Preston Rowe Paterson

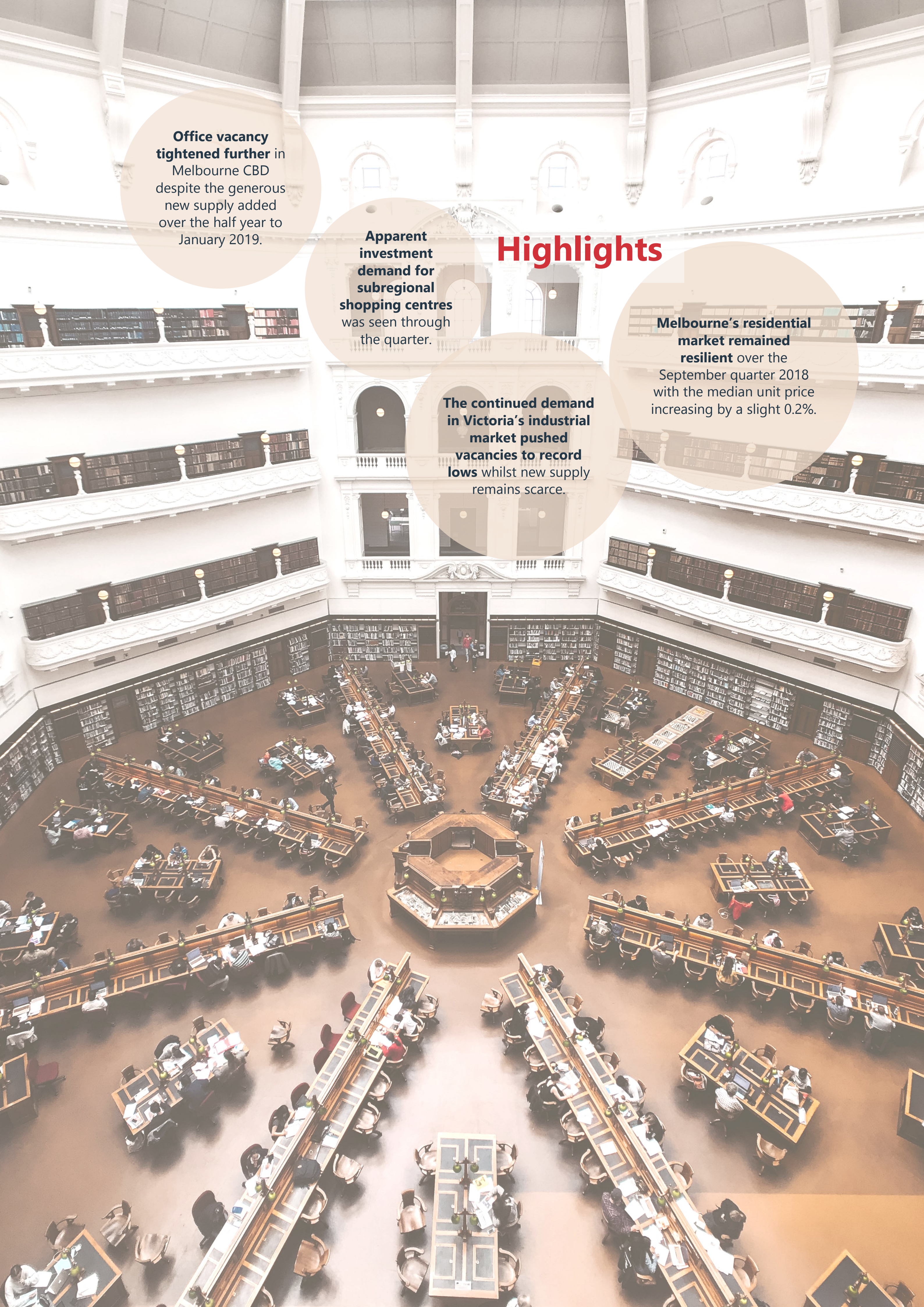
International
Property Consultants
and Valuers

IN THIS ISSUE

Property Market Report

Victoria

December 2018



Highlights

Office vacancy tightened further in Melbourne CBD despite the generous new supply added over the half year to January 2019.

Apparent investment demand for subregional shopping centres was seen through the quarter.

The continued demand in Victoria's industrial market pushed vacancies to record lows whilst new supply remains scarce.

Melbourne's residential market remained resilient over the September quarter 2018 with the median unit price increasing by a slight 0.2%.

Economic Snapshot

Preston Rowe Paterson
International Property Consultants and Valuers

Cash Rates (%)

1.5	1.5	1.5
Dec 2018	Sep 2018	Dec 2017

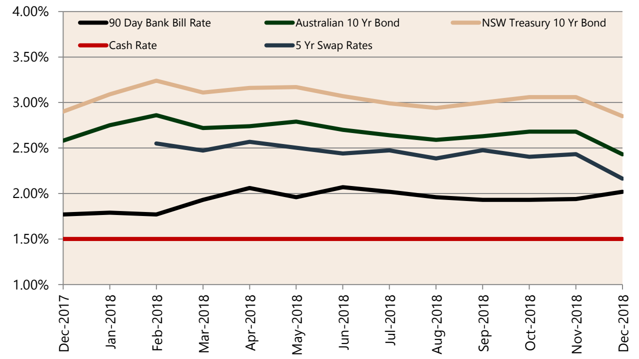
Consumer Price Index Australian All Groups**

Dec 2018
114.1
+0.5%*

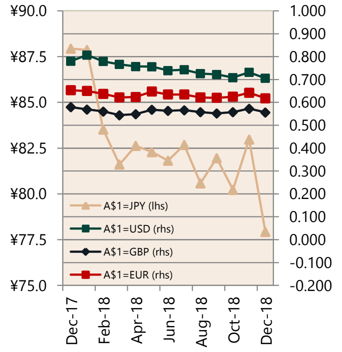
Sep 2018
113.5
+0.4%*

Dec 2017
112.1
+0.6%*

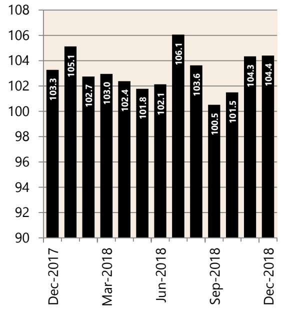
Interest Rates



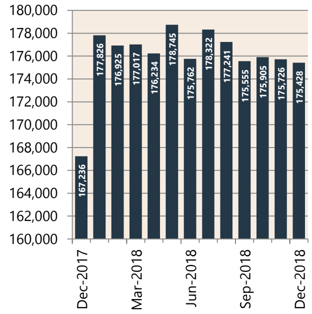
Exchange Rates (per $A)



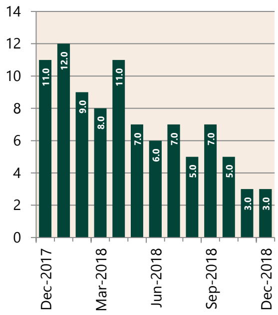
Westpac - Melbourne Institute Consumer Sentiment Index



