



**SUITE
SPOT.**

**NATIONAL
OFFICE LEASING
SPEC SUITE REPORT.**



CONNECTING PEOPLE & PROPERTY, PERFECTLY.



SUITE SPOT IS KNIGHT FRANK OFFICE LEASING'S INAUGURAL REPORT FOR SPECULATIVE AND PRE-SPECULATIVE FITTED SUITES.

Suite Spot has been created to provide our clients with the most up-to-date information on suites, and to offer greater context on emerging trends in this market segment.

Moving between offices is time consuming and complex, creating unnecessary distraction. Therefore many organisations delay the decision, even when they are fixed on the idea of moving. Suite Spot provides knowledge around the trend for offering organisations the ability to move into a fully built and fitted working environment, hassle free, allowing them to focus on their core business.

Knight Frank has assembled an unrivalled team of experts to form Australia's first, truly National Suite's business and we look forward to sharing this initiative more broadly.

"We value your trust and in return we fully anticipate providing unparalleled service to you, without compromise."



David Howson
Head of Office Leasing, Australia

KNIGHT FRANK NATIONAL OFFICE LEASING.

Knight Frank are the world's largest privately owned property consultancy.

With over 120 years' experience, we provide our clients with global coverage through 418 offices in 60 countries and more than 15,020 property professionals throughout Europe, Asia-Pacific, Africa, the Middle East and the Americas, focusing on all the prime residential and commercial property markets of the world. In Australia, Knight Frank employs over 1,000 professionals in 25 offices.

OFFICE LEASING EXPERTISE.

At Knight Frank we offer a different approach, providing expert advice to landlords and tenants across the Australian office market. We deliver real value through carefully formulated property strategies and robust negotiation, in all Australian major markets for landlords, multinational businesses and local occupiers.

YOUR TRUSTED ADVISOR.

- Knight Frank Office Leasing is committed to achieving extraordinary outcomes for our clients and customers as professional trusted advisors, embracing collaboration, open communication and team work.
- Our dedicated National team of highly capable and experienced property professionals provide our clients with an unrivalled standard of service and expertise.
- Our relationship with our clients is a truly trusted partnership. We strive to be at the forefront of technology and marketing initiatives and be best-in-class innovative and strategic thinkers.
- Knight Frank represents owners and investors' interests exclusively in the pre-commitment and project leasing of major Prime Grade office accommodation across all major CBD, metro and fringe markets across Australia.

OUR SERVICES & SOLUTIONS.

Our Knight Frank Office Leasing team of highly experienced and dedicated professionals provide a complete range of integrated services and capabilities to help find the best property solutions to suit your leasing needs.

We are uniquely placed to provide advice on all aspects of office leasing including:

- Major Project Leasing
- Building Repositioning
- Client Advisory
- Rental / Lease Negotiation

SYDNEY SUITE SPOT.



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"DUE TO AN INCREASE IN SPEC SUITES, WE ARE SEEING A CONVERGENCE IN ASKING RENTS BETWEEN PREMIUM AND A-GRADE MARKETS."

MARKET HIGHLIGHTS.

Spec suites in the market currently range in size between 85sqm to 692sqm. Of these, there is a large concentration of spec suites between 200sqm to 300sqm in size.

Due to new spec suites available at Australia Square and the MLC Centre, asking rents for spec suites in the Premium and A-Grade markets have converged, averaging between \$1,450 - \$1,500 psm pa (gross).

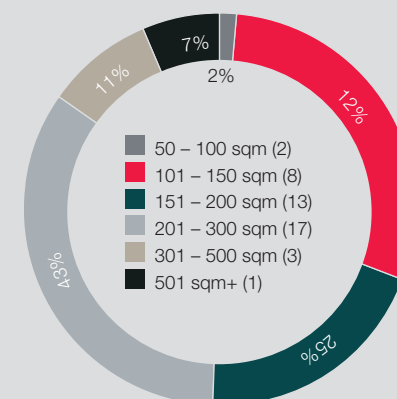
In the CBD market, there are currently 44 spec suites available in the market, comprising circa 9,300sqm of space. The majority of these suites are located in the B-Grade market, however, we have seen an increase of A-Grade spec suites as a result of new builds at Australia Square and the MLC Centre. It is also interesting to note that the Core precinct of the CBD comprises nearly three quarters of all spec suites available in the market.

