Australia's Property People

Investment Sales Report

2018/19
Financial Year

Burgess Rawson

Who are Burgess Rawson?

Burgess Rawson is Australia's leading group of commercial property consultants and the largest privately owned commercial agency in the country. With the strength and reach of a national group and at the same time the intimate market knowledge, client care and attention to detail of a local agency, it's no secret why we're the first choice for vendors and investors at all levels, from multinational corporations to 'mum and dad' investors.

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2018/19 Financial Year

Executive Summary

What a fascinating year we have had in the commercial property market. A Federal Election, the Royal Banking Commission, falling residential market and interest rate drops have all coloured the property landscape, and yet despite a considerable amount of uncertainty, results have remained strong and both buyers and vendors have attacked the last six months with renewed vigour.

Throughout the first six months of 2019, we have witnessed a decrease in quality investment grade assets across the wider market, and at the same time an increase in clearance rates – a sure sign of continued confidence and anticipated growth in activity for commercial property. Across Australia, Burgess Rawson achieved impressive clearance rates throughout the financial year, with Victoria and New South Wales continuing to be the most sought after states for commercial investors.

This is all despite reduced access to funds being the most significant challenge in 2018/19. For commercial property investors purchasing below $2 million, who often don’t have strong banking relationships or are entering the commercial market for the first time, the experience has been that of a far more difficult environment. The landscape has been more positive for buyers between $2 million and $8 million, who are typically not first-time investors. While they, too, have experienced challenges in accessing funds, the effect has been far less pronounced.

What the uncertainty and tightening conditions in the second half of 2018 showed was that in tougher times there is a pronounced focus on the flight to quality. The best commercial property stock will always perform and sell well, so as market and lending conditions have tightened, investors have defined their minimum requirements and this has driven yields downwards for properties that meet those metrics. The security of long and secure tenancies remains a huge driver of competition, as evidenced by the performance of the hardware sector, where clearance rates were above 90% and metropolitan yields averaged 4.83%.

At Burgess Rawson we’re already seeing renewed and increasing interest in a number of key sectors, while foreign investment is no longer the goliath it was thought to be, with more than 98% of our property transactions conducted between Australian buyers and vendors. With conditions improving rapidly and vendors prepared to take on the market, we anticipate a very positive outlook for the 2019/20 financial year.

National Overview

Yearly review

As the book closes on another huge 12 months in the commercial property market, at Burgess Rawson we look back fondly on a year in which we helped hundreds of property investors and vendors lock away deals for 314 properties across the country.

With more than $884 million worth of commercial assets changing hands both privately and at our Investment Portfolio Auctions, it's been an incredibly successful year and one in which we've seen the market continue to perform, despite some testing periods.

In slower markets, properties with strong investment fundamentals come to the fore, and that has proven true yet again, with records broken and strong benchmarks set for properties including Bunnings, Coles, Woolworths and other assets leased to national tenants on long leases.

What was purchased?

Burgess Rawson's position as the market leader in the childcare, fast food and retail fuel sectors was further strengthened in 2018/19. Across the year, we sold 41 childcare investments nationally for a combined $157 million, as buyers continue to identify it as a secure industry with immense potential. Fast food remains a major source of investor interest, with 23 properties changing hands throughout the year, and at the lowest average yield of any commercial property sector. Petrol stations are bucking wider retail trends, with our agency alone selling 28 assets nationally for a combined $116 million.

Perhaps it's the accessible price points or perhaps it's the attractive yields on offer, but industrial remains a quiet commercial property achiever. Our 49 industrial transactions nationally marked the most of any asset class, with buyers occasionally transacting at less than $1 million.

Where did the sales occur?

Australia's major markets all saw their share of action throughout 2018/19, led by New South Wales with 90 sales totalling almost $264 million. Regional areas dominated the NSW market, with 60 of those sales outside of metropolitan Sydney.

Regional Victoria also attracted strong attention, with 45 of the state's 75 sales coming outside Melbourne, while almost $240 million changed hands statewide.

Queensland's 59 sales included 13 childcare investments and 10 retail properties, while Western Australia punched above its weight, with 64 sales driven largely by a very active industrial market, where we transacted 31 deals.

Who purchased the assets?

Private investors and private syndicates continue to dominate most asset classes and price points, accounting for 199 of the 314 properties we sold throughout the financial year.

Contrary to the widespread belief in recent years that foreign investment would take over the market, only eleven 'true' foreign purchasers figured among our sales. Self-managed super funds accounted for a large majority together with two institutional buyers.

Who sold the assets?

