RESEARCH

NORTH SHORE

OFFICE MARKET OVERVIEW SEPTMBER 2019

TECH COMPANIES UNDERPIN NORTH SYDNEY LEASING DEMAND

HIGHLIGHTS

Strong demand from fintech companies is expected to drive positive absorption levels over the next two years in North Sydney. Technology and media tenants have accounted for 34% of leasing activity since 2018.

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 45 bps as at July 2019.

Offshore capital continues to flood the North Shore markets with over 85% of the $2.5 billion in investment volumes coming from offshore groups in the 12 months to July 2019.

KEY FINDINGS

Over 150,000 sq m of new and refurbished office stock is currently under construction across North Sydney and Macquarie Park, expected to be completed by the end of 2020.

Prime and secondary markets in North Sydney recorded gross effective rental growth of 9.2% and 8.5% respectively over the past 12 months.

Macquarie Park overall vacancy rate remains unchanged at its lowest level on record at 4.9%.

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NORTH SYDNEY

Fintech companies underpin leasing demand

A theme emerging from recent take-up trends is North Sydney's attraction to financial and technology groups. Microsoft, SAP, Nextgen.net, Nokia, Citrix and Zurich to name a few, are recent examples of companies trying to scale and set up headquarters in the area. While North Sydney is already strategically located to the Sydney CBD and the other North Shore markets, the new Sydney Metro rail project and planned pipeline of new office / mixed-use projects is providing a further uplift to demand levels and resulting in new market entrants.

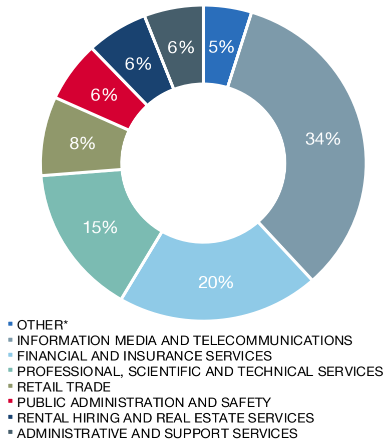
Co-working and flexible office operators have also added North Sydney to their target market. WeWork recently opened their first North Sydney office of c.4,100 sq m in 50 Miller Street, Compass at 141 Walker Street and Victory Offices has secured space in 100 Mount Street.

Rental growth rate is running above Sydney CBD

North Sydney's office rents are running at a 27% (gross basis) discount to the Sydney CBD, and this has continued to support recent demand fundamentals. This is reflected in the YoY prime rental growth rate, which is currently running 200 bps above Sydney on a gross basis, as at July 2019.

Average prime gross face rents have increased by 7.3% YoY to $962/sq m ($822/ sq m net face) as at July 2019. Incentives have generally held over the last three to six months, but are showing a YoY reduction of 130 bps to 21.1%, resulting in gross effective rental growth of 9.2% YoY to record $759/sq m. In the secondary market, average gross face rents have risen by 8.5% YoY to $822/sq m ($687/sq m net face) as at July 2019. Average secondary incentives are holding at 20% YoY. On a gross effective basis, rents have risen 8.5% YoY to measure $658/sq m.

FIGURE 1
Share of Leasing Activity by Sector
% share, '000sq m 2018-2019(YTD)



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

TABLE 1
North Shore Office Market Indicators as at July 2019

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	10.2	4,205	822	140	21.1	4.75 - 5.25
North Sydney	Secondary	542,463	6.6	3,686	687	135	20.0	5.25 - 5.50
North Sydney	**Total Market**	**832,887**	**7.9**	**7,891**	**750**	**137**	**20.5**	**4.75 - 5.50**
Crows Nest/St Leonards	Prime	102,699	1.8	13,302	608	130	21.0	5.25 - 5.75
Crows Nest/St Leonards	Secondary	204,928	9.4	-3,388	548	105	21.5	5.75 - 6.25
Crows Nest/St Leonards	**Total Market**	**307,627**	**6.9**	**9,914**	**575**	**120**	**21.2**	**5.25 - 6.25**
Chatswood	Prime	157,412	3.6	4,688	571	132	21.1	5.25 - 6.25
Chatswood	Secondary	120,566	8.4	-3,330	488	114	21.7	5.50 - 6.00
Chatswood	**Total Market**	**277,978**	**5.7**	**1,358**	**530**	**122**	**21.5**	**5.25 - 6.25**
Macquarie Park	Prime	644,824	3.8	-1,713	405	100	22.0‡	5.50 - 6.00
Macquarie Park	Secondary	214,210	8.3	-2,209	335	100	24.0‡	6.00 - 6.50
Macquarie Park/North Ryde	**Total Market**	**859,034**	**4.9**	**-3,922**	**385**	**100**	**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 July 2019
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.

