

# FINANCIAL REVIEW

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HD **Brisbane to convert vacancies**  
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Up to 170,000 square metres of space, or about two Chifley Towers' worth, could be withdrawn from the struggling Brisbane office market over the next two years, according to new analysis.

Plans for **residential** and **hotel** conversions, as well as redevelopment and demolition, are key factors that will determine the amount of withdrawal, according to Colliers International.

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"We don't believe the vacancy rate will be increasing as much as previously thought," said Colliers director of capital markets and investment Jason Lynch. "In 2016 Brisbane city will have 188,156 square metres delivered to the market. However, it is important to note the quantum of stock withdrawals."

The future supply includes Japanese **company** Daisho's 174 Ann Street (180 Brisbane), the Grocon-developed 480 Queen Street and Cbus, and ISPT's 1 William Street, which are all forecast for completion in 2016.

However, the confirmed withdrawals so far total about 70,124 square metres. In addition the Newman government has plans to demolish about 66,000 square metres of office space on George Street, while numerous groups have **purchased** buildings for redevelopment or conversion.

They include Cromwell **Group's** Health and Forestry House and a host of Singaporean groups looking to convert. Frasers is creating a **hotel** out of 80 Albert Street, SilverNeedle is converting office space in Lennons Plaza to a **hotel** and the Aspiat Corporation is finalising plans to **buy** the 240 Margaret Street office building, also for **residential** development.

Toga Far East Hotels is planning to convert a heritage-listed office building at 171 George Street into a **hotel** while Investa is also considering a conversion or redevelopment of 363 Adelaide Street to **residential**.

Colliers International co-director of capital markets and investment services Tom Phipps said another key area which could prevent future supply was the conversion of mooted office tower projects.

"This category accounts for about 194,205 square metres in its own right and includes all mooted office developments that have been changed to **residential** and **hotel** use or have been shelved," Mr Phipps said.

Aspiat's **purchase** of Cornerstone Properties' Albert Street development **site**, which was mooted for an 18,000 square metre office tower, will be used for apartments.

"We are seeing an influx of private **Chinese** and state-owned developers looking to convert or redevelop the existing office assets for **residential** or **hotel** use," Mr Phipps said.

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