



Preston
Rowe
Paterson

®
International Property Consultants

Property Market Report

Queensland

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 Given the manner in which statistics are compiled and published they are usually 3-6 months out of date at the time we analyse them.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 2014

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Commercial Office Market

Brisbane CBD



Investment Activity

Preston Rowe Paterson Research recorded limited sales transactions that occurred in the Brisbane CBD Office Market during the three months to December 2014.

340 Queen Street, Brisbane QLD 4000

Forza Capital has purchased an office tower in the heart of the Brisbane CBD for **\$9.6 million on a yield of 5.72%**. The office has a GLA of 716 sqm, reflecting a rate of \$13,407.82 psm. The property features a retail banking chamber and office spaces with 6 basement car spaces. The retail banking space is leased by *China Construction Bank* on a 7 year term. The property has the potential for future development for a 12 storey mixed-use office/retail building.



74 High Street, Toowong QLD 4066

A local private family company has purchased the fully leased office building from listed financial services group IOOF Holdings for \$21.5 million. The A Grade tower is currently leased to the Australian headquarters of *Alliance Global Assistance* until 2019. The property provides long term redevelopment options with 1,827 m2 of the site undeveloped and has potential to build to the maximum height of 20 storeys.

Leasing Activity

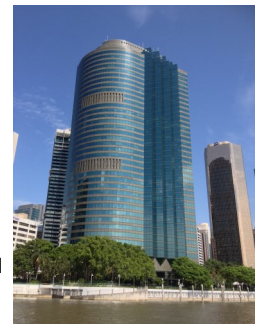
Preston Rowe Paterson Research recorded relatively low leasing transactions that occurred in the Brisbane CBD Office Market during the three months to December 2014.

111 Eagle Street, Brisbane, QLD 4000

Commercial real estate firm *Colliers International* will move its Brisbane office to a 1,100 m2 office facility in the CBD. The company have signed a **10 year lease** for the property owned by *GPT Group* and the *GPR Wholesale Office Fund*. It is 96% eased to tenants including ANZ Bank, Gadens Lawyers, Ernst & Young and Norton Rose Fullbright.

1 Eagle Street, Brisbane QLD 4000

St George Bank has secured a 1,792 sqm office space at in *Stockland* and *Future Fund's Waterfront Place* office tower headquarter office in Brisbane. *St George Bank* headquarters will move into the new office in 2015 and will lease on a **7 year term**. *St. George* is expected to take signage rights for the 40 storey landmark tower overlooking the Brisbane River. The property is currently for sale and is believed to be worth about \$575 million.



Supply by Grade (Stock)

According to the Property Council of Australia (PCA) Office Market Report July 2014, the Brisbane CBD office market recorded an increase of 861 sqm to the total office stock levels of 2,187,984 sqm. The 9,979 sqm of supply additions to the Brisbane CBD market was offset by 9,118 sqm of withdrawals.

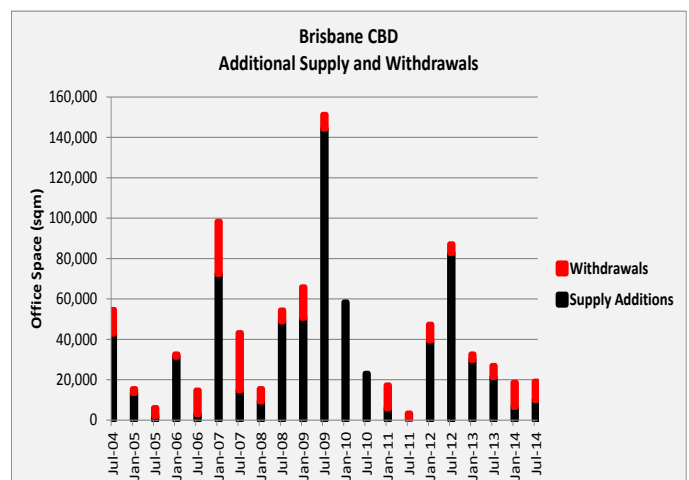


Chart 1 – Brisbane CBD Total Stock by Grade – Source PCA

The only grade of office space to record change in the six months to July 2014 was B Grade. The B Grade office supply grew by 861 sqm to a total of 832,921 sqm. A Grade office space provides the Brisbane CBD the largest amount of total stock to 869,017 sqm, followed by C Grade and Premium Grade office stock recording 221,596 sqm and 204,056 sqm respectively. D Grade reported total stock level to 60,394 sqm.

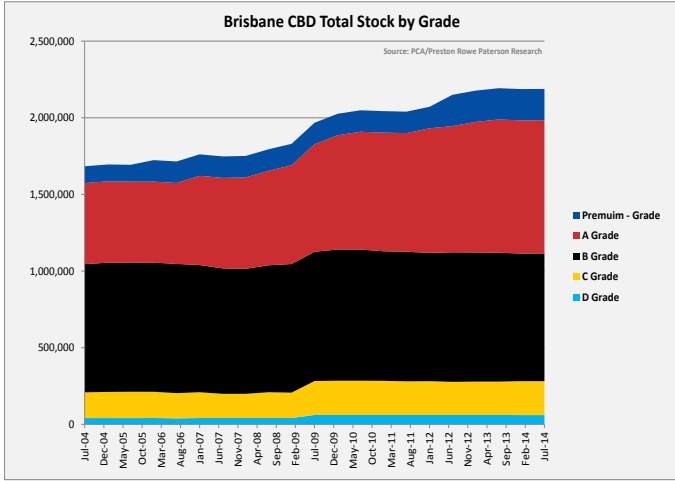


Chart 2 – Brisbane CBD Total Stock by Grade – Source PCA

Total Vacancy

The total vacancy rate in the Brisbane CBD office market over the six months to July 2014 has increased by 0.5% to 12.1% at 321,101 sqm.

The Premium Grade and B Grade office stock both recorded a 1.4% increase of vacant stock totalled to 29,005 sqm and 167,008 sqm respectively. D Grade stock vacancy noted a 0.7% rise to 10,139 sqm of total vacancy.

The B Grade and C Grade recorded an decrease of 0.4% and 0.9% respectively to total vacancy levels of 88,935 sqm and 26,014 sqm respectively.