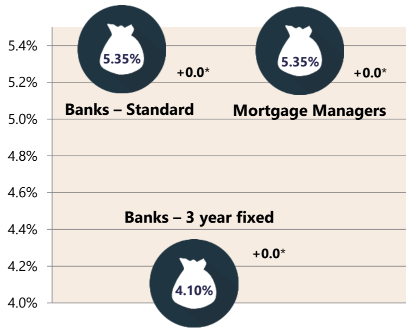
ANZ Job Series (Newspaper and Internet Job Ads)***



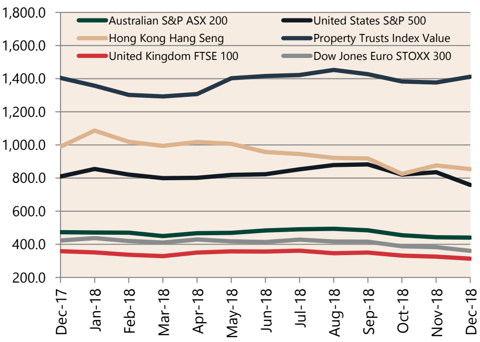
NAB Business Confidence Index

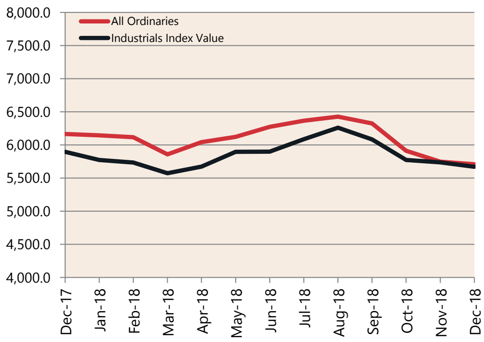


Housing Loan Lending Rates Indicator

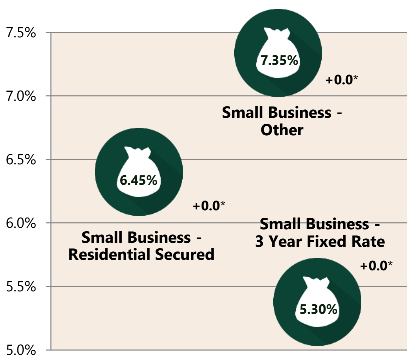


Share Prices and Indices



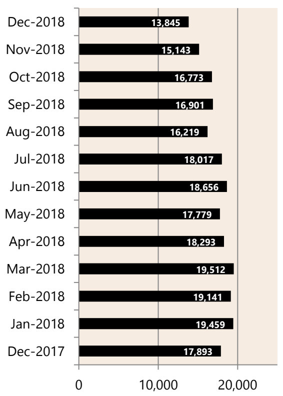


Business Loan Lending Rates Indicator

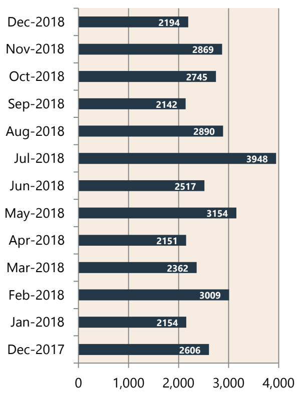


Private Sector Dwelling Approvals & Investment

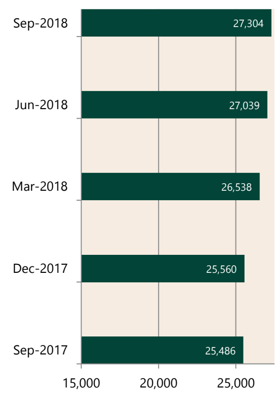
Dwelling Approvals (monthly)



Non-Residential Approvals $m (monthly)



Dwelling Investment $m (quarterly)



* percentage change from previous quarter
** Based on ABS CPI released 30 January 2019
\# Date of Publication figures based on those available at 15 February 2019

N.B. This data is compiled using publicly available publications which are produced in arrears to the current month.

Office Market

Melbourne CBD

Supply and Withdrawals

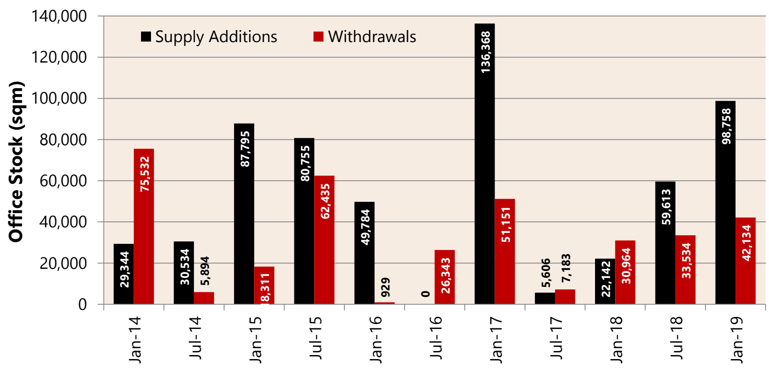


Chart 1— Melbourne CBD Office Supply and Withdrawals
Source: PCA / Preston Rowe Paterson Research

Melbourne CBD office completions totalled to 98,758 sqm over the six months to January 2019. Sixty nine per cent of the new supply stemmed from the new development completions at 5 Collins Square (41,650 sqm) and One Melbourne Quarter (26,400 sqm). While completions added to the market over the last six months exceeded the 10-year average of 63,421 sqm, all of the new supply was pre-committed ensuring vacancy levels to remain tight. The rest of 2019 will see another 187,900 sqm added to the market, providing for the continued demand.

Tenant Demand & Vacancy Rates

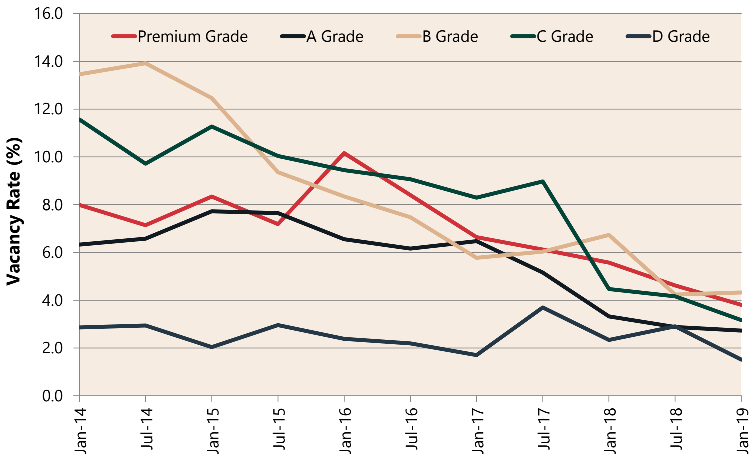


Chart 2— Melbourne CBD Office Vacancy Rate
Source: PCA / Preston Rowe Paterson Research

Over the six month to January 2019, vacancy rates in Melbourne CBD declined further. The -0.4% decline (to 3.2%) was due to the high net absorption levels over the period. Melbourne's net absorption levels are significantly higher than any other CBD in Australia. Vacancy rates remain low despite the high number of supply addition during the same period, indicating that supply has not caught up with the large demand for office space in Melbourne CBD.

