

# Sydney *Impact* Report

## Industrial Market

### 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 between \$5million 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 Given the manner in which statistics are compiled and published they are usually 3-6 months out of date at the time we analyse them.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.

### 2014 June Quarter Update

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## Economic Fundamentals

### GDP

GDP figures for the June quarter are not available until the 3rd September 2014 however PRP Research over the March 2014 quarter revealed that the Australian economy recorded growth of 1.1% seasonally adjusted which reflected growth of 3.5% seasonally adjusted over the twelve months to March 2013.

In seasonally adjusted terms, the main contributors to GDP were Mining which increased by 8.6%, Financial and insuring services increasing by 2.8% and Construction (up 3%). Each of these industries accounted for 0.2% of the total increase in GDP.

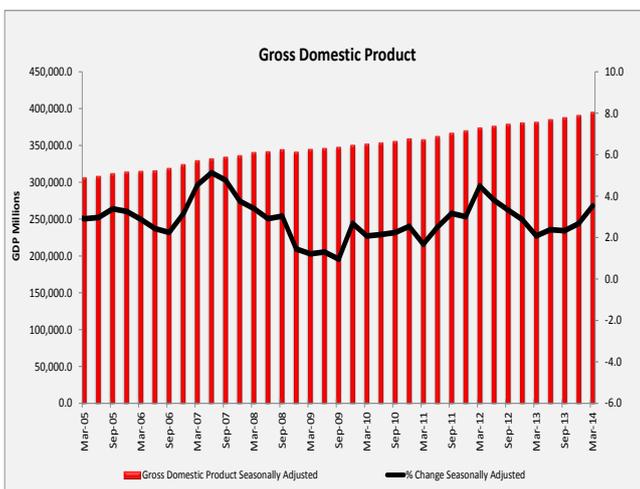


Chart 1 – Gross Domestic Product (GDP) – Source ABS

### Labour force

Over the month to June 2014, the number of unemployed people increased by 20,322 from 721,330 in May to 742,652 in June which is a percentage decline over the month of 2.82%. In comparison to June 2013, the number of unemployed people has increased by 49,772 which reflected a percentage increase of 7.2%. The national unemployment rate is 6%.

Employment over the month to June 2014 recorded an increase of 20,300 persons from 11,562,300 in May to 11,578,200 in June, a percentage increase of 0.14%. In comparison to June 2013, employment in Australia recorded growth of 100,259 reflecting a percentage increase of 0.9%.

New South Wales experienced the largest absolute increase in seasonally adjusted employment by 10,000 persons. The unemployment status in New South Wales over the June Quarter increase by 0.5% to 5.7%.

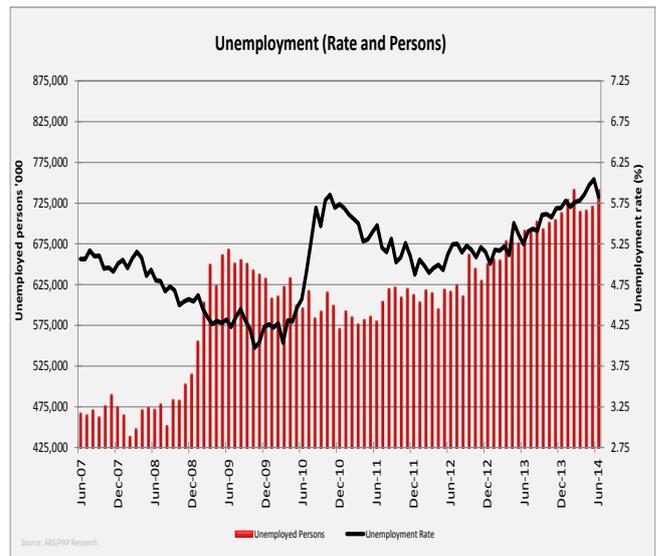


Chart 2 – Unemployment – Source ABS

### Interest Rates

As at the date of publishing, the official Cash Rate over the June quarter 2014 remained unchanged at 2.50%. The Reserve Bank of Australia's Media Release for July 2014, released 1st July 2014 explained that;

*"In Australia, recent data indicate somewhat firmer growth around the turn of the year, but this resulted mainly from very strong increases in resource exports as new capacity came on stream; smaller increases in such exports are likely in coming quarters. Moderate growth has been occurring in consumer demand. A strong expansion in housing construction is now under way. At the same time, resources sector investment spending is starting to decline significantly. Signs of improvement in investment intentions in some other sectors are emerging, but these plans remain tentative as firms wait for more evidence of improved conditions before committing to significant expansion. Public spending is scheduled to be subdued. Overall, the Bank still expects growth to be a little below trend over the year ahead."*

