

Brisbane PCA Office Statistics



February 2024

Summary of the PCA data for the major Brisbane office markets shows that demand in SEQ remains the highest in the country.

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Key Data

12.7%

Total Vacancy Brisbane CBD

Brisbane CBD vacancy was slightly higher as a result of lower net absorption in the six months

13.9%

Total Vacancy Brisbane Fringe

Strong net absorption was prevalent within the Fringe market, boosted by a new to the market tenant of c25,000sqm.

62,262

Sqm Total Net Absorption Brisbane CBD & Fringe

For the calendar year 2023 the combined markets of the Brisbane CBD and Fringe saw total net absorption remain strong

SUMMARY OF PCA DATA – OFFICE MARKET REPORT AS AT JANUARY 2024

Market	Total Stock sqm	Direct Vacancy sqm	Sub-lease Vacancy sqm	Total Vacancy %	Annual Net Supply	Annual Net Absorption
Brisbane CBD						
Premium	395,257	22,563	2,778	6.4	-	-1,954
A Grade	990,134	116,139	-	11.7	-	60,660
B Grade	721,553	96,320	6,469	14.2	-	-31,576
C Grade	208,804	23,845	390	11.6	-13,093	-13,802
D Grade	27,821	5,072	-	18.2	-	772
Total	2,343,569	263,939	9,637	11.7	-13,093	16,432
Brisbane Fringe						
A Grade	729,618	87,390	15,122	14.1	30,630	41,137
B Grade	446,197	56,581	3,036	13.4	4,608	-2,493
C Grade	160,133	22,120	-	13.8	1,667	7,287
D Grade	7,918	3,100	-	39.2	-	-
Total	1,343,866	169,191	18,158	13.9	36,905	45,830
Milton	238,716	43,191	2,509	19.1	-	-5,581
Spring Hill	153,312	19,136	-	12.5	1,141	7,353
Urban Renewal	588,373	57,201	12,409	11.8	27,794	33,397
Toowong	74,647	5,592	-	7.5	-	629
Inner South	288,818	44,071	3,240	16.4	10,970	10,032
Other Major Markets						
Sydney CBD	5,219,293	563,316	75,546	12.2	-63,903	-104,801
North Sydney	936,914	198,309	28,569	24.2	18,771	-32,122
Melbourne CBD	5,170,349	745,833	104,545	16.4	42,118	-86,531
Canberra	2,359,969	187,744	8,389	8.3	-11,224	-14,121
Perth CBD*	1,724,763	247,381	9,019	14.9	-82,029	-79,031
Adelaide CBD	1,563,565	287,766	14,514	19.3	78,289	14,943
Gold Coast	460,510	28,983	355	6.4	6,361	4,490

Source: PCA *Perth CBD market data impacted by the significant withdrawal of stock from the survey

Brisbane markets faring well

THE THREE LARGEST SOUTH-EAST QUEENSLAND MARKETS CONTINUE TO DOMINATE AUSTRALIAN ANNUAL OFFICE DEMAND

The major South-East Queensland office markets have remained at the forefront of net office demand in 2023. While absorption was negative in the CBD and Gold Coast markets in H2, these were only modest reductions which did not outweigh the strong demand from H1. The Brisbane Fringe market, buoyed by new demand and contiguous prime supply, led the Australian markets for net absorption in 2023.

The major southern CBDs continued to record significant decreases in the total office space occupied. The Perth CBD result represents a major reduction in the stock within the CBD OMR survey, largely secondary stock, and not weakness within the market.

FOUR-YEAR CUMULATIVE NET ABSORPTION HAS FAVOURED THE SMALLER CBD MARKETS

The longer-term analysis of net absorption by grade across the major CBD markets indicates the difference in performance over the past 12 months is consistent with the past four years. Premium grade markets in Melbourne and Sydney have increased the number of square metres occupied, largely due to additional supply. This, though, has come at the expense of the lower grades with both A grade and secondary markets negative.

In contrast, the Brisbane CBD has recorded solid take-up in both the premium and A grade space, with only modest reduction in secondary emerging over the past six months.

