Vacancy tightens off the back of solid demand

▼ 10.2%
Vacancy Rate in July 26

▲ +16.4%
Prime Net Effective Rent Growth (y-o-y)

▲ 38,785 sqm
Net Absorption in H1 2026

▶ 6.83%
Prime Yield

Note: Arrows indicate change from previous quarter / year.

Key Points

- Activity in the Brisbane CBD leasing market has been improved in 2026 compared to 2025.
- Total net absorption in the Brisbane CBD was 38,800 sqm for H1 2026, with 48,800 sqm over the past 12 months.
- Total vacancy declined to just 10.2% from 11.8%, due to the significant net absorption recorded over the 6 months.
- Prime gross face rents grew by 3.2% q-o-q and 11.7% y-o-y in Q2 2026. Incentives declined by 26 bps during the quarter to average 38.6%.
- The office investment market in Brisbane has steadily improved after a relatively quiet Q1.
- Prime CBD yields were steady in Q2 2026 at 6.83%, after tightening at the end of last year from 7.06%.

FIGURE 1: Total CBD Vacancy

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

FIGURE 1: Summary of Prime CBD Market Indicators

Brisbane CBD	Q2 2024	Q2 2025	Q2 2026	Q-o-Q Change	Y-o-Y Change
GFR	$979/sqm	$1,036/sqm	$1,157/sqm	+3.2%	+11.7%
Incentives	40.2%	39.5%	38.6%	-26bps	-86bps
NER	$398/sqm	$434/sqm	$505/sqm	+4.2%	+16.4%
Yield	6.69%	7.06%	6.83%	0bps	-23bps

Source: CBRE Research, PCA

Office Demand

Improved enquiry and activity in early 2026

Activity in the Brisbane CBD leasing market has been improved in 2026 compared to 2025. Tenants of all sizes have been more actively considering their future office accommodation. There is an acknowledgement that the market is getting tighter and will continue to do so, which is bringing forward decision making, particularly from larger corporates.

Total net absorption in the Brisbane CBD was 38,800 sqm for H1 2026, with 48,800 sqm over the past 12 months. The relocation of CIMIC from the Fringe into 12 Creek Street was one of the contributions to the positive figures in early 2026. Prime net absorption was particularly strong at 33,100 sqm over H1, which caused a significant drop in vacancy at that end of the market. Secondary net absorption totalled 5,600 sqm, the first positive result for secondary stock in three years.

Net absorption is expected to be solid over the coming years, particularly with planning for the Olympics starting to gain momentum. There is yet to be any major Olympics related project leasing commitments in Brisbane. However, this may change as the infrastructure authority continues to appoint additional consultants and contractors for specific projects.

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

Source: PCA, CBRE Research

Supply

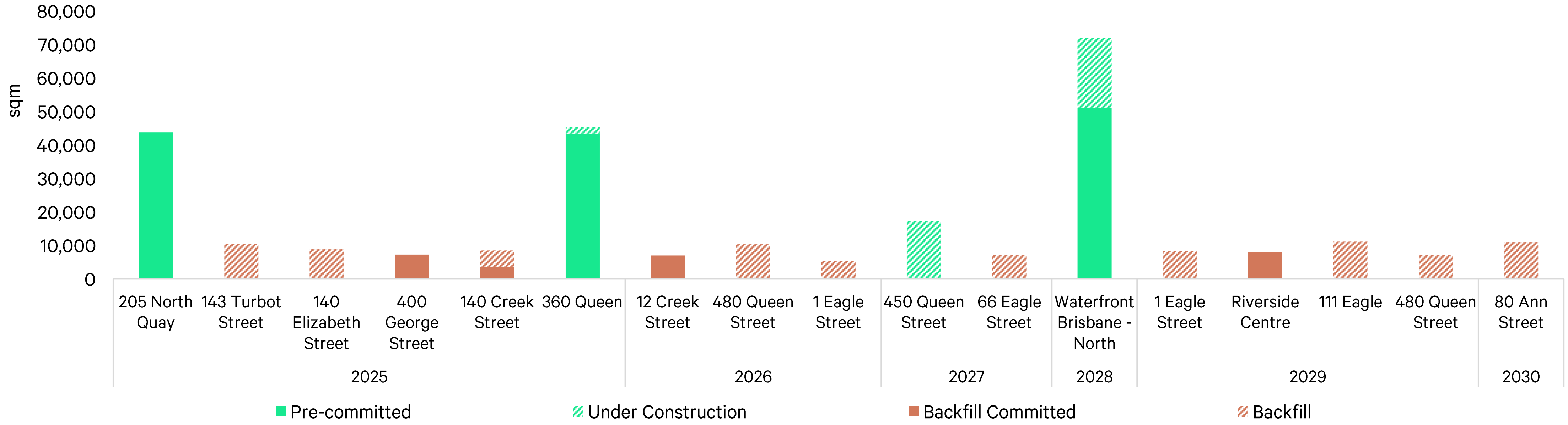
Just two projects under construction in the Brisbane CBD

