RESEARCH & FORECAST REPORT

BRISBANE APARTMENT

Colliers INTERNATIONAL

M&A Laing O'Rouke
The top performing project in the September Quarter 2010.

RECENT SALES PERFORMANCE SEPTEMBER QUARTER 2010 NEW APARTMENTS:

BRISBANE CBD	↑
INNER NORTH	↑
INNER SOUTH	↑
INNER EAST	↓
INNER WEST	↑

KEY HIGHLIGHTS

- 425 unconditional sales were made suggesting a new unit supply of 11 months
- The weighted average sale price for new apartments in Inner Brisbane was $534,894
- There are 1,584 new apartments available for sale in Inner Brisbane
- The median price of units in Inner Brisbane was $445,000 as at the June quarter 2010

Are Brisbane's inner city units back on the radar?

The resounding theme for the September 2010 quarter is that the Brisbane Apartment market has clearly begun to put the GFC behind it. It has been a difficult two years since the declining Global economy impacted the Australian property market however the most recent quarter has seen the strongest rate of sale for the Brisbane market in six years. A good result for the Inner Brisbane Apartment market given that the weighted average sale price has normalised.

The three months to September 2010 saw a total of 425 unconditional sales for Brisbane's inner Ring, a figure 21% above the three month period prior and a significant 56% above the same period in 2009 when the region recorded 276 unconditional sales. This brings the total unconditional sales for the 2010 year to date to 977 transactions for Brisbane's Inner Ring, therefore registering more sales than the entire 2009 calendar year.

Sale rates within projects, on average across the Brisbane market, currently rests at approximately 4.5 sales per month and appears to be increasing. Some projects, in direct relation to the product mix available within the building and directly influenced by price, have outperformed this statistic, particularly those in secure investment locations.

A weighted average unconditional sales figure of $534,894 was recognised for the 425 transactions recorded, totalling over $227 million in sales for the September quarter. The weighted average price is a figure 11% below the June 2010 quarter and 16% below the September period in 2009 and correlates directly with the continually increasing sales recognised.

Again the predominance of activity was focussed in Brisbane's Inner North precinct which registered 58% of the September quarter's sales. It must however be realised that 32% of the 425 unconditional sales (135 unconditional sales) were recorded in Laing O'Rourke's new residential release, M & A located in the Fortitude Valley. Other strong performers were The Milton to be developed by FKP which registered 68 unconditional sales for the three month period as well as Riverside Hamilton and Station 16 which saw 41 and 42 sales respectively.

Registered unconditional sales in Brisbane's Inner Ring were again reflective of a price pointed investment driven marketplace. Of the 425 registered unconditional transactions, 56% were in one bedroom stock and a further 40% were two bedroom sales. Only 4% of the quarter's

BRISBANE NEW APARTMENT MARKET INDICATORS - Q3 2010

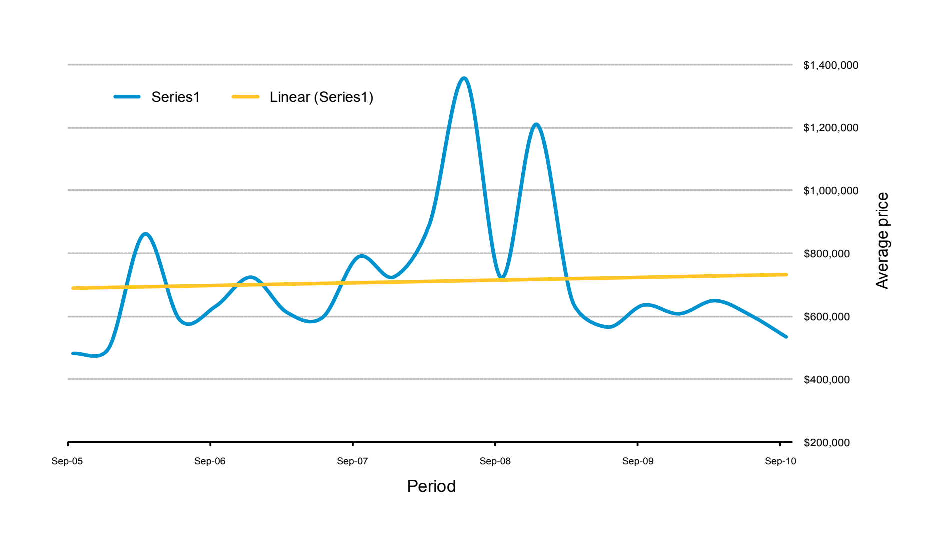
Precinct	Weighted Average Sale Price	No. of Sales	No. of Units for Sale	No. of Projects for Sale
CBD	$485,806	31	280	4
North	$507,923	248	689	16
South	$533,116	69	243	7
East	$1,005,000	5	118	6
West	$617,986	72	254	2
Total		425	1,584	35

Source: Colliers International Research

transactions were in three bedroom configurations. This is in stark comparison to the September 2008 quarter which saw 48% of the sales in three bedroom stock and 45% in two bedroom and best represents the change the Brisbane residential market has gone through over the last two years. A complete back flip from a period of low transactions at exorbitant prices to today's market where there have been a significant increase in sales at a hugely softened price.

