

# Brisbane Fringe State of the Market

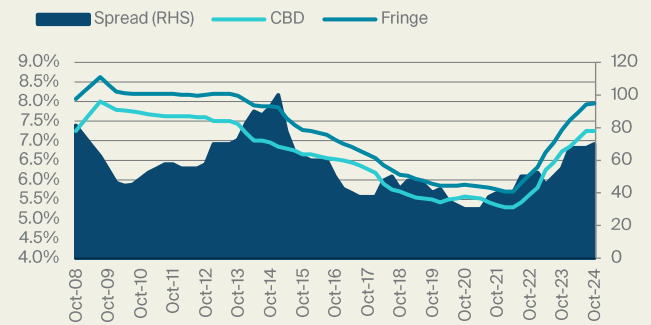


Rents continue to grow, while investment has been limited

Q3 2024

- Lack of new supply in the Fringe and solid net absorption has facilitated ongoing vacancy reduction, with prime vacancy now 11.3%. Vacancy is likely to continue to reduce with no major projects currently under construction.
- Prime gross face rents grew 7.5% y/y to average \$715/sqm across the Fringe precincts. Incentives remain sticky at 41.5%. As with the CBD, larger prime tenants have increasingly been renewing in their existing space rather than relocating. Secondary gross face rents have also lifted, up by 8.1% to \$584/sqm with incentives stable at 41%.
- Transaction activity remains low in the Fringe market with only \$197 million in transactions (\$10 million+) in 2024 to date. The largest recent sale was 87 Ipswich Rd, Woolloongabba, a refurbished office asset now with a medical focus, sold on an extended settlement for \$72 million in late 2023. Sales negotiated during 2024 to date have all been sub-\$50 million.
- Yields have continued to soften over the course of 2024 with the current prime median yield of 7.95% being 67bps softer than a year ago and 225bps above the market peak of early 2022.

**Brisbane Fringe v CBD Prime office yields**  
median yields (LHS), bps gap (RHS)

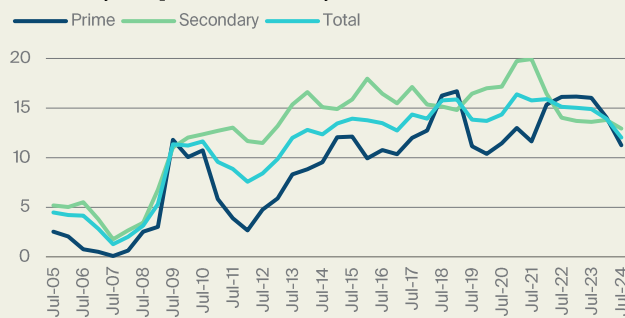


Source: Knight Frank Research

**Strong net absorption of 54,986sqm over FY24 and limited new supply has brought prime vacancy down to 11.3%**

**Brisbane Fringe Vacancy**

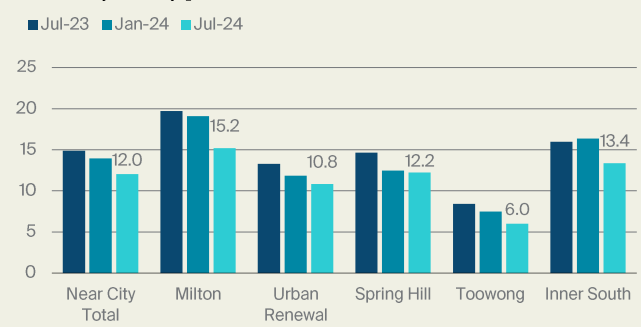
% vacancy rate prime v secondary



Source: Knight Frank Research, PCA

**Brisbane Fringe Vacancy**

% vacancy rate by precinct



Source: Knight Frank Research, PCA

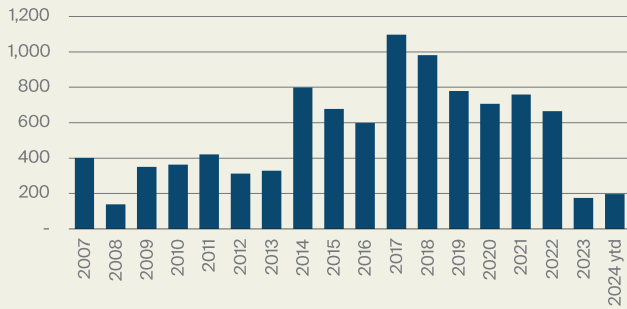
## Brisbane Fringe Office Market Indicators – Q3 2024

