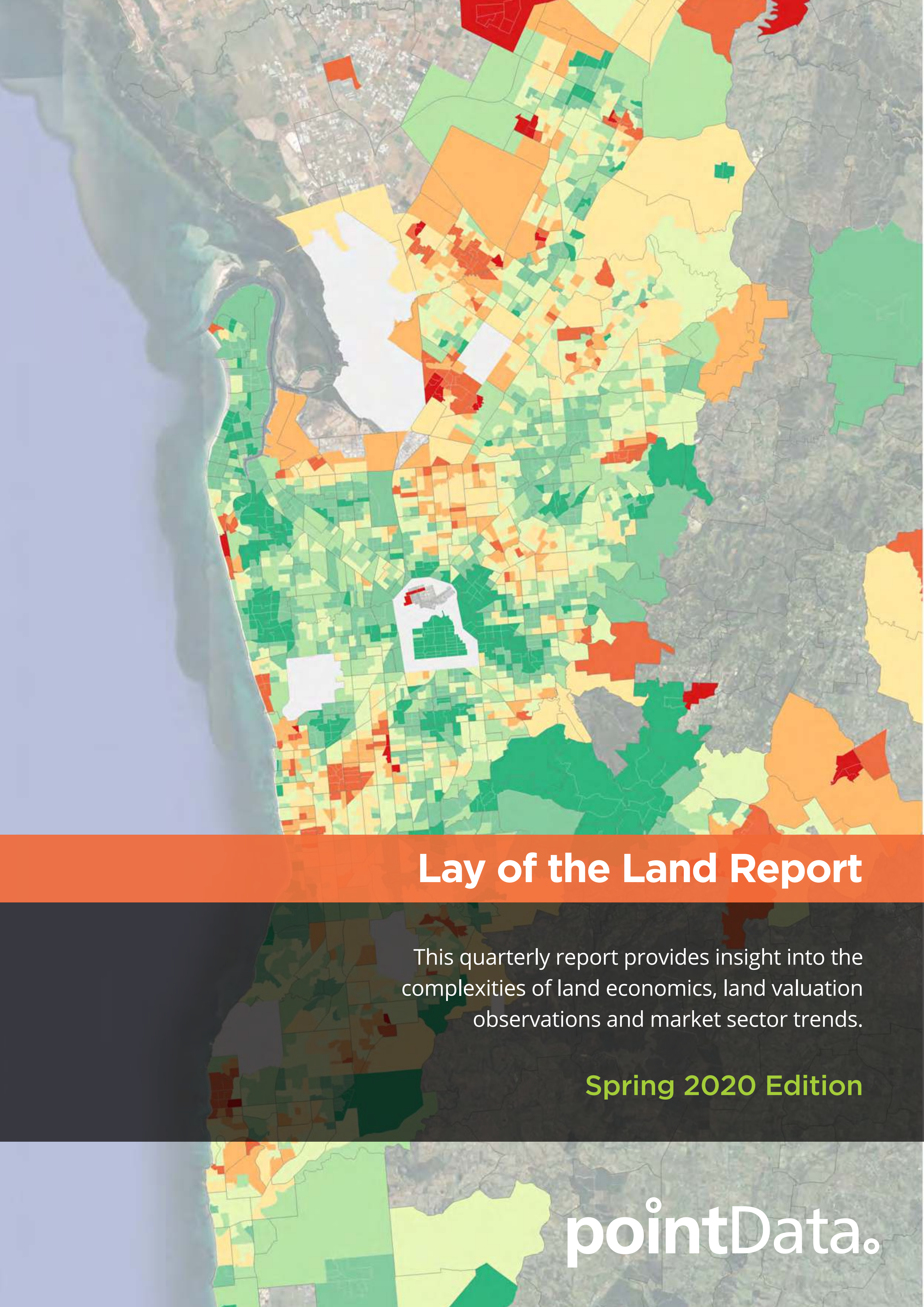


Lay of the Land Report

This quarterly report provides insight into the complexities of land economics, land valuation observations and market sector trends.

Spring 2020 Edition

pointData

CONTENTS

- This report is based on data and activity collected before and during the COVID-19 global pandemic. While there has been speculation about the impacts of the associated economic downturn on property markets, the full impacts of the pandemic are still emerging. PointData will continue to monitor sales activity and will report on market changes as they become evident.

