



**Preston
Rowe
Paterson**

National Property Consultants

Property *Market* Report

Queensland

March quarter 2013

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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 Given the manner in which statistics are compiled and published they are usually 3-6 months out of date at the time we analyse them.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.

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Economic Fundamentals

GDP

GDP figures for the March quarter are not available until 5th June 2013, however PRP research over the December 2012 quarter has revealed that the Australian economy recorded steady growth, with the quarter GDP growth at 0.6%, taking annual growth to 3.10%. In seasonally adjusted terms, the main contributors to expenditure on GDP were Total public gross fixed capital formation increasing by 1.10% over the quarter to December 2012 and Net exports increasing by 0.6 percentage points.

The Terms of Trade during the December quarter 2012 recorded a decline by 2.70% seasonally adjusted, reflecting export prices are declining at a faster rate than import prices.

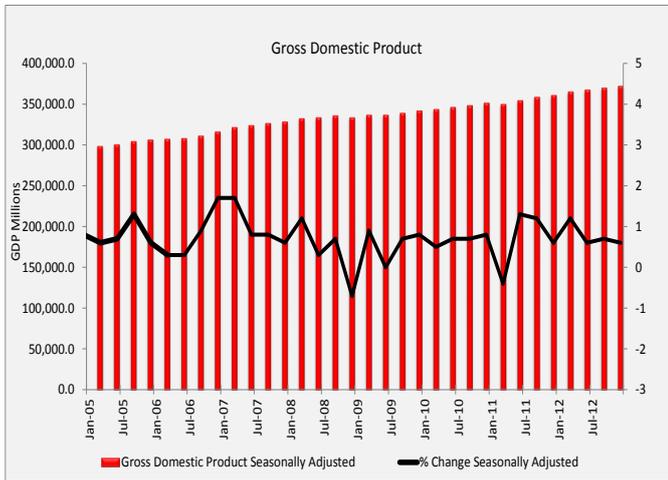


Chart 1 – Gross Domestic Product (GDP) – Source ABS

Labour force

The official employment figures released from the Australian Bureau of Statistics revealed that the unemployment rate increased by 0.2 percentage points to 5.6% seasonally adjusted as at March 2013. Employment over the month increased bringing the total employment to 11,599,900 seasonally adjusted.

Unemployment also increased over the month by 3,300 persons to 672,000, a percentage change of 3.3%. The number of persons looking for full-time work increased 30,900 to 501,900 and the number of persons looking for part-time work decreased 5,000 to 185,000. Year on year analysis reveals the number of unemployed persons has increased by 8.8%. The participation rate held steady remaining unchanged over the month at 65.1% in March 2013 with year on year results recording a 0.2% decline.

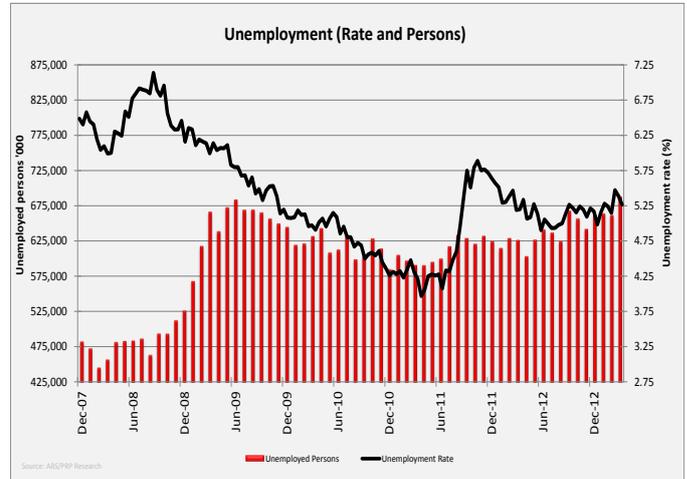


Chart 2 – Unemployment – Source ABS

Interest Rates

The official Cash Rate for the March quarter 2012 saw it remain unchanged at 3.0%. The RBA released a statement saying “taking into account the flow of recent information and noting that there had been a substantial easing of policy as a result of previous decisions, the Board judged that it was prudent to leave the cash rate unchanged”.

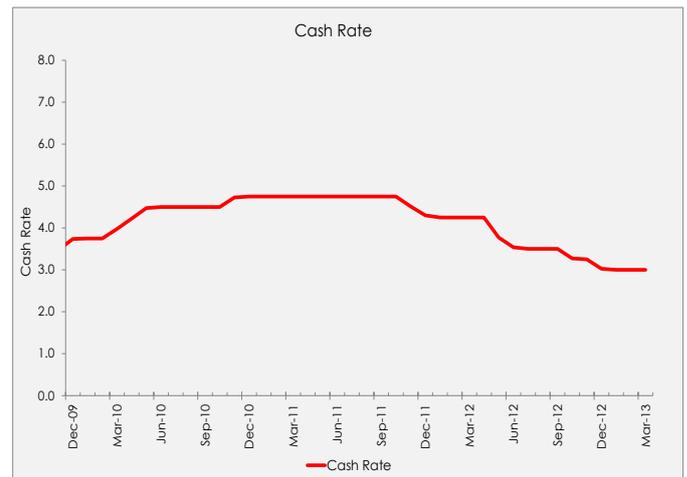


Chart 3 – Cash Rate—Source RBA

CPI

The Consumer Price Index (CPI) rose by 0.4% in the March quarter 2013 with the index now recording 102.4, taking the annual pace to 2.5% for the year. The most significant price rises this quarter were for new dwelling purchase by owner-occupiers with a 1.7% increase, pharmaceutical products 7.6% tertiary education 6.5% and tobacco 3.7%. International holiday travel and accommodation, furniture and fruit recorded the greatest declines with 5.2%, furniture 6.8% and fruit 7.0% respectively.

