Australia's industrial market enters a more balanced phase

▶ 3.2%	▼ c.550,000 sqm	▼ c.860,000 sqm	▲ 6.1%
Vacancy rate average (1H26)	New Industrial Supply Q2 2026	Gross Take-Up Q2 2026	Super Prime Midpoint Yield Q2 2026

Note: Arrows indicate change from previous quarter.

Key Points

- Gross take-up reached 1.8 million sqm during H1 2026, representing just over half of the total leasing activity recorded across calendar year 2025.
- While the development pipeline remains elevated, delivery risk continues to increase as developers contend with tighter pre-commitment requirements, construction cost pressures and financing constraints.
- Face rents remained broadly resilient across most markets, although a marginal increase in incentives resulted in slightly softer effective rents during the quarter.
- Leasing conditions continue to favour occupiers in the near term; however, market conditions are stabilising as new supply moderates and vacancy rates approach their cyclical peak.
- National super prime midpoint yields remained broadly stable during Q2 2026, with only marginal outward movement recorded across selected markets as elevated bond yields continued to influence pricing expectations.
- Industrial investment activity has already surpassed the total transaction volume recorded during calendar year 2025.

Demand

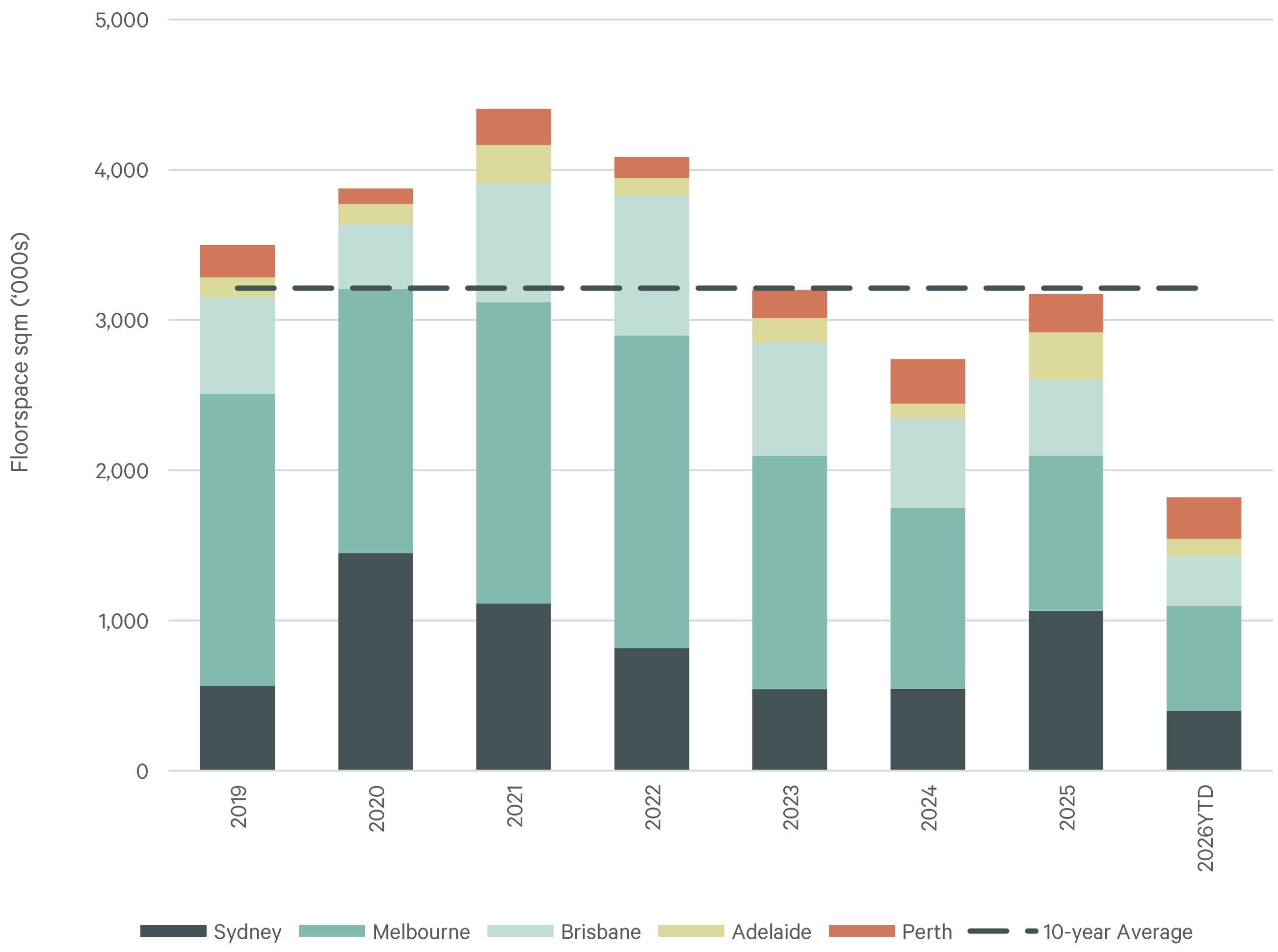
Leasing momentum remains healthy despite a more selective market