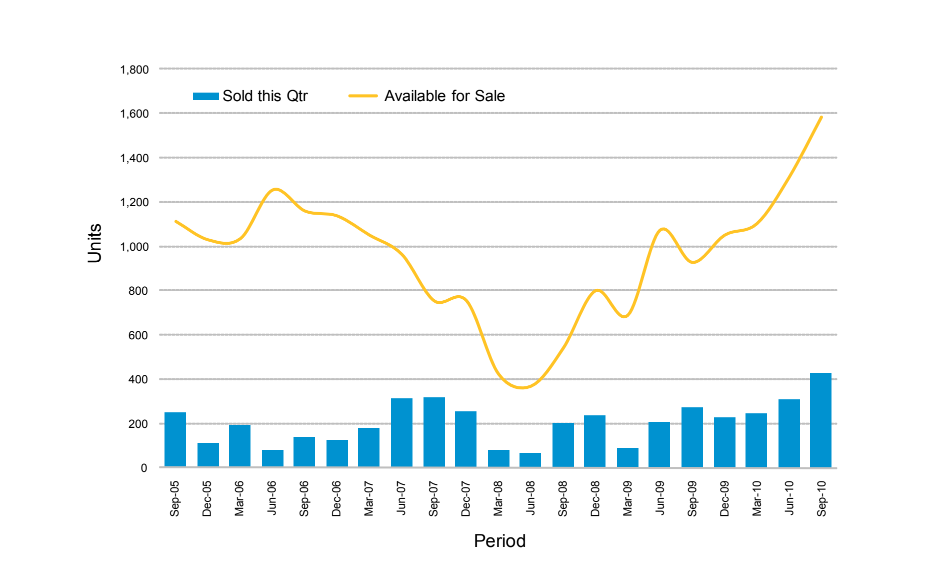
As at the close of September 2010, a total of 1,584 apartments remained for sale. The majority of this, 47% or 750 apartments remain in two bedroom configurations. One bedroom variations closely follow with 35% of the available apartments whilst three bedroom configurations total 14% of the 1,584 apartments. Most importantly, based upon the sales rate realised during the September 2010 quarter, these remaining apartments are expected to be absorbed within 11 months. A continued shortage of one bedroom apartments is anticipated and based upon the September quarter figures, this configuration type is likely to supply the Brisbane market for only seven months

NEW INNER CITY UNIT AVERAGE SALE PRICE BY QUARTER WITH LINEAR TREND
Q3 2005 to Q3 2010



Source: Colliers International Research

INNER CITY NEW UNIT SALES AND SUPPLY
Q3 2005 to Q3 2010



Source: Colliers International Research

Soleil – Meriton Construction's
30 unconditional sales in the September Quarter 2010.

KEY HIGHLIGHTS

- 31 new CBD apartments were sold during the September 2010 quarter
- The weighted average sale price for a new CBD apartment was $485,806
- 280 new apartments remain for sale

Market Activity

Brisbane CBD

The lowest weighted average sale price since 2003

The Brisbane CBD again saw limited numbers of new unconditional sales for the three month period to September 2010. A slightly positive fluctuation saw 31 unconditional transactions occur within Brisbane's epicentre, an increase from the 20 unconditional sales during the June quarter prior and a faint softening in comparison to the June quarter 12 months prior.

As Brisbane's only true developed multi-density environment, historically this precinct has maintained the strongest rate of sale. Prior to the recent economic volatility of 2008 and 2009, Brisbane's CBD has been the premier apartment market, recording on average 121 sales a quarter or 484 a year over the past ten years. The CBD has contracted to become Brisbane's underperformer, recording an average of only 21 sales per quarter over the past two and a half years. This is not however a reflection of a lack of available potential purchasers but rather, a lack of diversity and choice in the off-plan market.

Following the fallout of the Global Financial Crisis and the lack of available debt, many planned and proposed projects were deferred pending market conditions. Currently only four projects remain for sale within the CBD, three of which have remaining stock targeting the luxury end of the apartment market (15 apartments).

CBD off-the-plan apartments sold during the quarter ending September 2010 produced a weighted average figure of $485,806. The lowest weighted average sale price recognised since December 2003. This is directly reflective of the current purchaser; one who is price point sensitive and seeking a residential purchase reflecting a gross yield above 5%.

The CBD precinct remains distinctly supply led and has been decisively impacted by Soleil. The Meriton project was the top performing project for the period, recording 30 unconditional sales at a weighted average sale price of $474,500. Evolution recorded the only other individual sale during the September period.

Unconditional contracts transacting within the CBD region were entirely one and two bedroom variations which recorded 61% and 39% of the total sales respectively for the three month period to September 2010. The majority of these transactions, 60%, were completed below $450,000.

Of the stock which remains for sale within Brisbane's CBD, 90% of the 280 available units are located in Meriton's Soleil Apartment tower. Just under 65% of the apartments available for sale remain in one bedroom configurations, followed by two bedroom apartments which total 21% of the remaining assets. Three bedroom apartments total 9% of available stock with the remaining percentage divided over four bedroom, penthouse and sub-penthouse configurations.

MARKET ACTIVITY - NEW APARTMENTS

CBD Precinct	Suburb	Status	Total units	Sold to Date	Sold Sep QTR	Available for sale	Percentage Sold
Evolution	CBD	Completed	178	174	1	4	98%
Skyline Apartments	CBD	Completed	192	191	0	1	99%
Soleil	CBD	Under Construction	414	150	30	264	36%
The Macrossan	CBD	Under Construction	42	31	0	11	74%
Total			826	546	31	280	66%

Source: Colliers International Research

Riverside Hamilton - Leighton Property and Devine
41 unconditional sales in the September Quarter 2010.

