

\$4,820 Average rate per square metre

4.5% Average Prime Yield

\$215 Average Prime Net Face Rents

ECONOMY:

Global inflationary pressures that persisted throughout 2022 have pushed forward interest rate rises and tempered expectations for a rapid recovery for the Australian economy. Although a more hawkish monetary policy stance is expected to reduce the pace of expansion in the Australian economy for 2023 and 2024, growth is forecast to remain positive in both years. Deloitte Access Economics (DAE) is predicting that Australia's real GDP increased at an above-trend 3.6% in 2022 before slowing to 1.7% in 2023 and 1.6% in 2024. DAE forecast that New South Wales (NSW) gross state product (GSP) increased 4.6% in 2022, well above the annual average growth rate in the decade prior to the pandemic (2010-2019) of 2.5%. However, GSP growth is expected to slow to 1.7% in 2023 and 1.6% in 2024.

RENTS:

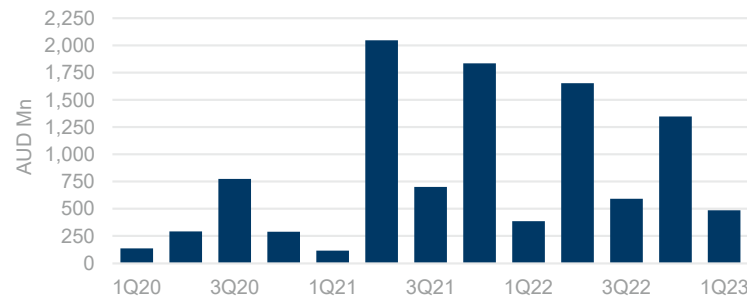
Over the past six months, prime net face rents across Sydney industrial precincts continued to increase at a rapid pace. This is primarily a result of a scarcity of leasable space amid robust tenant demand, and to a lesser extent the completion of prime properties charging higher rents. Prime net face rents have risen between 20% to 50% across all Sydney precincts between Q1 2022 and Q1 2023.

On a quarterly basis, prime net face rents in South Sydney rose 6% between Q4 and Q1 to average \$325 per square metre per annum (sqm pa). In the Central West rents are up 9% from Q4 to average \$215 per sqm pa, in the South West up 7% to average \$195 per sqm pa, in the Outer west up 12% to average \$215 per sqm pa and in the North West up 9% to \$210 per sqm pa.

INVESTMENT:

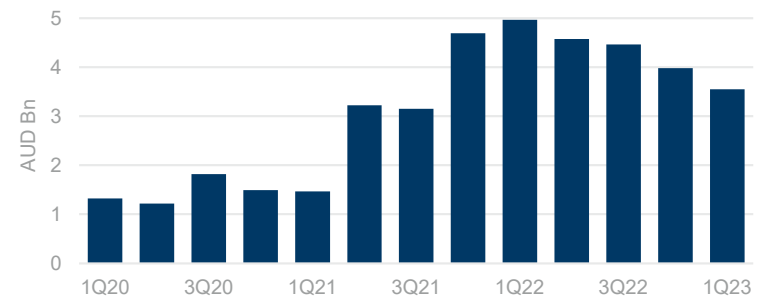
NSW industrial transaction volumes eased moderately in the six months to March 2023. Transaction volumes increased to \$1.3 billion in Q4 from \$592 million in Q3, though this was down from Q4 2021 (\$1.8 billion). Volumes continued to moderate into Q1 coming in at \$553 million. However, industrial transaction volumes still remain above pre-COVID levels as investors remain excited about the longer-term potential for the sector. Transactions were anchored by Amazon's \$181 million purchase of 2 Glendenning Road in Blacktown. Yields continued to shift higher over the past six months, having increased an average of 80 basis points over the past year to average 4.5% across all precincts.

QUARTERLY INVESTMENT VOLUME (>\$5M)



Source: Cushman & Wakefield Research; RCA

ROLLING ANNUAL INVESTMENT VOLUME (>\$5M)



Source: Cushman & Wakefield Research; RCA

ECONOMIC INDICATORS To Q4 2022

	Q3 22	Q4 22	12-Mo. Forecast
GDP Growth (National)*	4.1%	3.7%	▼
State Final Demand Growth (NSW)*	5.6%	5.3%	▼
Unemployment (NSW)†	3.3%	3.1%	▲

