

FIGURES | BRISBANE CBD OFFICE | Q3 2025

# Total vacancy rises, although prime stable

▲ 10.7%

Vacancy Rate in July 25

▲ +9.5%

Prime Net Effective Rent Growth (y-o-y)

▼ 27,473 sqm

Net Absorption in H1 2025

▶ 7.06%

Prime Yield

Note: Arrows indicate change from previous quarter / year.

## Key Points

- Economic growth solid in Queensland off the back of improved household spending and infrastructure investment.
- Supply pipeline unchanged, with 360 Queen Street due for completion by the end of 2025.
- Net absorption was strong at 27,473 sqm, leading all CBD markets in Australia
- Total vacancy increases slightly to 10.7%, prime vacancy stable at 8.0%
- Prime effective rental growth increased by 2.9% q-o-q and 9.5% y-o-y, given the tight occupier market.
- There was one transaction in the CBD in Q3, being 63 George Street for \$52 million.
- Office prime yields were stable for the quarter, averaging 7.06%

FIGURE 1: Total CBD Vacancy

Brisbane CBD	July 2024	January 2025	July 2025	H-o-H Change	Y-o-Y Change
Vacancy	9.5%	10.2%	10.7%	+50bps	+120bps

FIGURE 1: Summary of Prime CBD Market Indicators

Brisbane CBD	Q3 2023	Q3 2024	Q3 2025	Q-o-Q Change	Y-o-Y Change
GFR	\$916/sqm	\$994/sqm	\$1,060/sqm	+2.3%	+6.7%
Incentives	40.7%	39.9%	39.5%	0bps	-36bps
NER	\$360/sqm	\$408/sqm	\$446/sqm	+2.9%	+9.5%
Yield	6.25%	6.83%	7.06%	0bps	+23bps

Source: CBRE Research, PCA

## Economic Overview

### **QLD Economy in solid position despite global headwinds**

Despite global uncertainty, the Queensland economy has demonstrated resilience of late. Population growth has been a significant driver over the past few years. The Government continues to invest in key infrastructure across the state, with a solid pipeline as projects for the Olympics yet to begin. In addition, the weaker Australian dollar is benefiting key export sectors, including tourism, mining, and education.

In Q2 2025, Queensland's State Final Demand increased by 0.7% q-o-q and 2.4% y-o-y. The growth has been pretty consistent the last few quarters. Improved household consumption has been a key factor for the growth, which is driven by a combination of population growth and improved spending power off the back of recent interest rate cuts. Business investment has slightly improved over the past 12 months, while public sector spending growth remains elevated at +3.3% y-o-y.

The unemployment rate in Queensland remains tight at 4.4% as of August 2025. However, there has been some evidence of slower hiring, with employed people in QLD dropping by 0.7% over the past three months. This might just be a short-term factor, yet there has been some softening at the national level as well.

