



OUTLOOK ST KILDA ROAD

A CONTEXT ON BUSINESS, CULTURE, LIFESTYLE AND RESIDENTIAL

DECEMBER 2015

Proximity to the Melbourne CBD and quality amenities have made St Kilda Road a sought-after residential market.

ST KILDA ROAD ACCESSIBILITY & AMENITY

St Kilda Road is in proximity to the Melbourne CBD, with the tram journey to the city taking less than 10 minutes.

WHY MELBOURNE

Melbourne has been voted the World's Most Liveable City by the Economist Intelligence Unit five years running. Apartment prices in Melbourne remain 38% more affordable than Sydney with stronger price growth than Brisbane. Melbourne also provides off-the-plan stamp duty savings.

DEMOGRAPHICS

St Kilda Road is home to higher-income residents with 92% of workers engaged in white collar employments, high above the 54% Melbourne average.

INFRASTRUCTURE

St Kilda Road benefits from the existing sound infrastructure of Melbourne CBD.

RESIDENTIAL MARKET

A premium apartment market exists in St Kilda Road with 19% of recorded transactions over the year to June 2015 exceeding \$1 million.

RENTAL MARKET

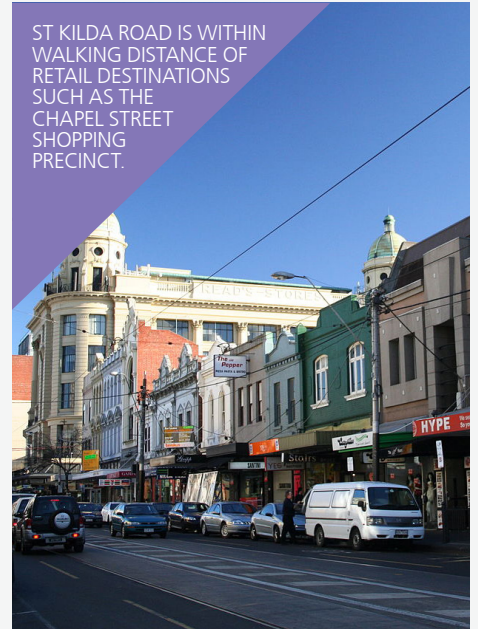
St Kilda Road is a sought-after rental market, with median apartment rent growing 45% over the past decade.



ST KILDA ROAD IS IN PROXIMITY TO THE MELBOURNE CBD AND IS A HIGH-INCOME EMPLOYMENT LOCATION IN ITS OWN RIGHT.



ST KILDA ROAD IS WELL SERVICED BY A NUMBER OF TRAM LINES.



ST KILDA ROAD IS WITHIN WALKING DISTANCE OF RETAIL DESTINATIONS SUCH AS THE CHAPEL STREET SHOPPING PRECINCT.



RESIDENTS OF ST KILDA ROAD HAVE CONVENIENT ACCESS TO NEARBY BEACHES.

1 POP 2 INF 3 EMP

St Kilda Road accommodates all three of the Urbis fundamentals that make a sustainable suburb - Population, Infrastructure and Employment.

AUSTRALIA

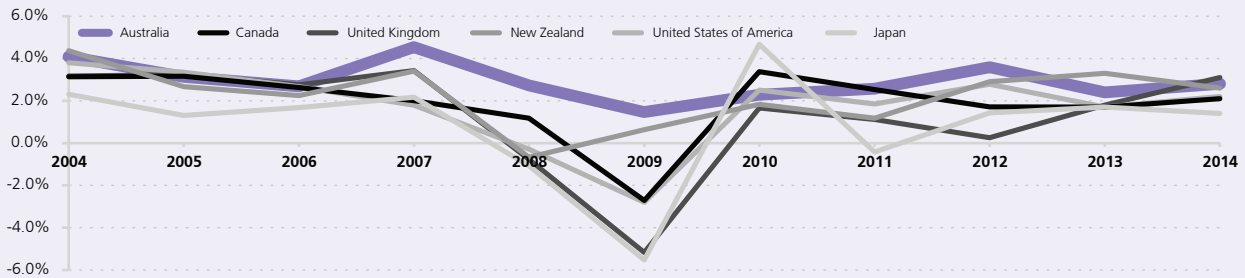
Australia has outperformed many major advanced economies in real GDP growth, delivering wealth growth to its residents.