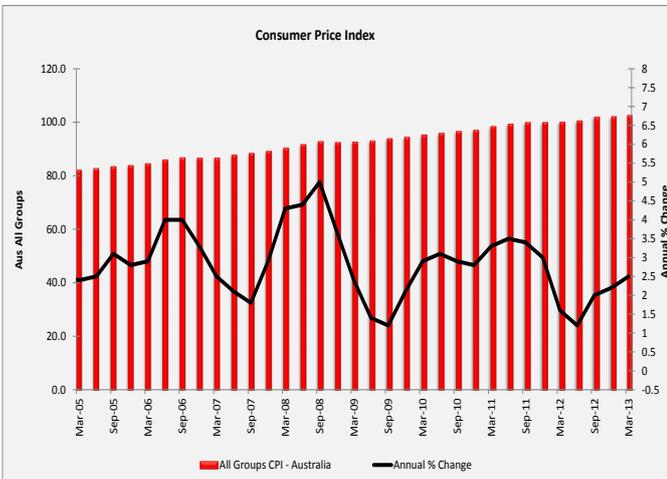


Chart 4 – Consumer Price Index – Source RBA

Consumer Sentiment

Consumer sentiment increased over the March 2013 quarter, with the Westpac-Melbourne Institute Index recording a 2.0% increase over the month. The index increased from 108.3 in February November 2013 to 110.5 in March 2013.

According to the Media Release by Westpac dated 13th March 2013, Westpac’s Chief Economist Bill Evans stated “This is a strong result. It follows the 7.7% jump in the Index which printed in February and marks the fifth consecutive month the Index has registered above 100. That follows a period of 16 months when the Index was below 100 on 14 of those 16 months”.

The index is currently recording its highest level since December 2010 and is up by 15.1% in the twelve months to March 2013.



Chart 5—Consumer Sentiment Index—Source Westpac Melbourne Institute

Commercial Office Market

Brisbane CBD

Investment Activity

PRP Research recorded a number of reported sales transactions that occurred in the Brisbane CBD Office Market during the three months to March 2013, with the total reported value over \$366.57 million.

Hines has been negotiating with Laing O’Rourke to purchase **825 Ann Street, Fortitude Valley** for estimated figure around **\$120 million**. The office tower project comprises of 19,094 sqm.

De Martini Fletcher and Mr John van Lieshout has reported to have joint venture together to acquire **15 Astor Terrace, Spring Hills** for a reported **\$9.5 million**. Vendors Opus Capital has sold the commercial office building which comprise of 3,870 sqm.

An undisclosed investor has purchased an **858 sqm** commercial building at **85 Old Cleveland Road at Stones Corner** for **\$3.75 million**.

Bundaberg Sugar has purchase the commercial office space located at **155 Wharf Street, Spring Hill** for a reported **\$4 million**. Vendors YWCA have sold the property on a leaseback agreement. The office building comprise of 853 sqm.

An undisclosed owner occupier has purchased a **1,300 sqm** office building at **32-36 Balaclava Street, Woolloongabba** for **\$2.97 million**.

Leasing Activity

PRP Research recorded relatively low leasing transactions that occurred in the Brisbane CBD Office Market during the three months to March 2013.

Clarence Professional Offices has leased 826 sqm of commercial office space located at **239 George Street, Brisbane CBD**. The lease conditions included a term year of 3 years at a rental of **\$570 per sqm**. The property has been leased from Investa Property Group.



825 Ann Street, Fortitude Valley – Photograph – Hines.com

Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report January 2013 have been analysed to derive at the following findings:

Supply

In the six months to January 2013, 29,786 sqm of office space entered the Brisbane CBD Office Market due to completion of a new development at 145 Ann Street which accounted for 28,077 sqm of the new supply. The refurbishment of 313 Adelaide Street saw another 2,715 sqm re-enter the Brisbane CBD Office Market, and withdrawals of 2,715 sqm resulted in a Net Supply of 27,071 sqm.

Later in 2013, it is expected the completion of a new development at 55 Elizabeth Street will introduce a further 18,600 sqm of new supply into the Brisbane CBD Office Market.

The future supply pipeline for the Brisbane CBD Office Market is tentative, with no new supply expected to enter the market in 2014. 2015+ appears positive in terms of new supply with 229,353 sqm anticipated with 33.62% already pre-committed and 8 new developments DA Approved and awaiting the construction phase. Future supply levels for the Brisbane Fringe Office Market will see an additional 31,220 sqm enter the market in 2014, with no new supply expected for 2015+.

Mooted supply for the Brisbane CBD Office Market is reported to account for 151,567 sqm, and 117,375 sqm for the Brisbane Fringe Office Market.

Market share of the Brisbane CBD Office Market is dominated by A Grade and B Grade office classes, with 39% of the market each. C Grade follows with 10%, Premium Grade with 9% and D Grade with 3% of market share. Supply growth was recorded by A Grade and C Grade with 28,077 sqm and 1,709 sqm respectively. Supply withdrawal was experienced by B Grade with 2,715 sqm and Premium Grade and D Grade remained unchanged.

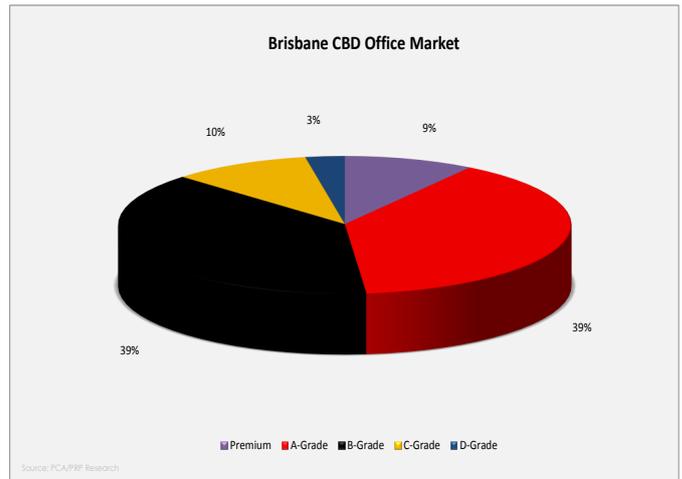


Chart 6 – Brisbane CBD Office Market – Source PCA

Net Absorption/Vacancy Levels:

Over the six months to January 2013, 2,406 sqm of stock was absorbed in the Brisbane CBD Office Market, bringing Total Net Absorption for the twelve months to 35,726 sqm. The drop in net absorption when compared to 6 months ago and twelve months ago can be linked to rising vacancy rates, which rose by 1.1% over the six months to January 2013 to 9.1%.