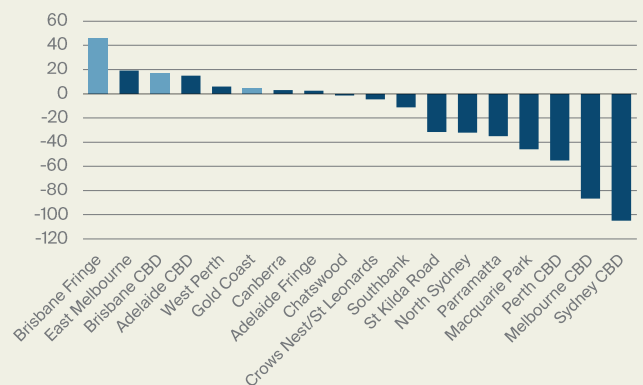
BRISBANE CBD PRIME VACANCY FALLING QUICKLY

Brisbane CBD prime vacancy currently sits at 10.2%, the lowest level in more than four years. In part this is due to a lack of new supply entering the market since CY2022, but also reflective of strong take-up, particularly in the A grade market. The Perth CBD prime vacancy is stable at 12.7%, largely due to the strength of the premium market and take-up within the Chevron building.

Prime vacancy has increased over the past two years in both Sydney (8.4% to 12.5%) and Melbourne (12.1% to 15.4%) CBDs as new construction has delivered an uplift to prime stock of 5.1% and 4.8% respectively. With expected completions of 175,000sqm prime space in Sydney during 2024 and some 78,600sqm in Melbourne, upward pressure on prime vacancy is likely to remain.

Annual net absorption CY2023

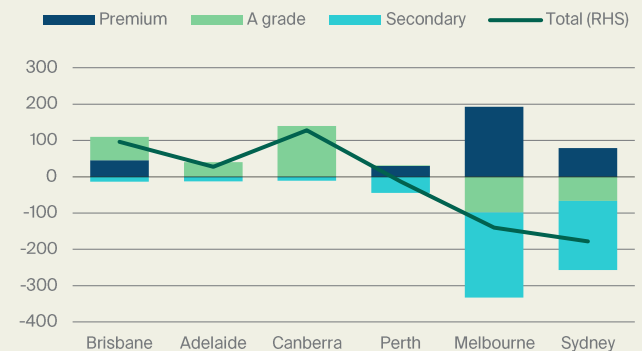
'000 sqm



Source: Knight Frank Research, PCA

Cumulative net absorption 2020 - 2023

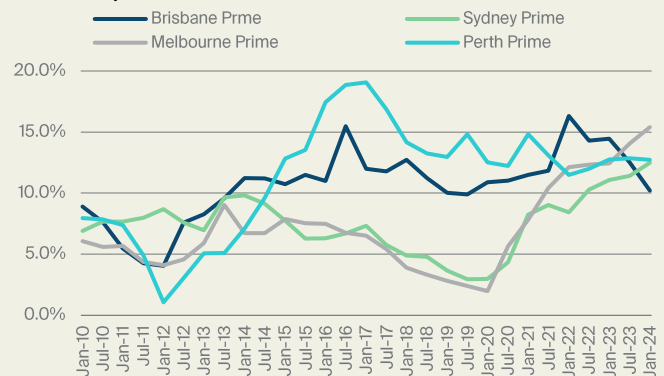
'000 sqm selected CBD markets



Source: Knight Frank Research, PCA

Prime Vacancy - Key CBD markets

% vacancy rate



Source: Knight Frank Research, PCA

Brisbane Fringe take-up high

BRISBANE FRINGE VACANCY FELL SLIGHTLY WITH BOTH DEMAND AND SUPPLY ELEVATED

Total vacancy across the Brisbane Fringe market decreased to 13.9% from 14.9% in the six months to January 2024. Prime vacancy decreased to 14.1% from 16.0% with positive net absorption of 40,081sqm above supply additions of 30,630sqm.

Prime supply was dominated by 895 Ann St, Fortitude Valley (Urban Renewal) with 24,794sqm. Also adding to the stock was The Greenhouse, West End (Inner South) which added 5,836sqm. 895 Ann St came on-line fully leased to a confidential Federal Government tenant, new to the Brisbane area.

