

# Melbourne Industrial Precinct Addendum



Q2 2024



- Take-up bounces back from Q1 in the North (+69%) and West (+120%)
- Vacancy levels remain lowest in the Southeast with 111,326 sqm and the East with a mere 5,947sqm available to lease
- New supply is highest in the West with 712,224 sqm coming on in 2024
- The vacancy rate for Melbourne rises again, but more modestly in Q2

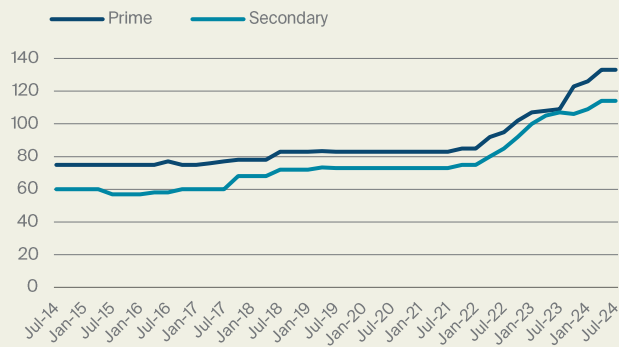
# North

## Demand

- Prime rents remained flat q/q but have increased the most y/y (22.0%), they currently sit at \$133/sqm
- Take up increased 68.6% after a weak Q1-2024, most of the leasing activity went to secondary stock
- Prime yields softened 12 bps from Q1 and sit at 5.75%, secondary yields remained flat q/q

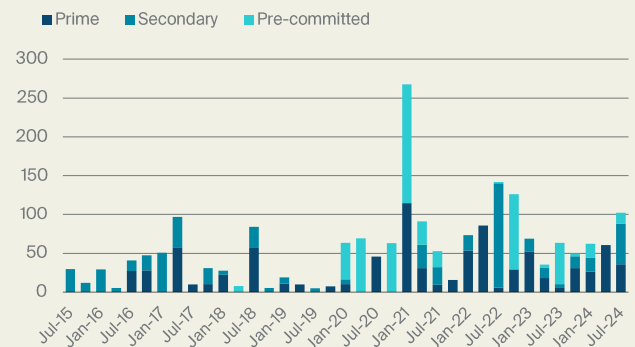
Prime Rents	Take-up	Prime Yields
\$133/sqm (+0% q/q)	102,164 sqm (+68.6% q/q)	5.75% (-12 bps q/q)

**North industrial net face rents**  
by grade, \$/sqm



Source: Knight Frank Research

**North take-up**  
by grade and commitment type, 000's sqm



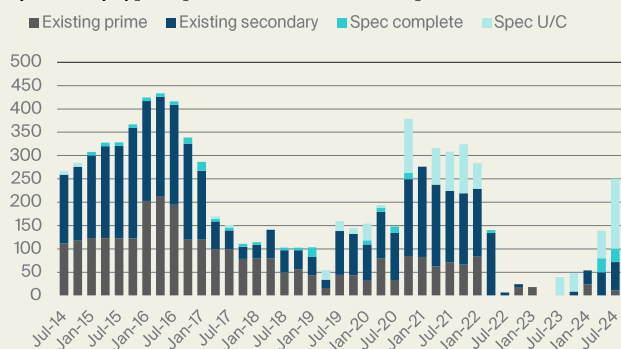
Source: Knight Frank Research

## Supply

- The North has the largest development pipeline of all industrial precincts for 2025 with 541,124 sqm of space expected to be delivered, a significant jump from the 169,478 sqm coming on in 2024
- The strength of the North's forthcoming supply has brought about an 80.6% rise in vacancy levels

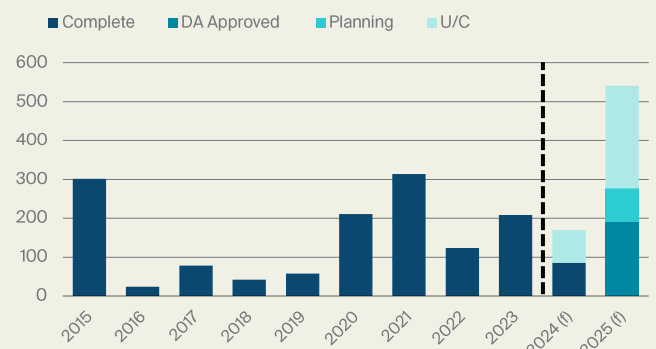
Vacancy levels	New Supply 2024	New Supply 2025
250,237 sqm (+80.6%)	169,478 sqm	541,124 sqm