The sustained tenant demand and low vacancy rate drove rental growth in Melbourne CBD. With most of the upcoming stock in 2019 already pre-committed and demand for office space set to continue, rents may rise further.

New Developments

Project	Stage of Development	Owner	Net Lettable Area (SQM)	Completion Date
Melbourne Square	Construction	Fivex Group	4,600	Q1 2019
One Melbourne Quarter	Complete	APPF Commercial	26,400	Q3 2018
5 Collins Square	Complete	Walker Corporation Pty Ltd	41,650	Q4 2018
ANZ (839 Collins Street)	Constructions	Invesco / Challenger	38,100	Q1 2019
VIC Police Centre	Construction	Cbus Property / Australia Post	65,000	Q1 2020
Two Melbourne Quarter	Construction	First State Super / APPF Commercial	49,000	Q3 2020
Melbourne Quarter Tower	DA Approved	N/A	61,000	Mooted
396 Docklands Drive	DA Approved	MAB Corporation	8,880	Mooted
80 Collins Street South	Construction	Queensland Investment Corporation	43,000	Q1 2020
271 Spring Street	Construction	ISPT	15,600	Q3 2019
Wesley Place Development	Construction	Charter Hall	55,000	Q2 2020
Collins Arch	Construction	Cbus Property	49,000	Q4 2019
The Olderfleet	Construction	Mirvac Group	50,000	Q1 2020
305 Bourke Street	Construction	Brookfield Office Properties	66,000	2021+

Chart 3— New Office Developments in Melbourne CBD
Source: PCA / Preston Rowe Paterson Research

Stock by Grade

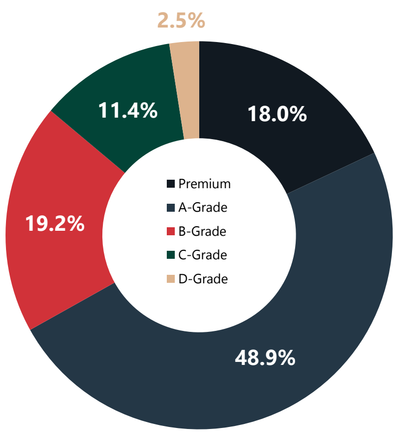


Chart 4— Melbourne CBD Office Stock by Grade
Source: PCA / Preston Rowe Paterson Research

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City Fringe

East Melbourne

The East Melbourne office market saw 2,700 sqm of B Grade offices withdrawn over the six months to January 2019, bringing down total stock to 174,761 sqm. This withdrawal was made for the partial refurbishment of the Charter Hall owned ORICA building on 1 Nicholson Street, expected to compete by Q2 2019. The total vacancy in the area increased slightly, by 0.1% to 3.2%, with primary offices performing better than secondary offices.

Southbank

Over the half year to January 2019, Southbank office market recorded a stock withdrawal of 4,500 sqm. The withdrawal is attributed to the partial refurbishment of The Atrium on 58-82 Queensbridge Street, estimated to complete on Q2 2019. Vacancy rate softened in the area, increasing by +0.3% to 10.7% over the same period.

St Kilda Road

The St Kilda Rd office market saw a net withdrawal of 10,557 sqm over the six months to January 2019. Whilst 1,800 sqm were added during the period, a C Grade office of 12,357 sqm was withdrawn for a residential conversion on 424-426 St Kilda Road. Over the same period, the total office vacancy in St Kilda Rd declined by -0.8% to 6.6% with secondary office attributing to the contraction.

Total Office Stock by Precinct

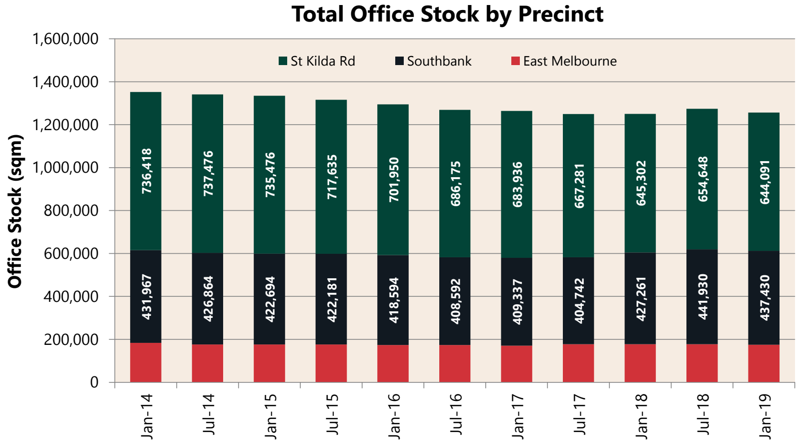

Chart 5— Melbourne City Fringe Total Office Stock by Precinct
Source: PCA / Preston Rowe Paterson Research

A Grade Vacancy by Precinct

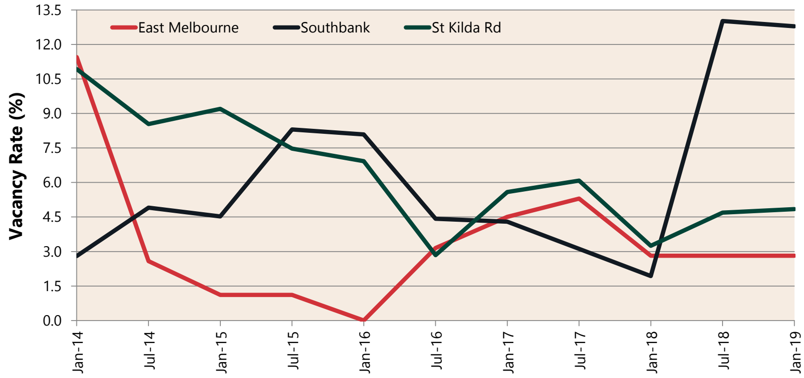

Chart 6— Melbourne City Fringe A Grade Office Vacancy by Precinct
Source: PCA / Preston Rowe Paterson Research

Investment Activity

438 Queen Street, Melbourne VIC 3000

$8.6 million

2.1% Yield

$5,972 sqm lettable area

A Malaysian investor has bought a small commercial property near Melbourne's Queen Victoria Market. *David Tweed* sold the property after acquiring it back in 2013 for $3.75 million. The three level brick building was built circa 1925 and is currently occupied by a party supplies retailer. The property is located up the northern end of the Melbourne CBD.

104 Exhibition Street, Melbourne VIC 3000

$3.85 million

$10,695 per sqm lettable area

The *Victorian Liberal Party* have traded in their mixed office and retail asset. The sale campaign garnered interest from local, international and institutional investors. A luxury retail brand snapped up the property with plans to become owner-occupiers. The six level art-deco building comprises ground floor retail, six levels of office and a rooftop terrace totalling 2,550 sqm of lettable area. The Liberal Party who are occupants in the building are due to vacate at the end of the year. The property is located in the east end of Melbourne's CBD.

