

# Adelaide CBD Office Market



September 2025

Adelaide's CBD continues to perform well, particularly in contrast to other cities nationally, evidenced by robust rental growth, falling vacancy and strong net absorption over the last 18-months.

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# Key Insights

Adelaide's CBD Office market growth story continues, driven by a fall in vacancy rates, increasing prime rents and stabilising yields.




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 **15.0%**


Total vacancy rate

The total vacancy rate fell from 16.4% to 15.0% over H1 2025. Prime vacancy came in at 15.1% whilst secondary vacancy was marginally lower at 14.9%.

 **+22k**

Net absorption (sqm)

Adelaide's CBD recorded 22,326 sqm of positive net absorption over H1 2025, significantly higher than the 10-year average of 6,985 sqm – this is the third largest sum of 6-month net absorption in the last 15 years.

 **+100k**

New supply 2025-27 (sqm)

Approximately 100,000 sqm of new supply is expected to be delivered from 2025 to 2027, Festival Tower 2 alone is expected to add 50,000 sqm of this sum in the later part of 2027.

 **7.3%**

Average CBD prime yield

The average prime yield for Adelaide's CBD remained flat for the second third quarter in a row at 7.3%. It is softer than Sydney (6.0%) and Melbourne at (6.7%) but is in line with Brisbane.

 **6.4%**

Rental growth in H1 2025

Gross face prime rents rose significantly over H1 2025, up 6.4% to \$717/sqm. Gross face secondary rents grew by a lesser extent, up 2.7% to \$473/sqm moderately increased.

 **\$76m**

H1 2025 transaction volumes (\$10m+)

Two office buildings transacted in Adelaide's CBD over H1 2025 (>\$10m), totalling \$76.02m. Expectations are that several buildings will transact over H2 2025 pushing investment volumes above last years sum.

## Adelaide CBD Office Market Indicators – Q2 2025

Grade	Total Stock sqm	Vacancy Rate %	12 mth net Absorption sqm	12 mth net Additions sqm	Av Gross Face Rent \$/sqm	Av Incentive %	Gross Effective Rent Growth % y/y	Core Market Yield %*
Prime	753,338	15.1%	44,785	9,485	717	33.9%	9.97%	7.34%
Secondary	817,029	14.9%	147	-2,835	473	37.5%	4.29%	8.29%
Total	1,570,367	15.0%	44,932	6,650				

\* Assuming WALE 5 years

Source: Knight Frank Research, PCA



# Leasing market

## STRONG PRIME NET ABSORPTION

Adelaide's CBD office market has recorded 22,326 sqm of positive net absorption over H1 2025. In the last 18 months alone, net absorption has totalled +73,973 sqm, the highest of any CBD in the entire country – Sydney is the next best performing city with 51,902 sqm of net absorption.

Leasing activity in Adelaide's CBD during H1 2025 was heavily concentrated across prime office stock. Net absorption for A-Grade assets reached +22,683 sqm, while secondary-grade assets recorded a contraction of -357 sqm. This continues to reinforce the national trend that demand is skewed towards higher-quality space. On an annual basis, the divergence is even more significant, with prime net absorption totalling +44,785 sqm compared to just +147 sqm for secondary stock.

## ROBUST LEASING FOR PRIME

There was also a notable improvement in vacancy in H1 2025 as the total vacancy rate fell from 16.4% to 15.0% on the back of stronger leasing demand and robust net absorption. This marks the lowest vacancy level since H1 2022 and represents a positive shift for the city.

