

BRISBANE *Apartment Report*

June Quarter 2008



COLLIERS
INTERNATIONAL



Our Knowledge is your Property

Overview

Sales activity in the new apartment market is down again in the June 08 quarter, with only 65 new apartment sales. This figure is even lower than last quarter's record low of 78 sales, and is a 79% drop compared to the 312 sales made in June 2007. Much of this can be attributed to a record low supply, with only 367 released new units remaining available for sale at 30 June. Many of the remaining apartments have been in the market for an extended time, and the stock has become stale. While the best apartments in each development are the first to sell, often projects are left with only the least desirable units which can be considerably harder to shift. Many of the apartments remaining for sale today are in a configuration or price point which is not attractive to the currently market. Many buyers are waiting for new projects to hit the market with more attractive apartment options.

The unnaturally low sales figure, coupled with an unusually high number of multi-million-dollar apartment sales in the east precinct this quarter, has led to an average unit sale price of \$1.36 million as shown in the Average Sale Price graph. While this figure represents the average price of apartments sold during the quarter, it is not indicative of the current market.

If we exclude the east precinct with its average sale price of \$5.4 million this quarter, we come to a more representative Inner Brisbane average of \$864,328, only 3.3% lower than the March 08 average.

The June 08 quarter will be remembered for million dollar plus sales. Castlebar Cove saw two multi-million dollar sales, including the grand penthouse which transacted for \$6.4 million. On the other side of Kangaroo Point, the Scott Street project had five contracts go unconditional for their multi-million one-per-floor luxury apartments with each selling for around \$6 million. The Macrossan also saw a \$3 million sale during the quarter. These three projects combined account for 13% of the quarter's total sales, explaining the extraordinary jump in average sale price this quarter.

Only 367 new units remain for sale at the end of the June 08 quarter, as shown in the New Apartment Sales By Quarter table. Two bedroom apartments account for 37% of the recorded remaining apartments, 41% are three bedrooms, and 18% are either sub-penthouse or penthouse apartments. Only 4% are in a one-bedroom configuration, showing an absolute undersupply in this area. Although a large portion of available apartments are in a two-bedroom configuration, a traditional favourite with Brisbane buyers, many of these units are within price points that are not appealing to first home buyers, investors, or luxury buyers.

The general apartment market has seen a steadying of average sale price with very little change since the March 07 quarter. As the General Market table shows, prices are down slightly in the city. Sales activity is also down between 15% and 44% in each precinct. During the March 08 quarter there were 790 general apartment sales in Inner Brisbane, down from 1,157 in the December 07 quarter.

The March 08 quarter has also seen a dramatic drop in the number of apartments sold for under \$250,000 with much of this due to bracket creep. As the general price of apartments increases, many of the more affordable apartments which sold for under \$250,000 last year are now transacting in the next price bracket. This trend has affected all five inner Brisbane precincts.

The June quarter has seen a dramatic reduction in the residential apartment vacancy rate in Inner Brisbane. In the March 08 quarter our vacancy rate was a tight 2.5%, with this dropping to only 1.5% in the June 08 quarter. Consistent rental demand combined with low vacancy rates, increasing unit prices and the recent increases in council rates charged to apartment owners, may put further pressure on rental rates.

IN BRIEF

- The June 08 quarter once again ended with the lowest supply on record – only 367 new apartments are available in Inner Brisbane
- June 08 also saw the lowest sales activity with only 65 new apartments selling during the quarter, a 79% drop from the June 07 quarter's 312 sales
- Sales activity in the general apartment market is down between 15% and 44% in each precinct
- A number of new projects have just started marketing, with most reporting strong early interest from buyers

NEW APARTMENT SALES BY QUARTER

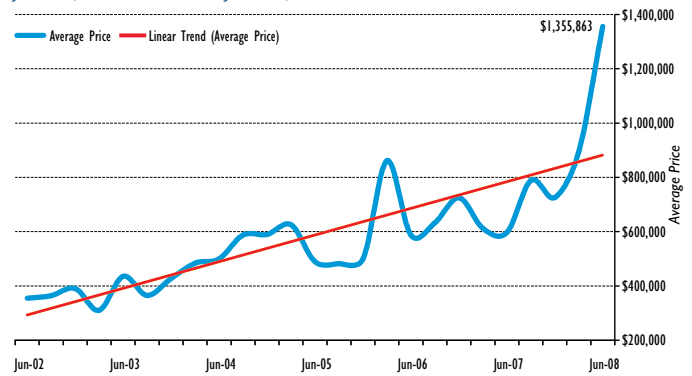
June Quarter 2007 to June Quarter 2008

Quarter	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Available Units*	1045	971	884	499	421
Added to market	230	100	124	0	11
Sold this quarter	312	318	254	78	65
Remaining units	963	753	754	421	367

* Includes units offered for public sale, excludes units removed from the market or operating as short-term stay apartments or hotel rooms
Prepared by Colliers International Research Source: Colliers Brisbane Unit Survey