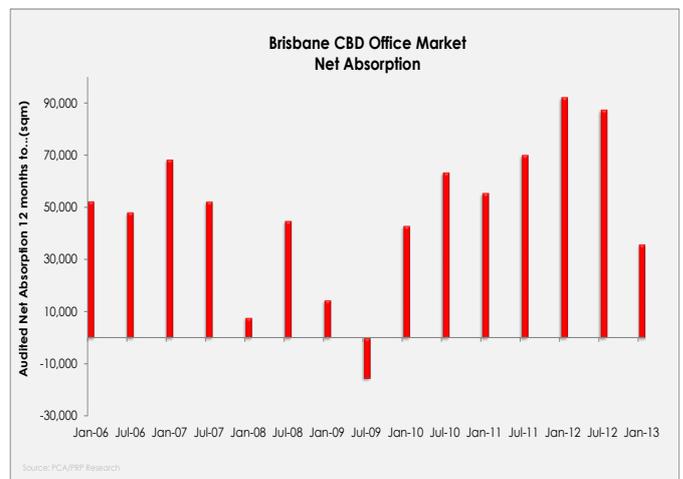


Chart 7 – Brisbane CBD Office Market Net Absorption – Source PCA

All Grades of Brisbane CBD Office space recorded increases in vacancy rates apart from Premium Grade which decreased by 0.2% to 11.7%. The greatest increase was recorded by D Grade which increased by 3.1% to 19.4% and is currently experiencing its highest level since January 2002 when vacancy rates reached 20.2%.

A Grade, B Grade and C Grade Office space vacancy rates increased by 1.0%, 1.4% and 1.0% respectively 7.3%, 9.3% and 8.9%.

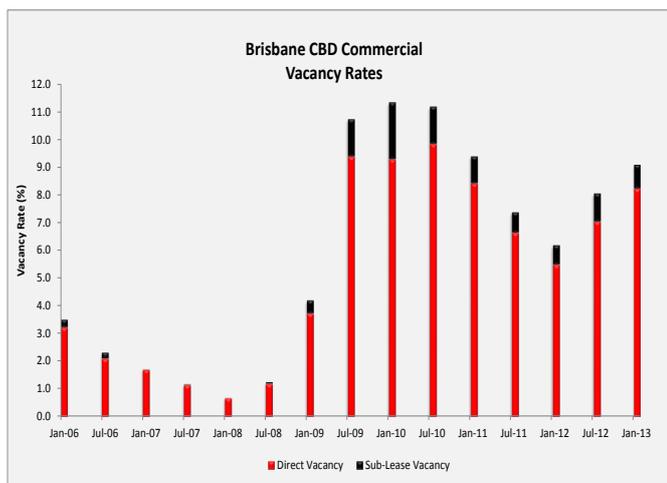


Chart 8 – Brisbane CBD Commercial Vacancy Rates – Source PCA

GOLD COAST OFFICE MARKET

Investment Activity

PRP Research recorded relatively low investment activity over \$5 million that occurred during the three months to March 2013. However,

Challenger has purchased Centro Surfers Paradise from Centro Property Group situated on **Cavill Avenue, Surfers Paradise** for **\$162.5 million**. The property spans 3 levels and comprises of 120 tenants.

An undisclosed private investor has purchased a **4,560 sqm** Treasure Cove Super Centre on the corner of **Brisbane Road and Oxley Drive at Biggera Waters** on the Gold Coast for **\$10.3 million**.

Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report January 2013 have been analysed to derive at the following findings:

Supply

In the six months to January 2013 there was 1,688 sqm of new supply that entered the Gold Coast Office Market with the completion of the refurbishment of 16 Queensland Avenue which accounted for the entirety of the new supply. Over the six months to January there were reported withdrawals of 6,480 sqm which results in a Net Withdrawal of 4,792 sqm. The Gold Coast Office Market accounts for 464,664 sqm of space, with B Grade comprising 38.8% of the market share, followed by C Grade with 29%, A Grade with 28.4% and D Grade with 3.8%.

The supply pipeline for 2013 for the Gold Coast Office Market will see 3,195 sqm of additional space due to completion of projects at 40 Nerang Street and Via Roma Isle of Capri comprising 1,730 sqm and 1,465 sqm respectively.

In 2014, a projected 10,247 sqm is expected to enter the Gold Coast Office Market, with 6,543 sqm accounting for partial refurbishment and being 100% pre-committed.

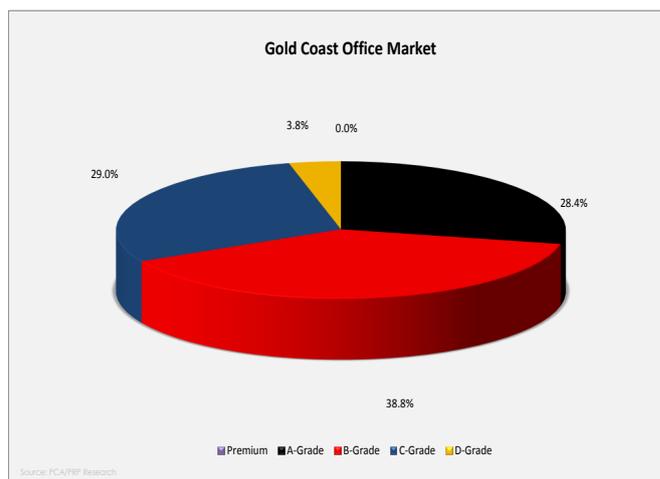


Chart 9 – Gold Coast Office Market – Source PCA

Net Absorption/Vacancy Levels:

In the six months to January 2013, 1,851 sqm of space was absorbed in the Gold Coast Office Market taking the Total Net Absorption over the twelve months to 4,574 sqm. A positive Net Absorption and very limited supply entering the market has led to vacancy rates declining by 1.2% to 20.3%.

The greatest decline in vacancy rates was attributed to B Grade office space with a 5.4% decline to 15.3%. C Grade office space vacancy rates remained unchanged at 18.8% and A Grade and C Grade experienced increases of 2.1% and 8.4% respectively.

