Rental growth accelerates off the back of leasing deals in late 2025

▲ 11.8%
Vacancy Rate in Jan 26

▲ +12.8%
Prime Net Effective Rent Growth (y-o-y)

▼ 10,007 sqm
Net Absorption in H2 2025

▶ 7.02%
Prime Yield

Note: Arrows indicate change from previous quarter / year.

Key Points

- So far in 2026, it appears that sentiment in the leasing market is better than the same time last year with more tenants engaging with the market.
- Total net absorption in the Brisbane CBD was 10,007 sqm for H2 2025, bringing total net absorption for the year to 37,480.
- Total vacancy edged higher in H2 2025 to 11.8%, prime also increased to 10.0%.
- Prime gross face rents grew by 3.7% q-o-q and 9.2% y-o-y in Q1 2026. Incentives declined by 50 bps during the quarter to average 38.9%.
- The investment market in Q1 was quiet, which is common for the start of a calendar year. However, recent rises of bond rates and the cash rate is creating some uncertainty in the market.
- Prime CBD yields tightened slightly in Q1 by 2 bps to 7.02%, which was a reflection of transaction activity that occurred in late 2025.

FIGURE 1: Total CBD Vacancy

Brisbane CBD	January 2025	July 2025	January 2026	H-o-H Change	Y-o-Y Change
Vacancy	10.2%	10.7%	11.8%	+110bps	+160bps

FIGURE 1: Summary of Prime CBD Market Indicators

Brisbane CBD	Q1 2024	Q1 2025	Q1 2026	Q-o-Q Change	Y-o-Y Change
GFR	$958/sqm	$1,026/sqm	$1,121/sqm	+3.7%	+9.2%
Incentives	40.6%	39.6%	38.9%	-53bps	-70bps
NER	$387/sqm	$430/sqm	$485/sqm	+6.6%	+12.8%
Yield	6.39%	7.06%	7.02%	-2bps	-4bps

Source: CBRE Research, PCA

Office Demand

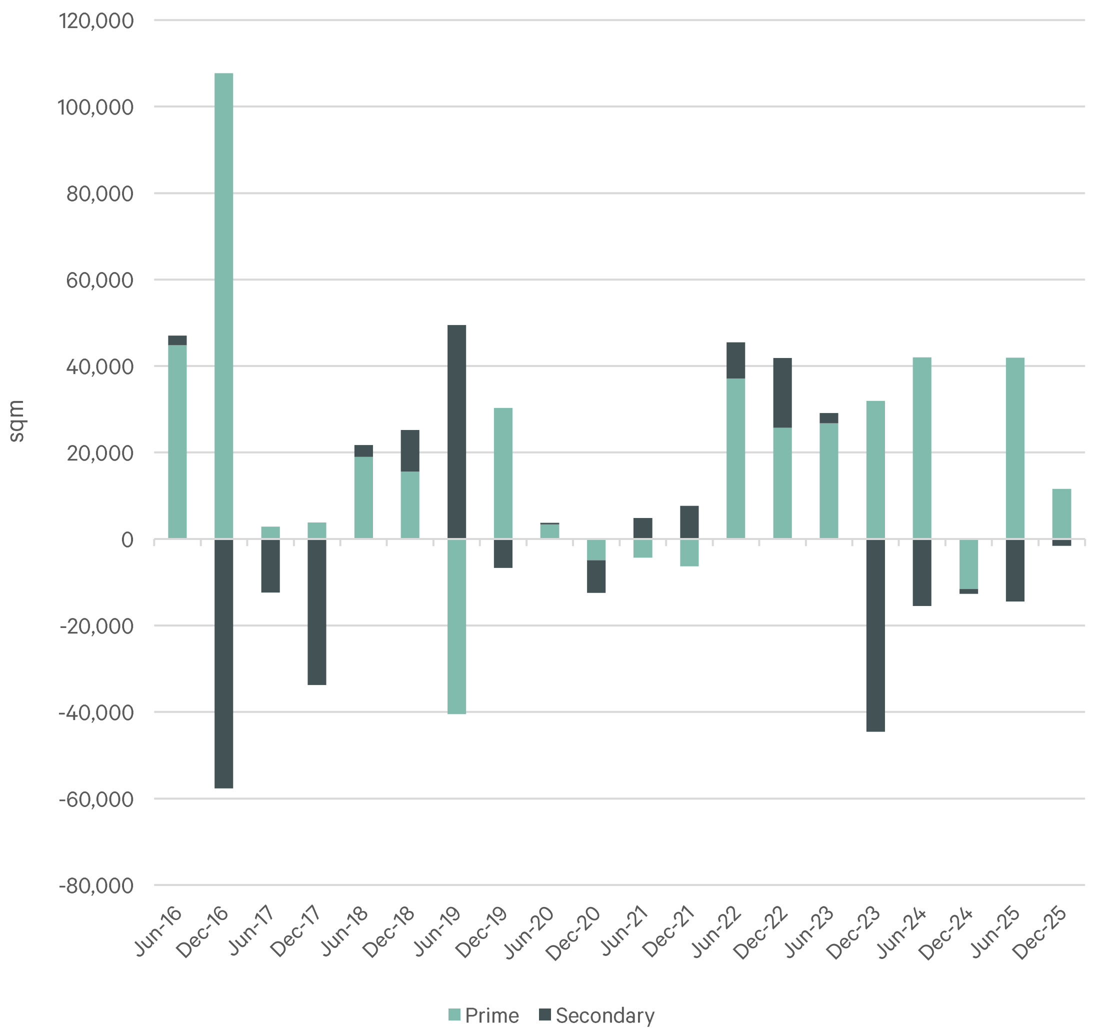
Sentiment in the leasing market was improved compared to early 2025

