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Pooraka sale highlights continued demand from Adelaide Owner Occupiers

Adelaide, SA (2 June 2009)

Air conditioning parts manufacturer MetalFlex Airconditioning Australia has paid \$3.3 million for an office/warehouse facility at Pooraka in Adelaide.

CB Richard Ellis agents Mark Boylan and David Reid negotiated the sale of the 3 Williams Circuit property on behalf of local hardware supplier Halliday Hardware.

Mr Boylan said the offmarket sale campaign had attracted strong buyer interest from a range of parties.

The modern 2,200 square metre high clearance office/warehouse facility is located approximately 12 kilometres north of the Adelaide CBD. The property is surrounded by a number of high profile occupiers, among them Kimberly-Clark, GM Defence, Cummins and Campbells Cash and Carry.

"This is the second off market deal we have put together in recent times. The sale was negotiated at a rate of \$1500 per square metre of building area - a strong result in the light of the current market pressure on asset values."

Mr Boylan said local owner occupiers were continuing to seek out opportunities to purchase industrial facilities in areas that had traditionally been very tightly held.

"In previous years, owners in these areas have been very reluctant to sell due to the expectation of further growth in capital prices. However, in the current market conditions we are starting to see some opportunities come to the market," Mr Boylan said.

CBRE Senior Research Analyst Kate Gray said the Pooraka sale reflected a shift in the market in the past 12 to 18 months, with private purchasers and owner occupiers - rather than institutional investors - now the dominant purchasers of industrial property.

"Yields for Adelaide industrial property have softened by around 100 basis points over the past 12 months and currently sit between 7.75% and 10.75%," Ms Gray said.

"Prime stock in good locations such as the North, North West and Western precincts is continuing to attract buyer demand while secondary, higher yielding stock is taking longer to sell in the current market."

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