



BROAD PROPERTY
RESEARCH & ADVISORY

VILLAGE RESIDENCES, THE GAP

MARKET OVERVIEW REPORT

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ABN 86 563 894 018

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EXECUTIVE SUMMARY

Village Fair Shopping Centres Pty Ltd is about to launch The Village Residences, a boutique residential apartment project offering 32 spacious one- and two-bedroom apartments over four levels with attractive parkland views in The Gap, one of Brisbane's more prestigious suburbs. Located off Glenaffric Street and immediately to the east of The Gap Village Shopping Centre, The Village Residences are just eight (8) kilometres from Brisbane's Central Business District (CBD).

In addition to enjoying the benefits of living in a mixed-use development, with retail, dining and medical facilities on their doorstep, residents of The Village Residences will also have the benefit of excellent public transport connectivity, with buses taking under 20 minutes to reach Brisbane's CBD and services running every 15 minutes between 6.00AM and 11.30PM daily. Importantly, mixed-use projects generally outperform more traditional residential projects.

The apartments proposed for The Village Residences are extremely generously sized; at an average of 87m² gross for one-bedroom apartments and 120m² gross for the two-bedroom apartments. Internally, the one-bedroom apartments are sized at 65m² (on average) and the two-bedroom apartments at 91m² (on average). These are much larger than typically found in new apartment projects across Brisbane.

Not only are the apartments in The Village Residences larger than those in competing projects, the pricing of The Village Residences is exceptionally competitive as well, with one-bedroom apartments priced from \$420,000 (average \$431,250) and two-bedroom apartments priced from \$555,000 (average \$568,500). While many new apartments across Brisbane are priced in excess of \$7,000 per square metre (gross), at just \$4,854 per square metre gross, the average sale price of apartments in The Village Residences are among the most affordable of all projects in Brisbane.

Fast facts

32

APARTMENTS

8km ...

TO CBD ← **20 MINS**



1

FROM \$420,000



2

FROM \$555,000

AVERAGE PRICE (GROSS)

\$4,854 / m² Village Residences

\$7,000 / m² Brisbane apartments



All two-bedroom apartments have two bathrooms. The master bedroom has an ensuite with double vanity, shower and toilet, and the second bathroom is located close to the second bedroom. Residences have split system air-conditioning to living areas and the master bedroom, and ceiling fans in all bedrooms. The residences come equipped with quality Bosch (or equivalent) appliances and well-sized multi-purpose rooms.

According to the latest data from Australian Property Monitors, over the ten years to the end of August 2013 the median sale price of detached houses in The Gap increased by an average of 6.6% per annum. Over the same period, the average annual capital growth of medium-density dwellings (apartments and townhouses) was an even more impressive 7.6%.

The vacancy rate for permanent rental accommodation in The Gap is currently just 1.8%. A vacancy rate under 3% suggests a significant shortfall of suitable rental product. Furthermore, gross rental yields in The Gap are currently averaging 4.8% per annum, which is excellent in the current investment climate.

The Gap's household profile suggests that there will be strong local demand for The Village Residences. This will be from those empty nester households looking to downsize but remain in the area they have come to regard as "home" - and hence become owner occupiers within The Village Residences - and also as investors, given that a large proportion of current households have considerable equity in their current residence which can be used to purchase an investment property. A project such as The Village Residences will be very appealing to parents looking at purchasing an apartment for their children who may be commuting into the CBD for work, or to nearby tertiary institutions.



SECTION 1: INTRODUCTION

Background

Village Fair Shopping Centres Pty Ltd is about to launch The Village Residences, a boutique residential apartment project offering 32 spacious one- and two-bedroom apartments over four levels with attractive parkland views in The Gap, one of Brisbane's more prestigious suburbs. Located off Glenaffric Street and immediately to the east of The Gap Village Shopping Centre, The Village Residences are just eight (8) kilometres from Brisbane's Central Business District (CBD).

Village Fair Shopping Centres Pty Ltd is also the owner of The Gap Village Shopping Centre, the main retail and commercial hub of The Gap, which comprising a Coles supermarket that is open 7 days per week and 31 specialty stores, and generous undercover car parking. The complex also includes a medical centre and professional offices. Alongside The Gap Village Shopping Centre is a range of eateries including the Coffee Club, Subway and McDonalds, and several banks and other services.

