

# Melbourne CBD Office State of the Market



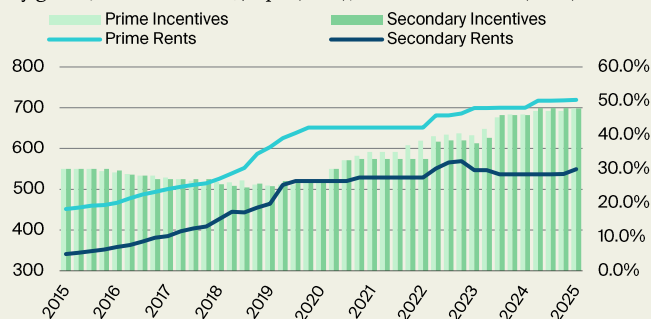
Strong enquiries start off the year on a more positive note

Q1 2025

- Prime net face rents sit at \$719/sqm on avg. across the CBD after rising a mere 0.1% q/q and 2.8% y/y
- Lease enquiries start the year strong with 62 briefs coming to market in Q1-25 at an average size of 1,407 sqm
- Prime net effective rents fell 1.0% q/q to sit at \$381/sqm after prime incentives rose 80 bps q/q to 47.8%
- Prime yields softened 6 bps q/q (but only in a couple of selective precincts) to 6.58%
- Secondary yields remained flat q/q at 7.46%

## Melbourne CBD rents and incentives

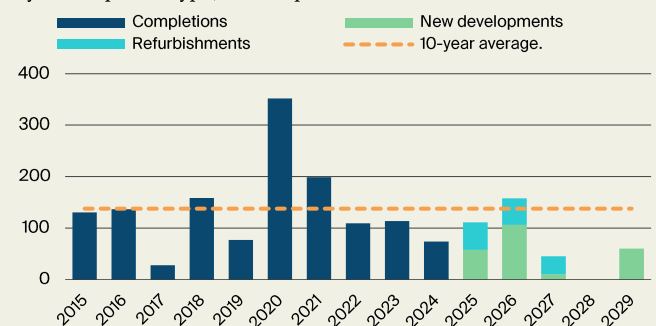
by grade, net face rents \$/sqm (LHS), and incentives % (RHS)



Source: Knight Frank Research

## Melbourne CBD new supply pipeline

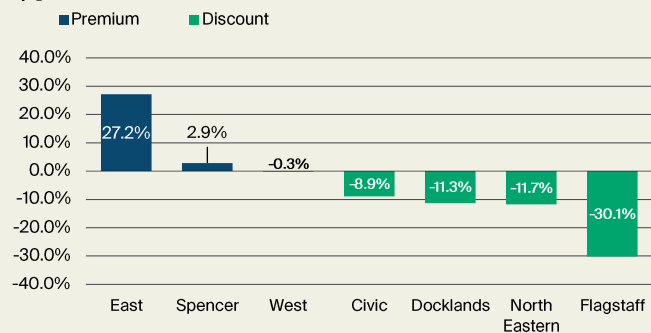
by development type, 000's sqm



Source: Knight Frank Research, PCA

## Rental level relative to prime CBD avg.

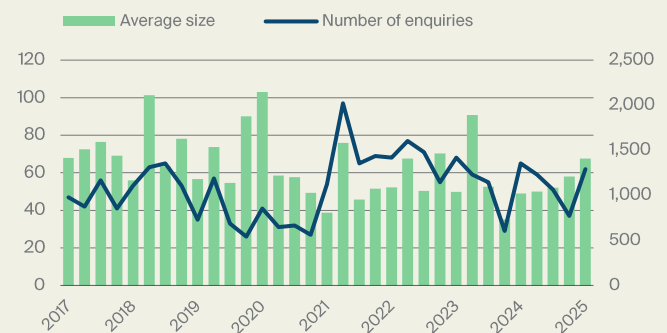
by precinct, %



Source: Knight Frank Research

## Melbourne CBD lease enquiries

by no. of enquiries (LHS), and avg. size (RHS); excl. >20,000 sqm



Source: Knight Frank Research

## Melbourne 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 (%)	Net incentive (%)	Core market yield (%) #		Vacancy Rate (%)	Stock (sqm)
Eastern Core	915	0.0	3.3	549	0.0	2.4	40.2	6.2		13.8	630,092
Western Core	718	0.0	1.2	377	0.0	0.0	47.5	6.5		18.3	1,745,443
Civic	655	0.0	0.8	317	-3.8	-7.3	49.0	6.9		14.5	526,023
Docklands	638	0.0	2.9	307	-1.5	-0.9	51.8	6.6		19.9	1,244,537
Flagstaff	503	0.0	0.0	234	-7.0	-7.0	53.5	7.4		26.9	285,125
Spencer	740	0.0	20.3^	371	-4.8	20.7^	50.0	6.5		21.4	301,173
North Eastern	635	1.3	1.3	308	1.4	-5.6	51.7	6.5		13.0	446,711
CBD	719	0.1	2.8	381	-1.0	-0.2	47.8	6.6		18.0	5,179,104

