

Brisbane CBD State of the Market

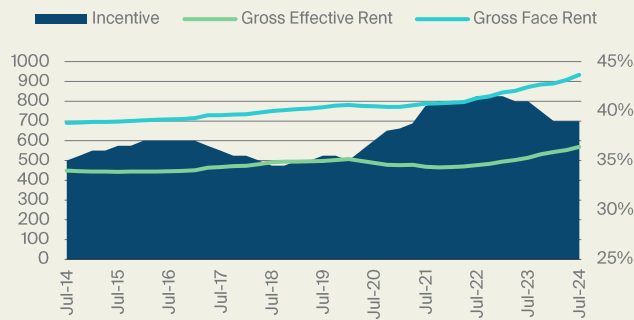


Prime face rents continue to climb

Q2 2024

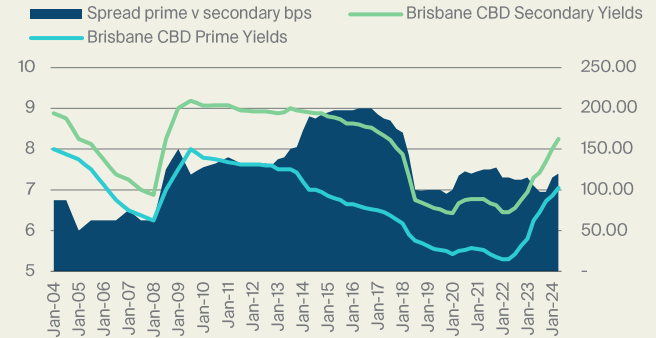
- Prime net face rents have grown 4.9% since January 2024 (3% in Q2) led by sustained uplift in the premium and upper A grade assets. Incentives are stable with higher fitout costs contributing to these remaining sticky.
- Secondary rents are up 1.1% since the start of 2024 with the pace of face rent slowing slightly after strong growth in 2024. Incentives are 50bps lower in the quarter reflecting the depth of tenant demand.
- The supply pipeline was unchanged this quarter however construction delays have pushed completion of the two buildings under construction out by approx. 6 months.
- Yield softening continued in the quarter with sale volume remaining low, the completion of the 240 Queen St sale will provide much needed direction and certainty to the market.

Brisbane CBD prime rents and incentives
\$/sqm gross rent (LHS), % incentive (RHS)



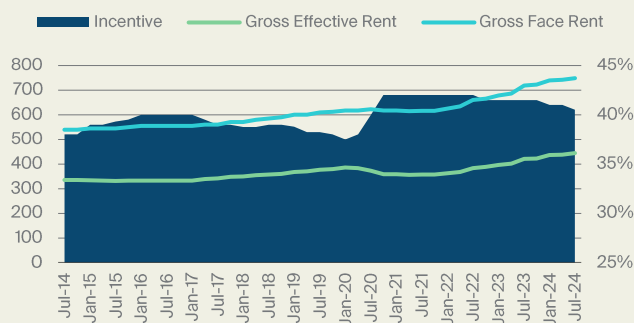
Source: Knight Frank Research

Brisbane CBD Average Yields
% median core market yield (LHS), Bps spread (RHS)



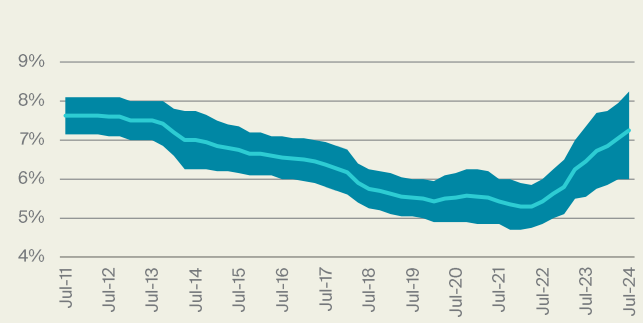
Source: Knight Frank Research

Brisbane CBD Secondary rents and incentives
\$/sqm gross rent (RHS), % incentive (LHS)



Source: Knight Frank Research

Brisbane CBD Prime Yield Range
Core market yield range & median (3-5 year WALE)

