



**Preston**  
*Rowe*  
Paterson

®  
International Property Consultants

# Property Market Report

## Western Australia

### September Quarter 2017

#### HIGHLIGHTS

- ◆ Over the six months to July 2017, Perth CBD's office market experienced 25,130 square metres of net absorption, which contributed to an increase of 1.8% in occupied stock over the period.
- ◆ Seasonally adjusted retail turnover for Western Australia stands at \$2,801.0 million for the month of September. This figure represents a decline of -1.3% over the month, and a -1.2% decrease when compared to twelve months prior.
- ◆ In the Greater Perth region, total number of dwellings approved for construction in September stands at 1,757. This figure represents an increase of 36.6% when compared to the previous month, and an increase of 13.7% compared to twelve months prior.
- ◆ The Real Estate Institute of Australia's quarterly review of Australia's property market indicates that over the June quarter, overall house prices in Perth decreased by -1.9% to a median price of \$505,000.
- ◆ Median sale price of other dwellings in Perth declined by -2.2% over the June quarter (0.0% over the year) to \$410,000.

#### INSIDE THIS ISSUE:

Perth CBD Office Market	2
Retail Market	5
Specialised Property Market	5
Hotels & Leisure Market	5
Residential Market	6
Economic Fundamentals	8
About Preston Rowe Paterson	11
Contact us	13



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## COMMERCIAL OFFICE MARKET

### Perth CBD

#### Investment Activity

Preston Rowe Paterson Research recorded the following major sales transactions that occurred over the three months to September 2017:

##### 42-46 Collin Street, West Perth, WA 6005

Centuria Metropolitan REIT has paid **\$33.6 million** on an initial **8.7% yield** to Dexus for the 5 level A-grade building. West Perth is located 1.5 km north-west of Perth's CBD.



##### 661 Newcastle Street, Leederville, WA 6007

United Overseas Australia has acquired a 4,234 m2 future mixed use development site for **\$14 million** from 20 strata owners. The sale reflects a **rate of \$3,307 psm**. Leederville is located 2.6 km north-west from Perth's CBD.

##### 141 St Georges Terrace, Perth, WA 6000

GDI Property Group has acquired the **Westralia Square** office tower for **\$216.25 million** from the Insurance Commission of Western Australia. The 32,635 m2 tower is almost fully occupied with government tenants namely; **WA Police** and **Corrective Services**. The building has a 5-star NABERS Energy rating, sufficient parking and is located in a close proximity to public transport. The sale reflects a **rate of \$6,626 psm lettable area**.



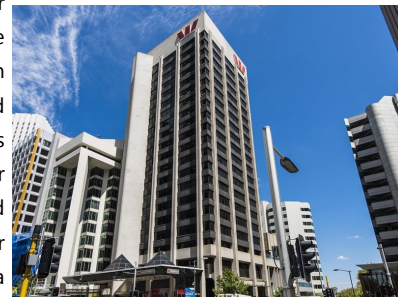
##### 144 Stirling Street, Perth, WA 6000

Centuria Metropolitan REIT has bought the **Hatch Building** for around **\$50 million** on an **8.6% yield** from Charter Hall. The 11,042 m2 A-grade building is predominantly leased to the Western Australia Government. The building has parking facilities for some 242 vehicles and a 4.5-star NABERS Energy rating. The sale reflects an approximate **rate of \$4,528 psm lettable area**.



##### 109 St Georges Terrace, Perth, WA 6000

Far East Organisation has bought the 19-level office tower for about **\$70 million** from Charter Hall. The B-grade tower has 13,891 m2 of floor area and parking for some 75 vehicles. The tower was constructed in 1972 and later refurbished in 2005. The tower is achieving a 3.5-star NABERS Energy rating and a 3.5-star NABERS Water rating. The sale reflects a **rate of \$5,039 psm lettable area**.



#### Leasing Activity

Preston Rowe Paterson Research recorded the following leasing transactions that occurred in the Perth CBD office market over the three months to September 2017:

##### 2 Gould Street, Herdsman, WA 6017

Office Solutions IT has committed to lease 1,031 m2 of office space for **6-years**. The tenant will pay a **gross annual rent of \$200 psm**. Herdsman is located approximately 7.1 km south-east of Perth's CBD.



## Supply by Grade (Stock)

Over the six months to July 2017, Perth CBD's commercial office market experienced various changes. There was an addition of 1,202 square metres of A Grade office space over the six month period, which brought total A Grade space to 726,266 square metres. As at July 2017, A Grade office buildings take up 41.1% of total office space in the Perth CBD. 386 square metres of B Grade office space was also added over the six months to July 2017, which brought total B Grade space to 478,249 square metres. B Grade offices take up 27.0% of total office space. D Grade offices experienced a withdrawal of 400 square metres of space, bringing total D Grade space down to 7,722 square metres. As at July, D Grade office space takes up 0.4% of total space in Perth's CBD. No changes were recorded for Premium Grade and C Grade office markets, which take up 20.1% and 11.3% of total office space. As at July 2017, there are 356,322 square metres of Premium Grade space and 200,398 square metres of C Grade office space.

