



\$470

Prime Gross Effective Rents (per sqm p.a)

1.7%

YoY Prime Gross Effective Rent growth

\$360

B-Grade Gross Effective Rents (per sqm p.a)

## ECONOMIC OVERVIEW

While COVID-19 continues to spread and new infections are still occurring at a high rate across the world, to date, Australia has succeeded in flattening the curve. In the IMF's June World Economic Outlook, Australia was the only advanced economy to have its 2020 outlook revised up, though growth this year is still expected to decline by 4.5%. The softer economy has resulted in rising unemployment. Data to May indicate the Queensland unemployment rate rose to 7.9%, the highest level since 2001.

## SUPPLY AND DEMAND

New supply for the next two years is expected to be limited. In 2020 the additional space added was 48,000 sqm at 300 George Street and The Annex at 12 Creek Street, which delivered 7,200 square metres (sqm) at the end of March. In June 2021, the Midtown Centre at 155 Charlotte Street (42,000 sqm) is due to complete. Supply is expected to increase from 2022 with a number of developments including 80 Ann Street (60,000 sqm) and the QIC Integrated Development totaling about 120,000 sqm across four properties, of which 78,500 sqm is refurbished stock.

Demand for office space is currently limited, with COVID restrictions in place and a majority of white collar workers working from home, deal volumes are down from this time last year. Payroll data from the Australian Bureau of Statistics indicate employment in the Brisbane CBD may have declined by around 6% between mid-March and 30 May, however, lease enquiry volumes and CBD employment are expected to improve as shutdown restrictions ease.

ECONOMIC INDICATORS  
Q4 2019Q4 19 Q1 20 12-Mo.  
ForecastGDP Growth  
(National)\*

1.8% 1.8%

State Final  
Demand  
Growth (QLD)\*

1.2% 1.1%

Unemployment  
(QLD)†

5.6% 5.6%



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

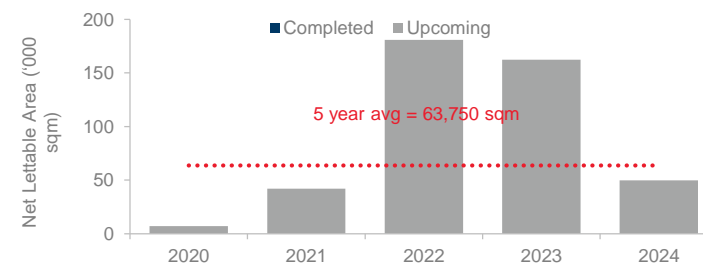
## RENTS

Q2 2020 has seen Brisbane CBD gross face rental growth stall across all grades. Prime gross face rents range from \$730 to \$765 per square metre (sqm) per annum, which is up from \$715 to \$750 12 months ago. Premium Gross Face rents range from \$850 to \$885, A-grade \$685 to \$725 and B-grade from \$585 to \$630. The average Prime gross incentive rose from 36.5% to 37% with Premium gross incentives rising to 37.5% from 35%. The average A-grade and B-grade gross incentive was unchanged on 37% and 41% respectively. The average Prime gross effective rent declined by 1% QoQ while Premium gross effective rents fell by 3.8% QoQ.

PRIME GROSS EFFECTIVE RENT, OVERALL VACANCY  
(6 MONTHLY)

Source: PCA; Cushman &amp; Wakefield Research

## SUPPLY PIPELINE: NEW DEVELOPMENTS &amp; 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	540	371	330
A-Grade	937,664	13.7%	42,000	445	306	272
<b>Prime *</b>	<b>1,273,114</b>	<b>10.9%</b>	<b>102,000</b>	<b>470</b>	<b>323</b>	<b>287</b>
B-Grade	721,499	14.3%		360	248	220
<b>BRISBANE CBD TOTAL^</b>	<b>2,260,280</b>	<b>12.7%</b>				

\*Prime Grade is a combination of Premium and A Grade

^All-Grades - As at 19/06/2020

AUD/USD = 0.6875; AUD/EUR = 0.6113 as at 25<sup>th</sup> June 2020

## KEY LEASING TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
100 Edward Street	CBD	Denison Gas	125	Direct
10 Felix Street	CBD	Porter Davies Lawyers	175	Direct

Source: Cushman & Wakefield Research

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SQM	COMPLETION DATE
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

## JAKE MCKINNON

Senior Research Analyst

+61 (7) 32394033 / [Jake.Mckinnon@cushwake.com](mailto:Jake.Mckinnon@cushwake.com)

## JOHN SEARS

Head of Research, Australia & New Zealand

+61 (0) 466 387 016 / [john.sears@cushwake.com](mailto:john.sears@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

## A CUSHMAN &amp; WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.