Month in Review

Industrial - April 2025

The Month in Review identifies the latest movements and trends for property markets across Australia.

National Industrial Overview

Here's a big picture overview of markets around Australia to help frame the more detailed submissions from our valuers this month.

Melbourne's industrial market has experienced a period of stability in recent months, with land values for smaller to medium-sized lots (under 5000 square metres) remaining stable and growth stagnating. Transactions for larger industrial lots (one to five hectares or more) have been infrequent whilst the rental market has seen modest growth, with net face rents increasing slightly, though leasing activity has slowed significantly, particularly between mid-2024 and early 2025. Vacancy rates have risen slightly, and incentives are becoming more common as a result.

David Walsh,
Commercial Director

On the investment front, prime industrial yields have remained stable, ranging from 5.50% to 6.50%. The east and south-eastern precincts offer yields at the lower end of this range, while northern and western precincts are closer to the median. Like most capital city markets, the city fringe areas typically achieve firmer yields of between 5.25% and 5.50%. Secondary yields typically range from 6.50% to 7.25%.

In south-east Queensland, land values have been driven by a lack of supply, with prices continuing to grow. The rental market has also improved, particularly for larger tenancies, where rents have increased from around $120 to $130 per square metre to $170 to 180 per square metre in recent years on the Sunshine Coast, while prime areas in Brisbane such as the TradeCoast continue to achieve the highest rents in the Brisbane market of over $200 per square metre. Agents are reporting however that leasing above 5000 square metres has slowed due to significant take-up in recent years. The sub-5000 square metre market across the Sunshine Coast, Gold Coast and Brisbane continues to be very strong. For prime assets, yields are expected to be in the 5.50% to 6.50% range, with potential for a 1.0% softening in yield for secondary assets. In Brisbane, land values have been strong, continuing to rise over the past 12 months. Prime sites such as those in the TradeCoast Precinct have surpassed $1000 per square metre for a 5000 square metre lot, with outer areas consistently seeing values above $700 per square metre. The Gold Coast land market is also performing extremely well, with some high rates being achieved in Yatala and Burleigh Heads, north of $800 per square metre.

In the north, Darwin has seen a modest increase in rental growth for better-quality, larger industrial spaces after several years of stagnant or declining values. However, land values have been held back due to an oversupply of land and limited demand, partly due to high construction costs making new developments unviable. A recent sale of 31,200 square metres of waterfront industrial land in the Darwin CBD highlights the market's condition, with the land selling for $242 per square metre, a significant drop from $414 per square metre in 2008. Yields for good-quality industrial property assets in Darwin are typically between 7.00% and 8.00%, with a premium of up to 2.0% for secondary properties due to the abundance of older-style accommodation.

It is a similar story in South Australia and the west, with the main talking points revolving around industrial land. Adelaide's prime industrial areas of Wingfield and Regency Park, approximately 11 kilometres north-west of the Adelaide CBD, have seen land rates for industrial-zoned lots increase from around $350 per square metre pre-COVID-19 to almost $1000 per square metre in 2025. 1 Johansson Road, Wingfield, a 4197 square metre vacant corner site, sold for

Overall, the industrial market across the country continues to show signs of strength and stability, with variations depending on the specific location and type of asset.

$4.008 million in September 2024 at $954 per square metre, setting a recent benchmark. In Regency Park, Pepsico purchased 9-15 Wirriga Street at approximately $682 per square metre in July 2024. The 3.7-hectare site, previously owned by Cleveland Freightlines, comprised an underdeveloped, near-level parcel with dual street frontages. Pepsico intends to redevelop the site as its main manufacturing plant.

