



Preston
Rowe
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International Property Consultants

Sydney Impact Report

Industrial Market

Western Sydney Industrial Market Shines

Despite the slowdown in the performance of Sydney's industrial market during the first quarter of 2016, demand for Sydney industrial space has lifted overall during the twelve months to September, with activity the strongest in the Outer West and South West regions. The availability of large industrial facilities and proximity to major distribution routes gives the western region 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.

The conversion of industrial for residential developments in South Sydney and reduction in land stock in Outer-Western and Inner-Western Sydney will lead to growth in the outer regions of Sydney as companies push up growth indicators in other submarkets. However, land supply in Sydney is constrained by its natural barriers and we predict will lead to fierce competition for land which will lead to the increase in land values across all of Sydney's industrial market. Major infrastructure and motorway projects around Sydney will further add a further advantage to Sydney's industrial market as the improvements of major motorways will lead to a more efficient way of accommodating traffic. The WestConnex transport project, which is due to be completed in 2023, will add to Sydney's economic growth by improving motorway access and connect western Sydney and industrial hubs across the city.

September Quarter 2016

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ECONOMIC FUNDAMENTALS

GDP

GDP figures for the September quarter will not be available until the 7th of December, and hence we will use June's figure for the following analysis of growth in the Australian economy. A seasonally adjusted chain volume growth of 0.5% was recorded for the second quarter, and 3.3% for the twelve months to June. The quarterly figure signifies 21 consecutive quarters of growth for Australia, with our last recession occurring 25 years ago in 1991. In trend terms, annual growth stood at 3.1%, with the main sources of growth being Mining (0.8%), Financial and insurance services (0.5%), Public administration and safety (0.3%), Construction (0.2%) and Wholesale trade (0.2%) industries. In contrast, the largest detractor to growth was manufacturing (-0.2%).

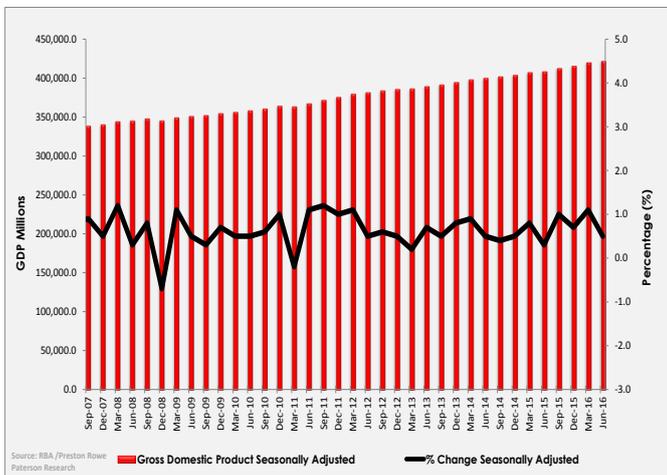


Chart 1 – Gross Domestic Product (GDP) – Source ABS

Interest Rate Movements

Following the Reserve Bank of Australia's monthly meeting, the Board kept interest rates unchanged at 1.50% for October 2016. This comes at the back of the RBA's decision to cut interest rates to historic lows in August, as a result of inflation declining to its lowest level since 1999, in conjunction with slower than average growth in the world economy. The decision to have rates unchanged for the second month in a row is backed by modest improvements in Australia's economy, with declines in the mining industry being offset by growths in residential construction, public demand and imports. Furthermore, the RBA reiterated that commodity prices had been rising over the past few months, coming off the reduction in demand from China from the previous few years.

The twelve months to October saw the interest rate dropping 50 basis points, whilst the 10-Year government bonds and 90-Day Bill rate reducing by 71 basis points and 44 basis points respectively.