NEW INNER CITY UNIT AVERAGE SALE PRICE

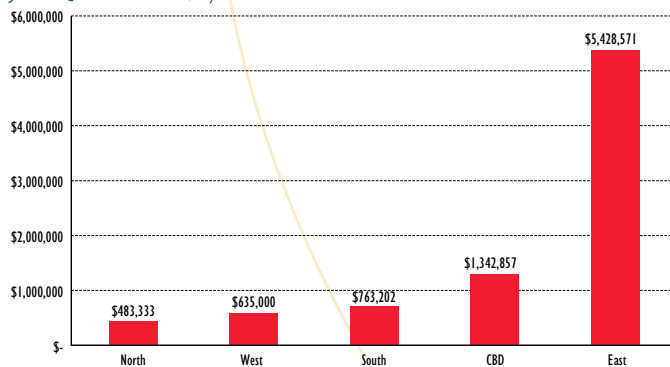
June Quarter 2002 to June Quarter 2008



Prepared by Colliers International Research Source: Colliers Brisbane Unit Survey

AVERAGE PRICE OF NEW UNITS SOLD

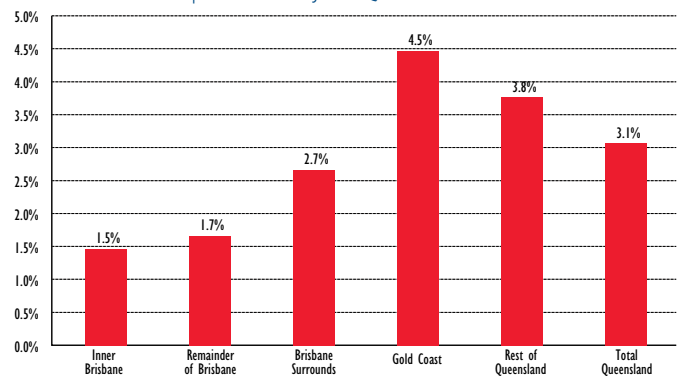
June Quarter 2008, by Precinct



Prepared by Colliers International Research Source: Colliers Brisbane Unit Survey

VACANCY RATE

Residential Rental Apartments – June Quarter 2008



Prepared by Colliers International Research Source: OESR

AVERAGE GENERAL MARKET PRICE PER PRECINCT

Precinct	Mar-07	Dec-07	Mar-08	Qtr change	Year change
City	\$528,914.00	\$525,228.00	\$506,706.00	-0.3%	-4.2%
Nth	\$492,601.00	\$521,250.00	\$522,902.00	0.0%	6.2%
Sth	\$472,074.00	\$524,953.00	\$529,983.00	0.1%	12.3%
East	\$502,170.00	\$571,887.00	\$580,873.00	0.1%	15.7%
West	\$388,822.00	\$454,294.00	\$467,250.00	0.3%	20.2%
AVG	\$478,337.00	\$516,299.00	\$514,712.00	0.0%	7.6%

Prepared by Colliers International Research Source: RP Data

City Precinct

New Apartment Sales

Only 14 new CBD apartments sold in the June 08 quarter (see New Apartment Sales Table), down from 20 in the March 08 quarter and 62 in December 07. The average sale price of new apartments sold in the CBD in the June quarter was \$1,343,000, which is reflective of the high percentage of luxury stock available for sale in the city. Vision, The Macrossan, and Parklands Pinnacle all had average sale prices of over one million dollars. In total, \$18.8 million of new apartment contracts went unconditional during the quarter.

Sales at Parklands Pinnacle represented 43% of the city's total unconditional sales during the period, and the project now has only six apartments remaining. Both Vision and Skyline achieved three sales during the quarter, and The Macrossan recorded one sale.

Only 41 built apartments remain available for sale in the city, spread across Evolution, Parklands Pinnacle, and Skyline Apartments. Vision and The Macrossan combined still offer 137 apartments for sale, however these will not be completed within the next two years.

Two large mixed-use projects have recently hit the market. Empire Square has seen strong interest pre-launch, and the Trilogy Towers hotel release has also received a high number of enquiries. Both projects bring a large number of apartments to the market, and we expect to be reporting unconditional sales within both developments next quarter.

General Market Apartment Sales

The number of general apartment sales in the city has dropped considerably over the past twelve months, with the March 08 quarter seeing 184 settled apartment sales, compared to 286 in the March 07 quarter. The biggest drop in activity came at the \$1m plus end of the scale, with only six apartments settling during the period, a 75% drop from the March 07 quarter. With a number of \$1m plus apartments in new projects in the market, it is possible that buyers in this range are opting for dwellings in new buildings instead of apartment resales. There has also been a significant drop (66% in twelve months) in sales under \$250,000 mostly due to bracket creep.

The average price of a city apartment dropped 4.2% in the twelve months between March 07 and March 08, and now sits at \$506,706 (refer to Average General Market Table, pg 3), representing a better price point to obtain rental yields, and a preferred price point for investors. However, apartment owners choosing to leave the market during the March 08 quarter realised an average of 6.5% per annum price growth during their hold time. While some investors are choosing to liquidate their city apartment investments, those that hang on could benefit from the forecast rental increases associated with supply being outpaced by population growth.

Planned Projects

Many residential developments in the pipeline for the city are mixed use towers, such as Empire Square, Trilogy Tower, French Quarter and Eagle Street Pier.

During the quarter, two proposed projects with development approval were listed as deferred. The projects at 484 Adelaide St and 549 Queen Street, with 105 and 206 planned apartments respectively (both located in the Petrie Bight area), are now on hold indefinitely with development approvals in place.

Trilogy Towers and Empire Square are both in the early stages of sales, and will shortly be seeing unconditional contracts.

A DA has been approved for a 30-level building in Charlotte Street. There are no confirmed sales or construction commencement dates at this stage. The project comprises mostly two-bedroom units with some one-bedrooms and a three bedroom penthouse.

BRIEFLY...