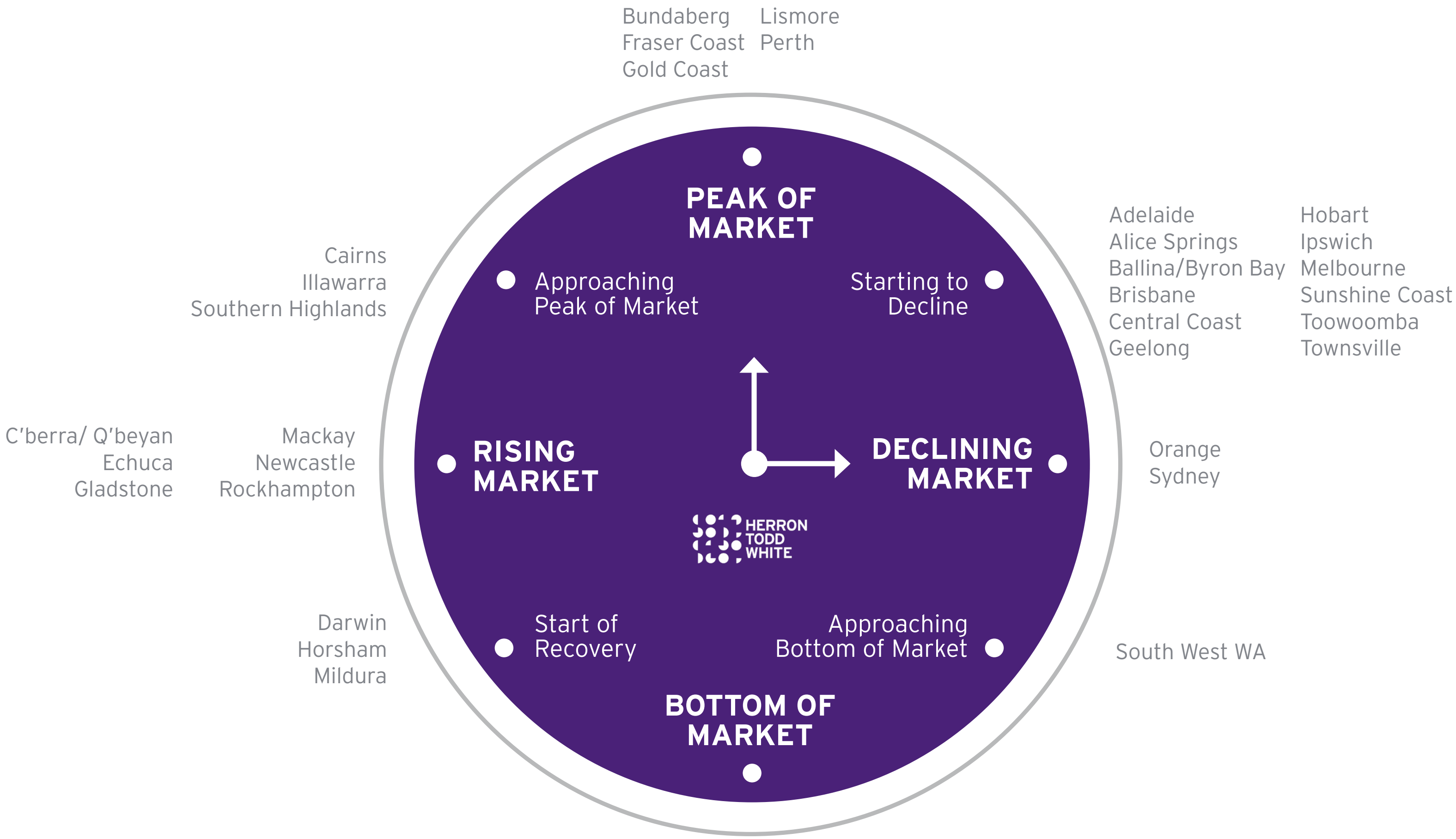
Meanwhile, in Perth, land values in secondary industrial locations have surpassed $600 per square metre, caused by a significant undersupply of development-ready land and limited prospects for additional supply entering the marketplace in the coming 12 months. Yields in both locations mirror other parts of the country in line with the cost of debt. Like the major centres on the eastern seaboard, owner-occupiers are driving most transactions. While the market in Perth experienced rental stagnation throughout much of 2023, it appears this sector has once again grown over the past three to six months, with rents for modern prime accommodation between $170 and $200 per square metre not uncommon.

Lastly, Sydney is still facing a supply shortage. 2024 was a year of stagnation with no significant capital value growth and there is a real possibility of further slowing this year. Yields for prime industrial assets in Sydney are currently sitting around 5.25% to 5.50% with secondary assets slightly softer than this. In the land market, a property in a popular industrial area in south-west Sydney sold for $28 million at $1321 per square metre, showing solid demand for quality sites, even though it took about a year to sell. Rental growth, as in other parts of the country, experienced an upward trend in 2023 and early 2024, however this has stabilised and the outlook for 2025 is limited growth.

Overall, the industrial market across the country continues to show signs of strength and stability, with variations depending on the specific location and type of asset. Growth remains more prominent in markets with limited supply, while Darwin continues to face challenges in land value appreciation.

National Property Clock: *Industrial*

Entries coloured purple indicate positional change from last month.



New South Wales - Industrial 2025

Sydney

In 2024, the industrial market once again emerged as the strongest performing asset class, although capital values and rental rate increases slowed, likely due to ongoing supply constraints. After the significant growth experienced in 2022 and 2023, indications suggest a cooling trend that we anticipate will persist in 2025.

The industrial market remains underpinned by demand exceeding supply, particularly for Torrens title property and land. Rising interest rates and softening economic conditions have contributed to a slowdown and decreased demand. This year, a continued market deceleration is expected, with fewer transactions and agent feedback suggesting this trend will continue.

Land values appear to be remaining stable with the lack of supply in some areas helping to maintain the capital value.

After years of stagnation, especially for secondary stock, 2023 saw a notable rise in industrial rental values and demand. These increases slowed in 2024 and our outlook for 2025 is that rental rates will plateau. Location will be a key determinant of demand and any possible rental growth rates.

Yields are now increasing as demand slows and values adjust. This shift may attract some investors back to the industrial market, though weak economic conditions could pose a hindrance. Location also continues to be a significant factor in this market.

For the remainder of 2025, the industrial sector will likely face headwinds. While the underlying supply issue persists, a lack of market and economic confidence may lead to buyer hesitation, creating a wait and see environment.

Angeline Mann
Commercial Director

This year, a continued market deceleration is expected, with fewer transactions and agent feedback suggesting this trend will continue.

