

South East Queensland Property Overview Breakfast

11 November 2021

Alistair Weir

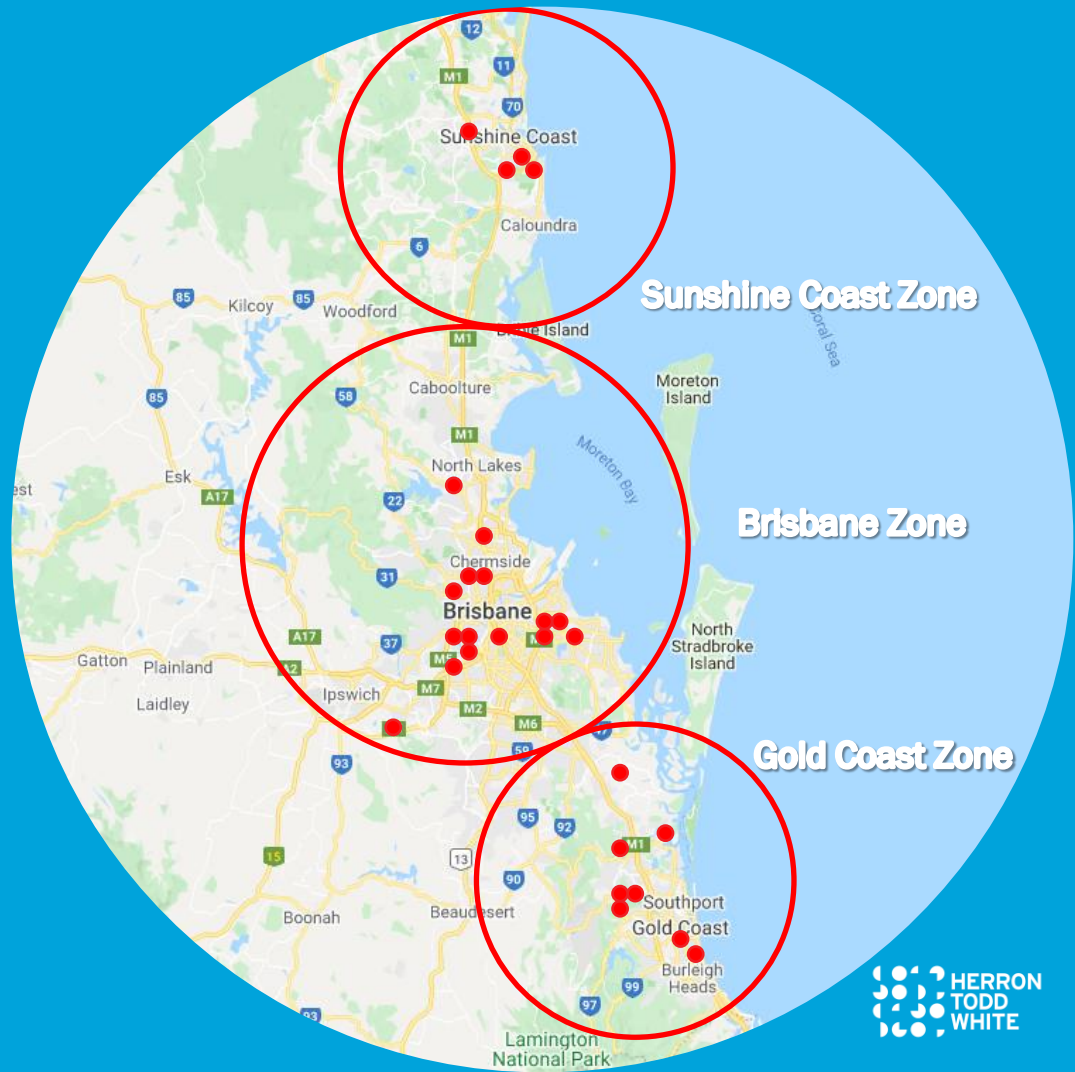


What will the Olympics bring?



Source: The Urban Developer & Courier Mail

South East Queensland Zone



Brisbane Zone

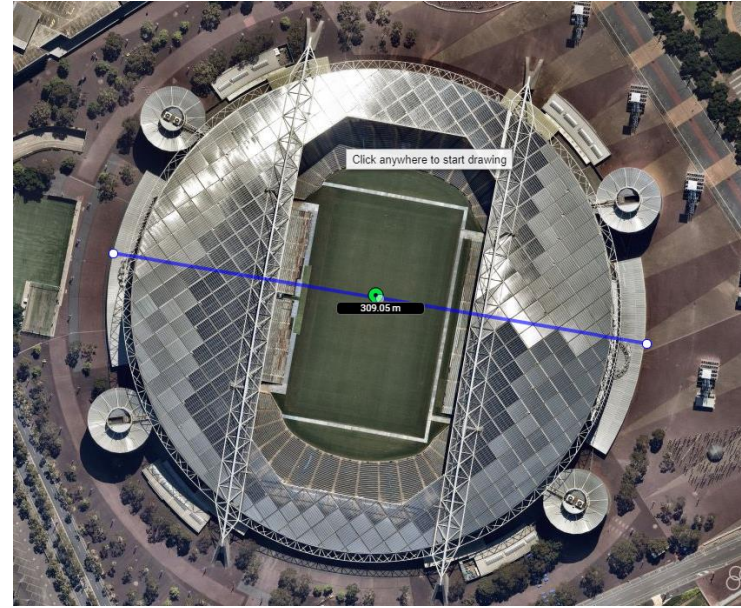


Woollongabba Olympic Stadium



Source: Brisbane Development

Woollongabba Olympic Stadium



Hamilton Athletes Village



Source: Brisbane Development

Brisbane Arena



Source: Brisbane Development

Ballymore



Source: Brisbane Development

Victoria Park



Chandler



Source: Brisbane Development, The ABC, Urban Developer

Redland Bay



Source: Brisbane Development, The ABC, Urban Developer

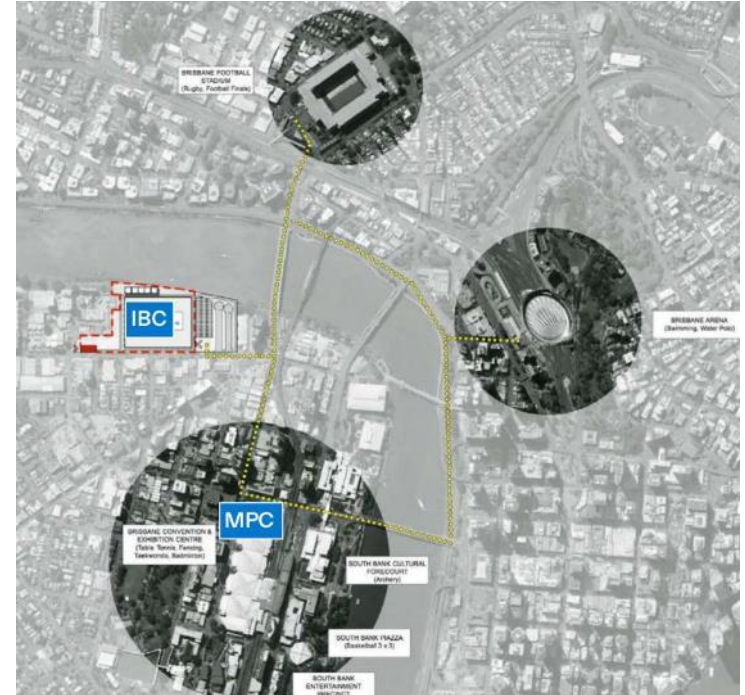
Pine Rivers



Olympic Media Broadcast Centre



Source: Brisbane Development



Major New Transport Infrastructure

- Green Bridges Program
- Coomera Connector
- Upgraded (Fast?) Rail to both Gold and Sunshine Coasts, possibly Toowoomba
- G Link – Light Rail extension to Coolangatta
- Brisbane Metro to the Airport



Electric Air Taxi Hub Planned in Brisbane



Source: Brisbane Development

Sunshine Coast Zone



Source: Brisbane Development.