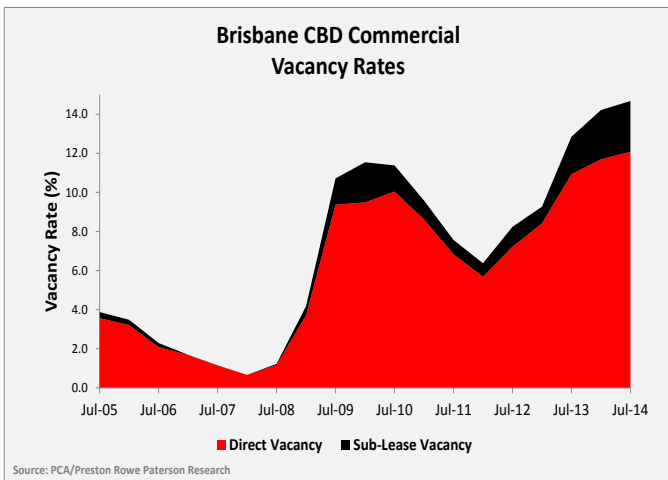


Chart 3 – Brisbane CBD Commercial Vacancy Rates – Source - PCA

Gold Coast Office Market



Supply by Grade (Stock)

According to the PCA's Office Market Report 2014, over the six months to July 2014, the Gold Coast total office space reported a supply addition of 13,422 sqm which was offset by 11,305 sqm of withdrawal. There was 462,007 sqm of total office space as at July 2014.

Preston Rowe Paterson Research has observed that the Gold Coast office market has been most active in the July 2014 period since the large increase in volume of office supply recorded in January 2010.

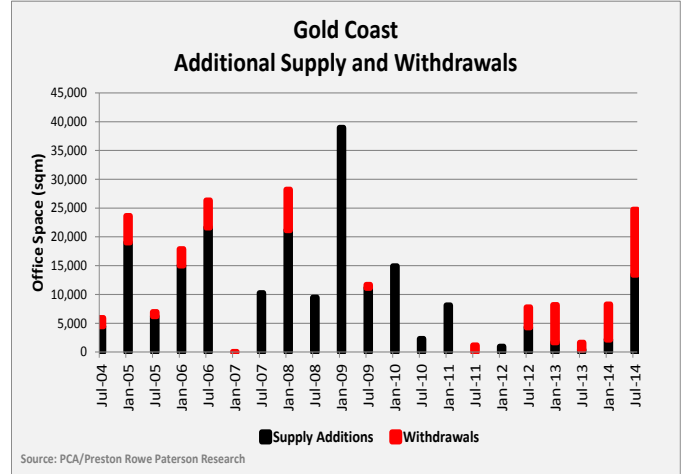


Chart 4 – Brisbane CBD Commercial Vacancy Rates – Source - PCA

A Grade and B Grade stock experienced a growth of 1.29% and 1.55% to 129,956 sqm and 180,908 sqm respectively. C Grade stock levels remained unchanged at 136,004 sqm.

D Grade office stock was the only class to record decrease of 2,294 sqm of supply withdrawals resulting to 15,139 sqm of total stock. It was the first movement observed in the D Grade category since July 2011.

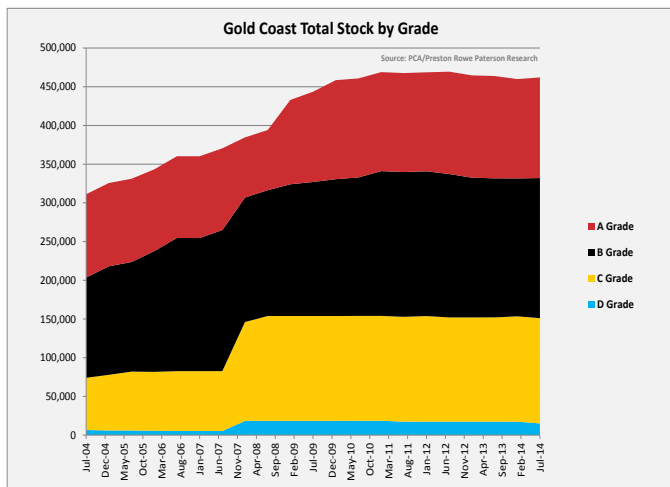


Chart 5 – Gold Coast Total Stock by Grade – Source PCA

Total Vacancy

The Gold Coast office market has recorded a 1.7% tightening in total vacancy of 15% to 69,100 sqm as at July 2014. The Gold Coast office vacancy rates have been tightening since January 2011.

The Gold Coast office market total vacancy has decreased across all grades of office space. The largest fall in vacancy rate was D Grade stock, falling by 6.6% to 21.6% at 3,267 sqm. B Grade vacancy was at 11.2% (20,194 sqm), C Grade vacancy at 15.4%(20,972 sqm) and A Grade vacancy at 19% (24,667 sqm).

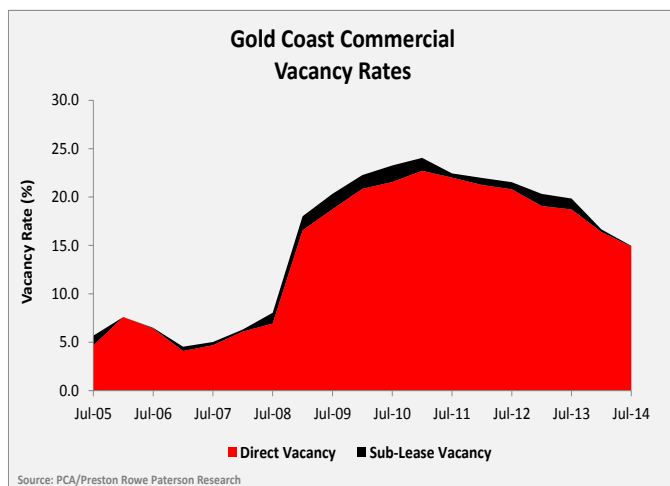


Chart 6– Gold Coast Commercial Vacancy Rates – Source ABS

Retail Market



Investment Activity

Preston Rowe Paterson Research recorded a number of retail transactions that occurred in Queensland during the December quarter 2014;

171 Dandenong Road, Mt Ommaney QLD 4074

AMP Capital has sold the **Mt Ommaney Shopping Centre** to Federations Centre and joint venture partner TIAA Henderson Real Estate for **\$416.25 million**. Ownership is split between the two with Federations owning 25% and the centre management and 75% to the US-based TIAA. The regional centre has an area of 57,000 sqm and is anchored by 3 supermarkets, 3 discount department stores and 160 specialty stores. The centre was sold on a **6.25% yield**. Mt Ommaney is located 14km south-west of the Brisbane CBD.

