

Melbourne CBD Office State of the Market



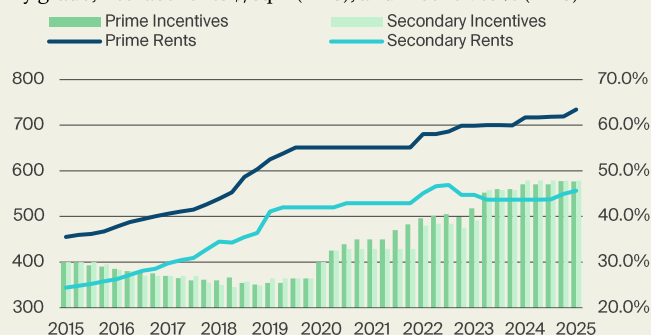
Annual rental growth reaches its highest level since Q1-23

Q3 2025

- Prime net face rents sit at \$755/sqm on average across the CBD having risen 2.8% q/q and 5.3% y/y
- Most of this growth is concentrated in the East with prime rents averaging \$1,010, up 3.9% q/q and 11.1% y/y
- Prime incentives remain elevated at 47.7% but were unchanged over Q3-25 having fallen 0.1% in Q2-25
- Year to date there have been 172 CBD office lease enquiries at an average size of 1,446 sqm
- Prime and secondary yields remain flat across the CBD, at 6.7% and 7.7% respectively

Melbourne CBD rents and incentives

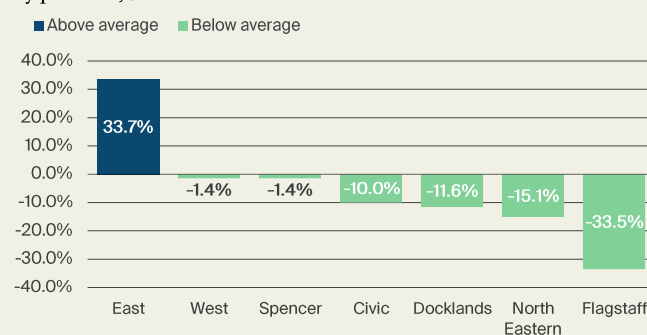
By grade, net face rents \$/sqm (LHS), and incentives % (RHS)



Source: Knight Frank Research

Rental level relative to prime average

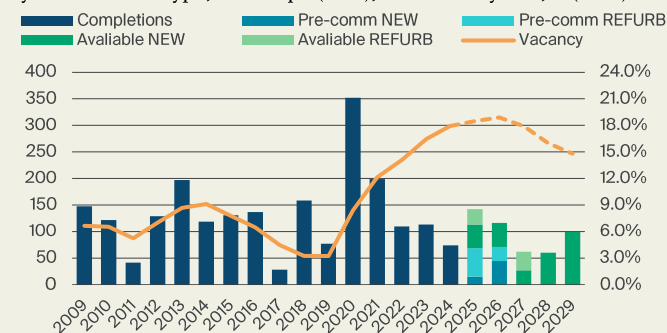
By precinct, %



Source: Knight Frank Research

Melbourne CBD new supply pipeline

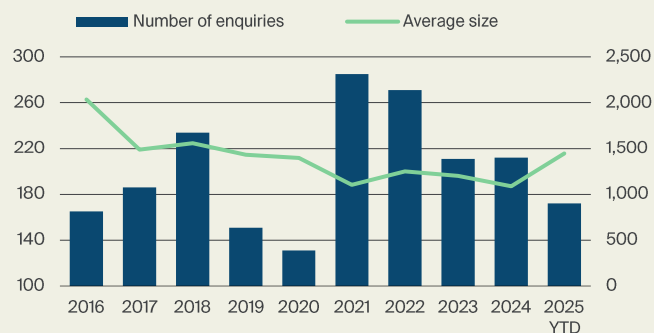
By commitment type, 000's sqm (LHS), and vacancy rate, % (RHS)



Source: Knight Frank Research, PCA

Melbourne CBD lease enquiries

No. of enquiries (LHS), and avg. size, sqm (RHS)



