



Brisbane Office Market Outlook 2025

Brisbane CBD

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Executive Summary

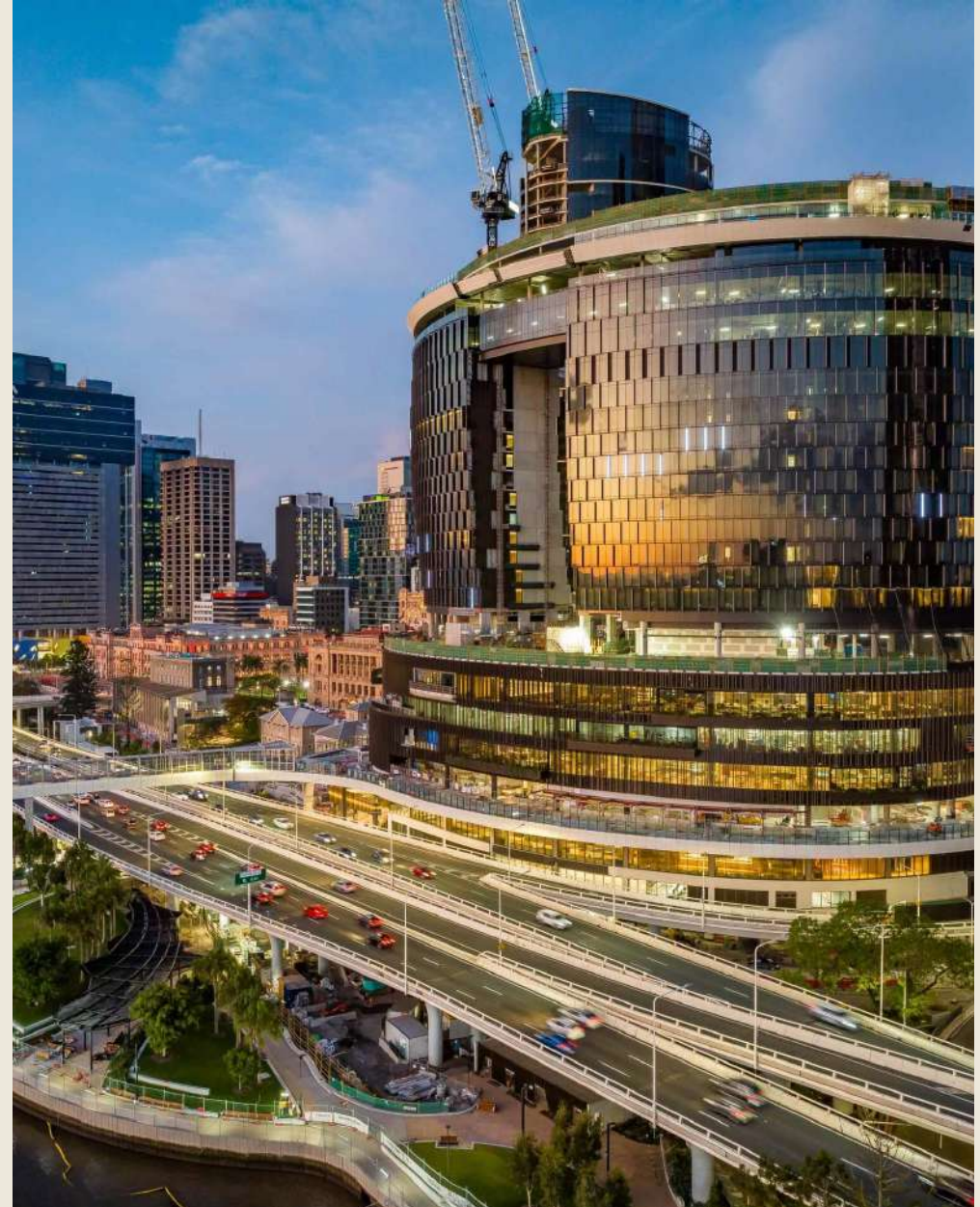
Welcome to the first of Caden's statement report releases for 2025. We enjoy challenging our perspectives to formulate a report such as this which will paint the Brisbane market in a light only visible from the streets themselves. We are always open to feedback, questions, being proven wrong, and encourage you to engage where you know better than us.

Please enjoy, and we hope to hear from you soon.

For 2025 we anticipate that cap rates may not compress as quickly as the market expects given the recent movement in US 10-Year government bond rates as the US government tries to balance continued growth of the economy, reduction in government deficit, and inflation. Our base case forecast is underpinned by the thesis that structurally higher inflation along with Trump's dogmatic pursuit of growth above all else will likely mean that the US 10-year bond rate remains elevated and therefore cap rate compression that the sector is relying on going forward may not materialise.

Therefore, if capital return (by compression of cap rates) cannot be counted on, income return (growing net operating income by active asset management) will be required to do the heavy lifting. This is precisely what our new CadenIP data analytics platform is designed to help you with (more on this later).

