



South East Queensland

PROPERTY OVERVIEW BREAKFAST

Commercial Markets

ALISTAIR WEIR



'Distortion' in Markets due to....

- Rapid growth in construction costs
- Very high (Unsustainable?) population growth
- Interest rates & inflation

Fast Changing City

1982



2027



The Big Picture



Big pipeline but significant delivery constraints



Red = Proposed
Green = Approved

Blue = Under Construction
Purple = Master Plan Projects

Grey = Completed
Orange = Appealed / Refused / Withdrawn

Near Term Infrastructure Projects

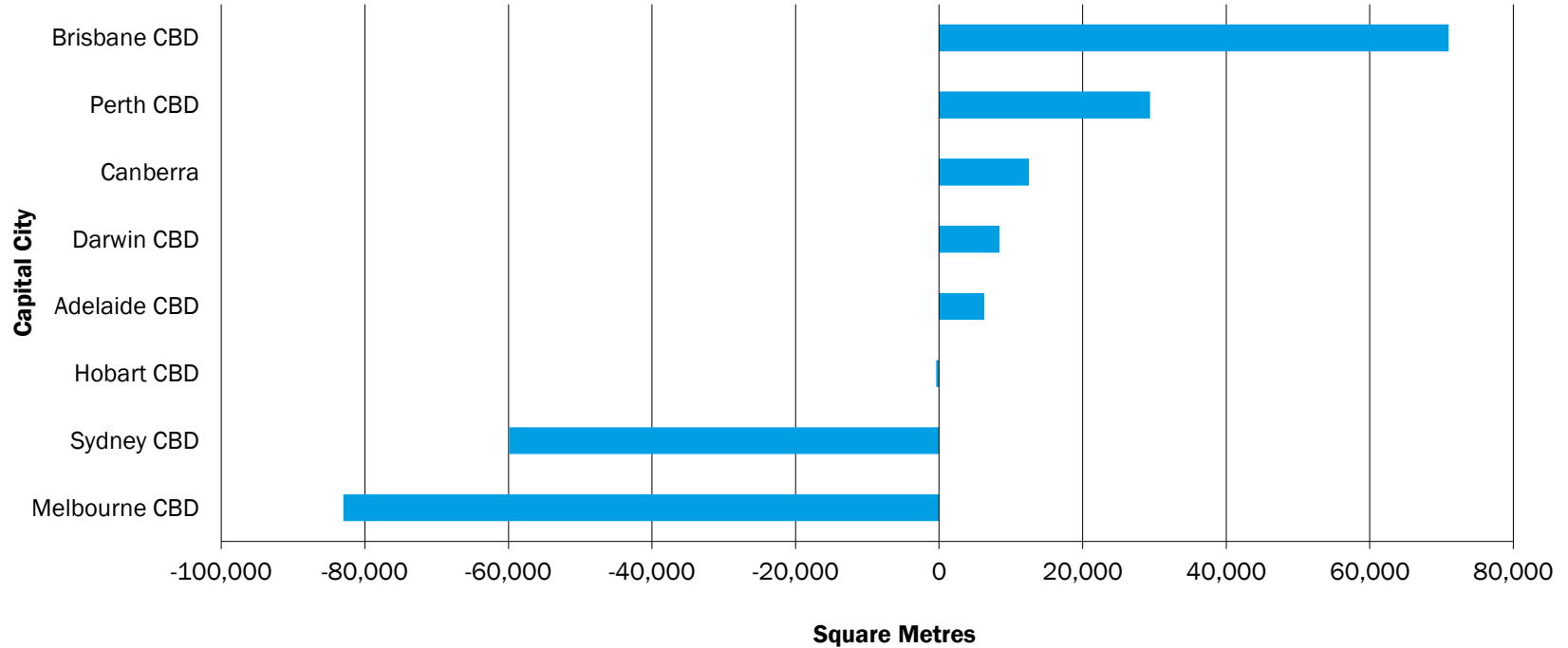


Office Markets

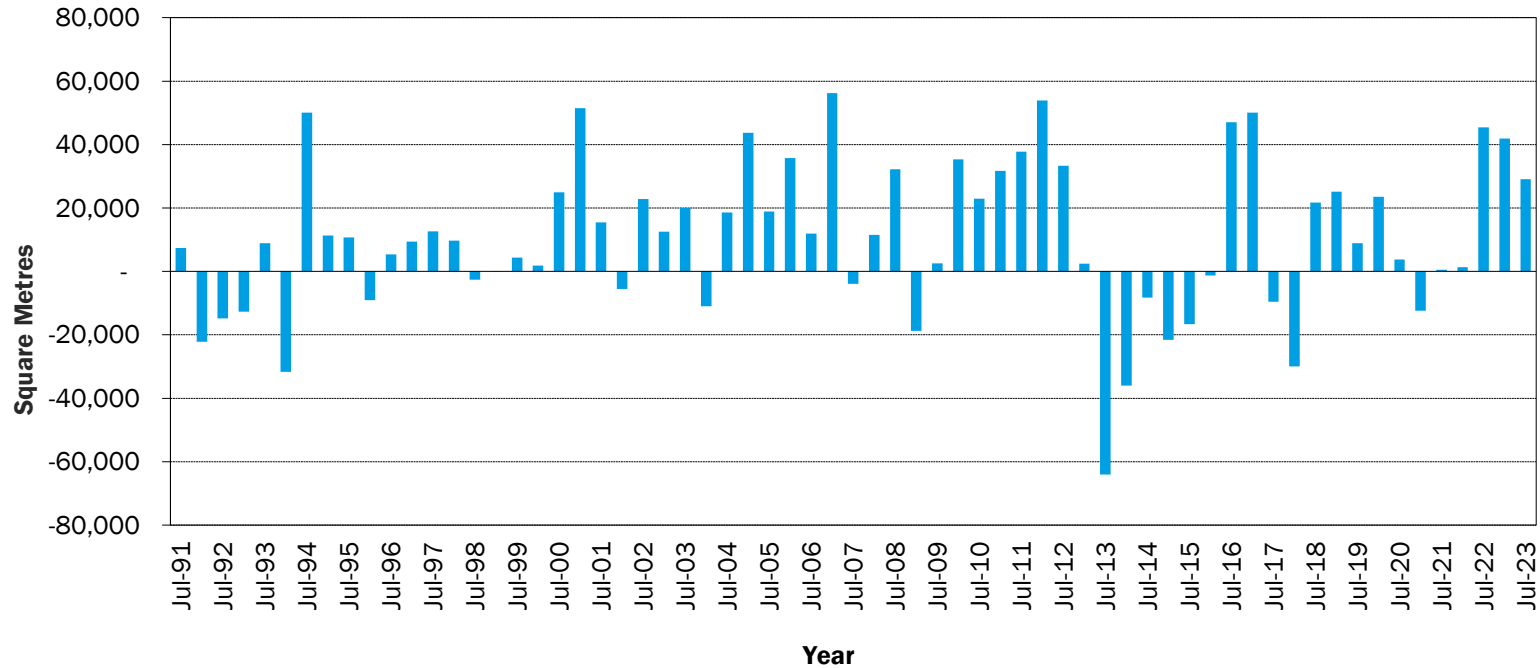


Image Source: Australian Development Review

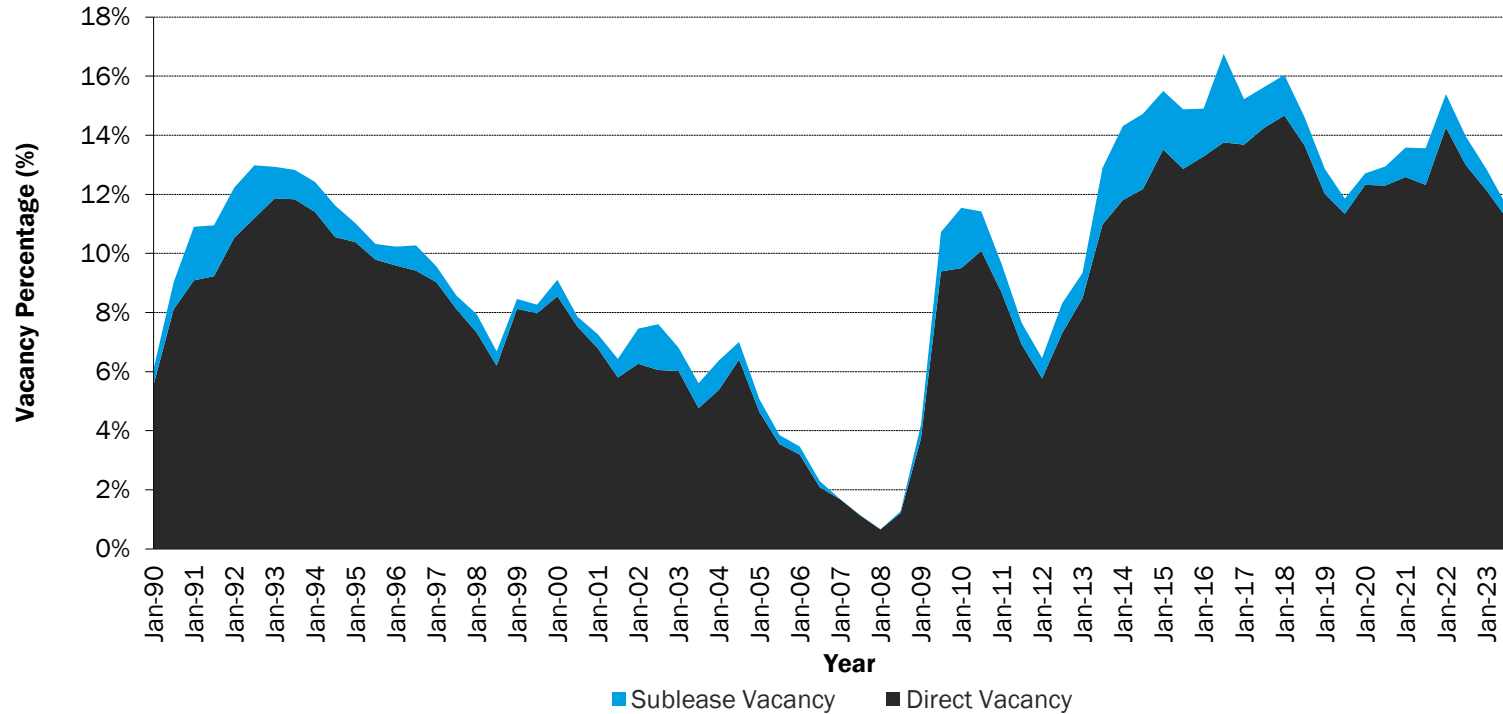
CBD Net Absorption: Twelve Months to July 2023



