The information outlined within this document represents a subjective interpretation of the development based on plans, pricing and other information provided to us by the developer and/or their representatives. This information should not be relied upon for investment decisions. Interested parties should undertake independent inquiries and investigations to satisfy themselves that any details herein are true and correct. No forecasts are being made by Resolution Research & Marketing Pty Ltd about potential capital gains. Past information contained within this document about capital gains or price growth does not imply that such gains or growth will be made in the future. Resolution Research & Marketing Pty Ltd accepts no responsibility for reliance on this information.

Date compiled September 2014. This information is current for twelve months from September 2014.
QUEENSLAND ECONOMY

• Recent data confirms Queensland as one of Australia’s economic powerhouses, with reports predicting Queensland’s economy expected to reflect the strongest growth in the country.

• A recently released report by Deloitte Queensland reveals a growth forecast for the State’s economy reflecting a doubling in the rate of growth between 2014/15 and 2015/16 underpinned by major gas projects coming online combined with increases in growth across the retail and construction sectors.

• The state’s job market growth over the year ending 30 June 2014 was the strongest in the Australia, accounting for 65% of all new jobs nationwide.1 Over this timeframe Queensland was the only mainland Australian state to record positive growth in trend workforce participation.2

INFRASTRUCTURE AND INVESTMENT

• Over the past 10 years, Queensland’s average infrastructure spend per capita was 75% higher than the average of other states and territories combined. Queensland’s commitment to the delivery of infrastructure estimated at $134 billion is in place to manage the ongoing economic and population growth over the long-term. This program represents the largest public infrastructure spending initiative in Australian history.3

• Ten billion dollars has been invested in four major infrastructure projects between 2010 and 2012 which are now complete. Namely The Go Between Bridge ($328 million), the Gateway Bridge Duplication ($1.88 billion), the Clem Jones Tunnel ($3 billion) and the $4.8 billion Airport Link Tunnel. Collectively these projects have had a significant impact on accessibility not only in and around Brisbane but to the state’s second largest employment node located within the Australia Trade Coast.

• An additional $8.45 billion has been committed for the delivery of a further four major infrastructure projects throughout Brisbane, namely:
  • the Legacy Way Tunnel ($1.5 billion) due for completion in 2015;
  • the $650 million Kingsford Smith Drive Upgrade, due for completion in 2017;
  • the Brisbane Airport Parallel Runway, due for completion in 2020 at a cost of $1.3 billion; and
  • the landmark $5 billion Underground Bus and Train (BaT) which will be completed in 2021.

• This level of investment in infrastructure has, and continues to, ease congestion, improve access and open up new areas to house the future population.

• Importantly, this infrastructure program which has been funded by all levels of Government will continue to support economic and jobs growth over the long term.

1 The State of Queensland, The Honourable Tim Nicholls MP – July 2014
3 Brisbane Marketing – Invest in Brisbane – August 2014
QUEENSLAND RESIDENTIAL MARKET CONDITIONS

- A rise in underlying demand, coupled with underbuilding post GFC has resulted in a state of dwelling undersupply throughout Queensland which is currently estimated to sit at 19,400 dwellings.4
  - Queensland has recorded an increase in stock deficiency year on year since 2011 and, moving forward, is forecast to hold its position as the third most undersupplied dwelling market in the nation for 2015 and 2016.
  - The table below highlights Queensland’s stock deficiency in comparison to Australia’s other states and territories.

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Source: Resolution Research, BIS Shrapnel - September 2014 e- estimated f – forecast

POPULATION GROWTH - HISTORIC

- Over the ten year period ending 30 June 2013, Queensland averaged a population growth rate of 2.2% per annum, outperforming the nation’s 1.6% average annual rate of growth.
  - This high rate of population growth positioned Queensland as the second fastest growing state in Australia, only marginally behind Western Australia.5
- More recently, Queensland had the third highest growth rate of any Australia state or territory for the year ended 30 June 2013 behind Western Australia and the Australian Capital Territory.
  - Again, this high rate of growth recorded in Queensland was higher than that recorded on a national level.6
  - Historically, Queensland has had the highest net interstate migration of any Australian state or territory. A position it retains with data for the year ending 30 June 2013, Queensland had the largest net interstate migration gain of all Australian states and territories.7
    - The largest net interstate migration gains for the year ending 30 June 2013 were from New South Wales and South Australia.