Gross take-up totalled approximately 0.9 million sqm in Q2 2026, taking H1 leasing activity to around 1.8 million sqm. While activity moderated from the previous quarter, leasing volumes remain on track to exceed both the long-run average and 2025, supported by improving momentum through the second half of the year.

Leasing conditions continue to favour occupiers, with elevated incentives, greater landlord flexibility and early access supporting transaction activity. Against a more uncertain economic backdrop, many occupiers have renewed rather than relocated, prioritising certainty and cost control. We view this as deferred rather than lost demand, with these occupiers expected to re-engage over the next 12–18 months.

- Melbourne remained the most active leasing market during Q2, followed by Brisbane and Perth, while Sydney recorded further signs of occupier caution.
- Existing stock accounted for almost 80% of leasing activity, with pre-leasing remaining selective as occupiers favoured ready-to-occupy accommodation
- Demand continues to favour modern, well-located assets, with landlords offering competitive incentives and fit-out contributions achieving stronger leasing outcomes. Secondary assets continue to face greater leasing pressure.

FIGURE 1: National Gross Take-Up by City



To note: reflects transactions >5,000 sqm for Sydney and Melbourne, transactions >3,000 sqm for Brisbane, transactions >3,000 sqm for Perth and Adelaide.
Source: CBRE Research Q2 2026

Supply

Development pipeline remains active, with delivery certainty moderating beyond 2026

Around 1.3 million sqm of new supply was completed during H1 2026, representing approximately 50% of the forecast 2026 development pipeline. While Sydney accounted for the largest share of completions during the first half, delivery is expected to shift towards Melbourne through the remainder of 2026 as a significant volume of projects reach completion.

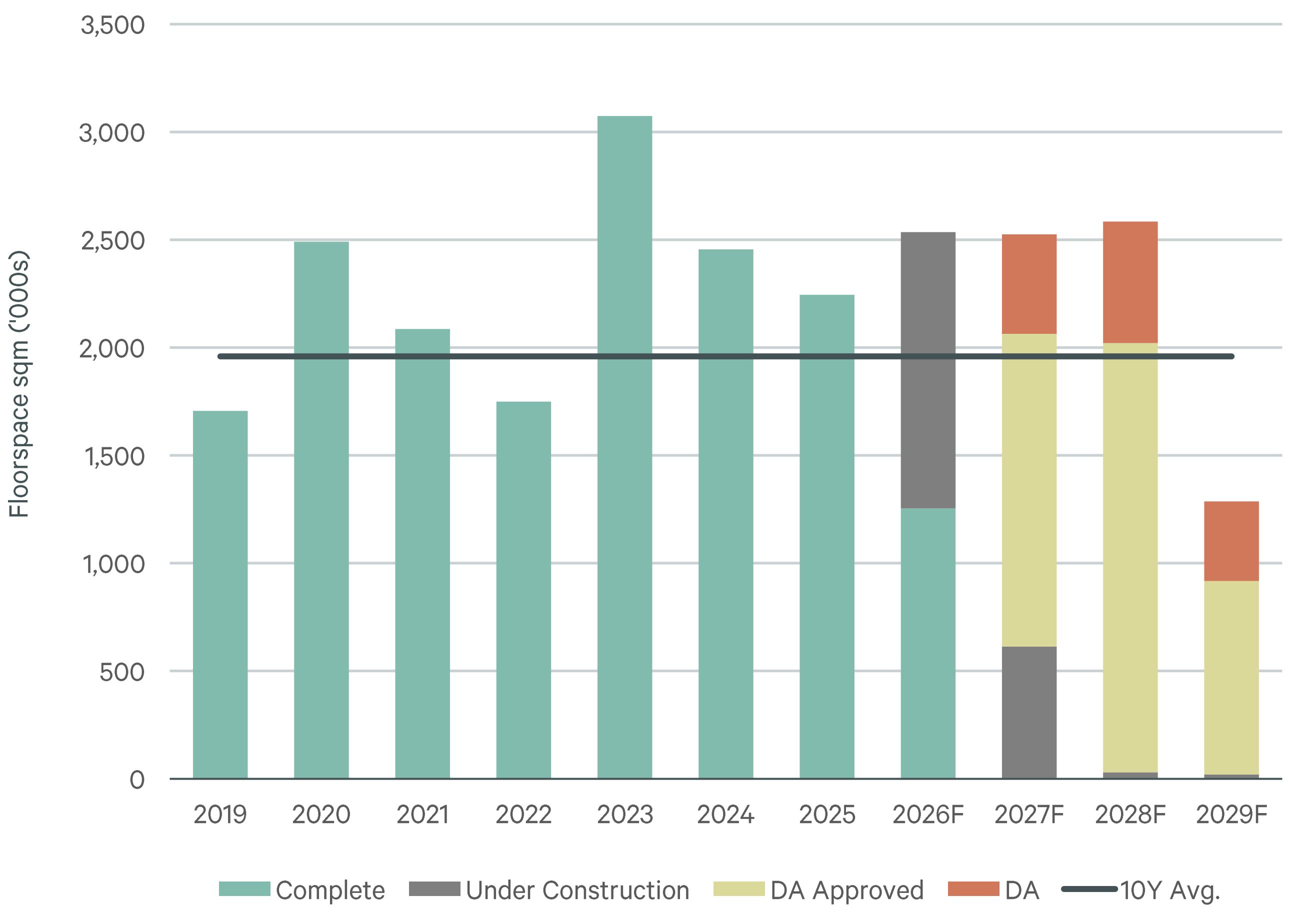
Supply remains elevated in 2026, however delivery certainty declines beyond this year. Around 25% of the 2027 pipeline is already under construction, while the balance remains at various planning and approval stages, making the timing of future completions less certain.

