



**Preston**  
*Rowe*  
**Paterson**

®  
International Property Consultants

# Sydney Impact Report

## Industrial Market

### LARGE FACILITIES IN DEMAND

Compared to previous quarters in 2015, the industrial market was most active in the September quarter. The recorded transactions amounted to approximately 276,400 sqm of industrial property worth over \$560 million in the quarter.

The increased activity may be a result of portfolio sales offloaded by property funds to maximise gains in the low yield environment. It is expected that more funds will sell their industrial portfolios over the next 12 months. In the September quarter, local and foreign investors were particularly 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 facilities redevelopments.

In six months to September, many major tenants leased or pre-committed to properties in the South West and Outer West regions due to the availability of large industrial facilities and their proximity to major distribution routes. Future development plans 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.

### September Quarter 2015

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## ECONOMIC FUNDAMENTALS

### GDP

GDP figures for the September quarter 2015 are not available until the 2nd December 2015, however, over the June 2015 quarter revealed that the Australian economy recorded growth of 0.2% seasonally adjusted which reflected growth of 2% seasonally adjusted over the twelve months to June 2015.

In seasonally adjusted terms, the main industry gross value added contributors to GDP were Financial and insurance services (+0.6%), Information media and telecommunications (+0.3%) and Healthcare and social assistance (+0.3%). In trend terms, the largest detractor were the Professional, scientific and technical services (-0.1%) and Construction (-0.2%).

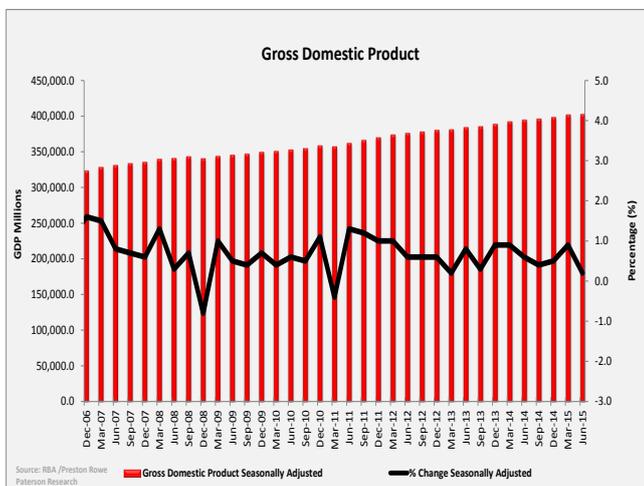


Chart 1 – Gross Domestic Product (GDP) – Source ABS

### Interest Rates

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

*"The global economy is expanding in a moderate pace, with some further softening in conditions in China and east Asia of late, but stronger US growth. Key commodity prices are much lower than a year ago, in part reflecting increased supply, including Australia. Australia's terms of trade are falling...In Australia the available information suggests moderate expansion in the economy continues. While growth has been somewhat below long-term averages for some time, it has been accompanied with somewhat stronger growth of employment and steady rate of unemployment over the past year. Overall the economy is likely to be operating with a degree of spare capacity for some time yet, with domestic inflationary pressures contained. Inflation is thus forecast to remain consistent with the target over the next one to two years, even with a lower exchange rate."*

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

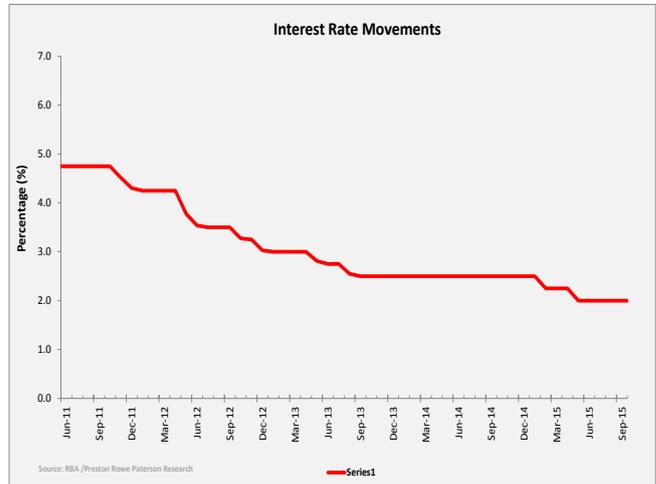


Chart 3 – Cash Rate – Source RBA

### CPI

According to the Australian Bureau of Statistics (September 2015), the Australia's All Groups CPI increased by 0.5% over the September quarter from 107.5 to 108. The annual CPI change to September 2015 recorded a growth of 1.5%.