SUSTAINED ECONOMIC GROWTH

Australia has maintained uninterrupted economic growth for over 23 years, registering an average annual growth of 3.3%, unrivalled by other major advanced economies. This can be ascribed to sound macroeconomic policy, strong legal and political institutions and growing demand for high quality goods and services from the booming Asian countries. Australia's resilience and sustained growth provides a high standard of living for its residents as well as an attractive and safe environment for overseas investors against the backdrop of a sluggish world economy. According to IMF forecasts published in October 2015, Australia is expected to maintain an average annual growth of 2.9% between 2016 and 2020, amongst the highest of major developed countries.

REAL GDP GROWTH COMPARISON OF SELECTED DEVELOPED NATIONS

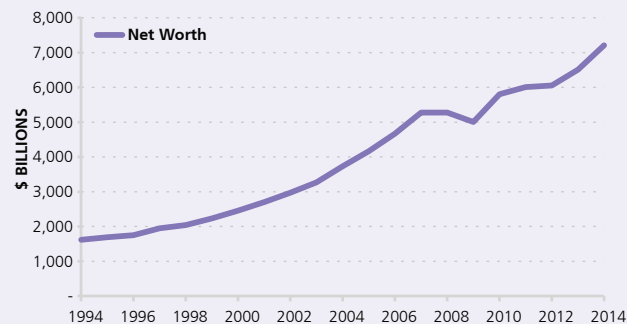


Source: Economist Intelligence Unit, 2014

GROWING WEALTH

Australia's sustained growth has made it one of the wealthiest nations on earth. Supported by high income, low unemployment rate, a strong housing market, stable inflation and low interest rates, average household net wealth in the country has grown at 7.8% over the past two decades.

WEALTH AUSTRALIA

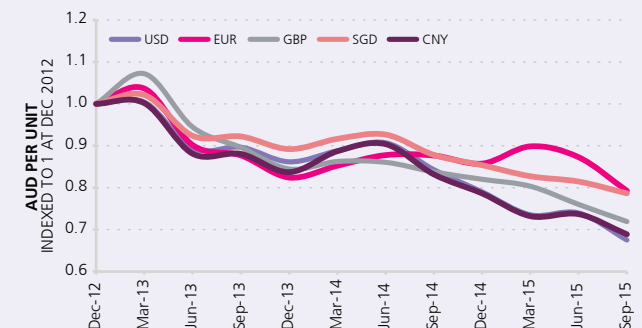


Source: RBA; Urbis

AUSTRALIAN DOLLAR

The past three years have seen the Australian dollar softening against world's major currencies, due primarily to a strengthening US dollar, declining commodity prices and record low interest rates. The AUD dropped from US\$1.04 to US\$0.70 as at the end of October 2015. The AUD also depreciated against major regional currencies, such as the CNY, which are pegged to the US dollar. The softening Australian dollar has further strengthened Australia's position as an increasingly affordable location for overseas investors, in particular in the residential market.

AUSTRALIAN DOLLAR EXCHANGE RATES CHANGES AUD vs. USD, EUR, GBP, SGD & CNY



Source: RBA; Urbis

RECORD LOW RATES*

INTEREST RATE: **2.0%**

HOME LOAN RATE: **5.45%**

* As at October 2015 Source: RBA, Urbis

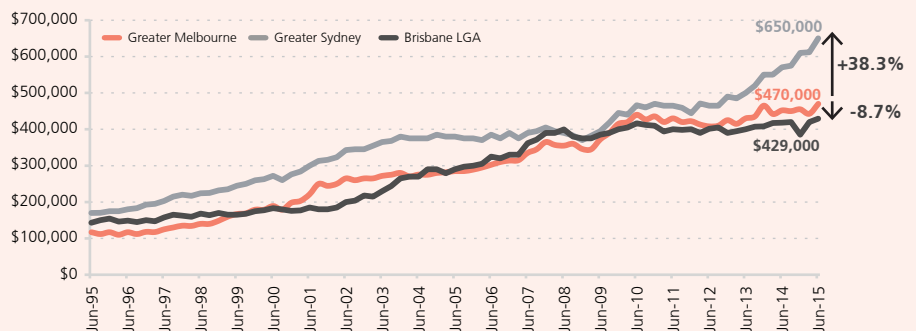
The Melbourne apartment market has maintained solid growth while remaining 38% more affordable than Sydney, with unparalleled stamp duty concessions.

