



\$3.15m Wangara industrial sale points to lower risk, higher quality assets

7.5 per cent yield highlights upside for owners of well-let industrial sites with a diversified tenant mix

PERTH, 16 NOVEMBER 2015 – A potential divide between resources and non-resources industries in Perth's commercial property market has been highlighted by the recent 7.5 per cent yield achieved on a 4,854sqm industrial property transaction at Enterprise Park Wangara.

Describing the sale as “strongly contested”, JLL Manager Industrial WA, Brett Mathanda said the \$3.15million transaction was underpinned by the calibre of the tenant – a custom general chemicals manufacturer - and the strength of the lease.

The privately-owned 18 Conquest Way property generates a passing net income of \$236,400 per annum and is leased to WA company Profill Industries on a renewed five year lease with options, annual rental growth and secured via bank guarantees.

Local investment company Wellington Investments purchased the 11 year old property which comprises a fully fitted and air conditioned 227sqm office with adjoining 1524sqm warehouse and 560sqm detached workshop erected in 2007.

“The fact that the security of its income stream is not reliant on the fortunes of the resources sector no doubt played an important role in attracting five genuine parties to the table.

“The sale is also noteworthy for the fact that smaller cap investors are present and prepared to act in the sub-\$5 million market when sound opportunities arise.”

Mr Mathanda said that the sale also contrasted institutional and syndicated entities which focused on larger offerings with mandates to achieve 8 per cent to 8.25 per cent returns.

“Considering several other recent transactions such as the sale of 42 Paramount Drive and 17-19 Leadership Way, there is an emerging trend of investors focussing on the industries that their future tenants occupy when making decisions around risk profiles; moving from more volatile equities markets to ‘safer harbours’ within the industrial property market,” said Mr Mathanda.

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