

MEDIA & ASX ANNOUNCEMENT
6 November 2020

FINBAR TO COMMENCE EARTHWORKS ON LANDMARK CIVIC HEART PROJECT

Key Highlights:

- Finbar records largest monthly sales volume since July 2017
- Tightening rental market pushing return of investors and conversion of tenants to owners in WA market
- Company has now secured 60 sales at Civic Heart to the value of \$59 million
- Earthworks at landmark Civic Heart project given greenlight to commence in January 2021.

Perth, 6 November 2020: Western Australia's leading apartment developer, Finbar Group Limited (ASX: FRI) is pleased to announce that earthworks on the company's landmark Civic Heart project in South Perth will now commence in January 2021.

The decision by the company and its joint venture partners to commence significant works, follows strong sales momentum recorded across its portfolio, with the number of sales secured in October 2020, the highest recorded since 2017.

Finbar managing director, Darren Pateman, said the sales volumes the company had secured, particularly in October, were extremely positive given the economic uncertainty experienced earlier in the year as a result of the (then) unknown impact of Covid-19 in Western Australia.

Mr Pateman said that during the month of October, the company had secured the sale of 47 apartments to the value of \$31.3 million, which translated to just over \$1m in sales secured per day.

Finbar has now secured 60 sales at Civic Heart to the value of \$59 million, prompting the decision to commence earth works at the start of 2021.

Mr Pateman said Perth's tightening rental market, which is currently recording its lowest vacancy levels in 30 years, was driving buyer demand and seeing the cautious return of investors to the market with Finbar in the fortunate position of having \$135.8m in debt free completed stock which is helping satisfy the immediate demand.

"After a prolonged absence from the Perth market, we are currently seeing the return of investors as a result of the tight rental market and more buoyant conditions across the market in the wake of the pandemic.

"This rental market tightening coupled with record low interest rates is also encouraging tenants to enter the market as buyers which is helping with the sale of our entry level product.

“Despite the ongoing negative impact of the foreign buyers’ tax, we have seen a slight increase in foreign buyers across our portfolio, attracted to Western Australia because of its strong economic performance and its position as a safe place to live and invest,” Mr Pateman said.

“While we welcome the return of investors, it will likely not happen in significant numbers until the uncertainty of the government imposed rental moratorium comes to an end in March next year.

“The return of investors is also a key element in addressing the current rental shortage across Perth which is predicted to increase in 2021,” he said.

Mr Pateman said improved sales activity across the sector was also a result of the number of Western Australians returning to the State from interstate and overseas and the increased economic activity taking place across the State.

“Perth and Western Australia more broadly, due to its isolation, strong performance during the pandemic and the strength of its resource sector, is again being seen as a great place to live and work and that is further fuelling sales enquiry and activity across the sector,” Mr Pateman said.

Civic Heart is located on an iconic 8,208 m2 site which is bounded by Mends Street, Mill Point Road and Labouchere Road and is one of South Perth’s most anticipated mixed-use developments.

The project, which has an estimated end value of \$408 million, will comprise two towers of 39 and 22 storeys respectively, providing 309 residential apartments, four penthouses and 25 ground floor commercial tenancies.

It is expected to deliver thousands of direct and indirect jobs to Western Australians during construction and post completion.



ABOVE: Civic Heart (Artist Illustration)

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Finbar Group Limited, its controlled entities and its jointly controlled entities, is a property development company whose core business lies in the development of medium to high density residential apartments and commercial property within the Perth Metropolitan Area within the State of Western Australia