

MARKETBEATS

\$460
Average South
Brisbane net face rent

2.3%
Total YoY employment
growth

14,429
Sqm under
construction

BE
**WHAT'S
NEXT**

HIGHLIGHTS

Refurbish to remain relevant

High vacancy across the CBD and Fringe markets has driven landlords to consider the quality of the space they are offering. As such many landlords have chosen to refurbish assets including 339 Coronation Drive in Milton and 234 Wickham Street in Fortitude Valley. Refurbishments have also been evident in the South Brisbane submarket, as landlords seek to attract tenants and remain relevant in the market.

Few options for larger tenants

Despite the high level of vacancy overall, larger tenants of over 2,500 square metres (sqm) are struggling to find grade-A space with limited contiguous options available. As a result tenants with active requirements such as Aecom and WPP have chosen to broaden their options from the Fringe market to include the city centre.

Fringe ready for renewed demand

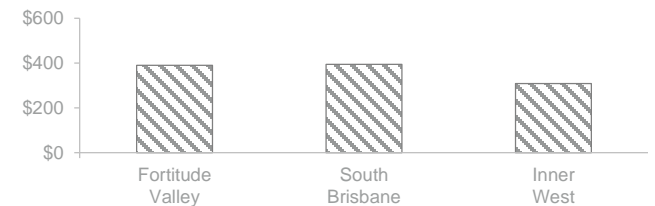
Brisbane's growth outlook remains positive, buoyed by a wave of infrastructure projects and improving employment growth. Some engineering companies have already taken back space previously offered for sub-lease space as a result. Looking forward there are a range of shovel-ready sites awaiting pre-commitment as tenant demand continues to grow.

ECONOMIC INDICATORS

	Q4 17	Q1 18	12-Month Forecast
GDP Growth (National)*	2.2%	2.6%	▲
SFD Growth (QLD)*	3.0%	3.1%	▲
Unemployment (QLD)†	6.0%	6.1%	▼

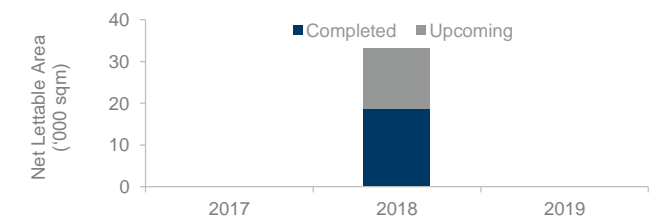
*Average annual growth rate, †Seasonally adjusted
Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

GRADE-A FRINGE GROSS EFFECTIVE RENTS



Source: PCA; Cushman & Wakefield Research

SUPPLY PIPELINE



Source: PCA; Cushman & Wakefield Research

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MARKET	GRADE A			GROSS EFFECTIVE RENT (GRADE A)		
	NET FACE RENT (A\$)	OUTGOINGS (A\$)	GROSS INCENTIVES	A\$/SQM/YR	US\$/SQM/YR	EUR/SQM/YR
Fortitude Valley	470	122	34%	390	289	248
South Brisbane	460	122	32%	395	293	251
Inner West	375	122	38%	310	230	197

[^]All-Grades ^{*As at 31/12/2017}

AUD/USD = 0.7406; AUD/EUR = 0.6366 as at 18th June 2018

KEY LEASING TRANSACTIONS Q2 2018

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
11 Breakfast Creek Road	Urban Renewal	John Holland	4,000	Pre-Commitment
100 Brookes Street	Fortitude Valley	Aurizon Operations	3,491	Direct
61 Petrie Terrace	Petrie Terrace	Southern Cross Austereo	2,100	Direct
10 Browning Street	South Brisbane	Credit Corp Group	1,384	Renewal
199 Grey Street	South Brisbane	360 Finance	1,114	Direct

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	COMPLETION DATE
K5	Bowen Hills	Aurecon	14,429	Late 2018