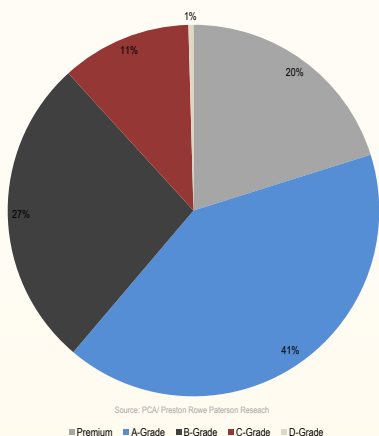


Chart 1– Perth CBD Office Stock by Grade —Source— PCA

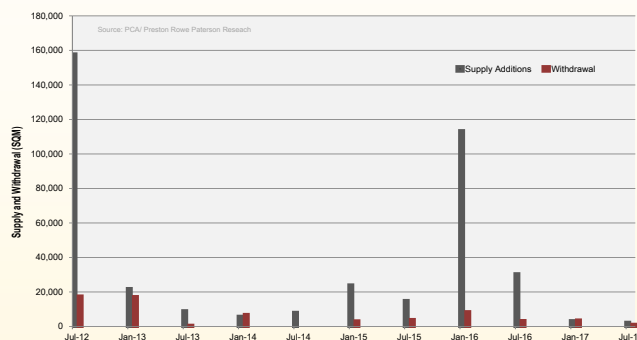


Chart 2– Perth CBD Supply and Withdrawals of office stock —Source— PCA

## Net Absorption

Over the six months to July 2017, Perth CBD's office market experienced 25,130 square metres of net absorption, which contributed to an increase of 1.8% in occupied stock over the period. When we look at the twelve months to July 2017, Perth's office market absorbed 13,126 square metres in net office space, which contributed to an increase of 0.9% in occupied stock over the year.

When we look at Premium Grade offices in Perth CBD, the twelve months to July 2017 resulted in 17,803 square metres of net absorption. Furthermore, the Premium Grade office market experienced an increase of 6.0% in occupied stock over the same period. There were 3,821 square metres of A Grade space absorbed over the period, and a 0.7% change in occupied stock over the twelve months to July 2017. There was a decline of -11,372 square metres in net absorption of B Grade office space over the twelve months to July, and a decline of -3.3% in occupied B Grade stocks. C Grade stock experienced net absorption of 2,674 square metres over the twelve months, which led to an increase of 1.7% in occupied stock. D Grade stock experienced an increase of 200 square metres in net absorption, which led to an increase of 3.9% in occupied stock over the twelve months to July 2017.

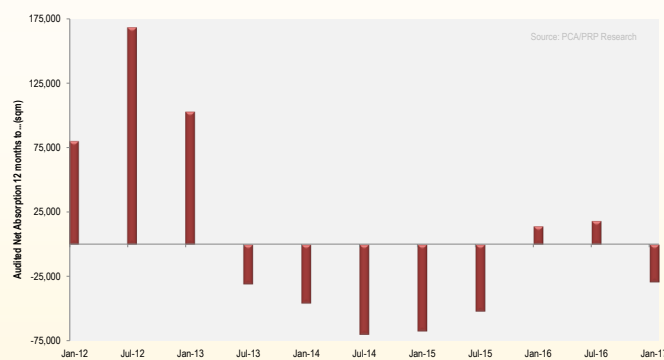


Chart 3– Perth CBD Net Absorption twelve months to... —Source— PCA

## RETAIL STATISTICS

Total retail turnover in Australia remained unchanged over the month to September, following a decline of 0.5% over the month to August, and a decline of 0.3% over the month to July. Seasonally adjusted figures for the September quarter increased by 0.1%, following an increase of 1.5% in the June quarter and an increase of 0.2% during the March quarter. Increases over the quarter was recorded for Food retailing (+0.9%), Clothing, footwear and personal accessory retailing (+0.7%) and Other retailing (0.4%). In contrast, Household goods retailing (-1.6%), Cafes, restaurants & takeaway food services (-0.7%) and Department stores (-1.4%) all experienced declines over the September quarter. Notably, the Implicit Price Indicator for Australian turnover declined by a seasonally adjusted 0.4% during the September quarter. When we take a look around the country, New South Wales (+0.2%), Queensland (+0.3%), South Australia (+0.7%), Tasmania (+0.6%) and the Australian Capital Territory (+0.1%) all recorded increases in retail turnover over the month to September. In contrast, Western Australia (-1.3%) and the Northern Territory (-1.7%) both recorded declines in retail turnovers, whilst Victoria recorded no change over the period.

Seasonally adjusted retail turnover for Western Australia stands at \$2,801.0 million for the month of September. This figure represents a decline of -1.3% over the month, and a -1.2% decrease when compared to twelve months prior. Over the month to September, All major retail groups recorded declines in turnovers. Household goods recorded the largest decline of -3.4% over the month down to \$479.4 million. Other retailing and Clothing & footwear turnovers declined by -2.2% and -1.7%, respectively, to \$374.7 million and \$157.3 million. Department stores, Food retailing and Café, restaurants & takeaway services recorded declines of -0.9%, -0.6% and -0.1% respectively. Department store turnover declined to \$169.9 million, whilst Food retailing turnover declined to \$1,157.4 million and Café, restaurant & takeaway food services turnover declined to \$462.3 million.

