

Melbourne CBD Office State of the Market



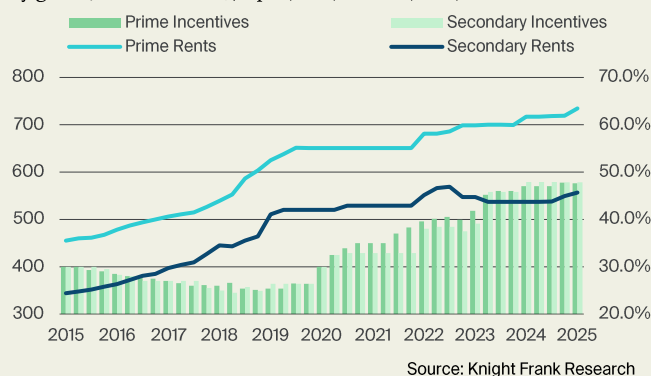
Melbourne CBD records strongest quarterly prime rental growth since Q2-24

Q2 2025

- Prime net face rents have risen 2.1% q/q sitting at \$735/sqm, secondary is up 3.7% to \$557/sqm
- Most of this quarter's rental growth is attributed to the East, where prime rents rose 6.2% q/q to \$972/sqm
- Prime incentives fell for the first time since Q1-23, down 0.1% to 47.7% but remain elevated
- 56 office leasing briefs came to market in Q2-25 at an average size of 1,227 sqm
- Prime yields softened 12 bps to 6.70% over Q2-25 whilst secondary yields softened 21 bps to 7.67%

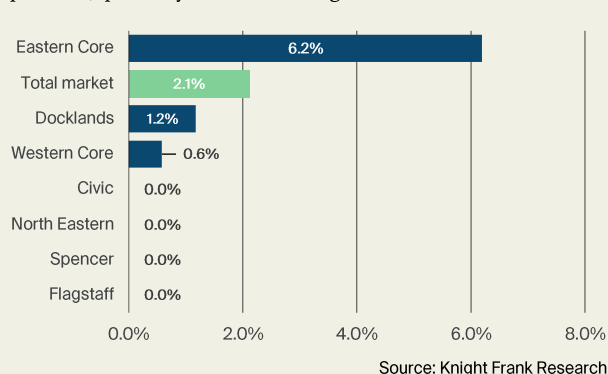
Melbourne CBD rents and incentives

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



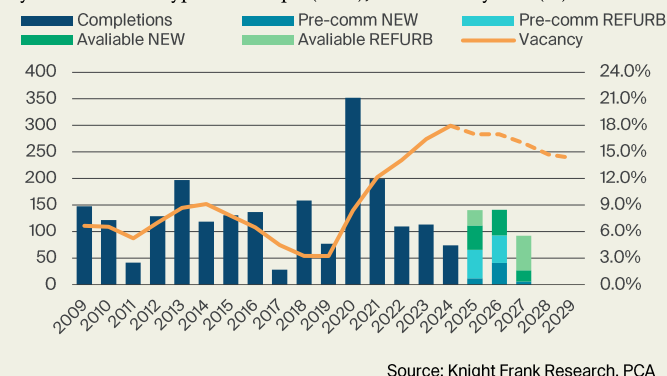
Melbourne CBD office rental growth

by precinct, quarterly net face rental growth %



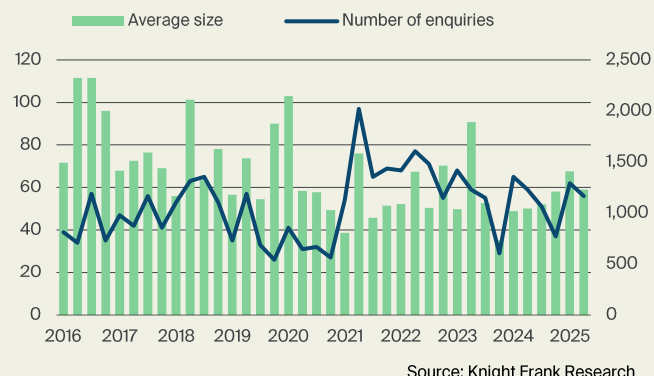
Melbourne CBD new supply pipeline

by commitment type 000's sqm (LHS), and vacancy rate (%)