Approximately 55% of the remaining 2026 pipeline is pre-committed, supporting near-term leasing fundamentals. Beyond 2026, the forward pipeline becomes progressively less certain as a large share remains in planning and approval stages. As a result, project deferrals are expected to moderate supply delivery through 2027–2028.

Notable projects to reach PC in 2H26:

- Amazon's Fulfillment Centre in Melbourne's North – ESR
- Charter Hall's Tarneit Logistics Hub in Melbourne's West
- Goodman's Redbank Industrial Park Warehouses in Brisbane's Western Corridor.

FIGURE 2: Development Supply Pipeline



To note: reflects new projects >5,000 sqm for Sydney and Melbourne, projects >4,000 sqm for Brisbane and Perth, projects >3,000 sqm for Adelaide.
Source: CBRE Research Q2 2026

Leasing Market

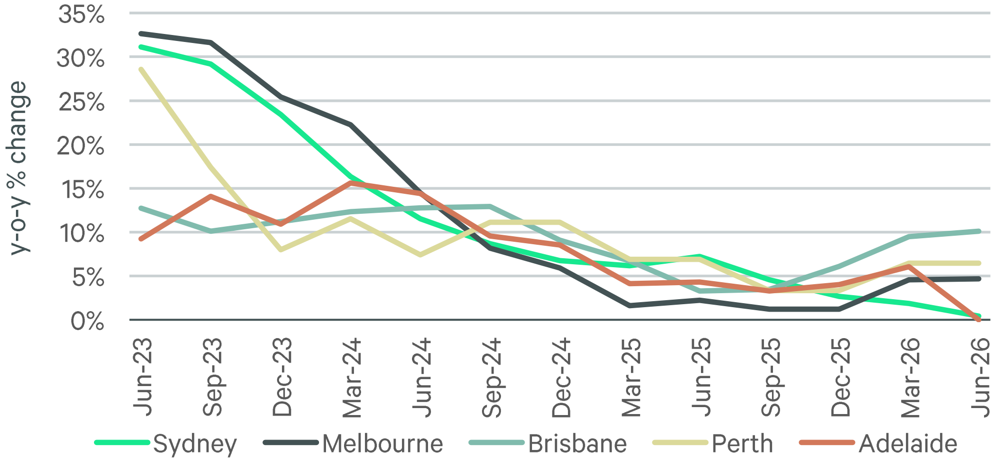
Headline rents remain resilient despite elevated incentives

Headline rents remained broadly stable across Australia's industrial markets during Q2, reflecting continued discipline from landlords despite occupiers retaining favourable leasing conditions. While incentives edged marginally higher over the quarter, effective rents were broadly unchanged nationally as landlords continued to prioritise maintaining face rental benchmarks.

Rental performance continued to diverge across markets. Sydney remained the weakest market for effective rental growth, with elevated incentives continuing to offset headline rental performance. Brisbane recorded a modest improvement, Melbourne remained broadly stable despite the highest incentive levels nationally.

