

BRISBANE FRINGE

Office Q2 2021

\$355 A-Grade Gross Effective Rents (per sqm p.a.) – South Brisbane

-10.9% YoY A-Grade Gross Effective Rent growth – Inner West

44.0% A-Grade Gross Incentives – Fortitude Valley

ECONOMIC INDICATORS Q1 2021

Q4 2020 Q1 21 12-Mo. Forecast

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

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

Unemployment (QLD)† **7.5%** **6.0%** ▲

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

ECONOMIC OVERVIEW

Australia's economy has rebounded back to life following the short sharp COVID induced recession, internationally Australia's performance is a standout as well. Data to March 2021 indicates the Australian economy returned to growth in H2 2020, with GDP rising 3.4% in Q3 and 3.2% in Q4 and continuing to grow in Q1 2021, rising 1.8%. Real state final demand in Queensland (Qld) also bounced in H2 2020 following a decline in H1. Q3 rose 7.0%, Q4 1.9% and the growth continued in Q1 2021 with real state final demand rising 0.4%. Both Qlds 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 3.5% over calendar 2021 and 3.7% over 2022, with annual growth to average 2.9% between 2023 and 2030. Over the past 10 years, Qld GSP annual growth has averaged 20%.

SUPPLY AND DEMAND

Recent supply additions in the Brisbane Fringe market have been relatively limited over the past 2 years and is expected to continue for the next few years, as developers have delayed construction as a result of the uncertainty created by the pandemic. 24,500 sqm at 152 Wharf Street is due for completion in H2 2021 and has already been committed to by the ATO. Also due for completion in October this year is the Jubilee Project in Fortitude Valley that will deliver 18,200 sqm.

RENTS

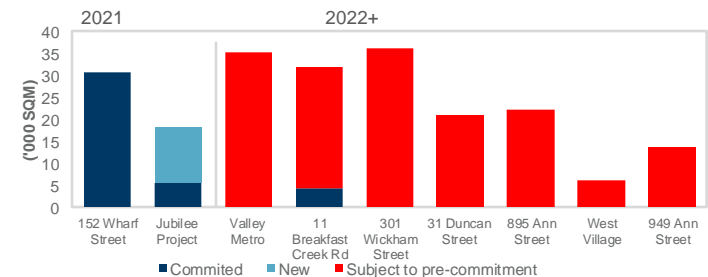
Gross face rents have increased across all the Fringe markets in 2021. Gross face rents in Fortitude Valley now average \$630, up from \$615 in Q4 2020. In South Brisbane rents increase from \$610 in Q4 2020 to currently average \$620, and in the Inner West increasing from \$520 to \$525. The increase in face rents has been offset by the increase in gross incentives over the past 6 months. Average gross incentives have increased from 38.5% to 44.0% in Fortitude Valley, from 35.0% to 43.0% in South Brisbane and from 40.0% to 48.0% in the Inner West.

A-GRADE FRINGE GROSS FACE RENTS



Source: Cushman & Wakefield Research

BRISBANE FRINGE SUPPLY PIPELINE



Source: Cushman & Wakefield Research; PCA

MARKET STATISTICS

MARKET	A-GRADE			GROSS EFFECTIVE RENT (A-GRADE)		
	GROSS FACE RENT (A\$)	OUTGOINGS (A\$)	GROSS INCENTIVES	A\$/SQM/YR	US\$/SQM/YR	EUR/SQM/YR
Brisbane CBD	705	130	42%	410	310	260
Fortitude Valley	630	120	44%	355	265	225
South Brisbane	620	120	43%	355	265	225
Inner West	525	120	48%	270	205	170

AUD/USD = 0.7030; AUD/EUR = 0.6261 as at 24th June 2021

KEY LEASING TRANSACTIONS Q1 & Q2 2021

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
100 Brookes Street	Urban Renewal	KBR	1,750	Direct
49 Melbourne Street	South Brisbane	Digital 8	700	Direct
88 Leichardt Street	Spring Hill	Strategix Training Group	950	Direct

Source: Cushman & Wakefield Research

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SQM	COMPLETION DATE
The Jubilee	Urban Renewal	IWG, Watpac	18,100	2021
152 Wharf Street	Spring Hill	ATO	24,500	2021

Source: Cushman & Wakefield Research

JAKE MCKINNON

Senior Research Analyst

+61 (7) 32394033 / Jake.Mckinnon@cushwake.com**JOHN SEARS**

Head of Research, Australia & New Zealand

+61 (0) 466 387 016 / john.sears@cushwake.comcushmanwakefield.com**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

About Cushman & Wakefield

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 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©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.