



Welcome to the Plum Property Newsletter #10

Queensland as featured in The Australian

Yes we know we keep talking about the great property investment opportunities in Queensland, but we can't resist sending you this article that appeared on the front page of The Australian on Saturday (see below). It supports everything we've been saying about the extraordinary growth prospects up North, and I'm sure all of our clients who have bought there so far will be delighted to read it.

(If you don't have time to read it all then just have a quick look at the bits highlighted in yellow and you'll get the general idea.)

Regards Karen & Bruce

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And please contact us if you are considering investing in property and would like an obligation-free consultation.

Travelling north: Sunshine State's golden age

Hedley Thomas | December 08, 2007

WES Moxey's floating showroom on the Gold Coast - where Queensland's newly minted millionaires mix with the international jet set and paw over luxury boats worth a minimum of \$400,000 apiece - is separated from Brisbane by one of the nation's most prosperous highways.

The tarmac cuts in half vast tracts of once-swampy land that has been redeveloped for grand housing estates, the corporate headquarters of burgeoning modern companies, and light industrial precincts trying to keep up with a remarkable and historic growth cycle.

On both sides, motorists barrelling north and south can see and feel unprecedented injections of money, people and savvy investments -- the bedrock of a broad and deepening economic success. And all of it is rushing helter-skelter through this corridor, south and across the NSW border past Tweed Heads, and a long way back up the Queensland coastline beyond Cairns in the far north.

Queensland's prosperity is increasingly evident. The massive population influx, lifestyle advantages, tourism, resources boom, diversifying economy, blue-ribbon education centres, record low unemployment, and now political power delivered by two born-and-bred Maroons -- Prime Minister Kevin Rudd and his Treasurer, Wayne Swan -- are creating brilliant economic sunshine in the once-ridiculed banana-bending state.

Just about everyone you talk to -- from new arrivals to Moxey, who began on the factory floor and now heads a Gold Coast-based workforce of 1200 producing 350 luxury boats a year for export around the world, to new Premier Anna Bligh, super-retailer Gerry Harvey, AMP Capital's chief economist Shane Oliver and boutique funds management guru Ian Macoun -- believes the state will be basking for a long time yet.

Many are putting their money where their mouth is. This is, they say, the start of Queensland's century. It is being propelled by a historic shift in human and financial capital from Australia's south to the north.

"We're on fire," Bligh says of the state's economic prosperity and growth prospects. And for once even her political opponents in Queensland agree.

"I literally feel like we're poised at the edge of this massive leap forward and it's incredibly exciting," Bligh says.

"There is no better place to be at the moment. It's a golden era. We're moving very rapidly to becoming the second-largest state in the commonwealth by population, with extraordinary economic activity. I don't think it has been well understood by policy-makers (outside Queensland), and particularly by those in Canberra."

The lack of understanding is set to change. Gone are the days when Bligh, as treasurer in the former Beattie government, could not persuade the federal Treasury's top public servants to come to Queensland for a fact-finding tour. She believed back when she extended the invitations that the nation's top bean-counters could learn much more about the dynamics of the fast-changing northern economy and its contribution to Australia's prosperity by seeing it for themselves.

"They agreed to do it, but could never find the time," she tells *The Weekend Australian*.

"Now, I don't need to take Kevin Rudd and Wayne Swan on a helicopter ride to see it. They live here."

It's early days, but in the boardrooms of Brisbane's Waterfront Place, the gleaming Eagle Street commercial tower where commercial tower where Rudd held his first federal cabinet meeting on Thursday, to the cane farms in the north and the mines of the west, it is generally agreed Queensland's unique political quinnella can only bolster the state's boom.

Moxey, the Riviera chief whose vessels range in price from \$400,000 to \$4.7 million with the release of a new model next year, says: "Bloodlines in Queensland run pretty deep -- the State of Origin (rugby league) proves that. Having the Prime Minister from Queensland and having a good relationship with Anna Bligh must be good for the state.

"Once the Gold Coast had a reputation for attracting B-grade business people. Now it's seen interstate as a real opportunity. The Gold Coast will join Brisbane in one big mega-city.

"All the way up the coast there are good and new sustainable developments, and people realise it's easier than in NSW. We're entering a new era. There is no question that Queensland is the most fortunate state."

Ian Macoun, the Queensland Investment Corporation's first chief executive, a former state Treasury official and now Sydney-based managing director of the boutique investment fund Pinnacle, has no doubt the Rudd-Swan combination is a plus for the Sunshine State.

"It's the environment they know. They can see the opportunities," Macoun says. "There is tremendous potential when you have the Treasurer and the PM both from Queensland. If the resources boom collapsed, which I'm not predicting, people would stop going to WA, but they would keep coming to Queensland."

"The influx is an inexorable feature of the growth story. People go to WA for the jobs, but they go to Queensland because they want to live there -- and there are jobs. I think Brisbane can become a very substantial centre for funds management."

Asked by The Weekend Australian about Queensland's future as he stood in his RM Williams boots beside Swan and his deputy, Julia Gillard, in Brisbane on Thursday, Rudd acknowledged his home state as "a big contributor to the nation's economic prosperity".

"In Queensland here, we see this part of the national economy as growing strongly, but we would like to see, of course, more and more international focus delivered to those parts of the country beyond the triangle," Rudd said. It sounded like: "Queensland is going gang-busters, now let's hope lagging other states can catch up and benefit."