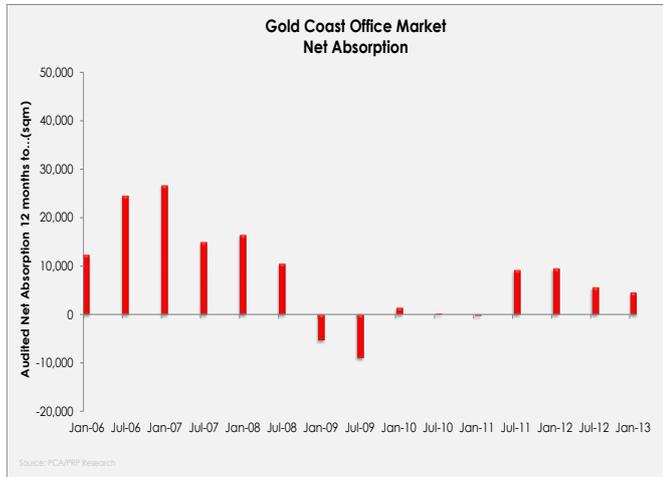


Chart 10 – Gold Coast Office Market Net Absorption – Source PCA

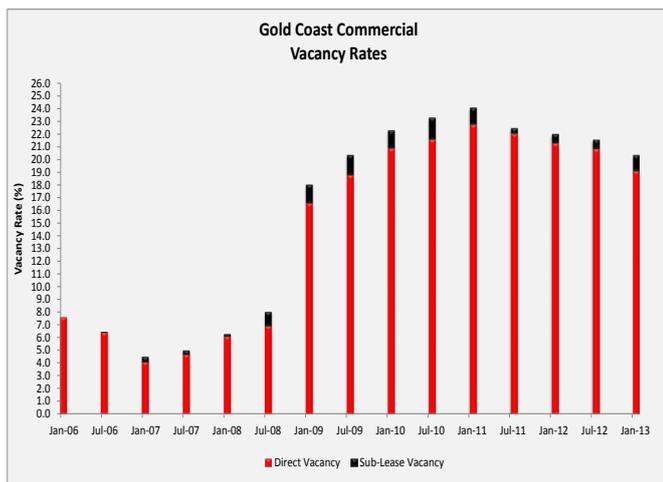


Chart 11 – Gold Coast Commercial Vacancy Rates – Source PCA

Retail Market

Investment Activity

PRP Research recorded a number of retail transactions that occurred in Queensland during the March quarter 2013, totalling over a reported \$1 billion.

BB Retail Capital has purchased a bulky goods centre **Jindalee Homemaker Centre** for a reported **\$50.5 million** from the GPR Group. The centre located at Goggs Road, Jindalee is anchored by well-known retailers such as Freedom, Barbeques Galore, Nick Scali and Beacon Lighting. The site spans a total area of 5.8 hectares with 22,000 sqm of space in floor area and 620 car parking spaces.

The Homemaker centre was previously valued at around \$69 million back in 2007, with the latest sale price reflecting around 27% decrease in value. Selling on an initial yield of 10.8%, BB Retail Capital's chief executive has expressed that with low term deposit rates there has been much interest from self-managed super funds and investors.

A private investor has purchased the retail bulky goods centre **Homemaker Centre Aspley** for a reported **\$41.2 million**. The property located at **815 Zillmere Road, Aspley** has been sold by the vendors GPT, with the company expressing that the disposal of the asset would in turn support their retail portfolio. The bulky goods centre accommodates tenants such as Rugs A Million, Sheridan Factory Outlet, Snooze, Pillow Talk and Nick Scali.

Centro Surfers Paradise located along **Cavill Avenue, Surfers Paradise** has sold for **\$162 million** to Challenger on behalf of an institutional client. The major shopping centre is metres from Surfers Paradise beach, with Centro remaining the managing agent for the centre. Experts within the industry have suggested that factors such as tourism and increasing population growth will help turn the struggling Gold Coast market around.

An Asian investor has purchased **Pineland Shopping Centre** located on the corner of **Pinelands and Beenleigh Road, Sunnybank Hills** for a reported **\$27.95 million**. The retail precinct sold from a syndicate managed by Federation Centre sold on a passing yield of 8.75%. The centre has a lettable area of 5,897 sqm which reflects a \$4,740 per sqm. Industry insiders have expressed that private investors are amongst the main prospective purchasers dominating this section of the market. The site occupies an area of 18,270 sqm.

Queensland Investment Corporation has purchased a 50% stake in the **Logan Hyperdome** located on the **corner of Pacific Highway and Bryants Road, Brisbane** for **\$350 million**. The major shopping centre comprises of 82,500 sqm and is now fully owned by QIC Global Real Estate. The sale reflects a rate per m2 of \$8,485.

Sentinel Property Group has purchased the **Home HQ** located at **339 Brisbane Street, Ipswich** for a reported **\$23.5 million**. The retail bulky goods centre sold by vendors Charter Hall Group with anchored tenants; spotlight, IGA, Chemist Warehouse and Fantastic Furniture. Experts within the industry have expressed that a combination of low debt, gearing and depreciation benefits have made centres such as Home HQ in Ipswich, very attractive. The centre has 26,760 sqm of floor space, showing a rate per m2 of \$878.

An undisclosed private syndicate has purchased the **Village Yeronga** shopping centre located at **429-445 Fairfield Road, Yeronga** for a reported **\$10.5 million**. The shopping centre has been purchased on a passing yield reflecting 9.5%.

An entity associated with Catalano family has purchased **Earle Plaza, Nerang** for **\$12 million**. The retail plaza comprises of 4,400 sqm and has been purchased from vendors Annual No. 7.

Coles has acquired 5.2 hectares of land located on the corner of **Ashmore Road and Ross Street, Ashmore** for **\$7.5 million**, the site is earmark for construction into a 5,000 sqm supermarket.

An undisclosed foreign buyer has purchased the ground floor retail space located at **26 Felix Street, Brisbane CBD** for **\$7.5 million**. The 590 sqm of retail space has been purchased on a yield of 7.5%.

An undisclosed private investor has acquired **Maridale Park Shopping Centre** located on **Ney Road, Capalaba** for **\$4.6 million**. The shopping precinct has been purchased on yield reflecting 9%.

RG Property has purchased Park Ridges Village Shopping Centre located on the corner of **Mount Lindesay Highway and Park Ridge Road** for **\$20.1 million**. RG Property has also purchase the adjoining land parcel at **12 Park, Ridge Road and 33-45 Jedfire Street, Logan** for a reported **\$5 million**. The neighbourhood shopping centre comprises of 5,265 sqm and has been purchased on an initial yield reflecting 8.25%.

