Knight Frank

Industrial Intel
Q3 2020

Connect With Us

NATIONAL

Darren Benson
Partner,
National Head of Industrial Logistics
+61 403 722 104
Darren.Benson@au.knightfrank.com


QUEENSLAND

Mark Clifford
Partner,
Joint Head of Industrial Logistics, QLD
+61 408 451 848
Mark.Clifford@au.knightfrank.com

Chris Wright
Partner,
Joint Head of Industrial Logistics, QLD
+61 419 780 378
Chris.Wright@au.knightfrank.com

WESTERN AUSTRALIA

Geoff Thomson
Director,
Head of Industrial Logistics, WA
+61 407 245 801
Geoff.Thomson@au.knightfrank.com

SOUTH AUSTRALIA

Oliver Totani
Director,
Head of Agency, SA
+61 412 808 743
Oliver.Totani@au.knightfrank.com

NEW SOUTH WALES

Mark Silva
Head of Industrial Logistics, NSW
+61 416 320 550
Mark.Silva@au.knightfrank.com

VICTORIA

Gab Pascuzzi
Partner,
Head of Industrial Logistics, VIC
+61 411 703 391
Gab.Pascuzzi@au.knightfrank.com

In Australia, Knight Frank has 22 offices, servicing both capital cities and regional centres, with approximately 1,000 employees.

Knight Frank Industrial focuses on partnering with our clients to deliver innovative and integrated property solutions, to improve the way they make real estate decisions.

Brisbane Snapshot

There are extremely high interest levels being shown by investors in industrial property. Any reasonable investment that is on the market will attract multiple offers. The vast majority of current activity is happening off market and we see this continuing into the future.

We are predicting a much more active quarter for leasing activity along with borders re-opening. The run in to Christmas and early 2021 could be very active for leasing agents.

"We are predicting a much more active quarter for leasing activity as borders re-open. The run in to Christmas and early 2021 could be very active for leasing agents."

By Mark Clifford & Chris Wright

Market Highlights

- Whilst decision making processes have blown out due to COVID-19 impacts, general tenant enquiry levels have started to increase towards the back end of the quarter.
- Lease deals picking up with several major transactions taking place
- Very limited sales activity in the market, however high levels of interest from investors

Key Appointments

63 Tile Street, Wacol

Size	16,187* sqm
Agent	Mark Clifford

31 Meakin Road, Meadowbrooks

Size	861 sqm
Agent	Sam Harper, Matthew Williams

278 Orchard Road, Richlands

Size	7,280 sqm
Agent	Lachlan Hateley, Mark Clifford

37 Freight Street, Lytton

Size	9,036 sqm
Agent	Chris Wright, Ben Hatch

92 Sandstone Place, Parkinson

Size	13,738 sqm
Agent	David Knox, Lachlan Hateley

70 Darlington Drive, Yatala

Size	11,262 sqm
Agent	Sam Harper, Matthew Williams

Key Transactions

4, 200 Holt Street, Pinkenba

Size	7,320 sqm
Rental	$125 p/sqm
Agent	Chris Wright, Ben Hatch

13 Business Street, Yatala

Size	8,951 sqm
Rental	Undisclosed
Agent	Sam Harper, Matthew Williams

T3, 16 Quarry Road, Stapylton

Size	12,420 sqm
Rental	Undisclosed
Agent	Matthew Williams, Mark Clifford

T4, 16 Quarry Road, Stapylton

Size	5,600 sqm
Rental	Undisclosed
Agent	Matthew Williams, Mark Clifford

80 Computer Road, Yatala

Size	5,707 sqm
Price	$2,000,000
Agent	Sam Harper, Matthew Williams

< Return to Map

Brisbane Market Overview

South | South West

The last quarter has seen an increase in levels of interest from tenants in the larger spec developments which are either completed or near completion. Several larger tenant briefs look set to find a home with decisions getting close on over 35,000 sqm of requirements. This will make a sizeable dint in the vacancy levels in these precincts and further encourage other spec developers to get started on their respective DA approved sites. Investors are highly active in the precinct with demand far exceeding current supply of opportunity.

TradeCoast

The TradeCoast market has experienced an uplift in both tenant and owner occupier enquiry over the last quarter. Notable transactions across the precinct include Australia Post leasing approximately 7,500 sqm of Charter Hall's speculatively built space at 4, 200 Holt Street, Pinkenba and Amazon's commitment to Goodman's 16,000 sqm facility at Export Street, Lytton. Land sale enquiries have spiked in recent months however this market trend is met with a dearth of well positioned industrial land available for sale, particularly at the larger end of the market (>10,000 sqm).