*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	\$300 - \$355	17%	\$200 - \$265	29%	\$170 - \$220	28%	\$200 - \$250	43%	\$200 - \$250	38%
	2,000 - 5,000 sqm	\$300 - \$355	21%	\$195 - \$255	34%	\$170 - \$220	37%	\$200 - \$250	58%	\$200 - \$250	61%
	5,000 -10,000 sqm	\$300 - \$355	26%	\$175 - \$225	33%	\$155 - \$200	27%	\$185 - \$225	49%	\$175 - \$225	45%
	10,000 + sqm	\$285 - \$355	28%	\$175 - \$225	54%	\$185 - \$225	58%	\$185 - \$225	61%	\$175 - \$225	57%
OUTGOINGS	<2,000 sqm	\$55 - \$85	17%	\$35 - \$65	54%	\$28 - \$45	46%	\$28 - \$40	24%	\$30 - \$45	25%
	2,000 - 5,000 sqm	\$55 - \$85	17%	\$35 - \$65	54%	\$28 - \$45	46%	\$28 - \$40	24%	\$30 - \$45	25%
	5,000 -10,000 sqm	\$55 - \$85	17%	\$35 - \$65	54%	\$28 - \$45	46%	\$28 - \$40	36%	\$30 - \$45	25%
	10,000 + sqm	\$55 - \$85	17%	\$35 - \$65	54%	\$28 - \$45	46%	\$28 - \$40	36%	\$30 - \$45	25%
NET INCENTIVES	<2,000 sqm	2.50%	-8 pps	0.00% - 10.00%	-5 pps	0.00% - 5.00%	-8 pps	0.00% - 5.00%	-8 pps	0.00% - 5.00%	-8 pps
	2,000 - 5,000 sqm	2.50%	-8 pps	0.00% - 10.00%	-5 pps	0.00% - 5.00%	-8 pps	0.00% - 5.00%	-8 pps	0.00% - 5.00%	-8 pps
	5,000 -10,000 sqm	2.50%	-8 pps	0.00% - 10.00%	-5 pps	0.00% - 5.00%	-8 pps	0.00% - 7.00%	-7 pps	0.00% - 7.00%	-7 pps
	10,000 + sqm	5.00%	-5 pps	0.00% - 10.00%	-8 pps	0.00% - 10.00%	-15 pps	0.00% - 10.00%	-15 pps	0.00% - 10.00%	-13 pps
AVG YIELDS	<2,000 sqm	4.25% - 4.75%	25 bps	4.50% - 5.00%	125 bps	4.50% - 5.00%	125 bps	4.50% - 5.00%	125 bps	4.50% - 5.00%	125 bps
	2,000 - 5,000 sqm	4.25% - 4.75%	25 bps	4.50% - 5.00%	125 bps	4.50% - 5.00%	125 bps	4.50% - 5.00%	125 bps	4.50% - 5.00%	125 bps
	5,000 -10,000 sqm	4.25% - 4.75%	25 bps	4.75% - 5.25%	150 bps	4.75% - 5.25%	150 bps	4.75% - 5.25%	150 bps	4.75% - 5.25%	150 bps
	10,000 + sqm	4.25% - 4.75%	25 bps	4.75% - 5.25%	150 bps	4.75% - 5.25%	150 bps	4.75% - 5.25%	150 bps	4.75% - 5.25%	150 bps
BUILDING CAPITAL VALUES	<2,000 sqm	\$7,300	11%	\$4,900	-5%	\$4,100	-6%	\$4,750	6%	\$4,750	2%
	2,000 - 5,000 sqm	\$7,300	15%	\$4,750	-1%	\$4,100	1%	\$4,750	17%	\$4,750	19%
	5,000 -10,000 sqm	\$7,300	20%	\$4,000	-7%	\$3,550	-11%	\$4,100	4%	\$4,000	1%
	10,000 + sqm	\$7,100	20%	\$4,000	8%	\$4,100	11%	\$4,100	12%	\$4,000	10%
VACANT LAND VALUES	<2,000 sqm	\$4,400	17%	\$2,000	33%	\$1,500	50%	\$1,500	25%	\$1,500	25%
	2,000 - 5,000 sqm	\$3,900	20%	\$2,000	54%	\$1,400	27%	\$1,400	27%	\$1,400	17%
	5,000 -10,000 sqm	\$3,300	20%	\$1,500	15%	\$1,000 - \$1,200	0%	\$1,000 - \$1,200	0%	\$1,000 - \$1,200	-8%
	10,000 + sqm	\$2,750	22%	\$1,400 - \$1,600	15%	\$1,000 - \$1,200	-8%	\$1,000 - \$1,200	0%	\$1,000 - \$1,200	0%

KEY SALES TRANSACTIONS Q4 2022 + Q1 2023

PROPERTY	SUBMARKET	PURCHASER / VENDOR	SQM	PRICE (AUD)
2 Glendenning Road	Blacktown	Amazon	21,799	\$181.0m
Rosehill Business Park	Parramatta	NashCap	41,899	\$128.2m
12 Frederick Street	Willoughby	Invesco, Gateway Capital	17,471	\$118.5m
2-8 Lanceley Place	Artarmon	Goodman	14,005	\$95.0m

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