



More than \$2 billion of deals were struck in the Brisbane CBD and city fringe last financial year

Economic bounce boosts Brisbane

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DEALS

The Brisbane office market is starting to see the effects of an economic turnaround in Queensland, with deals worth more than \$2 billion in the CBD and city fringe struck last financial year.

Savills Research for the second quarter of 2018 found both markets had seen a flurry of activity as investors began to see long-term potential in the river city thanks to positive employment and population growth.

State director of capital transaction Queensland, Peter Chapple, said anecdotal evidence suggested the increased investor interest in Brisbane office assets would continue to gain momentum.

"The Brisbane turnaround story is now taking shape," Mr Chapple said.

"There is a genuine sense of improvement in the occupier markets and increased confidence from buyers looking to position themselves to take advantage of this dynamic."

He said sales in the fringe office markets were being driven by interest from both foreign and domestic private investors seeking assets in the \$10 million to \$50m

range. Demand for larger, more prized prime-grade assets was predominantly coming from domestic institutional investors, Mr Chapple said.

"We expect this level of interest to increase considerably over the next six months, as investors chase capital value growth relative to the other east coast markets," he said.

In the city's largest deal of the year, US funds outfit JPMorgan Asset Management last week snapped up a 22-level Albert Street tower for \$252m.

Financial services group Challenger sold the A-grade building, which is tenanted by the Queensland government until 2022.

Meanwhile two new leasing deals at 82 Eagle Street in Brisbane CBD's Golden Triangle have been struck.

Local accounting and auditing firm Bryant and Co will relocate from Wharf Street to lease 110sq m on level seven, while global resources firm Jereh Group is taking 122sq m on level three, at the market rate of \$525sq m, in deals negotiated by JLL office leasing executive Brandon Ciocca.

Mr Ciocca said an increase in tenant demand would help offset recent office vacancies.

Rental growth is expected over the next 12 to 18 months, as larger financial services providers look for more space in Brisbane CBD.

AAP