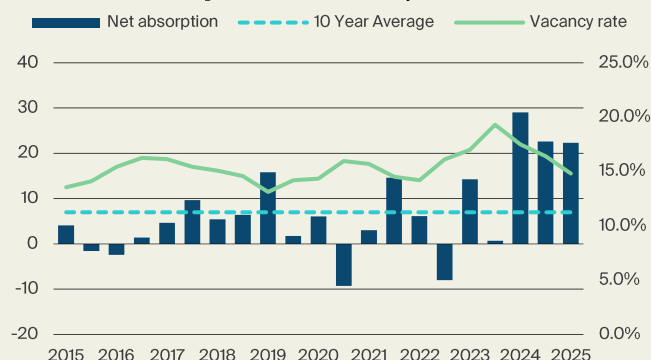
Within the CBD core, which accounts for 80% of total stock, vacancy fell from 18.5% to 16.6%. In contrast, the Frame market remained significantly tighter at 8.5%, though it rose 0.7% over H1 2025. Prime vacancy fell sharply, down from 20.0% to 15.1% whilst secondary vacancy eased moderately, edging down from 15.2% to 14.9%. Prime vacancy is now approaching the 10-year average of 14.1%, while secondary vacancy sits comfortably below its 10-year average of 16.2%.

## EVOLVING TENANT REQUIREMENTS

Tenant expectations have shifted from a simple “flight to quality” towards an experience-driven workplace. Beyond aesthetics, demand is focused on sustainability, natural light, flexibility, and access to surrounding services. Attractive locations now emphasise lifestyle amenities such as gyms, cafés, and retail, alongside transport connectivity. While cost efficiency remains important, tenant's prioritise spaces that support staff retention and brand image. The spread in vacancy across new and old generation stock supports these evolving requirements. The vacancy rate across prime old generation office stock is 37.1% compared to 10.3% across new generation office stock (post 2006).

### Adelaide CBD office net absorption

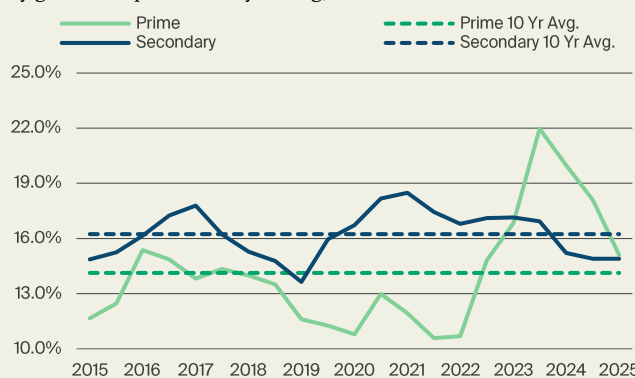
6-months, in 000's sqm (LHS), and vacancy rate % (RHS)



