



# The Office Demand Index

H1 2022





# Introduction

## *Report overview and summary*

The Office Demand Index is a report compiled by Colliers, which investigates the number and area of enquiries recorded by the Colliers Office Leasing team across Australia.

Data for the report was compiled from enquiries to Office Leasing agents, market knowledge and the Colliers database.

The term 'demand' in this report refers to the enquiry recorded from the market. All enquiries recorded are either direct from occupiers/tenants or from tenant representative briefs.

The aim of this report is to provide an overview of what the demand in the market is, who is looking for office space, from what industries to what size and markets. The demand/enquiries provides an outlook to what may potentially transact in the future but does not always lead to transactions due to occupiers 'just looking' or getting a feel for the market.

The data segmented into industry categories provides the number and area of enquiries with known industries. For example, in the event of a confidential brief or unknown tenant, this information is excluded from those graphs.

Data for the report was compiled from enquiries to Office Leasing agents, market knowledge and the Colliers database.







“We have witnessed a record amount of demand for office space in the first half of 2022. With over 1.622m sqm recorded, which is an 11% increase on prior year. It’s promising to see businesses continuing to engage with the market across all office space sizes; within the larger market of over 3,000sqm we’ve seen an additional 61,000sqm enquired for in H1 2022 compared to H1 2021.”

Simon Hunt  
Managing Director  
Office Leasing

# National Office Demand

## Record Office Demand for H1



### Record demand recorded nationally for H1 2022

Over 1.622m sqm of enquiry was recorded for the first half of 2022, which is a 11% increase on H1 2021, and the highest amount of demand ever recorded for a half year.



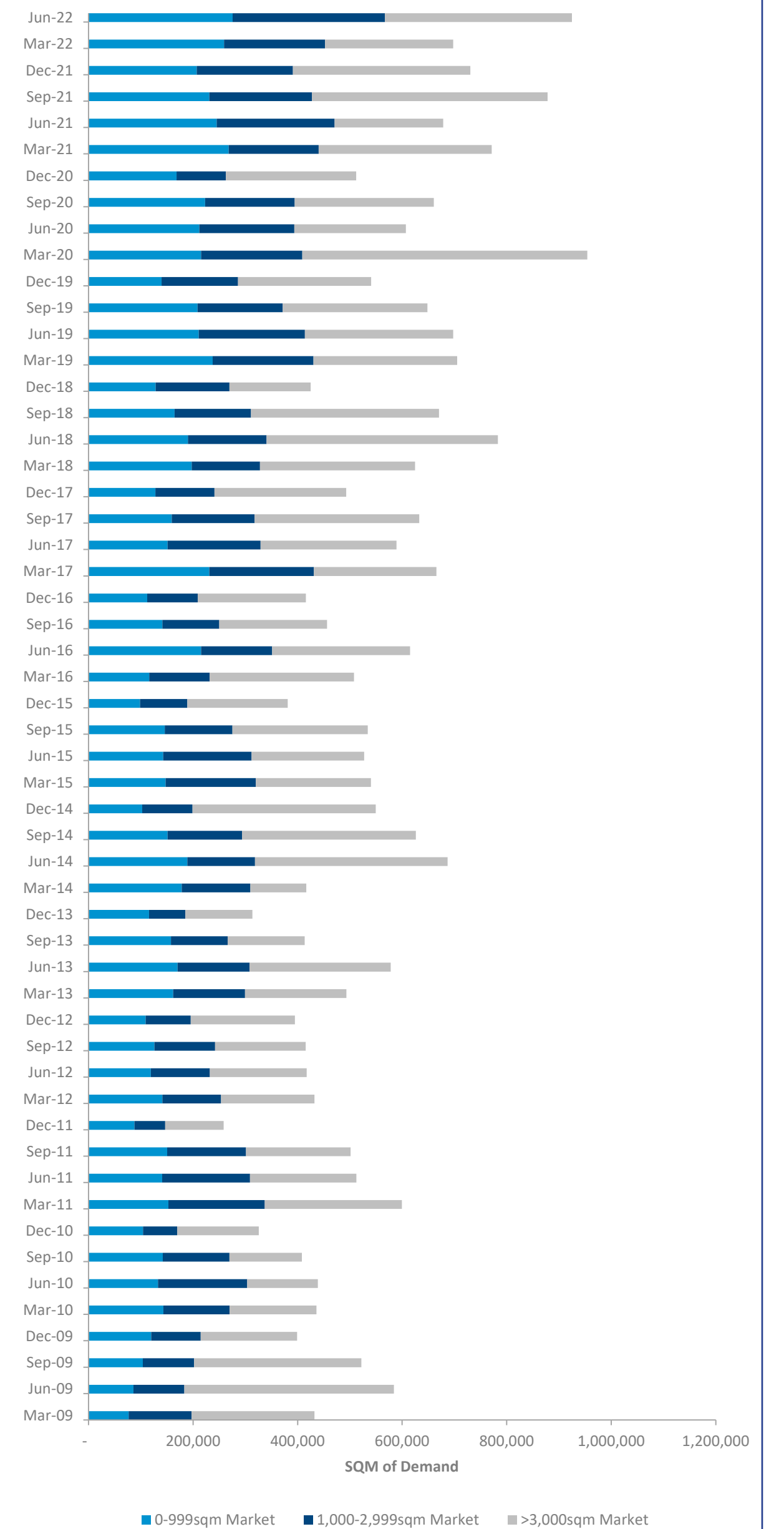
### Q2 2022 demand close to historical quarterly high

Almost 925,000sqm of enquiry was recorded in Q2 2022, which is on-par with the highest quarter we had back in Q1 2020; indicating the need for office space post-pandemic is bouncing back.

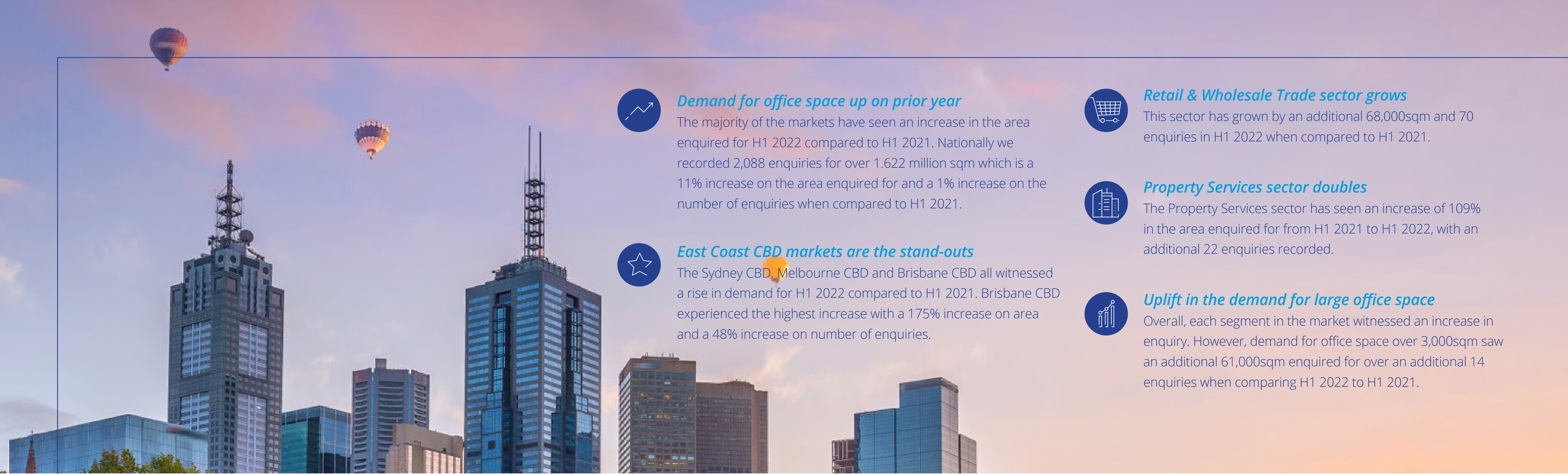


### All size segments recorded an increase

All size segments recorded an increase as well, with a 4% increase in enquiry for space under 1,000sqm, a 22% increase for office space between 1,000-2,999sqm and a 12% increase in enquiry for office space over 3,000sqm from H1 2021 to H1 2022.







### Demand for office space up on prior year

The majority of the markets have seen an increase in the area enquired for H1 2022 compared to H1 2021. Nationally we recorded 2,088 enquiries for over 1.622 million sqm which is a 11% increase on the area enquired for and a 1% increase on the number of enquiries when compared to H1 2021.



### East Coast CBD markets are the stand-outs

The Sydney CBD, Melbourne CBD and Brisbane CBD all witnessed a rise in demand for H1 2022 compared to H1 2021. Brisbane CBD experienced the highest increase with a 175% increase on area and a 48% increase on number of enquiries.



### Retail & Wholesale Trade sector grows

This sector has grown by an additional 68,000sqm and 70 enquiries in H1 2022 when compared to H1 2021.



### Property Services sector doubles

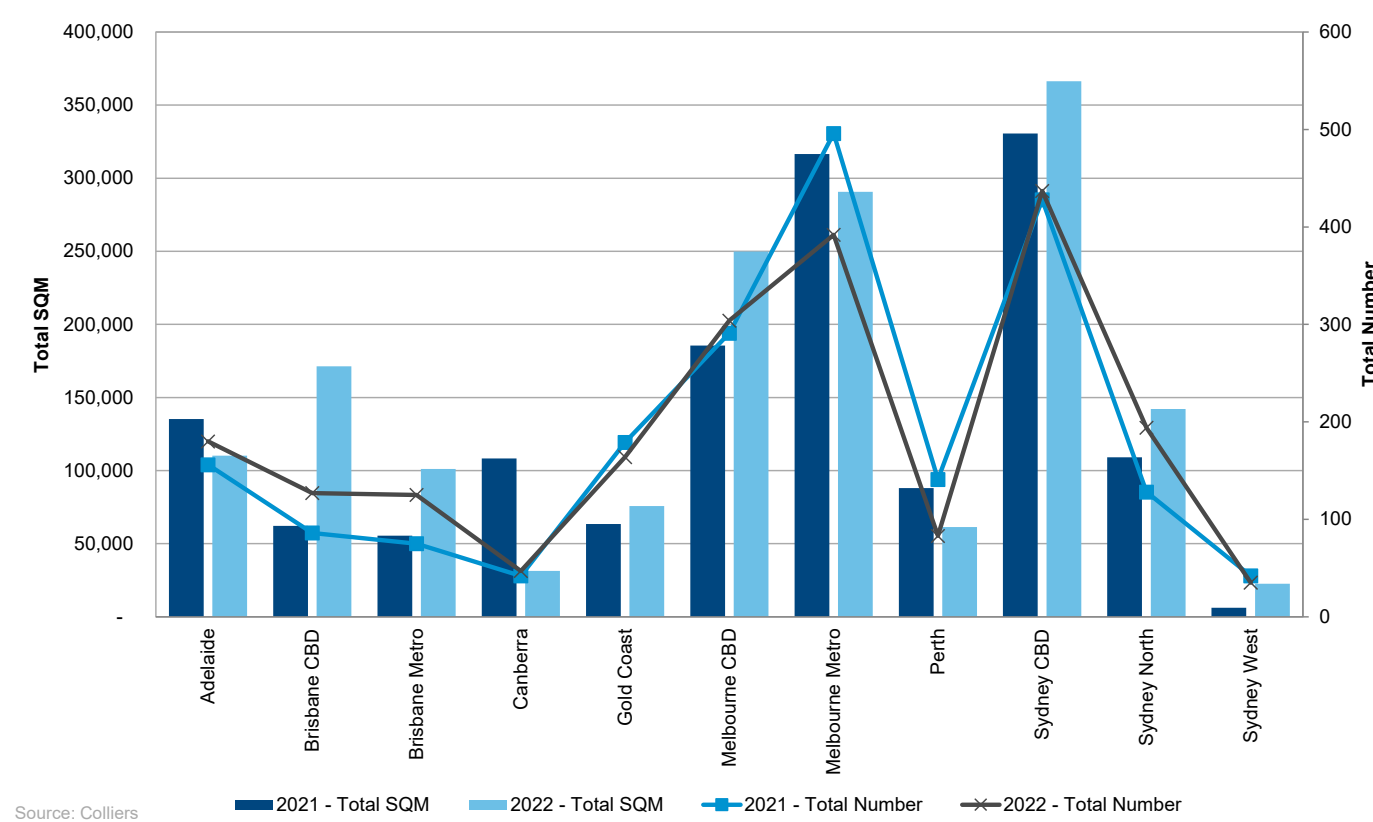
The Property Services sector has seen an increase of 109% in the area enquired for from H1 2021 to H1 2022, with an additional 22 enquiries recorded.



