



SYDNEY CBD
OFFICE MARKET REPORT

H1 2021 - SEPTEMBER RELEASE





EXECUTIVE SUMMARY

Welcome to our H1 2021 Sydney CBD Office Market Report, where we analyse and explore the continuing impacts of COVID-19 and macroeconomic factors such as bond rates and emerging trends.

The Sydney CBD office market has remained resilient during the first half of 2021. Although NSW is experiencing its second major lockdown, we anticipate the green shoots appearing will continue with the rollout of the COVID-19 vaccine and Sydney's track record in rebounding post lockdown.

Vacancy rates have remained close to the historical average of 8.7% and under 10%, an encouraging sign compared to other Australian CBD markets, which are seeing vacancy rates well above their historical averages. Vacancy in the Sydney CBD is primarily attributed to additional supply coming online, such as Wynyard Place and 185 Clarence Street, as well as full refurbishments such as 44 Martin Place and 4 Bligh Street.

In addition, this reporting period's positive net absorption, mainly a result of tenant expansion activity, demonstrates Sydney's ability to rebound post lockdown - an encouraging sign of recovery.

Subleasing vacancy fell by 30 basis points, another positive sign of recovery as sublease space remains attractive to tenants seeking affordable CBD rents with an existing fitout.

Despite the challenging market conditions and uncertainty since Sydney's first lockdown in March 2020, capital transaction rates have held steady throughout 2020 and 2021. We anticipate this trend will continue for the remainder of the year. Sydney remains an attractive market for investors with some of the best risk adjusted returns globally, and one of the highest spreads of yield to the long bond rate in the western world.

If you would like to discuss this report further or enquire about bespoke market or actuarial analysis, we'd be delighted to speak with you.



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Source of Report Data: CI Australia Research, Real Capital Analytics, Property Council of Australia (Jul-21 Release).

OFFICE LEASING

Sydney CBD vacancy increases are primarily attributed to new stock

VACANCY

Total vacancy rose by 61 basis points (bps) to 9.2% over the last six month reporting period, contributing to a total increase of 5.3% over the last two years. This denotes the sharpest increase in vacancy experienced by the Sydney CBD since the 1990's recession.

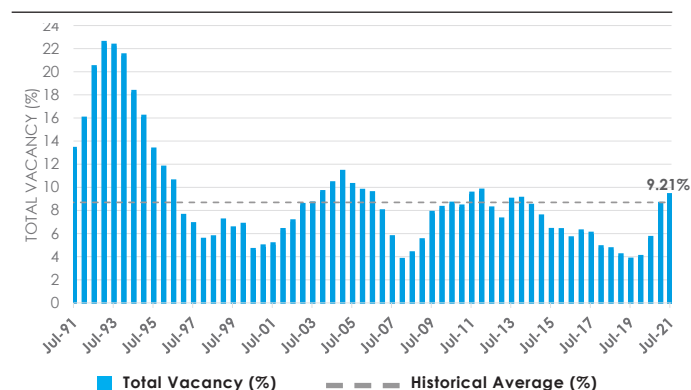
Whilst this is the first time in six years that vacancy rates in the CBD have risen above the 30-year historical average, it remains relatively close to the historical average (49 bps) whilst other Australian CBD office markets sit well above their respective historical averages.

New supply was the main contributor to this increase in total vacancy. The completion of new developments including Wynyard Place and 185 Clarence Street, as well as full refurbishments such as 44 Martin Place and 4 Bligh Street contributed a total of 87,300 sqm (1.7%) of office stock to the market. Of this stock, an aggregate of 81.9% or 71,500 sqm is pre-committed. In addition, major pre-committed tenants to these new developments contributed 44,200 sqm (86 bps) to vacant stock through relocation from their occupation within the CBD.

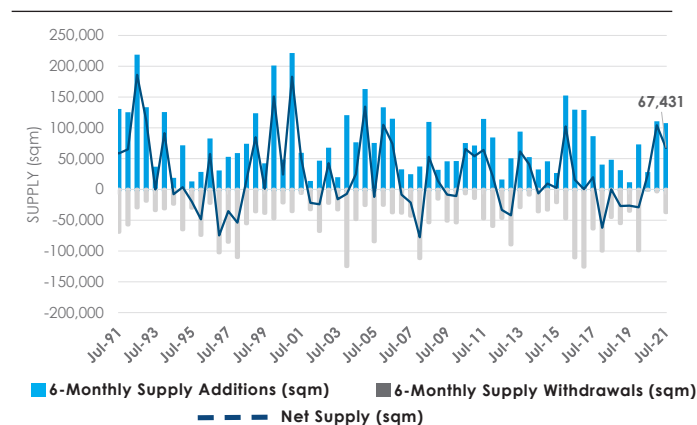
A substantial portion (45.4%) of vacant stock is A-grade (215,540 sqm). This equates to an 11.3% vacancy rate for A-grade stock only, representing a sharp 3.4% increase above the A-grade historical average. Furthermore, in the six-monthly report period, the A-grade vacancy rate has risen the most dramatically, by 1.6%, compared to the average increase of 13 bps observed over other grades.

On the other hand, Premium-grade stock has experienced a drop in vacancy this reporting period (-71 bps). This result is wholly attributable to larger corporations such as EY and Ashurst, currently occupying Premium-grade buildings within the CBD, reclaiming their subleasing offerings from the market as they solidify their decisions on spatial requirements relating to working from home and the office.