KEY HIGHLIGHTS

- The Inner North outperformed all Inner City precincts, recording 248 unconditional apartment sales
- The weighted average sale price for a new apartment was $507,923
- 689 apartments remain for sale

Market Activity

Inner North Precinct

Supply Produces Results

New unconditional sales activity within Brisbane's Inner North strengthened further during the three month period to September 2010. The most recent quarter recognised a total of 248 unconditional sales, totalling almost 60% of the entire Inner Brisbane transactions for the period to produce a weighted average sale price of $507,923.

The Inner North has taken the greatest advantage of the changing market dynamics post GFC. The strongly correlated relationship of a declining weighted average price and increasing unconditional sales is apparent. The weighted average is the lowest registered since June 2008 and reflects a softening of 18% over the past 12 months, and has resulted in the strongest sales rate since June 2002. The market is demanding new price pointed residential apartments. The Inner North has supplied product to Brisbane through recent project releases and as such has recorded continued market dominance.

Laing O'Rourke's foray into Brisbane's residential market has been met with extremely positive results. The newly released tower spans 21 levels and totals 234 residential apartments. The period ending September 2010 saw a total of 135 unconditional transactions to take the project to 58% presold. Other strong performers were Riverside Hamilton (41 sales) and Mosaic (22 sales).

Analysis of the product mix sold during the September 2010 quarter demonstrates a continued uptake of one and two bedroom apartments with almost all unconditional transactions occurring between these two variations. One bedroom variations attracted the highest activity during the period with 62% of the unconditional sales whilst the two bedroom configurations made up the remaining 34%.

As at the 30th of September 2010 a total of 689 apartments remained for sale in Brisbane's Inner North. Based on the current sales rate recognised over the quarter, the remaining stock is anticipated to be absorbed in eight months suggesting an undersupply may be evident in the short term. Two bedroom configurations total 50% of the available stock. One bedroom configurations represent 30% of the 689 available apartments followed by three beds with only 14% of the stock.

MARKET ACTIVITY - NEW APARTMENTS

North Precinct	Suburb	Status	Total units	Sold to Date	Sold Sept QTR	Available for sale	% Sold
Paragon on Arthur	Fortitude Valley	Completed	39	33	0	6	85%
Edenview Apartments	Kelvin Grove	Under Construction	65	38	3	27	58%
Promenade Hamilton Apartments	Hamilton	Under Construction	172	140	7	32	81%
Theodore Apartments	Kelvin Grove	Under Construction	69	61	0	8	88%
Pier at Waterfront	Newstead	Under Construction	99	56	0	43	57%
Park at Waterfront	Newstead	Awaiting Construction	102	32	11	70	31%
Hamilton Harbour - Harbour One	Hamilton	Under Construction	257	251	2	6	98%
Hamilton Harbour - Harbour Two	Hamilton	Under Construction	212	180	4	32	85%
Hamilton Harbour - Riverside Hamilton	Hamilton	Awaiting Construction	189	65	41	124	34%
Mosaic	Fortitude Valley	Awaiting Construction	210	102	22	108	49%
Rive' Apartments - Stage 1	Hamilton	Under Construction	95	65	6	30	68%
Code	Bowen Hills	Under Construction	132	100	0	32	76%
Kingfisher Apartments	New Farm	Completed	32	32	1	0	100%
ARIS	Newstead	Completed	39	21	3	18	54%
M&A	Fortitude Valley	Awaiting Construction	234	135	135	99	58%
Richmond	Bowen Hills	Awaiting Construction	107	53	13	54	50%
Total			2,053	1,364	248	689	66%

Source: Colliers International Research

Station 16 - ARIA Property International
42 unconditional sales in the September Quarter 2010.

KEY HIGHLIGHTS

- 69 unconditional sales were recorded within the Inner South precinct
- The weighted average sale price for a new apartment was $658,023
- 243 new apartments remain for sale

Market Activity

Inner South Precinct

Potential to Record Significant Growth

The three month period ending September 2010 has seen Brisbane's Inner South record the strongest period of off-the-plan sales since December 2007, prior to the GFC. The September 2010 quarter saw 69 unconditional sales at a weighted average figure of $533,116. This is a 41% increase in sales and a weighted average price 12% below the June 2010 quarter. The softening weighted average is representative of the markets continued predisposition to seek out and purchase price pointed real estate in the changing region, a significant difference from the weighted average recognised in September 2009 of $658,023.

The September 2010 quarter unconditional sales recorded in the Inner South were heavily weighted by the successful new release of Station 16 in South Brisbane. The boutique price pointed project by Aria Property International saw a total of 42 unconditional transactions in the region and the overwhelming majority of recorded sales within the Inner South precinct. Universal was one of the top performing projects in the region for consecutive periods, recording a further 15 unconditional sales for the three month period to September to take the project to 71% presold. SL8 has sold its final two developer apartments and as such, has been removed from the Colliers International Apartment Report.

Of the unconditional sales 58% were in two bedroom configurations. A further 36% were registered as one bedroom configurations and the remaining 6% of sales were in three bedroom transactions.

