



**Preston
Rowe
Paterson**

International
Property Consultants
and Valuers



Property Market Report **New South Wales**

Q3 2019



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Sydney Residential Market swings back. Overall median house prices increased by +5.8% to \$1,079,500 over the quarter, following the -0.4% fall of the previous quarter.

Limited land supply in Sydney Industrial market boosting land values, supported by demand from transport, postal, warehousing and wholesale retail sectors.

Highlights

Prime office market continues to outperform secondary office, as vacancy rates of Premium office space tightened by -1.1% to 2.7%, a near record low.

Challenges for the Retail market from discretionary spending, although there is some support from urban densification, population growth and above average employment growth.

Cash Rates

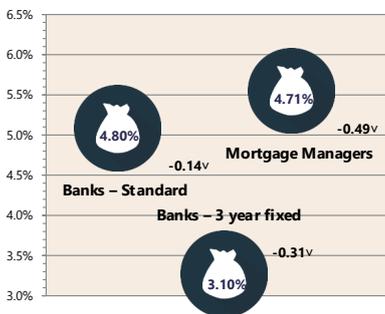
0.75% **0.75%** **1.5%**

Dec 2019 Nov 2019 Nov 2018

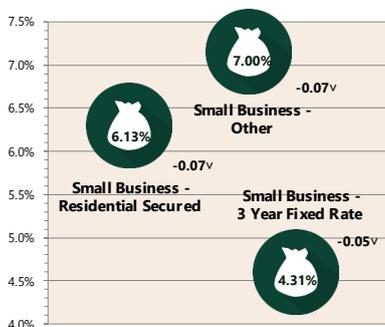
Consumer Price Index Australian All Groups*



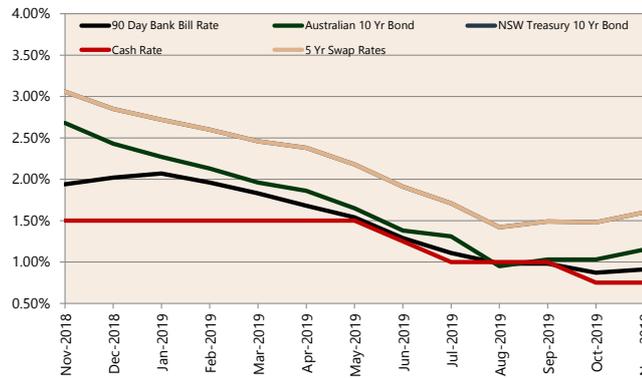
Housing Loan Lending Rates Indicator



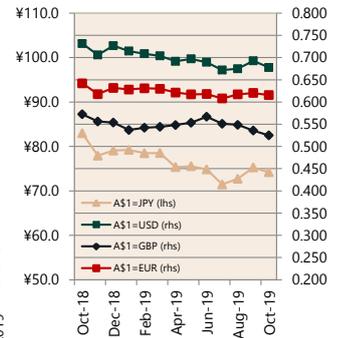
Business Loan Lending Rates Indicator



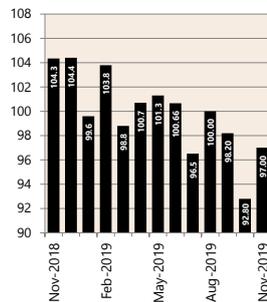
Interest Rates



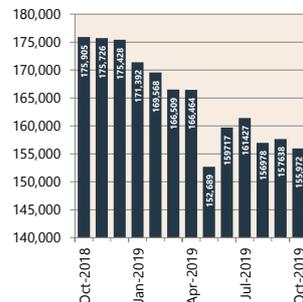
Exchange Rates (per \$A)



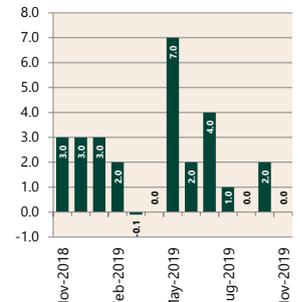
Westpac - Melbourne Institute Consumer Sentiment Index



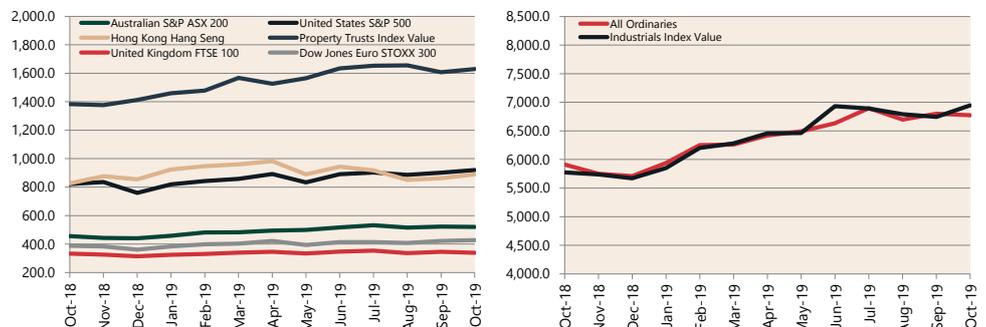
ANZ Job Series (Newspaper and Internet Job Ads)**



NAB Business Confidence Index***

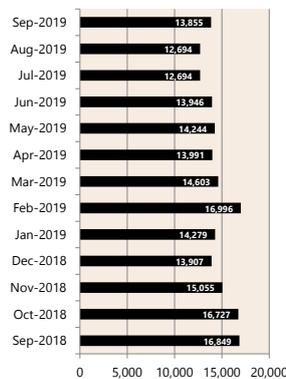


Share Prices and Indices



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 October 2019
** Based on ANZ Job Advertisement Series released 2 December 2019
*** Based on NAB Monthly Business Survey released 10 December 2019
Date of Publication figures based on those available at 13 December 2019

