



**\$470** Prime Gross Effective Rents (per sqm p.a)

**-4.1%** YoY Premium Gross Effective Rent growth

**\$345** B-Grade Gross Effective Rents (per sqm p.a)

## ECONOMIC OVERVIEW

The COVID-19 pandemic caused a short sharp recession in Australia during Q1 and Q2 2020. Data to December 2020 indicate the Australian economy returned to growth in H2, rising 3.3% in Q3 and 3.1% in Q4 after a 7.3% decline in Q2. Real state final demand in Queensland (Qld) also bounced, rising 0.8% in Q3 and 2.4% in Q4 after declining 5.1% in Q2. Assuming the pandemic is contained globally, both Qld's and Australia's economic growth rates are expected to remain positive over the forecast horizon with relatively strong growth expected over the next few years. Deloitte Access Economics forecast real gross state product (GSP) to increase by 4.6% over calendar 2021 and 3.6% over 2022, with annual growth to average 3.0% between 2023 and 2030. Over the past 10 years, Qld GSP annual growth has averaged 2.0%.

## SUPPLY AND DEMAND

After two years of falling net supply, Brisbane CBD office stock levels are expected to rise in July 2021 with the Midtown Centre at 155 Charlotte Street (42,000 sqm) and 80 Ann Street (60,000 sqm) in early 2022. Pending pre-commitment, from 2024 onwards there are currently around nine projects proposed for development.

Deloitte Access Economics estimates office related white collar employment in the Brisbane CBD decreased by 3,500 in 2020. While economic growth is expected to rebound in 2021, the recovery in employment is forecast to lag, with factors such as cost saving, giving up unused expansion space and an increase in flexible working slowing the growth in office demand.

## RENTS

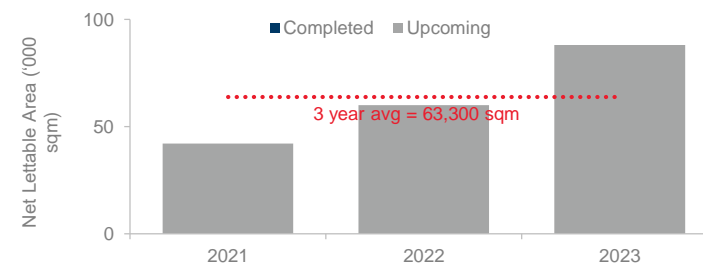
After 12 months of stalled gross effective rental growth, the Brisbane CBD markets is now seeing some movement in incentives and subsequently gross effective rents. Premium grade gross effective rents are down 4.1% year on year (YoY) to average \$540, pushed down by a 7.1% increase in average incentives over the last 12 months. A-grade average gross incentives climbed from an of 37% to 41.5%, pushing the average gross effective rent down to \$410 per square metre. B-grade incentives are up 6.2% YoY to reach an average of 43.5%, pushing the average gross effective rent down to \$345 per square metre.

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



Source: PCA; Cushman & Wakefield Research

## SUPPLY PIPELINE: NEW DEVELOPMENTS & MAJOR REFURBS



Source: Cushman & Wakefield Research; PCA

## ECONOMIC INDICATORS Q4 2020

Q3 20 Q4 20 12-Mo. Forecast

GDP Growth (National)\* **-1.6% -2.4%** ▲

State Final Demand Growth (QLD)\* **-0.4% -0.2%** ▲

Unemployment (QLD)† **7.6% 7.5%** ▼

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



## 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	6.8%	60,000	540	410	347
A-Grade	944,736	13.3%	42,000	410	312	264
<b>Prime *</b>	<b>1,280,260</b>	<b>11.6%</b>	<b>102,000</b>	<b>445</b>	<b>338</b>	<b>286</b>
B-Grade	725,053	16.0%		346	262	222
<b>BRISBANE CBD TOTAL^</b>	<b>2,270,620</b>	<b>13.6%</b>				

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

^All-Grades - As at 22/03/2021

AUD/USD = 0.7600; AUD/EUR = 0.6429 as at 25th March 2021

## KEY LEASING TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
488 Queen Street	CBD	GeoPacific Resources	390	Direct
127 Creek Street	CBD	Simient	250	Direct
316 Adelaide Street	CBD	Palantir	100	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	Q3 2021
80 Ann Street	CBD	Suncorp	60,000	Q1 2022

Source: Cushman & Wakefield Research

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