

9.4% Y-O-Y increase building capital values

\$150 Average Prime net face rent (<4,000 sqm)

6.1% Average Prime yield (>4,000 sqm)

ECONOMIC INDICATORS Q4 2022

Q3 22 Q4 22 12-Mo. Forecast

GDP Growth (National)* **4.1%** **3.7%** ▼

State Final Demand Growth (QLD)* **4.2%** **3.7%** ▼

Unemployment (QLD)† **3.8%** **3.8%** ▲

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

ECONOMY:

Global inflationary pressures that persisted throughout 2022 have pushed forward interest rate rises and tempered expectations for a rapid recovery for the Australian economy. Although a more hawkish monetary policy stance is expected to reduce the pace of expansion in the Australian economy for 2023 and 2024, growth is forecast to remain positive in both years. Deloitte Access Economics (DAE) is predicting that Australia's real GDP increased at an above-trend 3.6% in 2022 before slowing to 1.7% in 2023 and 1.6% in 2024. DAE forecast that Queensland's gross state product (GSP) increased by 2.6% in 2022. This is now inline with the annual average growth rate of the decade prior to the pandemic (2010-2019) of 2.4%. GSP growth is expected to grow in 2023 to 2.7% before slowing slightly in 2024 to around 2.0%.

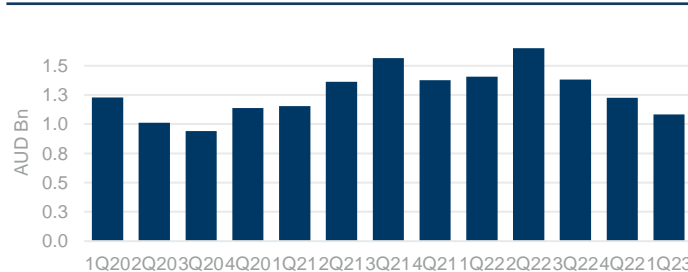
SUPPLY & RENTS:

Brisbane industrial & logistic market rents are the second highest of any market in Australia, averaging \$145 per square metre per annum at the end of Q1 2023. For the five years prior to 2021, prime net face rents had been stable across the Brisbane precincts. Q3 2021 saw a significant jump in net face rents, particularly for the South and West precincts. Year on year to Q1 2023 net face increases were 18% and 21% respectively in the South and West. Growth in the Trade Coast, North and M1 Corridor was slightly lower, though still significantly above historical trends, having experienced the rental boom around 12 months earlier in the cycle. Increases over the year were 15% for the North, 9.4% for the Trade Coast and 8.6% for the M1 Corridor. Rising construction costs and delays in material delivery continue to hamper the speculative development pipeline. While this continues and occupier demand remains high, we expect continued rental growth across Brisbane.

SALES:

Following a record year for transactions both in Queensland and nationally, transaction volumes in Queensland continued strongly in 2022. This was the second highest calendar year volume on record totalling \$1.2 billion. Total Queensland transaction volume slowed in H2 2022 and Q1 2023 as the interest rate environment continues to change. Yields are softening slightly as rising interest rates increase funding costs for leveraged investors. However, those with capital are taking advantage of this and actively purchasing.

ROLLING ANNUAL INDUSTRIAL INVESTMENT VOLUME (>\$5M)



Source: Cushman & Wakefield Research; RCA

FEATURE C&W LISTING



Trade Coast Leasing Opportunity – 34 Manton Street

MARKET STATISTICS

PRIME GRADE	Size Range	North	YoY Change	Trade Coast	YoY Change	South	YoY Change	West	YoY Change	M1 Corridor	YoY Change
NET FACE RENT	<4,000 sqm	\$145 - \$165	15%	\$165 - \$195	9%	\$140 - \$150	21%	\$140 - \$150	21%	\$120 - \$140	8%
	>4,000 sqm	\$130 - \$140	13%	\$145 - \$160	7%	\$125 - \$130	11%	\$140 - \$145	24%	\$100 - \$135	15%
OUTGOINGS	<4,000 sqm	\$21 - \$36	16%	\$27 - \$44	11%	\$20 - \$30	4%	\$20 - \$35	22%	\$23 - \$33	10%
	>4,000 sqm	\$18 - \$31	20%	\$28 - \$32	15%	\$20 - \$30	4%	\$18 - \$35	18%	\$23 - \$24	-8%
NET INCENTIVES	<4,000 sqm	5.00% - 7.50%	-5 pps	2.50% - 7.50%	0 pps	5.00% - 10.00%	-4 pps	8.00% - 12.00%	3 pps	0.00% - 5.00%	0 pps
	>4,000 sqm	5.00% - 7.50%	-4 pps	5.00% - 10.00%	-1 pps	10.00% - 12.00%	-2 pps	5.00% - 10.00%	-5 pps	5.00% - 12.50%	0 pps
AVG YIELDS	<4,000 sqm	5.75% - 6.75%	75 bps	5.50% - 6.50%	100 bps	5.50% - 6.00%	50 bps	5.75% - 6.00%	62 bps	5.75% - 6.25%	75 bps
	>4,000 sqm	5.75% - 6.75%	100 bps	5.50% - 6.50%	100 bps	5.50% - 6.25%	13 bps	6.25% - 6.50%	63 bps	5.50% - 6.25%	75 bps
BUILDING CAPITAL VALUES	<2,000 sqm	\$2,500	0%	\$3,000	0%	\$2,750	53%	\$2,300	10%	\$2,350	0%
	2,000 - 5,000 sqm	\$2,150	0%	\$2,800	0%	\$2,675	73%	\$1,900	6%	\$2,250	0%
	5,000 - 10,000 sqm	\$1,900	0%	\$2,200	0%	\$1,900	46%	\$1,600	7%	\$2,150	0%
	10,000 + sqm	\$1,775	0%	\$1,950	0%	\$1,500	36%	\$1,625	20%	\$1,850	0%
VACANT LAND VALUES	<10,000 sqm	\$650	0%	\$1,000	0%	\$450	-5%	\$438	-3%	\$500	0%
	>10,000 + sqm	\$600	0%	\$650	0%	\$325	4%	\$400	7%	\$425	0%

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2022 + Q1 2023

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
Lot 1-14 Anton Road, Hermant	Trade Coast	Visy	46,200	Direct
Part Lots 36 & 38 Charles Ulm place, Eagle Farm	North	NETA Tire Service & Sales	8,600	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2022 + Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE (AUD)
112 Cullen Avenue, Eagle farm	North	Dexus / Altis Property Partners	23,000	32.3 Million
36-48 River Road, Ipswich		High Pressure Holdings / Northshore Property Trust	86,300	21 Million
194 Bruce Highway	North	Private / Private	20,500	12.8 Million

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