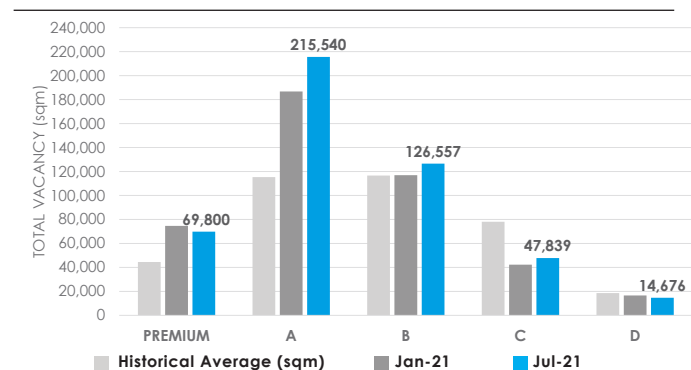
TOTAL VACANCY VS HISTORICAL AVERAGE



SUPPLY ADDITIONS, WITHDRAWALS AND NET SUPPLY



TOTAL VACANCY BY GRADE





SUBLEASING SPOTLIGHT

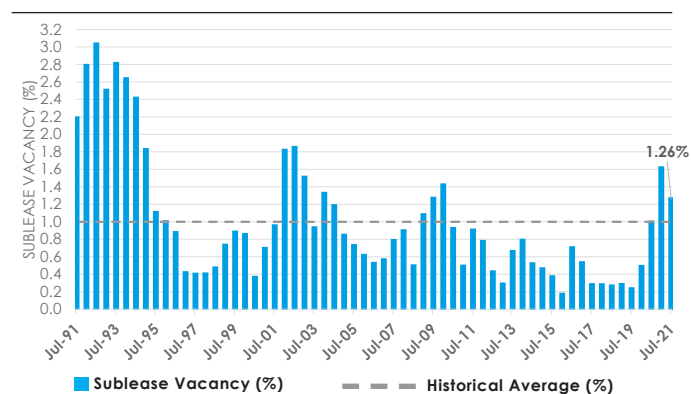
Sublease vacancy has fallen by 41 bps to 1.3%, sitting just 26 bps above the 30-year historical average of 1.0%.

The Midtown precinct remains the largest holder of total vacant subleasing stock at 27,300 sqm (42.2%), increasing slightly over the last six month reporting period (+12.8%).

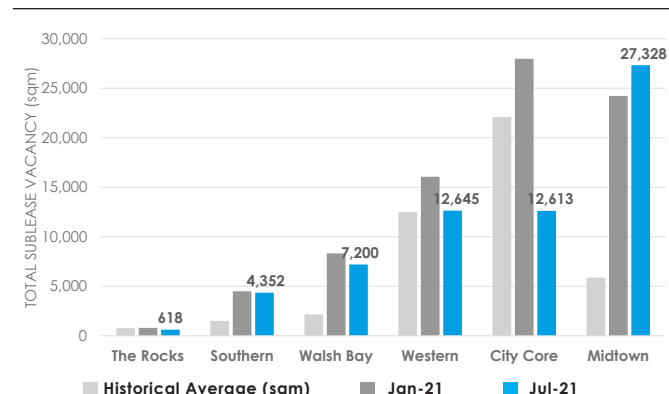
The most significant reduction in subleasing space has been observed within the City Core precinct, where vacant sublease stock has more than halved (-54.9%) to only 12,613 sqm. As noted in the previous section, this is mainly attributable to large occupiers within Premium-grade assets reclaiming their subleasing space off the market.

Examples of this reduction of sublease space within Premium-grade buildings include EY who withdrew circa 3,300 sqm and Ashurst who withdrew approximately 2,500 sqm this reporting period.

SUBLEASE VACANCY VS HISTORICAL AVERAGE



SUBLEASE VACANCY BY PRECINCT



OCCUPANCY AND DEMAND

Major Occupiers Update

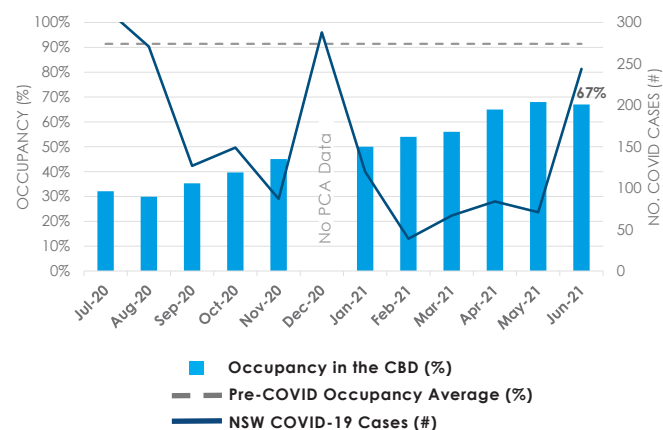
- **NAB** has vacated 20,800 sqm of A-grade space in NAB House, 255 George Street to relocate to 33,100 sqm of Premium-grade office space at Wynyard Place, 10 Carrington Street
- Similarly, **Allianz** has moved into 12,400 sqm at Wynyard Place, from 18,000 sqm of A-grade space in the Allianz Centre Complex, 2 Market Street.
- In addition, **Brookfield** has vacated circa 4,000 sqm of A-grade space in 135 King Street to take up 6,200 sqm in Wynyard Place as their new headquarters.
- More recently, **Moelis** has announced their relocation to 3,800 sqm of Premium grade space in Wynyard Place, vacating 1,430 sqm of Premium grade space in 1 Farrer Place.

Occupancy*

- With Sydney CBD entering into its second lockdown on 28th June and reporting substantial increases in cases, it is likely office occupancy rates will be heavily weighed down by working from home orders throughout August and September. However, as evident by the first lockdown, we anticipate occupancy rates will steadily increase following the easing of restrictions. Prior to the current lockdown, rates increase steadily to its yearly peak in May at 68%.
- As of 30th June 2021, the office occupancy rate has slipped back 1% to 67% in the Sydney CBD.

