

PRESS RELEASE



Renewed Business Confidence Boosts Cbd Office Markets

Australia's CBD office markets have stabilised on the back of improved business sentiment, according to global property advisor Savills.

"There was a flurry of leasing activity at the end of 2009 which indicated businesses were prepared to invest in office accommodation," said Savills National Head of Research, Tony Crabb.

"This really does herald the end of the negative effects of the global financial crisis in office markets."

Rob Dickins, Savills National Head of Office Leasing commented: "markets that had taken a 'hit' during the GFC, namely Sydney and Brisbane, saw a considerable rebound of enquiry in the latter part of 2009.

"Melbourne and Perth, underpinned by different occupancy fundamentals and business sectors, performed well and have also enjoyed recent buoyed levels of demand. Coupled with supply being more limited than proposed some 12 months ago, most markets are likely to see rental growth as re-employment becomes more prevalent."

Sydney

"Looking back 12 months, many people were predicting a meltdown in the financial and professional services sectors and a subsequent reduction in demand for office space in the Sydney CBD. Vacancies were forecast to reach double digit figures and a dramatic blow out in sublease space was also foreshadowed," said Rob Dickins, Savills National Head of Office Leasing.

"Whilst there was a softening in demand in the early part of the year, it is pleasing to note that an active last quarter resulted in neither of these scenarios occurring. We already are seeing anecdotal evidence of re-employment in many finance related companies, a view being supported by a number of the major recruitment companies. Clearly, the fear associated with the lack of demand has been what has spurred the growth in incentives over 2009, not actual vacancy increase. Sydney's vacancy rate sits somewhere in the midrange when compared to all of the CBDs and that is a particularly positive result."

Melbourne

"The lack of supply in the pipeline in Melbourne is going to cause a headache for tenants in the immediate future as good quality office accommodation is in short supply," said Savills VIC Head of Office Leasing, Nicholas Farley. "This can be expected to lead to substantial rental growth and a real positive for landlords."

Brisbane

"In January alone, we saw two multinationals take 1,400 sq m each within a week of inspecting. With the current level of interest, we feel very positive about 2010," said Savills QLD Divisional Director of Office Leasing, Stuart Moody. "Most of Brisbane's new office developments are now complete with good

occupancy and the additional space that many incoming tenants took contributed to the surprising level of absorption during 2009.”

Perth

“The impact of the global credit crisis now appears to have abated and the WA economy is being driven strongly by mining and resource investment,” said Savills WA Divisional Director of Commercial Leasing, Graham Postma. “We have a positive outlook for the Perth office leasing market and anticipate that net face rents should remain stable over the coming months before experiencing some upward shift during the second half of 2010.”

Adelaide

“Adelaide is currently experiencing a real shortage of good quality office accommodation with large floor plates and is in desperate need of newly approved developments to cater for business needs,” said Savills SA Divisional Director of Office Leasing, Peter Isaksson. “Adelaide’s vacancy rates are once again on downward trends which will likely result in both a tightening in the absorption of sub-let space, as well as increased rental growth over the next six to 12 months.”

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