Victoria - Industrial 2025

Melbourne

In 2024, the Melbourne industrial sector continued to outperform the retail and office markets. While activity was noticeably lower compared to the previous two years, this was expected given the broader macroeconomic challenges affecting the market. Over the course of the year, owner-occupiers became the dominant buyers, taking advantage of opportunities as investors struggled with high interest rates. With the macro environment showing signs of improvement and interest rates beginning to ease, we may see a shift in this dynamic this year.

In 2024, rental growth slowed compared to previous years, although vacancy rates have remained strong, averaging around 3.6 per cent. Leasing activity has definitely slowed, and expectations are that rental growth in 2025 will surpass that of 2024. Most of this growth is anticipated to be from super prime grade assets, driven by more pronounced tenant preferences, with a greater focus on prime locations and specific building features. Over 2023 and 2024, the industrial market saw completion of a record amount of stock which led to an increase of supply in the market. This increase in supply has led to upward pressure on incentives. The average incentive across Melbourne is now 23 per cent and 19 per cent for super prime and prime grade assets. We could see this number rise in 2025 as landlords continue to try to attract tenants amidst rising vacancy rates.

Land values in most precincts and sizes across Melbourne are still facing downward pressure. A key factor driving this trend is the economic challenges encountered by development groups, such as elevated debt costs and rising construction costs. However, land values are being supported by owner-occupiers, who remain active in purchasing supply, as they are less affected by these issues.

Whilst the industrial market in Melbourne is ranked one of the best in the world, it's important to note that there are certainly some assets that investors should look to avoid. Those assets generally sit within the secondary industrial sector. They may include properties with access issues and poor ingress or egress, poor clearance, properties with high office to warehouse ratios in markets which generally have no requirement for such a ratio, and development sites with potentially costly asbestos removal requirements prior to any major redevelopment.

Nick Michael
Director

Most of this growth is anticipated to be from super prime grade assets, driven by more pronounced tenant preferences, with a greater focus on prime locations and specific building features.

COMMERCIAL - INDUSTRIAL

HERRON TODD WHITE

Queensland - Industrial 2025

Brisbane

Much like 2023 and 2024, the industrial market is set for another strong year ahead, underpinned by land shortages, sustained absorption by owner-occupiers across all major precincts, and increased confidence around interest rate movements. Notwithstanding these factors, vacancy rates are forecast to edge upwards during the year as we see increased levels of supply coming to the market across most major precincts.

Capitalisation rates for industrial properties have softened in the past three years since the rapid increase in interest rates in 2022, however on the back of optimistic forecasts and a 25-basis point reduction in February, investor confidence has already shown signs of picking up. Investment transactional volumes are showing signs of investors becoming more active to capitalise on the cheaper cost of debt and rising rents in the industrial market. There have been numerous major transactions to demonstrate this confidence such as Saltwater Circuit Estate in Narangba for $77 million, reflecting an initial yield of 6.54%.

Whilst industrial rents are still showing strong signs of growth, the leasing market has experienced a slight shift in its outlook for 2025 due to the increased levels of supply now available. This has resulted in vacancy rates edging up due to more stock becoming available, rather than a slump in demand. Letting up periods and incentives may be impacted in the short term due to the increased availability of space. This however does not hold true for all industrial precincts. Prime locations such as the TradeCoast Industrial Precinct and mid north (Brendale and Narangba) remain strong due to ongoing strong demand in these precincts. Accordingly, we can expect to see a shift towards more localised leasing market environments in the immediate term.

Whilst Brisbane industrial rents are still showing strong signs of growth, the leasing market has experienced a slight shift in its outlook for 2025 due to the increased levels of supply now available.

Land prices have been a standout leading into the new year on the back of existing shortages and a more competitive development environment. Major transactions have demonstrated the sustained demand for industrial land. An example of this is the sale at 2637 Ipswich Road, Darra for $80.55 million which reflected an analysed rate of $410 per square metre for a 196,300 square metre englobo site. Some shovel-ready sites in Rochedale have also achieved rates north of $750 per square metre for lots of circa one hectare which reflects the current premiums being achieved in the market, coupled with the demand for well-located industrial sites. With such a shortage in the market, developers are looking further afield to bring more lots to the market, including secondary, untapped industrial locations such as North Maclean, Swanbank and Tivoli.

Mackenzie Osborne
Valuer

Gold Coast

For the year ahead, there are no major changes foreseen for the Gold Coast industrial market, but rather a continuation of current conditions, being slowing and stabilisation following a period of high growth.

Overall, the supply of land and buildings remains highly constrained, which has resulted in significant increases in land and building values and rental rates over recent years. Elevated construction costs have also factored into the increased end values. While it appears that value levels are stabilising, it will be interesting to see if the lack of supply continues to push rates higher in 2025.

While there has been a softening in yields over recent years off the back of the increasing interest rate environment, there has been a slight firming more recently, which could be attributed to a tight supply of industrial properties with limited choice for buyers, the recent 0.25 per cent reduction in the cash rate, and a general expectation of a further interest rate cut later this year.

