M3 PROPERTY

VICTORIA MARKET SNAPSHOT

OCTOBER 2023

CONTENTS

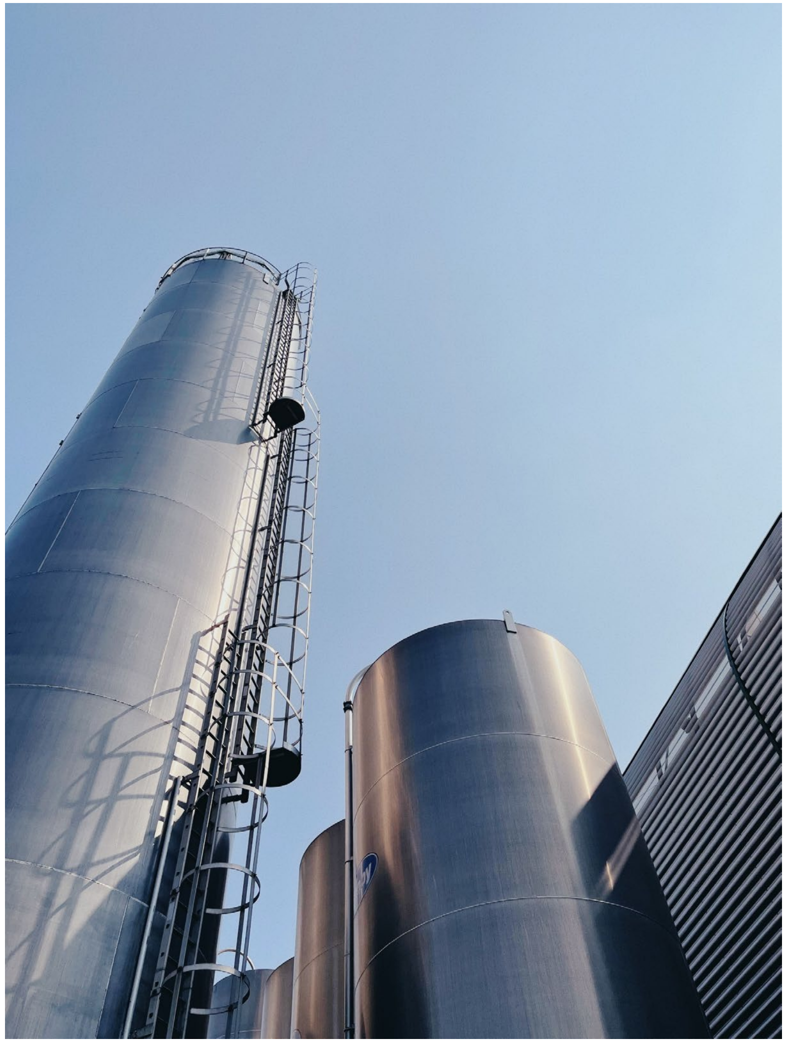
INDUSTRIAL

“Strong market rental growth throughout 2023, driven by continued occupier demand and a shortage of supply, has supported market values this year. This is despite yields continuing to ease due to investors' increased cost of capital. A major valuation issue moving forward will be large rental reversions, given passing rents often fall well short of market levels.

Transaction volumes remain low, however an expectation of vendors having to meet the market in the final quarter of 2023 should result in an increased level of sales."

MATT WEBB
DIRECTOR

CURRENT STATE OF PLAY



- Rental growth continues to be strong, with vacancy rates still sitting at historic lows. While economic growth continues, the supply/demand imbalance is likely to continue to support rental growth - however increased occupancy costs, including much higher land tax outgoings, bring some doubt to the capacity for tenants to pay increased rentals.

- Increased supply is likely to hit the market in 2024 which may impact rental growth levels.

- High net worth individuals are becoming more active in the $10 to $30 million investment market as Real Estate Investment Trusts continue to sit out the market due to their increasing cost of capital.

- Market yields have eased, however rental growth has compensated during the first half of 2023.

- Industrial site sales across the Melbourne market has totalled $1.87 billion (for sales over $5 million) for the year to date in 2023, with off-shore investors being the most active buyers in net terms (Source: RCA).

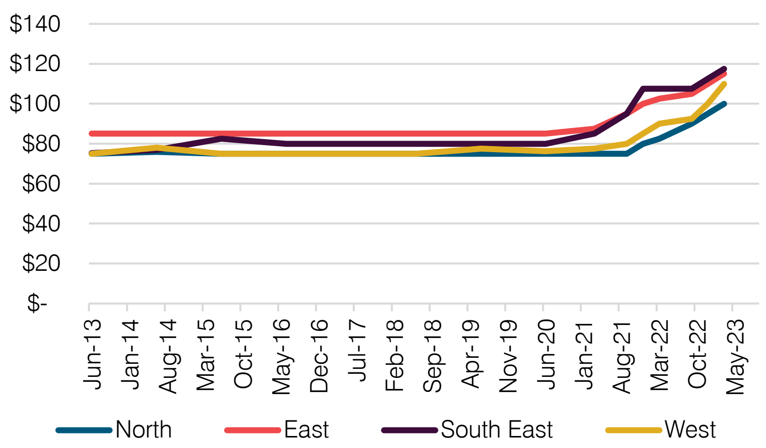
- Demand for zoned land remains strong, however given increases in interest rates and therefore holding costs, the market for unzoned land awaiting Precinct Structure Plan approval has softened.

- Improved infrastructure, land affordability relative to Sydney, a reduction of available sites in inner precincts, and ongoing residential development has seen an increasing prevalence of industrial land being marketed in outer areas of Melbourne.

RENTAL MARKET

- Outside of the City Fringe, prime net face rents are currently ranging between $95 and $135 per square metre and secondary net face rents are ranging between $80 and $100 per square metre.
- Prime rents increased by circa 18.3% in the twelve months to June 2023. Secondary rents also grew by 3.2% in the twelve months to June 2023. Precincts where land supply shortages are evident saw the strongest growth in rents over the year.
- Incentives for prime and secondary buildings declined over 2023.