As a result of the new spec suites available at the MLC and Australia Square, we have seen a convergence of asking rents between the Premium and A-Grade markets (\$1,506/sqm pa v \$1,465/sqm pa (gross)). B-Grade spec suites continue to be priced at a significant discount, averaging \$1,055/sqm pa (gross).

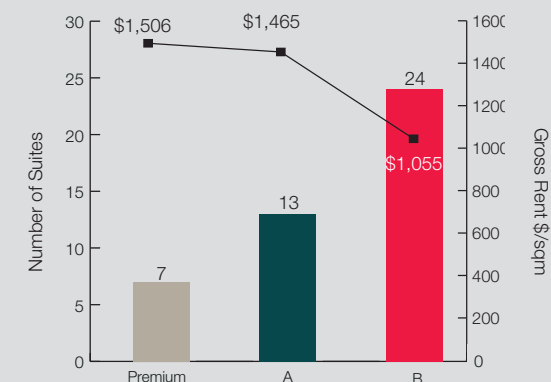
Demand for spec suites continues to increase.

WHERE ARE THE LEASING SWEET SPOTS?

Speculative Suites by Size



Speculative Suites Available by Grade & Average Gross Rent



CASE STUDY.



SUITE 9.04, TOWER B, 821 PACIFIC HIGHWAY, CHATSWOOD.

Tenant Mrs Macs

Size 166.3 sqm

Owner Centuria 50% & BlackRock 50%

Time to build 8 weeks

Rental uplift \$75/sqm

Days on market

0 Days – leased prior to completion.

Rent & outgoings

\$535/sqm Net & outgoings \$111.15

Background Mrs Macs were looking to relocate to a metro CBD location. The convenience of a fully spec built, brand new tenancy was the major draw card over an existing fit out which needed further changes at a higher rent. The lessor was able to set a new benchmark rent.

CASE STUDY.



SUITE 4.04 130 PITT STREET, SYDNEY.

Tenant SpotXchange Australia Pty Ltd

Size 110.4 sqm

Owner CLSA

Time to build 6 weeks

Rental uplift Circa \$50/sqm

Days on market 1 month

Rent & outgoings

\$715/sqm Net & outgoings \$172

Background The convenience of having a turn key solution in a building which was aligned with SpotXchange's office space search criteria of a more central CBD location and was managed by a large institutional landlord were the deciding factors in SpotXchange securing the space.

MELBOURNE SUITE SPOT.



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"OVER 5,000 SQM OF SPECULATIVE SUITES CURRENTLY AVAILABLE IN THE MELBOURNE CBD."

MARKET HIGHLIGHTS.

Melbourne's speculative suites range from 155 sqm to 550 sqm.

On average, speculative suites are being leased at a 10 – 15% premium on non-speculative suites within buildings.

Speculative Suites are significantly reducing the downtime of whole floor vacancies by as much as 9 months.

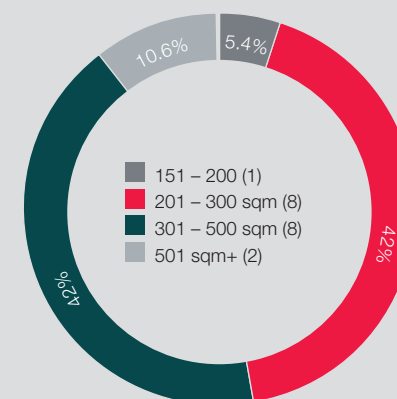
The Melbourne leasing landscape has changed dramatically over the past 4 years with small suite demand continually on the rise. Knight Frank has recorded a four times in enquiry in the 100 – 500 sqm range over this period. It is this enquiry, coupled with a generational shift in the way people are looking to work which, supports a speculative suites strategy.