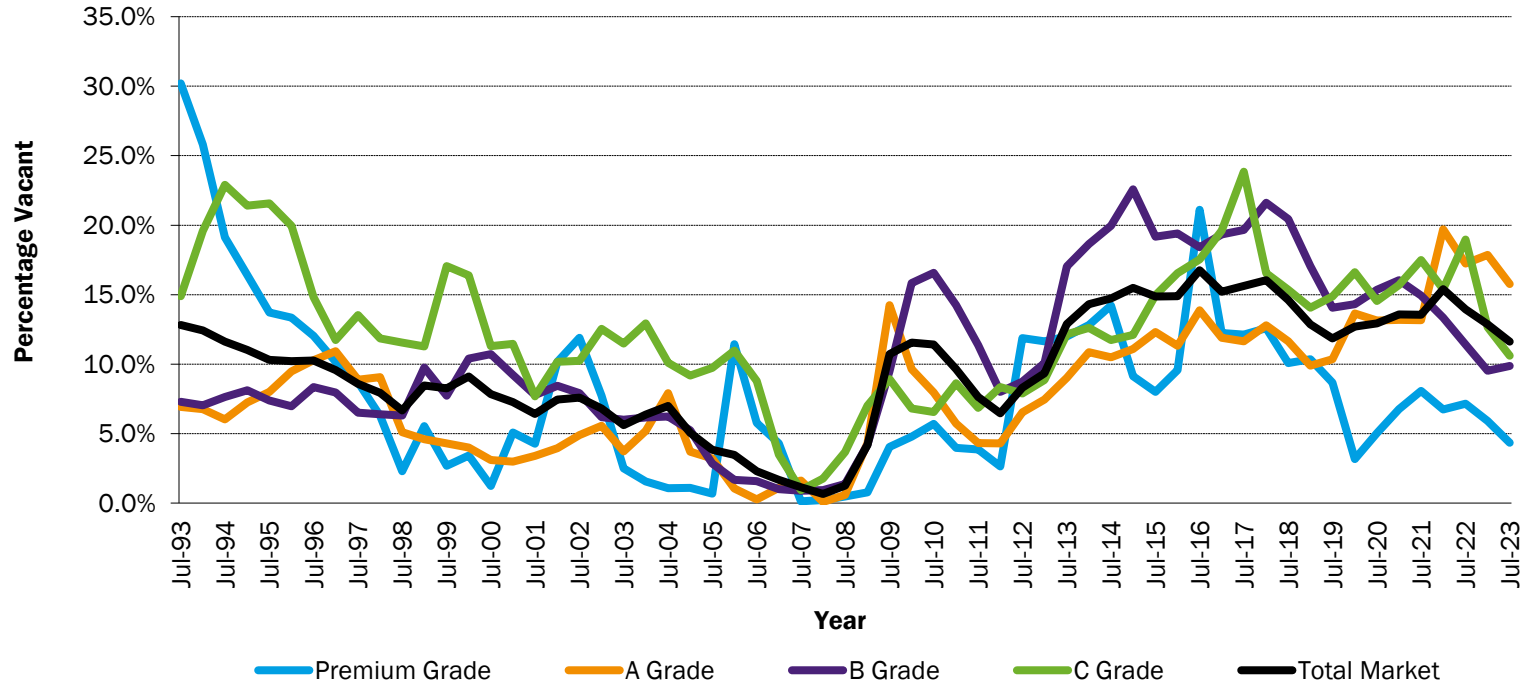
CBD Net Absorption



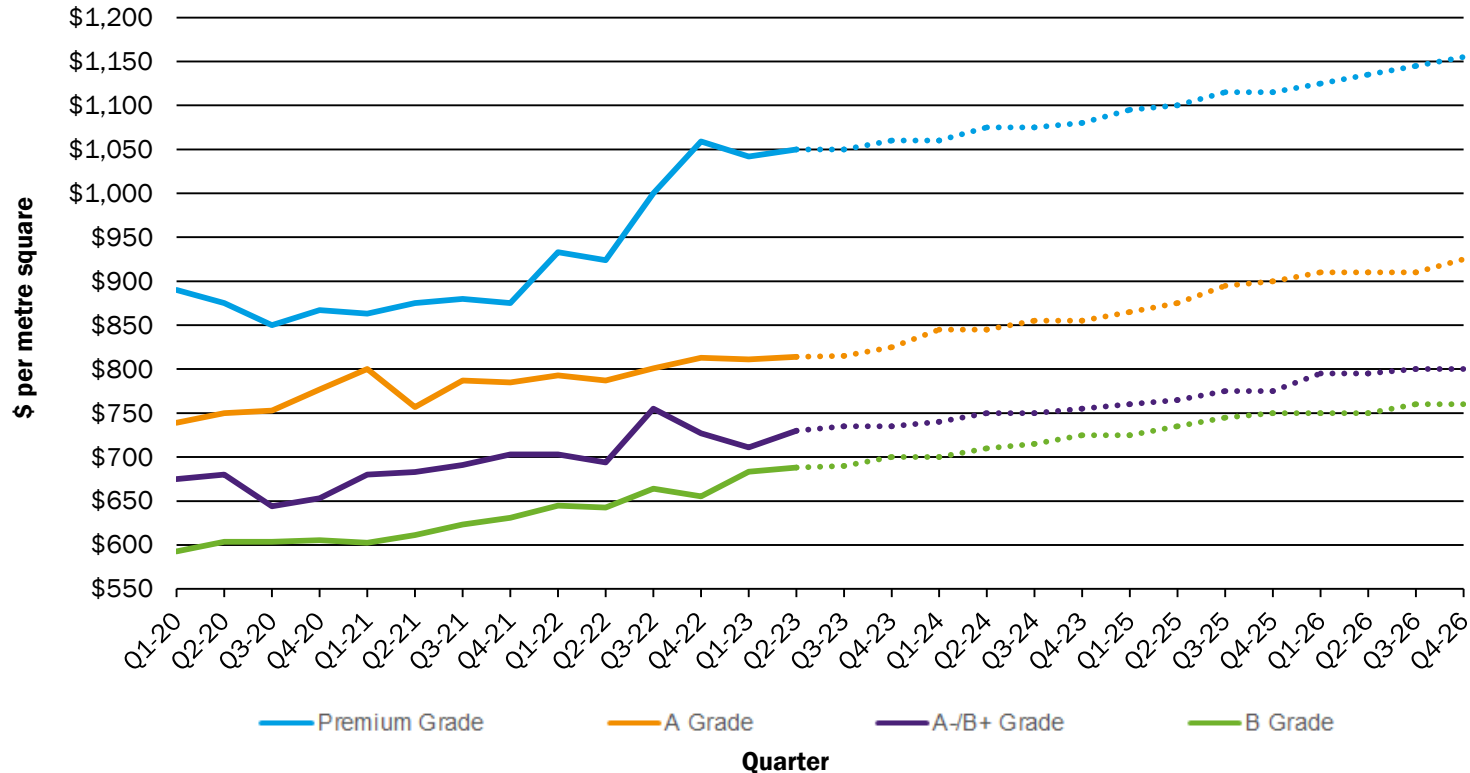
Historical Total Vacancy – CBD Market



Historical Total Vacancy Factor by Grade



CBD Average Gross Rents Increasing

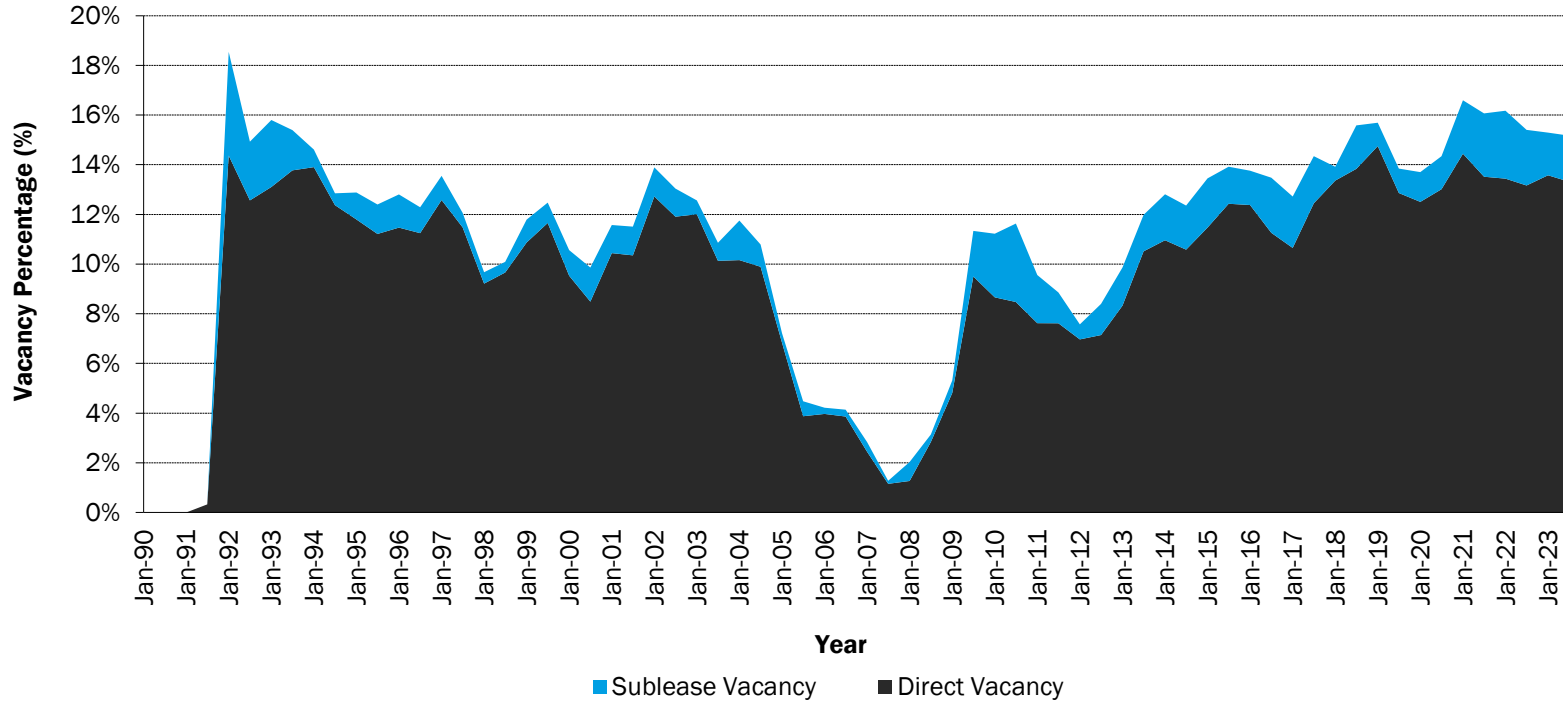


Fringe Office Markets

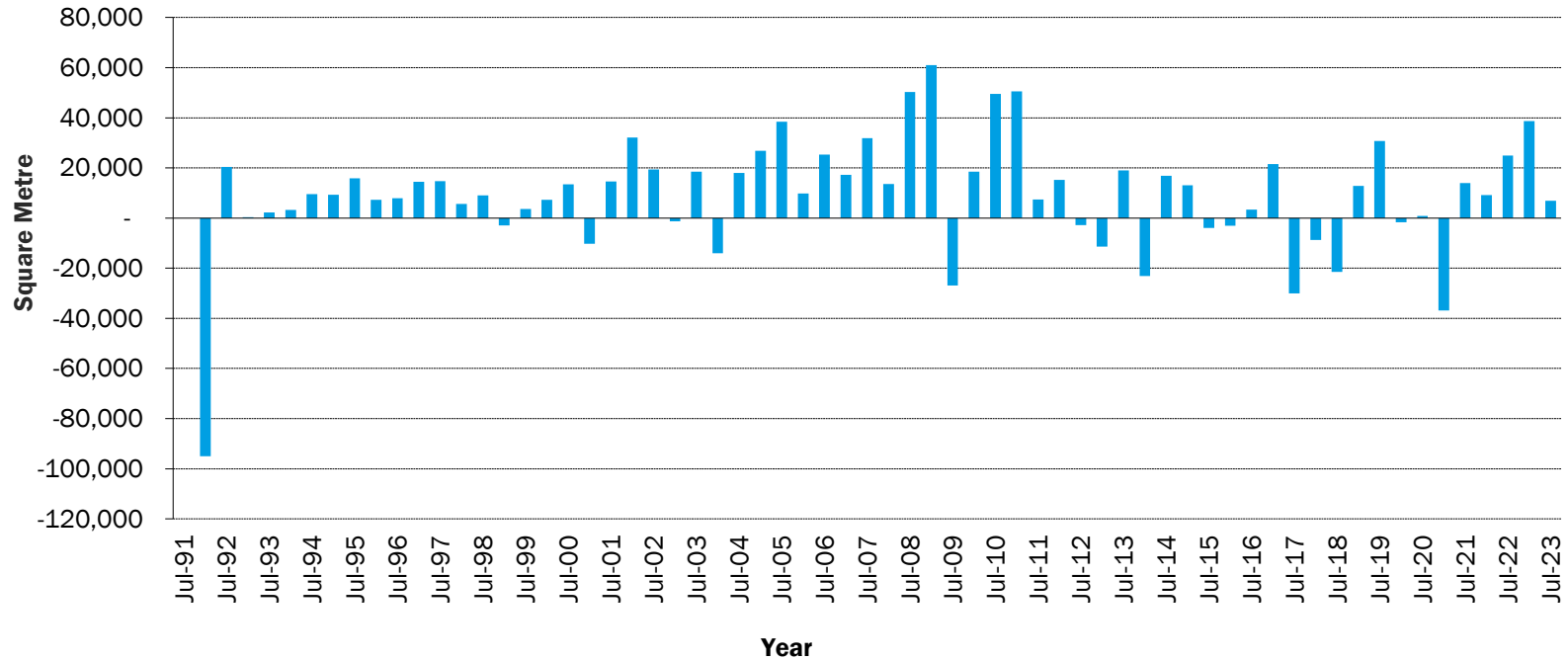


Image Source: Herron Todd White

Historical Total Vacancy – Fringe Market



Historical Fringe Absorption



Inner Fringe Powering



Strong Capital Growth in Inner Areas



Sold in 2019

\$1.85M

**\$5,967 per square metre
of GLA**



Sold in 2023

\$3M

**\$9,677 per square metre
of GLA**

62% Uplift

29 Helen Street, Teneriffe



Image Source: Herron Todd White



Sold in Feb 2021

\$7.3M

**\$5,000 per square metre
of NLA**



Sold in Oct 2023

\$10.8M

**\$7,205 per square metre
of NLA**

48% Uplift

Quality of Fitouts Improving



Suburban Office



Image Source: Herron Todd White

1642 Anzac Avenue, North Lakes

Sold: \$18,212,711

Analysed Market Yield 7.35%

Sale Date: September 2023

Source: Herron Todd White, Corelogic RPData



NLA	WALE (By Income)	\$/NLA	IRR
2,638m²	3.48 Y	\$6,904	7.03%

Industrial Markets



Image Source: Australian Development Review


26 Wright Place, Algester

Sold: \$3,654,950

Analysed Market Yield 5.30%

Sale Date: July 2023



	Gross Lettable Area	WALE (By Income)	\$/m ²
2,500m ²	1,053m ²	Vacant Possession	\$3,471