Our list of vendors was also led by private owners, selling property worth $772.59 million. Institutional investors sold a pair of Bunnings outlets at Victor Harbor in South Australia and Glenorchy in Tasmania for a combined $37.36 million, marking two of the most significant sales of the year, while developers parted ways with 19 assets, including nine in Victoria and four each in Queensland and Western Australia.

314	$884.3 million	6.19%
Total sales	Total value of all sales	Average metro yield

National Sales

New South Wales
$264 million sold
90 PROPERTIES

Queensland
$165.4 million sold
59 PROPERTIES

Northern Territory
$5.1 million sold
1 PROPERTY

South Australia
$35.1 million sold
5 PROPERTIES

Victoria
$239.2 million sold
75 PROPERTIES

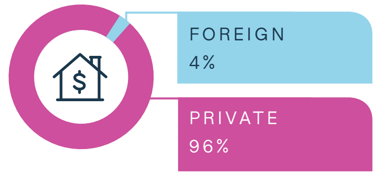
Western Australia
$99.7 million sold
64 PROPERTIES

Tasmania
$58 million sold
11 PROPERTIES

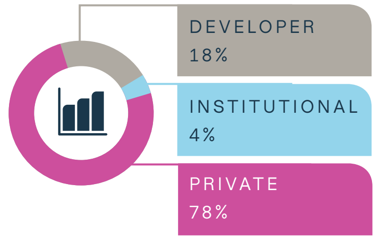
Australian Capital Territory
$17.8 million sold
9 PROPERTIES

Retail Fuel

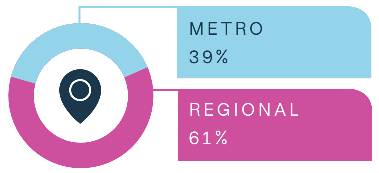
BUYER TYPE



VENDOR TYPE



METRO vs. REGIONAL



A year in review

The appetite for retail fuel and convenience investments remained strong in 2018/19, despite continued commentary around alternate fuel sources. 28 investments changed hands through Burgess Rawson across almost every state and territory, totalling $116.20m.

Developers continue to be well represented with just under 20% being our vendors. This representation, compared to other asset classes speaks to the continued demand of roadside convenience by the Australian public with investor demand likely to follow suit.

Who's buying?

Cross-border investors ruled fuel stations in the last financial year, picking up 24 of the 28 properties sold through Burgess Rawson.

Private purchasers and syndicates made up the majority of the buyers, with yields ranging from 4.10% for a metro service station to circa 9.00% in remote regional areas.

Where are they buying?

Investors seeking prime metropolitan fuel station locations were out in force, paying close to $60 million for 11 assets across Sydney, Brisbane, Adelaide and Perth. For those chasing a higher yield, regional and older properties were the popular play, with 17 properties sold, including seven in New South Wales, five in Victoria, four in Queensland and a single Western Australian property at Greenfields.

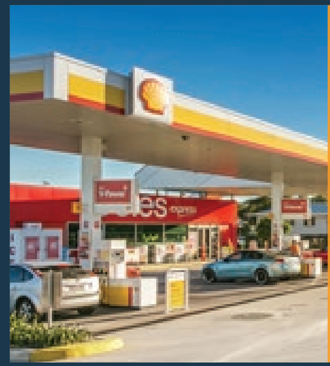
Recent Highlights and Results

$116.2 million
Value of all sales

28
Total sales

78.6%
Metro clearance rate

SOLD
Shell/McDonald's Northmead NSW
$17,850,000
4.10%



SOLD
Coles Express, Ipswich (Silkstone) QLD
$3,765,000
5.34%

SOLD
7-Eleven, Ascot WA
$7,200,000
5.99%

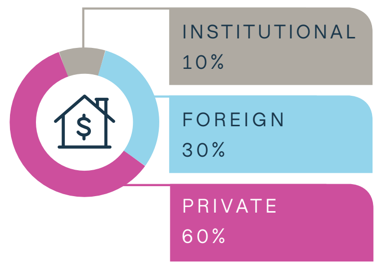
SOLD
Coles Express, Morwell VIC
$4,030,000
6.45%

Tenant	Location	State	Price	Yield
Caltex	Thornleigh	NSW	$11,250,000	4.88%
BP and Oporto	Hoxton Park	NSW	$8,300,000	5.31%
7-Eleven	Bibra Lake	WA	$6,825,000	6.25%
United Petroleum	Rockhampton	QLD	$4,700,000	6.47%
7-Eleven	Butler	WA	$5,227,000	6.25%

