

SYDNEY INDUSTRIAL VACANCY Q3 2019

Availability currently 28% below the historical average

- Total vacant stock decreased by 4% over the quarter to record 411,988 sq m over the quarter, whilst on an annual basis vacancy has increased by 19%. Above trend speculative developments in conjunction with large 15,000 sq m + warehouses becoming available for lease have been the key contributors.
- The Outer West and South West precincts dominate the level of vacant stock, accounting for 60% and 21% respectively. The Inner West recorded its tightest vacancy level on record, with 56,984 sq m of available stock.
- Absorption over the quarter was well below the historical average with 68,390 sq m leased, whilst on an annual basis 310,969 sq m was leased. Take-up volumes were evenly distributed within the Western Sydney precincts, including the Outer West (35%), South West (31%) and Inner West (34%).
- The strong take-up trends continue to buoy developers confidence and appetite for speculative projects, with 33,783 sq m of speculative stock currently on the market. A further 220,000 sq m of speculative stock is either under construction or earmarked for development over the next 12 months.



KATY DEAN
Associate Director

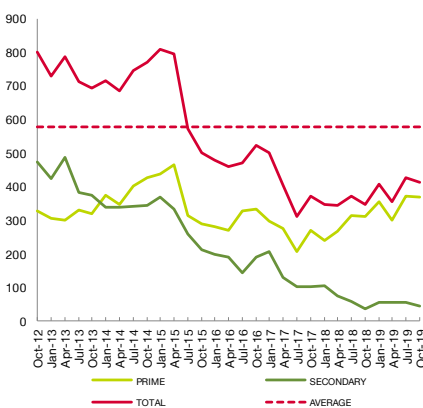


MARCO MASCITELLI
Senior Analyst

TABLE 1
Sydney Industrial Available Space 5,000m²+ as at October 2019

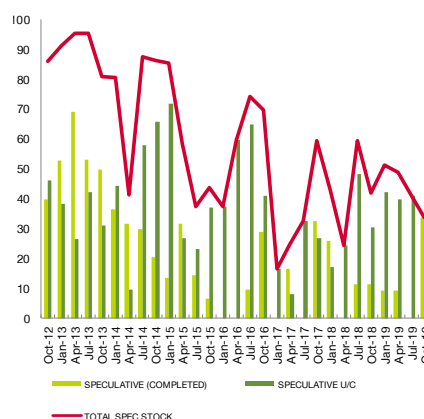
Precinct	Available Space m ²	No. of Buildings	Av Asking Rent \$/m ² net	Change Past Qtr (m ²)	Change Past Year (m ²)	Building Quality Prime %	Secondary %
Outer West	248,860	21	113	8,868	148,909	82	18
South West	85,797	7	112	-194	-6,680	93	7
Inner West	56,984	7	133	-22,953	-87,512	83	17
South	20,347	2	218	-873	9,778	100	0
Total	411,988	37	122	-15,152	64,495	85	15

