

Australia's industrial market transitions towards recovery as leasing demand strengthens



Note: Arrows indicate change from previous quarter.

Key Points

- Occupier demand remains resilient, with national gross take-up reaching approximately 723,000 sqm in Q3 2026, supported by continued leasing activity across key industrial markets.
- Effective rental growth is showing early signs of recovery, with national super prime net effective rents increasing 1.3% year-on-year, up from 1.0% in Q2 2026. Face rents grew 4.8% annually, while the pace of incentive increases moderated.
- Supply remains elevated but development risks persist, with approximately 612,000 sqm delivered nationally during Q3 2026. Construction cost pressures, financing constraints and pre-commitment requirements continue to influence future development.
- Market conditions are gradually stabilising as incentives approach their cyclical peak, supporting the outlook for stronger effective rental growth.
- Investment yields remain broadly stable, with the national super prime midpoint yield increasing five basis points to 5.81%, driven by outward movement in Brisbane. Yields remained unchanged across Sydney, Melbourne, Perth and Adelaide.
- Industrial investment momentum continues to strengthen, with year-to-date transaction volumes already exceeding the total recorded in calendar year 2025.

Demand

Industrial leasing activity remains on track to exceed 2025 levels despite softer Q3 momentum

National gross take-up reached approximately 2.7 million sqm over the first three quarters of 2026, approaching the 3.2 million sqm recorded over CY2025. With one quarter remaining, leasing activity is on track to surpass both last year’s total and the 10-year annual average of approximately 3.2 million sqm.

While year-to-date activity remains robust, leasing momentum moderated in Q3, with all markets except Sydney recording lower take-up volumes compared with both Q1 and Q2 2026.

- Melbourne recorded the highest leasing take-up by floorspace during Q3, followed by Sydney, with the latter demonstrating greater resilience in quarterly activity.
- Transport, Postal & Warehousing dominated national leasing activity during Q3, driven primarily by third-party logistics (3PL) operators and several large confidential transactions. Wholesale Trade and Construction were the next most active sectors.
- Pre-leasing activity accounted for approximately one-quarter of total floorspace leased during Q3, highlighting continued occupier demand for new, purpose-built accommodation.
- Leasing conditions remain favourable for occupiers, with elevated incentives and greater choice of available accommodation supporting transaction activity, particularly for modern, well-located assets.

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 Q3 2026

Supply

Supply remains elevated in 2026, with a moderation in completions expected from 2027

National industrial supply is forecast to reach approximately 2.7 million sqm in 2026, with close to one-third of the full-year pipeline still under construction and scheduled for completion in Q4. This represents another year of elevated development activity, exceeding the 10-year annual average.

Looking ahead, the 2027 development pipeline totals approximately 2 million sqm, with around 40% currently under construction. A significant proportion of the remaining pipeline is still at DA approval or application stages, creating uncertainty around delivery timing. Consequently, actual completions in 2027 are expected to fall below the 10-year annual average, with project deferrals likely to moderate supply.

