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## **Media Release**

**8 December 2022**

### **In fill logistics property in Melbourne's south east changes hands for nearly \$20m in a sale and leaseback deal**

- Centennial strategically acquired 20-50 Waterview Close, Dandenong South for \$19.8M
- The 17,480sqm site offers a highly flexible and generic value-add industrial and logistics facility with 9,304sqm of GFA
- The property was purchased by a Centennial global partnership fund
- The deal was a sale and leaseback, with leading supplier to the floral market Apack continuing to occupy the property for at least another three years
- The off-market transaction was negotiated by Scott Braithwaite of Knight Frank

Leading Australian property fund manager, Centennial, has acquired a large-scale "mid-space" logistics facility in VIC's Dandenong South, situated on a 17,480sqm site with 9,304sqm GFA.

Dandenong South is a prime location for large-scale businesses seeking industrial space, courtesy of its location just one kilometre west of the South Gippsland Freeway, 35 kilometres south east of Melbourne CBD and 42 kilometres from Port Melbourne.

Melbourne, Australia – A "mid space" logistics building with expansion potential in Melbourne's southeast has sold in an off-market deal with a leaseback for nearly \$20 million.

The facility at 20-50 Waterview Close, Dandenong South, which consists of a flexible and generic building with 9,304sqm of gross floor area on a 17,480sqm site, was purchased by Centennial for \$19.8 million. The site offers multiple repositioning and expansion opportunities and is located within the highly land constrained Dandenong precinct.

It was sold by Apack, a leading supplier to the floral industry, on the condition that the buyer enter into a leaseback at settlement, with the lease term being three years.

The off-market deal was negotiated by Scott Braithwaite of Knight Frank.

Mr Braithwaite said the length of tenure and age of the building provided scope for the incoming purchaser to implement a longer term asset refurbishment broadly in line with their investment strategy in the Australian market.

"The property at Waterview Close represents a medium-term repositioning strategy for the incoming purchaser, where they can invest in the asset and reposition upon the lease expiry."

"We have seen slowing of transactional volumes following a number of interest rate rises. The debt markets are volatile and having an impact on the saleability of certain industrial assets," he said.

"Sale and leasebacks present an opportunity to change commercial terms and lease particulars between vendors and purchasers, providing a large level of liquidity and a win/win outcome for both parties," he said.

Flexibility is paramount to preserving capital values and capturing the current demand that is in the



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marketplace."

According to Centennial's Executive Director and CEO – Industrial & Logistics, Paul Ford, "we recognised the significant functionality and positioning this asset provides, and this transaction allows us to continue executing our strategy of acquiring modern and highly functional mid-space assets with flexible improvements in urban land constrained locations, that provide opportunity to enhance investor returns.

The purchase also reflects the fact we are beginning to see selective value return to the market and will also enhance our geographic diversification in the Melbourne market," he said.

This purchase expands Centennial Industrial & Logistics' \$1 billion investment portfolio of 63 assets in Victoria, New South Wales, South Australia and Queensland, with a further development pipeline of circa \$270m.

Knight Frank's latest National industrial Report – Q3 found the demand for industrial space in Melbourne continued to outstrip new supply, with vacant space falling to its lowest level since April 2012.

Overall vacant space fell to 276,913sqm, down 33.3 per cent over the quarter. In the city's South East vacant space is sitting at 128,842sq m.

This has led to continued strong rental increases to obtain space that is still available. Knight Frank research found that despite strong rental growth in previous quarters, rental growth actually increased in Q3 in the South East (up 7.1% Q/Q v 21.3% Y/Y) as tenants continued to hunt for available space.

- Ends -

### **Media enquiries**

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### **About Centennial Industrial & Logistics**

Centennial has built a specialist industrial and logistics team focusing on the mid-market space, with a curated portfolio of 63 assets and in excess of \$950 million under management, as well as a \$270 million development pipeline.

With a team of 35 based in Sydney, Melbourne, Brisbane and Adelaide, Centennial focusses on several niche sectors of the Australian property market.