

# INDUSTRIAL PROPERTY NEWS

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MARKET OUTLOOK  
FOR FINANCIAL  
YEAR 2018-2019**

**WE REVEAL THE  
MOST COMMON  
TYPE OF  
RENTAL REVIEW**

**WHICH IS MORE  
EXPENSIVE: FREESTANDING  
OR STRATA TITLE?**



IN THIS EDITION WE PROVIDE THE INDUSTRIAL MARKET  
OUTLOOK FOR THE FINANCIAL YEAR 2018 - 2019.

- Barry Cawthorn, Managing Director



BAWDENS NEWS

# INDUSTRIAL MARKET OUTLOOK FOR FINANCIAL YEAR 2018-2019

In this edition leading Industrial Agents Bawdens Industrial were asked by Industrial Property News to provide their market outlook for the financial year ahead.

Managing Director Barry Cawthorn noted the industrial property market continues to change quickly today with the effects of significant capital being invested in infrastructure across the city to accommodate the growing population now being understood. The firm expects continued strong demand for industrial property with the rate of price growth expected to soften for space above 3,000m<sup>2</sup> following substantial growth over 2016-2017. Below 3,000m<sup>2</sup> price growth will remain above trend. Rental growth is expected to be more subdued above 5,000m<sup>2</sup> but continue to accelerate below 5,000m<sup>2</sup> and be particularly strong below 2,000m<sup>2</sup>, as demand continues to exceed supply.

Current Values (Averages below 2,000m <sup>2</sup> )						Outlook
	Net Rentals (Below 2,000m <sup>2</sup> )		Capital Values		Land \$ psm	
	Prime	Secondary	Prime	Secondary	<5,000m <sup>2</sup>	
North West Sydney	130	95	3,300	2,700	800	Capital Values
Western Sydney	120	100	2,700	2,400	650	Land Values
South West Sydney	120	105	2,400	1,800	650	Incentives
						Yields
						Rentals

## OUR WHY STORY

We work with people who wish to appoint an agent who behaves as if they owned the real estate. We believe that trust and loyalty to and from the client produces a belief in purchasers that if they pay what is asked, they are making the best possible investment in their own future.

High quality agents who exercise integrity are selective about who they work with because they realise that every transaction they produce leads their market. Bawdens is a supplier of premium agency services.

The human ideals of a market focus, persistence, dedication and specialisation coupled with trust produces the best outcomes.



# FOR LEASE PENRITH CBD

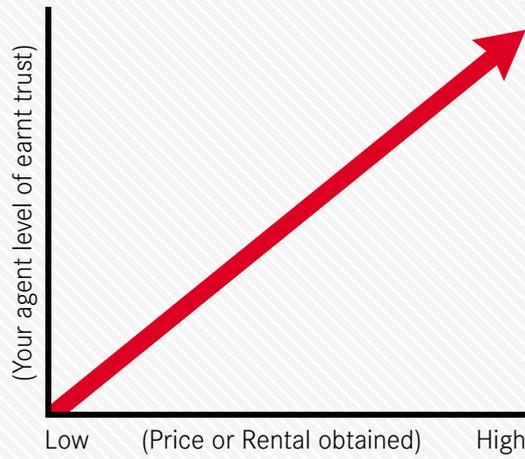


- The Henry Lawson Centre.
- Retail, commercial or office space.
- Areas from 219m<sup>2</sup> to 3,222m<sup>2</sup>.
- Plenty of onsite secure parking.

**CONTACT**  
**GRAEME SCOTT**  
**0418 261 882**



## SALES & LEASING



- Bawdens agents believe best prices follow leadership
  - Trust emerges from exceptional leadership
- Call us for the highest price or rental on your property.

