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Melbourne industrial records hit

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Industrial sites in Melbourne's south-east are setting new local sales records, with average prices now more than one-third higher than those fetched at their former peak in 2007.

Sites are now selling for an average about $270 a square metre, compared with about $200 a square metre in 2007, according to **Colliers International**.

Abacus has sold two warehouses in Braeside for $10 million to private investors with yields about 8.25 per cent through Colliers International.

The agency's industrial senior executive, **Justin Fried**, said a lack of development-ready land and increased activity from developers and owner-occupiers was behind the strong prices.

Precincts such as Dandenong South, Keysborough and Cranbourne – particularly those near Eastlink – have been most popular.

"We did 12 deals in the first quarter alone in this area," he said.

"We have seen significant labour force growth in this market, which is resulting in increasing demand from distribution centres that service the Victorian south-east metropolitan market."

There are three prime-grade buildings above 5000 square metres available for sale or lease in the south-east.

Mr Fried said demand for A-grade facilities below 5000 sq m was high, and there were only three development-ready lots of about two hectares available in the east.

There has been an increase in smaller sites under 2000 sq m, the bulk of that in four estates, held by **Investa**, **MAB**, **Logis** and **Australand**.

Three lots remain in the Dandenong Logis Industrial Park, an eco-industrial area that **Places Victoria** developed; 54 sites have already sold this year.

Mr Fried said local developers were taking advantage of the lack of prime stock and have been buying up sites.

"Developers are responding to the lack of space available, and the supply pipeline for the south-east over the next 12 months is reasonably strong," he said.

Vaughan Constructions Victorian development manager, **Jordan Grigg**, said developers had realised that land prices had bottomed out and were keeping close watch on project-ready sites coming to market around the south-east.