

MARKET OUTLOOK

WATERLOO

Waterloo is a growing residential market, boasting high amenity that is well located to a number of major employment centres.

- 01 Walkability & Accessibility
- 03 Infrastructure & Employment
- 04 Demographics
- 05 Residential Market Analysis
- 06 Rental Market Analysis

Prepared exclusively for
MIRVAC
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Clockwise from top: Centennial Park; Residents are well served by a range of cafes; The Grounds bakery.

LOCATION

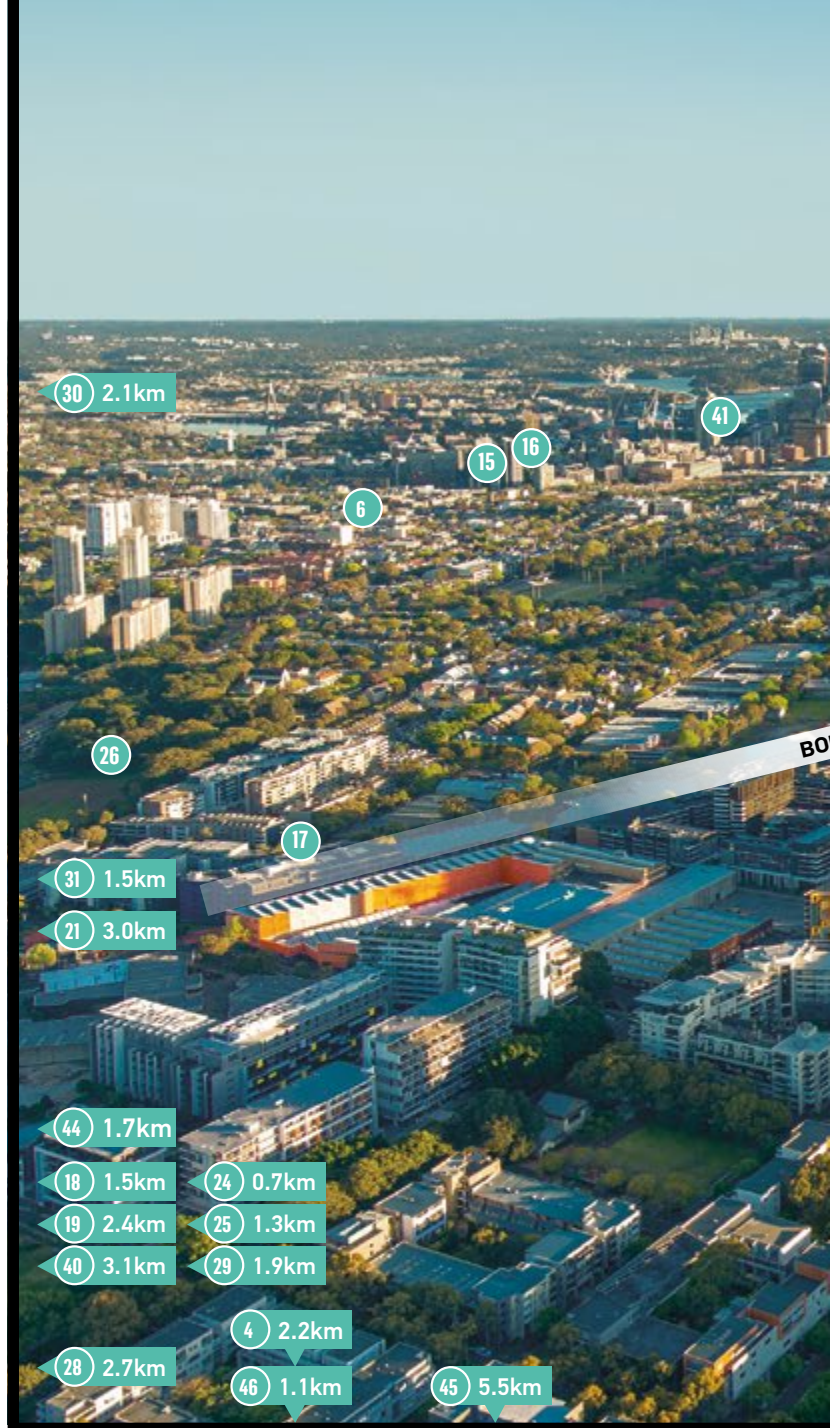
Waterloo is located approximately 3 km south of the Sydney CBD. The area has undergone significant urban renewal and is now characterised by high density residential development, creating new communities and amenity.

