



Preston
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International Property Consultants

Sydney Impact Report

Industrial Market

INFRASTRUCTURE DRIVES DEVELOPMENT

The Sydney industrial market's performance in the second half of 2015 was noted to have been more active than the first half, which almost doubled the estimated worth of recorded transactions. In 2015, the recorded transactions amounted to approximately 750,000 square meters of industrial property worth in excess of \$1.17 billion, excluding land sales.

The increased activity may be a result of portfolio sales offloaded by property funds to maximise gains in the low yield environment. Throughout 2015, local and foreign investors were interested in industrial properties with development potential; particularly in the South Sydney and Central West regions for mix-use residential conversions, and in the Outer West for large industrial facility developments close to major logistics routes.

The South West and Outer West regions had the most recorded leasing transactions in 2015 due to the availability of large industrial facilities and proximity to major distribution routes. The development of the second Sydney airport, connecting arterial roads of the WestConnex and NorthConnex provided further incentives for investors to purchase, lease or develop near them.

December Quarter 2015

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ECONOMIC FUNDAMENTALS

GDP

GDP figures for the December quarter 2015 are not available until the 2nd March 2016, however, over the September 2015 quarter revealed that the Australian economy recorded growth of 0.9% seasonally adjusted which reflected growth of 2.5% seasonally adjusted over the twelve months to September 2015.

In seasonally adjusted terms, the main industry gross value added contributors to GDP were Financial and insurance services (+0.5%), Healthcare (+0.3%) and Mining (+0.3%). In trend terms, the largest detractor was Manufacturing (-0.1%).

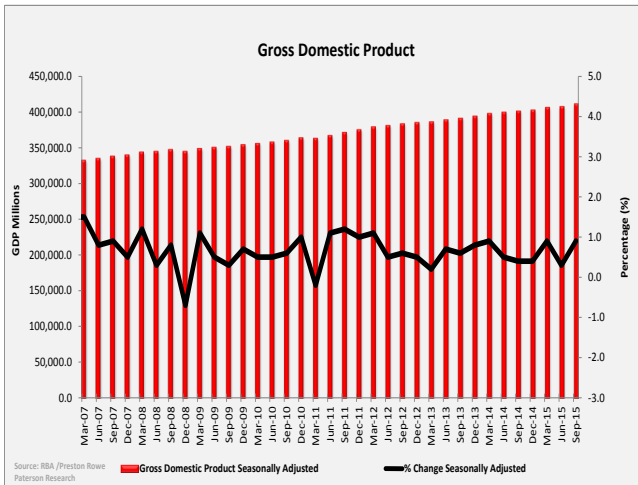


Chart 1 – Gross Domestic Product (GDP) – Source ABS

Interest Rates

As at the date of publishing, the official Cash Rate over the December quarter 2015 has remain steady at 2%. The Reserve Bank of Australia's Media Release for December 2015, released 1st December 2015 explained that;

"The global economy is expanding in a moderate pace, with some further softening in conditions in Asia region, continuing growth in US and a recovery in Europe. Key commodity prices are much lower than a year ago, reflecting increased supply, including Australia, as well as weaker demand. Australia's terms of trade are falling...In Australia the available information suggests moderate expansion in the economy continues in the face of a large decline in capital spending in the mining sector. While GDP growth has been somewhat below long-term averages for some time, business surveys suggests a gradual improvement in conditions in non-mining sectors over the part year. This has been accompanied by stronger growth in employment and a steady rate of unemployment... Inflation is forecast to be consistent with the target over the next one or two years."

The media release also stated that inflation is as expected to be consistent.

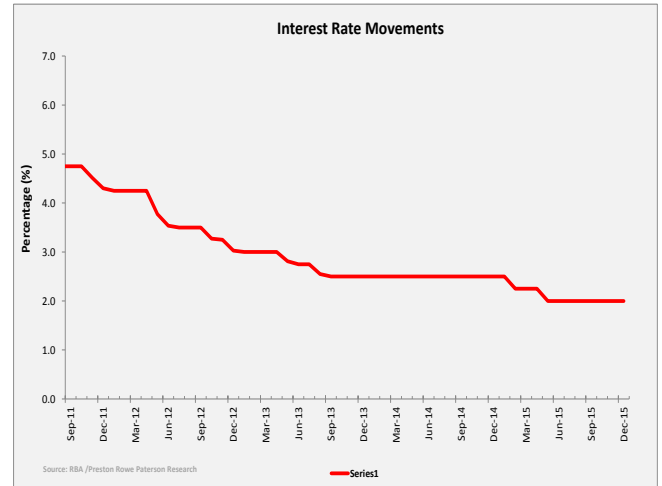


Chart 3 – Cash Rate – Source RBA

CPI

According to the Australian Bureau of Statistics (December 2015), the Australia's All Groups CPI increased by 0.4% over the December quarter from 108 to 108.4. The annual CPI change to December 2015 recorded a growth of 1.7%.

The most significant price rises over the December quarter were Tobacco (+7.4), Domestic holiday travel and accommodation (+5.9%) and International holiday travel and accommodation (+2.4%). The greatest price fall over the quarter was attributed to are Automotive fuel (-5.7%), Telecommunication equipment and services (-2.4%) and Fruit (-2.6%).

