

**\$5,600** Average rate per square metre, (<2,000SQM)

**3.7%** Average Prime Yield

**\$190** Average Prime Net Face Rents (2,000 – 5,000SQM)

### ECONOMY:

After weathering the COVID-19 induced recession of 2020 as well as the subsequent waves of the virus and inclement weather in 2021 and early 2022, the Australian economy was poised for recovery. This has been tempered to a degree as inflationary pressures have pushed forward interest rate rises and lowered the outlook for growth. Despite this, the economy is still expected to expand at an above-average rate in 2022. Deloitte Access Economics (DAE) is predicting that Australia's real GDP will increase 3.4% in 2022 and 2.5% in 2023, in line with the 2010-2019 average annual growth of 2.6%. This also follows a 4.8% expansion in 2021. DAE forecast that New South Wales (NSW) gross state product (GSP) will increase 3.7% in 2022 and 2.7% in 2023, both above the annual average growth rate in the decade prior to the pandemic (2010-2019) of 2.5%.

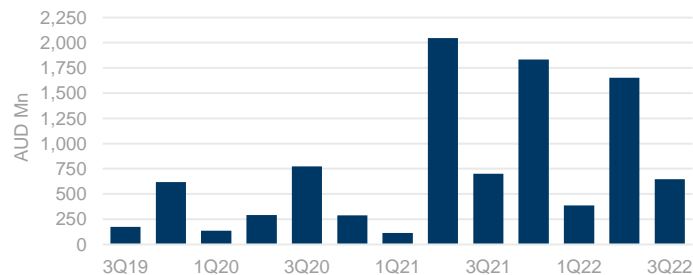
### RENTS:

Over the past six months, prime net face rents in South Sydney have continued to increase at a rapid pace. 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 by roughly 10% in South Sydney over the past six months to average \$290 per square metre per annum (sqm pa), and are currently up by 35% on the year. Other Sydney markets have also experienced strong rental growth over the past year, with prime net face rents up 27% in the North West to average \$160 sqm pa, up 23% in the South West to average \$160 sqm pa, up 20% in the Outer West to average \$160 sqm pa and up 15% in the Central West to average \$170 sqm pa.

### INVESTMENT:

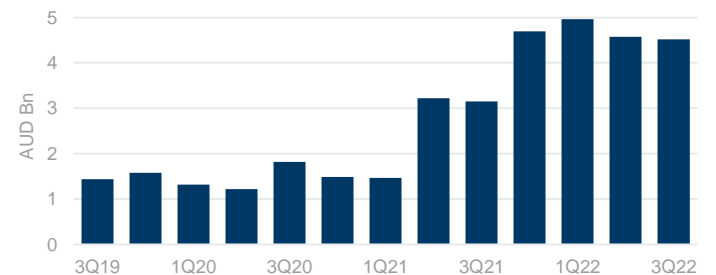
NSW industrial transaction volumes remained robust in the six months to September 2022. Transaction volumes increased to \$1.7 billion in Q2 and \$647 million in Q3 from \$385 million in Q1 of 2022. Although the Q2 figures moderated from 2021, this may prove to be an outlier and 2022 transactions were still robust relative to historical averages. Transactions were anchored by the \$94 million purchase of 40 Marigold Street by BlackRock from James N Kirby Holdings. Yields were relatively stable over the past six months across most Sydney markets, ranging from 3.0% to 4.0%, though in South Sydney yields increased by 25 basis points to average 4.25% to 4.75%.

### QUARTERLY INVESTMENT VOLUME (>\$5M)



Source: Cushman & Wakefield Research; RCA

### ROLLING ANNUAL INVESTMENT VOLUME (>\$5M)



Source: Cushman & Wakefield Research; RCA

### ECONOMIC INDICATORS To Q2 2022

	Q1 22	Q2 22	12-Mo. Forecast
GDP Growth (National)*	5.4%	3.9%	▼
State Final Demand Growth (NSW)*	6.1%	3.5%	▲
Unemployment (NSW)†	3.9%	3.3%	▼

\*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	\$290 - \$320	22%	\$170 - \$200	6%	\$170 - \$200	32%	\$170 - \$200	28%	\$170 - \$200	28%
	2,000 - 5,000 sqm	\$280 - \$310	28%	\$170 - \$200	19%	\$150 - \$180	27%	\$150 - \$180	25%	\$150 - \$180	32%
	5,000 -10,000 sqm	\$270 - \$300	43%	\$150 - \$180	25%	\$140 - \$170	22%	\$140 - \$170	19%	\$140 - \$170	29%
	10,000 + sqm	\$260 - \$290	49%	\$135 - \$150	10%	\$130 - \$150	12%	\$130 - \$150	10%	\$130 - \$150	19%
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%	-3 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%	-3 pps
	10,000 + sqm	10.00%	0 pps	10.00% - 10.00%	0 pps	10.00% - 10.00%	-5 pps	10.00% - 12.00%	-4 pps	10.00% - 10.00%	-3 pps
AVG YIELDS	<2,000 sqm	4.25% - 4.75%	25 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps
	2,000 - 5,000 sqm	4.25% - 4.75%	25 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps
	5,000 -10,000 sqm	4.25% - 4.75%	25 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps
	10,000 + sqm	4.25% - 4.75%	25 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps	3.00% - 4.00%	-50 bps
BUILDING CAPITAL VALUES	<2,000 sqm	\$6,800	15%	\$5,300	20%	\$5,300	51%	\$5,300	45%	\$5,300	45%
	2,000 - 5,000 sqm	\$6,550	21%	\$5,300	36%	\$4,700	45%	\$4,700	42%	\$4,700	49%
	5,000 -10,000 sqm	\$6,350	35%	\$4,700	42%	\$4,450	39%	\$4,450	37%	\$4,450	48%
	10,000 + sqm	\$6,100	40%	\$4,050	25%	\$4,000	27%	\$4,000	25%	\$4,000	36%
VACANT LAND VALUES	<2,000 sqm	\$3,500	0%	\$2,000	33%	\$1,500	50%	\$1,500	25%	\$1,500	25%
	2,000 - 5,000 sqm	\$3,000	0%	\$2,000	60%	\$1,400	40%	\$1,400	27%	\$1,400	17%
	5,000 -10,000 sqm	\$2,500	0%	\$1,500	36%	\$1,000 - \$1,200	0%	\$1,000 - \$1,200	0%	\$1,000 - \$1,200	0%
	10,000 + sqm	\$2,000	0%	\$1,400 - \$1,600	50%	\$1,000 - \$1,200	10%	\$1,000 - \$1,200	10%	\$1,000 - \$1,200	10%

## KEY SALES TRANSACTIONS Q2 2021 + Q3 2022

PROPERTY	SUBMARKET	PURCHASER / VENDOR	SQM	PRICE (AUD)
40 Marigold Street	Canterbury-Bankstown	BlackRock		\$94.3 million
2 Lancelley Place	Willoughby		14,000	\$90.0 million
6 Grand Avenue	Parramatta	Intertrust Group		\$70.0 million
The Circle	Fairfield	Bathla Group	15,103	\$60.0 million

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