

# Brisbane Industrial Precincts



October 2024

This report provides a precinct-by-precinct quarterly update of the Brisbane industrial market

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# Investment

Investment turnover has strengthened during Q3 as institutional buyers regain momentum and greater certainty around interest rates emerges.

**5.78%**  
Super prime yield tightened 5bps in Q3; +18bps y/y

**6.16%**  
Prime yield; down 5bps q/q; -10bps y/y

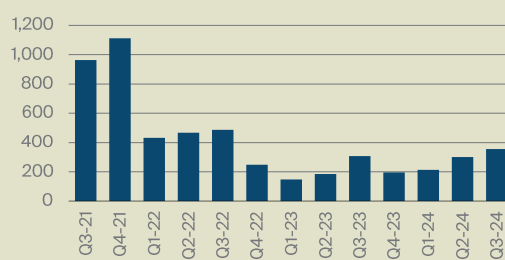
**7.04%**  
Secondary yield; down 18bps q/q; stable y/y

## KEY TRENDS

- Industrial turnover of \$356 million (sales \$10m+) was recorded in Q3, a c\$55m uplift from Q2, as investment volumes continue to recover from the lows of 2023.
- The quarter saw the first single asset sale above \$200 million for five years for the region. Technically on the Gold Coast, the sale Logos' multi-tenanted facility in Arundel settled for \$200 million to a private investor at 5.53%.
- Thus, super prime yields remain largely untested, but the weight of capital seeking Brisbane industrial indicates slight firming to 5.78%.
- Greater interest rate certainty and a lift in transaction activity and buyer interest has resulted in slight prime yield firming to 6.16%.
- Secondary yields tightened during the quarter, returning to levels of a year ago, with the underlying land values and ongoing rental growth supporting the market.

## Brisbane Sales Volume

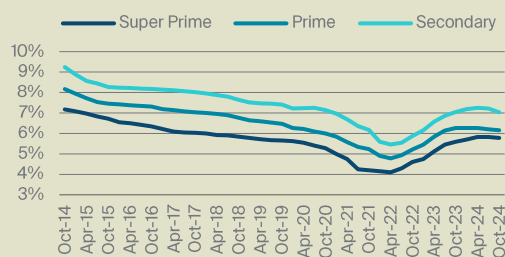
Quarterly, \$ million (sales \$10m+)



Source: Knight Frank Research, RCA

## Brisbane Industrial Yields

% core market yield



Source: Knight Frank Research

| Precinct      | Property                        | Price \$M | Size sqm | \$/sqm | Site sqm | Purchaser        | Vendor      | Core Market Yield % | WALE |
|---------------|---------------------------------|-----------|----------|--------|----------|------------------|-------------|---------------------|------|
| Gold Coast    | 12 Distribution Court, Arundel* | 200.0     | 59,218   | 3,377  | 125,075  | Private Investor | Logos       | 5.53%               | 6.1  |
| Greater North | Saltwater Circuit, Narangba     | 77.0      | 34,189   | 2,252  | 93,975   | Irongate         | ISPT        | 6.54%               | 4.73 |
| Greater North | 250 South Pine Road, Brendale   | 63.8      | 31,738   | 2,010  | 97,110   | Irongate         | ISPT        | 6.72%               | 5.52 |
| South         | 92 Sandstone Pl, Parkinson      | 32.0      | 13,738   | 2,329  | 24,900   | Fife Capital     | Ashe Morgan | VP                  | VP   |

\* Technically outside of the Brisbane market area but of note due to scale

# Vacancy & Tenant Demand

Vacancy has steadily increased from recent lows, largely due to continued speculative development starts. Leasing activity dropped slightly in Q3.