Spring marks the traditional beginning to the peak season for Real Estate, but 2020, as we have heard so many times, is a year like no other. The Adelaide market is showing greater resilience than other capital cities so what does that mean for the local housing market? What has happened over the past few months and what does the future hold?

VALERI

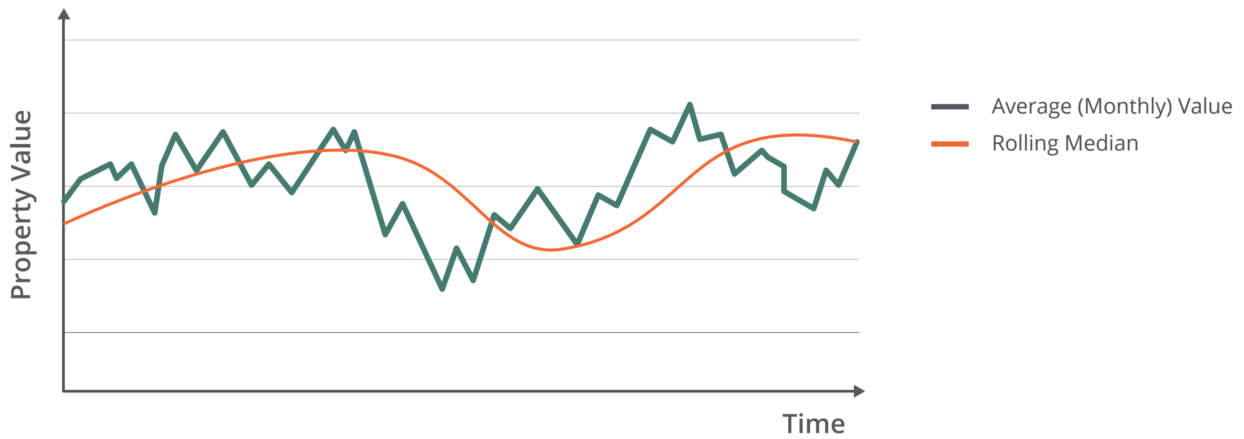
Valeri is PointData's very own artificial intelligence powered Automated Valuation Model (AVM) that draws on city specific data sets, including sales data and unique proprietary layers to learn patterns and accurately predict land and property values and market trends. Valeri, combined with PointData's analytical expertise and local knowledge can help you identify opportunities in the Adelaide Real Estate market.

HOW DO WE CALCULATE PROPERTY PRICE TRENDS?

Property price trends are calculated applying rolling medians for a given period and region to smooth out short-term fluctuations and highlight longer-term trends or cycles. Rolling medians and averages are commonly used to predict trends in property and share markets.