Footnotes:
4 BIS Shrapnel – Residential Property Prospects 2014 - 2017
5 Queensland Government Statistician’s Office – Population growth highlights and trends, Queensland 2014
6 Queensland Government Statistician’s Office – Population growth highlights and trends, Queensland 2014
7 Queensland Government Statistician’s Office – Population growth highlights and trends, Queensland 2014
INVESTMENT OPPORTUNITY ANALYSIS

**POPULATION GROWTH - PROJECTED**

- According to the latest data provided by the State Government, Queensland's population is projected to increase by 37% (or by more than 2.6 million persons) over the 25 years to 2036 to reach a total population exceeding 7 million persons.
  - This large growth in population can be broken down into the State growing by 99,000 new residents per annum.
- Importantly, Queensland is forecast to have the highest net interstate migration between 2015 and 2017.¹
- New South Wales is expected to be the primary driver of this uplift in net interstate migration, with Victoria also projected to once again be a strong contributor to the state's population growth over the coming years.
- Leading economists BIS Shrapnel project that over the coming years, as detailed in the chart below, Queensland will lead the nation in terms of attracting new interstate migrants. In fact Queensland will be only one of two of Australia’s states and territories to experience net migration inflows.

**NET INTERSTATE MIGRATION - AUSTRALIA 2014 TO 2017 (F)**

![Net Interstate Migration Chart](chart.png)


¹ BIS Shrapnel – Residential Property Prospects 2014 - 2017
BRISBANE OVERVIEW

- Brisbane’s population is expected to expand by more than 350,300 new residents to reach 1.4 million persons by 2036, translating to an additional 14,000 new residents per annum between 2011 and 2036.
- The economic outlook for Brisbane’s economy remains one of the strongest in the nation. The capital is the economic engine room for Queensland, currently representing 48% of the state’s economy.
- Brisbane’s Gross Domestic Product (GDP) currently stands at $135 billion. This economic output is set to double in the next 20 years, taking Brisbane’s total GDP to $270 billion dollars, making Brisbane one of the most prosperous cities in the world.\(^9\)
  - With Brisbane set to outperform a number of global competing cities, it is becoming the location of choice for international business headquarters, development and investment.
- Brisbane’s job market is growing at more than twice the rate of its population growth and, over the past decade the capital has witnessed the fastest employment growth of all Australia’s capital cities.
- Brisbane’s job market is forecast to expand to 1.5 million by 2031, a projected increase of half a million workers since 2012.
- Brisbane is home to Australia’s fastest growing industry and trade precinct – the Australia Trade Coast. The precinct is forecast to employ more than 90,000 persons by 2026 with an estimated value to the Queensland economy of $10 billion.\(^10\)

\(^9\) Brisbane City Council – Brisbane City Centre Master Plan 2014
\(^10\) The Queensland Plan
BRISBANE APARTMENT MARKET OVERVIEW
INVESTMENT OPPORTUNITY ANALYSIS

BRISBANE APARTMENT MARKET OVERVIEW

AFFORDABILITY

• The latest data provided by the Real Estate Institute of Australia* shows that as at the June quarter 2014, Brisbane ranked as the second most affordable apartment market in Australia with a median price of $385,000.\(^1\)
• According to this data, Brisbane’s median apartment price is $98,300 more affordable than the national median at $483,300.
• When compared with Sydney’s median apartment value, Brisbane apartments are $162,100 more affordable and when compared with Melbourne are $114,000 lower.
• The affordable position of Brisbane apartments is a key driver underpinning interstate migration and will subsequently result in rising levels of demand for apartments throughout Brisbane.

MEDIAN APARTMENT PRICES – AFFORDABILITY RANKINGS

Source: Resolution Research, Real Estate Institute of Australia – September 2014

* Note: REIA uses capital city data which is contained within different boundaries to the Brisbane Local Government Area (LGA) analysed overleaf.

