



**Preston**  
*Rowe*  
**Paterson**

®  
International Property Consultants

# Property Market Report

## New South Wales

### ABOUT THIS REPORT

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

The markets covered in this research report include the commercial office market, industrial market, retail market, hotel and leisure market and residential market as well as economic factors impacting on the real estate markets within we operate.

We regularly undertake valuations of commercial, retail, industrial, hotel and leisure, residential and special purpose properties for many varied reasons, as set out later herein. We also provide property management services, asset and facilities management services for commercial, retail, industrial property as well as plant and machinery valuation.

To compile the research report we have considered the most recently available statistics from known sources. Given the manner in which statistics are compiled and published they are usually 3-6 months out of date at the time we analyse them. Where possible we consider short term movement in the statistics by looking at daily published data in the financial press. Where this shows notable fluctuation, when compared to the formal published numbers we have commented accordingly.

### March Quarter 2016

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## COMMERCIAL OFFICE MARKET

### Sydney CBD



#### Investment Activity

Preston Rowe Paterson Research recorded the following major sales transactions that occurred in the Sydney CBD office market during the three months to March 2016;

##### **179 Elizabeth Street, Sydney NSW 2000**

Markham has paid **\$148.8 million** to LaSalle Investment Management for an office building. The A-grade office building has significant development potential and was sold on a **yield of around 7%**. The 15,001 sqm of net lettable property has a WALE of more than four years and parking for 107 vehicles. The sale reflected a rate of \$9,919.35 psm.



##### **77 King Street, Sydney NSW 2000**

Invesco has acquired an 18-floor office tower from Keppel REIT for **\$160 million**. The 12,659 sqm property underwent a full refurbishment in 2008 and now has a 4.5-star NABERS Energy rating. The sale did not include the two-level retail strata section of the building that comprises the Apple store. The sale reflected a rate of \$12,639.25 psm.

##### **55 King Street, Sydney NSW 2000**

LaSalle Investment Management has sold a 12,400 sqm commercial building to Charter Hall's Core Plus Office Fund for **\$78.5 million**. The 8-level building is fully-leased to the Victorian Civil and Administrative Tribunal and the M2 Group. The property underwent a \$10.6 million refurbishment in 2014 and there is the potential for a 51-level development in the future. The sale of the 2,328 sqm site reflected a rate of \$33,719.95 psm.

##### **61 York Street, Sydney, NSW 2000**

A private investor has bought an office block from Nick Manettas for **\$33 million** on a **yield of around 5%**. The 18-storey tower is leased to many tenants including T-bone Productions, Arch Underwriting and Stitch Bar. The building has a net leasable area of 2,667 sqm and at least one floor is vacant. The sale reflected a rate of \$12,373.45 psm.

##### **151 Castlereagh Street, Sydney NSW 2000**

Deutsche Asset Management has purchased a 13-level, A-grade building from 151 Property for **\$125 million**. The property has 10,380 sqm of office space and retail areas of 2,467 sqm. Tenants include Leitch Hasson Dent, Jurlique International and RO Bird & Associates. The sale of the 1,325 sqm site reflected a rate of \$94,339.60 psm and a **yield of 5.5%**.

#### Leasing Activity

Preston Rowe Paterson Research recorded the following leasing transaction that occurred in the Sydney CBD office market during the three months to March 2016;

##### **10-11/233 Castlereagh Street, Sydney NSW 2000**

Group Colleges Australia has leased two floors of commercial space for **5-years**. They will pay a **gross annual rent of \$495 psm** for 1,618 sqm of office space. This will be the company's second campus in the Sydney CBD.

##### **338 Pitt Street, Sydney NSW 2000**

The Australian Academy of Commerce will take up 944 sqm on an entire floor for **5-years**. The company will pay **\$445 psm of gross annual rent** for the space.

##### **60 Margaret Street, Sydney NSW 2000**

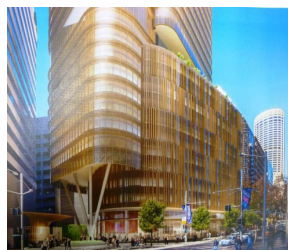
ING Direct will relocate its headquarters from **140 Sussex Street** after agreeing to occupy over 10,030 sqm. ING signed a **10-year deal** for levels 25-31 in the building. Mirvac leases the majority of the space and also owns the 36 storey-building with MTAA Superannuation Fund. The property is now 98% leased and has a weighted average lease expiry of over five years. Other tenants who have recently committed to space include, OzForex, Serco, Injury Treatment, Treysta, RXP, HP Corp, Sonic Health, Nous Group and Pinnacle.



#### Development Sites

The Property Council of Australia's (PCA) Office Market Report January 2016 have recorded a few office developments that are in various stages of the Sydney office pipeline.

Mirvac's new development located close to Circular Quay at **190-200 George Street** is due for completion in the 1st quarter of 2016. The Premium Grade office tower features 38,676 sqm of office space across 35 levels, 476 sqm of retail area, 63 car spaces, 5-star NABERS Energy rating and 6-star Green Star rating. The property will be tenanted by accounting consultants EY across 28,300 sqm on a 10 year lease.





## Supply by Grade (Stock)

Analysis of the PCA's Office Market Report January 2016 has revealed that there was an additional supply of 149,498 sqm of office space released in the six months to January. This was offset by the 47,217 sqm withdrawals, resulting in an increase of the total Sydney CBD office market space to 5,066,472 sqm.

The additional supply of office space was attributed to the Premium and A Grade office stock supply and stock withdrawal was recorded in the B and C Grade.

The Sydney CBD office market is dominated by the A and B Grade stock, assuming up to 36.7% and 30.3% of total supply respectively. Followed by Premium Grade accounting for 18.4%, C Grade at 10.9% and D Grade at 3.7%.

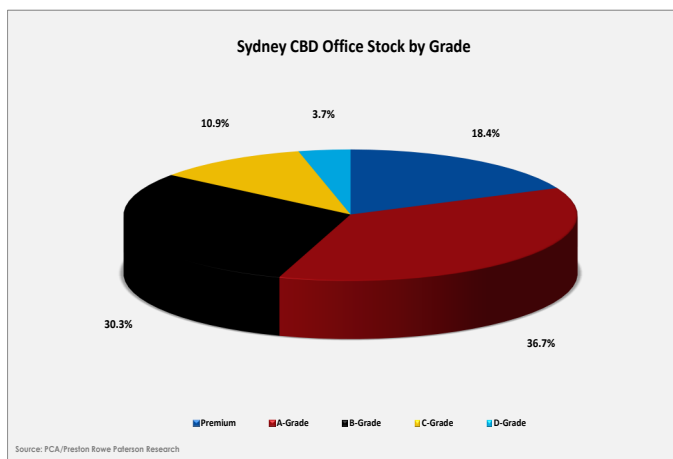


Chart 1 – Sydney CBD Office Total Stock by Grade – Source PCA

## Net Absorption

The Sydney CBD office market has absorbed 157,150 sqm of space in the 12 months to January 2016. In the six months to January, the market absorbed 96,745 sqm.

Positive net absorption was recorded across all office grades bar B Grade stock which recorded -47,644 sqm net absorption in the six months to January. Premium Grade absorbed the largest amount at 100,139 sqm, followed by A Grade at 38,897sqm, C Grade at 2,725 sqm and D Grade at 2,628 sqm.

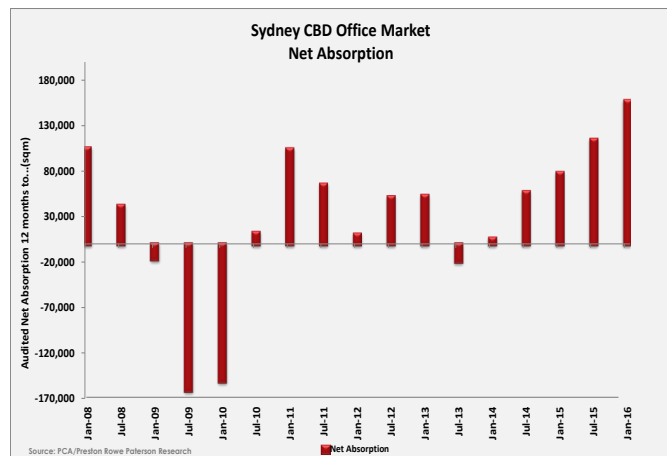


Chart 2– Sydney CBD Office Net Absorption - Source - PCA

## Vacancy Rates

The Sydney CBD office market vacancy remain unchanged in the six months to January 2016. The total office market vacancy increased to 6.3%, reflecting 317,214 sqm.

Mixed results were recorded across all grades of office stock. Premium Grade stock recorded a 2.8% increase in vacancy to 8.1%, B Grade vacancy grew by 0.6% to 6.8%. Whilst C Grade vacancy tightened by -1.5% to 5.3%, followed by D Grade stock (-1.4%) at 4.2% and A Grade stock (-1.3%) at 5.4%.

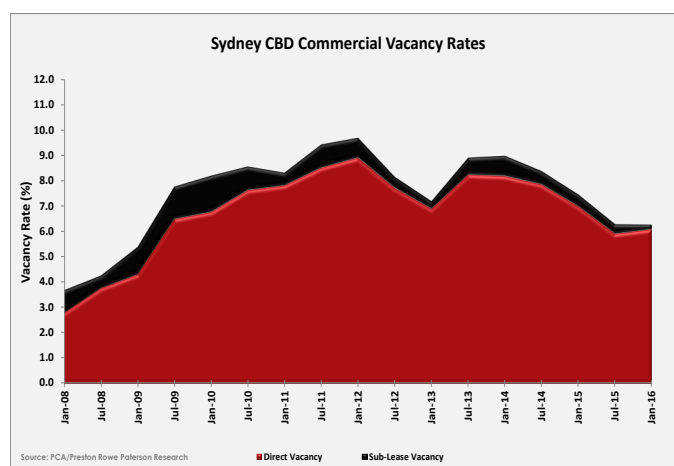


Chart 3 – Sydney CBD Office Vacancy – Source PCA



## North Sydney



### Investment Activity

Preston Rowe Paterson Research recorded the following major sales transactions that occurred in the North Sydney office market during the three months to March 2016;

#### 100 Arthur Street, North Sydney NSW 2060

The Singapore-based *Ascendas-Singbridge Group* has purchased the **Innovation Place** office tower from the Salteri family for **over \$315 million**. The 20-storey A-grade office tower has 27,196 sqm of net lettable area and was constructed in 2007. It was sold on an initial **yield of around 6.2%**. The sale reflected a rate of over \$11,582.60 psm.