In addition to enjoying the benefits of living in a mixed-use development, with retail, dining and medical facilities on their doorstep, residents of The Village Residences will also have the benefit of excellent public transport connectivity, with buses operating three routes into Brisbane City. Route 385 takes under 20 minutes to reach Brisbane's CBD and runs every 15 minutes between 6.00AM and 11.30PM daily¹.

Although adjacent to the The Gap Village Shopping Centre, The Village Residences are positioned away from the shopping centre's car park and loading bays, offering residents a quiet position overlooking the Walton Bridge Reserve and Enoggera Creek, with attractive views towards the mountains.

¹ Source: Translink



The Village Residences

The Village Residences will comprise 32 spacious apartments across two wings. The Park and Woodland Wing comprises 16 luxury two-bedroom plus multi-purpose room residences across four levels (four apartments per floor). The Treetops Wing comprises 12 one-bedroom plus multi-purpose room residences (three per floor over four levels) and four two-bedroom plus multipurpose room residences (one per floor). All up, The Village Residences will comprise:

- 12 one-bedroom plus multi-purpose room residences; and
- 20 two-bedroom plus multi-purpose room residences.

All two-bedroom apartments have two bathrooms. The master bedroom has an ensuite with double vanity, shower and toilet, and the second bathroom is located close to the second bedroom. Residences have split system air-conditioning to living areas and the master bedroom, and ceiling fans in all bedrooms. The residences come equipped with quality Bosch (or equivalent) appliances and well-sized multi-purpose rooms.

The apartments proposed for The Village Residences are extremely generously sized; at an average of 87m² gross for one-bedroom apartments and 120m² gross for the two-bedroom apartments². Internally, the one-bedroom apartments are sized at 65m² (on average) and the two-bedroom apartments at 91m² (on average).

The one-bedroom apartments on level 1 have courtyards ranging in size from 28m² to 34m² whereas the one-bedroom apartments on higher floors each have a 19m² balcony. The two-bedroom apartments on level 1 have courtyards ranging in size from 32m² to 52m² and the average size of balconies of the two-bedroom apartments on higher floors is 25m². Such well-sized balconies provide good, usable living space and all have square or rectangular areas at least three metres deep, providing enough space for the comfortable use of an outdoor dining table.

All apartments come with at least one secure car park (the top-floor two-bedroom apartments each have two car parks accessed via a separate garage) and there is also generous visitor parking. Garages are located on the ground level with lift access to the residences. All apartments also have large, lockable storage areas in the secure, ground level car park.

The Village Residences are also very keenly priced, with one-bedroom apartments priced from \$420,000 (average \$431,250) and two-bedroom apartments priced from \$555,000 (average \$568,500).

² Gross apartment size refers to private internal living space plus balconies and exclusive-use courtyards, but excluding car parks and common areas.