## Office Demand

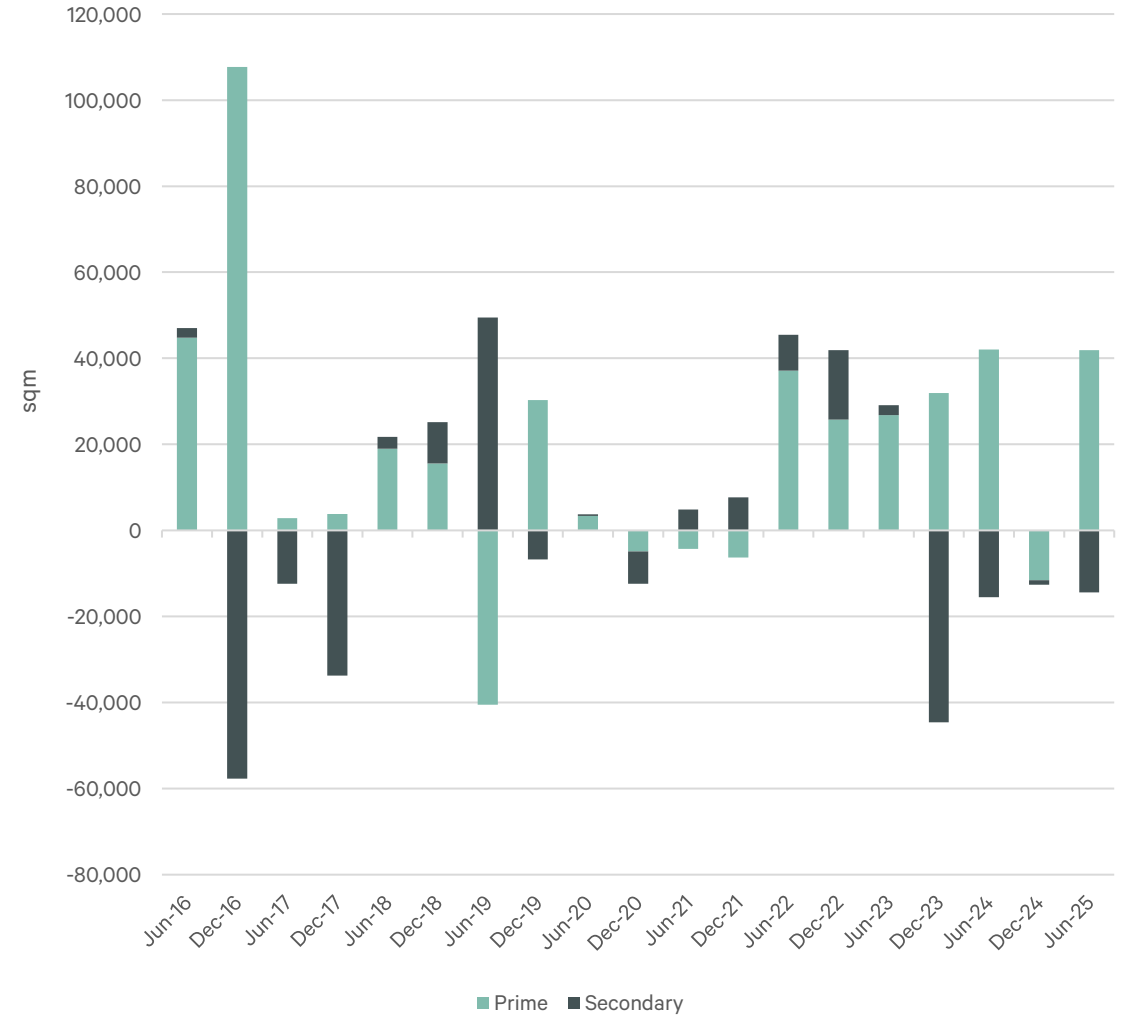
### Leasing activity appears to be gaining momentum

Leasing activity was slow at the start of 2025 in Brisbane. However, there appears to be some improved momentum as the year progresses. Interestingly, the larger end of the market appears to be more active with a number of large deals at heads of agreement stage. The smaller tenant activity has been more of a concern over the past 18 months. These tenants were very active in 2021-23, yet there has been a noticeable decline of relocations from sub-1,000 sqm tenants, as they are typically renewing in the current environment. Despite this, there has been quite a few examples of tenant expansion within their existing premises. This organic growth of the existing tenant base has been a key contributor to net absorption in recent years.

Total net absorption in the Brisbane CBD was 27,473 sqm for H1 2025, the highest of any CBD market in that period. This is contrary to the earlier point on slow leasing volumes, although, the net absorption is a bit of a retrospective look at decisions made in the past. For example, the Services Australia move into 205 North Quay was an expansionary move of approximately 10,000 sqm. In addition, the Federal Government move of about 5,400 sqm into 300 George Street contributed to the net absorption. Also, QBCC’s move to 80 Ann Street from the Near City market contributes about 4,400 sqm to net absorption. Most of the above activity was in the Prime market, contributing 41,905 sqm of net absorption in H1 2025.

Net absorption is expected to be solid over the coming years with more examples of tenant expansion rather than contraction. For example, there will be a few expansionary moves into 360 Queen Street once it completes at the end of 2025, although some tenants will move in 2026. In addition, planning for the Olympics is starting to gain momentum, with Architects and Contractors likely to be appointed by the end of 2025 or early 2026. This is likely to lead to some project requirements in the coming years.

