

Evolving Workforce

Australian Office Sublease Barometer

REPORT

CBRE RESEARCH
MARCH 2024

CBRE



Sublease levels decline over first three months of 2024

National sublease volumes declined over Q1 2024, falling to 262,200 sqm. This figure represented a 3-month decline of 33,400 sqm (11.3%).

In a reversal of the trends observed over the latter part of 2023, the greatest declines observed over the first quarter occurred in Sydney and Melbourne. Sublease volumes in Sydney declined by 40,300 sqm (31.0%) over Q1 2024, while volumes in Melbourne declined by 2,600 sqm (1.7%). The listing of large blocks of space by corporate occupiers slowed in each of these markets over Q1 2024 and this allowed overall sublease levels to recede. The largest contributors to sublease volumes in Sydney and Melbourne remain Banks and Telecommunications firms.

Each of the other cities tracked by CBRE saw sublease volumes increase marginally over the first three months of the year. Brisbane, Perth, and Adelaide saw volumes increase by 4,900 sqm, 3,100 sqm, and 1,500 sqm, respectively over Q1 2024.

Despite these overall increases, the smaller markets have remained very tight from a sublease perspective. Sublease availability rates were only 0.5% in each of these markets as of the end of the period.

FIGURE 1
Sublease Availability by Market

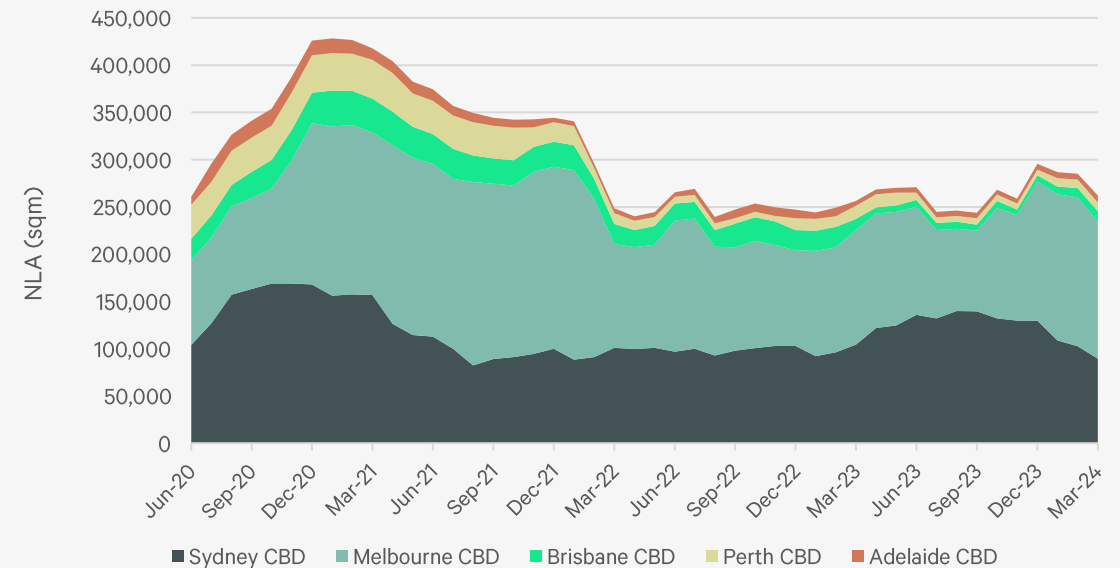


FIGURE 2
Sublease as % of Total Stock – Mar 2024

Sydney CBD	Melbourne CBD	Brisbane CBD	Perth CBD	Adelaide CBD
1.7%	2.8%	0.5%	0.5%	0.5%

Source: CBRE Research

Sublease by finance and insurance firms driving national volumes

The Finance & Insurance and Technology, Media & Telecommunications sectors remained the largest contributors to sublease availabilities in Q1 2024. These sectors accounted for a combined 73.1% of the national total as of period end. Encouragingly, sublease volumes for the Finance & Insurance sector declined by 19.7% over Q1 2024, while volumes for the Technology, Media & Telecommunications only increased by 4.1% over the first three months of the year.

Within these sectors, the Banking and Telecommunications sub-industries have continued to account for the greatest share of sublease activity across the country. Banking firms accounted for 64,000 sqm of sublease space as of the end of Q1 2024, while Telecommunications firms accounted for 47,700 sqm of sublease space. These firms have been right sizing their footprints as it has been determined that certain job functions can be completed via hybrid work arrangements. The bulk of listings by these firms were located in Sydney and Melbourne as of March 2024.

Professional services firms remained the third largest sublease sector as of March 2024, accounting for 29,300 sqm of space. This marked a quarter-over-quarter decline of 17.9% for the sector.