Elevated short-term pipeline but high commitments

While the pipeline of new stock due over the next year remains elevated, demand for prime space is driving high commitment rates and limiting the future availability of supply. Last quarter, 100 Mount Street reached practical completion. Anchored by NBNCo, other tenants include Laing O'Rourke, Nextgen.net and more recently Victory Offices. The c.40,600 sq m tower is now close to full occupation.

Strong level of tenant pre-commitment

The next wave of new supply due in late 2020 includes 1 Denison Street and 118 Mount Street. Both towers have already achieved 75% and 65% pre-commitments respectively.

In August, Nine Entertainment confirmed it had increased its commitment at 1 Denison Street to 27,000 sq m, up from c.18,000 sq m it originally committed to in 2017, to consolidate all its key divisions into the one headquarter (HQ) site. The deal follows the announcement in July that Microsoft Australia had committed to lease c10,600 sq m across seven floors in the tower. Although the group will be consolidating offices into the new building in April 2021, including its main campus currently located in North Ryde, it plans to retain its office at 1 Martin Place. SAP has also secured four floors, bringing the pre-commitment level in the tower to 75%, with it anticipated to hit 80% by year end.

In 118 Mount Street, Zurich Financial Services Australia has pre-committed to be the anchor tenant for more than 65% for its Australian HQ. The tower is being developed by Roberts Pizzarotti in conjunction with White & Partners and Generate Property Group.

As expected, 73 Miller has recently been withdrawn for full refurbishment, including an expansion of its office floor area to 19,000 sq m. The building is expected to come back online mid next year, with oOh! Media committing to c7,000 sq m. The main anchor, the NSW Department of Health, has relocated to 100 Christie Street in St Leonards on a short-term lease.

Beyond 2020, the pipeline is limited to potentially a 11,000 sq m development at 173 Pacific Highway proposed by Maville Group, which includes a 33-storey office tower, partially cantilevering above 116 Miller Street, also owned by Maville. The site is opposite the proposed 2024+ Victoria Cross Metro over station development. Lendlease has been awarded the contract to deliver the new station and commercial tower.

Tight supply conditions support low vacancy

The 'flight to quality' trend has mainly been driven by large tenant mandates, as reflected in the high pre-commitment levels achieved for new builds in the current pipeline. On the back of 100 Mount Street completion, tenant relocations (including NBNCo & Laing O'Rourke) have fed backfill space to the A grade segment. While this has resulted in negative net absorption specific to A Grade, Premium absorption of +36,508 sq m through 100 Mount Street has helped to offset this, bringing overall absorption across all grades to +12,535 sq m in the six months to July 2019.

Those relocations, combined with the completion of 100 Mount Street, ongoing withdrawals for refurbishment and a slight pull-back in demand for secondary space has underpinned the uptick in vacancy to 7.9% in July 2019, up from 6.8% in January 2019. Despite the upward shift, vacancy is still below the 10-year average of 8.6%.

Investors still have eyes on North Sydney

In May 2019, Mapletree acquired 111 Pacific Highway, one of the 10 assets being sold down by Oxford Properties from the former Investa Office Fund as part of a $1.5 billion divestment plan. The property sold for $273 million on a market yield of 5.40% with a 2.2 year WALE at acquisition date. Mapletree appears to have an appetite for A Grade fringe located assets having acquired 67 Albert Street, Chatswood from RF CorVal last year for $158 million. The latest acquisition raises their exposure to the North Shore market.

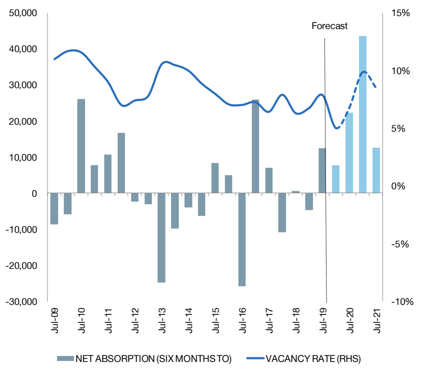
Prime yields sharpen to new benchmark

The appetite for prime income-yielding assets in North Sydney remains elevated and this has continued to place downward pressure on yields as investors compete for core and core-plus opportunities.