Beenleigh-Redland Bay Road, Cornubia QLD 4130

A private investor has purchased the **Riverlakes Shopping Village** for **\$11.5 million**. The shopping village adjoins the Logandale residential estate which houses 450 units. The neighbourhood centre is anchored by an IGA Supermarket and features a medical centre, childcare centre, fitness centre and 186 car spaces. The 14,439 sqm centre was sold on a **8.20% yield**. Cornubia is located 30km south-east of Brisbane.



115-119 Takalvan Street, Bundaberg QLD 4670

Stockland has acquired a 50% stake in **Sugarland Shoppingtown** in Bundaberg from AMP Capital Fund for **\$59.25 million**. The acquisition includes management, leasing and development rights. The transaction of the retail centre reflected a **capitalisation rate of 7.5%**. Comprising 22,795 sqm the sub-regional centre is 98% leased with more than 80% of the tenants national retailers such as Woolworths Supermarket, Big W and JB HiFi. Stockland also has plans to purchase the remaining half of the Queensland centre over the next six months to two years. Bundaberg is located about 385km north of Brisbane.

280 Queen Street, Brisbane QLD 4000

A consortium of investors including Bricktop, Ashe Morgan and Marquette Properties has purchased **Post Office Square** from CFS Retail Property Trust Group. The investors paid **\$67 million** for the shopping centre which sits near the Queen Street Mall on Adelaide and Queen Streets. The centre covers 1,756 sqm and comprises one of the busiest car parks in the Brisbane CBD, accounting for nearly 50% of the asset's gross income. The centre has 29 speciality stores, 6 ATM's and 316 car spots.



310 Ross River Road, Aitkenvale QLD 4814
Stockland has sold half of the **Stockland Townsville Shopping Centre** to the AMP Capital-managed **AMPCSCF** for **\$228.7 million**. The sale which included some land was in line with Stockland's book value. The 58,681 sqm major regional shopping centre has a **capitalisation rate of 6.25%**, while the separate Coles and Kmart component of the investment has a capitalisation rate of 7.25%. The centre is located in Townsville's urban growth area and houses the region's only full-line Myer department store, Big W, Woolworths Supermarket, 180 speciality stores, four mini-majors and a 750 seat casual dining terrace.



51-57 Hospital Road, Emerald QLD 4720
Sentinel Property Group has purchased the **Centro Emerald Village** for **\$20 million**. *Federation Centres* sold the centre on a reported **yield of 10.25%**. The neighbourhood centre is anchored by a Woolworths Supermarket and features 18 speciality stores.

Cnr Egerton & Claremont Streets, Emerald QLD 4720
Sentinel Property Group has purchased the **Centro Emerald Market Place** for **\$13 million**. *Federation Centres* sold the centre on a reported **yield of 10%**. The neighbourhood centre is anchored by a Coles Supermarket, Target and includes 15 speciality stores.

Corner Gibson & Mary Street, Noosaville QLD 4566
Legendary Australian winemaker *Wolf Bass* has sold his **Noosa Village Shopping Centre** to the *Australian Property Opportunities Fund No. 1*. The fund paid **\$25.1 million** for the Woolworths anchored neighbourhood shopping centre. The centre sits in one of Australia's exclusive holiday destinations and was purchased by the fund on a **yield of 8%**. The sale of the 4,400 sqm centre reflects a rate of \$5,705 psm. The Shopping Centre is located approximately 4.6 km south-west of the Noosa Heads CBD.

3240 Sufers Paradise Boulevard, Sufers Paradise QLD 4217
Precision Group is under due diligence for the purchase of the **Chevron Renaissance** shopping centre from *Arena Investment Management* for **\$70 million**. According to *Arena*, the shopping centre on the Gold Coast was valued at \$71.6 million in June 2014, and is 90% geared. The 9,700 sqm shopping centre is anchored by Cole supermarket and Liquorland with leases expiring in 2020 and 2016 respectively; the centre also features 78 speciality stores and office tenancies. The sale reflects a rate of \$7,216.49 psm. *Sufers Paradise* is located approximately 78 km south-east of the Brisbane CBD.



63 Front Street, Mossman QLD 4873
Woolworths has offloaded the **Mossman Woolworths Supermarket** for **\$19.6 million**. The supermarket sits on a 13,930 sqm site and occupies 3,947 sqm. The supermarket has an initial lease of 20 years. Mossman is located approximately 75 km north of the regional city of Cairns, which is 1,707 km north of the Brisbane CBD.

Shute Harbour Road, Airlie Beach QLD 4802
Woolworths has offloaded the **Arlie Beach Woolworths Supermarket** for **\$13 million**. The supermarket opened in March 2014 in the main retail precinct of the town. The store covers 2,929 sqm of the property. Airlie Beach is located approximately 151 km north of the regional city of Mackay, which is 970 km north of the Brisbane CBD.

Economic Statistics

According to the Australia Bureau of Statistics category 8501.0 Retail Trade (December 2014), the retail turnover figures recorded in Queensland produced varied results. Total retail turnover for Queensland over the month of December grew by 0.75% to \$4,916 million. This increase over the month reflected a 1.78% annual growth.

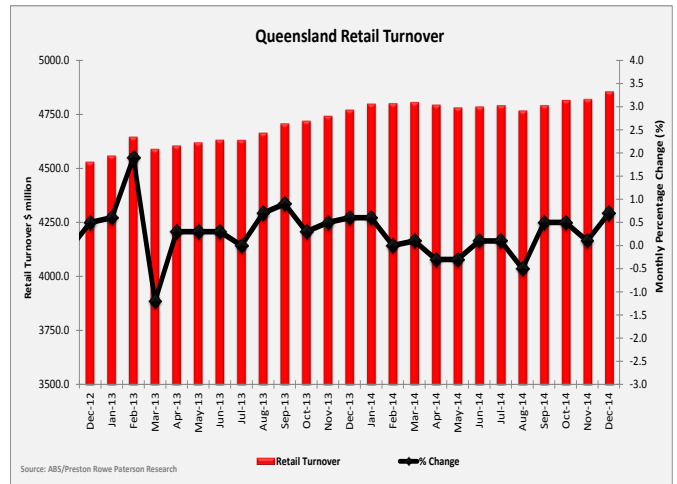


Chart 7—Queensland Retail Turnover— Source ABS

The retail turnover for the month of December 2014 was predominantly positive over the retail industries except for Household goods retailing and Department stores. The two industries recorded a decline of 1.43% and 0.81% to 797.6 million and \$304.9 million monthly turnover respectively.

The highest monthly retail growth was in the Clothing, footwear and personal accessories sector which grew by 7.14% in December and recorded a \$309 million turnover. Café, restaurants and takeaway services grew by 2.83% to \$758.6 million. Other retailing and Food retailing saw to a marginal increase of 0.43% and 0.29% at monthly turnovers of \$649.6 million and \$2,036.5 million respectively.

