MARKETBEAT
BRISBANE CBD
OFFICE Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
10.7% Vacancy Rate	▼	▲
27,473 6-month Net Absorption, sqm	▼	▼
$487 Prime Net Effective, sqm pa	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.8% (National) GDP Growth	▲	▲
2.4% (Queensland) State Final Demand Growth	▲	▲
4.3% (National) Unemployment Rate	▲	▲

Source: ABS

ECONOMIC OVERVIEW:

The demand side of the economy remains robust, though likely only in the short term. A rebound in demand drove inflation higher in July, with CPI rising to 2.8% year-on-year from 1.9% in June, largely due to the expiration of electricity subsidies. This rebound in inflation has tempered expectations for an imminent rate cut at the Reserve Bank of Australia's (RBA) meeting on 30 September. Meanwhile, GDP grew by 0.6% quarter-on-quarter in Q2, up from 0.3% in Q1, driven primarily by stronger private consumption, with forecasts expecting GDP to continue to improve through 2025 and 2026. Queensland's economic growth is projected to ease slightly through the remainder of 2025, projected to grow by 1.6%, before accelerating to 2.5% growth through 2026.

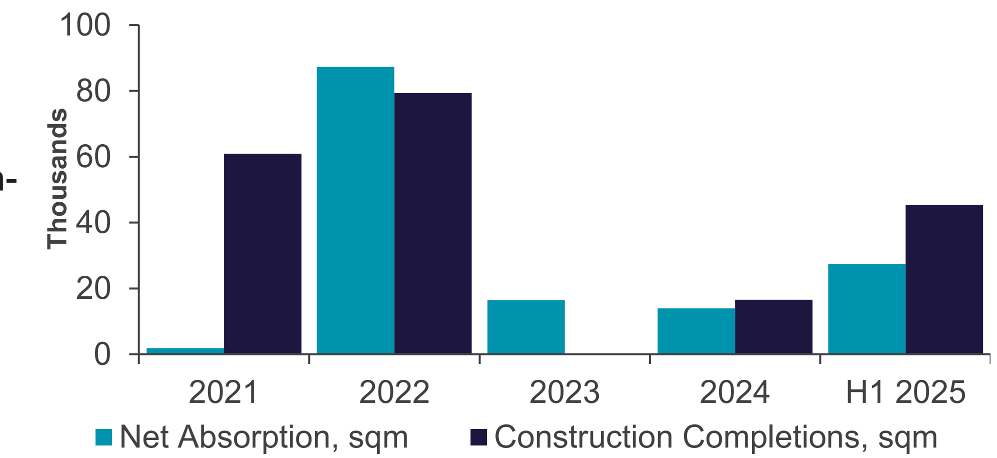
DEMAND:

Demand in Brisbane's CBD office market has continued to strengthen, with net absorption at its highest level since mid-2024, rising to 27,473 sqm over the six months to July 2025. This uplift was driven primarily by increased leasing activity in Premium-grade assets, as occupiers continue to prioritise quality, amenity and sustainability credentials. The flight-to-quality trend continues, with larger tenants actively seeking upgraded space in prime locations. With several pre-committed developments due later in the year, tenant movement is expected to remain elevated. Overall, demand remains concentrated in the top end of the market, supported by rising rents and tightening vacancy in Premium stock.

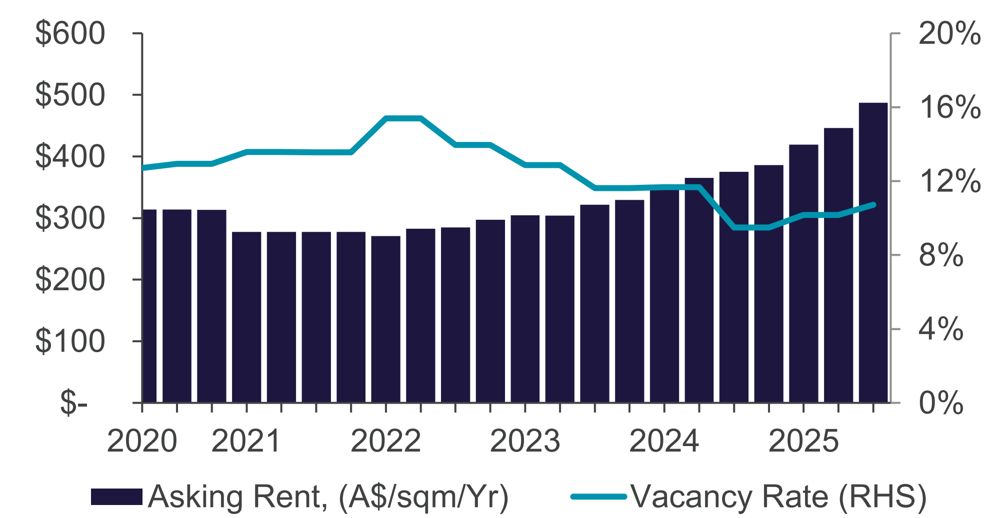
RENTS:

Brisbane's CBD office market has continued seeing strong rental growth through Q3 2025, with year-on-year (Y-o-Y) increases reaching significant highs across all grades. Tight vacancy and limited supply have sustained upward pressure on rents, particularly in higher-quality assets. Prime net effective rents have increased to an average of $487 per square metre per annum (sqm pa), reflecting a sharp 29.9% YoY uplift. Gross incentives continued to compress, now averaging 34.1%, down from the elevated levels seen through 2024. Secondary assets also experienced solid growth, with net effective rents rising to $309 sqm pa, showing a 23.6% YoY increase. Incentives have compressed to 38.5%, continuing the downward trend from 40.0% at the start of 2024. Overall, Brisbane's CBD office market remains in a rental upswing, led by the Prime segment.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME NET EFFECTIVE RENT



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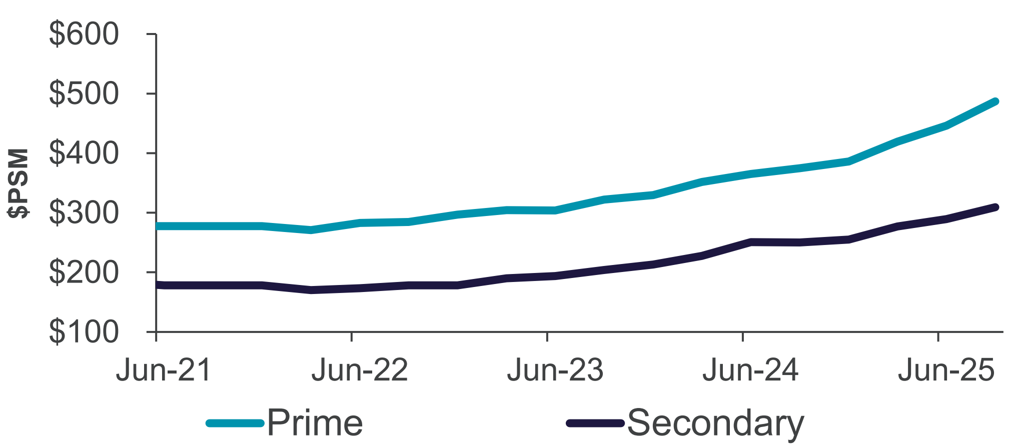
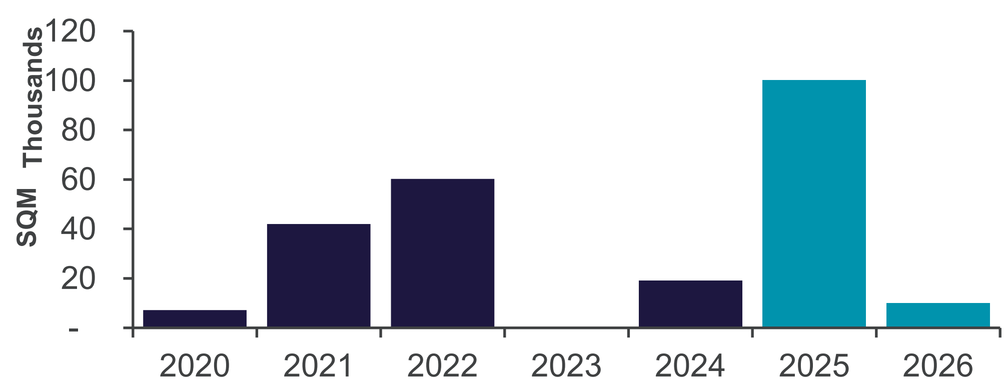
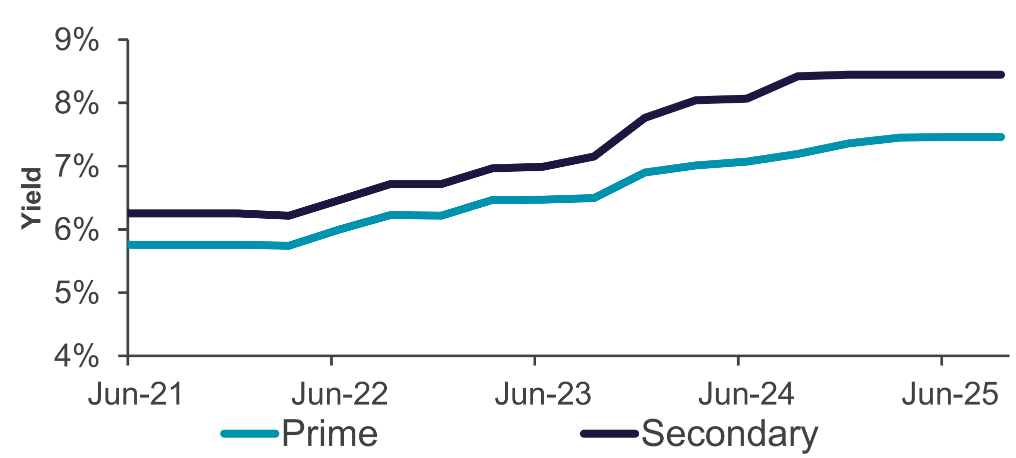
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

