

Adelaide CBD – Q4 2021

Market Report

Vacancy across the Adelaide CBD decreased from 15.7% to 14.5% in January 2022, highlighting the buoyancy in the market and continued acceleration of tenants seeking better quality space. This has resulted in a further 2 office developments commencing construction, bringing the total to four under construction and another close to securing necessary tenant precommitment.

Landlord incentives have also stabilized and sit at an average of 37% to 42% for old generation (pre-1990) A Grade building, and 35% to 38% for new generation (post 2004) A Grade building.

Walker Corporation's Festival Plaza office development (40,000sqm) is now in the early stages of construction, following a circa 15,000sqm precommitment from Flinders University. It is understood the building will now be configured to provide two lobbies for the separation of students and office workers. Centuria's 57 Wyatt Street development (4,500sqm) has also commenced construction, with precommitment from 3 separate tenants including Cox Architecture, Hindmarsh, and Wallbridge Gilbert Aztec. 83 Pirie Street (30,000sqm) and 60 King William Street (40,000sqm) also continue to progress, with construction expected to be complete in November 2021 and early 2023 respectively, while the Market Plaza development adjoining the Adelaide Central Markets is still seeking tenant precommitment.

Typical Gross Rental Comparison



Grade	Typical Gross Face Rental (\$/sqm)		Gross Incentive (%)	Gross Effective Rental (\$/sqm)	
	Low	High		Low	High
A New Gen	\$530	\$580	36%	\$339	\$371
A Old Gen	\$480	\$530	41%	\$283	\$313
B	\$350	\$450	36%	\$224	\$288

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

Occupier's Perspective



Incentives have stabilised over the last six months, having previously risen due to the initial market volatility caused by COVID-19.



Within the CBD, Gross Face Rents have increased marginally for new generation buildings, as vacancy within this submarket tightens.

Market Trends

The flight to quality trend has accelerated, with new building construction at historically high levels

Sub-lease vacancy has experienced a slight increase, particularly within A Grade buildings. Despite this, sub-lease vacancy still represents only a small portion of vacancy in the Adelaide market when compared to other states, due to the decreased prevalence of head office operations.

Vacancy going forward is expected to be predominantly within secondary grade buildings, with these landlords under pressure to compete and secure tenants prior to completion of 83 Pirie Street, 60 King William Street and Festival Plaza.