RESEARCH

NORTH SHORE

OFFICE MARKET OVERVIEW MARCH 2020

HIGHLIGHTS

Tech and media occupiers are establishing a strong presence in North Sydney, buoyed by the area's local talent pool and strong connectivity. The sector accounted for 44% of all leasing volumes in 2019.

Sustained investor demand for North Sydney assets has seen significant yield spread compression between prime Sydney CBD and North Sydney assets, with the gap narrowing to 43 bps as at January 2020.

A surge in sales activity in late 2019, bolstered transaction volumes in North Sydney for 2019 to $1.59 billion, more than double the historical average.

KEY FINDINGS

Over 100,000 sq m of new and refurbished office stock is currently under construction across North Sydney, all to be delivered over the next 12 months.

Premium grade vacancy in North Sydney has tightened significantly over the last six months from **9.8% to 3.6% as at January 2020.**

Macquarie Park overall vacancy rate tightened to a new record low of 4.4%.

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NORTH SYDNEY

Tech and media dominate leasing volumes in 2019

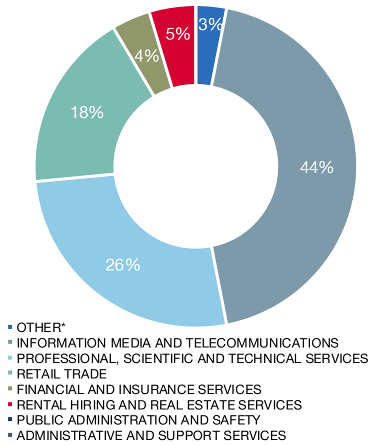
Technology and media occupiers have been establishing a strong presence in North Sydney and again reaffirmed their dominance in overall leasing volumes in 2019 as they looked to expand footprints. Buoyed by access to a large and highly skilled talent pool on the North Shore, coupled with the area's connectivity and amenity, tech sector demand accounted for 44% of leasing volumes in 2019, up from 26% in 2018.

Recent new entrants include Palo Alto Network, First Data Resources and Citrix. While tech sector leasing appears to be underpinned by business growth, occupiers also look to be capitalising on the local talent pool as they seek to establish headquarters in anticipation for the Victoria Cross OSD. The existing amenity, together with planned future developments, will only enhance North Sydney's appeal for occupier demand.

Rental growth cycle continues

Rental growth rates in North Sydney continue to be above-trend. Ongoing tenant demand for prime space, in conjunction with the low vacancy profile in competing markets, and limited uncommitted new supply has helped to support rental growth rates recently. On a gross basis North Sydney prime rents are currently running at a 30% discount to the Sydney CBD. Average prime gross face rents have increased by 5.1% YoY to $972/sq m ($829/sq m net face) as at January 2020. Incentives have remained steady at 21.3%, resulting in net effective rental growth of 4.8% YoY to record $622/sq m. In the secondary market, average gross face rents have outpaced growth in the prime market, increasing by 6.4% YoY to $832/sq m ($694/sq m net face) as at January 2020. Average secondary incentives are holding at 20.5% YoY.

FIGURE 1
Share of Leasing Activity by Sector
% share, '000sq m 2019



Source: Knight Frank Research *Other includes Construction, Arts, Manufacturing, Healthcare.

TABLE 1
North Shore Office Market Indicators as at January 2020

Market	Grade	Total Stock (sq m)^	Vacancy Rate (%)^	Annual Net Absorption (sq m)^	Avg Net Face Rent ($/sq m)	Outgoings ($/sq m)	Average Incentive (%)*	Core Market Yield (%)
North Sydney	Prime	290,424	8.3	13,296	829	143	21.3	4.50 - 5.00
North Sydney	Secondary	530,708	7.2	-9,473	694	137	20.5	5.00 - 5.25
North Sydney	**Total Market**	**821,132**	**7.6**	**3,823**	**761**	**140**	**20.9**	**4.50 - 5.25**
Crows Nest/St Leonards	Prime	102,699	6.1	-4,310	634	130	21.3	5.00 - 5.50
Crows Nest/St Leonards	Secondary	206,928	7.4	4,250	558	105	22	5.75 - 6.25
Crows Nest/St Leonards	**Total Market**	**309,627**	**7.0**	**-60**	**596**	**120**	**21.6**	**5.00 - 6.25**
Chatswood	Prime	157,412	2.1	2,872	578	133	21.3	5.25 - 6.00
Chatswood	Secondary	117,066	5.8	-119	497	114	22.0	5.50 - 6.00
Chatswood	**Total Market**	**274,478**	**3.7**	**2,753**	**537**	**122**	**21.5**	**5.25 - 6.00**
Macquarie Park	Prime	644,824	3.3	1,868	415	105	22.0‡	5.50 - 6.00
Macquarie Park	Secondary	214,210	7.6	2,493	353	105	24.0‡	6.00 - 6.50
Macquarie Park/North Ryde	**Total Market**	**859,034**	**4.4**	**4,361**	**390**	**105**	**23.0‡**	**5.50 - 6.50**

