

Slow and steady recovery

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INDICATORS may be pointing to a recovery in the industrial sector in Cairns but the analysis has been slow to translate into reality.

The city's relatively small industrial sector is showing the strongest demand in the CBD according to Herron Todd White's December 2018 *Month in Review* report.

Both Cairns and Gladstone were the only Queensland cities to be at the start of a property cycle recovery.

Most others were at the bottom of the market, or a rising market.

"Though we now perceive the industrial market to be entering a recovery phase, industrial property sales remain slow," the report read.

"Industrial property development is likewise slow, with

no new projects of significance in train or on the horizon.

Prices per square metre for established strata titled industrial units have been steady at about \$1400 to \$1600.

Industrial property rents range from \$100 to \$150 per square metre per annum gross depending on size, location and quality.

"Commercial agents advise that there is limited availability of good quality strata title or

stand-alone warehouse stock with slow to reasonable demand for these types of premises, particularly from owner-occupiers.

"A lack of new stock should see availability tighten as we move into 2019.

"There is good investor demand for leased industrial properties across all price ranges of the market, from small stratas through to large showrooms.

"However, there is very limited quality investment stock available for purchase.

"This will tend to support values for well leased properties over the short-to-medium term. The market has been gradually consolidating over the past 12 months and the outlook is for stable conditions over the immediate future.

"There is likely to be a lack of vacant industrial land in the short term with only a handful

of sites available on the market."

Cairns is comparable to other Queensland centres sitting stable in terms of rental vacancy rates – only Mackay and the Gold Coast were classed as markets with tightening rates.

The value of difference between properties with national tenants and comparable properties with local tenants in Cairns was small.