

Sydney CBD Office State of the Market

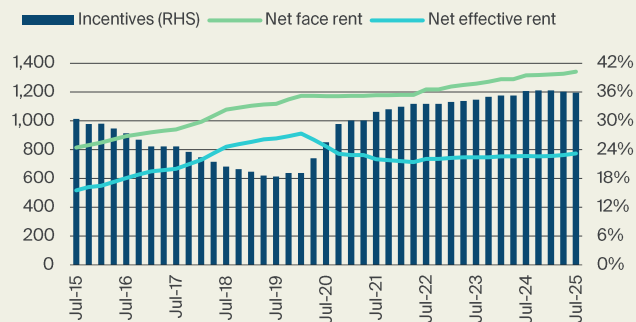


Effective rents improving

Q2 2025

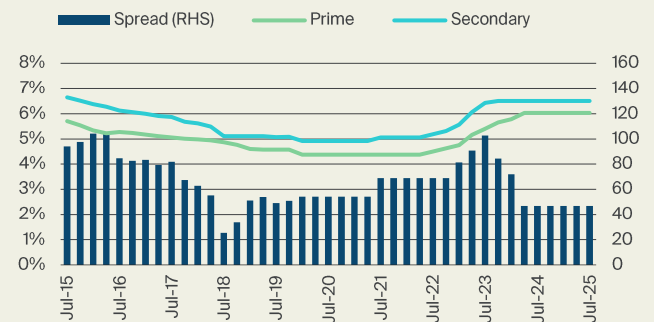
- Prime net face rents increased by 1.9% in the first half of 2025, with the Core precinct leading the market with 2.0% growth YTD, whilst on an annual basis the core has seen 2.7% growth. Meanwhile, incentives tightened from 36.4% at the start of the year to 35.9%, resulting in a 2.4% uplift in effective rents over the first half of the year and in the core precinct specifically there has been 4.0% growth YTD.
- Transaction volumes totalled \$1.3 billion in H1 2025, with the bulk of activity occurring over the first quarter of the year. Given global macroeconomic uncertainty, Q2 activity was more subdued, however we anticipate activity to pick up over the second half of the year.
- Prime yields remained stable during Q2 in the CBD, currently ranging between 6.0% - 7.0%. While yields have remained stable since Q1 2024, improving market sentiment indicates that yields may edge inwards in the following quarters.

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



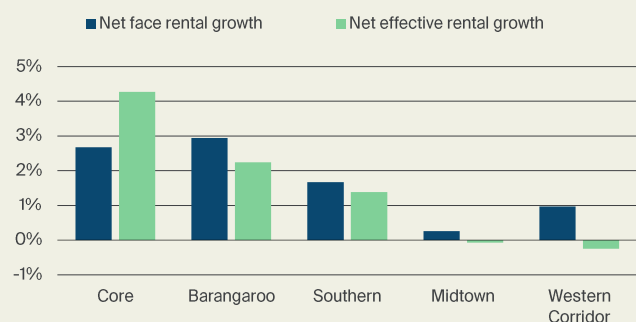
Source: Knight Frank Research

Sydney CBD core precinct office yield spread
Prime v secondary



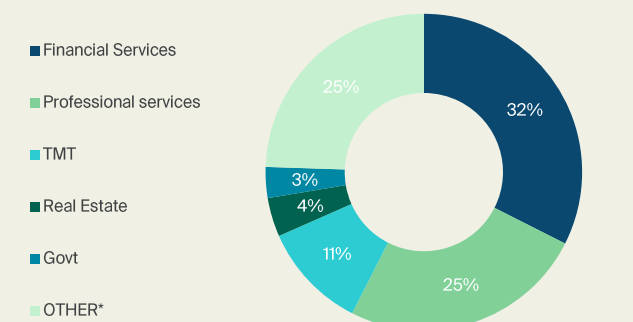
Source: Knight Frank Research

Sydney CBD prime office rental growth
Annual rental growth rate



Source: Knight Frank Research

Sydney CBD office lease deals
2024 - 2025YTD, % share of total market (sqm)



Source: Knight Frank Research

Sydney CBD Office Market Indicators – Q2 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	1,517	1.5	2.7	926	2.6	4.3	33.1	6.0	11.0	2,184,175
Western	1,045	0.2	1.0	548	0.2	-0.2	40.5	6.9	14.5	1,183,183
Barangaroo	1,458	1.2	2.9	862	1.3	2.2	34.0	6.0	9.0	335,011
Midtown	1,217	0.3	0.3	670	-0.1	-0.1	38.0	6.5	15.3	1,212,142
Southern	913	0.6	1.7	483	0.6	1.4	40.0	7.2	13.6	350,047
CBD Avg.	1,342	1.0	1.9	774	1.5	2.3	35.9	6.3	12.8	5,300,562

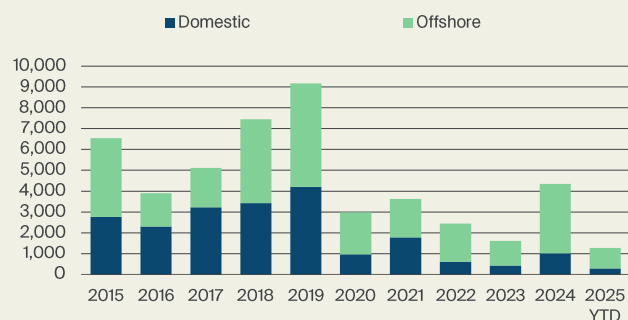
Source: Knight Frank Research, PCA

^ Assuming WALE 5 years

*As of January 2025

Sydney CBD office transactions

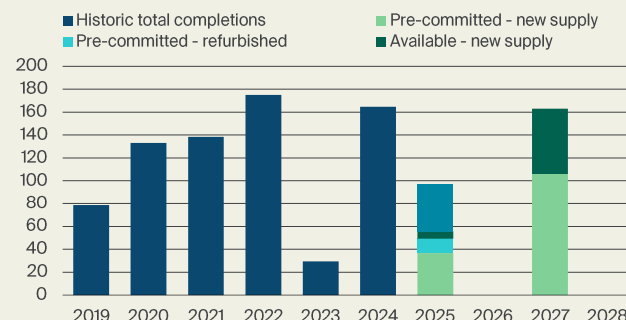
By purchaser location, \$ millions, \$10m+



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
309-321 Kent St (50%)	Approx 285.0	47,701	12,327	U/D	U/D	AsheMorgan JV RealVantage	Dexus	Q1-25
400 Kent St	111.6	10,461	10,666	7.1	7.2	Cambridge RE Partners	Terraform Capital	Q1-25
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	631.5	32,695	19,315	6.2*	4.0	Daibiru Corporation	Investa (ICPF)	Q1-25

*Blended core market yield including office and retail component

Major Developments

Property	Precinct	NLA (sqm)	Committed (%)	Status	Completion date
33 Alfred St	Core	31,657	92	Complete	H1 2025
121 Castlereagh St	Midtown	11,500	67	Under Construction	H2 2025
55 Pitt St	Core	63,000	43	Under Construction	H1 2027
2 Chifley South	Core	42,000	50	Under Construction	H2 2027



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