On the northern Gold Coast, in the Yatala region, there are examples of investment sales transacting on yields of 5.25% to 6.25%, although most tend to be below 6%. Properties with lower quantum values tend to reflect the lower end yields due to

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greater market depth. Vacant possession sales to end users still tend to reflect lower yields again of 5.00% to 5.25%.

On the central Gold Coast, a significant $200 million transaction from late 2024 was the sale of a large, modern industrial complex within the new LOGOS Estate in Arundel. The complex comprises approximately 60,000 square metres of lettable area across seven buildings, fully leased with a strong covenant and a WALE of circa six years. The sale reflected an analysed yield of approximately 5.50% and a building area rate of around $3300 per square metre.

LOGOS Estate, Arundel Source: Gold Coast Bulletin

Rents have increased substantially over recent years although have stabilised more recently. There is still good demand, although there are early signs of rental stress in some market segments.

In the Yatala region, rents now typically fall within the range of $160 to $180 per square metre per annum net and this market has stabilised, with no major growth in the past six months. Rents on the central Gold Coast tend to range up to $200 per square metre per annum net and recoverable outgoings would be marginally higher than Yatala due to higher underlying land values and resulting statutory charges.

The southern Gold Coast and Northern New South Wales regions have some limited land releases upcoming, which would mark the first significant supply increase in many years. In Tringa Street, Tweed Heads West, 35 allotments are due to be delivered in the medium term, and in the short to medium term is a 20 lot subdivision in South Murwillumbah. Asking prices for the latter and some offer levels have significantly outgunned previous sales in the area, indicating the market remains poised for further growth in 2025 off the back of continued constrained supply. This is more so the case for land and freestanding industrial assets, with strata units to plateau amongst a high influx of supply over previous years, albeit these have generally been absorbed to date.

In the Yatala region, while supply is also constrained, there are various land estates at various stages of development, including LogistX, Harts Road, Gateway 38 and Empire Estate, which will provide some additional supply. The south-east Queensland regional plan has also expanded the footprint industrial precinct, however development in the fringe precincts will likely be longer term, as extensions of services are required to activate the land.

Rhys Fitch
Director

Sunshine Coast

As highlighted in a recent Month in Review, the Sunshine Coast's industrial market displayed resilience in 2024, albeit with varying dynamics. Investor sentiment reflected heightened caution due to increased borrowing costs, yet strong owner-occupier activity, increased land values, and ongoing rental growth – driven by supply constraints – kept the market buoyant.

A key driver in recent years has been the development of small strata-titled industrial projects. However, in 2025, we anticipate this segment will continue to moderate. Elevated land prices, construction costs and softening demand for completed units have challenged project viability for developers across most locations.

Agents are also reporting reduced interest in industrial strata units, with higher borrowing costs dampening demand. Additionally, softer economic conditions have led to weaker owner-occupier demand for personal use, while many growing businesses have outgrown these units, seeking larger premises to accommodate their growth.

As supply for stand-alone industrial assets in sought-after locations will remain tight, we anticipate that established intending owner-occupiers will continue to pay a premium over investors in 2025.

As the Sunshine Coast industrial market has evolved over the past three years, demand is shifting towards larger, high-quality facilities designed to attract national and multinational tenants with pre-commitments, as well as established owner-occupiers seeking premium facilities.

A prime example of this trend can be seen at Corbould Park. The recent Stage 2 land release of the Sunshine Coast Industrial Park features industrial lots ranging from 4,253 to 14,139 square metres. Strong demand saw all sites placed under contract, with development expected to deliver modern, high-spec industrial facilities – several of which already have pre-committed leases to major tenants. This upcoming wave of development is set to further enhance the region's industrial landscape over the next 12 to 18 months.

Jaydon McDowell
Associate Director

Townsville

Townsville's industrial market continues its positive trajectory of the past three years. Transactions over the last 12 calendar months totalled 102 sales at a value of $161.8 million, demonstrating a current median of circa $1.1 million. Results depict a marginal fall in both sales volume and median price, although this is broadly regarded as a supply and quality constraint rather than a pure demand side issue.

Demand remains high in the sub $2 million price bracket underpinned by market buoyancy and elevated construction costs providing a tangible barrier to entry for new stock. Buyers in this price bracket are typically owner-occupiers and small-scale investors. Analysed yields remain firm at 6.50% to 8.50% across the wider sector.

Activity remains high in the mining, manufacturing, transport and logistics sectors. We anticipate continued growth throughout 2025 in the SME business and support services industry although we also see longer term potential in engineering, manufacturing, renewables and warehousing.

Concentrations of larger future enterprises point towards the Townsville State Development Area and Lansdown Eco-Industrial Precinct. Established areas such as Shaw, Bohle and Mount St John are seeing continued focus.

Build to occupy and build subject to long-term lease options remain on the table. Whilst showing signs of promise, these commitments are not without risk and certainly the continued uplift in construction costs questions the ultimate viability of such capital investments on paper. It is likely that there will be further escalation in construction costs, supply chain issues and potential for extended delivery horizons. This is exacerbated as a consequence of recent local flood events and the broader ramifications from cyclone Alfred, and may delay or inhibit new construction over the shorter term.