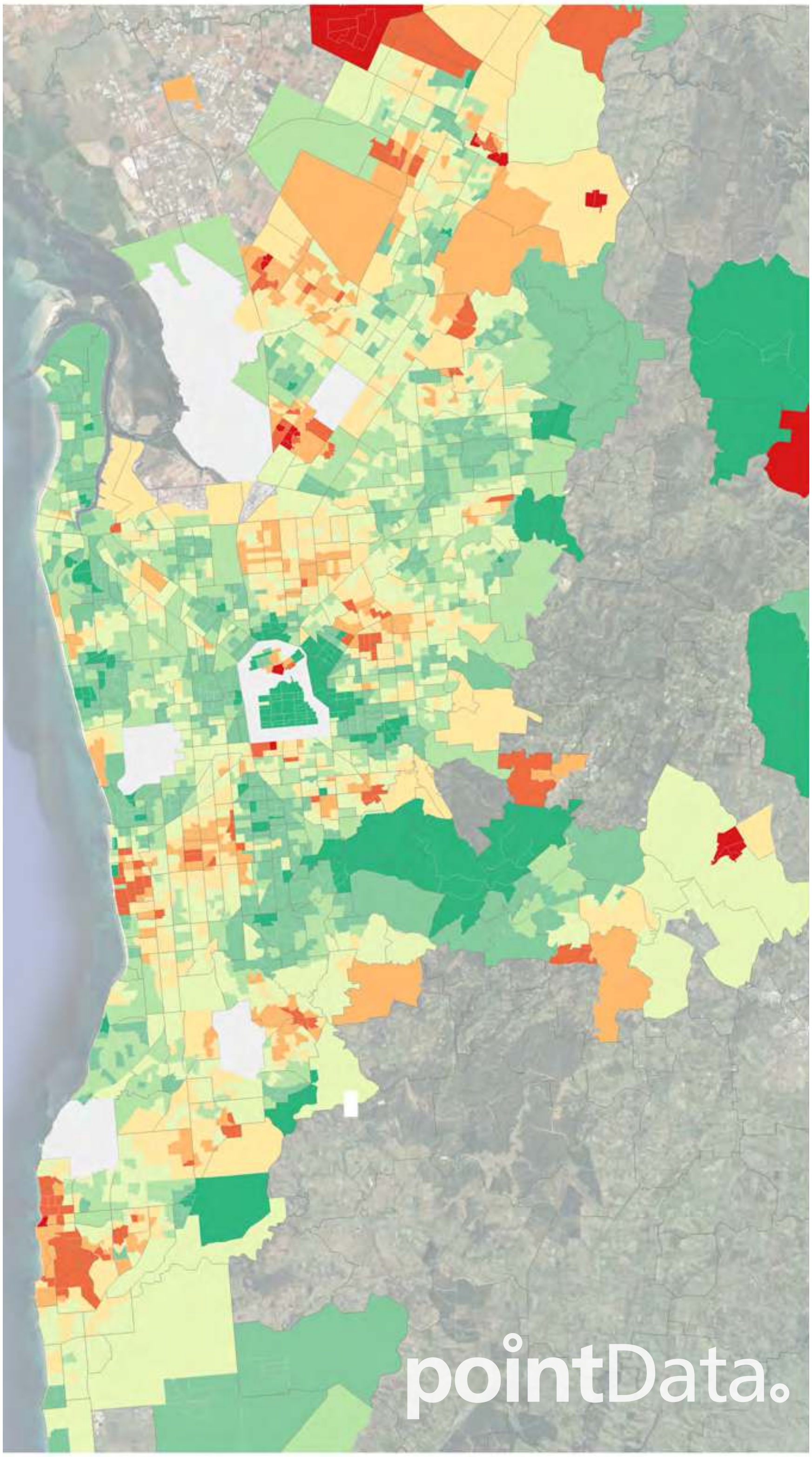
The data presented in this report focuses only on house prices, excluding units and apartments. However, houses come in a range of shapes and styles and on land parcels large and small. We present the average pricing and trends for small areas as indicators of the local market activity in the region.

This indicative graph shows a relationship between volatile month-to-month data and the smoother rolling median curve.



For a 3-month rolling median to September 2020, PointData calculate the average of the three, 12-month periods to July, August and September 2020, for the subject SA1 region. PointData also applies our unique Dynamic Neighbourhood Scaling process to grow the area of influence surrounding each property irrespective of arbitrary boundary or suburb constraints. This ensures the model draws on a statistically significant sample of comparable sales while keeping the subject SA1 at the centre of the sample area.

PROPERTY PRICE TRENDS



-5% or lower
-5% to -2.5%
-2.5% to -1.25%
-1.25% to 0%
0% to +1.25%
+1.25% to +2.5%
+2.5% to +5%
+5% plus
Suburb Boundary

6 MONTHS TO SEPTEMBER AVERAGED BY SA1

The 6-month price trend to September 2020 is calculated as per the definition under Property Price Trends on the previous page. PointData has reviewed sales data between June and September 2020 to provide a precise picture of the state of the Adelaide property market.

Real Estate markets around the country have generally shown signs of recovery, coinciding with the easing of restrictions relating to COVID-19, though prices in the major cities of the eastern seaboard are still trending downward. (Harling, News, 2020) An upward trend is evident in PointData's price trend analysis for Adelaide, showing extensive coverage of rising property prices (green areas) across the metropolitan area over the past 6 months.

See next page for *Our Insights*.

