



**Preston**  
*Rowe*  
Paterson

®  
International Property Consultants

# Property Market Report

## South Australia

### 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 Given the manner in which statistics are compiled and published they are usually 3-6 months out of date at the time we analyse them.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.

### December quarter 2016

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## COMMERCIAL OFFICE MARKET

### Adelaide CBD

#### Investment Activity

Preston Rowe Paterson Research revealed one significant sales transaction in the commercial office market for the December 2016 quarter:

#### 91 King William Street, Adelaide, SA 5000



*Inheritance Capital Asset Management* has paid **\$88.5 million** for a half-stake in **Westpac House** on an **initial yield of 7%**. The 31-level, 29,600 m<sup>2</sup> of net lettable area office tower includes a basement car park, ground-level retail and two historic buildings known as **Perpetual House** and **Delmont**

**House**. These two buildings combine for a total area of around 2,000 m<sup>2</sup>. The sale reflects a **rate of \$2,801 psm**.

#### Leasing Activity

Preston Rowe Paterson Research recorded the following leasing transactions that occurred in the Adelaide commercial market during the fourth quarter of 2016:

#### 60 Light Square, Adelaide, SA 5000

*The National Centre for Vocational Education Research* will pay a gross annual rent in the **mid-\$400 psm** range for a 1,800 m<sup>2</sup> office lease. The newly refurbished 6,959 m<sup>2</sup> A-grade building has an upgraded lobby and new end-of-trip facilities. The lessee will occupy two floors.



#### 102 Adelaide Street, Adelaide, SA 5000

*The Browns English Language School* has signed a new lease for a 1,869 m<sup>2</sup> office. The lease for space on levels one and four is for **5-years with options**. The **gross annual rent is around \$550 psm**.

#### Development Sites

January's edition of the PCA's Office Market Report have reported the following development sites in Adelaide's CBD:

Project Name	Address	Stage of Development	Owner	Net Lettable Area (SQM)	Completion Date
113-115 King William Street	113-115 King William Street	Complete	115 King William Street Pty Ltd	5,799	Q4 2016
City Central Tower 7	12-26 Franklin Street	DA Applied	Charter Hall / Telstra Super Fund	24,000	2019+
City Central Tower 4	141 King William Street	DA Applied	Charter Hall / Telstra Super Fund	12,500	Mooted

Table 1 – Development Sites in Adelaide CBD— Source PCA

### Supply by Grade (Stock)

January 2016's Office Market Report released by the Property Council of Australia revealed that Adelaide's total office space increased by 15,157 sqm over the six months to January. There was 18,771 sqm of additional space introduced in conjunction with 3,614 sqm withdrawals over the period. Total stocks as at January stand at 1,420,822 sqm.

Adelaide CBD's office market is predominantly filled with A Grade and B Grade offices. A Grade offices take up 38.9% of total stocks in Adelaide, followed by B Grade offices, which take up 27.5%. C Grade offices take up 20.8% of all office space. There is a declining trend in the number of D Grade offices available, in which they take up only 9.9% of all office stocks. Over the year, total stocks had grown 2.5% , with the largest individual stock increase stemming from A Grade offices, which increased by 21,178 sqm. In contrast, D Grade office spaces declined by -5,667 sqm over the year.

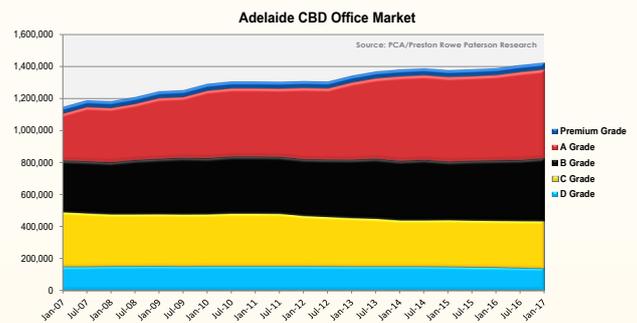


Chart 1 – Adelaide CBD Total Stock by Grade – Source PCA

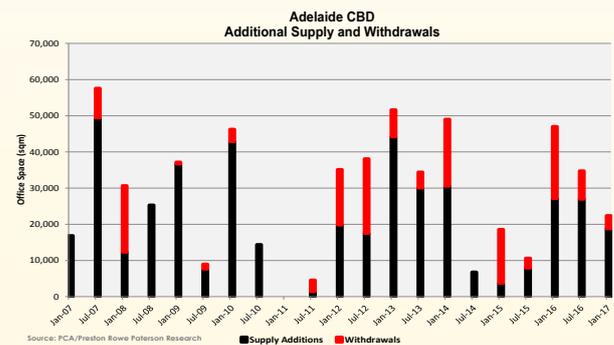


Chart 2 – Adelaide CBD Additional Supply and Withdrawals – Source PCA

## Total Vacancy

Adelaide CBD's office vacancy rates had increased over the six months, with total vacancy increasing from 15.8% to 16.2%. This increase is attributed to the increase of direct vacancy, of which it increased from 14.7% to 15.1%. Sub-lease vacancy remained unchanged at 1.1%.

