

Topics



BRISBANE – Commercial

- **Office Market**
- **Industrial Market**
- **Retail Market**

2004 Predictions Vs Results



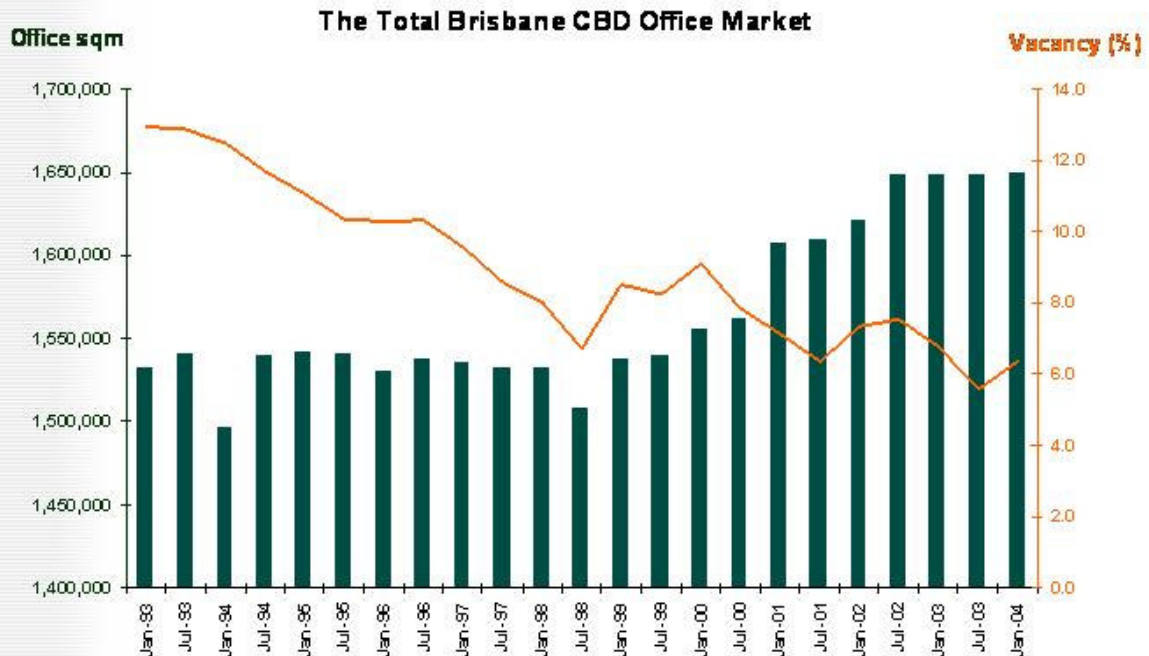
BRISBANE – Commercial

Prediction	Result
▪ Office	
– CBD Vacancies would increase.	<input checked="" type="checkbox"/>
– Incentives would remain.	<input checked="" type="checkbox"/>
– Real rents would remain stable.	<input checked="" type="checkbox"/>
▪ Industrial	
– Yields would firm.	<input checked="" type="checkbox"/>
– Land values would increase.	<input checked="" type="checkbox"/>
– Rents would rise.	<input checked="" type="checkbox"/>
▪ Retail	
– Strong consumer confidence to continue.	<input checked="" type="checkbox"/>
– Yields would firm.	<input checked="" type="checkbox"/>
– Rents would remain stable/increase slightly.	<input checked="" type="checkbox"/>

Office Market



BRISBANE - Commercial



Office Market



BRISBANE - Commercial

- **Vacancy**
 - Low total vacancy (6.5%) is due mainly to the Premium and A Grade Markets.
 - Vacancy rates for C Grade and fringe CBD space is around 10%.
 - Vacancy will increase over the 2 years as major projects are completed.
- **Supply**
 - 130,000 square metres currently under construction in the CBD.
 - Stock is growing in A & B Grade markets but overall has remained stable.
 - Most demand for 200 to 400 square metres.

