

Q2 2017

Macquarie Park Office Market Overview

Demand

JLL Research recorded 600sqm of positive net absorption in the Macquarie Park office market over the second quarter of 2017.

Despite the positive net absorption, the headline vacancy rate increased by 1.3 percentage points to 10.9%. One contributing factor was Fuji Xerox offering 2,099 sqm of sub-lease space in its recently completed building at 8 Khartoum Road, Macquarie Park (11,731 sqm) during 2Q17.

Supply

Goodman Group has finished the construction of Fuji Xerox, 8 Khartoum Road, Macquarie Park (11,731 sqm) in 2Q17. The building is forecast to be the only addition to supply until 2019, which is when a new cycle of supply additions is expected to materialise.

Asset Performance

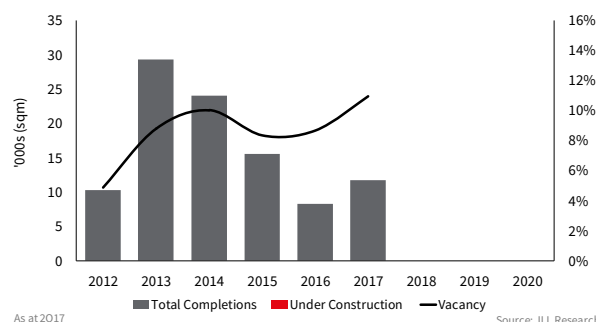
The average prime gross effective rent in Macquarie Park (AUD 336 psm p.a.) is 9.2% higher year-on-year.

No major sales (\geq AUD 5.0 million) transacted in Macquarie Park office market over 2Q17. However, six office buildings were sold over the last 12 months in the market for a total of AUD 491.3 million. The prime equivalent yield range (5.50%-7.00%) compressed by 25 basis points at the upper end over 2Q17.

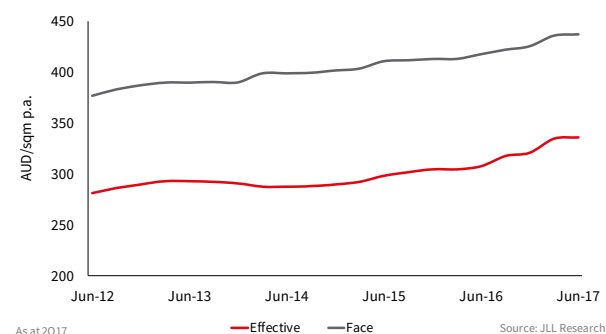
12 Month Outlook

Demand for prime office accommodation is expected to be unchanged over the next 12 months. JLL Research anticipates that the average prime gross effective rent will be 4.2% higher over the 2017 calendar year as demand for prime-grade office space continues to outstrip supply.

Macquarie Park – Market Balance



Macquarie Park – Gross Effective Rents



Macquarie Park – Prime Yields