Office Market

Sydney CBD

Net Absorption

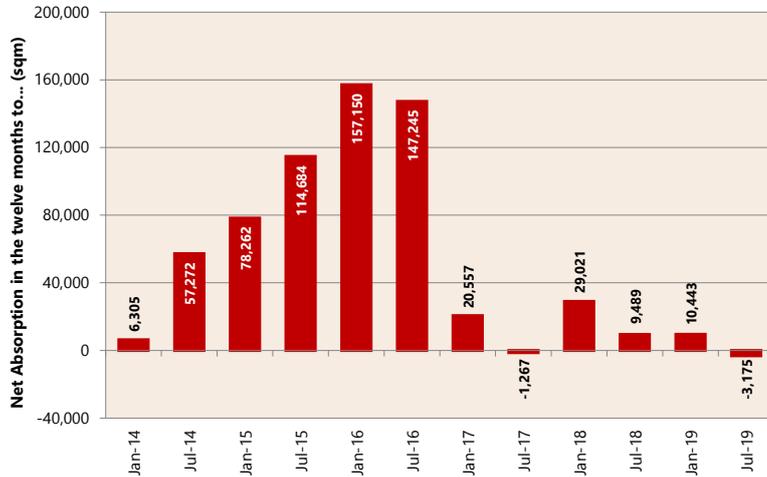


Chart 1— Sydney CBD Office Supply and Withdrawals
Source: PCA / Preston Rowe Paterson Research

The demand for prime grade office space remains positive, as Primary grade offices recorded a net absorption of 33,446 square metres year on year. This is offset by the Secondary office net absorption (-42,890 sqm) bringing the total net absorption over the past twelve months to -3,175 square metres as of July 2019.

The high net absorption of prime grade stock coincides with the concentrated demand for prime office space, with net absorption for Premium office space alone at a positive 28,360 sqm over the last 12 months.

Sydney is starting to see a move to quality in the office market, as tenant preference for prime grade space is driving the refurbishment of existing secondary stock. Consequently though, the withdrawal of secondary stock for refurbishment is also hampering leasing activity of the secondary market.

Tenant Demand & Vacancy Rates

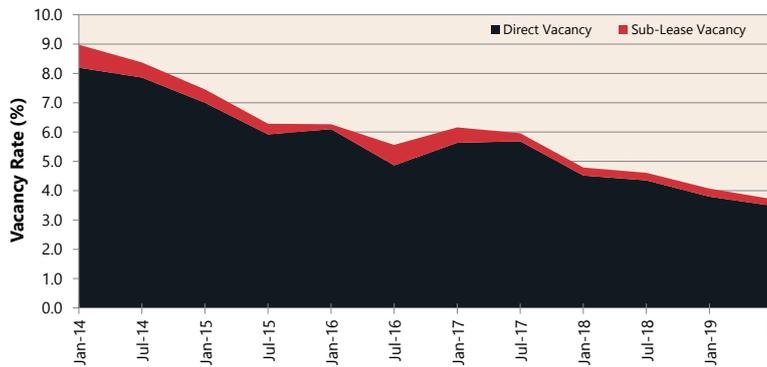


Chart 2— Sydney CBD Office Vacancy Rate
Source: PCA / Preston Rowe Paterson Research

Vacancy rates in the Sydney CBD office market declined over the six months to July 2019 by 0.4% to 3.7%. Over the same period, direct vacancy fell 0.3% to 3.5% while the sub-lease vacancy falling by 0.1% to 0.2%.

Primary offices continues to outperform secondary offices during the half year as the growing trend to quality continues in the Sydney CBD. Vacancies of Premium office space declined by -1.1% to 2.7%, a near record low. While, A and B grade space decreased -0.4% to 3.2% and 4.1%, respectively. Meanwhile, Grade C and D spaces increased 1.4% to 6.2% and 0.1% to 5.9%, respectively.

Refurbishment Sites

Project	Address	Refurbishment Type	Stage of Development	Owner	Net Lettable Area (SQM)	Completion Date
Charles Plaza Building	66 King Street	Full	Construction	PJP Properties Pty Ltd	6,487	Q4 2019
388 George Street	388 George Street	Full	Construction	Investa Property Group (50%) &	35,000	Q3 2020
Roden Cutler House	24 Campbell Street	Full	Construction	Ausgrid	14,860	Q1 2020
75 Pitt Street	75 Pitt Street	Full	Construction	Wiltshire International	2200	Q2 2020
44 Martin Place	44 Martin Place	Full	DA Approved	Gwynvill Properties	11,366	2021+
Telstra Plaza North	320 Pitt Street	Full	DA Approved	ARA Asset Management	28,8862	2021+
Nelson House	283-285 Clarence Street	Full	Construction	Ausino Properties Pty Ltd	1,878	Q4 2019
Sydney Central	477 Pitt Street	Partial	Construction	ISPT	4195	Q4 2020
Lumley House	309 Kent Street	Partial	Complete	Dexus (50%) & AMP Capital (50%)	3,192	Q2 2019
ING House	347 Kent Street	Partial	Construction	Investa Property Group	3,648	Q4 2019

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

Investment Activity

135 King Street Sydney NSW 2000



💰 \$340 million (50%)

🏠 \$20,899 per sqm lettable area

Investa has acquired a 50% stake from Stockland in an integrated retail and commercial development comprising the three level GlassHouse shopping centre and 23 levels of office space. The A-Grade building's retail component comprises approximately 5,335 sqm of gross lettable area and is tenanted by **H&M and Zara Home** with the 27,203 sqm office component counting **Brookfields, Regus and Garden Lawyers** as their major tenants. The building has recently undergone an upgrade of the services and installed a new lobby cafe. Investa has now taken full ownership of the property in the deal with Stockland. At the same time Stockland has acquired the remaining 50% share in the Piccadilly Centre from Oxford Properties for \$347 million noting that Investa Office Fund owned the asset before Oxford Properties acquired the group in December 2018.