It was a quiet period for the Brisbane office leasing market in H1 2025, with a flurry of larger transactions occurring later in the year. So far in 2026, it appears that sentiment is better than the same time last year with more tenants engaging with the market. However, the tensions in the Middle East have slightly dampened that sentiment in the short-term. There is a general recognition from the occupier market that vacancy will tighten from this point, which is likely bringing forward decisions. However, elevated renewal activity is still a factor given high relocation costs.

Total net absorption in the Brisbane CBD was 10,007 sqm for H2 2025, bringing total net absorption for the year to 37,480. This was the best performance for a calendar year since 2022 for the Brisbane market. Despite this, there has been a clear trend of tenants choosing to renew rather than relocate over the past 12 months, given the cost of relocating has increased. The prime market basically contributed al of the net absorption in H2 2025, recording 11,571 sqm. A major contributor to this was Bank of Queensland moving into 360 Queen Street for just under 6,000 sqm. The tenant is yet to actually move into the building, but this is counted as pure net absorption as they are moving from the Near City market.

Net absorption is expected to be solid over the coming years, particularly with planning for the Olympics starting to gain momentum. We expect project requirements to start to come to the market from 2026 onwards, similar to what happened with Cross River Rail a few years ago.

FIGURE 2: 6-Month Office Net Absorption – Brisbane CBD



Source: PCA, CBRE Research

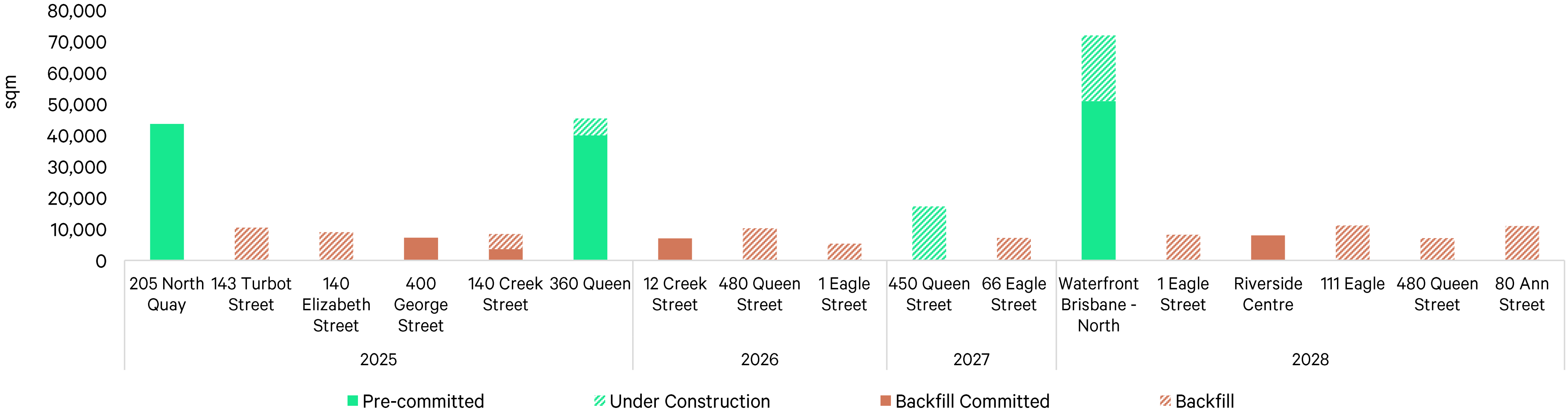
Supply

