

16.25% Y-O-Y increase building capital values

\$160 Average Prime net face rent (<4,000 sqm)

5.95% Average Prime yield (>4,000 sqm)

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

ECONOMY:

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 & RENTS:

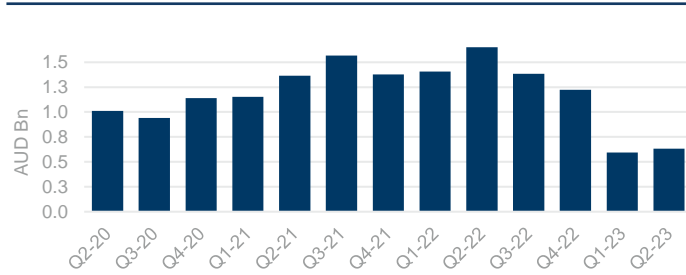
The Brisbane industrial & logistic market has seen rents continue a steady quarter-on-quarter increase to now average \$150/sqm, representing an 18.5% increase from Q2 2022. Prime net face increases were most notable in the South and West precincts, both seeing 24.5% year-on-year growth, followed by the M1 Corridor at 18.5%, North at 17% and the Trade Coast at 11%. This growth is significantly above the 5-year average annual growth rate of 7.1%. Inflated construction costs in conjunction with delays in material delivery continue to create headwinds for supply delivery, which is placing downward pressure on vacancy, whilst placing upward pressure on rents.

SALES:

Coming off the back of a record years of investment volume in 2021 and 2022, volumes slowed in Q1 2023, before rebounding strongly in Q2 to record around \$1.5 billion nationally and \$131 million in Queensland. While the current economic conditions are placing pressure on financing costs and leveraged investors, it is evident that there is still strong demand for industrial assets. Major sales in the Brisbane region this quarter included the sale of 16-28 Quarry Road in Stapylton for \$66.9m by Dexus Industrial REIT, 316 Brisbane Terrace in Goodna from Silverfin for \$12.5m and 373 Sherbrooke Road in Willawong for \$12.8m from Centuria Capital.

Building capital values have seen a sharp increase in the South and West precincts over the past 12 month, across all building sizes, up an average of 39%. While the growth has been more limited in the other precincts in that past year, it is of note that they experienced the price jump roughly 6 months earlier than the South and West.

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



Source: Cushman & Wakefield Research; RCA

FEATURE C&W LISTING



Trade Coast Leasing Opportunity – 724 Lytton Road

Industrial Q2 2023

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	\$155 - \$175	18%	\$175 - \$205	12%	\$150 - \$160	29%	\$140 - \$155	23%	\$130 - \$145	15%
	>4,000 sqm	\$140 - \$150	16%	\$155 - \$170	10%	\$135 - \$140	20%	\$140 - \$150	26%	\$110 - \$140	22%
OUTGOINGS	<4,000 sqm	\$21 - \$36	16%	\$27 - \$44	11%	\$20 - \$30	4%	\$25 - \$35	33%	\$23 - \$33	10%
	>4,000 sqm	\$18 - \$31	20%	\$28 - \$32	15%	\$20 - \$30	4%	\$20 - \$35	22%	\$23 - \$24	-8%
NET INCENTIVES	<4,000 sqm	5.00% - 7.50%	-5 pps	2.50% - 7.50%	0 pps	5.00% - 10.00%	-3 pps	8.00% - 8.00%	0 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% - 8.00%	-6 pps	5.00% - 10.00%	-1 pps
AVG	<4,000 sqm	5.75% - 6.75%	75 bps	5.50% - 6.50%	100 bps	5.50% - 6.00%	37 bps	5.75% - 6.00%	62 bps	5.75% - 6.25%	75 bps
YIELDS	>4,000 sqm	5.75% - 6.75%	100 bps	5.50% - 6.50%	100 bps	5.50% - 6.25%	13 bps	5.75% - 6.00%	13 bps	5.50% - 6.00%	62 bps
BUILDING CAPITAL VALUES	<2,000 sqm	\$2,500	0%	\$3,000	0%	\$2,850	50%	\$2,500	19%	\$2,450	4%
	2,000 - 5,000 sqm	\$2,150	0%	\$2,800	0%	\$2,675	73%	\$2,100	17%	\$2,250	0%
	5,000 - 10,000 sqm	\$1,900	0%	\$2,300	5%	\$2,000	54%	\$1,800	20%	\$2,100	-2%
	10,000 + sqm	\$1,775	0%	\$2,050	5%	\$1,600	45%	\$1,800	33%	\$1,900	3%
VACANT LAND	<10,000 sqm	\$650	0%	\$1,000	0%	\$450	-5%	\$463	3%	\$500	0%
VALUES	>10,000 + sqm	\$600	0%	\$650	0%	\$325	4%	\$425	13%	\$425	0%

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
141 Anton Road, Hemmant	Trade Coast	VISY Logistics	44,660	Direct
35 Borthwick Avenue, Murarrie	Trade Coast	Kirby HVAC&R	7,510	Direct
141 Boundary Road, Oxley	West	Electronics Boutique Australia	7,800	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE (AUD)
16-28 Quarry Road, Stapylton	M1 Corridor	Dexus Industrial REIT / Hines	40,980	\$66.9 Million
373 Sherbrooke Road, Willawong	South	Centuria Capital / Bubbogullion Investments	8,050	\$12.8 Million
316 Brisbane Terrace, Goodna	West	Silverfin / Undisclosed Investor	8,040	\$12.5 Million

TONY IULIANO

International Director - Head of Industrial & Logistics, ANZ
+61 412 992 830
tony.iuliano@cushwake.com

DAVID HALL

National Director - Head of Brokerage Industrial & Logistics, ANZ
+61 428 242 410
david.j.hall@cushwake.com

DR. DOMINIC BROWN

Head of Research, Australia & New Zealand
+61 431 947 161
dominic.brown@cushwake.com

JAKE MCKINNON

Research Manager Queensland
+61 410 611 548
jake.mckinnon@cushwake.com

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