

MARKETBEATS

35%

A-GRADE GROSS INCENTIVES
FOR FORTITUDE VALLEY

\$382

INNER WEST A-GRADE
NET FACE RENTS PER SQM

4,564 sqm

OF NEW SUPPLY EXPECTED
FOR COMPLETION IN 2019WHAT'S
NEXT

HIGHLIGHTS

Face rents continue to climb

Brisbane's fringe market was relatively subdued in the June quarter of 2019 with mixed rental growth. The average A-Grade net face rent in Fortitude Valley rose by 0.8% over the quarter and by 0.4% in the Inner West. As a result of the growth, Fortitude Valley net face rents are now 2.2% higher than a year ago and 1.3% higher in the Inner West. However, in South Brisbane, net face rents were generally unchanged over the past year.

Incentives still relatively high

While face rents have generally grown, incentives remain high and have put downward pressure on effective rental growth. The average A-Grade gross incentive in South Brisbane expanded over the past 12 months from 32% to 35%, causing gross effective rents to fall by 2.8%. Inner West incentives since Q2 2018 have risen to around 40% with gross effective rents contracting by 1.4%. Incentives in Fortitude Valley averaged 35% in Q2 2019 with gross effective rents flat over the year.

Stronger economy to support rental growth

While rental growth was mixed over the past quarter, looking forward, demand should be supported by the Queensland economy's ongoing recovery, with state economic growth forecast average 3.0% pa over the three years to 2021, up from 2.6% pa over the previous three.

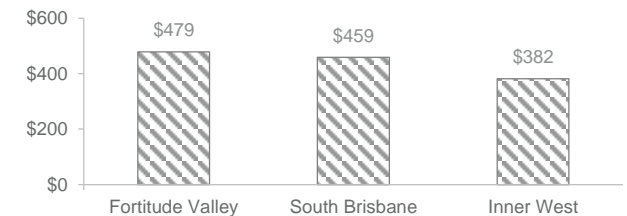
ECONOMIC INDICATORS

	Q4 18	Q1 19	12-Month Forecast
GDP Growth (National)*	2.8%	2.5%	▲
State Final Demand Growth (QLD)*	2.6%	2.0%	▲
Unemployment (QLD)†	6.1%	6.1%	▼

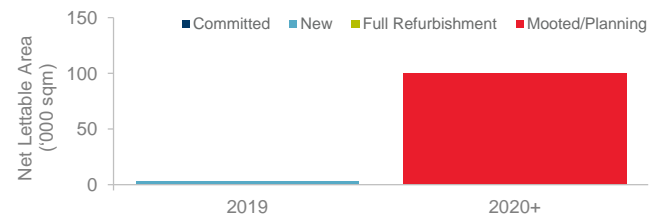
*Average annual growth rate, †Seasonally adjusted

Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

A-GRADE FRINGE NET FACE RENTS



BRISBANE FRINGE SUPPLY PIPELINE



Source: Cushman & Wakefield Research; PCA

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SUBMARKET	NET FACE RENT (A\$)	OUTGOINGS (A\$)	GROSS INCENTIVES	GROSS EFFECTIVE RENT		
				A\$/SQM/YR	US\$/SQM/YR	EUR/SQM/YR
Fortitude Valley	479	122	35%	391	271	240
South Brisbane	459	122	34%	363	252	223
Inner West	382	122	40%	305	211	187

AUD/USD = 0.6931 AUD/EUR = 0.6133 as at 20th June 2019

KEY LEASING TRANSACTIONS H1 2019

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
144 Montague Road, South Brisbane	Inner South	QBCC	2,680	Direct
135 Coronation Drive, Milton	Inner West	AIA Australia	1,406	Direct
1 Breakfast Creek Road, Newstead	Urban Renewal	Walter Consulting	850	Renewal
27 James Street, Fortitude Valley	Urban Renewal	Business Depot	811	Direct
154 Melbourne Street, South Brisbane	Inner South	State Government	207	Direct

PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	COMPLETION DATE
89-91 McLachlan Street	Fortitude Valley		3,500	Q4 2019