



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

®  
International Property Consultants

# Sydney Impact Report

## Industrial Market

### IMPROVEMENT ON INDUSTRIAL MARKET

The Sydney industrial market's performance in first quarter of 2016 has slowed down compared to the same quarter in 2015. This was particularly noticeable in the lower number of sales transactions and leases outside of the western Sydney industrial regions. Although the number of transactions decreased, the average sales price per square metre increased; the March quarter 2016 revealed an average sales price of \$1,921.60 psm. The recorded transactions amounted to approximately 56,500 sqm of industrial property worth over \$87 million in the quarter.

The South West and Outer West regions continue to be attractive for investments and leases in the Sydney industrial market place. The availability of large industrial facilities and proximity to major distribution routes gives the western regions an advantage over other industrial regions. 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.

According to the NAB quarterly Australian Commercial Survey, the NSW industrial market is forecasted to improve in capital values and rents, and the industrial vacancy rate is expected to tighten throughout the year.

### March Quarter 2016 Update

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## ECONOMIC FUNDAMENTALS

### GDP

GDP figures for the March quarter 2016 are not available until the 1st June, however, over the December 2015 quarter revealed that the Australian economy recorded growth of 0.6% seasonally adjusted which reflected growth of 3% seasonally adjusted over the twelve months to December 2015.

In seasonally adjusted terms, the main industry gross value added contributors to GDP were Mining (+0.4%), Finance and insurance services (+0.4%), Construction (+0.3%), Public administration and safety (+0.3%), and Healthcare and social assistance (+0.3%). In trend terms, the largest detractor was Manufacturing (-0.2%).

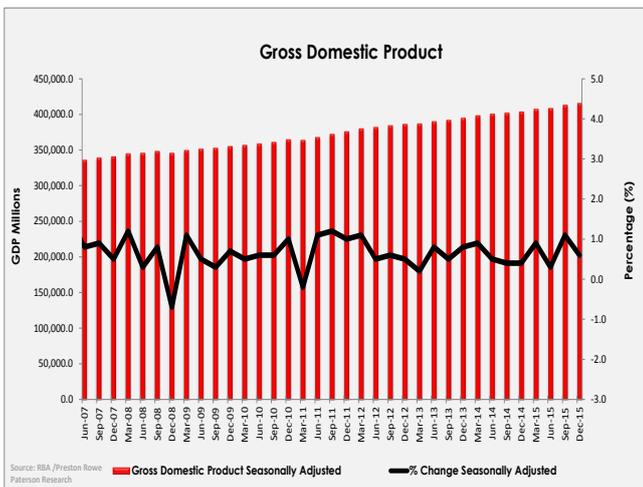


Chart 1 – Gross Domestic Product (GDP) – Source ABS

### Interest Rate Movements

As at the date of publishing, the official Cash Rate over the March quarter 2016 has remain steady at 2%. The Reserve Bank of Australia's Media Release for March 2016, released on 1st March explained that;

*"The global economy is continuing to grow, though at a slightly slower pace than expected. While several advanced economies have recorded improved growth over the past year, conditions have become more difficult for a number of emerging market economies. Commodity prices have declined very substantially over the past couple of years... The decline in Australia's terms of trade has continued... Financial markets have once again exhibited heightened volatility over recent months, as participants grapple with uncertainty about the global economic outlook and foreign policy settings among major jurisdictions... In Australia, the available information suggests that the expansion in the non-mining parts of the economy strengthened in 2015 despite contraction in spending in mining investments. This is reflected in improved labour market conditions. The pace of lending to*

*businesses also picked up. Inflation is quite low. With growth in labour costs continuing to be quite subdued as well, and inflation restrained elsewhere in the world, inflation is likely to remain low over the next year or two."*

