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STOCKLAND EXPANDS LOGISTICS EXPOSURE IN SOUTH-WESTERN SYDNEY WITH LEPPINGTON ACQUISITION

Stockland today announced it has acquired a 10.3 hectare industrial development site in the south-western Sydney suburb of Leppington, further bolstering its \$5.5 billion workplace and logistics development pipeline.

Zoned for industrial development with existing approval for civil works, the site is located between the Moorebank intermodal and the new Western Sydney International (Nancy-Bird Walton) Airport on the recently upgraded Bringelly Road, surrounded by major road links and future logistics corridors with excellent access to the Northern Road and the M7.

Stockland Commercial Property CEO Louise Mason, said: “We’re delighted to confirm this acquisition and further increase our weighting to quality logistics assets on the eastern seaboard, in line with our strategy to strengthen our Commercial Property portfolio through improved income and valuation resilience.

“With appropriate zoning and civil works development approval in place, this project can commence quickly and will allow us to leverage our development and asset management capabilities, delivering earnings from FY23. We expect the logistics sector to prove resilient to the impacts of COVID-19 relative to other sectors, and foresee favourable market fundamentals continuing in the longer term.”

Under Stockland’s proposed scheme, the property is anticipated to yield around 58,000 square metres of gross lettable area across three warehouses, with an end asset value estimated at over \$145 million in FY24 and initial target yield of approximately 5.5 per cent.

Stockland General Manager of Workplace and Logistics, Tony D’Addona, said: “We expect logistics demand to increase as supply chains are reviewed post-COVID, at a time when development supply is slowing along the eastern seaboard. We have successfully completed over \$150 million of new developments in these markets over the last 12 months, and 90 per cent of this space is leased.

“We currently have \$1.1 billion invested across eight high quality logistics assets in western Sydney, with an additional \$600 million planned for future logistics development, which will enable us to benefit from the investment boom generated by the future Western Sydney Airport. The precinct has been a significant driver of occupier activity over the last five years, accounting for 23 per cent of the Sydney’s gross take up over that period.

“Developing this prime asset in a key growth corridor will enable us to both leverage our existing customer relationships in the logistics space and welcome new, high-quality tenants into the portfolio.”

With a short timeframe for development, Stockland expects to commence civil works in early 2021, with building construction due to start in mid-2021 subject to development approvals.

ENDS

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About Stockland

Stockland (ASX: SGP) was founded in 1952 and has grown to become Australia's largest diversified property group – owning, developing and managing a large portfolio of retail town centres, residential communities, retirement living villages, workplace and logistics assets. Stockland is recognised as one of the most sustainable real estate companies in the world by the S&P Dow Jones Sustainability Indices (DJSI) and as a global sector leader by the Global Real Estate Sustainability Benchmark. Stockland is also an Employer of Choice for Gender Equality, as recognised by the Workplace Gender Equality Agency (WGEA).

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