Adelaide CBD Office Market

March 2026

Adelaide's CBD continues to rank among Australia's most resilient office markets, underpinned by sustained positive net absorption and strong rental growth. Notwithstanding broader market headwinds, yields have begun to compress, a reflection of the market's outperformance.

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Key Insights

Adelaide's CBD office market delivers one of Australia's strongest performances in 2025, with robust tenant demand despite a supply-driven rise in vacancy.

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Research & Consulting

15.5%

Total market vacancy rate

Adelaide's CBD total vacancy rate rose half a percent to 15.5% over H2-2025, with prime vacancy up 0.4% to 16.5%. Secondary vacancy moved in the opposite direction, falling 0.3% to 14.6%.

+33k

Annual net absorption (sqm)

Net absorption in Adelaide's CBD totalled 33k sqm over 2025. While below the exceptional 54k sqm recorded in 2024, this figure underscores the sustained tenant demand in the market.

+25k

Supply additions 2025 (sqm)

Net supply in Adelaide's CBD totaled 25k over 2025 which was mostly made up of the completion of 50 Franklin Street which has opened with c80% vacancy.

7.3%

Annual face rental growth

Prime gross face rents in Adelaide's CBD rose 7.3% y/y to average $723 per sqm, while secondary rents increased 4.2% to average $480 per sqm.

7.3%

Prime CBD office yield

Prime CBD office yields firmed 8 bps y/y to average 7.26%, while secondary yields softened 10 bps to 8.22%.

$195m

Investment volumes

CBD office investment volumes in Adelaide totalled $195m in 2025, with approximately 68% of transactions occurring in the CBD Core and the remaining 32% in the Frame.

Adelaide CBD Office Market Indicators – January 2026

Grade	Total Stock sqm	Vacancy Rate %	Annual Net Absorption sqm	Annual Net Additions sqm	Av Gross Face Rent $/sqm	Av Incentive %	Gross Effective Rent Gth % y/y	Core Market Yield %*
Prime	774,750	16.5	29,811	21,412	723	34.1	7.5	7.3
Secondary	818,465	14.6	3,212	1,427	480	37.9	4.6	8.2
Total	1,593,215	15.5	33,023	22,839				

Source: Knight Frank Research & PCA * assuming WALE 5 years

Demand

ROBUST OFFICE DEMAND ACROSS ADELAIDE'S CBD

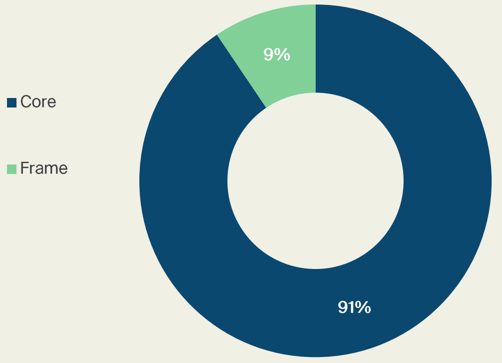
Adelaide's CBD office market has experienced a sustained period of strong demand, particularly over the past 24 months, with 85k sqm of positive net absorption recorded. In 2025 alone, the market delivered 33k sqm of positive net absorption, second only to Brisbane nationally. This demand has been overwhelmingly concentrated in prime-grade assets, with secondary space accounting for only 97 sqm of net absorption over the year. The divergence highlights the continued flight-to-quality trend among occupiers. Approximately 91% of net absorption has been concentrated within the CBD Core, with 9% occurring in the Frame. This highlights a clear preference for central locations, both from tenants upsizing and those relocating from outside the CBD.

Adelaide's office market has recorded total net absorption exceeding 115k sqm since 2020, underpinning its position as one of the strongest performing office markets nationally. Over this period, Adelaide has comfortably outperformed Sydney and Melbourne, and to a lesser extent Perth, in terms of tenant demand.