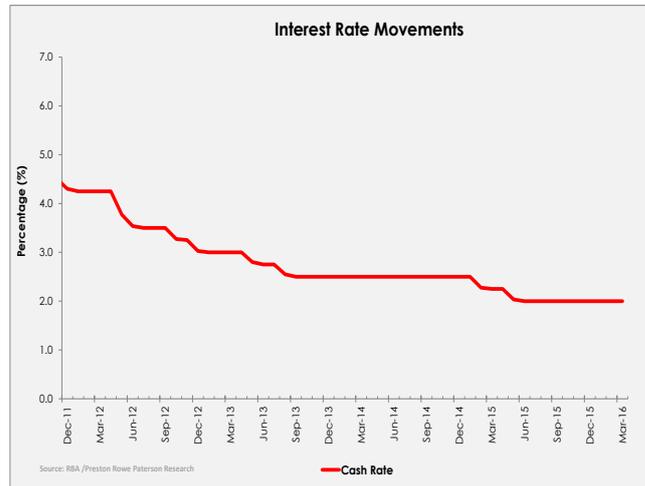


Chart 3 – Cash Rate – Source RBA

### CPI

According to the Australian Bureau of Statistics (March 2016), the Australia's All Groups CPI decreased by 0.2% over the March quarter from 108.4 to 108.2. The annual CPI change to March 2016 recorded a growth of 1.3%.

The most significant price rises over the March quarter were Pharmaceutical products (+4.8%), Secondary education (+4.6%), and Medical and hospital services(+1.6%). The greatest price fall over the quarter was attributed to are Fruit (-11.1%), Automotive fuel (-10%), and International holiday travel and accommodation (-2%).

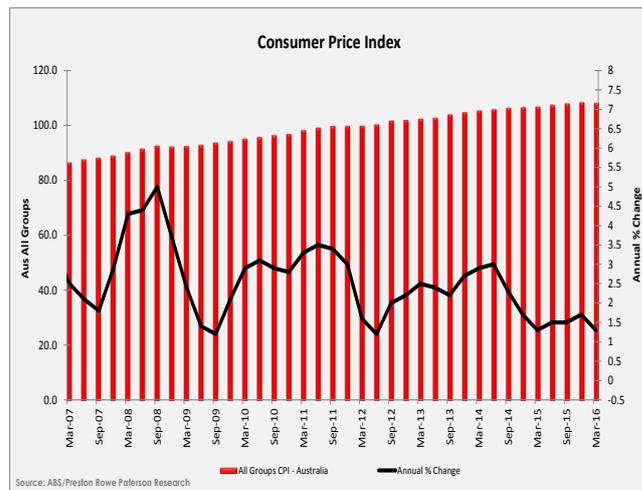


Chart 6– Consumer Price Index—Source—ABS

## 10 Year Bond & 90 Day Bill Rate

Analysis of the daily 10 Year Government Bonds has revealed a 9 basis point increase over the month of March to 2.57%. The 90 day bill rates had increased by 3 basis points to the month end of 2.31%. The changes in both 10 year bonds and the 90 day bill rate reflect a yield spread of -5 basis points.

Over the March 2016 quarter, the 10 Year Government Bonds recorded a decrease of -28 basis points from 2.85%. The 90 Day Bill Rate recorded a decline of -3 basis points over the quarter from 2.34%.

In the twelve months to March 2016, the monthly 10 Year Bond Rate has increased by 9 basis points from 2.48%. Similarly, the monthly 90 Day Bill Rate rose by 1 basis point from 2.30%.

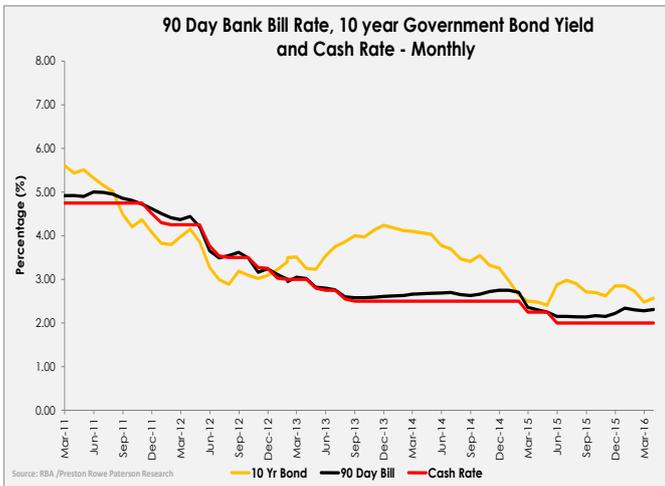


Chart 4 – 90 Day Bill, 10 year bond and cash rate - MONTHLY – Source RBA

## Consumer Sentiment

The Westpac Melbourne Institute of Consumer Sentiment Index fell by -2.2% from 101.3 index points in February to 99.1 index points in March. Over the March quarter the index has decreased by -1.7 points and recorded 0.4% annual decline.

