

**\$485** Prime Gross Effective Rents (sqm pa)

**10.2%** YoY Premium Gross Effective Rent growth

**\$360** B-grade Gross Effective Rents (sqm pa)

## ECONOMIC OVERVIEW

Global inflationary pressures that persisted throughout 2022 have continued into 2023, which is expected to weigh on GDP growth this year. Deloitte Access Economics (DAE) forecasts Australian real GDP growth to slow from 3.7% in 2022 to 1.5% in 2023 and 1.2% in 2024. In part, this is a result of slower growth in consumption: DAE forecasts real household consumption growth to slow from 6.5% in 2022 to 1% in 2023 and 0.6% in 2024 as higher interest rates begin to impact household budgets. DAE records Queensland (Qld) gross state product (GSP) increased 2.1% in 2022, in line with long term pre-covid averages. Qld GSP growth is forecast modestly at 0.9% in 2023 and 1.5% in 2024, before reverting to growth in line with long-term averages of 2% to 2.5% per annum.

## SUPPLY AND DEMAND

There are no planned supply additions for the Brisbane CBD in 2023, which, with recent positive net absorption is expected to continue to place downward pressure on vacancy over the near term. The 45,000 sqm development at 205 North Quay has been fully committed and is currently under construction with delivery slated for Q4 2024. 360 Queen is expected to be completed in H1 2025, and currently has circa 60% pre-committed, with BDO taking 9,000 sqm, HopgoodGanim Lawyers 6,300 sqm and QIC and Freehills recently committing. Dexus's Waterfront Brisbane is nearing construction start, with demolition works well underway, and completion expected 2027.

## RENTS

Cushman & Wakefield agents have noted that a lack of supply and surging inflation has pushed an increase in gross face rents across all grades in Q1 and Q2 2023 in the Brisbane CBD, with Premium grade up 11.7% year on year (y-o-y) to average \$995 sqm pa. A-grade gross face rents are up 8.5% y-o-y to average \$785 sqm pa, while B-grade was up 7.3% y-o-y to average \$670 sqm pa. Gross incentives have remained stable across the CBD in Q2 2023 after increasing in Q3 2022. Premium incentives are averaging 39.5% and A-grade is at 43.0%. B-grade incentives are currently averaging 45.0%. With limited supply coming to market over the next 3 years it is expected that tightening vacancy will continue to place upward pressure on rents.

## ECONOMIC INDICATORS Q1 2023

Q4 22 Q1 23 12-Mo. Forecast

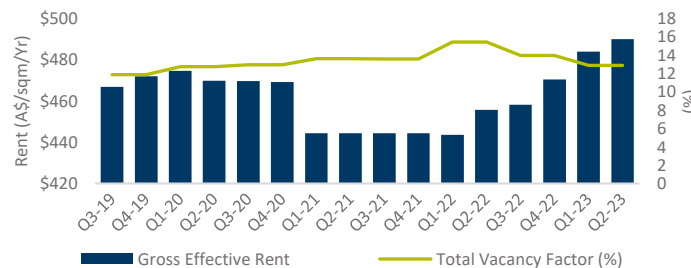
GDP Growth (National)\* **3.7%** **3.5%** ▼

State Final Demand Growth (QLD)\* **3.7%** **3.0%** ▼

Unemployment (QLD)† **3.8%** **3.9%** ▲

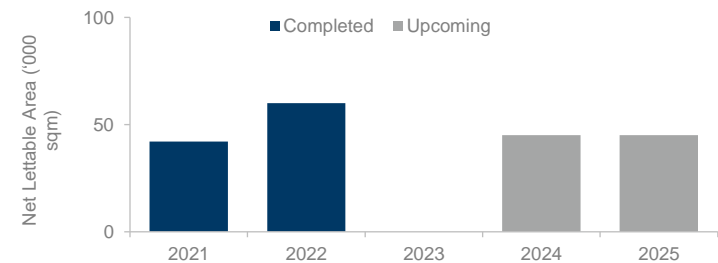
\*Average annual growth rate, †Seasonally adjusted  
Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

## PRIME GROSS EFFECTIVE RENT & VACANCY (6 MONTHLY)



Source: PCA; Cushman & Wakefield Research

## SUPPLY PIPELINE: NEW DEVELOPMENTS & MAJOR REFURBS



Source: Cushman & Wakefield Research; PCA

Office Q2 2023

## 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	5.90%		605	410	370
A-Grade	957,656	17.90%		445	300	275
<b>Prime *</b>	<b>1,385,391</b>	<b>14.40%</b>	<b>88,700</b>	<b>490</b>	<b>330</b>	<b>300</b>
B-Grade	721,553	9.50%		370	250	225
<b>Brisbane CBD Total^</b>	<b>2,323,988</b>	<b>12.90%</b>	<b>88,700</b>			

\*Prime Grade is a combination of Premium and A Grade

^All-Grades - As at 28/03/2023

AUD/USD = 0.6765; AUD/EUR = 0.6158 as at 22 June 2023

## KEY LEASING TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
123 Albert Street	CBD	Boeing	12,056	Direct
300 George Street	CBD	Glencore	4,268	Direct
66 Eagle Street	CBD	Commonwealth Government	2,904	Direct
123 Albert Street	CBD	Woreley Parsons	2,384	Direct
310 Ann Street	CBD	RPM Global	3,441	Direct

## 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 &amp; Wakefield Research

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