

# Industrial

Australia | Q1 2018 Market Overview

### 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.

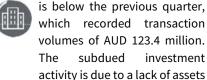
Supplying 27,900 sqm of new stock to the industrial market. Total supply additions were recorded below the five-year quarterly average of 79,100 sqm.



# 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.

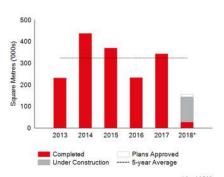
13 major industrial transactions recorded (≥ AUD 5.0 million) totalling AUD 112.0 million. This



currently on the market.

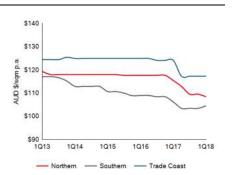
1Q18 saw the sale of the Blackstone Portfolio to Cache Logistics, a Singapore-listed trust. The portfolio of nine assets (two in SE Queensland) sold for AUD 177.6 million.

#### **Brisbane Supply**



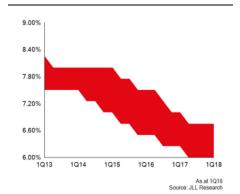
\* As at 1Q18 Source: JLL Research

#### **Brisbane Rents**



As at 1Q18 Source: JLL Research

#### 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 precommitments.

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