Yatala

Strong levels of activity have been seen in the precinct, with several of the larger deals taking place including AMES- Quarry Rd Stapylton (12,420 sqm) and the purchase of 80 Computer Rd, Yatala. Several major infrastructure projects will have a massive impact on the area, with the Coomera Connector set to be the biggest driver of activity there over the next decade. The key industrial estates in the precinct will benefit from the new road infrastructure, and it will further boost the areas reputation as a strategic location for larger DC's.

Our Team

SOUTH I SOUTH WEST I TRADECOAST I NORTH

01 Mark Clifford
Partner,
Joint Head of Industrial Logistics, QLD
+61 408 451 848
Mark.Clifford@au.knightfrank.com

02 Chris Wright
Partner,
Joint Head of Industrial Logistics, QLD
+61 419 780 378
Chris Wright@au.knightfrank.com

03 Lachlan Hateley
Associate Director,
Industrial Logistics, QLD
+61 405 257 209
Lachlan.Hateley@au.knightfrank.com

04 Ben Hatch
Associate Director,
Industrial Logistics, QLD
+61 421 169 898
Ben.Hatch@au.knightfrank.com

05 David Knox
Associate Director,
Industrial Logistics, QLD
+61 408 548 281
David.Knox@au.knightfrank.com

YATALA

06 Sam Harper
Associate Director,
Industrial Logistics, QLD
+61 423 380 514
Sam.Harper@au.knightfrank.com

07 Matthew Williams
Associate Director,
Industrial Logistics, QLD
+61 401 045 369
MatthewWilliams@au.knightfrank.com

Sydney Snapshot

"Industrial continues to be the more resilient sector throughout the pandemic. We are now envisaging the first quarter of 2021 to be very active with more recent enquiry entering into the market."

By Mark Silva

We have seen a complete acceleration of retail and logistic occupiers seeking larger warehouse space as the COVID-19 environment has led to a strengthening e-commerce and logistics market place. Suburbs such as Eastern Creek and Erskine Park are in demand, therefore many more traditional industrial occupiers are being priced out and now searching for financially viable alternative location.

Investments

The NSW Government has decided on utilising infrastructure spending as the means of avoiding an ongoing recession. Investment in a world-class transport system with projects such as the Sydney Metro West, WestConnex, and significant road and rail upgrades to support the new Western Sydney Airport will provide the backbone for industrial occupiers' success. Global capital markets are aware of this and are scrambling to acquire assets that will benefit from this unprecedented level of State Government spending.

Market Highlights

- Shift in occupier demand specifically from e-commerce and logistics operators
- Increase in vacancy in more expensive locations
- Since the ease of restrictions over the past three months has seen an increase in market activity
- Strong appetite in for industrial stock across the market

Key Appointments

133-139 Newton Road, Wetherill Park

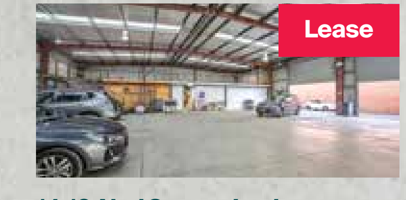
Size	3,900 - 9,000 sqm
Agent	Matthew Pizzonia, Anthony Bosnar

Western Sydney Airport

Size	13 ha
Agent	Angus Klem, James Reeves, Matthew Pizzonia

12 Fredrick Street, St Leonards

Size	50,000 sqm*
Agent	Angus Klem



14-16 Abel Street, Jamisontown

Size	2,200 sqm
Agent	James Reeves

22 Crescent Street, Holroyd

Size	2,000 sqm
Agent	Matthew Pizzonia, Anthony Bosnar

Key Transactions

1/153 Beauchamp Road, Matraville

Size	1,061 sqm
Price	$4,710,000
Agent	Mark Silva

30 - 32 Bowden Street, Alexandria

Size	617 sqm
Price	$194/sqm
Agent	Mark Silva

Tenancy 5, 19 Holbeche Road, Arndell Park

Size	2,571 sqm
Price	$145/sqm
Agent	Matthew Pizzonia, James Reeves

214-222 Toongabbie Road, Girraween

Size	2,885 sqm
Price	$145/sqm
Agent	James Reeves

U1, 2 Ralph Street, Alexandria

Size	2,071 sqm
Price	$241/sqm
Agent	Mark Silva

< Return to Map

Sydney Market Overview

Industrial Logistics

The industrial sector continues to be the strongest performing asset class in the COVID-19 environment, with e-commerce and logistics occupiers driving demand. With a rapid shift to online during this period, we are seeing 3PL and logistics providers scramble to meet demand with an increase in uptake of industrial space. It continues to be the more resilient sector throughout the pandemic. We are now envisaging the first quarter of 2021 to be very active with more recent enquiry entering into the market.

