

Industrial Property News

BAWDENS
INDUSTRIAL

Edition 92 – February 2017
02 9630 8000

2017 Industrial Property Investor Brief

In 2016 the rapid growth in rates paid per square metre for industrial property in the SME sector took informed players by surprise. Un-informed parties are realising now what happened. Resale transactions completed and analysed by leading industrial property company Bawdens often revealed price growth in excess of 15-20% annually. Completing a transaction every day the company is well placed to comment on the year ahead.

In the January edition of the Industrial Property News, the company provided a sector outlook statement which revealed that investment yields are expected to stabilise and not increase. You can review that to the rear of this edition. No increase in yields is expected despite a bias to

rising borrowing rates, this is because informed investors realise that the market in 2018 and beyond will present significant rental growth opportunities from existing secondary assets leased 2 to 5 years ago.

In 2017, as purchasers cannot locate existing assets to buy or reject increased prices, tenant demand is expected to drive up market rentals at rates of escalation greater than existing rental review patterns provide for. This creates today an opportunity for investors to capture that future growth (rental reversion) and an increased return on capital in the near future. For this reason, we anticipate continuing strong demand from investors will not alter yields from present levels in any significant way in 2017.

MONTHLY TRANSACTION FOCUS

Blacktown Gets New Car Wholesaler With Industrial Property Purchase

Expanding car wholesaler N & R Enterprises have purchased unit 2, 21 Chicago Avenue. In a deal negotiated by Associate Director Graeme Scott and Director Terry Saba, the company has acquired 1,052sqm of space. The property was sold for \$1,890,000.

Seven Hills Investment Sold For \$7,875,000

Bawdens Director Robert Ally and Associate Director Graeme Scott have sold 13A Stanton Road. Acting for private clients, the vendors sold a 6,533sqm building situated on 12,000sqm of land. This property, leased until 2025 holds an excellent future development potential in a location experiencing significant demand for all sizes of industrial property. Commenting on the yield of 7.6% for the 1980's building, Robert Ally observed the purchaser acted quickly on research from Bawdens that such an opportunity would not likely present itself in 2017 as more investors look to the sound of cash flows often available from secondary industrial assets with future value add/redevelopment options.

AUCTION

SEVEN HILLS



2 Standalone Buildings

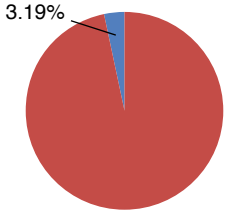
- 825sqm total
- Rare opportunity to refurbish and profit
- Excellent truck access.

Contact: Phil Higgins
0414 608 143

Ref: 15163

RESEARCH

Vacancy Rate by m2



Vacant Space Managed
Total Space Managed

Too busy to manage your property?

If you would like us to manage your property, contact



02 9630 8000

NEWS

Smart Investor Creates Their Own Cash Flow

A Bawdens private client has paid \$4,100,000 for 23 Foundry Road, Seven Hills. In a deal negotiated by Bawdens Director Terry Saba and Associate Director Graeme Scott, the purchaser is now offering the property for lease via the selling agents.

A freestanding property, the property is modern offering clear span warehousing and office space totalling 2,189sqm.

Situated on land of 3,072sqm, the property is situated in the heart of the Seven Hills precinct and 400 metres from the M2 Motorway.

The selling agents comment that with opportunities to purchase quality real estate in very short supply, they expect many purchasers will look to the option of leasing in 2017.

FOR LEASE RIVERSTONE



643sqm

- 3 tonne overhead crane.
- 300 AMPS of power.
- Secured site.

Contact: James Zerefos
0400 326 828 Ref: 38822

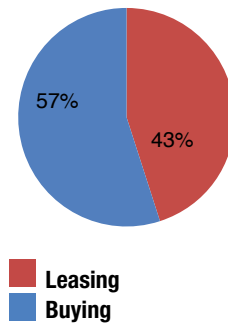
NEWS

My Donut Box To Run Rings In Pendle Hill

In a deal negotiated by Bawdens Director Terry Saba, AB Novak have leased unit 2, 102 Ballandella Road, Pendle Hill, comprising of 1,135sqm. The lessee, trading as My Donut Box will make donuts from the fitted food processing facility, comprising of cool rooms, racking, gas and drainage. Leased for an initial 3 years, the commencing rental was \$135,000 per annum plus outgoings.