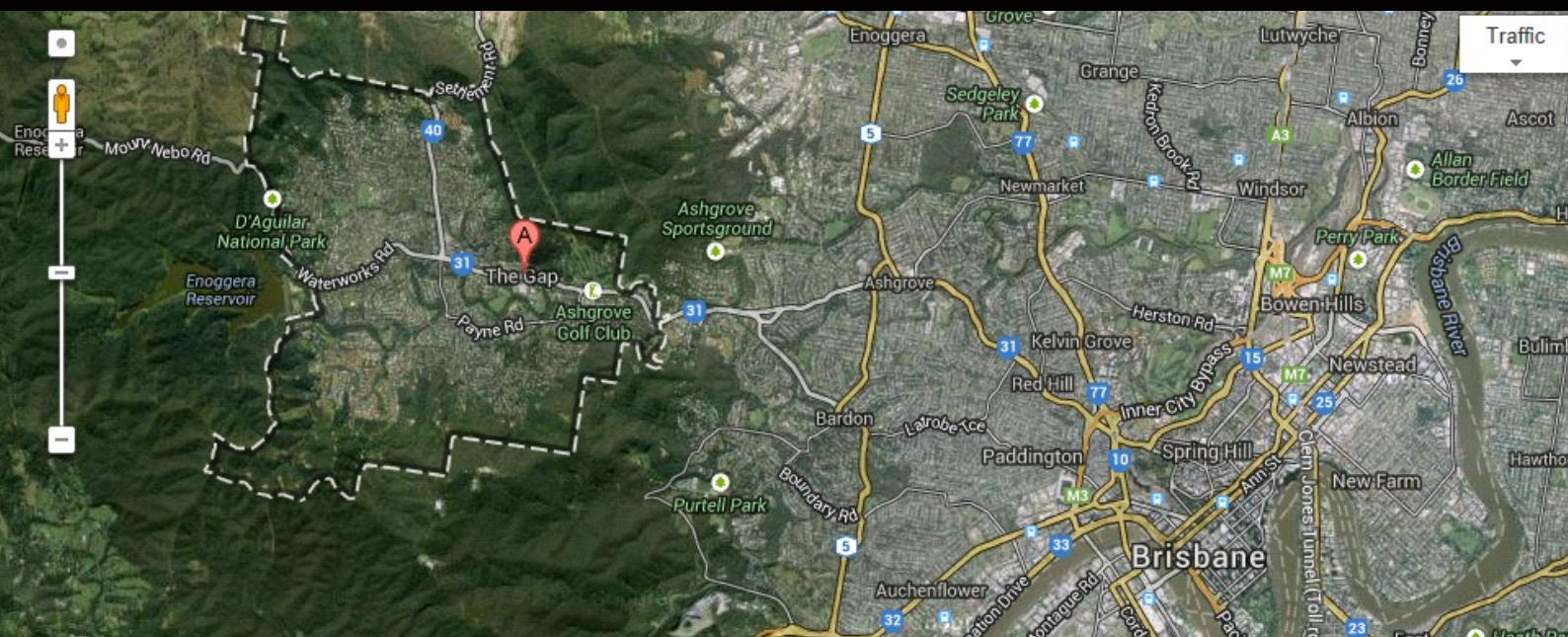
Market Overview

There has been a dramatic improvement in consumer sentiment and business confidence since the recent Federal election, hitting levels not seen for several years. According to the Westpac-Melbourne Institute Index of Consumer Sentiment, confidence rose 4.7% in September, sitting 13.8% higher than when the RBA first cut the official cash rate in November 2011. The NAB Monthly Business Survey also found that business confidence has strengthened, rising to its highest level since May 2011.

Capital city house prices rose 7.9% in the year to October 2013 according to RP Data. This increase is another sign of market recovery, following better housing construction and approvals numbers and steadily rising demand for new homes - new home sales are up more than 20% on a year ago, the strongest growth in four years. The number of capital city properties listed for sale is 12% lower than it was a year ago, and there has also been marked improvements in the time it takes to sell a home and the level of discounting by vendors. Capital city homes are currently selling after 44 days compared to 56 days a year ago, and discounting levels have reduced from 6.8% a year ago to 5.7% currently.

Record low interest rates, general housing affordability at near decade-best levels, and substantial “pent-up” demand for new housing in select markets, all suggest the scene looks set for an Australian housing recovery. Queensland has always had strong property fundamentals such as low vacancy rates, high population growth, insufficient housing stock, and high employment.

Economic forecasters BIS Shrapnel predict that growth in Queensland’s dwelling values should accelerate in 2014 after having started to grow in earnest during 2013, particularly as the State’s underlying dwelling deficiency becomes more pronounced. It should also be remembered that Australia is one of only eight countries to have a AAA rating from the three major global ratings agencies.



SECTION 2: THE GAP

Overview

As shown in the aerial photograph above, the suburb of The Gap was named for its geographical location - a valley surrounded by hills on four sides. The name “The Gap” refers to the pass between the Taylor Range and Mt Coot-tha which was the only access to this area in the early days.

The Gap's southern boundary is Mt Coot-tha Park and its northern boundary is Enoggera Military Camp and Upper Kedron. The Enoggera Reservoir is located in the suburb and the suburb's main east-west features are Enoggera Creek, running downstream from the Reservoir, and Waterworks Road. There are bushwalking tracks around the dam and it is a popular walking area. The Gap is also where the main entrance to the Brisbane Forest Park is located. A major bushland area in Brisbane's west, Brisbane Forest Park has many Australian wildlife species, including marsupials, birds, fish and reptiles. Brisbane Forest Park also has an information and wildlife education centre.

