

MARKET FUNDAMENTALS

	YOY Chg	Outlook
10.5% Vacancy Rate	▼	▼
1,409 6-month Net Absorption, sqm	▼	▼
\$305 A-Grade 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.

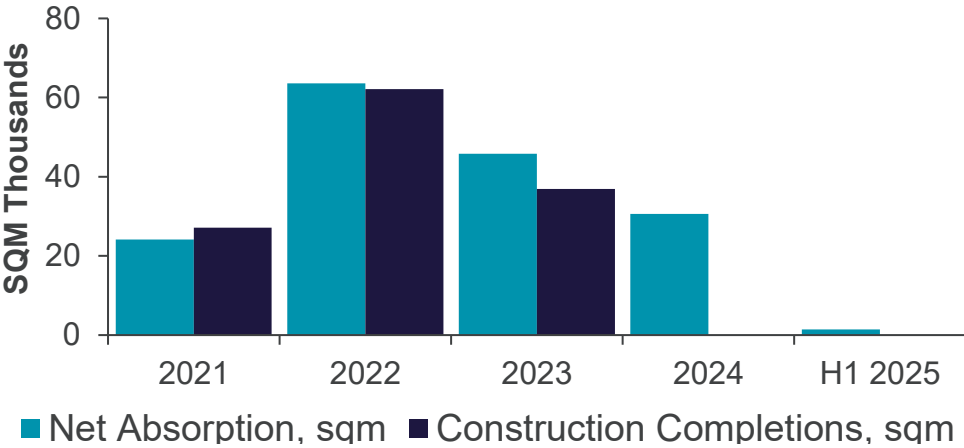
DEMAND:

The Brisbane Fringe office market continued to attract sustained demand in Q3 2025, with positive net absorption continuing for now four years. While net absorption moderated to 1,409 sqm in the six months to July, down from the 14,553 sqm positive net sqm recorded in H2 2024, the markets sustained occupancy growth over the past four years reflects the attraction and demand for fringe office space. The “flight-to-quality” trend continues to shape leasing activity, with prime-grade assets accounting for the majority of recent take-up. This preference for high-quality, well-located buildings is driving rental growth across A-Grade buildings, particularly in core fringe precincts.

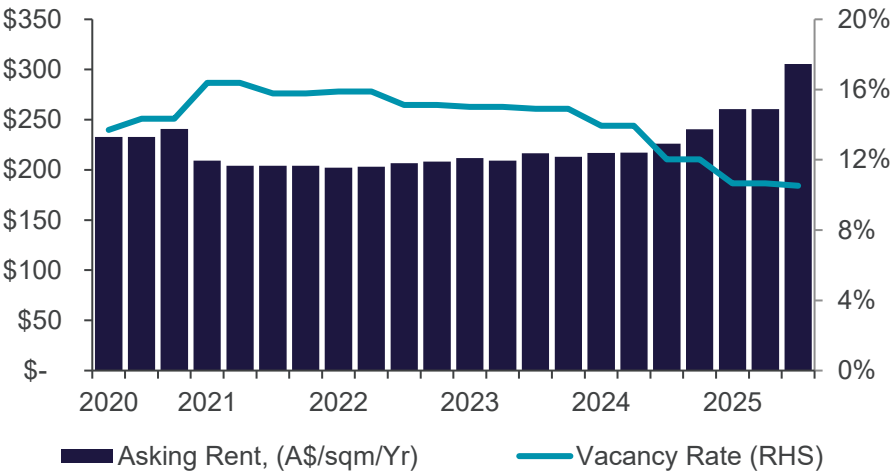
RENTS:

The Brisbane Fringe office market continued its strong rental growth in Q3 2025, with A-Grade net effective rents recording significant increases across all major sub-markets. South Brisbane recorded the highest rent across the fringe, reaching \$326 per square metre per annum (sqm pa), up from \$285 in Q2 and marking a 36.0% year-on-year increase. Incentives continued to compress, falling to 36.0% from 39.5% in the first half of the year. Fortitude Valley also performed well, with rents reaching \$319/sqm pa, marking a 26.5% YoY increase. Incentives remained stable at 39.0%, suggesting landlords are holding firm on lease terms amid strong demand. The Inner West experienced the highest rental growth this quarter following a period of stability, rising 45.4% Y-o-Y to an average of \$272/sqm pa. Incentives also tightened significantly, dropping from 44.5% to 39.0%, indicating growing competition for quality space in the precinct. Overall, the Brisbane Fringe continues to experience strong rental growth, driven by rising demand for high-quality office space and tightening incentives.

