

MARKET FUNDAMENTALS

	YOY Chg	Outlook
10.7% Vacancy Rate	▼	▲
27,473 6-month Net Absorption, sqm	▼	▼
\$500 Prime Net Effective, sqm pa	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1% (National) GDP Growth	▲	▲
1.9% (Queensland) State Final Demand Growth	▲	▲
4.4% (National) Unemployment Rate	▲	▲

Source: ABS

ECONOMIC OVERVIEW:

Economic conditions remain steady, supported by solid domestic demand and a strong labour market, though inflationary pressure has been more persistent than expected. Headline CPI rose 3.4% year-on-year (yoy) in November, it's fourth month above the Reserve Bank of Australia's (RBA) 2%-3% target band, while trimmed mean inflation also stayed above 3%. Recent RBA commentary indicates the current easing cycle is likely complete, with policymakers taking a longer-term view before considering further adjustments. Australian economic growth eased slightly in the second half of 2025, with GDP rising 0.4% quarter-on-quarter (qoq) in Q3, down from 0.6% in Q2. Momentum is expected to build through 2026. Queensland's economic growth remains resilient, expanding 1.9% year-on-year, with momentum expected to strengthen to 3.4% by the end of 2026.

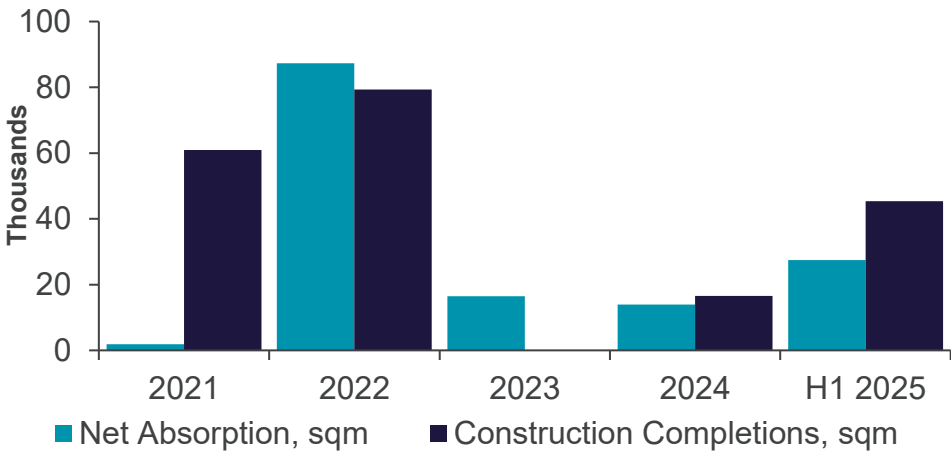
DEMAND:

Brisbane's CBD office market continues to record solid demand, with Cushman & Wakefield agents reporting steady enquiry levels through Q4 2025. Tenant interest remains focused on Premium and A-Grade assets, driven by preferences for strong amenity, sustainability credentials and prime locations. Larger occupiers continue to underpin demand as tenants pursue upgrade and consolidation strategies, particularly where long-term certainty is sought amid rising rents and limited future supply. With minimal new stock beyond current completions, competition for top-tier space is intensifying, supporting ongoing demand at the premium end of the market.

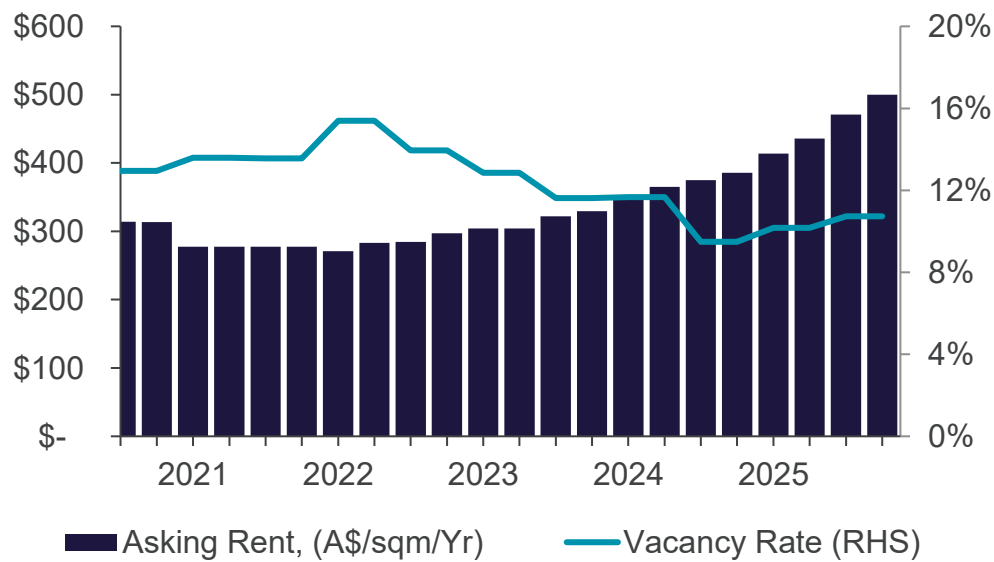
RENTS:

Brisbane's CBD office market continued its strong rental growth trajectory through Q4 2025, with net effective rents recording significant gains across all grades. While face rent growth has been more moderate, sharp reductions in incentives have driven the bulk of effective rent uplift. Premium-grade net effective rents now average \$604 per square metre per annum (sqm pa), up 12.3% YoY, supported by sustained demand for top-tier space. A Grade rents have surged to \$461 sqm pa, reflecting a 39.9% YoY increase, while Prime sits at \$500 sqm pa, up 29.6% YoY. Incentives for Premium and A-Grade assets have compressed to around 33%, reinforcing landlord confidence amid tightening vacancy and limited new supply. Secondary stock also saw solid growth, with B-Grade effective rents lifting 20.9% YoY to \$309 sqm pa, as spillover demand supports this segment. Overall, effective rental growth is being driven primarily by incentive movements rather than outsized face rent increases, signaling a competitive environment.

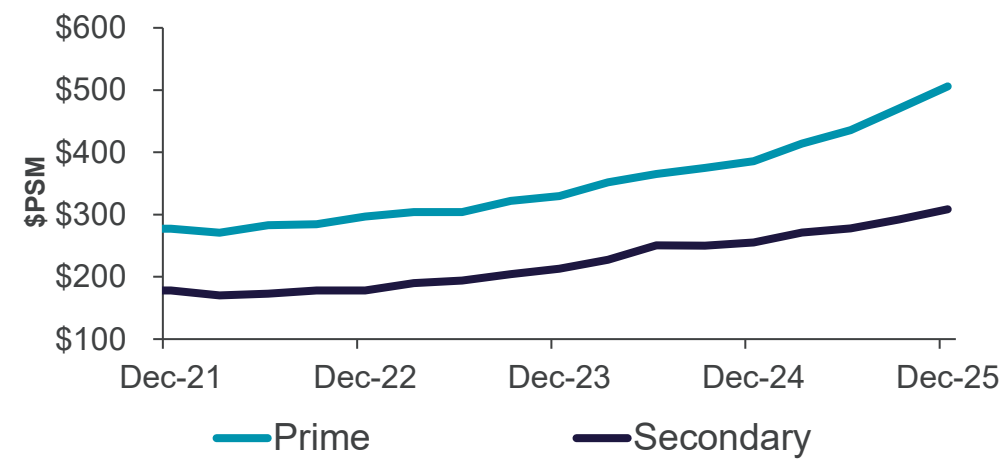
SPACE DEMAND / DELIVERIES



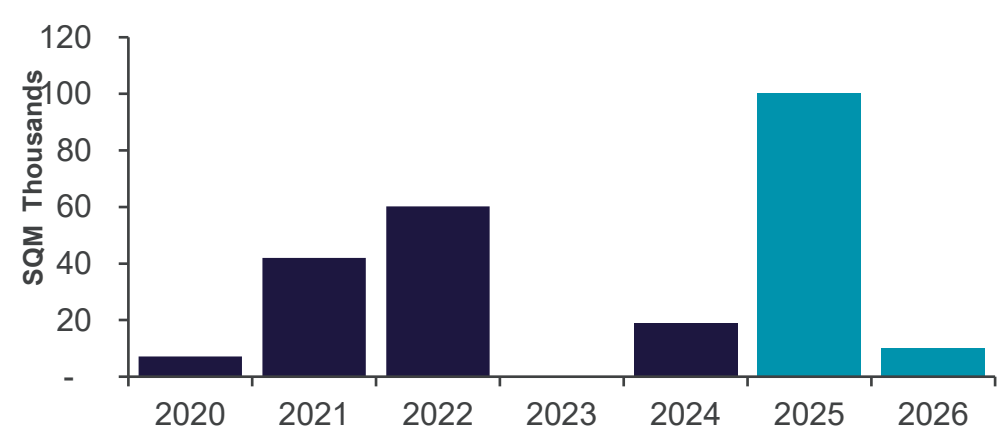
OVERALL VACANCY & PRIME NET EFFECTIVE RENT



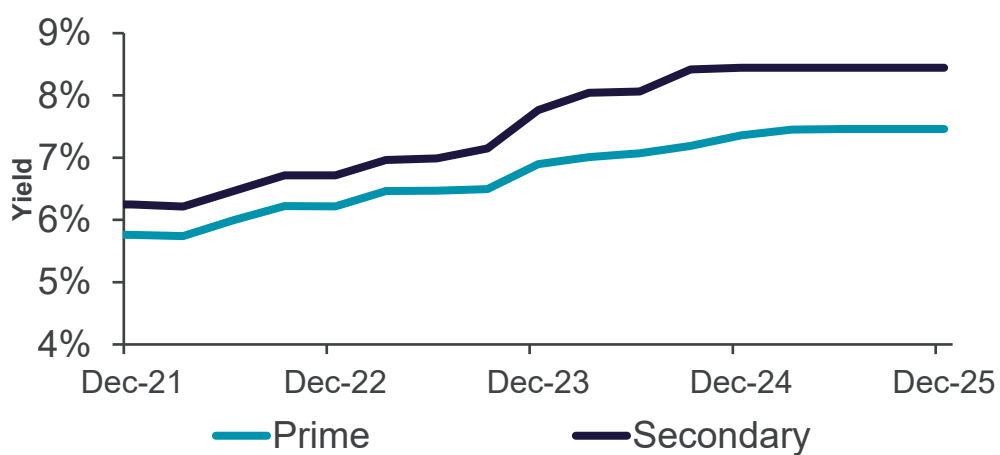
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

