

# Brisbane CBD Office Market



May 2026

Prime vacancy lifted as new stock was delivered in 2025, however with nothing new to come on line this year this is expected to recover quickly

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# Key Insights

Prime tenant demand and rental growth remains strong; no new supply this year means demand is concentrated into existing assets




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 **11.8%**

Total vacancy

Total vacancy rose to 11.8% in January 2026, up from 10.7% in July 2025. Prime vacancy lifted to 10% due to new supply entering the market which outweighed the level of net absorption.

 **37,480**

Sqm net absorption CY 25

H2 2025 net absorption totaled 10,007 sqm, driven by 11,571 sqm of prime take-up following new supply, marginally offset by a 1,564 sqm decline in secondary space.

 **Zero**

Sqm supply until 2027

New supply of c90,000sqm entered the market during 2025, the first significant supply since early 2022. This will also be the only major new supply until refurbished space is available in 2027.

 **10.4%**


Total vacancy forecast January 2027

No new supply and ongoing net absorption will see the vacancy rate fall over the course of 2026 and fall back below 10% in 2028.

 **5.7%**

P.A average prime gross effective rent growth 5 yrs

Fundamental demand at the upper level of the market, coupled with limited completions in the next five years will see rent growth remain high to January 2031.

 **7.25%**

Average prime yield

Yields have remained stable since mid-2024 across both prime and secondary assets. Investor interest is steady, with a widening pool of buyers analysing the market, though this has been slow to translate into completed transactions.

## Brisbane CBD Office Market Indicators – April 2026

Grade	Total Stock sqm <sup>^</sup>	Vacancy Rate % <sup>^</sup>	Annual Net Absorption sqm <sup>^</sup>	Annual Net Additions sqm <sup>^</sup>	Av Gross Face Rent \$/sqm	Av Incentive %	Effective Rent Gth % y/y	Core Market Yield %*
Prime	1,474,922	10.0%	53,476	85,971	1,092	37.5%	8.8%	7.25%
Secondary	930,808	14.7%	-15,996	-3,560	809	39.0%	5.2%	8.50%
Total	2,405,730	11.8%	37,480	82,411				

Source: Knight Frank Research/PCA <sup>^</sup>as at January 2026 \* assuming WALE 3-5 years

# Inflation back in focus

## Sentiment impacted by global events

### RBA MOVED TO RAISE RATES EVEN BEFORE THE MIDDLE EAST CONFLICT EMERGED

The Australian economy had a strong finish to 2025 with annual GDP growth of 2.6% assisted by a strong Q4 at 0.8%. This boost to activity resulted in the return of inflationary fears with the economy judged to have limited additional capacity. The headline CPI for March was 4.6%, up from 3.7% the month before as surging petrol prices and housing costs impacted. Trimmed mean inflation was also above target at 3.3%, having been above 3.0% since August 2025. As a result, the RBA has lifted the cash rate three times in 2026.

The ongoing Middle East conflict consequently emerged late February, putting additional inflationary pressure into the market due to lower crude oil and petroleum product exports from the region, causing shortages and lifting petrol prices. While the Brent crude oil price has since retreated from a high of US\$110 in early May back down to US\$105 this still remains almost 80% above the levels at the start of 2026. This has seen considerable falls in consumer and business confidence given the expectation of ongoing price pressure and the potential for inflation to become entrenched.

### POPULATION GROWTH MODERATES BUT CONTINUES TO SUPPORT ECONOMIC ACTIVITY

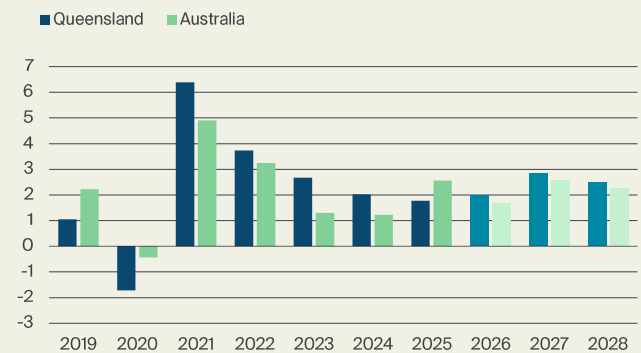
Although slowing, the Australian economy continues to be supported by strong population growth, with around 423,595 new residents added over the year ending Sep-25. After peaking at an annual rate of 2.5% in Q3 2023, national population growth eased to 1.6% in Q3 2025, as Federal migration targets were lowered and policy tightened. Queensland recorded annual population growth of 1.7% over year to Sep-25, supported by both offshore (57,068) and interstate (21,187) net migration. Net overseas migration accounted for 59% of Queensland's growth, reflecting Brisbane's rising global profile, employment opportunities and strong infrastructure pipeline, all macro drivers for office demand.

