

If you've been thinking of making a Melbourne apartment investment here is some critical information...

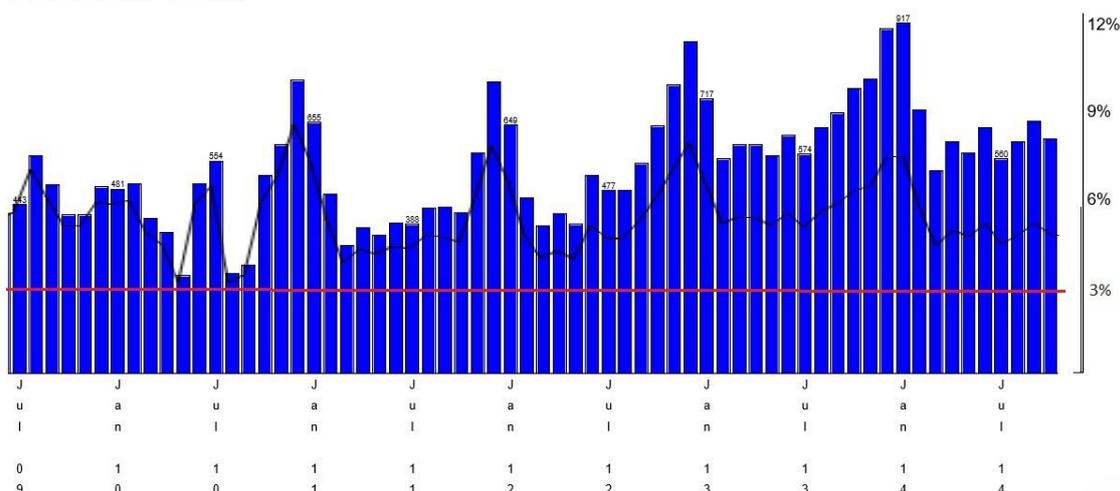
Dear Investor,

For the **past decade** we have recommended that our clients and investors stay **AWAY** from investing in the Melbourne CBD. (City Centre: Postcode 3000)

And here was the fundamental reason why:

Residential Vacancy Rates

Postcode 3000



(The black line is the vacancy rate, the blue bar charts are the number of flats available to rent)

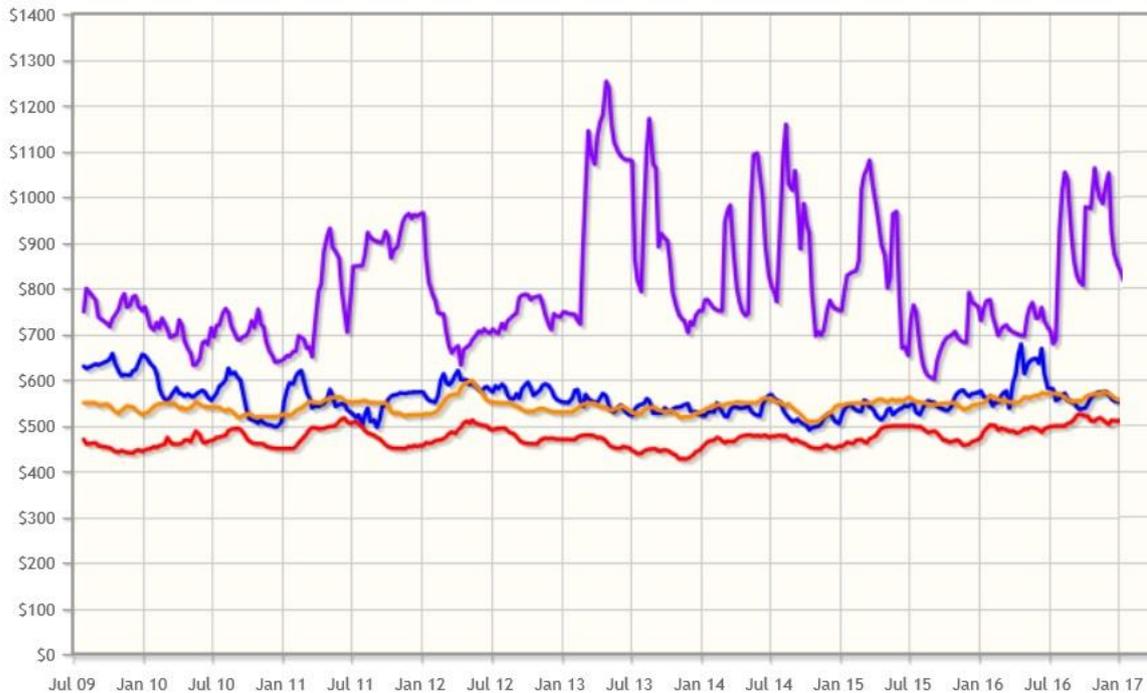
As can be seen above, the Melbourne CBD rental vacancy rate has remained **above** 3% for a long time, as supply flooded the market, and for many years even **exceeded 6%**.