FIGURE 1
October 2019 Available Space
'000sqm available space by quality



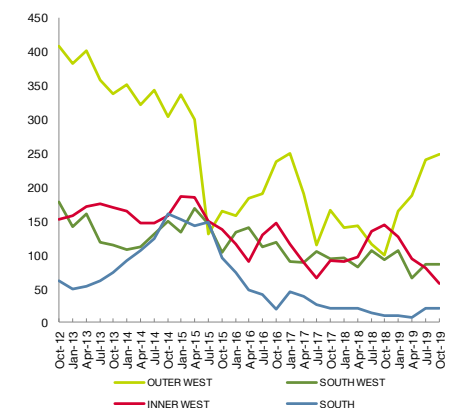
Source: Knight Frank Research

FIGURE 2
Speculative Stock
000m² - Oct 2012 to Oct 2019



Source: Knight Frank Research

FIGURE 3
Location of Vacant Stock
'000sqm Available Space by Region

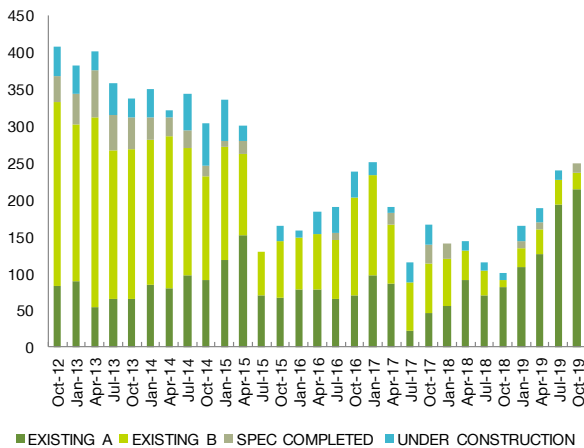


Source: Knight Frank Research

Outer West

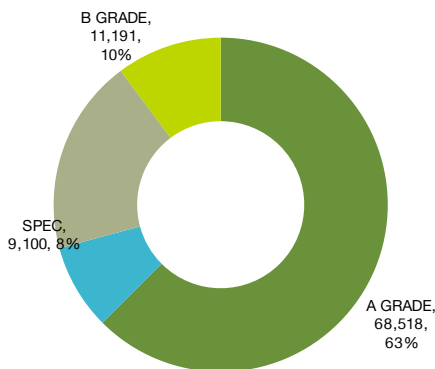
- Vacant space currently totals 248,860 sq m, a 4% increase on the previous quarter. This is the precincts highest level of available space since January 2017.
- Over 70,000 sq m of speculative stock is anticipated to come online over the next six months, including Charter Hall's Compass Logistics Centre at Eastern Creek (32,000 sq m) and its Woodpark Logistics Estate development (18,000 sq m).
- Take-up in the precinct over the quarter represented 35% of the total Sydney market take-up, with 24,128 sq m leased. Orrcon Steel has pre-leased c16,000 sq m at LOGO's newly developed Marsden Park Logistics Estate.

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



Source: Knight Frank Research

FIGURE 5
Outer West Annual Take-up
12 months to October 2019

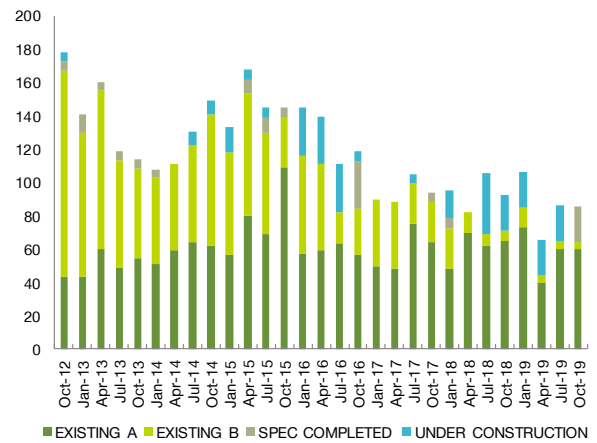


Source: Knight Frank Research

South West

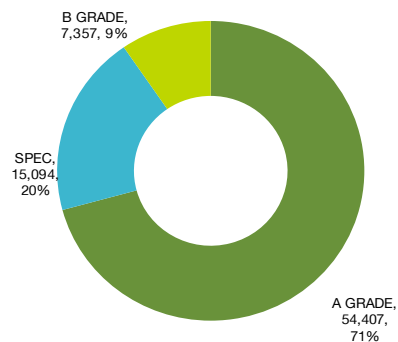
- Available space remained steady over the quarter to measure 85,797 sq m, whilst on an annual basis there has been a 7% reduction.
- Prime vacant stock dominates the precinct accounting for 93% of the available space. Goodman's building at 2B, 1 Moorebank Avenue (12,308 sq m) has come to market over the quarter.
- Take-up for the quarter totalled 21,309 sq m, with annual take-up of 76,858 sq m.
- Charter Hall's speculative development at WH 4 at 290 Kurrajong Road (26,500 sq m) is due for completion by the end of the year.