In terms of the stock which remains for sale, the Inner South is one of the only Inner Brisbane precincts which remains weighted toward two and three bedroom apartments despite recent project releases. The close of the September quarter saw 243 residential off-the-plan apartments available for sale. Of this stock, 50% remains as two bedroom configurations, 29% as three bedroom apartments and 20% of stock remains as one bedroom apartment types. The Inner South is a precinct demanding further supply of price pointed real estate, particularly in one bedroom configurations. This trend was evident in the successful sales rate of Station 16 and Universal and it is also anticipated that a strong sales rate will be reported by Montague next quarter as this project has also recently delivered this stock to the market.

Brisbane's Inner South is earmarked as a region which will undergo significant development and urban densification. As per the Brisbane City Council, the vision for Brisbane's Inner South is to become an eclectic, inner city, riverside precinct, supporting a growing, diverse local community whilst integrating with a key emerging employment locality and cultural district of international reputation. This precinct currently remains as the last inner city domain demanding significant gentrification and as such, will display significant price growth into the future as infrastructure and change is implemented. Brisbane's Inner South continues to demand a price pointed residential product. Colliers International Research expects Brisbane's Inner South to recognise significant growth over the future years as the region prepares itself to provide a variety of living environments for Inner Brisbane.

MARKET ACTIVITY - NEW APARTMENTS

South Precinct	Suburb	Status	Total units	Sold to Date	Sold Sept QTR	Available for sale	Percentage Sold
Gabba Central I and II	W'gabba	Completed	271	270	1	1	100%
Riverpoint	West End	Completed	129	97	3	32	75%
SL8	West End	Completed	112	112	2	0	100%
Waters Edge	West End	Under Construction	234	98	3	136	42%
Universal	South Brisbane	Awaiting Construction	69	49	15	20	71%
Station 16	South Brisbane	Awaiting Construction	60	42	42	18	70%
Century	W'gabba	Awaiting Construction	73	37	3	36	51%
Total			948	705	69	243	74%

Source: Colliers International Research

Quartz Jadecorp
4 unconditional sales in the September Quarter 2010.

KEY HIGHLIGHTS

- 5 new unconditional sales were registered during the September 2010 quarter
- The weighted average price of a new apartment for the quarter was $1,005,000, the highest of all precincts
- 118 units remain for sale

Market Activity

Inner East Precinct

Relatively Unchanged

Brisbane's Inner East new apartment market registered only five transactions for the September quarter 2010 taking the level of apartment product sold within the precinct to 54%. This figure is substantially below the numbers of recorded transactions seen in recent periods and is representative of the higher priced stock available for sale.

Given the five unconditional sales recorded, a weighted average sale price of $1,005,000 was recorded, a slight increase from the $921,667 as at the June quarter 2010. The greatest challenge for the new apartment market in the Inner East is the significant price differential between new and existing stock. The median price for an existing apartment in the Inner East currently sits at $411,000 whilst the average sale price for a new apartment in the same region has a figure 145% higher at $1,005,000.

The consumer therefore has the opportunity to purchase an apartment which is already built for a fraction of the price. This price disparity assists in explaining why unconditional sales are only a tiny proportion of the total sales achieved in the precinct. The lack of stock and limited future development opportunities given land constraints in the region may result in stronger capital growth in the established apartment market in coming years.

Of the stock which transacted during the quarter, 60% of transactions occurred within three bedroom variations. Two bedroom apartments recorded a further 40% of the 5 transactions. The sales rate is a result of the product type which is currently offered to the market, however the Inner East has been a region with limited new supply in recent years.

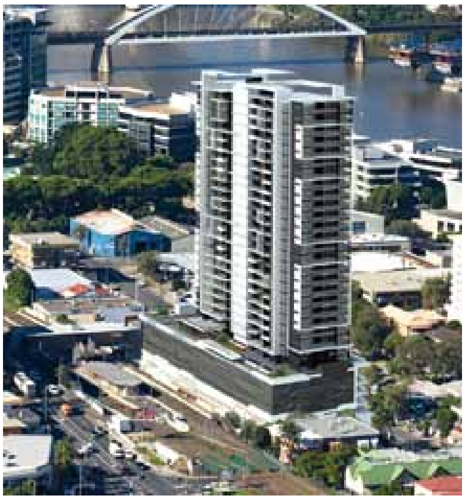
Quartz Apartments in Bulimba's consistent sales rate has seen it outperform all other projects within Brisbane's Inner East, recording four of the five unconditional sales during the three month period to September 2010. One other sale was recognised in Yungaba at Kangaroo Point. The other four projects which have apartments available for sale remain unchanged.

The three months to September 2010 closed with 118 apartments available for sale. Of the stock which remains for sale in the Inner East precinct, there is an overwhelming majority of two and three bedroom apartments which has therefore contributed to the soft sales rate achieved. A total of 51% exists as two bedroom apartments whilst three bedroom variations total a further 41% of the remaining stock. One bedroom apartments total only 7% of the apartments available for sale suggesting there is a demand for this product mix in the region.