2 & 12 Arthur Dixon Road, Yatala

Sold: \$55,600,000

Analysed Market Yield 5.23%

Sale Date: May 2023



	Gross Lettable Area	WALE (By Income)	\$/m ²
63,109m ²	27,177m ²	4.95 Y	\$1,926


Lot 28, 344 Bilsen Road, Geebung

Sold: \$345,000

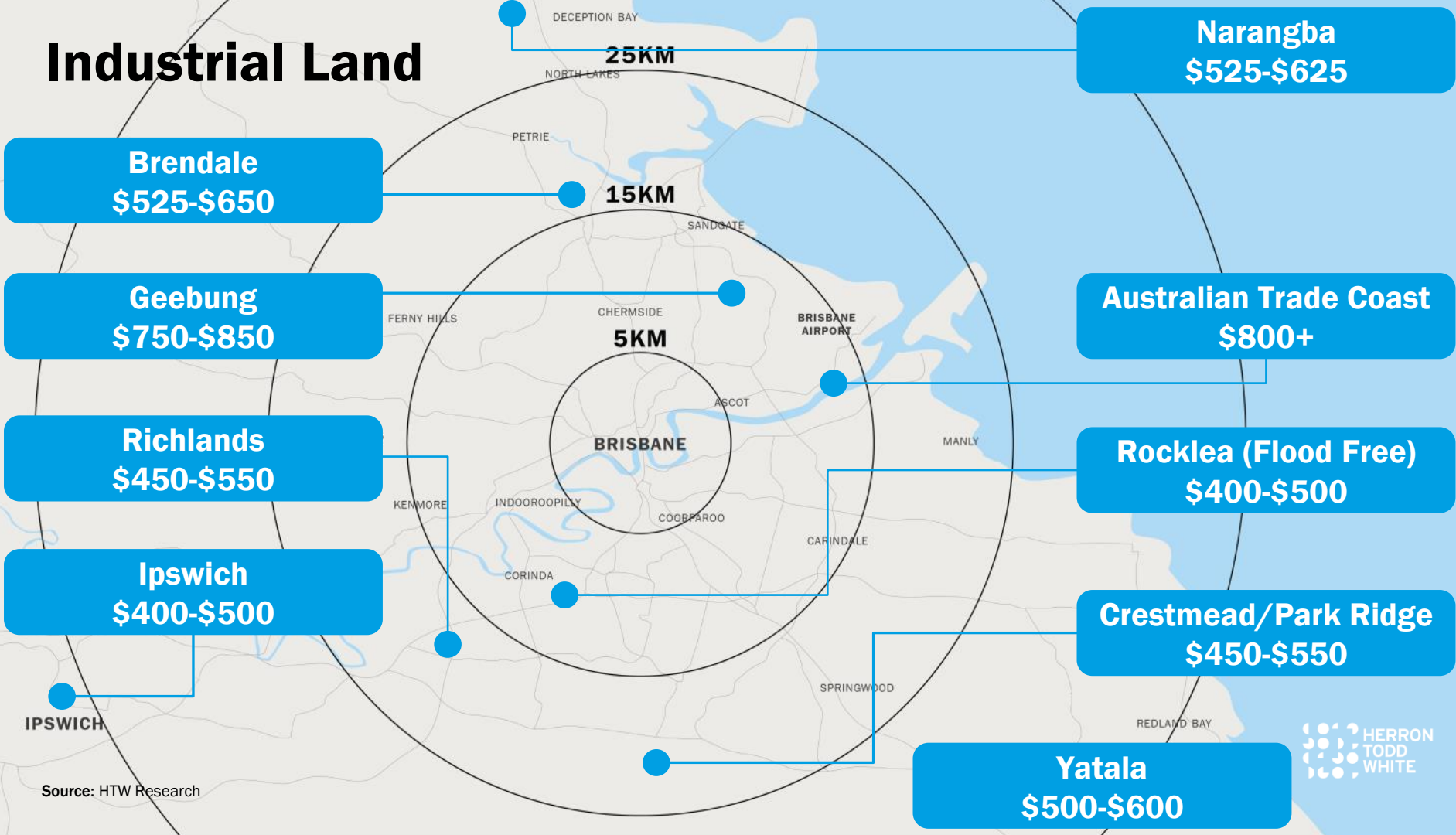
Analysed Market Yield 5.03%

Sale Date: February 2023



	Gross Lettable Area	WALE (By Income)	\$/m ²
8,139m ²	56 m ²	Vacant Possession	\$6,161

Industrial Land



Source: HTW Research



The Simple Equation

2020 Costs

	Area (m ²)	Land and Build Costs (\$/m ²)	Total (\$)
Land Cost	10,000	300	3,000,000
Build Cost	5,000	1,000	5,000,000
Total Cost			8,000,000
Required Net Rent at 6.0% Yield		\$ 96 per square metre	

2023 Costs

	Area (m ²)	Land and Build Costs (\$/m ²)	Total (\$)
Land Cost	10,000	500	5,000,000
Build Cost	5,000	1,800	9,000,000
Total Cost			14,000,000
Required Net Rent at 6.0% Yield		\$ 168 per square metre	

