

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

Brisbane continues to punch above its weight on the demand front, with approximately 315,000 sqm of gross take-up recorded in Q3 2025. This now takes the 2025 year-to-date total to almost 720,000 sqm, already surpassing the 620,000 sqm recorded for the 2024 calendar year. In addition to this, there are several large pre-lease deals close to being finalised, which will boost take-up volumes for the balance of 2025.

The leasing of some larger facilities that had sat vacant for an extended period in the South submarket drove the strong result in Q3 2025, including Frasers’ SC1 Archerfield development which reached completion in Q3 2024.

The leasing of these larger facilities has supported a pick-up in net absorption which reached almost 170,000 sqm in Q3 2025 (205,000 sqm so far in 2025). Both gross take-up and net absorption were strongest in the South and Trade Coast submarkets.

Demand continues to be skewed towards the transport and logistics sector, while take-up from the construction and manufacturing sectors has increased, given the pipeline of private and public sector works. More broadly, enquiry out of the Sydney market remains a theme, driven by the cost difference in rents between the two cities.

MARKET FUNDAMENTALS

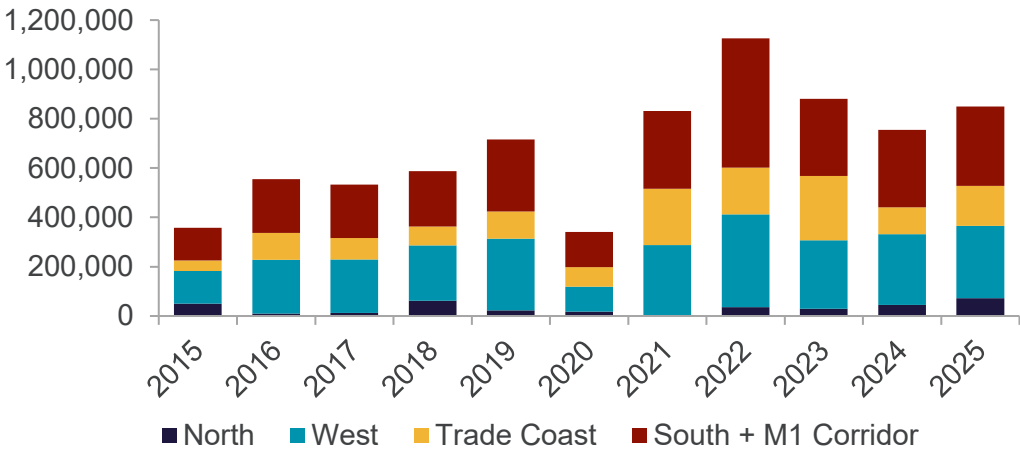
	YOY Chg	Outlook
3.7% Vacancy Rate	▲	▼
5.87% Average Prime Yield	▼	▼
0.9% Prime QoQ Rental Growth	▲	▲

ECONOMIC INDICATORS

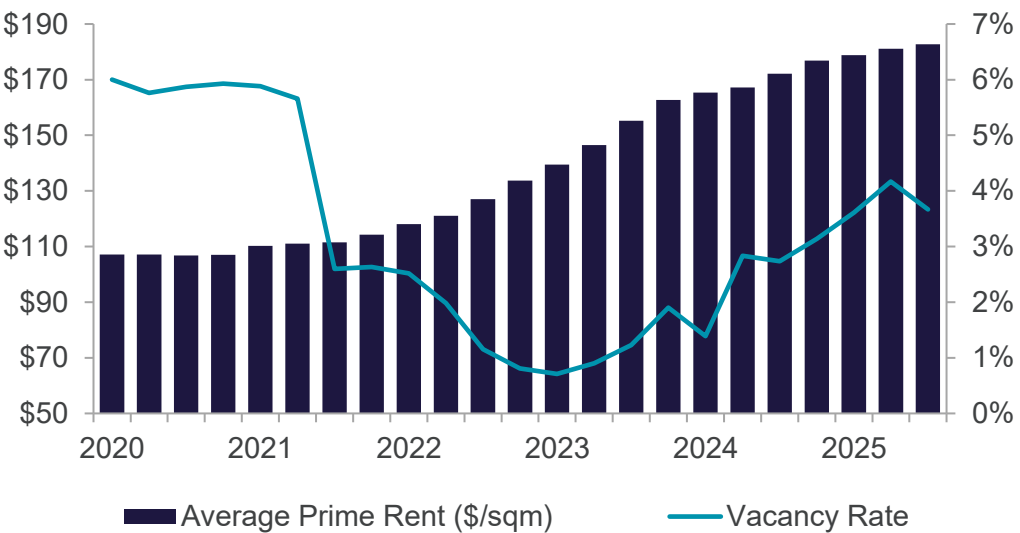
	YOY Chg	Outlook
1.8% National GDP Growth	▲	▲
2.4% State Final Demand Growth	▲	▲
4.2% National Unemployment Rate	▲	▲

