

BRISBANE INDUSTRIAL VACANCY APRIL 2020

Vacancy falls by 5.3% in Q1 2020 with take-up prior to COVID-19 strong

- Vacant space fell by 5.3% over the quarter but remains 9.2% higher over the past year. The recent decrease keeps the vacancy 7% below the 10 year average. Prime vacancy decreased by 24% over the quarter and is 16% lower over the year with strong take-up of 89,113sqm, the vast majority within established prime assets. In contrast, B grade vacancy increased by 10% over the quarter and remains 31% higher over the past year as tenants have favoured prime stock.
- Across Brisbane take-up was at a 2.5 year high in Q1 at 115,560sqm, 40% above the long term average levels. Take up remains skewed towards prime space with 77% of the total with secondary take-up remaining slower. Activity was concentrated in the TradeCoast (39%) and South West (29%) with transport & logistics and retailing users dominant.
- Speculative development starts during the quarter totalled 8,500sqm across two smaller buildings in the South. There is currently 24,682sqm of speculative space under construction and a further 30,906sqm of completed speculative vacant space.
- For larger users there are only 11 tenancies of 10,000+ sqm available (compared with 14 at the start of the year). Prime large users have little choice, with only three prime vacancies of 11,000—13,000sqm. Despite the impact of COVID-19, this may continue to bring planned spec stock into development.



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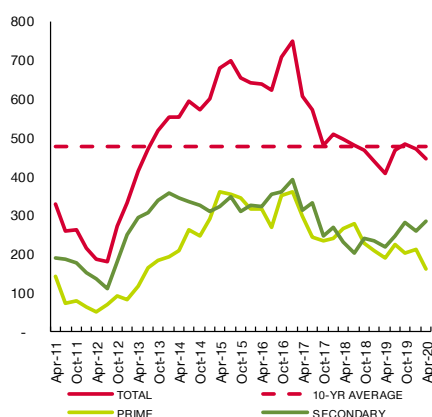
TABLE 1

Brisbane Industrial Available Space 3,000 sqm+ as at April 2020

Precinct	Available Space sqm	No. of Buildings	Av Asking Rent \$/sqm net	Change Past Qtr (sqm)	Change Past Year (sqm)	Building Quality Prime %	Secondary %
Trade Coast	134,379	18	117	-22,082	2,177	30	70
North	16,497	4	100	6,229	1,698	19	81
Greater North	35,142	7	107	-3,300	28,872	39	61
South	161,473	23	101	30,646	26,510	37	63
South West	57,689	7	101	-29,855	-19,907	41	59
South East	39,839	5	102	-6,433	-1,851	51	49
Total	445,019	64	106	-24,795	37,499	36	64

FIGURE 1

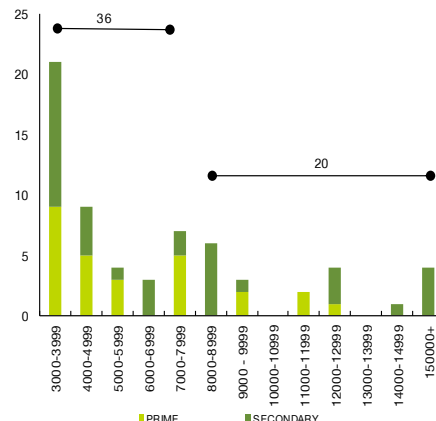
April 2020 Available Space '000 sqm prime versus secondary space



Source: Knight Frank Research

FIGURE 2

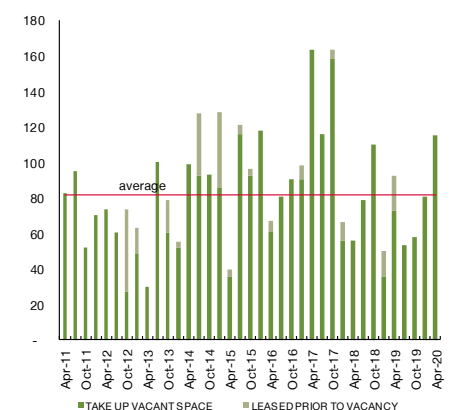
April 2020 Available Space # buildings available prime & secondary



