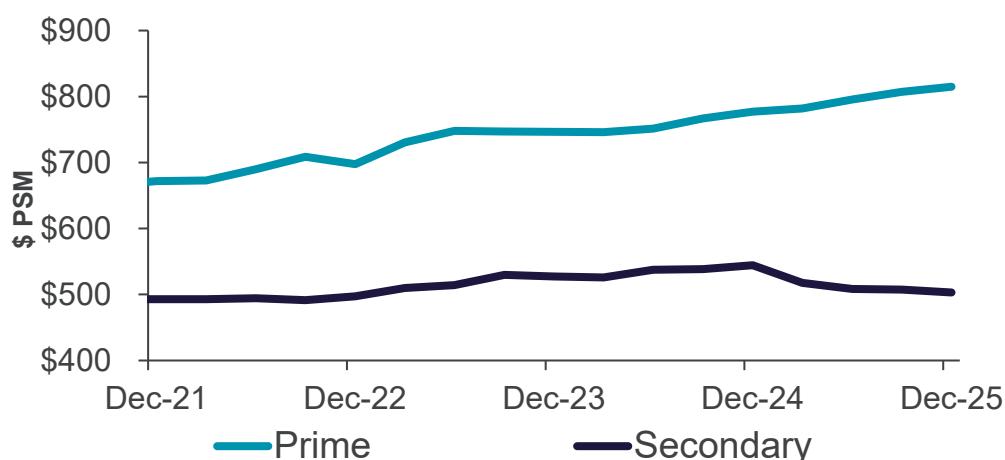
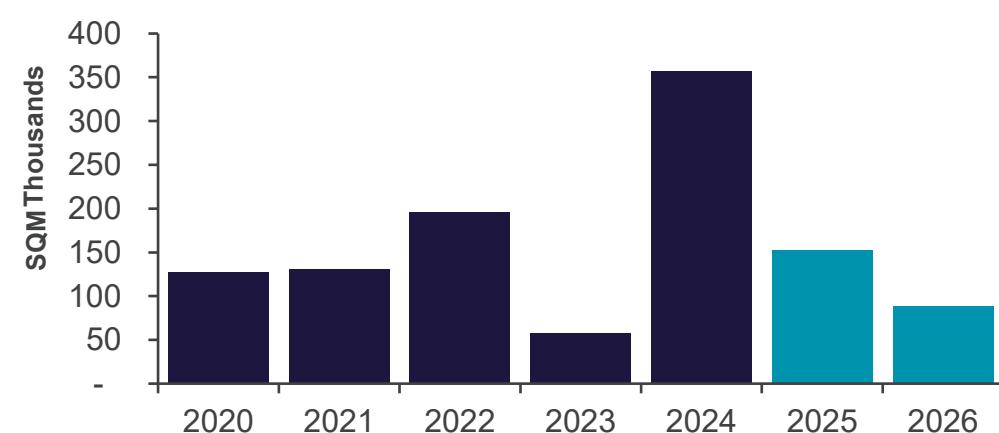


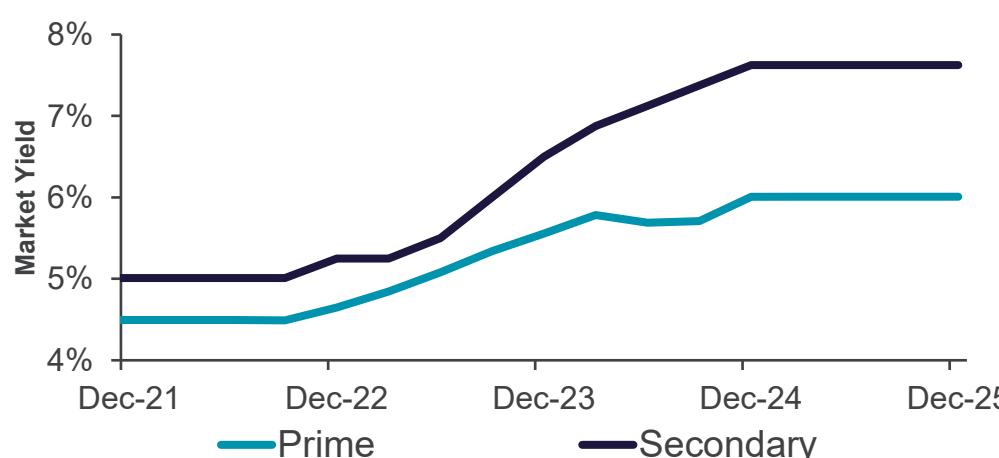
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

Sydney CBD vacancy remains elevated at 13.7%, as the market continues to absorb space delivered by earlier completions. Premium-grade vacancy has eased to 9.8%, reflecting strong demand for high-quality space. Key additions this year include 33 Alfred Street (31,657 sqm Premium, 85% pre-committed) and 1 Shelley Street (22,000sqm A Grade refurbishment, 10,000 sqm committed by WPP), together delivering over 53,000 sqm of prime-grade stock. Looking ahead, the pipeline is dominated by large-scale prime projects which are expected to keep vacancy elevated. Key developments due in 2026 include Atlassian Central, delivering 58,000 sqm of premium space, and Chifley South, bringing 50,000 sqm premium space to market, with 24,545 sqm pre-committed. Longer term, 37-55 Pitt Street is set to bring 63,000 sqm of A grade space in 2030, with 24,000 sqm pre-committed. Additional major refurbishments at 201 Sussex Street, 363 George Street and 126 Phillip Street are scheduled throughout 2026-27. While leasing activity remains steady, new supply continues to outpace absorption, keeping overall vacancy elevated.

