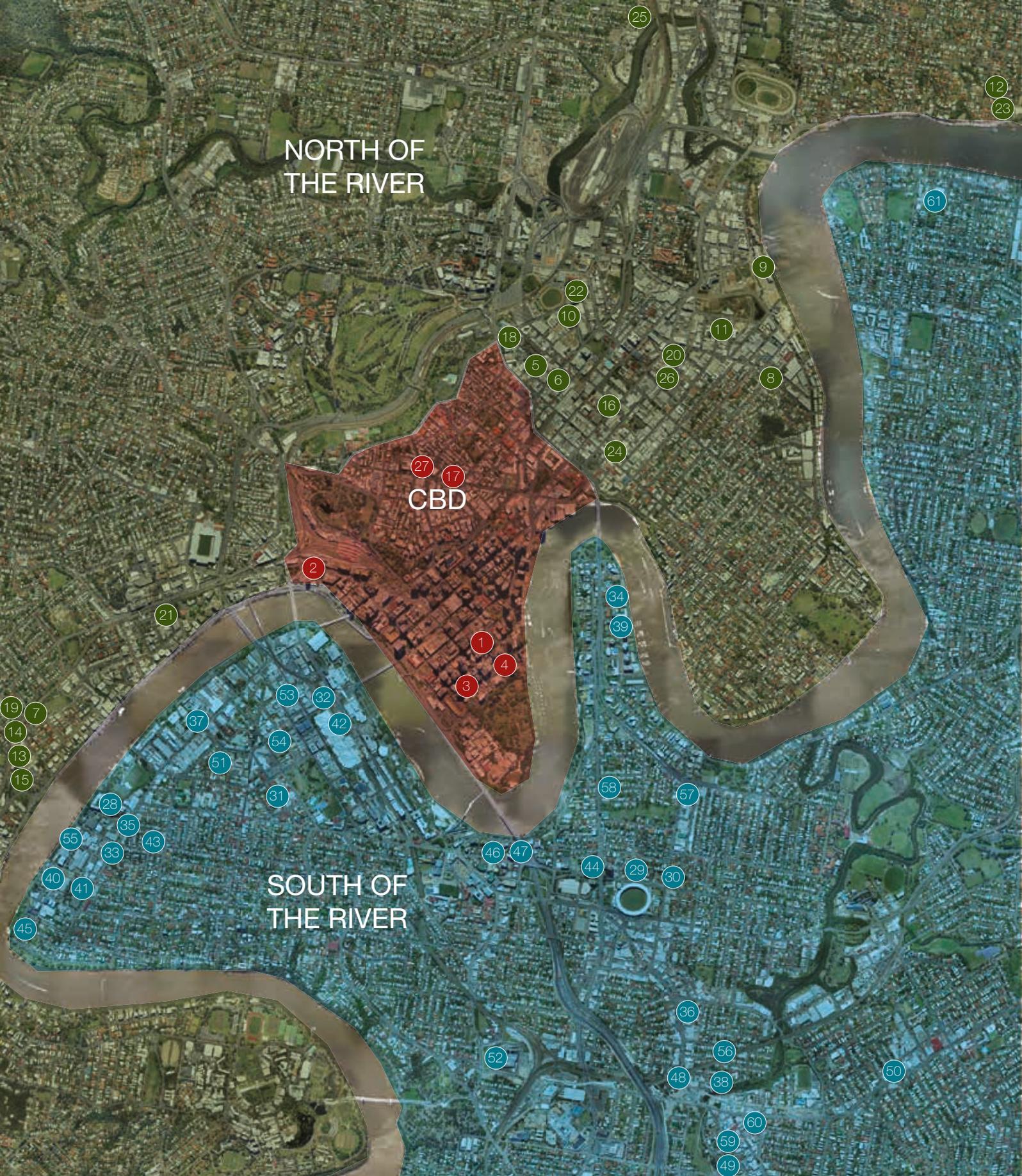




MARKET REPORT | Inner Brisbane Apartments
June Quarter 2017



NORTH OF THE RIVER

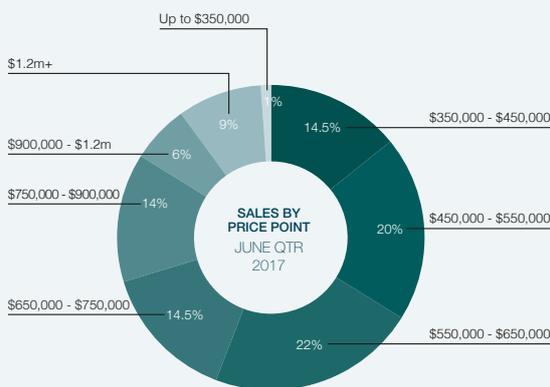
CBD

SOUTH OF THE RIVER

- | | | | | |
|---------------------------|---------------------------|---------------------------|-------------------------|-----------------------|
| CBD | 12 Hercules | 26 Chester and Ella | 38 Lincoln on the Park | 52 Boggo Road Stage 2 |
| 1 The Midtown | 13 Illumina | 27 Pure | 39 Linc | 53 Brisbane 1 |
| 2 111 Quay Apartments | 14 Augustus Residences | | 40 Virtuoso | 54 Skyneedle |
| 3 Mary Lane | 15 38 High Street | SOUTH OF THE RIVER | 41 Ferry Rd. | 55 Soko Waterfront |
| 4 Skytower | 16 Utopia Space | 28 The One | 42 Atlas | 56 Cedar |
| NORTH OF THE RIVER | 17 The Johnson | 29 The Duke | 43 Allure Apartments | 57 Corde Residences |
| 5 The Baxter Apartments | 18 Henley Towers | 30 Linton Apartments | 44 The Establishment | 58 The Marc |
| 6 The 28 | 19 White Dawn | 31 Olympia on Russell | 45 Habitat | 59 Florence |
| 7 Landmark | 20 Newstead Central | 32 Brisbane Casino Towers | 46 St Julien Residences | 60 Stoneham |
| 8 Mode | 21 Aura | 33 Light & Co | 47 Oxley & Stirling | 61 Eastpark |
| 9 Pier at Waterfront | 22 Belise | 34 Affinity | 48 Princess Regent | |
| 10 The Yards | 23 Gallery House | 35 Citro | 49 Oxy | |
| 11 Nero | 24 The Winn | 36 The Mews | 50 Massra Apartments | |
| | 25 The Hudson at The Mill | 37 Ink | 51 Black Fold | |

1 OVERVIEW

288 unconditional transactions were recorded for the June 2017 quarter, totalling approximately \$214 million worth of apartment sales.



Similar to three months prior, the June 2017 quarter shows low sales activity across Inner Brisbane's off the plan apartment market as challenging conditions continue.

288 unconditional transactions took place across Inner Brisbane throughout the second quarter of 2017, representing a 6% increase on last quarter but a substantial decline of 61% from the same period 12 months prior. However, the weighted average sale price continues to increase. When compared to the March 2017 quarter it has increased by 18%, and by 27% when compared to the June 2016 period.

The following points summarise the results recorded for Inner Brisbane's apartment market for the three month period ending June 2017.

