



QUEENSLAND
OFFICE MARKET SNAPSHOT

CI AUSTRALIA
Q2 2019



INTRODUCTION

Welcome to our Q2 2019 Report for the Queensland Office Market. We explore leasing activity, supply and investment trends across the state's commercial property market.

The outlook for the Queensland commercial property market is positive. The ongoing recovery in the state's CBD is gaining traction with the second consecutive half yearly quarter of positive absorption recorded in the 12 months to January 2019.

It is anticipated that vacancy levels and incentives, particularly in the CBD, will continue to fall through 2019 and into 2020. And with limited stock currently under construction and planned for the next three years - approximately 155,000sqm over just four developments, it is possible this will trigger a tightening of vacancy. We will also continue to see the centralisation of tenants moving back into the CBD from Fringe markets, as supply comes online throughout the year.

Meanwhile, investment levels remain strong with demand from buyers both domestic and offshore, seeking well-located assets with strong tenancy profiles.

The strong Queensland Economy will also contribute to the performance of the market, driven by factors including higher commodity prices, a lower Australian Dollar, rising net migration and increasing exports.

We hope you find this report interesting, and a useful reference tool. If you have questions or would like to request bespoke research or investment analysis, we'd be delighted to speak with you.



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BRISBANE CBD

Total Stock: 2,227,017 sqm

Total Vacancy: 13%

Total Supply Additions: 0 sqm

Total Withdrawals: 16,306 sqm

Net Absorption: 25,192 sqm

Source: PCA Research, January 2019 Data Release
(Bi-Annual Release)



KEY OBSERVATIONS

Secondary grade total vacancy hit a record high of 17.4%, while the vacancy rate for prime grade properties has continued to tighten since 2017; due to the market favouring prime assets in more central locations.

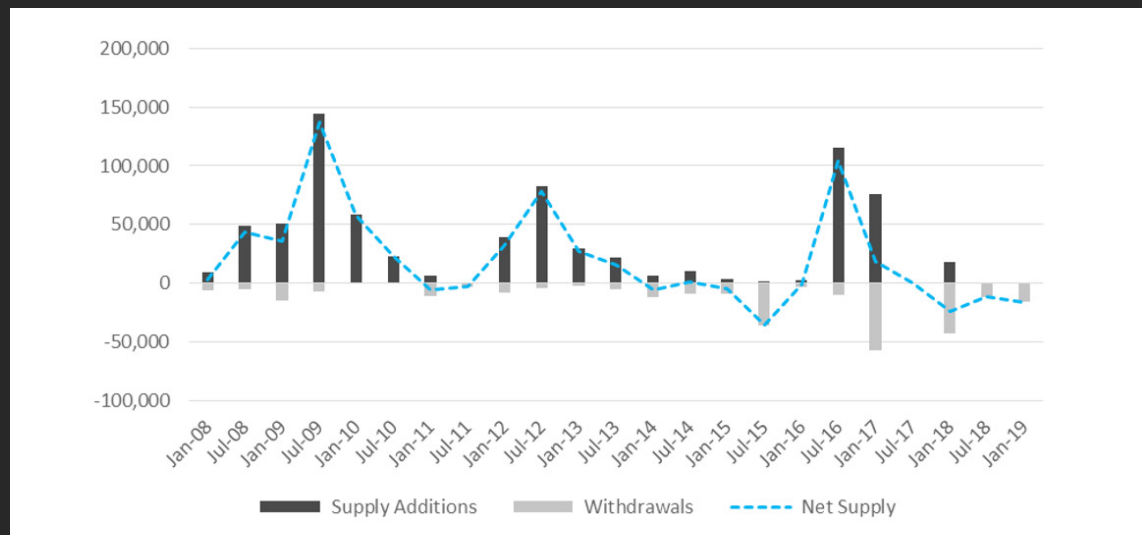
Total stock levels have continued to decline in the past 12 months. A new development at 300 George Street, set to come online in late 2019, will deliver 47,700sqm of space. The total vacancy rate is likely to continue to fall, however is poised to remain above the historical average of 9.4%.

