

Evolving Workforce

Melbourne Office Occupancy Q1 2026 Update

REPORT

CBRE RESEARCH
APRIL 2026



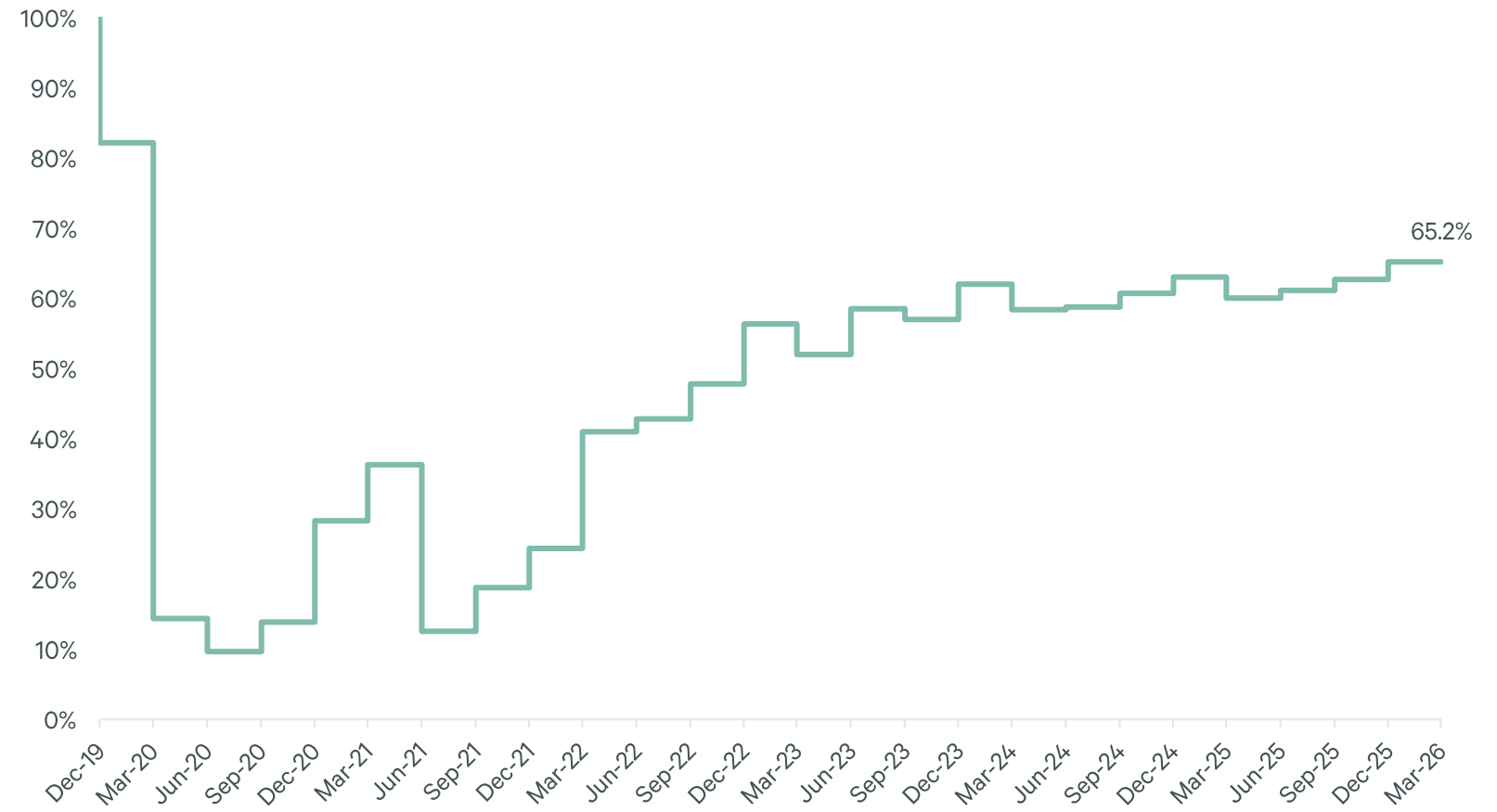
Average occupancy exceeds 65% for the first time since the pandemic

Following five consecutive quarters of little material movement in office occupancy, Q1 2026 represents the first time since 2020 that average occupancy has exceeded 65%. Whilst this is still materially lower than other major Australian states, it highlights improving momentum despite growing uncertainty.