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



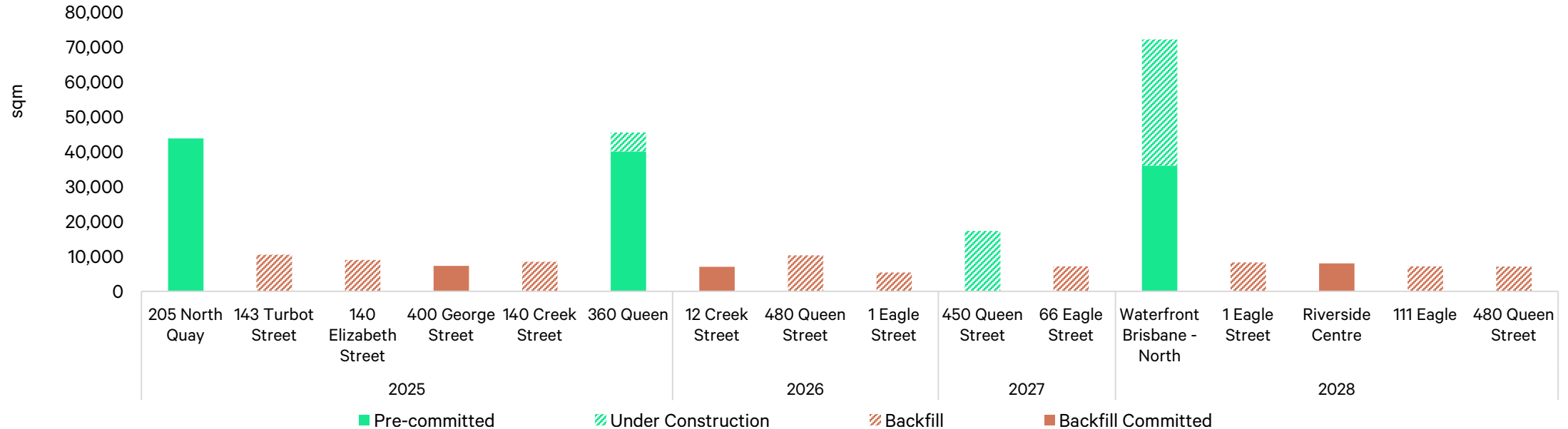
Source: PCA, CBRE Research

# Supply

## Supply outlook unchanged through to 2028

A restricted supply pipeline remains a key theme in the Brisbane market. 205 North Quay is now completed which is fully pre-committed by Services Australia. That tenant is exiting four different buildings within the Brisbane CBD (143 Turbot St, 140 Elizabeth St, 400 George St and 140 Creek St). However, Legal Aid has a heads of agreement over the backfill space at 400 George Street. Charter Hall and Investa remain on track to deliver 360 Queen Street in Q4 2025, with pre-commitment of almost 90%, including Bank of Queensland, who have a heads of agreement over almost 6,000 sqm. BDO is a key tenant moving into 360 Queen Street, with their backfill space at 12 Creek Street under heads of agreement to CPB. 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 late 2026, with tenants likely to occupy from H1 2027. The only other committed project in the pipeline is Dexu's Waterfront Brisbane being delivered by the end of 2028 with pre-commitments for about 50% of the building. There are a range of mooted projects in the pipeline such as QIC's 101 Albert Street and Charter Hall's 60 Queen Street. 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 edges higher due to supply addition, prime vacancy steady

Total vacancy edged higher in H1 2025 to 10.7%, as a result of the delivery of 205 North Quay and subsequent backfill that is left behind. However, the prime vacancy rate remained steady at 8.0%, given the strong net absorption in that segment of the market. Premium vacancy has dropped to just 3.8%, which is the lowest it has been since Dec-19. A-Grade vacancy increased from 8.3% to 9.6% in H1 2025, which is slightly better than expected given three of the backfill spaces left by Services Australia sit in the A-Grade market.