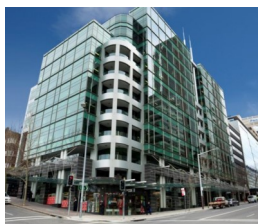


#### 90 & 100 Mount Street, North Sydney NSW 2060

*DEXUS Property Group* and *DEXUS Wholesale Property Fund* have agreed to each purchase a 50% interest in a commercial site for **\$41 million**. The site will be developed into a \$467.5 million premium office tower by *Laing O'Rourke*. The 41,163 sqm building will be completed at the end of 2018.

### Leasing Activity

Preston Rowe Paterson Research recorded the following leasing transaction that occurred in the North Sydney office market during the three months to March 2016;

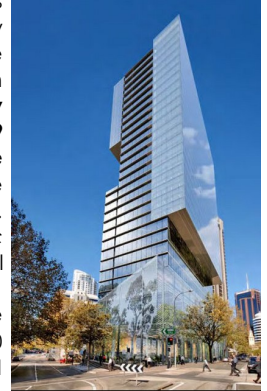


#### 40 Miller Street, North Sydney NSW 2060

*InvoCare* has leased a 1,650 sqm office for **5-years with options**. The lease is for a net annual rent of just over \$1 million. The lease reflected a **rate of about \$606.05 psm**.

### Development Sites

The Property Council of Australia's (PCA) Office Market Report January 2016 noted that there is only one active development in the North Sydney office market. The **Norberry Terrace** project is located at **177-199 Pacific Highway** development is in the site works stage and is planned be completed in the 2nd quarter of 2016. The development owned by *Suntec Real Estate Investment Trust* will provide 39,383 sqm of NLA over 31 office levels. The average floor plate size is about 1,570 sqm, includes 370 sqm of retail space and accommodate 112 car spaces. The development is located at the corner of Berry Street and Pacific Highway, and is in close proximity to the **Greenwood Plaza** and North Sydney train station.



### Supply by Grade (Stock)

As shown in the PCA's Office Market Report January 2016, the total North Sydney office stock recorded 2,604 sqm of stock withdrawals and no additional supply. The total office market stock was 280,747 sqm.

B Grade stock dominates the North Sydney market, taking 52% of total market share. A and C Grade have similar market shares at 22.6% and 19.1% respectively. Premium Grade assumed 4.4% and D Grade accounted for 1.6%.

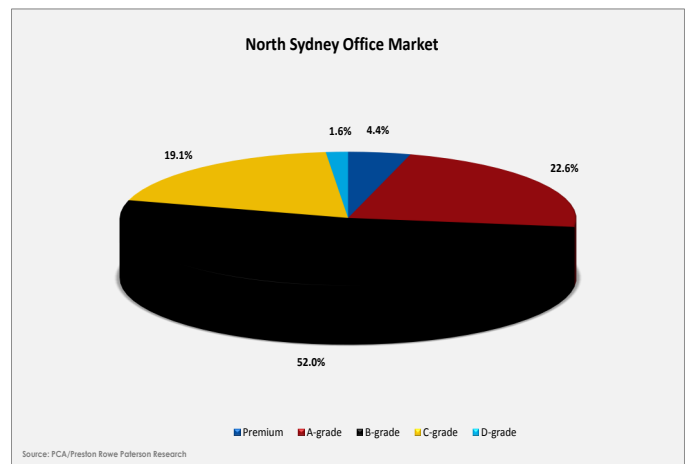


Chart 4 – North Sydney Total Stock Levels By Grade – Source PCA



## Net Absorption

The North Sydney office market has absorbed 13,384 sqm of space in the 12 months to January 2016. In the six months to January, the market absorbed 5,021 sqm.

Positive net absorption was recorded across all office grades in the six months to January, except for A and D Grade stock that showed negative results of -7,456 sqm and -124 sqm respectively.

The largest positive absorption was reflected in C Grade space which absorbed 6,600 sqm. Followed by B Grade at 5,603 sqm and Premium Grade at 488 sqm.

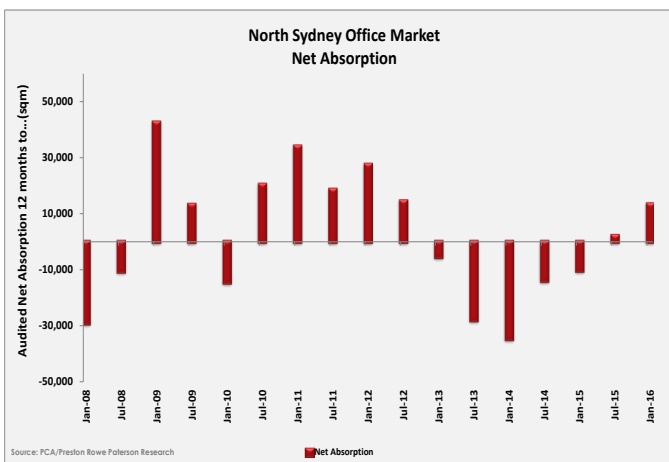


Chart 5 – North Sydney Office Net Absorption – Source PCA

## Vacancy Rates

The total North Sydney office market vacancy has tightened by 0.9% to 7.1% in the six months to January 2016. This reflected approximately 57,998 sqm of vacant space.

Premium Grade office recorded no vacancy in the six months to January. The A Grade vacancy rate grew by 4.1% to 7.7%, followed by D Grade vacancy which increased by 1% to 6.7%. C Grade vacancy tightened the most by -4.2% to 5%, followed by B Grade vacancy falling by -1.9% to 8.1%.

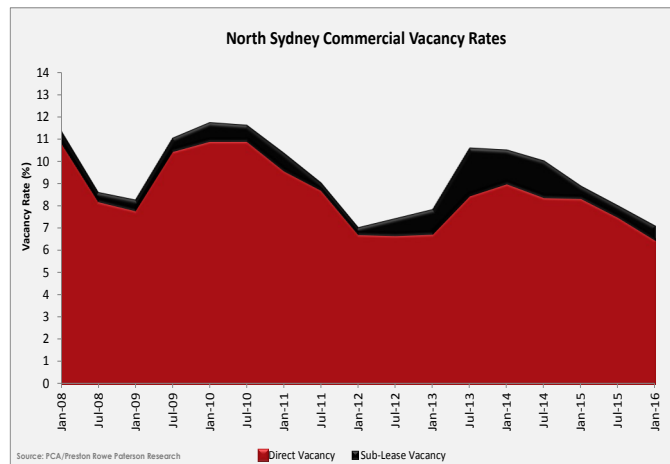


Chart 6 – North Sydney Office Vacancy Rates – Source PCA

## Crows Nest/St Leonards



### Supply by Grade (Stock)

The PCA's Office Market Report January 2016 detailed that in the Crows Nest/St Leonards office market recorded an additional supply of 1,435 sqm and withdrawal of 3,572 sqm, this bring the total market stock levels to 344,797 sqm.

C Grade stock dominates the Crows Nest/ St Leonards market assuming 46.5% of total stock. A Grade and B Grade stock levels take up 29.6% and 19.7% respectively, and D Grade stock takes up 3.6%.

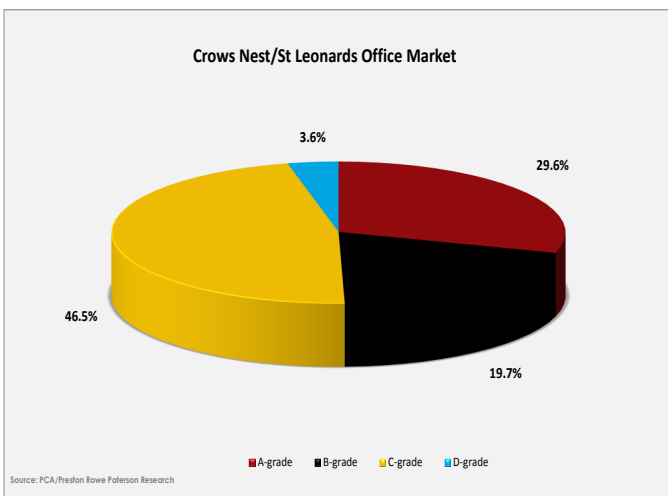


Chart 7 – Crows Nest/St Leonards Total Stock Levels by Grade – Source PCA

### Net Absorption

Total office market absorption in Crows Nest/St Leonard's recorded approximately 3,464 sqm absorption in the 12 months to January. The market also recorded 3,596 sqm of absorption in the six months to January.

The largest net absorption occurred in A Grade stock which absorbed 7,621 sqm in the six months to January, followed by B Grade stock which absorbed 2,722 sqm. Both C and D Grade stocks reflected negative net absorption of -6,181 sqm and -566 sqm respectively.

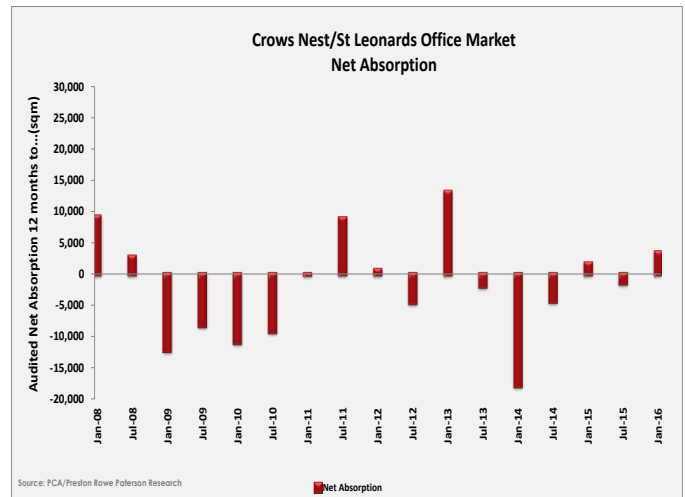


Chart 8 – Crows Nest/St Leonards Office Net Absorption – Source PCA

### Total Vacancy

Total office market vacancy rate in Crows Nest/St Leonard's decreased over the six months to January 2016 by -1.6% to 9.6%. This reflects approximately 33,229 sqm of total vacant stock.

The office market vacancy rate has fallen across all office stocks except for C Grade which recorded a 2.5% growth in vacancy rate to 13.8%. The largest decline in vacancy rate was noted in A Grade stock which fell by -7.4% to 3.5%. Followed by D Grade stock (-3%) at 9.2% and B Grade stock (-2.1%) at 9.1%.

