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TRANSACTIONS IN REVIEW

ABOUT THIS REPORT

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

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

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

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

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

JULY 2018

Inside this Issue

Sales and Leases

- Commercial Page 2
- Retail Page 4
- Industrial Page 6
- Residential Development Page 7
- Residential Page 8
- Rural Page 8
- Specialised Properties Page 9
- Hotel and Leisure Page 10

Property Funds & Capital Raisings Page 10

About Preston Rowe Paterson Page 11

Contact Us Page 12



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Commercial

285A Crown Street, Surry Hills, NSW 2008



Intercom Software Australia has taken a lease over a city-fringe commercial premises previously occupied by *Afterpay*. The group will pay **\$1,027 gross psm lettable area per annum** for the 495 sqm space for the next **four years**. The two level building is positioned on a prominent corner of a thriving cultural scene full of popular bars, restaurants and cafés, whilst the space itself features an open-plan layout, full kitchen facilities and external balcony space. It comes fully fitted out for approximately 45 workers, meaning a **rental cost per worker of \$12,897 per annum**. The deal equates to a **gross annual payment of \$508,365 per year** to landlords *LaSalle Investment Management*. Surry Hills is located 1km south of Sydney's CBD.

(AFR 03.07.18)

Level 14, 383 Kent Street, Sydney, NSW 2000

Bond & Credit Co will take over from *FXCM Forex Trading* at level 14 of a western-corridor office building. *FXCM* vacated the 334 sqm space due to an outsourcing of internal workers, leaving *Bond & Credit Co* the opportunity to occupy the space. They will rent the area, which comes with an existing fitout, for **five years** at a **gross annual rent of \$980 psm lettable area, or \$327,320 per annum**.

(AFR 03.07.18)

Level 6, Building A, 201 Coward Street, Mascot, NSW 2020

Aboriginal Affairs NSW has found a new 1,250 sqm office space to move forward with its educational program for Aboriginal communities. The group promotes social, economic and cultural wellbeing for indigenous people through education and social guidance. Landlords *Ascendas* will receive a **net annual rent of \$525,000** from the branch of the *Department of Education*, equating to **\$420 psm per annum**. Mascot is positioned 7 km south of Sydney's CBD.

(AFR 17.07.18)

277 William Street, Melbourne, VIC 3000

One of Hong Kong's richest families has dropped **\$94.88 million** on a B-grade commercial asset in Melbourne's CBD. The *Fu family* acquired the building on a **4.65% yield**, reflecting record high levels of confidence in Melbourne's commercial property market. The price is more than double what fund manager and vendor *EG* paid for the building in 2015, when it sold on a 7.5% yield. The 12,080 sqm building comes fully leased to such tenants as *Shine Lawyers*, *Australia Post* and the *Sheriff's Office*. The deal was struck at a **rate of \$7,772 psm lettable area**.

(AFR 04.07.18)

162 Collins Street, Melbourne, VIC 3000

Hub Australia will open a new co-working office space in the historic **Georges Building** after taking out a **15 year lease** for approximately **\$525 psm net per annum**. The 3,500 sqm area occupies the upper three levels of the four storey building which was built in 1880. *Hub Australia* will fitout the space with a café, exercise rooms,



photography studios in addition to co-working facilities such as work desks, meeting rooms and high-speed internet. The deal will see the undisclosed landlord receive **\$1,837,500 net per annum**.

(AFR 10.07.18)

107 Overton Road, Williams Landing, VIC 3027

Underwritten by a 15-year pre-commitment from the **Victorian Government**, a whole office building in Melbourne's south west has sold off-the-plan for **\$25.93 million** to Canberra group *Hellenic Property Investments*. The deal will be complete when vendors *Cedar Woods* complete construction of the building in 2020 and hand it over to the new owners. The A-grade building will comprise 3,126 sqm of NLA and 92 parking bays. *Hellenic* will see a **5.4% annual return** on their investment, with the lease containing two five-year options for renewal. The sale was done on a **rate of \$8,295 psm lettable area**.

Williams Landing is located 17.5 km south west of Melbourne's CBD.