### BRISBANE WORKFORCE GROWTH IS FORECAST TO REMAIN HIGHER THAN SOUTHERN CITIES

As at Apr-26, Australia's unemployment rate had lifted to 4.5%, but still representing a relatively tight labor market. Brisbane had a strong rebound in office workforce numbers post 2020 with 4%+ annual growth 2021-2023, 3.8% in 2024, re-accelerating to 4.4% in 2025. Forecasts are for softer office workforce growth across all markets in the next five years, however, Brisbane remains the standout, averaging 1.8% per annum though to 2030. Building on the strong economy and population base is the construction boost underway for 2032 with an uplift in project space expected to emerge this year.

### Economic Growth Outlook

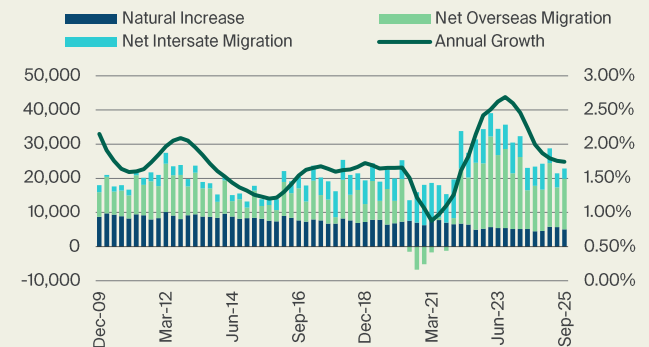
% annual change GDP & GSP



Source: Knight Frank Research, Oxford Economics (May 2026)

### Population Growth Queensland

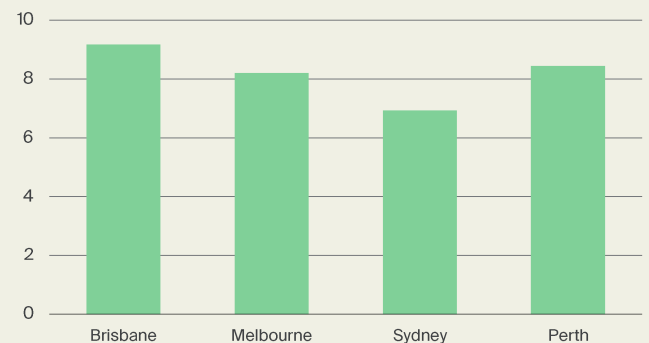
Quarterly Increase by component & annual growth rate



Source: Knight Frank Research, ABS

### Office Workforce Growth

% change - total forecast 5 years 2026-2030



Source: Knight Frank Research, Oxford Economics (May 26)

# Quality space in demand

## TAKE-UP IN PRIME SPACE REMAINS STRONG

Recent tenant demand in the CBD has remained anchored by the Professional Services sector, which accounted for 32% of total leasing activity through 2025 and into 2026. Within this, the legal sector dominated, followed by architects and engineers, but there was strong leasing activity across the remaining professional sectors such as accounting, management and consulting services. Government leasing activity was slower in 2025 after a very strong 2024 but still accounted for 18% of total take-up with active briefs ongoing.

Tenant renewal has remained an ongoing trend, as suitable alternatives are difficult to secure within required timeframes and the cost of new fitouts remains a disincentive if the existing space remains functional. Occupiers have opted to renew leases rather than relocate, deferring larger accommodation decisions through to 2030-2032 or increasingly seeking to take their expiry beyond the Olympic period. Recent examples have included SAP Global extending on 2,300sqm in 140 Creek St and K&L Gates resigning over 1,873sqm in 66 Eagle St.