Notably, this comes at a time when a new work from home legislation is expected to be introduced later this year, fuel prices are rising to the highest level in years, and rising interest rates are putting additional pressure on the average Australian.

We expect these trends to have an impact on office occupancy, albeit the Victorian government's introduction of free public transport for the month of April may provide some temporary relief to any expected downside.

FIGURE 1: Melbourne office occupancy by quarter



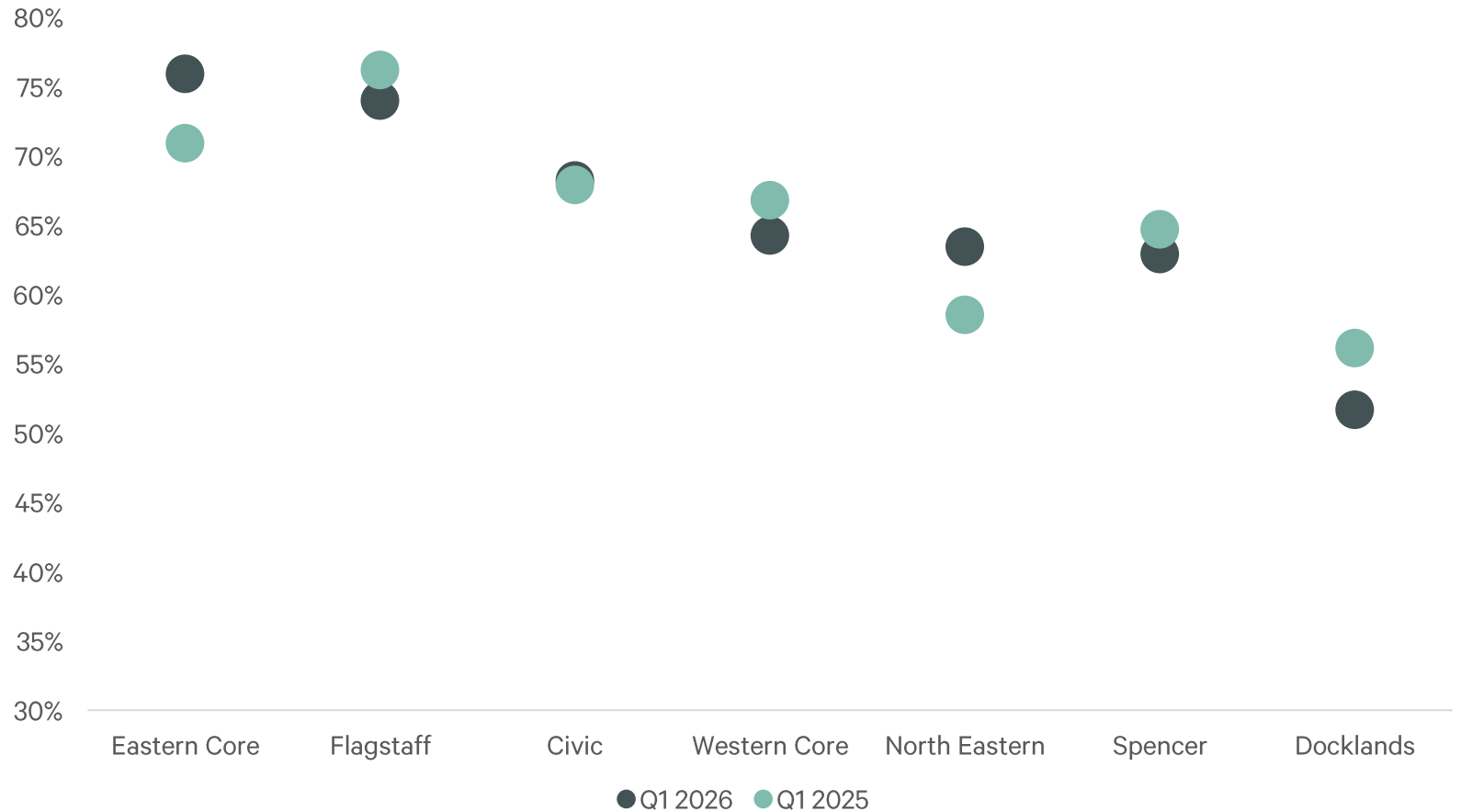
Source: CBRE Research, City of Melbourne