*Physical occupation of space

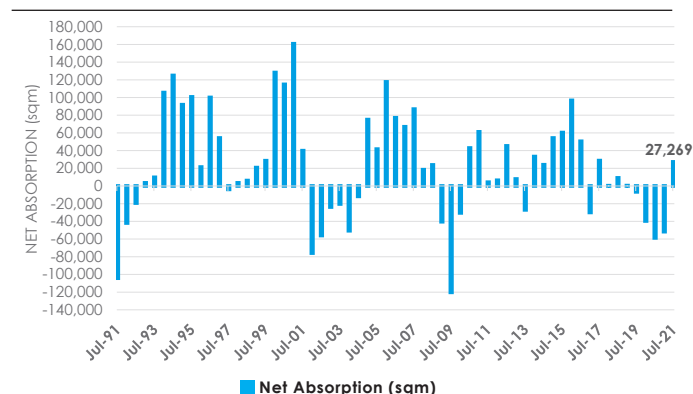
SYDNEY CBD OCCUPANCY VS NSW COVID 19 CASES



Tenant Demand

- Net absorption recorded in this six monthly reporting period (+27,300 sqm) is the first significantly positive net absorption figure recorded in the CBD since 2017.
- Tenant expansion (i.e. tenant demand) is the main contributor to this positive result, more than doubling over the last 6 months at circa 50,000 sqm.
- In addition, contraction activity amongst tenants over 1,000 sqm saw a slight decrease over the same reporting period, sitting at circa -32,000 sqm.
- Overall, this is an encouraging sign of recovery, demonstrating that Sydney CBD can attract tenants back into the market after a pandemic (and the increase in flexible working/working from home arrangements).

SYDNEY CBD OFFICE NET ABSORPTION



SUPPLY AND DEVELOPMENTS



Wynyard Place [New Development]

The recently completed Wynyard Place comprises a 27-storey office tower, two restored heritage buildings and premium retail space, situated above the state-of-the-art Wynyard Station Transport Hub. The centrepiece Premium-grade tower consists of approximately 59,000 sqm of office and retail NLA, with 95% of the building pre-committed at practical completion to tenants such as Brookfield, NAB, Allianz and Moelis.



275 George Street [New Development]

Developed by John Holland and owned by Daiburu Corporation, 275 George Street is a Premium-grade, 15-storey building with 13 levels of commercial office space and 3 levels of retail - 2 above ground and 1 below. Completed in Q2 2021, the building holds 7,321 sqm of office space with Victory Serviced Offices being its anchor tenant.



Quay Quarters, Quay Quarter Tower [New Development]

Located at 50 Bridge Street in Circular Quay, Quay Quarter Tower is currently under construction and due mid-2022. The Premium-grade 50-storey office building is already 85% pre-committed to tenants such as AMP Capital, Deloitte and Corrs Chambers Westgarth.



Substation No. 164 [Additions & Alterations]

Rebranded as Substation No. 164, 185 Clarence Street reopened in Q1 2021 with 6 brand-new storeys of A-grade commercial office space above the existing building. The additional 6 levels equate to a further 2,200 sqm NLA.



570 George Street [Full Refurbishment]

570 George Street has undergone a full building refurbishment as of Q1 2021. From basement, ground level and mezzanine up to Levels 1 - 23, the 18,100 sqm A-grade office tower has upgraded its lift lobby, internal lift cars, office fit-out and building services at a total cost of \$31.8 million.



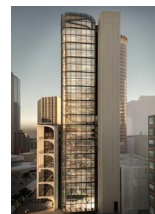
AMP Circular Quay Building [Full Refurbishment]

AMP Capital will also be undertaking a full internal and external refurbishment of the existing 27-storey commercial office building known as AMP Building. To be completed by Q3 2022, this will include renewal of the 50-year-old building's ground and Level 1 lobby, as well as all retail tenancies, the end-of-trip facilities and reinstatement of the tower walls and facade.



Salesforce Tower [New Development]

Lendlease is currently in the process of constructing the 56-storey office tower at 180 George Street at an estimated cost of \$590.7 million. Dubbed the "Salesforce Tower" after its anchor tenant Salesforce who have pre-committed to the top 24 floors, the building, which spans over 55,000 sqm NLA, is due for completion in Q2 2022.



Poly Centre [New Development]

Construction is currently in progress for Poly Centre at 210 George Street for a 28-storey commercial office tower with ground and first floor retail. Estimated for completion in Q3 2022, the office tower will span 16,500 sqm of NLA office space across 26 levels.



Polding Centre [New Development]

Sydney Catholic Archdiocese has received Stage 1 DA approval of a mixed-use tower at 133 - 141 Liverpool Street consisting of residential, commercial and retail components. At an estimated cost of \$161.6 million, the building will span 4,080 sqm NLA across 7 levels of office space and is due for completion in Q2 2022.