Brisbane CBD office vacancy rose to 10.7% in July 2025, up from 10.2% in January, as new supply entered the market. The completion of 205 North Quay added 45,359 sqm of A Grade space, fully leased by Services Australia, highlighting demand for quality assets. The 11,476 sqm refurbishment at 70 Eagle Street is nearing completion. While the new development at 360 Queen Street is due early 2026, already 90% pre-leased ahead of completion and anchored by BDO as the lead pre-commitment tenant. This development will bring 45,000sqm of premium grade space to market, supported by major pre-commitments from QIC and Herbert Smith Freehills. Additionally, refurbishments at 140 Elizabeth Street and 450 Queen Street are expected through 2026 and early 2027, which will drive further quality uplift in the Brisbane market. While vacancy may lift temporarily, strong pre-commitments should soften the impact, reflecting continued tenant demand in Brisbane's core office market.

YIELDS:

Brisbane CBD office yields remained unchanged in Q3 2025, following a broad repricing in Q1 and a stabilisation trend through Q2. Premium grade yields held firm at 6.73%, unchanged since Q2 and 45 basis points (bps) higher year-on-year (Y-o-Y), reflecting the full impact of earlier market adjustments. A-grade yields also remained steady at 7.74%, up from 5 bps from Q4 2024. Prime yields held at 7.46%, while secondary yields continued to stabilise at 8.44% for the third consecutive quarter.

Despite multiple interest rate cuts by the RBA this year, yield compression has been slow to emerge, with investors maintaining cautious stance and prioritising assets underpinned by strong tenant covenants and reliable returns. The persistence of elevated yields, despite easing borrowing costs, suggests the market is in a holding pattern, awaiting stronger signs of capital re-engagement and pricing alignment.

INVESTMENT MARKET:

Brisbane CBD investment activity remained active in Q3 2025, supported by ongoing investor interest in well-located, high-quality assets. Demand continues to be driven by the appeal of high-quality buildings with strong tenant covenants and sustainability credentials.

QIC sold 63 George Street to Marquette Properties for $52 million, while 110 Mary Street was acquired by First Moon from Morgan Super Pty Ltd for $1.4 million. EVT Hospitality also sold 418 Adelaide Street to Clark Adelaide Pty Ltd and Leisham Property for $10.3 million. One lease transaction was recorded during the quarter, comprising 3,200 sqm. Investor confidence continues to build, supported by stabilising yields and improving economic conditions.

OUTLOOK

- Economic growth is expected to strengthen further through the remainder of 2025, before accelerating further through 2026.
- Occupier demand continues to build, with net absorption reaching its highest level since mid-2025, this momentum is expected to carry into early 2026.
- Vacancy has lifted slightly following the completion of 205 North Quay, and further upcoming supply may cause temporary increases; however strong pre-commitments should soften the impact.
- The development pipeline through 2025 and 2026 will continue to reshape the market, with refurbishments and new builds reinforcing the flight-to-quality trend.
- Yield adjustments have stabilised, and while compression is yet to occur despite rate cuts, investor confidence is improving.
- Overall, the Brisbane CBD office market outlook remains resilient, supported by strong fundamentals and continued demand.

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	DIRECT 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	395,257	12,714	3.8%	13,900	126,157	$1,024	33.0%	$232
A-grade	1,035,493	87,205	9.6%	28,005	62,770	$781	34.5%	$203
Prime	**1,430,750**	**99,919**	**7.0%**	**41,905**	**188,927**	**$848**	**34.1%**	**$211**
Secondary	697,743	99,100	15.0%	-12,468	0	$621	38.5%	$189
TOTALS^	**2,365,118**	**231,907**	**10.2%**	**27,473**	**188,927**			

**Rental rates reflect full service asking*

^ Total reflects all grades

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
360 Queen Street	CBD	Australia Energy Market Operator (AEMO)	3,200	Direct

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE (AUD M)
63 George Street	CBD	QIC/Marquette Properties	10,586	52.0
418 Adelaide Street	CBD	EVT Hospitality/Clark Adelaide Pty Ltd, Leisham Property	1,537	10.3

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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