We are also seeing occupiers taking advantage of the current climate and shifting from more expensive areas to a more cost-effective location and negotiating betters deals within areas holding more vacancy. The need to review business expenses and costs is more apparent than in any other time. Occupiers are also reviewing their lease expiry profiles a lot earlier than previously years to better prepare for what's ahead, in most cases 2 – 3 years out. With the uncertainty landlords are entertaining shorter term leases than usual to avoid extensive vacancies.

With rents climbing to unsustainable levels in the South Sydney precinct pre-COVID-19, we are seeing a new surge of enquiry coming out of the South into the West as South Sydney continues to battle circa 160,000 sqm of upcoming vacancy, unseen for many years.

The tightness in supply and an increase demand for industrial stock across NSW from private investors and institutional groups continues to dominate the market as well as the buzz surrounding the new Western Sydney Airport with continued interest in potential opportunities within the precinct.

Industrial Investments

The investment market arguably remains the most sought-after asset class nationally, driven by a flight away from retail and a large slice of industrial tenants who have thrived during the pandemic.

The low-interest-rate environment constrained land market, and few trading opportunities, are other key drivers of this sector.

Building activity has reduced as financiers tighten their lending requirements to ensure that only the proven developers are provided with the necessary capital to produce new products. This is in contrast to the surprisingly high take-up numbers, especially within Sydney and Melbourne, when compared to historical averages.

Corporate Australia and global enterprises continue to review assets performance and the buoyant investment markets, leading to an increasing number of sale and leaseback transactions.

Data centres are also on the move, with Knight Frank establishing global and local expertise in this burgeoning field.

Our Team

OUTER WEST I CENTRAL WEST I NORTH WEST I INNER WEST

01 Mark Silva
Director,
Head of Industrial Logistics, NSW
+61 416 320 550
Mark.Silva@au.knightfrank.com

02 Angus Klem
Partner,
Head of Industrial Investments, NSW
+61 439 032 001
Angus.Klem@au.knightfrank.com

03 James Reeves
Director,
Industrial Logistics, NSW
+61 404 039 884
James.Reeves@au.knightfrank.com

04 Matthew Pizzonia
Senior Executive,
Industrial Logistics, NSW
+61 401 503 093
Matthew.Pizzonia@au.knightfrank.com

05 Anthony Bosnar
Executive,
Industrial Logistics, NSW
+61 401 252 006
Anthony.Bosnar@au.knightfrank.com

Melbourne Snapshot

> "COVID-19 has accelerated the shift to online retail, and this is having a flow-on effect on demand for industrial property in Melbourne."

By Gab Pascuzzi

In spite of the COVID-19 pandemic and stage 4 lockdown, transactions in the sub 10,000 sqm space remain strong with the rise of e-commerce and construction/food groups looking to continue to grow.

Melbourne's record infrastructure spend is paving the way for new development and demand in our Western and Northern markets. Despite a number of developments being put on hold, Melbourne's industrial market still looks assured of new supply over the medium term.

Prime yields will hold with strong appetite from buyers seeking long WALE assets and, as expected, continued exponential growth of e-commerce and an economic climate of low interest has made industrial a safe asset class.

Market Highlights

- Strong leasing activity in the sub 10,000 sqm space
- Demand continues for long WALE assets in good locations
- Developers/institutions looking to acquire land for future pipeline

Key Appointments

140 Northcorp Blvd, Broadmeadows

Size	22,707 sqm
Agent	Marco Sandrin, Brent Glassford

41-51 Monash Drive, Dandenong South

Size	15,830 sqm
Agent	Gab Pascuzzi, Adrian Garvey

89 Miller Street, Epping

Size	2,698 sqm
Agent	Brent Glassford, Marco Sandrin

44 Translink Drive, Keilor Park

Size	3,076 sqm
Agent	Marco Sandrin, Brent Glassford

41-47 William Angliss Drive, Laverton North

Size	4,067-8,626 sqm (approx.)
Agent	Joel Davy, Steve Jones

1084 Centre Road, Oakleigh South

Size	3,997 sqm
Agent	Adrian Garvey, Stuart Gill

Key Transactions

Warehouse 6, 33 Fitzgerald Road, Laverton North

Size	8,271 sqm
Rental	$88/sqm
Agent	Joel Davy, Steve Jones

61 Sunline Drive, Truganina

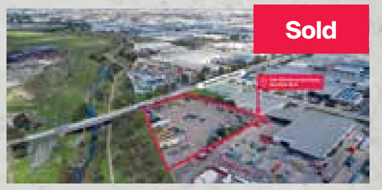
Size	6,618 sqm
Rental	$75/sqm
Agent	Joel Davy, Steve Jones

