MEDIA INFORMATION

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Prepared by PRDnationwide Research. For further details contact:

Josh Brown, Residential Research Analyst
P: (07) 3026 3357
E: joshbrown@prd.com.au

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Introduction:

The following is an overview of the Brisbane City apartment resale market as at September 2009. The capital growth analysis however, will focus on the one year and five year periods leading up to September 2009 to report on the long term and short term performances within this market. To ensure the validity of data, when analysing individual buildings we employ a minimum requirement of no less than ten resales for any period. Furthermore, we use no resales with holding periods less than one year. These criteria allow us to provide a justifiable average for capital growth used in this analysis. It must be noted the significant rental returns provided to investors within this region limits resales and therefore not all buildings have been included in the individual analysis. Also, recent economic volatility may have discouraged owners from selling at discounted prices, further limiting the amount of resales in this precinct.

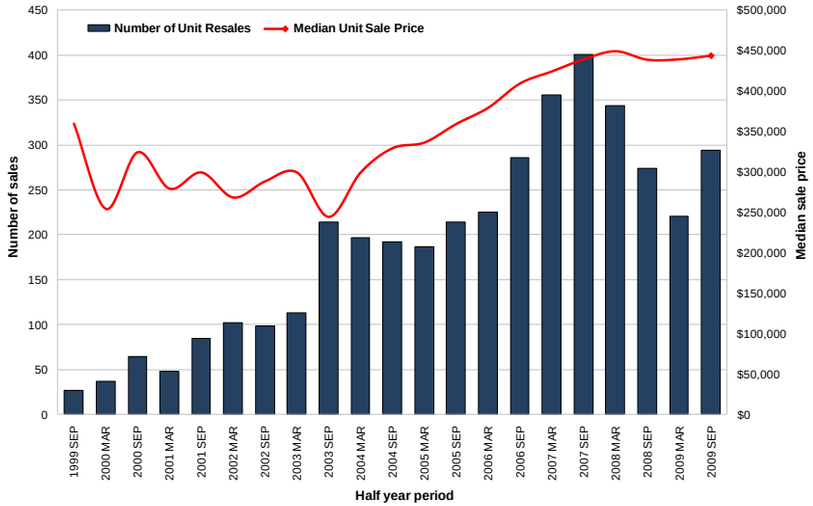
Definitions:

Holding period: The time frame over which a buyer purchases and sells the dwelling
Resale: Subsequent sales of a dwelling following the initial sale by the developer to a buyer.
Resale analysis: Analysis of the average annual capital growth returned to investors over the holding period.

Overview of the Brisbane resales market:

The Unit Resales Cycle graph to the rights shows the number of Brisbane apartment resales and the median price achieved, per six month period. In terms of transactions, the September 2009 six month period has seen an increase in existing product re-entering the market with a 19% increase in resales from the corresponding period last year. Interestingly, median price for resales in the Brisbane CBD has remained relatively stagnant over the past two years as fewer buyers entertained the market and high rental returns encouraged vendors to hold onto their product. Over the most recent one year period median growth has slowed to 1.1%. This slight growth has taken median price to $444,500 for the September six month period.

Brisbane CBD Unit Resales Cycle



Prepared by PRDnationwide Research. Source: RP Data

On average, over the five years to September 2009 we can see a steady increase in sales transactions to a peak in activity recorded over 2007 with 757 resales. This peak of activity was fuelled by those riding the property boom, with investors seeking high rental returns and young professionals opting to live in an area of extreme convenience. Also, during this period of rising housing and transportation costs the practical lifestyle offered by apartment living within the Brisbane CBD became an attractive option, both to investors and young professionals. However, following the economic uncertainty experienced in early 2008, there has been considerable drop in resales as buyers exited the market. This lead to a small decrease in median price with a sluggish recovery fuelled by increasingly price point sensitive buyers seeking product that reflects true value.

Brisbane CBD apartments that sold over the five years to September 2009 have achieved an average annual capital growth of 5.97% per annum. These 2,802 transaction yielded an average holding period of 4.74 years. When looking at the short term performance, we can see that product sold over the one year period ending September 2009 has achieved less capital growth with an average of 4.54% per annum. Within this period there were 515 resales with an average holding period of just over five years. This softening in capital growth is a flow on effect from the economic uncertainty experienced in 2008 which has produced idle capital value growth since.

A resale analysis was conducted on individual Brisbane CBD apartment buildings to assess their performance as investments over the one year and five year periods to September 2009. The apartment building within the CBD which recorded the highest average annual capital growth over the one year to September 2009 was Abbey Apartments located at 160 Roma Street. Abbey Apartments recorded an average annual capital growth of 8.61% per annum for the period with an average holding period of 6.42 years. They also recorded the lowest average price of $235,700. These apartments are primarily investment units designed for short term accommodation and given their affordable price and good location, will provide

investors with good rental yields. Admiralty Quays can also boast good average annual capital growth with 7.13% per annum achieved for product sold over the 12 months to September 2009. This product was held for an average holding period of 6.77 years and has sustained the highest average sale price of $1,137,500. Admiralty Quays attracts high weekly rentals with a one bedroom apartment fetching $600 per week and a three bedroom apartment attracting around $850 per week.

Over the five years to September 2009, Abbey Apartments again recorded the highest average annual capital growth with 15.8% per annum and an average holding period of 3.62 years. This was followed by Riparian Plaza which recorded an average annual capital growth of 14.35% per annum for product sold over the past five years. These investors held onto their product for an average period of almost four years.

Outlook

The economic downturn has had a number of effects on Brisbane's apartment market in general. We have seen a lot of new apartment product put on hold as finance became scarce, a dramatic decrease in sales volumes and capital values softened. So where too for the Brisbane City's resale apartment market? As an investment the Brisbane CBD Apartment resales market has historically experienced good growth, yet has been exceeded by surrounding property markets and other asset classes. Brisbane CBD apartment sales have traditionally been driven by the popularity of apartment living in convenient locations and good rental returns. However increasing population growth, a growing shortage of new supply and high asking rents will drive growth as investors see the potential within this market. We can expect capital values to strengthen, median price to experience strong growth and sales activity to increase.

The tables below show the buildings that have recorded the highest average capital growth for product sold over the one year and five year periods to September 2009.

One Year period to September 2009:

Rank	Building	Capital Growth	Average Sale Price	Holding Period In Years	No. Of Resales
1	The Abbey 160 Roma Street	8.61%	$235,700	6.42	10
2	Admiralty Quays	7.13%	$1,137,500	6.77	11
3	Radisson Hotel & Suites Brisbane	5.86%	$362,255	6.51	15
4	River Place Apartments	5.69%	$712,074	4.89	27
5	The Republic Apartments	5.69%	$437,000	5.57	11

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Five Year period to September 2009:

Rank	Building	Capital Growth	Holding Period In Years	No. Of Resales
1	The Abbey 160 Roma Street	15.80%	3.62	62
2	Riparian Plaza	14.35%	3.98	21
3	Carrington	12.90%	11.22	20
4	Tank Tower	12.29%	3.46	17
5	Grosvenor Apartments	9.69%	6.13	26

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