Recent constructions would indicate a lean towards lighter scale, mid-clearance, cold form construction of warehouses which supports the small to medium scale end of the market. Larger scale, high clearance engineered portal frame, clear span buildings are built for purpose, typically under design and construct scenarios. Typically, these larger ticket products are backgrounded on growth and repositioning of mature local and national businesses, both in the owner-occupier and built for intending lease sides of the market. We are seeing a higher level of economic rents required by developers to achieve palatable project-based development margins. However, such developments face reversionary downside risk at term expiry or market review.

As mentioned over the past several years, Townsville remains well placed for future onshoring prospects with the ability to introduce manufacturing locally, taking full advantage of air, road, rail and sea terminals. The potential to supply to local markets is a positive which opens the possibility of exporting to overseas markets.

In any case the industrial sector as an overarching segment and a major catalytic driver of our economy will continue its growth phase, all things being equal.

Jason Searston
Director

Mackay

The middle to latter stages of 2024 showed strong sale prices for the industrial market in Mackay. This is indicative of a market benefiting from favourable regional economic conditions. Short of any adverse impact to the regional metallurgical coal mining industry as a consequence of world trade conditions, especially US tariffs on steel imports, we expect that rents, values and yields will remain steady throughout 2025.

Some of the record sales are summarised as follows:

- **45, 55-59, 61-65 Michelmore Street** sold on 20 December 2024 at $21.75 million to show an analysed yield of 8.95% with an unexpired lease term of 2.49 years;
- **91 Connors Road** sold on 28 August 2024 at $16.7 million to show an analysed yield of 7.65% with an unexpired lease term of 4.73 years;
- **14-18 Boundary Road** sold on 31 July 2024 at $10.625 million to show an analysed yield of 7.91% with an unexpired lease term of 10 years;
- **126-136 Diesel Drive** sold on 4 July 2024 at $17.1 million to show an analysed yield of 7.17% with an unexpired lease term of 8.85 years.

Gregory Williams
Director

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Cairns

The increase in interest rates and returns on alternative investment products throughout 2023 and early 2024 had limited impact on investor yields for commercial property which remained strong and at record low levels. Agents reported a noticeable shift in investor sentiment towards the end of the first quarter to mid 2024 with yields softening as investors chased higher yields for properties being sold with average quality lease terms or leased to local or average quality tenants. There were limited industrial investment sales in 2024 however the limited evidence available appeared to confirm what agents advised and showed a softening of yields as the 2024 year progressed.

The blue-chip investment market has remained strong, driven primarily by southern investors. It is difficult to predict how the market will fare in the coming 12 months, however economic indicators would suggest a softening of yields and value levels. Additionally returns may be impacted by increases in outgoings costs such as rates, land tax and insurance which have had substantial increases in some cases.

Owner-occupiers have made up most of the buyer demand in the sub $3 million industrial market over the past two years off the back of booming industrial and building sectors as well as many opting to purchase through self-managed superannuation. Sales that have occurred have typically reflected a 100-basis point tighter achieved yield for properties sold with vacant possession to owner-occupiers unless sold with strong lease covenants.

There is a near total lack of vacant industrial and commercial land available in the greater Cairns area which has resulted in significant increases in land values over the past few years. There is a significant amount of land designated for industrial and commercial development within the Edmonton Industry and Business Local Plan Area and the Cairns South State Development Area, however there is currently no available supply in these areas and development is being held up by the provision of infrastructure to the areas. Our last enquiry with council was that trunk infrastructure to this area is at least three years off.

Shane Quinn
Director

Wide Bay

The Wide Bay industrial property market is currently experiencing a unique confluence of factors creating a dynamic and challenging environment. Supply is significantly constrained, primarily due to the limited availability of suitable industrial sites. This scarcity is further exacerbated by elevated construction costs, which are making new developments less financially viable for many potential investors and developers. Despite these supply-side limitations, occupier demand remains robust, driven by various sectors seeking to establish or expand their operations in the region.

Several major infrastructure projects are contributing to this heightened demand and shaping the future of the Wide Bay industrial landscape. The Torbanlea Train Building Factory is a significant development, bringing substantial investment and employment to the region. This project not only requires its own industrial space but also stimulates demand for supporting industries and services, further tightening the market. Additionally, the proposed new Bundaberg Base Hospital is anticipated to generate considerable economic activity, necessitating industrial spaces for logistics, medical supply chains and related services.

The Torbanlea Train Building Factory Source: tmr.qld.gov.au

These large-scale projects, coupled with the general economic growth of the region, are placing increasing pressure on the already limited industrial land and building stock. As a result, existing industrial properties are highly sought after and rental rates are experiencing upward pressure. The combination of low supply, high construction costs and strong occupier demand is creating a challenging market for businesses looking to secure industrial space in the Wide Bay. Potential solutions may involve strategic land

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releases, incentives for industrial development and innovative construction methods to manage costs.

Grant Collins
Associate Director

Toowoomba

Toowoomba's industrial market is largely influenced by growth in the region's manufacturing, e-commerce and agricultural sectors supported by the relocation of new business activities into the Toowoomba area. Strong economic conditions in the first half of 2024 resulted in continued demand for secure investment properties with several reported yields sub-6.00% for vacant possession sales. Economic uncertainty, largely due to interest rate increases, saw reduced demand in the second half of the year.