The supply outlook from 2026 onwards remains unchanged with just two projects under construction in the CBD. 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. In addition, CBUS has recently lodged a development application for a scheme at 280 Elizabeth Street.

FIGURE 3: Brisbane CBD Development Supply Pipeline



Source: CBRE Research

Vacancy

Vacancy tightens significantly with solid demand and no supply

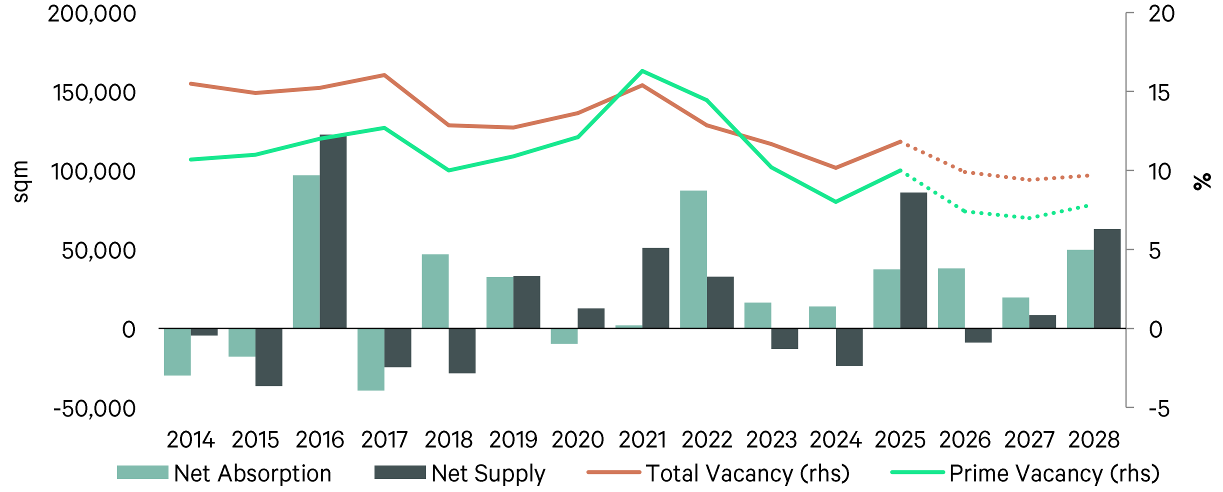
Total vacancy declined to just 10.2% from 11.8%, due to the significant net absorption recorded over the 6 months. The prime vacancy rate tightened to 7.7%, boosted by centralisation of tenants from the fringe as well as occupiers upgrading from secondary stock. Premium vacancy dropped to just 3.8% as occupiers continue to target the best stock. A-Grade vacancy also dropped from 10.7% to 8.3% over the past 6 months. The secondary market has moderately improved with vacancy of 14.1%.

There is no significant supply to be delivered from now until late 2027 (450 Queen Street) and then another gap before Waterfront Brisbane completes. This should lead to a further tightening in vacancy, assuming relatively normal levels of net absorption over the medium term. CBRE Research expects that prime vacancy could reach 5-6% by mid-2028.

FIGURE 4: Summary of Brisbane CBD Office Market

Market/ Grade	Stock (sqm) – Jun 26	Net Stock Change (sqm) – 12 months	Vacant (sqm) – Jun 26	Vacancy (%) – Jun 26	Vacancy (%) - Jun 25	Net Absorption (sqm) – 6 months	Net Absorption (sqm) – 12 months
Prime	1,474,922	44,172	113,928	7.7%	8.0%	33,140	44,711
Secondary	930,808	-3,560	131,638	14.1%	14.9%	5,645	4,081
Total	2,405,730	40,615	245,566	10.2%	10.7%	38,785	48,792

