

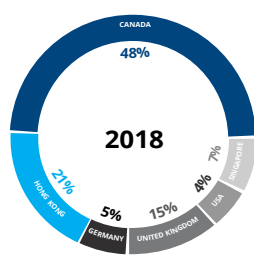
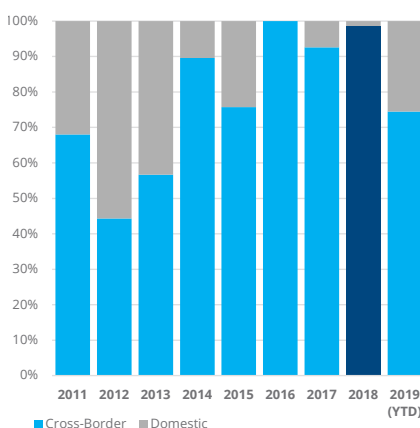
NORTH SYDNEY

OFFICE SNAPSHOT

NOVEMBER 2019

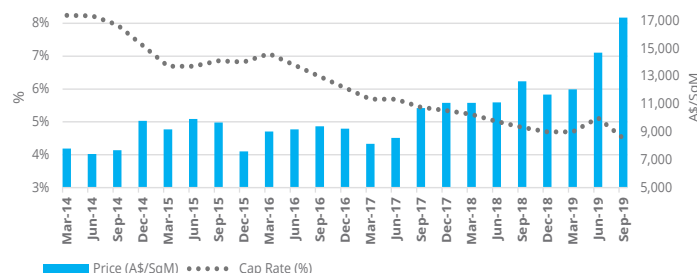
BUYER COMPOSITION

Investors in North Sydney remain predominately offshore, with cross-border purchasers accounting for more than two thirds of total investments this year to date. Of the \$1.53B invested into commercial assets in the North Sydney CBD last year, Canadian funds represented the largest portion of investment by dollar volume, followed closely by investors in Hong Kong and Singapore.



CAPITAL GROWTH

Boosted by the low-interest rate environment, prime yields on commercial real estate in North Sydney are currently at an all time low. Recent transactions have seen fully-leased yields in the low 4% range - levels on par with those observed in the Sydney CBD.



Address	Date Sold	Price	Price PSM	Yield	Net Passing Income	NLA
107 Mount St		Under Contract			\$4.6M	6675
100 Miller St	1-Jul-19	\$300M (50%)	\$16,249	4.41% (passing)	\$22.9M	35,184
111 Pacific Hwy	1-May-19	\$275M	\$14,731	5.6%	\$14.0M	18,668
40 Mount St	1-Nov-18	\$220.5M (50%)	\$15,873	4.8%	\$21.5M	28,552
80 Mount St	1-Sep-18	\$71M	\$11,444	4.32% (passing)	\$3.0M	6,204

Office Sales Transactions (Freehold)

LEASING

Following substantial growth in rents over the last 3 year, rental levels are now tending towards stability and will continue to increase with the rates applicable to annual review.

Address	Grade	Floor	Net Face Rent/ Sqm/Pa	Lease commencement
100 Mount St	Premium	Prt Lvl 33	\$1,000	TBC
101 Miller St	Premium	Full Lvl 20	\$850	01-Sep-18
40 Mount St	A	Full Lvl 8	\$840	01-Jul-19
111 Pacific Hwy	A	Prt Lvl 23	\$830	01-Mar-19
54 Miller St	B	Full Lvl 13	\$750	01-Sep-19
99 Mount St	B	Prt Lvl 7	\$715	01-Apr-19

Office Leasing Transactions (Freehold)

COWORKING

An influx of coworking spaces can be observed in North Sydney over the last few months. With the expansion of companies such as WeWork & Regus, an additional 7,000 sqm has entered the market, bringing the total up to 23,700 sqm. The introduction of coworking would likely have the largest impact on the smaller end of the market, with vacancy of secondary suites already rising over the last few months. In the long run, these spaces may even assist in fostering healthy competition, leading to increased flexibility and shorter terms for tech tenants.

Company	Location	Total NLA Leased
WeWork	50 Miller St	4,100 Sqm
Compass Offices	141 Walker St	1,000 Sqm
Servcorp	101 Miller St	1,500 Sqm
Regus	1 Pacific Hwy & 40 Mount St	2,100 Sqm
Christie Spaces	100 Walker St & 56 Berry St	13,000 Sqm

Total Coworking Space Leased in North Sydney