There has been minimal speculative development of industrial property over the past two to three years with activity generally restricted to refurbishment of small industrial tenancies to attract tenants or construction of new premises for owner-occupation.

The majority of new construction activity has been owner-occupiers who have outgrown existing premises and have developed or plan to develop new premises in developing industrial estates in the Charlton Wellcamp area to the west of Toowoomba. A negative impact of the above activity is that several large industrial buildings are now available for sale or lease.

A negative impact of the new construction activity is that several large industrial buildings are now available for sale or lease.

The recent completion of a new industrial estate in Torrington under a Community Management Scheme with lots ranging from 1000 to 6875 square metres has seen a good level of activity comprising a mix of new construction for both investment and owner-occupation Construction costs for two new industrial sheds within this estate have ranged from $2200 per square metre for a metal clad shed to $2700 for a tilt panel shed resulting in a total outlay, including land purchase, of $2700 to $4200 for an entry level shed.

The smaller owner-occupier and investor market is generally steady with very little activity over the past 12 months attributed to several factors:

- The small entry level industrial market is tightly held with a large percentage owner-occupied or owned by mum and dad investors who are more interested in the revenue stream than capital gain;
- There are currently only two strata industrial units listed for sale in Toowoomba, with some under construction. Strata units have historically been the entry point to industrial assets for both owner-occupiers and investors; having been over-supplied in the past, the market is now balanced;
- Availability of small industrial land is very limited with the price point for any vacant land exceeding 1500 to 2000 square metres well above the budget of smaller industrial users; and
- The current interest rate environment has and is likely to continue to place pressure on the availability of funding.

A new strata-title industrial warehouse complex in a secondary industrial estate is currently being marketed from $475,000 for 150 to 250 square metre units over two stages. Stage 1 comprising 14 units is due for completion in June 2025 with nine reported to be under contract.

The above is supported by the low level of listings for smaller industrial properties within the region. The local industrial market is likely to continue the established trends of the past two to three years with the potential for a significant macro-economic shift. The high construction costs outlined above continue to incentivise potential buyers to pay increased prices for quality vacant premises.

These market factors suggest that investors purchasing vacant properties may be disappointed with the market rentals that are currently achievable. While industrial rents in the market have continued to rise in recent years, they still lag behind purchase prices with extremely firm yields seen.

Opportunities exist within fringe or secondary industrial areas that are progressively transitioning from residential properties through development of small industrial workshops, generally by existing businesses looking for their own space.

Overall, the Toowoomba industrial market has performed largely as expected with demand from both owner-occupiers and investors remaining high. The developing industrial estates in the Charlton Wellcamp area to the west of Toowoomba have continued to see strong occupation but do not appear to have had a significant impact on vacancies within the city at this stage with properties that have been vacated being purchased by alternative users. The impact of these moves may become more apparent moving forward in 2025. We note that local agents have reported a surge in enquiry for commercial property, specifically within the industrial sector, which bodes well for 2025 and has been attributed to Toowoomba's strategic advantages, including logistics and growth within the Wellcamp Industrial Estate.

Ian Douglas
Director

HERRON TODD WHITE

South Australia - Industrial 2025

Adelaide

The major talking point for industrial at the moment is land rates, particularly in emerging markets. There is an increased demand for land, coupled with a limited availability of sites in inner-metropolitan areas. This has forced buyers to look towards emerging precincts such as the outer north. Edinburgh and Direk are situated approximately 30 kilometres north of Adelaide, and have long been undesirable, poorly accessible industrial areas. Prior to COVID-19, sites could be snapped up in these areas for approximately $50 per square metre, with longer selling periods typical for these areas. Recent sales however reflect rates closer to $250 per square metre, depending on the condition of the site and the proximity to Northern Connector access points.

There are limited opportunities in the industrial market within greater Adelaide at present. A recent Property Council of Australia report highlighted the shortage of development ready industrial land in South Australia, particularly for sites greater than one hectare - this is evident given the scarcity of these properties on the market. A search for industrial land larger than one hectare in the greater Adelaide region on realcommercial.com.au nets approximately 20 results, with few of these falling into the development ready category given the site remediation and demolition needed on a number of these. Allotment 136 Kaurna Avenue, Edinburgh comprises 2.17 hectares of fully serviced, development ready, strategic employment zoned land. Similarly, allotments 901 and 902 Dyson Road, Lonsdale provide the purchaser an opportunity to secure 1.70 hectares of strategic employment land across two allotments, with 215 metres of exposure to Dyson Road.

Lot 136 Kaurna Avenue, Edinburgh Source: realcommercial.com.au

Lots 901 and 902 Dyson Road, Lonsdale Source: realcommercial.com.au

South of the CBD, there are some smaller industrial land opportunities on the market: 18 Hales Drive, Lonsdale; and allotment 12 Liston Road, Lonsdale. Hales Drive is approximately 5,300 square metres of strategic employment zoned land with planning approved for industrial unit development whilst Liston Road is a hammerhead shaped allotment with approximately 9300 square metres of strategic employment zoned land, with an asking price of $2.3 million. In the northern industrial precinct of Gillman, 31-33 Kapara Road is a regular shaped allotment of some 4000 square metres, strategic employment land improved with a small, circa 300 square metre shed.

