

# Brisbane CBD Office Market



September 2025

Demand for higher quality stock remains strong, prime vacancy stable despite the first new major supply completion in three years

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# Key Insights

Brisbane leads Australian CBDs in net absorption with strong tenant demand; investment market to lift in next six months



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 **10.7%**


Total vacancy

Total vacancy rose to 10.7% in July 2025, up from 10.2% at the start of the year. Prime vacancy held steady at 8.0% despite new supply in H1, supported by strong demand for Premium space.

 **14,827**


Sqm net absorption FY-25

H1 2025 net absorption totalled 27,473 sqm, driven by 41,905 sqm of prime take-up following new supply, partially offset by a 14,432 sqm decline in secondary as tenants exited outdated space.

 **+90k**

Sqm new supply for 2025

After a three-year hiatus of any new CBD supply, 2025 has marked a return of activity, with c43,700sqm delivered in H1-25, and a further 46,700sqm due before year end.

 **11.3%**


Total vacancy forecast January 2026

Despite continued net absorption, new supply will boost vacancy temporarily. Vacancy is forecast to return to 10.2% by January 2027.

 **5.6%**

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 July 2030.

 **7.25%**

Average prime yield

Yields remained stable in Q2 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 – July 2025

Grade	Total Stock sqm^	Vacancy Rate %	Annual Net Absorption sqm	Annual Net Additions sqm	Av Gross Face Rent \$/sqm	Av Incentive %	Effective Rent Gth % y/y	Core Market Yield %*
Prime	1,430,750	8.0%	30,336	43,359	1,048	38.5%	12.6%	7.25%
Secondary	934,368	14.9%	-15,509	3,435	784	39.5%	6.3%	8.50%
Total	2,365,118	10.7%	14,827	48,794				

Source: Knight Frank Research/PCA \* assuming WALE 3-5 years

# RBA cuts rates further

## Monetary easing progresses; growth outlook still subdued

### RBA CUTS RATES WITH INFLATION BACK IN BAND

Inflation eased further in Q2, with headline CPI at 2.1% and the trimmed mean at 2.7%, extending the downward trend since inflation first re-entered the RBA's 2–3% target band in March. In response, the RBA delivered a third 25bps cut this cycle, lowering the cash rate to 3.6% and pointing to recovering demand resilience in the labour market as key supports. Policymakers expect core inflation to continue moderating towards the mid-point of the target band, despite some volatility in the headline rate. Economic conditions strengthened in the June 2025 quarter, with GDP expanding by 0.6%, up from 0.3% previously. Annual growth lifted to 1.8%, the fastest in nearly two years, underpinned by an unexpectedly high boost to household consumption and modest government spending.

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

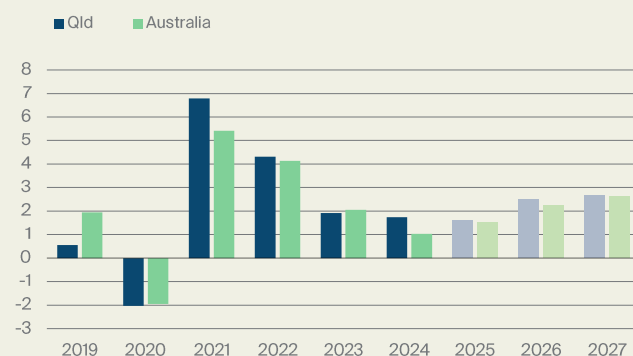
Although slowing, the Australian economy continues to be supported by strong population growth, with around 446,000 new residents added over 2024. Although easing, much of this was driven by the post-pandemic offshore migration surge. After peaking at an annual rate of 2.5% in Q3 2023, national population growth eased to 1.7% in 2024, as Federal migration targets were lowered and policy tightened. Queensland recorded annual population growth of 1.9% in 2024, supported by both offshore (56,877 persons) and interstate (25,940 persons) net migration. Net overseas migration accounted for 55% of Queensland's growth, reflecting Brisbane's rising global profile, employment opportunities and a strong infrastructure pipeline, all macro drivers for office demand.

