Preston Rowe Paterson

International Property Consultants

Sydney *Impact* Report

Residential Development Market

December Quarter 2016

INSIDE THIS ISSUE:

Sydney House Prices still on the Increase Whilst Apartment Approvals Decline for December Quarter

The three months to December has documented close to 27,000 new apartments entering the Sydney Metropolitan area by the end of 2018. Going on trend, supply for the quarter is concentrated in Middle Sydney, which takes up approximately 57% of all new developments. Inner Sydney takes up 24% of all reported supply, followed by Outer Sydney with 19%. The BCI also noted that there were over one hundred major developments in different stages of approval.

Building approvals statistics from the ABS have indicated that over December, approvals to construct or renovate houses and units in Australia declined by 1.2% over the month and 11.4% over the year. This decline comes at the back of positive increases in November, when building approvals rose by 7.5% from the previous year. In New South Wales, There was a strong decline of 9.0% over the month in approvals for houses and units, and a year-on-year decline of 23.2%. According to the Housing Industry Association, statistics like this further backed a declining trend in building approvals, though reiterated that the construction sector is still strong as we head into 2017.

September Quarter's figures from the Real Estate Institute of Australia (REIA) indicate a 3.1% increase in Sydney's median house price over the quarter. From the 12,492 house sales during the September quarter, average house price was $1,076,900 with prices ranging from $635,000 and $1,375,000. Median sales prices for Sydney's other dwelling increased overall over the September quarter, jumping by 2.3% to $697,500. REIA reported 6,247 units being sold during the three months to September, with prices ranging from $555,000 to $900,500.

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RESIDENTIAL LGA ZONES

According to the Real Estate Institute of Australia, the local government areas (LGAs) in the Sydney's Statistical Division will be divided up into three geographical rings being inner, middle and outer. The LGAs included in each geographical ring are listed below.

Inner Sydney

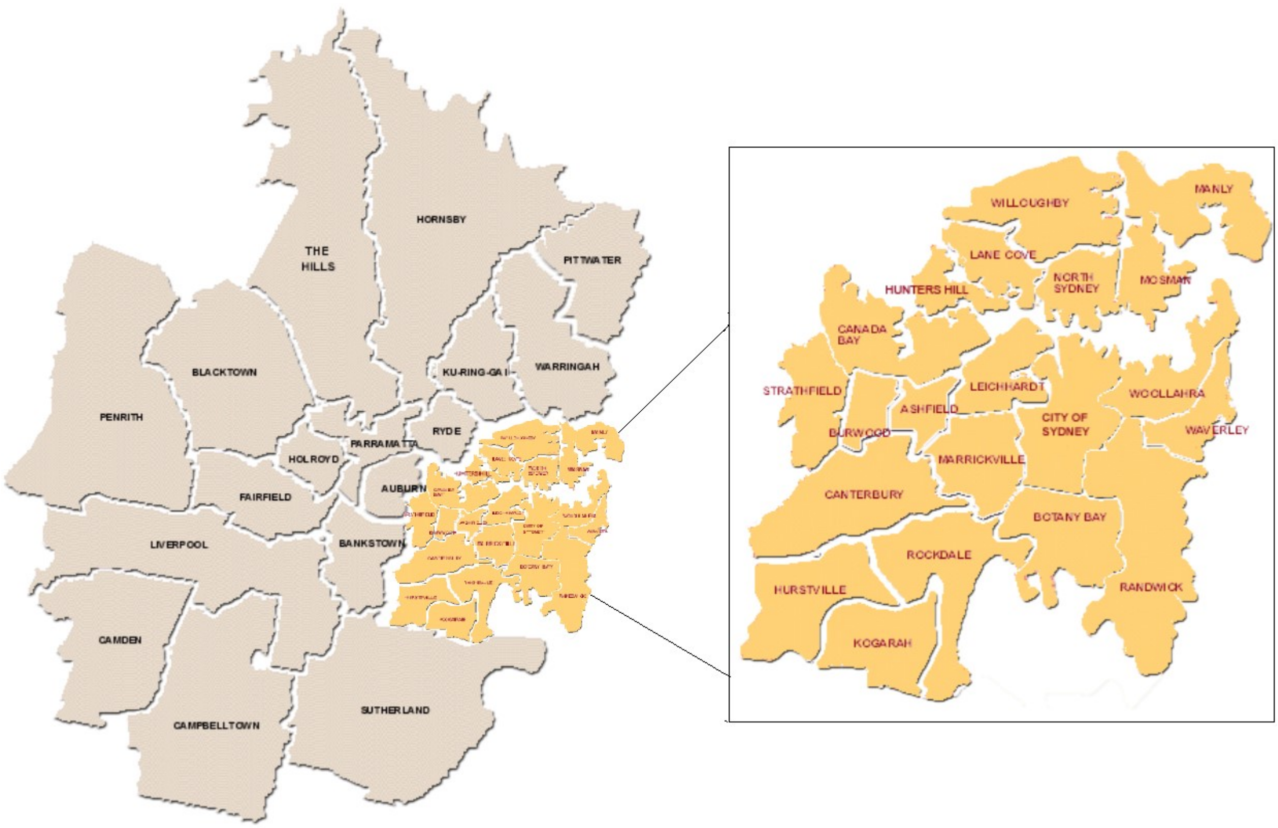
- Ashfield, Botany Bay, Lane Cove, Leichhardt, Marrickville, Mosman, North Sydney, Randwick, Sydney City [South Sydney merged since 2004], Waverly, Willoughby and Woollahra.
- According to the Australian Bureau of Statistics (ABS), the Inner Sydney total population in 2015 is estimated to be 932,747, whereby the Sydney City LGA assumes the largest population at 205,339 persons.

