



4/12/2017

Welcome to this week's Property News.

This week CMA commenced a relationship with The Urban Developer (TUD) publication which saw TUD publish our news from 2 weeks ago on the convictions of the top buyers and sellers in 2017 (see [link](#)). We will continue to provide TUD with regular content from our RE-Intel tools, so keep an eye out.

Industrial Hot Spots

Whilst there has been plenty of activity in the Commercial and Retail sectors of late, I thought it would be interesting to revisit the Industrial sector which is the beneficiary of the revolution in distribution channels taking place between suppliers and consumers.

So far in 2017, we've seen a 40% increase in the number of Industrial transactions on the previous year however the value of stock traded this year is much lower with the average sale price dropping from \$40M last year to \$25M this year. 2016 was however an exceptional year with several significant portfolio sales, including the Goodman portfolios to Blackstone and the GIC portfolios to Ascendas.

Much of the investment activity this year is being driven by a chase for yield as opposed to a strategic decision to invest in the changing market place. The smart capital is however looking ahead of the curve and seeking to solve tenant requirements whilst also balancing the risks of development. Globally, Goodman are clearly ahead of the market in this respect.

For 2017, we have also seen a greater concentration of sales in particular locations as depicted in the heat maps for Sydney and Melbourne below.

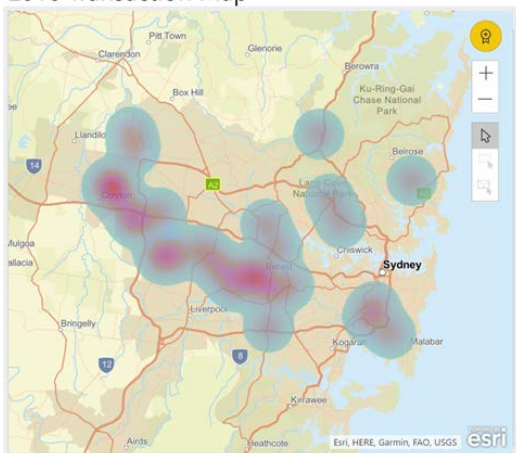
Sydney

For Sydney, there continues to be an increased level of activity in the west following recent land releases and upgrades to infrastructure which combine to offer affordable and accessible large scale industrial spaces for warehouse and logistic operators. Average investment yields have compressed by 10bps on last year to 6.6% however there is some risk that low yields are being paid for smaller stock that has long term occupancy risk.

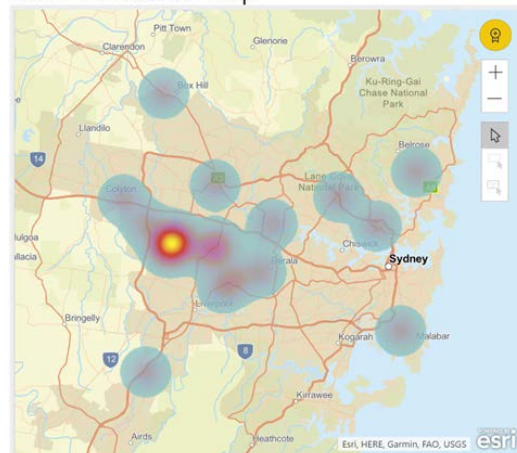
Access to current and planned infrastructure will continue to shape the industrial landscape in Sydney. The Western Sydney Airport along with its road upgrades will see industrial activities continue to gravitate further west, with older inner west industrial areas slowly shifting towards residential and mixed uses.

The hotspots for investment sales in 2017 has been Wetherill Park however Erskine Park will likely become the hot spot for 2018, following recent major developments taking place through the precinct.