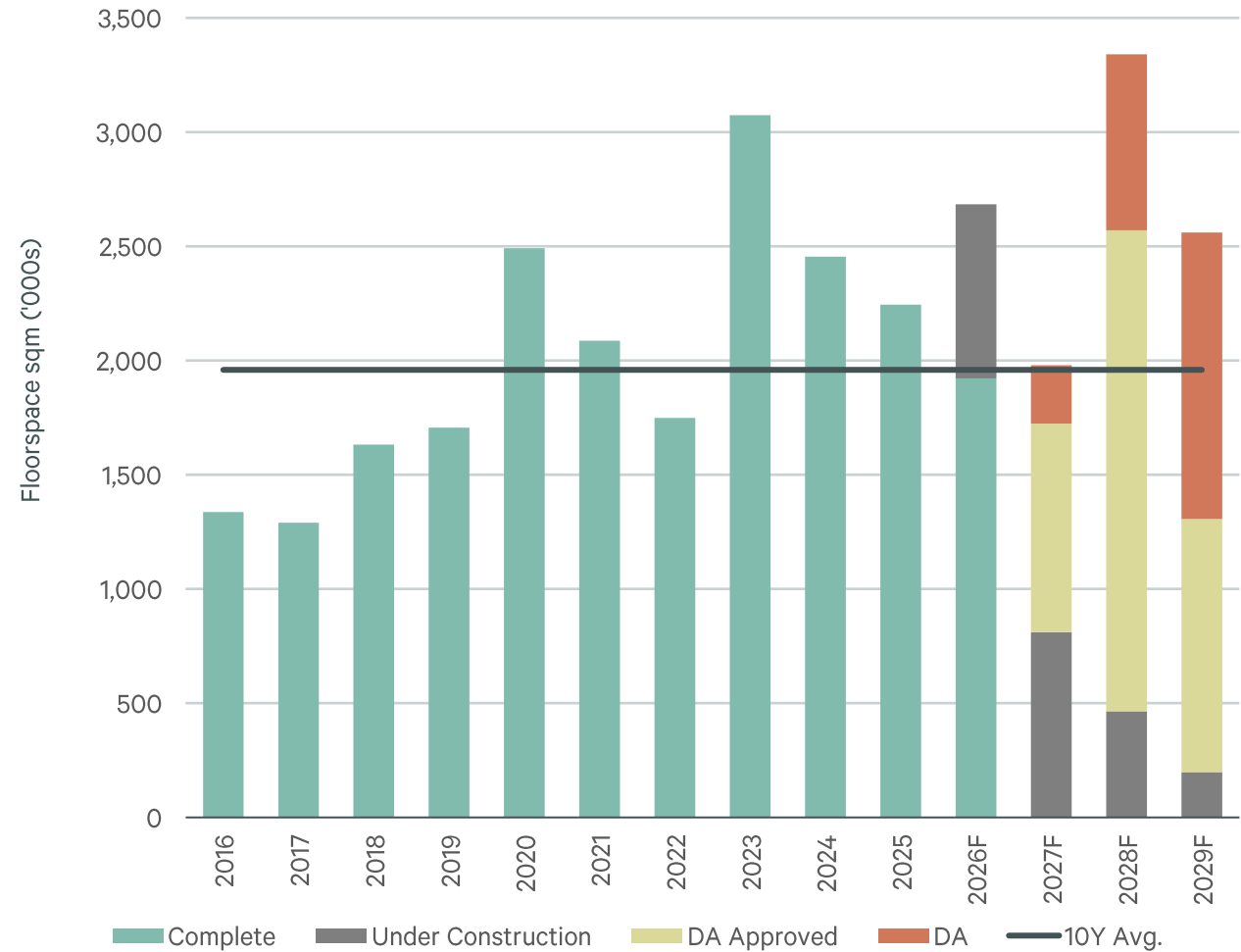
Notable projects completed in Q3 2026:

- Charter Hall's c.100,000 sqm development in Melbourne's West.
- Goodman's Redbank Motorway Estate in Brisbane's Western Corridor.
- NewCold's c.36,000 sqm cold storage facility in Sydney's Outer North West.

Notable projects scheduled for completion in Q4 2026:

- ESR's Fulfilment Centre in Melbourne's North.
- Warehouse 5 at Kemps Creek Industrial Estate in Sydney's Outer North West.
- Deer Park Estate in Melbourne's West.