	Urban Renewal	Inner South	Milton	Spring Hill	Toowong	Prime	Secondary	Total
Stock Sqm*	586,074	288,818	230,016	153,312	74,647	720,918	611,949	1,332,867
Total Vacancy %*	10.8	13.4	15.2	12.2	6.0	11.3	12.9	12.0
Annual net absorption (sqm)*	33,910	12,344	3,260	3,672	1,800	52,752	2,232	54,986
Annual net additions (sqm) *	22,495	5,836	-8,700	0	0	21,930	-2,299	19,631
Gross Face Rent \$/sqm	718~	735~	695~	-	-	715	584	-
Incentive % (gross)	42%~	41%~	43%~	-	-	41.5%	41%	-
Core market yield (%) ^	-	-	-	-	-	7.95%	9.05%	-

- as at July 2024 - n/a or aggregated numbers provided only ~ Prime ^assumes 3-5 year WALE

### Brisbane Fringe Office Sales

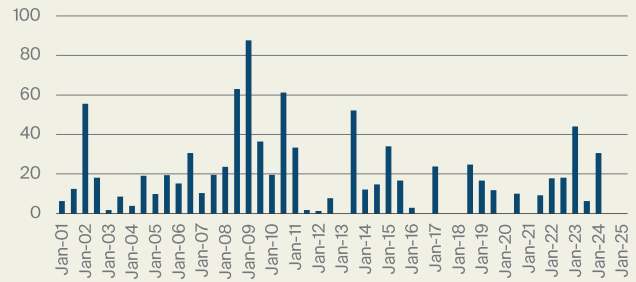
\$ million volume for sales \$10m+



Source: Knight Frank Research, RCA

### Brisbane Fringe - Historical Supply

'000 sqm gross 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
Technology One	540 Wickham St, FV	Urban Renewal	Renewal	9,613	u/d	u/d	5	Apr 26
Hitachi	100 McLachlan St, FV	Urban Renewal	Direct	1,396	695	33	7	Jul-24
IAG	189 Grey Street, SB	Inner South	Renewal	3,999	775	25	6	Mar 24
Acciona Geotech	15 Green Square Close, FV	Urban Renewal	Direct	1,482	715	37	5	May-24

FV = Fortitude Valley, SB = South Brisbane

### 2024 Sales \$20 million+

Property	Price (\$m)	NLA (sqm)	\$/sqm	Yield (%)	WALE	Purchaser	Vendor	Sale date
433 Boundary St, Spring Hill	41.54	6,196	6,704	8.0 – 8.5	5.4	Aequitas Group	Cromwell	Aug-24
555 Coronation Dr, Toowong	37.35	5,568	6,708	7.79	2.9	Exceed Capital	Centuria	Jun-24
55 Russell St, South Brisbane	38.60	4,081	9,458	5.14	1.75	Private Investor	Barwon Investment Partners	Jan-24

### Major Supply & Development

Property	Precinct	NLA (sqm)	Commitment (%)	Status	Completion date
895 Ann Street, Fortitude Valley	Urban Renewal	24,794	100%	Completed	H2 2023
30 Little Cribb St, Milton	Milton	8,700	-	Refurb on hold. Potential conversion to short term accommodation	Tba
1 King St, Bowen Hills	Urban Renewal	21,950	-	Mooted	Subject to commitment
58 Morgan St, Fortitude Valley	Urban Renewal	17,257	-	Mooted	Subject to commitment



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