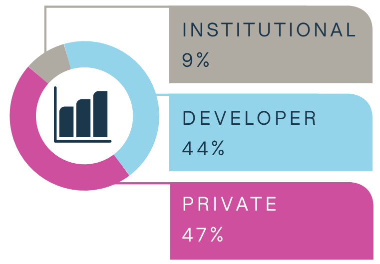
> **"Commercial property buyers have increasingly displayed interest in retail fuel investments, with Burgess Rawson transacting over 118 fuel assets for a combined total of $526 million since January 2016**

Childcare

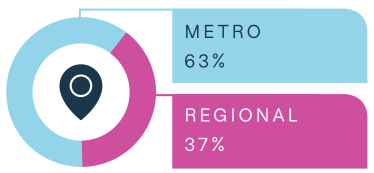
BUYER TYPE



VENDOR TYPE



METRO vs. REGIONAL



The year in review

As Australia's foremost commercial agency for childcare property sales, 2018/19 has been another bumper year for Burgess Rawson in this key market segment. While there were some headwinds in 2018 as the market cooled following two years of red hot growth, we've undoubtedly experienced a continued strengthening in a low interest rate environment.

Despite the disruption of the Federal Election, both transaction volumes and clearance rates have remained high. Burgess Rawson sold 43 childcare properties across the financial year, and with more than $161 million changing hands. With yields for the six months to July averaging 6.54%, there were increasingly positive signs late in that period, with yields on some centres in the 5% to 6% range, and one centre in Sylvania sold for $3.2 million at a 5.25% net yield.

Who's buying?

Borders are proving to be no barrier for childcare investors, with more than three-quarters of centres selling to investors from either interstate or overseas. In fact, interstate or overseas buyers won the day on every childcare centre sold by Burgess Rawson in New South Wales, Northern Territory, South Australia, Victoria and Western Australia for the entire year. Only Queensland, where nine of 13 childcare centres were sold to Queenslanders, found its buyers close to home.

The childcare market is the domain of both private buyers and institutional buyers, with the latter securing the majority of their transactions off-market.

Where are they buying?

Queensland and Victoria continue to dominate the childcare space, with around two-thirds of the centres sold located in those two states. 15 Victorian centres were sold both privately and at our Portfolio Auctions, while 13 traded in Queensland. New South Wales had seven sales, while in Western Australia, South Australia and the Northern Territory it was three, two and one, respectively.

In a sure sign of the industry's strength, regional assets were almost as highly sought-after as their metropolitan counterparts. While metro centres averaged yields of 6.36%, in regional locations it was only marginally higher at 6.84%.

Recent Highlights and Results

$161.6 million
Value of all sales

63%
of childcare centres sold in metro areas

$3.85 million
Average sale value

SOLD
Honeybears ELC, Sylvania NSW
$3,200,000
5.25%

SOLD
G8 Education, Rowville VIC
$6,900,000
5.83%

SOLD
Think Childcare, Woolloongabba QLD
$5,805,000
5.93%

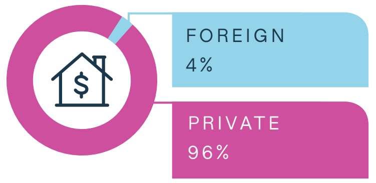
SOLD
G8 Education, Epping VIC
$4,780,000
5.78%

Tenant	Location	State	Price	Yield
Little Learning School	South Granville	NSW	$3,180,000	5.82%
Sanctuary Early Learning	Buderim	QLD	$4,110,000	6.02%
Green Leaves Early Learning	Albany Creek	QLD	$5,875,000	6.03%
Think Childcare	Carlisle	WA	$4,780,000	6.49%

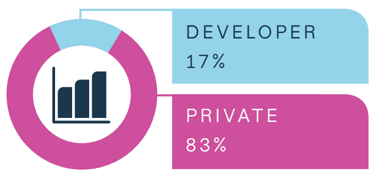
> "The strength and long-term stability of childcare facilities leased to well established premium operators and national early education providers continue to strike a chord with investors.

Fast Food

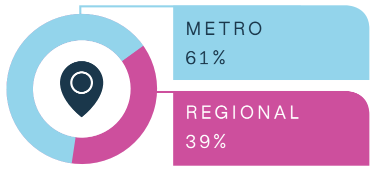
BUYER TYPE



VENDOR TYPE



METRO vs. REGIONAL



The year in review

Australians do love their fast food, and it was no different in the commercial property market in 2018/19, with fast food investment properties recording the lowest average yields of any asset class sold through Burgess Rawson. Yields for the 23 fast food properties that transacted nationally throughout the year averaged 6.13%, while in metro areas it was as low as 3.55% for a KFC in metro Sydney, marking it as arguably the most in-demand commercial property type of the year.