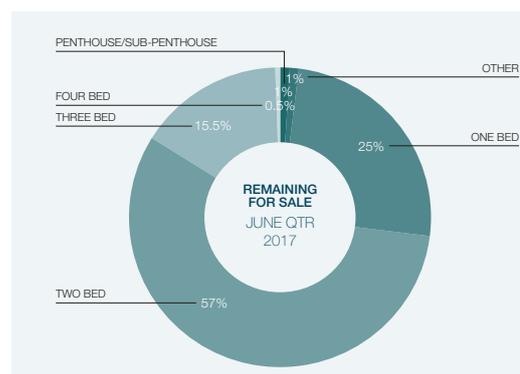
SUMMARY OF THE JUNE 2017 QUARTER

- Inner Brisbane's off the plan apartment market recorded 288 unconditional transactions over the June quarter, representing a 6% increase on last quarter.
- Approximately \$214 million worth of apartment sales were recorded throughout the June 2017 quarter.
- There are currently 69 projects being sold off the plan in Inner Brisbane.
- A weighted average sale price of \$744,097 was recorded for the period, representing an increase of 27% from the corresponding period 12 months prior. This is indicative of a slight change in product mixes sold across the market, resulting in higher sales prices.
- 443 Queen, located in Brisbane City, was the top performer for the June 2017 quarter, recording 48 unconditional transactions.
- Another standout performer was Brisbane Tower 1, located in South Brisbane which recorded 47 unconditional sales for the June 2017 quarter.

- Two bedroom apartments accounted for the majority of unconditional sales over the June 2017 quarter, representing approximately 50% of sales. This was followed by one bedroom apartments, accounting for 38% of transactions. Three bedroom apartments totalled 8% of sales, whilst four bedroom, penthouse and sub penthouse transactions represented the remaining 4% of sales for the period.
- The majority of transactions that occurred during the June quarter, 2017, were priced between \$550,000 and \$650,000, representing approximately 21.5% of total transactions. This is a decline of 14.5% as compared to last quarter.
- The \$450,000 - \$550,000 price bracket closely followed representing approximately 20% of total sales for the June 2017 quarter.
- The \$750,000 - \$900,000 price bracket increased to 14% of total unconditional sales representing the largest increase among all price groups, a change of 6% when compared to last quarter.
- When compared to the March 2017 quarter, all price brackets from \$650,000 upwards increased in proportion of total sales reflecting the growth in the weighted average price of off the plan apartment sales.
- The South of the River precinct saw the highest number of apartment transactions for the period, recording 114 unconditional sales. Whilst the North of the River precinct recorded a further 104 sales.
- There are currently 2,260 apartments remaining for sale representing a supply of 23 months.

Overall, the Inner Brisbane off the plan apartment market has experienced a significant change over the past 12 month period. The market has benefited greatly from the high levels of demand in recent years, however, Place Advisory expects that as we return to a more normal market, the current level of transactions will continue in the short term. We expect that the remainder of 2017 will bring some challenging periods as the Brisbane market continues to adjust to changing conditions and uncertainty.

Place Advisory looks forward to reporting on the sales volumes and new trends over the year to come. For a detailed review on what can be expected for Inner Brisbane's apartment pipeline throughout 2017, please turn to Section 5.



2 CBD

Once again the CBD precinct recorded the highest weighted average sale price for the quarter. With the inclusion of the 443 Queen Street project which sold 48 apartments, the CBD saw a dramatic increase in sales during the June 2017 quarter.

Total unconditional sales in the CBD precinct went up by over 400% as compared to the March 2017 quarter

The CBD precinct recorded a weighted average sale price of \$969,643, an increase of 45% quarter on quarter. The new 443 Queen development project was a strong contributor in this component with 48 unconditional sales and a weighted average price of \$1,032,813.

The majority of transactions that occurred within the precinct were in one bedroom configurations, accounting for 51% of total sales, a stark contrast to the March quarter of only 12.5%. Two bedrooms configurations were the next highest, which accounted for 36%.

Only 332 apartments remain available for purchase in the CBD precinct across all five projects which includes The Midtown, 111 Quay Apartments, Skytower, 443 Queen and Mary Lane.

The majority of this remaining stock for sale over these five developments is made up of two bedroom apartments, accounting for 52.8% of available product. This is followed by one and three bedroom apartment configurations, both representing approximately 22.7% of available stock whilst the remaining 1.8% are penthouse and sub penthouse apartments.

The Brisbane CBD remains the most limited precinct in terms of new projects, buying opportunities and residential supply.

70
unconditional
transactions;
weighted
average price
\$969,643.