Source: Knight Frank Research/PCA * Incentives are on a Gross basis ‡ Incentives are on a Net basis ^ As at January 2020
Note. Average data is on a weighted basis. Yield ranges reflect the average lower and upper yields for a select basket of office assets in each market and grade
Grade: Prime includes Premium and A-Grade stock whilst Secondary includes B, C and D quality Grade.

Strong demand for new office developments

The completion of Dexus' 100 Mount Street last year represented the first wave of new office developments in the market. The building has reached an occupancy rate of 99%. A number of new tenants have recently entered the building including FISERV solutions, Chanel, Palo Alto Network and First Data Resources.

The largest office development to enter North Sydney, 1 Denison Street, is on schedule for completion later this year. The high pre-commitment levels experienced in 100 Mount Street are being mirrored in 1 Denison Street, emphasising the strong demand for premium grade assets in North Sydney. Nine Entertainment increased its original footprint of 18,000 sq m to 27,000 sq m, with Microsoft and SAP committing to 10,600 sq m and 5,700 sq m respectively.

Zurich Financial Services will move into its new headquarters at the end of the year, relocating from 5 Blue Street into 118 Mount Street to occupy 65% of the building. The tower offers boutique 800 sq m contiguous floor plates, which will bode well for tenants seeking smaller efficient floor plates in comparison to the large floor plates on offer at 1 Denison Street.

The full refurbishment at 73 Miller Street (19,000 sq m) is on track for completion mid-year and will be anchored by media and advertising company oOh!media occupying c.7,000sq m.

Limited new supply until Victoria Cross OSD

Beyond 2020, new prime grade office stock remains limited to developer Billbergia's mixed use development at 88 Walker Street. Encompassing a hotel, residential and commercial component of c.13,000 sq m, the project is currently under construction and due for completion in 2022. The hotel component of the development has been acquired by Singapore based Ascott Limited and the Qatar Investment authority. Maville Group has a proposal for a boutique development at 173 Pacific Highway for 11,000 sq m, however delivery of the potential project could be a few years away.

Late last year Stockland acquired 118 and 122 Walker Street for a combined price $121 million, the properties are adjacent to its existing building of 110 Walker Street. The acquisition gives Stockland a substantial land holding of c.2,300 sq m and unlocks a future development opportunity in proximity to the future Victoria Cross metro station. The landholding has the potential to develop up to 60,000 sq m of prime office space.

Prime office demand tightens vacancy

With the Victoria Cross OSD not due to hit the market until 2024/25, new premium grade supply remains constrained to the current developments, which already boast high commitments levels. This, coupled with the "flight to quality" trend emerging across all markets as tenants demand high quality office accommodation, has driven a clear divergence between the prime and secondary markets. As a result of this and the crystalisation of lease deals in 100 Mount Street, premium grade vacancy has tightened significantly from 9.8% in July 2019 to measure 3.6% as at January 2020, with premium grade absorption levels of +41,337 sq m recorded over the last year. The strong commitment to premium stock is having a positive impact on the A –grade market, by reducing competition and offering value for occupiers as seen in 100 Arthur Street with recent commitments to Kimberley Clarke and Infosys.
On the back of the strong demand for premium grade stock, the headline prime market vacancy has firmed over the six months to January 2020 from 10.2% to record 8.3%. In contrast with the secondary market a slight pull-back in demand for space has underpinned the uptick in vacancy to 7.2% in January 2020, up from 6.6% in July 2019.