### UNEMPLOYMENT RISES MODESTLY WHILE BRISBANE RETAINS HIGHEST OFFICE WORKFORCE FORECAST

As at July-25, the unemployment rate fell slightly to 4.2%, from 4.3% in June, despite a modest slowing in new employment over the first half of the year. Employment growth has been heavily concentrated in the non-market sector, which accounted for 80% of all new jobs created over the 18 months to June 2025, although early signs of recovery are emerging in market sector. Long term, the public sector only accounts for 15% of total employment. After a strong rebound in office workforce numbers post 2020 with 4%+ annual growth rates 2021-2023 and 3.7% in 2024, Brisbane is forecast to have slightly slower growth of 3.5% in 2024, before further stabilising around 1.8-2% in the years to 2029. This is still forecast to be the highest 5 year office workforce growth across the major office markets.

### Economic Growth outlook

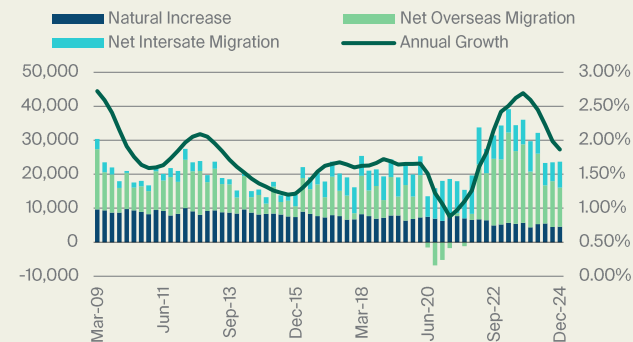
% p.a GSP & GDP annual change



Source: Knight Frank Research, Oxford Economics (September 2025)

### Population Growth Queensland

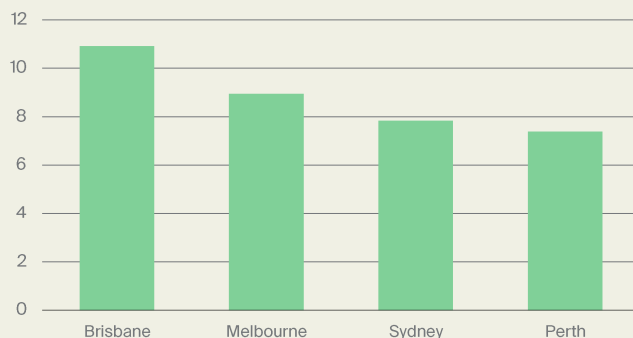
Quarterly Increase by component & annual growth rate



Source: Knight Frank Research, ABS

### Office Workforce Growth

% change - total forecast 5 years 2025-2029



Source: Knight Frank Research, Oxford Economics (August 2025)

# Quality space in focus

## FLIGHT TO QUALITY CONTINUES AS PROFESSIONAL SERVICES LEAD LEASING

Tenant demand for the CBD in 2025 remained anchored by the Professional Services sector, which accounted for 46% of total leasing activity in the year to date. Within this, the legal sector dominated, followed by architects and engineers. Government leasing activity was slower in H1 2025 after a very strong 2024 (more than a third of total take-up), however this pause is expected to be short lived with active briefs from both State and Federal agencies.

The trend of tenants remaining in place continued into H1 2025, as suitable alternatives are difficult to secure within required timeframes and the cost of new fitouts remains prohibitive. Several major occupiers have opted to renew leases rather than relocate, deferring larger accommodation decisions. Notable examples include Pitcher Partners, extending their multi-level occupation at 345 Queen St, and FTI Consulting, renewing 1,105sqm in the same building. Over the past 18 months, of the 225,265sqm of tenant requirements tracked, 32% (by NLA) have resulted in relocations, 16% in renewals, and 45% are still to make a decision reflecting the recent hesitancy to make major commitments.

