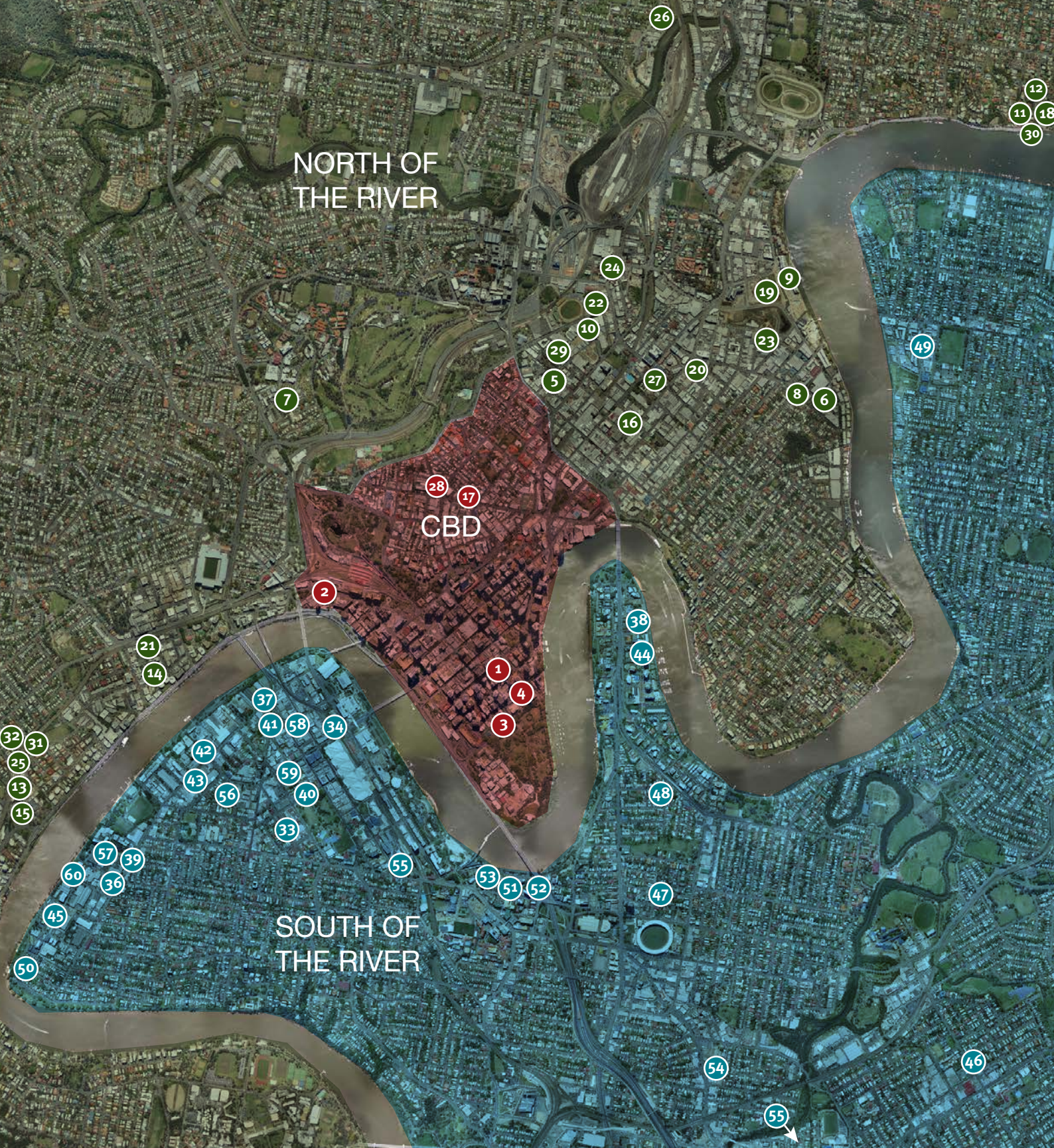




Market Report | Inner Brisbane Apartments
December Quarter 2015



Image supplied by Oxley & Stirling



NORTH OF THE RIVER

CBD

SOUTH OF THE RIVER

CBD

- 1 The Midtown
- 2 111 Quay Apartments
- 3 Abian Apartments
- 4 Skytower

NORTH OF THE RIVER

- 5 The Baxter Apartments
- 6 Double One 3
- 7 Zest
- 8 Mode
- 9 Pier at Waterfront
- 10 The Yards
- 11 Proximity
- 12 Hercules
- 13 Illumina
- 14 Savoir Faire Residences 1 & 2

- 15 38 High Street
- 16 Utopia
- 17 The Johnson
- 18 Hamilton Reach
- 19 Unison
- 20 Newstead Central
- 21 The Milton
- 22 Belise
- 23 Newstead Towers
- 24 Madison Heights
- 25 Alto
- 26 The Hudson at The Mill
- 27 Broadway on Ann
- 28 Pure
- 29 Canterbury Towers
- 30 Pinnacle

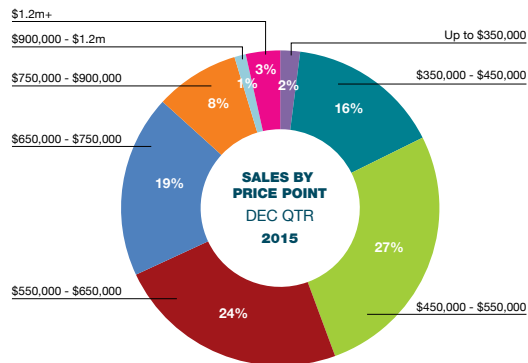
- 31 Landmark
 - 32 White Dawn
- SOUTH OF THE RIVER**
- 33 Olympia on Russell
 - 34 Brisbane Casino Towers
 - 35 Southpoint
 - 36 Light & Co
 - 37 Spice
 - 38 Affinity
 - 39 Citro
 - 40 Opera
 - 41 Basse
 - 42 Ink
 - 43 Highline
 - 44 Linc
 - 45 Virtuoso

- 46 Orion
- 47 Willow
- 48 Liberte
- 49 Bloom
- 50 Habitat
- 51 St Julien Residences
- 52 Oxley & Stirling
- 53 Peak
- 54 South City Square
- 55 Stone & Co
- 56 Black Fold
- 57 Boston
- 58 Brisbane 1
- 59 Skyneedle
- 60 Soko Waterfront

1

Overview

The December 2015 Quarter tops off what has been a historical year for the Inner Brisbane off the plan apartment market in Brisbane. A total of 1,293 unconditional transactions were recorded across the Brisbane marketplace through the final quarter of 2015, bringing the total sales for the annual year to 5,336 transactions.



A weighted average of \$613,631 was documented across the 1,293 transactions, with the majority of sales occurring in 2 bed apartments across the Inner Brisbane market.

