

MARKET FUNDAMENTALS

	YOY Chg	Outlook
2.1% Vacancy Rate	▲	▲
6.25% Average Prime Yield	▼	▼
0.0% Prime QoQ Rental Growth	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.8% National GDP Growth	▼	▲
1.9% State Final Demand Growth	▲	▲
4.2% National Unemployment Rate	▲	▲

Source:BLS

ECONOMIC OVERVIEW

The demand side of the economy remains robust, though likely only in the short term. A rebound in demand drove inflation higher in July, with CPI rising to 2.8% year-on-year from 1.9% in June, largely due to the expiration of electricity subsidies. This rebound in inflation has tempered expectations for an imminent rate cut at the Reserve Bank of Australia’s (RBA) meeting on 30 September. Meanwhile, GDP grew by 0.6% quarter-on-quarter in Q2, up from 0.3% in Q1, driven primarily by stronger private consumption, with forecasts expecting GDP to continue to improve through 2025 and 2026.

South Australia's economic growth is expected to slow through 2025, with a 1.6% projected increase for the year, before easing to 1.2% in 2026.

DEMAND

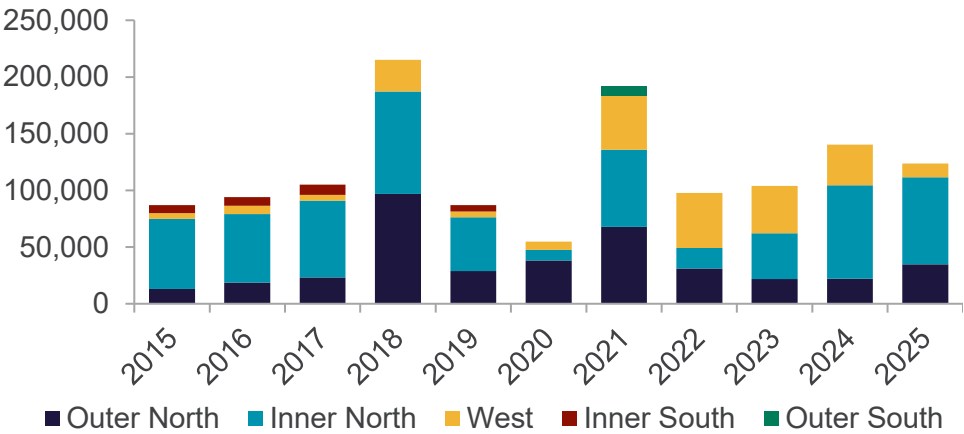
Gross take-up across Adelaide remained healthy in Q3 2025, with approximately 55,000 sqm leased, taking the year-to-date 2025 volume to approximately 125,000 sqm. In addition, a number of major lease transactions are close to completion and, once finalised, are expected to deliver a notable step-up in total take-up.

Activity during the quarter was concentrated in the northern submarkets, highlighted by deals within Centuria’s Port Adelaide Distribution Centre.

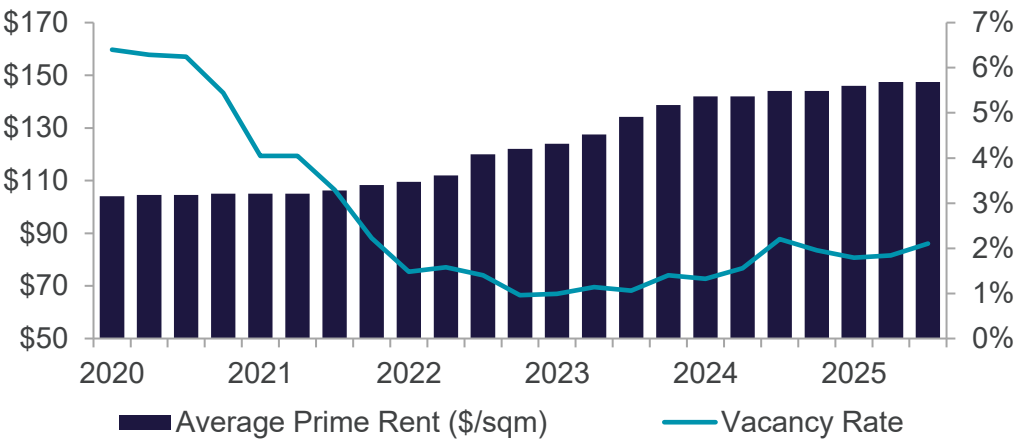
While leasing levels remain solid, the limited delivery of new supply continues to constrain tenant expansion and relocation opportunities. Net absorption has nonetheless remained positive, with close to 90,000 sqm recorded so far in 2025 as occupier growth has outweighed contractions.