We like to see rental vacancy rates **BELOW 4%** before we can recommend an investment.

So this **oversupply of rental apartments** in the city centre for **years and years** meant it was hard to find tenants, and that meant rents did **NOT rise** for a decade.

Weekly Rents

Postcode 3000



(The ■ is asking rent for all apartments, the ■ is asking rent for 2 bedroom apartments)

Imagine that? NO rent increases for a decade! Can you see now **WHY** we did not recommend the Melbourne CBD for investment?

More shortly on how that situation **has now REVERSED** completely.

WHAT ABOUT PRICES?

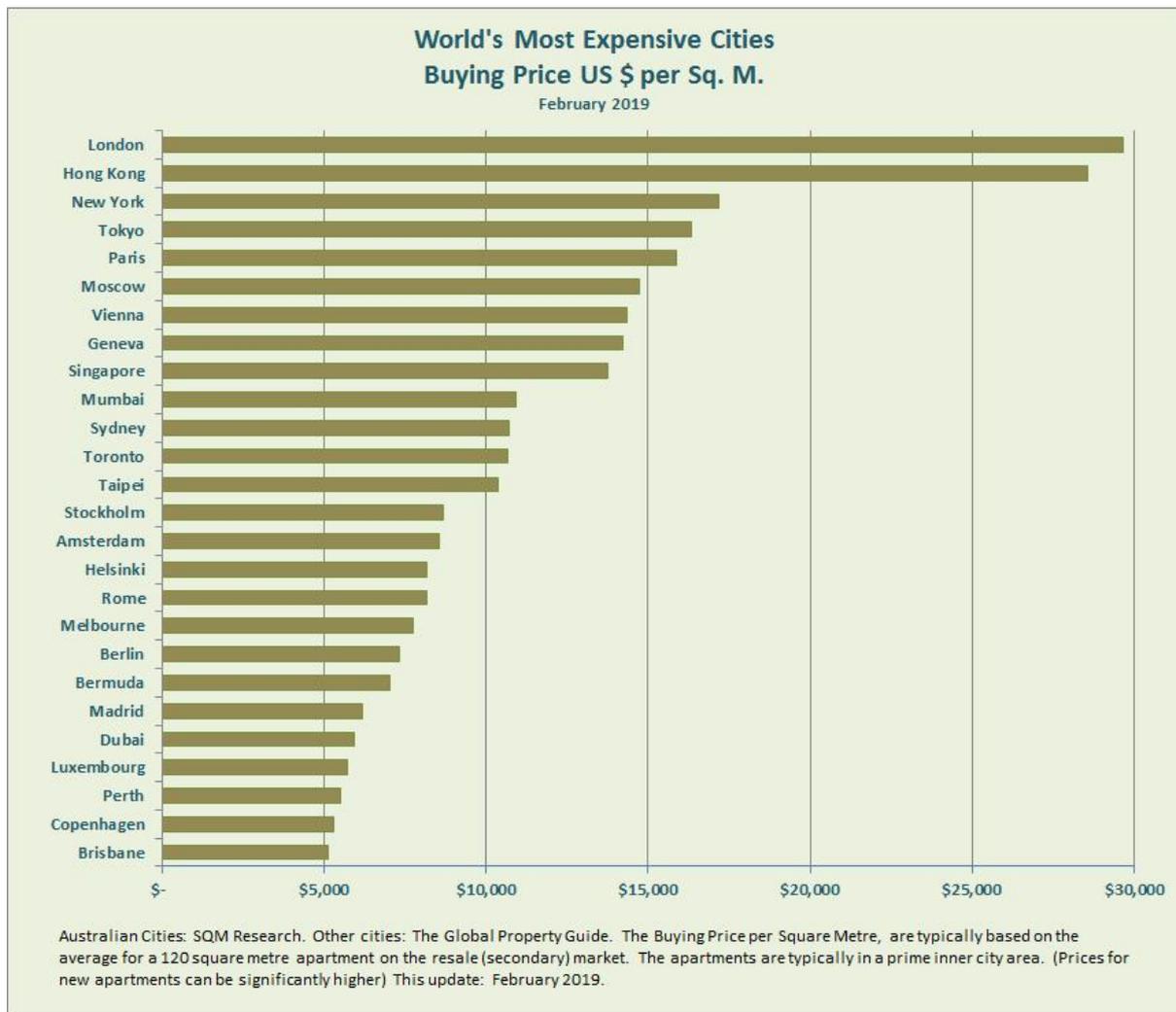
Right now (as at 25 June 2019) Melbourne is **much cheaper** than the Sydney CBD.

