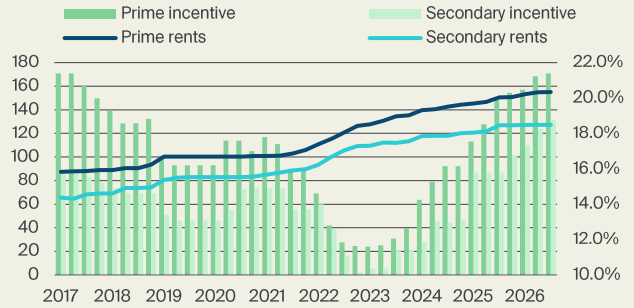
Melbourne Industrial State of the Market

Vacancy rate drops back as supply squeeze impacts Q3 2026

- The vacancy rate fell back to 4.5% from 5.0% last quarter, led by the North (-2%) and West (-0.9%).
- Supply for 2026 will be the lowest since 2019 with only 466k sqm of space being delivered.
- 2027 supply is somewhat embellished by the completion of the Amazon Warehouse (209k sqm) in the North.
- Take-up fell back 19.7% to 294k sqm but looks set to beat the 2024/25 numbers and the 10-year average.
- Rents (face & effective) were unchanged across the precincts, a $1/sqm uptick in the Southeast the only move.
- Investment volumes came in at $919m in Q3 meaning it's likely that 2026 will beat 2025 sales.
- Yields edged out 3bps to 6.03%, with the spread against Sydney now standing at 68bps.

Melbourne rents and incentives

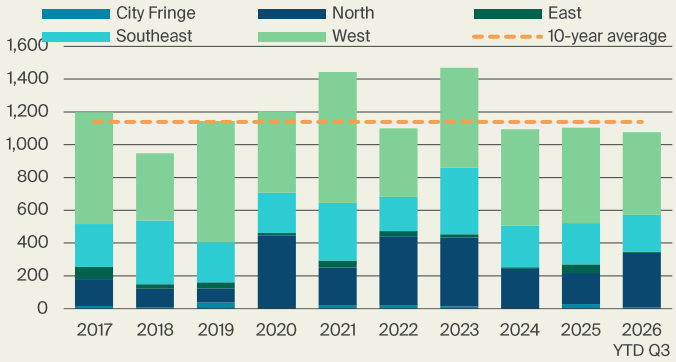
By grade, net face rent $ (LHS), and % (RHS)



Source: Knight Frank Research

Melbourne industrial take-up

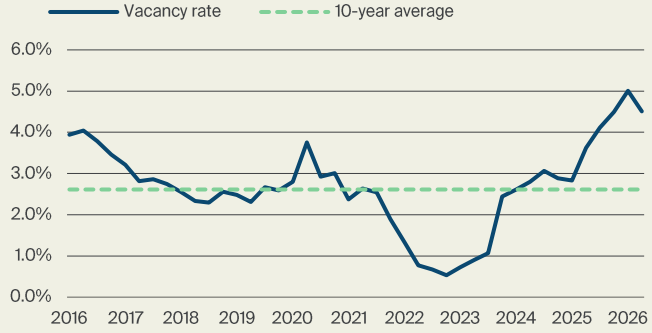
By precinct, 000's sqm



Source: Knight Frank Research

Melbourne industrial vacancy rate

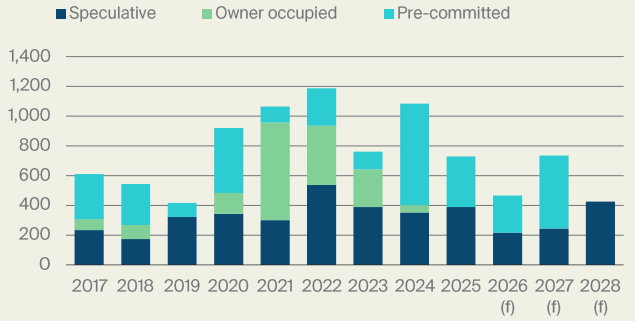
Total market vacancy %



Source: Knight Frank Research

Melbourne industrial Supply

By commitment type, 000's sqm,



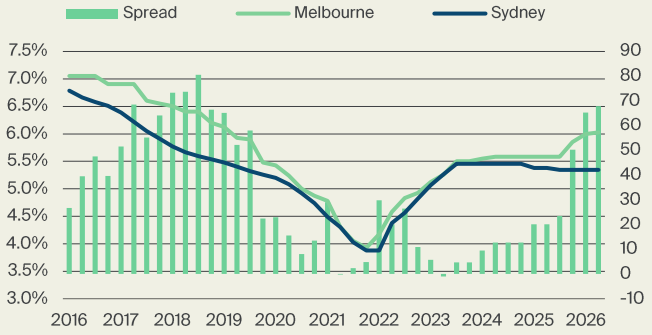
Source: Knight Frank Research

Industrial Market Indicators – Q3 2026

Precinct	Prime net face rent ($/sqm)	% change q/q	Net incentive (%)	Land values <5,000 sqm ($/sqm)	Land values 1-5 ha ($/sqm)	Vacancy Rate (%)	Take-up (sqm)	Prime core market yield (%)
City Fringe	190	0.0	12.5	2,300	1,800	2.0	-	5.63
North	145	0.0	21.7	900	650	5.6	54,533	6.25
East	143	0.0	22.5	850	680	2.9	-	6.00
Southeast	157	0.5	24.2	970	730	4.5	112,118	6.13
West	141	0.0	26.1	845	620	4.7	126,948	6.13
Melbourne	155	0.1	21.4	1,173	896	4.5	293,599	6.03
Ex. Fringe	146	0.1	23.6	891	670	4.7	293,599	6.13