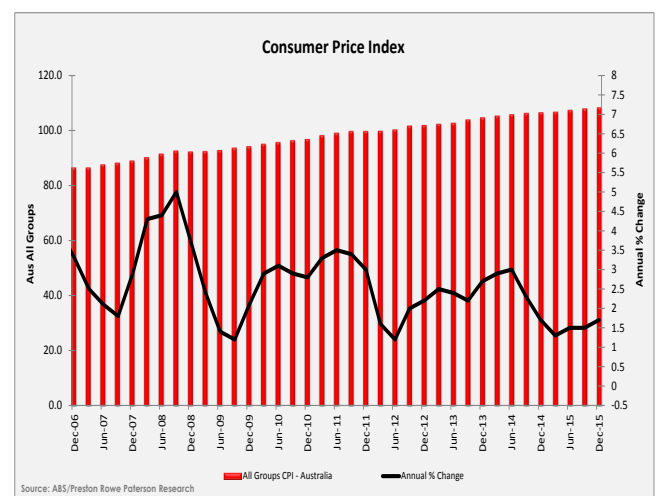


Chart 6– Consumer Price Index—Source—ABS

10 Year Bond & 90 Day Bill Rate

Analysis of the daily 10 Year Government Bonds has revealed no changes to the rate over the month of December at 2.85%. The 90 day bill rates had increased by 12 basis points to the month end of 2.34%. The changes in both 10 year bonds and the 90 day bill rate reflect a yield spread of 17 basis points.

Over the December 2015 quarter, the 10 Year Government Bonds recorded an increase of 16 basis points from 2.7%. The 90 Day Bill Rate recorded a 17 basis points growth over the quarter from 2.34%.

In the twelve months to December 2015, the monthly 10 Year Bond Rate has decreased by 11 basis points from 2.96%. Similarly, the monthly 90 Day Bill Rate fell by 41 basis points from 2.75%.

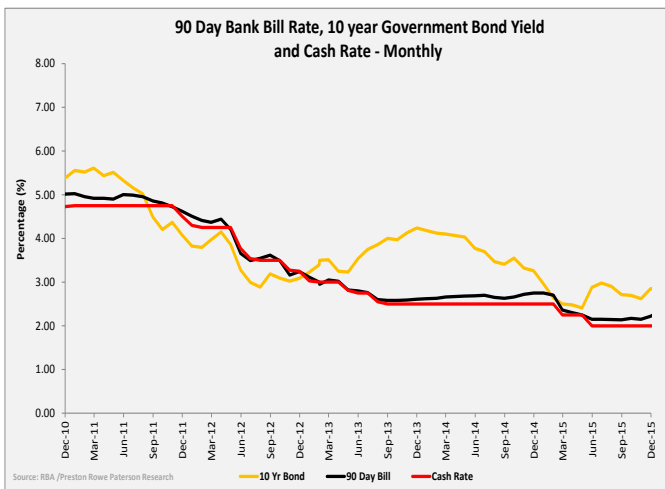


Chart 4 –90 Day Bill, 10 year bond and cash rate - MONTHLY – Source RBA

Labour force

Over the month to December 2015, the number of unemployed people has declined by 10,900 from 738,400 in November to 727,500 in December, reflecting a -0.1% decrease. In comparison to December 2014, the number of unemployed people had decreased by 27,300 reflecting an annual decline of -3.6%. The unemployment rate was 5.8% as at December 2015.

The number of unemployed seeking full time employment recorded a decrease in December by 2,600 to 515,000 persons. The number of unemployed seeking part time employment also decreased over the month by 8,400 to 212,500 persons.

New South Wales experienced a large absolute decrease in seasonally adjusted employment by -5,330 persons to 3.801 million persons over the month of December. The unemployment status in New South Wales over the quarter decrease by 0.6% to 5.2%.

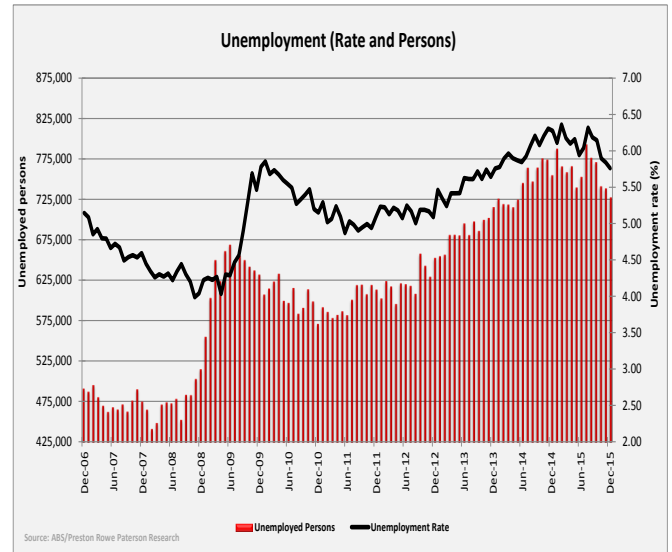


Chart 2 – Unemployment – Source ABS

Consumer Sentiment

The Westpac Melbourne Institute of Consumer Sentiment Index fell by 0.8% from 101.7 index points in November to 100.8 index points in December. Over the December quarter the index has increased by 6.9 points and recorded a 10.65% annual growth.

Westpac's Economist, Bill Evans commented; "The Index has held on to most of the gains from (November's) 4% lift and is 10.7% above its levels this time last year...The most important (sentiment) change was around 'budget and taxation' with the proportion of respondents assessed as considerably less favourable. Presumably speculation around tax changes, particularly with respect to the GST...Confidence around the housing market continues to deteriorate...housing-related sentiment continues to show sharper falls and considerably weaker reads in NSW and VIC."

