

BRISBANE INDUSTRIAL VACANCY OCTOBER 2019

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.

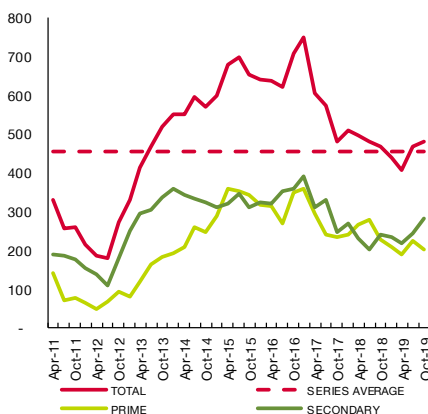


JENNELLE WILSON
Partner

TABLE 1
Brisbane Industrial Available Space 3,000 sqm+ as at October 2019

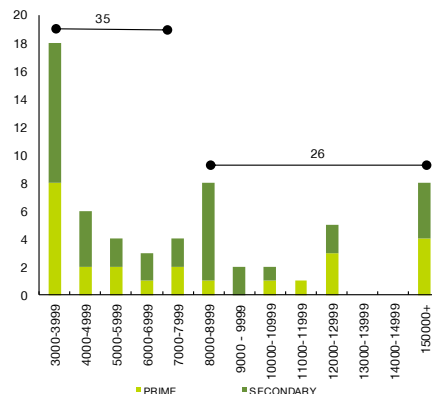
Precinct	Available Space sqm	No. of Buildings	Av Asking Rent \$/sqm net	Change Past Qtr (sqm)	Change Past Year (sqm)	Building Quality Prime %	Secondary %
Trade Coast	173,263	22	117	21,113	31,550	46	54
North	10,268	3	100	2,415	-13,893	30	70
Greater North	38,442	8	104	21,930	17,681	36	64
South	130,348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

FIGURE 1
October 2019 Available Space
'000 sqm prime versus secondary space



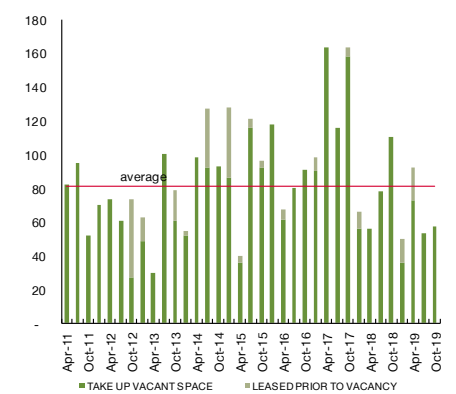
Source: Knight Frank Research

FIGURE 2
October 2019 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)

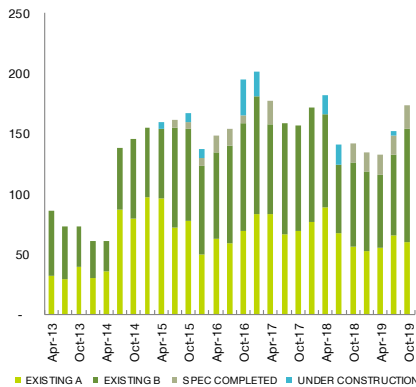


Source: Knight Frank Research

Trade Coast

- Trade Coast vacancy 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.

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

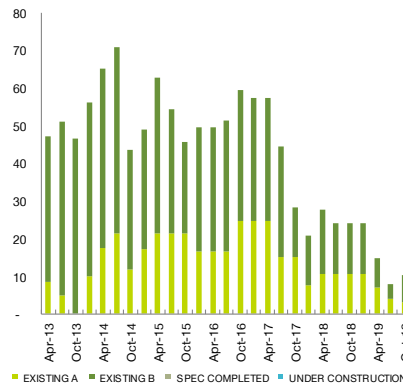


Source: Knight Frank Research

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.

FIGURE 6
North Available Space
'000sqm space by type

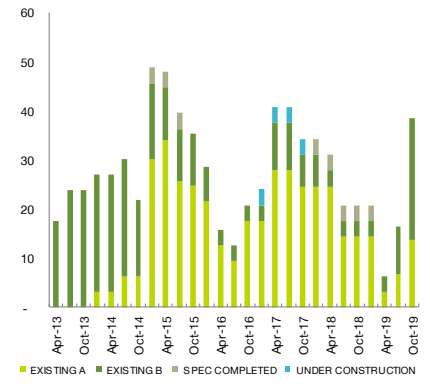


Source: Knight Frank Research

Greater North

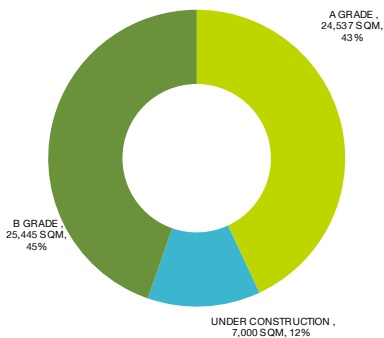
- Vacancy in Greater North increased by 21,930 sqm in Q3, ending a period of limited vacancy in the precinct.
- The largest addition to vacancy was the 15,300 sqm ex-Liquid Specialty Beverages building at 751 Gympie Rd, Lawnton with the tenant upgrading from this secondary building to purpose built accommodation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