Source: Knight Frank Research, PCA

### Adelaide CBD office vacancy

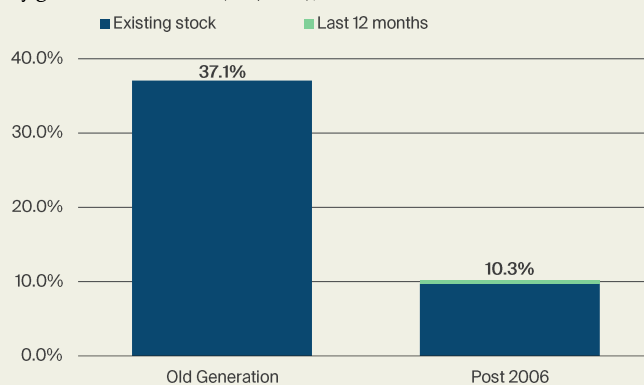
By grade compared to 10-year avg, %



Source: Knight Frank Research, PCA

### Adelaide Core CBD office prime vacancy rate

By generation of stock (old/new), %



Source: Knight Frank Research

# Supply

## SUPPLY SLOWS OVER THE FIRST HALF OF 2025...

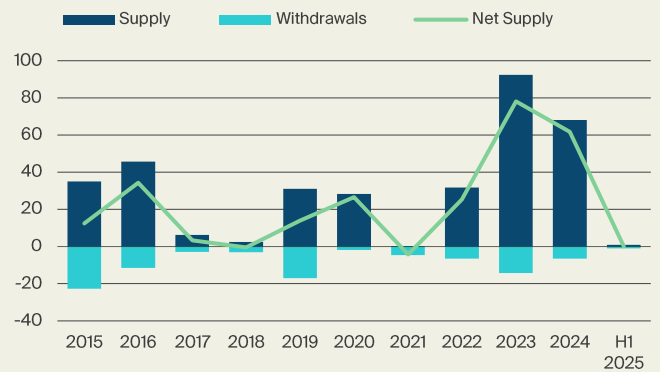
Net supply in Adelaide's CBD reached historically high levels in 2023 and 2024, with 78,109 sqm and 61,669 sqm delivered, respectively. These strong additions were driven by a combination of major refurbishments and new completions, including 150 Grenfell Street (9,485 sqm), 45 Pirie Street (19,580 sqm), 30 Pirie Street (24,000 sqm) and 100 King William Street (15,112 sqm). In contrast, net additions in H1 2025 were minimal, with just -9 sqm delivered year-to-date. This figure will increase once 50 Franklin Street reaches practical completion later in the year, contributing 21,000 sqm. Despite being a fully electric building and located alongside major tenants such as PwC and BHP, it is expected to enter the market with vacancy of around 80%.

Looking ahead, supply will moderate. In 2026, only one project is scheduled for completion—Market Square by ICD, which will deliver 22,000 sqm and is already more than 50% pre-committed. No new developments are expected in 2027, while 2028 will see the delivery of Festival Tower (50,000 sqm) and Central Market Tower (15,000 sqm).

## ...AND WILL REMAIN SUBDUED IN 2026 AND 2027

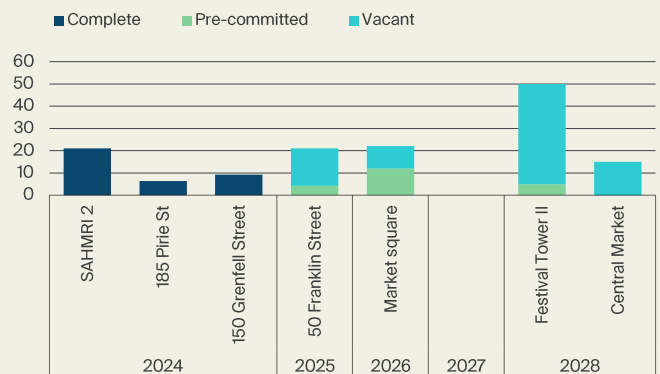
Office completions in Adelaide's CBD are forecast to remain below the 10-year average of 28,665 sqm from 2025 to 2027, before comfortably surpassing it in 2028. This slowdown follows a record 92,314 sqm delivered in 2023, with the market still absorbing the unprecedented influx of new space. As demand from high-quality tenants will not dissipate, new and high-quality development activity is set to accelerate again in 2028.

### Adelaide CBD office net additions 000's sqm



Source: Knight Frank Research, PCA

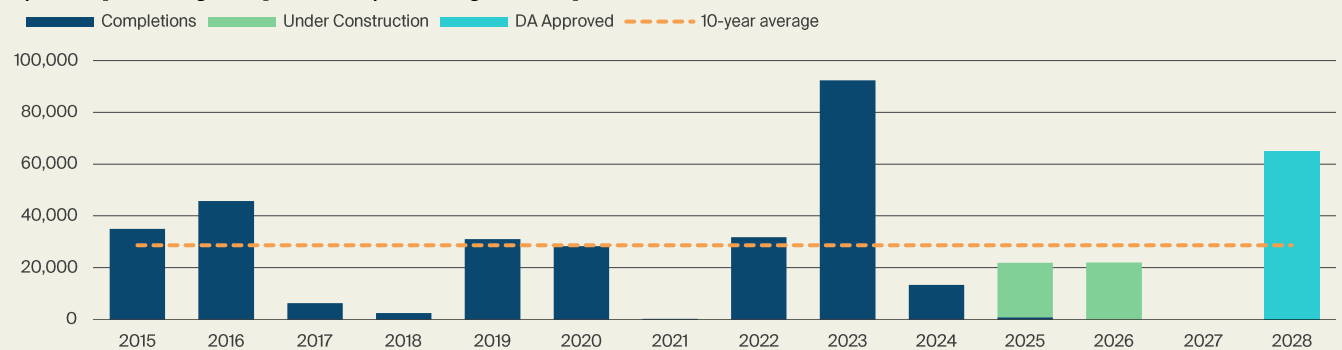
### Adelaide CBD new development pipeline By completion stage and vacancy, 000's sqm



