



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 Given the manner in which statistics are compiled and published they are usually 3-6 months out of date at the time we analyse them.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

March Quarter 2016

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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 March 2016.



193 Mary Street, Brisbane, QLD 4000
DEXUS Property Group has bought the heritage-listed **Naldham House** for **\$14 million**. The three-level building was home to the *Brisbane Polo Club* and has 1,425 sqm of space. The property will be the base of the buyer's \$635 million **Waterfront Place** complex. The sale reflected a rate of \$9,824.55 psm.

41 George Street, Brisbane, QLD 4000

AEP Investment Management has paid **\$159 million** for a 27-storey office tower from *QIC Global Estate*. The 30,000 sqm property is leased to the Queensland government and the deal reflected a yield of **8.7%**. The Queensland government will stop leasing the property 12 months before the scheduled opening of the **Queens Wharf** casino and resort development in 2022. The sale reflected a rate of \$5,300 psm.

171 Elizabeth Street, Brisbane, QLD 4000

Nick Politis has purchased the **Heckelmann's Building** for **\$15.5 million**. The heritage-listed, 4-storey property has leases to *Mefcash* and *Mitre 10* and has a net lettable area of 2,310 sqm. The sale reflected a rate of \$6,709.95 psm.



Leasing Activity

Preston Rowe Paterson Research recorded limited leasing transactions that occurred in the Brisbane CBD office market during the three months to March 2016.

42-60 Albert Street, Brisbane, QLD 4000

DEXUS Property Group has leased office space to the Queensland government's department of education for a **face rent of around \$600 psm**. The government agency will lease 7,706 sqm in the **AM60** building.



180 Ann Street, Brisbane, QLD 4000

Tatts Group has rented 18,000 sqm of space at *Katsumi Tada's* new \$500 million office tower. The deal is worth over \$190 million with a **face value rent of between \$700 and \$750 psm**. The lease includes an incentive of between 35 to 40% and is for **15-years**.

Development Sites

According to the Property Council of Australia (PCA)'s Office Market Report January 2016, new developments are expected for completion in early 2016.



Another new development is **480 Queen Street** project located at the Brisbane CBD. The project is owned by *DEXUS Property Group* and is expected to be completed in the 1st quarter of 2016. The Premium Grade office tower comprise of 56,855 sqm of office space across 31 levels on an average floorplate size of 1,150 sqm, 1,300 sqm of retail space on the lower floors, 271 underground car parking and end-of-trip facilities. The office tower is expected to achieve a 6-star Green Star rating and 5-star NABERS Energy rating.

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 1st quarter of 2016. The A-Grade building will feature 57,465 sqm of net lettable area 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 January 2016, the Brisbane CBD office market stock levels decreased by 950 sqm due to the additional supply of 2,800 sqm being offset by a larger withdrawal of 3,750 sqm. As at January, the total Brisbane CBD office market stock amounted to 2,157,340 sqm.

Both A and B Grade office stock share dominance in the Brisbane CBD market, taking up 40.1% and 37.4% of the market share respectively. Premium and C Grade office stock assumed 9.5% and 10.2% respectively whilst D Grade stock amounted to 2.8%.

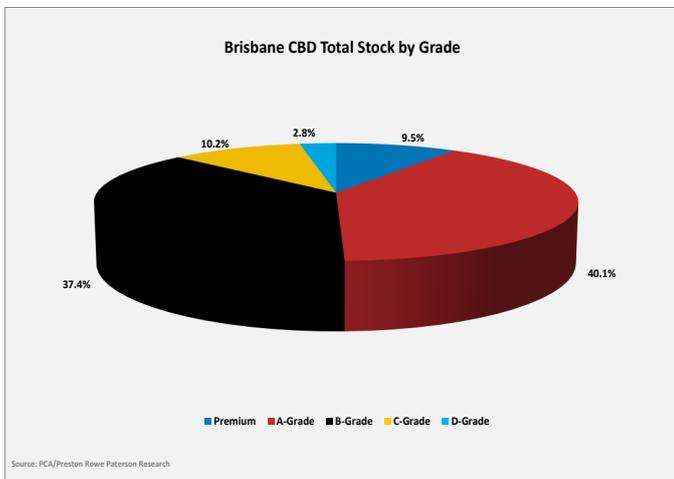


Chart 1 – Brisbane CBD Total Stock by Grade – Source PCA

Net Absorption

The Brisbane CBD office market revealed a negative absorption of -17,896 sqm in the twelve months to January 2016. The net absorption recorded in the six months to January was -1,323 sqm.

Almost all grades of office space recorded a negative absorption in the six months to January, except for A Grade stock which absorbed 8,532 sqm of space. The largest negative absorption in the six months to January was recorded in the B Grade stock (-4,879 sqm), followed by C Grade (-3,535 sqm), D Grade (-811 sqm) and Premium Grade (-630 sqm).

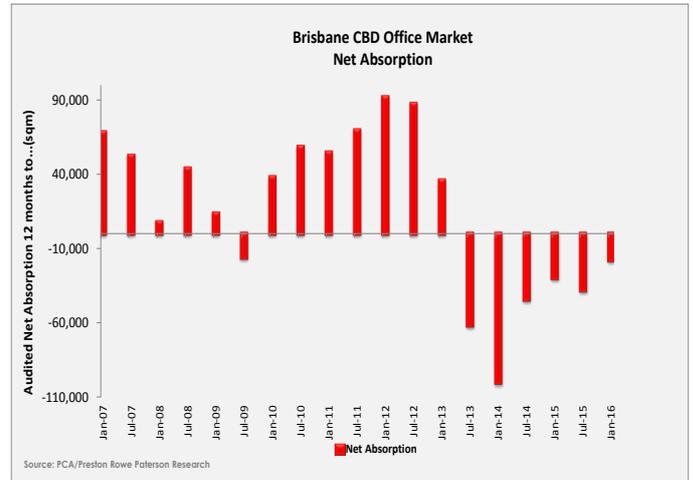


Chart 2 – Brisbane CBD Office Net Absorption – Source PCA

Total Vacancy

The total vacancy rate in the Brisbane CBD office market over the six months to January 2016 has remain unchanged at 14.9%. The total amount of Brisbane CBD market vacant space was 321,442 sqm.