201 Elizabeth Street, Sydney NSW 2000



Charter Hall and Abacus have teamed up to acquire an A-grade commercial building from *Dexus and Perron Group*. The property comprises 36,983 sqm of net lettable area (NLA) spread out over 34 levels of office accommodation, above a lower ground food court (12 retail tenancy areas totalling 1,428 sqm of NLA) and two levels of basement parking for 169 cars. The property is set on a 3,901 sqm site with three street frontages to Elizabeth, Park and Castlereagh Streets. The new Pitt Street metro station, anticipated to open in 2024, will be located diagonally opposite the property further improving public transport access. Approval to develop a 50-storey mixed-use hotel and residential apartment's tower was granted in 2018. The property is reported to be 99.9% occupied and benefits from average rent reviews of 3.99% per annum. Quadreal and Charter Hall's Deep Value Property Fund (DVP) partnership will acquire 68% (\$428.4 million) of the freehold, tenants in common interest and Abacus will buy the remaining 32% (\$201.6 million) as tenants in common. The transaction will occur in two tranches - the first tranche includes 75 per cent of the total price to be paid by mid-November 2019 with the remaining 25 per cent subject to a put and call option expiring at the end of October 2020.

117 Harrington Street, The Rocks NSW 2000

💰 \$21.05 million

📈 5.25% Yield

🏠 \$14,993 per sqm lettable area

Fund manager *Sumner Capital* has sold its leasehold interest in a six-level, heritage listed office building to *Terraform* on an initial 5.25% yield. The property is held through a 99-year ground lease to the *Sydney Harbour Foreshore Authority*. The building, which was refurbished in 2007 sits on a 278 sqm landholding and has a 2.5-year weighted average lease expiry. The property, which sold through an expression of interest campaign, comprises 1,404 sqm of net lettable area.

Leasing Activity

Level 7, 11-17 York Street, Sydney NSW 2000

🏠 \$895 gross psm

📅 3 Years

💰 \$916,480 p.a.

Co-working hub provider *Tank Stream Labs* has expanded its business with a 1,024sqm office sub-lease in the Wynyard Green building adjoining Wynyard Station. The 12-storey building also houses the NSW Governments 17,000sqm start up hub. The co-working provider struck the three year lease with head tenant Bridge Business College. The property is located in Sydney's CBD.

Sydney North Shore

North Sydney

Vacancy in the North Sydney office market has increased +1.1% to 7.9% as of July 2019. Due to the 'flight to quality' and recent completion of 100 Mount St, tenant relocations have left a backfill of space in the A Grade market. With net absorption for premium office space at 35,008 sqm and A Grade at -30,803 sqm year on year from July 2019. Meanwhile prime vacancy rates sit at 10.2% and secondary rates at 6.6%.

Despite the elevated stock levels, North Sydney is expected to continue to attract prime tenants. Strategically located to the Sydney CBD, with the new Sydney Metro rail project, and projected pipeline of new offices; Microsoft, SAP, Nokia and Zurich naming a few are already on-board.

Crows Nest/St Leonards

The latest Property Council of Australia's (PCA) office market review noted that Crows Nest and St Leonard's recorded a positive net absorption following six years of negative net absorption. Through the 12 months to July 2019, the Crows Nest and St Leonard office market recorded net absorption of 9,914 sqm.

Vacancy rate in the Crows Nest and St Leonards office market increased by 0.8% to 6.9%, although remains at one of it's lowest rates since the early 2000s. This is in part due to new office and expansion demand to the area, however A-Grade office stock remains tightly held and limited short-term options is hindering tenant movement or a sustained low vacancy profile.

Chatswood

The Chatswood office market has seen steady levels of demand over the past 6 months, supported by a steady flow of lease deals and lack of available leasing options. This has resulted in a net absorption of 570 sqm in the 6 months to July 2019.

Office vacancy rates measured 5.7%, down from 6.5% year on year from July 2019, driven by the positive yearly net absorption of 1,358 sqm. While prime rates tightened to 3.6% as of July 2019, down from 6.6% from 12 months prior, the lowest prime rates for Chatswood in over a decade. Meanwhile secondary rates declined over the first half of 2019 to 8.4%.

North Sydney Vacancy & Net Absorption

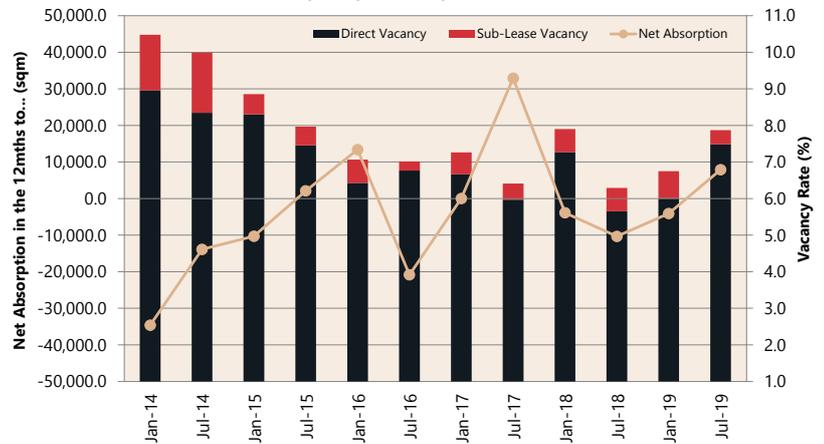


Chart 4— North Sydney Vacancy & Net Absorption
Source: PCA / Preston Rowe Paterson Research

Crows Nest / St Leonards Vacancy & Net Absorption

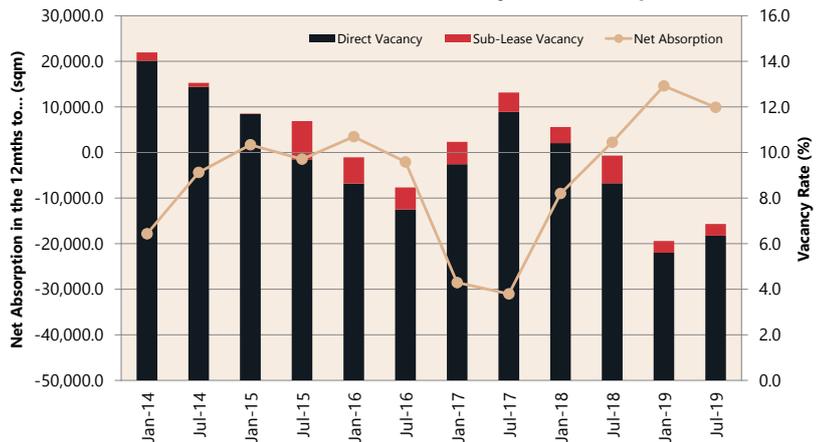


Chart 5— Crows Nest/St Leonards Vacancy & Net Absorption
Source: PCA / Preston Rowe Paterson Research