Summary of the December 2015 Quarter

- For the December 2015 quarter, a weighted average of \$613,631 was established across the Inner Brisbane market for the 1,293 unconditional sales reported during the 3 month period (down 7% from September).
- Two bedroom sales represented 63% of the quarter's transactions, the overwhelming majority of which transacted between \$550,000 and \$750,000.
- The level of one bedroom transactions declined further in the December Quarter 2015, representing only 32% of the total sales in the past three months.
- The one bed versus two bed recorded sales volumes has been the largest recognisable shift the past 12 months – the same period in 2014 saw one bedroom sales total 50% of the quarters transactions versus 49% two bedroom transactions – which was also representative of the surrounding quarters.
- This trend suggests that demand has shifted away from the cheaper one bedroom stock in favour of larger apartments.
- Total gross sales in dollar terms, for off the plan sales in the December quarter, totalled almost \$794 million.
- The best performing projects in Brisbane during the quarter included Oxley & Stirling by Aria with 215 unconditional sales, followed by Capri at Newstead Central and Utopia Space with 98 sales a piece and Stage Two of South City Square with 97 unconditional sales.
- 2,208 new residential apartments remain for sale across the Inner Brisbane market. This translates into a supply of 5.1 months.
- There were 11 new projects released during the December 2015 quarter, spanning 1,893 apartments.
- At the close of December 2015 two bedroom supply accounts for 45% of the apartments remaining on the market. A further 41% of the supply was one bedroom apartments and three bedroom apartments accounted for 14% of the available apartments for sale.