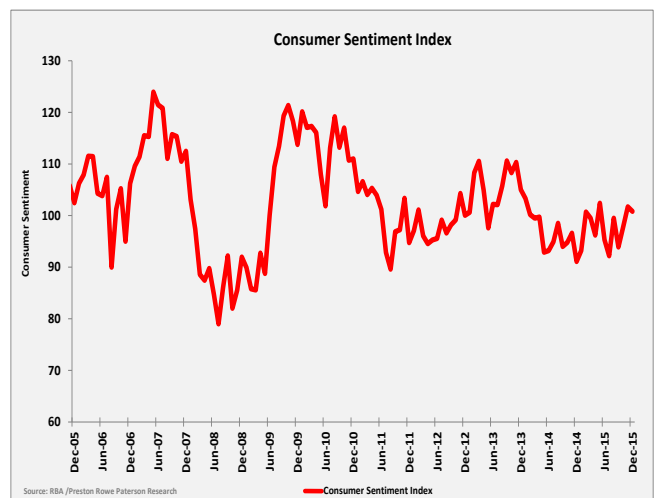


Chart 7– Consumer Sentiment Index – Source - Westpac—Melbourne Institute Survey

INDUSTRIAL MARKET - ECONOMIC STATISTICS

Data and information from the National Australia Bank Quarterly Australian Commercial Property Survey: Q4 2015 was analysed to derive at the following findings; industrial property capital values recorded a 1% growth in the December quarter. Capital values are expected to grow in 1 & 2 years time of 2.4% and 2.1% respectively.

The industrial market rents in NSW has tightened over the quarter. The industrial gross rents are expected to increase in next 2 years by 1.4% and 1% respectively. The NSW industrial vacancy increased by 0.4% to 5.5% in the quarter. Industrial vacancy is expected to tighten in the next 1-2 years.

Supply conditions in the NSW industrial property market were considered slightly oversupplied in the next twelve months and are forecasted to be in undersupply through to the next 3-5 years. The expectation of slight undersupply may be attributed to the lack of industrial sites to develop as developers continue to favour residential developments.

Over the December quarter 2015, the NAB Industrial Property Index is -2 which was an decrease of -5 index points since the September quarter. Over the next year, the industrial property index is expected to rise to +24 points and in 2 years to +25 points. The index showed that property professionals are expecting the NSW industrial conditions to deliver improvements and positive returns in the next few years.

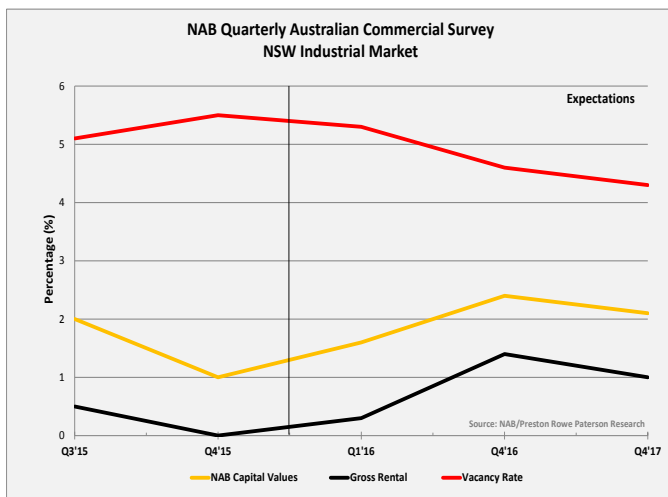


Chart 8 – NSW Industrial Market Expectations - Source NAB

INDUSTRIAL PROPERTY MARKET

North Shore Region

Preston Rowe Paterson Research classifies the North Shore region of Sydney's industrial market to include suburbs of: **Artarmon, Balgowlah, Belrose, Brookvale, Chatswood, Frenchs Forest, Hornsby, Lane Cove, Manly Vale, Mona Vale, Mount Ku-ring-gai, St Leonards, Turramurra, Warringah and Willoughby**

Building/Investment Sales

The North Shore investment market has been relatively stable where there has been limited significant sales greater than \$5 million in the region over six months to December 2015.

The most significant sales transaction in the North Shore region was the sale **70 Lower Gibbes Street, Chatswood**. *Warrington 70 Lower Gibbes* has purchased the office warehouse from *Perpetual Trustee* for **\$10 million**. The warehouses features a high clearance with rear yard access. The property has close access to the Pacific Highway, Chatswood train station, retail precinct and the CBD.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
175 Gibbes Street, Chatswood NSW 2067	\$5,800,000	Jun-15	N/A	Charles Parsons	S&P Foods Pty Ltd	3,601
70 Lower Gibbes Street, Chatswood NSW 2067	\$10,000,000	Aug-15	N/A	Perpetual Trustee	Warrington 70 Lower Gibbes	1,375
628 Pittwater Road, Brookvale NSW 2100	\$8,000,000	Sep-15	VP	Ebsray Pumps	undisclosed	2,952

Table 1—North Shore Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
N/A = not currently available VP = vacant possession

Rentals

The following table displays reported leasing transactions which occurred over six months to December 2015.

The only recorded leasing transaction was the lease of **4-14 Dickson Avenue, Artarmon**. *Compass Claims* leased a 1,900 sqm warehouse at from private investor *Qie Hang*. The warehouse will be leased on a term of 5 years plus a further option of 5 years on a gross rent of \$170 psm.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
4-14 Dickson Avenue, Artarmon NSW 2064	\$170	\$323,000 Gross	1,900	Qie Hang	Compass Claims	5 + 5	Aug-15

Table 2—North Shore Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM



North Western Region

Preston Rowe Paterson Research classifies the NSW North Western region of Sydney's industrial market to include suburbs of: **Baulkham Hills, Bella Vista, Castle Hill, Epping, Kings Park, Macquarie Park, Meadow Bank, North Rocks, North Ryde, Seven Hills and Thornleigh.**

Building/Investment Sales

The following table displays reported investment sales transactions over \$5 million which occurred over six months to December 2015.

The most significant sale recorded is the sale of the freestanding industrial building located at **2 Costello Place, Seven Hills**. *DEXUS Property Group* sold the property to *Propertylink* for **\$14.87 million**, reflecting a yield of about 8.07%. The distribution centre comprise of two units which are interconnected. The 20,760 sqm building facilitates office and warehouse areas, and has 170 on-site car spaces. The property is located near the M2 and M7 motorways, and also the M4 via Prospect Highway.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
2 Costello Place, Seven Hills NSW 2147	\$14,870,000	Sep-15	8.07%	DEXUS Wholesale Property Fund	Propertylink	20,760
10 St James Place, Seven Hills NSW 2147	\$6,000,000	Sep-15	6.38%	Graebar Properties	private investor	3,113

Table 2—North West Building/Investment Sales—Source Preston Rowe Paterson Research/CPM

Rentals

The following table displays reported leasing transactions which occurred over six months to December 2015.

