



Herron
Todd White

Independent Property Advisors

Herron Todd White

South East Queensland Property Overview

Thursday, 17 November 2011

Sofitel, Brisbane



www.htw.com.au

1300 880 489



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Alan Key

Environmental Offsets

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Identity

Earthtrade is the leading environmental broker in Queensland.

We assist clients to source and secure environmental offsets to meet Environmental Assessment and Development Application Approval conditions.



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Commercial Retail Industrial Rural Residential QS Plant & Machinery

Capability

Environmental Offsets required by legislation (Qld)

- Vegetation offsets (*Vegetation Management Act 1999*)
- Koala offsets (*SPRP and SPP 2/10*)
- Biodiversity offsets (*EPBC Act 1994, SPA, EP Act, and NCA*)
- Marine offsets (*Fisheries Act 1994*)
- Coastal offsets (*Coastal Management Act 1995*)
- Local Government Offset Policies (SPA)

Technical Services –pertaining to legislation, policy, offsets and offset potential on clients' landbanks



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Parties involved in an Offset

1. Proponent

In the context of environmental offsets, the reference to 'proponent' refers to the party who is the applicant on the Development Application or Environmental Approval.

2. Regulator

- Department of Environment and Resource Management
- Department of Sustainability, Environment, Water, Population and Communities
- Department of Employment, Economic Development and Innovation.
- The relevant Local Government



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Parties involved in an Offset (cont)

3. Broker

It is the broker's role to not only achieve and develop an Offset Strategy that meets the regulator's requirements, but to act impartially between the Proponent and the offset provider to ensure an offset is achieved at a reasonable price.

4. Offset Provider

The offset provider is usually, or preferably, a private landholder, who owns land that contains the required vegetation type and has the right to clear/use it.



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Case Study



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Alistair Weir

Commercial Markets

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AUCTION

RECEIVERS' SALE



5500m² Factory on 15.4ha General Industry Site beside the Logan Motorway

9 MAGNESIUM ST, NARANGBA QLD 4504

RECEIVERS' SALE

THURSDAY 10th NOVEMBER
11 AM ON SITE

This property has some rare features yet has versatility for a wide range of uses due to the blend of the existing building and hardstand plus DA to construct a second building.

- Land Size 4663m²
- Unit 555m²
- Mezzanine 100m²
- General Industry Zoning
- Lot 6 CP 867 900

- B - Double drive around building of approximately 5500m² including 400m² of incomplete office, and variable areas of hardstand.
- 50 tonne crane with 14.5 meters under hook, 750 KVA power, natural gas.
- DA approved site for concrete batch plant and a second building.

AUCTION



RECEIVERS' SALE

BANK SAYS MUST BE SOLD - ALL OFFERS CONSIDERED

- 7/1154 South Pine Road, Arana Hills
- 884sqm Industrial shed
 - Ample on site parking

- Multiple roller shutters
- Don't miss this bargain opportunity

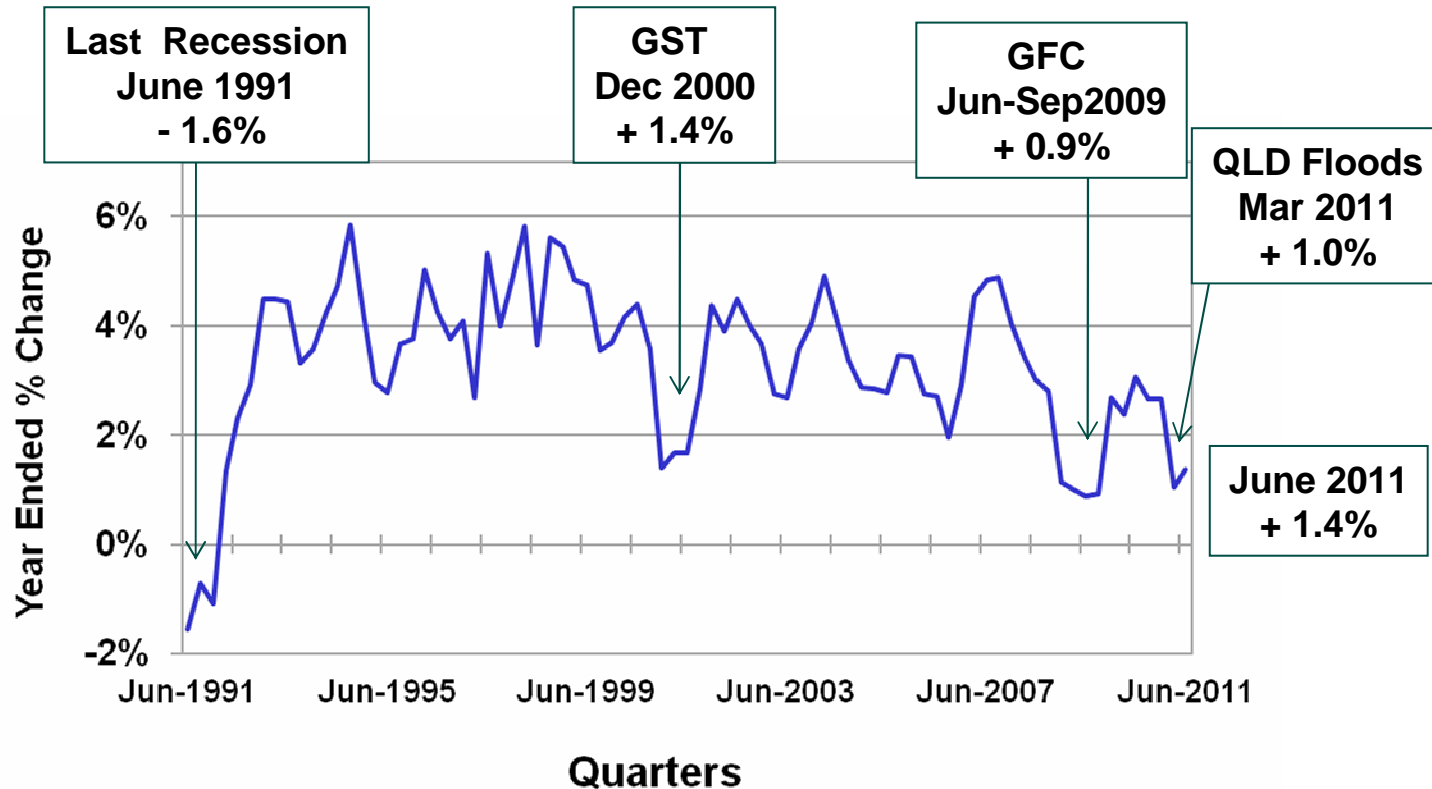
Existing Business/Freehold



RECEIVERS & MANAGERS APPOINTED

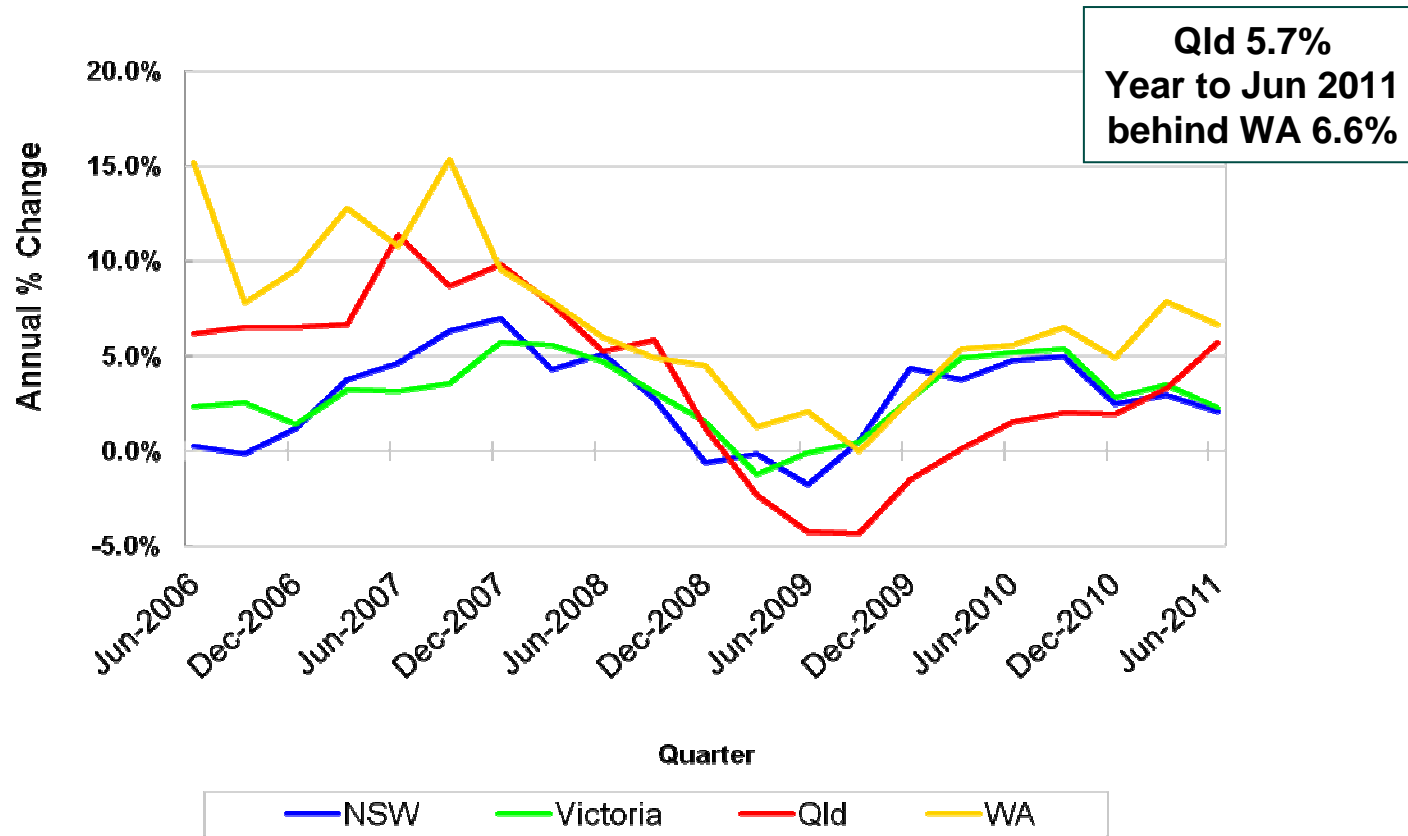
RECEIVERS' SALE

Annual GDP % Change



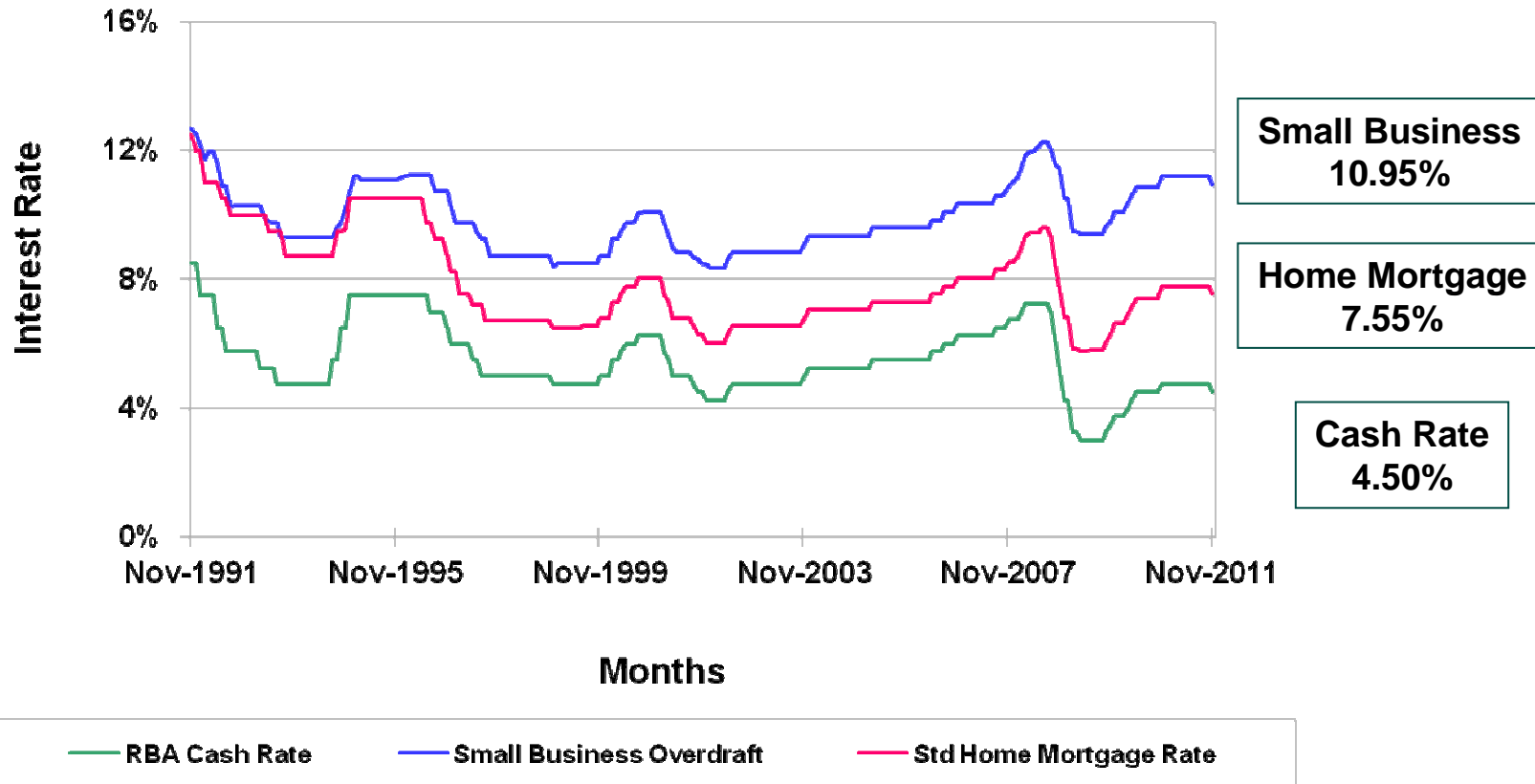
Source: ABS Seasonally Adjusted Data

State Demand Qld Vs Other States



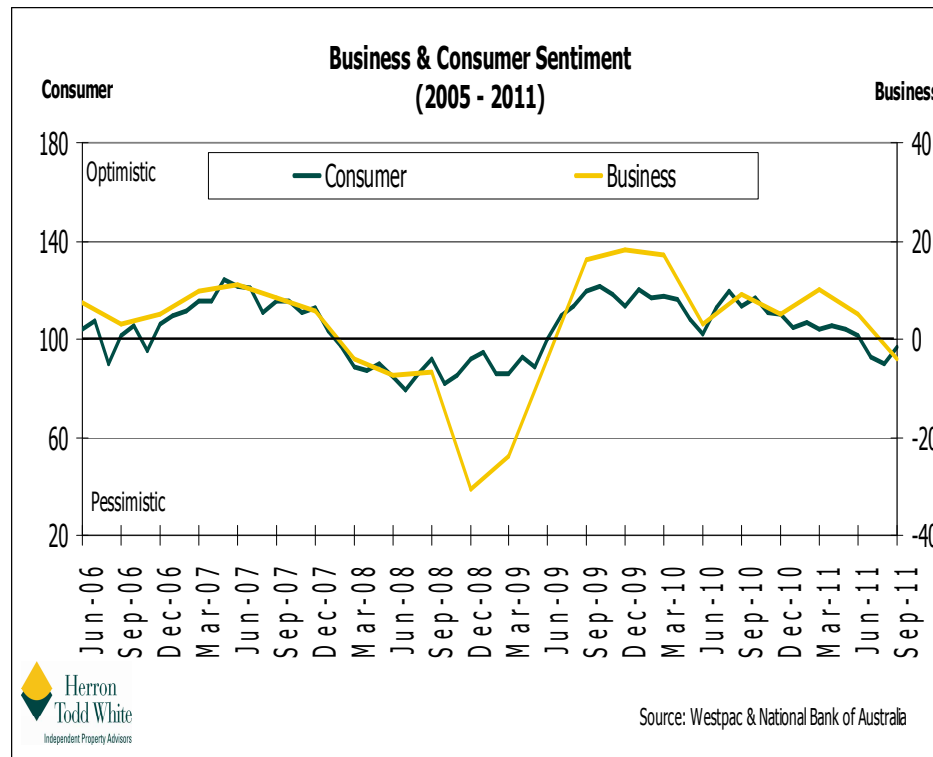
Source: ABS State Final Demand

Interest Rates



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Its all about confidence!



