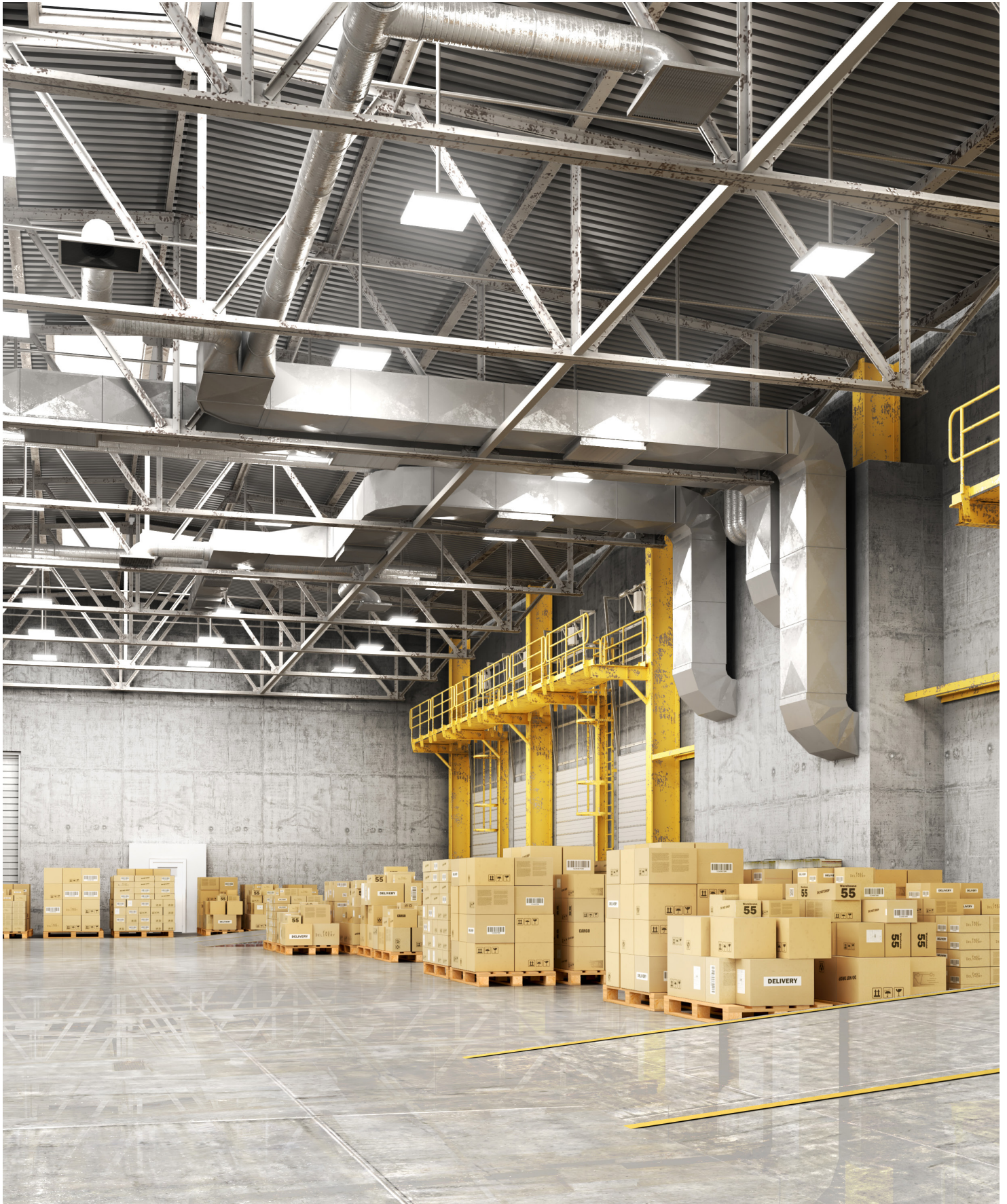


Shed Briefing



RBA on hold for now • Investment at turning point • Rent growth slows as vacancy stabilises

Interest rate cuts globally

Major central banks begin easing policy rates, but sticky inflation keeps RBA on hold for now

Policy easing gains momentum

Major central banks have moved decisively to ease monetary policy in response to moderating inflation and slowing growth. In September, the US Federal Reserve cut its policy rate by 50bps. The ECB, Swiss National Bank, and Reserve Bank of New Zealand have all cut interest rates by a cumulative 75bps since the middle of the year, while the Bank of Canada has lowered its policy rate by 125bps over the same period.

RBA on hold for now

The RBA has ruled out cutting the cash rate in 2024, pointing to upside risks to inflation stemming from stronger-than-expected labour market conditions and government spending. The bank also forecasts a rebound in consumer spending as wage growth outpaces inflation and recently introduced tax cuts to increase household disposable income.

But inflation outlook is improving...for now

Inflation has moderated further in the September quarter, with energy rebates driving headline inflation to 2.8%, down from 3.8% in the June quarter, and to its lowest level in more than three years. Underlying inflation came in at 3.5%, down from 4.0% in the June quarter, and in line with economists forecasts.

2025 rate cut expectations driving bond yields and swap rates lower

Slowing inflation and global rate cuts continue influence financial market pricing of RBA cuts, with two cuts fully priced in for 2025. However, some economists are expecting at least three cuts by the end of 2025.

Expectations of RBA cuts are driving falls in market interest rates domestically. The 2-year Australian government bond yield has declined by around

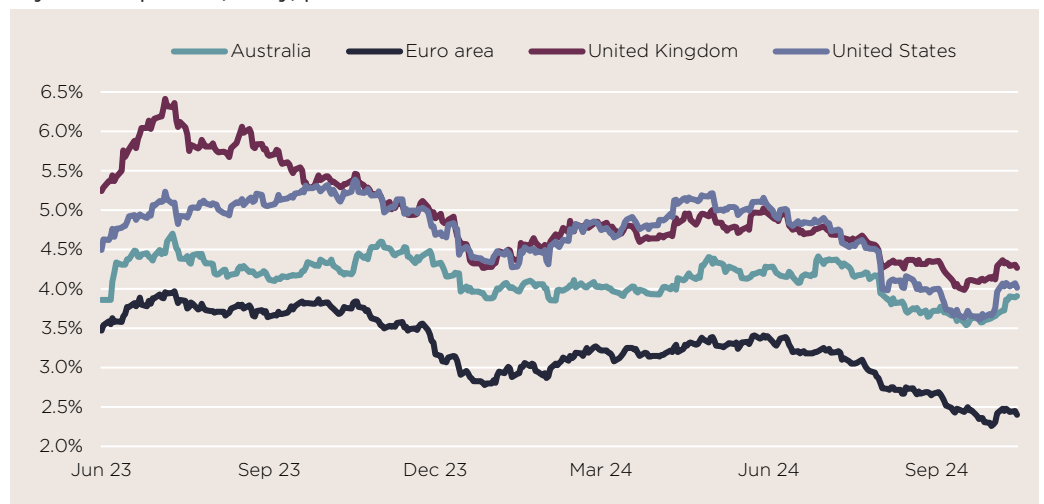
25bps from its 2024 peak in late June, while the 2-year swap rate is around 40bps lower. While these are more modest moves compared to some major overseas markets like the US, UK, and Euro area, where the rate cutting cycle has begun in earnest, it shows the impact the shift the global rate environment is having on debt costs domestically.