Overall, 2015 saw significant volumes of unconditional sales throughout the year. In review, 2015 produced the highest total volume of transactions over any 12 month period historically and saw some significant shifts in market demands. Consistent sale prices were achieved, the rental market softened as major apartment buildings began to settle and the investment market continued to drive sales despite owner occupiers beginning to re-enter the local apartment market.

2015 Annual Review

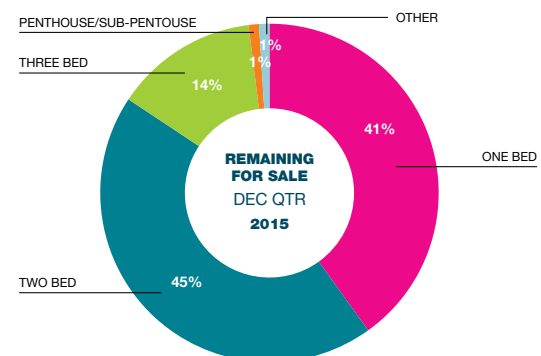
- 5,336 new unconditional sales were recorded during 2015. This is a 30% growth on the 2014 sales reported and almost 4 times the unconditional sales recorded in 2010 five years earlier.
- The weighted average sale price across the total unconditional sales was \$595,253; a 4% growth from the weighted average price in 2014.
- Approximately \$3.19 billion worth of residential new and off the plan sales were recorded during 2015.
- There were 4,394 new apartments released to the market during 2015 over 26 different medium to high density projects – an average of 169 apartments per building.
- The majority of stock sold through the year were 2 bed apartments – totalling 56% of all transactions.

For a more detailed review and comparison of the Brisbane off the plan market, please turn to the Special Report in Section 6.

Place Advisory look forward to reporting on the sales volumes and transactional trends to be recognised in 2016. There is an expectation that 2016 will be a tougher 12 months than 2015. Construction prices are set to have the biggest impact on Brisbane residential development, either forcing prices to rise and reducing sales rates or squeezing end profits for the developer.

With council elections on March, and a looming Federal election, the SEQ property market will definitely see some peaks and troughs.

A Historical Year for Off the Plan Sales in Brisbane



2

CBD

The December quarter 2015 has seen the highest weighted average price recorded for any precinct post GFC.

- 61 unconditional sales were recorded in the Brisbane CBD during the December 2015 quarter.
- Majority of sales were recorded within Skytower, with the balance of sales between Abian, and The Midtown.
- A weighted sale price of \$928,279 was recorded for the quarter. This is the highest weighted average of all precincts for the December 2015 Quarter.
- The majority of transactions recorded in the CBD during the December quarter, 57%, were in two bedroom configurations. One bedroom sales totalled a further 34% of the region's transactions.
- As at the end of December 2015, the Brisbane CBD has 378 new residential apartments available for sale across the five different projects.
- The majority of stock remaining, 39%, is one bedroom apartments and two bedroom apartments total a further 36%. Three beds represent 20% of the available apartments.

CBD Annual Review

- Spire was the only newly released project in the CBD in 2015.
- Despite this, the CBD recorded a total of 837 unconditional sales during the 2015 calendar year; this is almost 50% more transactions in this precinct than the 2014 period prior.
- The sales recorded during the 2015 year were relatively evenly split between one and two bedroom apartment sales – 46% and 47% respectively. Three bed sales totalled only 6% of all sales.

