



Preston
Rowe
Paterson

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 Given the manner in which statistics are compiled and published they are usually 3-6 months out of date at the time we analyse them.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

June Quarter 2015

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COMMERCIAL OFFICE MARKET

Brisbane CBD



Investment Activity

Preston Rowe Paterson Research recorded the following sales transactions that occurred in the Brisbane CBD Office Market during the three months to June 2015.

240 Sandgate Road, Albion, QLD 4010

Tatts Group has sold a 10-storey office building to Singaporean businessman CK Kho for **\$35 million**. The property will remain partially leased to *Tatts Group* with annual rent expected to be about \$2.9 million for four years. Albion is located 7.8 km north-east of the Brisbane CBD.

Adelaide Street & Burnett Lane, Brisbane QLD 4000

A private investor paid **\$16 million** for a portfolio of properties in Brisbane's CBD on a **yield of 5.77%**. The deal includes 33 Adelaide Street, 32 Burnett Lane, 43 Adelaide Street and 45 Adelaide Street. 32 Burnett Lane is a four-storey building occupied by *The Survey Restaurant*, while 43 Adelaide Street is a three-storey building occupied by *JB HiFi* and *Mad Dance House*.

193 Mary Street, Brisbane, QLD 4000

Fragrance Group paid **\$10 million** for 126-year-old heritage-listed office, known as **Naldham House**, from the *Brisbane Polo Club*. The sale of the three-level 1,425 sqm building reflects a rate of \$7,017.55 psm.



301 Wickham Street, Fortitude Valley, QLD 4006

Cornerstone Properties has acquired the *RSL Care's Support Centre* for **around \$15 million** and will likely offer the office building to listed rail and freight company *Aurizon*. *Aurizon* will use the 2,700 sqm site as their new headquarters. The sale reflects a rate of \$5,555.55 psm. Fortitude Valley is located 2.1 km south-west of the Brisbane CBD.

1 King Street, Fortitude Valley, QLD 4006

Lend Lease sold its **K1** office tower to *Impact Investment Group* for **\$130 million**. The nine-storey, 16,600 sqm A-grade building has a weighted average lease expiry of 8.7 years and it will be *Lend Lease's* Queensland headquarters for 12 years. The sale reflects a rate of \$7,831.33 psm.

1 Eagle Street, Brisbane, QLD 4000

The **Waterfront Place** office tower and the **Eagle Pier** retail complex have been sold to *DEXUS Property Group* for **\$635 million**. The 40-storey office tower is currently 90% leased to Commonwealth parliamentary offices and major legal firms, showing an **initial yield of about 6.3%**. The sale of the 59,488 sqm tower reflects a rate of \$10,674.40 psm.

Development Sites

According to the Property Council of Australia (PCA)'s Office Market Report July 2015, a new developments is expected for completion towards the end of 2015 in the Brisbane CBD.

A new 34 storey office building is being built on **180 Ann Street, Brisbane**. The new office tower '**180 Brisbane**', owned by Daisho Corporation, is expected to be completed in the 4th quarter of 2015. It will comprise of 57,465 sqm NLA of A-Grade office space over the 32 floors on an average floorplate size of 2,000 sqm, 700 sqm of podium retail space and 218 car spaces in the basement car park. The office tower will achieve a 6-star Green Star rating.



Supply by Grade (Stock)

According to the Property Council of Australia (PCA) Office Market Report July 2015, the Brisbane CBD office market recorded a tightening of -35,513 sqm to the total office stock levels of 2,158,290 sqm. The 583 sqm of supply additions to the Brisbane CBD market was offset by 36,096 sqm of withdrawals.

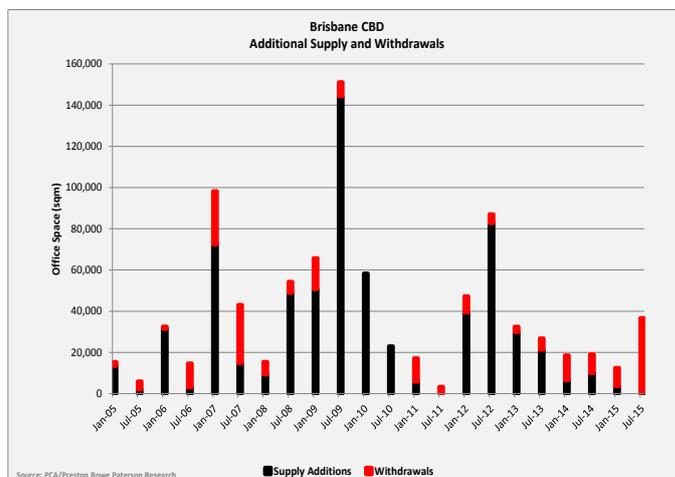


Chart 1 – Brisbane CBD Additional Supply and With,drawals – Source PCA

Office stock withdrawal occurred in all grades of stock with the exception of D Grade which remain unchanged at 60,857 sqm. Both A and B Grade stock recorded a large decrease of 15,816 sqm and 15,503 sqm to the grade total of 864,317 sqm and 811,658 sqm respectively. Premium grade noted a tightening of 2,800 sqm to 201,256 sqm and C Grade fell by 1,394 sqm to 220,202 sqm.

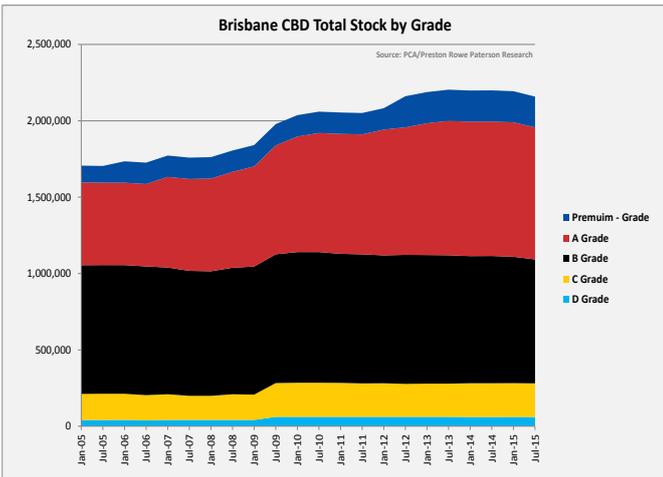


Chart 2 – Brisbane CBD Total Stock by Grade – Source PCA

Total Vacancy

The total vacancy rate in the Brisbane CBD office market over the six months to July 2015 has tightened by -0.5% to 15% (323,656 sqm).

The -0.5% decrease is attributed to the fall in direct vacancy which accounts for 13%, 2% of the total vacancy was sub-lease vacancy.