Over the six month period, A Grade offices experienced the only decline in vacancy rates, declining by -0.5% to 15.4%. Premium Grade offices remained unchanged at 8.3%. B Grade, C Grade and D Grade offices all experienced increases in their vacancy rates. B Grade increased by 1.4% to 15.6%, C Grade increased by 1.3% to 18.1% and D Grade offices increased by 0.2% to 20.2%.

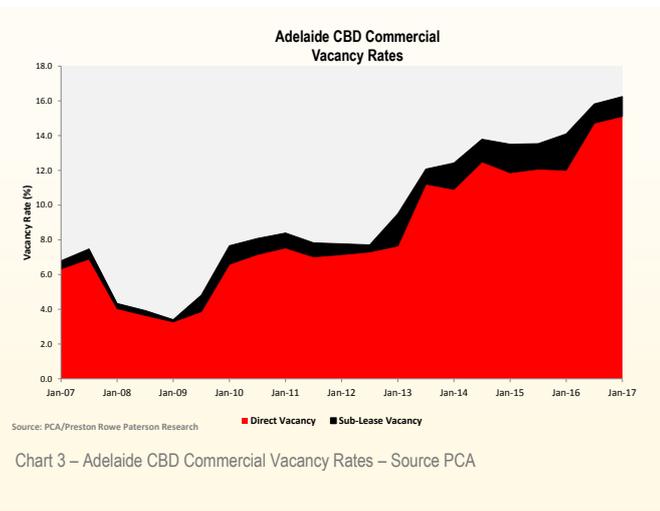


Chart 3 – Adelaide CBD Commercial Vacancy Rates – Source PCA

## RETAIL MARKET

### Investment Activity

Preston Rowe Paterson Research revealed that there were no significant sales transactions that occurred in the Adelaide retail market during the three months to December 2016.

### Retail Statistics

According to Retail Trade figures from the Australian Bureau of Statistics, total retail turnover figures increased by 1.3% (seasonally adjusted) over the month to December 2016. Total turnover figure for December 2016 was at \$1,674.9 million, indicating a year-on-year increase of 3.98%.

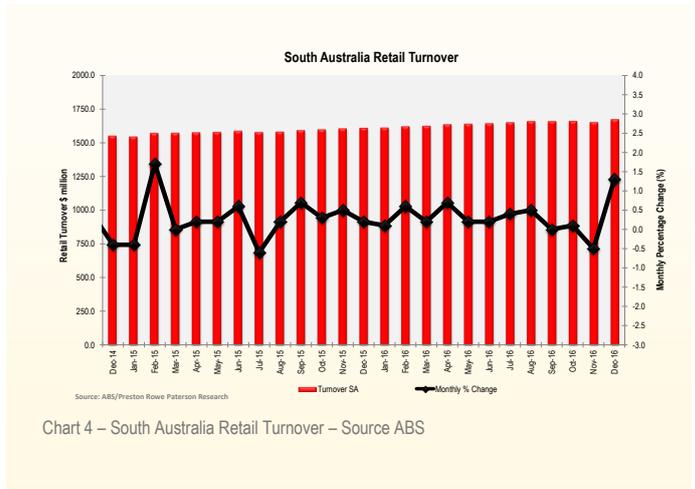


Chart 4 – South Australia Retail Turnover – Source ABS

Positive results were recorded in Adelaide's retail subgroups over the month of December 2016. Lowest growth was recorded in Food retailing, which increased by 0.17% over the month to \$748 million. In contrast, the largest increase was recorded in Clothing & footwear, which experienced a month-on-month increase of 5.48% to their December turnover of \$113.6 million. Turnover for Café & restaurants increased by 2.88% to \$192.9 million. Following this, Household goods, Department stores and Other retailing experienced increases over the month of 1.98%, 1.74% and 0.92% respectively. Household goods increased to \$246.8 million, Department stores increased to \$111.2 million and Other retailing increased to \$262.4 million.

Over the year, Department stores' turnover declined by -3.39% - the only recorded decline for South Australia over the year to December 2016. Other retailing increased the most over the year, with a rise in turnover of 11.66%. Clothing & footwear and Café & restaurants increased by a respective 8.71% and 7.95%. Food retailing and Household goods increased by less dramatic increases, of 3.04% and 1.27% respectively.