61
unconditional
transactions;
weighted
average price
\$928,279

Development	Suburb	Status	Total Units	Sold Dec 2015 Qtr	Sold to Date	Available for Sale
The Midtown	CBD	Completed	144	2	124	20
111 Quay Apartments	CBD	Under Construction	78	0	66	12
Abian Apartments	CBD	Under Construction	150	5	150	0
Skytower	CBD	Under Construction	1,138	54	853	285
CBD TOTALS			1,510	61	1,193	317

3

North of the River

The Inner North apartment market recorded slightly less volumes of transactions in the most recent December 2015 Quarter than the September period.

- The Inner North apartment market spans 29 various projects, or 4,949 apartments, of which the majority (20) are under construction or completed.
- A total of 441 unconditional sales were recorded at a weighted average price of \$566,327. This is a softening in sales volumes of 16% from the September Quarter prior.
- The majority of sales, 43% transacted \$550,000 and \$650,000 in the Inner North.
- The majority of stock sold during the December quarter was two bedroom apartments (66% of transactions). One bedroom sales only represented 32% of all sales for the region.
- Newstead Central's Capri Tower and Utopia Space were the top performing projects for the quarter, registering 98 unconditional sales a piece. This was closely followed by Illumina with a further 72 unconditional transactions.
- 631 apartments remain for sale in the precinct. Based on the current sales rate this equates to a supply of only 4.3 months.
- Of the remaining stock, two bedroom apartments represent 50% of the market whilst a further 44% are one bedroom apartments.
- Throughout 2015, a total of 2,201 unconditional apartment transactions were recorded in Brisbane's Inner North – this is 10% more sales than the 2,062 sales totalled in the 2014 calendar year.

441 unconditional transactions;
weighted average price \$566,327

Development	Suburb	Status	Total Units	Sold Dec 2015 Qtr	Sold to Date	Available for Sale
Pier at Waterfront	Newstead	Completed	99	3	91	8
Belise	Bowen Hills	Under Construction	228	0	219	9
The Hudson at The Mill	Albion	Under Construction	140	0	81	59
Double One 3	Teneriffe	Completed	111	0	109	2
Pinnacle Apartments	Hamilton	Completed	162	12	149	13
Broadway on Ann	Fortitude Valley	Under Construction	247	1	244	3
Proximity	Hamilton	Under Construction	126	5	111	15
Newstead Towers	Newstead	Under Construction	314	4	302	12
North Yards	Bowen Hills	Under Construction	208	0	207	1
South Yards	Bowen Hills	Under Construction	182	0	180	2
Canterbury Towers	Fortitude Valley	Under Construction	195	3	195	0
Zest	Kelvin Grove	Under Construction	144	6	144	0
Newstead Central - Aqua	Newstead	Under Construction	149	3	143	6
Newstead Central - Laguna	Newstead	Under Construction	189	19	163	26
Newstead Central - St Tropez	Newstead	Under Construction	231	18	222	9
Newstead Central - Capri	Newstead	Awaiting Construction	207	98	98	109
Mode	Newstead	Under Construction	157	0	139	18
Hercules	Hamilton	Under Construction	228	8	222	6
Pure	Spring Hill	Under Construction	93	3	91	2
The Johnson	Spring Hill	Under Construction	193	21	163	30
Baxter St Apartments	Fortitude Valley	Awaiting construction	56	10	10	46
Utopia Space	Fortitude Valley	Awaiting Construction	300	98	193	107
The Milton	Milton	Under Construction	295	0	283	12
38 High St	Toowong	Under Construction	136	1	112	24
Savoir Faire Residences II	Milton	Under Construction	65	4	39	26
Alto	Toowong	Under Construction	154	11	154	0
Landmark	Toowong	Under Construction	119	11	98	21
Illumina	Toowong	Awaiting Construction	221	72	156	65
White Dawn	Toowong	Awaiting construction	60	30	30	30
NORTH OF THE RIVER TOTALS			5,009	441	4,348	661

4

South of the River

The Inner South residential off the plan apartment market saw an extremely strong quarter to December 2015. A total of 791 unconditional sales transacted during the period proving an ongoing demand exists. There are currently 34 individual projects actively in the market.

