

Brisbane Fringe Office Market



December 2025

Brisbane Fringe investment volumes are lifting as rental growth continues to be driven by best in class assets.

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Key Insights

Strong tenant demand for prime space has kept upward pressure on rents as vacancy falls in climate of no new supply. Investment volumes are lifting.




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 **10.5%**

Total vacancy falling

Total vacancy decreased from 10.7% in January 2025 to 10.5% in July 2025, with a period of strong positive net absorption coupled with no new supply in over 18 months.

 **15,963**

Sqm net absorption FY-25

Net absorption remained positive, due to steady prime absorption of 9,462sqm in the 6-months to July-25. The whole fringe market is up by 15,963sqm over the year.

 **-4,518**

Sqm net additions FY-2025

FY 2025 supply was negative with the withdrawal of obsolete stock. This is expected to continue into 2026, keeping net additions modestly negative. There are no new buildings under construction.

 **8.8%**


Prime gross effective growth p.a to Oct-25

Limited availability in good quality assets and the differential to the CBD has continued to drive prime rents.

 **4.8%**

Prime gross face rent growth forecast CY2026

While the top buildings are expected to continue to show good growth, the relatively higher amount of contiguous vacancy next year is expected to limit the market as a whole.

 **7.95%**

Prime median yield

Prime yields have been stable now for a year. Recent lift in transaction activity and greater competition between buyers puts yields on a firming bias into 2026, despite less support from the money market.

Brisbane Fringe Office Market Indicators – Q3 2025

	Urban Renewal	Inner South	Milton	Spring Hill	Toowong	Prime	Secondary	Total
Stock Sqm*	582,806	288,818	230,016	152,062	74,647	720,918	607,431	1,328,349
Total Vacancy %*	8.6	11.8	14.1	12.1	6.4	8.3	13.1	10.5
Annual net absorption (sqm)*	10,003	4,603	2,570	-956	-257	21,031	-5,068	15,963
Annual net additions (sqm) *	-3,268	0	0	-1,250	0	-	-4,518	-4,518
Gross Face Rent \$/sqm	767~	773~	707~	-	-	752	600	-
Incentive % (gross)	39%~	38.5%~	40%~	-	-	39.5%	41%	-
Core market yield (%) ^	-	-	-	-	-	7.95%	9.13%	-
*as at July 2025 - n/a or aggregated numbers provided only ~ Prime ^assumes 3-5 year WALE						Source: Knight Frank Research/PCA		

Absorption remains positive for prime space

POSITIVE DEMAND, BUT SLOWER MOMENTUM

The Brisbane Fringe market recorded positive net absorption of 1,409sqm in the six months to July 2025, with a total of 15,963 sqm absorbed over the year. While the first half of 2025 delivered a softer result, with steady prime absorption being negated by falls in secondary, overall performance remains resilient. Over the past four years, the Fringe has consistently outperformed other major Australian office markets, highlighted by a peak annual absorption of 63,625 sqm in CY-2022. However, with no new completions since late 2023, tenants have increasingly faced fewer options, particularly contiguous A-grade floors.

CURRENT LEASING LANDSCAPE IS BIFURCATED

Market activity has amplified the differing fortunes of prime and secondary stock, with demand continuing to focus on high-quality, well-located assets. Prime net absorption was solid in H1-25, with 9,462sqm recorded, 21,031sqm over the year. In contrast, secondary absorption has weakened, with -8,053sqm in H1-25 and -5,068sqm over the year, with tenants prioritising quality assets.

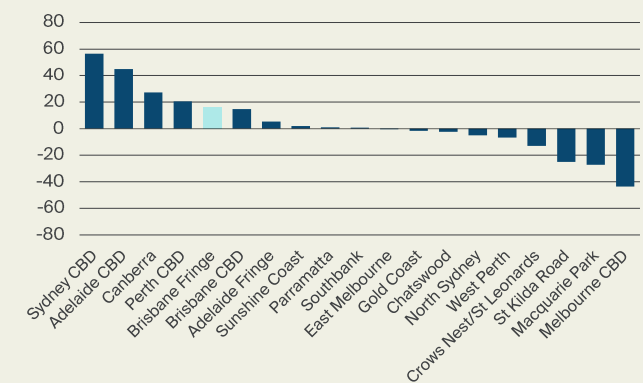
The result is a market that remains positive overall but follows a similar flight to quality trend as recently seen in the CBD with a clear preference for quality, amenity, and ESG.