The most significant price rises over the September quarter were International holiday travel and accommodation (+4.6%), Fruit (+8.2%) and Property rates and charges (+4.6%). The greatest price fall over the quarter was attributed to are Vegetables (-5.9%), Telecommunication equipment and services (-2%) and Automotive fuel (-1.7%).

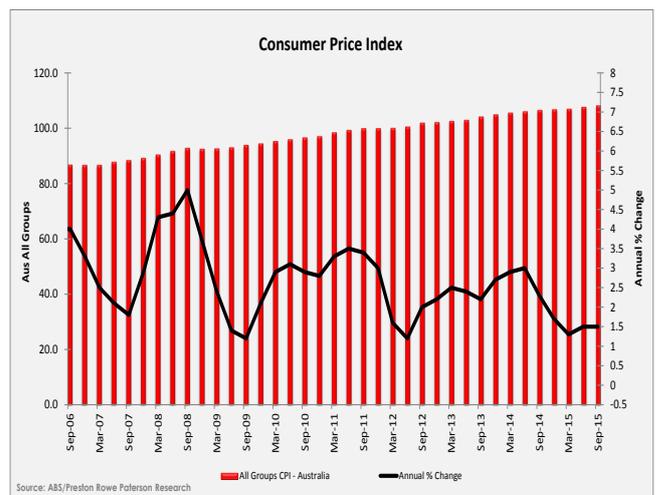


Chart 6– Consumer Price Index—Source—ABS

## 10 Year Bond & 90 Day Bill Rate

Over the September 2015 quarter, the 10 Year Government Bonds recorded a decline of 29 basis points from 2.7%. The 90 Day Bill Rate recorded a 2 basis points growth over the quarter from 2.17%.

In the twelve months to September 2015, the monthly 10 Year Bond Rate has decreased by 86 basis points from 3.55%. Similarly, the monthly 90 Day Bill Rate fell by 49 basis points from 2.66%.

Analysis of the daily 10 Year Government Bonds has revealed a decrease of 2 basis points over the month of September ending to 2.61%. The 90 day bill rates had increased by 3 basis points to the month end of 2.19%. The changes in both 10 year bonds and the 90 day bill rate reflect a yield spread of 23 basis points.

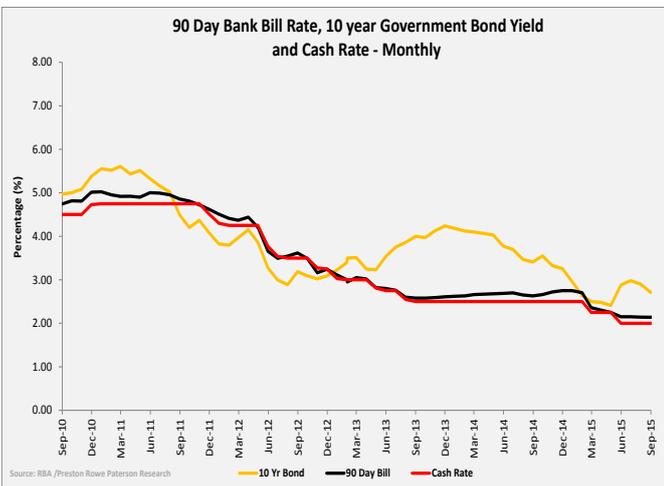


Chart 4 – 90 Day Bill, 10 year bond and cash rate - MONTHLY – Source RBA

## Labour force

Over the month to September 2015, the number of unemployed people has declined by 8,139 from 780,677 in August to 772,538 in September, reflecting a -1% decrease. In comparison to September 2014, the number of unemployed people had increased by 7,650 reflecting an annual increase of 1%. The unemployment rate was 6.2% as at September 2015.

The number of unemployed seeking full time employment recorded a decrease in September by 6,200 to 556,100 persons. The number of unemployed seeking part time employment recorded a decrease over the month by 2,200 to 216,500 persons.