- 791 new unconditional sales were recorded during the three months to December 2015 – a 19% growth from the September Quarter 2015.
- A weighted average sale price of \$615,740 was recorded for the three month period to December 2015 in the Inner South. This was a slight strengthening of 3% from the September quarter prior and a 12% growth since December 2014.
- The new release of Oxley & Stirling (215 sales) was the top performer for the South of the River apartment market. South City Square Stage 2 release (97 sales) and Brisbane 1 (79 sales) also recorded strong quarterly sales figures.
- The majority of stock sold during the December 2015 quarter were two bedroom apartments, which totalled 62% of the period's transactions. A further 32% of sales were one bedroom apartments.
- Currently there are only 1,260 new and off the plan apartments that remain for sale in the South of the River precinct.
- Based on the most recent sales rates, this is only a 4.8 months supply, suggesting the region is in high demand for new stock.
- The majority of the apartments available for sale in the Inner South, are two bedroom apartments (45%). The one bedroom apartments total a further 38% of the available stock.
- There was 2,390 unconditional sales recorded in Brisbane's Inner South in 2015. This is a substantial growth from the data collected in 2014 (1,498 sales) and displays the market growth expected from a quickly developing region.

791 unconditional transactions; weighted average price \$615,740

Development	Suburb	Status	Total Units	Sold Dec 2015 Qtr	Sold to Date	Available for Sale
Emporium Residences & Emporium Apartments	South Brisbane	Under Construction	221	2	208	13
Southpoint - The Apartments	South Brisbane	Under Construction	196	6	186	10
Basse	South Brisbane	Under Construction	68	0	43	25
Habitat	West End	Under Construction	148	25	137	11
Peak	South Brisbane	Under Construction	46	1	45	1
Spice South Tower	South Brisbane	Under Construction	124	0	111	13
Spice North Tower	South Brisbane	Under Construction	150	0	126	24
Citro	West End	Under Construction	106	5	65	41
Light & Co - Radiance	West End	Under Construction	139	5	114	25
Light & Co - Illuminate	West End	Under Construction	90	5	60	30
Opera Apartments	South Brisbane	Under Construction	180	2	174	6
INK	West End	Under Construction	107	0	31	76
Highline	West End	Under Construction	142	12	142	0
Olympia on Russell	South Brisbane	Under Construction	65	0	58	7
Brisbane Casino Towers	South Brisbane	Under Construction	378	38	364	14
Virtuoso	West End	Awaiting construction	77	14	27	50
St Julien Residences	South Brisbane	Under Construction	80	0	79	1
South City Square Stage 1	Woolloongabba	Under Construction	118	19	118	0
South City Square Stage 2	Woolloongabba	Under Construction	170	97	97	73
Black Fold	West End	Awaiting construction	40	28	28	12
Oxley and Stirling	South Brisbane	Awaiting construction	218	215	215	3
Boston	West End	Awaiting construction	34	8	8	26
Brisbane 1	South Brisbane	Awaiting construction	578	79	79	499
Skyneedle Stage 1	South Brisbane	Awaiting construction	110	58	58	52
Soko Waterfront Apartments	West End	Under Construction	120	47	47	73
Linc	Kangaroo Point	Under Construction	45	0	41	4
Affinity	Kangaroo Point	Under Construction	44	10	32	12
Liberte	Kangaroo Point	Completed	112	27	112	0
Orion	Coorparoo	Under Construction	186	22	168	18
Stone & Co	Greenslopes	Under Construction	53	9	42	11
The Establishment	Kangaroo Point	Under Construction	105	8	81	24
Cedar	Greenslopes	Under Construction	61	2	53	8
Empire	Woolloongabba	Under Construction	44	6	35	9
The Linton	Kangaroo Point	Awaiting Construction	130	41	41	89
SOUTH OF THE RIVER TOTALS			4,485	791	3,225	1,260