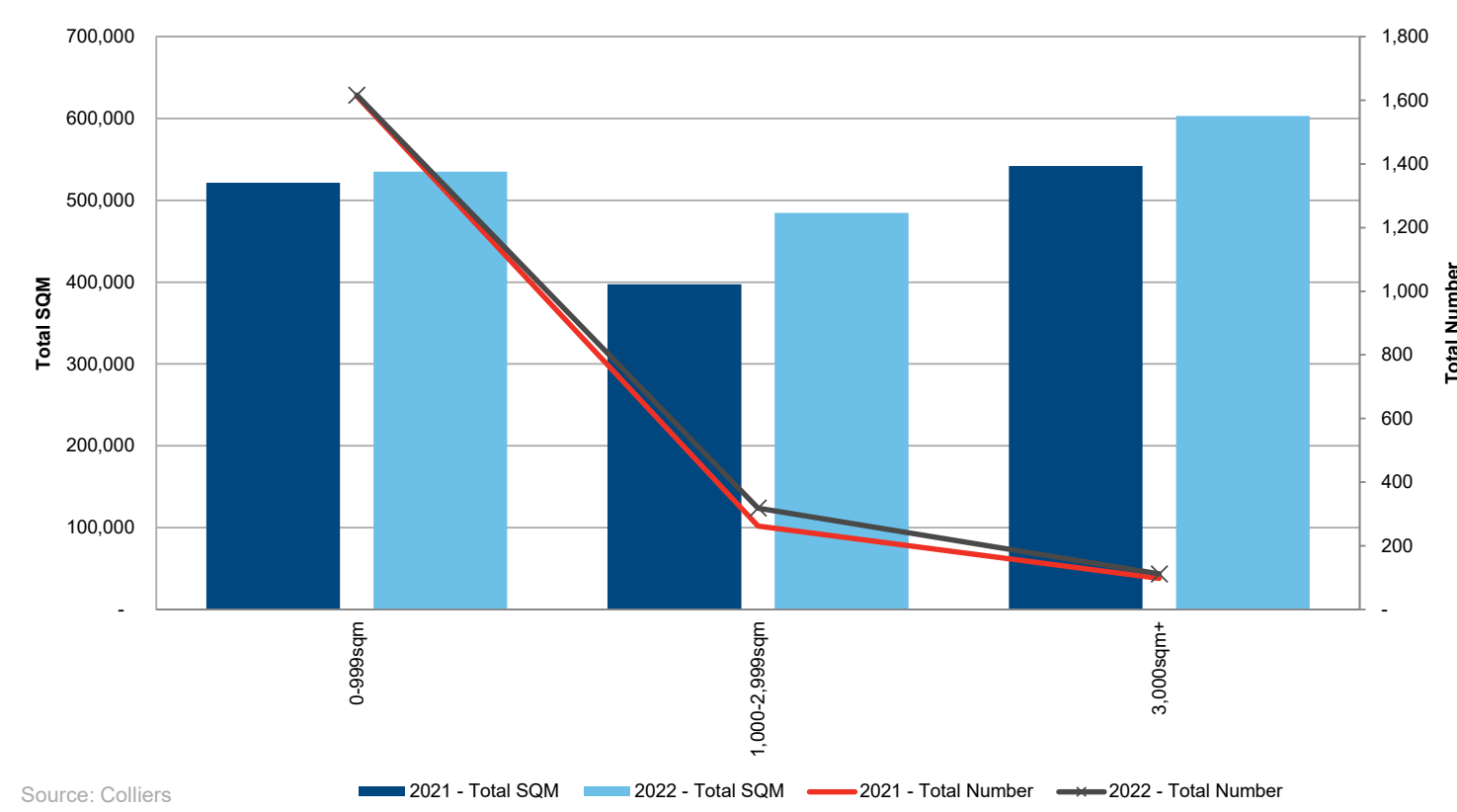
### Uplift in the demand for large office space

Overall, each segment in the market witnessed an increase in enquiry. However, demand for office space over 3,000sqm saw an additional 61,000sqm enquired for over an additional 14 enquiries when comparing H1 2022 to H1 2021.

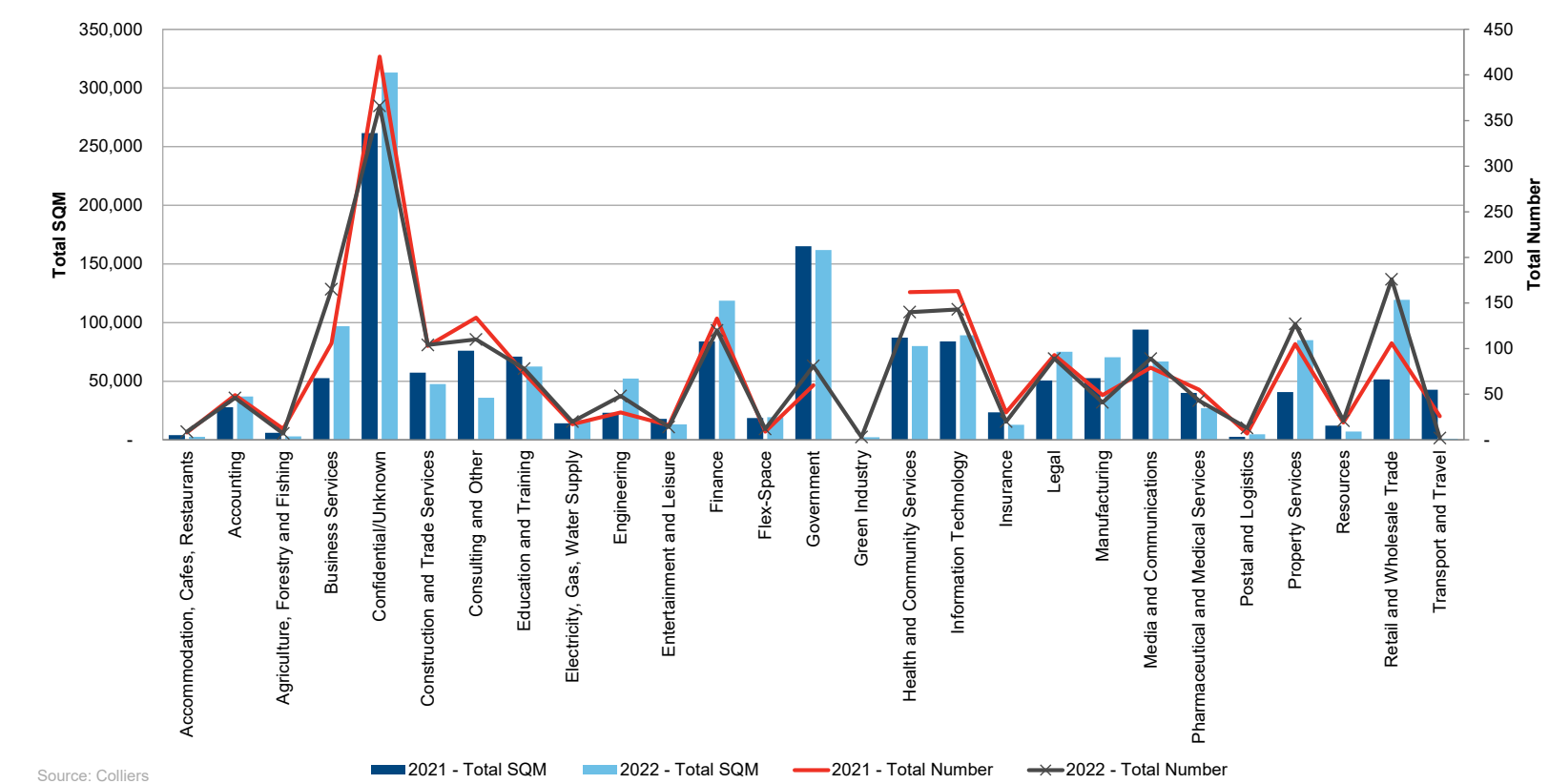
### Enquiries 2021 vs 2020



### Enquiries by size



### Enquiries by industry





# New South Wales

“The attraction of talent back into the office is a continued trend we’re experiencing in the Sydney market. Tenants are looking to trade up on quality and location, which is why we have seen a record half year for the Sydney market in terms of demand. We expect to see the return of larger tenants to the market in the second half of 2022.”

Cameron Williams  
*National Director  
Office Leasing  
Sydney CBD*





# New South Wales Office Demand

H1 2022 a record quarter for Sydney



## Highest demand ever recorded for one quarter

Q2 2022 has witnessed more than 311,000sqm recorded, which is the most amount of demand ever recorded for one quarter within the Sydney market. This contributes to the fact H1 2022 is also a record half, with over 531,000sqm recorded, an increase of 20% on H1 2021.



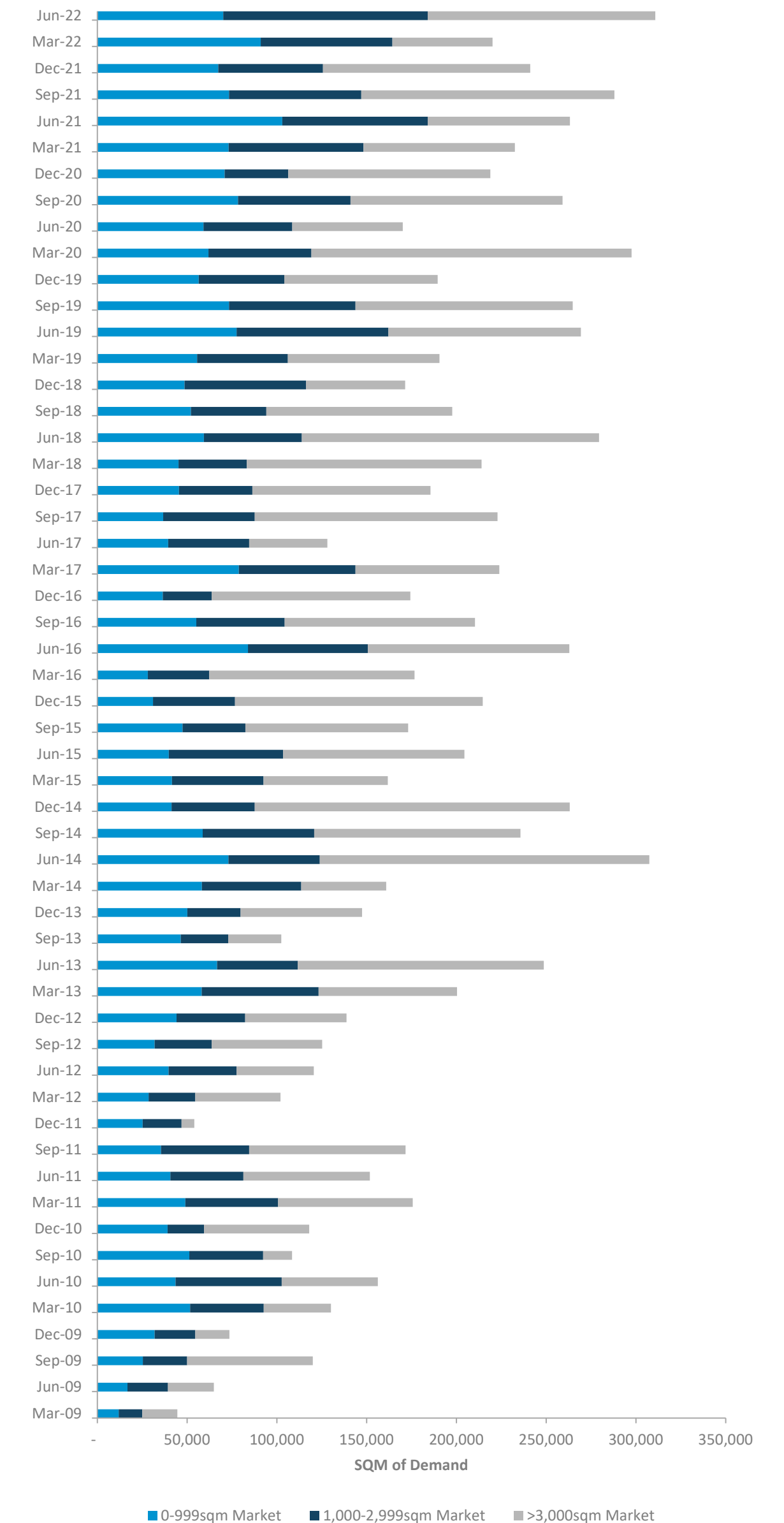
## Larger businesses are seeking more space

Over 182,000sqm of demand was recorded in H1 2022 for office space over 3,000sqm, this is a 35% increase on H1 2021.



## Medium sized businesses drive enquiry

Q2 2022 also saw the Medium sized business sector (1,000-2,999sqm) witness a record quarter, with over 113,000sqm captured.







# Sydney CBD

## Market analysis



### Demand for office space increases

The Sydney CBD market recorded over 366,000sqm of demand for office space over 437 enquiries, this is a 2% increase on the number of enquiries and an 11% increase on the area recorded when comparing H1 2022 to H1 2021. Tenants that signed up to short term extensions during 2020 / 2021 are coming to market seeking long term solutions.