An undisclosed private investor has purchased Calamvale Village shopping centre located on the **corner of Beaudesert Road and Kameruka Street, Calamvale** for a reported **\$7.6 million**. The neighbourhood shopping centre has spans across 2,058 sqm. The property has been purchased on a yield reflecting 12%.

Undisclosed private investor has purchased the shopping centre located at **455 Anzac Avenue, Rothwell** for a reported **\$7.5 million**. The retail precinct comprises of 2,196 sqm. The transaction reflects a yield of 9.2%.

Centro Retail Australia has purchased Centro Toormina sub-regional shopping centre located at **5 Toormina Road, Toormina** for a reported **\$65 million**. The centre has 21,000 sqm and has been purchased from vendors MCS 16.

Receivers & Managers

The **Marina Mirage Shopping Centre** has sold from receivers KordaMentha to South Australia property billionaire Con Makris for a reported **\$52 million**. The waterfront shopping centre located at **74 Seaworld Drive, Main Beach** which is adjacent to the Versace Hotel has a floor area of 11,800 sqm, reflecting a rate per m2 of \$4,407. The centre is set over two levels of retail accommodation, with around 100 shops and 700 car parking spaces. Prestige tenants such as Hermes and Gant are amongst those who occupy the centre.

Leasing Activity

PRP Research recorded relatively low retail leasing activity that occurred over the three months to March 2013. However, UGG has leased retail space located at **23-25 Christine Avenue, Miami on Queensland Gold Coast**. The **1,160 sqm** of space will accommodate a factory showroom outlet for the UGG boots manufacturer and has been leased for a term of 3 years at a reported rent of **\$103 per sqm**.



Aerial view of the Logan Hyperdome which Queensland Investment Corporation paid a reported \$350 million for a 50% share – Photograph – ledaholdings.com.au

Economic Statistics

According to the Australia Bureau of Statistics category 8501.0 Retail Trade (February 2013), the retail turnover figures recorded in Queensland produced varied results

Total retail turnover for Queensland over the month of January increased by 1.91% to \$4630.3 million and Queensland is currently recording its highest retail turnover since data first became available in 1982. Over the twelve months to February 2013, Queensland recorded growth of 6.21% in Total Retail Turnover.

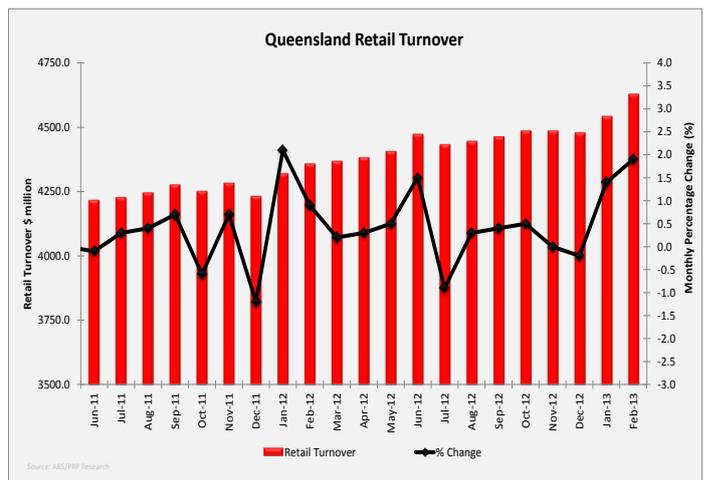


Chart 12 – Queensland Retail Turnover – Source ABS

Positive results were seen across all retail turnover categories in the state of Queensland over the month of January 2013 with all categories increasing apart from Newspaper and Book Retailing which declined by 1.03% over the month to \$76.7 million.

Hardware, Building and Garden Supplies recorded the highest level of growth, increasing by 7.15% over the month to retail turnover of \$263.8 million. Furniture, Floor Coverings, Houseware and Textile Goods Retailing & Household Goods Retailing followed, increasing by 6.77% and 5.19% with the total retail turnover now at \$187.8 million and \$761.8 million respectively.

Year on year analysis revealed more positive results with the majority of categories recording growth. Declines were experienced in Newspaper and Book Retailing and Other Retailing n.e.c with percentage declines of 11.43% and 6.45% to annual retail turnover of \$76.7 million and \$194.4 million respectively.

The most significant growth over the year to February 2013 was attributed to Footwear and Other Personal Accessory Retailing with annual growth of 19.63% increasing from \$86.6 million to \$103.6 million. Other positive growth was recording in sub categories of Hardware, Building and Garden Supplies retailing, Other Recreational Goods retailing and Pharmaceutical, Cosmetic and Toiletry Goods retailing and Takeaway Food Services with annual percentage increases of 18.19%, 13.5%, 16.42% and 13.54% to record turnover of \$263.8 million, \$99.2 million, \$311.3 million and \$284.3 million respectively.

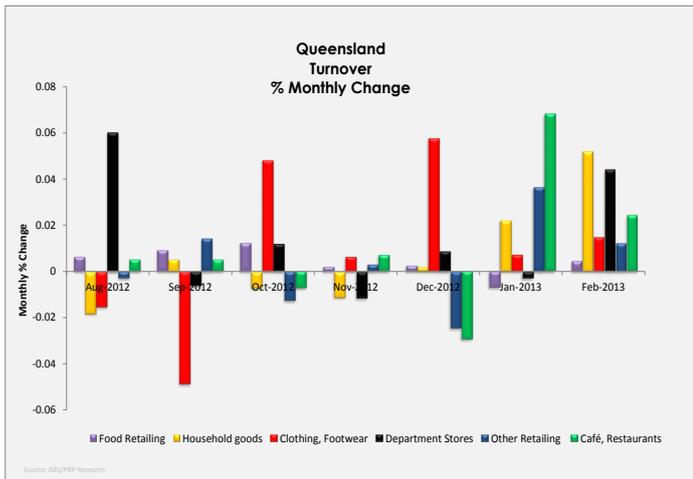


Chart 13 – Queensland Turnover % Monthly Change – Source ABS

Goodman Property Group has purchased the industrial complex located at **370 Nudgee Road, Hendra** for a reported **\$23 million**. The industrial property sold from vendor's Motor accident Commission of South Australia comprises of 24,000 sqm of land, reflecting a \$958.33 per sqm.