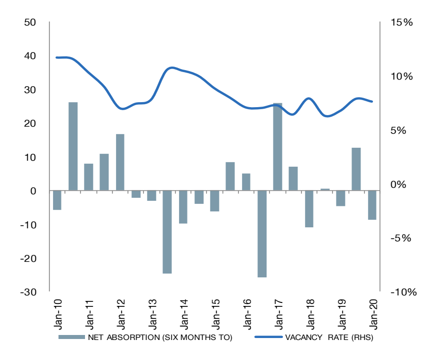
Investors' appetite remains strong for North Sydney

A surge in sales activity in late 2019, bolstered transaction volumes for 2019 to $1.59 billion, more than double the historical average. Offshore capital accounted for 66% of transaction volumes in contrast with 92% in 2018, highlighting the strong interest from domestic capital to increase their exposure to core North Sydney assets.

In September 2019, a private Hong Kong investor acquired 107 Mount Street from Burcher Property Group. The property sold for $115 million on a passing yield of 3.97%, a market yield of 4.58%, fully leased at time of sale with a 2.1 year WALE. The sale represented the sharpest market yield on record for a North Sydney office investment. Following this sale, the listed Abacus Property Group acquired 99 Walker Street for $311.3 million from Oxford Investa Property Partners. This was the second asset sold off by the group as part of their divestment plan in North Sydney. The property sold on a core market yield of 5.02%, reflective of the strong yield compression and narrowing yield disparity between North Sydney and the Sydney CBD.

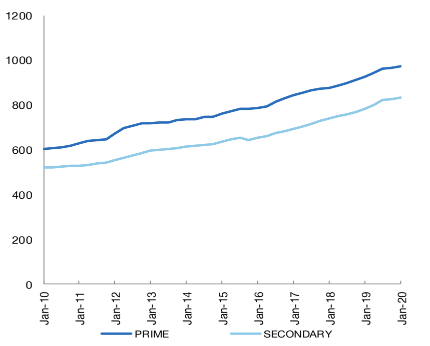
As at January 2020, prime assets in North Sydney average 4.81% core market yield, 30bps lower than 12 months prior. The yield spread between prime Sydney CBD and North Sydney continues to narrow to reach its lowest on record to just 43bps, almost half its historical trend. Secondary market yields have compressed by 24bps over the same period to average between 5.00% to 5.25%.

FIGURE 2
North Sydney Net Absorption & Vacancy
Per six month period (000's sq m, %)



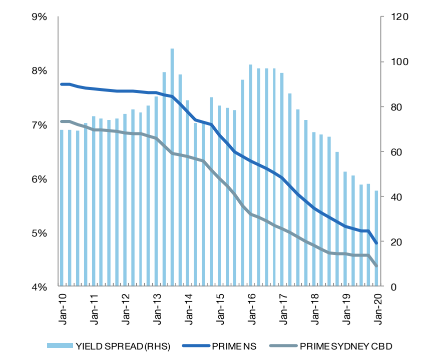
Source: Knight Frank Research/PCA

FIGURE 3
Average Gross Face Rents
Prime & Secondary, North Sydney



Source: Knight Frank Research

FIGURE 4
Average Prime Market Yield Spread vs CBD
North Sydney vs Sydney CBD



Source: Knight Frank Research

CROWS NEST/ST LEONARDS

Demand led by strong secondary absorption

There was no sign of demand slowing for secondary grade space in St Leonards last year with that segment of the market recording net absorption of 5,908 sq m in the six months to January 2020, its strongest level in almost a decade. The limited availability of prime, particularly contiguous floors, is driving a shift towards high-quality secondary suite space and options are being absorbed quickly. A recent example is the completed mixed-use St Leonards Square development by Mirvac, which offered 60-200 sq m suite space that was all leased or sold near completion date. In contrast, prime space recorded negative absorption (-4,370 sq m) due to some contraction, contributing to an overall net absorption rate of 1,538 sq m in the six months to January 2020.

Positive tenant demand for the precinct has also been evident with the absorption of almost all the c.5,100 sq m of backfill space left by Clemenger BBDO at 120 Pacific Highway following their move to the Rocks. HireUp has moved from 100 Christie Street, taking on expansion space to occupy 2,600 sq m, and more recently RSL Life Care will establish its new headquarters in the building occupying 2,044 sq m across three floors.