Source: ABS

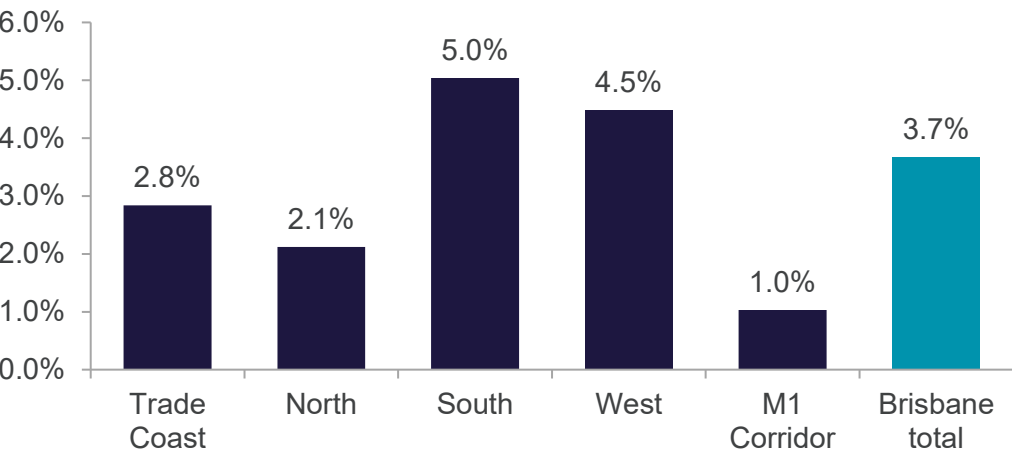
GROSS TAKE-UP (SQM)