FIGURE 5: Brisbane CBD Office Market Balance



Source: PCA, CBRE Research

Rental Performance

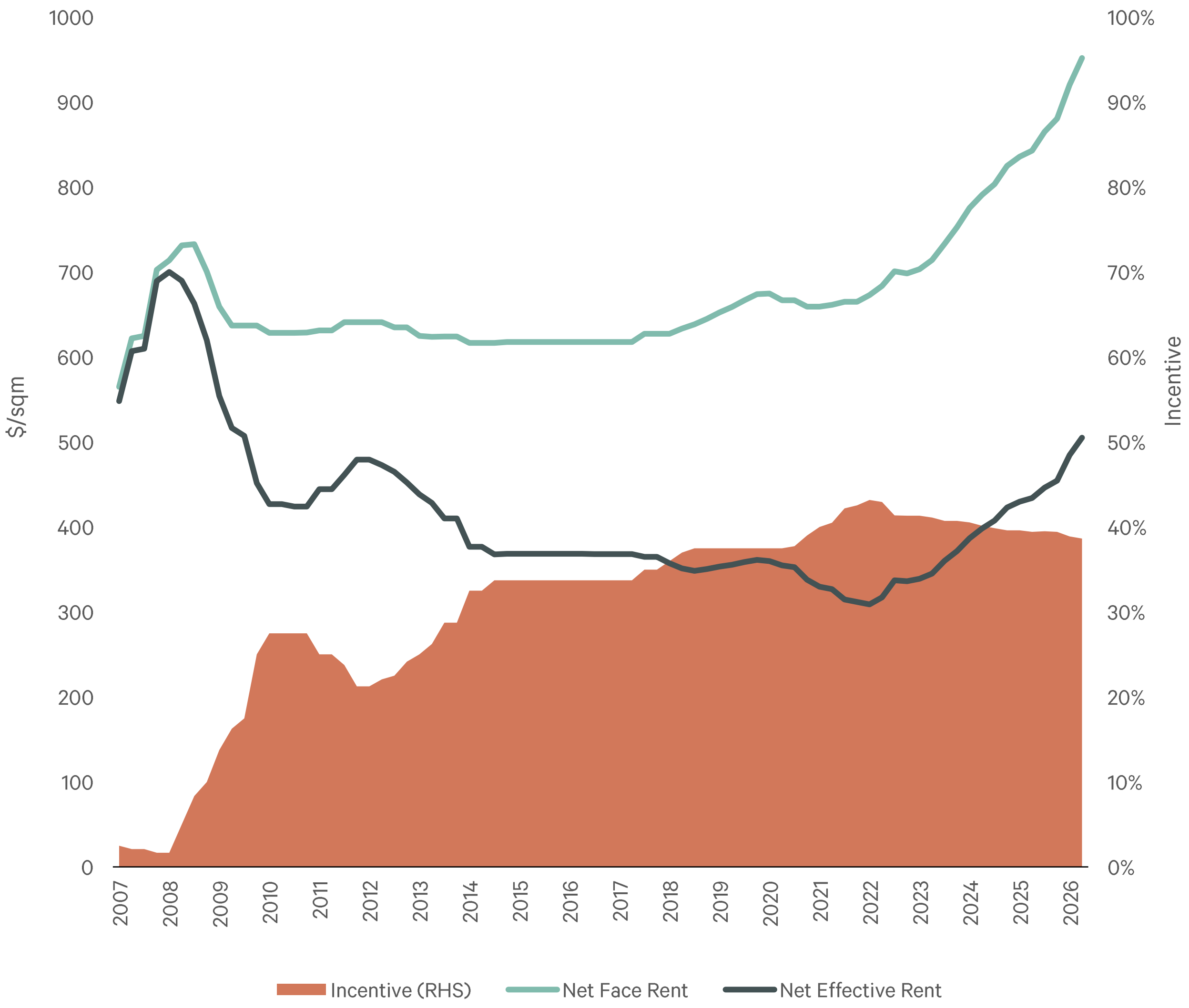
Rents accelerate in Q2 as new benchmarks are achieved

Rental growth accelerated in Q2 2026 as a result of new benchmarks being achieved in buildings around the CBD. The higher asking rents that landlords were chasing in late 2025 are now starting to be achieved and reflected in transactions. Prime gross face rents grew by 3.2% q-o-q and 11.7% y-o-y in Q2 2026. Incentives declined by 26 bps during the quarter to average 38.6%. As a result, effective rental growth was 4.2% q-o-q and 16.4% y-o-y. A recent trend has been the outperformance of A-Grade assets compared to Premium, with effective rents growing by 19.4% compared to 14.4%. Over the past few years, the gap between Premium and A-Grade rents has expanded.