In one of the largest deals in 2019, NSW Health has relocated from 73 Miller Street in North Sydney to occupy 10,000 sq m at 100 Christie Street on a short-term basis as they await the completion of a new purpose built headquarters at the Royal North Shore Hospital Southern Campus in the second half of 2020.

Vacancy running well below 10 year average

The headline vacancy rate has remained steady over the last six months, recording 7.0% as at January 2020, up from 6.9% over the period. It is still well below its 10 year average of 11.4%.

Split by grade, prime vacancy increased from 1.8% to 6.1% following negative absorption levels over the six months to January 2020. Whilst a significant uptick in percentage terms the market is still tightly held with only c.6,000 sq m of prime space available. The rise in prime vacancy was offset by the tightening in the secondary market, with vacancy over the period declining from 9.4% to 7.4%, driven by the near decade high absorption levels.

High pre-commitment rate may constrain future churn

The NSW Government led development at the Royal North Shore Hospital Southern Campus is well under construction and due for completion later in the year. The development will deliver c.27,000 sq m of new office space that is 100% committed to the Department of Health, which will consolidate multiple offices into the one location, including workers from the Zenith Towers in Chatswood and 100 Christie Street.

The North Shore Health Hub at 7 Westbourne Street, being developed by Dexus, is on track for completion in late 2020. The project will encompass c.15,750 sq m of medical/consulting space across two buildings, of which over 75% has already been committed, including space leased to Ramsey Health Care and Genesis Care.

The short-term supply of new office space remains constrained. This may place increasing pressure on the depth of space available to lease in the current market, especially from the health care sector as they seek to relocate to St Leonards to be closer to the expanding North Shore Health Care Precinct.

Solid rental growth recorded

Below average vacancy levels and limited uncommitted future supply have contributed to above trend rental growth. Over the 12 months to January 2020 average prime gross face rents have increased 5.3% to $764/sq m ($634/sq m net face), with prime incentives remaining steady at 21.3%, resulting in net effective rental growth of 6.4% to $472/sq m.

In the secondary market, average gross face rents increased 2.7% YoY to measure $663/sq m ($558/sq m net face) as at January 2020. YoY, incentives have declined by 30 bps to average 22%. This has resulted in net effective rental growth of 3.8% YoY to $412/sq m.

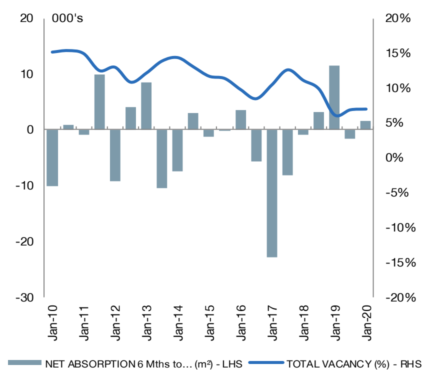
Yields continue to firm

As at January 2020, average prime yields range between 5.00% and 5.75%, representing a 34 bps compression over the last 12 months. Secondary market yields average 5.50% to 6.00%, representing a 19 bps compression over the same period.

Being a tightly held and thinly traded market the most recent transaction at 34-36 Chandos Street represented a record yield and rate per square metre for St Leonards. Transacting in September 2019 to a Hong Kong private investor for $32.3 million, the B grade asset was fully leased to Aspen Pharmacare on a 7.6 year WALE and sold at $15,535/sq m NLA on a core market yield of 4.34%. The sharp yield metrics highlights the strong demand from investors to enter into the market.

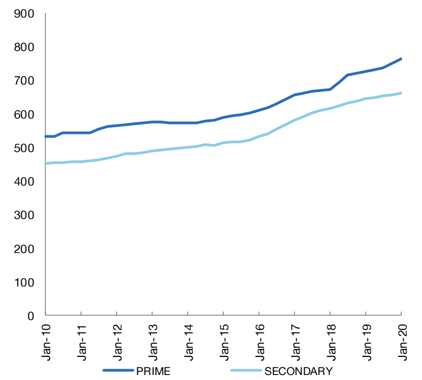
Despite recent yield compression, St Leonards still remains at a 20% yield discount to the Sydney CBD market and a 9.2% discount to North Sydney. At this price point, St Leonards offers good relative value within the Sydney market.

