



DEXUS OFFICE DEMAND BAROMETER

February 2016

The DEXUS Office Demand Barometer firmed slightly, indicating tenant demand in the Sydney CBD is likely to remain positive over the next six months. Going forward, share market volatility is likely to be the main swing factor for office demand.

The DEXUS Office Demand Barometer registered 1.6% in December 2015- an increase of 0.4% from the previous quarter.

The major reason for the rise was strength in the labour market. Job advertisements increased 4% over the past quarter indicating that firms' hiring intentions have improved. Around 176,900 jobs were created in NSW in the past year as the state economy benefited from low interest rates and solid infrastructure investment. In a positive sign for office markets, there was strong growth of 17,400 jobs in the financial services sector.

Other office demand indicators were mixed, with a mild decline in business confidence and an easing of US industrial activity weighing on the barometer.

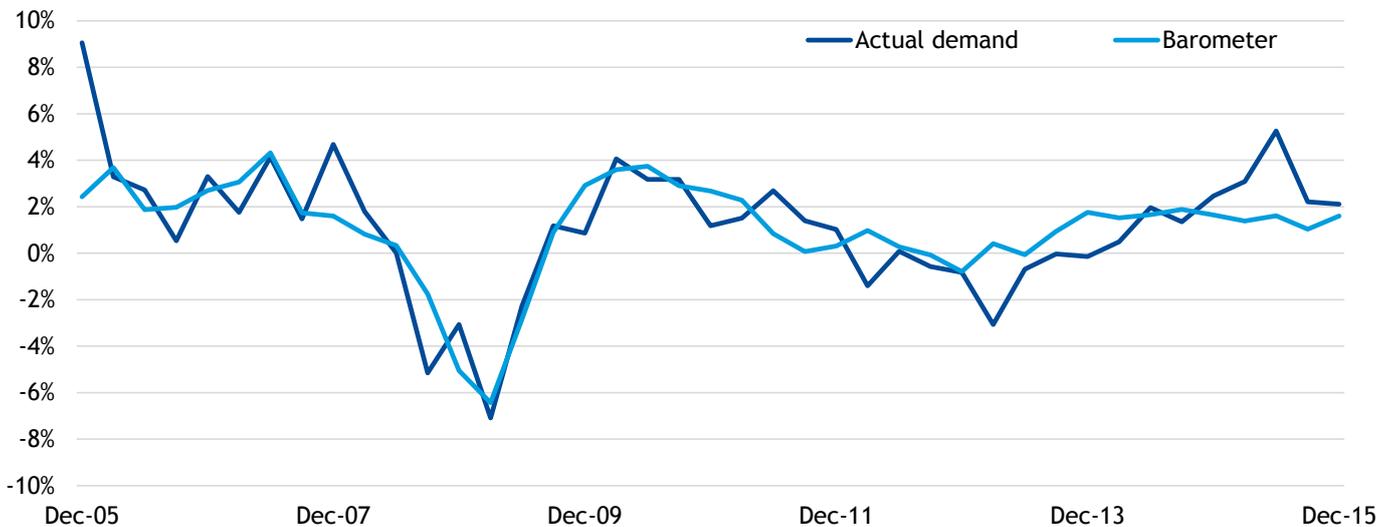


Note: The DEXUS Office Demand Barometer indicates conditions for future demand for Sydney CBD office space.

Going forward, share market volatility is likely to be the main swing factor for office demand in Sydney. This Barometer reading was taken before the sharp falls in the Australian share market in recent weeks. If sustained, this volatility has the potential to influence business confidence.

Actual net absorption of office space remains strong with just over 24,000 sqm taken up in the December 2015 quarter, almost double the ten-year average.

The DEXUS Office Demand Barometer



Source: DEXUS Research, JLL Research

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About the Barometer

DEXUS's Office Demand Barometer is a specialised model that provides a leading indicator for conditions which determine the level of leasing demand for Sydney CBD office space as a percentage of occupied stock over the next six months.

The Barometer includes five variables which have been carefully selected based on their high correlation with Sydney CBD office demand.

- S&P/ASX 200 Index
- NAB Business Confidence Index - finance/business/property sectors
- ANZ job advertisement series
- US ISM Manufacturing Index
- Short term business travel departures

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