Canberra Office Market

August 2025

Lowest vacancy rate amongst all capital cities since mid-2021.

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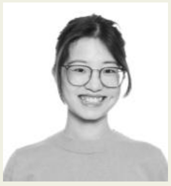
Key Insights

Occupier demand remains strong across Parliamentary precincts, highlighting demand for best in class assets



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Senior Analyst, RESEARCH & CONSULTING

10.7%

Rise in overall vacancy y/y

Lowest vacancy rate amongst all capital cities since mid-2021.

1.6%

Prime vacancy in Parliamentary precincts

Prime space in Parliamentary precincts continue to be in demand.

47.6k

Sqm of net additions

Net supply in H1 2025 to support sustained demand in core locations.

Steady

Yields hold firm

Prime yields in Civic and Parliamentary precincts continue to hold firm.

2.5%

Annual rental growth

Prime net face rents average $473/sqm in the Civic and Parliamentary precincts, an increase of 2.5% y/y

$18m

H1 2025 sales volumes

Subdued investment activity with only one transaction recorded in H1 2025.

Canberra Office Market Indicators – July 2025

Grade	Total Stock sqm	Vacancy Rate %	Annual Net Absorption sqm	Annual Net Additions sqm	Average Gross Face Rent $/sqm	Average Incentive %	Core Market Yield %*
A Grade							
Civic (City)	523,526	16.2	5,572	44,677	581	28.1%	6.75-7.25
Parliamentary	287,889	1.6	4,579	4,500	588	26.7%	7.00-7.50
Town Centers	258,547	9.1	1,918	0	467	30.9%	8.50-9.00
Other	420,512	10.0	27,630	19,703			
Secondary							
Civic (City)	237,961	9.6	-2,078	-2,839	484	30.1%	8.50-9.00
Parliamentary	162,251	2.7	-484	-2,193	492	30.0%	8.25-8.75
Town Centers	181,985	21.6	-2,344	0	383	31.2%	9.75-10.25
Other	386,393	10.5	-7,580	-1,790			
Total Market	2,459,064	10.7	27,213	62,058			

Source: Knight Frank Research/PCA * assuming WALE 5 years
Parliamentary comprises Barton, Parkes and Forrest office precincts; Town Centres comprise Phillip, Tuggeranong and Belconnen office precincts; Other includes remaining PCA sub localities

Solid demand for best space in core locations

LOWEST VACANCY AMONGST CAPITAL CITIES

Overall vacancy in Canberra increased from 9.2% to 10.7% over the six months to July 2025, driven by the addition of 53,789 sqm of new supply. Notably, vacancy remains in line with its 10-year average and is the lowest across all capital cities. The market recorded positive net absorption of 6,794 sqm in H1 2025, bringing annual net absorption to a solid 27,213 sqm.

More specifically, prime vacancy in Civic measured 16.2%, alongside 1,870 sqm of positive net absorption in the six months to July 2025. Parliamentary precincts maintained a low prime vacancy rate of 1.6% as at July 2025, highlighting the emphasis on best-in-class assets in core locations. In the secondary market, vacancy sits at 9.6% in Civic and 2.7% in the Parliamentary precincts.

SUPPLY INFLUX IN CORE LOCATIONS

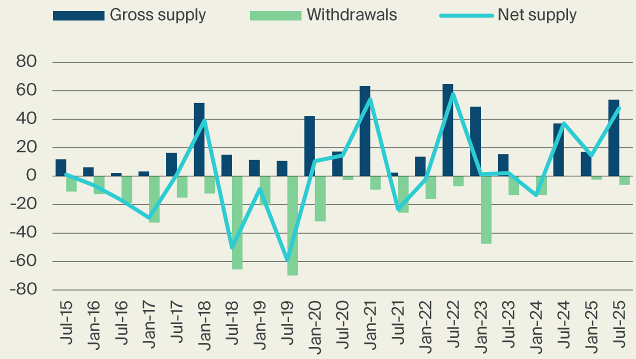
The first half of 2025 saw 53,789 sqm added to the market, taking total office stock to 2,459,064 sqm. Two buildings reached practical completion in H1 2025: Capital Airport Group's 9–11 Molonglo Dr, Canberra Airport (19,703 sqm), and Morris Property Group's 1 City Hill, Civic (34,086 sqm). On the other hand, several withdrawals occurred, including 175–179 London Cct, Civic (570 sqm) for redevelopment; 13 London Cct, Civic (2,269 sqm) for hotel conversion; and 10–12 Brisbane Ave, Barton (3,350 sqm) for redevelopment. Looking ahead, construction is well underway at 62 Constitution Ave, Campbell (16,000 sqm), scheduled for completion in H2 2025; 8–10 Petrie Plaza, Civic (5,000 sqm); and 1A Constitution Place, Civic (15,500 sqm), both expected to complete in H2 2026. Meanwhile, site works have commenced at 19 National Cct, Barton (19,817 sqm), with completion estimated in 2027. The pipeline will provide new prime office space opportunities in the Civic and Parliamentary precincts, which have historically had limited availability.