RESEARCH

Leasing or Buying?



Do You Know Someone Who Would Benefit from this excellent...

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Suite 201, Level 2, 18-20 Ross St Parramatta NSW 2150
Phone 02 9630 8000 Fax 02 9633 3346

FOR LEASE

SEVEN HILLS



2,189sqm

- Freestanding warehouse
- Excellent truck & container access
- High Power
- Minutes to M2 & M7 Motorway
- Available March 2017

Contact: Terry Saba
0416 175 009

Ref: 22008

NEWS

Ace Recycling Play A Good Hand In Smithfield

Comprising of 1,455sqm, Ace Recycling has just leased Unit 3, 18 Sturt Street. The property included 223sqm of office space with yard storage. Situated on a 2,976sqm site, the company secured a 3 year lease at a commencing rent of \$134,587 per annum plus outgoings. The company will utilise the property for the recycling of computer hardware. The deal was negotiated by Senior Negotiator James Zerefos and Associate Director Graeme Scott of Bawdens.

FOR LEASE

NORTHMEAD



945sqm

- High quality warehouse units, only minutes from Parramatta CBD.
- Excellent truck access.
- Available 1st April 2017.

Contact: James Zerefos
0400 326 828

Ref: 16141

FOR LEASE SEVEN HILLS



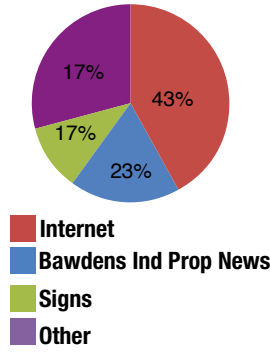
960sqm

- Excellent semi-trailer / container access.
- Air-conditioned office.
- Undercover parking.
- Easy access to M2 & M7 Motorway.
- Secured site.

Contact: Terry Saba
0416 175 009 Ref: 16490

RESEARCH

Where It All Came From



FOR LEASE NORTHMEAD



400sqm

- Easy access to James Ruse Drive and Cumberland Highway.
- Bus transit way at front of complex linking to Parramatta Station.
- Available mid April 2017.

Contact: Terry Saba
0416 175 009 Ref: 13344

DEALS DONE



GRANVILLE



CHIPPING NORTON



SMITHFIELD



SMITHFIELD



INGLEBURN



WESTMEAD



SEVEN HILLS



MULGRAVE



SEVEN HILLS



AUBURN

NEWS

Church Buyer "Got it all" with Smithfield Property

Grace Point Community Church was one of 13 parties who requested a contract to purchase 34 Chifley Street. Bawdens Senior Negotiator Phil Higgins secured \$2,450,000.00.

Situated on 2,593sqm of land, the functional high clearance building of 933sqm offered two (2) street access, multiple container door access and yard storage options.

Included in the sale were 2x5 tonne cranes, gantries and small jib cranes.

Phil commented the shortage of opportunities such as this available to purchasers saw the property sell for in excess of \$100,000.00 over the reserve.

AUCTION



428sqm

- Freestanding building
- Main road exposure
- Rear lane access

CROWS NEST

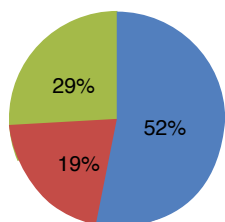


Contact: Robert Ally
0413 758 658

Ref: 38403

RESEARCH

Space Demand



- 0-500 sqm
- 500-2000 sqm
- > 2000 sqm

NEWS

\$300,000 Extra in Retirement

\$300,000 over reserve was the outcome at the recent Auction by Bawdens Industrial of 63 Carlingford Street, Sefton, in a deal completed by Senior Negotiator Phil Higgins.

