

The National Property Research Co.

ROSEWOOD MARKET ANALYSIS

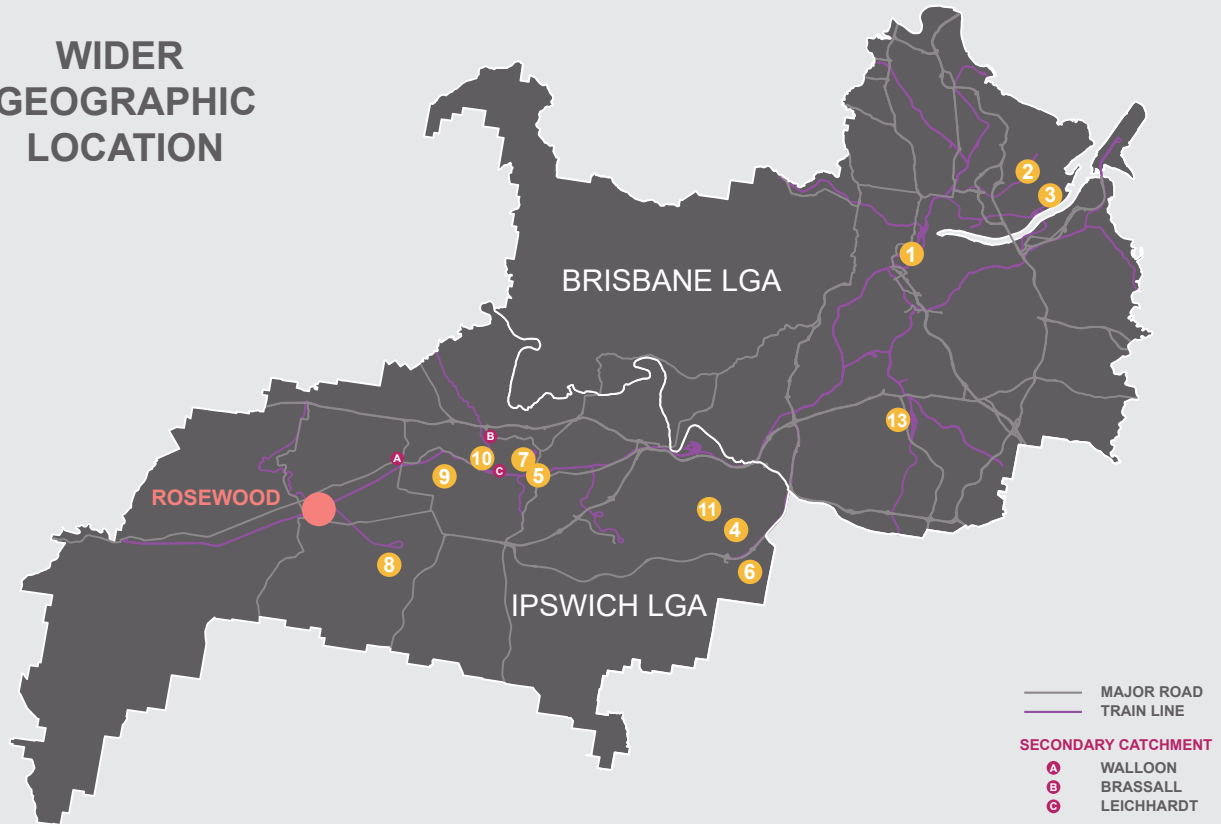
PREPARED FOR:

LENNIUM GROUP

JANUARY 2017

LOCATION & INFRASTRUCTURE

WIDER GEOGRAPHIC LOCATION



PROXIMITY TO MAJOR EMPLOYMENT & ECONOMIC DRIVERS

1) Brisbane CBD:	46 km:	10,500 + Businesses.
2) Brisbane Airport:	55 km:	400 + Businesses & 21,000 + Jobs.
3) Port of Brisbane:	55 km:	\$50 B in Annual Trade.
4) Springfield Central:	32 km:	\$85 B Project, 52,000 Exp Jobs by 2030.
5) Ipswich CBD:	16 km:	\$7.9 B GRP & 7,900 + Businesses.
6) University of Southern QLD Springfield:	31 km:	Under and Post Graduate Education, 2,200 + Students.
7) Riverlink Shopping Centre:	15 km:	Over 150 Specialty Stores and Cinemas.
8) Ipswich Motorsport Precinct:	8 km:	Multi Faceted Motorsports and Raceway Precinct
9) Amberley RAAF Base:	9 km:	Largest Operational Airforce Base in Australia, 5,000+ Jobs.
10) Ipswich Hospital:	16 km:	Major Acute Hospital, 351 Bed Capacity.
11) Brookwater Golf Course & Resort:	30 km:	18 Hole Greg Norman Golf Course & Proposed \$750 M Resort
13) Archerfield & Acacia Ridge Industrial Precinct:	44 km:	2,100 + Businesses

CENTRAL ROSEWOOD



KEY INFRASTRUCTURE

Amberley RAAF Base



Located 8 kilometers from Ipswich along the Cunningham Highway and 50 kilometers south-west of Brisbane, RAAF Base Amberley is one of the largest employers in the Ipswich region. RAAF Base Amberley commenced operations in 1940 and is the largest operational base in the Air Force today.

Over the next four years, approximately \$1.1 billion is expected to be injected into the base as part of the largest expansion project the facility has seen. There are expected to be up to 10 individual projects, consisting of the permanent transition of an army unit from Sydney and multiple key air force projects.

"The base currently employs approximately 5,800 people, that number will increase to roughly 7,000 as it continues to grow. The expansion is also expected to provide a significant boost to the local economy through a marked increase in employment."

Toowoomba Second Range Crossing



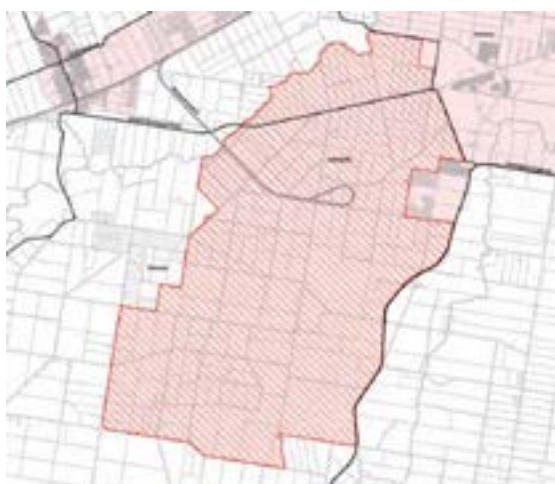
The Department of Transport and Main Roads is delivering a second range crossing that takes heavy vehicle highway traffic around north of Toowoomba rather than through it. The 41-km bypass is expected to improve freight efficiency and driver safety, relieve pressure on Toowoomba's roads, and enhance liveability for the city's residents.

The project is being jointly funded by the Australian and Queensland governments on an 80:20 funding split arrangement. The Australian Government has committed \$1.137 billion to fund the project and the Queensland Government has committed \$321 million.

"The new crossing will bring \$2.4 billion over 30 years of economic and productivity gain for business and industry to Toowoomba and the wider region. When completed, the crossing will significantly increase the movement of freight along the national road network."

With an estimated construction period of around three years (from late 2015), the project will be delivered using a Public Private Partnership delivery model. Under this model, the State Government will provide upfront government funding contributions during the construction stage of the project and ongoing service payments over the 25-year operation and maintenance stage.

Ebenezer Regional Industrial Area



The Queensland Government's South East Queensland Regional Plan 2009-2031 identifies the area of Ebenezer as a regional development area. The area, located south west of Ipswich, is a 5,000 ha site with the potential to accommodate manufacturing and logistics businesses as well as difficult-to-locate, large footprint industries.

To support development in the Ebenezer area, the Department of Infrastructure and Planning is developing the Ebenezer Regional Industrial Area Structure Plan in consultation with the local community and state and local government agencies.

The aim of the plan is to provide cutting edge, innovative and sustainable outcomes for the Ebenezer region. Once developed, the plan will be incorporated into the Ipswich Planning Scheme for future implementation.

"Ebenezer will be an industrial area of regional, state and national significance that will allow for a range of well aligned commercial, retail, administration and community uses which do not include 'noxious, offensive or hazardous' industrial uses."