In fact, Sydney apartment prices in the CBD are a **whopping 150% higher** than those in Melbourne's CBD!*

That's right: **MORE than double**: So a flat in Melbourne that costs \$600,000 would be \$1.5 million in Sydney. That means there could be some substantial upside in the years to come in Melbourne, as forecasters predict Melbourne will be a bigger city in the not too distant future than Sydney.

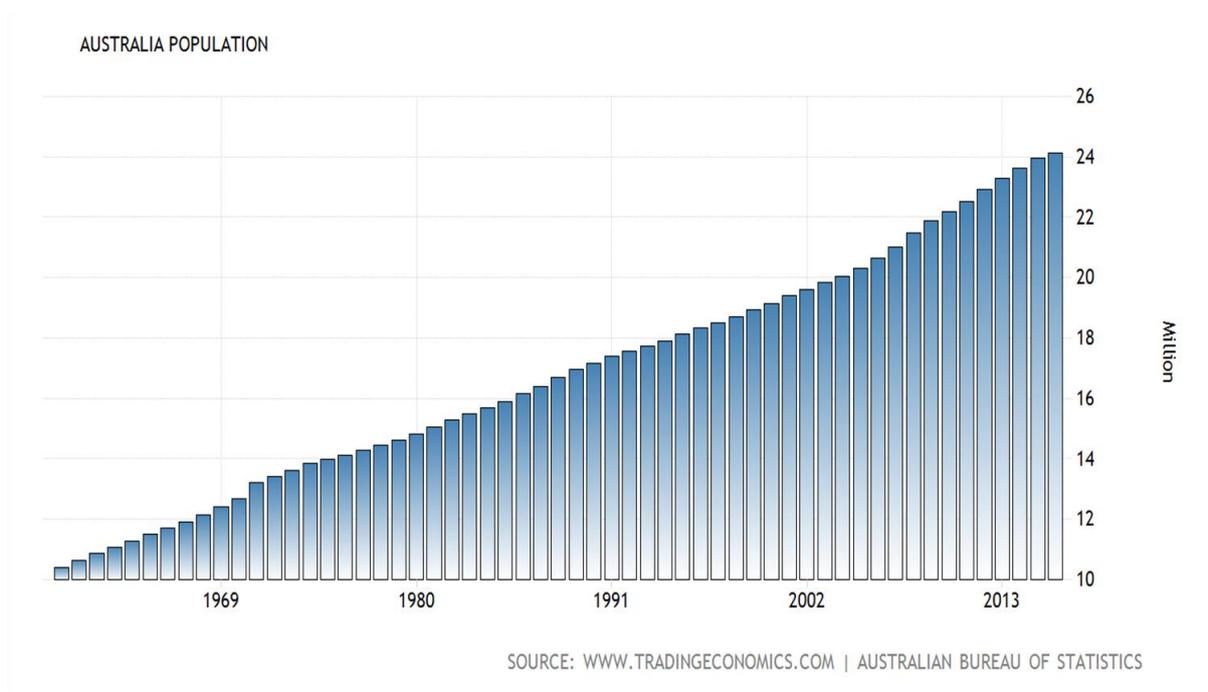
Even with 24,000 apartments completing over the past three years, Melbourne City Centre CBD vacancy rate stands at just 2.2% right now! (June 2019)

And on a sq. metre rate compared to *all the world's major cities*, Melbourne is still affordable sitting in the bottom half of world prices for apartments:



SO, HERE IS SOMETHING ELSE TO CONSIDER:

The ABS (Australian Bureau of Statistics) says that projected population growth will push Australia's population to **DOUBLE** what it is currently, and that **up to 20 million new migrants** are coming.