GROWTH FORECASTS REVISED DOWN SLIGHTLY

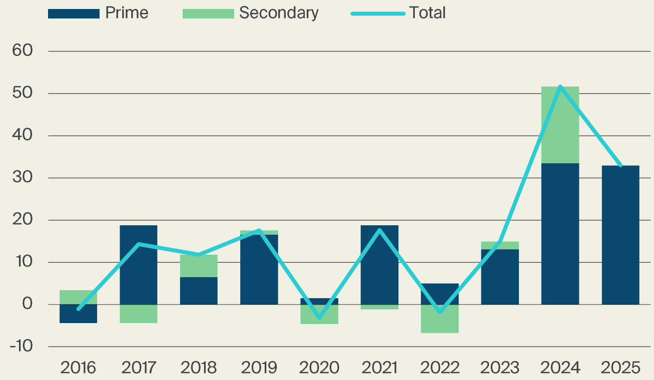
Recent downward revisions to growth forecasts by the RBA driven by persistent inflation, contractionary monetary policy and global economic uncertainty may weigh on office demand over the next 12-24 months. Adelaide is nonetheless well-positioned to weather such headwinds, with its office market less exposed to global economic conditions than more trade-sensitive cities like Perth and Sydney.

Share of CBD office net absorption
by Adelaide CBD sub-market last 5-years, %



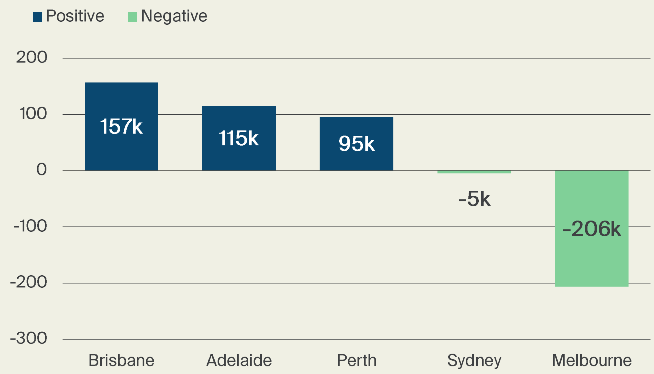
Source: Knight Frank Research, PCA

Adelaide CBD office net absorption
by grade, 000's sqm



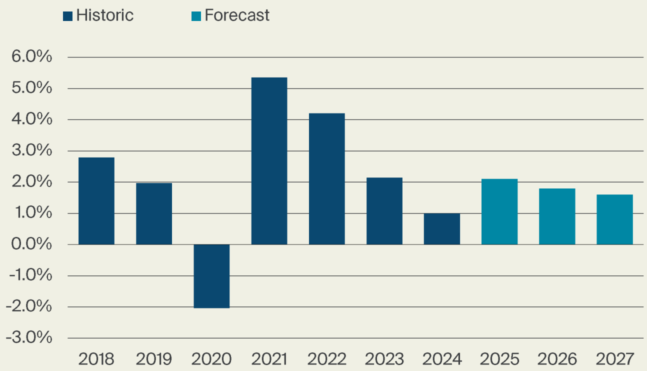
Source: Knight Frank Research, PCA

CBD office 5-year net absorption
by capital city, 000's sqm



Source: Knight Frank Research, PCA

Australian GDP growth forecast
historic growth and forecast, % change per annum



Source: Knight Frank Research, Oxford Economics, RBA

Supply

NEW SUPPLY DRIVES THE VACANCY RATE UPWARDS

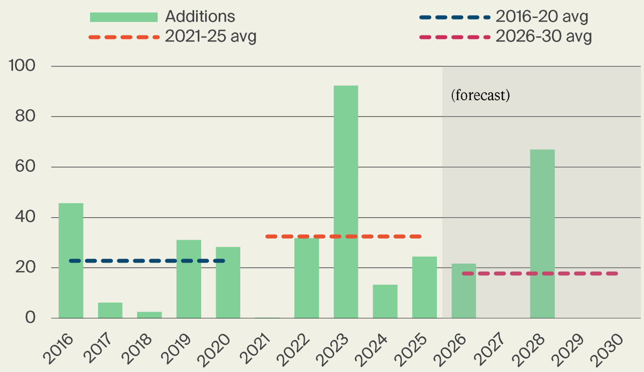
Despite strong tenant demand across Adelaide's CBD, the total market vacancy rate increased half a precent to 15.5% over H2 2025. The rise in vacancy was supply-driven, caused by the completion of Kyren Group's 50 Franklin Street, which added 21k sqm to the market, approximately 80% of which is vacant. This new development pushed the prime vacancy rate up 1.4% to 16.5% over H2-2025. Secondary vacancy, unaffected by new supply, declined due to positive net absorption and a small stock withdrawal, it fell 0.3% to 14.6% notably below the prime vacancy rate.