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 Q3 2026

Leasing Market

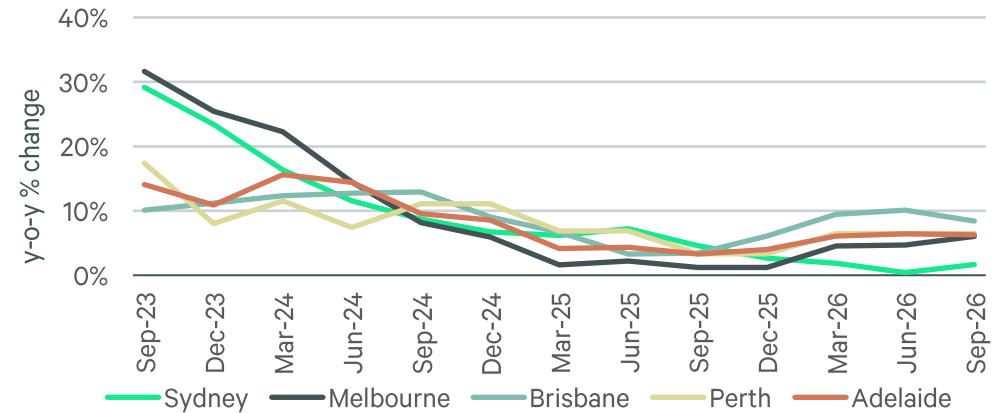
Effective rental growth shows early signs of recovery

National super prime supply-weighted average net effective rental growth improved to 1.3% year-on-year in Q3 2026, up from 1.0% in the previous quarter, signalling a potential turning point following a prolonged period of moderation. Face rental growth remained positive at 4.8% year-on-year, outpacing the impact of a marginal increase in average incentives from 20.5% to 21.3%. This suggests effective rental growth may have reached its cyclical low in Q2 2026.

Rental performance continued to diverge across markets. Sydney's super prime face rents increased by 1.7% quarter-on-quarter, although a rise in incentives from 21% to 23% continued to weigh on effective rents. Consequently, Sydney's effective rental growth remained negative at -3.9% year-on-year, albeit improving marginally from -4.1% in Q2.

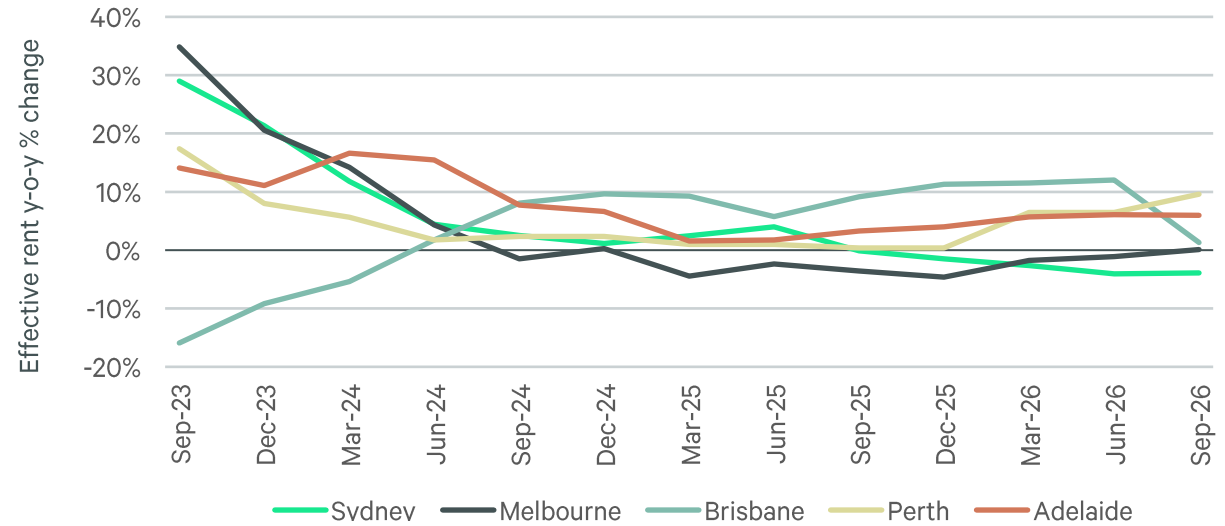
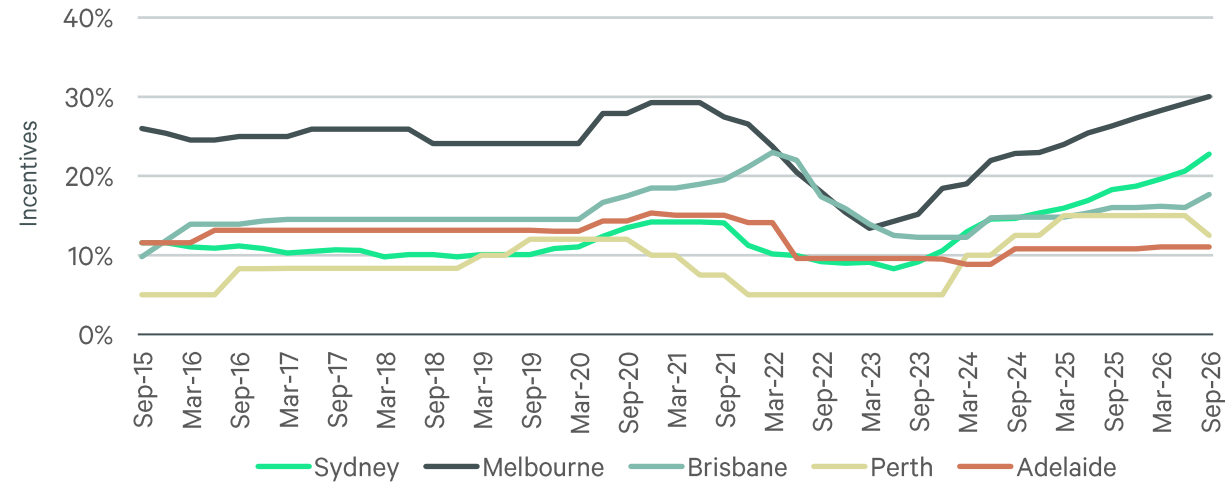
Melbourne's effective rental growth returned to positive territory at 0.1% year-on-year, compared with -1.1% in Q2. Perth recorded the strongest quarterly effective rental growth nationally at 2.9%, supported by a reduction in incentives, while Adelaide recorded modest growth of 0.4% quarter-on-quarter. Brisbane continued to experience negative effective rental growth, highlighting the uneven nature of the recovery across markets.