(AFR 13.07.18)





53 Albert Street, Brisbane, QLD 4000

JP Morgan has given the Brisbane office market another shot in the arm, picking up an 18,000 sqm, A-grade office tower for about **\$250 million** from vendors *Challenger Life*. The sale gives further credence to the genuineness of Brisbane's office market, as a number of strong counter-cyclical purchases wash through the Queensland capital, such as 343 Albert Street for \$108 million (See: *Transactions in Review – May 2018*) with many investors seeing indications of a long-term market recovery. The property is leased entirely to the **Queensland State Government** and sold on a **yield of 6.4%**. The rate achieved was approximately **\$13,889 psm lettable area**.

(AFR 05.07.18)

80 Ann Street, Brisbane, QLD 4000



Mirvac have pulled off a double-coup in the Queensland capital, reaching a deal with *M&G Real Estate* to take a **50% stake** in their premium

office development for **\$418 million**, whilst also securing financial services group **Suncorp** for an anchor tenancy of 39,600 sqm upon completion, reflecting occupancy of 53% over the development. *M&G* secured the half stake on a **yield of 5%**, reflecting the value of **Suncorp's** pre-commitment, the premium nature of the development proposal as well as the growing institutional confidence behind Brisbane's office market. They will also provide half of the funding costs in a fund-through model with *Mirvac* at a coupon rate of 5.25%. The deal generates a **rate of \$11,097 psm lettable area**.

(AFR 17.07.18)

40 Tank Street, Brisbane, QLD 4000

Two *Charter Hall* funds have combined to purchase a central Brisbane office building for **\$93 million** from a joint venture between *Ariadne* and high-net-worth investor *Kevin Seymour*. The deal was done at an **initial yield of 5.84%** for the building with 6,218 sqm of NLA and some 327 parking bays. It comes fully leased to the **Queensland Government's police division** on a 6.3 year WALE. The incoming owner relayed their bullish stance on the improving Brisbane office market, and cited the possibility for a redevelopment in the future, saying that "the underlying land value of the property was worth 65 per cent more than the property's purchase price". The deal concluded on a **rate of \$14,957 psm lettable area** and **\$44,160 psm of site area**.

(AFR 23.07.18)

836 Wellington Street, West Perth, WA 6005

Investa Office Fund (IOF) has sold out of a Perth commercial asset for **\$91.325 million**. The building is fully leased to the **Department of Home Affairs**, a AAA tenant, until 2027, generating a **net passing income of \$6,350,080 per annum**. It boasts 5.5 Star Energy and 4.5 Star Water NABERS ratings. *Growthpoint Properties Australia* acquired the building on a **5.6% passing yield**, whilst the 11,973 sqm of NLA gives this sale a **rate of \$7,628 psm lettable area**. The deal was done at a 2.5% premium to a May 2018 valuation of the property, placing pressure on US group *Blackstone* to lift its takeover offer for *IOF's* portfolio. West Perth is located 1.5 km west of Perth.

(AFR 19.07.18)

Cnr Newcastle and Lord Streets, Perth, WA 6000

In another sign of growing market confidence, an amalgamated retail and showroom site in the CBD's east has sold for **\$21 million**. The site was bought with vacant possession by a private data centre operator. The 6,368 sqm site is located on a corner lot with excellent exposure. The sale was done at a **rate of \$3,298 psm site area**.

(AFR19.07.18)

Level 5, 167 St Georges Terrace, Perth, WA 6000

Elmo Software will move shift along St Georges Terrace in Perth after signing a new **three year** lease for a 160 sqm office suite. They will pay **\$700 psm** for the space, equating to **\$112,000 gross per annum**, whilst the company negotiated a 30% incentive with the private landlord. Knight Frank research indicates many office landlords in Perth are conducting speculative fitouts to attract smaller tenants to boost rental rates. It appears to have paid off in this case, with the same paper indicating typical rental rates of \$500-\$600 per metre and incentive levels of 40-50% for similar office CBD space.

(AFR 24.07.18)

2 Byfield Street, Macquarie Park, NSW 2113

A dated commercial warehouse building in Sydney's north west has been acquired by new property fund manager *Stirling Property Funds* for **\$15 million**. The building rests on a



3,775 sqm corner allotment between Macquarie Park and Macquarie University train stations and is earmarked "in a state plan for future activation", all of which give the owners every chance of a substantial uplift in the property's development controls in the near future. The site is leased to **Vodafone** as a data centre with a 2019 lease expiry date. The sale shows a **rate over the site area of \$3,974 psm**. Macquarie Park is located 15.7 km north west of Sydney's CBD.