- Only 14 new CBD apartments sold during the quarter, down from 20 last quarter
- 41 built new apartments now remain for sale, with no projects expected to reach completion before 2010
- The average price of new CBD units sold during the quarter was \$1,343,000
- The average price of general CBD apartment sales in the June quarter was \$506,706
- Empire Square and Trilogy Towers are both reporting strong levels of pre-launch interest

New Apartment Sales

Development	Suburb	Status	Total Units	Sold to date	% Sold to date	Available for Sale	Sold June 08 Qtr
Evolution	CBD	Completed	178	156	88%	22	1
Parklands Pinnacle	Roma St	Completed	60	54	90%	6	6
Skyline Apartments	CBD	Completed	192	179	93%	13	3
The Macrossan	CBD	Under construction	42	30	71%	12	1
Vision	CBD	Under construction	402	277	69%	125	3
Summary – 5 Projects			874	696	80%	178	14

Prepared by Colliers International Research Source: Colliers Brisbane Unit Survey

New Projects Pending

Project	Likely No of Apts	Address	Status
Empire Square	104 (2,3 beds)	79 Elizabeth	DA Granted
Hogan Place	87 (1,2,3 beds)	127 Charlotte	DA Granted
Q Centre North Quarter	100	159 Roma St	DA Granted
Silverpoint Towers	36 (4 beds)	470 Queen	DA Granted
Trilogy Tower (Hotel)	192 (1,2 beds)	480 Queen	DA Granted
Trilogy Tower (Residential)	109	480 Queen	DA Granted
Eagle Street Pier (Tower One)	TBA	Eagle St Pier	DA to be submitted
French Quarter	TBA	Alice & Albert Sts	DA to be submitted
Meriton, Herschel Street	650 (1,2,3 beds)	37 Herschel	DA to be submitted
Meriton, Adelaide St	400 (1,2,3 beds)	485 Adelaide	DA Submitted
484 Adelaide.	105 (2,3 beds)	484 Adelaide	Deferred, with DA
549 Queen	206 (1,2,3 beds)	549 Adelaide	Deferred, with DA

Prepared by Colliers International Research Source: BCI Australia, BCC

General Market Apartment Sales

Sale Price Range	Mar 07	Jun 07	Sep 07	Dec 07	Mar 07	Qtr Change	Year Change
Under \$250k	38	31	34	22	13	-41%	-66%
\$250k to \$500k	146	167	158	188	104	-45%	-29%
\$500k to \$750k	62	51	79	72	44	-39%	-29%
\$750k to \$1m	16	22	24	25	17	-32%	6%
over \$1m	24	23	15	19	6	-68%	-75%
Grand Total	286	294	310	326	184	-44%	-36%

Prepared by Colliers International Research Source: RP Data

Examples of Current Apartment Rents

Project	Beds	Bath	Car	Furnished	Rent \$ Pw
M on Mary	1	1	0	Yes	\$520
Evolution	1	1	0	Yes	\$550
Parklands	2	1	1	Yes	\$600
Vue	2	2	1	Yes	\$550
Admiralty Towers 2	2	2	1	Yes	\$700
Parklands	2	2	1	No	\$850
Admiralty Towers 2	3	2	2	No	\$700
Aurora	3	2	2	No	\$1,000
Parklands	3	2	2	Yes	\$1,800
Casino Towers (Pent)	3	2	2	Yes	\$4,280

Prepared by Colliers International Research Source: SEQ Rents

North Precinct

New Apartment Sales

The New Apartment Sales table shows the June quarter has seen a steep drop in sales activity in the north precinct with only three apartment contracts reaching unconditional status down from 13 in the March 08 quarter and 28 in December 07. All three sales were for two-bedroom apartments in The Hub at Fortitude Valley. This has resulted in a relatively low average sale price for the quarter of \$483,000.

Trilogy achieved sell-out last quarter and has now been removed from the report. Only 14 apartments remain for sale in the north precinct at the end of the June 08 quarter, and only five of these are in completed buildings – Portside Wharf Infinity and The Hub. A further nine new apartments are still available at Paragon on Arthur; however this project is still under construction.

Two new projects have recently hit the market, and should bring some sales activity to this precinct next quarter. The Mill at Albion is a mixed use, transit oriented development located alongside the Albion rail station, making use of the old flour mill and silos. The development has seen very strong early interest, and we should see a number of contracts hit unconditional status by next quarter's report.

At the other end of the scale, Mirvac's Waterfront project in the Newstead Riverpark precinct has also seen strong interest, with the developer confirming they have received strong interest from residents within a five kilometre radius of the site. With both projects reporting strong pre-release interest we should see a jump in sales activity, and average sale price, next quarter.

General Market Apartment Sales

The number of apartments sold in the March 08 quarter is roughly half of that sold in the March 07 quarter, as shown in the General Market Apartment Sales table. The sub \$250,000 sector dropped to only 12 sales during the three month period. Meanwhile, we have seen continued strong activity in mid-range apartments priced between \$500,000 and \$750,000 with this sector now accounting for 29% of the north precinct market, compared with only 14% twelve months ago.

The average price of apartments sold in the March 08 quarter was \$522,902, representing a 6.2% increase from the March 07 quarter average of \$492,601. Average apartment prices in this precinct remain slightly above the average for inner Brisbane.

Owners selling their north precinct apartments in the March 08 quarter realised an average capital growth of 11.5% per annum during their hold period.

