MARKETBEAT
ADELAIDE
LOGISTICS & INDUSTRIAL Q4 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
2.3% Vacancy Rate	▲	▲
6.10% Average Prime Yield	▼	▼
1.4% Prime QoQ Rental Growth	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1% National GDP Growth	▲	▲
2.3% State Final Demand Growth	▲	▼
4.4% National Unemployment Rate	▲	▲

Source:BLS

ECONOMIC OVERVIEW

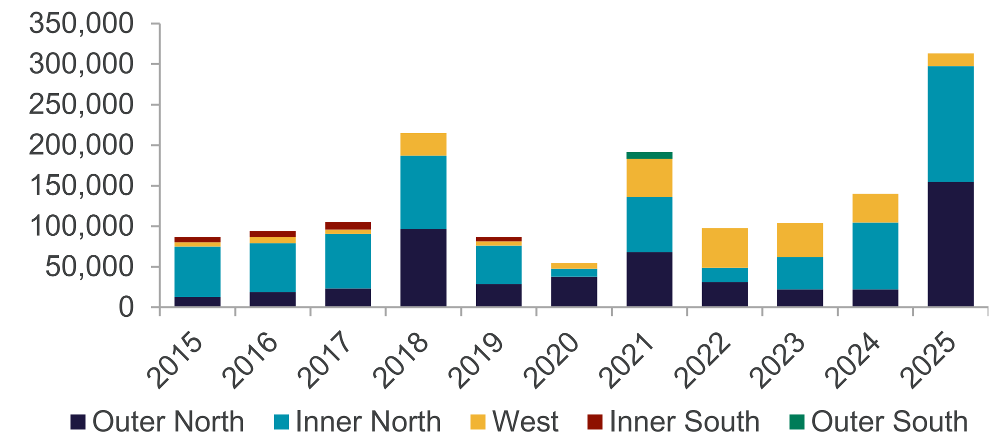
Economic conditions remain steady, supported by resilient domestic demand and labour market conditions, though inflationary pressure has been more persistent than expected. Headline CPI increased 3.4% year-on-year (yoy) in November, the fourth consecutive month it landed outside the Reserve Bank of Australia's (RBA) 2% to 3% target band, while the RBA's preferred measure of trimmed mean inflation also came in above 3%. Recent RBA commentary indicates the current easing cycle is likely complete, with policymakers taking a longer-term view on inflation before considering further adjustment .Australian economic growth softened slightly in the second half of 2025, with GDP rising 0.4% quarter-on-quarter (qoq) in Q3, down from 0.6% in Q2. Looking ahead, growth is expected to accelerate throughout 2026. South Australia's economic growth remains resilient, expanding 1.9% year-on-year, with momentum expected to strengthen and accelerate to 3.4% by the end of 2026.

DEMAND

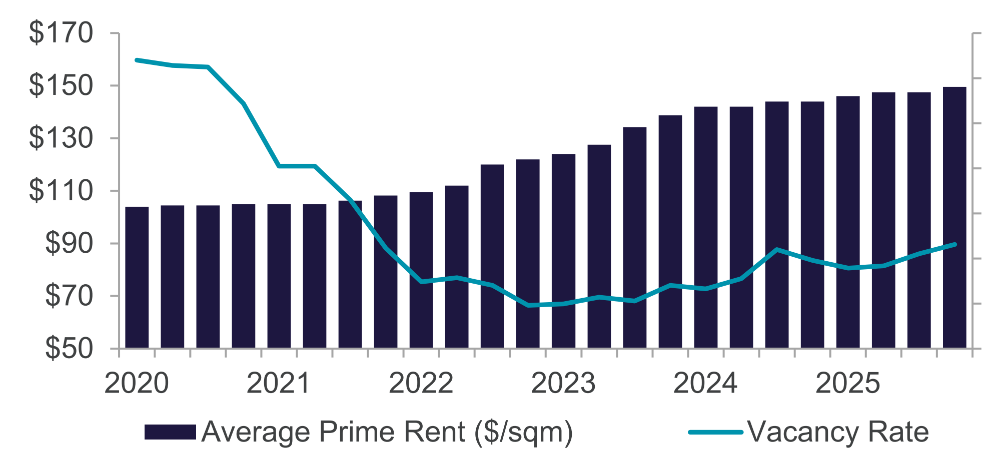
Following the leasing of several larger facilities, including pre-leases, Adelaide recorded a record year of gross take-up in 2025 with approximately 315,000 sqm leased. This level of activity is significantly above the 2010-2025 annual average of 130,000 sqm. Net absorption was also strong, reaching almost 90,000 sqm for the year. This result was underpinned by Australia Post pre-leasing to 83,000 sqm within the Lionsgate Business Park at Elizabeth. Opening in 2028 at the former Holden site in Elizabeth, the facility will be the first fully combined Australia Post and StarTrack facility and the largest in the network, providing the ability to process up to 400,000 parcels per day.

