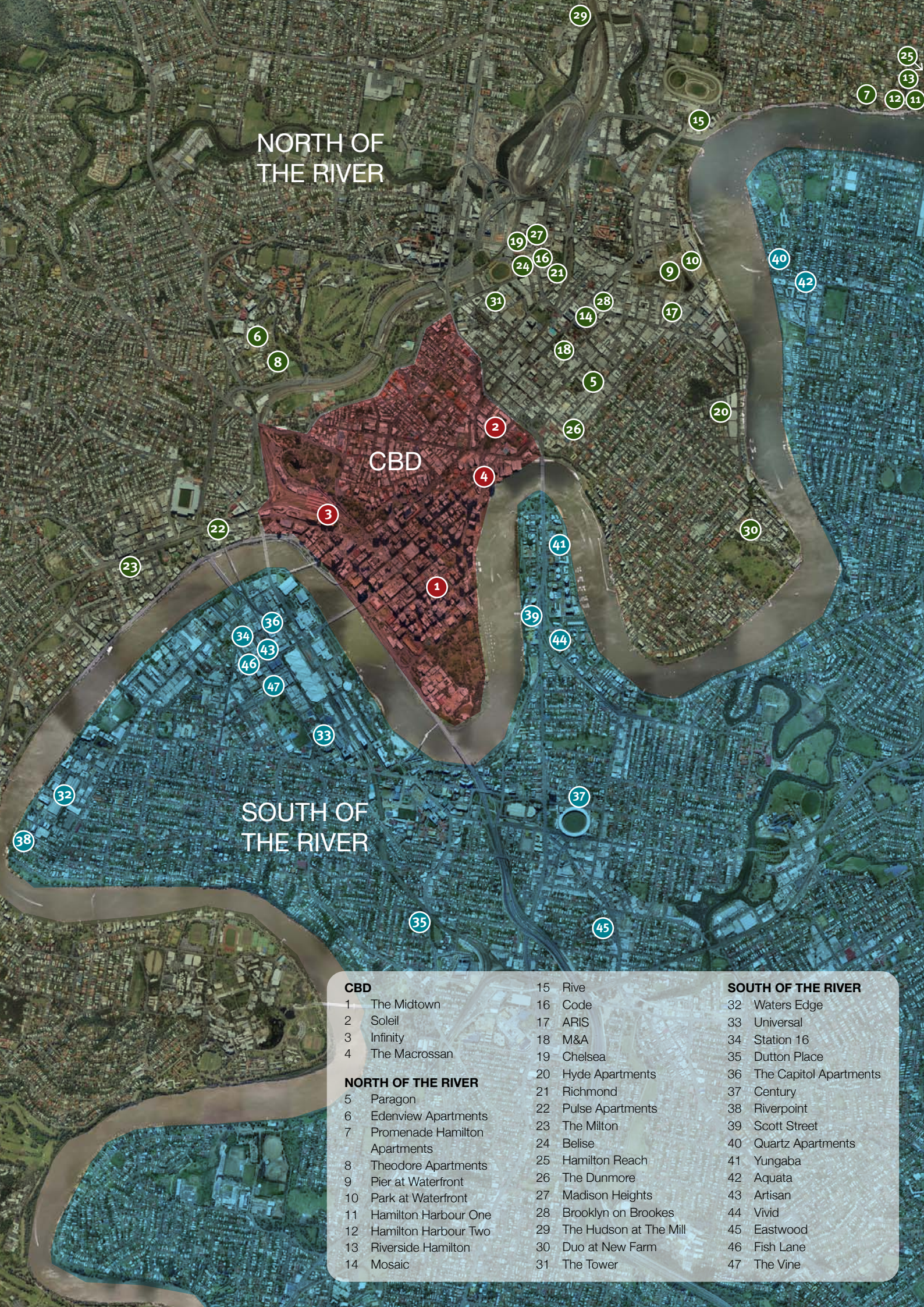




**Market Report** | Inner Brisbane Apartments  
March Quarter 2012



# NORTH OF THE RIVER

## CBD

# SOUTH OF THE RIVER

### CBD

- 1 The Midtown
- 2 Soleil
- 3 Infinity
- 4 The Macrossan

### NORTH OF THE RIVER

- 5 Paragon
- 6 Edenvue Apartments
- 7 Promenade Hamilton Apartments
- 8 Theodore Apartments
- 9 Pier at Waterfront
- 10 Park at Waterfront
- 11 Hamilton Harbour One
- 12 Hamilton Harbour Two
- 13 Riverside Hamilton
- 14 Mosaic