New South Wales experienced a large absolute decrease in seasonally adjusted employment by -1,276 persons to 3.736 million persons over the month of September. The unemployment status in New South Wales over the quarter increase by 0.1% to 5.9%.

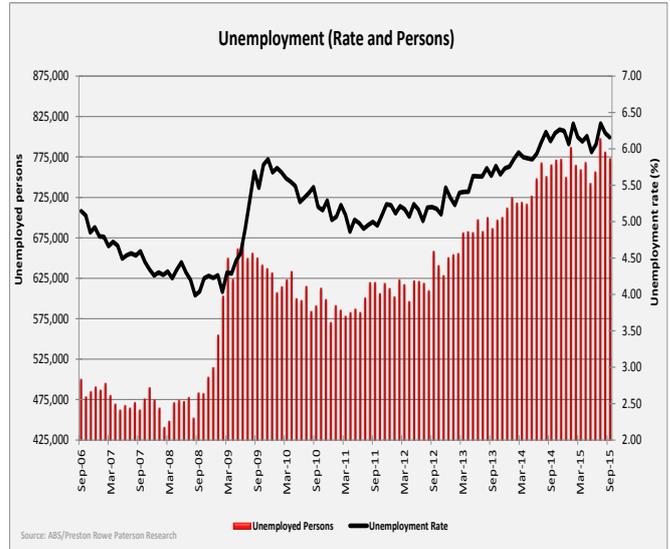


Chart 2 – Unemployment – Source ABS

## Consumer Sentiment

The Westpac Melbourne Institute of Consumer Sentiment Index fell by 5.6% from 99.5 index points in August to 93.9 index points in September. Over the quarter the index has decreased by -1.4 points and recorded a -0.11% annual decline.

Westpac's Economist, Bill Evans commented; "This solid fall comes as no surprise...violent gyrations in both Australian and overseas equity markets, poor economic data from China, disappointing report on Australia's growth rate and weakness in the Australian dollar were likely to have unnerved households."

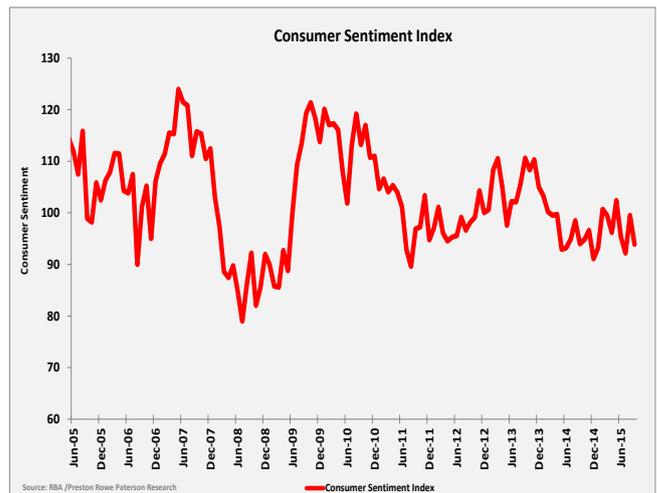


Chart 7 – Consumer Sentiment Index – Source - Westpac—Melbourne Institute Survey

## INDUSTRIAL MARKET - ECONOMIC STATISTICS

Data and information from the National Australia Bank Quarterly Australian Commercial Property Survey: Q3 2015 has been analysed to derive at the following findings; industrial property capital values recorded a 0.2% growth in the September quarter. Capital values are expected to grow in 1 & 2 years time of 1.1% and 1.3% respectively.

Industrial market rents in NSW has tightened over the quarter. The industrial gross rents are expected to increase in next 2 years by 1.7% and 2% respectively. Industrial vacancy has tightened by 0.8% to 5.1% in the past quarter. Industrial vacancy is expected to improve in the next 1-2 years.

Supply conditions in the NSW industrial property market were considered slightly undersupplied in the next twelve months and is forecasted well balanced through to the next 3-5 years. The expectation of slight undersupply may be attributed to the lack of interests in developing industrial properties in favour of residential developments.

Over the September quarter 2015, the NAB Industrial Property Index is +3 which was an decrease of -5 index points since the June quarter. Over the next year, the industrial property index is expected to rise to +25 points and in 2 years to +31 points. The index showed that property professionals are expecting the NSW industrial conditions to deliver improvements and positive returns in the next few years.

