

# Melbourne CBD Office State of the Market



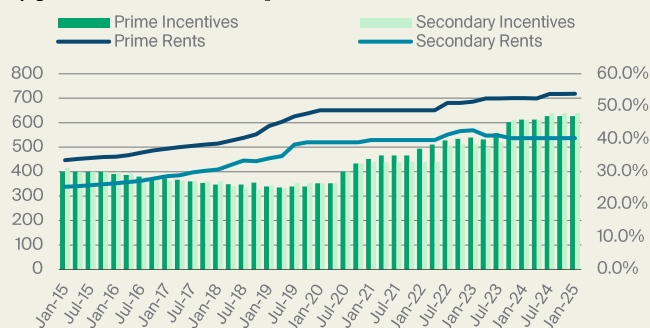
There is a pulse in the market as several large leases transact late in the year

Q4 2024

- Prime net face rents sit at \$718/sqm on avg. across Melbourne's CBD after rising a mere 0.2% q/q
- Prime net effective rents have risen by the same amount (0.2% q/q) and now sit at a \$385/sqm on avg.
- Lease enquiries fell in Q4 (as they did last year) to 37 but lease size continued to rise to an average 1,209 sqm
- Approximately 166,150 sqm of new/refurb supply will come on over 2025, 54.9% of which is pre-committed
- 655 Collins Street was the only institutional office sale in the CBD in Q4, transacting at \$117.5M in December
- Prime yields softened marginally by 6 bps to 6.52% with the belief that they have stabilised, or will imminently

## Melbourne CBD rents and incentives

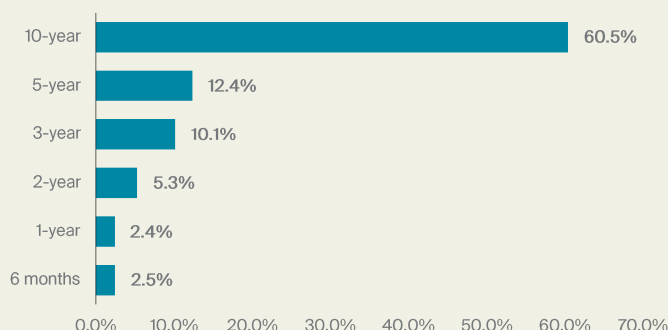
by grade, net face rents \$/sqm (LHS), and % (RHS)



Source: Knight Frank Research

## Melbourne CBD office prime rental growth

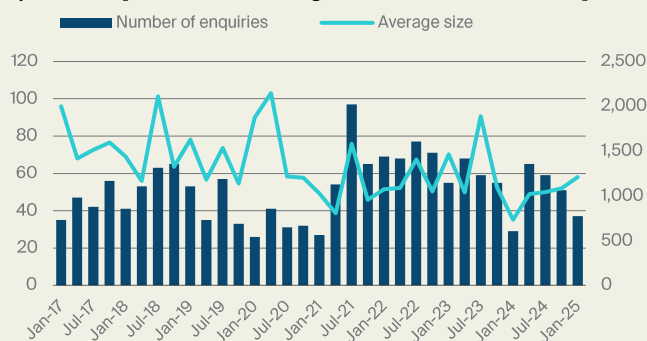
by period, net face rental growth %



Source: Knight Frank Research

## Melbourne CBD lease enquiries

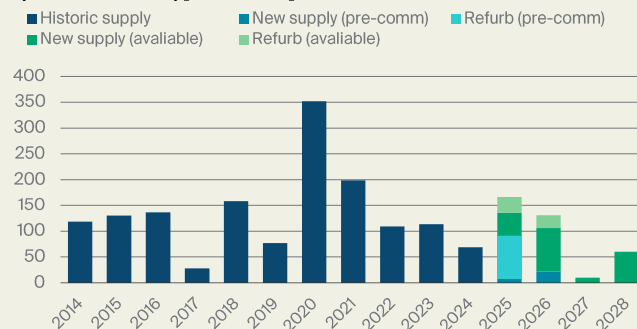
by no. of enquiries (LHS), and avg. size (RHS); excl. >20,000 sqm