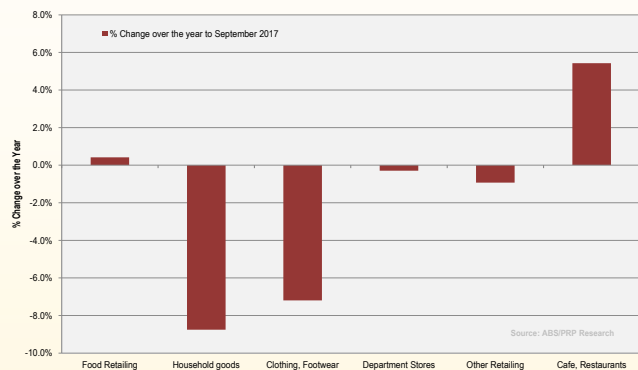


Chart 4—Retail Turnover over the Year to September 2017 —Source—ABS

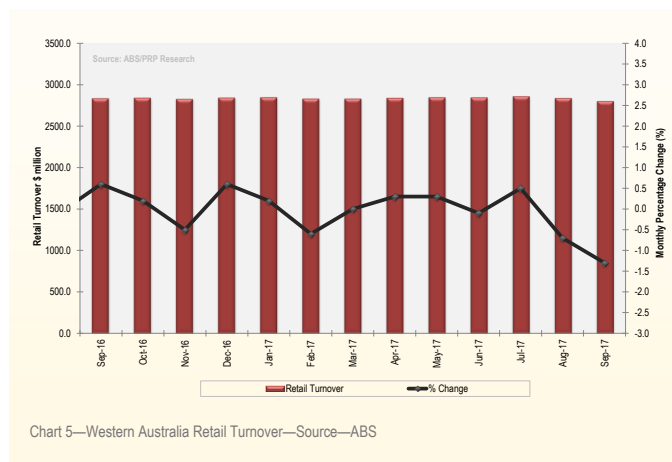


Chart 5—Western Australia Retail Turnover—Source—ABS

## Online Retail

The Australian & New Zealand Standard Industrial Classification (ANZSIC) defines 'retail trade' as "the purchase and on-selling, commission-based buying, and commission-based selling of goods, without significant information, to the general public".

National Australia Bank's latest release of the Online Retail Sales Index indicates that over the month to August, online sales increased by a seasonally adjusted 1.7%, which the bank has stated to be 'beyond the usual' seasonal pattern for August. Furthermore, when looking at year-on-year changes, a strong 10.3% growth was recorded when compared to online sales from last year. National Australia Bank estimated consumers have spent approximately \$23.28 billion over the twelve months to August 2017- a figure that is equivalent to 7.5% of the spending in traditional retailers (as measured by the Australian Bureau of Statistics in the twelve months to July 2017).

Over the year to August 2017, Games & toys (+21.7% year-on-year), Food catering (+18%), Daily deals (+12.8%) and Grocery & liquor (+9.3%) all experienced strong growths. A slow-down, albeit still strong growths, were recorded for Homeware & appliances (+11.7% year-on-year), Personal & recreational (+1.4%) and Fashion (+0.6%).



## RETAIL MARKET

### Investment Activity

Preston Rowe Paterson Research recorded the following significant retail transactions that occurred in the Western Australia metropolitan areas during the three months to September 2017:

#### 15 Sundew Rise, Joondalup, WA 6027

The *Stephens Group* have sold their site for **\$7.5 million** on a **5.7% yield** to a private investor. The retail showroom within the Joondalup Large Format Retail Precinct is currently leased to **JB HI-FI**. Joondalup is located 27.1 km north of Perth's CBD.



#### 5 Clayton Street, Midland, WA 6056

*Primewest* has sold their 9,727 m2 retail centre within **The Midland Precinct** for **\$30.75 million** on a net passing **yield of 7.3%** to *APIL Group*. The property features six showrooms and on-site parking on a 1.7 hectare site. The centre is anchored by **Super-Amart**, which lease 5,500 m2. Other tenants include: **Rays Out-doors, Barbeques Galore** and the **Department of Transport**, and has a WALE of 4.23%. The sale reflects a **rate of \$3,161 psm of lettable area**. Midland is located approximately 16.9 km south-west of Perth's CBD.



### Leasing Activity

Preston Rowe Paterson Research recorded the following leasing transactions that occurred during the three months to September 2017 in Western Australia's Retail property market:

#### Tenancy 1, 260-272 Leach Highway, Myaree, WA 6154

*Fantastic Furniture* has agreed to lease a 1,655 m2 retail showroom for **5-years**. The rent was not disclosed however rents in the area range from **\$200-\$300 psm**. Myaree is located approximately 14 km south-west of Perth's CBD.

## SPECIALIZED PROPERTY MARKET

### Investment Activity

Preston Rowe Paterson Research recorded the following specialised property transactions that occurred in Western Australia during the September Quarter 2017:

#### Lot 55 Marquis Street, Hammond Park, WA 6164

A private investor has bought the purpose built medical property for **\$5.27 million** on a **6.6% yield**. The 1,677 m2 site comprises a two-level building which is currently leased to a pharmacy, medical Centre and dentist with parking for some 40 vehicles. The sale reflects a **rate of \$3,143 psm site area**. Hammond Park is located 24 km south of Perth CBD.