FIGURE 7
Net Absorption & Vacancy
Per six month period (000's sq m, %)



Source: Knight Frank Research/PCA

FIGURE 8
Average Gross Face Rents
Prime & Secondary ($/sq m)



Source: Knight Frank Research

CHATSWOOD

Prime vacancy tightens to 20-year low

The Chatswood office market remains tightly held with limited availability of prime grade space to lease. While the low vacancy profile has tempered any significant new large leasing deal activity, the leasing of part floors and suite space has contributed to a positive net absorption rate (2,183 sq m) and a further decline in overall vacancy to 3.7% in the six months to January 2020. This is the lowest vacancy level since early 2001. On an annual basis, vacancy in Chatswood has declined from 6.2% in January 2019.

Prime space, which accounts for nearly 60% of the market, has reached a 2.1% vacancy rate in January 2020. This is the lowest prime vacancy rate since January 2001 and the lowest vacancy rate of all the North Shore markets.

In the secondary market, the withdrawal of 12-14 Malvern Avenue for residential conversion (3,500 sq m) has contributed to a decline in vacancy in the second half of 2019, to measure 5.8% in January 2020, down from 8.4% in July 2019.

Low vacancy limits new demand as tenants renew

The low vacancy cycle, which has been running for the last 12-18 months, has begun to limit the churn of existing space. In contrast, renewal activity has dominated the majority of take-up recently as some tenants opt to renew terms rather than relocate. Renewal activity includes both consolidation and expansion demand. Lenovo, which relocated to the precinct in 2014, has recently renewed terms at 12 Help Street and taken expansion space of c.350sqm over a part floor. Relx Group has renewed terms for their tenancy at 475 Victoria Avenue, however, has rationalised two floors. Reed Elsevier Australia has recently renewed terms for a further five years on 4,580 sq m in Zenith Towers. The deal follows McCabe Curwood securing space in the tower in early 2019 following the merger and decision to consolidate sites and relocate to Chatswood. Previous large renewals in Zenith include Transport for NSW and the NSW Department of Health, which signed a 20,000 sq m renewal, and Lendlease, which signed a 3,120 sq m extension in Tower B for five years.

Pent-up prime office demand fuels investor appetite

The first stage of the Northwest Metro line, which includes 13 stations between Rouse Hill and Chatswood, opened in May 2019. The new line has further enhanced Chatswood's transport connectivity profile and appears to be bolstering investor appetite to increase exposure to the precinct through acquisition and new development.

Chatswood RSL Club is seeking a joint venture partner for the $200 million redevelopment of its existing venue on Victoria Avenue for a 22-storey commercial building incorporating c.28,855 sq m of commercial space. RSL plans to occupy three lower levels. It is understood that they have exchanged contracts with Guide Dogs Australia to purchase 2-4 Thomas Street for $22.15 million, which is located directly opposite the Club to allow them to relocate during development. The site is located close to the train station and other office towers.

In February 2020, Cromwell sold a 50% stake in 475 Victoria Avenue for $120 million and entered into a joint venture for its expansion with a private fund managed by BlackRock. Last year Cromwell received development approval to build a c.3,500sq m office building and a 156 room Vibe Hotel on the site. This is in addition to the two 13-level office towers that already exist on the site. In June 2019, BlackRock and Centuria sold Zenith Tower to Arrow Capital Partners in a joint venture with Starwood Capital for $438.18 million. The transaction represented the largest office sale by value in NSW outside the Sydney CBD. It was sold on a core market yield of 6.40% with a 4-year WALE at time of acquisition.

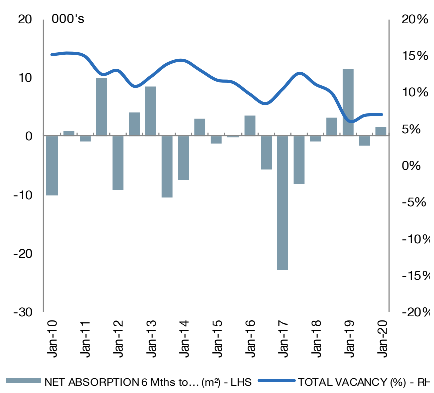
Above-trend rental growth cycle continues

Significant rental growth has been recorded in Chatswood on the back of the supply constraints in competing markets, coupled with landlords witnessing strong rental growth.

