RESEARCH

Knight Frank

AUSTRALIAN CBD OFFICE

SUPPLY & DEVELOPMENT MAPS DECEMBER 2014

Key Facts

336,000m² of new office supply will be completed in 2014, 40% down on 2013.

Gross supply is anticipated to jump by almost 70% in 2015 to 564,000m², driven by Sydney and Perth.

Similar levels of supply will be added in 2016, with 575,000m² to complete, the majority added in Sydney.

Many office schemes are being altered to residential use where planning permits.

MATT WHITBY

Group Director
Head of Research and Consulting

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After a brief hiatus in office completions in 2014, a rebound in new supply is expected in 2015 and 2016, with feasibilities supported by steady declines in prime yields, albeit many schemes are being altered to residential use.

The 2014 calendar year will deliver approximately 336,000m² of new and refurbished stock to the major Australian CBD markets, which is down 40% on the 561,000m² recorded during 2013 and 36% below the 10 year average of 528,000m². The cities with the greatest supply during 2014 were Melbourne (110,519m²) and Sydney (87,794m²), with the least amount of supply being added in Brisbane (13,592m²).

Following the hiatus in office completions in 2014, with many developers/owners actively driving their respective pipelines over the past 12-18 months, there will be a rebound in supply in 2015 and 2016.

Gross supply is anticipated to jump by almost 70% in 2015 to 564,000m², dominated by Sydney (179,189m²), Perth (154,150m²) and Melbourne. In Sydney, the first of the Barangaroo office buildings is due for completion (Tower 2) in addition to 5 and 20 Martin Place. For Perth, Mirvac's Old Treasury building, Kings Square 1,2,3 & 4 and Brookfield Place South are all due to complete. Melbourne is nearing the end of a long supply cycle, however new supply will still total 130,700m² in 2015.

The rebound in supply during 2015 will be followed by similar levels of completions in 2016 (totalling 575,000m²). The majority of new supply will again occur in Sydney, which will include Towers 1 and 3 at Barangaroo, 200 George St, 333 George St and tranches of backfill space coming back on line following major refurbishments. The Brisbane CBD will also see three major developments complete following a three year period devoid of major supply, starting with 180 Ann St (Q4 2015), followed by 480 Queen St and 1 William St both in 2016.

Feasibility for construction of new space has been supported by steady declines in prime yields, particularly for fund through developments with strong pre-commitment. However, many office schemes are now being amended to other uses, due mainly to the exceptional uptick in residential demand.

The clamour to obtain residential development projects is now converting the vast majority of the available development sites from commercial to residential, where planning permission allows, across both CBDs and inner ring suburbs.

SYDNEY

1 180 Thomas St - ~14,000m^2 [Transgrid‡/Amadeus]
Transgrid - Q1 2014 - 78% committed

2 50 Martin Place# - 21,443m^2 [Macquarie‡]
Macquarie Group - Sept 2014 - 100% committed

3 Deco, 155 Clarence St - ~12,000m^2 [Tyro Payments]
St Hilliers - Q4 2014 - 56% committed

4 1 Martin Place# (ex Macquarie) - ~40,000m^2 [DLA Piper/APRA]
Charter Hall Office Trust - 2014 & 2015 - 83% committed

5 5 Martin Place - 31,280m^2 [Ashurst/Challenger]
DEXUS/Cbus - Q1 2015 - 74% committed

6 Barangaroo T2 - 88,200m^2 [Westpac/Gilbert + Tobin]
Lend Lease* - Q4 2015 - 81% committed

7 20 Martin Pl# - 15,920m^2
Pembroke Real Estate - Q4 2015

8 Barangaroo T3 - 77,800m^2 [KPMG/Lend Lease]
Lend Lease* - 2015/16 - 75% committed

9 200 George St - 38,000m^2 [EY]
Mirvac/AMP - H1 2016 - 74% committed

10 333 George St - ~14,000m^2
Charter Hall Core Plus Office Fund - Q2 2016

11 Barangaroo T1 - 101,500m^2 [PWC/HSBC]
Lend Lease* - H2 2016 - 34% committed

12 Grosvenor Place, 225 George St# (ex Ashurst) - 10,000m^2
DEXUS/Investa/CSC - 2015

13 680 George St# (ex EY) - 28,800m^2
Brookfield/Arcadia - 2016+

14 SICEEP The Haymarket - 22,000m^2
Lend Lease - 2016+ - Concept Plan Approval

15 201 Sussex St, DPII# (ex PWC) - 33,000m^2
GPT (GWOF)/AMP (ACPF)/Brookfield - 2017

