

## Adelaide CBD



Improving white-collar business confidence resulted in the largest annual net absorption figure recorded since 2008. Annual net absorption reached 20,850 sqm in 2017, driven by three consecutive quarters of positive net absorption.



The next wave of supply expected in late 2019. There are currently three projects under construction with the largest, Stage 1 of Charter Hall's Precinct GPO (24,000 sqm), expected to complete in 4Q19.

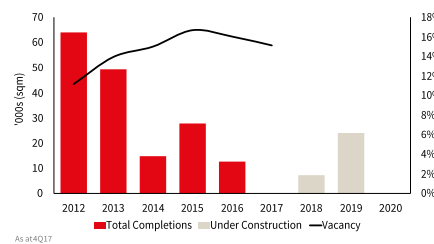


There were no major transactions recorded in 4Q17. This left annual transaction volumes at AUD 390.6 million, in line with 2016 annual transaction volumes which reached AUD 407.8 million.



There is an increasing sense of optimism that business conditions and leasing activity is slowly turning the corner. We expect that net absorption will continue to track positively over the short term, decreasing overall vacancy levels.

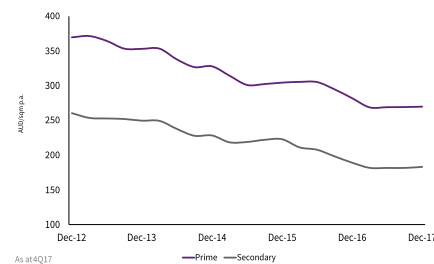
### Adelaide CBD Market Balance



As at 4Q17

Source: JLL Research

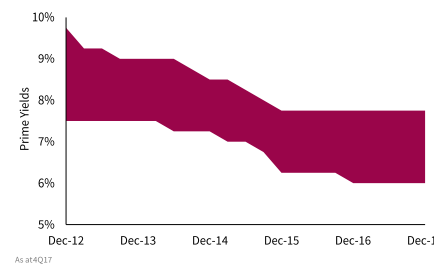
### Adelaide CBD Gross Effective Rents



As at 4Q17

Source: JLL Research

### Adelaide CBD Prime Yields



As at 4Q17

Source: JLL Research

# 15.1%

#### Vacancy:

Overall vacancy in 4Q17 decreased by 0.6 pps to 15.1%. This represents the lowest vacancy in the market since 4Q14. Prime vacancy decreased 1.3 pps to 10.4%. Secondary vacancy decreased 0.2 pps to 17.8%.

# 8,700 sqm.

#### Net absorption:

In 4Q17, occupier expansion, driven largely by the tech/IT sector and the mining sector, resulted in quarterly net absorption of 8,700 sqm.

# 31,200 sqm

#### Construction:

There were no new supply additions completed over the quarter. There are currently three developments under construction with only 7,200 sqm expected to complete in the next 12 months.

# 6.00%-7.75%

#### Yields:

Prime yields have been steady at 6.00%-7.75% for over a year now. Investment activity is positive and is likely to result in further compression in this investment cycle.