The underlying investment credentials of fast food properties continue to speak for themselves: they're in prime locations, occupying large sites with major future potential upside, and usually enjoy decades-long leases to national or international tenants, making them exceptionally popular as long-term holds.

Who's buying?

Investors are looking both locally and interstate for their fast food retail purchases, with 10 properties sold to buyers from within the property's state, while 12 buyers were from interstate and one traded internationally. Interestingly, all six New South Wales properties sold throughout the year went to interstate investors, while other states had a more even spread.

The market is controlled largely by private individuals and private syndicates, who accounted for all bar one of the 23 sales nationally.

Where are they buying?

Investors largely looked to Australia's three biggest markets when purchasing fast food retail, with Victoria (eight), Queensland (seven) and New South Wales (six) taking the lion's share of sales. Properties in metropolitan Sydney commanded a significant price premium, with a McDonalds/Coles Express site at Northmead dwarfing all other deals after being sold for $17.85 million, while a neighbouring KFC set the annual yield benchmark of just 3.55%, having sold for $6.7 million.

Recent Highlights and Results

$67.8 million
Value of all sales

5.39%
Average metro yield

93.3%
Metro clearance rate

High Street and Convenience Retail

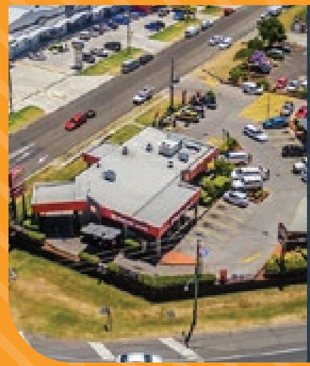
Tenant	Location	State	Price	Yield
Nandos	North Hobart	TAS	$3,292,000	5.56%
Grill'd	Darlinghurst	NSW	$2,925,000	5.21%
Phillip Island Bakery	Cowes	VIC	$1,600,000	5.07%
Coffee Club	Redcliffe	QLD	$2,680,000	5.82%

Freestanding Drive Thru

SOLD
KFC,
Northmead
NSW
$6,700,000
3.55%

SOLD
Hungry Jack's,
Caroline Springs
VIC
$2,955,000
4.06%

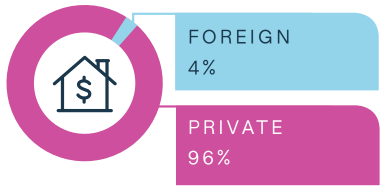
SOLD
Hungry Jack's,
Albany Creek
QLD
$4,200,000
4.43%



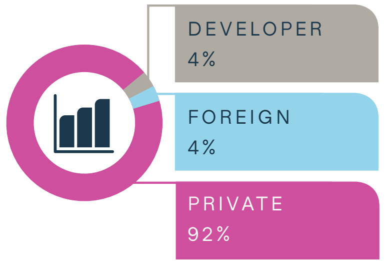
SOLD
Hungry Jack's,
Grafton
NSW
$2,800,000
5.44%

Medical

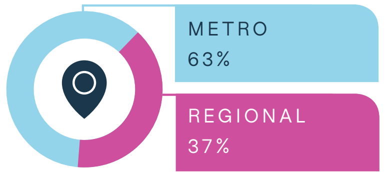
BUYER TYPE



VENDOR TYPE



METRO vs. REGIONAL



The year in review

As technology continues to make its impact felt across some commercial property sectors, at Burgess Rawson we're seeing investors gravitate in greater numbers towards properties that are all but immune to technological disruption. Medical facilities such as doctors' surgeries and veterinary clinics more than fill that brief.

To put it simply, you can't visit a doctor or treat your pet online, meaning there will always be a demand for local, bricks and mortar, centrally-positioned properties tenanted by medical users. Burgess Rawson alone sold 24 medical assets in 2018/19, with vendors recognising it as a strong time to divest, while at the same time investors are clamouring for the opportunity to add medical properties to their portfolios.

Who's buying?

Medical facilities listed through Burgess Rawson have been the exclusive territory of private investors, with all 24 properties sold to private buyers and syndicates. West Australian investors bought heavily within their own state, including one of the lowest priced properties sold through our agency all year – a $90,000 medical suite in an office building in West Perth. Victorian buyers were active in their own state and also South Australia, while a New South Wales buyer made the largest purchase, acquiring McNamara House in Orange for $11 million.

Where are they buying?