Vacancy rates have increased in most grades of office stock. Premium and C Grade stock vacancy increased by 1.6% to 11.3% and 16.6% respectively. D Grade stock vacancy grew by 1.3% to 17.8% and B Grade stock vacancy rose by 0.2% to 19.4%, whilst A Grade stock vacancy decreased by -1% to 11.3%.

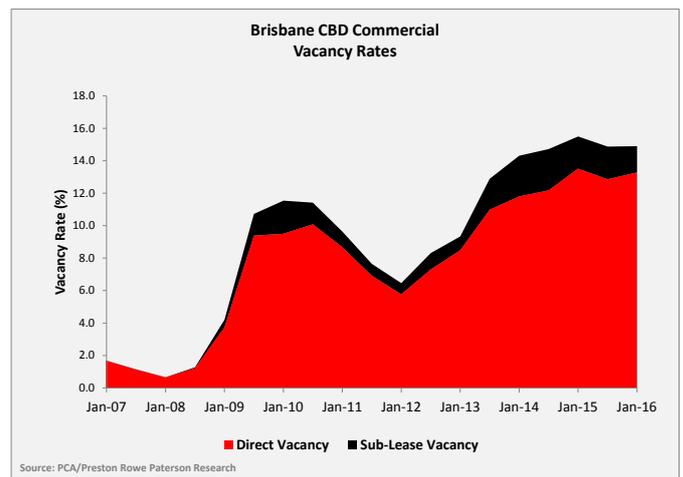


Chart 3 – Brisbane CBD Commercial Vacancy Rates – Source - PCA

Gold Coast Office Market



Supply by Grade (Stock)

According to the PCA's Office Market Report January 2016, the Gold Coast total office market has recorded a space withdrawal of 1,200 sqm. There was no additional supply to office stock in the six months of January. The total office market in Gold Coast totals to 472,250 sqm as at January.

The Gold Coast market is dominated by B Grade office stock which accounts for 40% of total market stock. A and C Grade take up similar proportions of the market recording at 28% and 28.8% respectively. D Grade stock assumed only 3.2% of total market share.

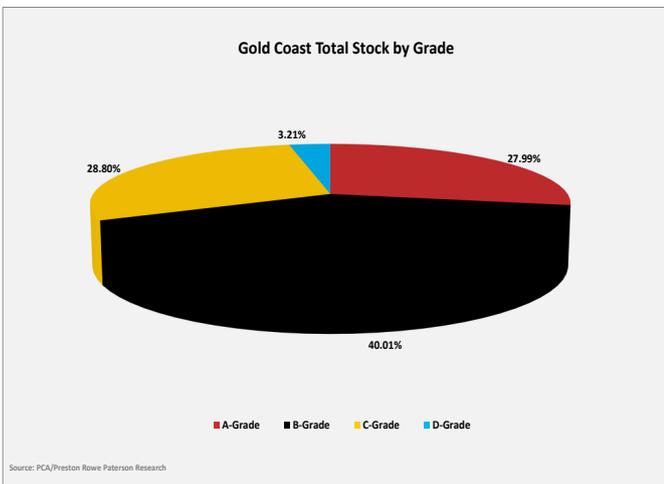


Chart 4 – Gold Coast Total Stock by Grade – Source PCA

Net Absorption

The Gold Coast office market has recorded positive net absorption of 7,816 sqm in the twelve months to January 2016. The total market net absorption in the six months to January was 4,525 sqm.

The only negative absorption in the six months to January was recorded in B Grade stock of –930 sqm. The largest absorption occurred in the C Grade stock at 2,953 sqm, followed by A Grade at 2,048 sqm and D Grade at 454 sqm.

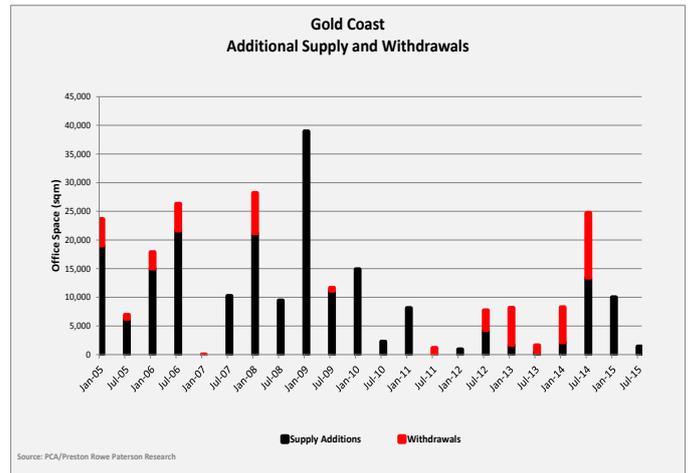


Chart 5 – Gold Coast Office Net Absorption – Source - PCA

Total Vacancy

The Gold Coast office market has recorded a –1.2% decrease in total vacancy to 13.6% in the six months to January 2016. The total vacancy in the market amounts to 64,327 sqm.

Vacancy rates have tightened across all office grades in the Gold Coast market. The largest decrease in vacancy was recorded in D Grade stock by –3% to 9.6%, followed by C Grade which fell by –2.2% to 11.2%. The A Grade vacancy rate tightened by –1.5% to 15.9% and the B Grade vacancy rate fell by –0.1% to 14.1%.