### Retail & Wholesale Trade and the Business Services sector experience growth

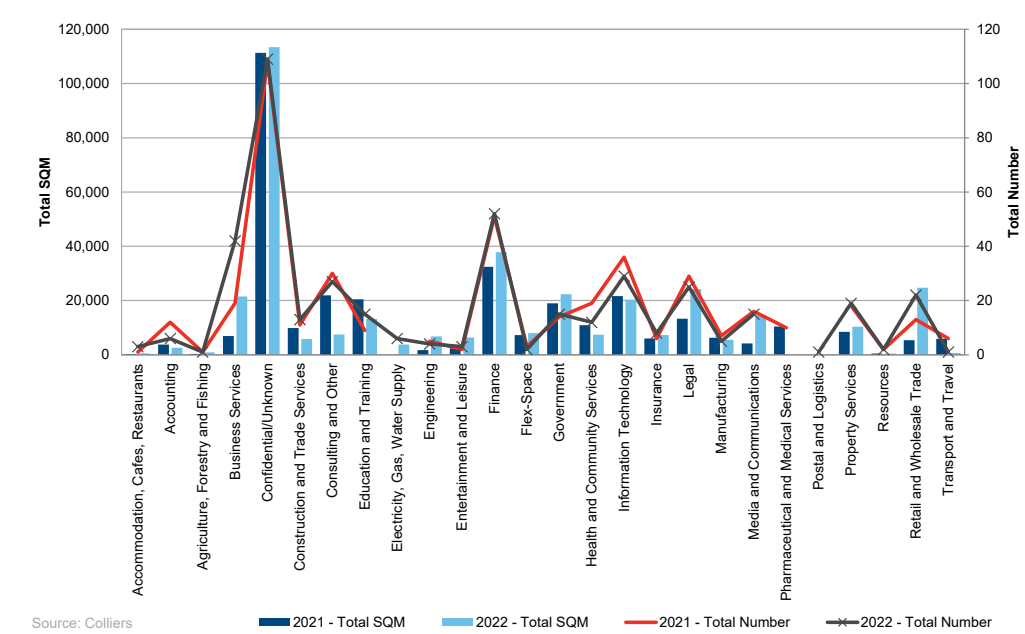
The Retail & Wholesale Trade sector has seen an additional 19,000sqm recorded for an extra 9 enquiries in H1 2022 compared to H1 2021; whilst the Business Services sector also experienced growth with an additional 15,000sqm and 23 enquiries for the same period.



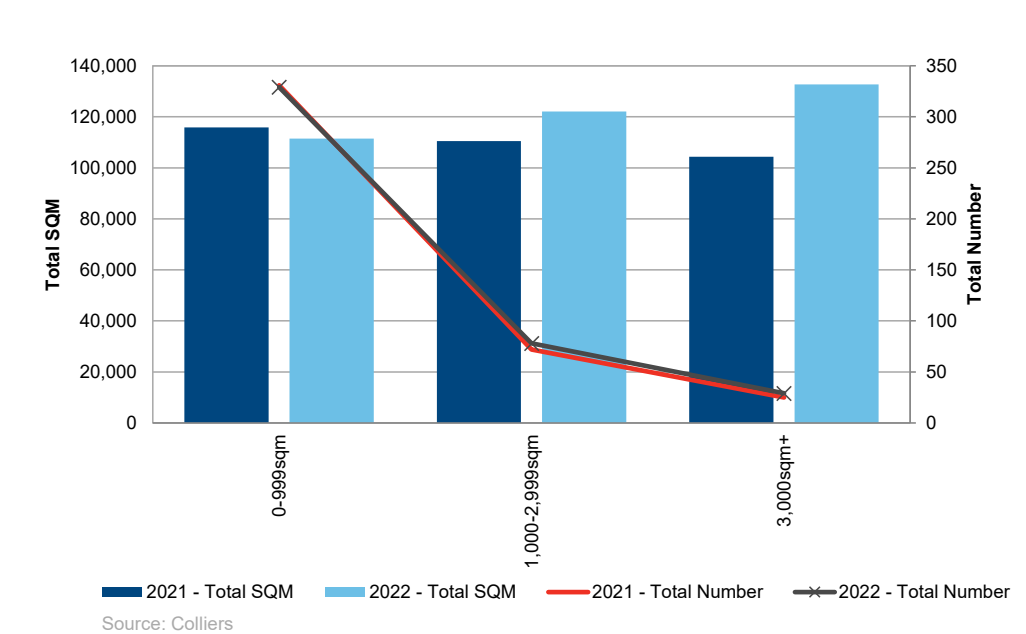
### Demand for large office space on the rise

The Sydney CBD market saw an extra four enquiries in H1 2022 compared to H1 2021 for office space over 3,000sqm, which equated to an additional 30,000sqm enquired for.

### Enquiries by industry



### Enquiries by size





# Sydney Metro

## Market analysis



### Overall market demand increases on prior year

The Sydney Metro market witnessed an increase in demand in H1 2022 compared to H1 2021, with an increase of 43% on the area enquired for and a 34% increase on the number of enquiries.



### Retail & Wholesale Trade witnesses the largest increase

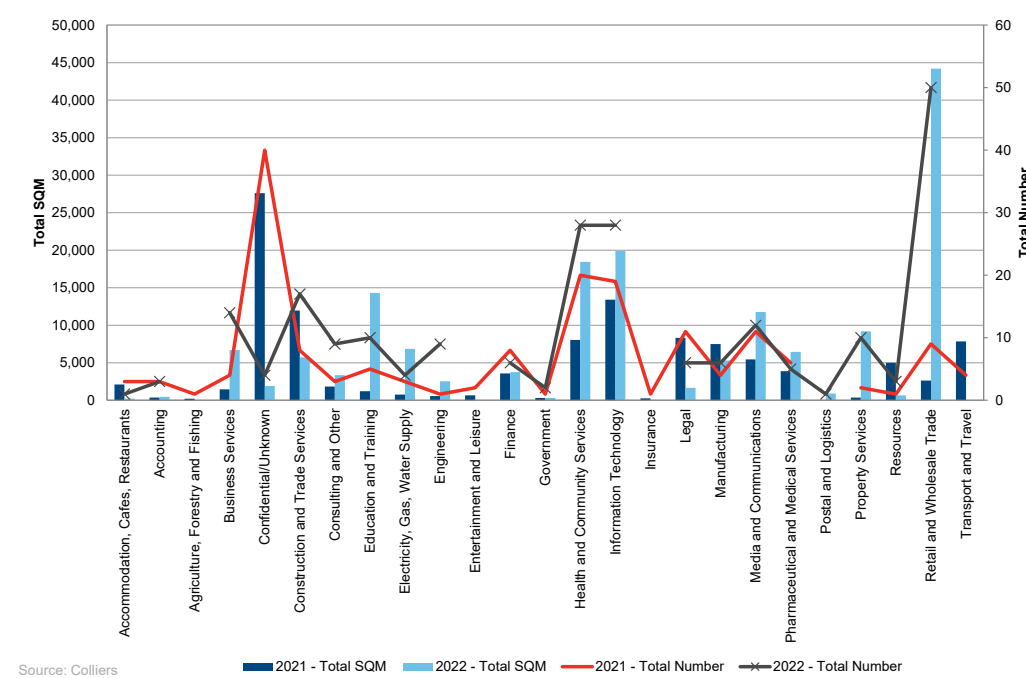
The Retail & Wholesale Trade sector has recorded the most amount of demand for the Sydney Metro market, over 44,000sqm recorded for 50 enquiries; this is also a significant increase on prior year.



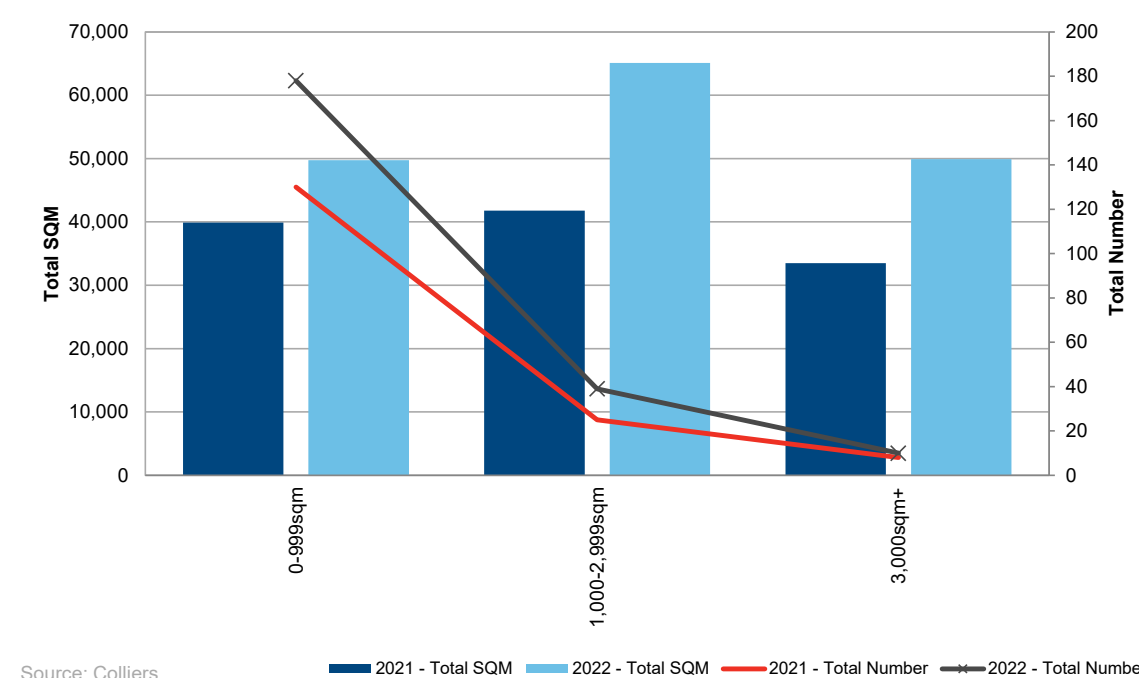
### Increase in all enquiry size segments

The amount and number of demand for each size segment has seen an increase on prior year; a 25% increase on area for space under 1,000sqm, a 56% increase on area for space between 1,000-2,999sqm and a 49% increase on area for space over 3,000sqm.

### Enquiries by industry



### Enquiries by size





# Victoria

“Demand is increasing across the Melbourne Markets as we continue to see workers make a return to the office. The major factor driving enquiry is the “flight to quality” as Tenants of all size ranges seek out better quality office accommodation to assist with the return to work story, along with the battle for staff retention and attraction given the competitive labour market.”

*Andrew Beasley  
National Director  
Office Leasing  
Melbourne CBD*





# Victoria Office Demand

Demand continues to rise



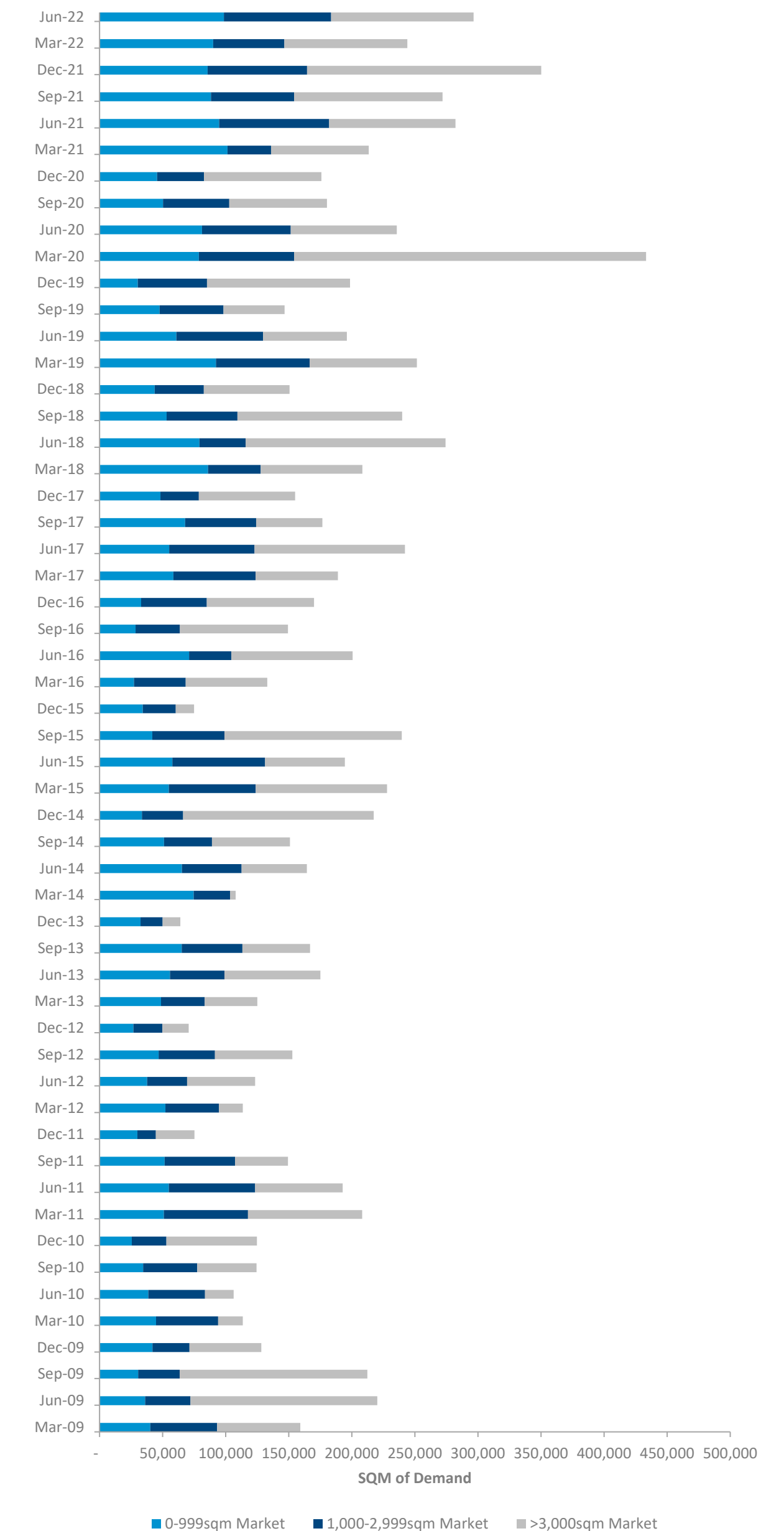
## H1 2022 demand up on H1 2021

Over 540,000sqm of demand has been recorded for the first half of 2022, this is an increase of 9% on H1 2021 demand. There was also an 18% increase in demand for office space over 3,000sqm in this period.