**701k**  
SQM total vacancy Q3-24, up 11% q/q and more than doubled y/y

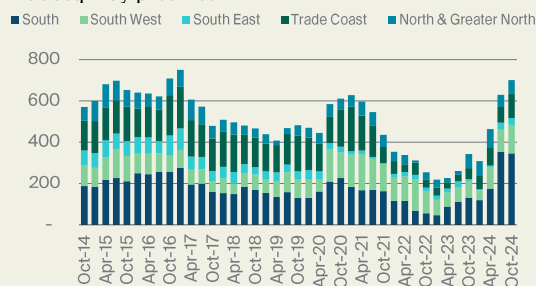
**46%**  
Of current availability is due to speculative construction

**760k**  
Sqm RTM leasing take-up 10% lower in y/y

## KEY TRENDS

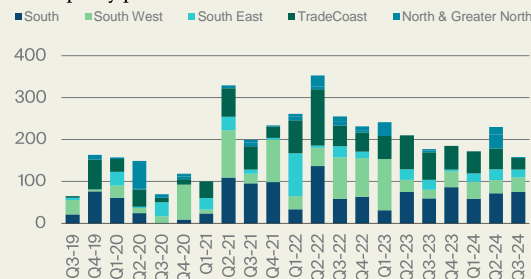
- Vacancy has continued to increase from the critical lows of early 2023 to currently sit at 701,455sqm, up by 11% in the quarter, now at the highest level since Q4 2016.
- Speculative space comprises 46% of total vacancy, almost double the amount over year. There was significant speculative development starts of 93,103sqm in Q3.
- Analysing newly vacant space to date in 2024, 42% was due to tenants relocating into newly built space. A further 37% is speculative development with only 11% due to any contraction or relocation out of the market.
- Leasing activity in Q3 was 23% lower than Q2 at 178,330 sqm, continuing to reflect the gradual slowing of tenant activity through the year. Annual take-up sits at 765,169 sqm, 8% below the five-year average.

**Brisbane Industrial Vacancy**  
'000sqm by precinct



Source: Knight Frank Research

**Brisbane leasing take-up**  
'000sqm by precinct



Source: Knight Frank Research

## BRISBANE AVAILABLE SPACE 3,000SQM+ Q3-2024

| Precinct            | Available Space | Quarter Change | Annual Change   |
|---------------------|-----------------|----------------|-----------------|
| Trade Coast         | 117,345         | +40,686        | +65,579         |
| North & Greater Nth | 67,224          | +9,036         | -1,831          |
| South               | 346,091         | -8,244         | +213,562        |
| South West          | 137,795         | +30,790        | +58,220         |
| South East          | 33,000          | -              | +22,797         |
| <b>Total</b>        | <b>701,455</b>  | <b>+72,268</b> | <b>+358,327</b> |

## RECENT MAJOR TENANT COMMITMENTS

| Tenant         | Precinct      | Area   | Net Rent \$/sqm |
|----------------|---------------|--------|-----------------|
| LFF            | Trade Coast   | 4,562  | 175             |
| Sumitomo       | South         | 9,840  | 135             |
| Rapidline      | Greater North | 10,700 | 170             |
| Matsuta Bros   | South West    | 4,371  | 145             |
| Australia Post | Greater North | 4,225  | 171             |
| Carbatec       | Trade Coast   | 3,825  | 190             |

# South

Vacancy down slightly in Q3 despite new speculative construction still flowing into the precinct

**292k**  
Sqm RTM leasing take-up, with strong Q3 activity

**-2%**  
Vacancy fell q/q to 346,091sqm

**6.0%**  
Y/Y prime face rental growth to \$158/sqm net

**239k**  
Sqm new supply in 2024, up 17% from 2023 supply

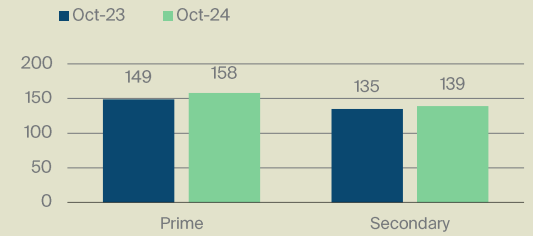
**13%**  
Prime Incentives increased by 250bps q/q

