

# FINANCIAL REVIEW

SE **Property**  
HD **Blockbuster deals drive up CBRE revenue**  
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A surge in big **commercial property** deals helped drive CBRE's gross revenue 22 per cent higher in its Pacific business in the final quarter last year.

Filing its annual global results in New York this week, the listed **commercial** agency reported 10 per cent growth in global revenue to \$US7.2 billion (\$8 billion).

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But CBRE's global net income rose only slightly to \$US316.5 million after taking a \$US74.3 million impairment in its European business.

In the fourth quarter of 2013, CBRE's Europe, Middle East and Africa segment delivered the strongest revenue growth. Britain was especially strong, with 28 per cent growth in revenue.

The Americas, CBRE's largest business area, posted a 9 per cent increase in revenue, as leasing picked up.

CBRE's Asia-Pacific division posted a 14 per cent rise in revenue, although that was tempered by adverse currency effects for the US-based **company**.

In Australia, CBRE's local chief Tom Southern said the agency's capital markets business had one of its strongest quarters since the global financial crisis.

Among the blockbuster deals in the previous quarter handled by the CBRE team were the \$413.19 million pre-**purchase** of the 177 Pacific Highway office development in North Sydney by Singapore's Suntec REIT, and the \$278.7 million **sale** of the Northpoint office tower in North Sydney to Cromwell **Property Group**.

"With the election behind us, business confidence as well as underlying fundamentals in both the **commercial** and **residential** markets have improved," Mr Southern said.

Mr Southern said **commercial property** deals in the Australian market took off in the final quarter.

Total **commercial** sales – all CBRE and non-CBRE **transactions** of retail, office and industrial **property** valued at more than \$5 million – were up 94 per cent on the corresponding period in 2012, according to CBRE research.

"For full-year 2013, sales reached a record \$24 billion, up a strong 70 per cent on the prior 12-month period," he said.

Offshore investors played a big part, seizing \$2.1 billion in assets, mostly office buildings, in the final quarter. That represents the highest quarterly **purchase** figure in the Australian market by foreign buyers.

Mr Southern said retail sales, approvals for new houses and asset prices had all improved in the past three to six months, most likely in a delayed response to last year's interest rate cuts.

"This has underpinned an improvement in fundamentals in most of the **commercial** and **residential** markets, although we do expect the office rental market to remain under some pressure in the early half of this year until business confidence improves further," he said.

"That being said, there have been some positive market signals, with our office services teams in Perth, Sydney, Melbourne and Brisbane all recording increased activity in the latter stages of the fourth quarter."

Mr Southern said the agency's retail, industrial and **residential** valuations had all performed strongly in 2013.

CBRE's **residential** projects division team finished the year with major launches, including the Greenland Centre in the Sydney CBD.

More than \$300 million in apartments were **sold** off the plan in the first stage of the **Chinese** developer Greenland's project.

"Some 4000 inquiries were fielded by CBRE in the four to five weeks leading up to the launch, in an indication of the current strength in the Sydney **apartment** market," Mr Southern said.

Key points Asia-Pacific unit delivers 22pc gross revenue gain after post-election bounce. Offshore investors **buy** \$2.1bn of assets in December quarter.

<b>CO</b>	coldb : CBRE Group, Inc.
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