B Grade recorded the largest fall in vacancy of -3.4% to 19.2% and D Grade noted a small decrease of -0.1% in vacancy to 16.5%. C Grade recorded an increase of 2.9% in vacancy to 15%, followed by A Grade vacancy at 12.3% (+1.2%) and Premium Grade vacancy at 9.3% (+0.1%).

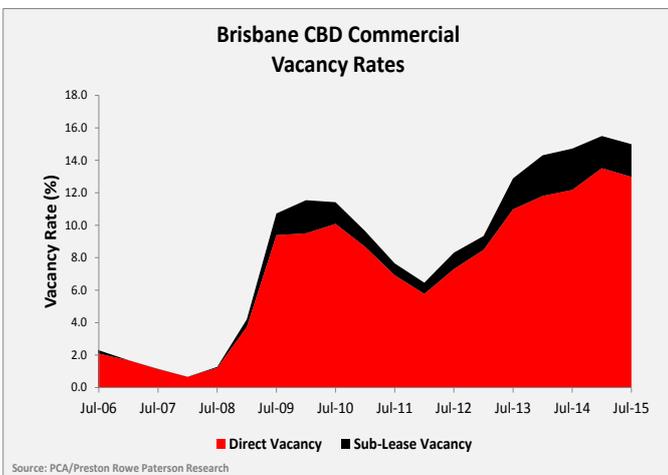


Chart 3 – Brisbane CBD Commercial Vacancy Rates – Source - PCA

Gold Coast Office Market



Leasing Activity

Preston Rowe Paterson Research recorded limited leasing transactions that occurred in the Brisbane CBD Office Market during the three months to June 2015.

82 Marine Parade, 13 Welch Street & 4, 6 & 12 Nind Street, Southport QLD 4215

Phillip Usher Constructions leased the first floor of the H20 complex in the Southport CBD to not-for-profit company *Lives Lived Well*. The deal will be for 1,302 sqm of office space on a **3-year lease**. Industry sources say the gross rent could be about \$475,000 a year. The deal reflects a rental rate of **\$364.80 psm**.



Supply by Grade (Stock)

According to the PCA's Office Market Report July 2015, the Gold Coast total office space reported a supply addition of 1,428 sqm and no withdrawals. This reveals a 0.3% supply growth, bringing the total office floor space in Brisbane to 473,450 sqm.

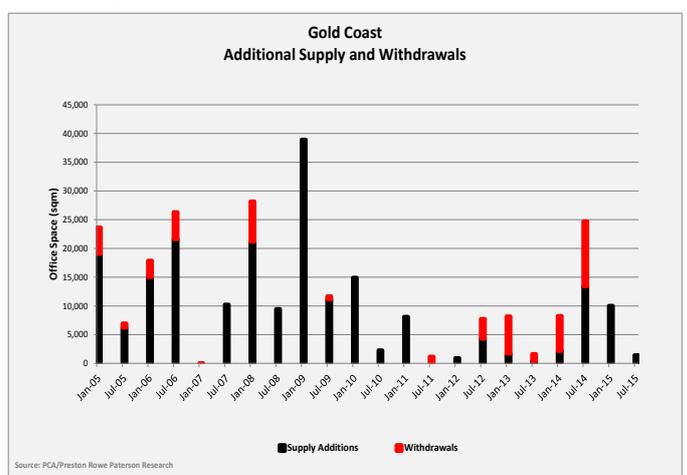


Chart 4 – Gold Coast Additional Supply and Withdrawals – Source - PCA

The new stock supply is attributed to the increase in B Grade stock. The additional supply increased the total B Grade stock to 190,144 sqm.

All other grades of office stock remain unchanged in the six months to July. A Grade stock assumed 132,163 sqm, C Grade totalled at 136,005 sqm and D Grade recorded 15,139 sqm of total stock.

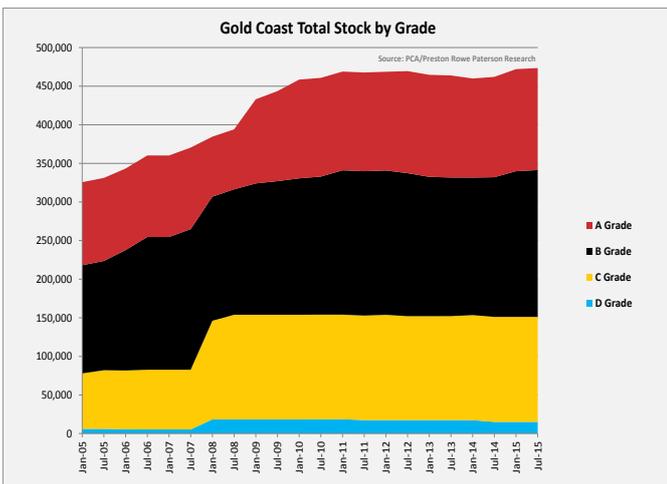


Chart 5 – Gold Coast Total Stock by Grade – Source PCA

Total Vacancy

The Gold Coast office market has recorded a –0.4% decrease in total vacancy to 14.8% in the six months to July 2015. The sub-lease vacancy accounted for 0.4% and direct vacancy was recorded at 14.4%. The total vacancy in the market amounts to 70,052 sqm.

Vacancy rates have tightened across all office grades except for C Grade, which increased by 1.8% to 13.4% vacancy rate. The largest fall in vacancy was recorded in A Grade office of –1.5% to 17.4% vacancy, followed by B Grade vacancy which fell by –1.4% to 17.4% and D Grade vacancy which decreased by –0.3% to 12.6%.

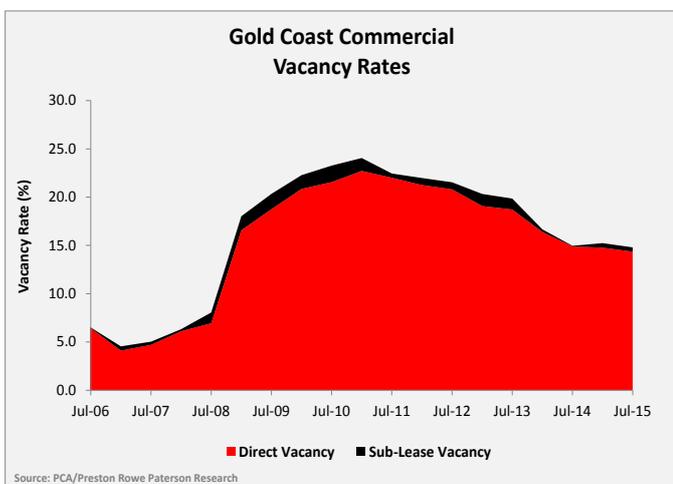


Chart 6– Gold Coast Commercial Vacancy Rates – Source ABS

RETAIL MARKET



Investment Activity

Preston Rowe Paterson Research recorded a number of retail transactions that occurred in Queensland during the June quarter 2015;

605 Robinson Road West, Aspley, QLD 4034
Excel Development Group founder Reg Rowe purchased the **Aspley Village Shopping Centre** from Abacus Property Group for **\$32.25 million**. The 11,337 sqm site is anchored by a 3,185 sqm Coles supermarket, 26 specialty stores and six mini-majors. The property also includes two childcare centres and 430 car parks. The sale reflects a rate of \$2,844.70 psm. Aspley is located around 15.8 km north of Brisbane’s CBD.