\(^1\) REIA REMF 2 – June quarter 2014
BRISBANE APARTMENT MARKET PERFORMANCE

• Over the past decade to December 2013, Brisbane’s apartment market has recorded an average annual growth in median values of 5.1%.
• Brisbane’s apartment market demonstrated itself to be one of the most resilient markets in the nation with upward movement in the market’s median apartment price maintained throughout the GFC.
• Interestingly, across the past decade the median apartment value throughout Brisbane has been trending upwards with the exception of 2011 when the market experienced a marginal decline in its median price.
• The median apartment price throughout Brisbane for the year ending December 2013 was $410,000.
  • The year to date data indicates the median apartment value has lifted by 2.4% (or $10,000) to reach $420,000.
• Demand for apartments within Brisbane has remained stable over the long (10 years) and medium (5 years) timeframes with an average of 10,000 apartments transacting per annum.
  • Demand for apartments peaked in 2003 and 2007 with sales volumes well above the average at 14,600 and 14,500 sales respectively. These strong lifts in demand also corresponded with the markets highest annual growth rates at 14.3% and 11.7% respectively.

Source: Resolution Research, State of Queensland – September 2014
BRISBANE INNER CITY APARTMENT MARKET OVERVIEW
BRISBANE INNER CITY APARTMENT MARKET

- Brisbane’s traditional inner city market is comprised of 21 suburbs which all fit within a 5 kilometre ring of the CBD.
- With recent changes in planning instruments to encourage smaller scale development on the boundaries of the 5 kilometre ring the geographic composition of Brisbane’s inner city is expanding to include suburbs such as Nundah and Coorparoo.
- An analysis of the historic performance of Brisbane’s inner city apartment market is integral in understanding the potential performance of emerging markets sitting on the boundaries of the inner city.
- Over the past ten calendar years, the median price for an apartment in Brisbane’s inner city has grown by an average of 4.2% per annum to reach a median value of $482,000 for the year ended December 2013.
  - At the time of undertaking this research, the median apartment price within Brisbane’s inner city has increased by $3,000 since December 2013 to $485,000.
    - This average annual rate of growth is lower than that achieved throughout the Brisbane (5.1%) over the same time frame.
    - Interestingly however, over more recent times, average annual growth in median values throughout Brisbane’s inner city have risen to outperform those being recorded across wider Brisbane.
  - This lift in the inner city’s rate of median price growth can be attributed to a number of factors, namely, a lack of new development placing upwards pressure on price points.

Source: Resolution Research, State of Queensland – September 2014
• Over the past decade, there has been an average demand for just over 4,000 apartments per annum throughout the inner city.
  • More recently, over the past five years demand has pulled back to an average of 3,400 apartment transactions per annum.
  • With construction commencements and completions starting to flow through into the market place, settled sales transactions post 2012 are likely to reach 2006/2007 levels.

• An analysis of the nation’s three major inner-city residential markets across the following major areas:
  • Rental returns;
  • Relative affordability, with some markets considered undervalued; and
  • Undersupply in the face of projected increases in population (more particularly, net interstate migration)
• reveals that Brisbane’s inner city apartment market currently occupies an opportune position on the property clock.

RESIDENTIAL APARTMENT MARKET PROPERTY CLOCK - SYDNEY VS. MELBOURNE VS. BRISBANE

BRISBANE INNER CITY\textsuperscript{a} DEMOGRAPHICS

- Around one third of all residents of Brisbane’s inner city are aged between 20 and 35 years age, which is significantly higher than that recorded across Queensland.
  - This demographic trend is consistent with all inner urban markets whose populations are predominantly comprised of Gen Y and Gen X residents who have a strong lure towards the lifestyle and convenience on offer in high-density, mixed use locations within close proximity to major employment nodes.
- It follows suit then, that the dwelling landscape throughout Brisbane’s inner city is dominated by apartments, which account for almost half of all dwelling types located throughout the inner city, which is more than four times the proportion of apartments recorded throughout Queensland.
- Given the popularity of Brisbane’s inner city with younger residents, the proportion of households occupied by couples with children is lower than the Queensland trend at the expense of higher instances of dwellings occupied by lone persons and share households.

