

Canberra Office Market



March 2026

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

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Key Insights

Resilient occupier demand, low vacancy and stable yields underpin market performance.



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 **10.2%**

Overall vacancy

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

 **10.1k**

Net absorption in H2 2025

Sustained tenant demand drives positive absorption levels.

 **64.5k**

Sqm of new supply in 2026

Development pipeline to increase availability of prime space.

 **5.1%**

Annual face rental growth

Prime net face rents average \$485/sqm in Civic and Parliamentary precincts.

 **7.1%**

Yields hold firm

Prime yields in Civic and Parliamentary precincts averaged 7.1%.

 **\$396m**

2025 deal volumes

Domestic capital drives investment activity.

Canberra Office Market Indicators – January 2026

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	13.0	18,666	34,086	604	28.6%	6.75 - 7.25
Parliamentary	287,889	1.7	3,485	0	600	27.7%	7.00 - 7.50
Town Centers	258,547	5.0	11,800	0	477	30.9%	8.50 - 9.00
Other	420,512	9.4	3,520	19,703			
Secondary							
Civic (City)	237,961	9.9	-4,494	-2,839	488	30.1%	8.50 - 9.00
Parliamentary	162,251	2.0	114	-3,350	502	30.0%	8.25 - 8.75
Town Centers	181,985	31.8	-17,717	0	392	31.2%	9.75 - 10.25
Other	386,393	10.9	1,549	0			
Total Market	2,459,064	10.2	16,923	47,600			

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 supports rental growth

SOLID DEMAND KEEPS VACANCY AT THE LOWEST AMONG CAPITAL CITIES

Overall vacancy in Canberra declined in the second half of 2025, to 10.2% in January 2026. This was supported by positive net absorption of 10,129 sqm in H2 2025, bringing the annual net absorption to 16,923 sqm. Vacancy remains in line with the market's 10-year average and represents the lowest vacancy rate among capital cities since mid-2021.

Prime vacancy in Civic declined from 16.2% to 13.0% over the six months to January 2026, supported by positive net absorption of 16,796 sqm. While this vacancy is well-above its long-term average, it is notable given the substantial supply influx since 2024, which added more than 70,000 sqm of new space to the market. The Parliamentary precinct remained extremely tight, with prime vacancy holding at 1.7% in January 2026. Secondary vacancy levels measured 9.9% in Civic and 2.0% in the Parliamentary precinct.

HEALTHY DEVELOPMENT PIPELINE AHEAD

Total office stock stood at 2,549,064 sqm, with 53,789 sqm of new supply delivered to the market in 2025. Two projects reached practical completion during the year: 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).

Looking ahead, the development pipeline remains active. 62 Constitution Ave, Campbell (16,000 sqm) and 15 Sydney Ave, Barton (37,000 sqm) are both scheduled for completion in H1 2026. Construction is also well advanced at 1A Constitution Place, Civic (15,500 sqm), which has already reached over 90% pre-commitment and is expected to complete in H2 2026. Additionally, 19 National Circuit, Barton (19,817 sqm), fully committed by the Commonwealth, is forecast for completion in 2027.

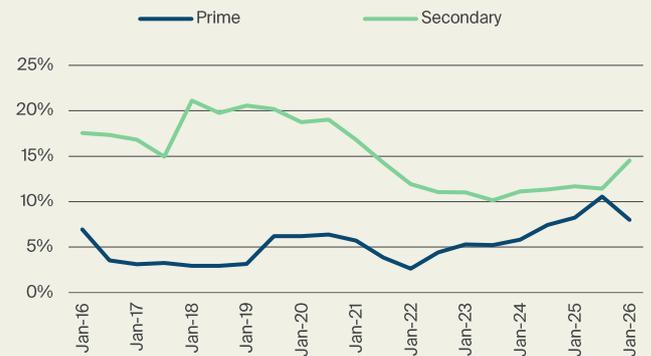
The forward pipeline is expected to provide occupiers with increased access to prime office space in the core locations that have historically experienced limited availability.

SOLID RENTAL GROWTH

Solid rental growth in the Civic and Parliamentary precincts continued over the year to January 2026, with prime net face rents increasing by 5.1% to average \$485/sqm (\$602/sqm, up 5.0% y/y). Similarly, secondary net face rents in Civic and Parliamentary precincts rose by 4.0% over the same period to \$379/sqm (\$495/sqm gross face, up 3.6% y/y). Incentives edged up slightly to 28.1% for prime space, while secondary incentive measure 30.0%.

Canberra vacancy major precincts *

Per six month period (%), by grade

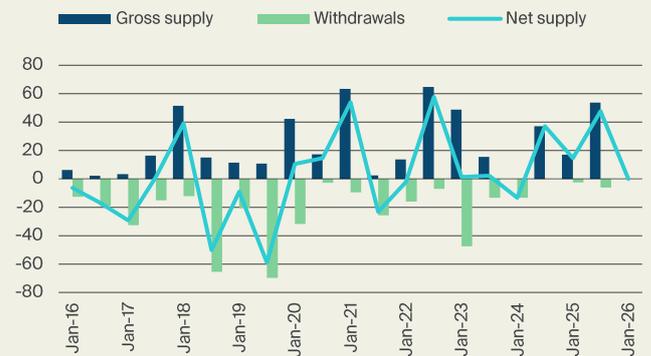


Source: Knight Frank Research, PCA

*Incorporates Civic, Parliamentary Precinct & Town Centres

Canberra office supply additions and withdrawals

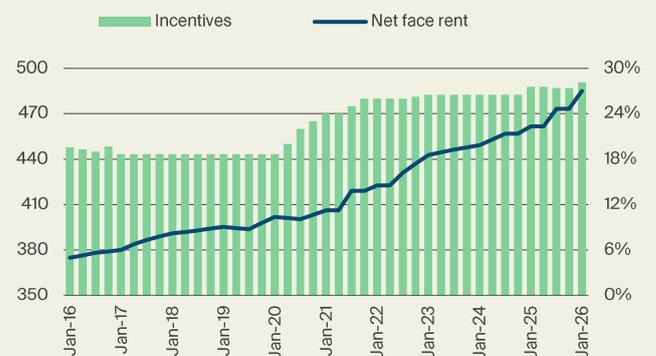
Total market, per six months period ('000 sqm)