Location or proximity had little impact on the popularity of these assets – nine were sold in Victoria, seven in New South Wales, five in Western Australia, two in Queensland and one in the ACT. Of the more than $53 million in medical assets sold throughout the year, $28.37 million came from metropolitan locations, while the nine regional properties sold accounted for $25.15 million.

Recent Highlights and Results

$53.3 million
Value of all sales

24
Total sales

90%
Regional clearance rate

SOLD
Point Cook Medical Centre, Point Cook VIC
$8,600,000
6.27%

SOLD
Sonic Healthcare, Broadmeadow NSW
$2,750,000
6.03%

SOLD
Tristar Medical Group
Swan Hill VIC
$2,330,000
6.83%

SOLD
Medical Practitioner, Bondi Junction NSW
$2,590,000
4.94%

Tenant	Location	State	Price	Yield
Pharmacy	Ermington	NSW	$2,210,000	5.10%
Clear Orthodontics	Caroline Springs	VIC	$1,560,000	6.09%
Clear Orthodontics	Broadmeadows	VIC	$1,451,000	6.20%
McNamara House	Orange	VIC	$11,000,000	7.71%

> “ **Many tenants are prepared to spend up to $1 million fitting out a property to their specifications, which can further underpin the value when it comes time to sell.**

Automotive

BUYER TYPE

PRIVATE 100%

VENDOR TYPE

PRIVATE 100%

METRO vs. REGIONAL

METRO 45%

REGIONAL 55%

The year in review

The automotive sector has always attracted a wide range of buyers, from first-time purchasers to seasoned investors. The 2018/19 financial year was no exception. While clearly popular with investors seeking a lower entry price-point, at Burgess Rawson we have also seen significant demand for big ticket items such as car dealerships, which this year included the sale of a portfolio of Tasmanian car yards leased to ASX-listed AP Eagers.

Who's buying?

From 'mum and dad' investors to major syndicates, investment activity in the automotive sector continues to run the full gamut of buyer types. The offering of the Tasmanian car dealership portfolio saw both local and mainland investors swarm for the chance to own these key sites, with the winning buyers including private investors from Hobart and Victoria, while a Queensland syndication group snapped up two of the properties for around $16.5 million combined.

Private buyers were also very active in the sub-$3 million category, where smaller automotive retail brands such as Repco and Ultra Tune remain very popular among smaller investors and self-managed super funds with incomes as low as $50,000 pa.

Where are they buying?

We're seeing automotive assets trading across the length and breadth of Australia, as they're broadly and consistently located in most metropolitan and regional areas. High net worth private investors are often prepared to buy whether it's located in New South Wales, Queensland, Victoria or Western Australia. Also successfully marketed was a string of assets across regional and metropolitan Queensland, while the AP Eagers car dealership portfolio in Tasmania represented some of our most significant deals across any asset class throughout the year, totalling over $37 million in value.

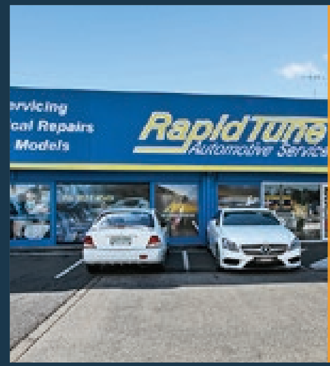
Recent Highlights and Results

$47+ million
Value of all sales

11
Total sales

83.3%
Metro clearance rate

SOLD
Autobarn, Kelso NSW
$1,710,000
5.46%



SOLD
Rapid Tune, Cleveland (Ormiston) QLD
$1,950,000
4.56%

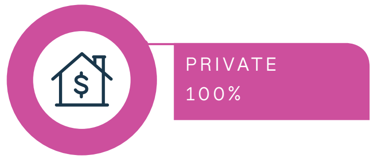
SOLD
AP Eagers, Glenorchy TAS
$3,000,000
6.21%

SOLD
NAPA Auto, Slacks Creek QLD
$11,700,000
6.61%

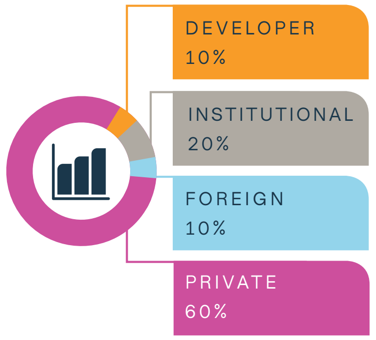
> **One of the biggest attractions of automotive-leased properties is their affordability. This year we've seen entry-level investors able to enter the market at incredibly accessible price points.**