Adelaide's CBD vacancy rate of 15.5% sits marginally above the national CBD average of 14.8%. More importantly, the vacancy rate is trending downwards despite rising over H2-2025, following the completion of Festival Tower 1 in 2023 whilst the national average continues to edge higher.

SUPPLY TO INCREASE IN 2028 OFF THE BACK OF FESTIVAL TOWER 2

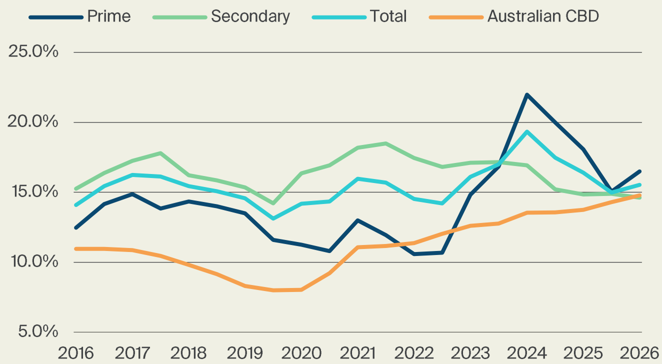
New supply in Adelaide's CBD is forecast to remain subdued over the next 2 years, with only one completion expected, Market Square (22k sqm). Supply will increase again in 2028 with two developments, Lot 14 (17k sqm) and Festival Tower 2 (50k sqm). Walker Corporation commenced construction on Festival Tower 2 in February 2026 and upon completion, it will be Adelaide's only Premium grade office asset. Over the next five years, new supply is forecast to average 18k sqm per annum, below the two preceding five-year periods, which should place downward pressure on vacancy across Adelaide's CBD.