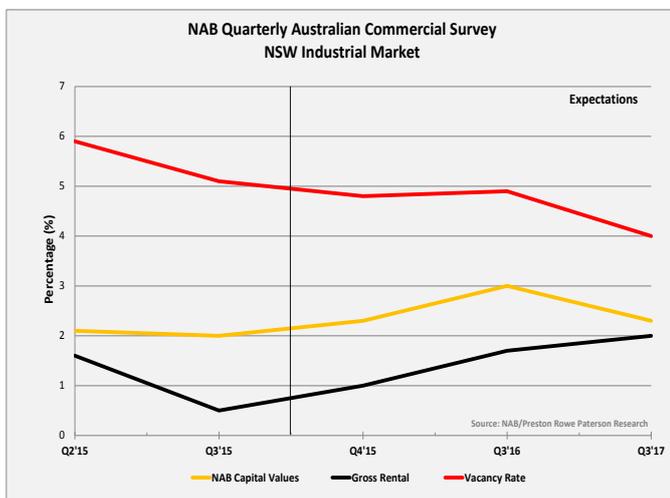


Chart 8 – NSW Industrial Market Expectations - Source NAB

## 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 September 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)
<b>175 Gibbes Street, Chatswood NSW 2067</b>	\$5,800,000	Jun-15	N/A	Charles Parsons	S&P Foods Pty Ltd	3,601
<b>70 Lower Gibbes Street, Chatswood NSW 2067</b>	\$10,000,000	Aug-15	N/A	Perpetual Trustee	Warrington 70 Lower Gibbes	1,375
<b>628 Pittwater Road, Brookvale NSW 2100</b>	\$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

#### Rentals

The following table displays reported leasing transactions which occurred over six months to September 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
<b>4-14 Dickson Avenue, Artarmon NSW 2064</b>	\$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 September 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)
<b>7-9 Gibbon Road, Winston Hills NSW 2153</b>	\$8,500,000	Apr-15	VP	Micraig Pty Ltd	Eastern & LG Holding Pty Ltd	6,918
<b>2 Costello Place, Seven Hills NSW 2147</b>	\$14,870,000	Sep-15	8.07%	DEXUS Wholesale Property Fund	Propertylink	20,760
<b>10 St James Place, Seven Hills NSW 2147</b>	\$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  
VP = vacant possession

### Rentals

The following table displays reported leasing transactions which occurred over six months to September 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
<b>19-21 Loyalty Road, North Rocks NSW 2151</b>	\$110	\$170,940 Gross	1,554	Colsten	Imation ANZ	2	Jul-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 September 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 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)
<b>1-15 River Street, Silverwater NSW 2128</b>	\$5,850,000	Jun-15	5.03%*	The Commissioner for Motor Transport	private investor	5,952
<b>98 Wetherill Street, Silverwater NSW 2128</b>	\$5,500,000	Jul-15	N/A	private investor	Bovara Electrical	3,515
<b>112 Wharf Road, Melrose Park NSW 2114</b>	\$5,500,000	Jul-15	N/A	Eli Lilly	Holdmark Property Group	21,000
<b>107 Carnavon Street, Silverwater NSW 2128</b>	\$6,950,000	Jul-15	VP	Direct Developments	Freedman Electronics Holdings	3,500
<b>15-19 Berry Street, Granville NSW 2142</b>	\$65,000,000	Aug-15	13.85%*	GPT Group	Toplace	29,600
<b>20 George Young Street, Regents Park NSW 2143</b>	\$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 September 2015.

A significant rental transaction in the Central West region was the leasing of **9/9-11 South Street, Rydalmere** to the contract home builders *Allworth Homes*. The builders will lease the 1,154 sqm of warehouse and office space on a net rent of \$150 psm on a 5 year term. The property has high clearance warehouse and quality office space located within a modern industrial estate.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
<b>2-16 Salisbury Street, Silverwater NSW 2128</b>	\$105	\$236,200 Net	2,240	Venarti Pty Ltd	Topdeck Flooring	3	May-15
<b>1A/42 Birnie Avenue, Lidcombe NSW 2141</b>	\$116	\$238,960 Gross	2,060	private investor	Meshcrete	3	Jul-15
<b>9/9-11 South Street, Rydalmere NSW 2116</b>	\$150	\$173,100 Net	1,154	private investor	Allworth Homes	5	Sep-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 September 2015.