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



Source: CBRE Research Q3 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 10-year average

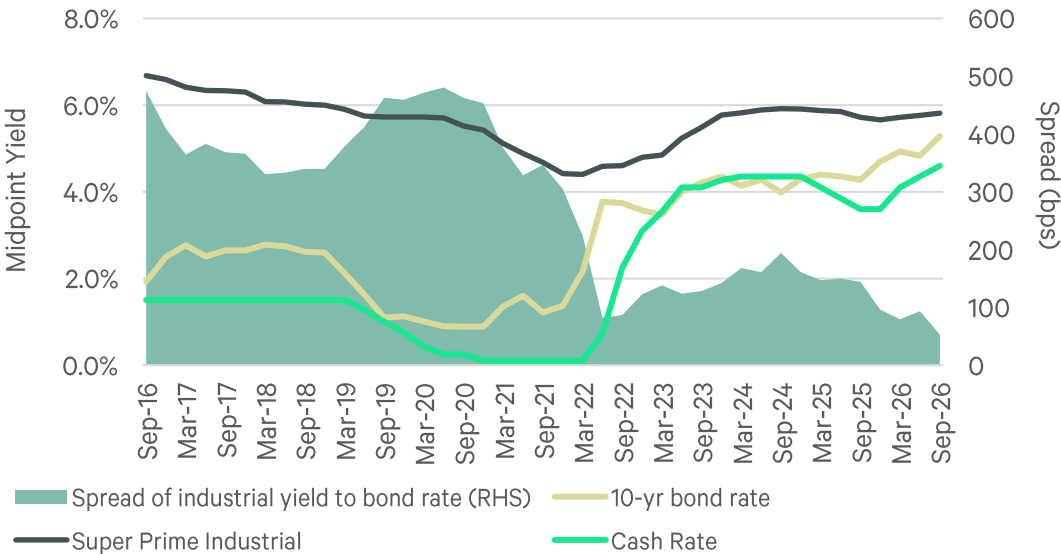
Australia’s industrial & logistics investment market has maintained solid momentum through 2026YTD, with transaction volumes already exceeding the total recorded across calendar year 2025 as well as the 10-year average of c. AUD 7 million.