In the 12 months to January 2020, average prime gross face rents in Chatswood have increased by 6.7% to $711/sq m ($578/sq m net face rent). Average prime incentives have stabilised at 21.3%, however due to face rental growth, net effective rents have grown 7.4% YoY.

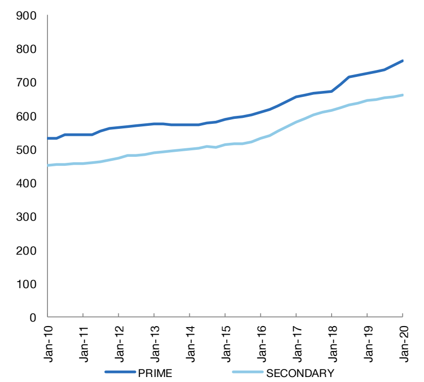
Average secondary gross face rents are up 5.9% over the year to $611/sq m ($476/sq m net). On a net effective basis, rental growth of 5.6% YoY has been recorded with secondary incentives stabilising at 22.0% in the 12 months to January 2020.

FIGURE 10
Chatswood Net Absorption & Vacancy
Per six month period (000's sq m, %)



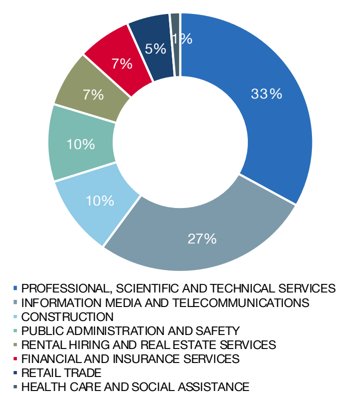
Source: Knight Frank Research/PCA

FIGURE 11
Average Gross Face Rents
Prime & Secondary, Chatswood ($/sq m)



Source: Knight Frank Research

FIGURE 12
Share of Leasing Activity by Sector
% share, '000sq m 2018-2019



Source: Knight Frank Research

MACQUARIE PARK/NORTH RYDE

Absorption rate rebounds due to new tenant demand

In the first half of 2019 there was limited new tenant demand with leasing transactions dominated by tenants opting to renew, and in some cases rationalise floor space requirements. This resulted in a low absorption rate and a further decline in vacancy. In contrast, the tail-end of 2019 saw both expansion and relocation activity across the whole market that was above the annual average seen over the last years, resulting in positive net absorption of 4,529 sq m.

Previously based in Frenchs Forest and Castle Hill, Merck has consolidated its health care, life sciences and performance materials divisions into a c.1,800 sq m innovation hub located at 11 Talavera Road. The deal follows Deloitte leasing 4,000 sq m earlier in the year. Fujifilm has also relocated from outside the existing boundary, moving from its site in Brookvale to lease c.2,016 sq m at 54 Waterloo Road in November 2019.

BD (Becton Dickinson) is understood to be relocating from their Macquarie University site on Research Road, subleasing levels 4 and 5 (c.3,500 sq m) of Citrix's former floors in 66 Waterloo Road, following their recent relocation to 100 Mount Street in North Sydney. In a previous deal, Yokogawa subleased level 3 that was vacated by Citrix, c.1,700sqm, moving from 118 Talavera Road.

Other new demand includes Alcon, which officially split from Novartis in April 2019, leasing 1,562 sq m at 5 Talavera Road.

New record low vacancy rate

Due to recent absorption trends, the vacancy rate has now declined to a new record low of 4.4% in January 2020, down from 4.9% in July 2019. Both prime and secondary floor space recorded a decline in vacancy rates. Prime has tightened to 3.3%, down from 3.8% and secondary has declined to 7.6%, down from 8.3% over the same period.

Recent new leasing activity on the back of tenants fulfilling relocation and expansion plans has resulted in a decline in overall vacancy rate to 4.4%, a new record low for Macquarie Park. Both prime and secondary stock recorded a decline in vacancy rates.

Rental uplift on the back of tenant demand

Average prime gross face rents have increased of 4.6% YoY to $520/sq m ($429/sq m net face). Average prime incentives are stable at 22%. In the secondary market, average gross face rents have increased 5.2% YoY to $458/sq m ($353/sq m net face. Average secondary incentives have increased to 24%, up from 22%.

