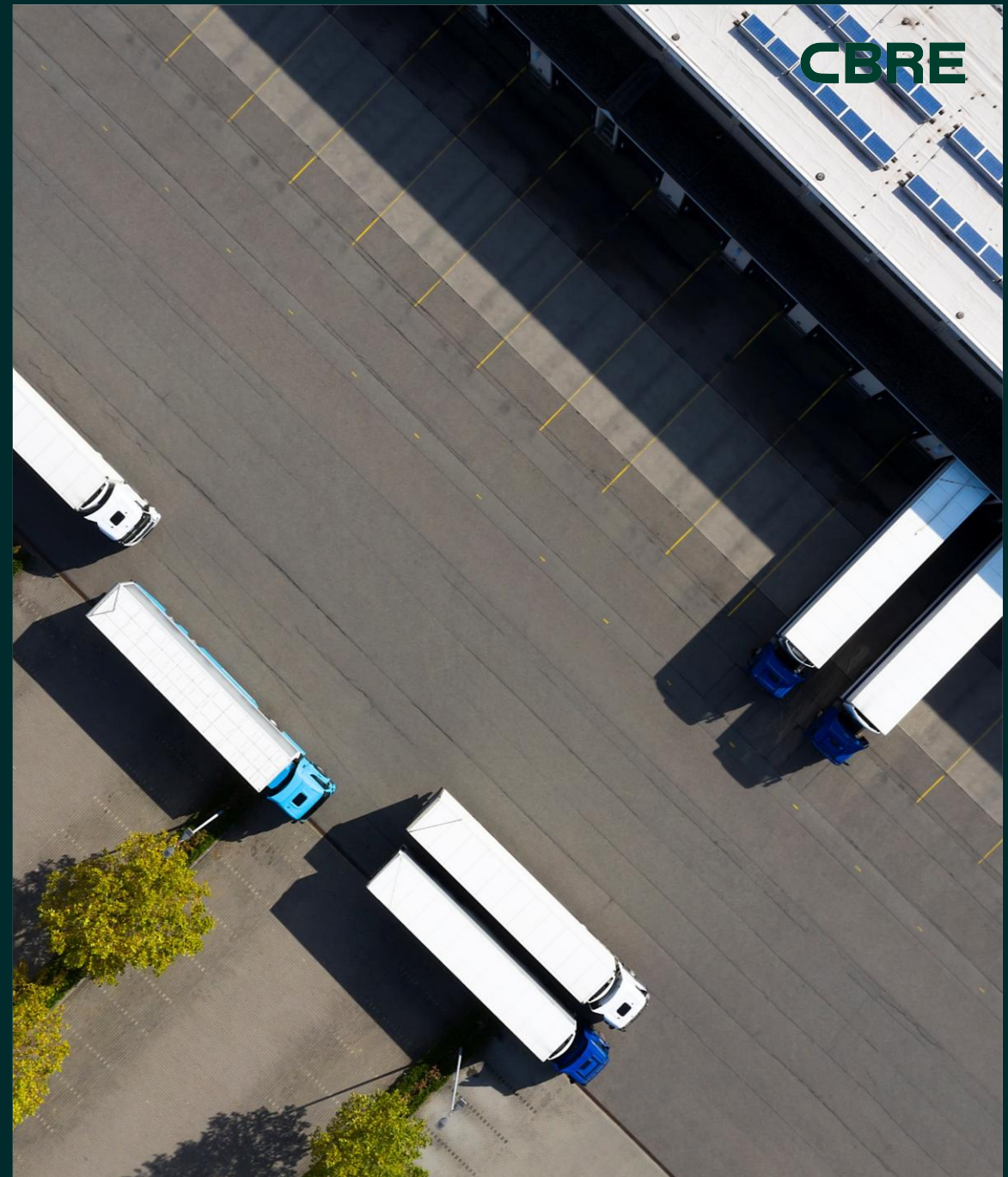


Intelligent Investment

Australia's Industrial and Logistics Vacancy First Half 2026 (1H26)

REPORT

CBRE RESEARCH
JULY 2026



CBRE Research

“Australia’s average Industrial & Logistics vacancy rate remained unchanged at 3.2% in 1H26, below CBRE’s previous forecast (3.4%). The result suggests vacancy has begun to stabilise and reinforces the view that the market is at, or very near, its cyclical peak. National vacancy remains below the sector’s long-term equilibrium threshold of 4%, reflecting balanced market conditions despite continued variation across individual markets.

Occupier demand strengthened considerably throughout the first half of 2026, with national net absorption exceeding 1.4 million sqm - more than double the level recorded in 2H25. This highlights the market’s capacity to absorb new supply and suggests leasing demand has remained more resilient than many anticipated.

Market performance varied across Australia. Melbourne remained unchanged at 4.7%, while Brisbane and Adelaide were broadly stable. Perth tightened further to 1.0%, reflecting ongoing supply constraints and strong occupier demand. The largest movement was recorded in Sydney, where vacancy increased to 3.5%.