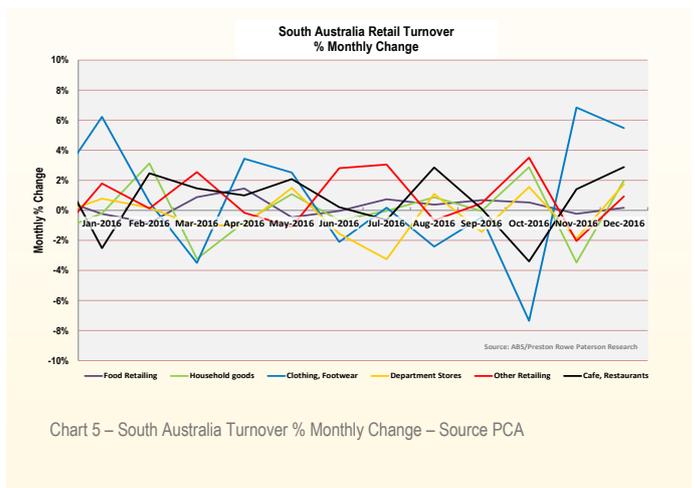


Chart 5 – South Australia Turnover % Monthly Change – Source PCA

## INDUSTRIAL MARKET

### Investment Activity

Preston Rowe Paterson Research recorded no significant sales transactions that occurred in the Adelaide industrial market during the three months to December 2016.

### Leasing Activity

Preston Rowe Paterson Research recorded a number of leasing transactions that occurred in the Adelaide industrial market during the three months to December 2016:

#### 17 Stock Road, Cavan, SA 5094

*Leartek* has rented a 1,500 m<sup>2</sup> office and warehouse on a 9,000 m<sup>2</sup> site from local developer Anthony Catinari. The lease is for **5-years** on a net annual rent of \$150,000. The property comprises a high-clearance warehouse with a hardstand and a wash bay. The lease reflects a **rate of \$17 psm**. Cavan is located 12.2 km north of Adelaide's CBD.

## REGIONAL MARKET

### Investment Activity

Preston Rowe Paterson Research recorded the following sales transaction that occurred in the South Australia Regional Market, during the three months to December 2016:

#### 196 Newman Road, Charleston, SA 5244

**Blackford Stables** has been acquired by an unnamed local industrial participant with an export business targeting the Chinese market for **\$1.5 million**. The property features a residence, heritage-listed stables and 14-hectares of vineyards. The vineyards planted include sauvignon blanc, chardonnay, pinot gris, sangiovese and pinot noir. There is also associated shedding, large water storage and formed internal roadways and fencing. The sale of the 46.12-hectare property reflects a **rate of \$32,524 per hectare**. Charleston is located around 36.5 km east of Adelaide's CBD.

## RESIDENTIAL MARKET

### Economic Statistics

According to Building Approvals data from the Australia Bureau of Statistics, total number of dwelling units approved for construction declined by 14.21% to 676 dwellings. This figure indicates a year-on-year decline of -6.63%.

Total number of house dwelling approvals declined over the month to December 2016 by 16.45%. The number of approved houses for construction for December 2016 was at 457, indicating an annual decline of -9.86% from December 2015's figure of 507 approvals.

Total number of dwelling units (excluding houses) approved for construction declined by -9.13% over the month of December 2016. The figure stands at 219 and indicates an annual increase of 0.92% from December 2015's figure.

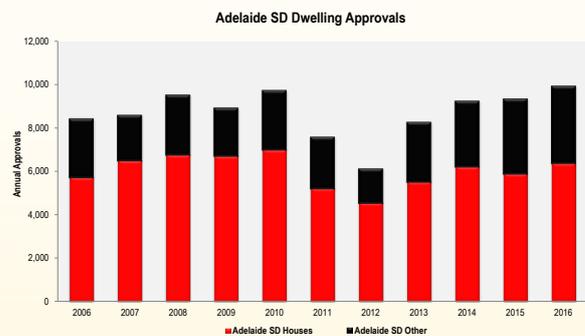


Chart 6 – Adelaide SD Dwelling Approvals – Source ABS

## ADELAIDE

### Market Affordability

Market affordability figures from the Real Estate Institute of Australia (REIA)'s September 2016 report indicate that Adelaide's house prices declined over the three months to September. Median sale price in Adelaide declined by -2.2% to \$440,000. Nonetheless, this median price indicate an annual increase of 2.3% when compared to September 2015.

Inner Adelaide's median house price declined the most over the quarter, with prices dropping -2.7% overall. Median sale price stand at \$720,000 amongst 455 sales reported over the quarter. Sale prices range between \$575,000 and \$940,000. Annual growth from last year stand at 2.8%.

Middle Adelaide's median sale price for September declined by -1.5% to \$497,300. There were 1,297 reported sales during the period, with prices ranging from \$420,000 and \$610,000. Annual growth from September 2015 stand at 2.5%.

Outer Adelaide's median sale price increased by 0.3% over the September quarter to \$342,000. There were 1,493 reported sales during the period, with sale prices ranging from \$280,000 to \$422,500. The median sale price reflects an annual growth of 2.1%.