The only recorded rental transaction in the North West region was located at **19-21 Loyalty Road, North Rocks**. The office warehouse facility is leased to *Imation ANZ* on a 2 year lease at a gross rent of \$110 psm. The property features a high clearance warehouse with drive through access, quality office and high security access. The property is located close to the M2 and Parramatta city.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
19-21 Loyalty Road, North Rocks NSW 2151	\$110	\$170,940 Gross	1,554	Colsten	Imation ANZ	2	Jul-15
10 Welder Road, Seven Hills NSW 2147	\$120	\$118,440 Net	987	undisclosed	Alliance Geotechnical	3	Nov-15

Table 3—North West Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM

Central West Region

Preston Rowe Paterson Research classifies the Central West Region of Sydney's Industrial Market to include the suburbs of: **Auburn, Croydon, Ermington, Granville, Homebush, Lidcombe, Melrose Park, Parramatta, Regents Park, Rhodes, Rosehill, Rydalmere, Silverwater, Strathfield**

Building/Investment Sales

The following table displays reported investment sales transactions over \$5 million which occurred over six months to December 2015.

The most significant sales transaction in the Central West region was the sale of **Granville Logistics Centre** located at **15-19 Berry Street, Granville**. The **GPT Group** sold it for **\$65 million** to residential developer **Toplace** which will redevelop the site into residential. The property comprises 29,600 sqm warehouse and office space in two buildings and generates a net annual income of about \$9 million, reflecting an estimated yield of about 13.85%.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
1-15 River Street, Silverwater NSW 2128	\$5,850,000	Jun-15	5.03%*	The Commissioner for Motor Transport	private investor	5,952
98 Wetherill Street, Silverwater NSW 2128	\$5,500,000	Jul-15	N/A	private investor	Bovara Electrical	3,515
112 Wharf Road, Melrose Park NSW 2114	\$5,500,000	Jul-15	N/A	Eli Lilly	Holdmark Property Group	21,000
107 Carnavon Street, Silverwater NSW 2128	\$6,950,000	Jul-15	VP	Direct Developments	Freedman Electronics Holdings	3,500
15-19 Berry Street, Granville NSW 2142	\$65,000,000	Aug-15	13.85%*	GPT Group	Toplace	29,600
20 George Young Street, Regents Park NSW 2143	\$5,250,000	Sep-15	N/A	private investor	Technologies Partners	2,868

Table 4—Central West Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
*equated yield VP = vacant possession N/A = not currently available

Rentals

The following table displays reported leasing transactions which occurred over six months to December 2015.

A significant rental transaction in the Central West region was the leasing of **26 Fariola Street, Silverwater** to the wholesale coffee supplier **Coffee Galleria** on a gross annual rent of \$159 psm for 10 years. The 1,418 sqm warehouse will be refurbished to create a showroom coffee lab, barista training area and roasting facilities for warehousing and distribution.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
42 Birnie Avenue, Lidcombe NSW 2141	\$116.50	\$238,990 Net	2,060	private investor	Meshcrete	3	Jul-15
9/9-11 South Street, Rydalmere NSW 2116	\$150	\$173,100 Net	1,154	private investor	Allworth Homes	5	Sep-15
26 Fariola Street, Silverwater NSW 2128	\$159	\$225,462 Gross	1,418	Lend Lease Funds Management	Coffee Galleria	10	Oct-15
31/2 Holker Street, Silverwater NSW 2128	\$154	539,308 Gross	3,502	undisclosed	Anixter	7	Oct-15
2-8 South Street, Rydalmere NSW 2116	\$135	\$897,210 Net	6,646	DEXUS Property Group	Sapphire Group	5	Dec-15

Table 5—Central West Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM

Outer West Region

Preston Rowe Paterson Research classifies the Outer West region of Sydney's Industrial Market to include the suburbs of: **Arndell Park, Blacktown, Bonnyrigg, Eastern Creek, Erskine Park, Fairfield, Glendenning, Girraween, Greystanes, Holroyd, Huntingwood, Penrith, Smithfield, St Marys, Wetherill Park and Yennora.**

Building/Investment Sales

The following table displays reported investment sales transactions over \$5 million which occurred over six months to December 2015.

One of the significant sales transaction in the Outer West region was **57-75 Templar Road, Erskine Park**. DEXUS Property Group sold the industrial estate to M&G Real Estate for **\$50 million**. The sale reflected a yield of 7%. The property comprise of two freestanding buildings with 30,100 sqm office and warehouse space on the 6.3 ha site. It is multi-tenanted and is fully occupied with a WALE of more than 4 years.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
331 Woodpark Road, Smithfield NSW 2164	\$ 7,550,000	Jun-15	N/A	Simons Properties	WTT Pty Ltd	7,073
3 Roberts Road, Eastern Creek NSW 2766	\$ 253,000,000	Jul-15	5.78%	Goodman Group and Brickworks	Mapletree Investments	55,395
58 Huntingwood Drive, Huntingwood NSW 2148	\$ 11,450,000	Jul-15	7.87%	Thrya Custodians	Primewest Funds	8,460
23 Wonderland Drive, Eastern Creek NSW 2766	\$ 34,000,000	Sep-15	8.00%	Barry & John McDonald	Stockland	23,000
4-6 Seville Street, Fairfield East NSW 2165	\$ 5,350,000	Sep-15	6.50%	private investor	Tian Yuan Pty Ltd	4,546
174 Andrews Road, Penrith NSW 2750	\$ 6,000,000	Sep-15	N/A	HSD System Marketing	Mills Investment Group	8,238
57-75 Templar Road, Erskine Park NSW 2759	\$ 50,000,000	Oct-15	7.00%	DEXUS Property Group	M&G Real Estate	30,100
32 Pine Road, Yennora NSW 2161	\$ 9,330,000	Nov-15	N/A	LOGOS Property Group	private investor	12,872
2 Pine Road, Yennora NSW 2161	\$ 6,350,000	Nov-15	N/A	LOGOS Property Group	owner-occupier	6,400
27 Frank Street, Wetherill Park NSW 2164	\$ 16,560,000	Dec-15	8.30%	undisclosed	Propertylink	13,865
6-20 Clunies Ross Street, Pemulwuy NSW 2145	\$ 76,600,000	Dec-15	6.60%	Deka Immobilien Investments GmbH	Ascendas REIT	38,500

