



# Media release

**The Hon David Hodgett MP**

Minister for Ports

Minister for Major Projects

Minister for Manufacturing

Friday 20 December 2013

## Massive warehouse project for new Epping Market

- **Hansen Yuncken win tender to build up to 100,000 square metres of market warehousing**
- **Will contribute to world-class new wholesale market at Epping in Melbourne's north**
- **Warehousing investment to create more jobs in Melbourne's north**

The Victorian Coalition Government has announced the builder of a major warehousing development for the new state-of-the-art Epping Wholesale Fruit, Vegetable and Flower Market, Minister for Major Projects David Hodgett said today.

"Hansen Yuncken, an experienced Victorian-based construction company has been selected as the builder of market warehousing at Epping," Mr Hodgett said.

"Hansen Yuncken is highly experienced in developing major industrial projects across Australia and over the last seven years has delivered on average 120,000 square metres of warehousing annually.

"Under the contract signed with Hansen Yuncken, very competitive warehouse rents will be offered to market tenants. These will be well at the lower end of the range of rents forecast in 2012 and priced similar to commercial warehousing in the area.

"For example, one option gives tenants the opportunity to lock in a 10 year lease at \$92 per square metre. This provides incredible value for tenants wishing to take up the warehousing option.

"This is another major step forward in the move to Epping, particularly considering that when we came to Government, Labor had failed to plan for market warehousing which would have made the market unworkable.

"Warehousing is critical to market tenants for storage of goods before they are taken to the trading floor. The current Footscray Road site contains just 33,000 square metres of warehousing meaning many tenants have to warehouse off-site often kilometres away from the market.

"By having warehousing inside the market just a forklift drive away from the trading floor, transport costs are reduced and other efficiencies are gained by tenants," Mr Hodgett said.

Hansen Yuncken National Development Manager Kurt Beckhaus said the company was looking forward to delivering the warehousing for Epping.

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“With its proven construction and commercial experience, Hansen Yuncken looks forward to delivering high quality, value for money warehousing to complement the market precinct at Epping,” Mr Beckhaus said.

“In contrast to the limited amount of warehousing at West Melbourne, tenants who submitted an Expression for Interest in warehousing now have the opportunity at Epping to have warehousing on site and reduce their transport costs and make other business savings.

“In the new year, Hansen Yuncken will provide tenants with information packs that will explain who they will need to contact to discuss in detail their needs, and will also include commercial term sheets.”

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## INFORMATION ON WAREHOUSING

The Part A warehousing rents are for base warehousing that will provide a warehouse shell for tenant fit-out and also include common hardstand access, kitchen and staff amenities.

To secure a space for Part A warehousing, tenants will need to have executed a binding commitment with the State by mid-March 2014.

The Part B warehousing rents are for base warehousing that will provide a warehouse shell and hardstand that can then be customised by an individual tenant to include offices, staff amenities, loading docks or coolrooms and ripening rooms.

The applicable rents for tenants wishing to secure larger tracts of warehousing using the Part B process are maximum rents that also include options for insulated and non-insulated warehousing.

In order to secure the attractive Commencement rents for Part B warehousing, tenants will need to have executed a binding commitment with Hansen Yuncken prior to mid-April 2014.

After mid-April 2014, tenants may still apply to Hansen Yuncken for warehousing but the Commencement rents may not be available.

Further details on Part A warehousing will be released early next year.

In the event that tenants do not avail themselves of the Part B warehousing opportunity, and only Part A warehousing proceeds, competitive rents have also been achieved but these are higher to cover the costs of services infrastructure.

Following detailed discussions with tenants on their warehousing needs, site works are expected to get underway at the end of the first quarter 2014.

## PRICING INFORMATION ON WAREHOUSING

|             | Commencement Rent |              |
|-------------|-------------------|--------------|
| Lease Term  | 1 – 4 Years       |              |
| Lease Areas | 100 – 200 sqm     | 300 – 900sqm |
| \$ per sqm  | \$147             | \$122        |

**Part A – Base warehousing, non insulated (100 – 900 square metres)**

### **Part B – Base warehousing, non insulated maximum rents (> 1,000 square metres)**

|            | Commencement Rent |         |         |          |
|------------|-------------------|---------|---------|----------|
| Lease Term | 3 years           | 5 years | 7 years | 10+years |
| \$ per sqm | \$107             | \$97    | \$95    | \$92     |

### **Part B – Base warehousing, insulated maximum rents (> 1,000 square metres)**

|            | Commencement Rent |         |         |          |
|------------|-------------------|---------|---------|----------|
| Lease Term | 3 years           | 5 years | 7 years | 10+years |
| \$ per sqm | \$132             | \$120   | \$117   | \$114    |

The Commencement Rent for each Part B warehousing pad is subject to:

- financier approval;
- 70 per cent occupancy; and
- minimum weighted average lease term of 5 years.

If any of these conditions are achieved after mid-April 2014, the Commencement Rent will be escalated by a maximum of 2.5 per cent or CPI (whichever is the greater) per annum.

### **STATE WAREHOUSING ONLY (If there is no demand for Part B warehousing)**

#### **Part A – Base warehousing, non insulated**

|             | Commencement Rent |              |
|-------------|-------------------|--------------|
| Lease Term  | 1 – 4 Years       |              |
| Lease Areas | 100 – 200 sqm     | 300 – 900sqm |
| \$ per sqm  | \$162             | \$137        |