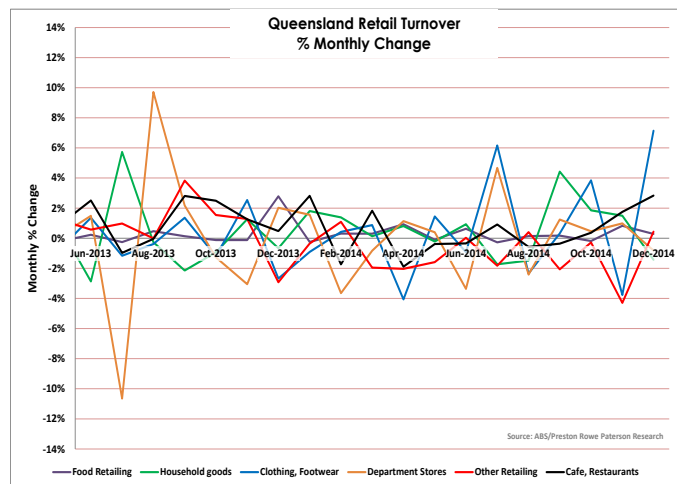


Chart 8—Queensland Turnover % Monthly Change— Source ABS

Industrial Market

Investment Activity

Preston Rowe Paterson Research recorded the following transactions that occurred in the Brisbane Industrial Market, during the three months to December 2014;

1 Anton Road, Hemmant QLD 4174

DEXUS Property Group and *Future Fund* entered into a joint venture to purchase the former *Vikings Industries* site for **\$26 million**. The buyers plan to build a 66,000 sqm industrial estate on the 13.4 ha site. Hemmant is located 11km east of the Brisbane CBD.

69 Rivergate Place, Murrarie, QLD 4172

Real estate investment trust *360 Capital* has paid **\$27 million** for an office and warehouse facility in Brisbane. The property is leased to *Yamaha Motor* with 8.5 years remaining on the lease. The sale of the 501.6 sqm property reflected a **yield of 8.0%**. Murrarie is located around 11 km north-east of Brisbane's CBD.

2373 Ipswich Road, Oxley QLD 4075

A private Brisbane developer has purchased the 8,298 sqm office warehouse complex for about **\$2 million**. The property was purchased from *Cousins Motor Company* who owned and occupied the space. The office and warehouse buildings have a total floor area of 978 sqm which took up less than 10% of the site. The residential developer will redevelop the site in the future. Oxley is located approximately 10.8 km southwest of the Brisbane CBD.

7-9 French Avenue, Brendale, QLD 4500

AMP Capital's Wholesale Australian Property Fund has increased its exposure to Brisbane with the purchase of a major industrial asset. The fund paid **\$18.65 million** for the property which takes the WAPF's gross assets to more than \$550 million. The 12,282 sqm property will be fully leased until 2022 to Australia's largest distributor of paper and packaging products, *BJ Ball*. The sale reflects a rate of \$1,518 psm and a **transaction yield of 8%**. Brendale is located 22.7 km north-east of Brisbane's CBD.



Leasing Activity

Preston Rowe Paterson Research recorded the following leasing transactions that occurred in the Brisbane Industrial Market during the three months to December 2014;

163 Viking Drive, Wacol, QLD 4076

L&H Group have committed to a 5,800 sqm warehouse and office space in *Propertylink's* industrial facility in Wacol, Brisbane. The deal is worth around **\$670,000 pa** in net rent with a small rent free period incentive included in the **5 year deal**. The building is a free standing A-Grade industrial property developed by *DEXUS*. It features 10 m internal warehouse clearance, B-double access, a large concrete hardstand, three container height roller doors with six metre awnings, ESFR sprinklers and a loading dock. Wacol is located around 18 km south west of the Brisbane CBD. It has good access to the Logan and Ipswich motorways, Brisbane Airport and Port of Brisbane.

53 Monash Road, Redbank QLD 4301

Logistics giant *TNT Australia* has secured a **15 year pre-commitment lease** in the **Goodman's Redbank Motorway Estate**. TNT will lease 27,781sqm of industrial facilities. Redbank is located about 25km southwest of the Brisbane CBD.

163 Viking Drive, Wacol QLD 4076

Industrial supplier *L&H Group* has secured a 5,800 sqm A Grade office/warehouse facility on a **5 year term**. The **annual rent is approximately \$670,000**, reflecting a rate of \$115.52 psm. The facility features 10m internal warehouse clearance, hardstand area, roller doors and a loading dock. Wacol is located about 18km southwest of the Brisbane CBD.

115 Crockford Street, Northgate QLD 4013

Building services company *AE Smith* has leased a 2,000 sqm warehouse at a **net rent of \$156,800 pa on a 1 year term**. The lease reflects a rate of \$78.40 psm. Northgate is located approximately 9km north of the Brisbane CBD.

Howard Smith Drive, Port of Brisbane QLD 4718

Logistics company *Mainfreight's* container logistics division, *Owens Transport* has leased a 1.7 ha. site at the **Port Gate Estate** in Brisbane. The purpose built design and construct facility in the Port of Brisbane's Port Gate Estate will comprise a 10,000 sqm storage and distribution yard, designed for container storage and handling areas with 100 tonne container load capacities, as well as a 450 sqm office and a 1,500 sqm warehouse facility. *Owens Transport* has agreed to a **10 year lease** paying an **annual rent of approximately \$850,000 to \$950,000**, reflecting a rate around \$50-\$56 psm. Port of Brisbane is located around 27.5 km north-east of the Brisbane CBD.



31 Activity Crescent, Molendinar, QLD 4214

Gold Coast Transport has leased a 2,200 sqm space on the Gold Coast to combine its three operational locations in Burleigh Heads into one transport depot. *Gold Coast Transport* will pay a **gross annual rent of \$284,000** on a **3 year lease**, reflecting a rate of \$129.09 psm. Molendinar is located around 71 km south-east of Brisbane's CBD and 10.3 km north-west of the Gold Coast.

51-57 Qantas Drive, Brisbane Airport QLD 4009

Recco has signed a lease for an industrial facility at the **Export Park** in Brisbane Airport at an **annual rent of more than \$2.2 million**. The group will lease 90% (22,467 sqm) of the facility for **15 years**. The rent is approximately more than \$100 psm.



