

MORET

# COMMERCIAL OFFICE INVESTMENT GUIDE

CITY OF MORETON BAY, QUEENSLAND, AUSTRALIA





# GROWING REGION: EXPANDING MARKET

Developers are spoilt for choice in City of Moreton Bay, with diverse offerings, affordable land availability and strong tenant demand for high quality office stock. Industries and their occupiers are attracted to City of Moreton Bay's affordable rents and business prospects, coupled with great amenity and connectivity between centres.

**SUPPLY SHORTAGE**  
Only 4.8% of all local office stock is considered A-Grade. The city is serviced by only 110 office buildings and vacancy rates of Strathpine and North Lakes are at less than 5.5%.

**DEMAND FOLLOWING GROWTH**  
Population growth is outpacing Brisbane and Queensland which is attracting business and industry who are keen to capitalise on a rapidly growing workforce.

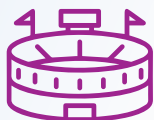
**REGIONAL ADVANTAGES**  
Comparatively high availability of land for development and attractive yields, despite offering affordable rents. Lower CBD density also offers easier construction access.

**DIVERSE OPPORTUNITIES**  
City of Moreton Bay features five key office precincts, each with unique commercial identities presenting diverse opportunities for investors.

## OPPORTUNITIES DRIVING COMMERCIAL GROWTH



\$40 Billion  
growth map of  
major projects



2032 Olympic  
and Paralympic  
Games



115,000 new  
jobs by 2046



# THE INVESTMENT CASE FOR OFFICE DEVELOPMENT IN CITY OF MORETON BAY

City of Moreton Bay is strategically located at the centre of South East Queensland (SEQ). SEQ is projected to grow by an additional 2.2 million to reach about 6 million in 2046 (ShapingSEQ 2023).

The city's great livability, affordability, and connectivity are attracting rapid population growth, which combined with a strong and expanding economy, provides the perfect

opportunity for business relocation and expansion, fuelling demand for quality commercial office space.

**The city is serviced by roughly 110 office buildings with less than 5% of current commercial stock considered A-Grade, despite being the stock that is in greatest demand for large-scale businesses.**