Home Improvement

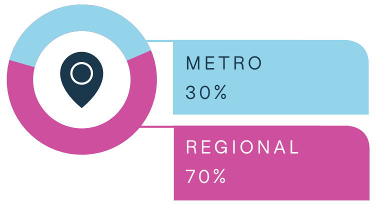
BUYER TYPE



VENDOR TYPE



METRO vs. REGIONAL



The year in review

Investor appetite for hardware and home improvement-leased properties shows little sign of abating, with strong enquiry and a 100% success rate across 10 properties sold through Burgess Rawson in 2018/19. Properties leased to Bunnings continue to command a premium from an investment perspective, with their scarcity on the market and secure, long-term leases making them arguably the most sought-after commercial properties in the country. Five freestanding Bunnings investments were put to market in the 2018/19 financial year and the market leaders, Burgess Rawson, sold four of them. But it wasn't just high-profile properties that captured attention. Smaller, boutique hardware and trade supply freeholds – particularly in regional areas – are also riding the boom, with many securing exceptional results on tight yields.

Who's buying?

Bunnings freeholds don't come cheap, and for that reason it was syndicates and institutional investors that swept up three of the four stores Burgess Rawson put to market over the past 12 months.

Smaller trade supply properties experienced good interest from private investors, while a self-managed super fund picked up a Total Tools store at Beenleigh in Queensland for $4 million on a yield of 6%, and a New Zealand private investor swooped on a Tradelink store at Warrnambool in regional Victoria for $1.76 million.

Where are they buying?

Put simply: wherever they can get their hands on one. In December 2018, Burgess Rawson sold two Bunnings freeholds in 2 days. We saw a record result for the Bunnings at Glenorchy in Tasmania on a unique 25-year ground lease, setting a new yield benchmark of 3.13% for Bunnings-leased properties, followed the next day by a $21.3 million off-market sale and leaseback (on behalf of Bunnings) of the new store at Victor Harbor in South Australia. The team then sold another two Bunnings properties in the last week of June 2019, with the EOI sale of the brand new store in Kingaroy, Queensland, which fetched $14.55 million and the successful Portfolio Auction sale of the retailer's small format store in Kempsey, New South Wales for $5.17 million.

Recent Highlights and Results

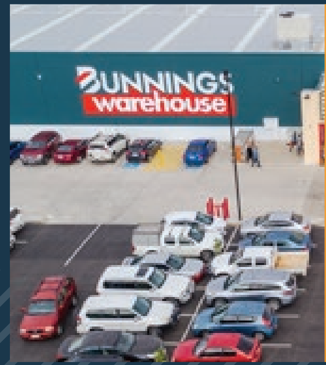
$49.1 million
Value of all sales

100%
Metro clearance rate

4.83%
Average metro yield

SOLD
Bunnings, Glenorchy TAS
$14,060,000
3.13%

SOLD
Bunnings, Victor Harbor SA
$21,300,000
5.13%



SOLD
Bunnings, Kingaroy QLD
$14,550,000
5.50%

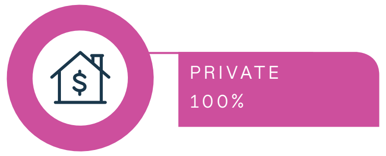
Trade Supplies Highlights

Tenant	Location	State	Price	Yield
Tradelink	West Gosford	NSW	$2,045,000	5.19%
Inspirations Paint	Mooroolbark	VIC	$1,137,500	5.36%
Tradelink	Sale	VIC	$1,505,000	5.76%
Total Tools	Beenleigh	QLD	$4,000,000	6.00%

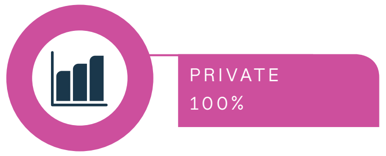
> **Five Bunnings freeholds were put to market in the 2018/19 financial year and the market leaders, Burgess Rawson, sold four of them.**

Liquor/Hotel

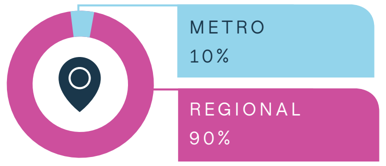
BUYER TYPE



VENDOR TYPE



METRO vs. REGIONAL



The year in review

Retail liquor remains one of Australia's most popular and sought after asset classes among investors - we just wish there was more supply.

In 2018/19 the industry was characterised by a distinct lack of stock coming to market, particularly in metro locations, with owners holding onto their investments while continuing to watch them appreciate in value through that scarcity.