16 10 Shelley St# (ex KPMG) - 27,500m^2
DEXUS/Brookfield - 2017

17 30 The Bond, 30 Hickson Rd# (ex Lend Lease) - 16,000m^2
DEXUS - 2017

18 55 Market St# (ex WBC) - 15,776m^2
Investa - 2017

19 The Ribbon, 1 Wheat Rd - 38,000m^2
Markham/Grocon/SHFA - 2017+

20 33 Bligh St - 26,000m^2
Energy Aust./Investa - 2018

21 151 Clarence St - 21,000m^2 [Arup]
Investa - 2018 - 28% committed

22 182 George & 33 Pitt Sts - 40,000m^2+
Lend Lease - 2017+

23 George, Underwood & Pitt Sts - 40,000m^2+
Mirvac - 2017+

24 289-307 George St (10 Carrington) - 65,000m^2
Brookfield - 2018+

25 Quay Quarter Sydney» - ~40,000m^2
AMP - 2018+ - Concept Plan Approval

26 60 Martin Place - ~30,000m^2
Investa/Gwynvill Properties - 2018+

Under Construction/Complete
DA Approved / Confirmed / Site Works
Mooted / Early Feasibility

Source of Map: Knight Frank

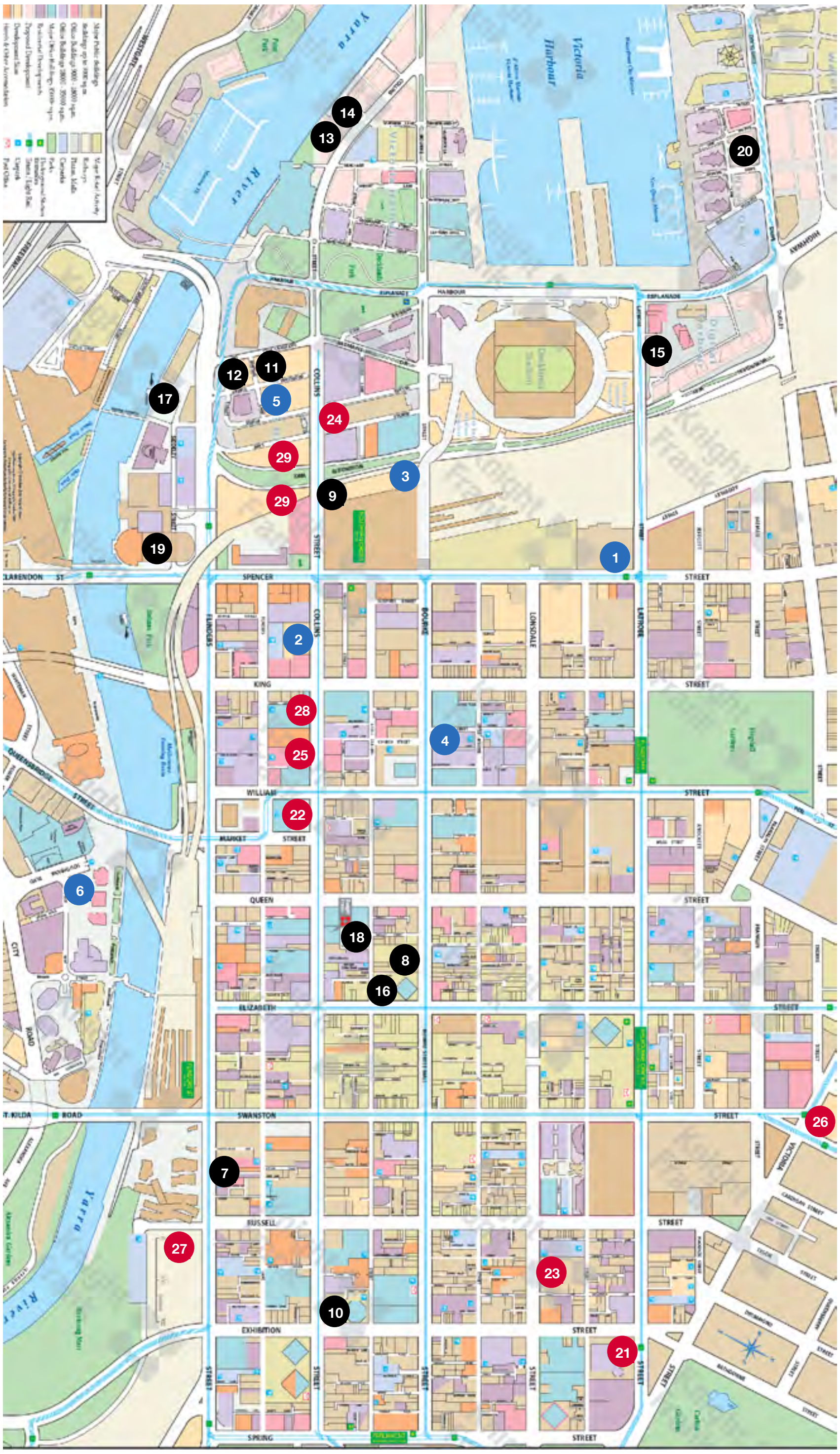
NB. Dates are Knight Frank Research estimates
Includes select CBD major office supply (NLA quoted)
Major tenant precommitment in [brackets] next to NLA
Major refurbishment/backfill ‡ owner occupier
≈ precommitment % refers to NLA of partial refurbishment and not total building NLA

* in conjunction with co-capital partners CPPIB, APPF Commercial, First State Super, Telstra Super and APG

» Proposal involves amalgamation of 33 Alfred St, 50 Bridge St and various buildings in Young and Loftus Streets into one precinct. Permissable NLA to be transferred between sites with net NLA increasing circa 40,000m^2.

