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Raine & Horne
 Commercial


Market outlook

Rebounding commercial property markets expected in 2011

After a challenging year for Australian commercial property in 2010, Raine & Horne Commercial offices across the country are seeing signs of recovery in 2011, as increasing economic confidence puts commercial property back on the radar.

Anthony Vulinovich, Director of Raine & Horne Commercial WA, believes 2011 will deliver a change of fortunes for the Perth commercial property markets. "Last year people avoided making decisions where possible, but we expect people will get comfortable with the idea of committing to financial investments again in 2011."

"Some businesses put growth plans on hold over the last 24-36 months, but if they are optimistic about the medium-term future of their business and the economy, they will move forward with some decisions, which will underpin commercial markets this year," said Mr Vulinovich. "This should translate into an increase in transaction turnover and sales volumes."

In Tasmania, Leslie Simpson, Sales Consultant, Raine & Horne Commercial Hobart, expects the local commercial property markets to continue their strong 2010 performances. "Tasmania didn't feel the impact of the GFC in the same way as some mainland states. We've had really strong ongoing demand, which has created a lack of stock in the market. Self-managed super funds have been particularly active in the market up to \$1 million, as well as investors," said Mr Simpson.

The outlook in regional NSW is also improving, says Stephen Millard, Director Raine & Horne Commercial Wagga Wagga. "Owner-occupiers are back in the Wagga market, and are mainly purchasing industrial properties, which house small manufacturing businesses, at a cost of between \$750 and \$1000 per square metre."

"Businesses are sick of waiting, and after the challenges of 2010 they are now starting to get on with things again," said Mr Millard.

Michael Laing, Director Raine & Horne Commercial Bondi Junction in Sydney, says interest rates will have an impact, however 2011 will be a fresh start for many. "A lot of people will want to forget 2010's political and economic shenanigans, and as confidence levels return we expect to see this reflected in commercial property in 2011."

Mr Laing reports that self-managed super funds are an increasingly active player in the Sydney market, generally investing in small retail properties, while he expects keen interest in the tightly-held Bondi Junction market to continue.

It's cautious optimism for the South Australian commercial property in 2011, according to David Ente, Director Raine & Horne Commercial SA. "The Adelaide market didn't take any real hits during the GFC, and while bank lending isn't expected to change much in 2011, those keen to sell will find a market of motivated buyers. We are already seeing a mix of investors, owner-occupiers, and self-managed super funds entering the market, and this should make for a steady 2011," said Mr Ente.


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Out and about in Commercial property

A snapshot of sales results from around the nation

Office	Address	Status	Asset Class	\$ Amount
Beenleigh QLD	10 Steele Road, Logan Village	Sold	Industrial	\$1,100,000
Brisbane Southside QLD	10 Spine Street, Sumner	Sold	Industrial	\$1,250,000
Brisbane Southside QLD	300 Evans Road, Salisbury	Sold	Industrial	\$1,200,000
Brisbane North QLD	2/427 Gympie Rd, Strathpine	Sold @ Auction	Retail	\$1,880,000
Brisbane North QLD	29 Samford Rd, Alderley	Sold @ Auction	Retail	\$1,200,000
Marrickville NSW	1 Sloane Street, Summer Hill	Sold	Commercial	\$2,750,000
Subiaco WA	32 Parri Road, Wangara	Sold	Industrial	\$5,200,000 + GST
Victoria	22 Malua Street, Reservoir	Sold	Industrial	\$1,905,000
Victoria	Lot 1, 110 Proximity Drive, Sunshine	Sold	Commercial	\$1,060,000
North Sydney	Units 10 & 11/49 Palmerston Road, Hornsby	Sold	Medical/Consulting	\$875,000

Queensland flood impact

It is fair to expect the heavy floods in Queensland will have a significant impact on Australian GDP growth, inflation and public finances according to Macquarie Group analyst, Ben Dinte. "Production will be most severely affected among coal and agricultural producers, while the retail and tourism sectors will also be adversely affected," added Mr Dinte.

While it is difficult to assess the full impact at this early stage, Mr Dinte says there is unlikely to be significant changes to the CY11 growth outlook, given that government spending and rebuilding work will likely add to growth later in the year. "At the same time, sharp rises in food prices will place upward pressure on inflation, but the Reserve Bank should look-through these one-off price spikes," urged Mr Dinte.

Raine & Horne Commercial CEO concurs with Mr Dinte's views and warned, "We will need time to assess the impact of the destructive floods on the economy and the prospects of a number of Queensland commercial property markets in 2011."

"The thoughts of the entire Raine & Horne Commercial network are with those property owners and businesses devastated by floods," he added.

Raine & Horne Commercial Newcastle acquires Jones Lang LaSalle's property management business

Raine & Horne Commercial Newcastle has expanded its business with the acquisition of Jones Lang LaSalle's property management business in Newcastle.

The move involves Raine & Horne Commercial assuming responsibility for the management of the property needs of Jones Lang LaSalle clients in the Newcastle and Hunter region.

Managing Director of Raine & Horne Commercial Newcastle, Steven Dick, says, "The Jones Lang LaSalle property portfolio is a great fit and addition to our business as the clients are locally-based and the portfolio has been built up over a number of years.

"We have a strong local platform that will continue to support this client base by providing management of property services on behalf of owners and investors.

"We are delighted with this acquisition and view it as a strong strategic fit for our business," adds Mr Dick.

Raine & Horne Commercial Brisbane Southside is finalist in REIQ Awards for third time in four years

Leading Brisbane commercial property firm, Raine & Horne Commercial Brisbane Southside, is a finalist in the 2011 REIQ Awards for Excellence.

The office is among the four contenders in the Commercial Agency of the Year category for the third time in four years, while Associate Director Greg Tate is a finalist in the Corporate Support Person of the Year category for a third straight year. The awards will be announced at a ceremony at the Sofitel in Brisbane on 11 February 2011, with winners from all categories to represent Queensland in the REIA Awards for Excellence on the Gold Coast in March 2011.

"This is the fourth straight year we've had two or more finalists at the awards, and we are confident of winning one of these prestigious awards," says Joseph Grasso, Principal, Raine & Horne Commercial Brisbane Southside, who acknowledges that the Brisbane commercial property market has thrown up its share of challenges over the past three years.

However, Mr Grasso says Raine & Horne Commercial Brisbane Southside upped the ante in 2010 with its corporate and social responsibility (CSR) programs, which included support for Estia House, a respite centre for young adults with intellectual and physical disabilities, and the popular 'Bridge to Brisbane' fun run.

Penrith Supa Centa sold by Raine & Horne Commercial for \$58 million

Raine & Horne Commercial Penrith is pleased to announce the \$58 million off market sale of Penrith Supa Centa in Sydney's west.

Listed and sold by Colin Henry, Co-Principal, Raine & Horne Commercial Penrith, the centre is the 'main hub' for Penrith's bulky goods users, and home to Bing Lee, Anaconda, Everyday Living and Spotlight.