

MARKET FUNDAMENTALS

	YOY Chg	Outlook
16.9% Vacancy Rate	▼	▬
11,028 6-month Net Absorption, sqm	▲	▲
\$390 Prime Net Effective, sqm pa	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.6% (National) GDP Growth	▲	▲
3.1% (Western Australia) State Final Demand Growth	▲	▲
4.1% (National) Unemployment Rate	▲	▲

Source: ABS

ECONOMIC OVERVIEW:

Economic conditions remained steady through Q1 2026, supported by domestic demand and a tight labour market. Headline CPI was 3.8% year-on-year in January 2026, and the RBA lifted the cash rate to 3.85% in February and 4.10% in March. The higher-rate environment and rising geopolitical risks are near-term headwinds for occupier demand and investment, so any recovery is likely to be more measured than was forecast earlier this year. The Western Australian economy is showing signs of resilience, amongst recent volatility, with state GDP forecast to grow by 2.7% in 2026.

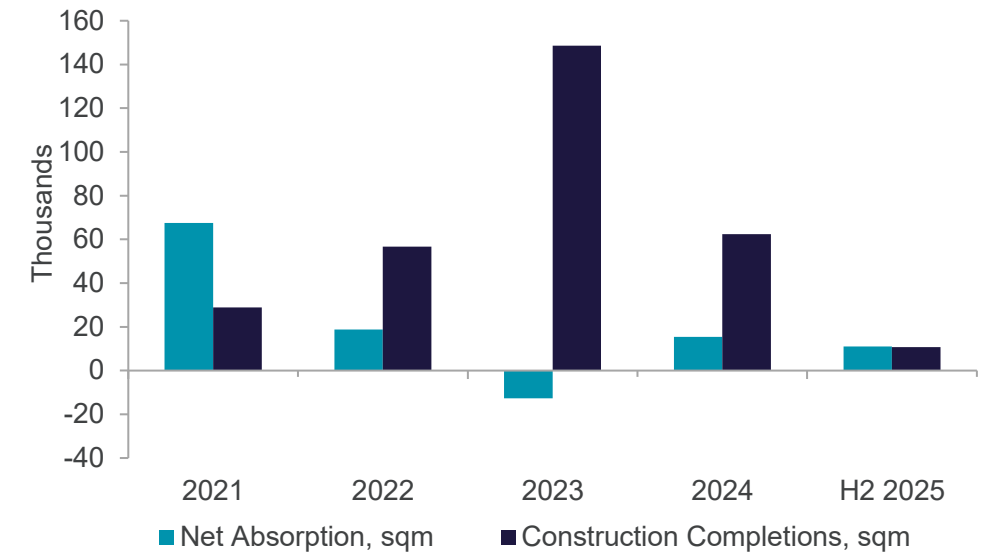
DEMAND:

Demand in the Perth CBD office market remained steady through Q1 2026, with enquiry levels continuing to track well across the core precincts, supported by expectations of firmer rental conditions later in the year. Net absorption improved over the past six months, reaching 11,028 sqm, a significant shift from the -4,599 recorded in the first half from 2025. Limited near-term supply, combined with gradually improving confidence is expected to support further leasing momentum.

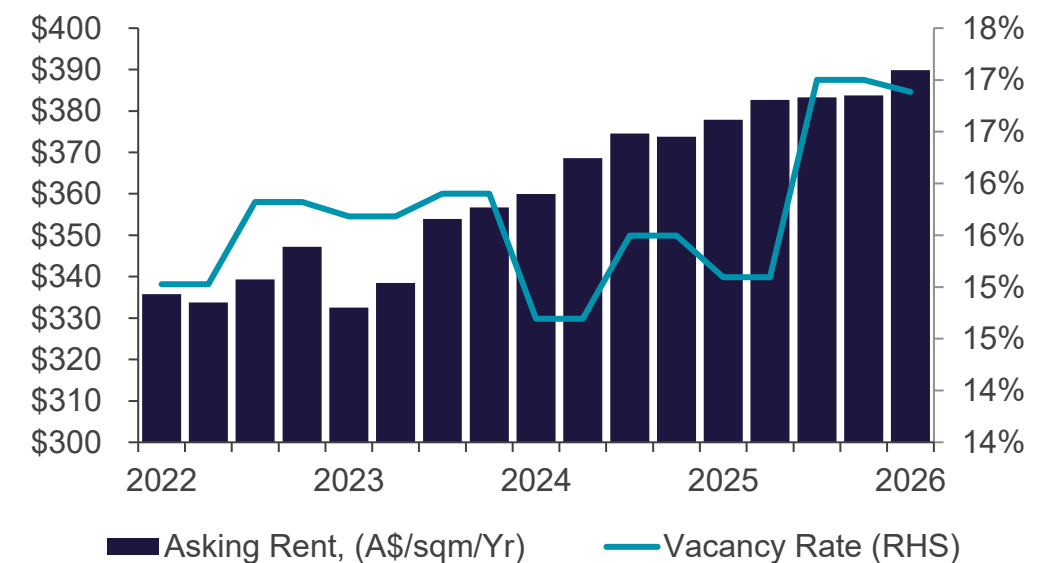
RENT:

Perth's CBD office market recorded modest rental growth through Q1 2026, with most grades seeing incremental annual growth. Premium net effective rents increased 5.1% year-on-year (YoY) to \$448 per square metre per annum (sqm pa), supported by a slight compression in incentives to 44.0%. A-grade rents rose 1.8% YoY to \$350 sqm pa, while prime-grade assets lifted 3.2% YoY to \$390 sqm pa. Secondary rents remained unchanged over the quarter but were 3.2% higher YoY, holding firm at \$256 sqm pa. Incentives were stable across A-grade and secondary stock, consistent with the broader trend of landlords preparing for tightening market conditions. While growth to date has been moderate, expectations for stronger rental uplift over the coming quarters remain intact, supported by improving demand fundamentals and a limited supply pipeline.

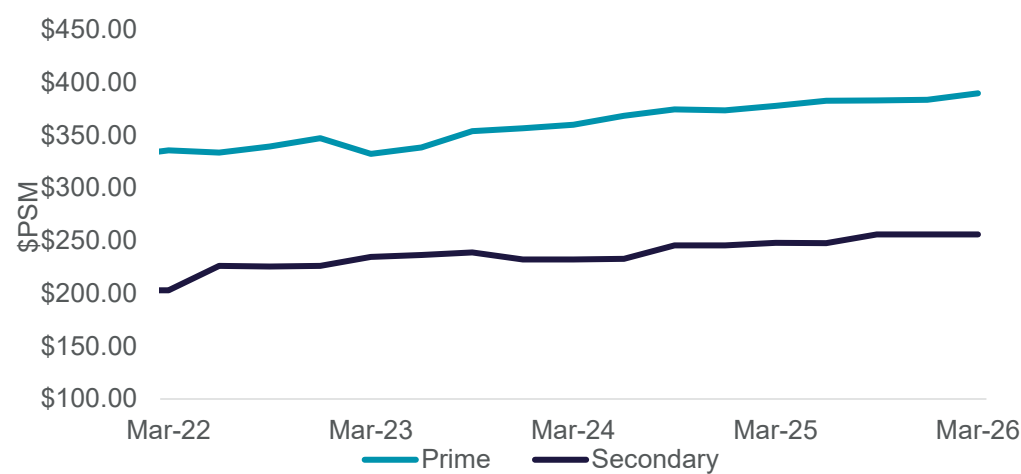
SPACE DEMAND / DELIVERIES



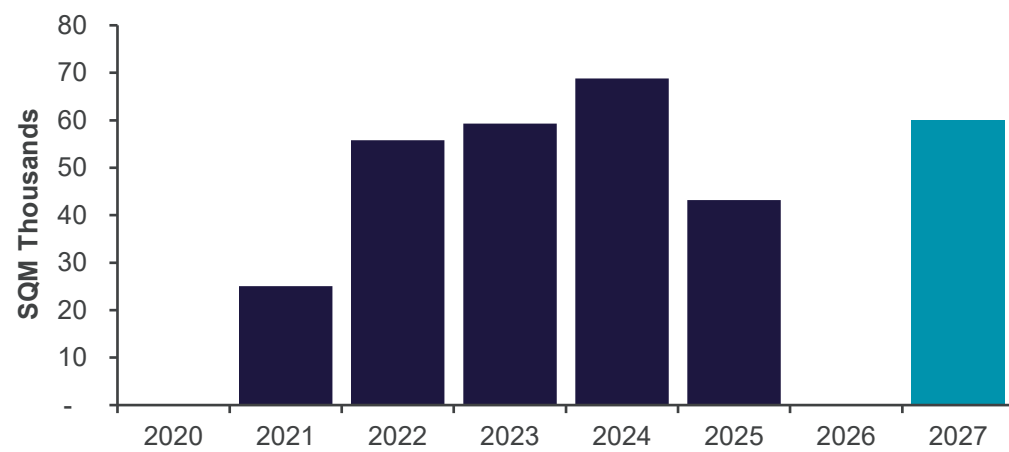
OVERALL VACANCY & PRIME NET EFFECTIVE RENT