Middle Sydney

- Auburn, Bankstown, Burwood, Canada Bay, Canterbury, Hunters Hill, Hurstville, Kogarah, Ku-ring-gai, Manly, Parramatta, Rockdale, Ryde and Strathfield.
- According to the ABS, the Middle Sydney total population in 2015 is estimated to be 1,360,442. The Bankstown LGA assumes the total population at 203,202 persons.

Outer Sydney

- Blacktown, Camden, Campbelltown, Fairfield, Hawkesbury, The Hills, Holroyd, Hornsby, Liverpool, Penrith, Pittwater, Southerland and Warringah.
- According to the ABS, the Outer Sydney total population in 2015 is estimated to be 2,166,806. The Blacktown LGA has the highest recorded population over all other Sydney LGAs with 339,328 persons.



Sydney metropolitan LGA boundaries – Source - Division of Local Government

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RESIDENTIAL MARKET

Building Approvals

Building approvals statistics from the ABS have indicated that over December, approvals to construct or renovate houses and units in Australia declined by 1.2% over the month and 11.4% over the year. This decline comes at the back of positive increases in November, when building approvals rose by 7.5% from the previous year. In New South Wales, There was a strong decline of 9.0% over the month in approvals for houses and units, and a year-on-year decline of 23.2%. According to the Housing Industry Association, statistics like this further backed a declining trend in building approvals, though reiterated that the construction sector is still strong as we head into 2017.

Building approvals for houses experienced a month-on-month decline of 24.7% in December, from 1,492 approvals in November to 1,123 in December. Year on year analysis indicate that December's figure declined 1,123 from twelve months ago. When we look at dwellings other than houses, a decline of 0.8% was recorded over the month and 28.9% over the year. Total approvals for the 2016 calendar year was at 56,269 dwellings, of which 17,149 (30.4%) were for the construction of houses and 39,220 (69.5%) were for construction of other dwellings. Housing construction has slowed down in response to the increase supply of new apartments around the Sydney metropolitan area, though the decline so far has been slow. According to Commonwealth Bank of Australia, strong population growth underpins Sydney's property market and reiterated that there was a shortage of new homes construction a few years back (notably when dwelling construction hit a 56-year low in 2009).Combined with strong price growth, Sydney's property market will continue to experience strong demand during this construction boom environment. Though, the question remains as to when the supply of new construction will affect prices in the near future.

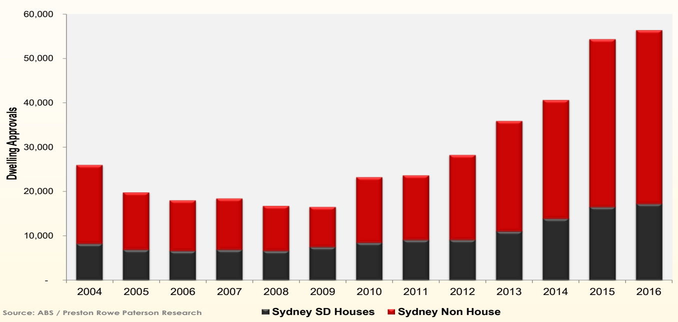

Chart 1 – Sydney SD Dwelling Approvals—Source ABS

Market Affordability

September Quarter's figures from the Real Estate Institute of Australia (REIA) indicate a 3.1% increase in Sydney's median house price over the quarter. From the 12,492 house sales during the September quarter, average house price was $1,076,900 with prices ranging from $635,000 and $1,375,000. Inner, Middle and Outer Sydney all experienced increases in prices over the quarter, of 2.9%, 3.3% and 2.1% respectively, with their median house price rising to $1,800,000, $1,250,000 and $720,000. When we compare these prices to the previous year, Inner and Outer Sydney experienced a year-on-year increase of 2.9% and 3.6% respectively, whilst Middle Sydney houses experienced a year-on-year decline of 2.0%.

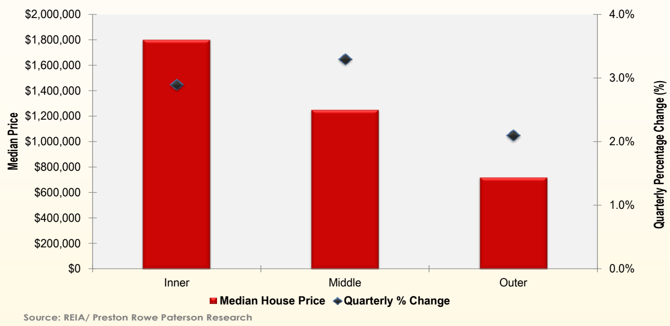

Chart 2 – Median House Price by Zone – Source REIA

Median sales prices for Sydney's other dwelling increased overall over the September quarter, jumping by 2.3% to $697,500. REIA reported 6,247 units being sold during the three months to September, with prices ranging from $555,000 to $900,500. Inner Sydney was the only zone to experience price increase over the quarter, increasing by 1.4% to $856,000. Middle and Outer Sydney both experienced price declines, of 0.7% and 0.5% respectively, to $665,000 and $590,000. Year-on-year, Inner and Outer Sydney both experienced price increases of 3.1%, whilst Middle Sydney experienced a decline of 2.2%.

Chart 3 – Median Price for Other Dwellings by Zone – Source REIA

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Rental Market

Median weekly rent for Sydney remained relatively stable over the quarter to September 2016. The median weekly rent for a three-bedroom house in Sydney was at $470, which was unchanged from the previous quarter and a 2.2% over the year. Median weekly rents for two-bedroom houses in Inner Sydney, Middle Sydney remained unchanged at $700 and $500 respectively. Similarly, median weekly rents for Middle Sydney's and Outer Sydney's three-bedroom houses remained unchanged, at $580 and $440 respectively. Inner Sydney's 3-bedroom houses experienced a decline of 0.6% in their median weekly rent over the quarter, down to $895. Outer Sydney's two-bedroom houses experienced a decline of 1.3% in their median weekly rents, sliding down to $370.