The secondary market has also performed well with 6.6% y-o-y growth in gross face rents. Incentives have been stable over the past 12 months, averaging 44.1% in Q2. Secondary net effective rents have grown by 7.9% y-o-y.

The current rental growth trend is expected to continue over the next few years given the expected tightening of the market. As backfill space from previous developments continues to get absorbed, the market is likely to incrementally rise higher, even in the secondary market. In addition, the existing market is still relatively cheap compared to new development rents, meaning the gap will have to close further to unlock new supply in 2030 and beyond.

FIGURE 6: Brisbane CBD Office – Prime Rents



Source: CBRE Research

Investment Market

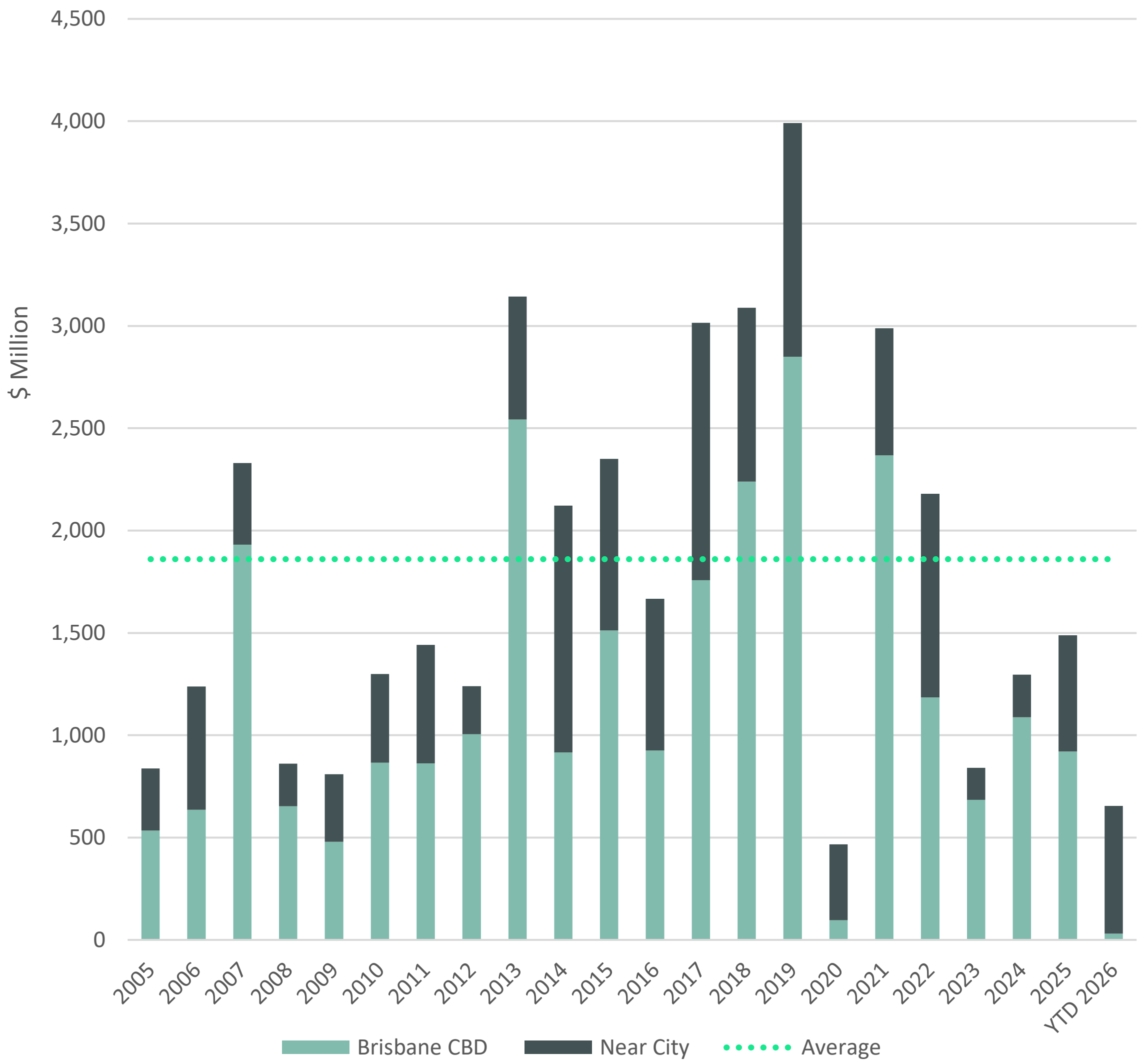
Activity starting to improve after a slow start to the year