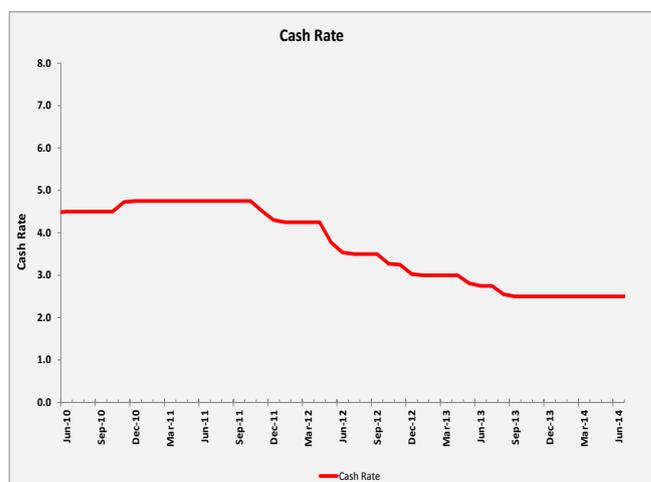


Chart 3 – Cash Rate – Source RBA

## Bond Market

### 10 Year Bond & 90 Day Bill Rate

In the twelve months to June 2014, the 10 Year Bond Rate has increased by 16 basis points to 3.70%. Conversely, the 90 Day Bill Rate has declined by 10 basis points from 2.80% to 2.70%. Over the June 2014 quarter, 10 Year Government Bonds recorded a steady decline of 40 basis points from 4.10%.

The 90 Day Bill Rate recorded a steady increase over the June quarter by 4 basis points. Year on year analysis has revealed that the 90 Day Bill Rate has declined a total of 10 basis points since June 2013.

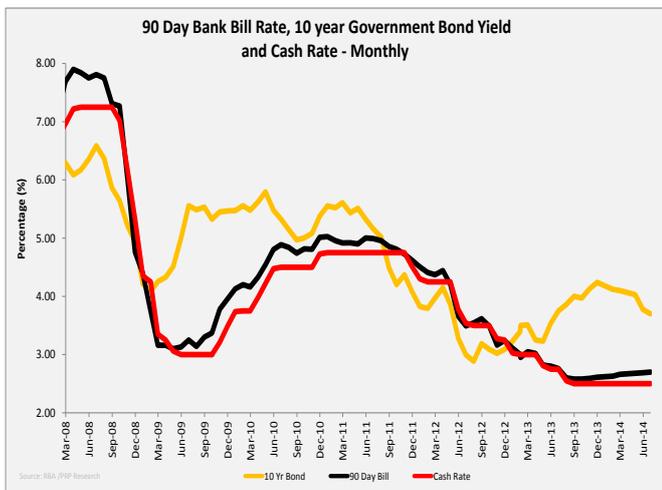


Chart 4 –90 Day Bill, 10 year bond and cash rate - MONTHLY – Source RBA

Analysis of 10 Year Government Bonds has revealed an increase of 16 basis points over the month of June 2014 with the 10 year bond rate currently at 3.88%. 90 day bill rates remained relatively no changes over the month of June at 2.69%. The changes in both 10 year bonds and the 90 day bill rate reflect a yield spread of 100 basis points.

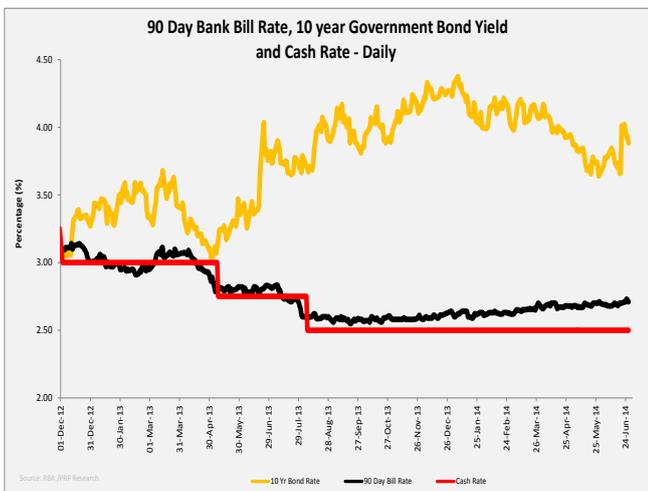


Chart 5 –90 Day Bill, 10 year bond and cash rate – DAILY – Source RBA

## CPI

According to the Australian Bureau of Statistics (June 2014), the Australia’s All Groups CPI increased by 0.5% over the quarter to June 2014 from 105.4 to 105.9. The annual CPI change to June 2014 recorded a growth of 3%.