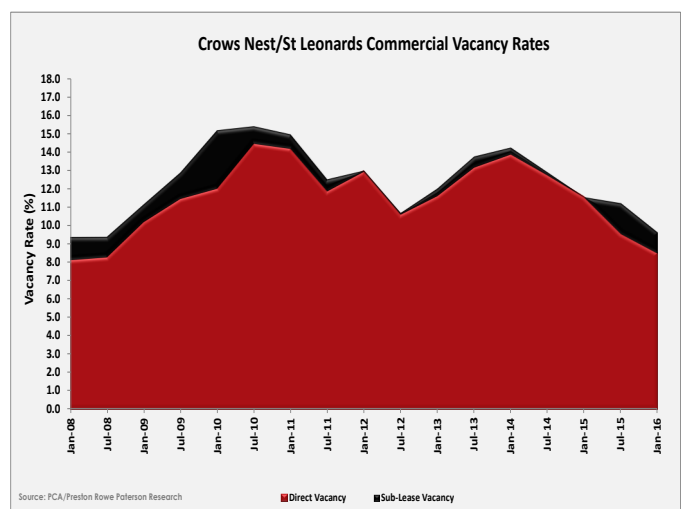


Chart 9 – Crows Nest/St Leonards Office Vacancy Rates – Source PCA

## Parramatta



### Development Sites

The PCA Office Market Report January 2016 reported that the **Parramatta Square (stage 1)** development is in the construction stage and is planned to be completed in the 4th quarter of 2016. The development on **169 Macquarie Street** will provide 24,500 sqm of net lettable area over 14 office levels and 800 sqm of retail area. The average floor plate size is about 2,200 sqm and includes 108 car spaces. The Parramatta Square development site planned commercial and residential spaces over 6 projects. It is located north to the **Sydney Water** building and within close proximity to the Parramatta transport interchange and **Westfield Parramatta Shopping Centre**.



Just across the laneway, the development of **Parramatta Square (stage 3)** at **153 Macquarie Street** is in its early feasibility stages. The former Australia Post site will provide 25,000 sqm of net lettable area over 17 office levels. The office tower is expected to achieve 5-star Green Star. The development will have 7,000 sqm of 5-star Green Star public facilities including civic building, community centre and public library.

### Supply by Grade (Stock)

The PCA Office Market Report January 2016 recorded an additional supply of 600 sqm offset by 7,766 sqm of stock withdrawal in the Parramatta office market. The total market supply sums up to 682,907 sqm.

The Parramatta office market is dominated by both A and B Grade stock which assumes 39.7% and 31.7% respectively of total market share. C Grade stock takes up 14.5% and D Grade stock totals to 13%.

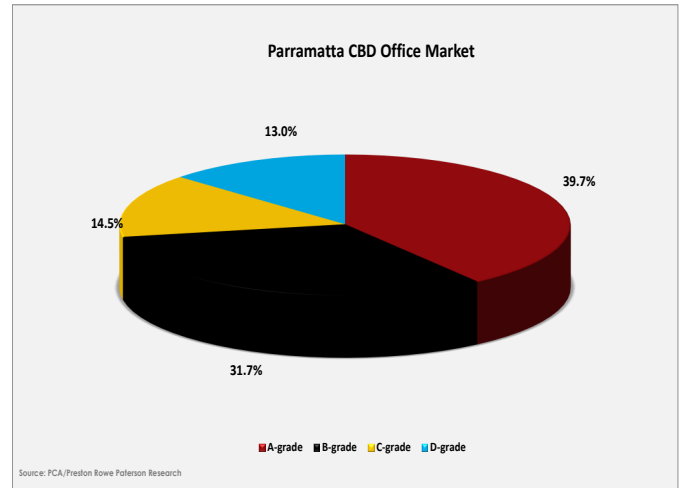


Chart 10 – Parramatta CBD Total Stock Levels by Grade – Source PCA

### Net Absorption

The total market net absorption was 6,998 sqm in the 12 months to January. The market also recorded 5,715 sqm of absorption in the six months to January.

The only negative net absorption was recorded in D Grade stock where –1,643 sqm of stock was not absorbed in the six months to January. B Grade recorded the highest net absorption of 4,816 sqm, followed by A Grade at 1,856 sqm and C Grade at 686 sqm.

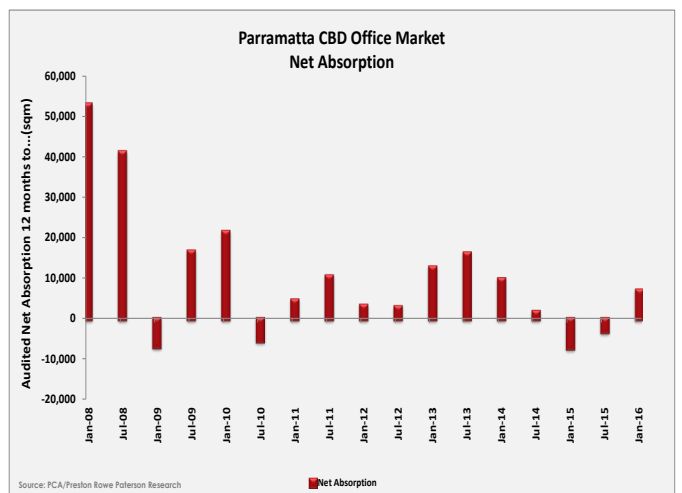


Chart 11 – Parramatta CBD Office Net Absorption – Source PCA

## Vacancy Rates

The total vacancy in the Parramatta office market has decreased by  $-1.8\%$  to  $5.6\%$  in the six months to January 2016. This reflects a total stock vacancy of 38,518 sqm.

All office stock grades recorded decrease in vacancy rates in the six months to January, except for D Grade which increased by  $0.2\%$  to  $3.1\%$ . The largest tightening of vacancy rate occurred in C Grade stock which fell by  $-4.5\%$  to  $12.6\%$ . B Grade vacancy decreased by  $-2.6\%$  to  $8.4\%$  and A Grade vacancy declined by  $-0.7\%$  to  $1.7\%$ .

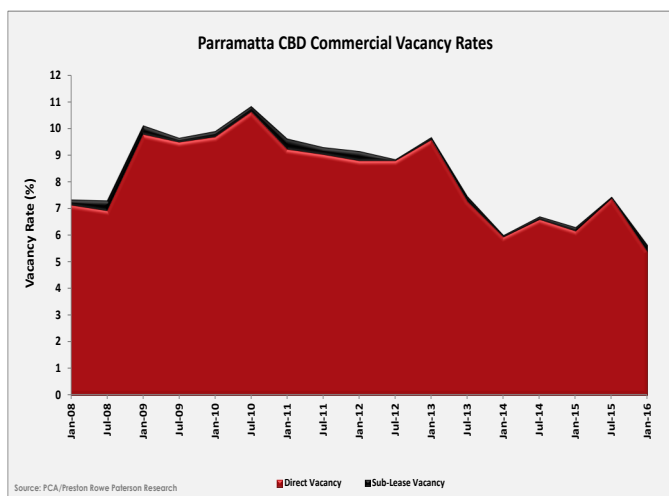


Chart 12 – Parramatta Office Vacancy Rates – Source PCA

## Chatswood



## Supply by Grade (Stock)

The PCA Office Market Report January 2016 has revealed that there was a supply withdrawal of 5,546 sqm in the Chatswood office market. There was no record of additional stock supply in the six months to January. The total market supply was 278,919 sqm.

The A Grade stock remain as the dominant category of office space in the Chatswood market, accounting for 55.3% of total market share. B and C Grade stock tightened to 26.7% and 15.8% respectively, and D Grade remain unchanged at 0.2%.

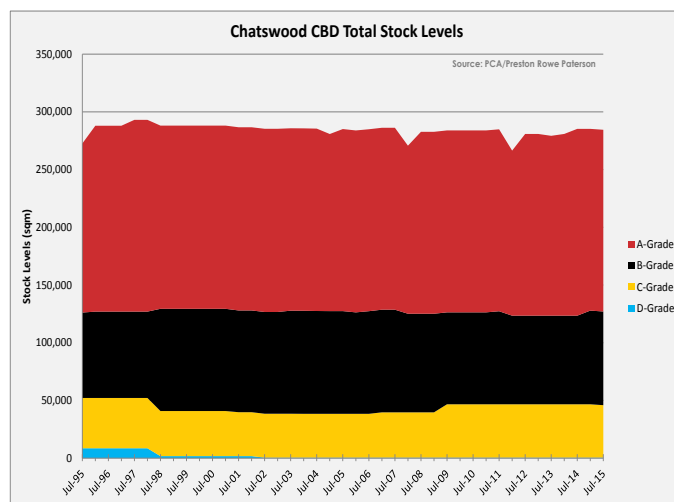


Chart 13 – Chatswood CBD Total Stock Levels by Grade– Source PCA

## Net Absorption

In the 12 months to January 2016, the Chatswood office market recorded negative net absorption of  $-4,407$  sqm. The market net absorption in the six months to January was  $-7,674$  sqm.

The largest negative absorption in the six months to January was recorded in B Grade stock at  $-6,513$  sqm. A and C Grade stock recorded  $-531$  sqm and  $-808$  sqm absorption, whilst D Grade noted a 178 sqm absorption.

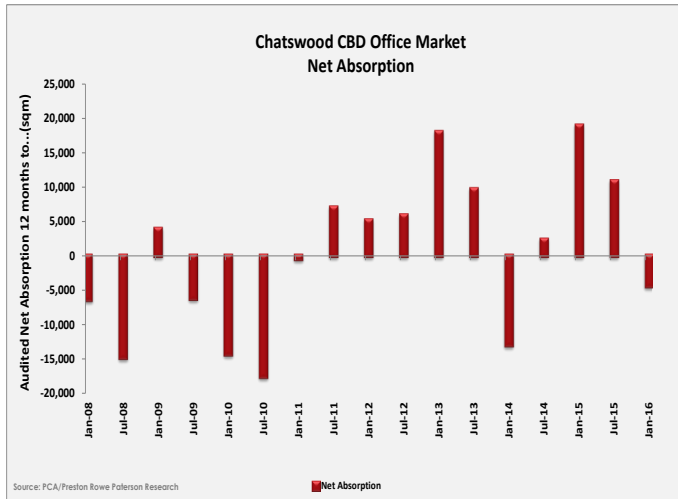


Chart 14 – Chatswood CBD Office Net Absorption – Source PCA

## Total Vacancy

The Chatswood office market recorded an increase in total office vacancy rate of 0.9% to 7.7% in the six months to January 2016.

D Grade stock vacancy recorded no vacancy. A Grade vacancy increased by 0.3% to 7.3%, B Grade vacancy grew by 2.4% to 10.1% and C Grade vacancy rose by 0.8% to 5.1%.

