

# Industrial sector likely to face big shortage

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AN INCREASE in activity in the industrial sector in the next few months is expected to leave the sector facing a fall in supply next year, research shows.

Jones Lang LaSalle's national industrial analyst, Nick Crothers, said construction had been dwindling each quarter this year. Of the 313,000 square metres that would be completed in the fourth quarter, 78 per cent was committed. "After that the supply pipeline really thins out. New supply in 2010 is expected to be very weak," he said.

Only 396,000 sq m of supply was set to be completed by next year, with 88 per cent committed. "This means there is very little in the way of vacant stock," he said.

Total national industrial sales - those worth more than \$5 million - were \$305.1 million in the third quarter, 35 per cent below the \$481.6 million the previous quarter.

There was 307,000 sq m of new supply completed in the third quarter, with Melbourne taking 19 per cent. Most was in Brisbane (32 per cent) and Sydney (30 per cent). Gross take-up of industrial space picked up to 392,000 sq m in the third quarter, with Melbourne (54 per cent) dominating.

The rundown in supply was confirmed by Colliers International in its spring report on the Melbourne industrial market. Collier's research analyst, Amita Mehrotra, said the banks' tight credit lines to commercial property this year had led to a sharp decline in construction. "The local industrial sector is potentially faced with a supply shortage of high-quality utility buildings during the medium term," she said.

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