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Topics



GOLD COAST PROPERTY MARKET

- Issues
- Residential Market Overview
- Development Market Overview
- Commercial Market Overview
- How can we help you?

Big Issues



GOLD COAST PROPERTY MARKET

- Consumer Confidence driven by negative press, share market, concerns we are following US and UK
- Buyer's not motivated – waiting for upswing to reduce holding costs
- Supply exceeds buyer demand

Haunted by ghost tower

Abedian tips quick turnaround after slump

Sales take a hammering
No action at auction **Receiver sells editors house**

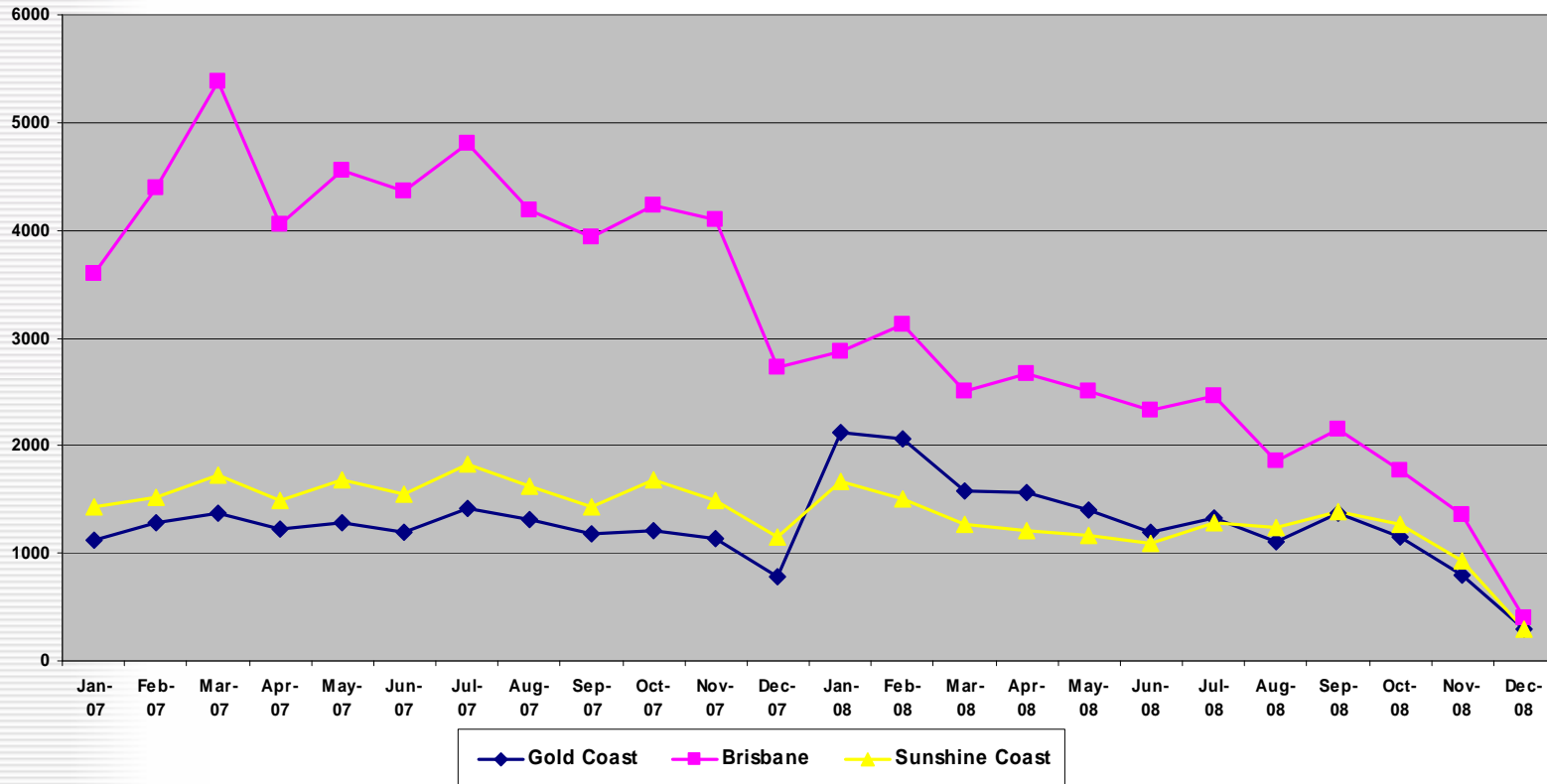
'Spenthouse' market

Downturn hits sales of Coast's sky-high luxury apartments

SEQ Volume of House Sales



GOLD COAST PROPERTY MARKET

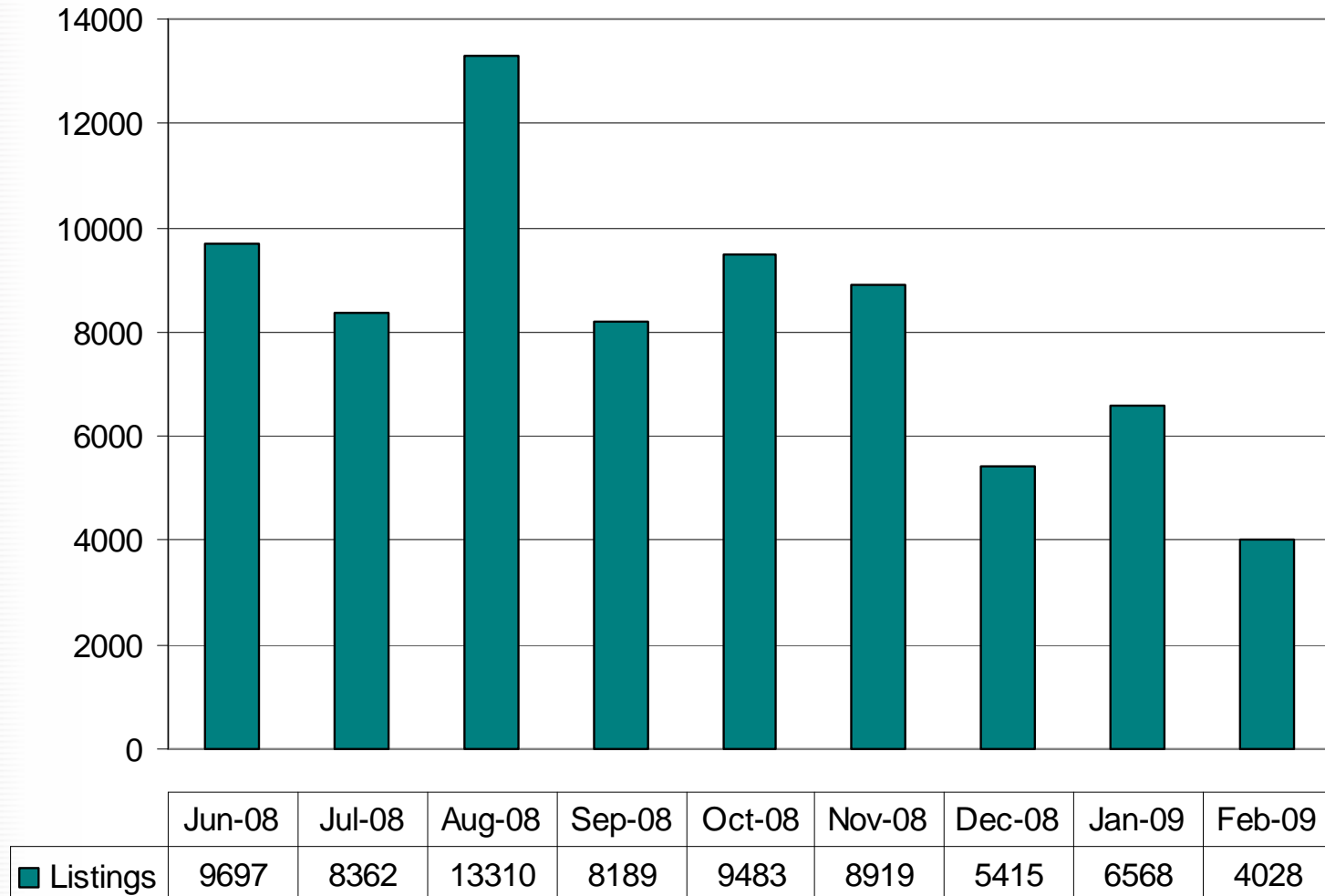


Source: RP Data

New SEQ Listings Per Month



GOLD COAST PROPERTY MARKET



Source: RP Data

Residential Market



Housing

- Value levels generally reduced 10% to 15%
- Lower end still moderately strong
- Prestige end quite fragile (some reductions 25%+)

Units

- Under \$350K market is holding up
- Highrise resale market is tough (20% reductions)
- Unsold stock & competition with distressed re-sales