At the larger end of the market, demand and enquiry are being driven by contracts from the transport and logistics sector, while there are multiple briefs in the market for the defence sector. For sub 3,000 sqm tenancies, the demand profile is more diverse and includes manufacturing and population-driven sectors such as construction and food.

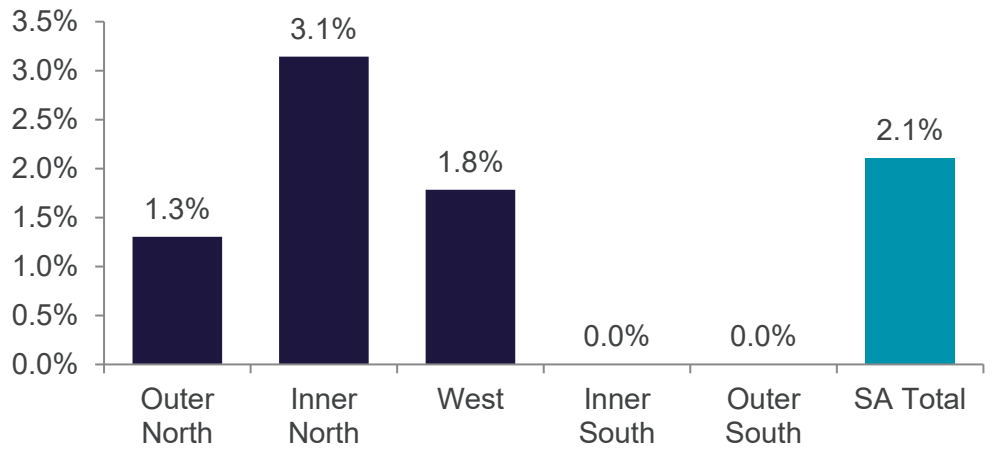
GROSS TAKE-UP (SQM)