DEMAND FOR \& \& APARTMENTS

- Consistent with this is a preeminence of smaller dwelling types comprised of one and two bedrooms. These dwelling types account for 46.5% of all dwellings throughout the inner city which is more than double that recorded throughout the State.
- Support for this type of built form and accommodation is strong across all tenure types, particularly the rental market which account for almost half of all occupied households in the area. The proportion of dwellings owned outright equates to 21% and those held under mortgage equates to the remaining 28%.
- At the time of the 2011 Census, more than half of the inner city’s working population were employed in a professional or managerial capacity, which is significantly higher than that recorded throughout Queensland of 31%.
- Following on from this occupational profile is a typically affluent population earning higher median weekly incomes on personal, household and family levels when compared with Queensland.
  - At the time of the 2011 Census, the median weekly family income of Brisbane’s inner city residential population was $270 per week higher;
  - The median weekly personal income was $890 per week higher; and
  - The median weekly household income was recorded as $530 per week higher.
- Reflective of an area populated by those working in high income occupations is a population paying more for housing costs. Median weekly rents, at the time of the 2011 Census were $175 per week higher than Queensland and median monthly mortgage repayments were $1,300 per month higher.

AFFLUENT POPULATION

\textsuperscript{a} Brisbane Inner City – SA4
COORPAROO OVERVIEW

- The suburb of Coorparoo is just over four kilometres from the Brisbane CBD and as such, falls on the boarder of Brisbane’s inner city ring.
- The dwelling landscape of the suburb currently sits in stark contrast to the broader inner city and as such is not defined as a “typical” inner city suburb. This being said, there are a number of demographic trends which are consistent with the inner city pointing to a market which has significant potential to support some injections of medium and high density development.
- There is a particularly high level of public transport infrastructure in place throughout the suburb linking it not only with the CBD but with the State’s major medical precinct and tertiary institutions.

HIGH LEVEL OF PUBLIC TRANSPORT INFRASTRUCTURE

- Queensland Rail’s Cleveland Railway Line stops at Coorparoo Railway Station connecting the suburb with the CBD via a 17 minute journey. The Cleveland Line links with all of the Queensland Rail Services (including the Airport Line) at Roma Street, Brisbane Central, Fortitude Valley & Bowen Hills.
- The Cleveland Line also stops at Park Road, South Bank and South Brisbane Stations which are located within some of Brisbane and Queensland’s largest employment nodes.
- The Eastern busway is one of the State’s major infrastructure projects which was completed in 2011. The Eastern Busway runs directly from Coorparoo to the South East Busway (including stops at the Princess Alexander Hospital and the Mater health precinct) and the University of Queensland.
- The combination of both railway and bus services which run through suburb makes it one of the most accessible suburbs within Brisbane’s inner east and, importantly, affords the resident population quick and easy access to the state’s largest employment and educational nodes.
- The inner south health precinct, containing the Princess Alexandra Hospital, the Mater Public Hospital, the Mater Private Hospital, the Mater Private Clinic, the Lady Cilento Children’s Hospital and the Greenslopes Private Hospital are all located within a ten minute drive or 15 minute public transport commute from Coorparoo. Collectively, these facilities employ an estimated 20,000 medical professionals and supporting workers which are a key driver of dwelling demand within Coorparoo.
- The St Lucia Campus of the University of Queensland links directly with Coorparoo via the Eastern Busway. The Campus is currently home to around 30,000 students.

10,000+ STUDENTS

- The Queensland University of Technology (Gardens Point Campus) and the Southbank Institute of TAFE are both located within close proximity of Coorparoo and easily accessible by the transport infrastructure in place within Coorparoo. Collectively, these two institutions account for more than 70,000 enrollments.
- Coorparoo is renowned for its proximity to a number of the state’s finest primary and secondary schools a number of which are ranked in the top 30 schools in the state including Anglican Church Grammar School (Churchie), Somerville House, Villanova College, Our Lady of Mount Carmel Primary School and Brisbane State High School.13

13 Better Education – Queensland School Ratings - 2013
• The suburb contains more than 30 pocket parks, playgrounds and major parklands providing the population with a range of areas for both passive and active recreational pursuits.