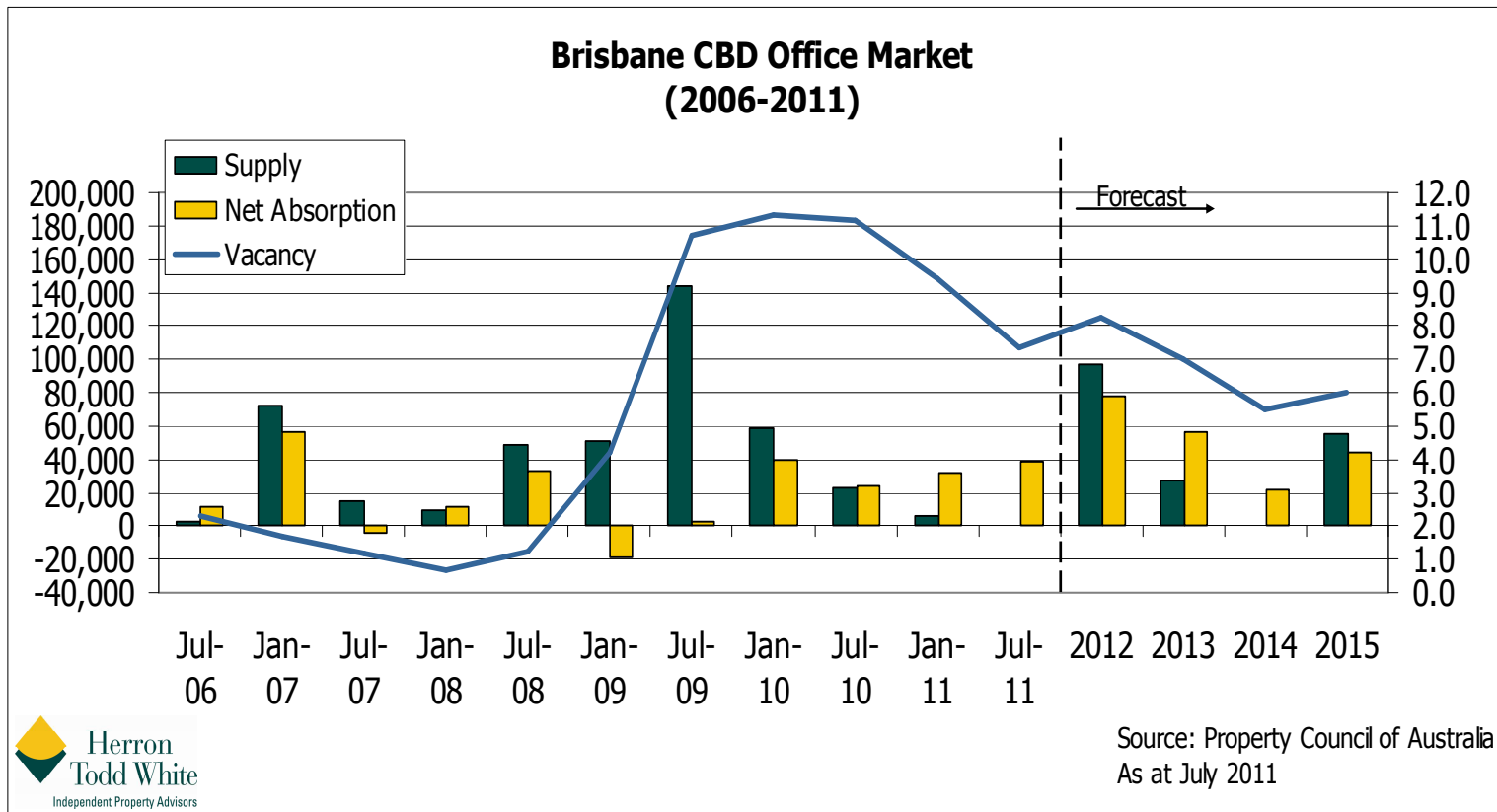
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Brisbane Office Markets

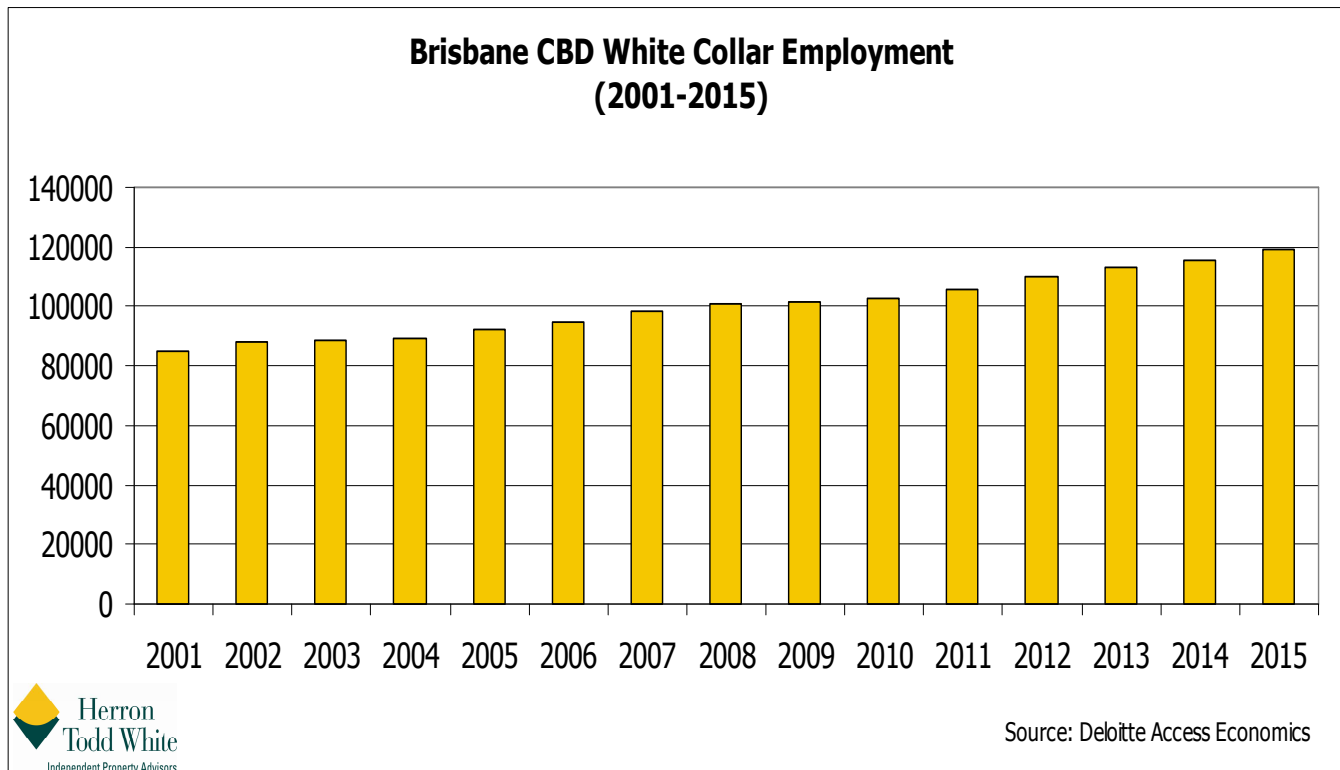


Commercial Retail Industrial Rural Residential QS Plant & Machinery

Brisbane CBD Office Market Back at Equilibrium within 2 years

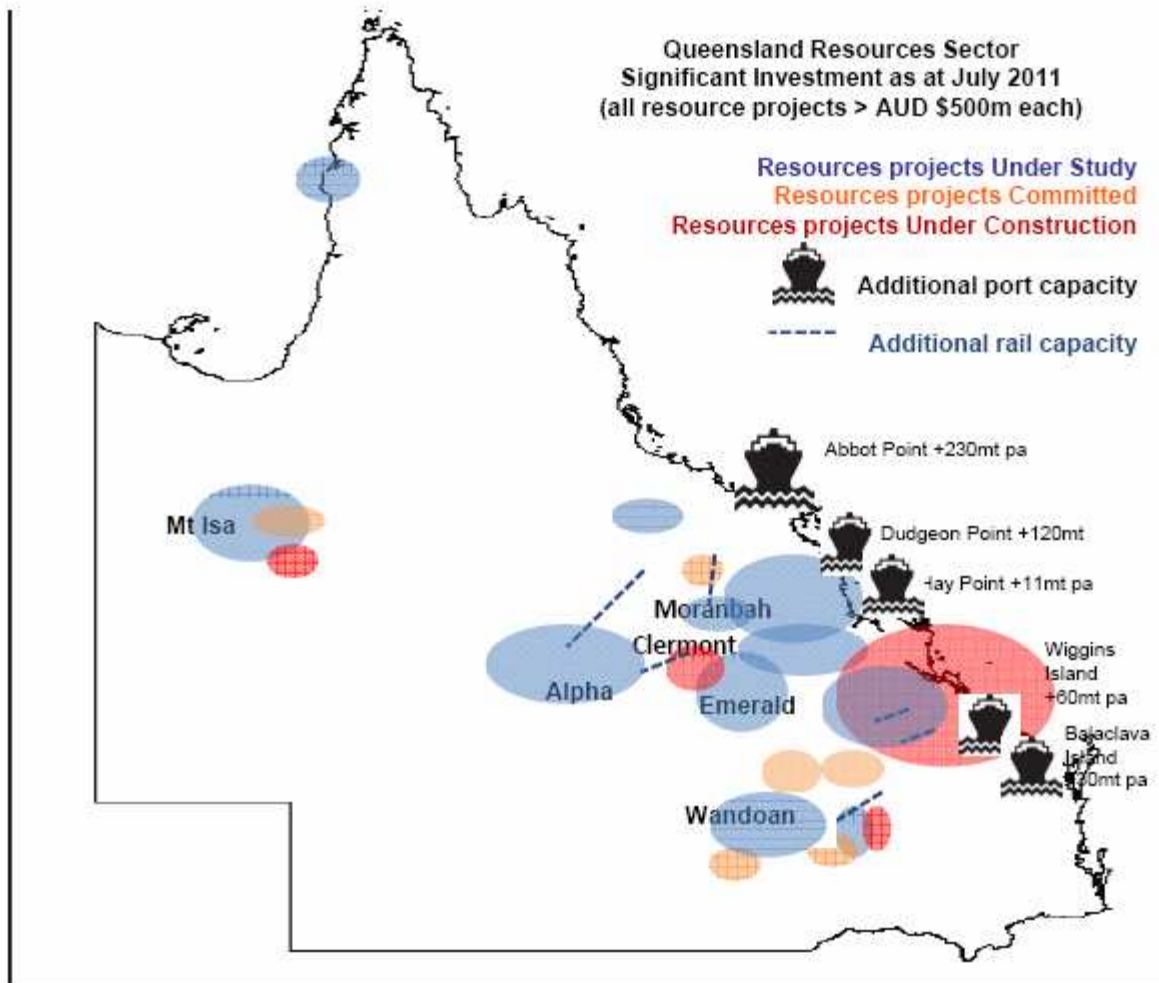


White Collar Employment Will Continue to Drive Growth....



