Preston Rowe Paterson

International Property Consultants and Valuers

IN THIS ISSUE

Sales and Leases

Commercial	4
Retail	5
Industrial	6
Residential	6
Residential Development	7
Rural	8
Specialised Properties	8

Transactions in Review

Jan 2019

ABOUT THIS REPORT

Preston Rowe Paterson prepare research reports covering the main markets within which we operate in each of our capital cities and major regional locations.

This report summarises major transactions within these markets whilst adding transactional analysis to provide greater market insight.

The markets covered in this research report include the commercial office market, industrial market, retail market, specialized property market, hotel and leisure market, residential market and significant property fund activities.

We regularly undertake valuations of commercial, retail, industrial, hotel and leisure, residential and special purpose properties for many varied reasons, as set out later herein.

We also provide property management services, asset and facilities management services for commercial, retail, industrial property as well as plant and machinery valuation.

Sales Transaction

Rental Transaction

HIGHLIGHTS

Western Australian Retail

Woolworths has sold a shopping mall in Geraldton, regional Western Australia for $14.8 million. The property was sold on a 7.25% passing yield and a rate of $3,140 psm of lettable area.

Sydney Commercial

Charter Hall through three of their wholesale office and direct office funds have acquired two freehold office towers for $804 million.

Melbourne Residential Development

Poly Australia has acquired a mixed use development site in Melbourne's east for $26 million.

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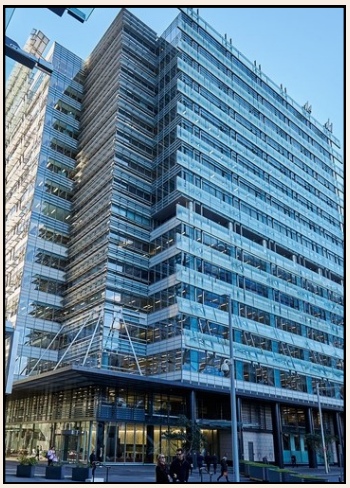
Commercial

10 & 12 Shelley Street, Sydney NSW 2000



$804 million (combined price)

$19,143 per sqm lettable area

Commercial property fund manager Charter Hall has purchased two neighbouring office buildings in the CBD. The two towers are leased to Suncorp and American Express and are the only two freehold office properties in the precinct. Combined the properties contain 42,000 sqm in net lettable area and have a weighted average lease expiry of 9.5 years. Canadian asset manager *Brookfield* sold the property with a blended yield estimated to be about 4.5%. The two A Grade properties are located right next to the new Barangaroo precinct, the ferry terminal and the new entrance to Wynyard Station. Charter Hall acquired the two properties in a partnership structure involving three of their wholesale office and direct office investment funds. 10 Shelley Street was acquired by both the *Charter Hall Prime Office Fund (CPOF) and the Charter Hall Direct Office Fund.* Whilst 12 Shelley Street was purchased by the *CPOF and the Charter Hall Direct Office Fund*.
(AFR 17.01.19)

368 Crown Street, Surry Hills NSW 2010

$110,000 gross p.a

2 Years

$733 per sqm lettable area p.a

Private company *The Department* has secured the lease for a commercial terrace on the cities fringe. This will become the company's third office as they came to an agreement with landlord *Um & Li* for a two year lease. The 150 sqm two level property features a courtyard at the rear and storage facilities on site. Surry Hills is located 1km south east of the Sydney CBD.
(AFR 29.01.19)

438 Queen Street, Melbourne VIC 3000

$25.9 million

2.3% Yield

$35,380 per sqm site area

Chinese backed developer *Longriver* has purchased a mixed use freehold site in Melbourne's CBD. The property, which sits on a 760 sqm corner allotment, comprises a mix of retail, office and residential accommodation. The site known as the 'Queens Collection' comprises two mixed use commercial buildings, one is six storeys and the other is four storeys. Combined, both buildings offer 2,728 sqm of net lettable area. Lawyer *Alex Lewenber and his family* sold the site with an opportunity for a mixed use development. The property is located within the Melbourne CBD.
(AFR 10.01.19)

19-37 Greek Street, Glebe NSW 2037

$43 million

$12,286 per sqm lettable area

Phillip Wolanski's diversified property group *Denwol* has sold a commercial building in Sydney's inner west, more than double what the group bought it for back in 2016. The 3,500 sqm heritage office building located at the rear of the Broadway shopping centre was the former headquarters for the Church of Scientology. The property which has recently undergone significant refurbishment was acquired by union group *United Voice,* who will consolidate both its New South Wales and national branch offices in to the mezzanine and first levels of the building whilst leasing out the top two floors. The property which sits on a 1,190sqm site will include hardwood flooring, high cathedral ceilings and exposed brick work. Glebe is located 3 km south-east of Sydney's CBD.
(AFR 31.0.1.19)