Supply outlook remains unchanged, with two projects under construction

The supply outlook from 2026 onwards remains unchanged with just two projects under construction in the CBD. Charter Hall and Investa delivered 360 Queen Street in Q4 2025, with pre-commitment of almost 90%. BDO was a key tenant who have moved into 360 Queen Street, with their backfill space at 12 Creek Street to be occupied by CPB in 2026. The refurbishment of 450 Queen Street by PGIM is underway which will deliver about 17,000 sqm to the market. The project is due for completion in early 2027. The only other committed project in the pipeline is Dexus' Waterfront Brisbane being delivered by the end of 2028 with pre-commitments for about 71% of the building.

There are a range of mooted projects in the pipeline such as QIC's 101 Albert Street, Charter Hall's 60 Queen Street and JGL Properties' Brisbane Place. However, these projects are yet to commence construction and will not be delivered prior to 2028.

FIGURE 3: Brisbane CBD Development Supply Pipeline



Source: CBRE Research

Vacancy

Vacancy rises with the delivery of new supply

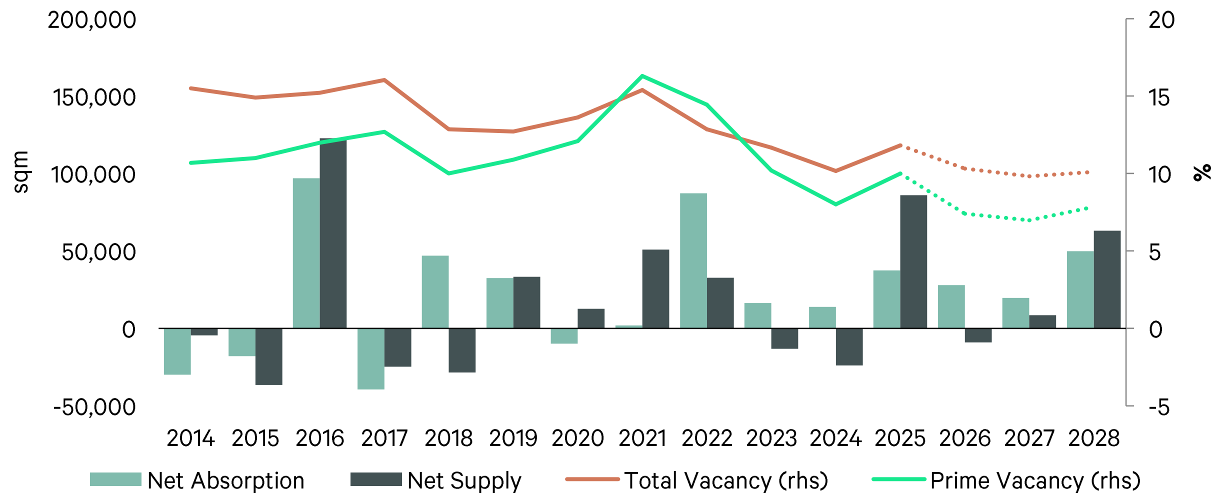
Total vacancy edged higher in H2 2025 to 11.8%, due to the delivery of 360 Queen Street. While the project is 90% pre-committed, the majority of the backfill space is located in the CBD which is now counted as vacancy. The prime vacancy rate increased 10.0%, as supply outstripped net absorption. Premium vacancy has risen to 8.2%, with a number of backfill opportunities arising in the market. A-Grade vacancy also increased to 10.7% due to backfill as well. The secondary market observed a gradual increase in vacancy over the course of the year to 14.7%, from 13.4% a year ago.