## TODAY

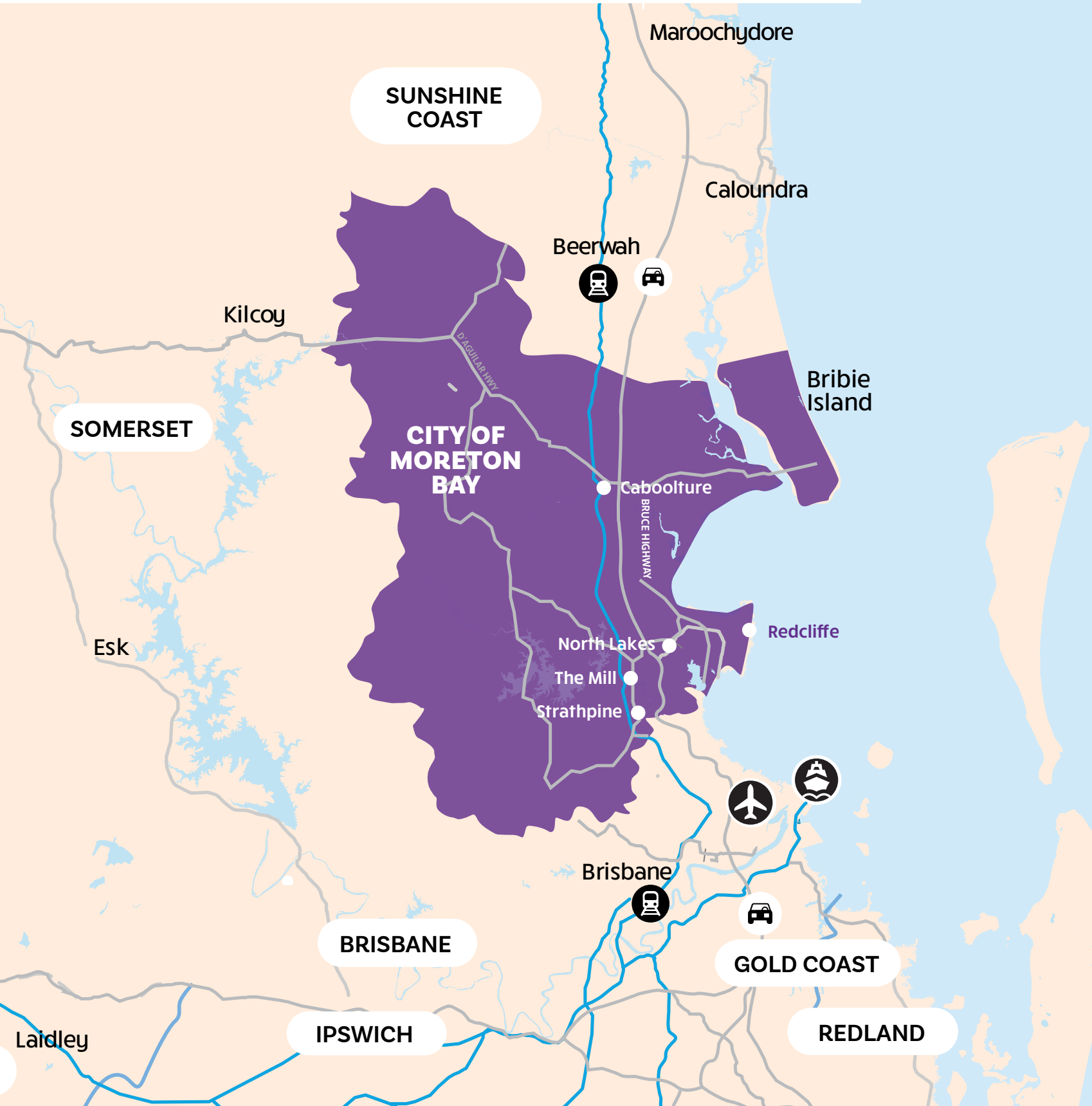
- The Brisbane and Brisbane fringe office markets are clearly outperforming their interstate peers
- City of Moreton Bay has strong connectivity with three major rail links
- The area has a total population in excess of 510,000 people and access to a workforce of 1.2 million within 30 minutes
- Local amenities and liveability make the area attractive to the labour market
- Large existing investment in professional services, health, and education
- Low vacancy levels in southern precincts.

## TOMORROW

- Strong population growth in the city of an additional 290,000 people in the next 23 years, to 800,000 people by 2046, and employment growth of 115,000 by 2042, according to the Regional Economic Development Strategy 2020-2041 (REDS) (City of Moreton Bay)
- The opportunity for great containment of the workforce, by retaining the 50% of resident workers who leave the city each day for work
- Potential for the development of quality strata office product to attract local serving small to medium sized office uses
- The opportunity for further flexible office space supply across the city with operators expressing desire for appropriate spaces, building on the current footprint which includes co-working space at Scarborough and The Mill.



A POLYCENTRIC CITY WITH  
INTERCONNECTED CENTRES  
NEEDS A-GRADE OFFICE SPACE



**City of Moreton Bay is a large area with five key office precincts across major commercial and business.**

The city's office precincts benefit from their different identities and characteristics for expansion opportunities, with both redevelopment and greenfield development prospects on offer.

City of Moreton Bay's office precincts are all well connected, each accessible via road infrastructure and by public transport links, benefiting from three rail lines of the Redcliffe Peninsula rail line, Caboolture rail line, and Sunshine Coast rail line.

**Five key locations are identified as areas for commercial office space supply expansion:**

**STRATHPINE**

The closest of City of Moreton Bay's major office precincts to Brisbane city is driven by demand from government and businesses serving the local population.

**REDCLIFFE**

The 'centre' zoned area of Redcliffe is driven by local businesses and industries, benefiting from its prime location near Redcliffe Hospital, recreation, culture tourism uses and proximity to Brisbane Airport.

