

Brisbane



Leasing demand increased over 1Q18. Gross take-up totalled 82,500 sqm. Demand was led by the Manufacturing sector which accounted for 62% of total gross take-up. Leasing activity was largely concentrated in the southern precinct.



Three projects reached practical completion in 1Q18. Supplying 27,900 sqm of new stock to the industrial market. Total supply additions were recorded below the five-year quarterly average of 79,100 sqm.



Yields remained unchanged in 1Q18 at 6.00%-6.75%, with the prime midpoint yield stable at 6.38%. We forecast prime yields to remain stable as the current investment cycle reaches its peak.



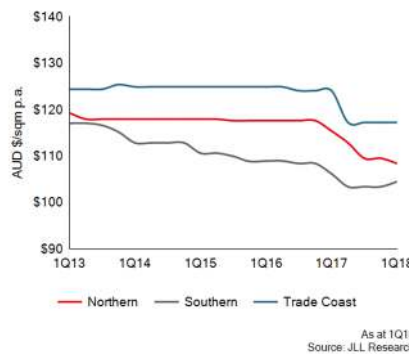
13 major industrial transactions recorded (≥ AUD 5.0 million) totalling AUD 112.0 million. This is below the previous quarter, which recorded transaction volumes of AUD 123.4 million. The subdued investment activity is due to a lack of assets currently on the market.

1Q18 saw the sale of the Blackstone Portfolio to Cache Logistics, a Singapore-listed trust. The portfolio of nine assets (two in SE Queensland) sold for AUD 177.6 million.

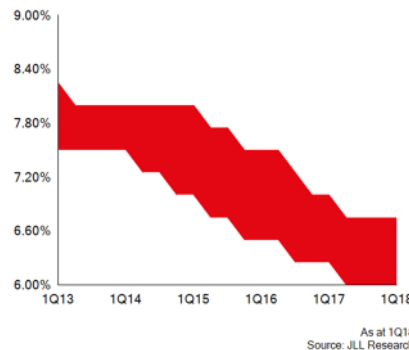
Brisbane Supply



Brisbane Rents



Brisbane Yields



Southern Quarterly Rental Growth:

1.1%

Rental growth:

Prime and secondary existing net rents increased in the Southern precincts over 1Q18 after a period of decline over the past year. Average Prime net rental growth, increased 1.1% (q-o-q). However, rents were down -2.6% (y-o-y).

6.00%-6.75%

Yields:

Yields stabilised over the quarter, with no movement recorded in any of the tracked precincts (Southern, Northern, and Trade Coast).

82,500 sqm

Gross take-up:

Net absorption for the quarter totalled approximately 82,500 sqm. The Southern precinct accounted for 49% of total area leased. Unlike, 4Q17 leasing enquiry appears to have strengthened for space greater than 5,000 sqm.

27,900 sqm

Construction:

27,900 sqm completed this quarter. There is approximately 228,300 sqm under construction or with plans approved. 50% of new stock will be delivered to the Southern precinct as a result of significant land supply, close proximity to major transport infrastructure and pre-commitments.