

# Property Market Report

## New South Wales

### About This Report

Preston Rowe Paterson prepare standard research reports covering the main markets within which we operate in each of our capital cities and major regional locations.

The markets covered in this research report include the commercial office market, industrial market, retail market, hotel and leisure market and residential market as well as economic factors impacting on the real estate markets within we operate.

We regularly undertake valuations of commercial, retail, industrial, hotel and leisure, residential and special purpose properties for many varied reasons, as set out later herein. We also provide property management services, asset and facilities management services for commercial, retail, industrial property as well as plant and machinery valuation.

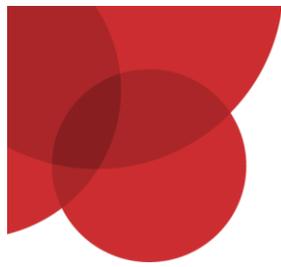
To compile the research report we have considered the most recently available statistics from known sources. Given the manner in which statistics are compiled and published they are usually 3-6 months out of date at the time we analyse them. Where possible we consider short term movement in the statistics by looking at daily published data in the financial press. Where this shows notable fluctuation, when compared to the formal published numbers we have commented accordingly.

### December quarter 2012

#### INSIDE THIS ISSUE:

Economic Fundamental	2
Sydney CBD Office Market	5
North Sydney Office Market	9
Crows Nest/St Leonards Office Market	13
Parramatta Office Market	16
Chats wood Office Market	19
North Ryde/Macq. Park Office Market	22
Retail Market	25
Industrial Market	29
Sydney Residential Market	33
Newcastle Residential Market	35
Wollongong Residential Market	35
Hotel & Leisure Market	36
About Preston Rowe Paterson	37
Contact Us	38





## Economic Fundamentals

### GDP

The Australian economy recorded steady growth, with the September quarter GDP growth at 0.5%, taking annual growth to 3.07%. Over the September quarter 2012 the main contributors to expenditure on GDP were the total changes in inventories by 0.3 percentage points and the Household final consumption expenditure which increased by 0.2 of a percentage point.

The Terms of Trade during the September quarter 2012 recorded a decline by 4% seasonally adjusted, reflecting export prices are declining at a faster rate than import prices.

### Labour force

The official employment figures released from the Australian Bureau of Statistics revealed that the unemployment rate fell by 0.1 percentage points to 5.2% seasonally adjusted as at November 2012.

Employment over the month increased with 13,900 new positions bringing the total employment to 11,546,400 seasonally adjusted.

Unemployment decreased over the month falling by 16,300 persons to 637,400, a percentage change 2.5%. The number of persons seeking full-time employment decreased by 8,500 to 416,800 and part-time job seekers decrease by 7,800 to 175,500.

The participation rate held steady remaining unchanged over the month at 65.1% in November 2012 with year on year results recording a 0.3 percentage decline. The labour underutilisation rate increase by 0.2 percentage points to 12.5% (trend) over the quarter to November 2012.

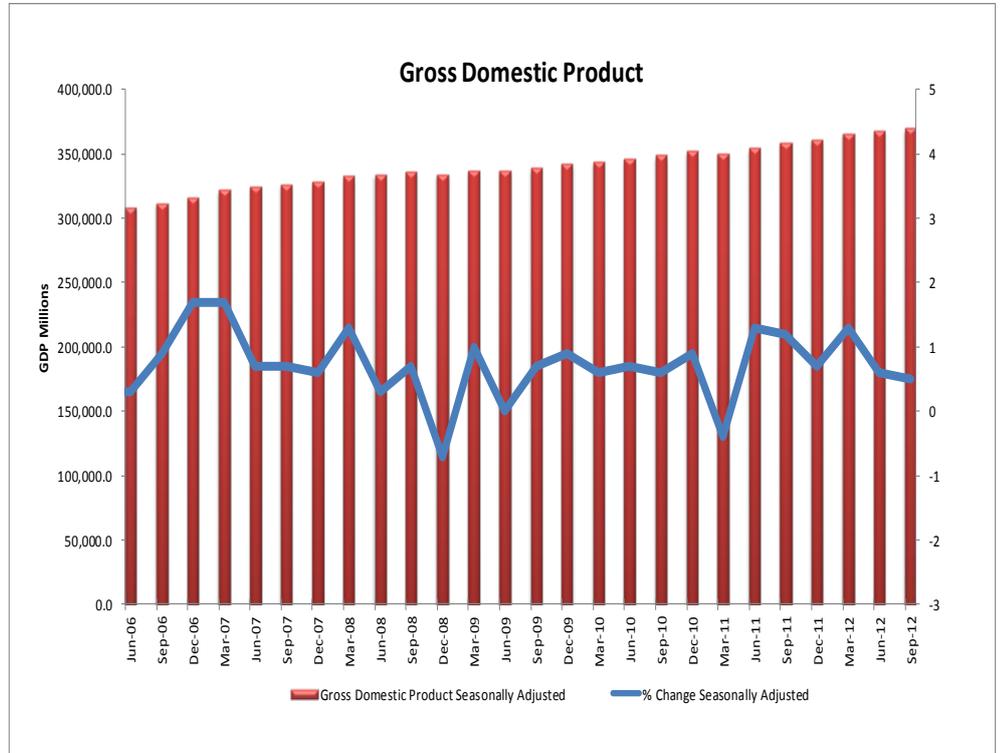


Chart 1 – GDP – Source ABS

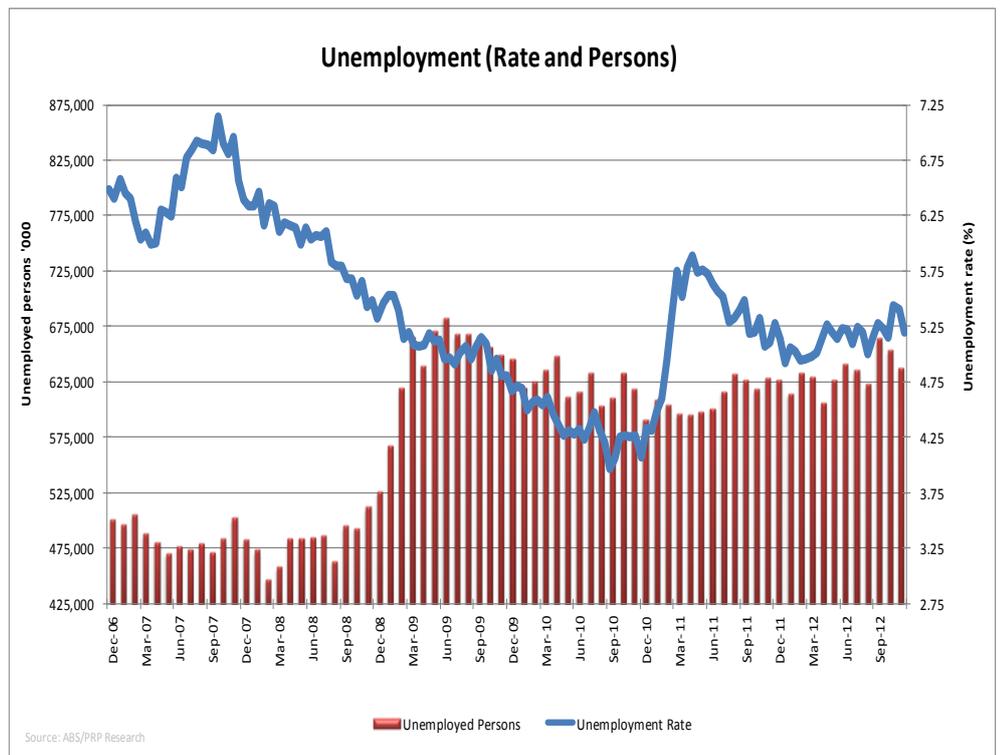
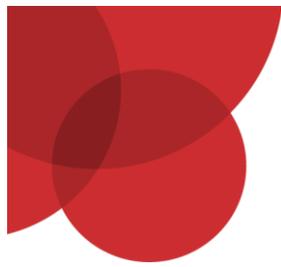


Chart 2 – Unemployment – Source ABS



**Interest Rates**

The official Cash Rate for the December quarter 2012 saw a reduction by 25 basis points to 3.0%. The Reserve Bank of Australia board members commented that *“at this meeting, the information on labour costs and softening labour market conditions suggested that inflation outlook still afforded the Board some scope to provide additional support to demand.”*

The RBA noted that the Carbon Price has seemingly started to affect consumer prices in the September quarter 2012 and will continue in the forthcoming quarters.

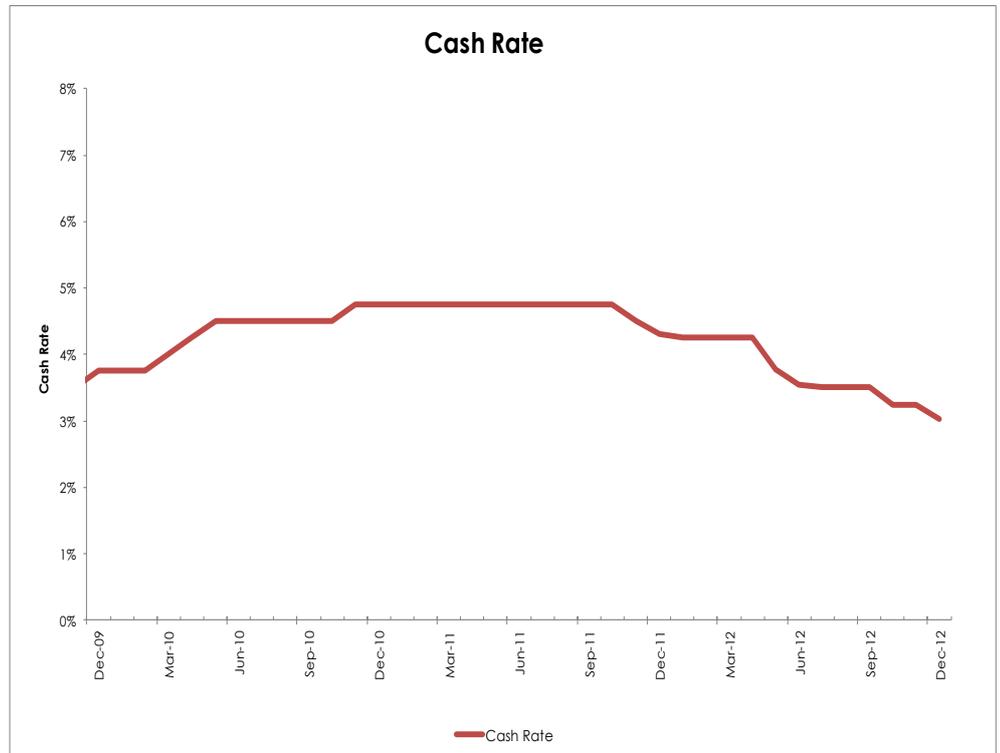


Chart 3 – Cash Rate – Source RBA

**CPI**

The Consumer Price Index (CPI) rose by 0.2% in the December quarter 2012 with the index now recording 102.0, taking the annual pace to 2.2% for the year. The most significant increases over the quarter were Domestic Holiday Travel and Accommodation by 6.6%, Automotive Fuel by 2.6% and Rents by 0.8%, offsetting falls in Audio, Visual and Computing Equipment and International Holiday Travel & Accommodation declining by 4.3% and 1.2%.

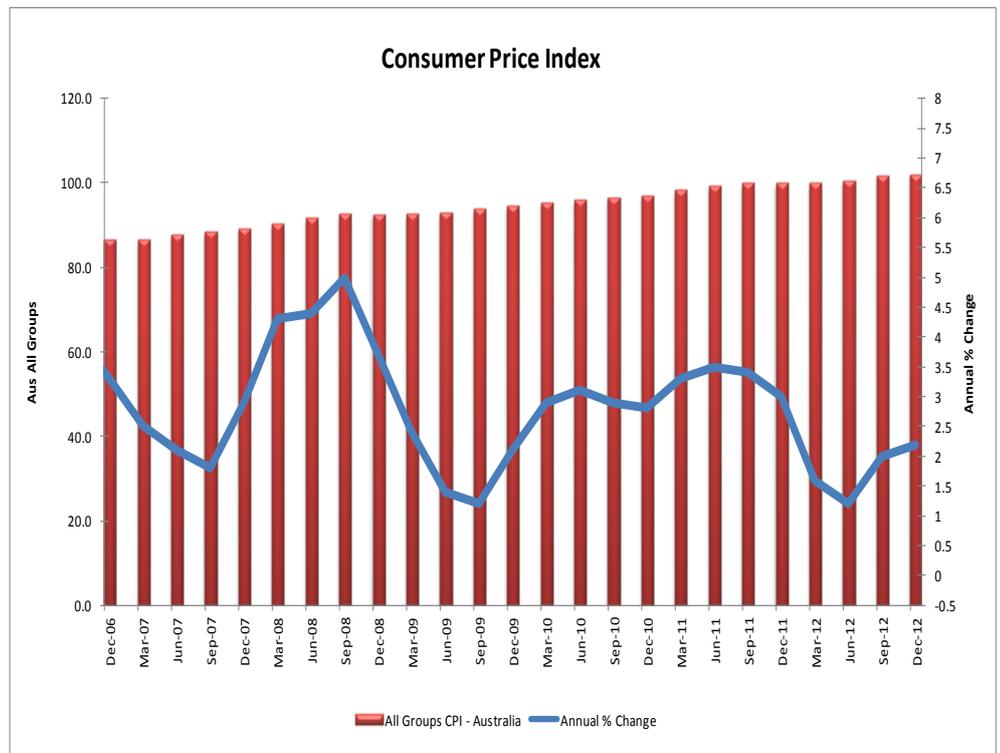
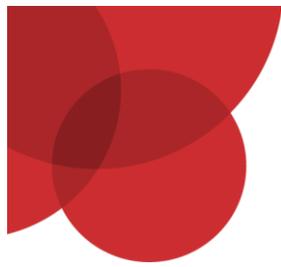


Chart 4 – CPI – Source ABS



### Consumer Sentiment

Consumer sentiment declined in December 2012, with the Westpac-Melbourne Institute Index recording a 4.1% decrease over the month. The index declined from 104.3 November 2012 to 100.0 December 2012.

According to the Media Release by Westpac dated 12<sup>th</sup> December 2012, respondents responded positively to the Reserve Bank of Australia series of rate reductions boosting confidence around purchasing a house by 1.9%, offset by the ongoing pessimism around the economy and employment conditions was anticipated to limit the impact on the actual housing activity.

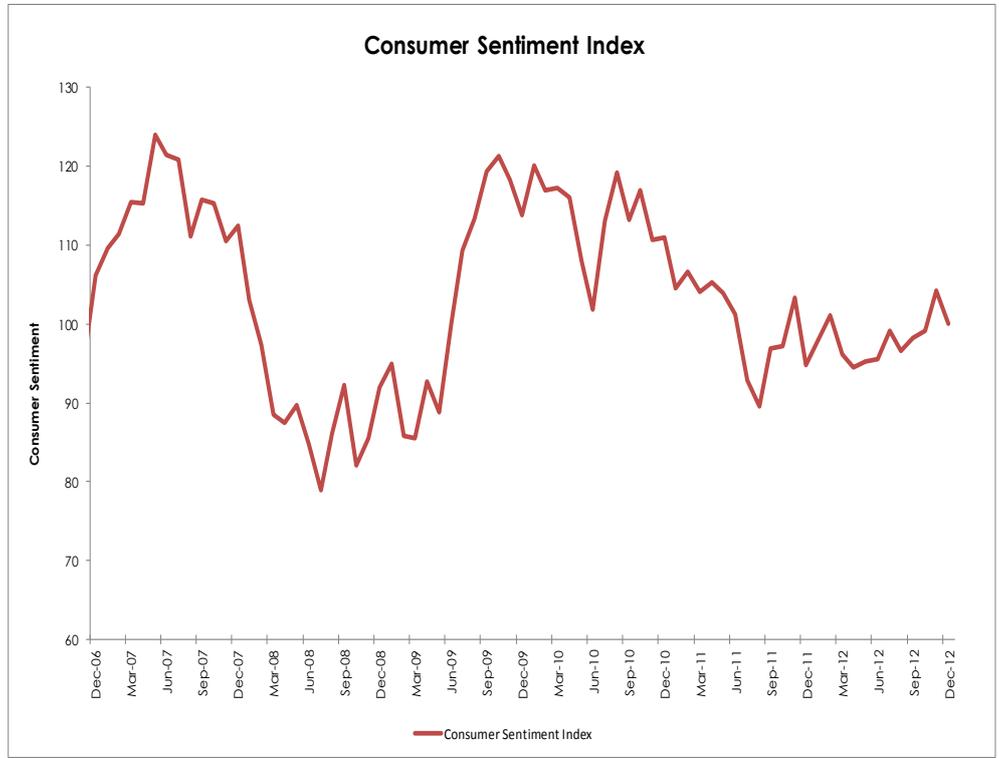
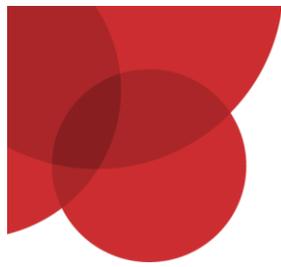


Chart 5 – Consumer Sentiment – Source Westpac-Melbourne Institute Survey



# Commercial Office Market

## Sydney CBD

### Investment Activity

PRP Research recorded a number of reported sales transactions that occurred in the Sydney CBD Office Market during the three months to December 2012, with the total reported value over \$1 billion.

DEXUS Property Group has purchased the Prudential Building located at **39 Martin Place, Sydney CBD** for a reported **\$149.750 million**. The office building has a net building area of 16,341 sqm and reportedly sold on a yield of 5.7%. The property was previously owned by Direct Property Investment Fund.

The Advance Bank Building located at **178-186 George Street, Sydney CBD** has reportedly sold to an undisclosed purchaser for **\$180 million**. The precinct purchased from vendors St George Bank has a net building area of 13,277 sqm, which reflects a building rate of \$13,557 sqm.

DEXUS Property Group has acquired **205-235 George Street, Sydney CBD** for a reported **\$271.250 million**. The property sold from vendors Colonial First State and has a net building area of 84,527 sqm, which reflects a building rate of \$12,836 sqm. The building comprises of 44 levels with 566 basement car spaces.

Border-lining the Sydney CBD, two heritage buildings located in Ultimo sold to Loh Lik Peng for an unknown amount. One of the buildings is known as the former Carlton & United Brewery's admin building and the other property is the Clare Hotel. Together, the buildings form part of the multibillion dollar project on Broadway in Sydney.