The insurance and financial services group remain unchanged over the June quarter 2014, however, there was recorded growth in financial services (0.6%) which was offset by the decline in insurance (-1.3%).

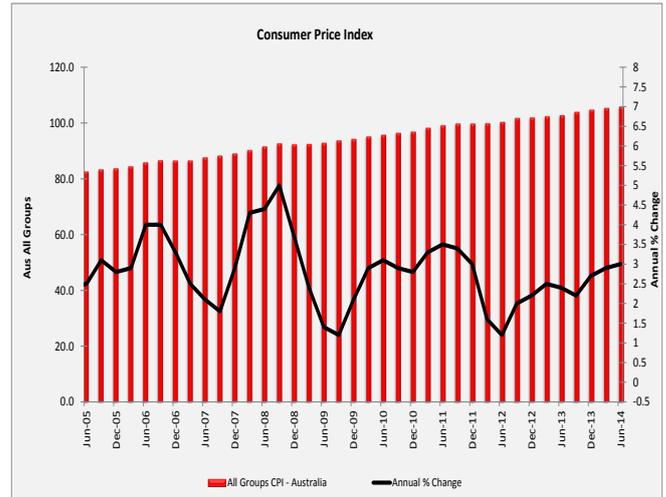


Chart 6– Consumer Price Index—Source—ABS

## Consumer Sentiment

The Westpac Melbourne Institute of Consumer Sentiment Index increased by 0.3% in June from 92.9 index points in May to 93.2 index points in March. Over the quarter the index has declined by 6.3 points, a decline of 6.33%. Over the twelve months to June the index declined by 9 index points, reflecting a percentage decline of 8.79%.

The Index has risen from its lowest in May and is expected to continue to do so. Westpac’s Senior Economist, Matthew Hassan stated; “Sentiment has stabilised after registering a sharp fall in the wake of the Federal Budget last month. The Index is still in firmly pessimistic territory however, down 6.6% from its pre-Budget level in April and 15.6% below its post-election high in November last year”.

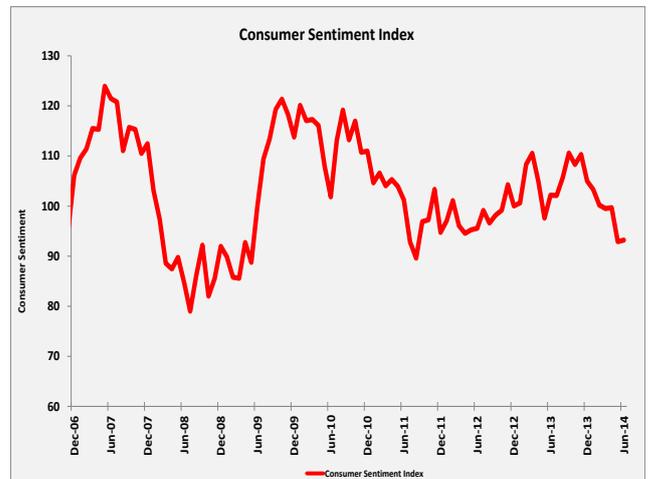


Chart 7– Consumer Sentiment Index – Source - Westpac—Melbourne Institute Survey



## Industrial Market—Economic Statistics

Data and information from the National Australia Bank Quarterly Australian Commercial Property Survey: Q1 2014 has been analysed to derive at the following findings; capital values increased by 0.8% for industrial property in the March quarter of 2014, is expected to grow further in 1 & 2 years of 1.9% and 3.6% respectively.

Industrial market rents grew 0.1% over the March quarter of 2014, however over the next year industrial rents are expected to increase to 1%. Over the next 2 years industrial rents are expected to improve to a 1.9%. Leasing incentive is had grew slightly higher over the year to March quarter 2014.

Supply conditions in the NSW industrial property market were considered strong, forecasting an undersupply of industrial space in the next 5 years.

Over the March quarter 2014, the NAB Industrial Property Index is -1 which was an increase of 3 index points since December quarter 2013 index points, ahead of its long term average of -14. Over the next year, the industrial property index is expected to rise to +37 points and in 2 years to +56 points. Showing that property professionals are expecting industrial conditions to 'emerge as the most optimistic segment in the market'.