Meanwhile, cross-border investment remains a theme and was particularly strong in 2018, accounting for 73.2% of the market's total buyer composition. This was followed by REITs / Listed companies which accounted for a total of 21.4%, according to Real Capital Analytics.

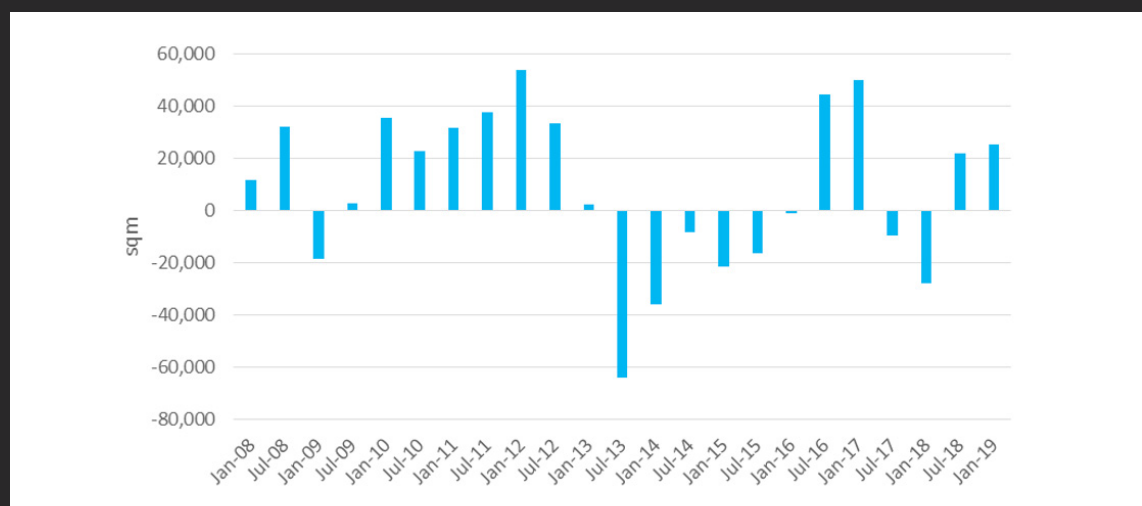
Brisbane CBD Vacancy Rate (%)



Brisbane CBD Net Supply (sqm)



Brisbane CBD Net Absorption 6 Months (sqm)





BRISBANE FRINGE

Total Stock: 1,205,295 sqm

Total Vacancy: 14.8%

Total Supply Additions: 16,729 sqm

Total Withdrawals: 0 sqm

Net Absorption: 12,808 sqm

Source: PCA Research, January 2019 Data Release
(Bi-Annual Release)