The new owner has plans to convert the properties into a single hotel, with associated food and beverage facilities. The properties are currently located within the Kensington Lane precinct, which upon completion will incorporate a heritage appeal along with associated student accommodation.

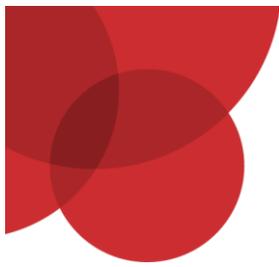


9-11 Castlereagh Street, Sydney sold to Charter Hall for \$170 million.

The table below highlights further reported investment activity that occurred over the December quarter 2012:

Table 1 – Sales Transactions Sydney CBD Office Market

Address	Sale Price	Purchaser	Transaction Date	Building Area (SQM)	Rate per SQM	Floors	Stake
9-11 Castlereagh St	\$170,000,000	Charter Hall	6-Nov-12	20,989	\$8,099	33	100
178-186 George St	\$180,000,000	Undisclosed	16-Oct-12	13,277	\$13,557	15	100
188 George Street	\$19,059,000	Mirvac Projects George Street Pty Ltd	19-Dec-12	9,297	\$2,050	12	50
196 George Street	\$13,140,000	Mirvac Projects George Street Pty Ltd	19-Dec-12	5,570	\$2,359	11	50
205-235 George St	\$271,250,000	Dexus Property Group	21-Nov-12	85,511	\$3,172	44	25
66-68 Goulburn St	\$130,000,000	Hines	23-Oct-12	23,125	\$5,622	26	100
9 Hunter St	\$80,000,000	Corval Partners	24-Dec-12	15,793	\$5,066	21	100
39 Martin Pl	\$149,750,000	Dexus Property Group and (DPWF)	21-Nov-12	16,341	\$9,164	22	100
107 Pitt St	\$25,000,000	Undisclosed	27-Nov-12	3,175	\$7,874	11	100



## Leasing Activity

PRP Research recorded several notable leasing transactions that occurred in the Sydney CBD Office Market during the three months to December 2012.

Boston Consulting Group has signed a pre-lease for the top three levels of the ANZ Tower located at 161 Castlereagh Street, Sydney CBD. The lease agreement includes a floor rate of over \$1,100 per sqm for a term of 10 year. No further details were released.

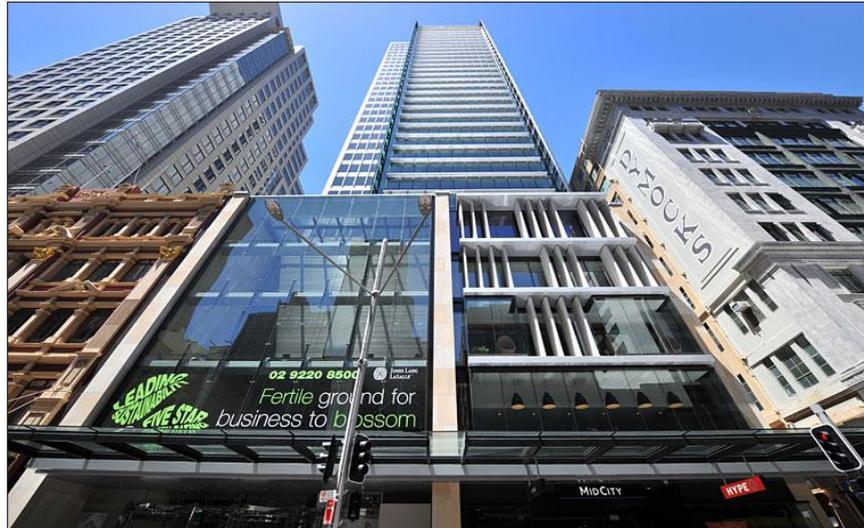
Ashurst has secured 13,871 sqm of commercial office space located at levels 5 to 11, 5 Martin Place, Sydney CBD for a term of 10 years. On completion of the project the tower will have a 5 Green Star rating, a central atrium and facilities including lockers, showers and storage. The Cbus owned tower is due for completion in 2015, with the redevelopment aiming to preserve the heritage features of the building.

Tress Cox has signed a lease for 4,000 sqm of commercial Sydney CBD office space located in the MLC Centre at 19-29 Martin Place. The office space was leased from QIC Real Estate and GPT Group for a term of 9 years for an undisclosed rental amount; however it is speculated to be around the \$750 per sqm gross.

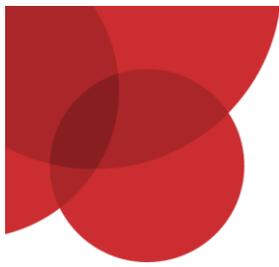
Tourism Australia has leased 2,000 sqm of office space within the recently completed 420 George Street, Sydney CBD for an unknown rental figure, no further details were released.

Ernest and Young have agreed to lease 28,000 sqm of office space located at 190-200 George Street, Sydney CBD for a reported \$1,000 per sqm net. The new office floors leased for around \$28,000,000 p.a is due for completion in 2016. Ernest and Young will occupy 70% of the tower building.

Tourism Australia has leased 2,000 sqm office space located at 420 George Street, Sydney CBD



Ashurst secured levels 5-11 of leasing space located at 5 Martin Place, Sydney



### Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2012 have been analysed to derive at the following findings:

#### Supply by Office Grade

The Sydney CBD Office Market total stock recorded in the six months to July 2012 has declined by 29,012 sqm to 4,902,737 sqm. Premium Grade office space recorded an increase in stock by 2,450 sqm to the total stock now at 720,427 sqm.

Conversely declines in stock were experienced in A Grade, B Grade and C Grade with a reduction in stock by 13,815 sqm, 17,265 sqm and 382 sqm to the total supply now 1,778,485 sqm, 1,587,284 sqm and 615,189 sqm respectively.

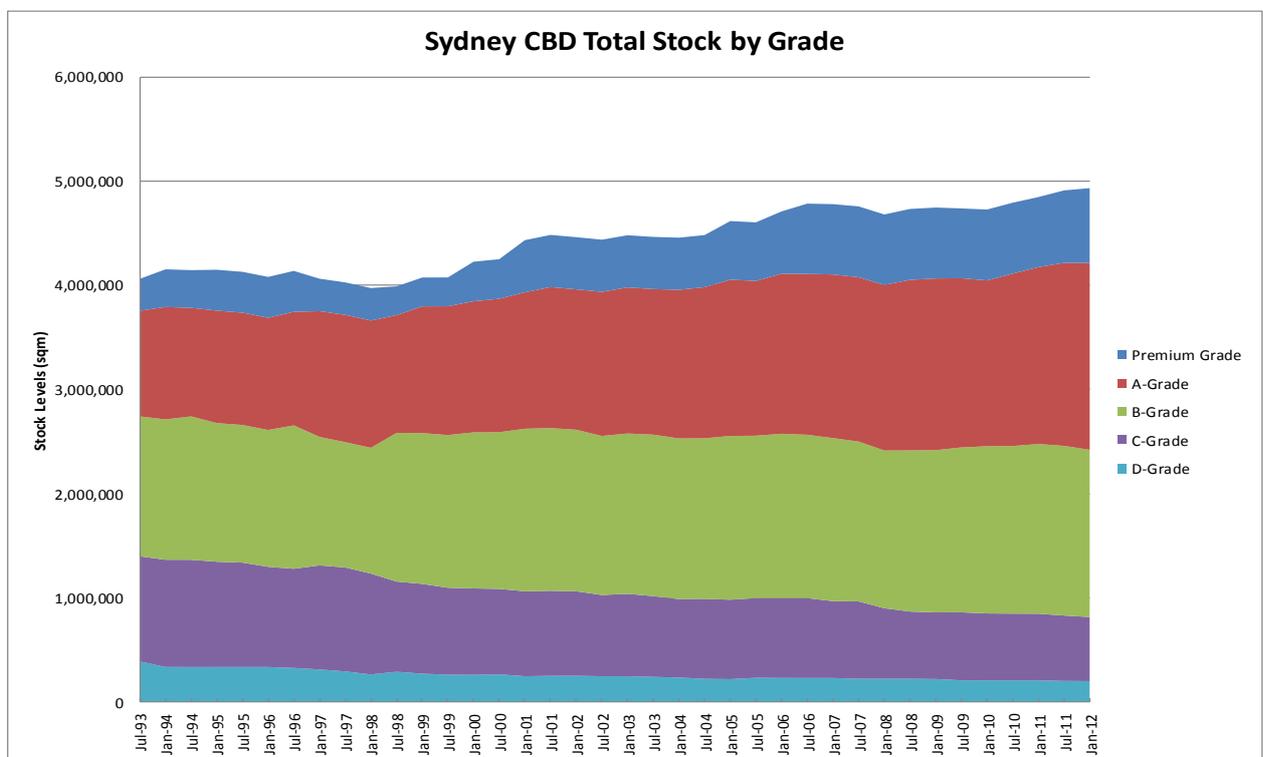
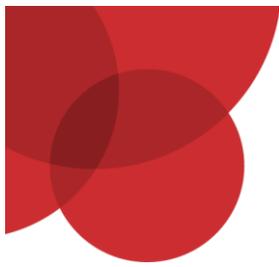


Chart 6 – Sydney CBD Total Stock by Grade – Source PCA



Total Vacancy

The Sydney CBD Office Market total market vacancy rates has declined from 9.7% (January 2012) to 8.2% in the six months to July 2012, a decline by 1.5 of a percentage point. The total vacancy rates were last recorded this low in January 2010.

Sydney CBD Office Market vacancy rates experienced declines over All Office Graded buildings in the six months to July 2012, excluding Premium Grade office space which increased by 0.4 of a percentage point to 7.8%.

B Grade office space saw the most significant decline in vacancy rates over the six months to July 2012 by 2.3 of a percentage point to 7.8%. Followed by, A Grade and D Grade office space declining by 1.7 and 0.7 of a percentage point to 7.8% and 7.7% respectively.

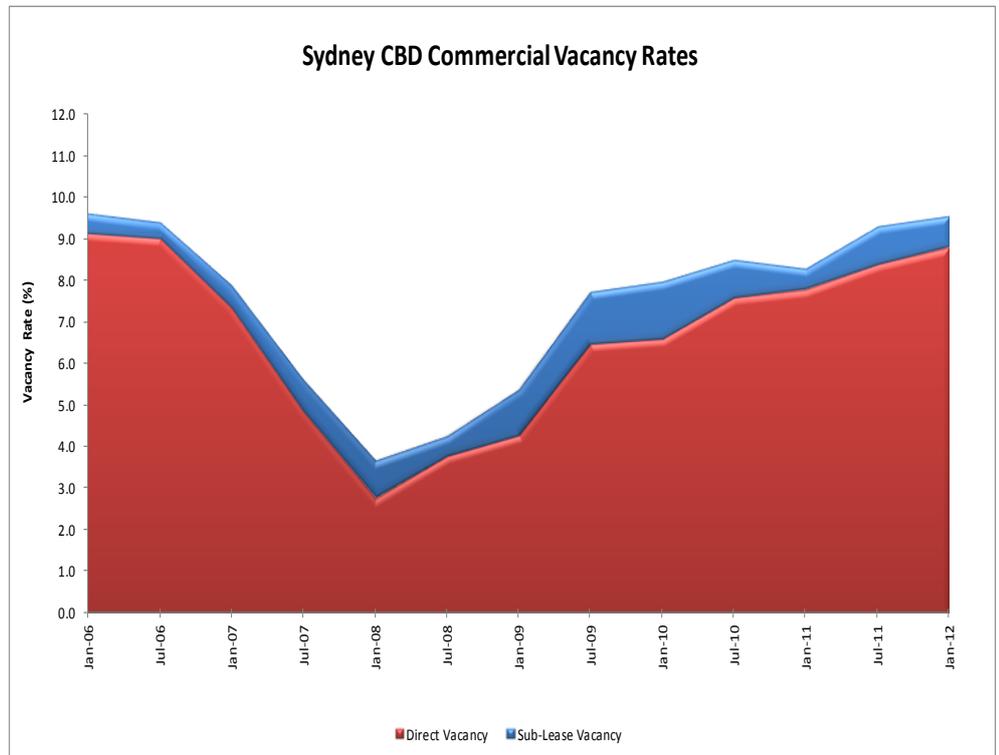


Chart 7 – Sydney CBD Office Market Vacancy Rates – Source PCA

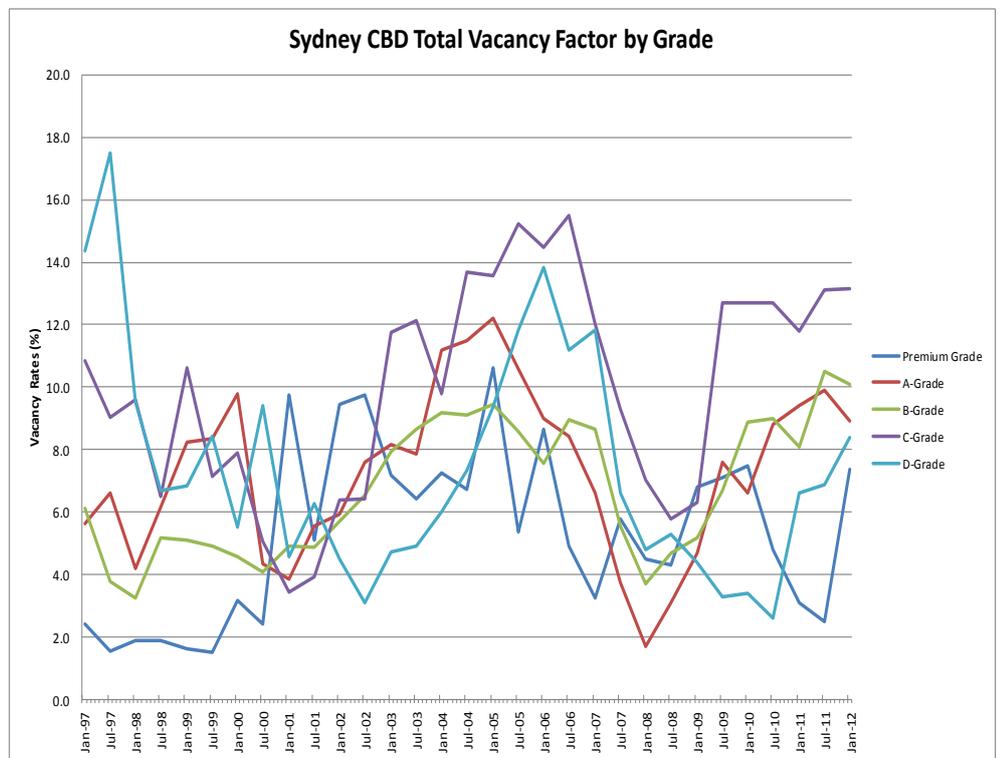
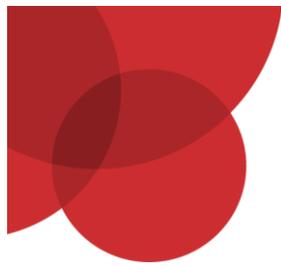


Chart 8 – Sydney CBD Total Vacancy Factor by Grade – Source PCA



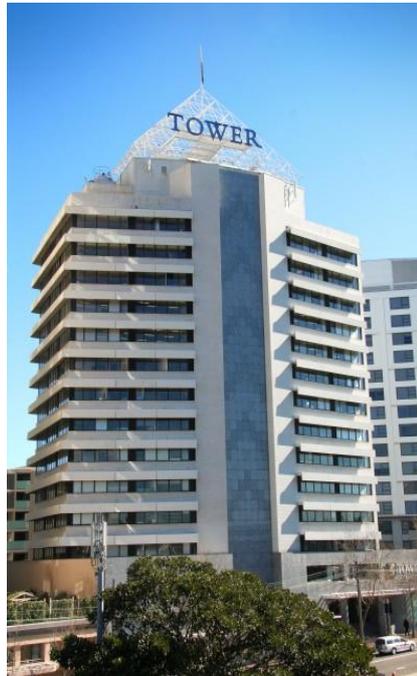
## North Sydney

### Investment Activity

PRP Research recorded reasonably strong investment activity over \$5 million that occurred during the three months to December 2012.

A Chinese developer based in Australia has acquired the office building located at **80 Alfred Street, Milson Point** from Australand for a reported **\$49 million**. The major tenant within the Mixed Use zoned building, Tower Life lease expires in late 2013. The new owner has plans to turn the property into a prestige residential complex.

The building occupies a site area of 1,309 sqm and has parking available for 84 cars. The precinct with a 3 Star NABERS Energy Rating was sold with a net income of \$5,116,000, reflecting a yield of 10.44%. The total floor area of 10,285 sqm is made up of office accommodation, retail space and a gymnasium. The 15 level tower was originally constructed in 1971 and experienced a refurbishment in 1994. The property boasts views both to the east of the harbour.



Chinese Developer has acquired 80 Alfred Street, North Sydney for a report \$49 million.



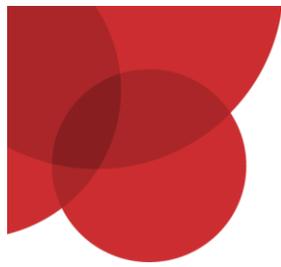
Corporation Group has acquired 54 Miller Street, Milson Point reportedly over \$24 million.

Australia Development Corporation Group has acquired **54 Miller Street, North Sydney** for a reported figure over **\$24 million**. The property sold by Investa Property Group was 83% leased at the time of the sale transaction. The office building has a net lettable area of 7,056 sqm which includes two ground floor retail tenancies and 13 upper levels of office accommodation. The new owners have plans to refurbish the sunshades on the front and rear of the building in addition to updating certain office space. The transaction reflects a floor rate of over \$3,401 per sqm. After outstanding tenant incentives and future refurbishment costs are taken into account, the acquisition reflects a initial yield of 8.89%.

An undisclosed buyer has purchased the Raymond Purves Building for a reported **\$40 million**. The office building located at **140-144 Arther Street, North Sydney** spans across 17 levels, with a building net lettable area of 8,200 sqm. The transaction reflects a building rate of \$4,878 per sqm net. Sold from AMP Capital Property Income Fund the office building includes a basement car park which accommodates for 84 car spaces.

Two prominent sales transactions that occurred in the North Sydney Office Market were both located along Blues Point Road. Firstly, a Private Investment Group has purchased **162 Blues Point Road, McMahons Point** for approximately **\$20 million**. Purchased from AMP Capital the precinct provides four levels of accommodation totalling 4,056 sqm of net lettable area. The transaction occurred on an initial yield of 9.66% and reflects a floor rate of \$4,931 per sqm. The building features a large entertainment deck and abundant natural light and was sold fully leased to Diago Australia for another six years.