Adelaide CBD office additions
per annum compared to 5-year averages, 000's sqm



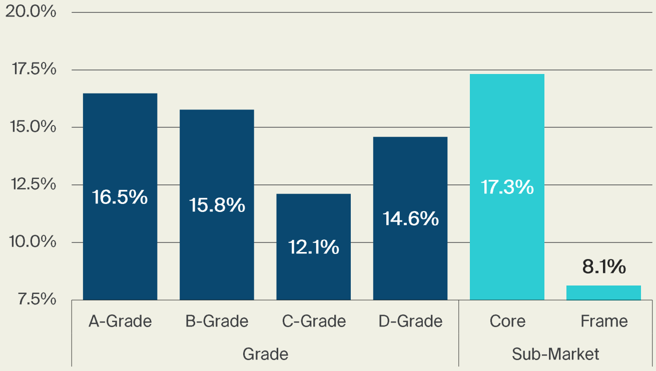
Source: Knight Frank Research, PCA

Adelaide CBD office vacancy rate
by grade, %



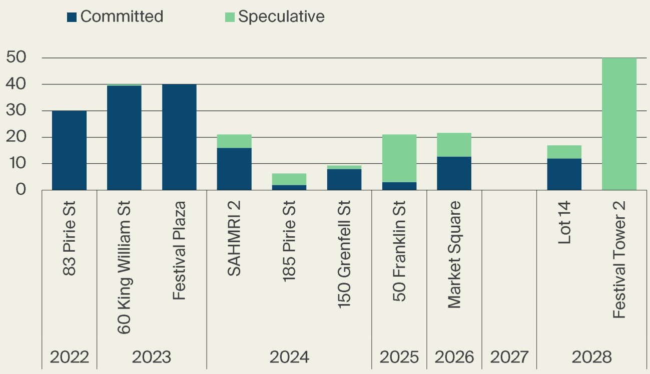
Source: Knight Frank Research, PCA

Adelaide CBD office vacancy rate
by grade and sub-market, %



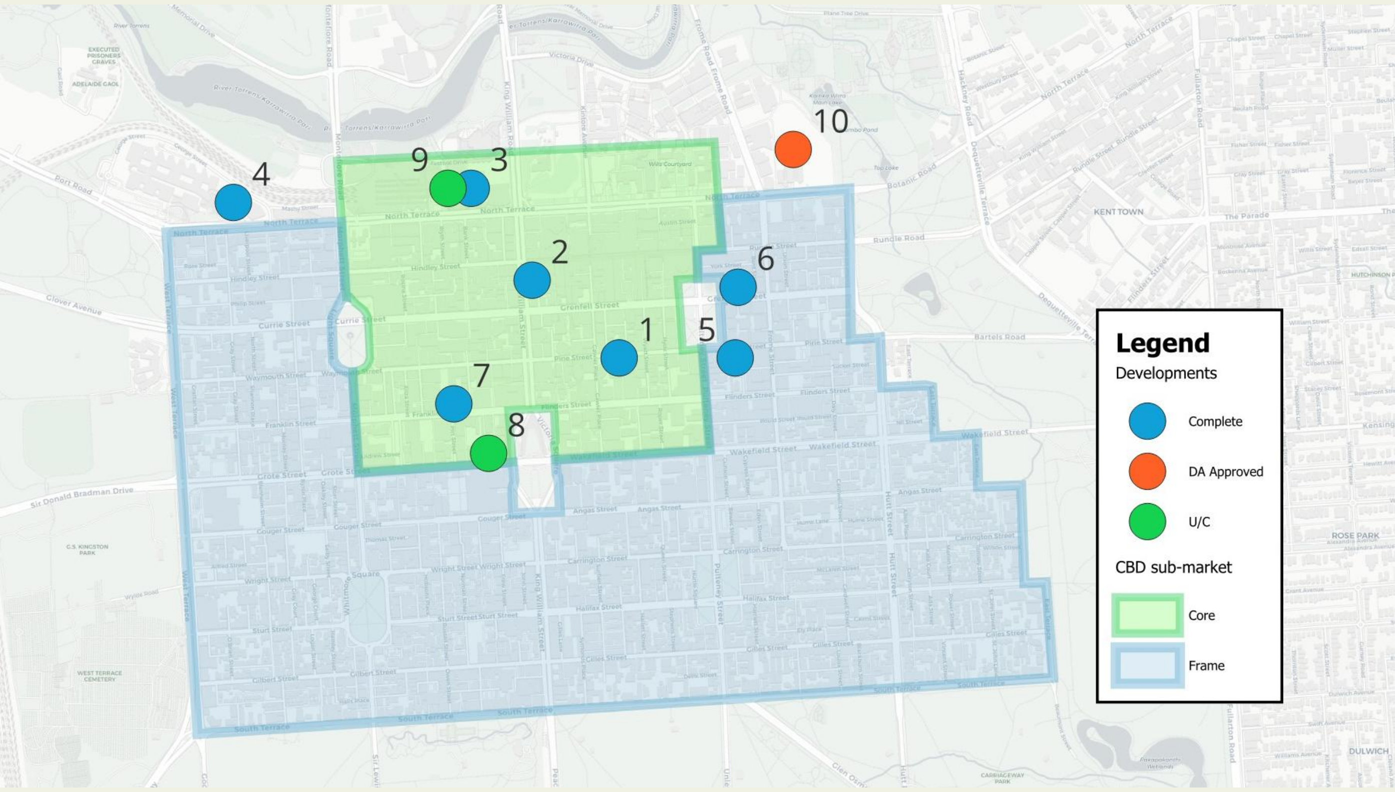
Source: Knight Frank Research, PCA

Adelaide CBD office development pipeline
by scheme and pre-commitment level, 000's sqm



Source: Knight Frank Research

Major CBD office supply



#	Address	Sub-market	NLA (sqm)*	Developer	Stage	Year
Complete						
1	83 Pirie Street	Core	30,000	Cbus Property	Complete	2022
2	60 King William Street	Core	40,000	Charter Hall	Complete	2023
3	Festival Tower	Core	40,000	Walker Corporation	Complete	2023
4	SAHMRI 2	Frame^	21,000	Commercial & General	Complete	2024
5	185 Pirie Street	Frame	6,300	Palumbo Group	Complete	2024
6	150 Grenfell Street	Frame	9,300	Kambitsis Group	Complete	2024
7	50 Franklin Street	Core	21,000	Kyren Group	Complete	2025
Under Construction						
8	Market Square	Core	21,700	ICD Property	U/C	2026
9	Festival Tower II	Core	50,000	Walker Corporation	U/C	2028
DA Approved						
10	Lot 14	Frame^	17,000	SA Government	DA Approved	2028

* NLA (sqm) are approximate
^ Developments fall outside the CBD but will be counted by PCA in the Frame.