Planned Projects

Since last quarter, a mixed use development at Longland Street Newstead has been stalled with the site now up for sale. NS3 was planned to include 87 residential apartments in a six storey building, office and retail space in a separate building, and 40 low-cost public housing apartments. The site has been listed for sale with the development and building approvals in place.

Meanwhile the next stage of Portside Wharf, Promenade Hamilton Apartments, has seen a DA submitted during the quarter. The proposal includes 144 apartments of one, two and three bedroom configuration, with the possibility of some short term stay accommodation.

BRIEFLY...

- Only three new apartments sold in the north precinct during the quarter, down from 13 last quarter
- The average price of new units sold in the north precinct was \$483,000
- Only 14 new apartments remain available for sale at the end of the quarter
- The average price of general apartment sales during the quarter was \$522,902
- Mirvac's prestigious Waterfront project has registered strong early interest prior to launch

New Apartment Sales

Development	Suburb	Status	Total Units	Sold to date	% Sold to date	Available for Sale	Sold June 08 Qtr
Paragon on Arthur	Fortitude Valley	Under Construction	39	30	77%	9	0
Portside Wharf Infinity	Hamilton	Completed	63	60	95%	3	0
The Hub	Fortitude Valley	Completed	53	51	96%	2	3
Summary — 3 projects			155	141	91%	14	3

Prepared by Colliers International Research Source: Colliers Brisbane Unit Survey

New Projects Pending

Project	Likely No of Apts	Address	Status
The Mill	143 (1,2,3 beds)	Albion	DA Granted
32 Agnes St	79 (2,3 beds)	Albion	DA Granted
Lots 35 & 36	118 (1,2,3 beds)	Kelvin Grove	DA Granted
Gasworks P2 - Stage One	175	Newstead Riverpark	DA Granted
Waterfront - Park Precinct	137 (2,3 beds)	Newstead Riverpark	DA Granted
Waterfront - Pier Precinct	101 (2,3 beds)	Newstead Riverpark	DA Granted Stage 1
Promenade Hamilton Apartments	144 (1,2,3 beds)	Portside Wharf	DA Submitted
Hamilton Harbour	Approx 400	485 Kingsford Smith Dr	DA Submitted
NS3 - Longland St	87	Newstead	Site for sale, with DA
Gasworks P8 - Stage Two	40-50	Newstead Riverpark	Deferred

Prepared by Colliers International Research Source: BCI Australia, BCC

General Market Apartment Sales

Sale Price Range	Mar 07	Jun 07	Sep 07	Dec 07	Mar 07	Qtr Change	Year Change
Under \$250k	55	50	27	20	12	-40%	-78%
\$250k to \$500k	318	294	262	206	140	-32%	-56%
\$500k to \$750k	69	76	118	104	70	-33%	1%
\$750k to \$1m	22	18	21	11	9	-18%	-59%
over \$1m	26	25	21	21	13	-38%	-50%
Grand Total	490	463	449	362	244	-33%	-50%

Prepared by Colliers International Research Source: RP Data

Examples of Current Apartment Rents

Project	Beds	Bath	Car	Furnished	Rent \$ Pw
The Hub	1	1	0	Yes	\$470
Trilogy	1	1	0	Yes	\$495
London Woolstores	2	2	1	No	\$500
The Hub	2	2	1	Yes	\$650
Trilogy	2	2	1	Yes	\$650
Portside Wharf - Infinity	2	2	2	Yes	\$700
The Hub	2	2	1	No	\$750
Portside Wharf - Loft	2	2	2	No	\$1200
London Woolstores	3	3	2	No	\$720

Prepared by Colliers International Research Source: SEQ Rents

South Precinct

New Apartment Sales

The June 08 quarter saw a fall in sales activity in the south precinct – 30 new developer sales, down from 41 in the March 08 quarter and 103 in the December 07 quarter (although more than half of the December 07 sales were from the launch of the Riverpoint project).

Riverpoint remains the strongest performer in this area, with nine sales this quarter and ten last quarter.

The SWI project has achieved sell-out of their first two residential buildings, Eden and Dos. The next residential stage will be made up of 38 terrace houses, and is expected to be released in September/October 08.

Two new projects which should start seeing unconditional sales next quarter are the transit-oriented and mixed use Southpoint development at South Bank, incorporating commercial and hotel uses, and Pradella's Waters Edge on the riverfront in West End.

General Market Apartment Sales

General apartment sales activity in this precinct has halved over the past twelve months, with March 08 seeing only 72 apartment sales reach settlement, compared with 143 in the March 07 quarter. Hardest hit was the 'Under \$250,000' price bracket which saw a 76% drop in sales activity over the past year. The average resale price of apartments in this precinct during the March 08 quarter was \$529,983.

The mid-range apartments priced between \$500,000 and \$750,000 remain fairly strong, and this price bracket now accounts for 24% of the south precinct general apartment sales, compared with only 14% a year ago. Apartments sold in the March 08 quarter had achieved an average capital growth of 10.7% per annum between sales.

Planned Projects

Development approval has now been granted for Aria's residential development on Edmonstone Street. The project brings 212 one- and two-bedroom apartments to the market, in a location within walking distance to the city, a supermarket, South Bank Parklands and a variety of lifestyle amenities.

Development approval has also been granted for the Southpoint mixed use, transit oriented development at South Bank. The \$650 million project on the corner of Grey and Vulture Streets will include commercial and retail space, Brisbane's second Emporium Hotel at

130 rooms, a cinema and 55 high-quality luxury residential apartments.

Waters Edge is ready to hit the market with unconditional contracts to follow shortly.