Office Market



BRISBANE - Commercial

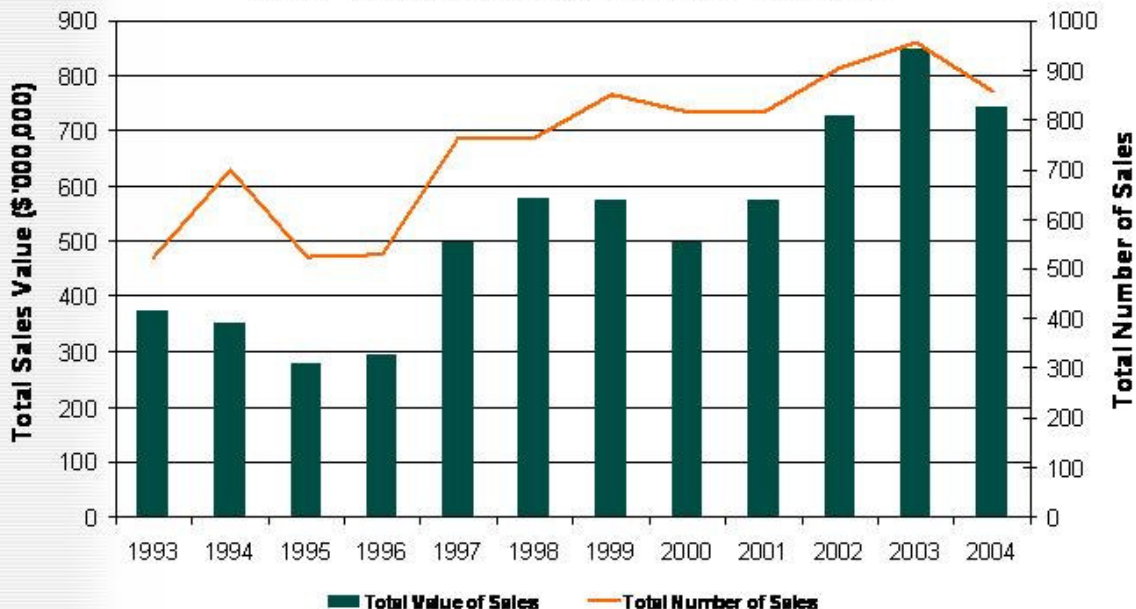
- Rents
 - Average gross rents in the CBD are between \$270 to \$320 psmpa.
 - Average gross rents in the fringe CBD are between \$180 to \$250 psmpa.
- Leases
 - Average lease terms for non Government tenants is 3 to 5 years.
 - Incentives are driving the market *"fit outs are compulsory"*.

Industrial Market



BRISBANE - Commercial

Brisbane Industrial Sales
No. of Sales and Total Sales Values 1993-2004



Industrial Market



BRISBANE – Commercial

- **Construction Activity**
 - Dominated by D&C, 95% pre committed.
 - 285,000 m² completed in 2003, average last 5 years 190,000 m² p.a.
 - Trade Coast dominated with 63%.
- **Future Development**
 - Trade Coast to dominate.
 - Major players include: Port of Brisbane, Brisbane Airport Corporation and Queensland Department of State Development.
 - Newer industrial precincts: Yatala and Heathwood.
 - Most emerging areas are located next to the Motorway network.
- **Rents**
 - Rents are rising because of increases in land values and development costs.

Industrial Market



BRISBANE – Commercial

- **Investment Demand**
 - Yields have firmed over the past 12 months.
 - Prime - 7.0% to 8.0%.
 - Other 8.5% to 9.5%.
- **Owner Occupier Demand**
 - Still very strong especially in the under \$1.5M market.
 - Interest payments are still lower than rents.
 - Moving to outer areas.
- **Land Values**
 - Demand is greater than supply.
 - 2,000 m² lots range from \$150 to \$250 per square metre.
 - Supply is tightly held in most precincts.

Retail Market



BRISBANE – Commercial

- **Consumer Spending**
 - Still very strong.
 - Government grants have helped.
 - Confidence is high.
- **Major Locations**
 - Within the CBD it is still firmly based around the Queen Street Mall.
 - Major suburban shopping centres.
 - Strong emergence of bulky goods (Homemaker) centres.
- **Rents**
 - Rents are rising on the back of increased demand for prime locations and increased consumer confidence.

Retail Market



BRISBANE – Commercial

- **Investment Demand**
 - Yields have firmed over the past 12 months.
 - Prime CBD & Major Centres - 6.0% to 7.5%.
 - Strong Convenience Centres - 7.5% to 8.5%.
 - Others - 8.5% to 9.5%.
- **Land Values**
 - Demand is greater than supply.
 - Established main road locations \$500 to \$1,000 psm.
 - Strong emergence of mixed use developments (retail/residential).

Looking To 2005



- Office
 - CBD Vacancies to Increase – 7.0% to 8.0%.
 - Real Rents to remain stable.
 - Incentives to remain.
- Industrial
 - Prime yields to firm by 0.5%.
 - Land values to stabilise by the end of 2005.
 - Rents to increase.
- Retail
 - Yields to stabilise.
 - Number of sales to decline.
 - Rents to increase.