PROPERTY PRICE TRENDS

Our Insights:

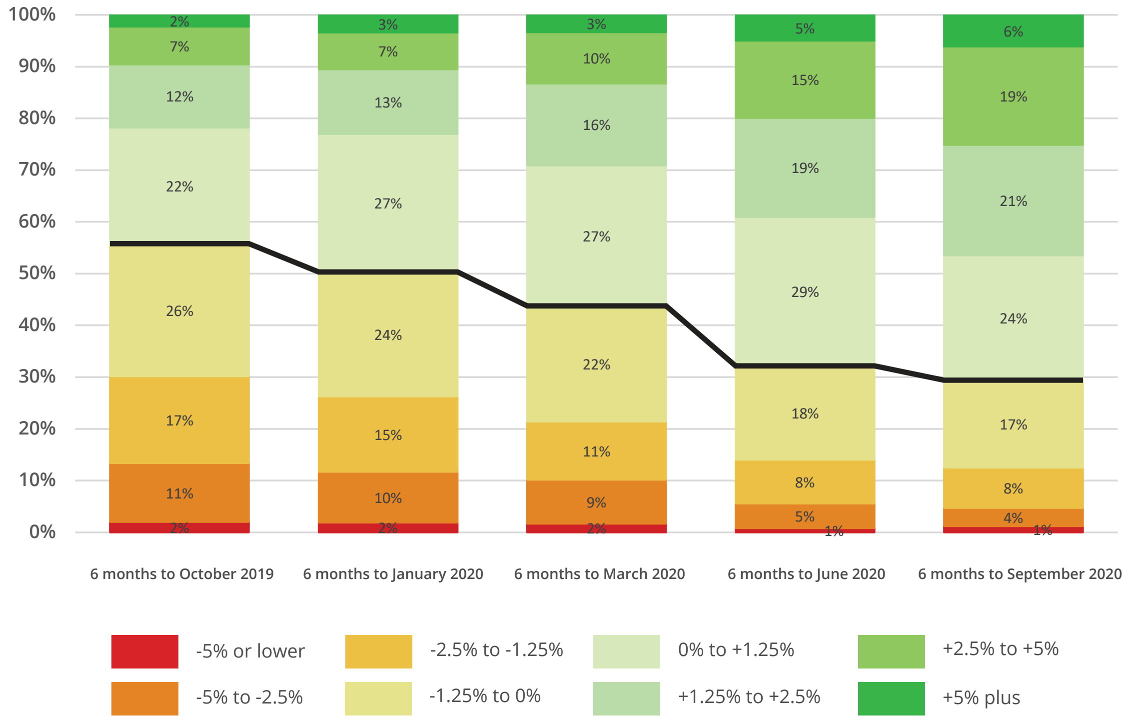
Compared to the 6-month price trend map to June 2020 (see Lay of the Land Winter edition), the latest price trends generated from PointData's Automated Valuation Model, Valeri, reflect a wide-spread upward trend in real estate values across the Adelaide metropolitan area. Most notable in the 6-months to September map is widespread areas of rising property prices (green), while areas which have recorded falls in value over the last 6 months are showing improvement compared to the 6-months to June, reported in our Winter edition. This means that broadly speaking, real estate prices in Adelaide are improving. Strong growth has been recorded in the city and the inner eastern suburbs, from Dulwich north to Walkerville; to Portrush Road. The LeFevre peninsula indicates widespread growth, reversing declines in values seen in the previous period across the northern half of the peninsula.

Areas such as Noarlunga and Christies Beach continue to fall in property value. These areas also demonstrate a high housing risk exposure (see Housing Risk Analysis section); this is determined using a combination of high relative cost of housing, low rates of outright ownership and increasing rates of unemployment, placing downward pressure on property values in the area.

Adelaide continues to buck the trend of a predicted fall in property prices across the housing market as a result of the Coronavirus global pandemic. For more on the impacts (or lack thereof) from COVID-19, see the Sales Activity Comparison and Covid-19 Impacts section.