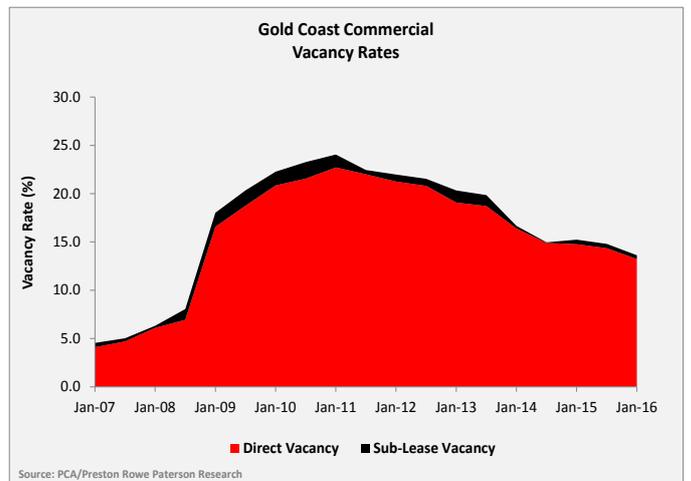


Chart 6 – Gold Coast Commercial Vacancy Rates – Source ABS

RETAIL MARKET Investment Activity



Preston Rowe Paterson Research recorded a number of retail transactions that occurred in the Brisbane metropolitan area during the March quarter 2016;

Teviot Road & Pub Lane, Greenbank, QLD 4124



Shopping Centres Australasia has bought the **Greenbank Shopping Centre** and an adjoining 9.96-hectare development site for **\$33 million**. The 5,690 sqm of neighbourhood centre was sold by Noel Greenhalgh on a tight **fully-leased yield of**

6.62%. The centre is tenanted by a 3,970 sqm Woolworths supermarket and Woolworths Plus Petrol as well as 17 specialty stores. There are 346 car bays on the 12.9-hectare total site. The sale reflected a rate of \$255.80 psm. Greenbank is located around 34.8 km south of the Brisbane CBD.

72 Reserve Road, Upper Coomera, QLD 4209

A private Chinese investor has paid **\$12.5 million** for a Coles-anchored neighbourhood shopping centre from an Adelaide private consortium. The fully-leased property comprises a 2,500 sqm Coles supermarket and three specialty shops. The sale reflected a yield of 6.7%. Upper Coomera is located about 58.9 km south-east of Brisbane's CBD.

2211 & 2215 Mermaid Beach, Gold Coast, QLD 4217

A local investor has acquired two retail buildings from Michael Kennedy for **\$9 million** on a **yield of 4.9%**. The buildings are leased to 14 tenants and generate a net annual rent of \$447,000. The sale of the 1,555 sqm retail properties reflected a rate of \$5,787.80 psm.

11/36 Main Street, Narangba, QLD 4504

A private Chinese group has paid **just under \$10 million** for the 1,819 sqm **Narangba Village**. The neighbourhood centre is leased to retailers including IGA, Subway, Liquorland and Australia Post. The sale reflected a rate of \$5,497.55 psm. Narangba is located about 34.6 km north-west of Brisbane's CBD.

RETAIL STATISTICS

According to the Australia Bureau of Statistics category 8501.0 Retail Trade (March 2016), the retail turnover figures recorded in Queensland produced positive results. The total retail turnover for Queensland over the month of March increased by 0.12% to \$4,994.5 million, reflecting a small annual growth of 0.88%.

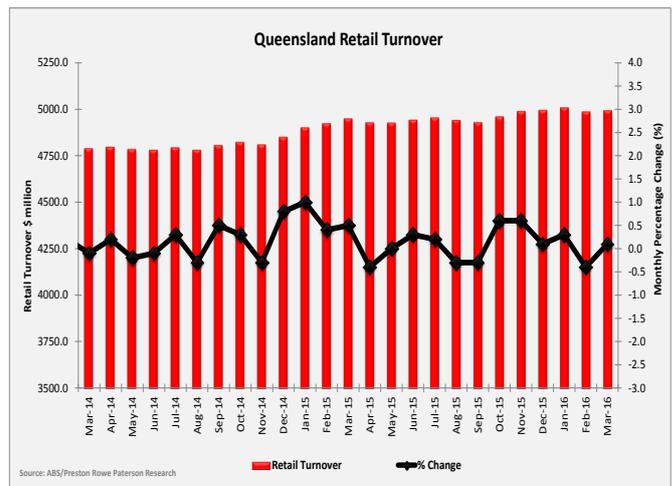


Chart 7—Queensland Retail Turnover— Source ABS

The retail turnover for the month of March 2016 has revealed a relatively stable retail results. The highest monthly growth in retail turnover was Food retailing which increased by 0.70% to \$2,105.9 million. Café, restaurants and takeaway services and Household goods retailing monthly turnover increased by 0.46% and 0.01% to \$716.6 million and \$859.2 million respectively.

The largest decrease in monthly retail turnover was Department stores retailing which decreased by -1.53% in March to a \$308.2 million turnover. Clothing, footwear and personal accessories retailing monthly turnover declined by -0.83% to \$332.6 million and the Other retailing monthly turnover declined by -0.65% to \$672 million.

In comparison to the March 2015 results, the Queensland retail turnover results showed growth across all retail industries except for Café, restaurants and takeaway services which recoded a -4.68% annual decline. The year to date outperformer was Household goods retailing and Clothing, footwear and personal accessories retailing recording an annual growth of 5.11% and 4.23% respectively.

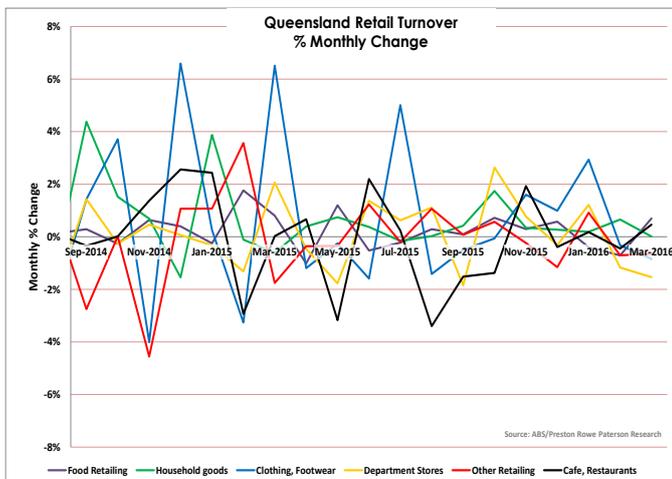


Chart 8 — Queensland Turnover % Monthly Change— Source ABS

INDUSTRIAL MARKET

Investment Activity

Preston Rowe Paterson Research recorded the following transactions that occurred in the Brisbane industrial market, during the three months to March 2016;

127 Riawena Road, Salisbury, QLD 4107

Motorama has acquired a major logistics facility from *TNT Australia* for **around \$15 million**. The 22,000 sqm facility occupies a 61,000 sqm site. The sale reflected a rate of about \$245.90 psm. Salisbury is located about 11.2 km south-east of Brisbane's CBD.