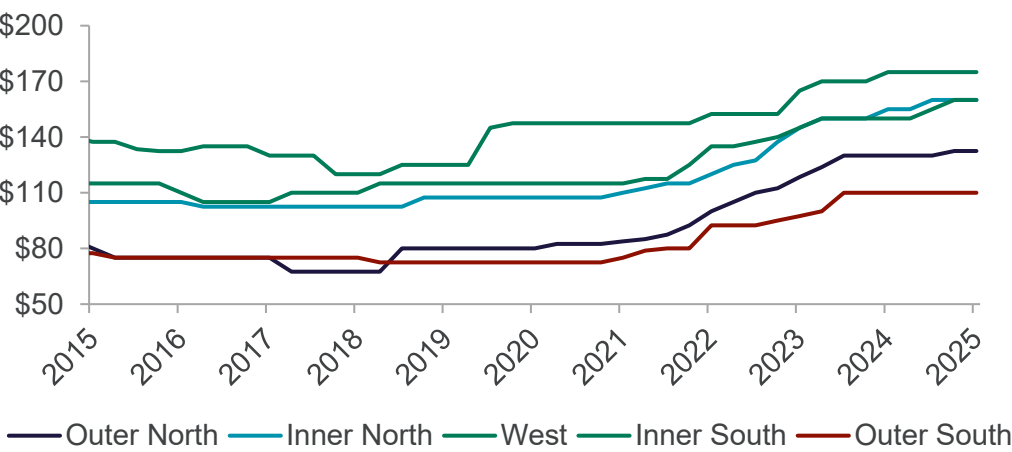
VACANCY & AVERAGE PRIME RENTS



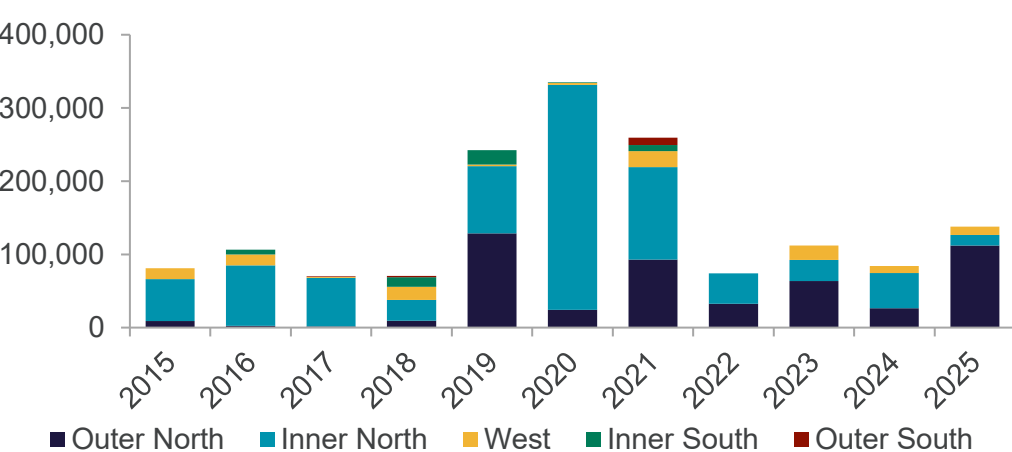
Q3 2025 VACANCY RATES BY SUBMARKET



PRIME NET FACE RENTS BY SUBMARKET (\$/SQM)



SUPPLY BY SUBMARKET (SQM)



VACANCY

Despite a modest uptick in Q3 2025, Adelaide’s vacancy rate remains the lowest in the country at 2.1% (from 1.8% in Q2 2025), and compares to the national average of 3.3%. Despite the leasing of some larger tranches of vacancy, the addition of some backfill options in the Inner North and the completion of Centuria’s speculative project within the Vicinity Industrial Base offset leasing activity.

Almost 80% of vacant floorspace stems from existing facilities, the majority of which are secondary in grade. Alternatively, speculative vacancies remain low and include the above-mentioned Centuria warehouse, as well as Warehouse 4 at Fife’s Wingfield Logistics Park and Moonah Tree Capital’s 8,455 sqm facility at Direk.

RENTS & INCENTIVES

Prime rents held steady in Q3 2025, with recent deal evidence providing support to current rent levels, which average \$148/sqm across the market. Alternatively, rental growth of 2.0% was recorded in the secondary market, led by the West submarket with rents now averaging \$120/sqm.

For pre-lease transactions, rents have become more reflective of economic rents due to the growth of construction costs in recent years, which has impacted development feasibility.

Incentives remain unchanged at 0.0% to 15.0% for prime. The broad range is due to the strong presence of private ownership within Adelaide, with a large spread in incentives offered between private and institutional groups.

SUPPLY

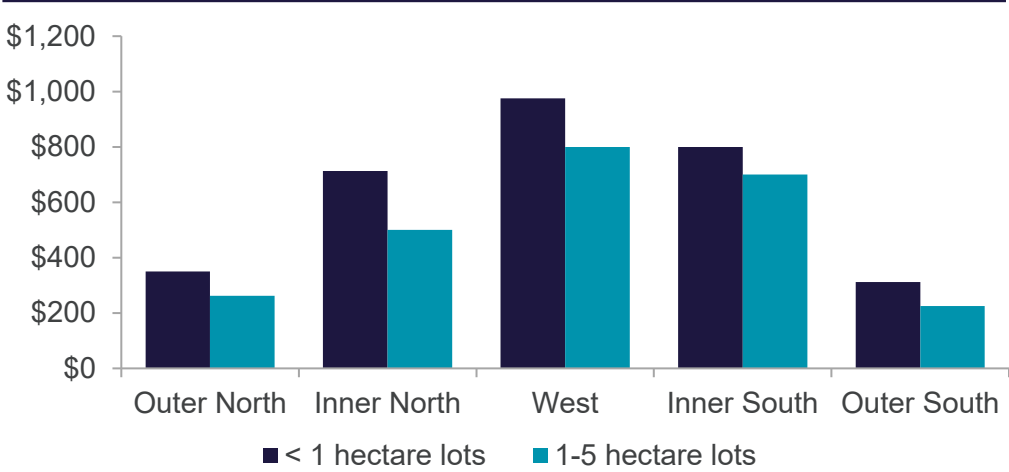
Adelaide saw an uplift in new supply during Q3 2025, though much of this comprised pre-leased space. Notable deliveries included Haigh’s and Noumed facilities within the Nexus North estate, alongside the Beaumont Tiles facility at Adelaide Airport. On the speculative side, the key addition was Centuria’s 6,680 sqm facility at the Vicinity Industrial Base.

