MARKETBEAT
PERTH CBD
OFFICE Q3 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook
17% Vacancy Rate	▼	—
-4.599 6-month Net Absorption, sqm	▲	▲
$384 Prime Net Effective, sqm pa	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.8% (National) GDP Growth	▲	▲
2.9% (Western Australia) State Final Demand Growth	▲	▲
4.3% (National) Unemployment Rate	▲	▲

Source: ABS

ECONOMY OVERVIEW:

The demand side of the economy remains strong, though this may be temporary. A rebound in demand pushed inflation higher in July, dampening expectations of a rate cut at the RBA's 30 September meeting. GDP grew 0.6% Q-o-Q in Q2 (up from 0.3% in Q1), driven mainly by stronger private consumption. Despite this, the data is unlikely to shift the RBA's policy path. July's CPI rose to 2.8% Y-o-Y (from 1.9% in June), largely due to the expiry of electricity subsidies. 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.

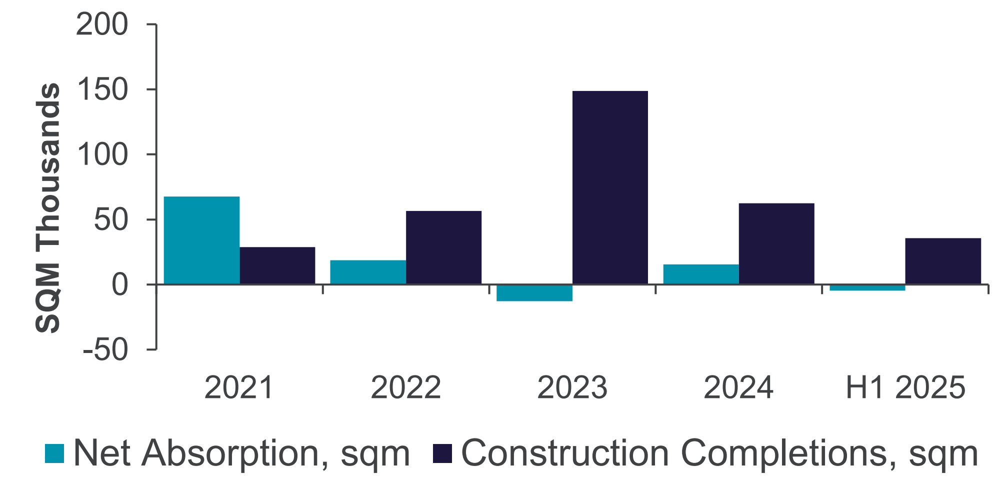
DEMAND:

Demand in the Perth CBD office market has softened slightly in H1 2025, with net absorption falling to -4,599 sqm in the six months to July. This marks a shift from the strong rebound seen previously, when January recorded 25,186 sqm of positive absorption. Despite the dip, enquiry levels for prime-grade assets remain steady, with occupiers continuing to prioritise quality and location. Interest in Premium and A-grade space is still driving activity, although decision making timelines have lengthened. The moderation in absorption suggests a more cautious approach from tenants and broader economic uncertainty, but underlying demand remains intact.

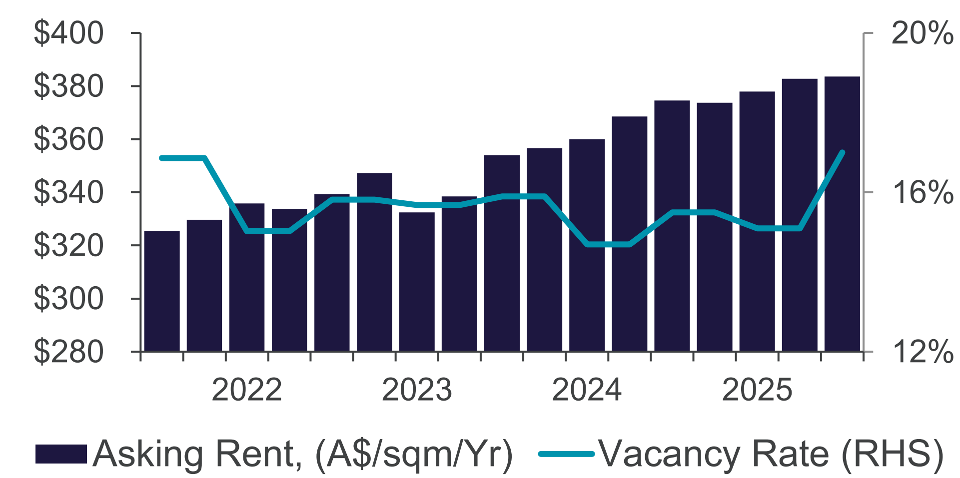
RENT:

Rents in Perth's CBD office market continued to edge upward in Q3 2025, though growth has moderated compared to earlier quarters. Face rents have increased across grades, however the increases in outgoings have kept net effective rents stable through Q3. Prime net effective rents rose marginally to $384 per square metre per annum (sqm pa), up 0.2% quarter on quarter (Q-o-Q). Premium-grade rents remained flat at $434 sqm pa. While A-grade rents increased by 0.6% to $348 sqm pa, maintaining a steady growth trajectory. Secondary assets saw a more notable uplift, with net effective rents rising 3.3% over the quarter to $256/sqm pa, reversing the decline seen in previous quarters. Incentives remained largely unchanged across all grades, with prime holding steady at 46.4% since Q1, and secondary holding at 49.5%, down from 50.0% late last year. Outgoings rose slightly for prime assets to $200/sqm pa for prime grade, while secondary outgoings eased to $142/sqm pa. The divergence in rental performance continues to reflect a selective market, with demand and pricing strength concentrated in well-located, high-quality assets.

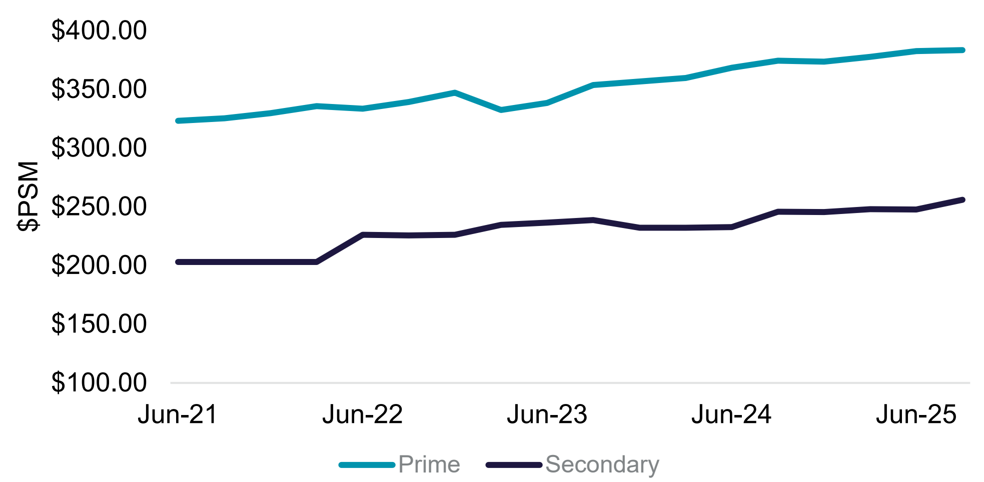
SPACE DEMAND / DELIVERIES



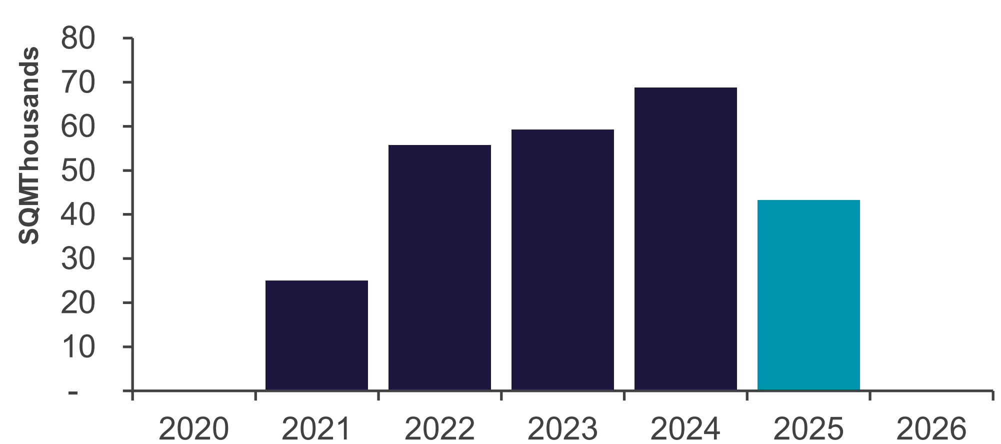
OVERALL VACANCY & PRIME NET EFFECTIVE RENT



