

\$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:

The economy of New South Wales (NSW) has gradually reopened following the Omicron-induced 'shadow lockdowns' that straddled Q4 of 2021 and Q1 of 2022. Data to December 2021 shows that the national economy expanded 3.4% in Q4 after contracting 1.9% in Q3. Despite lockdowns in several of the eastern capitals throughout 2021, GDP grew 4.2% over the calendar year. Real state final demand in NSW increased 5.1% on a sequential basis in Q4 of 2021, though still has not fully recovered after a 6.5% contraction in Q3 when much of the state was in lockdown. The NSW economy is expected to bounce back in 2022 with Deloitte Access Economics (DAE) forecasting a 5.2% expansion in real gross state product over the calendar year. The flooding in NSW and Queensland (QLD) may dampen this forecast slightly, while inflationary pressures, in particular supply chain distortions and disruptions from the war in Ukraine, add some downside risk to this forecast.

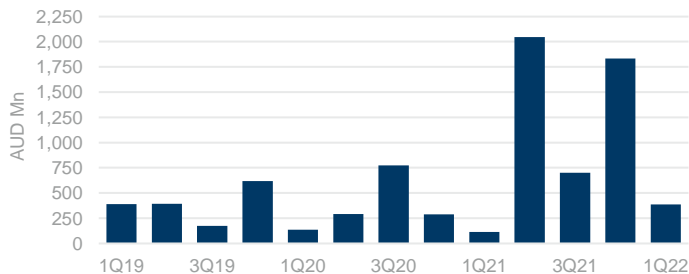
RENTS:

Prime net face rents in South Sydney have increased sharply over the past six months. This is a result of a scarcity of leasable space amid robust tenant demand as well as quality uplift following the completion of prime properties charging higher rents. Prime net face rents have risen more than 20% in South Sydney over the past six months to average \$216 per square metre per annum (sqm pa). Elsewhere, prime net face rents have been more-or-less stable over the past six months averaging \$127 sqm pa in the North West, \$131 sqm pa in the South West, \$134 sqm pa in the Outer West and \$148 sqm pa in the Central West.

INVESTMENT:

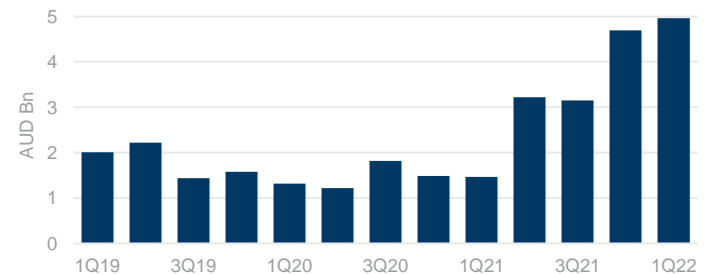
NSW industrial transaction volumes remained robust in the six months to March 2022. Transaction volumes increased to \$1.8 billion in Q4 though moderated to \$385 million in Q1 of 2022. Note that transaction volumes tend to be lower in Q1 than in other quarters. Transactions were anchored by the \$152 million purchase of 286 Horsley Road by ESR Group from Leda Holdings and AirTrunk's \$110 million purchase of 51 Huntingwood Drive from Endeavour Energy. Yields were relatively stable over the past six months across Sydney markets, ranging from 3.0% to 4.5%.

QUARTERLY INVESTMENT VOLUME (>\$5M)



Source: Cushman & Wakefield Research; RCA

ROLLING ANNUAL INVESTMENT VOLUME (>\$5M)



Source: Cushman & Wakefield Research; RCA

ECONOMIC INDICATORS To Q4 2021

	Q3 21	Q4 21	12-Mo. Forecast
GDP Growth (National)*	3.5%	4.8%	▼
State Final Demand Growth (NSW)*	4.1%	5.3%	▲
Unemployment (NSW)†	4.6%	4.0%	▼