• A number of Brisbane’s major sporting teams have home grounds located within Coorparoo including Easts Rugby Union Club at Bottomley Park, the Eastern Suburbs Tigers Rugby League Club at Langlands Park (with a seating capacity of 5,000), the Coorparoo Kings AFL club and the Coorparoo Juniors AFL club. Wembley Park

• Langlands Park is the suburb’s major sporting facility and provides the local population with a wide offering of sporting and recreational infrastructure including the Langlands Park Memorial Pool, a fitness station, a playground, cycle / walking pathway and a range of open spaces for sporting pursuits.

• Brisbane City Council’s Norman Creek 2012-2031 Project is one of Brisbane’s most significant environmental rehabilitation projects which covers a catchment area of 30km². Throughout the duration of the Project accessibility to the Creek will be improved and a diverse range of open space areas will be developed to create additional sporting and recreational activities to meet the needs of the growing community.

• Coorparoo Creek joins Norman Creek and has been designated as a Priority Precinct within the Norman Creek Mast Plan. On completion, Coorparoo Creek will be bought back into view of the heart of Coorparoo Junction and will stimulate the rejuvenation of the 1.6 hectare multi-use Coorparoo Creek Park.

• The suburb contains a diverse variety of retail and dining options which cater to the everyday needs of the population. The majority of these businesses operate in and around Coorparoo Junction and include a major Coles supermarket, convenience stores and boutique retailers. The Junction is evolving into a café and dining hotspot which is home to the popular Carolina Kitchen, and Earth & Sea Pizza & Pasta.

• A ten minute drive by private vehicle from Coorparoo takes residents to Australia’s sixth largest shopping centre, Westfield Carindale. The shopping centre houses major retailers such as Myer, David Jones, Target, Woolworths and Coles and an additional 420 retailers and service providers. The centre is easily accessible via public transport from Coorparoo with the Carindale Bus Station located on the ground level of the centre.

Walk Score rate Coorparoo as a “Walker’s Paradise” with a Walk Score of 90 which translates to a suburb wherein daily errands do not require a car and with good transit in place. People in Coorparoo can walk to an average of 3 restaurants, bars and coffee shops in 5 minutes and most errands can be accomplished on foot.
COORPAROO - FROM SUBURB TO VILLAGE

• Over the coming years, with the $150 million redevelopment of the former Myer building site located on the suburb’s major intersection at Old Cleveland Road / Cavendish Road and Harries Road Coorparoo is set to be transformed into a true mixed-use village, which will still retain its distinct suburban character.

• The former Myer site has been identified by the State Government as an appropriate location for a Transit Oriented Development which will significantly transform the suburb’s heart into a mixed-use village which, given the limited availability for redevelopment of land within the area, will be a unique development model with significant community benefit.

• The development model for the site is focused around the delivery of an underground bus station, forming part of the existing Eastern Busway, together with the development of a public plaza, injections of major and boutique retail operators, restaurants, cafes, commercial office space and residential development.

• The ground floor plaza and retail strip in the development is expected to add to the suburb’s emerging ‘café culture’ with a diverse variety of service providers transforming the suburb into a ‘village centre.’

• Interestingly outside of the transit oriented development the rest of the suburb land for redevelopment is highly constrained and occupied by character housing which severely limit injections of future high density development.

• The planning constraints throughout the suburb do not allow for the overgenerous transformations such as those seen throughout Brisbane’s inner-city suburbs.
COORPAROO
POPULATION &
DEMOGRAPHICS
POPULATION

- The most recent data shows that the estimated resident population of Coorparoo sits at around 15,700\textsuperscript{14} persons.
- Population projections provided by the State Government reflect only marginal increases in the suburb’s population over time, principally due to the lack of available land for redevelopment into high-density structures.
- These projections show that Coorparoo’s population is expected to grow to over 17,800 persons by 2036 translating to demand for more than 920 new dwellings.
- However, the State Government has not yet undertaken an analysis which is likely to result in an upwards revision of this projected population growth principally as a consequence of the delivery of the Transit Oriented Development.

