



Media Release - EMBARGOED UNTIL 4th February 2010

4th February 2010

Increase in office vacancies

OFFICE space vacancy levels in Hobart have risen slightly over the last year, but remain the lowest of the Australian CBD markets according to figures released today by the Tasmanian Division of the Property Council of Australia.

The annual Office Market Report compares office vacancy levels throughout the nation's capital cities, and shows the state's capital having a 3.7 per cent vacancy rate, compared with 6.6 per cent in Melbourne, 8.1 per cent in Sydney and 8.7 per cent in Canberra as at 1 January 2010.

Richard Carhart of Brothers and Newton – Opteon Valuers said the highest office vacancy levels were in Brisbane at 11.3 per cent, while Perth was at 8.2 per cent, Darwin 8.4 per cent and Adelaide at 6.1 per cent.

“All states except Canberra reported an increase in vacancy levels over the last 6 months, and for Hobart the increase was 0.9 per cent to 3.7 per cent in 12 months across all office grades which is modest in comparison to the rest of the nation,” Mr Carhart said.

“This is encouraging for the Hobart market given the economic upheaval that has gone on over the past year, and is particularly notable for the significant decrease in the amount of ‘A’ grade accommodation available over the survey period.”

Tasmanian Executive Director of the Property Council, Mary Massina said the 2009 survey revealed a trend away from ‘A’ grade property but this appears to have reversed, probably due to increasing confidence returning to the local market with vacancy levels falling from 3.5 per cent in 2009 down to 2.5 per cent in 2010.

“For the lower grades of accommodation, there were increases in vacancy rates of 2.4 per cent for ‘B’ grade to 5.4 per cent, 3.3 per cent for ‘C’ grade to 5.2 per cent and 1.1 per cent for ‘D’ grade to 2.3 per cent but given that the market has been so tight in recent times this was not of concern,” Ms Massina said.

During the last year, the total amount of additional office space entering the Hobart market was 5,371 square metres, with this year predicted to bring another 3,300 square metres, with a further 6,475 square metres mooted.

“Over the last 12 months the market absorbed about 370 square metres of additional space, so at this rate there will need to be a further increase in economic activity to maintain vacancy rates at this level,” Ms Massina said.

Ms Massina said given it was an election year, one of the ways in which our political leaders could ensure the office market is more stable into the future would be to commit to a metropolitan plan for greater Hobart.

“The Office Market Report has reinforced the need for a metropolitan plan as it would give developers more clarity and consistency when looking at potential developments, Ms Massina said.

“It would also mean that the peaks and troughs of the market could be smoothed out, ensuring a more consistent market place.”

The Voice of Leadership

P.O. Box 1614 HOBART TAS 7001
www.propertyoz.com.au
ABN 1300 8474 422



Findings at a glance:

Vacancy analysis:

- Hobart's vacancy increased in the year to January 2010 from 2.8 percent to 3.7 percent but remains well below the historical average
- Supply additions of 5,371sq m exceeded withdrawals of 1,918sq m and net absorption was 370sq m
- Only the A Grade segment experienced positive demand and a decrease in vacancy over the period, however all grades of space are still under 6 percent vacant

Future supply:

- A total of 3,300sq m is due to enter the Hobart office market in 2010 with a further 6,475sq m mooted

Key market indicators, Hobart (aggregate)

Grade	Vacancy, Jan 10 (%)	Vacancy, Jan 09 (%)	Net absorption, 12 months to Jan 10 (sq m)	Net absorption, 12 months to Jan 09 (sq m)
A	2.5	3.5	6,109	-381
B	5.4	3.0	-1,687	119
C	5.2	1.9	-1,787	1,126
D	2.3	1.2	-2,265	102
Total	3.7	2.8	370	966

Definitions of each Grade of Office Accommodation

A Grade

- High quality space including good views, outlook and natural light
- Good quality lobby and lift finishes
- Good access
- Good quality of lift ride
- High quality presentation and maintenance

B Grade

- Quality space with a good standard of finish and maintenance
- Air conditioned
- Moderate lift ride

C Grade

- Average quality space

D Grade

- Inferior quality space

For interview: Mary Massina and Richard Carhart will be available for interview outside the IXL Hotel TODAY 4th February 2010 at 2.00 pm.

For further information:

Mary Massina, Executive Director - 0408 594 312

Richard Carhart 6224 2343 or 0408 141 030 for technical detail and professional commentary on the local market.