

Brisbane CBD



Demand for premium grade space continues to improve.

Over the three months to December 2017, approximately 15,600 sqm of positive net absorption was recorded in the premium grade market bringing the YTD total to 33,200 sqm.



No supply additions were recorded in 4Q17. Only one project is currently under construction, 300 George Street, which is being developed by the Shayher Group.



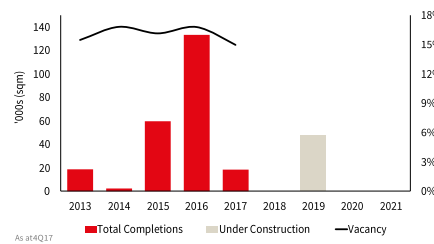
Strong investment activity continued in 4Q17. Two major transactions (\geq AUD 5.0 million) were recorded this quarter. 150 Charlotte Street and 32 Turbot Street transacted, selling for a combined total of AUD 475.0 million.



Leasing demand is expected to improve over the short-term.

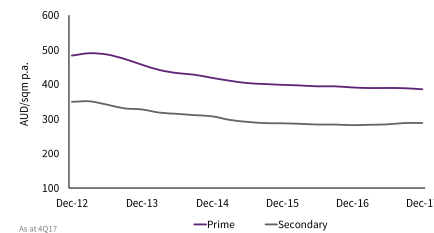
We anticipate a recovery for the QLD economy over the coming years. Recovery is projected to be driven by a broad range of sectors such as tourism, education and professional services. As the economy builds momentum, vacancy is forecast to steadily decline reaching a low in 2020.

Brisbane CBD Market Balance



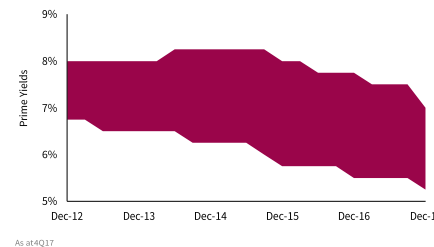
Source: JLL Research

Brisbane CBD Gross Effective Rents



Source: JLL Research

Brisbane CBD Prime Yields



Source: JLL Research

14.9%

Vacancy:

The Brisbane CBD vacancy rate has decreased by 0.9 percentage points (pps) in 4Q17 and is -1.8 pps lower than the y-o-y rate (16.3%). A-grade stock remains the tightest across the market with vacancy falling from 11.0% to 9.3% over the quarter.

19,300 sqm.

Net absorption:

Net absorption for the quarter totalled positive 19,300 sqm. The result was well above the 10 year quarterly average of 4,900 sqm and was largely attributed to larger occupier moves such as Allianz and Suncorp.

47,700 sqm

Construction:

There were no new supply additions during the quarter. 300 George Street is currently under construction and is scheduled to supply 47,700 sqm of A-grade office space in 3Q19.

5.25%-7.25%

Yields:

Prime yields tightened at the lower end of the range over the quarter, now at 5.25% - 7.25%. Across the secondary market, yield compression was also recorded at both ends of the range. The upper end tightened by 25 bps to 5.75% and the lower end tightened by 50 bps to 8.50%. A direct result of robust investor demand.