When we look at median weekly rents for other dwellings, there is an overall increase in prices with the median weekly rent for two-bedroom units in Sydney increasing by 3.8% to $540 per week. Two-bedroom units in Inner Sydney experienced the largest increase in their median weekly rents, in-creasing by 3.0% to $680. This is followed by Outer Sydney's one-bedroom units (+2.9% to $360), Outer Sydney's two-bedroom units (+2.4% to $420), Middle Sydney's two-bedroom (+2.0% to $510) and their one-bedroom units (+2.1% to $480). Inner Sydney's one-bedroom units did not experience any change in their median weekly rent, remaining at $530.

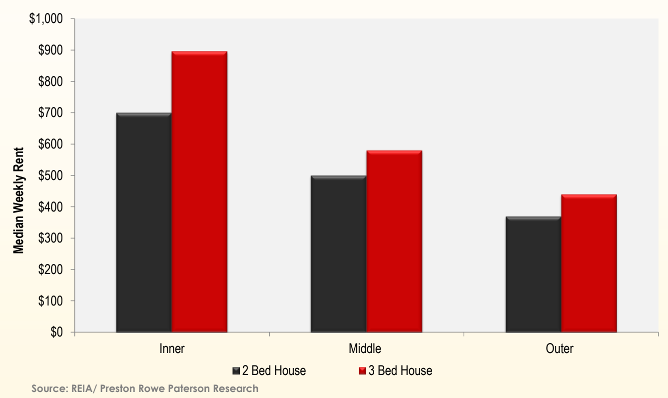

Chart 4 – Sydney Median Weekly Rents for House by Zone – Source REIA

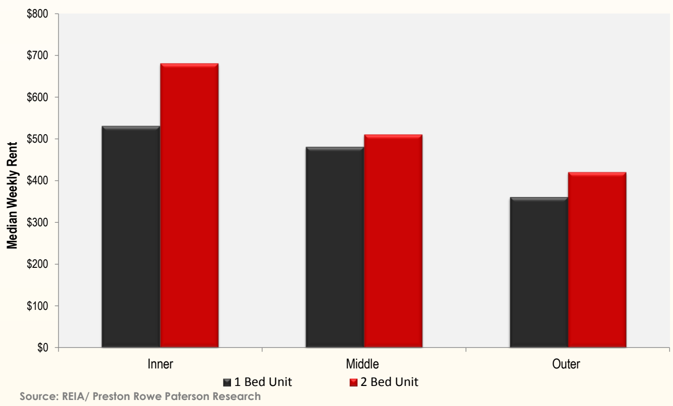

Chart 5 – Sydney Median Weekly Rents for Other Dwellings by Zone – Source REIA

Residential Vacancy Rates

Figures released by the Real Estate Institute of New South Wales indicate that residential vacancy rates had increased to 2.0% over the month to December 2016 for the Sydney Metropolitan area. This indicates an increase of 0.1% over the quarter, and a decline of 0.1% from December 2015. Vacancy rates in Inner Sydney declined by 0.2% over the month down to 1.8% for December 2016. Middle Sydney's vacancy rates by 0.6% to 2.1%, with Outer Sydney experiencing a more modest increase of 0.2% to 2.0%. According to REINSW President, John Cunningham, changes in vacancy rates in December were affected by the Christmas holiday period during which rates have historically increased.

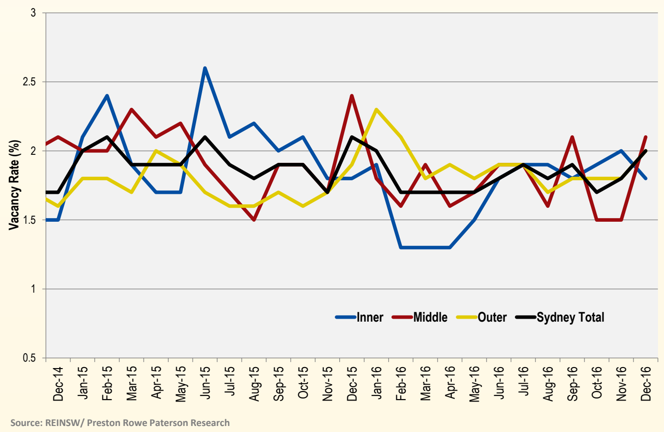

Chart 6 – Sydney Vacancy Rates – Source REINSW

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RESIDENTIAL DEVELOPMENT SUPPLY

The three months to December has documented close to 27,000 new apartments entering the Sydney Metropolitan area by the end of 2018. Going on trend, supply for the quarter is concentrated in Middle Sydney, which takes up approximately 57% of all new developments. Inner Sydney takes up 24% of all reported supply, followed by Outer Sydney with 19%.

According to BCI Australia, the December quarter revealed there were over one hundred developments of apartments, townhouses, estates and town centres. When we compare this to December quarter of 2015, this indicates a decrease of 30% of development applications.

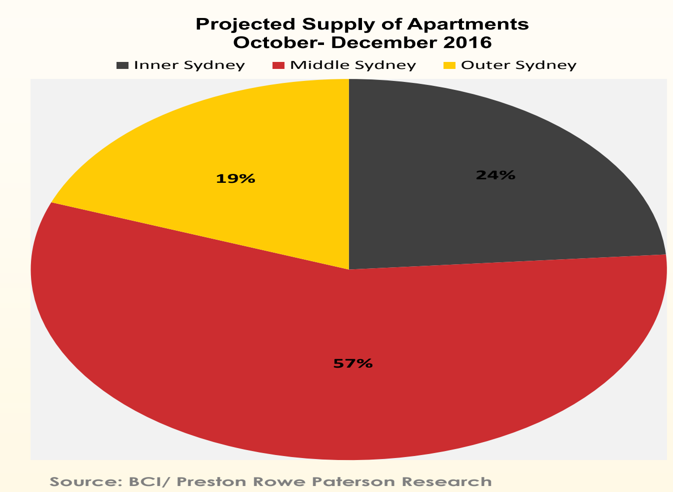

Chart 7 — Projected Supply of Apartment Units in Metropolitan Sydney in December Quarter 2016 — Source — Preston Rowe Paterson Research

Inner Sydney

Sydney's inner region recorded 30 development applications at various stages of approval in the three months to December 2016. From the information provided by the BIC Australia, we forecast that there will be approximately 6,400 new dwellings over 550,000 square metres of residential developments. The development value in the region is estimated to be around $2.6 billion.