Despite the increase in vacancy across the market, this is likely to be a short-term phenomenon given the lack of supply coming to market over the next few years. In addition, some of the backfill that is now counted has already been leased and will be counted in the official vacancy numbers in 2026 (CPB).

FIGURE 4: Summary of Brisbane CBD Office Market

Market/ Grade	Stock (sqm) – Jun 25	Net Stock Change (sqm) – 12 months	Vacant (sqm) – Jun 25	Vacancy (%) – Dec 25	Vacancy (%) - Dec 24	Net Absorption (sqm) – 6 months	Net Absorption (sqm) – 12 months
Prime	1,474,922	89.531	147,068	10.0%	8.0%	11,571	53,476
Secondary	930,808	-3,560	137,283	14.7%	13.4%	-1,564	-15,996
Total	2,405,730	85,971	284,351	11.8%	10.2%	10,007	37,480

FIGURE 5: Brisbane CBD Office Market Balance



Source: PCA, CBRE Research

Rental Performance

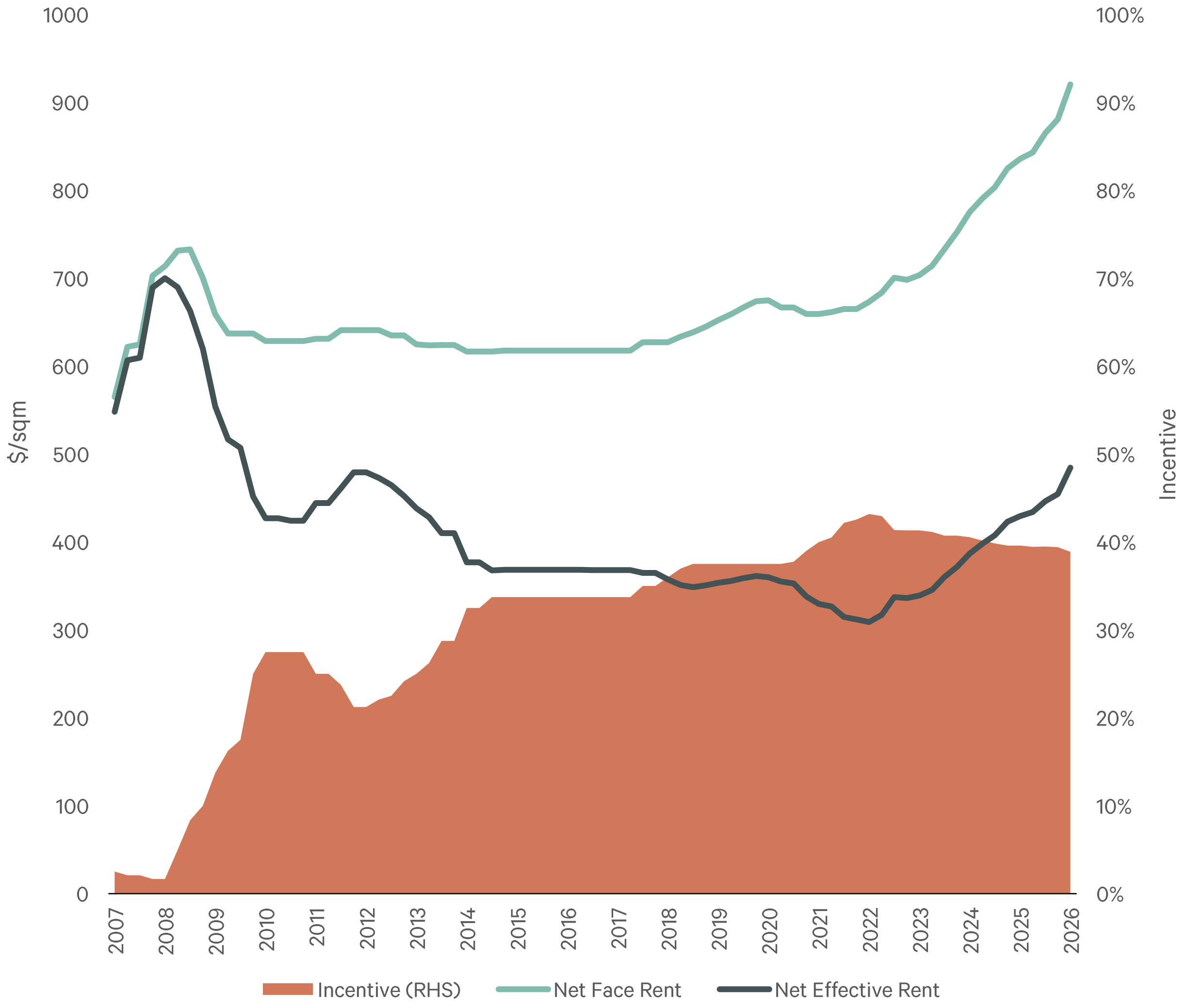
Rents rise significantly in Q1, given evidence from deals in late 2025

Rental growth accelerated in Q1 2026 given recent transactional evidence that occurred in late 2025. There was a general trend of higher asking rents by landlords throughout 2025, however, it took until later in the year for those rents to be actually achieved. Prime gross face rents grew by 3.7% q-o-q and 9.2% y-o-y in Q1 2026. Incentives declined by 50 bps during the quarter to average 38.9%. As a result, effective rental growth was 6.6% q-o-q and 12.8% y-o-y. Overall, effective rents have risen by 42.9% over the past three years in the Brisbane CBD.

The secondary market has also performed well with 6.7% y-o-y growth in gross face rents. Incentives have been stable over the past 12 months, averaging 44.1% in Q1. Secondary net effective rents have grown by 8.4% y-o-y.

Strong rental growth is expected to continue in the Brisbane CBD. There is no supply expected to be delivered until late 2027, which should mean that vacancy will continue to tighten. In addition, high construction costs is pushing economic rents higher, which is giving landlords of existing assets confidence to raise rents.

