

Sydney CBD Office State of the Market

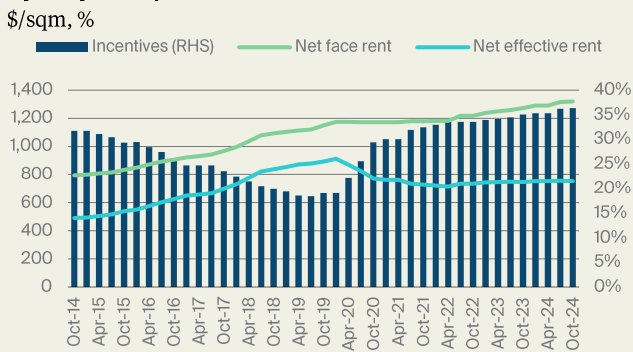


Investor confidence returning

Q3 2024

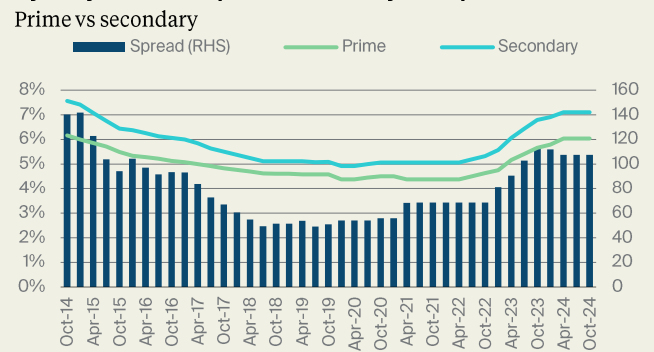
- Prime net face rents over Q3 were broadly flat across the CBD precincts except for Walsh Bay/Barangaroo with 1.8% growth. Incentives edged higher to 36.4%, impacting net effective rents which declined 0.4% over Q3.
- Tenant demand has been driven by professional and financial services contributing 66% of leasing activity. Activity has been weighted towards the core precinct, accounting for 60% of lease deal volumes 2024YTD.
- Development completions by year end are forecast to reach 184,271sqm. The over-station developments account for majority of the new supply, totalling 154,705sqm across three buildings, with 82% pre-committed.
- Yields were unchanged in Q3 for the second consecutive quarter to average 6%, in a sign that yields have likely peaked. Book values have lagged market sentiment and are still adjusting.

Sydney CBD prime rents and incentives



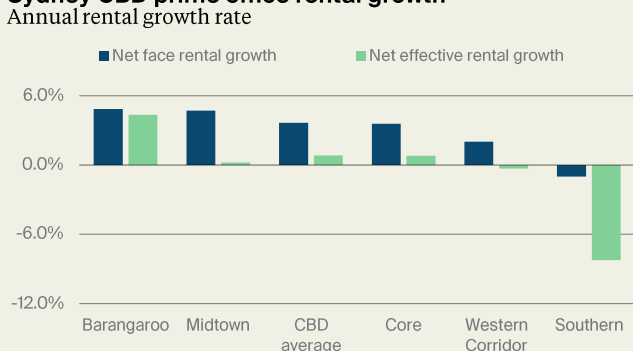
Source: Knight Frank Research

Sydney CBD core precinct office yield spread



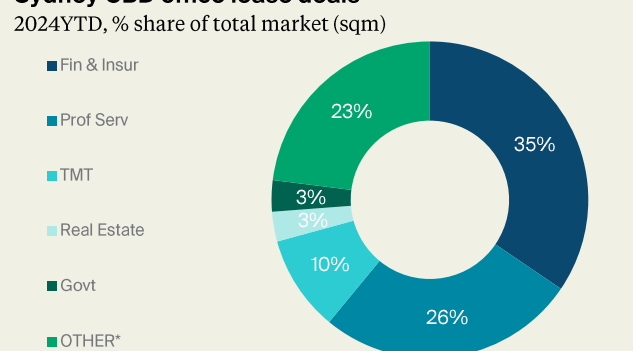
Source: Knight Frank Research

Sydney CBD prime office rental growth



Source: Knight Frank Research

Sydney CBD office lease deals



Source: Knight Frank Research

Sydney CBD Office Market Indicators – Q3 2024

Precinct	Prime								Total Market Figures*	
	Net face rent (\$/sqm)	Qtr change (%)	Annual change (%)	Net effective rent (\$/sqm)	Qtr change (%)	Annual change (%)	Incentive (gross, %)	Core market yield (%) ^	Vacancy Rate (%)	Stock (sqm)
Core	1,477	0.0	3.6	885	-0.3	0.8	34.0	6.0	9.8	2,093,589
Western	1,038	0.2	2.0	544	-1.0	-0.3	40.5	7.0	13.8	1,206,233
Walsh Bay	1,442	1.8	4.8	851	0.9	4.4	34.0	6.0	8.4	335,011
Midtown	1,214	0.0	4.7	667	-0.5	0.2	38.3	6.7	13.4	1,155,776
Southern	898	0.0	-1.0	474	-0.5	-8.2	40.0	7.4	12.6	350,824
CBD Avg.	1,320	0.2	3.7	753	-0.4	0.8	36.4	6.4	11.6	5,177,437