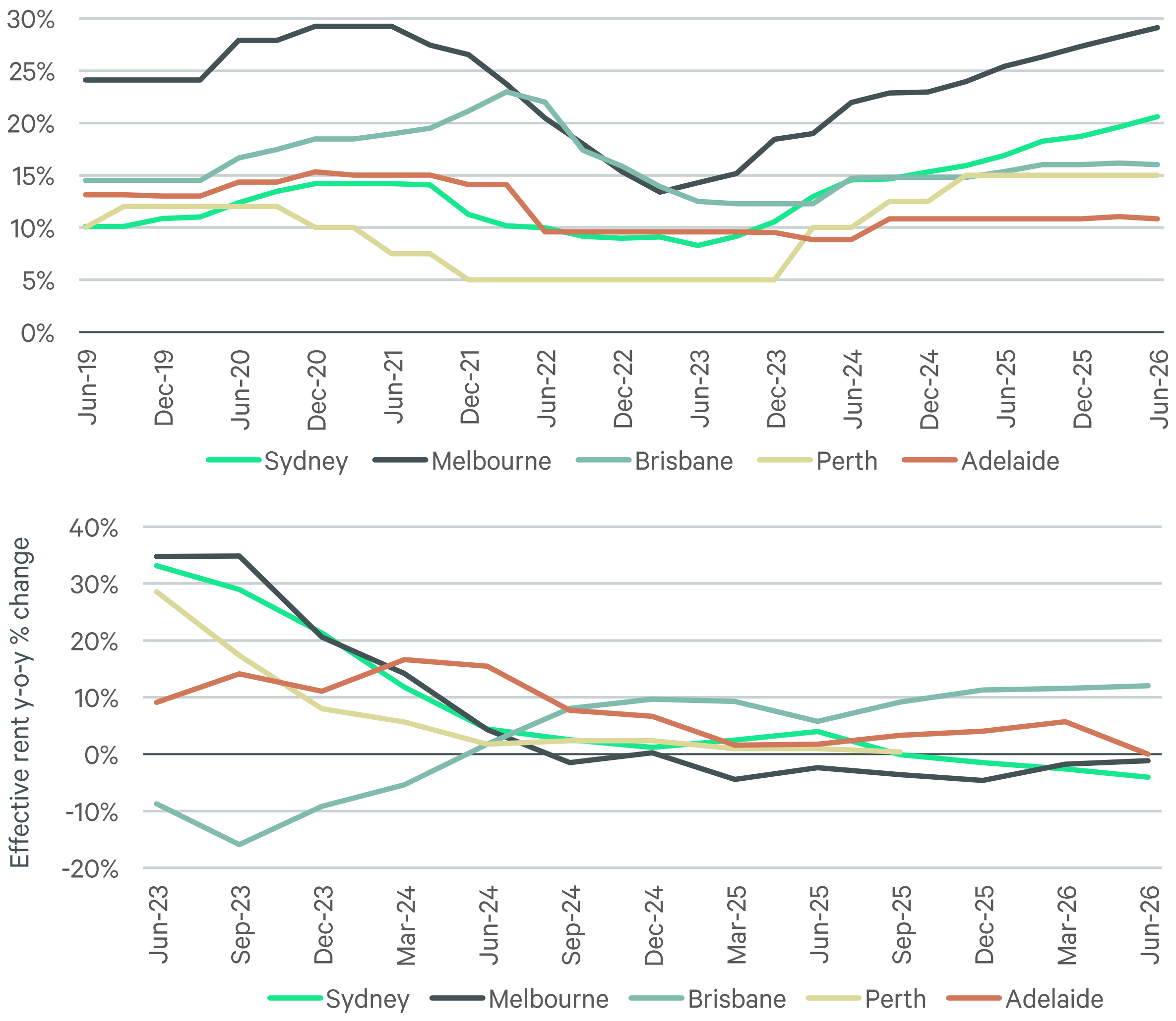
Premium, well-located assets continue to outperform the broader market, with occupiers remaining willing to commit where assets provide operational efficiencies and commercial terms align with business requirements. Secondary assets continue to face greater leasing pressure as competition for tenants remains elevated.

FIGURE 3: Super Prime weighted-average net face rent, y-o-y % change



Source: CBRE Research Q2 2026

FIGURE 4: Super Prime key metrics



To note: Data reflects the supply-weighted-average.
Source: CBRE Research.
CBRE Research provide detailed rent forecasts via a paid subscription service.