Key Olympic Sites

Numerous Temporary and Permanent Venue Structures

Sunshine Coast Stadium



Gold Coast Zone



Key Olympic Sites

Numerous Temporary and Permanent Venue Structures

Cbus Super Stadium



Broadbeach Park Stadium



Cross River Rail Major Precincts



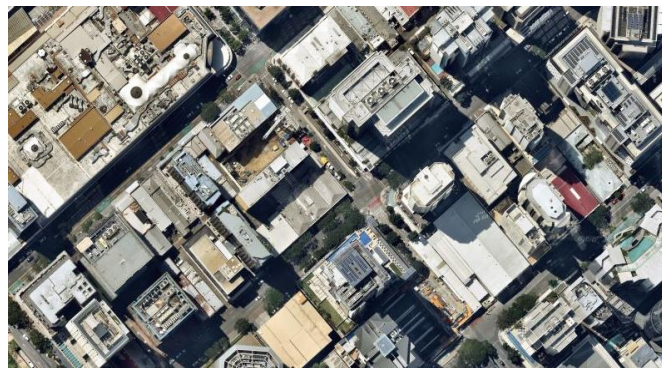
Dutton Park Station



Woolloongabba Station



Roma Street Station



Albert Street Station

Bridges



Kangaroo Point



Neville Bonner Bridge



St Lucia



Proposed Toowong Bridge

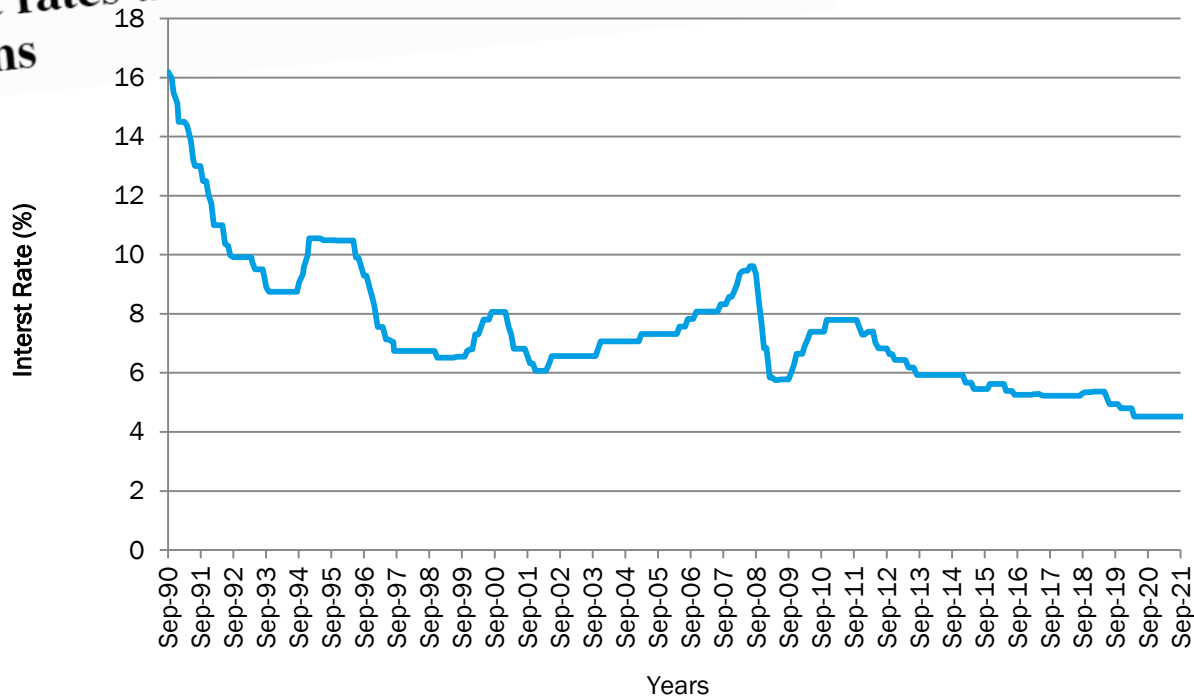
Market Overview

Source: Commercial Real Estate

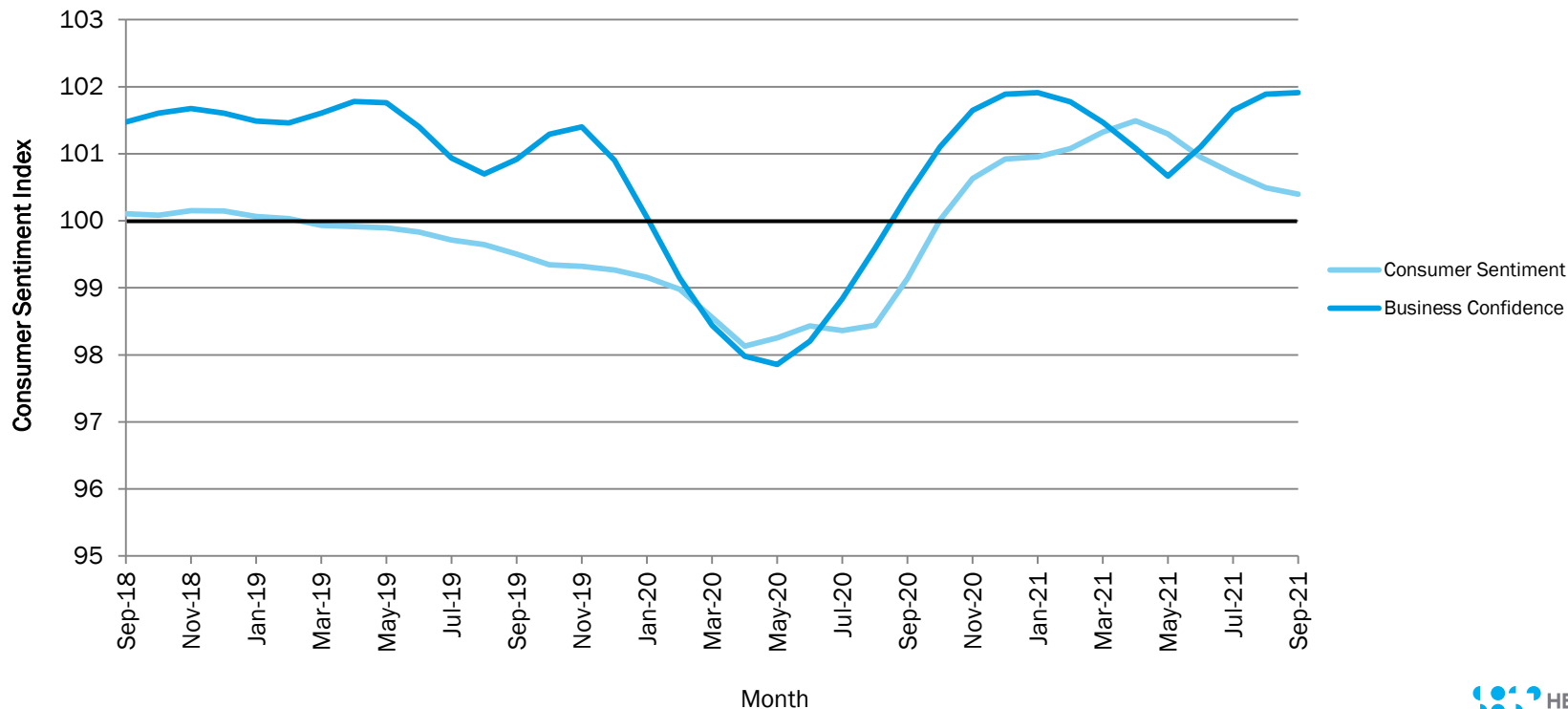


Interest Rates – The End of the Road!