**6.1%**  
Prime yields sharpened by 15bps in Q3

## KEY TRENDS

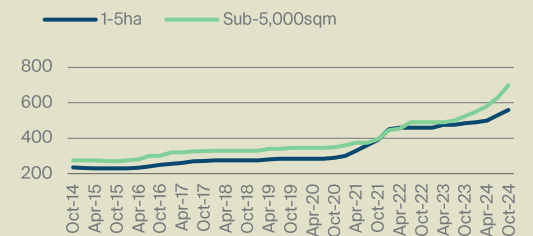
- Despite high take-up in Q3, total vacancy only fell by 2% to 346,091sqm as leasing activity was mostly offset with the addition of 55,532sqm of vacancy, including the commencement of a new 45,642sqm speculative build at Willawong by Stockland.
- Prime rents were stable in Q3 at \$158/sqm net, but remain up 6.0% y/y, with secondary rents rising marginally to \$139/sqm net (+3.0% y/y). Reducing availability of sites and ongoing owner occupier and small unit development demand has continued to push land values higher. Sites 1-5ha have lifted 15.5% y/y to \$560/sqm while smaller lots (sub-5,000sqm) now average \$700/sqm, a 33% uplift y/y.
- Leasing take-up was 75,024sqm in Q3, making the South precinct the most active in the quarter. Major deals included a short-term sub-lease over 55,433sqm Heathwood, as well as 9,840sqm of existing prime warehouse leased in Berrinba.
- Prime yields sharpened 15bps in the quarter, now 20bps lower y/y. The largest sale in Q3 was the 13,738sqm vacant warehouse at 92 Sandstone Pl, Parkinson, purchased for \$32 million (\$2,329/sqm).

**South Rents**  
\$/sqm net face



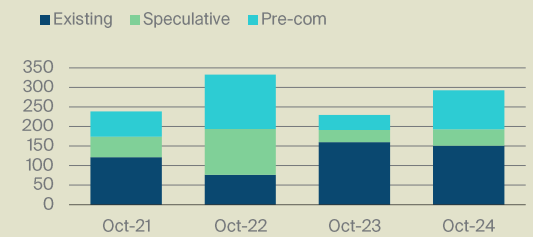
Source: Knight Frank Research

**South Land Values**  
\$/sqm site



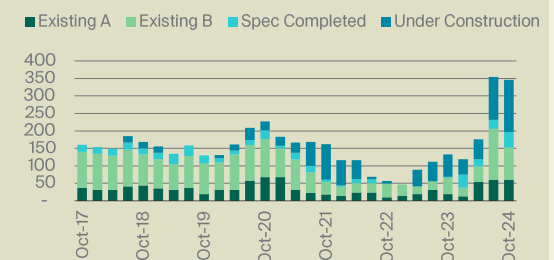
Source: Knight Frank Research

**South Leasing Take-up**  
'000sqm by type, RTM



Source: Knight Frank Research

**South Vacancy**  
'000sqm available space by type



Source: Knight Frank Research

# South West

Vacancy risk continues to increase in the precinct

**143k**  
Sqm RTM leasing take-up, down 46% y/y

**29%**  
Increase in vacancy q/q to 137,795sqm

**6.7%**  
Y/Y prime face rental growth to \$159/sqm net

**193k**  
Sqm new supply in 2024.

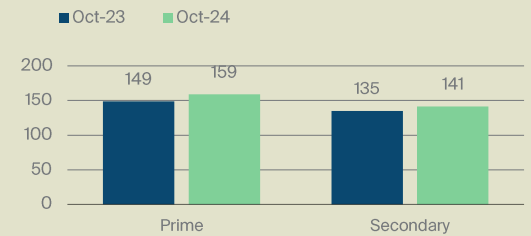
**12%**  
Incentives increased by 100 bps in Q3.

