

\$565 Prime Gross Effective Rents (sqm pa)**17.6%** YoY Premium-grade Gross Effective Rent growth**\$850** A-grade Gross Face Rents (sqm pa)**ECONOMIC INDICATORS
Q1 2024**Q4 23 Q1 24 12-Mo.
ForecastGDP Growth
(National) **2.0%** **1.7%** ▼State Final
Demand
Growth (QLD)* **2.9%** **2.9%** ▼Unemployment
(QLD)† **4.3%** **4.1%** ▲

*Average annual growth rate, †Seasonally adjusted

Source: ABS; Oxford Economics; Cushman & Wakefield Research

ECONOMIC OVERVIEW

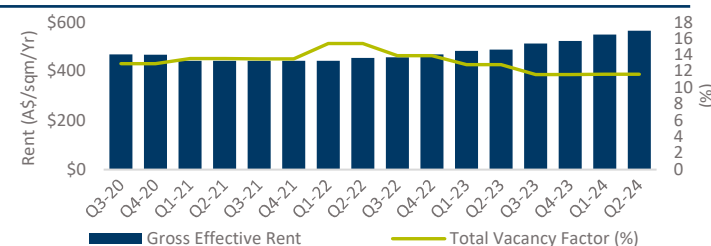
The Australian economy has slowed through 2024 amid continued inflationary pressures. Real GDP increased at a modest 0.1% over the first quarter of 2024, a clear indication that the Australian economy is in the midst of a cyclical slowdown. Oxford Economics (OE) forecasts that real GDP will continue to slow through Q2, before recovering in H2 2024, with their first forecast rate cut now pushed back to Q1 2025. OE forecasts Queensland real gross state product to increase 3.1% over 2024 and continue this strength in 2025 and 2026.

SUPPLY AND DEMAND

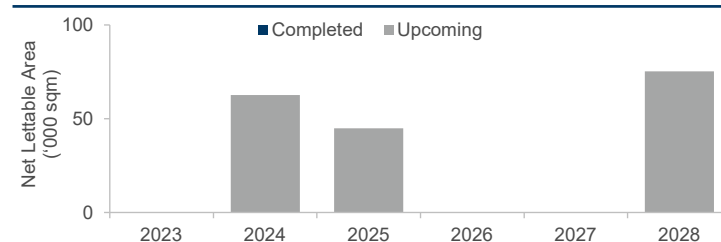
There has been strong demand in the Brisbane CBD, with 12-month net absorption of 16,400 sqm as at January 2024. This figure was made up of -42,300 sqm of Secondary and +58,700 sqm of Prime net absorption. Meanwhile, the CBD hasn't had any major supply contributions for over 18 months, generating a very constrained supply environment while only four major projects are in the pipeline. The first of these will be the A-grade projects at 320 Adelaide Street, re-introducing 19,000 sqm in Q2, and 205 North Quay in Q4 bringing a further 43,700 sqm that is fully committed to by Services Australia. The remaining two developments are 360 Queen Street (45,000 sqm) and Waterfront Brisbane Stage 1 (81,200 sqm), both Premium grade, extensively pre-committed and 2-4 years away from completion. Given a large component of relocation vacancies created by 2024 developments could be Secondary, the full effect of new supply may not be passed through to the A-grade market. This will continue to place downward pressure on Prime vacancy and increase competition for available office space. Cushman & Wakefield agents note continued demand for quality space in a market with limited, quality contiguous options and minimal immediate additions should continue to support rental uplift for the rest of the year.

RENTS

The Brisbane CBD continues to benefit from strong rental growth in Q2 as limited suitable space options help drive average gross face rental growth of 1.8% over the quarter. In the Premium grade, gross face rents were up 9.2% YoY to average \$1,090 per sqm per annum (sqm pa), A-grade gross face rents were up 8.1% YoY to average \$850 sqm pa as B-grade averaged \$720 sqm pa, a slightly lower 7.6% YoY increase. With outgoings largely stable, this growth is also being passed through to net rents. Tightening Prime vacancy and limited space options helped incentives reduce by circa 2.7% in Q1, with Premium grade now averaging 35%, A-grade 40% and B-grade 41% on a gross basis. This is continuing to contribute strong effective rental growth, notably seeing Prime gross effective rents rise 15.6% YoY. Cushman & Wakefield agents note that market factors will likely place further, downward pressure on incentives which could continue to stimulate effective rents. With the current conditions of tight supply, steady vacancy and strong CBD net absorption, there is an encouraging outlook for the Brisbane CBD leasing environment.

PRIME GROSS EFFECTIVE RENT & VACANCY (6 MONTHLY)

Source: PCA; Cushman & Wakefield Research

SUPPLY PIPELINE: NEW DEVELOPMENTS & MAJOR REFURBS

Source: Cushman & Wakefield Research; PCA

MARKETBEAT

BRISBANE CBD

Office Q2 2024

CUSHMAN &
WAKEFIELD

MARKET STATISTICS

| SUBMARKET | INVENTORY* | VACANCY | UNDER CONSTRUCTION | GROSS EFFECTIVE RENT | | |
|----------------------------|------------------|--------------|--------------------|----------------------|-------------|------------|
| | (SQM) | RATE* | (SQM) | A\$/SQM/YR | US\$/SQM/YR | EUR/SQM/YR |
| Premium | 395,257 | 6.4% | 126,157 | 710 | 470 | 440 |
| A-Grade | 990,134 | 11.7% | 62,770 | 515 | 340 | 320 |
| Prime * | 1,385,391 | 10.2% | 188,927 | 565 | 375 | 350 |
| B-Grade | 721,553 | 14.2% | | 430 | 285 | 265 |
| Brisbane CBD Total^ | 2,343,569 | 11.7% | 188,927 | | | |

*Prime Grade is a combination of Premium and A Grade

^All-Grades - As at February 2024

AUD/USD = 0.6626; AUD/EUR = 0.6179 as at 24 June 2024

RECENT KEY LEASING TRANSACTIONS Q2 2024

| PROPERTY | SUBMARKET | TENANT | SQM | LEASE TYPE |
|-------------------|-----------|-------------------------|-------|------------|
| 145 Ann Street | CBD | Arthur J Gallagher & Co | 1,928 | Direct |
| 179 Turbot Street | CBD | GPA Engineering | 1,272 | Direct |
| 145 Ann Street | CBD | Expedia Australia | 1,142 | Direct |

Source: Cushman & Wakefield Research

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY | SUBMARKET | MAJOR TENANTS | SQM | COMPLETION DATE |
|---------------------|-----------|---|---------|-----------------|
| 205 North Quay | CBD | Services Australia | 43,700 | Q4 2024 |
| 320 Adelaide Street | CBD | - | 19,000 | Q2 2024 |
| 360 Queen Street | CBD | QIC, BDO, HSF, Hopgood Ganim | 45,000 | Q2 2025 |
| Waterfront Brisbane | CBD | Deloitte, Gadens, Allens, DLA Piper, Minter Ellison | 81,200* | 2028 |

Source: Cushman & Wakefield Research

* Includes the additional NLA provided in the submitted plans in the revised DA application in Feb 24, approved NLA is 75,331 sqm

DR. DOMINIC BROWN

Head of Research, Australia & New Zealand

+61 (0) 431 947 161 / dominic.brown@cushwake.com

JAKE MCKINNON

National Research Manager

+61 (0) 410 611 548 / jake.McKinnon@cushwake.com

HARRY LIPKE

Research Analyst, Queensland

+61 (0) 476 188 150 / harry.lipke@cushwake.comcushmanwakefield.com

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