As at July 2019, average prime yields are showing a 25.8 bps tightening YoY to reach 5%, a new benchmark for North Sydney. This puts the yield spread between Sydney CBD and North Sydney at around 45 bps. This is almost half its historical trend, reflecting the strong rental growth rates seen over the last two years. Average secondary yields are 5.32%, as at July 2019, showing an 8 bps compression over the same period.

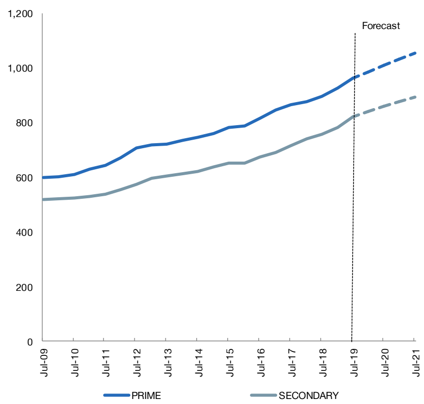
Knight Frank anticipates that additional reductions to interest rates and bond yields may lead to further yield compression later in the year, potentially prolonging the growth cycle.

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



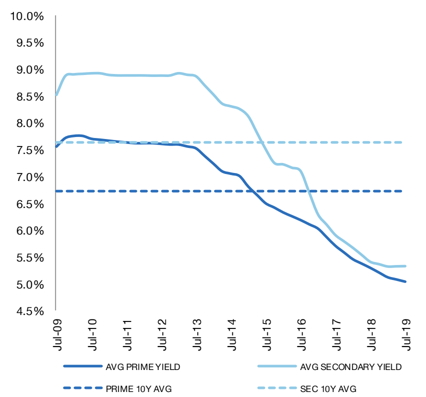
Source: Knight Frank Research/PCA

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



Source: Knight Frank Research

FIGURE 4
Average Core Market Yields
North Sydney



Source: Knight Frank Research

CROWS NEST/ST LEONARDS

A grade office remains tightly held, limiting tenant movement

New office and expansion demand to the precinct, saw the vacancy rate decline in January 2019 to its lowest rate since the early 2000s. At that time A grade vacancy declined to 1.9%, its lowest level since 2007 and the lowest A grade vacancy rate of the North Shore markets. The tightly held nature of that grade has meant there has been little movement overall, with just a small strata office being absorbed in the first six months of 2019, nudging the A grade vacancy rate to 1.8% in July 2019.

In contrast, there has been a slight contraction in secondary grade demand, which has resulted in an increase in its vacancy from 8.2% in January 2019 to 9.4% in July 2019. Despite this, the secondary grade vacancy rate remains well below its historical average.

Limited short-term A grade options to sustain low vacancy profile

In the short-term, there is limited uncommitted new supply options to fulfil A grade demand. The Royal North Shore Hospital southern campus site on Reserve Road, which is expected to incorporate c.25,000sq m of office, is fully leased by the Department of Health upon delivery in late 2020. Outside of this, the predominantly mixed-use St Leonards Square development at 472 Pacific Highway is due to be delivered in the second half of 2019. As well as a lease pre-commitment to Virgin Active for part of the ground floor retail and c1,200 sq m on the first floor a health club, the remaining balance of 32 strata suits have all been sold.

Tight A grade market fuelling secondary effective rental growth

While the low vacancy environment continues to drive rental growth in the precinct, the lack of available options to lease in the short-term has tempered leasing activity.

On a YoY basis, average prime gross face rents have increased 3.0% to $738/ sq m ($608/sq m net face), as at July 2019. Prime incentives have held stable over the quarter at 21%, however on a YoY basis are showing a slight reduction from 21.7%. This has resulted in a slighter higher net effective growth rate of 3.7% YoY to $453/sq m.

In the secondary market, average gross face rents increased 3.3% YoY to measure $653/sq m ($548/sq m net face) as at July 2019. YoY, incentives have declined by 180 bps to average 21.5%. This resulted in net effective rental growth of 8.8% YoY to $407/sq m.