Specialised Properties Market

Investment Activity

Preston Rowe Paterson Research recorded some sales transactions that occurred in the Brisbane Specialised Market, during the three months to December 2014;

79-85 Logan River Road, Beenleigh QLD 4207

A 7-Eleven Petrol Station has been sold for \$3.29 million on a yield of 6.90%. 7-Eleven had leased the petrol station since 2009 on a 10+5 year lease ending to 2024. The annual net rent is about \$226,119 subject to an annual growth of 3.50%. The area of the site is about 2,573 sqm.



QUEENSLAND

Market Affordability

According to Real Estate Institute of Australia (REIA), over the September 2014 quarter, the Brisbane median house price decreased by 1% to \$465,500. This reflects a 5.3% annual increase.

The only growth in Brisbane area median house sales price in the September quarter was Middle Brisbane which grew by 1.9% to a median price of \$540,000. Inner Brisbane recorded a fall of 5.5% to median sales price of \$756,000, whilst Outer Brisbane reported a marginal fall of 0.6% to median sales price of \$358,000.

Gold Coast, Townsville and Cairns reported a quarterly change of -3.9%, -5.6% and -0.5% to the median sales price of \$495,000, \$340,000 and \$379,000 respectively. Sunshine Coast noted a 0.5% growth to the median sales price of \$477,500.

In comparison to the September 2013, positive results were recorded in most zones. The highest marked annual growth was experienced in the Middle Brisbane, Sunshine Coast and Cairns recording 91%, 8.5% and 7.8% growth respectively. Only annual declines were reported in the Outer Brisbane (-0.6%) and Townsville (-1.7%).

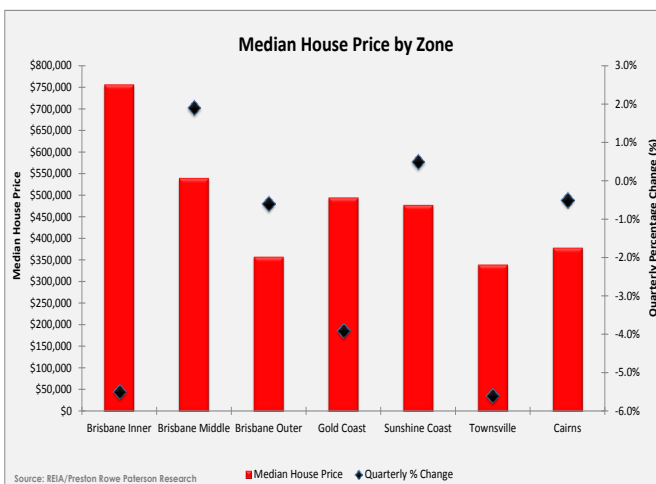


Chart 10—Median House Price by Zone— Source REIA

The Brisbane median other dwellings sales price has fallen by 1.3% in the September quarter to a median price of \$384,900. The Brisbane zones recorded a median sales price decrease in the Middle (-2%) and Outer (-5.1%) areas to \$362,500 and \$280,000 respectively, whereas the Inner zone remained unchanged at \$450,000.

There were no growth recorded for the quarter in other cities. Townsville recorded the largest decrease of -6.8% to a median sales price of \$251,800. Cairns followed closely with a median sales price of \$210,000 (-5.4%) and Gold Coast at \$340,000 (-2.9%).

A year on year comparison has revealed positive growth in the Brisbane cities and zones. The Sunshine Coast recorded the highest annual growth at 9.4% to a median sales price of \$350,000. Inner, Middle and Outer Brisbane recorded an annual growth of 5.9%, 2.1% and 7.7% respectively.

Residential Market

Economic Statistics

According to the Australian Bureau of Statistics category 8731.0 Building Approvals December 2014, the total number of house dwelling approvals in the Brisbane Statistical Division over the month to December 2014 has declined by 6.84% from 862 approvals to 803 approvals. However, in comparison to December 2013 a growth of 50.66% was recorded.

The total number of non-house dwelling approvals has fallen over the month by -1.16% from 1,288 approvals in November, to 1,273 dwelling approvals in December. In comparison to twelve months prior, non-house building approvals decreased by -14.56%.

The year to date 2014, Brisbane total dwelling approvals, recorded 22,174 approvals.

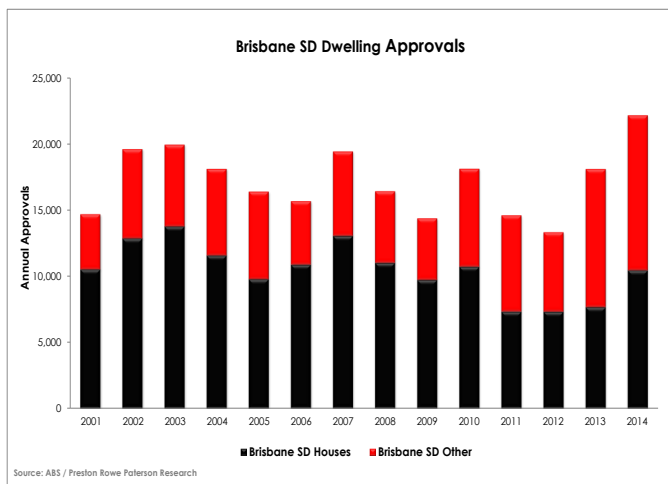


Chart 9—Brisbane SD Dwelling Approvals—Source ABS

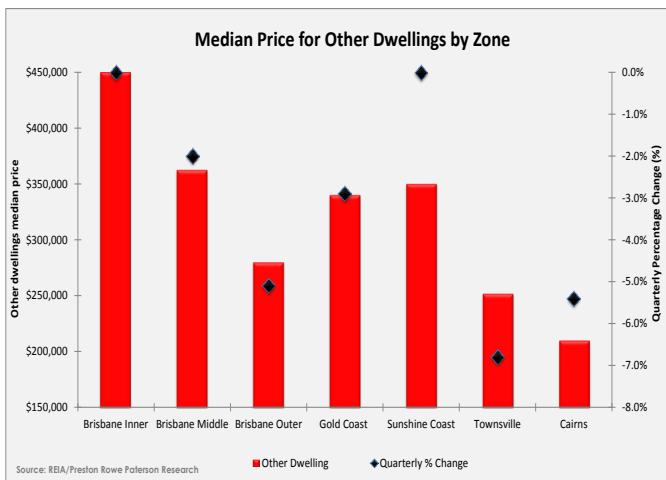


Chart 11—Median Price for Other Dwellings by Zone— Source REIA

Rental Market

The September quarter recorded varied median house rent results with the majority of zones decreasing or remaining unchanged. Middle Brisbane rents remained unchanged to the median weekly rents of \$370 (2 bedroom), \$400 (3 bedroom) and \$490 (4 bedroom). Inner Brisbane rents fell by 2.2% (2 bedroom), 3.8% (3 bedroom) and 3.5% (4 bedroom) to rents of \$440, \$500 and \$685 respectively. Outer Brisbane recorded weekly rental growth in the 3 and 4 bedroom houses of 1.5% and 1.3% to \$330 and \$390 respectively. The 2 bedroom house rent in Outer Brisbane fell by 1.8% to \$275.

