



PROPERTIES GROUP

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## **C & P North East Australia Development Fund**

### **Property Managers report for meeting 30th May 2011**

#### **Period of April**

#### **South Tweed Centre**

The commercial property market remains very tough for both leasing and sales. The Reserve Banks decision to leave rates on hold this month continued to be one of the few positive signs. The general economic softness continues. The so called “mining boom” and “flood recovery” resurgence has yet to filter into this part of the economy. This is likely to see continued pressure on rents, and continued higher than normal vacancy levels.

The “Expression of Interest” campaign failed to generate any real sale interest, although the Agent is continuing discussions with several parties. The market is continuing to prove a difficult one. The agents strategy is to focus on the Leasing front, which will make the asset more saleable.

No new leasing occurred this month. Three of the 14 retail shop fronts remain vacant and 9 commercial areas of the 13 suites are available. Discussions are continuing with a Korean Food operator to lease shop 1 /129 and existing tenant Tropical Fish Centre to relocate to 2/129 from 6/64 as his lease expires in June 2011. Both are continuing to be difficult to finalise.

We continue to work with existing tenants, to ensure they remain happy, with first of the lease expiries due till mid 2011, but most between 2012 – 2015. All are reporting soft trading conditions. Some short term support, or goodwill gestures may be needed to secure long term loyalty.

Our focus is to ensure the centre presents well, including comments by tenants to prospective purchasers or new tenants.

#### **Withcott Centre**

Interest in this area is starting to pick up after the major storm event that caused havoc to the local area in January. The Thrifty Link Hardware store , Pie Shop and others are happy with general trading. We have signed a short term agreement with a local Fruit & Veg merchant to trial a retail outlet, commencing July 1<sup>st</sup>, from the site of the old chemist. Peter hall is continuing to negotiate with two other parties (flooring company & Solicitor Practice) but progress remains slow.

If the existing vacant space can be rented, major income upside will be achieved.

The Stage 1 Centre expansion is slowly progressing, with lawyers now happy with the proposed lease , which we are told is now being put up to IGA Board for ratification. We have on foot a signed expression of interest from the adjoining hotel, wanting to lease a bottle shop site of approx 130 sqm. Discussions with a Discount Chemist operator as well as several café operators would see all stage 1 space fully pre committed.

The intention is, subject to project costings & due diligence being finalized, and the appropriate lease signoffs Stage 1 building is likely to be completed Mid 2012.

### **Margaret St Toowoomba**

This asset comprising retail and commercial office suites, is anchored by the First National Residential Sales and Leasing Centre, as well as First National Commercial. Both have a long history and strong reputation in town. retail outlet includes a “Big Chef” take away, as well as several community and service related operators. Currently one commercial suite is vacant, with early discussions underway with a possible tenant.

In line with the Trust wind up strategy, this property is being marketed for sale, directly to local property players. Discussions are in early stages with several potential buyers.

### **Hervey Bay Property**

Retail and general business activity remains subdued, in the general area.

Shop 1, 31 Main Street, remains vacant after the Pet Shop tenant has ceased trading. To date no firm enquiry with the local leasing market remaining soft.

Shop 2, 31 Main St continues to be leased as a beautician hair dressing salon. The market in this area is still very volatile and difficult for retailers and service businesses, but we are more confident that this operator will succeed as they have other similar business's in the greater Hervey Bay area.

Shop 3 and 4, 31 Main St continues to be rented to Suncare Community Services, with the group committing to a lease extension till 30<sup>th</sup> June 2012.

This property is now being not only marketed for Lease of the remaining vacant space, but also for Sale, in line with the trusts wind up strategy, with the same agents who sold No 37 Main St. Some interest has been shown by the adjoining property owner, including doing property inspection reports but to date no offer has been made.



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Property Manager