KEY OBSERVATIONS

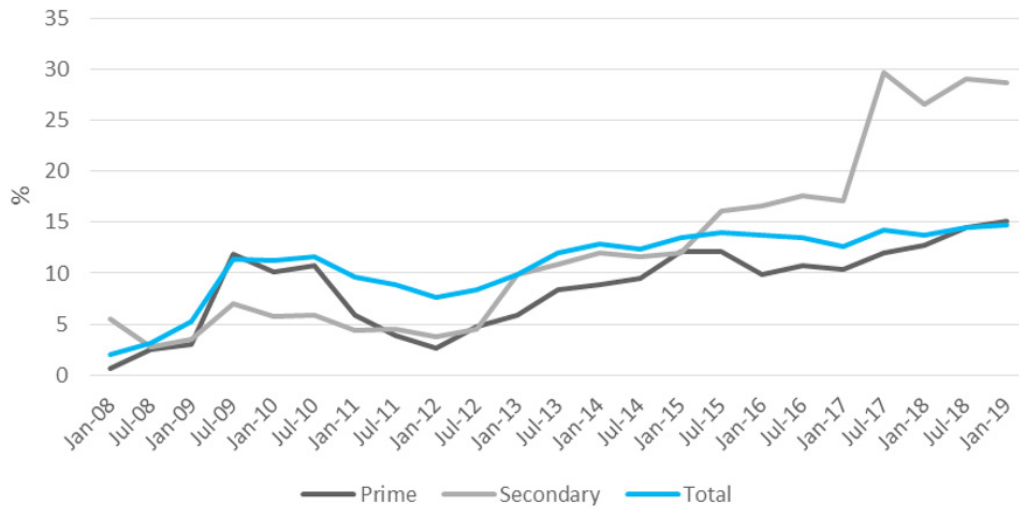


The vacancy rate has been on a steady incline since January 2012, remaining above the historical average of **10.8%**.

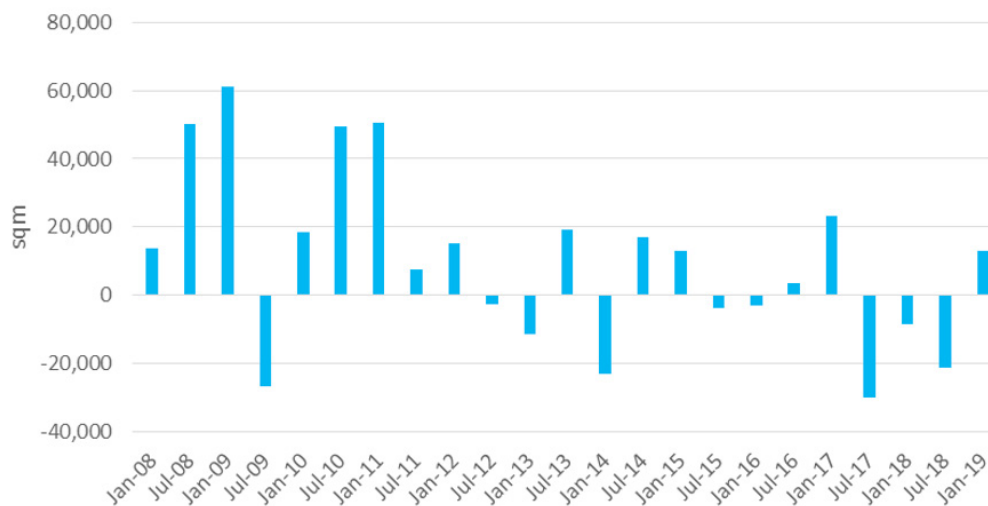
The world's largest and tallest engineered timber office building, 25 King in Bowen Hills, has recently provided **14,429 sqm** of net lettable area to the Fringe market.

A total of **25,699sqm** of space is due to come online in 2019.

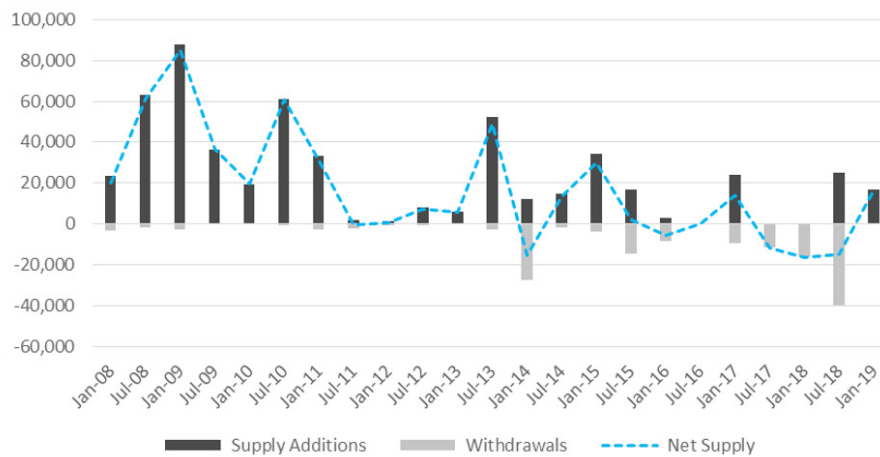
Brisbane Fringe Vacancy Rate (%)