The decline in secondary incentives suggests the low vacancy in A grade space is beginning to shift the market in favour of the landlord, with tenants seeking to remain or move to the precinct facing limited options.

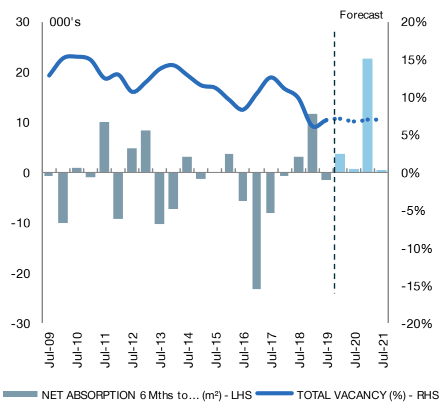
Yields continue to firm

As a July 2019, average prime yields range between 5.50% and 6.00%, representing a 32 bps compression on the previous 12 months. Secondary market yields average 5.75% to 6.25%, representing a 14 bps compression over the same period.

110-112 Christie Street recently sold for $21.97 million to a private investor group on a passing yield of 4.9%. The building has been occupied by Fremantle, a digital media production company, for more than 20 years and at the time of acquisition had a WALE of 5 years.

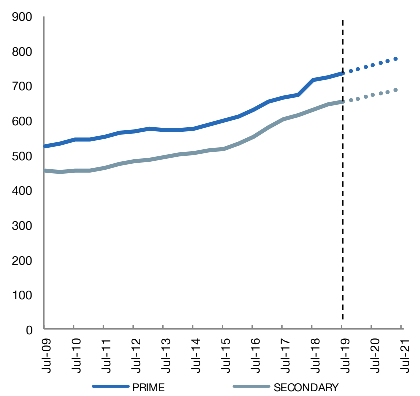
There are a couple of on-market opportunities that could potentially drive investment volumes in the tail-end of 2019 including 34-36 Chandos Street, a three-storey B grade asset located within the St Leonards and Crows Nest Station master plan area. The property is fully leased to Aspen Pharmacare Australia, which recently renewed terms under a new eight year lease.

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



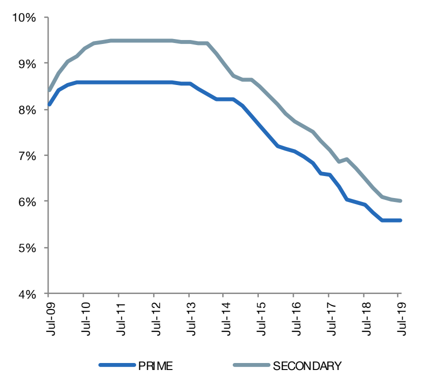
Source: Knight Frank Research/PCA

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



Source: Knight Frank Research

FIGURE 9
Average Prime Core Market Yields
Prime & Secondary, Crows Nest/St Leonards



Source: Knight Frank Research

CHATSWOOD

Sustained level of demand

The Chatswood office market has sustained its steady level of demand over the past six months. The steady flow of lease deals, combined with the lack of available options, has resulted in positive net absorption of 570 sq m in the six months to July 2019. By grade, the prime market recorded positive absorption of 471 sq m over the first half of 2019, whilst the secondary market recorded 99 sq m of absorption over the same period.

The low level of leasing absorption experienced in the prime market over the past 12 months has stemmed from the lack of prime grade leasing options in conjunction with limited availability of efficient contiguous floor plates. There will be some relief to the market throughout 2020 when space becomes available in the Zenith Towers once Transport NSW (c6,000 sq m) relocates to John Holland's new development in Macquarie Park.

Additionally, NSW Health will vacate c3,000 sq m in the towers on the back of its move to St Leonards. The recent opening of the Sydney Metro Northwest line will likely aid in attracting new tenants to the backfill space with Chatswood's improved connectivity to Greater Sydney increasingly attractive to occupiers.

Prime vacancy tightens to decade-low

The limited availability of prime grade options is creating pent-up demand for office space and underpinning the recent tightening of the prime vacancy rate to 3.6% at July 2019, down from 6.6% 12 months prior. This is the lowest prime vacancy rate in over a decade. In the secondary market the withdrawal of 7 Help Street (941 sq m) has contributed to a 70 bps decline in vacancy over the first half of 2019, to measure 8.4% as at July 2019.