Warehouse 6, 4 Judge Street, Sunshine

Size	6,283 sqm
Rental	$75/sqm
Agent	Steve Jones, Joel Davy,

Warehouse B, Reid Way, Melbourne Airport

Size	4,532 sqm
Rental	Undisclosed
Agent	Marco Sandrin, Brent Glassford



520-528 Somerville Road, Sunshine West

Size	10,600 sqm (site)
Price	$3,600,000
Agent	Michael Satterley, Andrew Gallucci

6-10 Lace Street, Doveton

Size	7,143 sqm
Price	$3,050,000
Agent	George Linn, Adrian Garvey

< Return to Map

Melbourne Market Overview

City Fringe

The City Fringe industrial market continues to see many larger occupiers moving out of the inner suburbs and taking up space further out in Melbourne's West or North. This is a direct result of high outgoing expenses and high rental rates ($/sqm) throughout. Of recent, we have seen one of the largest distribution centres in Port Melbourne come to the market with Toll providing the landlord with notice they will be moving on.

The opportunity to significantly reduce property expenses and secure long leases is becoming a great incentive for occupiers to relocate to the outer suburbs.

Enquiry levels to purchase and lease city fringe facilities from 200 to 600 sqm remain very healthy, however the lack of stock in that size range is making it difficult and forcing buyers and tenants to explore different locations. On the larger end, we are witnessing strong activity from pharmaceutical, automotive, meat and cold store groups who currently operate out of the City Fringe markets wanting to increase or double their footprint. These groups have their eye on purchasing due to the large sums that are required to relocate and set up in another location. Unfortunately, for some of the groups listed property owners are very reluctant to sell or engage in conversation due to it being very difficult to replace similar quality assets after selling.

West

The Western industrial market continues to see strong appetite for land. The lack of zoned industrial land hasn't seen prices move much with owner occupiers and developers are still looking for opportunities. One hectare land parcels are selling for between $350 to $400/sqm with smaller blocks edging up towards $500/sqm.

There was a large increase in sublease warehouse space in the west in Q1 and Q2, and due to that we saw a large number of institutional owners put their spec building plans on hold due to the increase in vacancy. We were anticipating close to 200,000 sqm of spec space to come online by Q4 2020 but less than half of that figure will come to market before year's end.

The positive of Q3 has been that the majority of the existing specs and most of the sublease space has now been leased. This has allowed institutional owners to start planning around construction on speculative developments.

Charterhall, GPT, Dexus, LOGOS and Aliro, all have plans to develop new speculative warehouses starting Q1 in 2021.

We have experienced renewed interest and enquiry levels from tenants over the last two months. Market sentiment has increased with the dropping numbers of COVID-19 cases to a level now where individuals and companies are once again planning for future business growth.

Most of these businesses are associated with e-retail, e-commerce, warehousing & logistics and government infrastructure projects.

North

The Northern industrial market is continuing to experience strong enquiry from occupiers in the transport and logistics sectors despite the current COVID-19 restrictions being in place for an extended period of time. This is mainly due to the increased activity in online and e-commerce over the past few months.

We have seen two major pre-lease commitments with Ford Australia pre-committing to 51,595 sqm (approx.) at Merrifield Business Park and Reece Australia committing to a 11,670 sqm (approx.) facility at Melbourne Airport Business Park.

We have also seen significant investment into the northern industrial market by Logos, who have purchased two sites in Epping (9.7 ha) and Broadmeadows (25 ha). This demonstrates security in the northern market due to a shortage of land available that is currently zoned and ready for construction.

South East

With limited supply of A-grade industrial assets above 5,000 sqm and limited new speculative development forecast to commence in the second half of 2020, pre commitment activity remains buoyant. A number of developers in the marketplace have recently secured new tenants prior to construction of proposed speculative facilities placing further downward pressure on the vacancy supply. Rents remain stable whilst the competition for pre-commitments is seeing an increase in leasing incentives being offered from developers.

There have been releases of vacant land to the marketplace which is being well received. Lots ranging in size from 3,000 sqm to 2 ha are selling for $500/sqm. New development from this release will ease pressure on the middle markets in 2022, although rents and sales prices are forecast to remain at record pricing as demand will still outweigh supply.