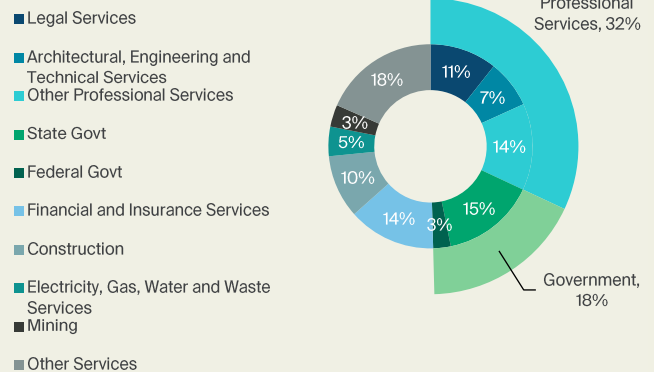
## NET ABSORPTION VOLATILE BUT POSITIVE

Net absorption in 2025 reached +37,480sqm, the strongest amongst Australia's major office markets and a substantial increase from the 13,906sqm recorded in 2024. Prime space recorded +53,476sqm in 2025, supported by tenant demand and upgrading relocations. Within prime space, Premium recorded the strongest net absorption, lifting from +13,900sqm in H1 2025 to +24,084sqm in the second half. In contrast, the A Grade sector weakened over the course of 2025 falling from +28,005sqm in H1 to negative -12,513sqm in H2. This fall in A grade occupancy was influenced by tenants upgrading into new space (BDO, QIC) and is likely to be short-lived due to the time gap between backfill space coming available and it being occupied by the next tenant. Additionally, with limited premium floors available tenants are turning to A grade space to provide the balance between price and quality of accommodation.

The secondary market recorded negative net absorption of 1,564sqm in H2 2025, largely due to a 1,312sqm contraction in B grade stock, reflecting the overall trend towards upgrading accommodation.

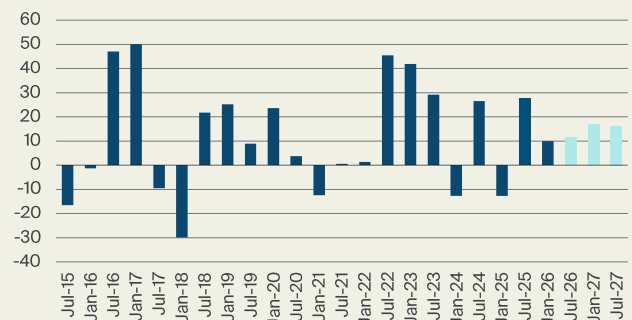
Net absorption is expected to remain positive through the forecast horizon, with steady demand, albeit concentrated in the upper grades for the time being. Over the course of 2026 demand is expected to lift for project space related to major infrastructure and sporting facility builds which will flow through to the A/B grade assets.

## Brisbane CBD Tenant Activity 2025 & Q1 2026



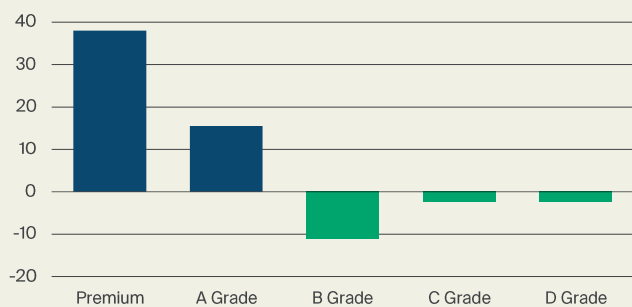
Source: Knight Frank Research

## Brisbane CBD Net Absorption '000 square metres



Source: Knight Frank Research/PCA

## Brisbane CBD CY2025 net absorption '000 sqm by Grade



Source: Knight Frank Research, PCA

# Vacancy lifted due to supply

## THE SUPPLY OF 2025 PUSHED VACANCY HIGHER

The drought of new space within the Brisbane CBD was broken in 2025 with the completion of two major assets totaling some 86,000sqm. Both buildings were substantially pre-committed with 205 North Quay fully committed to the Federal Government and 360 Queen St delivered 95+% pre-committed to a range of private sector tenants such as BDO, Freehills, QIC, Bank of Qld, HWL Ebsworth and Hopgood Ganim. While these buildings were substantially pre-committed, the backfill space created by tenants relocating into these assets has lifted vacancy and provided some much-needed relief for the market.