**6.4%**  
Prime yield softened in Q3, up 5 bps y/y

## KEY TRENDS

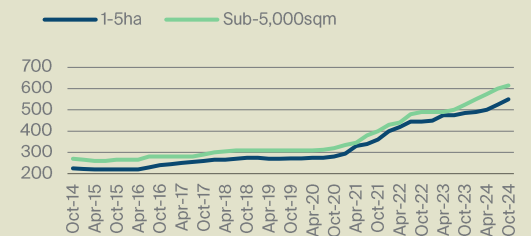
- Vacancy rose by 29% to 137,795sqm in Q3. The major prime addition was the construction start of 31,937sqm at the ISPT/Aliro speculative development at 55 Barracks Road, Wacol. Existing prime vacancy (23,292sqm) and completed speculative vacancy (22,114sqm) were unchanged in the quarter. Secondary vacancy fell 2% to 60,452sqm.
- After a sharp rise in Q2, average prime and secondary rents fell slightly in Q3 to \$159/sqm (-0.6%) and \$141/sqm (-0.5%) but remain higher by 6.7% y/y and 4.7% y/y respectively.
- Leasing take-up was 35,373sqm in Q3, a lift from Q2, however, the RTM take-up remains 46% lower than that of a year ago.
- Land values continued to show some growth in the quarter with sub-5,000sqm +17.1% y/y and sites 1-5ha up 13.4% y/y.
- Prime yields softened by 10bps in Q3 reflecting a weaker rental growth outlook, softer 5bps y/y. Secondary yields sharpened by 13bps in Q3, remaining stable y/y as land value appreciation continues to impact values. The largest sale was 616 Boundary Rd, Richlands at \$26.75 million, reflecting 6.67% core market yield.

**South West Rents**  
\$/sqm net face



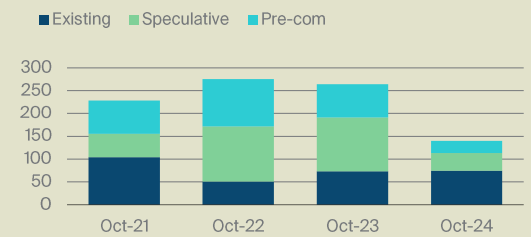
Source: Knight Frank Research

**South West Land Values**  
\$/sqm site



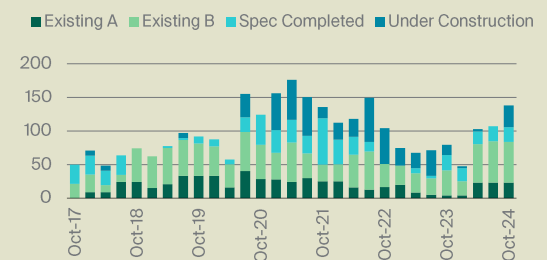
Source: Knight Frank Research

**South West Leasing Take-up**  
'000sqm by type, RTM



Source: Knight Frank Research

**South West Vacancy**  
'000sqm available space by type



Source: Knight Frank Research

# South East

Strong owner occupier activity and limited sub 5,000sqm vacancy is keeping the market tight

**68k**  
Sqm RTM leasing take-up, up 7% from prior year

**33k**  
Vacancy steady q/q, up 22k for the year

**9.6%**  
Y/Y prime face rental growth to \$160/sqm net

**64k**  
Sqm of new supply in 2024; half of 2023 levels

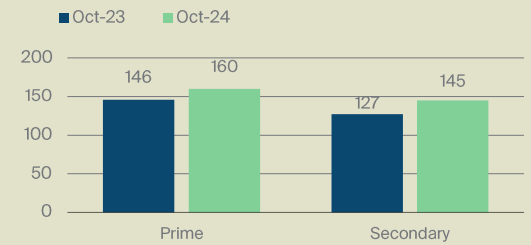
**12%**  
Incentives stable in Q3.