## Small & large office space demand uplift

In Q2 2022 office space under 1,000sqm witnessed an increase of 4% and large office space over 3,000sqm witnessed an increase of 13% when comparing Q2 2022 to Q2 2021 data. The medium sized sector saw a slight decrease of only 2%.







# Melbourne CBD

## Market analysis



### H1 2022 demand up on prior year

The Melbourne CBD has seen an increase in demand from H1 2021 to H1 2022. The market recorded a 4% increase in the number of enquiries and a 35% increase in the amount of area recorded.



### Government & Property Services sectors spike in enquiry

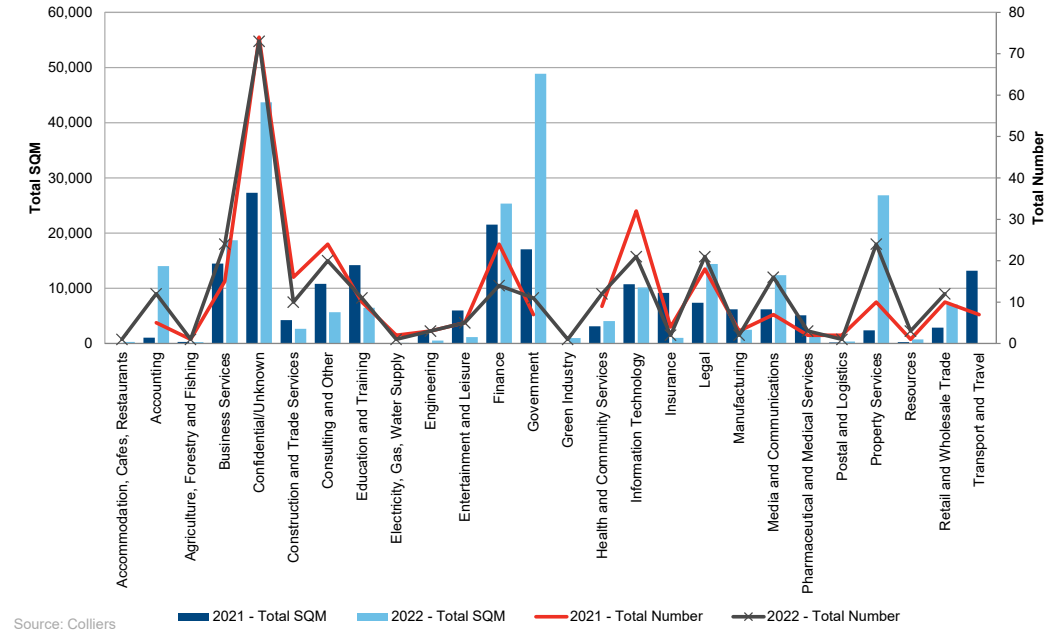
These sectors witnessed the largest increase in demand in H1 2022 compared to H1 2021. The Government sector saw a 187% increase (additional 32,000sqm) on the amount of area and the Property Services sector saw a 1023% increase (additional 24,000sqm) on the amount of area enquired for.



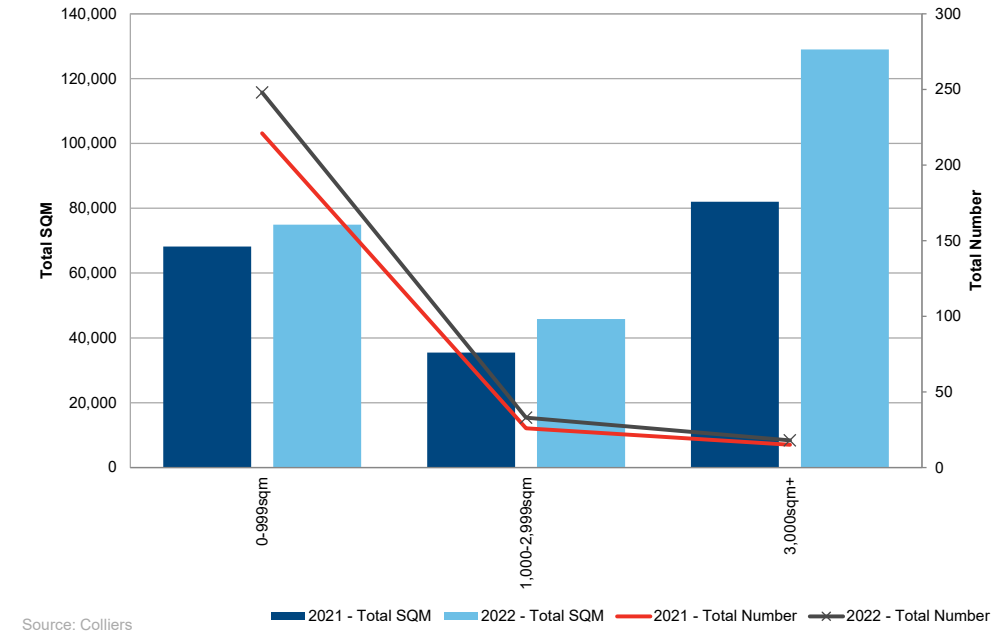
### Large occupiers seek more office space

Businesses seeking office space over 3,000sqm has seen a large spike in terms of the amount of area enquired for, increasing from 82,000sqm in H1 2021 to 129,000sqm in H1 2022. With a stable number of enquiries for this sector, it indicates that the businesses seeking space are seeking more area.

### Enquiries by industry



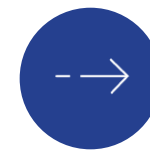
### Enquiries by size





# Melbourne Metro

## Market analysis



### Demand stable for Metro office space

The Melbourne Metro market has seen enquiry remain stable in 2022 compared to H1 2021, which is still at record levels for the metro market. With a slight decrease in demand for smaller space, the market witnessed an increase in demand for the mid-market.



### Government sector provides majority of demand

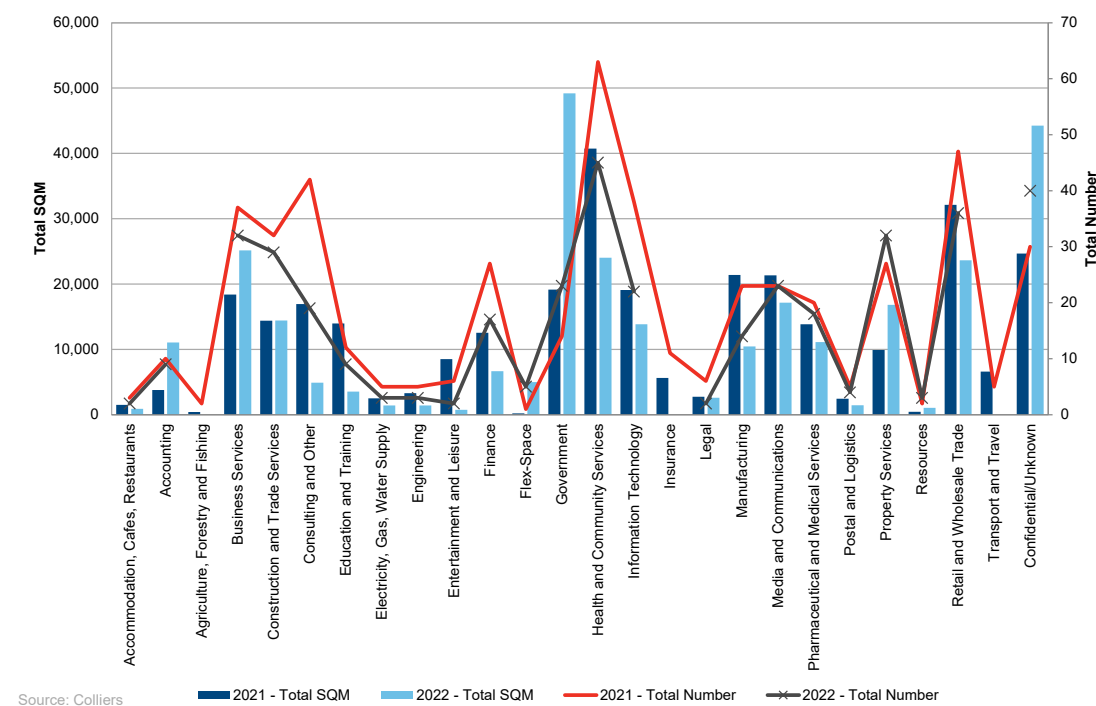
The Government sector has recorded over 49,000sqm of demand for H1 2022, which is the most of demand recorded for one sector in the Melbourne Metro market. This sector also witnessed an additional 30,000sqm in demand when compared to H1 2021.



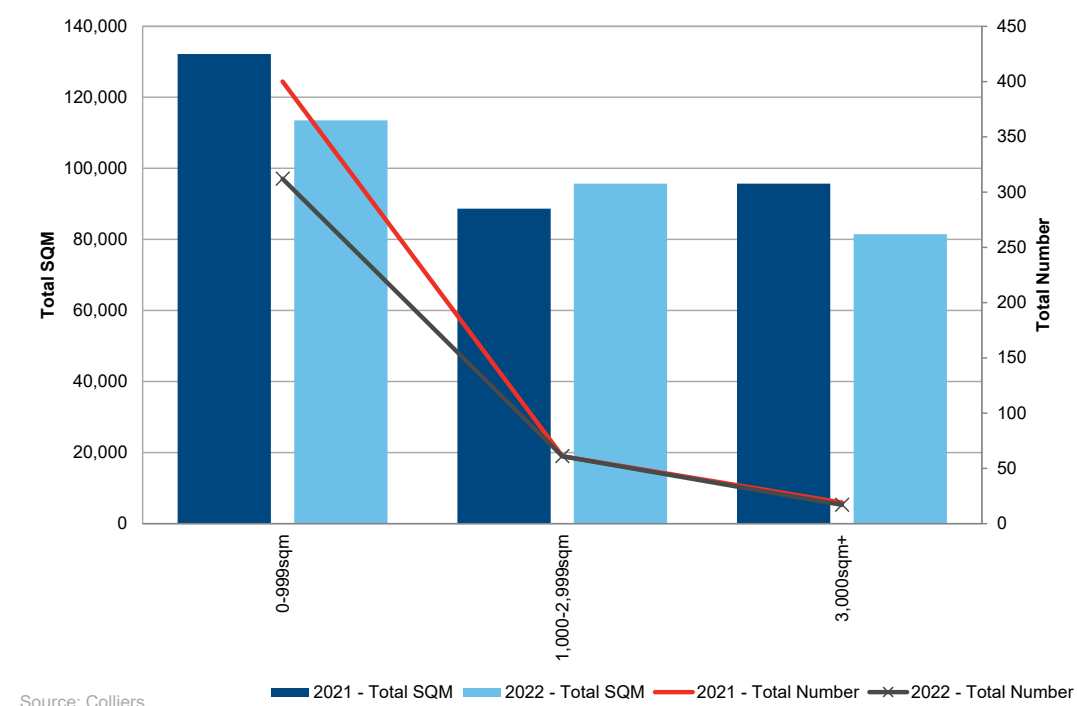
### Mid-sized market provides increase in demand

Demand for office space between 1,000-2,999sqm is the only size segment that has seen an uplift in demand when comparing H1 2021 data to H1 2022. An increase of just over 7,000sqm was recorded on prior year, with the same number of enquiries; this indicates that the average size of space sought after in this segment is slightly larger than prior year.