ESR is preparing to launch a new development in Clayton providing new high clearance, modern warehousing to the precinct for the first time in 5 years. Stage 1 of the development is expected to reach practical completion in Q4 2021.

The announcement of the inland container port at Lyndhurst was made in conjunction by the state and federal government with developer Salta, providing significant investment in the region. The project is forecast to create 1,000 jobs during the construction phase and ultimately remove 100,000 trucks from local streets and the M1 Freeway when fully operational. Freight costs to the region are expected to reduce by 25% which will further enhance the appeal of the precinct to larger occupiers.

East

The East's prime vacancy remains constricted by a lack new supply. Existing assets are keenly sought by occupiers along the EastLink tollway with Caribbean Park experiencing high levels of demand. Existing assets in this estate are being leased prior to becoming vacant as was evidenced by the sub lease of 8 Lakeview Drive with four parties entering a competitive tender to secure the upcoming vacancy.

Industrial land supply remains limited with brownfield sites more readily available. Tupperware recently transacted the sale of their 6 ha site to a private developer who look to reposition the existing warehouses in addition to further development of the site once Tupperware vacate the region.

As the demand for online shopping increases nationally service providers are actively seeking opportunities in this region, most notably Australia Post who are looking to establish a 20,000 sqm parcel fulfillment facility in 2021.

Our Team

INVESTMENTS

01 **Gab Pascuzzi**
Partner,
Head of Industrial Logistics, VIC
+61 411 703 391
Gab.Pascuzzi@au.knightfrank.com

02 **Scott Braithwaite**
Associate Director,
Industrial Investments, VIC
+61 418 371 612
SBraithwaite@au.knightfrank.com

WEST

03 **Joel Davy**
Partner, Industrial Logistics, VIC
+61 411 109 876
Joel.Davy@au.knightfrank.com

04 **Steve Jones**
Associate Director,
Industrial Logistics, VIC
+61 412 836 105
Steve.Jones@au.knightfrank.com

05 **Michael Satterley**
Executive, Industrial, VIC
+61 430 432 328
Michael.Satterley@au.knightfrank.com

06 **Andrew Gallucci**
Executive, Industrial Logistics, VIC
+61 400 754 082
Andrew.Gallucci@au.knightfrank.com

NORTH

07 **Marco Sandrin**
Director, Industrial Logistics, VIC
+61 434 562 827
Marco.Sandrin@au.knightfrank.com

08 **Brent Glassford**
Director, Industrial Logistics, VIC
+61 430 484 322
Brent.Glassford@au.knightfrank.com

CITY FRINGE

09 **Nathan Edgar**
Executive, Industrial Logistics, VIC
+61 411 391 453
Nathan.Edgar@au.knightfrank.com

MELBOURNE SOUTH EAST/EAST

10 **Adrian Garvey**
Director, Industrial Logistics, VIC
+61 419 549 951
Adrian.Garvey@au.knightfrank.com

11 **Stuart Gill**
Director, Industrial Logistics, VIC
+61 417 322 080
Stuart.Gill@au.knightfrank.com

12 **George Linn**
Associate Director,
Industrial Logistics, VIC
+61 401 949 324
George.Linn@au.knightfrank.com

13 **Steven Salopek**
Associate Director,
Industrial Logistics, VIC
+61 400 341 226
Steven.Salopek@au.knightfrank.com

Adelaide Snapshot

> **"Recent sale evidence, suggests the Adelaide industrial market has weathered the COVID-19 storm. With defence and mining set to drive demand over the next cycle, Adelaide industrial is in a good space."**

By Oliver Totani

Investment demand

Nationally, industrial property has been the preferred asset class for many investors as it has shown resilience during the COVID-19 pandemic. There has been increased appetite from institutional investors for fully leased industrial property, particularly long WALE assets with strong lease covenants reflected in the strong metrics shown in recent transactions.

Industrial leasing and vacant land

Leasing activity has remained limited as a result of the uncertainty of COVID-19, with some businesses delaying relocation decisions and the continuing trend of owner occupation in SA, where in lieu of leasing their property requirements, occupants are favouring to purchase their facilities. Evidence has shown that over the past 12 months, there has been an increase of owner-occupiers purchasing properties in the Northern precinct, particularly vacant land in the Outer North areas such as Direk and Edinburgh. Buyers to date have been predominately owner-occupiers with plans to purpose build facilities. Furthermore, the North to South Corridor infrastructure development and increasing density in the Inner North precinct has positively impacted land values in the Inner and Outer North precincts.