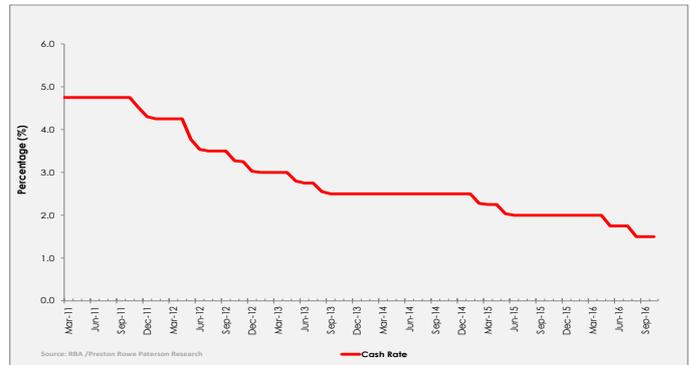


Chart 3 – Cash Rate – Source RBA

CPI

Figures from the Australian Bureau of Statistics indicate that headline inflation in the third quarter of 2016 grew by 0.7%, during the September quarter, with year-on-year growth increasing to 1.3%. These figures show strong improvements in inflation from the last quarter, which only increased by 0.4% over the quarter and 1.0% over the year to June. When we look at underlying inflation for September, which measure inflationary pressures from only changes in market forces, a quarterly rise of 0.35% and yearly change of 1.5% were recorded.

The largest contributors to the hike in prices stemmed from Fruit (19.5%), Vegetables (5.9%), Electricity (5.4%) and Property rates (4.0%). In contrast to this, index figures for Fuel and Telecommunications both declined over the quarter, by -2.9% and -2.5% respectively.

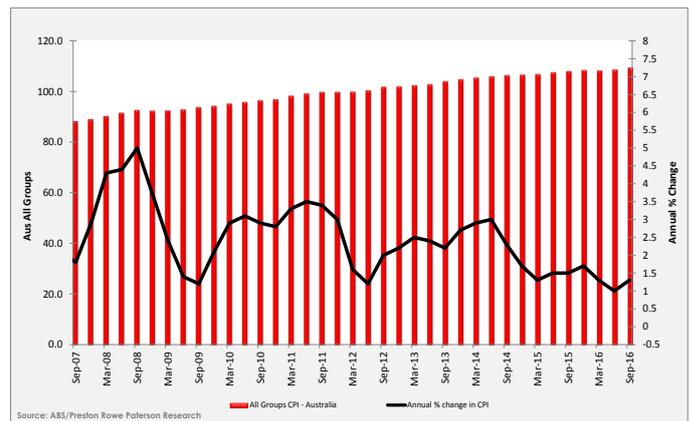


Chart 6– Consumer Price Index—Source—ABS

Overall, the high price hike in fruits and vegetable look to be the main drivers of the increase in the high rise inflation over the quarter. The Bureau did note that bad weather conditions in major crop areas was the main influencer on the prices of fruit and vegetables. Electricity rises is contributed to by supply constraints and increasing wholesale costs across the eastern and

10 Year Bond & 90 Day Bill Rate

Over the month to September, Australia's 10-Year Government Bonds rate had increased by 11 basis points to 1.99%. This rate however, reflects a 0.14% (0.71%) decrease from three (twelve) months prior. The 90-Day Bill rate decreased by 0.02% over the month to 1.73%. This rate also reflects a decrease of 0.26% (0.44%) from the previous three (twelve) months. The monthly changes in the 10-Year bonds rate and the 90-Day bill rate reflect a yield spread of 2 basis points.

The 10-Year government bond rate reached an all-time low of 1.82% at the start of August, following drops in yields in the US and major European countries like Britain and Germany during that time. However, upward movements have been recorded ever since as the Australian bond market continue to mirror changes occurring in the US's bond market, reaching 34 basis points higher than its lowest, to a high 2.17% at one stage.

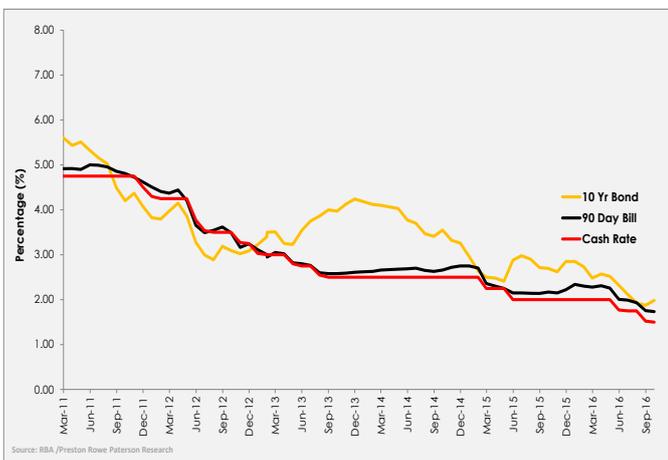


Chart 4 – 90 Day Bill, 10 year bond and cash rate - MONTHLY – Source RBA

Consumer Sentiment

September of 2016 brings in positive gains in consumer sentiment, in which the Westpac Melbourne Institute of Consumer Sentiment increased by 0.4% to 101.4 over the month. However, when compared to three months prior, consumer sentiment had decreased by 0.8%, from June's index of 102.2.

