

MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.6% Vacancy Rate	▲	▼
-3,327 6-month Net Absorption, sqm	▼	▼
\$289 A-Grade Net Effective, sqm pa	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1% (National) GDP Growth	▼	▲
3.8% (Queensland) State Final Demand Growth	▲	▲
4.4% (National) Unemployment Rate	▲	▼

Source: ABS

ECONOMIC OVERVIEW:

Economic conditions remain mixed, with growth improving modestly while inflationary pressures remain elevated. GDP rose by 0.4% in the June quarter and 2.1% over the year, marking a slight improvement in quarterly growth despite a moderation in the annual rate. Meanwhile, headline CPI reached 3.5% year-on-year in July, while trimmed mean inflation rose to 3.6%, indicating that underlying inflation remains persistent. The RBA raised the cash rate by 25 bps to 4.60% in September, reflecting ongoing concerns around inflationary pressures and its commitment to returning inflation to the target range, while signaling that further tightening may be required if inflation remains elevated. . Queensland’s State Final Demand is forecast to grow by 1.4% in 2026, before strengthening to 1.7% in 2027.

DEMAND:

Leasing demand across the Brisbane Fringe showed signs of improvement over the past six months, although conditions remained mixed across individual precincts. Net absorption totalled -3,327 sqm, a notable improvement from the negative absorption recorded in the previous six-month period. South Brisbane and the Inner West both recorded positive absorption, while Fortitude Valley recorded a modest -990 sqm. The overall result was weighed down by weaker conditions elsewhere in the Fringe, including Toowong, which recorded -3,849 sqm of net absorption. Demand continues to favour well-located, higher-quality assets, with the flight-to-quality trend supporting tenant interest across the major Fringe precincts.

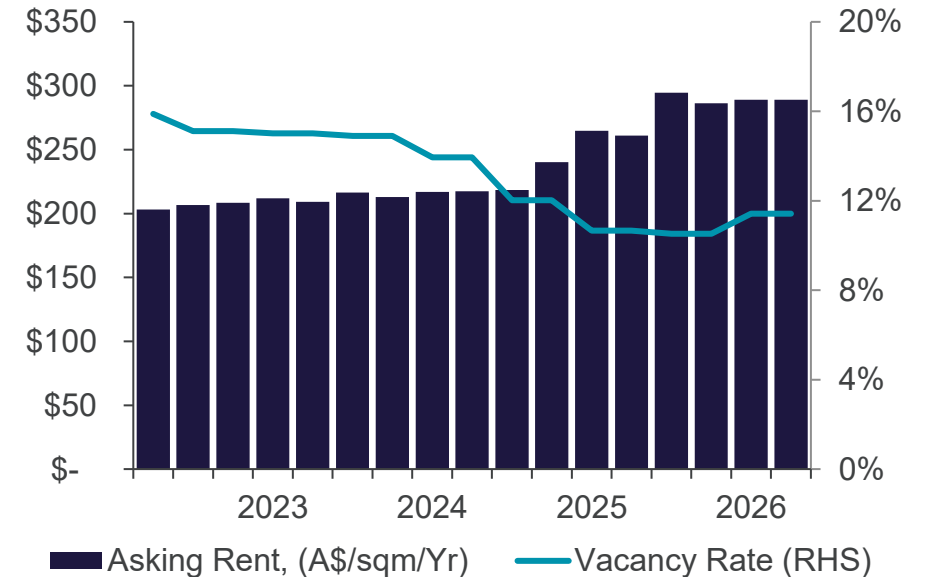
RENTS:

The Brisbane Fringe office market maintained its positive rental momentum through Q3 2026, with A Grade net effective rents increasing across all key precincts. Fortitude Valley recorded the strongest year-on-year (YoY) growth, with net effective rents reaching \$333 per square metre per annum (sqm pa), up 10.3% YoY, while incentives tightened to 35.5%. South Brisbane remained a high-rent submarket, with net effective rents reaching \$313 sqm pa, up 6.7% YoY, as incentives compressed to 35.5%. The Inner West also recorded further improvement, with net effective rents increasing to \$270 sqm pa, up 6.0% YoY, while incentives tightened to 36.5%. The broad-based improvement across all three precincts points to strengthening landlord conditions, with incentives now well below levels recorded earlier in the year. Overall, effective rental growth continues to be supported by firm demand for quality office space and further incentive compression across the Fringe market.