Increase in Rental Required 75%

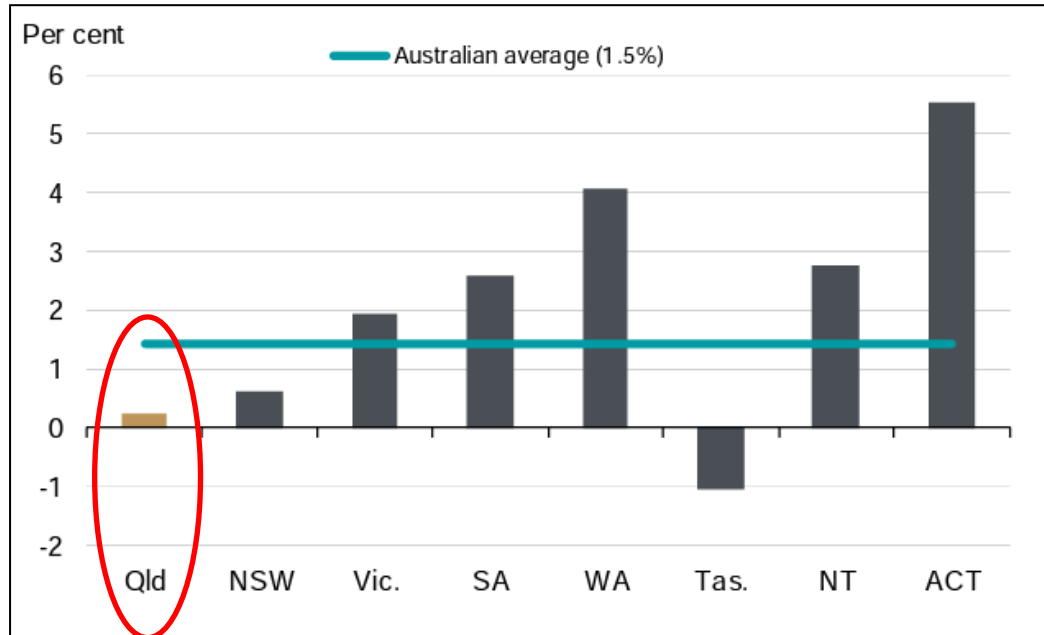


Retail Markets



Retail Spending Very Sluggish

Annual change in retail turnover, August 2023



Very Few Larger Transactions



Park Ridge Shopping Centre

Sale Price: **\$86M**

Sale Date: **Jun 2023**

Yield: **Circa 6.00%**



Beenleigh Marketplace

Sale Price: **\$85M**

Sale Date: **Dec 2022**

Yield: **Circa 7.00%**

Neighbourhood Retail- Gold Coast

'Ormeau Village' 37-59 Eggesdorf Road, Ormeau

Sold: \$37,000,000

Analysed Market Yield 5.2%

Sale Date: Dec 2022

Source: Herron Todd White, CoreLogic RPData



**Lettable
Area**

**WALE
(By
Income)**

\$/m²

23,500 m² 5,002 m² 7.11 Y \$7,397

Retail - Sunshine Coast

128 Brisbane Road, Mooloolaba

Sold: \$4,350,000

Analysed Market Yield 5.16%

Sale Date: May 2023

Source: Herron Todd White, CoreLogic RPData



1,971m²

Lettable
Area

857m²

WALE
(By Income)

2.09 Y

\$/m²

\$5,076

Strip Retail Being Repurposed



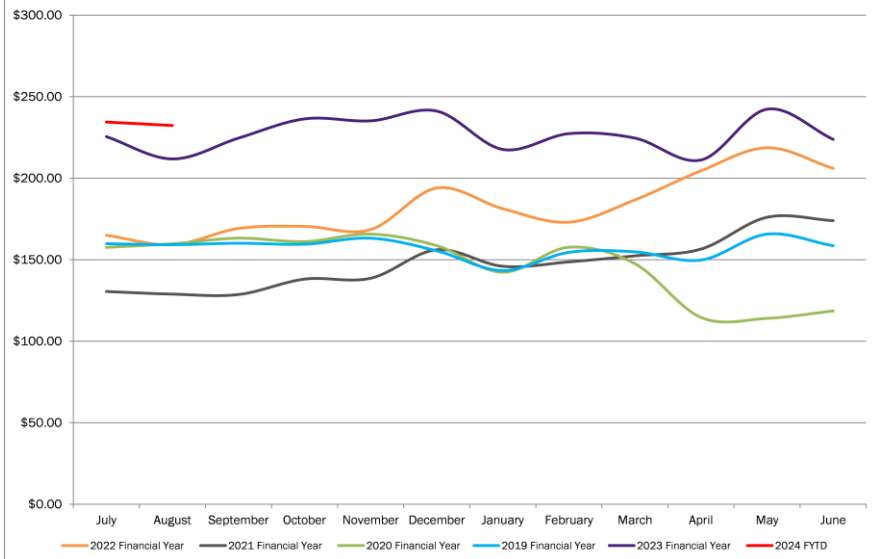
Accommodation



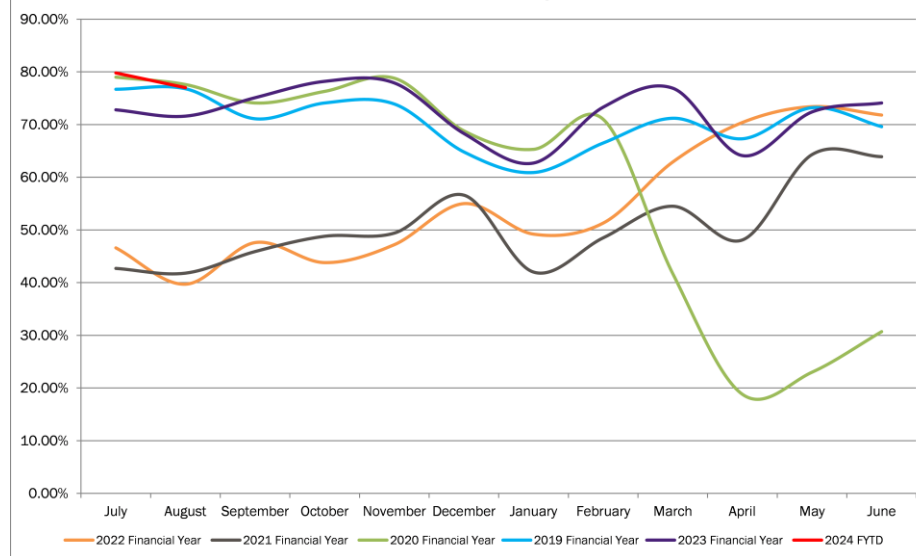
Image Source: Calile

Accommodation

Brisbane Average Daily Room Rates



Brisbane Occupancy Rate




‘Hamilton Motor Inn’ 422 Kingsford Smith Drive, Hamilton

Sold: \$7,000,000

Sale Date: June 2023



	Number of Units	Analysed Net Yield	\$/Unit
1,163 m²	22	6.79%	\$282,727


Modern Boarding House – Brisbane

1155 Cavendish Road, Mount Gravatt East

Sold: \$1,437,500

Sale Date: April 2023



	Number of Units	Analysed Net Yield	Analysed Gross Yield	\$/Unit
635 m ²	5	5.36%	7.27%	\$287,500

