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Many industries expecting to add floor space, survey finds

BY PHILIP HOPKINS

THE outlook for Melbourne's industrial sector this year is upbeat if developers' plans set out in a new survey bear fruit.

A national survey of 500 major industrial users has found most expect business will improve this year and one third plan to expand their floor space in the next 12 months.

The poll by Vaughan Constructions covered businesses with a turnover of more than \$50 million and staff of more than 100 people in each of the state capitals.

It found 53 per cent thought business would improve, 10 per cent expected to see a reduction in turnover and 31 per cent saw the outlook as stable.

Vaughan Victorian development manager Jordan Grigg said the food distribution and food manufacturing sector was the most active, with the rest of the market in a "holding pattern" until at least the end of the year.

"Food is still doing well, transport is variable across the country, but non-food manufacturing is weak," he said. "The traditional owner-occupier market [between \$1 million to \$10 million] is still there, but is having diffi-

culties raising finance, so they are looking for leasing deals with the options of a buy-back."

Mr Grigg said there was rising demand for industrial space with a strong focus on value and affordability. "The doom and gloom being recorded in the market is not necessarily true at the coal face of the industrial sector," he said.

The recent interest rate cut by the Reserve Bank was also a positive for users in the 3000 to 5000 square metre building area space. "There are Australian businesses out there making solid profits but [they] are not committing to capital expenditure until the global market settles," he said.

The high Australian dollar was also a big factor in manufacturers not expanding. "This is creating a backlog of private investors who are looking for stock in the \$10 million to \$30 million price range, but there is very little quality investment stock coming into the market," he said.

Mr Grigg said the reluctance by business to commit to property upgrades was making the construction sector very competitive, with subcontractors aggressively looking to secure work. Vaughan has 23 projects under way in Melbourne, Sydney, Adelaide and Perth.