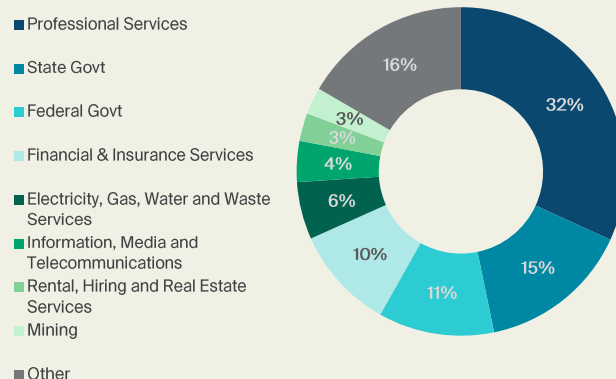
## NET ABSORPTION VOLATILE BUT POSITIVE IN H1-2025

Net absorption in H1 2025 reached +27,473sqm, the strongest among Australia's major office markets, more than offsetting the -12,646sqm decline of H2 2024. The annual result of +14,827sqm provides a clearer reflection of market conditions. Prime space recorded +41,905sqm in H1 2025, supported by tenant demand and upgrades into new supply. Absorption was solid across both Premium and A grade space, with Premium improving from -3,151sqm in H2 2024 to +13,900sqm with take-up spread across several buildings. A grade recorded a stronger turnaround, from -8,418sqm to +28,005sqm. While part of this can be attributed to Services Australia's relocation into 205 North Quay, most of the backfill space was A grade with only the 343 Albert St (10,485sqm) component representing an upgrade. Other A grade buildings which saw strong net absorption in H1 included 345 Queen St, 70 Eagle St and 300 George St.

The secondary market recorded negative net absorption of 14,432sqm in H1 2025, largely due to contraction in B grade stock of -12,468sqm, reflecting the overall trend towards upgrading accommodation.

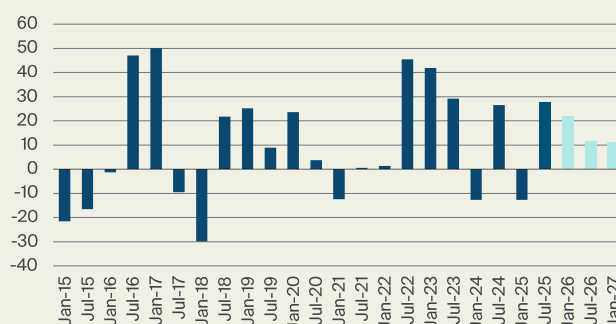
Net absorption is expected to remain positive through the forecast horizon, supported by steady demand across both the public and private sectors. In the medium term the quantum of net absorption may be limited by a lack of suitable high quality accommodation.

## Brisbane CBD Tenant Activity 2024 & 2025 YTD



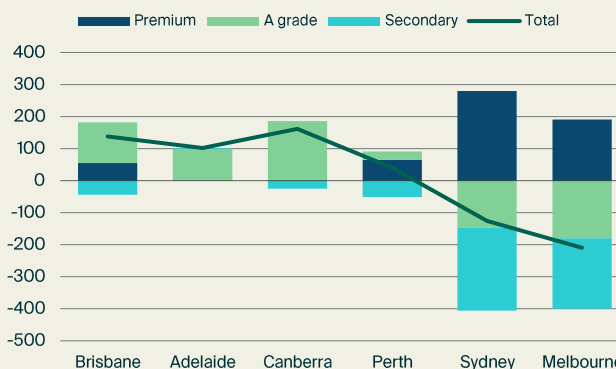
Source: Knight Frank Research

## Brisbane CBD Net Absorption '000 square metres



Source: Knight Frank Research/PCA

## Cumulative net absorption 2020 – H1 2025 '000 sqm selected CBD markets



Source: Knight Frank Research/PCA

# Vacancy lifting with supply

## FIRST NEW STOCK INTO THE MARKET IN THREE YEARS

H1 2025 saw the first new supply to the Brisbane CBD in more than three years, with the completion of 205 North Quay adding 43,700sqm of A grade space to the market. The building has been occupied in tranches from April and is 100% committed to Services Australia(Federal Govt).

Additional supply for 2025 is set to come from Charter Hall and Investa's 360 Queen St which will deliver c46,700sqm of premium grade space in Q4-25. The project is 80% pre-committed but with HOA over significant tranches is expected to be fully leased by completion.

Beyond this, the next major addition to CBD supply will be Waterfront North, due in late 2028 and currently a little over 50% pre-committed, with no other large projects scheduled for completion in the intervening period.