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



Source: Knight Frank Research

FIGURE 7
South West Annual Take-up
12 months to October 2019

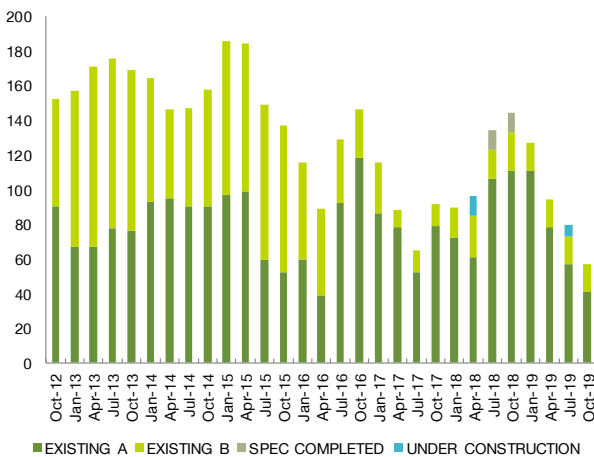


Source: Knight Frank Research

Inner West

- Vacant stock has decreased by 29% over the quarter to measure 56,984 sq m, its lowest level on record. No new assets became available over the quarter.
- Take-up over the quarter measured 22,953 sq m, resulting in strong YoY take-up of 120,851 sq m. Units B1 & B2 (5,753 sq m) at Goodman’s Lidcombe Business Park have been leased over the quarter.
- Dexus’ speculative development at Cumberland Green (c11,000 sq m) is due for completion in 2020 and will add much needed stock to the market.

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

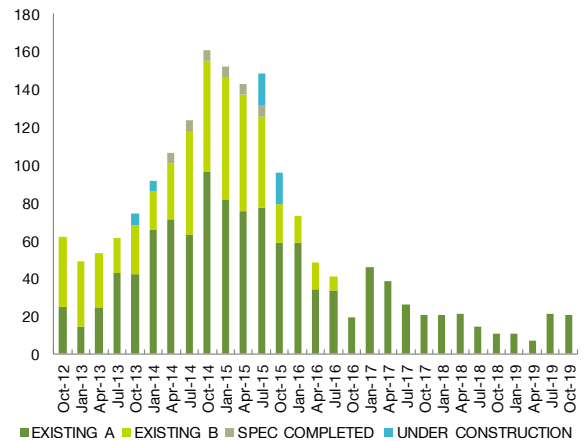


Source: Knight Frank Research

South

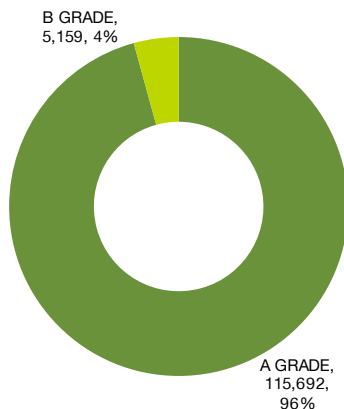
- Availability has remained steady over the quarter with a modest 20,347 sq m available across two buildings.
- Goodman’s 546 Gardeners Road (14,292 sq m) is the largest asset in South Sydney available for occupation. Unit 3, 1-3 Burrows Road (6,057 sq m) has also come to market over the quarter.
- There has been no take-up over the last two quarters for assets (5,000 sq m+), however Goodman has withdrawn its warehouse at Perry Park Industrial Estate (6,930 sq m) and it is no longer available for lease.

FIGURE 10
South Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 9
Inner West Annual Take-up
12 months to October 2019



Source: Knight Frank Research

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



Source: Knight Frank Research

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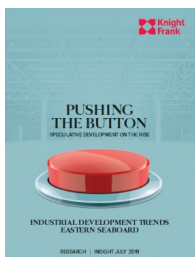
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Methodology:

This analysis collects and tabulates data detailing vacancies within industrial properties across all of the Sydney 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 5,000m². 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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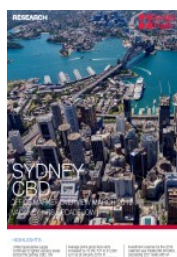
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