The office investment market in Brisbane has steadily improved after a relatively quiet Q1. The most significant transaction for the quarter was the sale of 24 Markwell Street in Bowen Hills. The asset was sold to Charter Hall for $445 million as a sale and leaseback to Sonic Healthcare.

Prime CBD yields were steady in Q2 2026 at 6.83%, after tightening at the end of last year from 7.06%. Despite the three rate rises and geopolitical uncertainty over the first 6 months of the year, Brisbane remains a key target for investors. In addition, rental growth has consistently outperformed expectations which is why investors can justify current cap rates with an expectation that the rental growth is sustainable over the medium term.

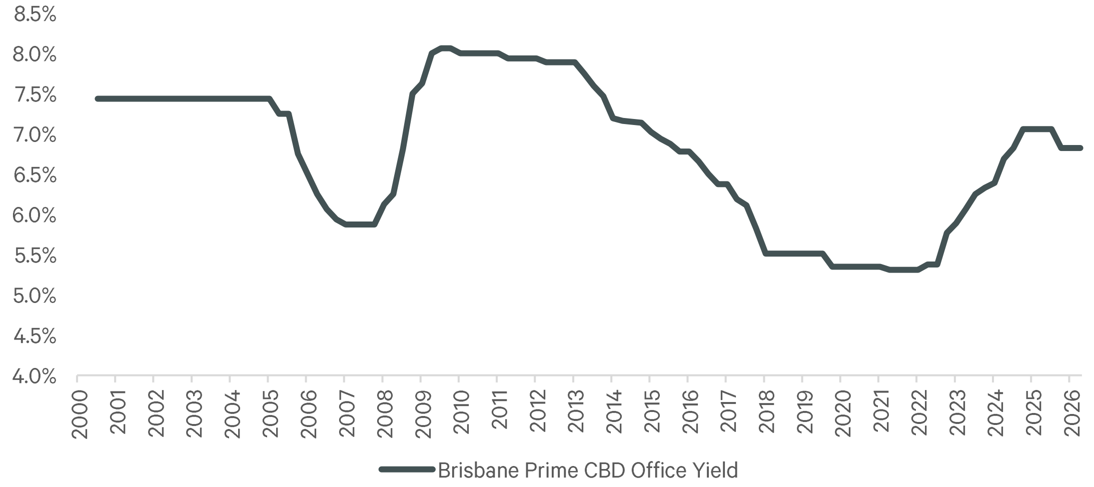
Volumes are likely to be higher in H2 2026 in Brisbane with a number of assets on the market or in due diligence across the CBD and Near City. Brisbane widely considered to be the second favoured market for investors of Australian office at present, behind Sydney. Investors who have bought assets in Sydney over the past 12-24 months are increasingly looking to Brisbane as the next target, which will drive activity in the next few years.