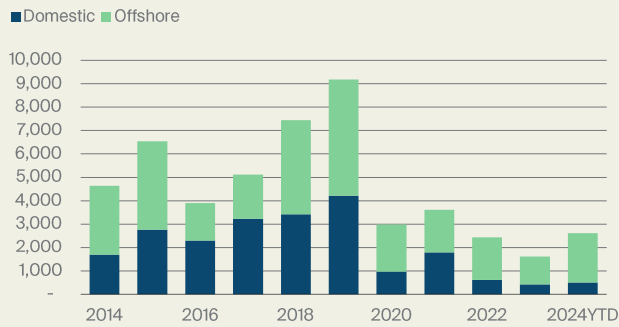
Source: Knight Frank Research, PCA

^ Assuming WALE 5 years

*As of July 2024

Sydney CBD office transactions

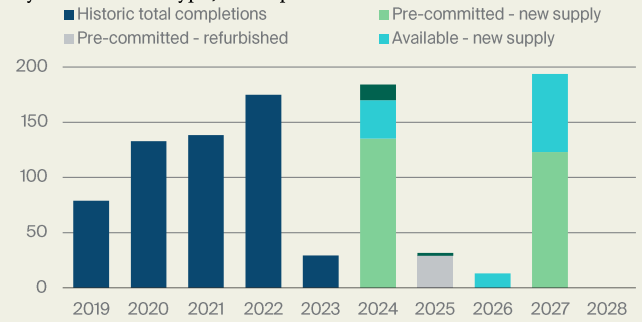
By purchaser location, \$ millions, \$10m +



Source: Knight Frank Research

Sydney CBD development completions

By commitment type, '000sqm



Source: Knight Frank Research

Recent Significant Tenant Commitments

Tenant	Property	Precinct	Lease type	Size (sqm)	Net face rent (\$/sqm)	Incentive (%)	Term (yrs)	Start date
BDO Insurance	252 Pitt St	Midtown	Direct	6,000	1,375	~40.0	10	Q3 25
MedHealth	1 Market St	Western	Direct	2,186	1,000	40.0	5	Q2 25
Northrop Engineers	420 George St	Midtown	Direct	1,220	1,550	35.0	6	Q2 25
TradeDesk	200 Barangaroo Ave	Barangaroo	Direct	4,313	1,350	35.0	6	Q1 25
TAB Corp	201 Sussex St	Western	Direct	3,726	1,100	37.0	7	Q1 25
Crown	50 Bridge St	Core	Direct	1,150	2,050	40.0	5	Q1 25
Nothern Trust	126 Phillip St	Core	Direct	1,444	1,525	32.0	10	Q1 25

Recent Significant Sales

Property	Price (\$m)	NLA (sqm)	\$/sqm	Core market yield (%)	WALE	Purchaser	Vendor	Sale date
333 George Street	392	14,508	27,020	U/D	3.3	Deka	Charter Hall	Q3-24
8 Windmill Street	47.75	3,748	12,741	Circa 7	2.2	Real I.S	Marks Henderson	Q3-24
55 Pitt Street (66%)	1.3bn	63,000	30,952	U/D	U/D	Mitsui Fudosan Aust.	Mirvac	Q2 24
5 Martin Place (50%)	296.2	33,500	17,684	6.0-6.25	2.9	CBUS Property	Dexus & CPPIB	Q2 24
255 George St	363.80	38,997	18,658	6.4	7.4	Keppel REIT	Mirvac Wholesale Office Fund	Q2 24
60 Margaret St	779.20	47,167	16,520	6.1	3.3	Ash Morgan and MEC Global partners Asia	Mirvac JV Blackstone	Q4 23

Major Developments

Property	Precinct	NLA (sqm)	Pre-commit (%)	Status	Completion date
Parkline Place	Midtown	47,565	63	Under Construction	H2 2024
1 Elizabeth Street	Core	70,500	84	Under Construction	H2 2024
39 Martin Place	Core	32,140	94	Under Construction	H2 2024
333 Kent St (refurb.)	Western	14,200	10	Under Construction	H2 2024
33 Alfred St (refurb.)	Core	31,657	92	Under Construction	H2 2025



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