Secondly, Centennial Property Group has acquired the B Grade Office building located **182 Blues Point Road, North Sydney** for a price in the mid **\$20 million** mark. Purchased from Eureka Core Fund 3 the property has a floor space of 4,295 sqm, the transaction reflects a floor rate of \$4,657 per sqm. The precinct has a total of seven upper levels of office accommodation in addition to ground floor retail accommodation with 27 car spaces. The sale is believed to have sold on a yield of 10%.



## Leasing Activity

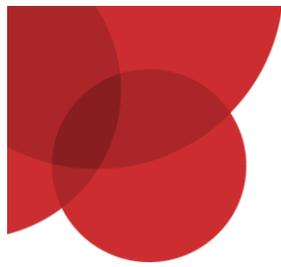
PRP Research recorded minor leasing activity in North Sydney Commercial Office Market during the three months to December 2012. However, Accor Advantage Plus has leased level 3, 104-112 Walker Street, North Sydney from lessor Stockland. The office space has an area of 664 sqm and has been leased for a reported \$420 per sqm net for a term of 6 years.

Euro Centra (Australia) Pty Ltd has leased 73 sqm of commercial office space located 275 Alfred Street, North Sydney. The tenant is reportedly paying a gross rental of \$558 per sqm with a lease term of 2 years.

The table below stipulates further leasing activity that occurred over the December quarter 2012:

Table 2 – Leasing Transactions North Sydney CBD Office Market

Address	Suburb	Rent PA	Tenant Area	Rent per SQM	Term	Date	Tenant
275 Alfred St	NORTH SYDNEY	\$40,734	73	\$558	2	10-Oct-12	Euro Centra (Australia) Pty Ltd
221 Miller St	NORTH SYDNEY	\$79,475	187	\$425	2	24-Oct-12	Brankib Holdings
97-103 Pacific Hwy Cnr Walker	NORTH SYDNEY	\$24,960	52	\$480	2	1-Nov-12	Daymark
104-112 Walker St	NORTH SYDNEY	\$278,880	664	\$420	6	27-Oct-12	Accor Advantage Plus
107-111 Walker St	NORTH SYDNEY	\$9,585	27	\$355	2	3-Oct-12	The Silk Pyjama Company



### Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2012 have been analysed to derive at the following findings:

#### Supply by Office Grade

The North Sydney CBD Office Market total stock recorded in the six months to July 2012 has increased by 1,268 sqm from 859,885 to 861,153 sqm. C Grade office space recorded the increase in stock by 1,268 sqm to the total stock now at 720,427 sqm.

Whilst all other Grades remained unchanged with the total supply for Premium Grade 36,500 sqm, A Grade 186,296 sqm, B Grade 431,216 sqm and D Grade 22,285 sqm. B Grade office space continues to dominate the Commercial Office Market in North Sydney accounting for 50.1% of market share, with B Grade space holding well over 48% of the market share since July 1993.

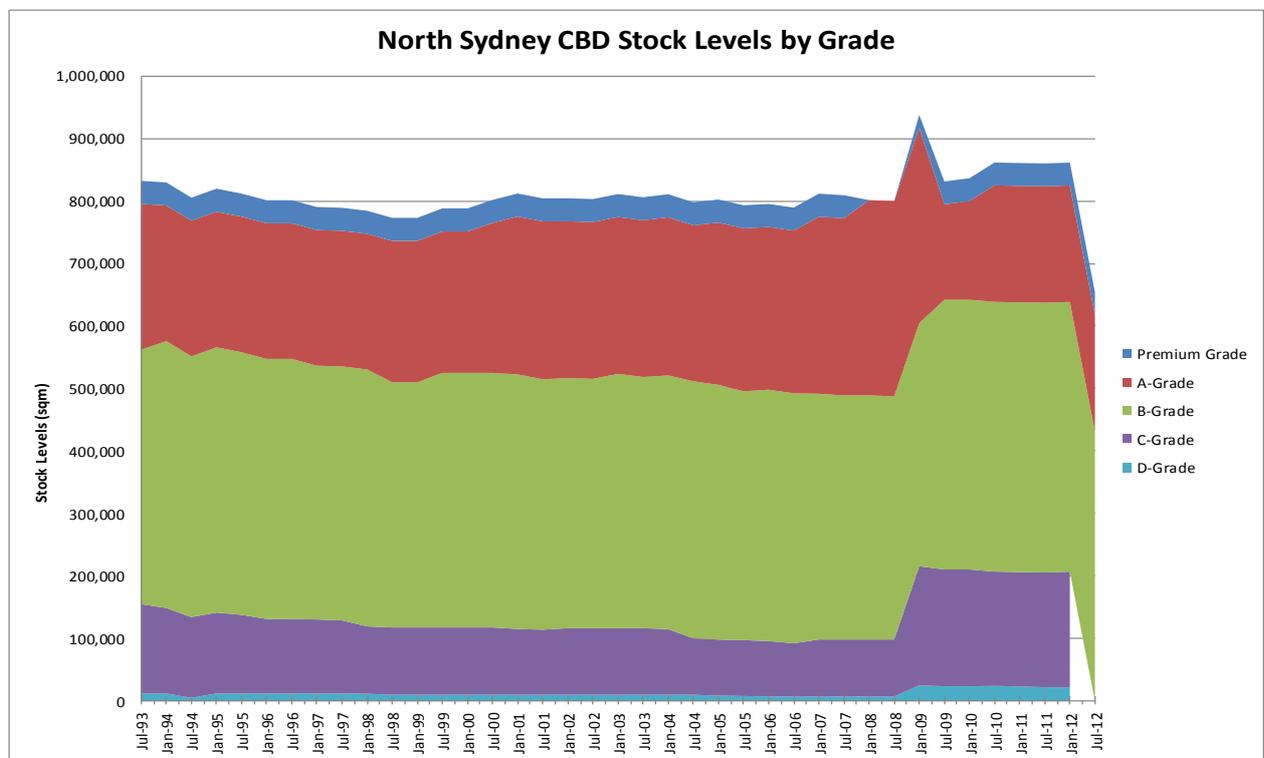
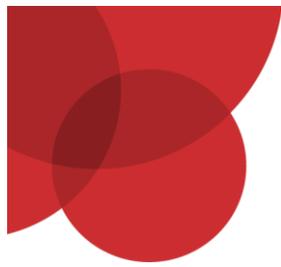


Chart 9 – North Sydney CBD Stock Levels by Grade – Source PCA



Total Vacancy

The North Sydney CBD Office Market total market vacancy rates has increased from 7% (January 2012) to 7.4% in the six months to July 2012, a slight increase by 0.4 of a percentage point.

The most significant contraction in vacancy rates in the North Sydney Commercial Office Market was seen in the B and D Grade Office space, falling 0.3 and 0.6 of a percentage point, from 8.7% and 18.7% in the six months to January 2012 to 8.4% and 18.1% in the six months to July 2012.

C Grade and A Grade Office space recorded slight increases in the total vacancy rate by 0.9 and 0.1 of a percentage points in the six months to July 2012 to 10% and 2% respectively.

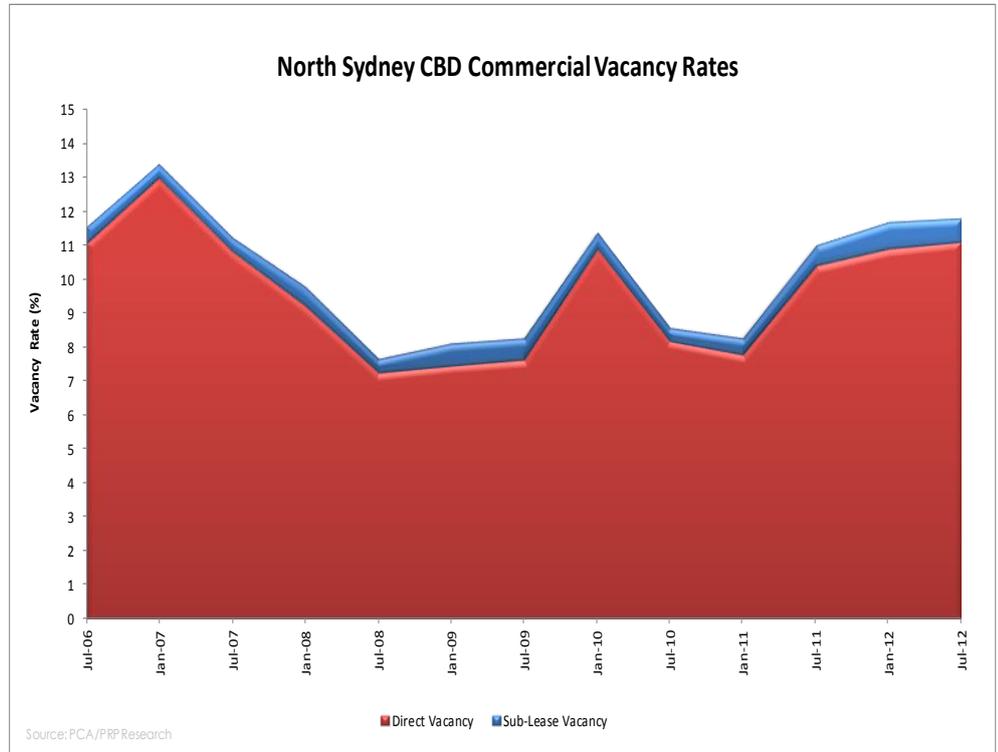


Chart 10 – North Sydney CBD Office Market Vacancy Rates– Source PCA

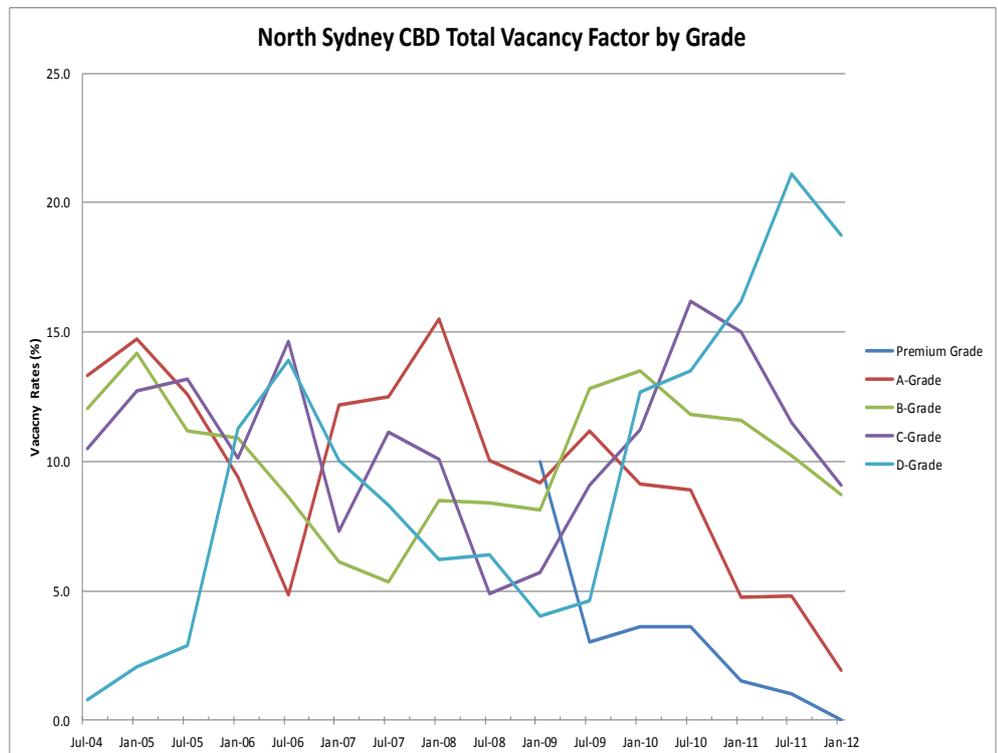
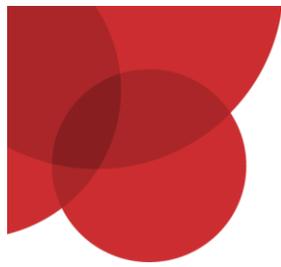


Chart 11 – North Sydney CBD Total Vacancy Factor by Grade – Source PCA



## Crows Nest / St Leonards

### Investment Activity

PRP Research recorded few sales transactions over \$5 million that occurred during the three months to December 2012, therefore limited yield information is available.

However, Growth Point Properties has acquired Building C, Gore Hill Technology Park, located at **219-247 Pacific Highway** for a **reported \$82.7 million**.

The property has a building area of 14,136 sqm, which reflects a building rate of \$5,850 per sqm net. The office building has a reported net yield of 8.31%. The precinct completed in December 2012 includes 182

car spaces along with accredited ratings such as the 5 Star NABERS Rating and 5 Star Green Rating. The property has already a 48% pre-commitment to Premier Media Group (Fox Sports) for the lease term of 10 years.

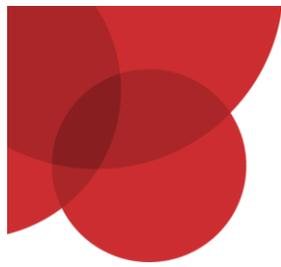
Stockland has sold the Clemenger Building, located at **118-120 Pacific Highway, St Leonards** for **\$24.2 million**. The sale from Stockland was influenced by the companies continued triple R strategy. The transaction reflects a floor rate of \$4,717 per sqm. The commercial office building has a 4 Star NABERS Energy and Water Rating. The recent sale transaction shows an improvement of 8% with the 2009 Independent Valuation by Stockland being \$22.1 million. The property also includes 151 car spaces.

### Leasing Activity

PRP Research recorded minor leasing activity in Crows Nest and St Leonards Office Market during the three months to December 2012, which may be attributed to the increasing competition from the neighbouring North Shore Office Market. However, the Shed Agency has leased 75 sqm located at 1-5 Albany Street, St Leonards. The property was reportedly lease for \$450 per sqm gross for a term of 2 years.



Stockland has sold Clemenger Building located at 118-120 Pacific Highway, St Leonards for \$24.2 million.



### Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2012 have been analysed to derive at the following findings:

#### Supply by Office Grade

The Crows Nest and Leonards Office Market total stock recorded in the six months to July 2012 has declined by 4,025 sqm from 357,651 sqm to 353,626 sqm. C Grade office space recorded the decline in stock by 4,025 sqm to the total stock now at 182,356 sqm.

Whilst all other Grades remained unchanged with the total supply for A Grade 88,599 sqm, B Grade 67,068 sqm and D Grade 15,603 sqm. B Grade space continues to dominate the Commercial Office Market in Crows Nest and St Leonards accounting for 51.6% of market share.

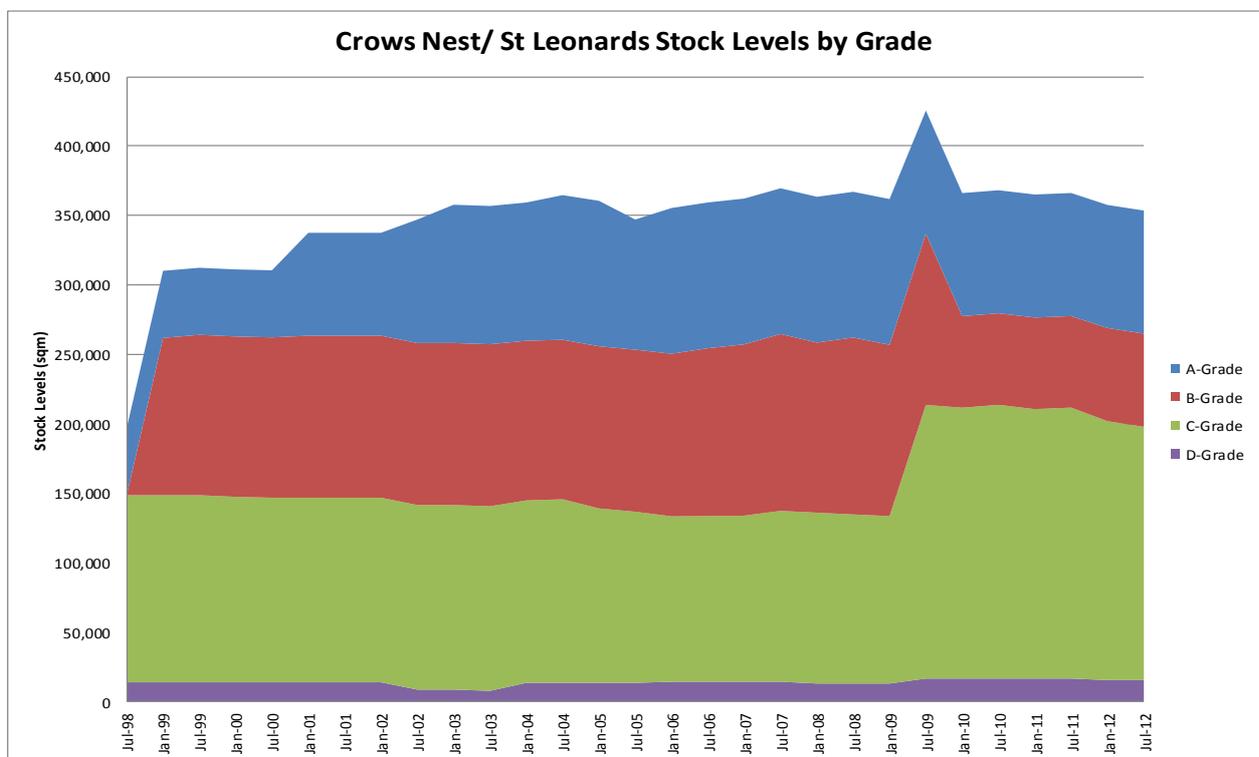


Chart 12 – Crows Nest/St Leonards Stock Levels by Grade – Source PCA



Total Vacancy

The Crows Nest and St Leonards Office Market total vacancy rates has tightened by 2.3 of a percentage point to 10.7%, the lowest since January 2009.

Total vacancy rate in A Grade office space fell from 13.9% in the six months to January 2012 to 7.5% in the six months to July 2012, the lowest since July 2009.

Secondary Grade vacancy rates tightened over the six month to July 2012 with both B Grade and C Grade tightening by 3.1 and 0.3 of a percentage point respectively. B Grade office vacancy in the Crows Nest and St Leonards Commercial Office Market fell to 9.2% (the lowest recorded since July 2002), whilst C Grade vacancy declined to 12.6% over the same period.

