

MARKET FUNDAMENTALS

|                                       | YOY Chg | Outlook |
|---------------------------------------|---------|---------|
| 15.4%<br>Vacancy Rate                 | ▼       | ▼       |
| 27,528<br>6-month Net Absorption, sqm | ▲       | ▲       |
| \$398<br>Prime Net Effective, sqm pa  | ▲       | ▲       |

ECONOMIC INDICATORS

|                                                          | YOY Chg | Outlook |
|----------------------------------------------------------|---------|---------|
| 2.1%<br>(National)<br>GDP Growth                         | ▲       | ▲       |
| 3.6%<br>(Western Australia)<br>State Final Demand Growth | ▲       | ▲       |
| 4.4%<br>(National)<br>Unemployment Rate                  | ▲       | ▲       |

Source: ABS

ECONOMIC OVERVIEW:

Economic conditions remain mixed, with growth improving modestly while inflationary pressures remain elevated. GDP rose by 0.4% in the June quarter and 2.1% over the year, marking a slight improvement in quarterly growth despite a moderation in the annual rate. Meanwhile, headline CPI reached 3.5% year-on-year in July, while trimmed mean inflation rose to 3.6%, indicating that underlying inflation remains persistent. The RBA raised the cash rate by 25 bps to 4.60% in September, reflecting ongoing concerns around inflationary pressures and its commitment to returning inflation to the target range, while signaling that further tightening may be required if inflation remains elevated. . Western Australia’s State Final Demand is forecast to grow by 1.2% in 2026, before strengthening to 2.0% in 2027.

DEMAND:

Demand in the Perth CBD office market strengthened through Q3 2026, with net absorption increasing to around 27,500 sqm. Demand improved across most grades, with A Grade recording the strongest uplift. Limited availability of well-located Premium office space is directing more occupiers towards good quality A Grade options, particularly across the core precincts. With limited new supply expected over the coming years, leasing conditions are to remain supportive and gradually tighten, particularly for larger contiguous prime floors where availability is more constrained.

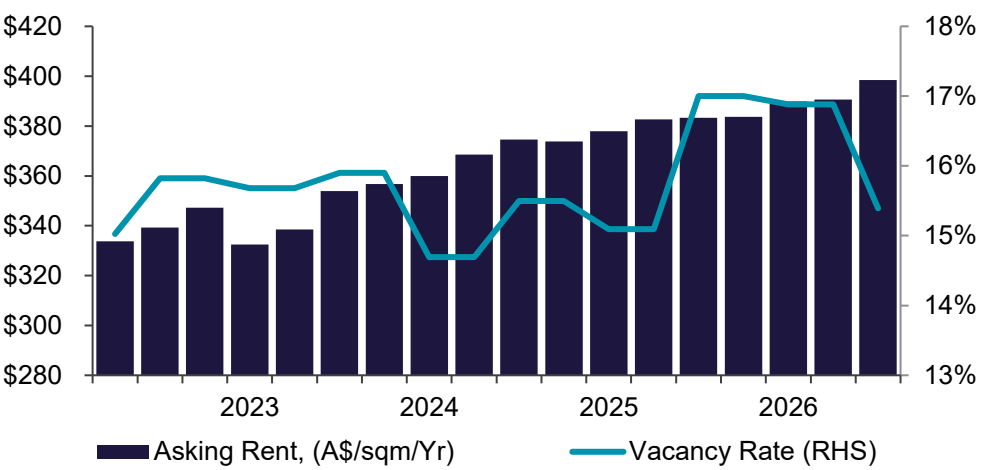
RENT:

Perth CBD rental performance strengthened across the prime market through Q3 2026, led by Premium assets. Premium Grade office net effective rents increased 7.2% year-on-year (YoY) to \$465 sqm pa, supported by limited availability of well-located stock. A Grade rents rose a more modest 1.5% YoY to \$353 sqm pa despite recording the strongest uplift in demand, while prime rents overall increased 4.0% to \$398 sqm pa. In contrast, B Grade rents declined 3.5% YoY despite improving demand, suggesting secondary landlords are increasingly competing on price to attract tenants and improve occupancy. The divergence continues to reinforce the widening rental performance gap between prime and secondary assets.