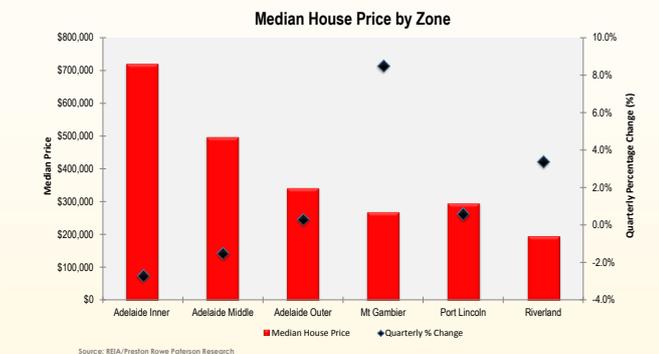


Chart 7 – Median House Price by Zone – Source REIA

Median price for other dwellings in Adelaide declined by -3.6% over the September quarter to \$335,400. This figure indicates an annual increase of 2.6% when compared to September 2015 median figure.

Inner Adelaide's other dwellings' median sales price declined by -2.9% over the September quarter to \$371,000. There were 256 reported sales over the period, with sale prices ranging from \$305,300 and \$464,900. September's median price indicate a 4.4% annual growth.

Middle Adelaide's other dwellings' median sale price increased by 3.0% to \$345,000. There were 347 reported sales, with prices ranging from \$275,000 and \$410,000. Annual growth to September is at 3.0%.

Outer Adelaide's other dwellings' median sale price declined by -5.3% over the three months to September to \$250,000. There were 136 reported sales, with prices ranging from \$220,000 and \$290,000.

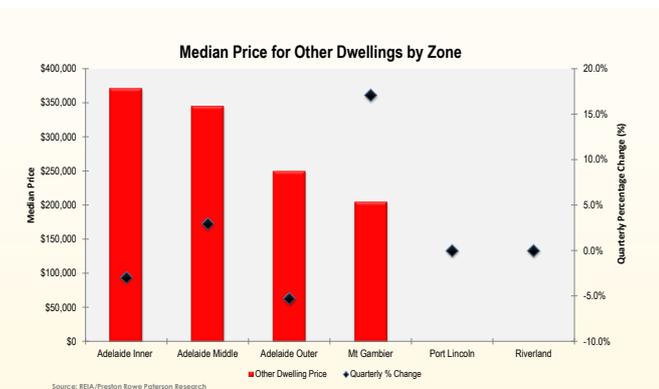


Chart 8 – Median Price for Other Dwellings by Zone – Source REIA

## Rental Market

The December quarter revealed overall positive results in Adelaide's house rental market. Increases were abundant across various rental properties, with the highest increase stemming from Outer Adelaide's 2 bedroom houses with a quarterly increase of 4.9%, and the lowest quarterly increase stemming from Middle Adelaide's 3 bedroom houses, with the decline of -2.6%. Outer Adelaide's 2 bedroom house rents increased to \$270, and Middle Adelaide's 3 bedroom house rents declined to \$370.

Inner Adelaide's 2, 3 and 4 bedroom house rents increased by 1.3%, 2.4% and 1.9% respectively. Middle Adelaide's 2 and 4 bedroom house rents increased by 1.6% and 2.3% respectively. Outer Adelaide's 3 bedroom house rents remained unchanged at 0.0%, whilst 4 bedroom house rents in this zone declined by -1.4%.

Over the year, The largest annual increase stemmed from Inner Adelaide's 4 bedroom houses, with a 6.0% increase in house rents. In contrast, Outer Adelaide's 4 bedroom houses experienced the largest decline in house rents, declining by -2.7% over the year.

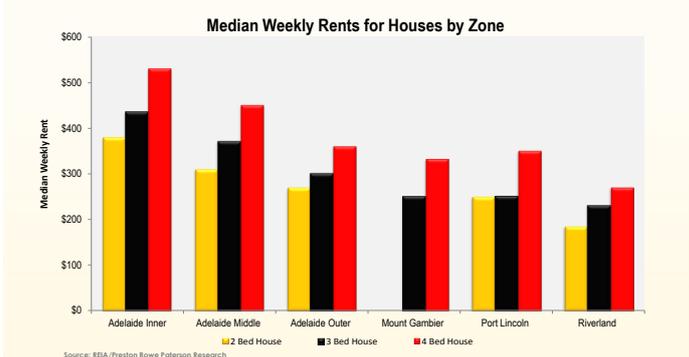


Chart 9 – Median Weekly Rents for Houses by Zone – Source REIA

Adelaide's other dwellings experienced predominantly declines in their weekly rent over the three months to September. Over the period, the largest quarterly decline stemmed from Inner Adelaide's 1 bedroom house, of which weekly rent declined by -7.1% to \$260. The strongest increase stemmed from Inner Adelaide's 2 bedroom dwellings, which had a quarterly increase of 3.3% to \$310.

Inner Adelaide's 3 bedroom dwellings in the zone experienced a decline of -3.6%. Middle Adelaide's 1 bedroom dwellings experienced a decline of -1.7% in their rents. 2 and 3 bedroom dwellings experienced increases of 1.8% and 1.4% respectively. Outer Adelaide's 1 and 3 bedroom dwellings experienced declines of -1.2% and -1.6% respectively, whilst 2 bedroom dwellings in the region did not experienced any changes in their weekly rent.