Evidence shows buildings which contain speculative suites remain on the market for less time. The turn-key solutions allow businesses to transition smoothly into a new office space, without the need to worry about project managing a fit out and the associated downtime involved.

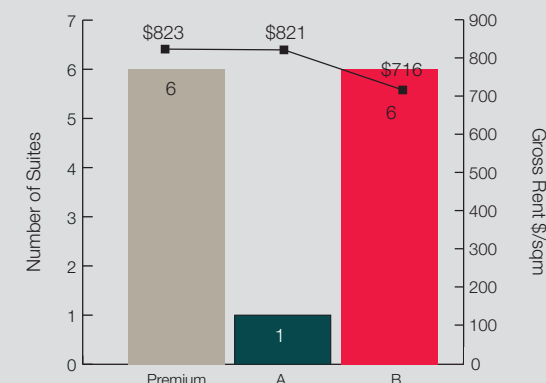
This coupled with Melbourne's already low vacancy rate has allowed some speculative suites to lease in record times.

WHERE ARE THE LEASING SWEET SPOTS?

Speculative Suites by Size



Speculative Suites Available by Grade & Average Gross Rent



CASE STUDY.



LEVEL 12, 500 COLLINS STREET, MELBOURNE.

Tenant Root Partnerships

Size 277 sqm

Owner Kamirice

Time to build 8 weeks

Rental uplift Approx 17%

Days on market

Leased before completion of suite.

Background The lessee was looking to move to quality building and there was strong competition. The success of the three suites delivered on this floor lead to pre-commitments from tenants on other floors.

KEY APPOINTMENTS.

360 Elizabeth Street

Client GPT Group

Size 271 – 367 sqm

Agents Simon Hale & Hamish Sutherland

500 Collins Street

Client Kamirice

Size 166 – 430 sqm

Agents Simon Hale & Michael Nunan

140 William Street

Client REST

Size 250 – 1,233 sqm

Agents James Pappas & Hamish Sutherland

KEY DEALS.

Level 20, 114 William Street

Client AFIAA

Size 350 sqm

Rental Uplift Approx 15%

Level 12, 500 Collins Street

Client Kamirice

Size 430 sqm

Rental Uplift Approx 15%

Level 12, 500 Collins Street

Client Kamirice

Size 277 sqm

Rental Uplift Approx 17%

BRISBANE SUITE SPOT.



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MARKET HIGHLIGHTS.

There are over 27,000 sqm of speculative suites in Brisbane.

Specs suites range from 60 to 916 sqm.

All grades of buildings from Premium to C-Grade are offering speculative suites.

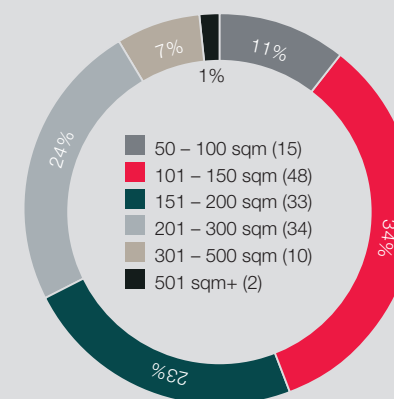
There is currently circa 27,000 sqm of speculative suites in the Brisbane Market. Whilst there's an oversupply of speculative suites, the tenant demand continues to remain solid.

57% of speculative suites in the market are in the size bracket of 100 – 200 sqm.

