

SYDNEY INDUSTRIAL VACANCY APRIL 2018

Availability currently 40% below the historical average

- Total vacant stock remained steady with a modest decline of 2.2% to record 371,863 sq m over the quarter, whilst on an annual basis vacancy has declined by 8.4%. Limited supply and strong tenant demand from 3PL and transport operators have been the key contributors.
- The Outer West and South West precincts continue to dominate vacant stock, accounting for 43% and 28% respectively of total available stock. The limited space available in the Inner West and South Sydney regions is due to constrained land supply and owners opting for residential re-developments.
- Absorption levels remained in line with the historical average with 147,609 sq m leased over the quarter and 552,395 sq m on an annual basis. Prime stock accounted for 79% of take up over the past 12 months, partly due to new developments and speculative stock coming to the market.
- The speculative market remains robust with 100,333 sq m leased over the past 12 months. With over 100,000 sq m of speculative developments earmarked for progression over the next 12 months we anticipate this to be well received by the market.



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Research Analyst

TABLE 1
Sydney Industrial Available Space 5,000m²+ as at April 2018

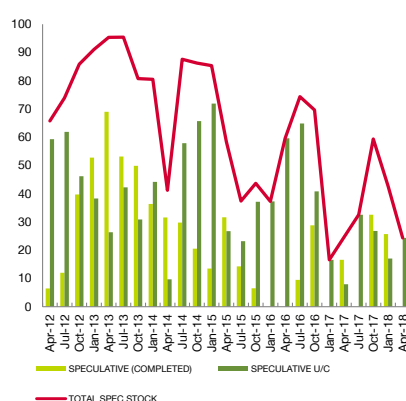
Precinct	Available Space m ²	No. of Buildings	Av Asking Rent \$/m ² net	Change Past Qtr (m ²)	Change Past Year (m ²)	Building Quality Prime %	Secondary %
Outer West	159,547	17	105	3,230	-30,763	69	31
South West	105,800	11	110	-7,859	17,510	83	17
Inner West	85,294	9	122	-4,520	-3,302	72	28
South	21,222	3	177	908	-17,484	100	0
Total	371,863	40	116	-8,241	-34,039	76	24

FIGURE 1
April 2018 Available Space
'000sqm available space by quality



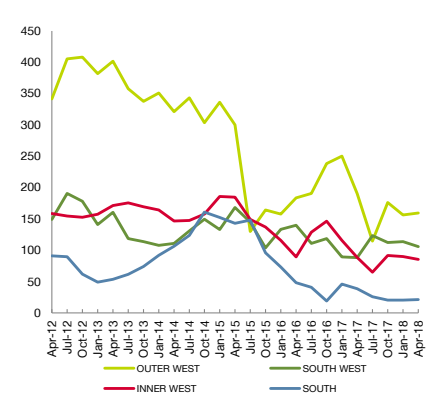
Source: Knight Frank Research

FIGURE 2
Speculative Stock
000m² - April 2012 to April 2018



Source: Knight Frank Research

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

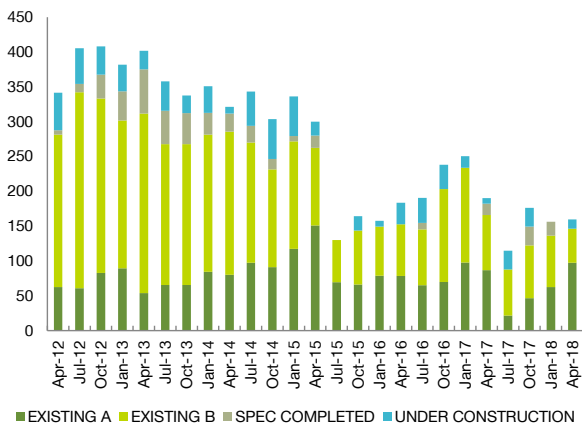


Source: Knight Frank Research

Outer West

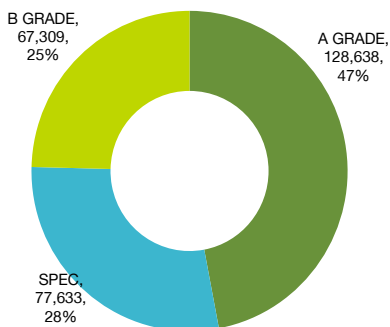
- Vacant space currently totals 159,547 sq m, representing 43% of the total vacant stock.
- Over 50,000 sq m of speculative stock is anticipated to come online over the next six months, including Dexus' Quarry at Greystanes (c35,000sq m)
- Take-up in the precinct represented 49% of the total Sydney market take-up with 72,529 sq m leased. Mirvac's WH3 at Calibre Estate (20,000 sq m) leased to Pet Circle was the largest deal of the quarter.