Melbourne Prime Net Face Rents

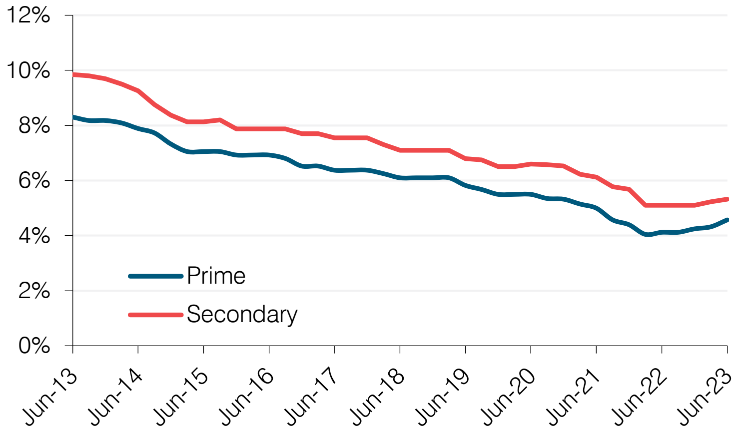


Source: M3 Property

YIELDS

- Strong investor appetite and the spread between property yields and interest rates exerted downward pressure on yields during 2021 into the first quarter of 2022. Interest rate increases since the first quarter of 2022 have reduced demand from the institutional sector however private investors have become a stronger presence in the market.
- Prime assets are generally trading at yields between 3.50% and 5.25%, having softened slightly in the first half of 2023. Secondary assets are trading between 4.50% and 6.00%, with the average secondary yield stable in the first half of 2023.

Melbourne Industrial Yields

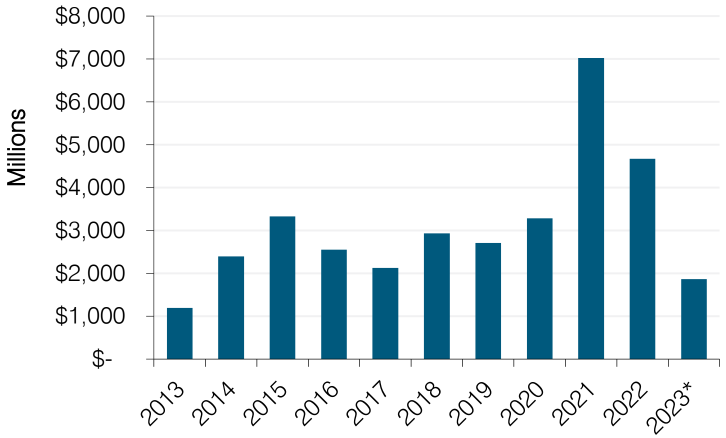


Source: M3 Property

INVESTMENT MARKET

- According to RCA there have been 68 industrial sales over $5 million (totalling $1.87 billion) recorded across the Melbourne market during the year to date. This compares with 232 sales recorded (totalling $4.67 billion) for the whole of 2022.
- The industrial market consists of a broad purchaser profile, ranging from offshore institutions and REITs to local and offshore private investors or developers. Offshore investors were the largest buyers of industrial property in Melbourne between 2020 and 2023.

Melbourne Industrial Sales Volume



Source: Real Capital Analytics (RCA), M3 Property
Note: Sales over $5 million

OPPORTUNITIES AND CHALLENGES

- Despite concerns in the investment market due to inflationary pressures, recent transactions show land values continue to increase strongly. The market sees a persistent shortage of well-located industrial zoned land in the major markets of the southeast and western precincts.

- In the institutional space, purchasers have had to reprice due to the increasing cost of capital, however, vendors have not yet adjusted to the new pricing levels. This has led to a significant fall in transaction levels from 2022. During 2023, the expectation is that more property in the $30 million plus price point will come to the market and a reevaluation of market yields may occur.

- Construction cost growth appears to have moderated. Cost certainty should help to increase supply; however, this will always be limited by a shortage of zoned land.

- High inflation, rising interest rates, securing developable land at justifiable levels, and rising development costs will also continue to present as challenges in the market.

OUTLOOK

- Occupier demand is expected to remain at strong levels over the coming six months with growth in e-commerce forecast to continue driving demand for warehouse and logistics space, solid public sector investment and continued demand for advanced (particularly food) manufacturing. However, as household discretionary incomes come under increasing pressure over the coming year, we expect to see logistics demand from retail groups reduce. In the near-term though, supply chain disturbances will continue to encourage retailers to keep larger inventories.

- We expect that face rents will increase over the short term as leasing demand remains strong and the availability of leasing options declines.

Property	Sale Date	Sale Price	Purchaser	GLA (m^2)	WALE (Income)	Initial Yield	GLA Analysis ($/$m^2$)
1 Vegemite Way, Port Melbourne	Jun-23	$114,600,000	Charter Hall Group	36,914	Undisclosed	6.5%	$3,105
Axxess Corporate Park, 315 Ferntree Gully Road, Mount Waverley	Jun-23	$306,200,000	Gateway Capital / Cadillac Fairview	84,926	2.01	5.87%	$3,709
11-17 Distribution Drive, Truganina	Jul-23	$121,425,885 (50%)	UniSuper	45,499	Undisclosed	4.5%	$1,807

RETAIL

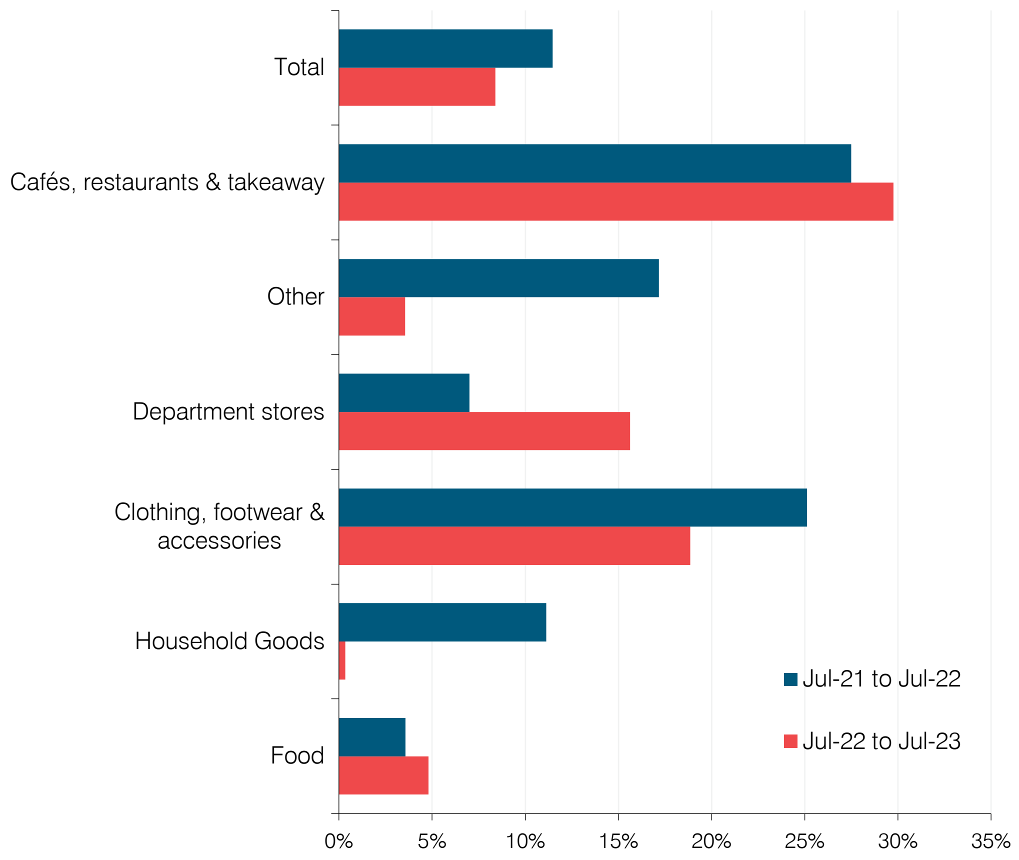
“Whilst transaction volumes have been much lower during 2023, those transactions that have occurred have provided price disclosure in a changing market, with yields trending up from the peak of the market in early 2022.