Source: Knight Frank Research

### Adelaide CBD office completions and development pipeline

By development stage compared to 10-year average, 000's sqm



Source: Knight Frank Research, PCA

# Major office supply



Source: Knight Frank Research, Adelaide City Council

Completed			
#	ADDRESS	SQM	Status
1	60 King William St	40,000	Completed
2	One Festival Tower	44,500	Completed
3	185 Pirie St	6,328	Completed
4	SAHMRI 2	20,000	Completed

Major Refurbishments			
#	ADDRESS	SQM	Status
7	30 Pirie St	24,000	Completed
8	45 Pirie St	19,580	Completed
9	100 King William St	15,112	Completed
10	150 Grenfell St	9,485	Completed

Mooted / DA Approved			
#	ADDRESS	SQM	Status
5	Lot 14	41,000	Under Review
6	Adelaide Central Plaza	34,000	Under Review

Under Construction / Major Pre-commitment			
#	ADDRESS	SQM	Completion date
11	50 Franklin St	21,000	H2 2025
12	Market Square	22,000	H2 2026
13	Festival Tower II	50,000	H1 2028
14	Central Market	15,000	H2 2028

# Rents and incentives

## STRONG RENTAL GROWTH ACROSS PRIME ASSETS

Prime gross face rents in Adelaide's CBD currently average \$717/sqm, up 1.8% q/q and 9.4% y/y. Gross effective rents have recorded even stronger growth, supported by a slight decline in incentives. Gross effective rents rose from \$431/sqm to \$474/sqm, up 1.8% q/q and 10.0% y/y. Incentives edged down in Q1-25 from 34.3% to 33.9% and remained steady at that level through Q2-25.

Growth across secondary assets have been more subdued, with gross face rents increasing just \$2/sqm over Q2-25 to \$473/sqm, rising 0.4% q/q and 3.2% y/y. This highlights the presence of a two-tiered market in Adelaide, consistent with trends across much of Australia where rental growth is concentrated across prime assets. Incentives in the secondary market also remain relatively higher at 37.5%.

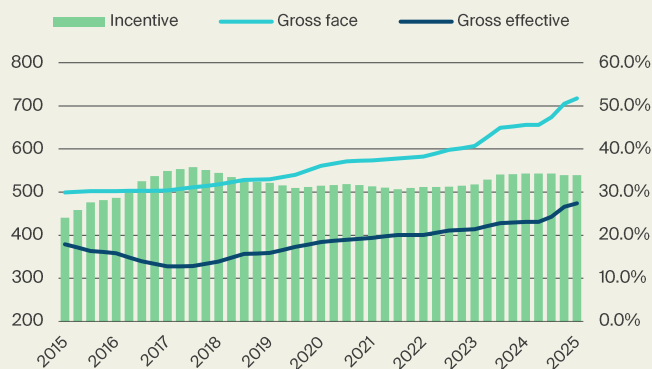
Expectations are that incentives will settle at 35% across prime assets in Adelaide's CBD, and the city will see average prime effective rental growth of 4.5% per annum over the next 5-years.

## PLENTY OF LEASING ACTIVITY

Several major lease agreements have been finalised in Adelaide's CBD over the past 6 to 18 months, reflected in robust net absorption figures and pointing towards strong leasing activity. The largest of these lease agreements is RAA, which will occupy 9,000 sqm at the newly refurbished 150 Grenfell Street early next year. Flight Centre (1,117 sqm) and Elders (3,183 sqm) are also set to move into their new office spaces imminently.