226 Shute Harbour Rd, Cannonvale, QLD 4802
SCA Property Group bought the **Whitsunday Shopping Centre** from private investors Pitt Street Securities for **\$46.9 million**. The 11,000 sqm property was sold on a **passing yield of 7.25%** with a **fully leased yield of 8.5%**. The sale reflects a rate of \$4,263.65 psm. The centre is anchored by **Target** and **Coles** and 46 specialty stores. Cannonvale is located about 1,094 km north-west of the Brisbane CBD.

James Street, Burleigh Heads, QLD 4220
A local businessman purchased five retail strata shops for **\$11.8 million**, reflecting an **average net yield of 5.4%**. The shops are leased to **Commonwealth Bank of Australia**, **BWS**, **Sushi on James**, **Bach Hair** and **The Coffee Club**. Burleigh Heads is located around 10 km south of the Gold Coast CBD.

39-51 Junction Road, Chuwar, QLD 4306
Consolidated Properties and CVS Land Capital Partners have paid **\$27 million** for the **Karalee Shopping Village** and 3.3 ha of adjoining land. The shopping centre comprises 5,800 sqm of land with a **Woolworths** anchor tenants and on a **yield of 7.4%**. The adjoining land has development approval for future expansion of the centre. The sale reflects a rate of \$695.90 psm. Ipswich is located 35.6 km south-west of the Brisbane CBD



20 Mount Warren Boulevard, Mt Warren Park, QLD 4207

SCA Property Group has bought the **Mt Warren Park Shopping Village** from a private investor for **\$14.35 million**. The sale of the 3,841 sqm Coles-anchored centre reflects a rate of \$3,736 psm. The deal represents a **yield of 7%**. Mt Warren Park is located 37.5 km south-east of the Brisbane CBD.



38-62 Moreton Bay Road, Capalaba, QLD 4157

Private Taiwanese company *Shayher Group* bought the **Capalaba Central** shopping centre for **\$5 million**. The purchase reflects an **initial yield of about 7.5%**. Capalaba is located 19.7 km north-west of the Brisbane CBD.

567 Kessels Road, Macgregor, QLD 4109

Unison Property Company acquired the 9,252 sqm **Kessels Court** large format retail centre from *ISPT* for **\$30 million**. The centre is anchored by *Trade Secret, Super Cheap and Queensland Transport*. The sale reflected a **yield of around 7%** and a rate of \$3,242.65 psm. Macgregor is located about 13.2 km south-east of Brisbane's CBD.

21 Peachey Road, Ormeau, QLD 4208

Canute Investments had purchased a newly-built, fully leased shopping centre from *Woolworths* for **\$24 million, on a yield of 6.75%**. The 8,607 sqm site comprise of a *Woolworths* supermarket and six specialty stores. The sale reflects a rate of \$2,788.45 psm and the property has an average weighted lease expiry of 18.5 years. Ormeau is located around 35 km north-west of the Gold Coast CBD.

2 North Street, Logan Village, QLD 4207

The Logan Village was sold to *Canute Investments* from *Woolworths Limited* for **\$15 million, on a yield of 6.3%**. The fully leased building sits on a 12,000 sqm site and has a weighted average lease expiry of 18.2 years. The sale of the property reflects a rate of \$1,250 psm. Logan Village is located about 46 km south-west of Brisbane's CBD.

15 Global Plaza, Oxenford, QLD 4210

A freestanding building, currently leased to *Kmart* for 12 years, was bought by a private investor for **just under \$22.7 million**. The 6,200 sqm property was sold by *Bunnings Warehouse* with the sale reflecting a rate of \$3,661.30 psm. Oxenford is located around 62.4 km south-east of the Brisbane CBD.

16 Maryborough Street, Bundaberg, QLD 4670

QIC Global Real Estate had acquired the **Hinkler Central** shopping centre from *Mirvac Group* for **\$110 million on a yield of between 6.5 and 7%**. The sale of the 20,754 sqm site reflects a rate of \$5,300.20 psm. The shopping centre contains two supermarkets, a discount department store and more than 75 speciality stores. The building also has 1,070 car spaces. Bundaberg is located around 358 km north of the Brisbane CBD.

Surfer's Paradise Boulevard, Surfers Paradise, QLD 4217

Morgan Stanley's Arena Investment Management sold the **Chevron Renaissance** shopping centre to *Precision Group* for **\$74 million**. The 13,127 sqm property contains a *Coles* supermarket, a *Liquorland* and 57 speciality tenants. The *Coles* supermarket lease will end in 2020, while the *Liquorland* lease will end in 2016. The sale reflects a rate of \$5,637.25 psm. Surfers Paradise is located about 78 km south-east of the Brisbane CBD or 1 km north of Gold Coast.



Leasing Activity

Preston Rowe Paterson Research recorded limited leasing transactions that occurred in the Queensland Retail Market during the three months to June 2015.

75 Upton Street, Bundall, QLD 4217

Bridgestone Australia will lease a showroom and 458 sqm warehouse, on a 2,023 sqm site, from *Megalite*. The deal is for **five years with options** and *Bridgestone* will pay an **estimated gross annual rent of \$300 psm**. The property also includes 12 car spaces. Bundall is located 2.6 km north-west of the Gold coast CBD.

RETAIL STATISTICS

According to the Australia Bureau of Statistics category 8501.0 Retail Trade (June 2015), the retail turnover figures recorded in Queensland produced varied results. The total retail turnover for Queensland over the month of June grew by 0.22% to \$4,943.2 million. This increase over the month reflected an annual growth of 3.53%.

