

Brisbane CBD – Q3 2022

Market Report

Brisbane CBD's vacancy was the only CBD, along with Adelaide to decrease over the 6 months to July 2022, decreasing from 15.4% to 14.0% for a change of 1.4%. Brisbane has seen the strongest demand for office space, at a rate of more than three times the historic average. However, the fact that there was a large withdrawal of stock should also be considered when referencing the overall vacancy statistics in Brisbane. The appetite and a flight to quality seen at the start of 2022 has continued with several pre-commitments to future developments transacting.

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



Professional services sector was responsible for 53% of the take-up in office space so far in 2022, accounting and legal services were the main industries taking up 24% each.



Pre-commitments in 2022 have increased, with longer term decisions taking place within the market. BDO, HopgoodGanim, 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.

Demand for quality space continues, as employees demand funky, fresh and upgraded space in order to entice them back to the office.