Table 6—Outer West Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
N/A = not currently available

Rentals

The following table displays reported leasing transactions which occurred over six months to December 2015.

The most significant rental transaction in the Outer West region was a modern facility property located at **2 Davis Road, Wetherill Park**. The industrial facility owned by *Stockland* is leased by global renewable materials specialists *Stora Enso* on a 5.5 year term at a gross rent of \$149 psm. The Swedish group will lease 5,988 sqm of industrial facility and *Stockland* will add 9,000 sqm of hard stand on additional land.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
35 Britton Street, Smithfield NSW 2164	\$98.00	\$125,342 Net	1,279	C Neil & Cuschieri	TJ Andrews	5	Jun-15
324-336 Woodpark Road, Smithfield NSW 2164	\$105.00	\$456,015 Gross	4,343	undisclosed	Prestige Australia	3	Jun-15
801 Tyrone Place, Erskine Park NSW 2759	\$67.00	\$806,144 Net	12,032	Fife Capital	SCT Logistics	5	Jun-15
1 Old Wallgrove Road, Eastern Creek NSW 2766	Pre-commitment		58,225	Goodman Group	DHL Supply Chain	10	Jun-15
29B Davis Road, Wetherill Park NSW 2164	\$134.74	\$602,966 Gross	4,475	Lend Lease	King & Wilson	7	Jul-15
28A Chifley Street, Smithfield NSW 2164	\$127.50	\$244,162.50 Gross	1,915	A & J Packaging	Asset Group Solutions	5	Sep-15
178 Power Street, Glendenning NSW 2761	\$120.00	\$873,240 Net	7,277	undisclosed	Hy-Clor Australia	7	Oct-15
2 Davis Road, Wetherill Park NSW 2164	\$149.00	\$888,770 Gross	5,988	Stockland	Stora Enso	5.5	Oct-15
15-16 Ormsby Place, Wetherill Park NSW 2164	\$105.00	\$464,205 Net	4,421	private investor	Normet Asia Pacific	5 + 3	Nov-15
74-94 Newton Road, Wetherill Park NSW 2164	\$112.00	1,635,200 Net	14,600	DHL Supply Chain (Australia)	Metcash Trading	11 months	Dec-15

Table 7 —Outer West Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM

South Sydney Region

Preston Rowe Paterson Research classifies the South Sydney region of Sydney's Industrial Market to include the suburbs of: **Alexandria, Banksmeadow, Botany, Erskineville, Marrickville, Mascot, Matraville, Redfern, Rosebery, Tempe and Waterloo**

Building/Investment Sales

The following table displays reported investment sales transactions over \$5 million which occurred over six months to December 2015.

One of the significant sales in the South Sydney region was the purchase an industrial property located at **202-212 Euston Road, Alexandria**. The *Goodman Group* and *Altis Property Partners* have entered into a 50/50 joint venture to purchase the property from an owner-occupier for **\$24 million**, reflecting a yield of 7.5%. The 1.7 ha site will be leased to *Australian Refined Alloys* in 3 years time.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
11 Bowden Street, Alexandria NSW 2015	\$8,000,000	Apr-15	N/A	W Property	Marshall Investments	4,475
19 Military Road, Matraville NSW 2036	\$19,000,000	May-15	10.00%	Indigenous Business Australia	EG Funds Management	13,000
Cnr Denison Street, & Corish Circle, Pagewood NSW 2035	\$20,000,000	May-15	N/A	Orica	private equity group	40,000
154 O'Riordan Street, Mascot NSW 2020	\$32,000,000	Jul-15	N/A	DEXUS Projects	JKN Park	8,157
44-50 Australia Street, Camperdown NSW 2050	\$5,750,000	Aug-15	VP	Little Projects	Onisforou	1,262
609 Harris Street, Ultimo NSW 2009	\$7,050,000	Sep-15	6.00%	609 Harris Street	foreign investor	1,534

Table 8 —South Sydney Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
VP = vacant possession N/A = not currently available

Rentals

The following table displays reported leasing transactions which occurred over six months to December 2015.

A significant rental transaction that occurred in the South Sydney region was **64 Mentmore Avenue, Rosebery**. *Designer Rugs* leased the 965 sqm office and warehouse on a gross rent of \$212 psm. *Designer Rugs* will lease the industrial facility on a 4 year term with a further 4 year option.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
77 Burrows Road, Alexandria NSW 2015	\$143	\$110,000 Net	772	Redden Wooster Fabrics	Esther Clothing	3	Jun-15
62-64 O'Riordan Street, Alexandria NSW 2015	\$157	\$125,600 Gross	800	Alfa Logistics	MNR Constructions	3.5	Jun-15
1 Hale Street, Botany NSW 2019	\$146	\$1,197,200 Net	8,200	Goodman Group	Paul's Customs & Forwarding Solutions	7	Jun-15
1-3 Ricketty Street, Mascot NSW 2020	\$224	\$228,928 Gross	1,022	Industrial Rural Marine and Leisure	PHD Creative	5	Jul-15
809 Botany Road, Rosebery NSW 2018	\$160	\$172,160 Net	1,076	The Print Centre	Amzen International	5	Jul-15
4 Chalmers Crescent, Botany NSW 2019	\$122	\$159,210 Gross	1,305	Punkaj Vij	All Import Export Co	3	Aug-15
64 Mentmore Avenue Rosebery NSW 2018	\$212	204,580 Gross	965	undisclosed	Designer Rugs	4 + 4	Oct-15