MELBOURNE

AFFORDABLE LIVEABILITY

As the second largest capital city in Australia, Melbourne offers diverse employment opportunities and a high standard of living with a more affordable entry price for property buyers. As shown in the chart below, after two decades of sustained growth, Melbourne's median apartment price remains 38.3% lower than that of Sydney and is just 8.7% above that of Brisbane. This has made Melbourne a location of choice which offers the lifestyle of a metropolitan city like Sydney while at the same time maintaining equally affordable property price like Brisbane.

MEDIAN APARTMENT PRICE MELBOURNE VS. SYDNEY & BRISBANE



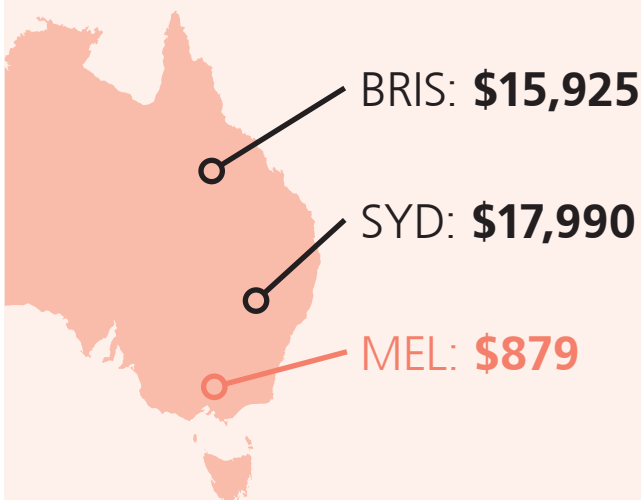
Source: RPData CoreLogic, Urbis

STAMP DUTY SAVINGS

Considerable stamp duty concessions are available when buying off-the-plan, or purchasing an investment property prior to commencing construction in Victoria. Such concessions are not offered in New South Wales or Queensland, adding to the attractiveness of residential property in Melbourne, which is already more affordable than that of Sydney. The following example provides an indication of potential savings of over \$15,000 for the purchase of a \$500,000 off-the-plan investment apartment in Melbourne.

STAMP DUTY

\$500,000 OFF-THE-PLAN APARTMENT*



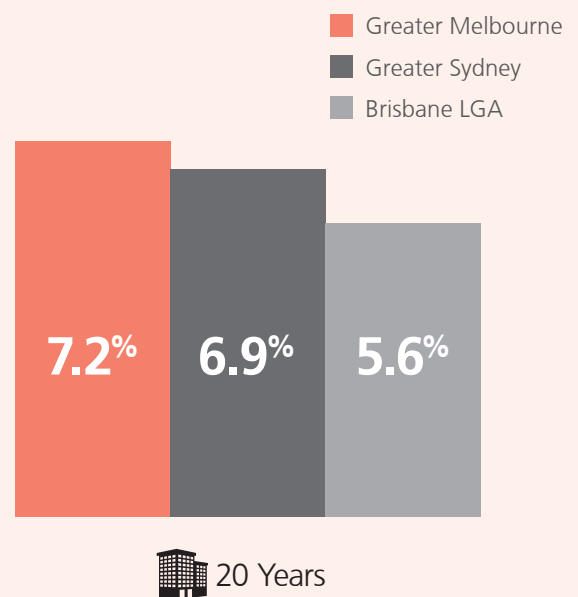
*Calculation is premised upon an investment property purchased by an Australian permanent resident or citizen prior to construction.