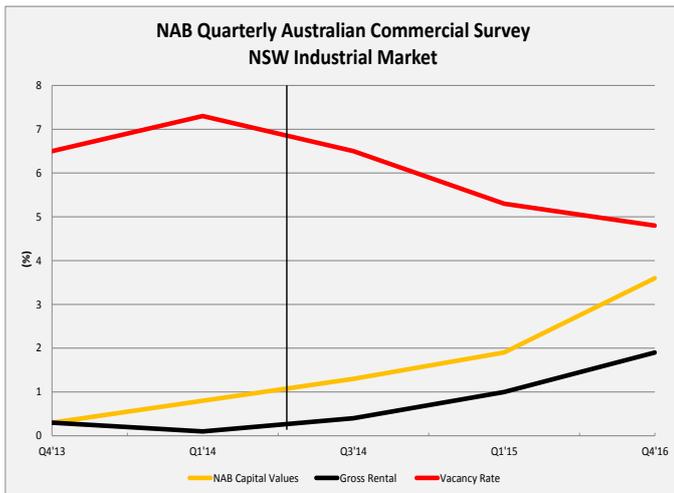


Chart 4 – NSW Industrial Market Expectations - Source NAB

# Industrial Property Market

## North Shore Region

PRP 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 Kuring-gai, St Leonards, Thornleigh, Warringah and Willoughby**

### Building/Investment Sales

The North Shore market had been relative stable in investment sales where there has been no of significant sales greater than \$5 million, in the region over six months to June 2014.

Many small purchases in the North Shore were owner occupiers and private investors.

### Rentals

The following table displays reported leasing transactions which occurred over six months to June 2014.

The observed rental market in the North Shore has the highest overall rental averaging between \$133 to \$210 psm for both primary and secondary assets. There was a demand for medium sites, less than 5,000 sqm, in the North Shore, particularly in the Gateway Estate at Mount Kuring-gai. Lack of supply for large spaces had driven some tenants to look to the West.

The most significant rental transaction in the North Shore region over six months to June was a **2,634 sqm** office and warehouse **Units 1 and 2 at 25 Frenchs Forest Road, Frenchs Forest**. The property was leased by medical devices and service provider DJO Global at a **gross rental of \$210 psm**, reflecting **\$553,246 p.a.**

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	LEASE DATE
Unit 1 & 2 Allambie Grove, 25 Frenchs Forest Road, Frenchs Forest NSW 2086	\$210	\$553,246 Gross	2,634	LIF	DJO Global	3	Jan-14
Unit B Gateway Estate, 7-15 Gundah Road, Mount Kuring-gai NSW 2080	\$120	\$240,000 Net	2,000	Industrial Parks of Auastralia Pty Ltd	HB Commerce	2	Jun-14
22-24 Beaumont Road, Mount Kuring-gai NSW 2081	\$133	\$416,290 Net	3,130	Industrial Parks of Auastralia Pty Ltd	Baden P Morris Pty Ltd	5	Jan-14
6/7 Jubilee Street, Warriewood NSW 2102	\$150	\$162,450 Net	1,083	Australia Post	Fernco Australia	3 +3	Apr-14
95 Reserve Rd, Artarmon NSW 2064	\$94	\$174,370 Gross	1,855	Health Administration Corporation	Dragon Plasterboard Supplies Pty Ltd	3	Apr-14
2-6 Waltham St, Artarmon NSW 2064	\$171	\$36,713 Net	215	Greenland Properties	Dugg Online	5 + 5	Feb-14
Unit 8, 372 Eastern Valley Way, Chatswood NSW 2067	\$195	\$133,263 Net	683	n/a	Undisclosed	4	Feb-14
1-7 Short St, Chatswood NSW 2067	\$188	\$60,160 Net	320	Classi Handbags Pty Ltd Superannuation	S & B Gourmet Foods Pty Ltd	3 + 3	Apr-14

Table 4—North Shore Building/Investment Rentals—Source PRP Research/CPM

## North Western Region

PRP 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

There has been no record of significant sales, over \$5 million, in the North Western industrial region over six months to June 2014.

The demand for industrial space in the North West is likely to grow as it was cited as a 'growth area' by the government in the infrastructure plans of the 2014-25 NSW Budget. Construction of the IKEA site on Richmond Road just off the M7, has begun, causing many to speculate that Marsden Park is the new 'go-to' industrial area. The new 28,500 sqm IKEA is situated alongside Bunnings, Masters, Costco, McDonalds and Shell service station. There will also be an upgrade to the Richmond Road stretching from Blacktown to Hawkesbury.

### Rentals

The following table displays reported leasing transactions which occurred over six months to June 2014.

The rental market in the North West region has remained relatively stable in the past six months to June. There has been few significant leases signed to industrial properties over 1,000 sqm. The Macquarie Park had remained a strong candidate in the past six months due to government labelling as a 'growth centre'. The observed market rents for North West industrial region ranges from \$110 to \$270 psm with Macquarie Park.