Refreshed prime space in 2025 includes 70 Eagle St adding 11,476sqm (50% committed) and 140 Elizabeth St (9,908sqm), part of the 205 North Quay backfill, refurbished and available for occupation in the second half of the year. 450 Queen St will provide boutique prime refurbished space in 2027.

## VACANCY TO INCREASE FURTHER INTO 2026

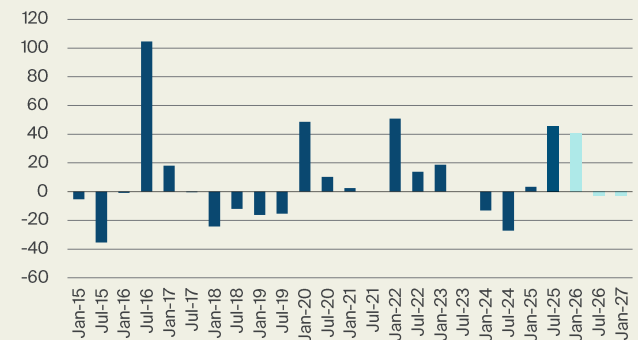
As expected, vacancy increased in H1 2025, rising to 10.7% from 10.2% in January, driven by new supply. Prime vacancy held steady at 8.0% despite 45,359sqm of A grade new supply, due to strong Premium demand. Premium vacancy tightened sharply to 3.8%, down from 7.3% in January, while A grade vacancy rose from 8.3% to 9.6%.

Further upward pressure on vacancy rates is expected over the year, with 360 Queen St expected to complete in Q4-25. While the project is largely pre-committed there will still be an impact due to backfill space, most of which is within the CBD premium and A grade assets. This backfill includes c4,000sqm of premium space from HWL Ebsworth, currently in 480 Queen St, 7,500sqm of A Grade stock from BDO located at 12 Creek St and 10 Eagle St, and a further 7,300sqm of A Grade stock from QIC at 66 Eagle St. Dependent on the exact timing of 360 Queen St delivery the vacancy increase may be deferred beyond January 2026, with a steady reduction thereafter with limited additional supply through to 2028.

In contrast to a tight prime market, there remain challenges in the secondary market with B Grade vacancy rising to 15% in July 2025 and combined secondary vacancy now 14.9%. While the higher quality B grade assets may benefit from A grade tenants feeling priced out of the market, the overall secondary leasing climate remains competitive. In the medium term secondary assets will provide valuable project or short term space.

## Net Additions - Brisbane CBD

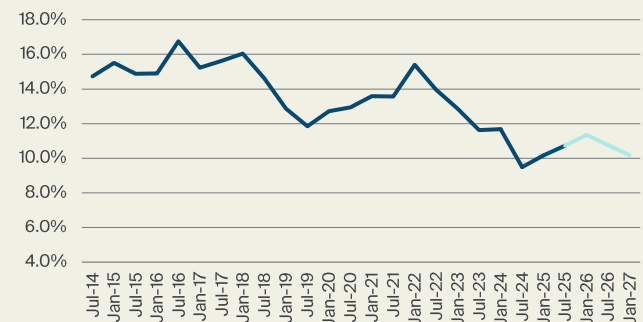
'000sqm net of additions and withdrawals