Following this recent supply the market will be limited to refurbished projects until late in 2028 and the completion of Waterfront North. This building is reported to be 71% committed with Deloitte, Minter Ellison, Gadens and Allens some of the major tenants. Potential new developments for 2030/2031 onwards have emerged but the recent lifts to the cost of capital continued to hamper feasibility.

Full building refurbishments include the recently refurbished 140 Elizabeth St (9,908sqm, 1 floor committed), 450 Queen St which will provide boutique prime refurbished space in H1 2027 and 150 Charlotte St (11,013sqm) which is expected to return to the market in H2 2027.

## VACANCY TO FALL DURING 2026

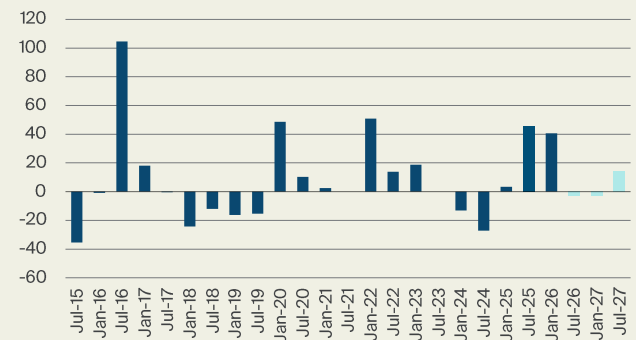
As expected, vacancy increased in H2 2025, rising to 11.8% from 10.7% in H1, driven by new supply. Prime vacancy also experienced an increase of 2%, increasing to 10%, primarily due to the addition of 45,430sqm of Premium space within backfill opportunities. Premium vacancy rose significantly from 3.8% in H1 to 8.2% in H2, whilst A grade vacancy experienced a relatively minor increase in from 8.3% to 9.6%. This uplift in vacancy arose entirely due to the new supply and associated backfill with no significant downsizing recorded in the tenancy market.

Secondary vacancy contracted slightly, sitting at 14.7% in January 2026 with falls in B and C grade assets. The small D grade market continues to face significant vacancy but only represents 1% of the total CBD market.

With steady net absorption forecast over 2026 and no new completion or major refurbishments returning to the market, total vacancy is expected to fall, reaching 10.4% by the end of the year. In tandem the prime vacancy is expected to fall back below 10% as the market quickly absorbs contiguous vacant space. In the medium term the pace of vacancy reduction is expected to slow slightly during 2027 with the addition of two refurbished assets before accelerating again to a mid-cycle low of 9.2% in mid-28 before falling below 8% in 2030.

## Net Additions - Brisbane CBD

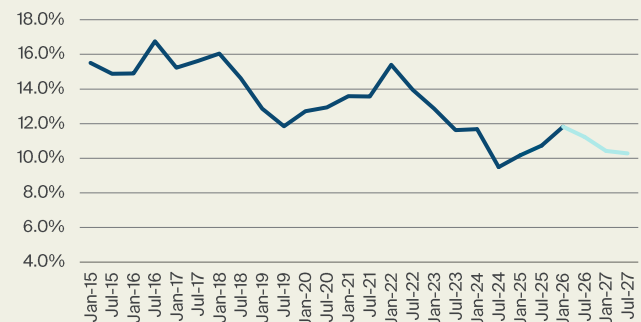
'000sqm net of additions and withdrawals