Westpac's Economist, Bill Evans commented; "The Index is back to around its average reading over the last six months...the market volatility and unfavourable media coverage on property markets appears to have triggered a reassessment of risk preferences...risk averse preferences also saw a 4.5% increase in the proportion of respondents favoured fixed interest investments, including bank deposits with significant reductions in the proportion nominating real estate and shares...We expect growth in the Australian economy of 2.8% in 2016 with the genuine prospect for some stability in our terms of trade through the year laying a foundation for a lift in incomes and spending going into 2017."

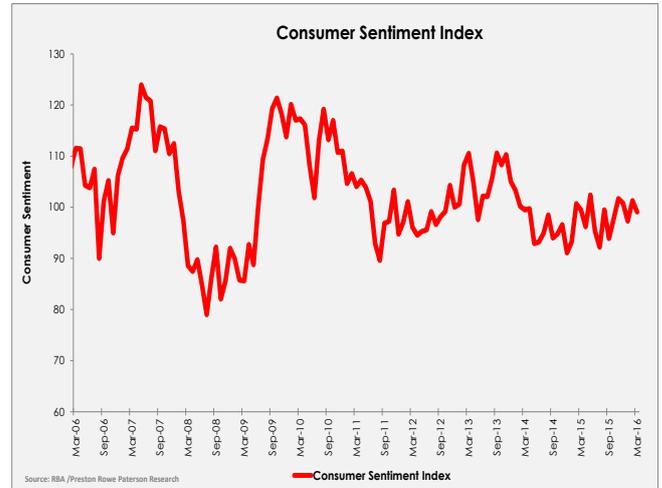


Chart 5 – Consumer Sentiment Index – Source - Westpac—Melbourne Institute Survey

## Labour force

Over the month to March 2016, the number of unemployed people has declined by 7,283 from 730,395 in February to 723,122 in March, reflecting a 1% decrease. In comparison to March 2015, the number of unemployed people had decreased by 42,903 reflecting an annual decline of -5.6%. The unemployment rate was 5.7% as at March 2016.

The number of unemployed seeking full time employment recorded a decrease in March by 7,900 to 515,900 persons. The number of unemployed seeking part time employment also decreased over the month by 1,800 to 208,400 persons.

New South Wales experienced a large absolute increase in seasonally adjusted employment by 5,794 persons to 3.783 million persons over the month of March. The unemployment status in New South Wales over the quarter increased by 0.1% to 5.3%.

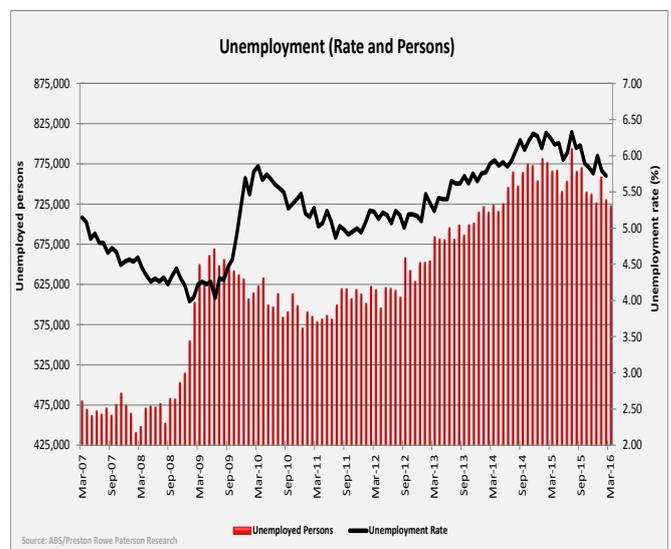


Chart 6 – Unemployment – Source ABS

## INDUSTRIAL MARKET - ECONOMIC STATISTICS

Data and information from the National Australia Bank Quarterly Australian Commercial Property Survey: Q1 2016 was analysed to derive at the following findings; industrial property capital values recorded a 1.2% growth in the March quarter. Capital values are expected to grow in 1 & 2 years time by 1.7%.

