

Melbourne CBD Office State of the Market



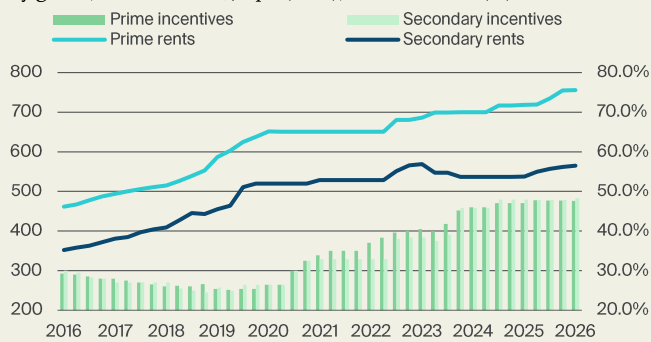
Prime rents stabilise after a strong uplift in the previous quarter

Q4 2025

- Prime net face rents remain virtually unchanged over Q4-25, up \$1/sqm to average \$756/sqm
- Incentives remain elevated, averaging 47.6% for prime and 48.3% for secondary office space
- Approximately 66% of tenant-rep briefs in 2025 across the market have been for space less than 1,000 sqm
- The total market vacancy rate sits at 17.9% with forecasts indicating that it will rise to 18.9% in 2026
- Prime yields softened 3bps over Q4-25 to average 6.76%, secondary yields softened 15 bps to 7.82%

Melbourne CBD rents and incentives

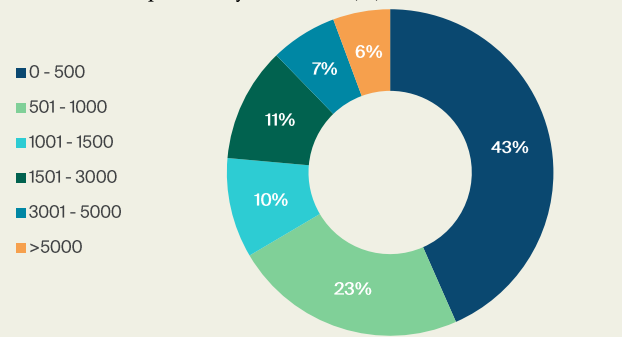
By grade, net face rent \$/sqm (LHS), and incentive (%)



Source: Knight Frank Research

Melbourne CBD tenant-rep briefs

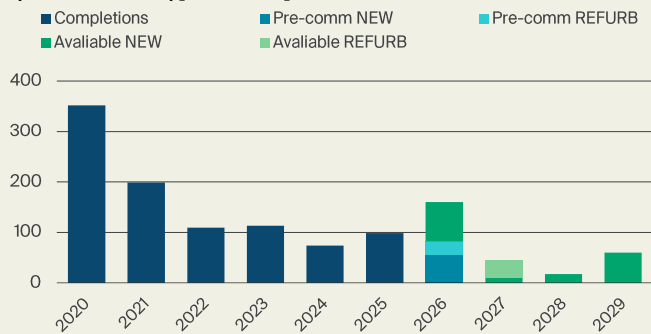
Share of tenant-rep briefs by size - 2025 (%)