DEMOGRAPHIC & ECONOMIC DRIVERS



DEMOGRAPHIC & ECONOMIC DRIVERS

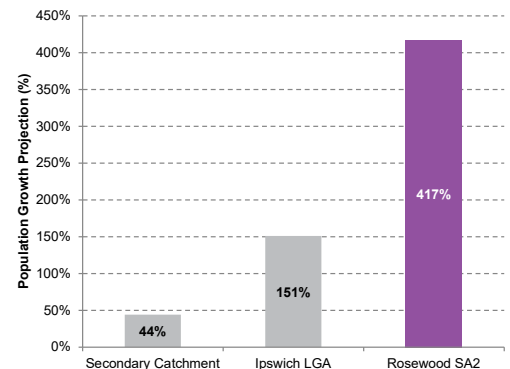
POPULATION GROWTH

After long establishing itself as a traditional, country lifestyle offering on the western fringe of the Ipswich LGA, the Rosewood SA2 is expected to experience a considerable increase in total population throughout the medium to long term. The absence of sizeable and readily developable land within the Brisbane LGA continues to funnel growth into the Ipswich LGA. This growing region is otherwise known as the 'Western Development Corridor' and is commonly regarded as the fastest growing region in the state of Queensland.

"Impressively, the Rosewood SA2's total population is projected to increase by an astounding 417% between 2015 and 2036, from 11,967 people to 61,867 people. Remarkably, of the 526 SA2's located within the state, the Queensland Government's Statisticians Office is expecting Rosewood SA2 to achieve the 4th highest increase in total population by 2036, in terms of both volume and percentage growth."

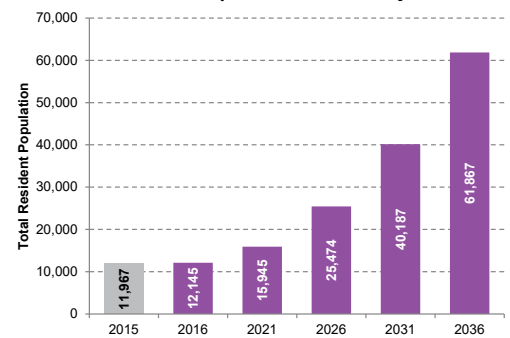
Needless to say, growth within the Rosewood SA2 is expected to outpace trends in both the neighbouring Secondary Catchment region and the broader Ipswich LGA as a whole. These other areas are expected to record a lesser 44% and 151% increase in total population between 2015 and 2036 respectively.

Projected Population Growth: 2015 - 2036 (%)



Source: QLD Government Statistician's Office

Rosewood SA2 Population Growth Projection



Source: QLD Government Statistician's Office

"The growth earmarked for the region will have a considerable impact on the local housing market. Based on the conservative assumption that the number of persons per dwelling was to remain stagnant, the projected growth in population would create demand for an additional 18,482 residential dwellings to be built within the area by 2036."

The subsequent multiplier effect on the local economy will be substantial, with increased development activity sure to support job growth and ongoing economic progression locally. If the projected growth profile is to be achieved, demand for centrally located property, within favorable proximity to the Town Centre, Train Stations and local schools will naturally become most in-demand. Fortunately, the Rosehaven Estate is arguably the most conveniently located development project in the local market.

Much like the trends seen in rest of the State and Country, the 'Healthy Retirement' and 'Elderly' demographics are set to experience the highest growth rate between 2011 and 2036, at 612% and 904% respectively. However, it is the continued prominence of those aged within the 'Family Formation' and 'Education' stages of life, that demands the most attention. Combined, these two cohorts are expected to make up 58% of Rosewood's total population in 2036.