**THE MILL AT MORETON BAY**

The newest landmark and destination precinct, anchored by Queensland's newest university campus, UniSC Moreton Bay campus at Petrie, and in 2032, a 10,000 seat Olympic stadium, and suitable land in large supply for A-Grade stock.

**CABOOLTURE**

Situated in the northern part of the city, this precinct is recognised as a major urban centre with a mix of civic, retail and community uses, in addition to the established office market. Caboolture connects the hinterland to the centre core and coastal locations, such as Waraba - the newest greenfield growth hub with 30,000 new homes for 70,000 residents expected over the next 40 years.

**NORTH LAKES**

Underpinned by an expanding commercial, retail, and health precinct, North Lakes supports key industries including health, aged care, property, and real estate , and is well known as the home of IKEA, Costco, and Westfield.



# EXISTING STOCK AND SUPPLY

The current supply of A-Grade office stock across City of Moreton Bay is limited, creating high demand and an opportunity for development.

A recent audit of office stock revealed there is approximately 145,500 sqm of office floor space (Net Lettable Area/NLA) in 110 buildings across the precincts of Strathpine, Redcliffe, Caboolture, and North Lakes. Only 4.8% of the total stock is considered A-Grade with the majority considered secondary stock in the form of support office use rather than investment grade.

Source: Coffee Parker Architects / Super Retail Group

Precinct	No. Office Buildings	NLA (sqm)	% of A Grade Stock by NLA
North Lakes	18	53,536	0%
Strathpine	37	43,955	15.90%
Redcliffe	30	22,468	0%
Caboolture	25	33,568	0%

Source: JLL

## CASE STUDY

Super Retail Group saw the opportunity and built their Headquarters in Strathpine. This building consists of 7,000 sqm NLA across 3-storeys of A-Grade office space and was completed in 2019.





# LOW VACANCY AND DEMAND DRIVERS

## LOW VACANCY WITHIN THE EXISTING MARKET

Many of City of Moreton Bay's office precincts hold low vacancy levels, particularly in modern office product, demonstrating strength in demand for high quality office floor space.

- North Lakes and Strathpine, the two southern office precincts, consist of the largest amount of stock and lowest vacancy amount.
- While Caboolture and Redcliffe's vacancies are higher, these are largely attributed to only a few larger vacancies in each precinct. For example almost half of Caboolture's vacancy is contributed by a larger new office building which until recently had government occupiers who have since relocated to other premises.

Additionally, established office spaces across City of Moreton Bay are often smaller in floor plates, aged, and restrictive in design, so are not representative of what current occupiers' preferences are (large floor plate designs, modernised and open plan office spaces). This is considered a key impact on vacancy, particularly in secondary office stock for City of Moreton Bay.

## POST COVID MARKET DYNAMICS

Office market dynamics have seen a drastic change since the onset of COVID, with the subsequent introduction of forced lockdowns impacting office workers in particular.

City of Moreton Bay has a great opportunity to provide these office environments which deliver on flexibility, collaboration, and variety in workspaces through new and high-quality office buildings.

Businesses who wish to locate in City of Moreton Bay often do so because the lifestyle is appealing and provides great amenity to their workforce. With an emphasis on supporting lifestyle, they are likely to also consider the importance of an attractive and high-quality facility which aligns with post-Covid market trends.

## DEMAND DRIVERS

One of City of Moreton Bay's greatest drivers for occupier demand is its comparable rental affordability to other office markets. Newer A-Grade office stock is expected to provide favourable returns to owners, whilst still offering occupiers a discount to Brisbane office markets. City of Moreton Bay benefits from activity and amenity compared to other markets, despite lacking investment grade office spaces.

City of Moreton Bay enjoys good accessibility (including road and public transport), whilst having amenity, including social infrastructure, and compatible surrounding uses, such as health and medical, and tertiary education. This social infrastructure acts as a catalyst for where businesses want to be located as they attract investment and jobs into their precincts and surrounds. An example of this being at The Mill where UniSC's new campus is acting as the catalyst for large scale development, which includes commercial development in addition to residential, health, retail, and community infrastructure.