Source: Knight Frank Research

Melbourne CBD new supply

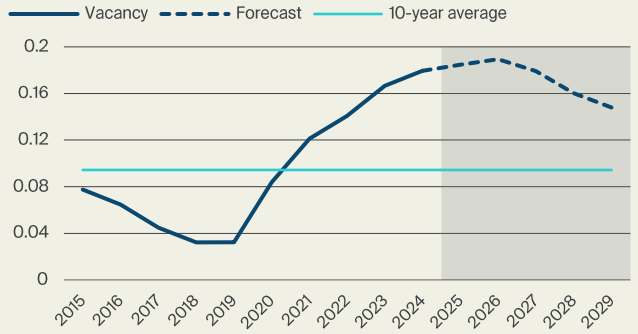
by commitment type, 000's sqm



Source: Knight Frank Research, PCA

Melbourne CBD vacancy rate forecast

%



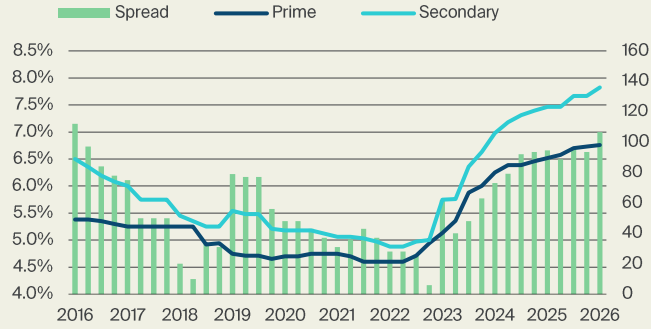
Source: Knight Frank Research

Melbourne CBD Office Market Indicators – Q4 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	1010	0.0%	10.4%	606	0.0%	10.7%	40.0%	6.3%	12.3%	630,092
Western Core	747	0.3%	4.1%	396	0.3%	5.1%	47.0%	6.8%	17.9%	1,745,443
Civic	680	0.0%	3.8%	347	0.0%	3.8%	49.0%	7.0%	15.7%	525,523
Docklands	668	0.0%	4.6%	315	0.0%	0.9%	52.8%	6.7%	20.9%	1,244,537
Flagstaff	503	0.0%	0.0%	234	0.0%	0.0%	53.5%	7.6%	26.7%	285,125
Spencer	745	0.0%	0.7%	373	0.0%	-4.1%	50.0%	6.5%	19.3%	301,173
North Eastern	642	0.0%	1.0%	314	1.4%	2.4%	51.0%	6.9%	13.8%	446,711
CBD	756	0.1%	5.2%	565	0.2%	4.0%	47.6%	6.8%	17.9%	5,178,604

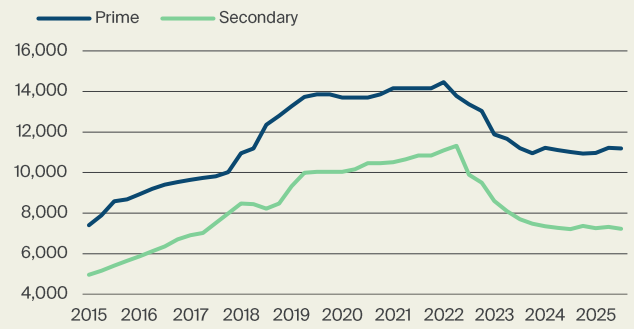
Source: Knight Frank Research, PCA [#]Assuming WALE 5 years [^]As of July 2025
^{*}Rental growth attributed to revisions in the basket

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



Source: Knight Frank Research

Melbourne CBD capital values by grade, \$/sqm



Source: Knight Frank Research

Recent Significant Tenant Commitments

Tenant	Property	Precinct	Lease type	Size (sqm)	Term (years)	LCD
AirTrunk	51 Flinders Lane	Eastern Core	New Lease	1,945	10.0	2026
AICD	385 Bourke Street	Western Core	New Lease	1,350	7.0	2026
Jetstar	One Melbourne Quarter	Docklands	New Lease	7,000	10.0	2027
APA Group	161 Collins Street	Civic	New Lease	3,980	7.0	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
470 Collins Street	100%	60.3	11,000	5,482	6.2	1.2	Fortis	Suleman Property	Oct-25
750 Collins Street	100%	383.0	41,399	9,251	6.5	10.0	Trust-Capital	GPT Group	Aug-25
180 Flinders Street	100%	C254.5^	21,000	12,119^	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	Refurb	44,000	45.7	EY	Complete	H2 2025
7 Spencer Street	A-Grade	New Development	44,000	25.2	AECOM	U/C	H1 2026
51 Flinders Street	Premium	New Development	29,000	33.7	WPP / AirTrunk	U/C	H2 2026
435 Bourke Street	Premium	New Development	60,000	57.0	CBA / UniSuper	U/C	H2 2026
600 Collins Street	Premium	New Development	60,000	0.0	None	DA Approved	H2 2029

Source: Knight Frank Research



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



Office Leasing, VIC
Simon Hale
+61 417 147 785
simon.hale@au.knightfrank.com



Valuations & Advisory, VIC
Michael Schuh
+61 412 443 701
michael.schuh@vic.knightfrank.com



Research & Consulting, VIC
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
Craig Carr
+61 447 463 778
craig.carr@au.knightfrank.com