PROPERTY PRICE TRENDS

PROPORTION OF ADELAIDE PROPERTIES 6 MONTH PRICE TRENDS



Our Insights:

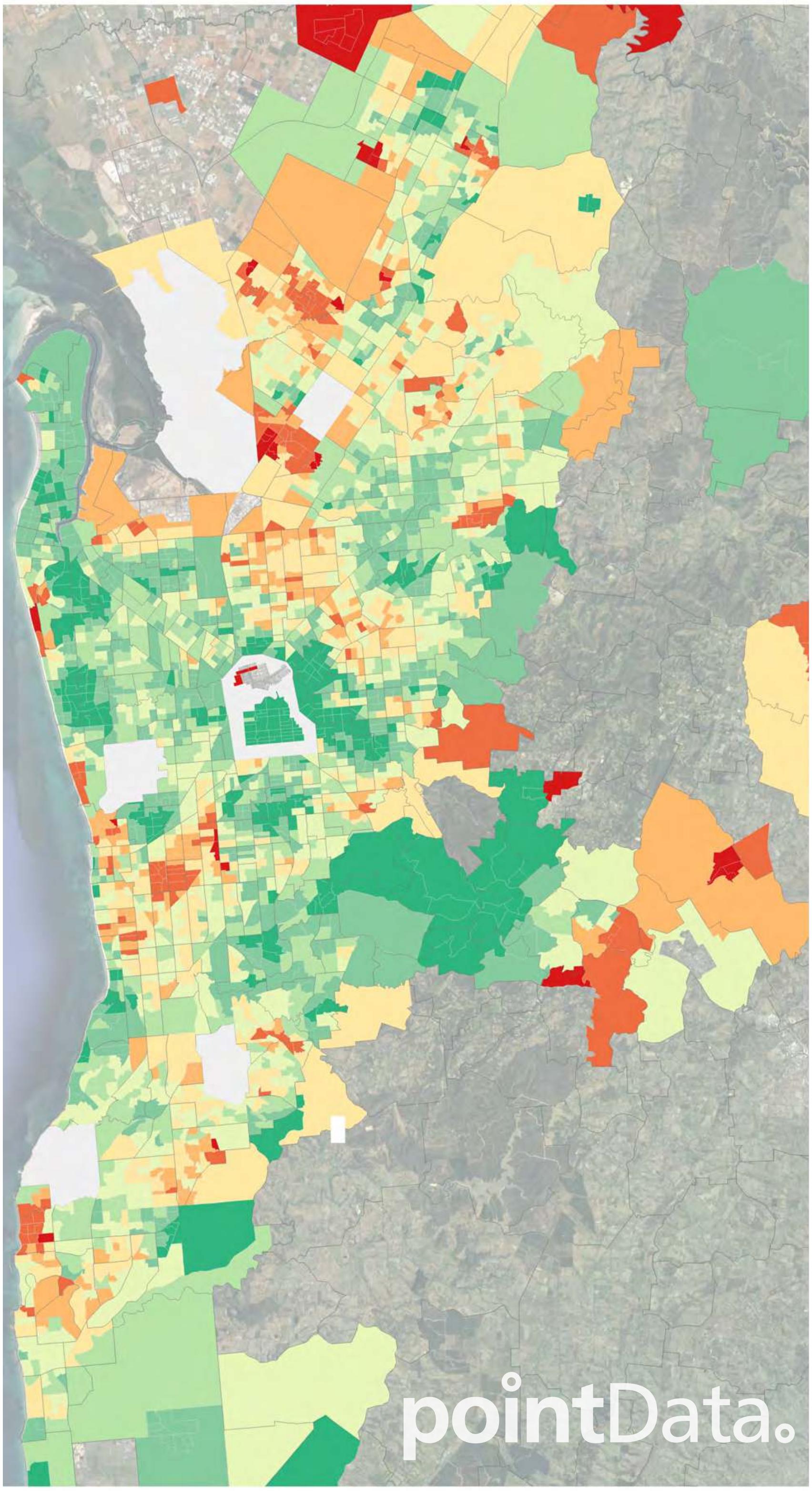
TThe graph shows a summary of 6-month price trends by SA1 across metropolitan Adelaide for the periods to October 2019, January, March, June and September 2020. The black line on the graph shows the neutral position with locations (SA1 statistical areas) with average growth above the line, and those in decline below the line. Our analysis shows that the Adelaide market has experienced more than a year of growth, with each period showing an increase in the proportion of properties above the line.

The Winter edition of Lay of the Land showed that the 6-months to October 2019 period was the low point of a pricing cycle. Since then, each period has shown an increasing proportion of locations exhibiting an increase in property values. The graph above shows that in the 6-months to September 2020, PointData estimates 70% of locations in metropolitan Adelaide experienced an average property value increase.