5

Site Sales

Brisbane is under construction. Anyone driving through the Valley, Newstead or South Brisbane can see that. The streets are lined with hoarding plastered with impossibly beautiful vistas of the CBD from across a computer-rendered infinity pool. Buyers want to know what Brisbane is going to look like in three years' time. How will the landscape of this city change as a result of the recent surge in apartment construction? We will discuss the future apartment market in Brisbane. How many and what types of apartments will be built and where they will be built.

Total Apartment Pipeline

There is a further pipeline of more than 21,000 apartments that have not yet hit the market. These projects are in planning and the likelihood of them making it into the marketplace depends on a variety of factors, the biggest of which surrounds finance and risk.

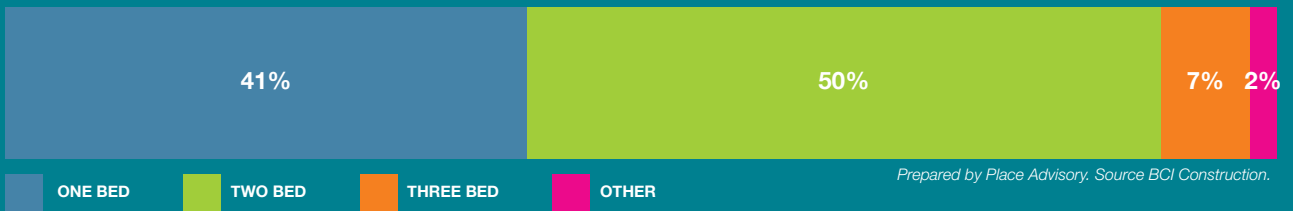
This represents a supply of apartments which is hard to comprehend. A supply which, so far, has easily been absorbed by the Brisbane market.

- Most recently, over the 12 months to December 2015, there were an unprecedented 5,366 unconditional off-the-plan apartment sales in Brisbane.
- At this rate of sale, there is just over 7 months worth of apartment supply currently on the market and a further 11 months of future supply in projects yet to be approved by council.

Where Will These Apartments Be Built?

- New construction is planned around two precincts – the Inner North-East (from the CBD and Fortitude Valley up to Newstead) and the West End-South Bank Peninsula of the Brisbane River including Woolloongabba.
- These two precincts are going to undergo extensive development over the next few years. In fact, 72% of all Inner Brisbane's new apartment stock will be contained in these regions.

Future Supply Pipeline - Breakdown by Stock Type



Future Supply Pipeline - Stage of Development



6

Special Report

The Annual Wrap Up 2015 finished as quickly as it started.

Quarter on quarter saw the Inner Brisbane market grow and develop as sales translated into construction and development. Overall, 2015 saw very little price growth however, significant volumes of unconditional sales were recorded throughout the year.

In review, 2015 produced the highest total volume of transactions over any 12 month period historically and saw some significant shifts in market demands. 5,336 new unconditional sales were recorded during 2015. This is a 30% growth on the 2014 sales reported and almost 4 times the unconditional sales recorded in 2010 five years earlier. These results were driven by the launch of 26 different projects spanning 4,394 new apartments.

Consistent sale prices were achieved throughout the year producing a weighted average sale price across the total unconditional sales of \$595,253 – only a 4% growth from the weighted average price in 2014.