The most significant rental transaction in the North West region six months to June was a **2,255 sqm** office (1,532 sqm) and warehouse (723 sqm) facility at **68 Waterloo Road, Macquarie Park**. The property was leased by Pitney Bowers at a **net rental of \$295 psm (office) and \$140 psm (warehouse)**, reflecting a total net annual of **\$553,160**.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	LEASE DATE
Unit 19/ 167 Prospect Highway, Seven Hills NSW 2147	\$110	\$244,340 Net	2,215	private investor	Flowserve	20	Jun-14
4 Talavera Road, Macquarie Park NSW 2113	\$270	\$343,440 Net	1,272	private investor	Marquet Australia	8	Apr-14
68 Waterloo Road, Macquarie Park NSW 2113	\$295 Office \$140 Warehouse	\$553,160 Total Net	1,532 Office 723 Warehouse	GJS Property	Pitney Bowers	5	Mar-14

Table 2—North West Building/Investment Rentals—Source PRP Research/CPM

## Central West Region

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

### Building/Investment Sales

The following table displays reported building/investment sales transactions over \$5 million which occurred over six months to June 2014.

The Central West region has been relatively active in the sales of large industrial spaces, however, competition for smaller spaces in the Silverwater and Rydalmere areas were higher amongst investors.

The most significant transaction in the North Shore region over six months to June was a **34,293 sqm** office and warehouse complex at **10-16 South Street, Silverwater**. The property was sold for **\$43.25 million** on a **yield of 8.00%** and reflects a **rateper sqm of \$1,261**.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
<b>300 Parramatta Road, Auburn NSW 2144</b>	\$21,000,000	Mar-14	-	private investor	Altis Property Partners	10,000
<b>42 Birnie Avenue, Lidcombe NSW 2141</b>	\$12,200,000	Apr-14	VP	TH & TH Chung	private investor	8,070
<b>138 Silverwater Road, Silverwater NSW 2128</b>	\$2,640,000	Jun-14	-	Regfran Holdings Pty Ltd	Tucker Holdings	1,900

Table 5—Central West Building/Investment Sales—Source PRP Research/CPM

### Rentals

The following table displays reported leasing transactions which occurred over six months to June 2014.

The rental market in the Central West region has remained somewhat stable in the past six months to June. There has been a few significant leases signed to industrial properties over 1,000 sqm. The observed market rents for Central West industrial region ranges from \$25 to \$135 psm.

The most significant rental transaction in the Central West region over six months to June was a **11,962 sqm** warehouse complex at **Building D 11 Shirley Street, Rosehill**. The property was leased by The Winning Group at a **net rental of \$117 psm**, reflecting **\$1,399,554 p.a.**

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	LEASE DATE
<b>Unit 4/ 35 Carter Street, Homebush NSW 2127</b>	\$110	\$196,240 Net	1,784	-	R & D Sport	5	Apr-14
<b>64-68 Cosgrove Road, Strathfield NSW 2135</b>	\$25	\$240,625 Net	9,625	-	Canterbury Timbers and Building Supplies	7 + 5	May-14
<b>3-29 Birnie Avenue, Lidcombe NSW 2141</b>	\$135	\$1,170,450 Net	8,670	-	Booktopia	-	Mar-14
<b>Building D 11 Shirley Street, Rosehill NSW 2142</b>	\$117	\$1,399,554 Net	11,962	-	The Winning Group	-	Apr-14

Table 6—North Shore Building/Investment Rentals—Source PRP Research/

## Outer West Region

PRP 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 building/investment sales transactions over \$5 million which occurred over six months to June 2014.

Investment activity in the Outer West region had remained rather active over six months to June. The Outer West is very appealing to investors due to strong tenant interests in the area because of the expansion of satellite city Penrith and news of a feasibility study for the M9 outer Sydney orbital connecting the South West to Outer West.

The most significant transaction in the Outer West region over six months to June was a **26,450 sqm** warehouse complex at **28 Percival Road, Smithfield**. The property was sold for **\$19.2 million on 9.60% yield**.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
<b>30-32 Bessemer Street, Blacktown NSW 2148</b>	\$16,625,000	Jun-14	8.57%	Dexus Property Group	Prime Super	14,652
<b>24-32 Forge Street, Blacktown NSW 2148</b>	\$6,690,000	Apr-14	VP	Aaxis Pacific Pty Ltd	Hardware & General Pty Ltd	6,713
<b>10 Kילו Crescent, Glendenning NSW 2761</b>	\$5,825,000	Mar-14	-	-	Fatidan	5,700
<b>28 Percival Road, Smithfield NSW 2164</b>	\$19,200,000	Dec-13	9.60%	The Trust Company Ltd	Gm Property Group Syndication Pty Ltd	26,450
<b>405-407 Victoria Street, Wetherill Park NSW 2164</b>	\$12,750,000	Apr-14	9.28%	Sumy (Tesrol)	Altis Property Partners	12,323

Table 7—Outer West Building/Investment Sales—Source PRP Research/CPM

### Rentals

The Outer West industrial rent ranges from \$70-\$122 psm for both primary and secondary assets was observed. The leasing market had remained strong over the past 6 months with growing interests in Glendenning.