Melbourne industrial yields

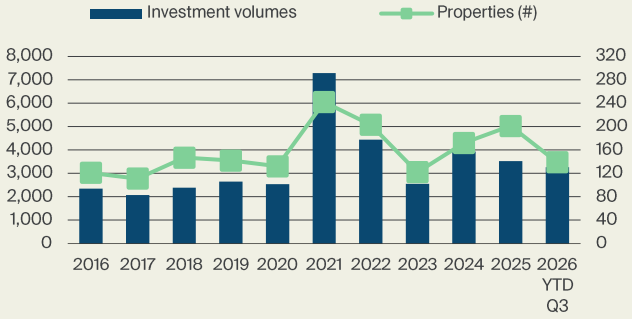
By grade % (LHS), and spread in bps (RHS)



Source: Knight Frank Research

Melbourne industrial investment volumes

Investment volumes AUD$ millions (LHS), and # transactions



Source: Knight Frank Research, MSCI

Recent Significant Tenant Commitments

Tenant	Property	Precinct	Lease Type	Building Size (sqm)	Net rent ($/sqm)	Term (years)
Labelmakers	55 Austrak Drive, Somerton	North	Existing	22,863	$122	5.0
Reject Shop	97 Australis Drive, Derrimut	West	Existing	24,610	$120	4.0
JB Hifi	WH3, 63 Fitzgerald Road, Laverton North	West	Spec	14,590	$145	10.0
Cirro Global	2A Botero Place, Truganina	West	Spec	14,763	$140	5.0
QLS Logistics	170-172 Atlantic Drive, Keysborough	Southeast	Renewal	17,878	$165	5.0
Integrated Packaging	Unit A, 60 Annandale Road, Tullamarine	North	Existing	11,276	$125	10.0

Recent Significant Sales

Property	Suburb	Precinct	Price ($m)	GLA (sqm)	Purchaser	Vendor	Yield (%)	WALE
18 Foxley Court	Derrimut	West	52.5	23,208	ESR	Centuria	5.7	4.8
365 Fitzgerald Road	Derrimut	West	28.0	16,139	Owner Occupier	Mapletree	-	-
309 Fitzgerald Road	Derrimut	West	50.5	27,153	Conf.	ESR	6.1	1
25-31 Licola Crescent	Dandenong South	Southeast	34.2	16,702	Conf.	Conf.	-	-

Major Developments

Estate (stage)	Address	Suburb	No. of Warehouses	NLA (sqm)	Completion Date	Developer	Lease type
Dandenong Works	7 Princes Highway	Dandenong South	5	67,206	Q2 2027	IFM Investors	Pre-comm / Spec
Fitzgerald Road Logistics Hub	65 Fitzgerald Road	Truganina	7	129,271	Q4 2027	Charter Hall	Pre-comm / Spec
Djeembana Estate	865 Boundary Road	Truganina	4	115,559	Q3 2027	GPT Group	Pre-comm / Spec
Northern Gateway Logistics Estate	485 Cooper Street	Epping	5	63,012	Q4 2027	GPT Group	Spec
RISE	635 Hall Road	Cranbourne West	4	40,781	Q4 2026	Frasers	Spec
Daybreak (Stage 1)	265 Dandenong-Hastings Road	Dandenong South	3	83,704	Q1 2028	IFM Investors	Spec

(For more information, please contact our industrials team)



Research & Consulting, VIC
Tony McGough
+61 406 928 820
tony.mcgough@au.knightfrank.com



Head of Industrial Logistics, VIC
Joel Davy
+61 411 109 876
joel.davy@au.knightfrank.com



Industrial Logistics, VIC (East Office)
Stuart Gill
+61 417 322 080
stuart.gill@au.knightfrank.com



Industrial Analyst, Vic
Mike Variah
+61 3 9604 4790
mike.variah@au.knightfrank.com



Industrial Investments
Harley Bowen
+61 423 395 582
harley.bowen@au.knightfrank.com



Valuation & Advisory, VIC
Michael Schuh
+61 412 443 701
michael.schuh@vic.knightfrank.com.au

Important Notice © Knight Frank Australia Pty Ltd 2026 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Australia Pty Ltd for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Australia Pty Ltd in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Australia Pty Ltd to the form and content within which it appears.