

BRISBANE INDUSTRIAL VACANCY APRIL 2018

Vacancy fall driven by improvement in the secondary market, dominating take-up

- Total vacant space reduced by 3.3% over the quarter, and down by 18.9% over the past 12 months, as tenant demand continues to show steady improvement. The reduction in vacancy over Q1 2018 was largely driven by the secondary market (down 15.7%) with prime recording an increase of 10.5%.
- The quarter was relatively quiet with below-average take-up of 55,903sqm (82% of which was in secondary space) outweighing new additions to available space of 38,012sqm. New additions were 90% prime space, a major factor behind the increase in prime vacancy over the quarter.
- A 16,218sqm new speculative construction start at Lytton resulted in speculative available space increasing by 15% over the quarter to 79,673sqm (55,785sqm completed and a further 23,888sqm under construction). With take-up of speculative stock totalling 53,128sqm over the past year, speculative available space is 17.5% lower over the period.
- Trade Coast vacancy increased, and remains higher than the South, as the fortunes of these precincts have recently changed. Logistics, the most active sector, has favoured cost effective space in the South. Together, the Trade Coast and the South account for 67% of Brisbane's total vacancy.
- There are only three secondary tenancies of 10,000sqm + available, with larger users increasingly restricted to prime options.

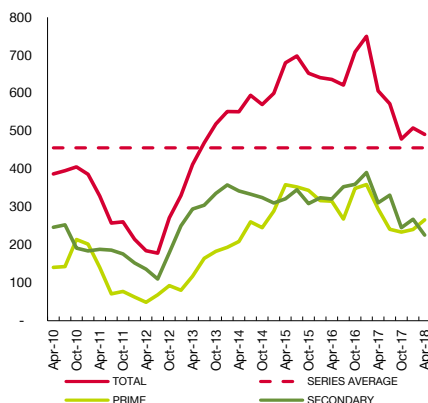


JENNELLE WILSON
Senior Director

TABLE 1
Brisbane Industrial Available Space 3,000sqm+ as at April 2018

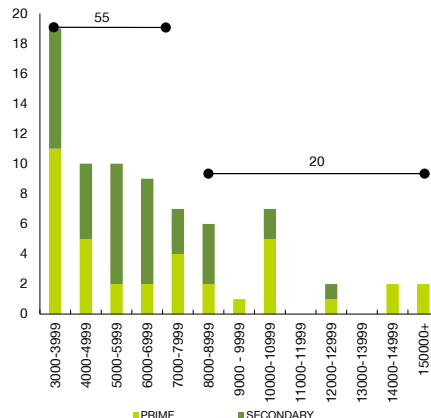
Precinct	Available Space sqm	No. of Buildings	Av Asking Rent \$/sqm net	Change Past Qtr (sqm)	Change Past Year (sqm)	Building Quality Prime %	Building Quality Secondary %
Trade Coast	181,979	27	114	10,110	4,878	57	43
North	27,761	7	107	6,953	-29,789	38	62
Greater North	31,092	6	109	-3,167	-9,812	90	10
South	149,659	23	102	-4,401	-45,395	34	66
South West	48,567	6	106	-22,362	-23,047	78	22
South East	52,486	6	100	-4,043	-11,574	63	37
Total	491,544	75	107	-16,910	-114,739	54	46

FIGURE 1
April 2018 Available Space
'000sqm prime versus secondary space



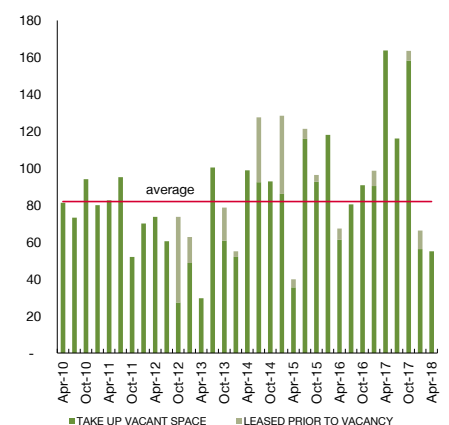
Source: Knight Frank Research

FIGURE 2
April 2018 Available Space
'000sqm prime versus secondary space



Source: Knight Frank Research

FIGURE 3
Brisbane Industrial Take-up
'000sqm Est Take-up buildings (Excl D&C)