RBA's interest rates time frame has reached expiry
date: Bill Evans



National Consumer Sentiment and Business Confidence

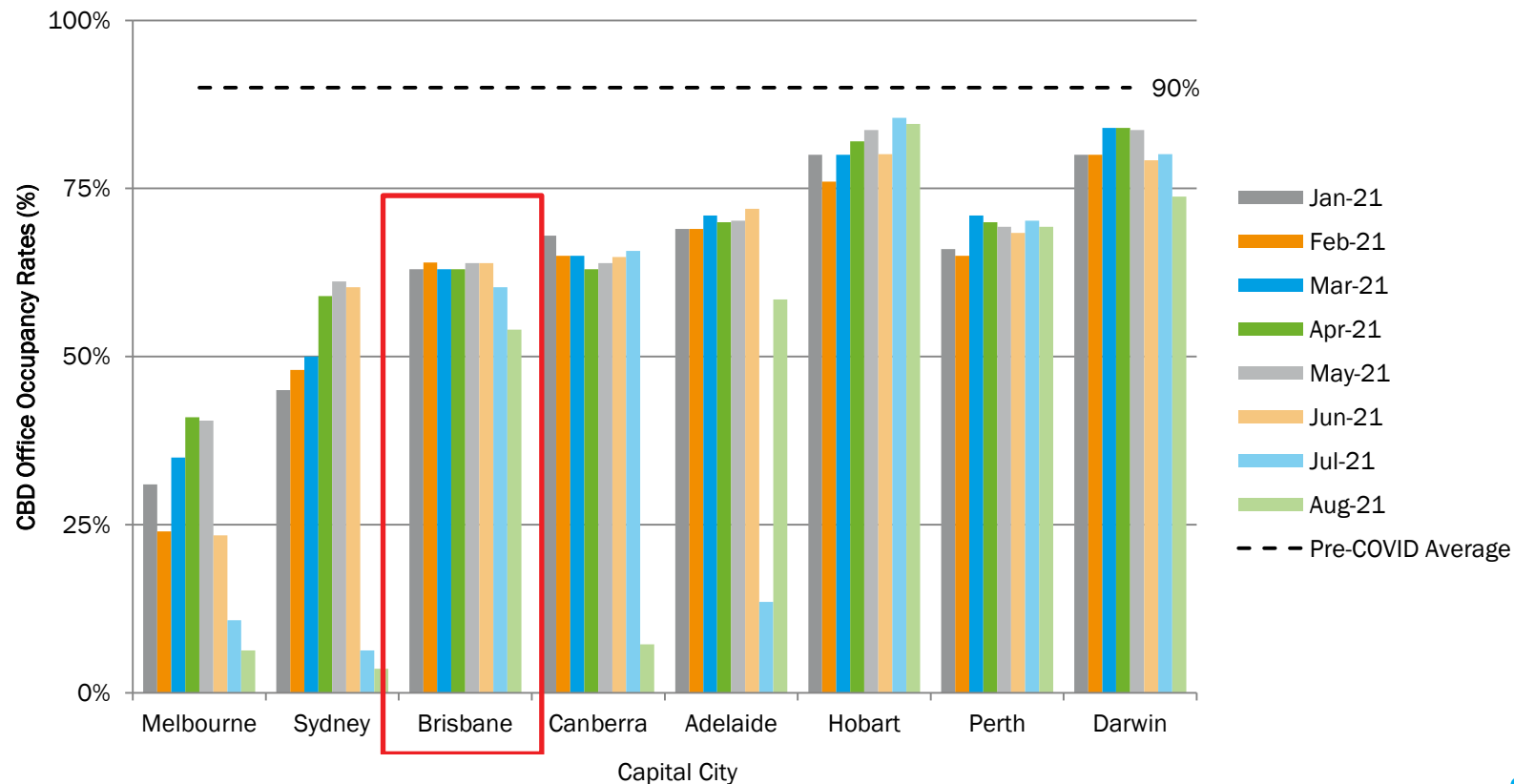


Source: National Australia Bank Research and Westpac Consumer Sentiment Survey – 2021

