

MARKET FUNDAMENTALS

	YOY Chg	Outlook
2.6% Vacancy Rate	▲	▲
6.05% Average Prime Yield	▼	▬
0.0% Prime QoQ Rental Growth	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1% National GDP Growth	▲	▲
2.8% Gross State Product Growth	▲	▲
4.4% National Unemployment Rate	▲	▲

Source:ABS

ECONOMIC OVERVIEW

Economic conditions remain mixed, with growth improving modestly while inflationary pressures remain elevated. GDP rose by 0.4% in the June quarter and 2.1% over the year, marking a slight improvement in quarterly growth despite a moderation in the annual rate. Meanwhile, headline CPI reached 3.5% year-on-year in July, while trimmed mean inflation rose to 3.6%, indicating that underlying inflation remains persistent.

The RBA raised the cash rate by 25 bps to 4.60% in September, while signaling that further tightening may be required if inflation remains above target. South Australia's state final demand is forecast to grow by 1.9% in 2026 and strengthen by 2.2% in 2027.

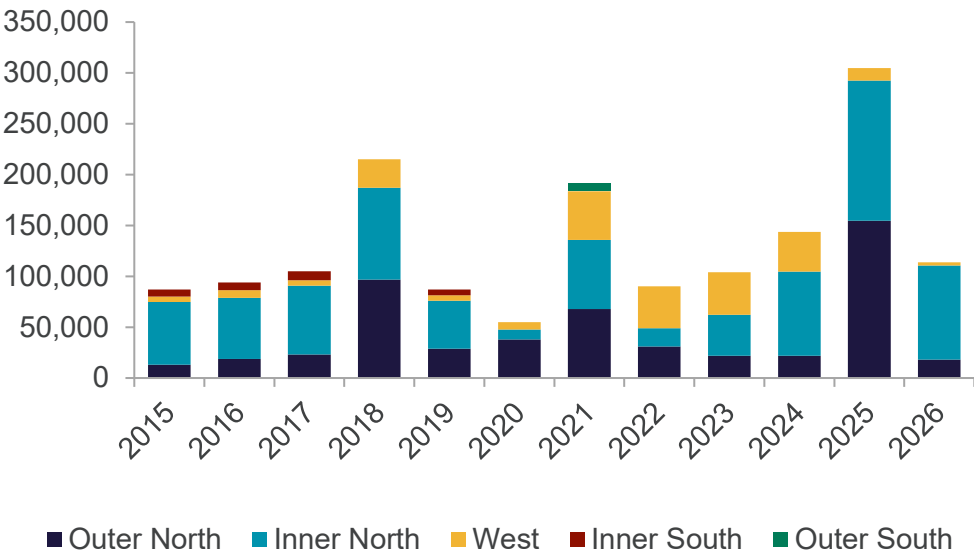
DEMAND

Adelaide's leasing market remained active through Q3 2026, with demand supported by a diverse occupier mix across transport and logistics, manufacturing, government and defence-linked sectors. While demand held up well, occupiers continued to take a more cautious and deliberate approach to decision-making, reflecting persistent cost pressures and a limited supply of suitable stock. Gross take-up totalled 19,000 sqm for the quarter across deals above 3,000 sqm, bringing the year-to-date total to almost 106,000 sqm.

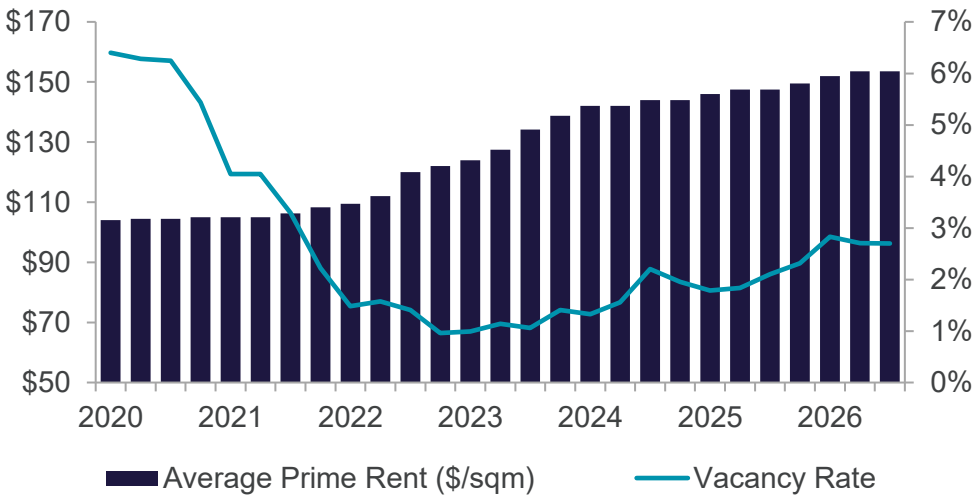
Notable transactions included 3,745 sqm at 21–35 Tappa Road, Edinburgh, and 5,250 sqm at Ovest Business Park in Salisbury South, both within the northern submarkets. Net absorption remained positive at almost 12,000 sqm for the quarter, driven largely by activity across the northern submarkets.