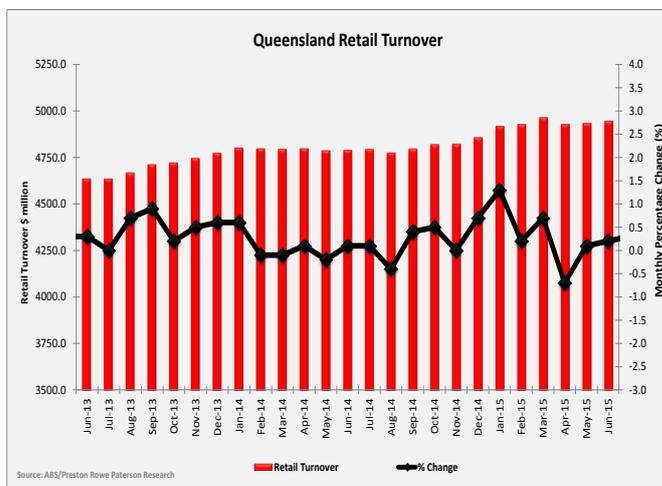


Chart 7—Queensland Retail Turnover— Source ABS



The retail turnover for the month of June 2014 was predominantly positive over the retail industries except for Clothing, footwear and personal accessories retailing and Food retailing. The two industries recorded a decline of -3.03% and -0.65% to \$324.4 million and \$2,072.8 million monthly turnover respectively.

The highest monthly retail growth was in the Café, restaurants and takeaway services which grew by 2.51% in June and recorded a \$754.2 million turnover. Other retailing and Department store grew by 1.67% and 0.77% to \$674.5 million and \$302.1 million monthly turnover respectively. Household goods retailing saw to a marginal increase of 0.24% to monthly turnover of \$828.6 million.

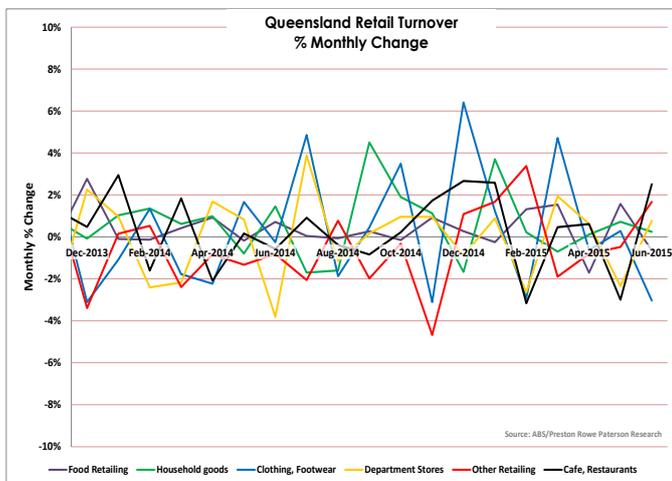


Chart 8 —Queensland Turnover % Monthly Change— Source ABS

INDUSTRIAL MARKET

Investment Activity

Preston Rowe Paterson Research recorded the following transactions that occurred in the Brisbane Industrial Market, during the three months to June 2015;

5-9 Eastern Road, Browns Plains, QLD 4118

A private investor acquired a freehold showroom and bulky goods centre for **\$9.725 million**, reflecting a **yield of 8.6%**. The sale of the 3,154 sqm industrial property reflects a rate of \$3,083.40 psm. Browns Plains is located around 24 km south of the Brisbane CBD.

7-11 Mineral Sizer Court, Narangba, QLD 4504

Geyland Holdings purchased a 4,229 sqm industrial distribution centre in the new industrial estate, **Boundary Industrial Zone**, for **\$7.1 million**. The sale reflects a rate of \$1,678.90 psm. The site is currently occupied by food service packing company *Marinucci Australia* on a recently signed 10-year lease, with options for a 5-year extension. *Marinucci Australia* is paying a gross annual rent of \$491,000. The property contains offices, high-clearance storage, two recessed dock and container-height roller shutters. The property also has the potential for future expansion. Narangba is about located 34.6 km north of the Brisbane CBD.

93 Burnside Road, Yatala, QLD 4207

Ringmer Pacific purchased a 14,500 sqm industrial property from *Nautilus Investments Corporation* for **\$17.45 million**. The sale reflects a **yield of 8.94%** and a rate of \$1,203.45 psm. Yatala is located 38.4 km south east of the Brisbane CBD.

112 Cullen Avenue, Eagle Farm, QLD 4009

The City of Brisbane Investment Corporation's major industrial property was sold to the *Dexus Wholesale Property Fund* and the *DEXUS Industrial partner*, backed by Australia's *Future Fund*, for **more than \$20 million**. The 12 ha facility is set on 20,080 sqm site, reflecting a rate of \$996 psm. Eagle Farm is located 8.8 km north-east of the Brisbane CBD.



38-40, 42 Bunya Street, Eagle Farm, QLD 4009

Bunya Street Developments sold twenty titles to eight different buyers for **\$6.52 million**. The sale of the 1.3 ha industrial site reflects a rate of \$501.55 psm. Eagle Farm is located about 11.6 km south-west of Brisbane's CBD.

91-97 Kimberely Street, Richlands, QLD 4077

A 3,098 sqm industrial property was purchased for **\$8.4 million** by *Primewest*, on a **yield of 8.4%**. The sale reflects a rate of around \$2,711 psm. Richlands is located about 19.3 km south-west 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 June 2015;

1827 Lytton Road, Lytton, QLD 4178

Heavy vehicle mechanical company *Ferris 60* had moved into a newly purchased 6,859 sqm warehouse property on a **three-year deal**. The site contains a 1,200 sqm warehouse and office area and a large hardstand and yard. The net annual rent is about \$192,000, reflecting a **rate of \$28 psm pa**. Lytton is located about 20 km north-east of the Brisbane CBD.

2/205 Queensport Road, Murarrie, QLD 4172

UMS leased a 1,210 sqm office and warehouse facility at **\$150 psm pa** on a **5-year deal**. The property includes A-grade offices over two levels and two warehouses with container-height roller doors. Murarrie is located around 10 km east of the Brisbane CBD.



33 Riverside Place, Morningside, QLD 4170

Fine wine company, *Outrayjus*, had agreed to lease 2,000 sqm of freestanding warehouse and office space on an **8-year term**. The property has recently been refurbished and the lessee will pay a **net annual rent of \$110 psm**. Morningside is located around 6.6 km west of Brisbane's CBD.

100-152 Postle Street, Acacia Ridge, QLD 4110

Lindsay Australia had pre-committed to a deal for an 11,165 sqm office, cold store, warehouse, workshop and transport depot for **12-years**. The company will pay an **estimated \$200 psm**. Construction is likely to commence midway through 2015 and completion is due early to midway through 2016. Acacia Ridge is located about 17.6 km south of the Brisbane CBD.