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



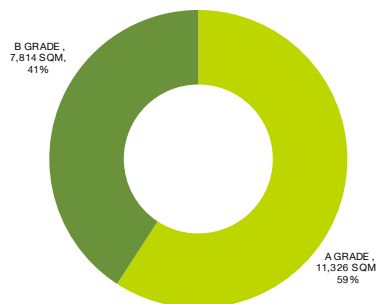
Source: Knight Frank Research

FIGURE 5
Trade Coast Annual Take-up
12 months to October 2019



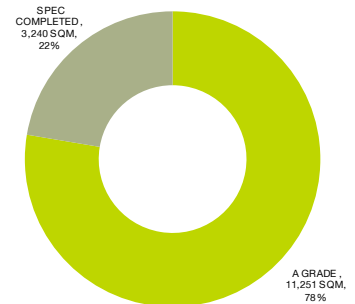
Source: Knight Frank Research

FIGURE 7
North Annual Take-up
12 months to October 2019



Source: Knight Frank Research

FIGURE 9
Greater North Annual Take-up
12 months to October 2019

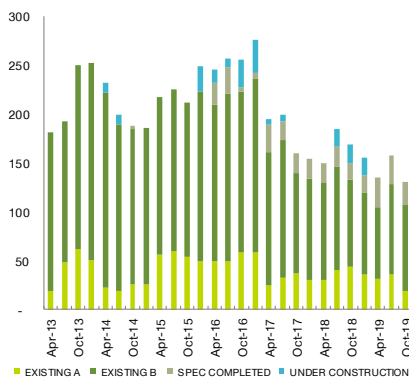


Source: Knight Frank Research

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.

FIGURE 10
South Available Space
'000sqm space by type

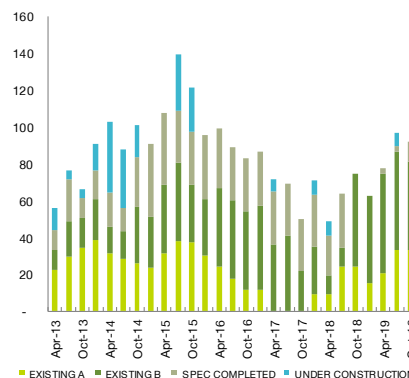


Source: Knight Frank Research

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.

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

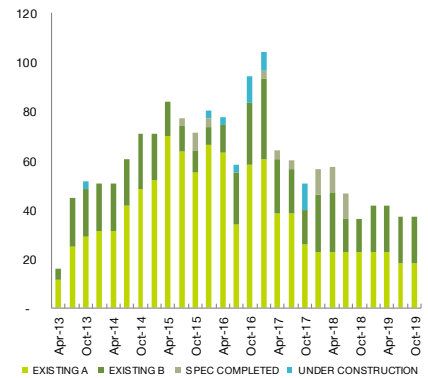


Source: Knight Frank Research

South East

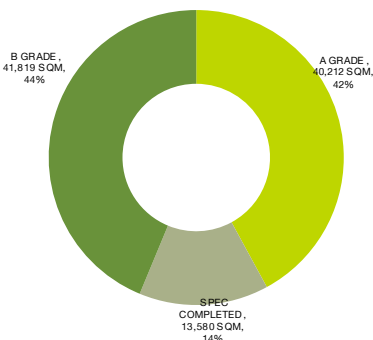
- The South East market was unchanged over Q3 with no significant leasing take-up of existing or speculative stock and no new vacancies added.
- Demand for land and purpose-built facilities has remained strong in the South East, largely for fabrication users. To date the area has not attracted the same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

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



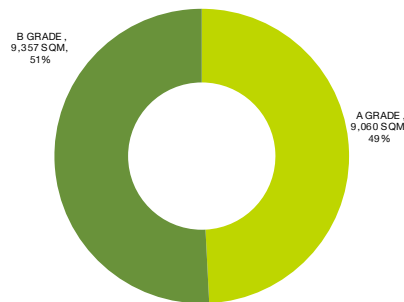
Source: Knight Frank Research

FIGURE 11
South Annual Take-up
12 months to October 2019



Source: Knight Frank Research

FIGURE 13
South West Annual Take-up
12 months to October 2019



Source: Knight Frank Research

FIGURE 15
South East Annual Take-up
12 months to October 2019



Source: Knight Frank Research

RESEARCH

Jennelle Wilson

Partner, Research & Consulting
Queensland
+61 7 3246 8830
Jennelle.wilson@au.knightfrank.com

Ben Burston

Partner, Chief Economist
+61 2 9036 6756
Ben.Burston@au.knightfrank.com

INDUSTRIAL

Chris Wright

Partner, Joint Head of Industrial QLD
+61 7 3246 8861
Chris.Wright@au.knightfrank.com

Mark Clifford

Partner, Joint Head of Industrial QLD
+61 7 3246 8802
Mark.Clifford@au.knightfrank.com

Greg Russell

Partner, Industrial Investments,
+61 7 3246 8804
Greg.Russell@au.knightfrank.com

Mark Horgan

Manager – Strathpine Office
+61 7 3482 6000
Mark.Horgan@au.knightfrank.com

Lachlan Hateley

Associate Director
+61 7 3482 8894
Lachlan.Hateley@au.knightfrank.com

NATIONAL

Robert Salerno

Partner, Head of Industrial, Australia
+61 2 9761 1871
Robert.Salerno@au.knightfrank.com

VALUATIONS

Ian Gregory

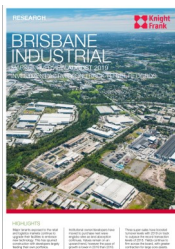
Partner
+61 7 3193 6844
iangregory@qld.knightfrankval.com.au

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.

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs.

RECENT MARKET-LEADING RESEARCH PUBLICATIONS



Brisbane Industrial Market Overview
August 2019



Brisbane CBD Office Market Overview
September 2019



East Coast Industrial Speculative Development 2019



Australia Capital View Outlook 2019

Knight Frank Research Reports are available at KnightFrank.com.au/Research

Important Notice

© Knight Frank Australia Pty Ltd 2019 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Australia Pty Ltd for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Australia Pty Ltd in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Australia Pty Ltd to the form and content within which it appears.