Source: Knight Frank Research, PCA

## Brisbane CBD Vacancy

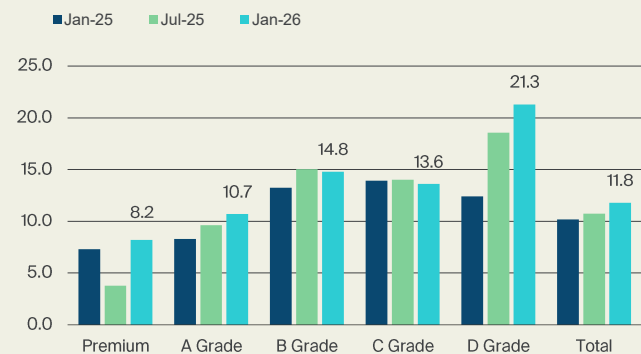
total vacancy rate



Source: Knight Frank Research/PCA

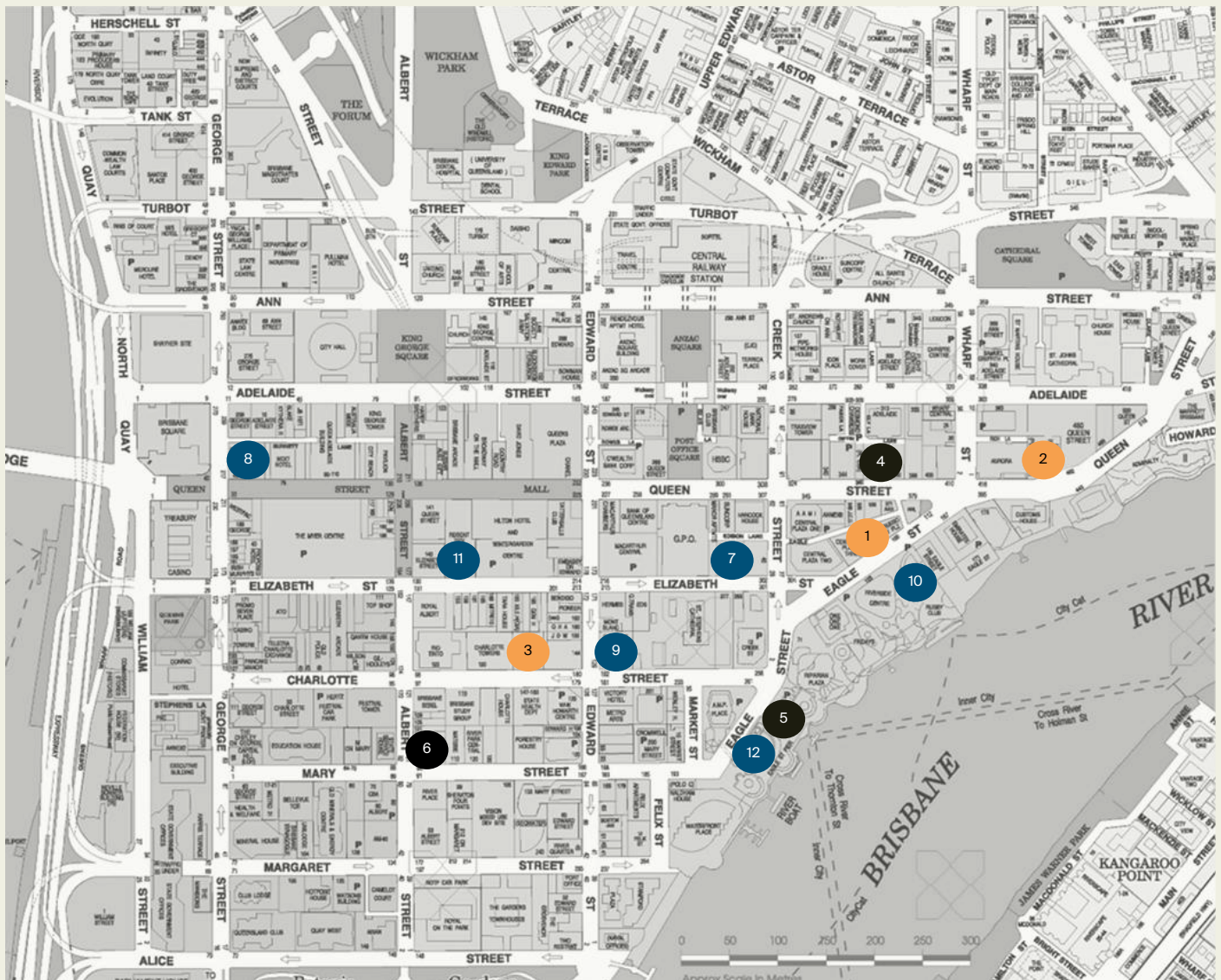
## Brisbane CBD Vacancy Rate by Grade

% vacancy rate



Source: Knight Frank Research/PCA

# Major office supply



## Major Refurbishments

#	ADDRESS	SQM	COMPLETION
1	70 Eagle St	11,476 (c80% committed)	Completed Mid 2025
2	450 Queen St	17,265	H1 2027
3	150 Charlotte St	11,013	H2 2027

## Under Construction / Major Pre-commitment

4	360 Queen St	46,700 (95+% committed)	Completed Late 2025
5	Waterfront Brisbane North	72,500 (71% committed)	2028
6	101 Albert St	53,290 (58% committed)	2031

## Development Approved/ Application/ Mooted

#	ADDRESS	SQM	COMPLETION
7	280 Elizabeth St	c30,000	2030
8	60 Queen St	27,000	2030
9	131 Edward St	45,700 GFA	STC
10	135 Eagle St	35,000	Mooted
11	150 Elizabeth St	54,000	Mooted
12	Waterfront Brisbane South	50,000	2035+

**STC** - Subject to commitment. The development has current planning approval in place but no firm timeline for delivery. Timing is dependent on receiving necessary tenant pre-commitment (c40% of NLA) and also the necessary development capital.