The Sydney local government recorded the highest number of proposed units and total estimated value of developments in the Inner Sydney Region. The area's estimated value of developments is close to $1.5 billion across 13 developments and 262,000 square metres of floor space.

Notable developments include '***Amara Alexandria'***, ***'One A Erskineville'***, ***'Wanda One'*** and '***West End Glebe'.***

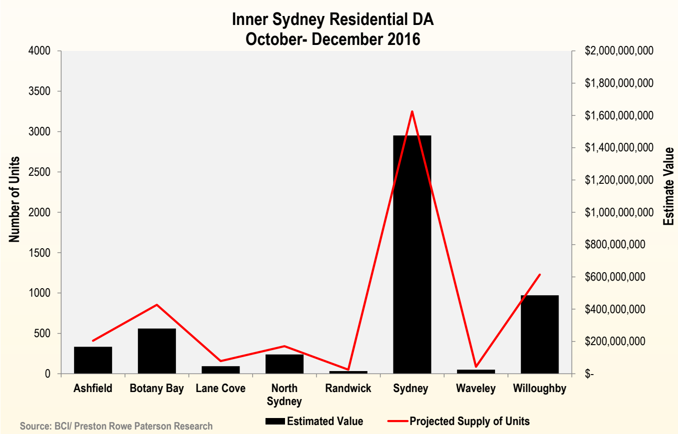

Chart 8 – Inner Sydney Residential Development Approvals -- Source— Preston Rowe Paterson Research

Amara Alexandria is due to be constructed starting from April of 2017. The development is projected to supply 196 new apartments over two buildings into Inner Sydney's market. According to BCI, there will be a mixture of one, two and three-bedroom apartments, and will incorporate unique architectural designs with a green space between the two buildings. Alexandria is well located to many key locations, including close proximity to the airport, eastern suburbs and Sydney CBD, as well as easy access to public transport networks. Construction is due to be completed in the second quarter of 2018.

Botany Bay, Willoughby and Ashfield all recorded significant number of new applications. In St Leonards of Willoughby Council, a builder has been appointed to start the construction of ***St Leonards Square***, which is reported to supply 539 new apartments upon its completion. The Mirvac Project, located at 472-486 Pacific Highway, St Leonards, will house Luxury 1, 2 and 3 bedroom apartments. The project is designed by Sissons Architects in collaboration with Mirvac Design and will consist of two buildings of 27 and 35 storeys. Construction is due to be completed by the fourth quarter of 2018.

Middle Sydney

BCI Australia recorded 47 development applications during the three months to December. Ryde, Canterbury-Bankstown, Strathfield and Parramatta were all active councils during the quarter, with Ryde recording the most with 13 developments at different stages. Developments in these areas are expected to supply approximately 15,500 new dwellings which have a total approximate value of $4.5 billion.

A mixed-used development project in Melrose Park located in Ryde City Council is due to provide 1,078 new apartments into Middle Sydney's residential market. The development, owned by Payce Consolidated, will consist of a mixture of studio, 1, 2 and 3 bedroom apartments, in amongst commercial offices, retail space and community facilities. This development is one of Australia's largest urban renewal programs, of which Payce has paid a reported total of $263 million for the sites on the precinct (inclusive of 657-661 Victoria Road and 4-6 Wharf Road).

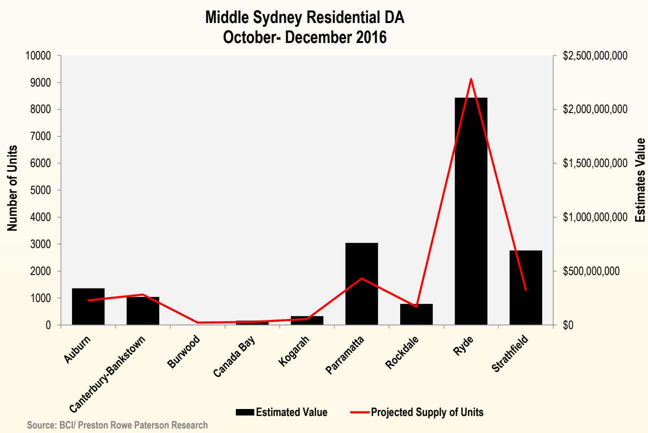

Chart 9 – Middle Sydney Residential Development Approvals -- Source—Preston Rowe Paterson Research

A development in Parramatta, known as ***'8 Phillip Street'***, is projected to supply 305 new apartments in a mixed-used apartment building. The building, designed by Woods Bagot, will have 35 levels of apartments consisting of a mixture of studio, 1, 2 and 3 bedroom apartments, and 14 levels of hotel accommodation. Construction is due to begin in early 2018 and is projected to be completed in 2020.

Other major developments in the Middle Sydney region include '***The Burwood Grand'*** in Burwood, '***Veridian Kogarah'*** in Kogarah, ***'Parq'*** in Parramatta and '***Park One Sydney'*** in Ryde.

Outer Sydney

Outer Sydney recorded close to 5,200 developments in different stages of approval in the three months to December, totally an approximate value of over $1.6 billion. Most developments are situated in the Hornsby and The Hills LGA, both with six major developments due to be completed by 2018.