Location remains a key driver of demand, with assets in the Urban Renewal precinct recording positive absorption of 5,119 sqm in H1 2025 and 10,003 sqm over the year. The Inner South also posted gains, with 173 sqm in H1 2025 and 4,603 sqm over the year. These increases across the two largest precincts were sufficient to offset negative absorption in Milton, Spring Hill and Toowong, which collectively accounted for -3,883 sqm in H1 2025.

TENANT BRIEFS CONFIRM QUALITY FRINGE SPACE REMAINS IN DEMAND

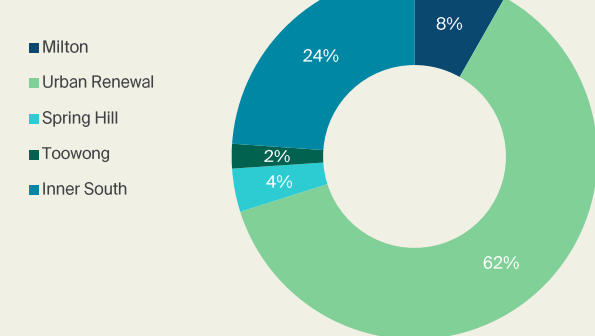
Supporting demand for the Fringe precinct, and potentially awakening development proposals, there are several large occupiers active in the market. These include Youi, seeking 15,000-20,000 sqm of A-grade space within the Fringe by 2026, with a preference for owner occupation. Additionally, Energy Queensland, already a major Fringe tenant, has released a brief for 16,000-18,000sqm of premium or A-grade accommodation in either the CBD or Fringe for occupancy 2030. The AFP, currently located in Newstead, also have a brief for 8,000 – 10,000sqm of A or B grade high security facility across Brisbane for occupancy from 2029.

Annual net absorption FY 2025
'000 sqm



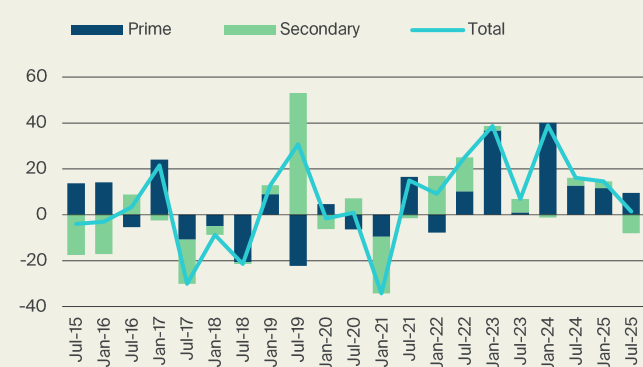
Source: Knight Frank Research, PCA

Net Absorption by Precinct
Share of take-up FY24 & FY25



Source: Knight Frank Research

Brisbane Fringe Net Absorption
'000 sqm prime and secondary



Source: Knight Frank Research, PCA

Low supply to continue

NO NEW OFFICE COMPLETIONS AS SUPPLY CONTRACTS

The completion of 895 Ann Street, Fortitude Valley, in H2 2023 was the last major new addition to the Brisbane Fringe office market. Since then, there have been no new significant completions, with a small amount of space added as part of an aged care development. The most significant changes to stock has been driven by ongoing smaller withdrawals of older space. The largest recent withdrawal was 30 Little Cribb Street, Milton, an 8,700sqm A-grade office asset, which was withdrawn for conversion into short-term accommodation in H1 2024. As a result, total Fringe office stock has declined by around 1.2% over the past two years. With no significant new space currently under construction, or with the reasonable expectation of imminent commencement, total stock is expected to remain static to contracting in the short term.