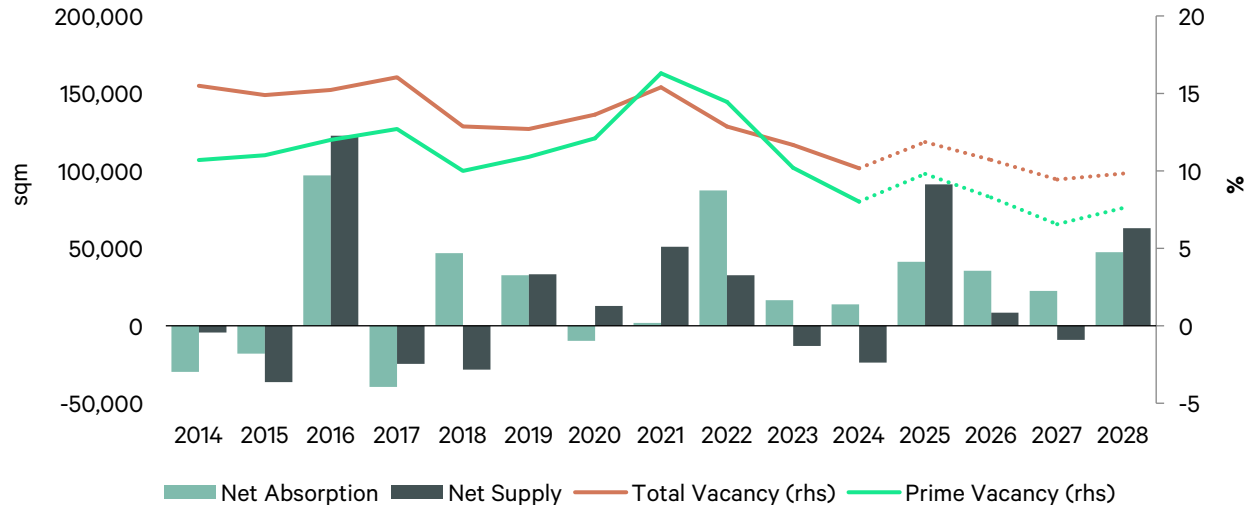
The secondary market is where the vacancy rate did increase, from 13.4% to 14.9%. A significant contributor to that increase was Services Australia moving out of 343 Albert Street (approx. 10,500 sqm) in their new building.

We expect vacancy to increase further by the end of 2025, which coincides with the delivery of 360 Queen Street. However, supply is relatively in check in 2026 and 2027, which should result in the market tightening further before Waterfront Brisbane is delivered. In addition, some of the backfill that has arisen is starting to get absorbed which is going to drive the vacancy rate lower.

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 (%) - Jun 25	Vacancy (%) - Jun 24	Net Absorption (sqm) - 6 months	Net Absorption (sqm) - 12 months
Prime	1,430,750	45,359	114,467	8.0%	7.2%	41,905	30,336
Secondary	934,368	0	139,279	14.9%	12.9%	-14,432	-15,509
Total	2,365,118	45,359	253,746	10.7%	9.5%	27,473	14,827