There were no significant additions or withdrawals across secondary space. There are no significant Fringe office developments currently under construction although there remain a number of potential developments. With the demand for residential development (both build to sell and build to rent) many of the larger sites are presently pursuing residential development. It is likely that additional Fringe development will be concentrated in the sub 10,000sqm size range in the near term.

Over the past six months the secondary vacancy rate increased from 13.6% to 13.8%. B Grade vacancy increased to 13.4%, C grade fell to 13.8% and D grade was stable.

ALL PRECINCTS RECORDED POSITIVE NET ABSORPTION IN THE PAST SIX MONTHS

The Inner South vacancy increased to 16.4% in January 2024 from 16.0% mid-2023. There was supply of 6,836sqm in the precinct, higher than the net absorption of 3,688sqm.

Vacancy decreased in the Urban Renewal precinct from 13.3% to 11.8%. Net absorption of 30,015sqm well outweighed the new supply of 24,794sqm with activity concentrated in the larger modern assets.

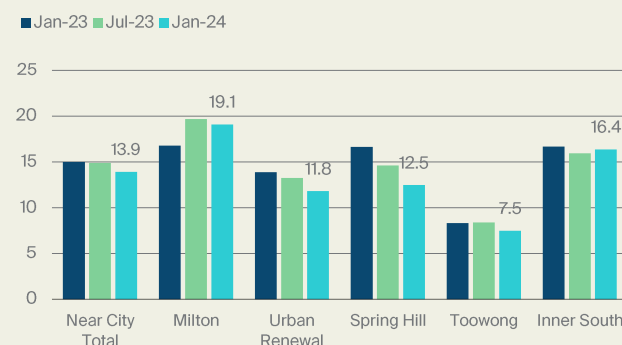
Spring Hill vacancy fell to 12.5% from 14.6% in the past six months and down from 16.7% a year ago. There were no stock changes and net absorption remains steady at 3,298sqm.

Toowong vacancy is now 7.5%, down from 8.4% in July 2023. There were no changes to the stock base with the vacancy influenced by positive net absorption of 693sqm.

The Milton market remains the precinct with the highest vacancy rate at 19.1%, down from 19.7% six months ago. There was positive net absorption of 1,227sqm in the period. The vacancy rate is elevated by the inclusion of the fully vacant Milton Green Building 5 (8,700sqm) which is awaiting the design and commencement of refurbishment works.

Brisbane Fringe Vacancy Rate

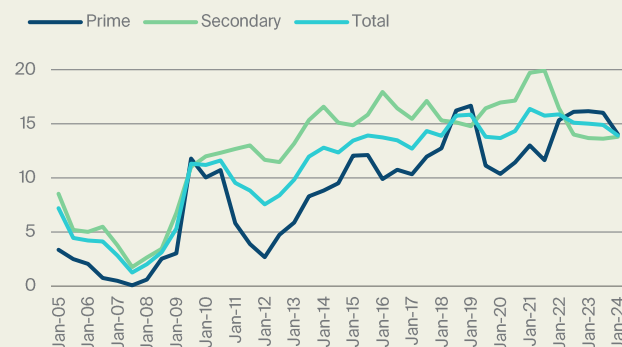
% vacancy rate by precinct



Source: Knight Frank Research, PCA

Brisbane Fringe Vacancy

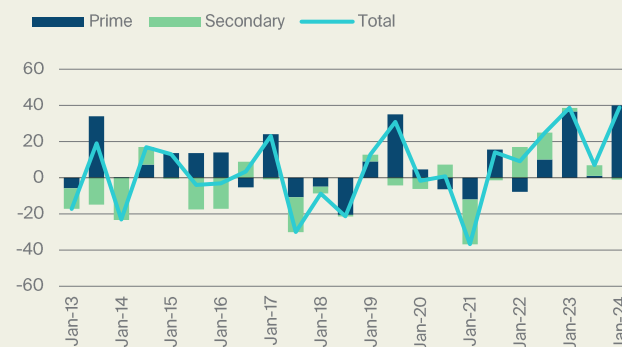
% vacancy rate prime v secondary



Source: Knight Frank Research, PCA

Brisbane Fringe Net Absorption

'000sqm prime and secondary



Source: Knight Frank Research, PCA

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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