Precinct	Total Stock - NLA (sqm)	Vacancy %
North Lakes	53,536	4.2%
Strathpine	43,955	5.4%
Redcliffe	22,468	13.1% <sup>(1)</sup>
Caboolture	33,568	28.0% <sup>(1)</sup>

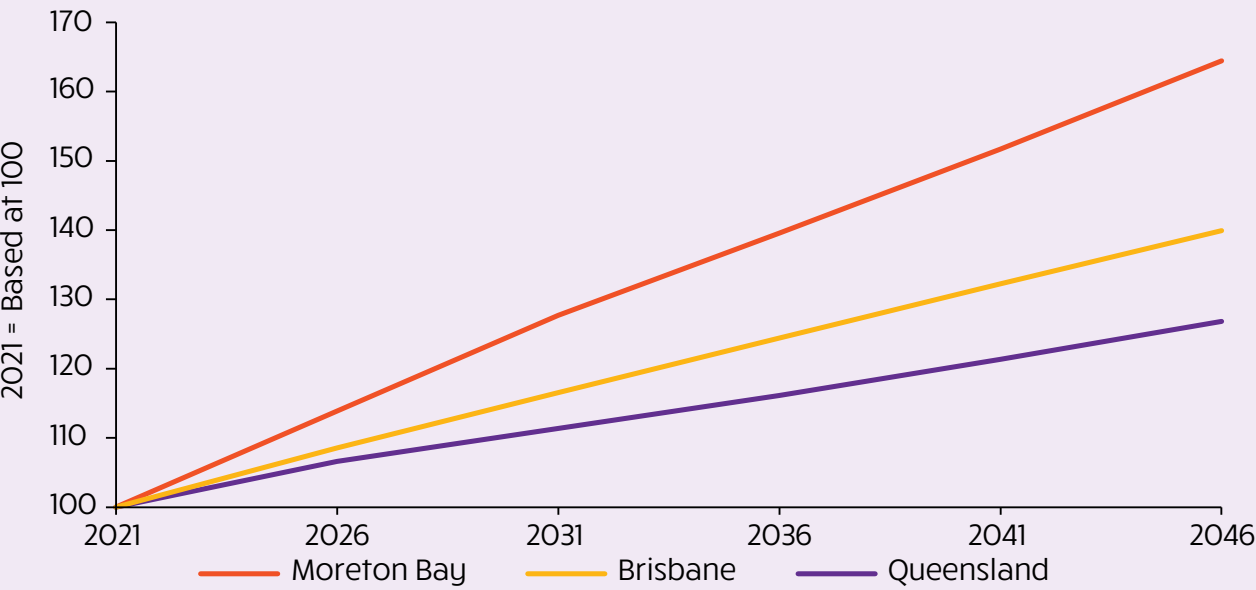
Source: JLL, as at December 2023

(1) Higher vacancies contributed by a small number of large vacancies.





CITY OF MORETON BAY IS PROJECTED TO OUTPACE BRISBANE AND QUEENSLAND FOR POPULATION GROWTH OVER THE NEXT 23 YEARS



Source: Queensland Government Statistician's Office - Population Projections (2023 Edition), JLL

EMPLOYMENT SELF-CONTAINMENT

Employment Self Containment Will Further Drive Demand

- As of the 2021 Census, 49.5% of resident workers are employed within City of Moreton Bay itself, compared to Brisbane LGA's 92.7%.
- City of Moreton Bay has a great opportunity for self-sufficiency with regard to local employment. This opportunity is greatest for office-related industries of employment where self-containment is lowest, including Financial and Insurance Services and Professional, Scientific, and Technical Services.
- Developers and investors can contribute to improvement of employment self-containment by providing the appropriate office spaces for jobs to satisfy demand.
- Government understands that development and investment must follow population growth and developing and creating opportunities for local employment is crucial to sustainable population growth, which means there is a well-supported demand for office space development.