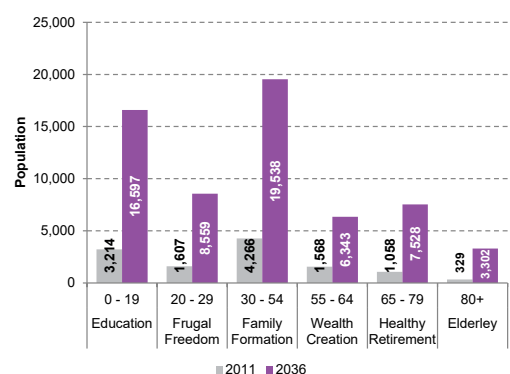
The continued prominence of the Family Formation and Education demographic will mean that a broad mix of housing will be required to suit the financial capacity of first home buyers, as well as those who now want to upgrade to their second or third home. Likewise, given that those aged within the Family Formation stage includes the bulk of the regions labor force, whilst those aged in the Education stage are the inspiration for most household expenditures, the sustained prevalence of these two age groups will play an integral role in encouraging, facilitating and maintaining growth in the local economy.

"Overall the population story for Rosewood is defined by the regions growth prospects, which are largely unparalleled anywhere else in the state of Queensland and are importantly set to be driven by working Australian families."



18,482 New Dwellings Required by 2036

Rosewood Population Projections by Life Stage & Age Group



Source: QLD Government Statistician's Office

DEMOGRAPHIC & ECONOMIC DRIVERS

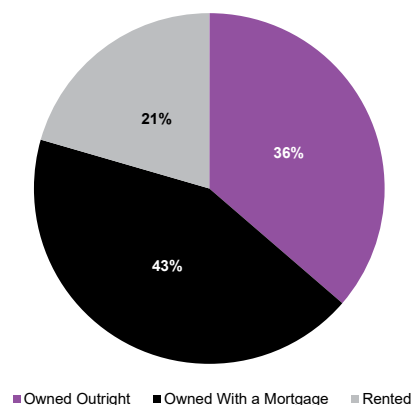
DWELLING STRUCTURE & HOUSING TENURE

The property market within the Rosewood SA2 is all-but exclusively comprised of traditional, detached houses. Houses make up approximately 98.2% of the local property market, followed far behind by Townhouses at 1.5% and Apartments, which are virtually non-existent at only 0.3% of the market. The local market is also largely driven by owner occupiers when analysing the tenure of the properties within the area.

"Those who either own their property outright, or with a mortgage, occupy 80% of Houses within the Rosewood SA2. This is higher than current trends within the Secondary Catchment (73%), Ipswich LGA (65%) and Queensland as a whole (72%)."

The high portion of owner occupiers throughout Rosewood SA2 is evident upon visiting the region, particularly in and around the town centre, where properties are well-kept and streetscapes present desirably within their country setting. These physical characteristics stem from owner occupiers who take pride in their home and are motivated to spend money to maintain the appearance of an asset which they own.

Rosewood SA2: House Tenure



Source: ABS

INDUSTRY OF EMPLOYMENT

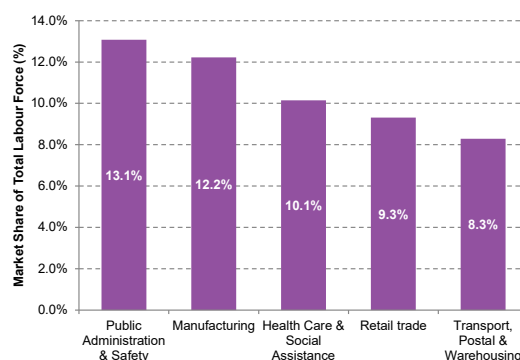
Rosewood SA2's top five industries of employment comprise a mix of white and blue collar industries, including Public Administration & Safety (13.1%), Manufacturing (12.2%), Health Care & Social Assistance (10.1%), Retail Trade (9.3%) and Transport, Postal & Warehousing (8.3%).

"Proximity to an array of major transit routes, including the Warrego Highway (<13km), Cunningham Highway (<15km), Brisbane Port and Airport (<75km) makes the Rosewood region a popular location for Manufacturing and the Transport, Postal & Warehousing industries."

However, the expansion of the nearby Ipswich CBD and the rapid emergence of an additional CBD at Greater Springfield are providing greater opportunities for white collar employees closer to home.

"Growth in these regions will continue to add greater depth to the range of key industries of employment for Rosewood, which is a resounding positive for the resilience of the local economy by not being reliant upon any one particular industry."