509 St Kilda Road, Melbourne VIC 3004

$163 million

4.96% Yield

$8,297 per sqm lettable area

Property tycoon *John Beville* has sold a nine-level office building. Private Chinese investor *Micheal Xie* bought the property. The building, which comprises of 19,645 sqm net lettable area, sits on 6,070 sqm of double fronted landholding and has 325 car bays. The property sold 100% leased to tenants such as **AIA Australia, Fuji Xerox and Webjet**, providing a WALE of 4.5 years at the time of sale. The property is located on the southern side of the CBD.

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Retail Market

Retail turnover statistics from the Australian Bureau of Statistics indicate that the total retail turnover for Victoria declined by -0.47% over the month to December 2018. The seasonally adjusted turnover for December in Victoria is $7.051 billion, representing a 4.58% increase over the year. All of the major retail groups experienced positive year-on-year growth. Clothing, footwear & personal accessories performed best amongst the retail categories, increasing by 7.51% over the year.

The overall retail property market in Victoria continues to perform well with numerous investment transactions in the quarter, particularly sub regional shopping centres. Preston Rowe Paterson recorded four sub regional shopping centre transactions all of which are above sold above a 45 million price point with yields of 5.5%-6.5% including Aurora Village Shopping Centre (approx. $45mil), Campbellfield Plaza ($74mil), Keilor Centre Shopping Centre ($113mil) and Waverly Gardens Shopping Centre ($178 mil).

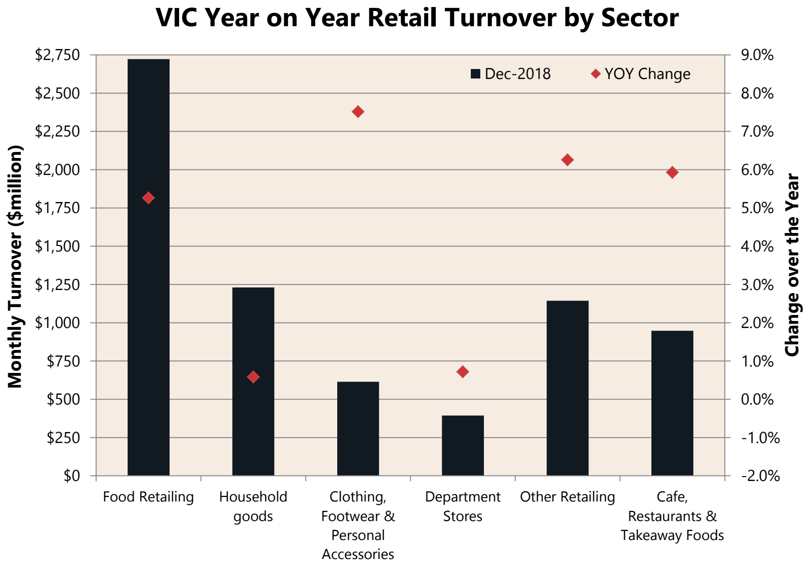

Chart 7— VIC Year on Year Retail Turnover by Sector
Source: ABS / Preston Rowe Paterson Research

Investment Activity

80 Taylors Road, Keilor Downs VIC 3038

$113 million

6.3% Initial Yield

$5,736 per sqm lettable area

Real estate fund manager *Fort Street* has bought the **Keilor Central** shopping centre in Melbourne's north-west. The almost fully occupied 19,700 sqm sub regional shopping mall is anchored by **Coles, Aldi and Kmart** along with 59 speciality tenants. The shopping centre becomes the first asset acquired by the newly formed Fort Street Real Estate Capital Fund IV. Kelior Downs is located 15 km north west of Melbourne's CBD.

Cnr of Police and Jacksons Roads, Mulgrave, VIC 3170

$178 million

$4,500 per sqm lettable area

Elanor Investors Group have set up a new fund with real estate investment management firm *Heitman* to purchase the **Waverley Gardens Shopping Centre** from real estate giant *Blackstone.* The 39,554 sqm regional shopping centre sits on a 106,000 sqm site including around 2000 car spaces and benefits from strong tenancies such as **Woolworths, Coles, Aldi** and other major stores. The acquisition of the shopping centre now takes Elanor's portfolio of owned and managed assets to over $1.25 billion. Mulgrave is located 23km south-east of Melbourne's CBD.

Cnr Sydney and Mahoneys Roads, Campbellfield VIC 3061

$74 million

6% Yield

$4,134 per sqm lettable area

The *Charter Hall Retail REIT* has acquired a subregional mall in metropolitan Melbourne known as the Campbellfield Plaza. The purchase comes as the REIT steps up efforts to rework the portfolio after selling two malls only a month ago. The 18,337 sqm property is anchored by **Coles, Kmart, Aldi, Officeworks** and 18 speciality retailers and offers an 889 bay car park. Charter Hall acquired the shopping mall from super fund investor *ISPT*. Campbellfield is located 16 km north of Melbourne's CBD.

179 Rosamond Road, Maribyrnong, VIC 3032

$80.5 million

Around 6.2% Yield

$3,784 per sqm lettable area

A private investor has snapped up the **Highpoint Homemaker Centre** from listed fund manager *GPT*. The homemaker centre is located opposite the Highpoint shopping mall, which is also owned by GPT through its unlisted mall fund. Last year GPT increased ownership in the Highpoint centres by paying $680 million for a 25% stake. The 21,272 sqm large format retail centre sold with an income of a little more than $5 million. Maribyrnong is located 8km north-west of the Melbourne CBD.

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Industrial Market

The Australian Bureau of Statistics (ABS) ranked Victoria as the nation's top performing economy, recording the highest annual growth rate of any state. The healthy local economy continues to support VIC's industrial market especially through the growth online retailing, warehouse automation and transport infrastructure investment. The demand in the sector pushed vacancy to record lows whilst new supply remains scarce, encouraging developers to maximise development site opportunities as industrial land becomes less available.

Investment Activity

1 International Drive, Westmeadows VIC 3049

$42 million

7% Yield

$1,624 per sqm lettable area

Centuria's Industrial Property Fund has acquired '**Cargo Park'** in Melbourne's North-West from Perth based investment house *Warrington Property*. According to market sources, Centuria Industrial REIT managed to outbid Propertylink, who recently launched a takeover bid of the fund for $755 million. The asset consists of 25,866 square metres of multi-tenanted industrial space on a 5.6 hectare freehold site, located less than 5 kilometres from Tullamarine Airport and near the Tullamarine Freeway. 87% of the property is occupied along with a WALE of 2.3 years. Westmeadows is located 21.5 km north of the Melbourne CBD.

7-11 Ceylon Street, Nunawading VIC 3131

$3.5 million

4.7% Yield

$2,917 per sqm lettable area

A 1,200sqm office/warehouse has sold for **$3.5 million** to a local investor. The property sold on a **yield of 4.7%** and is leased to long term tenant **Air-Met Scientific** on a five-year lease with a five-year option. The property comprises of 410 sqm of office space and 790 sqm of warehouse with an extensive laboratory/service fitout. The deal reflects a **rate of $2,917 psm lettable area**. Nunawading is located 19.9km east of Melbourne's CBD.

