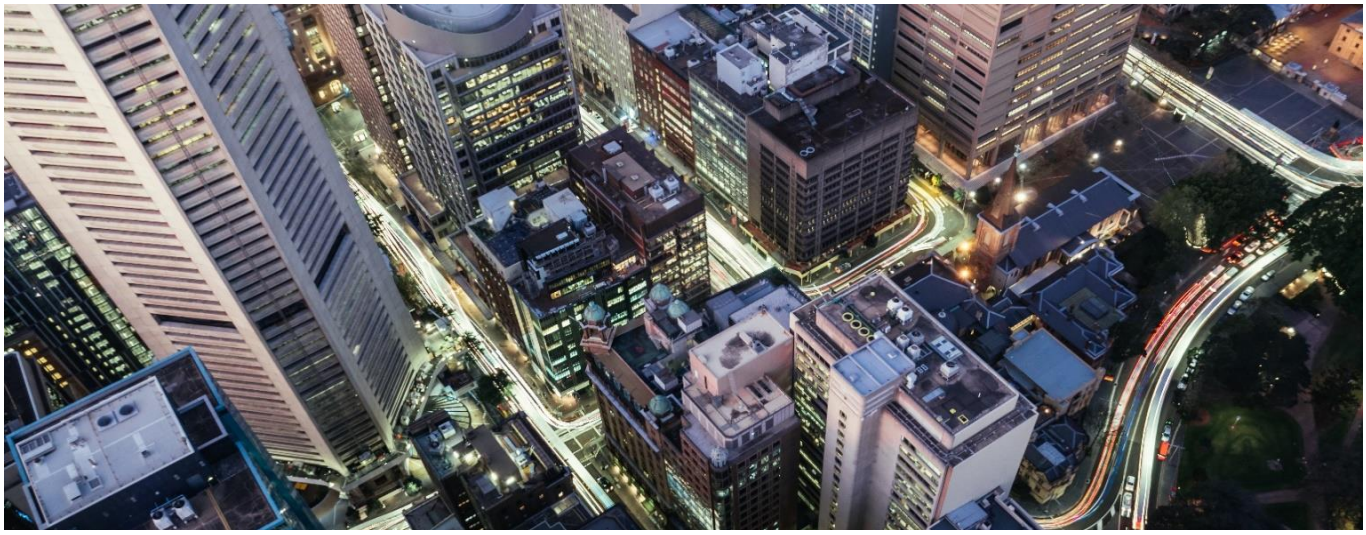
Sydney Market Update 2020



MARKET STATUS

- Some organisations throughout the state have started to assess head-count expectations for the next 12-18 months, including their return to the office strategies
- Vacancy rate is still increasing due to the negative net absorption
- For Sydney CBD, the office vacancy rate has more than doubled what it was a year ago
- Vacancy has increased across all grades. Premium and A Grade are tighter than B Grade vacancy, partly with potential of 'flight to quality'
- Supply has exceeded demand with a negative net take up of space. This is compounded by the increase in sub lease space from organisations who are trying to released excess space across multiple sectors
- OUTLOOK:
  - In Sydney CBD, a further increase in vacancy is due to the new stock which is due to hit the market over the coming 12 months
  - Feedback from our team, is that most tenants are electing to delay, to see what could be offered in the market due to the current conditions. Tenants are not transacting at this stage, unless they have a specific requirement
  - Tenants willing to move are considering relocating into high quality fitted out premises, as they try to secure a 'double' incentive and rent-free period
  - We have seen an increase in competition from numerous fitted out sublease spaces with long lease terms available. This may suggest that there may be an increased volume of fitted out sublease space while tenants look for cost savings
  - There may never be a better time to relocate

RECENT PROJECTS

< 500 SQM

- Australian Orthopaedic Association (NSW)
- JDK Legal (NSW)
- JVCKenwood (NSW)
- Greenstone Partners (NSW)
- Location IQ (NSW)
- Murchisons Chartered Accountants (NSW)
- Philip Chun (NSW)

500-1,000 SQM

- Bridgeport Energy (NSW)
- CEFC (NSW)
- Drake International (National)
- ITOCHU Australia (NSW)
- MultiLit (NSW)
- Prosperity Advisers Group (NSW)

+1,000 SQM

- Aquamore (NSW)
- Biotronik Australia (NSW)
- Clinical Genomics (NSW)
- EISS Super (NSW)
- Mine Site Technologies (NSW)
- Volvo (National)

Vacancy rates in key areas *

Chatswood	8.8%	▲	North Sydney	13.0%	▲
Crows Nest/St Leonards	9.0%	▲	Parramatta	4.5%	▲
Macquarie Park	5.0%	▲	Surry Hills	6.0%	▲
Newcastle	10.0%	▲	Sydney CBD	10.2%	▲

* Figures are based on TRS research Jul - Sep 20

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