Investment Market

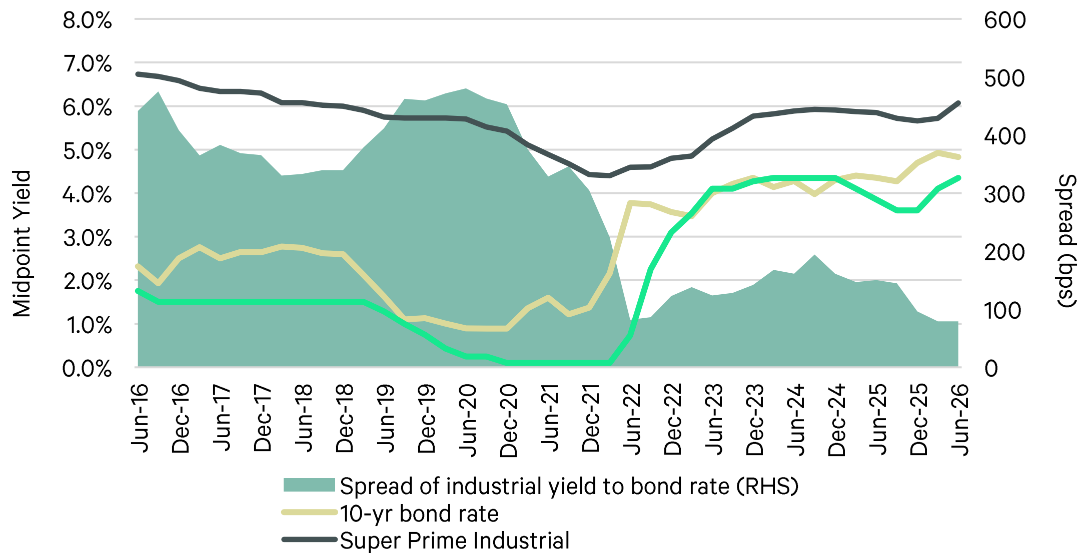
Investment activity surpasses 2025 levels

Australia's industrial & logistics investment market has maintained solid momentum through the first half of 2026, with transaction volumes already exceeding the total recorded across calendar year 2025. Melbourne accounted for the largest share of activity, supported by several major transactions, including the landmark Moorabbin Airport sale, positioning the market to outperform its long-term average should current momentum continue.

Yields remain broadly stable

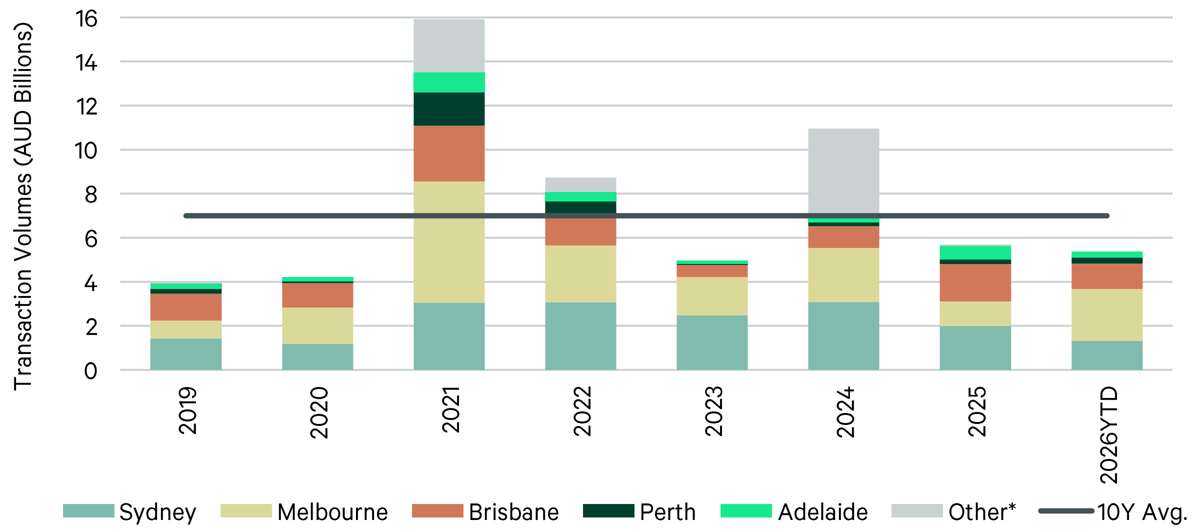
Super prime yields remained broadly stable across Australia during Q2 2026, with only marginal outward movement recorded in selected markets. Sydney and Perth held firm, while Melbourne, Brisbane and Adelaide experienced modest expansion as investors continued to balance elevated financing costs against resilient demand for high-quality industrial assets. Pricing remains well supported, with only limited yield adjustment observed across the market.