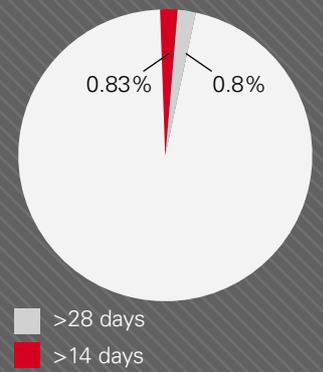
## INDUSTRIAL LEASES

### HOW TO IDENTIFY THE RIGHT LEASE RENTAL REVIEW PATTERN FOR YOU

Perhaps one of the most ill-considered aspects of a lease - How much will the rental increase each year? Lessees understandably want no increases and the lessors want as much as possible. The answer is somewhere in between. Typically, the Consumer Price Index (CPI) is utilised or a combination of CPI and the greater of a certain percentage. What these combinations might be will be determined from prevailing market demand and supply at the time. We asked leading industrial agent at Bawdens Industrial to explain how they bring an understanding of prevailing conditions to the process. The company's Director of Asset Management, Ben Rodriguez explained that Bawdens recognises that the parties to a lease irrespective of size today are quite sophisticated. They often come to a negotiation with knowledge and an outcome in mind. The company therefore has a team of executives working together, one of which is the Sales and Leasing Director who provides strategic advice about market conditions to the firms client and Senior Asset Manager. This ensures a holistic understanding of all parties needs are obtained and leads to best terms. For more information or to discuss any issue you might like advice on, call Ben on 0405 239 002.

## RESEARCH

### % BUSINESS IN ARREARS



## EXCEPTIONAL ASSET MANAGERS DELIVERING RENTAL INCREASES FOR CLIENTS

Leading Industrial and Commercial Property Asset Managers Bawdens Industrial continue to focus on increasing the cash flow from their client's investments.

Industrial Property News asked one of the firms leading Asset Managers Ben Rodriguez to explain how the company turns problems into opportunities whenever possible. Ben quoted several recent examples.

Existing tenant was paying \$156.73 Gross psm. He refused to sign a new lease so we provided him with one months' notice to vacate upon the lease expiry as he wanted to remain a monthly tenant. We then completed a make good and held the tenants to terms of his lease to repaint and clean the warehouse, we then successfully leased the premises with no vacancy or rent loss for \$193.33sqm Gross.



**RENT INCREASED 23% TO MARKET**

We commenced managing a property due to the success of leasing the neighbouring property. We negotiated a new lease with the rental increased from \$139.24sqm Gross to \$187.50sqm Gross.



**RENT INCREASED 35% TO MARKET**

## SOLET CIRCUIT SHINES IN NORWEST

Hills Commercial & Bawdens Industrial Director Peter Pacetta has sold Suite 107/ 25 Solent Circuit. Set within Norwest Business Park Peter noted the selling price of \$865,000 was sold via private treaty. Reflecting \$6,758psm the price reflects the continuing popularity of the building.

## FOR SALE SEVEN HILLS - 196m<sup>2</sup>



- Very well presented unit in modern, well maintained complex.
- High clearance warehouse
- Current lease expires 10th June 2019.

**CONTACT JAMES ZEREFOS**  
**- 0400 326 828**

## BAWDENS NEWS

### RECORD VALUES ARRIVE IN NORWEST

Hills Commercial & Bawdens Industrial Director Peter Pacetta has achieved a record for a property in Celebration Drive. Suite 310/5 Celebration Drive was sold via competitive bidding process executed through a well marketed and managed Expressions of Interest (EOI) campaign. The office space sold offered a rare opportunity for the owner occupier to secure a quality setting surrendered by amenities. Peter observes the space which sold for \$9,200psm reflected the optimism the park presently enjoys with the Bella Vista light rail station at the door step.

# CASTLE HILL TRADING WELL WITH SPACE LEASING FAST

Bawdens & Hills Commercial Director Peter Pacetta has leased two properties in double quick time.

With limited opportunities in the Victoria Road trading precinct Peter secured tenants for Unit 49/9 Salisbury Road, comprising 278m<sup>2</sup> a net rental of \$48,000 per annum was obtained reflecting \$172.67psm per annum.

Another client leased also via Peter Unit 37/7 Salisbury Road. This strata unit comprised 168m<sup>2</sup> and was leased for \$30,000 per annum net reflecting \$178.57psm per annum.