2637 Ipswich Road, Darra, QLD 4076

Bread exporter *Wild Breads* had struck a deal worth more than \$30 million with *CIP* to occupy a brand new industrial facility. The 12,000 sqm site will be leased by *Wild Breads* for about **\$200 psm**. The property is currently under construction and the deal is for **20 years**. Darra is located 16.4 km south-west of the Brisbane CBD.

RESIDENTIAL MARKET

Economic Statistics

According to the Australian Bureau of Statistics category 8731.0 Building Approvals June 2015, the total number of house dwelling approvals in the Brisbane Statistical Division over the month to June 2015 has increased by 22.55% from 785 approvals to 962 approvals. In comparison to June 2014, a growth of 16.18% was recorded.

The total number of non-house dwelling approvals had grown by 35.15% over the month from 1,650 approvals in May, to 2,230 dwelling approvals in June. In comparison to twelve months prior, non-house building approvals increased significantly by 174.29%.

The year to date 2015, the Brisbane total dwelling approvals amounted to 14,875 approvals.

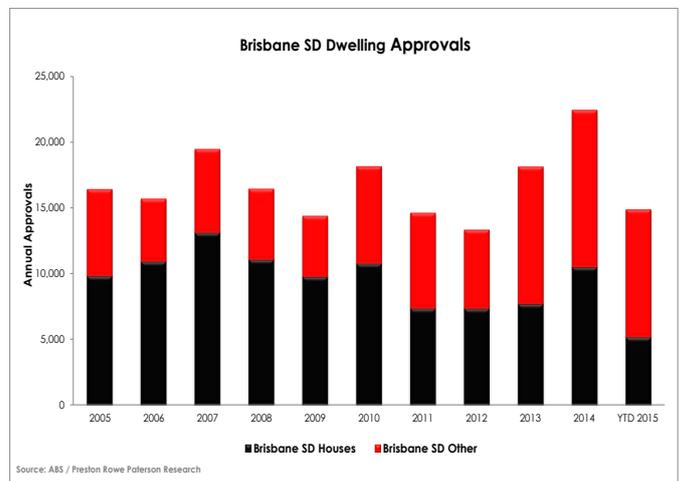


Chart 9—Brisbane SD Dwelling Approvals—Source ABS

Queensland

Market Affordability

According to Real Estate Institute of Australia (REIA) March quarter, the Brisbane median house price fell by -1.5% to \$475,000, however, it reflects an annual growth of 3.3%.

The Brisbane zones recorded mixed quarterly results. Inner and Middle Brisbane recorded a decrease in median sales price of -0.1% and -0.4% to \$800,000 and \$538,000 respectively.

Gold Coast houses reported a median sales price growth of 2.2% to \$531,500. Similarly Sunshine Coast median sales prices increased to \$198,400. The Cairns median sales prices remain unchanged at \$390,000 and Townsville prices fell by -0.7% in the quarter to \$350,000.

In comparison to March 2014, positive results were recorded in all cities except for Townsville which fell by -3.8%. The highest annual growth in median sales prices was recorded in Inner Brisbane (6.7%), Gold Coast (6.3%) and Sunshine Coast (7.2%).

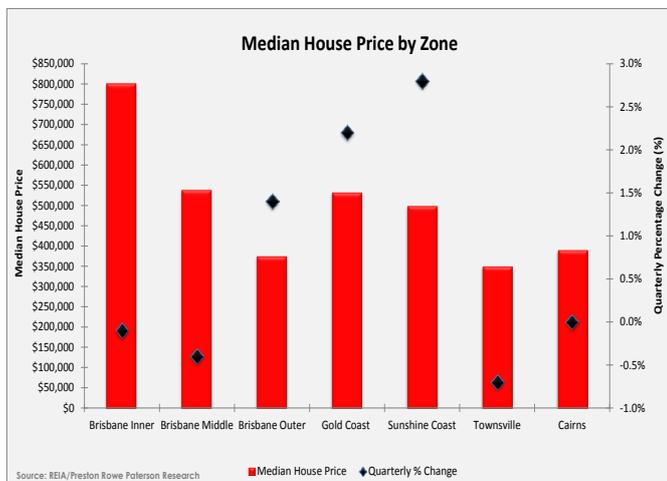


Chart 10—Median House Price by Zone— Source REIA

The Brisbane median other dwellings sales price increased by 2.1% to \$393,000. All cities and Brisbane zones recorded growth in median sales price in the March quarter, except for Townsville other dwellings sales price which fell by -6% to \$272,500.

The highest quarterly sales price growth was recorded in Cairns other dwellings which increased by 5.5% to \$219,500. Followed by Outer and Inner Brisbane median sales price which grew by 3.6% and 3.1% to \$285,000 and \$459,000 respectively. A 1.4% growth was recorded across Middle Brisbane, Gold Coast and Sunshine Coast other dwellings to median sales prices of \$377,800, \$355,000 and \$355,000 respectively.

A year on year comparison has revealed positive growth across all zones except Sunshine Coast which fell by -1.7%. The highest annual growth was reported in Cairns and Townsville which increased by 3.5% and 2.8% respectively.



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

Rental Market

The March quarter recorded a relatively stable house rental activity across all zones where most weekly rents remain unchanged. The highest median rental growth was recorded in Middle Brisbane and Cairns 3 bedroom house rising by 5% and 2.9% to \$420 and \$360 respectively. The largest decrease in median rent was noted in Inner Brisbane 4 bedroom and Gold Coast 2 bedroom house, which fell by -2.8% and -2.9% to \$700 and \$340 respectively.

The Outer Brisbane zone did not record any quarterly change to its median weekly rent. Median weekly rents remained at \$280, \$330 and \$395 respectively for 2, 3 and 4 bedroom houses.

Year on year analysis has revealed positive results across all zones except for the regional city of Townsville. Townsville's median weekly house rent fell by -6.5% (\$290) for 2 bedroom, -5.7% (\$330) for 3 bedroom and -5% (\$380) for 4 bedroom. The highest annual rental growth was reported in the Cairns 4 bedroom house which increased by 4.9% to \$430.