Over the year, the largest annual decline stemmed from Outer Adelaide's 3 bedroom units with a decline of -3.2% in weekly rent over the year. In contrast, Middle Adelaide's 3 bedroom units experienced the highest increase, with a 1.4% increase in weekly rent over the year.

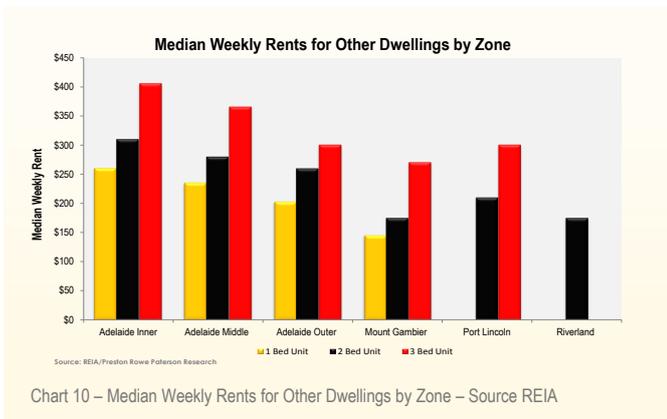


Chart 10 – Median Weekly Rents for Other Dwellings by Zone – Source REIA

## MOUNT GAMBIER

### Market Affordability

Over the September 2016 quarter, median house price in Mount Gambier increased by 8.5% to \$269,000. This figure reflects an annual growth of 10.5% when compared to September 2015.

Median price of other dwellings in Mount Gambier increased by 17.1% over the three months to September to \$205,000. No annual growth was reported by the REIA.

### Rental Market

Median weekly rent for houses in Mount Gambier increased for 3 and 4 bedroom residences. Over the quarter, 3 bedroom houses experienced a 4.2% increase over the quarter, to \$250 per week. Similarly, 4 bedroom houses in Mount Gambier experienced an increase of 7.3% over the quarter, to \$332.50. Over the year, 3 bedroom houses benefited from a 6.4% increase in their weekly rent, whilst 4 bedroom houses experienced a 3.9% in their weekly rent.

Mixed results were recorded in Mount Gambier's rental market for other dwellings. 1 and 3 bedroom dwellings in the area experienced declines in their weekly rents over the September quarter, of -3.3% and -1.1% respectively. Weekly rent for 1 bedroom units sits at \$145 whilst rent for 3 bedroom units sits at \$270. No annual growth data was recorded for 1 bedroom dwellings, though weekly rents 2 bedroom dwellings did not change when compared to September 2015. In contrast to this, 2 bedroom dwellings in Mount Gambier experienced a strong quarterly increase in their weekly rents of 7.7% to \$175. This weekly rent reflects an annual increase of 14.9%.

## PORT LINCOLN

### Market Affordability

Median house price in Port Lincoln increased by 0.6% over the three months to September to \$295,800. There were 35 sales recorded during the period, with sale

prices ranging from \$212,500 to \$362,000. This quarter's median sale price reflect an annual decline of -0.8%.

There were no data for any sales of other dwellings in Port Lincoln recorded by the REIA throughout the quarter.

### Rental Market

Mixed results were recorded for the changes in Port Lincoln's housing rental market through the three months to September. Median weekly rent for 2 bedroom houses was recorded at \$250, indicating it had declined over the year by -2.9% (quarterly change was not available). Median weekly rent for 3 bedroom houses in Port Lincoln declined by -13.6% over the three months to September, to \$250.50. This price reflects a decline over the year of -10.5%. 4 bedroom houses benefited from a 9.4% increase in median weekly rent, to \$350. This reflects an annual change of -2.8%.

When we look at median rent for other dwellings, 2 bedroom units experienced a 2.4% increase, over the quarter, to \$210. This price reflects an annual increase of 10.5%. 3 bedroom units did not experience any change in their weekly rent, in which it remained at \$300. However, this price reflects a decline of -15.5% over the year.

## RIVERLAND

### Market Affordability

Median house price in Riverland increased by 3.4% over the three months to September, to \$196,500. There were 40 sales recorded over the period, with prices ranging from \$162,400 to \$251,800. This quarter's median sale price reflect a 19.1% annual increase from September 2015.

There were no data for any sales of other dwellings in Riverland recorded by the REIA throughout the quarter.

### Rental Market

Mix resulted were recorded in the change in Riverland's median house rent over the September quarter. 2 bedroom house rents was at \$185 for the quarter, reflecting an annual increase of 12.1%. Riverland's 3 and 4 bedroom houses experienced a change of 4.5% and -2.7%, respectively. Their respective weekly rent for the quarter stand at \$230 and \$270. 3 bedroom house rents increased by 4.5% over the year, whilst 4 bedroom house rents declined by -3.6% over the year.