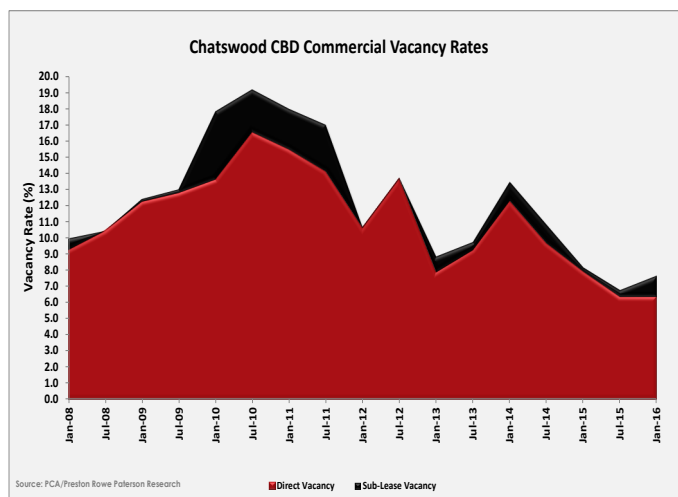


Chart 15 – Chatswood Office Vacancy Rates – Source PCA

## North Ryde/Macquarie Park

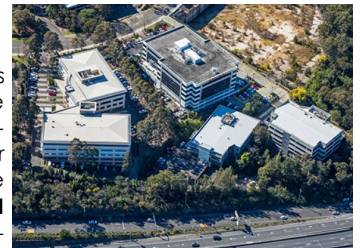


## Investment Activity

Preston Rowe Paterson Research recorded limited amount of transactions that occurred in the North Ryde/Macquarie Park office market during the three months to March 2016.

### 1 & 10A Lucknow Road and 10 & 12 Julius Avenue, North Ryde NSW 2113

Grosvenor Group has acquired a portfolio of office buildings from Blackstone-controlled 151 Property for **\$94 million**. The sale reflected an **initial blended yield of 7.82%** and a fully-leased yield of 8.27%. The properties are the first in the new *Propertylink Office Partnership 3* fund.



## Supply by Grade (Stock)

The PCA Office Market Report January 2016 the North Ryde/Macquarie Park market recorded an additional supply of 21,423 sqm which was offset by 3,219 sqm of withdrawals. The total office stock level is 886,499 sqm.

The North Ryde/Macquarie Park market is heavily populated with A Grade stock which accounts for 73.2% of total market share. B Grade stock assumes 26.6% and C and D Grade stock levels remained unchanged at 1.9% and 0.3% respectively.

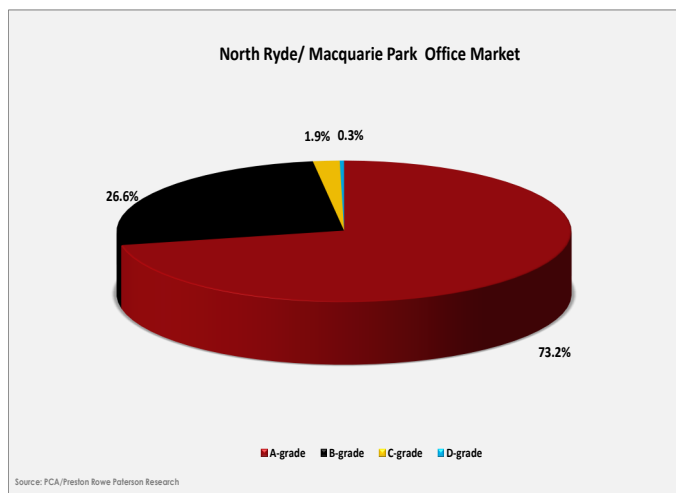


Chart 16 – North Ryde/ Macquarie Park Total Stock Levels by Grade – Source PCA

## Net Absorption

The total market net absorption in the North Ryde/Macquarie Park market was recorded to 33,331 sqm in the 12 months of January 2016. In the six months to January, the market absorption was 18,329 sqm.

A and C Grade stock reported 24,904 sqm and 180sqm respectively of net absorption in the six months to January. B Grade stock recorded a negative absorption of –6,755 sqm and D Grade stock remain unchanged with no recorded absorbency.

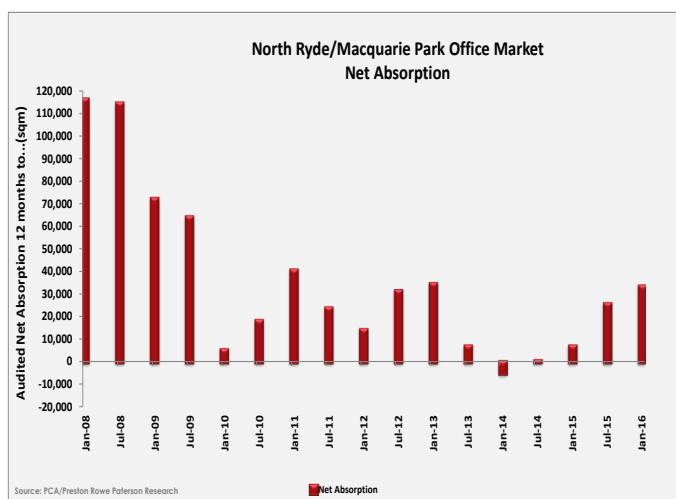


Chart 17– North Ryde/ Macquarie Park Office Net Absorption – Source PCA

## Vacancy Rates

The North Ryde/Macquarie Park market recorded a decrease in total vacancy rate of –0.2% to 8.2% in the six months to January 2016. The market recorded 72,979 sqm of vacant space.

C Grade stock recorded a 2.3% increase in vacancy to 17.5% in the six months to January. Whilst A and B Grade vacancy reported a decline of –1% and –1.1% to 4.8% and 12.4% respectively. No vacancy results were recorded for D Grade office space.

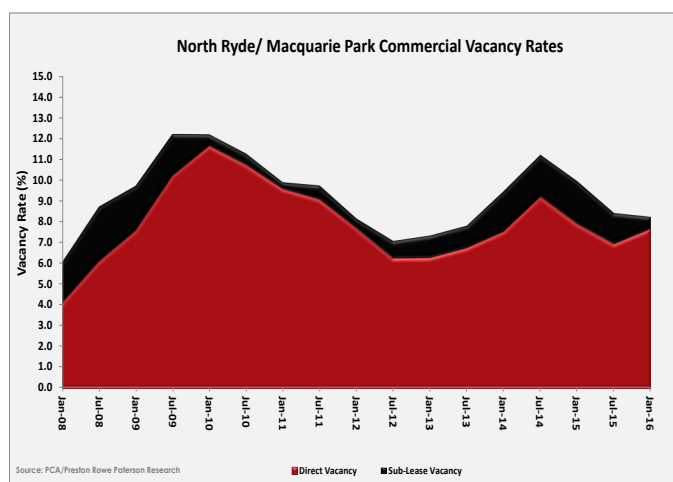


Chart 18 – North Ryde CBD Commercial Vacancy Rates – Source PCA



## RETAIL MARKET



### Investment Activity

Preston Rowe Paterson Research recorded the following significant retail transactions that occurred in the Sydney metropolitan areas during the three months to March 2016;

#### 64-68 Castlereagh Street, Sydney, NSW 2000

*Allegra European Holdings* has bought a 974 sqm mixed-use building from *JP Morgan Asset Management* for **\$28.7 million**. *Bvlgari Australia* occupies the entire building, which features a basement showroom, ground floor retail and first floor office space. The property brings in a net annual rental of around \$1.6 million a year. The sale reflected a **passing yield of about 5.6%** and a rate of \$29,774.15 psm.



#### Cowper Wharf Roadway, Woolloomooloo, NSW 2011

A private buyer has paid **more than \$20 million** for the Cowper Wharf precinct and **Otto Ristorante** from *JP Morgan Asset Management*. The luxury precinct features a hotel, a marina, apartments and other restaurants. **Otto Ristorante** has 16-years left on

the lease and the lessee *Kingseys* will likely extend the lease and invest in a fitout. The sale of the investment reflects a **yield of around 7%**. Woolloomooloo is located about 1.7 km north-east of Sydney's CBD.

#### 638 Pittwater Road, Brookvale, NSW 2100

A local private investor has acquired a 2,290 sqm freestanding building from *St. Vincent de Paul Society* for **over \$11 million**. The purchaser will leaseback the property on a short-term deal to the vendor and will likely redevelop the building in the future. The site has a flexible B5 Business Development zoning for large format retail repositioning or mixed-use redevelopment. The sale reflected a rate of above \$4,803.50 psm. Brookvale is located about 16.2 km north-east of the Sydney CBD.

#### 80-82 Mulgoa Road, Jamisontown NSW 2750

A purpose built bulky goods retail was sold **\$14.35 million** to a private syndicate. The property has a gross lettable area of 2,750 sqm and has a 10 year lease to *Freedom Furniture* and *Guzmen Y Gomez*. The site is located adjacent to the new Masters Home Improvement store. Jamisontown is located about 56 km west of the Sydney CBD.

#### 494-504 Gardiners Road, Alexandria NSW 2015

*Arkadia* has acquired a shopping centre from *ISPT* for **\$63 million** on a **passing yield of around 6%**. The centre was built in 2003 and is leased to *Harvery Norman*, *Bed N Dreams*, *My Baby Warehouse* and *Natuzzi*. The property sits on a site of more than 20,000 sqm and has the potential for further development. The 10,000 sqm *Harvey Norman* clearance store is on a lease until October 2018 and there are options to extend until 2038. *Harvey Norman* makes up over 80% of the gross income in the centre. There are also 453 car spaces. The sale reflects a rate of about \$3,150 psm. Alexandria is located about 3.9 km south of Sydney's CBD.

#### King Street, Sydney, NSW 2000

*LaSalle Investment Management* has purchased the leasehold interest in the **King Street Wharf** restaurant precinct for **around \$90 million**. Thirteen restaurants and bars are located in the two strata stratum lots including *The Malaya*, *Steersons Steakhouse*, *Cargo Bar*, *The Loft* and *Bungalow 8*. There is the ability to further strata subdivide the site into individual lots. The sale reflected a **yield of 6%**.



#### Cnr Rosenthal Street & Bungaribee Road, Doonside NSW 2767

A syndicate of investors have paid **\$14.75 million** for a *SUPA IGA* from two families who co-owned the supermarket. The centre is leased to *IGA* until 2024 and sits on a 15,300 sqm site. The sale reflected an **initial yield of 6.1%** and a rate of \$964 psm. Doonside is located around 38.5 km north-west of Sydney's CBD.

### Retail Statistics

The March retail turnover results has revealed positive results in the NSW retail environment. According to the Australian Bureau of Statistics category 8501.0 Retail Trade (March 2016), the retail turnover figures recorded in New South Wales produced a growth of 0.36% to \$8,013 million over the month. The seasonally adjusted annual total retail turnover growth to March 2016 was 4.87%.

