



**smith**  
COMMERCIAL

## Case Study: Reflections Towers 1 and 2, Coolangatta

### Project

- Sale strategy
- National marketing
- Information Memorandum
- Stratum financial costs model
- Receivers and Managers Reports
- Sale negotiations

### Background

The 24 ground floor retail strata properties were located in the Coolangatta beachfront Reflections Towers 1 and 2, which had 212 residential units.

### The Challenge

This was to be the largest number of retail strata ever offered on the Gold Coast. There were two major challenges to face. First, with so many units to sell, we had to ensure the market saw value in the offering and not discount their offers. Second, the length and timing of the campaign required careful execution for continued momentum until the last of the stock was sold.

## Strategy / Solution

Tower 1 contained 7 premium international tenants including McDonalds, The Coffee Club, Rip Curl, Gloria Jeans and Baskin and Robbins all facing the beachfront. Tower 2 contained 17 tenancies but only a few nationals including Gelatissimo, Lorna Jane, Nandos, BWS and 7-Eleven and several vacancies. Some were beachfront and others were in a side street.

To ensure benchmark high prices were achieved the properties were broken into 3 tranches launching with the star offering first followed by Tower 2;

### Tranche

- |    |                       |                   |
|----|-----------------------|-------------------|
| 1. | 7 shops in Tower 1–   | 6 December launch |
| 2. | 10 shops in Tower 2 – | February launch   |
| 3. | 7 shops in Tower 2 –  | April launch      |

The three campaigns ran in national and local press and internet as Expression of Interest, with purchasers offered the opportunity to buy in one line or individually. Over 80 enquiries were received internationally and from across Australia.

## Success

### Tower 1 – Tranche 1, 7 shops

Every lot sold individually to either the head office company Lessee or the franchisee operators. One shop sold for \$17,500/m<sup>2</sup> on a yield of 8%, the highest sale per square metre on the southern Gold Coast and Tweed Heads.

Number of Shops Sold:	7
Price:	\$7,451,000
Average Capital Value:	\$7,144/m <sup>2</sup>
Yield:	13.02%

### Tower 2 – Tranche 2, 10 shops

Unlike the first tranche, these lots attracted a number of all in one line offers for the 10 shops. Whilst more lots were on offer, the value of Tranche 2 was considered lower as there were fewer nationals and one vacancy.

Number of Shops Sold:	10
Price:	\$4,025,000
Average Capital Value:	\$5,800/m <sup>2</sup>
Yield:	12.68%

### Tower 2 – Tranche 3, 7 shops

The remaining 7 shops were located in a side street and the CBD Street of Coolangatta and included 2 nationals, 2 tenanted and 3 vacant shops. BWS sold to the purchaser of Tranche 2 and 7-Eleven and the real estate agency sold to Brisbane investors, the vacant shop to a printer and 3 shops remain unsold.

Number of Shops Sold:	4
Price:	\$1,315,000
Average Capital Value:	\$3,525/m <sup>2</sup>
Yield:	14.61%

## Summary

The highly successful campaign resulted in the sale of 21 shops (2,110m<sup>2</sup>) for a total of \$12,791,000 with an average capital value of \$6,000/m<sup>2</sup> and a 13.08% yield.