A clear trend is emerging across Australia’s major logistics markets. Vacancy is becoming increasingly concentrated within older prime and secondary grade assets, while modern super prime facilities continue to outperform.

In Sydney, vacancy growth was largely concentrated within the Outer South West, where several existing vacancies remain unleased. Similarly, Melbourne’s vacancy profile remains dominated by older stock, with super prime facilities accounting for only a relatively small proportion of available space despite elevated vacancy across several precincts.

With the development pipeline moderating and occupier demand strengthening, vacancy is still expected to reach its peak during 2H26 (3.5%); however, any further increase is anticipated to be marginal. National vacancy is forecast to remain below 4% before gradually trending lower from 2027.

Over the longer term, Australia’s structural shortage of serviced and appropriately zoned industrial land remains unchanged. Combined with continued population growth, expanding e-commerce activity and increasingly sophisticated supply chain requirements, these factors are expected to underpin sustained demand for modern industrial facilities across Australia’s major logistics markets.



Sass Jalili

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

The CBRE Research Australia 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



National vacancy is nearing its peak, while demand continues to absorb new supply.

Around the Country

The national vacancy rate is unchanged at 3.2%

“Perth’s industrial vacancy rate has decreased to 1.0% in the half year to July 2026. The limited stock available comprises a mix of backfill space created off the back of pre-lease activity, sub-lease accommodation plus some limited spec space. Gross take up for the last 12 months has been over 400,000 sqm which is more than double Perth’s 10-year average. Most recent tenant demand has largely come from the warehousing and logistics and e-commerce sectors. Subject to continued demand, we anticipate upward pressure on rents and ongoing supply constraints.”



Jarrad Grierson
Senior Director | WA

“The slight increase in Adelaide’s industrial vacancy from 1.8% to 2.0% is reflective of a shift to a more cautious occupier market in response to global uncertainty and consequent national economic challenges. Despite the increase, vacancy remains low, and there has been an increase in lease renewals due to limited availability of alternative accommodation.”



Paul McKay
State Director | SA

“Occupiers are increasingly opting to renew rather than relocate, reflecting the gap between current economic rents and tenants’ perceived market value. At the same time, Melbourne’s tightly held institutional land ownership is expected to limit any meaningful decline in land values. As speculative supply moderates through 2027-28, vacancy is forecast to remain contained, with improving demand expected to underpin rental growth and support both renewal and relocation activity.”



Tom Hayes
Senior Director | Victoria

“The Brisbane industrial leasing and occupier market has demonstrated remarkable resilience despite significant domestic and global headwinds. While rising operating costs - particularly fuel prices, transport expenses and manufacturing input costs - have placed pressure on occupiers, demand has remained resilient across both mid-sized facilities and larger assets exceeding 10,000 sqm. We expect this positive momentum to continue through the remainder of 2026. The key factor likely to influence market conditions is the limited pipeline of speculative development. This shortage is expected to underpin rental stability, particularly for secondary grade assets, which may become the only viable option for occupiers requiring immediate accommodation. With current speculative projects nearing completion and no significant new developments commencing, the market is likely to face a gap in available supply over the next 12-18 months.”



Matthew Frazer-Ryan
State Director | QLD

“Sydney’s industrial vacancy rate has continued to trend upward, reflecting a more balanced leasing market after several years of exceptionally tight conditions. While 3PL activity remains subdued, demand has been supported by occupiers across a broader range of sectors, particularly construction-related businesses. Occupiers are increasingly prioritising operational efficiency, driving stronger demand for super-prime facilities with higher clearances, greater pallet density and stronger ESG credentials. Conversely, second-generation assets have become more difficult to lease as occupiers place greater emphasis on intra-logistics performance and total occupancy costs, with rising outgoings amplifying this trend. Notable transactions included the 30,630sqm lease at 10 Buda Way, Kemp’s Creek, and the 23,101sqm commitment at 23 Wonderland Drive, Eastern Creek, highlighting continued demand for large-format facilities.”



Moshe Greengarten
Head of Western Sydney Industrial & Logistics

Source: CBRE Research

Demand Dynamics

The Pacific Industrial & Logistics market carried positive momentum into 2026 following a strong fourth quarter of 2025. This provided an encouraging foundation as the year commenced, reinforcing the view that underlying occupier demand, while selective, remains active and engaged.

The second quarter brought a change of pace. A more complex and uncertain global and political backdrop prompted many occupiers to pause and regroup. A significant proportion of active market briefs elected to renew rather than relocate, with cost containment and certainty winning over disruption. We don't view this as lost demand - we view it as deferred demand. Most of this cohort is expected to re-engage within the next 12 to 18 months - representing a compelling pipeline of future leasing activity that underpins our positive medium-term outlook.