Year on year analysis revealed positive results across Gold Coast, Sunshine Coast and Cairns median house rents. The highest weekly median rent growth in the 12 months to September 2014 was recorded in Cairns 3 bedroom house which grew by 7.4% to \$290. Followed by Cairns 4 bedroom and Gold Coast 3 bedroom rental growth of 5% each to a median weekly rent of \$420 respectively. Townsville, however, reported a decline in weekly median rent across all subcategories. The biggest annual decline was recorded in the 3 bedroom house at -5.9% to a weekly rent of \$320.

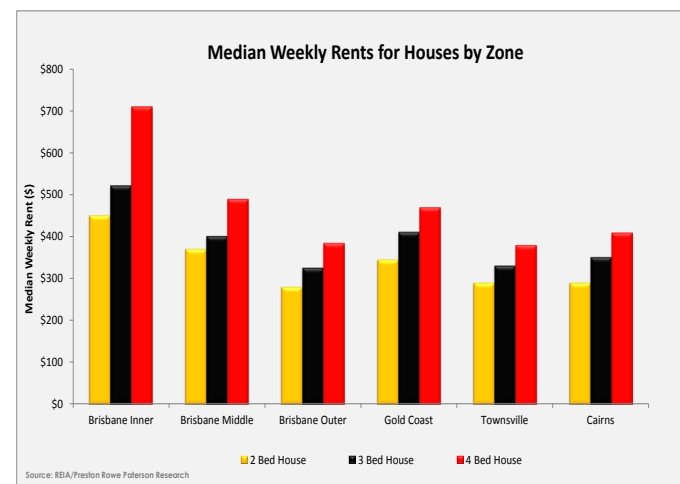


Chart 12—Median Weekly Rents for Houses by Zone— Source REIA

The September quarter revealed mixed results on other dwelling rents across all zones. Median weekly rents in Brisbane were relatively stable with the only movement recorded in the Inner Brisbane 1 and 3 bedroom and Middle Brisbane 1 bedroom to weekly rents of \$370 (+2.8%), \$600 (-1.6%) and \$275 (+1.9%) respectively. The largest quarterly decrease in median weekly rent was Cairns 3 bedroom other dwelling which fell by 5.6% to \$340.

The highest quarterly growth was marked in the Townsville 1 bedroom other dwelling, reflecting a 8.7% growth to a median weekly rent of \$250. Followed by a 5% growth in the Cairns 2 bedroom with median weekly rent at \$210.

A year on year analysis has also revealed a predominantly positive result in the September quarter 2014. The largest annual growth of median weekly rental was recorded in the Townsville 1 bedroom other dwellings at a growth of 9.6%. Followed by Inner Brisbane 1 bedroom and Outer Brisbane 3 bedroom rental growth of 5.7% and 4.8%.

Some zones recorded no annual changes to median weekly rent, these include Middle Brisbane 2 bedrooms (\$360) and 3 bedroom (\$400), Outer Brisbane 2 bedrooms (\$270) and 3 bedrooms (\$330) and Cairns 1 bedroom (\$210) other dwellings .

The largest fall in median weekly rent in the twelve months to September 2014 was Townsville 3 bedroom other dwelling. It recorded a -10.3% change to the median weekly rent of \$350. Townsville 2 bedroom other dwelling weekly rent also fell by 5.4% to \$265.

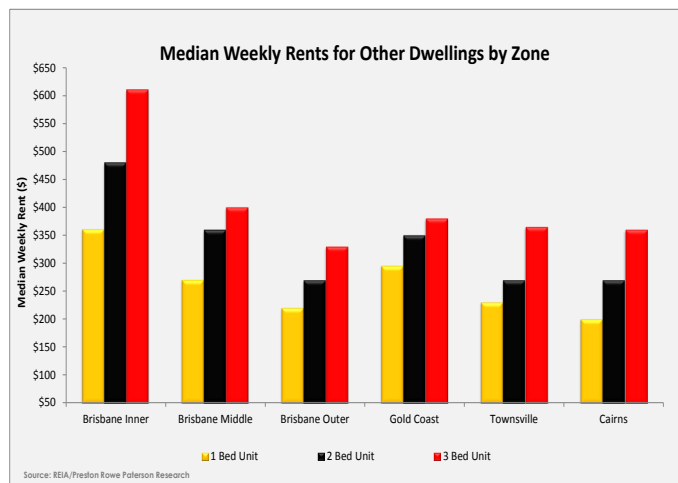


Chart 13—Median Weekly Rents for Other Dwellings by Zone— Source REIA



Hotel & Leisure Market

Investment Activity

Preston Rowe Paterson Research recorded the following sales transactions that occurred in the Queensland Hotel & Leisure Market, during the three months to December 2014;

141 Cooroy-Noosa Road, Tewantin, QLD 4565

The **BIG4 Bougainvilla Holiday Park** in Noosa, Sunshine Coast has been sold to retirement living operator *Ingenia Communities* for **\$12.5 million**. The park comprises 43 permanent homes and 135 short-term sites. The purchase of the 4-star Holiday Park will be funded from Ingenia's September capital raising. The sale reflects a **yield of 10%**. Noosa is located 141 km north of the Brisbane CBD and around 11 km south-west of the Noosa Heads CBD.

14-16 Hastings Street, Noosa Heads, QLD 4567

Valad Property Group's Sheraton Noosa Resort & Spa has sold for **\$110 million** – which is the highest price per room rates achieved in Australia. The *Karedis family*, including entrepreneur Greg Karedis purchased the 5-star hotel reflecting a rate per suite of \$625,000. The properties passing income was about \$6.6 million putting the **yield at about 6%**. The hotel features 176 studios, suites and villas, day spa, restaurant, bottle shop, function room for up to 300 guests, lounge, pool and bar, fitness room, meeting rooms and a business centre. Noosa is located around 141 km north of the Brisbane CBD and 11 km south-west of the Noosa Heads CBD.