### Adelaide CBD prime rents and incentives

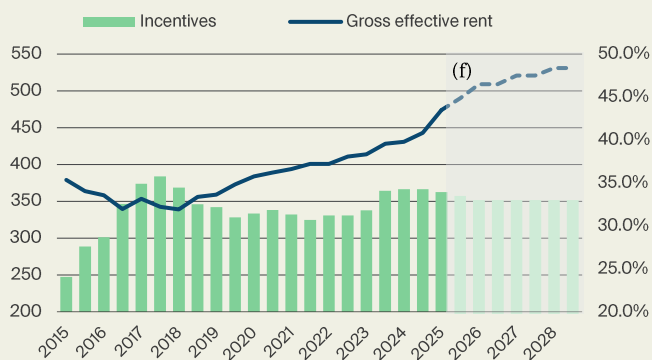
By rental type \$/sqm (LHS), and incentive % (RHS)



Source: Knight Frank Research

### Adelaide CBD office rent forecast

Gross effective rent \$/sqm (LHS), and incentive % (RHS)



Source: Knight Frank Research

## Recent significant tenant commitments

Occupier	Address	Precinct	Size (sqm)	Net face rent (\$/sqm)	Term (years)	LCD
RAA	150 Grenfell Street	Frame	9,000	695 g	15.0	Jan 26
Elders	80 Grenfell Street	Core	3,183	710 g	5.0	Nov 25
Flight Centre	11 Waymouth Street	Core	1,117	Conf.	10.0	Sept 25
AGL	100 King William Street	Core	3,000	588 g	10.0	Apr 25
ATSYS	95 Grenfell Street	Core	950	580 g	5.0	Apr 25

*n = net face rent \$/sqm, g = gross face rent \$/sqm, sg = semi-gross face rent \$/sqm*

Source: Knight Frank Research, PCA

# Investment

## VOLUMES TO RISE AS INTEREST RATES FALL

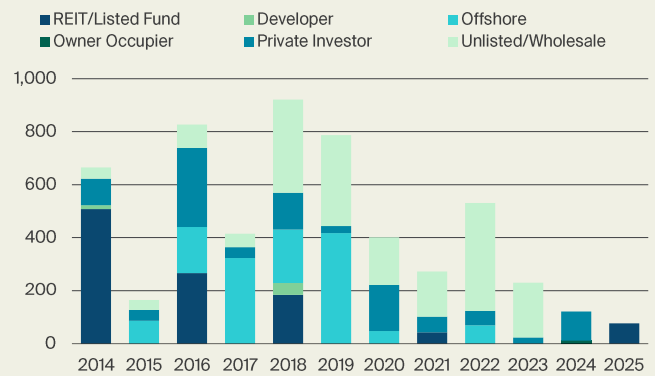
Investment activity in Adelaide has mirrored broader national and global trends, with limited office transactions recorded through 2024 and into H1 2025. In 2024, investment volumes totalled \$121.3m, dominated by private investors (90.4%), with the remainder from owner-occupiers (9.6%). Year-to-date, activity has been driven exclusively by REITs and listed funds. Notable transactions include the sale of 19 Grenfell Street to Exceed Capital for \$25.5m in January, and 63 Pirie Street to Centennial for \$50.5m in July. While only two CBD office assets over \$10m have settled in 2025 so far, several major properties, including 11 Wymouth Street, 77 Grenfell Street, and 44 Pirie Street are currently on the market, suggesting investment volumes could reach their highest annual level since 2022.

Investor sentiment is being bolstered by a strengthening economy and easing monetary policy. The cash rate has already fallen from 4.35% to 3.60% this year, with a further 25 bps cut priced in for November and two more expected early next year. By mid-2026, interest rates are forecast to sit at 2.85%, providing additional confidence to capital markets and further office investment.

