

# Sydney CBD Office State of the Market

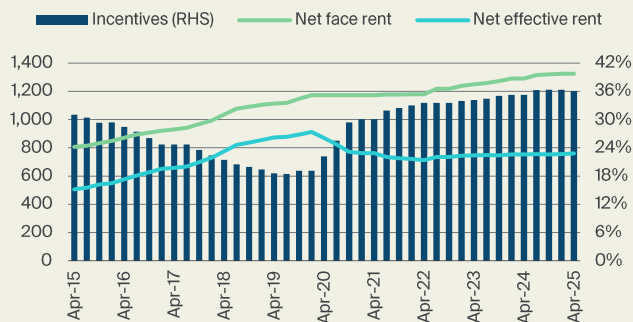


Incentives drop the first time since mid 2019

Q1 2025

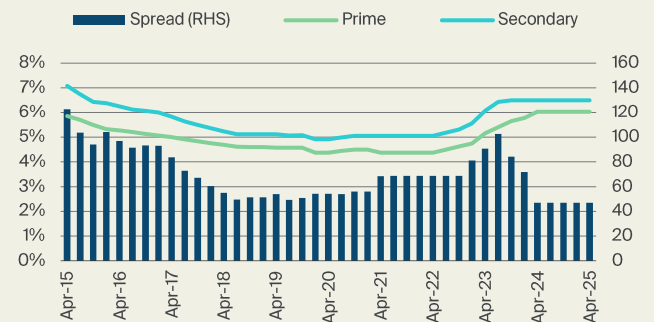
- Prime net face rents remained broadly flat in Q1, averaging \$1,325/sqm. Incentives tightened slightly for the first time since mid 2019 from 36.4% to 36.1%, which lifted the net effective rents by 0.8% in Q1.
- Transaction volume totalled \$1.3 billion across four deals in the first quarter of 2025, with offshore capital dominating the market by acquiring 135 King St, 20 Bridge St and 400 Kent St.
- Prime yields remain unchanged at 6.0% for the fourth consecutive quarter. The prospect of improving economic growth and a gradual decline in interest rates signals the market returning to growth, and we expect yields to start edging inwards in H2 2025.
- The overall vacancy measured 12.8% at the end of 2024, while the market entering a period of limited supply in 2025-2026 will aid absorption for current stock levels.