- 15 Rive
- 16 Code
- 17 ARIS
- 18 M&A
- 19 Chelsea
- 20 Hyde Apartments
- 21 Richmond
- 22 Pulse Apartments
- 24 Belise
- 25 Hamilton Reach
- 26 The Dunmore
- 27 Madison Heights
- 28 Brooklyn on Brookes
- 29 The Hudson at The Mill
- 30 Duo at New Farm
- 31 The Tower

### SOUTH OF THE RIVER

- 32 Waters Edge
- 33 Universal
- 34 Station 16
- 35 Dutton Place
- 36 The Capitol Apartments
- 37 Century
- 38 Riverpoint
- 39 Scott Street
- 40 Quartz Apartments
- 41 Yungaba
- 42 Aquata
- 43 Artisan
- 44 Vivid
- 45 Eastwood
- 46 Fish Lane
- 47 The Vine

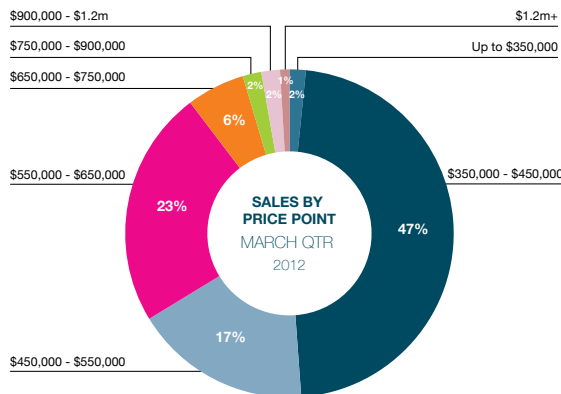
# 1

## Overview

### Change, Cranes and Construction

**Interest rates are softening. Sale prices have stabilised. Sales rates are increasing. Consumer sentiment is improving. Local enquiry is strengthening. Inner Brisbane projects are under construction. These are some of the critical variables which Place Advisory have recognised through the early months of 2012 signalling that the Brisbane Apartment market has definitely turned a corner and has become outward looking.**

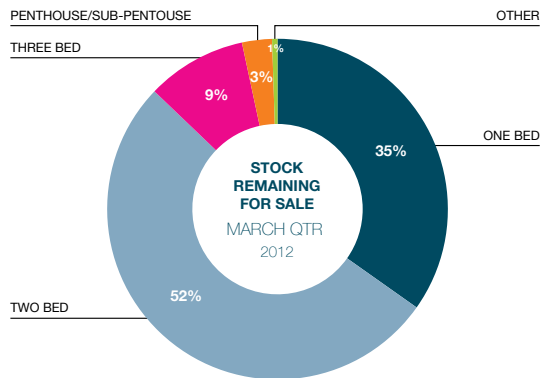
The March 2012 quarter has recorded the strongest results for the first quarter in over 10 years, totalling \$228 million worth of new residential sales over 448 unconditional transactions. The Inner Brisbane apartment market now has more projects (36 of the 48 selling off-the-plan) "completed" and "under construction" than "awaiting construction", a good indicator that off-the-plan projects are securing the necessary presales need to obtain construction finance and start building.



#### Summary March 2012 Quarter:

- The first quarter of 2012 recorded 448 unconditional sales. This is 80% more transactions than the same period in 2011. A marked difference and a much stronger than average start to a year considering that March is historically a quieter selling period.
- A weighted average unconditional sale price of \$506,529 was recorded for the March 2012 quarter. This is a 6% softening from the previous period however, in real terms, confirms very little change in the weighted average price for over 18 months.
- There were four new projects which registered their first unconditional sales during the first three months of 2012: Showground Hill's – The Tower (stage 2), The Dunmore, The Midtown and The Vine.
- The top performing project for the period was the new release at Showground Hill – The Tower with 64 unconditional transactions. Aria's new project, Vine at South Brisbane also performed strongly during the three months to March transacting 53 unconditional sales. It was reported that the majority of these purchasers were local leads.
- Majority of stock sold during the quarter was sub \$650,000. Analysis of sales by price point saw 66% of sales under \$550,000 with a further 23% of sales being recorded between \$550,000 and \$650,000, the majority of which was two bedroom apartments.