As at July 2019 ,the headline vacancy rate is 5.7%, down from 6.5% a year earlier.

Above-trend rental growth

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 July 2019, average prime gross face rents in Chatswood have increased by 8% to $703/sq m ($571/sq m net face rent). In addition, average prime incentives decreased from 23% a year ago to 21.1% pushing net effective rental growth to 13% YoY.

The solid rental growth in the prime market has flowed through to the secondary market with gross face rents up 6.9% over the year to $602/sq m ($488/sq m net). On a net effective basis, rental growth of 10.7% YoY has been recorded with secondary incentives falling from 23.7% to 21.7% in the 12 months to July 2019.

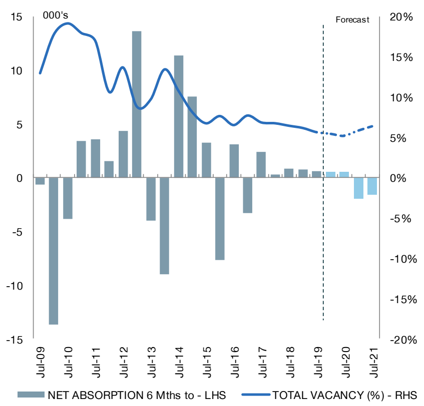
Investment volumes buoyed by Zenith sale

On the back of Zenith office towers trading in June, overall investment volumes in Chatswood for 2019 have reached their highest level on record. The Zenith towers, which were put on the market by joint owners, BlackRock and Centuria Property Funds, have been acquired by US based group Starwood Capital in a joint venture with Arrow Capital Partners for $438.18 million. The transaction represents 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. The property previously sold in mid-2016 for $279 million, representing a 57% capital value increase. The Zenith encompasses 44,102 sq m of high quality A grade office space across two towers.

The Zenith transaction follows the sale of 67 Albert Street and 465 Victoria Avenue in late 2018. Both assets sold on reported market yields of 5.69%, and together with the Zenith are considered the three core office buildings in Chatswood. The sale of all three of these assets within 12 months highlights investor appetite for core and core-plus product within Sydney's fringe and metropolitan markets.

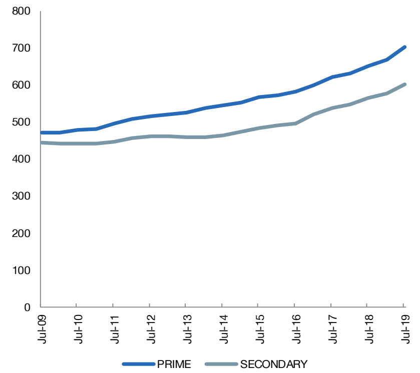
Recent sales evidence indicates prime assets in Chatswood are trading sub 6%. While the Zenith traded at 6.40%, this was due to the larger scale of the asset. The strong rental profile and value proposition for investors who are priced out of the larger CBD markets has led to yield compression of 27bps over the last 12 months.

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



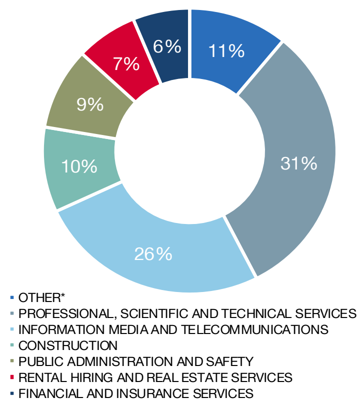
Source: Knight Frank Research/PCA

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(YTD)



Source: Knight Frank Research *Other includes Retail, Utilities, Health Care

MACQUARIE PARK/NORTH RYDE

Hi-Tech occupier preferences begin to benefit precinct

Macquarie Park has a unique and distinct identity. In addition to offering tenants greater opportunity for single occupancy, the area offers a competitive rental discount to its competing North Shore markets while also providing additional features such as external signage, warehouse space and ample onsite parking, add-ons that appeal to hi-tech occupiers. The recent opening of the Sydney Metro Northwest line has further enhanced Macquarie Park's connectivity to Sydney's economic corridor allowing greater interaction between businesses and people, driving future office demand.