153 Hutt Street, Adelaide SA 5000

$49,050 gross p.a

2 Years + options

$327 per sqm lettable area p.a

InHome Care SA has leased the ground floor of an office building in the Adelaide's CBD. The hone care services business will use the 101 sqm of office space as an office and training centre. The landlord, *Price Investment Superannuation Fund* agreed to lease out the ground floor space for a two year term.
(AFR 29.01.19)

Retail

2 & 6 – 16 Kable Street, Windsor NSW 2756

$22.6 million

6.67% Yield

$4,243 per sqm lettable area

Sydney based *Holdmark Property Group*, led by Sarkis Nassif has bought Windsor Marketplace in Sydney's north-west. The Sydney neighbourhood centre is anchored by **Woolworths, BWS and My Health Medical Centre**. Woolworths are under lease until 2033 with four ten year options, which contributes to the properties weighted average lease expiry of 11.4 years. ASX listed fund manager *Centuria Capital* sold the centre after it was completely redeveloped back in 2009. The 5,326 sqm shopping centre produces a **fully leased net income of $1,508,172 per annum**. and provides 162 car spaces on site. Windsor is located 53 km north-west of the Sydney CBD. (AFR 23.01.19)

28 Murradoc Road, Drysdale VIC 3222

$23.5 million

5.36% Yield

$6,225 per sqm lettable area

Coles has sold a newly built supermarket and liquor outlet to investment firm *Temax Nominees* in a sale and leaseback deal. The property which sits on a one hectare site features a **Liquorland**, a **Coles** supermarket and 168 on site car spaces. Coles have recently renewed their lease for another 15 years. The 3,775 sqm property produces a current net income of $1,260,000 per annum. The deal is one of many sale and lease backs' by both Coles and Woolworths as they look to re-invest funds into the development of automated distribution centres. Drysdale is located 20 km west of Geelong.
(AFR 31.01.19)

75 Barrett Drive, Wandina WA 6530

$14.8 million

7.25% passing yield

$3,140 per sqm lettable area

Woolworths has sold a shopping mall in Geraldton, regional Western Australia. The Seacrest Shopping Centre was acquired by fund manager *MPG* and offers 4,713 sqm of retail space, which is anchored by Woolworths along with seven other retail tenancies and a medical centre. The sale is part of a divestment of retail assets by **Woolworths** as they look to take advantage of strong investor appetite for non-discretionary retail property and reinvest the proceeds into enhancing their consumer offering. The property which opened in August 2017 has a weighted lease expiry of just over nine years and is located 4 km south of Geraldton CBD.
(AFR 03.01.19)

Ground Floor, 199 William St, Melbourne VIC 3000

$5.05 million

4.72% Yield

$13,686 per sqm lettable area

Melbourne based developer *Hengyi* had sold a ground floor gym in Melbourne's CBD at auction. The 369 sqm property was snapped up by a foreign investor. The property is currently operating as a gym with a 10 year lease to **Absolute Health & Performance** returning $225,000 with fixed 3.5% annual increases. The property benefits from a 14m street frontage.
(AFR 31.01.19)

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Industrial

13 Ferndell Street, South Granville NSW

$24.2 million

6.2% Passing Yield

$2,893 per sqm lettable area

The Centuria Metropolitan REIT has sold its last industrial asset in the portfolio as it becomes purely an office trust. The 15,302 sqm industrial facility in western Sydney sits on a 2.67 hectare site and is currently tenanted by ASX-listed **Bluescope Steel** with the lease expiring in 2020. It was reported that the property produces a **net rent of around $1.5 million per annum**, which equates to a **yield of about 6.2%.** The acquisition of the property by specialist industrial property investment firm *Pipeclay Lawson* will now manage seven industrial properties in south-east Queensland and Sydney on behalf of wholesale and sophisticated investors. South Granville is located 23 km west of Sydney's CBD.
(AFR 08.01.19)

3 St James Place, Seven Hills NSW 2147

$63,500 net p.a

2 Years

$127 per sqm lettable area p.a

Online Pipe has relocated to an office/warehouse property in Sydney's north-west. The pipe and cable locating business will lease the 499sqm property for two years with options. The property, which sits on a 1,653 sqm block, has a container sized roller shutter door with a 6.5 metre clearance and dual access to the property via two driveways. The office component of the property is carpeted and benefits from air-conditioning. Seven Hills is located 29.3 km north -west of the Sydney CBD.
(AFR 29.01.19)

