

\$4,290 Average rate per square metre, (<2,000SQM)

4.75% Average Prime Yield

\$145 Average Prime Net Face Rents – Central West

ECONOMY:

The COVID-19 pandemic has resulted in Australia's first recession in 29 years. Quarterly real GDP growth fell by 0.3% over the March quarter and a further 7.0% over the June quarter. Growth over the 2020 calendar year is forecast by the Reserve Bank of Australia (RBA) to decline by 6%. Assuming the pandemic is contained globally, the RBA expects economic growth to turn positive from mid-2021 with calendar 2021 growth of 5.0% forecast. The New South Wales (NSW) economy also declined in Q2 with gross state product (GSP) estimated by Deloitte Access Economics to fall by 5.5% over Q2, with positive growth of 3.0% forecast over H2 2020. Growth in 2021 is expected to bounce back with NSW expected to generate GSP growth of 4.7% over the calendar year.

RENTS:

Prime net face rents across Sydney were largely unchanged over the past six months. Net face rents averaged \$124 per square metre (sqm) per annum in the North West, \$127 per sqm in the South West, \$131 per sqm in the Outer West, \$145 per sqm in the Centre West and \$206 per sqm in the South. Incentives were also unchanged and generally range from 8% to 10%.

INVESTMENT:

NSW industrial transaction volume over Q3 was the second strongest quarter in the past 10 years. The boom in online sales during the pandemic helping to fuel demand for industrial stock. Despite the relatively strong demand, the range of yields across Sydney was unchanged over the past six months at 4.0% to 5.5%. Significant transactions included Charter Hall's purchase of 5 Culverston Road in Minto \$207 million from Qube Holdings, LOGOS with the NSW Government's TCorp purchasing 2 Imperata Close from Sigma Healthcare Limited in Kemps Creek for around \$131 million and the Dexus Australian Logistics Trust acquiring a cold storage facility at 37-39 Wentworth Street, Greenacre for round \$100 million to be leased by Real Dairy Australia and Tomkin.

ECONOMIC INDICATORS Q2 2020

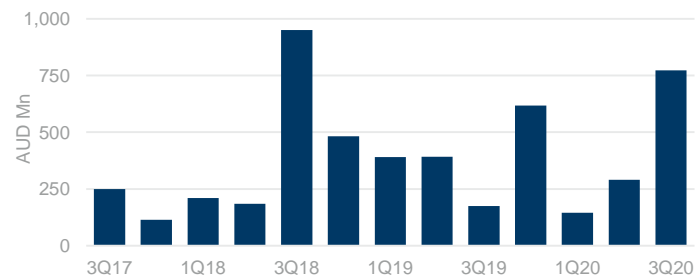
Q1 20 **Q2 20** **12-Mo.
Forecast**
GDP Growth (National)* **1.8%** **-0.2%** ▲

State Final Demand Growth (NSW)* **0.8%** **-1.8%** ▲

Unemployment (NSW)† **4.9%** **6.9%** ▲

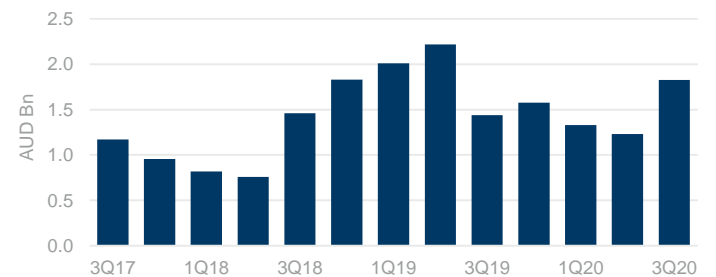
*Average annual growth rate, †Seasonally adjusted
Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

QUARTERLY INVESTMENT VOLUME (>\$5M)



Source: Cushman & Wakefield Research; RCA

ROLLING ANNUAL INVESTMENT VOLUME (>\$5M)