DEMOGRAPHICS

- In a number of instances the demographic profile of Coorparoo reflects that of the broader inner city.
- Residents in the area are typically younger, with almost one third aged between 20 and 35. In line with this is a lower proportion of residents living at home with children. A large proportion of the area is comprised of lone person households suggesting that there is underlying demand for smaller dwellings within the area.
- According to 2011 Census data, the suburb is a popular residential address for both owner occupiers and renters. Occupied dwellings owned outright or held under mortgage tenure accounted for 54% of all occupied dwellings and dwellings occupied under rental tenure accounted for 46%.
- The dwelling landscape of Coorparoo is evenly split between detached houses and medium density dwellings. It is important to note that the bulk of medium density dwellings within the suburb are comprised of older, six-pack style developments, with the area only recently witnessing the injection of new medium density developments (generally in blocks of less than ten apartments).
- The volume of older-style, medium density dwellings in the area suggests that apartment living is well supported, however there may be a high level of underlying demand which is currently unserviced given the secondary nature of product located throughout the suburb.
- Again, consistent with the profile of inner city residents, almost half of the suburb’s population are employed in high income earning professional and managerial roles.

\textbf{AFFLUENT, WHITE COLLAR POPULATION}

- Consistent with this is an income profile reflecting a highly affluent population who are willingly paying more for housing in the area when compared with Brisbane and Queensland.
  - At the time of the 2011 Census, the median weekly personal income of the suburb was $250 per week higher when compared with Queensland.
  - Consistent with this are median weekly household and family incomes which are $290 per week and $630 per week higher than Queensland respectively.
  - At the time of the 2011 Census the median weekly rent was $25 per week higher than Queensland’s median weekly rent.
  - Furthermore, the median monthly mortgage repayment recorded throughout the suburb was 15% (or $317) higher than the median monthly mortgage repayment recorded in Queensland.

\textsuperscript{14} Estimated Resident Population - Queensland Government Statistician’s Office
COORPAROO CATCHMENT AREA - MEDIAN HOUSE PRICES

• Coorparoo sits in the heart of the inner east’s premium housing market.
• As demonstrated in the chart overleaf the suburb’s median house price sits at the upper end of the median house price spectrum of those suburbs throughout the local catchment area.
• The suburb’s premium housing market has long underpinned healthy rates of median house price appreciation and supported underlying values of attached dwellings within the suburb.

COORPAROO DETACHED HOUSING MARKET PERFORMANCE

• Over the past ten years to December 2013, the median house price within Coorparoo grew by an average of 4.8% per annum.
  • More recently, over the past five years, the growth in the median house price has pulled back to 1.5% per annum.
• The median house price throughout the suburb for the year ending December 2013 was $660,000.
  • Since December 2013, the median sale price for a house in Coorparoo has grown 3% (or $20,000) to reach $680,000.15
• On a linear trend basis the median price of a house within the suburb has grown by almost $30,000 per annum over the ten year period ending December 2013.
• Over both the long (10 years) and medium (5 years) terms, demand has remained steady averaging around 180 transactions per annum.

COORPAROO APARTMENT MARKET PERFORMANCE – 2003 TO 2014 YTD

Source: Resolution Research, The State of Queensland – September 2014

15 As at August 2014
COORPAROO CATCHMENT AREA - MEDIAN HOUSE PRICES

- **Norman Park**
  - Median House Price: $678,000

- **Carina**
  - Median House Price: $537,000

- **Camp Hill**
  - Median House Price: $675,000

- **Coorparoo**
  - Median House Price: $660,000

- **Greenslopes**
  - Median House Price: $587,000

- **East Brisbane**
  - Median House Price: $626,000

- **Carina Heights**
  - Median House Price: $520,000
COORPAROO APARTMENT MARKET PERFORMANCE

- Over the past ten years to December 2013, the median apartment price within Coorparoo grew by an average 5.8% per annum, outperforming that recorded throughout both the Brisbane inner city and greater Brisbane.
  - Interestingly, average annual median price growth across the area’s apartment market has also outperformed that of the suburb’s detached dwelling market at 4.8%.
- The median apartment price throughout the suburb for the year ending December 2013 was $375,000.
  - Since December 2013, the median sale price for an apartment in Coorparoo has grown 6.3% (or $25,250) to reach $400,250.Δ
- A linear trend analysis of median price growth of apartments within the suburb reveals an increase of $18,400 per annum over the ten year period ending December 2013. Again, this growth has been stronger than that recorded throughout Brisbane’s inner city and greater Brisbane.
- Over both the long (10 years) and medium (5 years) terms, average annual apartment demand has been relatively consistent which has been a factor of the highly constrained injections of new supply into the area.
- As detailed in the chart below, movements in median apartment values have not been subjected to major fluctuations pointing to a healthy apartment market with a history of sustainable price growth.

