

**\$475** Prime Gross Effective Rents (per sqm p.a)

**4.1%** YoY Prime Gross Effective Rent growth

**\$360** B-Grade Gross Effective Rents (per sqm p.a)

**ECONOMIC INDICATORS  
Q4 2019**

Q3 19 Q4 19 12-Mo.  
Forecast

GDP Growth (National)\* **1.8%** **1.8%** ▼

State Final Demand Growth (QLD)\* **1.1%** **0.8%** ▼

Unemployment (QLD)<sup>†</sup> **6.5%** **5.7%** ▲

\*Average annual growth rate, †Seasonally adjusted  
Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

**ECONOMIC OVERVIEW**

The global pandemic that is COVID-19 has and continues to deliver a range of financial and economic consequences across the globe. Nationally we have seen a range of responses, the Australian government stimulus package, the RBA cutting the cash rate by 25bps to a record low of 0.25%, borders being closed are just a few of many responses. In light of this, it is still too early to gauge the impacts on the economy and property markets, though we expect to get some glimpses as more data is collected in Q2 2020. At a state level, Queensland State Final Demand growth softened through the year to reach 1.1% as at Q4 2019. Pre-COVID-19 forecasts showed State Final Demand growth of 2.1% in 2020, however, it is expected that forecasts will be revised down.

**SUPPLY AND DEMAND**

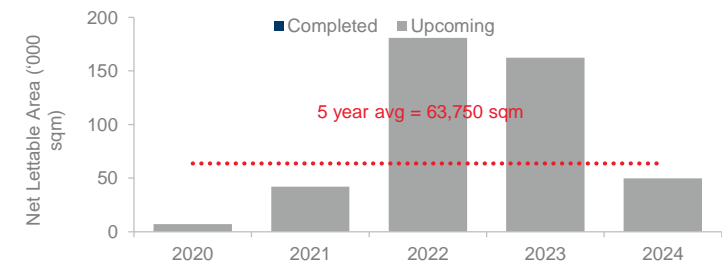
Vacancy rates declined over 2019 reaching 11.9% for the total CBD, its lowest levels since 2013, according to data from the Property Council of Australia. The addition of 47,000 sqm A Grade stock at 300 George Street in late Q4 2019 increased the CBD total vacancy to 12.3%, and A Grade vacancy to 13.7%, from 10.4%. Over the 6 months to January 2020 there was a significant flight to quality, with Premium Grade vacancy dropping from 8.7% to 3.2%, with positive net absorption of 18,500 sqm, which was primarily driven by Westpac moving into their new space in 123 Eagle Street. New supply for the next two years is expected to be limited. In 2020 there is only The Annex at 12 Creek Street (7,200 sqm), which reached practical completion at the end of March, and Midtown Centre at 155 Charlotte Street in 2021 (42,000 sqm).

**RENTS**

Q1 2020 continued the trend of 2019 with another quarter of solid growth, resulting in average Prime gross face rents rising 3.1% year on year, typically ranging from \$730 to \$765 per square metre per annum. The CBD B Grade market also performed well in Q1 2020, with gross face rents increasing 1.4% for the quarter and 4.5% year on year, on average ranging from \$585 to \$630 per square metre per annum. Gross incentives across all grades were stable with no change recorded in Q1 2020, at 36.5% for Prime Grade and 41% for B Grade.

**PRIME GROSS EFFECTIVE RENT, OVERALL VACANCY  
(6 MONTHLY)**


Source: PCA; Cushman &amp; Wakefield Research

**SUPPLY PIPELINE: NEW DEVELOPMENTS & MAJOR REFURBS**


Source: Cushman &amp; Wakefield Research; PCA



## MARKET STATISTICS

SUBMARKET	INVENTORY* (SQM)	VACANCY RATE*	UNDER CONSTRUCTION (SQM)	GROSS EFFECTIVE RENT		
				A\$/SQM/YR	US\$/SQM/YR	EUR/SQM/YR
Premium	335,470	3.2%	60,000	565	330	308
A-Grade	937,664	13.7%	51,700	445	260	242
B-Grade	721,499	14.3%		360	210	196
<b>BRISBANE CBD TOTAL^</b>	<b>2,260,280</b>	<b>12.7%</b>				

\*All-Grades \*As at 19/03/2020

AUD/USD = 0.5837; AUD/EUR = 0.5447 as at 20th March 2020

## KEY LEASING TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
69 Ann Street	CBD	BCC	2,285	Renewal
300 George Street	CBD	Transurban	3,314	Direct
10 Eagle Street	CBD	Scottish Pacific	880	Direct

Source: Cushman & Wakefield Research

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SQM	COMPLETION DATE
The Annex, 12 Creek Street	CBD		7,200	Q1 2020
Midtown Centre, 155 Charlotte Street	CBD	Rio Tinto	42,000	Q1 2021
80 Ann Street	CBD	Suncorp	60,000	Q1 2022

Source: Cushman & Wakefield Research

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