YIELDS:

Sydney CBD office yields remained broadly stable in Q4 2025, continuing the consolidation evident since late 2024. However, pricing over the year has experienced gradual outward pressure, reflecting higher required returns amid persistent vacancy and a more selective buyer pool. Prime-grade yields were largely unchanged at 6.1%, supported by investor preference for high-quality assets, while secondary yields held at 7.7%, reflecting greater sensitivity to leasing and income risk. While headline yields showed limited quarter-on-quarter movement, pricing remains highly asset-specific, with selective softening evident in non-core and weaker income profiles. Transaction activity improved toward year-end, although bid-ask spreads persist. Near term, yields are expected to remain range-bound, with movements driven by individual asset fundamentals rather than broad-based repricing.

INVESTMENT MARKET:

Sydney's CBD office investment market recorded a notable lift in activity during Q4 2025, driven by renewed interest from both domestic and offshore capital sources. Key transactions included Grosvenor Place, which transacted as a leasehold interest through a joint venture structure, and Darling Square, also sold on a leasehold basis, highlighting growing flexibility in deal structures as capital seeks exposure to prime precincts. Additionally, a suite at 26A Lime Street was sold by Veejay Australia to Raymondtech Solution for \$2.4 million, reflecting ongoing appetite for smaller strata assets. Leasing activity remained steady, with multiple deals concentrated in premium-grade buildings, underscoring sustained occupier demand for quality space. Stabilised yields and strong tenant covenants continue to underpin confidence heading into 2026.

OUTLOOK

- Economic growth is expected to strengthen through 2026, supported by improving domestic demand and an uplift in New South Wales' Gross State Product.
- The outlook for the Sydney CBD office market remains in a transitional phase, with prime-grade assets continuing to outperform as secondary stock faces ongoing leasing and incentive pressure.
- Vacancy is expected to remain elevated as new supply continues to outpace absorption, although strong pre-commitment levels in premium developments should support rental stability in core assets.
- Investment sentiment is expected to continue improving into 2026, underpinned by stable yields, greater pricing clarity and renewed interest from both domestic and offshore capital.

MARKET STATISTICS

GRADE	INVENTORY (SQM)	VACANT (SQM)	OVERALL VACANCY RATE	6-MONTH NET ABSORPTION (SQM)	UNDER CONSTRUCTION (SQM)	NET FACE RENT (\$ SQM PA)	AVERAGE GROSS INCENTIVES	AVERAGE OUTGOINGS (\$ SQM PA)
Premium	1,586,254	143,276	9.8%	44,841		\$1,550	35.5%	\$253
A-grade	1,962,401	327,420	17.6%	-10,964		\$1,311	36.8%	\$238
Prime	3,548,655	470,696	14.1%	33,877	316,500	\$1,418	36.2%	\$244
Secondary	1,238,741	178,167	14.4%	-21,068		\$1,019	41.4%	\$226
SYDNEY CBD TOTALS^	5,367,514	693,399	13.7%	10,298	316,500`			

*Rental rates reflect full service asking

^ Total reflects all grades

` Includes refurbishments

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
2 Park Street	City Core	TurksLegal	1,753	Direct
347 Kent Street	Western	CreativeCubes.Co	2,718	Direct
Darling Park 1 – Stage 2	Western	Standards Australia	2,700	Direct
333 Kent Street	Western	Tank Stream Labs	1,139	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE (AUD M)
Grosvenor Place	The Rocks	CSC/GPT	84,000	860
Grosvenor Place	The Rocks	Blackstone/CSC	84,000	1.8 B
Darling Square	Southern	Aware Super, Lendlease/Barings	27,750	360
26 Lime Street	The Rocks	Veejay Australia/Raymondtech Solution	153	2.4

KEY PROJECTS UNDER CONSTRUCTION & COMPLETIONS

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER/DEVELOPER
121 Castlereagh Street	Midtown	-	11,500	CBUS Property
Darling Park 1 – Stage 3	Western	-	17,000	GPT/MIRVAC
33 Alfred Street	City Core	-	31,657	Dexus/Mirvac

LOCAL LEADS

JAKE MCKINNON

Associate Director,
National Research
Tel: +61 (0) 410 611 548
jake.mckinnon@cushwake.com

TIM STANWAY

Head of Office Leasing,
New South Wales
Tel: +61 (0) 421 080 297
tim.stanway@cushwake.com

CHRISTINA OWEN

Director Tenant Advisory Group,
Australia and New Zealand
Tel: +61 (0) 294 744 349
christina.owen@cushwake.com

NATIONAL LEADS

JOSH CULLEN

Head of Capital Markets,
Australia and New Zealand
Tel: +61 (0) 438 351 113
josh.cullen@cushwake.com

TIM MOLCHANOFF

Head of Office Leasing,
Australia and New Zealand
Tel: +61 (0) 411 726 663
tim.molchanoff@cushwake.com

JOSH McNAMARA

Managing Director,
Tenant Advisory Group ANZ
Tel: +61 (0) 449 960 090
josh.mcnamara@cushwake.com

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