Grove Group has purchased 3.2 hectares of industrial zoned land located at **27 Boundary Road, Narangba** for a reported \$2.5 million.

An undisclosed private investor has acquired the industrial property located at **20 Miller Street, Murarrie** for a reported **\$2.2 million**. The property comprise of 1,300 sqm which accommodates office and warehouse facilities.

Southern Steel has acquired a 1.62 hectare of land located at **60 Coulson Street, Wacol** for a reported **\$2.25 million**.

An undisclosed private investor has purchased an industrial warehouse located at **855 Boundary Road, Coopers Plains** for a reported **\$2.1 million**.

A **1,576 sqm** office warehouse at **16 Bluestone Circuit, Seventeen Mile Rocks in Brisbane** has been sold to an undisclosed investor for a reported **\$3.15 million**.



131 Mica Street, Carole Park. Purchased by Dexus for reported \$21 million – Photograph – Dexus.com

Industrial Market

Investment Activity

PRP Research recorded a number of sales transactions that occurred in the Brisbane Industrial Market, during the three months to March 2013.

Dexus has acquired the A-Grade industrial building located at **131 Mica Street, Carole Park** for a reported **\$21 million**. The property sold from Blackwoods with a sale and leaseback condition, with Blackwoods signing a lease for 15 years. The industrial site spans across of 27,200 sqm of land with the property providing 13,316 sqm of floor area. The transaction reflects a rate per sqm of \$1,577.

Leasing Activity

PRP Research recorded a number of leasing transactions that occurred in the Brisbane Industrial Market during the three months to March 2013.

J & T Mechanical Installation has leased industrial space located at **19 Expansion Street, Molendinar**. The lessee has reportedly leased 1,000 sqm for the term of 2 years at an estimated rent of **\$96 per sqm**.

Silvan Australia has leased industrial space located at **2/30 Gow Street, Moorooka**. The lessee has reportedly leased 2,625 sqm of office warehouse space for a term of 2 years at an undisclosed rent.



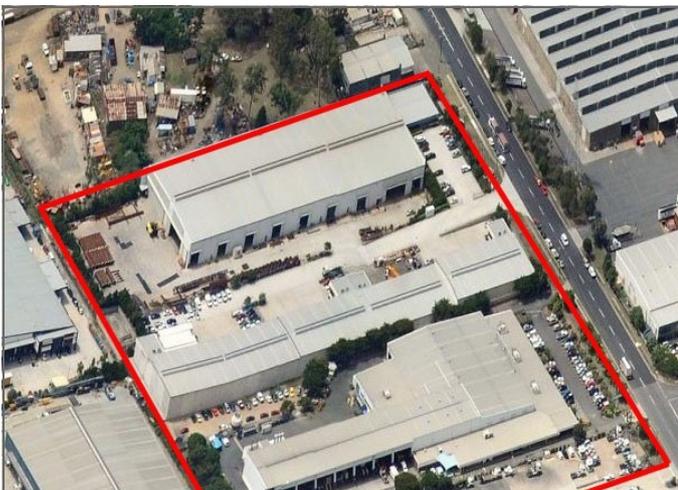
30 Gow Street, Moorooka—Photograph—realcommercial.com.au

Adept Party Hire has leased 840 sqm of industrial space located at **12 Lathe Street, Virginia**. The tenant has leased the property for a term of 3 years at an approximate rent of **\$61 per sqm**.

Grunge Imports has leased 728 sqm of warehouse office located at **23 Suscatand Street, Rocklea**. The lease agreement included a 3 year terms at an approximate Rent of **\$109 per sqm**.

The Byron Group has leased 1,900 sqm of industrial space located at **30 Kremzow Road, Brendale**. The warehouse facility has been leased for a term of 7 years with a reported rental of **\$110 per sqm gross**.

Global Metals has leased 4,400 sqm of industrial space located **145-147 Archerfield Road, Richlands**. The lessee has leased the industrial facility for a reported **\$100 per sqm** for a term of 5 years with a 5 year option.



145-147 Archerfields Road, Richlands—Photograph—Sentinel Property Group

Residential Market

Economic Statistics

According to Australian Bureau of Statistics category 8731.0 Building Approvals February 2013, the total number of house dwelling approvals in the Queensland Statistical Division over the month have increased by 1.9% from 530 approvals to 540 approvals. Despite the monthly increase, analysis has revealed a 21.9% decrease over the twelve months to February 2013 in the house dwelling approvals.

Non-house dwelling approvals recorded a 54.2% increase in building approvals over the month to February 2013. Year on year analysis revealed growth of 28.2%.

Throughout 2012, there were varied results in regard to total dwelling approvals, with the peak of approvals in June with 1,449 and the trough in January with 738 approvals.

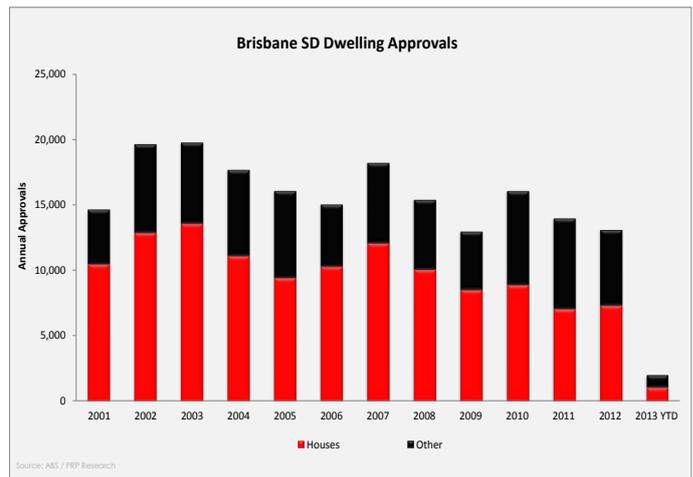


Chart 14 – Brisbane SD Dwelling Approvals – Source REIA



Brisbane Housing – Photograph – Brisbanetimes.com.au

QUEENSLAND

Market Affordability

Over the December 2012 quarter, the Brisbane median house price increased by 1.2% to \$435,000. According the Real Estate Institute of Australia (REIA) this is a year on year increase of 2.4%.