- The first quarter saw 56% of the sales as one bedroom apartments and 40% as two bedroom sales. Only 3% of the sales recorded were three bedroom apartments.
- 2,095 apartments remain for sale across the 48 Inner Brisbane residential projects. 52% of this remaining stock is two bedroom apartments and a further 35% is in one bedroom configurations.
- With the continuing strength in sales rates through the March quarter, the Inner Brisbane apartment market supply has tightened further. As at the 31st of March 2012 the current apartments will supply the market for 14 months based upon the March Quarter sales rate.
- There are now 17 major projects under construction across Inner Brisbane and 19 residential projects completed and selling through their final apartment stock. There are only 12 new projects recording unconditional transactions which are trying to achieve presale levels in order to begin construction.



Product and pricing realignment across Inner Brisbane has driven the change needed to secure the consistent unconditional sale results recorded between quarters over the past 12 to 18 months. The results are now history. An avalanche of unconditional sales have resulted from a pent up demand for affordable residential product.

Buyers sought and have been provided with, product of perceived value for money, which above all else is the strongest driver for purchase. Undoubtedly, the off-the-plan market is currently driven by investors. As vacancy rates remain low (only 1.7%) and rents are continually increasing (up 9.1% in the past 12 months) the Brisbane market is currently an investor's dream. This is unlikely to change in the near term as the mining boom moves from strength to strength fuelling a low unemployment rate and subsequent wage growth in the South East corner. The time will arise where it becomes cheaper to own than to rent, therefore providing the catalyst for a higher percentage of Generation Y to move toward home ownership. However, in the near term Brisbane's population growth will support the demand for Inner City rental accommodation and new Inner Brisbane apartment sales.

Day by day our residential market improves and with the appointment of a new state government, Queensland looks to be in a much better position moving forward. The new LNP government will hopefully provide the real estate and development industry with the back bone required to promote further change. Regulatory and stamp duty reforms are needed, further streamlining development applications and returning powers to the state will progress the new residential development landscape which has lagged other states in recent years.

# 2

## CBD

**The Brisbane CBD has produced a solid result in the March 2012 three month period. Following one of the strongest quarters post GFC, to record 46 unconditional sales across only four residential projects is extremely positive. These figures do not include the recent Macrossan relaunch and Place Advisory look forward to recognising the incredible sales figures reportedly achieved in this building.**

- The March 2012 quarter produced 46 unconditional sales in the Brisbane CBD.
- A weighted average sale price of \$509,783 was achieved, a figure representative of buyers still seeking cheaper price pointed residential apartments. A market where almost all sales were recorded under \$650,000.
- The apartments unconditionally sold in the March 2012 quarter were almost evenly split between one and two bedroom configurations. 50% of sales were two bedroom stock and a further 47% of the stock sold was one bedroom apartments.
- The Midtown, developed by Yanjian Group, recorded its first unconditional sales during the March 2012 quarter with 16 transactions.

- Meriton Constructions as a company with two CBD projects, again dominated the number of unconditional sales recorded in the Brisbane quarter for the CBD residential apartment market with 30 unconditional sales evenly distributed between Soleil and Infinity.
- The Macrossan Residences again reported no change through the March period, rather increasing the number of apartments available for sale from 16 to 19.
- As at the 31st of March 2012 a total of 332 apartments remain for sale off-the-plan across only four residential projects, a supply of 21 months for the Brisbane CBD based upon the March 2012 quarter sales rate.
- The majority of stock which remains for sale in the Brisbane CBD is two bedroom apartments (42%) and 39% are one bedroom stock.

All the residential projects selling off-the-plan in the Brisbane CBD are currently under construction or completed. As the market improves and the opportunity will therefore be created for a new project to be released which is priced for the middle market and capitalises upon those buyers seeking product off-the-plan stock with a longer lead time.

