



Industrial Property

i

Industrial property in Sydney is available across all categories, including prime grade properties, high technology parks and distribution centres, with most located to take full advantage of transport infrastructure.

Capital values for prime industrial property in Sydney are among the most competitive in the Asia Pacific. Prospective owner-occupiers can purchase prime floor space at significantly lower prices in Sydney's industrial market than in major business centres such as Tokyo, Singapore and Hong Kong.

The softening of the global economic climate since late 2008 has curbed rental growth for industrial property. Annual gross face rent has become more attractive and affordable in Sydney with rates for 2008 at \$150 per square metre compared with \$161 per square metre in 2007. By contrast it has risen in Tokyo, Singapore and Hong Kong over the same period.

According to Jones Lang LaSalle, the uncertain economic outlook and inability of businesses to raise capital is likely to weaken tenant demand and scale back plans for new supply of construction. While supply in Australian industrial markets has come down compared to previous years, according to Jones Lang LaSalle, Sydney is better positioned and continues to lead Australia in new supply. CB Richard Ellis report that in 2008, industrial property completions in Sydney reached record levels during 2008, with more positive levels of industrial production expected to pick up during 2010 – 2012.

Rental and capital values of prime industrial property (1) - Asia Pacific cities, 2008 (A\$ per sq. metre)

City	Annual gross face rent (2)	Capital value (3)
Tokyo	395	7,520
Singapore	196	4,605
Hong Kong	172	2,293
Sydney	150	1,411
Beijing	91	886

Footnotes:

1: Prime industrial property refers to modern, conventional industrial space located in a prime industrial precinct. Generally, individual building lettable area will be between 2,000 and 10,000 square metres with an approximate office component of between 10% and 25%.

2: Annual total indicative rent paid over the initial lease term less outgoings and government taxes, i.e. total occupancy cost.

3: Capital value is based on the indicative gross face rent and indicative initial yield.

Source: CB Richard Ellis Global Research and Consulting, (Asia market as at September Quarter 2008, Sydney as at December Quarter 2008)