Bligh asks sceptics to consider key angles in the growth story. As she told a crowded lunchtime conference of the Committee for Economic Development of Australia during the federal election campaign: "We are a state that is emerging as the major economic force in the country. Our economic growth is outstripping the nation for the 12th consecutive year. There are 1800 new Queenslanders coming each and every week, adding up to a city the size of Mackay every single year, and set to continue."

Bligh extols the state's virtues -- first in Australia for growth in business investment, with 20 per cent growth every year for the past five years; first for employment and population growth; first for creation of full-time jobs; first for public infrastructure spending (\$14 billion); first for lending for investments; first for growth in home loan lending; second (to NSW) as most popular destination for overseas visitors to the country; and second (to Western Australia) for growth in business profit -- 20.6 per cent in the past year, or three times the rate of NSW and double that in Victoria.

"We need to accept the growth is here with us to stay for the very long-term future," Bligh says.

The boom and the financial returns would undoubtedly be stronger if the planning and infrastructure, particularly in the southeast, had been properly planned. The challenges for Bligh and local government to build new roads, dams, schools and hospitals are huge; the failure to do more earlier means the costs now and in the future are much greater. But as infrastructure catches up, the financial wave from Chinese and Indian demand for the state's resources gathers momentum. Queensland's coal reserves, which are driving much of the growth in Gladstone, Mackay and Townsville, are tipped to last three centuries.

Vast reserves of coal-seam gas in the state's southwest offer a new and cleaner energy source. Uranium is plentiful -- and mining companies privately predict that the potential financial spoils combined with the Government's obligation to produce cleaner energy will result in the reversal of existing bans.

"Queensland is booming -- you can see that just from the numbers of people on the airplanes going into Brisbane. The strength does seem to be right up and down the coast," says Sydney-based Shane Oliver, AMP Capital's chief economist. "Queensland is benefiting from the mining boom, but its

advantages are quite broad because of lifestyle attractions, sea change, tourism and ageing population.

"A lot of Australia's longer-term trends benefit Queensland. It's firing on a lot of cylinders. That helps whether there's a mining boom or not. It's still seeing massive interstate migration from the southern states looking for lifestyle benefits.

"I don't see any end in sight -- the money will be flowing disproportionately to Queensland. You have retirees going up for the lifestyle, working Australians going up for jobs, a mining boom and tourism - everything is going for it. If not for the population influx, Queensland would have an even lower unemployment rate.

"My feeling is that Queensland will remain an out-performer for years to come. The two southern states, NSW and Victoria, probably looked down on Queensland to some degree -- politics was an issue for a while, and it was seen as lacking in sophistication. That's changing. Brisbane is becoming a sophisticated city."

According to Oliver, in the early 1990s there was a view in the southern states that recovery by their manufacturing industries would produce great growth in the rust-belt compared with the growth in the northern sun-belt.

"Here we are 15 years later and Queensland is still booming," he says. "Its boom now is seen as far more durable and people are voting with their feet. A lot of the growth has been organic as local businesses grow. Queensland is getting new manufacturing (such as luxury boat-building) instead of the rust-belt manufacturing of cars and car parts in other states whose industries are struggling.

"Western Australia would be a lot more vulnerable to a collapse in the mining sector -- mind you, I don't think that will happen -- because Queensland has a much broader industry base. WA does suffer from the tyranny of distance to a degree. It makes it a bit harder for the bulk of the population on the east coast to access."

Retail giant Gerry Harvey, whose thrust into Queensland with 30 stores has reaped rewards for the Harvey Norman group, describes the boom as historic.

"And the further north you go, the better it gets," he says. "Rockhampton, Mackay, Townsville, Cairns -- they're all very strong. Southeast Queensland is strong. The other states envy Queensland and its bright future. People used to have more money in the southern states -- if you grew up in an ordinary Queensland family in the 60s or 70s there wasn't much money, it was a bit of a time-warp. But not now.

"I was at Hamilton Island years ago when Keith Williams built it. I went up recently -- they're building a six-star resort there with million-dollar homes all over the place -- and I came away saying, 'Holy shit, there's some big money being spent'."

Harvey offers his family's recent property investments as proof of the real estate boom straddling the NSW-Queensland border. "My wife bought two blocks of land two or three years ago for \$800,000 a block at Salt (near Tweed Heads). She put houses on them and now she's selling for \$4 million to \$5 million each. Nearby blocks are selling for \$2.5 million each. If someone had told you five years ago a house near Tweed Heads would sell for \$5 million you would say, 'Don't be bloody stupid'."

Brett Frizelle, principal and co-owner of the Gold Coast's largest automotive group, has expanded rapidly thanks to the state's prosperity. His father James's original Mazda dealership in Southport is now dwarfed by the group's accompanying Audi, Chrysler Jeep, Mazda, Hyundai, Volkswagen and Isuzu franchises on the strip. In the mid-1980s they had a dozen staff selling 12 cars a month, now they employ more than 300 people and sell 500 new cars a month -- from the \$14,000 Hyundai to the \$300,000 Audi R8 sports car.

"Each successive year has eclipsed the previous one, and as it has evolved we've grabbed opportunities along the way," says Frizelle.

"We believe demand will continue to grow with population growth and other developing industries. Many people are astounded at the region's growth. It's hard to keep it a secret."

When the Colliers International property group this week tallied up the new development projects planned or under way on the Gold Coast since 2000, the value topped \$66billion, prompting The Gold Coast Bulletin to declare the once-battling strip "has become the tiger economy of the nation, energised and hungry for more action".

The label could just as easily have been applied to most of the Sunshine State.

Says Bligh: "Business people come up to meet me when they have their national board meetings here and they say, 'I can't believe Brisbane now -- when did all this start happening?' The challenge is to keep it up."