Brisbane Fringe Net Supply (sqm)



Brisbane Fringe Net Absorption 6 Months (sqm)





GOLD COAST

Total Stock: 470,453 sqm

Total Vacancy: 11.6%

Total Supply Additions: 892 sqm

Total Withdrawals: 0 sqm

Net Absorption: 2,986 sqm

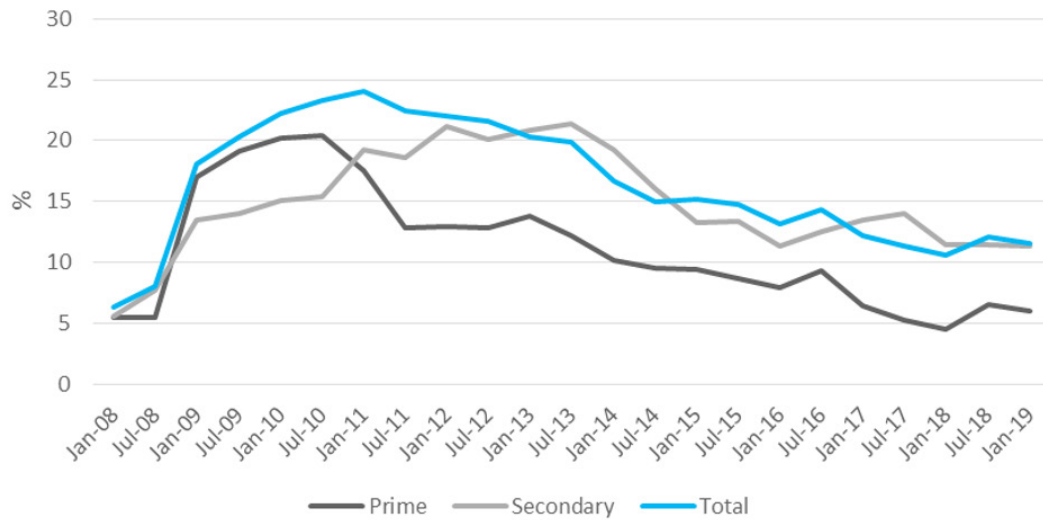
Source: PCA Research, January 2019 Data Release
(Bi-Annual Release)

KEY OBSERVATIONS

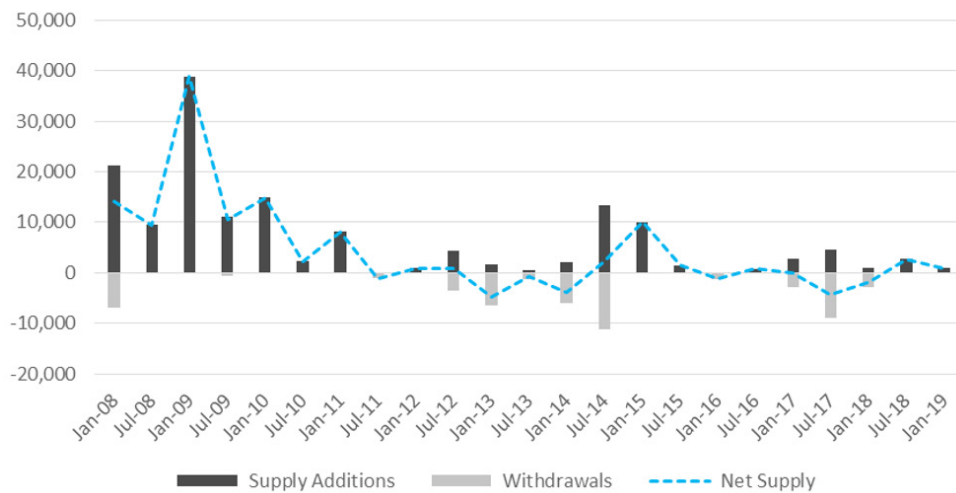
The Gold Coast market has received minimal positive net supply, triggering a downwards trend in total vacancy, below the historical average of **16.2%**.