The industrial market rents in NSW has tightened over the quarter. The industrial gross rents are expected to increase in next 2 years by 1.6% and 1.5% respectively. The NSW industrial vacancy increased by 0.4% to 5.9% in the quarter. Industrial vacancy is expected to tighten over the next 1-2 years.

Supply conditions in the NSW industrial property market were considered slightly undersupplied 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 March quarter 2016, the NAB Industrial Property Index is 0 which was an decrease of -2 index points since the December quarter 2015. Over the next year, the industrial property index is expected to rise to +19 points and in 2 years to +28 points. The index showed that property professionals are expecting the NSW industrial conditions to deliver improvements and positive returns in the next few years.

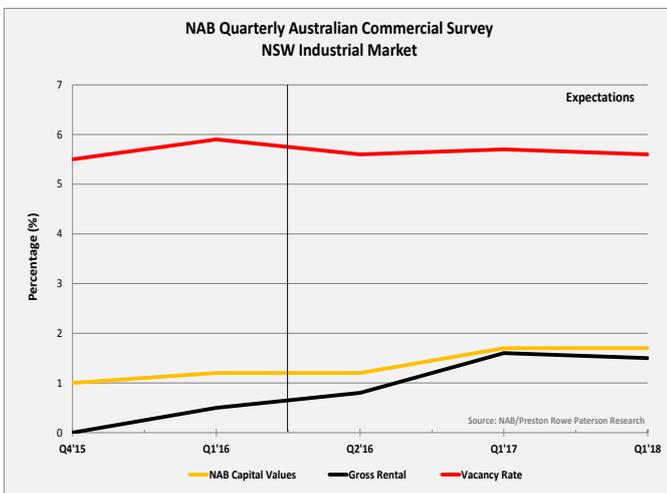


Chart 8 – NSW Industrial Market Expectations - Source NAB

## 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**

Preston Rowe Paterson did not record any significant transactions over \$5 million in the North Shore industrial market over six months to March 2016.

#### Rentals

The following table displays reported leasing transactions which occurred over six months to March 2016.

A significant leasing transaction in the March quarter was the lease of **13-15 Smith Street, Chatswood**. *Chatswood Fitness Institute* signed for a 950 sqm warehouse. It be leased on a term of 5 years on a gross rent of \$240 psm.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
<b>13-15 Smith Street, Chatswood NSW 2067</b>	\$240	\$228,000 Gross	950	Plumone	Chatswood Fitness Institute	5	Mar-16
<b>7-15 Gundah Road, Mount Ku-ring-gai NSW 2080</b>	\$125	\$179,375 Net	1,435	Propertylink	Australia Post	5+5+5+5	Mar-16

Table 1—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**.

Preston Rowe Paterson did not record any significant transactions over \$5 million in the North Western industrial market over six months to March 2016.

#### Rentals

The following table displays reported leasing transactions which occurred over six months to March 2016.

The most significant rental transaction in the North West region was located at **10 Inglewood Place, Baulkham Hills**. The childcare centre *Island OOSH* has leased a warehouse and office building from *Capital Corporation* for 10-years. The before and after school childcare centre will pay a net rent of \$227 psm.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
<b>10 Welder Road, Seven Hills NSW 2147</b>	\$120	\$118,440 Net	987	undisclosed	Alliance Geotechnical	3	Nov-15
<b>197 Prospect Highway, Seven Hills NSW 2147</b>	\$265	\$266,855 Net	1,007	undisclosed	Gaming Laboratories	5	Mar-16
<b>10 Inglewood Place, Baulkham Hills 2153</b>	\$227	\$547,070 Net	2,410	Century Investment Corp	The Island OOSH	10	Mar-16

Table 2—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 March 2016.