**Sydney CBD prime rents and incentives**  
\$/sqm, %



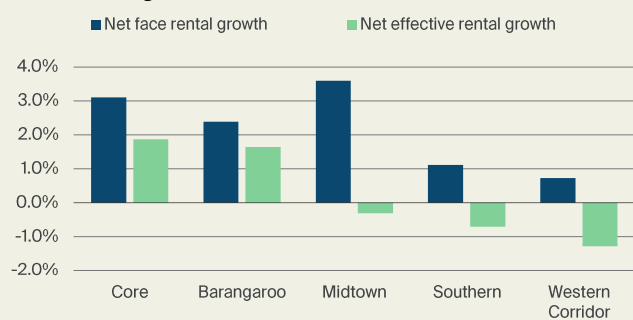
Source: Knight Frank Research

**Sydney CBD core precinct office yield spread**  
Prime vs secondary



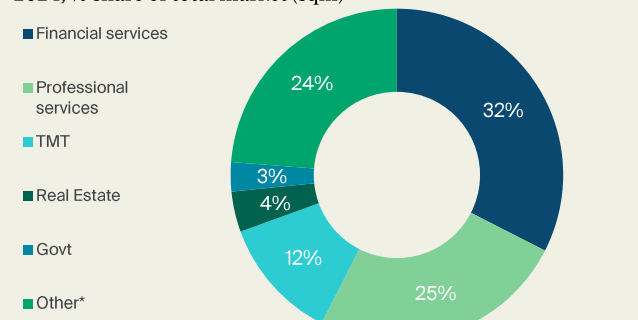
Source: Knight Frank Research

**Sydney CBD prime office rental growth**  
Annual rental growth rate



Source: Knight Frank Research

**Sydney CBD office lease deals**  
2024, % share of total market (sqm)



Source: Knight Frank Research

## Sydney CBD Office Market Indicators – Q1 2025

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	1,486	0.0	3.1	897	0.8	1.9	33.6	6.0	11.0	2,184,175
Western	1,043	0.5	0.7	547	0.5	-1.3	40.5	7.0	14.5	1,183,183
Barangaroo	1,442	0.0	2.4	851	0.0	1.6	34.0	6.0	9.0	335,011
Midtown	1,214	0.0	3.6	671	0.5	-0.3	38.0	6.5	15.3	1,212,142
Southern	908	0.0	1.1	480	0.0	-0.7	40.0	7.4	13.6	350,047
CBD Avg.	1,325	0.1	2.7	760	0.6	0.8	36.1	6.3	12.8	5,300,562

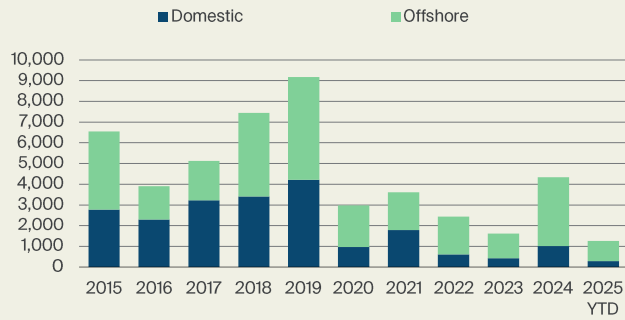
Source: Knight Frank Research, PCA

^ Assuming WALE 5 years

\*As of January 2025

## Sydney CBD office transactions

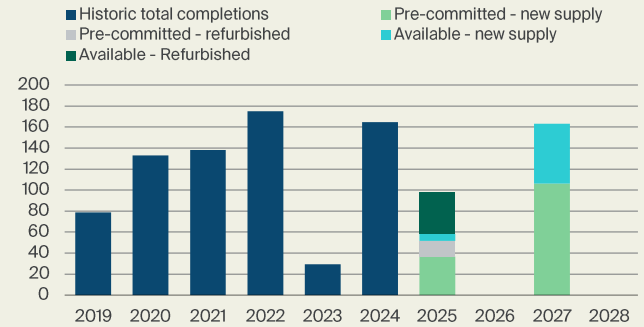
By purchaser location, \$ millions, \$10m +



Source: Knight Frank Research

## Sydney CBD development completions

By commitment type, '000sqm



Source: Knight Frank Research

## Recent Significant Sales

Property	Price (\$m)	NLA (sqm)	\$/sqm	Core market yield (%)	WALE	Purchaser	Vendor	Sale date
20 Bridge St	270.0	19,573	13,794	6.7	2.4	Anton Capital JV PGIM Real Estate	Early Light International	Q1-25
135 King St	630 (gross)	32,695	19,269	6.25	4.0	Daibiru Corporation	Investa	Q1-25
10-20 Bond St	~590.0	38,275	15,402	6.4	3.4	Bentall Green Oak	Mirvac JV Morgan Stanley	Q4-24
388 George St (50%)	460.0	41,098	22,386	6.2	6.3	UOL Group JV Singapore Land Group	Brookfield AM	Q4-24

## Major Developments

Property	Precinct	NLA (sqm)	Pre-commit (%)	Status	Completion date
121 Castlereagh St	Midtown	11,500	67	Under Construction	H1 2025
33 Alfred St	Core	31,657	92	Under Construction	H1 2025
1 Shelley St (refurb.)	Core	30,955	41	Under Construction	H1 2025
380 Pitt St (refurb.)	Southern	23,000	0	Under Construction	H2 2025



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