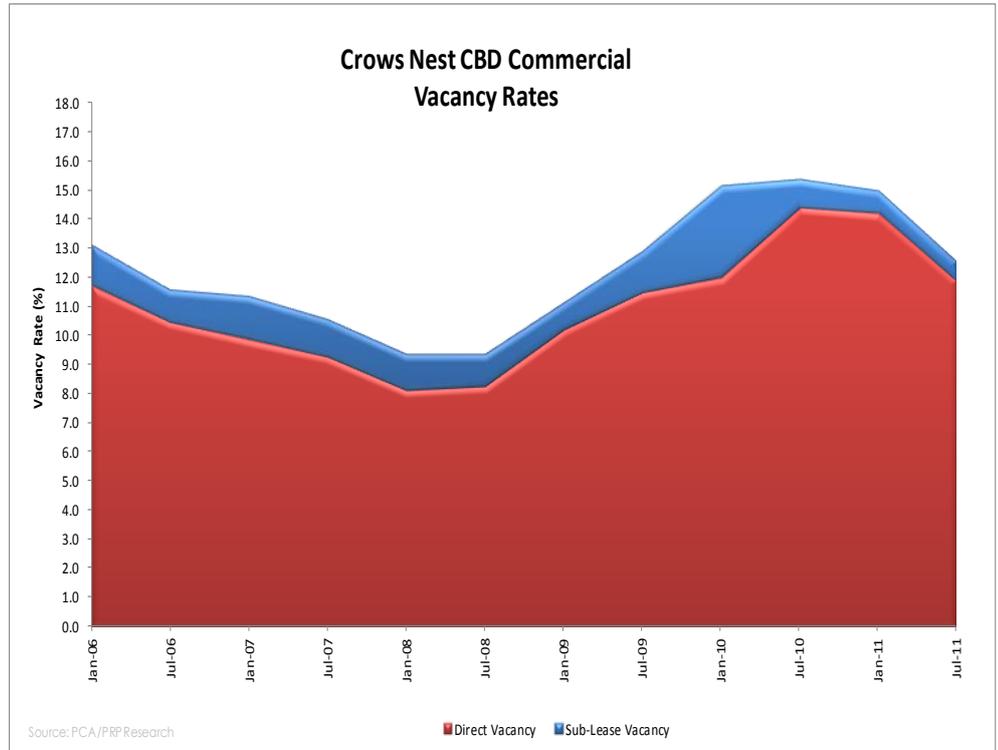


Chart 13 – Crows Nest/St Leonards Office Market Vacancy Rates – Source PCA

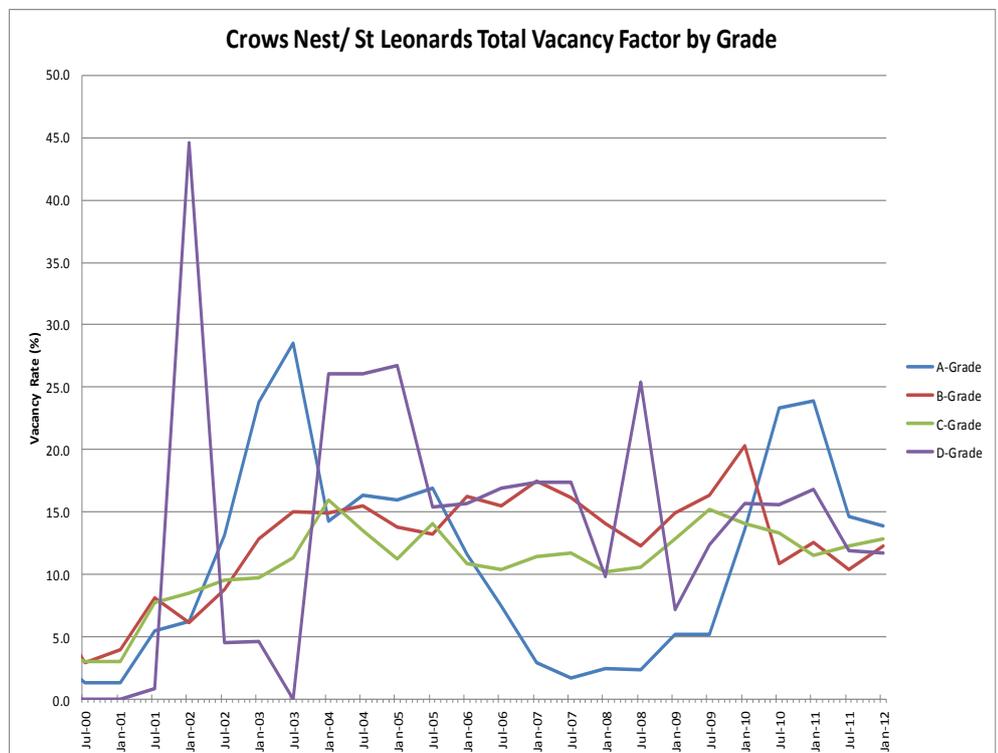
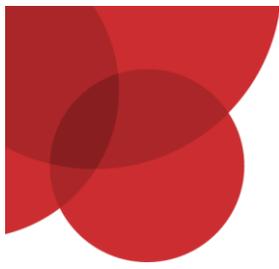


Chart 14 – Crows Nest/St Leonards Total Vacancy Factor by Grade – Source PCA



## Parramatta

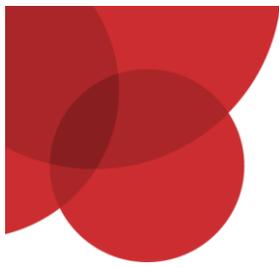
### Investment Activity

PRP Research recorded few sales transactions over \$5 million that occurred during the three months to December 2012. However, Altis Property Partners has acquired Century Centre located at **16-18 Smith Street, Parramatta** for a reported **\$47.5 million**. The office space has a net building area 11,984 sqm which translates into building rate of \$3,964 sqm. The property spans over 12 levels with 172 security car spaces.

Eclipse Tower located on **60 Station Street, Parramatta** has sold to REST Industry Super for **\$167.5 million** on a yield of 7.28%. The A Grade Office space development sold from vendors Leighton Properties and Grosvenor Fund Management was sold with 83% of the property leased. Industry experts have expressed that global investment is widespread in Australia due to high yields however saying that, if local buyers are knowledgeable on the market, they also are able to buy prime property. The Parramatta tower has a net lettable area of 25,660 sqm spanning over 19 levels, displaying a floor rate of \$6,528 per sqm. The anchor tenants within the building are Deloitte and QBE Insurance.

### Leasing Activity

PRP Research recorded relatively low leasing activity in Parramatta Commercial Office Market over 1,000 sqm during the three months to December 2012. However, Tyco Flow Control Pacific has agreed to lease the office space at 9 George Street, Parramatta from Hyperion Property. The lease agreement included a 9 year term at a rent of \$450 per sqm.



### Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2012 have been analysed to derive at the following findings:

#### Supply by Office Grade

The Parramatta CBD Office Market total stock recorded in the six months to July 2012 has declined by 289 sqm from 684,689 sqm and 684,400 sqm. D Grade office space recorded the decline in stock by 289 sqm to the total stock now at 146,238 sqm.

Whilst all other Grades remained unchanged with the total supply for A Grade 229,967 sqm, B Grade 158,656 sqm and C Grade 149,539 sqm. A Grade office space continues to dominate the Commercial Office Market in Parramatta CBD accounting for 33.6% of market share, closely followed by B Grade office space with 23.2% of the market share as at the six months to July 2012.

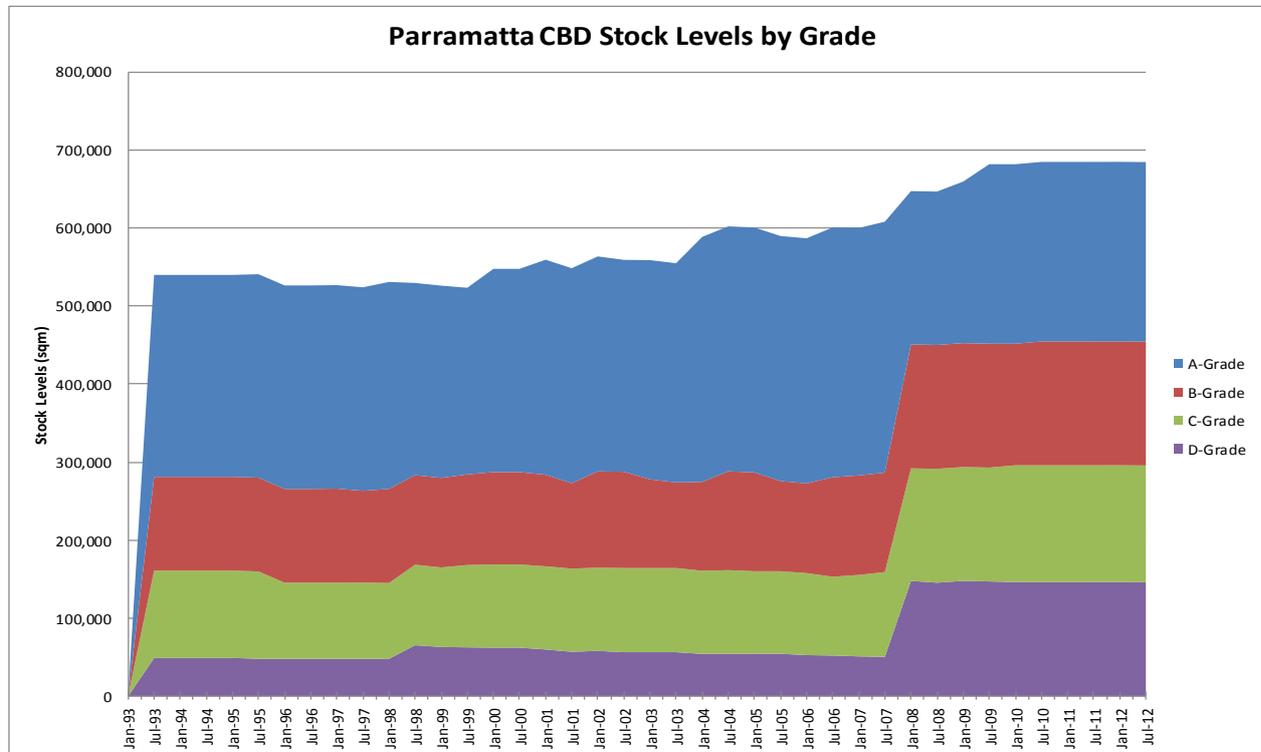
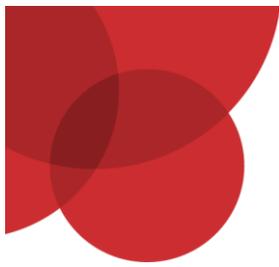


Chart 15 –Parramatta CBD Stock Level by Grade – Source PCA



Total Vacancy

The Parramatta CBD Office Market total market vacancy rates has tighten from 9.1% (January 2012) to 8.7 % in the six months to July 2012, a contraction by 0.3 of a percentage point.

Parramatta CBD Office Market vacancy rates experienced declines in C Grade and D Grade Office space in the six months to July 2012 declining by 6.2 and 2.2 percentage points to 12.6% and 13.1% respectively.

A Grade and B Grade office space total vacancy rate increased by 5.4 and 4.7 of a percentage point to 7.5% and 9.2% respectively as at the six months to July 2012.

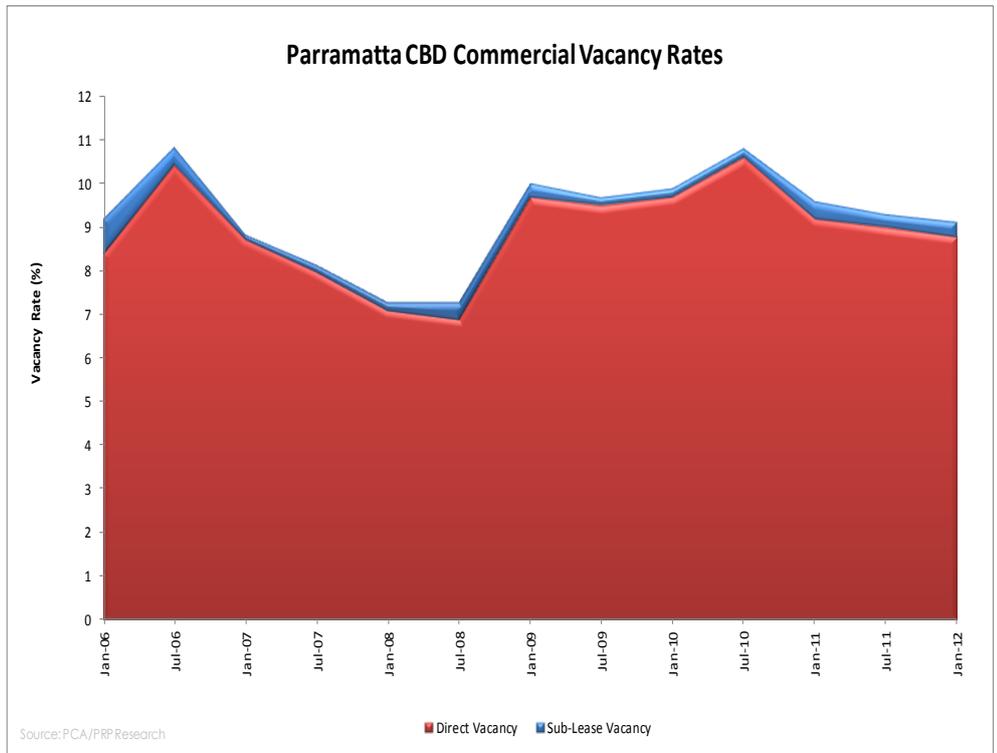


Chart 16 –Parramatta CBD Office Market Vacancy Rates – Source PCA

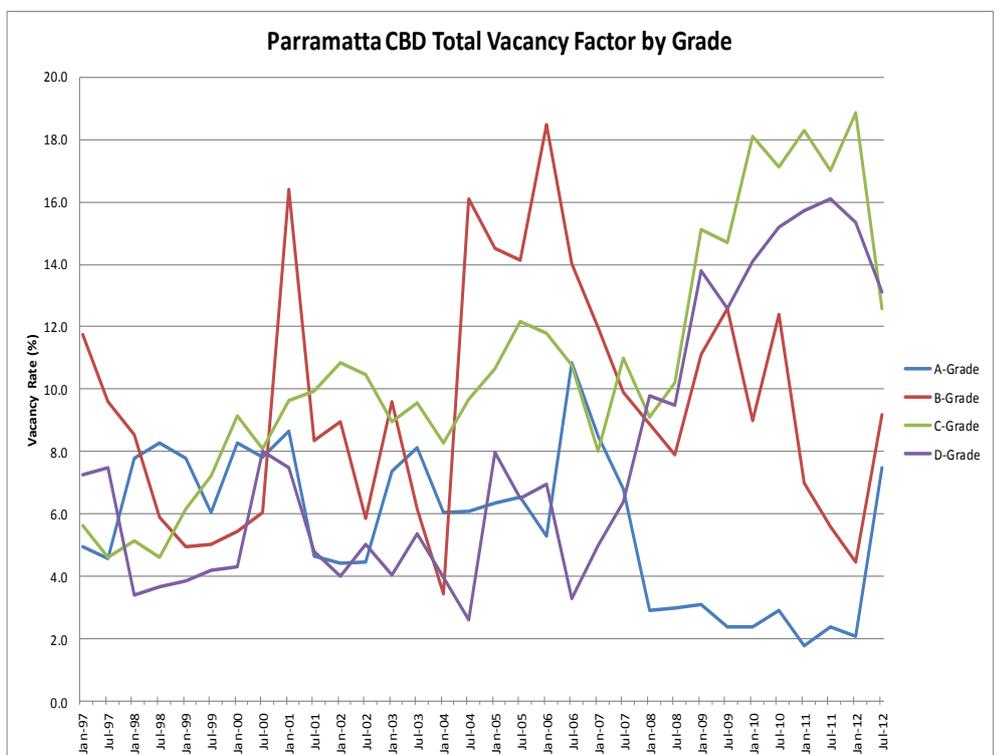
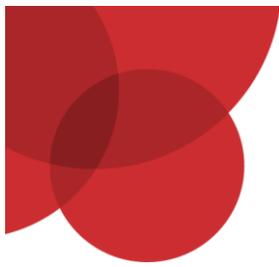


Chart 17 –Parramatta CBD Total Vacancy Factory by Grade – Source PCA



## Chatswood

### Investment Activity

PRP Research recorded relatively low sales transactions over \$5 million that occurred during the three months to December 2012. However, a 50% stake in The Zenith building located at 821 Pacific Highway is on the market with speculation of a likely new benchmark.

### Leasing Activity

PRP Research recorded minor leasing transactions that occurred during the three months to December 2012 in the Chatswood Commercial Office Market.

INova has signed a new lease for 2,400 sqm of office space located at 12 Help Street, Chatswood for a term of 10 years at a net face rent of \$380 per sqm.

McConnell Dowell has lease level 12, 799 Pacific Highway, Chatswood. The 1,091 sqm of office space in Sydney's North Shore was leased on a short term of one year. The construction and engineering contractor will pay a floor rate of \$400 per sqm, which equates to \$434,400 p.a. The office building is owned by National Australia Bank (NAB).

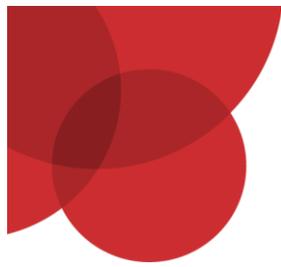
Finally, VHA has committed to 6,000 sqm of office space located at 465 Victoria Avenue, Chatswood for an undisclosed term and rental as no further detail were provided.



"On the Market" 50% Stake in The Zenith located at 821 Pacific Highway Chatswood



INova has signed a new lease at 12 Help Street, Chatswood for 2,400 sqm.



### Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2012 have been analysed to derive at the following findings:

#### Supply by Office Grade

The Chatswood CBD Office Market total stock recorded in the six months to July 2012 has increased by 14,428 sqm to 280,845 sqm. A Grade office space recorded the increase in stock by 14,428 sqm to the total stock now at 157,412 sqm.

Whilst all other Grades remained unchanged with the total supply for B Grade 76,746 sqm and C Grade 46,233 sqm. A Grade space continues to dominate the Commercial Office Market in Chatswood CBD accounting for 56% of market share.