Source: Knight Frank Research, PCA

## Brisbane CBD Vacancy

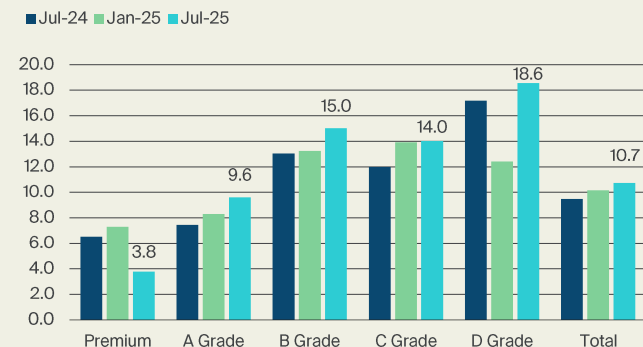
total vacancy rate



Source: Knight Frank Research/PCA

## Brisbane CBD Vacancy Rate by Grade

% vacancy rate



Source: Knight Frank Research/PCA



# Major office supply



Major Refurbishments				Development Approved/ Application/ Mooted			
#	ADDRESS	SQM	COMPLETION	#	ADDRESS	SQM	COMPLETION
1	70 Eagle St	11,476 (c50% committed)	H2 2025	6	60 Queen St	27,000	STC
2	450 Queen St	17,265	H1 2027	7	131 Edward St	45,700 GFA	STC
Under Construction / Major Pre-commitment				8	135 Eagle St	35,000	Mooted
3	360 Queen St	46,700 (80% committed)	Q4 2025	9	150 Elizabeth St	54,000	Abandoned
4	Waterfront Brisbane North	72,500 (50%+ committed)	2028	10	Waterfront Brisbane South	50,000	2035+
5	101 Albert St	47,918 (71% committed)	2029				

**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

# Premium driving rent growth

## PRIME RENTS 11.7% HIGHER Y/Y, THOUGH QUARTERLY GROWTH HAS EASED

Prime gross face rents continued to rise over the first half of 2025, albeit at a slightly slower pace than the strong uplift recorded in late 2024. CBD prime gross face rents now average \$1,048/sqm, reflecting a 2.7% increase over the quarter. Annual rental growth remains high, sitting at 11.7%. Prime incentives average 38.5%, stable q/q, but down 50bps from a year ago, lifting gross effective rents by 12.6%.

Premium rents rose 2% over Q2-25 and are 14.5% higher y/y, outpacing A grade, which increased 0.5% over the quarter and 7.6% annually. With premium vacancy now 3.8%, asking rents and incentive expectations are moving quickly, albeit availability will lift into 2026. Broader prime rental uplift continues as relativities between grades and individual buildings rebalance and will continue to draw the prime market upwards.

## PRIME RENT GROWTH TO CONTINUE

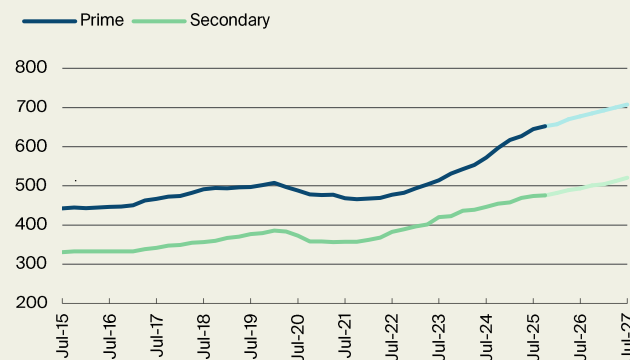
Despite maintaining a tight prime vacancy rate of 8% in H1 2025, supported by strong premium demand, A grade vacancy edged higher with the delivery of new supply and the associated backfill space vacated. In recent weeks, the backfill space from both 205 North Quay and 360 Queen St developments has seen greater activity with AFL and HOA now in place across several of these tenancies. This is mitigating the potential for these spaces to drag on the market. Prime gross face rents are forecast to grow 3.4% over the year to July 26, with stronger effective growth of 5.1% as incentives continue to reduce, particularly in premium space. With no major projects due from 2026 to 2028, rents are expected to accelerate in 2027–2030, delivering a five-year average effective growth rate of 5.6%.

## SECONDARY FACE RENTS BECOMING DIVERGENT

Secondary gross face average rents are sitting at \$784/sqm as at July 2025, an annual increase of 4.5%. This reflects a slowing of growth since 2023 & 2024 when new spec suites and strong demand from smaller tenants saw the market level lift. Incentives were stable over Q2-25 at 39.5%, but are down from 40.5% a year earlier, resulting in annual effective rental growth of 6.3%. Rents for quality B Grade buildings are accelerating more strongly, as these assets continue to absorb tenants priced out of the A Grade market and provide a cost-effective alternative in well-located positions. Demand for full floor and multi-floor secondary space remains patchy with project space or churn space (as tenants refurbish existing tenancies) will to absorb this in the future.