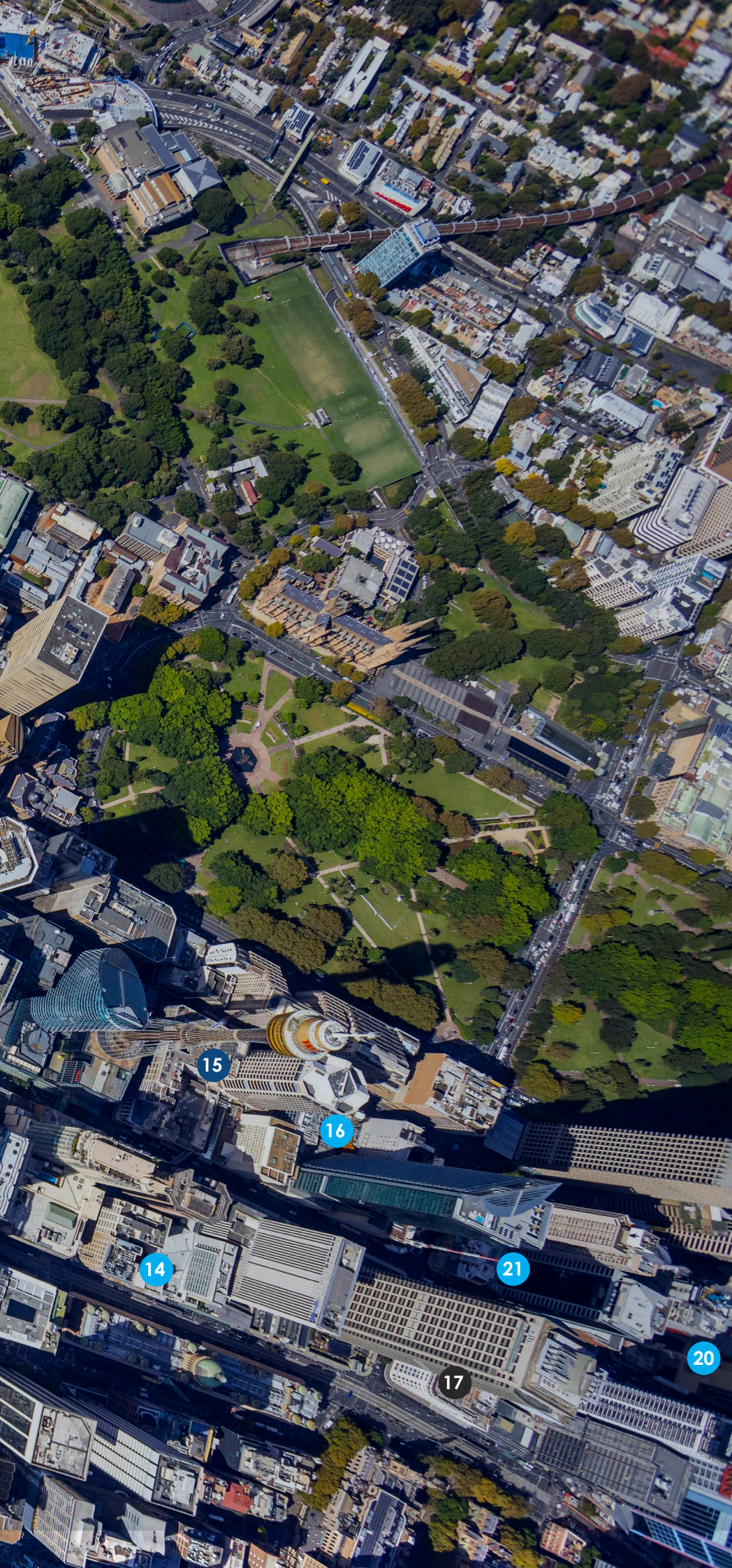
Reserve Bank of Australia [Full Refurbishment]

The Reserve Bank of Australia (RBA) has proposed \$259.7 million works to fully refurbish the 1964 building with funding coming from the federal government.



KEY

- NEW DEVELOPMENT
- FULL REFURBISHMENT
- ALTERATIONS AND ADDITIONS



DEVELOPMENTS

- 1** 180 George Street
GFA 61,894 sqm
- 2** 210-232 George Street
GFA 20,148 sqm
- 3** 32-36 York Street
GFA 8,595 sqm
- 4** 33 Alfred Street
GFA 41,510 sqm
- 5** 50 Bridge Street
GFA 102,133 sqm
- 6** 275-281 George Street
GFA 8,023 sqm
- 7** 10 Carrington Street
GFA 75,000 sqm
- 8** 317 & 319-321 George Street
GFA 5,570 sqm
- 9** Martin Place North -
Over Station Development
GFA 75,498 sqm
- 10** Martin Place South -
Over Station Development
NLA 37,553 sqm
- 11** 65 Martin Place
GFA 29,168 sqm
- 12** 333-337 Kent Street
GFA 15,061 sqm
- 13** 183-185 Clarence Street
GFA 9,603 sqm
- 14** 458-472 George Street
GFA 57,989 sqm
- 15** 65-77 Market Street
GFA 36,381 sqm
- 16** 133-145 Castlereagh Street
GFA 100,000 sqm
- 17** 570 George Street
GFA 21,930 sqm
- 18** 44 Martin Place
NLA 9,060 sqm
- 19** 55 Pitt Street
GFA 72,307 sqm
- 20** Pitt Street South -
Over Station Development
GFA 21,995 sqm
- 21** Pitt Street North -
Over Station Development
GFA 55,743 sqm

NOT SHOWN ON MAP:

- 22** 133-141 Liverpool Street
GFA 24,042 sqm
- 23** 201 Sussex Street, Darling Park 4
NLA 63,000 sqm
- 24** 175 Liverpool Street
GFA 9,200 sqm

MARKET OUTLOOK

A total of 412,831 sqm of new prime office stock is estimated to enter the Sydney CBD office market over the next six years, of which 200,340 sqm (3.9% of total stock) is expected for completion by the end of 2022. Over the coming year, this is a substantial development pipeline, more than double the 30-year historical average for supply additions in the CBD.

As an aggregate 49.1% of this new 2021 - 2022 supply is currently pre-committed, we see the remaining unleased space adding 1.9% vacancy over the coming year.

In addition, a number of major pre-committed tenants to these new developments are noted to be relocating from space within Sydney CBD and includes:

- **Salesforce**, currently occupying 7,400 sqm of space in 201 Sussex Street, will be taking up circa 28,000 sqm of the newly refurbished Salesforce Tower at 180 George Street.
- **Deloitte**, currently occupying 25,900 sqm of space in 225 George Street, will be taking up circa 26,000 sqm of the new development, Quay Quarter Towers at 50 Bridge Street.
- **Corrs Chambers Westgarth**, currently occupying 8,000 sqm of space in 8 Chifley Square, will take up circa 8,000 sqm of the new development, Quay Quarter Towers at 50 Bridge Street.
- **AMP Capital**, currently occupying 32,300 sqm of space in the AMP Building at 33 Alfred Street, will take up circa 34,000 sqm of the new development, Quay Quarter Tower at 50 Bridge Street.