Leasing demand remained heavily weighted toward the 3,000–6,000 sqm size bracket, where available stock continues to fall short of occupier requirements. This supply-demand imbalance, combined with the high cost of relocation, has encouraged many occupiers to renew existing leases rather than relocate, contributing to lower levels of churn.

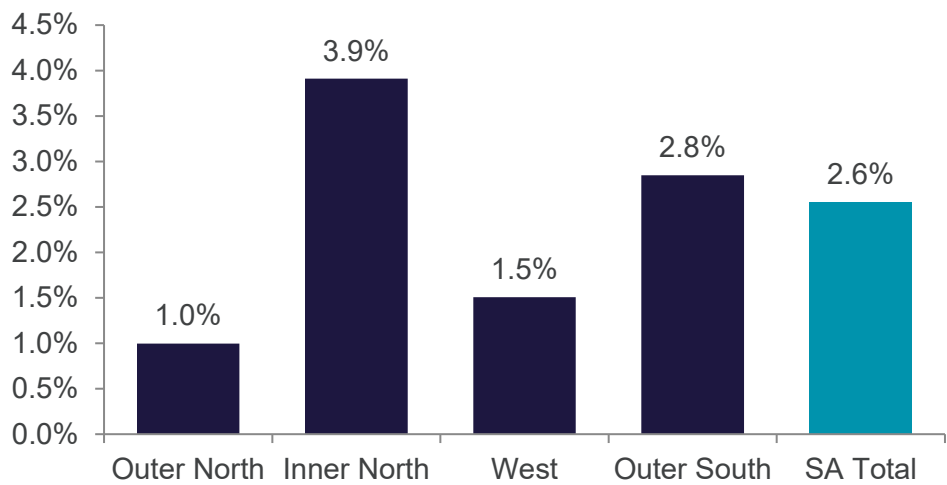
GROSS TAKE-UP (SQM)