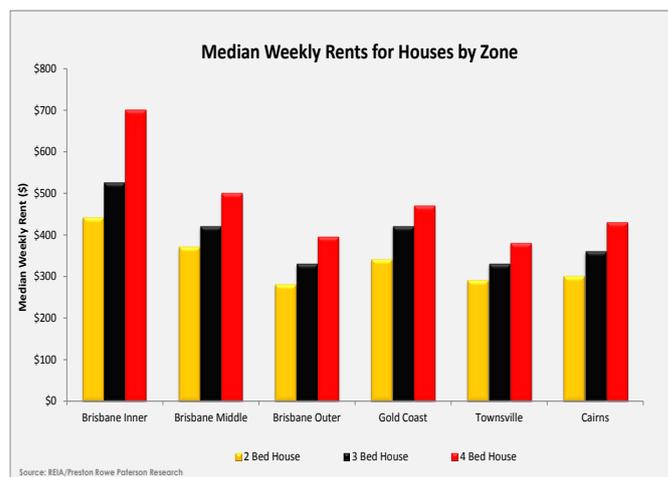


Chart 12—Median Weekly Rents for Houses by Zone— Source REIA

The March quarterly results for other dwelling median weekly rents was predominantly positive. The only fall in median weekly rent was recorded in the Townsville 2 bedroom other dwelling which decreased by -1.8% to \$275.

The median weekly rent for 2 bedroom other dwellings in Queensland increased by 4.1% during the quarter to \$385. The overall Brisbane zones' weekly rents had increased. Middle Brisbane rents grew the most by 1.8% (\$280) for 1 bedroom, 2.8% (\$370) for 2 bedroom and 2.5% (\$410) for 3 bedroom other dwelling.

The highest increase in rent was recorded in the Townsville 1 & 3 bedroom other dwellings as well as the Cairns 3 bedroom other dwelling; the median weekly rent grew by 6.8%, 5.6% and 5.7% to \$235, \$380 and \$370 respectively.

A year on year analysis had revealed mixed results in the March quarter. The largest annual growth of median weekly rental was recorded in the Outer Brisbane 1 bedroom other dwellings at a growth of 7.1% to \$225, followed by Inner Brisbane 1 bedroom rental growth of 5.7% to a median rent of \$370.

Inner and Middle Brisbane 3 bedroom, and Gold Coast 1 bedroom other dwelling rents remain unchanged. The Inner and Middle Brisbane 3 bedroom median rents were \$600 and \$410 respectively. The Gold Coast 1 bedroom rent was \$300.

Similar to the median weekly house rentals, the Townsville other dwelling rents was the only city to record tightening in rents over the year to March 2015. The median rents for 1 bedroom fell by -6%, 2 bedroom rent decreased by -3.5% and 3 bedroom rent by -2.6%.

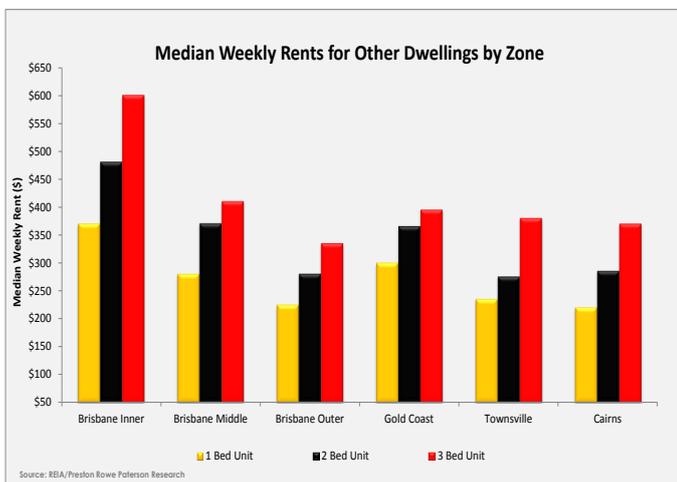


Chart 13—Median Weekly Rents for Other Dwellings by Zone— Source REIA

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 June 2015;

158 Ferny Avenue, Surfer's Paradise, QLD 4217

The **Marriott Resort and Spa** was purchased by global timeshare operator *Marriott Vacation Club* from Indonesia's *Rajawali Property Group* for at least **\$90 million**. The property recently underwent a \$20 million refurbishment in 2011. The hotel features 329 rooms, 14 conference and event areas, and a saltwater swimming lagoon with sandy beach and man-made reef. The sale reflects a rate of **\$273,556.25 per room**.

17 Abbott Street, Cairns, QLD 4870

The **Pullman Cairns International** was acquired by Melbourne-based *Shakespeare Property Group*, from *TMG Developments* and *Ascendas Hospitality Trust*, for **\$75.08 million**. The hotel features 321 large sized rooms, conference rooms, a ten room spa, as well as a restaurant, bar, pool and gym. The sale also includes the adjoining **Village Lane Retail Centre** and an under-ground car park. The property sold on a **yield of around 8%** and reflected a rate of **\$223,000 per room**. The hotel will likely be fully restored by the new owners. Cairns is located 1,678 km north-west of the Brisbane CBD.



2807 Gold Coast Highway, Surfers Paradise QLD 4217

Singapore's *Cockpit Hotels* has bought the **Crowne Plaza and Gold Tower** for **between \$60 and \$90 million**. The 4.5 star hotel has 269 guest rooms, banquet and function rooms, and a tavern. The asset also has a development approval for a 47-storey tower that could be built between the two existing towers. The sale reflects a rate of **between \$223,048.35 and \$334,572.50 per room**.

10 Brunswick Street, Fortitude Valley, QLD 4006

Kevin Seymour has paid **about \$12 million** for the **Arena nightclub** from the Sydney-based Coorey family. The 2,050 sqm site will now likely be converted into approximately 300 high-quality apartments. The sale reflects a rate of \$5,853.65 psm.

103 George Street, Brisbane, QLD 4000

A Singaporean investor has paid **\$29 million** for the **Rendezvous Hotel**. The hotel sits on a 911 sqm site and has 99 hotel rooms, three levels of parking, ground-floor reception, restaurant and convention rooms for up to 200 people. The sale reflects a rate of **\$297,979 per room**.

2 North Street, Woorim, QLD 4507

Charter Hall Group has purchased the **Blue Pacific Hotel** from the Piva family for **\$8 million**. The hotel features a bar and bistro area and a gaming room. Woorim is located around 73.9 km north-east of Brisbane's CBD.



3128 Surfers Paradise Boulevard, Surfers Paradise, QLD 4217

Gold Coast mayor Tom Tate has sold the **Islander Hotel** for **\$26.5 million** to *Bickle Investments*. The 99-room hotel comprise of a restaurant, bar, outdoor pool, tennis courts and gaming room. The sale reflects a rate of **\$267,676.75 per room**, and has development potential.



SPECIALIZED PROPERTY MARKET

Investment Activity

Preston Rowe Paterson Research recorded some sales transactions that occurred in the Brisbane Specialised Market during the three months to June 2015;

Robina, QLD 4226

Billionaire gaming tycoon Tony Fung's *Aquis Entertainment* has acquired a 53,000 sqm development site for **\$45 million**. Mr Fund will likely develop the site into international student accommodation with more than 3,700 student bedrooms. The sale reflects a rate of \$849.05 psm. Robina is located 9.5 km south-west of the Gold Coast CBD.