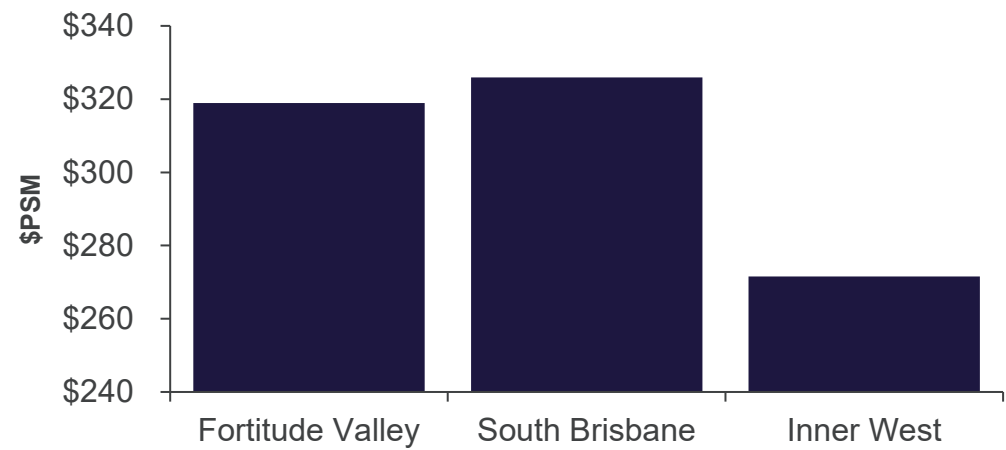
SPACE DEMAND / DELIVERIES



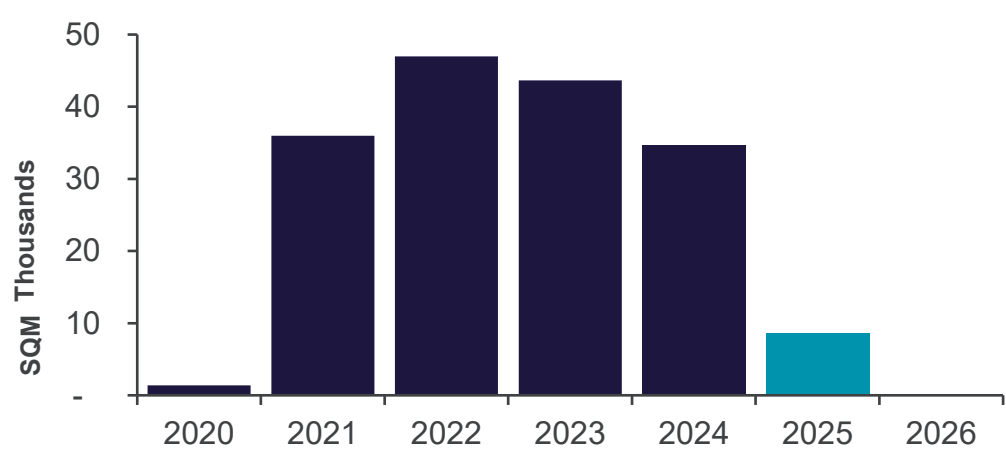
OVERALL VACANCY & PRIME NET EFFECTIVE RENT



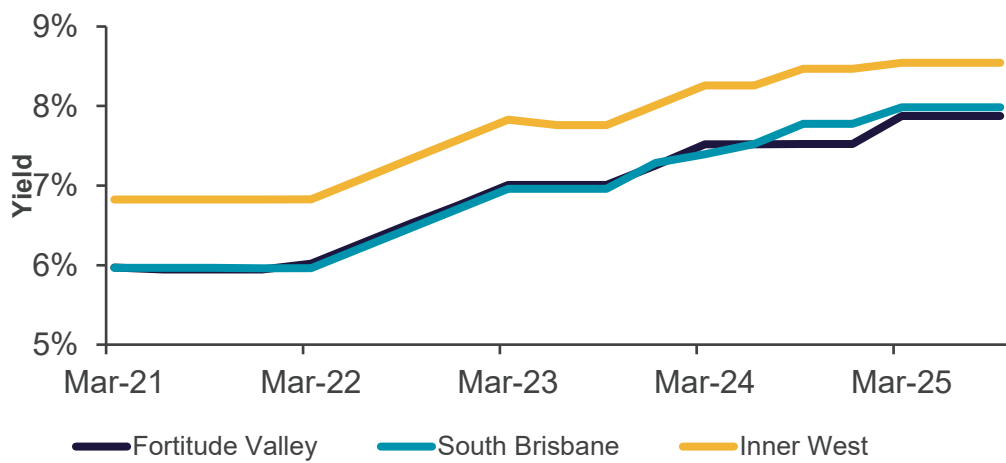
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

