



m3 Property Expands into Brisbane

m3property has opened a Brisbane office. The new office will be managed by Ross Perkins who has over 15 years valuation experience in Queensland.

m3property has for many years been providing advice to clients within the Brisbane and wider Queensland market.

The establishment of an office in Brisbane will ensure that m3property can continue to deliver the full range of its professional services throughout the eastern seaboard states.

m3 Appointments

Martin Reynolds has joined as Director in Melbourne from NAB and previously Colliers in Melbourne and Sydney. Tracey Comley has joined the Seniors Living division in Sydney. Tracey has specialised in Seniors Living for the past 8 years, including working with Primelife and consulting to aged care operators. Warren McGregor has been appointed the firm's Research Director in Melbourne, while Kimberley Jessup has joined the research department as Research Analyst. Georgia Scheckowski recently joined Rob Atkinson in Prestige Residential and Ian Chew is the latest addition to the Performance Strategy team.

Chris Johns Retires

After a long and distinguished property career, Chris Johns has retired. Chris joined m3property (formerly LandMark Independent) as a Director in April 1993, and has contributed greatly to the firm's successful development over the past 14 years. Chris leaves us with the very best wishes from the entire team at m3property.



m3 Office Moves

In February-March we moved both our Sydney and Melbourne offices. Our new addresses are shown on the next page. Our telephone and facsimile numbers are unchanged.



m3property's new melbourne office foyer

Brisbane

Unit 11B/ 23 James Street
Fortitude valley QLD 4006
Telephone 07 3620 7900
Facsimile 07 3620 7999

Melbourne

Level 5/114 William Street
Melbourne VIC 3000
Telephone 03 9605 1000
Facsimile 03 9670 1658

Sydney

Level 14/1 Castlereagh Street
Sydney NSW 2000
Telephone 02 8234 8100
Facsimile 02 9232 5144

www.m3property.com.au

m3masters

The 14th consecutive **m3masters** was held in March at Kingston Heath. Almost sixty golfers lined up in ideal weather on a course in absolutely perfect condition. Overall Winners were Andrew Cook (Arno), Anthony Heffernan (Arno), Dave Jessup (nab) and Jeff Franklin (m3capital). Runners Up: Scott Travers (Stockland), Adam Jane (Macquarie Bank), Michael Ward (AMP) and Michael Kealy (**m3property**).



Other prize winners were:

Nearest the Pin (5th): Cameron Gregson – ISPT

Nearest the Pin (10th): John Bruzzaniti – Gersh Investment Partners

Longest Drive Men (18th): Robert Bradley - Dibbs Abbot and Stillman

Longest Drive Ladies (18th): Luana Kenny – m3property players receiving their orders from the Course Professional before tee off.

Finsia Award

Leigh Butterworth was the recipient of the Prize for Property Investment Analysis sponsored by **m3property**. Leigh is pictured (right) receiving the prize from Warren McGregor at Finsia's Annual Graduating Ceremony in March.



BRW Triathlon

Andrew Callaghan and Warren McGregor were part of the highly competitive **m3property** triathlon squadron which took part in the BRW Triathlon at Elwood Beach in late February. The sun had barely set on the Saturday evening when the team members made their way down to the venue early Sunday morning for the pre-race antics. Gearing up on the start line along side a number of familiar client faces, the m3team successfully completed the three legs of the triathlon despite a number of race-day hiccups including; loss (and diving recovery) of the timing band, ham-string cramps, and some less than satisfactory bike chain incidents! Overall, the boys all performed well, and enjoyed some well deserved cleansing ales down at Elwood Beach after the race.



m3capital

m3capital continues to be at the forefront of it's market and over the last two years we have assisted clients in raising over \$0.5 billion in debt.

We recently structured a funding deal for the development of an industrial project in Melbourne so as to permit our client to make a significant up-front equity/profit withdrawal.