Over the quarter, two zones recorded declines, the Sunshine Coast and Cairns which decreased by 0.2% and 0.7% respectively. The most significant quarterly growth for Queensland houses was reported in Outer Brisbane which increased 1.5% to \$348,000.

Other notable increases were recorded in Inner and Middle Brisbane which both increased by 0.8 percentage points to median sale prices of \$685,000 and \$479,000 respectively. The Gold Coast zone also reported an increase of 1.1% to \$465,000.

In comparison to 12 months prior, increases were reported in all zones apart from Inner Brisbane which decreased by 2.3% and Townsville which remained unchanged. Middle Brisbane, Gold Coast and Cairns recorded the greatest growth over the year with 3.6%, 3.1% and 3.7% respectively. Outer Brisbane and the Sunshine Coast experienced growth of 0.9% and 0.4% in the twelve months to December 2012 with median sale prices now at \$348,000 and \$429,000 respectively.

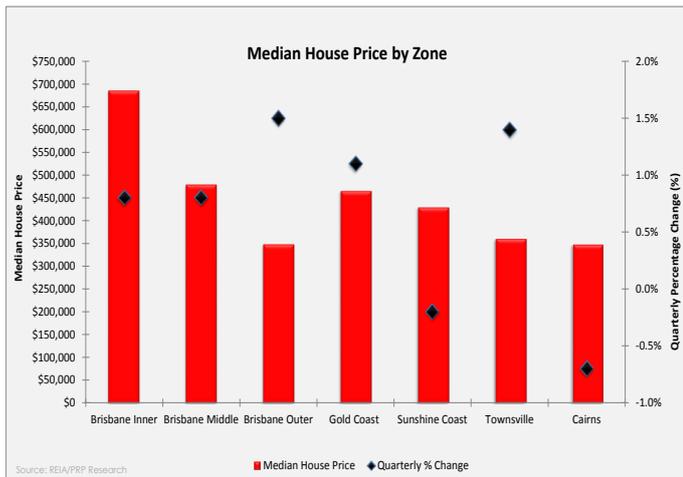


Chart 15 – Median House Price by Zone – Source REIA

Other dwelling median sale prices in Brisbane reported decline over the quarter, decreasing by 2.6% and decreasing 1.9% year on year to \$369.

The September quarter posted stagnated results with the majority of zones experiencing declines in the median dwelling price. The most significant decline in other dwelling median price was in Outer Brisbane and the Gold Coast, declining by 2.3% and 1.5% to the median price of \$295,000 and \$325,000 respectively.

Growth was recorded in Sunshine Coast, Townsville and Cairns, with increases on 1.1%, 10.3% and 5.5% to median sale prices of \$328,500, \$308,900 and \$205,000 respectively.

Year on year results for median other dwelling price experienced declines in all zones excluding Inner Brisbane, Sunshine Coast and Townsville which experienced increases of 0.8%, 1.1% and 3.3% respectively.

Most notable declines over the 12 months to December 2012, were Middle Brisbane with 5.1% and median sale price of \$351,000, Outer Brisbane declined by 9.2% to \$295,000, Gold Coast with 7.1% to \$325,000 and Cairns with 4.7% to \$205,000.

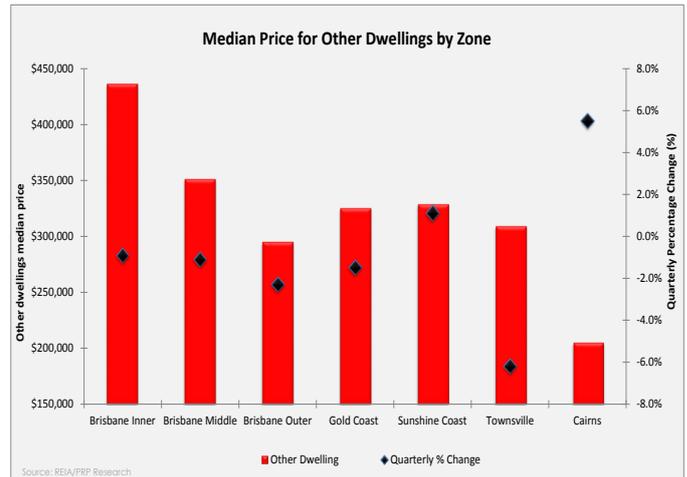


Chart 16 – Median Price for Other Dwellings by Zone – Source REIA

Rental Market

The December quarter saw stagnant results with the majority of zones remaining unchanged in terms of the median house rent per week. Inner Brisbane three and four bedroom houses saw declines in median weekly house rent of 2% and 6.2% to median rental of \$500 and \$680 per week. Outer Brisbane three bedrooms and Gold Coast two bedrooms also recorded decreases of 3.1% and 2.9% to median rental of \$310 and \$330 per week.

The most significant increases in the median house rental price was seen in Inner Brisbane two bedrooms and Middle Brisbane two bedrooms increasing by 6% and 4.3% to median weekly rental of \$440 and \$365.

Growth was also reported over the quarter by Outer Brisbane two bedrooms and four bedrooms, Townsville four bedrooms and Cairns four bedrooms with increases of 3.8%, 1.4%, 2.5% and 2.6% to weekly rental of \$270, \$375, \$410 and \$390 respectively.

Positive results were seen in the Queensland house rental market over the 12 month to December 2012 with the majority of zones either increasing or remaining unchanged. The only declines were recorded by Inner Brisbane four bedrooms which declined by 1.4% to \$680 per week and Gold Coast three bedrooms declining 1.4% to \$395 per week.

The most significant year on year rise in median house rent was recorded in Cairns three bedrooms increasing by 10.0% to the rental of \$330 per week. Followed by; Cairns four bedrooms, Middle Brisbane two bedrooms and Inner Brisbane three bedrooms with the percentage increases of 5.4%, 4.3% and 4.2% with the median house rent now \$390, \$365 and \$500 respectively.