WHAT ABOUT THE HUGE OVERSUPPLY WE HAVE HEARD ABOUT?

Well, there are many reasons to believe the oversupply is over, and one of the key reasons can be seen below.

You MUST study and understand this chart before you make an investment:

Inner Melbourne Supply Pipeline



Source: JLL Research, as at 1Q19

*Projects over 50 apartments are included

This pretty much explains it all, and **practically predicts the future.**

IN SUMMARY:

2016-2018: Some 24,000 apartments completed in the CBD, averaging 8,000 a year.**

2019-2021: Around 8,000 (average 6,000 per year) under construction and due for completion in the years shown.

BUT going forward NO completions likely in the foreseeable future.

Let us reiterate: There is NOTHING currently under construction likely to complete from 2022 onwards.

(Sure, there are plenty APPROVED, but very few under marketing now.)

Therefore our reading of this is:

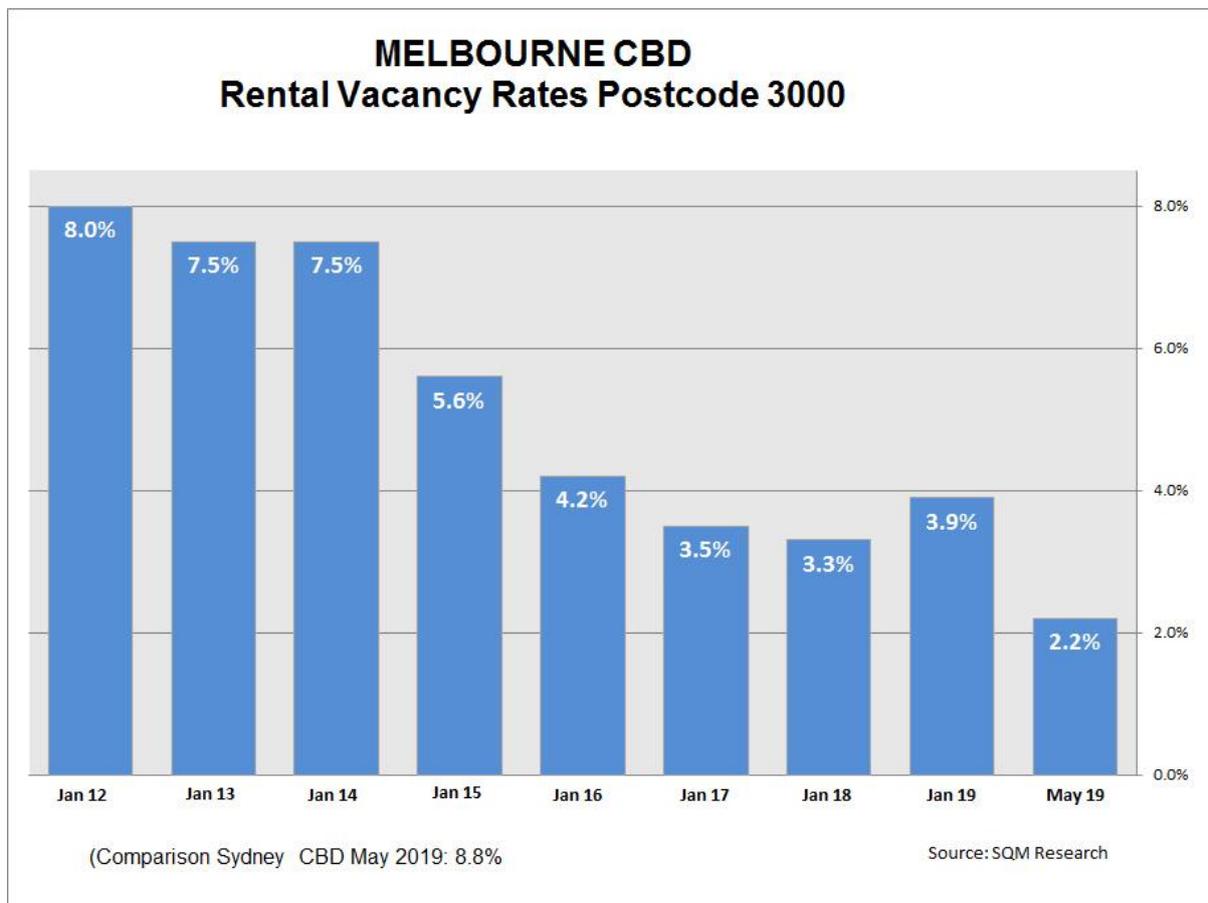
The likelihood of these under APPROVAL status and suddenly going to marketing, getting enough presales to qualify for building status, **and then** actually getting built, between 2022 to at least 2024 or 2025 is remote at best.

