Sydney CBD Office State of the Market

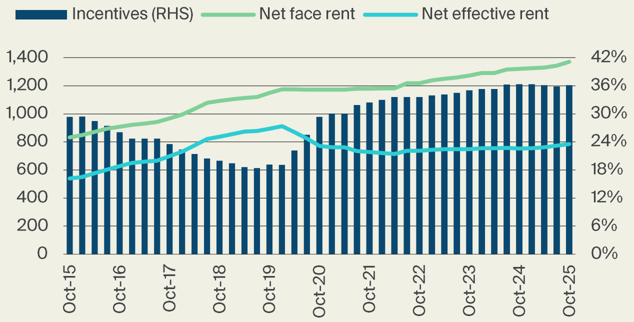
Yields tighten in the core for the first time since 2021

Q3 2025

- Prime yields have tightened for the first time since 2021 highlighting the underlying strength and demand for best in class assets in the CBD. Prime yields in the core tightened by 25bps over Q3 to average 5.75%.
- Transaction volumes have reached $1.6 billion for 2025YTD, with most of the activity occurring in the first quarter. Several assets are currently under due diligence or are in the process of on market campaigns, which suggests a strong finish to the year in terms of transaction volumes.
- Prime net face rents increased by 2.1% over Q3, with annual growth now at 3.8%. The core precinct and midtown continue to outperform the wider market with quarterly growth of 2.8% and 3.2% respectively. Meanwhile, incentives held firm across all precincts except in the Western corridor which saw an increase as a result of higher vacancy and subdued demand.

Sydney CBD prime rents and incentives

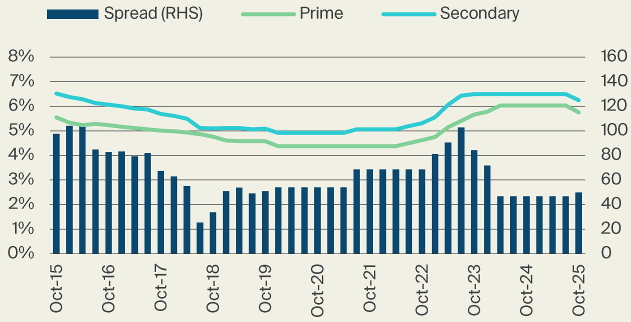
$/sqm, %



Source: Knight Frank Research

Sydney CBD core precinct office yield spread

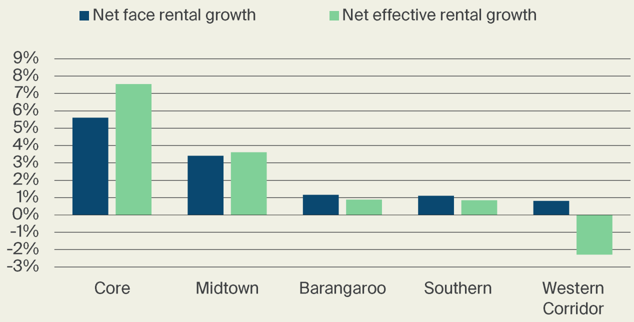
Prime v secondary



Source: Knight Frank Research

Sydney CBD prime office rental growth

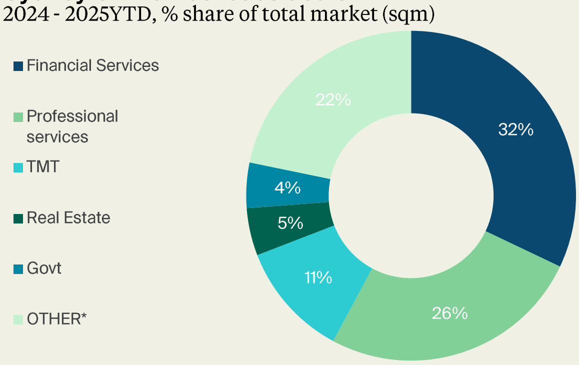
Annual rental growth rate



Source: Knight Frank Research

Sydney CBD office lease deals

2024 - 2025YTD, % share of total market (sqm)