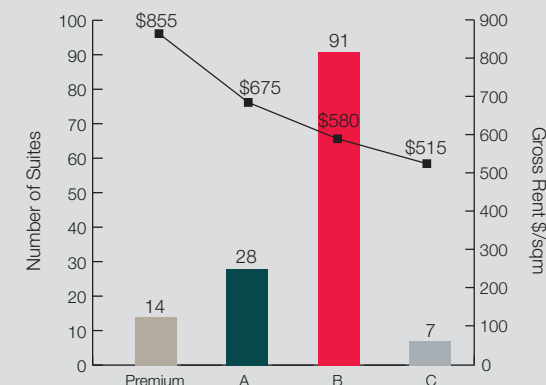
The general feeling in the market is positive with tenants making decisions to relocate their businesses, predominantly into new speculative suites. The Landlords that have refurbished their buildings and provided market deals are outperforming their competitors.

WHERE ARE THE LEASING SWEET SPOTS?

Speculative Suites by Size



Speculative Suites Available by Grade & Average Gross Rent



CASE STUDY.



LEVEL 17, 324 QUEEN STREET, BRISBANE.

Tenant Empire Group

Size 217sqm

Owner Investec and Abacus Property Group

Time to build 4 weeks

Rental uplift \$30/sqm from initial rent

Days on market

5 weeks from completion of the fitout

Rent & outgoings \$625/sqm Gross

Background Lessee was looking to move to a better quality building and there was strong competition from neighbouring assets. The success of the 4 suites delivered on this floor led to pre-commitments from other tenants on other floors. Over 10 speculative suites have leased in the building in the last 12 months.

KEY APPOINTMENTS.

127 Creek Street

Client Firmus Capital

Size 77 – 299 sqm

Agents Michael O'Rourke & Nicholas Ritchie

324 Queen Street

Client Investec & Abacus Property Group

Size 150 – 236 sqm

Agents Jamie Nason & Michael O'Rourke

340 Adelaide Street

Client Mirvac

Size 110 – 175 sqm

Agents Jamie Nason & Michael O'Rourke

KEY DEALS.

Level 3, 340 Adelaide Street

Client Mirvac

Size 129 sqm

Rent \$595/sqm

Tenant Rubicon Red

Level 8, 241 Adelaide Street

Client Australian Unity

Size 110 sqm

Rent \$595/sqm

Tenant SAN Realty

Level 23, 324 Queen Street

Client Investec & Abacus Property Group

Size 239 sqm

Rent \$625/sqm

Tenant Burgess Rawson

PERTH SUITE SPOT.



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**"THERE ARE OVER 11,000 SQM OF
SPECULATIVE SUITES IN PERTH."**

MARKET HIGHLIGHTS.

There are over 11,000 sqm of speculative suites in Perth.

Speculative suites range from 100 to 645 sqm.

Predominantly A-Grade buildings are undertaking speculative fitouts.

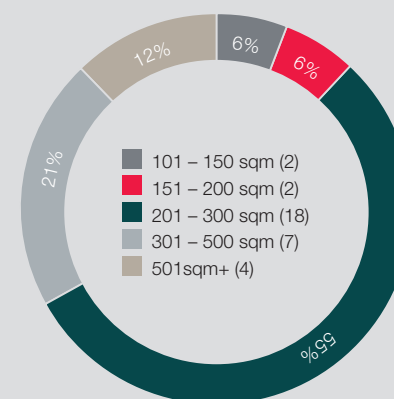
There is an increasing trend in the Perth CBD office market, particularly for tenancies of 100 – 300 sqm, whereby landlords are experiencing success with securing new tenants by building speculative fitouts.

The typical lease term for these new lease commitments is 5 years however some landlords are open to shorter lease terms of 1 – 3 years, with the view that the speculative fitout will still be of good quality and can be re-leased if the tenant doesn't renew their lease and that the market will arguably be better when the lease expires in 1, 2 or 3 years' time.