The Council is currently developing options for the draft Kurilpa Plan, which is expected to be submitted to the state government for review in 2009. The plan for the Kurilpa Point area will focus on Transit Oriented and Mixed Use principals, improving public realm open spaces, retaining heritage buildings and supporting walking, cycling and public transport usage.

A number of new infrastructure projects will enhance and support the urban renewal of the Kurilpa Point area, including the Hale Street Link, the Tank Street pedestrian bridge, and the Grey Street Boulevard project; a proposed gateway to South Bank including pedestrian and cycle connections, street furniture and public spaces linking Grey Street with Kurilpa Point and the Tank Street pedestrian bridge.

Developers are recognizing the potential in this area as well. Last year Multiplex purchased a 1.7 hectare site from Parmalat, and a \$400m business park and mixed use development called City South Corporate Park is planned, however a DA is yet to be submitted.

BRIEFLY...

- ▶ **30 new apartments sold during the June 08 quarter, down from 41 last quarter**
- ▶ **The average price of new units sold during the quarter is \$763,202**
- ▶ **The average price of general apartment sales is \$529,983**
- ▶ **New projects coming soon include the mixed use Southpoint project, and Aria's self titled development on Edmonstone Street**
- ▶ **Planned infrastructure for the area includes the Hale Street Link toll bridge and the Tank Street pedestrian bridge**

New Apartment Sales

Development	Suburb	Status	Total Units	Sold to date	% Sold to date	Available for Sale	Sold June 08 Qtr
Allegro	Sth Brisbane	Completed	117	110	94%	7	5
Flow	West End	Completed	76	60	79%	16	0
Gabba Central I and II	Woolloongabba	Completed	271	235	87%	36	0
Koko (Camden, Greenwich and Montmartre)	West End	Completed	110	102	93%	8	5
Riverpoint	West End	Awaiting construction	124	86	69%	38	9
SL8	West End	Under construction	112	92	82%	20	5
SWI	West End	Under construction	58	58	100%	0	2
Tempo	West End	Completed	99	90	91%	9	4
Summary – 8 projects			967	833	86%	134	30

Prepared by Colliers International Research Source: Colliers Brisbane Unit Survey

New Projects Pending

Project	Likely No of Apts	Address	Status
Edmonstone Street	212 (1,2 beds)	2 Edmonstone St	DA Granted
Southpoint	55	Grey St	DA Granted
Merivale St Commercial	52 (2,3 beds)	South Brisbane	DA Granted
Waters Edge	519 (1,2,3,4 beds)	West End	DA Granted
Riverpoint Stage 2	138 (1,2,3 beds)	60 Ferry St, West End	DA Granted
124 Merivale	70	West End	DA Submitted
320 Vulture St	219 (1,2,3 beds)	320 Vulture, Woolloongabba	DA Submitted
Fresh Urban Village	580 (1,2,3 beds)	144 Logan Rd, Woolloongabba	DA Submitted

Prepared by Colliers International Research Source: BCI Australia, BCC

General Market Apartment Sales

Sale Price Range	Mar 07	Jun 07	Sep 07	Dec 07	Mar 07	Qtr Change	Year Change
Under \$250k	17	9	19	10	4	-60%	-76%
\$250k to \$500k	92	95	103	60	41	-32%	-55%
\$500k to \$750k	20	53	52	30	17	-43%	-15%
\$750k to \$1m	6	2	4	11	4	-64%	-33%
Over \$1m	8	12	1	6	6	0%	-25%
Grand Total	143	171	179	117	72	-38%	-50%

Prepared by Colliers International Research Source: RP Data

Examples of Current Apartment Rents

Project	Beds	Bath	Car	Furnished	Rent \$ Pw
SWI	1	1	1	No	\$380
Koko	1	1	1	No	\$380
Mantra, South Bank	1	1	0	No	\$420
Mantra, South Bank	1	1	0	Yes	\$470
SWI	1	1	1	Yes	\$480
SWI	2	1	1	No	\$470
Silhouette	2	2	1	Partly	\$530
SWI	2	2	1	Yes	\$580
Mantra, South Bank	2	2	1	No	\$670
South Edge	4	3	2	Yes	\$795

Prepared by Colliers International Research Source: SEQ Rents

East Precinct

New Apartment Sales

The newly released Scott Street project has boosted sales activity in the east precinct. The June 08 quarter saw a total of seven sales in this precinct, up from one last quarter and none in the December 07 quarter. Scott Street is a one-per-floor luxury development with single-floor apartments selling for roughly \$6,000,000 each. Strong early interest in this project has allowed the developer to start working on site, with the demolition of the old Ryan's Hotel building now underway.

Castlebar Cove also had a strong quarter, achieving two unconditional sales including the grand penthouse, at a total of 645 square metres.

Only 12 new units remain for sale in the east precinct, with more than half of these being multi-million dollar luxury residences.

General Market Apartment Sales

One hundred and eight apartments sold and settled in the March 08 quarter; a 38% drop from the March 07 figure of 174. While each price bracket has seen a downturn in activity, the slow market conditions are hardest felt in the sub \$250,000 price bracket, and also in apartments priced over \$750,000. However, these price bands represent only a small proportion of the market with the majority of apartments (94%) sold during the quarter priced between \$250,000 and \$750,000.

The average price of east precinct apartments sold in the March 08 quarter was \$580,873, far above the Inner Brisbane average of \$514,712 and higher than any other inner city precinct. As well as being home to the highest prices, the east precinct has also seen higher than average price growth, with the March 08 average apartment price almost 16% higher than it was in March 07 (Refer Average General Market table, pg 3).