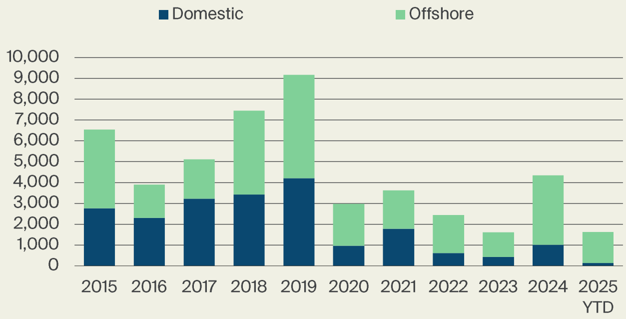
Source: Knight Frank Research

Sydney CBD Office Market Indicators – Q3 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	1,560	2.8	5.6	952	2.8	7.5	33.1	5.75	12.0	2,210,185
Western	1,046	0.1	0.8	532	-3.0	-2.3	41.5	6.9	15.4	1,212,625
Barangaroo	1,458	0.0	1.2	859	-0.4	0.9	34.0	6.0	8.9	335,011
Midtown	1,256	3.2	3.4	691	3.1	3.6	37.9	6.3	16.4	1,223,642
Southern	908	0.0	1.1	478	0.0	0.8	40.0	7.4	12.3	350,047
CBD Avg.	1,371	2.1	3.8	785	1.5	4.2	36.1	6.15	13.7	5,367,514

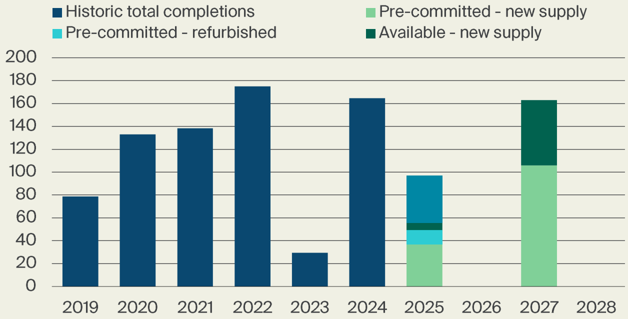
Source: Knight Frank Research, PCA *^ Assuming WALE 5 years* **As of July 2025*

Sydney CBD office transactions
By purchaser location, $ millions, $10m+



Source: Knight Frank Research

Sydney CBD develolpment 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
Pfizer Australia	151 Clarence St	Western	Renewal	3,484	1,385	35	5	Q4-26
HWL Ebsworth Lawyers	5 Martin Pl	Core	Direct	11,023	1,360	36	11	Q2-26
Snowy Hydro	225 George St	Core	Direct	1,856	1,565 (gross)	39	10	Q2-26
NSW Government	252 Pitt St	Midtown	Direct	4,400	1,255	37	10	Q3-25
Fin Design & Effects	477 Pitt St	Southern	Direct	1,497	950	40	7	Q3-25
Hanasoft	135 King St	Midtown	Sub-lease	1,205	1,260	37	5	Q3-25
Cuscal	201 Sussex St	Western	Direct	3,690	1,220	51	5	Q2-25

Recent Significant Sales

Property	Price ($m)	NLA (sqm)	$/sqm	Core market yield (%)	WALE	Purchaser	Vendor	Sale date
75 Elizabeth St	101.8	6,104	16,678	5.4	2.3	Sydney Catholic Archdiocese	Kingold	Q3-25
400 Kent St	111.6	10,461	10,666	7.2	7.2	Cambridge	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)	Pre-commit (%)	Status	Completion date
33 Alfred St	Core	31,657	92	Complete	H1 2025
121 Castlereagh St	Midtown	11,500	67	Complete	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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