MELBOURNE

1. 313 Spencer St - 29,400m² [Victoria Police]
Cbus Property/Invesco - Q1 2015 - 100% committed.
2. 567 Collins St - 55,000m² [Corrs/Leighton Contractors/Jemena]
Investa - Q2 2015 - 69% committed.
3. 699 Bourke St - 19,300m² [AGL Energy]
Mirvac/TIAA-CREF - Q2 2015 - 100% committed.
4. 570 Bourke St - 27,000m²
Charter Hall - Q2 2015.
5. 2 Collins Sq - 55,000m² [KPMG/Maddocks]
Walker - Q2 2016 - 60% committed.
6. 2-4 Riverside Quay ^ - 20,100m² [PwC]
Mirvac - Q4 2016 - 82% committed.
7. 180 Flinders St - 20,000m²
DEXUS - 2017+
8. 405 Bourke St - 62,000m²
Brookfield - 2017+
9. 664 Collins St - 27,500m²
Mirvac - 2017+
10. 80 Collins St - 43,000m²
Queensland Investment Corporation (QIC) - 2017+
11. 4 Collins Sq - 20,000m²
Walker - 2017+
12. 5 Collins Sq - 35,100m²
Walker - 2017+
13. Y3, 839 Collins St - 39,200m²
Lend Lease - 2017+
14. Y4, 855 Collins St - 34,000m²
Lend Lease - 2017+
15. 1000 Latrobe St - 32,500m²
Digital Harbour - 2017+
16. 385 Bourke St - 27,000m²
DEXUS - 2017+
17. North Wharf - 20,000m²
WTC Asset Management - 2017+
18. 360 Collins St - 16,000m²
DEXUS - 2017+
19. 601 Flinders St - 60,000m²
Eureka/Asset 1 - 2017+
20. 395 Docklands Dve - 22,000m²
MAB - 2017+
21. 288 Exhibition St - 75,000m²
Telstra - 2018+
22. 447 Collins St - 50,000m²
Cbus Property - 2017+
23. 124-148 Lonsdale St - 50,000m²
Uniting Church/Leighton Properties - 2017+
24. 710 Collins St - 47,500m²
Equiset - 2018+
25. 477 Collins St - 51,000m²
Mirvac - 2017+
26. 555 Swanson St (CUB Site) - 36,000m²
Grocon - 2017+
27. Fed Square East - 60,000m²
State Government - 2018+
28. 525 Collins St - 5,000m²
St Martins/Equiset - 2017+
29. Sites 5B & 6B - 100,000m²
Lend Lease - 2018+

