

Brisbane CBD – Q4 2021

Market Report

Brisbane CBD's vacancy experienced an increase over the 6 months to January 2022, increasing from 13.5% to 15.4% for a change of 1.9%. Although the first 6 months of 2021 saw an uptick in the leasing activity, transactions in the second half dropped off significantly as the Omicron variant forced workers back to working-from-home full time and put a hold on major leasing transaction activity.

With sublease space continuing to remain available and a viable option to tenants, whether a tenant chooses to either renew, re-occupy, or relinquish their office space will have a dramatic effect on the overall vacancy rate moving forward. It is likely however that the vacancy rate will remain high throughout 2022 and 2023.

As per the trend throughout the National CBD markets, the sub 500 sqm market continues to be the most transacted size range with landlords providing speculative fitout to entice tenants.

Landlords are also now having to offer higher incentives to attract tenants over competing stock and sublease space. This could trend for several years due to the anticipated lasting impact of the pandemic and new workplace practises.

Typical Gross Rental Comparison



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

Note - Vacancy and absorption statistics sourced from Property Council of Australia

Occupier's Perspective



New workplace practises have seen tenants reevaluating their current office size requirements. The most active requirements in the market are 150 sqm – 400 sqm. With small suites being snapped up by businesses looking to lock in future growth as well as other businesses changing workplace practises and contracting into smaller premises.



Incentives continue to increase in 2022 as landlords compete to entice and/or keep tenants. An increase sublease space continues to put pressure on landlords. And smaller suites are being provided with speculative fitouts to allow a walk-in solution at minimal cost to tenants.

Market Trends

Co-working and flex space providers are already experiencing an uptake in demand as changing workplace practises, such as the inclusion of working from home has seen a flexible lease term as more attractive. Offering flexible terms for businesses will benefit those companies still determining their office footprint in 2022 and beyond.

Larger tenants likely to transact in the new year, once international directives are confirmed from head offices overseas, and the opening of the borders and higher vaccination rates are confirmed.

Olympics optimism is likely to attract new business looking to benefit from the increase in developments and a new talent pool wanting to experience the city.