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Demand is low for the cool, unavailable type

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AMID a number of new leasing deals across Sydney's central business district, sentiment in the commercial property sector in Australia and New Zealand is showing signs of cooling, according to the latest survey issued by the Royal Institution of Chartered Surveyors (RICS).

It says that while Australia continues to report positive rental expectations for the coming quarter, tenant demand fell back into the negative for the first time since 2009 and investor sentiment was also more subdued.

The RICS *Oceania Commercial Property Survey* is a quarterly guide to the developing trends in commercial property investment and occupier markets around the world.

The managing director of RICS Asia Pacific, Kaye Herald, said the Oceania market was following worldwide trends as economic conditions cooled.

"However, rental expectations throughout the region continue to look positive moving into the final quarter of the year," she said.

This news came as Mirvac and Investa Office Fund completed new leases at 10-20 Bond Street in Sydney, resulting in the asset being more than 89.9 per cent committed.

The tenants in the property, which has undergone a \$60 million refurbishment, include Origin Energy, the Australian Institute of Company Directors, Johnson Winter & Slattery, Hudson and ClearView.

Based on the new leases, prime office availability in the Sydney CBD continues to tighten, hitting its second-lowest level since February 2009, according to the latest research from Savills.

A *Savills Prime Full Floor Availability* report on the CBD market shows current availability, based on full floors available for lease now and in the next two years, had fallen to 10.9 per cent in September.

The total number of prime full floors available fell to 259 in September, having held firm at 271 (or 11.5 per cent) for the previous three months, according to the associate research director for NSW at Savills, Simon Hemphill.

He said the *Prime Full Floor Availability* report assessed office leasing markets in a different manner from standard vacancy surveys.

"Whilst Sydney houses the majority of the nation's banking and finance sector, and associated businesses, it has only marginally been affected by the recent volatility of world financial markets," Mr Hemphill said.

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