Land

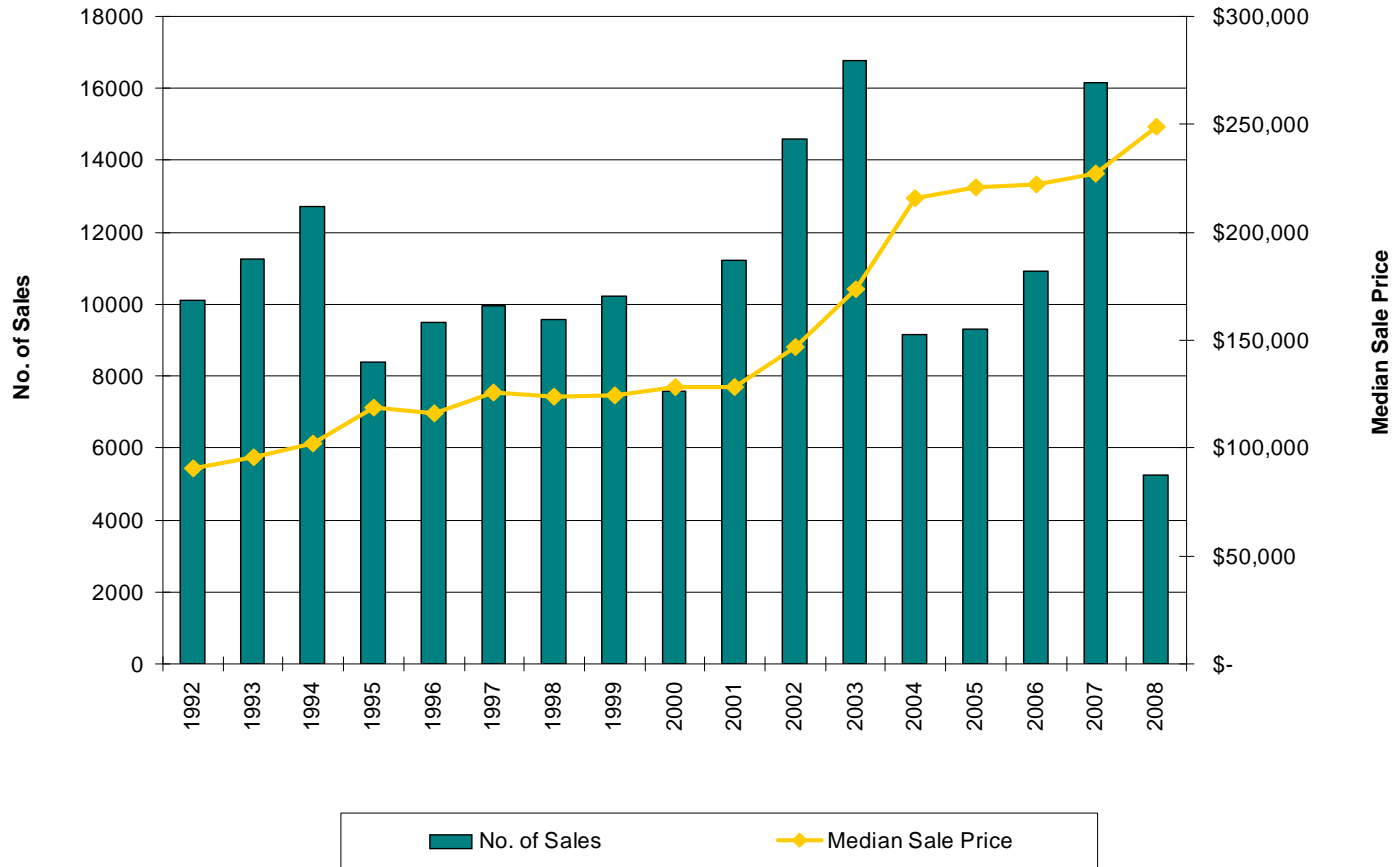
- Less than one years supply of completed lots
- More incentives being offered in land and house & land packages
- Established housing is cheaper alternative

Vacant Land Sales



GOLD COAST PROPERTY MARKET

Brisbane, Redland, Logan, Moreton Shire, Ipswich, Sunshine Coast & Gold Coast



Source: RP Data

Commercial - 2008 Market Influences

- Global Financial Crisis - market conditions softened moving through '08
- Several Local Corporate Failures
- Finance harder to obtain
- Sale transaction numbers slumped
- Increase in number of 'duress' sellers
- Uncertainty regarding forward conditions

Development Sites

- Very limited sale transactions over past 12 to 18 months
- Several sites in receivership
- Little interest from prospective buyers
- Feasibilities don't stack up
- Major issues with gaining funding

Overall, very tough conditions across this sector.