Table 9 —South Sydney Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM

South West Region

Preston Rowe Paterson Research classifies the South West region of Sydney's Industrial market to include suburbs of: **Bankstown, Bexley, Campbelltown, Chipping Norton, Chullora, Enfield, Ingleburn, Kingsgrove, Lakemba, Liverpool, Milperra, Minto, Moorebank, Padstow, Peakhurst, Prestons, Punchbowl, Revesby, Riverwood, Smeaton Grange and Villawood**

Building/Investment Sales

The following table displays reported investment sales transactions over \$5 million which occurred over six months to December 2015.

The most significant transaction in the South West region was the sale of former **Fairfax Printers at Worth Street, Chullora**. *Charter Hall Core Plus Industrial Fund* purchased the newspaper printing site for about **\$45 million** from *Fairfax Media*. The property has a 37,600 sqm industrial complex on a 10.3 ha site. Charter Hall is seeking a long-term use of the site in its current format, a generic warehouse feature that could be split up and leased. There is also opportunity for redevelopment and to build additional facilities on the site.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
186-190 Kingsgrove Road, Kingsgrove NSW 2208	\$7,300,000	Jun-15	N/A	Alpha Pty Ltd	Danjess Pty Ltd	6,710
373 Horsley Park Road, Milperra NSW 2214	\$10,625,000	Jun-15	6.77%	GDI No. 38 Diversified Property Trust	private investor	9,314
12 Birmingham Street, Villawood NSW 2163	\$7,500,000	Jul-15	6.56%	Hit Management	Bae Corp Nominees	6,591
3-5 Birmingham Avenue, Villawood NSW 2163	\$9,900,000	Jul-15	VP	Woodland Properties Australia	Pels	8,894
66 Christina Road, Villawood NSW 2163	\$9,200,000	Aug-15	VP	Abacus Property Group	private investor	19,051
17-23 Bryant Street, Padstow NSW 2211	\$7,500,000	Aug-15	N/A	Kassira	undisclosed	7,972
Worth Street, Chullora NSW 2190	\$45,000,000	Aug-15	VP	Fairfax Media	Charter Hall Core Plus Industrial Fund	37,600
20 Queen Street, Revesby NSW 2212	\$5,800,000	Dec-15	N/A	Giuseppi and Michael Calabro	Sam and Michael Nachabe	5,267

Table 10 —South West Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
VP = vacant possession N/A = not currently available

Rentals

The following table displays reported leasing transactions which occurred over six months to December 2015.

One of the most significant rental transaction in the South West region was **126 Jedda Road, Prestons**. The 3,994 sqm office and warehouse property was leased to *Pretty Girl Fashion Group* at rate of \$125 psm gross rent. Pretty Girls will lease the site for 5 years . The property includes 9-10m clearance roller doors, 1,500m awning, hardstand area at rear and office space over two levels.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
51 Heathcote Road, Moorebank NSW 2170	\$130.00	\$646,750 Net	4,975	Brieley	Evolution Traffic Control	5	Jun-15
10 Centenary Avenue, Morrebank NSW 2170	\$127.00	\$123,190 Gross	970	Siafakas & Fascolas	Hellas Europe Australia	3 + 3	Aug-15
Cnr Pembrok Road and Rose Payten Drive, Minto NSW 2566	N/A	N/A	12,260	Goodman Group	Joy Global	10	Aug-15
5 Inglis Road, Ingleburn NSW 2565	N/A	N/A	20,200	Altis Property Partners	CS Logistics Solutions	1.5	Aug-15
36 Stennett Road, Ingleburn NSW 2565	\$102.00	\$116,280 Gross	1,140	Fellows and Walsh	Katrina Trading Company	3	Sep-15
71A Milperra Road, Revesby NSW 2212	\$113.00	\$124,752 Gross	1,104	L & R Investments	Dazmac International	5	Sep-15
318A Horsley Road, Milperra NSW 2214	\$25.00	\$137,500 Gross	5,500	undisclosed	NSW Container System	2 + 1	Oct-15
5 Stonny Batter Road, Minto NSW 2566	\$88.00	\$467,544 Gross	5,313	Findella	Falcones	5	Dec-15
126 Jedda Road, Prestons NSW 2170	\$125.00	\$499,250 Gross	3,994	Melbourne Factory	Pretty Girl Fashion Group	5	Dec-15
10 Garner Place, Ingleburn NSW 2565	\$100.00	\$148,000 Net	1,480	Joshand Holdings	Bison Group	3	Dec-15

Table 11 —South West Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM
N/A = not currently available



Southern Shire Region

Preston Rowe Paterson Research classifies the Southern Shire region of Sydney's Industrial market to include suburbs of: **Kirrawee, Kurnell, Sutherland and Taren Point**

The Southern Shire industrial market is a very small market and in the past six months that we did not record any significant sales or leases in the region over six months to December 2015.

Land Sales

There were limited significant land sales in the six months to December 2015.

The only recorded land sales in Sydney was the sale of a 2.2 ha land parcel located at **34 Yarrunga Street, Prestons**. LOGOS Property purchased the site for about **\$50 million**. LOGOS plan to develop a logistics estate on the site. The site is located 200m from the M7 motorway and is within the Prestons industrial precinct.