**North industrial vacancy levels**  
by vacancy type, sqm; warehouses >5,000 sqm



Source: Knight Frank Research

**North industrial new supply**  
by development type, 000's sqm



Source: Knight Frank Research

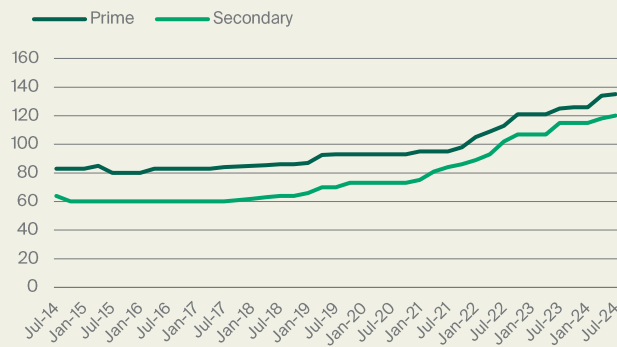
# Southeast

## Demand

- Prime rents rose marginally from Q1 (+0.7%) and now sit at \$135/sqm
- Take-up increased 22.4% from Q1 to 92,642 sqm – comfortably above the SE’s 10-year avg. of 65,572 sqm
- Prime yields remained flat q/q in the SE at 5.50%

Prime Rents	Take-up	Prime Yields
\$135/sqm (+0.7% q/q)	92,642 sqm (+22.4% q/q)	5.50% (+0.0% q/q)

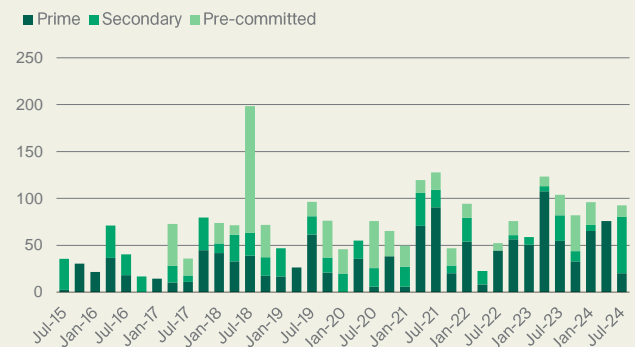
**Southeast industrial net face rents**  
by grade, \$/sqm



Source: Knight Frank Research

**Southeast take-up**

by grade and commitment type, 000's sqm



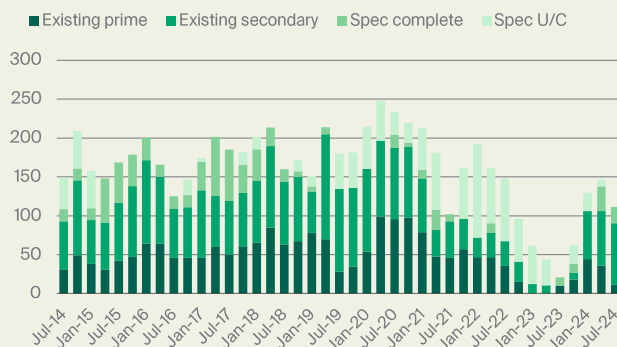
Source: Knight Frank Research

## Supply

- Vacancy levels in the SE remain far lower than in the West and North with only 111,326 sqm of stock available to lease as of Q2-2024, down 24.0% q/q.
- The pipeline remains strong, predominately in the outer SE, with 282,058 sqm of stock coming on in 2024

Vacancy levels	New Supply 2024	New Supply 2025
111,326 sqm (-24.0% q/q)	282,058 sqm	320,421 sqm

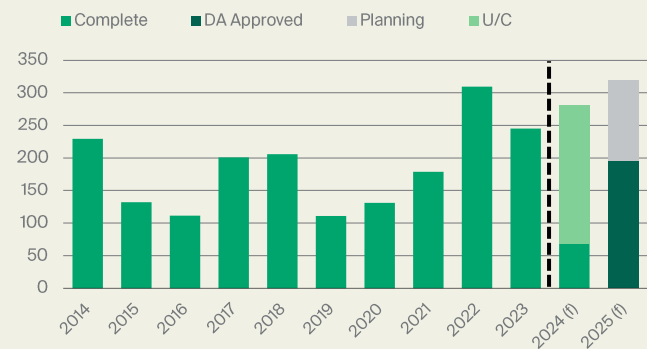
**Southeast industrial vacancy levels**  
by vacancy type, 000's sqm; warehouses > 5,000 sqm