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Queensland Resources Pipeline

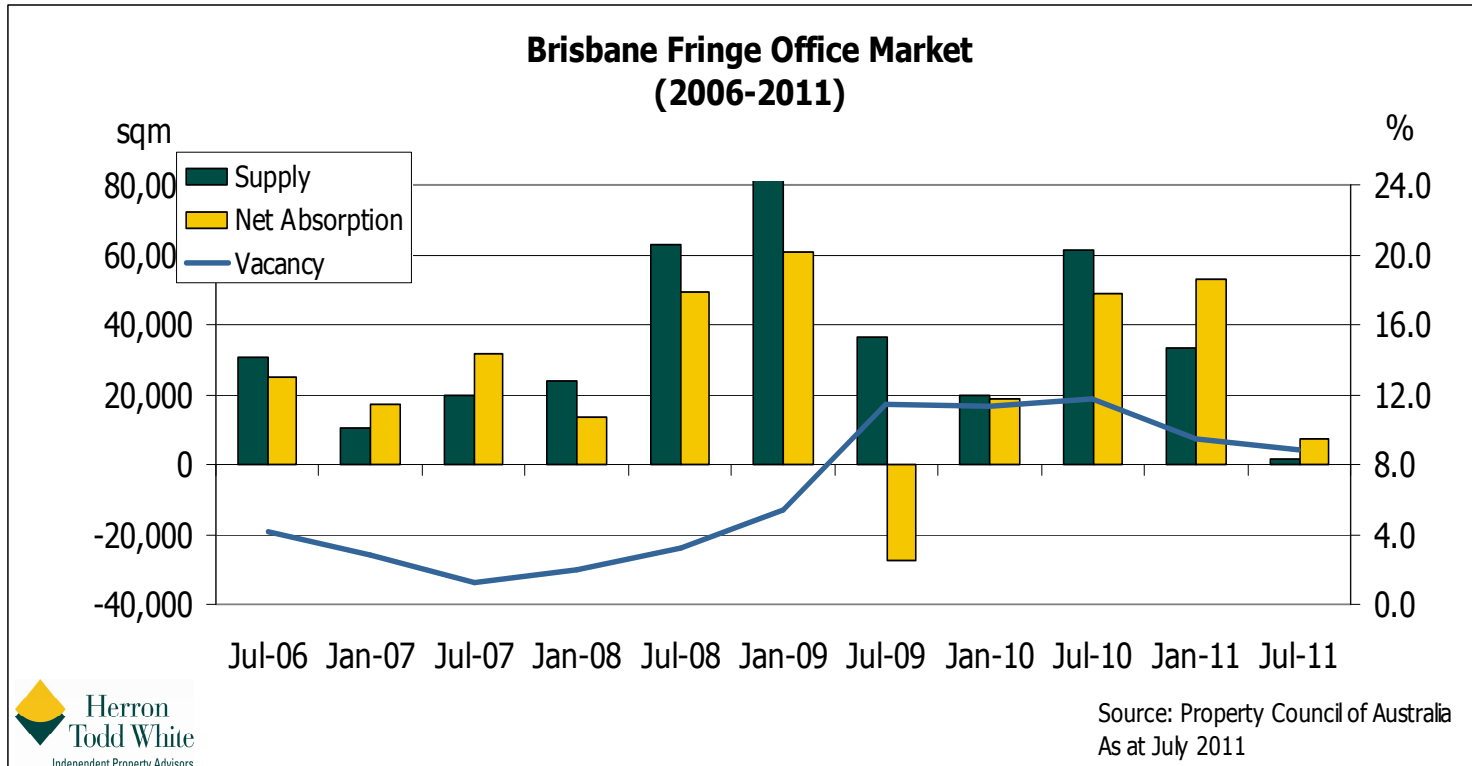


\$115 billion resource project pipeline state-wide

Source: Qld Resources Council

Commercial Retail Industrial Rural Residential QS Plant & Machinery

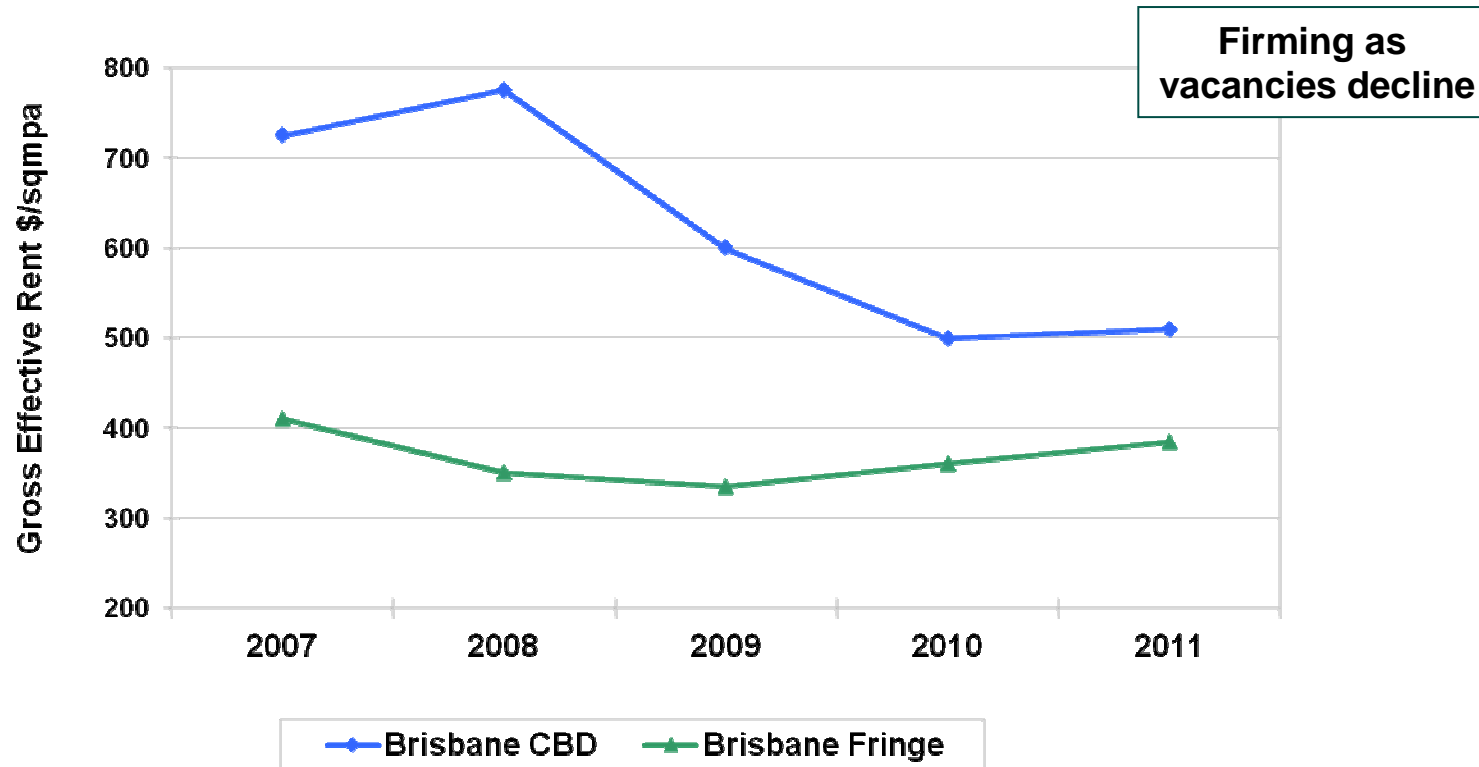
Fringe markets are also strong



Commercial Retail Industrial Rural Residential QS Plant & Machinery

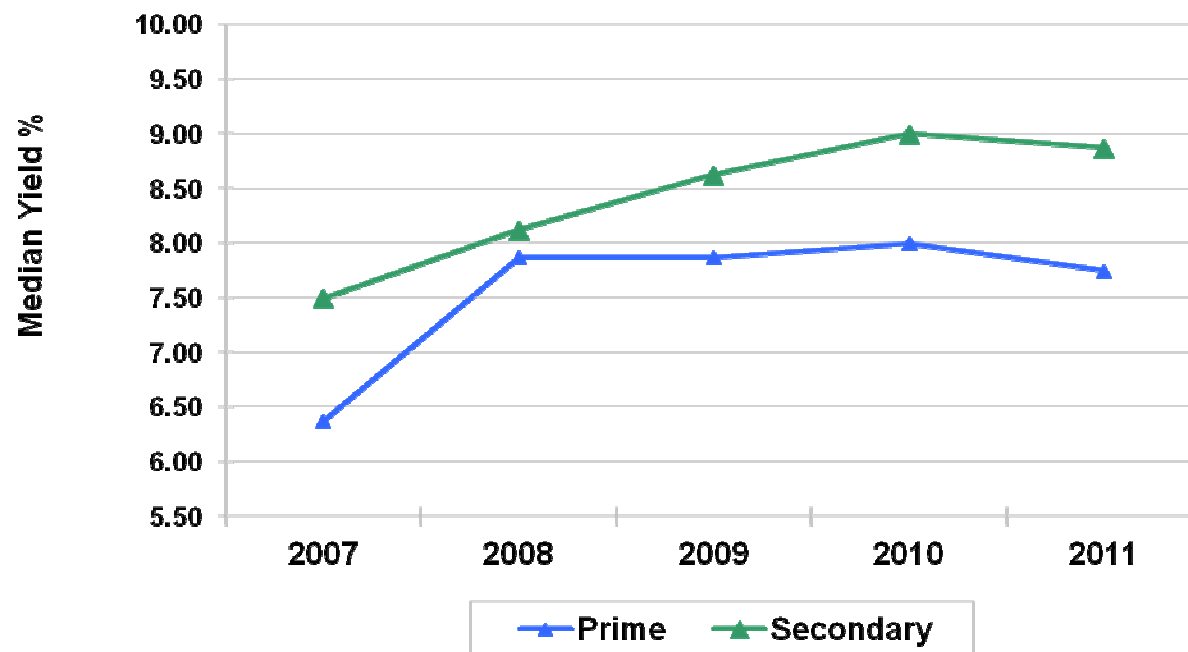
Brisbane Office Rents

(Gross Effective \$/m² p.a)



Source: HTW Research

Brisbane Office Yields Firming



Source: HTW Research

CITY



IBM CENTRE - EX TRADES HALL SITE
Edward Street

The IBM Centre offers the prominence and centrality of a CBD location with the environment, ease of access and rentals of a fringe city development.

Features include:

- Typical Floors 877 m²
- "Studio" Floors from 172 m²
- Rental from \$145 p.s.m. per annum
- Emergency Power
- Panoramic views over the city and Moreton Bay
- 400 metres from the Mall
- Due for completion in October.

CONTACT: (07) 227 9227.

Asking Rent in 1986
\$150/m²
(Gross effective)

Current Rental:
\$420/m²
(Gross effective)