Yields remain broadly stable, with marginal expansion nationally

Australia’s industrial and logistics upper prime midpoint yield expanded marginally by 5bps over Q3 2026, reaching 5.81%. This movement was driven entirely by yield expansion in Brisbane, while Sydney, Melbourne, Perth and Adelaide recorded no change over the quarter.

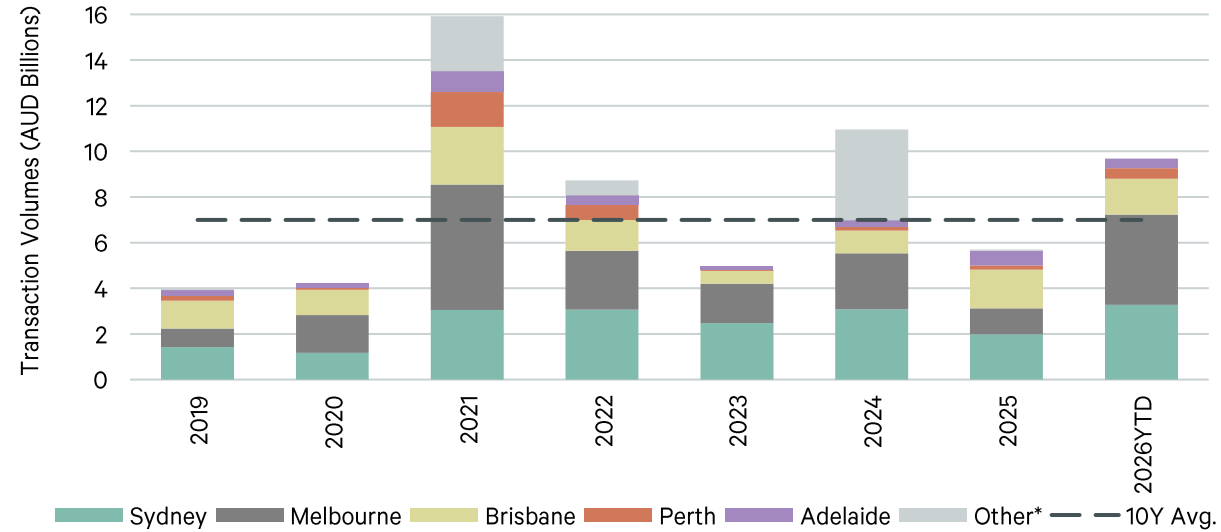
Despite the modest national outward movement, yields remain broadly stable, reflecting continued investor demand for high-quality industrial assets and relatively resilient pricing across most markets.