**Mooted** - Potential future development, planning approval may be outdated, proposed built form expected to change or planning approval not yet applied for

# A Grade rents catching up

## PRIME RENTS 7.1% HIGHER Y/Y WITH PRESSURE ACROSS THE PRIME MARKET

Prime gross face have continued to lift, reaching \$1,092/sqm in Q1-26, a 1.9% lift over the quarter and a 7.1% uplift over the past year. Effective rental growth is stronger at 8.8% over the year as average prime incentives have shown some minor but steady falls. Prime incentives average 37.5%, 25bps lower over the quarter and 100bps lower than a year ago.

Premium rents are 6.1% higher y/y with A grade beginning to close the gap with 8.5% annual uplift. Average premium rents are now 30% higher than A grade on a face basis and 32% above on a gross effective basis, well above the post GFC average of 24% (face rents) and 25.5% (effective rents). The gap between the grades is expected to close gradually over time as quality A grade assets are priced more in line existing with premium product. Relativities between the grades will continue to put upward pressure on rents, flowing through from growth at the top end of the market.

## PRIME RENT FORECAST STRONG MEDIUM TERM

The recent uplift in prime vacancy is expected to be temporary with tenant demand for prime space remaining high. Backfill space has lifted availability in the short term with 58 prime grade full floors available during Q1-26, although contiguous space remains limited with only eight prime contiguous floor availabilities through to the end of 2026. While two refurbishment projects will provide A grade supply during 2027 these are relatively small projects and will do little to bridge the delivery gap through to late 2028 and beyond to 2030. Prime gross effective rents are forecast to lift by compound average growth rate of 5.7% p.a through to the end of 2030.

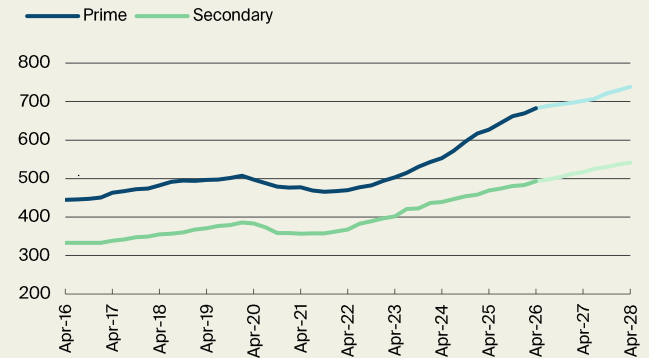
## SECONDARY RENTS MAINTAINING STEADY GROWTH

Secondary gross face average rents are sitting at \$809/sqm as at April 2026, an annual increase of 4.4%. Incentives have fallen from 41% at the start of 2024 to now average 39%. This has supported effective rental growth of 5.2% over the past 12 months. The secondary market remains dominated by fitted product with speculative and recycled fitouts essential to trigger tenant mobility however tenants will still seek an element of rent free on top of fitted space.

Good quality B grade buildings which have been refurbished and provide good tenant amenity are expected to outperform buildings which have not had the same level of capital investment. Smaller private tenants see plug and play newly fitted secondary space as a feasible option to their existing prime space if the fitout is tired. Additionally, during 2026 the number and scope of project space demand for major infrastructure and construction projects will lift.