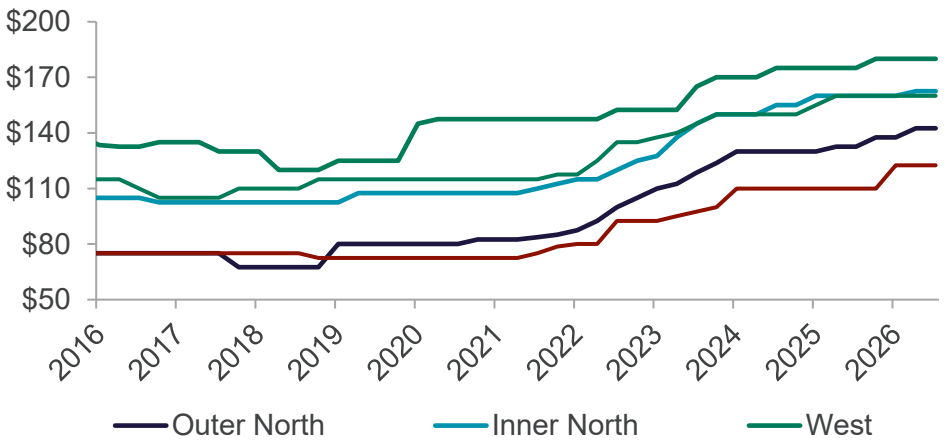
VACANCY & AVERAGE PRIME RENTS



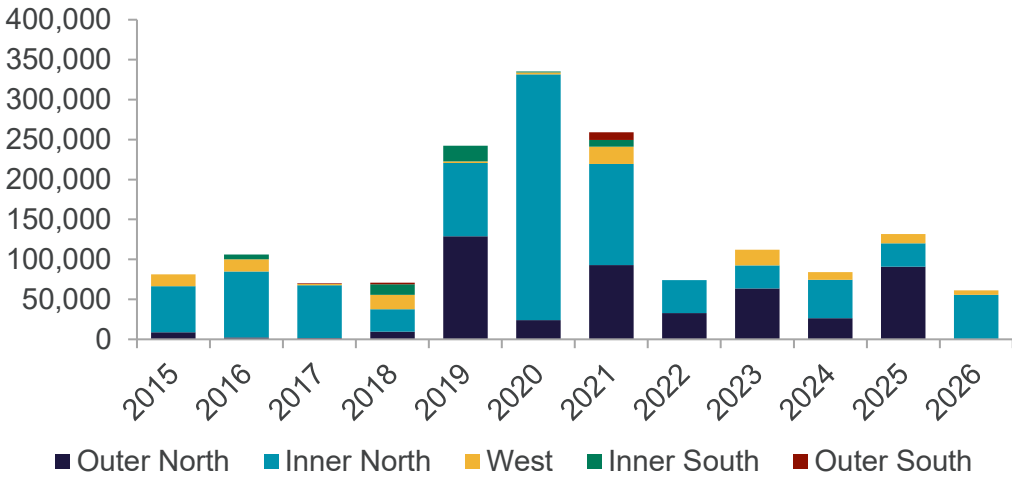
Q3 2026 VACANCY RATES BY SUBMARKET



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



SUPPLY BY SUBMARKET (SQM)



VACANCY

Industrial vacancy in Adelaide remained tight through Q3 2026, edging lower to 2.6% and highlighting the persistent gap between occupier demand and quality stock. The Inner North is the only submarket with notable vacancy at 3.9%, while the remainder of Adelaide averages just 1.6%.

Modern buildings in established precincts are recording shorter lease-up periods, particularly those offering high clearance, suitable hardstand and access to major transport routes. Prime options remain limited, with secondary stock accounting for more than 70% of current availability. Existing prime opportunities are concentrated in a small number of larger assets, including Leyton Funds 19,922 sqm facility at 1772 Main North Road, Salisbury Plain, and Harmony’s 10,210 sqm speculative development at Gillman Industrial Estate.

RENTS & INCENTIVES

Prime rents in Adelaide remained stable over the quarter, keeping the average to \$154/sqm net face. Year-on-year, prime rents increased 4.1%, outpacing secondary growth of 2.5% over the same period.

Prime incentives held steady at 0.0% to 15.0%. The wide range reflects Adelaide’s strong private ownership base, with incentive levels varying considerably asset quality and size bracket. Institutional owners are generally more willing to offer higher incentives to secure larger requirements and preserve face rents.

SUPPLY

New supply in 2026 remains concentrated across the northern submarkets, particularly the Outer North, including DHL’s recently completed 20,000 sqm facility at Edinburgh Park. Total supply is tracking towards 120,000 sqm for the year, of which roughly 80,000 sqm is speculative.

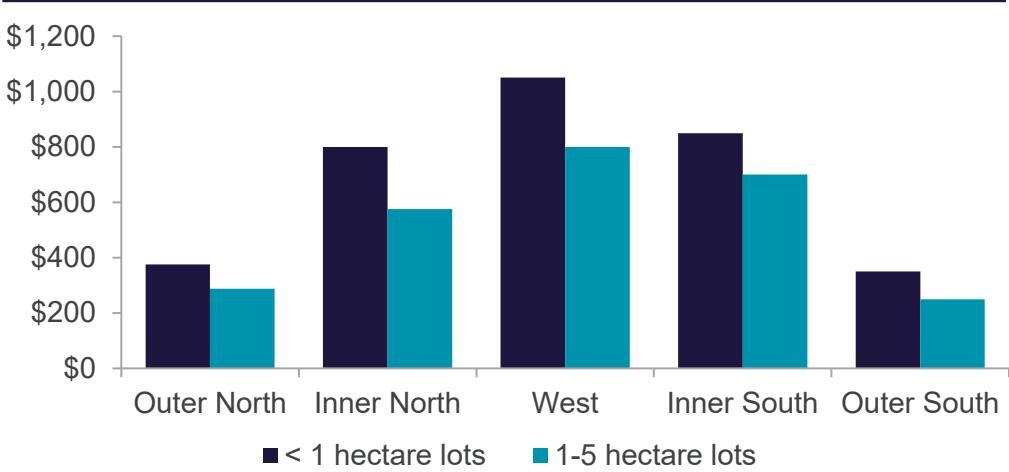
Looking to 2027, supply could increase to around 200,000 sqm, although a significant proportion remains dependent on securing pre-commitments.

