MARKETBEAT
PERTH CBD
OFFICE Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
15.1% Vacancy Rate	▼	—
25,186 6-month Net Absorption, sqm	▲	▲
$380 Prime Net Effective, sqm pa	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.3% (National) GDP Growth	▲	▲
3.6% (Western Australia) State Final Demand Growth	▲	▲
4.1% (National) Unemployment Rate	▲	▲

Source: ABS

ECONOMY OVERVIEW:

The Reserve Bank of Australia responded to continued disinflation and the ongoing tariff negotiations by cutting rates in May for the second time this year as the central bank's focus has shifted from fighting inflation to supporting growth and maintaining full employment. Against this backdrop growth is expected to improve throughout 2025 and 2026 on the back of improved consumer and business sentiment. GDP growth slowed in Q1 2025 reaching 0.5% (1.3% year-on-year but is forecast to recover to 1.8% by the end of the year and 2.1% for 2026. Western Australia's economic growth is expected to grow at a faster pace than other states, with Gross State Product forecast to increase by 2.5% in 2025 and 4.3% in 2026.

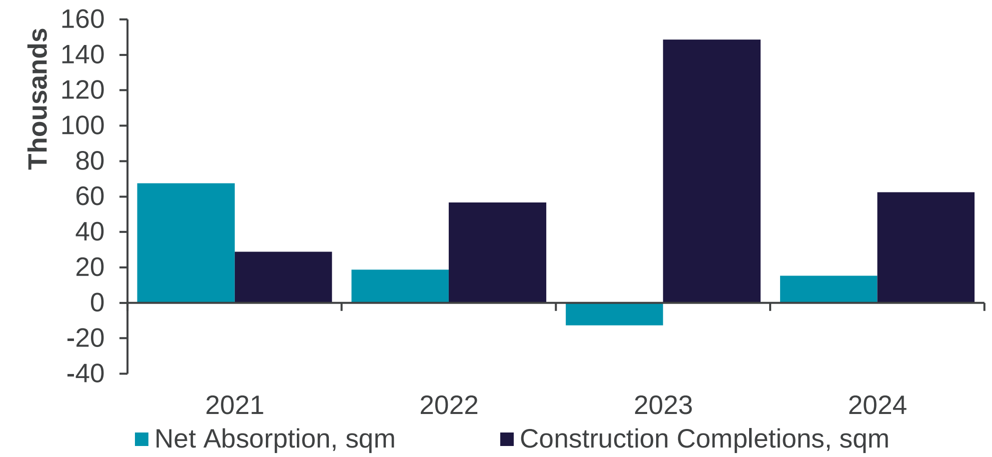
DEMAND:

Demand within Perth's CBD office market remained strong throughout Q2 2025, supported by steady occupier confidence and ongoing momentum in prime grade assets. Cushman & Wakefield agents have reported an uplift in prime grade leasing enquiries, asserting its position as the primary growth driver in Perth's office market. Over the six months to January 2025, the Perth CBD recorded a net absorption of 25,186sqm, a strong rebound from the negative -9,811sqm absorption recorded in July 2024. This turnaround highlights improving business conditions and growing demand for centrally located high quality assets.

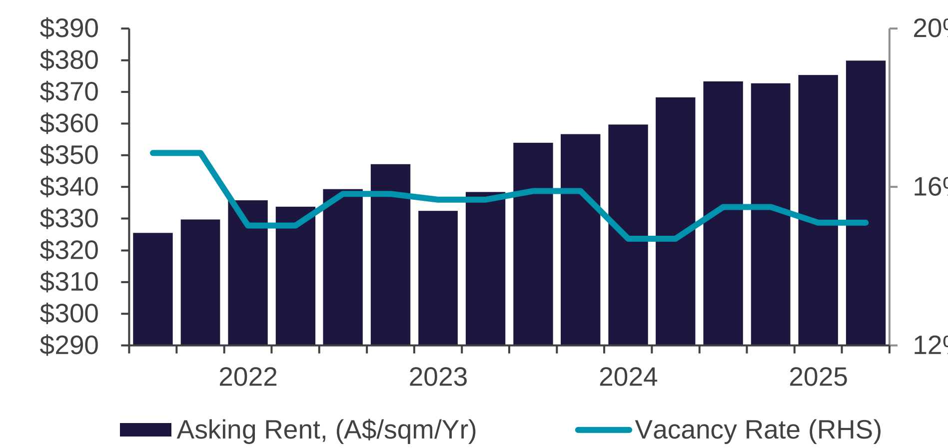
RENT:

Rents in Perth's CBD office market continued their upward trajectory in Q2 2025, with momentum most evident across Premium and A-grade segments. Prime net effective rents averaged $380 per square metre per annum (sqm pa), increasing by 1.2% quarter on quarter (Q-o-Q), recovering from the subdued growth seen in previous quarters. Premium grade rents rose 2.1% over the quarter to reach $435 sqm pa, maintaining a strong growth trajectory, while A-Grade rents lifted by 0.6% to $346 sqm pa. In contrast, secondary rents showed signs of plateauing, with net effective rents declining marginally by 0.1% over the quarter, with the average remaining flat at $248 sqm pa, following a period of consistent growth. Net incentives for prime assets remained steady at 46.5% for the third consecutive quarter, while outgoings increased 3.0% Y-o-Y to $346 sqm pa. Secondary incentives edged lower to 49.5%, down 1.0% Y-o-Y, with outgoings rising to $143 sqm pa. While growth remains concentrated in prime assets, the divergence in performance suggests a more selective rental market, with secondary assets beginning to stabilise