As PointData's AI system continues to learn, property price patterns will emerge over time that may be matched to seasonal variations, impacts by state and council planning policies, global and national financial markets, changes in population and job numbers as well as infrastructure and local investment.

For more detailed analysis of Adelaide's metropolitan property market please contact PointData at admin@pointdata.com.au or call us on +61 8 8227 0376.

PROPERTY PRICE TRENDS



-5% or lower

-5% to -2.5%

-2.5% to -1.25%

-1.25% to 0%

0% to +1.25%

+1.25% to +2.5%

+2.5% to +5%

+5% plus

Suburb Boundary

3 MONTHS TO SEPTEMBER AVERAGED BY SA1

The map shows price trends for the 3-months to September 2020, calculated using the process outlined in the Property Price Trends section. As is often the case, the 3-month trend map shows more volatility, this is due to a smaller volume of new sales data on which to base projections. This means that while both 3 and 6 month maps show rising property values, the 3-month trends map shows more regions at either end of the property price rise and fall spectrum. PointData is unable to provide a trend in locations, such as North Adelaide, where there is insufficient recent sales data.

Our Insights:

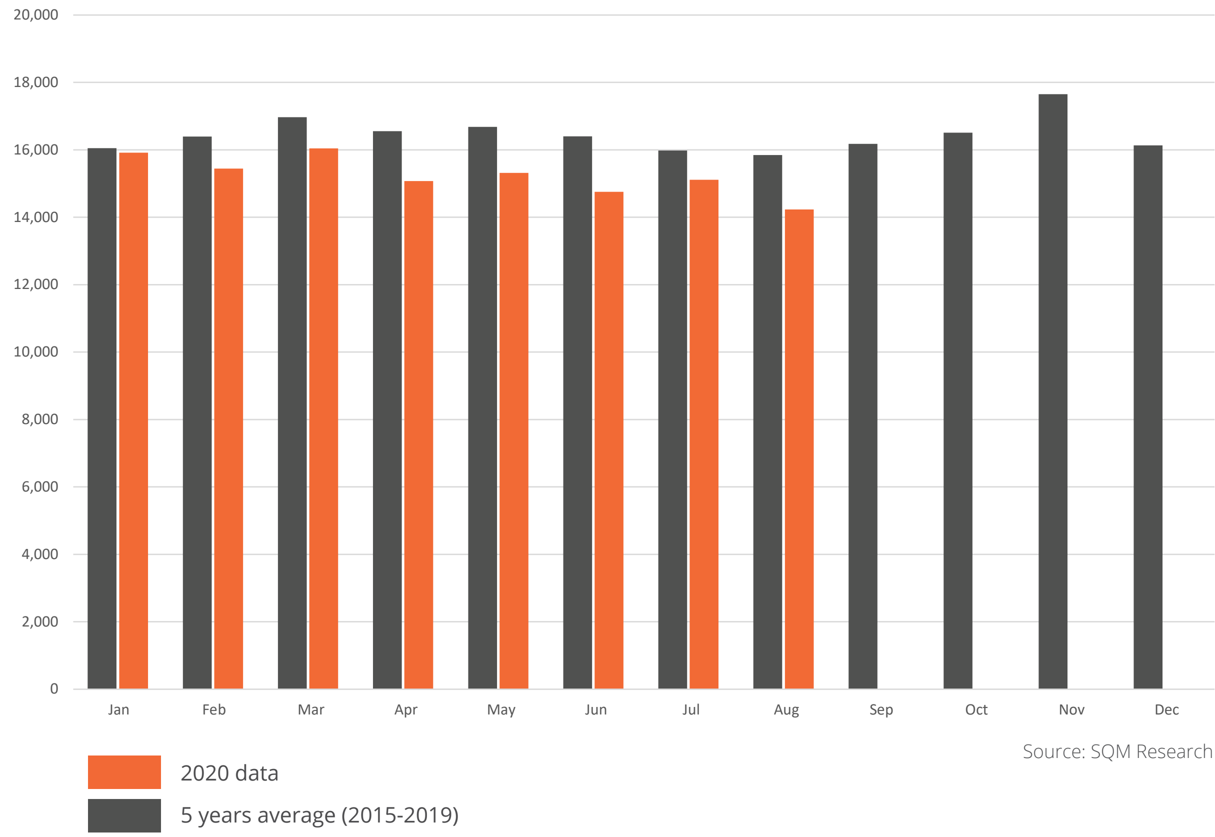
The map image shows rising price trends across the vast majority of the metropolitan area, with localised patches of red, notably at Morphettville and Ascot Park, Christies Beach in the south and Mawson Lakes, Salisbury North and growth areas around Gawler in the north.