19 Valente Close, Chermshire, QLD 4032

A private investor has paid **\$6.5 million** for a freehold property comprising two buildings of 5,533 sqm. The property is leased to *Vinidex* on a 5-year deal for a net annual rent of \$610,628. The buildings sit on a 15,600 sqm site and there are 43 car spaces, a yard and truck access areas. The sale reflected a **yield of 9.4%** and a rate of \$416.65 psm. Chermshire is located about 10.3 km south-west of the Brisbane CBD.

23 Lear Jet Drive, Caboolture, QLD 4510

Private investors have bought an industrial property for **\$4.865 million** on an **8.5% yield**. The building is on a 5,800 sqm site in the **Corporate Park Industrial Estate**. The sale reflects a rate of \$838.80 psm. Caboolture is located about 48.8 km north of Brisbane's CBD.



1-5 Bishop Drive, Lytton, QLD 4178

Partners Group and *Logos Property Group* have purchased a warehouse and logistics complex from *IPS Logistics* for **around \$60 million**. The property features five buildings with a gross lettable area of 90,000 sqm and 30,000 sqm of land for new accommodation. Lytton is located about 18 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 March 2016;

111 Brownlee Street, Pinkenba, QLD 4008

The *Meales Group* has agreed to lease a 1,985 sqm industrial complex for **5-years**. The complex consists of a 1,700 sqm warehouse and a 285 sqm office building over two levels. The tenant will pay a rent of \$400,000 per annum. The lease reflects a **rate of \$201.50 psm**. Pinkenba is located about 12.3 km north-east of Brisbane's CBD.



Evans Road, Salisbury, QLD 4107

CouriersPlease has leased a distribution facility from private property owner Gus Lehrer for **10-years**. The 11,800 sqm facility is being constructed by *Earthworks* and will likely be completed in September this year. The original facility will be demolished. Salisbury is located about 11.2 km south-east of the Brisbane CBD.

Industrial Avenue, Molendinar, QLD 4214

Chempro Chemists will occupy a 5,200 sqm industrial facility in the **Enterprise Industrial Park** on a **12-year deal**. The property comprises a 10-metre internal clearance warehouse, a sprinkler system, container set-down areas, new offices, and gated access. Molendinar is located about 76.6 km north-west of the Brisbane CBD.

1310 Lytton Road, Hemmant, QLD 4174

TNS Logistics has secured a deal to lease a vacant 5,200 sqm site with a 200 sqm metal clad workshop. The company will occupy the site for **3-years with options** at a net annual rent of \$100,000. The lease reflects a **rate of \$19.25 psm**. Hemmant is located around 16 km north-east of the Brisbane CBD.

Lomandra Drive, Brisbane Airport, QLD 4008

HMG Hardchrome has pre-committed to a purpose-built 13,244 sqm office and warehouse facility for **15-years**. *BNE Property* will develop the facility that will feature about 11,000 sqm of warehouse space with office space and amenities. The initial annual rent is said to be around \$1.7 million or **\$125 to \$130 psm**. Brisbane Airport is located about 15.4 km north-east of the Sydney CBD.

RESIDENTIAL MARKET

Economic Statistics

According to the Australian Bureau of Statistics category 8731.0 Building Approvals March 2016, the total number of house dwelling approvals in the Brisbane Statistical Division over the month to March 2016 has decreased by -2.24% from 939 approvals to 918 approvals. In comparison to March 2015, a -2.34% decline was recorded.

The total number of non-house dwelling approvals had increased by 25.8% over the month from 1,306 approvals in February, to 1,643 dwelling approvals in March. In comparison to twelve months prior, non-house building approvals decreased by -15.87%.

The Brisbane total dwelling approvals in the March quarter had amounted to 7,547 approvals.

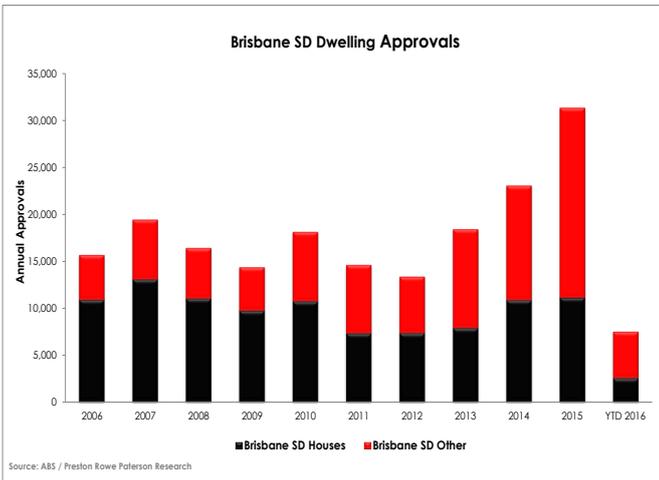


Chart 9—Brisbane SD Dwelling Approvals—Source ABS

BRISBANE

Market Affordability

Market affordability figures for the March quarter 2016 are not available from the Real Estate Institute of Australia (REIA), however, we have used figures from the December quarter for our analysis.

According to Real Estate Institute of Australia (REIA) December quarter, the Brisbane median house price increased by 3.2% to \$490,000, reflecting an annual growth of 1%.

The Brisbane zones recorded positive quarterly results. Inner Brisbane recorded growth in median sales house price of 1.9% to \$795,000, Middle Brisbane prices increased by 3.5% to \$564,000 and Outer Brisbane median sales price increased by 2.4% to \$389,000.

In comparison to December 2015, positive results were recorded across all zones. Middle Brisbane recorded the largest growth of 6.4%. Inner and Outer Brisbane median prices grew by 3.4% and 5% respectively.