While leasing levels remain solid, the limited delivery of new supply continues to constrain tenant expansion and relocation opportunities, ultimately directing demand towards the pre-lease market. 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.

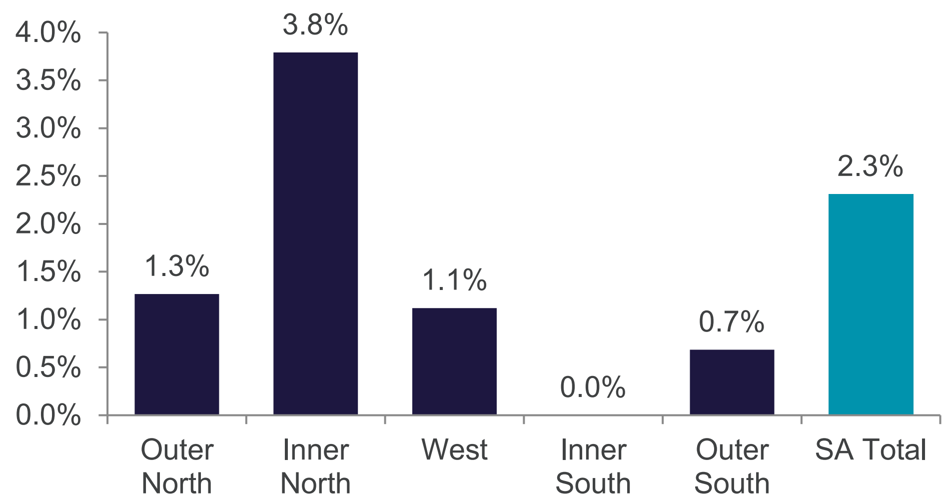
GROSS TAKE-UP (SQM)