When we look at other dwellings in Riverland, the only data available was in 2 bedroom houses. Their weekly rent increased by 1.4% over the September quarter to \$175. This price reflects an annual change of 6.1%.

## Economic Fundamentals

### Consumer Price Index

All Groups CPI numbers for the December quarter indicate that inflation rate had increased by 0.5% over the quarter, bringing price growth to 1.5% over the year. Core inflation (inflation with volatile items stripped out) increased 0.4% over the quarter to bring annual growth to 1.6%. The yearly increase to December is still larger than the yearly increase recorded in September (1.3%), though figures were still lower than economists' expectations for a 0.7% rise. Notably, the 1.5% increase over the calendar year is the lowest in nineteen years, with the last time being back in 1997 when inflation fell backwards by 0.2%.

The main contributors to the quarterly increase stemmed from Alcohol & tobacco group (+2.8%), Transport group (+1.7%), Food & non-alcoholic beverages group (+0.6%) and Recreation & culture group (+0.6%). On the other hand the largest decline in prices stemmed from the Communications group (-0.8%), Furnishing, household equipment & services group (-0.8%), Health group (-0.6%) and Clothing & footwear group (-0.5%).

Australia's Housing group increased by 0.3% over the quarter, with the main contributors to this rise stemming from purchases of New dwellings by owner-occupiers (+0.5%) and maintenance & repair of dwellings (+1.0%). The ABS did note that the increase in purchases of new dwellings by owner-occupiers is driven by rises in input costs. Over the calendar year, the Housing group experienced an increase of 1.9%, with the main contributor again being purchases of new dwellings by owner-occupiers (+0.5%).

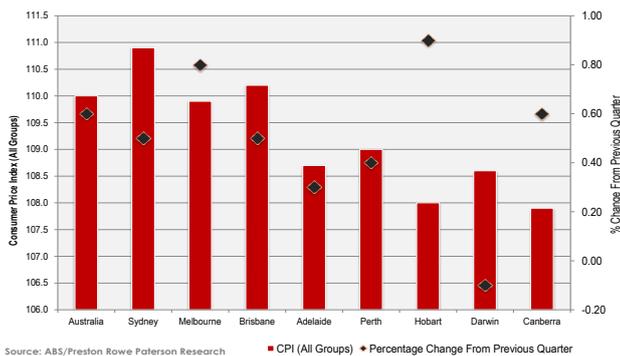


Chart 27—All Group CPI (Capital Cities) and Percentage Change from September 2016 to December 2016—Source—ABS

### Business Sentiment

Business conditions declined over the month to November, as the National Bank of Australia reports further declines in business conditions that is mainly driven by profitability and trading conditions in sales and subdued levels of employment in Australia. For the month of November, business conditions index declined by 2 points to +5 index points, ultimately declining to long run average levels for the first time since April 2015. In saying this, business confidence has increased over the month, remaining steady through the year. Business confidence in response to global political events, i.e. Brexit and the US Presidential elections were relatively flat, though when combined with weakening business conditions makes confidence a more difficult measure to accurately calculate.

### Consumer Sentiment

Consumer sentiment, as measured by the Westpac Melbourne Institute Index, dropped in December amidst concerns circling the economy, interest rates and the labour market. The index stands at 97.3- a decline of 3.5% from November's index of 101.30- and indicates that pessimists now outnumber optimists (with 100 being the cut-off point). The index stands at its lowest level in six months, just higher than April's index of 95.1, with the Australian economic condition, budget and taxation, geopolitical conditions, employment, politics and interest rates the main issues influencing respondents' attitudes and decisions. It is noted that since September, respondents were less optimistic in their assessment of Australia's economic conditions, employment and interest rates, and unchanged in their assessments of taxation and the budget, international conditions and politics.

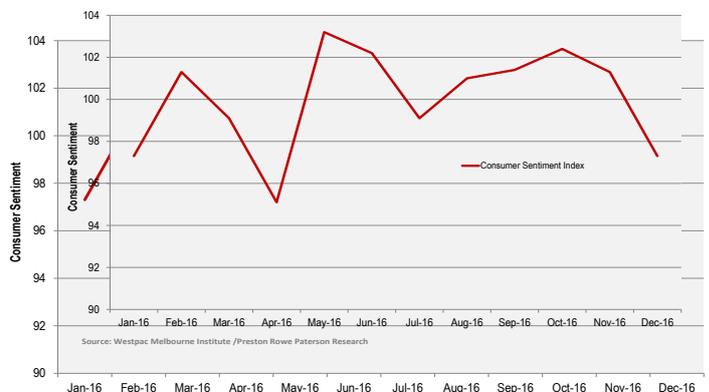


Chart 28—Consumer Sentiment Index, 2016 Overview—Source—Westpac Melbourne Institute Survey

## Gross Domestic Product

Through the September quarter\*, seasonally adjusted GDP declined by 0.5%, a figure that is well below what many economists have forecasted prior. This is the first quarterly contraction in twenty-one consecutive quarter (the last contraction was in March 2001, during which the economy shrunk by 0.2%). Following this contraction, yearly growth was dragged to a below expectation figure of 1.8%.

