

\$445 Prime Gross Effective Rents (sqm pa)

0.0% YoY Premium Gross Effective Rent growth

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

ECONOMIC OVERVIEW

The Queensland (QLD) economy has continued to reopen following the Omicron-induced spike in infections that straddled Q4 of 2021 and Q1 of 2022. Data to December 2021 shows that the national economy expanded 3.4% in Q4 after contracting 1.9% in Q3. Despite lockdowns in several of the eastern capitals throughout 2021, GDP grew 4.2% over the calendar year. Real state final demand in QLD increased 1.7% in Q3 of 2021, before stalling and recording no growth in Q4. The QLD economy is expected to continue its strong growth in 2022 with Deloitte Access Economics (DAE) forecasting a 3.0% expansion in real gross state product over the calendar year, following growth of 4.5% in 2021. The flooding in NSW and Queensland may dampen this forecast slightly, while inflationary pressures, in particular supply chain distortions and disruptions from the war in Ukraine, add some downside risk to this forecast.

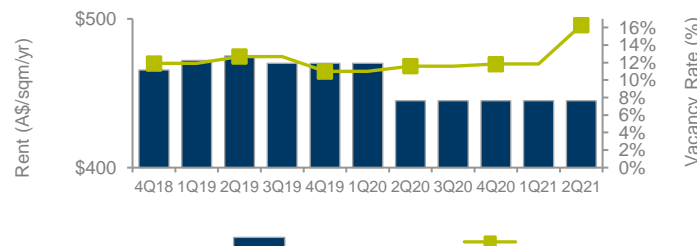
SUPPLY AND DEMAND

In terms of new supply, Midtown Centre reached practical completion at the end of 2021, delivering 42,000 square meters (sqm) to market. 80 Ann Street is due for completion early 2022 and will bring 60,000 sqm to market. The 43,700 sqm 205 North Quay development has been committed to by Services Australia and is currently under construction with delivery expected in 2024. Following a contraction in office demand in 2020, DAE forecasts that the Brisbane CBD will see an annual average of 2,500 new office workers in the Brisbane CBD over the next decade, continuing to drive new demand for office floorspace in the CBD.

RENTS

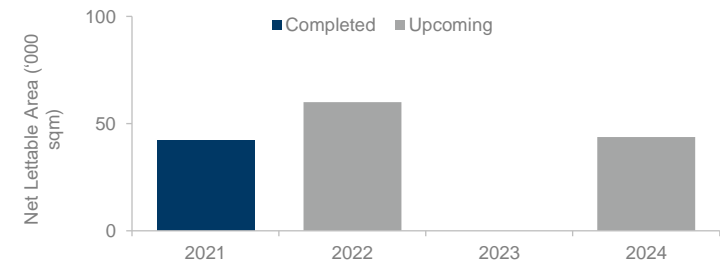
Gross effective rents have remained stable in both the Premium and A-grade office markets across 2021 and this has continued into Q1 2022. Gross effective rents are averaging \$540 per square metre per annum (sqm pa) for Premium grade stock, while A-grade is averaging \$410 sqm pa. B-grade gross effective rent has remained at \$340 sqm pa over the past 12 months. Like the rents, incentives in Premium and A-grade markets have remained stable for 2021 and has continued into Q1 2022, with gross incentives averaging 37.5% and 41.5% respectively. B-grade incentives remain at 45.0%, however we are starting to see some potential of upward pressure as the flight to quality gathers momentum.

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 2021

Q321 Q421 12-Mo. Forecast

GDP Growth (National)* **3.5%** **4.8%** ▼

State Final Demand Growth (QLD)* **5.5%** **5.9%** ▼

Unemployment (QLD)† **4.9%** **4.7%** ▼

*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	350,970	6.7%	60,000	540	405	370
A-grade	990,134	19.7%	43,700	410	310	280
Prime *	1,341,104	16.3%	103,700	445	330	300
B-grade	720,970	13.3%		340	255	230
BRISBANE CBD TOTAL^	2,323,988	13.5%				

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

^All-Grades - As at January 2022. Source: Property Council of Australia and Cushman & Wakefield.

AUD/USD = 0.7482; AUD/EUR = 0.681 as at 29 March 2022

KEY LEASING TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
46 Charlotte Street	CBD	Fresh Supply Co Pty Ltd	432	Direct

Source: Cushman & Wakefield Research

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SQM	COMPLETION DATE
80 Ann Street	CBD	Suncorp	60,000	Early 2022
205 North Quay	CBD	Services Australia	43,700	2024

Source: Cushman & Wakefield Research

JAKE MCKINNON

Research Manager, Queensland

+61 (0) 410 611 548 / Jake.Mckinnon@cushwake.com

JOHN SEARS

Head of Research, Australia & New Zealand

+61 (0) 466 387 016 / john.sears@cushwake.com

cushmanwakefield.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 50,000 employees in 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 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.

©2022 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.