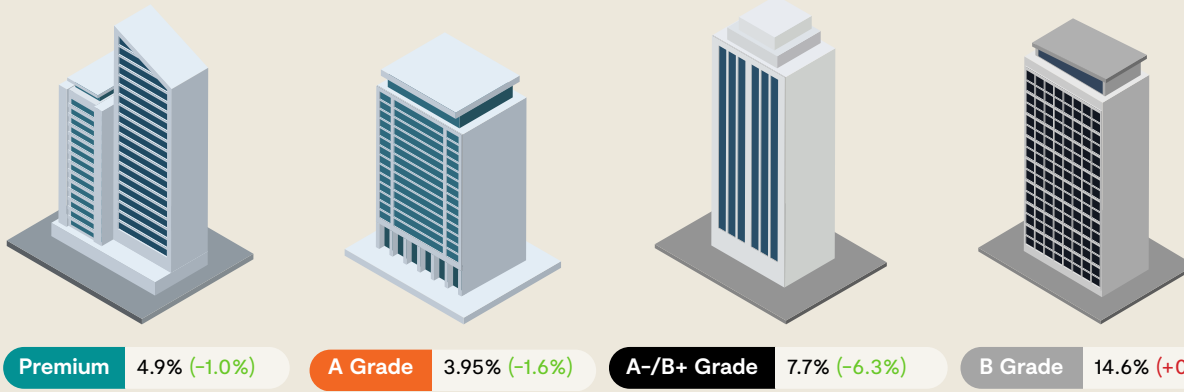
On the income side of the equation we expect leasing momentum to continue positively in 1H25 and to soften in 2H25 as the market is challenged with the entry of substantial backfill space. Any reduction in vacancy through 1H25 is expected to place upward pressure on rents, which will cushion some of the supply risks in the second half of the year when backfill hits the market and results in a temporarily weaker leasing environment. Without a major shift in demand dynamics we expect Brisbane to remain a "high rent, high incentive" market, though we do have a keen eye on the mining industry as a potential bolter to significantly move the needle on absorption, potentially driving vacancy to a level that landlords can take full advantage of.



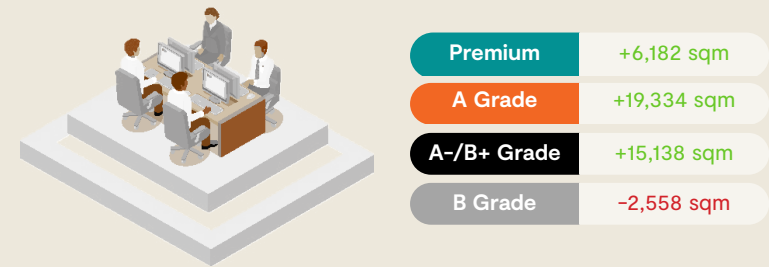
2024 in Summary

Key Office Market Trends as at Dec-24

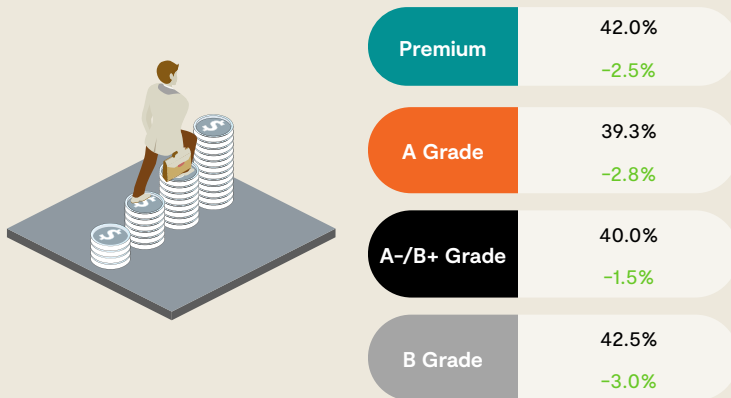
Vacancy Change



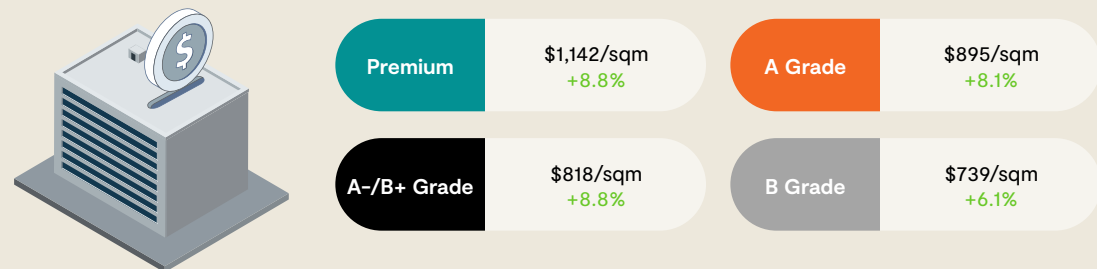
Net Absorption



Average Unfitted Incentives



Average Transacted Rent & Rental Growth



* Metric variances from Jan-24 to Dec-24

Our People

Research Team



Hao Chen
Head of Research and Analysis
0411 121 751
hao.chen@caden.com.au



Bhavin Patel
Director
0479 093 125
bhavin.patel@caden.com.au

Leasing Team



David Prosser
Director
0412 700 365
david.prosser@caden.com.au



Lewis Harper
Director
0437 187 659
lewis.harper@caden.com.au



Angus Smith
Senior Executive - Office Leasing
0402 954 264
angus.smith@caden.com.au



Charlie Hall
Executive - Office Leasing
0412 986 660
charlie.hall@caden.com.au



Lisa Gatt
Head of Operations &
Client Services
0418 534 294
lisa.gatt@caden.com.au



Emma McNerney
Marketing - Digital & Content
0459 884 990
emma.mcinerney@caden.com.au



Tyler Patterson
Graphic Designer
0409 670 904
tyler.patterson@caden.com.au

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