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

MARKET STATISTICS

PRIME GRADE	Size Range	South	YoY Change	Central West	YoY Change	South West	YoY Change	Outer West	YoY Change	North West	YoY Change
NET FACE RENT	<2,000 sqm	\$270 - \$290	12%	\$150 - \$200	0%	\$135 - \$145	4%	\$140 - \$150	7%	\$140 - \$150	7%
	2,000 - 5,000 sqm	\$260 - \$280	17%	\$140 - \$170	0%	\$125 - \$135	0%	\$125 - \$140	0%	\$120 - \$130	0%
	5,000 -10,000 sqm	\$250 - \$270	30%	\$130 - \$135	0%	\$125 - \$130	0%	\$125 - \$135	0%	\$115 - \$125	0%
	10,000 + sqm	\$240 - \$260	35%	\$125 - \$135	0%	\$120 - \$130	9%	\$120 - \$135	2%	\$110 - \$125	0%
OUTGOINGS	<2,000 sqm	\$50 - \$70	0%	\$25 - \$40	0%	\$20 - \$30	0%	\$25 - \$30	0%	\$25 - \$35	0%
	2,000 - 5,000 sqm	\$50 - \$70	0%	\$25 - \$40	0%	\$20 - \$30	0%	\$25 - \$30	0%	\$25 - \$35	0%
	5,000 -10,000 sqm	\$50 - \$70	0%	\$25 - \$40	0%	\$20 - \$30	0%	\$25 - \$25	0%	\$25 - \$35	0%
	10,000 + sqm	\$50 - \$70	0%	\$25 - \$40	0%	\$20 - \$30	0%	\$25 - \$25	0%	\$25 - \$35	0%
NET INCENTIVES	<2,000 sqm	10.00%	0 pps	10.00% - 10.00%	0 pps	10.00% - 10.00%	0 pps	10.00% - 10.00%	0 pps	10.00% - 10.00%	0 pps
	2,000 - 5,000 sqm	10.00%	0 pps	10.00% - 10.00%	0 pps	10.00% - 10.00%	0 pps	10.00% - 10.00%	0 pps	10.00% - 10.00%	0 pps
	5,000 -10,000 sqm	10.00%	0 pps	10.00% - 10.00%	0 pps	10.00% - 10.00%	0 pps	10.00% - 10.00%	0 pps	10.00% - 10.00%	0 pps
	10,000 + sqm	10.00%	0 pps	10.00% - 15.00%	3 pps	15.00% - 25.00%	10 pps	15.00% - 25.00%	10 pps	15.00% - 20.00%	8 pps
AVG YIELDS	<2,000 sqm	4.00% - 4.50%	-25 bps	3.00% - 4.00%	-125 bps	3.00% - 4.00%	-125 bps	3.00% - 4.00%	-125 bps	3.00% - 4.00%	-125 bps
	2,000 - 5,000 sqm	4.00% - 4.50%	-25 bps	3.00% - 4.00%	-125 bps	3.00% - 4.00%	-125 bps	3.00% - 4.00%	-125 bps	3.00% - 4.00%	-125 bps
	5,000 -10,000 sqm	4.00% - 4.50%	-25 bps	3.00% - 4.00%	-150 bps	3.00% - 4.00%	-150 bps	3.00% - 4.00%	-150 bps	3.00% - 4.00%	-150 bps
	10,000 + sqm	4.00% - 4.50%	-25 bps	3.00% - 4.00%	-150 bps	3.00% - 4.00%	-150 bps	3.00% - 4.00%	-150 bps	3.00% - 4.00%	-150 bps
BUILDING CAPITAL VALUES	<2,000 sqm	\$6,600	19%	\$5,000	35%	\$4,000	40%	\$4,150	46%	\$4,150	46%
	2,000 - 5,000 sqm	\$6,350	25%	\$4,450	37%	\$3,700	35%	\$3,800	36%	\$3,550	34%
	5,000 -10,000 sqm	\$6,100	37%	\$3,800	43%	\$3,650	43%	\$3,700	42%	\$3,450	44%
	10,000 + sqm	\$5,900	44%	\$3,700	42%	\$3,550	54%	\$3,650	46%	\$3,350	43%
VACANT LAND VALUES	<2,000 sqm	\$4,000	14%	\$1,501	0%	\$1,001	0%	\$1,201	20%	\$1,201	9%
	2,000 - 5,000 sqm	\$3,500	17%	\$1,301	4%	\$1,101	38%	\$1,101	38%	\$1,201	33%
	5,000 -10,000 sqm	\$3,000	20%	\$1,301	30%	\$1,000 - \$1,200	47%	\$1,000 - \$1,200	38%	\$1,100 - \$1,300	60%
	10,000 + sqm	\$2,500	25%	\$1,200 - \$1,400	63%	\$1,100 - \$1,300	60%	\$1,000 - \$1,200	38%	\$1,000 - \$1,200	47%

KEY SALES TRANSACTIONS Q4 2021 + Q1 2022

PROPERTY	SUBMARKET	PURCHASER / VENDOR	SQM	PRICE (AUD)
286 Horsley Road	South West	ESR Group	38,612	\$152.0 million
51 Huntingwood Drive	Blacktown	AirTrunk		\$110.0 million
5 Yarrawa Street	Liverpool	Pittwater Industrial		\$58.3 million
132 Newton Road	Fairfield	Evolution Trust		\$45.5 million

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