Cnr Abbott & Florence Street, Cairns QLD 4870

A Chinese family has purchased **The Hotel Carins** from the owner-occupier the *Bakers family* for **\$10 million**. The 4-star hotel features 92 accommodation rooms, tour booking desk, outdoor pool and spa, gym, function rooms, restaurant and onsite car parking. Cairns is located approximately 1,388 sqm north of the Brisbane CBD.

72 Queen Street, Brisbane QLD 4000

Financial services giant *Challenger* has purchased the **NEXT Hotel** from Singaporean group *The Silver Needle Group* for approximately **\$145 million**. The Singaporean group sold the 4.5-star hotel after a \$50 million refurbishment of the **former Lennox Hotel** on Queens Street Mall, doubling its room count to 304 after its acquisition in 2012 for \$57 million. Global fashion label *Forever 21* leases the ground floor retail space of the hotel.



Regional Market

Investment Activity

Preston Rowe Paterson Research recorded a number of sales transactions that occurred in the Queensland Regional Market, during the three months to December 2014;

Industrial

522 Yaamba Road, North Rockhampton, QLD 4701

Specialist self-storage investor and developer *StoreInvest* has added to its portfolio by purchasing the **North Rockhampton Storage King**. *StoreInvest* paid **\$8.95 million** for the 6,000 m2 building that is built on a 1.45 ha site. The property is situated alongside Masters, Super A-Mart, McDonald's and a neighbourhood shopping centre. The asset shows strong growth and a strong return forecast of 9% for the company's investors. The sale reflects a rate of building area of \$1,492 psm and a land value of \$617 psm. North Rockhampton is located 6km north-east of the Rockhampton CBD and 600km north of Brisbane's CBD.

107 Farrellys Road & 12 Gateway Drive, Paget QLD 4740

Sentinel Property Group has purchased a freestanding industrial property from the owner-occupier *Fraser family* for **\$9.8 million**. The property is leased to earthmoving equipment supplier *Orionstone*. The property features 12,000 sqm of hardstand area and a freestanding improvement with GLA 2,880 sqm. Paget is a suburb located in the regional city of Mackay which is 970 km north of Brisbane.



Rural

Darling Downs region farm sales

US hedge fund *Black River Asset Management* has spent around **\$30 million** acquiring 7,000 ha. of Queensland grain property in an off market deal. *Black River Asset Management*, a subsidiary of *Cargill*, one of the world's biggest food producers, has purchased four grain producing farms in the Darling Downs farming region between Dalby and Chinchilla. The four farms are in an area bordered by Warra, Jandowae and Jimbour – about 230 km west of Brisbane.



**Koolburra Station Mareeba
QLD 4880**

Ryan Global's Olive Vale Pastoral has purchased the **Koolburra Station for \$5 million**. The 160,000 ha pastoral property has the **capacity of 15,000 head** and the usability of the property is about 130,000 ha. There are 4 rivers to water the property, 3 nearby creeks, 22 springs, lakes and swamps, 15 dams, 4 bores, 3 wells equipped with windmills, tanks and troughs. The homestead is a 2 storey residence, other improvements include workers quarters, workshop, machinery shed and hangar. The property also has an outstation 70km south of the homestead. Koolburra is fully fenced splitting into 5 large paddocks and 6 small paddocks. The property is located 320km north of Mareeba, which is located approximately 55km southwest of Cairns.



**Corfield Downs, Corfield
QLD 4733**

The **Corfield Downs** cattle station was sold under receivership for **\$7 million** by the Milton family. The station was bare of cattle at the time of sale. The 45,000 ha property was placed into receivers PPB Advisory by National Australia Banking. Corfield is located 513km southwest of Townsville, or 1,438km northwest of Brisbane CBD.



Strathdarr, Longreach QLD 4730

The **Strathdarr** cattle station was sold under receivership for \$4 million. The station was bare of cattle at the time of sale. The 31,200 ha station was placed into receivers PPB Advisory by National Australia Bank. The property was held by the Milton family. Longreach is located 687km west of Rockhampton, or 1,181 km northwest of Brisbane CBD.

Economic Fundamentals

GDP

GDP figures for the December quarter are not available until the 4th March 2015 however Preston Rowe Paterson Research over the September 2014 quarter revealed that the Australian economy recorded growth of 0.3% seasonally adjusted which reflected growth of 2.7% seasonally adjusted over the twelve months to September 2013.

In seasonally adjusted terms, the main industry gross value added contributors to GDP were Financial and insurance services which increased by 0.2%, Mining and Information media and telecommunications each increased by 0.1% to the increase in GDP.

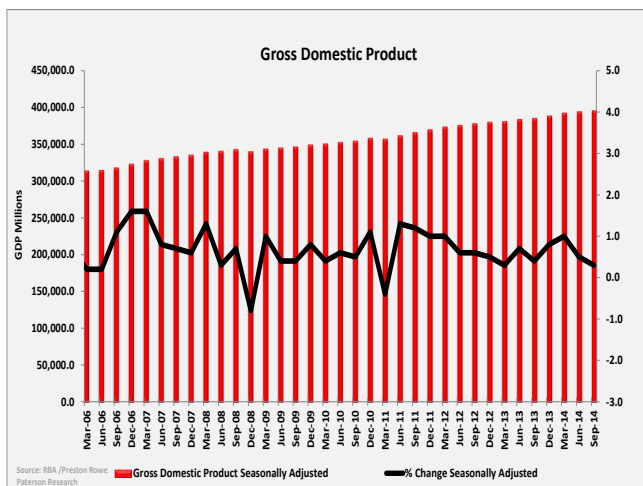


Chart 14 – Gross Domestic Product (GDP) – Source ABS

Labour force

Over the month to December 2014, the number of unemployed people decreased by 16,220 from 775,377 in November to 759,156 in December which is a 2.09% decrease. In comparison to December 2013, the number of unemployed people has increased by 40,135 which reflected an annual increase of 5.58%. The unemployment rate as at December 2014 is 6.1%.

The number of unemployed seeking full time employment recorded an increase over the month of December by 6,048 to 551,459 persons, reflecting a growth of 1.11%. The number of unemployed seeking part time employment recorded a decrease over the month by 22,269 to 207,697 persons, reflecting a growth of 2%.

New South Wales experienced a large absolute decrease in seasonally adjusted employment by 3,700 persons to 3.633 million persons. The unemployment status in New South Wales over the December Quarter decrease by 0.1% to 5.9%.