POPULATION GROWTH

City of Moreton Bay is a fast-growing city and the third largest Local Government Area (LGA) in Australia.

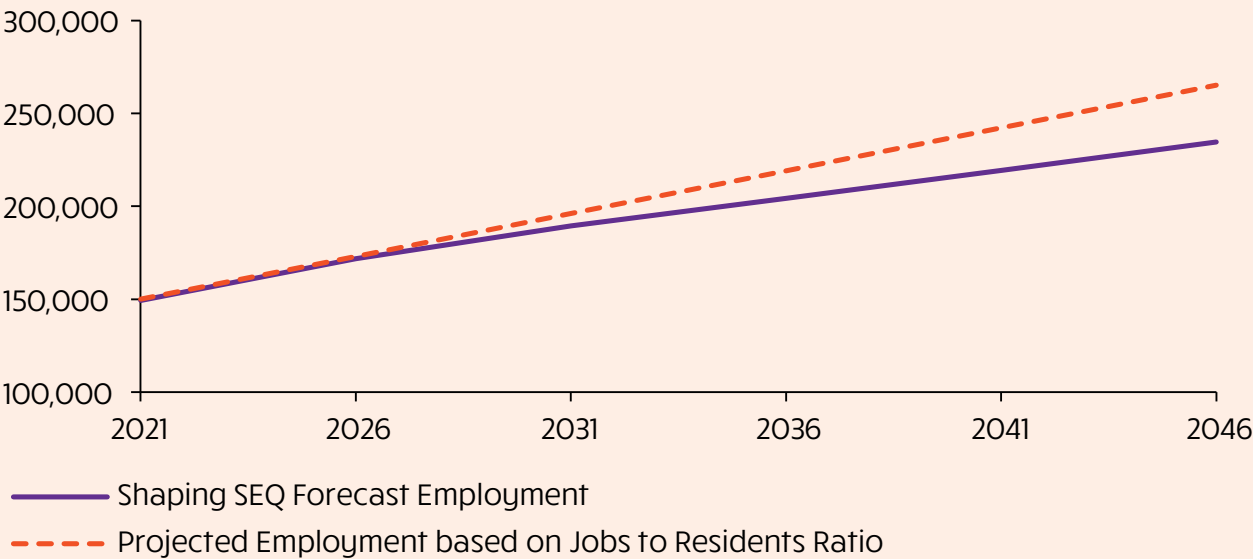
The LGA is projected to grow at a faster rate than both Brisbane LGA and the state overall in the next 25 years. The current population of 510,000 people (ABS ERP 2023) is expected to grow to almost 800,000 residents in 2046, roughly 56% total growth in just 23 years.

GETTING SMARTER

City of Moreton Bay's population is highly educated with 49.4% of the population holding formal qualifications and 17.1% holding a bachelor's degree or higher. Future investment in the education sector, and the growth of UniSC, Queensland's newest university, campus at The Mill in Petrie, is expected to grow this statistic further supporting the demand for office space.

EMPLOYMENT PROJECTIONS

Based on population to job growth trends and population forecasts, there will be 115,000 new jobs within the LGA by 2046. This also suggest that the right time to invest in City of Moreton Bay's office market is now.



Source: ShapingSEQ, QLD Government Projected population, JLL



# COMPETITIVE ADVANTAGES

**There are many opportunities and competitive advantages that City of Moreton Bay provides which make it a prime location for A-Grade office development and investment.**

