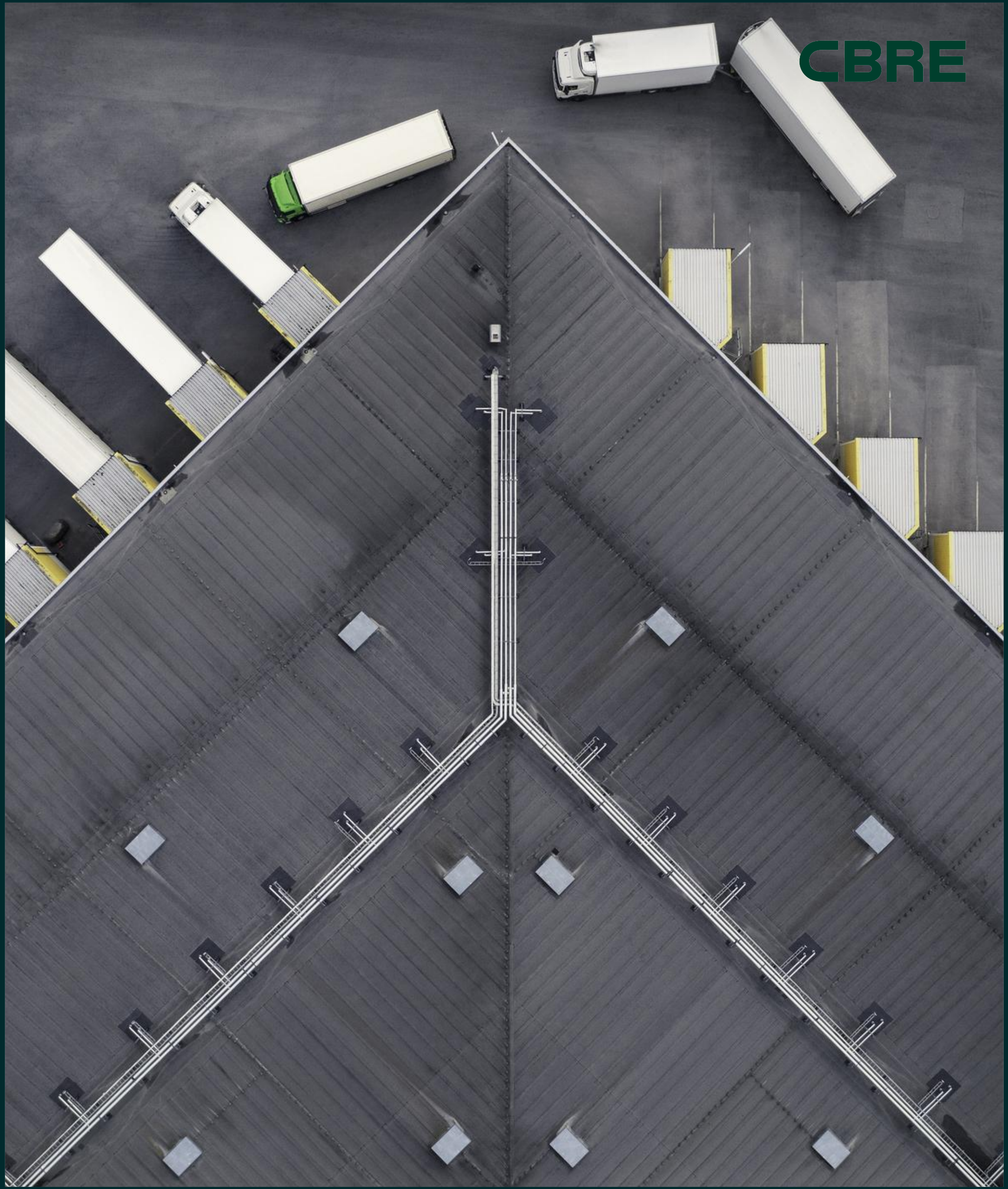
Intelligent Investment

Australia's Industrial and Logistics Vacancy Second Half 2025 (2H25)

REPORT

CBRE RESEARCH
DECEMBER 2025



CBRE Research

Australia's average Industrial & Logistics vacancy rate continued its gradual upward trajectory through 2H25, reaching 3.2% nationally. While vacancy has risen, it remains below the 3.5% level we previously anticipated for this period, indicating a softer-than-expected increase in available space.

Vacancy is still expected to peak in 2H26; however, even at its highest point, it will likely remain below the market's 'equilibrium' threshold of 4%.

Melbourne continues to record the highest vacancy in the country at 4.7%, while Sydney, Perth and Adelaide have experienced more moderate increases. Brisbane, by contrast, held relatively stable at 3.2%. This steady result reflects an uplift in vacancy across the Australia Trade Coast and M1 Corridor, being offset by a significant 1.9% decline in Brisbane's South, driven by absorption of existing space and very limited new stock being delivered in that precinct over the past six months.