Waterloo is in close proximity to a number of leading schools and globally recognised universities such as the University of New South Wales and the University of Sydney (ranked 3rd and 5th in the 2017 QS Australian Universities World Rankings, respectively), which affords residents with access to high quality education.

A number of hospitals such as St Vincent's Hospital and Prince of Wales Hospital provide a large range of health facilities to a local and regional catchment as well as employment opportunities to residents.

Waterloo is well located to vibrant cultural and dining precincts such as Surry Hills, Alexandria and Newtown, which provide residents with high quality food and entertainment amenity within walking distance.

Green Square Station provides residents with direct access to the Sydney CBD and Sydney Airport as well as the Southern Sydney region. The future Waterloo Station represents major Government investment and will further improve public transport accessibility including direct access to several stations in the heart of the Sydney CBD such as Barangaroo and Martin Place.



RETAIL AND ENTERTAINMENT

- 01 East Village Shopping Centre
- 02 Surry Hills Shopping Village
- 03 Danks Street Shopping Plaza
- 04 Alexandria Homemaker Centre
- 05 The Entertainment Quarter
- 06 Broadway Shopping Centre
- 07 Westfield Sydney
- 08 Westfield Bondi Junction

EDUCATION

- 09 Sydney Boys High School
- 10 Sydney Girls High School
- 11 Sydney Grammar School
- 12 SCEGGS Darlinghurst
- 13 The University of Sydney
- 14 The University of New South Wales
- 15 University of Technology, Sydney
- 16 Sydney TAFE Ultimo
- 17 Taylors College
- 18 Alexandria Park Community School
- 19 Esrkineville Public School
- 20 Bourke Street Public School



HEALTH

- 21 Royal Prince Alfred Hospital
- 22 St Vincent's Hospital
- 23 Prince of Wales Hospital

PARKS AND RECREATION

- 24 Waterloo Park
- 25 Alexandria Park
- 26 Redfern Park
- 27 Joynton Park
- 28 Sydney Park
- 29 Erskineville Oval
- 30 Prince Alfred Park
- 31 Vice Chancellors Oval
- 32 Centennial Park
- 33 Sydney Cricket Ground
- 34 Allianz Stadium
- 35 The Australian Golf Club
- 36 Moore Park Golf Course
- 37 The Royal Botanic Garden Sydney and Domain
- 38 Moore Park

DINING PRECINCTS

- 39 Surry Hills
- 40 Newtown
- 41 Darling Harbour
- 42 Circular Quay
- 43 The Cannery

OTHER

- 44 Australian Technology Park
- 45 Sydney Airport
- 46 Green Square
- 47 Port Botany

INFRASTRUCTURE & EMPLOYMENT

Over \$23 billion in infrastructure investment to benefit Waterloo and the surrounding area.

INFRASTRUCTURE

Waterloo and the surrounding area will benefit from significant infrastructure investment over the next decade. This will improve the amenity for local residents as well as create more employment opportunities for prospective residents. Major projects include:

01 SYDNEY METRO CITY RAIL NETWORK (2024)

\$8.3 Billion

The Sydney Metro City Rail Network will extend metro rail between Chatswood and Bankstown through the Sydney CBD, connecting with the new North West Rail Link. This includes a new station at Waterloo, which will significantly improve the area's connectivity to the Sydney CBD.

02 GUNYAMA PARK AQUATIC AND RECREATION CENTRE (2019)

\$83.7 Million

Gunyama Park will include a playground, a skate bowl, barbecues, a fitness training circuit and a multipurpose sports field. The precinct will also comprise a new aquatic and recreation centre featuring multiple pools, a gym, a café and an indoor crèche.

03 THE DRYING GREEN (2019)

\$16 Million

A park comprising over 6,000 sq.m of passive open space between the Green Square Library and the Green Square Community and Cultural Precinct.

04 UNIVERSITY OF SYDNEY AND UNIVERSITY OF TECHNOLOGY, SYDNEY CITY CAMPUS REDEVELOPMENT PROGRAMS (2020)

\$3.5 Billion

Master planned redevelopment of the University of Sydney Camperdown / Darlington campus and University of Technology, Sydney City Campus to contribute to the development of an active student precinct.

05 GREEN SQUARE TOWN CENTRE DEVELOPMENT (2025)

\$540 Million

Green Square Town Centre will be a major residential, retail and cultural hub consisting of 30,500 new dwellings, 12,000 sq.m of retail floor space, and community facilities. The City of Sydney Council has committed \$540 million for community infrastructure.