FIGURE 5: Industrial & Logistics Super Prime Midpoint Yields and Australia 10yr Government Bond



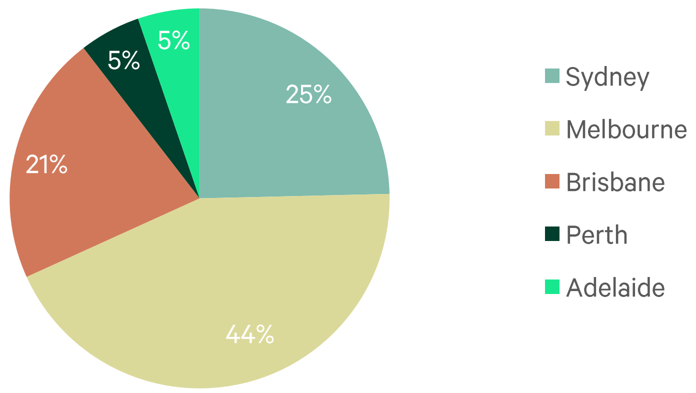
Source: RBA, CBRE Research Q2 2026

FIGURE 6: Industrial Investment Sales for income producing assets (greater than AUD 10 million), 2019-2026YTD



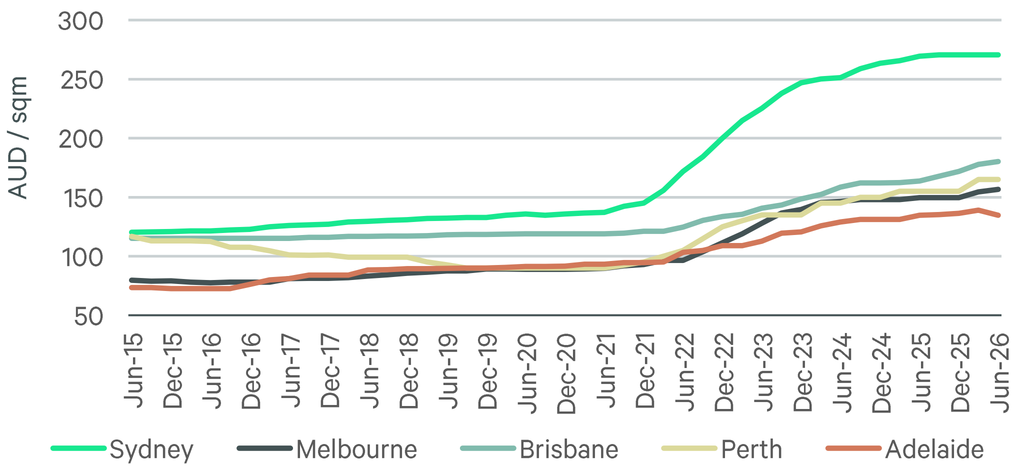
To note: Reflects investment sales of income producing assets AUD 10 million and greater.
*Other reflects portfolio sales across multiple cities where individual asset price has not been disclosed.