MARKET ACTIVITY - NEW APARTMENTS

East Precinct	Suburb	Status	Total units	Sold to Date	Sold Sept QTR	Available for sale	Percentage Sold
Castlebar Cove	Kangaroo Point	Completed	38	34	0	4	89%
Forty Park Avenue	Kangaroo Point	Completed	5	4	0	1	80%
Scott Street	Kangaroo Point	Under Construction	11	5	0	6	45%
Quartz Apartments	Bulimba	Under Construction	52	44	4	8	85%
Yungaba - Promontory	Kangaroo Point	Under Construction	68	32	1	36	47%
Aqua'ta	Bulimba	Under Construction	81	18	0	63	22%
Total			255	137	5	118	54%

Source: Colliers International Research



The Milton - FKP
68 unconditional sales in the September Quarter 2010.

KEY HIGHLIGHTS

- 72 new unconditional sales were registered during the September 2010 quarter
- The weighted average sale price for a new apartment was $617,986
- 254 new apartments remain for sale

Market Activity

Inner West Precinct

Highest Sales Rate in Three and a Half Years

The three month period to September 2010 saw a total of 72 unconditional sales in Brisbane's Inner West precinct. This was the highest rate of sale recognised in this precinct since June 2007 when the region had 201 apartments available for sale over six different projects which included the likes of Coronation Residences, Ice Works, Linear and Vue.

From the 72 registered unconditional transactions, a weighted average price of $617,986 was recorded. This is a figure 11% above the June quarter 2010 and 30% above the same period in 2009 which saw a weighted average of $475,000.

Of the stock which transacted during the quarter, the majority of transactions occurred within one bedroom variations despite this being the smaller percentage of stock available for sale. A total of 54% of the sales during the September quarter was one bedroom stock whilst the remaining 46% was in two bedroom configurations. This uptake of one bedroom apartments confirms the demand for one bedroom investment product in the Inner West and is prescriptive of the wider market which is currently seeking well priced one bedroom stock which promotes returns to the investor. As prices for new product have increased across the board, many buyers are being priced out of standard two bedroom two bathroom product and are increasingly looking toward one bedroom product with gross returns of between 5% and 6%.

The new release of The Milton, FKP's new 30 storey tower which spans 298 one and two bedroom apartments was well received in its first release to the marketplace. A total of 68 unconditional sales were recorded for the three month period to September representing 94% of stock sold within the Inner West.

Similar to the Inner East, a considerable challenge continues to occur for new apartment product available for sale within Brisbane's Inner West precinct. A lack of viable development sites in the region have produced a restricted supply of apartments and a 44% price differential between the new and established apartment transactions.

Given the region has on average over the past ten years seen a difference in price of only 20% between new and resold stock, this suggests the challenge for the developer is to produce price pointed new apartments in a region constrained by land and infrastructure. The buying population retains an appetite for Inner West product, however this is on the assumption the future product offered becomes better aligned to the needs of the investor market.

A total of 254 apartments remain for sale within the Inner West precinct. Of these apartments, the majority of stock which remains for sale is two bedroom configurations (68%). The remaining 32% or 82 apartments are one bedroom configurations.

MARKET ACTIVITY - NEW APARTMENTS

West Precinct	Suburb	Status	Total units	Sold to Date	Sold Sept QTR	Available for sale	Percentage Sold
Pulse	Roma St	Awaiting Construction	46	22	4	24	48%
The Milton	Milton	Awaiting Construction	298	68	68	230	23%
Total			344	90	72	254	26%

Source: Colliers International Research

New Supply Pipeline

BRISBANE CBD

- A 28 storey tower on Charlotte Street is currently seeking council approval. The current plans encompass 138 one and two bedroom apartments over 28 storeys.
- It has been reported recently in the media that Grocon is looking to purchase the old Trilogy and Empire Square sites.
- The majority of planned projects remain heavily weighted toward smaller one and two bedroom product within the Brisbane CBD.

INNER NORTH

- A new development application has been made in the Fortitude Valley on 253 Wickham Street for a further 111 apartments.
- The Inner North precinct continues to maintain a strong pipeline of development activity.
- Development will be focussed in the suburbs of Bowen Hills, Fortitude Valley, Albion and Hamilton.
- We look to see unconditional sales recorded for Pradella's Urban Edge in the next quarter.

INNER SOUTH

- Small adjustments continue to be made to development approvals and applications within Brisbane's Inner South.
- Focus remains upon one and two bedroom apartments and density is increasing within this precinct.
- South Brisbane, Woolloongabba and West End are likely to see significant change in coming years as the current landscape is transformed from industrial toward residential, retail and commercial mixes.

INNER EAST

- The Inner East is anticipated to be undersupplied in the long term due to a lack of viable sites.
- @20 has modified its development application and is seeking 173 apartments over 20 storey's including 10 townhouses

INNER WEST

- A small 41 apartment project received approval on McDougall Street in Milton.
- The Milton entered its sales cycle and recognised unconditional sales for the period.
- Most projects planned for the Inner West precinct are currently deferred or are quietly seeking adaptation so that they can enter the supply constrained precinct.