Development	Suburb	Status	Total Units	Sold to Date	Available for Sale	Sold June 2017 Qtr
The Midtown	CBD	Completed	144	128	16	0
111 Quay Apartments	CBD	Completed	78	76	2	1
Skytower	CBD	Under Construction	1,092	978	114	16
443 Queen	CBD	Awaiting Construction	264	135	129	48
Mary Lane	CBD	Under Construction	184	113	71	5
CBD PRECINCT TOTALS			1,762	1,430	332	70

3 NORTH OF THE RIVER

The North of the River apartment market sold 104 apartments during the June 2017 quarter, representing 36% of the total sales recorded for the period.

The 27 projects throughout the North of the River precinct recorded 104 unconditional sales during the June 2017 quarter. This is a significant decrease of 39% on the March 2017 quarter and only 48% of the number of recorded sales during the same period 12 months prior.

A weighted average sale price of \$693,510 was recorded for the June 2017 quarter reflecting a 9% increase from last quarter and a 17% increase as compared to the same period 12 months prior.

The Hudson on the Mill, Ella Apartments and Nero were all strong performers for this precinct during the June 2017 quarter accounting for 73% of total apartment transactions in the precinct.

No new projects entered the sales cycle during the June 2017 quarter.

Two bedroom apartments were again the most sold configuration making up 65.4% of total sales during the June 2017 quarter. A further 24% of transactions were one bedroom configurations. Three bedroom, sub-penthouse and penthouse configurations represented 7.7%, 1.9% and 1% of total apartment sales respectively.

At the end of June 2017, there were 784 apartments remaining for sale across the precinct. This represents a supply of 22 months.

The majority of these remaining apartments are two bedroom configurations which account for 58% of stock. This is followed by one bedroom configurations, representing 30% of available apartments.

Development	Suburb	Status	Total Units	Sold to Date	Available for Sale	Sold June 2017 Qtr
Pier at Waterfront	Newstead	Completed	99	96	3	0
Belise	Bowen Hills	Completed	228	220	8	0
The Hudson at The Mill	Albion	Completed	140	108	32	27
North Yards	Bowen Hills	Under Construction	208	207	1	0
South Yards	Bowen Hills	Under Construction	182	180	2	0
Newstead Central - Laguna	Newstead	Under Construction	189	168	21	0
Newstead Central - St Tropez	Newstead	Completed	231	226	5	2
Newstead Central - Capri	Newstead	Under Construction	207	170	37	6
Mode	Newstead	Completed	157	139	18	0
Hercules	Hamilton	Under Construction	228	226	2	0
Pure	Spring Hill	Completed	93	82	11	0
The Johnson	Spring Hill	Completed	193	185	8	0
Baxter St Apartments	Fortitude Valley	Under Construction	56	44	12	0
Henley Towers	Fortitude Valley	Awaiting Construction	301	178	123	0
Utopia Space	Fortitude Valley	Awaiting Construction	300	237	63	0
The Winn	Fortitude Valley	Under Construction	63	55	8	0
Gallery House - Stage 1	Hamilton	Under Construction	164	109	55	9
Chester Apartments	Newstead	Under Construction	170	149	21	3
Ella Apartments	Newstead	Under Construction	149	78	71	26
Nero	Newstead	Awaiting Construction	107	90	17	23
The 28	Fortitude Valley	Awaiting Construction	139	9	130	0
38 High St	Toowong	Completed	136	118	18	0
Landmark	Toowong	Completed	119	114	5	0
White Dawn	Toowong	Awaiting Construction	60	52	8	0
Illumina	Toowong	Under Construction	221	200	21	0
Augustus Residences	Toowong	Under Construction	90	67	23	6
Aura	Milton	Awaiting Construction	82	14	68	2
NORTH OF THE RIVER TOTALS			4,312	3,521	791	104

104 unconditional transactions; weighted average price \$693,510.



SOUTH OF THE RIVER

The South of the River precinct recorded an increase in unconditional apartment transactions of 114. This is 31% higher compared to the March 2017 quarter.

A weighted average sale price of \$651,754 was recorded for the June 2017 period, representing approximately a 6% increase on the March 2017 quarter but maintaining a substantial 17.5% increase on the same period 12 months prior.

