

EASTERN SEABOARD INDUSTRIAL VACANCY STUDY

Q2 2020

Urbis' Industrial Vacancy Study gives essential insights to major industrial owners and occupiers.

MELBOURNE

Vacancy now

2.9%

6 months ago

2.4%

SYDNEY

Vacancy now

3.7%

6 months ago

3.1%

BRISBANE

Vacancy now

4.7%

6 months ago

4.3%



VACANCY RATES

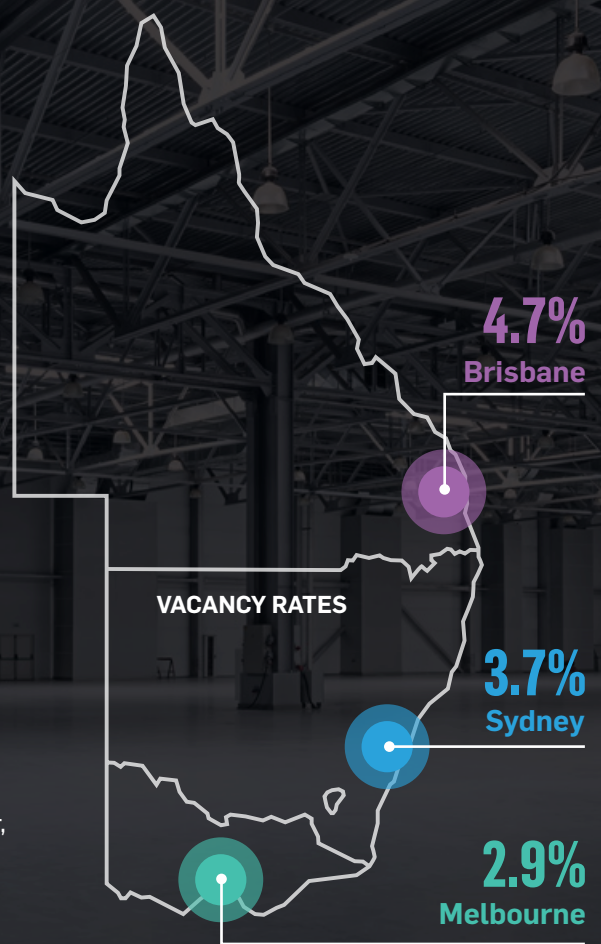
This report provides the current industrial vacancy rate for buildings over 10,000m² across the three capital cities on the Eastern Seaboard.

Overall, we're seeing vacancy rates continue to increase on the back of significant speculative activity - at **2.9%** in Melbourne, **3.7%** in Sydney and **4.7%** in Brisbane.

Covid-19 has to date resulted in a slight increase in the overall vacancy rate over the past quarter. At the same time it has also led to some proposed speculative developments being paused which should limit the continued expansion of vacancy at least in the short term. Melbourne's vacancy will certainly grow in Q3 due to completion of the circa 100,000m² Kaufland building which has no occupier, likely to push the northern vacancy towards 10%. Pre-committment demand, as well as short term/overflow demand, from major corporates has returned which is certainly seen as a positive to contain vacancies going forward. Ecommerce and its recent rate of growth continues to help drive overall demand and the Industrial Sector is certainly seen as the one of the greatest short and longer term opportunity.

Here, we outline some of the headlines. To delve into the data further, speak to Shane Robb about accessing our new subscription based Industrial Vacancy Dashboard.

- ▶ Interactive dashboard – access the data on tap, where you want, when you want.
- ▶ Slice the data in multiple scenarios, by geography, grade or size.
- ▶ See all vacant stock.



	Stock Evaluated	Highest Vacancy Sub-Market	Average Size of Vacancy	Prime/Modern Vacancy Rate	Secondary/Tertiary Vacancy Rate
Melbourne	16,300,000	North (6.3%)	16,900	3.7%	1.8%
Sydney	11,700,000	South West (5.3%)	14,400	3.4%	3.5%
Brisbane	6,800,000	M1 Corridor (7.4%)	15,100	4.9%	4.4%

INTERPRETING THE ANALYSIS

Our study has targeted buildings of 10,000m² or greater in Melbourne, Sydney and Brisbane. In total our analysis covers almost 1,800 buildings and 35,000,000m² of industrial floor space.

