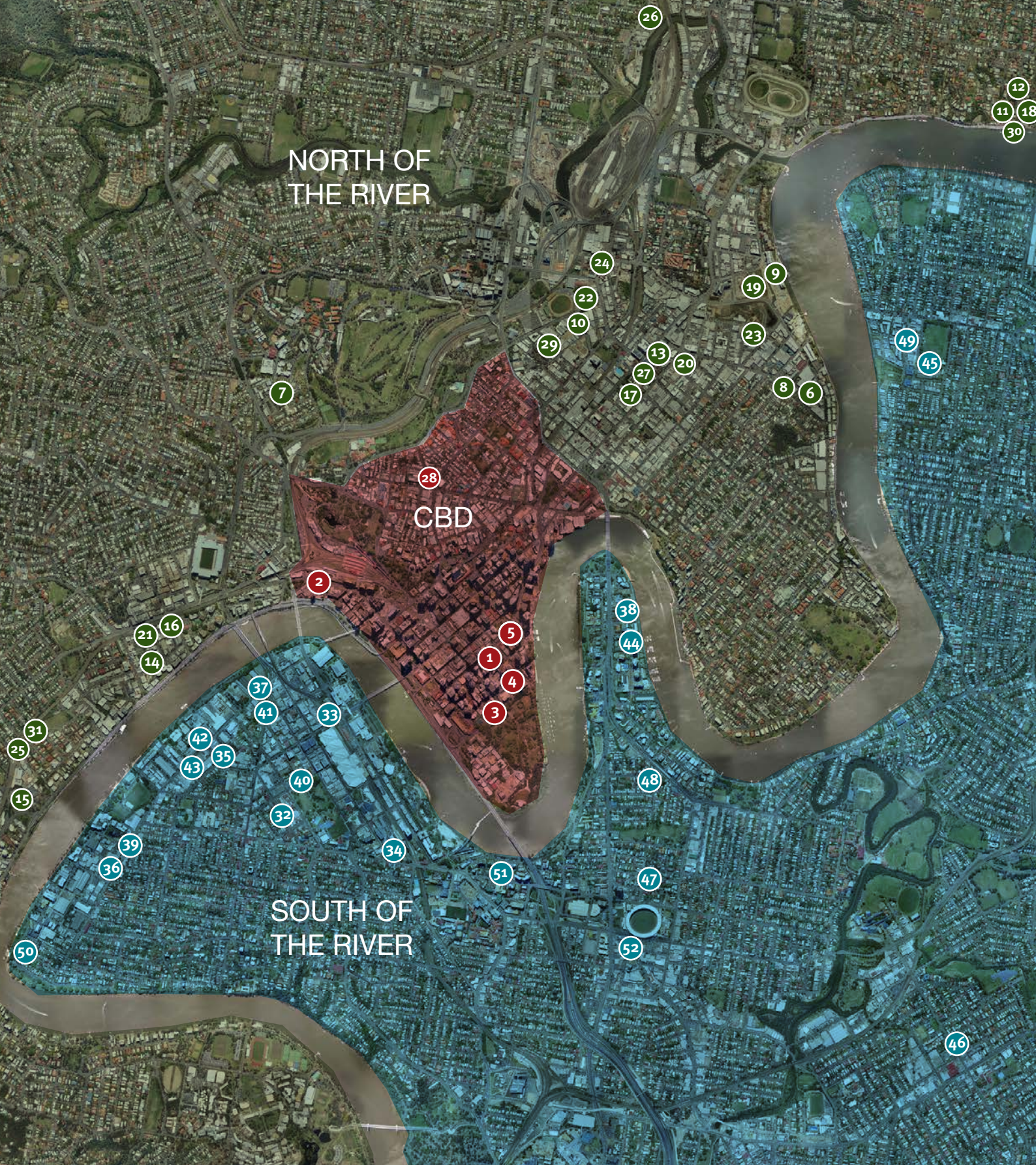




Market Report | Inner Brisbane Apartments
June Quarter 2015



Image supplied by Spire Apartments



NORTH OF THE RIVER

CBD

SOUTH OF THE RIVER

CBD

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

NORTH OF THE RIVER

- 6 Double One 3
- 7 Zest
- 8 Mode
- 9 Pier at Waterfront
- 10 The Yards
- 11 Proximity
- 12 Hercules
- 13 Mosaic
- 14 Savoir Faire Residences 1 & 2
- 15 38 High Street
- 16 Westmark
- 17 M&A
- 18 Hamilton Reach
- 19 Unison
- 20 Newstead Central
- 21 The Milton
- 22 Belise
- 23 Newstead Towers
- 24 Madison Heights
- 25 Alto

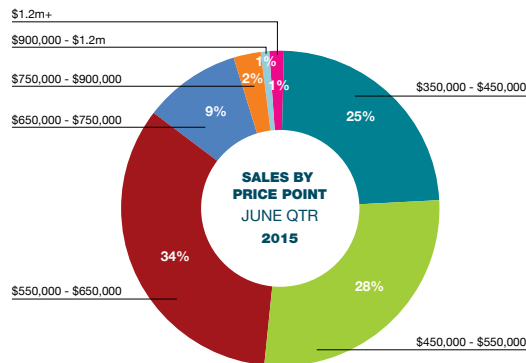
SOUTH OF THE RIVER

- 26 The Hudson at The Mill
- 27 Broadway on Ann
- 28 Pure
- 29 Canterbury Towers
- 30 Pinnacle
- 31 Landmark
- 32 Olympia on Russell
- 33 Brisbane Casino Towers
- 34 Southpoint
- 35 Verde
- 36 Light & Co
- 37 Spice
- 38 Affinity
- 39 Citro
- 40 Opera
- 41 Basse
- 42 Ink
- 43 Highline
- 44 Linc
- 45 Parkside Bulimba
- 46 Orion
- 47 Willow
- 48 Liberte
- 49 Bloom
- 50 Habitat
- 51 Peak
- 52 Trafalgar Lane

1

Overview

The June 2015 quarter produced another period of strong unconditional sales results. During the three month period, six new projects were released and recorded unconditional sales for the first time – undoubtedly driving the results for the period. A total of 1,463 unconditional sales were recorded in Brisbane's Inner Ring.



The weighted average price softened slightly during the quarter to \$556,391 reflecting the continued trend across Brisbane's market in recent years. From a longer term rolling average perspective the weighted average remains relatively unchanged reflecting stable demand primarily focussed toward the sub \$650,000 market. There is however a strong demand for owner occupier product in Inner Brisbane, with feedback from recent project releases proving a demand for medium to high quality apartments. Our local owner occupier will no doubt begin to influence the off the plan market to greater degrees moving forward.