## FOR LEASE WETHERILL PARK 629m<sup>2</sup>



- High clearance warehouse.
- Air conditioned and carpeted offices.
- Good truck access.
- Quick access to M4 and major roads.
- Good exposure.
- Dual driveway.

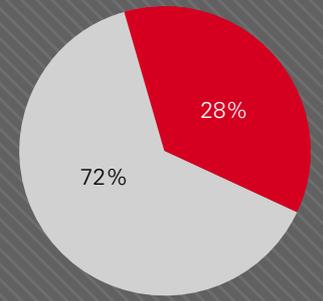
**CONTACT ROBERT ALLY - 0413 758 658**



Ian McKay  
CEO Noble Endeavours  
[www.nobleendeavours.org](http://www.nobleendeavours.org)

### RESEARCH

## LEASING OR BUYING



- Leasing
- Buying

# THE GIFT THAT KEEPS ON GIVING

As the CEO of Noble Endeavours, I am excited that Bawden's Industrial continues to support a growing number of marginalised rural families through the Noble Endeavours Goat breeding project in the Philippines.

By supporting the establishment of profitable family run goat breeding and milk producing farms, Barry Cawthorn and the Bawden's team have guaranteed a sustainable future for many families who were previously living well below the poverty line. These families have been brought from subsistence to surplus through their own effort and the support of sponsor funding of infrastructure. Families like the Bonane Family are able to earn regular weekly income through selling milk and weaned kids they have bred back to the Noble Endeavours project.

When I visited the project in early June, Mr Bonane came to the Centre with a young Doe for sale. He expressed his gratitude to me and said that the money he received for this Doe would provide the funds for his daughter to be enrolled in college this year. In an area of high unemployment and illiteracy, the support of Bawden's has guaranteed continuing on-going benefits to the family and the broader community.

## FOR LEASE PROSPECT - 465m<sup>2</sup>



- Small Modern Complex.
- Rare Opportunity Adjoining M4 Motorway
- Air-conditioned office.
- Parking at door.

**CONTACT CHRISTIAN FRANGELLI - 0481 179 784**

## FOR LEASE NORTH ROCKS- 174m<sup>2</sup>



- Functional warehouse.
- Excellent truck access.
- Close to Parramatta CBD.

**CONTACT TERRY SABA 0416 175 009**

## FOR LEASE SEVEN HILLS - 526m<sup>2</sup>



- Quality building in prestige development.
- Good access to M2 Motorway.
- High clearance warehouse.
- Excellent office.
- Excellent truck access.

**CONTACT ANTHONY BARBANERA 0410 914 662**

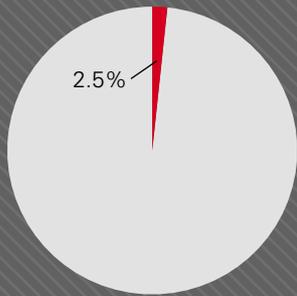


# FOLLOW US ON LINKEDIN

- View our monthly Industrial Property News
- Find out what transactions we have just completed
- Be up to date with the current market offerings [www.linkedin.com company/bawdens-industrial](http://www.linkedin.com/company/bawdens-industrial)

**RESEARCH**

**VACANCY RATE BY m<sup>2</sup>**



**Vacant Space Managed**

**FOR LEASE SEVEN HILLS - 191m<sup>2</sup>**



- Located in complex of 11 units accessed via two driveways.
- High clearance warehouse.
- Air-conditioned office.
- Only minutes to major arterial roads & M2 Motorway.

**CONTACT TERRY SABA - 0416 175 009**



**LIKE US ON FACEBOOK**

Simply search 'Bawdens Industrial' on Facebook.

**ROUSE HILL INDUSTRIAL ESTATE SELLING OUT**

Factory Central located in Withers Road, Rouse Hill has sold 70% of Stage 2 and like stage 1 this was achieved by selling agents Graeme Scott at Bawdens Industrial and Jonathan Clowes at Hills Commercial. Stage 2 comprised 20 units with typical floor areas of 163m<sup>2</sup> - 349m<sup>2</sup> delivery to the buyers of that stage is anticipated in late 2019. Prices achieved during the sale campaign of stage 2 averaged \$3,750 psm.