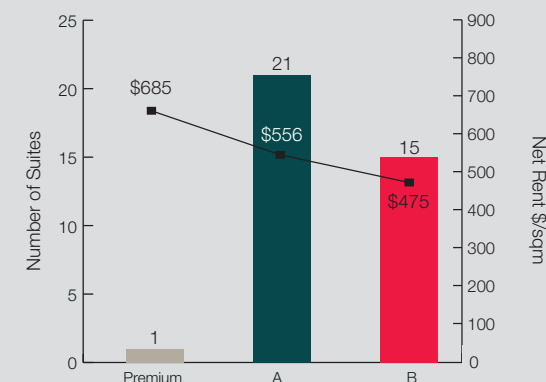
It's important to note that in addition to providing a new speculative fitout, landlords are also having to offer an incentive of 20 – 30%, which tenants generally take as rental abatement.

WHERE ARE THE LEASING SWEET SPOTS?

Speculative Suites by Size



Speculative Suites Available by Grade & Average Net Rent



CASE STUDY.



LEVEL 7, AUSTRALIA PLACE, 15-17 WILLIAM STREET, PERTH.

Tenant Subsea7

Size 1,226 sqm (full floor)

Owner Primewest

Time to build 10 weeks

Rental uplift Nil

Days on market Nil. Leased during construction of the speculative fitout.

Rent & outgoings \$525/sqm Net + \$162/sqm

Background Lessee relocated from another A-Grade CBD building, consolidating from two floors to one. Very few if any other buildings were offering newly completed fitouts of this size. The lessor had success with leasing three other floors with a new speculative fitout prior to this deal occurring.

KEY APPOINTMENTS.

40 St Georges Terrace

Client St Martins Properties

Size 271 sqm

Agents Kendall Main & Sallese Wilmot-Barr

40 The Esplanade

Client Syndicate

Size 176 sqm

Agents Kendall Main & Greg McAlpine

150 St Georges Terrace

Client Portland Properties

Size 240 & 253 sqm

Agents Kendall Main & Greg McAlpine

KEY DEALS.

Level 10, 15-17 William Street, Perth

Client Primewest

Size 1,226 sqm

Rent \$525/sqm

Tenant Probuild

Level 6, 15-17 William Street, Perth

Client Primewest

Size 1,226 sqm

Rent \$525/sqm

Tenant Hexagon Mining

Level 2, 15-17 William Street, Perth

Client Primewest

Size 1,226 sqm

Rent \$520/sqm

Tenant Resolute

CANBERRA SUITE SPOT.



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"THERE IS CURRENTLY AN UNDERSUPPLY OF QUALITY FITTED OUT TENANCIES UNDER 250 SQM."

MARKET HIGHLIGHTS.

Spec suites dramatically reduce vacancy downtime for owners.

Smaller tenants tend to prefer fitted out tenancies that they can move straight into.

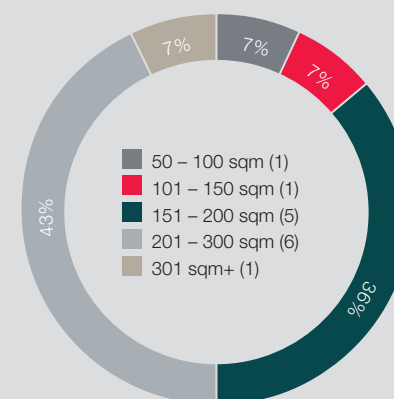
Spec suites in Canberra have ranged from 60 to 435 sqm.

The current vacancy rate for the ACT is at 13.1%. To stand out from competitors more owners are beginning to sub-divide their larger spaces or whole floors into smaller tenancies and completing spec fitouts in each. Most spec suites have leased within months of completion, and there is currently an undersupply of quality fitted out office tenancies.