**6.2%**  
Prime yield down 3bps in Q3, down 13bps y/y

## KEY TRENDS

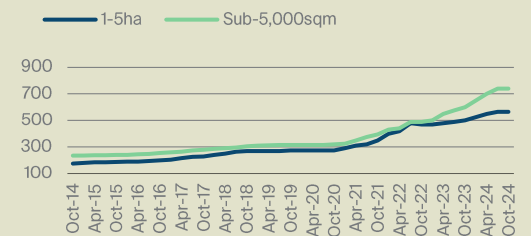
- Vacancy was unchanged in Q3 as the South-East remains tight. All the current vacancy 3,000sqm+ is sublease space in prime buildings. The largest being the brand new, 25,000sqm, Goodyear facility in Stapylton .
- RTM leasing take-up was 7% higher than a year ago at 68,461sqm. This was supported by existing and pre-commitment activity, with minimal levels of speculative availability.
- Prime rents grew marginally in Q3 to \$160/sqm (up 9.6% y/y) with South East rents now higher than the South or South West. Secondary rents grew to \$145/sqm in Q3, up 14.2% y/y.
- Land values were stable in Q3 but remain significantly higher over the past three years. Values for sub-5,000sqm lots and sites 1-5ha are up 23.3% and 13% y/y respectively.
- Both Prime (6.2%) and Secondary (7.1%) yields tightened in the quarter. Prime yields are lower 13bps y/y, while secondary yields were stable y/y. A significant transaction was 19 Enterprise St, a 5.6ha industrial and logistics site, which sold for \$31.16 million.

**South East Rents**  
\$/sqm net face



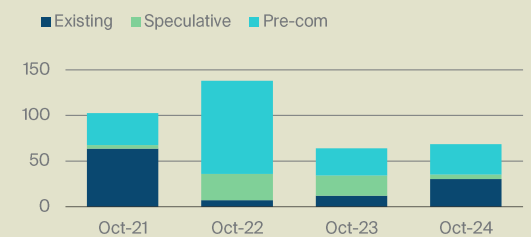
Source: Knight Frank Research

**South East Land Values**  
\$/sqm site



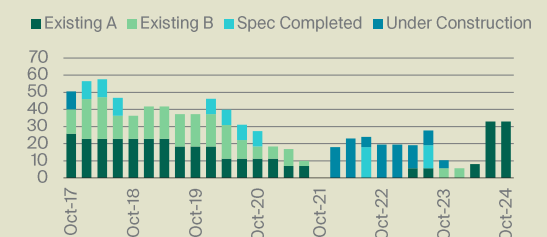
Source: Knight Frank Research

**South East Leasing Take-up**  
'000sqm by type, RTM



Source: Knight Frank Research

**South East Vacancy**  
'000sqm available space



Source: Knight Frank Research

# Trade Coast

Vacancy increases have yet to dampen rental growth in the precinct

**186k**  
Sqm RTM leasing take-up, down 19% y/y

**41k**  
Vacancy up q/q to 117,345sqm.

**9.2%**  
Y/Y prime face rental growth to \$194/sqm net

**199k**  
Sqm new supply in 2024; up 2% from 2023 Supply

**10%**  
Prime incentives stable in Q3

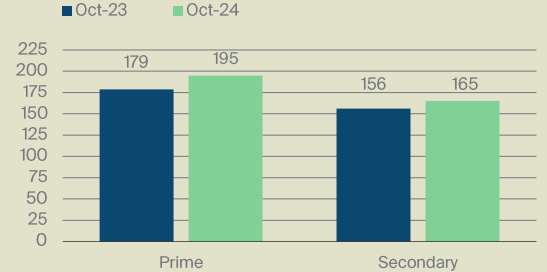
**5.9%**  
Prime yield down 5bps in Q3, down 10 bps y/y

