

\$460 Prime Gross Effective Rents (sqm pa)

2.1% YoY Premium Gross Effective Rent growth

\$350 B-grade Gross Effective Rents (sqm pa)

ECONOMIC INDICATORS Q2 2022

Q1 22 Q2 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

ECONOMIC OVERVIEW

After weathering the COVID-19 induced recession of 2020 as well as the subsequent waves of the virus and inclement weather in 2021 and early 2022, the Australian economy was poised for recovery. This has been tempered to a degree as inflationary pressures have pushed forward interest rate rises and lowered the outlook for growth. Despite this, the economy is still expected to expand at an above-average rate in 2022. Deloitte Access Economics (DAE) is predicting that Australia's real GDP will increase 3.4% in 2022 and 2.5% in 2023, in line with the 2010-2019 average annual growth of 2.6%. This also follows a 4.8% expansion in 2021. The QLD economy is expected to continue its strong growth through H2 2022, with Deloitte Access Economics (DAE) forecasting a 2.2% expansion in real final demand over the calendar year, following growth of 4.9% in 2021. There are some downside risks to this forecast, the ongoing war in Ukraine, continued inflationary pressures and the recent forecasts of increased probability of more extreme weather events (flooding) at the end of the year.

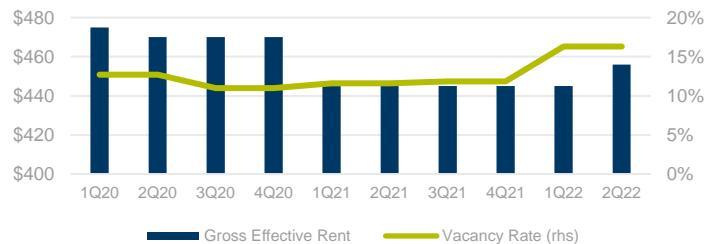
SUPPLY AND DEMAND

The newly named Heritage Lanes, at 80 Ann Street, is completed delivering 60,000 sqm to the premium grade market. The 45,000 sqm development at 205 North Quay has been full committed 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. 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 recently completed or due for completion. Dexu's Waterfront Brisbane is nearing construction start, with completion expected 2027.

RENTS

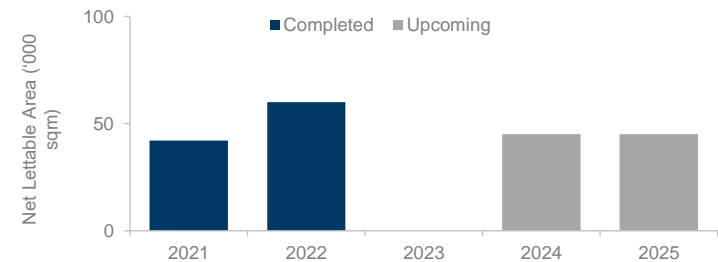
Gross face rents have recorded an increase across all grades in the Brisbane CBD, with Premium grade up 5.4% over the year to average \$910 sqm pa. A-grade saw similar increases, up 5.0% to average \$740 sqm pa, while increases in B-grade were slightly more modest, up 2.3% to average \$635 sqm pa. The increases in face rents have been offset in Premium and A-grade with an increase in incentives. Premium incentives are up 2 percentage points to average 39.5% and A-grade is up 1.5 percentage points to average 43.0%. B-grade incentives remain unchanged 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

MARKET STATISTICS

SUBMARKET	INVENTORY* (SQM)	VACANCY RATE*	UNDER CONSTRUCTION (SQM)	GROSS EFFECTIVE RENT		
				A\$/SQM/YR	US\$/SQM/YR	EUR/SQM/YR
Premium	395,275	7.2%		550	365	370
A-grade	957,656	17.2%	43,700	420	280	285
Prime *	1,352,931	14.3%	43,700	460	305	310
B-grade	720,970	11.5%		350	230	235
BRISBANE CBD TOTAL^	2,323,988	14.0%				

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

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

AUD/USD = 0.6624; AUD/EUR = 0.6739 as at 23 September 2022 Source: RBA

KEY LEASING TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
<i>While there are a number of significant leases at the final stages of negotiations, no notable deals have been finalised.</i>				

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

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SIGNIFICANT PROJECTS UNDER CONSTRUCTION

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

Source: Cushman & Wakefield Research