The 108 settled apartment sales in March 08 earned an average price growth of 12.6% per annum for owners, making this precinct the best performing in terms of price growth between sales.

Planned Projects

A development application has been submitted for another tower development at the ever-popular Dockside precinct along the river in Kangaroo Point. The Dockside Garden Towers project will bring 102 apartments to market, including one, two, three and four bedroom configurations.

The Shafston College project is a mixed use building which will include classrooms on the lower levels, retail and dining options aimed at students, and 148 student accommodation units above. Current Shafston student apartments typically offer studio rooms which house up to two students with a small kitchenette. Amenities such as a gym, library, pool, socialising areas and dining bistros are all offered on site.

A development application has been submitted for Yungaba, a residential development on the Kangaroo Point waterfront under the Story Bridge. Three residential buildings will bring 167 apartments to market including one, two, three and four bedroom apartments across a range of affordability levels, as well as the retention and refurbishment of the historical Yungaba House, which will be transformed into large, luxury dwellings.

BRIEFLY...

- ▶ June has been a busy quarter for the east precinct, with seven new units selling, up from only one in the past six months
- ▶ The majority of sales were multimillion dollar apartments, resulting in an average sale price of \$5,428,571
- ▶ Only 12 new units remain, with more than half of these multimillion dollar dwellings
- ▶ General apartment sales during the quarter averaged a sale price of \$580,873, the highest of all Inner Brisbane precincts

New Apartment Sales

Development	Suburb	Status	Total Units	Sold to date	% Sold to date	Available for Sale	Sold June 08 Qtr
Castlebar Cove	Kangaroo Point	Completed	38	34	89%	4	2
Norman Reach	Norman Park	Under Construction	22	20	91%	2	0
Scott Street	Kangaroo Point	Under Construction	11	5	45%	6	5
Summary – 3 projects			71	59	83%	12	7

Prepared by Colliers International Research Source: Colliers Brisbane Unit Survey

New Projects Pending

Project	Likely No of Apts	Address	Status
Addison Avenue	122	Bulimba	DA Submitted
Lambert St	114 (1,2,3 beds)	Kangaroo Point	DA Submitted
Dockside Garden Towers	102 (1,2,3,4 beds)	Kangaroo Point	DA Submitted
Shafston College Accommodation	148	Kangaroo Point	DA Submitted
Yungaba	167 (1,2,3, 4 beds)	Kangaroo Point	DA Submitted

Prepared by Colliers International Research Source: BCI Australia, BCC

General Market Apartment Sales

Sale Price Range	Mar 07	Jun 07	Sep 07	Dec 07	Mar 07	Qtr Change	Year Change
Under \$250k	12	15	11	8	2	-75%	-83%
\$250k to \$500k	131	134	151	98	90	-8%	-31%
\$500k to \$750k	17	13	15	18	11	-39%	-35%
\$750k to \$1m	9	10	7	9	3	-67%	-67%
over \$1m	5	7	4	4	2	-50%	-60%
Grand Total	174	179	188	137	108	-21%	-38%

Prepared by Colliers International Research Source: RP Data

Examples of Current Apartment Rents

Project	Beds	Bath	Car	Furnished	Rent \$ Pw
Shafston Tower	2	2	1	No	\$400
Vantage Apartments	2	2	1	No	\$480
Mayfair on the Park	2	2	2	No	\$500
River Reach Bulimba	2	2	1	No	\$580
Bridgewater Crest	2	2	1	Yes	\$650
Vantage Apartments	3	2	2	No	\$600
1 Holman St	3	2	2	No	\$700
Pearl Apartments	3	2	2	no	\$875
1 Holman St	3	2	2	No	\$900
Castlebar Cove	3	2	2	no	\$1,600

Prepared by Colliers International Research Source: SEQ Rents

West Precinct

New Apartment Sales

Eleven new apartments were sold in the west precinct during the June 08 quarter, following only three sales in the March 08 quarter and 61 in December 07. The majority of sales occurred in The Village Centre in Kelvin Grove Urban Village.

Two projects are nearing sell-out – Coronation Residences and Vue (tower two), both located in Milton. These developments have been completed for some time, with both now only reporting one apartment still remaining for sale in each project.

Two new projects which are in the early stages of sales and have not yet seen contracts go unconditional are KG8 in Kelvin Grove Urban Village, and El Dorado Village, a redevelopment incorporating the refurbishment of the El Dorado Cinema. Both are reporting high expressions of interest, and we hope to report on some unconditional sales by next quarter.

General Market Apartment Sales

During the March 08 quarter 182 apartments were sold in the west precinct. This is roughly one third lower than the activity seen a year ago, when 275 sales were transacted during the March 07 quarter. While the lower price bands have felt the effect of this drop in sales activity, surprisingly the higher end of the market has seen an increased number of sales over the quarter.

Apartments in the west precinct remain the most affordable in the inner city, with the average price of units sold in the March 08 quarter sitting at \$467,250. This is the only precinct with an average price below \$500,000. The west precinct offers many opportunities for strong rental returns and high yields for investors. Strong transport links and good shopping facilities make this area very popular with buyers. The west precinct registers the highest growth in average prices over the past twelve months, at 20.2%. With an average price so far below other inner Brisbane suburbs, we may see continued growth in this region as more investors and first home buyers recognize the affordability of this inner city area.