ADDRESS	SALE PRICE	RATE /SQM	AREA (SQM)	VENDOR	PURCHASER	SALE DATE
34 Yarrunga Street, Prestons NSW 2170	\$50,000,000	\$ 250.00	200,000	private investor	LOGOS Property	Oct-15

Table 13—Industrial Land Sales in NSW—Source Preston Rowe Paterson Research/CPM

INVESTMENT YIELD ANALYSIS

\$5 million to \$20 million

Listed below are all the major reported investment transactions between \$5 million and \$20 million which have occurred over six months to December 2015 within New South Wales. From these sales, average yields have been analysed.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
2 Costello Place, Seven Hills	\$ 14,870,000	Sep-15	8.07%	DEXUS Wholesale Property Fund	Propertylink	20,760
10 St James Place, Seven Hills	\$ 6,000,000	Sep-15	6.38%	Graebar Properties	private investor	3,113
1-15 River Street, Silverwater	\$ 5,850,000	Jun-15	5.03%	The Commissioner for Motor Transport	private investor	5,952
58 Huntingwood Drive, Huntingwood	\$ 11,450,000	Jul-15	7.87%	Thrya Custodians	Primewest Funds	8,460
4-6 Seville Street, Fairfield East	\$ 5,350,000	Sep-15	6.50%	private investor	Tian Yuan Pty Ltd	4,546
27 Frank Street, Wetherill Park	\$ 16,560,000	Dec-15	8.30%	undisclosed	Propertylink	13,865
609 Harris Street, Ullimo	\$ 7,050,000	Sep-15	6.00%	609 Harris Street	foreign investor	1,534
373 Horsley Park Road, Milperra	\$ 10,625,000	Jun-15	6.77%	GDI No. 38 Diversified Property Trust	private investor	9,314
12 Birmingham Street, Villawood	\$ 7,500,000	Jul-15	6.56%	Hit Management	Bae Corp Nominees	6,591

Table 14—\$5 million to \$20 million Sales—Source Preston Rowe Paterson Research/CPM

Yield Analysis

According to the displayed investment sales above, Preston Rowe Paterson Research observed that the average yield of an industrial property that was sold between \$5 million to \$20 million was about 7.05% in the six months to December.

Sales Information

The largest sales transaction that was recorded below \$20 million in the December quarter was the sale of **27 Frank Street, Wetherill Park**. The logistics property was sold to *Propertylink Australian Industrial Partnership II* fund for **\$16.56 million**, reporting a yield of about 8.3%. The facility comprises of a high clearance warehouse, office space and a substantial amount of hard stand area. The warehouse has over 150 car spaces onsite and has a full drive-around access.

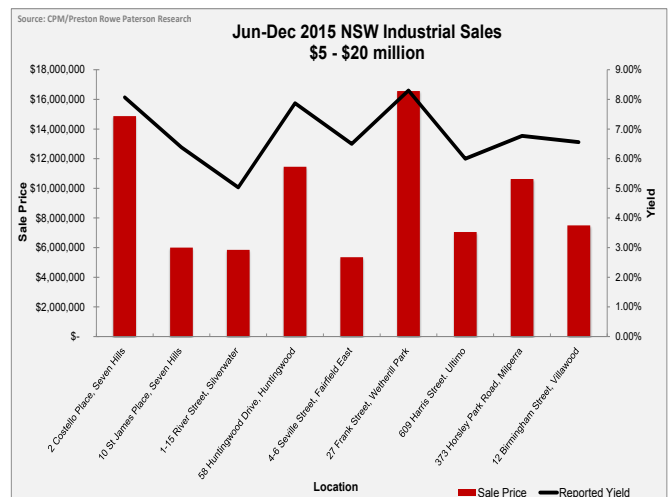


Chart 9 – Jan-Jun 2015 NSW Industrial Sales \$5 million to \$20 million - Source - Preston Rowe Paterson Research/CPM

\$20 million and Over

Listed below are all the major reported investment transactions over \$20 million that occurred over six months to December 2015 within New South Wales. From these sales, average yields have been analysed.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
3 Roberts Road, Eastern Creek	\$ 253,000,000	Jul-15	5.78%	Goodman Group and Brickworks	Mapletree Investments	55,395
23 Wonderland Drive, Eastern Creek	\$ 34,000,000	Sep-15	8.00%	Barry & John McDonald	Stockland	23,000
57-75 Templar Road, Erskine Park	\$ 50,000,000	Oct-15	7.00%	DEXUS Property Group	M&G Real Estate	30,100
6-20 Clunies Ross Street, Pemulwuy	\$ 76,600,000	Dec-15	6.60%	Deka Immobilien Investments GmbH	Ascendas REIT	38,500
202-212 Euston Road, Alexandria	\$ 24,000,000	Dec-15	7.50%	owner-occupier	Goodman Group and Altis Property Partners	17,000

Table 15—\$5 million to \$20 million Sales—Source Preston Rowe Paterson Research/CPM

Yield Analysis

According to the displayed investment sales above, Preston Rowe Paterson Research have observed that the average yield of industrial property was approximately 8.1% in the six months to December.

Sales Information

The one of transactions recorded in the December quarter was the purchase of **6-20 Clunies Ross Street, Pemulwuy**. *Deka Immobilien Investments GmbH* sold the 38,500 sqm property to Singaporean-REIT *Ascendas* for **\$76.6 million**. The sale reflected a yield of 6.6%. The facility is fully leased by *Australia Post*, NSW Police and part of *Australia Post*'s leasing area is sublet to *Target* as a major distribution facility. The property comprise of a modern high clearance warehouse and a freestanding 2,359 sqm two-storey office and laboratory building. The property is located in the Greystanes industrial precinct.

