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Law firms underpin leasing activity in the CBD

Sydney, NSW (13 July 2010)

Legal eagles are driving the next wave of tenant activity in the Sydney CBD, with local and offshore firms jostling for position at the top end of town according to a new market review from CB Richard Ellis.

In one of the latest deals, the UK's third largest law firm Allen & Overy has made its first sortie into Australia after committing to 1,800 square metres of space in Sydney's Gold Fields House.

One of Allen's biggest rivals Clifford Chance is also rumoured to be eyeing opportunities Down Under, which would require a significant office commitment.

CBRE Associate Director, Office Services, Scott Berriman said local firms were equally active ahead of a number of significant lease expiries.

Minter Ellison is currently in the market for 12,000-14,000 square metres of space ahead of the late 2013 expiry of its lease in Aurora Place at 88 Phillip Street.

Kemp Strang is also reviewing its options, with a requirement for 4,500 square metres of space ahead of its pending lease expiry in 55 Hunter Street.

"Of the various industry groups, the legal sector remains one of the biggest users of office space within the Sydney CBD," Mr Berriman said.

"In the past two and half years, law firms accounted for approximately 90,000 square metres of office take up - or 22.6% of total gross absorption in the CBD. Some 40,000 square metres of that space was committed in the past 12 months alone - translating to 32% of gross absorption."

Further activity is expected in the next 12 months fuelled by an influx of offshore firms.

Allen & Overy took a two year lease over levels 6 & 7 at Gold Fields House with the ability to expand on Level 5. The rent was agreed at \$600/sqm.

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The firm - which produced 2009 turnover of 1,091 million pounds - has poached a series of high profile lawyers from firms around the country.

In other moves, Clifford Chance is strongly rumoured to be entering the Sydney market by the end of the year. The firm is the UK's No 3 law firm with 2009 turnover of 1,262 million pounds.

"The Australian market appears mature and advanced enough to warrant outside players to the existing big six law firms of Allens, Blakes, Clayton Utz, Freehills, Mallesons and Minters," Mr Berriman said.

"This new take up of space by the international firms will naturally add healthy competition to the ever-expanding 'super premium' sector of the market."

About CB Richard Ellis

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