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FINANCIAL REVIEW

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# Consolidated Properties and CVS Lane outlay \$27m for Queensland centre



The Karalee property, with 3.3 hectares of development approved land and a pre-commitment from Coles, adds to the partnership's list of investments. **David Millar**



by **Matthew Cranston**

Consolidated Properties and CVS Lane Capital Partners, backed by the wealthy Liberman family, have snapped up the Karalee Shopping Village in Ipswich, Queensland for \$27 million.

The partnership has been highly active in the Queensland market this year with redevelopment plays, including the \$850 million Yeerongpilly Green residential community.

The Karalee property, with 3.3 hectares of development approved land and a pre-commitment from Coles, adds to the partnership's list of investments.

The transaction equated to a yield of 7.4 per cent and about \$211 a square metre for the adjoining land.

The 5800-square-metre centre is currently anchored by Woolworths and it is Consolidated Properties intention to expand the centre incorporating a new Coles supermarket and specialties stores.

Consolidated Properties managing director Don O'Rorke confirmed a transaction had been made.

The deal was negotiated by CBRE's Craig O'Donnell and Peter Rossi who have also just sold \$21.55 million worth of Charter Hall-owned shopping centres at Narromine, Bathurst & Wellington to Queensland property syndicator Warren Ebert.



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"With the yields for similar assets in the southern states now achieving 6.5 per cent and below, further tightening in the south-east Queensland yields is expected to continue," Mr O'Donnell said.

He said the sale of Karalee to the Consolidated Properties partnership was a sign of improving conditions for developers.

"It is great to see the local development houses back in the market and planning new retail projects in south-east Queensland off the back of tightening yields and renewed confidence of an upswing in the rent cycle," Mr O'Donnell said.

He expects further tightening in yields on neighbourhood shopping centres, where there are at least another four under due diligence.

"In 2007, the spread between the risk-free, 10-year bond rate and the median yield for neighbourhood centres got as low as 0.11 per cent – this margin currently stands at 4.5 per cent in further support of yield compression this year," he said.



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