The March 2012 quarter produced **46 unconditional sales** in the Brisbane CBD

Development	Suburb	Status	Total Units	Sold Mar 12 Qtr	Sold to date	Available for sale
Soleil	CBD	Under Construction	414	15	369	45
Infinity	CBD	Under construction	548	15	400	148
The Macrossan	CBD	Completed	42	0	23	19
The Midtown	CBD	Under construction	144	16	24	120
<b>CBD TOTALS</b>			<b>1,148</b>	<b>46</b>	<b>816</b>	<b>332</b>

# 3

## North of the River

### Strength in numbers

**The North of the River, which now spans 28 individual projects, recorded the majority of unconditional sales for the fourth quarter running.**

With two new projects released to the market during the March quarter and a further three more expected to be released during June 2012, the Inner North precinct which retains 71% of the total Inner Brisbane stock which is available for sale, will continue to heavily influence sales results in the coming 12 months.

- A total of 278 unconditional sales were recorded across the all new residential projects for Brisbane's North of the River precinct. This is only 1 less transaction for the March 2012 quarter compared to December 2011 however over 120 more than the same period in March 2011.
- The Inner North had the lowest weighted average price of all Inner Brisbane precincts. A weighted average price of \$491,817 was established for the three months to March 2012. This is a softening of only 3% from December and reflects the demand for price pointed residential product currently on offer.
- The second stage at Showground Hill was released during the March 2012 quarter – The Tower, recording the highest number of unconditional sales for the period (64 unconditional transactions).
- Other strong performers during the period included Brooklyn on Brookes (32 sales), Madison Heights (28 sales) and the new project release of The Dunmore (25 sales).
- In a similar trend to the other Inner Brisbane precincts and in line with the weighted average price recorded, 90% of the transactions recorded during the three months to March 2012 were sub \$650,000. A further 8% of the sales were made up to \$750,000. There were only seven sales made above this price point.
- 60% of the transactions during the March quarter 2012 were one bedroom apartments. A further 38% were in two bedroom transactions.

Development	Suburb	Status	Total Units	Sold Mar 12 Qtr	Sold to date	Available for sale
Paragon on Arthur	Fortitude Valley	Completed	39	0	33	6
Edenview Apartments	Kelvin Grove	Completed	65	1	46	19
Promenade Hamilton Apartments	Hamilton	Under Construction	172	0	144	28
Theodore Apartments	Kelvin Grove	Completed	69	15	59	10
Pier at Waterfront	Newstead	Completed	99	2	55	44
Park at Waterfront	Newstead	Under Construction	102	4	41	61
Hamilton Harbour - Harbour One	Hamilton	Completed	257	2	244	13
Hamilton Harbour - Harbour Two	Hamilton	Completed	212	5	170	42
Hamilton Harbour - Riverside Hamilton	Hamilton	Under Construction	189	13	127	62
Mosaic	Fortitude Valley	Under Construction	212	0	114	98
Rive' Apartments - Stage 1 & 2	Hamilton	Under Construction	226	3	195	31
Code	Bowen Hills	Completed	132	0	100	32
ARIS	Newstead	Completed	95	4	69	26
M&A	Fortitude Valley	Under Construction	234	3	166	68
Chelsea	Bowen Hills	Under Construction	195	13	193	2
The Hyde	Teneriffe	Completed	44	0	24	20
Richmond	Bowen Hills	Completed	107	12	65	42
Belise	Bowen Hills	Awaiting Construction	228	14	60	168
Hamilton Reach - Watermarque	Hamilton	Awaiting Construction	78	5	53	25
Hamilton Reach - Green QTR	Hamilton	Awaiting Construction	12	1	10	2
Madison Heights	Bowen Hills	Under Construction	308	28	211	97
Brooklyn on Brookes	Fortitude Valley	Awaiting Construction	216	32	48	168
The Hudson at The Mill	Albion	Awaiting Construction	134	12	29	105
Duo at New Farm	New Farm	Under Construction	42	4	19	23
The Green - The Tower	Hamilton	Awaiting Construction	124	64	64	60
The Dunmore	Fortitude Valley	Awaiting Construction	78	25	25	53
Pulse	Roma St	Awaiting Construction	46	0	26	20
The Milton	Milton	Awaiting Construction	298	16	144	154
<b>NORTH OF THE RIVER TOTALS</b>			<b>4,013</b>	<b>278</b>	<b>2,534</b>	<b>1,479</b>