(AFR 30.07.18)



Retail

386 Smith Street, Collingwood, VIC 3066

A wide-fronted retail building in Melbourne's inner north-east has been let for **\$90,000 per annum**, reflecting a **rate of \$371 psm of lettable area**. The property has 241 sqm of ground floor internal area with side loading facilities and double ceiling height that allows for the 129 sqm mezzanine level. It was secured by *Have it Made Furniture* on a **three year lease** with options, the company citing greater business exposure as a reason for the move. Collingwood is located 2.7 km north west of Melbourne's CBD.

(AFR 10.07.18)

1033 High Street, Armadale, VIC 3143

Women's fashion retailer *Megan Park* will take up a new tenancy in Melbourne's inner-east, securing an 85 sqm shop for **\$74,800 net per annum**. The area is popular with many fashion retailers of international standing and the shop came fully fitted out for the new tenant. The tenant agreed to a **3x3 year lease at \$880 psm lettable area per annum**, whilst the landlord included a 3 month rent free incentive. Armadale is located 8.1 km south-east of Melbourne's CBD.



(AFR 17.07.18)

2-22 Knox Street, Double Bay, NSW 2028

The retail portion of the **Cosmopolitan Centre** in Sydney's eastern suburbs is set for a makeover in an effort to catch up to rival Westfield Bondi Junction. Sydney developer and Double Bay resident *Eduard Litver* paid **\$40 million** for the property and plans to develop and rejuvenate the site into a world class retail venue. The shops are currently let for a **combined annual net income of \$2,347,200**, giving this sale a **yield of 5.87%**. The leases in place are all to long-term, boutique tenants such as **Cosmo Café** and **Mecca Cosmetics**, however *Litver* will persevere with a development in the mould of his Pacific Bondi Beach mixed-use project as part of a planned resurgence of the area. The sale generates a **rate of \$17,460 psm lettable area**. Double bay is located 3.6 km east of Sydney's CBD.

(AFR 05.07.18)

123 Bunnerong Road, Eastgardens, NSW 2036

In a deal claimed to be in the top five largest single-asset retail transactions to occur in the Australian market, *Tower Terrace Group*, a creation of the *Saunders Family*, has sold a 50% stake in **Westfield Eastgardens** for **\$720 million**. It affirms purchasing party **Scentre Group's** position as the largest retail land owner in Australia. The deal was conducted on a **firm yield of 4.25%**, reflective of the broader shift of institutional investors trying to re-weight their retail portfolios towards safer, more premium holdings that are capable of maintaining strong patronage. The centre also carries potential for a mixed-use or residential development due to its positioning amongst a key growth region for metropolitan Sydney. The centre has a seriously enviable tenancy profile, anchored by a **Myer, Kmart, Big W, Target, Coles, Woolworths** and **Aldi**. On a rate, this sale returned **\$17,098 per metre of lettable area**. Eastgardens is located 9.8 km south of Sydney's CBD.

(AFR 12.07.18)

159 Parramatta Road, Annandale, NSW 2038

A mix of development potential and opportunity to increase rental income has seen a dated 'shop-top' terrace on Parramatta Road sell on a **2.5% yield**, at a price of **\$2 million**. The 313 sqm property has three month-to-month tenancies pertaining to a three-bedroom apartment, a two level office and a retail front leased to wedding dress shop, generating a combined \$50,823 net per annum. The purchase was done at a **rate of \$6,390 psm lettable area**. Annandale is 4.4 km south-west of Sydney's CBD.

(AFR 12.07.18)

24 Kokera St, Wallsend, NSW 2287

Stockland has shed the **Wallsend Shopping Centre** from their retail portfolio, with *Haben Property Group* picking up the asset for **\$81 million**, signalling a re-entrance of the group into the retail property investment scene after three years. The deal was made on



a **6.6% yield** and was on-par with *Stockland's* book value of \$81 million. The property is anchored by **Coles** and **Aldi**

supermarkets in addition to 37 specialty stores and a standalone **McDonalds**. With 12,009 sqm of NLA, the centre was sold on a **rate of \$6,745 psm lettable area**. Wallsend lies 11 km west of Newcastle's CBD.