Chatswood Vacancy & Net Absorption

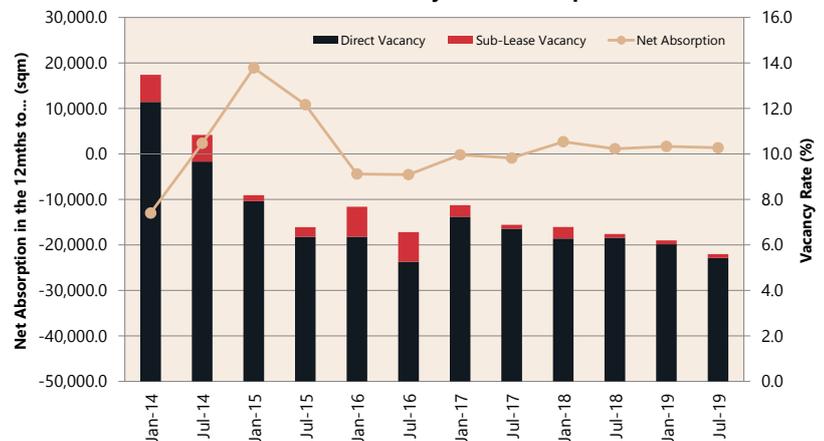


Chart 6— Chatswood Vacancy & Net Absorption
Source: PCA / Preston Rowe Paterson Research

Parramatta/Macquarie Park

Parramatta

Parramatta continues to tighten one of the lowest vacancy rates in the entire country, decreasing to 2.7% from 3.0% over the first half of the year to July 2019. Driven by strong leasing fundamentals along with an increasing tenant demand for prime office space, this has forced up pre-commitment levels to 70%, despite over 280,000 sqm of stock currently under construction.

In the 6 months to July 2019, net absorption for prime office space reached 1,421 sqm and 1,596 sqm for secondary office space. However over the next 12-18 months Parramatta is expected to absorb more than 100,000 sqm of office space off the back of NAB, the NSW Government, as well as University commitments.

Parramatta Vacancy & Net Absorption

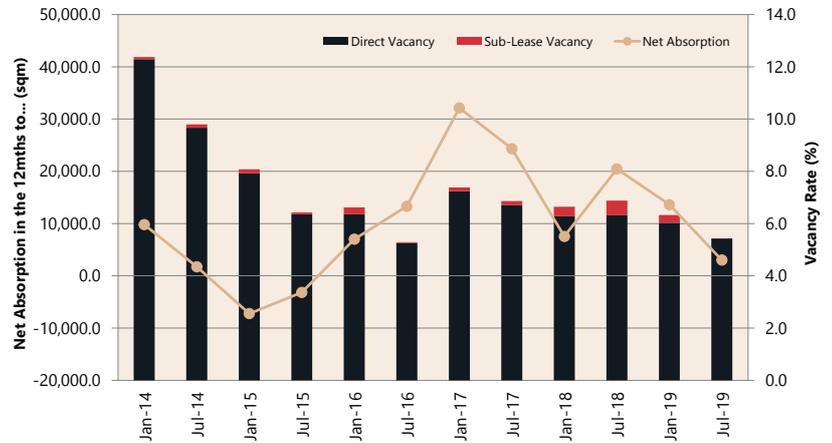


Chart 7— Parramatta Vacancy & Net Absorption
Source: PCA / Preston Rowe Paterson Research

Macquarie Park

As at July 2019, North Ryde/Macquarie Park recorded its lowest vacancy rate at 4.9%, since the PCA started recording its vacancy in 2005. Vacancy rates remain stable with new supply or withdrawals over the period. Prime vacancy rates increased slightly by 0.2% to 3.8%, while secondary vacancy rates decreased 0.4% to a decade low 8.3%.

North Ryde/Macquarie Park recorded a negative net absorption over the first half of 2019 of -168 sqm, recording an annual negative net absorption of -3,922 sqm. While the year on year figure is somewhat skewed by the withdrawal of 112 Talavera Rd (10,000sqm), the remaining figure can be credited by a number of tenants opting to renew or consolidate as tenants seek greater efficiency.

Macquarie Park Vacancy & Net Absorption

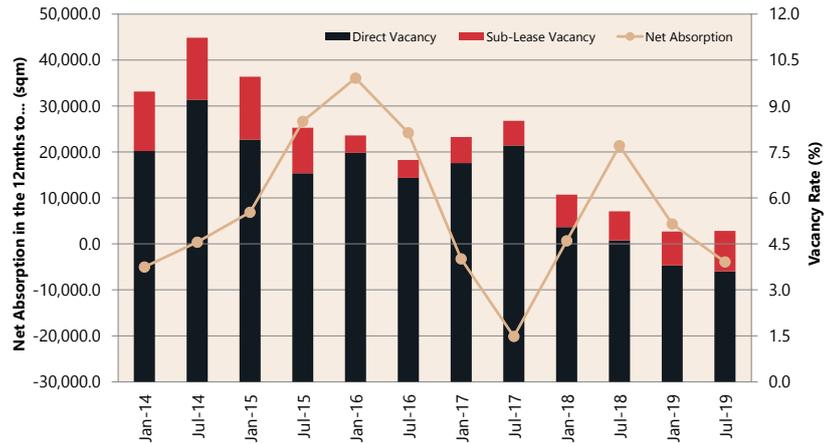


Chart 8— North Ryde/Macquarie Park Vacancy & Net Absorption
Source: PCA / Preston Rowe Paterson Research



Retail Market

While there are challenges for the traditional retail market from discretionary spending and e-commerce, Sydney's retail market particularly is being supported by urban densification, population growth and above average employment growth. The NSW retail turnover increased by +0.26% over the month to September 2019, reflecting a year on year increase of 1.222%. Over the year, the Clothing, footwear and personal accessories category performed best, with its turnover increasing by 3.82% to \$798.4 million. This is followed by the Other retailing and Department stores category, increasing by 1.61% over the year to \$1,196.9 million and 1.48% to \$798.4 million, respectively. Additionally, both Food retailing and Café & restaurants category increased 1.20% to \$3,443.5 million and \$1,364.4 million, respectively. On the contrary, the Household goods category continues to underperform with a declining year on year retail turnover of -0.35%.