STEADY FACE RENTAL GROWTH

In the Civic and Parliamentary precincts, prime net face rents increased by 2.5% to $473/sqm ($585/sqm gross face, up 3.7% y/y) over the 12 months to July 2025. Similarly, net face rents in the secondary market rose by 3.1% to $375/sqm ($488/sqm gross face, up 3.5% y/y) over the same period. Incentives have declined slightly for the first time since 2017 for prime space in the Civic and Parliamentary precincts, averaging 27.4% in July 2025, down from 27.6% in January. As a result, prime net effective rents increased by 1.8% to $313/sqm. Meanwhile, secondary incentives have remained stable at 30.0% since mid-2024 in the Civic and Parliamentary precincts.

Canberra office supply additions and withdrawals

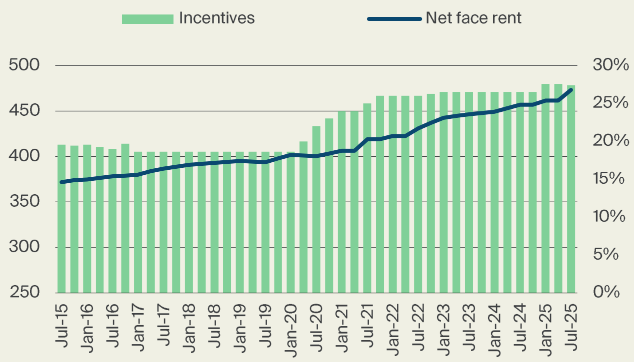
Total market, per six months period ('000 sqm)



Source: Knight Frank Research, PCA

Prime net face rents and incentives

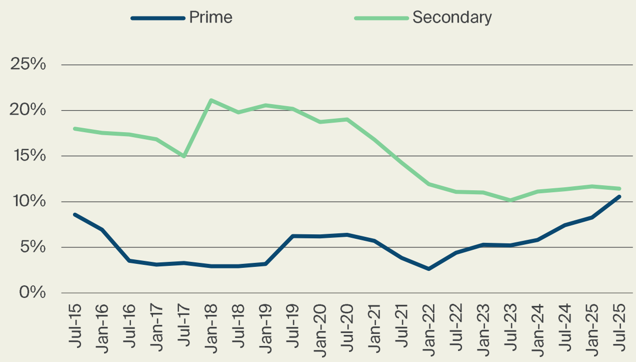
Parliamentary & civic average, $/sqm, %



Source: Knight Frank Research

Canberra vacancy major precincts *

Per six month period (%), by grade



Source: Knight Frank Research, PCA
*incorporates Civic, Parliamentary Precinct & Town Centres

Positive economic outlook to boost investor confidence

DEAL FLOW TO PICK UP ON THE BACK OF INVESTOR CONFIDENCE AND A MORE POSITIVE ECONOMIC OUTLOOK

After a pick-up in 2024, investment activity has been subdued in 2025, with only one recorded transaction. The only transaction was 4 Mort St, sold off-market to AEGIS Investment Group in H1 2025 for $18 million, achieving a core market yield of 8.5%. The building was previously held by Gladiator MEIF, who acquired the asset in 2013 for $14.75 million. The building is currently 63% occupied with a short WALE of 1 year, tenants include: the Australian Electoral Commission, The Australian Red Cross Society, and SAP Australia.

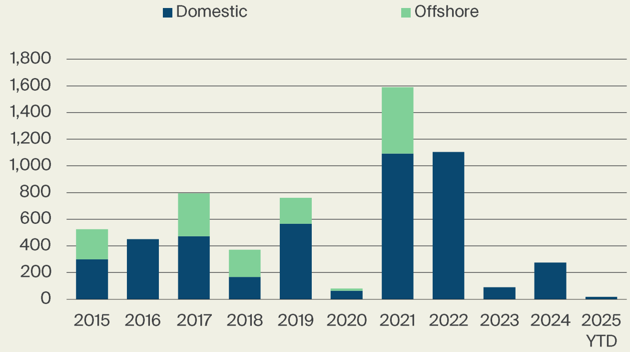
With the improved economic outlook and investor confidence returning, deal flow is expected to pick up in the near term.