The September quarter also brought through a decline of 1.4% in dwelling investment, of which the fall was mainly influenced by New and Used Dwelling (-1.6%) and Alterations and additions (-1.0%). The ABS reported that poor weather partly influenced the decline. Nevertheless, annual growth stood at 7.2% and Private sector residential building approvals up 9.4% from September quarter 2015 (\$20.4billion in original current price term for this quarter). Mining Investment fell 10.6% for the quarter, marking the twelve consecutive quarterly declines in Australia. Non-mining investment increased by 4.8%, which has been contributing to the positive increase set since the March quarter of 2014. As noted by the ABS, Mining investment contributed 9.4% to GDP during its peak in December of 2012, and now has fallen to 3.4%. Non-mining investment contribution in December 2012 was 7.5%, and has risen ever since to the current quarter's contribution of 9.0%.

When we look at expenditure measures, Household final consumption expenditure increased by 0.4% (Seasonally adjusted terms) over the quarter, and 2.5% over the year. The ABS reported that this rise is attributed to an increase in spending in Hotels, cafes and restaurants (2.2%) and Insurance and other financial services (1.3%). Over the period, Gross fixed capital formation declined by 2.7%, Exports of goods and services increased by 0.3%, and Imports increased by 1.3% (all in seasonally adjusted terms).

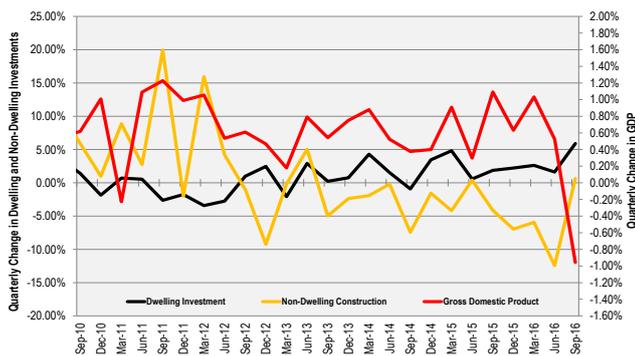
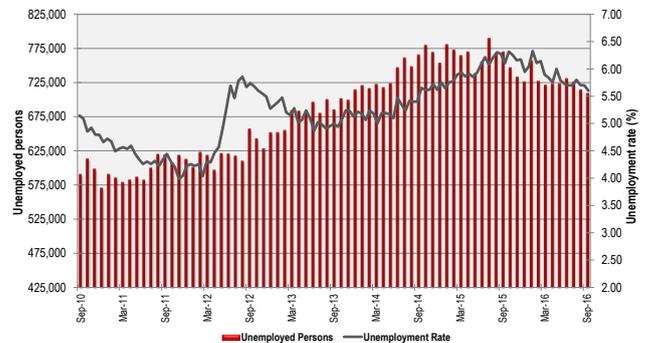


Chart 29— Percentage Change in Dwelling, Non-Dwelling Investments and GDP— Source: ABS

## Unemployment

Australia's unemployment rate in December increased by 0.1% to 5.8%, with the rise influenced by the participation rate increasing to 64.7%. There was a 13,500 increase in seasonally adjusted employment over the month to December 2016, with full-time employment increasing by 9,300 persons and part-time employment increasing by 4,200 persons. Nation-wide analysis sees the largest increase in employment in Victoria, which was up 13,600 persons, and the largest slump deriving from the state of Queensland, which was down 13,700 jobs over the month. Western Australia was the other state to experience a decrease in employment in December, down by 7,900 persons. Unemployment increased the most in New South Wales (up 0.3%) and Queensland (up 0.2%). Western Australia and South Australia experienced a decrease in unemployment rate, of 0.3% and 0.2% respectively.



Source: ABS/Preston Rowe Paterson Research

Chart 30— Unemployment Persons and Unemployment Rate, September 2010 to September 2016 — Source: ABS

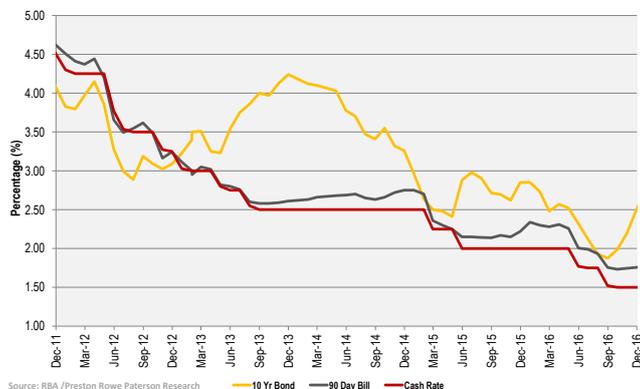
	Unemployment Rate (%)		Participation Rate (%)			
	November	December	November	December		
Australia	5.7	5.8	▲	64.6	64.7	▲
New South Wales	4.9	5.2	▲	63.4	63.5	▲
Victoria	6.0	6.0	—	65.7	65.9	▲
Queensland	6.0	6.2	▲	64.4	64.1	▼
South Australia	7.0	6.8	▼	62.3	62.1	▼
Western Australia	6.9	6.6	▼	67.9	67.3	▼
Tasmania	6.3	6.4	▲	59.8	59.8	—
Northern Territory*	3.6	3.6	—	75.9	77.3	▼
Australian Capital Territory*	3.7	3.7	—	70.4	70.5	▲

