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10 October 2013

Holdmark Property Group  
2/2-4 Giffnock Avenue  
Macquarie Park NSW 2113

ATTENTION: Adam Fahim

Dear Adam,

RE: Shepherds Bay, Meadowbank

We confirm our earlier advice regarding current market demand for various product types within the local Shepherds Bay area.

CBRE specialise in the marketing and sale of off-the-plan medium density developments on Sydney's North West district and our Directors have been responsible for the successful sell down campaigns of numerous projects within the local Shepherds Bay / Meadowbank area over the past five year period.

Our analysis and experience of target market demands & drivers for new apartments in this location clearly establishes very high demand for one bedroom, one bedroom + study and two bedroom apartments.

The target market in this area is driven by a younger demographic; mainly young professionals, many of whom will be First Home Buyers and investors looking for affordable one and two bedroom apartments.

Given the recent government introduction of increased incentives to First Home Buyers to purchase new homes, CBRE has experienced a significant increase in demand from this market segment seeking new apartments up to \$650,000. This forms a large segment of market.

There will be little demand for small studio apartments (i.e. sub 50m<sup>2</sup>) without parking as they prove very difficult to finance due to mortgage insurance restrictions.

There will also be minimal demand for three bedroom apartments as empty nesters generally seek smaller boutique buildings in less built up areas or have bespoke requirements, satisfied by individual negotiation involving amalgamation of strata units.

We therefore strongly believe that studio and three bedroom apartments will be extremely difficult to sell within this local market.

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Further, the ideal net internal areas for the various product types are as follows;

1 Bedrooms	50 to 55m <sup>2</sup> net internal
2 Bedrooms	70 to 80m <sup>2</sup> net internal


Our local experience shows that the above sizes are the most desired by our target market, as this will reflect in the price points when taken to the market.

Larger one and two bedroom apartments will not be in demand as they will generally be too expensive for the target market in this locality.

Notwithstanding the above; the current apartment design and net internal areas allows for flexibility in apartment amalgamation should there be demand from local market for a small percentage of larger apartments.

Please feel free to contact me directly should you wish to discuss this in further details.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Milton', written in a cursive style.

David Milton  
Managing Director