Brisbane CBD office market remains at 10.7%, up slightly from 10.2% in January, following new supply additions earlier in the year. The completion of 205 North Quay delivered 43,700 sqm of A Grade space, fully leased to Services Australia, underscoring strong demand for quality assets. The refurbishment at 70 Eagle Street is now complete, adding 11,476 sqm of Premium space, with roughly half pre-committed. 360 Queen Street also reached practical completion, bringing 45,000 sqm of Premium Space to market, already 90% leased to major tenants including QIC and Herbert Smith Freehills. Further upgrades at 140 Elizabeth Street (9,908 sqm) and 450 Queen Street (17,500 sqm) are scheduled through 2026-2027, while the Waterfront Precinct at 1 Eagle Street remains in early works, set to deliver 72,500 sqm by 2028 with 43% pre-commitments secured. Beyond these completions, no new major supply is expected for several years, which will place significant downward pressures on vacancy and intensify completion for prime space, reinforcing the strength of Brisbane’s CBD market.

YIELDS:

Brisbane CBD office yields remained stable through Q4 2025, extending the consolidation phase that has followed the repricing observed earlier in the cycle. Premium-grade yields held at 6.73%, unchanged since Q2 and around 45 basis points higher YoY, reflecting the full adjustment to prior market repricing. A-grade yields also remained steady at 7.74%, while Prime yields held at 7.46%. Secondary yields continued to stabilise at 8.44%, marking another quarter of unchanged pricing. While multiple RBA rate cuts have improved financing conditions, these have yet to translate into yield compression. Instead, investors remain disciplined, focusing on assets with strong tenant covenants, secure income profiles and improving leasing fundamentals. The persistence of flat yields into Q4 suggests the market is in a holding pattern, with pricing expectations largely reset and further movement likely to depend on sustained capital re-engagement rather than changes in borrowing costs alone.

INVESTMENT MARKET:

Exceptional rental growth over the past two years has firmly positioned Brisbane as one of the most attractive office markets in Australia, making it the market to be in for investors seeking strong returns. Q4 2025 saw continued demand for prime assets with solid tenant covenants and ESG credentials. Investor appetite continues to focus on well-located, high-quality buildings offering long-term income security. Capital Property Funds sold 126 Margaret Street o Arcana Capital for \$27.4 million, while Cromwell Property Group sold 545 Queen Street to Corval Group for \$86.5 million. In addition, ISPT offloaded Central Plaza One to a consortium comprising SMFL, Aravest, and Kendix. Leasing activity included the Bank of Queensland securing 5,900 sqm at 360 Queen Street via a direct lease. Investor confidence remains buoyant, supported by stabilising yields and improving macroeconomic conditions.

OUTLOOK

- Economic growth is expected to gain momentum across 2026 as domestic demand improves, and Queensland’s economic growth accelerates.
- Further upward pressure on effective rents, driven primarily by continues incentive compression rather than outsized face rent growth, particularly as vacancy tightens in high-quality stock.
- Vacancy likely to stabilise in the near term, with recent completions absorbed through strong pre-leasing, before trending lower as the development pipeline thins.
- Minimal new supply beyond 2026-27, which is expected to heighten competition for prime space.
- Yields expected to remain broadly stable, with pricing largely reset and future compression dependent on sustained capital and leasing performance.
- Overall, the Brisbane CBD office market is well-positioned to sustain its outperformance, driven by tightening supply and strong rental growth.

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	\$1,029	33.0%	\$259
A-grade	1,035,493	87,205	9.6%	28,005	62,770	\$801	33.5%	\$215
Prime	1,430,750	99,919	8.0%	41,905	188,927	\$864	33.4%	\$227
Secondary	697,743	99,100	15.0%	-12,468	0	\$617	37.5%	\$206
TOTALS^	2,365,118	231,907	10.7%	27,473	188,927			

*Rental rates reflect full service asking

^ Total reflects all grades

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
360 Queen Street	CBD	Bank of Queensland (BoQ)	5,900	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE (AUD M)
126 Margaret Street	CBD	Capital Property Funds/Arcana Capital	5,554	27.4
Central Plaza One	CBD	ISPT/SMFL, Aravest, Kendix	39,706	230
545 Queen Street	CBD	Cromwell Property Group/Corval Group	13,367	86.5

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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