Supply

Industrial supply has been strong over the past 12 months with the majority of the developments being logistics or temperature-controlled distribution centres. However, unlike some markets in the eastern states, all of the supply noted is either pre-committed or owner-occupiers

Market Highlights

- Year to date, 2020 total sales volume for industrial properties above $5 million were 35% higher compared to same time last year.
- Outer North precincts continues to see increasing demand from owner occupiers.
- Prime industrial assets with strong lease covenants show resilience during COVID-19.
- Increased appetite from institutional investors for industrial assets such as cold storage and distribution facilities.

Key Appointments

136 Daws Road, Melrose Park

Size	9,332 sqm
Agent	Marco Onorato, Rory Dyus

17 Francis Road, Wingfield

Size	2,270 sqm
Agent	Jack Dyson, Oliver Totani

14-22 Dixon Street, Royal Park

Size	2,200 sqm
Agent	Oliver Totani, Marco Onorato

10-30 Brinkley Road, Murray Bridge

Size	4,630 sqm
Agent	Jack Dyson, Marco Onorato, Oliver Totani

397-401 Churchill Road, Kilburn

Size	5,500 sqm
Agent	Jack Dyson, Oliver Totani

620 Mersey Road, Osborne

Size	8,006 sqm
Agent	Oliver Totani, Guy Bennett

Key Transactions

47 King William Street, Kent Town

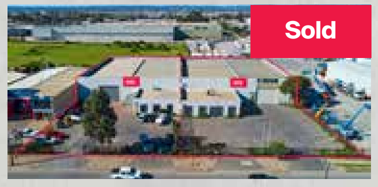
Size	983 sqm
Price	$180,000
Agent	Jack Dyson, Marco Onorato, Oliver Totani

260 Regency Road, Regency Park

Size	2,050 sqm
Price	$95/sqm
Agent	Marco Onorato, Rory Dyus

2 Lafitte Road, Wingfield

Size	1,425 sqm
Price	$114,480
Agent	Marco Onorato



340-342 Hanson Road, Wingfield

Size	2,501 sqm
Price	$2,910,000
Agent	Marco Onorato, Oliver Totani

< Return to Map

Adelaide Market Overview

Inner West

Sales and leasing remain limited as the high underlying land value is driving a change from industrial to mixed use, which is evident through Thebarton.

Inner North – Majority of the supply from Inner North

New supply has been driven by expansion and relocation to better quality accommodation. Recent complete developments include the 94,000 sqm expansion of Woolworths Adelaide Regional Distribution Centre at Gepps Cross, O-I Glass distribution centre (33,980 sqm) at Kilkenny, Drakes supermarkets distribution centre (48,400 sqm) at Edinburgh North, Pacific Marine Batteries (12,000 sqm) at Osborne, Sigma Health Care (10,390 sqm) at Pooraka and Huhtamaki (8,280 sqm) at Pooraka. Other notable underway projects are Metcash (68,000 sqm) at Gepps Cross, SA Health (11,000 sqm) at Gepps Cross and Cochrane's (7,500 sqm) at Gillman.

Outer North

The North to South Corridor infrastructure development and increasing density in the Inner North precinct has positively impacted land values in the Inner & Outer North precincts. Over the past six months, average land values for properties below 5,000 sqm have increased approximately 8.6% in the Inner north and approximately 6.2% in the Outer North. As at July 2020, average land values below 5,000 sqm in the Inner North are circa $250/ sqm - $260/ sqm and for the Outer North circa $60/ sqm - $120/ sqm. Land values for all other precincts (Inner West, Inner South and Outer South) remained relatively constant.

Over the past 6 months, there has been an uplift in sales activity for vacant land in northern areas with majority of the transactions located at Outer North precincts such as Edinburgh and Direk. Buyers to date have been predominately owner-occupiers with plans to purpose build facilities.

Le Fevre Peninsula

The defence infrastructure development at Osborne South shipyard has recently been completed. The facilities will house the $35 billion frigates project which will kick off with prototypes before the first production in 2022. Meanwhile, phase 1 of the Osborne North shipyard is underway and will support the $50 billion submarine project which is scheduled to commence in 2023. The outlook for Adelaide defence sector is positive as the federal government announced a commitment to invest $270 billion nationally over the next decade in new and upgraded defence capabilities with SA likely to get a slice of it.

Inner South

There have been limited sales & leasing activities. However, there is a demand for industrial property under $3 million.

Our Team

ADELAIDE.