NSW Year on Year Retail Turnover by Sector

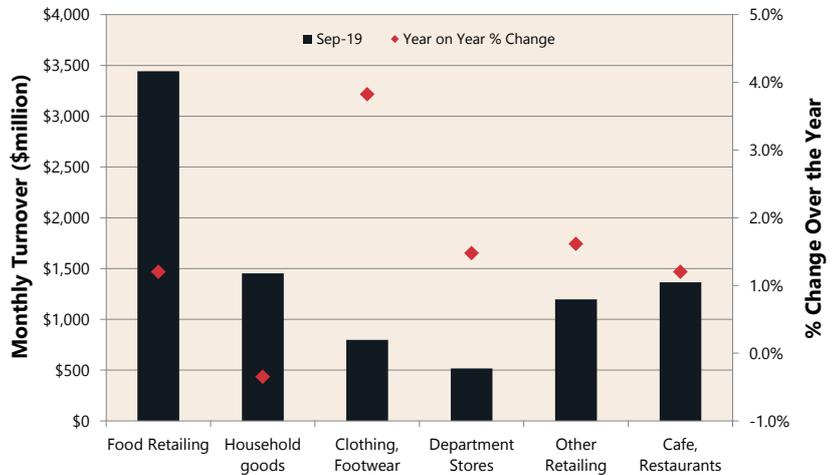


Chart 10— NSW Year on Year Retail Turnover by Sector
Source: ABS / Preston Rowe Paterson Research

Investment Activity

**472-478 Pacific Highway,
St Leonards NSW 2065**



\$11.405 million

\$9,917 per sqm lettable area

Mirvac has sold 1,150 sqm of strata retail space within its new St Leonards square project in Sydney's lower north shore. A wealthy lower north shore investor snapped up the space, which is leased to **Virgin Active** for a period of 10 years. The property sold through expressions of interest campaign and benefits from its proximity to the future Crows Nest metro station. St Leonards is located 5 km north-west of the Sydney CBD.

**55 Norton Street,
Leichhardt NSW 2040**

\$153.2 million

5.5% Yield

\$12,983 per sqm lettable area

GPT Group has sold the Norton Plaza in Sydney's inner west to a domestic private investor. The neighbourhood shopping centre comprises 11,800 sqm of lettable area and is anchored by **Coles, Harris Farm** and 50 other retailers. The property sold on a capitalisation rate of 5.5%, which was above the assets book value. The move to divest the mall is part of the group's broader strategy to refocus its portfolio on super regional malls as well as boost its investment in the logistics sector. This sale represents the market sentiment amongst many other shopping centre landlords who are looking to offload chunks of their portfolios to further diversify in to other sectors of the property market. Leichhardt is located approximately 5 km west of the Sydney CBD.

Online Retail

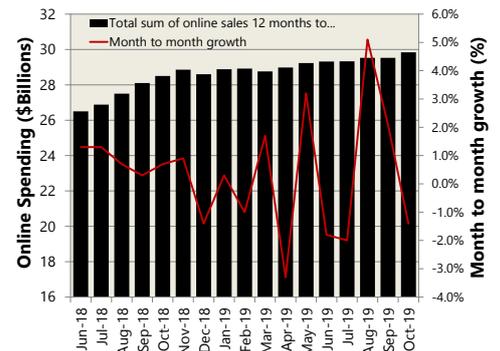


Chart 11— Online Retail Sales Index
Source: NAB / Preston Rowe Paterson Research

The NAB Online Retail Sales Index increased by 2.10% over the month to September 2019, down from a 5.10% increase in August. Year on year, the index grew by 7.30%. NAB indicated that \$29.53 billion was spent over the last twelve months, equivalent to approximately 9.1% of spending at traditional retailers (August 2019, ABS).

NAB noted that for all online retail categories except Fashion, data shows sales grew on a month-to-month basis to September 2019. The largest sales category bring homewares and appliances, contributing 1.5% mom.

Metro areas continue to grow strongly (2.2% mom), relative to regional areas which although rebounded in August, has contracted in September (-0.5% mom).

Industrial Market

Strong up-take continues to boost developers confidence and demand for speculative projects in the Sydney industrial market. With 33,783sqm of stock currently on the market, a further 220,000 sqm is under construction or earmarked for development over the next 12 months. While limited land supply continues to support solid increases in land value, supported by demand from transport, postal, warehousing and wholesale retail sectors.

Investment Activity

35-37 Fitzpatrick Street, Revesby NSW 2212



\$6.85 million

\$2,330 per sqm lettable area

Bakery and patisserie *VSE International* has acquired a 4,000 sqm industrial site improved with a 2,940 sqm warehouse. VSE will fit out the property as a full line bakery along with using it as their head office. The property has high bay warehousing with access via two container doors. Revesby is located 22 km south-west of the Sydney CBD.

230 Captain Cook Drive, Kurnell NSW 2231



\$36 million

5.83% yield

\$2,256 per sqm lettable area

Fund manager *EG* has snapped up a two level commercial building and industrial warehouse in an off-market sale and leaseback deal with *Dicker Data*. The 15,955 sqm facility has been acquired on a two year leaseback generating \$2.1 million in net passing income. Kurnell is located 21.4 km south of the Sydney CBD.

Leasing Activity

5 Stanton Road, Seven Hills NSW 2147

\$135 gross per sqm lettable area

5 Years

\$196,425 p.a.

Clothing manufacturer *Samsousan Design* has secured the lease of a 1,455 sqm office/warehouse unit on a five year lease. The unit features clear span warehouse, office accommodation, roller shutter door access, 3 phase power and ample parking and manoeuvrability for trucks. Seven Hills is located 27 km west of the Sydney CBD.

29C Davis Road, Wetherill Park NSW 2164

\$115 net per sqm lettable area

10 Years

\$488,635 p.a.

