

BRISBANE INDUSTRIAL VACANCY FEBRUARY 2019

Q4 2018 take-up was lower but the trend remains positive

- Vacant space reduced by 6.0% over the quarter, and by 14% over the past year, taking the total vacancy below the long term average levels for the first time in five years. Prime space fell by 9% to 206,597sqm with sustained absorption of new space. Secondary vacancy also reduced over the past quarter, falling by 3% to 232,70sqm.
- Take-up was lower over the past quarter following the extremely high result in Q3 2018. The rolling annual take-up is currently 295,328sqm 10% below the long term average. Take-up has been shown to be quite volatile over the past year with surges in activity followed by quieter periods.
- Available speculative space has fallen to 55,838sqm from a recent high of 97,553sqm following a sustained run of leasing activity in Q3 2018. Take-up included GMK Logistics (10,455sqm) and Winc (14,670sqm) plus CEVA (10,250sqm), Amart (10,435sqm) and DHL (7,670sqm) took speculative space on shorter terms. The only speculative development under construction as at January 2019 was Stockland's 18,600sqm development at Willawong, which has since been completed.
- There are 15 tenancies of 10,000 sqm+ available, with eight prime and seven secondary spaces. Spaces of 10,000 sqm+, the most active sub-market, have an average time on the market which is lower than for the wider market (22 months)—at 11 months for prime and 2.8 months for secondary. Nine of the 15 tenancies have been available for six months or less.

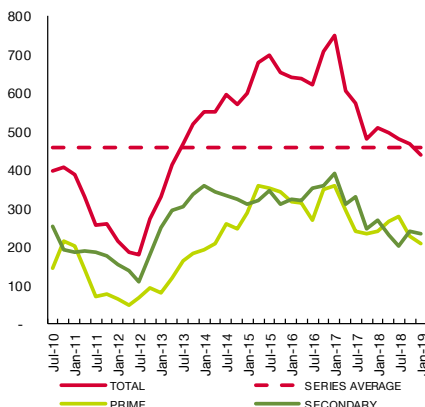


JENNELLE WILSON
Partner

TABLE 1
Brisbane Industrial Available Space 3,000sqm+ as at January 2019

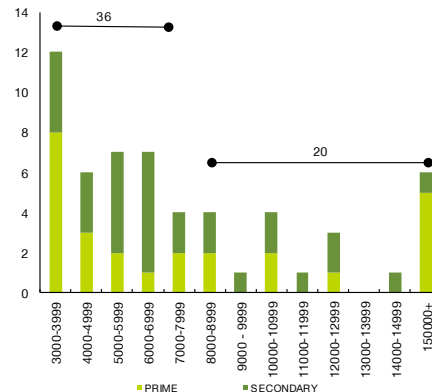
Precinct	Available Space sqm	No. of Buildings	Av Asking Rent \$/sqm net	Change Past Qtr (sqm)	Change Past Year (sqm)	Building Quality Prime %	Building Quality Secondary %
Trade Coast	134,633	17	114	-7,050	-37,206	51	49
North	24,161	6	108	-	3,353	44	56
Greater North	20,761	5	110	-	-13,498	85	15
South	155,690	19	101	-13,040	1,630	47	53
South West	62,332	5	98	-12,060	-8,597	24	76
South East	41,690	4	110	5,365	-14,839	55	45
Total	439,297	56	106	-26,785	-69,157	47	53

FIGURE 1
January 2019 Available Space
'000sqm prime versus secondary space



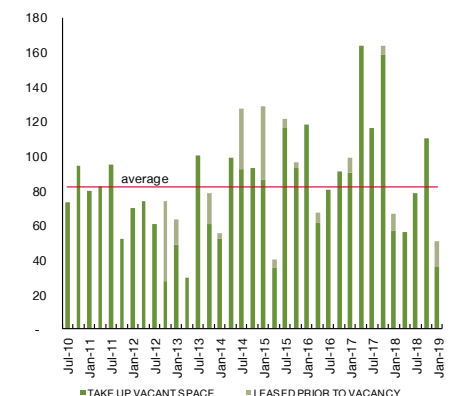
Source: Knight Frank Research

FIGURE 2
January 2019 Available Space
buildings available prime & secondary



Source: Knight Frank Research

FIGURE 3
Brisbane Industrial Take-up
'000sqm Est Take-up buildings (Excl D&C)