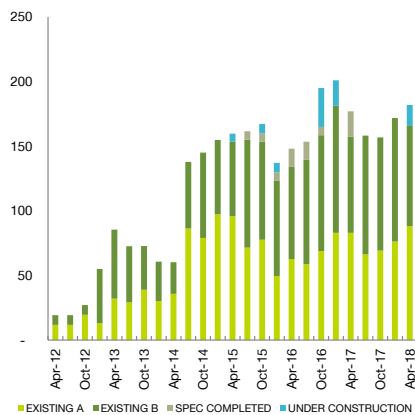


Source: Knight Frank Research

Trade Coast

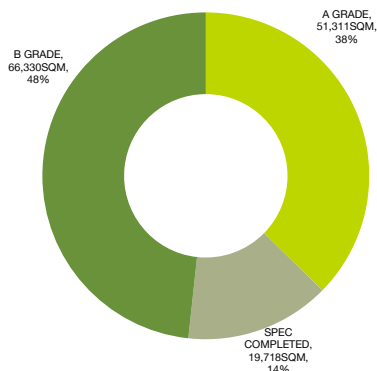
- Has overtaken the South as the precinct with the greatest amount of vacant space.
- Was one of only two precincts to record an increase in vacancy over the quarter.
- The major addition was the commencement of speculative construction of 16,218sqm by Goodman at 42 Export St, Lytton.

FIGURE 4
Trade Coast Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 5
Trade Coast Annual Take-up
12 months to April 2018

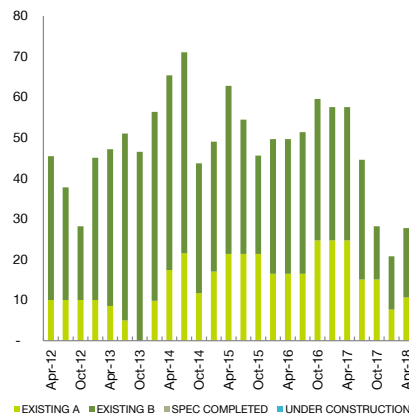


Source: Knight Frank Research

North

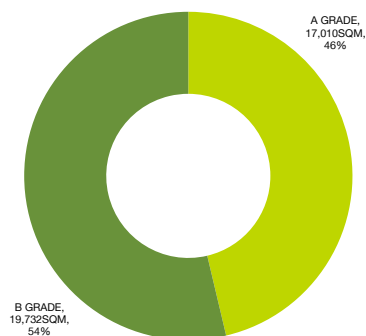
- Available space increased over the past quarter, but remains at historically low levels.
- The lack of available land in the precinct means that vacancy will continue to be dominated by existing space.
- Available stock in the North is limited to seven tenancies with an average size of 3,966sqm.

FIGURE 6
North Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 7
North Annual Take-up
12 months to April 2018

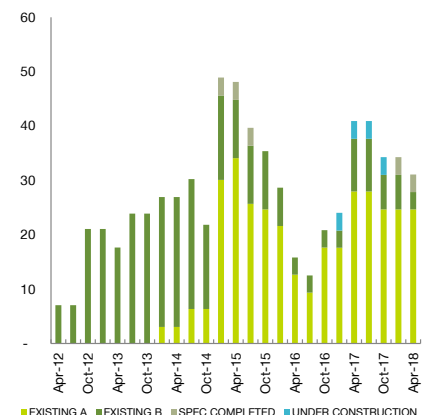


Source: Knight Frank Research

Greater North

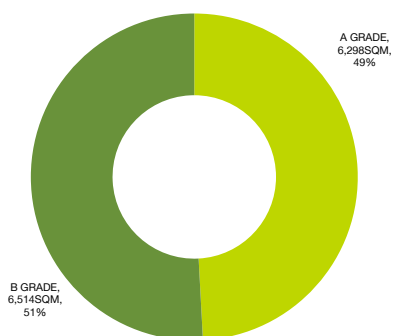
- Vacancy in Greater North has reduced by 9.2% over the past quarter and 24% over the year.
- As shown below, despite relatively high availability of prime space, the market take-up has been 51% secondary, reflecting the types of tenants active in the Greater North.
- Of the six vacant tenancies, only one has been available for less than 12 months.

FIGURE 8
Greater North Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 9
Greater North Annual Take-up
12 months to April 2018

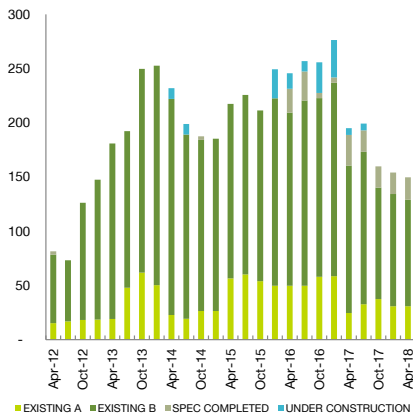


Source: Knight Frank Research

South

- The South was traditionally the precinct with the highest vacancy. However recent strong take-up, particularly of secondary stock, has seen the quantum of available space fall below the Trade Coast.
- Take-up of 5,384sqm at 268 Evans Rd, Salisbury was the only change to vacancy over the quarter with no new vacant space added.