FIGURE 6: Brisbane CBD Office – Prime Rents



Source: CBRE Research

Investment Market

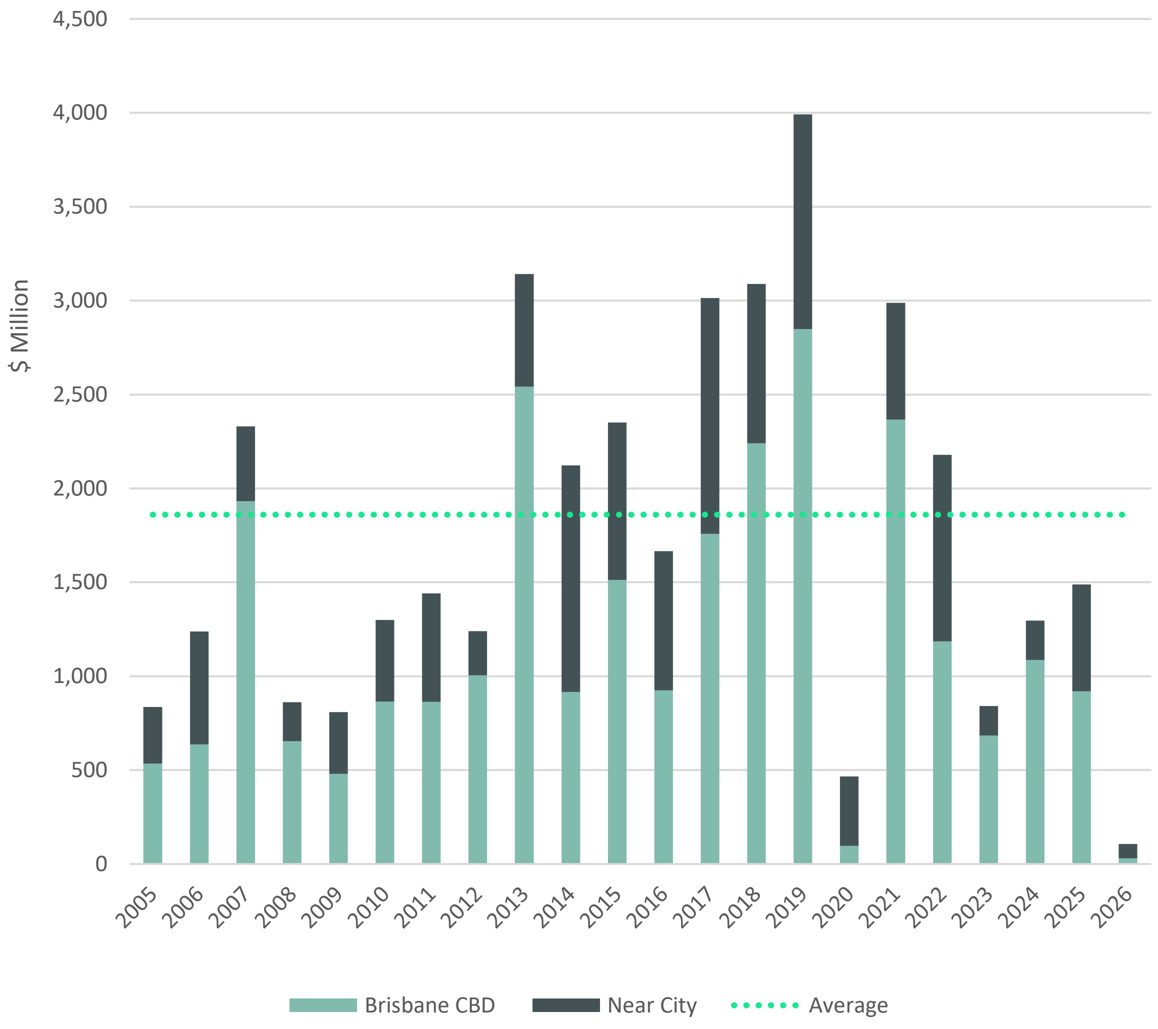
Quiet start to 2026, after an improved year in 2025

The investment market in Q1 was quiet, which is common for the start of a calendar year. However, recent rises of bond rates and the cash rate is creating some uncertainty in the market. Volumes were just $107m across the CBD and Near City in Q1 2026. The most significant transaction was Greenhouse in West End which sold for $60m. The asset was sold by Sekisui House to Region Group JV.