Residential

86b Victoria Street, Bellevue Hill NSW 2023

$18.6 million

$11,273 per sqm lettable area

Former Seafolly chief executive *Anthony Halas* has sold his family home in Bellevue Hill for **$18.6 million,** which is just shy of the $20 million asking price. The deal comes after his purchase of a waterfront home in Watsons Bay at the end of last year for $15 million. The property underwent renovation in 2018 and won the 2018 Excellence in Housing Award from the Masters Builders Association of NSW. The two storeys home sits on 1,650 sqm of land which comprises five bedrooms, five bathrooms, five car spaces, an in-ground pool and full size tennis court was bought by News Corp Australasia executive chairman *Michael Miller*. Bellevue Hill is located 5.8 km east of the CBD.
(AFR 08.01.19)

Residential Developments

14-26 Wattle Street, Pyrmont NSW 2009

More than $200 million

$16,666 per sqm site area

Landream has snapped up the former 1.2 hectare *City of Sydney* council depot site in Pyrmont. The acquisition of the property is in line with the developer's strategy to pick high quality locations for development. The site which sits across the road from Wentworth Park will feature a 91 place childcare centre and a two court indoor recreational centre for public space and amenities which was under the vendor's provisions of sale. The development will mainly feature apartments, although the number of units has not been finalised yet there has been 48,000 sqm of floor space designated to the site. The site benefits from its proximity to the soon to be redeveloped fish markets, two universities and Chinatown.
(AFR 24.01.19)

11-13 Edgerton Street, Southport QLD 4215

$2.36million

$236,000 per townhouse

Property developers *Metricon* have bought a development approved site in Southport. The property sold with approval for the construction of 10 luxury townhouses. The infill site sold through expressions of interest campaign. Southport is located 73 km south of Brisbane.
(AFR 31.01.19)

171 Buckingham Street, Richmond VIC 3121

$26 million

$179,310 per unit

Poly Australia, which is the subsidiary of one of China's biggest developers, China Poly Group, has acquired a mixed use development site in Melbourne's east The 4,900 sqm development site has approval for four buildings ranging from three to seven levels to accommodate 145 apartments and townhouses, along with 200 sqm of retail space and public garden space. Construction on the project is expected to begin in June. The purchase compliments the acquisition by the group of a townhouse development in Richmond back in 2016. The developers acquired the site from event hire company *Harry the Hirer.* Richmond is located 3 km east of Melbourne's CBD.
(AFR 29.01.19)

Carrington Road, Castle Hill NSW 2154

$40 million

$133,333 per unit

Ecospective Property has acquired a 9,634 sqm site in in Sydney's north-west growth corridor. The site, which is an amalgamation of 11 properties along Carrington Road, will comprise of around 300 apartments spread out across several mid-rise buildings. The apartments will be right next to the Showground station along the new Sydney Metro line linking the CBD to the north west of Sydney. The deal was completed at a rate of $4,152 psm of site area. Rouse Hill is located 41.2km north west of Sydney's CBD.
(AFR 29.01.19)

Rural

**Juanbung and Boyong Stations,
Oxley NSW 2711**

Around $60 million

$1,714 per hectare

Melbourne businessman *Tim Roberts-Thomson* and his family have sold Juanbung and Boyong Stations in an off market deal . The stations were one of three enterprises under Mr Roberts-Thomson's TRT Pastoral Group which also include Howquadale Station in North East Victoria and five individual holdings located in King Island, Tasmania. Juanbung and Boyong Stations comprise 35,000 hectares of land in southern Riverina, with a 55 km southern boundary frontage to the Murrumbidgee River and the ability to stock 4000-10,000 head of cattle annually. In addition to the cattle operation the property also runs a dry firewood processing plant. The property is located 65 km due west of Hay in the southern part of the Riverina.
(AFR 14.01.19)

Specialised Properties

**20 Ford Road,
Rochedale QLD 4123**

$10.8 million

$236,000 per townhouse

Private aged care and retirement operator *Tricare* has purchased a 4.069 hectare site. The area has seen continued investment and growth in the suburb with the construction of housing estates and a Coles anchored town centre. A local family sold the property after 27 years of ownership. Rochedale is located 17 km south-east of the Brisbane CBD.
(AFR 31.01.19)

Preston Rowe Paterson

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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