The most significant rental transaction in the Outer West region over six months to June 2014 was a **4,400 sqm** office and warehouse complex at **2 Glendenning Road, Glendenning**. The property was leased by Good Living Global at a **net rental of \$110 per sqm**, reflecting **\$484,000**

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	LEASE DATE
<b>6 Wonderland Drive, Eastern Creek NSW 2766</b>	\$122	\$418,948 Net	3,434	-	BAM Wine Logistics	-	Feb-14
<b>2 Glendenning Road, Glendenning NSW 2761</b>	\$110	\$484,000 Net	4,400	GroMarket Logistics	Good Living Global	15 month	Apr-14
<b>Bungarribee Industrial Estate, 72 Huntingwood Drive, Huntingwood NSW 2148</b>	\$118	\$956,450 Net	8,140	Goodman Group	Beaumont Tiles	10	Jan-14
<b>21 Tarlington Place, Smithfield NSW 2164</b>	\$105	\$252,000 Goss	2,400	-	Kitchenware Direct	-	May-14

Table 8—Outer West Building/Investment Rentals—Source PRP Research/CPM

## South Sydney Region

PRP 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 building/investment sales transactions over \$5 million which occurred over six months to June 2014.

The supply of large industrial sites are becoming a rarity as many developers are buying in the South Sydney industrial region with the purpose of converting the older styled industrial buildings to residential apartments. The South Sydney industrial demand seems to be losing out to the Western regions.

The most significant transaction in the South Sydney region over 2013 was a **14,600 sqm** industrial complex at **904 Bourke Street, Waterloo**. The property was sold for **\$46.8 million** with the intention to redevelop as a residential tower.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
118 Bourke Road, Alexandria NSW 2015	\$19,000,000	Feb-14	7.50%	Parangool Pty Ltd	private investor	10,214
76 Beauchamp Road, Banksmeadow NSW 2036	\$11,800,000	Dec-13	8.10%	Kingsmede	Tipalea Partners	6,600
104 Vanessa Street, Kingsgrove NSW 2208	\$12,625,000	Jun-14	9.06%	Dexus Wholesale Property Fund	Prime Super	7,121
133 Vanessa Street, Kingsgrove NSW 2208	\$14,850,000	Feb-14	-	AMP Capital Investors	private investor	13,034
1-3 Ricketty Street, Mascot NSW 2020	\$14,500,000	Mar-14	-	-	private investor	11,470
30-34 Ricketty Street, Mascot NSW 2020	\$5,100,000	Feb-14	-	Ricketty Street Pty Ltd	private investor	2,405
50-86 Dunning Avenue, Rosebery NSW 2018	\$18,000,000	Jun-14	-	Trident Real Estate Capital	Chinese developer	5,000
904 Bourke Street, Waterloo NSW 2017	\$46,800,000	Jan-14	-	private investor	JQZ Pty Ltd	14,600
890-898 Bourke Street, Waterloo NSW 2017	\$24,500,000	Jun-14	-	The Proprietors of SP 36360	-	5,290

Table 9 —South Sydney Building/Investment Sales—Source PRP Research/CPM

### Rentals

The following table displays reported leasing transactions which occurred over six months to June 2014.

The rental market of significant leases remained relatively stable in the South region due to the limited supply. The market was driven by tenants leasing smaller spaces. The observed rental rates ranged from \$90-\$190 psm for both primary and secondary assets.

The most significant rental transaction in the South Sydney region over six months to June was a **1,293 sqm** industrial unit at **73 Beauchamp Road, Matraville**. The property was leased by Ferag Australia at a **net rental of \$145 per sqm**, reflecting **\$187,485 p.a.**

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	LEASE DATE
73 Beauchamp Road, Matraville NSW 2036	\$145.00	\$187,485 Net	1,293	Tipalea Property Fund No.12 Pty Ltd	Ferag Australia	7	Feb-14

Table 10 —South Sydney Building/Investment Rentals—Source PRP Research/CPM

## South West Region

PRP 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 building/investment sales transactions over \$5 million which occurred over six months to June 2014.

