

\$4,860 Average rate per square metre, (<2,000SQM)

4.1% Average Prime Yield

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

ECONOMY:

New South Wales and Australia continue to bounce back from the 2020 COVID-19 induced recession. Although the recovery carries on, the sequential growth impulse has faded slightly, with data to June 2021 showing the national economy expanding at 1.9% in Q1 and 0.7% in Q2 after increasing at more than 3% in both Q3 and Q4 2020. Real state final demand in New South Wales (NSW) remains robust, increasing 1.9% in Q1 and 2.2% in Q2. Despite the most recent lockdown, Deloitte Access Economics (DAE) forecast real gross state product (GSP) to increase 3.0% over calendar year 2021. Although the outlook is dependent on the continuing economic recovery, DAE forecasts real gross state product to expand 14.6% between 2020-2024, a stronger recovery than previously expected.

RENTS:

Prime net face rents across Sydney edged higher over the past six months. Prime net face rents averaged \$127 per square metre (sqm) per annum in the North West, \$131 per sqm in the South West, \$134 per sqm in the Outer West, \$148 per sqm in the Central West and \$216 per sqm in the South. Prime net face rents rose approximately 1% to 2% in each of these areas. Incentives were largely unchanged at smaller (<5,000 sqm) properties, averaging 10%. Incentives on larger properties rose 250 basis points over the last six months to average 12.5%.

INVESTMENT:

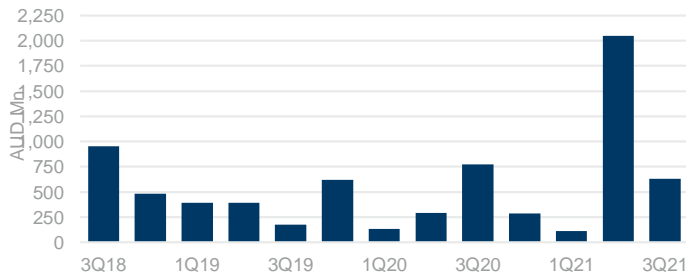
After a sluggish start to 2021, NSW industrial transaction volume rebounded sharply in Q2 to total \$2.2 billion in Q2 of 2021, the highest level on record. This was bolstered by the \$1.65 billion purchase of Moorebank Logistics Park, a 243-hectare freight infrastructure development in South Western Sydney, by Logos Property Services from Qube Holdings. Although volumes moderated slightly in Q3 to \$629 million, Q3 volumes were only just shy of the previous high of \$773 million in Q3 of 2020. The \$140 million purchase of Toplace's 7.6-hectare Clyde Industrial Portfolio in Parramatta by Goodman anchored the quarter, though several deals in excess of \$30 million were completed. The range of yields across Sydney have moved lower over the past six months to 3.5% to 4.5% from 4.0% to 5.5%. However, the range for South Sydney industrial property narrowed to 4.05 to 5.0%.

ECONOMIC INDICATORS To Q2 2021

	Q1 21	Q2 21	12-Mo. Forecast
GDP Growth (National)*	-2.4%	1.6%	▲
State Final Demand Growth (NSW)*	-2.7%	3.2%	▲
Unemployment (NSW)†	5.5%	5.1%	▼

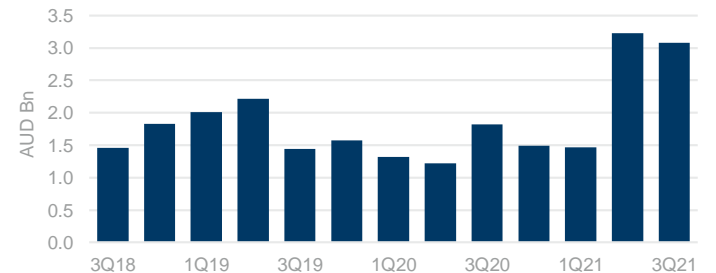
*Average annual growth rate, †Seasonally adjusted
Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

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	\$240 - \$260	\$150 - \$200	\$135 - \$145	\$140 - \$150	\$140 - \$150
	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	\$120 - \$130	\$120 - \$135	\$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% - 15.00%	10.00% - 15.00%	10.00% - 15.00%	10.00% - 15.00%
	10,000 + sqm	10.00%	10.00% - 15.00%	10.00% - 15.00%	10.00% - 15.00%	10.00% - 15.00%
AVG YIELDS	<2,000 sqm	4.00% - 4.50%	3.50% - 4.50%	3.50% - 4.50%	3.50% - 4.50%	3.50% - 4.50%
	2,000 - 5,000 sqm	4.00% - 4.50%	3.50% - 4.50%	3.50% - 4.50%	3.50% - 4.50%	3.50% - 4.50%
	5,000 -10,000 sqm	4.00% - 4.50%	3.50% - 4.50%	3.50% - 4.50%	3.50% - 4.50%	3.50% - 4.50%
	10,000 + sqm	4.00% - 4.50%	3.50% - 4.50%	3.50% - 4.50%	3.50% - 4.50%	3.50% - 4.50%
BUILDING CAPITAL VALUES	<2,000 sqm	\$5,882	\$5,891	\$3,300	\$3,300	\$5,940
	2,000 - 5,000 sqm	\$5,412	\$4,761	\$3,250	\$3,300	\$4,620
	5,000 -10,000 sqm	\$4,706	\$3,300	\$3,200	\$3,250	\$3,000
	10,000 + sqm	\$4,353	\$3,250	\$3,150	\$3,200	\$2,950
VACANT LAND CAPITAL VALUES	<2,000 sqm	\$3,500	\$1,500	\$1,300	\$1,300	\$1,300
	2,000 - 5,000 sqm	\$3,000	\$1,250	\$1,200	\$1,200	\$1,300
	5,000 -10,000 sqm	\$2,500	\$1,100	\$1,100 - \$1,200	\$1,100 - \$1,200	\$1,100 - \$1,200
	10,000 + sqm	\$2,000	\$950 - \$1,050	\$900 - \$1,100	\$900 - \$1,100	\$900 - \$1,100

KEY LEASE TRANSACTIONS Q2 2021 + Q3 2021

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
421-427 Flushcombe Road, Huntingwood	Outer West	QLS Group	21,810	Pre-lease
Warehouse 1, 6 Johnston Crescent	Outer West	Jalco Group	20,260	Pre-lease
Warehouse 2, 6 Johnston Crescent	Outer West	UPS	19,514	Pre-lease

KEY SALES TRANSACTIONS Q2 2021 + Q3 2021

PROPERTY	SUBMARKET	PURCHASER / VENDOR	SQM	PRICE (AUD)
15, 17 & 19 Berry Street	Central West	Goodman/Toplace	76,500	\$140 million
1 Eucalyptus Place	Outer West	Lendlease/Millett Group	60,100	\$130.1 million
9 Birmingham Avenue	Central West	ESR/PPG Industries	74,520	\$58.1 million

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