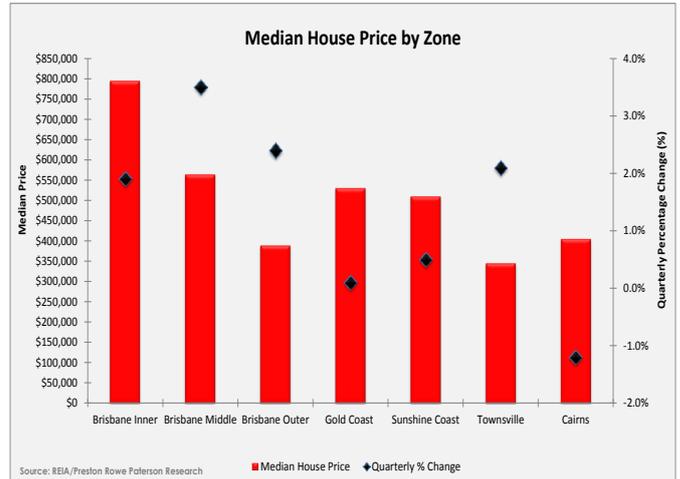


Chart 10—Median House Price by Zone— Source REIA

The Brisbane median other dwellings median sales price tightened by -1.2% to \$405,000 in the December quarter. Decrease in median sales price across all zones were recorded in the quarter. Inner Brisbane other dwelling sales price remain fell by -2.1% to \$460,000. Middle and Outer Brisbane other dwelling sales prices both declined by -5.3% to \$395,000 and \$315,500 respectively.

A year on year comparison has revealed negative results. Whilst there was no recorded annual growth in the Inner Brisbane other dwelling sales price, the Middle and Outer Brisbane other dwelling sales prices fell by -3.7% and -4.1% respectively.



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

Rental Market

Over the September quarter, the Brisbane house rental market was relatively stable. There were no recorded changes to median weekly rents in Middle and Outer Brisbane houses, except for Middle Brisbane 4 bedroom house rents which increased by 1% to \$500.

The only rental decline was reported in Inner Brisbane 4 bedroom house by -2.8% to \$695. Inner Brisbane 2 & 3 bedroom house rents grew by 6% to \$445 and 1% to \$525 respectively.

Year on year analysis has revealed rental growth across most zones except for the Inner Brisbane 4 bedroom house rent that decreased by -3.5%. The highest annual rental growth was noted in Middle Brisbane 3 bedroom house at 2.5%.

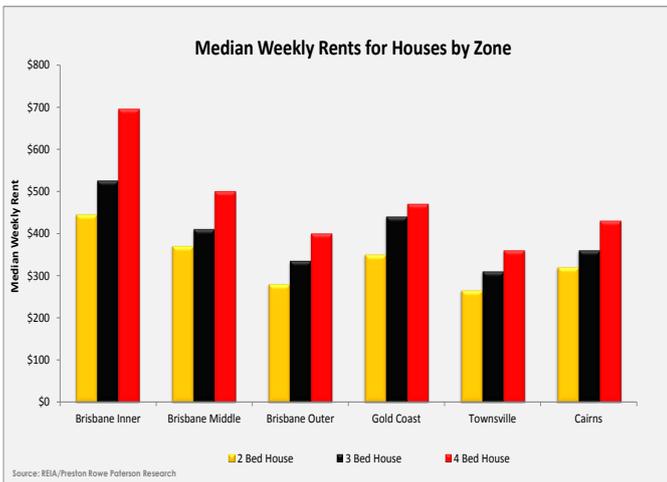


Chart 12—Median Weekly Rents for Houses by Zone— Source REIA

Other dwelling median weekly rents was relatively stable across most zones. Decrease in median weekly rent was only recorded in Middle Brisbane 3 bedroom where weekly rents fell by -1.2% to \$405. Increases in median weekly rent occurred in the Inner Brisbane 1 & 2 bedroom and Outer Brisbane 1 & 3 bedroom other dwellings by 1.4%, 4.3%, 2.3% and 1.5% to \$370, \$480, \$225 and \$340 respectively.

A year on year analysis revealed positive results in the December quarter. The annual growth of other dwelling median weekly rental was recorded in the Inner Brisbane 1 & 3 bedroom where rents grew by 1.4% and 1.7% respectively. The Middle and Outer Brisbane 3 bedroom rents recorded an annual growth of 1.3% and 1.5% respectively.

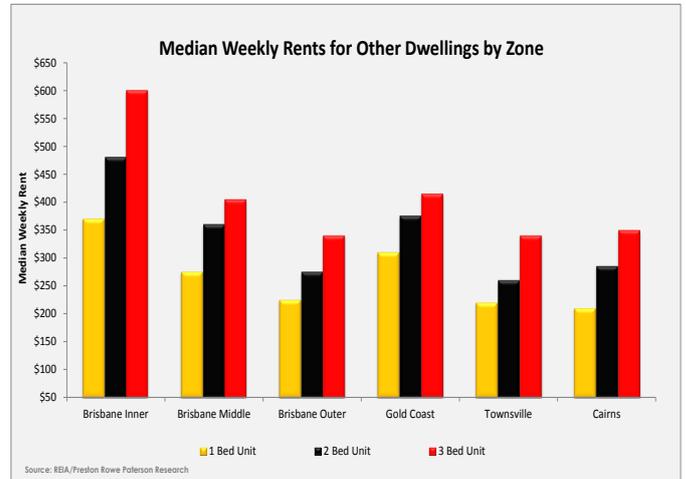


Chart 13—Median Weekly Rents for Other Dwellings by Zone— Source REIA

GOLD COAST

Market Affordability

Over the December quarter, the median house price in Gold Coast increased by 0.1% to \$530,500, reflecting an annual increase of 4%. The other dwelling sales price increased by 1.7% in the quarter to \$376,200, revealing an annual growth of 3.1%.

Rental Market

The median house rents increased in the 3 bedroom rent grew by 1.1% to \$440. The 2 & 4 bedroom house rent remain unchanged at \$350 and \$470 respectively.

During the quarter, the 1 bedroom other dwelling median weekly rent remain unchanged at \$310. The 2 & 3 bedroom other dwelling rents grew by 1.4% and 3.8% to \$375 and \$415 respectively.

SUNSHINE COAST

Market Affordability

The Sunshine Coast median house sales price increased in the December quarter by 0.5% to \$510,000, reflecting a 4.6% annual growth. Other dwelling median sales price in Sunshine Coast increased by 2.3% to \$385,000, revealing a 2.7% annual growth.