### Enquiries by industry



### Enquiries by size





# Queensland

“The Brisbane markets have witnessed incredible uplift in demand in the first six months of 2022. All markets, segments and industries are experiencing growth as an air of positively flows throughout the market. Similar to Sydney and Melbourne, Brisbane Tenants are looking for accommodation that will attract their talent back to the office and therefore are seeking high quality spaces with a prime location and best-in-class amenity.”

*Matt Kearney  
National Director  
Office Leasing  
Brisbane CBD*





# Queensland Office Demand

Record first half thanks to big businesses



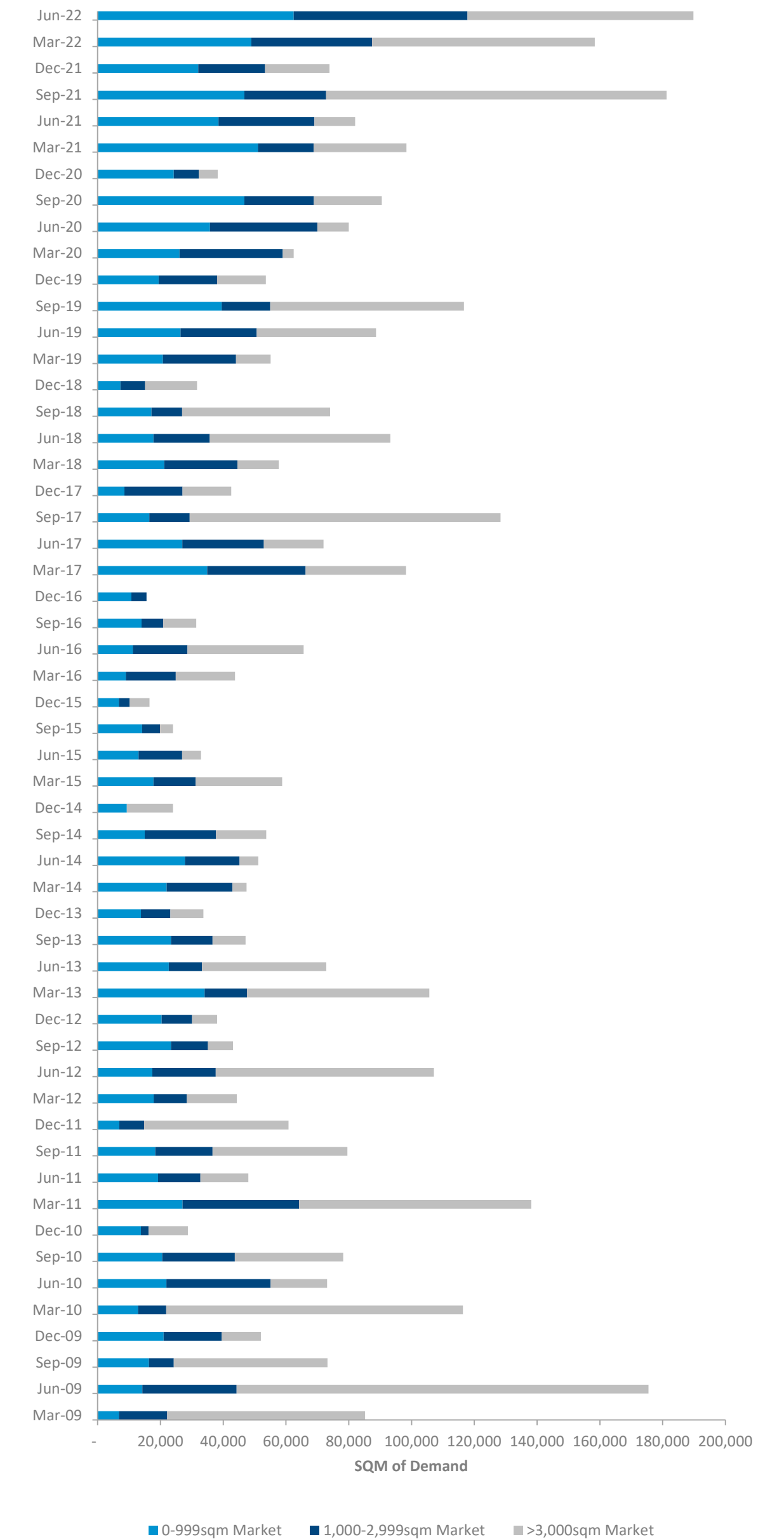
## Highest quarter and half year of demand yet

The second quarter of 2022 has seen over 189,000sqm of demand recorded, which is the most amount of demand recorded for one quarter. This has then attributed to the first half of 2022 being a record half year with over 348,000sqm of demand recorded, which is 93% up on H1 2021.



## Big businesses uplift in demand

143,000sqm of office space was recorded for businesses seeking space over 3,000sqm in H1 2022; this is an uplift of 236% (100,000sqm) when compared to H1 2021 demand and an 11% increase on H2 2021 demand.







# Brisbane CBD

## Market analysis



### Significant increase on market demand

The Brisbane CBD market has witnessed over 171,000sqm of demand for 127 enquiries for H1 2022, this is a 48% increase on the number of enquiries and a 175% increase on the area recorded; a significant increase in demand from H1 2021 to H1 2022.



### Increase in many industry sectors providing positive market sentiment

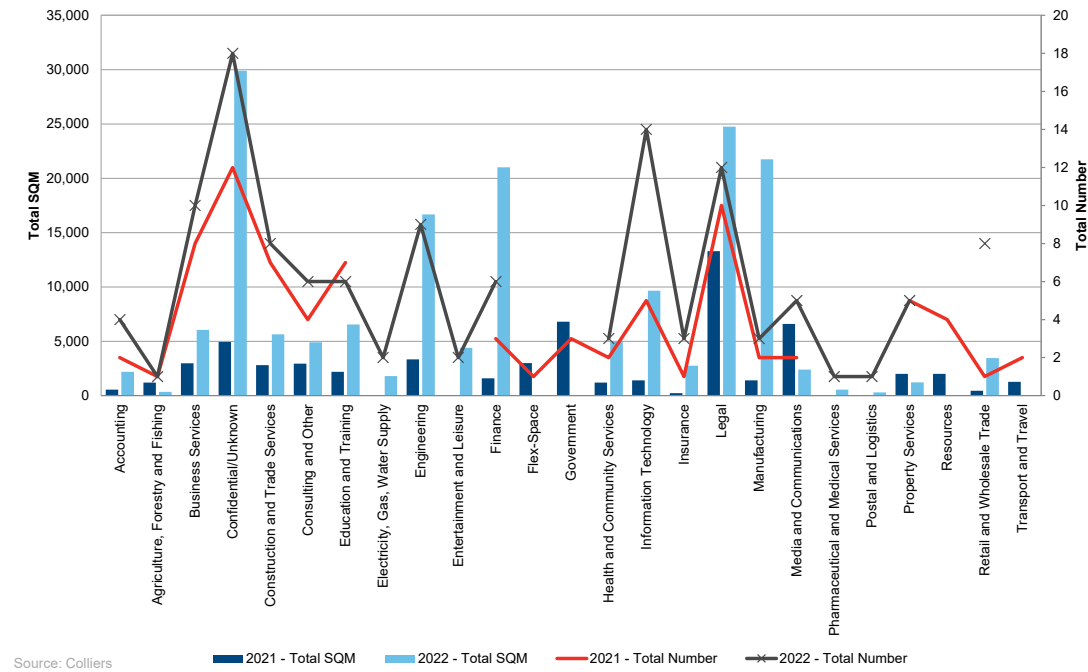
Many of the industries within the Brisbane CBD market have witnessed an increase in demand when compared to prior year. In particular the Engineering, Finance, IT, Legal and Manufacturing sectors have seen significant increases in the area enquired for when compared to prior year.



### Big business demand for office space strong

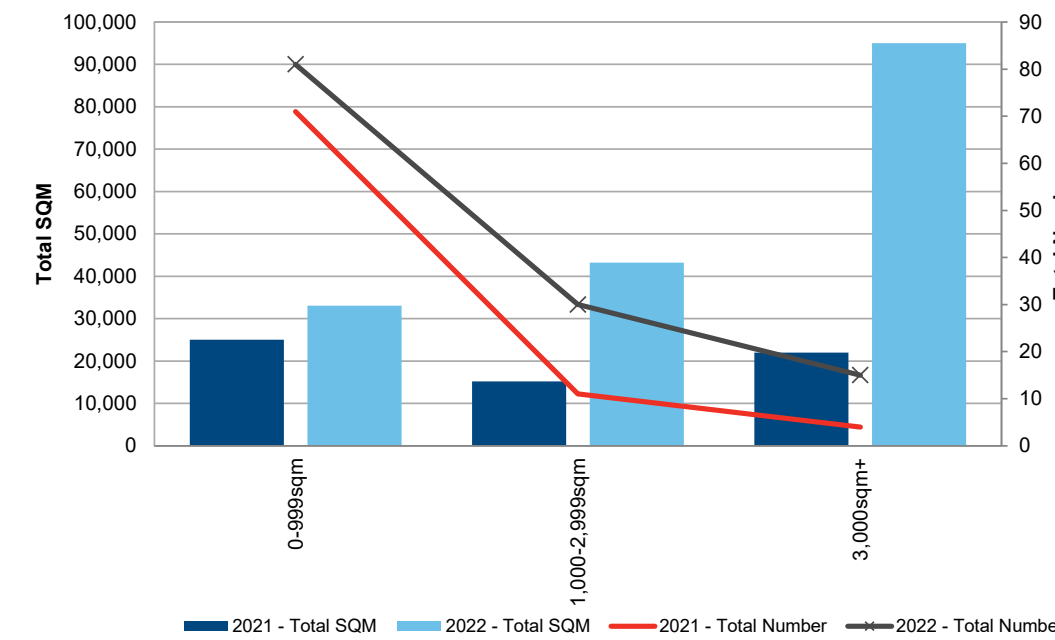
Businesses seeking space over 3,000sqm have provided the most demand for the Brisbane CBD market with 95,000sqm recorded for this one segment for 15 enquiries; an increase of 73,000sqm on prior year.

Enquiries by industry



Source: Colliers

Enquiries by size



Source: Colliers



# Brisbane Metro

## Market analysis



### Metro market experiences continued growth

The Brisbane Metro market has continued to see growth in demand for office space from H1 2021 to H1 2022. Over 100,000sqm was recorded in area for 125 enquiries, which is an increase of 67% in the number of enquiries and 82% increase in the area enquired for.



### Engineering and Manufacturing sectors show significant demand growth

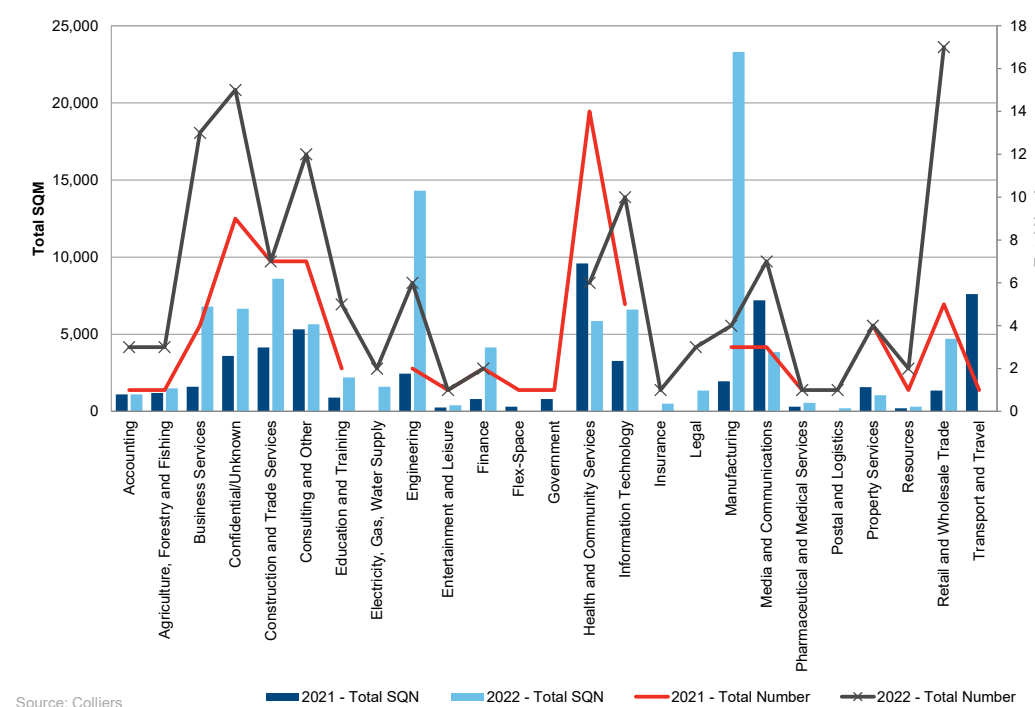
The Engineering sector saw 484% increase (additional 12,000sqm) in the area enquired for in H1 2022 compared to H1 2021 and the Manufacturing sector witnessed a 1095% increase (additional 21,000sqm) in the area enquired for during the same period.