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



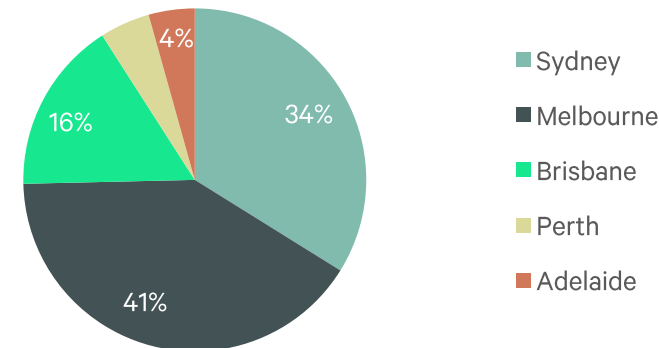
Source: RBA, CBRE Research Q3 2026

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



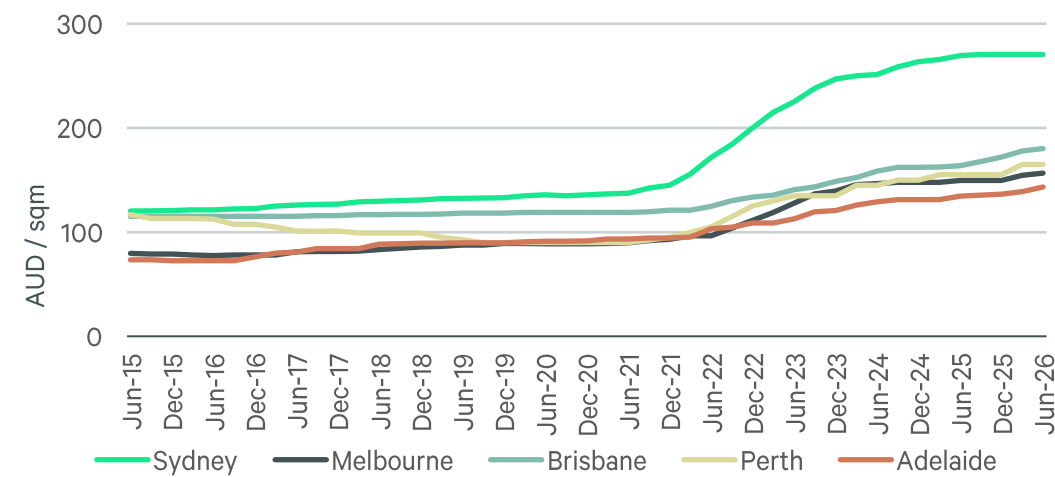
To note: Reflects investment sales of income producing assets AUD 10 million and greater.
*Other reflects portfolio sales across multiple cities where individual asset price has not been disclosed.