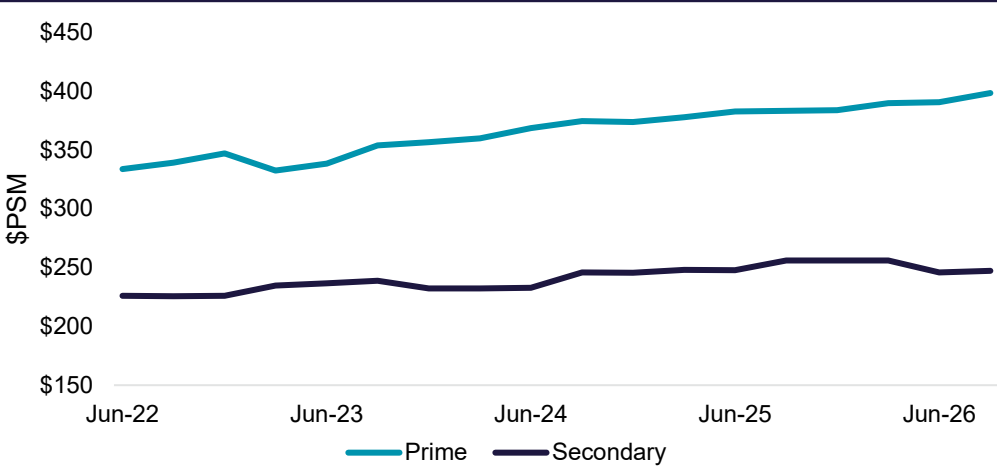
SPACE DEMAND / DELIVERIES



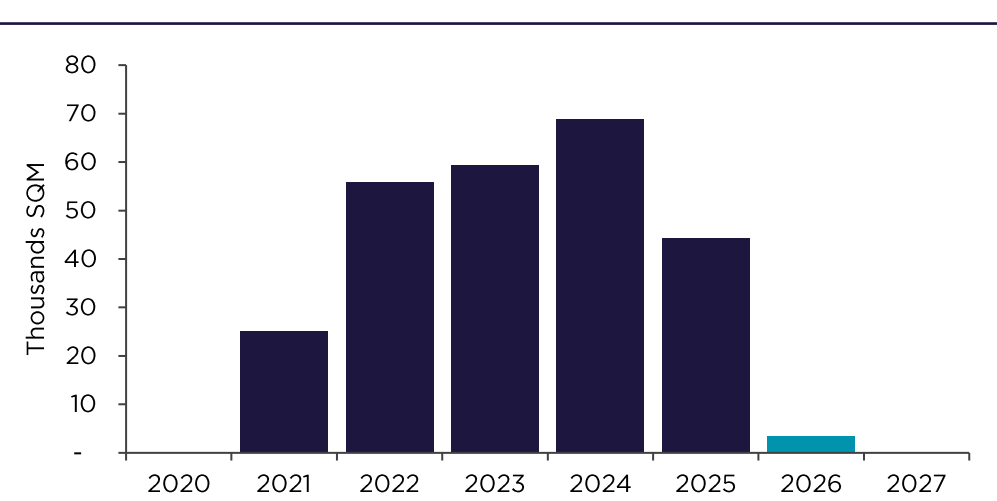
OVERALL VACANCY & PRIME NET EFFECTIVE RENT



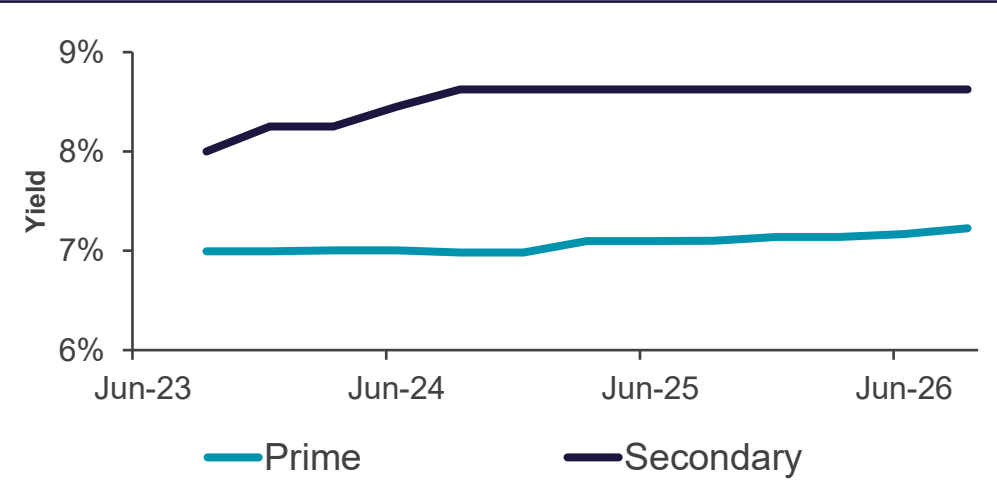
AVERAGE NET EFFECTIVE RENTS



SUPPLY



AVERAGE YIELDS



VACANCY & SUPPLY:

Perth CBD vacancy tightened through Q3 2026, falling from 16.9% to 15.4% as stronger tenant demand supported absorption across the market. A Grade recorded the largest improvement, with vacancy declining from 18.9% to 16.3%, while Premium vacancy fell from 11.1% to 10.2%. B Grade vacancy also improved from 20.1% to 19.2%, bringing it back below 20%.

