

Market Report

Brisbane CBD's vacancy rate remains at 12.9% as of July 2020. The vacancy does not reflect the overall decrease in occupancy rates for buildings nor does it consider subleases that are entering the market. The state border closures has somewhat hampered tenant confidence, however government sectors are expected to help the recovery.

Over the past quarter, face rents have slightly decreased whilst incentive levels have increased by approx. 5% to 10% compared to the previous year's quarter. Due the influx of sublease space entering the space, tenants are opting for fitted space with landlords now having to offer higher incentives to entice tenants. This could trend for several years due to the anticipated lasting impact of the pandemic.

New direct supply in Brisbane CBD has reduced over the past quarter, whilst sublease opportunities continue to rise. A further 104,000 sqm will be added to the market throughout 2021 and 2022.

Typical Gross Rental Comparison – Premium, A & B Grade



Occupier's Perspective



In the current COVID-19 environment, many organisations are opting for fitted premises, shorter lease terms with flexible lease terms and providing a flexible working arrangement for their employees to adjust to the new norm.

Face rents are expected to decrease over the next 6 months as landlords are forced to compete against sublease options.



Activity, in terms of transactions for larger occupiers, has remained subdued whilst many occupiers are delaying property decisions.



Market Trends

Transactions on hiatus as border closures impact the office market with a lot of businesses looking to defer making decisions around their office accommodation requirements until confidence in the marketplace is regained.

Sublease on the rise increase as occupiers seek to reduce occupancy cost through a smaller footprint.

Smaller occupiers leading the way in transactions during the current COVID-19 period, signing Heads of Agreements. These tenants aim to finalise deals post-COVID-19 once workplace requirements are better understood and the requirement for office space confirmed.

Grade	Typical Gross Face Rental (\$/sqm)		Gross Incentive (%)	Gross Effective Rental (\$/sqm)	
	Low	High	Average	Low	High
Premium	\$800	\$975	38%	\$496	\$604
A	\$525	\$800	38%	\$325	\$496
B	\$425	\$575	37%	\$267	\$362

Recent Transactions

	Tenant	Submarket	Type	Size	Term
1	Acciona	South Brisbane	Sub Lease	2,300	4
2	Walsh Place	CBD	New Lease	820	7
3	Dept. of Health	CBD	New Lease	1,100	5
4	Amazon	CBD	New lease	4,233	7
5	NIT	CBD	New lease	2,687	7
6	Undisclosed	Fortitude Valley	New lease	1,700	5