The majority of stock sold during the June 2017 quarter were two bedroom apartments, totalling 45.6% of the period's sales. This was followed by one bedroom transactions, representing 42.1% of sales.

1,137 apartments remain available for sale throughout the South of the River precinct. These are largely made up of two bedroom configurations which account for 57.3%. This is followed by one bedroom apartment configurations, totalling 22.3% of remaining stock.

Two developments, St Julien Residences and Corde Residences, have now sold out of their apartment stock and will be removed from Place Advisory's future reports.

At the end of June 2017, a supply of approximately 29 months of apartments remains for sale.

Development	Suburb	Status	Total Units	Sold to Date	Available for Sale	Sold June 2017 Qtr
Emporium Residences & Emporium Apartments	South Brisbane	Under Construction	221	214	7	0
Citro	West End	Under Construction	106	67	39	2
Light & Co - Radiance	West End	Completed	139	128	11	9
Light & Co - Illuminate	West End	Completed	90	62	28	6
INK	West End	Under Construction	107	87	20	0
Olympia on Russell	South Brisbane	Completed	65	62	3	0
Brisbane Casino Towers	South Brisbane	Under Construction	378	373	5	0
Virtuoso	West End	Under Construction	77	45	32	5
St Julien Residences	South Brisbane	Completed	80	80	0	1
Black Fold	West End	Under Construction	40	38	2	0
Oxley and Stirling	South Brisbane	Under Construction	218	215	3	0
Brisbane Tower 1	South Brisbane	Under Construction	277	141	136	47
Brisbane Tower 2	South Brisbane	Under Construction	98	88	10	0
Brisbane Tower 3	South Brisbane	Under Construction	233	218	15	0
Skynedle Stage 1	South Brisbane	Under Construction	110	81	29	0
Princess Regent	Woolloongabba	Completed	78	43	35	0
Atlas	South Brisbane	Under Construction	210	167	43	3
Soko Waterfront Apartments	West End	Completed	120	84	36	2
Allure Apartments	West End	Under Construction	53	39	14	1
Ferry Rd.	West End	Awaiting Construction	60	19	41	3
The One	West End	Awaiting Construction	61	21	40	2
The Mews	Woolloongabba	Under Construction	140	120	20	2
Linc	Kangaroo Point	Completed	45	44	1	0
Affinity	Kangaroo Point	Completed	44	39	5	2
Cedar	Greenslopes	Completed	61	61	0	3
Corde Residences	East Brisbane	Under Construction	60	45	15	3
The Marc	Kangaroo Point	Completed	69	56	13	3
Boggo Road Stage 2	Dutton Park	Under Construction	75	52	23	1
Linton Apartments	Kangaroo Point	Under Construction	144	110	34	0
Lincoln on the Park	Greenslopes	Under Construction	93	39	54	0
The Duke	Kangaroo Point	Under Construction	125	102	23	9
Eastpark	Bulimba	Under Construction	80	36	44	8
Stoneham	Greenslopes	Awaiting Construction	99	34	65	0
Florence	Greenslopes	Awaiting Construction	107	42	65	2
Maasra Apartments	Coorparoo	Awaiting Construction	131	17	114	0
Lume	Kangaroo Point	Under Construction	119	53	66	0
Oxy	Greenslopes	Awaiting Construction	60	14	46	0
SOUTH OF THE RIVER TOTALS			4,461	3,136	1,325	114

114 unconditional transactions; weighted average price \$651,754

5

SITE SALES AND FUTURE PIPELINE

Inner Brisbane's development pipeline has changed dramatically. Place Advisory has analysed all residential development applications within the Inner Brisbane precinct with a development value over \$10 million or which contain greater than 30 apartments.

Projects in Brisbane's Inner Ring have been categorised by their various stages of planning, which include development application, development approval and deferred projects pending market conditions.

The following points summarise the approval changes for Inner Brisbane apartment sites over the past three months ending June 2017.