FIGURE 5: Brisbane CBD Office Market Balance



Source: PCA, CBRE Research

## Rental Performance

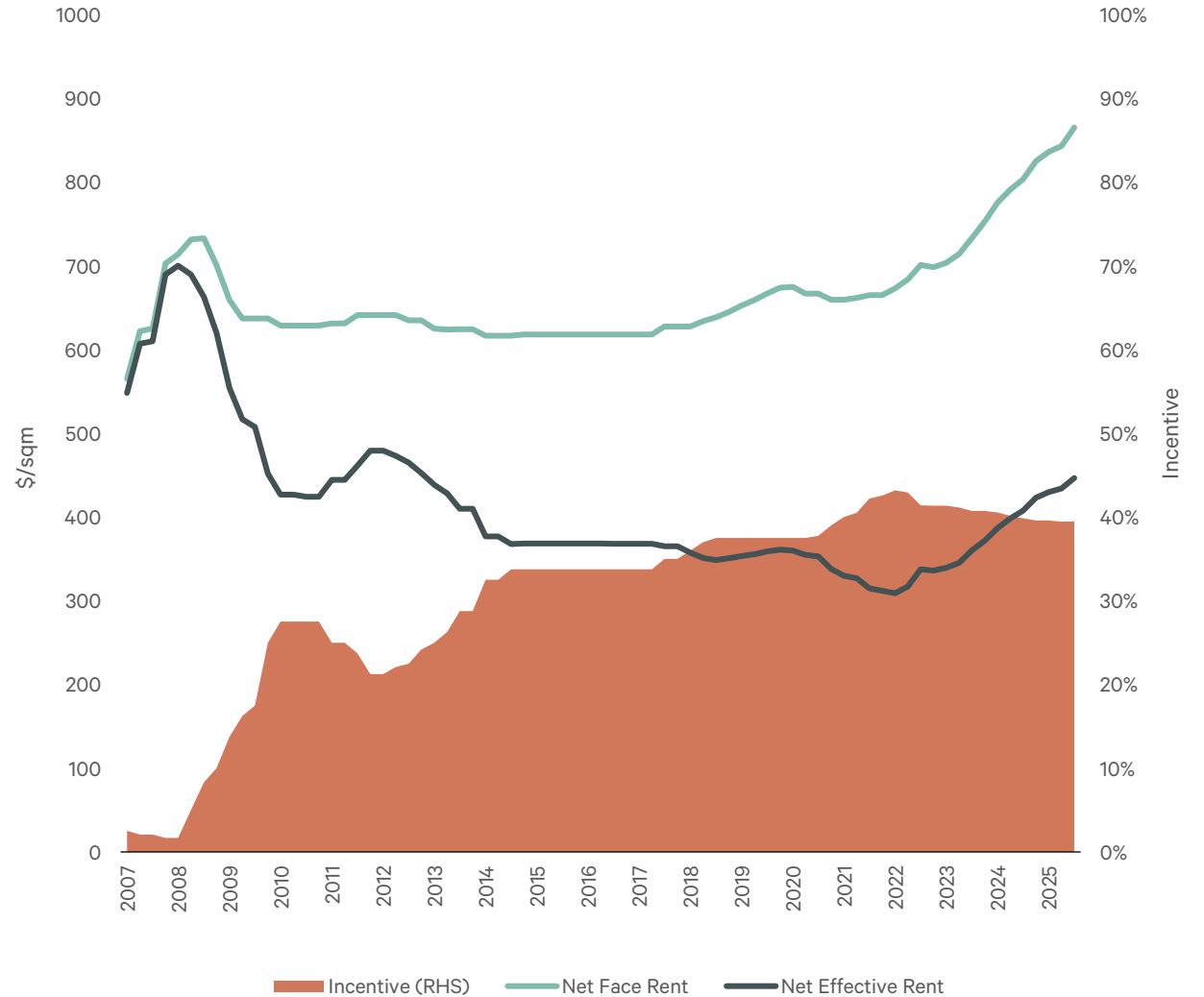
### Rental growth maintained

Rental growth has continued to rise in Q3 2025, given the relatively tight occupier market. Prime gross face rents grew by 2.3% q-o-q and 6.7% y-o-y in Q3 2025. Incentives remained stable, averaging 39.5%. Despite the sustained period of vacancy declines in recent years, incentives have remained relatively sticky due to the high fit-out costs in Brisbane. As a result, effective rental growth was 2.9% q-o-q and 9.5% y-o-y. Overall, effective rents have risen by 31.4% over the past three years in the Brisbane CBD.

The secondary market has also performed well with 3.4% y-o-y growth in gross face rents. Incentives were also stable for the quarter, although they have dropped by 175 bps over the past 12 months to average 44.1% in Q3. Secondary net effective rents have grown by 9.7% y-o-y, albeit off a very low base.

Strong rental growth is projected to persist in the Brisbane CBD. This is driven by an anticipated tightening of vacancy rates through mid-2028, which will increase demand and push rents up. Furthermore, the significant difference in rental costs between new developments and existing properties will also contribute to this ongoing growth.