Increased investment deal flows suggest turning point

Investment turnover (+\$10M) year to September is already 36% above the same period in 2023, suggesting investors remain committed to capitalising on the structural tailwinds. The prospect of interest rate cuts next year will also aid investor sentiment, while yield stabilisation over the last two quarters is prompting speculation that the market is close to a cyclical bottom.

Debt costs trending lower as central banks ramp up easing cycle

2-year swap rates, daily, per cent



Source Savills Research using Macrobond (Data as at 15 October 2024)



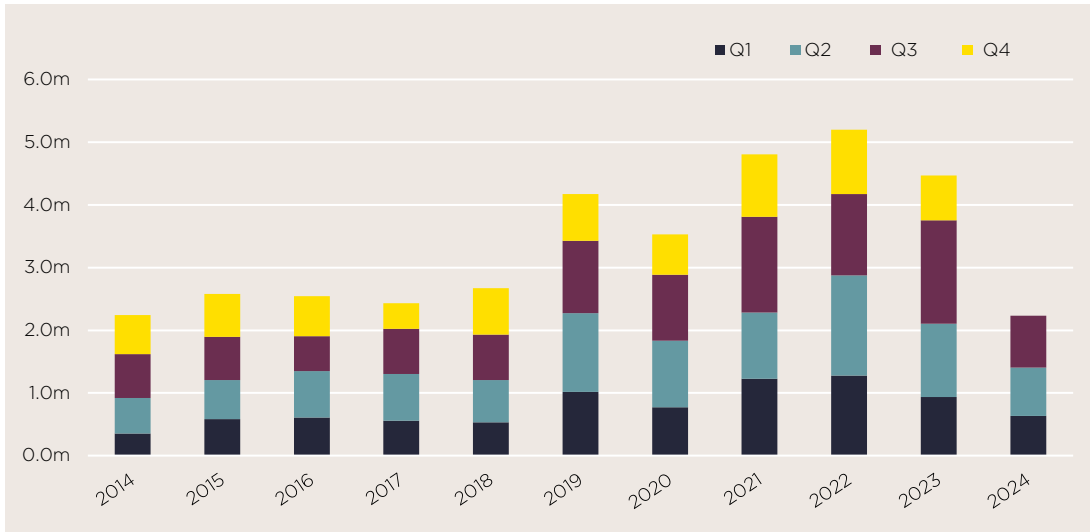
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(Re)balancing act

Following the end of the record growth and take-up cycle that spanned the previous three years, the market rebalances.

Leasing take-up starts to show signs of stability

Quarterly east coast leasing volumes (+3,000 sqm) by year for the last decade



Source Savills Research

Rental growth rates are easing from their peak as market consolidates

Average vacancy shifting sideways, as limited new supply helps take-up of existing stock

Rebalancing shifts market landscape

Leasing fundamentals are currently undergoing a rebalancing, following the end of the record growth and take-up cycle that spanned the previous three years. Signs of this deceleration have been evident throughout 2024, as both rental growth and speculative construction rates have gradually declined. Simultaneously, vacancy rates have increased, marking a significant shift in demand and supply dynamics after reaching record low levels in 2023.

Rent standstill

Following the reset in Q2, where face rental growth slowed to a standstill in some markets and began contracting in others, Q3 is showing signs of stabilisation. Across

three of the five largest core markets nationally—Sydney West, Melbourne West and Brisbane Southside—average prime net face rents remained unchanged in Q3. Both Adelaide North West (+2.9%) and Perth Core (+3.2%) saw small increases in Q3 due to the high end pushing up the average rent.

Effective rent pressure starting to stabilise

Effective rents have faced significant pressure due to rising incentives, which have doubled in some submarkets over the last 12 months. This increase has led to negative net effective rental growth, particularly noticeable in submarkets where net face rents have either contracted or stagnated. In Sydney West for example, where net face rents

adjusted downwards in Q2, average prime incentives have risen from 7.5% in 2023 to 17.5% in 2024, resulting in a nearly 10% decline in net effective rents over the past year.

However, this quarter also brought some stability to average incentive levels, with most markets reporting no change. This stability will aid investor confidence in the near term, helping landlords to maintain competitive lease terms and preserve the reversionary value accumulated over the last three years. Nationally, on average, prime net face rents are still about 50% higher than the same period in 2021, and more than 60% higher than 2019.

Market rents are still significantly higher than two years ago.

Vacancy starts to show signs of stabilising.



+61%

Prime net face rents have increased 61% since 2019, across the five key core markets.



+67%

Secondary net face rents have increased 67% since 2019, across the five key core markets.



842,500 sqm

Estimated east coast leasing take-up (+3,000 SQM) in Q3, including pre-commitments.



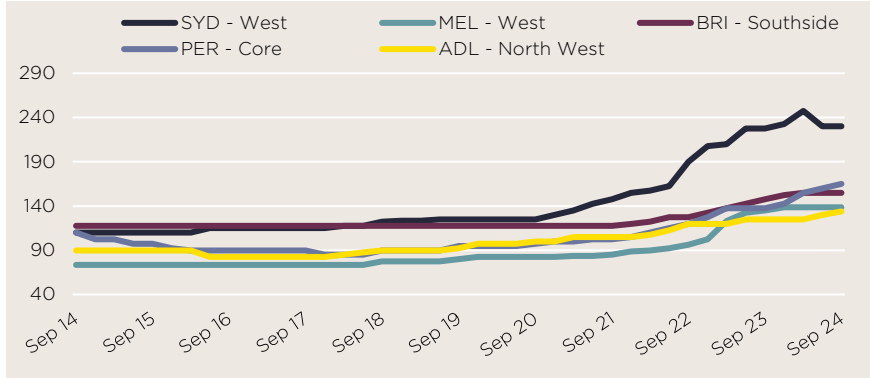
3.41%

Average vacancy on the East Coast is 3.41% in October 2024* (Savills & SA1 Property).

Source Savills Research
* vacancy at 4 October 2024

Key Markets - Prime net face rents

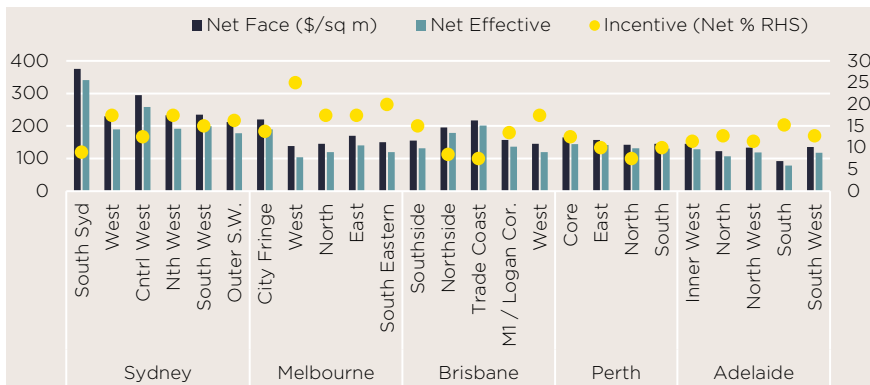
By key core market, \$/sqm net face rent average



Source Savills Research

Net face and effective rents v incentives

By submarket, prime average \$/sqm and %



Source Savills Research

Wholesalers, transport & logistics dominate take-up

Share of east coast leasing volumes by sub sector, % share of leasing in Q3-24



*Other includes undisclosed, property & business services, IT, government

Source Savills Research
Const = Construction

QUARTER HIGHLIGHTS

Is vacancy starting to stabilise?

