

Brisbane CBD – Q1 2022

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. The start of 2022 has seen a growing appetite and a flight to quality with several pre-commitments to future developments.

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. This size range accounts for circa 75% of transactions, whilst larger tenants in the 1,000 – 2,500 sqm have started to become active as well.

Net absorption has increased substantially over the beginning of the year, whilst the CY net absorption for 2021 was 1,885 sqm, the recent jump to circa 50,000 sqm shows movement in the market. SME's, engineering, and Suncorp's move were all major factors in the large increase in net absorption.

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.



Pre-commitments in 2022 have increased, with longer term decisions taking place within the market. BDO, HoptonGanim, MinterEllison and Deloitte have all committed to new developments that will come onto line in 2025 and 2027.

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.

Vacancy to remain in the double digits although it is expected to drop in the second half of 2022. Increase in tenant inquiry and confidence likely to see more transactions take place. Landlords will still need to provide competitive deals to entice tenants.

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.