Residential property #1 – background

Settled in the 1860s, The Gap was a farming community until the mid-1950s when extensive residential development

began. Typical for Brisbane middle-ring suburbs, the dominant dwelling type in The Gap is detached houses, comprising 95% of all dwellings.

As illustrated in the aerial photograph, urban development in The Gap has extended as far as the surrounding geographic features allow. As there are no undeveloped greenfield sites in the suburb, new dwellings tend to be medium-density residences such as townhouses and apartments, built on smaller infill sites within the suburb. Whilst relatively few in number at present, this trend towards more medium-density product – as happening across many of Brisbane's middle-ring suburbs - is likely to accelerate over the coming years as The Gap's existing dwelling stock becomes increasingly dated and current residents look to downsize but remain in the area they have come to regard as “home”. Projects such as The Village Residences are therefore likely to attract significant local buyer interest.

Residential property #2 – recent sales

During the 12 months to the end of September 2013 there were 197 house sales in The Gap, with a median sale price of \$545,000. This was a 5.2% increase from the median sale price of \$518,000 recorded in the 12 months to the end of September 2012 (from 215 sales).

Residential property in The Gap is very tightly-held; these 200-odd sales represent less than 4% of the 5,200 houses in the suburb, suggesting an average length of tenure approaching 25 years per house, one of the highest across all of Brisbane City.

During the 12 months to the end of September 2013 there were only 20 settled apartment and townhouse sales in The Gap, with a median sale price of \$431,750. This was a 4.0% increase from the median sale price of \$415,000 recorded in the 12 months to the end of September 2012 (from 17 sales).

Top performance

According to the latest data from Australian Property Monitors, over the ten years to the end of August 2013 the median sale price of detached houses in The Gap increased by an average of 6.6% per annum. Over the same period, the average annual capital growth of medium-density dwellings (apartments and townhouses) was an even more impressive 7.6%³.

The vacancy rate for permanent rental accommodation in The Gap is currently just 1.8%⁴. A vacancy rate under 3% suggests a significant shortfall of suitable rental product. Once again we see the appropriateness of projects such as The Village Residences to meet a demonstrated local need. Furthermore, gross rental yields in The Gap are currently averaging 4.8% per annum⁵, which is excellent in the current investment climate.

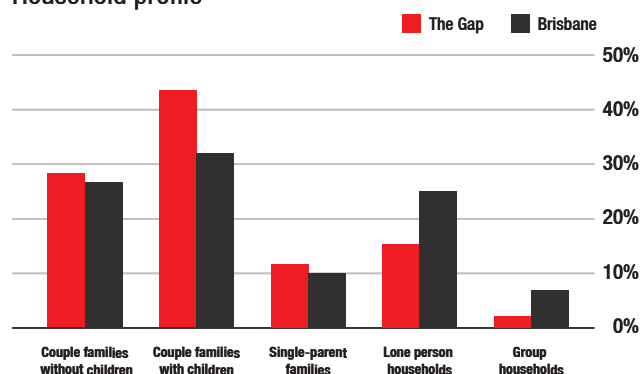
³ Source: Australian Property Monitors, RP Data.

⁴ Source: Australian Property Monitors. Data as at end July 2013.

⁵ Source: Australian Property Monitors. Data as at end August 2013.

Population and demographics

Comparative analysis Household profile



Broad Property Research & Advisory Pty Ltd. December 2013. Source: ABS Census 2011.

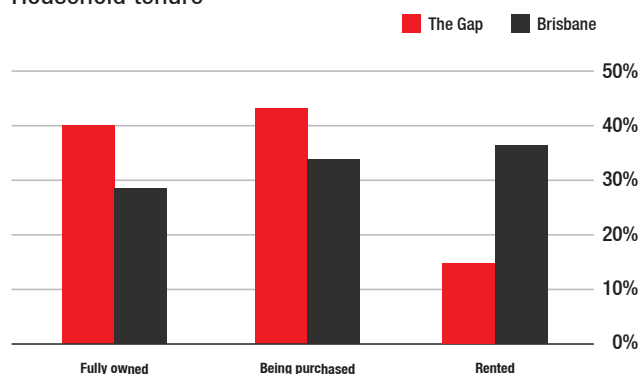
The population of The Gap is currently 16,800 permanent residents. Because of the geographic constraints to continued development of detached housing, from around the late 1980s The Gap's annual population growth was minimal. However, with the recent acceleration of medium-density development in the suburb - as older detached housing is replaced with new townhouse and apartment product - The Gap is now attracting an additional 200 or more permanent residents each year.