SPACE DEMAND / DELIVERIES



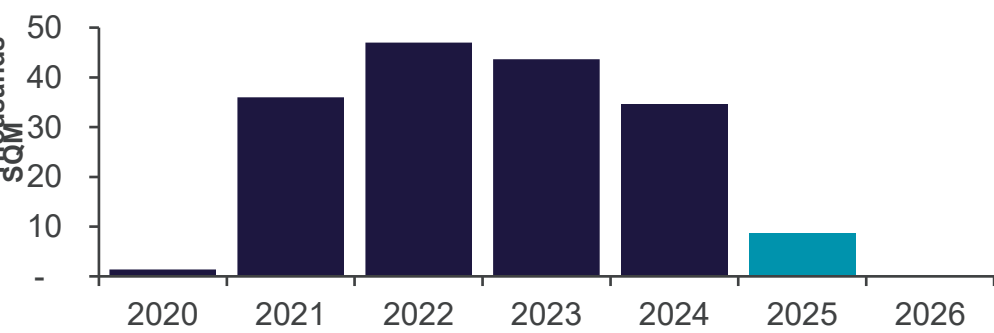
OVERALL VACANCY & PRIME NET EFFECTIVE RENT



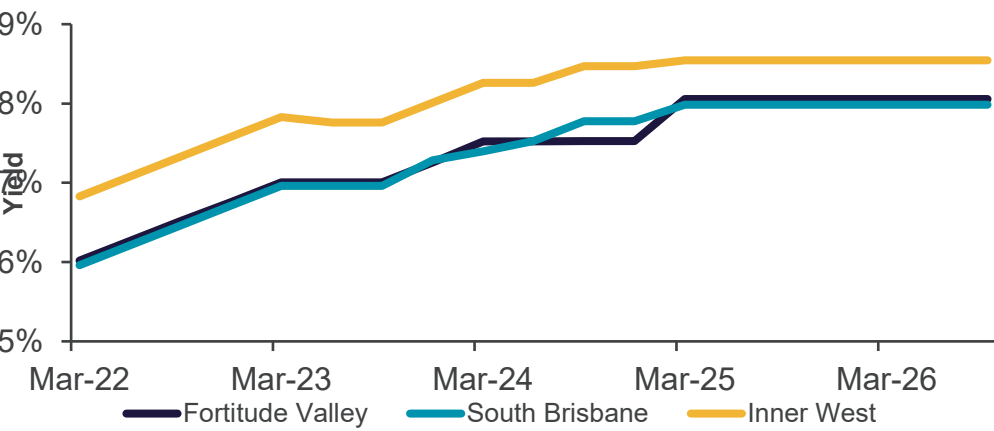
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

The Brisbane Fringe office market continues to be characterised by a constrained supply pipeline, with no major new office completions over the past 12 months and limited speculative development underway. This lack of new stock continues to support market conditions, despite some variation in vacancy across individual precincts. Total Fringe vacancy edged higher to 11.6% from 11.4% over the past six months, although South Brisbane remained stable and vacancy declined in both the Inner West and Fortitude Valley. With limited new supply expected in the near term and demand continuing to favour well-located, higher-quality assets, vacancy is expected to remain broadly contained. These conditions should continue to support rental growth and competitive leasing conditions across the major Fringe precincts.

YIELDS:

Yields in the Brisbane Fringe office market remained broadly stable through Q3 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 Q3 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 Q3 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 (Urban Renewal)	583,024	61,939	10.6%	-990	0	\$617	39.0%	\$146
South Brisbane (Inner South)	284,034	34,299	12.1%	84	0	\$572	38.5%	\$178
Inner West (Milton)	230,016	30,920	13.4%	1,673	0	\$684	40.0%	\$146
FRINGE TOTALS~	1,322,462	153,068	11.6%	-3,327	0			

*Rental rates reflect full service asking

^ Total reflects all grades

KEY LEASE TRANSACTIONS Q3 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 Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE (AUD M)
200 Creek Street	Spring Hill	Forza Capital/Direct Commercial Property	7,683	55.0
49 Doggett Street	Urban Renewal	Secure Zone/Fortis Development Group	2,561	31.5

KEY PROJECTS UNDER CONSTRUCTION & COMPLETIONS

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

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