The East Coast vacancy rate ticked up over the last three quarters, however, now looks to be stabilising in the low 3.0% range after moving to 3.41% in October 2024, just up from 3.36% in July. By city location, Sydney's whole building vacancy (over 3,000sqm) is at 3.75%, up from 3.62% in July. Melbourne vacancy has risen marginally to 3.09% from 3.07% in the previous quarter, while Brisbane's whole building vacancy remains static at 3.38%.

Sub 10,000sqm showing resilience

Demand for smaller product (sub 10,000sqm) seems more tightly held with vacancy averaging closer to 2.0%, suggesting that tenant demand has pivoted in recent months in response to economic conditions and the supply pipeline. Most markets are seeing the pipeline for new supply get pushed out slightly, which may be increasing demand for existing facilities or backfill space from small to medium size tenants in growth phase or exploring new markets.

Leasing take-up increases Q/Q

In Q3, east coast leasing take-up (for spaces larger than 3,000sqm) reached c.842,500sqm, just ahead of Q2's

c.767,875sqm. This consistency brings deal volumes in line with the quarterly average of about 750,000sqm seen in the five years before the pandemic, reflecting continued adjustments to macroeconomic headwinds. Although recent strong employment growth has been encouraging, the lowering of interest rates is expected to further bolster business confidence and stimulate consumer demand. These factors are likely to drive a modest increase in take-up volumes over the next six months.

Potential lift in Q4 ready for peak shopping season

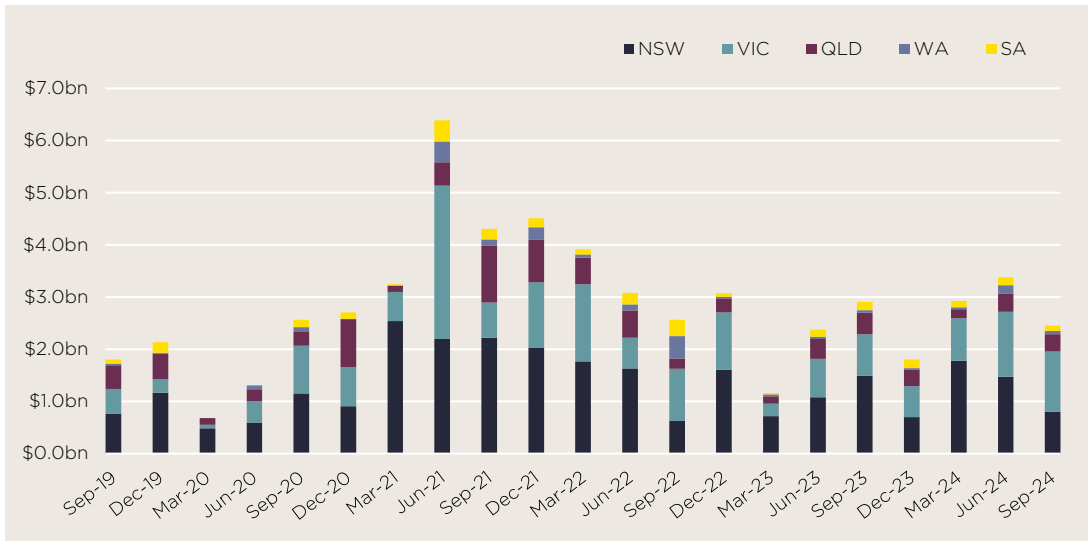
Wholesale (& retail) occupiers were the most active, accounting for c.41.7% of take-up (+3,000sqm), followed by transport & logistics (c.35.7%) and manufacturing/engineering (c.17.4%). Notably there has been an uptick in the leasing of spec space, which constituted 14% of the deal volumes during the quarter—nearly double the proportion seen in the previous four quarters. This trend reflects increased demand for higher quality buildings and a potential rebound from retailers and logistics distributors in preparation for the peak shopping season, which typically extends from Black Friday through the end-of-year holidays.

Investment outlook lifts

Year to date investment volumes are already 36% above the same time last year, signifying a strategic positioning by investors

Gap between buyer and seller is getting closer

\$10m+ industrial investment transactions quarter on quarter since 2019



Source Savills Research

Activity shows investors remain committed to capitalising on structural tailwinds

Yields stabilising as key transactions highlight opportunistic and value-add buying

Widespread investor conviction for industrial

Sales remain strong, driven by both opportunistic and value-add transactions, signalling widespread investor confidence longer term, as they recalibrate risk and return expectations. Despite ongoing challenges, substantial opportunities are emerging. There's a strategic recalibration underway, with investors deploying capital to develop or reposition properties in high-demand and growth-oriented markets to increase their exposure to the sector and in turn, enhance returns. Recent transactions indicate improved liquidity for specific buyer groups, including opportunistic capital, syndicators, select institutions such as super/pension funds, and offshore investors.

Key transactions highlight opportunistic buying

Aware Super and Barings jointly acquired Austrak Business Park in Melbourne for c.\$600 million, including investment components and adjoining development land. Additionally, PGIM Real Estate, in a joint venture with Elanor Investors, acquired the 19-hectare Woolworths Distribution Centre site in Victoria for about \$200 million, with plans to develop it into a last-mile logistics estate. In Brisbane, Blackstone acquired a last-mile logistics site with a short WALE from Dexu next to Brisbane Airport for \$50 million. In Sydney, Goodman acquired 247 King Street, Mascot near Sydney Airport from Pittwater Industrial for \$75 million, also on a short WALE. The deal follows Goodman's nearby acquisition of St Joesph Banks Corporate Park from Dexu for \$170 million in May 2024.

Holding pattern on rates helping deal flow

Total investment reached c.\$2.5 billion in Q3 (on deals \$10 million or above), down 27% on Q2, which showed signs of a significant rebound relative to the subdued activity of the previous 12 months. Despite the small drop in deal volumes in Q3, year to date investment volumes (\$8.8bn) are already 36% above the same time last year (\$6.5bn) suggesting investors remain committed to capitalising on the structural tailwinds. Additionally, pending activity points to a nascent recovery in activity which is expected to gain momentum in 2025. The prospect of interest rate cuts next year will also aid investor sentiment, while yield stabilisation over the last two quarters is prompting speculation that the market is close to a cyclical bottom.

Holding pattern on interest rates helping deal flow. But a shift in rate cycle should favour an increase in market activity in 2025



Obps

Average market yields for prime and secondary have held stable in Q3.



-27%

Transaction volumes have decreased 27% between Q2 2024 and Q3 2024.



54%

Institutional buyers (funds, trusts) accounted for 54% of total investment volumes in Q3.