The only significant sales transaction in the Central West region was **502-506 Parramatta Road & 164 Frederick Street, Ashfield** selling for almost **\$5.7 million**. The former timber yard corner block combines two sites on Parramatta Road and Frederick Street for a joint site area of 1,445 sqm. The site has development potential with a B6 enterprise corridor zoning allowing 15m building height and a floor-space ratio of 1.5:1. The mixed-use site is located opposite to *Bunnings Warehouse Ashfield*.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
<b>502-506 Parramatta Road &amp; 164 Frederick Street, Ashfield NSW 2131</b>	\$5,697,423	Feb-16	N/A	undisclosed	owner occupier	1,429

Table 3—Central 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 March 2016.

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
<b>26 Fariola Street, Silverwater NSW 2128</b>	\$159	\$225,462 Gross	1,418	Lend Lease Funds Management	Coffee Galleria	10	Oct-15
<b>31/2 Holker Street, Silverwater NSW 2128</b>	\$154	539,308 Gross	3,502	undisclosed	Anixter	7	Oct-15
<b>2-8 South Street, Rydalmere NSW 2116</b>	\$135	\$897,210 Net	6,646	DEXUS Property Group	Sapphire Group	5	Dec-15
<b>1 Newton Street North, Silverwater NSW 2128</b>	\$45	\$450,000 Gross	10,000	Transport for NSW	undisclosed	3	Dec-15
<b>199 Parramatta Road, Auburn NSW 2144</b>	\$135	\$186,165 Net	1,379	undisclosed	VIMME	5	Mar-16

Table 4—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, Minchinbury, 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 March 2016.

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)
<b>57-75 Templar Road, Erskine Park NSW 2759</b>	\$ 50,000,000	Oct-15	7.00%	DEXUS Property Group	M&G Real Estate	30,100
<b>32 Pine Road, Yennora NSW 2161</b>	\$ 9,330,000	Nov-15	N/A	LOGOS Property Group	private investor	12,872
<b>2 Pine Road, Yennora NSW 2161</b>	\$ 6,350,000	Nov-15	N/A	LOGOS Property Group	owner-occupier	6,400
<b>27 Frank Street, Wetherill Park NSW 2164</b>	\$ 16,560,000	Dec-15	8.30%	undisclosed	Propertylink	13,865
<b>6-20 Clunies Ross Street, Pemulwuy NSW 2145</b>	\$ 76,600,000	Dec-15	6.60%	Deka Immobilien Investments GmbH	Ascendas REIT	38,500
<b>1333 The Horsley Drive, Wetherill Park NSW 2164</b>	\$ 12,400,000	Jan-16	7.75%	Anglo Irish Investments	private investor	9,036
<b>10 Peter Brock Drive, Eastern Creek NSW 2766</b>	\$ 5,000,000	Feb-16	6.00%	Stirling Park Developments	Bendar Holdings	3,100
<b>14 Healey Circuit, Huntingwood NSW 2148</b>	\$ 7,470,000	Feb-16	5.81%	Rocklands Industrial	Joe Khoury Equities	2,956
<b>40 Archbold Road, Minchinbury NSW 2770</b>	\$ 12,000,000	Mar-16	6.80%	undisclosed	undisclosed	7,435

Table 5—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 March 2016.