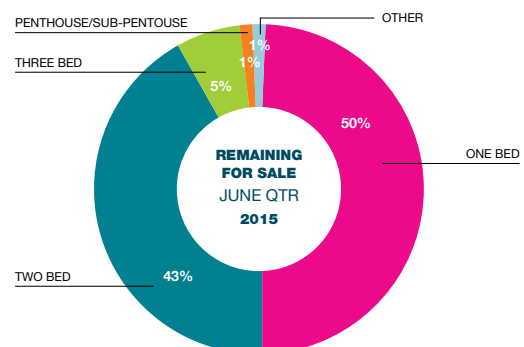
Summary of the June 2015 Quarter

- The June 2015 quarter recorded almost \$814 million worth of unconditional sales for the residential new and off the plan Inner Brisbane apartment market.
- There are currently 56 projects being sold off the plan.
- The three months to June 2015 recorded 1,463 unconditional sales. This is a 19% growth from the total transactions recorded in March 2015 (previous quarter), and reflects a 35% uplift on 12 months prior.
- Overall, the current quarter's sales are 240% above the long term 10 year average.
- A weighted average of \$556,391 was recorded during the June 2015 quarter. This is a softening of 6% from the March period and only 1% above the same quarter 12 months prior. This displays the limited price changes in the wider marketplace the past 12 months.
- There were six new projects released during the June 2015 quarter totalling 1,188 apartments. These included – Spire (CBD), St Tropez at Newstead Central, Pure (Spring Hill), Olympia on Russell (South Brisbane), Brisbane Casino Towers (South Brisbane) and Verde (South Brisbane).
- Spire which is to be developed by Consolidated Properties, was the top performer for the quarter. Spire recorded 287 unconditional sales for the three month period. Other strong performers were – St Tropez (134 sales), Brisbane Casino Towers (102 sales) and Hercules (85 sales).
- One and two bedroom sales represented 42% and 56% of the market respectively during the June 2015 quarter.

- The majority of transactions (34% of the transactions) were recorded between \$550,000 and \$650,000 whilst a further 28% of the quarter's sales transacted between the \$450,000 and \$550,000 price point.
- Based upon the sales rate achieved during the June 2015 quarter, Inner Brisbane supply now represents only 4.9 months of supply.
- 2,402 apartments remain for sale across the Inner Brisbane market. Given historical quarterly sales rates and current demand, the availability of Inner Brisbane apartment's remains undersupplied given these statistics.
- One bedroom apartments currently total the majority of available stock representing 50% of apartments available for sale across the Inner Brisbane market. Two bedroom supply contracted to 43% of the available stock, whilst 3 bedrooms represent only 5% of the market supply.
- The North of the River precinct, recorded the majority of unconditional sales for the most recent quarter, totalling 601 unconditional transactions. The South of the River recorded a further 521 sales and the CBD saw a further 341 new unconditional sales.
- The 12 month rolling average unconditional sale price of \$565,214 has now been relatively unchanged for almost 5 years.

With more residential tower cranes dotting the Brisbane skyline than many have ever seen before, supply concerns are constantly raised by buyers, developers and industry consultants alike. Positively however, it must be clearly noted that in order for most residential projects to reach construction status, generally between 60% and 70% of these apartments are presold under the direction of the funder before construction even starts. Therefore much of the public discussion as to whether these apartments will sell becomes a silent point. Given construction time frames are generally between 14 and 18 months for most medium to large scale projects, projects are generally sold out well before construction is completed. Currently, there is a very limited supply of finished new and unsold apartments in Brisbane. These apartments are sold out quickly upon completion and we predict this will remain the case into the near term.

56 residential projects; 1,433 unconditional sales; weighted average sale price of \$556,525



2

CBD

There were 341 unconditional sales recorded in the Brisbane CBD at a weighted average sale price of \$563,856. The new release of Consolidated Properties 'Spire' bolstered transaction levels for the quarter.

- 341 unconditional sales were recorded in the Brisbane CBD during the June 2015 quarter. This is a substantially higher result than the March quarter prior and reflective of the new project release inflating the results.
- A weighted average sale price of \$563,856 was recorded for the quarter. This is a softening of 17% for the quarter and represents the levels of investment stock which is transacting in this precinct.
- Spire recorded the highest levels of unconditional sales (287 transactions) across the Inner Brisbane market.
- The majority of transactions recorded in the CBD during the June quarter were in two bedroom configurations totalling 50% of all recorded transactions. One bed sales made up the majority of the balance transactions.
- A total of only 611 new apartments remain for sale in the Brisbane CBD across the three different projects.
- Based upon the quarterly sales rate, the CBD has a supply of 5 months.
- Of the majority of stock remaining for sale, 67% is one bedroom apartments and 25% is made up of two bedroom apartments.
- As at the end of June 2015, the Brisbane CBD still remains the most limited in terms of new projects, new buying opportunities and future residential supply.