Average Rental Growth
4.2% p.a

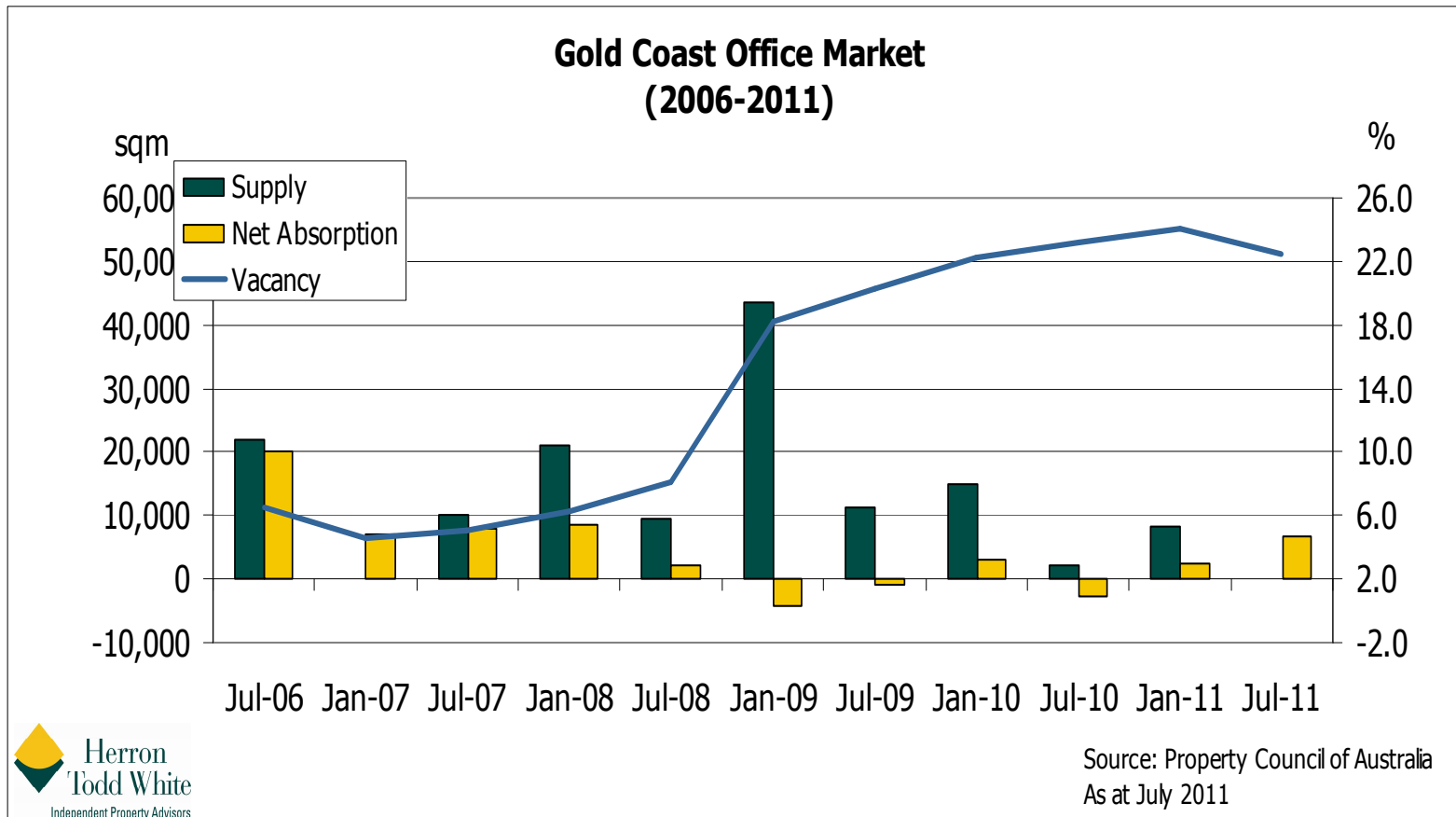
Average Inflation:
3.4% p.a

Commercial Retail Industrial Rural Residential QS Plant & Machinery



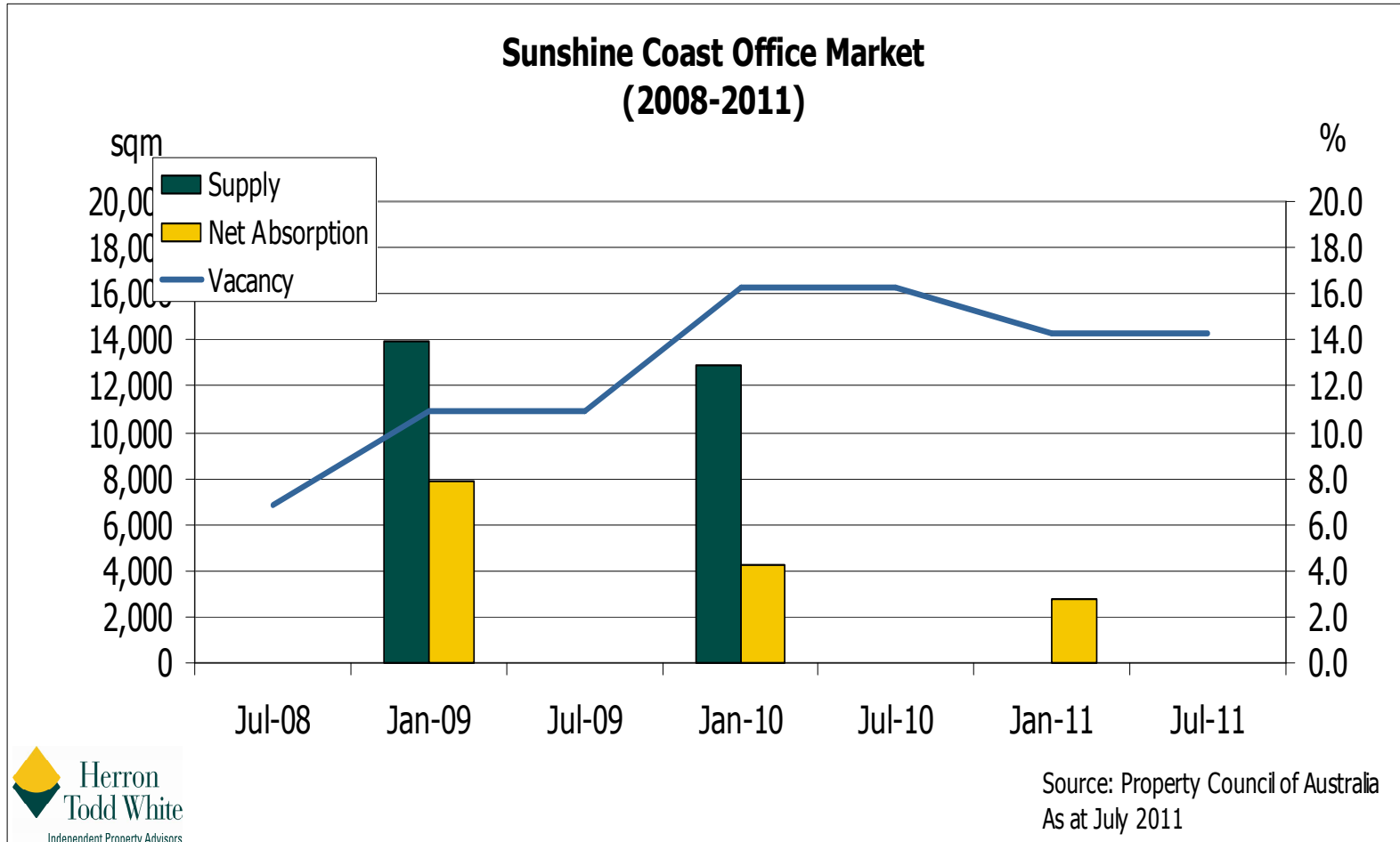
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Nothing to see here.....



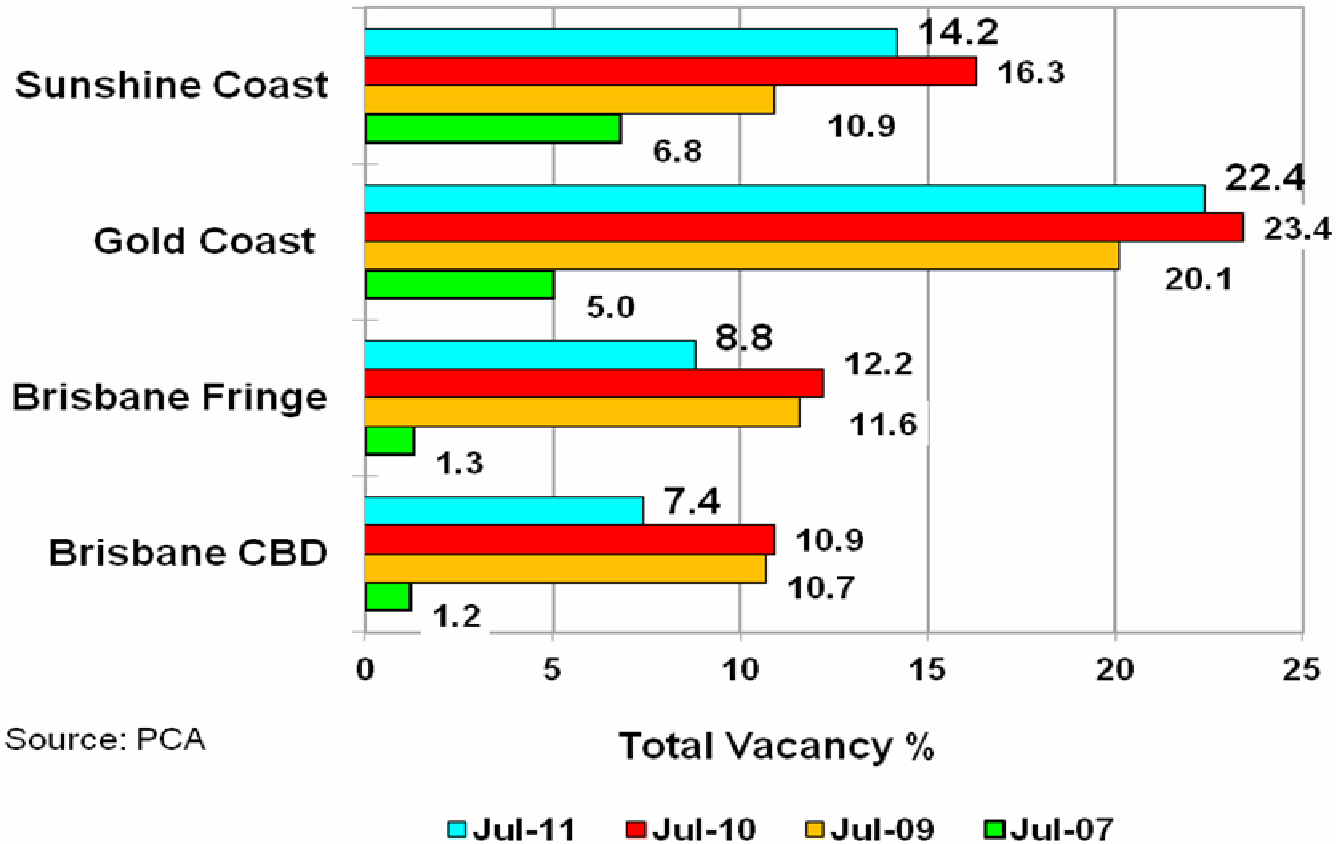
Commercial Retail Industrial Rural Residential QS Plant & Machinery

Or here.....



Commercial Retail Industrial Rural Residential QS Plant & Machinery

Office Market Vacancies

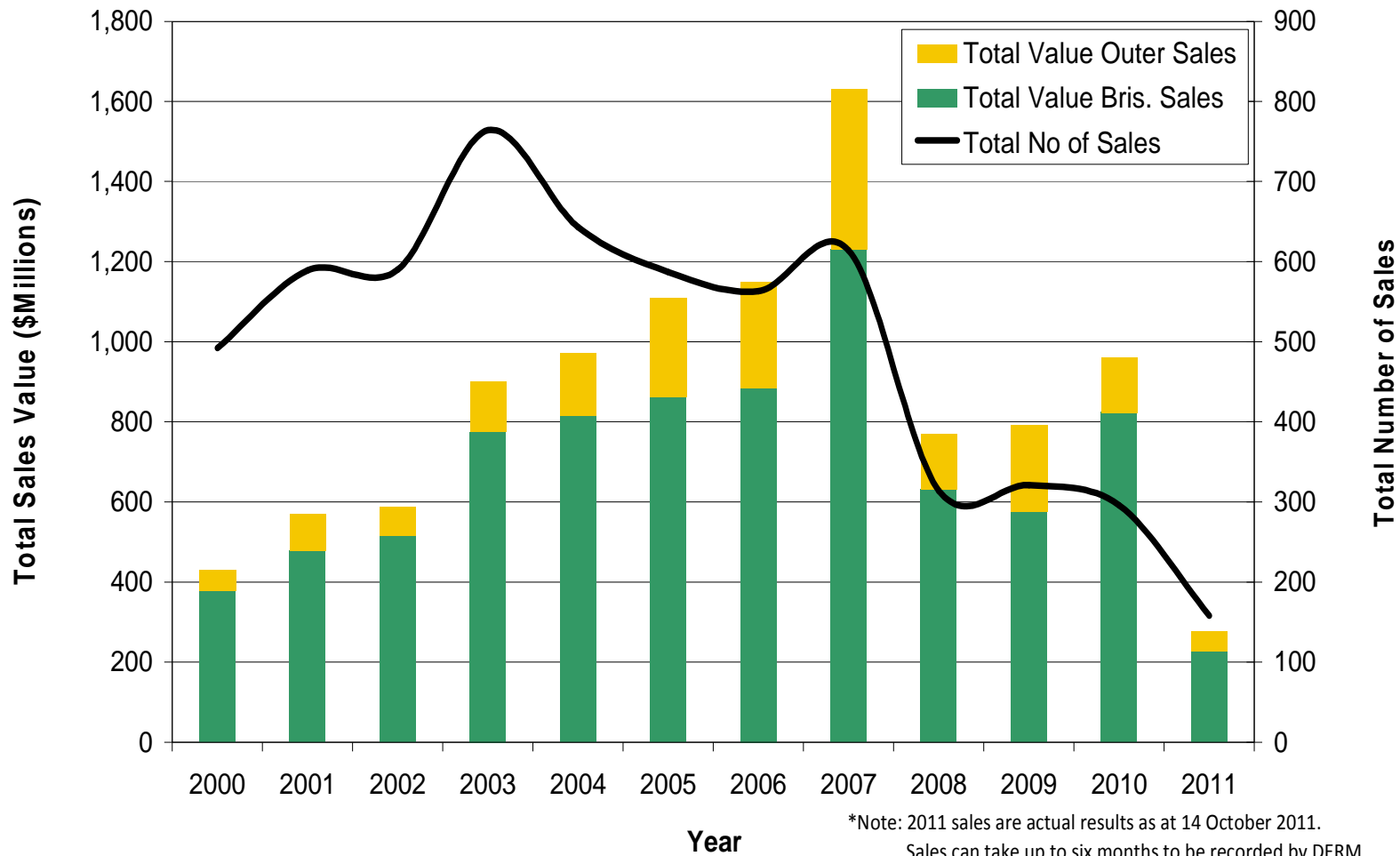


Office Markets Summary

OFFICE	Brisbane	Gold Coast	Sunshine Coast
Rents pm² pa			
CBD	\$650 - \$850	\$300 - \$425	\$350
Near City	\$300 - \$500	\$200 - \$300	\$280
Yields			
Prime	7.50% - 8.50%	8.00% - 8.50%	7.75%
Secondary	8.50% - 9.50%	8.50% - 9.50%	8.00% - 8.50%
Other	9.50% plus	9.50% plus	8.50% plus
Sales Analysis Rate/m²			
Prime	\$4,500 - \$6,500	\$3,500 to \$4,500	\$4,000 - \$5,000
Secondary	\$3,000 - \$4,000	\$2,000 to \$3,500	\$3,250 - \$3,750

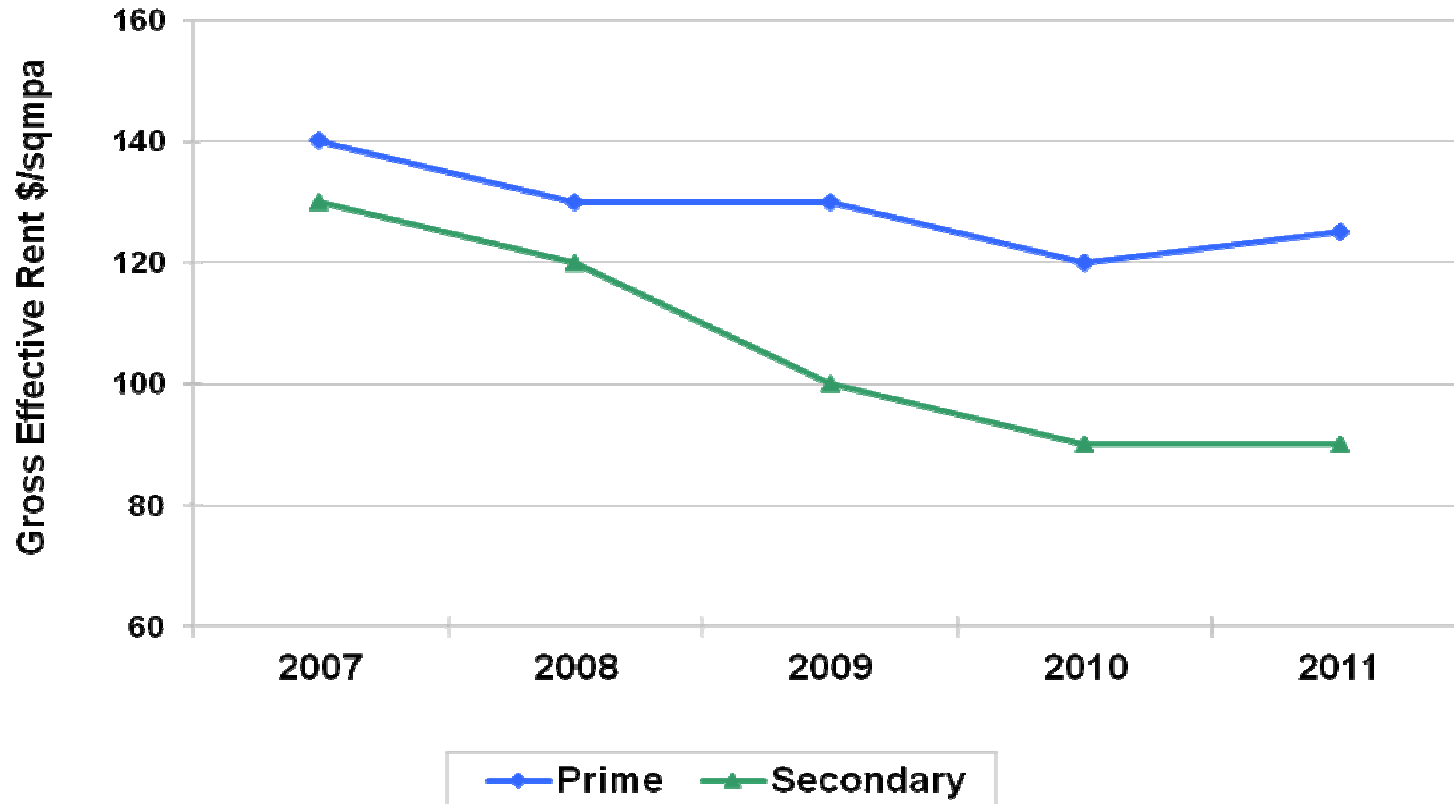
Commercial Retail Industrial Rural Residential QS Plant & Machinery