Compared to December 2015, the Australian turnover volume March 2016 results of \$72,452 million reflected 0.5% seasonally adjusted volume growth.

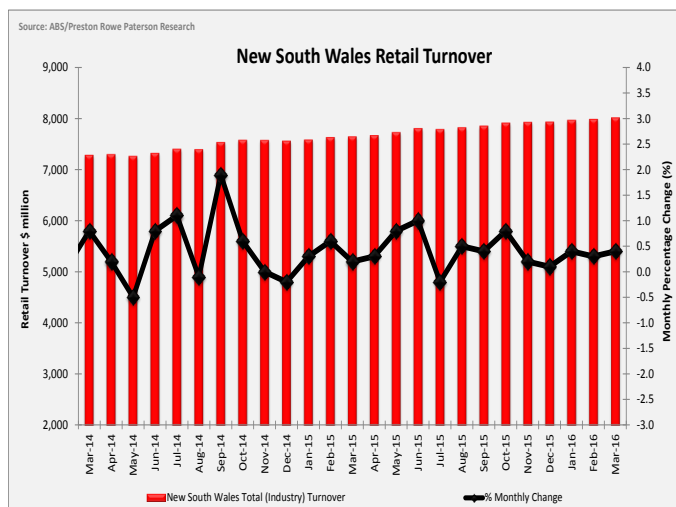


Chart 19 - New South Wales Retail Turnover - Source ABS

Varied turnover results were recorded in the retail sectors over the March month. Retail growth was recorded in Clothing, footwear and personal accessory retailing rising by 1.31% to a turnover of \$737 million. Followed by Food retailing and Household goods retailing realising a growth of 0.78% (\$3,108.1 million) and 0.08% (1,405.1 million) respectively.

Department stores, Other retailing and Café, restaurants and takeaway food services recorded a decrease of -0.46%, -0.17% and -0.16% respectively to the monthly turnover of \$521.8 million, \$1,063.7 million and \$1,177.3 million.

As observed in the following graph, the NSW retail monthly turnover in March 2016 has performed better when compared to previous years. In comparison to the March 2015 results, the NSW retail turnover showed positive results across all retail industries. The year to date outperformer was Clothing, footwear and personal accessory retailing recording an annual growth of 8.33%.

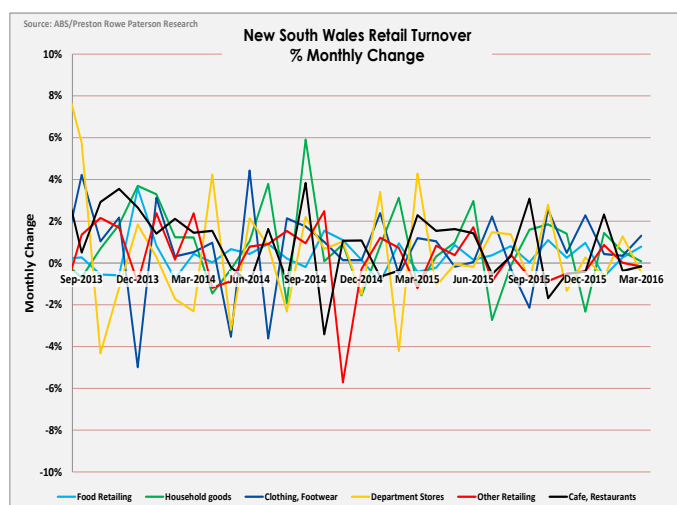


Chart 20 - NSW Turnover % Monthly Change - Source ABS

## INDUSTRIAL MARKET

### Investment Activity

Preston Rowe Paterson Research recorded a number of sales transactions that occurred around the Sydney metropolitan area during the three months to March 2016;

#### 1333 The Horsley Drive, Wetherill Park NSW 2164

A private investor has purchased a 9,036 sqm industrial facility, which sits on a 2.4-hectare site, for **\$12.4 million**. *Anglo Irish Investments* sold the property that features a 10.5-metre internal clearance warehouse and full drive-around B-Double access, on a **passing yield of 7.75%**. *Roral Comfort Holding* leases the site at a net annual rent of \$852,000. The property also has multiple on-site recessed dock & roller doors and a 550-amp power supply. The sale reflected a rate of \$516.65 psm. Wetherill Park is located around 31.9 km west of Sydney's CBD.

#### 32 Pine Road, Yennora NSW 2161

A private investor has bought an industrial property from joint investors *Logos* and *Partners Group* for **\$9.33 million**. The sale of the 12,890 sqm high-clearance property reflected a rate of \$723.80 psm. Yennora is located about 25.2 km west of the Sydney CBD.

#### 15 Orion Road, Lane Cove West NSW 2066

*Intrasia Oxley Real Estate* has acquired an office and warehouse facility for **\$21 million** on a **passing yield of 6.7%**. The buyer will refurbish the circa 1988 property and then lease 2,000 sqm of vacant office space. The 8-storey, 9,838 sqm building is leased to *Dermologica*, *Karl Storz*, *KCI Medical* and *Terumo BCT*. The property comprises warehouse facilities, an attached two-level office building and 246 car spots. The estimated fully leased yield is 12.5%. The sale reflected a rate of \$2,134.60 psm. Lane Cove West is located around 9.3 km north-west of the Sydney CBD.



#### 9 Suttor Street, Silverwater NSW 2128

A private investor has sold an industrial facility to *Silverwater Commercial* for **\$7.2 million**. The vacant, 7,278 sqm site features a 5,717 sqm warehouse and office with three roller doors, dock access via five doors including levellers and drive-through truck access. The buyer will occupy the vacant facility. The sale reflected a rate of \$989.30 psm. Silverwater is located about 18.6 km north-west of Sydney's CBD.

#### Eastern Creek, NSW 2766

*Australian Prime Property Fund Industrial* has acquired a 15,800 sqm prefabrication factory for **\$27.1 million**. The property will be occupied by *Lendlease's DesignMake* business on a five-year deal, starting from mid-2016 when the building is complete. The facility is located within the **Eastern Creek Business Park**. The sale reflected a rate of \$1,715.20 psm. Eastern Creek is located about 36.3 km north-west of the Sydney CBD.



#### 14a Williamson Road, Ingleburn NSW 2565

Ingleburn Property Holdings has paid **\$6.2 million** for a 22,000 sqm industrial property. The property has a 5,850 m warehouse, compliant dangerous goods manufacturing facility and extensive laboratory space. The building was previously occupied by the vendor *Flint Group Australia*. The sale reflected a rate of \$281.80 psm. Ingleburn is located around 50.3 km south-west of Sydney's CBD.

#### 10 Peter Brock Drive, Eastern Creek NSW 2766

Private investors have bought an industrial facility for **over \$5 million** on a **6% yield**. The 3,100 sqm property features a 690 sqm high-tech office and a 778 sqm warehouse. There is also parking for 25 vehicles. *PPG Industries Australia* is leasing the site until 2023 with options on an annual rent of \$302,848. The sale reflected a rate of \$1,612.90 psm.

#### 14 Healey Street, Huntingwood NSW 2148

A private investor has purchased an industrial property for **\$7.47 million** on a **yield of 5.81%**. The 2,956 sqm office and warehouse property occupies a 7,658 sqm site and is leased by *Alfa Laval*. The building features upgraded offices, new roofing and 60 car spaces. The sale reflected a rate of \$975.45 psm. Huntingwood is located around 33.6 km west of Sydney's CBD.



#### 40 Archbold Road, Minchinbury NSW 2770

*Gazal Investments Pty Ltd* has sold a 7,435 sqm high-clearance distribution centre to a US-based private investor for **\$12 million**. The site is leased to *Hot Springs Pty Ltd* for **7-years**. It was sold on a **yield of 6.8%** and at a rate of \$1,614 psm. Minchinbury is located about 39.4 km north-west of Sydney's CBD.

#### 163-173 McEvoy Street, Alexandria NSW 2015

A private investor and developer has acquired eight office warehouses in one 5,590 sqm amalgamated site for **\$30 million**. The seven owners sold the properties which all have high clearances and access for container-height roller doors. The site has a total of 35 car spaces and truck-turning space. The strata units measure between 313 sqm and 588 sqm. The sale reflected a rate of \$5,366.75 psm.

#### 6 Inglis Road, Ingleburn NSW 2565

*Fife Capital* has paid **\$8.55 million** for a 35,600 sqm warehouse and factory property on a **yield of 7.4%**. The property returns a net annual rent of \$635,020. The sale reflected a rate of \$240.15 psm.

## Leasing Activity

Preston Rowe Paterson Research recorded a relatively low number of leasing transactions that occurred during the three months to March 2016, in the Sydney industrial market.

#### 4 Bellevue Circuit, Greystanes NSW 2145

*Fresh Solutions Group* has leased 1,683 sqm of warehouse and office space from *DEXUS Property Group* for **10-years**. The property features a new 12.2-metre internal clearance warehouse, three roller shutter doors and dual driveways. The lease reflected a **net annual rent of \$132 psm**. Greystanes is located around 26.8 km north-west of Sydney's CBD.

#### 3-13 Marigold Street, Revesby NSW 2212

*Kingsmede Property Management Services* has rented a 2,500 sqm industrial property to *KJC International* for **four years and four months**. The lessee will pay a **net annual rent of \$70 psm** for the site. Revesby is located about 21.9 km south-west of the Sydney CBD.

#### 71 Elizabeth Street, Wetherill Park NSW 2164

*Swan Developments* will lease a 2,087 sqm office and warehouse facility for **5-years**. The lessee will pay a gross annual rent of \$210,000 to landlord *PH* for the property that has a power supply of 600 amps. The lease reflected a **rate of \$100.60 psm**.

#### 62 Marigold Street, Revesby NSW 2212

*Terahill* has leased a 2,848 sqm yard to *NA Group* for **one year with options**. The company will pay a gross annual rent of \$100,000, **\$35.10 psm**.

#### 2/10-14 Kellogg Road, Glendenning NSW 2761

*Kellogg Road Superannuation* has rented out a 5,610 sqm office and warehouse building to *Evolution Precast Systems* on a **5-year with options deal**. The property is a high clearance engineering and manufacturing facility. The tenant will pay a **net annual rent of \$105 psm**. Glendenning is located about 41.4 km north-west of Sydney's CBD.

#### 198 Walters Road, Arndell Park NSW 2148

*ECL Group Australia Pty Ltd* will move its operations from two facilities to a 3,073 sqm, high-clearance property. The company will pay a net annual rent of \$334,957 psm for **7-years**. The lease reflected a **rate of \$109 psm**. Arndell Park is located about 34.7 km north-west of the Sydney CBD.