The observed number of sales and leases in the South West region had dominated the Sydney industrial market. There was an ongoing growth and interests in investment sales in the South West region because of the future expansion of satellite city Campbelltown. The news of wide-spread upgrades to the surrounding infrastructures, M9 and the Camden Valley Way, were an extra incentive for investors to choose the South West region.

The most significant transaction in the South West region over 2013 was a **43,442 sqm** distribution centre at **4 Inglis Road, Ingleburn**. The property was sold for **\$34.35 million** on a **yield of 13.59%** and reflects a **rate per sqm of \$791**.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
<b>1 Inglis Road, Ingleburn, NSW 2565</b>	\$13,800,000	Mar-14	11.59%	AMP Capital Property Nominees Ltd	Quinessential Equity	9,928
<b>184 Milperra Road, Revesby NSW 2212</b>	\$13,950,000	Jan-14	8.36%	196 Milperra Rd Pty Ltd	private investor	24,086
<b>42 Airds Road, Minto NSW 2566</b>	\$12,600,000	May-14	7.66%	Hyperion Property Syndicates Ltd	The Trust Company (Australia) Ltd	10,766
<b>10-12 Avalli Road, Prestons NSW 2170</b>	\$5,585,000	Jun-14	-	JLAB Investments	private investor	8,000

Table 11 —South West Building/Investment Sales—Source PRP Research/CPM

### Rentals

The following table displays reported leasing transactions which occurred over six months to June 2014.

Tenants demand for larger industrial warehouse and facilities had been one of the driving forces behind the development and sales in the South West region. Another reason was that the observed rental rates were lower than elsewhere ranging between \$65-\$120 psm for both primary and secondary assets.

The most significant rental transaction in the South West region over six months to June was a **9,928 sqm** distribution centre at **1 Inglis Road, Ingleburn**. The property was leased by Schnieder Electric (Australia) at a **net rental of \$90 per sqm**, reflecting **\$893,520 p.a.**

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	LEASE DATE
<b>9B 81-85 Roberts Road, Chullora NSW 2190</b>	\$100.00	\$118,900.00	1,189	Goodman Group	International Framework	3	Feb-14
<b>1 Inglis Road, Ingleburn, NSW 2565</b>	\$90.00	\$893,520 Net	9,928	AMP Capital Property Nominees Ltd	Schnieder Electric (Australia)	3	Feb-14
<b>38-46 Bernera Road, Prestons NSW 2170</b>	\$125 - \$130	\$100,000 - \$104,000	8,000	-	Salmat Mediaforce	10	Feb-14
<b>66-68 Jemma Road, Prestons NSW 2170</b>	\$115.00	\$615,825 Net	5,355	-	Western Pet Foods	5	Jan-14
<b>62 Marigold Street, Revesby NSW 2212</b>	\$88.00	\$405,944 Net	4,613	Terahill Pty Ltd	Australian Ports NSW Logistics	5 + 5	Jan-14

Table 12 —South West Building/Investment Rentals—Source PRP Research/CPM

## Southern Shire Region

PRP 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 has been sluggish in the past six months that there had been no record of significant sales or leases in the region over six months to June 2014.

## Land Sales

Significant industrial land sales in the past 6 months to June was centred in the Outer West of the Sydney industrial regions.

The following table displays reported leasing transactions which occurred over six months to June 2014, including December 2013 sales.

There is a high demand for industrial land in the Outer West region of Sydney due to the lack of large industrial development sites in South Sydney and Central West industrial regions. Many industrial properties that were purchased in South Sydney and Central West regions had DA approvals or plans to redevelop the site into a residential apartment.

Many major tenants had leased larger industrial facilities and estates, particularly in the Outer West region which is closely located to major distribution routes. Relatively high competition for large parcel of land between institutional developers had driven up the demand for large development sites in the Outer and South West regions.

ADDRESS	SALE PRICE	RATE /SQM	AREA (SQM)	VENDOR	PURCHASER	SALE DATE
<b>Lot 2 Lamb Street, Glendenning NSW 2761</b>	\$4,980,000	\$250	19,900	private investor	private investor	Mar-14
<b>21 Lamb Street, Glendenning NSW 2761</b>	\$1,695,000	\$167	10,150	RTA	Earthworks	Mar-14
<b>52 Quarry Road, Erskine Park NSW 2759</b>	\$4,240,000	\$215	19,700	CSR	Fife	Dec-13
<b>60 Wallgrove Road, Eastern Creek NSW 2766</b>	\$55,050,000	\$252	218,600	private investor	Mirvac Group	Dec-13