As shown in chart 1 (above), the dominant household type in The Gap are couple families with children (43%). Given that median age of the suburb is 40 years, significantly higher than the Queensland average, this suggests that the majority of these households have older children.

The next most common household type in The Gap is couple families without children (29%). These are predominantly "empty nester" households whose adult children have left home.

The Gap's household profile suggests that there will be strong local demand for The Village Residences. This will be from those empty nester households looking to downsize but remain in the area they have come to regard as "home" – and hence become owner occupiers within The Village Residences – and also as investors, given that a large proportion of current households have considerable equity in their current residence which can be used to purchase an investment property. To this end, chart 2 below shows that 40% of households in The Gap own their home outright, a much higher proportion than the Brisbane average (29%).

Comparative analysis Household tenure



Broad Property Research & Advisory Pty Ltd. December 2013. Source: ABS Census 2011.

A project such as The Village Residences will be very appealing to parents looking at purchasing an apartment for their children who may be commuting into the CBD for work, or to nearby tertiary institutions.

Whilst chart 2 shows that only 15% of households in The Gap are currently renting, this proportion will increase as further medium-density product is delivered in the suburb. For example, according to the Queensland Government's South East Queensland Regional Plan 2009-2031, an additional 156,000 dwellings will be required to house the increase in Brisbane City's population over the next twenty years.

Most will be delivered in existing urban areas; 138,000 (88.5%) of these new dwellings are to be "infill" in nature, meaning mainly medium density in existing residential areas, such as The Gap. The relatively low proportion of renter households also reflects the scarcity of available rental accommodation in The Gap, as outlined on the previous page.

In terms of "rentability", one- and two-bedroom apartments provide the greatest utility for investors, especially where the two-bedroom apartments also have two bathrooms. And of course, two-bedroom plus multi-purpose room apartments are most sought-after by downsizing empty nesters. The Village Residences therefore "ticks all the boxes" in relation to the major buyer groups.

Note also that the median weekly household income in The Gap (\$1,937 per week) is 57% higher than the Queensland average, placing The Gap as one of Brisbane's top 15% highest-earning suburbs. This is mainly due to the fact that over one-third (35%) of The Gap's employed residents aged over 15 are professionals, compared to just 19% across Queensland as a whole. This provides a pool of quality tenants willing to pay high rents for well-positioned property.



Local infrastructure and amenity

As a well-established residential suburb, The Gap has all major services including The Gap Village Shopping Centre, tavern, police station, ambulance station, churches of many denominations, and a number of primary and secondary schools, including:

- The Gap State High School (public state school);
- The Gap State School (public state school);
- Hilder Road State School (public state school);
- Payne Road State School (public state school); and
- St Peter Chanel Primary School (independent school).

The highly-regarded Marist College is located in the adjoining suburb of Ashgrove.

The recreational activities of residents of The Gap are also well catered for, with many facilities including sporting clubs (soccer, tennis, athletics, swimming, squash and golf) and there are 43 parks in the suburb, including the Walton Bridge Reserve which The Village Residences overlook⁶.

Residents of The Gap also have easy access to the many eateries, shops and boutiques of cosmopolitan Paddington, Rosalie and Park Road (Milton), as well Suncorp Stadium, the Wesley Hospital, and the University of Queensland.

These elements all combine to make The Gap a highly sought-after place in which to live for families of all ages, retired empty nesters, and single person households.

As noted above, The Gap has excellent public transport connectivity. Continuing high petrol prices make proximity to public transport more important than ever.

Research has shown that proximity to public transport can translate into:

- Higher population growth;
- A faster rate of sale;
- Greater “rentability” and hence higher rental demand;
- Increased property values; and
- A wider target market from which buyers and renters come.

