

# Brisbane, Australia



The Queensland economy demonstrated uneven growth through 2010 with rising interest rates and political events punctuating any potential positive trends, particularly in the middle of the year. Business sentiment and retail spending has been mixed. There is a belief within the business sector that economic growth will return in the next 12 months. IT and professional services sector employment has been weak. However, the natural resources and government sectors have held up employment levels.

After a record 195,000 SM was added to total office stock in 2009, a further 38,000 SM has been added in 2010, much of which is pre-committed. In 2011 a further 125,000 SM is to be added with a large amount of this new stock already pre-committed. Tenants that have made pre-commitments include Rio Tinto, Bentleys, CUA, Grant Thornton and GHD.

Office vacancy levels in the CBD are at 10.9%, below the 11.3% rate seen at the beginning of the year. With new supply next year it is anticipated vacancy rates will be close to 12% before reducing thereafter. Accordingly, there has been little change to office rents in 2010 and no significant change to rents or incentives in the market is expected in 2011.

Investment activity in the Brisbane CBD has been cautious during 2010 with few large transactions occurring. Two of the more significant purchases have come from Asia with K-REIT Asia picking up a 50% share of 275 George Street at an initial yield of 6.91%, and Permodalan Nasional Berhad from Malaysia acquiring Santos house for A\$287 million at an initial yield of 8.75%. Any recovery will be driven by an uptick in current demand levels and will require a significant recovery in economic conditions fuelled by the continued spending of the government and the continuation of the resources sector expansion, particularly the LNG sector.

In the retail sector, 2010 will probably be considered the low point of the cycle with retail spending being less than in 2009 and for forecasts for 2011. Population growth and the resources boom should both contribute to an increase in spending going forward after a patchy year. New developments are on hold in the suburbs until retail spending increases, and are subject to any significant interest rate increases in the foreseeable future.

## Contact

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## Country Data

Area (Sq Mi)	2,969,907
GDP Growth	3.0%
GDP 2010 (US\$ B)	\$1,219.72
GDP/Capita (US\$)	\$54,868.92
Inflation Rate	3.0%
Unemployment Rate	5.2%
Interest Rate	4.5%
Population (Millions)	22.23

## Brisbane At A Glance

Conversion 1.02 AUD = 1 US\$

	RENT/M <sup>2</sup> /YR		US\$ RENT/SF/YR		Vacancy
	Low	High	Low	High	
<b>DOWNTOWN OFFICE</b>					
New Construction (AAA)	AUD 550.00	AUD 700.00	\$ 50.09	\$ 63.76	N/A
Class A (Prime)	AUD 500.00	AUD 700.00	\$ 45.54	\$ 63.76	9.80%
Class B (Secondary)	AUD 425.00	AUD 500.00	\$ 38.71	\$ 45.54	9.00%
<b>SUBURBAN OFFICE</b>					
New Construction (AAA)	AUD 375.00	AUD 525.00	\$ 34.16	\$ 47.82	N/A
Class A (Prime)	AUD 400.00	AUD 500.00	\$ 36.43	\$ 45.54	9.00%
Class B (Secondary)	AUD 275.00	AUD 370.00	\$ 25.05	\$ 33.70	11.00%
<b>INDUSTRIAL</b>					
Bulk Warehouse	AUD 100.00	AUD 115.00	\$ 9.11	\$ 10.47	N/A
Manufacturing	AUD 100.00	AUD 115.00	\$ 9.11	\$ 10.47	N/A
High Tech/R&D	AUD 100.00	AUD 115.00	\$ 9.11	\$ 10.47	N/A
<b>RETAIL</b>					
Downtown	AUD 1,500.00	AUD 4,000.00	\$ 136.62	\$ 364.32	5.30%
Neighborhood Service Centers	AUD 400.00	AUD 800.00	\$ 36.43	\$ 72.86	N/A
Community Power Center	N/A	N/A	N/A	N/A	N/A
Regional Malls	AUD 1,100.00	AUD 1,700.00	\$ 100.19	\$ 154.84	N/A
Solus Food Stores	N/A	N/A	N/A	N/A	N/A
<b>DEVELOPMENT LAND</b>					
	Low/M <sup>2</sup>	High/M <sup>2</sup>	Low/Acre	High/Acre	
Office in CBD	N/A	N/A	N/A	N/A	
Land in Office Parks	N/A	N/A	N/A	N/A	
Land in Industrial Parks	N/A	N/A	N/A	N/A	
Office/Industrial Land - Non-park	AUD 300.00	N/A	\$ 1,190,253.73	N/A	
Retail/Commercial Land	N/A	N/A	N/A	N/A	
Residential	N/A	N/A	N/A	N/A	