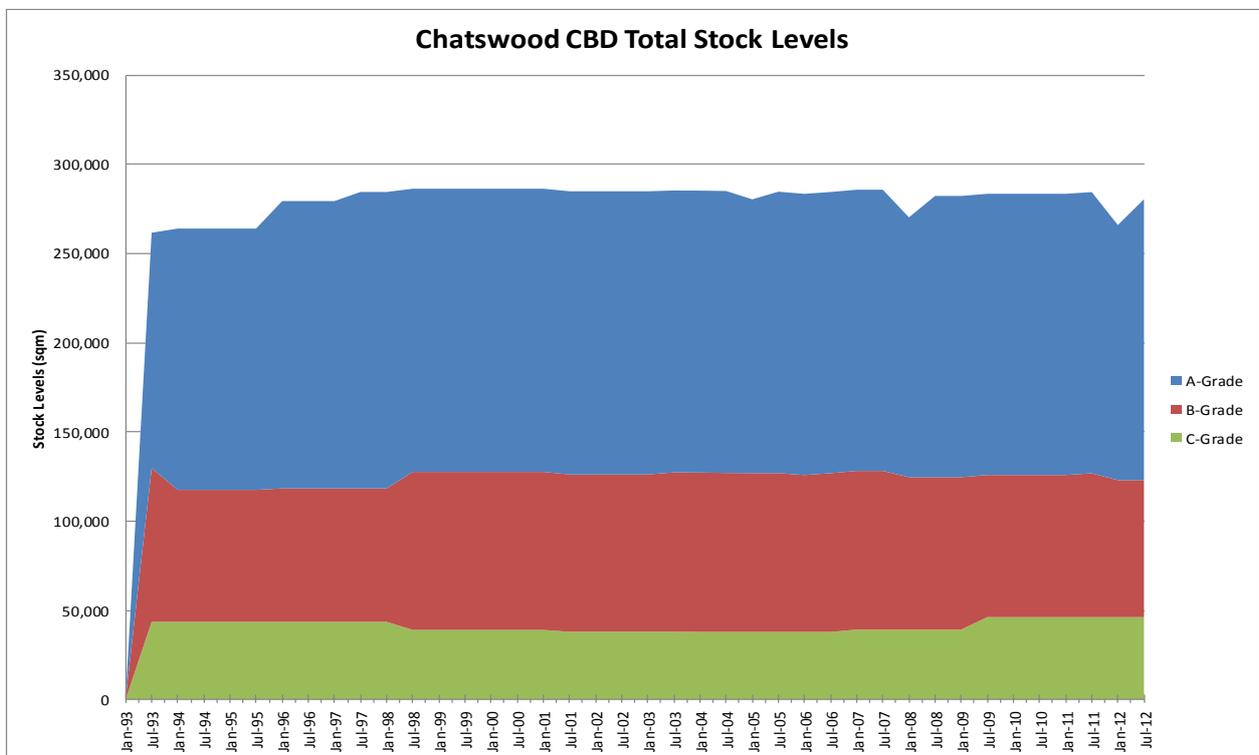
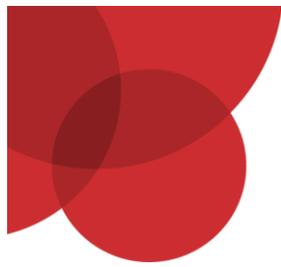


Chart 18 – Chatswood CBD Total Stock Levels – Source PCA



Total Vacancy

The Chatswood Office Market total market vacancy rates has increased from 10.7% (January 2012) to 13.7% in the six months to July 2012, an increase by 3.0 percentage points.

Chatswood CBD Office Market vacancy rates experienced declines in C Grade office space declining by 1.8 percentage points over the six month to July 2012 to 6.9%.

A Grade and B Grade office space total vacancy rates increase by 5.2 and 1.5 percentage points in the six months to July 2012 to 16.7% and 11.9%.

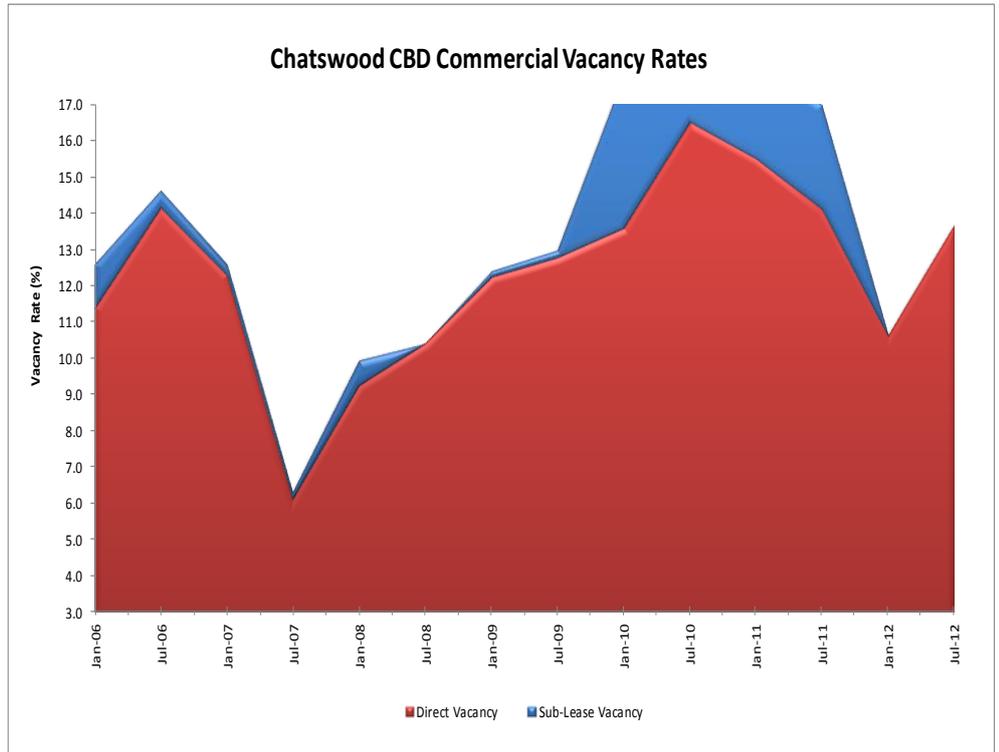


Chart 19 – Chatswood CBD Commercial Vacancy Rates – Source PCA

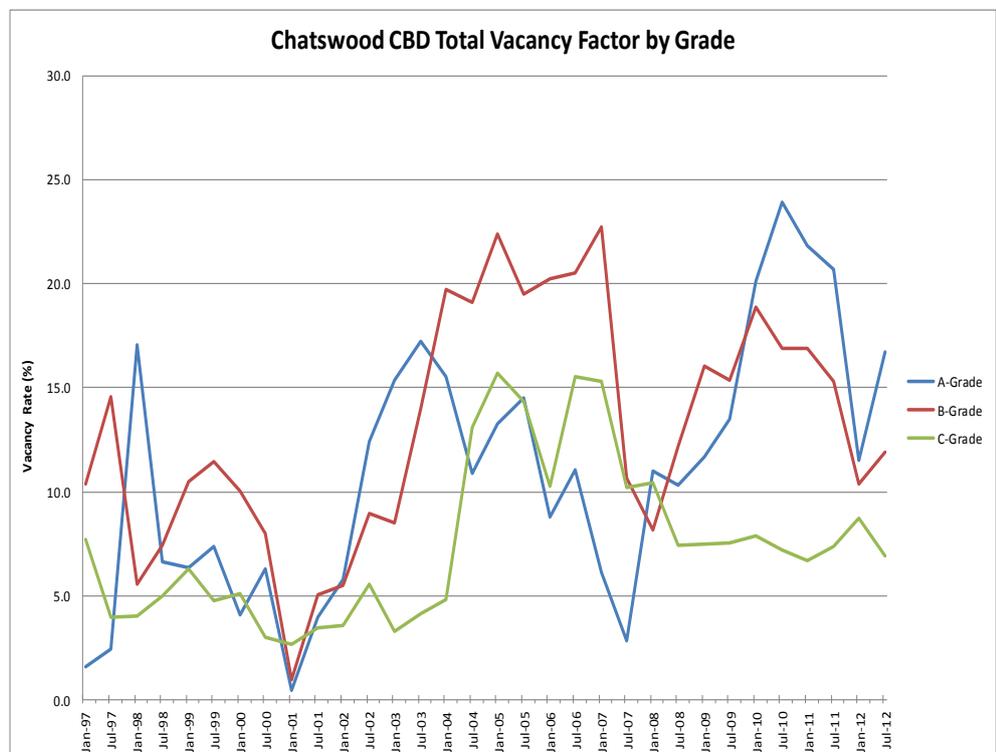
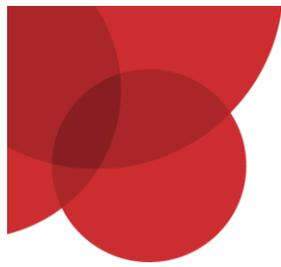


Chart 20 – Chatswood CBD Total Vacancy Factor by Grade – Source PCA



## North Ryde / Macquarie Park

### Investment Activity

PRP Research recorded relatively low sales transactions over \$5 million that occurred during the three months to December 2012. However, **37 Epping Road, Macquarie Park** has sold to Abacus Property Group for a reported **\$17.35 million**. The office building has a building area of 8,009 sqm, reflecting a building rate of \$2,166 per sqm. The property sold fully leased with anchor tenant Office Works and Cephalon. The building spans across 4 levels, with a basement car park which accommodates for 235 car spaces. The property reportedly yields 9%

### Leasing Activity

PRP Research recorded a number of leasing transactions that occurred during the three months to December 2012, in the North Ryde and Macquarie Park Commercial Office Market.

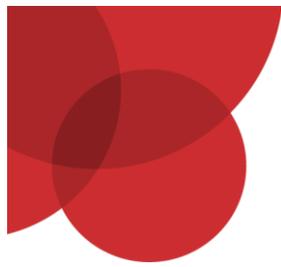
Regus Service Office has agreed to lease Level 5, 7 Eden Park Drive, North Ryde. The A Grade office space has a total area of 1,126 sqm and has been committed to a term of six years. The new tenant will pay a floor rate of \$316 per sqm, which is equivalent to \$355,816 p.a. The transaction is inclusive of 26 car spaces.

Lanier Australia has leased the Ground floor, 2 Richardson Place, North Ryde from Valad Property Group. The lease agreement included a four year term at a rent of \$369,460 p.a. The commercial leased space has a floor space of 1,274 sqm and is situated within Riverside Corporate Par. The tenancy was let with a full fit out complete with a boardroom, reception, breakout areas and offices. The dealing equates to a floor rate of \$290 per sqm.

Finally, Canon Australia has agreed to lease a Goodman Group owned property for an unknown rent. The Japanese electronics company has lease 13,129 sqm of office space upon completion of the project in 2014. The office space is located in The Park Estate at 5 Talavera Road.



Regus Services has leased 1,126 sqm of office space located at level 5, 7 Eden Park Drive, North Ryde,



### Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2012 have been analysed to derive at the following findings:

#### Supply by Office Grade

The North Ryde Office Market total stock recorded in the six months to July 2012 has increased by 10,390 sqm to 820,411 sqm. A Grade office space recorded the increase in stock by 10,390 sqm to the total stock now at 562,308 sqm.

Whilst all other Grades remained unchanged with the total supply for B Grade 234,812 sqm, C Grade 20,570 sqm and D Grade 2,721 sqm. A Grade space continues to dominate the Commercial Office Market in North Ryde accounting for 68.5% of market share.

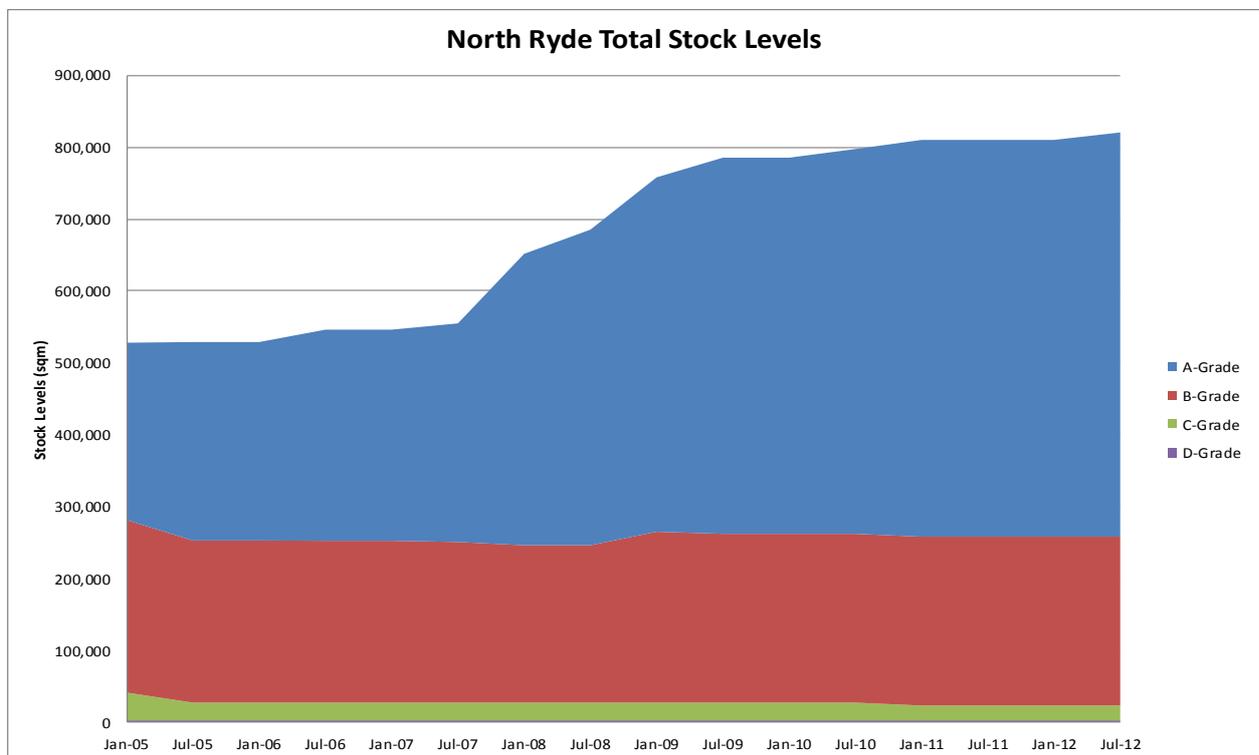


Chart 21 – North Ryde Total Stock Levels – Source PCA



Total Vacancy

Vacancy rates in the North Ryde Commercial Office Market continued to tighten, with vacancy declining from 8.2% in the six months to January 2012 to 6.7% in the six months to July 2012, a decline by 1.5 of a percentage point. The total vacancy rates were last recorded this low in January 2008 at 6.1%.

North Ryde Office Market vacancy rates experienced declines over All Office Graded buildings in the six months to July 2012 with C Grade office space experiencing the most significant decline in vacancy rates by 11.2 of a percentage point over the six month to July 2012 to 27.6%. Followed by, A Grade and B Grade office space declining by 1.4 and 0.7 of percentage point to 4% and 11.6% respectively.

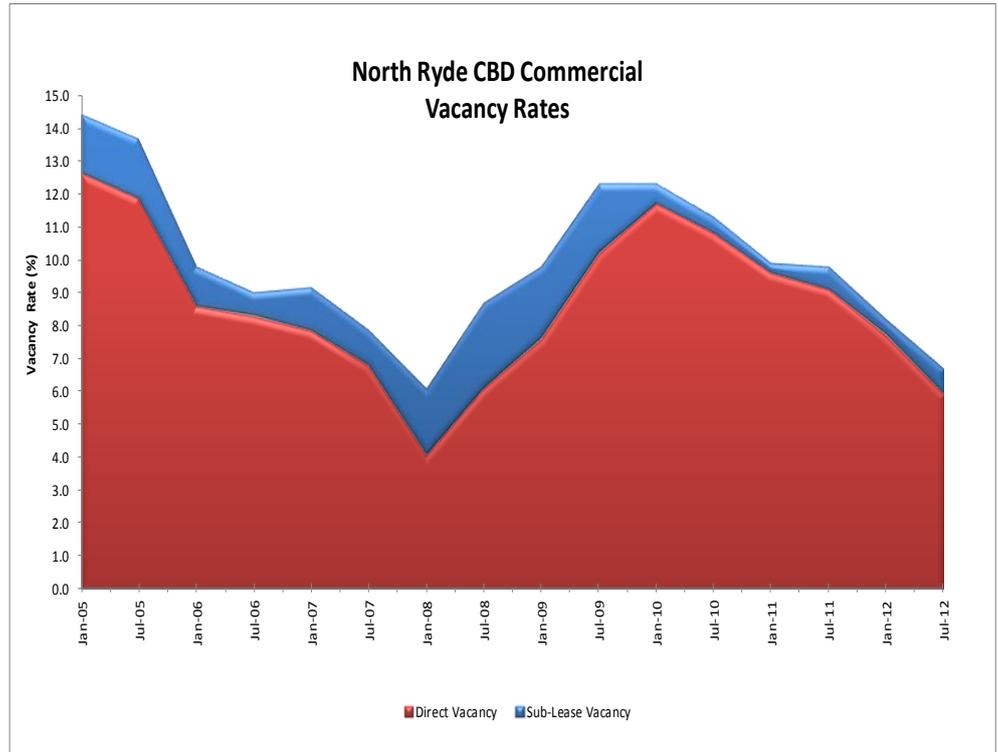


Chart 22 – North Ryde CBD Commercial Vacancy – Source PCA

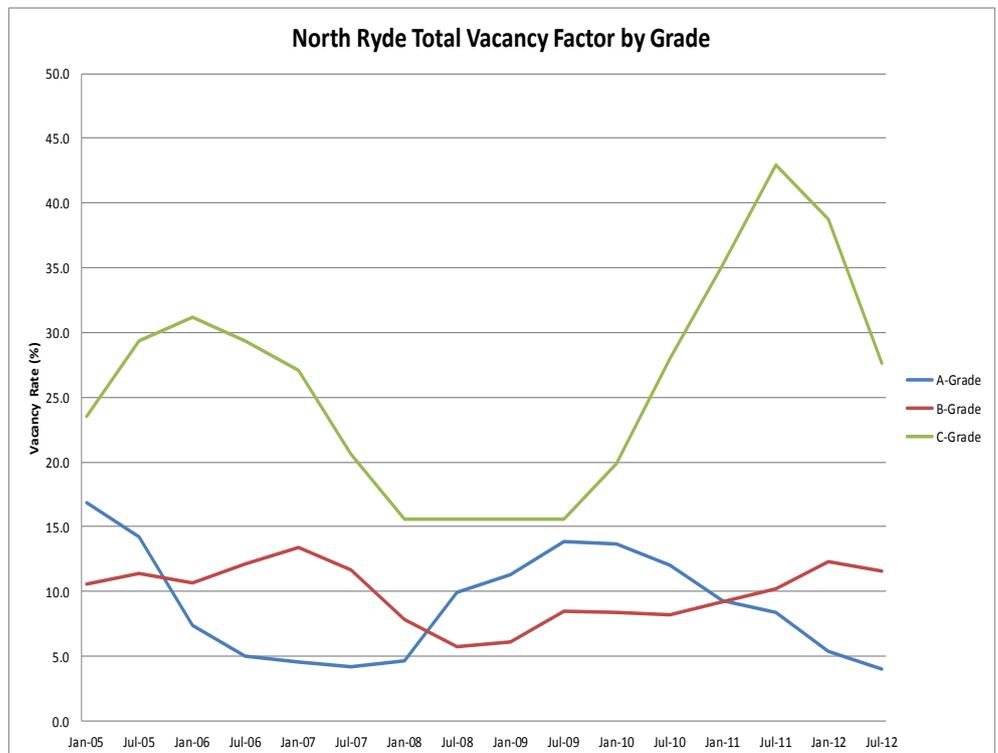
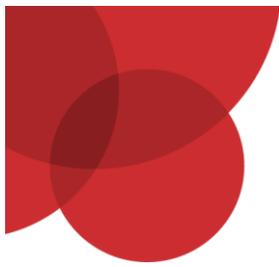


Chart 23 – North Ryde Total Vacancy Factory by Grade – Source PCA



## Retail Market

### Investment Activity

PRP Research recorded a number of retail transactions that occurred in New South Wales during the December quarter 2012, totalling a reported \$580.49 million.