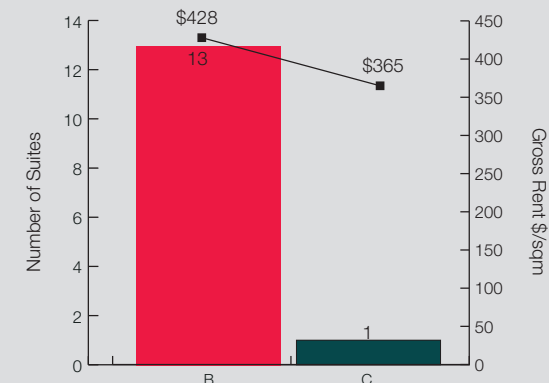
The demand from tenants, particularly in the smaller sized suites, has seen a move to completed fitouts that they can move into immediately. Spec suites give them an option that they can visualise, is ready to move in, and has the flexibility for minor alterations if needed.

WHERE ARE THE LEASING SWEET SPOTS?

Speculative Suites by Size



Speculative Suites Available by Grade & Average Gross Rent



CASE STUDY.



LEVEL 4, 60 MARCUS CLARKE STREET, CANBERRA.

Tenant Evolve FM

Size 425 sqm

Owner Centuria

Time to build 4 weeks

Rental uplift \$25/sqm from initial rent

Days on market

3 months from completion of the fitout

Rent & outgoings \$425/sqm Gross

Background Tenancy had been vacant for over 3 years prior to the owner making the decision to construct the spec fitout. This was the first spec fitout Centuria completed in Canberra, and its success was the catalyst to complete 6 others within 18 months, in both 54 and 60 Marcus Clarke Street, leading to two fully leased assets.

KEY APPOINTMENTS.

12 Moore Street

Client AMP Capital

Size 75 – 275 sqm

Agents Daniel McGrath & Erika Stone

243 Northbourne Avenue

Client Cromwell

Size 173 - 372 sqm

Agents Erika Stone & Daniel McGrath

60 Marcus Clarke Street

Client Centuria

Size 203 – 429 sqm

Agents Daniel McGrath & Erika Stone

KEY DEALS.

Level 3, 64 Northbourne Avenue

Client Australian Unity

Size 227 sqm

Rent \$420/sqm Gross

Tenant Avoka Technologies

Level 1, 243 Northbourne Avenue

Client Cromwell

Size 224 sqm

Rent \$395/sqm Gross

Tenant Spiire Australia

Level 3, 54 Marcus Clarke Street

Client Centuria

Size 241 sqm

Rent \$410/sqm Gross

Tenant Mediabrand Australia

KNIGHT FRANK PROJECT MANAGEMENT & BUILDING CONSULTANCY DELIVERS SPEC SUITE FOR AMP CAPITAL AND PRIMEWEST IN WA.



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[READ MORE ABOUT KNIGHT FRANK PMBC](#)

Knight Frank Project Management & Building Consultancy ("PMBC"), in partnership with AMP Capital and Primewest, have successfully delivered the brand new speculative suite at Level 23, Exchange Tower, 2 The Esplanade, Perth.

On behalf of our clients, Knight Frank PMBC managed this four week project turn around on a made good space, in conjunction with the designer IA Group, engineer ARUP and contractor OPRA Projects.

This 241sqm suite comprises a reception seating area, a boardroom, a meeting room, a breakout area with all appliances, and open plan workspace for 22 employees, fully wired and ready to go. The design was aimed towards the premium target market Exchange Tower generally accommodates. The finishes incorporate elegant and refined materials to achieve this.

Spec suites such as this are becoming increasingly popular with landlords, designed to entice new tenants to the building and provide a modern, high quality space for small to medium sized businesses.

AMP Capital's Office and Industrial Investment Manager, Dhani Matthews said:

"THE KNIGHT FRANK PMBC TEAM DELIVERED THE SPEC SUITE ON A TIGHT PROGRAM TO A VERY HIGH STANDARD, IT WAS DELIVERED AHEAD OF TIME, UNDER BUDGET AND EXCEEDED OUR EXPECTATIONS.

WE WOULD NOT HESITATE TO RECOMMEND THE KNIGHT FRANK TEAM."



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Residential

International Project Marketing

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