18 Hales Drive, Lonsdale Source: realcommercial.com.au


Allotment 12 Liston Road, Lonsdale Source: realcommercial.com.au

COMMERCIAL - INDUSTRIAL

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31-33 Kapara Road, Gillman Source: realcommercial.com.au

Something for investors at the lower end of the market is 82 Daws Road, Edwardstown. Offered for sale, the warehouse comprises 440 square metres of office and warehouse space situated on approximately 921 square metres of land, leased until August 2027 with a net income of $60,338 per annum. Owner-occupiers looking for a more significant opportunity may be interested in 7-13 Wilson Street, Royal Park. The property offers 2,318 square metres of office and warehouse space on 4375 square metres of land. The building features nine metre internal clearance throughout the warehouse, loading docks, three-phase power, open-plan office and a boardroom.

82 Daws Road, Edwardstown Source: realcommercial.com.au


7-13 Wilson Street, Royal Park Source: realcommercial.com.au

The API's recent State of the Market provided an update on the industrial sector in South Australia, with prime yields measuring approximately 6.25% and secondary yields around 7.00%. Locally, owner-occupiers are still far out-performing investors in terms of demand, given the high cost to build and rising land rates. Local agents are noting stability in industrial rents, with nominal incentives being used as there is generally limited available stock. Limited availability of new developments has restricted the inner-metropolitan areas where vacancy rates remain especially tight and industrial space uptake is headlined by the inner-northern precinct. The industrial sector has demonstrated prolonged resilience to broader market forces of late. With increasing investment volumes, rental growth, historically low yields and constrained industrial land supply, it's an interesting time for industrial property, particularly as other market sectors are coming back into focus for investors at all levels.


Chris Winter
Commercial Director

HERRON TODD WHITE

Western Australia - Industrial 2025

Perth

The industrial property market in Western Australia began the 2025 calendar year at the peak of the sector's property cycle. Last year proved to be highly prosperous for the sector. The question remains: can this performance be sustained in 2025?

We expect leasing demand for industrial premises to remain firm especially for newly built, high specification facilities as such properties are in limited supply.

Face net rental rates (i.e. before any incentives) for such premises appeared to stabilise at circa $150 per square metre per annum of gross lettable area last year.

However, evidence has emerged to demonstrate another uptick during the past six months, with rents achieving $175 to $200 per square metre per annum in select instances. Such rental rates are unprecedented for the Perth industrial sector.

It will be very interesting to see if these rental rates can be maintained over the course of the year.

Not surprisingly, we expect leasing incentives to be minimal, typically less than five per cent but otherwise non-existent.

There is limited new land to be released in the Perth metropolitan region this year, hence industrial land values are more than likely to continue their upwards trajectory. Land values in secondary industrial locations are now surpassing $600 per square metre.

Of the limited land releases coming to market, of particular note is the Orion Industrial Park being developed by DevelopmentWA which encompasses 95 hectares of land at the northern end of the wider Latitude 32 redevelopment area.

Orion Industrial Park Source: builtink.com

We are also likely to see an increase in the number of acquisitions of older, sub-par facilities in core industrial estates for redevelopment or renovation.

Given a lack of suitable stock in the core precincts, we witnessed a rise in the number of new projects in peripheral, previously shunned secondary locations such as Neerabup, Hope Valley and Forrestdale and we expect this movement to maintain pace.

Infrastructure projects, such as Metronet, are likely to play a pivotal role in shaping the outlook for the industrial property market this year, unlocking new opportunities.

Activity in the owner-occupier market should remain steady given the limited stock of large scale and quality premises available which has been compounded by construction industry challenges. Signs are slowly emerging that costs may have finally plateaued which is welcome news for developers, and we may witness a lift in construction activity later in the year.

We expect demand for securely leased, newly constructed, built-form industrial property to remain strong during 2025, buoyed by eastern states-based investors.

Again, the lack of stock is likely to cause noticeable yield compression between primary, secondary and even tertiary accommodation.

Although the hint of economic uncertainty amidst geopolitical tensions may influence investor sentiment and market dynamics, the recent uncertainty over the short-term direction of interest rates appeared to do little to dampen activity in the industrial sector.

Nevertheless, at present the Western Australian industrial property market, against a background of a resilient mining and resources sector, finds itself in a strong position. The lack of supply in the market, both in respect of development ready land and contemporary built-form facilities, is likely to hold the key to the sustainability of the industrial market performance for the remainder of 2025.

Greg Lamborn
Director

Northern Territory - Industrial 2025

Darwin

Darwin has not generally enjoyed the post-COVID boom in industrial property that has been seen in other Australian capitals, however there are some positive signs beginning to emerge in the market.

General economic confidence is improving, and the relatively new NT Government is keen to see development. This extends to appointing a Territory Co-ordinator, who will have the role of assisting proponents through regulatory processes to achieve a faster result.