FIGURE 7: State Share of Industrial Investment Sales by value 2026YTD



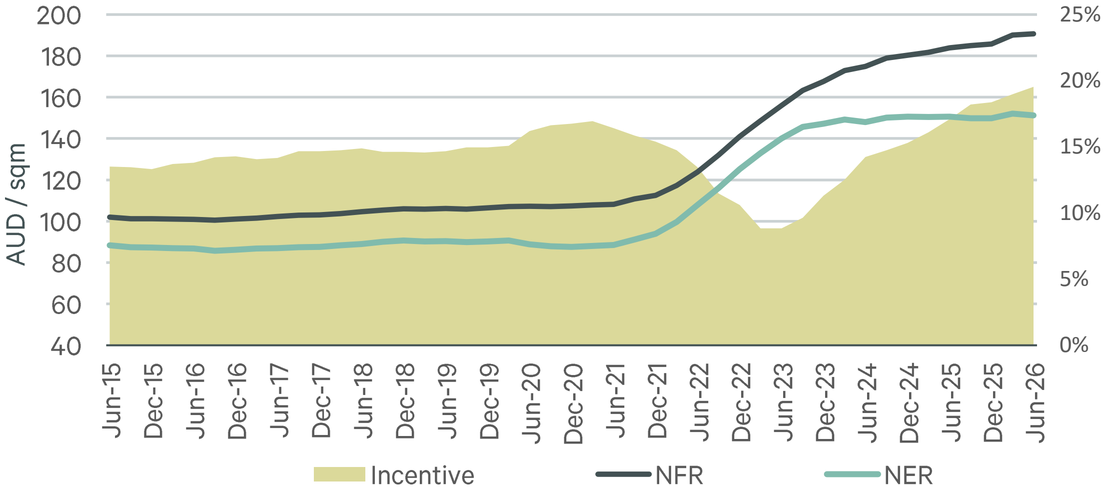
Source: CBRE Research Q2 2026

FIGURE 8: Super prime weighted-average net face rent, by City



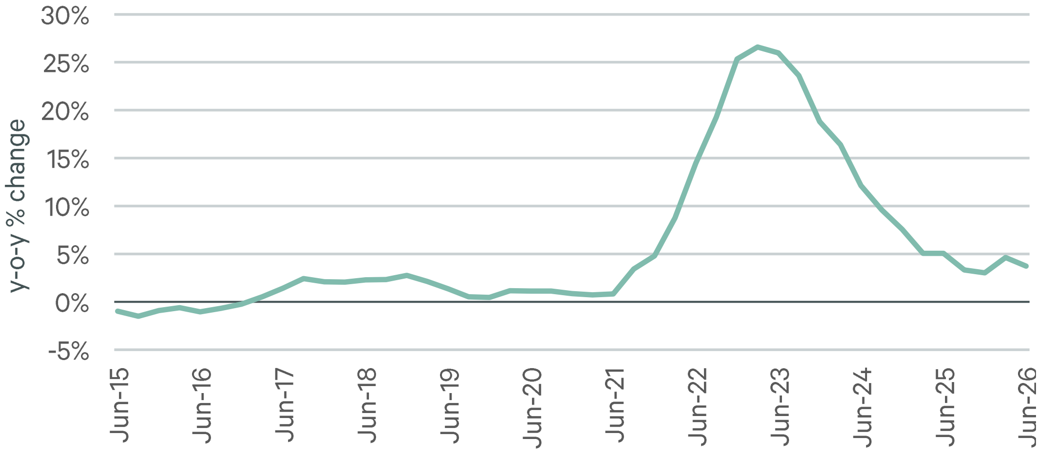
Source: CBRE Research Q2 2026

FIGURE 10: Australia super prime weighted-average rents and incentives



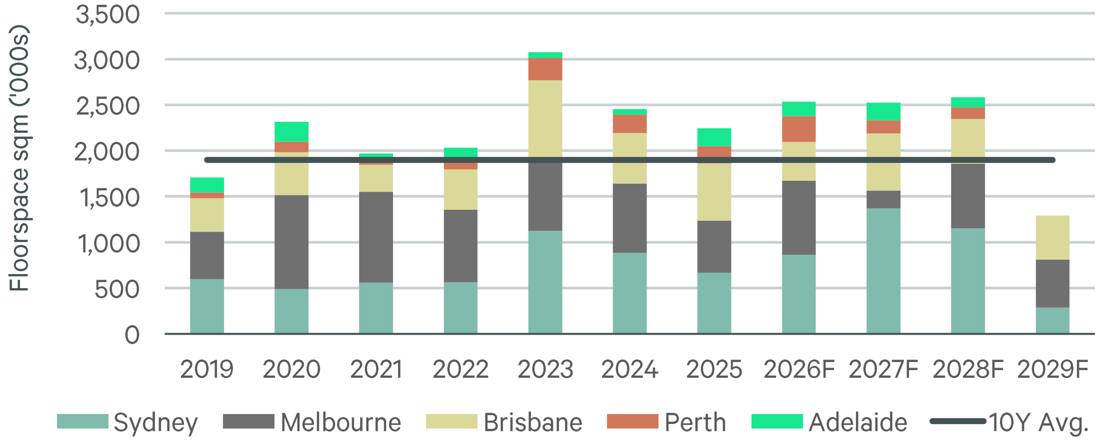
Source: CBRE Research Q2 2026

FIGURE 9: Australia super prime weighted-average net face rent growth y-o-y



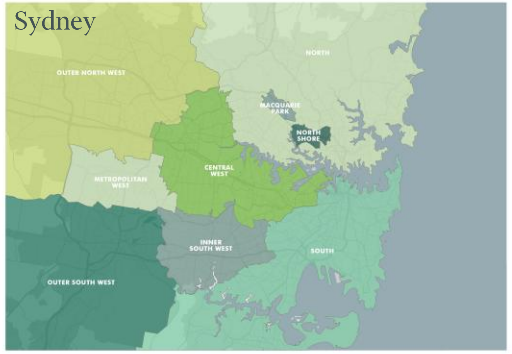
Source: CBRE Research Q2 2026

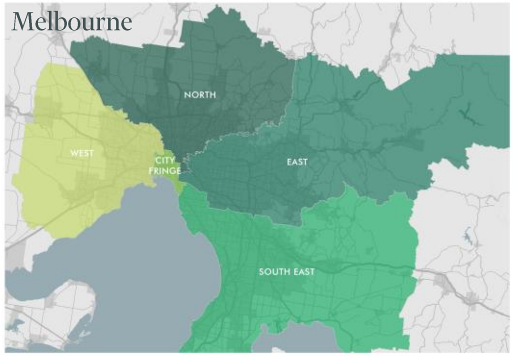
FIGURE 11: Development supply pipeline by City