Melbourne's vacancy profile shows clear precinct differences. The North saw the strongest rise, lifting to 7.0%, driven mainly by prime and secondary assets, with only a small number of super prime buildings vacant. The West remained relatively steady, though vacancy is similarly concentrated in prime and secondary stock. The South East and East also recorded increases, largely due to a few larger format spaces coming to market. With Melbourne's upcoming supply pipeline moderating, vacancy is expected to stabilise and begin trending down post-2026.

Nationally, the risk of sublease space has now largely subsided and is no longer viewed as a material threat to future supply. Looking ahead to 2026, a new trend is emerging: a decline in super prime availability alongside a lift in vacancy within prime and secondary assets. This reflects the superior height clearance and efficiency of super prime facilities, which enable higher pallet density and better utilisation compared with older stock. These efficiencies are increasingly critical for logistics operators - Australia's largest industrial occupier segment - supporting sustained demand for modern super prime space.

In the long-run, Australia's supply of serviced, zoned industrial land is expected to remain structurally constrained, limiting new development pipelines. This scarcity, combined with the ongoing expansion of e-commerce and food & beverage occupiers, as well as sustained population growth, will remain key drivers of long-term sectoral growth.

Sass Jalili

Head of Industrial & Logistics, Data Centre Research Australia and Director of NSW Research

The CBRE Research Industrial and Logistics vacancy figure is the most widely quoted statistic in the industry due to the depth and accuracy of our methodology. We leverage the most comprehensive stock list in the market, tracking assets over 5,000 sqm (NLA) in Sydney and Melbourne, and over 3,000 sqm (NLA) in Brisbane, Perth and Adelaide. The vacancy reflects floorspace that is built and now available to occupy, thus including sub-lease space.

Hands-on intelligence gathered by dedicated analysts in each market compiling and validating vacancy information.

Real-time insights by working closely with our local brokerage teams on leasing activity and asset status at a precinct level – ensuring our vacancy figure truly reflects current market conditions.

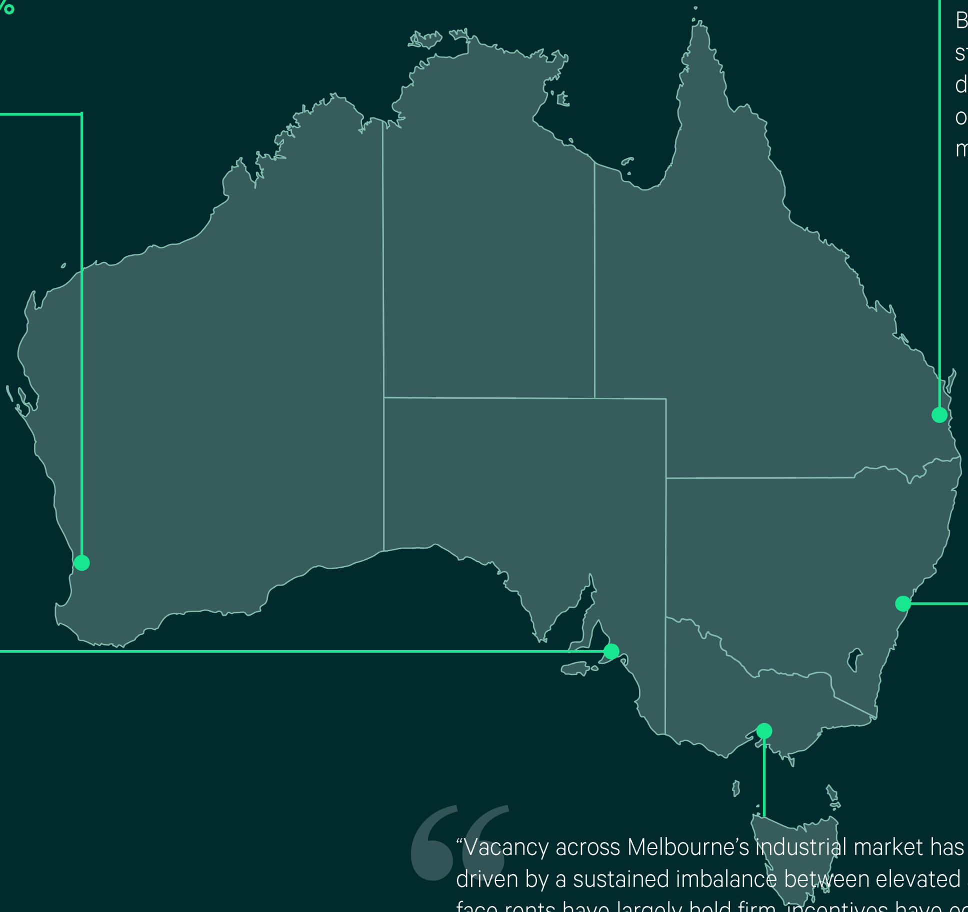
Access to city and precinct level vacancy rates, stock totals, and historic data trends is only provided via CBRE Industrial and Logistics Research data subscription service

Key Takeaway

The national vacancy rate lifts, however, remains at one of the lowest levels globally.