800 Wellington Road, Rowville VIC 3178

$13 million

$1,597 per sqm lettable area

An 8,140 sqm office and warehouse has sold off market. The two hectare site has a warehouse area of 7,366 sqm and office area of 774 sqm. The site has excellent access to the Monash Freeway and other major arterials. The distribution centre consists of 9.5 metre clearance, three recessed loading docks and two on grade roller doors. Rowville is located 30.4 km south-east of the Melbourne CBD.

7664-674 Kororoit Creek Road, Altona North, VIC 3025

$4.4 million

5.9% Passing Net Yield

$5,874 per sqm lettable area

A private investor has snapped up a long term tenanted investment. The property is currently leased to **TyreRight** as a tyre fitting workshop for a six year term plus options. The 6,482 sqm site features a 749 sqm workshop, 371 sqm canopy and a large concrete paved area with 30 marked car parks. Altona North is located 12 km west from Melbourne's CBD.

30 Brand Drive, Thomastown VIC 3074

$3.61 million

5.5% Net Yield

$1,139 per sqm lettable area

Whittlesea City Council has sold an office and warehouse in Melbourne's north**.** The 3,170 sqm facility has been newly leased to **Cabrini Health** for three years at a current net annual rent of $200,000. Thomastown is located 17 km north of Melbourne's CBD.

Leasing Activity

202 Grange Road, Fairfield VIC 3078

$67,000 net p.a

4 Years

$121 per sqm lettable area p.a

New Zealand based fireplace business *Stoke Fireplace Studio* has decided to set up its Australian headquarters in Melbourne's north-east. Stoke secured the 552 sqm property inclusive of office, warehouse and showroom corner allotment. Fairfield is located 6km north east of Melbourne's CBD.

388 Heidelberg Road, Fairfield VIC 3078

$90,000 net p.a

3 Years

$164 per sqm lettable area p.a

Bed for Backs has committed to a recently refurbished showroom in Melbourne's north-east. The 550 sqm property features an open-plan layout and roller door access. Fairfield is 6 km North-East of the Melbourne CBD.

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Residential Market

Building Approvals

The total building approvals in Greater Melbourne fell by -23.87% over the month to December 2018, to 3,091 approvals. This figure indicates a decline of -36.63% over the quarter and -34.54% year on year. The slowdown in building approvals were driven by declining investment sentiment in the residential market especially for dwelling units.

Total approvals for unit dwellings in 2018 recorded 17.5% less than approvals in 2017 (26,763 approvals) whilst total approvals for houses in 2018 recorded an increase of 3.8% from 2017's 27,013 approvals. The substantial decline in unit dwelling approvals aligns with the declining sentiment in the current credit crunch environment.

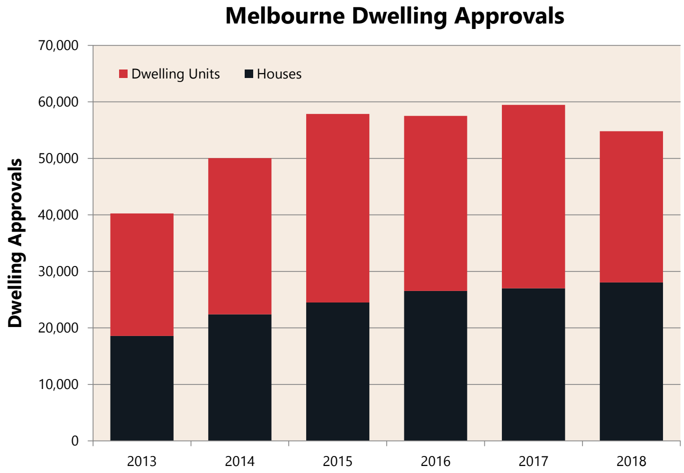

Chart 8— Melbourne Dwelling Approvals
Source: ABS / Preston Rowe Paterson Research

Greater Melbourne

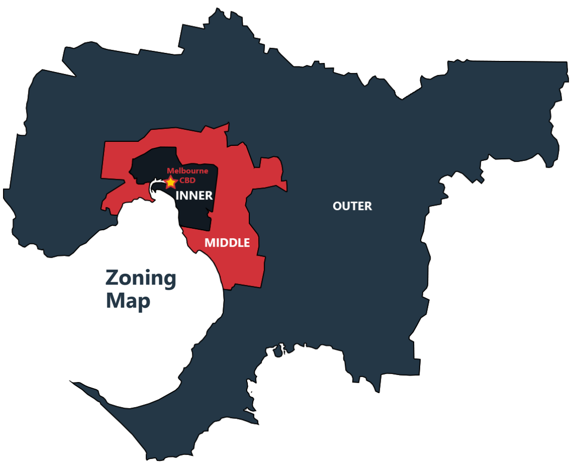

Chart 9— Greater Melbourne Residential Zoning Map
Source: Preston Rowe Paterson Research

Market Affordability

The Real Estate Institute of Australia (REIA)'s Real Estate Market Facts September 2018 reported that the median house price in Melbourne remained resilient, remaining at $834,000 over the quarter. However, this figure still indicates an annual increase of +2.5% over the year to June 2018. Despite the annual increase, the 2.5% growth is lower than the yearly growth recorded on June 2018 at +3.4%. This decline in year on year changes continues as the residential market eases on the back of tight lending restrictions and declining confidence. In contrast, the median price for units in Melbourne increased by a slight +0.2% to $604,000 over the same period albeit lower than June 2018's +0.5%.

Out of the three Melbourne zones; Inner, Middle and Outer; Outer Melbourne performed best over the quarter for both houses and units. Outer Melbourne saw a -0.7% decline in median house price to $675,000 over the quarter to September 2019 whilst units proved to be more resilient with median unit price increasing by 0.2% to $522,500. Inner Melbourne performed worst amongst the zones, with both houses and units median price declining by -1.9% and -0.7% to $1,432,500 and $598,000 respectively. Meanwhile Middle Melbourne showed varied results with median house price declining by -1.9% to $962,000 over the quarter and median unit price remaining at $655,000 over the same period.