Westpac's Chief Economist, Bill Evans, did state that the index has remained relatively stable over the half year to September, despite the many economic events occurring during that time. Notably, two interest rate cuts (May and August), the Federal Election and Federal Budget, as well as major political changes occurring overseas (Brexit, US Elections) have all occurred during this time-though when combined, have not led to any major changes in overall consumer sentiment.

Consumers are showing more confidence in the housing market, with the 'time to buy a dwelling' index falling 2.5 basis points to 109.3 from August's 112.1. Furthermore, the Consumer House Price Expectation Index improved by 3% over the month and 6% over the year to September.

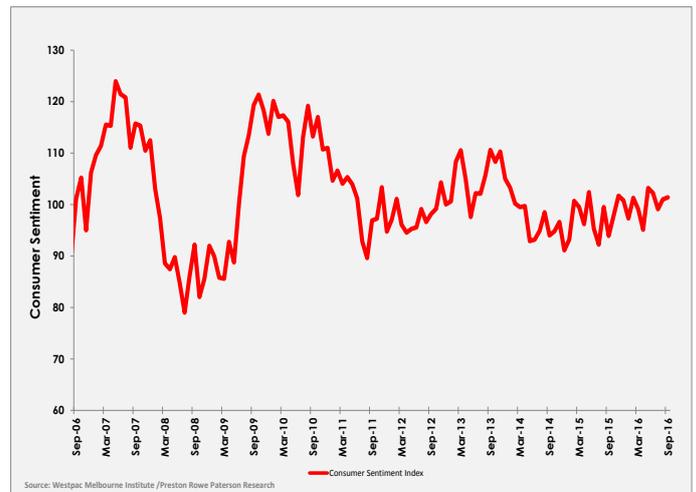


Chart 5– Consumer Sentiment Index – Source - Westpac—Melbourne Institute Survey

Labour force

Unemployment rate fell 0.1 percentage point to 5.6% in September, with total number of people with jobs falling by 9,800 (seasonally adjusted) in the month. Furthermore, full time employment reduced by 53,000 persons, and notably, part-time employment increased by 43,200 persons. When we look seasonally adjusted figures for states and territories, New South Wales and Tasmania were the only states to record an increase in employment over the month.

Employment in New South Wales improved throughout the month to September 2016, with 6,666 persons entering the workforce. Seasonally adjusted total number of employed persons currently stands at 3.814million in New South Wales for September 2016. NSW's seasonally adjusted unemployment rate decreased by 0.1 percent, to 4.9% for the month.

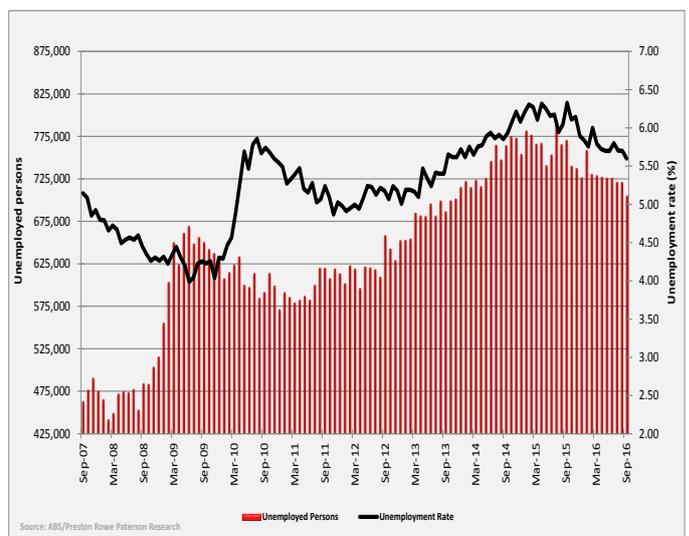


Chart 6 – Unemployment – Source ABS

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 following table displays reported investment sales transactions over \$5 million which occurred over six months to September 2016.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
23-27 Chaplin Drive, Lane Cove, NSW 2066	\$14,500,000	Jun-16	6.86%	N/A	N/A	4,846