341

unconditional sales across the CBD

Development	Suburb	Status	Total Units	Sold June Qtr	Sold to Date	Available for Sale
The Midtown	CBD	Completed	144	1	117	27
111 Quay Apartments	CBD	Under Construction	78	16	66	12
Abian Apartments	CBD	Under Construction	147	7	139	15
Skytower	CBD	Under Construction	1,119	30	615	504
Spire	CBD	Under Construction	340	287	287	53
CBD TOTALS			1,828	341	1,224	611

3

North of the River

The North of the River apartment market, which spans 26 various projects, recorded a result which almost replicated the March 2015 quarter previously. It was however a 50% growth on the same period 12 months prior, reflecting the strengthening market.

- A total of 601 unconditional sales were recorded at a weighted average price of \$540,557. This level of transactions is only a 5% softening from the March Quarter previously.
- 58% of the stock sold during the quarter were two bedroom apartments. A further 41% of the quarter's sales were one bedroom apartments. 3 bedroom apartments represented only 1% of the quarterly off the plan sales.
- There were two new project releases in Brisbane's Inner Northern residential market – St Tropez and Pure (Spring Hill).
- Newstead Central's St Tropez was the North of the River's top performer, recording 134 unconditional sales. This was followed by Hercules at Hamilton with 85 transactions, and Newstead Central's Laguna release with 63 sales.
- Apartment sales in the precinct have begun to recognise bracket creep, with 39% of the sales for the quarter transacting between \$550,000 and \$650,000. A further 35% of sales transacted between \$450,000 and \$550,000.
- Only 784 apartments remain for sale in the North of the River precinct. This represents only 3.9 months' supply on the current sales rate.
- The majority of remaining stock in the Inner North, 55%, is two bedroom apartments. One bedroom apartments account for a further 39% of the remaining stock for sale in the precinct.
- Mosaic and M&A have now sold out of their stock and will be removed from future reports.

601 sales across 26 projects - Brisbane's highest selling precinct

Development	Suburb	Status	Total Units	Sold June 14 Qtr	Sold to Date	Available for Sale
Pier at Waterfront	Newstead	Completed	99	2	86	12
Mosaic	Fortitude Valley	Completed	212	2	212	0
M&A	Fortitude Valley	Completed	234	5	234	0
Belise	Bowen Hills	Under Construction	228	6	219	9
The Hudson at The Mill	Albion	Under Construction	140	0	81	59
Double One 3	Teneriffe	Completed	111	0	106	5
Pinnacle Apartments	Hamilton	Completed	168	14	123	45
Broadway on Ann	Fortitude Valley	Under Construction	247	14	240	7
Proximity	Hamilton	Under Construction	126	4	94	32
Newstead Towers	Newstead	Under Construction	314	47	298	16
North Yards	Bowen Hills	Awaiting Construction	208	12	207	1
South Yards	Bowen Hills	Awaiting Construction	182	17	180	2
Canterbury Towers	Fortitude Valley	Under Construction	200	51	183	17
Zest	Kelvin Grove	Under Construction	144	15	126	18
Newstead Central - Aqua	Newstead	Under Construction	149	52	132	17
Newstead Central - Laguna	Newstead	Under Construction	189	63	63	126
Newstead Central - St Tropez	Newstead	Under Construction	231	134	134	97
Mode	Newstead	Under Construction	157	0	117	40
Hercules	Hamilton	Awaiting Construction	228	85	197	31
Pure	Spring Hill	Awaiting Construction	93	27	27	66
The Milton	Milton	Under Construction	298	0	240	58
Westmark - Stage 1 and 2	Milton	Under Construction	277	11	269	8
38 High St	Toowong	Under Construction	136	2	106	30
Savoir Faire Residences II	Milton	Under Construction	65	0	35	30
Alto	Toowong	Under Construction	154	24	142	12
Landmark	Toowong	Awaiting Construction	119	14	73	46
NORTH OF THE RIVER TOTALS			4,709	601	3,924	784

4

South of the River

The South of the River off the plan apartment market, spanning 25 projects, recorded another strong quarter of unconditional sales, 26% higher than the quarter prior, totalling 521 unconditional sales at a weighted average price of \$569,770.

