

This report, for the first time, provides an independent review on the full extent and dynamics of Perth's suburban office markets from Port Kennedy in the south, Kalamunda in the east and Butler in the north. Its parameters cover 2,243 office buildings in 151 suburbs across Perth and include total stock, including vacancy and supply figures, with a comprehensive analysis of future supply and development details.

Key Findings

Perth's suburban office market comprises 1,512,169 million square metres of office space. This is double the highest previous estimate. The results of this report account for a 44.9% addition to surveyed office stock in Western Australia.

Currently, there is 176,965 sq m vacant in 524 buildings across Perth's suburbs. This represents a vacancy rate of 11.7%.

For the purpose of the report, the 151 suburbs with office space have been broken down into seven separate sub-regions:

Region	Key Suburbs	Total Stock (Sq M)	Current Vacancy Rate (%)
Inner South	Applecross/Mount Pleasant; Booragoon; Fremantle	217,046	12.5
Outer South	Armadale/Kelmscott; Cannington; Rockingham	114,746	15.4
Inner North	Herdsmen; Leederville; Northbridge; Osborne Park; Stirling	440,200	10.4
Outer North	Joondalup; Wanneroo	45,423	19.4
Inner East	Belmont; Burswood; East Perth; Victoria Park	306,461	11.4
Outer East	Perth Airport; Midland/Guildford	111,203	10.5
West	Claremont; Nedlands; Subiaco; Wembley; West Leederville	277,090	11.2
Total/Average		1,512,169	11.7

In terms of quality, 22% of suburban office stock is A Grade, 26% is B Grade, 48% is C Grade and 4% is D Grade.

In terms of age, 15.6% of suburban office stock was developed prior to 1980, 32.6% was developed during the 1980s, 21.7% was developed during the 1990s, 27.9% was developed during the 2000s and 2.2% was added in 2011.

In terms of size, Subiaco, at 151,157 sq m, is the largest suburban office market, followed by Northbridge, 141,620 sq m, Herdsmen, 124,160 sq m and East Perth, 105,005 sq m.

In terms of vacancy rates, in markets with less than 10,000 sq m of office stock, the best performing suburbs are Gosnells 0%, Wangara 0% and Jolimont 0.8%. The worst performing suburbs are Wanneroo 62.7%, Rivervale 58% and Bibra Lake 44.6%.

In markets with between 10,000 sq m and 25,000 sq m of office stock, the best performing suburbs are Perth Airport 5.1%, Mount Pleasant 5.2% and Applecross 6.8%. The worst performing suburbs are: Bentley 39.3%, Rockingham 25.4% and Claremont 24.8%.

In markets with greater than 25,000 sq m of office stock, the best performing suburbs are Herdsmen 5.1%, East Perth 5.6% and Midland 6.1%. The worst performing suburbs are: Fremantle 19.5%, Northbridge 14.5% and Nedlands 14%.

The average Total Occupancy Cost for office space across Perth's suburbs is \$447 per sq m. Based on Total Occupancy Cost, the average saving a tenant can make by moving from the Perth CBD to Perth's suburbs is 40.6%. On the same basis, West Perth tenants moving to the suburbs can save 26%.

In terms of new development, 7,174 sq m was scheduled to be completed in the last quarter of 2011, 91,202 sq m is currently under construction and, excluding proposed Activity Centre supply, there is 142,306 sq m actively seeking pre-commitments/pre-sales.

Thank you for your interest in Y Research's 2012 Western Australian Suburban Office Report.

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