Source: Knight Frank Research

**Southeast industrial new supply**

by development type, 000's sqm



Source: Knight Frank Research



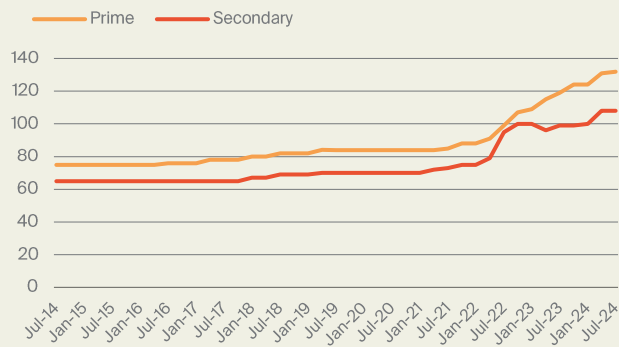
# West

## Demand

- Prime rents rose marginally from Q1 (+0.8%) and now sit at \$132/sqm - slightly lower than the SE and North
- Take up more than doubled (120.0%) after an unusually low Q1-2024 mainly caused by prospective tenants taking longer to finalise leases due to increased vacancy and hence choice

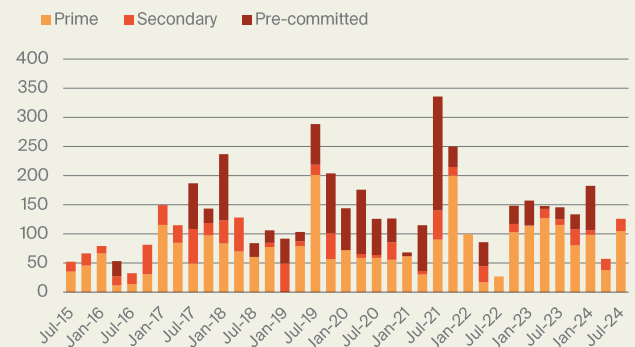
Prime Rents	Take-up	Prime Yields
\$132/sqm (+0.8% q/q)	125,887 sqm (+120.0% q/q)	5.75% (-12 bps q/q)

**West industrial net face rents**  
by grade, \$/sqm



Source: Knight Frank Research

**West take-up**  
by grade and commitment type, 000's sqm



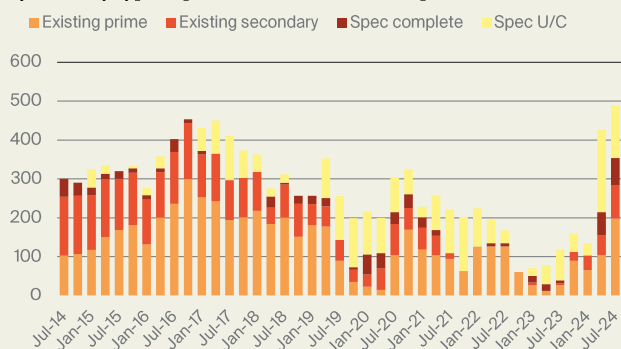
Source: Knight Frank Research

## Supply

- The West accounts for 61.2% of new supply delivered in 2024, by far the most of any precinct
- The large amount of new stock has pushed vacancy levels up 370,004 sqm y/y to 488,406 sqm as at Q2-2024
- The development pipeline will moderate somewhat in 2025 with 300,942 sqm of new stock to land next year

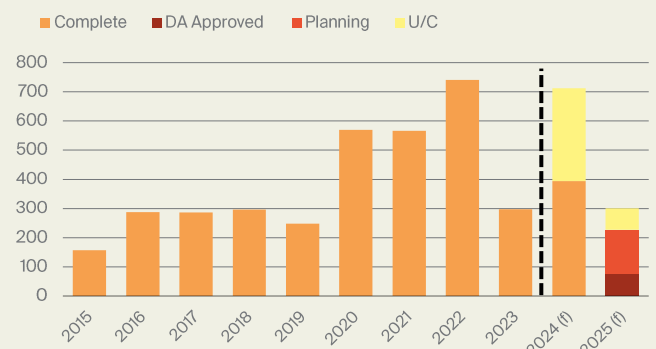
Vacancy levels	New Supply 2024	New Supply 2025
488,406 sqm (+14.4% q/q)	712,224 sqm	300,942 sqm