Should the remaining vacancy from the above buildings remain unlet over the next six month reporting period, this will contribute a further 80 bps to total vacancy.

Whilst Sydney CBD saw significant recovery in tenant demand demonstrated by the high positive net absorption figure 27,269 sqm recorded this half, we anticipate the current NSW lockdown restrictions will dampen activity over the remaining half of the year.

However, we see the impact of the current restrictions to be less severe than the first lockdown in March 2020. The Business Confidence (Roy Morgan Index) is significantly higher during this second lockdown, at 117.2 as of July

2021, than the 102.9 recorded a month after the first lockdown in April 2020. This is highly attributable to the certainty provided by the vaccine's rollout and businesses being better prepared with solid plans regarding their space requirements (including those who have adopted partial working from home flexibility).

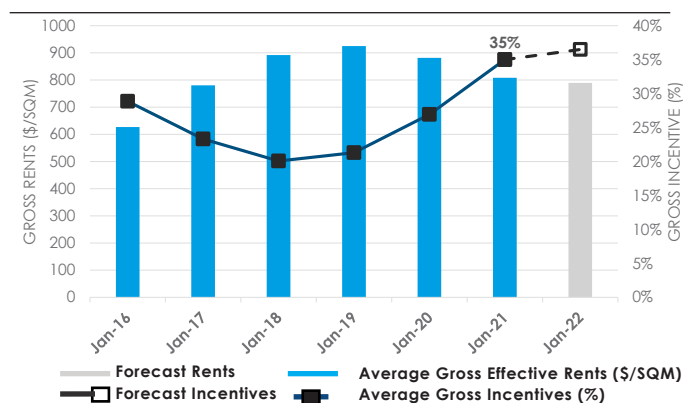
With a sizable supply pipeline and moderately soft demand, we forecast vacancy to rise by an estimated 1.8% - 2.3% over the coming year, reaching a peak of around 11% - 11.5% before seeing a gradual decline.

RENTS AND INCENTIVES

Whilst face rents have continued to hold steady over the last year, average incentives in the CBD have risen steadily to over 35%, representing an increase of 13.7% since the lows experienced in 2019. This has caused gross effective rents to drop to an average of \$805 per sqm this reporting period, representing a total drop of 12.5% from peak (2019) to trough. Whilst a majority of this decrease in rents was experienced by Secondary-grade assets over the 2019 - 2020 period (-7.7%), Prime-grade led the subsequent decline in rents this 2020 - 2021 period (-11.3%).

We see incentives continuing to rise over the next year, driven by the forecasted rise in vacancy, to peak at an average of 36.5%. In turn, gross effective rents will drop by 2.3% to average at \$790 per sqm.

SYDNEY CBD GROSS RENTS AND INCENTIVES



TREND WATCH

More Renewals, Less Relocation

Tenants above 500 sqm are showing more of an inclination to renewing their current leases than relocating. With current office market conditions more favorable to tenants than landlords, we are seeing tenants opt for rental abatements which reduce their rent over the entirety of their lease term, rather than lump sum incentives upfront for capital expenditure or new fit-outs. Overall rental reductions have been more attractive to businesses as the economy is still undergoing a recovery phase since the onset of the pandemic.

We have witnessed tenants showing a strong preference for office space with additional meeting rooms, quiet rooms and boardrooms to accommodate the increased use of video conferencing.

Overall, we have witnessed tenants reviewing their space requirements in light of the increasing work from home (WFH) trend. Businesses who have embraced more permanent WFH options have reduced their space requirements by 20 - 40%, as staff use the office on a rotational basis.

Occupiers holding over 5,000 sqm of space within the CBD have been seen to sublease, on average 17.3% of their existing space. Key examples noted over the last 18 months include:

- **American Express** subleasing 2,700 sqm (16%) of their space in 12 Shelley Street and 2 Market Street.
- **Deutsche Bank** subleasing 1,400 sqm (16%) of their space in 126 Phillip Street.
- **Suncorp** subleasing 3,900 sqm (18%) of their space in 10 Shelley Street.

Occupiers holding between 300 sqm to 5,000 sqm of space within the CBD have been seen to sublease, on average, 32.1% of their existing space. Key examples noted over the last 18 months include:

- **Cuscal** subleasing 1,125 sqm (25%) of their space in 1 Margaret Street
- **Nib Health Funds** subleasing 1,200 sqm (25%) of their space in 1 Farrer Place.
- **Southern Cross Distribution Systems** subleasing 1,300 sqm (31%) of their space in 580 George Street.
- **Dow Chemical** subleasing 640 sqm (47%) of their space in 88 Phillip Street.

Occupiers holding less than 300 sqm of space within the CBD have been seen to sublease, on average, 95.7% of their existing space. Key examples noted over the last 18 months include:

- **Capital Fund Management** subleasing 100% of their 220 sqm in 331 - 339 George Street.
- **Stepstone Group** subleasing 100% of their 250 sqm in Governor Phillip Tower of 1 Farrer Place.

As users better understand and evolve their space requirements and office needs, we believe there will be a shift from Activity Based Working to accommodate more space per person and dedicated collaboration spaces for health and hygiene reasons.

