



OFFICE MARKET

Overall: ●●●●●5●●●●●●

Direction: **IMPROVING**

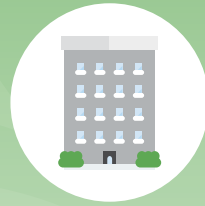
| | Latest (Jul '18) | Previous (Jun '17) |
|---|-------------------------|-------------------------|
| Floor Space | 2,243,323m ² | 2,255,386m ² |
| Vacancy % | 14.6% | 16.2% |
| Rents/m ² (Premium to A-Grade, gross face) | \$750/m ² | \$730/m ² |
| New Supply (Previous 12 months) | 18,303 | No new supply |

Vacant space is slowly being absorbed. Several new premium towers are proposed and approved, awaiting pre-commitment or changed market conditions.

Office employment growth has been sluggish but latest business entries in CBD outnumbered exits so office market may be turning. This will be bolstered by recent substantial growth in government employee numbers.

Incentives are said to range up to 40% on some deals. CBD office market recovery will be closely linked to growth in white collar professions that typically require CBD space—lawyers, accountants, engineers, other professionals and government. CBD rents as always will vary according to the category, location, size and level of premises on offer. Rents quoted above are blended for Premium/A Grades and indicative only.

Source: PCA Office Market Report, various agents, ABS



RESIDENTIAL MARKET

Overall: ●●●●●6●●●●●●

Direction: **STABLE**

| | Latest (Jul '18) | Previous (Jun '17) |
|----------------------|------------------|--------------------|
| Residents | 11,700 | 11,400 |
| Total # units | 5,280 | 5,210 |
| # Under construction | 1,540 | |
| Median price | \$495,000 | \$506,900 |
| Median rental | \$410 | \$400 |
| Vacancy % | 5.3% | 5.5% |

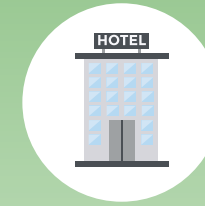
New CBD apartment stock has been absorbed without large impacts on vacancies or prices. This is a different market to some near city markets.

Median prices have declined marginally but have generally held up compared with other locations. Record prices continue to be achieved for premium stock in prime positions.

At the other end of the market there is investor interest in apartments suited to the student market, serving the healthy education sector.

The CBD residential market appears to be outperforming other inner city markets and retains a premium reputation. New supply is mostly premium product and likely to hold values.

Source: RTA, Pricerfinder, ABS, SQM Research, REIQ, Various agents



HOTEL MARKET

Overall: ●●●●●6●●●●●●

Direction: **IMPROVING**

| | Latest (Jul '18) | Previous (Jul '17) |
|----------------------|------------------|--------------------|
| Total # rooms | 7,391 | 6,859 |
| # Under construction | 299 | 758 |
| Room rates | \$140 | \$150 |
| Occupancy % | 80% | 86% |

The CBD has added an extraordinary 1,126 rooms in recent years. This appears to have been in response to rising demand given the relatively healthy occupancy rate. Many of the new hotel rooms have been more modestly priced but the recent addition of the CBD's first 5 star hotel in almost 20 years heralds a shift in market direction to the upper end. A further 299 rooms will open in Brisbane's Westin Hotel in November 2018, and some 1,100 at Queen's Wharf are under construction.

Room revenues have been trending down since 2012 which may reflect the increase in budget priced as opposed to 5 star rooms in this period. The arrival of a large volume of 5 and 6 star rooms in the market may see room rates rise in due course.

The strength of the CBD hotel market reflects Brisbane's performance as a solidly performing business travel market.

Source: STR, TRA, TEQld, Urban Economics

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RETAIL MARKET

Overall: ●●●●●●6○

Direction: **STABLE**

| | Latest (Jul '18) | Previous (Jun '17) |
|---------------------------------------|---|---|
| Floor Space (Major centres only) | 143,000m ² | 143,000m ² |
| Under construction | Brisbane Quarter 4,209m ² | Elizabeth Arcade 1,000m ² |
| Median rental (Internal well located) | \$3,000 - \$4,000/m ² | \$3,000 - \$4,000/m ² |
| Vacancy % | 8.0% | 5.5% |

Major CBD centres enjoy a very low retail vacancy rate of just 1.6%. Ground floor street front space in non-prime retail areas or older arcades show higher vacancies. New space at Brisbane Quarter and Queens Wharf, together with the redeveloped Elizabeth Arcade and the proposed Waterfront Precinct will all reshape the future CBD retail landscape.

Retail rents in the Queen Street Mall are typically around \$6,500 to \$7,500/m² for the better located sites. Within major CBD centres, rents can range widely and depend heavily on location within the centre and the location of the centre within the CBD. The upper end of in-centre retail rents is understood to be around \$3,000 to \$4,000/m² but this is not typical.

Retail conditions have been challenged by the economy and the rise of online. The CBD has not been immune, however shopper numbers seem largely unaffected although consumer spending has been soft. There are also more than 500 cafes and restaurants across the CBD. Reliable data on the performance of this sector is hard to obtain and reports are mixed.

Source: ABS, centre owners, various agents, Urban Economics inspections



EDUCATION MARKET

Overall: ●●●●●●8○

Direction: **STABLE/GROWING**

| | Latest (Jul '18) | Previous (Jun '17) |
|------------------|------------------|--------------------|
| # Establishments | 129 | 128 |
| Workforce | 6,265 (2016) | 3808 (2011) |
| Students | 4,201 (2016) | 3,683 (2011) |
| Student beds | 2309 (2018) | 814 (2017) |

Education is a little discussed but critically important sector of the CBD economy and a major contributor to CBD vitality. Language schools and a variety of training establishments are a large and growing presence in the CBD, occupying a wide range of premises including lower grade offices.

QUT Gardens Point is the largest Institution with 21,320 equivalent full time students and a gross floor area of 202,500 square metres – equivalent to 3.4 times the size of Waterfront Place.

UQ, JCU, ACU, CQU, Charles Sturt and the Federation University also have significant presences in the CBD.

Student accommodation supply in the CBD has been increasing with a further 919 rooms to be added in 2019.

The combined contribution of the significant student, staff and academic bodies to the vitality of the CBD deserves further study.

Source: ABS, QUT, E-child



PEOPLE & MOBILITY

Overall: ●●●●●●6○

Direction: **STABLE**

| | Latest (Jul '18) | Previous (Jun '17) |
|--------------------|-------------------|-----------------------------|
| Workers | 122,486 (2016) | 116,132 (2011) ¹ |
| Residents | 11,700 (2018) | 11,400 (2017) |
| Public transport % | 43% (2016) | 45% (2011) |
| Walking/cycling % | 7.8% (2016) | 7.0% (2011) |
| City Cycle | 747,300 (2017/18) | 522,388 (2016/17) |
| Private car % | 24.5% (2016) | 23.5% (2011) |

According to the 2016 Census there were 122,486 workers in the CBD, nearly 12,000 residents and tens of thousands of daily visitors. Mobility into and around the CBD is a complex mix of multiple trip types and multiple modes of transport.

Public transport carries around (52,000) of the workforce into the CBD. In the period 2011 to 2016 public transport into the CBD only grew by 1.6% while the total workforce grew by 5.5%

The City Cycle system continues to grow with some 747,000 City Cycle trips taken across the city in the 2017/18 year.

Cycling and walking to work accounts for almost 8% of travel into and out of the CBD—a marginal increase on 2011 figures.

Cross River Rail and the Brisbane Metro are two very significant projects which will do much to change CBD mobility habits.

Source: BCC, ABS, QGSO, QT, Urban Economics estimates, SALM

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