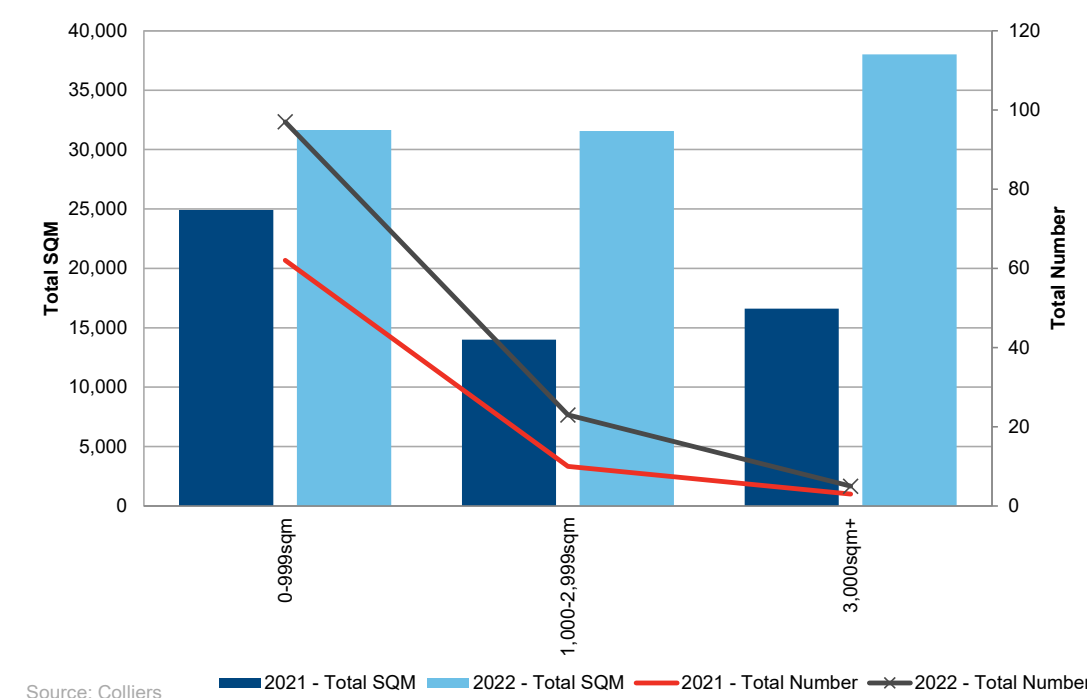
### All size segments witnessed growth

All size segments within the Metro market witnessed an increase in demand on prior year. In particular, there was a 129% increase in the area enquired for in the 3,000sqm and over size segment.

### Enquiries by industry



### Enquiries by size

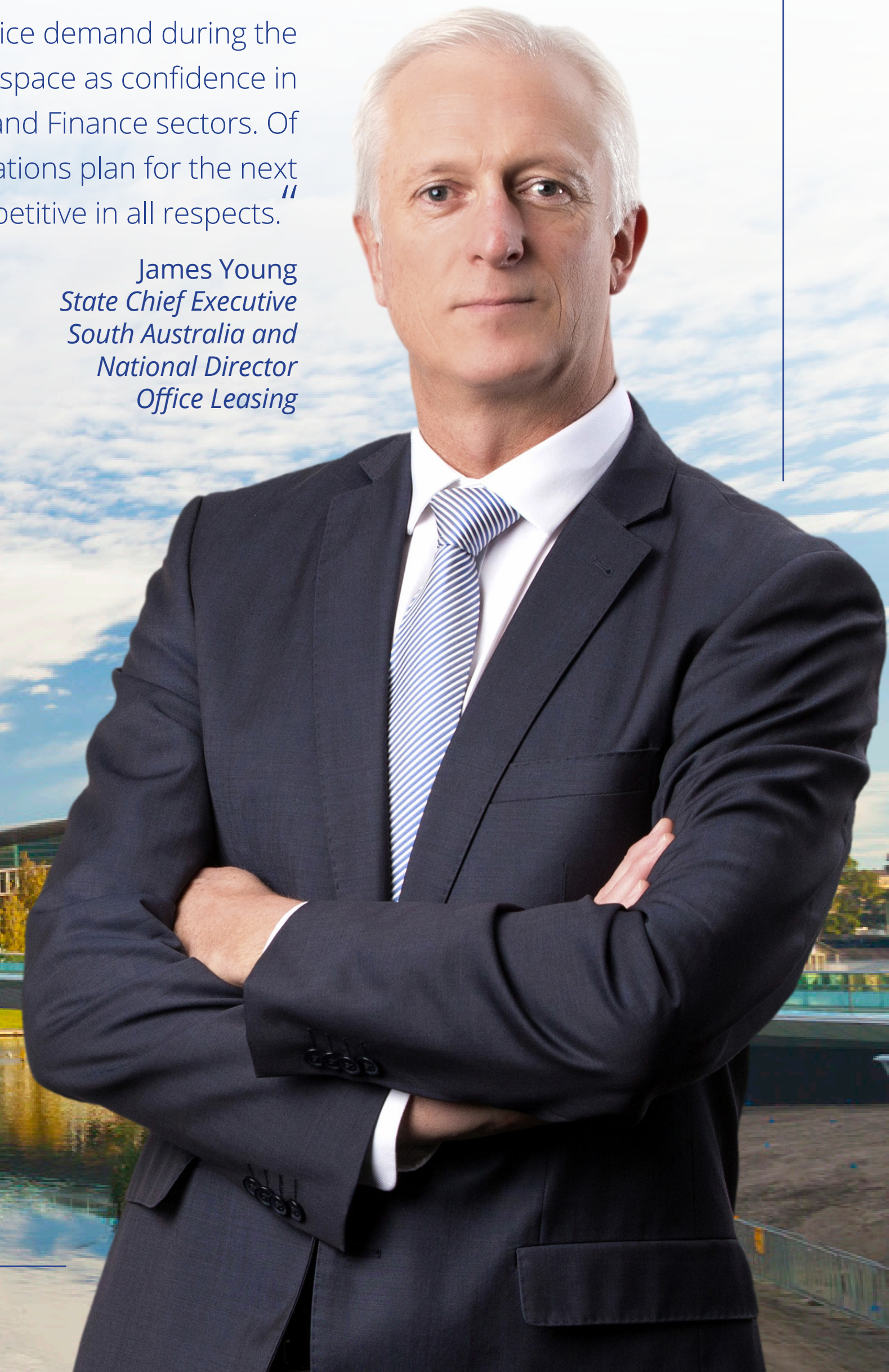




# Adelaide

“It is great to witness the Adelaide market building momentum for office demand during the first half of 2022. We’re seeing an uplift in small businesses seeking office space as confidence in the market builds as well as an uplift in demand from the Government and Finance sectors. Of note is occupier demand for new development (Gen 3) assets as organisations plan for the next generation of new ways of working to remain productive and competitive in all respects.”

James Young  
*State Chief Executive  
South Australia and  
National Director  
Office Leasing*





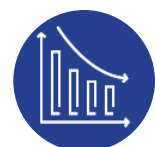
# Adelaide Office Demand

Momentum building for office demand



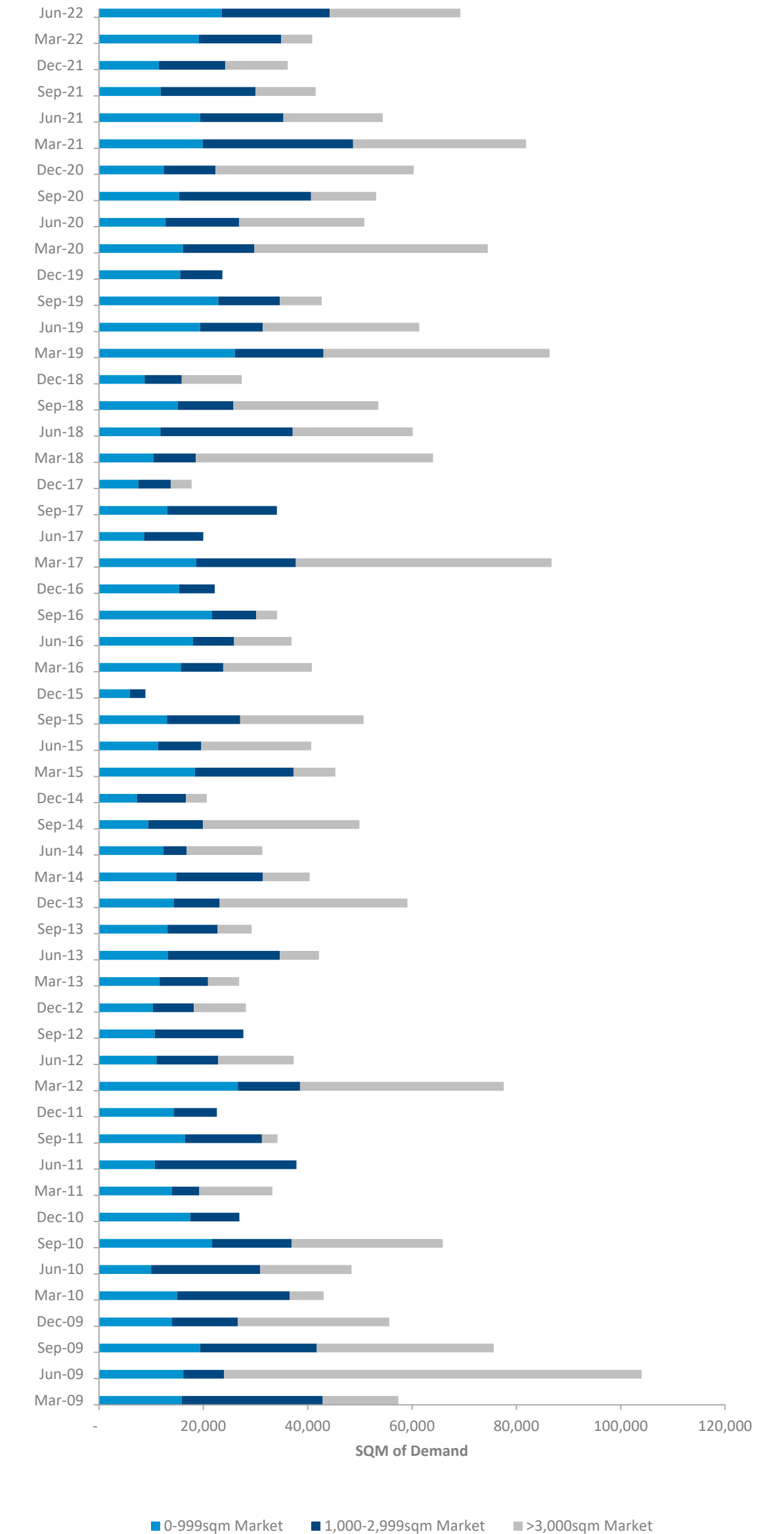
## Increase in demand from H2 2021 to H1 2022

The Adelaide market has seen an uplift in demand from H2 2021 through to H1 2022, showing positive signs for the office market. More than 110,000sqm has been recorded for H1 2022, this is an increase of 42% on H2 2021 office demand. Each size segment has also seen an increase from H2 2021 to H1 2022 with an 83% increase for space under 1,000sqm, an 18% increase for space between 1,000-2,999sqm and a 32% increase for space over 3,000sqm.



## Demand on prior year decreases

When assessing demand in the market from H1 2021 to H1 2022 there is a decrease of 19%. All size segments in the market also show a decline when comparing to prior year data; however, demand for space under 1,000sqm witnessed a 9% increase.







# Adelaide

## Market analysis



### Enquiry numbers increase, whilst area decreases

The Adelaide market witnessed an increase of 15% in the number of enquiries from H1 2021 to H1 2022, which equates to an additional 24 enquiries. However, the total amount of office space in demand has decreased by 19%.