Source: Knight Frank Research

FIGURE 3

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

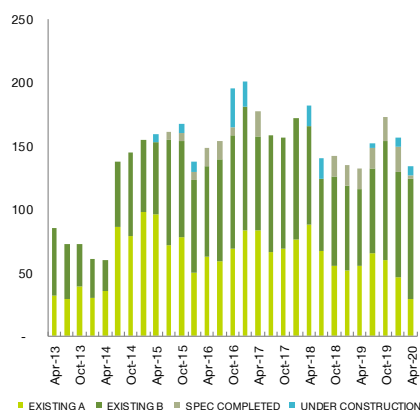


Source: Knight Frank Research

Trade Coast

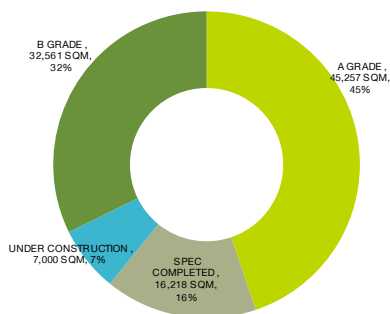
- Trade Coast vacancy fell by 14% (16,924sqm) in Q1 2020, with sustained falls over the past three quarters.
- Q1 take-up of 45,488sqm was 39% of Brisbane's total. Three large prime buildings were committed by Octeros, Boral and a major on-line retailer.
- The largest available prime building in the precinct is the 9,000sqm former Yusen space.

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 2020

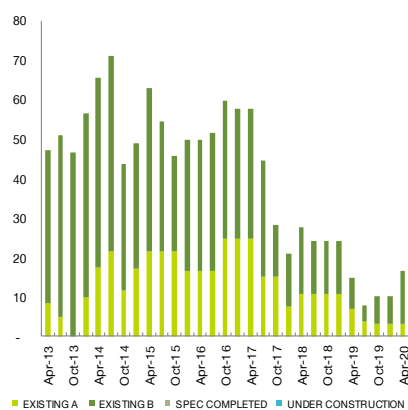


Source: Knight Frank Research

North

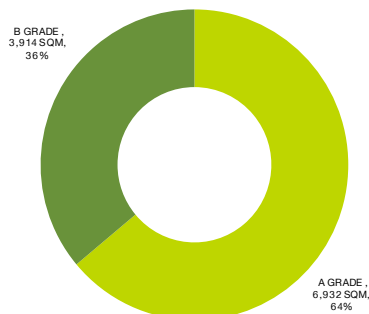
- Vacancy increased by 6,229sqm in the past quarter to be 6,497sqm, 11% higher than a year ago but still historically low.
- Prime available space remains minimal in the North with only one tenancy of 3,065sqm available.
- The change in vacancy came 931 Nudgee Rd, Northgate becoming vacant.

FIGURE 6
North Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 7
North Annual Take-up
12 months to April 2020

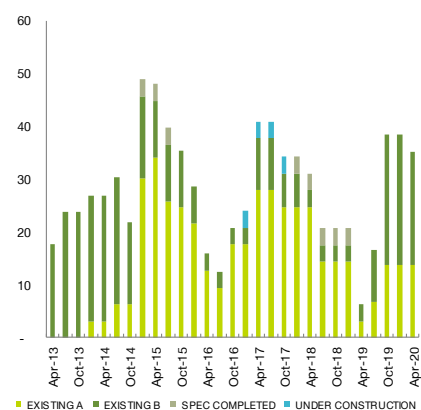


Source: Knight Frank Research

Greater North

- There was only a minor change to vacancy in the Greater North with 4 Terrence Rd, Brendale (3,300sqm) withdrawn as it is now configured as smaller storage spaces..
- The only significant vacancy in the precinct remains the 15,300sqm ex-Liquid Specialty Beverages building at 751 Gympie Rd, Lawnton.

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



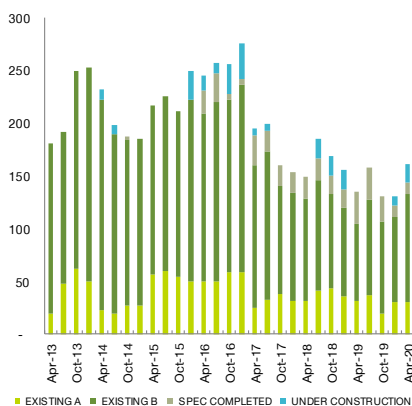
Source: Knight Frank Research

“Industrial demand, particularly for food and non-discretionary retail items, has held up well or even increased during COVID-19. However as the wider economic shut down plays out, an increase in vacancy is expected.”

