

Brisbane CBD State of the Market

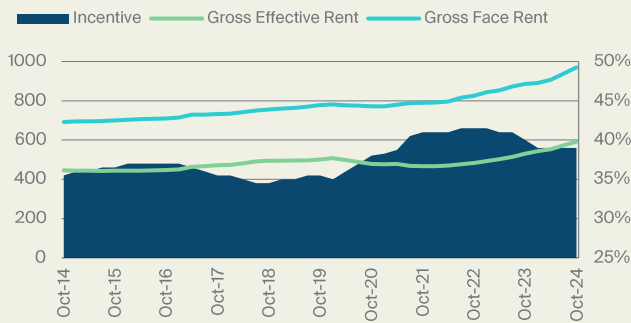


Face rent growth high as tenants begin to favour renewals

Q3 2024

- Prime net face rents have grown 4.2% in Q3 (up by 11.4% y/y) this has continued to be driven by strong uplift in premium and upper A grade assets. Incentives remain stable at 39% with owners concentrating on face growth.
- Secondary net face rents are up a more modest 0.8% in Q3 to be up 1.8% y/y as the pace of face rent uplift has slowed after a period of strong growth. Incentives are a further 50bps lower in the quarter, down to 40%.
- The supply pipeline remains unchanged this quarter with no new supply during 2024 and only 13,093sqm of refurbished space added in H1 2024. Construction delays continue to push project timings outwards.
- Yields were stable in Q3 for both the prime and secondary market. More sales are reaching completion and bringing greater liquidity and confidence to the investment market.

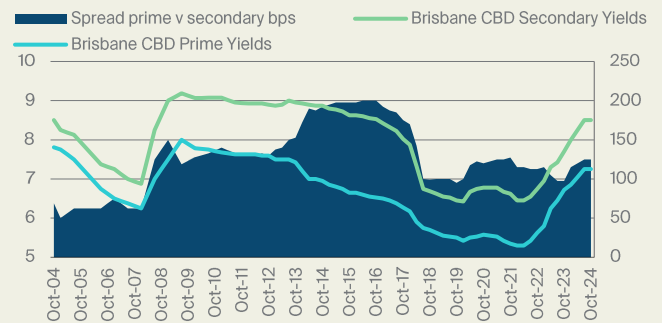
Brisbane CBD prime rents and incentives
\$/sqm gross rent (LHS), % incentive (RHS)



Source: Knight Frank Research

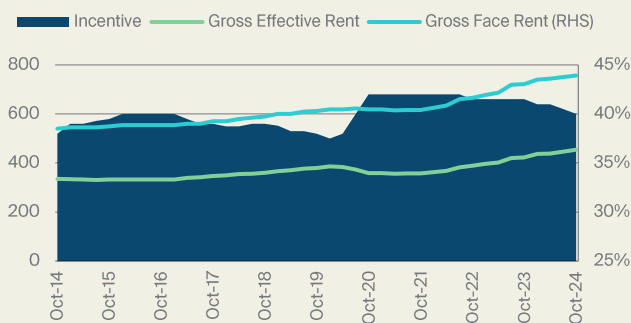
Brisbane CBD Average Yields

% median core market yield (LHS), Bps spread (RHS)



Source: Knight Frank Research

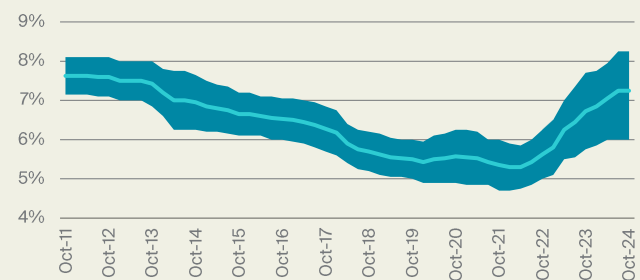
Brisbane CBD Secondary rents and incentives
\$/sqm gross rent (LHS), % incentive (RHS)



Source: Knight Frank Research

Brisbane CBD Prime Yield Range

Core market yield range & median (3-5 year WALE)

