

ECONOMIC OVERVIEW

Economic conditions remained steady through Q1 2026, supported by resilient domestic demand and labour market conditions. Inflation, however, remained above target over the quarter. Headline CPI rose 3.8% year-on-year in January 2026, while trimmed mean inflation increased to 3.4%. Reflecting this, the RBA lifted the cash rate target twice during the quarter, increasing it to 3.85% in February and 4.10% in March. While Australian economic growth strengthened in late 2025, conditions are expected to improve through 2026. 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

Elevated leasing demand continues to occur within the Brisbane market, with almost 300,000 sqm leased in Q1 2026, and follows a record year of take-up in 2025. Take-up over the quarter was Amazon's pre-commitment within Charter Hall's Flagstone Logistics Estate at North Maclean, where they will occupy 150,000 sqm across four levels.

Similarly, net absorption remains positive, albeit it has weakened from 2025. Net absorption in Q1 2026 was strongest in the South and M1 Corridor submarkets, while negative net absorption was recorded in the Trade Coast as an uptick in leasing availability entered the market.

More broadly, the current geopolitical environment is expected to create a near-term headwind for occupiers, particularly transport and logistics businesses, as volatility in global energy markets increases freight costs. However, most occupiers are adopting a medium to long-term perspective on their space requirements, and leasing activity is expected to remain healthy. Recent discussions with multi-national occupiers highlight Brisbane as a priority market for 2026.

MARKET FUNDAMENTALS

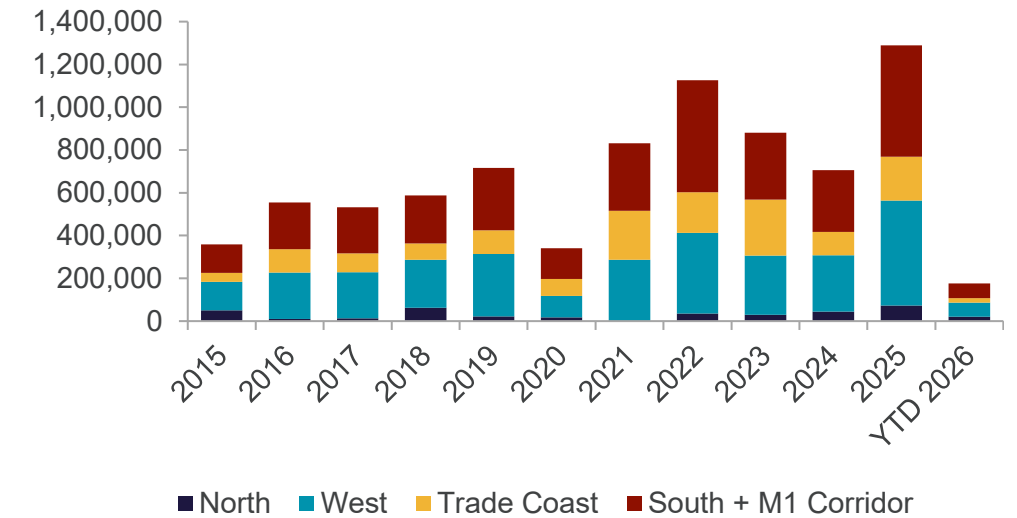
	YOY Chg	Outlook
3.9% Vacancy Rate	▼	▼
5.85% Average Prime Yield	▼	▼
0.9% Prime QoQ Rental Growth	▲	▲

ECONOMIC INDICATORS

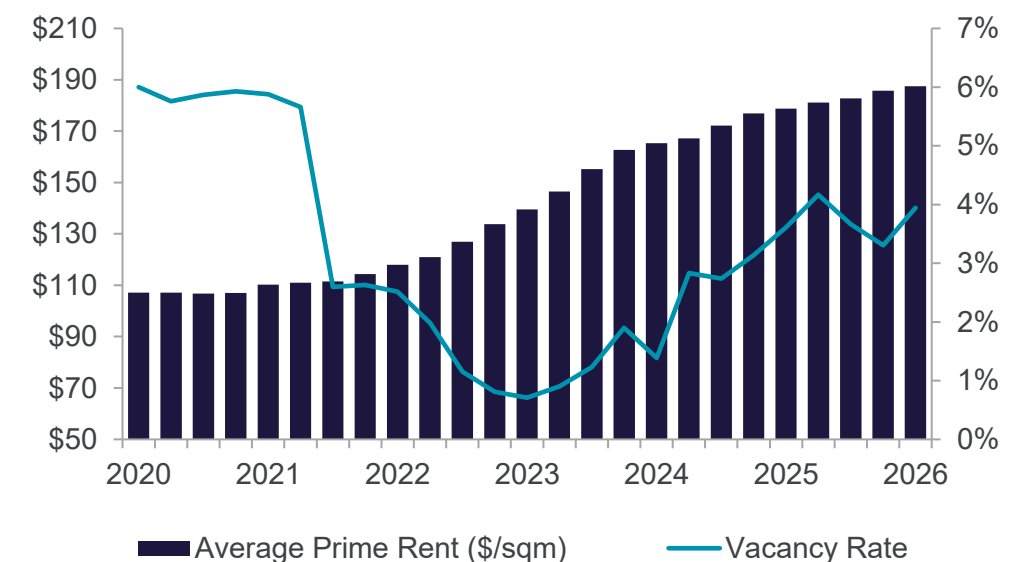
	YOY Chg	Outlook
2.6% National GDP Growth	▲	▲
3.0% State Final Demand Growth	▲	▲
4.1% National Unemployment Rate	▲	▲