South

- Vacancy increased by 23% in the quarter as nine, largely secondary, buildings became vacant covering 45,491sqm.
- Take-up of 14,845sqm was concentrated in secondary this quarter. In contrast, recent take-up has been largely in prime or speculative opportunities.
- There are four uncommitted spec buildings under construction totaling 17,362sqm.

FIGURE 10
South Available Space
'000sqm space by type

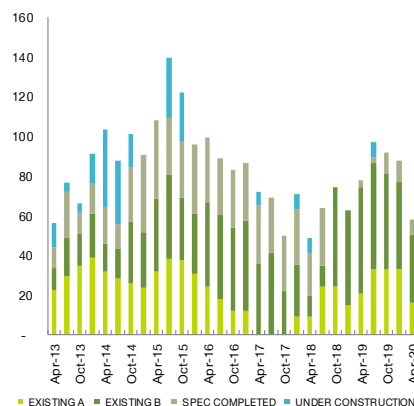


Source: Knight Frank Research

South West

- Vacancy dropped by 34% in the past quarter.
- Take-up was 33,832sqm in Q1 after a year of very low absorption.
- Leasing activity included the take-up of 30 Flint St, Darra which was a 15,016sqm sub-lease. Also Delta Panels leased 731 Boundary Rd, Richlands (9,884sqm).

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

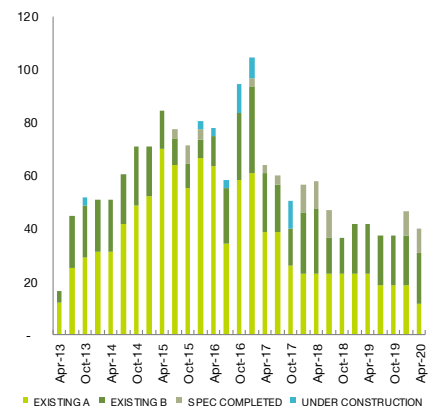


Source: Knight Frank Research

South East

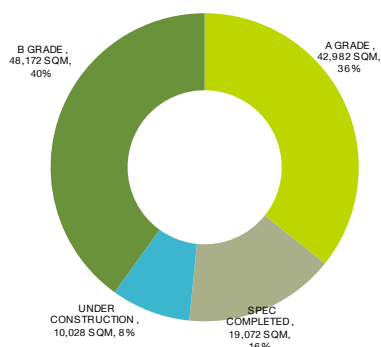
- The South East vacancy has decreased by 14% over the quarter. Take-up in 16 Quarry St to tenants including Gilders Transport (6,000sqm) was a major driver of this reduction.
- There is little prime vacancy in the precinct with 11,262sqm of existing prime stock and one completed speculative building of 9,020sqm available..

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



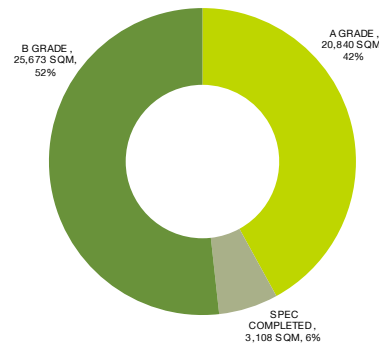
Source: Knight Frank Research

FIGURE 11
South Annual Take-up
12 months to April 2020



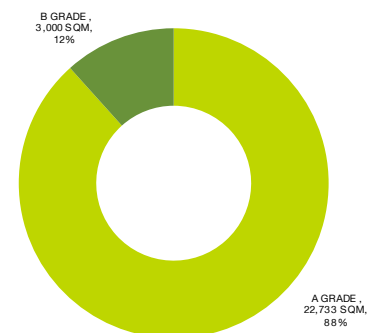
Source: Knight Frank Research

FIGURE 13
South West Annual Take-up
12 months to April 2020



Source: Knight Frank Research

FIGURE 15
South East Annual Take-up
12 months to April 2020



Source: Knight Frank Research

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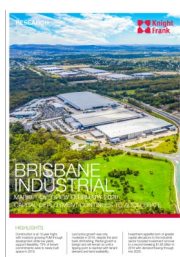
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Methodology:

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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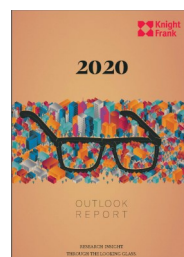
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