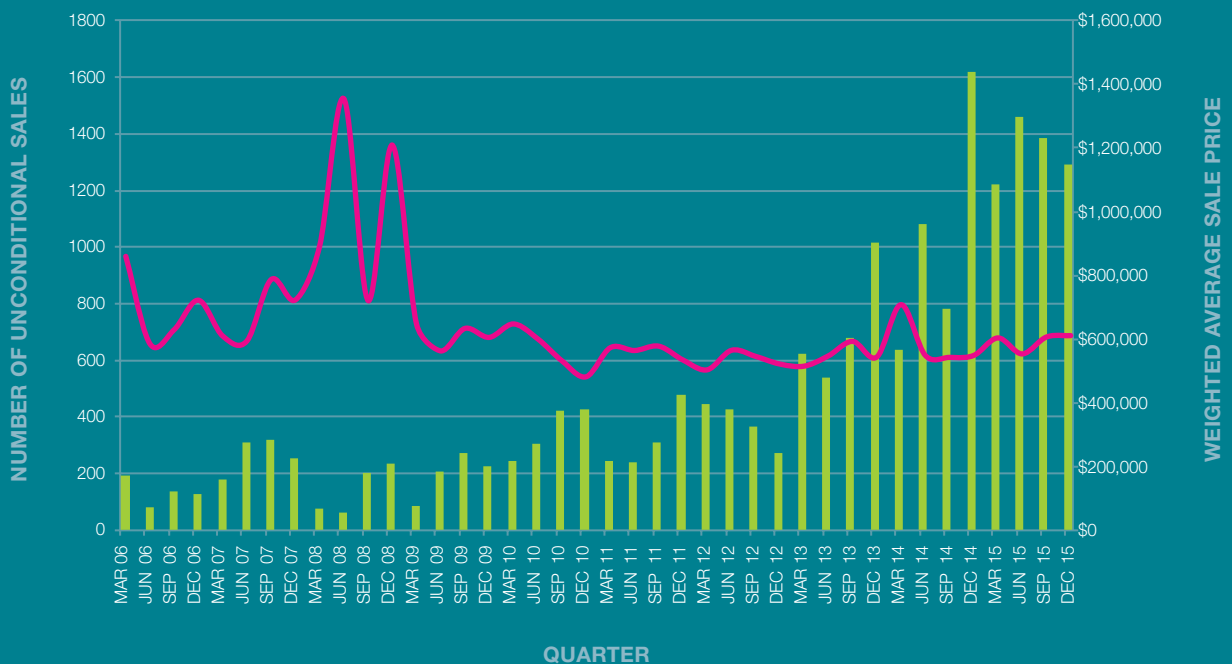
Undoubtedly the rental market returns softened in 2015, from peak returns of 5 and 6% to a more market sustainable rate of, in most instances, 4 to 4.5%. A flight to quality has seen older apartment buildings with less

modern infrastructure and amenity suffer more substantial yield compression in favour of the newer buildings. Vacancy rates have generally remained solid at an average of 2.4% (REIA).

Whilst 2015 recorded some record breaking results, there is an expectation that 2016 will be a tougher 12 months than the last. Construction prices are set to have the biggest impact on Brisbane residential development, either forcing prices to rise and reducing sales rates or squeezing end profits for the developer. With council elections on March, and a looming Federal election, the SEQ property market will definitely see some peaks and troughs.

Demand is visibly shifting. The most substantial recognised is the demand transferral from a 1 bedroom purchaser to a 2 and 3 bedroom demand. 2013 and 2014 had replica ratios of 1bed (45%):2bed (49%):3bed (5%) of total unconditional sales. 2015 has seen this change substantially to reflect ratios of 1bed (39%):2bed (56%):3bed (3%). Positively, this suggests that although there are now 68 various cranes in the air across Brisbane, the end product will not be the same. There will be something delivered for each of the varying purchasers and profiles of end users entering the residential apartment market.