#### Shopping Centres

Moss Capital has acquired the regional shopping centre known as **Griffin Plaza** located on **2 Yambil Street, Griffin** for **\$14.75 million**. The centre has a gross lettable area of 7,225 sqm, with the sale transaction reflecting a floor rate of \$2,042 per sqm.

The sale comes as a potential buyer pulled out of acquiring the centre in 2011. Experts within the industry have expressed that the new owners have plans on working closely with the anchor tenant Coles to refurbish the centre.

AMW Corporation has purchased the neighbourhood retail shopping centre **Dee Why Market** located in Dee Why, Sydney for a reported **\$22.25 million**. The shopping centre spans over 4,614 sqm and was previously owned by DW Shopping Centre. The property reflects an initial yield of 8.8%.



Westfield Management Limited has purchased Warringah Mall for a reported \$267.9 million.

Westfield Management Limited has acquired a 25% stake in **Warringah Mall** for **\$267.9 million**. The modern regional shopping centre sold from AMP Warringah Mall Pty Ltd comprises of a total building area of 125,613 sqm with the land area of 171,780 sqm. The transaction reflects a building rate of \$8,531 sqm.

The property sold fully leased comprises of 332 retail outlets with anchor tenants Myer, David Jones, Target, Big W, Woolworths, Coles and Hoyts Cinemas.

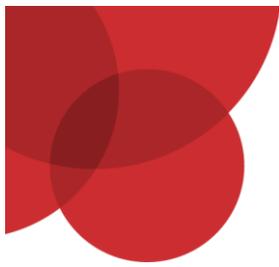
#### Private Investors

Undisclosed Private Investor has acquired the neighbourhood shopping centre located on **Bent Street, South Grafton** on the North Coast of New South Wales for **\$5.8 million**. The precinct purchased from Metro Property Syndicate has a total site around of 3,297 sqm, the transaction reflects a passing yield of 10.68%.

A Private Investor has acquired ten 7-Eleven petrol stations for a reported \$26 million. The properties located across the state of New South Wales sold during an auction over the month of October. All properties were sold with the highest yield achieved in 178-184 Victoria Road, Rozelle at 4%.

Undisclosed Private Investor has purchased the retail arcade know as **248 Church Street Mall located in Parramatta** for **\$19.55 million**. The retail precinct spans across 4,348 sqm and was purchased from vendors CFT No.2 Pty Ltd and Lilac Pty Ltd.

An undisclosed Private Investor has acquired **1/333 Pacific Highway, North Sydney** for **\$2.15 million**. The retail showroom has total floor space of 634 sqm, the sale transaction reflects yield of 9.25%.



### Receivers and Managers

Receivers Ferrier Hodgson has sold a retail and office property located at **37 Epping Road, Macquarie Park** for **\$17.35 million** to Abacus Property Group. Selling on a yield of 9%, the property spans a total site area of 8,000 sqm. The site constructed in 2002, comprises a three storey commercial and retail building.

The anchor tenant Office works is situated on the ground floor of the building, with the two upper levels of office accommodation partly leased and partly vacant. There are 220 car spaces, which is a mixture of basement and on grade spaces. The transaction shows a floor rate of \$2,166 per sqm.



Abacus Property Group has acquired 37 Epping Road, Macquarie Park for \$17.35 million.

Receivers sold Top Ryde Shopping Centre for \$341 million to Blackstone Group

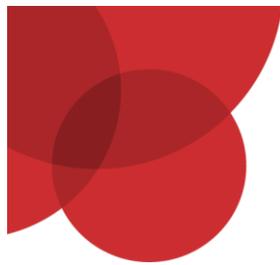
Receivers McGrath Nicol has sold **Top Ryde Shopping Centre**, a major shopping centre for **\$341 million** to private equity company Blackstone Group. The centre was valued back in 2008 for a grossly indifferent \$840 million, reflecting a 60% decrease. The shopping centre attracted interest from local and international companies, including Goldman Sachs, ISPT and CFS Retail Property Trust.

The centre has a gross lettable area of 78,000 sqm reflecting a floor rate of \$4,372 per sqm. The steep loss the centre has made will in turn create steep losses for international and Australian banks that provided funding for the centre topping \$650 million in 2009. There are mixed feelings as to why the centre did not perform as well as initially expected.



Various experts within the industry have stated that the GFC is to blame and having to provide cash incentives to fill the space. Other experts state that initial assumptions that the regional centre could attract prime retailers and the general nature of the centre had a disaster-prone inception.

A private syndicate has purchased **Casual Central** located at **633-639 Hume Highway, Casula** for **\$11.5 million**. The retail and commercial business centre was sold by Receivers Korda Mentha. No further details were released.



The table below highlights further reported investment activity that occurred over the December quarter 2012:

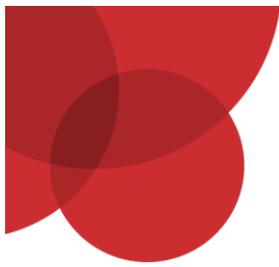
Table 3 – Sales Transactions Retail New South Wales

Address	Suburb	Description	Sale Price	Area	Rate per SQM	Date	Purchaser
39-45 Tweed Coast Rd	BOGANGAR	Retail Building	\$8,508,000	5,486	\$1,551	5-Nov-12	Fabcof Pty Limited
145 Old Pittwater Rd	BROOKVALE	Regional Shopping Centre	\$267,900,000	171,780	\$6,238	25-Oct-12	Amp Warringah Mall Pty Ltd
302-314 Parramatta Rd	BURWOOD	Retail Building	\$7,300,000	4,979	\$1,466	5-Nov-12	Fabcof Pty Limited
36 Macquarie Rd	CARDIFF	Shopping Centre Under Construction	\$16,000,000	8,426	\$1,899	5-Nov-12	Woolworths Properties Limited And Fabcof
633-639 Hume Hwy	CASULA	Retail Complex	\$11,500,000	21,050	\$546	10-Nov-12	Sold To A Private Syndicate
416 Victoria Av	CHATSWOOD	Retail & Office Building	\$5,200,000	210	\$24,762	18-Oct-12	Gan And Gan
14 Weston St	CULBURRA BEACH	Retail Building	\$5,300,000	2,175	\$2,437	5-Nov-12	Fabcof Pty Limited
1 Torvean Av	DUBBO	Retail Building	\$12,000,000	12,990	\$924	5-Nov-12	Fabcof Pty Limited
49 Spencer St	FAIRFIELD	Neighborhood Shop Centre	\$9,250,000	3,018	\$3,065	22-Oct-12	N/A
708-712 Woodville Rd	FAIRFIELD EAST	Retail Complex	\$6,500,000	7,716	\$842	20-Dec-12	Merrill Lynch Investment Managers
176 The Boulevard	FAIRFIELD HEIGHTS	Supermarket	\$15,775,000	5,141	\$3,068	5-Nov-12	Fabcof Pty Limited
2 Simeoni Dr	GOONELLABAH	Shopping Centre	\$16,000,000	18,840	\$849	5-Nov-12	Fabcof Pty Limited
665-699 Merylands Rd	GREYSTANES	Neighborhood Shop Centre	\$21,850,000	17,500	\$1,249	5-Nov-12	Fabcof Pty Ltd
1 Vivian St	INVERELL	Shopping Centre Under Construction	\$15,500,000	10,250	\$1,512	5-Nov-12	Fabcof Pty Limited
26-28 Waratah St	KATOOMBA	Shopping Centre	\$22,157,000	9,674	\$2,290	5-Nov-12	Gembond Pty Limited
38 Pearl St	KINGSCLIFF	Retail & Office Building	\$20,000,000	2,406	\$8,313	22-Nov-12	N/A
152-160 Leura Mall	LEURA	Restaurant	\$12,500,000	3,561	\$3,510	5-Nov-12	Fabcof Pty Limited
44 Carrington St Cnr Conway St	LISMORE	Community Shopping Centre	\$23,600,000	8,293	\$2,846	5-Nov-12	Fabcof Pty Limited
13 Boundary St	MACKSVILLE	Retail Building Under Construction	\$9,200,000	8,904	\$1,033	5-Nov-12	Fabcof Pty Limited
130 Main St	MITTAGONG	Supermarket	\$7,800,000	4,735	\$1,647	5-Nov-12	Woolworths Limited
50 Yambo St	MORISSET	Retail Building Under Construction	\$14,000,000	5,778	\$2,423	5-Nov-12	Fabcof Pty Limited
9 Telopea Way	ORANGE	Retail Building	\$24,250,000	39,060	\$621	5-Nov-12	Fabcof Pty Limited
94 Bent St	SOUTH GRAFTON	Neighborhood Shop Centre	\$5,800,000	10,950	\$530	5-Nov-12	Denison Funds Management
80a Pacific Hwy	SWANSEA	Retail Building	\$10,700,000	N/A	N/A	5-Nov-12	Fabcof Pty Limited

## Leasing Activity

PRP Research recorded relatively low retail leasing activity that occurred over the three months to December 2012. However, Ultimate Fighting Championship has agreed to a 12 year lease for the retail space located at Level 1, 93 O'Riordan Street, Alexandria. The US based company will occupy 3,000 sqm of space for a reported rental of \$900,000 p.a. The tenancy is situated within an industrial and retail bulky goods zoned building. The transaction reflects a floor rate of \$300 per sqm.

Pillow Talk has secured a retail lease in the Home Central Retail Centre located at 2 Mastracolas Road, Coffs Harbour. The retail space is located within a bulky goods centre and comprises of 1,899 sqm, the lessee will pay a floor rate of \$200 per sqm equating to \$379,800 p.a.



## Economic Statistics

According to the Australia Bureau of Statistics category 8501.0 Retail Trade (Dec 2012), the retail turnover figures recorded in New South Wales produced stagnant results which can be attributed to varying factors and contributors of the local and global economies such as, however are not limited to:

\* Retailers continued to face competition due to the growing internet retailing arena;

\* A general trend in consumers being more cautious with a higher propensity and willingness to save in light of uncertainties in economic outlooks;

\* A decline in overall consumer confidence;

\* And a strong Australian dollar that is possible dampening retail growth

The total retail turnover in New South Wales grew by a mere 0.1% over the month of October, with an annual total retail turnover growth of 2.9% seasonally adjusted.

Stagnant results in all categories were experienced over the month of October with; Other Retailing outperforming the wider retail market by 3.7% to record a turnover of \$372.5 million, followed by, Food Retailing with retail turnover increasing by 3% to \$225.1 million.

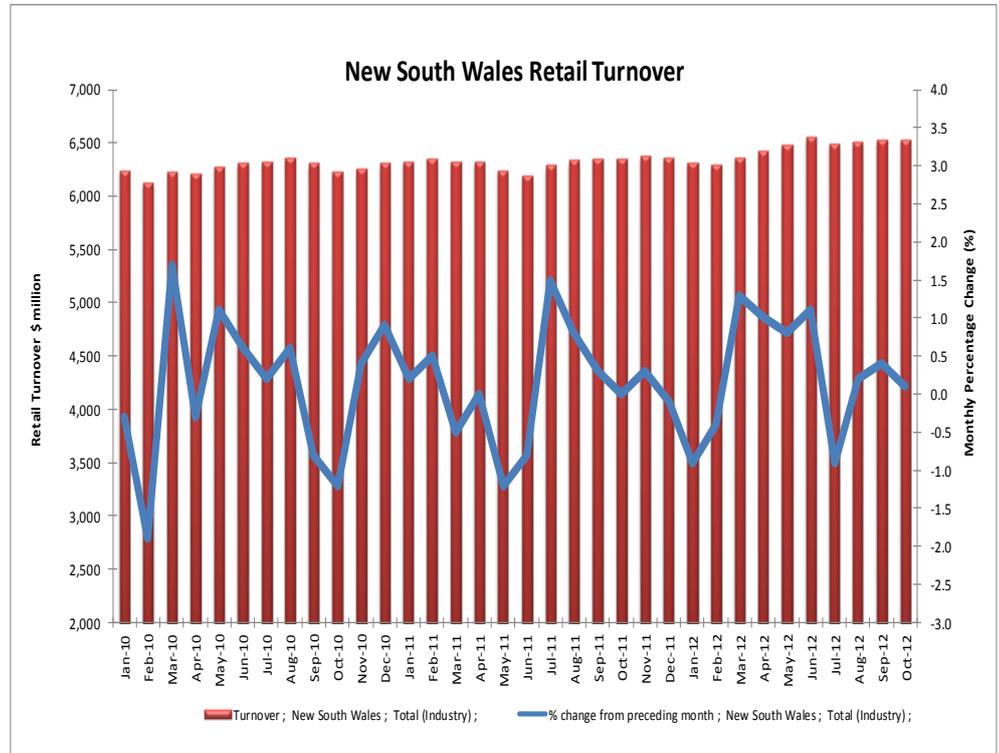


Chart 24 –New South Wales Retail Turnover – Source ABS

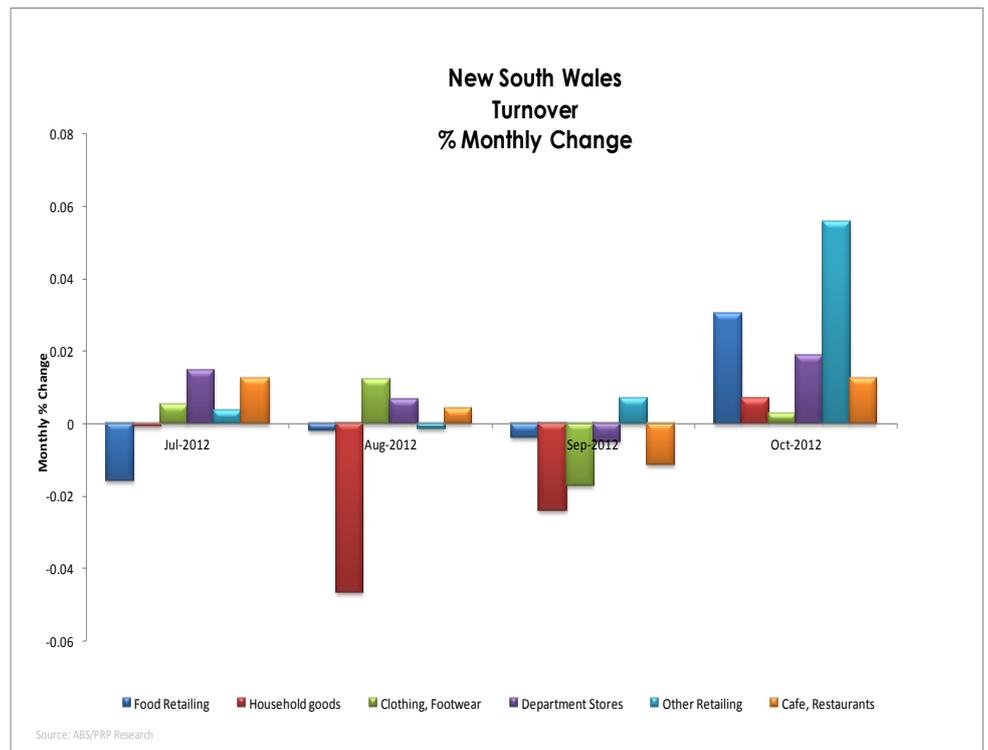
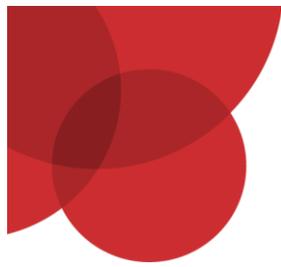


Chart 25 –NSW Turnover % Monthly Change – Source ABS

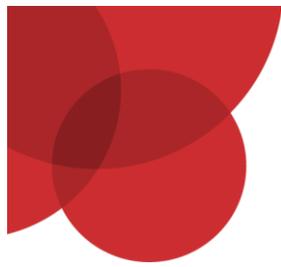


Offset by positive retail results were the declines experienced in sub categories; Clothing, Footwear and Personal Accessory Retailing; Cafes, Restaurants & Takeaway Food Services Retailing and Household Goods Retailing by 2.8%, 0.6% and 0.2%.

Solid growth was seen in the majority of sub categories year on year to October 2012 with the most prominent retail turnover growth in Food Retailing; Other Retailing; Clothing Retailing and Clothing; Footwear and Personal Accessory by 17.7%, 17%, 7% and 4.5% with the retail turnover as at October 2012 \$225.1 million, \$372.5 million, \$346.4 million and \$518.5 million respectively.

Retail sector year on year sub categories that recorded declines in turnover included; Newspaper and Books Retailing; Furniture, floor covering, Homeware and Text books Retailing; Hardware, Building & Garden supplies Retailing and Household goods Retailing by 17%, 4%, 2% and 2% respectively over the annual year.