**West industrial vacancy levels**  
by vacancy type, sqm; warehouses > 5,000 sqm



Source: Knight Frank Research

**West industrial new supply**  
by development type, 000's sqm



Source: Knight Frank Research

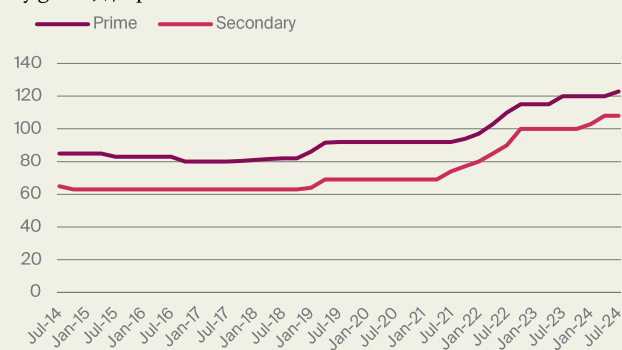
# East

## Demand

- Prime rents grew fastest in the East, up 2.5% q/q and now sit at \$123/sqm, still the lowest of all precincts
- Leasing activity was limited in Q2 with only three deals totalling 6,996 sqm recorded
- Prime yields remained flat at 5.50% in the East

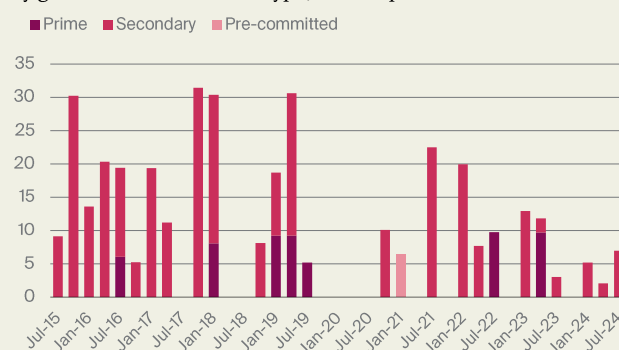
Prime Rents	Take-up	Prime Yields
\$123/sqm (+2.5% q/q)	6,996 sqm (+233.9% q/q)	5.75% (+0 bps q/q)

**East industrial net face rents**  
by grade, \$/sqm



Source: Knight Frank Research

**East take-up**  
by grade and commitment type, 000's sqm



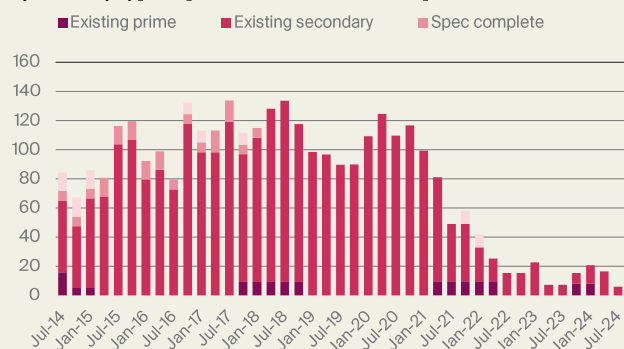
Source: Knight Frank Research

## Supply

- A new business park in Kilsyth is expected to land mid-2025 totalling 37,138 sqm
- There is no other developments scheduled for 2024 or 2025 as most of the East precinct is "built out"
- Vacancy levels fell 64.3% q/q to 5,947 sqm (one warehouse) but remain historically low

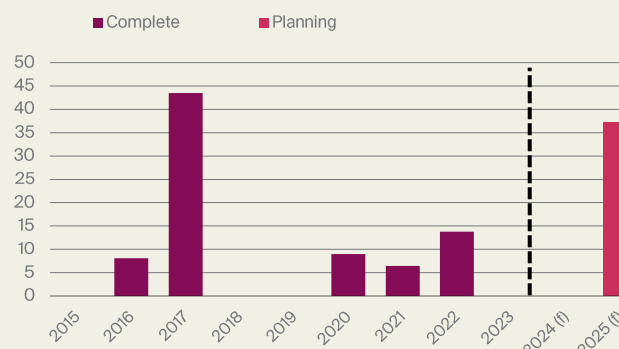
Vacancy levels	New Supply 2024	New Supply 2025
5,947 sqm (-64.3% q/q)	0 sqm	37,138 sqm