- 521 new unconditional sales were recorded during the three months to June 2015. This is a 26% growth on the level of unconditional commitments recorded during the March quarter previously substantially above the long term sales volumes recorded for the precinct.
- A weighted average sale price of \$569,770 was recorded for the June 2015 quarter in the Inner South. This is a figure 6% below the March 2015 quarter previously.
- The majority of stock sold during the June 2015 quarter were two bedroom apartments, which totalled 56% of the period's transactions whilst further 40% of sales were one bedroom apartments.
- There were three new project releases in the Inner South precinct. Olympia on Russell, Brisbane Casino Towers and Verde – all of which recorded strong unconditional sales.
- Brisbane Casino Towers, was the top performing project in the Inner South recording 102 unconditional transactions.
- 1,007 new and off the plan apartments remain for sale in the South of the River precinct. This is a supply of 6 months based upon the quarterly sales rate.

- Of these apartments which remain for sale, 47% are two bedroom apartments, 46% are one bedroom apartments and only 6% are three bedrooms.
- Parkside Bulimba is now sold out and will be removed from future apartment reports.

521
unconditional
transactions at a
weighted average
of \$569,770

Development	Suburb	Status	Total Units	Sold June 14 Qtr	Sold to Date	Available for Sale
Emporium Residences & Emporium Apartments	South Brisbane	Under Construction	217	1	208	9
Southpoint - The Apartments	South Brisbane	Under Construction	196	25	155	41
Basse	South Brisbane	Under Construction	68	0	43	25
Habitat	West End	Awaiting construction	148	0	77	71
Peak	South Brisbane	Under Construction	46	0	41	5
Spice South Tower	South Brisbane	Awaiting construction	124	0	37	87
Spice North Tower	South Brisbane	Awaiting construction	150	0	111	39
Trafalgar Lane	Woolloongabba	Under Construction	147	6	143	4
Citro	West End	Under Construction	106	15	55	51
Light & Co - Radiance	West End	Under Construction	139	36	66	73
Light & Co - Illuminate	West End	Under Construction	90	6	31	59
Opera Apartments	South Brisbane	Under Construction	180	47	157	23
INK	West End	Awaiting construction	107	16	31	76
Highline	West End	Under Construction	142	45	117	25
Olympia on Russell	South Brisbane	Under Construction	65	48	48	17
Brisbane Casino Towers	South Brisbane	Awaiting construction	378	102	102	276
Verde	South Brisbane	Awaiting construction	81	62	62	19
Linc	Kangaroo Point	Under Construction	45	0	41	4
Parkside Bulimba Stage 1	Bulimba	Completed	22	2	22	0
Parkside Bulimba Stage 2	Bulimba	Completed	23	2	23	0
Affinity	Kangaroo Point	Awaiting Construction	44	0	22	22
Bloom	Bulimba	Under Construction	32	17	31	1
Liberte	Kangaroo Point	Under Construction	112	4	85	27
Willow	Kangaroo Point	Under Construction	73	44	60	13
Orion	Coorparoo	Under Construction	186	43	146	40
SOUTH OF THE RIVER TOTALS			2,921	521	1,914	1,007

5

Site Sales

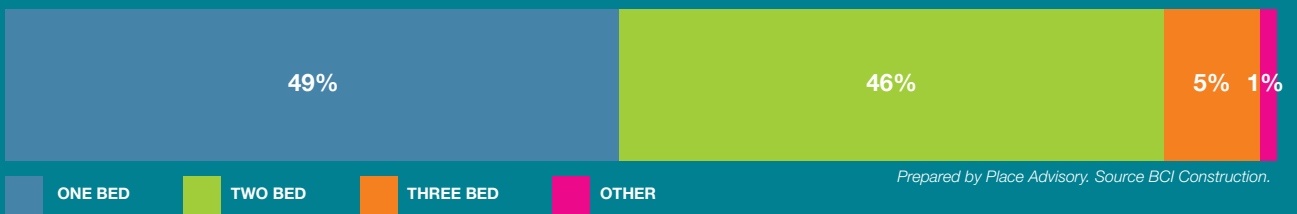
The following statistics provide an analysis of all residential development applications with a development value of over \$10 million or which contain greater than 30 apartments.