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 2016.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
2/11 Sefton Road, Thornleigh, NSW 2120	\$150	\$118,050	787	N/A	N/A	2	Aug-16
23/42-46 Wattle Road, Brookvale, NSW 2100	\$205	\$42,000	205	N/A	N/A	3	Aug-16
5/11 Ada Avenue, Brookvale, NSW 2100	\$218	\$26,000	119	N/A	N/A	3	Jul-16
224 Harbord Road, Brookvale, NSW 2100	\$163	\$44,850	275	N/A	N/A	5	Jun-16

Table 2—North West Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
N/A = not currently available

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 September 2016.

Rentals

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

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
4/5 Stanton Road, Seven Hills, NSW 2147	\$110	\$133,210	1,211	Private landlord	InsulShop	3	Apr-16
Unit 2, 13 Stanton Road, Seven Hills, NSW 2147	\$99	\$139,000	1,411	Private landlord	K&D Traffic Management	5	Jun-16

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 2016.

A notable transaction occurred in April this year, during which an industrial estate located within the highly sought after Rydalmere industrial precinct was sold to Mirvac Commercial Group for \$47,550,000. The property at **274 Victoria Road** comprises of approximately 18,250 sqm of warehouse space and 4,540 sqm of office space, 350 parking spaces and a 1,051 sqm enclosed rear awning. At the time of the sale, the property is 100% leased to Thales Australia Limited until 2022. Settlement of the site occurred later in August this year.



ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
95-101 Wetherill Street North, Silverwater, NSW 2264	\$7,813,000	Aug-16	7.13%	N/A	Private investor	4,116
Princes Road East, Regents Park, NSW 2143	\$12,500,000	Jul-16	7.67%	Private Investor	Benlee Property Trust No. 11	10,459
274 Victoria Road, Rydalmere, NSW 2116	\$47,550,000	Apr-16	6.66%	ISPT Pty Ltd	Mirvac Commercial Sub Spv Pty Limited	22,734

Table 4—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 September 2016.

A notable rental transaction in the Central West region took place in June, when **Unit 5, 3 & 21 South West Street in Rydalmere** was rented out by a private landlord to Staging Connections Proprietary Limited. The 4,181 sqm worth of industrial space was leased out at a rate of \$150 per sqm or \$625,000 per annum for seven years. Additionally, another warehouse facility was leased out in the same suburb, by Kingsmeade to a private company. The property, at **B/10-16 South Street**, is leased on a rate of \$125 per square metre, or \$399,414 per sqm per annum for 5 years.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
31 Cosgrove Road, Strathfield South, NSW 2136	\$173	\$ 78,000	450	N/A	N/A	1	Aug-16
128-130 Frances Street, Lidcombe NSW 2141	\$130	\$ 87,360	672	N/A	N/A	3	Jul-16
33 Clapham Road, Regents Park, NSW 2143	\$114	\$ 66,000	580	N/A	N/A	3	Jul-16
3A Alexander Street, Auburn, NSW 2144	\$125	\$ 130,000	1,040	Private	SMSF	5	Jun-16

Unit 5, 3 & 21 South Street, Rydalmere, NSW 2116	\$150	\$	625,000	4,181	Private landlord	Staging Connections Pty Ltd	7	Jun-16
20 George Young Street, Auburn, NSW 2144	\$125	\$	358,500	2,868	Maxjaj Holdings	Private company	3	May-16
21 Slough Avenue, Silverwater, NSW 2128	\$120	\$	182,520	1,521	Goodman Group	Inside Out Nutritious Goods	5	May-16
6-10 Walker Street, Rhodes, NSW 2138	\$93	\$	150,660	1,620	Bell Tower Pty Ltd	Private company	1	May-16
B/10-16 South Street, Rydalmere, NSW 2116	\$125	\$	399,414	3,195	Kingsmeade	Private company	5	May-16
24 Pike Street, Rydalmere, NSW 2116	\$135	\$	133,785	991	N/A	Private company	5	Apr-16

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, 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 September 2016.

