



## MARKET STATUS

- In Melbourne’s CBD the office vacancy rate has more than doubled what it was a year ago
- The continued increase in vacancy is due to the overflow from organisations releasing excess space across multiple sectors. The building boom driven by precommitment from major tenants has also left a large portion of unfilled older office space. Along with pre-committed tenants handing over space before commencement
- OUTLOOK:
  - An increase in demand from sectors such as Health and Community Services, Manufacturing, Consulting and Business Services organisations
  - A slight shift from smaller tenants currently in the CBD relocating to Metro and Fringe markets as they look to “cut the commute” and focus on suburban office locations closer to where their staff live
  - Businesses will seek to look for hub and spoke / satellite office locations within the Metro and Fringe market also. These factors could see an increase in demand in Metro however this demand would be still weak
  - Although not always the right decision for tenants, some may prefer fitted space, with organisations looking at the short to medium term. The demand for fitted space will also increase to recycle existing fit outs and utilise the incentives on offer as rent free or abatement to offset operational costs. A tenant’s decision should always depend on what will work for them, rather than what works for other businesses
  - An additional 3.4% of new stock is due over the next three months and will put an upward pressure on the vacancy rate

## RECENT PROJECTS

### < 500 SQM

- 50 Degrees North (VIC)
- DDLS (VIC)
- IPP Consulting (VIC/NSW)
- JCDecaux (VIC)

### 500-1,000 SQM

- Adapt IT (VIC)
- Aussie Home Loans (VIC/National)
- Canaccord Genuity (NSW/VIC)
- Drake International (VIC)
- Kidmans Partners (VIC)
- Jirsch Sutherland (VIC)
- Panasonic Australia (VIC)
- Peoplebank (VIC)

### +1,000 SQM

- Chandler Mcleod (VIC)
- FB Rice (VIC)
- nib (VIC)
- QIC (VIC)
- Incitec Pivot Limited (VIC)
- Yokogawa (VIC)

## Vacancy rates in key areas \*

East Melbourne	8.0%	↑	Southbank	7.0%	↑
Melbourne CBD	11.3%	↑	St Kilda Road	7.0%	↑

\* Figures are based on TRS research Jul-Sep 20