Quality gradings have been applied to all buildings summarised as follows:

Prime – Buildings no older than ten years which suit a diverse range of occupiers. A minimum 8.5 metre internal clearance and extensive truck marshalling and hardstand areas.

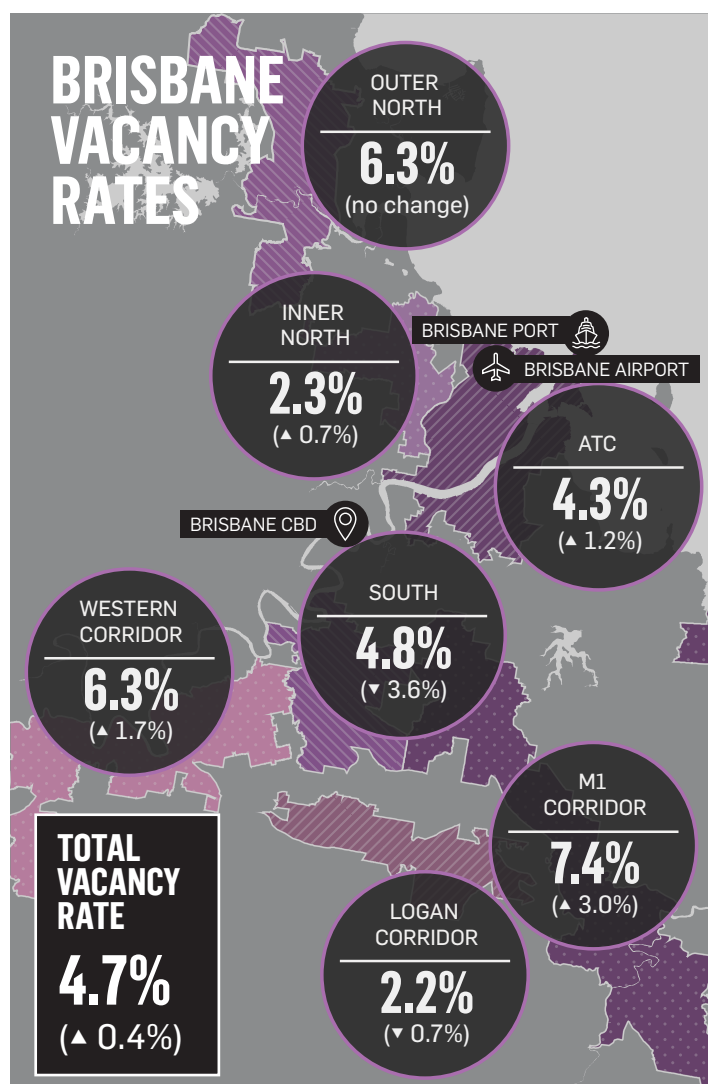
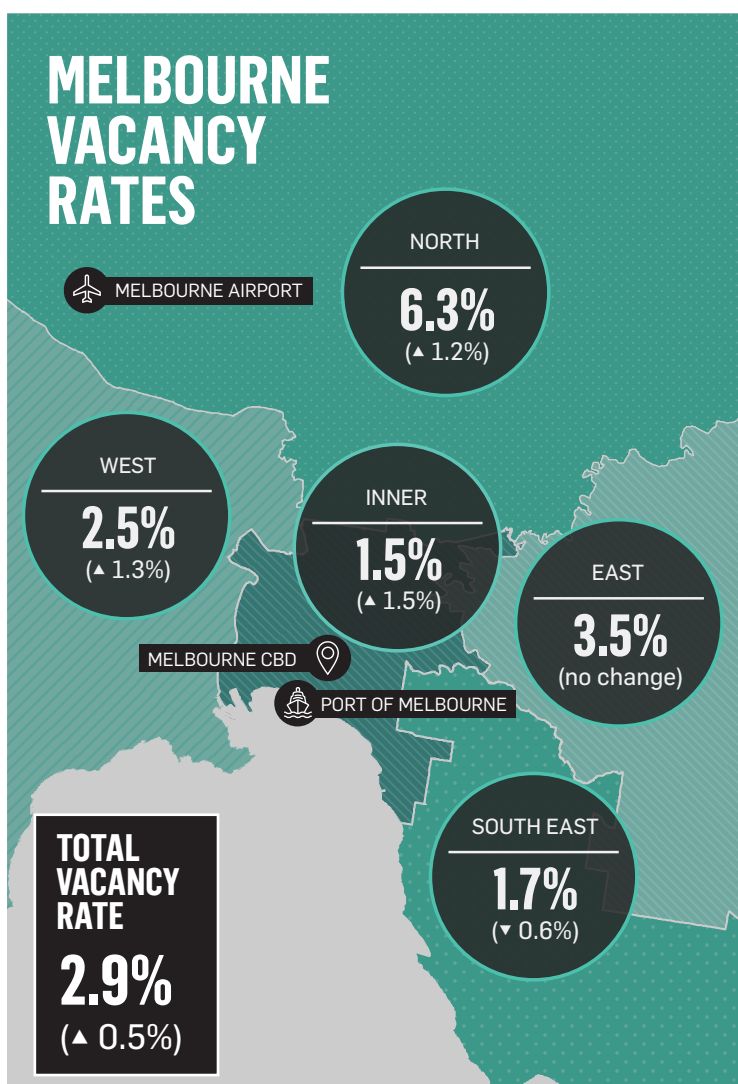
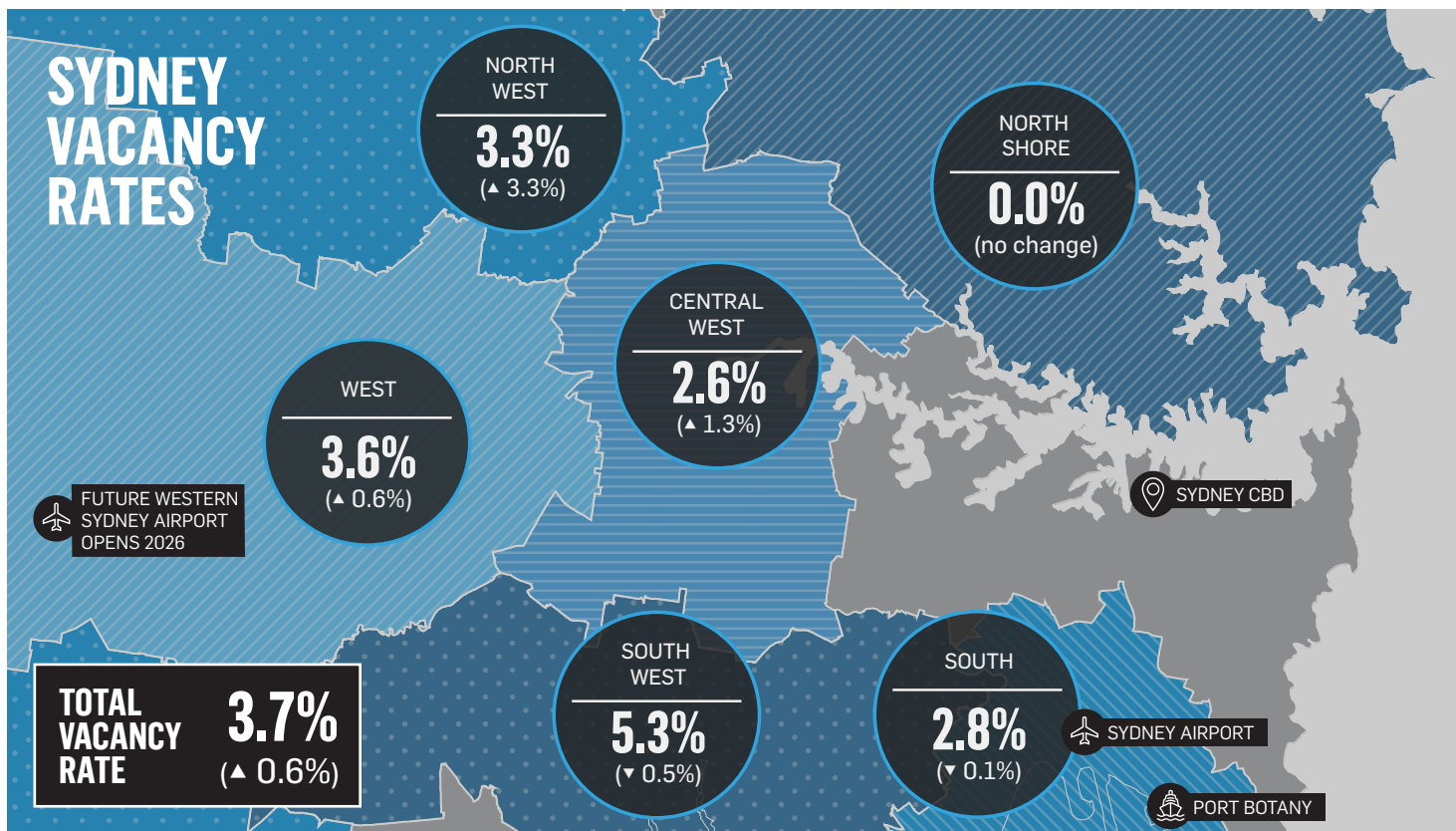
Modern – Buildings between 10 and 20 years old, generally providing in excess of 7 metre internal clearance.