Selling agent Graeme Scott at Bawdens noted that many of the buyers were local business people who also lived nearby. Graeme commented the developers are contemplating the release of stage 3 which would again allow buyers to secure their property with the prospect of central gain before settlement as industrial property prices continue to rise in the face of very limited supply.



**FOR LEASE PROSPECT - 612m<sup>2</sup>**



- Small modern complex with functional space.
- Located just off M4 Motorway.
- Very presentable unit.
- Access via two roller doors.
- Rear external storage.

**CONTACT CHRISTIAN FRANGELLI - 0481 179 784**

**BAWDENS DEALS DONE**



Rouse Hill



Guildford



Mount Druitt



Seven Hills



Blacktown



Ryalmere



Seven Hills



South Windsor



Wetherill Park



Seven Hills

**BAWDENS NEWS**

**SALE OF INDUSTRIAL UNIT IN MULGRAVE**

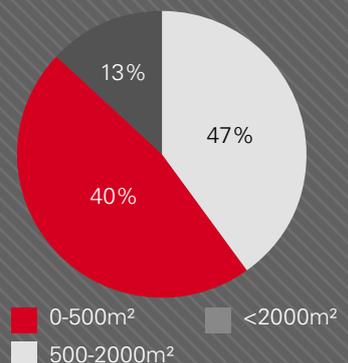
Hills Commercial and Bawdens Industrial have sold in a deal negotiated by Victor Zerefos an industrial warehouse having a building area of 435m<sup>2</sup> located at 1/18 Groves Avenue, Mulgrave which is occupied by LG Furniture Store. Victor Zerefos was proud to have smashed what we believe to be a record for the sale rate per metre for a secondary industrial unit in Mulgrave. Victor attributes the price record success to the high level of interest that was generated through the marketing campaign. Over 120 enquiries and 11 contracts were issued. The vendors were extremely pleased with the result and now look forward to a well-earned rest.

**SEVEN HILLS ASSET SOLD BEFORE AUCTION**

Bawden's and Hills commercial Director Peter Pacetta has sold Unit 4/7 St James Place. Acting for a private client the sale price reflected \$3,000psm. The 583m<sup>2</sup> property provides level street access, the purchaser, an intending owner occupier will enjoy high clearance, clear span warehousing with support from an 81m<sup>2</sup> carpeted and air conditioned office.

**RESEARCH**

**SPACE DEMAND**



## SOUTH WINDSOR RENTAL INCREASE

Bawdens Associate Director Graeme Scott recently leased Unit 8/7 Dowling Place.

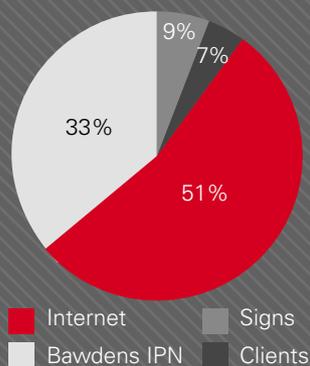
Graeme commented that ordinarily we might expect space in this location to incur a vacancy period of 2-4 months. The property was leased within a week of coming to market to Aushiya Pacific Trading for an initial term of 3 years. He noted the rental recommended to the investor of \$95pm gross was also achieved. This was particularly pleasing as the previous rental was only \$84psm. Yet another sign of rising rentals that can be obtained through professional competent marketing and negotiation.



- Bawdens appoint 3 specialists to every asset managed
- Call us today if you want more from your property investment

**RESEARCH**

### WHERE IT ALL CAME FROM



### FOR LEASE SEVEN HILLS - 210.80m<sup>2</sup>



- Secured quality unit.
- Situated near corner of Prime Drive & Powers Road.
- Carpeted, air-conditioned offices.
- Undercover parking at your door.