Source: Knight Frank Research

Melbourne 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 (%)	Net incentive (%)	Core market yield (%) #		Vacancy Rate (%)	Stock (sqm)
Eastern Core	1,010	3.9	11.1	607	3.4	11.4	40.0	6.29		12.3	630,092
Western Core	745	3.2	3.8	395	4.2	4.8	47.0	6.81		17.9	1,745,443
Civic	680	3.8	3.8	347	3.8	5.1	49.0	6.96		15.7	525,523
Docklands	668	3.4	4.6	315	1.3	1.0	52.8	6.69		20.9	1,244,537
Flagstaff	503	0.0	0.0	234	0.0	-7.0	53.5	7.63		26.7	285,125
Spencer	745	0.7	0.7	374	0.6	-4.2	50.0	6.50		19.3	301,173
North Eastern	642	1.0	2.4	311	1.1	2.5	51.7	6.79		13.8	446,711
CBD	755	2.8	5.3	402	2.7	4.5	47.7	6.73		17.9	5,178,604

Source: Knight Frank Research, PCA

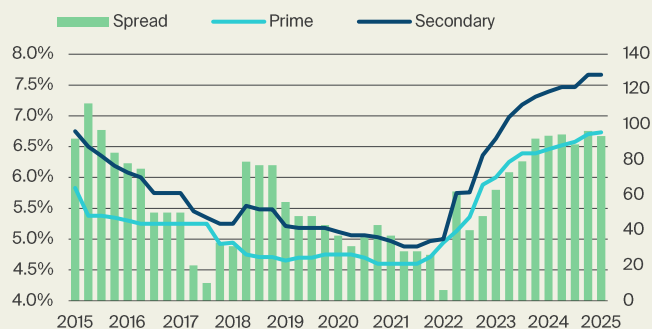
#Assuming WALE 5 years

^As of July 2025

*Rental growth attributed to revisions in the basket

Melbourne CBD office yields

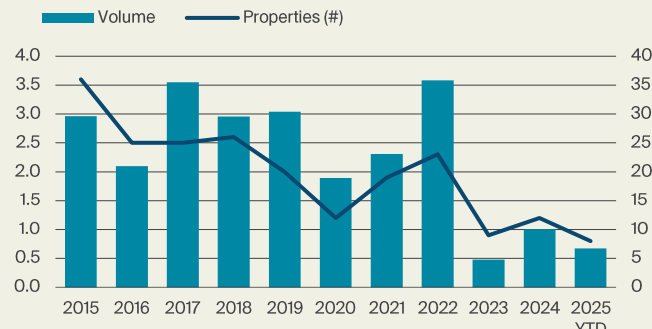
By grade % (LHS), and spread, bps (RHS)



Source: Knight Frank Research

Melbourne CBD investment volumes

\$m (LHS), and no. transactions >\$10m (RHS)



Source: Knight Frank Research, MSCI

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	H2 2025
Vision Super	321 Exhibition Street	North Eastern	New Lease	1,600	6.0	H2 2025
Clayton Utz	120 Collins Street	Eastern Core	New Lease	7,800	10.0	H2 2026
Holman Fenwick	555 Collins Street	Spencer	New Lease	2,300	10.0	H2 2026
Uni Super	435 Bourke Street	Western Core	New Lease	13,000	10.0	H1 2027

Source: Knight Frank Research

Recent Significant Institutional Sales

Property	Interest (%)	Price (\$m)	NLA (sqm)	Cap Value (\$/sqm)	Yield (%)	WALE (years)	Purchaser	Vendor	Sale date
180 Flinders Street	100%	C254.5^	21,000	n/a	6.5	5.0	PAG	Dexus	Jul-25
357 Collins Street	100%	c195.3	32,000	6,103	c7.3	c2.5	Harry Stamoulis	Frasers	Jul-25
50 Queen Street	100%	40.1	8,650	4,646	c7.0	1.7	Up Property	Fidinam	Jun-25

^Includes the sale of an annexed car-park.
c = circa

Source: Knight Frank Research

New Supply

Property	Grade	Type	NLA (sqm)	Pre-commit (%)	Main Tenant	Status	Completion
111 Bourke Street	A-Grade	Full Refurb	44,205	45.7	EY	U/C	H2 2025
7 Spencer Street	A-Grade	Development	44,000	15.9	AECOM	U/C	H1 2026
51 Flinders Street	Premium	Development	29,000	34.5	WPP	U/C	H2 2026
435 Bourke Street	Premium	Development	60,000	56.8	UniSuper / CBA	U/C	H2 2026
720 Bourke	A-Grade	Full Refurb	27,000	100.0	Coles	U/C	H2 2026
600 Collins Street	Premium	Development	60,000	100.0	-	DA Approved	H2 2029

Source: Knight Frank Research



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