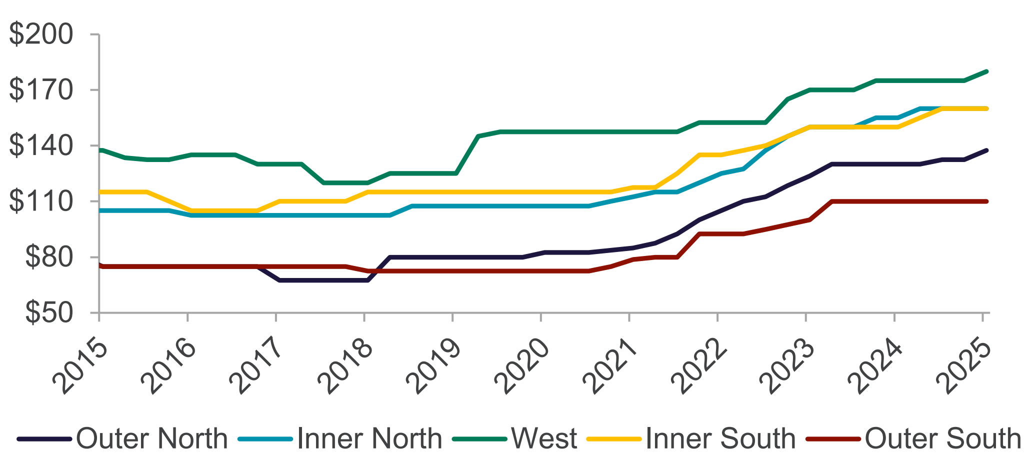
VACANCY & AVERAGE PRIME RENTS



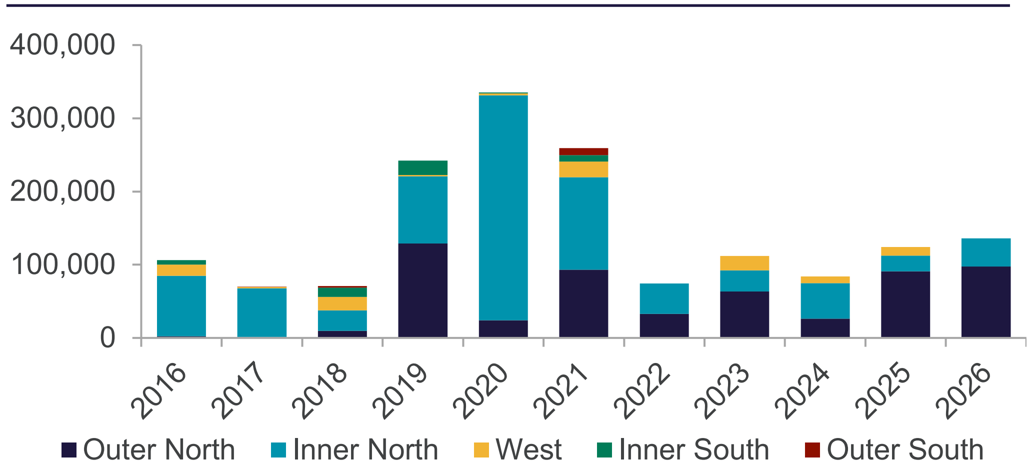
Q4 2025 VACANCY RATES BY SUBMARKET



PRIME NET FACE RENTS BY SUBMARKET ($/SQM)



SUPPLY BY SUBMARKET (SQM)



VACANCY

Adelaide remains the tightest city in the country, with a vacancy rate of 2.3% in Q4 2025. This was a modest increase from the quarter prior (2.1%), the bulk of which stemmed from the Inner North submarket, where leasing availability increased by 21%. Major additions to vacancy over the quarter include 1772 Main North Road, Salisbury Plain (19,922 sqm) and 10,500 sqm within the Ovest Business Park at Salisbury South.

These new additions have added prime-grade leasing options to the market, and as a result, the share of secondary leasing availability has declined from almost 80% of total vacant floorspace in Q3 to its current 55%. Speculative supply now represents 28% of total vacancy across the broader market.

RENTS & INCENTIVES

Modest upward pressure on rents was recorded in Q4 2025, increasing by 1.4% (3.8% year on year) to now average $150/sqm for prime and $101/sqm for secondary. Rental growth in the quarter was strongest in the Outer North and West submarkets, reflecting recent deal evidence.

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

Supply additions in Q4 2025 reached 17,500 sqm, taking the 2025 annual total to approximately 125,000 sqm. This represents the highest annual total since 2021, led by the Haigh's and Noumed facilities within the Nexus North estate, alongside the Beaumont Tiles facility at Adelaide Airport. Speculative supply for the year reached just over 30,000 sqm, the bulk of which stemmed from the Outer North submarket.

For 2026, there is potential for 135,000 sqm of supply to be delivered, with a handful of developers continuing to activate speculative projects, capitalising on low leasing availability. Speculative completions for 2026 include Centuria's Mirage Road Development at Direk (~20,910 sqm) and Harmony's Gillman Industrial Estate (~9,780 sqm).

OUTLOOK

- Occupier demand in Adelaide is expected to remain stable through 2026, underpinned by defence, manufacturing, food processing and logistics-related activity. Demand is forecast to be concentrated in established precincts with ongoing preference for modern facilities that support efficiency and workforce needs.
- New supply will remain measured, reflecting low levels of land supply and development economic challenges in select precincts. A window of opportunity exists for landowners with development-ready land, capitalising on tenant demand for prime grade space.
- 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 3.80% is forecast in 2026, while incentives are expected to remain steady at their current levels.