FEASIBILITY CHALLENGES CONTINUE TO STALL NEW PROJECTS

While several sites across the Urban Renewal corridor hold existing approvals for office development, feasibility constraints continue to delay new construction starts. Developers have contended with rising construction and labour costs, extended delivery timeframes, and higher funding expenses for some time now. These conditions have made it increasingly difficult for new office projects to meet required return thresholds, even amid sustained occupier demand for quality space. While rental growth has been ongoing there remains a gap between market and economic rents and the supply pipeline is expected to remain largely inactive, with new office starts unlikely in the short term.

DEMAND FOR RESIDENTIAL DEVELOPMENTS LIMITING OFFICE STOCK

Rising developer focus for residential or alternative investment product has diverted development away from commercial projects. Several approved office sites have shifted toward residential, reflecting the strong pre-sale environment which may present an easier path to development funding. An example is 166–180 Breakfast Creek Road, Newstead, originally approved for an 8-storey, 18,656 sqm office tower, more recently approved for a 762-unit residential development across three towers. Residential development, either for build-to-sell or BTR, student accommodation or co-living remains challenging however, with many sites in the Fringe remaining in flux.

While the Fringe has the potential to deliver new office supply faster than the CBD, and in more bite-sized projects, this is not expected to emerge until at least 2028.

Significant Supply

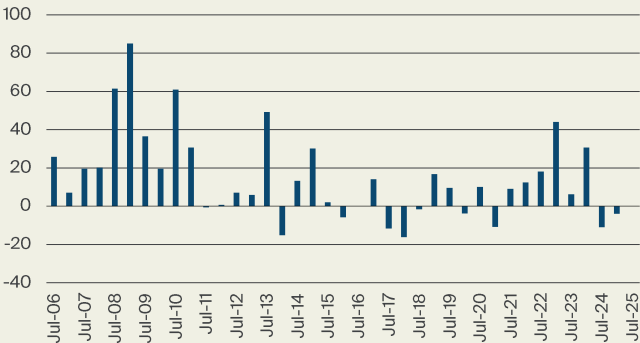
Property	Office Area	Timing	Developer [Commitment]
Recently Completed			
43 Evelyn St, Newstead	2,548	H2 2025	Ozcare (part of a mixed use complex)
Mooted			
58 Morgan St, Fortitude Valley	13,000	STP	Quintessential Equity
1 King St, Fortitude Valley	27,000	STP	Lendlease
PA Health Connect, Woolloongabba	32,000	STP	Barwon Capital
South City Square, Woolloongabba	Up to 25,000	STP	Pellicano Group

Source: Knight Frank Research ^ podium office component

"While the Fringe has the potential to deliver new office supply faster than the CBD, and in more bite-sized projects, this is not expected to emerge until at least 2028."

Brisbane Fringe Net Additions

'000sqm net of gross supply and withdrawals



Source: Knight Frank Research, PCA

Prime vacancy at 12yr lows

DESPITE LIMITED ABSORPTION VACANCY STILL FELL

Total vacancy across the Brisbane Fringe fell to 10.5% in H1 2025, down from 12.0% a year earlier, as ongoing net absorption and a lack of supply took total vacancy lower. This improvement was driven by the prime sector, falling steadily, with the absence of new development placing continued pressure on available space. As at July 2025, prime vacancy had tightened to 8.3%, down from 9.7% at the start of the year and 11.3% a year earlier. In contrast, B and C Grade vacancy increased with B Grade rising from 11.4% to 13.4%, and C Grade lifting to 12.8%, up from 12.1% six months prior. D Grade vacancy contracted sharply from 31.6% to 18.7%, though as D grade stock represents only 1% of the total fringe, the change is relatively insignificant.

FALLS IN TOTAL VACANCY CONFINED TO TWO PRECINCTS

Although total Fringe vacancy declined overall, falls were concentrated in just two precincts, the Urban Renewal and Inner South. The Inner South recorded only a marginal decrease, from 11.9% to 11.8%, while Urban Renewal experienced a more pronounced fall, with vacancy dropping to 8.6% from 9.6% six months earlier and 10.8% a year ago.

