Analysts agree: 2007 a hard act to follow

Property

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Last year was one of the strongest for Australia's office markets. Rents soared and not since 1971 has so much space — almost 1 million square metres, according to Jones Lang LaSalle — been committed in 12 months.

But the outlook is less bullish. Global economic uncertainty will make tenants more cautious in 2008 and some international financial houses could shed space.

The head of property research at Adviser Edge, Louis Christopher, says the CBD office markets will be the best performing sector of 2008 — but without the explosive strength of 2007.

"The dynamic rental growth of the previous year is predicted to slow in 2008 as economic uncertainty, coupled with an increased inventory of office space, takes the heat out of the market," he writes in the firm's second annual property review, released yesterday.

The Property Council of Australia's definitive numbers on office market demand and supply will be out next week, but JLL's numbers — collated on a slightly different basis and released yesterday — leave no doubt as to the strength of 2007.

"The level of new supply is manageable and the demand outlook still robust. Tenants might become more cautious, and owner forecasts more conservative, but short of a global recession Australia's tight office market is not going to reverse."