Source: Knight Frank Research

Rents and deals

STRONG RENTAL GROWTH ACROSS THE CBD

Prime gross face rents in Adelaide's CBD have increased 7.3% y/y to an average of $723/sqm, whilst secondary gross face rents have grown 4.2% over the same period to $480/sqm. Over a 3-year period, prime gross rents have grown at approximately twice the rate of secondary rents, up 21.0% compared to 10.6%, underpinning the sustained demand for quality office space within Adelaide's CBD. Prime incentives currently sit at 34.1%, marginally below the secondary rate of 37.9%. Prime incentives have remained stable, holding flat since Q4 2024.

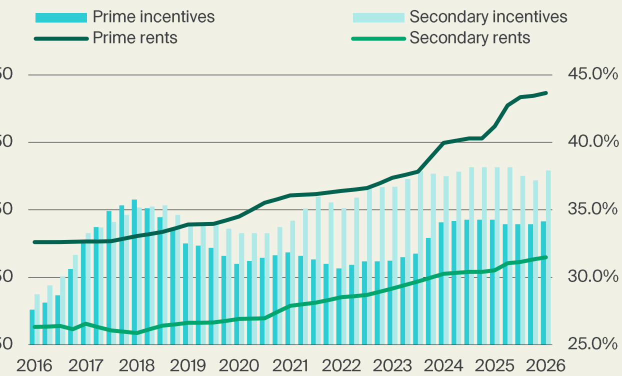
The resilience of Adelaide's CBD office market is further evidenced by its 3-year net face rental growth relative to other major Australian cities. Adelaide has recorded growth of 20.4% over this period, surpassing all major CBDs nationally except for Brisbane. Despite this strong performance, Adelaide remains the most affordable CBD office market in Australia on a net face rent basis. Adelaide is approximately 28% less expensive than the next most affordable market, Melbourne, where net face rents average $756/sqm compared to $572/sqm in Adelaide.

STEADY LEASING ACTIVITY IN ADELAIDE'S CBD

Several significant occupiers commenced new leases in late 2025 and early 2026, following a strong period of leasing activity. Most notably, RAA committed to 9k sqm at the new development at 150 Grenfell Street. Other key commitments include Elders taking (c)3k sqm at 80 Grenfell Street and Flight Centre securing (c)1k sqm at 11 Waymouth Street.

Adelaide CBD office gross face rents

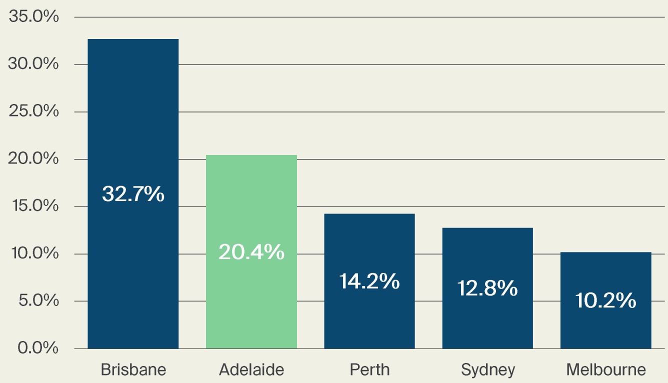
by grade, gross face rents $/sqm (LHS), and incentive % (RHS)



Source: Knight Frank Research

CBD office rental growth

by capital city, 3-year net face rental growth %



Source: Knight Frank Research

Recent significant tenant commitments

Occupier	Property	Sub-market	Size (sqm)	Type of Lease	Term	Start Date
RAA	150 Grenfell Street	Frame	9,000	Pre-commitment	15.0	H1-2026
Elders	80 Grenfell Street	Core	3,183	New Lease	5.0	H2-2025
Flight Centre	11 Waymouth Street	Core	1,117	New Lease	10.0	H2-2025

Source: Knight Frank Research,

Investment market

INVESTMENT SUBDUED BUT EXPECTED TO RISE IN 2026

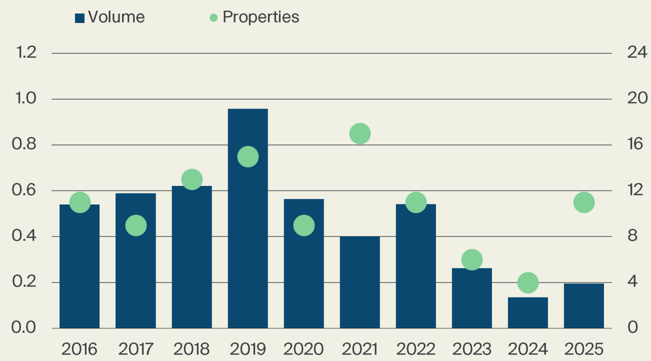
Investment volumes in Adelaide's CBD have remained subdued over the past 3-years, consistent with broader national trends. Capital markets continue to face headwinds from elevated interest rates, bond pricing, uncertain global economic conditions and uncertainty surrounding office demand. These conditions are reflected in Adelaide's CBD transaction activity across 2025, with just 11 office sales above $6m recorded for the year, totalling $195m.