Source: ABS

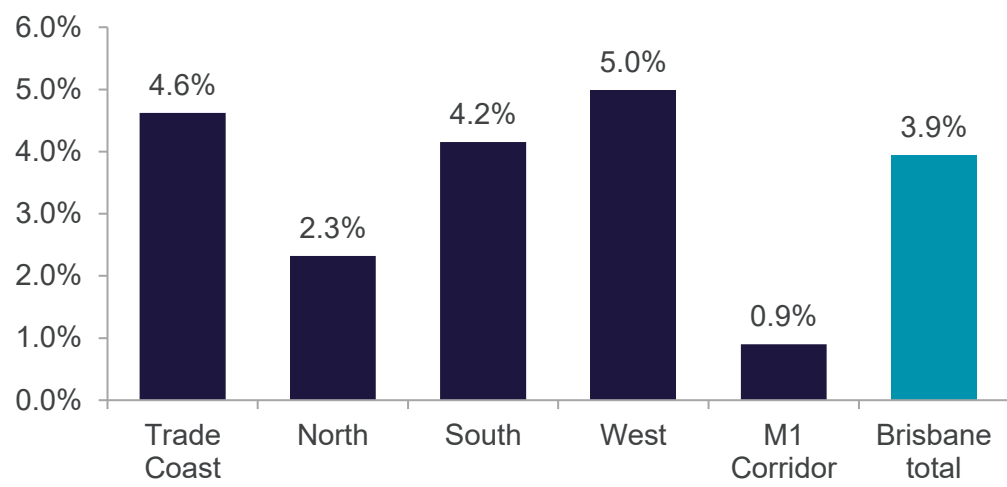
GROSS TAKE-UP (SQM)