As the largest precinct, accounting for 44% of total stock (followed by the Inner South at 22%), Urban Renewal's stronger performance had a significant influence on the overall market result, offsetting rising vacancy in Milton, Toowong, and Spring Hill.

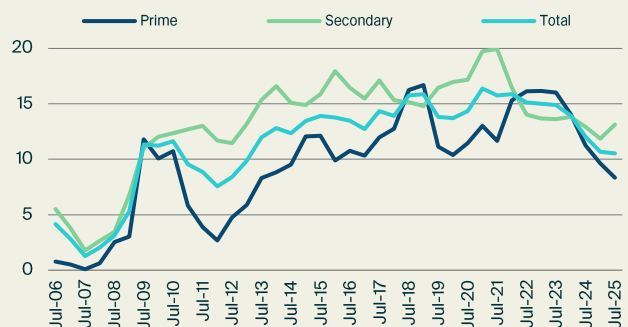
Toowong continues to hold the tightest vacancy in the Fringe at 6.4%, up slightly from 5.3% in January 2025 and 6.0% a year earlier. With no change to total stock, the rise reflects negative net absorption of 768 sqm. In contrast, Milton recorded the highest vacancy at 14.1%, up from 13.1% six months earlier, following 2,273 sqm of negative net absorption over the period.

PRIME VACANCY HAS EXPOSURE TO LARGE TENANT MOVES INTO THE CBD

Total vacancy is expected to remain above 10% into 2026. Prime vacancy remains on a tightening bias but in the short term has upside risk and potential volatility due to the timing and quantum of tenant contractions and relocations into the CBD. During 2025 tenants such as Compare the market, APLNG and Conoco Philips have relocated from the Fringe into the CBD. This trend has accelerated with both BOQ (leaving c8,000sqm) and CIMIC (leaving c12,900sqm) both now committed to CBD locations in 2026. In addition, BCC will vacate 505 St Pauls Tce, Fortitude Valley (16,500sqm) in 2027.

Brisbane Fringe Vacancy

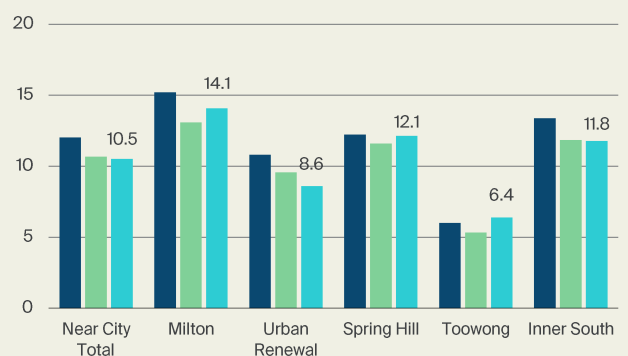
% vacancy rate prime v secondary



Source: Knight Frank Research, PCA

Brisbane Fringe Vacancy Rate

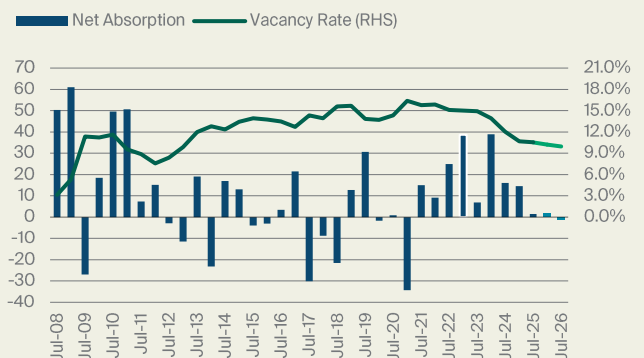
Jul-24 Jan-25 Jul-25



Source: Knight Frank Research, PCA

Brisbane Near City - Demand & Vacancy

'000 square metres (LHS), % vacancy (RHS)



Source: Knight Frank Research, PCA

Prime rental growth ongoing

RENTAL GROWTH IS STRONG, DRAWN UPWARDS BY THE BEST IN CLASS ASSETS

Prime face rents have continued to grow through 2025, drawn upwards by limited contiguous opportunities and benchmarking against a strongly growing CBD market. Prime gross face rents were up by 5.2% in the year to October 2025 to average \$752/sqm. With the top of the market driving growth there is a wide range of prime rents being achieved. Latest generation buildings with a prime location are now in the \$825 – 850/sqm bracket, while older or more vanilla A grade product may sit within the \$650 – 780/sqm range.