Investors step up exposure and buoy investment volumes

The recent opening of the Sydney Metro Northwest line has further enhanced Macquarie Park's connectivity to other precincts. The depth of investor appetite for further exposure to Macquarie Park from both developers and institutional funds is now reflected in overall investment volumes, which reached a record high in 2019 at $718 million. The market has been so tightly held by investors that prior to mid -2019 no assets had changed hands since 2017.

In one of the largest transactions for the North Shore market last year, Charter Hall's Direct PFA Fund and Long WALE REIT in an equal partnership (50:50) acquired John Holland's The Glasshouse building for $331.3 million. Due to be completed in March, the building forms part of John Holland's Macquarie Square development and is substantially pre-committed to the NSW Government on a 12-year lease. The sale price represents a passing yield of 5.0%.

In an off-market deal, RF Corval has re-entered the market with their acquisition of the Novartis building at 52-54 Waterloo Road for $62.25 million. Corval previously held 78 Waterloo Road, which they later sold to Mapletree in 2015, after converting unused storage space into additional carparking, and renewing terms with major tenant Boehringer Ingelheim.

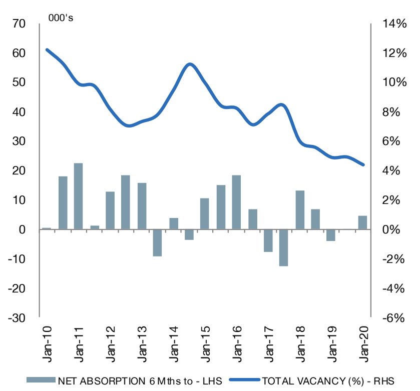
In October 2019, Perth-based fund manager, Lester Group sold 12 Waterloo Road for $25.25 million. Lester Group originally acquired the asset in 2015 for $14.55 million and undertook a refurbishment program to bring the building to full occupancy. It is understood to have been acquired by a local private investor.

Yield compression reflects investor appetite

The lack of available investment options over the last two years has created pent-up demand for assets. The depth of enquiry on assets that have traded suggests that confidence has grown on the back of improving transport connectivity and the tenant demand profile.

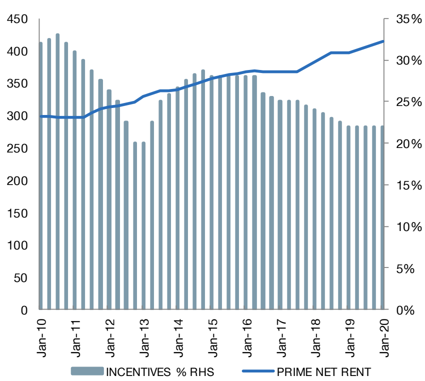
Average prime yields have compressed 30 bps YoY to range 5.25% to 5.75%. Secondary market yields range from 5.75% to 6.25%, representing a 24 bps compression over the last 12 months.

FIGURE 5
Macquarie Park/North Ryde Net Absorption & Vacancy
Per six month period (000's sq m, %)



Source: Knight Frank Research/PCA

FIGURE 6
A-Grade Net Rents & Incentives
Macquarie Park/North Ryde, Prime



Source: Knight Frank Research

RECENT TRANSACTIONS

TABLE 2

Recent Leasing Activity North Shore

Address	Region	Area (m²)	Face Rent Net ($/m²)	Term (yrs)	Lease Type	Tenant	Start Date
1 Denison Street	North Sydney	10,655	835	10	Pre-comm	Microsoft	Q2-21
73 Miller Street	North Sydney	6,858	850	10	New	oOh! Media	Dec-20
100 Mount Street	North Sydney	1,300	975	7	New	Palo Alto Network	Q1 2020
100 Mount Street	North Sydney	2,600	950	7	New	First Data	Oct-19
101 Miller Street	North Sydney	929	925	5	New	CHU Insurance	Jul-19
40 Miller Street	North Sydney	5,800	785	7	Renewal	UGL	Nov-20
40 Mount Street	North Sydney	1,706	840	7	New	Golder & Associates	Aug-19
1-5 Lyonpark Road	Macquarie Park	84,194	U/D	12	Renewal	Optus	Jun-21
54 Waterloo Road	Macquarie Park	2,016	440	5	New	FujiFilm	Nov-19
207 Pacific Highway	St Leonards	c5,600	U/D	5	Renewal	Toyota Financial Services	Oct-19
120 Pacific Highway	St Leonards	2,044	600	7	New	RSL LifeCare	Mar-20
475 Victoria Avenue	Chatswood	4,580	560	5	Renewal	Reed Elsevier Aust.	Jan-21
15 Help Street	Chatswood	708	450	5	Renewal	Crestron	Jul-20