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



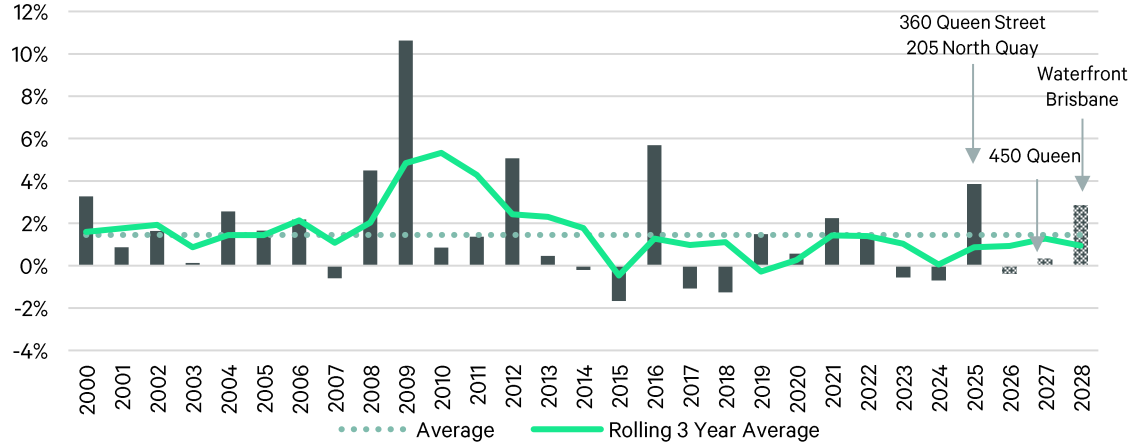
Source: CBRE Research

FIGURE 8: Brisbane CBD Office Yield



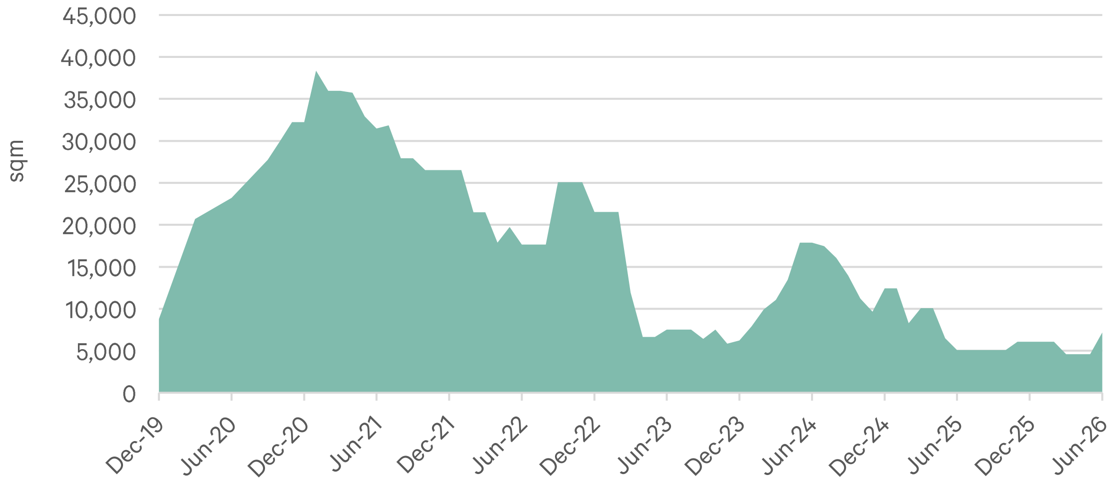
Source: CBRE Research

FIGURE 10: Brisbane CBD Future Growth in Stock



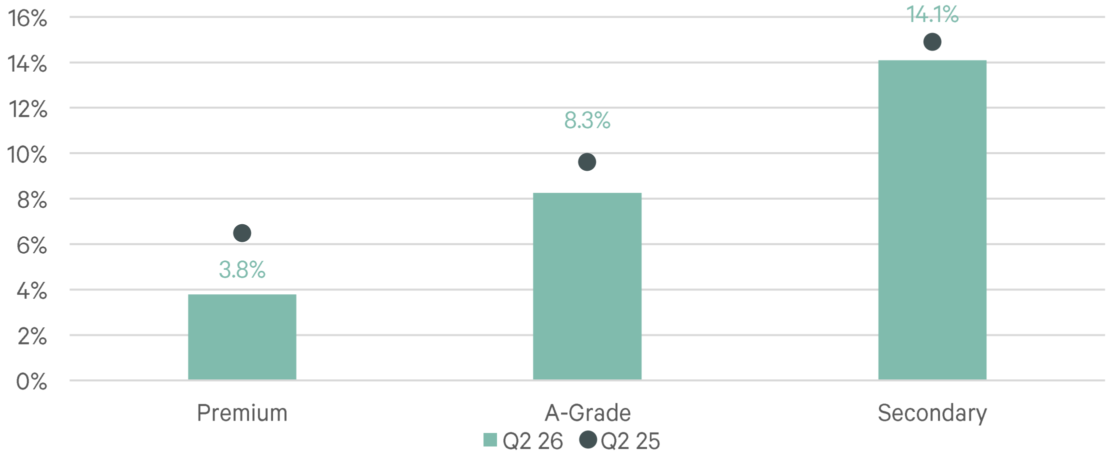
Source: CBRE Research

FIGURE 9: Brisbane CBD Sublease Availability



Source: CBRE Research

FIGURE 11: Brisbane CBD Vacancy by Grade



Source: PCA, CBRE Research

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