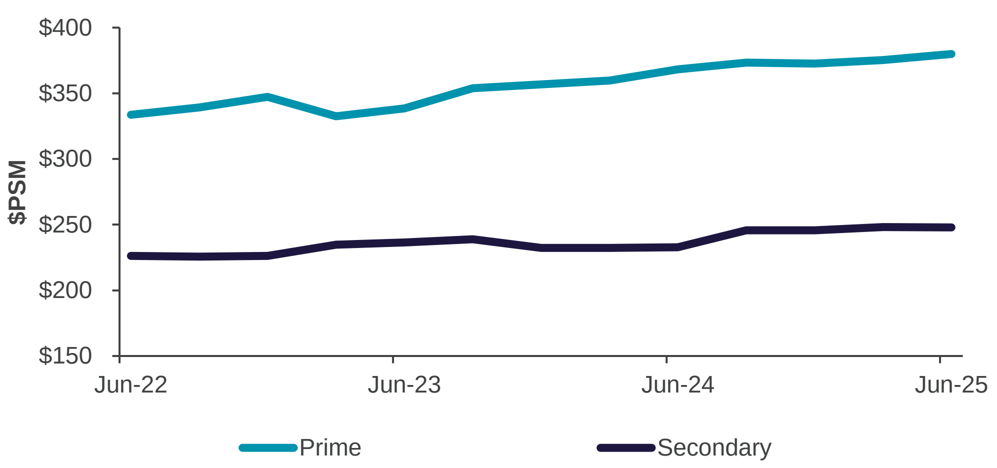
SPACE DEMAND / DELIVERIES



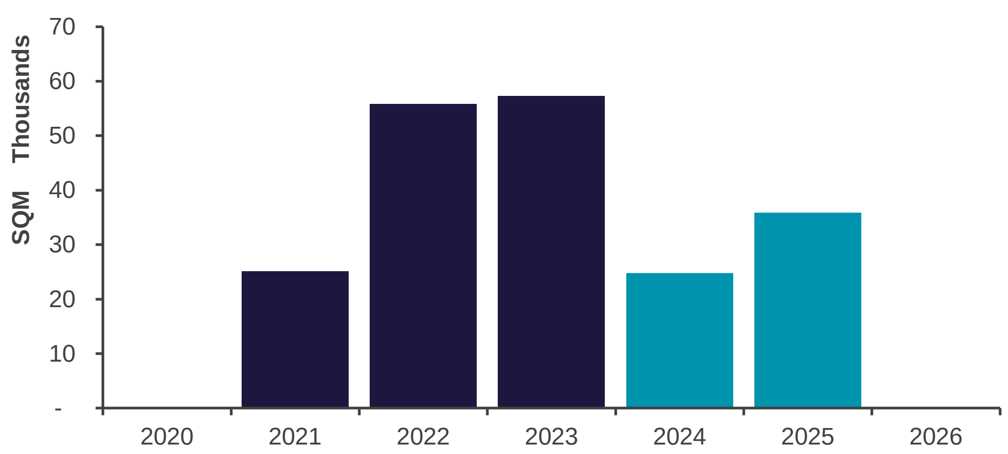
OVERALL VACANCY & PRIME NET EFFECTIVE RENT



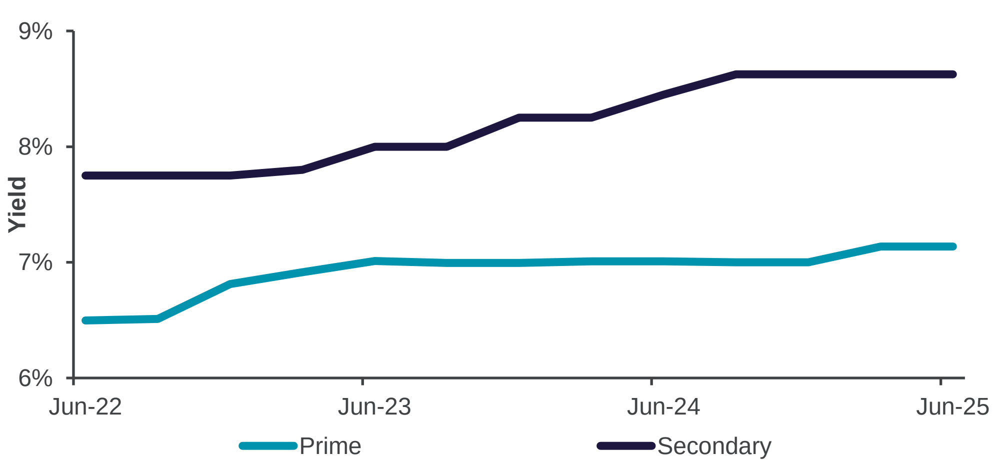
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