Source: State Revenue Office VIC, Office of State Revenue NSW, Office of State Revenue QLD, Urbis

MARKET STRENGTHS

Melbourne's robust long term property price growth relative to Sydney and Brisbane has made it an attractive alternative to investors. While Sydney's property market has experienced a surge in recent years, Melbourne has enjoyed steady growth over the short term, and long term growth has outperformed Sydney and Brisbane.

MEDIAN APARTMENT PRICE GROWTH TO JUNE 2015 - PER ANNUM



Source: RPData CoreLogic, Urbis

CITY OF MELBOURNE

World's Most Liveable City

Voted the World's Most Liveable City for the 5th consecutive year in 2015, Melbourne has achieved strong economic growth, attracting new residents from other Australian states as well as overseas.

POPULATION

Melbourne has been on top of the Economist Intelligence Unit's World Liveability rankings for five consecutive years. It is home to residents from 180 countries, who speak over 233 languages and dialects. An education hub, Melbourne attracts an ever growing student population from around the globe. Melbourne's extensive tram network provides a convenient and affordable transport alternative. In addition, Melbourne's clean environment and political stability further reinforces its attractiveness as a destination for living, work and investment.

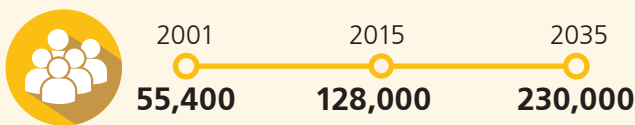
Obtaining the World's Most Liveable City mantle has helped Melbourne achieve strong interstate and international migration. The City of Melbourne Local Government Area (LGA) currently has an estimated population of 124,000, growing by 124% since 2001. This can be ascribed to the its diverse and vibrant lifestyle, better amenities and higher education provisions, as well as better access to employment opportunities. Local population is forecast to reach around 230,000 by 2031.

KEY DRAWS

	RESTAURANT & CAFE SEATS	178,000
	THEATRE, CONCERT HALL & STADIUM CAPACITY	360,000
	WORLD CLASS UNIVERSITIES	10
	PARKLAND	490ha

Source: City of Melbourne, Urbis

POPULATION GROWTH

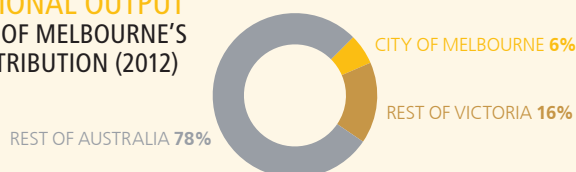


Source: City of Melbourne, Urbis

ECONOMY

An established economic centre for Greater Melbourne and Victoria, the City of Melbourne contributed about one third of Victorian output and accounted for 6% of the total Australian economy in 2012. Strong population growth has further fuelled the city's economic expansion. Gross Local Product (GLP) measured \$87 billion in 2012, achieving an average annual growth of 4.8% over the past decade.

NATIONAL OUTPUT CITY OF MELBOURNE'S CONTRIBUTION (2012)



Source: City of Melbourne, Plan Melbourne

EMPLOYMENT

Robust economic growth has generated an increasing number of job opportunities. Over the past decade, the LGA's total jobs grew at 3.2% per annum to reach 440,000 as of 2012. Recent years have seen the rise of professional services and finance and insurance sectors, currently accounting for 30% of the LGA's employment altogether. The City of Melbourne economy is services-oriented, and service sector jobs now account for 91% of total employment.

CITY OF MELBOURNE EMPLOYMENT

CURRENT JOBS: 440,000



BUSINESS ESTABLISHMENTS 16,340

NEW JOBS GROWTH (2002-2012)



