

MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.8% Vacancy Rate	▲	▲
10,007 6-month Net Absorption, sqm	▼	▼
\$514 Prime Net Effective, sqm pa	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.6% (National) GDP Growth	▲	▲
3.0% (Queensland) State Final Demand Growth	▲	▲
4.1% (National) Unemployment Rate	▲	▲

Source: ABS

ECONOMIC OVERVIEW:

Economic conditions remained steady through Q1 2026, supported by domestic demand and a tight labour market. Headline CPI was 3.8% year-on-year in January 2026, and the RBA lifted the cash rate to 3.85% in February and 4.10% in March. The higher-rate environment and rising geopolitical risks are near-term headwinds for occupier demand and investment, so any recovery is likely to be more measured than was forecast earlier this year. Despite broader economic headwinds, the Queensland economy remains resilient, with state GDP projected to grow by 3.4% in 2026, exceeding the growth forecasts of other states.

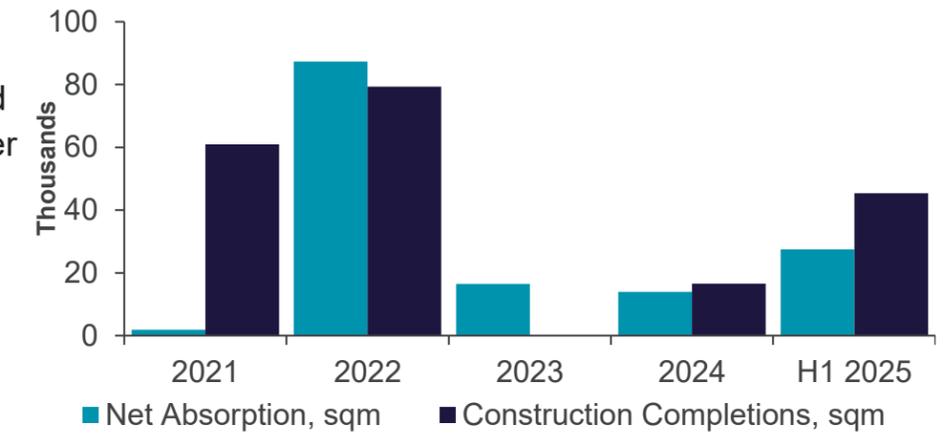
DEMAND:

Brisbane's CBD office market continues to record steady demand, although enquiry levels have moderated slightly since late 2025. Tenant interest remains concentrated in prime grade assets, supported by ongoing upgrade and consolidation activity among larger occupiers seeking improved amenity and long-term certainty. Net absorption over the past six months eased to 10,007 sqm, reflecting a softening in leasing momentum rather than a shift in underlying demand. With limited new supply approaching, competition for higher-quality space remains firm, reinforcing the continued flight to quality trend across the CBD.

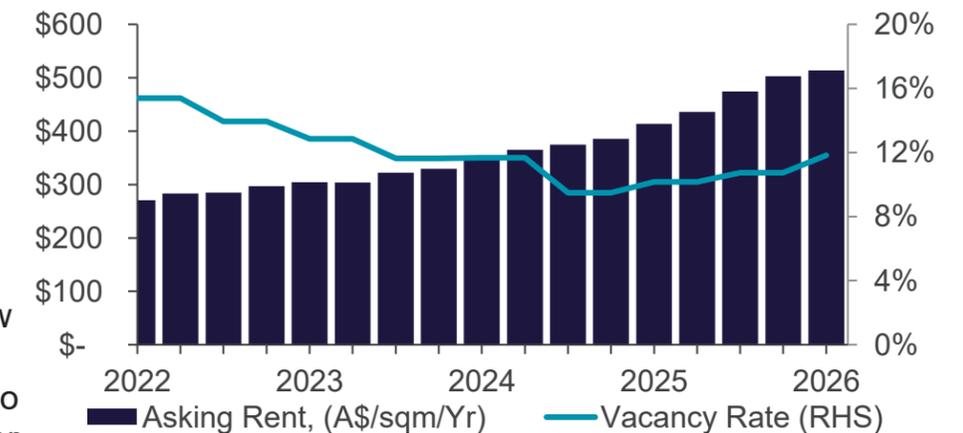
RENTS:

Brisbane's CBD office market maintained its upward rental trajectory in Q1 2026, with net effective rents continuing to rise across all grades, though the pace of growth has moderated slightly. Premium-grade net effective rents now average \$616 per square metre per annum (sqm pa), reflecting a 13.8% year-on-year (YoY) increase, supported by ongoing tenant preference for top-tier space. A grade assets recorded similar strength, lifting to \$471 sqm pa, a significant 28.8% YoY increase. Secondary stock saw more modest improvement, with rents increasing to \$311 sqm pa, up 14.6% YoY, as demand remained concentrated in higher-quality buildings. Incentives have continued to compress, now sitting around 41-42% for Premium and A Grade, and just under 50% for Secondary, reflecting improved market confidence and a gradual pull-back in leasing concessions. Overall, rental growth persists, supported by stable demand and continued flight to quality.