That appeal to hi-tech occupiers has been highlighted recently with Schneider Electric committing to c8,000 sq m at Goodman's new development, Stage 2 97 Waterloo Road (14,700 sq m). The development has commenced construction and is due for completion late 2020. Schneider plans to consolidate from within Macquarie Park, downsizing from its current premises of c10,000 sq m at 78 Waterloo Road to bespoke and more efficient office accommodation for its new national HQ. In another deal, Epson has renewed at 3 Talavera Road, consolidating premises to 1,930 sq m, following its warehouse component being relocated to Yennora.

Evolving precinct diversifying tenant pool

Construction is nearing completion at the first stage of John Holland's Macquarie Square development at 45-61 Waterloo Road, the “Glasshouse” (Building C). The project, which is anchored by 75% pre-commitment to the NSW Government, is expected to deliver c.34,500 sq m of office space upon completion in early 2020. It is understood that John Holland is in the process of selling Building C which sits on a 3.2 ha site that they acquired from the State Government in 2017 for $170 million. The group also has approval to develop a further 70,000 sq m and is currently seeking pre-commitments.

Other developments include Goodman's Stage 2 at 97 Waterloo Road (14,700 sq m) and the Frasers Property Australia and Winten Property Group JV project (74,000 sq m). Anchored by Schneider Electric, 97 Waterloo Road is due for completion late 2020, with Luxottica rumored to be taking 3,500 sq m. The Frasers and Winten site to be known as 'Macquarie Exchange', received DA approval earlier this year for c.74,000 sq m across four buildings including retail. The project is currently seeking pre-leases with the first building anticipated to be completed in 2022.

Limited absorption as tenants renew and relocate within

Macquarie Park recorded negative net absorption over the first half of 2019 of 168 sq m, taking annual absorption to negative 3,922 sq m. On a YoY basis the figure has been skewed by the withdrawal of 112 Talavera Road (10,000 sq m) for residential conversion in late 2018. The low level of absorption in the six months to July 2019 can be attributed to tenant's opting to renew, as well as some consolidation, as occupiers seek out greater efficiency to enhance business productivity and continuity.

Despite low absorption, there was still notable tenant activity including Alcon Laboratories taking 1,562 sq m at 15 Talavera Road and Deloitte leasing 4,000 sq m at 11 Talavera Road.

Record low vacancy

With no new supply or withdrawals over the period, in conjunction with limited absorption, vacancy remains stable at 4.9% in July 2019, its lowest level on record. By grade, the prime market had a slight uptick in vacancy moving from 3.6% to 3.8% in the six months to July 2019, stemming from a rise in sublease space. The secondary vacancy rate dropped 40bps to a decade low of 8.3%.

Rental growth eases

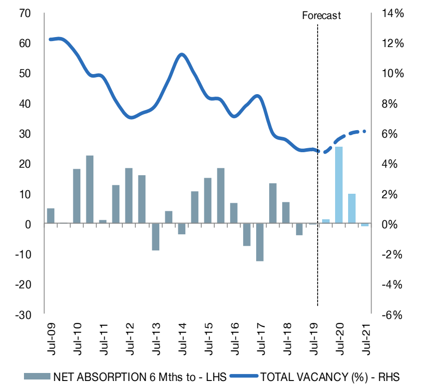
Following strong absorption levels in 2018, rental growth has begun to ease. The market is also awaiting the completion of new developments, which may see higher prime office rental growth rates return in 2020. Average prime gross face rents have seen a slight uptick of 1.4% YoY to $505/ sq m ($405/ sq m net face), whilst average prime incentives have fallen from 23% to 22% over the year. In the secondary market, average gross face rents have remained steady at $435/sq m.

Solid investor appetite buoys investment volumes

Investment volumes currently total $298.5 million for 2019, the highest level since 2015. Following the record acquisition by Goodman of 11 Talavera Road (incorporates three buildings) earlier in the year for $231.2 million, LaSalle Investment Management has also made a play, picking up 40 Talavera Road. The asset was acquired from developer Aqualand for $67.25 million on a reported market yield of 6.42% and 3.5 year WALE at acquisition date.