01 Oliver Totani
Director,
Head of Agency SA
+61 412 808 743
Oliver.Totani@au.knightfrank.com

02 Marco Onorato
Sales Executive,
Investment Sales, SA
+61 481 157 645
Marco.Onorato@au.knightfrank.com

03 Jack Dyson
Senior Executive,
Investment Sales, SA
+61 448 685 593
Jack.Dyson@au.knightfrank.com

Perth Snapshot

> **“The strength of the industrial sector highlighted by upward pressure on rentals and land values.”**

By Geoff Thomson

Western Australia’s position on COVID-19 and its huge mining sector has provided a significant boost to the industrial property market across the board.

Buildings that have remained vacant for some time are now being taken up at rental levels close to asking. This is particularly prevalent in the more industrial sectors in the east and south. Workshop rates are back to $95 - $100 sqm depending on crane capacity.

The more local markets with smaller tenancies are still struggling with smaller businesses still working the effects of COVID-19.

Developers are still looking to secure land for future development. While the larger developers continue to look for larger “bargains” to land bank, we are no seeing smaller developers looking to secure sites for developments of 1,000 – 2,000 sqm. This is particularly noticeable in some infill sites in prime locations.

It is worth noting that the WA government has posted a $1.7 billion surplus for the 2019/20 financial year leading to an increase in spending for larger infrastructure projects in the Perth area.

Market Highlights

- Rentals in prime locations continue to firm
- Workshops still in demand
- Yields for properties with long WALEs continue to fall
- State government in surplus

Key Appointments

Lease

25 Ilda Road, Canning Vale

Size	2.2 ha
Agent	Geoff Thomson

Lease

4/310 Spearwood Ave, Bibra Lake

Size	10,396 sqm
Agent	Scott Bailey

Lease

2/51 Howson Way, Bibra Lake

Size	1,140 sqm
Agent	Scott Bailey

Sale

2 Hines Road, O’Connor

Size	1,700 sqm
Agent	Scott Bailey

Sale

86 Discovery Drive, Bibra Lake

Size	1,499 sqm
Agent	Scott Bailey

Sale

10 Ferguson Street, Kewdale

Size	3,300 sqm
Agent	Geoff Thomson

Key Transactions

Leased

2 Aitken Way, Kewdale

Size	1,800 sqm
Rental	$93/sqm
Agent	Geoff Thomson

Leased

50 Hope Valley Road, Naval Base

Size	7,632 sqm
Rental	$55/sqm
Agent	Scott Bailey

Leased

54 Achievement Way, Wangara

Size	980 sqm
Rental	$92/sqm
Agent	Sam Hammond

Leased

22 Supreme Loop, Gnangara

Size	2,496
Rental	$55/sqm
Agent	Sam Hammond

Sold

15 Opportunity Street, Wangara

Size	1,290 sqm
Price	$1,580,000
Agent	Scott Bailey

Sold

28 Mordaunt Circuit, Canning Vale

Size	660 sqm
Price	$1,363/sqm
Agent	Geoff Thomson

< Return to Map

Perth Market Overview

East

In the past few months we have seen an increase in activity in the eastern corridor, particularly from medium to large warehousing businesses. There has been a take -up of a number of properties in the Kewdale and Welshpool areas with small reductions in asking rents and minimal incentives. Demand for workshops with gantry cranes and yard space is still strong.

Demand for sites is still strong with developers and owner occupiers looking for opportunities. The price of industrial land has come off some 10-15% due to COVID-19. Land that was previously achieving $400+ per sqm is now being sold at rates in the high $300 per sqm.

The Hazelmere/Forrestfield precinct is finally seeing large areas being re-zoned to industrial. Current landowners in this precinct are Logos and the Hodgson Group.

South

The southern corridor is quickly becoming a location of choice for a number of industrial organisations. The government's announcement of the new port and associated infrastructure that will service WA for the next 50 years is significant. Development WA are also bringing to the market some 70 ha of industrial land in the next 5 years.

The demand for space is dominated by heavy industrial users, with Knight Frank securing tenants for approximately 60,000 sqm of space. Much of this space is secondary.

Land rates are firm at $150 - $200 and rental rates vary between $65 - $80 m2 depending on the quality of the space.

North

The northern areas of Malaga and Wangara are in demand from both tenants and buyers. This has seen a tightening of rental and land rates. Malaga, for example, is now achieving rates of $380 – $400 sqm for sites of 7,000 – 10,000 sqm sites. The lack of quality sites in both these areas is driving the prices up to a level which is at odds with other suburbs.

Given the demand, we are seeing developers looking to secure large in fill sites for both subdivisions and or pre-leases. Further to the north Development WA's estate of Neerabup is finally seeing some solid interest. Knight Frank is working with two buyers for large parcels of industrial land. The buyers are looking to secure tenants looking for pre-leases.