#### 18 Dalgety Street, East Fremantle, WA 6158

Aged care operator *Hall & Prior* has purchased the former heritage listed **Woodside Maternity Hospital** for **\$13 million** with plans to develop the site into an aged care facility. The property has a land size of approximately 1-hectare comprising a 1,979 m2 building and onsite parking. The sale reflects a **rate of \$6,569 psm lettable area**. East Fremantle is located approximately 18.3 km south-west of Perth's CBD.

## HOTELS & LEISURE MARKET

### Investment Activity

Preston Rowe Paterson Research recorded the following Hotel and Leisure property transactions that occurred in Western Australia during the September Quarter 2017:

#### 1 Marco Polo Drive, Mandurah, WA 6210

*Chip Eng Seng* which trades in Australia as *CEL* has bought the **Sebel Mandurah** hotel for **\$15 million** from *FJM Property*. The hotel which is currently operated by *Accor* features 89 guestrooms and apartments with a 4.5 star rating and views of the marina, canals and Indian Ocean. The sale reflects a **rate of \$168,539 per room**. Mandurah is located approximately 74 km south of Perth.

#### 47-659 Murray Street, West Perth, WA 6005

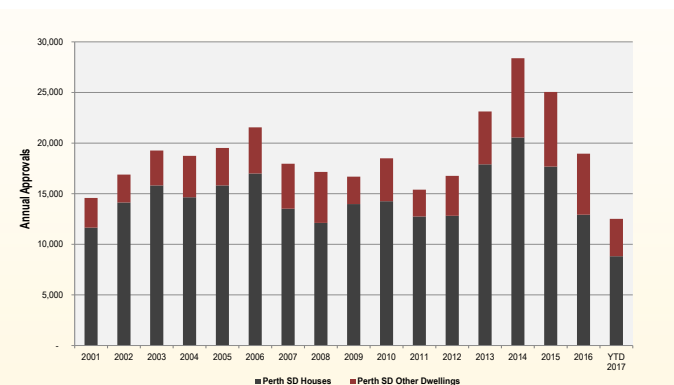
*ZACD* has bought 64 serviced apartments in an off-the-plan deal for **\$12.5 million** from *Finbar*. The 22-level, mixed use development site is set to be completed in mid-2018. The sale reflects a **rate of \$195,313 per proposed serviced apartment**. West Perth is located 1.5 km west of Perth CBD.

## RESIDENTIAL MARKET

### Building Approvals

Building approval statistics released by the Australian Bureau of Statistics (ABS) indicate that seasonally adjusted estimates for the number of dwellings approved for construction in Australia increased by 1.5% in September- the second consecutive increase over the month. When we look at approval for the construction of houses, a seasonally adjusted increase of 0.6% was recorded over the month, whilst approval for the construction of dwellings excluding houses increased by a seasonally adjusted 2.6%.

In the Greater Perth region, total number of dwellings approved for construction in September stands at 1,757. This figure represents an increase of 36.6% when compared to the previous month, and an increase of 13.7% compared to twelve months prior. When we look at approvals for the construction of houses in September, a decline of -8.7% was recorded over the month, bringing the figure down to 971. September 2017's figure signifies a decline of -14.9% when compared to twelve months prior. Total number of approvals for dwellings other than houses in September stands at 786. This figure indicates a significant increase of 252.5% when compared to the previous month, and an increase of 94.1% when compared to twelve months prior. Total building approvals in the first nine months of 2017 amounts to 12,512, of which 8,820 are for the construction of houses and 3,693 are for the construction of dwellings excluding houses.



### Market Affordability

The Real Estate Institute of Australia's quarterly review of Australia's property market indicates that over the June quarter, overall house prices in Perth decreased by -1.9% to a median price of \$505,000. This figure represents a decrease of -5.6% when compared to twelve

months prior. When we look at Inner Perth house prices, median price declined by -7.6% over the June quarter (-10.8% over the year) to \$915,000. There were 613 sales recorded, with sale prices ranging from \$695,000 and \$1,300,000. In Middle Perth, 1,557 sales were recorded with sale prices ranging from \$450,000 and \$760,000. Median house price in Middle Melbourne declined by -7.5% over the June quarter (-7.3% over the year) to \$570,000. Outer Perth recorded 2,964 sales over the period, with sale prices ranging from \$370,000 and \$550,000. Median house price in Outer Brisbane declined by -2.2% over the quarter (-5.3% over the year) to \$445,000.

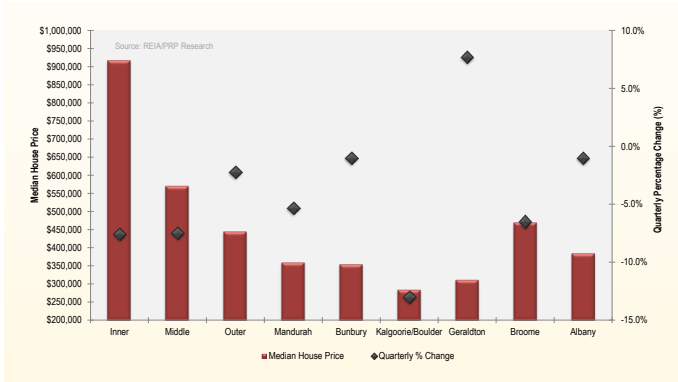


Chart 7 - Median House Price by Zone - Source REIA

Median sale price of other dwellings in Perth declined by -2.2% over the June quarter (0.0% over the year) to \$410,000. Inner Perth's median price had declined by -6.8% over the quarter (-1.6% over the year) to \$487,000. There were 540 sales recorded over the quarter, with sale prices ranging from \$380,000 and \$650,000. Middle Perth recorded 464 sales over the period, with sale prices ranging from \$310,000 and \$460,000. Median sale price in Middle Perth declined by -2.6% over the quarter (-5.0% over the year) to \$380,000. Outer Perth recorded 188 sales over the period, with median sale price in this region declining by -8.6% over the quarter (-7.2% over the year) to \$320,000. Sale prices over the period ranged from \$254,500 and \$395,000.