One of the many advantages of living in an established suburb like The Gap is that transport and other major infrastructure already exists. It is not “proposed” or “planned” as it is in some urban renewal locations.

⁶ Source: Brisbane City Council, University of Queensland (Queensland Places website).

THE VILLAGE RESIDENCES

Competitive advantages

The apartments proposed for The Village Residences are extremely generously sized; at an average of 87m² gross for one-bedroom apartments and 120m² gross for the two-bedroom apartments⁷. Internally, the one-bedroom apartments are sized at 65m² (on average) and the two-bedroom apartments at 91m² (on average).

The ability for tenants to share comfortably makes a property more attractive, and is a way to appeal to a wider audience of prospective renters and/or future buyers. To this end, it should be noted that apartments in The Village Residences are much larger than offered in most new projects across Inner Brisbane, as detailed in the table below.

Comparison of average apartment sizes – current projects – Brisbane’s Inner North

Project		Average apartment size	
Name	Suburb	1-bedroom	2-bedroom
The Green	Bowen Hills	65m ²	76m ²
The Hudson at Albion Mill	Albion	64m ²	96m ²
The Milton	Milton	64m ²	89m ²
Station 16	South Brisbane	63m ²	88m ²
Canvas	South Brisbane	61m ²	91m ²
Dutton Place	Dutton Park	61m ²	88m ²
Riverside Hamilton	Hamilton	60m ²	77m ²
Capitol Apartments	South Brisbane	60m ²	80m ²
Double One Three	Teneriffe	59m ²	85m ²
Madison Heights	Bowen Hills	58m ²	77m ²
Central Village	Fortitude Valley	56m ²	77m ²
Binary	Kelvin Grove	56m ²	83m ²
Brooklyn on Brookes	Fortitude Valley	56m ²	83m ²
Mac & Ann	Fortitude Valley	55m ²	81m ²
Infinity	CBD	55m ²	80m ²
The Plaza	South Brisbane	54m ²	70m ²
Mosaic	Fortitude Valley	53m ²	88m ²
The Midtown	CBD	49m ²	72m ²
Average		58m ²	82m ²

Broad Property Research & Advisory Pty Ltd, January 2014. Data sourced from Midwood Queensland Investment Report, Place Advisory, various project and developer websites and marketing material. Based on gross apartment size defined as private internal living space plus balconies and exclusive-use courtyards but excluding car parks and common areas.

New apartments which allow sharing to occur – in essence, two-bedroom/two-bathroom configurations with equal-sized bedrooms – should do best with regard to rental returns into the future, in addition to well-designed and spacious one-bedroom apartments. These are the exact product specifications of The Village Residences.

Unlike several projects listed in the table on the previous page, all apartments in The Village Residences have balconies. Several projects currently selling across Inner-Brisbane have some or all of their one-bedroom apartments without balconies, and many two-bedders in The Plaza (South Brisbane) are also without balconies.

⁷ Gross apartment size refers to private internal living space plus balconies and exclusive-use courtyards, but excluding car parks and common areas.

Furthermore, the balconies of The Village Residences are exceptionally well-sized, at an average of 19m² for one-bedroom apartments and 25m² for the two-bedroom apartments. Such balconies provide good, usable living space with square or rectangular areas providing enough space for the comfortable use of an outdoor dining table. Note that several projects currently selling across Inner-Brisbane only have token balconies of between 1m² and 3m².

Not only are the apartments in The Village Residences larger than those in competing projects, the pricing of The Village Residences is exceptionally competitive as well, with one-bedroom apartments priced from \$420,000 (average \$431,250) and two-bedroom apartments priced from \$555,000 (average \$568,500). As detailed in the table below, while many new apartments across Inner Brisbane are priced in excess of \$7,000 per square metre (gross), at just \$4,854 per square metre gross, the average sale price of apartments in The Village Residences are among the most affordable of all projects in Brisbane.