Thirteen contracts of sale were issued in respect of the freestanding building. Comprising 808sqm and situated on 1,104sqm of land, the building offered a rare exposure opportunity. Sold with vacant possession for \$2,020,000 Investors and Owner Occupiers battled it out to yield the Vendors a windfall retirement top up. A terrific result for our vendor by David Scholes, Auctioneer and excellent negotiation skills employed by the Bawdens Sales and Leasing team.

NEWS

Shenao Motor Expand Vehicle Repairs In Granville

A freestanding building at 5 Marsh Street has just been leased by Bawdens Director, Terry Saba. Comprising of 347sqm and situated on a 424sqm land, the tenant saw a rear opportunity to secure its own site for an initial lease term of 3 years. Including 4 on site car spaces, the initial rental was \$46,000 per annum (\$132 psm).

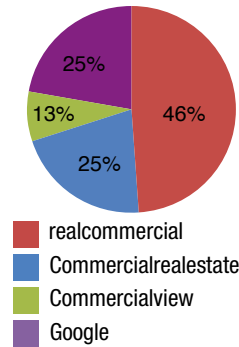
NEWS

East Track Logistics Take Fast Track At Smithfield

Expanding logistics group, Fast Track has just leased 63 Long Street. Leased for an initial term of 3 years, the property comprises a total area of 1,200sqm inclusive of 228sqm of office space. The rental struck at \$150,000 per annum plus outgoings reflected \$125 per square metre. The deal was negotiated by Associate Director, Phil Higgins at Bawdens.

RESEARCH

Which Website Enquiry Came From



FOR LEASE NORTH PARRAMATTA



400sqm

- Ideal for wholesale trade and sales.
- Bulky Goods Zoning allows some retail.
- Available January 2017.

Contact: Graeme Scott
0418 261 882 Ref: 14411

FOR LEASE SILVERWATER



533sqm

- Quality warehouse with showroom and office
- Warehouse features 6m clearance, container access, motorised roller shutter door and 100 amps per phase.

Contact: Terry Saba
0416 175 009 Ref: 13221

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FOR LEASE SEVEN HILLS



376sqm

- Well maintained unit with street frontage.
- Excellent truck access.
- Air conditioned office.
- Under cover parking.

Contact: Terry Saba
0416 175 009 Ref: 29621

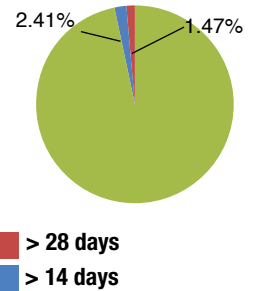
NEWS

Chain and Drives Moves Ahead in Arndell Park

In a deal negotiated by Bawdens Senior Negotiator James Zerefos, Chain and Drive have leased unit 7, 70 Holbeche Road. Leased for an initial term of three (3) years, the commencing rental was \$42,500 per annum plus outgoings.

RESEARCH

% Of Businesses in Arrears



Industrial Property – Outlook for 2017

Leading Small Medium Enterprise Industrial Property Agents at Bawdens Industrial have released their client research values outlook statement for 2017.

The results are summarised in the table below for Industrial Property News.

Item	Rising/Growing	Declining	Stable
Length of Lease terms	↑		
Land Prices	↑		
Rentals	↗		
Sale Prices (Vacant Possession)	↑		
Investment Yields			↔

Research completed in 2016 and findings released revealed that rent free periods during 2016 had fallen. In 2017 we expect these periods to continue to tighten but at a slower pace.

For the first time in three years we expect investment yields to stabilise with no further significant falls expected. Sale prices for the first half of 2017 will continue to rise.

As developer demand for site to build space for SME's increased, we expect land prices will rise.

In the November 2016 edition of the Industrial Property News, we identified why lease terms are starting to increase. In 2017 we expect this emerging trend to gather pace. The year ahead is one of promise with no sector indicator showing an expectation of decline.