## Industrial Market

### Investment Activity

PRP Research recorded a number of sales transactions that occurred in the Sydney and Metropolitan Industrial Market, during the three months to December 2012.

Australian Turf Club has acquired **1 Governor Macquarie Drive, Warwick Farm** for a reported **\$30 million**. The industrial development site has a land area of 11,360 sqm, reflecting a land rate of \$2,641 per sqm.

Mirvac Funds Limited has purchased **64 Biloela Street, Villawood** for a reported **\$19.2 million**. The property includes of both warehouse and office space with a total land area of 37,730 sqm, reflecting a rate per sqm of \$509.

Café Investment Pty Ltd has purchased **40-42 Mcevoy Street, Waterloo** for a reported **\$21 million**. The warehouse and office accommodation has a land area of 9,757 sqm, reflecting a rate per sqm of \$2,152.

BNY Trust Company of Australia Limited has acquired two industrial properties, firstly, **52 Huntingwood Drive, Huntingwood** for a reported **\$22.3 million**. The industrial property has a land area of 35,840 sqm. Secondly, the company has purchased **32 Sargents Road, Minchinbury** for a reported **\$23.8 million**. The distribution centres has a land area 39,740 sqm.

Goodman Property Group is reportedly purchasing three industrial properties from vendor AMP Capitals Wholesale Australian Property Fund for an estimated collectively worth of **\$87 million**, included in the industrial site portfolio in New South Wales is **85 Waterloo Road, Macquarie Park** and **105-111 Vanessa Street, Kingsgrove**.

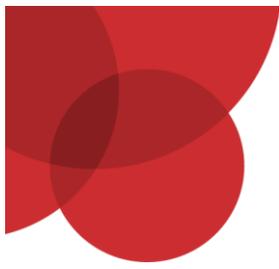
AP Properties Pty Ltd has acquired a B Grade Industrial property with vacant possession located at **94-100 Silverwater Road, Silverwater** for **\$7.55 million**. The industrial precinct has a floor area of 8,142 sqm, which reflects a floor rate of \$927 per sqm.

Findella Pty Ltd has acquired the industrial warehouse located at **82 Gibson Avenue, Padstow** for **\$6.1 million**. The industrial facility has a total site area 8,881 sqm and was purchased from the vendor Tangalooma Nominee Pty Ltd with vacant possession.

The former Darrell Lea Chocolate Factory outlet store located on **the Corner of M5 Motorway and Brooks Road, Ingleburn** has sold for **\$6.5 million** to Quinn Corp (Australia). The property is highly under developed, with the site spanning a total area of 40,680 sqm and improvements consisting 6,664 sqm of this space. The improvements incorporate warehouse and office space. Quinn Corp (Australia) also purchased the Darrell Lea business earlier in 2012 and has plans to build a confectionary manufacturing facility. The sale displays a floor rate of \$975 per sqm.

Nationwide Cold Storage and Distribution has acquired an industrial site for **\$5,331,400** located at **68 Newton Road, Wetherill Park**. The lessor, Dolso Partnership, sold the vacant site spanning 17,480 sqm, the sales transaction reflects a site rate of \$305 per sqm. The new owner has plans to construct a cold storage facility on the newly acquired site.

An industrial property located at **368 Newbridge Road, Moorebank** has sold from Tranteret Pty Ltd for **\$6.08 million**. The property has a floor area of 18,273 sqm and a site area of 1 hectare. The transaction reflects a floor rate of \$3,327 per sqm. The property has ample space for truck marshalling and a 1600 amp power supply.



Private Investors

An undisclosed Private Investor has acquired the industrial space located at **386 Newbridge Road, Moorebank** for **\$6.08 million**. The industrial space has a total area of 18,273 sqm and was purchased on a yield reflecting 9%.

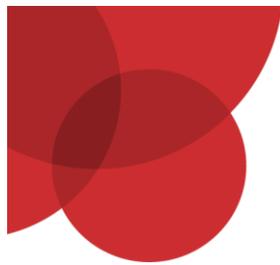
An undisclosed buyer has purchased **57 Riley Street, East Sydney** for **\$3.6 million**. Vendors ABD Holdings sold the 760 sqm property which is earmarked for redevelopment into a restaurant.

An undisclosed Private Investor has acquired an industrial property located at **17-19 Governor Macquarie Drive, Chipping Norton** for **\$3.2 million**. The industrial complex sold from Messrs Raphael and Henrietta Chua has a total area of 3,357 sqm and reflects an initial yield of 8%.

Levanai Nominees has sold the converted warehouse property located at **3 Foster Street, Surry Hills** to a Private Investor GMP Holdings for **\$5.36 million**. The property was sold on a yield of 8.5% and has floor space of 1,250 sqm reflecting a floor rate of \$4,288 per sqm.



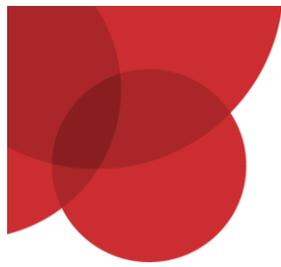
Undisclosed buyer has purchased 57 Riley Street, East Sydney for \$3.6 million.



Furthermore reported industrial sales transactions have been analysed in the table below:

Table 4 – Sales Transactions Sydney and Metropolitan Industrial Market

Address	Suburb	Description	Sale Price	Area	Rate per SQM	Date	Purchaser
75a Burrows Rd	ALEXANDRIA	Warehouse & Office	\$1,358,000	671	\$2,024	26-Oct-12	Stringer
74-76 Mcevoy St	ALEXANDRIA	Office & Warehouse	\$2,827,000	307	\$9,208	5-Oct-12	Specialty Fashion Group Ltd
21-23 O'riordan St	ALEXANDRIA	Warehse, Showm & Office	\$14,250,000	12,570	\$1,134	11-Oct-12	Dhl Global Forwarding (Australia) Pty Ltd
8 Drew St	ARMIDALE	Warehouse & Office	\$1,370,000	12,630	\$108	9-Oct-12	Telbina Holdings Pty Ltd
7 Waltham St	ARTARMON	Warehouse & Office	\$2,925,000	1,302	\$2,247	11-Oct-12	Insurance Australia Ltd
154-156 Adderley St	AUBURN	Factory, Warehouse & Office	\$2,810,000	3,298	\$852	12-Oct-12	Shellock Pty Ltd
Coal Pier Rd	BANKSMEADOW	Industrial Development Site	\$2,203,000	4,197	\$525	1-Nov-12	Australand Holdings Ltd
104 Sunnyholt Rd	BLACKTOWN	Automotive Workshop	\$1,200,000	1,031	\$1,164	10-Oct-12	Idik, Idik And Idik
38 Orchard Rd	BROOKVALE	Automotive Workshop	\$1,094,000	968	\$1,130	12-Nov-12	Satojo Pty Ltd
38 Blaxland Rd	CAMPBELLTOWN	Factory & Office	\$1,500,000	4,047	\$371	20-Nov-12	Paul Wakeling Pty Ltd
9 Pennant St	CARDIFF	Distribution Centre	\$5,250,000	39,220	\$134	15-Nov-12	Knall Cardiff Pty Ltd
22-24 Mackay St	CARINGBAH	Office & Warehouse Bldg	\$2,500,000	1,020	\$2,451	10-Dec-12	Caringbah Business And Sports Club Ltd
9 Salisbury Rd	CASTLE HILL	Office & Factory Unit	\$1,220,000	18,500	\$66	11-Oct-12	Msn 1438 Pty Ltd
1 Parramatta Rd	CLYDE	Office & Warehouse Bldg	\$3,650,000	2,629	\$1,388	23-Nov-12	Studio Avanti Pty Ltd
29 Wingara Dr	COFFS HARBOUR	Transport Depot	\$1,045,000	2,003	\$522	18-Oct-12	Kachel And Kachel
39 Pacific Pd	DEE WHY	Warehouse & Office	\$1,450,000	628	\$2,309	19-Nov-12	Macmillan Cards & Paper Pty Ltd
2 Burrell Pl	GRIFFITH	Auto Service Centre	\$7,750,000	8,568	\$905	5-Nov-12	Fabco Pty Ltd
7-9 Underwood Rd	HOME BUSH	Warehouse & Office	\$11,285,000	291,670	\$39	17-Oct-12	Lymam Holdings
52 Huntingwood Dr	HUNTINGWOOD	Warehouse & Office	\$22,300,000	35,840	\$622	30-Oct-12	Bny Trust Company Of Australia Ltd
40-42 Park Rd	HURSTVILLE	Office & Warehouse	\$5,720,000	917	\$6,238	22-Nov-12	Athanasios
3 Brooks Rd	INGLEBURN	Warehouse	\$6,500,000	40,680	\$160	12-Oct-12	D L N Pty Ltd
36 Stennett Rd	INGLEBURN	Warehouse & Office	\$1,150,000	2,093	\$549	5-Nov-12	Dragas And Dragas
136 Bathurst Rd	KATOOMBA	Auto Service Centre	\$5,750,000	2,018	\$2,849	5-Nov-12	Fabco Pty Ltd
6 Meriville Rd	KELLYVILLE	Service Station	\$2,860,000	3,047	\$939	1-Nov-12	Stadium Pty Ltd
440 The Boulevard	KIRRAWEE	Factory & Office	\$1,525,000	1,962	\$777	10-Oct-12	United Mortgage Pty Ltd
30-38 Waratah St	KIRRAWEE	Factory & Office Unit	\$2,800,000	5,980	\$468	26-Oct-12	Erlap Pty Ltd
13 Barclay St	MARRICKVILLE	Warehouse & Office	\$2,900,000	1,682	\$1,724	27-Nov-12	R J Barclay Investments Pty Ltd
15 Shilow St	MARRICKVILLE	Warehouse & Office	\$1,155,000	411	\$2,810	12-Nov-12	Youhanna, Youhanna, Youhanna And Youhann
119a-121 Sydenham Rd	MARRICKVILLE	Warehouse & Office	\$3,573,000	2,674	\$1,336	16-Oct-12	Waltim Pty Ltd
2 Chalmers Cr	MASCOT	Warehouse & Office	\$2,050,000	1,189	\$1,724	16-Oct-12	E K Anderson Investments Pty Ltd
298 Coward St	MASCOT	Warehouse & Office	\$15,900,000	21,410	\$743	1-Nov-12	Q Catering Riverside Pty Ltd
32 Sargents Rd	MINCHINBURY	Distribution Centre	\$23,800,000	39,740	\$599	30-Oct-12	Bny Trust Company Of Australia Ltd
167 Airds Rd	MINTO	Factory & Office Unit	\$1,000,000	8,601	\$116	30-Nov-12	Airds Road Pty Ltd
10 Pembury Rd	MINTO	Warehouse & Office	\$1,550,000	3,072	\$505	1-Oct-12	Deobest Pty Ltd
368-372 Newbridge Rd	MOOREBANK	Factory & Warehouse	\$6,083,000	18,273	\$333	8-Nov-12	Tranteret
1a-1b Northcote St	MORTLAKE	Warehouse & Office	\$2,740,000	1,568	\$1,747	5-Oct-12	Ricci And Ricci
91 Campbell St	MORUYA	Car Yard	\$1,450,000	7,858	\$185	13-Nov-12	Kayzantan Pty Ltd
10 Coventry Pl	MOUNT DRUITT	Factory, Warehouse & Office	\$1,125,000	2,925	\$385	11-Oct-12	F & M Horwood Nominees (NSW) Pty Ltd
288-290 Malton Rd	NORTH EPPING	Service Station	\$1,100,000	835	\$1,317	25-Oct-12	Manoukian And Manoukian
142 Lake Entrance Rd	OAK FLATS	Warehouse & Office	\$2,000,000	2,274	\$880	19-Oct-12	H Parsons Pty Ltd
64 Marigold St	REVESBY	Factory, Warehouse & Office	\$1,165,000	1,035	\$1,126	26-Oct-12	R.L.Handford Marketing Pty Ltd
1 Jindalee Pl	RIVERWOOD	Factory & Office	\$1,500,000	1,666	\$900	10-Dec-12	Hansbery
6-10 Rothschild Av	ROSEBERY	Office & Warehouse Bldg	\$3,650,000	1,391	\$2,624	26-Oct-12	Peter Paloumpis; Beverly Paloumpis; Con
30 Powers Rd	SEVEN HILLS	Factory, Warehouse & Office	\$5,000,000	22,170	\$226	31-Oct-12	Abioka Pty Ltd
46-58 Derby St	SILVERWATER	Warehse, Showm & Office	\$4,313,000	4,066	\$1,061	1-Nov-12	Vulcan Properties Pty Ltd
17 Vore St	SILVERWATER	Factory, Warehouse & Office	\$1,100,000	885	\$1,243	29-Nov-12	Oedence Pty Ltd
16-18 Sedgwick St	SMEATON GRANGE	Warehouse & Office Complex	\$3,000,000	4,297	\$698	21-Nov-12	Jdbmp Ltd
159 Woodpark Rd	SMITHFIELD	Factory, Warehouse & Office	\$1,330,000	2,518	\$528	26-Oct-12	I & V Plaster Pty Limited
11 Kable Av	TAMWORTH	Car Yard	\$1,200,000	1,802	\$666	13-Nov-12	Harold Kensell & Co Pty Ltd
4-6 Boswell Cl	TUGGERAH	Warehouse & Office	\$1,540,000	8,282	\$186	5-Oct-12	Lenco Properties Pty Ltd
15 Rodmay St	TUNCURRY	Storage	\$1,500,000	3,786	\$396	10-Oct-12	Hickson, Hickson, Campbell And Campbell
45 Doyle Av	UNANDERRA	Factory & Office	\$1,000,000	2,609	\$383	17-Oct-12	Groeneveld And Groeneveld
64 Biloela St	VILLAWOOD	Warehouse & Office	\$19,200,000	37,730	\$509	30-Oct-12	Mivac Funds Limited
3 Ball Pl	WAGGA WAGGA	Warehouse & Office	\$1,720,000	5,041	\$341	17-Oct-12	Threebp Pty Ltd
18 Cheshire St	WAGGA WAGGA	Warehouse & Office	\$1,950,000	16,670	\$117	14-Nov-12	Mcnickle
12 Burnel Rd	WARNERVALE	Transport Depot	\$4,250,000	11,900	\$357	5-Dec-12	Centuria Strategic Property Limited
1 Governor Macquarie Dr	WARWICK FARM	Industrial Development Site	\$30,000,000	11,360	\$2,641	15-Nov-12	Australian Turf Club
40-42 Mcevoy St	WATERLOO	Warehouse & Office Complex	\$21,000,000	9,757	\$2,152	1-Nov-12	Cate Investments Pty Ltd
68-72 Newton Rd	WETHERILL PARK	Cold Store	\$5,331,000	17,480	\$305	22-Oct-12	Doiso Partnership
101 Hannell St	WICKHAM	Office & Warehouse Bldg	\$8,500,000	2,392	\$3,554	6-Dec-12	Wickham Waterfront Commercial Centre Pty
32 Woodpark Rd	WOODPARK	Service Station	\$2,200,000	1,530	\$1,438	30-Oct-12	Fuel For U Pty Ltd
55-61 Riley St	WOOLLOOMOOLOO	Warehouse	\$3,600,000	422	\$8,531	24-Nov-12	Everest Property Company Pty Ltd



## Leasing Activity

PRP Research recorded a number of leasing transactions that occurred in the Sydney and Metropolitan Industrial Market during the three months to December 2012.

Stockland has leased an industrial property to a cotton exporter located at Building 3, Yennora Distribution Centre for a term of two years. The property has 9,198 sqm of floor space, with the new tenants agreeing to pay a floor rate of \$100 per sqm, reflecting a rental \$919,800 p.a. The building includes an internal clearance of 8.2 metres.

MPM Marketing has agreed to lease 11,700 sqm of industrial accommodation located at 8 Contaplas Street, Arndell Park. The property leased from PPK Properties on the lease terms of a floor rate of \$95 per sqm, reflecting a \$1,111,500 p.a. on a five year term. The warehousing incorporates sufficient turning space, power supply and high clearance.

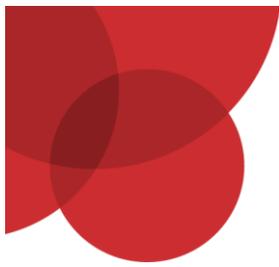
AMP Capital Investors has leased industrial space to Silcar for an unknown term, the property is located at 111 Vanessa Street, Kingsgrove. The new tenants will lease 6,366 sqm of modern floor space and is reported to be paying a floor rate of \$147.62 per sqm. The reported transaction reflects an annual rent of \$939,749. The warehouse accommodation has dual roller doors with an internal clearance of 11 metres. Industry experts and commentators have expressed that the south western Sydney market is currently experiencing high demand.

A sub-leased has been signed by Grace Worldwide (Australia) Pty Ltd for the industrial space at Unit 8, 39 Hill Road, Homebush on a term of one year. The new tenants have leased 4,125 sqm of floor space, at a rental of \$453,750 p.a, which reflects a floor rate of \$110 per sqm.

Big River Group Pty Ltd has leased a freestanding office and warehouse property located at 89 Kurrajong Avenue, Mount Druitt for a term of 5 years. The new tenants have agreed to pay \$400,000 p.a. for 3,851 sqm of floor space, displaying a floor rate of \$112 per sqm. The property spans a site area of 13,544 sqm and will be leased from lessor Cazbri Pty Ltd.

SCJ Brand Pty Ltd has secured the lease of an industrial premise located at 4-6 Merryvale Road, Minto for a term of 4 years. The lessor, Debenjack Properties leased the property for \$203,500 p.a. with a total floor space of 2,422 sqm, the transaction reflects a floor rate of \$84 per sqm.

Ricoh Australia has agreed to lease a purpose-built facility located at Jacfin Eastern Creek Industrial Estate, Old Wallgrove Road. The new tenants have secured a lease for 10 years lease and will pay a floor rate of about \$115 per sqm. The facility is within an industrial estate has 10,467 sqm of floor space.



# Residential Market

## Economic Statistics

According to the Australia Bureau of Statistics category 8731.0 Building Approvals December 2012, the total number of house dwelling approvals in the Sydney Statistical Division over the month has declined by 13.49% from 1,045 approvals to 904 approvals, annually recording a 9.3% increase in the house dwelling approvals. Whilst fluctuating results were experienced throughout 2012 with the peak of approvals recorded in October 2012 recording 1,045 approvals and the trough of approvals recorded in January 2012 with mere 475 approvals.