Australian Prime Property Fund Industrial, a property trust managed by Lendlease has signed up document destruction company *Shred-X* as a tenant at its office/warehouse facility. The two parties agreed to a 10 year lease deal with options over the 4,249 sqm property. Wetherill Park is located 34 km west of the Sydney CBD.



Residential Market

Building Approvals

Approvals have fallen heavily over the past year, indicating the nation's residential construction boom is now past its cyclical peak. The total building approvals in Greater Sydney fell by -6.54% over the month to September 2019, to 2,472 approvals. This figure coincides with a decrease of -6.47% over the quarter and reflecting a -34.38% year on year decline. Approvals for dwelling units declined -5.08% (to 1,382 approvals) in the month to September 2019 while approvals for houses declined by -8.33% (to 1,090 approvals) over the same period. Nonetheless, year on year, both approvals for houses and units declined by -37.30% and -30.26% respectively.

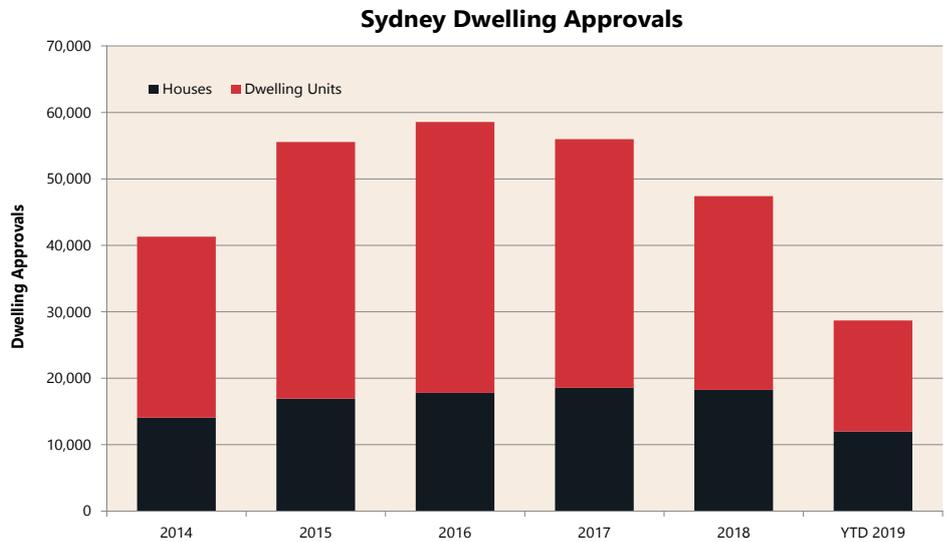


Chart 12— Sydney Dwelling Approvals
Source: ABS / Preston Rowe Paterson Research

Greater Sydney

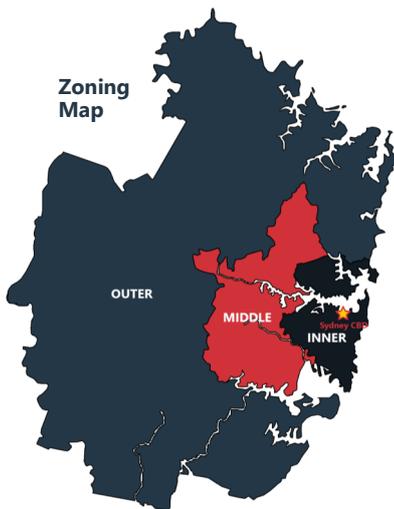


Chart 13— Greater Sydney Residential Zoning Map
Source: Preston Rowe Paterson Research

Market Affordability

The median house price in Sydney appear to have entered a turning point through the September quarter 2019 as noted by REIA's real estate market facts. Sydney's overall median house prices increased by 5.8% to \$1,079,500 over the quarter, following the -0.4% fall over the June 2019 quarter. The year on year figures shows however, that Sydney's median house prices are still down -1.6% over the year to September 2019, indicating the market could be in its beginning stages of recovery since the market started its correction in late 2017.

All three zones of Greater Sydney saw median house prices rise by 2.8%, 4.8% and 1.4% for Inner, Middle and Outer Sydney to \$1,850,000, \$1,210,000 and \$748,000 respectively.

Units in Greater Sydney saw a similar trend except for Outer Sydney units, collectively increasing 2.6% to \$694,800 over the September 2019 quarter, while still down -5.0% the same time 12 months ago. Inner and Middle Sydney increased through the quarter by 3.5% to \$890,000 and 1.5% to \$665,000 respectively. While on the other hand, Outer Sydney declined marginally by -0.8% to \$600,000.

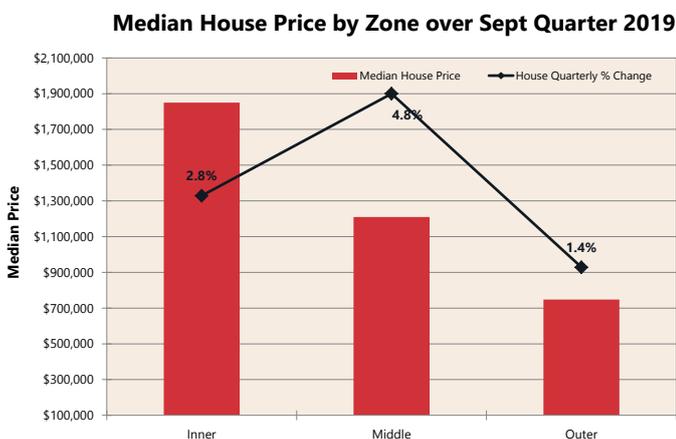


Chart 14— Greater Sydney Median House Price
Source: REIA / Preston Rowe Paterson Research