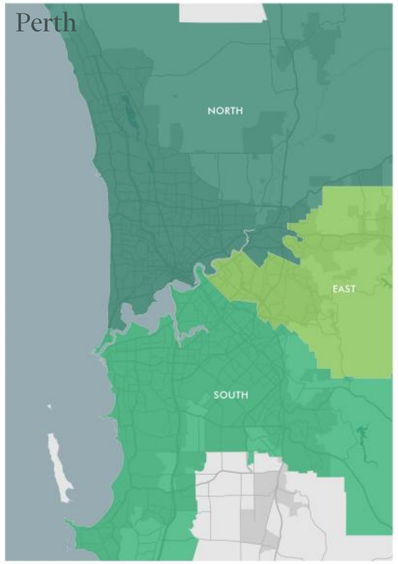


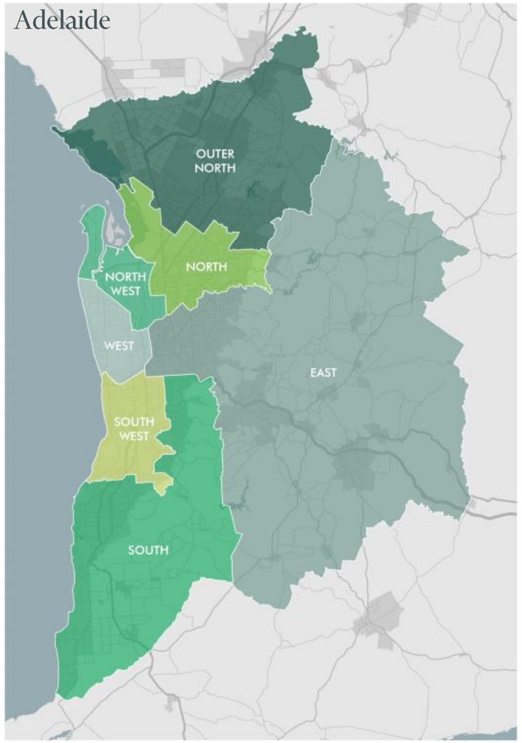
Reflects projects >5,000 sqm for Sydney and Melbourne, projects >4,000 sqm for Brisbane and Perth, projects >3,000 sqm for Adelaide.
Source: CBRE Research Q2 2026

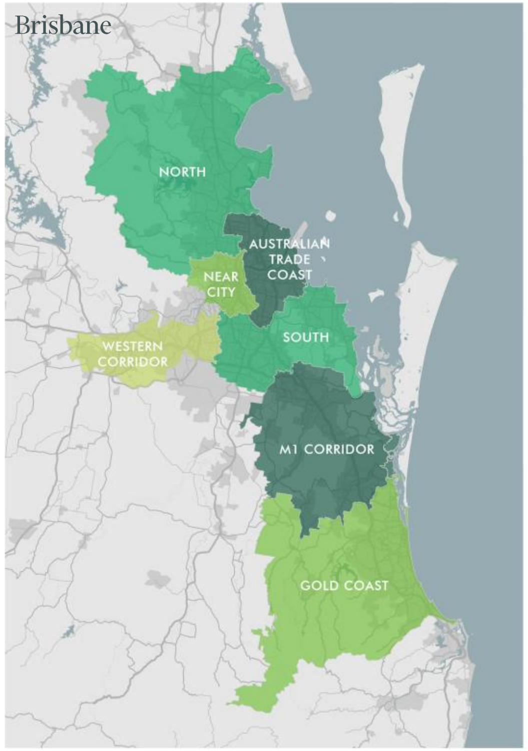
Market Area Overview











Definitions

Super Prime: Less than 6 years old, height clearance between 13.7m and 14.6m. Buildings showcasing design excellence with combination of ESFR sprinklers and docks / on-grade doors, as well as strong truck articulation for loading/unloading.

Prime: Generally, between 6 and 15 years old, height clearance over 10m and up to 13.7m.

Secondary: Buildings that are older style but still very functional, height clearance in the ranges of 8-11m, Over 15 years old.

Access the complete Industrial and Logistics dataset through CBRE Research's subscription service.

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