Table 3— Unemployment Rate and Participation Rate, November vs. December 2016 — Source: ABS

## 10 Year Bond & 90 Day Bill Rate

Ten-year Australian government bond yields finished the calendar year at 2.79% for December, after a tumultuous year in the global bond market. This rate reflects a 0.29% increase from November, 0.81% increase from three months prior and a decline of 0.06% over the year from December 2015. The ninety-day bank bill swap rate increased modestly by 0.02% over the month to 1.78%. This rate reflects an increase of 0.05% from three months prior and a decline of 0.56% from the previous year. After reaching an all-time low of 1.82% at the start of August, Australian bond yields have followed the path of the US Treasury yields as they increase sharply after the US Presidential election.

Other major economies around the world have experienced similar increases in their sovereign bonds, though not to the extent of changes that have taken place in the US Bond market. The Reserve Bank did note that even though changes in Treasury yields were large, they were not as large as previously recorded movements in recent decades and are still at a historical low. Furthermore, a rate increase from the US Federal Reserve in December helped the yields to increase to 2.87% in mid-December, before slowly settling down to 2.76% towards month-end. As a result of the increase in yields, global and domestic borrowing costs have followed suit, with Australian banks raising home loan rates by as much as 0.60% since the US election.

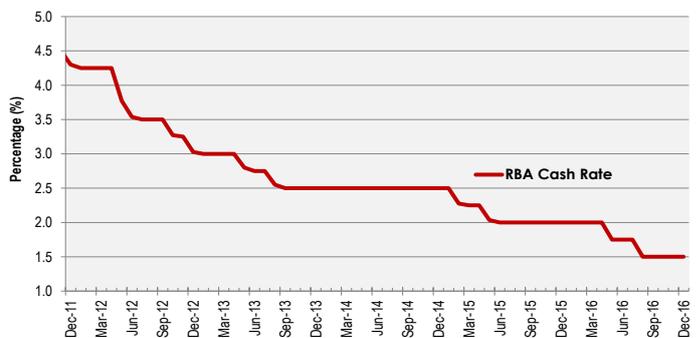


Source: RBA /Preston Rowe Paterson Research

Chart 31— Movement of 90-day Bill, 10-year bond yields and Cash rate from December 2011 to Dec 2016— MONTHLY— Source: RBA

## Interest Rates

The Reserve Bank kept interest rates unchanged for December at 1.50%, after it dropped rates to historically low level in August. The decision to keep the cash rate on hold was influenced mainly by positive global growth from advanced economies as well as Australia's main Asian trading partners, improvements in labour market conditions domestically and internationally, improvement in Australia's terms of trade as influenced by rising commodity prices and a well-functioning financial market. The bank did note that the Australian economy is still in a transitional phase from the gains made from the mining investment boom but highlight the expectation of an increase in commodity exports towards 2017. Inflation remains below the Reserve Bank's target of 2-3%, with the bank indicating that it will be some time until inflation increases dramatically, as labour costs remain subdued. The Bank also targeted Australia's labour force, noting growing trend of part time employment and a slow-down in overall employment growth.



Source: RBA /Preston Rowe Paterson Research

Chart 32— Movement of the Cash Rate from December 2011 to Present— Source: RBA

## Exchange Rate

According to figures collated from the RBA, the Australian Dollar depreciated against most major currencies over the month of December, except for the Japanese Yen. Notably, there was a depreciation in the Australian Dollar of 3.2% over the month against the US Greenback, with \$AUD1 buying \$USD0.75 in November, and dropping to \$USD0.72 in December. December's figure also signifies a depreciation of 5.2% from September, when the exchange rate was at \$USD0.76. The Dollar also depreciated against the British Pound, declining 1.6% over the month from £0.60 in November to £0.59 in December. There was a depreciation of 2.2% over the month against the Euro, declining from €0.70 in November to €0.69 in December. In contrast, the Australian Dollar performed better against the Japanese Yen, appreciating a slight 0.3% from ¥84.23 in November to ¥84.47 in December.

## Our Research

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

## We have *property covered*

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

## We have all *real estate types covered*

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

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

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

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

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

## We have all *client profiles covered*

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

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



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

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

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

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

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

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- ◆ Japan
- ◆ Philippines
- ◆ Thailand

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