Source: Knight Frank Research, PCA

Prime net face rents and incentives

Parliamentary & civic average, \$/sqm, %



Source: Knight Frank Research

Transactional activity improving

DOMESTIC CAPITAL DRIVING TRANSACTIONAL ACTIVITY

Investment activity totalled \$396 million in 2025 across three buildings. In H2 2025, Amalgamated Property Group acquired Anzac Park West (50 Constitution Ave, Parkes) from EG Funds for \$72.5 million. The building is fully leased to the Department of Defence on a 10-year term expiring Dec 2027. The acquisition consolidated APG's ownership of both the Anzac Park West and East blocks. In addition, Sirius Building (23 Furzer St, Phillip) was sold by Mirvac to LDR Capital for \$305 million, transacting at a 7.8% core market yield. The building is fully leased to the Department of Health, Disability and Ageing, with a WALE of 9.1 years to provide long-term income certainty.

These transactions highlight the preference of domestic capital for assets underpinned by public administration tenants, reflecting a focus of income secure assets.

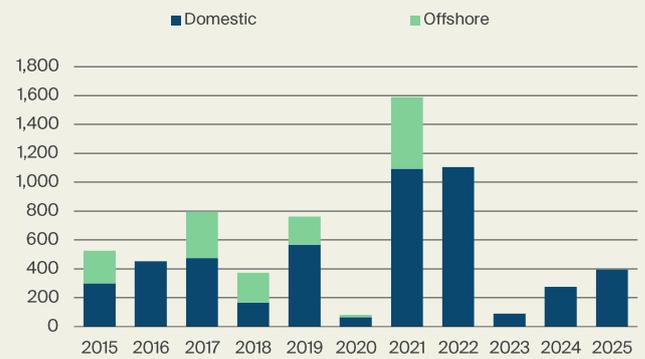
FIRM YIELDS TO SUPPORT CAPITAL VALUE RECOVERY

The average office yields in the Civic and Parliamentary precincts have remained stable since mid-2024, averaging 7.1% for prime and 8.4% for secondary. As yields remain firm, positive rental growth has led to a renewed capital value uplift, with prime capital values increasing by 6.1% over the year and secondary values rising by 5.6%. This marks a return to capital value growth, following the recovery from the valuation declines experienced during the yield softening cycle from 2022 to early 2024.

Across Town Centres, yields have similarly remained unchanged 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 164 bps.

Canberra office sales \$10m+

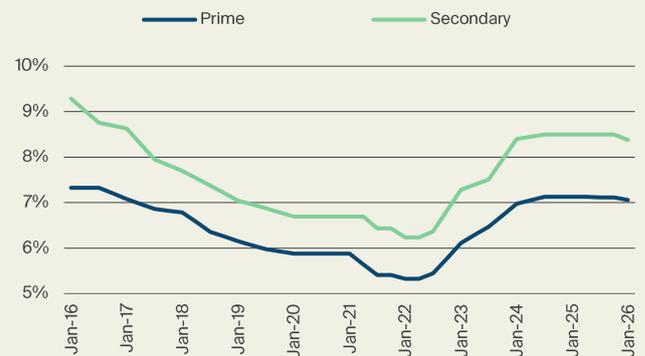
By purchaser (\$m), domestic v offshore



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
23 Furzer St, Phillip	305.0	7.8	46,029	10,410	9.1	LDR Capital	Mirvac	Dec-25
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

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
Orbis Operations ~	15 National Cct	Barton	326	550	5	Jun 25
CoA (NDIS Quality and Safeguards Commission) ~	21-23 Marcus Clarke St	City	1,405	520 (g)	7	Jun 25
CoA (DVA) ~	18 Marcus Clarke St	City	13,650	520 (g)	15	May 25
BDO Australia ~	5 Farrell Place	City	865	540 (g)	5	Mar 25

~ Direct (g) Semi Gross
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	H1 2026
15 Sydney Avenue, Barton	33,000	Charter Hall	Commonwealth ATO	Under Construction	H1 2026
1A Constitution Place, Civic (Constitution Place)	15,500	Capital Airport Group	Clayton Utz; EY; JLL	Under Construction	H2 2026
19 National Circuit, Barton (Centenary House)	19,817	Cromwell Corporation	Commonwealth	Under Construction	H1 2027
8-10 Petrie Plaza, Civic	5,000	NDH		Under Construction	H2 2027
10-12 Brisbane Ave, Barton	14,000	Willemsen Group		Under Construction	2028+
40 Brisbane Ave, Barton	16,500	Chase Group / Kenyon Investments		Mooted	/
84-86 Giles St, Kingston	4,658	KG Capitol		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

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Recent Research



Sydney CBD Office Market



Leading Indicators



Melbourne CBD Office Market



Sydney CBD Economic Rents Reach Their Peak



Australian Capital View



Australian Retail Review



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