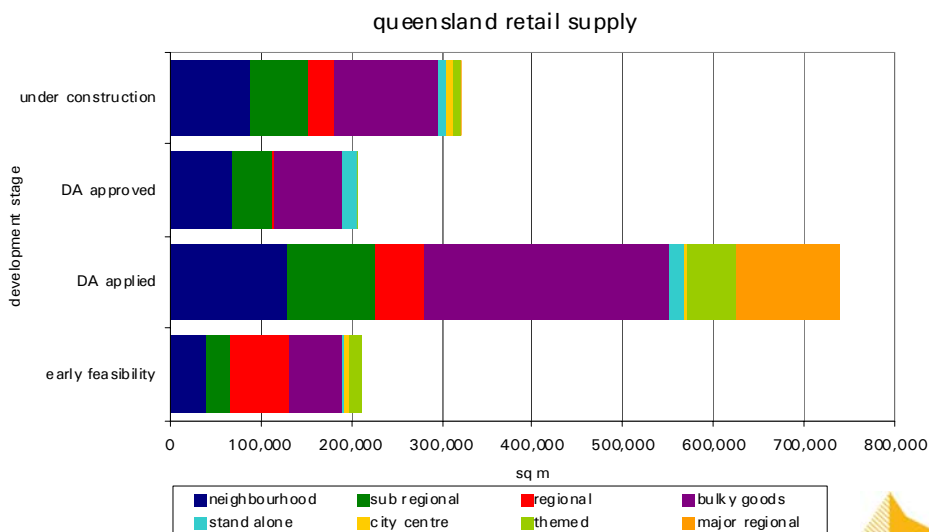


QUEENSLAND RETAIL MARKET UPDATE

- Bulky Goods continues to dominate the increasing retail supply pipeline across Queensland;
- Rental growth has continued at recent historical levels however this is expected to soften over the current year;
- Retail yields have started to stabilise with uncertainty in the marketplace expected to contribute to decompression of yield bands.

SUPPLY

Retail supply throughout Queensland has continued to grow with LandMark White identifying over 1.574 million sq m of retail space at various development stages, an increase of 44% in the last 12 months. Over 610,000 sq m of Bulky Goods retail is currently in the pipeline including 26 projects awaiting development approval and 17 under construction across the state. More recently Regional and Major Regional centres have been more active in expansion and redevelopment plans as a result of stronger market competition and the tight nature of the investment market for higher end retail assets. Neighbourhood centres account for over 331,000 sq m of new supply with almost 90,000 sq m currently under construction and 70,000 sq m approved for development.



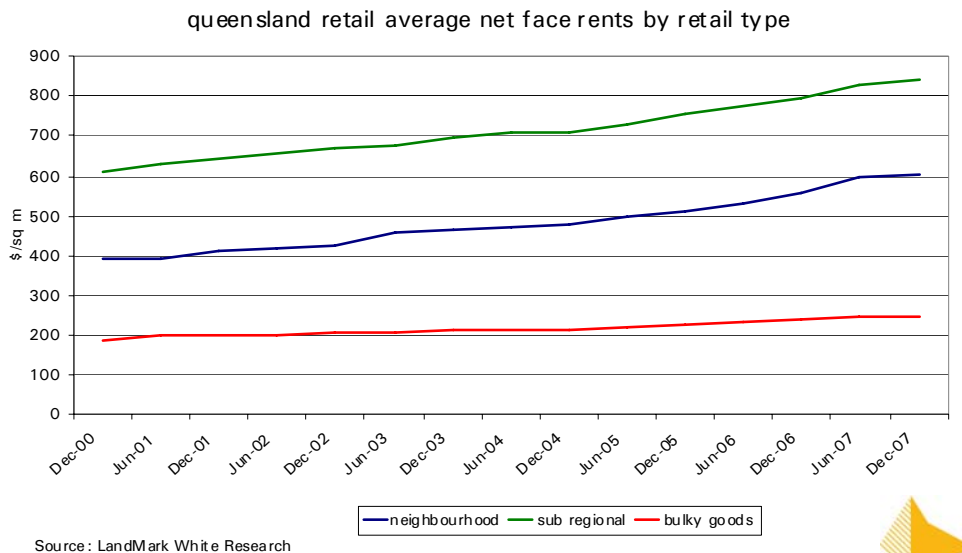
Source: LandMark White Research & Reef Construction Data



Almost half of Queensland's retail supply is currently awaiting development approval with all retail categories recording increases in this stage. This result is mainly due to the lengthy time periods involved in gaining approval, particularly in the south east of the state. Supply with development approvals represents just under 292,000 sq m with Bulky Goods accounting for 55% of this amount.