The most significant sales transaction in the Outer West region was **3 Roberts Road, Eastern Creek**. *Goodman Group* and *Brickworks* sold the 55,395 sqm **Coles Chilled Distribution Centre** to Singaporean-REIT *Mapletree Investments* for **\$253 million**. The sale reflects a yield of 5.78%. The cold storage facility is leased to *Wesfarmers* subsidiary *Coles* until 2034. The rent is approximately \$14.65 million a year with fixed annual rental increase at 2.75%. The property is located in the M7 Business Hub.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
<b>66 Glendenning Road, Glendenning NSW 2761</b>	\$ 19,170,000	Apr-15	7.73%	DEXUS Property Group	Investec Australia Property Fund	16,461
<b>300 Victoria Street, Wetherill Park NSW 2164</b>	\$ 33,000,000	Apr-15	10.61%	GWA Group	Charter Hall Core Plus Industrial Fund	40,955
<b>122 Newton Road, Wetherill Park NSW 2164</b>	\$ 14,500,000	May-15	N/A	undisclosed	Propertylink	9,450
<b>331 Woodpark Road, Smithfield NSW 2164</b>	\$ 7,550,000	Jun-15	N/A	Simons Properties	WTT Pty Ltd	7,073
<b>3 Roberts Road, Eastern Creek NSW 2766</b>	\$ 253,000,000	Jul-15	5.78%	Goodman Group and Brickworks	Mapletree Investments	55,395
<b>58 Huntingwood Drive, Huntingwood NSW 2148</b>	\$ 11,450,000	Jul-15	7.87%	Thrya Custodians	Primewest Funds	8,460
<b>23 Wonderland Drive, Eastern Creek NSW 2766</b>	\$ 34,000,000	Sep-15	8.00%	Barry & John McDonald	Stockland	23,000
<b>4-6 Seville Street, Fairfield East NSW 2165</b>	\$ 5,350,000	Sep-15	6.50%	private investor	Tian Yuan Pty Ltd	4,546
<b>174 Andrews Road, Penrith NSW 2750</b>	\$ 6,000,000	Sep-15	N/A	HSD System Marketing	Mills Investment Group	8,238

Table 6—Outer 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 September 2015.

The most significant rental transaction in the Outer West region was a modern facility property located at **29B Davis Road, Wetherill Park**. The industrial facility owned by *Lend Lease Group* is leased by removalists *King & Wilson* on a 7 year term at a gross rent of \$134.75 psm. The freestanding 4,475 sqm building features a high clearance warehouse, refurbished office area, undercover awning, hardstand and 8 roller shutter doors. The property is located adjacent to the M4 motorway link road.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
<b>57-75 Templar Road, Erskine Park NSW 2579</b>	\$110	\$601,260 Net	5,466	DEXUS	Icehouse Logistics	6	May-15
<b>24 Coz Place, Glendenning NSW 2761</b>	\$95.00	\$332,500 Gross	3,500	De Bortoli Wines	By Dezign	5	Apr-15
<b>35 Britton Street, Smithfield NSW 2164</b>	\$98.00	\$125,342 Net	1,279	C Neil & Cuschieri	TJ Andrews	5	Jun-15
<b>324-336 Woodpark Road, Smithfield NSW 2164</b>	\$105.00	\$456,015 Gross	4,343	undisclosed	Prestige Australia	3	Jun-15
<b>801 Tyrone Place, Erskine Park NSW 2759</b>	\$67.00	\$806,144 Net	12,032	Fife Capital	SCT Logistics	5	Jun-15
<b>1 Old Wallgrove Road, Eastern Creek NSW 2766</b>	Pre-commitment		58,225	Goodman Group	DHL Supply Chain	10	Jun-15
<b>29B Davis Road, Wetherill Park NSW 2164</b>	\$134.74	\$602,966 Gross	4,475	Lend Lease	King & Wilson	7	Jul-15
<b>28A Chifley Street, Smithfield NSW 2164</b>	\$127.50	\$244,162.50 Gross	1,915	A & J Packaging	Asset Group Solutions	5	Sep-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 June 2015.