### Government & Finance sectors dominate

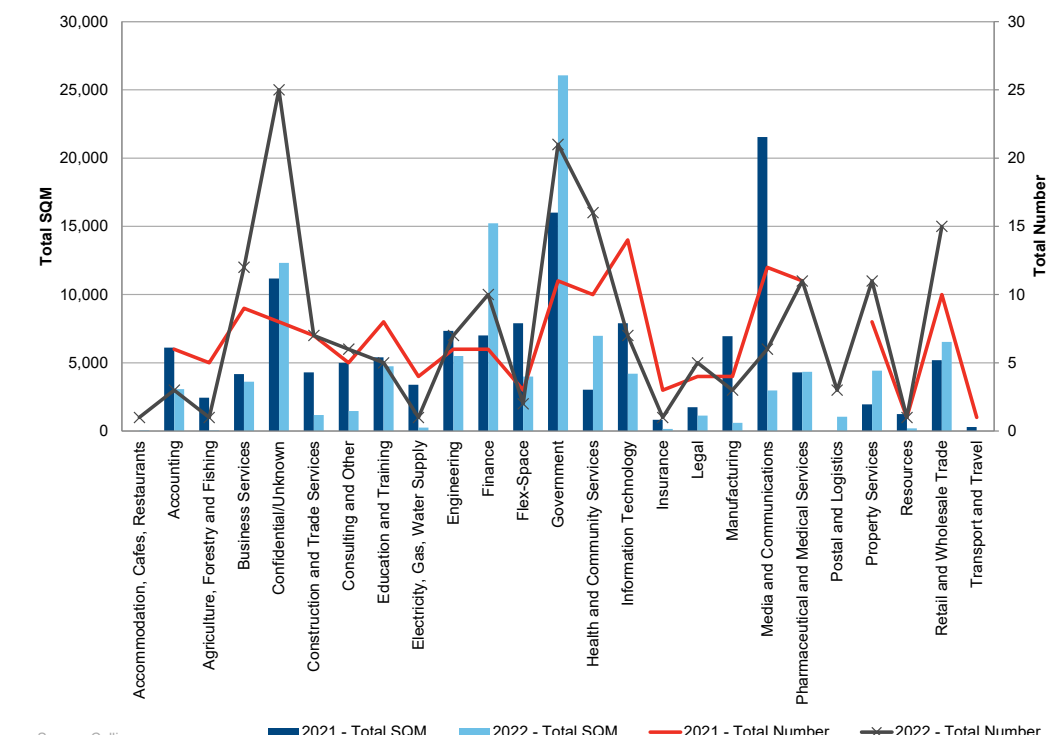
The Government sector recorded the most area of enquiry for H1 2022 and also witnessed an increase in demand compared to H1 2021 of an additional 10,000sqm. The Finance sector recorded the second highest area of enquiry and also saw an uplift from the same time last year of almost 10,000sqm as well.



### Small Businesses driving enquiry numbers up

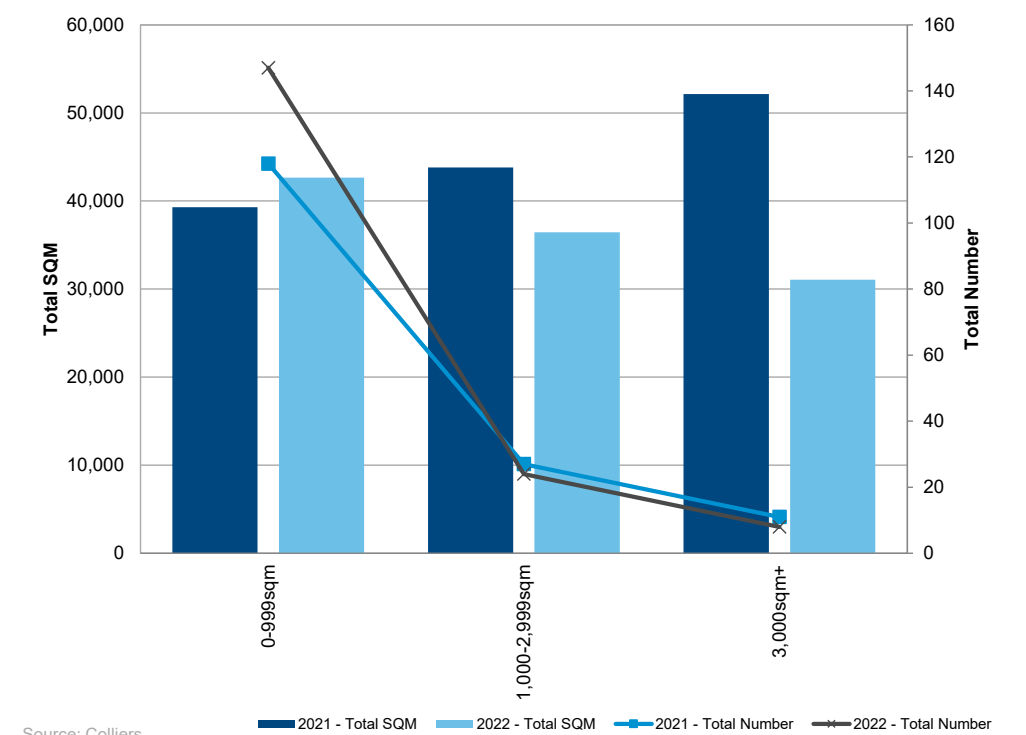
There has been a 9% increase in the area and a 25% increase the number of enquiries for businesses seeking office space under 1,000sqm when comparing H1 2021 to H1 2022.

Enquiries by industry



Source: Colliers

Enquiries by size



Source: Colliers



# Canberra

“With total market vacancy rates continuing to tighten across the first half, it is increasingly challenging for tenants to seek and acquire suitable accommodation options. These demand side challenges have been somewhat alleviated so far in 2022 due to the Federal Election throughout the second quarter and the resultant subdued levels of enquiry recorded in the market. With the continued return to the office trend across the Commonwealth and Territory governments, we are expecting a clear uplift in demand later in 2022 once the Labour Government has had enough time to settle into their new roles.”

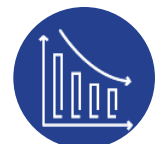
Aaron Bruce  
National Director  
Office Leasing  
Canberra





# Canberra Office Demand

Demand for office space decreases



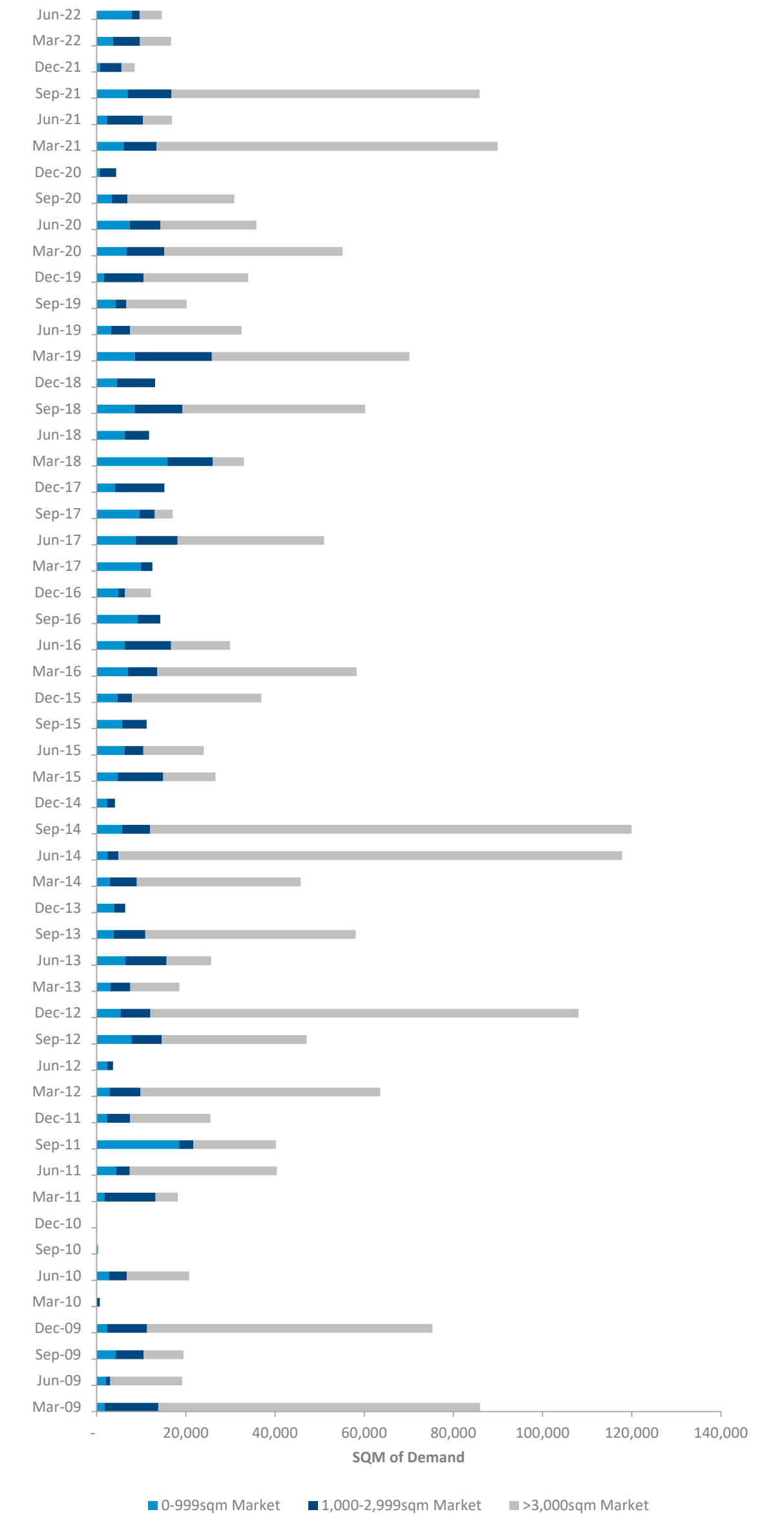
## Decline in enquiry from H1 2021 to H1 2022

Over 31,000sqm of demand has been recorded for the Canberra market in H1 2022, this is a decrease on H1 2021 of 71% (75,000sqm) and a decrease on H2 2021 of 67% (63,000sqm).



## Decrease in Government enquiry

The Canberra market has always been predominantly dominated by Government enquiry; however in H1 2022 there has been minimal Government enquiry which is the main cause of the overall enquiry decline. In H1 2021 the Government enquired for over 79,000sqm whereas in H1 2022 we have only recorded over 12,000sqm of enquiry. It is worth noting that there was unusually high level of total sqm of demand recorded in H1 2021 as a number of major Commonwealth Government EOI processes all came to market including the ATO for 32,000sqm alone.