Rosewood SA2 Top 5 Industries of Employment



Source: ABS

UNEMPLOYMENT RATES

As at the most recent recording period (September 2016), Rosewood SA2's unemployment rate was 6.4%, well below both the Secondary Catchment region and the Ipswich LGA, which recorded significantly higher unemployment rates of 8.3% and 12.2% respectively.

"These figures remain largely on trend with unemployment rates over the longer term, with Rosewood SA2 outperforming both the Secondary Catchment region and the Ipswich LGA each quarter on record since December 2010, at a long term average quarterly unemployment rate of 5.4%."

Unemployment Rates: September 2016



Source: Australian Government Department of Employment

DEMOGRAPHIC & ECONOMIC DRIVERS

HOUSEHOLD AFFORDABILITY

The state of the local residential market, in terms of affordability, leads to a range of considerable flow-on effects felt throughout the local economy. Not only does housing affordability impact the potential for future price growth, it also heavily impacts the local business sector as housing costs typically take priority over other discretionary expenditures.

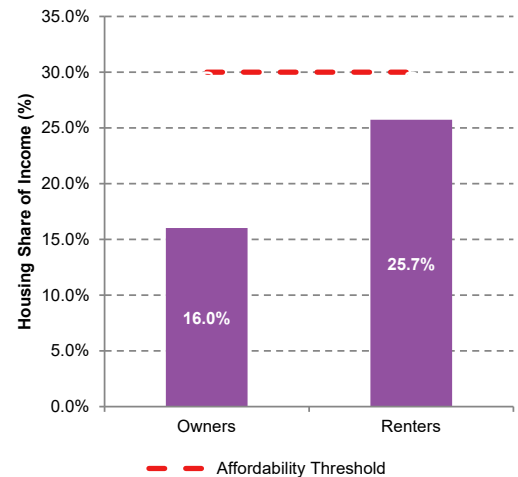
It is generally accepted that once the cost of servicing weekly mortgage or rental repayment exceeds 30% of weekly household income, housing costs are deemed unaffordable.

The chart on the right takes into account weighted weekly household incomes, current median prices (for sale and rent) and the weekly costs associated with paying rental rates or servicing debt on the current median house price.

"As is shown, the Rosewood SA2 currently hosts an affordable market for both buyers and renters of detached houses, with housing share of income figures sitting well below the affordability threshold of 30%, at 16.0% for buyers and 25.7% for renters."

The affordable state of the current market would provide a buffer against tightening economic conditions and also offers the potential for price growth in the shorter term, with residents reasonably equipped to cover slight to moderate increases in housing costs before breaching the affordability threshold.

Rosewood SA2: Owners & Renters Housing Share of Income (Houses)



Source: PriceFinder, RTA & The NPR Co.



Rosewood Train Station

RESIDENTIAL SALES MARKET



RESIDENTIAL SALES MARKET

HISTORICAL HOUSE & LAND SALES SUMMARY

The accompanying chart provides an overview of the long term median price growth achieved in House and Vacant Land sales throughout the suburb of Rosewood between 2000 and 2016.

"Overall, from 2000 to 2016 Rosewood's median Vacant Land price has increased by an incredible 675%, from just \$20,000 to \$154,900. Meanwhile, the median House price increased by an impressive 271% from \$75,000 to \$278,500."

This equates to a long term, average annual growth rate of 13.6% in median Vacant Land price and an average annual growth rate of 8.5% in median House price.

"The considerable growth achieved within the Vacant Land market reflects the arrival of development interest, with Rosewood now beginning to transition from predominantly rural property, to more suburban forms."

Furthermore, the second chart on the right offers a comparison of 2016 median lot sizes for both House and Vacant Land sales within Rosewood, the Secondary Catchment and Ipswich LGA as a whole. Again, it should be noted that the 'Secondary Catchment', includes the suburbs of Walloon, Leichhardt and Brassall. This chart reinforces the retention of Rosewood's traditional rural identity through the lot size premium on offer, particularly in comparison to the Secondary Catchment and the broader Ipswich LGA.