FIGURE 10
South Available Space
'000sqm space by type

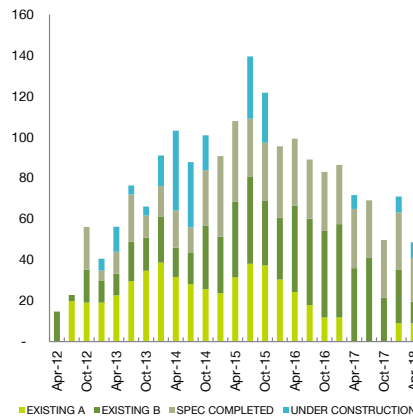


Source: Knight Frank Research

South West

- South West vacancy has fallen to five year lows with limited secondary stock available.
- 60% of available space is speculative stock with 21,405sqm of completed spec and a further 9,060sqm under construction.
- Largest deal was 15,562sqm leased by Quatius at 70 Fulcrum St, Richlands for \$90/sqm on a six year term.

FIGURE 12
South West Available Space
'000sqm space by type

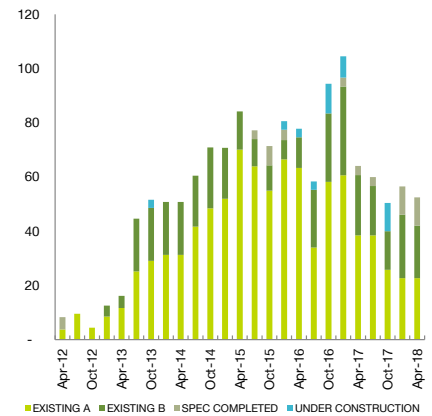


Source: Knight Frank Research

South East

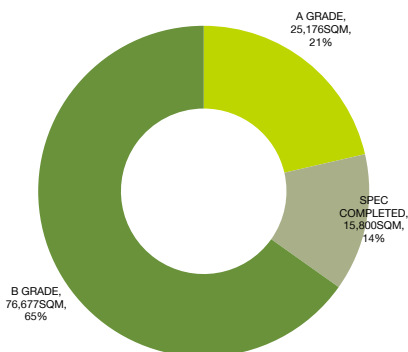
- The South East has continued to show steady recovery from the highs of early 2017 with a fall of 7.2% over the quarter.
- Recent activity in the precinct has been dominated by Wetfix taking the 14,000sqm backfill left by Baillieu at 64 Lahrs Rd, Ormeau.
- Recent speculative activity has been concentrated in the Rochedale Motorway Estate.

FIGURE 14
South East Available Space
'000sqm space by type



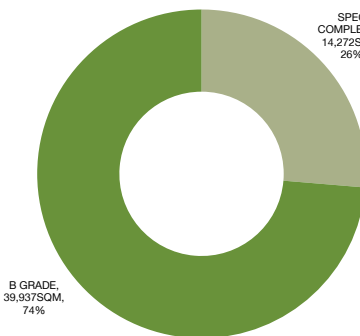
Source: Knight Frank Research

FIGURE 11
South Annual Take-up
12 months to April 2018



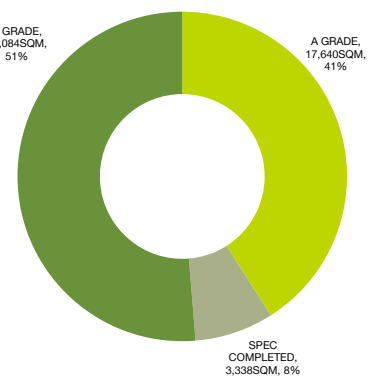
Source: Knight Frank Research

FIGURE 13
South West Annual Take-up
12 months to April 2018



Source: Knight Frank Research

FIGURE 15
South East Annual Take-up
12 months to April 2018



Source: Knight Frank Research

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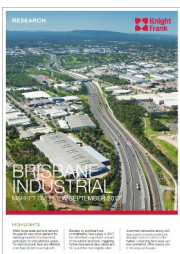
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Methodology:

This analysis collects and tabulates data detailing vacancies within industrial properties across all of the Brisbane 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 3,000sqm. 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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