2016 Transaction Map



2017 Transaction Map

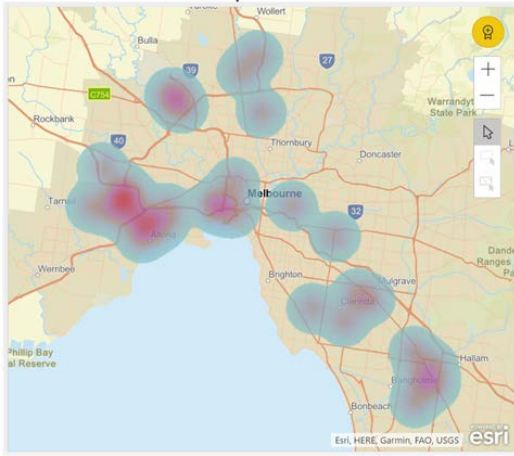


Melbourne

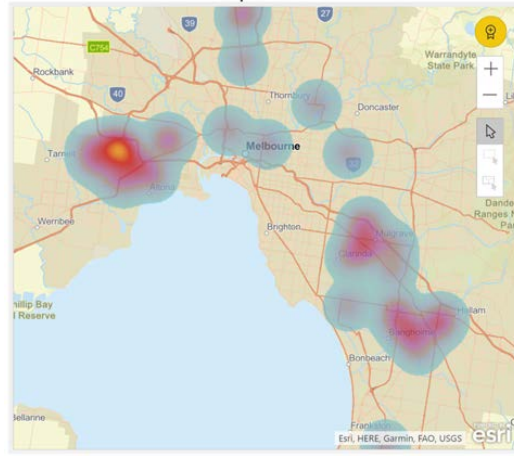
For Melbourne, industrial activity has intensified around Altona / Derrimut in the west and the Keysborough / Dandenong and Mulgrave / Clayton areas to the south east both due to the availability of large land holdings and access to key infrastructure. Unlike NSW, investment yields have softened by 20bps (due to the very sharp yields paid in 2016) to a weighted average of 6.5%.

2018 will continue to see investment activity focused on Altona / Derrimut and Dandenong areas which continue to offer strategic locational advantages to occupiers.

2016 Transaction Map



2017 Transaction Map



The information in these maps is generated from the extensive data in CMA's Real Estate Intelligence tool. If you would like a presentation on the capabilities of this tool, please contact me directly.

CMA aims to assist real estate investment managers and clients to add value to their investment decisions with relevant market based advice. We value your relationship and hope that we can be of assistance to you. If you require any strategic advice, market insights, transaction report or individual REIT assessments, please feel to contact us.

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Key Property Transactions

This week we recorded 16 major transactions for a total value of just over \$888m. For our regular review of all these deals.... [Continue reading....](#)



AMP Capital takes Indooroopilly

As mooted for the past few weeks, AMP Capital has acquired a 50% interest in Indooroopilly Shopping centre from Commonwealth Superannuation Corporation in what is one of the biggest retail deals this year. ([continue reading](#))



Sentinel offloads another

Sentinel Property Group has sold another of its assets, an industrial facility in Banyo QLD. ([continue reading](#))



Ashe Morgan sells in Fortitude Valley

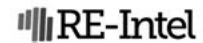
Ashe Morgan and Dmann Corporation have sold 31 Duncan Street for \$64M, reflecting a 6.6% yield. ([continue reading](#))



Macquarie Park Resi Development Sites

The resi developers battleground in Macquarie Park continues to see development sites being sold with Echo World acquiring a site in Lachlan Ave for \$40M. ([continue reading](#))

Commercial



Value of Sales by Region



Location Map



Summary of Transactions

Cap Rate (Weighted)	NLA (sqm)	Price \$/NLA
7.2%	86,179	\$6,968
6.5%	181,474	\$5,842
6.3%	888,246	\$6,157
6.4%	743,835	\$6,345
6.5%	509,376	\$6,354
6.7%	343,032	\$5,966
6.4%	250,928	\$8,287
6.2%	5,185,868	\$6,826

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- Spreads to Bond Yields

Fund News

The ASX REIT's Index gained 1.6% this week with gains from Dexus (up 5.7%), GPT (up 4.0%), Scentre (up 1.0%) and Stockland (up 2.0%). The only stocks in the ASX 200 AREIT index to fall were Goodman (down -0.3%) and Lend Lease (down 0.7%).



aventus

Aventus lifts Valuations

Aventus have announced a revaluation of their portfolio revealing an increase of \$53M. ([keep reading](#))



GPT gets Moodys Rating lift

Moody's have lifted GPT's credit rating due to its moderate financial risk profile and diversified asset base. ([keep reading](#))



Cromwell Lists European Portfolio

Cromwell held its AGM last week and claimed to have again delivered ahead of guidance as they continued their realisation, recycling and reinvestment strategy to improve future earnings quality. ([read more](#))

Also last week, Cromwell announced the successful listing of the European portfolio after a few tweaks over the last few months. ([read more](#))

Feedback

If you have any feedback on our transaction data base or any other recent news & views, please send us an email at warwick@cmaust.com

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