CAPITAL TRANSACTIONS

Capital values and yields hold with market fundamentals pointing towards growth

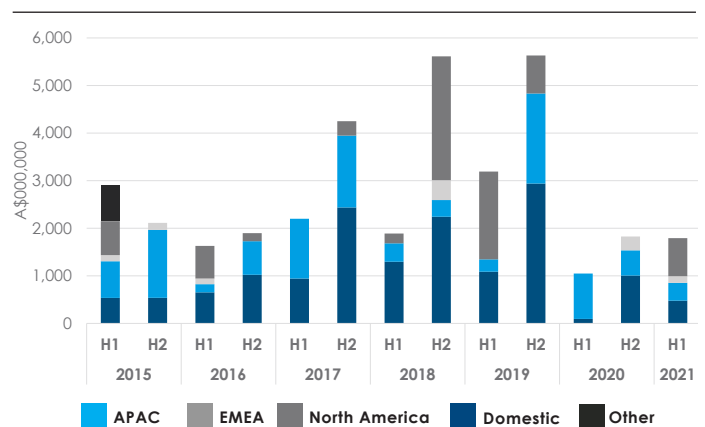
VOLUME

As of H1 2021, a total sales volume of \$1.79 billion was transacted in Sydney CBD (*Real Capital Analytics (RCA)*), representing an increase of 71% against the total sales volumes recorded in H1 2020 (\$1.05 billion). This H1 2021 result also represents a 1.8% reduction from volumes in H2 2020 (\$1.83 billion). However, this is an expected seasonal reduction in volumes, as studies of the last five years (2015 - 2019, excluding 2020 due to COVID-19) show that H1 volumes are on average, 45 - 50% lower than H2 results. With this context, the results achieved during this six-month reporting period demonstrate positive signs of recovery in the Sydney CBD capital transactions market.

Cross-Border Activity:

H1 2021 saw only 46.2% of total volumes transacted to cross-border buyers. Of the \$1.23 billion or 9 transactions, Canadian-based Manulife Financial's 50% purchase of 39 Martin Place with Investa was the largest contributor to cross-border sales.

CAPITAL TRANSACTIONS VOLUMES





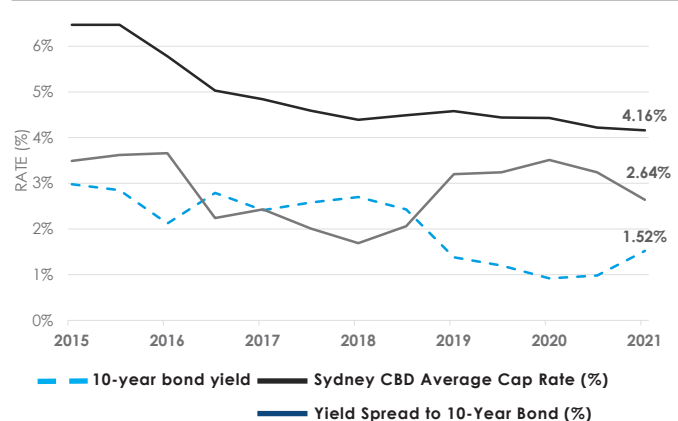
PRICING

Average capitalisation rates (cap rates) have continued to tighten over H1 2021, falling to 4.16% (-6 bps). In response, average capital values across all transacted assets this half has risen to \$18,500 per sqm (+7.7%). This is unsurprising given offshore and domestic investors' sustained demand for quality CBD assets, searching for capital investment.

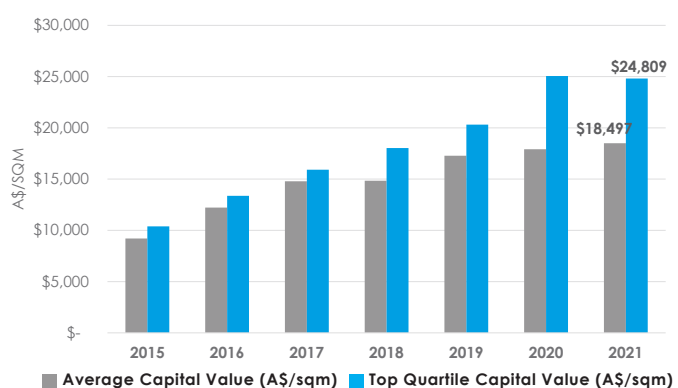
In addition, the continued lack of commercial stock available for sale on the market continues to drive pricing upwards in the face of the sheer volume of capital looking for investment in Sydney CBD.

Meanwhile, top-quartile cap rates for prime CBD assets have managed to sustain their historical lows at 3.85% (H2 2020). Prime capital values rose slightly to an average of \$24,800 per sqm (+3.1%) - however, this remains 4.7% lower than the peak numbers recorded in January 2019 (\$26,000 per sqm).

LONG BOND SPREAD TO YIELD COMPARISON



AVERAGE AND TOP QUARTILE CAPITAL VALUES



NOTABLE TRANSACTIONS

As of Q4 2020, average capitalisation (cap) rates tightened further within the 3.50% - 4.05% range, whilst average capital values dropped by 6.80% to \$17,173 per sqm over 2020. Focusing on prime assets only, the top quartile price per sqm continues to rise, showing a growth of 18.30% year-on-year (YoY) despite cap rates remaining flat at 4.00%. Overall, RCA's hedonic series for the Sydney CBD office market shows that underlying cap rates are softening.

The hedonic cap rate for the Sydney CBD office market sits at 5.01%, whilst prime asset cap rates continue to average at lows of 4.25%. The hedonic price for an office asset sits at \$12,000 per sqm, whilst prime office assets are competitively priced at average highs of \$24,000 per sqm.

- **50 & 60 Carrington Street** - EG has recently acquired a half stake in both 50 Carrington Street and 60 Carrington Street for circa \$350 million from AMP Capital, managing on behalf of Swiss RE. 50 Carrington Street is an A-grade office building spanning 10,885 sqm of NLA, with key tenants including Ascender Pay and Industrie&Co. 60 Carrington Street is also an A-grade office building of 14,610 sqm NLA, with key tenants including Addisons Advisory and Computershare.
- **60 Carrington Street** - Macquarie Group has acquired the other 50.1% stake in 60 Carrington Street, on behalf of GLL Australian Funds, for approximately \$140 million in May 2021.
- **1 Bligh Street** - As of March 2021, Dexu has partnered with Singaporean investor Mercatus to acquire a one-third stake of 1 Bligh Street from Cbus Property in a \$375 million deal, representing a core market yield of 4.50%. The Premium-grade building has a total office NLA of 42,800 sqm, occupied by key tenants such as Bloomberg Australia and Clayton Utz.
- **39 Martin Place** - Totalling \$800 million, Manulife and Investa Commercial Property Fund have acquired a development site at 39 Martin Place from Macquarie Group in a 50/50 joint venture. Estimated for practical completion in 2024, the Premium-grade building will be located directly above the new Martin Place South Metro Station, spanning 30,000 sqm of office space across 28 storeys, as well as 2,000 sqm of retail space.

