

# Melbourne CBD



## OVERVIEW

Net incentives continued to track upward in Q1 2020, with Premium Grade incentives growing 8.5% over the quarter, to reach 29%. Grade A net incentives also reached 29%, up 7.4% for the quarter. Face rental growth stalled in Q1 2020, remaining at Q4 2019 levels. However, with the increase in net incentives, year-on-year Prime Grade net effective rent growth was negative for the first time since Q3 2014, slipping 1.7% to an average of \$455 per square metre per annum.

## FUNDAMENTALS

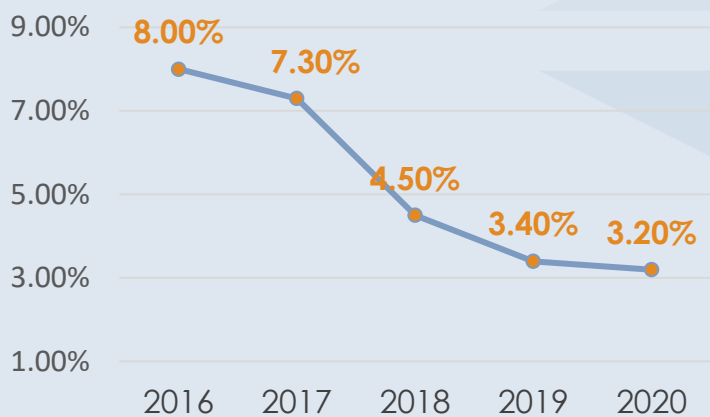
Forecast

YTD net absorption	-2,908 sqm	▼
Under construction	292,700 sqm	▲
Average asking rent (gross)	\$807.5	▲
Concessions	Rising	▲

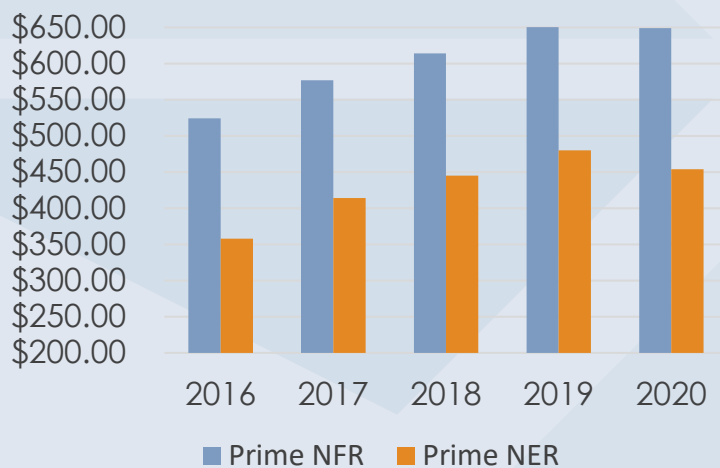
  

<p><b>Market Size</b> 2.3 Million</p>	<p><b>Myer Pre-committed</b> Largest Office Deal 1000 La Trobe St 11,000 sqm</p>	<p><b>Total Vacancy</b> 2.1%</p>
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## TOTAL VACANCY



## AVERAGE ASKING RENTS



## OUTLOOK

The global pandemic that is COVID-19 has and continues to deliver a range of financial and economic consequences across the globe. Nationally we have seen a range of responses: the Australian government stimulus package, the RBA cutting the cash rate by 25bps to a record low of 0.25%, and borders being closed are just a few of the many responses. In light of this, it is still too early to gauge the impacts on the economy and property markets, though we expect to get some glimpses as more data is collected in Q2 2020. At a state level, Victoria State Final Demand growth softened considerably, down from 5.4% in December 2018 to 1.8% in December 2019. Pre-COVID-19 forecasts showed State Final Demand growth holding steady at around 1.8% by early 2021, however it is expected that future State Final Demand forecasts will be revised down.

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