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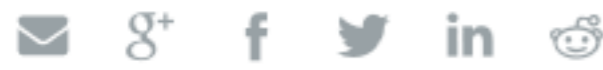
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# Commercial rent rises slow at financial year end as agents try to boost occupancy



Asking rents for suburban commercial property have fallen, but retail is still doing better than office stock, [commercialpropertyguide.com.au](#) says.



by [Michael Bleby](#)

Asking rent increases in smaller retail, office and industrial properties fell to just 1 per cent in the June quarter as agents tried to boost occupancy rates before the end of financial year, a new report shows.

The aggregate rent increase being sought across Australia's eastern state commercial property markets was nearly half the 1.8 per cent increase in the three months to April, website Commercial Property Guide said.

"June asking prices have definitely decreased from that window-dressing period, driven by agents trying to improve their occupancy rate before the end of the financial year," Commercial Property Guide chief executive Simon Rose said. "We'd expect them to come back up in July."

The headline figure masks differences between sectors as well as between cities, but broadly shows that office rents, hit by oversupply and a wish by tenants to pay less, have slowed more sharply than retail and industrial rents. Supply of new suburban office stock on the east coast was likely to surge this year led by Melbourne, which would add 90,444 new square metres, or 62 per cent of the national forecast total, Knight Frank said in March.

The [Sydney](#) and [Melbourne](#) central business districts are also experiencing an increase in the number of smaller tenants taking space in offices as they choose city-centre offices over ones in suburban and fringe areas – the areas on which Commercial Property Guide focuses.

The index, which does not take incentives into account, shows that office asking rents have slowed to 0.2 per cent from about 1.8 per cent in March. Strip shopping centres and industrial warehouses targeting small and medium businesses are stronger.

Retail asking rents have shed about one percentage point to be just more than 1 per cent in June, while industrial asking rents showed a 1.8 per cent increase, down from the 2.6 per cent increase in May.

The website says it tracks asking prices of as much as 80 per cent of the office, retail and industrial properties in Brisbane, Sydney and Melbourne. It has collected data since October 2013 and has published the index since March 2015.

Melbourne and Sydney, which have the highest asking rents, have had the biggest decrease, while asking rents overall in Brisbane have been rising.

"Brisbane is still catching up to those others," Mr Rose said. "It's only a matter of time."

While asking rents overall were likely to be higher in July, with the end of the financial year, they would probably keep trending lower, Mr Rose said.



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