

MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.4% Vacancy Rate	▼	▼
-15,824 6-month Net Absorption, sqm	▼	▼
\$289 A-Grade Net Effective, sqm pa	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.6% (National) GDP Growth	▲	▲
3% (Queensland) State Final Demand Growth	▲	▲
4.1% (National) Unemployment Rate	▲	▲

Source: ABS

ECONOMIC OVERVIEW:

Economic conditions remained steady through Q1 2026, supported by domestic demand and a tight labour market. Headline CPI was 3.8% year-on-year in January 2026, and the RBA lifted the cash rate to 3.85% in February and 4.10% in March. The higher-rate environment and rising geopolitical risks are near-term headwinds for occupier demand and investment, so any recovery is likely to be more measured than was forecast earlier this year. Despite broader economic headwinds, the Queensland economy remains resilient, with state GDP projected to grow by 3.4% in 2026, exceeding the growth forecasts of other states.

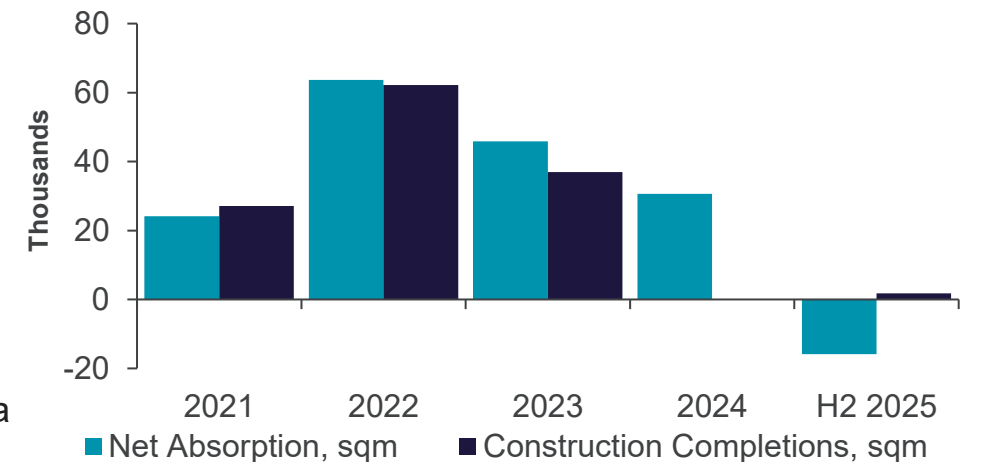
DEMAND:

Leasing demand in the Brisbane Fringe moderated over the past six months, marking a shift from the sustained occupancy growth recorded over the past four years. Net absorption over the past six months totalled -15,824 sqm, reflecting a period of consolidation as several tenants downsized or relocated within established fringe precincts. Despite the broader softening, activity was supported by two notable lease transactions in Fortitude Valley, underscoring the continued appeal of well-amentised, centrally positioned assets. The “flight-to-quality” trend remains a defining feature of the market, with prime-grade buildings continuing to attract the majority of enquiry and tenant commitments.

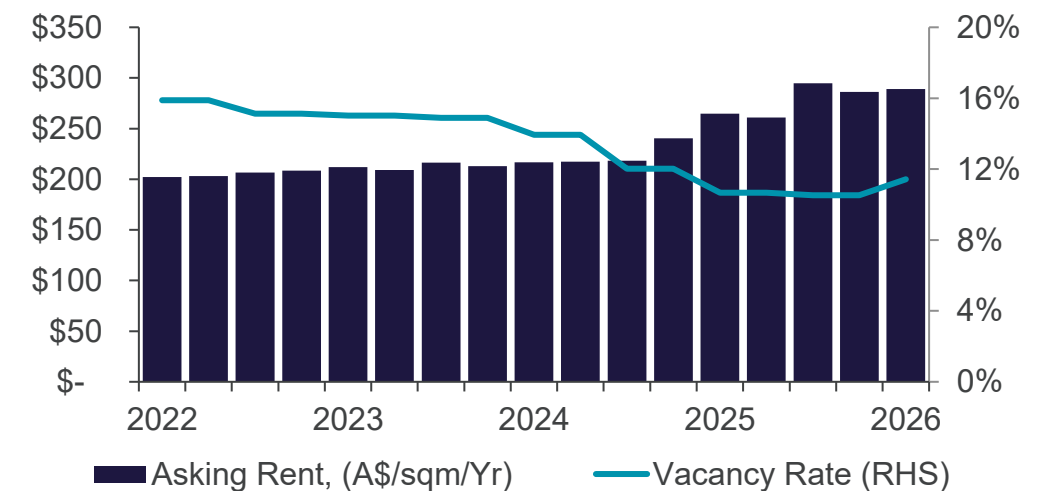
RENTS:

The Brisbane Fringe office market sustained its positive rental momentum into Q1 2026, with A-Grade net effective rents showing strong year-on-year (YoY) growth across key precincts. South Brisbane remained the highest-rent sub-market, with net effective rents at \$279 square metre per annum (sqm pa), up 3.1% YoY. Incentives tightened slightly to 38.5%, suggesting landlords are maintaining negotiated positions after last year’s compression. Fortitude Valley continued to track higher, with rents up 7.8% YoY, averaging \$320 sqm pa and incentives remaining unchanged at 39.0%. The Inner West recorded substantial YoY gains following last year’s step-up change, net effective rents are now averaging \$265 sqm pa, up 32.1% YoY. Incentives have stabilised at 40.0% in Q1 2026, following a period of recalibration in 2025, reflecting improved landlord confidence and continued competition for A-grade space. Overall, the Brisbane Fringe continues to show solid rental growth, supported by an emphasis on quality accommodation and stabilisation in incentives.

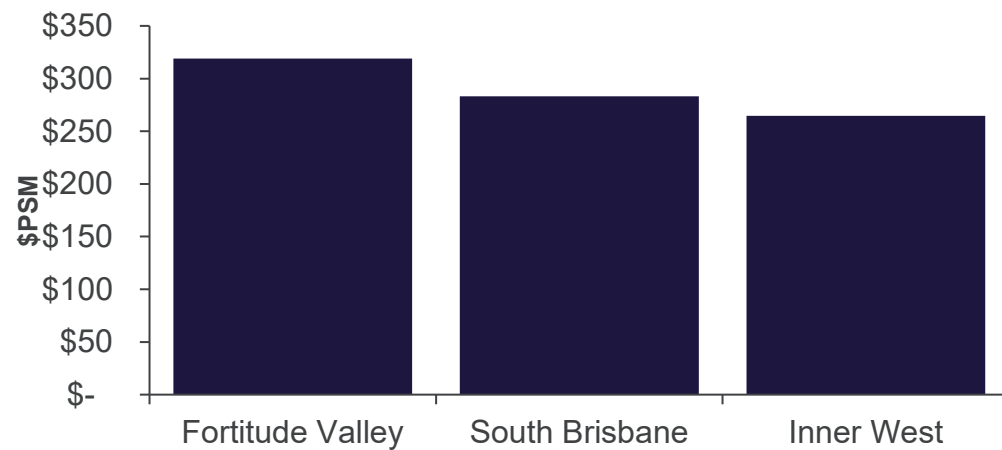
SPACE DEMAND / DELIVERIES



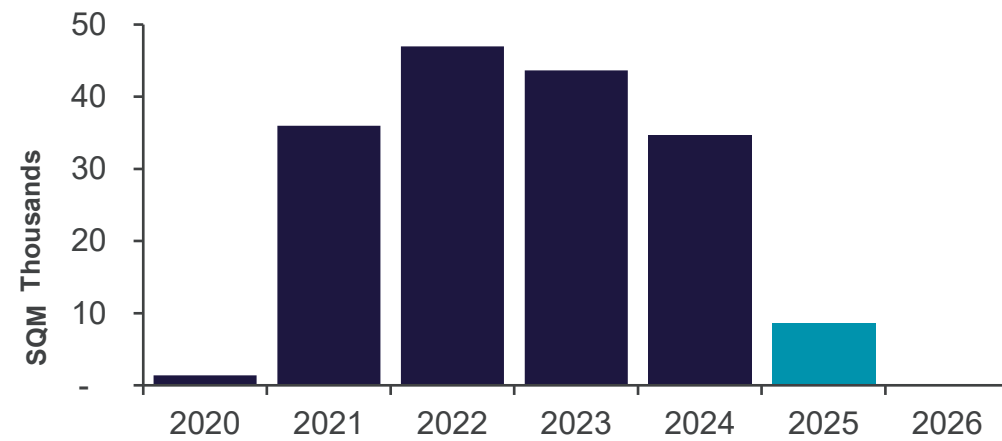
OVERALL VACANCY & PRIME NET EFFECTIVE RENT



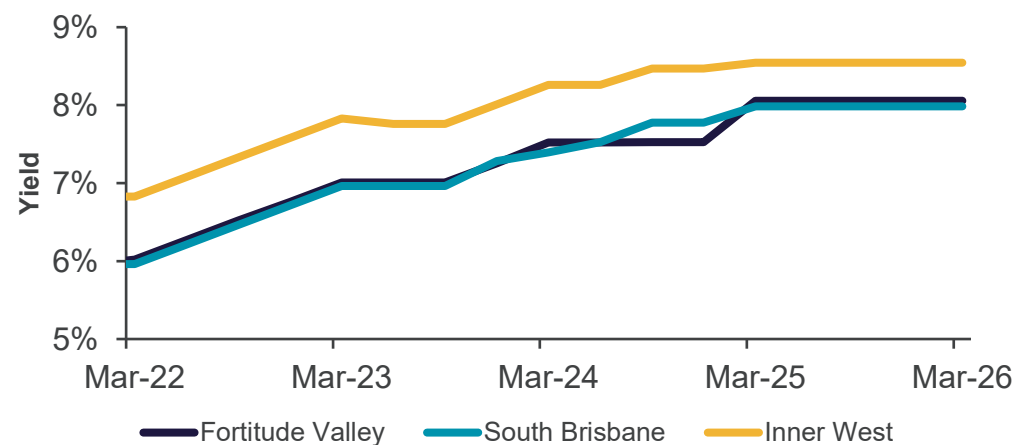
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