Source: Knight Frank Research

## Melbourne CBD historic office supply

by commitment type, 000's sqm



Source: Knight Frank Research, PCA

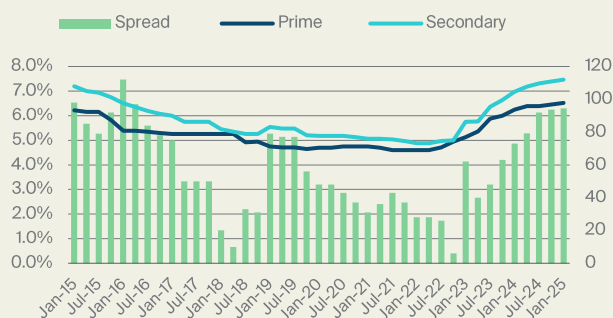
## Melbourne CBD Office Market Indicators – Q4 2024

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	0.6	3.3	549	0.6	2.4	40.2	6.2	10.8	678,855
Western Core	718	0.0	1.2	377	0.0	0.0	47.5	6.5	18.9	1,745,433
Civic	655	0.0	0.8	330	0.0	-3.6	47.7	6.9	16.7	526,023
Docklands	638	0.0	2.9	312	0.0	0.6	51.0	6.6	19.7	1,244,537
Flagstaff	503	0.0	0.0	251	0.0	0.0	50.0	7.1	26.8	294,804
Spencer	740	0.0	20.3^	390	0.0	26.8^	47.5	6.3	20.8	304,473
North Eastern	627	0.0	0.0	303	0.0	-6.9	51.7	6.4	14.7	443,711
CBD	718	0.2	2.7	385	0.2	0.8	47.0	6.5	18.0	5,237,846

Source: Knight Frank Research, PCA #Assuming WALE 5 years \* As of July 2024

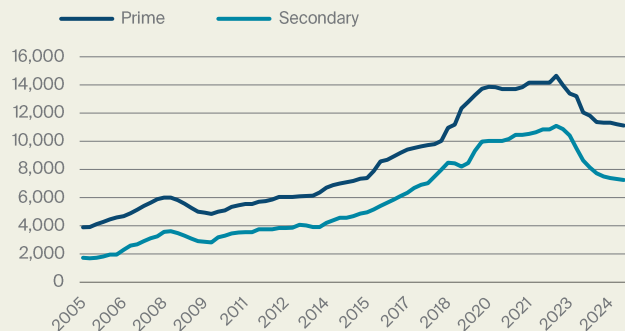
^ Revised basket with the inclusion of 555 Collins Street for Spencer, annual growth otherwise 0.0%

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



Source: Knight Frank Research

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



Source: Knight Frank Research

## Recent Significant Tenant Commitments

Tenant	Property	Precinct	Lease type	Size (sqm)	Term (years)	LCD
WPP	51 Flinders Lane	Eastern Core	New Lease	4,500	10.0	Feb-2026
Simonds Homes	727 Collins Street	Docklands	New Lease	2,250	5.0	May-2025
BDO	35 Collins Street	Eastern Core	New Lease	5,200	10.0	Dec-2026
HPX Group	161 Collins Street	Civic	New Lease	1,500	10.0	Jul-2025
Westpac	150 Collins Street	Civic	Renewal	12,000	7.0	Dec-2026

(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	44.4	Ernst-Young	U/C	H2 2025
720 Bourke Street	A-Grade	Refurb	30,000	100.0	Coles	U/C	H2 2025
25 Swanston Street (Townhall)	A-Grade	New	16,000	35.0	CBRE	U/C	H1 2026
435 Bourke Street	Premium	New	60,000	25.8	CBA	U/C	H2 2026



**Research & Consulting**  
Tony McGough  
+61 406 928 820  
tony.mcgough@au.knightfrank.com



**Office Leasing, VIC**  
Hamish Sutherland  
+61 439 033 612  
hamish.sutherland@au.knightfrank.com



**Asset Management Services**  
Ben Veale  
+61 402 341 255  
ben.veale@au.knightfrank.com



**Research & Consulting**  
Laurence Panozzo  
+61 401 251 876  
laurence.panozzo@au.knightfrank.com



**Institutional Sales, VIC**  
Trent Preece  
+61 400 504 300  
trent.preece@au.knightfrank.com



**Tenant Representation, VIC**  
Francesco Demarco  
+61 422 853 259  
francesco.demarco@au.knightfrank.com