## YIELD COMPRESSION IMMINENT

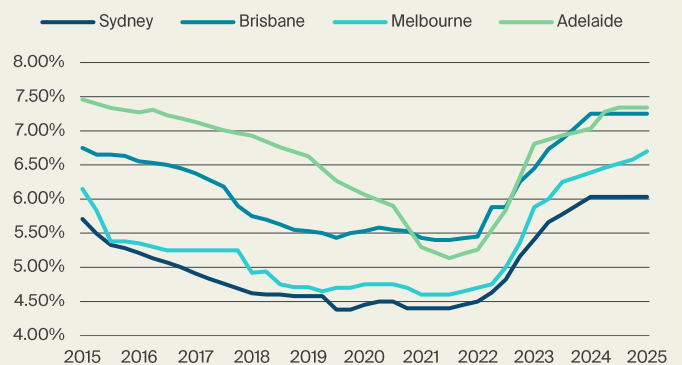
Prime yields in Adelaide's CBD sit at 7.3% having remained flat over the last 9-months and are in line with Brisbane at. Secondary yields have remained unchanged over Q2-25 and sit at 8.3% on average. Expectations are that yields are likely to fall in line with future interest rates as liquidity and certainty comes back to the capital markets nationally.

**Adelaide CBD office investment turnover**  
by type of investor, A\$m



Source: Knight Frank Research, MSCI

**CBD office prime core market yield**  
by capital city, %



Source: Knight Frank Research

## Recent significant sales

Property	Market	Price \$m	CMY %	NLA sqm	NLA \$/sqm	WALE	Purchaser	Vendor	Sale Date
19 Grenfell Street	CBD	25.5	8.97	10,523	2,423	1.1	Exceed Capital	Shakespeare	Jan-25
63 Pirie Street	CBD	50.5	8.65	11,500	4,391	3.7	Centennial	Raptis	Jul-25
9 Charles Street, West Lakes	Fringe	12.7	6.56	2,091	6,074	3.8	Scaffidi Nominee	Centuria	Jul-25
176-180 Port Road, Hindmarsh	Fringe	15.2	VP	1,895	8,011	VP	Helping Hand	Maxima Training	Aug-25

VP = Vacant Possession

Source: Knight Frank Research

# Fringe office market

## FALLING VACANCY AND STRONG NET ABSORPTION

Prime gross face rents in Adelaide's Fringe market have grown to a lesser extent than the CBD, up 1.8% q/q and 2.4% y/y. They currently sit at \$520/sqm – 27.5% cheaper than the average for prime in the CBD. Incentives are comparatively lower in the Fringe at 27.0% which is a consequence of the stock being mostly owned by private investors who are less willing to give out large incentives.

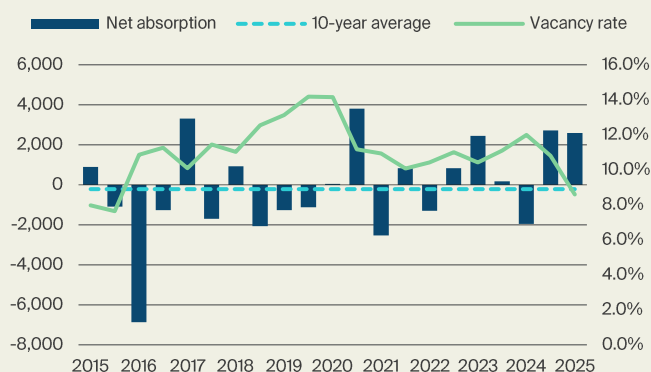
Adelaide's Fringe recorded 2,583 sqm of positive net absorption over H1 2025, following 2,712 sqm over H2 2024. The positive net absorption has been supported by falling vacancy across both prime and secondary markets. Adelaide's Fringe contains 48,658 sqm of prime stock of which there is no vacancy whilst secondary assets have a vacancy rate of 11.6% which is marginally below the 10-year average of 12.6%. Despite less rental growth the market is generally performing well, the total vacancy rate which sits at 8.6% is substantially lower than every other Fringe & Metro market nationally except East Melbourne at 7.5%.