A significant sales transaction occurred in June, with the purchase of **Eastern Creek Business Park on Kangaroo Ave, Eastern Creek**. Flt Landowner Pty Ltd bought the 7,000 sqm worth of warehouse spaces from Australand Property Holdings Pty Ltd for \$60,700,000. There were no reported yields from this transaction. Furthermore, another 9,612sqm of space at the same Eastern Creek business park was transacted within the same vendor and purchaser for \$35,750,000 later that month.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
239-251 Woodpark Road, Smithfield, NSW 2164	\$ 7,300,000	Sep-16	7.67%	Mustera Property Group	Offshore investor	5,169
90-100 Lee Holm Road, St Marys NSW 2760	\$ 8,325,000	Aug-16	8.00%	N/A	N/A	10,620
34-42 Tyrone Place, Erskine Park, NSW 2759	\$ 13,500,000	Jul-16	N/A	Tap Li Erskine Park 2 Pty Limited	The Trust Company (Aus) Limited	12,000*
7 Eucalyptus Place, Eastern Creek NSW 2766	\$ 27,400,000	Jun-16	N/A	Australand Property Holdings Pty Limited	Flt Landowner Pty Limited	7,000
Eastern Creek Business Park, Kangaroo Ave, Eastern Creek, NSW 2766	\$ 60,700,000	Jun-16	N/A	Australand Property Holdings Pty Limited	Flt Landowner Pty Limited	7,000
Eastern Creek Business Park, Kangaroo Ave, Eastern Creek, NSW 2766	\$ 35,750,000	Jun-16	N/A	Australand Property Holdings Pty Limited	Flt Landowner Pty Limited	9,612

57-65 Templar Road Erskine Park, NSW 2759	\$ 50,000,000	May-16	N/A	DEXUS Projects Pty Limited	Templar 57 Pty Ltd	63,400*
114 Kurrajong Avenue, Mount Druitt, NSW 2770	\$ 24,300,000	May-16	7.26%	Altis	Mapletree Logistics Trust	18,137
53 Britton Street, Smithfield, NSW 2164	\$ 27,800,000	May-16	7.35%	Altis	Mapletree Logistics Trust	13,485
405-407 Victoria Street, Wetherill Park, NSW 2164	\$ 17,700,000	May-16	7.56%	Altis	Mapletree Logistics Trust	12,323
3-9 Forge Street, Blacktown, NSW 2148	\$ 7,650,000	Apr-16	9.50%	BWP Mgmt Limited	GM Property Group	1,873

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



57-65 Templar Road Erskine Park, NSW 2759

405-407 Victoria Street, Wetherill Park, NSW 2164



Rentals

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

A significant transaction occurred during April this year, of which a deal has been made between a furniture distributor and the landlord Denci for a 6,689 sqm warehouse facility. The lessee will pay a net annual rent of \$735,700 for the warehouse located at **73C Elizabeth Street, Wetherill Park, 2164** with roller door and truck access. The lease is for three years with options, and reflects a rate of \$109.99 per sqm.



ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
2 Pine Road, Yennora, NSW 2161	\$32	\$130,000.00	4,048	N/A	Great Western Auto Dismantlers	3	Sep-16
3/44 Bessemer Street, Blacktown, NSW 2148	\$114	\$87,700.00	769	N/A	N/A	3	Aug-16
Reconciliation Road, Pemulwuy, NSW 2145	\$120	\$453,360.00	3,778	Armstrong World Industries	DEXUS Property	1	Jul-16
78 Peter Brock Drive, Eastern Creek, NSW 2766	\$125	\$139,125.00	1,113	Jowett Family superannuation fund	Flower Flow	5	Jun-16
Unit 3, 222 Woodpark Road, Smithfield, NSW 2164	\$105	\$127,800.00	1,217	N/A	Flexonics Flexible Piping Systems	3	May-16
73C Elizabeth Street, Wetherill Park, NSW 2164	\$110	\$735,700.00	6,689	Denci	Furniture distributor	3	Apr-16

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 September 2016.

