Vacancy increases by 2.8% in a lacklustre quarter

- Vacant space increased by 2.8% over the quarter and is 3.3% higher over the past year. While the recent increase has taken the market back above the 10-year average of 472,543 sqm there has been an element of stabilisation in the vacancy level over the past year. Prime vacancy fell by 23,741 sqm over the quarter and remains 12% lower than a year ago. In contrast, secondary vacancy increased by 36,647 sqm during Q3 and is 18% higher than a year ago, reflecting the flight to quality by tenants.

- Take-up was higher in Q3, compared to Q2, but remains below average levels as demand and leasing activity continues to be patchy. Take up of 57,714 sqm was dominated by prime space with 68% of the total from six assets. Fuelled by logistics users, the South was prominent with 60% of take-up.

- With the completion of the two projects under construction at Pinkenba and Carole Park there is currently no speculative space under construction across the Brisbane market, although expectations of further starts remains. Available, completed, speculative space currently totals 53,404 sqm across six projects. During the quarter 31 Kellar St, Berrinba was leased by Wings (17,880 sqm) however c11,000 sqm is now available for sub-lease in the building.

- For larger users there are 16 tenancies of 10,000 sqm available, with nine of these prime opportunities. Several of these larger prime options are understood to have current strong tenant interest.

### TABLE 1

<table>
<thead>
<tr>
<th>Precinct</th>
<th>Available Space sqm</th>
<th>No. of Buildings</th>
<th>Av Asking Rent $/sqm net</th>
<th>Change Past Qtr (sqm)</th>
<th>Change Past Year (sqm)</th>
<th>Building Quality Prime %</th>
<th>Building Quality Secondary %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Coast</td>
<td>173,263</td>
<td>22</td>
<td>117</td>
<td>21,113</td>
<td>31,550</td>
<td>46</td>
<td>54</td>
</tr>
<tr>
<td>North</td>
<td>10,268</td>
<td>3</td>
<td>100</td>
<td>2,415</td>
<td>-13,893</td>
<td>30</td>
<td>70</td>
</tr>
<tr>
<td>Greater North</td>
<td>38,442</td>
<td>8</td>
<td>104</td>
<td>21,930</td>
<td>17,681</td>
<td>36</td>
<td>64</td>
</tr>
<tr>
<td>South</td>
<td>130,348</td>
<td>14</td>
<td>102</td>
<td>-27,577</td>
<td>-38,382</td>
<td>32</td>
<td>68</td>
</tr>
<tr>
<td>South West</td>
<td>91,976</td>
<td>11</td>
<td>105</td>
<td>-4,975</td>
<td>17,584</td>
<td>48</td>
<td>52</td>
</tr>
<tr>
<td>South East</td>
<td>37,252</td>
<td>3</td>
<td>100</td>
<td>-</td>
<td>927</td>
<td>49</td>
<td>51</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>481,549</strong></td>
<td><strong>61</strong></td>
<td><strong>107</strong></td>
<td><strong>12,906</strong></td>
<td><strong>15,467</strong></td>
<td><strong>48</strong></td>
<td><strong>52</strong></td>
</tr>
</tbody>
</table>

### FIGURE 1

October 2019 Available Space
000 sqm prime versus secondary space

### FIGURE 2

October 2019 Available Space
# buildings available prime & secondary

### FIGURE 3

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

- Trade Coast vacancy increased by 21,113 sqm in Q3 and is now 30% higher than the recent low-point in Jan 19.
- Q2 take-up of 11,961 sqm was in line with recent quarters; resulting in annual take-up of 56,982 sqm.
- Major new vacancy arose from the relocation of Caroma to new spec built space and the contraction of Comfort Group.

North

- Available space increased slightly to 10,268sqm in Q3, but remains at extremely low levels.
- Take-up was 3,900 sqm within a larger building at Zillmere.
- Two new vacancies of 3,065sqm and 3,250 sqm were added during the quarter, however the precinct remains largely devoid of significant vacancy.

Greater North

- Vacancy in Greater North increased by 21,930 sqm in Q3, ending a period of limited vacancy in the precinct.
- The largest addition to vacancy was the 15,300 sqm ex-Liquid Specialty Beverages building at 751 Gympie Rd, Lawnton with the tenant upgrading from this secondary building to purpose built accommodation in near-by Narangba.
South

- Vacancy in the South decreased by 27,577 sqm during Q3. With a fall of 23% over the past year vacancy is at a seven year low.
- The South accounted for 60% of Brisbane’s total take-up in the quarter with transport/logistics tenants dominant.
- Available speculative space has fallen by 6,880 sqm to 23,192 sqm.

South West

- Vacancy fell by 4,975 sqm in Q3, but remains 24% higher over the past 12 months.
- Take-up over the past quarter was limited to secondary space within 278 Orchard Rd, Richlands.
- Available space is evenly split between prime and secondary accommodation. There is 10,574 sqm of speculative space available.

South East

- The South East market was unchanged over Q3 with no significant leasing take-up of existing or speculative stock and no new vacancies added.
- Demand for land and purpose-built facilities has remained strong in the South East, largely for fabrication users. To date the area has not attracted the same level of logistics demand as the South.
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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