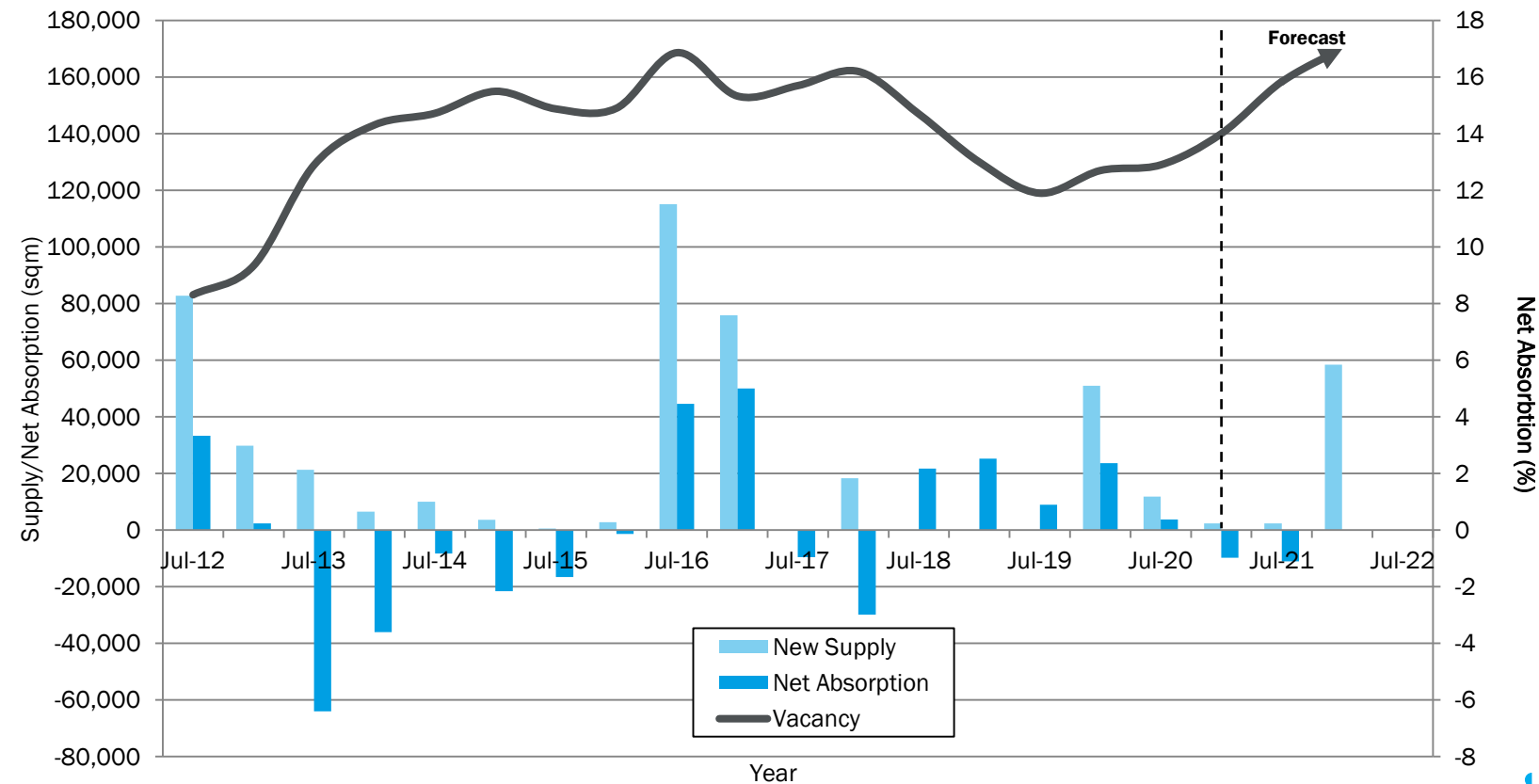
Office Markets



Remote Working – Office Occupancy

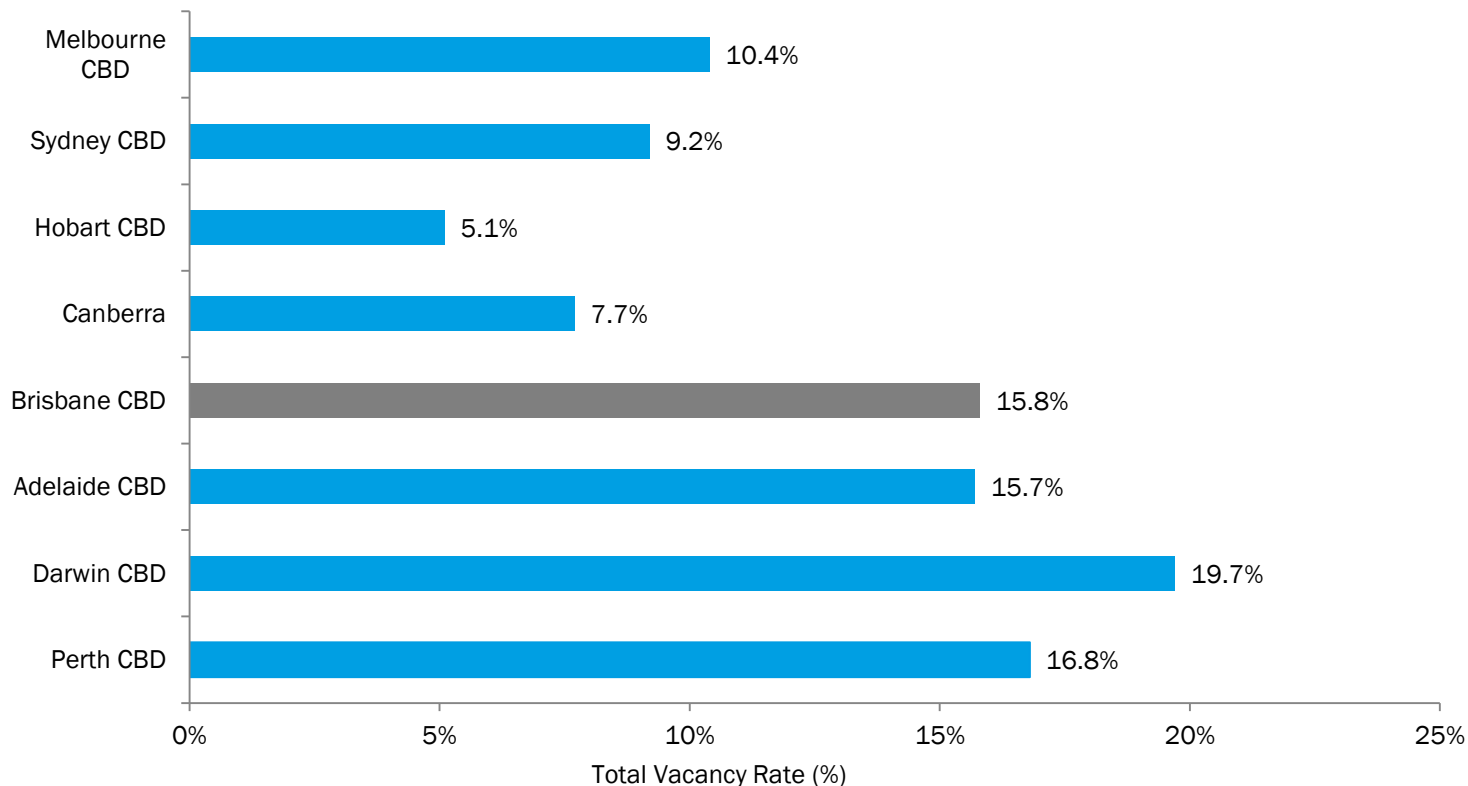


Brisbane CBD Office Markets



Source: Property Council of Australia

Total Office Vacancies Across Australian Cities



Committed CBD Pipeline

2021

Mid 2022

80 Ann St
Under construction



Mid 2024

205 North Quay
Under construction



Potential CBD Additions



133 Mary Street

23 storey tower
Proposed NLA 12,200 m²



25 Mary Street

46 storey commercial
tower
42,000 m²
A-Grade 6-Star GBCA rated
office space



150 Elizabeth Street

The Regent - Proposed
35,000 m²
A Grade office building.



360 Queen Street

40 storey commercial tower
50,000 m²
5-Star Green Star rated

Potential CBD Additions



60 Queen Street

Proposed 35 storey commercial. Proposed NLA of approximately 24,500 m².



19 Eagle Terrace

Proposed 24 storey commercial. Proposed NLA of approximately 19,200 m².



1 Eagle Street

Proposed two towers, comprising 49 and 43 stories commercial.
Proposed NLA of approximately 75,000 m² and 60,000 m² respectively.



200 Turbot Street

Proposed 24 storey commercial. Proposed NLA of approximately 19,200 m².

Brisbane CBD Significant Sales

\$285,000,000

10 Eagle Street
Marquette Properties



\$214,000,000

307 Queen Street
Fortius Funds Management

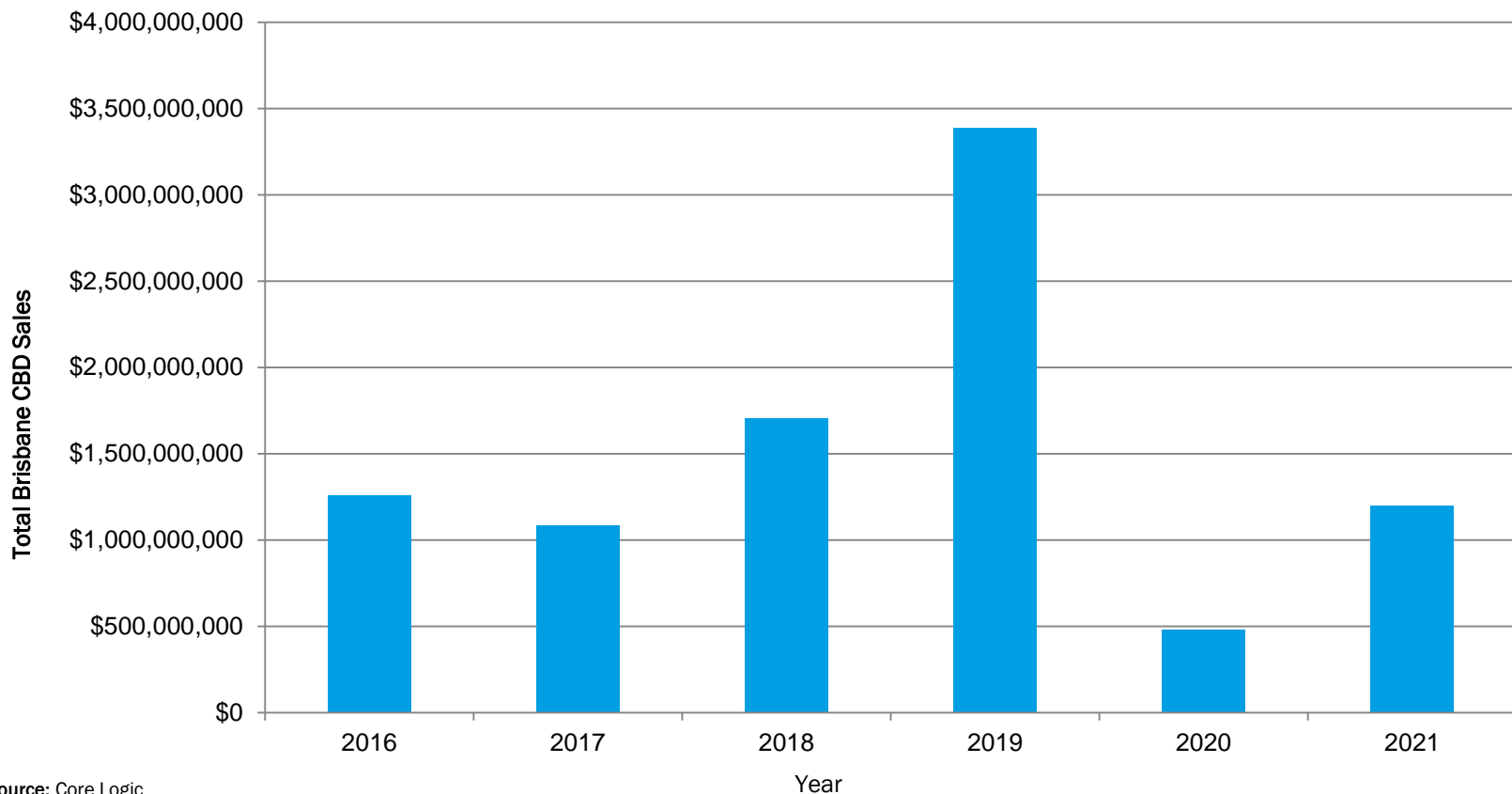


\$264,000,000

275 George Street
50% Stake by Charter Hall



2016 - 2021 Brisbane CBD Sales above \$5 million



Source: Core Logic

Key Takeaways

- Capital markets still uncertain...few transactions
- Leasing predominantly smaller fitted out spaces
- Sub-Lease accommodation still rising
- Incentives levelling out
- Yields in Brisbane tightened but offset by incentives rise. Capital values fell by 5-10% in the past 12 months.
- Owner occupiers a bright spot. Strong demand for good strata space and sub \$5 million freestanding buildings.