Esplanade Norwest, located in Baulkam Hills, is due to provide 247 apartments in conjunction with 6,000 square metres of retail space and three level of commercial office space in Outer Sydney by 2019. The project will lead to the construction of two buildings, one with 19 storeys and the other with 20 storeys, both of which will contain a mixture of 1, 2 and 3 bedroom apartments and a total of 652 car spaces in the basements. The Esplanade will be positioned 400 metres away from Norwest train station, which is due to be constructed as part of Sydney's new Metro railway project.

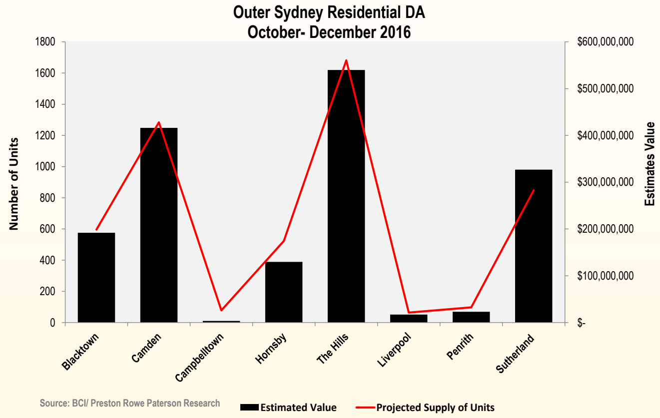

Chart 10 – Outer Sydney Residential Development Approvals -- Source—Preston Rowe Paterson Research

Other major developments in the Outer Sydney region include ***Belysa Blacktown*** in Blacktown, which will supply 132 new apartments by 2018; ***Elle*** in Waitara with 56 new apartments by 2018; ***The Grace*** in Hornsby with 152 apartments by 2018; and ***Peony Place*** in Kellyville with 290 apartments supplied by 2018.

Development Site Sales

Address	LGA	Vendor	Buyer	Date	Sale	Site Area (Ha)	Proposed Dwellings	Rate/Unit
152-206 Rocky Point Road, Kogarah, NSW 2217	Kogarah	Darrell Lea	JQZ	Oct-16	$ 80,000,000	3.3	453	$ 176,600.00
811 Elizabeth Street, Zetland, NSW 2017	Sydney	City Ford Sydney	Stockland	Oct-16	$ 90,000,000	0.97	N/A	$9,278/ sqm
52 Bernera Road, Prestons, NSW 2170	Liverpool	Mileto	Stevens Group	Nov-16	$ 5,000,000	2	N/A	$250/ sqm
888 Pacific Highway, Gordon, NSW 2072	Ku-ring-gai	Alto Group	Aoyuan Property Group	Nov-16	$ 34,000,000	0.606	144	$ 236,111.00
1 Womerah Street, Turramurra, NSW 2074	Ku-ring-gai	Broadstate Group	Aoyuan Property Group	Nov-16	$ 21,500,000	0.097	79	$ 272,152.00
1-3 University Road, Miranda, NSW 2228	Sutherland	Private family	BRDB	Nov-16	$ 12,800,000	0.5744	66	$ 193,939.00
154-158 Castle Hill Road, Cherrybrook, NSW 2126	Hornsby Shire	Undisclosed	Zone Q Investments	Nov-16	$ 30,980,000	0.7153	172	$ 180,116.00
Main Street, Mount Annan, NSW 2567	Camden	Dyldam Group Projects Pty Ltd	Sunland Group	Dec-16	$ 15,000,000	5.5	140	$ 107,143.00
1037-1047 Bourke Street, Waterloo, NSW 2017	Sydney	Undisclosed	Fletcher Building	Dec-16	$ 30,000,000	0.3591	87	$ 344,828.00
10-12 Clyde Avenue, Cronulla, NSW 2230	Sutherland	Undisclosed	Collingwood House Group	Dec-16	$ 10,750,000	0.147	20	$ 537,500.00
556-558 Botany Road, Alexandria, NSW 2015	Sydney	Undisclosed	Collingwood House Group	Dec-16	$ 6,880,000	0.0955	26	$ 246,615.00
30 Alfred Street South, Milsons Point, NSW 2061	North Sydney	Fu Ji	Zone Q Investments	Dec-16	$ 55,000,000	0.371	72	$ 763,889.00

Table 1 — Residential Development Site Sales - Source - Preston Rowe Paterson Research
N/A = not currently available

Economic Fundamentals

Consumer Price Index

All Groups CPI numbers for the December quarter indicate that inflation rate had increased by 0.5% over the quarter, bringing price growth to 1.5% over the year. Core inflation (inflation with volatile items stripped out) increased 0.4% over the quarter to bring annual growth to 1.6%. The yearly increase to December is still larger than the yearly increase recorded in September (1.3%), though figures were still lower than economists' expectations for a 0.7% rise. Notably, the 1.5% increase over the calendar year is the lowest in nineteen years, with the last time being back in 1997 when inflation fell backwards by 0.2%.

The main contributors to the quarterly increase stemmed from Alcohol & tobacco group (+2.8%), Transport group (+1.7%), Food & non-alcoholic beverages group (+0.6%) and Recreation & culture group (+0.6%). On the other hand the largest decline in prices stemmed from the Communications group (-0.8%), Furnishing, household equipment & services group (-0.8%), Health group (-0.6%) and Clothing & footwear group (-0.5%).

Australia's Housing group increased by 0.3% over the quarter, with the main contributors to this rise stemming from purchases of New dwellings by owner-occupiers (+0.5%) and maintenance & repair of dwellings (+1.0%). The ABS did note that the increase in purchases of new dwellings by owner-occupiers is driven by rises in input costs. Over the calendar year, the Housing group experienced an increase of 1.9%, with the main contributor again being purchases of new dwellings by owner-occupiers (+0.5%).