COORPAROO APARTMENT MARKET PERFORMANCE – 2003 TO 2014 YTD

Source: Resolution Research, The State of Queensland – September 2014

Δ As at August 2014
COORPAROO’S APARTMENT MARKET IN THE CONTEXT OF BRISBANE’S INNER CITY

- When ranked against the 21 suburbs which have traditionally made up Brisbane’s inner city, Coorparoo, as detailed in the chart below, currently ranks as the most affordable market.
  - However, it is important to note that this ranking is largely influenced by the older nature of the built form within the suburb.
  - This being said, based on the growth performance and prevailing median prices of each of the suburbs throughout the inner city, with the injection of new apartments into the area, lifts in median apartment values is likely.
  - This is particularly the case given the highly constrained nature of available supply of new land for high-density development which will contain the delivery of new product thereby likely to mitigate the risk of oversupply moving forward.

**BRISBANE INNER CITY APARTMENT MARKET – MEDIAN PRICE RANKINGS**

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Source: Resolution Research, The State of Queensland – September 2014

*For the year ending December 2013*
COORPAROO RENTAL MARKET PERFORMANCE

- Coorparoo’s rental market has witnessed substantial growth in median weekly rents over the past five years.
- Over the past five June Quarters, ending June 2014, median weekly rents across one bedroom apartment product throughout Coorparoo have grown by an average annual rate of 4.5%.
  - This strong rate of growth has outperformed the average annual rate of growth observed throughout Brisbane’s inner south east at 4.3% and Brisbane’s inner city at 2%.
- Median weekly rental growth has also been recorded across the suburb’s two bedroom apartment product which has averaged of 2.3% per annum between June quarter 2010 and June quarter 2014.
  - This rate of growth has equaled the average rate of growth throughout the inner south east of Brisbane and outperformed that achieved throughout Brisbane’s inner city.
- At the time of undertaking this research, there was a shortage of new, or near new one bedroom apartments for rent within Coorparoo with current stock on the rental market constrained to older product.
- Our research shows that new, or near new two bedroom apartments within the suburb were achieving premiums over the median weekly rent recorded throughout the suburb.

  • At the time of undertaking this research, new, or near new two bedroom apartments in Coorparoo were reaching weekly rents between $450 and $495.
  • Rental market conditions in Coorparoo suggest that the suburb holds an attractive investment proposition for current and future investors.
  - At the time of undertaking this research the suburb was enjoying a healthy gross rental yield of 5.4% and a low vacancy rate of 2.3%. To put this in perspective, a vacancy rate of 3% is indicative of a balanced rental market.
  - These two statistics combined with healthy median weekly rental growth, and limited volumes of future supply, point to a rental market that is potentially in a state of undersupply.