Prime CBD yields tightened slightly in Q1 by 2 bps to 7.02%, which was a reflection of transaction activity that occurred in late 2025. Brisbane CBD yields are currently showing a higher premium to the Sydney CBD than long-term averages which might attract more investors to the market given the elevated rental growth occurring in the Brisbane leasing market.

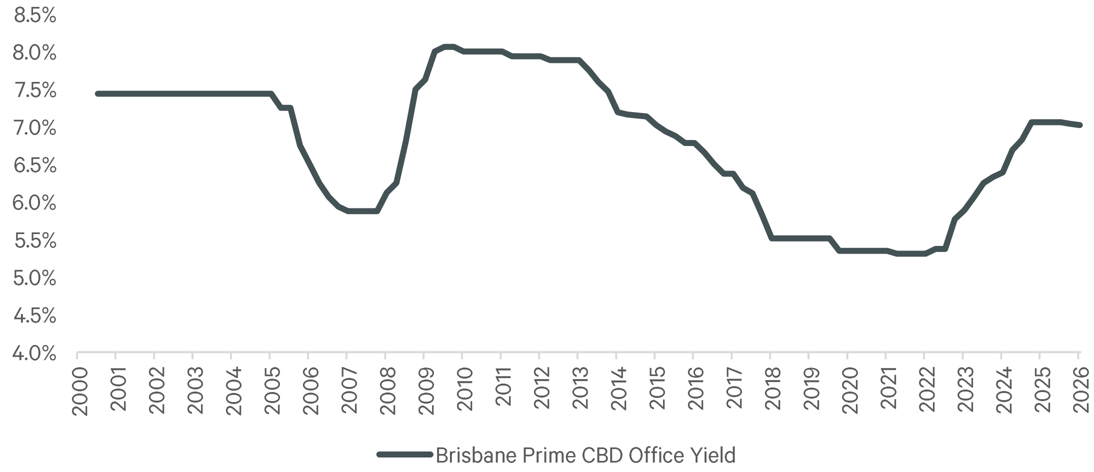
The combination of recent inflation data and the tensions in the Middle East has changed the outlook for interest rates. This is likely to impact on the investment market and potentially cap rates given debt costs have already increased for investors. However, capital values might be insulated by the rental growth that appears to be sustainable over the medium-term.

FIGURE 7: Brisbane Office Sales (greater than AUD 5 million)