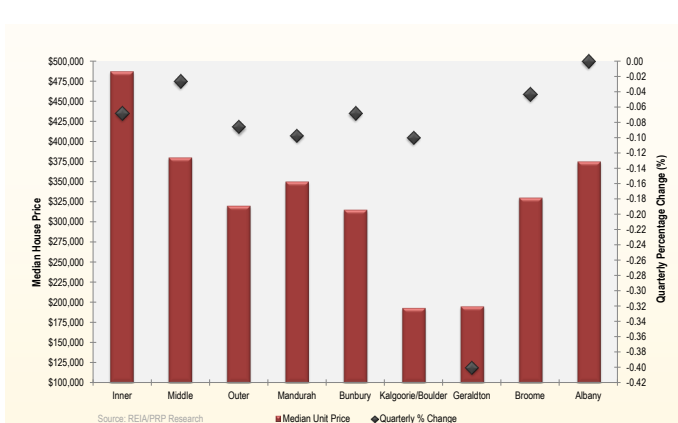


Chart 8 - Median Price for Other Dwellings by Zone - Source REIA



## Rental Market

Over the June quarter, Perth’s housing rental market remained relatively stable. Inner Perth’s median rent per week declined by -1.0% over the three months to June (-2.0% over the year) to \$490. Middle Perth’s and Outer Perth’s median weekly house rent remained unchanged, at \$380 and \$350, respectively. Over the year, median weekly rent for houses in Middle Perth declined by -5.0%, whilst median rent for Outer Perth declined by -7.9%.

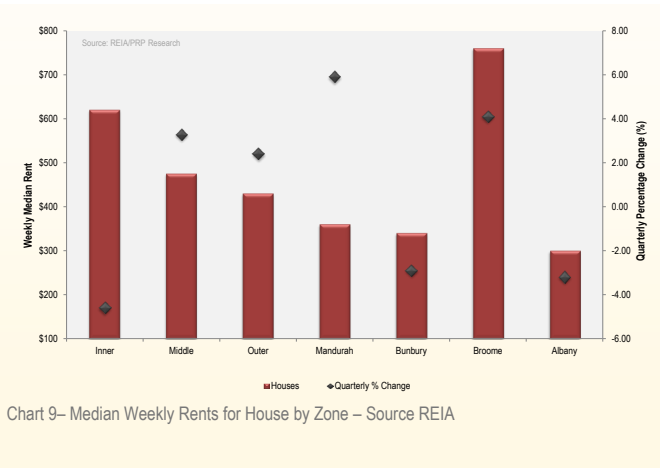


Chart 9 – Median Weekly Rents for House by Zone – Source REIA

The rental market for other dwellings in Perth continues to decline over the June Quarter 2017. Median weekly rent for Inner and Outer Perth declined by -2.6% and -1.7%, respectively, to \$370 and \$295. Over the year, median weekly rent for Inner Perth declined by -7.5%, whilst Outer Perth recorded a decline of -7.8% over the year. Median weekly rent for other dwellings in Middle Perth experienced no change over the quarter, remaining at \$320. Over the year, however, Middle Perth’s other dwellings’ median weekly rent recorded a decline of -8.6%.