Comparison of average apartment prices – current Inner Brisbane projects

Project name	Suburb	Average price per m ²
Madison Heights	Bowen Hills	\$6,616
Binary	Kelvin Grove	\$6,787
Fish Lane	South Brisbane	\$6,882
Central Village	Fortitude Valley	\$6,909
The Hudson at Albion Mill	Albion	\$6,920
Promenade	Hamilton	\$6,962
Code	Bowen Hills	\$7,075
Artisan	South Brisbane	\$7,125
Double One Three	Teneriffe	\$7,161
The Green	Bowen Hills	\$7,192
The Milton	Milton	\$7,201
Mosaic	Fortitude Valley	\$7,307
Watermarque	Hamilton	\$7,407
Riverside Hamilton	Hamilton	\$7,420
Station 16	South Brisbane	\$7,476
The Plaza	South Brisbane	\$7,486
Capitol Apartments	South Brisbane	\$7,538
Mac & Ann	Fortitude Valley	\$7,692
Brooklyn on Brookes	Fortitude Valley	\$7,742
Average		\$7,205

Broad Property Research & Advisory Pty Ltd, January 2014. Data sourced from Midwood Queensland Investment Report, Place Advisory, various project and developer websites and marketing material. Based on gross apartment size defined as private internal living space plus balconies and exclusive-use courtyards but excluding car parks and common areas.

Note that unlike several projects listed in the table above, all apartments in The Village Residences have a car park. Several projects currently selling across Inner-Brisbane have some of their one-bedroom apartments without a car park.



The key drivers behind the appeal of The Village Residences include:

- Apartment designs that are suited to both owner-occupiers and investors;
- Open plan living;
- All apartments have generously-sized balconies;
- All apartments have a car park;
- Generous storage areas for each apartment;
- Contemporary modern design with quality Bosch (or equivalent) appliances;
- Good separation between bedrooms in the two-bedroom apartments;
- Split system air conditioning to living areas and main bedroom;
- Ceiling fans in all bedrooms;
- Great access to the Brisbane CBD, local shops, and local private and public schools; and
- Positioned near quality open space.

Great start grant

In September 2012, the Queensland Government introduced a grant of \$15,000 for first home buyers purchasing new dwellings valued under \$750,000. The “Great Start Grant” is available for people buying or building a brand-new house, apartment and townhouse; off-the-plan homes; and owner-builder constructions. For eligible buyers, the “Great Start Grant” can therefore be used to purchase an apartment in The Village Residences.

Applicants must be at least 18 years of age, and an Australian citizen or permanent resident, or applying with someone who is a citizen or permanent resident.

Grant recipients must also move into the dwelling within one year of its completion and live continuously in the dwelling for at least six months. Further details regarding eligibility criteria can be found at <https://greatstartgrant.osr.qld.gov.au>.

¹ Source: Translink



SECTION 4: MIXED USE PROJECTS

Value adding

Mixed-use developments recognise the interrelationship that residential accommodation has with surrounding services and recreational facilities, as well as proximity to transport. A common thread in successful mixed-use developments is the presence of “lifestyle retail” such as supermarkets, restaurants/cafes, banks and medical centres - a real urban neighbourhood that provides a vibrant and diverse mix of shopping, dining, and services. The presence or inclusion of parks and recreation facilities also helps create the overall character and quality of a development.

Positioned close to public transport and adjacent to The Gap Village Shopping Centre and its ancillary services, The Village Residences are a true mixed-use project. It is very unusual for the retail component of a mixed-use project to already be in operation at the time the apartments are developed. This is a significant plus for the project, as many buyers will have a familiarity with the area (given that the shopping centre is a landmark). Perhaps of greater importance is that residents do not have to rely on a “developer’s promise” to deliver the ancillary amenities – timing of which may be subject to the vagaries of the market – as they already exist.

The presence of the existing medical centre and specialists’ rooms within The Gap Village Shopping Centre will also be an important point of difference for The Village Residences by many older buyers.

Importantly, mixed-use projects generally outperform more traditional residential projects. We have undertaken several qualitative studies for a number of mixed-use developments over the last few years. These studies, along with analysing sales/buyer profiles, have found:

- Two-thirds of potential owner-residents and 75% of investors say that the mixed-use nature of the projects were important to them and would positively influence their decision to purchase;

- Just over half (of both buyer types) stated they would be prepared to pay a premium (over a single use location) to live in a mixed-use precinct. The most common premium range marked on our questionnaires was between 5% and 10%;
- Buyers generally come from a wider than usual audience during the off-the-plan sales campaign for mixed-use projects, attracting more intrastate, interstate and overseas buyers than the traditional single-use apartment tower/development; and
- Apartments within a mixed-use development appear to be held longer than those within a more generic setting.