At the end of the June 2017 quarter, there were a total of 26,305 apartments across 114 projects in Brisbane's Inner Ring. This pipeline of potential projects are currently in the planning stages and the likelihood of them making it into the marketplace at the same rate as seen in previous years is unlikely.

Overall, the June 2017 quarter saw the number of new development applications remain stable, sitting at 21%. However, the number of development approvals decreased whilst deferred projects increased.

The most significant change was the increase in deferred projects throughout the quarter, increasing to 43%. The increased number of deferred projects that Inner Brisbane has experienced can be

attributed to numerous economic factors such as softening sales rates, higher construction prices and tighter lending policies for developers.

Following a number of developments entering the sales cycle or being deferred, the total number of approved projects that are not currently under construction or being actively sold now totals just 36% of all planned apartments in the development pipeline.

The majority of apartment stock in the pipeline are in two bedroom configurations, representing 52% of total stock. This is followed by one bedroom configurations, accounting for 41% of stock. Three bedroom configurations total 6% of the apartment pipeline, whilst penthouse and sub penthouse apartments represent the remaining 1% of stock.

The North of the River precinct retains the majority of planned apartments across Inner Brisbane, totalling 10,838 potential apartments. These apartments are centred predominantly around Fortitude Valley, Newstead and Bowen Hills.

FUTURE SUPPLY PIPELINE - Stock Type



FUTURE SUPPLY PIPELINE - Stage of Development



Inner Brisbane's development pipeline has changed dramatically.



SPECIAL REPORT

Place Advisory Investor Sentiment Report 2017

The Investor Sentiment Survey assessed the real level of consumer confidence in the market place today, whilst also gaining accurate feedback as to what is driving active purchasers. This is timely given the recent slowdown in Inner Brisbane's apartment market.

The results from this survey provide direct insights into the thoughts that the investor population have in regard to the current and 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 respondents.

Over the past five years, the Brisbane market has seen a full property cycle occur, with the most recent 12 months being a period of uncertainty. The Place Advisory 2017 Investor Sentiment Survey found that 51% of respondents believe the property market has suffered the past 12 months, an increase from 42% recorded 12 months prior. This is a substantial increase when looking back to 2013, when 71% of respondents believed the market was improving.

Undoubtedly, investor sentiment has changed significantly over the few years in Brisbane and consumer confidence for new apartments in large buildings has been hit the hardest. Interestingly however, over the past five years, and in particular the past 12 months, we have seen an increased demand for terrace homes, with 24% of respondents in 2017 stating that this is their preferred dwelling type, an increase of 9% from 2016.

