

MARKETBEATS

\$450

Average prime gross effective rent

38%

Average prime gross incentives

54,900 sqm

of new supply currently under construction

WHAT'S NEXT

HIGHLIGHTS

Larger tenants hunting for space

Tenant demand for large, contiguous spaces has increased over recent months. Aecom, Rio Tinto, Little Tokyo and IAG are actively seeking space, who combined require up to 43,500 sq m. The forthcoming demolition of the Transit Centre has displaced several tenants including Sonic Healthcare, DHL, Australia Post and the Department of Defence who have been seeking alternative office accommodation. In addition, organisations such as Mastercard and FMS have been expanding, boosting demand for larger office spaces.

Tenant demand and no supply dips vacancy

Increased demand for large space did not affect the speculative suite market, with multiple landlords continuing to attract smaller tenants through speculative fit-outs as Brisbane became the largest suite market in Australia with 27,000 sqm in total. This active tenant demand resulted in a slight decline in vacancy which dipped to 14.6% - the lowest rate since January 2014.

Positive economic conditions aid recovery

Vacancy is expected to continue to drop throughout the year, in part due to the lack of any new supply. While many proposals remain in play, only 300 George Street and 12 Creek Street are under construction with completion dates expected in 2019. As neither project has any pre-commitments, this new supply is expected to push vacancy upwards. However Queensland's improving economy which grew 3.7% year-on-year (being only second to Victoria at 5%), combined with ongoing employment growth should continue to drive an increase in demand for space.

ECONOMIC INDICATORS

	Q1 18	Q2 18	12-Month Forecast
GDP Growth (National)*	2.6%	2.9%	▲
SFD Growth (QLD)*	3.7%	3.7%	▲
Unemployment (QLD)†	6.0%	6.0%	■

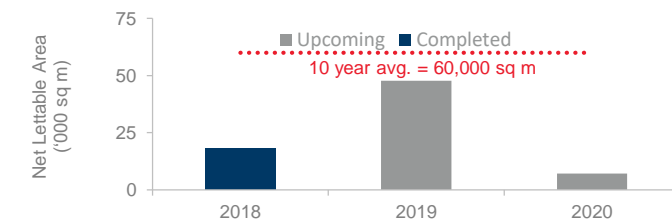
*Average annual growth rate, †Seasonally adjusted
Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

PRIME GROSS EFFECTIVE RENT, OVERALL VACANCY (6 MONTHLY)



Source: Cushman & Wakefield Research; PCA

SUPPLY PIPELINE



Source: Cushman & Wakefield Research; PCA

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SUBMARKET	INVENTORY* (SQM)	VACANCY RATE*	UNDER CONSTRUCTION (SQM)	GROSS EFFECTIVE RENT		
				A\$/SQM/YR	US\$/SQM/YR	EUR/SQM/YR
Premium	335,470	9.5%	-	529	385	328
A Grade	936,633	11.7%	54,900	419	305	260
B Grade	723,519	20.8%	-	327	238	203
BRISBANE CBD TOTAL^	2,255,386	14.6%	54,900			

[^]All-Grades ^{*As at 01/072018}

AUD/USD = 0.7280; AUD/EUR = 0.6200 as at 21st September 2018

KEY LEASING TRANSACTIONS Q2 2018

PROPERTY	GRADE	TENANT	SQM	LEASE TYPE
80 Ann Street	Premium / A	Suncorp	40,000	New
192 Ann Street	A	WeWork	7,682	New
310 Ann Street	A	State Government	6,862	New
480 Queen Street	Premium	Department of Veteran Affairs	6,414	New
180 Ann Street	A	SeweX	3,000	New
116 Adelaide Street	B	Australian Language Schools	2,329	New

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	GRADE	MAJOR TENANT	SQM	COMPLETION DATE
300 George Street	A	-	47,700	Q2 2019
12 Creek Street	A	-	7,200	Q4 2019