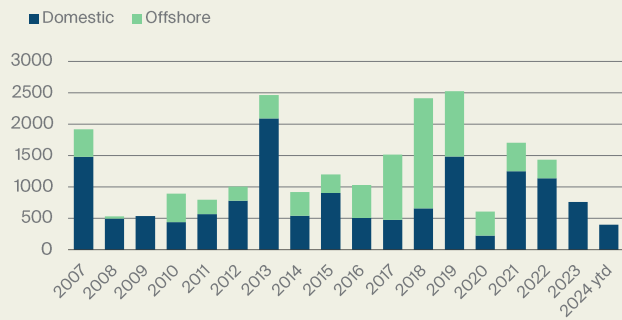


Source: Knight Frank Research

Brisbane CBD	Q2-24	Qtr Change	Six Mth Change	Annual Change	Outlook
Prime					
Gross Face Rent	\$934	▲ +3.0%	+4.9%	+7.1%	Face growth remaining strong
Gross Incentive	39%	● Stable	Stable	-200bps	Fitout costs keep incentives stable
Gross Effective Rent	\$570	▲ +3.0%	+4.9%	+10.7%	Stabilising with incentives flattening
Median Yield	7.25%	▲ +25bps	+40bps	+80 bps	Total softening this cycle 195 bps
Secondary					
Gross Face Rent	\$748	▲ +0.5%	+1.1%	+4.0%	Steady face rent growth
Gross Incentive	40.5%	▼ -50bps	-50bps	-100bps	Tenants focused on fitted space
Gross Effective Rent	\$445	▲ +1.4%	+1.9%	+5.8%	Spec plus deals are moderating
Median Yield	8.50%	▲ +25bps	+50bps	+108 bps	Yield band is widening

Brisbane CBD Office Transactions

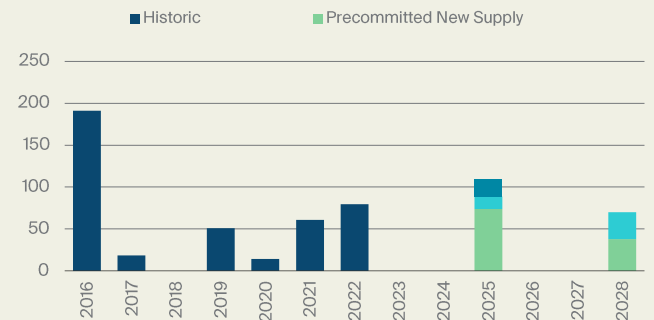
\$million by purchaser location, sales \$10m+



Source: Knight Frank Research

Brisbane CBD Historical & Future Supply

'000sqm new supply



Source: Knight Frank Research, PCA

Recent Tenant Commitments

Tenant	Property	Precinct	Lease type	Size (sqm)	Gross face rent (\$/sqm)	Incentive (%)	Term (yrs)	Start date
ADHA	1 Eagle St	Financial	Direct	1,822	1,048	u/d	5	Oct 24
O'Neils Architecture	345 Queen St	Financial	Direct	692	895	38-40	5	Sep 24
ARUP	123 Albert St	MidTown	Direct	3,958	904	38-42	9	Sep 24
Commonwealth Government	179 Turbot St	Nth Qtr	Direct	2,545	740	u/d	10	Aug 24
Alianz Australia	345 Queen St	Financial	Direct	3,328	825	38-42	10	Jul 24
QLD Police	40 Tank St	Nth Qtr	Direct *	4,444	711	u/d	4	Jul 24
ADZ Energy	1 Eagle St	Financial	Direct	644	1,150	Spec +10%	5	Jun 24

* Sitting tenant, new lease

Recent Sales

Property	Price (\$m)	NLA (sqm)	\$/sqm	Yield (%)	WALE	Purchaser	Vendor	Sale date
240 Queen St	250.0	27,632	9,047	u/d	u/d	Quintessential Equity	Brookfield	Jun 24
119 Charlotte St	48.0	8,320	5,769	n/a	5.0	Private Investor/occupier	Uniting Church	Apr 24
40 Tank St	73.0	6,218	11,470	8.25	5.5	Alceon Group	Charter Hall LWREIT	Mar 24
55 Elizabeth St	172.0	19,038	9,035	c9.0	4.8	Elanor Investors	Credit Suisse	Dec 23

Major Developments

Property	Precinct	NLA (sqm)	Pre-commit (%)	Status	Completion date
205 North Quay	Nth Qtr	43,700	100	Under construction	H1 2025
140 Elizabeth St (refurbishment)	Retail	9,908	-	Early works	H1 2025
70 Eagle St (refurbishment)	Financial	11,476	-	Early works	H1 2025
360 Queen St	Financial	45,000	75	Under construction	H2 2025



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