FIGURE 4
Outer West Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 5
Outer West Annual Take-up
12 months to April 2018

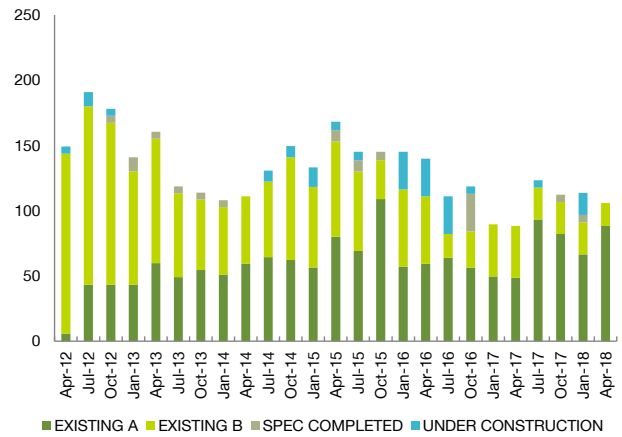


Source: Knight Frank Research

South West

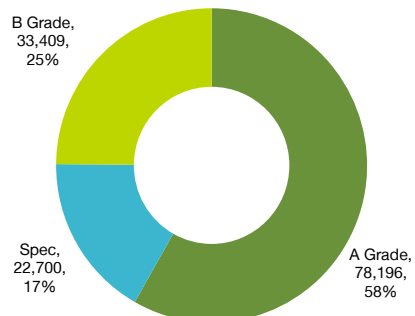
- Available space decreased by 6.9% to measure 105,800 sq m, 20% below the historical average.
- Prime vacant stock dominates the precinct accounting for 83% of the available space.
- Take-up for the period totalled 42,072 sq m taking annual take-up to 134,305 sq m. Speculative take-up for the quarter represented over 50% of absorption for the period with 22,7000 sq m leased over three assets.
- Stockland's development at Ingleburn Logistics Park will see 36,850 sq m of speculative space added to the market in the next quarter.

FIGURE 6
South West Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 7
South West Annual Take-up
12 months to April 2018

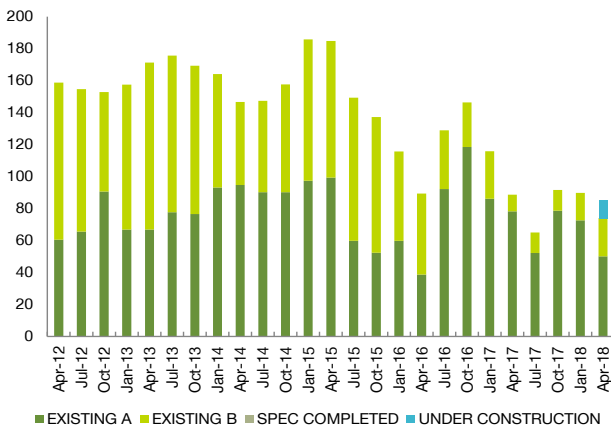


Source: Knight Frank Research

Inner West

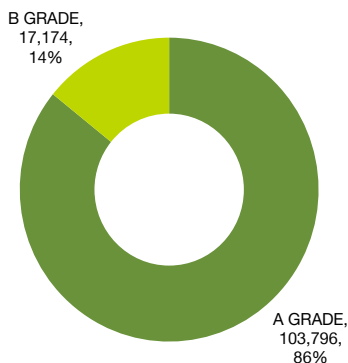
- Vacancy remains steady with 85,294 sq m available, well below the series average of 147,738 sq m.
- The first major speculative development in recent years is currently under construction at Charter Halls Building 4, 2 Hume Highway, Chullora comprising of 11,205 sq m.
- Take-up over the past 12 months has been concentrated with prime assets accounting for 86% of total take up or 103,796 sq m.
- Everfast recently leased 16,051 sq m at 457 Waterloo Road, Chullora making it the largest lease deal of the year.

FIGURE 8
Inner West Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 9
Inner West Annual Take-up
12 months to April 2018

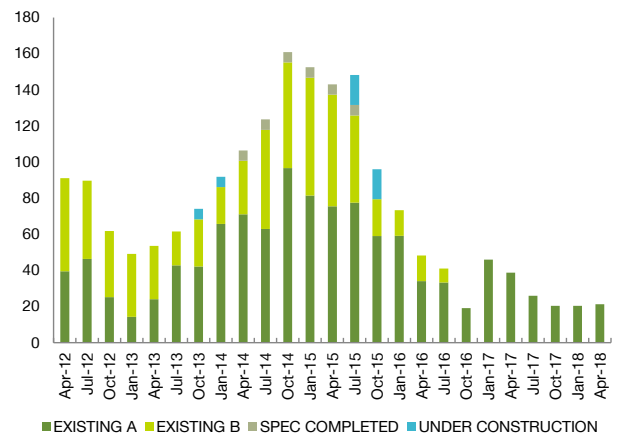


Source: Knight Frank Research

South

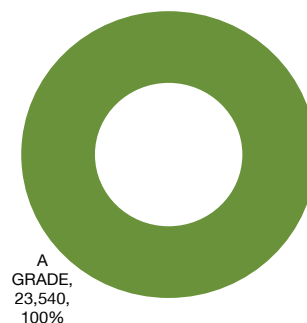
- Availability has remained steady over the past 12 months with a modest 21,222 sq m available across three buildings.
- Goodman's Unit 3, 1-3 Burrows Road, Alexandria (6,058 sq m) the only new asset to become available this quarter
- Whilst leasing activity has been subdued with only 23,540 sq m absorbed over the past 12 months this has been due to the lack of stock rather than the lack of demand.

FIGURE 10
South Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 11
South Annual Take-up
12 months to April 2018



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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