PROFESSIONAL SERVICES, FINANCE & INSURANCE 40%



F&B SERVICES 84%



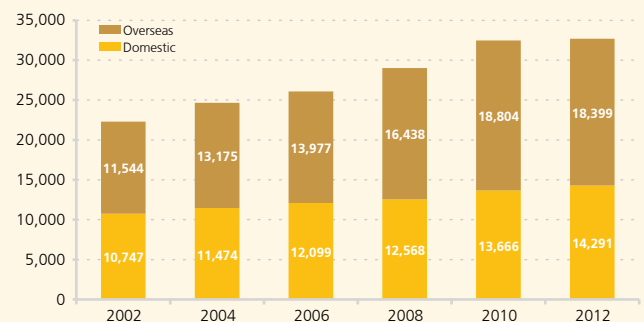
HEALTH CARE & SOCIAL ASSISTANCE 40%

Source: City of Melbourne, Urbis

EDUCATION

The City of Melbourne is home to some of the world's most prestigious universities. The University of Melbourne is the top ranking university in Australia and has been a world Top 50 university for decades. The RMIT currently ranks 16 Australia-wide and has been a vital part of central Melbourne. The extensive range of high quality education institutions has been the key driver of student population growth. Currently the LGA houses a total of 32,690 university students, of which more than half come from overseas. It provides a location of choice for student residence, with retail, entertainment and leisure amenities in close proximity to the place of study.

HIGHER EDUCATION STUDENTS LIVING IN THE CITY OF MELBOURNE DOMESTIC & OVERSEAS



Source: City of Melbourne, Urbis

St Kilda Road is in proximity to Melbourne's CBD, with convenient access to transport infrastructure, retail, cafés and restaurants as well as beaches to the south.

ST KILDA ROAD

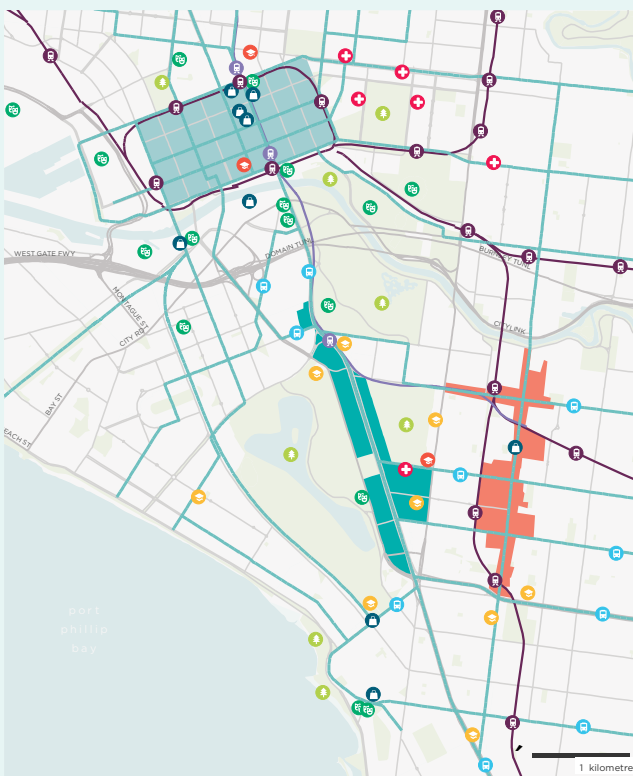
LOCATIONAL CHARACTERISTICS

As an established inner area that is adjacent to the Melbourne CBD, St Kilda Road residents have easy access to employment, shopping, parks, leisure and entertainment facilities, offering a highly convenient lifestyle to its residents.

It is well serviced by tram lines connecting major city centre attractions, such as the Shrine of Remembrance, National Gallery of Victoria, Melbourne Conference and Exhibition Centre, Federation Square, CBD shopping precincts such as Emporium, Melbourne Central, and Southbank Promenade.

The area is within walking distance of other popular retail and cultural destinations, such as Acland and Fitzroy Streets, Clarendon Street in South Melbourne, the Chapel Street shopping strip in South Yarra and Prahran. Local recreational sites such as Luna Park Melbourne, Palais Theatre on St Kilda Beach are also easy to access by walking.

Residents of St Kilda Road are also serviced by a range of open green space, including Fawkner Park, Albert Park and Royal Botanic Gardens.



POPULATION AND DEMOGRAPHICS

The past decade has seen rapid growth in St Kilda Road's population, from 3,990 in 2001 to 8,500 in 2014, an increase of 113%. Another 5,000 residents are expected to join the community by 2036, supporting demand for housing product over the next two decades.