Our Team

EASTERN CORRIDOR

01 **Geoff Thomson**
Director,
Head of Industrial Logistics, WA
+61 407 245 801
Geoff.Thomson@au.knightfrank.com

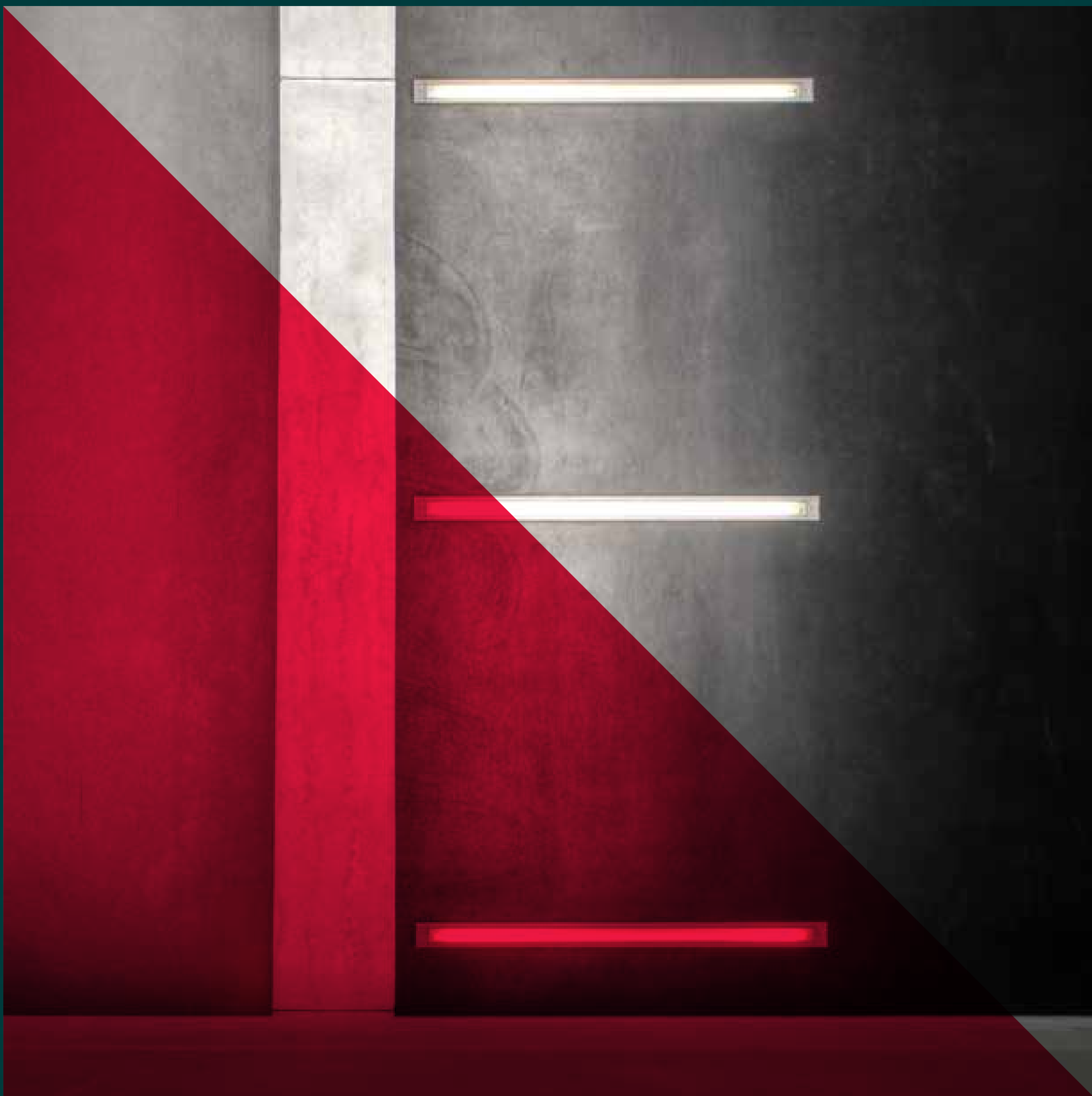
SOUTH

02 **Scott Bailey**
Director,
Industrial Logistics, WA
+61 421 010 001
Scott.Bailey@au.knightfrank.com

NORTH

03 **Sam Hammond**
Associate Director,
Industrial Logistics, WA
+61 413 664 247
Sam.Hammond@au.knightfrank.com

Knight Frank



Knight Frank Australia Pty Ltd
Level 22, Angel Place
123 Pitt Street
Sydney NSW 2000
Australia
knightfrank.com.au