

MARKETBEATS

5.0%

ST KILDA RD A-GRADE
NET FACE GROWTH (YOY)

20

DEVELOPMENTS UNDER
CONSTRUCTION (43,895 SQM)

21%

ST KILDA RD B-GRADE GROSS
FACE GROWTH (YOY)WHAT'S
NEXT

HIGHLIGHTS

Multiple developments nearing completion

Melbourne's CBD fringe market is undergoing a substantial transformation driven by population growth, low CBD vacancy, and changing work practices. Suburbs such as Richmond, Cremorne and Burnley are brimming with new office developments with developers jostling to cash in on Melbourne's demand boom. There are now 20 developments under construction, with eight (43,895sqm) to be completed in 2019.

Rents increasing

Grade A rents have been increasing, particularly in the St Kilda Rd office precinct where gross face rents have increased by 8% year-on-year to \$560 per sqm per annum. A lack of tenancy options across the board has also seen Grade B rents rise where gross face rents have increased by 21% year-on-year to \$540 per sqm per annum. Pre-commitment net face rents in suburban CBD fringe markets range around \$575 per sqm per annum.

Coworkers opening

Coworkers have been active in their uptake of suburban Melbourne office stock, as they have been elsewhere in Australia. Recently The Commons pre-committed to a new development at 10-12 Gwynne Street, Cremorne. Elsewhere a plethora of providers have opened including WeWork, Space&Co, Dexus Place and the Hub.

ECONOMIC INDICATORS

	Q4 18	Q1 19	12-Month Forecast
GDP Growth (National)*	2.8%	2.5%	▲
State Final Demand Growth (VIC)*	5.0%	4.6%	▼
Unemployment (VIC)†	4.2%	4.6%	■

*Average annual growth rate, †Seasonally adjusted

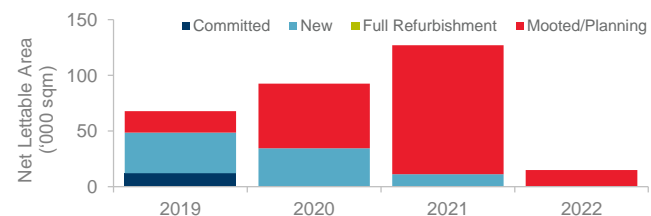
Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

A-GRADE FRINGE NET EFFECTIVE RENTS



Source: Cushman & Wakefield Research

MELBOURNE FRINGE SUPPLY PIPELINE



Source: Cushman & Wakefield Research; PCA

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SUBMARKET	NET FACE RENT (A\$)	OUTGOINGS (A\$)	NET INCENTIVES	NET EFFECTIVE RENT		
				A\$/SQM/YR	US\$/SQM/YR	EUR/SQM/YR
Southbank A-Grade	560	165	25%	420	291	258
St Kilda Road A-Grade	420	140	21%	330	229	202
St Kilda Road Secondary Grade	385	155	26%	285	198	175
Suburban A-Grade	460	120	17.5%	380	263	233
Suburban Secondary Grade	295	110	20%	235	163	144

AUD/USD = 0.6931; AUD/EUR = 0.6133 as at 20th June 2019

RECENT LEASING ACTIVITY

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
570 Church St, Richmond	City Fringe	Red Energy	10,000	New
700 Swanston St, Carlton	City Fringe	Melbourne University	10,000	Precommitment
658 Church St, Richmond	City Fringe	7-Eleven	7,000	New
509 St Kilda Rd, Melbourne	St Kilda Road	Broad Spectrum	3,377	New

SIGNIFICANT PROJECTS

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	COMPLETION DATE
588 Swan Street, Richmond	City Fringe	-	7,175	Q4 2019
600 Church Street, Cremorne	City Fringe	-	5,793	Being built on Spec – Q1 2020
60 Cremorne Street, Cremorne	City Fringe	SEEK	27,653	2020
57 Balmain Street, Cremorne	City Fringe	Reece Plumbing	6,526	Q3 2020
700 Swanston St, Carlton	City Fringe	Melbourne University	28,700	Q4 2020
101 Moray Street, South Melbourne	City Fringe	-	14,473	Q1 2020
68 Clarke Street, South Melbourne	Southbank	-	8,560	Q1 2020
21 Harcourt Parade, Cremorne	City Fringe	MYOB	10,000	2021
510 Church Street, Cremorne	City Fringe	-	20,744	Subject to precommitment

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