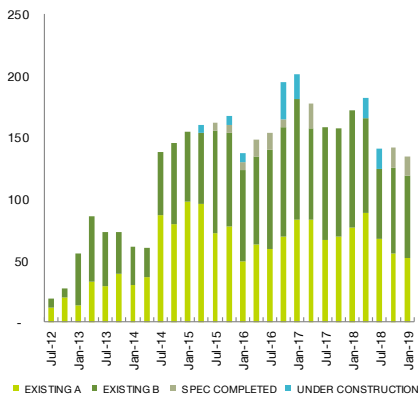


Source: Knight Frank Research

Trade Coast

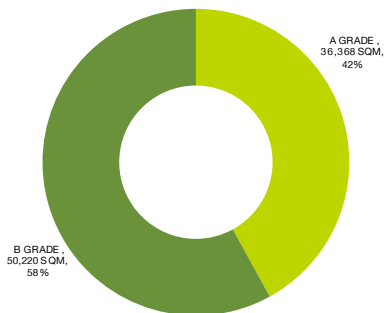
- Two small spaces absorbed during Q4 2018 saw total vacancy reduce slightly to 134,633sqm.
- Both rents and land prices remain the highest of the Brisbane precincts. While prime rents increased only 1.7% over the past year, land values have increased by 10.5% for <5,000sqm lots and 8.5% for 1-5ha.

FIGURE 4
Trade Coast Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 5
Trade Coast Annual Take-up
12 months to January 2019

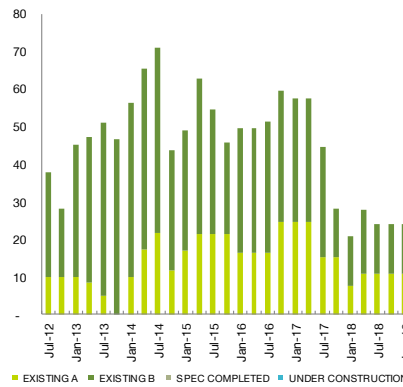


Source: Knight Frank Research

North

- Available space was unchanged in the past quarter, remaining at historically low levels.
- No current vacancies larger than 5,600sqm.
- Deals at the smaller end of the market remain slow without the same rental growth pressures seen in other areas of the market.

FIGURE 6
North Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 7
North Annual Take-up
12 months to January 2019

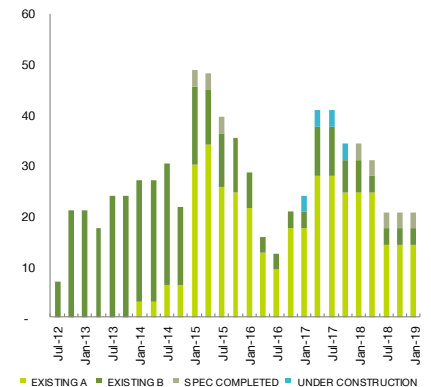


Source: Knight Frank Research

Greater North

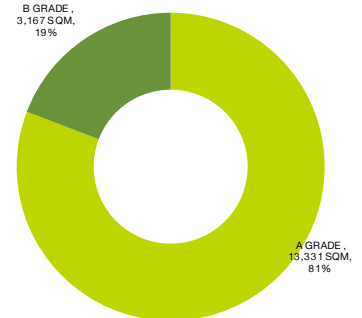
- Vacancy in Greater North was unchanged in the past quarter, but is a substantial 39% lower than a year ago.
- Demand has remained skewed towards prime space, although activity has remained sporadic.
- Despite limited vacancy, the leasing market has lacked traction in the past 2 years.

FIGURE 8
Greater North Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 9
Greater North Annual Take-up
12 months to January 2019

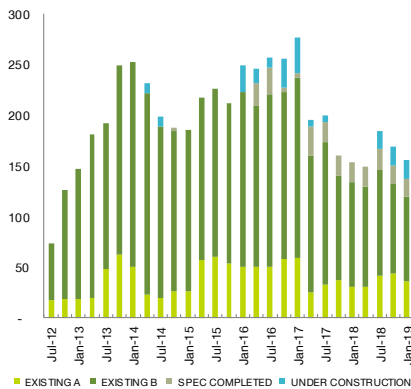


Source: Knight Frank Research

South

- Vacancy in the South reduced by 8% during Q4 2018 due to take-up. South has 35% of all of Brisbane's vacancy.
- Secondary space dominates available stock.
- Fixing the road bottleneck at Berrinba has triggered a further round of development and commitment in the area (ie Pinnacle Hardware, Tailored Packaging, CEVA)