74 Usher Avenue, Labrador, QLD 4215

Gold Coast woman Cheryl Ross has sold a parcel of land to residential aged-care provider *Ozcare* for **\$7.5 million**. The 30,000 sqm site will be used to expand the existing aged-care facility that is owned by *Ozcare* on the land next to 74 Usher Avenue. The sale reflects a rate of \$250 psm. Labrador is located around 9.6 km north-west of Gold Coast's CBD.

Bayberry Lane, Robina, QLD 4226

Australian Unity's Healthcare Property Trust has purchased a 6,662 sqm property for **\$7.9 million**. The site will be developed into a \$20.5 million hospital. The first stage of development, beginning with the construction of a 90-bed hospital, will be complete in 2016. The building will be leased to *Health Care Australia* for 25 years. The **initial passing yield for the first stage is 7.5%** and the sale reflects a rate of \$1,185.85 psm.



Queensland Childcare

A South Australian private investor has purchased two *Goodstart Early Learning* centres in Cairns and Maroochydore. The 1,288 sqm site in Cairns has sold for **\$1.82 million**. *Goodstart* is currently leasing the property for \$128,075 net pa. The 1,511 sqm corner site in Maroochydore sold for **\$2.002 million**. The property is leased to *Goodstart* for \$122,286 net pa.

REGIONAL MARKET

Investment Activity

Preston Rowe Paterson Research recorded the following sales transactions that occurred in the Queensland Regional Market, during the three months to June 2015;

Rural

Opal Creek, Western Creek - Dunmore Road, Cecil Plains, QLD

A major feedlot and cattle station has been acquired by *Australian Country Choice* for **more than \$6 million**. The 3,116 hectare **Opal Creek** property, sold by the Land family, features 4 titles of grazing land, a feedlot with a capacity of 5,866 head of cattle and has a licence for up to 30,000 head of cattle, 58 feedlot pens, grain storage for up to 220 tonnes, grain cleaner and large capacity four roll mill, onsite staff accommodation and a modern homestead. The property also has 585 megalitres of water licences for intensive livestock use. The sale reflects a rate of around **\$1,925.55 per hectare**. Cecil Plains is located about 217 km west of Brisbane.



Economic Fundamentals

GDP

GDP figures for the June quarter 2015 are not available until the 2nd September 2015, however, over the March 2015 quarter revealed that the Australian economy recorded growth of 0.93% seasonally adjusted which reflected growth of 2.31% seasonally adjusted over the twelve months to March 2014.

In seasonally adjusted terms, the main industry gross value added contributors to GDP were Mining (+0.5%), Financial and insurance services (+0.5%), Information media and telecommunications (+0.3%) and Healthcare and social assistance (+0.3%). In trend terms, the largest detractor were the Professional, scientific and technical services (-0.4%) and Construction (-0.2%).

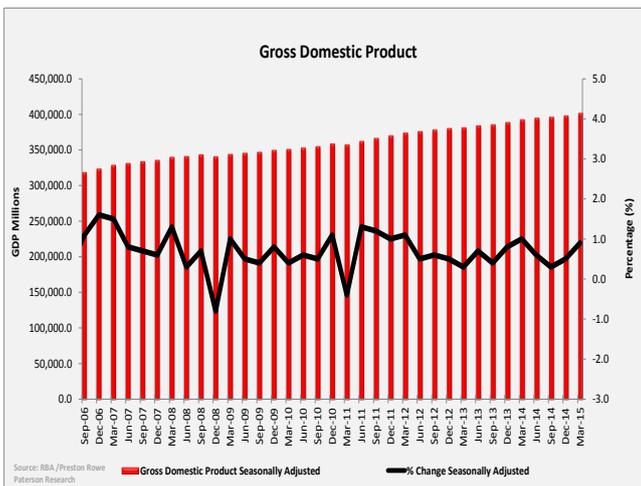


Chart 14 – Gross Domestic Product (GDP) – Source ABS

Interest Rates

As at the date of publishing, the official Cash Rate over the June quarter 2015 has decreased by 25 basis points to 2%. The Reserve Bank of Australia's Media Release for June 2015, released 2nd June 2015 explained that;

"In Australia the available information suggests the economy has continued to grow, but at a rate somewhat below its long-term average. Household spending has improved, including a large rise in dwelling constructions, and exports are rising. But the key drag on private demand is weakness in business capital expenditure in both mining and non-mining sectors and this is likely to persist over the coming year...Low interest rates are acting to support borrowing and spending...Dwelling prices continue to rise strongly in Sydney, though trends have been more varied in a number of other cities...In other asset markets, prices for equities and commercial property have been supported by lower long-term interest rates."

The media release also stated that inflation is as expected to be consistent with its 2%-3% target over the next two years, even with a lower interest rate.

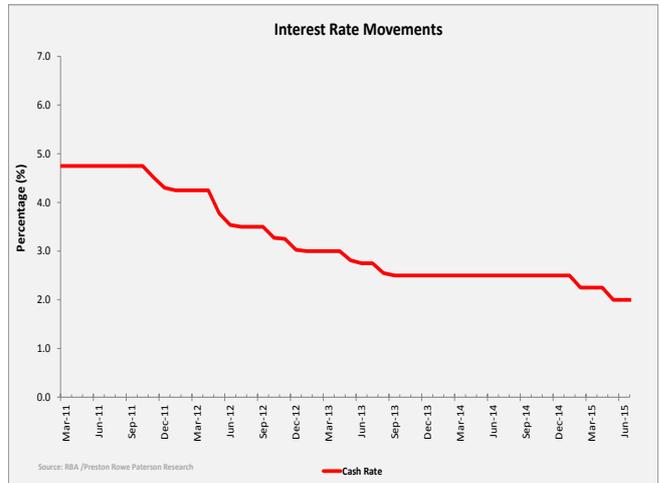


Chart 15 – Cash Rate – Source RBA

CPI

According to the Australian Bureau of Statistics (June 2015), the Australia's All Groups CPI increased by 0.7% over the June quarter from 106.8 to 107.5. The annual CPI change to June 2015 recorded a growth of 1.5%.

The most significant price rises over the June quarter were automotive fuel (+12.2%), medical and hospital services (+4.5%) and new dwelling purchases by owner-occupiers (+1.5%). The greatest price fall over the quarter was attributed to are domestic holiday travel and accommodation (-5.4%) and pharmaceutical products (-1.8%).