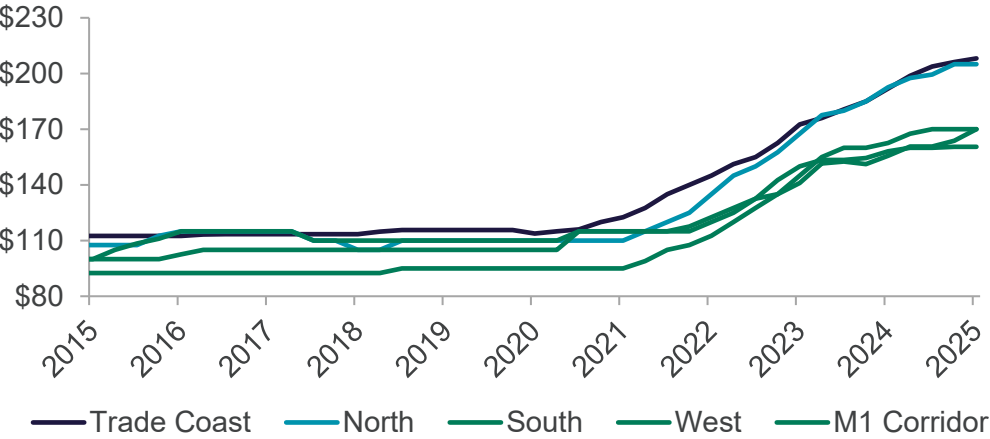
VACANCY & AVERAGE PRIME RENTS



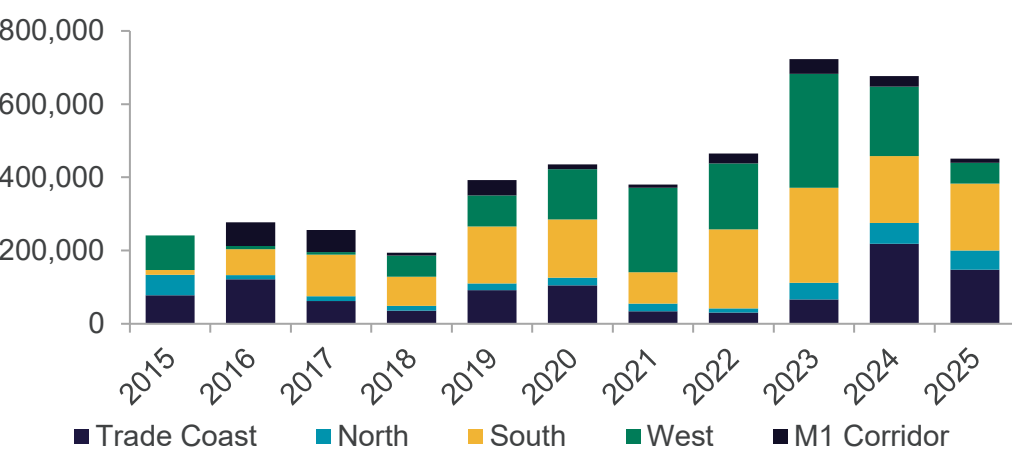
Q3 2025 VACANCY RATES BY SUBMARKET



PRIME NET FACE RENTS BY SUBMARKET (\$/SQM)



SUPPLY BY SUBMARKET (SQM)



VACANCY

Solid take-up over the quarter has driven a drop in the Brisbane vacancy rate in Q3 2025, falling from 4.2% in Q2 2025 to its current 3.7%. This result was largely underpinned by the South submarket and was concentrated in space above 10,000 sqm. Notwithstanding this, the South submarket continues to record the city’s highest vacancy rate at 5.2%, while vacancy levels in infill precincts, including the Trade Coast, the Inner North and Inner South, remain considerably tighter.

Despite new supply having an impact on vacancy, 63% of vacant floorspace stems from existing facilities, a large share of which is secondary. Speculative additions continue to have an impact on availability, and more recently includes 50 Tradecoast Drive, Eagle Farm (21,563 sqm).

RENTS & INCENTIVES

As vacancy levels revert to a more balanced market, the pace of rental growth continues to ease across the Brisbane market. Prime rents increased by 0.9% in Q3 2025 (6.2% year-on-year), representing the weakest level of growth since mid-2021. However, there is a significant bifurcation across precincts and size brackets, with tenancies of 3,000 – 8,000 sqm in infill locations recording more robust levels of growth. Notably, this includes precincts within the Trade Coast and Inner South.

Incentive levels have moved higher and now broadly range between 10.0% and 20.0%, with the South and West being at the higher end of this range, given pre-lease land availability.

SUPPLY

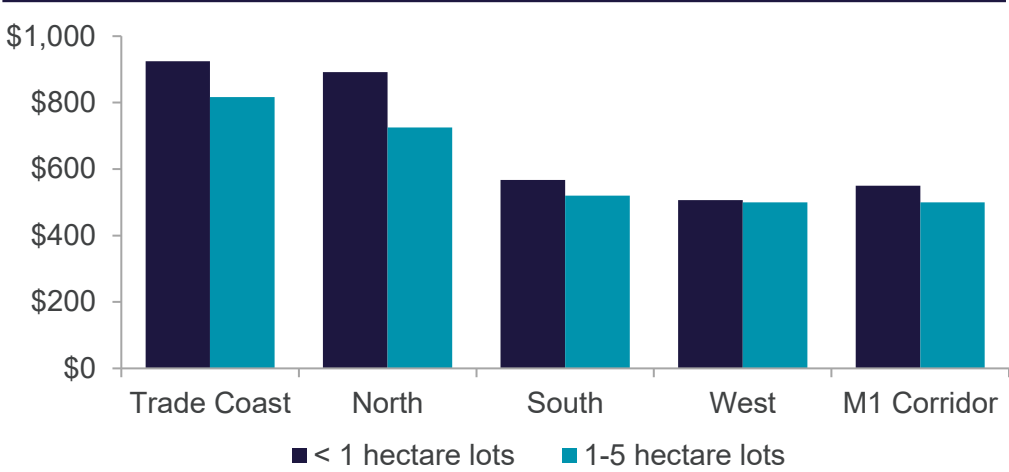
The delivery of new supply has moderated across the Brisbane market, and this trend is expected to continue over the next 12 months. Additions for Q3 2025 totalled approximately 90,000 sqm, underpinned by 50 Tradecoast Drive, Eagle Farm (22,578 sqm), while the 2025 total of 465,000 sqm is the lowest level of supply recorded since 2021.