A significant transaction occurred in July, with the sale of **17 O'riordan Street in Alexandria** for \$112,900,000. Perpetual Corporate Trust Limited purchased the 6,012 warehouse facility from 17 O'riordan Street Pty Ltd at the reported yield of 8.00%.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
17 O'riordan Street, Alexandria NSW 2015	\$112,900,000	Jul-16	8.00%	17 O'riordan Street Pt Limited	Perpetual Corporate Trust Limited	6,012
81A Bourke Road, Alexandria NSW 2015	\$5,986,000	Jun-16	N/A	NSW Planning & Environment	Roads And Maritime Services	5,600*
2-24 Mitchell Road, Alexandria NSW 2015	\$8,000,000	May-16	N/A	Riana Investments (Aust) Pty Ltd	Eunomia Developments Pty Ltd	420
57 Ashmore Street, Erskineville, NSW 2043	\$260,000,000	May-16	N/A	The Trust Company Limited	Greenland Golden Horse Investment Pty Ltd	54,200*
552 Botany Road, Alexandria NSW 2015	\$6,187,500	Apr-16	N/A	Dinte	L&M Metlege No 3 Pty Ltd and Egelttem N	835
3-5 Anderson Street, Banksmeadow NSW 2019	\$19,800,000	Apr-16	N/A	Ecolab Aus2 Pty Ltd	Enpc Pty Ltd	6,012*

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 September 2016.

A significant rental transaction that occurred in the South Sydney region was that of the Waterloo Business Centre at **44-48 O'Dea Avenue in Waterloo**, which was leased out in July by Crown W 48 Pty Ltd to Gregsets Pty Ltd. The 1,180 sqm industrial warehouse space is leased on a 2 year plus option term, at an annual rent of \$160,480, or \$136 per sqm.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
1 Sir Joseph Banks Street, Botany, NSW 2019	\$175	\$78,225	447	ForeFront Services	Tinker Engineering	3	Aug-16
44-48 O'Dea Avenue, Waterloo, NSW 2017	\$136	\$160,480	1,180	Crown W 48 Pty Limited	Gregsets Pty Ltd	2+1	Jul-16
3/11-13 Margate Street, Botany , NSW 2019	\$113	\$47,190	418	N/A	steam-E-Cigs Pty Ltd	3	Jul-16
247 King Street, Mascot, NSW 2020	\$676	\$150,000	222	N/A	N/A	N/A	Jul-16
2 Burrows Road South, St Peters, NSW 2044	\$195	\$44,850	230	K. Booth	State Civil Pty Ltd	N/A	May-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 September 2016.

The only transaction to occur in the South West region during the six months to September was that of **2 Farrow Road in Campbelltown**, which was purchased by Campbelltown Central 2 Pty Ltd from Teenhope Pty Ltd for \$19,500,000. The freestanding building has a total area of 10,410 sqm, and has an internal clearance of approximately 4.5m and is accessible via six roller shutter doors.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
2 Farrow Road, Campbelltown, NSW 2560	\$19,500,000	Apr-16	N/A	Teenhope Pty Ltd	Campbelltown Central 2 Pty Ltd	10,410

Table 9 —South West Building/Investment Sales—Source Preston Rowe Paterson Research/CPM

Rentals

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

A significant rental transaction that occurred in the South West region during this period was that of **7B/81-85 Roberts Road in Chullora**, which was rented out at a rate of \$100 per sqm. Southern Hospitality agreed to a 3 year lease from the private landlord, and have agreed on a rent per annum of \$580,500 for the 5,805 sqm property.