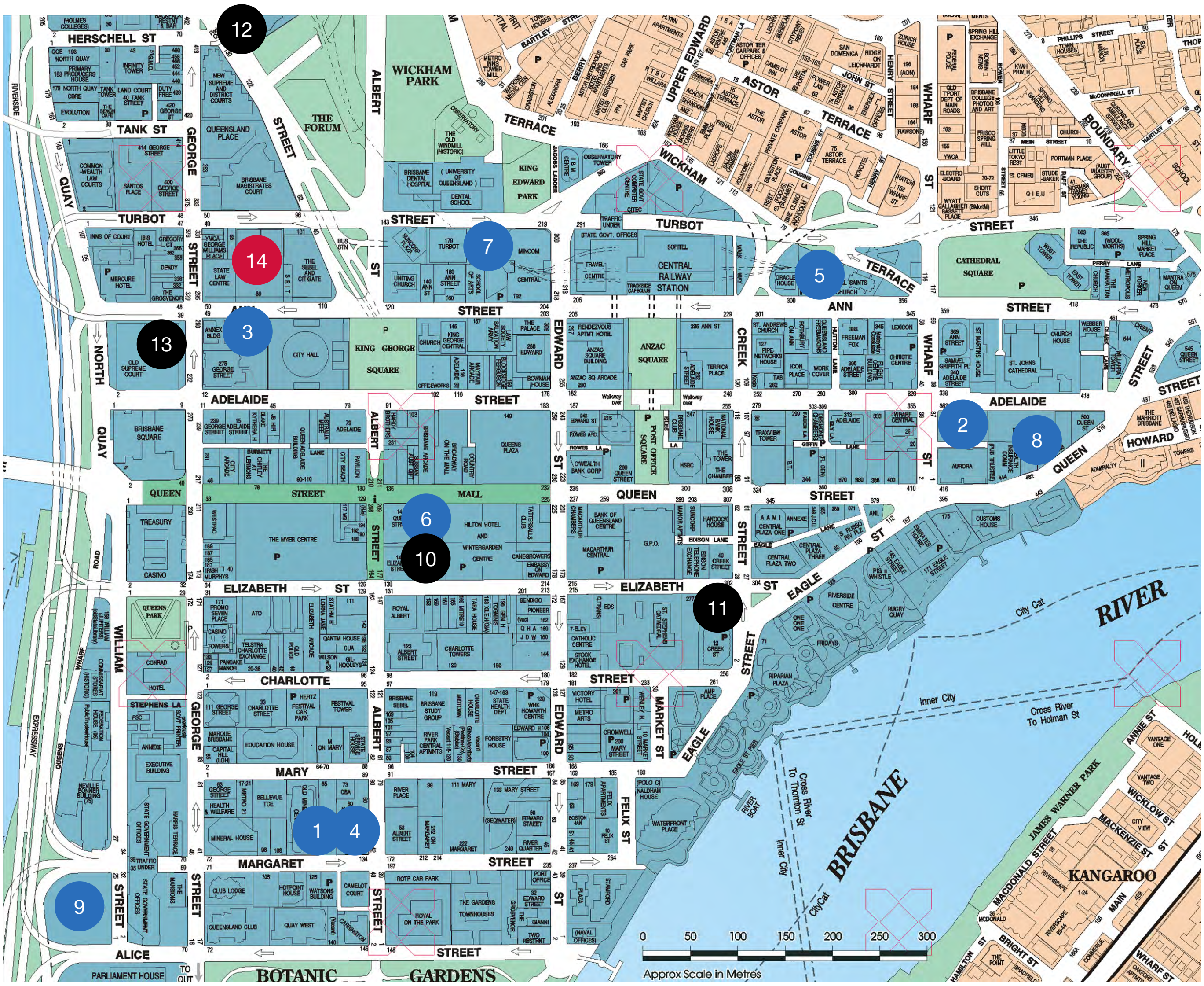


Source of Map: Knight Frank

- Under Construction / Complete
- DA Approved / Confirmed / Site Works
- Mooted / Early Feasibility

NB. Dates are Knight Frank Research estimates
Major tenant precommitment in [brackets] next to NLA
^ Southbank precinct
Office NLA quoted

BRISBANE



- **1** #126 Margaret St—5,718m² Investec Prop Opportunity Fund Q1 2013—10% committed
- **2** #363 Adelaide St—14,962m² Investa Property Group (under contract potential conversion to res) Q3 2014
- **3** ^69 Ann St—6,000m² Charter Hall CPOF *QLD Gas* Q3 2014
- **4** ^60 Albert St—c6,000m² La Salle Inv Mgt *Arrow/Worley Parsons* Q1 2015
- **5** #310 Ann St—16,500m² Pidgeon Family—Q1 2015
- **6** 155 Queen St— c2,500m² ISPT—Q4 2015
- **7** 180 Ann St—57,465m² [undisclosed] Daisho Q4 2015— reported 20% committed
- **8** 480 Queen St—55,571m² [BHP/ PwC/ Freehills] Grocon (DEXUS/DWPF) - Q2 2016—71% committed
- **9** 1 William St—75,853m² [State Govt] Cbus Property/ISPT—Q4 2016 100% committed (15,000m² sub-lease)
- **10** The Regent Development—50,000m² ISPT—tba—potential residential/hotel
- **11** 12 Creek St Annex—6,297m² GFA DEXUS Property Group/DWPF—tba
- **12** Transit Centre Stage II—70,000m² GPT/APPF—tba
- **13** 300 George St—46,162m² Shayer Group—tba
- **14** Primary Industries Building Ann & Turbot Sts—QIC Funds

Under Construction / Complete

DA Approved / Confirmed / Site Works

Mooted / Early Feasibility

As at December 2014, excluding strata
#major refurbishment/entire building available
^sub-lease space >5,000m² contiguous
Sub-lessor identified in *italics*.
Avail office NLA Quoted.
Major Pre-commit in [brackets] next to the NLA.
Source of Map: Knight Frank

