

Brisbane CBD – Q4 2023

Market Report

Brisbane CBD's vacancy continues remain low at 11.7% in comparison to other CBD markets across Australia. This has been a result of the increase in demand for prime grade office space and the withdrawal of secondary grade stock.

Brisbane office market has continued to be one of the strongest markets as demand is largely from larger occupiers and including the take up of space from the government tenants. The market is likely to remain strong over 2024 with significant interstate migration meaning more workers for the CBD.

Given the lack of new developments entering the market and the flight to quality trend continuing, the market is expected to tighten throughout the year, with vacancy rates expected to reach single digits.

As per the trend throughout the National CBD markets, the sub 500 sqm market continues to play a role in tenant demand with landlords providing speculative fitout to entice tenants. With inflationary pressures, the Brisbane office market did also experience rental growth in the first 6 months of the year.

Typical Gross Rental Comparison



Grade	Typical Gross Face Rental (\$/sqm)		Gross Incentive (%)	Gross Effective Rental (\$/sqm)	
	Low	High		Low	High
Premium	\$850	\$1000	38%	\$527	\$620
A	\$550	\$850	38%	\$341	\$527
B	\$425	\$575	37%	\$267	\$362

Note - Vacancy and absorption statistics sourced from Property Council of Australia and other third-party sources.



Occupier's Perspective



Premium grade continues to have strong interest and the lowest level of vacancy per grade, however there are new tenants moving into the city from their suburban offices that is taking up the backfill space.



An increase in the flight to quality has also seen rental rates grow in A-Grade premises over the past 12 months. Tenants are wanting offices that have good amenity and for the Brisbane CBD this is the River Precinct.



Due to strong demand and low stock, incentives are likely to trend downward over 2024.

Market Trends

Secondary office stock to be retrofitted or purposed to meet higher environmental standards, as tenants look at green credentials as a main component in their accommodation decision matrix.

Co-working and flex space providers are already experiencing an uptake in demand as changing workplace practises, such as the inclusion of working from home has seen a flexible lease term as more attractive. Offering flexible terms for businesses will benefit those companies still determining their office footprint.

Vacancy rate expected to get below 10% in 2024 due to the lack of supply, albeit 2025 does come with some new supply.