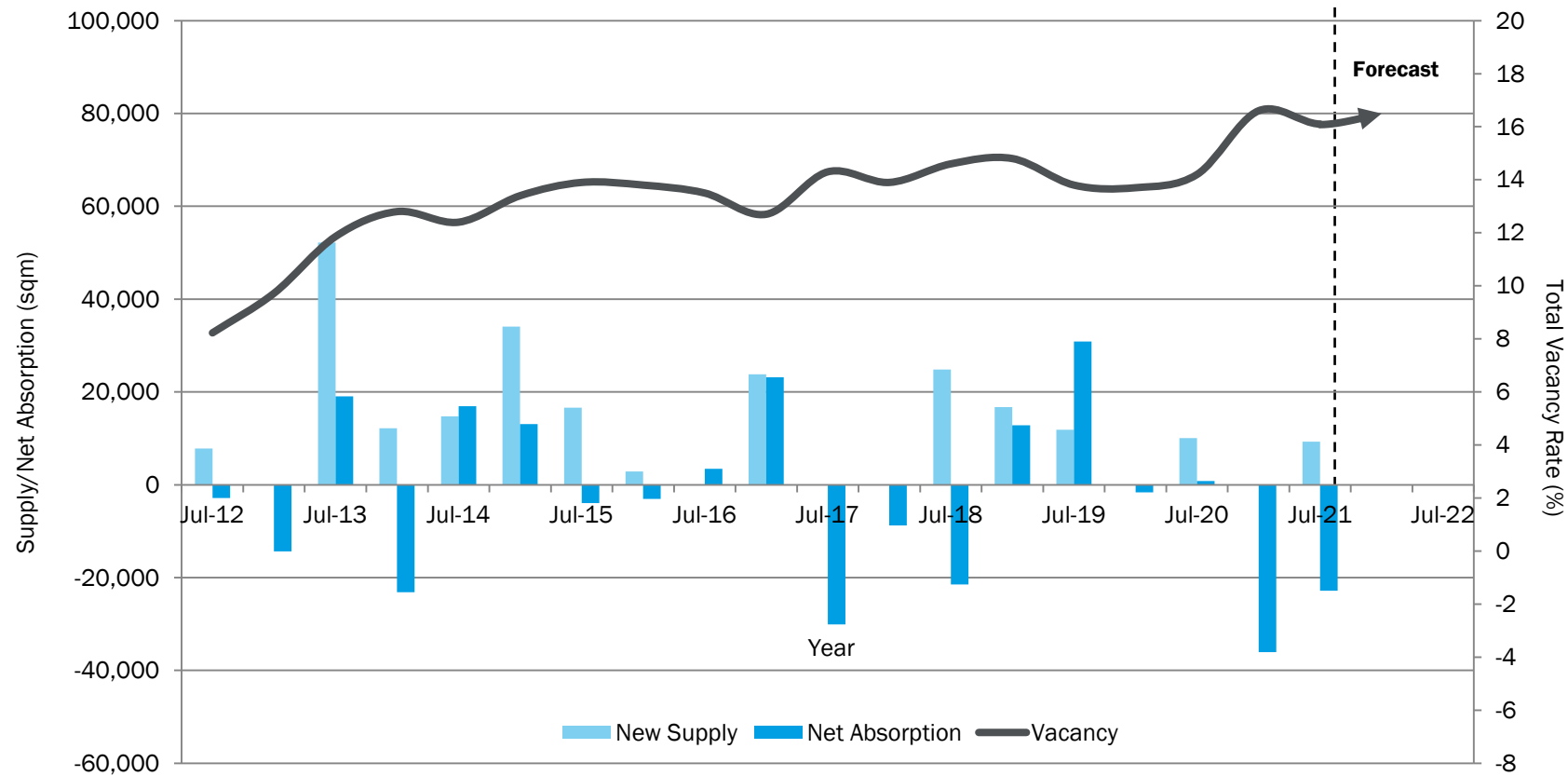


Fringe Markets

Source: Google



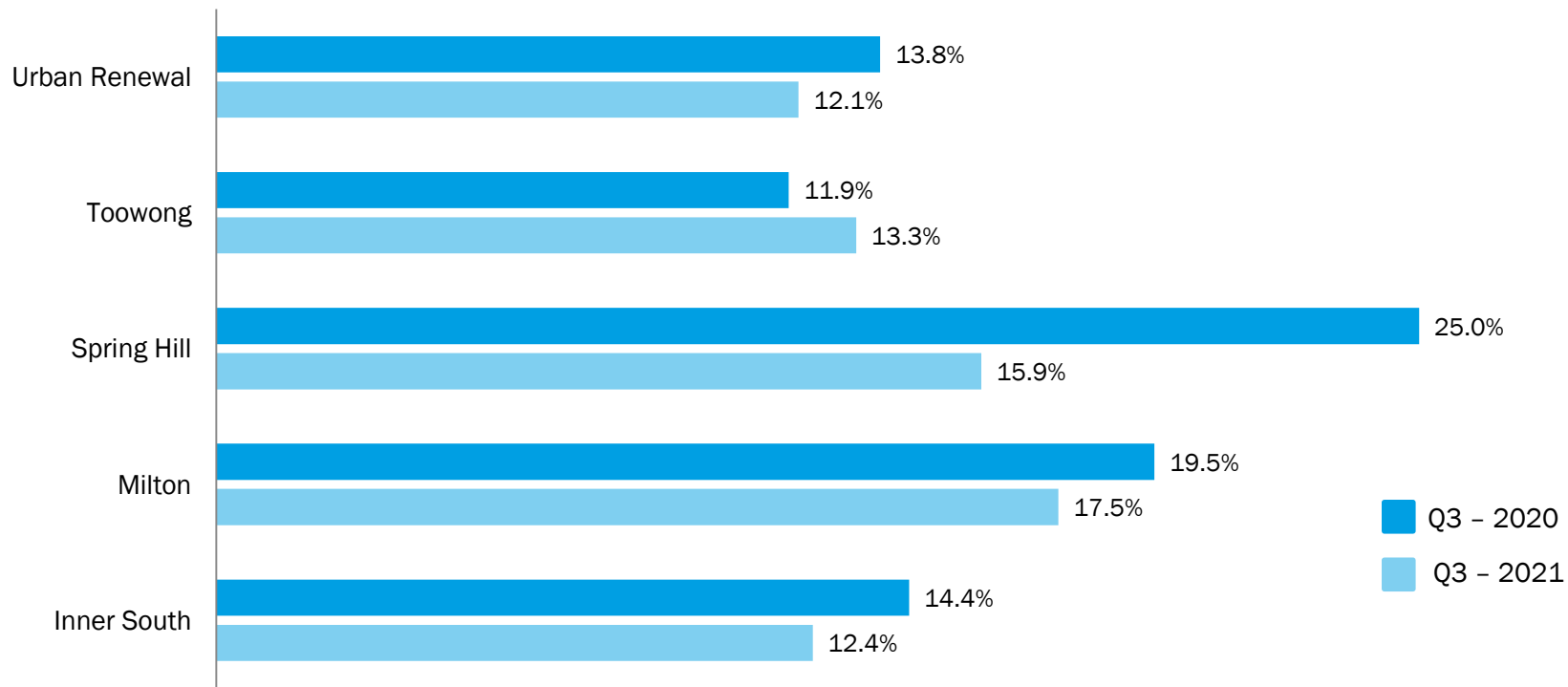
Fringe Markets



Source: PCA, HTW Research

Fringe Markets

2021 Brisbane Fringe Vacancy by Precinct



Fringe Market Additions

There are several proposed office developments that are or proposed/mooted.