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



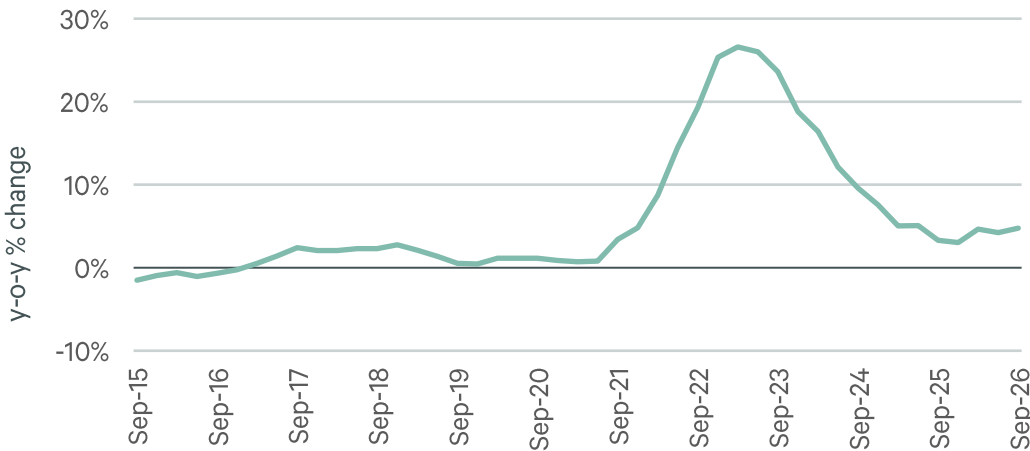
Source: CBRE Research Q3 2026

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



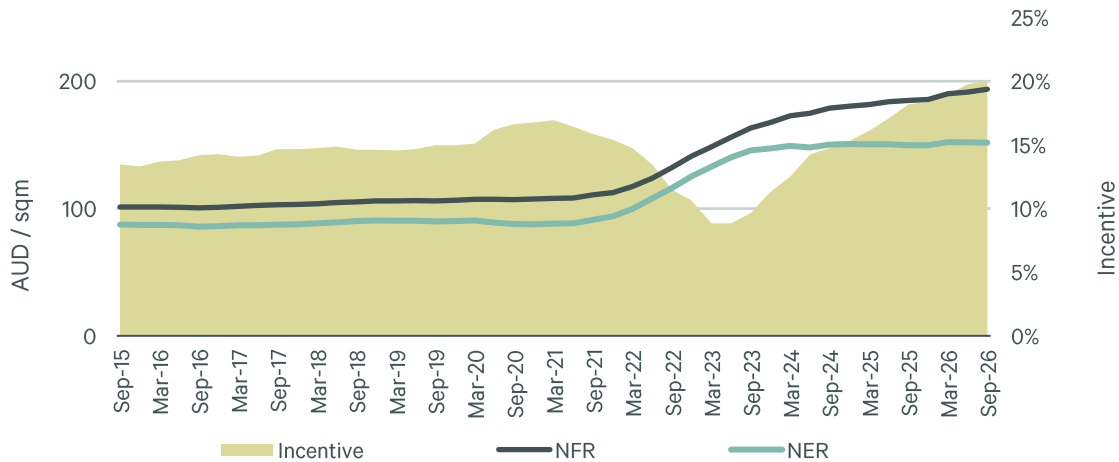
Source: CBRE Research Q3 2026

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



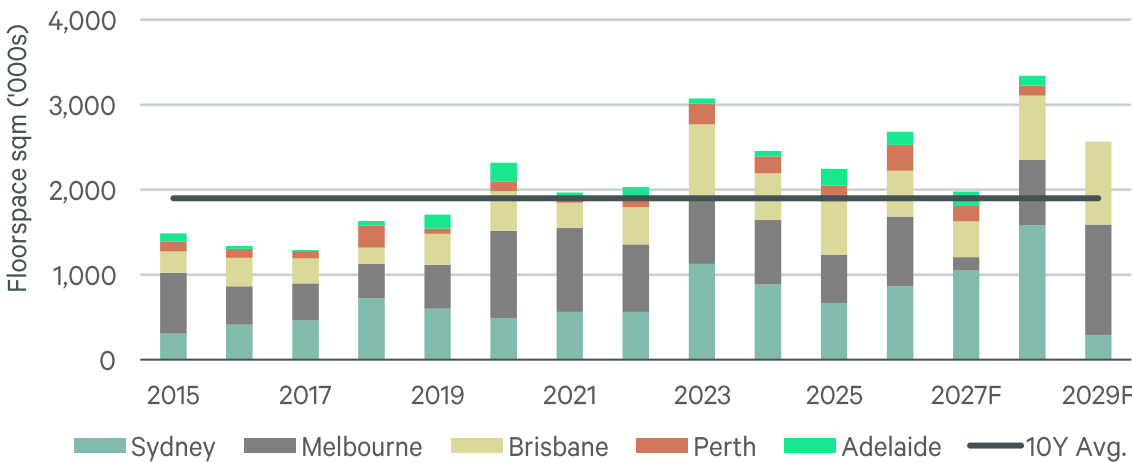
Source: CBRE Research Q3 2026

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



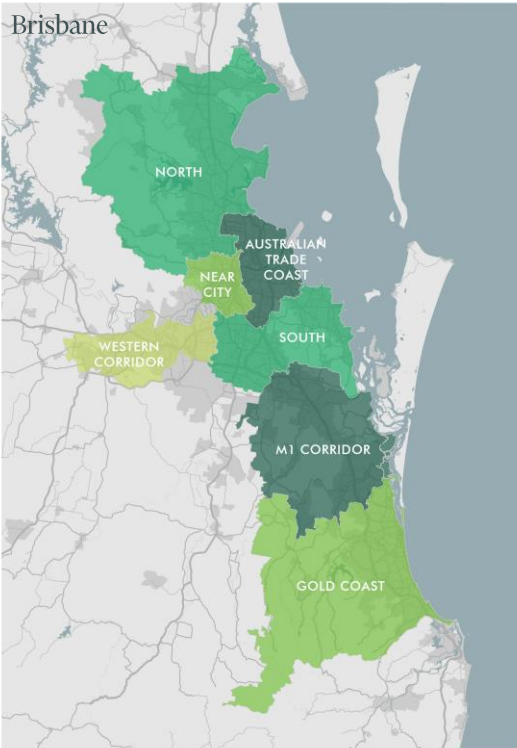
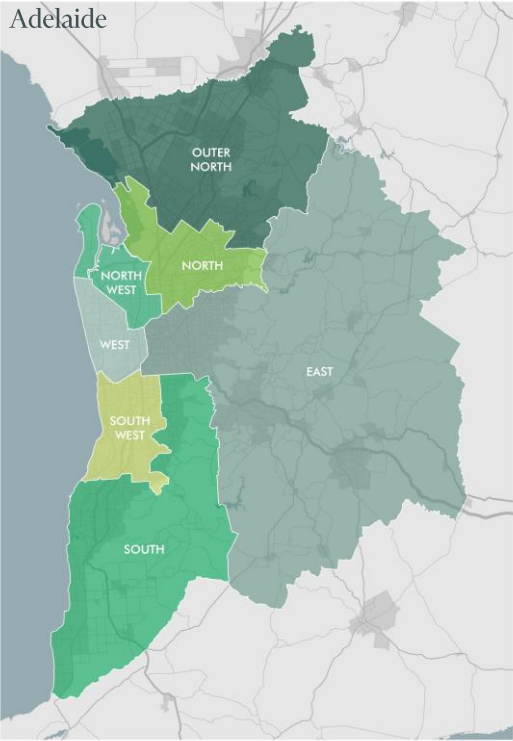