**East industrial vacancy levels**  
by vacancy type, sqm; warehouses > 5,000 sqm



Source: Knight Frank Research

**East industrial supply**  
by development type, 000's sqm

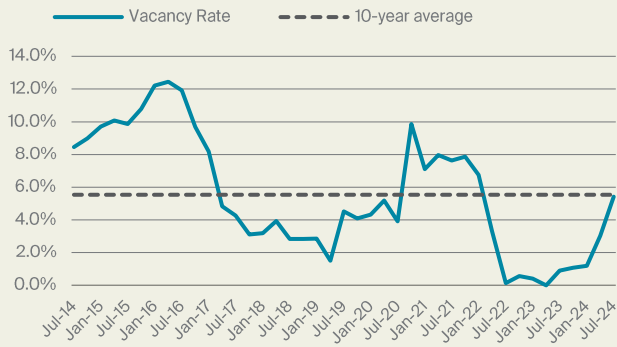


Source: Knight Frank Research

# Vacancy rates Q2 2024

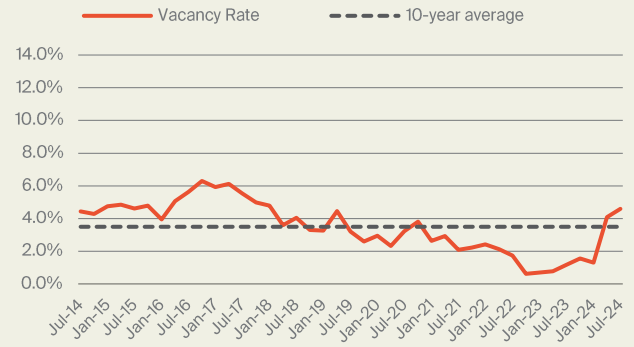
Melbourne	North	Southeast	West	East
2.8% (+0.2% q/q)	5.4% (+2.4% q/q)	1.0% (-0.4% q/q)	4.6% (+0.5% q/q)	0.2% (-0.4% q/q)