The most significant transactions in Adelaide's CBD across 2025 were 63 Pirie Street at $50.5m and 33 King William Street at $38.5m, both assets were acquired by private investors. Activity has picked up at the start of 2026 with two significant transactions completing in February totalling $88m, 77 Grenfell Street at $46m, and 75 Hindmarsh Square at $42m sold by Knight Frank off market. Nationally, investment volumes are expected to increase over the course of 2026, supported in part by a growing number of distressed assets likely coming to the market.

PRIME YIELDS BEGIN FIRMING IN ADELAIDE'S CBD

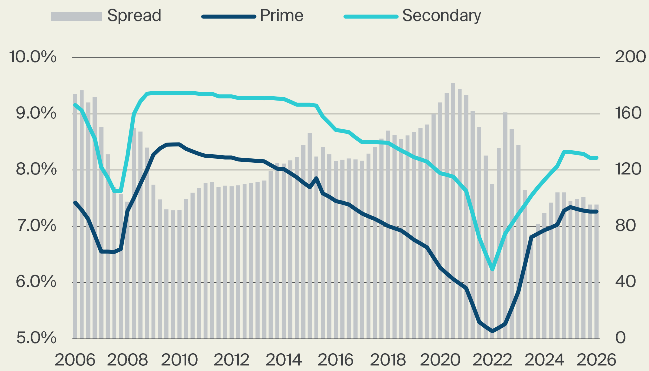
Adelaide's CBD prime office yields average 7.26%, having firmed 8 bps y/y, whilst secondary yields average 8.22%, firming 10 bps over the same period. The prime-to-secondary spread of 96 bps is historically narrow, reflecting the maturity and growing investment appeal of Adelaide's office market post pandemic. Adelaide's relative strength is further underscored by the fact that, alongside Sydney, it is one of only two markets nationally where prime yields have begun to firm, albeit marginally. This has been driven by strong rental growth and improving market fundamentals.

Adelaide CBD office investment volumes
investment volumes A$ billions (LHS), and # of sales (RHS)



Source: Knight Frank Research, MSCI

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



Source: Knight Frank Research

Recent significant sales

Property	Market	Interest	Price ($M)	CMY (%)	NLA (sqm)	WALE^ (years)	Purchaser	Vendor	Sale Date
1 Hugh Cairns Avenue	Metro	100%	22.0	VP	6,224	VP	Private	Private	Mar-26
77 Grenfell Street	CBD	100%	45.7	VP	16,484	VP	Private	IP Generation	Feb-26
75 Hindmarsh Square	CBD	100%	42.4	6.3	4,620	6.2	Private	Harmony	Feb-26
7 Laffer Drive	Metro	100%	27.5	6.8	6,639	4.6	Private	KM Funds	Nov-25
63 Pirie Street	CBD	100%	50.5	7.8	11,500	3.7	Centennial	Raptis Inv.	Jul-25

^by income, VP = Vacant Possession, CMY = Core Market Yield, Metro = Located outside CBD and immediate Fringe

Source: Knight Frank Research, MSCI

Fringe market

ADELAIDES FRINGE MARKET A QUIET ACHIEVER

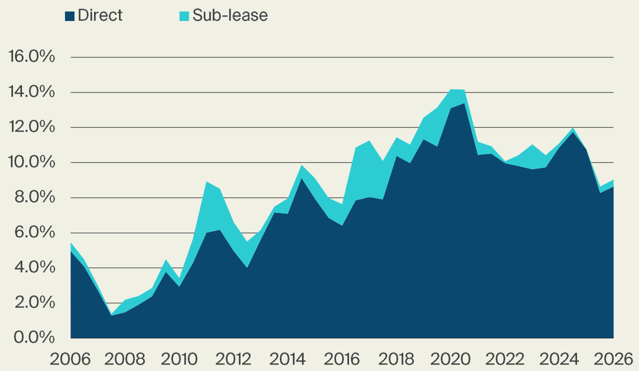
Adelaide Fringe prime gross face rents increased 3.9% over 2025 to average $528/sqm, while secondary gross face rents recorded stronger growth of 7.3% over the same period to average $427/sqm. Over the five years to 2025, prime gross face office rents in the Adelaide Fringe have risen 11.8%, markedly higher than the 6.8% growth recorded in the preceding five-year period (2016–2020). This acceleration suggests the precinct has undergone a notable revival in occupier demand and market fundamentals.