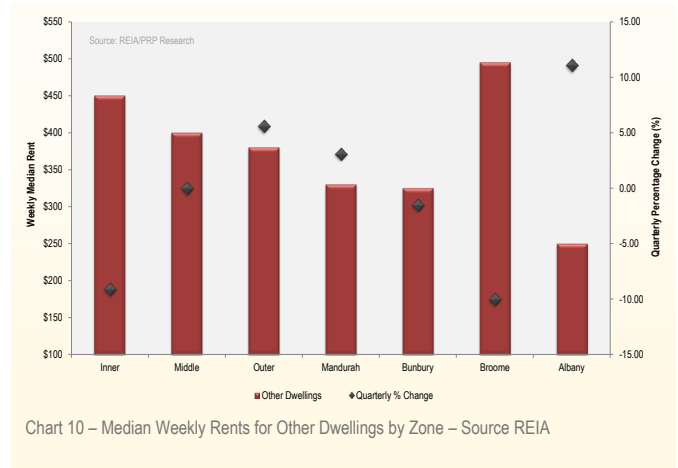


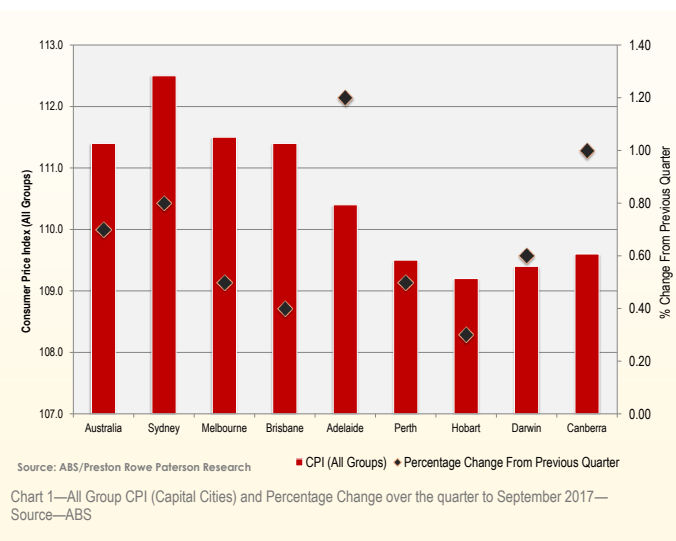
Chart 10 – Median Weekly Rents for Other Dwellings by Zone – Source REIA

## Economic Fundamentals

### Consumer Price Index

Consumer Price Index (CPI) increased by 0.6% over the three months to September 2017, bringing the inflation rate over the last twelve months to 1.8%. When we look at underlying inflation, which removes the volatile components of inflation and is closely more monitored by the Reserve Bank of Australia, an increase of 0.4% was recorded for the quarter- the second weakest increase ever recorded- leaving the annual rate unchanged at 1.9%. Over the quarter, strong increases stemming from the Housing group (+1.9%), Alcohol & tobacco group (+2.2%), Recreation & culture group (+1.3%) was offset by declines in Food & non-alcoholic beverages group (-0.9%), Communication group (-1.4%) and Clothing & footwear group (-0.9%).

When we look at the states and territories around Australia, All Groups CPI increased across all eight capital cities. Melbourne recorded the largest increase of 2.2%, followed by Canberra with 2.1% and Hobart with 2.0%. In contrast, Perth and Darwin recorded the lowest increase in inflation over the year to September 2017, of 0.8% and 0.6% respectively.



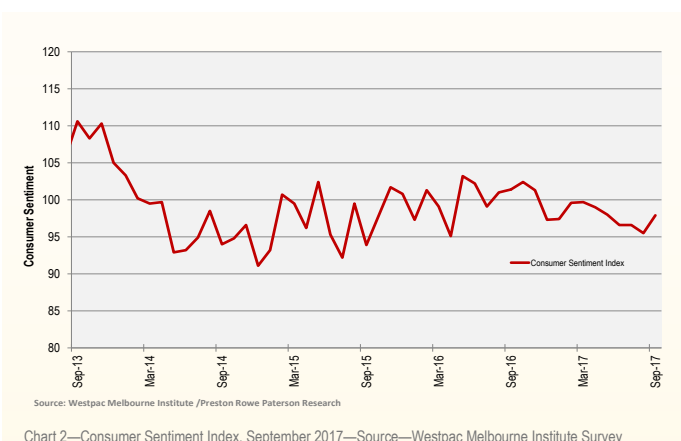
### Business Sentiment

According to the National Australia Bank Business performance indicators, business conditions remain unchanged whilst business confidence performed strongly over the month to September, following declines recorded in the previous months. On the one hand, business conditions remained at +14 index points, which the National Australia Bank reports to be just below the peaks experienced prior to the GFC. The business confidence index, on the other, experienced a lift of 2 points over the month, bringing it to +7 index points and back to above long-run average.

### Consumer Sentiment

The Westpac Melbourne Institute Index of Consumer Sentiment indicates an increase of 2.5% over the month to September, from 95.5 in August to 97.9 in September 2017. A reading below 100 indicates that the number of pessimists outweigh optimists in their outlook on the economy, which means that September is the tenth consecutive month in which the pessimism persists. Westpac notes the main factors influencing sentiment around the economy comes down to consumers' concerns around interest rates, pressures on family finances, rising energy prices and the housing affordability crisis. When combined, these factors outweigh the positivity stemming from an improved outlook in the job market, especially when the strengthening labour market is not leading to strong wages growth.

Family finance when compared to twelve months ago still indicates a strong area of concern, dropping to an index of 82.9. When looking at survey respondents' sentiment on the economic conditions in the next twelve months, the sub-index increased by 2.7% to 95.8, whilst the economic conditions in the next five years sub-index increased by 5.1%. Westpac reflected on the recent improvement in Australia's national accounts, as the economy showed a solid 0.8% increase in GDP over the June quarter, however noted the mediocre growth over the year may have influenced consumers to have more 'lukewarm' sentiments on future economic outlook.



	September 2017	June 2017	September 2016
Consumer Sentiment Index	97.9	96.2	101.4
Family finance vs. a year ago	82.9	81.4	89.5
Economic conditions next 12 months	95.8	91.3	90.8
Time to buy a dwelling	95.2	90.9	109.3

Table 2—Consumer Sentiment— September 2017 — Source— National Australia Bank



## Gross Domestic Product

Over the three months to the June Quarter 2017, Australia's Gross Domestic Product (GDP) increased by a seasonally adjusted 0.8%. Over the twelve months to June 2017, GDP increased by 1.8%. June quarter figures were considerably higher than the 0.3% growth recorded during the first quarter of the 2017 calendar year. Over the June quarter, domestic consumption contributed 0.4% to GDP growth. This was driven by a lift of 0.7% in household consumption expenditure, which was influenced by the increase in spending on food (1.5%), insurance & other financial services (1.3%) and rent & other dwelling services (0.5%). Over the year, Household consumption expenditure increased by a seasonally adjusted 2.6%.