Brisbane and Outer LA's Industrial No. of Sales and Value of Sales 2000-2011*



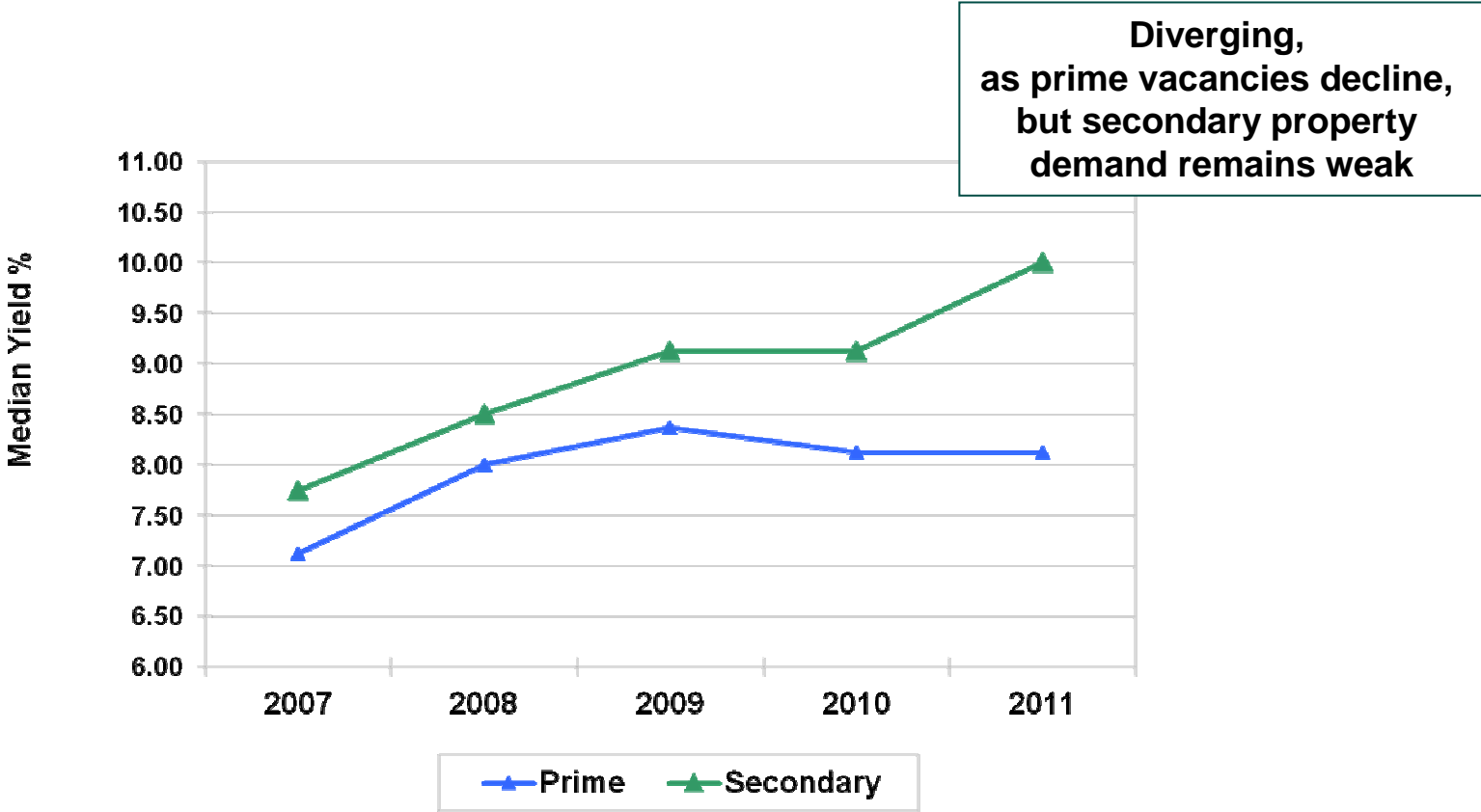
Commercial Retail Industrial Rural Residential QS Plant & Machinery

Brisbane Industrial Rents



Source: HTW Research

Brisbane Industrial Yields



Source: HTW Research

INDUSTRIAL	Brisbane	Gold Coast	Sunshine Coast
Rents pm² pa			
Prime	\$110 - \$130	140	\$120
Secondary	\$75 - \$105	110	\$100
Yields			
Prime	7.75% - 8.50%	7.50% - 8.50%	8.00% - 8.50%
Secondary	8.75% - 9.50%	8.00% - 9.50%	8.50% - 9.00%
Other	9.50% plus	9.00% plus	9.00% plus
Sales Analysis Rate/m²			
Prime	\$1,300 - \$1,700	\$1,600 - \$2,000	\$1,400 - \$1,800
Secondary	\$800 - \$1,200	\$1,000 - \$1,400	\$1,000 - \$1,400
Land Rate/m²			
Prime	\$250 - \$400	\$300 - \$425	\$250 - \$350
Secondary	\$150 - \$250	300	\$220

ACACIA RIDGE

OFFICE SPACE & WAREHOUSE

361 Bradman Street

- Floor Area: 20,600 sq. ft.
- P.S.F. Rental: \$4.25
- Annual Rental: \$79,050

Special Features: Excellent new building. Well presented office space complements a clear span warehouse and good hardstand area.

CONTACT: STEVE FAIRBAIRN (07) 227 9227 A/H (07) 371 7940.

**Rent in 1986:
\$46/m²**

**Rent in 2011
\$100/m²**

**Average Growth:
3.1%**



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Retail



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Retail Issues

- Discretionary spending impacted by economy and internet spending
- Two tiered market in neighbourhood centres.
- Yields for neighbourhood centres running at 7.5-10%
- No capacity for rent growth. Rent growth sometimes not being enforced, arrears increasing.
- Major grocery retailers are expanding and hungry for good sites, but not much expansion anywhere else.

Vacant fringe properties in and around Surfers Paradise.



Commercial Retail Industrial Rural Residential QS Plant & Machinery

Industrial Sale **42 Dacmar Road, Coolum Beach**

Sale Date **May 2011**
Purchase Price **\$2,100,000**
Analysed Yield **9.2%**
Rate/m2 of NLA **\$1,364 inc office**



Commercial Retail Industrial Rural Residential QS Plant & Machinery

Industrial Sale **104 Millaroo Drive, Helensvale**

Sale Date	April 2007	July 2011
Purchase Price	\$2,000,000	\$1,595,000
Analysed Yield		8.63%
Rate/m²:	\$1,670	\$1,333



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Retail Sale

Mount Coolum Shopping Centre

Sales Date **October 2011**
Purchase Price **\$6,100,000**
Analysed Yield **9%**
Rate/m2 of NLA **\$3,550**
WALE **2 years approx**



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Commercial / Medical

25 Maud Street, Maroochydore

Sale Date Late 2011
Purchase Price \$5,000,000
Analysed Yield 9.15%
NLA 1,347
Rate/m2 \$3,712
WALE 5 years approx.
Receiver Sale Tenants required to be restructured.



Commercial Retail Industrial Rural Residential QS Plant & Machinery

The Main Messages...

- Office markets are heading towards equilibrium in Brisbane but are becalmed elsewhere.
- Industrial is at a low point and should start to recover in mid to late 2012 as it benefits from resources impact.
- Retailing has been knocked around and will take some time to recover. There are some good buying opportunities in neighbourhood and convenience retail. Discretionary spending based retailers are still likely to do it tough and recovery will take some time.
- BIG disclaimer overriding it all is the world economy.