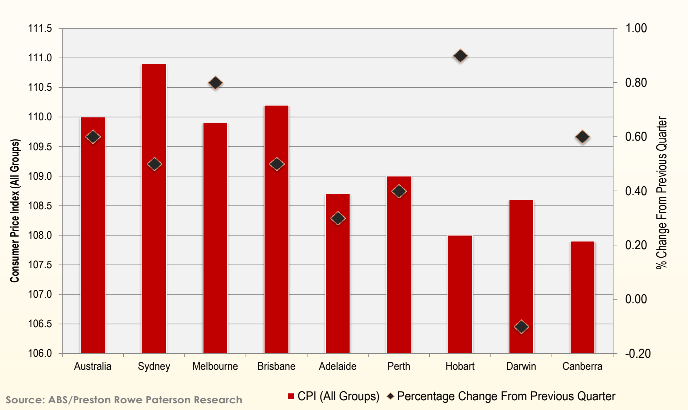

Chart 2—All Group CPI (Capital Cities) and Percentage Change from September 2016 to December 2016—Source—ABS

Business Sentiment

Business conditions declined over the month to November, as the National Bank of Australia reports further declines in business conditions that is mainly driven by profitability and trading conditions in sales and subdued levels of employment in Australia. For the month of November, business conditions index declined by 2 points to +5 index points, ultimately declining to long run average levels for the first time since April 2015. In saying this, business confidence has increased over the month, remaining steady through the year. Business confidence in response to global political events, i.e. Brexit and the US Presidential elections were relatively flat, though when combined with weakening business conditions makes confidence a more difficult measure to accurately calculate.

Consumer Sentiment

Consumer sentiment, as measured by the Westpac Melbourne Institute Index, dropped in December amidst concerns circling the economy, interest rates and the labour market. The index stands at 97.3- a decline of 3.5% from November's index of 101.30- and indicates that pessimists now outnumber optimists (with 100 being the cut-off point). The index stands at its lowest level in six months, just higher than April's index of 95.1, with the Australian economic condition, budget and taxation, geopolitical conditions, employment, politics and interest rates the main issues influencing respondents' attitudes and decisions. It is noted that since September, respondents were less optimistic in their assessment of Australia's economic conditions, employment and interest rates, and unchanged in their assessments of taxation and the budget, international conditions and politics.

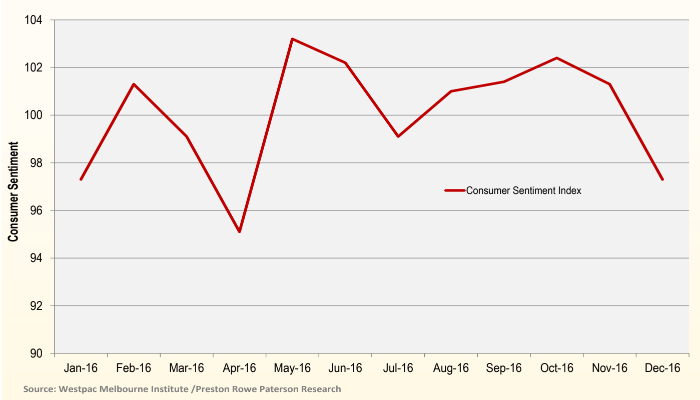

Chart 5—Consumer Sentiment Index, 2016 Overview—Source—Westpac Melbourne Institute Survey

Gross Domestic Product

Through the September quarter*, seasonally adjusted GDP declined by 0.5%, a figure that is well below what many economists have forecasted prior. This is the first quarterly contraction in twenty-one consecutive quarter (the last contraction was in March 2001, during which the economy shrunk by 0.2%). Following this contraction, yearly growth was dragged to a below expectation figure of 1.8%.

The September quarter also brought through a decline of 1.4% in dwelling investment, of which the fall was mainly influenced by New and Used Dwelling (-1.6%) and Alterations and additions (-1.0%). The ABS reported that poor weather partly influenced the decline. Nevertheless, annual growth stood at 7.2% and Private sector residential building approvals up 9.4% from September quarter 2015 ($20.4billion in original current price term for this quarter). Mining Investment fell 10.6% for the quarter, marking the twelve consecutive quarterly declines in Australia. Non-mining investment increased by 4.8%, which has been contributing to the positive increase set since the March quarter of 2014. As noted by the ABS, Mining investment contributed 9.4% to GDP during its peak in December of 2012, and now has fallen to 3.4%. Non-mining investment contribution in December 2012 was 7.5%, and has risen ever since to the current quarter's contribution of 9.0%.

When we look at expenditure measures, Household final consumption expenditure increased by 0.4% (Seasonally adjusted terms) over the quarter, and 2.5% over the year. The ABS reported that this rise is attributed to an increase in spending in Hotels, cafes and restaurants (2.2%) and Insurance and other financial services (1.3%). Over the period, Gross fixed capital formation declined by 2.7%, Exports of goods and services increased by 0.3%, and Imports increased by 1.3% (all in seasonally adjusted terms).

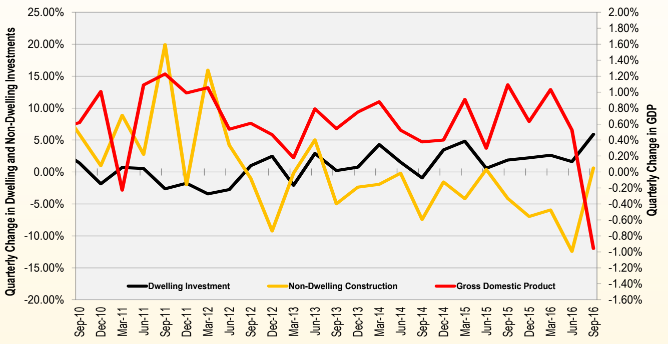

Chart 17— Percentage Change in Dwelling, Non-Dwelling Investments and GDP— Source: ABS

Unemployment

Australia's unemployment rate in December increased by 0.1% to 5.8%, with the rise influenced by the participation rate increasing to 64.7%. There was a 13,500 increase in seasonally adjusted employment over the month to December 2016, with full-time employment increasing by 9,300 persons and part-time employment increasing by 4,200 persons. Nation-wide analysis sees the largest increase in employment in Victoria, which was up 13,600 persons, and the largest slump deriving from the state of Queensland, which was down 13,700 jobs over the month. Western Australia was the other state to experience a decrease in employment in December, down by 7,900 persons. Unemployment increased the most in New South Wales (up 0.3%) and Queensland (up 0.2%). Western Australia and South Australia experienced a decrease in unemployment rate, of 0.3% and 0.2% respectively.