## KEY TRENDS

- Total vacancy increased by 53% in Q3 to a total of 117,345sqm. Prime vacancy lifted to 48,411sqm in the quarter spread evenly between existing A grade assets and speculative space under construction, there is no completed spec space available. Secondary vacancy is now 68,943sqm with the Laminex backfill at 206 Queensport Rd, Murarrie the largest addition in Q3.
- Take-up for Q3 was 27,172sqm, lower than Q2 with transactions limited to smaller assets and no major new pre-commitments. The RTM take-up is 184,139sqm also down on the levels of a year ago.
- Prime net rents increased in Q3 by 3.7% and are up 9.2% y/y. After softening at the start of 2024, secondary net rents have again lifted, up by 1.9% q/q to \$165/sqm and up by 5.8% y/y.
- Land value growth remains significant with sub-5,000sqm sites up 25.7% y/y and 1-5ha sites up 17.4% y/y to \$880/sqm and \$775/sqm respectively. Freehold undeveloped land remains scarce.
- Prime yields are down 5bps in Q3, to 5.9%, with secondary tightening by 30 bps q/q due to underlying land value.

## TradeCoast Rents

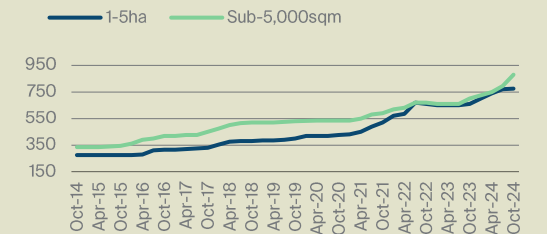
\$/sqm net face



Source: Knight Frank Research

## TradeCoast Land Values

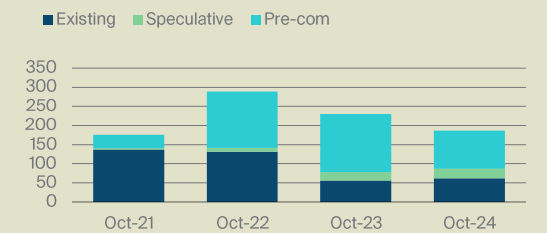
\$/sqm site



Source: Knight Frank Research

## TradeCoast Leasing Take-up

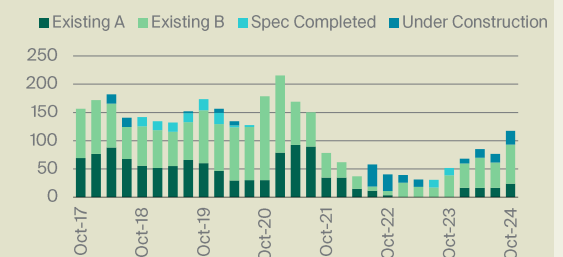
'000sqm by type, RTM



Source: Knight Frank Research

## Trade Coast Vacancy

'000sqm available space by type



Source: Knight Frank Research

# North & Greater North

Pre-commitments and institutional investor interest is lifting the Greater North

**69k**

Sqm RTM leasing take-up, 27% up y/y

**16%**

Increase in vacancy q/q to 67,224sqm

**3.2%**

Y/Y prime face rental growth to \$163/sqm net

**54k**

Sqm new supply in 2024; up 14% from 2023

**11%**

Incentives lifted in Q3 but remain down y/y

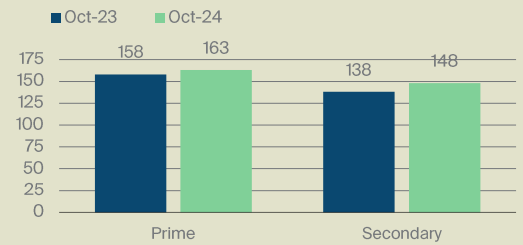
**6.2%**

Prime yield down 13bps in Q3 both q/q and y/y

## KEY TRENDS

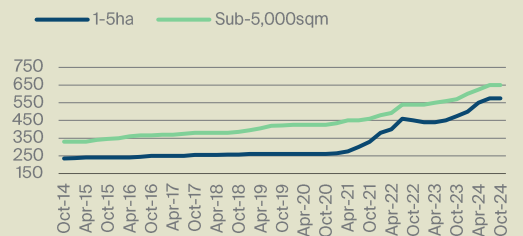
- Vacancy in the northern precincts increased by 16% in Q3 to a total of 67,224sqm mostly of speculative builds under construction.
- Annual RTM take up was up 27% from the previous year in Q3. Recent deals included 10,700sqm warehouse pre-commitment at 31 Johnstone Rd, Brendale as well as the leasing of a 4,225sqm existing property at 7-11 Mineral Sizer Ct, Narangba.
- Prime rents increased slightly in Q3 to \$163/sqm remaining up 3.2% y/y. Secondary rents experienced steady growth this quarter to \$148/sqm, up 7.2% y/y.