For 2026, there is the potential for almost 500,000 sqm of new additions across speculative and pre-lease completions. However, only a third of this supply has commenced construction and it is likely a large share of the balance will be pushed into 2027. Speculative supply for 2026 is concentrated in the South and West sub-markets, collectively accounting for 80% of forecast additions for the year.

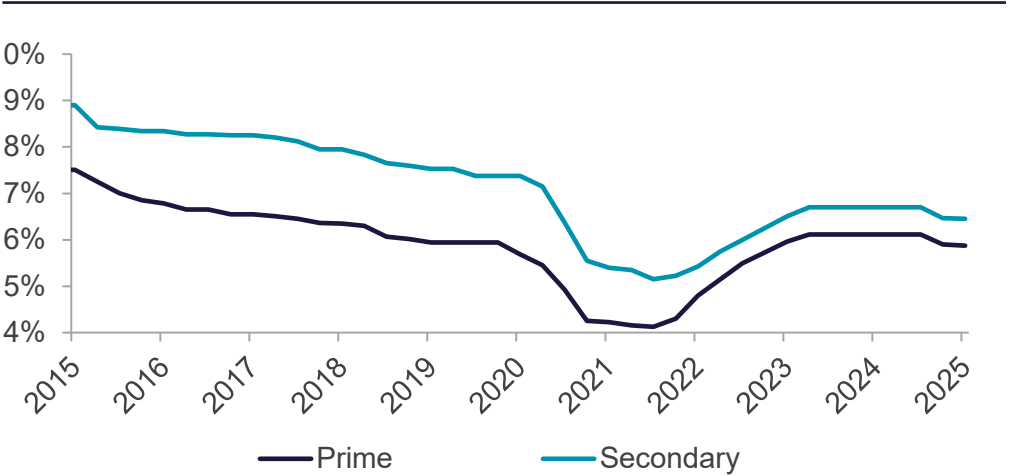
OUTLOOK

- Further improvements in the consumer environment are expected to support a pick-up in leasing demand in Q4 2025 and into 2026.
- Transport and logistics, manufacturing and construction-related sectors are expected to be the most active sectors, the latter two are being supported by the current wave of Government infrastructure projects.
- Vacancy rates have begun to trend lower, and a further reduction is forecast over the next six months as the speculative pipeline begins to thin. The further leasing of facilities sized above 10,000 sqm will provide an outsized downward shift in the headline vacancy rate.
- Rental growth of approximately 4.0% to 4.5% is anticipated for 2025, noting that growth of 3.3% has already been recorded so far in 2025. Net effective rental growth will be more muted in select precincts as incentives record upward pressure.

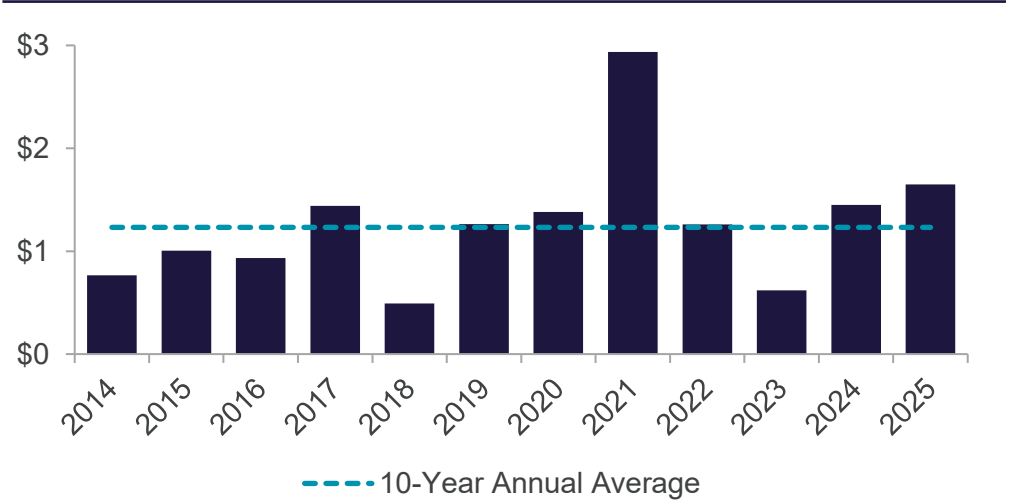
Q3 2025 LAND VALUES BY SIZE (\$/SQM)



YIELDS BY GRADE



INVESTMENT VOLUMES (\$B)



LAND VALUES

Select precincts of Brisbane recorded modest land value growth in Q3 2025, which stems from the acute shortage of development-ready land. Recent pre-lease activity, including those due to be finalised over the coming quarter, will remove a large share of the immediate land pipeline.