St Kilda Road is characterised by a large resident contingent aged between 20-34 years (42%), indicating a much younger demographic than Greater Melbourne where only 23% of population falls in this bracket. This young demographic tends to seek a convenient lifestyle with proximity to education, employment and entertainment amenities. The majority (92%) of workers living in St Kilda Road are employed in high income white collar jobs, a proportion significantly higher than the Greater Melbourne average (72%), resulting in a higher average household income (\$112,600 vs. \$86,412). There is also a higher proportion of couples without children (36%) and a stronger presence of Asian born population (24%), adding to the diverse demographics of St Kilda Road.

KEY DEMOGRAPHICS

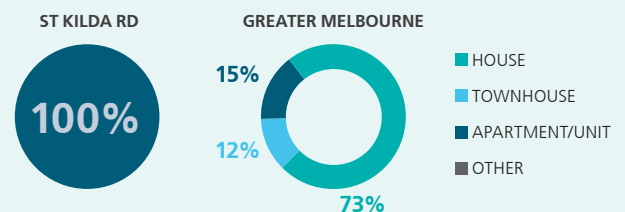
	ST KILDA RD	GREATER MELBOURNE
🏠 AVG. HOUSEHOLD INCOME	\$112,600	\$86,412
🎂 % AGED 20-34	42%	23%
👤 % WHITE COLLAR WORKERS	92%	72%
🏠 % RENTERS	54%	28%
🎓 % TERTIARY STUDENTS	11%	7%
👨👩 % COUPLE WITH NO CHILDREN	36%	25%
🌐 % ASIAN BORN	24%	12%

Source: ABS, Urbis

APARTMENT LIFESTYLE

St Kilda Road offers direct access to the Melbourne CBD and is a high value employment location home to the headquarters of many major corporations. This, coupled with sound infrastructure, good amenities and views over surrounding open spaces, provides an attractive location of residence, and demand for housing in the area has been strong. St Kilda Road is emerging as a significant premium apartment market in inner Melbourne.

DWELLING STRUCTURE 2011



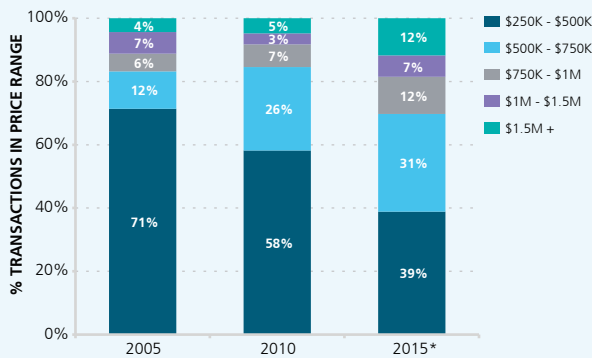
Source: ABS, Urbis

St Kilda Road is an established apartment market characterised by steady price growth, growing premium apartment transactions and stable rental yield.

APARTMENT PRICE POINTS

Analysis of transactions for St Kilda Road units shows that the proportion of transactions priced above \$1.5 million grow steadily over the past ten years, increasing from 4% in 2005 to 12% in 2015. Over the same period, the proportion of apartment sales valued between \$250,000 and \$500,000 dropped from 71% to 39%. This reflects the higher quality apartment products in St Kilda Road and the premium associated with proximity to high quality amenity and views over parks and water.

APARTMENT PRICE POINTS ST KILDA ROAD - POSTCODE 3004

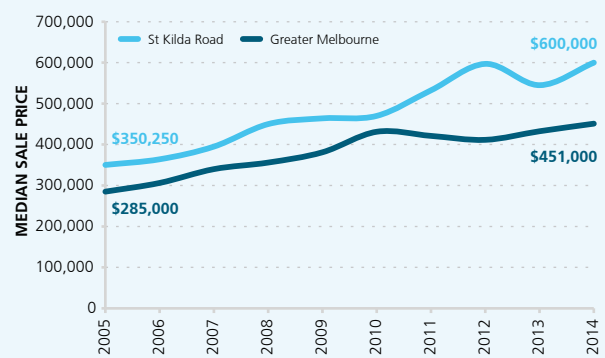


*Year ending June 2015
Source: RP Data, Urbis

PRICE GROWTH

As shown in the chart below, St Kilda Road's median apartment price has been well above that of the Greater Melbourne average. During the past decade, median apartment price grew at an annualised rate of 5.5% to reach \$600,000 in 2014, while Greater Melbourne on average grew at a lower rate of 4.7% per annum to reach \$451,000.