### 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
HWL Ebsworth#	360 Queen St	Financial	4,777	1,130 g	35-40	10	May-26
Toll Transport	144 Edward St	Midtown	1,538	819 g	35-40	10	May-26
ABS	145 Ann St	Uptown	2,205	895 g	35-40	10	Nov-25
Harris Black	100 Creek St	Uptown	475	865 g	35-40	7	Nov-25
Insignia Finance	345 Queen St	Financial	1,722	890 g	35-40	10	Sep-25
DFAT	345 Queen St	Financial	3,038	880 g	35-40	10	Jul-25

# Investment expected to lift

## LIMITED TRANSACTIONS COMPLETED IN 2025 YTD

Following a stronger finish to 2024, which saw \$429.5 million in Q4 transactions and \$1.1 billion in total sales >\$10 million for CY 2024, momentum has slowed since early 2025. The most recent completed sale was 63 George St, which was acquired by Marquette Property for \$52m. While the bid-ask spread has narrowed and pricing expectations are increasingly aligned, capital conservatism and capital raising delays continue to hold back deal flow, keeping overall investment activity muted.

On-market campaigns have been limited in 2025 to date, however a slew of formal campaigns are expected before the end of the year. Given the expectation that yields have peaked and values have bottomed out for this cycle, only buyers requiring a result will pursue a sale. Wholesale funds and institutional investors are now in a position to hold assets previously identified for disposal, with redemption requests abating.

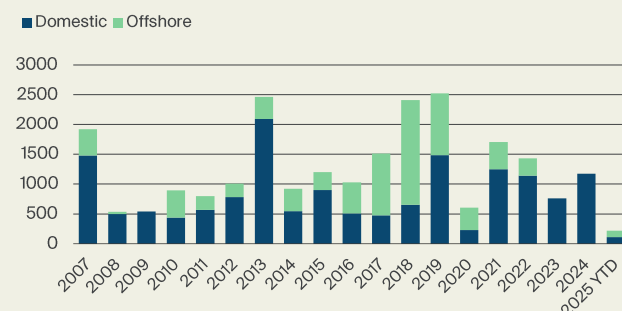
## DIVERSE BUYER GROUP WAITING TO ACT

While recent CBD acquisitions have largely been led by domestic private investors, syndicators and super funds, interest in Brisbane is far broader. Offshore institutions and core buyers continue to view the market favourably. This has been supported by the strength of the tenant market, which has elevated Brisbane's position above Melbourne, though Sydney remains the primary target, particularly for core buyers. To date these buyers have remained on the sidelines, but this has also reflected the relative lack of prime assets offered to the open market.

The most recent prime sale was a half interest in 53 Albert St, which was purchased by NTT/Realmont on exercise of a right granted when purchasing the first half of the building in 2022. This sale reflected a core market yield of 7.42% and \$9,976/sqm.

The completion of Queens Wharf has continued to spur activity in that part of the city with a 50% interest in 85 George St transacting in April and 63 George St selling to local property group Marquette. Both assets were sold fully leased to the Queensland Government with relatively short lease tails in place. Following the conversion of 41 George St to student accommodation there remains the potential for repurposing older government occupied assets, although larger floorplate buildings may retain favor for office uses as the market continues to tighten.

**Brisbane CBD Offshore 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
63 George St	52.0	8.72	10,586	4,912	3.8	Marquette Property	QIC	Aug-25
85 George St (50%)#	48.0	7.57^	10,560	9,091	1.7	Aequitas Property Group	Charter Hall Long WALE REIT	Apr-25
53 Albert St (50%)#	95.35	7.42	19,116	9,976	3.7	NTT/Realmont	JP Morgan	Mar-25
145 Ann St	215.50	7.80	27,552	7,822	3.0	Aware Super	Dexus REIT	Dec-24
41 George St	123.0	n/a	29,463	4,175	VP	Dexus/Marquette JV	AEPIM	Oct-24
60 Edward St	72.0	8.29	10,637	6,769	2.3	Sentinel Property Group	RACQ	Oct-24

Source: Knight Frank Research    ^ analysis based on initial 50% sale in 2024, this sale on similar terms    #remaining 50% of asset acquired under rights



# Yields remain stable

## EASING MONETARY CYCLE PUT A FLOOR UNDER YIELDS

The RBA has now made three rate cuts during this cycle, bringing the cash rate down to 3.6% as inflation eased back into the target range. This has given financial markets more certainty and facilitated some reduction in commercial lending rates, particularly as the big banks work to regain market share. The pace of RBA cuts have generally lagged market expectation with the board quick to point out that their timing would remain data driven, with a focus on quarterly trimmed mean CPI. Many market commentators, are pricing in two more cuts this cycle, placing the neutral rate at or about 3.1%. One more cut is expected in 2025 with a further cut to be delivered in the first half of 2026.