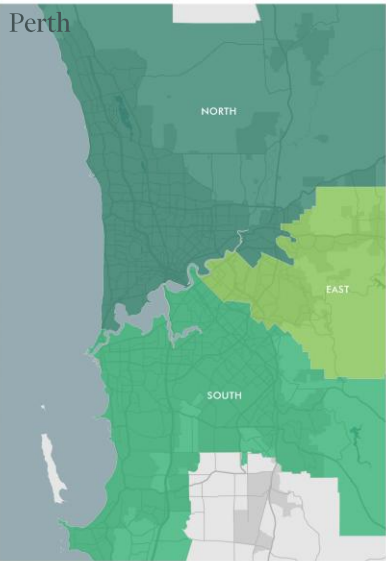
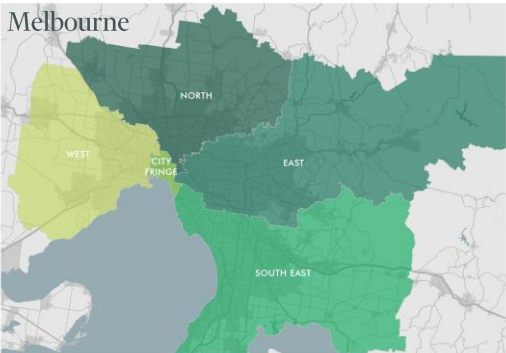
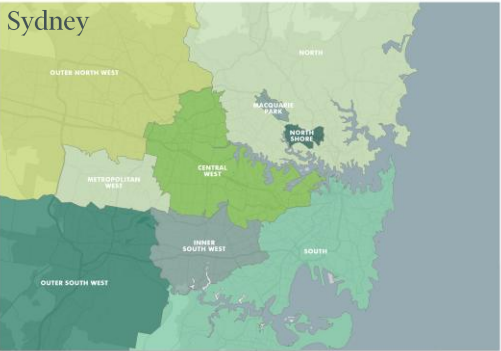
Source: CBRE Research Q3 2026

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 Q3 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.

Contact

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 Research
cameron.douglasperrine@cbre.com

Hannah Edy

Research Analyst
QLD Research
Hannah.edy@cbre.com

Eza Ranjbar

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