FIGURE 6: Brisbane CBD Office – Prime Rents



Source: CBRE Research

## Investment Market

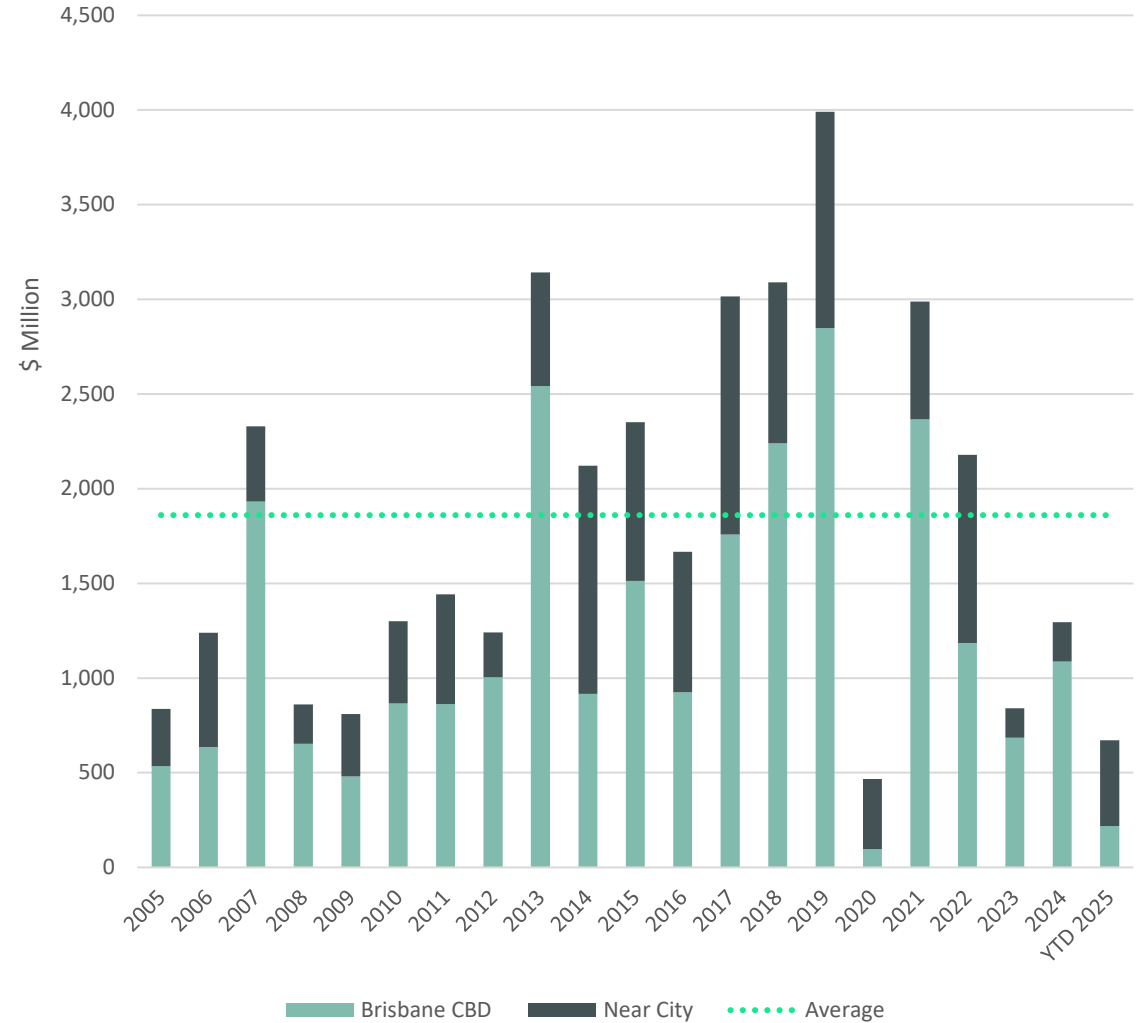
### Significant amount of stock in due diligence, likely to drive volumes above 2024 levels

There was one transaction recorded in Q3 in the Brisbane CBD. This was 63 George Street, which sold for \$52 million from QIC to Marquette. In addition, Green Square North Tower in Fortitude Valley sold for \$175 million, from ISPT to Quintessential. While YTD volumes remain well below 2024 levels, there is a significant amount of assets in due diligence in both the CBD and Near City. This will likely drive volumes above \$1.5 billion for the year.

Prime CBD yields remained stable in Q3 2025 at 7.06%. Yields have softened by a total of 175 bps from peak pricing in early 2022. Yields are likely to be at their peak with a potential for some tightening over the next 12 months. The secondary market yield in Q3 2025 averaged 8.58%.

Given recent inflation data, the market is now pricing in just one more 25 bp rate cut over the next 12 months. This would mean that the cash rate will have dropped by 100 bps from their peak. This helps with buyer sentiment combined with the strong underlying fundamentals of the Brisbane market. The key buyer group remains domestic syndicators for Brisbane office. Offshore groups remain focused on Sydney, although this may change over the next few years.