06 AUSTRALIAN TECHNOLOGY PARK REDEVELOPMENT (2020)

\$1 Billion

Revitalisation of the existing technology park through the development of 93,000 sq.m of new office space with the Commonwealth Bank of Australia as a major tenant. The development will also comprise 3,000 sq.m of retail floorspace and public amenity and community space.

07 CENTRAL TO EVELEIGH URBAN RENEWAL PROGRAM (2037)

\$10 Billion

A 20 to 30 year project that aims to transform underutilised land in and around the rail corridor from Central to Macdonaldtown and Erskineville stations. Additional residential, retail and commercial floorspace will extend towards the Australian Technology Park, which will contribute to the area's rapid development.

EMPLOYMENT NODES

"Up to 142,600 new jobs within surrounding employment centres by 2041."

Employment growth is an important driver of residential demand with workers looking to live in close proximity to where they work. Waterloo is surrounded by a number of major employment centres with strong transport linkages providing residents with good access to major employment centres such as the Sydney CBD, Redfern and Randwick Education and Health Precinct.

The Australian Technology Park in Redfern is within walking distance of Waterloo and is expected to generate significant employment opportunities for local residents. The Commonwealth Bank of Australia (CBA) is relocating over 10,000 employees to the precinct. Further investment in the Sydney Metro City Rail Network, comprising a new train station at Waterloo, will also increase accessibility to the Sydney CBD and North Sydney. This will include direct access (four stops) to Barangaroo, which represents the biggest office development precinct in Sydney.

EMPLOYMENT PROJECTION: NEW JOBS 2016-2041

Precincts / Centres	New Jobs
Sydney CBD	102,300
North Sydney	11,600
University of Sydney Education and Health Precinct	4,800
Redfern/Central Sydney	10,000
Sydney Airport	4,300
Randwick Education and Health Precinct	6,600
Port Botany	3,000

Prepare by Urbis; Source Bureau of Transport and Statistics

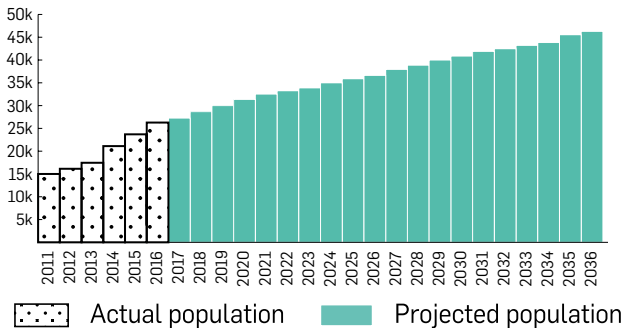
DEMOGRAPHICS

DEMOGRAPHICS

For the purpose of this profile, a study area has been defined for the assessment of population growth, demographic characteristics and the property market. The Study Area has been defined to include the adjacent suburbs of Waterloo and Zetland, which are recognised as a relatively newer residential market undergoing significant high density development. The Study Area has recorded very strong population growth of 11.3% per annum between 2011 to 2016.

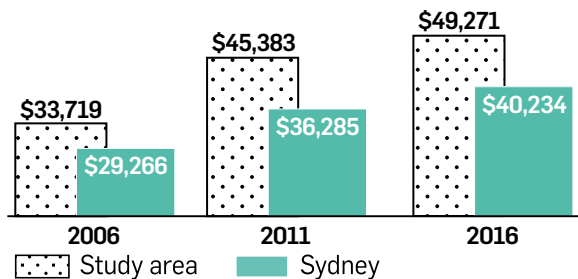
Based on data from the NSW Department of Planning and Environment, the population of the Study Area is forecast to increase by more than 23,000 people between 2016 and 2031. The forecast growth equates to an average of 1,150 new residents per year at a growth rate of 2.9% per annum, and is expected to grow faster than Sydney (1.6% per annum). The Study Area's high population growth aligns with the expected completion of new residential apartment projects during this period.

STUDY AREA POPULATION GROWTH



Source: ABS Census 2016, NSW Department of Planning and Environment

AVERAGE PER CAPITA INCOME



Source: ABS Census 2016

The Study Area recorded a high proportion of Generation Y residents in 2016, equating to 60% of residents. This was well above the Metropolitan Sydney average of 31% and reflects the employment opportunities and amenity offered by the location. Conversely, the Study Area recorded a relatively lower proportion of Baby Boomer residents, accounting for 13% of residents.

WHO LIVES IN THE WATERLOO STUDY AREA?