TOWNSVILLE

Market Affordability

The median house sales price in Townsville has increased by 2.1% over the December quarter to \$345,000, however, reflecting a -1.4% annual decline. The Townsville median sales price for other dwellings recorded quarterly growth of 10.5% to \$305,000, and a -0.8% annual decline.

Rental Market

The Townsville rental market revealed mixed results in quarter. Growth in rents was recorded in 3 bedroom house at 1.6% to \$310. 2 bedroom house rent fell by -5.4% to \$265 and 4 bedroom house rent remain unchanged at \$360.

The Townsville other dwelling rental market improved in the September quarter. The 1 & 3 bedroom other dwelling median weekly rents decreased by -4.3% and -2.9% to \$220 and \$340 respectively. The 2 bedroom rent increased by 2% to a median weekly rent of \$260.

CAIRNS

Market Affordability

Over the December quarter, the median house price in Cairns fell by -1.2% to \$405,000, reflecting an annual increase of 2.5%. The other dwelling median sales price increased by 0.9% to \$232,000 over the quarter, reporting an annual growth of 5.5%.

Rental Market

The median house rents in Cairns showed positive results in the December quarter. The 2 & 4 bedroom median weekly rent increased by 6.7% and 2.4% to median weekly rents of \$320 and \$430 respectively. The 3 bedroom house rents remain unchanged at \$360.

Other dwelling rents revealed mixed quarterly results. The median other dwelling rent for 1 & 3 bedroom other dwellings decreased by -4.5% and -2.8% to \$210 and \$350 respectively. The 2 bedroom other dwelling rents increased by 1.8% to \$285.

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 March 2016:

20 Constance Street, Fortitude Valley, QLD 4006

Aligned Funds Management has acquired the 'TRYP by Wyndham' art hotel for over \$20 million. The four-star, 65-room boutique hotel includes a library-themed meeting room, a rooftop bar, a Chur Burger restaurant and a three-storey



portrait on its façade. The property is managed by Wyndham Hotel Group on a long-term agreement. The sale reflected a yield of 7.8% and a rate of more than \$307,692.30 per room. Fortitude Valley is located about 2.1 km south-west of Brisbane's CBD.

Hotel portfolio sale

Charter Hall has purchased the **Kondari Hotel** in Hervey Bay, and two Victorian hotels at Seaford and Upper Ferntree Gully in a portfolio acquisition for around \$75 million. All three hotels are operated by ALH Group. The portfolio sale reflects an initial yield of 6.28% and the average lease expiry is 19-years. The **Kondari Hotel** sits on an 80,000 sqm site and comprises a 68-room motel, 35 gaming machines and a BWS liquor outlet. Analysis of the portfolio sale shows that the Kondari was sold for an approximate price of \$13.9 million.

3 Hill Street, Coolangatta, QLD 4225

Sunland has acquired the **Greenmount Resort** from the Kwok family for \$26 million. The 3-star resort has 151 rooms, a poolside bar and a restaurant. The sale reflected a rate of \$172,185.45 per room. Coolangatta is located around 22.3 km south-east of the Gold Coast CBD.

137 Esplanade, Cairns, QLD 4870

Abacus Funds Management has sold **The Rydges Tradewinds**



Cairns hotel to GA Group Australia for \$34 million. The property has 246 hotel rooms and is on an 8,138 sqm site. The hotel also features a gourmet restaurant, a bar and a lounge area. The sale reflects a rate of \$138,211.38 per room.

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 March 2016;

Coomera, QLD 4209

The Roman Catholic Church has paid **\$15 million** for a land parcel it will develop into a school in five years. A new planning scheme for the area will be implemented midway through this year. The sale of the 16.8-hectare site reflected a rate of \$892,857.15 per hectare. Coomera is located about 26.3 km north-west of the Gold Coast CBD.



15 Butterfield Street, Herston, QLD 4006

Clive Berghofer has sold a modern, four-storey health building for **over \$80 million**. The property has 11,000 sqm of net lettable area across four floor plates of 3,279 sqm. The building is government tenanted. The sale reflected a

rate of more than \$7,272.73 psm. Herston is located about 3 km north-east of the Brisbane CBD.

Queensland Retirement Village Sales Wrap

Masonic Care Queensland have sold a 711-bed retirement home portfolio to Regis Healthcare for **\$163 million**. The deal includes facilities at four locations with the largest at Sandgate in Brisbane. **Regis Sandgate**, formerly Sandgate, comprises three separate aged care facilities with 441 places. The transaction also includes 26,000 sqm of surplus land and 244 retirement units.

45 Charlotte Street, Brisbane, QLD 4000

The Star Entertainment Group consortium has bought the nine-storey **Festival Car Park** from Seymour Property Group for **\$45 million**. The 1,835 sqm site has 429 car spaces and will likely remain a car park for the time being. The car park is on a



short-term lease to *Secure Parking Australia* and a tenancy is leased to Hertz Car Rental. The property was sold on a **yield of 5.6%** and at a rate of \$244.50 per car space.

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 March 2016;

Retail

52 Hervey Range Road, Thuringowa Central, QLD 4817

DEXUS Wholesale Property Fund has sold the **Cannon Park City Shopping Centre** and **Cannon Park Discount Centre** to Reading International for **\$31.5 million**. The two centres have more than 12,300 sqm of retail tenancy and 600 car spaces. The sale reflected an **initial yield of 8.61%** and a rate of about \$2,561 psm. Thuringowa Central is located about 13 km south-west of the Townsville CBD.

21 South Coolum Road, Coolum Beach, QLD 4573

Will Chains Investment have paid **\$19.75 million** for the **Coolum Park Shopping Centre** from Noosa-based private vendors. The 4,044 sqm, one-level neighbourhood shopping centre was sold on a **yield of 6%**. The property is anchored by a 2,830 sqm Woolworths, as well as 11 specialty shops. The sale reflected a rate of \$4,883.80 psm. Coolum Beach is located about 125 km north of the Brisbane CBD.

Rural

38 Glenhurst Street, Pinjarra Hills, QLD 4069

Kimberley Murphy has bought **Merindah** for **\$4.75 million** from Bruce Baker. The 16.6-hectare riverfront grazing property features a five-bedroom homestead, a one-hectare freshwater lake, town water, a refurbished self-contained cottage, a pool, a tennis court, multiple sheds, stables & cattle yards, and electric gates. The sale reflected a rate of \$286,144.60 per hectare. Pinjarra Hills is located 16.8 km south-west of the Brisbane CBD.