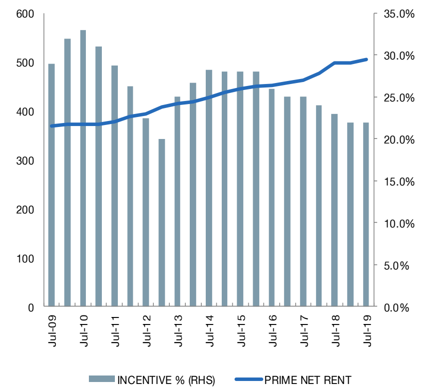
On the back of the solid investment activity, there has been a 38 bps yield compression since January 2018 with prime yields ranging between 5.50% and 6.00%. Secondary market yields range from 6.00% to 6.50%, representing a 25 bps compression over the last 12 months.

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 (m^2)	Face Rent Net ($/$m^2$)	Term (yrs)	Lease Type	Tenant	Start Date
1 Denison Street	North Sydney	10,655	U/D	10	Pre-comm	Microsoft	Q2-21
73 Miller Street	North Sydney	6,858	U/D	10	New	oOh! Media	Dec-20
100 Mount Street	North Sydney	2,600	950	7	New	First Data Resources	Dec-19
141 Walker Street	North Sydney	980	U/D	10	New	Compass Offices	Sep-19
100 Mount Street	North Sydney	3,271	950	10	New	Nextgen.net	Aug-19
100 Mount Street	North Sydney	2,600	960	U/D	New	Chanel	Q1 20
3 Talavera Road	Macquarie Park	1,930	350	5	Renewal	Epson	Nov-19
66 Waterloo Road	Macquarie Park	1,794	385	5	New	Yokogawa	Jan-19
67 Albert Avenue	Chatswood	350	580	5	New	Wilde & Woolard	Mar-19
207 Pacific Highway	St Leonards	c5,600	U/D	5	Renewal	Toyota Financial Services	Oct-19
120 Pacific Highway	St Leonards	2,590	545	5	New	Hire Up	Apr-19

TABLE 3

Recent Sales Activity North Shore

Address	Region	Price ($ mil)	Reported Market Yield (%)	NLA (m^2)	$/$m^2$ NLA	WALE (Yrs)	Vendor	Purchaser	Sale Date
821-843 Pacific Highway	Chatswood	438.18	6.40	44,102	9,936	4.0	BlackRock/Centuria	Starwood Capital JV Arrow Capital	Jun-19
111 Pacific Highway	North Sydney	273.0	5.40	18,697	14,601	2.2	Oxford Properties	Mapletree Investment	May-19
40 Talavera Road	Macquarie Park	67.25	6.42	12,971	5,185	3.5	Aqualand	LaSalle Investment	May-19
11 Talavera Road	Macquarie Park	231.2	6.32	35,670	6,482	3.3	Dexus	Goodman	Feb-19
40 Mount Street (50%)*	North Sydney	226.5	5.00	28,552	15,873	6.7	National Pension	M&G Real Estate JV	Dec-18
72 Christie Street	St Leonards	157.5	5.00	11,259	13,993	9.7	Proprium Capital Partners	UOL Group	Dec-18

Source: Knight Frank Research   n refers net   g refers gross   *M&G Real Estate acquired a 25% stake in the asset whilst the Investa Commercial Office Fund acquired a further 25% stake in the building to increase its interest from 50% to 75%.

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	95%	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
Victoria Cross OSD	North Sydney	55,000	Lendlease	Pending Pre-Comm	-	Planning	2024+
RNS Hospital Site	St Leonards	25,000	NSW Govt	NSW Health	100%	U/C	H1 2021
88 Christie Street	St Leonards	17,000	JQZ	Pending Pre-Comm	-	U/C	2022
472-486 Pacific Highway	St Leonards	4,600	Mirvac	Virgin Active	100%~	U/C	Q4 2019
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	2022+
11-17 Khartoum Road	North Ryde	58,000	Stockland	Pending Pre-Comm	-	Planning	2022+

Source: Knight Frank Research ~ Virgin Active occupying 30% whilst the remaining balance is 32 strata suits which have all been sold
*Refurbishment

COMMERCIAL BRIEFING
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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).

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs.

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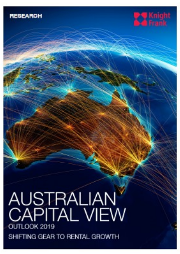
Sydney City Fringe Office Report June 2019



Active Capital View Outlook 2019

Active Capital The Report 2019

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