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



Source: CBRE Research

## Outlook

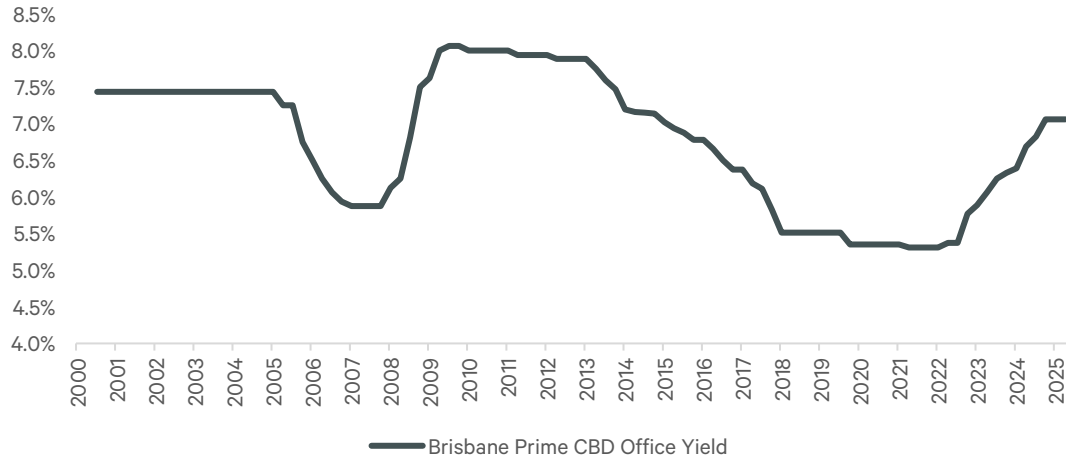
### **Rental outlook remains positive for landlords**

The organic growth in the existing tenant base is likely to continue over the coming years, given the solid population growth and robust economic fundamentals in Queensland. There are very few tenants considering contractions which is showing up in the low sublease availability figures. Net Absorption is likely to be solid for the next 18 months given the expansionary moves of key tenants moving into and within the CBD. The planning phase of major Olympic infrastructure is in its early stages, with project space from consultants likely to occur over the next few years.

The lack of supply over the next five years is likely to drive the vacancy rate lower over the coming years. CBRE Research expects total vacancy to rise above 11% by the end of 2025, coinciding with 360 Queen being delivered. However, vacancy is expected to drop to below 10% in 2027, with prime vacancy reaching 6.6%.

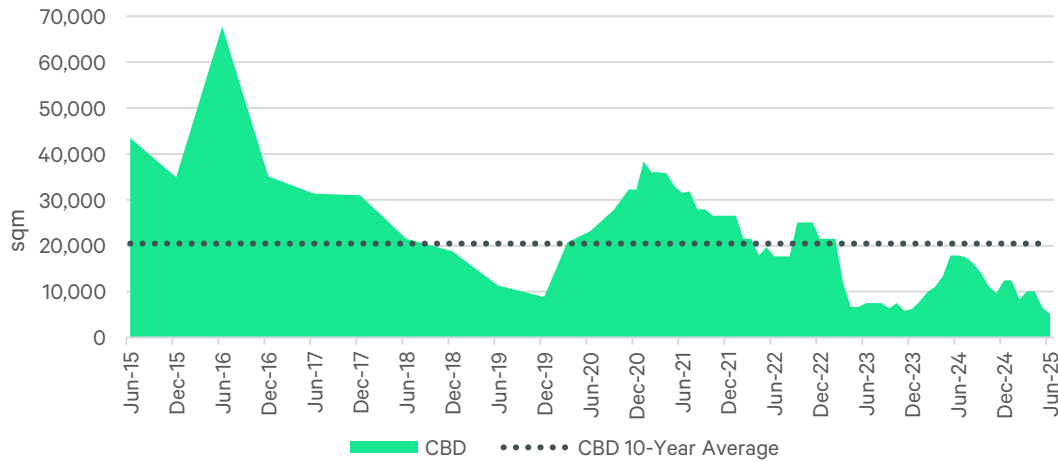
Transaction volumes will likely rise above 2024 levels off the back of a strong Q4, with a number of deals likely to settle. Given the improved interest rate environment a solid fundamentals, transaction activity is likely to continue to gain momentum over the next few years.