Furthermore, Kirby Industrial Estate at **40 Marigold Street in Revesby** has been leased out by an undisclosed lessor to Versola Australia on a five-year term. The 4,232 sqm of industrial space is leased out a \$465,520 per annum, or \$110 per sqm.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	DATE
76 Heathcote Road, Moorebank, NSW 2170	\$120	\$324,000	2,700	Private landlord	Grsovenor Engineering Group	5	Aug-16
Kirby Industrial Estate/40 Marigold Street, Revesby, NSW 2212	\$110	\$465,520	4,232	N/A	Versola Australia	5	Aug-16
1 Stonny Batter Road, Minto, NSW 2566	\$100	\$15,800	158	Bluetrail Management Trust	Liberty Building Contractors P/L	3	Jul-16
7B/81-85 Roberts Road, Chullora, NSW 2190	\$100	\$580,500	5,805	Private landlord	Southern Hospitality	3	Jun-16
16 Marigold Street, Revesby, NSW 2212	\$95	\$257,735	2,713	Michael Benjamin	Texas Aardvark Screenprinting	10	Jun-16
3B-40 Aero Road, Ingleburn, NSW 2565	\$90	\$193,140	2,146	Griana Investments & Zircon Investments	Nutters Australia	3	May-16
81-85 Roberts Road, Chullora, NSW 2190	\$442.00	\$579,900 Net	1,312	N/A	Southern Hospitality	3	Apr-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 we have recorded two transactions (one of which was under \$5 million) that occurred over the six months to September 2016.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
15 Resolution Drive, Caringbah, NSW 2229	\$3,700,000	Aug-16	5.51%	N/A	N/A	1,894
54-58 Woodfield Blvd, Caringbah, NSW 2229	\$5,100,000	Jul-16	6.37%	N/A	Private investor	1,738

Table 1—Southern Shire Building/Investment Sales—Source Preston Rowe Paterson Research/CPM



15 Resolution Drive, Caringbah, NSW 2229



54-58 Woodfield Blvd, Caringbah, NSW 2229

Land Sales

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

A notable land sale occurred towards the end of April, whereby a 20.7 hectare industrial development site was sold for \$48,540,000. The property, located on **Yarrunga Street in Prestons**, was bought by Perpetual Corporate Trust Limited and reflects a rate of 234 per sqm.

ADDRESS	SALE PRICE	RATE /SQM	AREA (SQM)	VENDOR	PURCHASER	SALE DATE
4 Kangaroo Avenue, Eastern Creek, NSW 2766	\$72,275,000	961	75,200	Australand Property Holdings Pty Ltd	Fit Landowner Pty Ltd	Jun-16
Yarrunga Street, Prestons, NSW 2170	\$48,540,000	234	207,210	Camilleri, Cassar, Camilleri and Camille	Perpetual Corporate Trust Limited	Apr-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 September 2016 within New South Wales. From these sales, average yields have been analysed.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
3-9 Forge Street, Blacktown	\$ 7,650,000	Apr-16	9.50%	BWP Mgmt Limited	GM Property Group	1,873
405-407 Victoria Street, Wetherill Park	\$ 17,700,000	May-16	7.56%	Altis	Mapletree Logistics Trust	12,323
23-27 Chaplin Drive, Lane Cove	\$ 14,500,000	Jun-16	6.86%	N/A	N/A	4,846
Princes Road East, Regents Park	\$ 12,500,000	Jul-16	7.67%	Private Investor	Benlee Property Trust No. 11	10,459
54-58 Woodfield Blvd, Caringbah	\$ 5,100,000	Jul-16	6.37%	N/A	Private investor	1,738
95-101 Wetherill Street North, Silverwater	\$ 7,813,000	Aug-16	7.13%	N/A	Private investor	4,116
90-100 Lee Holm Road, St Marys	\$ 8,325,000	Aug-16	8.00%	N/A	N/A	10,620
15 Resolution Drive, Caringbah	\$ 3,700,000	Aug-16	5.51%	N/A	N/A	1,894
239-251 Woodpark Road, Smithfield	\$ 7,300,000	Sep-16	7.67%	Mustera Property Group	Offshore investor	5,169

Table 12—\$5 million to \$20 million Sales—Source Preston Rowe Paterson Research/CPM

Yield Analysis

From the above table of investment sales, Preston Rowe Paterson Research observed that the average yield of an industrial property sold between \$5 million and \$20 million was approximately 7.36% during the six months to September.

Sales Information

The largest sales transaction under \$20 million was recorded for the June quarter, of which **2 Farrow Road, Campbelltown** was sold for \$19.5 million. Teenhope Pty Ltd sold the transport factory to Campbelltown Central Pty Ltd. The freestanding warehouse contains an internal clearance of 4.5m and contains six roller shutter doors and multiple docks. The property has a total floor area of 10,401 sqm and sits on a securely fenced area with dual street frontage and access.

