



## Industrial lot shortfall sure to be value boon

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A LOOMING shortage of serviced industrial land could revive values in Melbourne's west, according to agents.

Sale prices for lots that are ready to develop, commonly found in subdivided industrial parks, are exceeding expectations, as owner-occupiers are increasingly faced with dwindling choice.

"There's a level of competition in the west for this land, which is in short supply, that we haven't seen for more than 12 months," said CB Richard Ellis industrial director Walter Occhiuto. "Values are still off about 20 per cent from the highs of 2007, but I think people were expecting a hell of a lot worse. It could easily have been as much as 40 per cent."

Mr Occhiuto said developers in Melbourne's west had delayed as much as 200 hectares of new industrial releases in their parks since the onset of the global financial crisis last year, and that the lack of supply could see prices creep up in the final months of this year.

He pointed to sales the agency had brokered in the recently relaunched Wyndham Industrial Estate at Laverton North as examples of the market's return to form. Wire Industries has bought 2.55 hectares and Class Plastics has bought 1.2 hectares, and while the prices were undisclosed, Mr Occhiuto said they reflected stronger rates per square metre than in previous months.

Recent sales had also further reduced available stock in "key markets" such as Laverton North and Derrimut, he said.

Glyn Bosito of Raine and Horne agreed prices were holding up better than expected, thanks mainly to demand from owner-occupiers.

The agency last week brokered the sale of a 4000-square-metre industrial development site in Laverton North for \$725,000 to a Chinese-based sheep skin exporter. It also sold a 12,000-square-metre site in Truganina for \$1.8 million to a private super fund, which is associated with the local food processing group that will build a facility on the site.

"There's been an aligning of the planets this financial year," Mr Bosito said, "where the land prices have come back to what people regard as an attractive price. The construction costs have come back as more builders compete for less work and we're seeing good businesses which have been trading right through this difficult period expand their businesses out west."

While many developers have stopped producing land lots, big operator Australand has pushed ahead with stage 10 of its release at West Park in Derrimut and is speculatively building a 24,000-square-metre office warehouse on one of its lots.

*This story was found at: <http://www.theage.com.au/business/industrial-lot-shortfall-sure-to-be-value-boon-20091006-glez.html>*