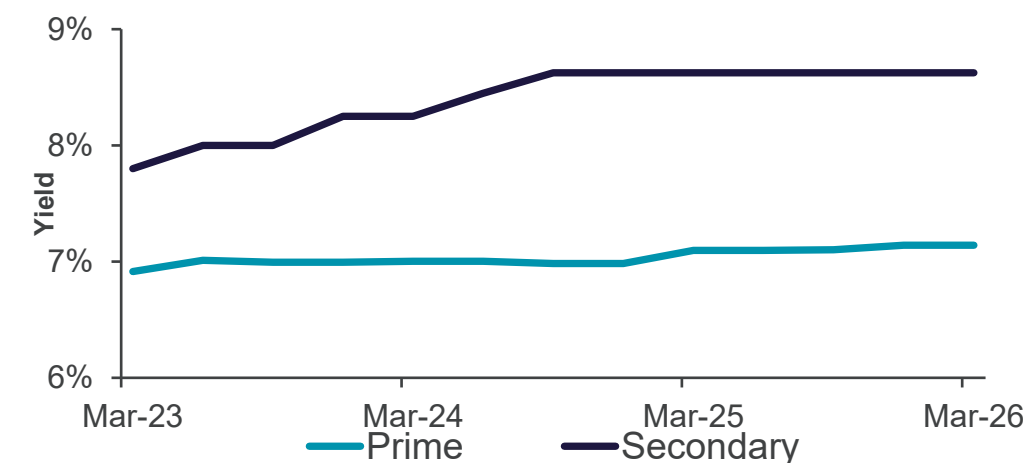
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

Perth CBD office vacancy has edged slightly lower to 16.9%, as the market continued to absorb space delivered over the past year. Premium and A-grade vacancy rose marginally, reflecting the impact of new completions, including last year’s delivery of 9 The Esplanade (33,554 sqm). Beyond this, Perth’s development pipeline is heavily long-dated, with no projects committed. The lack of upcoming supply, combined with improving demand fundamentals, is expected to support tightening over the medium term, even as current vacancy remains elevated.

YIELDS:

Perth CBD office yields remained unchanged through Q1 2026, reflecting continued stability in pricing and limited transactional evidence. Premium-grade yields held at 6.38%, supported by resilient demand for high-quality, well-leased assets. A-grade yields were steady at 7.14%, consistent with the subdued investment environment. Secondary yields also held firm at 8.63%, unchanged since late 2024. With investment activity still muted and no material shifts in buyer or lender expectations, yields are expected to remain broadly stable in the near term.

INVESTMENT MARKET:

Perth CBD office investment activity remained subdued through Q1 2026, with overall volumes still tracking below long-term averages. However, it’s anticipated for volumes to increase in H1 2026 as some stock launched in 2025 starts to trade. One transaction was recorded during the quarter, with 178 St Georges Terrace changing hands to buyer SKS Group for \$9.5 million. The deal highlights ongoing investor appetite for smaller, well-located assets, with re-positioning opportunities even as buyers remain cautious in the broader market. Sentiment continues to be shaped by close monitoring of leasing performance and macroeconomic conditions, though interest in re-positioning and value-add opportunities continues to build.

OUTLOOK

- The outlook for the Perth CBD office market remains positive, supported by resilient occupier demand, continued net absorption and limited forecast supply, which are underpinning improving leasing conditions.
- Prime and high-quality secondary assets are expected to lead rental growth throughout 2026, as steady demand, shortage of supply and increasing competition for space will put pressure on incentives.
- Economic growth is expected to remain moderate in the short term before strengthening from 2027 onwards, with Western Australia’s GDP forecast to outperform other states.
- Occupier enquiry levels are anticipated to remain resilient through 2026, particularly for well-located, high-quality assets, as businesses seek value and flexibility.
- Yields are expected to remain stable, with further softening likely to be gradual and asset-specific.

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	55,595	11.1%	-1,315		\$448	44.0%	\$218
A-Grade	695,428	131,202	18.9%	5,954		\$350	47.5%	\$188
Prime^	1,195,854	186,797	15.6%	4,639		\$390	46.0%	\$200
Secondary	536,940	108,040	20.1%	6,878		\$256	49.5%	\$142
TOTALS	1,843,848	311,307	16.9%	11,028	60,000	-	-	-

*Rental rates reflect Asking Net Rent

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

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
219 St Georges Terrace	Statistical Division 3	NRW Holdings	922	Direct
9 The Esplanade	Statistical Division 3	Lavan	3700	Direct
Australia Place	Statistical Division 3	GPA Engineering	1228	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE (AUD M)
178 St Georges Terrace	Statistical Division 3	SKS Group	3,207	9.5

KEY PROJECTS UNDER CONSTRUCTION & COMPLETIONS

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER/DEVELOPER
98 Mounts Bay Road	Statistical Division 2	Various	13,681	AAIG
186 St Georges Terrace	Statistical Division 3	Various	3,920	Silverleaf
100 St Georges Terrace	Statistical Division 3	South32	6,200	ISPT
9 The Esplanade	Statistical Division 3	Ernst & Young, Inpex, Argonaut, VGW	33,500	Brookfield Properties/Cbus Property

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