# 4

## South of the River

Development	Suburb	Status	Total Units	Sold Mar 12 Qtr	Sold to date	Available for sale
Riverpoint	West End	Completed	129	5	121	8
Waters Edge	West End	Completed	234	6	118	116
Universal	South Brisbane	Completed	69	0	68	1
Station 16	South Brisbane	Under Construction	65	1	65	0
Dutton Place	Annerley	Under Construction	100	0	75	25
The Capitol Apartments	South Brisbane	Under Construction	77	0	68	9
Century	Woolloongabba	Completed	73	22	68	5
Artisan	South Brisbane	Under Construction	66	2	63	3
Eastwood	Woolloongabba	Awaiting construction	87	19	45	42
Fish Lane	South Brisbane	Awaiting construction	48	8	36	12
Vine	South Brisbane	Awaiting construction	56	53	53	3
Scott Street	Kangaroo Point	Completed	12	1	6	6
Quartz Apartments	Bulimba	Completed	52	1	46	6
Yungaba - Promontory	Kangaroo Point	Completed	68	1	38	30
Aqua'ta	Bulimba	Completed	42	1	24	18
Vivid	Kangaroo Point	Under Construction	19	4	19	0
<b>SOUTH OF THE RIVER TOTALS</b>			<b>1,197</b>	<b>124</b>	<b>913</b>	<b>284</b>

**The South of the River precinct has recorded a strong quarterly sales result for the three months ending March 2012. A total of 124 unconditional sales were recorded during the period to produce a weighted average sale price of \$538,306 across the 16 residential projects actively selling in the market, majority of which transacted in the South Brisbane and Woolloongabba local areas.**

The South of the River Precinct will benefit greatly from planning reforms initiated under a new LNP State and re-elected local City Council. The South Brisbane Riverside Plan is set to be reviewed to allow for residential development of up to 12 storeys' for sites with a minimum of 1 hectare of land. Place Advisory welcomes this announcement which will stimulate gentrification of the currently obsolete industrial and warehouse land between Montague Road and the River. The redevelopment of this region will stimulate much needed growth and change for the area creating a mixed use community, both supporting and servicing the local area.

Change is on the horizon...

- A weighted average sale price of \$538,306 was produced for the three month period to March 2012, a figure only 2% below the weighted average recorded during December 2011.
- A total of 124 new unconditional sales were recorded during the three months to March 2012. This is a substantial 61% more transactions than the December period previously and almost three times the number of sales recorded in the same period in 2011.
- 91% of the sales recorded during the quarter were under \$650,000, the majority of which (51%) was recognised in the \$350,000 to \$450,000 price bracket.
- 52% of the 124 unconditional transactions during March 2012 in the Inner South were one bedroom apartments. A further 42% of the quarter's transactions were two bedroom apartment configurations.
- The remaining stock for sale in the precinct is 6% studios, 6% one beds, 53% two beds and 23% three bedroom apartments. The balance of which is penthouse and sub-penthouse configurations.
- The new release of Aria's Vine at South Brisbane saw 53 unconditional sales during the three months to March 2012. This was closely followed by the recently completed Century Apartments at Woolloongabba (22 sales) and Eastwood at Woolloongabba with 19 sales.

# 5

## Site Sales & Future Pipelines

**Brisbane's future Inner City residential apartment supply pipeline has increased during the three months to March 2012. A total of 123 residential apartment projects were analysed to establish the following results.**

- As at the end of the end of March 2012, a total of 14,780 apartments are planned for the Inner Brisbane market. These include all development applications, development approvals and deferred projects.
- Brisbane Inner Ring projects at various stages of planning have been categorised by development application, development approval and deferred pending market conditions. There were a number of new approvals recorded during the March 2012 quarter however new development applications have expanded the most during the quarter.