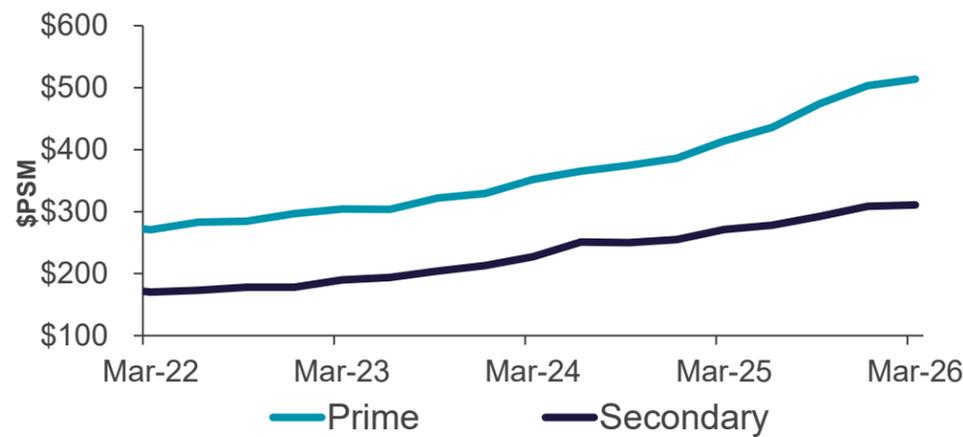
SPACE DEMAND / DELIVERIES



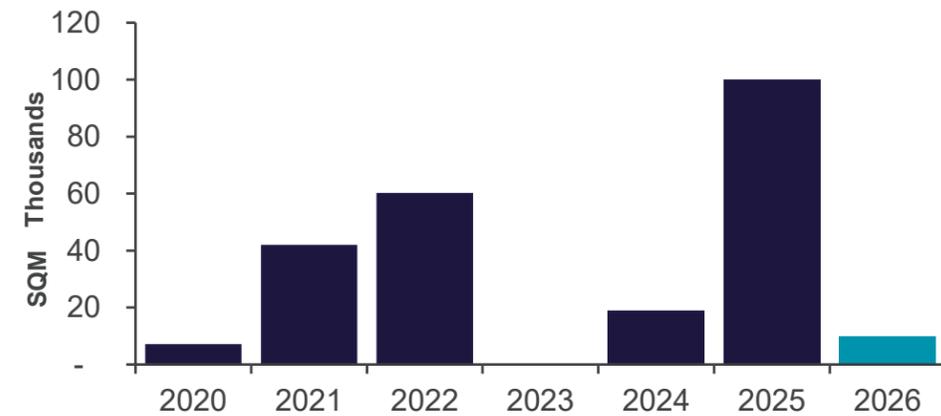
OVERALL VACANCY & PRIME NET EFFECTIVE RENT



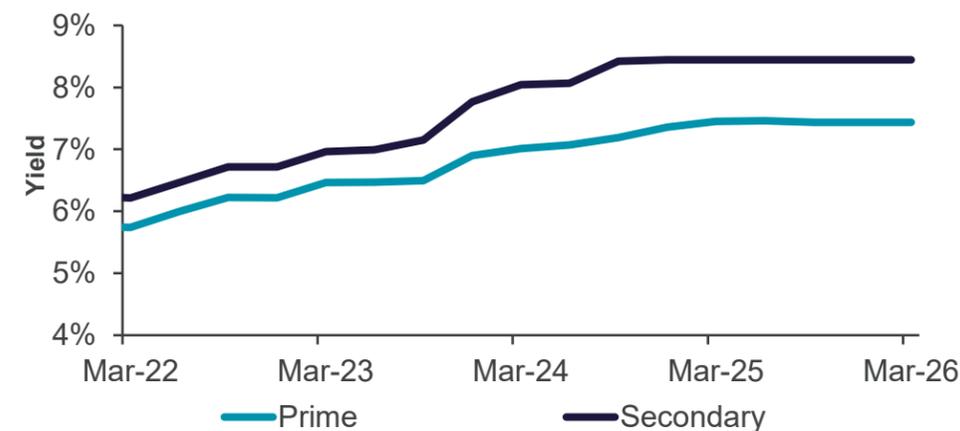
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