(AFR 30.07.18)



166 Glebe Point Road, Glebe, NSW 2037



A miniature retail and office suite on the CBD fringe will host *Me Meraki Property Management* for the next **three years**. The group will operate from a 31 sqm boutique office space in the historic **Valhalla building**, an inter-war, functionalist style cinema built in 1938 and converted in 2008 towards office and retail usage. The building benefits from Glebe Light Rail station, located 200 metres west. The group will pay a total of **\$22,950 gross per annum** for the privilege, or **\$740 psm lettable area**. Glebe lies 2.7 km south west of Sydney. (AFR 31.07.18)

37-39 George Street, Parramatta, NSW 2150

IGA will take over a 1,279 sqm retail space in Parramatta's CBD from *Aldi*, who are closing the branch. *Romeo's Food Hall* IGA entered into a **10 year lease** agreement with landlords *Dehsabzi Enterprises* for the space which sits near the main intersection of Church and George Street. They will pay a **gross annual rent of \$425,000**, equating to **\$322 psm lettable area per annum**. Parramatta is located 23 km west of Sydney's CBD. (AFR 17.07.18)

46 Old Barrenjoey Road, Avalon Beach, NSW 2107

The *Kopetko Family* have sold a Northern Beaches strip retail asset for **\$4.15 million**. The 576 sqm building contains two retail tenants; being a laundromat and a pizzeria, whilst there are office tenancies at the rear of the property. It is positioned approximately 400 metres from Avalon Beach, amongst the region's prime retail precinct. The tenancies generate a combined \$209,000 net income per annum, giving the purchaser a **5.04% net yield** on investment. It sold on a **rate of \$7,168 psm lettable area**. Avalon is located 37 km north of Sydney's CBD. (AFR 24.07.18)

2883 Albany Highway, Kelmscott, WA 6111

The **Kelmscott Plaza** has been picked up by a Chinese investor for **\$19 million**. The shopping centre with 5,077 sqm of NLA is anchored by a **Woolworths, Subway** and includes 14 specialty stores as well as a freestanding **Red Rooster**. The centre boasts a WALE of 8.18 years by GFA, an attractive selling-point in an increasingly uncertain retail leasing market, helping push the **yield to 6.7%**. It has parking for some 278 vehicles and is in close proximity to Kelmscott train station. The sale reached a **rate of \$3,742 psm lettable area**. Kelmscott is positioned 23 km south east of Perth's CBD. (AFR 18.07.18)

407 Bridge Street, Wilsonton, QLD 4350

The **Wilsonton Shopping Centre** has been picked up by a partnership of *Consolidated Properties Group* and *CVS Lane Capital Partners* for a sum of **\$50 million**. It contains a **Coles** and **Woolworths** in addition to 45 specialty tenancies spread over 18,500 sqm of floor area. The centre has a chequered history, having gone into receivership in 2016. Accordingly, the new owners are planning a major refurbishment and re-leasing program to reposition the centre towards a non-discretionary base. The deal was done at a **return of around 6.5%** and generated a **rate of \$2,703 psm lettable area**. Wilsonton is located approximately 130 km west of Brisbane's CBD. (AFR 13.07.18)

6/205 Weyba Road, Noosaville, QLD 4566

Retail investors have traded a 93 sqm shop on the Sunshine Coast for **\$710,000**. The building is tenanted by **Jasper's Bakery** who is currently paying \$52,800 net per annum on a new two year lease with options until 2024. It is located next to an Aldi supermarket. The sale generates a **net yield of 7.44%** and a **rate of \$7,634 psm lettable area**. Noosaville is located 120 km north of Brisbane. (AFR 12.07.18)





Industrial

Unit 12, 197 Power Street, Glendenning, NSW 2761

If there was any doubt as to the insatiable appetite investors currently have for Sydney industrial property, it can be safely put to bed after the resale of a strata office and warehouse building along the M4 Corridor, sold under-the-hammer. The property exceeded its April 2017 price tag of \$1.57 million at a 5.09% net yield to reach a **price of \$2.2 million**, posting a **net yield of 3.75%** and a price increase of 40% without any improvements made to the property over the holding period. Whether the purchase was a rash, heat-of-the-moment auction decision or a calculated investment play, the private investor will be hoping the January 2019 lease expiry date passes by with little-to-no downtime. The 785 sqm property comes with 167 sqm of office space, two roller shutter doors and internal clearance of 7.2 metres. The sale reflects a **rate of \$2,803 psm lettable area**. Glendenning is located 41.4 km west of Sydney's CBD. (AFR 26.07.18)