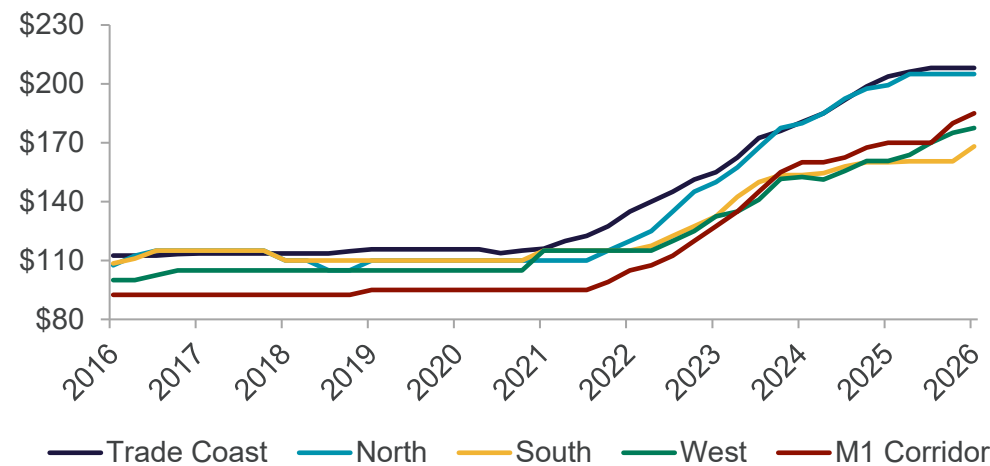
VACANCY & AVERAGE PRIME RENTS



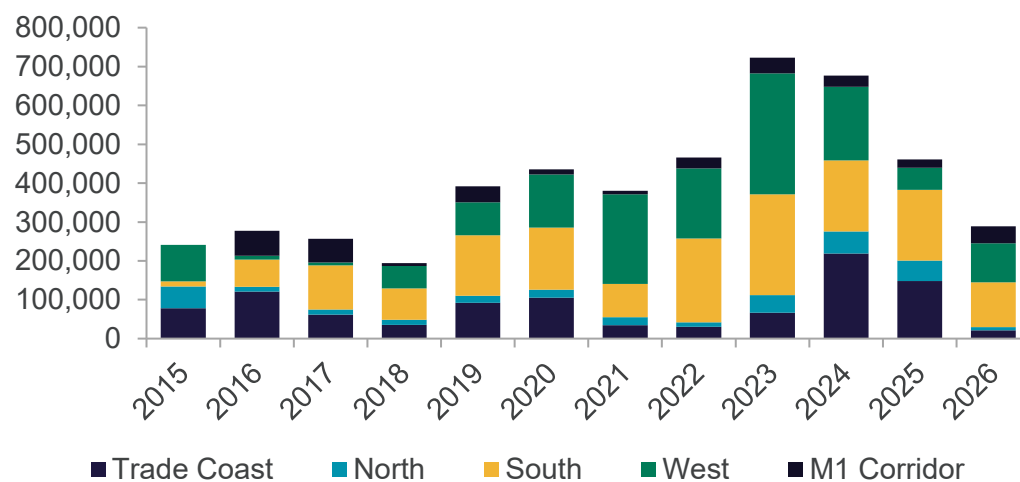
Q1 2026 VACANCY RATES BY SUBMARKET



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



SUPPLY BY SUBMARKET (SQM)



VACANCY

The addition of backfill leasing options following tenant departures drove an increase in Brisbane’s vacancy rate in Q1 2026, rising to 3.9% from 3.4% in the previous quarter. Total leasing availability increased by 20%, with the Trade Coast recording the largest uplift, primarily driven by existing options in the sub-10,000 sqm segment.

Sublease vacancy declined by 17%, while reduced levels of speculative supply are having a more limited impact on overall vacancy. As a result, secondary-grade leasing options now comprise the majority of available stock. Recent additions include the ACFS backfill space at the Port of Brisbane (~30,000 sqm). Several large options are currently under heads of agreement and, once finalised, are expected to put downward pressure on vacancy, particularly given the limited new supply in 2026.

RENTS & INCENTIVES

Modest prime rental growth of 1.6% was recorded in Q1 2026, supported by the southern submarkets where reduced prime availability continues to drive upward pressure on rents. On an annual basis, prime rents increased by 5.6%, remaining well above the national average of 3.4% over the same period. Rental growth in the sub-10,000 sqm segment continues to outperform, reflecting the sweet spot for tenant demand.

Prime rents now average \$189/sqm, while pre-lease rents are higher at \$193/sqm, with the Trade Coast attracting a 10% premium. Incentives have edged higher and currently range between 10.0% and 21.0%, with the wide range the result of the varied ownership structure and market dynamics at a precinct level.

SUPPLY

Brisbane’s supply pipeline has been revised much lower than earlier forecasts as the timing of several projects was pushed into 2027. As a result, total supply is set to total just under 290,000 sqm in 2026, representing the lowest level of delivery since 2018, most of which is pre-leased additions.

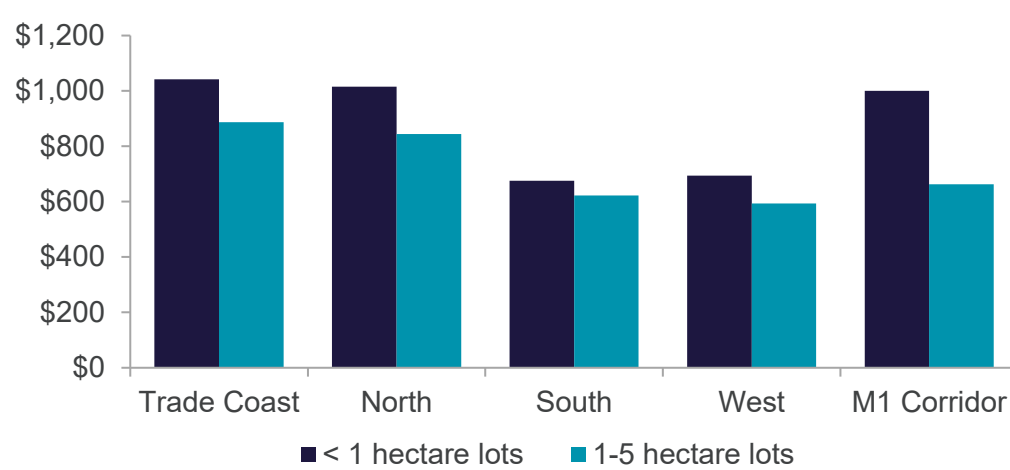
Supply for the year will predominantly stem from the South and West submarkets, collectively accounting for approximately 75% of total new floorspace. Alternatively, the Trade Coast will see only minor additions to stock for the year and is led by Centennial at their Morningside and Murarrie projects.