The map shows more regions of steady and falling values in the northern areas than other parts of Adelaide. There is also a significant pocket of steady to falling price locations including Blair Athol, Enfield, Clearview, Lightsview, Northgate and parts of Broadview and Northfield. Both the 3-month and 6-month trends indicate a range of 0% to -2.5%.

Unlike previous versions, a comparison of the 3-month and 6-month trends does not indicate price growth in one map with losses in the other. This is further indication of a general upward growth trend across the entire metropolitan area. Those regions that indicate falling values could be associated with impacts including an oversupply in new subdivisions, or large-scale developments where land values have not increased fast enough to keep pace with depreciation of the built asset.

SALES ACTIVITY COMPARISON AND COVID-19 IMPACTS

TOTAL ACTIVE LISTINGS PER MONTH (ADELAIDE METRO)



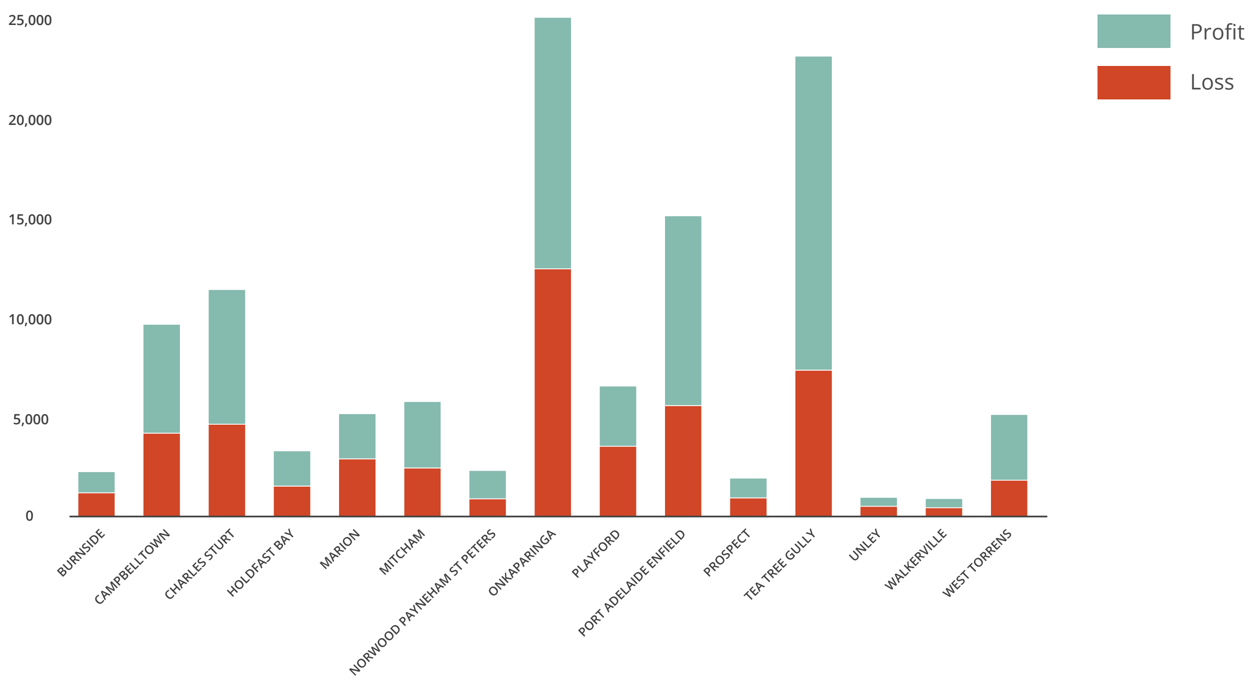
Data sourced from SQM Research shows that since the seasonal peak in November of 2019, property listings in metropolitan Adelaide have trended downwards. In November 2019 there were just over 18,000 active listings across the month, typically this dropped in December and January, but the onset of COVID-19 restrictions meant the normal market resurgence did not occur in March as observed in recent years. Instead, activity hovered between fifteen and sixteen thousand listings per month and dropped to a low of close to fourteen thousand in August 2020, 13.4% less than August 2019 and less than 90% of the five-year average for August. (SQM Research, 2020) .