In line with the above, net absorption in Adelaide's Fringe office market was particularly strong over 2025, reaching its highest level since 2011 at +4,600 sqm, a notable result relative to the precinct's size, with total stock of just 218k sqm. Net absorption was broadly spread across both prime and secondary stock, recording +2.4k sqm and +2.2k sqm, respectively.

STRONG FUNDAMENTALS KEEP VACANCY LOW

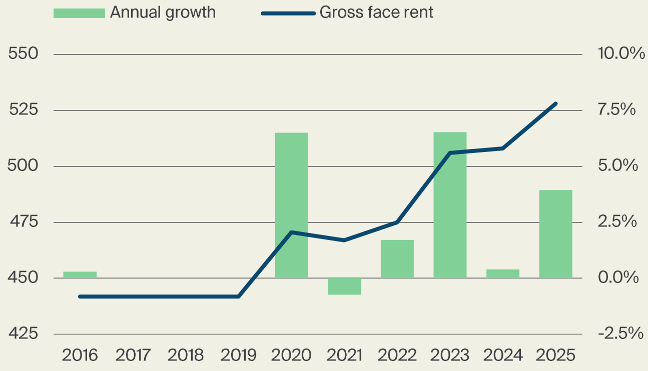
One new mixed-use strata office development reached completion in Adelaide's Fringe during H2 2025, with 9–11 Dequetteville Terrace adding 4k sqm to the market. New supply of this nature is uncommon in the Fringe, with most developers favouring opportunities within the CBD meaning supply is generally limited to refurbishments. Vacancy remains low at 8.6% down 2.2% y/y, comfortably below the CBD at 15.5%. This reflects a combination of limited new supply and robust demand from local occupiers. Sublease availability is also limited, accounting for just 0.4% of the total vacancy rate.

Adelaide Fringe office vacancy rate
by type of vacancy, %



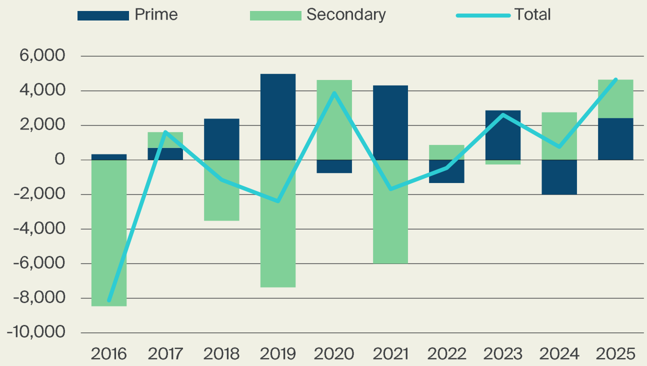
Source: Knight Frank Research, PCA

Adelaide Fringe prime rents
gross face rents $/sqm (LHS) and annual growth % (RHS)



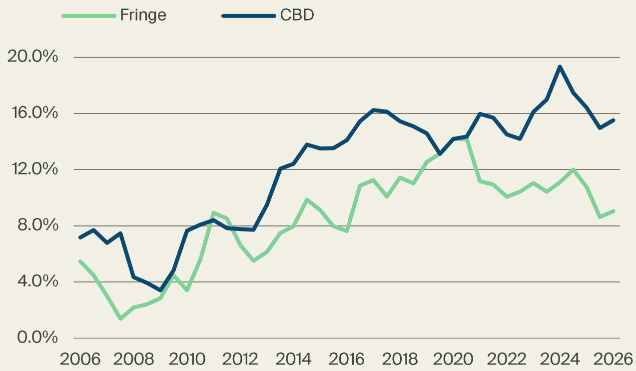
Source: Knight Frank Research

Adelaide Fringe net absorption
by grade, 000's sqm



Source: Knight Frank Research, PCA

Adelaide office vacancy rate
by sub-market, total vacancy rate %



Source: Knight Frank Research, PCA

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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