

\$525 Prime Gross Effective Rents (sqm pa)

12.6% YoY A-grade Gross Effective Rent growth

\$385 B-grade Gross Effective Rents (sqm pa)

ECONOMIC INDICATORS Q3 2023

Q2 23 Q3 23 12-Mo. Forecast

GDP Growth (National)* **3.1%** **2.2%** ▼

State Final Demand Growth (QLD)* **2.8%** **2.4%** ▼

Unemployment (QLD)† **3.6%** **3.9%** ▲

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

ECONOMIC OVERVIEW

The Australian economy remained resilient throughout 2023 despite multiple interest rate rises and persistent inflationary pressures. Oxford Economics forecasts Australian real GDP to have increased 1.4% over calendar 2023. Although growth continues to slow, Oxford Economics predicts that it will remain positive throughout 2024 before rebounding through 2025. Queensland Gross State Product is expected to have decreased by 1.07% over the 12 months to Q4 2023, slowing from a 1.5% increase in 2022. Oxford Economics forecasts gross state product to rebound and increase 2.9% over the course of calendar year 2024 before ticking up to 3.0% in 2025 and 3.45% in 2026.

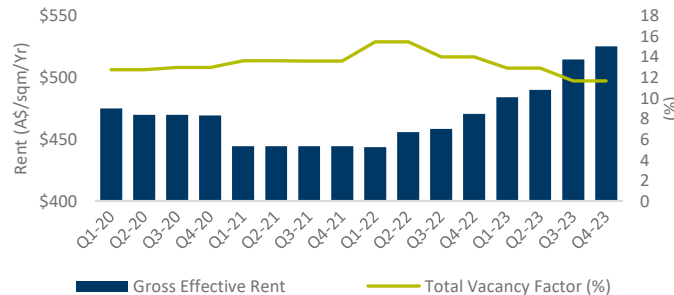
SUPPLY AND DEMAND

The outlook for Brisbane CBD supply is relatively limited with only three developments under construction and the rest of the pipeline being relatively mooted. Of the developments under construction, 205 North Quay is expected to be delivered by the end of 2024 and is nearly fully pre-committed by Services Australia. 360 Queen street will bring 45,000 sqm of premium space online in H1 2025, with total pre-commitments of 30,000 sqm. This includes a near 10,000 sqm precommitment by QIC who will be vacating their current tenancy in CP2. Waterfront Brisbane North Tower is now on track for a 2028 completion with construction underway. In Q4 Dexus secured pre-commitments from law firms Allens and DLA Piper for 4,800 sqm and 2,250 sqm respectively. This brings total commitments to circa 40% of the 75,000 sqm NLA. Demand for office space is expected to remain strong in Brisbane off the back of strong interstate migration (31,000 people in the 12 months to March 2023, in comparison to the negative 30,000 and negative 5,500 of New South Wales and Victoria.) and strong net absorption of 71,000 sqm in the 12 months to July.

RENTS

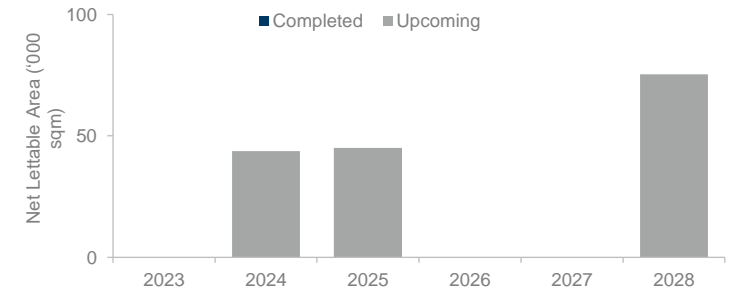
Rents in the Brisbane CBD have seen continuous growth over 2023 as constrained supply and increasing demand drove vacancy down and face rents up. With limited new supply in the pipeline and forecast strong population and employment growth, we expect this strength to continue. In Q4, Premium gross face rents were up 8.5% year on year (YoY) ranging from \$1,000 to \$1,095 to average \$1,050 per sqm per annum (sqm pa), A-grade gross face rents were up 10.6% YoY ranging from \$790 to \$865 to average \$825 sqm pa and B-grade was up 9.1% YoY, averaging \$690 sqm pa with a range of \$670 to \$715. Gross incentives were steady in Q4 with Premium between 37% and 40%, A-grade 39% to 45% and B-grade 42% to 46%. Outgoings have trended higher over the year to now average \$180 to \$220 for prime grade and \$145 to \$210 for secondary. Cushman & Wakefield agents noted they expect to see incentives trend downward in 2024 as a product of increased demand and limited supply, which is expected to further stimulate effective rental growth.

PRIME GROSS EFFECTIVE RENT & VACANCY (6 MONTHLY)



Source: PCA; Cushman & Wakefield Research

SUPPLY PIPELINE: NEW DEVELOPMENTS & MAJOR REFURBS



Source: Cushman & Wakefield Research; PCA

Office Q4 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	4.4%	120,000	645	425	390
A-Grade	990,134	15.8%	43,700	480	315	290
Prime *	1,385,391	12.5%	163,700	525	345	315
B-Grade	721,553	9.9%		385	255	235
Brisbane CBD Total^	2,356,662	11.6%	163,700			

*Prime Grade is a combination of Premium and A Grade

^All-Grades - As at 03/08/2023

AUD/USD = 0.6579; AUD/EUR = 0.6043 as at 22 January 2024

RECENT KEY LEASING TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
123 Albert Street	CBD	Arup	3,208	Direct

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SQM	COMPLETION DATE
205 North Quay	CBD	Services Australia	43,700	Q4 2024
360 Queen Street	CBD	QIC	45,000	Q2 2025
1 Eagle Street	CBD	Deloitte	75,000	2028

Source: Cushman & Wakefield Research

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