#### 8 Kelso Crescent, Moorebank NSW 2710

*Pelsant Pty Ltd* has leased a 1,400 sqm warehouse and office to *Axa Ugg Pty Ltd* on a **3-year lease**. The lessee will pay a gross annual rent of \$145,000 for the full-brick warehouse and a partitioned office. The lease reflected a **rate of \$103.55 psm**. Moorebank is located around 27.7 km south-west of the Sydney CBD.



#### **54 Tyrone Place, Erskine Park NSW 2759**

*Fife Capital* has agreed to a pre-lease deal with *Loscam Pallets* for a 6,600 sqm purpose built facility. The packaging company will pay a net annual rent of \$1.6 million for **15-years**. The pre-lease reflected a **rate of \$242.40 psm**. Erskine Park is located about 44.4 km north-west of Sydney's CBD.

#### **Cnr Cowpasture Road & Horsley Drive, Wetherill Park NSW 2164**

*Frasers Property Australia* has signed its first tenant in the **Horsley Drive Business Park** on a **20-year lease**. *Martin Browner Australia* will occupy the 18,559 sqm facility that features a warehouse and 3,000 sqm of office space. The facility will be completed in September and will be able to house dry store, chiller, freezer and chilled staging areas in the warehouse. The tenant will pay **over \$200 psm of net annual rent**.

#### **19-21 Frank Street, Wetherill Park NSW 2164**

*Viadux* has signed a deal for two warehouse and office facilities on a **5-year lease with options**. A private landlord leased the 3,573 sqm buildings that occupy a 7,575 sqm site for a net annual rent of \$340,000, **rate of \$44.90 psm**. The facilities feature nine shutter doors, internal clearances ranging from 5.3 metres to 7 metres and offers truck access. There are also 51 parking spots.

#### **199 Parramatta Road, Auburn NSW 2144**

*VIMME* will occupy a 1,379 sqm office and warehouse property after agreeing to lease the property for **5-years**. The company will pay a **net annual rent of \$135 psm**. Auburn is located about 18.8 km north-west of the Sydney CBD.

#### **13-15 Smith Street, Chatswood NSW 2067**

*Chatswood Fitness Institute* has signed a deal to occupy a 950 sqm warehouse property for **5-years**. The lessee will pay a **gross annual rent of \$240 psm**. Chatswood is located about 12.2 km north of Sydney's CBD.



#### **1 Oriellton Road, Smeaton Grange NSW 2567**

*Artisan Stone Pty Ltd* has leased two modern warehouse units of 2,354.80 sqm. The company will pay a **net rent of \$92.50 psm** for **4-years**. Smeaton Grange is located about 52.8 km south-west of Sydney's CBD.

#### **Stevens Road, Banksmeadow NSW 2019**

*Kellogg Australia* has committed to a 45,000 sqm logistics facility in *Goodman Group's* major industrial estate. The lessee will pay a total of \$9 million for the long-term lease. Banksmeadow is located around 11.3 km south of Sydney's CBD.

#### **Unit 13 Holker Street, Silverwater NSW 2128**

*HY Bond Warehouse* will pay **\$125 psm** of net annual rent for a 1,032 sqm warehouse over the next **3-years**. *Perpetual Nominees* is the owner of the high-clearance warehouse that has office space on the first floor and truck access via three entry points.

#### **7-15 Gundah Road, Mount Kuring-Gai NSW 2080**

*Propertylink* has leased a newly built industrial site to the *Australia Post* for **5-years with options**. *Australia Post* will pay a net annual rent of around \$180,000 for the 1,435 sqm office and warehouse. The lease reflected a **rate of \$125.45 psm**. Mount Kuring-Gai is located about 29.5 km north-west of the Sydney CBD.



## RESIDENTIAL MARKET

### Economic Statistics

According to the Australian Bureau of Statistics category 8731.0 Building Approvals March 2016, the total number of house dwelling approvals in the Sydney Statistical Division over the month have increased from 1,052 approvals in February to 1,218 approvals in March. However, it reflected an annual decrease of -13.2% when compared to house dwelling approvals in March 2015.

The total number of non-house dwelling approvals grew by 56% from 1,950 dwelling approvals in February to 3,043 dwelling approvals in March. In comparison to March 2015, a -7.65% decline was recorded.

The total dwelling approvals in the year to 2016 was 9,718. The dwelling approval figures analysed above shows that residential development activity in the Sydney market is gaining momentum in the March quarter despite a slowdown in house dwelling approvals towards the end of 2015.

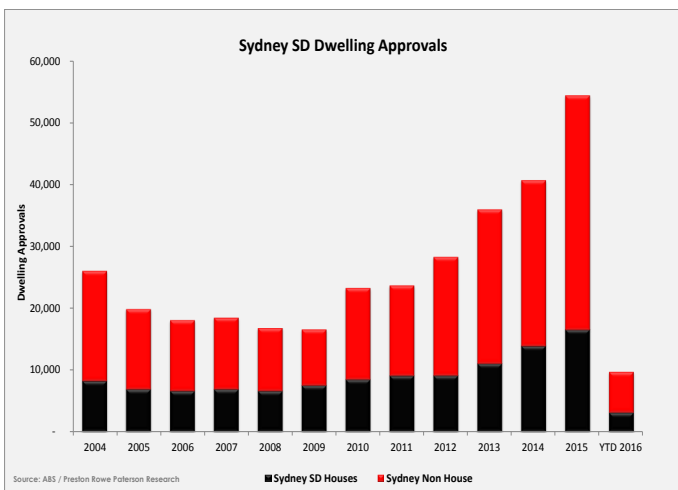


Chart 21 – Sydney SD Dwelling Approvals—Source ABS

## SYDNEY

### Market Affordability

Market affordability figures for the March quarter 2016 are not available from the Real Estate Institute of Australia (REIA), however, we have used figures from the December quarter 2015 for our analysis.

According to the REIA, the December quarter saw Sydney Median House price decrease by -2.5% to \$1,025,500. However, this reflected a 13.9% annual growth. The Sydney median house price recorded mixed results across all zones. Outer Sydney recorded the quarterly growth of 2.8% to \$699,000. Inner Sydney prices fell by -4.6% to a median price of \$1,650,00 and Middle Sydney median house price remain unchanged at \$1,250,000.

Over the twelve months to December 2015, all zones recorded growth in the median house price. The highest annual growth was reported in Middle Sydney (20.8%), followed by Outer Sydney (13.2%) and Inner Sydney (10%).

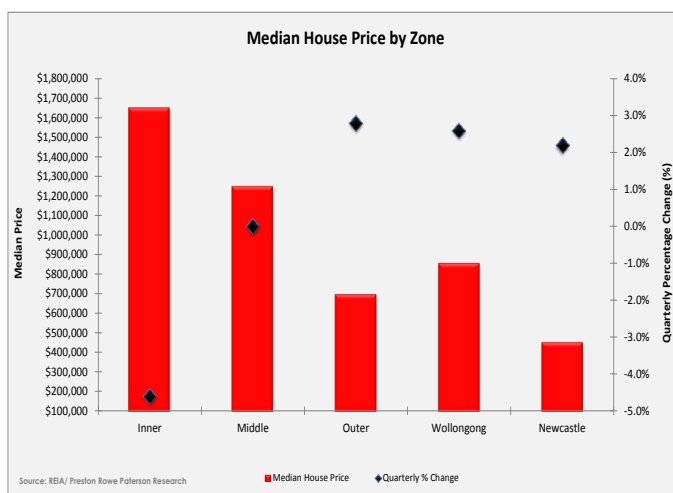


Chart 22 – Median House Price by Zone – Source REIA

Other dwellings median prices also declined over the quarter. The median price for other dwellings in Sydney fell by -2.1% to \$662,800. Inner Sydney recorded a -0.7% decrease to a median price of \$815,000, and Middle Sydney median price fell by -1% to \$670,000. Outer Sydney other dwelling median price increased by 2% to \$580,000.

The year on year comparison saw an increase in across zones of inner, middle and outer Sydney, recording an annual growth of 8.7%, 19.8% and 12.6% respectively.

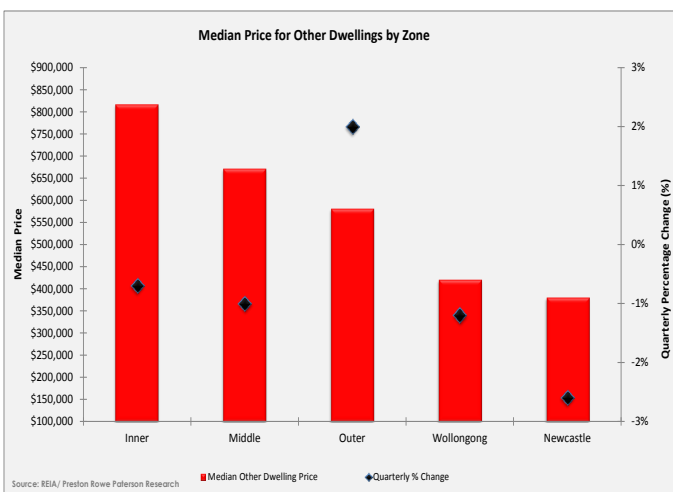


Chart 23 – Median Price for Other Dwellings by Zone – Source REIA



## Rental Market

Over the December quarter, the Sydney house rents have generally increased. The largest rent increase was recorded in the Outer Sydney 3 bedroom house, growing by 2.3% to \$440. Followed by Middle Sydney 1 bedroom house and Outer Sydney 2 bedroom house rents increasing by 1.8% and 1.4% respectively to median weekly rent of \$570 and \$3650. Inner Sydney 2 bedroom house rent tightened by -0.7% to \$680.

Inner Sydney 3 bedroom and Outer Sydney 2 bedroom house rent remain unchanged in the quarter at \$850 and \$480 respectively.

Over the twelve months to December 2015, all Sydney zones recorded rental growth. The highest annual growth was recorded in Middle Sydney 2 bedroom house rents increasing by 6.7%, followed by Outer Sydney 3 bedroom and Inner Sydney 2 bedroom house rent increasing by 4.8% and 4.6% respectively.

