

\$445 Prime Gross Effective Rents (sqm pa)

-0.3% YoY Premium Gross Effective Rent growth

\$340 B-grade Gross Effective Rents (sqm pa)

ECONOMIC OVERVIEW

Australia's economy had rebounded following the short sharp COVID induced recession of 2020. Internationally Australia's performance is a standout as well. Data to September 2021 indicates the Australian economy returned to growth in H2 2020 and H1 2021. However, as a result of the lockdowns across Australia's main population centres over the September quarter, particularly in New South Wales and Victoria, national real GDP fell by 1.9% Q3 2021. Growth is expected to rebound in Q4 with Deloitte Access Economics forecasting growth of 4.3% in 2021, 3.6% in 2022 and 3.1% for 2023.

Real state final demand in Queensland (Qld) also bounced in H2 2020 and H1 2021 following a decline in H1 2020, Q3 rose 7.1%, Q4 1.7% and the growth continued in 2021 with real state final demand rising 0.1% in Q1, 2.0% in Q2 and 1.8% in Q3. Year on year growth to September 2021 is at 6.1%. Deloitte Access Economics forecast real gross state product (GSP) to increase by 4.6% over calendar 2021 and 4.9% over 2022, with annual growth to average 2.5% between 2023 and 2030.

SUPPLY AND DEMAND

Currently there is one project under construction, 80 Ann Street, which will deliver 60,000sqm to market in early 2022. Deloitte Access Economics estimates office related white collar employment in the Brisbane CBD decreased by 1,150 in 2020, while the latest employment forecasts expect the white collar employment recovery to be swift, with an increase of 4,000 employees in the CBD in 2021 and 2,500 in 2022. This is also evidence by an increase in larger briefs coming to market and increased levels of enquiry.

RENTS

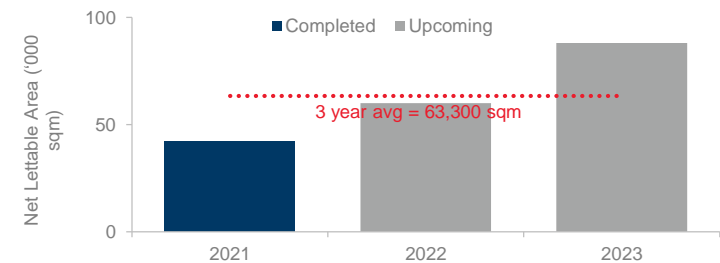
Gross effective rents have remained stable in both the Premium and A-grade office markets across 2021, with gross effective rents averaging \$540 and \$410 per square metre per annum, respectively. B-grade gross effective rent remains at \$340sqm pa. Like the rents, incentives in Premium and A-grade markets have remained stable for 2021, with gross incentives averaging 37.5% and 41.5% respectively. B-grade incentives remain at 45.0%, having only recorded a slight increase in Q2.

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 Q3 2021

Q221 Q321 12-Mo. Forecast

GDP Growth (National)* **1.6%** **3.5%** ▲

State Final Demand Growth (QLD)* **4.1%** **5.4%** ▼

Unemployment (QLD)† **5.1%** **4.9%** ▲

*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	8.1%	60,000	540	390	340
A-grade	944,736	13.2%		410	295	260
Prime *	1,280,206	11.8%	60,000	445	320	280
B-grade	725,053	14.8%		340	245	215
BRISBANE CBD TOTAL^	2,273,027	13.5%				

*Prime grade is a combination of Premium and A-grade

^All-Grades - As at July 2021. Source: Property Council of Australia and Cushman & Wakefield.

AUD/USD = 0.7195; AUD/EUR = 0.631 as at 18 January 2022

KEY LEASING TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
175 Eagle Street	CBD	SLR Consulting	1,755	Direct
193 North Quay	CBD	Gibbs Wright	437	Direct

Source: Cushman & Wakefield Research

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SQM	COMPLETION DATE
80 Ann Street	CBD	Suncorp	60,000	Q1 2022

Source: Cushman & Wakefield Research

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