PERTH

1. 861 Hay St - 10,947m² [Aurecon]
Perth Diocese - Late 2014 - 50% committed
2. 565 Hay St # - 7,560m²
Perth Diocese - Q1 2015 - seeking pre-commitment
3. Treasury Building - 30,196m² [WA Gov't]
Mirvac / Keppel REIT consortium - Q2 2015 - 100% committed
4. 32 St Georges Tce # - 15,045m² [Legal Aid]
Private - Q2 2015 - 40% committed
5. 999 Hay St - 10,160m² [GHD]
QUBE - Q2 2015 - 59% committed
6. KS2 (Kings Square)*, 376 Wellington St - 19,425m² [Shell]
DEXUS & DWPF - Q2 2015 - 100% committed
7. KS1 (Kings Square)*, 376 Wellington St - 22,247m²
DEXUS & DWPF - mid 2015+ - seeking pre-commitment
8. KS3 (Kings Square)*, 376 Wellington St - 6,500m² [John Holland]
DEXUS & DWPF - mid 2015+ - 100% pre-committed
9. KS4 (Kings Square)*, Wellington St - 13,000m² [HBF]
HBF - late 2015 - 69% committed
10. 123 St Georges Tce (Brookfield Place Sth) - 34,000m² [Corrs, Deloitte, Brookfield] - Brookfield - Q4 2015 - 53% committed
11. Veil 253, 253 St Georges Tce - 3,577m²
Primewest - Q4 2015 - seeking pre-commitment
12. Capital Square, 98-124 Mounts Bay Rd - 50,500m² [Woodside] - H.O.A
AAIG - mid 2018 - 100% committed
13. Crn Barrack St & The Esplanade - 70,000m² [Chevron]
Chevron - DA Pending
14. 100 Murray St # - 4,000m²
AWD Diversified - seeking pre-commitment
15. 950 Hay St (old Melbourne Hotel site) - 11,219m²
Oakesfield - New DA Pending
16. 239 St Georges Tce (Bishops See no.2) - 30,000m²+
Brookfield/Hawaiian - seeking pre-commitment
17. KS5 (Kings Square) * - 38,000m²
Seven Entertainment - DA Pending
18. 480 Hay St - 35,000m²
BGC - DA Pending - seeking pre-commitment
19. Elizabeth Quay - 130,000m² excluding 70,000m² Chevron site
Leighton / Broad Construction Services
20. Perth City Link * - Circa 120,000m² exclusive of Kings Square
Mirvac/Leighton development consortium
21. Waterbank, near The Causeway - 17,000m²
Lend Lease / MRA - Initial site works