Secondary – Buildings between 20 and 35 years old, generally providing a minimum 6 metre internal clearance.

Tertiary – Buildings over 35 years old, most of which are unlikely to have many alternate users, other than discount short-term storage, upon vacation by the current occupier.

Included as vacant buildings, beyond those physically vacant, are buildings under construction and to reach practical completion within three months in addition to those currently occupied on a monthly tenancy or those where the current occupier is known to be relocating to alternate premises within the next three months.

Excluded from the study are buildings within the various sea Ports (e.g. Port of Melbourne, Botany and Brisbane) as they represent a narrow and specific (freight) industrial user group in addition to buildings outside the respective Metropolitan regions (e.g. Geelong, Warnervale, Newcastle).



*all changes are over a 6 month period



In today's dynamic and complex markets, putting a value on property involves much more than local knowledge and simple sums.

Our valuations take account of everything likely to impact the value of a property, now and in the future. Drawing on extensive experience across every sector, we look at property from more angles to give institutional and private investors, corporate clients and government more insightful analysis, more nuanced advice plus a clearer sense of value – and how to maximise it.

With consultants specialising in the industrial, residential, retail, commercial and self-storage sectors, we provide insightful analysis and accurate reporting to help minimise risk and maximise opportunities.

Contact one of our industrial specialists to find out how we can assist you. If you would like to contribute to the research, just email indvacancy@urbis.com.au.



Shane Robb
Director

T +64 3 8663 4908
M +64 422 005 461
E srobb@urbis.com.au

NATIONAL INDUSTRIAL LEAD



Matthew Webb
Associate Director

T +64 3 8663 4864
M +64 410 764 684
E matthew.webb@urbis.com.au



Yuli Xu
Senior Valuer

T +64 3 9617 6602
E yxu@urbis.com.au

MELBOURNE



Russell McKinnon
Director

T +64 2 8233 7608
M +64 439 585 619
E rmckinnon@urbis.com.au



Nello Olivieri
Senior Valuer

M +64 0408 449 310
E nolivieri@urbis.com.au

SYDNEY



Ivan Hill
Director

T +64 7 3007 3815
M +64 413 590 128
E ihill@urbis.com.au



Scott Hinds
Senior Valuer

T +64 7 3007 3807
M +64 415 205 882
E shinds@urbis.com.au

BRISBANE

All rights reserved. No material may be reproduced without prior permission. While we have tried to ensure the accuracy of the information in this publication, the publisher accepts no responsibility or liability for any errors, omissions or resultant consequences including any loss or damage arising from reliance on information in this publication.

© 2020 Urbis Valuations Pty Ltd

ABN 28 105 273 523