### Brisbane CBD Rents

\$/sqm gross effective prime v secondary



Source: Knight Frank Research

## Recent significant tenant commitments

Occupier	Property	Precinct	Size sqm	Face Rent \$/sqm	Incentive %	Term yrs	Start Date
Scyne Advisory	12 Creek St	Financial	1,088	\$1,075	18%	5	May-26
Conoco Phillips	123 Albert St	Uptown	3,208	\$1,087	35%	7	Jun-26
Bond University	240 Queen St	Financial	995	\$1,000	38%	8	Mar-26
Ridley	288 Edward St	Uptown	688	\$865	15%	5	Feb-26
KordaMentha	175 Eagle St	Financial	1,159	\$1,175	28%	10	Aug-26

# Capital remains tentative

## INVESTOR SENTIMENT IS NOT BEING REFLECTED IN TRANSACTION MOMENTUM

Transaction momentum was modest in 2025 despite a noticeable uplift in potential buyer depth and breadth across the year. This calendar started strongly with the sale of a 50% interest in 345 Queen St for \$222.5 million and the settlement of 60 Albert St for \$208 million (gross).

After a positive start in Q1, the deteriorating situation within the middle east contaminated sentiment and reinforced the impact of changing cost of funds and pricing of risk which re-emerged in late 2025. Major office sales have continued to progress but will potentially take longer to complete, which may diminish the level of turnover in the short term. Larger assets, such as 66 Eagle St and 480 Queen St are currently more likely to be transacted off-market or via a soft campaign, rather than a formal EOI process.

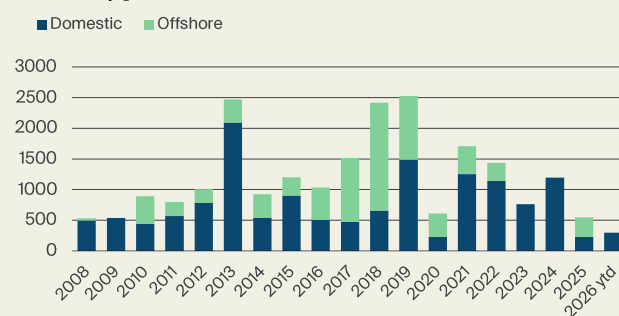
In contrast there have been several secondary building campaigns recently which have been successfully completed including 126 Margaret St, 545 Queen St, 63 George St, 150 Charlotte St and 133 Mary St. Campaigns with assets in DD or ongoing marketing include 410 Ann St, 200 Mary St, 500 Queen St and 288 Edward St. Smaller private vendors and syndicates with a clear mandate to sell are likely to complete a sale rather than simply be testing the market in this climate.

Aside from the 50% interest in Central Plaza 1, purchasing activity has been dominated by local buyers with syndicate and wholesale buyers the most active. Private investors or family offices have also been active in the market, also making significant purchases within the Fringe market.

## BRISBANE MARKET HAS EXPOSURE TO RENTAL GROWTH

With anticipated yield contraction having stalled due to global factors, the investment thesis, particularly for Brisbane, is led by expected strong income performance. This is centered in ongoing exposure to above average rental growth. As outlined above, the lack of new supply until late 2028, and ongoing difficulty in meeting development feasibility hurdles for product 2030+, has and will continue to concentrate tenant demand into existing assets. This is expected to underwrite ongoing above average rental growth. This also supports strong reversion growth on option and tenant renewal, with incentives for sitting tenants having contracted more strongly than for the wider market.

**Brisbane CBD Office Transactions**  
\$million by purchaser location, sales \$10m+



Source: Knight Frank Research

## Recent significant sales

Property	Price \$ m	Core Market Yield %	NLA sqm	\$/sqm NLA	WALE	Purchaser	Vendor	Sale Date
150 Charlotte St	40.00	VP	11,013	3,632	VP	Dexus (DREP 2)	Australian Unity Office Fund	May-26
60 Albert St <sup>^</sup>	179.70	7.56	21,574	9,641	5.9	Ashe Morgan	Dexus Wholesale Property Fund	Mar-26
126 Margaret St	25.70	8.47	5,544	4,948	0.7	Arcana Capital	Capital Property Fund	Dec-25
545 Queen St	86.50	8.07	13,367	6,471	2.3	Corval	Cromwell Direct Property Fund	Dec-25
345 Queen St (50%)	222.50	6.75	39,896	11,154	4.7	Aravest	ISPT	Nov-25

Source: Knight Frank Research <sup>^</sup> gross price of \$208 million, under contract late 2025, did not settle until March 2026

# Yields were stable in Q1

## CHANGING MONETARY POLICY AND FINANCIAL MARKET CONDITIONS IMPACTED FROM LATE 2025

The rate cut cycle of 2025, with three cuts March to September 2025 proved to be short-lived with inflation and economic growth later shown to be running above expectations which put the trimmed mean forecast inflation outside of the target range. During 2026 the RBA has since raised rates in February, March and May, taking the cash rate back to 4.35% or equal to the peak of the recent cycle. Economic commentators remain split on the extent and timing of further cash rate increases with Oxford Economics currently forecasting no further cash rate increases but instead a stable environment through to late 2027. In contrast, Westpac is forecasting two further rate increases during 2026 with HSBC, AMP and NAB forecasting one further rise.