**CONTACT TERRY SABA**  
- 0416 175 009

**BAWDENS NEWS**

## FREESTANDER OF 2,370m<sup>2</sup> SOLD IN SMITHFIELD

Victor Zerefos conducted a successful tender campaign which saw enormous interest generated for the property located at 97-103 Victoria Street, Smithfield. Contracts have exchanged for the functional freestanding industrial building which has a total building area of 2370m<sup>2</sup> which includes the basement area. The subject property is situated on a prominent corner in the heart of the Smithfield Industrial Business Precinct. Occupants will enjoy the many benefits of the enormous street exposure to Victoria Street. The marketing campaign generated high levels of interest which was widespread throughout the Sydney Region with several parties issued sale contracts.

**BAWDENS NEWS**

# IN THIS ISSUE WE REVEAL THE MOST COMMON TYPE OF RENTAL REVIEW

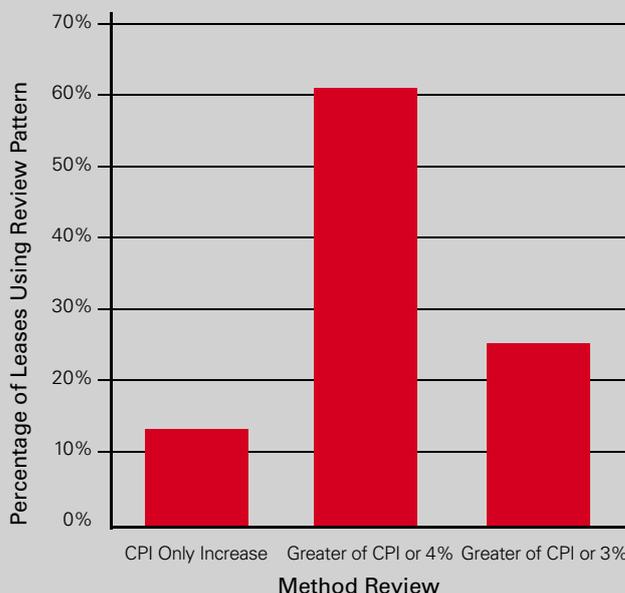
Bawdens Industrial is Sydney's Leading Industrial Agency and completes a leasing transaction every 6 working hours for Small Medium Business and the companies' clients across Sydney.

Industrial Property News asked several of the companies leading Senior Asset Managers, Maurice Romero and Katrina Poole what was the most common type of rental review today. The firm examined 100 recently completed leases. The findings in many ways were definitive. 84% of the leases reviewed provided for the rental to be increased the greater of a certain percentage or the Consumer Price Index. Katrina and Maurice then looked at what were the most popular percentage increases.

They observed that 25% of the surveyed leases provided for an increase reflecting the greater of CPI or 3%.

However, today the most popular type of lease rental review provides for the rental to be increased annually to the greater of CPI or 4% with 62% of leases reflecting this.

Just 13% of leases reflected a CPI increase or fixed percentage increase only per annum.





## HOLBECHÉ BUSINESS PARK FOR SALE 144m<sup>2</sup> TO 291m<sup>2</sup>

- 17 brand new units to be completed in late 2018.
- Internal clearance of 8m (approx.).
- Mezzanine offices air-conditioned and carpeted.

**CONTACT HAYDEN ARAPA - 0435 221 335  
OR CHRISTIAN FRANGELLI - 0481 179 784.**

MARKETING



Bawdens use their e-cloud technology to complete behavioural marketing that identifies the buyers or tenants who will pay the highest price or rental.

We are Sydney's only Industrial Agency utilising behavioural marketing.

**BAWDENS NEWS**

### MULTIPLE HIGH RISE DEVELOPMENT SITE SALES

Associate Director Victor Zerefos of Bawdens Industrial and Hills Commercial successfully administered the sale of 9-11 Sherwood Road, Shopping Centre Merrylands West for \$5,400,000 and 246-250 Pitt Street, Merrylands for \$8,000,000. Following the success of the off market sales Victor was appointed to sell the nearby Coolabah Squash/ Gym Centre. The property was sold as a DA approved high rise development site for \$7,400,000 consisting of 64 units and 800m<sup>2</sup> Commercial/Retail areas.