	Waterloo	Sydney
Average Age of Residents	33.4	36.8
Born Overseas	63%	39%
Born in China	23%	5%
Couple Family with No Children	62%	34%
Average Household Size	2.1	2.8
Employed in White Collar Jobs	86%	75%
Bachelor Degree or Higher	40%	28%
Renters	72%	36%
Average per Capita Income	\$49,271	\$40,234

Prepared by Urbis; Source ABS Census 2016

The Study Area has a significant white collar labour force, comprising 86% of employed residents, which is well above the Sydney average (75%). This includes a high proportion of managers and professionals, accounting for 55% of workers. This reflects the number of major employment centres located in close proximity to the Study Area. This is supported by a high proportion of residents in the Study Area that have a tertiary qualification with 40% having a bachelor degree or higher. The relocation of 10,000 CBA employees to the Australian Technology Park in the adjacent suburb of Redfern has the potential to increase the resident professional labour force. The Study Area is very multicultural with over half of residents born overseas. This is above the Sydney average and includes 23% of residents from China.

The average household size of 2.1 persons per household in the Study Area is much lower than the Sydney average (2.8), and is indicative of the high proportion of couple families with no children (62%) living in the area.

The Study Area's well-educated and professional workforce is reflected by an average per capita income of \$49,271, which is 23% above the Sydney average. Recent large scale redevelopment of the Study Area has attracted an increasingly affluent white collar resident population, which represents a key demand driver for housing.

RESIDENTIAL MARKET ANALYSIS

Waterloo is an emerging residential market, strategically located adjacent to the Sydney CBD.

SYDNEY OVERVIEW

Sydney is Australia's Global City and is internationally recognised as an important financial and economic hub. Over 40% of Australia's top 500 companies have their head office in New South Wales with over 90% of international banks, 60% of information and communications technology companies and 50% of professional service firms headquartered in Sydney.

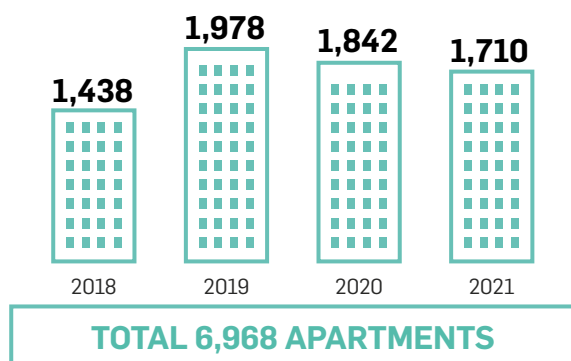
According to APM Pricefinder, Sydney has recorded average annual apartment price growth of 8.2% over the past five years. This has been well above both the Melbourne (2.8%) and Brisbane (1.6%) averages.

Sydney offers its residents with excellent economic and lifestyle opportunities, making it one of the most liveable cities in the world (10th in the world and 8th in Oceania for its infrastructure, according to the Mercer 2017 Quality of Living Survey). Sydney Harbour, world renowned beaches and open space provide excellent amenity to residents.

Sydney is a leading education provider. The University of Sydney and the University of New South Wales, ranked 3rd and 5th in Australia, respectively, attract students from around the world.

The trend towards higher density living in Sydney is continuing to grow as residents seek opportunities to locate in close proximity to the city's wide range of amenity and enjoy its unique lifestyle. In particular, inner ring areas such as Waterloo are undergoing significant development, and apartment buyers are looking to capitalise on this new infrastructure and amenity.

FUTURE POTENTIAL APARTMENT DEVELOPMENT IN WATERLOO STUDY AREA



Prepared by Urbis; Source Cordell Connect

WATERLOO APARTMENT MARKET

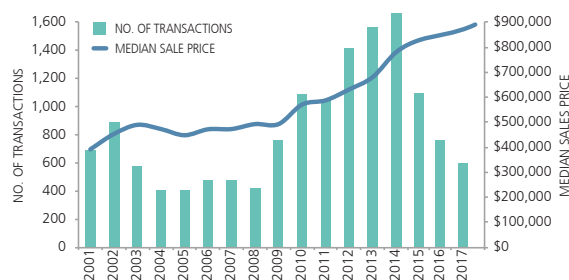
During 2017, the Study Area recorded a median apartment price of \$899,250 based on 536 settled transactions (excluding recent off-the-plan sales that have not settled).

Apartment product within the Study Area has historically shown consistent price growth recording a 10-year median price increase of 5.7% per annum. The increase in the median apartment price over the last five years has been higher with an average annual price growth of 6.1%.

The locational attributes of the Study Area have generated significant interest from developers. Data compiled by Cordell Connect as of February 2018 indicates that there are an estimated 6,968 apartments proposed to be completed in the Study Area over the next five years.