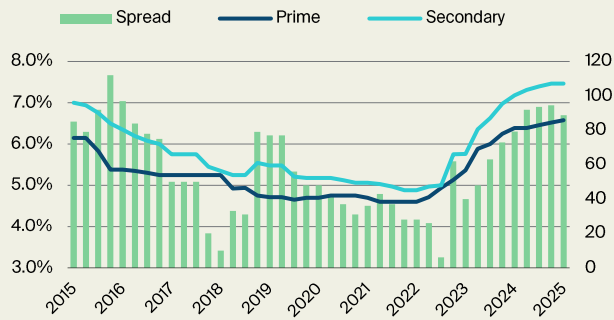
Source: Knight Frank Research, PCA

#Assuming WALE 5 years

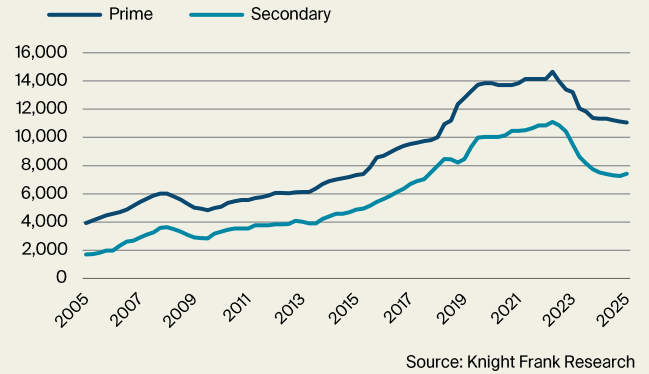
\* As of January 2025

^ Revised basket with the inclusion of 555 Collins Street for Spencer

### Melbourne CBD office yields by grade % (LHS), and spread in bps (RHS)



### Melbourne CBD office capital values by grade, \$/sqm



### Recent Significant Tenant Commitments

Tenant	Property	Precinct	Lease type	Size (sqm)	Term (years)	LCD
Coles	720 Bourke Street	Docklands	Pre-comm	27,000	15.0	2027
Ernst Young (EY)	111 Bourke Street	Eastern Core	Pre-comm	20,205	10.0	2026
Hays Recruitment	699 Collins Street	Docklands	New Lease	1,980	TBC	2025
UBS	8 Exhibition Street	Eastern Core	Renewal	3,200	10.0	2026
Australian Venue Co.	242 Exhibition Street	North Eastern	Sub Lease	2,569	5.0	2025

(For more information, please contact our leasing team)

### Recent Significant Sales

Property	Interest (%)	Price (\$m)	NLA (sqm)	Cap Value (\$/sqm)	Yield (%)	WALE (years)	Purchaser	Vendor	Sale date
655 Collins Street	100.0	117.5	16,600	7,229	7.5	5.0	Naji Imam	GPT Group	Q4-24
367 Collins Street	100.0	301.0	37,162	8,100	7.0	2.5	PAG (Asia)	Mirvac	Q2-24
200 Queen Street	100.0	170.0	19,736	8,613	7.5	2.7	Barristers Chambers	Charter Hall	Q2-24
628 Bourke Street	100.0	115.2	24,127	4,766	8.4	2.0	Bayley Stuart	AFIAA	Q2-24

(For more information, please contact our institutional sales team)

### New Supply

Property	Grade	Type	NLA (sqm)	Pre-commit (%)	Main Tenant	Status	Completion
693 Collins Street (MQT)	Premium	New	69,000	29.0	Medibank	Complete	H1 2024
7 Spencer Street	A-Grade	New	42,000	9.5	-	U/C	H2 2025
111 Bourke Street	A-Grade	Refurb	45,000	45.7	EY	U/C	H2 2025
25 Swanston Street (Townhall)	A-Grade	New	17,000	35.0	CBRE	U/C	H1 2026
Part 720 Bourke Street	A-Grade	Refurb	27,000	100.0	Coles	U/C	H2 2026
435 Bourke Street	Premium	New	60,000	25.8	CBA	U/C	H2 2026
600 Collins Street	Premium	New	60,000	Nil	-	DA Approved	2028+



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