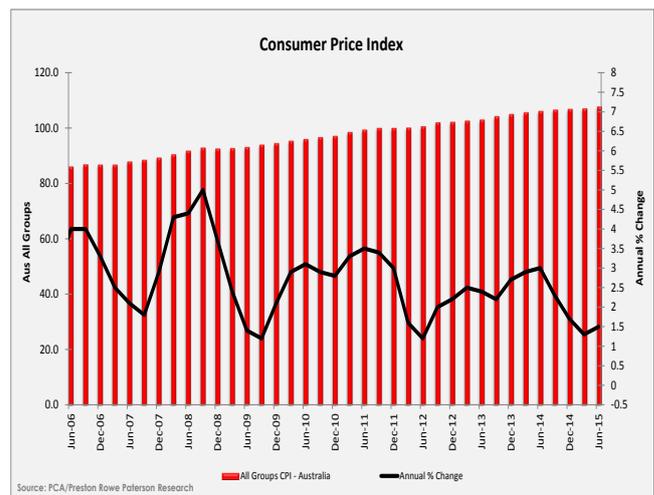


Chart 16 – Consumer Price Index—Source—ABS

Labour force

Over the month to June 2015, the number of unemployed people increased by 12,791 from 743,358 in May to 756,149 in June which is a 1.72% increase. In comparison to June 2014, the number of unemployed people has increased by 10,451 which reflected an annual increase of 1.40%. The unemployment rate as at June 2015 is 6%.

The number of unemployed seeking full time employment recorded an increase over the month of June by 27,200 to 541,200 persons. The number of unemployed seeking part time employment recorded a decreased over the month by 14,500 to 214,900 persons.

Queensland experienced an absolute decrease in seasonally adjusted employment by 1,300 persons to 2.35 million persons. The unemployment status in Queensland over the June Quarter 2015 decrease by 0.2% to 6.1%.

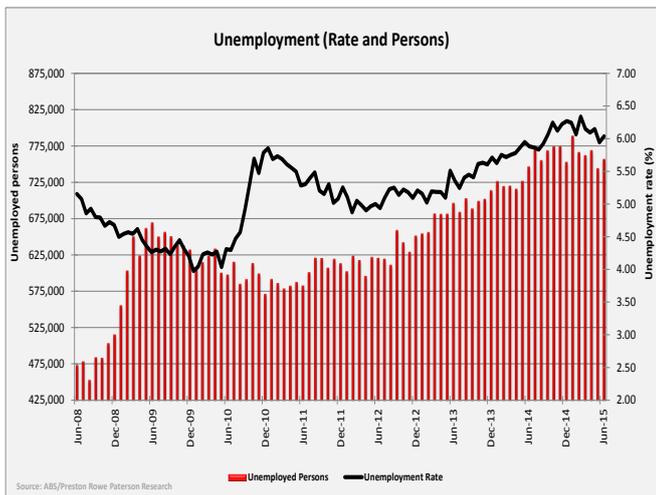


Chart 17 – Unemployment – Source ABS

Consumer Sentiment

The Westpac Melbourne Institute of Consumer Sentiment Index fell by 6.9% in June from 102.4 index points in May to 95.3 index points in June. Over the quarter the index has decreased by -4.2 points. Over the twelve months to June 2015 the index recorded a 2.25% growth.

The Index is now below to its pre-budget level in May. Westpac's Senior Economist, Matthew Hassan commented; "Several factors are likely to have refocused attention...further falls in the share market...ongoing uncertainty in Europe; more signs of soft conditions in labour markets; and added nervousness about the outlook for house prices."

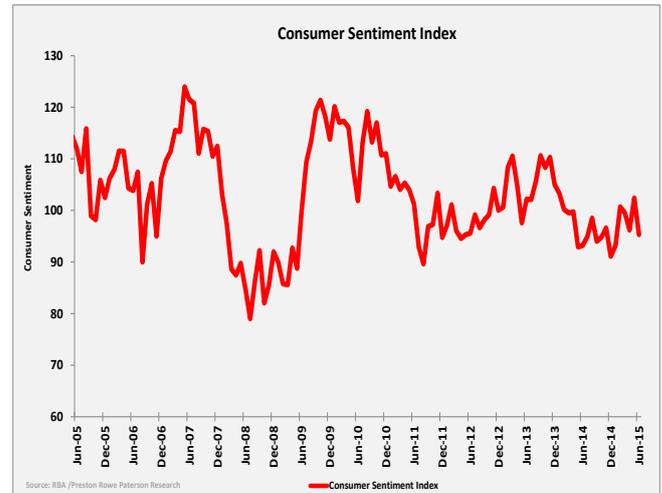


Chart 18 – Consumer Sentiment Index—Source—Westpac Melbourne Institute Survey

Australian Exchange Rates

Over June quarter 2015, the Australian Dollar increased slightly against the US Dollar, increasing from \$0.7634 in March to \$0.7680 in June. Over the twelve months to June, the Australian dollar has decreased by -18.47% from \$0.9420 USD.

The Australian Dollar also recorded a quarterly decline against the British Pound, Euro and the Japanese Yen. The Australian Dollar exchange rates against the Pound, Euro and Yen fell by -2.30%, -1.90% and -1.10% respectively.

Year on year analysis saw the Australian Dollar decline against the British Pound by -5.40% to £0.4885 and -2.90% in the Euro to €0.6866. The Australian Dollar experienced an annual increase against the Yen of 2.40% to ¥93.92.

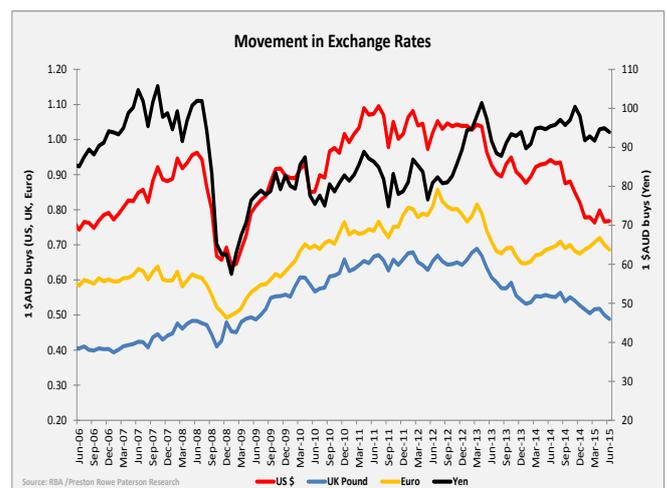


Chart 19 – Movement in Exchange Rates – Source RBA



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 & 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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