WHAT IS THE CURRENT RENTAL VACANCY RATE?

This brings us to where we started. For the past decade the vacancy rate was simply too high to even think of investing as we have seen above. But this has **completely reversed** in the last few years due to:

- **Changing planning** laws in the city centre, restricting super high rise towers, lowering heights, and thus restricting towers,
- **Non-stop** rising population, both natural but particularly from
- **More** immigrants,
- The “**better apartments**” policy, leading to less lower quality, smaller apartments flooding the market,
- **Falling supply as seen above** due to many reasons, but mostly bank restrictions on lending to buyers as well as to developers.

Even with 24,000 apartments completing over the past three years, due to inner city demand, and the shortage of supply, Melbourne City Centre CBD vacancy rate **stands at just 2.2% right now!** (June 2019)



And there remains huge and growing demand from residents, foreign buyers, owner occupiers, investors, migrants and students both to **RENT** and to **OWN**.

HOW ARE RENTS DOING?

More good news for the Melbourne CBD! Rents have risen over the past years (to 20 June 2019) a whopping 19.3%! (3 times more than that seen in Sydney over the same time period)

And the past 12 months alone have seen **an 8.5% increase, WITH MORE TO COME.**

Simply a function of supply and demand.

WHY DO WE LOVE OUR NEW LONSDALE STREET TOWER?

The facilities will attract tenants - there are several levels of high class resident's facilities for entertaining or relaxing with a wine and book. In addition there is a kitchen, BBQ and pool, and a dining room.

Everything is perfect for inner-city living!

Trains and trams on your doorstep - you or your tenants will save petrol, parking fees and hassle by being able to easily walk to all transport. In just minutes!

The contemporary kitchen, and modern bathroom styling is another attractive feature to tenants.

Rents to rise - with the location and shortage of property coming up, we fully expect rents to continue to increase over the next two to five years, greatly increasing your rental yield and Investment returns.

Bay windows are a rare and attractive feature -- all apartments feature desirable bay windows. The curves that form the iconic design of the stunning 65 level tower provide every apartment with a unique experience from the resulting bay window, an idea that maximises the floor space and allows you to surround yourself with the majestic cityscape views. The design means that each apartment delivers a unique experience from the varied bay windows. This is very appealing and rare for inner city Melbourne!

And finally, just consider:

- Only 10% initial deposit.
- No progressive payments **and no other payments** needed until 2020, ideally just in time to benefit from the looming shortage!
- Freehold title.
- Full rental management services available. No rent guarantee required, due to the demand and shortage as shown above.
- Up to 70% of valuation financing at currently 4.99% to 5.99% interest rates, depending upon your country of residence.

- Established developers with over 20 successful projects completed.

The apartments, like most in our Australian cities these days, have been designed to cater to the needs and prices of the inner-city residents, meaning they are not necessarily huge, but are **well designed**, well priced, with great quality, and in a superb city location meaning affordable inner-city living is available right now in the best part of the Melbourne CBD!

For rental potential, many of these apartments are outstanding.

We urge you not to wait, but to seriously consider the benefits and amenities and location.

This will be one of the last ones completing in 2020-2021, and most importantly one of the last to be seen in the CBD for possibly a few years.

And in Lonsdale Street! What a great address!!

We look forward to being of service and please feel free to contact us with any questions you may have.

Yours sincerely

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*SQM Research data for all apartments' asking prices (secondary sale) postcode 2000 and postcode 3000.

PS: Read our detailed report "*10 Reasons Not to Sell in The Melbourne CBD Right Now*" which can be downloaded here:

www.citylifeprojects.net/10-reasons.php