

Market Report

Brisbane CBD's vacancy rate increased to 12.9% in July 2020. This only minor increase in vacancy does not reflect the overall decrease in occupancy rates for buildings. Large amounts of businesses have allowed their workforces to work from home and this has made occupiers look at subleasing excess space.

As a result of Covid-19 both face and effective rents are set to decrease as incentives are increased and face rents lowered to entice occupiers. This could trend for several years as we await the lasting impact of the pandemic.

New direct supply in Brisbane CBD is set to momentarily reduce over 2020, with only one 7,200 sqm office building becoming available. 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 shorter lease terms with flexible lease terms and providing a flexible working arrangement for their employees to adjust to the new norm.



Activity, in terms of transactions for larger occupiers, has remained muted as businesses scramble to understand their future workplace requirements. Landlords have therefore increased incentives to entice activity among these larger occupiers.



Market Trends

Transactions on hiatus as COVID-19 set to impact the office market with a lot of businesses looking to defer making decisions around their office accommodation requirements until after the full impacts of the virus on the economy are known.

New supply sees vacancy increase which was in line with forecasts pre-COVID-19. As supply will be continually added over the next few years until 2022, there will be a tug of war between tenants upgrading for higher quality stock and looking for cost efficient options.

Smaller occupiers leading the way in transactions during the current Covid period, signing Heads of Agreements. These tenants aim to finalise deals post-Covid 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	35%	\$520	\$633
A	\$525	\$800	35%	\$341	\$520
B	\$425	\$575	35%	\$276	\$373

Recent Transactions

Tenant	Submarket	Type	Size	Term
1 WeWork	CBD	New Lease	5,000	12
2 IWG	CBD	New Lease	3,729	10
3 Thomas Geer	CBD	Pre-Com	13,689	U/D
4 Victory Offices	CBD	Pre-Com	2,600	U/D
5 Hall & Wilcox Law	CBD	New Lease	4,106	10
6 Elmo Software	CBD	New Lease	1,233	6