MARKET OUTLOOK

Macroeconomic Forecasts:

1. GDP, Unemployment Rate and Employment Growth

- Australia is one of only three countries to experience positive real GDP growth (+0.8%) when comparing December 2019 results to March 2021. (*Australian Bureau of Statistics.*)
- The national unemployment rate is at its lowest level recorded since 2007, falling back below the 5% threshold to 4.9% as of June 2021. (*Australian Bureau of Statistics.*)
- Employment, whilst subdued in 2020, has recovered by 3.2% over the last 12 months to June 2021, with the RBA forecasting a further 1.8% growth per annum thereafter.
- It should be noted, however, with the progression of the current lockdown throughout NSW, forecasted growth may be revised as employment data emerges over the next few months.

2. Cash and Interest Rates

- For the ninth consecutive month, the cash rate target has been maintained at a record low 10 bps, with the RBA advising that they are unlikely to be higher for the foreseeable future (*Australian Bureau of Statistics.*)
- The long bond yield fell to lows of 1.14% this month (August 2021), negating the sharp growth experienced over the last six months. Whilst this is nowhere near the extreme lows of 2020 (70 - 75 bps), the current drop still reflects positively for investors within real estate, lowering the cost of debt for capital-intensive assets. (*World Government Bonds, Trading Economics.*)

Given that market fundamentals and leading indicators point positive towards growth whilst investors remain "cashed up" with large amounts of capital and the low cost of debt, we see transaction volumes for commercial assets in Sydney CBD rising further over the course of 2021.

Despite soft leasing conditions over the last 18 months, average capital values and yields held steady, with the most expensive, top-quartile assets sitting less than 5% lower than peak levels in 2019. Over the remainder of 2021, pricing will remain strong, as well-let, quality commercial assets provide substantial spreads of around 2.3% - 2.6% above the long bond.

TREND WATCH

Strata in the CBD

Strata in Sydney CBD has evolved into a two-tiered market over the last five years. Legislative and planning changes to certain areas of the CBD have formed an upper tier of strata units transacting at record prices on a rate per sqm, whilst office units that fall outside of planning boundaries continue to be priced according to traditional assumptions such as yield, demand and supply.

In 2016, the "Strata Schemes Development Regulation 2016" was finalised, and the City of Sydney "City Plan 2036" was released for public review for the first time. Legislative changes lowered the unit entitlement (UE) required for a party to undertake the redevelopment of a strata building from 100% to only 75%, whilst the new city plan outlined potential "Tower Cluster" sites throughout the CBD, wherein maximum height restrictions would be lifted from the current 237m to 330m.

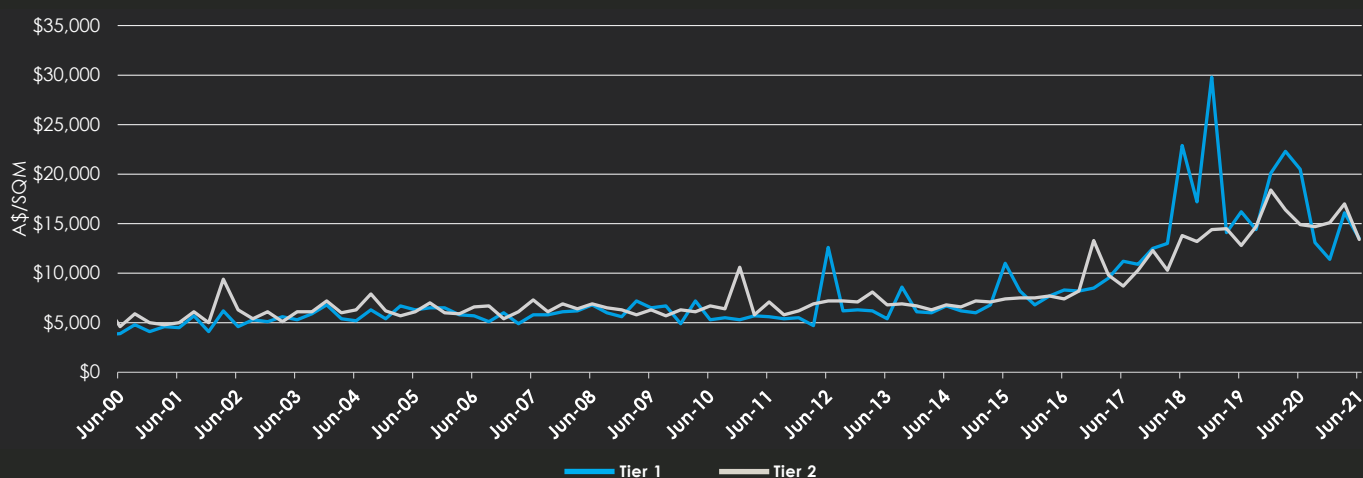
As a result, by Q4 2019, the strata market saw units, both office and retail, transacting for inflated prices between \$20,000 - \$35,000 per sqm – the large variance depending on the UE held by each unit. Removing all sales of units located within known tower cluster sites, the average price of an office strata unit in the CBD drops down to \$10,000 - \$15,000 per sqm (Q4 2019), depending on the quality, location, aspect and car parking associated.