With no committed developments currently scheduled and demand strengthening across most grades, the constrained supply pipeline is expected to support further tightening in vacancy over the medium term.

YIELDS:

Perth CBD office yields softened modestly through Q3 2026, despite improving occupier market fundamentals. Premium yields moved from 6.44% to 6.50%, while A Grade yields increased from 7.69% to 7.85%, taking average Prime yields to 7.29%. B Grade yields remained unchanged at 8.63%.

With limited transaction evidence during the quarter, pricing direction remains difficult to establish. While strengthening demand and falling vacancy are improving the underlying fundamentals, investment pricing continues to reflect asset-specific factors including lease profile, tenant covenant strength and building quality.

INVESTMENT MARKET:

Perth CBD office investment activity remained subdued through Q3 2026, although the \$79.4 million sale of WorkZone East, the largest Perth office transaction since 2022, has provided a positive benchmark for the market. The transaction highlighted continued investor appetite for high-quality assets with strong occupancy, longer WALEs and secure income profiles, despite broader investment conditions remaining challenging.

New opportunities are also emerging, including 507 Murray Street, recently brought to market by Cushman & Wakefield. Together with strengthening leasing demand and tightening vacancy, improving underlying fundamentals could support greater investor confidence and a gradual recovery in transaction activity over the medium term.

OUTLOOK

- The Perth CBD outlook remains positive, supported by stronger occupier demand, rising net absorption and limited future supply, which should support further vacancy tightening.
- Rental growth is expected to remain concentrated in Premium assets, while limited availability of well-located Premium space should continue to drive demand towards A Grade.
- Secondary assets are expected to remain more competitive on rents, as landlords prioritise improving occupancy amid stronger tenant demand.
- Economic growth is expected to strengthen from 2027 onwards, with Western Australia’s economy forecast to outperform other states.
- Investment activity is expected to remain subdued in the near term, while yields may soften further before stabilising as market conditions improve.

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         | 51,287             | 10.2%                | 4,308                        | -                        | \$465                          | 42.5%                  | \$229                         |
| A-Grade   | 695,428         | 113,022            | 16.3%                | 18,180                       | -                        | \$353                          | 47.5%                  | \$198                         |
| Prime^    | 1,195,854       | 164,309            | 13.8%                | 22,488                       | -                        | \$398                          | 45.4%                  | \$211                         |
| Secondary | 536,940         | 103,357            | 19.2%                | 4,683                        | -                        | \$247                          | 49.5%                  | \$144                         |
| TOTALS    | 1,843,848       | 283,779            | 15.4%                | 27,528                       | 0                        | -                              | -                      | -                             |

\*Rental rates reflect full service asking rent

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

KEY LEASE TRANSACTIONS Q3 2026

| PROPERTY             | SUBMARKET              | TENANT     | SQM   | TYPE   |
|----------------------|------------------------|------------|-------|--------|
| Australia Place      | Statistical Division 3 | ASC        | 1,818 | Direct |
| 226 Adelaide Terrace | Statistical Division 5 | Programmed | 3,500 | Direct |
| London House         | Statistical Division 2 | Judo Bank  | 458   | Direct |

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2026

| PROPERTY      | SUBMARKET              | SELLER/BUYER               | SQM    | PRICE (AUD M) |
|---------------|------------------------|----------------------------|--------|---------------|
| WorkZone East | Statistical Division 1 | CorVal Partners/Castlerock | 12,362 | 79.4          |

KEY PROJECTS UNDER CONSTRUCTION & COMPLETIONS

| PROPERTY                               | SUBMARKET              | MAJOR TENANT | SQM    | OWNER/DEVELOPER |
|----------------------------------------|------------------------|--------------|--------|-----------------|
| Lot 6, Elizabeth Quay, 9 The Esplanade | Statistical Division 3 | Various      | 33,554 | BGRE & CBUS     |

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