Some purchasers have been cautious when considering acquisitions, reflective of not knowing how much further the market will soften. However, some purchasers have seen this as an opportunity to acquire assets with fewer active buyers in the market. The yield spread between primary and secondary assets has been widening, reflecting a flight to quality and purchasers seeking appropriate risk-adjusted returns for non-core assets."

SHAUN O’SULLIVAN
DIRECTOR

CURRENT STATE OF PLAY

VIC: MAT Growth by Retail Sector



Source: ABS, M3 Property

- Total retail spending growth in Victoria for the 12 months ended July 2023 was 9.23%, up from 5.65% growth for the 12 months ended July 2022.
- The strongest growth by retail category was recorded in Cafes, restaurants and takeaway (29.75%) followed by Clothing, footwear & accessories (18.25%).
- Rental spreads (i.e., the difference between a tenants' new rent and their prior rent) have materially improved over the last 12 months for AREIT shopping centre owners.
- Growth in the online retail sector and the continuing expansion of online marketplaces has resulted in centre owners changing their tenancy mix. The pattern of rationalisation of fashion and growth of health and beauty, services, food-based retailing, and entertainment has been a trend over the past five years.
- CBD retailing was strongly impacted by the pandemic due to office workers continuing to Work From Home (WFH) either part time or full time, reduced overseas student migration, and lower numbers of overseas visitors. However, pedestrian traffic volumes are recovering well in the key precincts, although rental levels are expected to remain below pre-COVID levels over the medium-term.

INVESTMENT MARKET

- Retail property sales in Victoria have totalled $1.22 billion for the year to date. This compares with $1.97 billion for the whole of 2022. A total of 47 properties have transacted so far in 2023 compared with 87 for the whole of 2022.
- Privates have been the largest buyer group so far in 2023, accounting for 57% of sales (by $ value). Offshore buyers were the next largest buyer group, with 23% of sales.

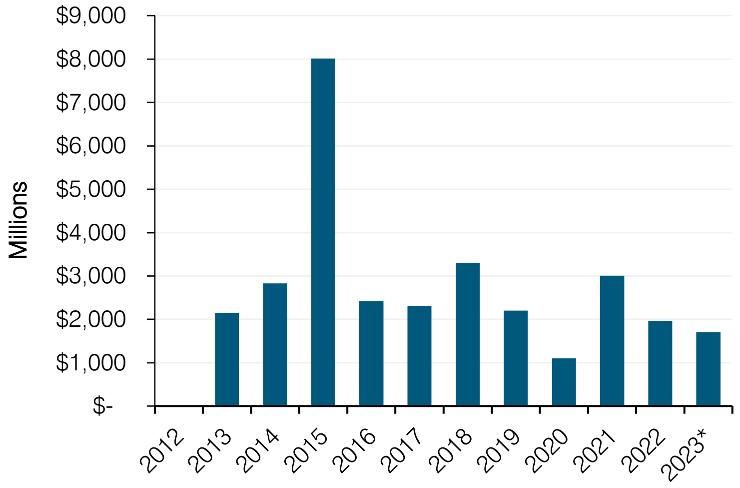
TRANSACTIONS

- There has been an increase in the value of transactions completed in 2023 compared with 2022 as vendor and purchaser expectations become more aligned.
- Transactions have reflected mixed results with generally lower value sales reflecting minimal yield softening, but others indicating softening is occurring.

YIELDS

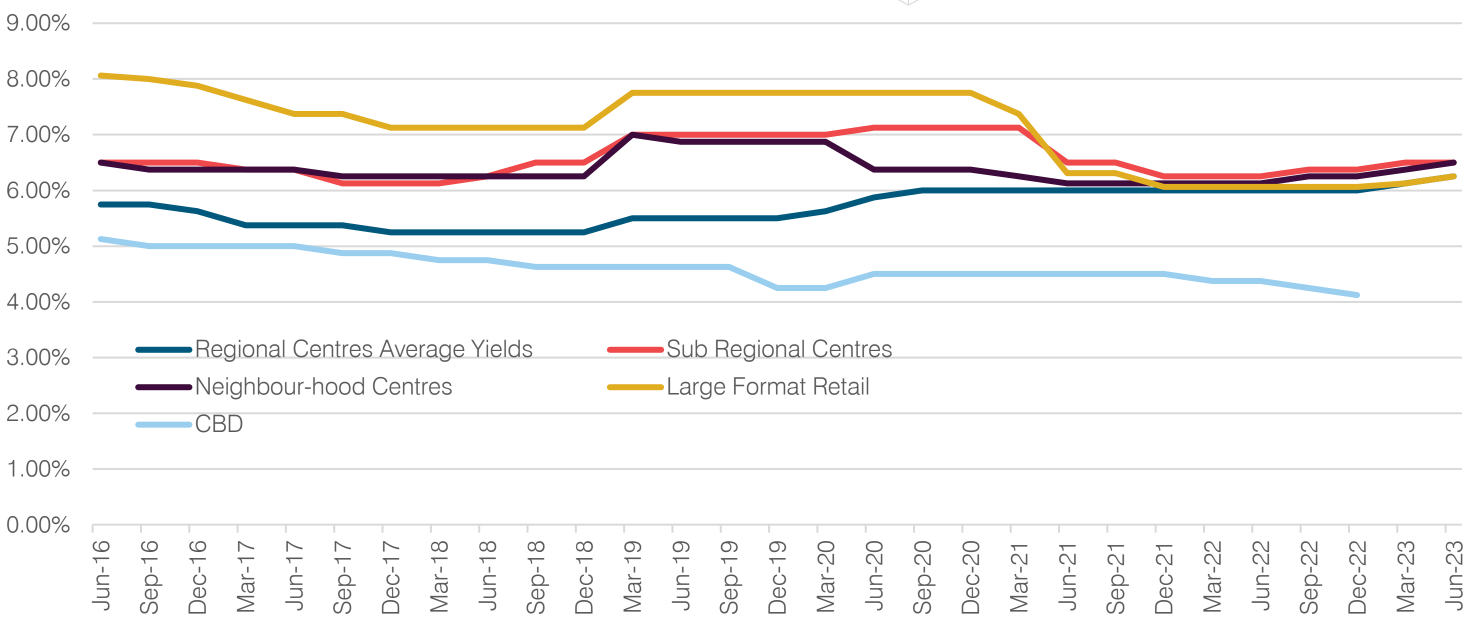
- Retail yields generally continue to look attractive relative to the alternative investment classes of office and industrial.
- Over 2022 and into 2023, transactions have been limited to below $300m. There has not been any recent transactions in Victoria above that point.
- There has been limited stock of Bunnings Warehouses and Coles and Woolworths supermarkets offered to the market and as such, purchaser investment hurdles for these asset classes are yet to be strongly tested.