ANNUAL MEDIAN APARTMENT PRICE GROWTH ST KILDA ROAD VS. GREATER MELBOURNE



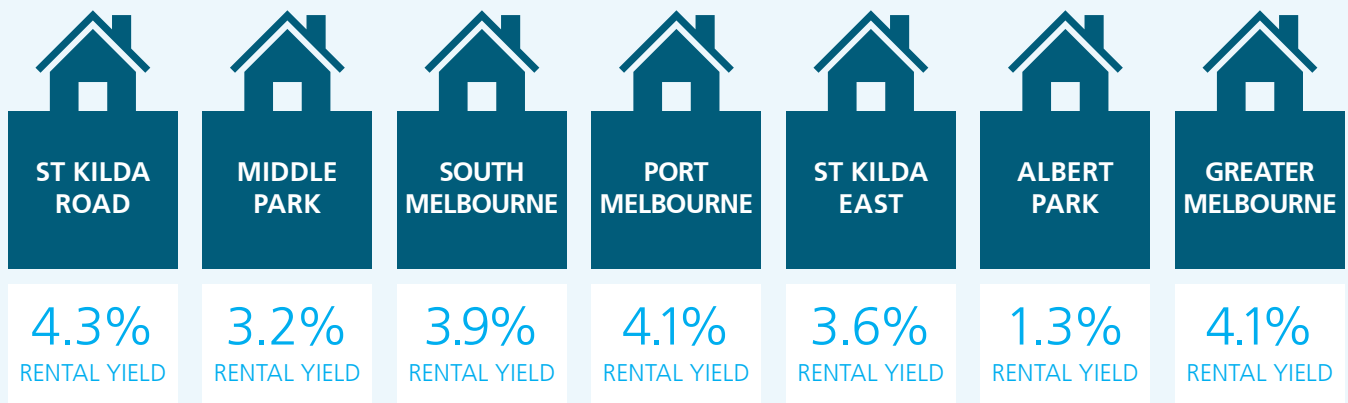
Source: RP Data CoreLogic; Urbis

RENTAL YIELDS

St Kilda Road performed well in generating higher rental yield. As at June 2015, rental yield for St Kilda Road apartments was 4.3%, well above the 4.1% Greater Melbourne average as well as its neighbouring suburbs.

Vacancy rate in St Kilda Road also remains at a low level, standing at 2.7% as at October 2015, 0.3% higher than the Greater Melbourne average while 0.3% below that of the City of Melbourne.

RENTAL YIELDS COMPARISON YEAR ENDING JUNE 2015



Source: RP Data CoreLogic, Urbis

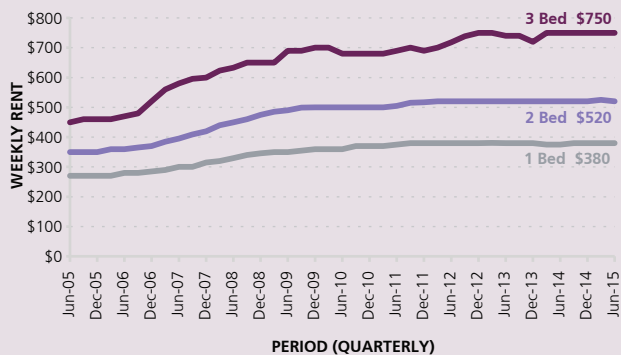
St Kilda Road is a sought-after rental market, evidenced by a rent level significantly higher than its surrounding areas and a rapid rental contract volume growth.

ST KILDA ROAD

MEDIAN WEEKLY RENT

Median weekly rents in St Kilda Road have experienced sustained growth over the past decade, levelling off in recent years. Median weekly rent for one bedroom apartments measured \$380 in the quarter ending June 2015, while rent for two bedroom apartments measured \$520. Three bedroom apartments reached \$750 for the same period.