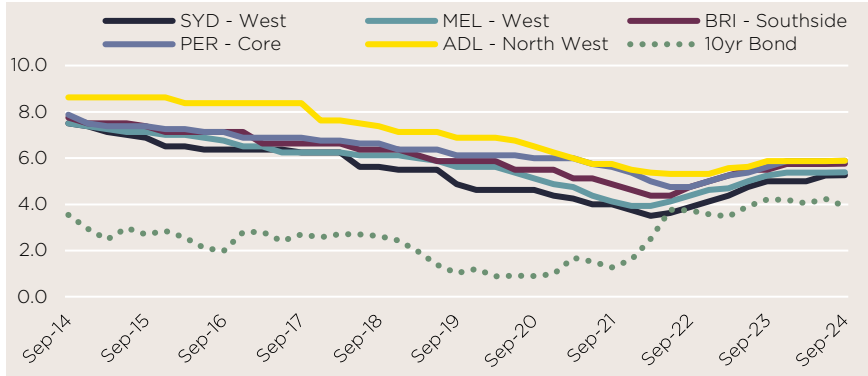
\$2.5bn

Total investment reached c.\$2.5 billion in Q3 (+\$10m), an increase of 111% on the lowest quarter in 2023.

Source Savills Research

Key Markets - prime yield & 10yr bond rate

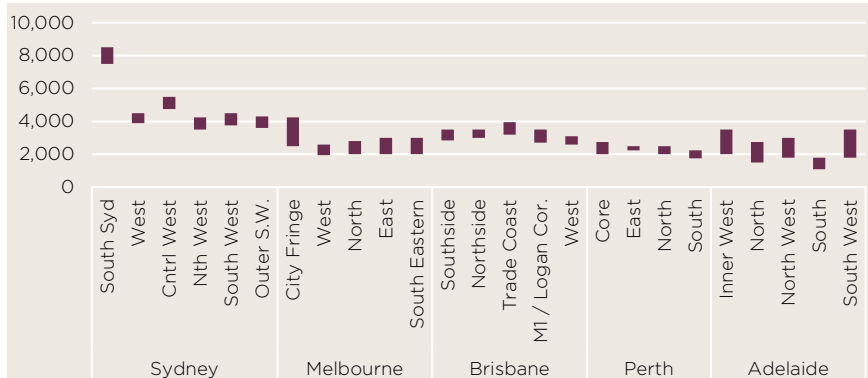
By key core market, average prime yield v 10yr bond rate, %



Source Savills Research / RBA

Typical capital value range

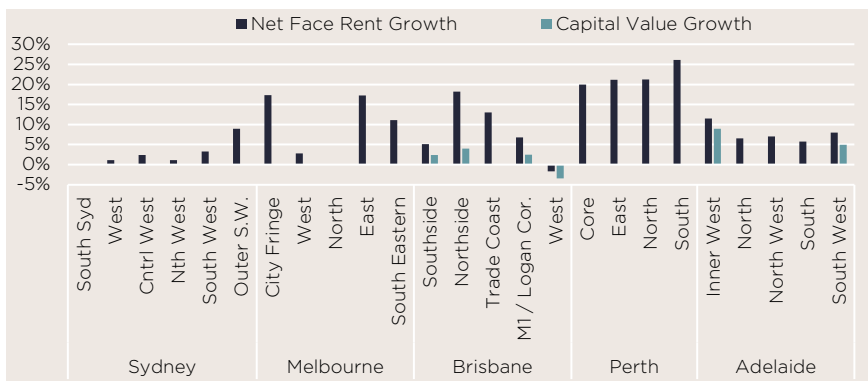
\$/sqm prime average by submarket



Source Savills Research

Face rental and capital growth rates

12 month face rental and capital growth rate by submarket, prime averages, %



Source Savills Research

QUARTER HIGHLIGHTS

Yields stabilising

There has been sharp reversal in interest rate expectations since the beginning of the year, with financial markets now pricing in multiple rate cuts in 2025. While this is providing some optimism for the start of 2025 and beyond, the holding pattern on rates through 2024 has encouraged deal flow. Capital values have held up and average yields appear to be stabilising. This should help to unlock further investment activity in the short-term.

Diversifying buyer pool

While there has been evidence of a more cautious investor base due to the higher-interest rate environment, private investors, syndicators and owner occupiers have remained active in the \$10 to \$50 million price bracket accounting for 41% of deals tracked (by value), well above its historical average share of 30%. However, institutional capital has stepped up its acquisition activity to account for more than half (54%) of deals tracked (by

value), largely due to superannuation capital funding joint sales on opportunistic investment and last mile sites.

Scale investors return?

In Q3, the average individual deal size increased by approximately 6% Q/Q and 30% compared to the same period last year. This significant growth suggests that scale investors are re-engaging with the sector. The resurgence is further supported by a noticeable recovery in buy-side activity, particularly from institutional investors either directly purchasing or leveraging foreign capital to acquire properties valued at \$50 million and above.

City Highlights

Leasing take-up remains resilient, supported by a limited development pipeline, while the forecast shift in the rate cycle is expected to boost investment activity in 2025.

Summary - Key Prime Averages

Q2-2024 indicators by sub-market

	Net Face Rent \$/sqm	Market Yield (%)	IRR (%)	Capital Value \$/sqm	Land Value \$/sqm
SYD - South Syd	375 (n/c)	5.13 (n/c)	7.13 (n/c)	8,000 (n/c)	3,500 (n/c)
SYD - West	230 (n/c)	5.25 (n/c)	7.13 (n/c)	4,200 (n/c)	1,375 (n/c)
SYD - Cntrl West	295 (n/c)	5.13 (n/c)	7.13 (n/c)	5,125 (n/c)	2,125 (n/c)
SYD - Nth West	233 (n/c)	5.25 (n/c)	7.13 (n/c)	3,875 (n/c)	1,300 (n/c)
SYD - South West	235 (n/c)	5.25 (n/c)	7.13 (n/c)	4,125 (n/c)	1,475 (n/c)
SYD - Outer S.W.	213 (n/c)	5.25 (n/c)	7.13 (n/c)	3,950 (n/c)	1,200 (n/c)
MEL - City Fringe	220 (+7.3%)	5.13 (n/c)	6.63 (n/c)	3,375 (n/c)	2,625 (n/c)
MEL - West	139 (n/c)	5.38 (n/c)	6.88 (n/c)	2,275 (n/c)	1,050 (n/c)
MEL - North	145 (n/c)	5.38 (n/c)	6.88 (n/c)	2,400 (n/c)	975 (n/c)
MEL - East	170 (n/c)	5.38 (n/c)	6.88 (n/c)	2,500 (n/c)	1,100 (n/c)
MEL - South Eastern	150 (n/c)	5.38 (n/c)	6.88 (n/c)	2,500 (n/c)	950 (n/c)
BRI - Southside	155 (n/c)	5.75 (n/c)	7.00 (n/c)	3,175 (n/c)	625 (n/c)
BRI - Northside	195 (n/c)	5.75 (n/c)	7.00 (n/c)	3,250 (n/c)	750 (n/c)
BRI - Trade Coast	218 (+3.6%)	5.50 (n/c)	6.38 (n/c)	3,575 (n/c)	850 (n/c)
BRI - M1 / Logan Cor.	158 (n/c)	6.00 (n/c)	7.25 (n/c)	3,100 (n/c)	625 (n/c)
BRI - West	145 (n/c)	6.00 (n/c)	7.25 (n/c)	2,850 (n/c)	525 (+5.0%)
PER - Core	165 (+3.1%)	5.88 (n/c)	6.88 (n/c)	2,375 (n/c)	538 (+4.9%)
PER - East	158 (+5.0%)	5.88 (n/c)	6.88 (n/c)	2,375 (n/c)	538 (+4.9%)
PER - North	143 (+3.6%)	6.50 (n/c)	7.25 (n/c)	2,250 (n/c)	513 (+10.8%)
PER - South	145 (+3.6%)	6.38 (n/c)	7.25 (n/c)	2,000 (n/c)	400 (+6.7%)
ADL - Inner West	145 (+3.6%)	5.75 (n/c)	7.00 (n/c)	2,750 (n/c)	888 (n/c)
ADL - North	123 (+2.1%)	5.88 (n/c)	7.00 (n/c)	2,125 (n/c)	320 (n/c)
ADL - North West	134 (+2.9%)	5.88 (n/c)	7.00 (n/c)	2,400 (n/c)	523 (n/c)
ADL - South	93 (+2.8%)	6.75 (n/c)	7.63 (n/c)	1,450 (n/c)	230 (n/c)
ADL - South West	135 (+3.8%)	5.75 (n/c)	6.88 (n/c)	2,650 (n/c)	825 (n/c)