Victoria Retail Sales Volume



Source: Real Capital Analytics (RCA), M3 Property
Note: Sales over $5 million

National Retail Yields



Source: M3 Property

OPPORTUNITIES AND CHALLENGES

- Rental levels within shopping centres have largely been reset over recent years, leading to more stable income profiles.
- Shopping centres sit on large tracts of land with flexible zoning provisions, allowing for a variety of mixed uses to be introduced, supporting the retail component and extracting further value for the owner. Many shopping centres are adding co-working tenants, childcare, serviced apartments and other non-traditional retail uses.
- The role of shopping centres in assisting with last mile logistics also provides opportunities.
- Under-performing anchor tenants are seen as a key income risk by potential purchasers, being mindful that while a vacant anchor tenancy can provide re-positioning opportunities, it creates income uncertainty and re-purposing is capital intensive.

OUTLOOK

- Consumer confidence will be closely monitored over the next six months to measure the impact of the increased cost of living and increased interest rates on consumer spending and turnover of retail tenants.
- There has generally been a pricing gap between vendor and purchaser expectations for assets offered to the market. Whilst alignment is improving, the recent increase in bond yields may create further buyer caution.

Property	Sale Date	Sale Price	Purchaser	GLA (m^2)	Initial Yield	GLA Analysis ($/$m^2$)
Craigieburn Central, 340 Craigieburn Rd, Craigieburn, Vic	Apr-23	$300,000,000	IP Generation	64,003	6.94%	$4,682
Broadmeadows Central, 1099-1169 Pascoe Vale Rd, Broadmeadows, Vic	Jun-23	$134,500,000 (50%)	Nikos Property Group	61,454	7.20%	$4,377 ($100%)
Sunshine Marketplace, Vic	Jan-23	$66,000,000 (50%)	Aware/Altis	34,153	6.50%	$3,865 (100%)
Bunnings Collingwood, 179-201 Victoria Parade, Collingwood, Vic	Jul-23	$63,500,000	Private	7,430	4.90%	$8,546

CBD OFFICE

"As anticipated, 2023 has seen significant softening of yields in Victoria's CBD Office market, with extended selling periods. This is a result of macroeconomic conditions including the RBA's monetary policy tightening, starting in May 2022. There has been a reduction in transactions in 2023, and purchaser demand is relatively subdued. As valuations adjust to market circumstances, we anticipate the market to stabilise in the medium term.

GARY LONGDEN
DIRECTOR

CURRENT STATE OF PLAY

- According to the Property Council of Australia (PCA), there was 5,107,238 square metres of office space in the Melbourne CBD as of July 2023; an increase of 15,182 square metres from July 2022. The Western Core remains the largest precinct, accounting for 33% of total CBD stock, followed by Docklands (24%).

- The total vacancy rate for Melbourne's CBD office market increased from 13.1% in July 2022 to 15% in July 2023, with increases experienced in both the prime and secondary markets. Vacancy has increased due to both new supply added to the market, as well as negative / subdued net absorption, over the past four years.

- Over the past five years, there has been an average of 85,791 square metres of new supply added to the market every six months. Accounting for withdrawals, net supply additions averaged 54,409 square metres every six months. There is currently circa 206,000 square metres of stock under construction in the CBD and an additional 62,000 square metres undergoing site works. Adding DA approved and submitted developments, the total supply pipeline for the Melbourne CBD is circa 658,000 square metres, however, not all projects that are approved will proceed to development.

- According to the PCA's Office Occupancy Survey, occupancy in the Melbourne CBD remains below its pre-COVID-19 level at 47% during February 2023.

- Investor demand at previously compressed yields has significantly reduced. Currently vendors are reluctant to reduce asking prices and selling periods are extended.

RENTAL MARKET

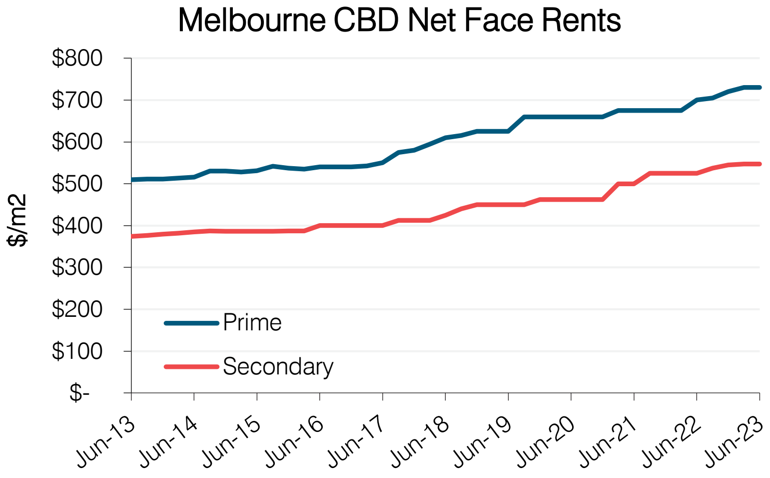
- Melbourne CBD prime and secondary net face rents increased over the year to October 2023.
- Prime net face rents increased by 4.29% in the twelve months to June 2023 to range between $600 and $860 per square metre. Prime incentives ranged between 33.5% and 44% during the quarter.
- Secondary net face rents ranged between $480 and $615 per square metre as of June 2023, increasing by 4.3% over the year. Secondary incentives are generally ranging between 32.5% and 42.5%.

YIELDS

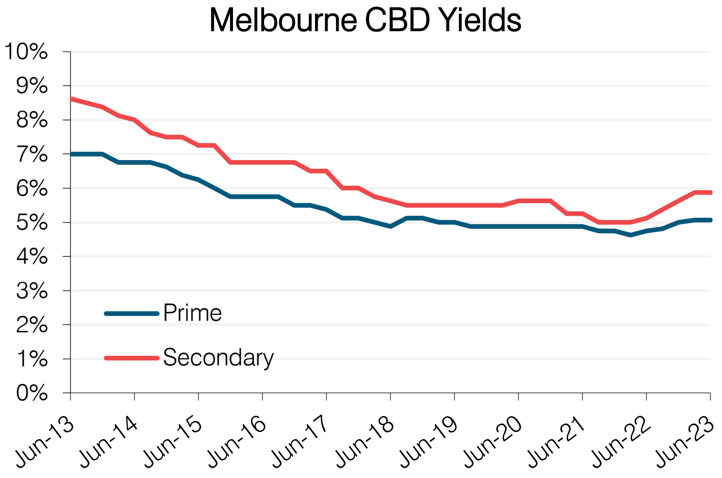
- During the June quarter 2023, yields ranged between 4.63%; 5.50% for prime buildings and 5.50% and 6.25% for secondary buildings.
- Prime and secondary yields softened over the second half of last year following the RBA's first increase to the official cash rate in May 2022. Prime yields are estimated to have softened by circa 25 basis points over the twelve months to June 2023 and secondary yields are estimated to have softened by circa 75 basis points.

