

\$380 Prime Net Effective Rents (sqm pa)

6.3% YoY Premium Net Effective Rent growth

\$235 B-grade Net Effective Rents (sqm pa)

ECONOMIC OVERVIEW

The Western Australia's economy has remained strong due to high prices for iron ore, a thriving agricultural sector, a boom in EV related elements such as lithium, rare earths, and copper, however there are challenges such as inflation, interest rate increases, skill shortages, and supply chain issues that have reduced growth forecasts. The Westpac Consumer sentiment index has remained unchanged from February to March despite these concerns. The Australian Bureau of Statistics' monthly CPI indicator has risen to 7.4% as of March 2023, with new dwellings, fuel, and food being the biggest contributors to this increase. Deloitte Access Economics predicts that Western Australia's gross state product (GSP) will increase by 1.3% in 2023 and achieve accelerated growth of 2% in 2024. Perth CBD recorded the highest worker occupancy in the nation in Q4 22 at 80% highlighting the continued confidence in the local office market.

SUPPLY AND DEMAND

Construction of 1 The Esplanade will conclude in Q1 2023, delivering 54,000 square meters (sqm) to market with commitments from Chevron, Herbert Smith Freehills, Parliamentary Services and Minter Ellison, creating 35,000 sqm of Prime grade vacancy in the market, of which 33,000 sqm is moving from QV1. Capital Square Tower 3, will deliver 15,690 sqm to market and GDI's Westralia Square 2 will provide a further 9,100 sqm of prime grade space in 2023. A 34,000 sqm development at 9 The Esplanade is expected to come to market while another 171,000+ sqm of development applications are planned for 2025 and beyond, however increased construction costs, inflation rates, interest rates and supply chain issues continue to put pressure on current and future developments, so we may see further delays in projects.

RENTS

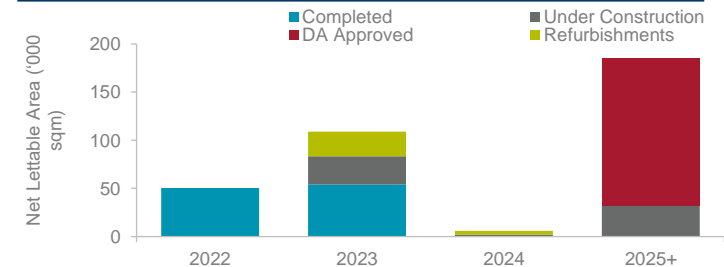
Premium grade net face rents have risen slightly from Q4 2022 by 0.7% to \$737 p/sqm although have steadily increased over the year by 4.7%. A-grade face rents have increased by 2.7% to \$610 and B-grade rents have remained relatively stable at \$470 p/sqm. Incentives in A-grade markets have remained stable for the beginning of 2023, with net incentives transacting at 47% to 50%+ respectively. Premium grade incentives have shown positive signs of improvement, transacting in the 43-47% range, but is "asset-to-asset" specific. B-grade incentives have risen to 47-53% with improvement in sight, driven by a rapid take up of fitted space in 2023.

PRIME NET FACE RENT, OVERALL VACANCY (6 MONTHLY)



Source: PCA; Cushman & Wakefield Research

SUPPLY PIPELINE: NEW DEVELOPMENTS & MAJOR REFURBISHMENTS



Source: Cushman & Wakefield Research; PCA

ECONOMIC INDICATORS

Q4 2022

	Q3 22	Q4 22	12-Mo. Forecast
GDP Growth (National)*	4.1%	3.7%	▼
State Final Demand Growth (WA)*	4.6%	3.9%	▼
Unemployment (WA)†	3.4%	3.5%	▲

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

MARKET STATISTICS

SUBMARKET	INVENTORY* (SQM)	VACANCY RATE*	UNDER CONSTRUCTION (SQM)	NET EFFECTIVE RENT		
				A\$/SQM/YR	US\$/SQM/YR	EUR/SQM/YR
Premium	414,872	6.6%	79,690	395	260	245
A-grade	648,046	16.7%	9,100	370	245	225
Prime *	1,062,918	12%	88,790	380	255	235
B-grade	565,533	20.9%	-	235	155	145
PERTH CBD TOTAL^						

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

^All-Grades - As at March 2023. Source: Property Council of Australia and Cushman & Wakefield.

AUD/USD = 0.6650; AUD/EUR = 0.6176 as at 28th March 2023 Source: RBA

KEY LEASING TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
251 St Georges Terrace	CBD	RICOH	475	Direct
Central Park, 152-158 St Georges Terrace	CBD	Thompson Geer	1,321	Direct
Westralia Square 2	CBD	ARUP	2,598	Direct
2 Mill Street	CBD	Neuplan	472	Direct

Source: Cushman & Wakefield Research

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SQM	COMPLETION DATE
1 The Esplanade	CBD	Chevron	54,000	Q1 2023
Westralia Tower 2, 141 St Georges Terrace	CBD	ARUP	9,100	Q2 2023
Capital Square Tower 3, 98 Mounts Bay Road	CBD	N/A	15,690	Q3 2023

Source: Cushman & Wakefield Research

ZAAHEN KAHN

Senior Research Analyst, Perth

+61 (0) 412 210 386 / zaahen.kahn@cushwake.com

NICHOLAS MOORMAN

Database & Research Assistant, Perth

+61 (0) 437 382 767 / nicholas.moorman@cushwake.com

DR. Dominic Brown

Head of Research, Australia & New Zealand

+61 (0) 431 947 161 / dominic.brown@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 52,000 employees in over 400 offices and approximately 60 countries. In 2022, the firm had revenue of \$10.1 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more, visit www.cushmanwakefield.com or follow [@CushWake](https://twitter.com/CushWake) on Twitter.

©2023 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.