The most significant rental transaction in the Outer West region was **54 Tyrone Place, Erskine Park**. *Fife Capital* has agreed to a pre-lease deal with *Loscam Pallets* for a 6,600 sqm purpose built facility. The packaging company will pay a net rent of \$242 psm on a **15-year term**. The property is located close to the major arterial roads of M4 and M7.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
178 Power Street, Glendenning NSW 2761	\$120	\$873,240 Net	7,277	undisclosed	Hy-Clor Australia	7	Oct-15
2 Davis Road, Wetherill Park NSW 2164	\$149	\$888,770 Gross	5,988	Stockland	Stora Enso	5.5	Oct-15
15-16 Ormsby Place, Wetherill Park NSW 2164	\$105	\$464,205 Net	4,421	private investor	Normet Asia Pacific	5 + 3	Nov-15
74-94 Newton Road, Wetherill Park NSW 2164	\$112	\$1,635,200 Net	14,600	DHL Supply Chain (Australia)	Metcash Trading	11 months	Dec-15
4 Bellevue Circuit, Greystanes NSW 2145	\$132	\$222,156 Net	1,683	DEXUS	Fresh Solutions Group	10	Feb-16
71 Elizabeth Street, Wetherill Park NSW 2164	\$101	\$210,000 Gross	2,087	undisclosed	Swan Developments	5	Feb-16
10-14 Kellogg Road, Rooty Hill NSW 2766	\$105	\$541,800 Net	5,160	Kellogg Rd Superannuation	Evolution Precast System	5	Feb-16
198 Walters Road, Arndell Park NSW 2148	\$109	\$334,957 Net	3,073	Presida Constructions	ECL Group Australasia	7	Feb-16
54 Tyrone Place, Erskine Park NSW 2759	\$242	\$1,597,200 Net*	6,600	undisclosed	Loscam Pallets	15	Feb-16
Horsley Drive and Cowpasture Road, Wetherill Park NSW 2164	\$200	\$3,711,800 Net	18,559	undisclosed	Martin Brower	20	Feb-16
19-21 Frank Street, Wetherill Park NSW 2164	\$95	\$339,435 Net	3,573	Bellazona	Viadux	5	Mar-16

Table 6 —Outer West Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM  
\*Pre-commitment

## 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 March 2016.

The only 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)
202-212 Euston Road, Alexandria NSW 2015	\$24,000,000	Dec-15	7.50%	owner-occupier	Goodman Group and Altis Property Partners	17,000

Table 7 —South Sydney Building/Investment Sales—Source Preston Rowe Paterson Research/CPM

## Rentals

The following table displays reported leasing transactions which occurred over six months to March 2016.

A significant rental transaction that occurred in the South Sydney region was **47 Stephens Road, Banksmeadow**. *Kellogg Australia* leased the 45,000 sqm logistics facility. The leasing is a pre-commitment to *Goodman Group's Southgate Industrial Estate* for about \$200 psm on an 11 year term. The property is located within close proximity to Port Botany and the Sydney airport.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
<b>64 Mentmore Avenue Rosebery NSW 2018</b>	\$212	204,580 Gross	965	undisclosed	Designer Rugs	4 + 4	Oct-15
<b>88 Chapel Street, Marrickville NSW 2204</b>	\$100	\$129,400 Gross	1,294	Don Kirkman Pty Ltd and Tweed Milk Vendors Pty Ltd	Meher International	3	Feb-16
<b>47 Stephens Road, Banksmeadow NSW 2019</b>	\$200	\$9,000,000 Gross*	45,000	Goodman Group	Kellogg Australia	11	Mar-16

Table 8 —South Sydney Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM  
\*Pre-commitment

## 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 March 2016.

The most significant transaction in the South West region was the sale of **1 Inglis Road, Ingleburn**. *M & G Real Estate* purchased the modern industrial property for about **\$30 million** from *Quintessential Equity*. It was sold on a yield of 6.25%. The property has a 9,928 sqm office and warehouse on a 65,680 sqm site, which has approved development permits for three additional buildings totalling 21,280 sqm. The property is currently leased to *Schneider Electric*.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
<b>1 Inglis Road, Ingleburn NSW 2565</b>	\$30,000,000	Nov-15	6.25%	Quintessential Equity	M & G Real Estate	9,928
<b>14A Williamson Road, Ingleburn NSW 2565</b>	\$6,200,000	Nov-15	N/A	Flint Group Australia	Ingleburn Property Holdings	5,850
<b>20 Queen Street, Revesby NSW 2212</b>	\$5,800,000	Dec-15	N/A	Giuseppi and Michael Calabro	Sam and Michael Nachabe	5,267
<b>6 Inglis Road, Ingleburn NSW 2565</b>	\$8,550,000	Dec-15	7.40%	S & S Holdings	Fife Capital	6,922
<b>10-28 Biloela Street, Villawood NSW 2163</b>	\$10,500,000	Jan-16	VP	undisclosed	undisclosed	11,750
<b>110 Christina Road, Villawood NSW 2163</b>	\$6,500,000	Mar-16	9.71%	undisclosed	undisclosed	4,907

Table 9 —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 March 2016.