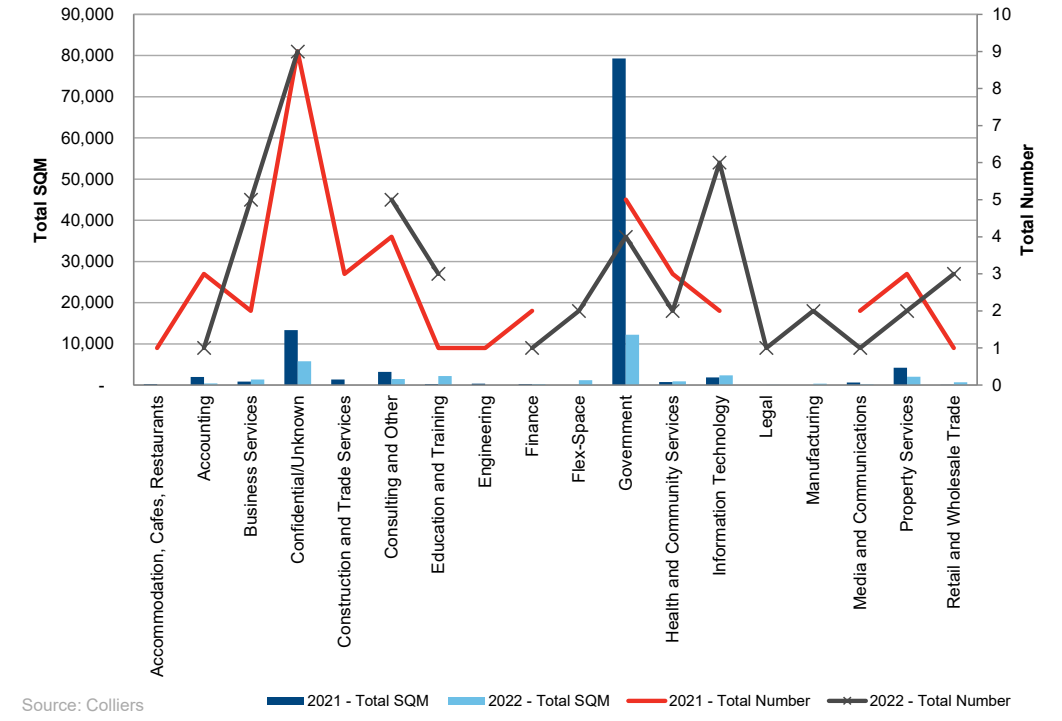


# Canberra

## Market analysis

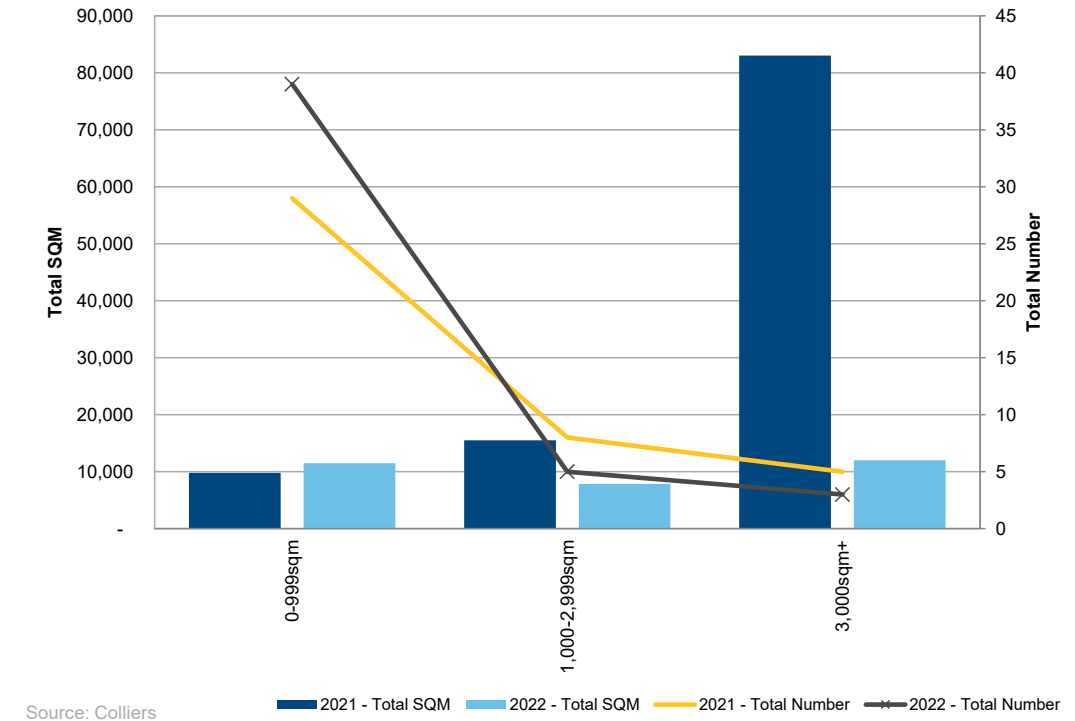
- 
**Total number of enquiries increases**  
 Whilst the Canberra market has seen a decline in the area, it has witnessed a slight increase in the number of enquiries for office space by 12%, indicating that smaller businesses are quite active.
- 
**Government continues to record most enquiries**  
 As stated earlier, the Government sector is the main contributor to enquiries in the Canberra market. Despite the decline in H1 2022, the Government sector still remains as the sector providing the most demand.
- 
**Growth in smaller enquiries**  
 Businesses seeking space under 1,000sqm has seen an uplift on prior year with a slight increase in the amount of area recorded by 17% and an increase of 34% on the number of enquiries recorded.

Enquiries by industry



Source: Colliers

Enquiries by size



Source: Colliers



# Perth

“Declining vacancy rates are an encouraging sign for the Perth office market and the local businesses that rely on office workers to thrive. It demonstrates confidence, not only in the office market but the WA economy more broadly. Office rents and incentives have generally stabilised across 2021. However, with the improved levels of activity, face and net effective rental growth have started to uplift. We are finally seeing the Premium and A Grade end of the market lifting their face rents and incentives starting to decline. It is time to shift the market, and move with the demand.”

Jemma Hutchinson  
*National Director  
Office Leasing  
Perth*





# Perth Office Demand

Momentum builds for office space in H1



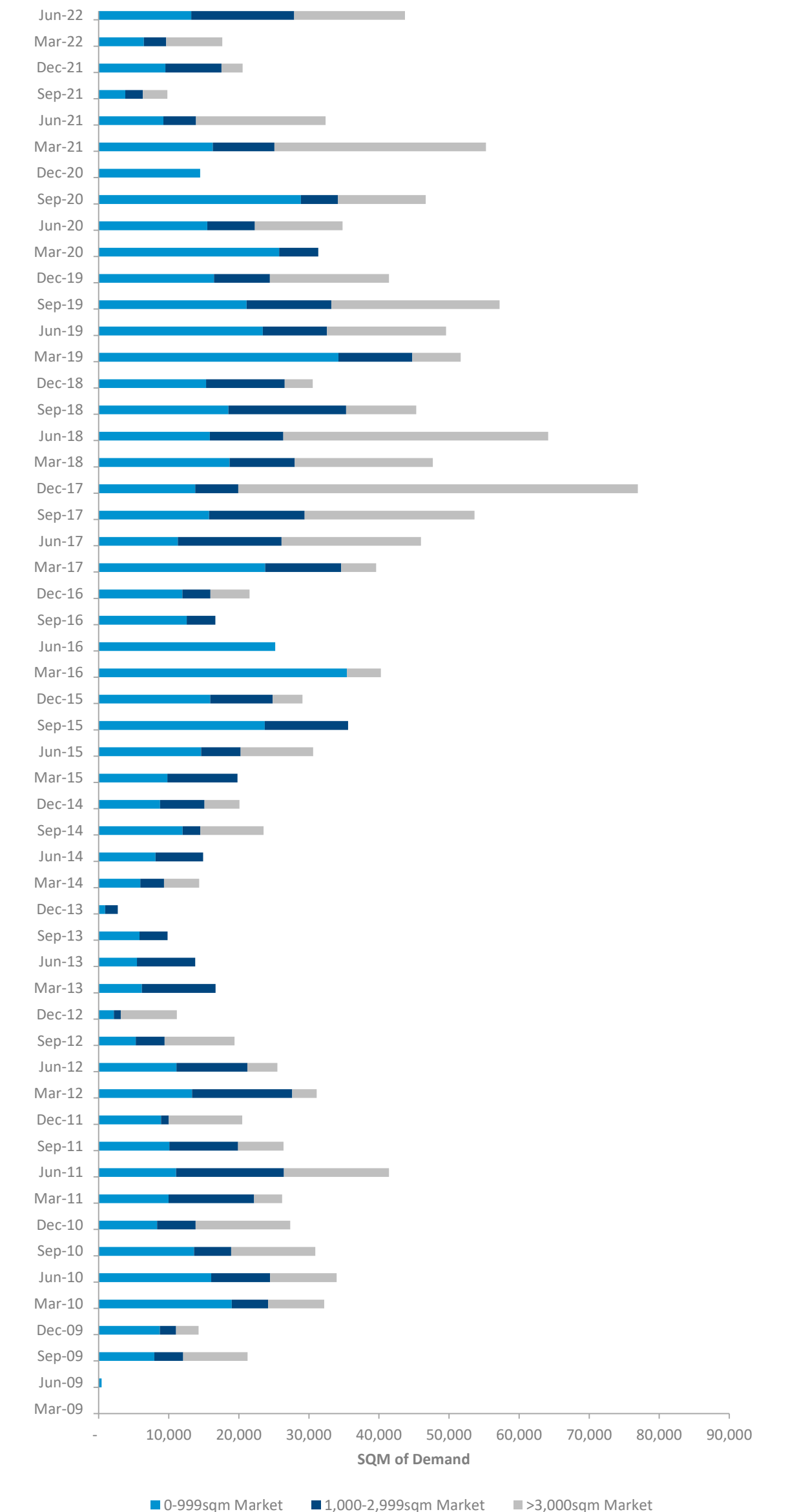
## Increase in demand from H2 2021 to H1 2022

The Perth market has recorded over 61,000sqm of demand for office space in H1 2022, this is an increase of 102% when compared to H2 2021. Over 23,000sqm of the demand in H1 2022 has been for businesses seeking office space over 3,000sqm, almost 18,000sqm is for the mid market and over 19,000sqm is for businesses looking for space under 1,000sqm.



## All size segments increase from H2 2021

It's positive to witness that all size segments within the Perth market have seen an increase in demand from H2 2021 to H1 2022, indicating that momentum is building. There was a 47% increase for space under 1,000sqm, 70% increase for space between 1,000-2,999sqm and a 266% increase in demand for space over 3,000sqm.

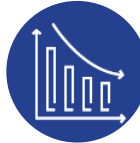






# Perth

## Market analysis



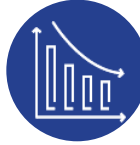
### Overall market demand decreases on prior year

The Perth market witnessed a decline in demand when comparing H1 2021 to H1 2022, with a 30% decline on the number of enquires and a 46% decline on the area enquired for.



### Engineering and Property Services sector providing demand

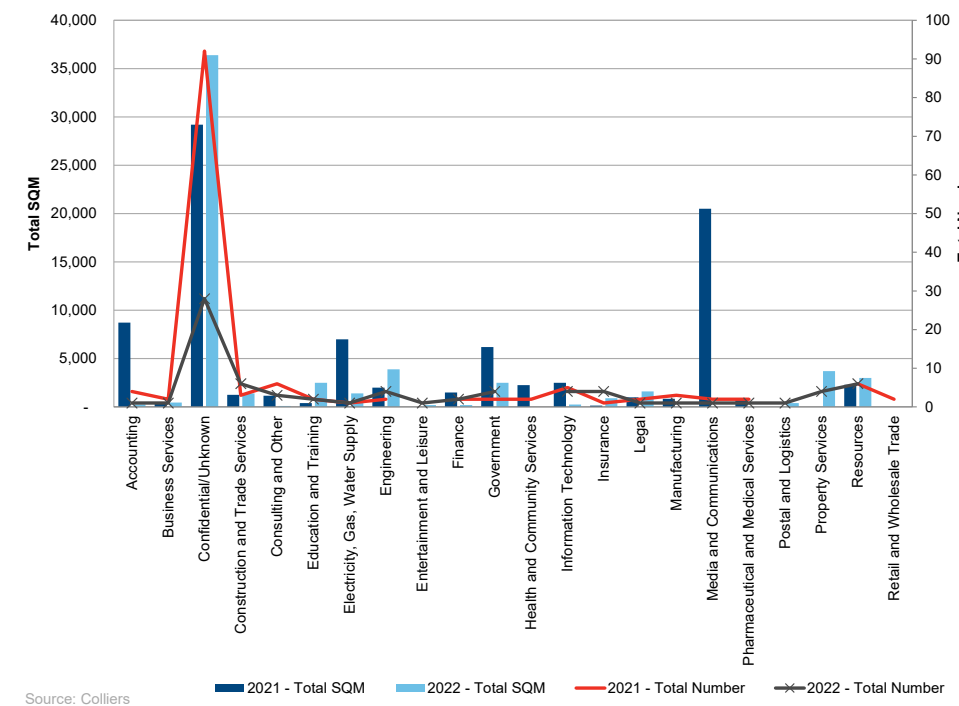
The Engineering and Property Services sectors are the two sectors, other than confidential requirements, providing the most demand into the market.



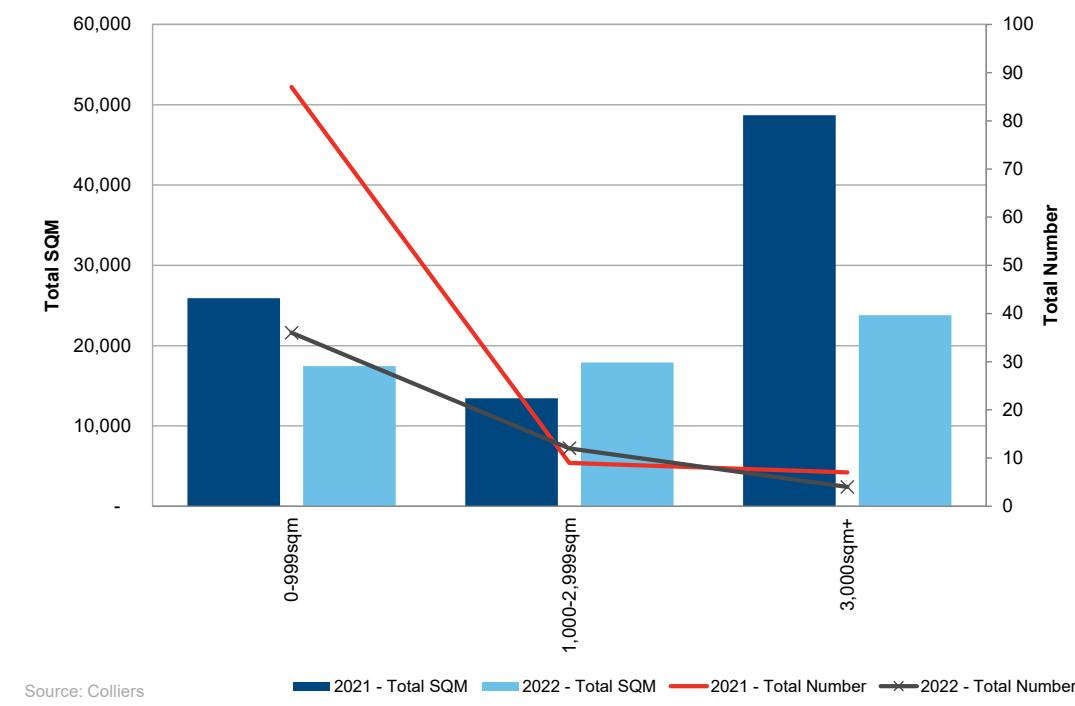
### Demand across all size segments decline

Due to the decline in the total market demand, we can see that all size segments from H1 2021 to H1 2022 have seen a decrease in demand for office space; however there has been a slight uplift in the number of enquiries for office space between 1,000-2,999sqm.

### Enquiries by industry



### Enquiries by size



Note: as of January 2022, the Perth Colliers Office was opened as a fully owned operation. Due to this, it has impacted the number of enquiries being recorded due to the office only just opening.



# Contact our experts

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