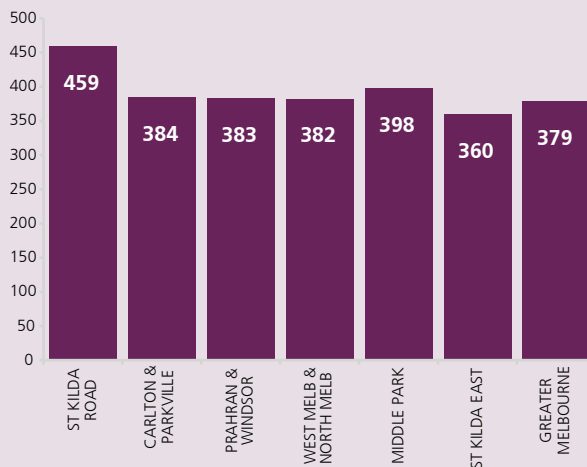
MEDIAN WEEKLY RENTS ST KILDA ROAD



Source: Department of Human Services, Urbis

St Kilda Road's status as a premium market is evidenced by its high level of median rent compared with its surrounding areas. Median weekly rent for all apartments in St Kilda reached \$459 as at June 2015, way above that of Greater Melbourne as well as its neighbouring suburbs such as Prahran and Windsor, which was around \$380.

MEDIAN WEEKLY RENT COMPARISON ST KILDA ROAD VS. SURROUNDING SUBURBS

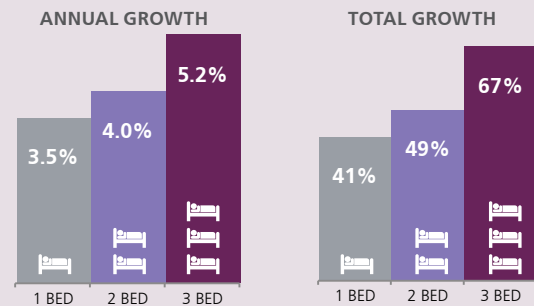


Source: Department of Human Services, Urbis

MEDIAN RENTAL GROWTH

Median rental growth in St Kilda Road has been steady over the past decade. Median rent for three bedroom apartments grew at an annualised rate of 5.2%, higher than that of two bedroom (4.0%) and one bedroom (3.5%). This translates into an accumulated growth of 67% for three bedroom apartments over the past ten years, over 49% for two bedroom and 41% for one bedroom, indicating a stronger demand for three bedroom apartment products in general.

MEDIAN RENTAL GROWTH 10 YEARS TO JUNE 2015



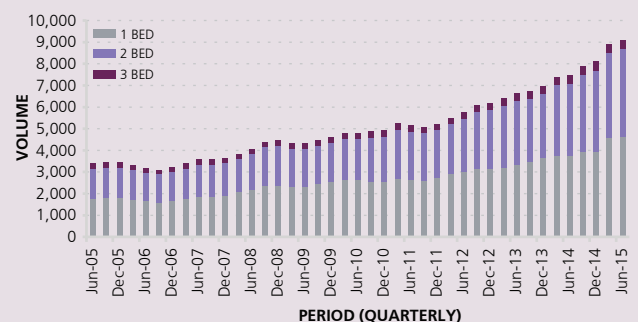
Source: Department of Human Services, Urbis

RENTAL CONTRACT VOLUME

Rental data from all new bond lodgement forms with the Rental Bond Authority is collected by the Department of Human Services. Over the past ten years, St Kilda Road has experienced solid growth in new rental contracts.

Annual growth in rental contracts for one bedroom apartments in St Kilda was 10.3% for the ten years to June 2015. Over the same period, rental contract volume for two bedroom apartments grew at a similar pace of 10.9% per annum. Recent years have seen this growth accelerating, with rental contract growth for two bedroom apartments reaching 16.1% per annum over the past five years. Rental contract volume for one bedroom apartments also grew at an annual rate of 12.1%, reflecting the growing demand for rental properties in the area.

RENTAL CONTRACT VOLUME ST KILDA ROAD



Source: Department of Human Services, Urbis



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