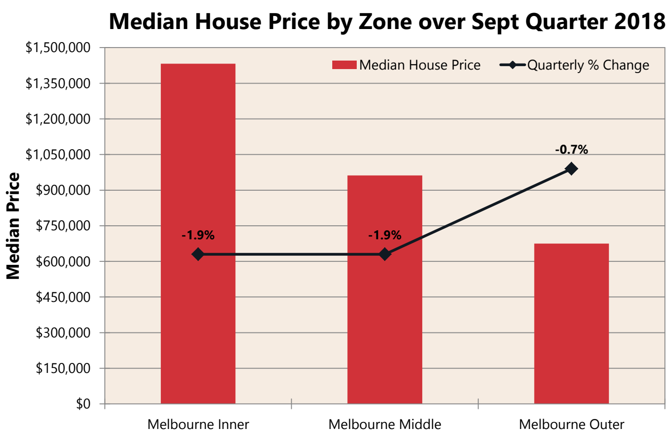

Chart 10— Greater Melbourne Median House Price
Source: REIA / Preston Rowe Paterson Research

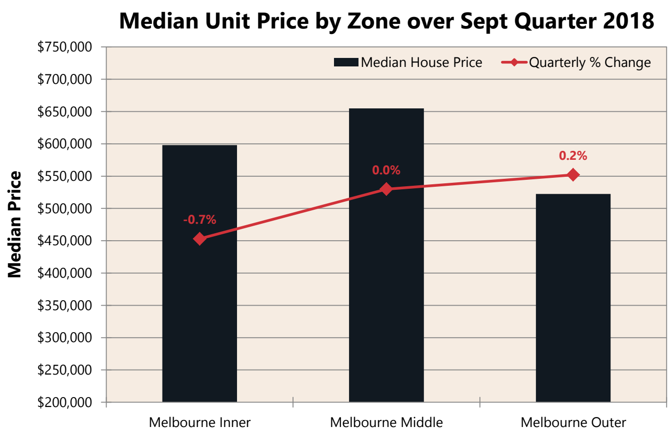

Chart 11— Greater Melbourne Median Unit Price
Source: ABS / Preston Rowe Paterson Research

Rental Market

Melbourne houses recorded a predominantly positive quarterly rental growth with Outer Melbourne performing best – its 2 and 3 bedroom house rental price increased by 2.9% and 2.7% to $350 and $380 weekly whilst it's 3 bedroom rental house price remained at $420. Inner Melbourne saw mixed changes through the September quarter, with its 4 bedroom house rental price increasing by 2.6% to $975 weekly while its 3 bedroom rental fell -5.7% to $750 weekly. However, 2 bedroom house rents in the area remained at $590 through the quarter. Following the trend of Inner Melbourne 2 bedroom house, 2, 3, and 4 bedroom house rents in Middle Melbourne remained at $450, $500 and $650 respectively.

Melbourne units mostly recorded unchanged quarterly rental price. 1 and 2 bedroom rental price of inner, middle and outer areas of Melbourne remained unchanged at $400 and $550, $320 and $420, $270 and $340 weekly respectively. In contrast, 3 bedroom unit rent across the three zones recorded mixed changes. 3 bedroom in Outer Melbourne performed best, increasing by 1.3% to $390 over the quarter to September 2018, whilst those in middle and inner Melbourne declined by -3.3% and -13.7% to $552 and $660 respectively.

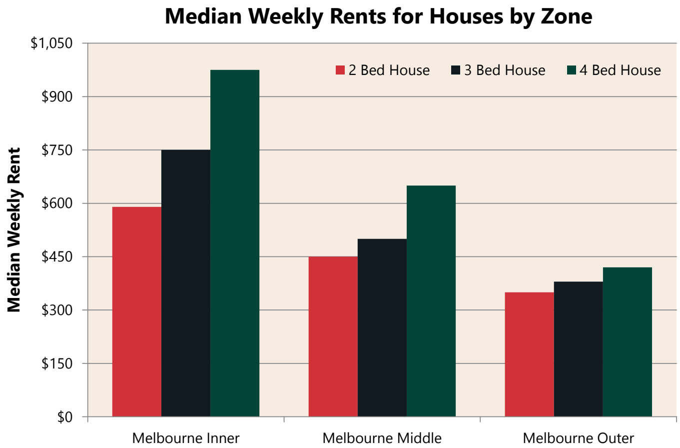

Chart 12— Greater Melbourne Median House Price
Source: REIA / Preston Rowe Paterson Research

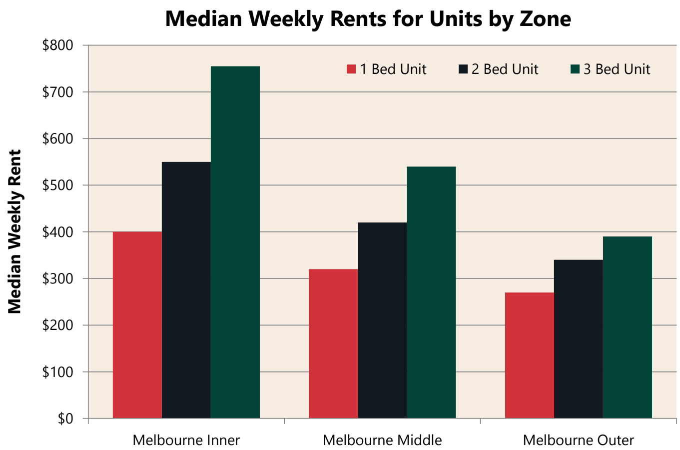

Chart 13— Greater Melbourne Median Unit Price
Source: ABS / Preston Rowe Paterson Research

Regional Victoria

Geelong

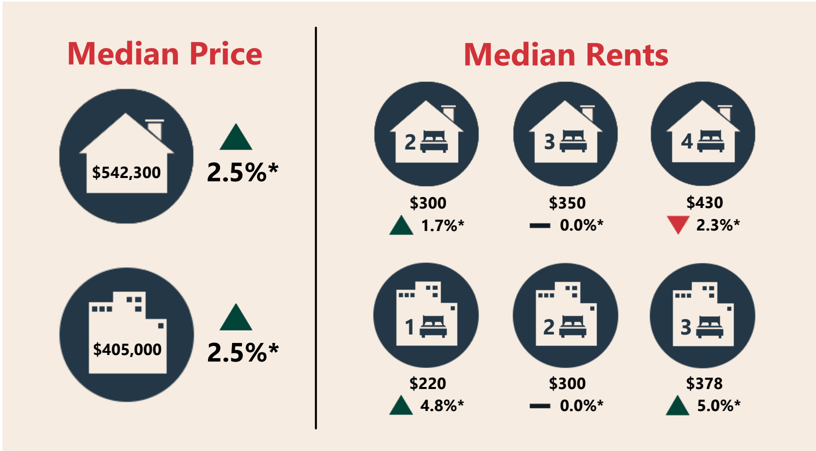

Chart 14— Geelong Median Price and Rents over September 2018 Quarter
Source: REIA / Preston Rowe Paterson Research
*Changes over the quarter to September 2018

Median house price in Geelong increased over the September 2018 quarter, albeit the slowdown in the national residential market. The median house and unit price in Geelong increased by 2.5% over the period, representing double-digit increases year on year. Geelong's rental market also performed well during the quarter, predominantly recording positive changes. Geelong's unit rentals performed better than houses during the quarter with 1 and 3 bedrooms increasing by 4.8% and 5.0% to $220 and $378 weekly respectively, while 2 bedroom unit weekly median rents remained at $300. However, the median weekly rents for 4 bedroom houses in the area declined by 2.3% (to $350) over the same period whilst 3 bedroom remained at $350 and 2 bedroom rents increased by 1.7% to $300.