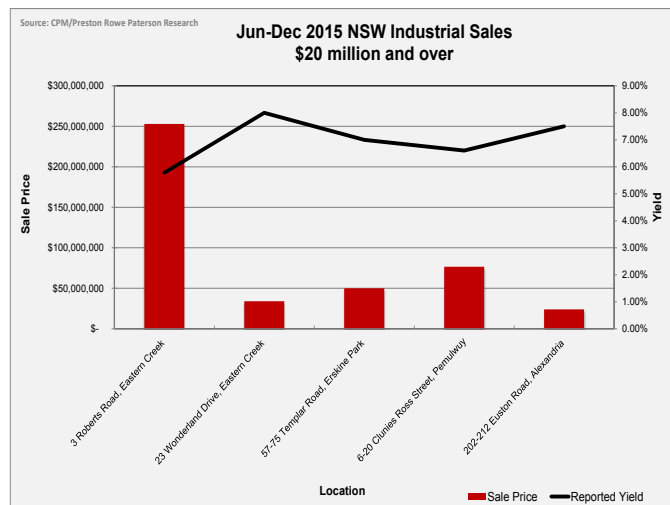


Chart 10 – Jan-Jun 2015 NSW Industrial Sales \$5 million to \$20 million - Source Preston Rowe Paterson Research/CPM

Our Research

At Preston Rowe Paterson, we pride ourselves on the research which we prepare in the market sectors within which we operate. These include Commercial, Retail, Industrial, Hotel & Leisure and Residential property markets as well as infrastructure, capital and plant and machinery markets

We have property covered

- . Investment
- . Development
- . Asset
- . Corporate Real Estate
- . Mortgage
- . Government
- . Insurance
- . Occupancy
- . Sustainability
- . Research
- . Real Estate Investment Valuation
- . Real Estate Development Valuation
- . Property Consultancy and Advisory
- . Transaction Advisory
- . Property and Asset Management
- . Listed Fund, Property Trust, Super Fund and Syndicate Advisors
- . Plant & Machinery Valuation
- . General and Insurance Valuation
- . Economic and Property Market Research

We have all real estate types covered

We regularly provide valuation, property and asset management, consultancy and leasing services for all types of Real Estate including:

- . CBD and Metropolitan commercial office buildings
- . Retail shopping centres and shops
- . Industrial, office/warehouses and factories
- . Business parks
- . Hotels (accommodation) and resorts
- . Hotels (pubs), motels and caravan parks
- . Residential development projects
- . Residential dwellings (individual houses and apartments/ units)
- . Rural properties
- . Special purpose properties such as: nursing homes; private hospitals, service stations, oil terminals and refineries, theatre complexes; etc.
- . Infrastructure

We have all types of plant & machinery covered

We regularly undertake valuations of all forms of plant, machinery, furniture, fittings and equipment including:

- . Mining & earth moving equipment/road plant
- . Office fit outs, equipment & furniture
- . Agricultural machinery & equipment
- . Heavy, light commercial & passenger vehicles
- . Industrial manufacturing equipment
- . Wineries and processing plants
- . Special purpose plant, machinery & equipment
- . Extractive industries, land fills and resource based enterprises
- . Hotel furniture, fittings & equipment

We have all client profiles covered

Preston Rowe Paterson acts for an array of clients with all types of real estate, plant, machinery and equipment interests such as:

- . Accountants
- . Banks, finance companies and lending institutions
- . Commercial and Residential non bank lenders
- . Co-operatives
- . Developers
- . Finance and mortgage brokers
- . Hotel owners and operators
- . Institutional investors
- . Insurance brokers and companies
- . Investment advisors
- . Lessors and lessees
- . Listed and private companies corporations
- . Listed Property Trusts
- . Local, State and Federal Government Departments and Agencies
- . Mining companies
- . Mortgage trusts
- . Overseas clients
- . Private investors
- . Property Syndication Managers
- . Rural landholders
- . Self managed super funds
- . Solicitors and barristers
- . Sovereign wealth funds
- . Stock brokers
- . Trustee and Custodial companies



We have all *locations* covered

From our capital city and regional office locations we serve our client's needs throughout Australia. Globally, we operate directly or via our relationship offices for special purpose real estate asset classes, infrastructure and plant & machinery.

We have your *needs* covered

Our clients seek our property (real estate, infrastructure, plant and machinery) services for a multitude of reasons including:

- . Acquisitions & Disposals
- . Alternative use & highest and best use analysis
- . Asset Management
- . Asset Valuations for financial reporting to meet ASIC, AASB, IFRS & IVSC guidelines
- . Compulsory acquisition and resumption
- . Corporate merger & acquisition real estate due diligence
- . Due Diligence management for acquisitions and sales
- . Facilities management
- . Feasibility studies
- . Funds management advice & portfolio analysis
- . Income and outgoings projections and analysis
- . Insurance valuations (replacement & reinstatement costs)
- . Leasing vacant space within managed properties
- . Listed property trust & investment fund valuations & revaluations
- . Litigation support
- . Marketing & development strategies
- . Mortgage valuations
- . Property Management
- . Property syndicate valuations and re-valuations
- . Rating and taxing objections
- . Receivership, Insolvency and liquidation valuations and support/advice
- . Relocation advice, strategies and consultancy
- . Rental assessments and determinations
- . Sensitivity analysis
- . Strategic property planning

About This Report

Preston Rowe Paterson prepare research reports covering the main markets within which we operate in each of our capital cities and major regional locations. This Industrial Market research report provides analysis and detail of economic factors which impact on the Industrial Market within the Sydney region.

Within this report we have analysed sales in the past six months to the reported quarter in the various Sydney Industrial regions of; North West, North Shore, Central West, Outer West, South Sydney, South West & Southern Shire. We have also conducted yield analysis on significant sales of \$5 million and over.

To compile the research report we have considered the most recently available statistics from known sources. Given the manner in which statistics are compiled and published they are usually 3-6 months out of date at the time we analyse them. Where possible we consider short term movement in the statistics by looking at daily published data in the financial press. Where this shows notable fluctuation, when compared to the formal published numbers we have commented accordingly.



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