One of the most significant rental transaction in the South West region was **8 Kelso Crescent, Moorebank**. The 3,994 sqm office and warehouse property was leased to AXA Ugg at rate of approximately \$103 psm gross rent. AXA Uggs will lease the property for 3 years. The property is a full-brick warehouse and has partitioned office space.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
<b>318A Horsley Road, Milperra NSW 2214</b>	\$25	\$137,500 Gross	5,500	undisclosed	NSW Container System	2 + 1	Oct-15
<b>5 Stonny Batter Road, Minto NSW 2566</b>	\$88	\$467,544 Gross	5,313	Findella	Falcones	5	Dec-15
<b>126 Jedda Road, Prestons NSW 2170</b>	\$125	\$499,250 Gross	3,994	Melbourne Factory	Pretty Girl Fashion Group	5	Dec-15
<b>10 Garner Place, Ingleburn NSW 2565</b>	\$100	\$148,000 Net	1,480	Joshand Holdings	Bison Group	3	Dec-15
<b>3-13 Marigold Street, Revesby NSW 2212</b>	\$70	\$175,000 Net	2,500	Kingsmede Property Management Services	KJC International	4.4	Feb-16
<b>62 Marigold Street, Revesby NSW 2212</b>	\$35	\$100,000 Gross	2,848	Terahill	NA Group	1	Feb-16
<b>10-13 Phiney Place, Ingleburn NSW 2565</b>	\$96	\$629,280 Net	6,555	Deemco	Transtar International Freight Australia	N/A	Feb-16
<b>8 Kelso Crescent, Moorebank NSW 2170</b>	\$103	\$144,200 Gross	1,400	Pelsant	Axa Ugg	3	Feb-16

Table 10 —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 March 2016.



## Land Sales

There were limited significant land sales in the six months to March 2016.

The most significant 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
<b>34 Yarrunga Street, Prestons NSW 2170</b>	\$50,000,000	\$ 250.00	200,000	private investor	LOGOS Property	Oct-15
<b>Eastern Creek NSW 2766</b>	\$27,100,000	\$ 1,715.19	15,800	Frasers Property Australia	Lendlease	Feb-16

Table 11—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 March 2016 within New South Wales. From these sales, average yields have been analysed.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
27 Frank Street, Wetherill Park	\$ 16,560,000	Dec-15	8.30%	undisclosed	Propertylink	13,865
1333 The Horsley Drive, Wetherill Park	\$ 12,400,000	Jan-16	7.75%	Anglo Irish Investments	private investor	9,036
10 Peter Brock Drive, Eastern Creek	\$ 5,000,000	Feb-16	6.00%	Stirling Park Developments	Bendar Holdings	3,100
14 Healey Circuit, Huntingwood	\$ 7,470,000	Feb-16	5.81%	Rocklands Industrial	Joe Khoury Equities	2,956
40 Archbold Road, Minchinbury	\$ 12,000,000	Mar-16	6.80%	undisclosed	undisclosed	7,435
6 Inglis Road, Ingleburn	\$ 8,550,000	Dec-15	7.40%	S & S Holdings	Fife Capital	6,922
110 Christina Road, Villawood	\$ 6,500,000	Mar-16	9.71%	undisclosed	undisclosed	4,907

Table 12—\$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 7.4% in the six months to March.

### Sales Information

The largest sales transaction that was recorded below \$20 million in the March quarter was the sale of **1333 Horsley Drive, Wetherill Park**. Anglo Irish Investments sold the industrial facility to a private investor for **\$12.4 million**, reporting a passing yield of about 7.75%. The property sits on a 2.4 ha site and is leased to Royal Comfort Holding at a net annual rent of \$852,000. The property has a 10.5 metre clearance warehouse and a drive-around B-Double access.