Burgess Rawson dominates the sector with 52 of the last 73 sales, but sold only eight liquor and hotel freehold investments throughout the year and, because of extremely high demand, yields were tight.

Who's buying?

Buyers seeking a safe commercial property investment continue to turn to liquor freeholds because they have a well-earned reputation in the marketplace for being virtually recession proof and often come with long-term leases to subsidiaries of Australia's two leading retailers, Woolworths Group and Coles Group.

Private buyers dominated sales through Burgess Rawson, paying anywhere from $551,000 for a retail shop in Basin View, NSW (leased to a small independent) up to $6.15 million for a hotel freehold in Coffs Harbour, NSW.

Where are they buying?

Burgess Rawson sales in the sector were limited to only New South Wales, Queensland and Victoria.

Supply was dominated by regional properties, yet most of the buyers were metropolitan-based which means, in turn, any vendors prepared to test the market with metro liquor/hotel freehold investments profited handsomely. This is evidenced by a Liquorland store at Hallam in Melbourne's south-east, which fetched $1.555 million on a yield of just 5.05% despite having just four years remaining on the lease to the Coles subsidiary.

Recent Highlights and Results

$15.1 million
Value of all sales

87.5%
Regional clearance rate

5.05%
Average metro yield

SOLD
First Choice Liquor, Albury NSW
$6,600,000
5.18%

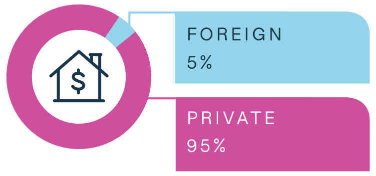
SOLD
Liquorland, Hallam VIC
$1,555,000
5.05%

SOLD
Hotel, Coffs Harbour NSW
$6,150,000
8.00%

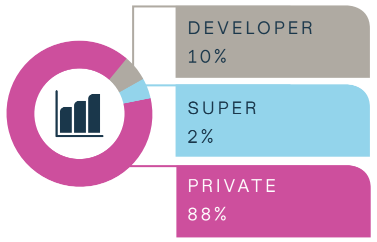
> "Liquor assets continue to range in price from below $1 million, right up to more than $20 million for large format properties such as Dan Murphy's or First Choice, though these major opportunities have been non-existent over the last 12 months."

Industrial

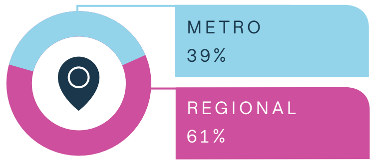
BUYER TYPE



VENDOR TYPE



METRO vs. REGIONAL



The year in review

Industrial is often a somewhat neglected sector but in recent times industrial property has continued to surge ahead. With e-commerce driving increasing demand from logistics providers, it's an exciting time for owners and investors. Director Brodie Keay of Burgess Rawson WA said, "We're seeing some exceptional results for the right properties in the right locations".

Quality leased investments remain tightly held, and are heavily contested when they become available, with investors happy to accept lower returns if tenants are on longer-term lease agreements. We've seen some of the most significant interest for assets where value can be added down the track. Even specialised properties such as workshops and refrigerated facilities that may traditionally have struggled to capture attention are now achieving strong results.

Who's buying?

At Burgess Rawson we sold 49 industrial assets throughout the year. The $10 million-plus bracket is currently dominated by syndicates and a large number of property funds that are eager to take up quality assets that will deliver solid returns. Personal super funds dominate the sub-$3 million sector, where there is a wide range of potential investments, despite the robust competition.

Where are they buying?

Industrial investors are predominantly scouring their own backyards for potential purchases, with 36 of those 49 properties sold to an investor within their own state.

On pure numbers, investors are typically favouring metropolitan industrial assets, with our agents transacting 36 metro properties throughout the year at an average yield of 6.97%. However our regional properties achieved a stunning 81.25% clearance rate, with investors no doubt buoyed by the enticing yields on offer. Of the 13 regional assets transacted at an average yield of 8.89%, representing excellent value for investors prepared to "go country".

Recent Highlights and Results

$87 million
Value of all sales

49
Total sales

81.25%
Regional clearance rate

SOLD
Viridian,
Hume ACT
$10,300,000
5.24%

SOLD
Right 2 Drive,
Wangara WA
$2,380,000
6.29%

SOLD
Primo Smallgoods,
Campbellfield VIC
$4,000,000
6.57%

SOLD
A1 Malaga Auto Dismantlers,
Malaga WA
$1,100,000
5.45%

Tenant	Location	State	Price	Yield
Pilatus	Sale	VIC	$960,000	6.88%
Office/Warehouse	Jandakot	WA	$1,275,000	6.90%

> "Western Australia has been a hotbed of industrial activity, with 31 transactions by Burgess Rawson alone in the 2018/19 financial year – almost two-thirds of our total number of industrial sales.