More broadly, industrial development in Adelaide remains constrained by a shortage of development-ready land, elevated construction costs and financing conditions. As a result, actual delivery is likely to fall below current forecasts, with some projects deferred until economic rents can be achieved.

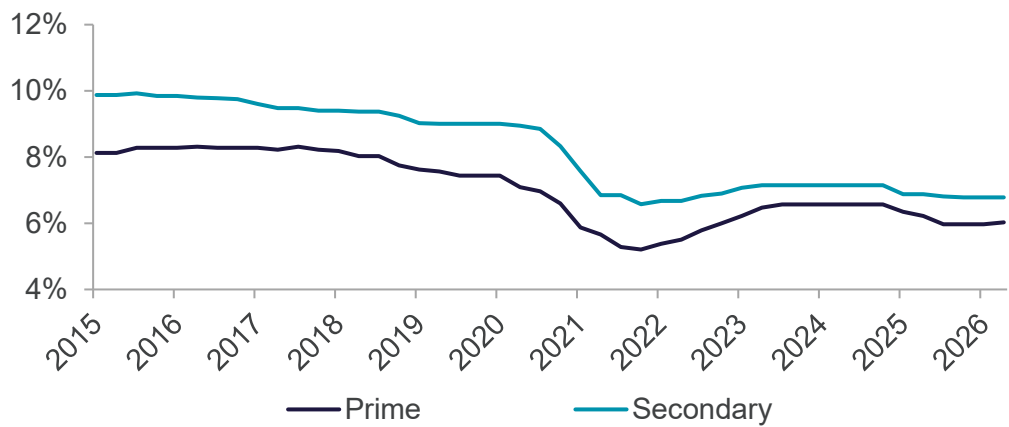
OUTLOOK

- Occupier demand is expected to remain resilient over the next 12 months, supported by defence-related investment, infrastructure spending and population growth. Adelaide’s relatively affordable occupancy costs and diversified occupier base are anticipated to support leasing activity despite more measured decision-making.
- Supply is likely to stay limited, with much of the pipeline hinging on pre-commitments and the shortage of development-ready land continuing to keep conditions tight.
- Vacancy is expected to remain below long-term averages, led by the relatively modest speculative pipeline and continued occupier demand for modern accommodation. With prime grade leasing options thinning, occupiers needing space who can’t work to pre-lease timeframes will need to compromise on building quality in select locations.
- Prime rental growth is forecast to remain positive through 2027, with growth of 3.75% forecast for the year. Incentives are expected to remain broadly stable.

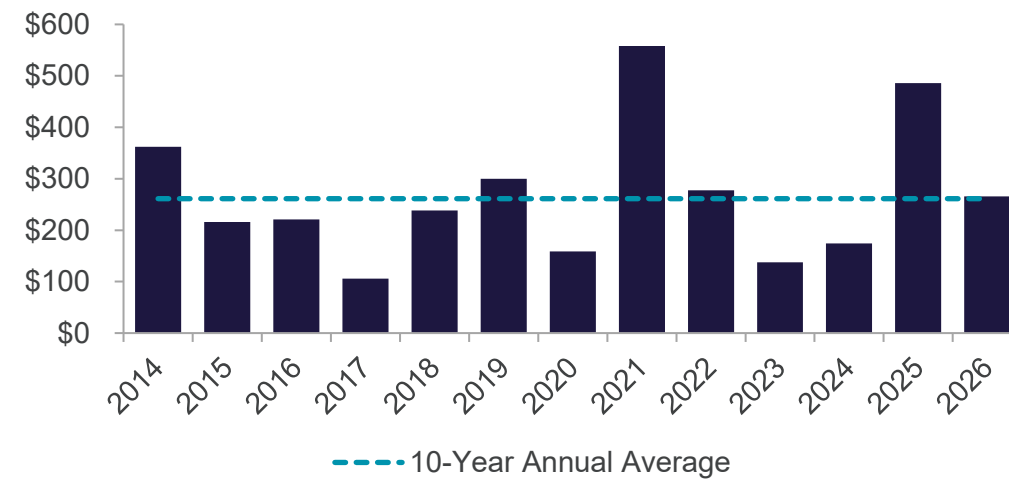
Q3 2026 LAND VALUES BY SIZE (\$/SQM)



YIELDS BY GRADE



INVESTMENT VOLUMES (\$M)



LAND VALUES

The availability of development-ready land continues to be a major constraint in Adelaide, with only 159 hectares of development ready land supply. At a five-year annual take-up rate of 55 hectares, this represents just 2.9 years of land supply. However, constraining this further is the ownership structure, with just 85 hectares owned by a developer.