5 Burrows Road South, St Peters, NSW 2044



A high clearance, clearspan warehouse on the banks of the Alexandra Canal will be home to *Transport Refrigeration Service* for the

next **three years** with options. The 1,092 sqm property comes with 298 sqm of well-appointed office space, a container height roller shutter door, newly installed pallet racking and on-site parking for some 12 vehicles. The heritage-listed Alexandra Canal is one of two navigable artificial canals built in NSW. It was originally constructed to provide another means of transport from the South Sydney industrial region to Botany Bay. The company will **pay \$190 psm of lettable area net per annum**, equating to a total rent of **\$207,480 per annum**. St Peters is located 6.5 km south west of Sydney's CBD. (AFR 31.07.18)

Unit 8, 153 Beauchamp Road, Matraville, NSW 2036

An office/warehouse unit in Sydney's south with a container height roller shutter door, 7-8 metre clearance and 19 car spaces has been secured for **five years** with options. *Bee Dee Bags* signed on for the 976 sqm warehouse on a 1,465 site, paying a **net annual rent of \$175 psm**, or **\$170,800 net per annum**. Matraville is located 11.1 km south of Sydney's CBD. (AFR 24.07.18)

80 Hartley Road, Smeaton Grange, NSW 2567

A mega-warehouse building in the Campbelltown region, used as a **Coles** distribution facility, has sold for **\$90.5 million** to two *Charter Hall* funds who combined to make the purchase from *Frasers Property Group*. The deal was secured off-market and it is understood the property will be held across two flagship industrial funds, **returning 6.35% on purchase price**. The building contains a mammoth 61,281 sqm of GFA, including 113 access doors and drive around truck access. The deal is subject to **Coles** executing a five year lease extension, whilst subdivision potential remains for the site. The deal was done on a **rate of \$1,477 psm gross lettable area**. Smeaton Grange is located 52.8 km south west of Sydney's CBD. (AFR 05.07.18)

49 Powers Road, Seven Hills, NSW

A low bay warehouse with a huge rear yard on a 2,942 sqm site has been secured by *Half Price Shutters Blinds Awnings* for **\$135,000 net**



per annum. The warehouse, measuring 802 sqm, is of brick construction, contains 4 roller doors and has a 6.3 metre clearance. It contains two levels of office space in addition to an extensive yard area that was surfaced prior to lease. The new tenant moved to the property to downsize and give the business greater exposure to passing traffic for the next **five years**. The rent equates to **\$168 psm lettable area per annum**. Seven Hills is located approximately 32.2 km north west of Sydney's CBD. (AFR 10.07.18)

285 Palmers Road, Truganina, VIC 3029

A 27.5 hectare industrial development site in western Melbourne has gone to *LOGOS* for about **\$28 million** with plans to develop as much as 160,000 sqm of premium industrial space. The major industrial developer and investor believes the purchase will position them well for when industrial land opportunities start to really tighten in two to three years in Melbourne's west as a result of greater penetration of e-commerce retailing. The development could be worth as much as \$250 million upon completion. Petroleum and property player *Nick Adrianakos* was the vendor and completed the deal with *LOGOS* on a **rate of \$102 psm of site area**. Truganina is positioned 23.5 km west of Melbourne's CBD. (AFR 05.07.18)



1314 Ferntree Gully Road, Scoresby, VIC 3179



A 16,134 sqm industrial facility in Melbourne's outer eastern suburbs, the former headquarters of home-wear provider Décor, has sold with vacant possession to *Ascendas REIT Australia* for **\$16.25 million**. The property sits on 25,895 sqm of land, whilst internally the buildings features three levels of office space and industrial racking of up to 16 metres. *Ascendas* have been extremely active in the industrial marketplace, with one recent acquisition of a \$1.1 billion industrial portfolio signalling their investment intent. The group paid **\$1,007 psm lettable area** to secure the building. Scoresby is located 28.5 km east of Melbourne's CBD.

(AFR 10.07.18)

85 Fulton Drive, Derrimut, VIC 3030

A private owner-occupier will reside over 3,450 sqm of warehouse and office space the undisclosed party made the purchase of a West Melbourne property for **\$5.1 million**. The 1.073 ha site is in the **Gilbertson Industrial Estate**, with nearby neighbours including Aldi, Bridgestone and Mercedes Benz. The corner property has extensive yard area with dual driveway access, modern office furnishings and three roller shutter doors. *Efxxpress* sold the building on a **rate of \$1,478 psm lettable area**. Derrimut is positioned 19.4 km west of Melbourne's CBD.