"Throughout 2016, the median lot size recorded in Rosewood was 793 sqm for Houses and 701 sqm for Vacant Land. These figures sit well above the Secondary Catchment and the Ipswich LGA, which both achieved median House lot sizes below 665 sqm and median Vacant Land lot sizes below 510 sqm"

The third chart also shows the clear cost differential for land square metre rates for lots between 500m² and 520m² during 2016. Sales within Lennium's Rosehaven project have been compared against the Ipswich and Brisbane LGA's and two other suburbs currently experiencing development growth. As can be clearly seen, the affordable land proposition is far superior within Rosehaven when compared to each of the other analysis areas.

"During 2016, Rosehaven ranged from between \$393 to \$499 less than the other areas analysed. This represents a significant saving for potential purchasers and clearly shows the relative value for money of vacant land within Lennium's Rosehaven project."

HISTORICAL BUYER ORIGIN SUMMARY

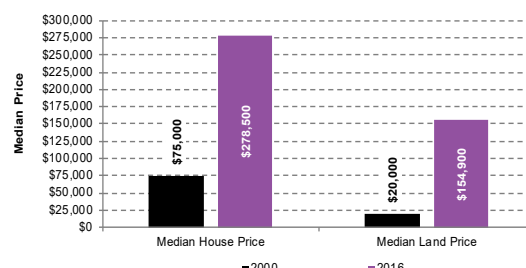
Buyer origin statistics provide a valuable insight into the makeup of the local residential market, and helps to gauge the historical split between owner occupiers and investors. The chart on the right provides a breakdown of all House and Vacant Land sales recorded throughout Rosewood, the Secondary Catchment and the Ipswich LGA since the start of 2000, by buyer origin.

As a general rule of thumb, The NPR Co. has adopted the assumption that all buyers from within the local, Ipswich LGA are Owner Occupiers, whilst buyers from outside of the local region (Intrastate), state (Interstate) or country (International) are presumed to be investors. These assumptions should be used only as a guide.

"Rosewood is shown to have experienced above-trend interest from owner occupiers, which have contributed 66% of sales since the start of 2000, ahead of 59% for the Secondary Catchment and 58% for the Ipswich LGA."

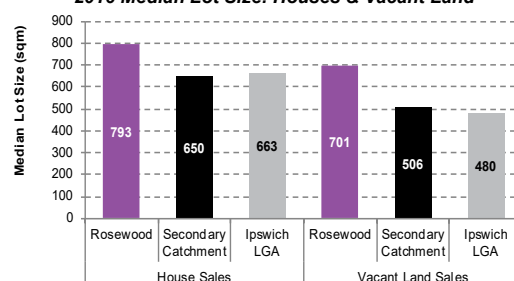
Meanwhile, in regards to investment channels, Intrastate buyers have been most common for Rosewood, contributing more than half of the balance at 19% of sales. Whilst investors have played a role, the prevalence of local buyers demonstrates a strong desire for residents to remain within their own community and leaves the Rosewood market less exposed to the potential side effects that a reduction in investor interest could have on some markets.

Rosewood Long Term Median House & Vacant Land Price Growth: 2000 - 2016



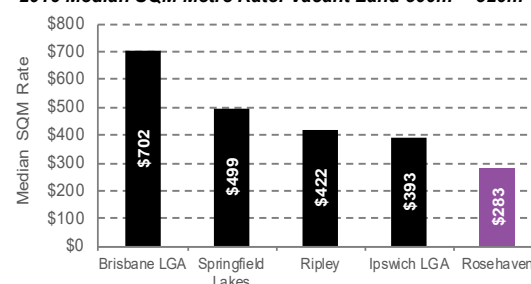
Source: PriceFinder & The NPR Co.

2016 Median Lot Size: Houses & Vacant Land



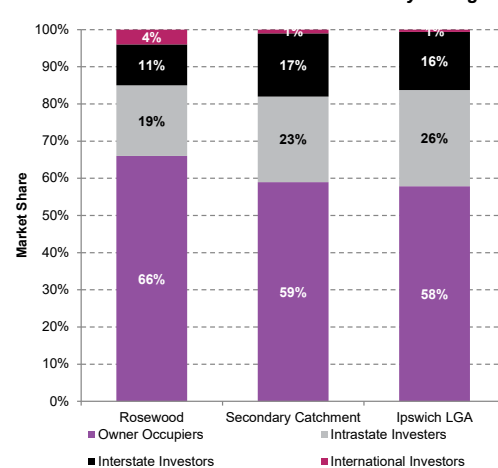
Source: PriceFinder & The NPR Co.