INVESTMENT MARKET

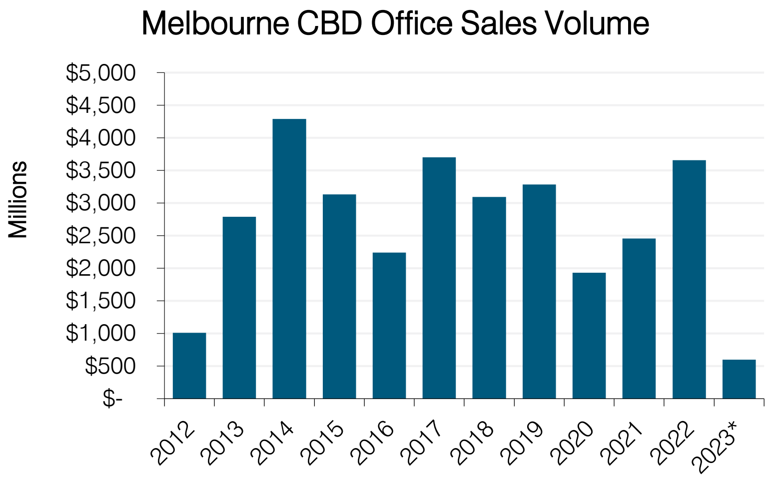
- Sales activity in the Melbourne CBD office market averaged $2.88 billion per annum over the five years to 2022.
- There has been a total of $597.188 million in sales for the year to date. This compares with a total of $3.65 billion for the whole of 2022.
- Offshore buyers have accounted for the largest share of sales (by total value transacted) with 73.8% of the transactions so far in 2023.



Source: M3 Property



Source: M3 Property



Source: Real Capital Analytics (RCA), M3 Property
Note: Sales over $5 million

OPPORTUNITIES AND CHALLENGES

- The high vacancy rate in the Melbourne CBD market continues to make conditions favourable to occupiers. Occupiers are showing preference for high quality, newly constructed buildings, being critical of the level of amenity and end-of-trip facilities. Occupiers are also increasingly considering the building's NABERS, Green Star and WELL ratings.

- Office occupancy rates remain substantially lower than they were prior to the pandemic. In recognition of the changing work habits of employees (including more employees working from home), occupiers are seeking tenancies with numerous collaboration areas and breakout spaces as well as leases that allow for expansion and contraction of space during the lease term.

OUTLOOK

- There is circa 206,000 square metres of supply under construction in the Melbourne CBD. The increased cost of construction as well as rising interest rates have potential to push some development timeframes out.

- The medium-term outlook for white-collar employment in Melbourne is positive, with BIS Oxford Economics forecasting an additional 81,000 persons to be employed in white collar employing industries in Melbourne over the five years to June 2027. Occupier demand in the CBD market is expected to strengthen in 2023.

- Effective prime rents are forecast to rise modestly over the 2023 financial year due to the forecast increase in face rents and incentives being relatively stable over this period. Effective rental growth is expected to strengthen as incentives reduce in the second half of the decade.

- In response to inflationary pressures, the RBA started a period of monetary policy tightening in May 2022. The RBA has signalled that further rises to the official cash rate are likely over the short-term. Melbourne office yields continued to soften over the first half of 2023 and are expected to soften further.

RESIDENTIAL

“The residential development market has been difficult to predict due to a lack of transactions in the 2023 year. Whilst sales within the greenfield market have been limited, those that have occurred have indicated that prices have generally been relatively stable in the growth areas with land within approved PSP’s still sought after. Vendor and Purchaser expectations are still not aligning in some instances.

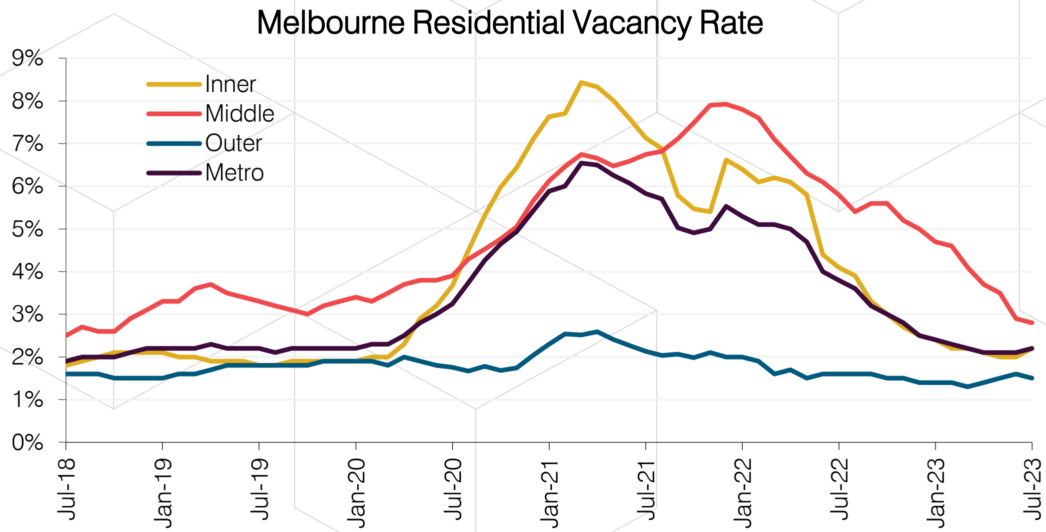
Challenges remain within the built form market around feasibilities meeting required hurdles because of increased construction costs and labour shortages seen over the last two years, together with limited to no growth in revenue, making this market more challenging.

Moving forward, construction costs have started to stabilise and we anticipate we will see revenue growth in 2024 which will assist with feasibilities and project commencements. Whilst 2023 has been a challenging year, the outlook for 2024 is more positive as the market moves to being undersupplied, and vacancy rates remain low."