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Gavin Hulcombe

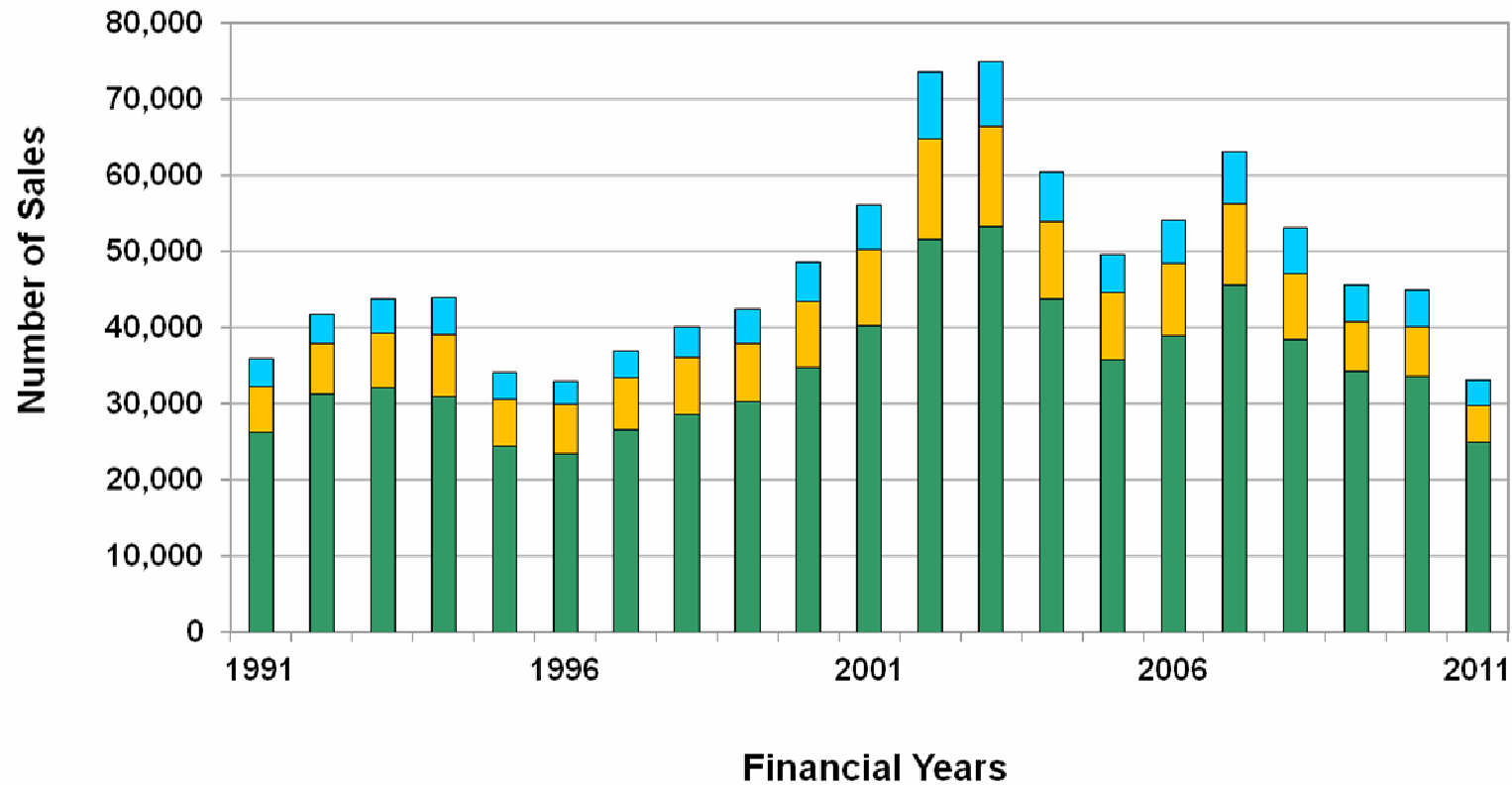
SEQ Residential Market

Thursday, 17 November 2011



SEQ House Sales

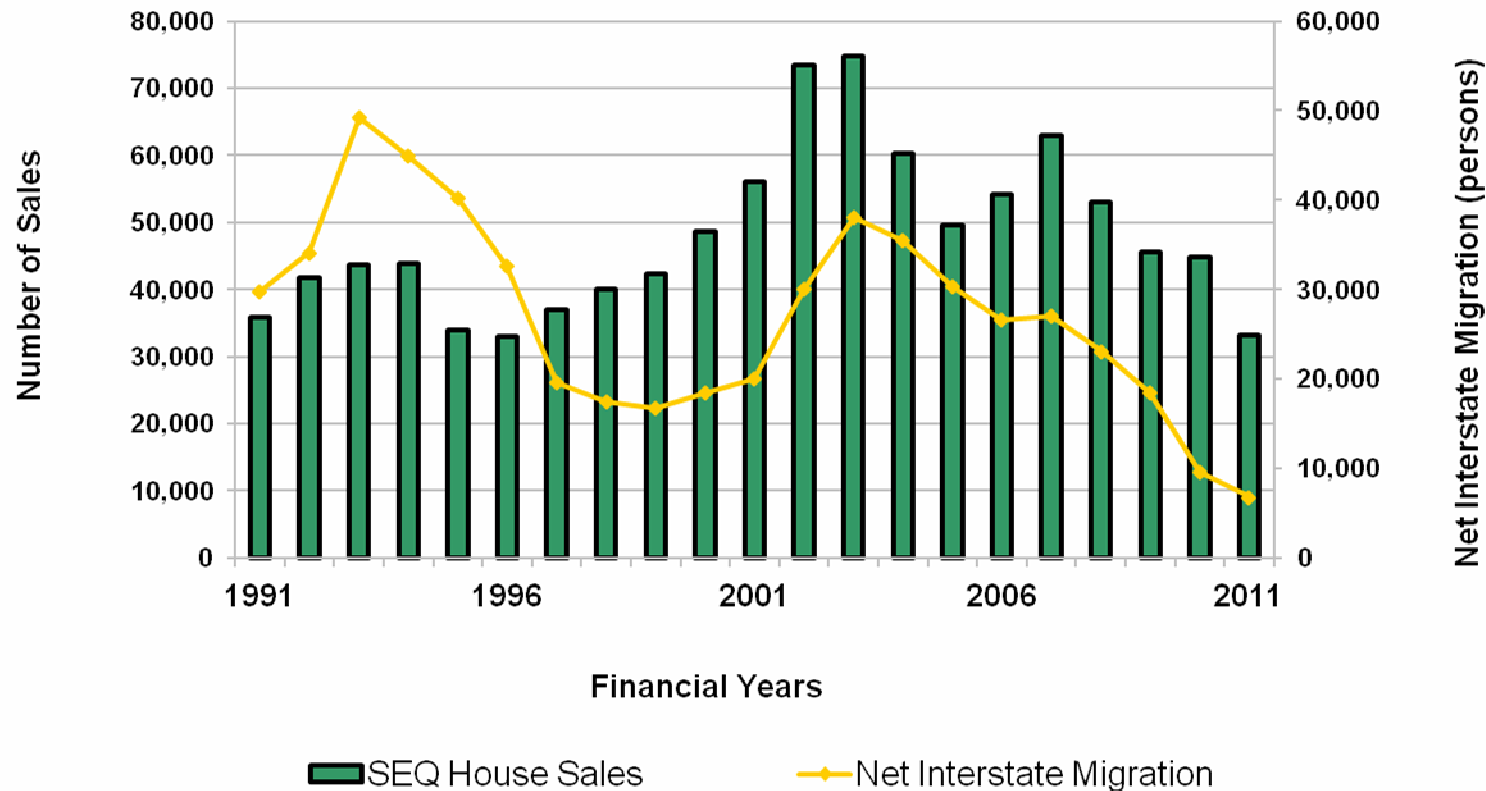
Volumes down by 26% in 2010/11



Source: RP Data

Commercial Retail Industrial Rural Residential QS Plant & Machinery

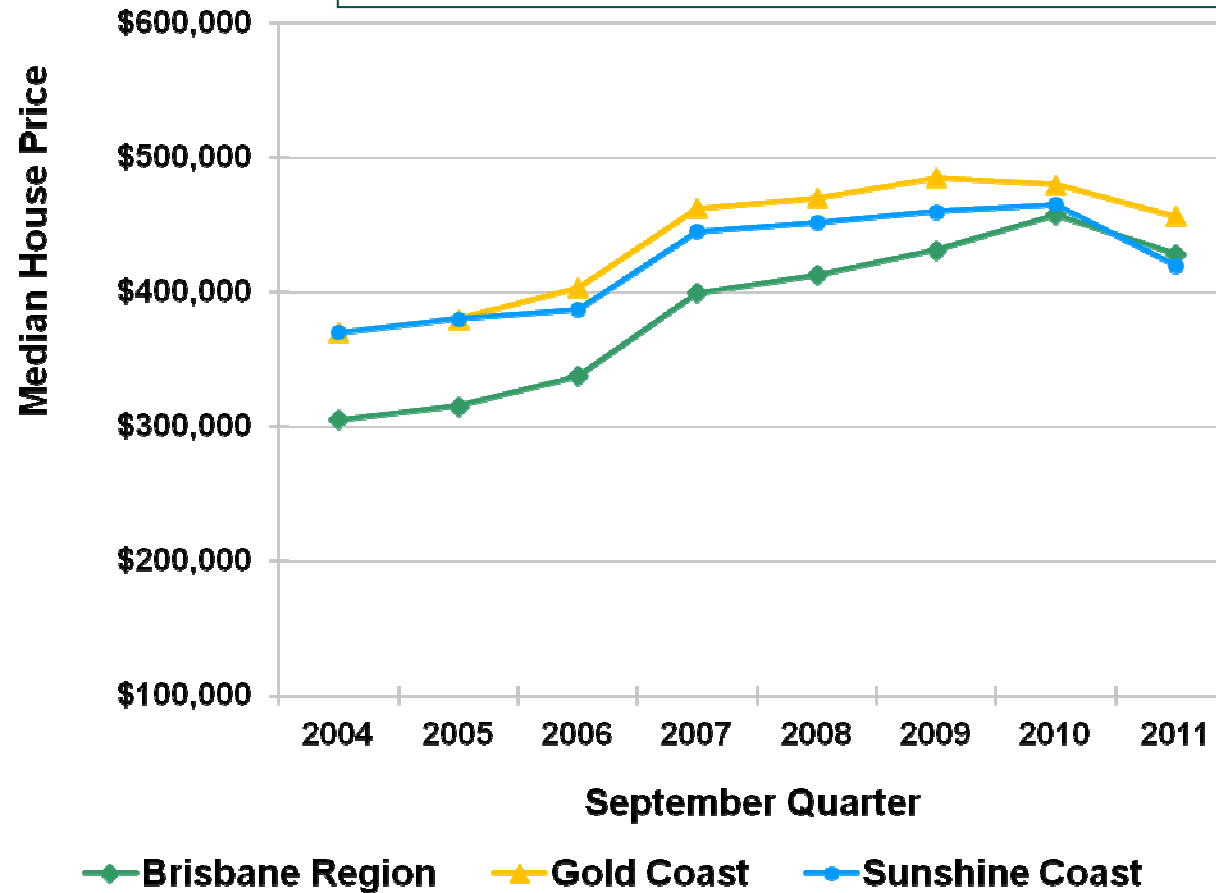
SEQ House Sales & Net Migration



Source: RP Data & ABS
 Net Interstate Migration for
 2010/11 annualised estimate
 based on 9 months data

Brisbane Gold & Sunshine Coast Houses

Sunshine Coast median price down by 9.7% in year to Sept 2011 to \$420,000



Source: RP Data

Investment Yields are Improving



Caboolture

Sold - \$125,000

2 bed, 1 bath

Rent: \$215 per week

Yield: 8.9%



Woodridge

For sale – \$159,000

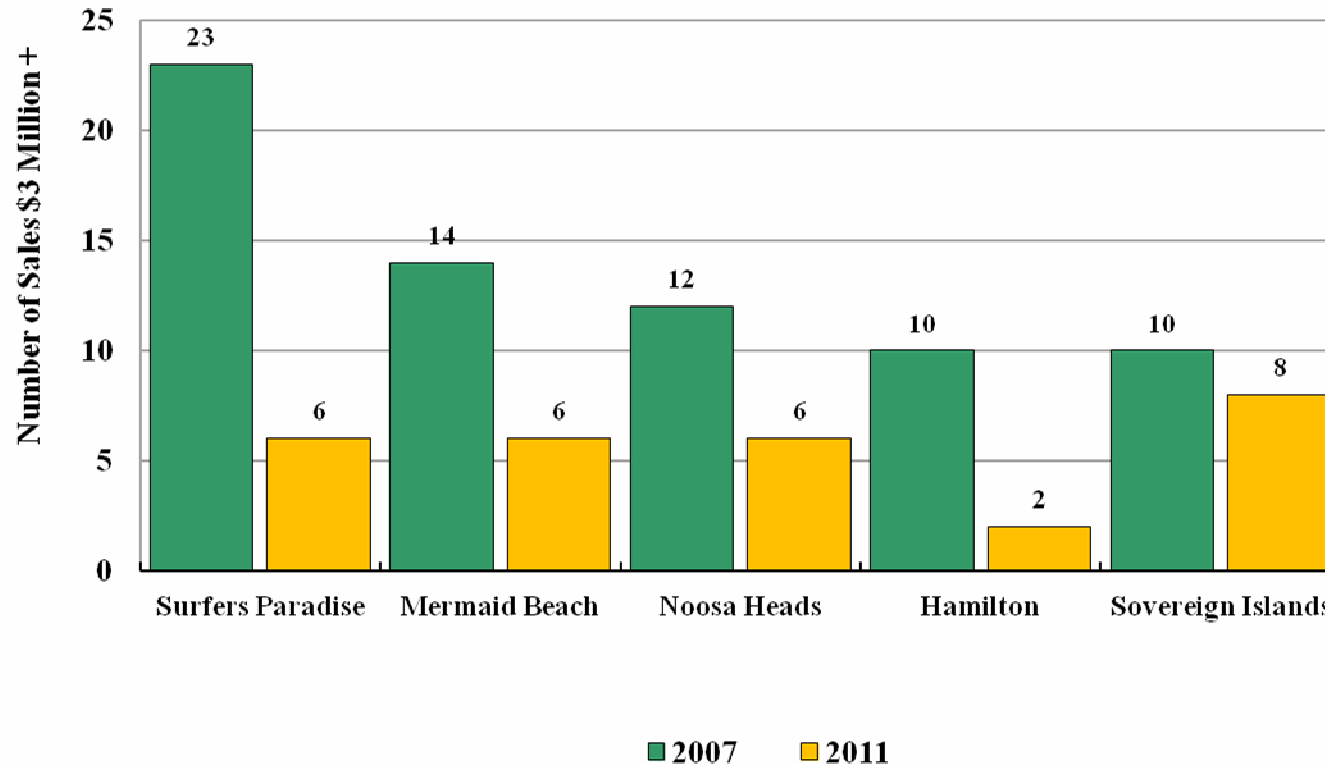
2 bed, 1 bath

Rent: \$230 per week

Yield: 7.5%

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Prestige Housing Market \$3 million Plus



Overall SEQ volumes down by 61% from 2007 to 2011 (year to September)

Source: RP Data

Housing Comparisons - Brisbane



Ascot

Sale: 25/03/2006

Price: \$4,500,000

Resale: 24/03/2011

Price: \$4,800,000

↑ 6.6%



Hamilton

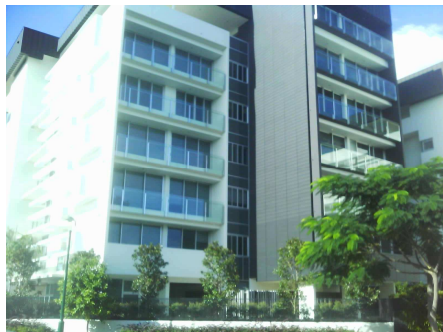
Sale: 25/02/2008

Price: \$3,700,000

Resale: 20/04/2011

Price: \$3,225,000

↓ 12.8%



Newstead

Sale: 22/08/2009

Price: \$4,350,000

Resale: 15/09/2011

Price: \$3,510,000

↓ 19.3%

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Housing Comparisons – Gold Coast



Mermaid Beach
Sale: 07/07
Price: \$11,150,000
Resale: 02/11
Price: \$5,400,000 ↓ **51.6%**



Mermaid Beach
Sale: 09/07
Price: \$10,250,000
Resale: 11/10
Price: \$5,000,000 ↓ **51.2%**



Surfers Paradise
Sale: 02/06
Price: \$4,900,000
Resale: 10/11
Price: \$2,050,000 ↓ **58.1%**

Housing Comparisons – Sunshine Coast



Noosa Heads

Sale: 19/08/2008

Price: \$5,550,000

Resale: 30/09/2011

Price: \$3,260,000

↓ 41.2%

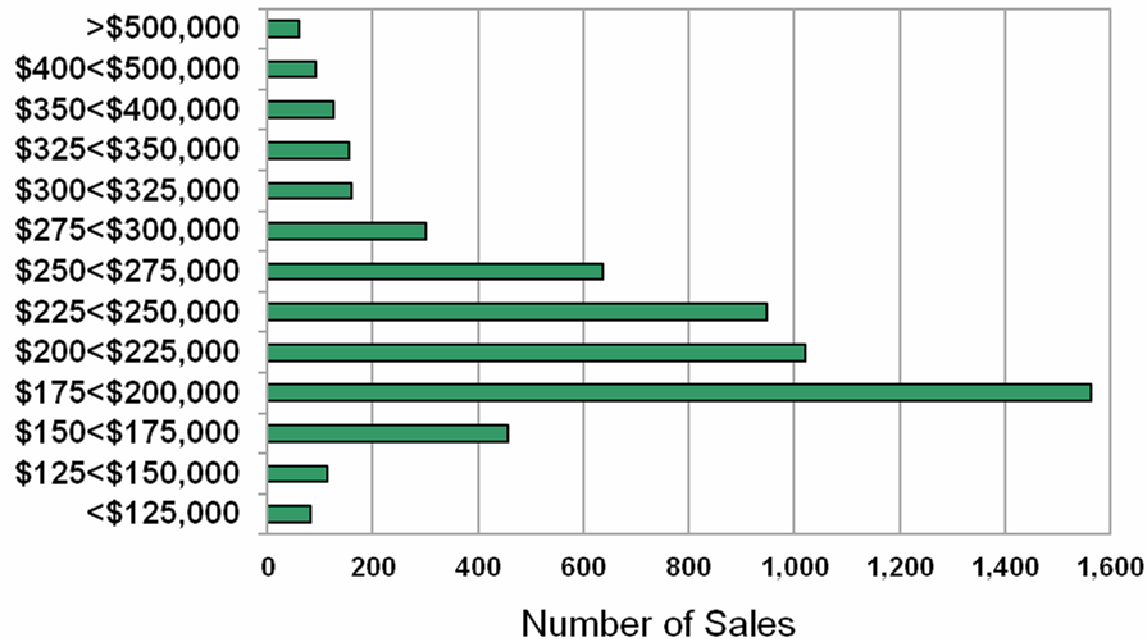
Land Market

Commercial Retail Industrial Rural Residential QS Plant & Machinery



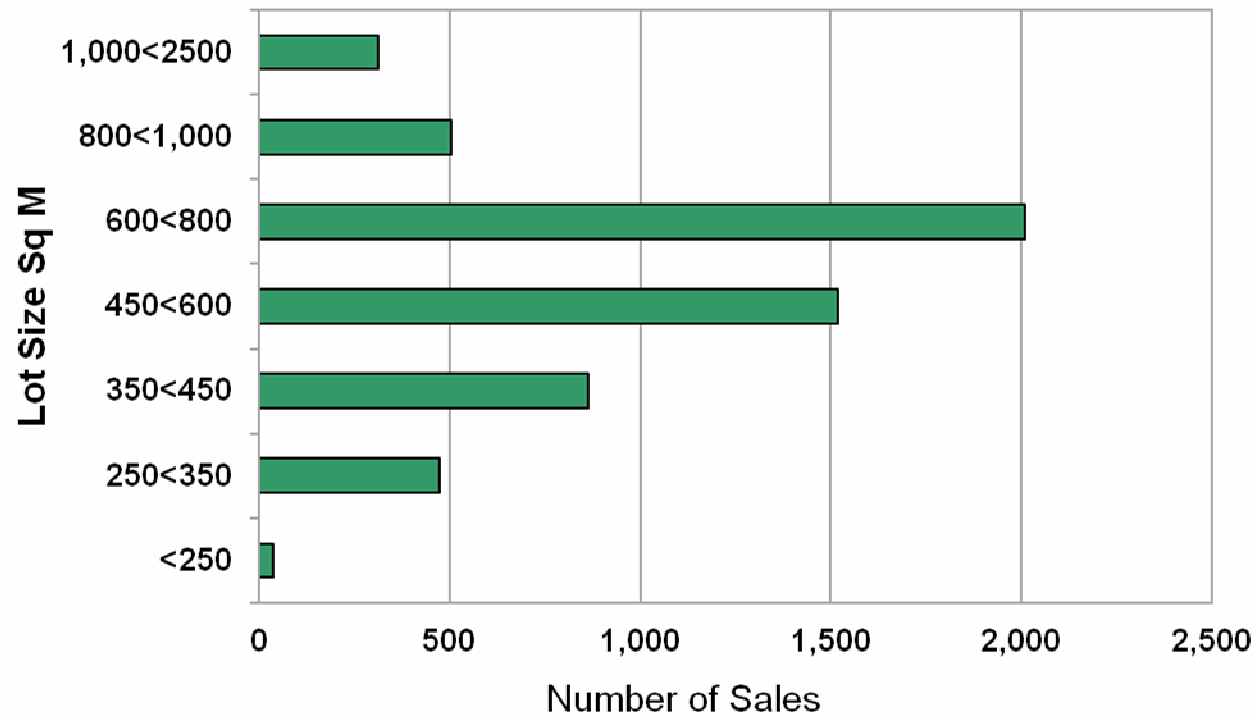
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SEQ Developer Vacant Land Sales by Price Range



