Melbourne Industrial State of the Market
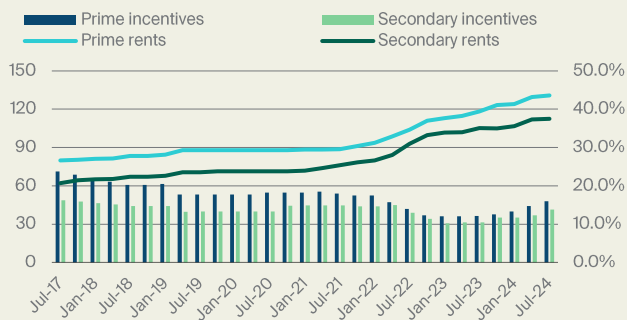
Knight Frank

Take-up bounces back after slow start to the year

Q2 2024

- Prime rents are up $1 from Q1 and currently average $141 across all precincts
- Rental growth remains strong sitting at 7.7% y/y
- Take-up recovered after a sluggish to start to the year with 327,979 sqm of warehousing leased in Q2
- Vacancy levels continue to rise in Melbourne, up 7.9% from Q1 2024, currently sitting at 865,916 sqm
- The development pipeline remains strong with 548,188 sqm of new space completed YTD
- Land values fell to $325/sqm for large sized lots (excl. Fringe), most of what was available in prominent industrial suburbs has been sold
- Incentives continue to rise, up 102bps from Q1, currently averaging 15.27%

Melbourne industrial rents and incentives
net face rents $/sqm (LHS), and % (RHS)

Legend: Prime incentives, Secondary incentives, Prime rents, Secondary rents

Source: Knight Frank Research

Melbourne industrial take-up
by precinct, 000's sqm; excl. <1,000 sqm

Legend: East, West, Southeast, North, Fringe
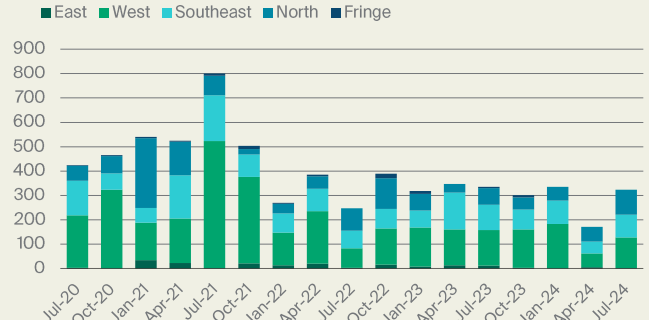
Source: Knight Frank Research

Melbourne industrial vacancy levels
by precinct, 000's sqm; excl. <5,000sqm

Legend: East, West, Southeast, North, Fringe
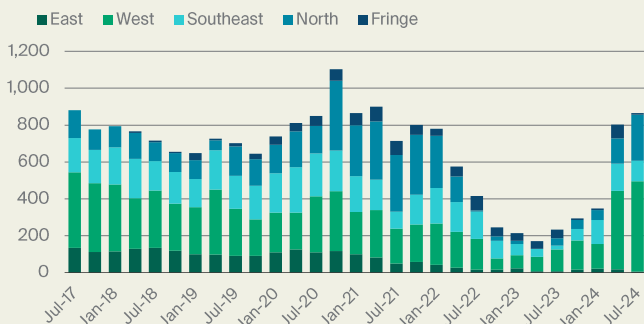
Source: Knight Frank Research

Melbourne industrial land values
by precinct; excl. fringe, $/sqm

Legend: < 5,000 sq m, 1- 5 ha, 10 ha+
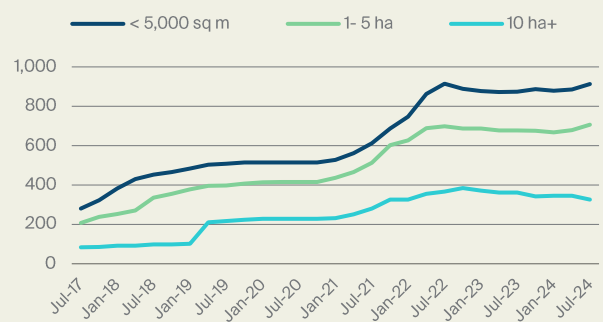
Source: Knight Frank Research