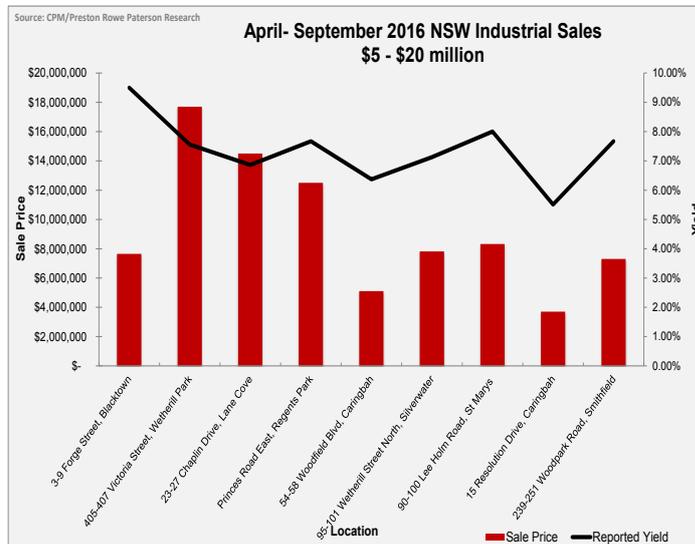


Chart 9 - Apr-Sep 2016 NSW Industrial Sales \$5 million to \$20 million - Source - Preston Rowe Paterson Research/CPM

\$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)
274 Victoria Road, Rydalmere	\$47,550,000	Apr-16	6.66%	ISPT Pty Ltd	Mirvac Commercial Sub Spv Pty Limited	22,734
114 Kurrajong Avenue, Mount Druitt	\$ 24,300,000	May-16	7.26%	Altis	Mapletree Logistics Trust	18,137
53 Britton Street, Smithfield	\$ 27,800,000	May-16	7.35%	Altis	Mapletree Logistics Trust	13,485
17 O'riordan Street, Alexandria	\$112,900,000	Jul-16	8.00%	17 O'riordan Street Pty Ltd	Perpetual Corporate Trust Limited	6,012

Table 13—\$20 million and Over 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 7.32% for those sold between April and September of 2016.

Sales Information

The largest transaction over \$20 million that was recorded in the six months to September 2016 was the sale of **17 O'riordan Street, Alexandria**. The vendor, 17 O'riordan Street Pty Ltd, sold the industrial estate to Perpetual Corporate Trust Limited for \$112.9 million. The sale reflects a yield of 8.00%. The three-storey purpose built warehouse, commercial office and laboratory facility is currently fully leased to the Australian Red Cross Blood Services through to January 2031.

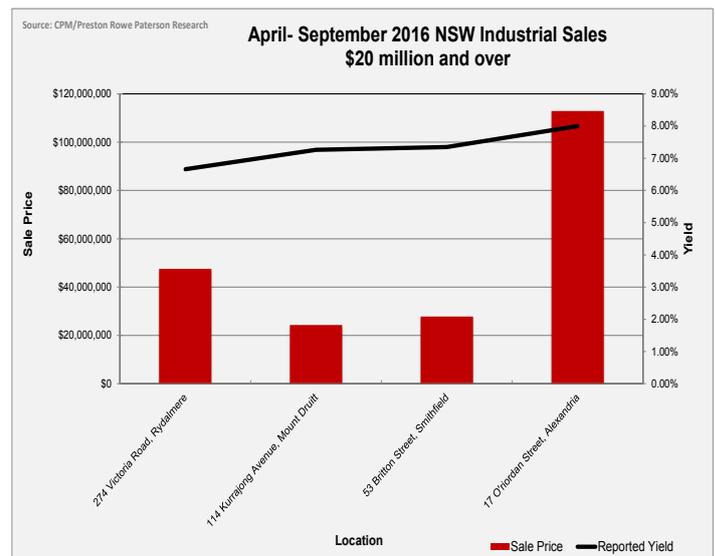


Chart 10 – Apr-Sep 2016 NSW Industrial Sales \$20 million and over sales - Source Preston Rowe Paterson Research/CPM



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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