

Our Ref: 200309.KB

March 20, 2009

Lauder Pty Ltd  
PO Box 764  
Toowoomba QLD 4350

Email: [lauder@icr.com.au](mailto:lauder@icr.com.au)

Dear Mac

**RE: RESEARCH**

I think some of the key points from an economic perspective include:

1. The SGS report estimates that 190 homes are owned by personnel, a further 120 properties rented by Borneo Barracks or through Defence Housing.
2. The selling of approximately 190 homes represents approximately one year's supply of building approvals relative to building approvals in 2007/08. However, information for the first 6months of 2008/09 has highlighted that building approvals in the Highfields and Crow's Nest Statistical Local Areas have slowed considerably, representing a 12month projection of approximately 160 building approvals, suggesting that the loss of 200 households in a downturning economic climate would represent between 1 to 2 years supply.
3. Overall, the relocation of those living in privately owned or rental accommodation (310 households) would represent a significant 36% of 12 months' building approvals for the Toowoomba Region during 2007/08, a period of strong residential activity. Estimates for full year 2008/09 suggest that these 310 households could represent a very significant 60% of total supply of new dwellings. In other words, this would be a considerable impact on the housing market for the Toowoomba region to absorb if suddenly "dumped" on to the market. Staggering the relocation and therefore release of these dwellings to the market would assist in reducing the level of impact on the residential property market in the order of say 15-20% per annum would represent between 3 to 4 years for the Borneo Barrack's to relocate personnel. The Report does recommend phasing of the relocation over 6-8 year period suggesting an annual release equivalent to approximately 5-10% of the total new residential market.
4. The 310 households living in private dwellings would represent an annual retail expenditure base of \$8million. The SGS Report estimates that 7% of this is spent at Highfields, representing some \$0.6million in expenditure per annum at Highfields, or approximately 2% of total turnover for the Highfields centres. Whilst not significant, it would require almost 2years population growth within the Trade Area to ameliorate this impact.



5. On this basis, it would appear that a 4 to 5 year time horizon from announcement to complete the phase of relocation would seek to minimise impacts on the residential and retail markets in particular. This will allow the economy to continue to gather traction from other ongoing growth within the region. This however, does not make allowance for indirect effects on the surrounding economy, suggesting that the planning horizon should be closer to 5 to 7 years. Therefore if the Barracks were to announce a closure in 2014/2015, in order to sustainably absorb the level of impact of the proposal, closure for 2020 should be budgeted.

I trust that this information meets your requirements at this stage.

Yours faithfully  
**Urban Economics**

A handwritten signature in black ink, appearing to read 'K Bonwick'.

**Kerriane Bonwick**  
Managing Director