Source Savills Research

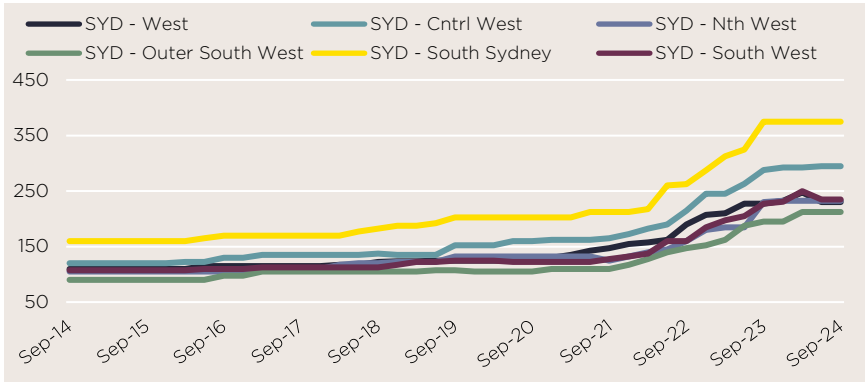
3 month change shown in brackets, land values reflect 'serviced & benched' sites (3,000 - 5,000 sqm). Metrics includes marketable commercial industrial buildings within defined precinct boundaries, generally inclusive of an improved building area of greater than 5,000 square metres. However, for smaller sub-markets, a building area of greater than 1,000-3,000sqm is considered when adopting the house-view.

Sydney

Vacancy edges up slightly, helping to stabilise rental growth rates, while limited new supply consolidates the market, with investors ready to deploy capital.

Prime net rent growth holds over the quarter

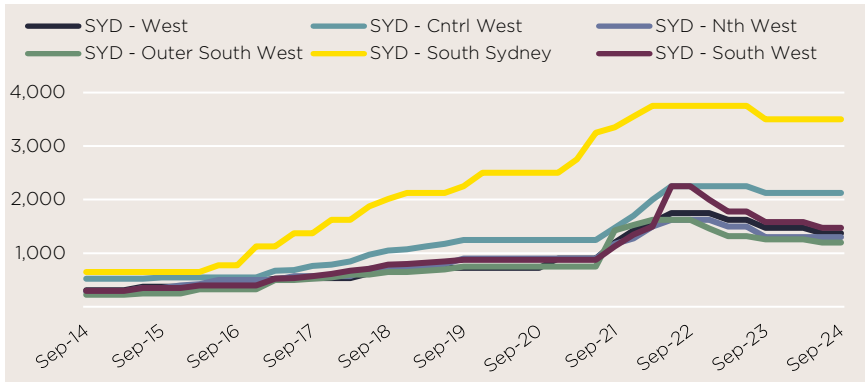
Prime net face rents by precinct, \$/sqm average



Source Savills Research

Land prices showing stabilisation

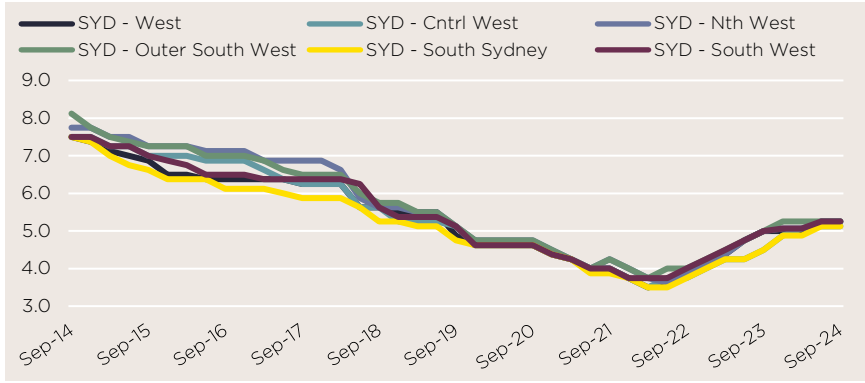
Land values by precinct, small lots, \$/sqm, average



Source Savills Research

Prime yields holding

Prime market yield by precinct, % average



Source Savills Research

QUARTER HIGHLIGHTS

Investment activity

Investment volumes reached c.\$927 million (+\$5M) in Q3, reflecting a 46% decrease from Q2, which showed a significant rebound. Q3 volumes are just short of its quarterly average, indicative of the trend nationally.

Rents holding

Average net face rents have remained constant over the past two consecutive quarters, following a three and half year growth period that peaked late last year. Currently, average rents are nearly 80% higher compared to three years ago, indicating a significant long-term increase despite recent stagnation.

Incentives start to stabilise

Average incentives have been rising since Q4-2023 but began to stabilise this quarter. Prime have reached an average of about 15%, up from 11.3% in Q1 and double the same time last year. This increase has put downward pressure on effective rents, which have declined 4.8% on the same time last year, although remain +73% higher than the previous three years.

Vacancy holding

The total available floor space has expanded by more than 600,000sqm

since 2023, with most becoming available between Q4-23 and Q2-24. Like the stabilising trend being seen on rents and incentives, the vacancy rate has barely budged, inching from 3.62% in July to 3.75% in October 2024, according to data from SA1 Property and Savills.

Yields unchanged

Market yields are stable amidst limited transactional activity, holding at 5.2% for prime and 5.7% for secondary (in blended terms).

Leasing activity

Leasing volumes reached c.321,000sqm (3,000sqm+), up 44% compared the previous quarter, but still down nearly 30% on the same time Y/Y. Wholesale (& retail) tenants were the primary drivers of demand, comprising 47.5% of the deals, followed by transport & logistics tenants at 42.6% and manufacturing at 6.2%.