Uncertainty arising from US tariff introductions, and backtracking, has highlighted potential instability in the US economy with import activity brought forward, manufacturing indexes lower and confidence indicators volatile. This has heightened expectations for cash rate easing in the US, with the recent 25bps reduction to 4.25% not expected to be the last this year.

This uncertainty has had an impact on expectations for longer term yield rates with the 10-year and 30-year treasury bond yield rates remaining stubbornly high. Through the end of August, the AU 10-year bond yield was remaining above 4.2%. Current longer-term expectations are for the 10-year bond yield to stabilise in the order of 4%, providing scope for yield contraction as investor competition lifts.

## YIELDS HAVE BEEN STABLE FOR 12 MONTHS

Prime yields remained stable through Q2 with the two prime sales of late 2024/early 2025 providing greater yield certainty. 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 is 195bps softer over the cycle.

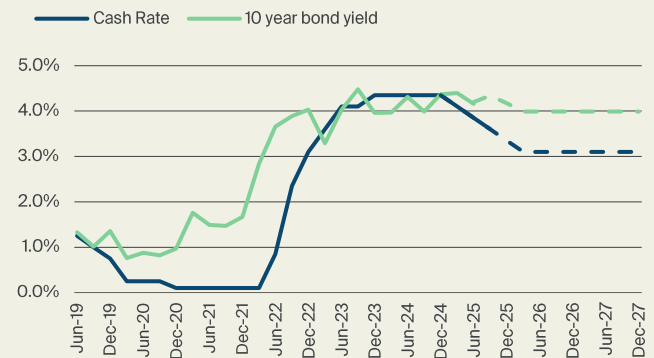
There has remained a lack of core assets offered to the open market in the Brisbane CBD, the on-market campaign for 32 Turbot St did not secure a transaction to date. A half share of a major prime asset, Central Plaza 1, is understood to be in DD reflecting a core market yield of 6.75%-7.0%.

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.

Strong offshore investment, particularly into Sydney in late 2024/early 2025, boosted confidence in the Australian commercial market. While momentum cooled mid-year a stronger end to 2025 is expected, supported by the availability of quality assets.

## Interest rate outlook

Cash rate and 10 year bondn outlook to end 2027

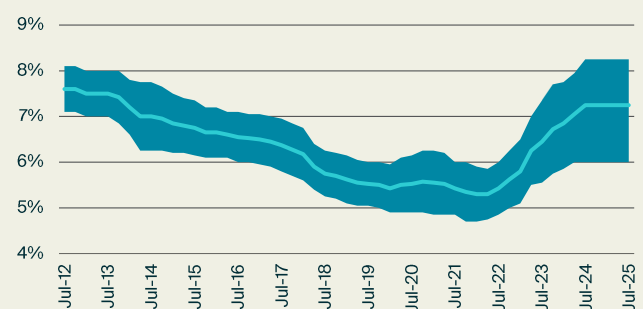


Source: Knight Frank Research, Oxford Economics (September 2025)

“While momentum cooled mid-year a stronger end to 2025 is expected supported by the availability of quality assets.”

## Brisbane CBD Prime Yield Range

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



Source: Knight Frank

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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 Snapshot Q2-25



Brisbane Industrial State of the Market Q2-25



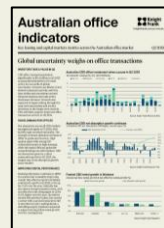
Brisbane Industrial Precinct Report Q2-25



Brisbane PCA Office Statistics August 2025



From Surge to Stabilisation August 2025



Australian Office Indicators Q2-25