78 Willandra Drive, Epping, VIC 3076

A vacant industrial site in Melbourne's northern suburbs has sold for **\$2.1 million**. *Hope Capital* were the vendors of the 4,721 sqm site which comes with approval for a 16 lot office and warehouse subdivision, giving each future building a gross average land parcel of 295 square metres to build on, whilst the price reveals a **rate of \$131,250 per lot**. Epping is approximately 21.2 km north of Melbourne's CBD.

(AFR 26.07.18)

Residential Development

Cnr Cudgegong/Macquarie Road, Rouse Hill, NSW 2155

Poly Australia is rapidly expanding their footprint over the north west precinct, snapping up a second townhouse site in as many weeks for **\$17 million**. The Chinese-backed developer and investment group are trying to plug a gap in the market in between big family homes and new apartments. The new dwellings will sit within 800 metres of the new North West Metro line and the developer aims to reach completion by the time the new service is up and running by 2019. They plan to develop 90 townhouses on the 2.88 hectare site, giving this sale a **per townhouse site rate of \$188,889**. Rouse Hill is located 45 km north west of the Sydney CBD.

(AFR 03.07.18)

16 Third Avenue, Blacktown, NSW 2148

Unit site values appear to have taken a hit in Sydney's outer-ring suburbs. Private investor *Awada* recently sold out of a 1,018 sqm site, approved for 97 apartments, for **\$5.75 million**, reflecting a **per unit site value of \$59,278 per approved unit**. A highly comparable site at 5-19 George Street sold in August 2017 for \$81,181 per approved unit and whilst this is only a rough comparison, it does provide some proxy in understanding the shifting Western Sydney apartment market. The site has holding income from **Dulux** at approximately \$144,000 per annum. Blacktown is located 34.8 km west of Sydney's CBD.

(AFR 19.07.18)

141 Yarrowa Road & 32 Lovell Street, Moss Vale, NSW 2577

The Southern Highlands continues to achieve strong results on residential zoned rural lots, with Chinese developer *Aoyuan Property Group* picking up a 123.7 hectare site for about **\$100 million**. Wrapped around the Moss Vale Golf Course, the site will be the host of a new masterplanned community that will feature open green space and community recreation facilities. The development will create between 1,200-1,500 residential lots, giving a **lot price range of \$83,333 and \$66,667 per lot site**. Lot sizes will range from 400 – 2,000 square metres. Moss Vale lies 122 km south west of Sydney.

(AFR 36.07.18)

17 Arthur Street, Punchbowl, NSW 2196

A DA approved boarding house site in Sydney's south west has sold for **\$2.6 million**. The 734 sqm block sits within 100 metres of Punchbowl station meaning future residents will have the ability to get to Central station in 26 minutes upon completion of the South West Sydney Metro line. The site is approved for 30 modern, architecturally designed studio apartments, which agents Knight Frank advise could generate as much rental income as \$500,000 gross per annum once finished and fully leased. It sold on a **rate of \$86,667 per apartment site**. Punchbowl is positioned 17.3 km south west of Sydney's CBD.

(AFR 26.07.18)



250 Wedge Road, Skye, VIC 3977

Housing in Melbourne's suburban fringe continues to surge, with the sale of a 14.3 hectare south east land parcel for **\$45 million**. Long term business partners *Wolfdene*, a Melbourne-based developer, and *Blueways Group* from China made the purchase to add to their \$1.5 billion joint housing development portfolio. They intend to begin construction in late 2019 on 300 new housing lots. The site is located by the Sandhurst Golf Course and various schools, most of which is recently developed estate. The sale retrieves a **rate of \$150,000 per proposed lot**. Skye is located 38 km south east of Melbourne's CBD. (AFR 31.07.18)

222 Burke Road, Glen Iris, VIC 3146



Local developers have exchanged an approved boutique development site for **\$5.5 million**. Smaller scale, up-market developments are the most

popular projects amongst residential developers at the moment due as their appeal to retiring downsizers rather than investors, who've withdrawn from the market all together in the midst of a residential slump and tightening of credit access. The site is a 1,019 sqm corner block in close proximity to Gardiner station and comes with approval for 16 luxury apartments, offering a **rate of \$343,750 per apartment site**. The sale achieved a **land rate of \$5,397 psm**. Glen Iris is located 11 km south east of Melbourne's CBD (AFR 05.07.18)