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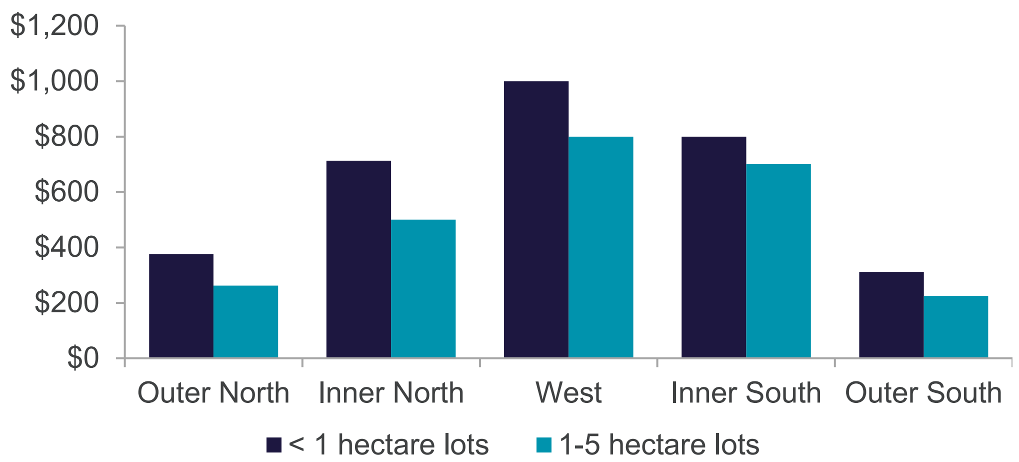
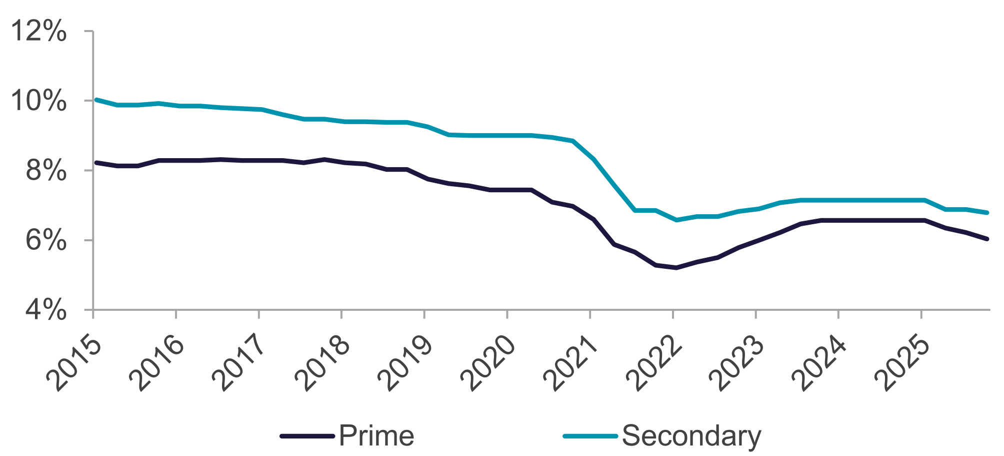
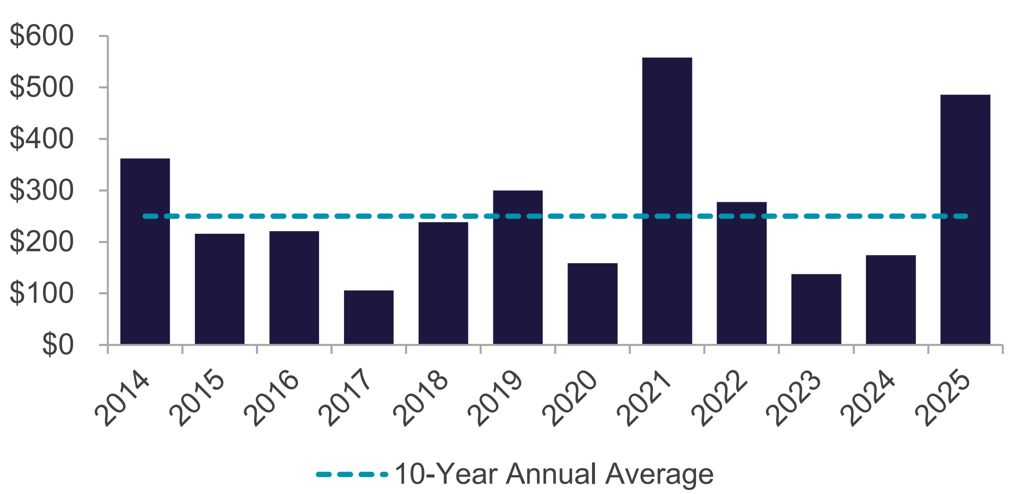
Q4 2025 LAND VALUES BY SIZE ($/SQM)