The most significant sale in the South Sydney region was the purchase of the logistics facility located at **154 O'Riordan Street, Mascot**. JKN Park purchased the **DB Industrial Estate** from DEXUS Projects for **\$32 million**. The freehold property has 3 buildings on the 14,250 sqm site and includes 130 on-site car spaces. The property has a net lettable area of 8,157 sqm warehouse and office space across all 3 buildings. The property is located 2km north of the Sydney Kingsford Smith Airport and about 5km north-west of Port Botany.

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

The most significant rental transaction in the South Sydney region was located at **1-3 Ricketty Street, Mascot**. PHD Creative leased the 1,022 sqm warehouse on a gross rent of \$224 psm, reflecting \$228,928 p.a. PHD will lease the industrial facility on a 5 year term.

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

The most significant transaction in the South West region was the sale of *Fairfax Media* purpose built print site at **Worth Street, Chullora**, sold to *Charter Hall's Core Plus Industrial Fund* for **\$45 million**. The 37,600 sqm building on over 10 hectare site was sold vacant in possession to Charter Hall and is likely to be redeveloped.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
<b>36 Mavis Street, Revesby NSW 2212</b>	\$5,600,000	Apr-15	VP	undisclosed	BN Revesby PT Pty Ltd	4,655
<b>90 Ashford Avenue, Milperra NSW 2214</b>	\$10,000,000	May-15	N/A	Tsolon Investments	a.hartrodt	20,210
<b>186-190 Kingsgrove Road, Kingsgrove NSW 2208</b>	\$7,300,000	Jun-15	N/A	Alpha Pty Ltd	Danjess Pty Ltd	6,710
<b>373 Horsley Park Road, Milperra NSW 2214</b>	\$10,625,000	Jun-15	6.77%	GDI No. 38 Diversified Property Trust	private investor	9,314
<b>12 Birmingham Street, Villawood NSW 2163</b>	\$7,500,000	Jul-15	6.56%	Hit Management	Bae Corp Nominees	6,591
<b>3-5 Birmingham Avenue, Villawood NSW 2163</b>	\$9,900,000	Jul-15	VP	Woodland Properties Australia	Pels	8,894
<b>66 Christina Road, Villawood NSW 2163</b>	\$9,200,000	Aug-15	VP	Abacus Property Group	private investor	19,051
<b>17-23 Bryant Street, Padstow NSW 2211</b>	\$7,500,000	Aug-15	N/A	Kassira	undisclosed	7,972
<b>Worth Street, Chullora NSW 2190</b>	\$45,000,000	Aug-15	VP	Fairfax Media	Charter Hall Core Plus Industrial Fund	37,600

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 September 2015.

The most significant rental transaction in the South West region was **62 Heathcote Road, Moorebank**. The 1,971 sqm warehouse was leased to *Evolution Traffic Control* at rate of \$130 psm net rent. Evolution will lease the site on a 5 years with options. The property includes three container-height roller shutters, undercover awning, office space and staff amenities across two levels. It has 4,975 sqm of hardstand area and also has two truck wash bays.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
<b>28B Williamson Road, Ingleburn NSW 2565</b>	\$86.25	\$260,000 Net	3,015	Combell Nominees	Multipack	3 + 3	Apr-15
<b>51 Heathcote Road, Moorebank NSW 2170</b>	\$130.00	\$646,750 Net	4,975	Brieley	Evolution Traffic Control	5	Jun-15
<b>10 Centenary Avenue, Morrebank NSW 2170</b>	\$127.00	\$123,190 Gross	970	Siafakas & Fascolas	Hellas Europe Australia	3 + 3	Aug-15
<b>36 Stennett Road, Ingleburn NSW 2565</b>	\$102.00	\$116,280 Gross	1,140	Fellows and Walsh	Katrina Trading Company	3	Sep-15
<b>71A Milperra Road, Revesby NSW 2212</b>	\$113.00	\$124,752 Gross	1,104	L & R Investments	Dazmac International	5	Sep-15

Table 11 —South West Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM

## 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 September 2015.

## Land Sales

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

The only recorded land sales in Sydney was the sale of a 1.2 ha land parcel located at **449 Victoria Street, Wetherill Park** in the Outer West industrial region. The purchaser bought the industrial site from the *ABBCA Investments* for **\$4.65 million** and plan to develop the serviced industrial land into a mix-use development.