- Land value appreciation remains strong in the northern precincts with lots under 5,000sqm up 14% y/y to \$650/sqm and 1-5ha lots average \$575/sqm, up by 21.1% over the year.
- Prime yields sharpened during Q3 to 6.2%. The significant transaction was the portfolio purchased by Irongate from ISPT which included 250 South Pine Rd, Brendale - \$63.8 million at 6.72% core market yield and Interchange Estate sale at Saltwater Cct, Narangba - \$77 million, reflecting a core market yield of 6.54%.

North & Greater North Rents  
\$/sqm net face



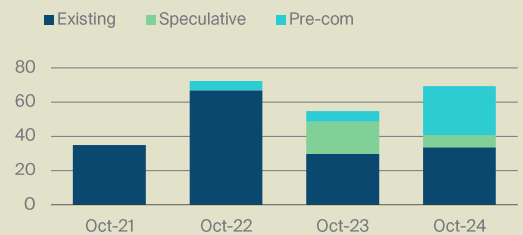
Source: Knight Frank Research

North & Greater North Land Values  
\$/sqm site



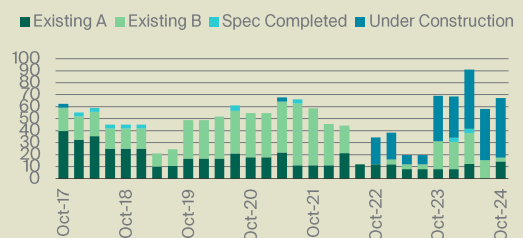
Source: Knight Frank Research

North Leasing Take-up  
'000sqm by type, RTM



Source: Knight Frank Research

North & Greater North Vacancy  
'000sqm available space by type



Source: Knight Frank Research



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## Data Digest

**Prime Grade:** Asset with modern design, good condition & utility with an office component 10-30%. Located in an established industrial precinct with good access.

**Secondary Grade:** Asset with an older design, in reasonable/poor condition, inferior to prime stock, with an office component between 10-20%.

**Take-up:** For the purposes of this vacancy report take-up represents only the absorption of existing assets or speculative developments, it excludes pre-commitments or D&C agreements.

**Vacancy Methodology:**

This analysis collects and tabulates data detailing vacancies (3,000m<sup>2</sup>+) within industrial properties across all of the Brisbane Industrial Property Market. The buildings are categorised into 1) Existing Buildings – existing buildings for lease. 2) Speculative Buildings – buildings for lease which have been speculatively constructed and although have reached practical completion, still remain vacant. 3) Spec. Under Construction – buildings for lease which are being speculatively constructed and will be available for occupation within 12 months.

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



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## Recent Research



Brisbane CBD Office Market  
April 2024



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Q2 2024



Brisbane Fringe Office Market  
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Queensland Population Growth  
update Jul 2024



Australian Horizon Report  
2024



The Wealth Report  
2023



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