

There is significant leasing demand from industrial occupiers wanting to secure purpose built warehouse accommodation in South West Sydney.

The demand is being mainly driven by warehouse and logistics companies, transport operators, ecommerce, retail and manufacturing companies.

Given the improved confidence within the economy in NSW most of the demand is coming from warehouse expansion, consolidation in some cases and a significant push from the South Sydney market. In the South Sydney market alone they have lost 1.6 million of industrial zoned land to mixed use development and the West Connex. This means that approximately 320 occupiers need to relocate in the medium term. We have already seen a sharp increase in enquiry coming from this market, however, we expect this to significantly increase into the future.

We also anticipate other industrial occupiers will move from the South Sydney market due to road congestion as well.

Within the South West market other industrial suburbs that have been earmarked for residential conversion are Kingsgrove, Riverwood and some parts of Moorebank which will again increase industrial demand into the future.

Most industrial occupiers require good access to infrastructure and 34 Yarrunga Street, Prestons certainly provides excellent access to the M7 Motorway. Another important fact is that industrial buildings are much larger than they were 10 years ago. This has been driven by the need for businesses to gain more efficiencies to save costs. A large industrial building 10 years ago was 10,000m<sup>2</sup> and now its 50,000m<sup>2</sup>.

In my opinion, there is a serve shortage of sites within the South West that can cater for large occupiers in today's market.

Below is a list of sites:

- Bankstown Airport – 22 hectares of land that isn't serviced and requires major road upgrade works to suit industrial development.
- Governor Macquarie Drive, Warwick Farm – 11.3 hectares requires servicing and road upgrade works. Site doesn't have good access to the M5/M7 Motorway.
- 1-297 Kurrajong Road, Prestons – 17.8 hectares site unserviced with good access to M5/M7 motorways.
- Camden Valley Way, Crossroads – 11 hectare site not ideally suited to large industrial occupiers due to the existing bulky goods development on part of the site.

There is currently strong demand from industrial occupiers that want to relocate to this site in Prestons including:

- Volvo – 8,000m<sup>2</sup>
- Mainfreight – 40,000m<sup>2</sup>
- DHL – 15,000m<sup>2</sup>
- McPhee Distribution – 20,000m<sup>2</sup>
- Toyota – 40,000m<sup>2</sup>

Therefore, in our opinion there is currently strong demand for this site to be used for industrial purposes, let along the strong demand into the future from occupiers relocating from the South Sydney market.