Melbourne CBD lease briefs

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



Melbourne 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 (%)	Net incentive (%)	Core market yield (%) #	Vacancy Rate (%)	Stock (sqm)
Eastern Core	972	6.2	6.9	587	7.1	7.7	39.7	6.29	13.8	630,092
Western Core	722	0.6	0.6	380	0.6	0.6	47.5	6.71	18.3	1,745,443
Civic	655	0.0	0.0	334	0.0	1.3	49.0	6.96	14.5	526,023
Docklands	646	1.2	1.2	311	1.2	-0.4	51.8	6.69	19.9	1,244,537
Flagstaff	503	0.0	0.0	234	0.0	-7.0	53.5	7.63	26.9	285,125
Spencer	740	0.0	0.0	371	0.0	-4.8	50.0	6.50	21.4	301,173
North Eastern	635	0.0	1.3	308	0.0	1.4	51.7	6.79	13.0	446,711
CBD	735	2.1	2.4	391	1.8	1.8	47.7	6.70	18.0	5,179,104

Source: Knight Frank Research, PCA

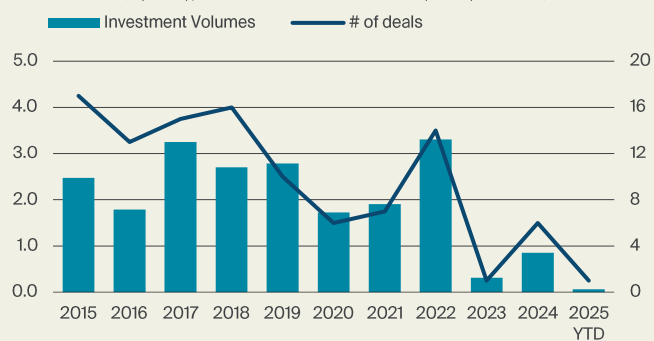
#Assuming WALE 5 years

^As of January 2025

*Rental growth attributed to revisions in the basket

Melbourne CBD investment volumes

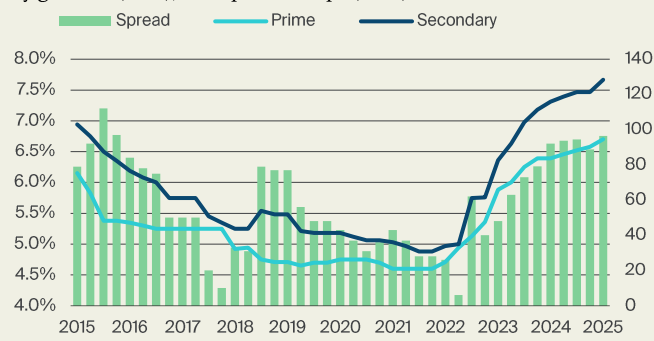
in billions A\$ (LHS), and no. of transactions (RHS): incl. >\$50m



Source: Knight Frank Research

Melbourne CBD office yields

by grade % (LHS), and spread in bps (RHS)



Source: Knight Frank Research

Recent Significant Tenant Commitments

Tenant	Property	Precinct	Lease type	Size (sqm)	Term (years)	LCD
Atlassian	Queen & Collins	Western Core	New Lease	1,900	5.0	2025
Toll	530 Collins Street	Western Core	New Lease	3,500	10.0	2026
Citibank	120 Collins Street	Eastern Core	Renewal	1,100	7.0	2026
Clayton Utz	120 Collins Street	Eastern Core	New Lease	7,800	10.0	2026
UniSuper	435 Bourke Street	Western Core	Pre-comm	13,000	10.0	2026

(For more information, please contact our leasing team)

Recent Significant Institutional Sales

Property	Interest (%)	Price (\$m)	NLA (sqm)	Cap Value (\$/sqm)	Yield (%)	WALE (years)	Purchaser	Vendor	Sale date
50 Queen Street	100.0	40.1	9,156	4,544	8.8	1.7	Up Property	Fidnam Group	Q2-25
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

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

New Supply

Property	Grade	Type	NLA (sqm)	Pre-commit (%)	Main Tenant	Status	Completion
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
51 Flinders Lane	Premium	New	29,000	34.5	WPP	U/C	H1 2026
435 Bourke Street	Premium	New	60,000	50.8	CBA	U/C	H2 2026
8 Exhibition Street	A-Grade	Refurb	20,000	Nil	-	Planning	H2 2027
600 Collins Street	Premium	New	60,000	Nil	-	DA Approved	2029+



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