The Brisbane Fringe office market continues to be characterised by a constrained supply pipeline, with no new office completions recorded over the past 12 months and very limited speculative development underway. This lack of new stock has generally supported tighter market conditions despite some short-term volatility in vacancy. Total fringe vacancy currently sits at 11.4%, while it has edged slightly higher, it remains lower on a year-on-year basis, reflecting the ongoing absorption of existing stock particularly higher quality A grade space. With limited new supply expected in the near term and tenant demand continuing to focus on well-located assets, vacancy is expected to remain broadly contained across the fringe markets. These conditions should continue to underpin competitive leasing dynamics and support rental performance over the medium term.

YIELDS:

Yields in the Brisbane Fringe office market remained broadly stable through Q1 2026, following the recalibration seen across the market in 2025. Investor sentiment has improved modestly, although higher interest rates and elevated funding costs continue to influence underwriting assumptions, keeping buyers cautious and pricing discipline intact. A-grade yields in South Brisbane were unchanged this quarter at 7.98%, reflecting the absence of new transactional evidence rather than any material shift in buyer sentiment. Fortitude Valley yields held firm at 8.06%, consistent with Q4 2025, following further outward movement in the second half of 2025. Inner West yields also remained stable at 8.54%, in line with trading evidence over the past 12 months. While yields held firm this quarter, the recent upward movement of interest rates introduces renewed pressure, and selective outward softening may emerge. However, a constrained supply pipeline and continued investor focus on income resilience should help temper the degree of further adjustments.

INVESTMENT MARKET:

Investment activity in the Brisbane Fringe softened in Q1 2026, with transaction volumes easing following the uplift recorded through mid-2025. Market conditions remain steady, though investors continue to adopt a selective approach, focusing on well-located assets with resilient income profiles. One significant sale was recorded during Q1 at 97 Boundary Street, South Brisbane, sold by Sekisui House to Region group for \$60.0 million. The asset comprises approximately 5,874 sqm of office accommodation and represents one of the more substantial transactions in the fringe over the past 12 months. With overall sales activity remains subdued, the transaction demonstrates that quality assets in established precincts are still generating buyer interest. More broadly, subdued turnover suggests cautious capital deployment, with transaction volumes likely to remain modest over the near term.

OUTLOOK

- Economic growth is expected to strengthen through 2026, before accelerating further in 2027.
- 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 strong, with stable incentives; however, rising outgoings are expected to place downward pressure on effective rents.
- No major new supply is anticipated through 2026, and the pipeline remains limited, which will continue to support tightening vacancy as demand persists.
- Investment activity is likely to remain measured, with improving buyer sentiment expected to support demand for well-located, high-quality assets.

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	TOTAL 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	584,594	62,519	10.7%	-10,586	0	\$617	39.0%	\$146
South Brisbane	284,034	34,383	12.1%	-5,115	0	\$572	38.5%	\$178
Inner West (Milton)	230,016	32,593	14.2%	-196	0	\$684	40.0%	\$146
FRINGE TOTALS~	1,324,032	151,311	11.4%	-15,824	0			

*Rental rates reflect full service asking

^ Total reflects all grades

LOCAL LEADS

JAKE MCKINNON

Associate Director,
National Research
Tel: +61 (0) 410 611 548
jake.mckinnon@cushwake.com

NATIONAL LEADS

JOSH CULLEN

Head of Capital Markets,
Australia and New Zealand
Tel: +61 (0) 438 351 113
josh.cullen@cushwake.com

JACK NEUMANN

Senior Executive
Tel: +61 (0) 435 561 040
jack.neumann@cushwake.com

TIM MOLCHANOFF

Head of Office Leasing,
Australia and New Zealand
Tel: +61 (0) 411 726 663
tim.molchanoff@cushwake.com

ARIANNE GUEHRER

Director,
Tenant Advisory Group
Tel: +61 (0) 432 306 811
arianne.guehrer@cushwake.com

JOSH MCNAMARA

Head of Tenant Advisory Group, ANZ
Leasing Tenant Representation
Tel: +61 (0) 449 960 090
josh.mcnamara@cushwake.com

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KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
54 James Street	Fortitude Valley	Graya	800	Direct
100 Brookes Street	Fortitude Valley	KBR	1,752	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE (AUD M)
97 Boundary Street	South Brisbane	Sekisui House/Region Group	5,874	60.0

KEY PROJECTS UNDER CONSTRUCTION & COMPLETIONS

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