Looking ahead, a further 31,410 sqm is scheduled for completion in Q4 2025, which will bring the total annual supply close to 140,000 sqm. For 2026, there is potential for 115,000 sqm of supply to be delivered; however, over 50% of this is contingent upon securing pre-commitments.

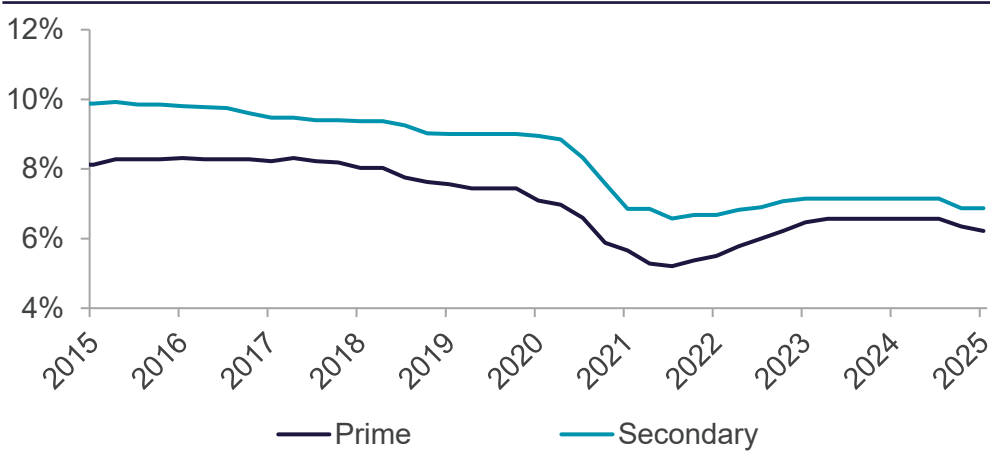
OUTLOOK

- Adelaide’s economic performance has consistently outpaced the national benchmark in recent years and is projected to maintain this momentum over the coming 12 months. This relative strength is expected to sustain occupier demand from urban services and other population-driven industries, while an improving consumer backdrop should lend additional support to leasing activity in the 3PL and retail sectors.
- Limited leasing options are expected to cap take-up volumes; while larger requirements will be directed to the pre-lease market, noting there remains acute active land shortages across the Adelaide market.
- Adelaide’s vacancy rate is forecast to remain tight over the next 12 months due to the subdued level of uncommitted supply that will enter the market. As per current trends, secondary vacancies will remain higher as occupiers seek prime facilities.
- Prime rental growth in the order of ~3.75% is forecast in 2026.

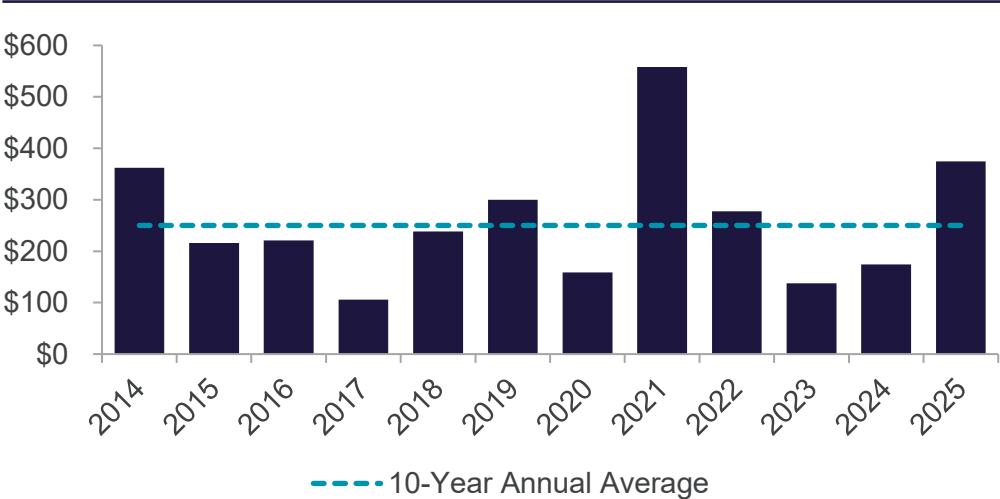
Q3 2025 LAND VALUES BY SIZE (\$/SQM)



YIELDS BY GRADE



INVESTMENT VOLUMES (\$M)



LAND VALUES

Active industrial land supply across Adelaide is limited, with less than 2.5 years of supply remaining based on recent take-up trends. While there is land supply in the longer-term pipeline, most of this is not serviced, or the current ownership structure is prohibitive for development.