Appointed as the selling agent for the 800m<sup>2</sup> Retail/Commercial area Victor exchanged contracts recently for an area of 150m<sup>2</sup> that fronts Coolabah Street.

### FOR LEASE SEVEN HILLS - 526m<sup>2</sup>

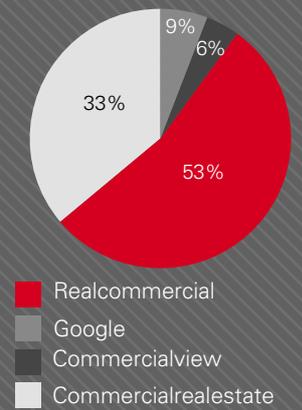


- Quality building in prestige development.
- Good access to M2 Motorway.
- High clearance warehouse.
- Excellent office.
- Excellent truck access.

**CONTACT ANTHONY BARBANERA  
0410 914 662**

RESEARCH

### WEBSITE ENQUIRY



**WE ARE THE ONLY  
AGENCY WITH REAL TIME  
DATABASE MANAGEMENT.**

- WHICH DELIVERS A MAXIMUM RESULT.



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**BAWDENS NEWS**

## WHICH IS MORE EXPENSIVE, FREESTANDING OR STRATA TITLE?

Leading Industrial Agents Bawdens Industrial recently released "price paid" research in a study of the SME industrial property market in Sydney.

The wide ranging research included all transactions below 1,000m<sup>2</sup> completed by the company for each of the calendar years from 2016, 2017 and to the end of first quarter of 2018 across the central west, south west, north west and outer western industrial precincts of Sydney.

The results are timely and with many industry spectators now acknowledging the large price growth of the last two years, the table reveals that strata title property prices grew from an average \$2,498 psm in 2016 to \$3,183 psm in 2018, an increase of 27%.

Freestanding buildings with an area less than 1,000m<sup>2</sup> grew in price from \$2,596 psm to \$4,574 psm, an increase of 76% over 2.25 years.

In a research note to clients, Bawdens Managing Director, Barry Cawthorn observed that of the 76% growth in price for freestanding buildings, 44% of that growth had occurred since January 2017. He further notes that owners simply were not selling buildings they could not replace.

The significant price rises also reflected the underlying lack of serviced land across Sydney below 2,000m<sup>2</sup> which had also forced land prices up 30% to 40% during the same period and therefore replacement costs.

He noted this land shortage was continuing to support increasing demand and prices for existing buildings in 2018.

# THE BAWDENS TEAM



Barry Cawthorn  
Managing Director



Robert Ally  
Director



Terry Saba  
Director



Peter Pacetta  
Director



Graeme Scott  
Associate Director  
Sales & Leasing



Phil Higgins  
Associate Director  
Sales & Leasing



Victor Zerefos  
Associate Director  
Sales & Leasing



Jamie Hull  
Consultant



George Dolores  
Consultant



James Zerefos  
Sales & Leasing  
Negotiator



Hayden Arapa  
Sales & Leasing  
Negotiator



Christian Frangelli  
Sales & Leasing  
Negotiator



Anthony Barbanera  
Sales & Leasing  
Negotiator



Ben Rodriguez  
Senior Asset Manager



Joumana Tarabay  
Senior Asset Manager



Katrina Poole  
Senior Asset Manager



Maurice Romero  
Senior Asset Manager



Esperance Saad  
Senior Asset Manager



Christina Rimando  
Senior Asset Manager



Rong Fu  
Asset Manager



Masis Markarian  
Asset Manager



Don Galea  
Asset Manager



Supriya Kulkarni  
Asset Manager



Murat Anar  
Asset Manager



Bechara Taoum  
Asset Manager



Margaret Kitchen  
Finance &  
Administration  
Manager



Julia Londish  
Executive Sales &  
Leasing Assistant



Emma Kitchen  
Administrator &  
Marketing  
Co-ordinator



Tanya Eleftheriou  
Receptionist