The following points summarise the approval changes for Inner Brisbane sites through the past 3 months.

- 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 applications and approvals recorded during the June Quarter 2015 with the number of deferred projects beginning to decline.
- In total, at the end of June 2015 there are 26,514 apartments over 155 projects in the development pipeline, a growth of 7% from the March QTR prior.
- Following a number of projects entering the sales cycle, the total number of approved apartments not under construction or being actively sold now totals 40% of all apartments planned in the Inner Brisbane Development pipeline.
- There are slightly less apartments awaiting approval at the end of the June quarter when compared to March 2015. 39% of the analysed projects are awaiting approval, whilst deferred apartments represents only 21% of the potential Inner Brisbane supply.
- The majority of apartment stock planned is in one bedroom configurations, 49%, reflecting the demand for this investment stock on a quarterly basis. The total two bedrooms planned has increased by 3% during the June quarter to now total 46% of future stock.
- The Inner South West has seen an increase in the levels of planned apartments during the three month period to June. At the end of the quarter 46% of the planned Inner Brisbane stock is in this precinct, centred around South Brisbane and West End.
- Sites with development approvals remain highly sought after. There is ongoing demand for potential projects spanning less than 100 apartments in well-established precincts. Competition is high for sites of this calibre and many are transacted off market.

...and the Pipeline continues to grow

Future Supply Pipeline - Breakdown by Stock Type



Future Supply Pipeline - Stage of Development



6

Special Report

Place Advisory Investor Sentiment Survey – 2015

The annual Place Advisory Investment Sentiment Survey recently closed

- the results were collated and key themes have been highlighted.

The Place Investment Survey questioned the databases with the key outcome of the survey being the ability to assess the real level of consumer confidence today whilst gaining accurate feedback as to what is driving the active purchasers and what they want. This is timely given the media attention that Brisbane has received over the past twelve months as a destination for investors.

The results provided a direct insight into the thoughts that the investor population have in regard to the future direction of the Brisbane property market. A number of key assertions were consistent throughout the survey and became readily apparent due to strong participation and detailed comments left by the respondents.

The most interesting statistic from this years survey was the high level of interest in apartments as an investment as opposed to detached dwellings. 2015 results reveal that 37% of investors prefer homes compared to 35% for apartments. In 2014, 45% chose homes and 30% chose apartments. In 2013, just 21% of survey respondents preferred apartments as a residential property investment. Place Advisory expects this shift to continue, with more and more people seeing the benefits of apartment living.