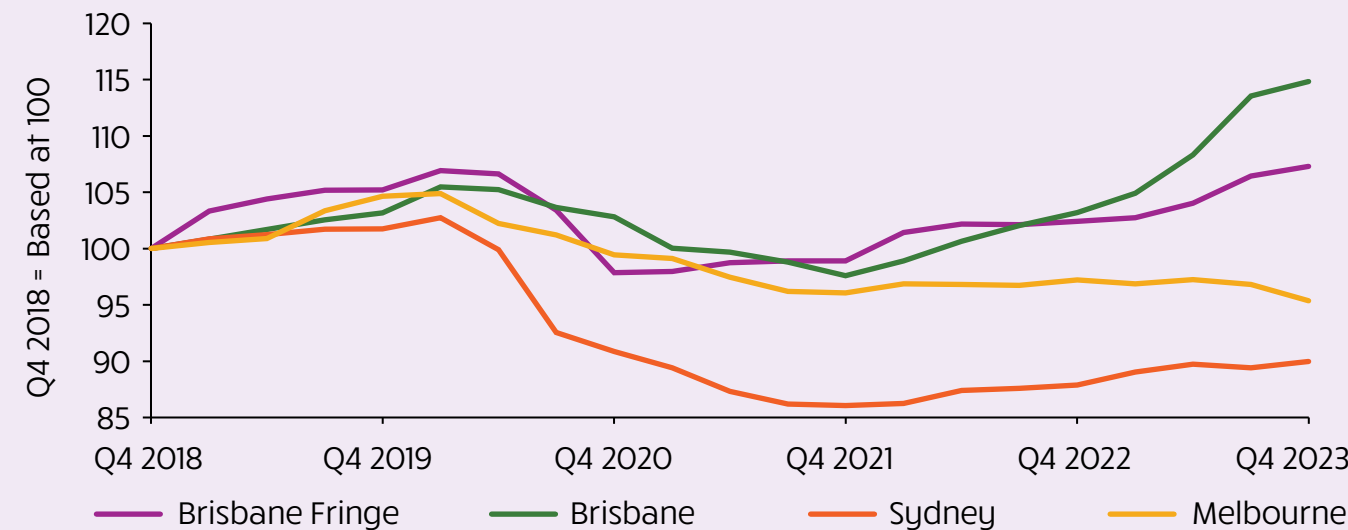
- Each of the city's office precincts have different identities and characteristics for expansion opportunities, with both redevelopment and greenfield development prospects.
- Land values are comparatively more affordable than inner-Brisbane commercial land, making development more feasible due to the availability of land.
- The city's lower density compared to Brisbane CBD offers advantageous opportunities on ready to build land without the need to consider issues that may arise during construction, including demolition of major improvements or disrupting already congested city streets with vehicular and machinery access.



Source: Keymax Property Group, North Lakes

## THE INVESTMENT GRADE OFFICE MARKET OPPORTUNITY

- The city's key office precincts offer discounted pricing compared to Brisbane CBD and Brisbane Fringe office markets, offering affordability for tenants whilst continuing to offer attractive investment opportunities and yields for landowners.
- While not including Moreton Bay, the nearest investment grade office precincts of Brisbane CBD and Brisbane Fringe have performed better relative to their east coast competitors (Sydney and Melbourne). This is noticeable in the performance of rents over the last 5 years.
- Brisbane CBD has had annual prime gross rental growth of 8.6% during 2023, this being the strongest rental growth of the other major CBD office markets in Australia.
- Brisbane Fringe, with greater comparisons to the City of Moreton Bay, has achieved growth of 4.6% for Prime Gross rents during 2023, ranked only behind Sydney Fringe, North Sydney, and Sydney Olympic Park / Rhodes out of the 13 tracked metropolitan office markets by JLL Research.
- Acknowledging the limitations in reflecting direct comparisons to City of Moreton Bay given the lack of prime grade office, this suggests that office rents in the city would have similarly performed strongly in recent years.



Source: JLL Research





# CONTACT CITY OF MORETON BAY

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## DEDICATED CONCIERGE SERVICE

At City of Moreton Bay, we have a dedicated Investment attraction team ready to provide access to a knowledge bank of information to aid decision making and offer hands on support to guide you through the development application process.

## COUNCIL SUPPORT

- A single, convenient and dedicated contact.
- Free pre-lodgement advice to assist in streamlining applications.
- Free access to business resources and economic profiles.
- A dedicated Economic Development team to support your expansion or assist with your relocation needs.

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