The Australian Bureau of Statistics noted that household savings ratio in the June quarter 2017 is at 4.6%, a considerable fall from March Quarter 2017's ratio of 5.3%. Furthermore, gross disposable income over the past five quarters has increased on an average of 0.5%, which is noted to be consistently lower than the growth observed in household consumption expenditure.

Dwelling investment over the second quarter 2017 increased by a modest 0.2%, after the steep decline of 3.7% during the March quarter. Dwelling investment in New South Wales and Victoria continue to increase at elevated levels, whilst investment in Queensland has plateaued. Meanwhile, investment in Western Australia has declined significantly.

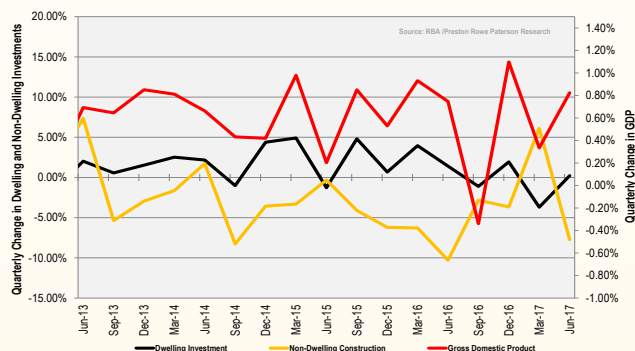


Chart 3—Percentage Change in Dwelling, Non-Dwelling Investments and GDP— Source: ABS

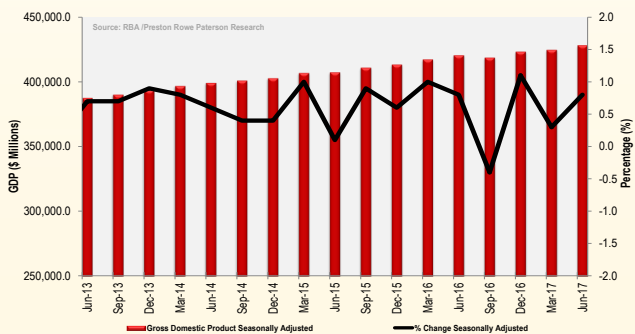


Chart 4—Seasonally Adjusted GDP and Seasonally Adjusted Change in GDP— Source: ABS

## Unemployment

In September 2017, Australia's seasonally adjusted unemployment rate declined by 0.1% to 5.5%— the lowest level of unemployment since March 2013. From August to September, seasonally adjusted employment increased by 19,800 persons, which comprises of 6,100 persons in full-time employment and 13,700 persons in part-time employment. In total over the last twelve months, full time employment has increased by 315,900 persons, whilst part time employment has increased by 55,600 persons. Over the month, the nation's participation rate increased slightly to 65.2%.

When we take a look around Australia, New South Wales experienced the largest increase in employment (21,100 persons), followed by Victoria (8,900 persons) and Western Australia (8,300 persons). New South Wales and Tasmania both recorded strong declines in seasonally adjusted unemployment, both down by 0.3%, followed by Western Australia which was down by 0.2%. In contrast, Queensland's unemployment rate increased by 0.2% over the month. When we look at the participation rates around the country, Western Australian recorded the largest increase in participation of 0.2%, whilst Queensland and South Australia experienced the largest declines of 0.1% over the month.

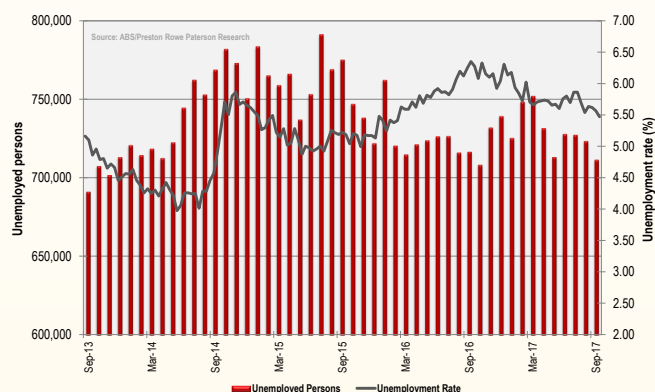


Chart 5—Unemployment Persons and Unemployment Rate, September 2013 to September 2017 — Source: ABS

	Unemployment Rate (%)		Participation Rate (%)	
	September 2017	June 2017	September 2017	June 2017
Australia	5.5	5.6	65.2	65.0
New South Wales	4.6	4.8	63.8	63.5
Victoria	6.0	5.9	66.3	66.1
Queensland	5.9	6.4	65.4	65.0
South Australia	5.8	6.5	62.0	62.4
Western Australia	5.7	5.6	68.2	68.0
Tasmania	5.7	5.6	61.1	61.2
Northern Territory*	4.1	3.5	73.2	74.8
Australian Capital Territory*	4.4	4.3	71.3	70.6

Table 3— Unemployment Rate and Participation Rate, September vs. June 2017 — Source: ABS  
\* Trend figures used for NT and ACT as seasonally adjusted data for both are not publicly available

## 10 Year Bond & 90 Day Bill Rate

Ten year Australian government bond yields floated between 2.50% and 2.85% during the September quarter, peaking at 2.86% towards the end of September and bottoming to a low of 2.53% at the beginning of August. Through July, bond yields increased by 21 basis points to a high of 2.65%, with different geopolitical factors influencing global bond yields throughout the month. The European Central Bank held their official interest rate steady which reflect steady bond yields globally during the first half of the month, whilst inflation data from the US market resulted in a short spur of declining bond yields. Nevertheless, unexpected strong employment data from Australia pushed bond yields up at the short end, reflecting the increased probability of an interest rate increase in the near future. Australian ten year bond yields increased more than the US ten year yields over the month, resulting in the widening of the US-Australia bond spread by 12 basis points to 35 basis points.