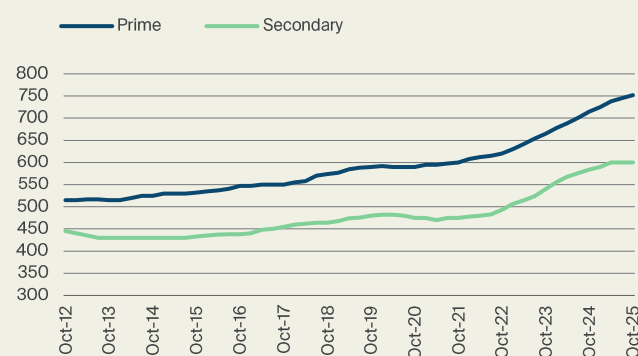
Prime incentives have seen some erosion over the past 12 months but do remain higher than the CBD market at an average of 39.5%, down from 41.5% in the year. Incentives are expected to continue to gradually decrease over the next few years, but will remain an important factor for tenants to relocate and undertake new fitout. Quality existing fitout may be able to reduce the overall incentive level where there is demand for occupation in the short term.

Secondary rents have continued to appreciate from a low base, up by 8.1% gross face in the year to \$584/sqm.

BENCHMARKING TO THE CBD WILL BE CRITICAL

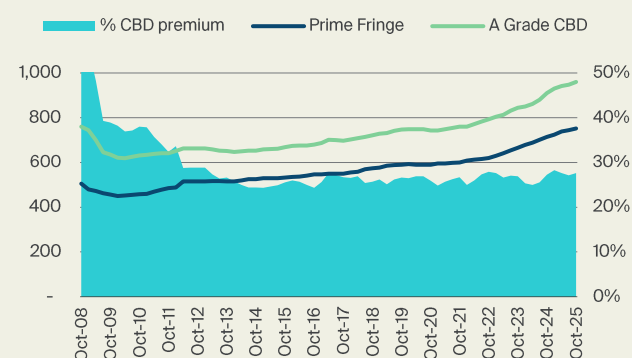
The gap between A grade CBD rents (\$960/sqm gross face) and prime fringe rents is currently 28%, higher than was seen during 2024, but in line with long term averages. This puts existing A grade CBD space in direct competition, or frequently cheaper than, new Fringe developments. Potentially continuing the flight into the CBD for larger tenants in the short term. Despite the expectation of more contiguous A grade vacancy across both markets, these relativities will continue to draw fringe rents upwards.

Brisbane Fringe Rents
\$/sqm gross face prime v secondary



Source: Knight Frank Research

Fringe and CBD Relativities
\$/sqm av gross face rents (LHS), % CBD A grade premium (RHS)



Source: Knight Frank Research

Recent significant tenant commitments

Occupier	Property	Precinct	Size sqm	Gross Face Rent \$/sqm	Incentive %	Term yrs	Start Date
Dyno Nobel	515 St Pauls Tce, Fortitude Valley	Urban Renewal	3,842	840	40+	6	Mar 26
ICON Group	825 Ann St, Fortitude Valley	Urban Renewal	3,296	825	35-40	10	Jul 27
Publicis Media	25 King St, Bowen Hills	Urban Renewal	1,200	780	u/d	10	Sep 25
Jumbo Interactive	135 Coronation Dr, Milton	Milton	2,746	750	35-40	10	Jun 25

Source: Knight Frank Research u/d – undisclosed

Investment volumes lifting

FRINGE MARKET TRANSACTIONS LIFT IN TANDEM WITH THE CBD

Transaction volumes in the Brisbane Fringe have rebounded after two subdued years, with \$493 million in sales (\$10m+) recorded across the near city market as at November 2025, well above the totals for both 2023 and 2024. Activity has been driven by both private investors and unlisted firms, reflecting renewed appetite for quality office assets. This recovery has been supported by the lower cost of debt following earlier rate reductions and improving investor sentiment. Combined with firm tenant demand, limited new supply, and steady rental growth, these factors have made the Fringe increasingly attractive to investors seeking exposure at a comparatively lower cost base than the CBD.