871 Ipswich Boonah Road, Purga, QLD 4306

Purga Breeder Farms has been acquired by Sentinel Property Group for **\$22.8 million** on an **initial yield of 11.5%**. The rural property comprises three farms covering 63-hectares and 17 poultry breeding facilities. There is enough space for 200,000 birds and is will be leased to Steggle until 2026. The sale reflected a rate of \$361,904.75 per hectare. Purga is located about 45.5 km south-west of the Brisbane CBD.



182 Goodar Road, Goondiwindi, QLD 4390

The Cunningham Cattle Company has purchased the **Goodar Station** for **around \$20 million** to add to its *Gunn Agri Cattle Fund*. The property consists of 18,338-hectares of freehold and leasehold land. There is about 2,500-hectares of cultivation and a carrying capacity for about 6,000 adult head of cattle. The sale reflects a rate of \$1,090.65 per hectare. Goondiwindi is located around 344 km south-west of the Brisbane CBD.

Economic Fundamentals

GDP

GDP figures for the March quarter 2016 are not available until the 1st June, however, over the December 2015 quarter revealed that the Australian economy recorded growth of 0.6% seasonally adjusted which reflected growth of 3% seasonally adjusted over the twelve months to December 2015.

In seasonally adjusted terms, the main industry gross value added contributors to GDP were Mining (+0.4%), Finance and insurance services (+0.4%), Construction (+0.3%), Public administration and safety (+0.3%), and Healthcare and social assistance (+0.3%). In trend terms, the largest detractor was Manufacturing (-0.2%).

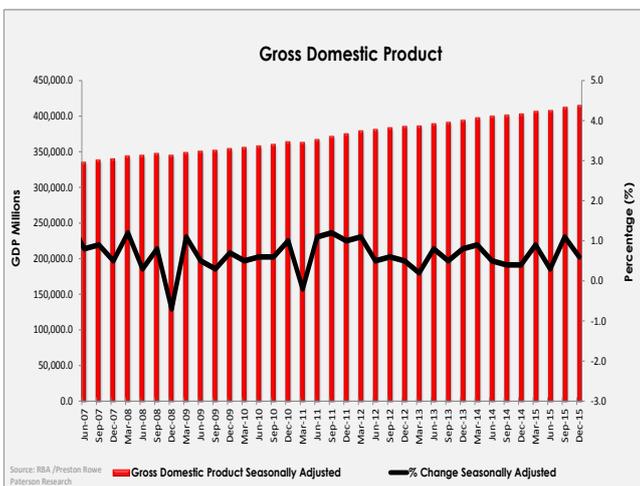


Chart 14 – Gross Domestic Product (GDP) – Source ABS

Interest Rate Movements

As at the date of publishing, the official Cash Rate over the March quarter 2016 has remain steady at 2%. The Reserve Bank of Australia's Media Release for March 2016, released on 1st March explained that;

"The global economy is continuing to grow, though at a slightly slower pace than expected. While several advanced economies have recorded improved growth over the past year, conditions have become more difficult for a number of emerging market economies. Commodity prices have declined very substantially over the past couple of years... The decline in Australia's terms of trade has continued... Financial markets have once again exhibited heightened volatility over recent months, as participants grapple with uncertainty about the global economic outlook and foreign policy settings among major jurisdictions... In Australia, the available information suggests that the expansion in the non-mining parts of the economy strengthened in 2015 despite contraction in spending in mining investments. This is reflected in improved labour market conditions. The pace of lending to businesses

also picked up. Inflation is quite low. With growth in labour costs continuing to be quite subdued as well, and inflation restrained elsewhere in the world, inflation is likely to remain low over the next year or two."

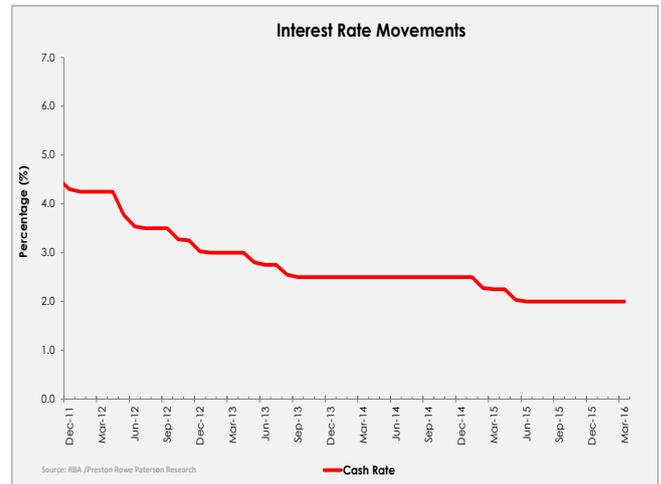


Chart 15 – Cash Rate – Source RBA

CPI

According to the Australian Bureau of Statistics (March 2016), the Australia's All Groups CPI decreased by 0.2% over the March quarter from 108.4 to 108.2. The annual CPI change to March 2016 recorded a growth of 1.3%.

The most significant price rises over the March quarter were Pharmaceutical products (+4.8%), Secondary education (+4.6%), and Medical and hospital services (+1.6%). The greatest price fall over the quarter was attributed to are Fruit (-11.1%), Automotive fuel (-10%), and International holiday travel and accommodation (-2%).

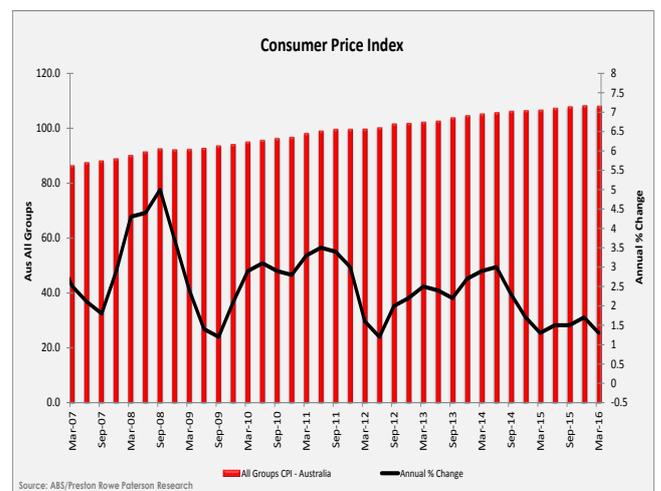


Chart 16 – Consumer Price Index—Source—ABS

10 Year Bond & 90 Day Bill Rate

Analysis of the daily 10 Year Government Bonds has revealed a 9 basis point increase over the month of March to 2.57%. The 90 day bill rates had increased by 3 basis points to the month end of 2.31%. The changes in both 10 year bonds and the 90 day bill rate reflect a yield spread of -5 basis points.