Land values stasis

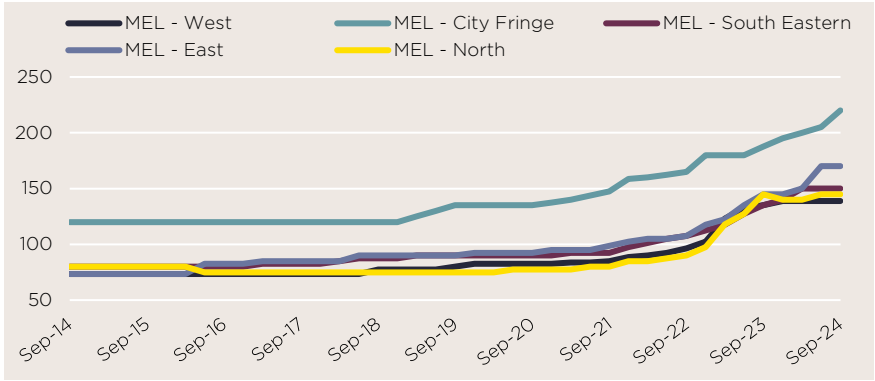
Land values have stabilised after a slight decline in Q2. Over the past year, average prices for small lots (<5,000 sqm) fell by 2.3%, medium lots (1-5 Ha) by 4.1%, and large lots (10 Ha+) by 0.2%.

Melbourne

Rental growth has slowed slightly, but resilient leasing activity continues to bolster investor sentiment, poised to regain momentum in 2025.

Prime net rent growth rates start to moderate

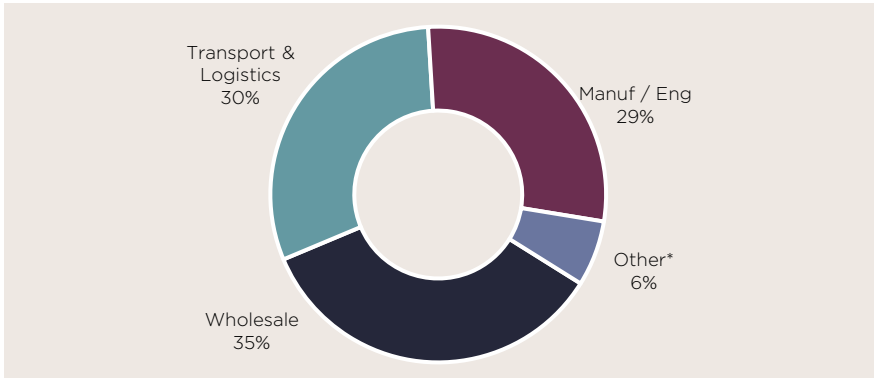
Prime net face rents by precinct, \$/sqm average



Source Savills Research

Wholesalers, transport & logistics dominate leasing take-up

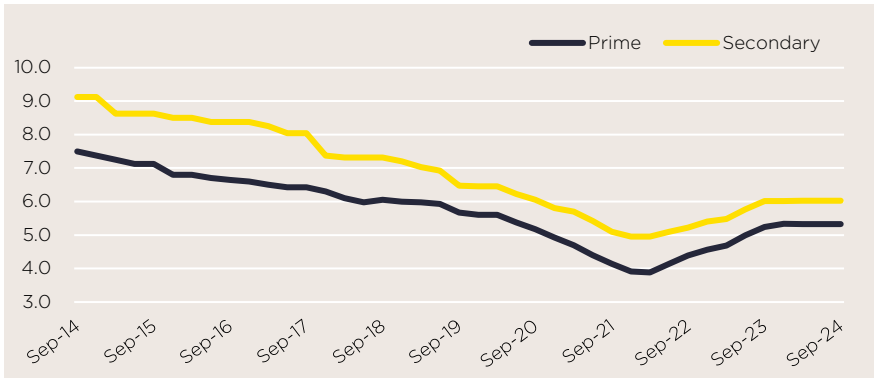
Share of leasing volumes by sub sector, % share in Q3



*Other includes undisclosed, Construction, mining, agriculture Source Savills Research

Yields stabilising

Prime vs Secondary market yield, % average



Source Savills Research

QUARTER HIGHLIGHTS

Investment activity

Investment volumes reached c.\$1.2 billion (+\$5M) in Q3, a modest 14% decline from the rebound in Q2, but still significantly higher than the same period last year. In 2024, major asset sales (over \$100 million) totalled nearly \$1.7 billion, bringing year-to-date volumes to \$3.5 million—an impressive 65% increase compared to the same period last year.

Yields unchanged

Market yields remain stable amidst limited transactional activity, holding at 5.325% for prime and 6.0% for secondary (in blended terms).

Rents holding

Except for the City Fringe, which experienced 7.3% Q/Q growth, average prime net face rents have remained stable overall, though they show a blended Y/Y growth of 10.2%.

Vacancy trends

The vacancy rate for existing buildings (+3,000sqm) has doubled over the last 12 months, but has now stabilised near 3.0% over the last two quarters, according to SA1 Property and Savills.

Take-up trends

Leasing volumes reached c.372,000sqm (3,000sqm+) in Q3, slightly below the previous quarter's total of c.396,000sqm. Wholesale (& retail) tenants were the primary drivers of demand, comprising c.34.8% of deals tracked. Transport & logistics tenants accounted for 30.4% of activity, while manufacturing tenants represented 28.5%. Key deals include Walkinshaw Automotive Group leasing c.46,338sqm at Nexus Industrial Estate in Dandenong South and Focus on Furniture taking c.15,000sqm at ESR Greenlink Estate in Cranbourne West – both pre-commitments.

Land values hold

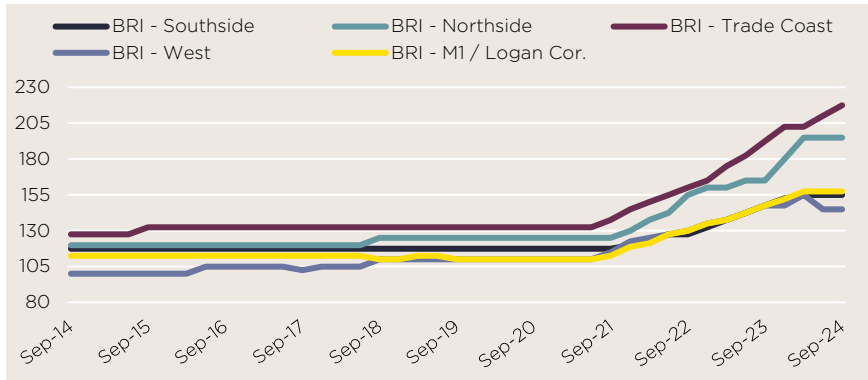
While there are early signs that land values may be easing in the West and South East, limited deal evidence has meant that average land values have remained steady for the past two quarters. Over the past year, average prices have increased by 2.7% for small lots (<5,000 sqm), 2.8% for medium lots (1-5 Ha), and 10.2% for large lots (10 Ha+).

Brisbane

Rental growth is moderating, but sustained level of take-up against a slightly reduced pipeline of new supply in 2024 is helping to stabilise vacancy.