Source: Cushman & Wakefield Research; RCA

MARKET STATISTICS

PRIME GRADE	Size Range	South	Central West	South West	Outer West	North West
NET FACE RENT	<2,000 sqm	\$220 - \$240	\$150 - \$200	\$130 - \$140	\$135 - \$140	\$130 - \$140
	2,000 - 5,000 sqm	\$210 - \$230	\$135 - \$150	\$125 - \$135	\$125 - \$140	\$120 - \$130
	5,000 -10,000 sqm	\$185 - \$205	\$130 - \$135	\$125 - \$130	\$125 - \$130	\$115 - \$125
	10,000 + sqm	\$170 - \$190	\$125 - \$135	\$110 - \$120	\$120 - \$130	\$110 - \$120
OUTGOINGS	<2,000 sqm	\$40 - \$70	\$25 - \$40	\$20 - \$30	\$25 - \$30	\$25 - \$35
	2,000 - 5,000 sqm	\$40 - \$70	\$25 - \$40	\$20 - \$30	\$25 - \$30	\$25 - \$35
	5,000 -10,000 sqm	\$40 - \$60	\$25 - \$40	\$20 - \$30	\$25 - \$25	\$25 - \$35
	10,000 + sqm	\$40 - \$60	\$25 - \$40	\$20 - \$30	\$25 - \$25	\$25 - \$35
NET INCENTIVES	<2,000 sqm	10.00%	8.00% - 10.00%	8.00% - 10.00%	8.00% - 10.00%	8.00% - 10.00%
	2,000 - 5,000 sqm	10.00%	8.00% - 10.00%	8.00% - 10.00%	8.00% - 10.00%	8.00% - 10.00%
	5,000 -10,000 sqm	10.00%	8.00% - 10.00%	8.00% - 10.00%	8.00% - 10.00%	8.00% - 10.00%
	10,000 + sqm	10.00%	8.00% - 10.00%	8.00% - 10.00%	8.00% - 10.00%	8.00% - 10.00%
AVG YIELDS	<2,000 sqm	4.00% - 5.50%	4.00% - 5.50%	4.00% - 5.50%	4.00% - 5.50%	4.00% - 5.50%
	2,000 - 5,000 sqm	4.00% - 5.50%	4.00% - 5.50%	4.00% - 5.50%	4.00% - 5.50%	4.00% - 5.50%
	5,000 -10,000 sqm	4.00% - 5.50%	4.75% - 5.25%	4.75% - 5.25%	4.75% - 5.25%	4.75% - 5.25%
	10,000 + sqm	4.00% - 5.50%	4.75% - 5.25%	4.75% - 5.25%	4.75% - 5.25%	4.75% - 5.25%
BUILDING CAPITAL VALUES	<2,000 sqm	\$4,950	\$4,950	\$3,300	\$3,300	\$4,950
	2,000 - 5,000 sqm	\$4,400	\$4,000	\$2,750	\$2,750	\$3,850
	5,000 -10,000 sqm	\$4,100	\$2,650	\$2,550	\$2,550	\$2,400
	10,000 + sqm	\$3,800	\$2,600	\$2,300	\$2,500	\$2,300
VACANT LAND CAPITAL VALUES	<2,000 sqm	\$2,750	\$1,500	\$1,000	\$1,000	\$1,100
	2,000 - 5,000 sqm	\$2,200	\$1,250	\$800	\$800	\$900
	5,000 -10,000 sqm	\$1,800	\$1,000	\$650 - \$700	\$650 - \$700	\$650 - \$700
	10,000 + sqm	\$1,400	\$750 - \$850	\$650 - \$700	\$650 - \$700	\$650 - \$700

KEY LEASE TRANSACTIONS Q2 2020 + Q3 2020

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
3B, 37-39 Stennett Road	South West	Modular Building Systems	11,217	Direct
12 Boundary Road	North West	Metcash Food & Grocery Convenience Division Pty Ltd	9,430	Direct
4B, 400 Moorebank Avenue	South West	ATS Building Supplies	12,501	Direct

KEY SALES TRANSACTIONS Q2 2020 + Q3 2020

PROPERTY	SUBMARKET	PURCHASER / VENDOR	SQM	PRICE (AUD)
5 Culverston Rd	South West	Charter Hall/ Qube Holdings	112,000	\$270 million
2 Imperata Close	Outer West	LOGOS & TCorp/ Sigma Healthcare	40,000	\$131 million
Winc Distribution Facility	Outer West	Charter Hall/ Private	43,000	\$115 million

JOHN SEARS

Head of Research, Australia & New Zealand
+61 2 8243 9973 /John.Sears@cushwake.com

ORLANDO MACIEL

Head of Industrial – NSW
+61 2 9224 8032 /Orlando.Maciel@cushwake.com

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