

\$4,410 Average rate per square metre, (<2,000SQM)

4.8% Average Prime Yield

\$155 Average Prime Net Face Rents (2,000 – 5,000SQM)

ECONOMIC INDICATORS Q4 2020

Q320 Q420 12-Mo. Forecast

GDP Growth (National)* **-1.6% -2.4%** ▲

State Final Demand Growth (NSW)* **-2.8% -3.3%** ▲

Unemployment (NSW)† **7.1% 6.4%** ▼

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

ECONOMY:

The COVID-19 pandemic caused a short sharp recession in Australia during Q1 and Q2 2020. Data to December 2020 indicate the Australian economy returned to growth in H2, rising 3.3% in Q3 and 3.1% in Q4 after a 7.3% decline in Q2.

Real state final demand in New South Wales (NSW) also bounced strongly, rising 6.8% in Q3 and 2.9% in Q4 after declining 8.5% in Q2. Assuming the pandemic is contained globally, both NSW's and Australia's economic growth rates are expected to remain positive over the forecast horizon with relatively strong growth expected over the next few years.

Deloitte Access Economics forecast real gross state product (GSP) to increase by 5.2% over calendar 2021 with annual growth to average 2.8% over the following three years. Over the past 10 years, NSW GSP annual growth has averaged 2.4%.

RENTS:

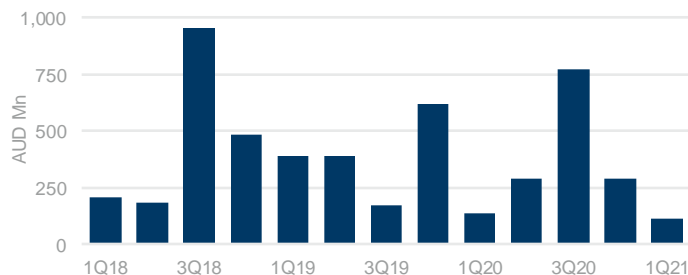
Prime net face rents across Sydney were largely unchanged over the past six months. Net face rents averaged \$124 per square metre (sqm) per annum in the North West, \$127 per sqm in the South West, \$131 per sqm in the Outer West and \$145 per sqm in the Centre West. In the South, the average Prime net face rent rose by 4.8% over the past six months to \$216 per sqm. Incentives were generally unchanged, averaging 10%.

INVESTMENT:

NSW industrial transaction volume was relatively low over Q1, totalling \$114 million. This compares to \$289 million in Q4 2020 and the record quarterly total of \$773 million in Q3. While Q1 turnover is down, two potential transactions are likely to significantly boost 2021 volumes. These include the Blackstone Australian warehouse portfolio with an estimated value of around \$3.5 billion, 16% of which is located in Sydney, as well as the announced, but not yet completed, \$1.65 billion purchase of Moorebank Logistics Park, a 243-hectare freight infrastructure development in South Western Sydney, by Logos Property Services from Qube Holdings.

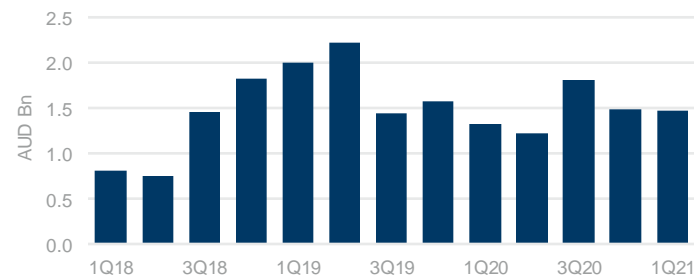
The range of yields across Sydney were largely unchanged over the past six months at 4.0% to 5.5%. However, the range for South Sydney industrial property narrowed to 4.05 to 5.0%.

