What's going on in..

MID-YEAR 2020

SYDNEY

OVERVIEW

The most recent market data suggests that the prime grade vacancy rate remains at record low levels, from 3.7% in Jan 2020 down to 3% in Q2 2020. The CBD's prime and secondary gross effective rents have increased by 7.8% and 3.6% respectively over the past 12 months. Professional services is the most dominated part of the leasing volumes.

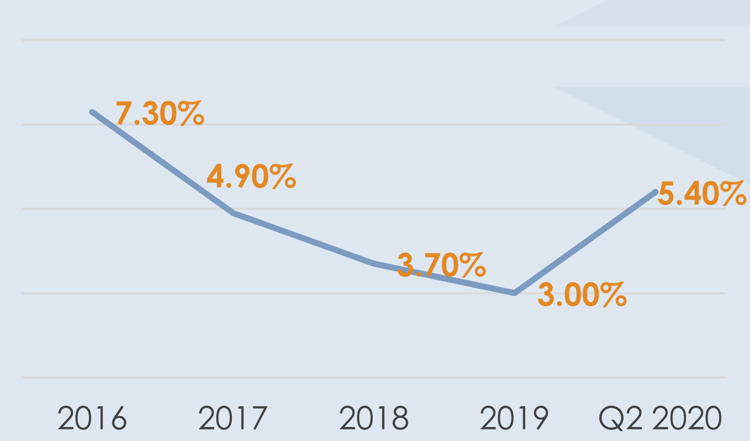
The tight vacancy environment and limited options for both new and existing stock have been the impetus for the continuing rental growth cycle.

FUNDAMENTALS

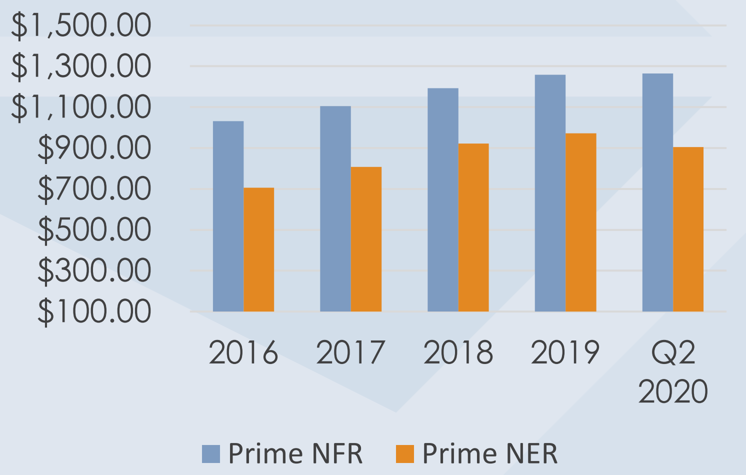
		Forecast
YTD net absorption	- 42,000	▶
Under construction	140,000	▶
Average asking rent (gross)	$1,264	▼
Concessions/ Incentives	24.3%	▲

Market Size	Largest Office Deal	Total Vacancy
4.9 Million sqm	25,000 sqm	5.4%

TOTAL VACANCY



AVERAGE ASKING RENTS



OUTLOOK

- Sydney Prime net rent held steady over the quarter whilst prime incentives increased 400bps to 24.3%, resulting in a 6.1% decline in net effective rent over the quarter and a fall of 7% year to date.
- Leasing enquiry volumes continue to improve since May but remain below the level of the same time last year.

Sublease space has increased and now exceeds the GFC level of around 90,000sqm. However, with about 90% of the sublease space fitted out, some of these spaces could be absorbed quickly with rising incentive levels.

For more information, please contact:

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