Bendigo

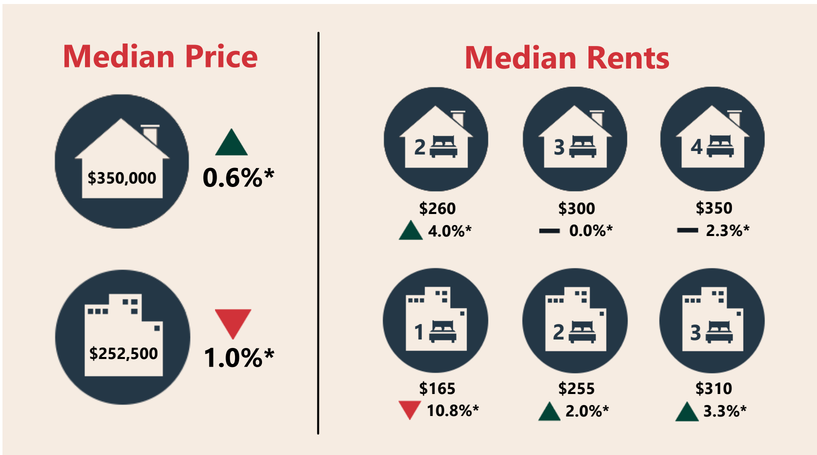

Chart 15— Bendigo Median Price and Rents over September 2018 Quarter
Source: REIA / Preston Rowe Paterson Research
*Changes over the quarter to September 2018

House sales in Bendigo continues to be resilient over the quarter with median price increasing by a modest 0.6% to $350,000 whilst unit median price increased by 1.0% to $252,500. The median rents for 3 and 4 bedroom houses in Bendigo remained at $300 and $350 weekly whilst 2 bedroom houses saw an increase of 4.0% over the quarter to $260 weekly. 1 Bedroom units in Bendigo are less resilient than houses in the rental market, declining by 10.8% to $165 weekly while its 2 and 3 bedroom units saw increases of 2.0% and 3.3% to $255 and $310 weekly.

Ballarat

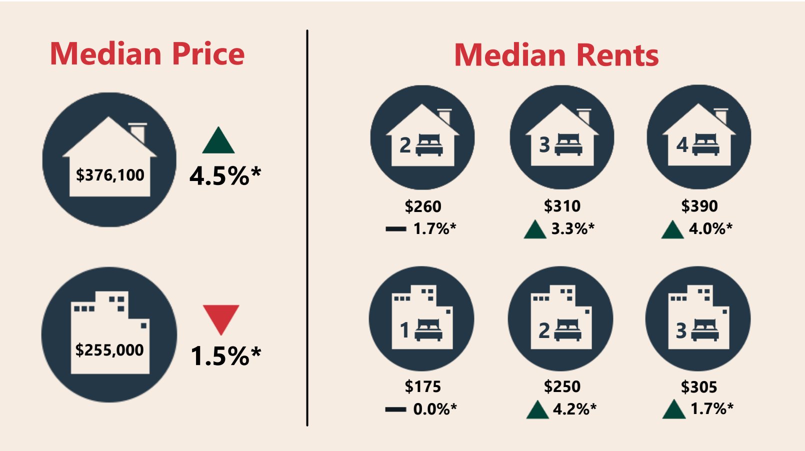

Chart 16— Ballarat Median Price and Rents over September 2018 Quarter
Source: REIA / Preston Rowe Paterson Research
*Changes over the quarter to September 2018

The median house price in Ballarat saw an increase of 4.5% over the quarter to $376,100 while the median unit price in Ballarat declined by -1.5% to $255,000 over the same period. Ballarat's median rents for houses of 3 and 4 bedrooms increased by 3.3% and 4.0% to $310 and $390 weekly whilst 1 bedroom house rents in the area remained at $260 weekly. Similarly, the rental unit price of 1 bedrooms in Ballarat also remained unchanged at $175 weekly while 2 and 3 bedroom units gained 4.2% and 1.7% over the quarter to $360 weekly and $305 weekly.

Residential Investment

360 High Street, Windsor VIC 3181

$6.6 million

$1,100,000 per unit

A block of six apartments has sold to a private investor for $6.6 million at a **yield of 2.2%**. The property comprises of six large two bedroom apartments with a dual street frontage. All six apartments on the 1,308 sqm site are currently leased with the property offering development potential. The rate of the sale was **$1.1 million per unit** and **$5,046 of the site area**. Windsor is located 5.9 km south -east of the Melbourne CBD.

12 Darling Street, South Yarra VIC 3141

$5.1 million

$1,275,000 per unit

A private investor has bought a block of apartments on a tight **yield of 2.2%**. The property comprises of four 87 sqm two bedroom apartments on a 668 sqm site. The property is situated directly adjacent to South Yarra train station and is close to the Toorak retail precinct. The sale represents a rate of **$1.275 million per apartment** and **$14,655 psm of lettable area**. South Yarra is located 4.7km south-east of Melbourne's CBD.

Residential Developments

936-938 Toorak Rd, Camberwell, VIC 3124

$4.25 million

$212,500 per unit

A development site has been bought at auction by a local private developer. The prominent 1,647 sqm corner landholding was sold with a permit approved for 20 large boutique apartments. The property is close to popular retail, dining and café amenities along with public transport. Camberwall is located 10.6 km south-east of the Melbourne CBD.

The Grove Estate, Tarneit, VIC 3029

$202.5 million

$113,764 per lot

Stockland sold the partially completed estate to recycle capital to fund a $350 million buy back of its securities and to reduce gearing. The sale will also allow them to reinvest in to the development of a 260 hectare logistics development and business park in Truganina, Melbourne. The two parties exchanged contracts on the 20th of December with the asset trading at a 59% premium to its book value. Fraser's will develop the remainder of the estate, which will yield a further 1,780 lots as well as a town centre, retail precinct, schools and other sports and community facilities that are due for completion by 2025. Tarneit is located 25 km west of Melbourne.

290 Gunns Gully Road, Beveridge, VIC 3753

$50 million

$31 psm site area

Toorak-based investors the *Zhang family* bought a greenfield development site in Melbourne's outer northern suburbs. The property could yield up to 1,400 homes, giving this sale a **rate of $35,714 per home site**. The 160 hectare site is awaiting approval of the Beveridge South-West Precinct Structure Plan from the Victorian state government to determine the capacity of the site. Beveridge is located 43 km north of Melbourne's CBD.

Luxury Residential Investment

16 Lansdell Road, Toorak, VIC 3142

$19 million

$6,372 per site area

A five bedroom and four bathroom house on a large 2,982 sqm lot has sold in an off market deal. The circa 1980 property features a tennis court, swimming pool and two car garage. Toorak is located 5 km east of Melbourne's CBD.

Specialised Properties

2 Spry Street, Coburg North VIC 3058

Public Open Space

$3.9 million

$894 psm land area

Moreland City Council has picked up a 4,364 sqm site. Whilst originally pitched as a residential townhouse development site, the council will purpose the site towards public open space. The development will complement the 178 metre frontage to Merri Creek which already has a public walking trail along the creek. It is possible that the steep pitch of the site down to the riverbank and associated rules surrounding developing next to a waterway presented too great a risk to developers; the site sold well below the 'indicative range' of $3.8 million to $4.18 million. Coburg North is located 11 km north of Melbourne's CBD.