- Projects which have submitted a development application totals 34% of the proposed development pipeline, 31% of the pipeline is approved and the balance 35% has been deferred pending market conditions.
- The majority of stock planned for Inner Brisbane is controlled by the Inner North with 43% of the proposed stock. The Inner South totals 41% of the proposed pipeline in Brisbane, the majority of which is planned for the South Western corridor.
- The amount of stock planned for the Brisbane precincts increased in all Inner Brisbane locations. Strengthening sales results, easing lending conditions and an overall stronger market sentiment has inherently positively impacted the development pipeline.
- In terms apartment types by bedroom planned for the Inner Brisbane market, the majority of stock proposed is at this stage two bedroom apartments (51% of the pipeline) whilst one bedrooms total 43%. Three bedroom apartments are only 8% of the proposed Inner Brisbane supply.

The amount of stock planned for the Brisbane precincts **increased in all** Inner Brisbane locations.

With the majority of projects actively selling in the market, now being under construction or completed, Place Advisory expect an influx of new off-the-plan projects to be launched to the Inner Brisbane market in coming months. These will range from smaller projects of 30+ apartments to large multi-density residential communities of 300+ apartments. The critical element and challenge in this will be purchasing land at the correct price in order to deliver price pointed product which appeals to the majority of the purchasing dynamic. As the market continues to improve, this will be the element which will have the greatest impact on the end selling price of most residential projects.

**Future Supply Pipeline - Breakdown by stock type**



**Future Supply Pipeline - Stage of Development**



# 6

## Special Report

### NRAS Explained

The National Rent Affordability Scheme (NRAS) aims to provide an investment platform to facilitate the construction of rental homes in a direct response to the Commonwealth Government's identification of the 1.5 million Middle Australian households currently under housing stress and which therefore qualify for assistance.

The Commonwealth and State Governments have teamed up to fund this initiative which plans to deliver 50,000 affordable rental houses across Australia via the creation of a new residential asset class.

#### Key Facts

- NRAS dwellings are privately owned. There are no Government caveats or claims over NRAS properties.
  - NRAS dwellings can be sold without penalty during the 10 year holding period either to another investor who undertakes to comply with NRAS obligations or as a normal market for sale property. In this case the NRAS allocation can be substituted for another dwelling in the local area for the remaining part of the 10-year period.
- At the end of the NRAS 10 year period, properties revert to full control of the investor, who has no ongoing obligations to the Australian Government.

\$9,981 received  
in **tax free**  
**incentives** per  
NRAS property  
in 2012.

### Limited supply...

Only 50,000  
applications  
planned across  
Australia.

#### NRAS: Four Primary Goals

1. To increase the supply of new rental housing
2. To improve rental affordability
3. To stimulate development
4. To pave the way for home ownership



# 6

## Special Report (Cont'd)

### The Renter

In its simplest form, the NRAS is a Federal and State Government backed rent subsidy program for low/middle income earners and is designed to stimulate investment in rental property. The National Rent Affordability Scheme is not a social welfare program however, certain eligibility criteria exist for Queensland tenants under NRAS.

#### Criteria for QLD eligibility includes:

- Tenants must be Australian citizens, have permanent residency or have been issued with a temporary protection or bridging visa. They must also be a Queensland resident or be able to provide clear evidence of a need to move to Queensland.
- Tenants must not own or part-own property within Australia or overseas. This includes residential, commercial, land, mobile home or caravan.
- The household's combined liquid assets, which includes cash, shares, investments and superannuation payouts, must not exceed \$71,937 for an individual or \$89,375 for two or more household members.
- NRAS tenants tend to be key workers, such as childcare workers, nurses, police officers, fire-fighters and paramedics. It is estimated that 1.5 million Australian households are currently eligible to rent NRAS properties.

The Key Worker housing stimulus is a strong initiative. The ability to provide the stimulus necessary to attract "key workers" to a region which is in demand is one which will provide a concrete motivation in stabilizing the strong foundations required for a growing population. This is needed. Waiting lists do exist. Key Workers will enable a region to expand through strengthening the social infrastructure required to support a developing precinct and hence providing a strong base on which to build a potential community around.

Household Type	Entry Level Income	Upper Level Income
Single person	45,496	56,870
Two adults	62,899	78,624
Sole parent with 1 child	62,943	76,679
Sole parent with 2 children	78,033	97,542
Couple with 1 child	77,989	97,487
Couple with 2 children	93,076	116,349
Couple with 3 children	108,169	135,212

## NRAS supports investment and creates greater net returns.

### The Investor

For the investor the NRAS is a new asset class with huge upside. For well-located inner city properties, NRAS supports investment and creates greater net returns. The properties act like any other. They are of the same quality, the same finish, and attract the same allowable tax deductions. As with a standard dwelling or investment property, NRAS properties may stand to gain in value in accordance with the capital growth rates of the suburb in which they are located. The benefit however is in the form of a tax free Government cash injection.