470 St Pauls Terrace

14 storeys with NLA of
18,166 m²

Under Construction



895 Ann Street

15 storey commercial with
NLA of 24,794 m²

Under Construction



31 Duncan Street

17 storey With NLA of
approximately 20,000 m²

Under Construction

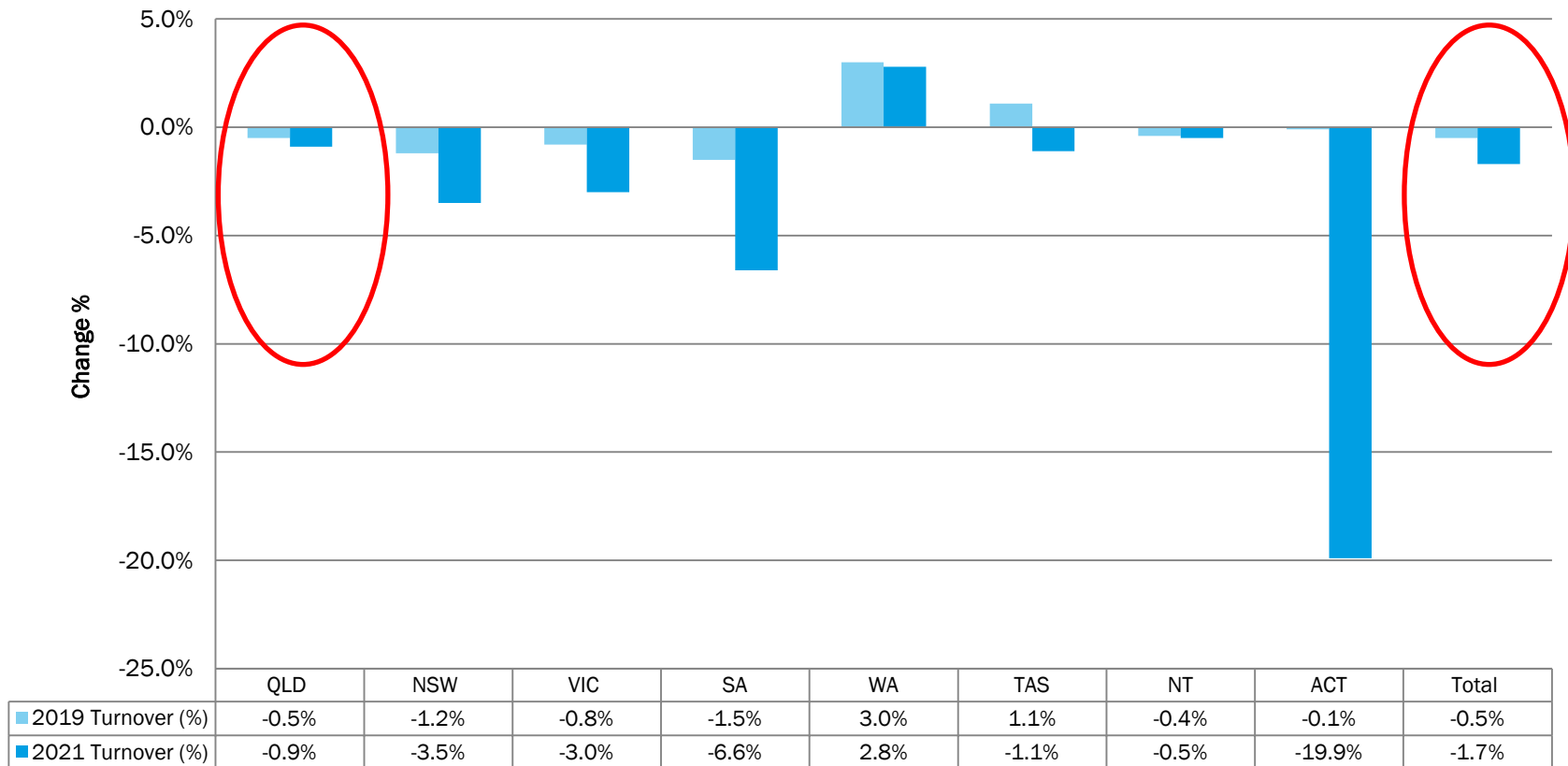


Retail Markets

Source: Google



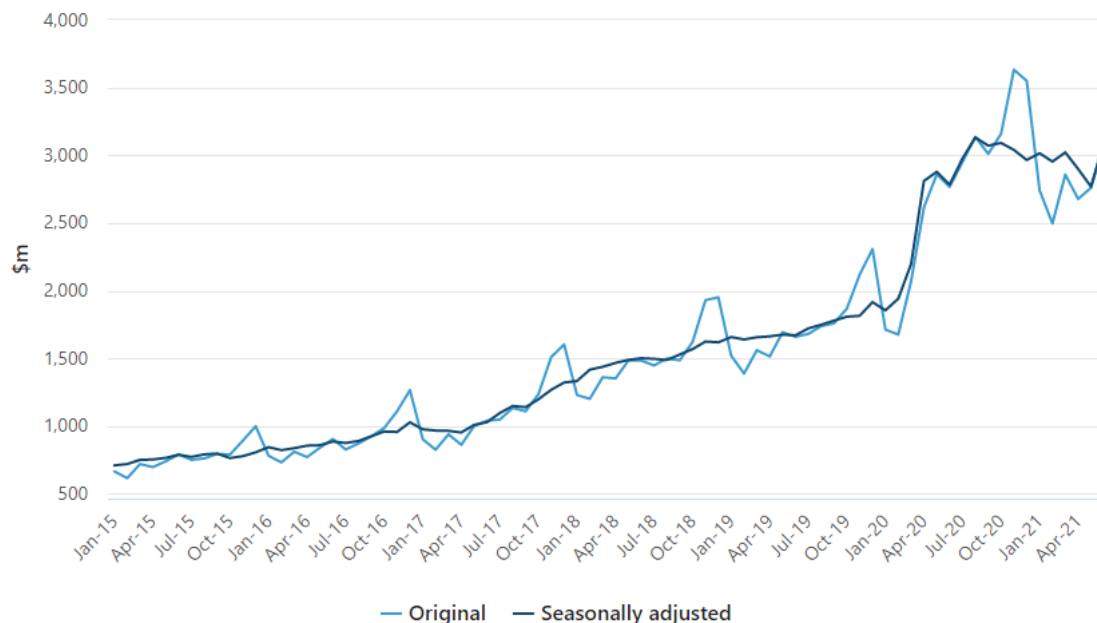
COVID-19's Impact on Retail Turnover



Source: ABS

Growth of Online Shopping

- Seasonally adjusted Online purchases in 2021 increased by 62% compared to January 2020.
- This is broadly consistent with levels seen throughout 2020 as online sales reached a new level following from April 2020 due to the COVID-19 Pandemic.
- Accordingly, 2020 was the biggest year for e-commerce in history.



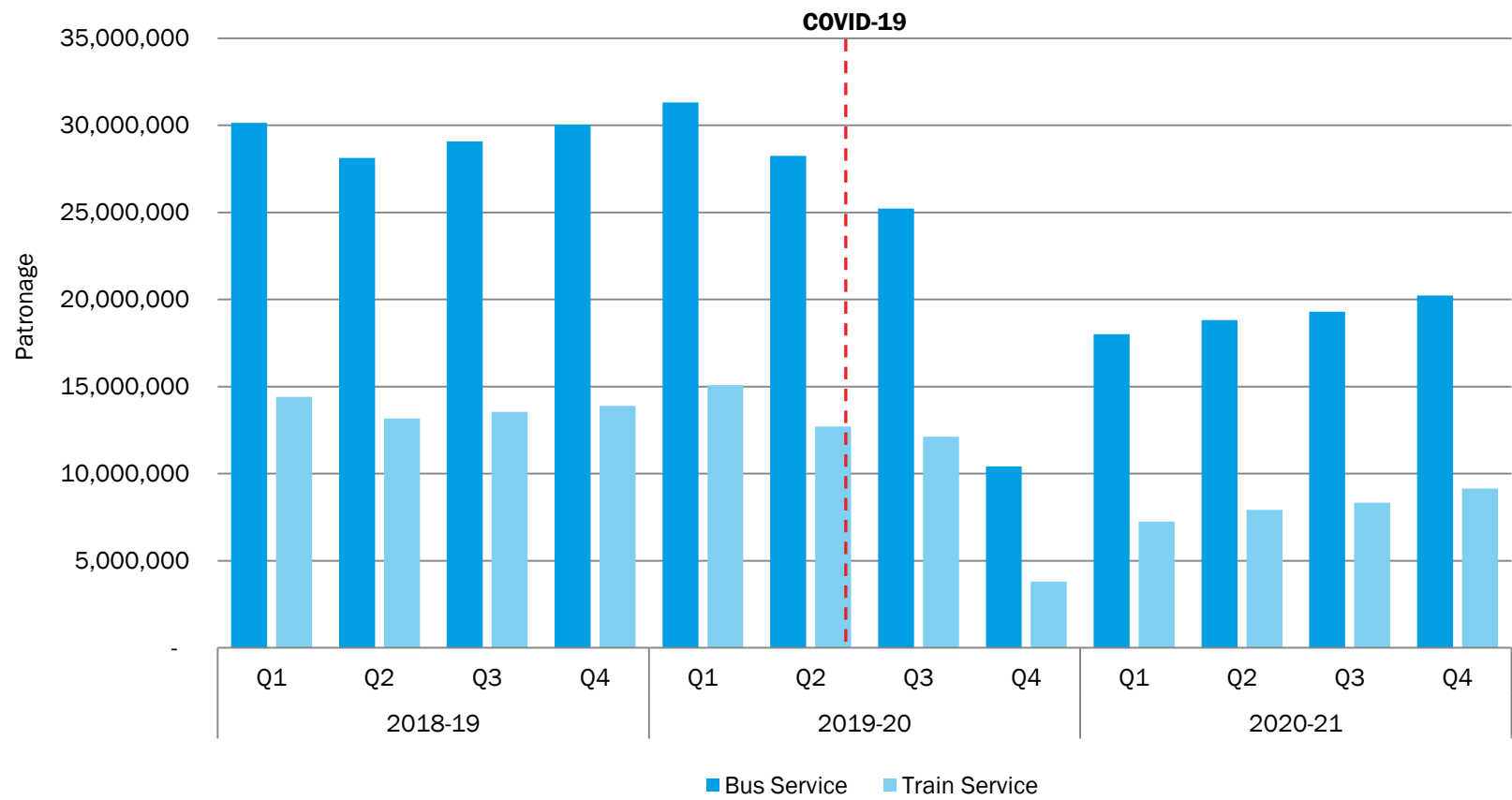
**INCREASE IN OFFICE VACANCY UNDERLINES
THE NEED TO SUPPORT CBDS**