Comparison of the monthly listings tells a slightly different story, with a low recorded in May when listings were less than 90% of the five-year average, rebounding to 104% of the five-year average in August 2020. This suggests that property listings that were deferred during lockdown are making their way onto the market as we approach the more buoyant peak spring period. Listings between 30 and 60 days old show a similar, but more stark difference. February 2020 figures were 95% of the five-year average, falling to 76% in May and then rebounding to 88% in July and 86% in August. (SQM Research, 2020) In the context of rising sales values across Adelaide this suggests that while supply is beginning to increase, a recovery in market demand is continuing to outstrip the supply of properties on the market. Recent reports show that for the week ending 30th August 2020 Adelaide recorded auction clearance rates of 83.9%, the highest of recorded for the Capital Cities. (CoreLogic, 2020) This is up from a clearance rate of 47.3% this time last year, though the total number of auctions for these periods fell from 82 to 59. Nonetheless, Adelaide appears to be bucking the national trend in recovering from the slump that coincided with the shutdown in March.

PROPERTY DEVELOPMENT POTENTIAL

Approximately 105,000 (1 in 5) properties in the Adelaide Metropolitan area can be subdivided in accordance with Council Development Plan policies based on minimum lot size and property frontages. Councils such as Salisbury have more flexible planning policies, therefore are not included in this total. Building setbacks, open space requirements and floor ratios further constrain what can be developed on that land. PointData analysis shows that close to 95% of subdividable properties will lead to low density development, that is subdivision into 2 or 3 parcels.

SUBDIVIDABLE PARCELS IN METROPOLITAN ADELAIDE WHICH MAKE PROFIT OR LOSS (BY LGA)



PointData analysis shows that only around half of Adelaide's subdividable properties will return a profit through the value uplift in the subdivision of land because of the costs of subdivision or value of existing houses on the land. While there are many sub dividable parcels in lower land value council areas that turn a profit (Onkaparinga, Playford, Tea Tree Gully), the quantum of that profit is small because of the lower starting value of the land .

Subdivision into two parcels in high value locations often leads to a profitable result in land, depending on the purchase price of the property and other constraints. This includes high land value Councils such as Burnside, Holdfast Bay, Norwood Payneham St Peters, Prospect, Unley, Walkerville and beach side suburbs. However, only around 10-15% of properties are found in high value locations.

For further information regarding any property please purchase a Property Development Potential Report from our website https://pointdata.com.au/products/ or contact us for more information: enquiries@pointdata.com.au.

SPATIAL AREAS AND LGA'S

Cities are divided into various arbitrary spatial areas in the form of suburbs, which are then grouped into Local Government (Council) Areas. While these are useful for wayfinding and postage, cities are also spatially defined through a variety of methods, including suburbs, postcodes, Local Government Areas, school zones, policy areas, state and federal electoral districts, etc.

For statistical purposes, the Australian Bureau of Statistics divides all of Australia into a tiered system of Statistical Areas. The smallest of these, SA1, represents around 400 persons. SA1s combine to SA2 level, with an average resident population of 10,000. SA2s are grouped to form SA3s and in turn SA4s which, in a metropolitan context average between 300,000 and 500,000 residents. (Australian Bureau of Statistics, 2018)

PointData's land valuation outputs for this publication are mapped and analysed at SA1 and SA2 levels. However, Valeri works on an individual land parcel level to generate land and property valuations for individual properties.

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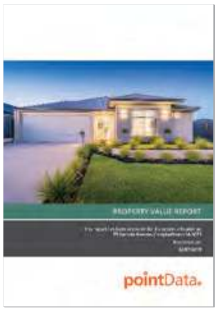

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For: Real Estate Professionals, Lenders, Property Buyers and Sellers, Banks

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