Prime net rental growth slows

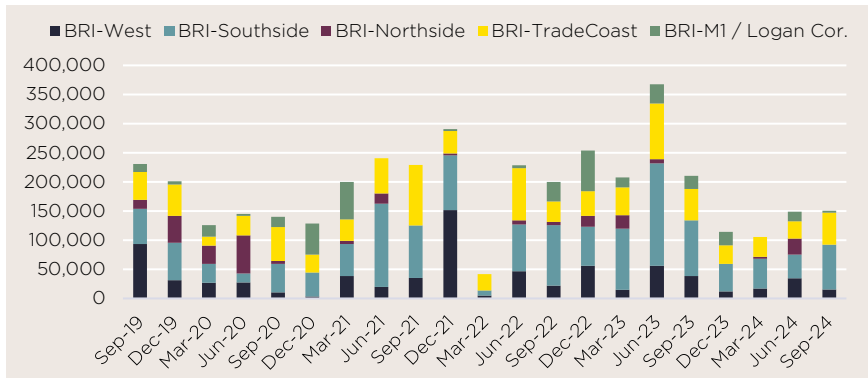
Prime net face rents by precinct, \$/sqm average



Source Savills Research

Leasing volumes showing signs of normalising

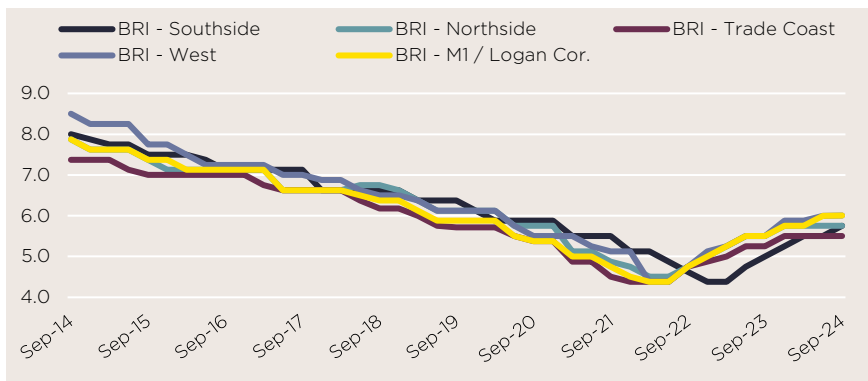
Leasing volumes by precinct, in sqm by quarter (+3,000sqm)



Source Savills Research

Yields holding steady

Prime market yield by precinct, % average



Source Savills Research

QUARTER HIGHLIGHTS

Investment activity

Investment volumes reached approximately \$437 million (+\$5M) in Q3, reflecting a modest 10% decline on Q2, which saw the first uplift in volumes this year. Most activity occurred in the \$5 to \$50 million price range, dominated by private investors, which accounted for nearly 60% of tracked deals. However, select institutional investors remained active, consistent with the trend seen in Q2, contributing to nearly 33% of transactions.

Rents holding

Except for the Trade Coast, which experienced 3.6% Q/Q growth, average prime net face rents in all other precincts stabilised. However, they still reflect a blended Y/Y growth of 8.8%. Incentives have risen slightly, leading to a modest 0.7% decline in average net effective rents. Despite this, on an annual basis, net effective rents have still increased by 7.5%.

Vacancy unchanged

The vacancy rate for existing buildings (3,000sqm+) is holding at 3.38% in October, unchanged from the previous quarter, according to SA1 Property and Savills. However, there have been slight variations across individual precincts, with a decrease

in vacancy in the West, offset by small increases in the South Side and Northern precincts.

Market yields stabilise

Average prime market yields held steady at 5.8% (blended), softening by 30bps on average since September 2023. While some deal evidence has started to materialise, there is still not enough to justify any significant changes.

Leasing normalising?

Leasing volumes (deals greater than 3,000sqm) totalled c.150,000sqm. This was similar to the previous quarter total of c.149,000sqm. While quarterly volumes appear stable, they are nearly 60% below the peak levels seen in the June 2023 quarter and about 26% below the 5-year Q3 average of c.202,000sqm.

Land value growth

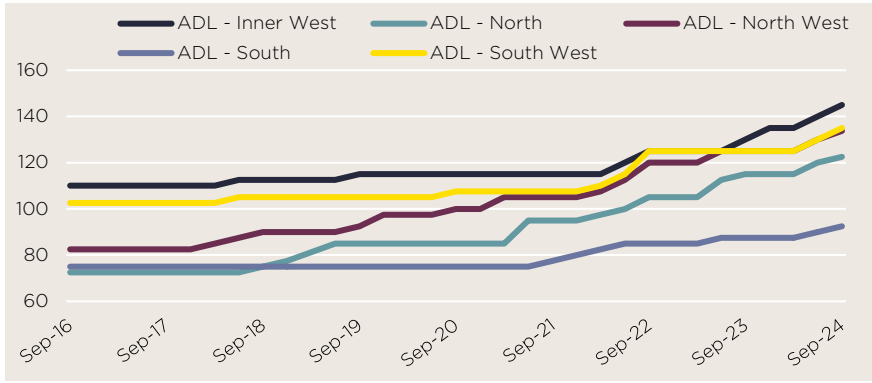
Some deal evidence has emerged, pushing small lot (<5,000 sqm) prices in the West up by 5% and medium lots (1-5 Ha) up by 14.3% Q/Q while prices in all other precincts have remained stable.

Adelaide

Investment activity remains subdued, but low vacancy and demographic tailwinds sustain investor optimism for future growth.

Prime net face rent growth

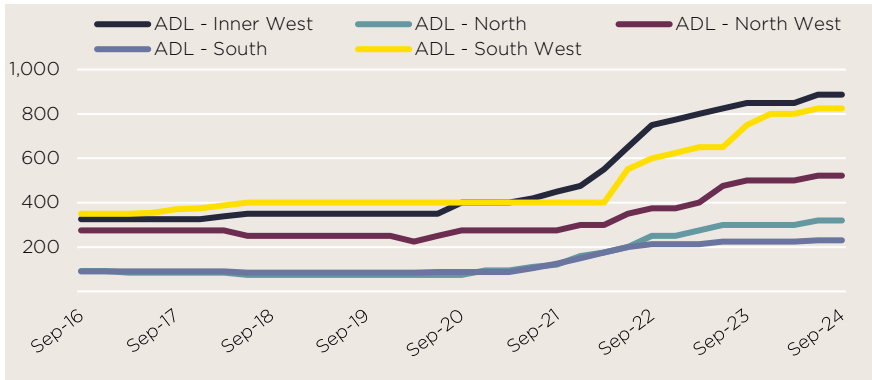
Prime net face rents by precinct, \$/sqm average



Source Savills Research

Land price growth stable

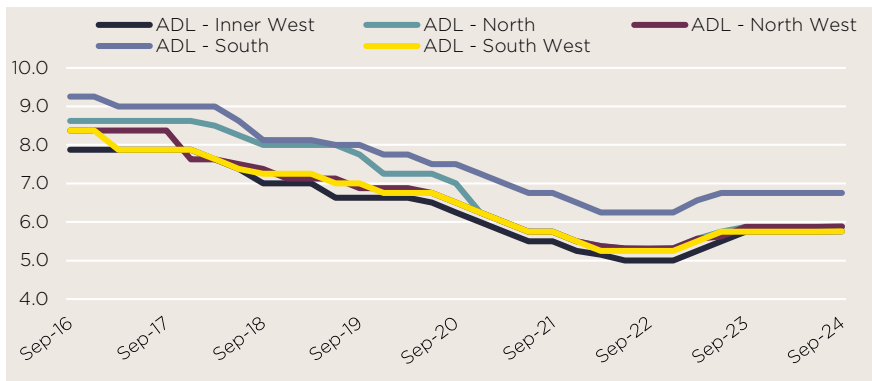
Land values by precinct, small lots, \$/sqm, average



Source Savills Research

Yields hold

Prime market yield by precinct, % average



Source Savills Research

QUARTER HIGHLIGHTS

Investment activity

Sales volumes (\$5m+) reached c.\$142 million in Q3, marking a 20% decrease from the previous quarter. However, in annual terms, sales volumes totalled c.\$675 million, reflecting a 30% increase Y/Y. Private capital was the most active, comprising 78.8% of total transactions over the 12-months to Q3, followed by owner-occupiers at 16%, and developer with a 5.3% share.