The Government has committed to ensuring that the full value of the NRAS Incentive is passed to all investors. For the individual investor who buys a NRAS dwelling and commits to rent dwellings at a minimum of 20% below market, a total of \$9,981 in tax free incentives are paid annually (CPI) for 10 years.

In 2012 these incentives will be split into an incentive of \$7,486 per dwelling per year from the Federal Government (as a refundable tax offset or payment) and matched by a \$2,495 incentive from the Queensland State Government, per dwelling per year (in direct or in-kind financial support). This has created an unprecedented opportunity for Australians to invest in the property market and benefit from generous tax-free financial incentives.

Many of these properties become positively cash flowed in nature.

For the investor, the purchasing opportunity and the key drivers behind a residential purchase should not change. Investment properties should still be purchased on location, potential capital growth and security of returns driven by the underlying population growth, infrastructure in the area and access to a variety of employment opportunities. The NRAS is an added cash bonus which adds to the property's potential return. NRAS should not be used as the single reason to make an unprofitable long term investment feasible.

For more information please contact [projects@eplace.com.au](mailto:projects@eplace.com.au)

Rental wait lists exist.  
This means **very low vacancy**

An intimate knowledge of potential buyers and the marketplace can minimise risk and give your development the edge over competitors.



## place projects

At Place Projects, we understand the importance of ongoing market research. In fact, we have our own full-time researchers, so we're able to retain and have easy access to all of the information we gather. We know that by providing our clients with accurate, up-to-date research, it ensures they can make informed, financially sound business decisions. It enables us to identify opportunities for our clients, provide advice on choosing the very best site and create the optimal package for each project. We can then make qualified recommendations on the product mix, positioning, design, finishes and even price. Access to such comprehensive buyer information also helps us pick early market trends. We believe that our in-depth local market knowledge can help you develop a product that will yield greater returns, experience faster sales and achieve the best financial result.



The Place Project Marketing Team is lead by some of the most experienced and high achieving sales consultants in the industry.

# for pedigree



## LACHLAN WALKER

As a Place Researcher, Lachlan's role is to gather both internal and external market intelligence to gain a comprehensive understanding of residential projects and provide product specific advice to our clients.

This reduces the associated risk and provides the information necessary for them to make an informed decision. He has worked closely with a number of developers, from site conception through to product delivery. Lachlan has also provided professional consultancy and advisory services to leading property clients, including Valad Property Group, Lend Lease, Australand, Stockland, Laing O'Rourke, Kenlynn Properties Australia, Anthony John Group, FKP, Leighton Properties and Devine.



## BRUCE GODDARD

Bruce Goddard has a reputation as a prominent leader in the field of Residential Project Marketing, which has led to numerous major appointments for some of Australia's most prominent institutions and banks.

As licensee of Place Projects, Place now holds appointments for a number of Brisbane's major residential projects, supplying advisory, sales and marketing services to various Public as well as smaller Private Companies. Often sought after by property developers through reputation, Bruce's offices have been involved in the setting, marketing and selling of numerous residential projects. Bruce was also recognised by the REIQ as Queensland's Agent of the Year in 1994. Bruce's Project Marketing career spanning over 25 years has resulted in sales in excess of 1 Billion dollars.



## SYD WALKER

After a successful career in marketing rural commodities, Syd moved into Real Estate and Project Marketing on the Sunshine Coast in 1992 before a move to Brisbane in 2010.

Over a 20 year period Syd has been involved in site acquisitions, project consultancy and the sale of a number of landmark residential and mixed use buildings. During this period his agency has won the prestigious REIQ Sunshine Coast Real Estate agency of the year, seen his staff take out awards for REIQ salesperson of the year and the Sunshine Coast business employee of the year. At Place Projects Syd is responsible for managing project sales teams, identifying new project opportunities and servicing various investment channels throughout Australia. Syd works closely with the management team in project marketing to meet developers required rates of sale and the overarching project objectives.

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