- Under Construction
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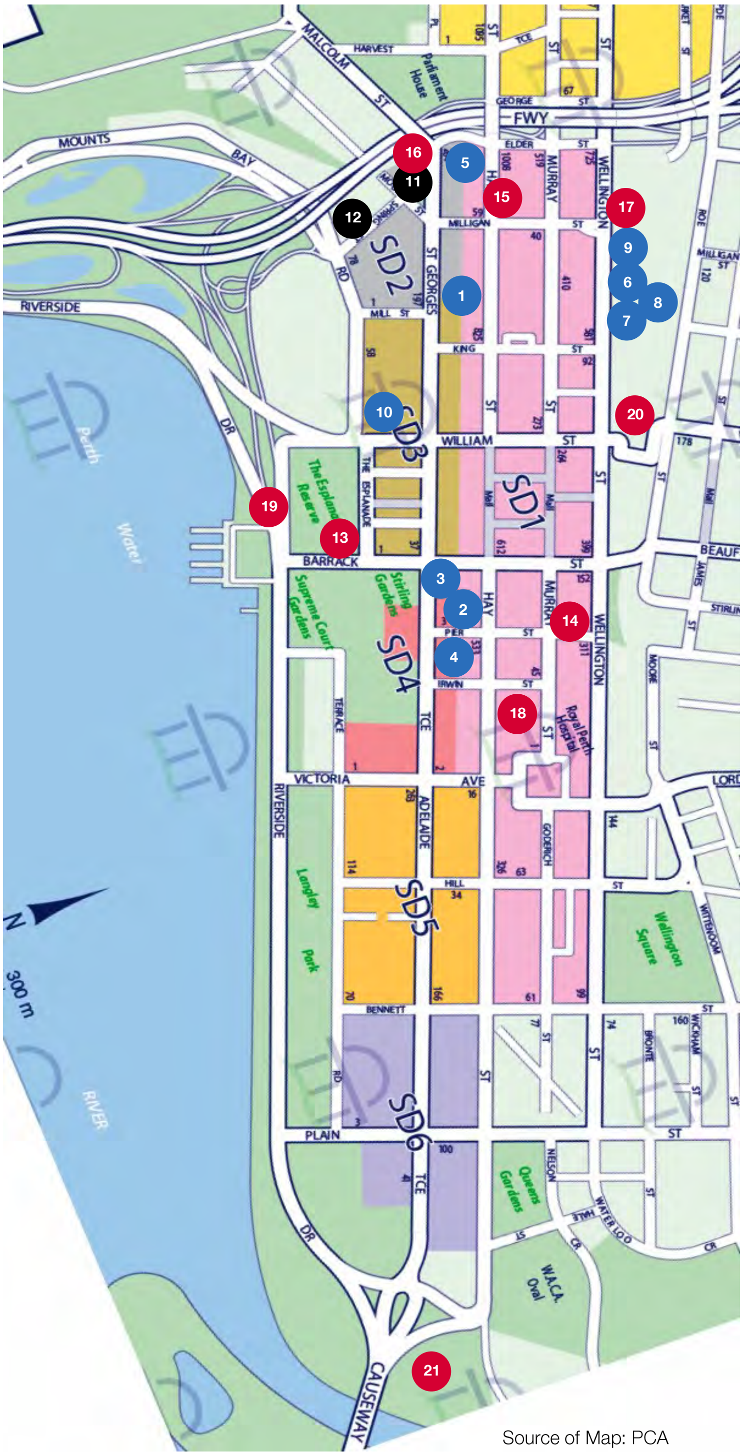
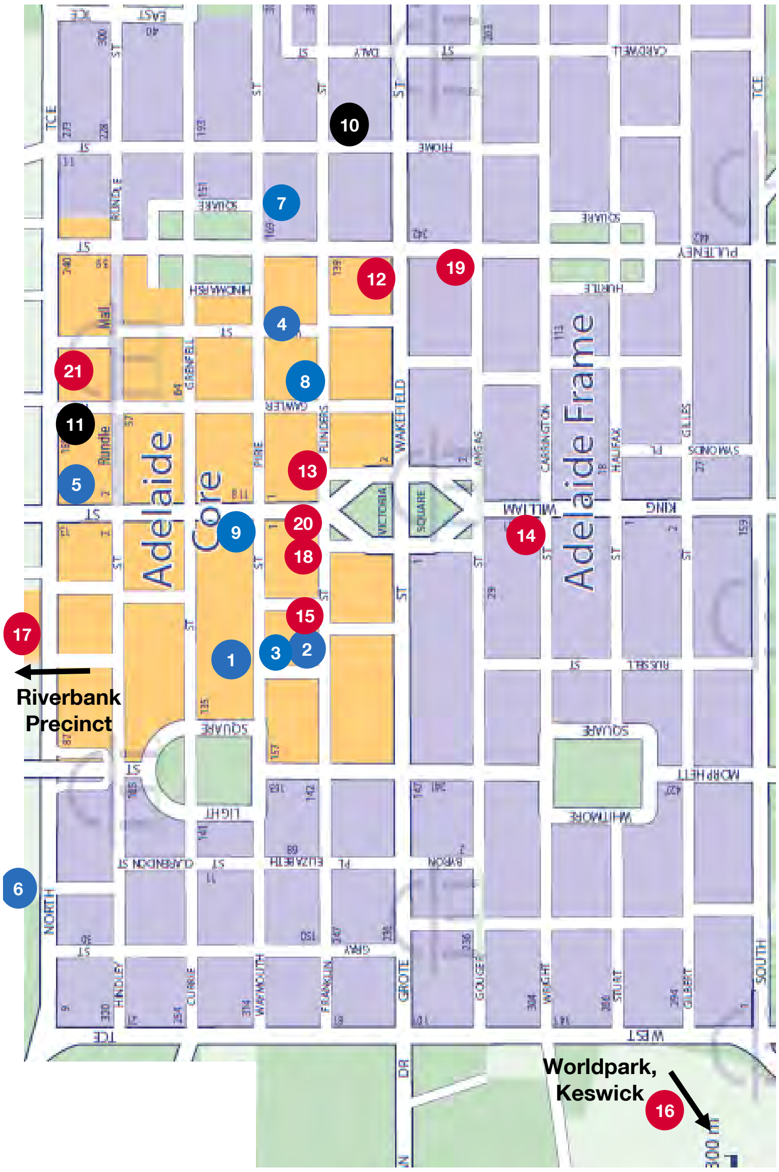
NB. Dates are Knight Frank Research estimates
Office NLA quoted
Major tenant precommitment in [brackets] next to NLA
Major refurbishment
* Mirvac/Leighton awarded the Perth City Link development contract excluding the Kings Square precinct.
KS1-5 are being developed by Leighton / Seven Group.