**Brisbane CBD businesses facing existential
threat after COVID-19 with people preferring to
work from home**

**George St retailers struggle to stay open as office
workers continue to shun the CBD**

**Shoppers shun Queen St as CBD office occupancy
struggles post COVID-19**

Brisbane Bus and Train Patronage



Source: Translink

Yields Generally Stable or Softening

	Gross Rents (\$/m2)	Yields	Price \$/m ²
Small Freestanding Fringe and Suburban	\$350 - \$500	5.00% - 6.00%	\$4,000 - \$7,000
Freestanding – Outer Suburban	\$300 - \$400	5.50% - 6.50%	\$3,500 - \$5,000
High Street - Suburban	\$300 - \$400	6.00% - 7.00%	\$3,500 - \$5,000
Premium High Street	\$600 - \$900	5.00% - 6.00%	\$7,000 - \$10,000
Convenience	\$500 - \$700	5.50% - 6.50%	\$4,000 - \$6,000
Neighbourhood	\$500 - \$800	5.00% - 6.50%	\$5,000 - \$7,000
Sub-Regional	\$800 - \$900	5.50% - 7.00%	\$4,000 - \$7,000

Key Retail Takeaways

- Outside the CBD and tourist retail areas is performing acceptably
- Large format performing well
- Pent up shopping demand – big Christmas hoped for
- Rents in suburban convenience complexes stable
- Investors are highly scrutinizing lease covenants and income security.
- Still good demand for well leased assets but limited stock.



Industrial Markets



Recent Industrial Transaction Summary

Address	Date	Sale Price	Lettable Area (m ²)	Lease Term Certain	Analysed Market Yield	\$/m ² Lettable Area
1 Sulphur St, Narangba	8 March 2021	\$16,685,000	6,972	6.23 years	5.25%	\$2,393
144 Lavarack Av, Eagle Farm	31 March 2021	\$9,100,000	3,241	5.00 years	4.99%	\$2,808
85 Prosperity Pl, Geebung	31 March 2021	\$14,500,000	6,466	5.17years	5.08%	\$2,243
35 French St, Eagle Farm	1 May 2021	\$8,130,000	2,810	5.60 years	5.25%	\$2,893
959 Nudgee Rd, Banyo	5 May 2021	\$3,650,000	1,577	VP	5.03%	\$2,315
64 Axis Pl, Larapinta	10 June 2021	\$9,340,000	3,742	4.82 years	5.10%	\$2,288

Source: Core Logic

Transaction Map - 2021

Brendale

Sale Date: **October 2021**

Allotment Size: **2,570**

Rate \$/m²: **\$425**

Morningside

Sale Date: **May 2021**

Allotment Size: **2,100**

Rate \$/m²: **\$640**

Larapinta

Sale Date: **June 2021**

Allotment Size: **6,143**

Rate \$/m²: **\$450**

Crestmead

Sale Date: **March 2021**

Allotment Size: **13,760**

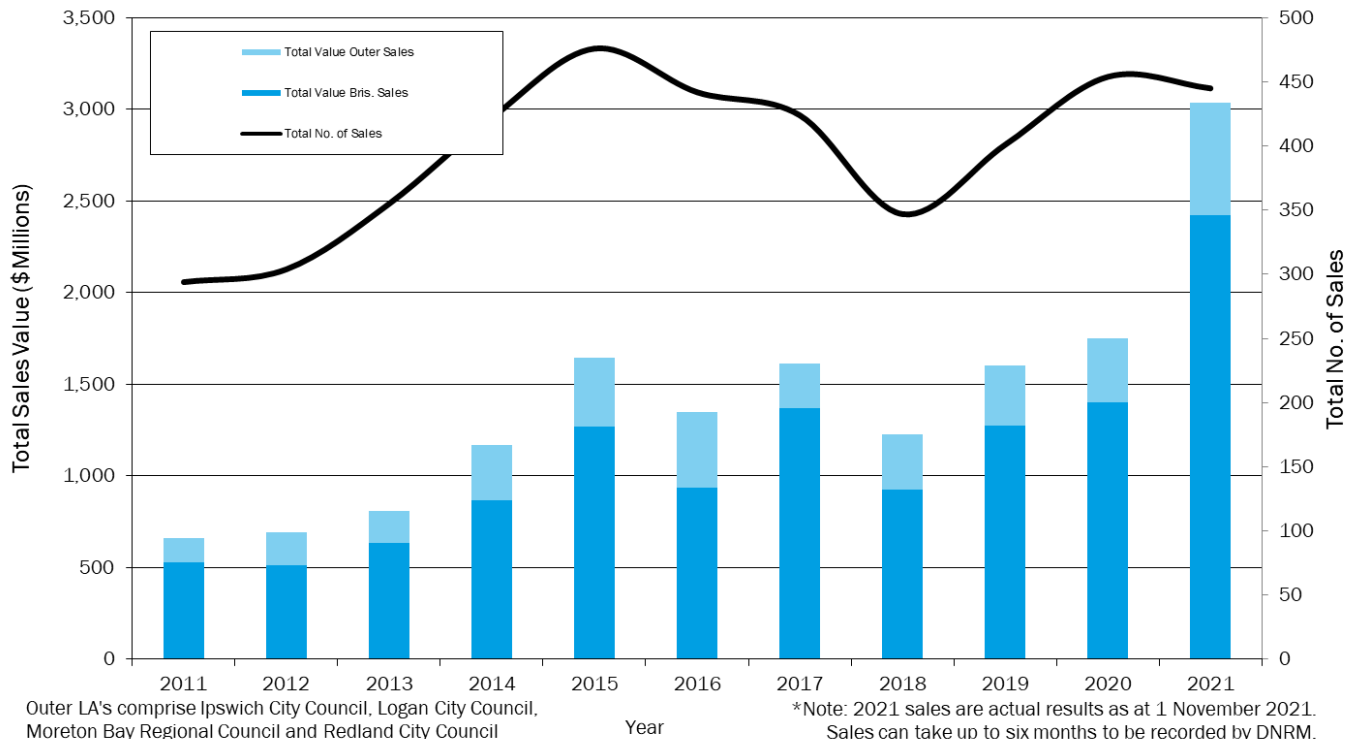
Rate \$/m²: **\$315**

IPSWICH

Source: Core Logic

Industrial Transactions Volume Graph

Brisbane and Outer LA's Industrial No. of Sales and Value of Sales 2011-2021



Industrial Estate Transactions

'Empire Industrial Estate', Yatala QLD 4207

- Currently approximately **\$18,000,000** worth of sales
- Industrial land, ranging in size from 2,000m² to 300,000m²
- A total of 9 transactions in the last 12 months. This reflects a sale rate of approximately 1 lot every 1.34 months
- Sale rates range from **\$206/m²** to **\$350/m²**



Key Industrial Takeaways

- Prime industrial flying...Up to 150bp yield compression
- Industrial rental rates slowly moving up
- Land values increasing significantly
- Shortage of good investment stock
- New areas opening up...Crestmead, Caboolture

