

# BRISBANE CBD



Office Q2 2024

**\$565** Prime Gross Effective Rents (sqm pa)

**17.6%** YoY Premium-grade Gross Effective Rent growth

**\$850** A-grade Gross Face Rents (sqm pa)

## ECONOMIC OVERVIEW

The Australian economy has slowed through 2024 amid continued inflationary pressures. Real GDP increased at a modest 0.1% over the first quarter of 2024, a clear indication that the Australian economy is in the midst of a cyclical slowdown. Oxford Economics (OE) forecasts that real GDP will continue to slow through Q2, before recovering in H2 2024, with their first forecast rate cut now pushed back to Q1 2025. OE forecasts Queensland real gross state product to increase 3.1% over 2024 and continue this strength in 2025 and 2026.

## SUPPLY AND DEMAND

There has been strong demand in the Brisbane CBD, with 12-month net absorption of 16,400 sqm as at January 2024. This figure was made up of -42,300 sqm of Secondary and +58,700 sqm of Prime net absorption. Meanwhile, the CBD hasn't had any major supply contributions for over 18 months, generating a very constrained supply environment while only four major projects are in the pipeline. The first of these will be the A-grade projects at 320 Adelaide Street, re-introducing 19,000 sqm in Q2, and 205 North Quay in Q4 bringing a further 43,700 sqm that is fully committed to by Services Australia. The remaining two developments are 360 Queen Street (45,000 sqm) and Waterfront Brisbane Stage 1 (81,200 sqm), both Premium grade, extensively pre-committed and 2-4 years away from completion. Given a large component of relocation vacancies created by 2024 developments could be Secondary, the full effect of new supply may not be passed through to the A-grade market. This will continue to place downward pressure on Prime vacancy and increase competition for available office space. Cushman & Wakefield agents note continued demand for quality space in a market with limited, quality contiguous options and minimal immediate additions should continue to support rental uplift for the rest of the year.

## RENTS

The Brisbane CBD continues to benefit from strong rental growth in Q2 as limited suitable space options help drive average gross face rental growth of 1.8% over the quarter. In the Premium grade, gross face rents were up 9.2% YoY to average \$1,090 per sqm per annum (sqm pa), A-grade gross face rents were up 8.1% YoY to average \$850 sqm pa as B-grade averaged \$720 sqm pa, a slightly lower 7.6% YoY increase. With outgoings largely stable, this growth is also being passed through to net rents. Tightening Prime vacancy and limited space options helped incentives reduce by circa 2.7% in Q1, with Premium grade now averaging 35%, A-grade 40% and B-grade 41% on a gross basis. This is continuing to contribute strong effective rental growth, notably seeing Prime gross effective rents rise 15.6% YoY. Cushman & Wakefield agents note that market factors will likely place further, downward pressure on incentives which could continue to stimulate effective rents. With the current conditions of tight supply, steady vacancy and strong CBD net absorption, there is an encouraging outlook for the Brisbane CBD leasing environment.

## ECONOMIC INDICATORS Q1 2024

Q4 23 Q1 24 12-Mo. Forecast

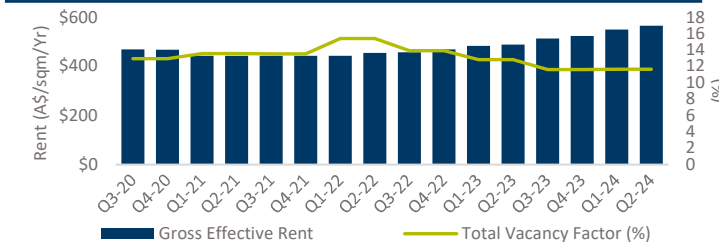
GDP Growth (National) **2.0%** **1.7%** ▼

State Final Demand Growth (QLD)\* **2.9%** **2.9%** ▼

Unemployment (QLD)† **4.3%** **4.1%** ▲

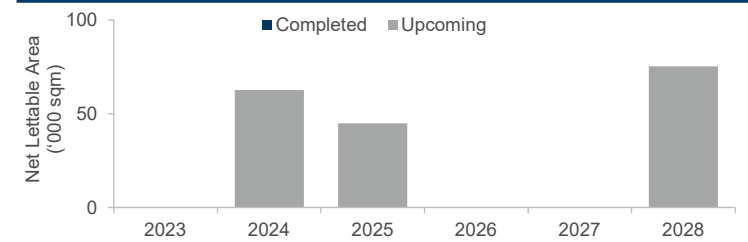
\*Average annual growth rate, †Seasonally adjusted  
Source: ABS; Oxford Economics; Cushman & Wakefield Research

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



Source: PCA; Cushman & Wakefield Research

## SUPPLY PIPELINE: NEW DEVELOPMENTS & MAJOR REFURBS



Source: Cushman & Wakefield Research; PCA

## MARKET STATISTICS

SUBMARKET	INVENTORY*	VACANCY	UNDER CONSTRUCTION	GROSS EFFECTIVE RENT		
	(SQM)	RATE*	(SQM)	A\$/SQM/YR	US\$/SQM/YR	EUR/SQM/YR
Premium	395,257	6.4%	126,157	710	470	440
A-Grade	990,134	11.7%	62,770	515	340	320
<b>Prime *</b>	<b>1,385,391</b>	<b>10.2%</b>	<b>188,927</b>	<b>565</b>	<b>375</b>	<b>350</b>
B-Grade	721,553	14.2%		430	285	265
<b>Brisbane CBD Total^</b>	<b>2,343,569</b>	<b>11.7%</b>	<b>188,927</b>			

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

^All-Grades - As at February 2024

AUD/USD = 0.6626; AUD/EUR = 0.6179 as at 24 June 2024

## RECENT KEY LEASING TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
145 Ann Street	CBD	Arthur J Gallagher & Co	1,928	Direct
179 Turbot Street	CBD	GPA Engineering	1,272	Direct
145 Ann Street	CBD	Expedia Australia	1,142	Direct

Source: Cushman & Wakefield Research

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SQM	COMPLETION DATE
205 North Quay	CBD	Services Australia	43,700	Q4 2024
320 Adelaide Street	CBD	-	19,000	Q2 2024
360 Queen Street	CBD	QIC, BDO, HSF, Hopgood Ganim	45,000	Q2 2025
Waterfront Brisbane	CBD	Deloitte, Gadens, Allens, DLA Piper, Minter Ellison	81,200*	2028

Source: Cushman & Wakefield Research

\* Includes the additional NLA provided in the submitted plans in the revised DA application in Feb 24, approved NLA is 75,331 sqm

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