5.4% GROSS RENTAL YIELD
LOW VACANCY RATE
2.3%

RENTAL GROWTH OUTPERFORMED INNER CITY AND BRISBANE

18 Residential Tenancies Authority
BENCHMARK STUDY – LANE COVE, NSW
BENCHMARK MARKET STUDY – LANE COVE

- Given the relative infancy of Coorparoo’s apartment market and the transition from a traditional suburb into a near city village, a benchmark study of the Sydney suburb of Lane Cove has been undertaken in order to better understand the impact of redevelopment of a suburb with similar attributes to Coorparoo.
- Lane Cove is a recognised suburb which sits on the boundary of Sydney’s inner city and retains a village feel which is supported by the development of a commercial centre within the suburb’s heart which provides a large variety of amenities.
- The village has maintained a low scale of development in order retain the existing dwelling typography of the suburb.
- Both geographically and demographically, Lane Cove is similar in nature to Coorparoo.
- At the time of the 2011 Census, the residential landscape of Lane Cove largely reflected that of Coorparoo with 60% of all dwellings comprised of detached houses and the remaining 40% of medium, and, to a lesser degree, high density dwellings.
- Mirroring Coorparoo, households occupied by couples without children and lone persons represent 50% of all occupied dwellings. However, the percentage of couples with children is higher in Lane Cove than Coorparoo which is largely reflective of the slightly higher proportion of detached houses combined with a higher level of support for medium and high density living amongst younger families.
- Again, reflecting the population of Coorparoo, the residents of Lane Cove are typically affluent, white collar workers earning higher median incomes when compared with New South Wales.
- At the time of the 2011 Census, the median weekly household income of Lane Cove’s working population was $1,140 higher than the state median.
- Similarly, the median weekly individual income of Lane Cove was $415 higher than the state’s.
- Following on from this is a population which is paying more for housing within the suburb, with median monthly mortgage repayments within the suburb $1,000 more than the state median.
- Consistent with this is a rental market which is at premium to the states with median weekly rents sitting $140 per week higher.
- Over recent times Lane Cove has witnessed the injections of moderate levels of new medium and high density developments.
- In line with the delivery of these new developments, median apartment values throughout Lane Cove’s apartment market have strengthened with the average annual median price growth over the medium (5 year) term at 6.7% - up markedly from the long term (10 year) average annual rate of growth of 4.2% per annum.
- Again, consistent with the dwelling typography of Coorparoo and the constrained availability of land for new development, average annual demand throughout the suburb has remained relatively constant across both the medium term (190 apartments) and long term (170 apartments).
- Over the past year, demand levels have risen in line with the delivery of new apartment supply into the area.

PRICE GROWTH  
UP INLINE WITH DELIVERY OF NEW APARTMENTS

Lane Cove – Greenwich SA2
LANE COVE APARTMENT MARKET PERFORMANCE – 2003 TO 2014 YTD

Source: Resolution Research, New South Wales Government – September 2014

FUTURE SUPPLY

- As detailed throughout this report, there is limited opportunity for new apartment supply within Coorparoo.
- Moving forward, given the highly restrictive planning constraints in place throughout the suburb, future apartment supply will be contained within a handful of developments.
- The development of stages One and Two of the Coorparoo Transit Oriented development are earmarked for delivery into the market over the years to 2017. Details of the final stage are yet to be confirmed. In total, these two stages are expected to deliver 376 apartments.
- Aside from this development, injections of new supply throughout the suburb are largely limited to developments comprised of around 10 apartments.
- The subject site will deliver 186 apartments into the local market, which, in the context of the total future supply landscape is not considered to present a risk of oversupply.

HIGHLY CONSTRAINED SUPPLY

| Source: Resolution Research, Cordell Construction – September 2014 |

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<thead>
<tr>
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<td>TOTAL</td>
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**DEVELOPMENT CREDENTIALS**

**TEN** key fundamentals are in place that inform the value and uniqueness of the subject development, namely:

1. **Growth proposition** – an apartment market in its infancy with no injections of modern apartment developments to date and comprised almost entirely of secondary, six-pack style product.

2. **Undersupplied market** – due to the existing dwelling landscape and planning instruments governing future development within the market, there are extremely limited opportunities for new development within the suburb.

3. **Position** – prime position located on the boundary of the inner city ring and within the inner east’s premium housing market.

4. **Demographic profile** – a young, affluent population with demonstrated support for apartment living.

5. **Village transformation** – with state and local government commitments to the development of a village heart and the rejuvenation of the suburb’s most significant natural asset, the suburb is set to be transformed into a unique Brisbane suburb.

6. **Rental market strength** – a rental market currently recording a high gross rental yield, combined with a low vacancy rate.

7. **Favourable market conditions** – Brisbane’s apartment market has entered upswing, yet remains affordable, ranking as the second most affordable apartment market in the nation. The prevailing record low interest rate environment creates an opportune time to think about purchasing an apartment within Brisbane.

8. **Architectural merit & development inclusions** – a unique architectural design which presents as two boutique buildings joined by a central lift core. Building inclusions which incorporates a generous and well-equipped roof terrace including an infinity pool with city views.

9. **Apartment sizes & outlook** – apartments which are larger in area than typical inner city apartments and maximise the city and district views from each floor.

10. **Value Proposition** – the architectural merit, high level of amenity, modern design and city views offered by the development, together with the strength of the suburb’s premium housing market and high volume of existing B-grade stock, offers a compelling value proposition.