Vacancy in the Perth CBD office market has continued to ease, declining from 15.5% in July 2024 to 15.1% as of January 2025, supported by leasing activity and improved net absorption. This follows a period of high vacancy driven by earlier supply additions, with signs now pointing to more landlord favourable conditions. The major supply addition this quarter was the completion of 9 the Esplanade (Lot 6, Elizabeth Quay), delivering 33,554 sqm of premium-grade office. Pre-commitments include EY (5,600 sqm), Multiplex (1,000 sqm), and HUB Australia (4,500 sqm), reinforcing the precincts status as Perth's premier hub. Further supply is expected in 2025, including the 6,200 sqm refurbishment at 100 St Georges Terrace in Q3, fully pre-committed to South 32, as well as the new development at 2-4 William Street, delivering 2,000 sqm space, currently with no pre-commitments. While new stock is upcoming, strong pre-leasing and limited speculative development are expected to keep vacancy pressures in check.

YIELDS:

Perth CBD office yields have remained steady over Q2 2025, with minor softening observed across all grades. Prime yields edged down by just 1 basis point over the quarter to average 7.15%, following a more noticeable adjustment of 12.5 basis points in Q1. Secondary yields held firm at 8.63% for the fourth straight quarter, highlighting passive but consistent investor appetite for non-core assets.

While overall investment volumes remain subdued, Perth continues to demonstrate greater resilience than other CBD markets, where valuation declines have been more prominent. This relative stability is underpinned by Perth's strong economic fundamentals, including population growth and ongoing strength in the resources sector.

INVESTMENT MARKET:

Perth CBD office transaction activity remained limited in Q2 2025, with only two small-scale deals recorded, however momentum has started to pick up since the start of the year. A 6,556 sqm unit at 165 Adelaide Terrace was sold by Mincity Holdings to IBN Corporation for $1.5 million, while 74-78 Barrack Street changed hands from Canci Property Group Pty Ltd to 30 Iparks Pty Ltd for $1.9 million, comprising 11,270 sqm.

While volumes remain well below long-term averages, several major sales campaigns launched earlier in the year are expected to reach completion in the second half of 2025. Encouragingly, buyer interest has begun to pick up, particularly for well-located assets with value-add potential, signaling a gradual return of confidence as pricing expectations begin to realign.

OUTLOOK

- The outlook for the Perth CBD office market remains positive, supported by strong net absorption, resilient occupier demand, and a continued shift in leasing momentum toward higher quality assets.
- Prime and B grade sectors are expected to lead rental growth through the remainder of 2025; however, the pace of growth is likely to moderate as incentives remain strong.
- Economic growth is expected to strengthen significantly throughout 2025, as Gross State Product reverts to align with longer term averages.
- Occupier demand is expected to remain strong, through 2025 for both prime and secondary assets, in-line with strong State economic growth.
- Vacancy is anticipated to trend lower over the coming quarters, driven by limited speculative development in the near future.
- Recent transaction activity suggests that yields are nearing the bottom of the cycle.

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	6-MONTH NET-ABSORPTION (SQM)	UNDER CONSTRUCTION (SQM)	NET EFFECTIVE RENT ($ SQM PA)	AVERAGE NET INCENTIVES	AVERAGE OUTGOINGS ($ SQM PA)
Premium	466,872	43,810	9.4%	14,459	33,500	$435	45.0%	$214
A-Grade	684,026	97,237	14.2%	17,365	90,449	$346	47.5%	$184
Prime^	1,150,898	141,047	7.8%	31,824		$380	46.5%	$195
Secondary	535,501	113,996	21.3%	-4,692		$248	49.5%	$143
TOTALS	**1,797,453**	**271,341**	**15.1%**	**25,186**	**123,949**	**-**	**-**	**-**

**Rental rates reflect full service asking*

^Prime grade is a combination of Premium and A Grade.

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
150 St Georges Terrace	Statistical Division 2	BMT	740	Direct
130 Stirling Street	Statistical Division 2	DT Infrastructure	1,093	Direct
2 The Esplanade	Statistical Division 2	McGrathNicol	898	Direct

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE (AUD M)
165 Adelaide Terrace	Statistical Division 2	Mincity Holdings Pty Ltd / IBN Corporation Pty Ltd	6,566	$1.5
78-84 Barrack Street	Statistical Division 2	Canci Property Group Pty Ltd / 30 Iparks Pty Ltd	11,270	$1.9

KEY PROJECTS UNDER CONSTRUCTION & COMPLETIONS

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER/DEVELOPER
98 Mounts Bay Road	Statistical Division 2	N/A	13,681	AAIG
186 St Georges Terrace	Statistical Division 3	N/A	3,920	Silverleaf
100 St Georges Terrace	Statistical Division 3	South32	6,200	ISPT
9 The Esplanade	Statistical Division 3	Ey Multiplex Hub, Argonaut Investments	33,500	Brookfield Properties/Cbus Property

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