Source of Map: PCA

ADELAIDE

1. 100 Waymouth St # - 12,750m² [CPS & Origin Energy]
   Cromwell - Jan 2013 - 100% committed
2. 70 Franklin St - 19,363m² [PWC, DIBP, Austereo]
   Kyren - April 2013 - 72% committed
3. 81-95 Waymouth St (ex ATO) # - 17,878m²
   KTS Properties - Nov 2013 - 100% vacant
4. 101 Pirie St # - 6,788m² [*Health Partners]
   Health Partners Ltd - Apr 2014 - 65% committed
5. 2-12 King William St # - 4,820m² [RaboBank, Comm & Gen]
   Private - Sept 2014 - 23% committed
6. North Terrace "SAHMRI" ^ - 25,000m²
   S.A. Gov't - Sept 2014
7. 169 Pirie St (ex BAB) # - 8,000m² [Lucid , Channel 9, Homestart]
   Aus Property Developments - Dec 2014 - 80% comitmitted
8. 50 Flinders St - 21,431m² [People's Choice C.U. & Santos]
   Cbus - Q4 2015 - 82% committed
9. 115 King William Street - 6,500m²
   Brinz Holdings - Q2 2016
10. 170 Frome Street - 4,000m²
    Emmett Properties - Q3 2016
11. 186-190 North Terrace - 5,000m²
    Adelaide Development Company (ADC) - 2017+
12. 102-120 Wakefield St - 16,500m ²
    Kambitsis Group - 2017+
13. 2-20 Flinders St - 17,500m²
    Toga - 2017+
14. 301-317 King William St, Adelaide - 26,000m²
    Supreme Court Precinct - 2017+
15. 42-56 Franklin St - 21,000m²
    Private (Molfetas) - 2017+
16. Worldpark - Richmond Rd, Keswick - 22,600m²
    Axiom (Stage B & C) - 2018+
17. Riverbank Precinct
    Walker Corp/SA Government - 2018+
18. Tower 7 - 12-26 Franklin St - 25,000m²
    Charter Hall/Telstra Super Fund - 2019+
19. 130 Angas St (Yorke Campus Stg 2) - ~25,000m²
    Commercial & General - 2019+
20. Tower 4 - 141 King William St - 15,000m²
    Charter Hall/Telstra Super Fund - 2019+
21. 200 North Terrace - ~17,000m²
    Maras/Le Cordon Bleu - 2019+



Source of Map: Property Council
NB. Dates are Knight Frank Research estimates
Major tenant precommitment in [brackets] next to NLA
Major refurbishment
BAB Bendigo & Adelaide Bank

Under Construction/Complete
DA Approved / Confirmed
Mooted / Early Feasibility

Office NLA quoted (>5,000m²)
* Owner occupier
^ S.A. Health & Medical Research Institute
C.U. Credit Union

CANBERRA

1 3-7 Molonglo Drive, Airport - 36,000m^2
Capital Airport Group - awaiting commitment

2 4 National Circuit East, Barton - 11,582m^2
ISPT - Complete - 60% committed

3 2 Constitution Ave ^ # - 10,131m^2
ISPT - Complete - partial refurb (total NLA 20,044m^2)

4 28 Sydney Ave, Forrest - 12,500m^2 [PwC, OPC & IBM]
BDC ACT - Complete - 80% committed

5 1 Canberra Ave, Forrest - 24,500m^2 [Dept of Finance *]
Willemsen Group - Q4 2014 - 100% committed *

6 The Valley Ave & Gungahlin Pl - 9,500m^2 [ACT Govt]
KDN Group, Q2 2015 - 100% committed

7 Vernon North - Building 4, London Circuit^ - 25,000m^2
Leighton/Mirvac JV - 2018+ seeking pre-commit

8 Signature Building 2, London Circuit^ - 16,000m^2
Leighton/Mirvac JV - 2018+ seeking pre-commit

9 Section 96^ - 37,500m^2
QIC - 2017+ seeking pre-commit

10 Northbourne Square, Northbourne Ave^ - 52,000m^2
Walker Group - 2018+ seeking pre-commit

11 71 Constitution Ave, Campbell - 10,000m^2
Hindmarsh Group - 2017+

12 Nangari Street ^ - 6,500m^2
Molonglo Group - potential residential scheme - 2017+

13 45 Furzer St, Phillip - 40,600m^2
Doma Group - 2018+ seeking pre-commit

14 Section 19 (Block 4)^ - 40,000m^2
ACT Government - 2018+

15 2 Darling Street, Barton - 11,500m^2
Doma Group - 2018+

16 44 Macquarie St, Barton - 10,000m^2 mixed use
Doma/Morris Group - 2018+

17 26-28 Antill St, Dickson (ex ACT Tab bldg) - 8,000m^2
Amalgamated Group - 2020+ seeking pre-commit

18 Block 15 Section 3, Phillip - 12,500m^2 mixed use
Woden Tradesman Club - DA Lodged

19 Landmark Building, London Circuit^ - 50,000m^2
Leighton/Mirvac JV - mooted

20 Vernon South - Building 3, London Circuit^ - 25,000m^2
Leighton/Mirvac JV - mooted

21 45 Callam Street, Phillip - 17,500m^2
Hindmarsh Group - Mooted, seeking pre-commit