OVER THE 12 PAST MONTHS



BELIEVE THE MARKET HAS NOT IMPROVED



BELIEVE IT HAS IMPROVED

PREFERRED DWELLING TYPE



HOUSE INCREASED DEMAND

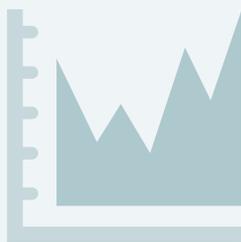


TOWNHOUSE INCREASED DEMAND



APARTMENT DECREASED DEMAND

BIGGEST CONCERN IMPACTING PEOPLE BUYING PROPERTY TODAY



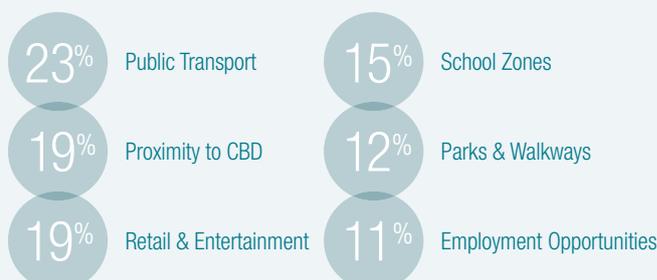
52% MARKET UNCERTAINTY

BRISBANE'S MIDDLE RING IS THE MOST POPULAR

39% OF RESPONDENTS WOULD BUY HERE



KEY FACTORS THAT DRIVE THEIR PURCHASE DECISION



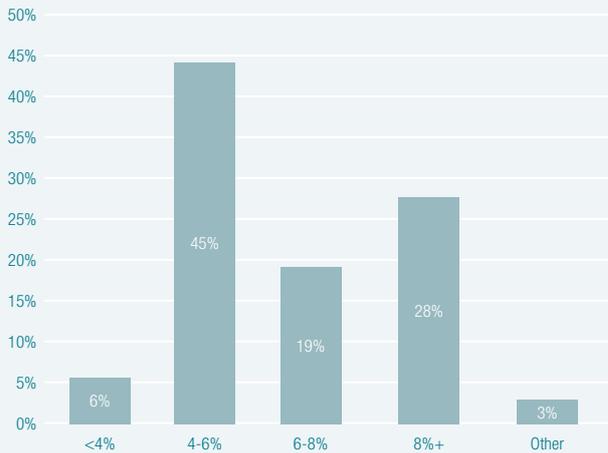
MAJORITY OF RESPONDENTS PREFER TO BUY A PROPERTY WITH 3+ BEDROOMS



Place Advisory's annual Investor Sentiment Survey for 2017 recently closed. The results have been collated and key themes have been highlighted.

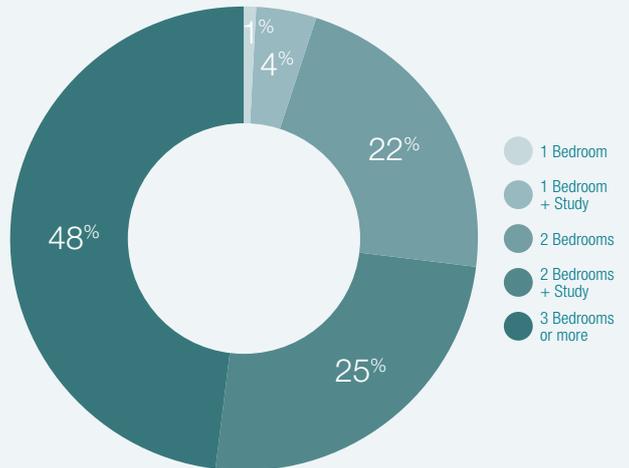
EXPECTED CAPITAL GROWTH

Despite high market uncertainty, some investors are ambitious in regards to capital growth that they expect to achieve. Whilst the majority of investors (45%) expect to achieve between 4% and 6% capital growth, 28% expect to achieve above 8% growth on their investment.



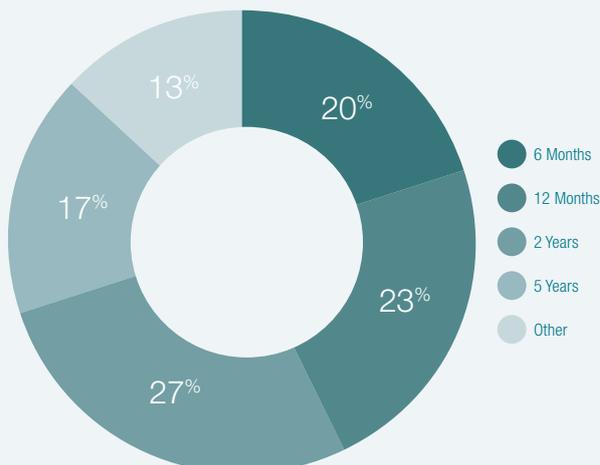
PREFERRED BEDROOM BREAKDOWN

Investors have a strong preference toward larger three bedroom dwellings as opposed to smaller one and two bedroom properties. Over the past 12 months, the preference for three bedroom properties has increased from 39% to 48%.



PURCHASING IN THE NEXT...

With the increasing level of uncertainty in the marketplace today, it is no surprise that the majority of survey respondents are looking to purchase in the next two years.