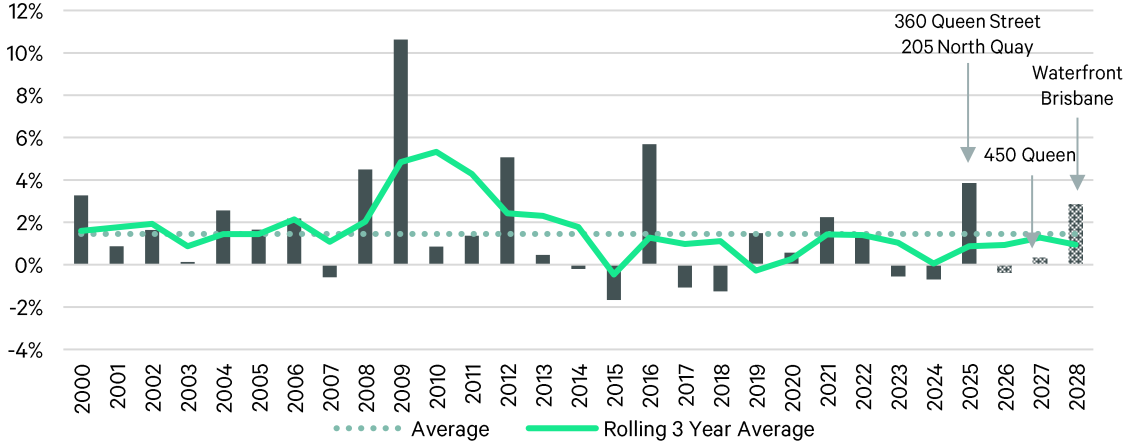
Source: CBRE Research

FIGURE 8: Brisbane CBD Office Yield



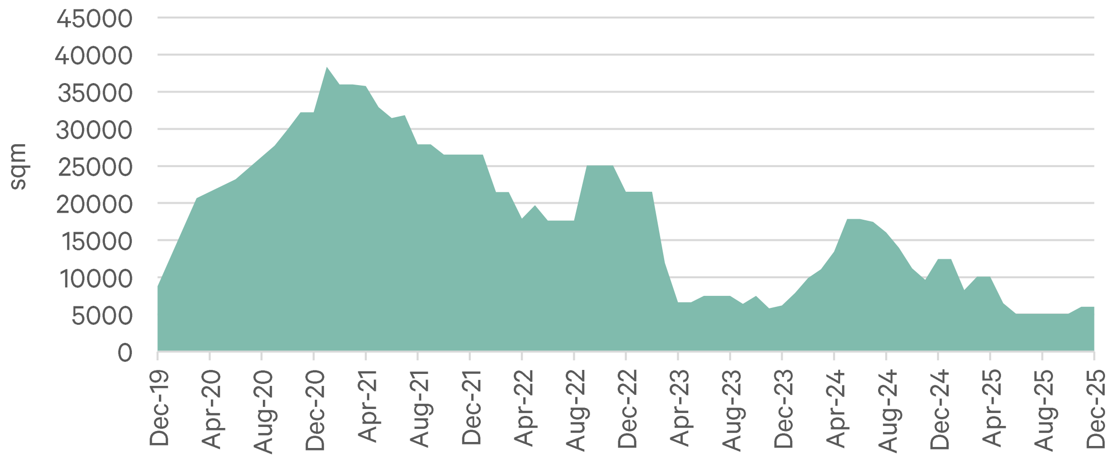
Source: CBRE Research

FIGURE 10: Brisbane CBD Future Growth in Stock



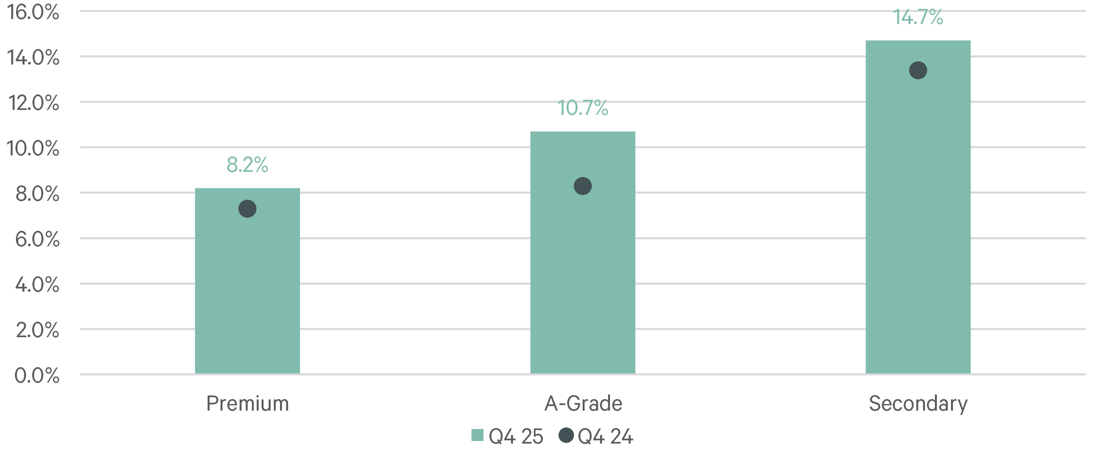
Source: CBRE Research

FIGURE 9: Brisbane CBD Sublease Availability



Source: CBRE Research

FIGURE 11: Brisbane CBD Vacancy by Grade



Source: PCA, CBRE Research

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