A lack of quality industrial accommodation is becoming apparent, and this should lead to growth in rental and capital values as businesses compete for the available space. The perennial problem of building costs means that existing property should be in good demand, because it is simply too expensive (and not economically feasible) to build at the current time.

Yields of 8.0% net are not uncommon for industrial property in the Darwin market. This is substantially higher than other capitals. Whilst a Darwin premium is always built in, a correction is long overdue when comparing with yields elsewhere in Australia.

As identified by the Darwin Major Business Group, private investment must be unlocked to support growth. This would create demand for industrial accommodation as well as other multiplier effects that will boost the local economy.

The law surrounding property in the Northern Territory is constantly evolving. In a recent High Court case (Commonwealth versus Yunupingu), the Commonwealth attempted to argue that it is not necessarily required to compensate owners for any acquisitions of property that it makes in areas outside the states. All residents of the Northern Territory, and indeed any other territory of Australia such as the ACT, should be relieved that the High Court did not accept this argument. This would have relegated them to the status of second-class citizens whose property could in theory be taken by the Commonwealth at any time without any compensation.

The case will have wide-ranging ramifications for other acquisitions of property, especially native title rights, dating back to the Commonwealth's takeover of the Northern Territory in 1913.

Terry Roth
Director

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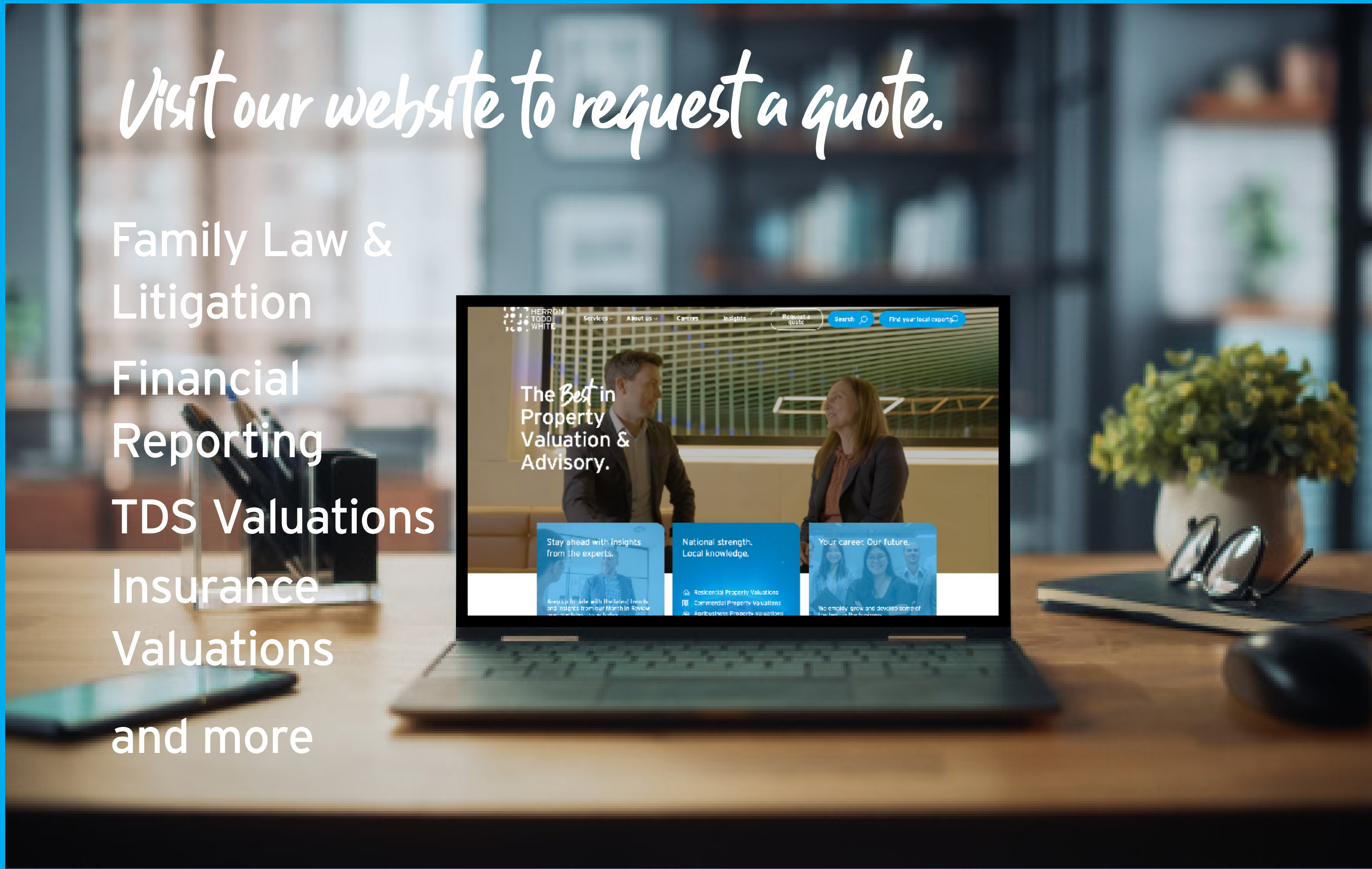

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