ADDRESS	SALE PRICE	RATE /SQM	AREA (SQM)	VENDOR	PURCHASER	SALE DATE
<b>449 Victoria Street, Wetherill Park NSW 2164</b>	\$4,650,000	\$379.59	12,250	ABBCA Investments	undisclosed	Jul-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 September 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
66 Glendenning Road, Glendenning	\$ 19,170,000	Apr-15	7.73%	DEXUS Property Group	Investec Australia Property Fund	16,461
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
19 Military Road, Matraville	\$19,000,000	May-15	10.00%	Indigenous Business Australia	EG Funds Management	13,000
609 Harris Street, Ultimo	\$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 7.1% in the six months to September.

### Sales Information

The largest sales transaction that was recorded below \$20 million in the September quarter was the sale of **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.

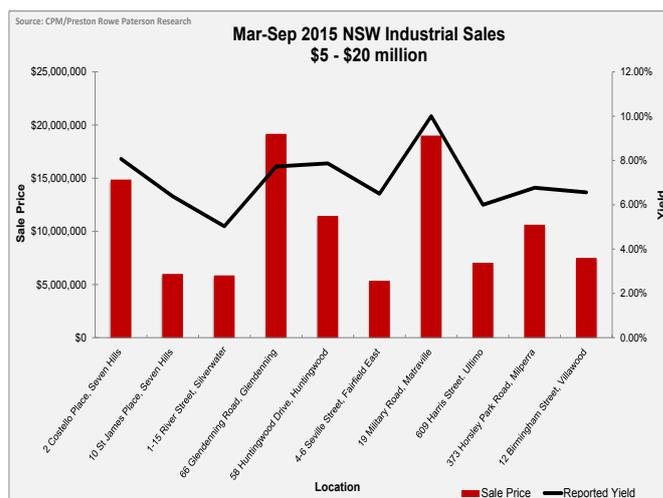


Chart 9 – Jan-Jun 2015 NSW Industrial Sales \$5 million to \$20 million - Source - Preston Rowe Paterson Research/CPM

## \$20 million and Over

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

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
15-19 Berry Street, Granville	\$65,000,000	Aug-15	13.85%	GPT Group	Toplace	29,600
300 Victoria Street, Wetherill Park	\$ 33,000,000	Apr-15	10.61%	GWA Group	Charter Hall Core Plus Industrial Fund	40,955
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

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 9.55%.

### Sales Information

The one of transactions recorded in the September quarter was the Stockland purchase of a 4.3 ha industrial site at **23 Wonderland Drive, Eastern Creek**. Stockland bought the 23,000 sqm warehouse and distribution centre for **\$34 million** in an off the market sale on an initial yield of 8%. The property comprise of a 16,485 sqm high clearance warehouse and a 5,015 sqm freight terminal suitable for a cross docking style facility and two levels of office space. The property was purchased with a short term lease in place.

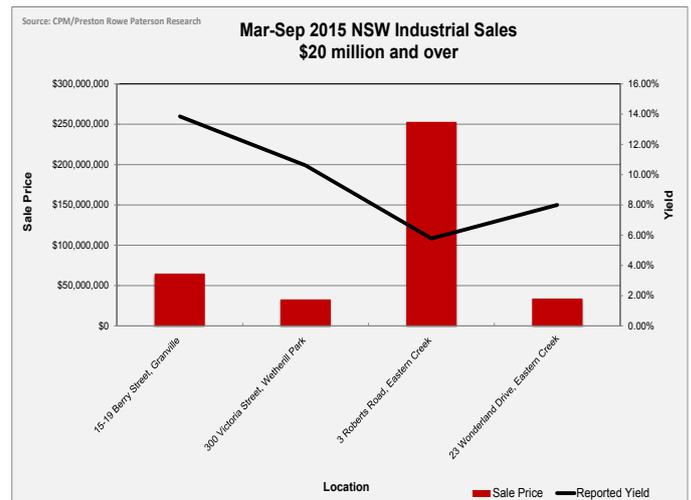


Chart 10 – Jan-Jun 2015 NSW Industrial Sales \$5 million to \$20 million - Source Preston Rowe Paterson Research/CPM



## 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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