New Supply Pipeline

BRISBANE CBD

Project Name/Address	Project Status	Total Proposed Apartments
400-410 Queen Street	Feasibility/Deferred	25
549 Queen Street	Feasibility/Deferred	206
Meriton, Herschel Street	Development Approval	629
Silverpoint Towers	Development Approval/Deferred	36
Trilogy Tower	Development Approval/Deferred	277
Vision	Construction/Deferred	392
Waterfront Place	Development Approval/Deferred	200
Hogan Place	Development Application	138
140 Alice Street	Development Application	223

INNER NORTH

Project Name/Address	Project Status	Total Proposed Apartments
Chester Street	Development Approval/Deferred	63
Bonney Lane Housing Development	Development Application	83
Como Teneriffe	Development Approval	81
41-47 Beeston Street	Development Approval/Deferred	44
458 Brunswick Street	Development Application	87
8 Best St Bowen Hills	Development Approval	34
McLachlan & Ann Streets	Development Approval	307

INNER SOUTH

Project Name/Address	Project Status	Total Proposed Apartments
45 Boundary Street	Development Approval	46
151-159 Logan Road	Development Application	83
320-324 Vulture Street	Development Application	214
Station 16	Development Application	60
Gabba One	Development Application	115
Buranda Village	Development Application	866
Southpoint	Development Approval	247
West Village	Development Application/Deferred	212
Montague	Development Approval	424
Phoenix	Development Application	626
Honeywell Apartments	Development Application	47

INNER EAST

Project Name/Address	Project Status	Total Proposed Apartments
Seven Hills Tafe Redevelopment	Development Application	250
53-61 Kitchener Street	Development Approval/Deferred	28
@20	Development Application	192
Dockside Garden Towers	Development Application	102
Life Options Project	Development Approved/Deferred	32
Shafston International College	Development Application	142
498 Wynnum Road	Development Application	72
125 Bulimba St Bulimba	Development Approval	34
Community Care Centre - Coorparoo	Development Approval	20

INNER WEST

Project Name/Address	Project Status	Total Proposed Apartments
21-27 Manning Street	Development Application	127
22-36 Railway Terrace	Development Approval/Deferred	100
36-46 High Street	Development Approval/Deferred	119
39-48 Brisbane Street	Deferred	33
Milton Railway Terrace	Development Approval/Deferred	213
The Studio	Development Approval	71
29-31 Manning Street	Deferred	8
33-35 Manning Street	Development Application	28

Prepared by Colliers International Research. Source BCI.

General Apartment Market

There were 813 settlements in the Brisbane Inner Ring during the June quarter, a 30% decline over the same period in 2009. The median price has strengthened over the year to be $445,000, 6% above the 2009 quarter. Buyers continue to seek price pointed product with 63% of sales in the Inner Ring occurring below the $500,000 price ceiling. In comparison the Middle Ring recorded a softer sales rate of 669 settlements, equating to only a 9% decline over the quarter.

Of the resales that occurred in the Inner Ring during the June quarter, owners averaged a return of 6.9% per annum and the assets were held for an average of 6.1 years. Middle Ring owners who resold their property recorded a slightly higher growth rate of 7.6% and assets were held for approximately 6.4 years prior to sale.

MEDIAN SALES PRICE - NEW AND ESTABLISHED APARTMENTS

Precinct	Jun-09	Mar-10	Jun-10	Qtr Change	Annual Change
CBD	$345,000	$445,000	$442,500	-0.6%	28.3%
North	$439,000	$460,000	$495,000	7.6%	12.8%
South	$400,000	$420,000	$420,000	0.0%	5.0%
East	$386,600	$451,000	$411,000	-8.9%	6.3%
West	$437,500	$442,000	$440,000	-0.5%	0.6%
Overall	$418,000	$443,000	$445,000	0.5%	6.5%

Prepared by Colliers International Research. Source PDS Live.

BRISBANE CBD

- The Brisbane CBD recorded a median price of $442,500 for the three month period to June 2010. This is a figure less than 1% below the March quarter yet a significant 28% above the same quarter in 2009 when the Brisbane CBD resale market was at the bottom of the cycle.
- There continues to be a heavy weighting of transactions toward the lower end of the price spectrum as buyers continue to be focussed upon sub $500,000 stock, totalling 63% of the transactions for the three month period.
- The number of settled transactions within Brisbane's CBD has softened slightly during the June 2010 quarter following the substantial increase recognised through the six months prior.
- During the June 2010 quarter a total of 144 settled sales transacted, 13% less than the March period prior and 38% below the same period in 2009.

BRISBANE CBD - NUMBER OF NEW AND ESTABLISHED APARTMENTS SOLD

CBD Price Points	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Less than $300,000	34	20	38	20	20
$300,000 to $399,999	92	37	58	25	35
$400,000 to $499,999	53	35	59	36	38
$500,000 to $599,999	15	24	18	12	17
$600,000 to $699,999	15	14	22	14	8
$700,000 to $799,999	9	11	7	9	8
$800,000 to $899,999	3	6	5	5	3
At least $900,000	11	16	22	6	15
Total	232	163	229	127	144

Prepared by Colliers International Research. Source PDS Live.

INNER NORTH

- The median price established for the Inner North during the June 2010 quarter was $495,000.
- The median price has strengthened against the March quarter by 7.6% and 12.8% over the longer 12 month period.
- The $400,000 to $499,999 and the $500,000 to $599,999 price points recorded the highest proportion of transactions at 26% and 20% respectively for the quarter.
- The Inner North precinct recorded the highest number of settled transactions for the June 2010 quarter across all precincts with 288 settled sales. Consistent with all other inner city precincts this was a softening from the period prior but only 5% in this precinct.
- A resale analysis was undertaken in order to establish returns achieved by those who exited the Inner North property market during the three months to June 2010. Again, an average annual capital growth of 7% was sustained by those who sold their properties. These apartments were held for an average of six years before being resold into the market.