Owners selling their apartments during the March 08 quarter realised an average price growth of 12.4% per annum during their hold time, only slightly behind the east's 12.6% per annum growth.

Planned Projects

Development approval has now been granted for El Dorado Village, located on the site of the iconic El Dorado Cinema in Indooroopilly. The scope of this project includes a new cinema complex with 100 residential units above in a 14 level tower, coupled with a separate six level commercial building including a pedestrian plaza, restaurants and shops.

While the Union on Milton transit oriented development has received strong press over the past few months, less attention has been paid to the development directly across the road at 22 Railway Terrace. This project has been re-scoped and a new development approval has been submitted. The mixed use development incorporates 138 apartments over two towers, atop a shared podium containing office, retail and restaurant space.

BRIEFLY...

- ▶ During the June 08 quarter 11 new units were sold in the west precinct
- ▶ New apartments sold for an average of \$635,000
- ▶ Two new projects will be seeing unconditional sales shortly – KG8 and El Dorado Village
- ▶ General apartments sold during the quarter averaged a sale price of \$467,250 making this the most affordable precinct in Inner Brisbane

New Apartment Sales

Development	Suburb	Status	Total Units	Sold to date	% Sold to date	Available for Sale	Sold June 08 Qtr
Coronation Residences	Milton	Completed	48	47	98%	1	2
Ice Works	Paddington	Under construction	47	42	89%	5	0
The Village Centre	Kelvin Grove	Completed	213	191	90%	22	8
Vue (Tower Two)	Milton	Completed	90	89	99%	1	1
Summary - 4 projects			398	369	93%	29	11

Prepared by Colliers International Research Source: Colliers Brisbane Unit Survey

New Projects Pending

Project	Likely No of Apts	Address	Status
El Dorado Village	76 (1,2,3 beds)	141 Coonan	DA Granted
Union on Milton	213 (1,2,3,4 beds)	39 Railway Tce	DA Submitted
22 Railway Tce	138 (1,2,3 beds)	Milton	DA Submitted
36 High Street	119 (1,2,3,4 beds)	Toowong	DA Submitted

Prepared by Colliers International Research Source: BCI Australia, BCC

General Market Apartment Sales

Sale Price Range	Mar 07	Jun 07	Sep 07	Dec 07	Mar 07	Qtr Change	Year Change
Under \$250k	33	19	23	10	5	-50%	-85%
\$250k to \$500k	201	215	184	151	126	-17%	-37%
\$500k to \$750k	32	37	44	39	35	-10%	9%
\$750k to \$1m	3	6	17	8	8	0%	167%
over \$1m	6	5	8	7	8	14%	33%
Grand Total	275	282	276	215	182	-15%	-34%

Prepared by Colliers International Research Source: RP Data

Examples of Current Apartment Rents

Project	Beds	Bath	Car	Furnished	Rent \$ Pw
66 Sherwood Rd	1	1	1	No	\$280
Rivers on the Park	1	1	1	No	\$370
Ikon apartments	2	2	1	No	\$440
Ikon apartments	2	2	2	No	\$440
Kingshome Apartments	2	2	1	No	\$460
Coronation Residences	2	2	1	No	\$800
Linear Apartments	3	2	1	No	\$650
Elysees	3	2	2	Yes	\$720
Coronation Residences	3	2	2	No	\$950

Prepared by Colliers International Research Source: SEQ Rents

Map

NEW APARTMENT PROJECTS IN INNER BRISBANE



CBD PRECINCT

- 1 Evolution
- 2 Parklands Pinnacle
- 3 Skyline Apartments
- 4 The Macrossan
- 5 Vision

NORTH PRECINCT

- 6 Paragon on Arthur
- 7 Portside Wharf Infinity
- 8 The Hub

EAST PRECINCT

- 9 Castlebar Cove
- 10 Norman Reach

WEST PRECINCT

- 11 Coronation Residences
- 12 Ice Works
- 13 The Village Centre
- 14 Vue

SOUTH PRECINCT

- 15 Allegro
- 16 Flow
- 17 Gabba Central
- 18 Koko (Camden, Greenwich and Montmartre)
- 19 Riverpoint
- 20 SL8
- 21 SW1
- 22 Tempo

SPECIAL REPORT - Mixed Use Developments

The term “mixed use development” (MUD) is being used with increasing frequency within the development arena. A large number of planned and proposed projects within Brisbane are termed as mixed use with property groups, developers and councillors alike extolling mixed use developments as the way of the future for urban Australia.

MUDs are developments which incorporate more than one land use within a single building or site. Generally MUDs include three or more different uses such as residential housing, hotel, commercial, industrial, entertainment, education, medical facilities, recreation, or other uses. In the best examples of true mixed use developments the different land uses will be compatible and support each other. Many mixed use developments become an integral part of the community and create unique places where people can live, work, play, shop, eat and/or entertain themselves. It is worth noting that by adding high-frequency public transport to this mix, we end up with a TOD or Transit Oriented Development, another hot topic in today’s development environment, and just one example of a mixed use development.

The South East Queensland Regional Plan, Section 8 (Urban Development) mentions a “focus on higher density and mixed-use development in and around regional activity centres and

public transport nodes and corridors”. With the forecast of continued strong population growth for Brisbane and the trend towards smaller household sizes (and the increasing rise of the Lone Person Household), MUDs offer increased density supported by local transport and infrastructure, in a layout which may reduce traffic congestion, offer small households a community to belong to, and provide our growing city with vibrant urban areas to live, visit, work, shop or play.