59 Painted Hills Road, Doreen VIC 3754

Mixed Use

$15 million

5.8% Yield

$5,396 psm gross lettable area

A mixed use property that includes a childcare centre, seven retail shops and 66 undercover parking spots in a growth area of Melbourne was sold. Despite concerns of an oversupply of childcare centres in the market, the property was snapped up by Singapore investor in conjunction with a local partner after the development of the centre in early 2018. The childcare centre on the property is licensed for 132 places and is operated by **Guardian Childcare**. The 2,780 sqm property generates $871,324 of net rent annually and is fully leased with fixed annual rental growth. It sold at a **rate of $113,636 per placement,** inclusive of the retail area. Doreen is located 37 km north of Melbourne's CBD.

54, 56 & 58 Thompsons St Bulleen, VIC 3105

Childcare Centre

$3.25 million

$1,683 psm land area

A private developer has bought three residential lots in Melbourne's east as a development site. The new owner who was represented by *Mollard Investments* plans to build a childcare centre on the 1,931 sqm site. The attraction of the site was the sites proximity to the Westfield Doncaster. Bulleen is located 13 km north-east of the Melbourne CBD.

14-18 Venture Way, Braeside VIC 3195

Infill Block

$1.64 million

$484 psm site area

A private land owner has sold an infill block. The 3,339 sqm vacant land is surrounded by industrial development and was bought by a local business as it looks to expand its enterprise. It is not understood what purpose the land specifically will be used for. Braeside is located 26 km south-east of the Melbourne CBD.

189 St Helena Road, Greensborough VIC 3088

Childcare Centre

$7.26 million

5.95% Yield

$60,500 per placement

The St Helena Early Learning Centre in Melbourne's north-east has sold to a local investor on a **5.95% yield**. The brand new 1,001sqm childcare facility was sold with a 15 year lease plus options and a **net annual income of $432,000.** The property which sits on a large 4,224sqm site accommodates 120 places. Greensborough is located 19km north-east of Melbourne's CBD.

24 Thompson Street, Abbotsford VIC 3067

Brew House

$10 million

$4,365per site area

The old Carlton Brewhouse has sold to a locally based Asian investor. Melbourne developer Joseph Chahin's *Peregrine Projects* bought the 1,035 sqm brew house and a neighbouring 2,500 sqm carpark for $10.5 million back in May 2016. Chahin has now sold both assets individually for a combined $17 million, representing a capital gain of 66% in over two years. The brew house which sits on 2,291 sqm of land is currently leased to **Carlton United Brewery** until December 2019 for $363,000 per annum and the lease will not be renewed. The site offers enormous development upside in an historical industrial area, which has been gentrified in recent years due to the development of apartments in the area. Abbotsford is located 4.5 km east of the Melbourne CBD.

Hotels & Leisure Market

164 Church Street, Richmond VIC 3121

$2.25 million

4.3% Passing Net Yield

$6,429 psm lettable area

The iconic *DT's Hotel* in Melbourne's inner-west has changed hands for the first time in the hotels 23 years of operation. The site which presents significant corner frontage to both Church and Highett Streets sold as a freehold hotel. A private investor snapped up the pub as an addition to its current portfolio of hotels. The property sold with a secure 10 year lease and a **net income of $98,676 per annum**. Richmond is located 3 km east of Melbourne's CBD.

Rural

Lot 3 Sturt Highway, Cullulleraine VIC 3496

$16 million

$30,829 per ha

Millewa Vineyard, located in the Sunraysia district of Victoria has been bought by *Fresh Country Farms Australia*, which is an entity owned by the Public Sector Pension Investment Board (Canadian Pension Fund). The 519 hectare property with 370 hectares of vines on it was heavily restored by the vendor *Bright Light Pipeline Pty Ltd* after it was bought for $232,000 back in 2011. Through extensive investment, the vines were restored to full capacity. The new owner has reportedly entered into a long term lease with a prominent Australian wine company. Cullulleraine is located 503 km North-West of Melbourne.

'Mount Fyans', Dundonnell VIC 3217

$37 million

$6,263 per ha

Ian and Camilla Shippen, sheep breeders from the Riverina in New South Wales have bought one of the largest and most highly regarded agricultural holdings in the Western District of Victoria. The landmark grazing property was sold by the jointly Australian and Chinese owned *Harmony Agriculture and Food Company* after only two years of ownership. The Western Australian based agricultural company bought the property for $34 million back in 2016, representing a profit of $2 million. The 5,908 hectare property features a reticulated water system, tanks and troughs throughout the farm and has the ability to carry 5,500 cattle or 70,000 DSE (Dry Sheep Equivalent). Other improvements include, a circa 1880's eight bedroom homestead, cattle yards, four stand shearing shed and a laneway linking 90% of the paddocks on the property. Dundonnell is located in the Western District of Victoria and 190km west of Melbourne's CBD.

Preston Rowe Paterson
International Property Consultants and Valuers

Our Research

At Preston Rowe Paterson we take pride in the extensive research we prepare for the market sectors within which we operate in. These include Commercial, Retail, Industrial, Hotel and Leisure and Residential property markets, as well as Infrastructure, Capital, Asset, Plant and Machinery markets.

We have **property** covered.

We have **clients** covered

Preston Rowe Paterson acts for a diverse range of clients with all types of property needs, covering real estate, infrastructure, asset, plant and machinery interests, these include:

Accountants, auditors & insolvency practitioners
Banks, finance companies & lending institutions
Commercial & residential non-bank lenders
Co-operatives
Developers
Finance & mortgage brokers
Hotel owners & operators
Institutional investors
Insurance brokers & companies
Investment advisors
Lessors & lessees
Listed & private companies & corporations
Listed & unlisted property trusts
Local, state & federal government departments & agencies
Mining companies
Mortgage trusts
Overseas clients
Private investors
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Superannuation funds
Trustee & custodial companies

We have **real estate** covered

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

Metropolitan & CBD commercial office buildings
Retail shopping centres & shops
Industrial, office/warehouses & factories
Business parks
Hotels (accommodation) & resorts
Hotels (pubs), motels & caravan parks
Residential developments projects
Residential dwellings (houses/apartments/units)
Property Management
Rural properties
Hospitals & aged care
Special purpose properties
Extractive industries & resource based enterprises
Infrastructure including airports & port facilities

We have **asset, plant and machinery** covered

We regularly undertake valuations of all forms of asset, plant and machinery, including:

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Resort & accommodation, hotel furniture, fittings & equipment
Office fit outs & equipment
Farming equipment
Transport equipment
Industrial/factory equipment
Licensed club furniture, fittings & equipment
Building services equipment (lifts, air conditioning, fire services & building maintenance equipment)

We have your **needs** covered

Our clients seek our property (real estate, infrastructure, asset, 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 & 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 & re-valuations
Rating and taxing objections
Receivership, Insolvency & liquidation valuations & support/advice
Relocation advice, strategies and consultancy
Rental assessments & determinations
Sensitivity analysis
Strategic property planning

We have all **locations** covered

From our capital city and regional office locations we serve our client's needs throughout Australia. Globally, we have three offices located in New Zealand, as well as associated office networks located in the Asia-Pacific region.

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