INNER NORTH - NUMBER OF NEW AND ESTABLISHED APARTMENTS SOLD

Inner North Price Points	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Less Than $300,000	37	17	37	30	19
$300,000 To $399,999	115	92	99	75	56
$400,000 To $499,999	125	101	136	76	76
$500,000 To $599,999	51	57	87	51	58
$600,000 To $699,999	27	27	23	28	30
$700,000 To $799,999	10	18	18	9	15
$800,000 To $899,999	8	15	10	9	8
At Least $900,000	16	34	31	24	26
Total	389	361	441	302	288

Prepared by Colliers International Research. Source PDS Live.

INNER SOUTH

- The Inner South recorded a median price of $420,000 for the June 2010 quarter. This therefore shows zero per cent change in median price from the March quarter prior, however, is a 5% strengthening from the same period in 2009.
- The most recent three month period ending June 2010 has recorded a total of 120 settled sales. This number reflects a 17% softening in the number of settled sales against the March quarter prior and 32% below the same period in 2009.
- The majority of settled sales recorded within the three months to June 2010 were under $500,000, a total of 70% of transactions. The most active price point was $300,000 to $399,999, which realised 31% of the total transactions just outweighing $400,000 to $499,999 price point which saw 30% of the sales.
- Colliers International undertook a resales analysis to substantiate gains attributed to resold stock within the Inner South precinct. For those who sold their apartment during the June period, an average capital growth of 6.5% per annum was attained. For the properties which were resold during the quarter, the average hold time was 5.5 years.

INNER SOUTH - NUMBER OF NEW AND ESTABLISHED APARTMENTS SOLD

Inner South Price Points	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Less than $300,000	29	11	27	26	10
$300,000 to $399,999	55	45	55	29	38
$400,000 to $499,999	39	30	58	41	37
$500,000 to $599,999	24	26	30	19	18
$600,000 to $699,999	12	6	13	7	8
$700,000 to $799,999	4	6	7	12	0
$800,000 to $899,999	4	3	4	4	3
At least $900,000	10	11	6	6	6
Total	177	138	200	144	120

Prepared by Colliers International Research. Source PDS Live.

INNER EAST

- Brisbane's Inner East has seen a strengthening in the settled sales activity registered during the three month period to June 2010. A total of 162 settled sales were recorded during the most recent quarter, a figure 21% below the quarter previously and 19% below the 201 settled sales recognised in June 2009.
- The median price for an apartment within the Inner East precinct during the three month period to June 2010 was $411,000 a figure 6.3% above the same period in 2009.
- The most active price point was $300,000 to $399,999 with 41% of the total transactions.
- A resale analysis was undertaken by Colliers International Research in order to establish returns achieved by those who exited the Inner East property market during the June 2010 quarter. An average annual capital growth figure of 7.5% was realised. Properties were held on average for 6.5 years before being resold.

INNER EAST - NUMBER OF NEW AND ESTABLISHED APARTMENTS SOLD

Inner East Price Points	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Less than $300,000	20	9	24	18	10
$300,000 to $399,999	91	58	79	55	67
$400,000 to $499,999	33	47	62	58	37
$500,000 to $599,999	25	31	47	31	17
$600,000 to $699,999	13	13	16	13	9
$700,000 to $799,999	4	4	3	3	3
$800,000 to $899,999	4	9	2	5	2
At least $900,000	11	15	19	23	17
Total	201	186	252	206	162

Prepared by Colliers International Research. Source PDS Live.

INNER WEST

- The number of settled transactions within Brisbane's Inner West has softened further during the June quarter.
- During the June 2010 quarter, a total of 99 settled sales transacted, 23% less than the period prior and 40% below the same period in 2009.
- Brisbane's Inner West recorded a median price of $440,000 for the three month period to June 2010. This reflects almost no change from the March quarter and only $2,500 above the same period 12 months prior.
- Transactions are still however, substantially weighted toward the lower end of the price spectrum with over 68% of sales below $500,000. The $300,000 to $399,999 and the $400,000 to $499,999 price bracket saw the predominance of activity throughout the most recent quarter registering 30% of the 99 settled sales.
- For those who sold their apartment during the three month period to June 2010, an average 8% annual capital growth was attained, the highest return achieved across all Inner Brisbane precincts. Properties sold during the June 2010 quarter were held for an average of 7.3 years before resale.

INNER WEST - NUMBER OF NEW AND ESTABLISHED APARTMENTS SOLD

Inner west Price Points	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Less than $300,000	20	9	12	7	8
$300,000 to $399,999	45	48	53	36	30
$400,000 to $499,999	52	50	39	46	30
$500,000 to $599,999	21	19	24	15	13
$600,000 to $699,999	13	14	12	11	9
$700,000 to $799,999	4	9	10	6	8
$800,000 to $899,999	4	4	2	5	
At least $900,000	7	9	3	2	1
Total	166	162	155	128	99

Prepared by Colliers International Research. Source PDS Live.