**North industrial vacancy rate**  
excl. warehouses <5,000 sqm and hardstand



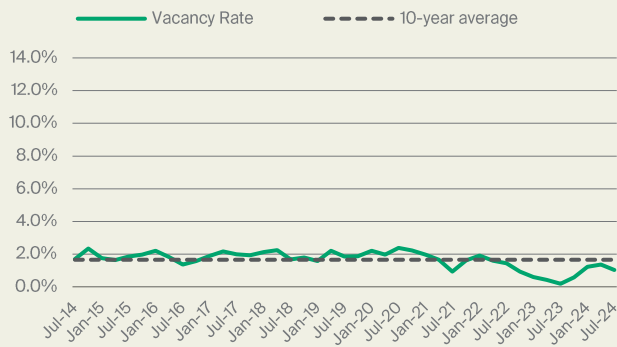
Source: Knight Frank Research

**West industrial vacancy rate**  
excl. warehouses <5,000 sqm and hardstand



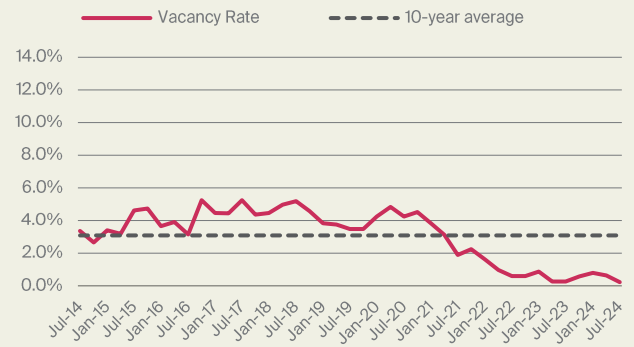
Source: Knight Frank Research

**Southeast industrial vacancy rate**  
excl. warehouses <5,000 sqm and hardstand



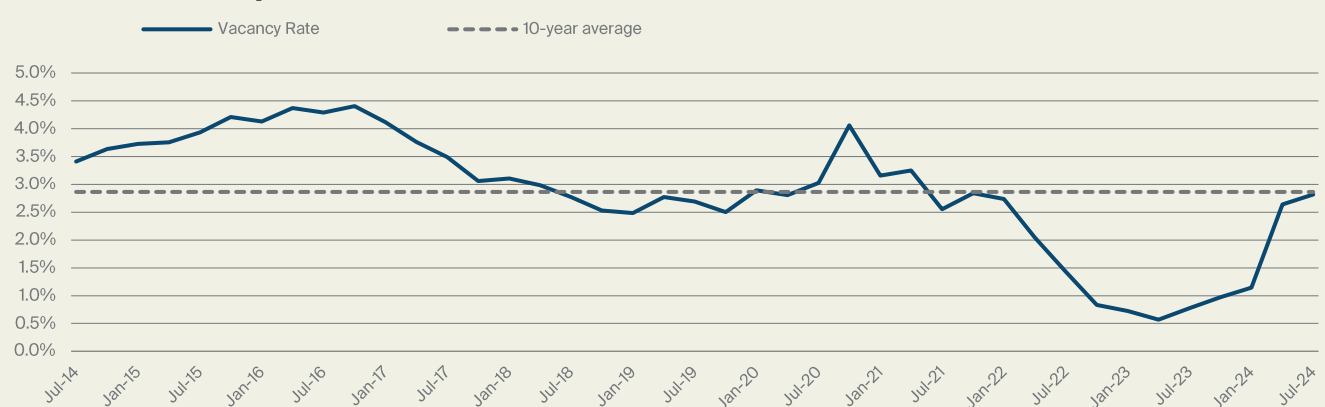
Source: Knight Frank Research

**East industrial vacancy rate**  
excl. warehouses <5,000 sqm and hardstand



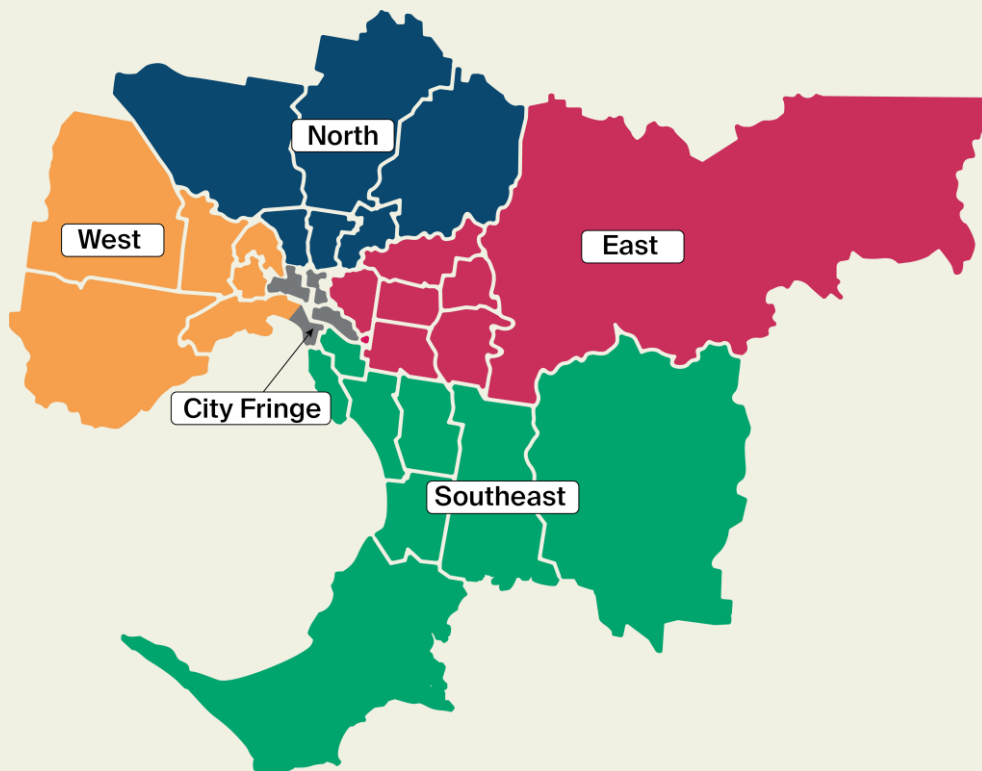
Source: Knight Frank Research

**Melbourne industrial vacancy rate**  
excl. warehouses <5,000 sqm and hardstand



Source: Knight Frank Research

# Industrial precincts of Melbourne



We like questions, if you've got one about our research, or would like some property advice, we would like to hear from you



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