

# MARKETBEATS

**\$350**

Average Land Value per sqm in West (<2,000 sqm)

**6.0%**

Avg Prime yields in West (>8,000 sqm)

**\$4.6bn**

NSW's total investment volume in Q3

## WHAT'S NEXT

## HIGHLIGHTS

### Land values continue to skyrocket

Land prices in Melbourne's industrial market continued to soar in every region, particularly for smaller lots, as evident in the Western precinct which saw 16.7% quarter-on-quarter (QoQ) growth. The significant appreciation in land prices was triggered by competition for limited land. These increases assisted industrial investment volume which increased by threefold over the quarter.

### Technology evolution driving demand

A spike in bespoke, technology driven warehouses, has encouraged developers to compete for vacant land to take advantage of the trend for modernized buildings. As a result of falling vacancy, owners are gaining confidence in lifting their face and effective rents, as seen in the South-East precinct where Prime effective rents (more than 6,000 sqm) increased by 8.9% QoQ.

### Rental growth expected to continue

Tenant demand for both smaller lots and purpose-built warehouses is expected to continue, which combined with limited vacancy and appreciating land values is likely to push up rents. With little decrease in occupier demand and limited availability of space in the near term, rents are expected to continue to increase for the next two years until new supply is brought to the market.

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DATA INTO ACTION

## ECONOMIC INDICATORS

	Q1 18	Q2 18	12-Month Forecast
GDP Growth (National)*	2.6%	2.9%	▲
State Final Demand Growth (QLD)*	4.8%	5.0%	▼
Unemployment (QLD)†	5.2%	5.6%	▼

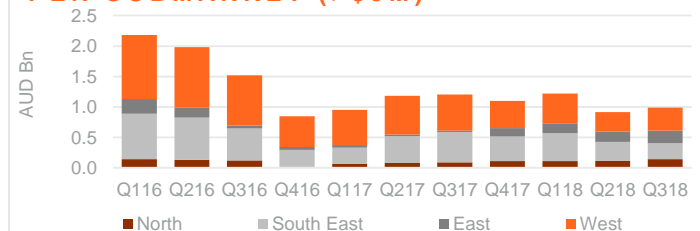
\*Average annual growth rate, †Seasonally adjusted  
Source: ABS; Deloitte Access Economics; Cushman and Wakefield Research

## FEATURE C&W LISTING



35 LASER DRIVE, ROWVILLE

## ROLLING ANNUAL INVESTMENT VOLUME PER SUBMARKET (>\$5M)



Source: Cushman & Wakefield Research; RCA

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PRIME GRADE	Size Range	North	Size Range	South East	Size Range	East	Size Range	West
NET FACE RENTS	<5,000 sqm	\$85 - \$95	<6,000 sqm	\$95 - \$115	<4,000 sqm	\$90 - \$100	<8,000 sqm	\$75 - \$85
	>5,000 sqm	\$75 - \$85	>6,000 sqm	\$90 - \$105	>4,000 sqm	\$90 - \$100	>8,000 sqm	\$70 - \$75
OUTGOINGS	<5,000 sqm	\$15 - \$15	<6,000 sqm	\$15 - \$20	<4,000 sqm	\$15 - \$20	<8,000 sqm	\$10 - \$15
	>5,000 sqm	\$12 - \$15	>6,000 sqm	\$15 - \$20	>4,000 sqm	\$15 - \$20	>8,000 sqm	\$10 - \$15
NET INCENTIVES	<5,000 sqm	10% - 15%	<6,000 sqm	20% - 25%	<4,000 sqm	10% - 15%	<8,000 sqm	15% - 20%
	>5,000 sqm	10% - 20%	>6,000 sqm	20% - 25%	>4,000 sqm	15% - 20%	>8,000 sqm	25% - 30%
AVG YIELDS	<5,000 sqm	5.75% - 6.50%	<6,000 sqm	5.75% - 6.50%	<4,000 sqm	5.75% - 6.50%	<8,000 sqm	5.75% - 6.25%
	>5,000 sqm	5.75% - 6.50%	>6,000 sqm	5.75% - 6.50%	>4,000 sqm	5.75% - 6.50%	>8,000 sqm	5.75% - 6.25%
BUILDING CAPITAL VALUES	<2,000 sqm	\$1,425	<2,000 sqm	\$1,450	<2,000 sqm	\$1,850	<2,000 sqm	\$1,350
	2,000 - 5,000 sqm	\$1,350	2,000 - 5,000 sqm	\$1,350	2,000 - 5,000 sqm	\$1,500	2,000 - 5,000 sqm	\$1,250
	5,000 - 10,000 sqm	\$1,150	5,000 - 10,000 sqm	\$1,300	5,000 - 10,000 sqm	\$1,175	5,000 - 10,000 sqm	\$1,150
	>10,000 sqm	\$1,150	>10,000 sqm	\$1,175	>10,000 sqm	\$1,075	>10,000 sqm	\$1,150
VACANT LAND CAPITAL VALUES	<2,000 sqm	\$410	<2,000 sqm	\$525	<2,000 sqm	\$525	<2,000 sqm	\$350
	2,000 - 5,000 sqm	\$360	2,000 - 5,000 sqm	\$475	2,000 - 5,000 sqm	\$475	2,000 - 5,000 sqm	\$350
	5,000 - 10,000 sqm	\$270	5,000 - 10,000 sqm	\$425	5,000 - 10,000 sqm	\$425	5,000 - 10,000 sqm	\$288
	>10,000 sqm	\$260	>10,000 sqm	\$325	>10,000 sqm	\$325	>10,000 sqm	\$250

## KEY LEASING TRANSACTIONS Q2 + Q3 2018

Source: Cushman & Wakefield Research

PROPERTY	SUBMARKET	TENANT	AREA (SQM)	LEASE TYPE
68 - 80 Kirkham Road, Keysborough	South East	EI Engineering Pty Ltd	2,012	Direct
25 Pipe Road, Laverton	West	AAA Bin Hire	1,528	Direct
9 Arco Lane, Heatherton	South East	Cantel (Australia) Ptd Ltd	1,416	Direct
24 Janine Street, Scoresby	South East	iCreate Retail Solutions	1,227	Direct

## KEY INVESTMENT TRANSACTIONS Q2 + Q3 2018

Source: Cushman & Wakefield Research

PROPERTY	SUBMARKET	PURCHASER	AREA (SQM)	PRICE (AUD)
285 Palmers Road, Truganina	West	Logos Property	270,100	\$28,200,000
13 Gilbert Park Drive, Knoxfield	South East	Reben Pty Ltd	4,260	\$6,700,000
6 Ravenhall Way, Ravenhall	West	Private Investor	2,448	\$3,060,000