YIELDS HOLDING FIRM

Similar to other capital cities except Melbourne, yields continue to hold firm since mid-2024. In the Civic and Parliamentary precincts in Canberra yields have held firm at 7.1%. This has resulted in a modest increase of 2.7% in capital values over the year, in a sign that capital values have started a return to growth. Secondary yields in the Civic and Parliamentary precincts remain unchanged at 8.50%.

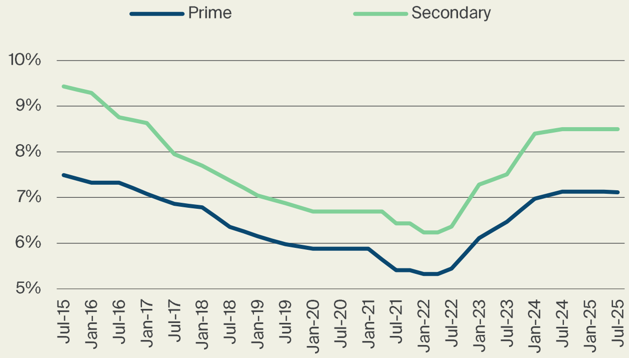
Across Town Centres, yields have held firm since 2024, averaging 8.7% for prime and 9.9% for secondary. The current prime yield spread between Civic and Parliamentary and Town Centres stands at 159 bps.

Canberra office sales $10m+
By purchaser ($m), domestic v offshore



Source: Knight Frank Research

Canberra office core market yield
Prime v secondary, blended average yield (%)



Source: Knight Frank Research

Recent significant sales

Property	Price $ m	Core Market Yield %	NLA sqm	$/sqm NLA	WALE	Purchaser	Vendor	Sale Date
4 Mort St, Canberra	18.0	8.5	5,422	3,320	1.0	AEGIS Investment	Gladiator Investments	Apr-25
2 Constitution Ave, Canberra	90.1	7.9	19,465	4,626	3.2	Growthpoint	ISPT	Nov-24
18 Canberra Ave, Forrest	72.0	6.3	9,646	7,464	3.0	Sentinel Property	Charter Hall	Nov-24

Source: Knight Frank Research

Recent tenant commitments

Occupier	Property	Precinct	Size sqm	Face Rent $/sqm	Term yrs	Start Date
Built ~	14 Moore St	City	247	515	5	Nov 25
Coa (Australian Centre for International Agriculture Research) ~	38 Sydney Ave	Forrest	1,453	515	12	Aug 25
Lander & Rogers ^	15 National Cct	Barton	431	485 (g)	3	Jul 25
VMWare Australia ^	60 Marcus Clarke St	City	345	500	5	Jul 25
Orbis Operations ~	15 National Cct	Barton	326	550	5	Jun 25
Next Apex ~	60 Marcus Clarke St	City	172	510	3	Apr 25

~ Direct ^ Sublease (g) gross face
Source: Knight Frank Research

Canberra major office supply

Property	Area (sqm)	Developer	Major tenants	Stage	Timing
9-11 Molonglo Drive, Airport	19,703	Capital Airport Group		Complete	H1 2025
1 City Hill, Civic (One City Hill)	34,086	Morris Property Group	Spec	Complete	H1 2025
62 Constitution Ave, Campell (Anzac Park East)	16,000	Amalgamated Property Group	Telstra	Under Construction	H2 2025
1A Constitution Place, Civic (Constitution Place)	15,500	Capital Airport Group	Clayton Utz	Under Construction	H2 2026
8-10 Petrie Plaza, Civic	5,000	NDH		Under Construction	H2 2026
15 Sydney Avenue, Barton	37,000	Doma / Kenyon Investments	Commonwealth ATO	Under Construction	H2 2026
19 National Circuit, Barton (Centenary House)	18,128	Cromwell Corporation	Commonwealth	Under Construction	2027
10-12 Brisbane Ave, Barton	14,000	Willemsen Group		Mooted	2027+
40 Brisbane Ave, Barton	16,500	Strata Plan		Mooted	/
2 Darling St, Barton	10,900	DOMA Group		Mooted	/
Section 96, Civic	37,000	QIC		Mooted	/
50 Kent Street, Deakin	8,500	Evri Group	Spec	Mooted	/

Source: Knight Frank Research

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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