Health Services



29-31 Commercial Drive, Springfield

Sold: \$4,080,000

Analysed Market Yield 5.32%

Sale Date: August 2023



1,967m²

NLA

590m²

**WALE
(By Income)**

8.9 Y

\$/m²

\$6,915

Other Investment Markets



Service Stations

500 Learoyd Road, Willawong

Sold: \$6,450,000

Analysed Market Yield **6.44%**

Sale Date: October 2023



3,889m²

**Lettable
Area**

308m²

**WALE
(By Income)**

19.81 Yrs

**\$/m²
Land Area**

\$1,658

367 Handford Road, Taigum

Sold: \$7,125,000

Sold: May 2023



**108
Places**

**Lease
Term**

19.69 Y

**Rate/
ACCP**

\$65,972

Yield

5.33%

Value Changes – Jan 2022- Nov 2023

Market Sector	January 2022	November 2023	Value Change
Prime CBD Office	5.00%	6.50%	-15% to -20%
Secondary CBD Office	6.50%	8.00%	-10 to -15%
Prime Fringe Office	5.25%	6.50%	-15% to -20%
Sub \$10m Secondary Fringe Office	6.50%	6.00%	10% to 30%
Convenience Retail	5.50%	6.00%	-8% to -12%
Neighbourhood Centre Retail	5.00%	5.50%	-5% to -10%
Large Format Retail	5.00%	6.25%	-5% to -10%
Prime Service Stations	4.75%	5.75%	-10% to -15%
Medical Centres	5.00%	6.00%	-5% to -10%
Freehold Child Care Centres	4.50%	5.25%	-5% to -10%
Prime Industrial	4.25%	5.75%	-5% to -10%



Rent Growth Easing Pain of Yield Softening



	Area (m ²)	Rent (\$/m ²)	Cap Rate	Capital Value	\$/m ²	Value Diminution
2022 Value	10,000	\$ 130	4.5%	\$ 28,888,889	2,889	
Value without Rent Growth	10,000	\$ 130	6.0%	\$ 21,666,667	2,167	25%
Value with Rent Growth	10,000	\$ 160	6.0%	\$ 26,666,667	2,667	8%

Gold Coast



Image Source: Herron Todd White

Infrastructure



Sunshine Coast



Significant New Projects

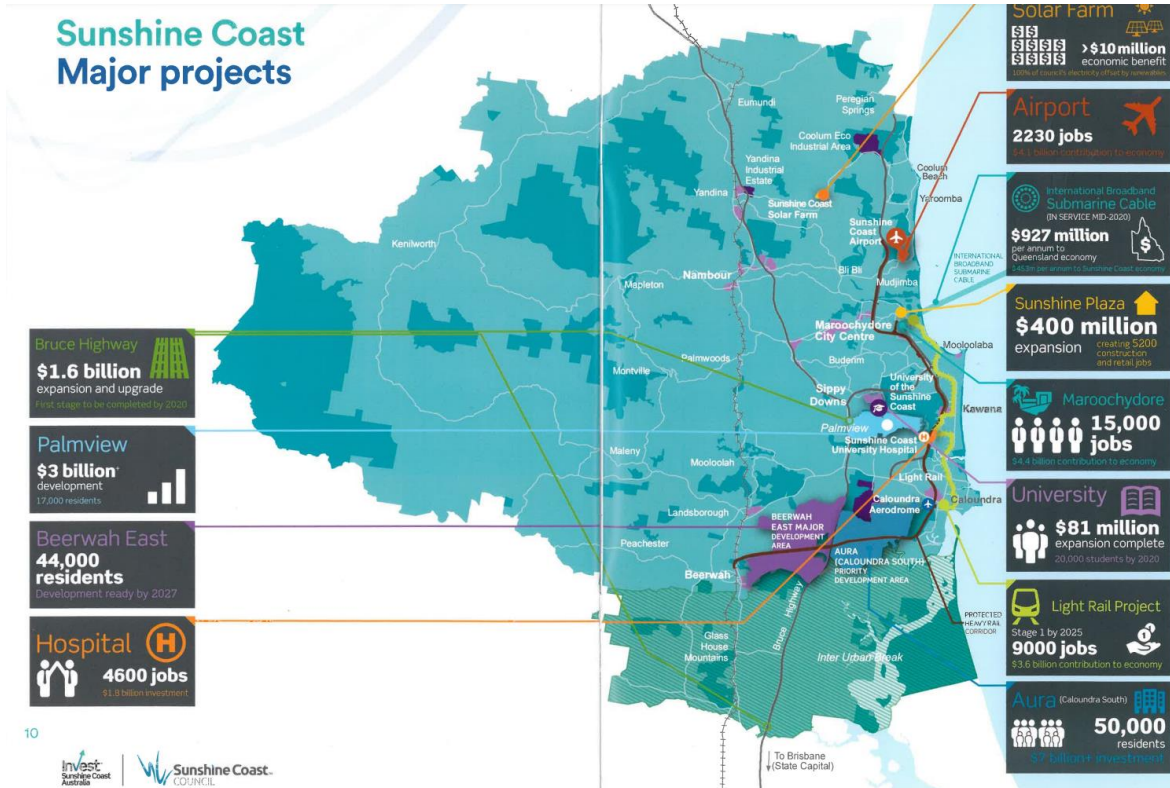


Image Source: Sunshine Coast Invest

Maroochydore CBD Starts to Emerge



New Town Hall



Issues

Infrastructure bottlenecks...big projects becoming more difficult to undertake

Divide between inner and outer Brisbane

Congestion becoming a drag on the outer suburban areas

Lack of industrial land



Coming Soon?



Emmanuel's Carvery Now Closed.

Thank you for over 40 years of great food & service.
We wish Angelo & Helen all the best in retirement.

— Post Office Square Management



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