TABLE 3

Recent Sales Activity North Shore

Address	Region	Price ($ mil)	Reported Market Yield (%)	NLA (m²)	$/m² NLA	WALE (Yrs)	Vendor	Purchaser	Sale Date
107 Mount Street	North Sydney	115.0	4.58	6,675	17,228	2.1	Burcher Property	Private	Sep-19
34-36 Chandos Street	St Leonards	32.3	4.34	2,079	15,536	7.6	Property Bank Aust	Private	Sep-19
45-61 Waterloo Road	Macquarie Park	331.3	5.0	34,947	9,480	9.9	John Holland	Charter Hall[1]	Nov-19
118 Mount Street	North Sydney	352.0	5.0	20,518	17,156	6.0	Zurich Insurance	CBRE Global Investors[2]	Nov-19
99 Walker Street	North Sydney	311.3	5.02	19,295	16,134	5.9	Oxford Properties Group	Abacus Property Group	Nov-19
100 Miller Street (50%)	North Sydney	300.0	4.9	31,592	16,301	3.8	Cromwell Property Group	Early Light Holdings	Jul-19
821-843 Pacific Highway	Chatswood	438.18	6.40	44,102	9,936	4.0	BlackRock/Centuria	Starwood Capital JV Arrow Capital	Jun-19

Source: Knight Frank Research   n refers net   g refers gross   *Passing Yield   1 Charter Hall Long WALE REIT (50%) Charter Hall Direct PFA Fund (50%)

2 CBRE Global Investors purchased on behalf of Spezialfonds

MAJOR OFFICE SUPPLY

TABLE 4

Major Office Supply - North Shore Office

Address	Region	Area (sq m)	Developer/Owner	Major Tenants	Commitment level (%)	Stage	Est. Date of Compl.
100 Mount Street	North Sydney	40,600	Dexus	NBN, Laing O'Rourke	97%	Complete	Complete
1 Denison Street	North Sydney	60,338	Winten Property	Nine Entertainment, Microsoft, SAP	75%	U/C	H2 2020
118 Mount Street	North Sydney	20,770	Zurich	Zurich	65%	U/C	H2 2020
73 Miller Street*	North Sydney	19,000	ESR	oOh!media	40%	U/C	H2 2020
88 Walker Street	North Sydney	13,000	Bill Bergia	-	-	U/C	H1 2022
Victoria Cross OSD	North Sydney	55,000	Lendlease	Pending Pre-Comm	-	Planning	2024+
RNS Hospital Southern Campus	St Leonards	25,000	NSW Govt	NSW Health	100%	U/C	H2 2020
88 Christie Street	St Leonards	17,000	JQZ	Pending Pre-Comm	-	DA Approved	2022+
45-61 Waterloo Road—Bld C	Macquarie Park	34,500	John Holland	Transport NSW	75%	U/C	H1 2020
45-61 Waterloo Road– Stage 2	Macquarie Park	70,000	John Holland	Pending Pre-Comm	-	DA Approved	2022+
Stage 2, 97 Waterloo Road	Macquarie Park	14,700	Goodman	Schneider, Luxottica	75%	U/C	H2 2020
Macquarie Exchange	Macquarie Park	74,000	Frasers/Winten	Pending Pre-Comm	-	DA Approved	2023+
11-17 Khartoum Road	North Ryde	55,000	Stockland	Pending Pre-Comm	-	DA Approved	2023+

Source: Knight Frank Research *Refurbishment

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Definition:
Core Market Yield: The percentage return/yield analysed when the assessed fully leased net market income is divided by the adopted value/price which has been adjusted to account for property specific issues (i.e. rental reversions, rental downtime for imminent expiries, capital expenditure, current vacancies, incentives, etc).

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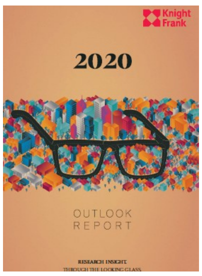

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