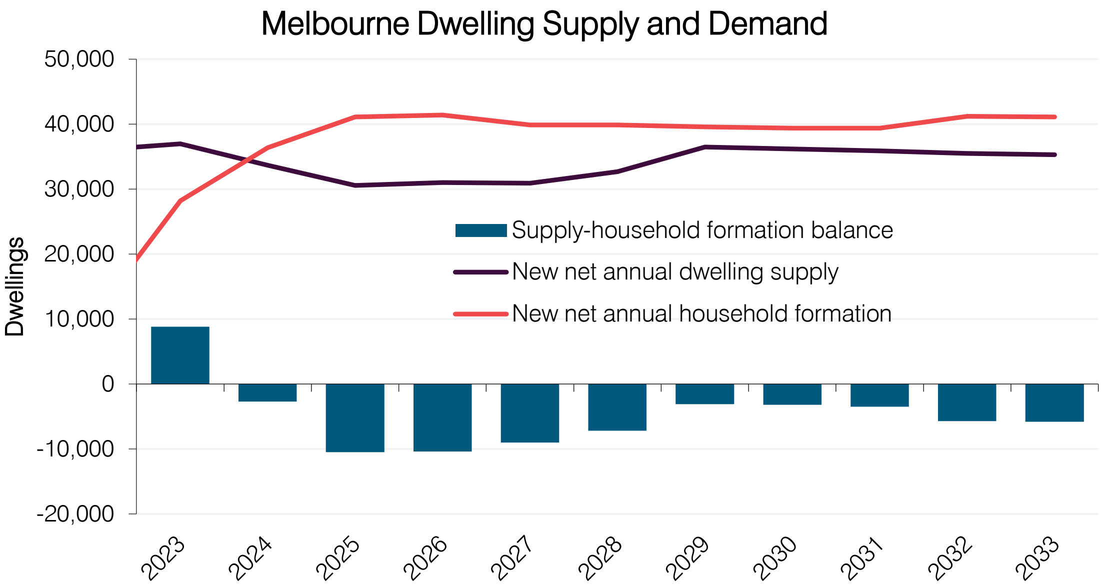
LUANA KENNY
MANAGING DIRECTOR

CURRENT STATE OF PLAY

- Low vacancy rates and limited supply coming to the market is continuing to put pressure on rental rates, with the vacancy rate reducing from its peak in December 2020 of 5.5% down to 1.2% in September 2023. The Inner and Middle ring markets have seen the greatest impact as population increases start to return to pre pandemic levels.
- The market has experienced a modest recovery from the most recent downturn, with positive annual growth of 1.5% in the twelve months to October 2023. The overall economic fundamentals will continue to underpin a recovery of the market following the rapid increase of the cash rate from May 2022, slowing the market off the back of a strong 2021 and part of 2022.
- There were 54,171 dwelling approvals in the twelve months to July 2023, down 15.83% on the 64,361 dwelling approvals in the twelve months to July 2022. Approval rates for new dwellings are currently below the 10-year average.
- The market is currently showing to be in oversupply, with circa 71,700 dwellings currently under construction across Victoria, which is circa 14% above the 10-year average.
- However, as population growth returns to pre pandemic levels, with a growth of 1.63% over the last 12 months and expected to increase by an average of 1.4% per annum over the next five years, this will put pressure on the market resulting in an undersupply from 2024, with the market expected to remain undersupplied for the next few years.
- The State government has released the Victoria's Housing Statement, which sets an ambitious target of 800,000 new dwellings, 10 years to address the housing shortage and affordability issues that are being faced by Victoria.



Source: REIV, M3 Property



Source: REIV, M3 Property

OPPORTUNITIES AND CHALLENGES

- The growth corridors of Melbourne face significant headwinds relating to unlocking planning controls and approval of new Precinct Structure Plans (PSPs) and planning permits. Excessive time delays in the planning process due to constraints relating to flora and fauna, and approval of Cultural Heritage Management Plans, have in part contributed to a drag in the approval of proposed PSP's and issuance of planning permits impacting on development within growth areas. The announcement by the State Government to focus resources on greater development in established infill locations will see further delays in approving PSP's and impact bringing supply to the market in these areas.

- Planning continues to be a challenge with ongoing permit approval delays, uncertainties in existing areas around development guidelines, and government and local authority intervention delaying development.

- The State government has recently introduced further property taxes, increasing the cost of developing and delivering new home supply to the market. The introduction and increase of taxes is disadvantaging Victoria in attracting investment into the property market and delivery the housing supply required to meet affordable housing opportunities and keep demand with increasing population growth.

OUTLOOK

- Population growth has rebounded which will assist the residential market recovery from 2024, with the market expected to see price growth, albeit not at the same levels that was experienced through 2021/2022.
- Off the back of increased development and holding costs, together with a shortage in apartment supply, we expect to see growth in apartment revenues going forward. We have already started to see revenue growth in selective apartment projects within the inner west. We will continue to see strength in the apartment rental market, particularly while there is a shortage of apartment supply in the short to medium term.
- Increasing overseas and domestic migration rates will place upward pressure on housing demand, further supporting an increase in end realisations. It will also support the demand for CBD apartment developments which has faced challenges since early 2020.

Property	Sale Date	Sale Price	Analysed Sale Price	Gross Land Area	Unencumbered Land Area	Proposed No. of Lots	$/ha Unencumbered Land Area	$/lot
90 Mount Ararat South Road, Nar Nar Goon	Sep-23	$50,000,000	-	28.19ha	26.56ha	Approx. 530 lots	$1,882,530/ha	$94,340/lot
Lot A, 1245 Sayers Road, Tarneit	Sep-23	$83,000,000	$76,500,000	29.19ha	27.59ha	Not available.	$2,772,744/ha	Not available.

Property	Sale Date	Sale Price	Site/Developable Area	Permit	Site/Developable Area Analysis
18 Barry Street, Kew	Jul-23	$35,000,000 (approx.)	8,475	Nil	$4,130/m^2
23-47 Villiers Street, North Melbourne	Jun-23	$65,000,000 (approx.)	6,526	Nil	$9,960/m^2

M3

HEALTHCARE

“The healthcare sector continues to see solid demand due to strong market fundamentals, including ongoing demand for healthcare services. Mental health has been a growth area, with significant investment into the sector to meet burgeoning demand.

In Victoria, transaction levels for institutional-grade assets remain low in comparison with NSW and QLD.

Investor expectations are yet to re-balance as a result of changing market conditions. However brownfield development activity continues to provide future market opportunities.