However, it is expected **2,832 sqm** of net lettable area will be delivered to the market through the full refurbishment of 33 Scarborough Street.

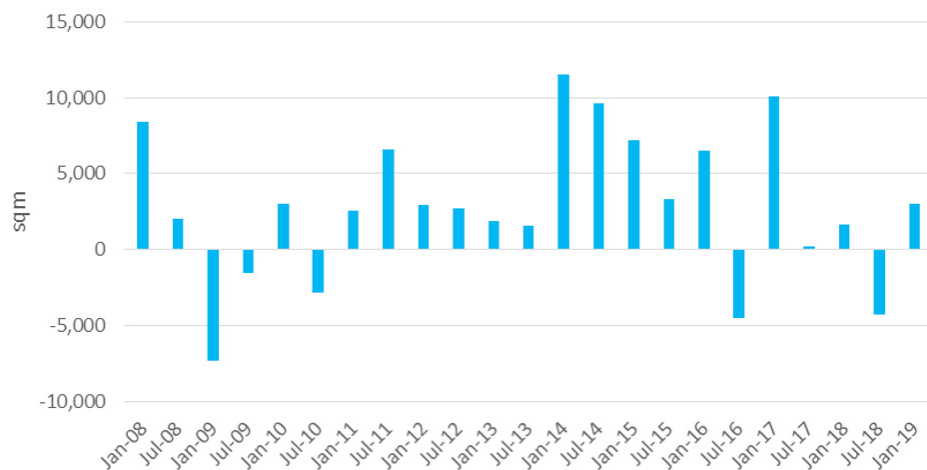
Gold Coast Vacancy Rate (%)



Gold Coast Net Supply (sqm)



Gold Coast Net Absorption 6 Months (sqm)





SUNSHINE COAST

Total Stock: 193,099 sqm

Total Vacancy: 21.8%

Total Supply Additions: 21,716 sqm

Total Withdrawals: 0 sqm

Net Absorption: 5,334 sqm

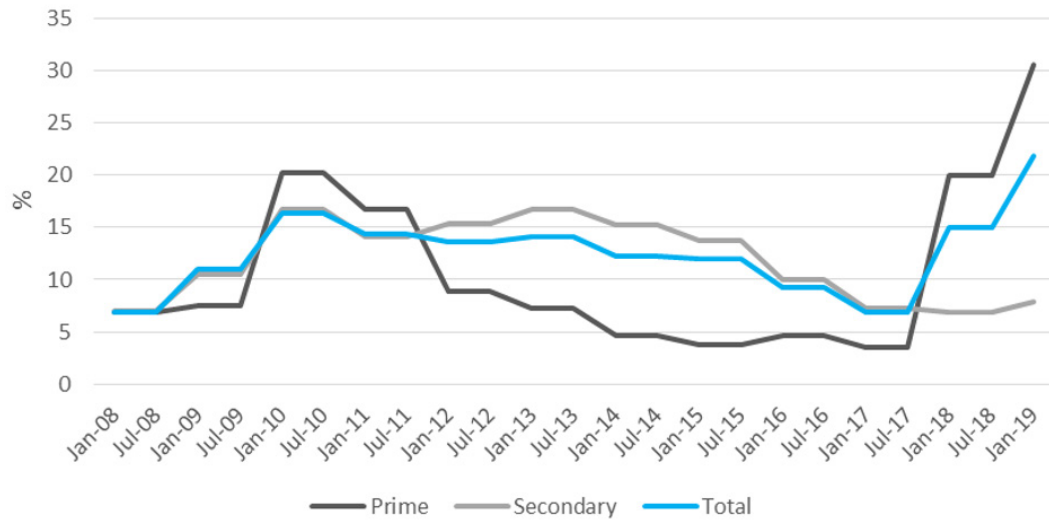
Source: PCA Research, January 2019 Data Release
(Bi-Annual Release)

