

Australia / Q4 2017
Market Overview

Sydney CBD



Occupier demand conditions remain strong. Demand for office space was dominated by professional services who contributed 32% to gross take-up. Annual net absorption was 22,316 sqm, with significant occupier take-up offset by 110,000 sqm of withdrawals over the year.



No new supply additions in 4Q17. Total 2017 completions were 45,857 sqm. There is currently 135,400 sqm under construction across six projects.

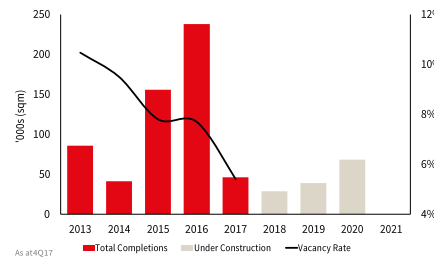


Investment enquiry and sentiment remains strong. Ten assets transacted during the quarter (\geq AUD 5.0 million) totalling AUD 1.52 billion. Strong transactions, for core products, show persistent investment demand.



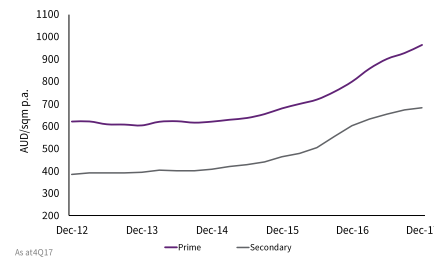
Short-term outlook for demand is positive. Steady occupier demand and mild supply additions are expected to contribute to further declining vacancy and rental growth over the next 12 months.

Sydney CBD Market Balance



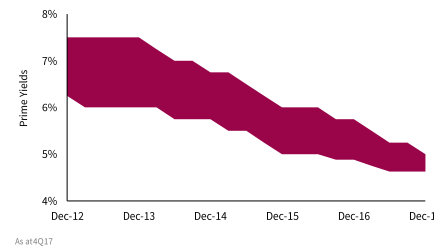
Source: JLL Research

Sydney CBD Gross Effective Rents



Source: JLL Research

Sydney CBD Prime Yields



Source: JLL Research

5.4%

Vacancy:

The Sydney CBD vacancy rate declined 0.6 pps this quarter. Both prime and secondary vacancies were their lowest in almost ten years, 5.1% and 5.8% respectively.

-23,145 sqm.

Net absorption:

Net absorption for the quarter was negative 23,145 sqm, primarily due to 57,500 sqm of withdrawals over the quarter. Western Corridor saw the strongest leasing activity with 22,960 sqm of net absorption for 4Q17.

305,224 sqm

Construction:

There is approximately 305,224 sqm under construction or with plans approved. Wynyard Place is the largest project under construction and is set to deliver 68,300 sqm into the market.

4.63%-5.00%

Yields:

Prime grade yields compressed 25bps on the lower end, at another record low this quarter, the prime midpoint is now 4.82%.