

Industrial

Australia | *Q1 2018* Market Overview

Perth



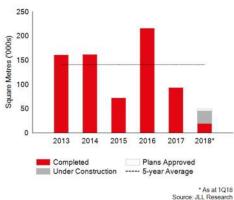
Leasing demand remains slow. Gross take-up increased from the previous quarter, totalling 25,000 sqm over the March quarter. Leasing activity over the last year was largely made up of smaller leasing deals of under 10,000 sqm.

Speculative construction is expected to remain minimal. There were two additions to industrial supply over the March quarter, totalling 18,900 sqm. Over the last 12 months, 78,700 sqm of new supply was added the Perth industrial market.

Yields remained stable in 1Q18. Yields have tightened 87 basis points over the last three years. The prime mid-point yield remained stable at 6.75% over the 12 months.

AUD 477.6 million of major (≥ AUD 5.0 million) industrial transactions were recorded over the last 12 months. There were two industrial transactions in the WA market during 1Q18, totalling AUD 5.2 million. Transaction activity has decreased in the Perth market compared to the previous quarter.

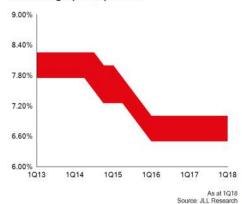




Average Prime Rent - Perth







-5.9%

Perth Annual Rental Growth:

Prime rents declined by an average of 5.9% over the last 12 months across the Perth industrial market. The largest decline was recorded in the East precinct (-9.7%). Secondary rents declined by an average of 5.7% across all precincts over the last 12 months.

6.50%-7.00%

Yields:

Prime and secondary yields were unchanged, with no movement recorded in any of the tracked precincts (South, North, East).

110,400 sqm

Gross Take-up:

For the 12 months to March 2018, take-up of industrial space was 110,400 sqm; below the 10-year annual average (207,100 sqm). Demand was led by the Transport, Postal and Warehousing sector (45%), followed by the wholesale trade sector (18%).

26,650 sqm

Under Construction:

There is a minimal supply pipeline for the Perth industrial market, with just two major projects under construction totalling 26,600 sqm. The largest project under construction is a 21,130 sqm warehouse and distribution centre for Sigma Pharmaceuticals at Brewer Road in Canning Vale.

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