Around the Country

The national vacancy rate edges up to 3.2%



"Perth's vacancy rate increased to 1.8% in the half year to December 2025, up from 1.2% in June 2025. The increased vacancy comprises a mix of some new supply, prelease backfill space and sublease accommodation. Tenant enquiry remains fairly subdued as tenants adjust to increased rents and broader economic uncertainty. Market rent growth has stabilised with recent deals indicating an increase in leasing incentives as landlords become more motivated."

Jarrad Grierson
Senior Director | WA

"Although remaining at historically low levels, Adelaide's vacancy rate has increased to 1.8%, reflecting an easing in occupier demand, particularly at the larger end of the market. A slight increase in sublease activity has also been observed. On a more positive note, early-stage enquiry from suppliers and businesses related to the AUKUS submarine project has been observed, following similar trends observed in the office sector. This take up driver is expected to grow dramatically as the project moves forward."

Paul McKay
State Director | SA

Source: CBRE Research

"Leasing demand and transaction volumes continued to improve throughout 2H25 with occupiers seeking both functional and cost-effective solutions for their businesses. Whilst significant transactions were finalised, particularly across the Southern industrial precincts, the Greater Brisbane vacancy profile as an average remained relatively stable with only a minor contraction to 3.1%. Occupier demand and enquiry have also increased over the later part of the year, and we expect this to create a stronger and more robust leasing market into 2026.

Matthew Frazer-Ryan
State Director | QLD

Sydney's vacancy rate remains tight, ending the year at 2.9%. Large-format sub-lease space has been a key driver shaping headline vacancy metrics over the past 12 months. Leasing volumes for 2025 were concentrated across Western Sydney. Aldi's 87,000sqm pre-lease, and pre-commitments from Jennmar (33,000sqm) and Refresco (25,000sqm) underscoring sustained demand for prime or emerging logistics hubs. Most leasing activity continued to focus on 3,000–10,000sqm facilities; however, the availability of new speculative developments has broadened tenant choice and led to an uplift in incentives. Super Prime face rents were largely stable throughout 2025, reflecting more cautious occupier expansion plans. Notably, renewed activity from the 3PL sector in Q4 – now accounting for close to 50% of leasing volumes – has begun to re-energise the market.

Tom Rourke
Head of Western Sydney Industrial & Logistics

"Vacancy across Melbourne's industrial market has continued its upward trajectory through 2025, driven by a sustained imbalance between elevated supply levels and subdued occupier demand. While face rents have largely held firm, incentives have edged higher across all precincts, reflecting the competitive leasing environment. Sublease availability remains limited across most precincts, with only the West continuing to offer a moderate amount of sublease options. Looking ahead, the anticipated slowdown in supply completions from 2026 is expected to provide some relief to upward vacancy pressures. Despite current cyclical headwinds, super-prime assets in core locations are expected to outperform in the current environment."

Thomas Murphy
State Director | Victoria

Around the Country

H1 2025 commenced with a notable uplift in occupier enquiry compared with 2024; however, this did not consistently translate into relocations. For most occupiers, the requirement for additional space was frequently outweighed by the cost, operational disruption and execution risk associated with relocating. As a result, demand has remained selective, with occupiers prioritising efficiency gains over expansion.

Transactional activity lifted incrementally in Q2 across most markets, although renewals continued to dominate, accounting for more than 85% of leasing activity in many locations. Where transactions have occurred, they have largely been driven by landlords prepared to offer more competitive commercial terms, including enhanced incentives, early access, and increased fit-out contributions. This dynamic is expected to persist into 2026 as owners increasingly acknowledge that depth of demand is more consistent with a 'normalised' market environment. Secondary-grade assets, in particular, are expected to remain under pressure, with incentives pushing beyond long-term averages as they compete with newer, more efficient stock.

Face rents have generally remained resilient, particularly for super-prime assets under 7,000 sqm, with pockets of rental growth evident in sub-3,000 sqm formats. While new developments have achieved examples of rental growth, this has almost invariably been accompanied by elevated incentives. Letting-up periods have extended across most markets to between three and six months, with instances of up to 12 months where owners have been unwilling to adjust pricing expectations. Super-prime precincts, including locations such as Kemps Creek, have continued to outperform as occupiers maintain a clear flight-to-quality bias.

Sublease availability has eased in several markets, with many larger sublease offerings being absorbed by occupiers seeking to consolidate into newer, more efficient facilities. This has reduced sublease stock as a material source of future supply risk.

Land values have remained broadly stable, underpinned by the ongoing shortage of serviced industrial land across most markets. Tight land supply has helped keep vacancy rates low and has provided support to current pricing levels. While the Pacific Industrial & Logistics market is firmly operating within a normalised phase in terms of annual take-up, we expect gradual, incremental improvement to continue through 2026, supported by easing sublease pressure, constrained land supply and sustained preference for high-quality assets.

Michael O'Neill
Regional Director, Pacific | Industrial & Logistics and Managing Director of Western Sydney

FIGURE 1

Average Vacancy Rate by City, 2H25 vs. 1H25

To note: reflects building NLA >5,000 sqm in Sydney and Melbourne, and >3,000 sqm in Brisbane, Perth and Adelaide.
Source: CBRE Research

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