Contact: Jeff Franklin T:03 9605 1030

The information contained in this report is provided in good faith and has been derived from sources believed to be reliable and accurate. However, the report is not intended to be comprehensive or render advice. Neither m3property nor any persons involved in the preparation of this report accepts any form of liability for its contents. This report is Copyright and cannot be reproduced without the written permission of m3property.

www.m3property.com.au
m3property has offices in Brisbane, Melbourne & Sydney.
© Copyright 2007

Brisbane

Unit 11B/ 23 James Street
Fortitude valley QLD 4006
Telephone 07 3620 7900
Facsimile 07 3620 7999

Melbourne

Level 5/114 William Street
Melbourne VIC 3000
Telephone 03 9605 1000
Facsimile 03 9670 1658

Sydney

Level 14/1 Castlereagh Street
Sydney NSW 2000
Telephone 02 8234 8100
Facsimile 02 9232 5144

www.m3property.com.au

Seniors Living

Valuation of the Australian Retirement Communities portfolio of retirement and aged care properties on behalf of Stockland – the successful bidder for the 17 retirement villages in this \$329 million transaction. Other major valuations include the FKP and CBus retirement village portfolios. m3property also provided pricing advice for the acquisition of the Gandel NSW retirement property portfolio. We are currently valuing the Hibiscus portfolio for Prime Trust – 6 retirement villages on the Sunshine Coast.

Contact: David Bruce-Clarke T:02 8234 8104

Retail

m3property has been very active in the retail investment grade sector providing advice and assisting with valuation requirements for both institutional and private clients. In recent months m3property has advised property owners in relation to retail assets across all Australian states and territories from stand alone supermarkets through to regional shopping centres and large scale bulky goods developments.

It is evident that the retail market has continued its strong run with recent transactions continuing the trend of tightening yields. In particular we note the 50% purchase of Westfield Parramatta by GIC RE (the real estate investment arm of the Government of Singapore). It is understood that sale does not include any management rights and as such the analysed market yield is expected to be sub 5%. In addition to that sale other sales such as Kareela, a neighbourhood centre in Sydney's Sutherland Shire, have confirmed the strength of the market. Kareela has recently transacted at a yield of sub 6%. These transactions confirm that the weight of money pursuing investment grade retail assets within Australia is continuing the upward pressure on prices and tightening of yields.

Commercial

In the commercial arena transaction activity has slowed in 2007 due largely to limited availability rather than any retraction in demand. In fact across Australia investment demand remains very strong led largely by wholesale funds and increasingly off shore investors. Yields continue to firm with an evident tightening in secondary grade assets in particular.

In Sydney notable transactions in 2007 include:

227 Elizabeth Street (\$113.10 M, passing yield 4.7%, market yield 5.35%, \$7,102/m²)

220 George Street (\$58.50 M, passing yield 2.9%, market yield 6.5%, \$6,405/m²)

107 Pitt Street (\$24.875 M, passing yield 7.5%, market yield 6.6%, \$7,835/m²)

Additionally 20 Bridge Street (ASX) is rumored to be selling at circa \$260.0 M, a substantial premium to its 2006 purchase price of \$235.70 M which was widely regarded as market leading price at that time. The current sale will demonstrate a market yield circa 5.0% and an IRR below 7.5% to the Korean based purchaser, staggering results for an asset of this calibre.

In Melbourne transactions have been similarly limited.

The largest and most recent sale has been AMP's acquisition of 222 Exhibition Street with the purchase price of \$162.50M, reflecting a passing yield of 6.1%, a market yield of 6.5% and \$5,432/m². Another notable sale includes 90 Collins Street (\$139.0M, passing yield 6.0%, market yield 6.1%, \$6,550/m²)

Going forward we expect strategic CBD assets, in both Sydney and Melbourne and in the primary and secondary markets to continue to trade at aggressive yields although further considerable yield compression is unlikely with capital growth expected to be driven by rental growth to a much greater degree.

m3property have advised parties to several of the above transactions.

Contact: Andrew Duguid T:02 8234 8101

The information contained in this report is provided in good faith and has been derived from sources believed to be reliable and accurate. However, the report is not intended to be comprehensive or render advice. Neither m3property nor any persons involved in the preparation of this report accepts any form of liability for its contents. This report is Copyright and cannot be reproduced without the written permission of m3property.

www.m3property.com.au
m3property has offices in Brisbane, Melbourne & Sydney.
© Copyright 2007