Table 15—Industrial Land Sales in NSW—Source PRP Research/CPM

## Investment Yield Analysis

### \$5 million and Over

Listed below are all the major reported investment transactions between \$5 million and \$20 million which have occurred over six months to June 2014 within New South Wales. From these sales, average yields have been analysed.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
30-32 Bessemer Street, Blacktown	\$16,625,000	Jun-14	8.57%	Dexus Property Group	Prime Super	14,652
28 Percival Road, Smithfield	\$19,200,000	Dec-13	9.60%	The Trust Company Ltd	Gm Property Group Syndication Pty Ltd	26,450
405-407 Victoria Street, Wetherill Park	\$12,750,000	Apr-14	9.28%	Sumy (Tesrol)	Altis Property Partners	12,323
118 Bourke Road, Alexandria	\$19,000,000	Feb-14	7.50%	Parangool Pty Ltd	private investor	10,214
76 Beauchamp Road, Banksmeadow	\$11,800,000	Dec-13	8.10%	Kingsmede	Tipalea Partners	6,600
104 Vanessa Street, Kingsgrove	\$12,625,000	Jun-14	9.06%	Dexus Wholesale Property Fund	Prime Super	7,121
1 Inglis Road, Ingleburn	\$13,800,000	Mar-14	11.59%	AMP Capital Property Nominees Ltd	Quinessential Equity	9,928
184 Milperra Road, Revesby	\$13,950,000	Jan-14	8.36%	196 Milperra Rd Pty Ltd	private investor	24,086
42 Airds Road, Minto	\$12,600,000	May-14	7.66%	Hyperion Property Syndicates Ltd	The Trust Company (Australia) Ltd	10,766

Table 15—\$5 million to \$20 million Sales—Source PRP Research/CPM

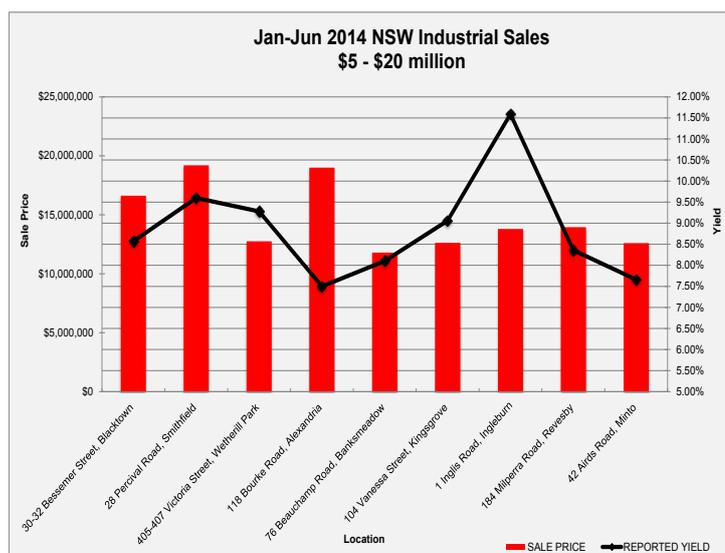


Chart 9 – Jan-Jun 2014 NSW Industrial Sales \$5 million to \$20 million—  
Source PRP Research/CPM

### Yield Analysis

According to the displayed investment sales above, PRP Research had observed the average yield of industrial property at approximately 8.86%. Observed yields ranged from 7.50% for an 10,214 sqm warehouse and office property in Alexandria to 11.59% for a 7,121 sqm warehouse and office property in Kingsgrove.

### Sales Information:

PRP Research had observed that over six months to June 2014, there were many significant industrial transactions recorded with several companies purchasing more than one property.

Aviva Investors was the most active, purchasing two properties in June 2014 on behalf of Prime Super. One property was in Blacktown and the other in Kingsgrove.

The largest transaction recorded was the purchase of an industrial facility at **28 Percival Road, Smithfield** which was purchased by GM Property Group Syndication Pty Ltd for a reported **\$19.2 million**. The **26,450 qm** industrial complex is situated on a 5.51 hectare parcel of land which reflects a building rate of **\$725.90 psm**.

## 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 including airports and port facilities

## 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 or 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 & re-valuations
- 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

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## Capital City Offices

Adelaide

Brisbane

Hobart

Melbourne

Sydney

## Regional Offices

Albury Wodonga

Ballarat

Bendigo

Cairns

Central Coast/Gosford

Geelong

Gold Coast

Gippsland

Griffith

Horsham

Mornington

Newcastle

Wagga Wagga

Warrnambool

## Relationship Offices

Canberra

Darwin

Perth

Other regional areas