earthquakes of Christchurch and Japan) have had the effect of suppressing or attenuating the psychological impact of the flood.

What has been largely lost on the community to date however, are the positives coming out of the January flood.

The first, the likelihood of much improved river clarity as covered in the previous article. Second is the vast improvement to views of the river now that most of the post 1974 mangroves have washed away; and lastly, the wash-up from the flood inquiry will provide either a much improved Flood Mitigation Plan for Wivenhoe Dam (at worst), or a plan that will totally flood proof Brisbane (at best).

There will always be twists and turns in the history of the river but there is and can only be one river and just Brisbane's past and predicted population growth alone dictates that values on the river will continue to outpace other forms of residential real estate".

Josephine Johnston-Rowell

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