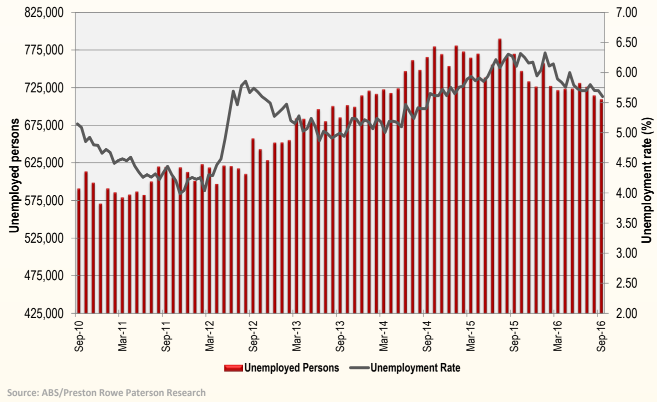

Chart 19— Unemployment Persons and Unemployment Rate, September 2010 to September 2016 — Source: ABS

	Unemployment Rate (%)			Participation Rate (%)		
	November	December		November	December	
Australia	5.7	5.8	▲	64.6	64.7	▲
New South Wales	4.9	5.2	▲	63.4	63.5	▲
Victoria	6.0	6.0	▬	65.7	65.9	▲
Queensland	6.0	6.2	▲	64.4	64.1	▼
South Australia	7.0	6.8	▼	62.3	62.1	▼
Western Australia	6.9	6.6	▼	67.9	67.3	▼
Tasmania	6.3	6.4	▲	59.8	59.8	▬
Northern Territory*	3.6	3.6	▬	75.9	77.3	▼
Australian Capital Territory*	3.7	3.7	▬	70.4	70.5	▲

Table 2— Unemployment Rate and Participation Rate, November vs. December 2016 — Source: ABS
* Trend figures used for NT and ACT as seasonally adjusted data both either are not publicly available

10 Year Bond & 90 Day Bill Rate

Ten-year Australian government bond yields finished the calendar year at 2.79% for December, after a tumultuous year in the global bond market. This rate reflects a 0.29% increase from November, 0.81% increase from three months prior and a decline of 0.06% over the year from December 2015.The ninety-day bank bill swap rate increased modestly by 0.02% over the month to 1.78%. This rate reflects an increase of 0.05% from three months prior and a decline of 0.56% from the previous year. After reaching an all-time low of 1.82% at the start of August, Australian bond yields have followed the path of the US Treasury yields as they increase sharply after the US Presidential election.

Other major economies around the world have experienced similar increases in their sovereign bonds, though not to the extent of changes that have taken place in the US Bond market. The Reserve Bank did note that even though changes in Treasury yields were large, they were not as large as previously recorded movements in recent decades and are still at a historical low. Furthermore, a rate increase from the US Federal Reserve in December helped the yields to increase to 2.87% in mid-December, before slowly settling down to 2.76% towards month-end. As a result of the increase in yields, global and domestic borrowing costs have followed suit, with Australian banks raising home loan rates by as much as 0.60% since the US election.

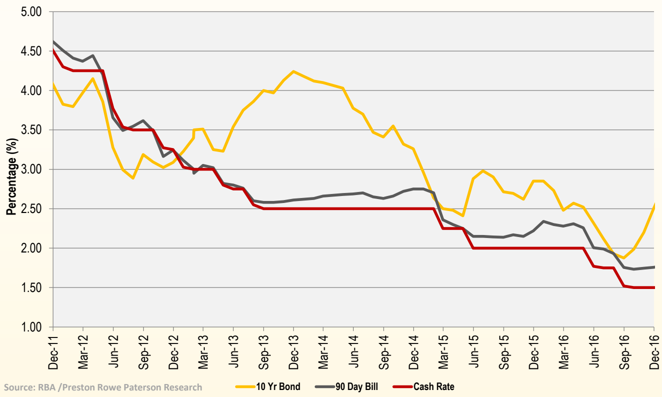

Chart 7— Movement of 90-day Bill, 10-year bond yields and Cash rate from December 2011 to Dec 2016–MONTHLY– Source: RBA

Interest Rates

The Reserve Bank kept interest rates unchanged for December at 1.50%, after it dropped rates to historically low level in August. The decision to keep the cash rate on hold was influenced mainly by positive global growth from advanced economies as well as Australia's main Asian trading partners, improvements in labour market conditions domestically and internationally, improvement in Australia's terms of trade as influenced by rising commodity prices and a well-functioning financial market. The bank did note that the Australian economy is still in a transitional phase from the gains made from the mining investment boom but highlight the expectation of an increase in commodity exports towards 2017. Inflation remains below the Reserve Bank's target of 2-3%, with the bank indicating that it will be some time until inflation increases dramatically, as labour costs remain subdued. The Bank also targeted Australia's labour force, noting growing trend of part time employment and a slow-down in overall employment growth.