Transactional activity across the first half of 2026 has reinforced that occupiers remain focused on operational functionality and will commit when the commercial terms stack up. Landlords who have met the market - through competitive incentives, early access, and meaningful fit-out contributions - have been rewarded with leasing outcomes, while secondary-grade assets continue to face the greatest pressure, though motivated owners and realistic pricing are continuing to find a market.

From a demand perspective, the market is experiencing a shift in active occupier cohorts. The third-party logistics sector, which has historically been a primary driver of large-format leasing activity, remains subdued as operators continue to absorb

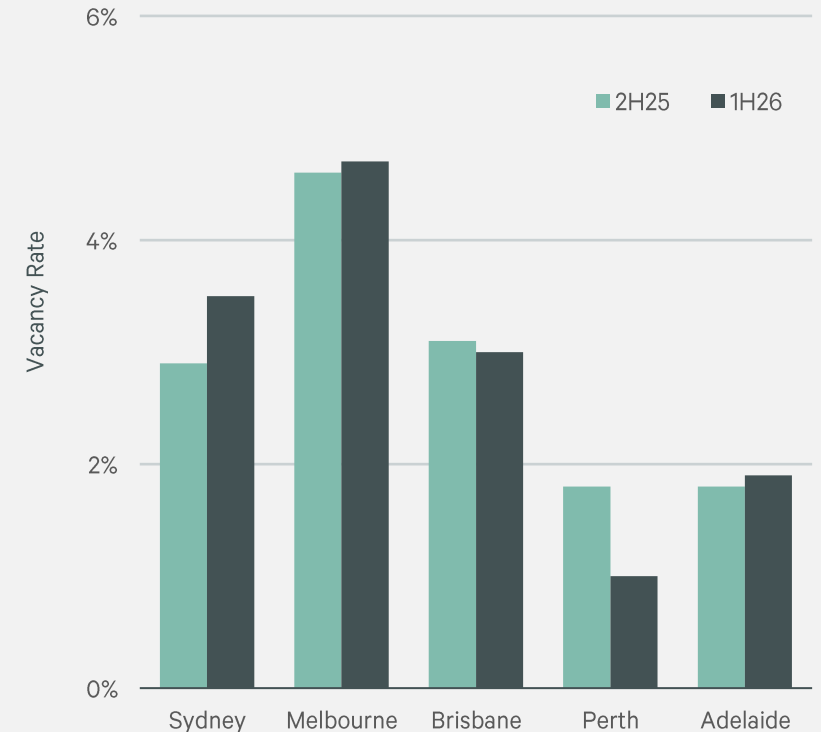
existing capacity and resist committing to additional space in an uncertain freight and consumer environment. In contrast, demand linked to the Data Centre sector and its broader supply chain has emerged as one of the most active sources of enquiry across the market. Occupiers operating in data centre construction, fit-out, equipment supply, and critical infrastructure services are actively seeking facilities that can accommodate their specific operational requirements, and this cohort is expected to remain a meaningful contributor to leasing activity throughout 2026. Complementing this, the Manufacturing sector has demonstrated encouraging levels of activity, with operators specifically targeting facilities that offer adequate power supply, gas infrastructure, or crane capacity. This infrastructure-led demand profile is reshaping the way landlords and developers think about asset specification, with power availability and structural capability increasingly becoming primary leasing criteria rather than secondary considerations.

Vacancy rates remain low by historical standards, and the combination of deferred demand returning to market, a diminishing sublease pool, constrained new supply, and a sustained preference for high-quality assets. The Pacific Industrial & Logistics market is well-positioned for a return to more active conditions, with the ingredients for a meaningful recovery in take-up firmly in place over the medium term.



Tom Rourke
Regional Director, Pacific | Industrial & Logistics

FIGURE 1
Vacancy Rate by City, 1H26 vs 2H25



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

Contacts

Research

Sass Jalili

Head of Industrial & Logistics,
Data Centre Research Australia
and Director of NSW Research
sass.jalili@cbre.com

Cameron Douglas-Perrine

Research Manager VIC
cameron.douglasperrine@cbre.com

Hannah Edy

Research Analyst QLD
hannah.edy@cbre.com

Eza Ranjbar

Associate Director WA and SA
eza.ranjbar@cbre.com

Advisory & Transactions

Tom Rourke

Regional Director Pacific | Industrial
& Logistics
tom.rourke@cbre.com.au

Moshe Greengarten

Head of Western Sydney | Industrial
& Logistics
moshe.greengarten@cbre.com.au

Matthew Frazer-Ryan

State Director QLD | Industrial &
Logistics
matthew.frazerryan@cbre.com

Jarrad Grierson

Head of Industrial & Logistics Perth
jarrad.grierson@cbre.com.au

Paul McKay

State Director SA | Industrial &
Logistics
paul.mckay@cbre.com

Capital Markets

Chris O'Brien

Executive Director APAC
chris.obrien@cbre.com.au

Jason Edge

Head of NSW Capital Markets
jason.edge@cbre.com.au

Andrew Bell

National Director Capital Markets
andrew.bell@cbre.com.au

© Copyright 2026. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.