The Brisbane Fringe office markets continues to experience constrained supply, with no completions recorded this year and none expected by year end. This limited pipeline is placing downward pressure on vacancy rates amid sustained tenant demand. Fringe vacancy has tightened further to 10.5%, down from 10.7% in January and 12.0% in July 2024. This marks a continuation of the steady decline from a 2022 peak of 15.1%. With minimal new supply and ongoing demand for high-quality assets, particularly in A-grade stock, the market is expected to remain competitive, with vacancy expected to fall further. These dynamics are likely to support further rental growth and intensify leasing activity across the fringe precincts.

YIELDS:

Yields in the Brisbane Fringe office market held steady through Q3 2025, following a period of upward adjustment earlier in the year. Conditions are stable and expected to improve across all major submarkets, supported by improved investor sentiment and three interest cuts by the RBA since February. A-Grade yields in South Brisbane remain at 7.98%, unchanged since Q1. Fortitude Valley yields also held firm at 7.88%, following a sharp rise earlier in the year. Inner West yields remain stable at 8.54%, maintaining their position after a gradual increase over previous quarters. With monetary policy now more accommodative, further yield softening is not expected in the near term, and pricing is likely to remain steady as market conditions improve.

INVESTMENT MARKET:

Transaction volumes in the Brisbane Fringe strengthened in Q3 2025, with activity concentrated in the Milton and Fortitude Valley precincts. Four major sales were recorded, including the Green Square North Tower in Fortitude Valley, which was sold by ISPT to Quintessential Equity for \$175.0 million, and the John Oxley Centre in Milton, which changed hands from Alpha Investment Partners to Acure for \$80.0 million. Additional deals included 360 St Paul’s Terrace, sold by OneFinProperty to a private investor for \$10.5 million, and 23 Graham Street, Milton, sold by ADCO Constructions for \$21.0 million to Quanta Investment Funds. This uplift in sales suggests a gradual rebalancing of market conditions. The completion of several large-scale transactions indicates improving confidence among investors, particularly for well-located assets with long-term potential.

OUTLOOK

- Economic growth is expected to strengthen further through the remainder of 2025, before accelerating further through 2026.
- The outlook for the Brisbane Fringe office market remains positive, with strong rental growth, low vacancy and sustained absorption expected to continue over the next 12 months.
- Rental growth is forecast to remain elevated, with stable incentives; however, rising outgoings are expected to place upward pressure on effective rents.
- No major new supply is anticipated by the end of 2025, and the pipeline remains limited, which will continue to support tightening vacancy as demand persists.
- Investment activity gained momentum in Q3 2025, this uplift in sales volumes and pricing signals improving investor sentiment, particularly for well-located assets with long-term income potential.

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)
Fortitude Valley	582,806	43,850	8.6%	5,119	0	\$616	39%	\$146
South Brisbane	288,818	33,177	11.8%	173	0	\$588	36%	\$146
Inner West (Milton)	230,016	31,287	14.1%	-2,273	0	\$538	39%	\$146
FRINGE TOTALS~	1,328,349	131,524	10.5%	1,409	0			

*Rental rates reflect full service asking

^ Total reflects all grades

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
29 Finchley Street	Milton	Diabetes Australia	1,400	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE (AUD M)
Green Square North Tower	Fortitude Valley	ISPT/Quintessential Equity	24,179	175.0
John Oxley Centre	Milton	Alpha Investment Partners/Acure	12,980	80.0
23 Graham Street	Milton	ADCO Constructions/Quanta Investment Funds	3,505	21.0
360 St Paul's Terrace	Fortitude Valley	OneFin Property	1,400	10.5

KEY PROJECTS UNDER CONSTRUCTION & COMPLETIONS

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER/DEVELOPER
36-53 Alfred Street	Fortitude Valley		32,693	

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