FIGURE 8: Brisbane CBD Office Yield



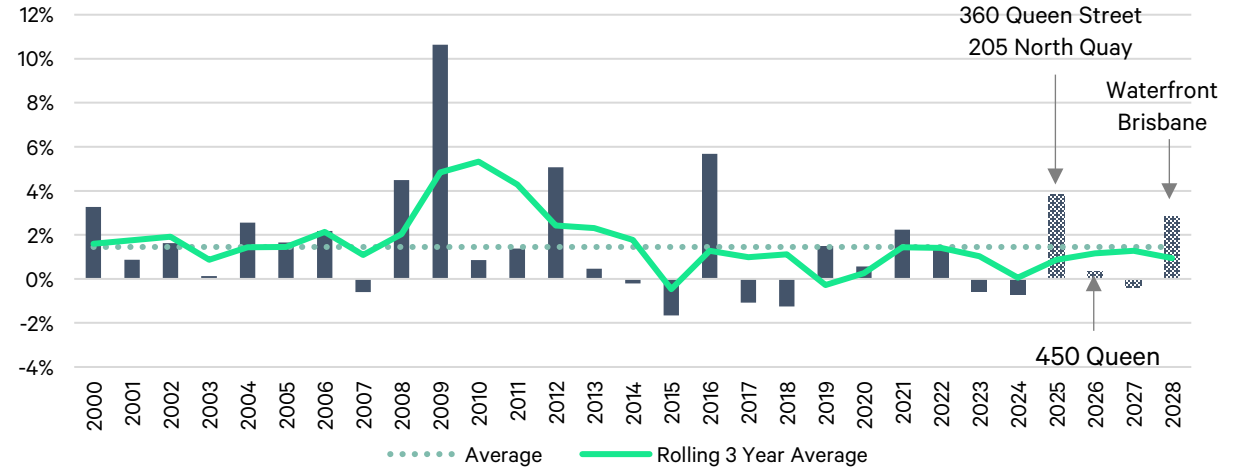
Source: CBRE Research

FIGURE 9: Brisbane CBD Sublease Availability



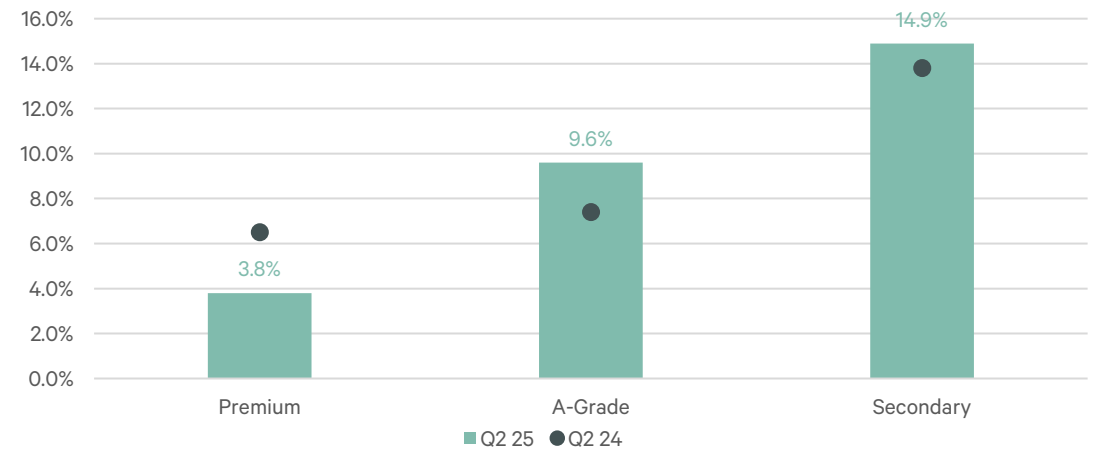
Source: CBRE Research

FIGURE 10: Brisbane CBD Future Growth in Stock



Source: CBRE Research

FIGURE 11: Brisbane CBD Vacancy by Grade



Source: PCA, CBRE Research

## Contact

### Research

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