Existing MUDs include the increasingly popular Emporium with its busy boutique retail and dining area, Centro on James with an abundance of bars, entertainment and social gathering spaces, and Portside Wharf which has already proved to be a major drawcard for new residents as well as local day

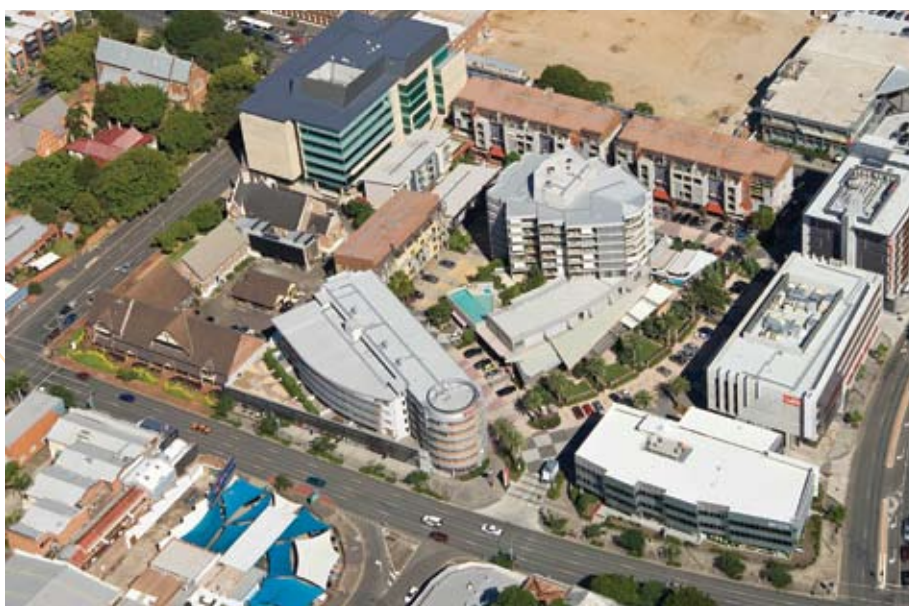
trippers. Future developments such as Albion Flour Mill, Eagle Street Pier, Southpoint and Empire Square could prove to be just as popular, and may represent the preferred building form for inner Brisbane’s future developments.

Current Mixed Use Projects

Portside Wharf, Emporium, Centro on James, Anzac Square, Riparian Plaza, SWI

Planned Mixed Use Projects

The Mill, Trilogy Tower, Empire Square, Vision, Union on Milton, Hamilton Harbour, Newstead Riverpark, Eagle Street Pier, Southpoint, 22 Railway Terrace, El Dorado Village, French Quarter, Hogan Place, Meriton Tower, Q Centre North Quarter, Merivale St Commercial, and more.



The Emporium, a mixed use development in Fortitude Valley incorporating hotel, commercial, dining, retail and residential uses.

GLOSSARY

Mixed Use Development (MUD)	The development of more than one land use on a single site or within a single building, where the uses co-exist in harmony (e.g. residential, retail, commercial, hotel, dining, etc). MUDs are generally walkable communities with all uses easily accessible to each other.
Transit Oriented Development (TOD)	Mixed use development which is designed around high quality, high frequency public transport.
Off-Plan Sale	The sale of a dwelling before it has been built, using the building plan to identify the dwelling.
Detached Housing	A single, stand-alone house.
Semi Detached Housing	Townhouse or terraced house which shares at least one wall with another dwelling.
Developer Stock	The original sale of a new dwelling by the developer, either off-plan or after construction is complete.
Resale	Subsequent sales of a dwelling (after the initial sale by the developer to a buyer).
Quarter	A three month period ending in the month specified, i.e. the December 08 quarter includes the calendar months October, November and December 2008.
Median	The middle value of a number of observations arranged in order of magnitude.
CBD or City precinct	The suburb of Brisbane City
North precinct	An area encompassing Fortitude Valley, New Farm, Newstead, Bowen Hills, Hamilton, Albion, Spring Hill and Kelvin Grove
South precinct	An area encompassing South Brisbane, West End, Highgate Hill and Woolloongabba
East precinct	An area encompassing Kangaroo Point, East Brisbane, Norman Park and Bulimba
West precinct	An area encompassing Milton, Auchenflower, Toowong, St Lucia, Taringa and Indooroopilly
Inner Brisbane	The five precincts above
General Market	Settled sales including resales and new developer sales

Sources: Colliers International, RP Data, BCI Australia, BCC, OESR, RTA, ABS

Prepared by Colliers International Research.

Level 20, 345 Queen Street
Brisbane Q 4000
GPO Box 2750, Brisbane Q 4001
P: (07) 3229 3344
F: (07) 3221 7744

For further details contact:
Alison Timchur
Brisbane Research Analyst
p. 07 3026 3361
e. Alison.Timchur@Colliers.com

For media enquiries contact:
Kate Patterson
PR & Media Manager
p. 0400 672 099
e. Kate.Patterson@Colliers.com

Colliers International does not give any warranty in relation to the accuracy of the information contained in this report. If you intend to rely upon the information contained herein, you must take note that the information, figures and projections have been provided by various sources and have not been verified by us. We have no belief one-way or the other in relation to the accuracy of such information, figures and projections.

Colliers International will not be liable for any loss or damage resulting from any statement, figure, calculation or any other information that you rely upon that is contained in the material.

Use with written permission only. All other responsibilities disclaimed. ©2008

COLLIERS
INTERNATIONAL