KEY OBSERVATIONS

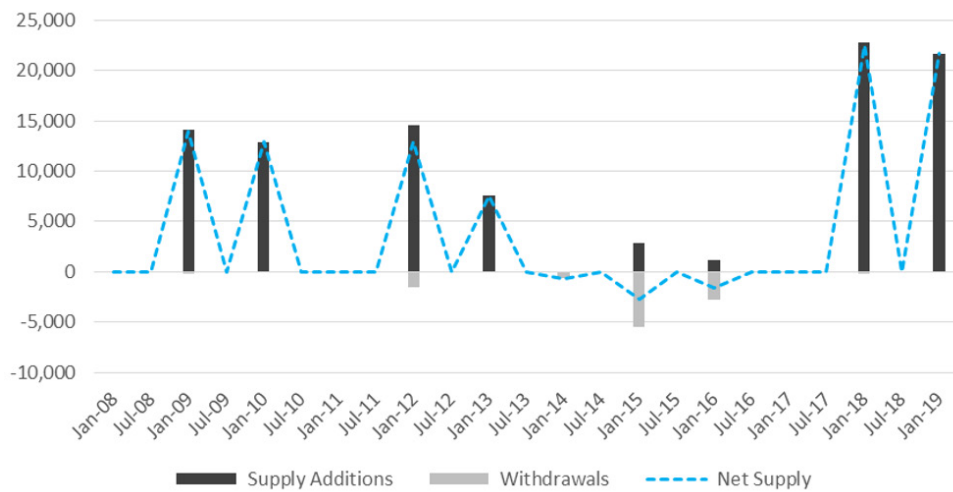
The market has witnessed a significant increase in vacancy, rising from 15.0 percent to 21.8 percent in the year to January 2019 due to **21,716sqm of supply additions**. An additional **765sqm** of space is due to come online in 2019.

The market has recorded **positive** net absorption since 2016.

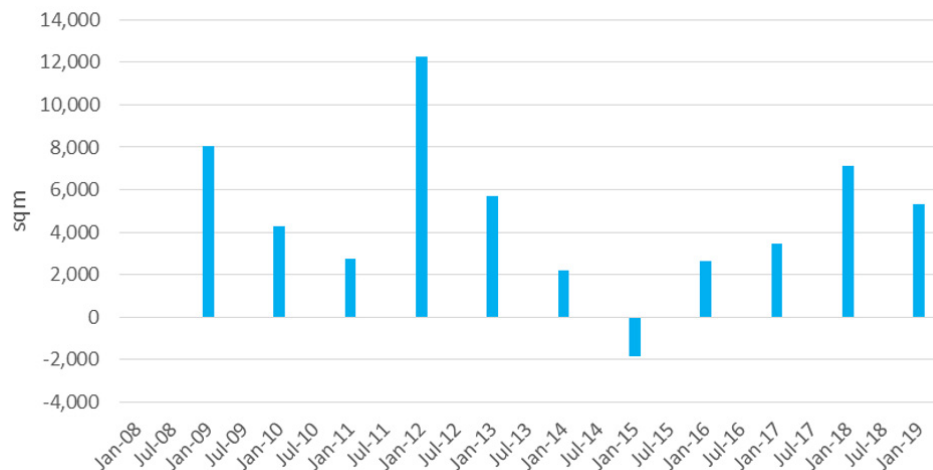
Sunshine Coast Vacancy Rate (%)



Sunshine Coast Net Supply (sqm)



Sunshine Coast Net Absorption 6 Months (sqm)





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PERSONALISED PROPERTY SERVICES AND STRATEGIC ADVICE IS AT THE HEART OF WHAT WE DO. **AND IT HAS BEEN FOR OVER 100 YEARS.**

True specialists in investment sales, commercial leasing and asset management, we have the knowledge and connections to deliver for you, across Australia and internationally. Our scale is furthered by our dedicated Asia Desk and the connections to our parent companies – APP, Broadspectrum and Ferrovial - which means we can help you achieve your business goals, no matter how large or small.

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- Investment Sales
- Asset Management
- Engineering & Facilities Management
- Strategy & Advisory
- Marketing & Research

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