Brisbane CBD vacancy edged slightly higher over the past 6 months, rising to 11.8% from the 10.7% previously recorded, reflecting the impact of recent major completions. Premium and A grade vacancies also lifted slightly, largely attributable to the delivery of new space in late 2025. The delivery of 360 Queen Street (45,430 sqm), and 205 North Quay (43,700 sqm), continues to work through the market, although both projects benefit from strong pre-commitment levels. Supply additions remain limited in the near term, with only one refurbishment scheduled for completion next quarter at 140 Elizabeth Street, delivering 9,908 sqm of upgraded space to the market. Beyond this, no major new developments are due until 2027, when the refurbishment of 450 Queen Street is set for completion, delivering 17,500 sqm. Further ahead, new premium grade projects include the Waterfront precinct, North Tower, expected to deliver 72,500 sqm in 2027, and 101 Albert Street set to add 47,918 sqm in 2029 with 71% already pre-committed. With limited new stock approaching, availability is expected to tighten over the medium term, placing downward pressure on vacancy.

YIELDS:

Brisbane CBD office yields remained stable in Q1 2026, extending the consolidation that followed earlier repricing. Premium-grade yields were unchanged at 6.73%, consistent with their reset through 2025. A grade yields held at 7.74%, prime stayed at 7.46%, and secondary remained at 8.44%. While financing conditions tightened following back-to-back RBA rate increases in February and March 2026, this shift has not yet translated into yield compression. Investors remain disciplined, concentrating on assets with strong tenant covenants, secure income profiles, and resilient leasing fundamentals. With pricing expectations largely reset, further movement appears contingent on sustained capital re-engagement rather than borrowing-cost shifts alone.

INVESTMENT MARKET:

Investment activity in Brisbane’s CBD has strengthened through Q1 2026, supported by stable yields and renewed buyer interest in smaller, well-located assets. Investors continue to prioritize buildings with strong tenant covenants, resilient income profiles and potential for value-add repositioning, while larger-scale transactions remain limited. Several mid-size deals completed during the quarter, including the sale of 144 Adelaide Street for \$12.0 million, 359 Queen Street for \$19.1 million, and 86 Queen Street for \$7.6 million. Market sentiment remains cautiously optimistic, anchored by improving leasing fundamentals and firm rental growth. Investors remain selective, with demand strongest for assets offering clear income security or repositioning upside.

OUTLOOK

- Economic growth is expected to gain momentum across 2026 as domestic demand improves, and Queensland’s economic growth accelerates.
- Further upward pressure on effective rents, driven primarily by continues incentive compression rather than outsized face rent growth, particularly as vacancy tightens in high-quality stock.
- Vacancy likely to stabilise in the near term, with recent completions absorbed through strong pre-leasing, before trending lower as the development pipeline thins.
- Minimal new supply beyond 2026-27, which is expected to heighten competition for prime space.
- Yields expected to remain broadly stable, with pricing largely reset and future compression dependent on sustained capital and leasing performance.
- Overall, the Brisbane CBD office market is well-positioned to sustain its outperformance, driven by tightening supply and strong rental growth.

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	TOTAL VACANT (SQM)	OVERALL VACANCY RATE	6-MONTH NET-ABSORPTION (SQM)	UNDER CONSTRUCTION (SQM)	NET FACE RENT (\$ SQM PA)	AVERAGE GROSS INCENTIVES	AVERAGE OUTGOINGS (\$ SQM PA)
Premium	440,687	36,319	8.2%	24,084	126,157	\$1,047	33.0%	\$259
A-grade	1,034,235	110,749	10.7%	-12,513	62,770	\$816	33.5%	\$215
Prime	1,474,922	147,068	10.0%	11,571	188,927	\$885	33.4%	\$227
Secondary	697,743	103,509	14.8%	1,312	0	\$621	37.5%	\$206
TOTALS^	2,405,730	284,351	11.8%	10,007	89,500			

*Rental rates reflect full service asking

^ Total reflects all grades

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
123 Albert Street	CBD	ConocoPhillips	3,000	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE (AUD M)
144 Adelaide Street	CBD	Blockside & Ferguson Pty Ltd/LLZ Qld Pty Ltd	3,000	12.0
359 Queen Street	CBD	Alexander James Poulos/359Q1 PTY LTD	2,483	19.1
86 Queen Street	CBD	Farnstead Pty Ltd/Koala Holdings No 1 Pty Ltd	1,255	7.6

KEY PROJECTS UNDER CONSTRUCTION & COMPLETIONS

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER/DEVELOPER
205 North Quay	CBD	Services Australia	43,700	CBUS
360 Queen Street	CBD	BDO / HopgoodGanim	45,000	Charter Hall & Investa
70 Eagle Street	CBD		11,476	Hancock
Waterfront North Tower	CBD	Deloitte / Minter Ellison	72,500	Dexus
450 Queen Street	CBD		17,500	PGIM Real Estate

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