Rental growth extends

Average prime net face rents have risen by 3.1% Q/Q, with low vacancy rates sustaining the growth cycle despite economic headwinds. The limited pipeline of new developments is restricting speculative availability, particularly in inner submarkets where vacancies are especially tight. This is also fuelling rental growth in the North West and North submarkets.

Yields unchanged

Market yields remain stable amidst limited transactional activity, holding at 6.0% for prime and 7.1% for secondary (in blended terms).

Land value trend

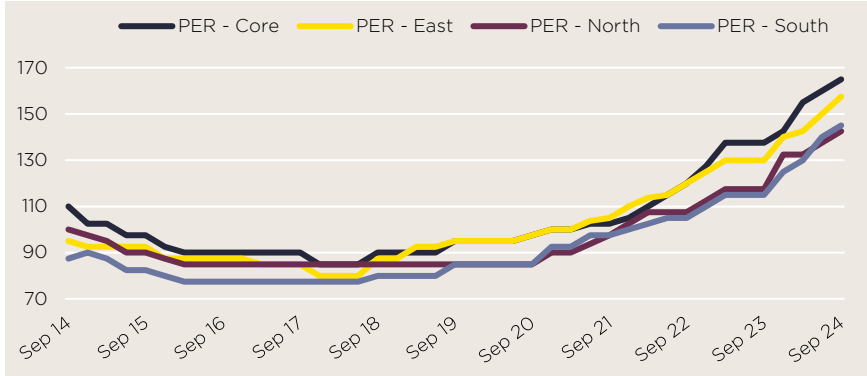
Land scarcity in key areas drove a significant uplift in values over 2023. However, growth rates began to steady in the March 2024 quarter, with no change in quarterly terms since then. In annual terms, average small lot land values increased 6.1%, medium lots (1-5Ha) are up 12.4% and large Lots (+10Ha) are up 4.6%.

Perth

The rental growth cycle persists, despite market activity being constrained by low vacancy, which continues to support strong demand for land.

Prime net face rent growth

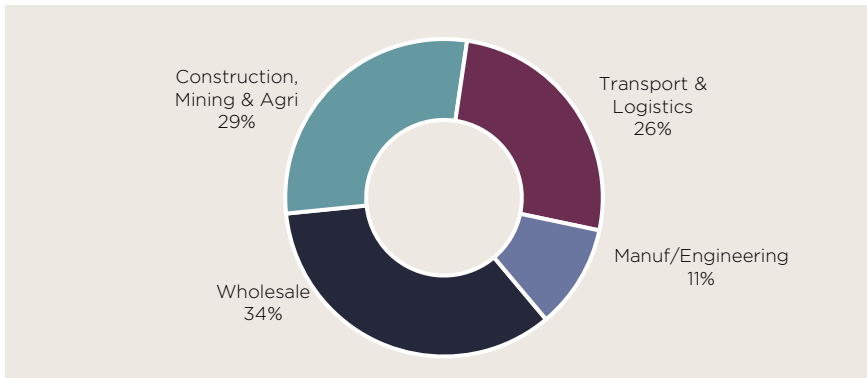
Prime net face rents by precinct, \$/sqm average



Source Savills Research

Wholesalers, transport & logistics most active

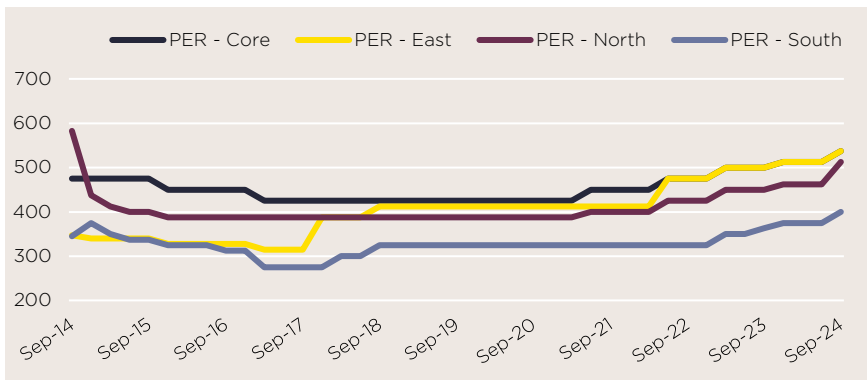
Share of leasing volumes by sub sector, % share over the 12 months to September 2024



Source Savills Research

Land value growth

Land values by precinct, small lots, \$/sqm, average



Source Savills Research

QUARTER HIGHLIGHTS

Investment activity

Sales volumes (+\$5m) reached c.\$74 million, a significant drop from the Q2 rebound of \$203 million. Despite subdued activity in Q3, year-to-date investment volumes (around \$337 million) are nearly double the same period last year (\$173 million). The buyer profile continues to favour private investors, syndicators, and local developers, reflecting the national trend, particularly as most activity has occurred in the \$5 to \$50 million price range.

this continues to play a role in pushing up the overall average.

Wholesale/retail tenants most active

Leasing activity (for spaces over 3,000sqm) reached c.388,000sqm over the 12 months to Q3. The leading sectors were transport and logistics, accounting for 44% of total lease deals tracked, followed by wholesale/retail at 22.6%, manufacturing at 9.3%, and construction, mining, and agriculture at 18.3%.

Land value trends

The availability of serviced and benched land remains a challenge across all submarkets, contributing to a 6.7% Q/Q increase in the average value of small lots (<5,000 sqm). Medium lots (1-5 Ha) saw an average increase of 12.4% Q/Q, driven primarily by growth in the North and South submarkets. Large lots (10 Ha+) rose by 10% Q/Q in the South, while remaining stable in other precincts. Over the past three years, small lots have increased by 25.2%, medium lots by 54.2%, and large lots by 36.8%.

Yields stable

With limited major transactional evidence to justify any further outward movement, prime market yields have held stable in Q3 at 6.2% on average. Secondary yields are also unchanged.

Rental growth cycle still underway

With average prime net face rents increasing 3.9% Q/Q, the rental growth cycle is still in progress, defying earlier expectations that the cycle had concluded. There has been increased upward pressure economic rents in new buildings, due to higher construction costs and labour and



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