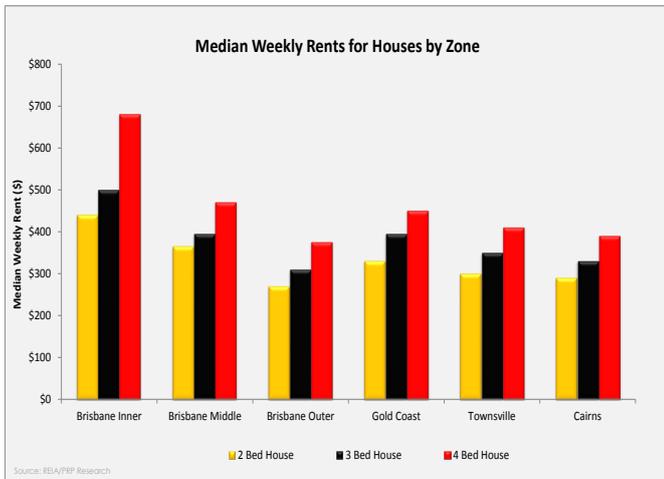


Chart 17 – Median Weekly Rents for Houses by Zone – Source REIA

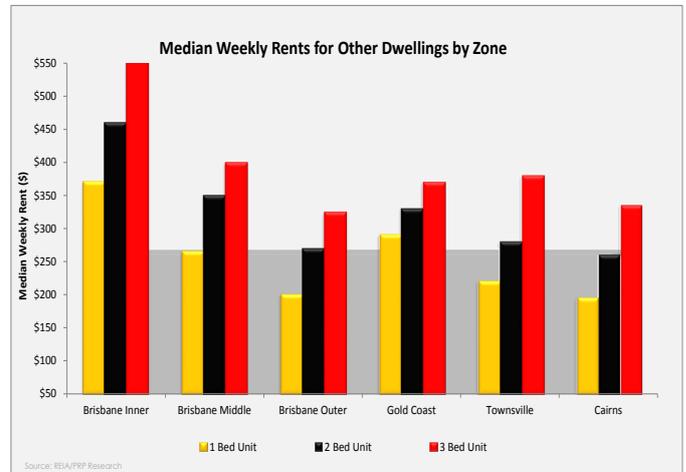


Chart 18 – Median Weekly Rents for Other Dwellings by Zone – Source REIA

Rental rates over the December quarter in Queensland other dwelling rents were varied, with a mixture of increases, decreases and unchanged. The greatest declines were reported in Inner Brisbane two bedrooms, Gold Coast two bedrooms and Townsville three bedrooms, with decreases of 3.2%, 2.9% and 2.6% to median weekly rental of \$460, \$330 and \$380 respectively.

The greatest increase in other dwelling median rent over the December 2012 quarter was in Inner Brisbane three bedrooms and Gold Coast one bedrooms increasing by 5.0% and 3.6% to \$630 and \$290 respectively. Growth was also recorded over the December quarter 2012 in Inner Brisbane one bedrooms, Middle Brisbane one bedrooms and Outer Brisbane two bedrooms by 2.8%, 1.9% and 1.9% to a rental of \$370, \$265 and \$270 per week respectively.

Year on year saw diversified rental change in Queensland other dwelling median rents with Middle Brisbane two bedrooms, Outer Brisbane one bedrooms, Gold Coast two and three bedrooms and Townsville two bedrooms remaining unchanged at \$250, \$200, \$330, \$370 and \$280 per week respectively.

Increases in other dwelling rents were seen in Inner Brisbane one, two and three bedrooms by 5.7%, 2.2% and 5.0% with the median rent per week at \$370, \$460 and \$630 respectively. Cairns also recorded positive rental growth in one, two and three bedrooms by 5.4% and 4.0% and 4.7% with the median rental now \$195, \$260 and \$335 per week respectively.

In contrast the most significant percentage decline over the annual year to December 2012 was experienced in Townsville one bedroom by 12.0% resulting in a median weekly rental of \$220. Followed by, Townsville three bedrooms by 3.8% with a rent per week of \$380.

Hotels & Leisure Market

Investment Activity

PRP Research recorded very few Hotel and Leisure transactions that occurred in Queensland during the March quarter 2013 however a notable sale was;

A caravan park located at **763-779 Zillmere Road, Aspley** has sold from Warren Wadley to Alceon Queensland for a reported **\$15.5 million**. The site area is 4.89 hectares and sold on a yield of approximately 9.4%. Features of the property include a community centre, outdoor BBQ areas, a swimming pool and 24 hour on-site security.



Watermark Hotel in Brisbane – Photograph – needitnow.com.au

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 We have *property* covered

- Investment
- Development
- Asset
- Corporate Real Estate
- Mortgage
- Government
- Insurance
- Occupancy
- Sustainability
- Research
- 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 have all *real estate* types covered

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.

Types of Plant & Machinery We have all types of *plant & machinery* covered

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
- Extractive industries, land fills and resource based enterprises
- Hotel furniture, fittings & equipment

Our Clients We have all *client profiles* covered

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

Our Service Area

We have all *locations* covered

From our central office location within the Sydney Central Business District we serve our clients' needs throughout the Sydney CBD, greater Sydney metropolitan area, throughout the state of New South Wales. For special purpose real estate asset classes, infrastructure, and plant & machinery we operate throughout Australia and globally either directly or through our relationship offices.

Reasons for our Services

We have *your needs* covered

Our clients seek our property (real estate, infrastructure, plant and machinery) services for a multitude of reasons including:

- Acquisitions & Disposals
- Alternative use & highest and best use analysis
- Asset Management
- Asset Valuations for financial reporting to meet ASIC, AASB, IFRS & IVSC guidelines
- Compulsory acquisition and resumption
- Corporate merger & acquisition real estate due diligence
- Due Diligence management for acquisitions and sales
- Facilities management
- Feasibility studies
- Funds management advice & portfolio analysis
- Income and outgoings projections and analysis
- Insurance valuations (replacement & reinstatement costs)
- Leasing vacant space within managed properties
- Listed property trust & investment fund valuations & revaluations
- Litigation support
- Marketing & development strategies
- Mortgage valuations
- Property Management
- Property syndicate valuations and re-valuations
- Rating and taxing objections
- Receivership, Insolvency and liquidation valuations and support/ advice
- Relocation advice, strategies and consultancy
- Rental assessments and determinations
- Sensitivity analysis
- Strategic property planning

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Capital City Offices

Melbourne

Adelaide

Brisbane

Regional Offices

Albury Wodonga

Ballarat

Bendigo

Cairns

Central Coast/Gosford

Geelong

Gold Coast

Gippsland

Mornington

Newcastle

Wagga Wagga

Relationship Offices

Canberra

Perth

Hobart

Darwin

Other regional areas