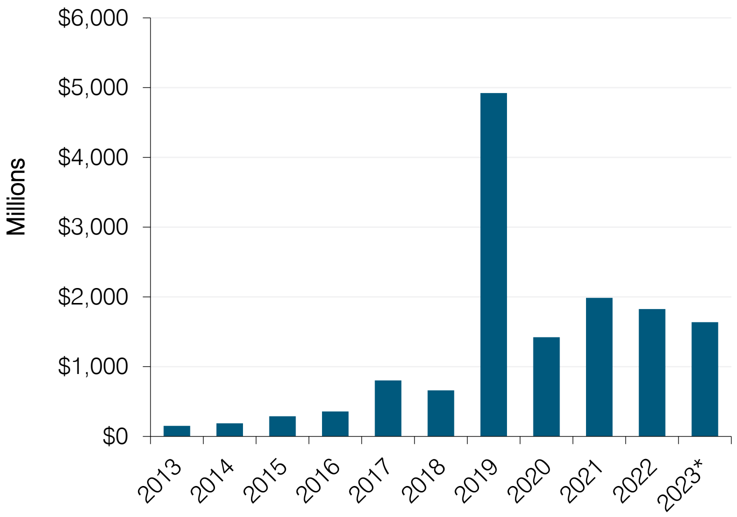
We anticipate the sector will continue to see high levels of demand for prime assets that have strategic market positioning."

LAILA BURNET
NATIONAL DIRECTOR

INVESTMENT MARKET

- For the year to date, there have been 135 medical and hospital properties transacted across Australia totaling $1.6 billion. This compares with 309 properties totaling $1.8 billion for the whole of 2022.
- Sales activity has averaged $2.2 billion per annum across the past five years, including a record total of $4.9 billion in 2019.
- Institutional investors, REITs, and private buyers have been the most active buyer groups over recent years.

National Medical Sales Volume

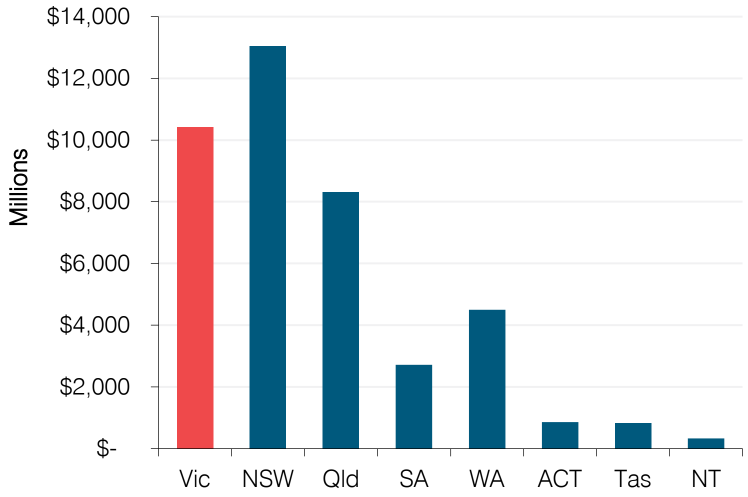


Source: Real Capital Analytics (RCA), M3 Property
Note: Sales over $1 million. Includes Medical and Hospital sales

TRANSACTIONS

- There were numerous healthcare portfolios offered to the market during 2022 with a significant variance in purchaser and vendor pricing expectations being a key driver in their withdrawal from the market.
- Transactions for several assets have transacted during the first half of 2023, which has reflected a capitalisation rate softening for secondary healthcare assets with income risk associated with short WALE's and below-average tenant covenant strengths.

Spending on Health

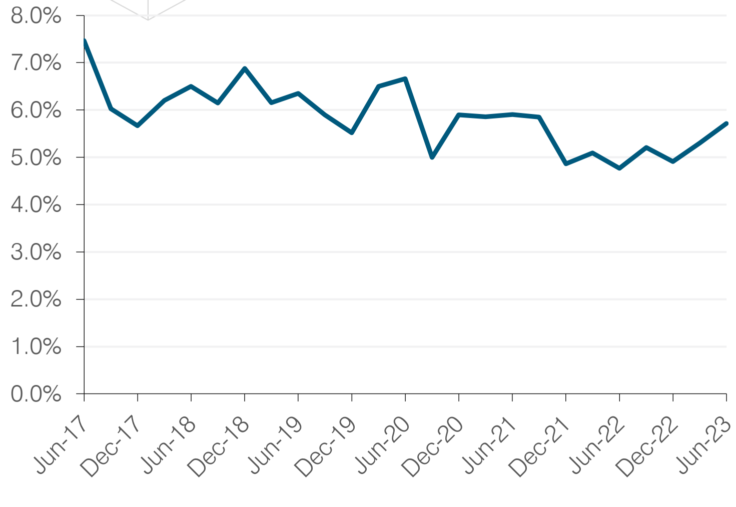


Source: GapMaps, M3 Property

YIELDS

- Yields have undergone a period of compression over recent years.
- Core investment healthcare yields currently average between 4.50% and 5.00%.
- Yields for secondary assets are ranging between 5.50% and 6.50%.
- Yields are anticipated to soften during the second half of 2023.

Medical Property Yields



Source: Real Capital Analytics (RCA), M3 Property
Note: Sales over $1 million. Includes Medical sales only

OPPORTUNITIES AND CHALLENGES

- Rising interest rates has slowed investment activity in the healthcare market as expected. There is still strong demand from institutional grade investors, however, there is a lack of quality stock.

- Mental health and well-being is becoming an emerging health issue, with 43.7% of people aged between 16 and 85 experiencing a form of mental disorder in their life and 21.4% of people experiencing a mental disorder for at least 12 months.

- Demand for medical services by a growing and ageing population is expected to continue increasing. Unhealthy lifestyles, obesity rates and increasing focus on wellbeing and mental health continue to drive demand for medical services and medical suites and centres.

- Life Science continues to emerge as a key sub-sector within the healthcare market as the appetite from institutional groups for these type of assets increases, specifically during 2022, with numerous transactions occurring in this sub-sector.

OUTLOOK

- The healthcare sector as an asset class will continue to grow to become a core asset class as it is supported by key market fundamentals, has significant investment growth opportunities and particularly as other core sectors face strong headwinds from rising inflation and the current interest rate environment.

- The sector will continue to benefit from strong investment interest as new and existing institutional capital is drawn to the asset class off the back of its key fundamentals; population growth, aging population demographics, government funding and private healthcare.

- Investment demand for high quality medical assets will remain strong over the medium-term, despite interest rate pressures coming into play. The healthcare market is still highly fragmented and there are significant opportunities for consolidation.