Source: RP Data & HTW
Year to March 2011

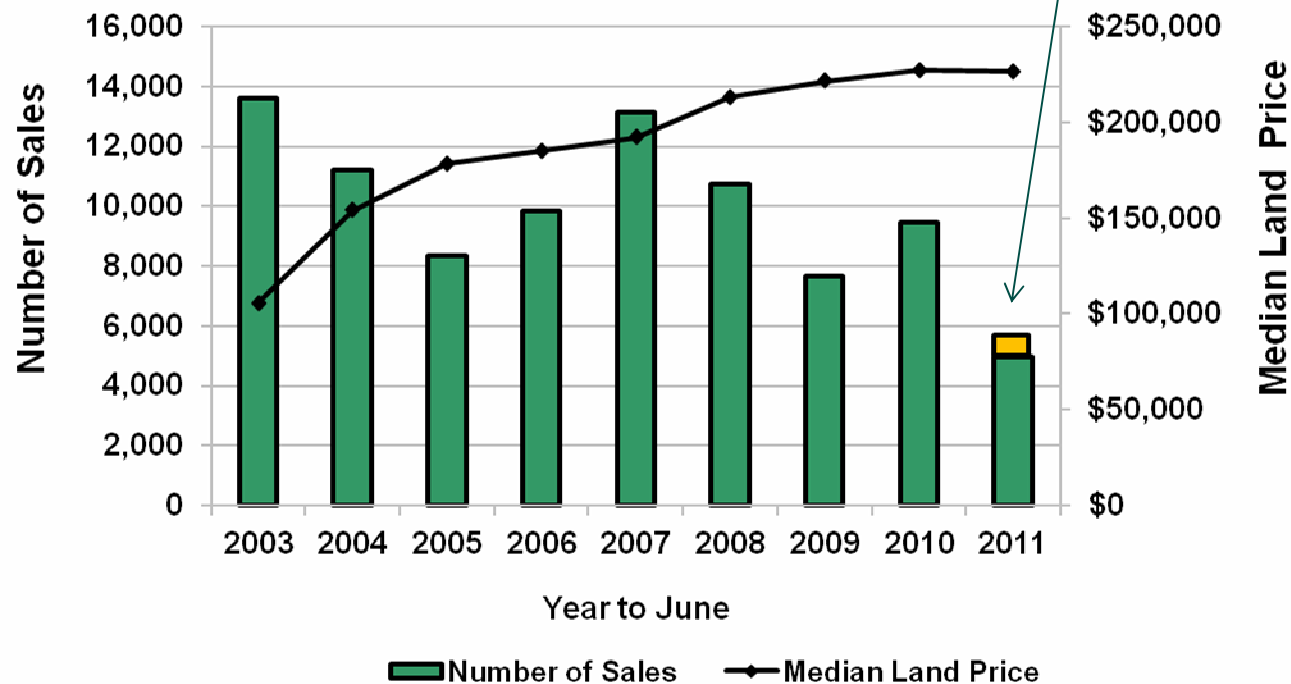
SEQ Lot Sizes



Source: RP Data & HTW
Year to March 2011

Brisbane Region Land Sales

Volumes estimated to be down by 38% in 2010/11

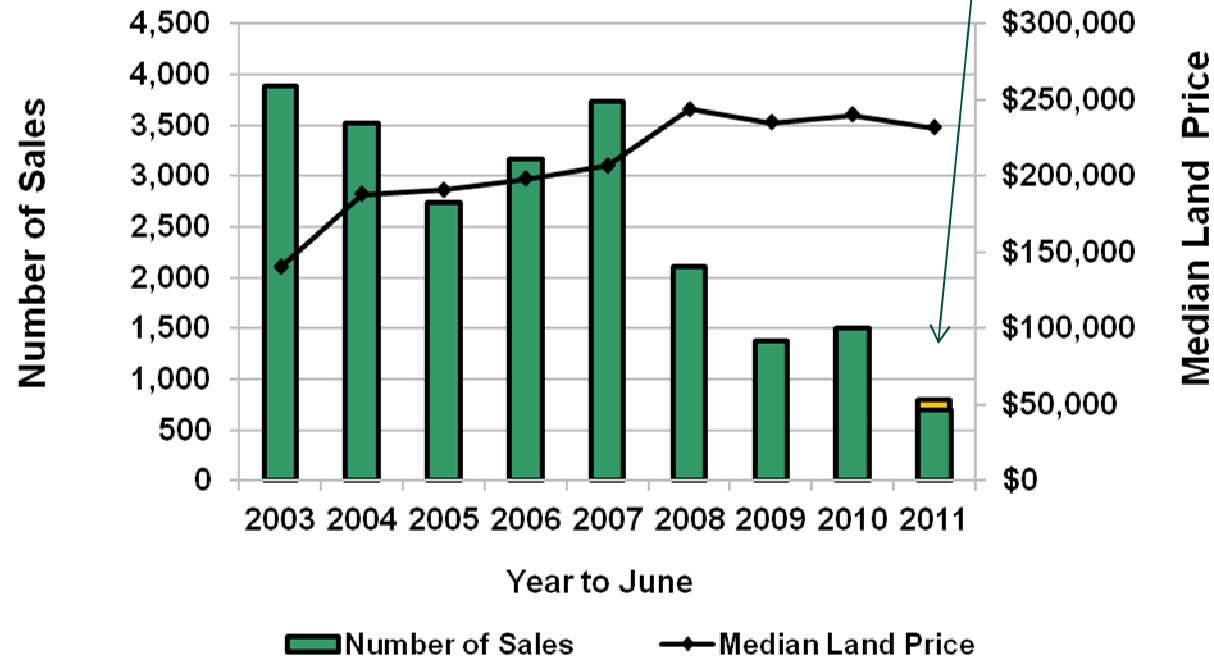


Source: OESR
Lot Sizes 140-2,500 sq m

Commercial Retail Industrial Rural Residential QS Plant & Machinery

Gold Coast Land Sales

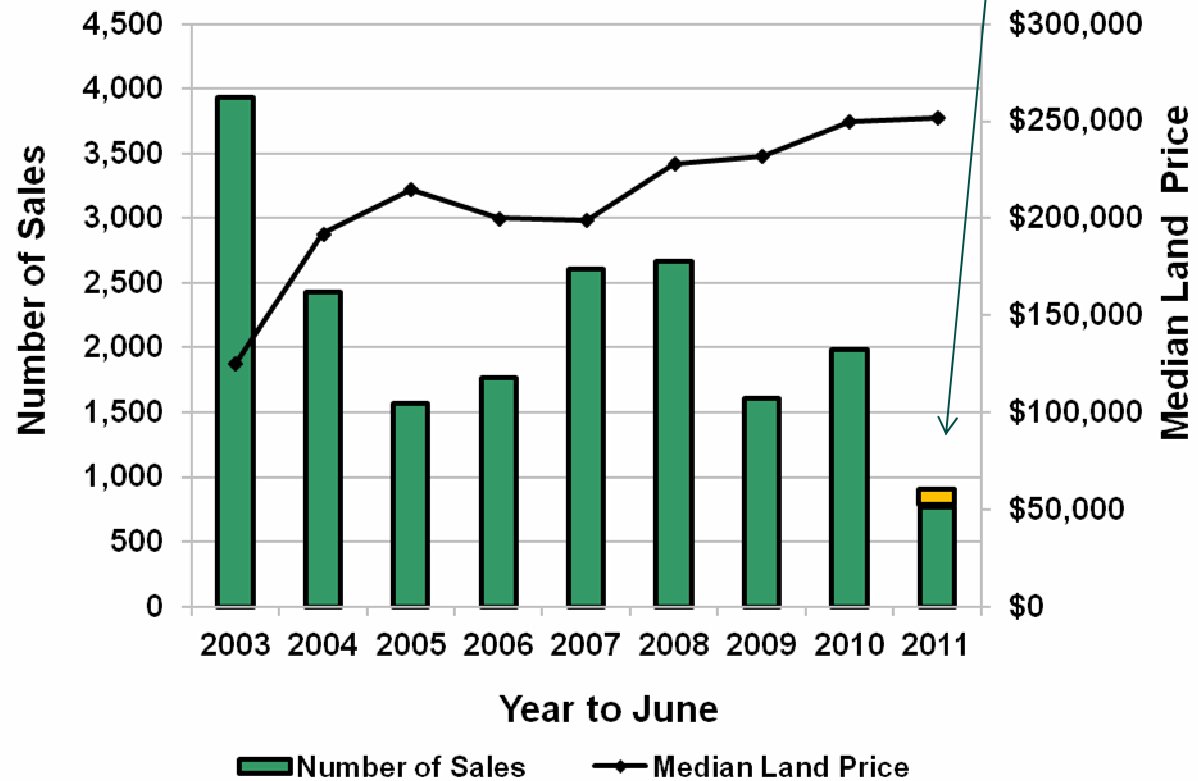
Volumes estimated to be down by 45% in 2010/11