The total number of non-house dwelling approvals has declined by 20.62% from 2,228 to 1,635 dwelling approvals over the month, in comparison to 12 months prior recording a growth of 26.55%.

Similar fluctuating results were experienced in non-house dwelling approvals throughout 2012 with peak of approvals recorded in October 2012 with 2,228 and the trough of approvals recorded in February 2012 with 490 approvals.

The annual dwelling and non-dwelling total approvals as at November 2012 recorded 24,203 approvals granted in the Sydney Statistical Division, a total percentage growth of 5% from 23,203 (year 2011) to 24,203 (year 2012) approvals.

## SYDNEY

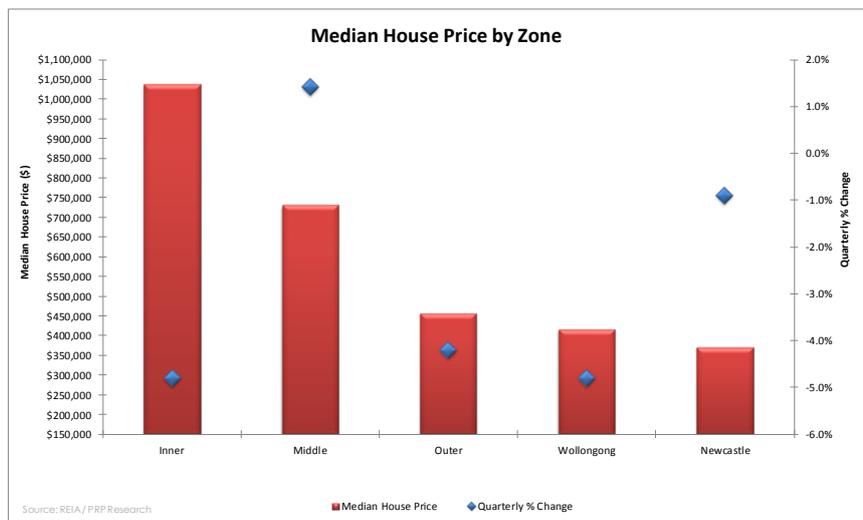
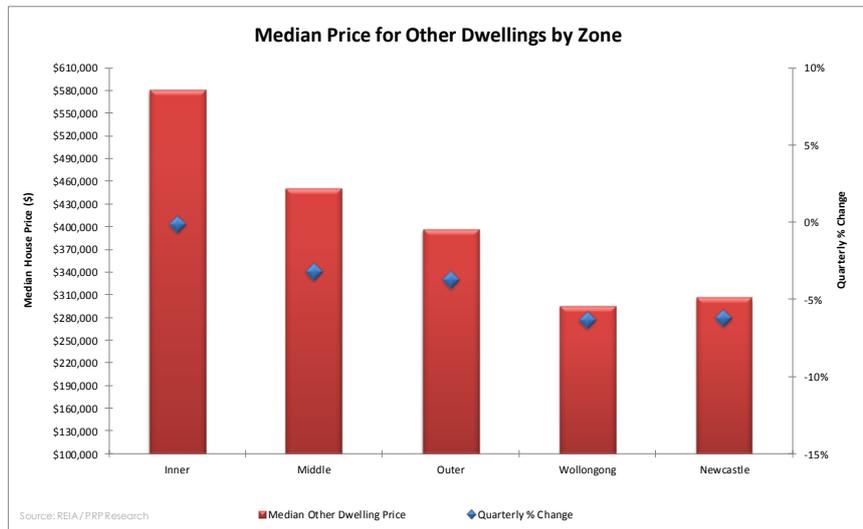
### Market Affordability

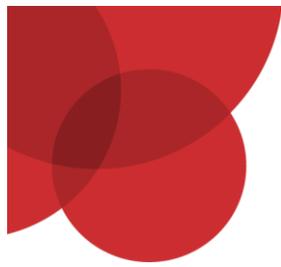
Over the September quarter 2012 according to the Real Estate Institute of Australia the Sydney Median House price decreased by 0.4% from \$642,425 in June 2012 to \$641,890, year on year recorded a mere increase by 0.1%.

Contributing to the decline in the Sydney Median House price over the quarter were the declining house price in Inner and Outer Sydney with marked declines by 4.8% (\$1,036,000) and 4.2% (\$455,000) respectively, offset by Middle Sydney which increased by 1.4% over the quarter to the median house price of \$730,000.

All zones recorded increases in the median house price on the annual review to September 2012, with the most significant increase experienced in Middle Sydney by 4.4%, with the median house price now \$730,000. Followed by, Inner and Outer Sydney increasing by 2.5% and 2.2% respectively.

Other Dwelling Median House prices in all zones decline over the quarter with the Outer and Middle Sydney experiencing the most significant declines by 3.7% (\$2,202,300) and 3.2% (\$450,000) respectively. Year on year saw marginal increase in all zones with Inner Sydney outperforming by 2.7% arriving at a median house price of \$580,000.





## Rental Market

Optimistic results were seen in the Sydney rental market over the 12 month to September 2012, with All Zones either increasing or remaining unchanged. The most significant year on year rise in median house rents were recorded in two bedrooms Outer and Middle Sydney with percentage increases by 5.6% and 4.7%, with the median house rent now \$327.5 and \$450 respectively.

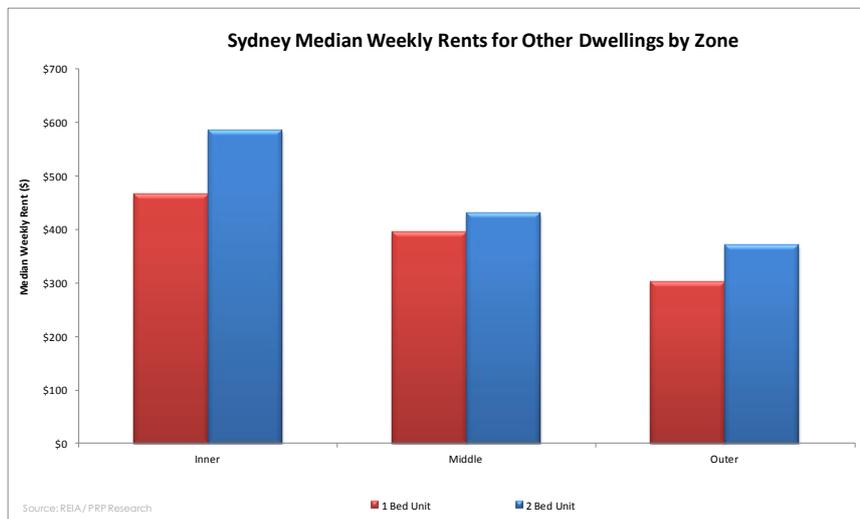
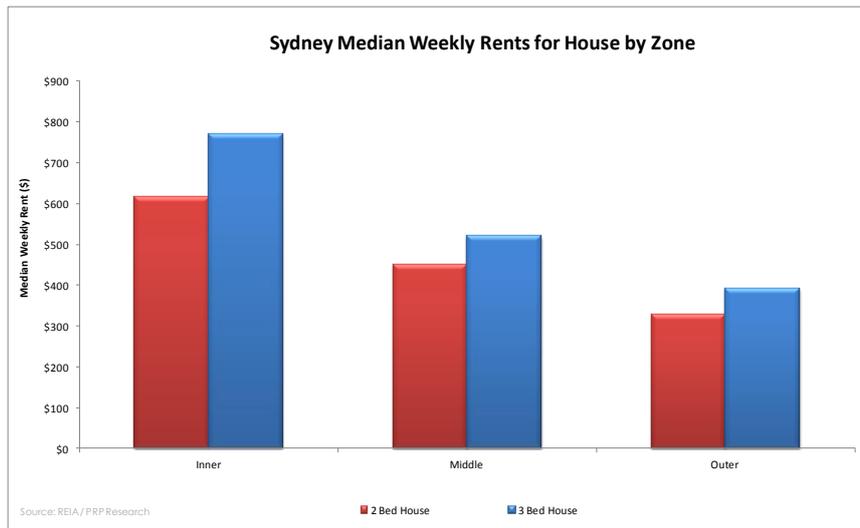
Over the September quarter All Zones increased excluding Inner Sydney one bedroom which declining by 0.8% with the median house rent now \$615 per week.

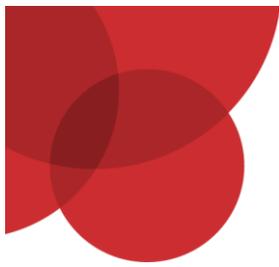
The most significant increase was in Middle Sydney two bedrooms median house rents increasing by 4.7% to \$450 per week and Inner Sydney three bedroom median house rent by 2.7% to \$770 per week.

Rental rates for Other Dwellings in New South Wales remained relatively positive over the 12 months to September 2012. The most momentous increase was in the Outer Sydney one bedroom with the median rent increasing by 7.5% to \$300 per week. Middle Sydney one bedroom rent was the only category that experienced a decline in the median rent by 1.3% to \$395 per week.

Over the September quarter 2012 the results for Other Dwelling rents were mixed between rental increases, decreases and unchanged rents. The most significant decline was seen in Inner Sydney two bedrooms other dwelling median rents by 1.7% to \$585 per week.

Conversely the most distinguished percentage increase over the quarter was in Middle Sydney one bedroom other dwellings median rents by 2.6% to \$395 per week.





## **NEWCASTLE**

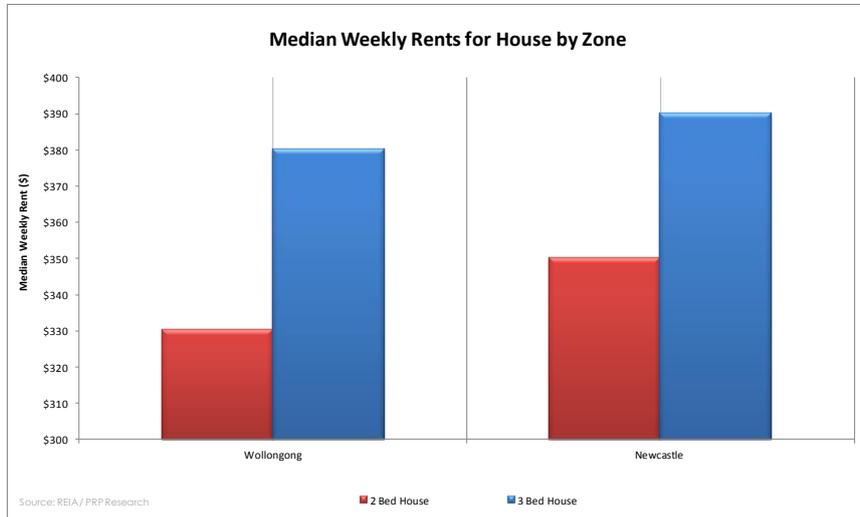
### **Market Affordability**

Over the September quarter 2012, the Median House price in Newcastle declined by 0.9% to \$370,000, with an annual growth of positive 4.8%.

The Median Other Dwelling price in the Newcastle Region declined by 6.2% over the September quarter and annual year.

### **Rental Market**

Two bedrooms and three bedrooms house rents in the Newcastle region remained unchanged over the September quarter at \$350 and \$390 per week respectively, bringing the total change over the 12 month period to a growth of 7.5% and 2.6%.



Quarterly results for Other Dwelling rents in the Newcastle Region saw positive growth in both one bedroom and two bedrooms, with a percentage growth over the quarter by 8.3% and 2.9% respectively.

Year on year remained positive with percentage increases in both one bedroom and two bedrooms. One bedroom Other Dwelling rents in the Newcastle Region reached \$260 per week, a year on year increase by 8.3% and two bedrooms Other Dwelling rents in the Newcastle Region also increased significantly over the year, increasing by 6.9% over the 12 month period to \$350 per week.

## **WOLLONGONG**

### **Market Affordability**

According to the Real Estate Institute of Australia, Wollongong has experienced a 4.8% decline in the median house price over the three months to September 2012 with the median house price declining from \$440,000 (June quarter 2012) to \$415,000, year on year saw percentage increase by 1.8%.

The Other Dwelling median price in the Wollongong Region experienced a decline in results over the quarter, falling from \$312,000 in the June quarter 2012 to \$295,000, a percentage decline by 6.3% however boosting a year on year increase by 5.8%.

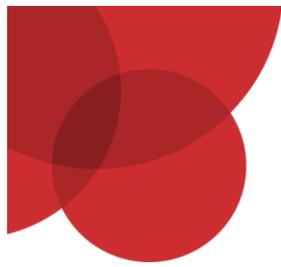
### **Rental Market**

Two bedrooms median house rents in the Wollongong Region remained unchanged over the September quarter with the average rent per week now \$330. Three bedrooms median house rents in the Wollongong Region experienced a decline by 2.6% over the September quarter to a rental of \$380 per week.

In comparison to 12 months prior, three bedrooms median house rents in the Wollongong Region were not as resilient remaining unchanged, whilst two bedrooms median house rents increased by 3.1%.

Other Dwelling median rents in the Wollongong region in both one and two bedrooms increase over the September quarter 2012 by 4.8% and modest 1.7% respectively.

Year on year comparison saw one bedroom Other Dwelling median rents increased by 4.8% to \$220 per week and two bedroom Other Dwelling median rents remained unchanged at \$260 per week.



## Hotels & Leisure Market

### Investment Activity

PRP Research recorded a number of Hotel and Leisure transactions that occurred in New South Wales during the December quarter 2012, totalling a reported \$84.40 million.

Redcape Property Fund has acquired the President Hotel located at **3 Hew Parade on the corner of Forest Way, Belrose** for a reported **\$23 million**. The second-hand hotel sold with 18 gaming machines and has a land area of 11,114 sqm, which reflects a building rate of \$2,069 per sqm.

An undisclosed buyer has purchased Beverly Hills Cinemas from vendors Greater Union for a reported **\$6.8 million**. The property located at **447 King Georges Road, Beverly Hills** has a building area of 2,300 sqm, which reflects a building rate of \$2,957 per sqm. The property reportedly has a net income of \$595,298 and includes 6 cinema screens. Anchor tenant Greater Union will continue to lease the space until 2019 with 10 year option. The property has a reported yield of 8.75%.



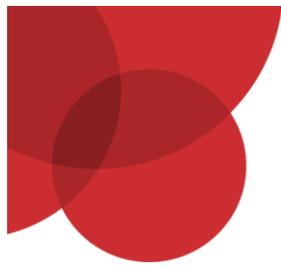
Greenfield Tavern has reported sold for \$23 million to a Sydney Publican.

George Thomas Hotels has purchased the Chatswood Monkey Bar for a reported **\$6.9 million**. The hotel located at **53 Orchard Road, Chatswood** sold from vendors Chatswood Leisure Holding Pty Ltd. The precinct has a building area of 5,050 sqm and spans across three levels. The transaction reflects a building rate of \$13,663 per sqm with a yield of 6.3%. The hotel is currently leased on the terms 10 years plus a 10 + 10 year option.

Vendors WW Hotel has sold the Greenfield Tavern, Greenfield located on Mimosa Road to a Sydney Publican for a reported **\$23 million**. No further details were released.

An undisclosed buyer has acquired the Guildford Hotel for a reported **\$16.2 million**. The hotel located at **309 Guildford Road, Guildford** comprises of 6 double letting rooms, 5 bedroom apartments, beer garden with 24 hour hotel licence, 15 entitlements plus 15 permits. The hotel has a land area of 2,873 sqm, which reflects a land rate of \$5,639 per sqm.

The Macquarie Hotel has sold to Christian Denny from vendor Dr Jerry Schwartz for a reported **\$8.5 million**. The property located at **40-42 Wentworth Avenue, Sydney CBD** includes a 24 hour liquor licence with 25 gaming machines. The hotel has a land area of 506 sqm, reflecting a land rate of \$16,798 per sqm.



## Our Research

At Preston Rowe Paterson, we pride ourselves on the research which we prepare in the market sectors within which we operate. These include Commercial, Retail, Industrial, Hotel & Leisure and Residential.

## Our Corporate Property Services

- Real Estate Investment Valuation
- Real Estate Development Valuation
- Property Consultancy and Advisory
- Transaction Advisory
- Property and Asset Management
- Listed Fund, Property Trust, Super Fund and Syndicate Advisors
- Plant & Machinery Valuation
- General and Insurance Valuation
- Economic and Property Market Research

## Types of Real Property

We regularly provide valuation, property and asset management, consultancy and leasing services for all types of Real Estate including:

- CBD and Metropolitan commercial office buildings
- Retail shopping centres and shops
- Industrial, office/warehouses and factories
- Business parks
- Hotels (accommodation) and resorts
- Hotels (pubs), motels and caravan parks
- Residential development projects
- Residential dwellings (individual houses and apartments/units)
- Rural properties
- Special purpose properties such as: nursing homes; private hospitals, service stations, oil terminals and refineries, theatre complexes; etc.
- Extractive industries, land fills and resource based enterprises

## Types of Plant & Machinery

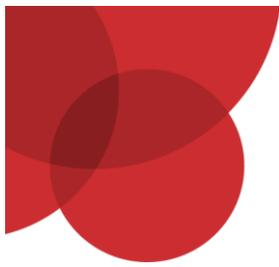
We regularly undertake valuations of all forms of plant, machinery, furniture, fittings and equipment including:

- Mining & earth moving equipment/road plant
- Office fit outs, equipment & furniture
- Agricultural machinery & equipment
- Heavy, light commercial & passenger vehicles
- Industrial manufacturing equipment
- Wineries and processing plants
- Special purpose plant, machinery & equipment
- Hotel furniture, fittings & equipment

## Our Clients

Preston Rowe Paterson acts for an array of clients with all types of real estate, plant, machinery and equipment interests such as:

- Accountants
- Banks, finance companies and lending institutions
- Commercial and Residential non bank lenders
- Co-operatives
- Developers
- Finance and mortgage brokers
- Hotel owners and operators
- Institutional investors
- Insurance brokers and companies
- Investment advisors
- Lessors and lessees
- Listed and private companies corporations
- Listed Property Trusts
- Local, State and Federal Government Departments and Agencies
- Mining companies
- Mortgage trusts
- Overseas clients
- Private investors
- Property Syndication Managers
- Rural landholders
- Solicitors and barristers
- Stock brokers
- Trustee and Custodial companies



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Geelong  
Gold Coast

Gippsland  
Morningside  
Newcastle  
Wagga Wagga  
Warrnambool

[www.prpsydney.com.au](http://www.prpsydney.com.au)

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