1-5 hectare land values currently average \$680/sqm across the market, while lots above 5 hectares average \$585/sqm. The Trade Coast market continues to have a premium, with land values in the market ranging from \$700 – \$930/sqm, albeit select precincts such as Eagle Farm are higher again at \$900 – \$1,200/sqm. Alternatively, land values in the West and South, where the bulk of land supply exists, are closer to \$570/sqm for 1-5 hectare lots.

YIELDS

Recent deal evidence has continued to show support for the tightening of yields, with 24 basis points of compression recorded in the current cycle. Prime core market yields now range between 5.35% to 6.25%, albeit there is evidence of yields trading below this range.

Tax implications in Victoria have directed capital into the Brisbane market, with the city now ranking as the second most preferred location for deployment in Australia, behind only Sydney. As a result, prime yields in Brisbane are now largely on par with Melbourne.

INVESTMENT

Investment volumes in Brisbane have already reached \$1.7 billion in 2025, surpassing the \$1.3 billion recorded for the entire year of 2024. A substantial pipeline of assets remains either on the market or in due diligence, placing the market on track to exceed \$2.0 billion in transaction volumes this year. If achieved, this would mark only the second time such a level has been recorded.

Notable trades include 1-21 Mcphee Drive, Berrinba, which Gateway Capital acquired from Dexus for \$60.6 million, while Barings purchased 130 Gilmore Road, Berrinba from Dexus for \$32.0 million. Beyond this, there were a handful of other confidential off-market sales that occurred in the quarter.

OUTLOOK

- Solid owner-occupier demand and an improvement in development feasibilities from further rental growth and yield compression will support growth in land values in select precincts over the next 12 months. This will be led by land-constrained infill markets.
- Further rate cuts in 2025 will provide the backdrop to improved liquidity, with further investment momentum expected over the coming months, supported by new capital sources from offshore markets.
- The movement of yields over the next two years will be heavily influenced by the outlook for rates – both interest rates and the risk-free rate, as well as the weight of capital seeking to be deployed, where, in the absence of high stock levels, will result in heightened competition for limited assets.
- Further yield compression in the order of 50 basis points is forecast by the end of 2026; however, unlike the last cycle, the movement in yields will not be uniform across markets and grades.

Q3 2025 BRISBANE MARKET STATISTICS

SUBMARKET	VACANCY RATE (TOTAL MARKET)	YTD TAKE-UP (TOTAL MARKET SQM)	AVERAGE NET FACE RENT (\$/SQM P.A.)	AVERAGE OUTGOINGS (\$/SQM P.A.)	AVERAGE INCENTIVES	AVERAGE YIELDS	AVERAGE CAPITAL VALUES (\$/SQM P.A.)	AVERAGE LAND VALUES (1-5ha, \$/SQM P.A.)
PRIME								
Trade Coast	2.8%	150,491	\$208	\$46	12.0%	5.64%	\$3,692	\$825
North	2.1%	72,214	\$205	\$34	12.5%	5.93%	\$3,460	\$758
South	5.0%	293,798	\$161	\$35	17.0%	5.80%	\$2,767	\$580
West	4.5%	161,606	\$170	\$35	18.4%	6.00%	\$2,833	\$556
M1 Corridor	1.0%	28,757	\$170	\$34	12.5%	6.00%	\$2,833	\$575
PRIME AVERAGE	3.7%	706,866	\$183	\$37	14.5%	5.87%	\$3,117	\$659
SECONDARY								
Trade Coast	-	-	\$158	\$46	12.0%	6.25%	\$2,520	-
North	-	-	\$150	\$32	12.5%	6.50%	\$2,308	-
South	-	-	\$140	\$35	14.0%	6.50%	\$2,146	-
West	-	-	\$135	\$35	18.4%	6.50%	\$2,077	-
M1 Corridor	-	-	\$150	\$34	12.5%	6.50%	\$2,308	-
SECONDARY AVERAGE	-	-	\$146	\$37	13.9%	6.45%	\$2,272	-

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