Upon the onset of pandemic in March 2020, the secondary-tier strata market saw average prices decline below the \$10,000 per sqm mark, whilst purchases of units for strata amalgamation and redevelopment purposes remained at the same levels. As 90% of strata units in the CBD are tenanted by small-to-medium businesses (CoreLogic, 2020), who were most likely eligible for COVID-19 rent relief during the pandemic, it is unsurprising that purchases being made over 2020 from a pure investment standpoint struggled to maintain the inflated prices from 2019.

As of H1 2021 however, there has been a gradual recovery in secondary-tier strata prices to an average of \$13,400 per sqm, as the low cash and interest rate environment encourages private investors back into the market in search of yield.

Conversely, soft leasing market conditions in the CBD have seen reported strata sales within "Tower Cluster" areas transacting at similar levels of around \$14,600 per sqm. This is unsurprising as the pricing of these strata suites are purely dependent on its UE% of its future residual land value after redevelopment.

AVERAGE STRATA PRICES



2021 SALES TRANSACTIONS

FREEHOLD TRANSACTIONS

DATE	ADDRESS	NLA (SQM)	TOTAL PRICE (A\$,100%)	% SHARE	ACTUAL PRICE (\$A)	\$A/ PSQM	REPORTED YIELD	GRADE	PURCHASER	VENDOR
Jun-21	50 Carrington Street	10,885	297.4M	50.0%	148.7M	\$27,322	3.08%	A	EG Funds Mgmt	Swiss RE
Jun-21	60 Carrington Street	14,610	384.4M	49.9%	191.8M	\$ 26,311	3.34%	A	EG Funds Mgmt	Swiss RE
May-21	60 Carrington Street	14,610	279.44M	50.1%	139.9M	\$ 19,127	4.60%	A	GLL Australien Fonds	Brookfield AM
Apr-21	191 Thomas Street	4,797	76.8M	100.0%	76.7M	\$16,010	3.44%	B	LLSZ Holdings	CPSU Community and Public Sector Union
Apr-21	398-402 Sussex Street	1,115	23.3M	100.0%	23.3M	\$20,897	3.10%	D	LCMA Pty Ltd	Dynasty Aust Group Pty Ltd
Mar-21	1 Bligh Street	42,800	1.125B	33.3%	374.9M	\$26,285	4.50%	Premium	Mercatus Dexu Australia Partnership	Cbus Property
Jan-21	73 York Street	1,327	30.2M	100.0%	\$30.2M	\$ 22,755	1.44%	C	Private	Pacvale
Jan-21	39 Martin Place (Martin Place South Station Development)	31,999	800M	100.0%	800M	\$ 25,001	N/A	Premium	Manulife Financial (50%), Investa Property Group (50%)	Macquarie Group

STRATA TRANSACTIONS

DATE	ADDRESS	UNIT LEVEL	NLA (SQM)	SALE PRICE (A\$)	PRICE PSM (\$A/SQM)	LOCATED WITHIN TOWER CLUSTER
Jul-21	309 Pitt Street	Level 10	70	\$ 924,000	\$ 13,200	N
Jul-21	309 Pitt Street	Level 10	54	\$ 712,800	\$ 13,200	N
May-21	195 Macquarie Street	Level 3	53	\$ 910,000	\$ 17,170	N
May-21	84 Pitt Street	Level 8	73	\$ 950,000	\$ 13,014	N
May-21	37 Bligh Street	Level 6	96	\$ 1,900,000	\$ 19,792	Y
May-21	2 Circular Quay East	Level 1	117	\$ 2,150,000	\$ 18,376	N
May-21	398 Pitt Street	Level 3	155	\$ 1,750,000	\$ 11,290	N
Apr-21	154 - 158 Elizabeth Street	Level 3	224	\$ 2,100,000	\$ 9,375	N
Apr-21	71 York Street	Ground Floor	335	\$ 9,000,000	\$ 26,866	Y
Apr-21	155 King Street	Level 5	82	\$ 1,810,000	\$ 22,073	N
Apr-21	84 Pitt Street	Level 8	161	\$ 2,390,000	\$ 14,845	N
Apr-21	99 Bathurst Street	Level 15	40	\$ 695,000	\$ 17,375	Y
Apr-21	65 York Street	Level 2	101	\$ 1,479,751	\$ 14,651	N
Mar-21	73 King Street	Level 5	93	\$ 1,200,000	\$ 12,903	Y
Mar-21	135 - 137 Macquarie Street	Level 2	88	\$ 1,402,500	\$ 15,938	N
Mar-21	267 - 277 Castlereagh Street	Level 6	91	\$ 875,000	\$ 9,615	Y
Mar-21	85 Liverpool Street	Level 16	59	\$ 730,000	\$ 12,373	Y
Mar-21	65 York Street	Level 2	64	\$ 992,000	\$ 15,500	N
Mar-21	50 York Street	Level 6	233	\$ 2,710,000	\$ 11,631	Y
Mar-21	533 Kent Street	Level 3	285	\$ 2,860,000	\$ 10,035	Y
Mar-21	420 - 426 Pitt Street	Level 2	63	\$ 600,000	\$ 9,524	N
Feb-21	379 Pitt Street	Level 1	54	\$ 660,000	\$ 12,222	Y
Feb-21	195 Macquarie Street	Level 6	54	\$ 600,000	\$ 11,111	N
Feb-21	37 Bligh Street	Level 7	61	\$ 1,300,000	\$ 21,311	Y
Feb-21	281 - 285 Elizabeth Street	Ground Floor	599	\$ 5,800,000	\$ 9,683	N
Feb-21	276 Pitt Street	Level 11	366	\$ 4,758,000	\$ 13,000	N
Jan-21	368 Sussex Street	Level 6	18	\$ 175,000	\$ 9,722	Y
Jan-21	379 Pitt Street	Level 5	68	\$ 780,000	\$ 11,471	Y
Jan-21	447 Kent Street	Whole Building	604	\$ 7,100,000	\$ 11,755	N
Jan-21	135 - 137 Macquarie Street	Basement	46	\$ 300,000	\$ 6,522	N



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