FIGURE 10
South Available Space
'000sqm space by type

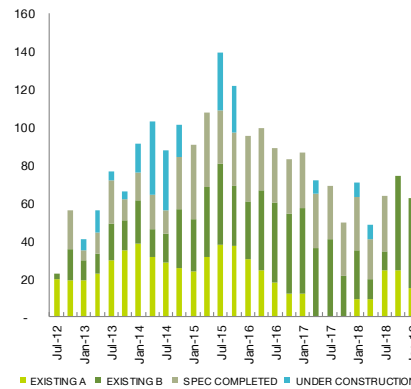


Source: Knight Frank Research

South West

- South West vacancy decreased by 16% over the past quarter.
- As at January 2019 there was only one prime vacancy in the South West, with 38,000sqm of prime stock absorbed in H2 2018.
- 76% of vacant space in the South West is now secondary as new is clearly preferred by tenants.

FIGURE 12
South West Available Space
'000sqm space by type

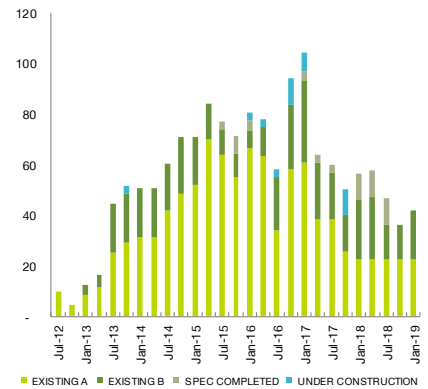


Source: Knight Frank Research

South East

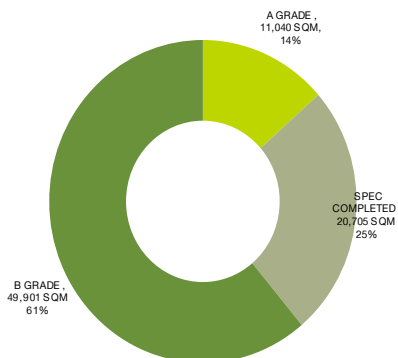
- Vacancy remains low in the South East with one secondary addition of 5,365sqm increasing the vacancy by 15% in the quarter. Vacancy remains 26% lower than a year ago.
- Activity in the South East continues to accelerate with rents increasing by 4.8% prime face and 6.1% secondary in the past year.

FIGURE 14
South East Available Space
'000sqm space by type



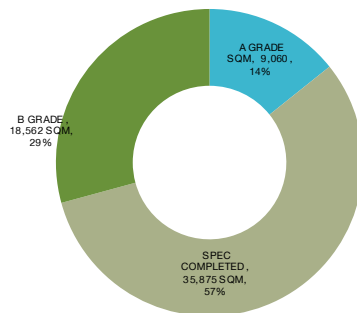
Source: Knight Frank Research

FIGURE 11
South Annual Take-up
12 months to January 2019



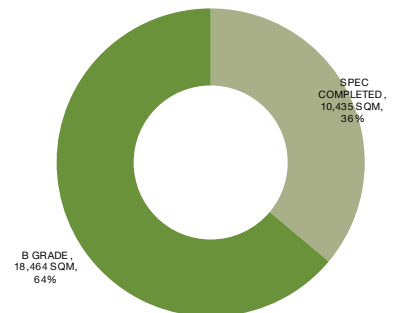
Source: Knight Frank Research

FIGURE 13
South West Annual Take-up
12 months to January 2019



Source: Knight Frank Research

FIGURE 15
South East Annual Take-up
12 months to January 2019



Source: Knight Frank Research

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Methodology:

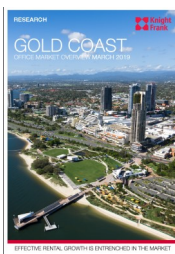
This analysis collects and tabulates data detailing vacancies within industrial properties across all of the Brisbane Industrial Property Market. The analysis only includes building vacancies which meet the following criteria. 1. The sample data includes buildings with a minimum floor area of 3,000sqm. 2. Buildings are categorized into the below three types of leasing options. A) Existing Buildings – existing buildings for lease. B) Speculative Buildings – buildings for lease which have been speculatively constructed and although have reached practical completion, still remain vacant. C) Spec. Under Construction – buildings for lease which are being speculatively constructed and will be available for occupation within 12 months.

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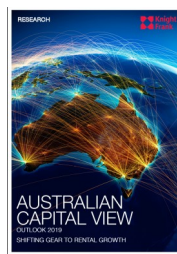
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