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## **Increasing activity in central western Sydney's industrial market**

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Continued white collar employment growth in NSW coupled with forecast increases in industrial production and real output during 2010 is resulting in a resurgence of industrial leasing activity in Sydney's central west sub-region.

Demonstrating the market's recovery, Shaun Timbrell and Michael O'Neill of CB Richard Ellis' Parramatta industrial team have negotiated more than nine leasing deals totaling over 30,000 square metres since the beginning of 2010.

Shaun Timbrell said there was strong demand from white collar tenants for quality buildings in locations close to skilled labour and public transport.

"The leasing of a 6,813 square metre office and warehouse facility in Homebush, to Altech Computers Corporation is our most recent example of increased tenant activity in Sydney's central west," Shaun Timbrell said.

"The three-year lease due to commence this month was negotiated at a competitive rate of \$125 a square metre per annum with fixed 4% reviews."

CBRE's latest Sydney Industrial Marketview report forecasts industrial development in the central west sub-region is likely to be subdued in the short term, with the Enfield Intermodal Logistics Centre the only major development expected for completion in the next two years.

The Intermodal Logistics Centre will bolster new supply and play a major role in delivering the NSW Government's objective of a 40% rail mode share of container movement to and from Port Botany by the end of 2011.

Mr O'Neill said limited new supply was likely to benefit industrial rental growth in Sydney's central west with a moderate recovery forecast over the next 12 months.

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"The lack of new supply is resulting in downward pressure on incentives which have been easing since December 2009 and are presently an average six months' rent free on a five year lease term," Mr O'Neill said.

"A grade warehouses achieved net face rents averaging \$122 a square metre over the year to June 2010 with variation dependant on the quality and location of the building," Mr O'Neill said.

A standout recent deal was leasing of a 2,355 square metre unit at Goodman's Lidcombe Business Park to Jonsa Ellies (Australia) Pty Ltd on a competitive rent of \$135 a square metre net on a six year term.

Mr O'Neill said the strong rent achieved illustrated the growing competition in the market for the quality unit as the Lidcombe Business Park was considered one of the best industrial locations in Sydney's central west.

In another deal, CBRE has negotiated a 2,682 square metre lease at Homebush to Australian PC Accessories Pty Ltd, trading as Anyware Computers. The deal was transacted at Campus Business Park at 350 Parramatta Road.

"CBRE's central west team currently has over 21,000 square metres under negotiation expected to transact in the coming weeks. As well as a substantial A grade office/distribution facility at Shirley Street, Rosehill currently seeking tenants for April next year," Mr O'Neill said.

As with rents, industrial yields in Sydney's central west are forecast to recover further during the remainder of 2010.

CBRE's Sydney Industrial Marketview report indicated that indicative yields for A grade warehouses tightened by 16 basis points over the year to June 2010 to an indicative 8.42% while yields for A grade distribution centres remained stable at an indicative 8.50%.

On trend with increased leasing activity, sales in the sub-region improved as evidenced by Mirvac's recent sale of 108-120 Silverwater Road, Silverwater to Dexu Property Group for \$24.4 million.

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