Residential

146 Toorak Road, South Yarra, VIC 3141

A local downsizing couple, stymied by a lack of suitable choices, have splashed **\$16 million** for an off-the-plan penthouse in a boutique apartment development in Melbourne's popular south-east. The **Fawkner House** development from *Beulah International* is targeting that exact wealthy downsizer demographic for those who are after a 400-500 sqm apartment with multiple car spaces and not-too-many neighbours. This is a market where previously very little to no stock existed, and in light of the ageing, asset-rich population, it isn't hard to imagine this sort of development dominating the residential development market in the next 2-3 years whilst investors remain at bay. The couple bought the top two units and will combine them for a two storey penthouse, whilst prices for the remaining three units start at a mere \$4.99 million. (AFR 17.07.18)

12-14 Hopetoun Avenue, Mosman, NSW 2088



The lower north shore's standalone housing price record has been topped up to **\$25 million**, with Sydney Swans chairman *Andrew Pridham* forking out the funds for

the property which will be a family investment. The 6 bedroom, 9 bathroom, waterfront home features a tennis court, wet edge pool, boat shed with a slipway and an internal lift. It stands on 2,400 sqm of north facing land spread over two titles, with the new owner said to be considering a subdivision of the land. Sydney's high-end property market, particularly in Mosman, has been able to resist the overall downturn of the Sydney residential market due to most buyers having lesser reliance on mortgage financing, a key factor in Sydney's 5.4% year-on-year decline. This sale was the third house price record on the lower north shore since March 2017. The sale registered a **rate of \$10,417 psm of land area**. Mosman is located 6.5 km north east of Sydney's CBD. (AFR 20.07.18)

Rural

180 Monks Lane, Mount Hunter, NSW 2570



Hong Kong-based *Waratah Estate Investments* has picked up the popular equestrian venue **K Ranch Arena** for about **\$30 million**. The 73.03 hectare property contains a

7,137 sqm warehouse arena, 150 permanent stables and 45 powered camp sites. It is a popular rodeo and campdrafting venue and the deal includes a long-term leaseback to vendor *Michael Kearney* to continue operations of the cowboy venue. Up until this purchase, *Waratah's* portfolio had been comprised of exclusively mining and resource assets, meaning this is in fact their first rodeo. The sale reflects a huge windfall to *Kearney* who purchased the property for only \$2.25 million in 2013. The deal was concluded at a **rate of \$410,790 per square hectare**. Mount Hunter lies 85 km south west of Sydney's CBD in the Macarthur Region. (AFR 23.07.18)



Murray River, South Australia

Duxton Water has paid a record high rate for a South Australian high security water entitlement, at **\$4,264 per megalitre** for the 708 megalitre entitlement in the Murray River zone, reflecting a **purchase price of \$3.019 million**. The Australian water trading market has reached fever-pitch due to worsening drought conditions, higher demand from increased horticultural development and a reduction of supply from government recoveries. *Duxton's* director reluctantly conceded the same entitlement would've cost about \$3,100 last year, however a NSW Murray high-security deal traded last week at \$5,020 per megalitre suggesting value in the SA market. The entitlement will form part of *Duxton Water's* listed water investment portfolio. (AFR 23.07.18)

491 Coldwells Road, Boomanoomana, NSW 2712

Orana Agriculture has acquired a stone fruit orchard for **\$9.6 million** as part of a larger portfolio purchase from vendors *Sunland Fresh Fruit*, a business of the *De Maio family*. Barooga orchard is a 176 hectare, RU1 zoned property with plantations for peaches, apricots, pomegranates, apples and pears. The property holds 34% of the overall tree numbers of the portfolio which went mostly to *Orana*, is a venture between major agricultural investors *Nigel Sharp* and *Harry Youngman*. The sale was boosted by a growing appetite for Australian produce from Asian markets, particularly China. The price equates to a **rate of \$54,545 per hectare**. Boomanoomana is a border town in the Riverina region of southern NSW, lying approximately 679 km south west of Sydney. (AFR 23.07.18)