2016 Median SQM Metre Rate: Vacant Land 500m² - 520m²



Source: PriceFinder, Lennium Group & The NPR Co.

2000 - 2016 House & Vacant Land Sales: Buyer Origin



Source: PriceFinder & The NPR Co.

*The term 'Owner Occupiers' describes those located within the Ipswich LGA

RESIDENTIAL RESALES MARKET

HOUSE RESALES & CAPITAL GROWTH

The following chart compares median capital growth by holding period between the suburb of Rosewood, the Secondary Catchment and the Ipswich LGA. Resales data has been derived from all House resales recorded since the start of 2000.

It should also be noted that the data presented is limited to resales with a minimum holding period of one year, in order to eliminate inaccurate resale results that occur during holding periods below this threshold.

Rosewood's historical House resales have been overwhelmingly positive across the analysis period, for each of the three holding periods examined.

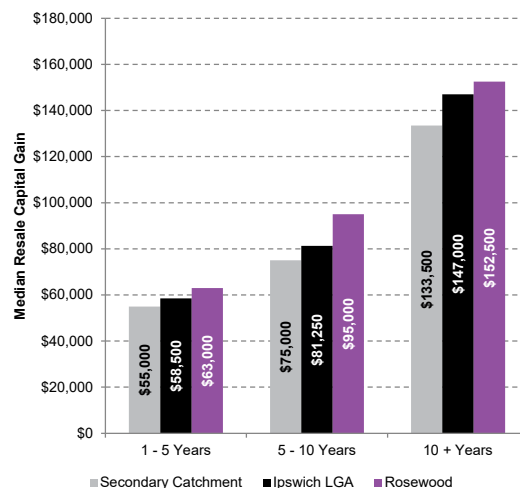
"Overall, Houses resold within the suburb of Rosewood have recorded a median capital gain of between \$63,000 and \$152,500 based on a short (1 - 5 Years) to long term (10+ Years) holding period, seen in the chart attached."

Comparatively, Houses resold within the Secondary Catchment and the broader Ipswich LGA returned lower results within the same time frames, recording median capital gains of between \$55,000 and \$133,500 for the Secondary Catchment and \$58,500 to \$147,000 for the Ipswich LGA.

It is important to note that these capital gains are medians, which represent the middle point in the data. As a result, there are a significant number of properties which would have achieved more than the stated amounts above. These dwellings are typically those which are newer, higher quality and well located in terms of amenity.

"Furthermore, it is worth acknowledging that properties held for over 10 years recorded no capital losses across all three catchment regions. This is a considerable feat and one which endorses the financial benefits of investing in property over the longer term."

Median Capital Gains - Houses Resales



Source: PriceFinder & The NPR Co.

RESIDENTIAL RENTAL MARKET

HOUSE RENTAL MARKET SNAPSHOT

The chart on the right depicts the median weekly rental rate for three and four bedroom houses within Rosewood's host Postcode of 4340, as at the most recent available recording period, quarter three 2016.

The median weekly rental rate is shown to have reached \$298 per week for three bedroom houses and \$345 per week for four bedroom houses during the third quarter of 2016. Again, it is important to note, that the median provides a snapshot of the midpoint of the market and it is expected that a number of higher quality dwellings will have outperformed these results.

Whilst median weekly rental rates are yet to be made available for the fourth quarter of 2016, The NPR Co. can reveal that the average time to let rental houses in the 4340 postcode fell considerably in the final part of 2016.

"During the last quarter of 2016, it took an average of just 29 days to let a House within the 4340 postcode. This is a dramatic improvement on the results for Quarter 3 of 2016, when Houses took an average of 61 days to let."

This reduction in the average time taken to let could well be an indication of increased demand for rental properties in the local market, which may subsequently increase the likelihood of rental price growth in the shorter term.

4340 Postcode Median Weekly Rental Rates: Houses



Source: RTA

AVE. DAYS TO LET: QTR 4 2016

29

Source: PriceFinder & The NPR Co.

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