BRISBANE MARKET RESPONDENTS



THERE HAS BEEN
HIGHER ↑
BUYER
SENTIMENT

80%
BELIEVING THE MARKET
HAS IMPROVED

25% LOOKING
TO BUY IN
6 MONTHS

24% LOOKING
TO BUY IN
12 MONTHS

78%

HAD PREVIOUSLY
INVESTED IN PROPERTY
WITH

50% STILL IN THE
MARKET TODAY

MEANS TODAYS
INVESTORS ARE
KNOWLEDGEABLE +
WELL RESEARCHED



THEY HAVE A GOOD
FEEL FOR THE

CAPITAL
GROWTH
THAT'S BEING ACHIEVED



2015 SHOWS MORE
PEOPLE SEEING
PROPERTY AS AN
INVESTMENT OPPORTUNITY

65%

PREFERRED
BRISBANE'S INNER RING
AS THEIR
INVESTMENT LOCATION

KEY
FACTORS
THAT DRIVE THEIR PURCHASE



PROXIMITY TO
EMPLOYMENT

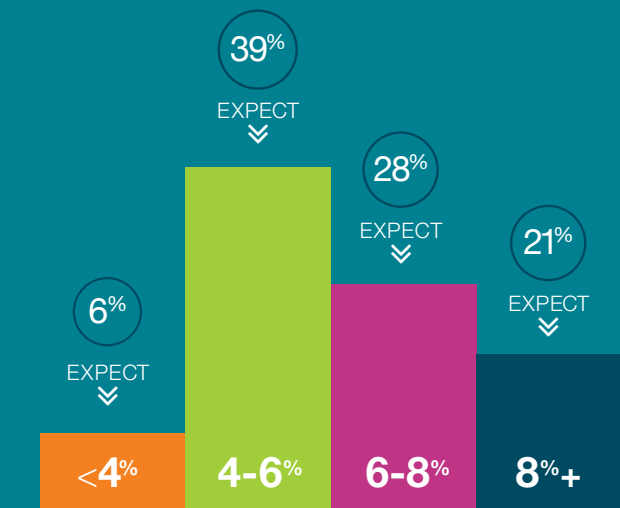


PROXIMITY TO
ENTERTAINMENT



PROXIMITY TO
PUBLIC TRANSPORT

6

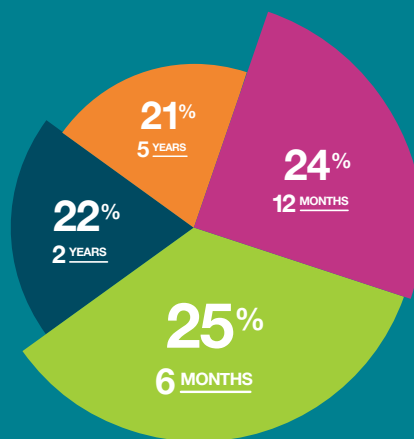


EXPECTED CAPITAL GROWTH

In these 'hot' market conditions, investors are ambitious about the capital growth that they hope to achieve. Whilst the majority of respondents (39%) expected to achieve between 4% and 6% capital growth, 21% of respondents expect above 8% growth on their investment. This is similar to the results from last year's survey,

PURCHASING PROPERTY IN THE NEXT...

The majority of respondents said that they are looking to purchase within the next six months. This comes as no surprise considering 80% believe that the market has improved in the past year.

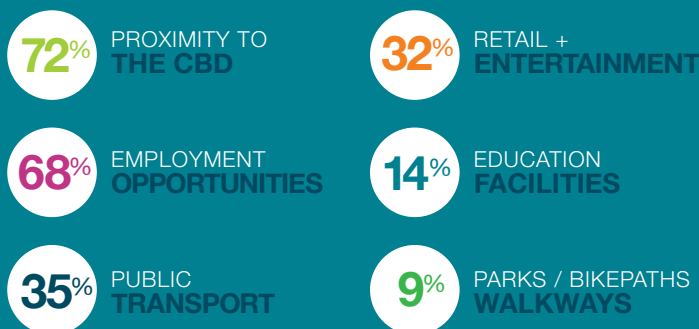


PREFERRED INVESTMENT LOCATION

The majority of respondents would prefer to buy their next residential property in the Inner Brisbane market – 65%.

The major shift this year has been to outer Brisbane, which is the preferred location for 17% of respondents. The Gold Coast was slightly less popular than in previous years, but this may shift as investment pours into the region in preparation for the Commonwealth Games.

PREFERRED PURCHASING DRIVERS



Proximity to the CBD and employment opportunities were clearly the top picks for investors during 2015. Demand for real estate is traditionally driven by jobs and low levels of supply near the CBD creates opportunity for the savvy investor.

Other popular choices included public transport options and access to retail and entertainment – both of which are crucial liveability factors driving demand and price growth.

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
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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.

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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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