5 Halls Road, Pokolbin, NSW 2320

A Sydney residential developer has acquired the **Kevin Sobels Winery** in the Hunter Valley for **\$7.3 million** with plans to transform it into a luxury resort. *Romeciti* has a 'Green Life' mandate which stipulates the purchase of rural getaway type properties for "healthy" weekend retreats. It will spend \$15 million on "significant upgrades and design changes" including accommodation development on the 22 hectare property. *Kevin, Margaret and Jason Sobels* will continue



to operate on their former site. The sale reflects a **rate of \$331,818 per square hectare**. Pokolbin is located 163 km north of Sydney. (AFR 30.07.18)

Specialised Properties

35-41 Addison Road, Marrickville, NSW 2204



Although marketed as a luxury townhouse/apartment/retail site, a new Vietnamese entrant to the investment market will opt to build student accommodation on an inner-west development site, picking it up for **\$14 million**. Whilst the site is not close to any universities and the nearest train station is too far away to utilise, the area remains popular with students due to its vibrant café and craft beer scene. The number of units the new owner intends to build was not revealed. Meanwhile, the site currently contains a tenanted warehouse/office building with a lease in place until 2019, providing holding income whilst a DA is lodged. The sale achieved a **site area rate of \$6,011 psm** and **\$3,525 psm of FSR**. Marrickville is located 7 km south west of Sydney's CBD. (AFR 05.07.18)

14D Oleander Drive, Mill Park, VIC 3082



A brand new 1,188 sqm building in north east Melbourne has been secured by *Melbourne Health*, a Victorian public health service provider, on a **15 year lease** with two five year options.

The group will fitout the two storey premises themselves and pay an **net annual rent of \$409,860**, equating to **\$345 per metre**. Mill Park is located 20 km north east of Melbourne's CBD. (AFR 31.07.18)



Hotels and Leisure

15 Pirie Street Adelaide, SA 5000

A vacant office building on a corner CBD block has been purchased by Singaporean *Chip Eng Seng* for **\$14.5 million**, with plans to demolish and develop the site as a hotel. The purchaser already has exposure in that particular market, having bought the Mercure & Ibis Styles Grosvenor Hotel last year for \$43 million. The 1,283 sqm site sold on a **rate \$11,302 psm**.

(AFR 05.07.18)

105 Sutherland Street, Paddington, NSW 2021



After a heated public campaign to keep the property out of hands of developers, the **Four in Hand Hotel** has sold off-market to *Good Beer Company* for **\$7 million** and will remain a pub, much to the chagrin of local punters. An online petition amassed over 10,000 signatures to stop a residential development going ahead on the site, an indication of the high level of value that residents place on local pubs as places of community and gathering. The sale reflects a **rate of \$10,000 psm internal area**. Paddington is located 3 km east of Sydney's CBD.

(AFR 05.07.18)

126, 129-131, The Esplanade, Golden Beach, QLD 4551

A Sydney-based private syndicate has secured the **Military Jetty Caravan Park** on the Sunshine Coast for **\$5.2 million**. Despite the site coming with council approval for 27 terrace townhouses, the new owners intend to retain the sites current use as a caravan park and make gradual upgrades. The site measures 7,721 sqm and generates \$300,000 in annual income, giving this sale a **5.77% yield** on purchase price. It sold on **rates of \$192,593 per approved townhouse site, \$74,286 per caravan placement and \$673 psm of site area**. Golden Beach is located 85 km north of Brisbane.

(AFR 26.07.18)

Property Funds and Capital Raisings

Brisbane Markets raise \$22.44 million for development, operations

The *Brisbane Markets* have filled **\$22.44 million** of the \$38.4 million required for a new warehouse development, in response to rising demand for market space. The money fell just short of the targeted \$24 million that the company intended to raise in the first round of funding, however in any case, the new development is due for completion in May 2019. The *Brisbane Markets* currently operates on 77 hectares of land and contains 37 buildings with selling floors and warehouses.

(AFR 11.07.18)

Rural Funds Group pays \$52.7 million in leaseback deal with JBS

JBS has sold its NSW and Queensland feedlots to *Rural Funds Group* and will have the lots leased back for 10 years. The deal was agreed at a **price of \$52.7 million** and contains a put and a call option whereby *JBS* can buy back or *Rural Funds* can sell back the feedlots at prearranged price at the expiration of the 10 year lease. The deal covers over **150,000 head of cattle**, representing about 15% of all cattle held in feedlots in Australia. A **price of \$351 per beast** gives an indication of how the deal was structured.

(AFR 13.07.18)





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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- ◆ Philippines
- ◆ Thailand

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