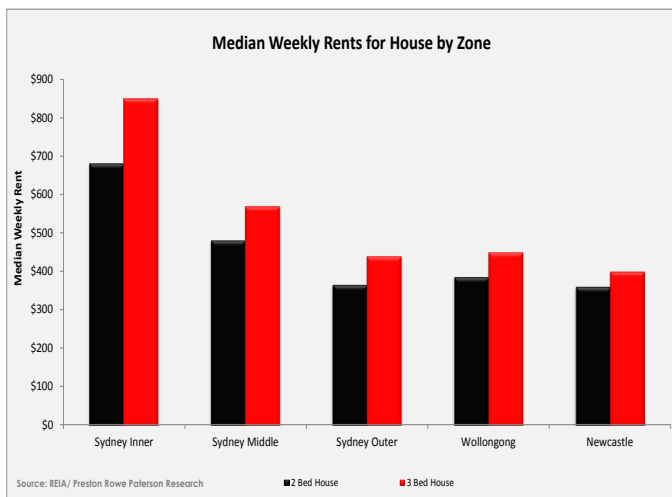


Chart 24 – Median Weekly Rents for House by Zone – Source REIA

The December quarter results on other dwelling rents revealed a relative stable market across all zones. Rental growth were recorded in the Inner Sydney 1 bedroom other dwellings by 4% and Middle Sydney 1&2 bedroom other dwellings of 2.2% and 1% to median weekly rents of \$460 and \$485 respectively.

Rents remain unchanged in the quarter in the Inner Sydney 2 bedroom other dwellings and Outer Sydney 1&2 bedroom other dwellings to \$650, \$350 and \$410 respectively.

Over the twelve months to December 2015, all Sydney zones recorded growth in other dwelling median weekly rents. The highest annual growth recorded were Middle Sydney 1 bedrooms and Inner Sydney 1 bedroom with an annual growth of 4.5% and 4% respectively.

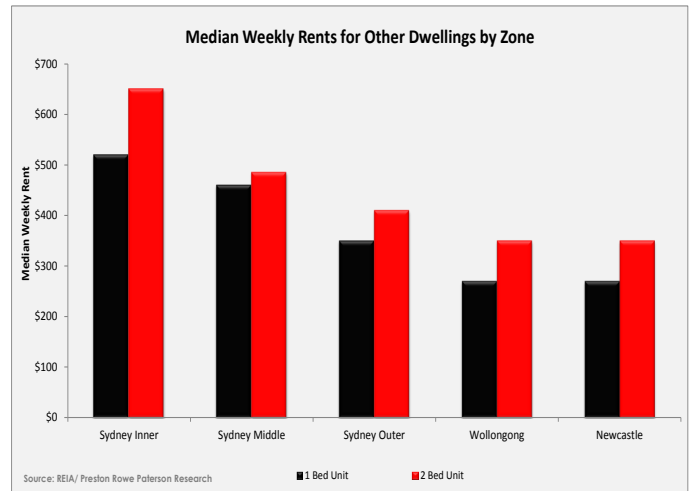


Chart 25 – Median Weekly Rents for Other Dwellings by Zone – Source REIA

## NEWCASTLE

### Market Affordability

Over the December quarter, the median house price in Newcastle increased by 2.2% to \$455,000, reflecting an annual growth of 6.3%. Other dwelling median sales price in the Newcastle region decreased by -2.6% over the quarter to \$380,000, revealing a -2.4% annual decline.

### Rental Market

The 2 and 3 bedroom house rents in the Newcastle region remain unchanged over the quarter to the median weekly rental of \$360 and \$400 respectively.

Quarterly results for Other Dwelling rentals in the Newcastle region recorded a -1.8% decrease for one bedrooms to \$270 per week and no changes to three bedrooms rent of \$350 per week. Over the twelve months to December 2015, the 2 bedroom other dwellings weekly rent experienced a -2.8% decline.

## WOLLONGONG

### Market Affordability

Median house prices in Wollongong recorded increased in the quarter by 2.6%, annual growth of 14.7%, to \$585,000. The quarterly median Other Dwelling prices in Wollongong decreased by -1.2% to \$420,000, whilst realising a 11.6% annual growth.



## Rental Market

The median house rents in Wollongong for 2 bedroom house fell by -3.8% over the quarter to median weekly rent of \$385. Wollongong 3 bedroom house rent increased by 2.3% to a median weekly rent of \$450 per week.

Wollongong Other Dwellings 1 & 2 bedroom median weekly rents increased by 8% and 2.9% in the quarter to rents of \$270 and \$350 respectively.

## SPECIALIZED PROPERTY MARKET

### Investment Activity

Preston Rowe Paterson Research recorded limited major Specialized property transactions that occurred in New South Wales during the March quarter 2016;



#### **63 Lynwood Avenue, Dee Why NSW 2099**

A two-storey purpose-built childcare centre has sold for **\$6 million** on a **5.97% yield**. The property brings in an annual rent income of \$358,537 on a 10-year lease with two further 10-year options. The long day care centre is approved for 82 places. The sale reflected a rate of \$73,170.75 per place. Dee Why is located about 17.4 km north-east of Sydney's CBD.

### Leasing Activity

Preston Rowe Paterson Research recorded a relatively low number of leasing transactions that occurred during the three months to March 2016, in the New South Wales specialized property market.

#### **10 Inglewood Place, Baulkham Hills NSW 2153**

The *Island OOSH* has leased a warehouse and office building from *Capital Corporation* for **10 -years**. The before and after school childcare centre will pay a net rent of \$546,280 for the 2,410 sqm building, a **rate of \$226.65 psm**. Baulkham Hills is located about 30.9 km north-west of Sydney's CBD.



## HOTELS & LEISURE MARKET

### Investment Activity

Preston Rowe Paterson Research recorded few major Hotel and Leisure property transactions that occurred in metropolitan Sydney during the March quarter 2016;

#### **Cnr Elizabeth & Goulburn Streets, Sydney NSW 2000**

*Toga Far East Hotels* has agreed to a long-term leaseback agreement after selling the **Vibe Hotel Sydney** to *Far East Organisation* for **\$90 million**. The 191-room hotel features a restaurant and bar, swimming pool, gymnasium and rooftop terrace. The sale reflected a **yield of around 5%** and a rate of \$471,204.20 per room.



#### **Cnr Montague & Darling Streets, Balmain NSW 2041**

**The Town Hall Hotel** has been sold by David and Phillippe Du Maurier to the *Balmain Pub Group* for **\$7 million**. The 445 sqm pub comprises a ground-floor bar, bottle shop, an upstairs dining area and a seated balcony. The sale reflected a rate of \$15,730.35 psm. Balmain is located around 4 km north-west of Sydney's CBD.



## REGIONAL MARKET

Preston Rowe Paterson Research recorded the following significant sales transactions that occurred in regional New South Wales during the three months to March 2016;

### Investment Activity

#### Retail

##### 18-34 Alison Road, Wyong NSW 2259

Mintus Properties has paid **just below \$18 million** to MAB Funds Management for the **Village Central Wyong**. The property is a two-level neighbourhood shopping centre that is anchored by a Coles supermarket and has 25 specialty stores, five ATMs and four kiosks. The 6,205 sqm centre also has 339 parking spots. The sale reflected a rate of around \$2,900.90 psm. Wyong is located around 84 km north-east of Sydney's CBD.



##### 255-278 Gregory Street, South West Rocks NSW 2431

A Victorian-based syndicator has purchased the **Rocks Shopping Fair** centre from Westlawn Property Trust for **\$9 million**.

The 4,547 sqm neighbourhood centre is tenanted by Coles, Liquorland, The Reject Shop and Blooms the Chemist. The property also features 308 car spaces. The sale reflected a **6.4% passing yield** and a rate of \$1,979.35 psm. South West Rocks is located about 473 km north-east of Sydney's CBD.

#### Hotel & Leisure

##### 2 Hely Street, West Gosford NSW 2250

Arthur Laundry has bought the **Settlers Tavern** from Phil and Marj Bernie for **around \$5.5 million**. The pub features a main bar, a TAB, a gaming room, bistro and a terrace bar. West Gosford is located 63.9 km north-east of Sydney's CBD.

##### Pinetree Lane, Terrigal NSW 2260

The Laundry and Kerdis families have purchased the 199-room **Crowne Plaza Terrigal** for **over \$60 million**. The 4.5-star, 6-storey hotel occupies an 11,000 sqm site and was sold on a **yield of about 7%**. The property underwent a refurbishment for \$10.4 million between 2010 and 2014. *InterContinental Hotel Group* has been the operator for more than 6-years. Facilities in the hotel include the **Seasalt** restaurant, the **Lord Ashley Lounge** and the **Florida Beach Bar**. The hotel also has a health and fitness club which features a heated pool, sauna and spa. The sale reflected a sales rate of over \$301,507.55 per room.



#### Rural

##### 576 Rossetto Road, Bilbul NSW 2680

The **Rossetto Winery** has been purchased by *Dee Vine Estate* from *The Rossetto family* for **just under \$5 million**. The 12.65-hectare property has a cellar door and a 5,000 sqm winery with processing capacity of around 12,500 tonnes. The sale reflected a rate of \$395,256.90 per hectare. Griffith is located about 597 km west of the Sydney CBD.

##### New England Highway, Kentucky NSW 2354

The Lytton-Hitchins family has sold a 5,259-hectare sheep and cattle breeding rural property to *Union Agriculture* for **\$11 million**. The property known as **Kyabra Station** has had more than 1,000 agisted cattle and 3,000 cross-bred ewes producing prime lambs. A five-bedroom homestead, a woolshed, cattle yards, an artificial insemination centre, stables, hay, machinery sheds, manager's residence, guest lodge and two contractor's cottages are located on the property. The sale reflected a rate of \$2,091.65 per hectare. Kentucky is located about 431 km north of Sydney's CBD.



##### Low Darling Road & High Darling Road, Wentworth NSW 2648

*Duxton Vineyards*, in partnership with Warren Randall, has purchased the **Littore Vineyards** from *Ferrier Hodgson* for **around \$20 million**. The 1,070-hectare vineyards sit on a 6,845-hectare site and produces around 30,000 tonnes of fruit. The sale reflected a rate of \$2,921.85 per hectare. Wentworth is located around 27.9 km north-west of the Mildura CBD.

##### Cnr Greenhills & Joadja Roads, High Range NSW 2575

Local buyers Paul and Maureen Maloy, as well as Siobhan Maloy and Matthew Toomey, have bought the **Joadja Vineyard and Winery** from Kim and Frances Moginie for **just below \$2 million**. The 8.5-hectare property has 6-hectares of grapes under vine and has hosted music events such as *Music in the Vines* and live performances. The sale reflected a rate of under \$235,294.10 per hectare. High Range is located about 135 km south-west of the Sydney CBD.