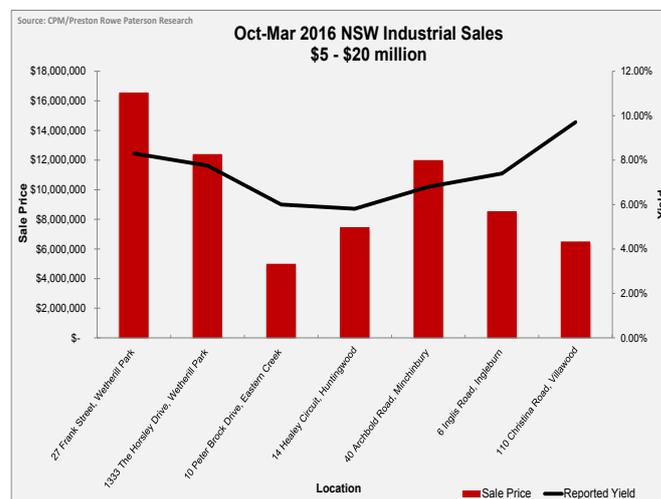


Chart 9 – Oct-Mar 2016 NSW Industrial Sales \$5 million to \$20 million - Source - Preston Rowe Paterson Research/CPM

## \$20 million and Over

Listed below are all the major reported investment transactions over \$20 million that occurred over six months to March 2016 within New South Wales. From these sales, average yields have been analysed.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
<b>57-75 Templar Road, Erskine Park</b>	\$ 50,000,000	Oct-15	7.00%	DEXUS Property Group	M&G Real Estate	30,100
<b>6-20 Clunies Ross Street, Pemulwuy</b>	\$ 76,600,000	Dec-15	6.60%	Deka Immobilien Investments GmbH	Ascendas REIT	38,500
<b>202-212 Euston Road, Alexandria</b>	\$ 24,000,000	Dec-15	7.50%	owner-occupier	Goodman Group and Altis Property Partners	17,000
<b>1 Inglis Road, Ingleburn</b>	\$ 30,000,000	Nov-15	6.25%	Quintessential Equity	M & G Real Estate	9,928

Table 13—\$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 6.84% in the six months to March.

## Sales Information

The one of transactions recorded in the six months to March 2016 was the purchase of **6-20 Clunies Ross Street, Pemulwuy**. The German fund *Deka Immobilien Investments GmbH* sold the industrial estate located in the Western Sydney to Singapore's *Ascendas REIT* for **\$76.6 million**. The sale reflected an initial net yield of 6.6% and a WALE of 6.1 years. The estate is fully tenanted and is occupied by *Australia Post* which sublet space to retailer *Target* as a distribution facility, and NSW Police. The property comprise of 36,220 sqm of high clearance warehouse and a 2,359 sqm freestanding two storey office and laboratory facility. The property is located in the Greystanes Industrial precinct.

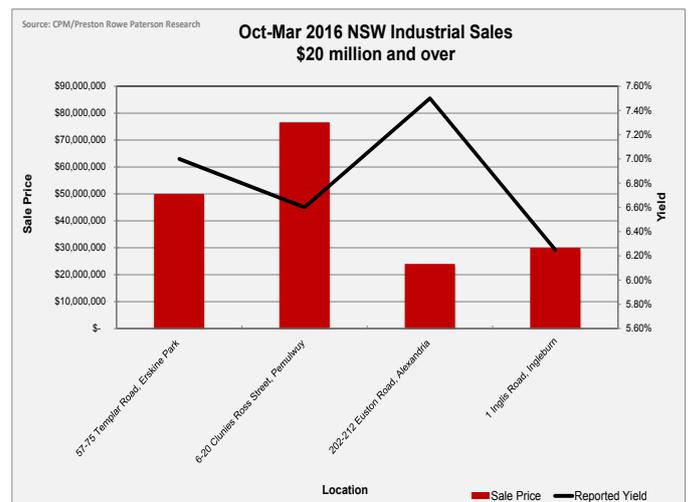


Chart 10 – Oct-Mar 2016 NSW Industrial Sales \$5 million to \$20 million - Source Preston Rowe Paterson Research/CPM



## 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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