Over the month of August, yields declined in most advanced economies around the world, however Australia did not follow trend. Increases were recorded at the beginning and the end of the month, bringing Australian bond yields up by 3 basis points to 2.71% when compared to July's peak. Over the month, geopolitical events, notably tension between North Korea and the U.S., led to an increase in demand for safe-haven bonds, which resulted in the decline of global bond yields.

Through September, the ten year bond yield increased by 16 basis points, to 2.86%, reflecting increases in bond yields in all advanced economy markets globally. As usual, increases in Australian bond yields lagged behind their US counterparts' increase, with the spread between the Australian and US yields tightening by 5 basis points to 54 basis points.

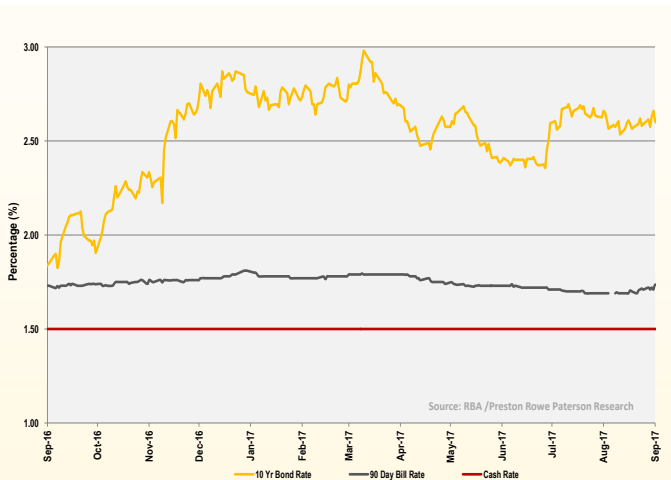


Chart 6— Daily Movement of 90-day Bill, 10-year bond yields and Cash rate—Source: RBA

## Interest Rates

Interest rates were left on hold throughout the September quarter, with the rate remaining at 1.50% since August 2016. The statement released by Reserve Bank of Australia's (RBA) Governor, Philip Lowe, points to an improvement in the global economy, with strong labour market figures and above-trend economic growth expected for several advanced economies. When we look at the Chinese economy, strong economic growth is supported by the increase in spending on infrastructure and property construction, though the country's high level of debt continues to be of a medium-term risk. Being Australia's largest trading partner, the strong growth in China will continue to support Australia's relatively high level of terms of trade.

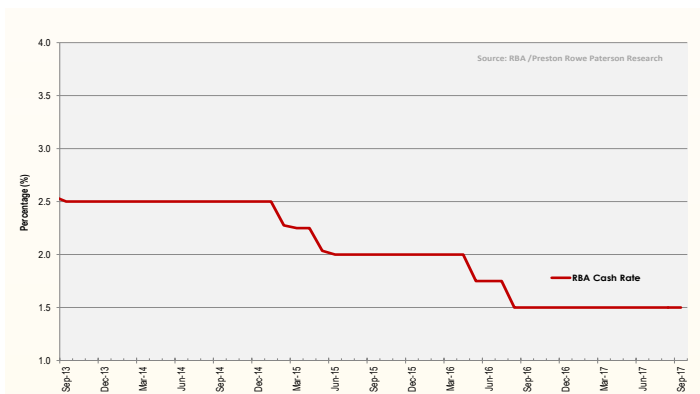


Chart 7— Reserve Bank of Australia Overnight Cash rate—Source: RBA

## Exchange Rate

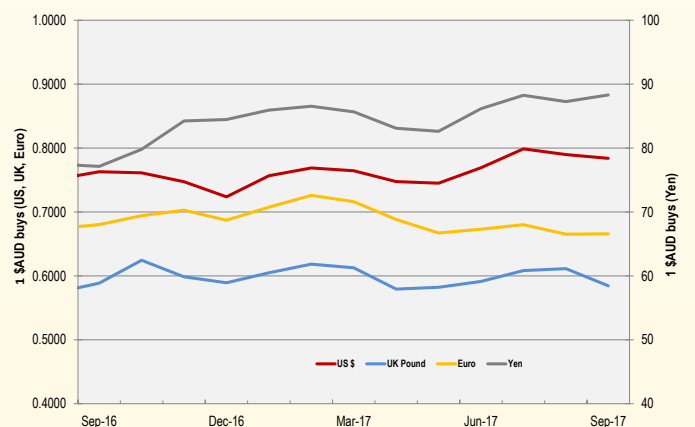


Chart 8— Movement in Exchange Rate over the year to September 2017— Source: RBA



## 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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- ◆ Japan
- ◆ Philippines
- ◆ Thailand

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