

Developers jostle for Melbourne infill sites with \$110 m in deals

17 June 2016, Melbourne: Melbourne's urban industrial precincts are being transformed across the city, with developers diversifying to the middle suburbs and snapping up large infill sites that are being rezoned from industrial to residential.

Knight Frank's Head of Commercial Sales, Victoria Danny Clark said there has been more than \$110 million in transactions in recent months, with the trend set to continue as councils actively rezone industrial precincts to a higher use.

Knight Frank's Associate Director, Commercial Sales, Victoria Stephen Kelly said most of the demand is coming from offshore buyers with the trend coinciding with concerns of an oversupply of apartments located closer to the CBD.

Major deals have been focused in the western region with an infill site at Maribyrnong selling for about \$20 million; a site in South Kingsville fetched \$20 million, a Williamstown North site sold for about \$25 million while another in Maidstone sold for approximately \$42 million.

Mr Clark said a further \$65 million worth of infill land is currently under negotiation.

Other deals likely to follow include the 6.3 hectare site at 278-288 Blackshaws Road, Altona North which is set to reap more than \$50 million when sold while Knight Frank has just listed another 2.171 hectare site at 41-59 Stephenson Street, South Kingsville with a price tag of about \$20 million.

According to Knight Frank's latest Research report, the [Melbourne Industrial Market Overview – June 2016](#), over the year to June 2015, 209 hectares of land was zoned for industrial use and 259 hectares of industrial land was rezoned to non-industrial use. This resulted in a net decrease of 50 hectares of industrial land across metropolitan Melbourne.

"Rezoning from industrial to other uses tend to be more frequent but also tend to involve smaller parcels of land. Around 80% of rezonings from industrial are between 100m² and five hectares. An exception to this was the zoning of 225 hectares of industrial land to create the Fishermans Bend urban renewal area which is wholly located within the Port Phillip and the City of Melbourne LGAs.

"Between 1995 and 2005 industrial land consumption across metropolitan Melbourne averaged around 300 hectares a year. Since the GFC consumption rates have declined significantly. In the 12 months to June 2015, 276 hectares was consumed, the highest level since 2008," the research found.

The research found that demand for development sites in general continues to grow with more than \$2.8 billion in sales (135 deals) over the 2015/16 financial year and \$2.59 billion (148 deals) over the previous financial year.

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For further information, please contact:

Danny Clark, Head of Commercial Sales, Victoria
Danny.Clark@au.knightfrank.com +61 448 066 889

Stephen Kelly, Associate Director, Commercial Sales, Victoria
Stephen.Kelly@au.knightfrank.com +61 407 320 377

Olwyn Conrau, Victorian Media Consultant,
Olwyn.Conrau@au.knightfrank.com +61 413 600 350

Notes to Editors

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