PURCHASING DRIVERS

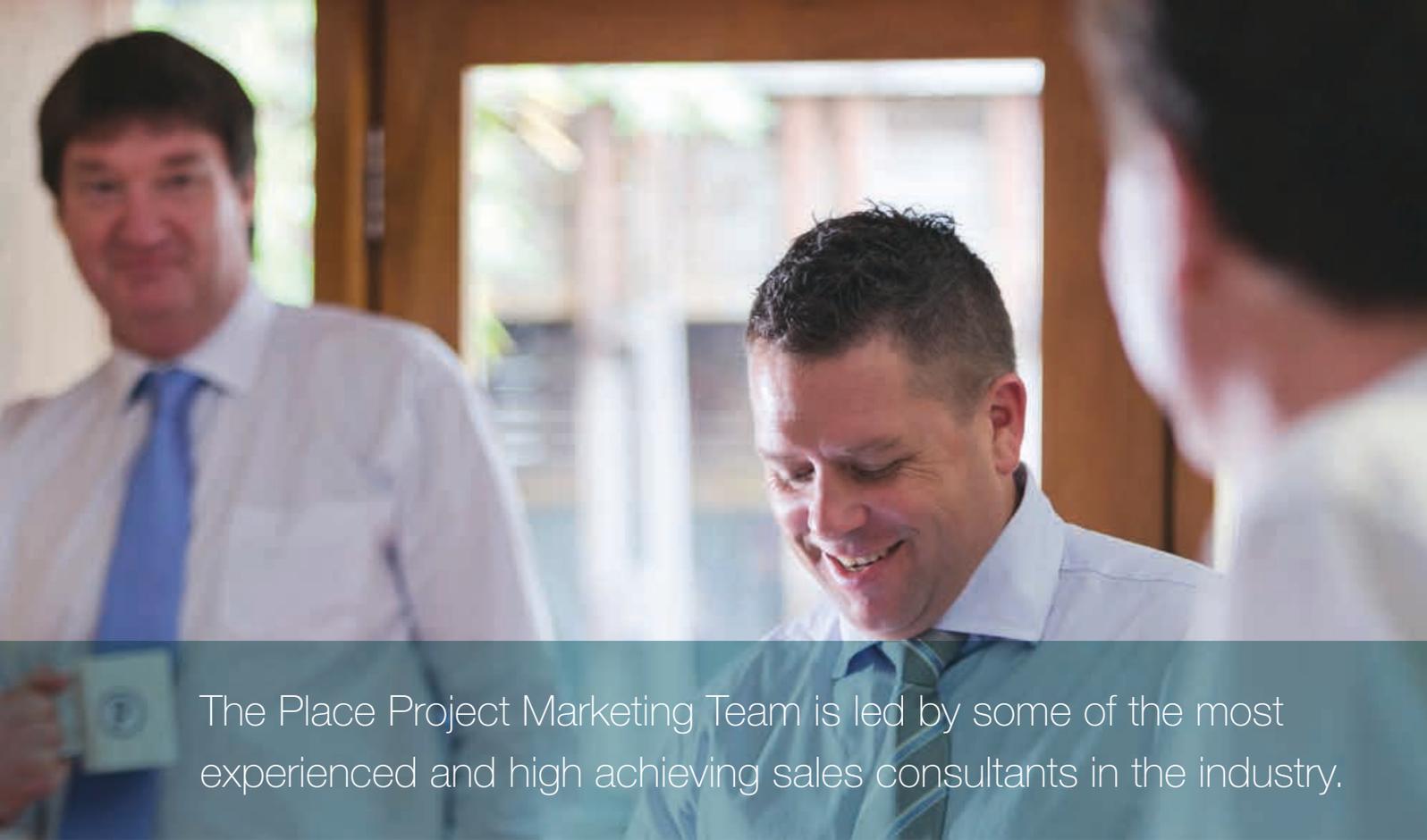
Preferred purchasing drivers have remained relatively similar when compared to the previous 12 months. In previous years, demand was driven by proximity to the CBD and employment opportunities. However, over the past two years, investors are seeing opportunities to buy in suburbs that are located further from the CBD and closer to public transport services and retail and entertainment 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 led by some of the most experienced and high achieving sales consultants in the industry.



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, 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.

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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 and 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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