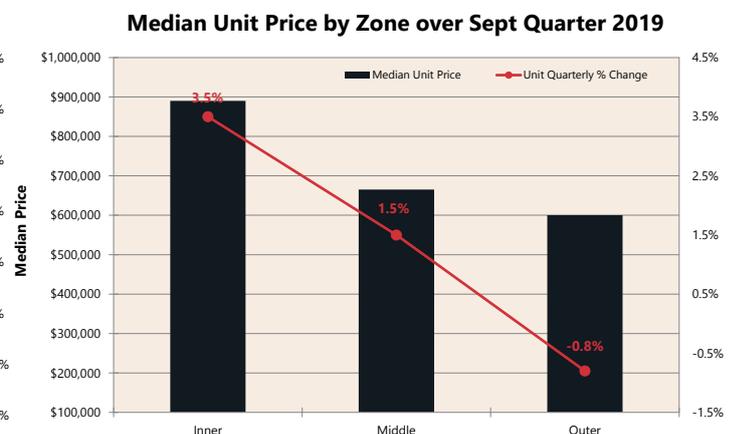


Chart 15— Greater Sydney Median Unit Price
Source: ABS / Preston Rowe Paterson Research

Rental Market

Over the September 2019 quarter, the median rent price for houses in Sydney overall mostly declined. 3 bedroom house weekly rents in Inner, and Middle Sydney declined -5.2% and -2.5% to \$900 and \$580 respectively. While, Outer Sydney remained at \$450 weekly. On the same trend, 2 bedroom house weekly rents in Inner, Middle and Outer Sydney declined -2.8%, -4.2% and -1.3% to \$700, \$460 and \$370 respectively..

Weekly rents for units in Greater Sydney also seen mostly declines over the quarter to September 2019. 1 bedroom unit weekly rents for Inner Sydney declined -2.8% to \$525, while Middle and Outer Sydney Unit rents remained at \$460 and \$400 respectively.

2 bedroom units for Inner, Middle and Outer Sydney also saw overall declines of -2.2%, -1.0% and -2.3% to \$675, \$495 and \$430 respectively

Vacancy Rates

The overall residential vacancy rate in Sydney tightened by -0.7% to 2.9% over the month and -0.5% over the quarter September 2019. The vacancy of all zones in Sydney declined over the quarter. The steepest decline was seen in Outer areas of Sydney with quarterly decrease of -0.8% to 2.7% vacancy, followed by Middle Sydney (-0.4% to 3.0%) and Inner Sydney (-0.3% to 3.1%). Moreover recent vacancy figures indicate rates have rebounded in October to 3.6% across the Sydney region.

Regional New South Wales

Newcastle

In Newcastle, the median house price declined by -2.5% over the quarter to September 2019 and -5.6% year on year. There were 670 house sales recorded over the quarter, with median prices of the lower quartile at \$482,000 and the upper quartile at \$735,000. Similarly, the median price for units in Newcastle also recorded a negative -0.9% quarterly change and -4.5% annual change. There were 157 unit sales recorded through the quarter with median prices of the lower quartile at \$430,000 and the upper quartile at \$670,000.

Rents in Newcastle had a mixed performance over the September 2019 quarter, with 3 bedroom house rents recording a decrease of -1.1% to \$450 weekly, while 2 bedroom houses remained the same at \$390 weekly. On the other hand, rents for 1 bedroom units had a significant increase of 10.5% to \$315 weekly, followed by 2 bedroom units at 1.3% to \$400.

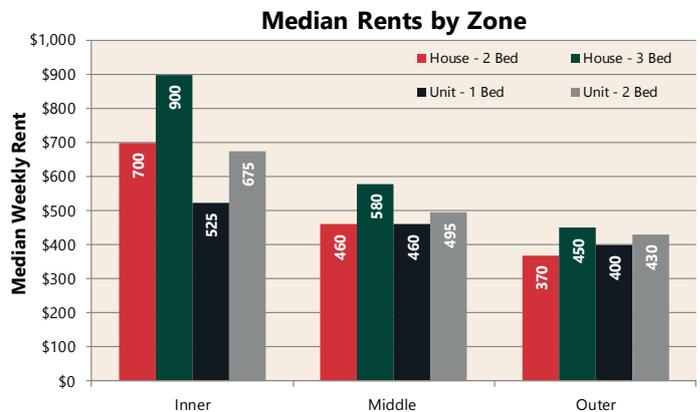


Chart 16— Greater Sydney Median Rents by Zone
Source: REIA / Preston Rowe Paterson Research

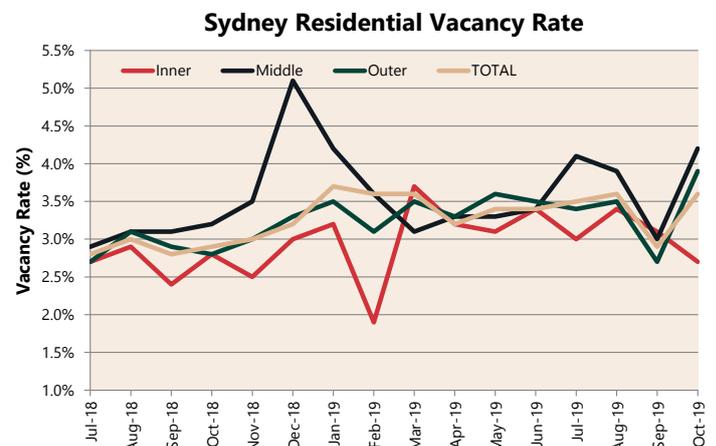


Chart 17— Greater Sydney Residential Vacancy Rate
Source: REINSW / Preston Rowe Paterson Research

Wollongong

Over the September quarter, Wollongong's median house prices remained the same at \$675,000, although still down -7.5% annually. Meanwhile, median unit prices declined -6.6% over the quarter, contributing to a -8.2% decline year on year.

There were 670 transacted house sales recorded by the REIA over the quarter, with the median sale price of the lower quartile at \$550,000 and the upper quartile at \$849,000. At the same time, there were 187 unit sales recorded over the quarter, with the median sale price of the lower quartile at \$406,000 and the upper quartile at \$725,000.

The median weekly rent for houses in Wollongong shows both 2 and 3 bedrooms have remained the same year on year, while 3 bedrooms rents have reduced -1.0% over the quarter to \$490, and 2 bedroom house rents have remained at \$400. As for units in Wollongong, the median weekly rent for 1 bedroom units decreased by -1.7% to \$290 and 2 bedroom units remained the same at \$375 weekly.