RENTS

Growth in retail rents across Queensland has continued with net face rents averaging 6.60% during 2007. Sub Regional rents for mid-sized shops (50-150 sq m) are now eclipsing \$1000/sq m at the upper end of the range with growth continuing to average between 5% and 10% per annum. Average rents for Neighbourhood centres has now surpassed \$600/sq m for mid-sized shops while the range for Bulky Goods rents is currently achieving between \$215/ sq m and \$285/sq m.

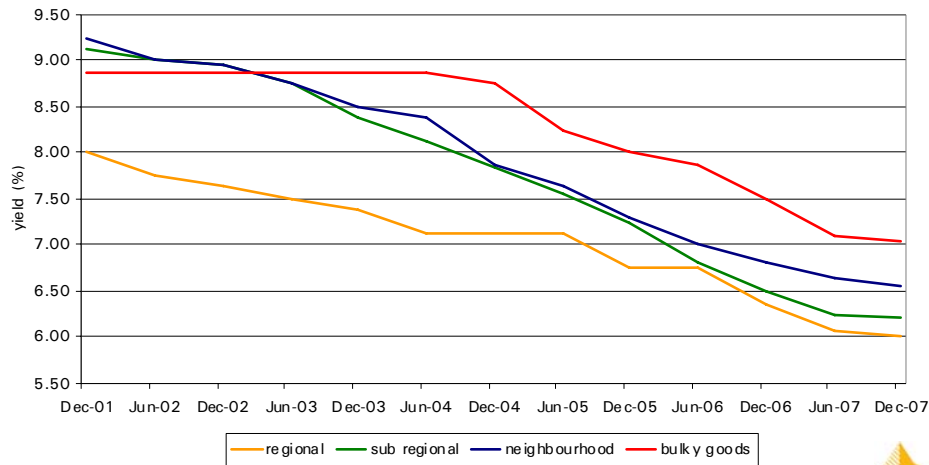


The growth in rents during 2007 has been supported by the recent release of Access Economics data which shows Queensland recorded retail turnover growth of 7.18% during this period, well above the national figure of 4.81%. However their forecasts indicate that Queensland has reached its peak in terms of retail turnover growth and will likely soften, this result could dampen rental growth.

YIELDS & INVESTMENT MARKET

Retail yields across Queensland started to stabilise in the last six months of 2007. Average yields for Bulky Goods retail remained just above 7.00%, while Neighbourhood Shopping centres averaged 6.55% compared to 6.80% 12 months earlier. Yields for Regional and Sub Regional Centres remain tight for the limited stock which has become available, averaging 6.00% and 6.21% respectively.

queensland retail yields



Source: LandMark White Research



The uncertainty with major property owners requiring refinancing of debt arrangements in addition to the unstable equities market and the potential for further interest rate increases is expected to provide the impetus for softening of lower priced and lower quality retail assets over the short to medium term.

The retail investment market during 2007 in Queensland has comprised of \$884.915 million in sales from 40 transactions. Wholesale Funds have continued to contribute to the recent acquisition activity, accounting for \$348.150 million of retail investment. Neighbourhood Shopping Centres have been the most significant type of retail property purchased with 42.87% of all sales in 25 transactions. Investment activity during 2007 was very similar in comparison to the previous year's results, with an increase of only \$39.00 million in value of transactions whilst the number of sales was the same.

Sales activity was well spread across Queensland however a large proportion of Neighbourhood Centre transactions continued to occur in the Brisbane and Gold Coast regions. Some of the more significant retail transactions include a 50% share in Grand Plaza Shopping Centre on Brisbane's outskirts selling for \$173.50 million and a new Neighbourhood Shopping Centre located at Rothwell transacting for \$8.90 million.

Part of our focus at LandMark White has been client service and we are committed to provide a quick response to your valuation and advisory needs, please feel free to contact our Brisbane Commercial and Retail Director, Fraser Bentley, fraser.bentley@lmw.net.au or our Gold Coast Director, Lisa Murdoch, lisa.murdoch@lmw.net.au if you should have any valuation requirements.

"The world has entered a new era, evolving from an industrial into a knowledge-based society" Minoru Mori

Contact our Sydney office (02) 8823 6300 or Brisbane office (07) 3226 0000 for national enquiries
or email us at: research@lmw.net.au

If you wish to unsubscribe to LandMark Byte, please return email with the words "unsubscribe" in the subject header. If you wish to be added to our distribution list please send full contact details to research@lmw.net.au.

The information in this document is provided in good faith and has been derived from sources deemed to be accurate. The reproduction of any information herewith is strictly prohibited without the prior consent of LandMark White Limited. This is general information only and should not be considered as a comprehensive statement on any matter and should not be relied upon as such. Neither LandMark White nor any persons involved in the preparation of this report accepts any form of liability for its contents. All forecasts and estimates made are based on one set of assumptions, which may change.

LMW Group Brisbane Sydney Melbourne Gold Coast Parramatta Sunshine Coast Wollongong Adelaide