Industrial Market Indicators – Q2 2024

Precinct	Prime net face rent ($/sqm)	% change q/q	Net incentive (%)	Land values <5,000 sqm ($/sqm)	Land values 1-5 ha ($/sqm)	Vacancy (sqm)	Take-up (sqm)	Core market yield (%)
City Fringe	180	0.0	12.5	2,200	1,800	10,000	-	5.25-5.88
North	133	0.0	14.6	800	630	250,237	102,454	5.75-6.13
East	123	2.5	16.3	850	680	5,947	6,996	5.50-6.13
Southeast	135	0.7	16.0	1,075	850	111,326	92,642	5.50-6.13
West	132	0.8	17.0	930	665	488,406	125,887	5.75-6.38

Melbourne industrial yields
by grade % (LHS), spread in bps (RHS)

Legend: Spread, Prime, Secondary
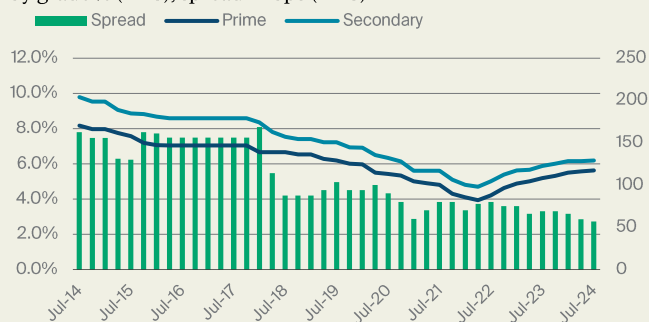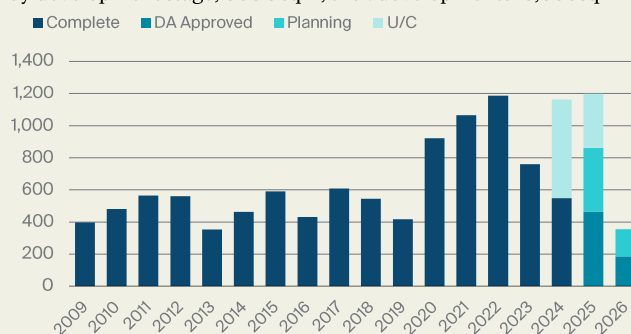

Source: Knight Frank Research

Melbourne industrial developments
by development stage, 000's sqm; excl. developments <5,000sqm

Legend: Complete, DA Approved, Planning, U/C

Source: Knight Frank Research

Recent Significant Tenant Commitments

Tenant	Property	Precinct	Lease Type	Building Size (sqm)	Net rent ($/sqm)	Term (years)
Stellantis	45 Innovation Drive, Mickleham	North	Spec	14,009	$120	5.0
XL Express	24-32 Stanley Drive, Somerton	North	New	24,350	$135	10.0
Beaumont Tiles	135-145 Atlas Boulevard, Dandenong South	Southeast	Spec	14,590	$145	10.0
Axima Logistics	35 Boundary Road, Laverton North	West	New	25,000	$124	5.0
PRG	6A Whitfield Boulevard, Cranbourne West	Southeast	Pre-comm	8,121	$150	10.0
Centurion	7-11 Somerton Park Drive, Campbellfield	North	New	8,015	$113	5.0

(For more information, please contact our industrials team)

Recent Significant Sales

Property	Suburb	Precinct	Price ($m)	Land size (sqm)	Building size (sqm)	Purchaser	Vendor
182-198 Maidstone St	Altona	West	65.5	83,020	37,906	Fife Capital	ESR / Logos
13-19 William Angliss Dr	Laverton North	West	92.0	120,600	56,111	KordaMentha / PGIM	Dexus
704-744 Lorimer St	Port Melbourne	City Fringe	61.5	33,400	25,403	Private Investor	Dexus
502-520 Clayton Rd	Clayton South	Southeast	21.0	22,590	3,910	Conf.	Private Investor

(For more information, please contact our industrials team)

Major Developments

Estate (stage)	Address	Suburb	No. of Warehouses	NLA (sqm)	Completion Date	Developer	Lease type
ESR Greenlink (2)	Western Port Hwy	Cranbourne West	6	137,320	Q2 2024	ESR	Pre-comm
RBR Hub (1)	Evolution Rd	Truganina	3	154,455	Q2 2024	Goodman	Pre-comm / Spec
Nth Melb Logistics (2)	131-149 Somerton Rd	Campbellfield	5	55,837	Q1 2025	Cabot Properties	Spec
Amazon Robotic (1)	Amaroo Rd	Craigieburn	1	209,000	Q4 2025	Logos	Pre-comm

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