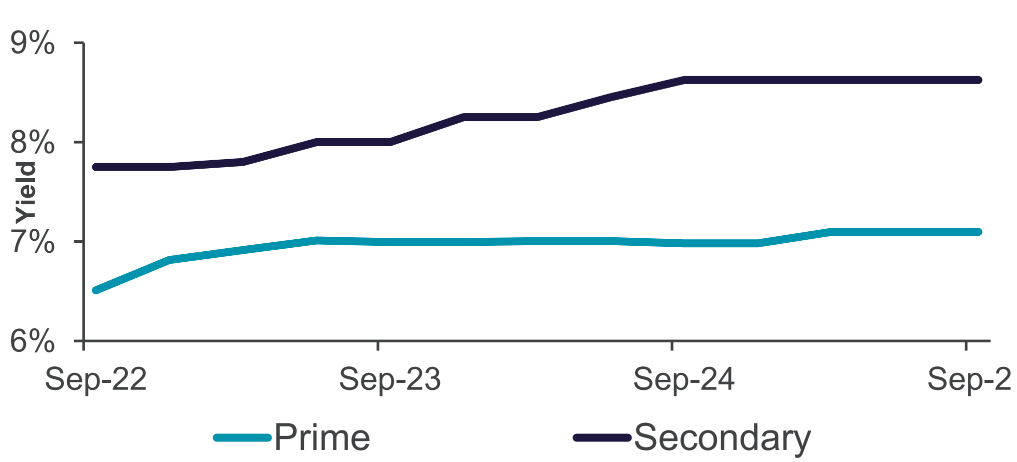
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

Vacancy in the Perth CBD office market rose to 17.0% in July 2025, up from 15.1% in January, driven by new supply entering market that has yet to be fully absorbed. This increase follows the completion of major developments earlier in the year, including 9 the Esplanade (Lot 6, Elizabeth Quay), which delivered 33,554 sqm of premium-grade space with pre-commitments from EY (5,600 sqm), Multiplex (1,000 sqm), and HUB (4,500 sqm). A smaller refurbishment at 8 The Esplanade also added 1,439 sqm. Further supply is expected in the near term, including the 6,200 sqm refurbishment at 100 St Georges Terrace, fully pre-committed to South 32, and the 2,000 sqm new build at EQ West (Lots 2 & 3), currently nearing completion. While most future developments have received planning approval, they are not expected to deliver until 2033, when a significant backfill of supply is anticipated. Despite the recent rise in vacancy, limited speculative development and earlier pre-leasing commitments are expected to help moderate future supply pressures.

YIELDS:

Perth CBD office yields remain unchanged through Q3 2025, following the softening observed earlier in the year. Premium grade yields held steady at 6.38%, up from 6.25% at the end of 2024, while A-grade yields remained at 7.63%, and secondary yields continued to hold firm at 8.63%, unchanged since Q3 2024. The stability in yields reflects a cautious but steady investor sentiment, supported by Perth's resilient economic fundamentals and the ongoing strength of the resources sector. While overall investment volumes remain low, the absence of further yield movement suggests the market may be entering a period of consolidation, with pricing expectations now largely reset.

INVESTMENT MARKET:

Perth CBD office transaction activity remained quiet in Q3 2025, with no notable lease transactions recorded during the period. Investment volumes continued to track below long-term averages, reflecting ongoing caution among buyers and sellers. One sale was recorded in Q3, 23 Barrack Street was acquired by Fife Capital from Hire Intelligence International for $5 million. The asset adds to Fife Capital's growing portfolio of strategically located properties in the CBD. While overall activity remains limited, buyer interest in well-positioned assets with repositioning or redevelopment potential continues to build. Several major campaigns launched earlier in the year are still progressing, and further completions are anticipated by year end. Investor confidence is expected to gradually reawaken, as pricing expectations continue to recalibrate.

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 elevated.
- 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 supply additions and strong demand in the near term.
- Recent transaction activity and pricing suggests that yields are nearing the bottom of the cycle.

PERTH CBD
OFFICE Q3 2025

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	TOTAL 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	500,426	54,280	10.8%	23,084	33,500	$434	45.0%	$218
A-Grade	684,744	126,472	18.5%	-28,517	90,449	$348	47.5%	$188
Prime^	1,185,170	180,752	15.3%	-5,433		$384	46.4%	$200
Secondary	536,940	114,918	21.4%	517		$256	49.5%	$142
TOTALS	**1,722,110**	**271,341**	**17.0%**	**-4,599**	**123,949**	**-**	**-**	**-**

**Rental rates reflect full service asking*

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

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SQM	TYPE

No notable transactions.

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE (AUD M)
23 Barrack Street	Statistical Division 3	Hire Intelligence Interna/Fife Capital	362	5.0

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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