

# Higher yields net investors

## CHRISTIE ANDERSON

TOWNSVILLE'S affordably priced commercial property market is attracting interest from investors in southern states.

A lack of property stock in highly populated capital cities is raising prices and reducing return, forcing investors to look elsewhere and Townsville is on their radar.

Colliers International managing director Peter Wheeler said a commercial property in Brisbane or Sydney might only have a yield of 3 per cent whereas properties in Townsville had yields of up to 7 per cent.

"From an investment point of view, the major capital markets, particularly Sydney or Melbourne, yield very tight down there and as a result of such a heated market we have had a number of southern investors turning to regions to

look for better values and higher returns," Mr Wheeler said.

"As we are starting to see bigger developments, Townsville is starting to come back on the radar."

Mr Wheeler said there were issues with Townsville having a shortage of high-quality commercial property investment opportunities.

"We're getting a lot of inquiries from major capital city markets turning to the regions for value but the problem is we've got a shortage of stock to sell," he said.

"They are looking for what we call blue-chip quality investment stock, which generally consists of strong lease governance to national operators and properties that are well located."

Colliers International agent Neville Smith recently sold the Thuringowa City Centre to a Sydney-based medical centre

operator Eastbrook Centres for \$7.5 million.

The new buyer is in the process of securing leases for a medical centre, NDIS provider, pharmacy, physio and pilates provider, optometrist, psychologist, audiology and hearing provider and daycare centre.

Knight Frank managing director Craig Stack said large-scale developments in the private sector, such as the Sun Metal refinery expansion, had helped to boost Townsville's commercial market.

"For the past seven years it was very hard to translate a Townsville story that was positive and it was hard to provide a tangible story about ongoing viability but that is now changing," he said.

"There is real benefit at the moment for people intending to be owner occupiers. That is probably where the affordability benefit is most universal."