



MEDIA RELEASE

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Strong demand drives tightening of Brisbane office vacancy

Strong demand for Brisbane office space has driven vacancy rates in Brisbane's CBD down from 7.4 percent to 6.2 percent in the six months to January 2012, according to the Property Council of Australia's latest *Office Market Report*.

Brisbane Fringe's vacancy rates also decreased from 8.8 percent to 7.6 percent over the six-month period.

Both markets' vacancy rates are at their lowest since January 2009 due to an uplift in business activities related to the burgeoning resource sector, according to Queensland Executive Director of the Property Council of Australia, Kathy Mac Dermott.

"During the six months to January 2012, net absorption in Brisbane's CBD totalled 54,032sqm, which is more than four times the city's 20-year-average," Ms Mac Dermott says.

"This trend is built off a strong base; the absorption in the six months to January 2011 was triple the 20-year average."

"The healthy ongoing demand for office space and low vacancy rates bodes well for offsetting the amount of space entering the market over the next 12 months."

"A total of 111,003sqm, which equates to 5.4 percent of the CBD market's current size, is due to come into the market in 2012 with another 19,555sqm of space in 2013."

"In Brisbane's Fringe, all building grades experienced positive demand over the past six months."

"The Fringe's net absorption totalled 14,094sqm; contributing to the positive downward trend in A Grade space from a low 4.3 percent in July to 3.1 percent in January."

"In the past six months only 1,250sqm of space was added to the Fringe market."

"Both markets have enjoyed a tightening in vacancies over the past six months, with levels of take-up set to continue to meet supply additions for the foreseeable future."

ENDS

Note: Further analysis and commentary for the Brisbane CBD and Brisbane Fringe is attached.

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Analysis & commentary – Brisbane CBD, Jan 2012

Headline comments:

- Brisbane CBD vacancy decreased in the 6 months to January 2012 to the lowest level since January 2009
- This was due to strong demand
- The lower grades of space experienced negative demand and increases in vacancy
- A significant amount of space is due to enter the market in 2012

Vacancy analysis:

- Brisbane CBD's vacancy rate decreased from 7.4 percent to 6.2 percent, the lowest since January 2009
- This was mainly due to net absorption of 54,032sqm, the highest in 5 years and more than 4 times the 20-year average
- The vacancy decrease came about despite 39,400sqm of supply additions
- There were 7,846sqm of withdrawals over the period
- The lower grades of space (C & D Grade) experienced negative demand and increases in vacancy

Future supply:

- A total of 111,003sqm is due to enter the market in 2012
- This represents 5.4 percent of the market's current size
- This will be followed by 19,555sqm in 2013
- 144,900sqm is due to come online from 2014 onwards and 76,000sqm of projects are mooted

Key market indicators, Brisbane CBD (aggregate)

Grade	Vacancy, Jan 12 (%)	Vacancy, Jul 11 (%)	Net absorption, 6 months to Jan 12 (sq m)	Net absorption, 12 months to Jan 12 (sq m)
Premium	2.7	3.9	1,713	1,851
A	4.0	4.1	37,083	48,402
B	7.5	10.9	21,138	45,459
C	8.4	6.9	-2,475	-1,607
D	16.1	10.5	-3,427	-1,965
Total	6.2	7.4	54,032	92,140

Analysis & commentary, Brisbane Fringe, Jan 2012

Headline comments:

- The Fringe market's vacancy decreased over the period to its lowest level since January 2009
- This was due to demand and withdrawals
- All grades of space experienced positive demand and vacancy decrease over the period
- There is a steady stream of space due to come online over the next 2 years

Vacancy analysis:

- Brisbane Fringe's vacancy decreased from 8.8 percent to 7.6 percent, the lowest since January 2009
- This was due to demand of 14,094sqm and 530sqm of withdrawals
- 1250sqm of space was added over the period
- Net absorption in the A Grade segment of 5,808sqm caused vacancy to decrease from 4.3 percent to 3.1 percent
- B Grade decreased from 14.9 percent to 13.4 percent due to 7,471sqm of net absorption.
- C Grade net absorption of 714sqm was the sole reason behind the vacancy decrease from 9.2 percent to 8.8 percent
- D Grade vacancy decreased from 0.5 percent to 0.0 percent due to net absorption of 101sqm

Future supply:

- A total of 33,636sqm is due to enter the market in 2012
- A further 24,102sqm is due in 2013
- 42,000sqm of space is planned to enter the market from 2014 onwards
- 62,500sqm is mooted for this market

Key market indicators, Brisbane Fringe (aggregate)

Grade	Vacancy, Jan 12 (%)	Vacancy, Jul 11 (%)	Net absorption, 6 months to Jan 12 (sq m)	Net absorption, 12 months to Jan 12 (sq m)
A	3.1	4.3	5,808	15,455
B	13.4	14.9	7,471	8,614
C	8.8	9.2	714	-3,023
D	0.0	0.5	101	101
Total	7.6	8.8	14,094	21,147