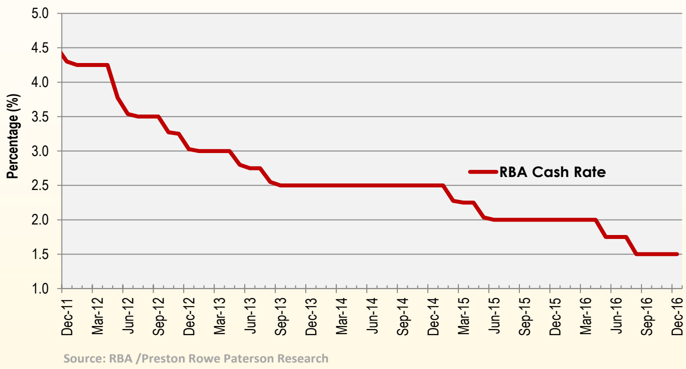

Chart 8— Movement of the Cash Rate from December 2011 to Present— Source: RBA

Exchange Rate

According to figures collated from the RBA, the Australian Dollar depreciated against most major currencies over the month of December, except for the Japanese Yen. Notably, there was a depreciation in the Australian Dollar of 3.2% over the month against the US Greenback, with $AUD1 buying $USD0.75 in November, and dropping to $USD0.72 in December. December's figure also signifies a depreciation of 5.2% from September, when the exchange rate was at $USD0.76. The Dollar also depreciated against the British Pound, declining 1.6% over the month from £0.60 in November to £0.59 in December. There was a depreciation of 2.2% over the month against the Euro, declining from €0.70 in November to €0.69 in December. In contrast, the Australian Dollar performed better against the Japanese Yen, appreciating a slight 0.3% from ¥84.23 in November to ¥84.47 in December.

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Our Research

At Preston Rowe Paterson, we pride ourselves on the research which we prepare in the market sectors within which we operate. These include Commercial, Retail, Industrial, Hotel & Leisure and Residential property markets as well as infrastructure, capital and plant and machinery markets

We have *property* covered

- Investment
- Development
- Asset
- Corporate Real Estate
- Mortgage
- Government
- Insurance
- Occupancy
- Sustainability
- Research
- Real Estate Investment Valuation
- Real Estate Development Valuation
- Property Consultancy and Advisory
- Transaction Advisory
- Property and Asset Management
- Listed Fund, Property Trust, Super Fund and Syndicate Advisors
- Plant & Machinery Valuation
- General and Insurance Valuation
- Economic and Property Market Research

We have all *real estate* types covered

We regularly provide valuation, property and asset management, consultancy and leasing services for all types of Real Estate including:

- CBD and Metropolitan commercial office buildings
- Retail shopping centres and shops
- Industrial, office/warehouses and factories
- Business parks
- Hotels (accommodation) and resorts
- Hotels (pubs), motels and caravan parks
- Residential development projects
- Residential dwellings (individual houses and apartments/units)
- Rural properties
- Special purpose properties such as: nursing homes; private hospitals, service stations, oil terminals and refineries, theatre complexes; etc.
- Infrastructure

We have all types of *plant & machinery* covered

We regularly undertake valuations of all forms of plant, machinery, furniture, fittings and equipment including:

- Mining & earth moving equipment/road plant
- Office fit outs, equipment & furniture
- Agricultural machinery & equipment
- Heavy, light commercial & passenger vehicles
- Industrial manufacturing equipment
- Wineries and processing plants
- Special purpose plant, machinery & equipment
- Extractive industries, land fills and resource based enterprises
- Hotel furniture, fittings & equipment

We have all *client profiles* covered

Preston Rowe Paterson acts for an array of clients with all types of real estate, plant, machinery and equipment interests such as:

- Accountants
- Banks, finance companies and lending institutions
- Commercial and Residential non bank lenders
- Co-operatives
- Developers
- Finance and mortgage brokers
- Hotel owners and operators
- Institutional investors
- Insurance brokers and companies
- Investment advisors
- Lessors and lessees
- Listed and private companies corporations
- Listed Property Trusts
- Local, State and Federal Government Departments and Agencies
- Mining companies
- Mortgage trusts
- Overseas clients
- Private investors
- Property Syndication Managers
- Rural landholders
- Self managed super funds
- Solicitors and barristers
- Sovereign wealth funds
- Stock brokers
- Trustee and Custodial companies

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We have all *locations* covered

From our capital city and regional office locations we serve our client's needs throughout Australia. Globally, we operate directly or via our relationship offices for special purpose real estate asset classes, infrastructure and plant & machinery.

We have *your needs* covered

Our clients seek our property (real estate, infrastructure, plant and machinery) services for a multitude of reasons including:

- Acquisitions & Disposals
- Alternative use & highest and best use analysis
- Asset Management
- Asset Valuations for financial reporting to meet ASIC, AASB, IFRS & IVSC guidelines
- Compulsory acquisition and resumption
- Corporate merger & acquisition real estate due diligence
- Due Diligence management for acquisitions and sales
- Facilities management
- Feasibility studies
- Funds management advice & portfolio analysis
- Income and outgoings projections and analysis
- Insurance valuations (replacement & reinstatement costs)
- Leasing vacant space within managed properties
- Listed property trust & investment fund valuations & revaluations
- Litigation support
- Marketing & development strategies
- Mortgage valuations
- Property Management
- Property syndicate valuations and re-valuations
- Rating and taxing objections
- Receivership, Insolvency and liquidation valuations and support/ advice
- Relocation advice, strategies and consultancy
- Rental assessments and determinations
- Sensitivity analysis
- Strategic property planning

About This Report

Preston Rowe Paterson prepare standard research reports covering the main markets within which we operate in each of our capital cities and major regional locations. This Residential Development Market research report provides analysis and detail of economic factors which impact the Residential Development Market within the Sydney region.

Within this report we have analysed the three geographical regions of residential properties in the Sydney metropolitan areas; Inner Sydney, Middle Sydney and Outer Sydney. We have also compiled a few major reported developments and development site sales, along with economic statistics and commentary on the residential development sector.

To compile the research report we have considered the most recently available statistics from known sources. Given the manner in which statistics are complied and published they are usually 3-6 months out of date at the time we analyse them. Where possible we consider short term movement in the statistics by looking at daily published data in the financial press. Where this shows notable fluctuation, when compared to the formal published numbers we have commented accordingly.

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