This tight environment has driven land values higher across every size bracket, led by robust owner-occupier demand. Over the past 12 months, land values have risen by an average of 5.6% citywide, with the Outer North and Inner North each recording growth more than double that average.

Currently, land values average \$685/sqm for lots under 10,000 sqm, while larger 1–5 hectare lots command a lower average of \$523/sqm. The West submarket has the highest values for 1–5 hectare lots at \$800/sqm, while the Outer North remains considerably cheaper at \$288/sqm for the same lot size.

YIELDS

Despite higher borrowing costs and bond yields, Adelaide industrial yields remained resilient through Q3 2026, supported by tight vacancy, limited prime investment opportunities and continued buyer demand. Prime core market yields remain around 6.00%, while secondary yields average closer to 6.80%, with a clear pricing differential emerging based on asset quality, location and income security.

The recent rise in government bond yields to c.5.30% has increased pressure on investor return hurdles. However, Adelaide’s strong underlying fundamentals should provide some insulation, albeit yield expansion remains possible should the RBA tighten monetary policy further or bond yields remain elevated.

INVESTMENT

Transaction volumes have reached \$265.9 million so far in 2026, already exceeding the 10-year annual average of \$260 million. Activity was supported more recently by MA Financial’s divestment of two assets, including 5 Talisman Avenue, Edwardstown, which was acquired by Curated Capital for \$21.5 million. Other transactions include Leyton Funds’ \$29.0 million acquisition of 75-83 Hardys Road, Underdale, while Corval purchased 17 White Road, Gepps Cross for \$14.15 million.

OUTLOOK

- Industrial land values are expected to remain well supported over the short to medium term, underpinned by limited availability of development-ready land. Growth is forecast to be strongest across infill precincts in the Inner North and West.
- Investors are likely to remain selective given the higher interest rate environment, with greater focus on income growth to support total returns. Transaction volumes are likely to be constrained by Adelaide’s high level of private ownership, with quality stock expected to remain tightly held.
- Adelaide’s yield premium and absence of stamp duty on commercial property transactions should continue to support demand from private investors and syndicators, while institutional capital is expected to remain active for opportunities of sufficient scale.
- Prime industrial yields are expected to hold broadly steady in the near term, with any repricing likely confined to secondary or functionally obsolete assets, where leasing risk and capital expenditure needs remain more significant.

Q3 2026 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)	AVERAGE LAND VALUES (1-5ha, \$/SQM)
PRIME								
Outer North	2.0%	18,048	\$143	\$25	10.0%	6.13%	\$2,327	\$288
Inner North	4.3%	85,506	\$163	\$25	7.5%	6.00%	\$2,708	\$575
West	0.6%	3,150	\$180	\$35	5.0%	5.75%	\$3,130	\$800
Inner South	0.0%	0	\$160	\$25	5.0%	6.13%	\$2,612	\$700
Outer South	1.4%	0	\$123	\$23	10.0%	6.25%	\$1,960	\$250
PRIME AVERAGE	2.7%	106,704	\$154	\$27	7.5%	6.05%	\$2,548	\$523
SECONDARY								
Outer North	-	-	\$95	\$20	5.0%	6.75%	\$1,407	-
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			\$102	\$23	5.0%	6.79%	\$1,502	-

DEFINITIONS:

Prime: Built since 2010, with warehouse clearances above 10 metres (super prime above 13.5 metres), ESFR sprinkler systems, B-double approved access and strong ESG credentials, including Green Star and/or NABERS ratings.