This environment has maintained industrial land values, with developers and owner-occupiers still active for opportunities.

At present, average land values sit at \$623/sqm for lots below 10,000 sqm. Alternatively, values for 1-5 hectare lots are lower at \$495/sqm. The highest land values are found in the West submarket at \$800/sqm for 1-5 hectare lots, whereas the Outer North remains substantially lower at \$250/sqm for the same size.

YIELDS

Prime yields recorded further compression in Q3 2025, tightening 12 basis points to a midpoint of 6.22% (core market yield), with yields now 35 basis points below their recent peak. While there is evidence of initial yields trading well below the midpoint figure, several assets to trade provide positive rent reversion with a 50-80 basis point spread still evident between initial yields and core market yields.

The rate of compression in the secondary market was weaker in Q3 2025, with average midpoint yields currently at 6.88%.

INVESTMENT

The yield spread to East Coast markets and tax implications in Victoria are supporting greater investment appetite from investors for Adelaide assets, with a large pick-up in investment volumes recorded in 2025.

Almost \$375 million has been traded in the first nine months of 2025, which is more than double the volume of the 2024 calendar year (\$174.5 million). Over the past quarter, the largest asset to trade was Centuria’s acquisition of the Port Adelaide Distribution Centre at Gillman for \$216.1 million from Quintessential. The 32-hectare site provides almost 175,000 sqm of GLA. The other notable trade was a private buyer purchasing 37 Caribou Drive, Direk from Gibb Group for \$31.0 million.

OUTLOOK

- Upward pressure on land values is expected over the next 12 months as Adelaide remains a highly land-constrained market. Price growth is expected to stem from increased demand from owner-occupiers and developers.
- Further rate cuts in 2025 will provide the backdrop to improved liquidity, with further investment momentum expected for the balance of 2025.
- By the end of 2026, our base case is for a further 40 basis points of compression to occur, which is in addition to the 35 basis points that have already occurred in 2025. However, the movement of yields will not be uniform across all precincts.
- The limited availability of prime stock will provide support to competitive bidding, especially for well-leased, modern facilities in established precincts.
- A competitive advantage exists for South Australia, given that no stamp duty is applicable to commercial transactions. Coupled with solid fundamentals, investor appetite is expected to grow.



Q3 2025 ADELAIDE MARKET STATISTICS

SUBMARKET	VACANCY RATE (TOTAL MARKET)	YTD TAKE-UP (TOTAL MARKET SQM)	AVERAGE NET FACE RENT (\$/SQM P.A.)	AVERAGE OUTGOINGS (\$/SQM P.A.)	AVERAGE INCENTIVES	AVERAGE YIELDS	AVERAGE CAPITAL VALUES (\$/SQM P.A.)	AVERAGE LAND VALUES (1-5ha, \$/SQM P.A.)
PRIME								
Outer North	1.3%	34,802	\$133	\$20	10.0%	6.38%	\$2,078	\$263
Inner North	3.1%	76,778	\$160	\$25	6.0%	6.00%	\$2,667	\$500
West	1.8%	12,222	\$175	\$35	5.0%	6.00%	\$2,917	\$800
Inner South	0.0%	0	\$160	\$25	5.0%	6.38%	\$2,510	\$700
Outer South	0.0%	0	\$110	\$23	10.0%	6.50%	\$1,692	\$225
PRIME AVERAGE	2.1%	123,802	\$148	\$26	7.2%	6.25%	\$2,373	\$498
SECONDARY								
Outer North	-	-	\$93	\$20	5.0%	6.93%	\$1,336	-
Inner North	-	-	\$108	\$25	5.0%	6.68%	\$1,610	-
West	-	-	\$120	\$30	5.0%	6.68%	\$1,798	-
Inner South	-	-	\$105	\$20	5.0%	6.85%	\$1,533	-
Outer South	-	-	\$80	\$18	5.0%	7.25%	\$1,103	-
SECONDARY AVERAGE			\$101	\$23	5.0%	6.88%	\$1,476	-

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