Looking ahead 2019/20

While the 2018/19 financial year was unquestionably impacted by the market's concerns over lending conditions and political uncertainty, already this year we're seeing renewed buoyancy in many sectors, and real signs that this sentiment will continue improving in the short to medium-term.

In the last 24 months there has been a growing and continued flight to quality, and we don't see this investor behaviour changing, with greater banking and superannuation regulation driving demand for properties with good security and length of tenure. A-Grade properties such as Bunnings, Woolworths and Coles will continue to enjoy a status akin to a term deposit or bond. Couple this with record-low interest rates and you'll see investors pushing harder than ever to secure into this market segment. The issue, of course, is that not all of these properties are created alike, and investors must understand the inherent risks and do their due diligence on each individual property.

Childcare was the commercial property darling of 2018, but struggled to perform in the first half of this year, however the election outcome bolstered activity across Australia and the market will continue to gather steam. Yields remain very appealing at an average of 6.54%, while the average sale price of $3.8 million will continue to make these investments desirable to the private investor market. Look out for big things for childcare in 2019/20.

As the world becomes increasingly impacted by technology, our investor metrics show a preference towards properties and asset classes that are not susceptible to digital disruption.

The services that take place inside medical and fast food properties cannot be replaced by the internet, and have therefore earned them a reputation as being "future-proofed", which will continue to resonate with investors.

Thinking of buying this year? Positively for investors, we foresee commercial property yields becoming increasingly stable. With the election complete, we now have three years of what should be largely unchanged property taxation laws, giving investors a steadier platform on which to plan for the future. Couple this with the ongoing low interest rate environment, and the certainty that comes with it, it's likely we'll see increasing transaction levels in key activity industries. The turbulence of 2018 is well and truly in the rear-view mirror, and the market is looking forward to an onward and upward 2019/20.

> "What's in store for the commercial property market in the coming 12 months? In a word: **confidence**.

At Burgess Rawson, we're 'people people'.

For more than 40 years, we've helped thousands of everyday Australians maximise their wealth through property, and though times have changed and our business has evolved, an overwhelming number of our clients continue to trust us with their commercial property investments.

If you've sat down with any of our agents across Australia, from our directors right down to our newest additions, you'll know what we're talking about. We tell it like it is, we're partial to a bit of banter, and at the end of the day we love what we do. We're 'real', and we want to make a difference in people's lives, through property.

All of our directors have a financial stake in the business, meaning that they are directly invested in every single decision or representation they make on behalf of our clients. It's this unmatched care and dedication, coupled with decades of industry experience, that makes Burgess Rawson the best in the commercial property business.

With offices in Brisbane, Canberra, Melbourne, Perth and Sydney, we are a true national network of dedicated property professionals, offering local expertise in all markets through our extensive regional alliance partnerships. Our reach also extends internationally, with offices and agents in Asia.

As Australia's largest privately owned commercial real estate company, we're also incredibly proud of our track record, and success in delivering results. With the strength and reach of a national group but the intimate market knowledge, client care and attention to detail of a local agency, it's no secret why we're the first choice for vendors and investors at all levels, from multinational corporations to first time 'mum and dad' entry level buyers.

The statistics speak for themselves: an industry-leading 86% client retention rate shows vendors and investors turn to us time and time again as their trusted agents and consultants.

Burgess Rawson

With offices across Australia, Burgess Rawson has a truly national understanding and unparalleled collective expertise.

AUSTRALIAN CAPITAL TERRITORY

T 02 6152 9113
A Unit 152, Level 1, 41 Eastlake Parade
Kingston ACT 2604
E canberra@burgessrawson.com.au

NEW SOUTH WALES

T 02 9232 6288
A Level 18, 15 Castlereagh Street
Sydney NSW 2000
E sydney@burgessrawson.com.au

QUEENSLAND / NORTHERN TERRITORY

T 07 3220 3611
A Level 24, 324 Queen Street
Brisbane QLD 4000
E brisbane@burgessrawson.com.au

VICTORIA / TASMANIA / SOUTH AUSTRALIA

T 03 9613 0400
A Level 7, 140 Bourke Street
Melbourne VIC 3000
E melbourne@burgessrawson.com.au

WESTERN AUSTRALIA

T 08 9288 0288
A Level 10, 225 St Georges Terrace
Perth WA 6000
E perth@burgessrawson.com.au