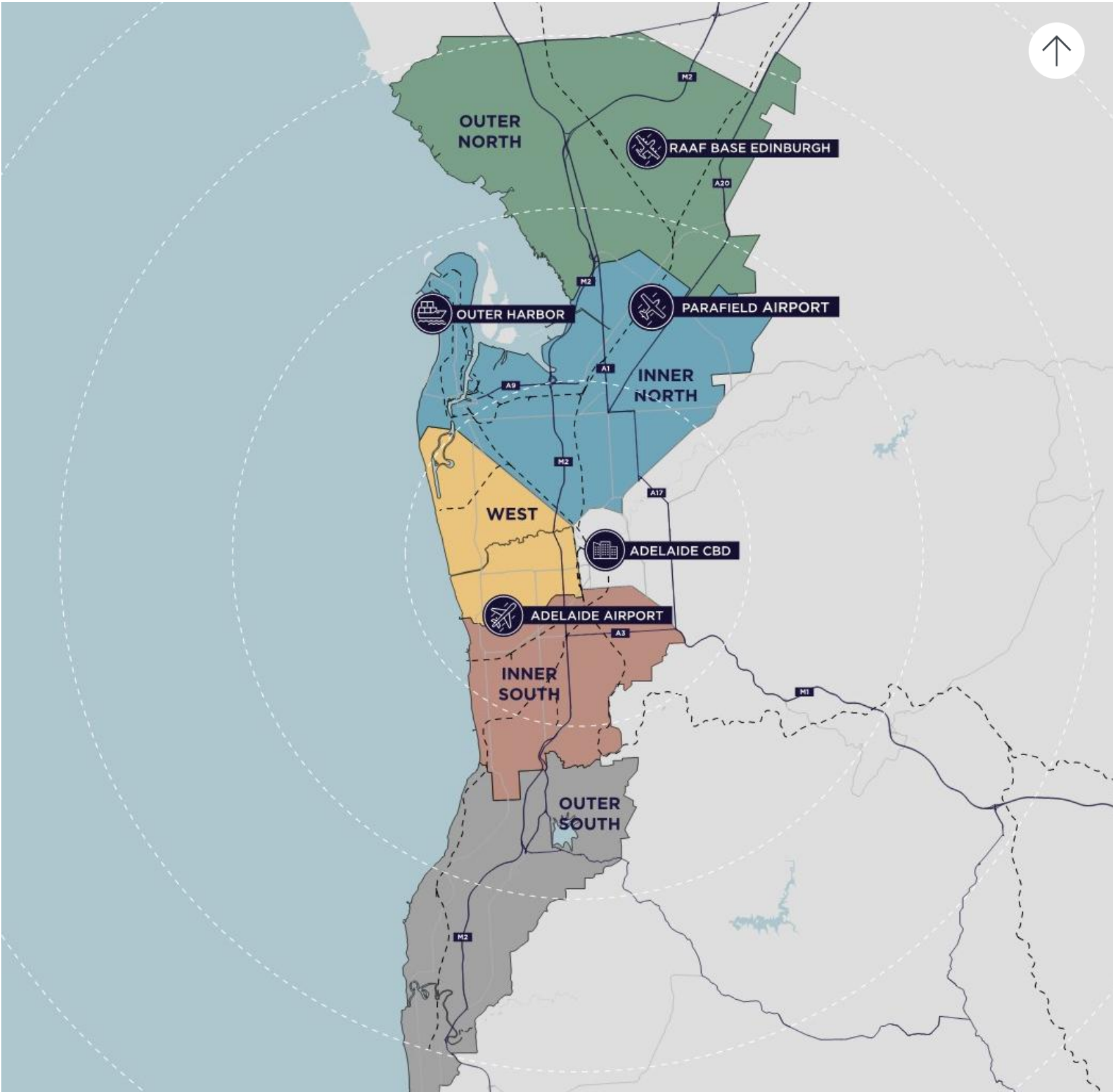
Secondary: Built prior to 2010 with clearances between 8m and 11m, lower specifications than prime assets which provide lower warehouse efficiency.

Gross Take-up: The total floor space leased during a specified period above 3,000 sqm, excluding lease renewals.

Net Absorption: The net change in occupied floor space over a specified period, reflecting changes in tenant occupancy.

Vacancy Rate: Buildings above 3,000 sqm that are available now. This includes existing buildings, completed speculative buildings and sublease space.

ADELAIDE SUBMARKET OVERVIEW



RESEARCH

LUKE CRAWFORD
Head of Logistics & Industrial Research – Australia
+61 421 985 784
luke.crawford@cushwake.com

ANURAG MITTAL
Research Data Analyst - Australia
+61 412 884 741
anurag.mittal@cushwake.com

LOCAL MARKET AGENCY LEADS

JAY NASH
Director
Head of Brokerage, Logistics & Industrial – South Australia
+61 433 173 225
jay.nash@cushwake.com

NATIONAL LEADS

TONY IULIANO
International Director
Head of Logistics & Industrial - ANZ
+61 412 992 830
tony.iuliano@cushwake.com

DAVID HALL
National Director
Head of Commercial Real Estate (CRE) - ANZ
Head of Brokerage Logistics & Industrial – ANZ
+61 428 242 410
david.j.hall@cushwake.com

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of \$10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.