Commercial Market



GOLD COAST PROPERTY MARKET

- Vacancies increasing
- Rental levels holding, but incentives increasing
- Few quality properties on the market
- Sale transaction numbers down
- Yields softened 0.5% to 1.5%
- Value levels reduced (10% to 20%)
- Sub \$5M market strongest

Snap Shot Overview – Office



GOLD COAST PROPERTY MARKET

Vacancy			18% (78,526 m ²)
Total Additional Floor Space			52,373 m ² (<i>past 12 months</i>)
Net Absorption			-1,846 m ²
New Supply	CBD	2009	25,271 m ²
		2010	NA
		2010+	1,196 m ²
		Mooted	21,000+ m ²
New Supply	Other	2009	5,000 m ²
		Mooted	15,000 m ²
Rentals	Prime		\$430 to \$550 /m ²
	Secondary		\$250 to \$400 /m ²
Yields	Prime		7.0% to 7.5%
	Secondary		7.5% to 8.5%

Snap Shot Overview – Retail



GOLD COAST PROPERTY MARKET

Consumer Confidence

Low

Rentals

Prime CBD

\$1,500 to \$4,000 psm pa

Shopping Centre

\$500 to \$650 psm pa

Strip

\$325 to \$550 psm pa

Yields

Prime

6.00% to 7.5%

Secondary

7.50% to 8.5%

Other (ie restaurant)

9.00% plus

Snap Shot Overview – Industrial



GOLD COAST PROPERTY MARKET

Rentals	Industrial	\$100 - \$150 /m ²
	Bulky Goods	\$175 - \$325 /m ²
Yields	Stand-Alone	7.5% - 8.5%
	Strata	6.0% - 7.0%
Floor Space Value	Stand Alone	\$1,250 - \$1,700 /m ²
	Strata	\$1,600 - \$2,200 /m ²
	Bulky Goods	\$2,000 - \$3,250 /m ²
Land	Southern	\$425 - \$500 /m ²
	Northern	\$200 - \$300 /m ²

Sales / Resales



GOLD COAST PROPERTY MARKET

Property	Sale Date	Sale Price	Comment	Analysed Yield
110 Brisbane Rd, Labrador	02/08	\$7,100,000	Multi tenant commercial/semi retail complex	6.60%
27 Scarborough St, Southport	04/08	\$10,700,000	Modern office building	6.70%
Lot 2110, Southport Central	08/08	\$9,100,000	Modern office strata (gym) – passing yield 9.42%	8.82%
River Quays Dve, Hope Island	10/08	\$6,000,000	Modern, multi tenanted commercial building	7.78%
Q1 Retail, Surfers Paradise	10/08	\$7,400,000	Multi tenant retail – passing yield 8.70%	8.43%
L 404 & 106, 2 Nerang St, Southport	11/08	\$4,700,000	Leased strata retail shops	7.13%
7 Strathaird Rd, Bundall	02/09	\$2,850,000	Refurb. multi ten industrial complex – pass yld 9.16%	8.70%
179 Ashmore Rd, Benowa	02/09	\$3,840,000	New office/medical complex	6.40%

Property	Sale Date	Sale Price	Re sale Date	Re sale Price	Comment	Variation
18 Carrara St, Benowa	08/07	\$6,150,000	10/08	\$6,050,000	Mod multi ten office/medical building	- 1.6%
35 Brendan St, Nerang	01/08	\$1,500,000	10/08	\$1,335,000	Older industrial complex	-11.0%
2442 Gold Coast Hwy, Mermaid Beach	07/08	\$1,300,000	11/08	\$1,150,000	Semi modern commercial building	-11.5%
Queen & Pohlman Sts, Southport	12/07	\$7,250,000	02/09	*\$5,500,000	Development site. *Highest bid.	-24.1%

Source: RP Data & HTW Database

Where to from here?

- Market conditions to remain difficult
- Higher incidence of 'duress' and MIP sales
- Value levels may deteriorate further, more so for secondary property
- Vacancy levels to remain high
- Pressure on rental levels

Opportunities

- Forced sales = Opportunity for cashed up buyers.
- Owner occupiers – buying below cost

Positive Influences

- Reducing interest rates
- Population growth
- Infrastructure

How can HTW help you??



- Month In Review – it's free - see htw.com.au
- Tax Schedules for Investment Properties
- Other lenders – we are the ONLY Gold Coast firm panel of EVERY
 - bank
 - building society
 - aggregator



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