

# BRISBANE CBD

Office Q2 2022

**\$455** Prime Gross Effective Rents (sqm pa)

**2.5%** YoY Premium Gross Effective Rent growth

**\$345** B-grade Gross Effective Rents (sqm pa)

## ECONOMIC OVERVIEW

The Queensland (QLD) economy has continued to recover despite significant weather events across parts of the state and the Omicron-induced spike in infections in late 2021 and early 2022. Data to March 2022 shows that the national economy expanded a further 0.8% in Q1 of 2022 after the robust 3.4% expansion during Q4 of 2021. 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 through H2 2022, with Deloitte Access Economics (DAE) forecasting a 3.4% expansion in real final demand over the calendar year, following growth of 4.8% in 2021. There are some downside risks to this forecast, the ongoing war in Ukraine, inflationary pressures, low consumer confidence and the potential of more extreme weather events.

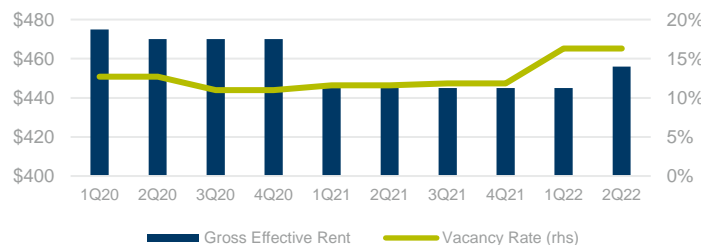
## SUPPLY AND DEMAND

Following a contraction in office demand in 2020, DAE forecasts that the Brisbane CBD will see an additional 26,500 new office employees over the next decade, requiring roughly 265,000 sqm of office floorspace. Currently there is around 195,000 sqm of stock recently completed or due for completion. Midtown Centre reached practical completion at the end of 2021, delivering 42,000 square meters (sqm) to market. The newly named Heritage Lanes, at 80 Ann Street, is due for completion at the back end of 2022 and will bring 60,000 sqm to market. The 43,700 sqm 205 North Quay development has been committed to by Services Australia (38,000sqm) and is currently under construction with delivery expected in 2024. 45,000 sqm at 360 Queen Street is now expected to be delivered in Q2 2025, with BDO pre-committing to 9,000 sqm and HopgoodGanim Lawyers pre-committing to 6,300 sqm.

## RENTS

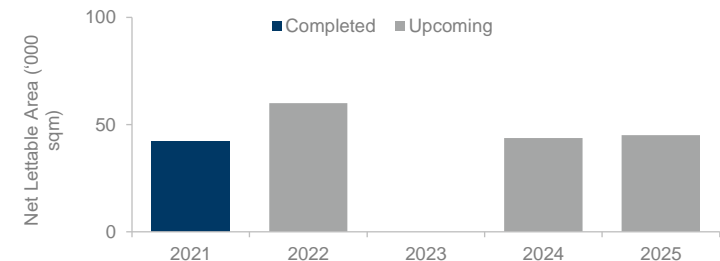
Gross effective rents remained stable in 2021 and Q1 2022, before seeing a slight increase across all grades in Q2 this year. Gross effective rents are now averaging \$560 per square metre per annum (sqm pa) for Premium grade stock, up 3.1% over the quarter, while A-grade is averaging \$425 sqm pa, up 2.6%. B-grade gross effective rent has increased 0.9% over the quarter to \$345 sqm pa. Like the rents, incentives remained stable for 2021 and Q1 2022, however this has continued in Q2 2022 remaining unchanged, with gross incentives averaging 37.5% and 41.5% for Premium and A-grade, respectively. B-grade incentives remain at 45.0%.

## 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 Q1 2022

Q4 21 Q1 22 12-Mo. Forecast

GDP Growth (National)\* **4.8%** **5.3%** ▼

State Final Demand Growth (QLD)\* **6.0%** **6.6%** ▼

Unemployment (QLD)† **4.6%** **4.0%** —

\*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	560	385	365
A-grade	990,134	19.7%	43,700	425	295	275
<b>Prime *</b>	<b>1,341,104</b>	<b>16.3%</b>	<b>103,700</b>	<b>455</b>	<b>315</b>	<b>300</b>
B-grade	720,970	13.3%		345	240	225
<b>BRISBANE CBD TOTAL^</b>	<b>2,323,988</b>	<b>13.5%</b>				

\*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 = 0.6928; AUD/EUR = 0.6554 as at 28 June 2022 Source: RBA

## KEY LEASING TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
360 Queen Street	CBD	BDO	9,000	Direct
360 Queen Street	CBD	HopgoodGanim Lawyers	6,300	Direct
127 Creek Street	CBD	Christie Spaces	1,580	Direct
127 Creek Street	CBD	W Wightman Advisory	246	Direct

Source: Cushman & Wakefield Research

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SQM	COMPLETION DATE
80 Ann Street	CBD	Suncorp	60,000	H2 2022
205 North Quay	CBD	Services Australia	43,700	2024
360 Queen Street	CBD	BDO	45,000	Q2 2025

Source: Cushman & Wakefield Research

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