

Parramatta



There was 4,000 sqm of positive net absorption in 3Q17. Year-to-date net absorption in Parramatta totals 33,800 sqm. Leasing activity over 3Q17 was concentrated in the secondary market.



Supply additions will be constrained until 2019. Walker Corporation has proposed to combine 6PS and 8PS – Darcy Street, Parramatta into a 118,000sqm office building. Other key developments in the pipeline include: South Quarter (30,400 sqm) and 48-50 Macquarie Street, Parramatta (34,277 sqm).

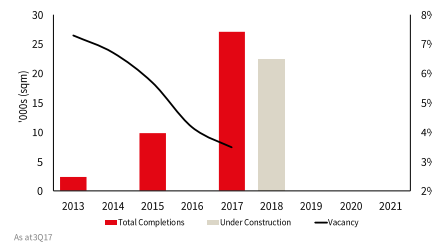


Year-to-date sales volumes in Parramatta are AUD 371.4 million. The Salvation Army (NSW) Property Trust purchased 426-428 Church Street, Parramatta for an undisclosed sum during 3Q17.



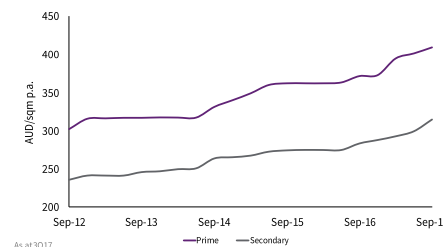
JLL Research expects leasing conditions to be unchanged in Parramatta over the short-to-medium term. The average prime gross effective rent is expected to increase over the next five years. However, the average prime incentive will also increase to limit effective rental growth.

Parramatta Market Balance



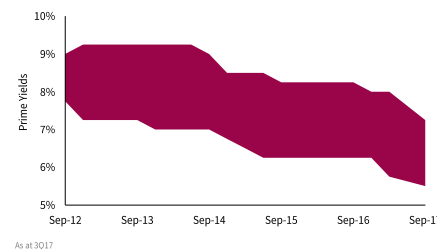
Source: JLL Research

Parramatta Average Gross Effective Rents



Source: JLL Research

Parramatta Prime Yield Range



Source: JLL Research

4,000 sqm.

Net absorption:

There were only two major tenant moves in Parramatta over 3Q17. Both contributed a total of 4,400 sqm to the quarter's net absorption.

3.5%

Vacancy:

Overall vacancy decreased by 0.1 percentage points (pps) to 3.5% over 3Q17. The prime vacancy rate (0.4%) was unchanged over 3Q17 while secondary vacancy declined by 0.1 pps to 6.0% over 3Q17.

22,292 sqm

Construction:

The office building at 105 Phillip Street, Parramatta is the only development currently under construction. There are five key developments in the Parramatta office market supply pipeline which are expected to be completed by 2021.

5.50%-7.25%

Yields:

Recent transaction evidence has prompted compression of yields in Parramatta over 3Q17. The prime yield range (5.50%-7.25%) compressed by 25 basis points (bps) at the lower end. Meanwhile, the secondary yield range (7.00%-9.25%) compressed by 25 bps at the upper end and by 50 bps at the lower end.