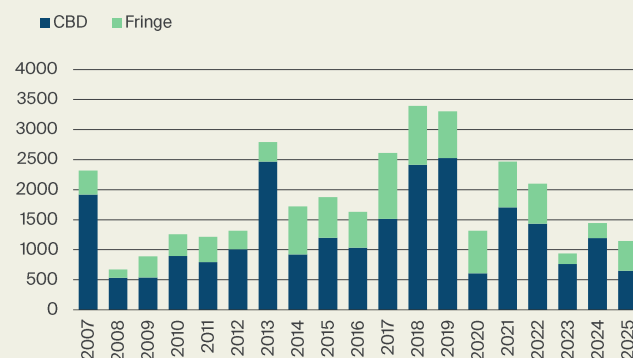
FRINGE YIELDS TO REMAIN STABLE INTO 2026

Prime yields in the Fringe have held steady at 7.95%, mirroring the CBD, where average prime yields have remained unchanged at 7.25% since mid-2024. Increased transaction activity and greater market confidence have reinforced yield stability. Recent transactions of prime assets such as 515 St Pauls Terrace and 505 St Pauls Terrace, Fortitude Valley for \$174.85 million and \$132.01 million respectively were the first prime sales above \$100 million in the Near City since early 2023. This reflects the reinvigorated appetite for larger assets which emerged in Q4 2025. The c\$150 million sale of the mixed-use Petrie Barracks also reinforces this trend.

Despite expectations of cash rate reductions having recently been subdued, yields are expected to show firming into 2026 as buyer competition intensifies and formal campaigns meet with greater success.

Brisbane CBD & Fringe Sales

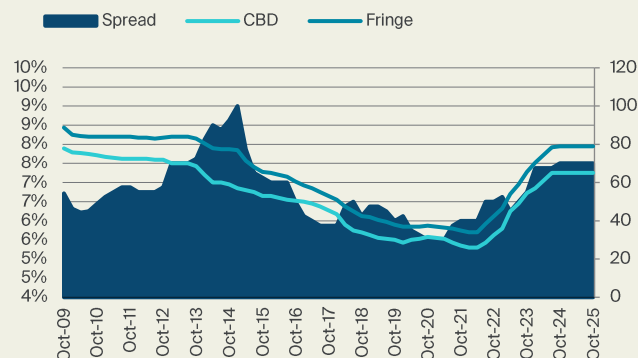
\$ million volume for sales \$10M+



Source: Knight Frank Research

Near City v CBD Prime office yields

median yields (LHS), bps gap (RHS)



Source: Knight Frank Research

Recent significant sales

Property	Price \$ m	Core Market Yield %	NLA sqm	\$/sqm NLA	WALE	Purchaser	Vendor	Sale Date
515 St Pauls Tce, Fortitude Valley	174.85	8.06	23,674	7,386	2.4	Quintessential	ISPT	Aug-25
505 St Pauls Tce, Fortitude Valley	132.01	7.51	17,613	7,495	2.1	Sentinel Property Group	AXA Investment Managers	Jun-25
339 Coronation Dr, Milton	80.00	8.50	12,980	6,163	3.2	Acure Asset Management	Keppel Capital	Oct-25
23 Graham St, Milton	21.00	8.59	3,505	5,991	3.7	Quanta Investment Funds	ADCO	Aug-25
49 Park Rd, Milton	19.00	8.36	2,475	7,677	3.9	Private Investor	Barwon Capital	Jul-25

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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Recent Research



Brisbane CBD State of the Market Q3-25



Brisbane CBD Office Market Q2-25



Brisbane Industrial State of the Market Q3-25



Brisbane Industrial Precincts Report Q3-25



Australian Horizon Report 2026



Leading Indicators December 2025