Development feasibilities will be tested further given higher funding costs, and as a result, supply is likely to remain muted in 2027.

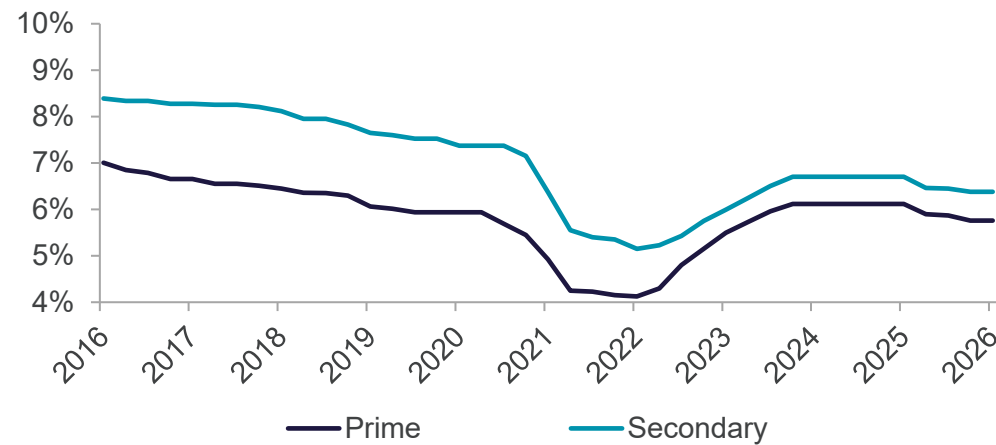
OUTLOOK

- Current geopolitical developments are likely to weigh on occupier sentiment in the near term, particularly among 3PL operators, given the sharp escalation in fuel costs and the associated pressure on operating margins.
- A key near-term watchpoint is consumer confidence and household spending, both of which are critical to logistics demand. Consumer confidence indicators have fallen sharply in recent weeks and are likely to result in a pullback in discretionary retail spending. However, savings rates remain healthy and should provide a short-term buffer.
- Low levels of supply in 2026 are expected to place downward pressure on vacancy rates over the balance of the year. While vacancy increased in Q1 2026 across several markets, fewer backfill leasing options are likely to emerge, reflecting limited alternative accommodation options for occupiers.
- Rental growth of approximately 4.4% is anticipated for 2026. There is potential for higher net effective growth as incentives begin to taper in select precincts.

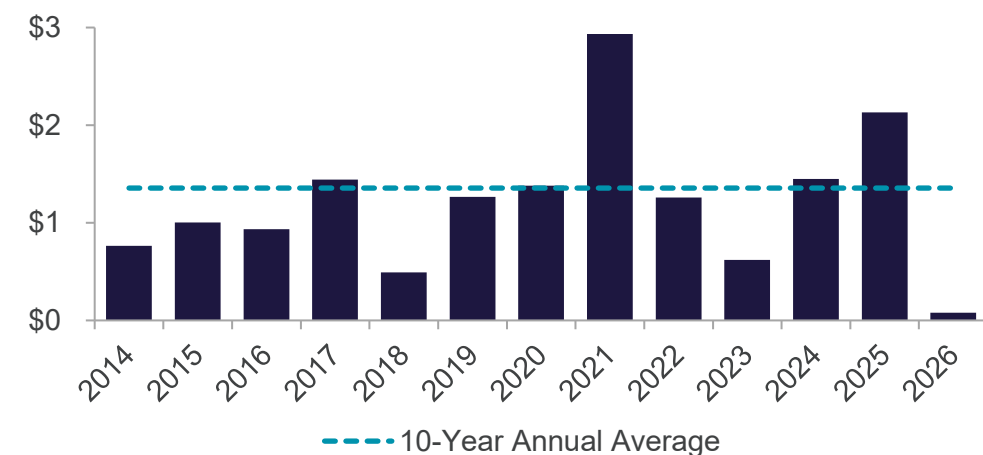
Q1 2026 LAND VALUES BY SIZE (\$/SQM)



YIELDS BY GRADE



INVESTMENT VOLUMES (\$B)



LAND VALUES

Brisbane industrial land values continued to move higher, increasing by 4.4% in Q1 2026. The uptick is the result of persistent scarcity of development-ready sites and strong pre-lease activity removing a significant portion of the near-term pipeline. Average values for 1-5 hectare lots now sit at \$722/sqm, while select pockets such as Eagle Farm are in excess of \$1,000/sqm.