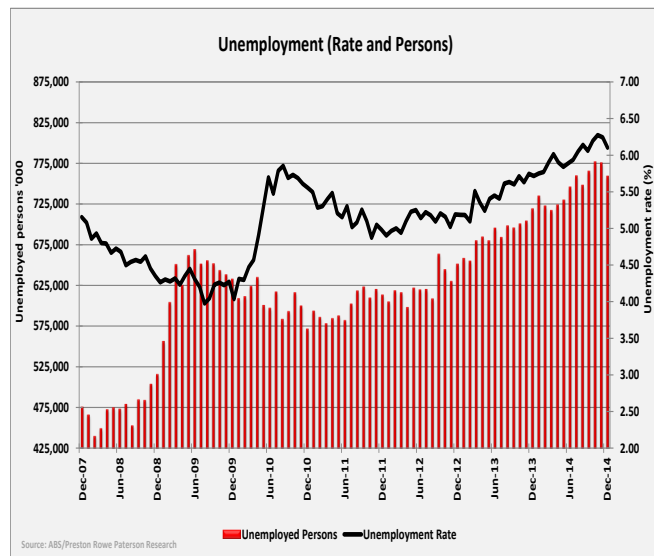


Chart 15 – Unemployment – Source ABS

Interest Rates

As at the date of publishing, the official Cash Rate over the December quarter 2014 remained unchanged at 2.50%. The Reserve Bank of Australia's Media Release for December 2014, released 2nd December 2014 explained that;

"In Australia, most data are consistent with moderate growth in the economy. Resources sector investment spending is starting to decline significantly, while some other areas of private demand are seeing expansion, at varying rates. Public spending is scheduled to be subdued. Overall, the Bank still expects growth to be a little below trend for the next several quarters."

The media release also stated that inflation is as expected to be consistent with its 2%-3% target over the next two years. The cash rate has remained unchanged since September 2013.

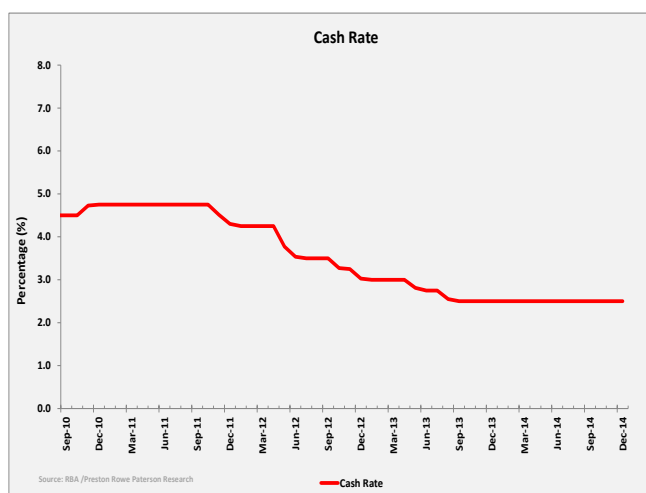


Chart 16 – Cash Rate – Source RBA

CPI

According to the Australian Bureau of Statistics (September 2014), the Australia's All Groups CPI increased by 0.5% over the September quarter from 105.9 to 106.4. The annual CPI change to September 2014 recorded a growth of 2.3%.

The most significant price rises over the September quarter were for fruit (+14.7%), and property rates and changes (6.3%). The greatest price fall over the quarter was attributed to electricity (-5.1%) and automotive fuel (-2.5%).

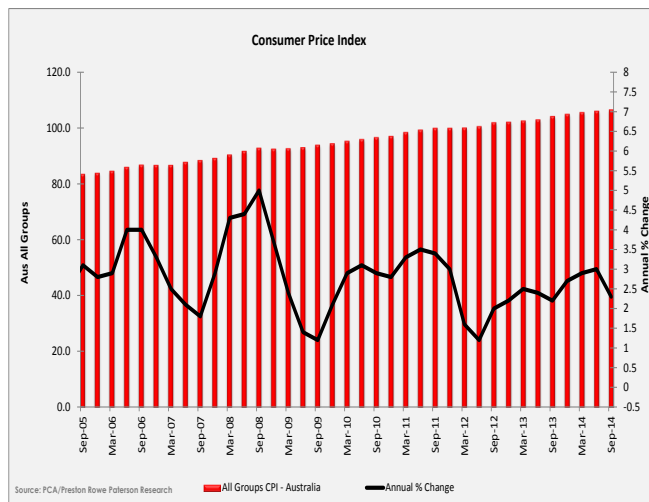


Chart 17- Consumer Price Index—Source—ABS

Consumer Sentiment

The Westpac Melbourne Institute of Consumer Sentiment Index fell by 5.7% in December from 96.6 index points in November to 91.1 index points in December. Over the quarter the index has decreased by -2.9 points, a 3.09% fall. Over the twelve months to December the index declined by -13.9 index points, reflecting a percentage decline of -13.24%.

The Index has fell below the August 2011 record low. Westpac's Chief Economist, Bill Evans stated; "This is a very disturbing result... the economy had been limping along at a 1.6% annualised growth pace for the last six months, with national incomes declining and overall activity contracting in the quarter in every state except NSW."

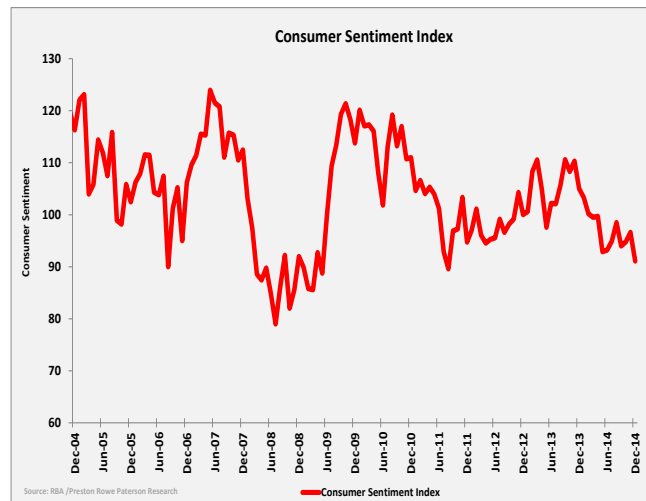


Chart 18 - Consumer Sentiment Index—Source—Westpac Melbourne



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 property markets as well as infrastructure, capital and plant and machinery markets

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

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.
- Infrastructure

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

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
- Self managed super funds
- Solicitors and barristers
- Sovereign wealth funds
- Stock brokers
- Trustee and Custodial companies



We have all *locations* covered

From our capital city and regional office locations we serve our client's needs throughout Australia. Globally, we operate directly or via our relationship offices for special purpose real estate asset classes, infrastructure and plant & machinery.

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 & re-valuations
- 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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