Case studies

Across Brisbane’s middle-ring suburbs, a number of apartment projects have been developed adjacent to Westfield’s large shopping centres at Carindale and Chermside. Solito Apartments are located adjacent to Westfield Carindale and the sales success and re-sale performance of this project illustrates both the popularity of, and premiums associated with, apartment projects in such close proximity to shopping centres. Those buyers who purchased off-the-plan in Solito Apartments and re-sold in subsequent years achieved an average annual capital gain of 6.0% per annum, delivering buyers an average capital gain of \$82,000 over an average holding period of just 31 months.

In Chermside Central, located adjacent to Westfield Chermside, those buyers who purchased off-the-plan and re-sold in subsequent years have achieved an average annual capital gain of 5.0% per annum, delivering buyers an average capital gain of nearly \$86,000 over an average holding period of 58 months.



SECTION 5: CONCLUSION

Value for money

The Village Residences is a boutique residential apartment project offering 32 spacious one- and two-bedroom apartments over four levels with attractive parkland views in The Gap, one of Brisbane's more prestigious suburbs. Located adjacent to The Gap Village Shopping Centre, The Village Residences are just eight (8) kilometres from Brisbane's Central Business District (CBD).

In addition to enjoying the benefits of living in a mixed-use development, with retail, dining and medical facilities on their doorstep, residents of The Village Residences will also have the benefit of excellent public transport connectivity, with buses taking under 20 minutes to reach Brisbane's CBD and services running every 15 minutes between 6.00AM and 11.30PM daily.

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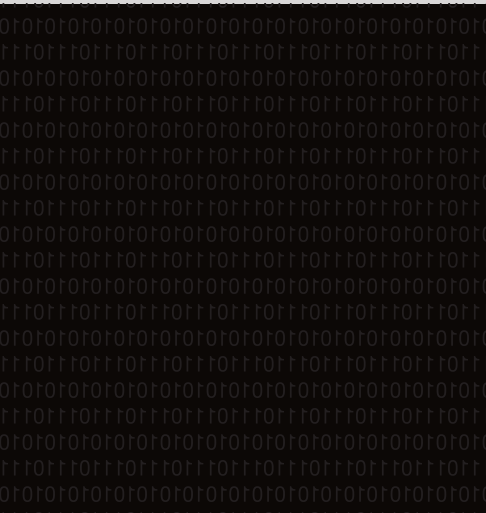
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of 6.6% per annum. Over the same period, the average annual capital growth of medium-density dwellings (apartments and townhouses) was an even more impressive 7.6%. The vacancy rate for permanent rental accommodation in The Gap is currently just 1.8%. A vacancy rate under 3% suggests a significant shortfall of suitable rental product. Once again we see the appropriateness of projects such as The Village Residences to meet a demonstrated local need. Furthermore, gross rental yields in The Gap are currently averaging 4.8% per annum, which is excellent in the current investment climate.

The Gap's household profile suggests that there will be strong local demand for The Village Residences. This will be from those empty nester households looking to downsize but remain in the area they have come to regard as "home" – and hence become owner occupiers within The Village Residences – and also as investors, given that a large proportion of current households have considerable equity in their current residence which can be used to purchase an investment property. A project such as The Village Residences will be very appealing to parents looking at purchasing an apartment for their children who may be commuting into the CBD for work, or to nearby tertiary institutions.

Disclaimer

Whilst the information contained in this report has been carefully compiled, no warranty or promise as to its correctness is made or intended. Interested parties should undertake independent inquiries and investigations to satisfy themselves that any details herein are true and correct. No forecasts are being made about potential capital gains or rental returns. Past information about capital gains or rental growth does not imply such gains or growth will be made in the future. We do not accept any responsibility or liability for any loss or damage arising out of reliance on the information in this document. We invite, and will welcome, your own opinions and experience in relation to our findings. We will also be happy to amend our report in accordance with any relevant new information, without in any way compromising our independence and professional integrity. This document is copyright and no part may be reproduced without prior written permission from us.



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