The South and West continue to offer more affordable options due to land availability in precincts such as Crestmead, Bundamba and Swanbank. The M1 Corridor remains the standout performer with regard to growth, supported by owner-occupier demand, which has pushed land values higher by 8.2% over the past quarter.

YIELDS

Two interest rate rises and the subsequent increase in funding costs have tempered yield compression in the Brisbane market, with core market prime yields holding firm at 5.85% (range of 5.30% and 6.00%).

The 90-day BBSW has increased to approximately 4.2% over the quarter, which, when combined with prevailing lending margins, has pushed all-in debt costs above 5.4%. While this will create a near term headwind to return hurdles, investors are increasingly adopting a medium-term view on monetary policy, with expectations that easing will occur in late 2027 as inflation moderates, providing a more supportive backdrop for pricing.

Secondary yields also held steady in Q1 2026, with core market yields ranging between 5.88% to 6.75%. The large spread reflects the divergence in pricing by asset quality and location.

INVESTMENT

Following a robust 2025 where over \$2.3 billion traded, investment volumes in Brisbane weakened in Q1 2026, with approximately \$80 million trading in the period. The largest deal was 55 Bellrick Street, Acacia Ridge, which an owner-occupier acquired for \$35.0 million from Fife Capital. The 10,736 sqm asset reflected a rate of \$3,260/sqm of GLA. Beyond this, several assets are expected to transact imminently, including transactions above \$50 million.

More broadly, capital appetite for Brisbane remains solid, underpinned by investor conviction in current and forecast fundamentals, including strong population growth, a ramp-up in infrastructure investment, and the structural undersupply of warehouse space.

OUTLOOK

- Despite challenges in development feasibility, demand for development-ready industrial land is forecast to remain strong. This will be led by owner-occupiers who are more driven by business needs rather than development economics. This environment, coupled with land shortages, will support further growth in land values in 2026.
- Inflationary pressure and the flow on impact to interest rates and debt costs are expected to curtail yield compression. However, pricing outcomes will continue to be driven by capital composition, asset quality and income durability rather than by incremental rate movements alone.
- Given the 50 basis point increase in the cash rate recorded to date, upward pressure on yields is likely, particularly for less functional assets as risk becomes more appropriately priced in.

Q1 2026 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)
PRIME								
Trade Coast	4.6%	35,924	\$208	\$46	13.8%	5.53%	\$3,767	\$888
North	2.3%	21,109	\$205	\$36	15.0%	5.83%	\$3,519	\$844
South	4.2%	65,662	\$168	\$35	19.1%	5.75%	\$2,963	\$623
West	5.0%	20,050	\$178	\$35	18.0%	5.80%	\$3,060	\$594
M1 Corridor	0.9%	3,150	\$185	\$34	10.0%	5.89%	\$3,142	\$663
PRIME AVERAGE	3.9%	145,895	\$187	\$37	15.2%	5.76%	\$3,290	\$722
SECONDARY								
Trade Coast	-	-	\$155	\$46	13.8%	6.19%	\$2,505	-
North	-	-	\$140	\$33	15.0%	6.44%	\$2,175	-
South	-	-	\$145	\$35	16.0%	6.38%	\$2,275	-
West	-	-	\$145	\$35	20.0%	6.39%	\$2,270	-
M1 Corridor	-	-	\$160	\$34	10.0%	6.50%	\$2,462	-
SECONDARY AVERAGE	-	-	\$149	\$37	15.0%	6.38%	\$2,337	-

RESEARCH

LUKE CRAWFORD

Head of
Logistics & Industrial Research –
Australia
+61 421 985 784
luke.crawford@cushwake.com

LOCAL MARKET AGENCY LEADS

GARY HYLAND

National Director
Capital Markets, Logistics & Industrial –
Queensland
+61 413 288 933
gary.hyland@cushwake.com

MORGAN RUIG

Director
Head of Brokerage, Logistics & Industrial –
Queensland
+61 403 149 828
morgan.ruig@cushwake.com

NATIONAL LEADS

TONY IULIANO

International Director
Head of Logistics & Industrial –
Australia and New Zealand
+61 412 992 830
tony.iuliano@cushwake.com

DAVID HALL

National Director
Head of Brokerage Logistics & Industrial –
Australia and New Zealand
+61 428 242 410
david.j.hall@cushwake.com

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of \$10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.