Looking ahead, the Study Area is anticipated to continue to evolve with residential apartment developments to enter the market as well as increased investment in state and local infrastructure projects that is expected to further enhance the amenity and accessibility for existing and new residents.

STUDY AREA APARTMENT SALES CYCLE



Source: APM Pricefinder ; Urbis

5 YEAR MEDIAN PRICE GROWTH

	Waterloo	Sydney
House	14.2%	11.0%
Unit	6.1%	8.2%

Source: APM Pricefinder ; Urbis

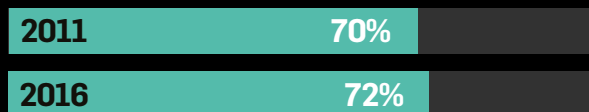
RENTAL MARKET ANALYSIS

The Study Area is achieving strong rents in line with Sydney rents.

In June 2007, the median weekly rent for a 2-bedroom unit within the Study Area was \$490 per week. This has increased to \$780 in June 2017, equating to a 10-year median rental increase of 5.9% per annum.

As at September 2017, APM Pricerfinder estimated that Waterloo had a gross unit rental yield of 4.1%. This was above the Metropolitan Sydney average of 3.8% and reflects the attractiveness of Waterloo for renters.


RENTING HOUSEHOLDS – STUDY AREA



Source: APM Pricerfinder ; Urbis


The median rents in the Study Area are significantly higher than Sydney and achieved a 17% rental premium over Sydney for 1 bedroom units and an impressive 42% premium over 2 bedroom units in June 2017. This highlights the value attached to location, lifestyle and quality by renters in the Study Area.

2017 RENTAL PREMIUM

	Waterloo	Sydney	Rental Premium Over Sydney
 1 Bed unit	\$585	\$500	17%
 2 Bed unit	\$780	\$550	42%

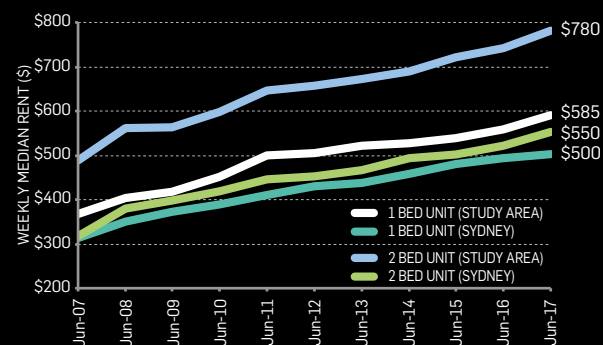
Source: Housing NSW, Realestate.com.au, Urbis

2017 RENTAL YIELD - UNITS

	Waterloo	Metro Sydney	Zetland
 Rental Yield	4.1%	3.8%	4.0%

Prepared by Urbis; Source PriceFinder

MEDIAN UNIT RENTAL GROWTH



Source: Housing NSW

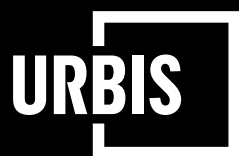
SUMMARY

Urbis has investigated the trends that will deliver a sustainable region comprising sustained and confident growth now and into the future. This involves recognising the key fundamentals that investors should seek in order to secure returns, as well as identifying regions that will be the most desirable to live, work and play. Urbis has concluded that the most desirable locations will be those that accommodate "P.I.E" – Population, Investment and Employment.

P Population Growth: The Waterloo Study Area has recorded average annual population growth of 8.6% from 2011-2016 and a resident population that is more affluent than the Sydney average. This is reflected by the 5 year unit price growth of 6.1% per annum and two bedroom unit average rental growth of 5.9% during the last decade.

I Investment & Infrastructure: Locations within proximity to significant public and private investment are prime areas for residential development and growth, especially when they coexist within convenient transport infrastructure. Waterloo boasts strong public transport and amenity, which will significantly improve as a result of the proposed Waterloo Train Station as part of the \$8.3 billion Sydney Metro City Rail Network. In addition, there are other projects that will improve resident amenity in the area.

E Employment Opportunities: Proximity to employment nodes and centres is an essential fundamental for residential growth. New jobs lead to new residents as people seek to minimise travel times and improve work/life balance. Waterloo is strategically located in close proximity to growing employment centres including the Sydney CBD, Australian Technology Park, North Sydney CBD, Barangaroo, and Sydney Airport with the Sydney Metro City Rail Network anticipated to significantly improve this accessibility.



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