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 placed upward pressure on land values in the 5,000–10,000 sqm size bracket, supported by solid owner-occupier demand. Growth has been most acute within the Outer North, where land values increased by 7.1% in the quarter (albeit of a lower base), while the scarcity of sites in the West saw land values increase by 2.6%

At present, average land values sit at $640/sqm for lots below 10,000 sqm. Alternatively, values for 1-5 hectare lots are lower at $498/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 $263/sqm for the same size.

YIELDS

Prime yields recorded further compression in Q4 3025, tightening 25 basis points to a midpoint of 5.97% (core market yield), with yields now 60 basis points below their recent peak. Core precincts in the Inner North and West are closer to 5.50%, and while there is evidence of initial yields trading below these figures, 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 Q4 2025, with average midpoint yields currently at 6.79%, tightening 9 basis points over the quarter.

INVESTMENT

Transaction volumes in Adelaide in 2025 were the second-highest on record, reaching approximately $485 million, well above the $174.5 million traded in 2024 and the 10-year annual average of around $250 million.

Major trades in Q4 2025 include Lendlease selling 3-9 Birralee Road, Regency Park to a private investor for $22.5 million, reflecting a core market yield of ~5.75% while Westbridge acquired 281-301 Grand Junction Road, Ottoway for $41.0 million.

OUTLOOK

- Upward pressure on land values is expected over the next 12 months as Adelaide remains a highly land-constrained market. Price support will continue to come from owner-occupiers and developers, with a clear preference for development-ready or derisked sites.
- Healthy investment demand is anticipated for 2026, stemming predominantly from domestic-based capital, including private investors, syndicators and local owner-occupiers. However, there has been an increase in enquiry from offshore groups seeking higher entry yields.
- The recent uptick in inflation is expected to result in no further rate cuts in 2026; however, the weight of capital seeking to be deployed into the logistics sector is forecast to maintain pressure on pricing.
- By the end of 2026, our base case is for a further 15 basis points of prime compression to occur, taking the average prime midpoint yield to ~5.80%. The limited availability of prime stock will provide support to competitive bidding, especially for well-leased, modern facilities in established precincts.

Q4 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)
PRIME								
Outer North	1.3%	154,712	$138	$25	10.0%	6.13%	$2,245	$263
Inner North	3.1%	142,782	$160	$25	6.0%	5.75%	$2,783	$500
West	1.8%	15,752	$180	$35	5.0%	5.75%	$3,130	$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%**	**313,246**	**$150**	**$27**	**7.2%**	**6.10%**	**$2,472**	**$498**
SECONDARY								
Outer North	-	-	$93	$20	5.0%	6.75%	$1,370	-
Inner North	-	-	$108	$25	5.0%	6.63%	$1,623	-
West	-	-	$120	$30	5.0%	6.63%	$1,811	-
Inner South	-	-	$105	$20	5.0%	6.80%	$1,544	-
Outer South	-	-	$80	$18	5.0%	7.13%	$1,123	-
SECONDARY AVERAGE			**$101**	**$23**	**5.0%**	**6.88%**	**$1,476**	**-**

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