Over the March 2016 quarter, the 10 Year Government Bonds recorded a decrease of -28 basis points from 2.85%. The 90 Day Bill Rate recorded a decline of -3 basis points over the quarter from 2.34%.

In the twelve months to March 2016, the monthly 10 Year Bond Rate has increased by 9 basis points from 2.48%. Similarly, the monthly 90 Day Bill Rate rose by 1 basis points from 2.30%.

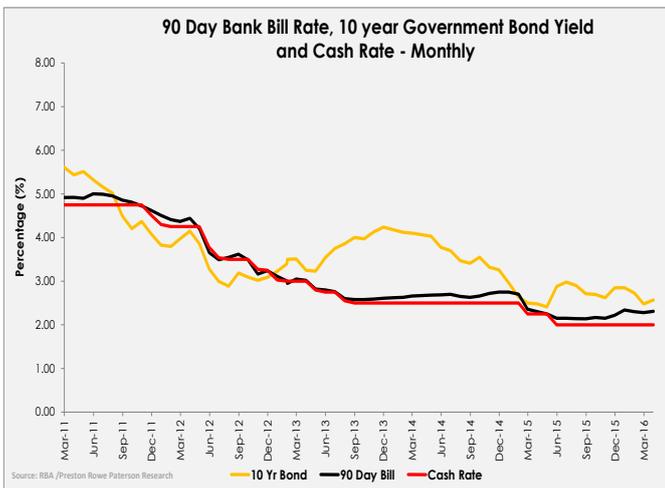


Chart 17 - 90 Day Bill, 10 year bond and cash rate - MONTHLY - Source RBA

Consumer Sentiment

The Westpac Melbourne Institute of Consumer Sentiment Index fell by -2.2% from 101.3 index points in February to 99.1 index points in March. Over the March quarter the index has decreased by -1.7 points and recorded 0.4% annual decline.

Westpac's Economist, Bill Evans commented; "The Index is back to around its average reading over the last six months...the market volatility and unfavourable media coverage on property markets appears to have triggered a reassessment of risk preferences...risk averse preferences also saw a 4.5% increase in the proportion of respondents favoured fixed interest investments, including bank deposits with significant reductions in the proportion nominating real estate and shares...We expect growth in the Australian economy of 2.8% in 2016 with the genuine prospect for some stability in our terms of trade through the year laying a foundation for a lift in incomes and spending going into 2017."

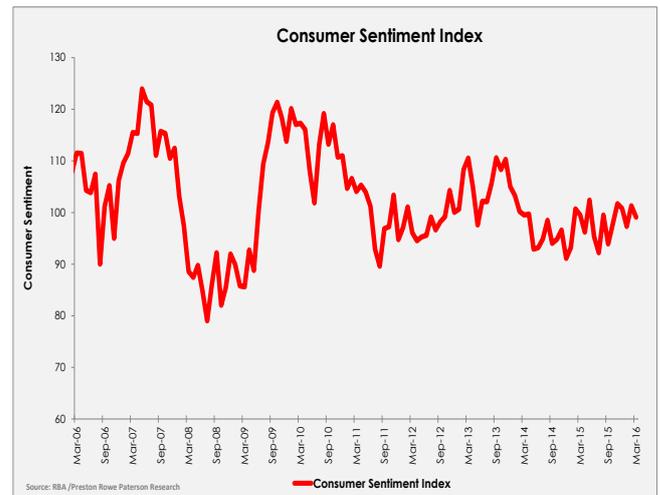


Chart 18 - Consumer Sentiment Index—Source—Westpac Melbourne Institute Survey

Labour force

Over the month to March 2016, the number of unemployed people has declined by 7,283 from 730,395 in February to 723,122 in March, reflecting a 1% decrease. In comparison to March 2015, the number of unemployed people had decreased by 42,903 reflecting an annual decline of -5.6%. The unemployment rate was 5.7% as at March 2016.

The number of unemployed seeking full time employment recorded a decrease in March by 7,900 to 515,900 persons. The number of unemployed seeking part time employment also decreased over the month by 1,800 to 208,400 persons.

Queensland experienced a large absolute decrease in seasonally adjusted employment by 15,500 persons to 2,360 million persons over the month of March. The unemployment status in Victoria over the quarter decreased by 0.3% to 6.2%.

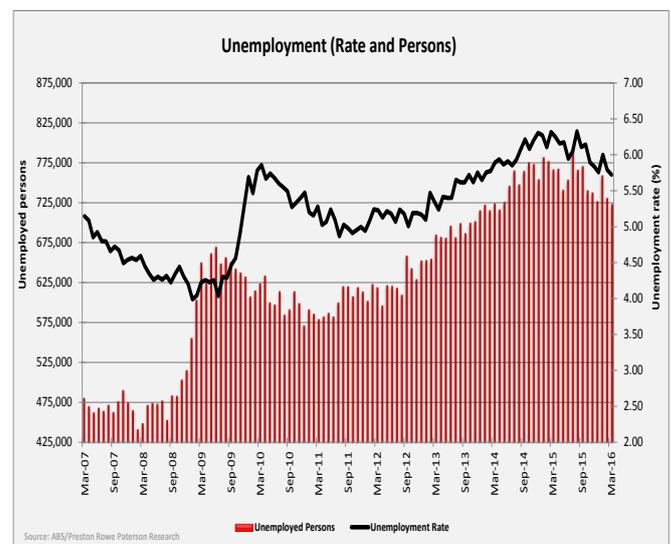


Chart 19 - Unemployment - Source ABS

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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