Of greater impact to the property market has been the increase in 10 year bond yields, which has stubbornly sat at elevated levels, averaging 4.87% over 2026. Current forecasts are for the 10-year bond yield to plateau at or just below 5% through to mid-2027. This is approx. 100bps above the levels forecast through the majority of 2025.

## YIELDS REMAINED STABLE DURING Q1

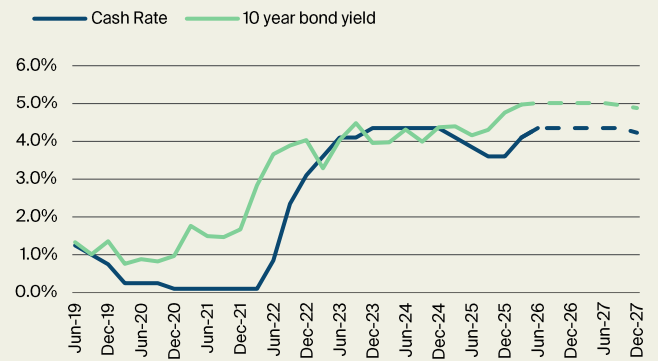
Prime yields remained stable through Q1-26 with stronger investor demand early in the year being counteracted by changing cost of funds and global risk profile. This resulted in yields remaining stable overall in the quarter. Prime yields are considered to range 6.0%– 8.25% with a median of 7.25%. While yields have been stable since mid-2024 this does still represent a 195bps softening over the cycle since the 2022 low-point. Prime assets such as 345 Queen St – 6.75% and 60 Albert St – 7.56% have remained within this range, however, there has not been a premium asset transact in some time to test the lower boundary of the yield range.

Secondary core market yields have also been stable in the past year with the current range 7.75% - 9.00% and a median of 8.50%. The total softening for this cycle is 205bps. Passing yields for secondary assets have and will continue to vary given the divergence of building fabric, access to rental reversion and vacancy exposure.

Despite the cash rate and 10-year bond yield short and medium term forecasts sitting c100bps above the levels of last year the market is yet to respond with noticeable shifts in yields achieved. Australian bond yields have shown some firming from highs in recent weeks, potentially signaling a step back from 5% as fixed interest and income facing assets increase in popularity. However the longer the higher cost of capital and pricing of risk remains prevalent, the higher the potential for some yield softening over 2026.

## Interest rate outlook

Cash rate and 10 year bond outlook to end 2027

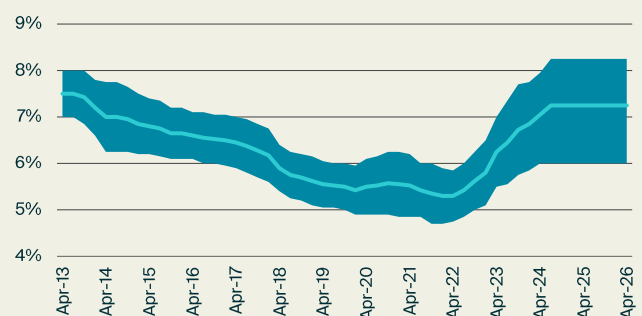


Source: Knight Frank Research, Oxford Economics (May 2026)

“Short and medium term 10-year bond yield forecasts are sitting approx. 100bps above the levels of a year ago.”

## Brisbane CBD Prime Yield Range

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



Source: Knight Frank Research

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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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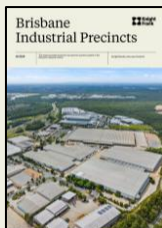
## Recent Research



Brisbane CBD State of the Market Q1-26



Brisbane CBD Full Floors Report Q1-26



Brisbane Industrial Precincts Report Q1-26



Australian Retail Review May 2026



Australian Office indicators Q1-26



Wealth Report 2026



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