

# 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

#### Prime rents experience positive growth

Gross effective rents in Brisbane's CBD started to experience positive growth in Q4, increasing by 0.6% over the quarter. Demand for Prime assets across the market grew as both contiguous and speculative suite options diminished. Occupiers from a broad range of tenant sectors, including the Department of Defense, Sonic, DHL and CASA, took advantage of the tenant favourable leasing conditions by locking in longer terms.

#### Tenants compete for large space

A trend of tenants consolidating from multiple locations into single sites has resulted in a lack of contiguous space. This reduced the number of larger options and helped drive rental growth for these assets. However, the completion of two new developments – 300 George Street and The Annex at 12 Creek Street, are expected to provide the market with more contiguous options. In contrast, small speculatively built suites remain relatively plentiful, resulting in a competitive market for smaller space.

#### Strong demand expected to continue

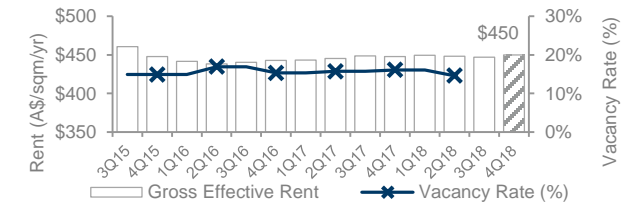
Improving business conditions are driving tenant demand in the Brisbane CBD with multiple tenants reoccupying or reutilizing their office accommodation. These positive conditions have prompted tenants such as the State Government and CIMIC to expand their space requirements. Economic conditions in Queensland are forecast to continue to recover and this should help to push the vacancy rate lower. As a result, Prime CBD office rents are expected to continue to strengthen.

### ECONOMIC INDICATORS

	Q2 18	Q3 18	12-Month Forecast
GDP Growth (National)*	2.8%	2.8%	■
State Final Demand Growth (QLD)*	3.6%	3.3%	▲
Unemployment (QLD)†	6.0%	6.0%	■

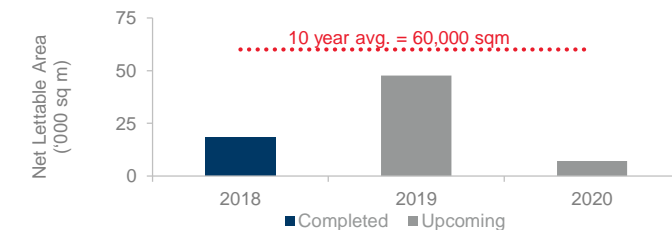
\*Average annual growth rate, †Seasonally adjusted  
Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

### PRIME GROSS EFFECTIVE RENT, OVERALL VACANCY (6 MONTHLY)



Source: Cushman & Wakefield Research; PCA

### SUPPLY PIPELINE



Source: Cushman & Wakefield Research; PCA

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DATA  
INTO  
ACTION

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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%	-	530	380	337
A-Grade	936,633	11.7%	54,900	420	301	267
B-Grade	723,519	20.8%	-	330	237	210
<b>BRISBANE CBD TOTAL^</b>	<b>2,243,323</b>	<b>14.6%</b>	<b>54,900</b>			

<sup>^</sup>All-Grades <sup>\*As at 01/07/2018</sup>  
AUD/USD = 0.7178; AUD/EUR = 0.6352 as at 14th December 2018

## KEY LEASING TRANSACTIONS Q4 2018

PROPERTY	GRADE	TENANT	SQM	LEASE TYPE
414 George Street	B	DHL	3,490	Direct
180 Ann Street	A	Civil Aviation Safety Authority (CASA)	3,000	Direct
545 Queen Street	A	Commonwealth Department of Defense	1,700	Direct
32 Turbot Street	A	Bureau of Meteorology (BoM)	1,200	Direct
345 Queen Street	A	Descon	360	Direct

## 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

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