## Economic Fundamentals

### GDP

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

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

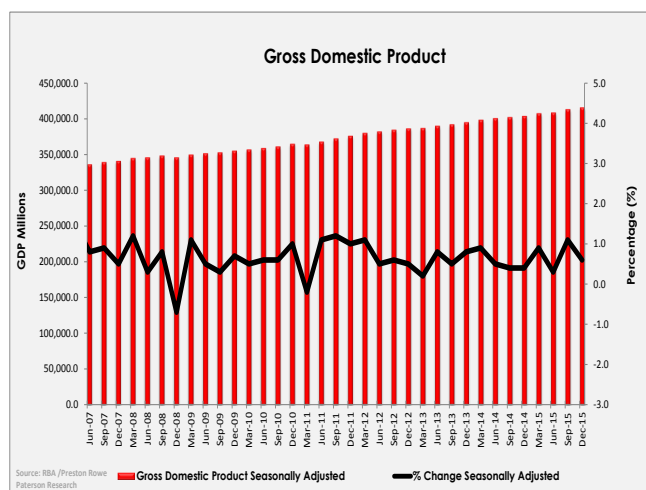


Chart 26 – Gross Domestic Product (GDP) – Source ABS

### Interest Rate Movements

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

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

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

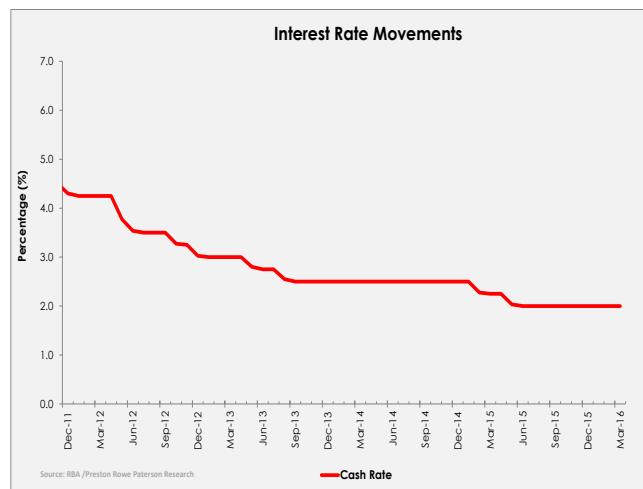


Chart 27 – Cash Rate – Source RBA

### CPI

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

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

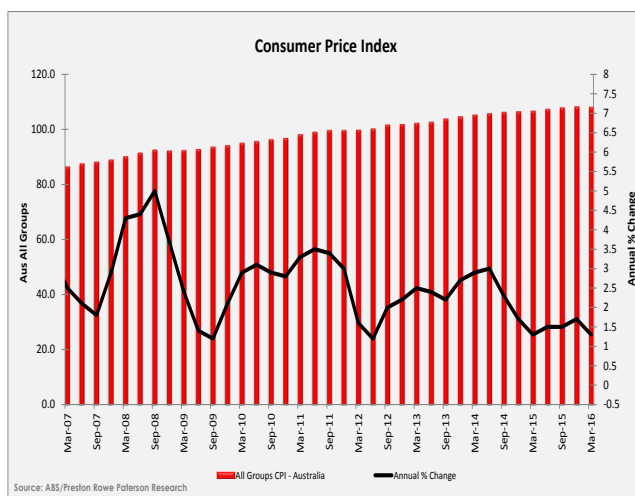


Chart 28– Consumer Price Index—Source—ABS



## 10 Year Bond & 90 Day Bill Rate

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

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

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

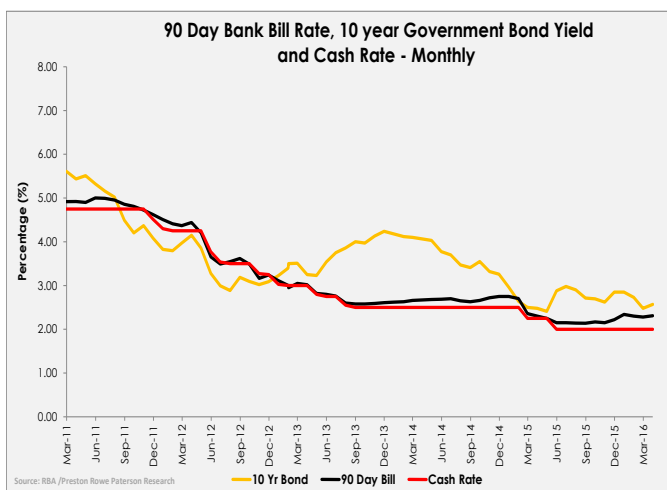


Chart 29 - 90 Day Bill, 10 year bond and cash rate - MONTHLY - Source RBA

## Consumer Sentiment

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

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

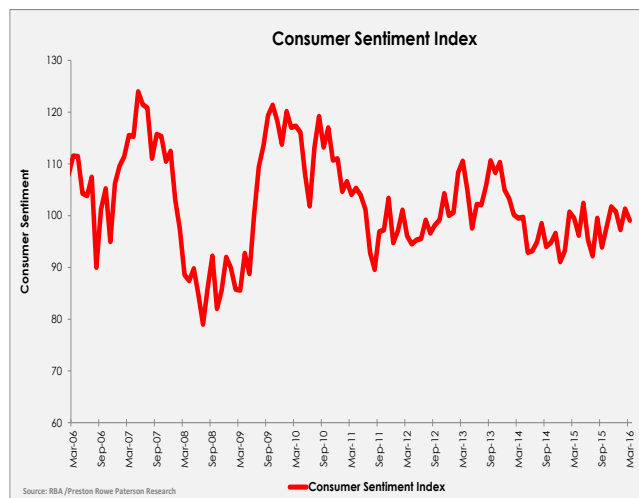


Chart 30- Consumer Sentiment Index - Source - Westpac—Melbourne Institute Survey

## Labour force

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

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

New South Wales experienced a large absolute increase in seasonally adjusted employment by 5,794 persons to 3.783 million persons over the month of March. The unemployment status in New South Wales over the quarter increased by 0.1% to 5.3%.

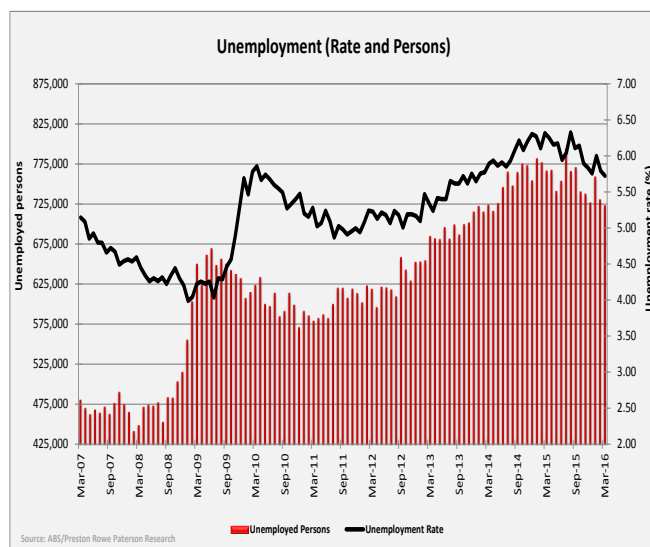


Chart 31 - Unemployment - Source ABS



## Our Research

At Preston Rowe Paterson, we pride ourselves on the research which we prepare in the market sectors within which we operate. These include Commercial, Retail, Industrial, Hotel & Leisure and Residential property markets as well as infrastructure, capital and plant and machinery markets

## We have *property* covered

- . Investment
- . Development
- . Asset
- . Corporate Real Estate
- . Mortgage
- . Government
- . Insurance
- . Occupancy
- . Sustainability
- . Research
- . Real Estate Investment Valuation
- . Real Estate Development Valuation
- . Property Consultancy and Advisory
- . Transaction Advisory
- . Property and Asset Management
- . Listed Fund, Property Trust, Super Fund and Syndicate Advisors
- . Plant & Machinery Valuation
- . General and Insurance Valuation
- . Economic and Property Market Research

## We have all real estate types covered

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

- . CBD and Metropolitan commercial office buildings
- . Retail shopping centres and shops
- . Industrial, office/warehouses and factories
- . Business parks
- . Hotels (accommodation) and resorts
- . Hotels (pubs), motels and caravan parks
- . Residential development projects
- . Residential dwellings (individual houses and apartments/units)
- . Rural properties
- . Special purpose properties such as: nursing homes; private hospitals, service stations, oil terminals and refineries, theatre complexes; etc.
- . Infrastructure

## We have all types of *plant & machinery* covered

We regularly undertake valuations of all forms of plant, machinery, furniture, fittings and equipment including:

- . Mining & earth moving equipment/road plant
- . Office fit outs, equipment & furniture
- . Agricultural machinery & equipment
- . Heavy, light commercial & passenger vehicles
- . Industrial manufacturing equipment
- . Wineries and processing plants
- . Special purpose plant, machinery & equipment
- . Extractive industries, land fills and resource based enterprises
- . Hotel furniture, fittings & equipment

## We have all *client* profiles covered

Preston Rowe Paterson acts for an array of clients with all types of real estate, plant, machinery and equipment interests such as:

- . Accountants
- . Banks, finance companies and lending institutions
- . Commercial and Residential non bank lenders
- . Co-operatives
- . Developers
- . Finance and mortgage brokers
- . Hotel owners and operators
- . Institutional investors
- . Insurance brokers and companies
- . Investment advisors
- . Lessors and lessees
- . Listed and private companies corporations
- . Listed Property Trusts
- . Local, State and Federal Government Departments and Agencies
- . Mining companies
- . Mortgage trusts
- . Overseas clients
- . Private investors
- . Property Syndication Managers
- . Rural landholders
- . Self managed super funds
- . Solicitors and barristers
- . Sovereign wealth funds
- . Stock brokers
- . Trustee and Custodial companies



## **We have all *locations* covered**

From our capital city and regional office locations we serve our client's needs throughout Australia. Globally, we operate directly or via our relationship offices for special purpose real estate asset classes, infrastructure and plant & machinery.

## **We have your *needs* covered**

Our clients seek our property (real estate, infrastructure, plant and machinery) services for a multitude of reasons including:

- . Acquisitions & Disposals
- . Alternative use & highest and best use analysis
- . Asset Management
- . Asset Valuations for financial reporting to meet ASIC, AASB, IFRS & IVSC guidelines
- . Compulsory acquisition and resumption
- . Corporate merger & acquisition real estate due diligence
- . Due Diligence management for acquisitions and sales
- . Facilities management
- . Feasibility studies
- . Funds management advice & portfolio analysis
- . Income and outgoings projections and analysis
- . Insurance valuations (replacement & reinstatement costs)
- . Leasing vacant space within managed properties
- . Listed property trust & investment fund valuations & revaluations
- . Litigation support
- . Marketing & development strategies
- . Mortgage valuations
- . Property Management
- . Property syndicate valuations and re-valuations
- . Rating and taxing objections
- . Receivership, Insolvency and liquidation valuations and support/advice
- . Relocation advice, strategies and consultancy
- . Rental assessments and determinations
- . Sensitivity analysis
- . Strategic property planning



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