Residential Developments

102-106 Dunning Avenue, Rosebery NSW 2018



- \$31.8 million
- 2.75% initial Yield
- \$3,213 per sqm FSRA

Local investor LH & JC Investments has purchased an existing warehouse property erected on a near level corner site of approximately 4,948 sqm, which is in the final stages of re-zoning. Current development constraints include a maximum permissible FSR of 2.0:1 or 9,896 sqm FSRA. The property has been sold with a passing income of approximately \$873,919 p.a. net showing a holding return of 2.75%. It is reported that the purchaser proposes a mixed use development based on 120 units, including a mix of affordable housing and retail and commercial spaces based on a GFA of approximately 10,886 sqm. Rosebery is located 6 km south of the Sydney CBD.

37 Gerrale Street, Cronulla NSW 2230



- \$38.2 million
- 1.8% Gross Yield
- \$7,293 per sqm FSRA

Two blocks of flats standing on a 1,746 sqm site zoned B3 Commercial Core has been snapped up by *Pitt Street Real Estate Partners*. The two three storey circa 1950's red brick flats comprise 30 two bedroom apartments, which all sold one line. The rectangular block has three street frontages to Gerrale Street, Surf Road and Surf Land. At the time of sale the units were generating a holding income of more than \$700,000 gross per annum with the prospect of further development potential under the current restrictions of a floor space ratio of 3:1 and a maximum building height of 30 metres. Cronulla is located approximately 26 km south of the Sydney CBD.

Luxury Residential

7 Cobar Street, Willoughby NSW 2068

- \$4.01 million
- \$5,761 psm site area

A local family has snapped up a five bedroom and four bathroom dwelling in Sydney's lower north shore as Sydney's clearance rates hit a two year high. The two level home stands on a 696 sqm site and comprises a double attached garage, caesarstone kitchen and ducted air conditioning throughout. Willoughby is located approximately 6 km north of the Sydney CBD.

Specialised Properties

95 Elizabeth Drive, Liverpool NSW 2170

- \$5.75 million
- 3.8% Yield
- \$24,059 per sqm lettable area
- Service Station

A portfolio of 15 7-Eleven fuel and retail convenience centres has been sold by *Russell Withers* at auctions held by Burgess Rawson in Sydney and Melbourne. The portfolio sold with a 100% clearance rate totalling \$70 million in sales. The 243 sqm property standing on a 4,234 sqm corner site included 993 sqm of vacant land for potential development. 7-Eleven have signed a brand new 12 year lease plus options to 2031 with fixed annual 3% increases. The property comprises 11 on-site car spaces and four bowlers. Liverpool is located approximately 27 km south west of the Sydney CBD.



Hotels & Leisure Market

75 Wentworth Avenue, Sydney NSW 2485



\$55 million (Approx.)

\$450,121 per room

The Veriu Central Hotel on the corner of Wentworth Avenue and Elizabeth Street in Chinatown has exchanged hands in a deal worth approximately \$55 million dollars. The property transacted through a sale and leaseback deal involving Tyche Capital and hotel operator Veriu. Veriu will funnel the proceeds of the sale in to development projects in Sydney and Melbourne. The Veriu Group operates 18 hotels across the eastern seaboard, with six new hotels due to open in the next two years. The hotel comprises 112 rooms, which have been refurbished in recent years. The 855sqm site also offer potential for additional floor space to the hotel as the existing footprint sits below the permissible planning guidelines in regards to the floor space ration and building height.

156 Wharf Street, Tweed Heads NSW 2485



\$10 million (Approx.)

\$1,133 psm lettable area

Hotelier Brendan Lawless has sold the Ivory Tavern in the NSW-Queensland border town of Tweed Heads for around \$10 million. The waterside property comprises a single bar, bistro, function space, gaming room and a marina with 32 berths. The property raked in on average \$73,000 per week throughout 2018. Tweed Heads is located approximately 25 km south of Surfers Paradise.

86-88 Walker Street, North Sydney NSW 2060



\$202 million

\$801,587 per room

Singapore based serviced apartment giant *The Ascott Limited* and Middle East sovereign wealth fund the *Qatar Investment Authority* have struck a deal to buy a 252 room hotel from developers *Billbergia* in what will become North Sydney's tallest tower. The rooms will be spread out across 16 levels and will occupy the lower part of the 48 storey mixed use tower. The new hotel is due to be completed in 2021. Once completed, the **Citadines Hotel** will offer 252 rooms, a restaurant, rooftop bar, meeting rooms, business centre, executive lounge, gymnasium and end of trip facilities. North Sydney is located approximately 3km north of the Sydney CBD.

Property Funds & Capital Raisings

Charter Hall Prime Industrial Fund

\$725 million—Capital Raise



The *Charter Hall Prime Industrial Fund (CPIF)* has raised \$725 million worth of capital as they sought to reduce their exposure to retail property and put more money in to the industrial sector and more specifically e-commerce facilities. Logistic hungry domestic institutions and local investors who for the most part are underweight on logistics compared to their overseas counterparts provided a majority of the capital. The oversubscribed raise tipped the wholesale fund from a 60-40 weighting to offshore investors into a 50-50 split. The fund over the past three years to September 30 has made total annualised returns of 10.1%, which gives the \$3.9 billion fund with a target gearing of 30% the capacity to grow more than \$5 billion in size. In financial 2019, CPIF had a weighted average lease expiry of 10 years with 85% of the portfolio on a value basis located in Sydney, Melbourne and Brisbane. The existing land holdings also have the capacity to develop more than 650,000 sqm of new core logistics facilities with a \$1.5 billion value on completion. Demand for prime industrial properties continues to be driven by companies seeking supply chain efficiencies through new automated facilities, record infrastructure spending and the continued growth of the e-commerce.



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
- Property syndication managers
- Real Estate Investment Trusts (REITS)
- Rural landholders
- Solicitors & barristers
- Sovereign wealth funds
- Stockbrokers
- 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:

- Mining & earth moving equipment/road plant
- 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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Associated office networks throughout:

China via China Appraisal
<http://www.appraisalchina.com/>

Japan via Daiwa Realty Appraisal
<http://daiwakantei.co.jp/eng/about>

Thailand via Capital and Co.
<http://www.cpmcapital.co.th/>

Philippines via Cuervo Appraisal Incorporated
<http://cuervoappraisers.com.ph/>





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