Source: OESR
Lot Sizes 140-2,500 sq m

Sunshine Coast Land Sales

Volumes estimated to be down by 55% in 2010/11

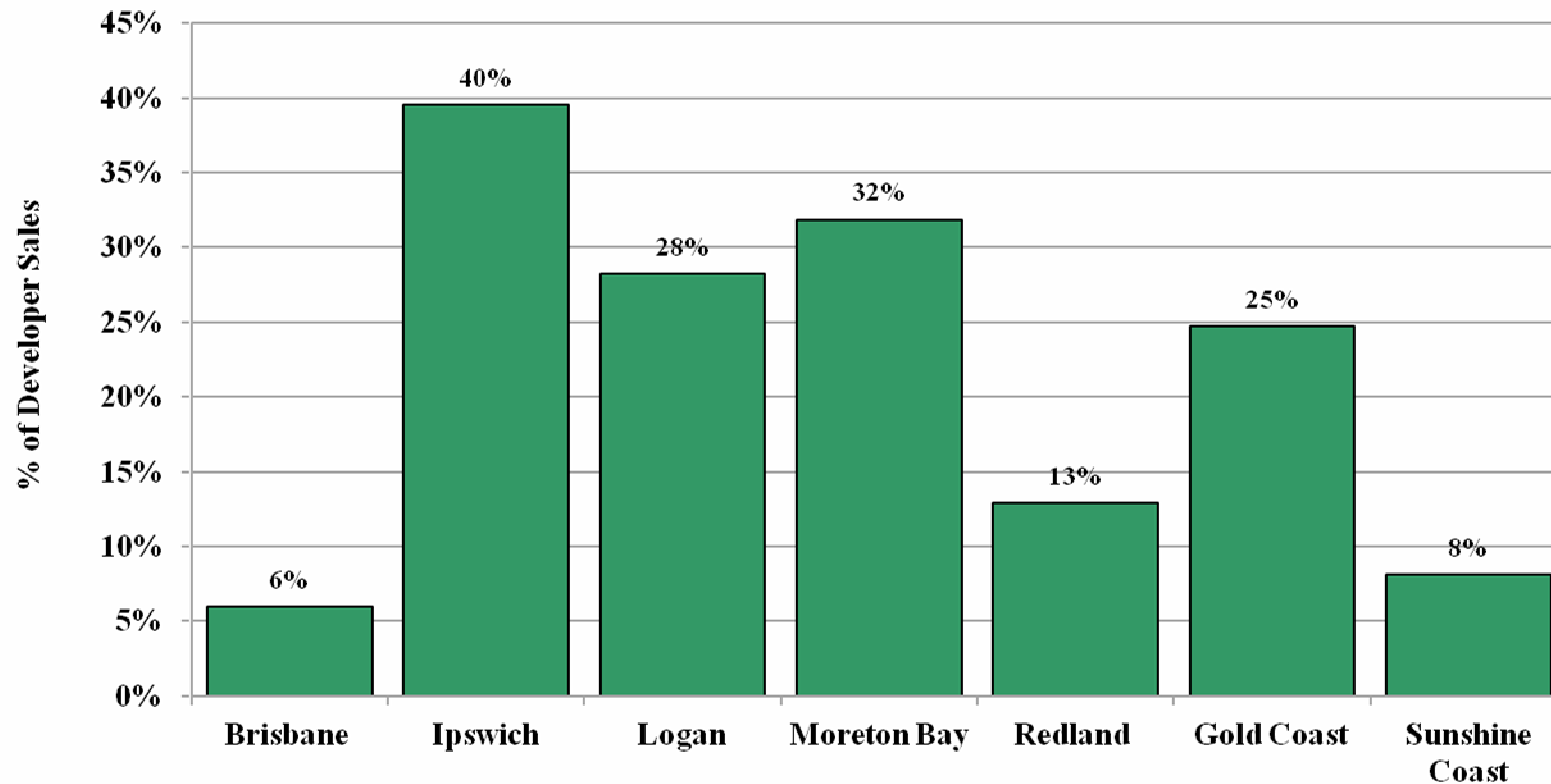


Source: OESR
Lot Sizes 140-2,500 sq m

Commercial Retail Industrial Rural Residential QS Plant & Machinery



Interstate Buyers for Vacant Land

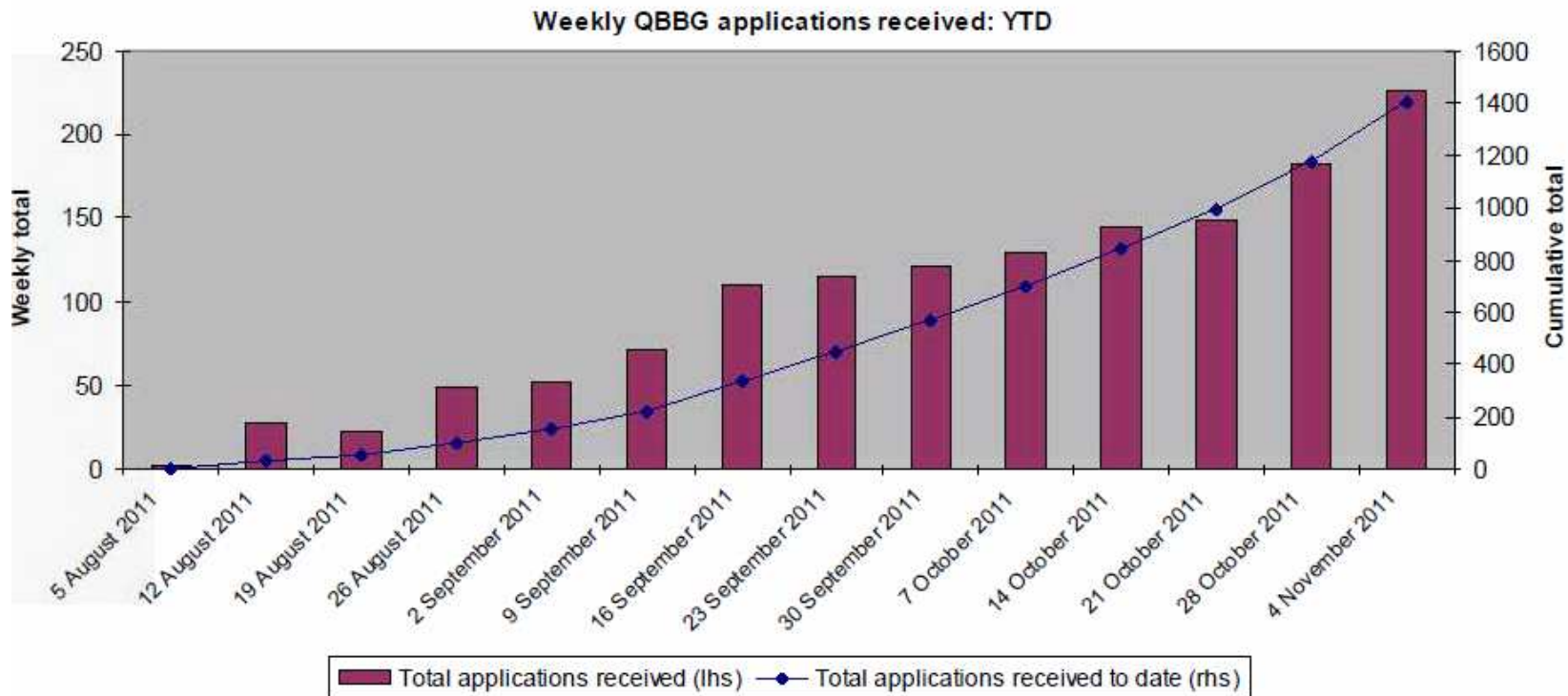


Source: RP Data & HTW
Year to March 2011

Commercial Retail Industrial Rural Residential QS Plant & Machinery

Queensland Building Boost

The chart below displays the weekly total of QBBG applications received (lhs) and the cumulative year to date total (rhs).



Source: Urban Development Institute of Australia (Queensland)

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Apartment Market

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Apartments

Prestige

- Supply an issue across all 3 regions
- Downward pricing pressure remains

Site Sales



Main Beach

Area: 3.947ha
(comprising 1.147 ha of dryland and
2.8ha of seabed)

Date: 11/2007

Price: \$49,100,000

Resale: 10/2011

Price: \$13,000,000

↓ 73.5%

Site Sales



Mermaid Beach

Area: 3,783m²

Date: 05/07

Price: \$7,500,000

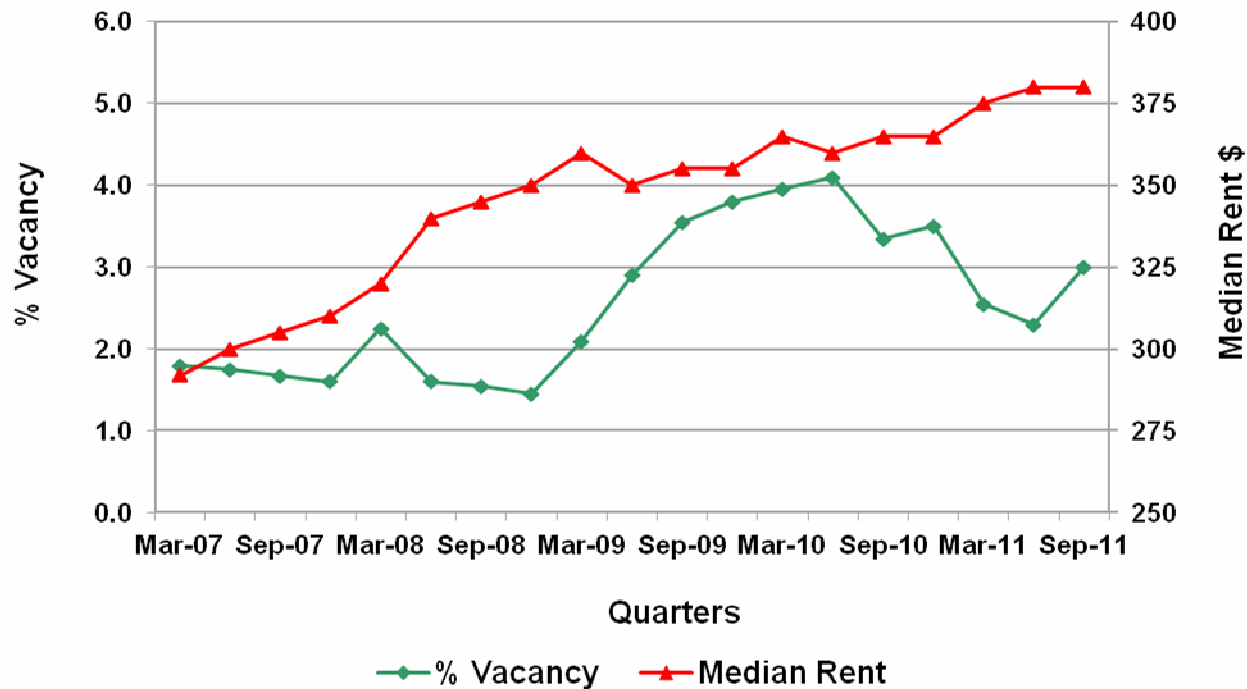
Resale: 08/11

Price: \$3,880,000

↓ 48.3%

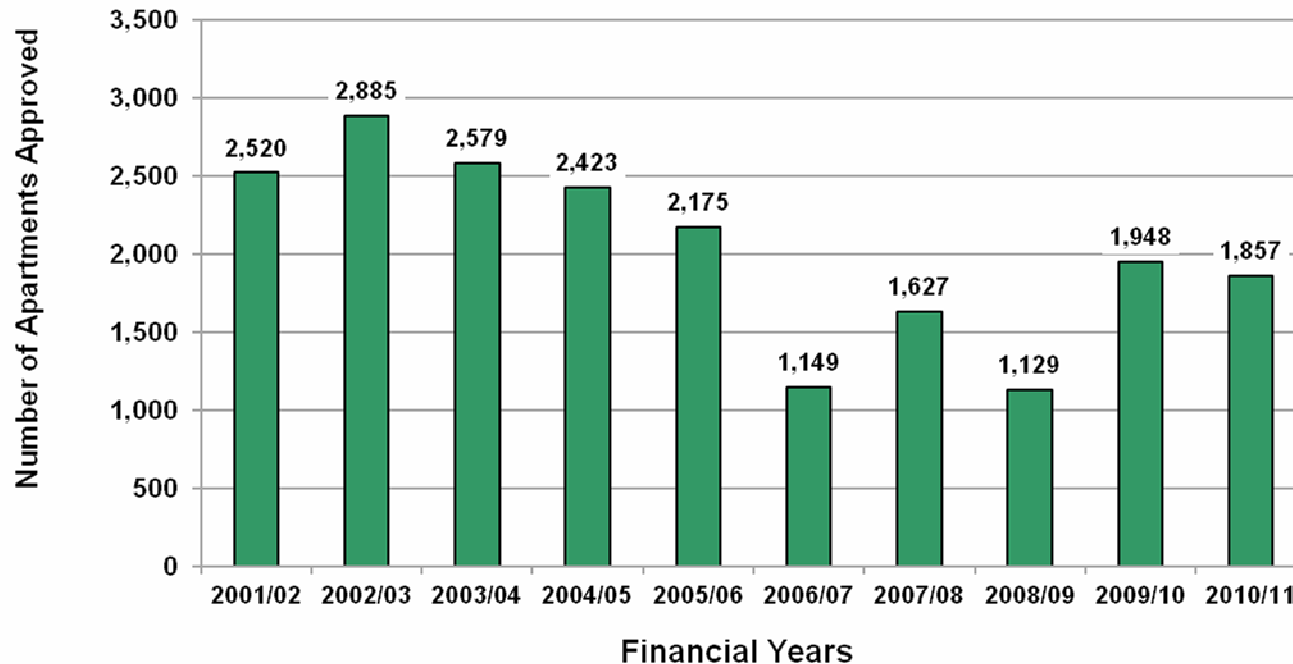
Brisbane Apartments Vacancy & Rental Growth

From Sept Qtr 2010, as vacancies fell, median rents rose



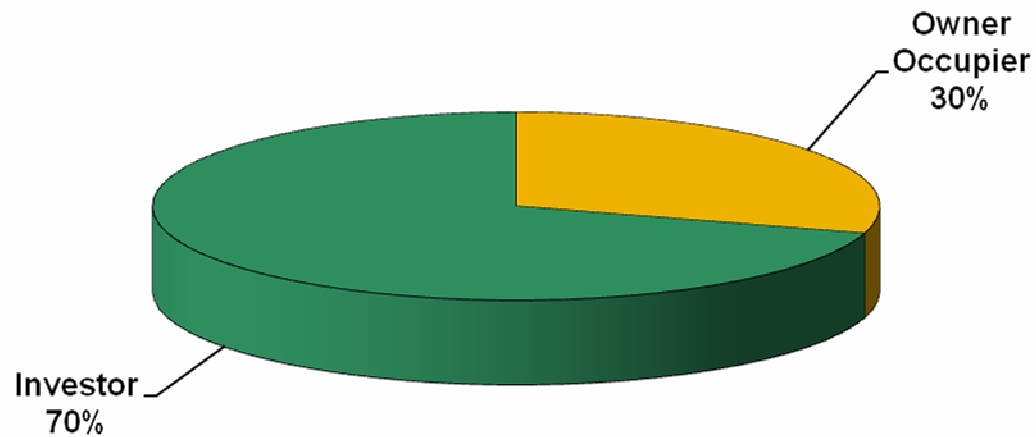
Source: OESR vacancy & RTA
2 Bed units median rents

Brisbane Apartments Buildings of 4 Storeys +



Source: ABS data
Private sector building approvals

Brisbane Apartments Buyer Type



Source: RP Data & HTW Research
Buildings of 50 units +

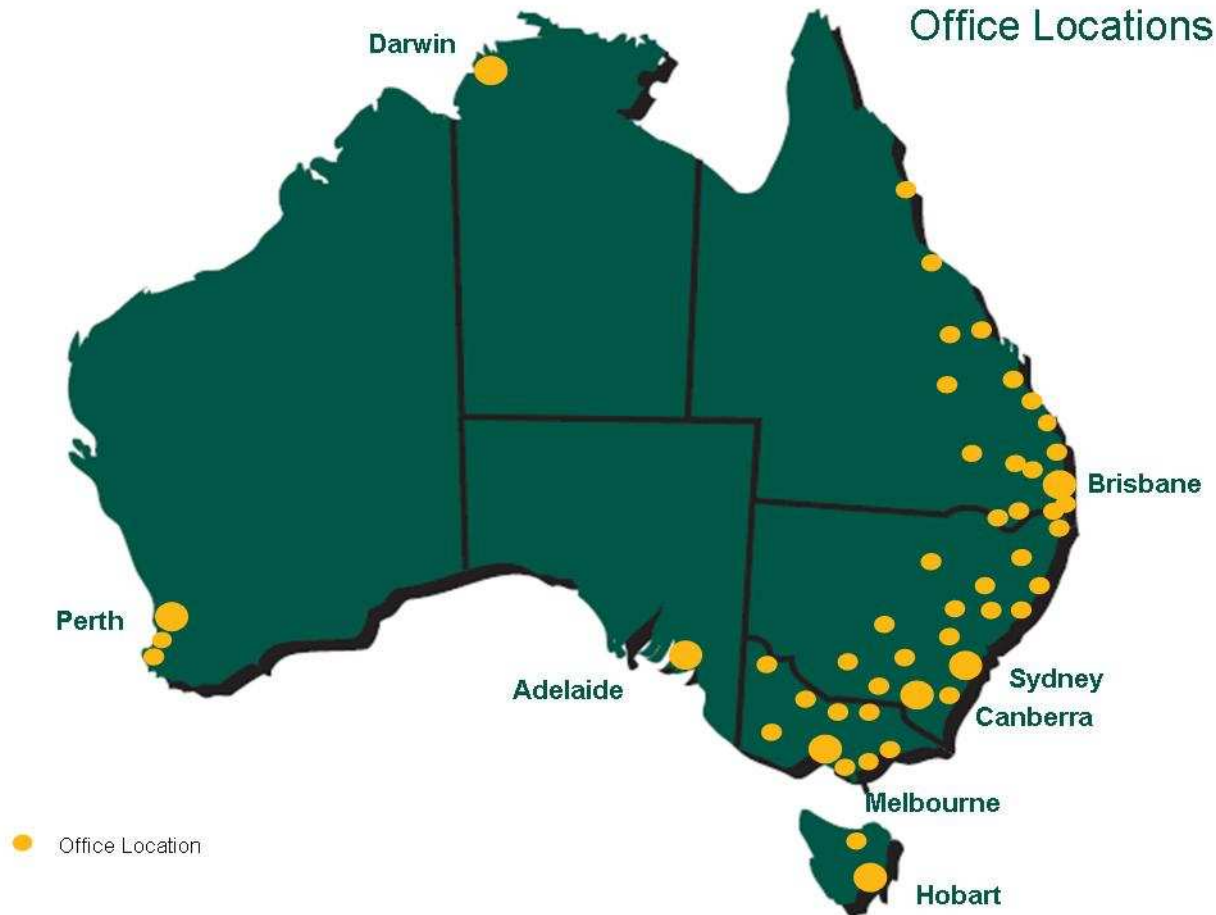
Overall 2012

- New housing construction – sluggish
- Interstate migration will increase
- Sale volumes will increase (not necessarily values)
- Sentiment to improve

Disclaimer

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Thank you



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