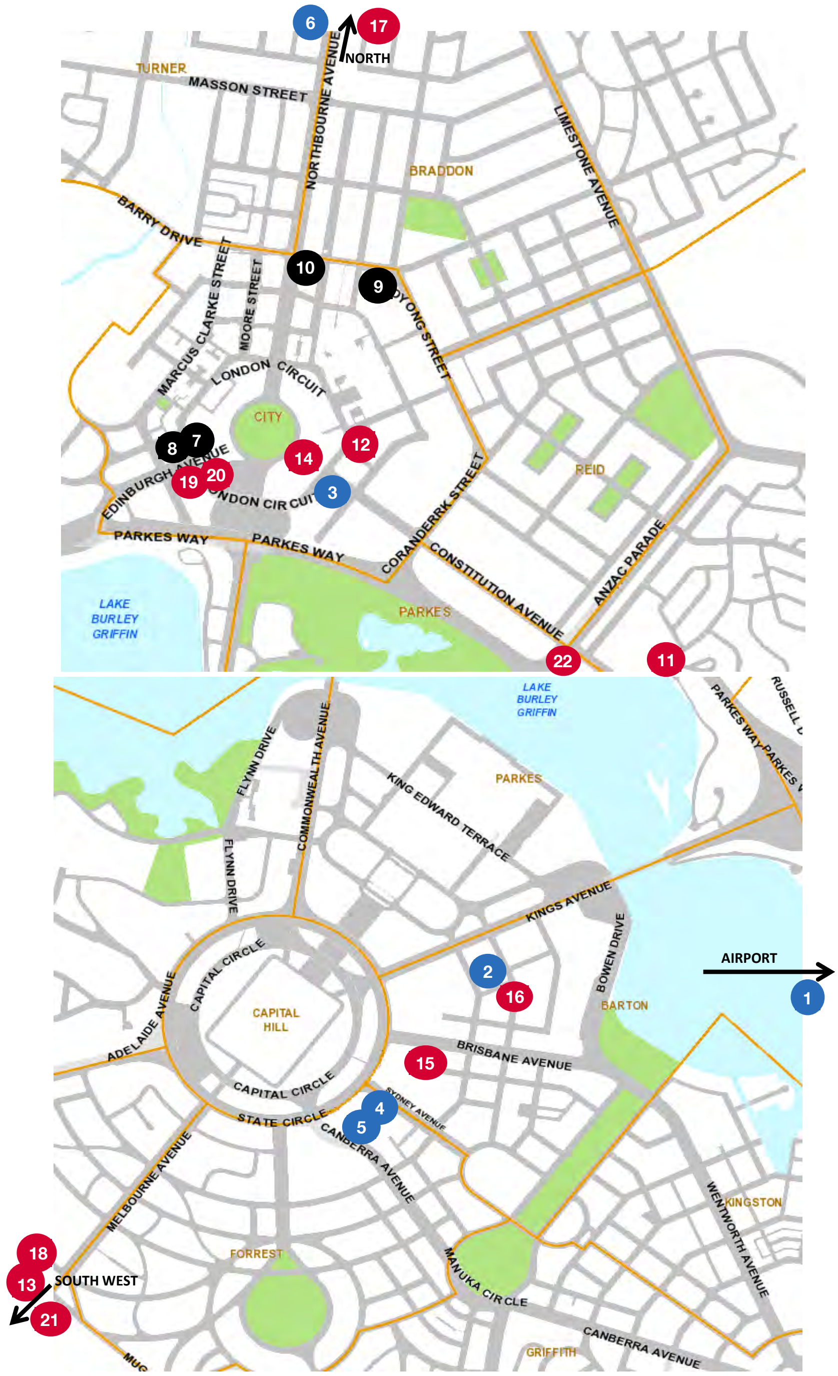
22 Anzac Park East, Parkes # - 12,534m^2
Federal Govt - mooted

NB. Dates are Knight Frank Research estimates
Major tenant precommitment in [brackets]
* Under Offer - recently tabled in parliament for new lease
^ Civic precinct
Office NLA quoted
Major refurbishment

Under Construction/Complete

DA Approved / Confirmed / Site Works

Mooted / Early Feasibility



Map source: ACT Planning and Land Authority (ACTMAPi)

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RESEARCH

Matt Whitby
Group Director
Head of Research and Consultancy
+61 2 9036 6616
Matt.whitby@au.knightfrank.com

Jennelle Wilson
Director—Research QLD
+61 7 3246 8830
Jennelle.wilson@au.knightfrank.com

Richard Jenkins
Director—Research Vic
+61 3 9604 4713
Richard.jenkins@au.knightfrank.com

Nick Hoskins
Director—Research NSW
+61 2 9036 6766
Nick.hoskins@au.knightfrank.com

OFFICE LEASING

John Preece
Head of Office Agency & GCS—Australia
+61 2 9028 1110
John.Preece@au.knightfrank.com

CAPITAL MARKETS

James Parry
Head of Institutional Sales—Australia
+61 2 9036 6758
james.parry@au.knightfrank.com

Paul Henley
Head of Commercial Sales—Australia
+61 3 9604 4760
Paul.henley@au.knightfrank.com

AUSTRALIA

Stephen Ellis
CEO, Australia
+61 2 9036 6611
Stephen.Ellis@au.knightfrank.com

Knight Frank

Newmark Knight Frank Global