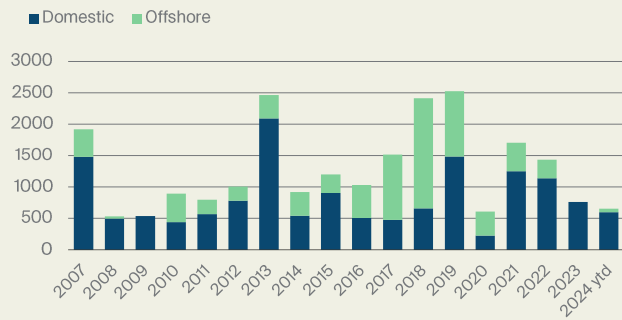


Source: Knight Frank Research

Brisbane CBD	Q3-24	Qtr Change	Six Mth Change	Annual Change	Outlook
Prime					
Gross Face Rent	\$970	▲ +3.4%	+6.9%	+9.6%	Strong premium/high A uplift
Gross Incentive	39%	● Stable	Stable	-100bps	Fewer capital incentives on offer
Gross Effective Rent	\$592	▲ +3.4%	+6.9%	+11.4%	Driven by face rent growth
Median Yield	7.25%	● Stable	+20bps	+52 bps	Stabilised with transaction support
Secondary					
Gross Face Rent	\$757	▲ +0.9%	+1.7%	+4.8%	Pace of face rent growth is slowing
Gross Incentive	40%	▼ -50bps	-100bps	-150bps	Incentives moderating
Gross Effective Rent	\$454	▲ +1.8%	+3.5%	+7.5%	Fitted space dominating market
Median Yield	8.50%	● Stable	+25bps	+80 bps	Stable yields as sentiment improves

Brisbane CBD Office Transactions

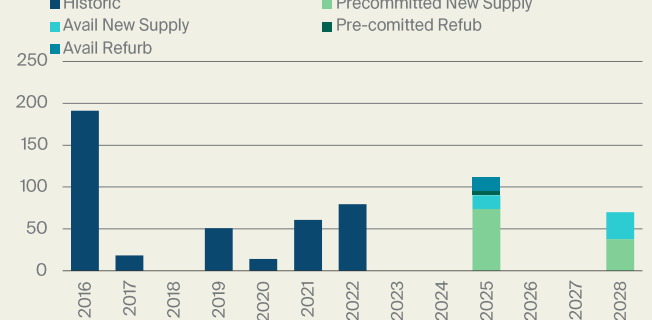
\$million by purchaser location, sales \$10m+



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
Sentinel Property #	360 Queen St	Financial	Direct	1,475	1,050 g	35-40	7	Jun 26
Norton Rose Fullbright	111 Eagle St	Financial	Direct	2,864	1,050 n	35-40	10	Apr 25
O'Neills Architecture	345 Queen St	Financial	Direct	692	895	35-40	5	Sep 24
Ashurst	111 Eagle St	Financial	Direct	2,769	1,050 n	35-40	10	Jul 24
Allianz Australia	345 Queen St	Financial	Direct	3,328	825	35-40	10	Jul 24
Brisbane Olympic Committee	123 Eagle St	Financial	Direct	1,603	1000	40+	6.5	Jun 24

#pre-commitment

Recent Sales

Property	Price (\$m)	NLA (sqm)	\$/sqm	Yield (%)	WALE	Purchaser	Vendor	Sale date
41 George Street	123.0	29,463	4,175	n/a	VP	Dexus/Marquette JV	AEPIM	Oct 24
120 Edward St	119.0	15,133	1,824	8.05	2.9	Clarence Property	DWS Funds Management	Aug 24
240 Queen St	250.0	27,632	9,047	7.55	4.18	Quintessential Equity	Brookfield	Jun 24
116 Adelaide St	35.1	6,757	5,190	8.44	3.27	Private Investor	Keppel Capital	Jun 24

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	50	Early works	H1 2025
360 Queen St	Financial	45,000	62	Under construction	H2 2025



Office Leasing
Mark McCann
+61 7 3246 8853
Mark.mccann@au.knightfrank.com



Capital Markets
Justin Bond
+61 7 3246 8872
Justin.bond@au.knightfrank.com



Investment Sales
Matt Barker
+61 7 3246 8810
Matthew.barker@au.knightfrank.com



Valuations & Advisory
Peter Zischke
+61 7 3193 6811
Peter.Zischke@qld.knightfrankval.com



Investment Sales
Blake Goddard
+61 7 3246 8848
Blake.goddard@au.knightfrank.com



Research & Consulting
Jennelle Wilson
+61 7 3246 8830
Jennelle.wilson@au.knightfrank.com