FIGURE 3

National Sublease Availability by Sector

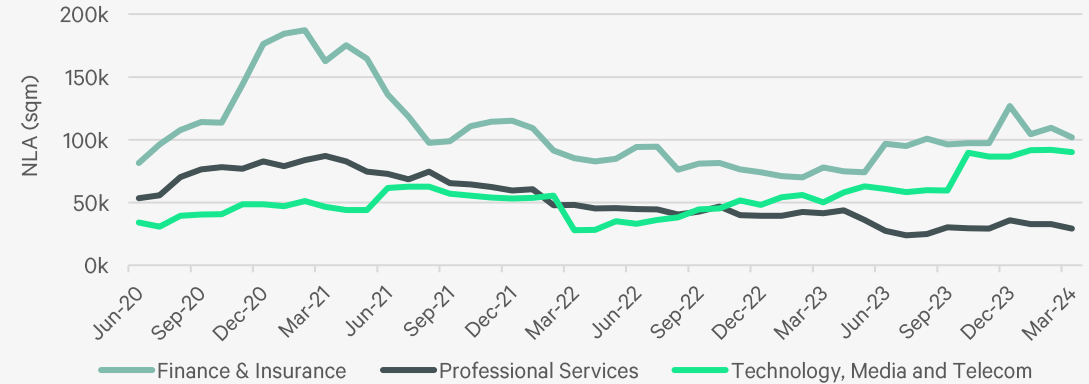
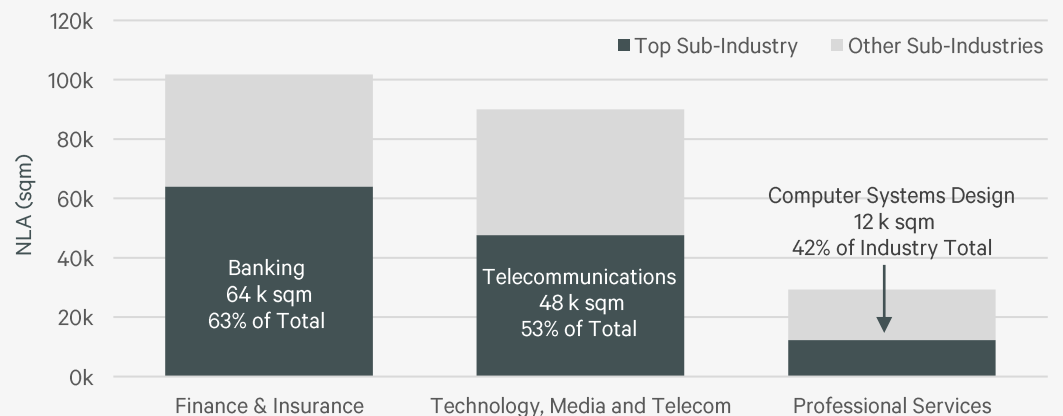


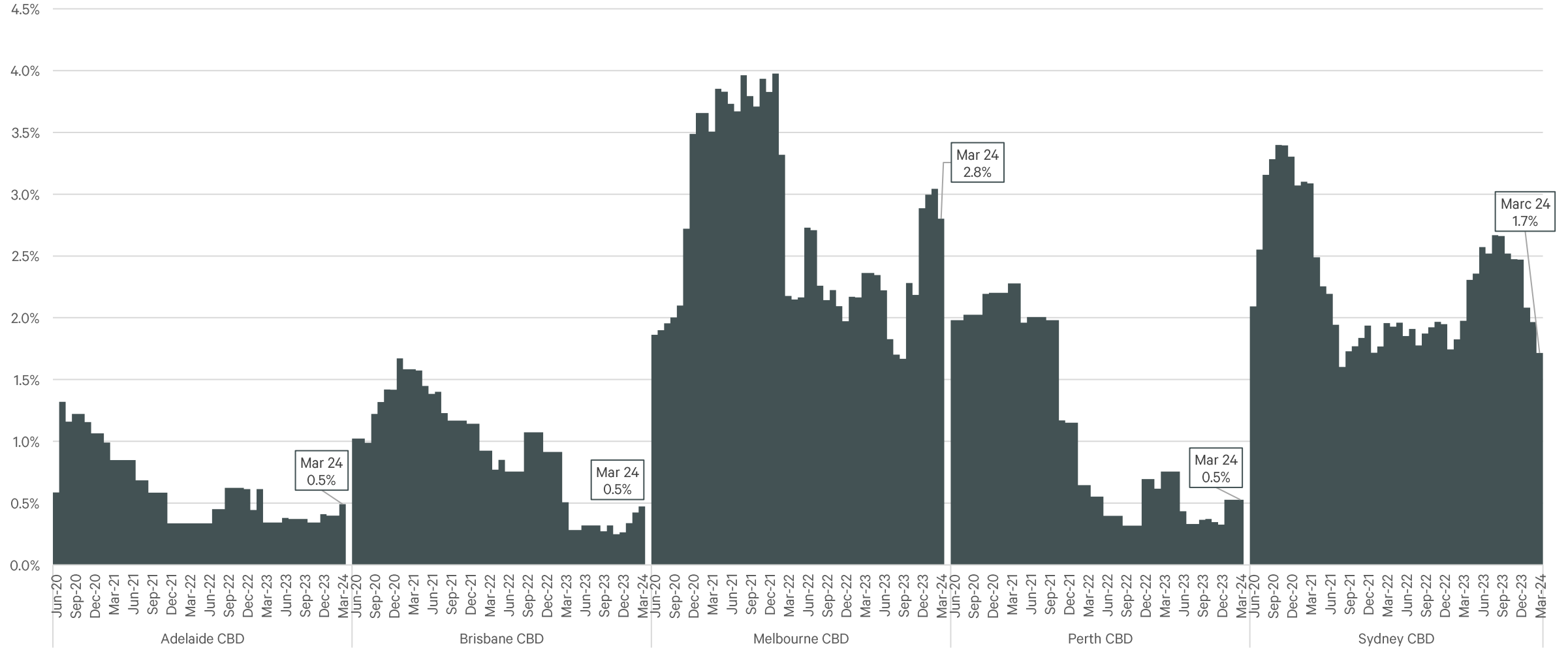
FIGURE 4

Sublease Availability Breakdown by Largest Sub-industry – Mar 2024



Source: CBRE Research

Figure 5
Sublease as % of Total Stock by Market



Source: CBRE Research

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