Inner Brisbane - Off The Plan Apartment Sales Historical Sales Cycle



6

Special Report

SALES ↓

2015 HIGHEST TOTAL VOLUME OF TRANSACTIONS

5,336

NEW UNCONDITIONAL SALES

26 NEW PROJECTS

4,394 NEW APARTMENTS

WEIGHTED AVERAGE SALE PRICE

• \$595,253 •

68 CRANES ACROSS BRISBANE ARE BUILDING SOMETHING DIFFERENT

RENTALS ↓

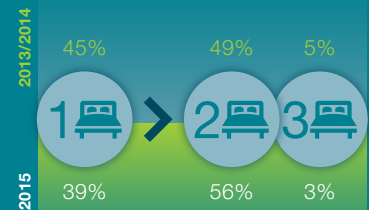
RENTAL MARKET RETURN RATE
4 - 4.5%

2.4%

VACANCY RATE

2016 EXPECTATIONS ↓

SHIFTING DEMAND



	2010	2014	2015
Projects marketed annually	43	84	86
Total annual unconditional sales	1,406	4,128	5,366
Weighted average price	\$542,258	\$576,084	\$595,252
Approximate total gross sales	\$762 million	\$2.374 billion	\$3.194 billion
Total apartments released	18 new projects 1,322 apartments	34 new projects 5,295 apartments	26 new projects 4,394 apartments
Sales ratios by apartment configuration	1 bed (52%) 2 bed (39%) 3 bed (7%)	1 bed (45%) 2 bed (49%) 3 bed (5%)	1 bed (39%) 2 bed (56%) 3 bed (3%)
Number of projects currently under construction	18	37	68

19 projects

sold out during the past months of 2015.

A strong 30% growth

in sales in 2015 compared to 2014 – 4 times the demand of 2010.

A 4% growth

between total average sale price in 2015 driven by a positive shift in the number of 2 bed transactions.

12 month growth of 35%.

Substantial growth in the total value of off the plan sales through the past 5 years.

Average number of apartments per project averaged

169 units in 2015.

There was a significant shift in type of stock released.

A clear shift away from 1 bedroom

sales was noticed in 2015.

The new town plan

unlocked previously undevelopable land across Brisbane. Activity is primarily focussed on the Newstead/Teneriffe and South Brisbane/Woolloongabba/West End precincts.

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.

Lachlan Walker
M: 0438 710 888
E: lachlanwalker@eplace.com.au



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, Bruce 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.

Bruce Goddard
M: 0418 185 209
E: brucegoddard@eplace.com.au



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.

Syd Walker
M: 0418 710 888
E: sydwalker@eplace.com.au

07 3107 9223
research@eplace.com.au
placeprojects.com.au

DISCLAIMER © PLACE ADVISORY PTY LTD 2016

All rights reserved. No part of this publication may be reproduced, stored in or introduced into a retrieval system, transmitted or copied in any form, or by any means (graphic, electronic or mechanical, including photocopying or scanning), without prior written permission from Place Advisory Pty Ltd. As this publication involves data that has been supplied externally through surveys, Place Advisory accepts no responsibility for the accuracy or completeness of any such material. The information is subject to change without notice and Place Advisory is under no obligation to update the information or correct any assumptions or inaccuracies which may prove to be incorrect at a later date. This study has been prepared for the sole use of Place Advisory and is not to be relied upon by any third party for the purposes of financial investment without specific approval. This publication is subject to copyright. Except as permitted under the Copyright Act 1968, no part of it may, in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) be reproduced, stored in a retrievals system or transmitted without prior written permission. Enquiries should be addressed to the publishers.

SUBJECT TO COPYRIGHT NOT TO BE REPRODUCED

Publications are for subscribers use only. A subscription entitles employees of the same organisation to the use of its contents for internal reporting purposes only. Only employees of your organisation may have access to the publication. Place Advisory publications must not be uploaded to an internet or intranet facility, nor should they be used for inter-library loans, without written authorisation to do so.