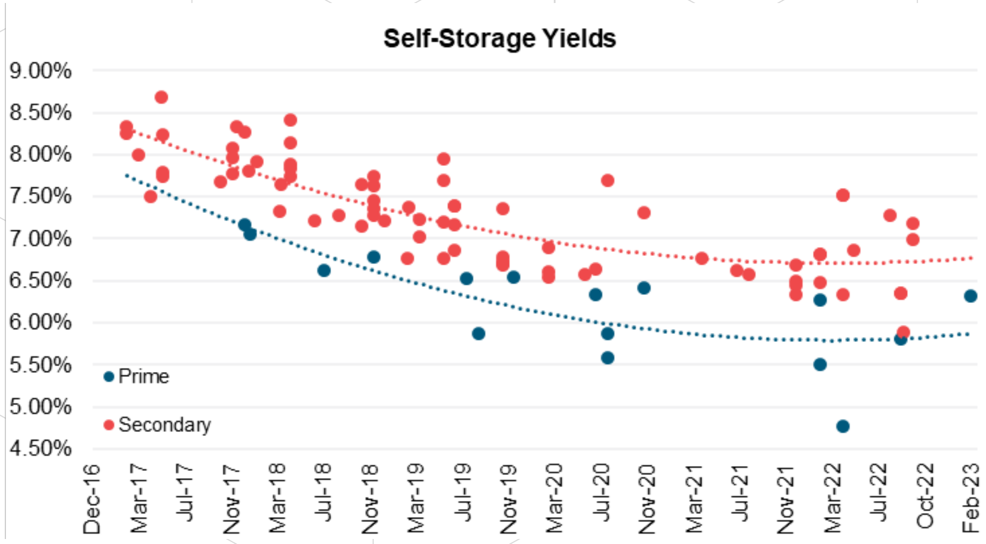
SELF STORAGE

“Over the past several years Victoria’s self-storage market has seen strong occupancy levels on the back of residential growth, particularly in outer suburban Melbourne locations. Rental growth has slowed somewhat in the first half of 2023 with inflationary pressures and the current cost of living. However, market fundamentals remain strong, with ongoing occupancy demand and investors looking for quality, well-located assets. Combined with limited stock available on the market, we're anticipating rental growth to increase over the medium to long-term."

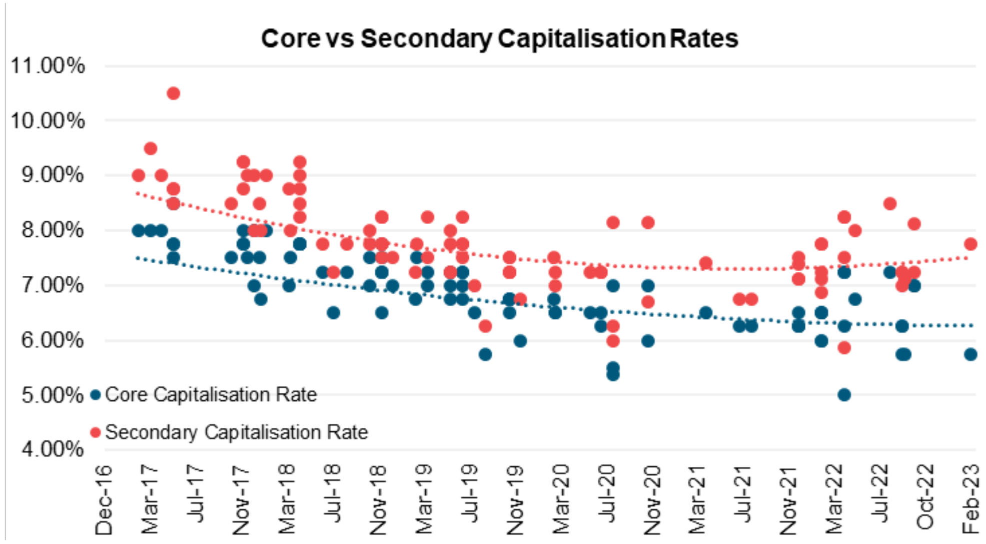
JEREMY HOFFMAN
DIRECTOR

CURRENT STATE OF PLAY

- According to the Self-Storage Association of Australasia (SSAA) 2022 State of the Industry Report, there are circa-1,700 storage facilities nationwide. The industry is highly fragmented, with the majority of centres run by independent operators. Facilities typically range between 1,500 and 4,000 square metres of net lettable area, with unit sizes generally ranging between one and 20 square metres.
- There is an estimated 5.2 million square metres of storage across Australia. This equates to 2.00 storage units per 100 persons. According to the SSAA, circa 9.4% of the population across Australia and New Zealand requires self-storage, an increase from 8.6% in 2020. Persons living in apartments are more likely to need storage than those living in a house. An estimated 72% of self-storage customers are residential customers.
- The major industry operators (such as Kennards Self-storage, Storage King and National Storage) are expected to continue to expand their portfolios of facilities by acquiring smaller companies / existing facilities. The major industry operators are also expected to continue to seek opportunities for new facilities, or to expand existing facilities.
- Recent years have seen yields tighten on the back of increasing awareness of the self-storage investment class, increased interest from international investors (particularly for multi-asset acquisitions), the low interest rate environment, and the strong occupancy performance of centres over the pandemic period.
- Demand for high-quality assets above $5 million remains strong. There has been a decreasing spread for core and secondary asset yields, largely a result of the scarcity of core assets available for acquisition. Properties have been trading in a narrower yield spread during the past five years when compared with the previous five-year period.



Source: M3 Property



Source: M3 Property

OPPORTUNITIES AND CHALLENGES

- The ongoing market consolidation by major operators and increased levels of interest from parties (both foreign and domestic) looking to enter the market has seen downward pressure placed on capitalisation rates over recent years. COVID-19's impact on the economy has demonstrated the strong resilience of the self-storage industry to major global events.

- The ongoing typically undersupplied nature of the self-storage market in Australia, particularly in metropolitan locations, is further exacerbated by population growth. The ongoing increasing awareness of the self-storage industry by consumers is expected to continue to drive strong occupancy and rental levels, however this is likely to be tempered in the short term by the market-wide inflationary period and cost of living pressures.

OUTLOOK

- Yields overall are expected to remain strong particularly for well-located assets with strong catchment growth. Secondary assets, particularly those in regional locations, may see some value softening largely due to the general market conditions.

- Ownership of self-storage facilities is expected to become more consolidated as major operators continue acquiring individual properties, however the major operators' overall market share will continue to increase through the ongoing strong levels of new facility development.

Property	Purchaser	Sale Date	Sale Price	NLA (m^2)	NLA Analysis ($/$m^2$)	Units	Unit Analysis	Equated Market Yield
The Lock Up Self Storage, Mitchell, ACT	National Operator	Mar-23	$15,500,000	4,539	$3,415	512	$30,273	6.33
Eagle Self Storage, Gosford, NSW	National Operator	Aug-22	$15,750,000	4,701	$3,350	553	$28,481	5.86
StoreLocal Penrith, Penrith, NSW	National Operator	May-22	$31,500,000	2,939	$4,177	220	$55,795	4.61
StorMart Hendra, Brisbane, Qld	National Operator	Feb-22	$27,575,000	5,421	$2,421	536	$24,487	5.51
Kennards Self Storage Thomastown, Melbourne, VIC	National Operator	Dec-20	$19,000,000	8,399	$2,262	682	$27,859	6.41
Storage King Yarraville, Melbourne, VIC	National Operator	Jul-20	$14,900,000	4,957	$3,006	660	$22,576	6.68

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