## ROBUST INVESTMENT ACTIVITY ACROSS THE FRINGE

The resilience of Adelaide's Fringe market is reflected in investment activity across the area, which has been particularly buoyant from June to August with 6 office buildings >\$5m transacting. Two notable transactions over this period were 9 Charles Street which was purchased by Scaffidi Nominee from Centuria for \$12.7m, and 176-180 Port Road Port Road in Hindmarsh which was purchased by Helping Hand Aged Care from Maxima Training Group for \$15.2m

### Adelaide Fringe net absorption

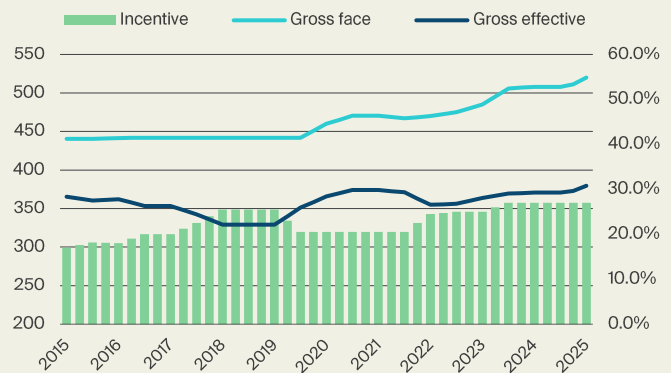
6-month net absorption in sqm (LHS), and vacancy % (RHS)



Source: Knight Frank Research, PCA

### Adelaide Fringe prime rents and incentives

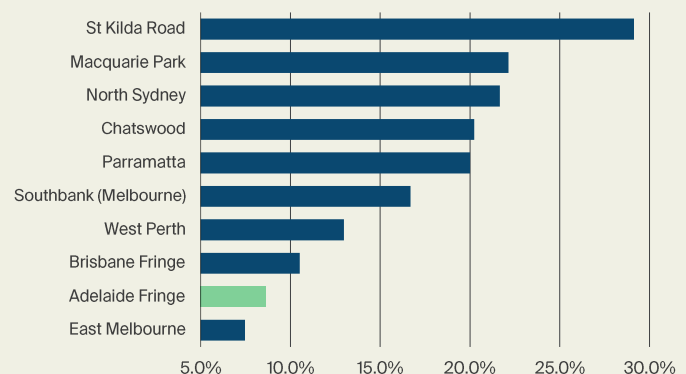
By rental type \$/sqm (LHS), and incentive % (RHS)



Source: Knight Frank Research

### Fringe & Metro office market vacancy rates

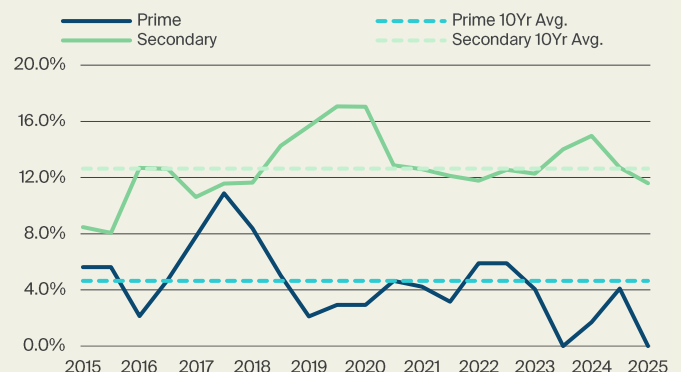
Adelaide Fringe compared to other national markets, %



Source: Knight Frank Research, PCA

### Adelaide Fringe office vacancy

By grade compared to 10-year avg, %



Source: Knight Frank Research, PCA



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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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## Recent Research



Brisbane CBD Office Market  
May 2023



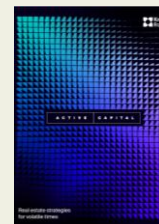
Australian Industrial Review  
REPORT TITLE Q2 2023



Brisbane Suburban office  
report February 2023



Brisbane's Accelerated  
Development



Active Capital Report  
2023



The Wealth Report  
2023