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	\$240 - \$260	\$150 - \$200	\$130 - \$140	\$130 - \$140	\$130 - \$140
	2,000 – 5,000 sqm	\$220 - \$240	\$140 - \$170	\$125 - \$135	\$125 - \$140	\$120 - \$130
	5,000 -10,000 sqm	\$190 - \$210	\$130 - \$135	\$125 - \$130	\$125 - \$135	\$115 - \$125
	10,000 + sqm	\$175 - \$195	\$125 - \$135	\$110 - \$120	\$120 - \$130	\$110 - \$125
OUTGOINGS	<2,000 sqm	\$50 - \$70	\$25 - \$40	\$20 - \$30	\$25 - \$30	\$25 - \$35
	2,000 – 5,000 sqm	\$50 - \$70	\$25 - \$40	\$20 - \$30	\$25 - \$30	\$25 - \$35
	5,000 -10,000 sqm	\$50 - \$70	\$25 - \$40	\$20 - \$30	\$25 - \$25	\$25 - \$35
	10,000 + sqm	\$50 - \$70	\$25 - \$40	\$20 - \$30	\$25 - \$25	\$25 - \$35
NET INCENTIVES	<2,000 sqm	10.00%	10.00% - 10.00%	10.00% - 10.00%	10.00% - 10.00%	10.00% - 10.00%
	2,000 – 5,000 sqm	10.00%	10.00% - 10.00%	10.00% - 10.00%	10.00% - 10.00%	10.00% - 10.00%
	5,000 -10,000 sqm	10.00%	10.00% - 10.00%	10.00% - 10.00%	10.00% - 10.00%	10.00% - 10.00%
	10,000 + sqm	10.00%	10.00% - 10.00%	10.00% - 10.00%	10.00% - 10.00%	10.00% - 10.00%
AVG YIELDS	<2,000 sqm	4.00% - 5.00%	4.00% - 5.50%	4.00% - 5.50%	4.00% - 5.50%	4.00% - 5.50%
	2,000 – 5,000 sqm	4.00% - 5.00%	4.00% - 5.50%	4.00% - 5.50%	4.00% - 5.50%	4.00% - 5.50%
	5,000 -10,000 sqm	4.00% - 5.00%	4.75% - 5.25%	4.75% - 5.25%	4.75% - 5.25%	4.75% - 5.25%
	10,000 + sqm	4.00% - 5.00%	4.75% - 5.25%	4.75% - 5.25%	4.75% - 5.25%	4.75% - 5.25%
BUILDING CAPITAL VALUES	<2,000 sqm	\$5,556	\$4,950	\$3,300	\$3,300	\$4,950
	2,000 – 5,000 sqm	\$5,111	\$4,000	\$2,750	\$2,750	\$3,850
	5,000 -10,000 sqm	\$4,444	\$2,650	\$2,550	\$2,600	\$2,400
	10,000 + sqm	\$4,111	\$2,600	\$2,300	\$2,500	\$2,350
VACANT LAND CAPITAL VALUES	<2,000 sqm	\$3,500	\$1,500	\$1,000	\$1,000	\$1,100
	2,000 – 5,000 sqm	\$3,000	\$1,250	\$800	\$800	\$900
	5,000 -10,000 sqm	\$2,500	\$1,000	\$700 - \$800	\$750 - \$850	\$700 - \$800
	10,000 + sqm	\$2,000	\$750 - \$850	\$700 - \$800	\$750 - \$850	\$700 - \$800

KEY LEASE TRANSACTIONS Q4 2020 + Q1 2021

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
51 Eastern Creek Drive, Eastern Creek	Outer West	IndependentLiving Specialist	11,893	Direct
Warehouse 2, Building 1C, Oakdale South	Outer West	Amber Tiles	12,445	Direct
Building 1A, Altitude, Bankstown Airport	South West	HellmanWorldwide Logistics	13,111	Direct

KEY SALES TRANSACTIONS Q4 2020 + Q1 2021

PROPERTY	SUBMARKET	PURCHASER / VENDOR	SQM	PRICE (AUD)
67-69 Mandoon Road	Outer West	Centuria Industrial REIT/ Bidfood group	25,000	\$73.1 million
2115 Castlereagh Road	Outer West	Aon Ari Property / Fletcher Building	120,000	\$30 million
201-203 Power Street	Outer West	Perpetual Trustee Co/ Valspar Corporation	52,500	\$29.8 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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