Alderley Square – PCN Projects
25 unconditional sales during the September QTR 2010

RECENT SALES PERFORMANCE SEPTEMBER QUARTER 2010 NEW APARTMENTS:

MIDDLE NORTH	↓
MIDDLE SOUTH	→
MIDDLE EAST	↓
MIDDLE WEST	→

KEY HIGHLIGHTS

- 423 new apartments remain for sale
- 73 registered unconditional sales were registered during the September 2010 quarter
- The weighted average sale price of new apartments was $523,534
- The median price of new established apartments in Middle Brisbane was $414,000 as at the June quarter

Opportunity to Densify

Brisbane's Middle Ring has seen further softening in the number of unconditional sales for the September quarter 2010 with 73 registered sales over 16 projects. When compared to the June 2010 quarter this is a softening of 41% in the level of unconditional sales. A weighted average sale price of $523,534 was realised, a 1% softening from the June quarter.

Of the 73 recorded unconditional sales, 54% of transactions occurred in two bedroom configurations followed by three bedroom sales with 30% of the registered transactions. A further 15% of sales were one bedroom apartments.

The majority of transactions for the three month period were recorded in two projects. Pine Trees Apartments reported for the first time recorded 34 unconditional sales, outperforming all competition in the Middle Ring. Alderley Square was also again a strong performer in the Middle Ring, totalling 25 unconditional sales during the three months.

As at the close of the September 2010 period a total of 423 apartments remained for sale. The majority of stock comprises two bedroom apartments (68%). Three bedroom apartments were the next prominent apartment stock remaining totalling 26% whilst one bedroom stock represents only 6% of apartments. This undersupply of one bedroom apartments suggests that an opportunity exists to deliver a significant proportion of one bedroom stock in the short term.

Considering the general real estate market within the Middle Ring precinct as a whole, the most recent settled sales for new and established apartments registered a median price of $414,000 as at the June quarter. This is a figure only 2% above the prior quarter and 5% above the same period in 2009 which recorded a median of $395,000. The precinct has seen a period of slow and steady median price growth. A total of 669 settled apartment transactions were recorded for the entire Middle Ring during the June period, a softening (9%) from the March quarter. The Middle East recorded the highest median price by precinct, a figure of $445,000.

For those Middle Ring apartment owners who sold their apartment during the June quarter 2010, an average annual capital growth of 7.6% was realised. On average apartments were held for approximately 6.4 years before resale.

In the future it is inevitable that density will continue to increase in the Middle Ring suburbs. This precinct is likely to undergo significant change into the future if the local councils allow and promote growth. In some instances however, they must be flexible and forward thinking. Those precincts with direct access to transport infrastructure should be encouraged to develop as there is significant opportunity to deliver affordable residential in multi density environments without complexity.

Land content has less of an impact on the feasibility as Middle Ring projects will be of a lesser size to their Inner Ring cousins. They can be delivered quicker due to the reduced presale requirement. The Middle Ring high density residential market remains the perfect medium for the private developer looking to get in and out quickly and will be the cheaper alternative for our growing population into the future.

Outlook

Colliers International Research believes Brisbane is on the cusp of entering its next positive cycle. Analysis of the historical new apartment market and settled sales figures for the Brisbane market suggests the apartment market currently sits at a similar position in the property cycle as 1998/1999. The level of recorded settled sales is at similar levels following a period of decline and median prices have stabilised and are recording limited change between periods. The new apartment market appears to be entering a period of sales growth as stock has been reconfigured and is now focussed upon high transactional turnover at a market accepted weighted average price. Competition for buyers between projects is set to increase in particular regions as supply escalates.

There are a considerable number of feasibilities for medium to large projects being undertaken across the inner city, particularly in the suburbs of Hamilton, Fortitude Valley, Albion and Bowen Hills. Developers, in general, have become more risk averse given the recent climate and are seeking a greater understanding of where demand will come from prior to launching new projects. Taking this into consideration Colliers International still anticipates a period of increasing new supply over the next 12 months for the Brisbane Inner Ring.

A recent conservative analysis of new stock anticipated to enter the market, found that up to a further 1,500 new apartments could be on the market by March 2011. These apartments are predominantly one and two bedroom configurations. Price pointed in nature and targeting very similar demographics, these projects will face considerable sub-market competition.

The Inner North will be tested in the coming 12 months as this precinct is set to recognise a number of significant new residential project releases. In order to combat a likely oversupply of residential, new product in this area must promote points of difference and enduring value to the purchaser. Competition is likely to be significant and those who are better positioned in terms of local amenity and infrastructure will succeed to the detriment of others.

The Inner East and West on the other hand cries out for new densified apartment product yet it must be demand led and satisfy the needs of the consumer. High end real estate has dominated the Inner East landscape in recent years, and when combined with house prices rising exponentially, a market has developed which does not service the currently active buyers. Development must satisfy fundamental criteria such as access to infrastructure and proximity to amenity whilst driving a reasonable price point. One and two bedroom apartments are in demand. Colliers International is of the opinion that future price pointed projects with an Inner East or Inner West address will satisfy a latent demand and produce solid sales

We expect to see unpredictable conditions continue over the next two years as local consumer confidence remains in limbo driven by a fear that we may be entering a period of rising interest rates and fluctuating economic indicators. On the positive side, the Brisbane off-the-plan residential market appears to be driven by interstate and overseas investment. This buying demographic who have recognised the value of Brisbane's depressed values and the potential growth achievable and are likely to become more prevalent in the market, relying on the property cycle to provide returns absent from other asset classes, as we enter the next upward swing.

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