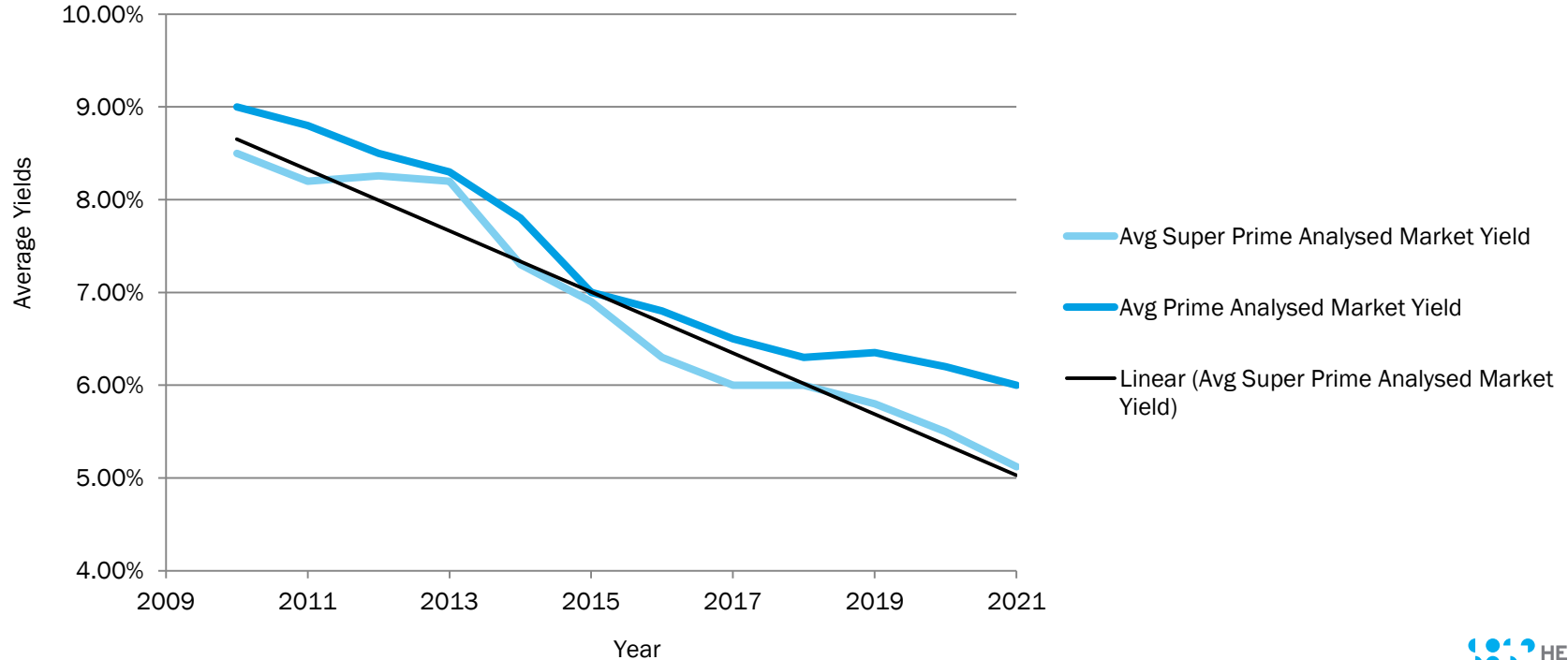


Investment Markets



Brisbane Average Prime Yields – All Sectors


- Yield compression showed no indication of softening over H1, with both super prime and prime assets displaying an average tightening trend.





Auction Events


Live Stream

Photo Gallery

Auction Live Stream: Brisbane Auction Properties


Copy link



Watch on  YouTube

Press play icon to start live stream, footage may not relate to the property page you are on.

Lot 3 of 19

 10/11/2021 11:00 AM

Live Update

LIVE

\$2,450,000

Estimated Annual Net Yield: 4.63%

Time	Amount
11:52:45 AM	Third & Final
11:52:09 AM	Going Twice
11:52:05 AM	Going Once
11:51:31 AM	\$2,450,000
11:51:24 AM	\$2,400,000
11:51:21 AM	\$2,350,000

Bidder Registration

Kenmore QLD, 2005 Moggill Road

Recent Retail Re-sale

82 Anzac Avenue, Redcliffe

Sale Price: **\$8,000,000** Sale Date: **17 July 2019**

Land Area (m ²)	Lettable Area (m ²)	WALE (By Income)	Analysed Market Yield	\$/m ² Lettable Area
5,362	1,453	5.28 Years	7.28%	\$5,506

Sale Price: **\$10,880,000** Sale Date: **29 July 2021**

Land Area (m ²)	Lettable Area (m ²)	WALE (By Income)	Analysed Market Yield	\$/m ² Lettable Area
5,362	1,449	5.87 Years	5.72%	\$7,457



Recent Bunnings Transactions



727 Gympie Road, Lawnton

Sale Price: **\$18,680,000** Sale Date: **1 October 2020**

Building Area (m ²)	Passing Yield	\$/m ² Building Area
6,784	4.69%	\$2,753

4404 Warrego Highway, Plainland

Sale Price: **\$22,200,000** Sale Date: **23 June 2021**

Building Area (m ²)	Passing Yield	\$/m ² Land Area
9,421	4.21%	\$2,356



Recent Retail Transactions



11 Lorisch Way, Rochedale

Sale Price: **\$13,500,000** Sale Date: **20 May 2019**

Land Area (m ²)	Lettable Area (m ²)	WALE (By Income)	Analysed Market Yield	\$/m ² Lettable Area
5,682	1,835	5.43 Years	6.50%	\$7,357

Riverlakes Village, 8-16 Gleneagles Avenue, Cornubia

Sale Price: **\$17,400,000** Sale Date: **14 October 2021**

Land Area (m ²)	Lettable Area (m ²)	WALE (By Income)	Analysed Market Yield	\$/m ² Lettable Area
14,439	2,812	5.26 Years	5.45%	\$6,188



Recent Industrial Transactions



144 Lavarack Avenue, Eagle Farm

Sale Price: **\$9,100,000** Sale Date: **31 March 2021**

Land Area (m ²)	Lettable Area (m ²)	Lease Term Certain	Analysed Market Yield	\$/m ² Lettable Area
5,920	3,241	5.00 years	4.99%	\$2,808

64 Axis Place, Larapinta

Sale Price: **\$9,340,000** Sale Date: **10 June 2021**

Land Area (m ²)	Lettable Area (m ²)	Lease Term Certain	Analysed Market Yield	\$/m ² Lettable Area
7,747	3,742	4.82 years	5.10%	\$2,288



Service Station Sales



2009 Sandgate Road, Virginia

Sale Price: **\$7,600,000** Sale Date: **30 April 2021**

Land Area (m ²)	Lettable Area (m ²)	WALE (by income)	Analysed Market Yield
2,843	190	9.93 years	5.04%

7-Eleven, 377 Handford Road, Taigum

Sale Price: **\$5,650,000** Sale Date: **12 October 2018**

Land Area (m ²)	Lettable Area (m ²)	WALE (by Income)	Analysed Market Yield
2,876	215	12.21 years	5.63%



Child Care



Green Leaves Early Learning Richlands, 96 Garden Road, Richlands

Sale Price: **\$6,950,000** Sale Date: **10 December 2020**

Approved Child Care Places	Lease Term Certain	Rate/ACCP	Analysed Market Yield
120	13.2 years	\$57,917	5.73%

Kids Club Child Care Darra Station Centre, 127 Darra Station Road, Darra

Sale Price: **\$7,750,000** Sale Date: **27 September 2021**

Approved Child Care Places	Lease Term Certain	Rate/ACCP	Analysed Market Yield
105	14.41 years	\$73,810	4.90%



Medical



Lot 6 & 11, 687-689 Old Cleveland Rd E, Wellington Point

Sale Price: **\$12,250,000** Sale Date: **10 September 2021**

Land Area (m ²)	Lettable Area (m ²)	WALE (by Income)	Analysed Market Yield
3,004	1,796	5.26 years	5.35%

11 Brookfield Road, Kedron

Sale Price: **\$7,100,000** Sale Date: **11 November 2019**

Land Area (m ²)	Lettable Area (m ²)	WALE (by Income)	Analysed Market Yield
2,790	857	3.91 years	6.46%



Recent Medical

62 Coonan Street, Indooroopilly

Sale Price: **\$8,150,000** Sale Date: **21 September 2021**

Land Area (m ²)	Lettable Area (m ²)	WALE (by Income)	Analysed Market Yield
1,338	1,074	4.28 years	5.42%



Source: Core Logic

Sunshine Coast

Source: Sunshine Coast Council



Maroochydore CBD



Gold Coast

Coomera Connector

\$

\$2.4 Billion

- Relieve pressure on the M1 by reducing the number of local trips
- Provide improved connections and accessibility to more transport options on the northern Gold Coast

Varsity to Tugun M1 Upgrade



\$1 Billion

- Widening 10km of the M1 from 2 to a minimum of 3 lanes in both directions between Varsity Lakes (Exit 85) and Tugun (Exit 95), including improvements to the road alignment.

Light Rail Stage 3

\$

\$709 Million

Key features of Stage 3:

- 6.7 km extension from Broadbeach South to Burleigh Heads
- Dual track in the centre of the Gold Coast Highway
- 8 stations

New Train Stations

\$

**\$5.4 Billion (Inclusive within the
Cross River Rail Budget)**

Locations have been announced for the
first of seven new railway stations to be
built on the Gold Coast line

I still miss the waterslide!



Many Clouds Appearing

- **Inflation and interest rate rises coming... Hyper Inflation?**
- **COVID-19 and uncertainty of government responses**
- **Potential geopolitical conflict**
- **Vulnerability of the market to yield change**
- **Infrastructure growing pains/ congestion**

And they said that petrol stations are dangerous!



Source: Google