Occupancy bifurcation persists between core and non-core precincts

Office attendance patterns have followed a consistent pattern, whereby Melbourne’s core precincts (Eastern Core, Western Core, Civic) which are generally regarded as having higher amenity and better transport proximity, have exhibited higher average occupancy rates.

Other factors, such as industry profile also play a role. Flagstaff is a key example of this, with it’s a large legal tenant presence, supporting its position as a top performer with respect to office occupancy.

FIGURE 2: Melbourne office occupancy by precinct and quarter



Source: CBRE Research, City of Melbourne

Decline in occupancy consistent with seasonal patterns

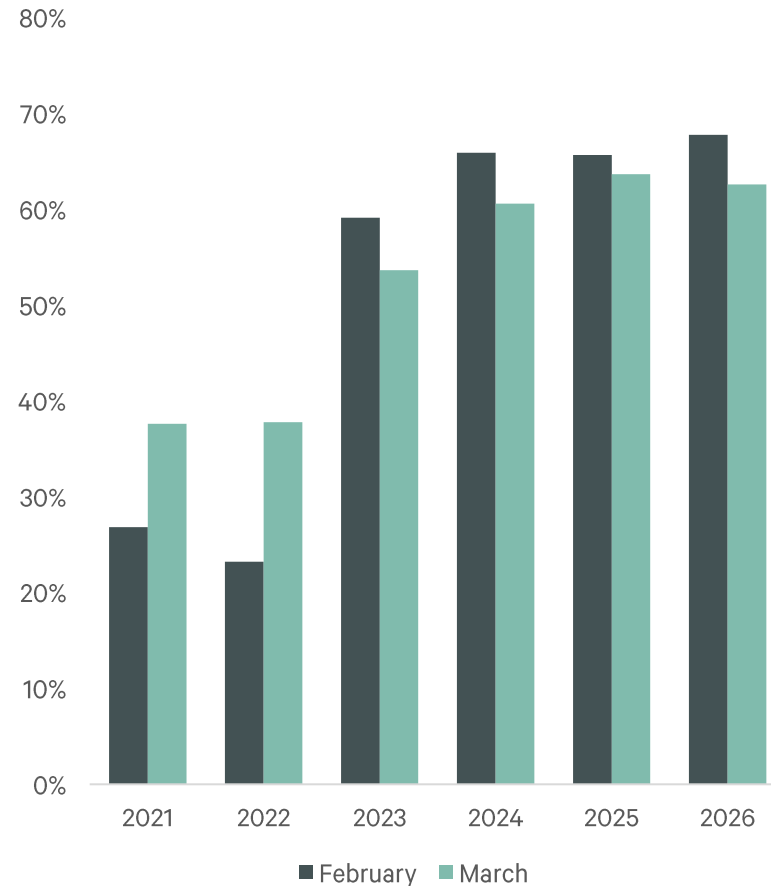
The overarching question at present is what impact are rising fuel prices due to the conflict in the middle east having on office occupancy.

Our data shows that since 2023, March has represented a slow month for office occupancy with moderate declines observed compared to February. This is partly expected and aligns with various seasonal factors including the labour day long weekend.

On a week-by-week basis, we observed a steep decline in week 2 of the conflict, likely due to the labour day long weekend. Since this point, pedestrian activity has stabilised, with week 4 representing the strongest week since the conflict began.

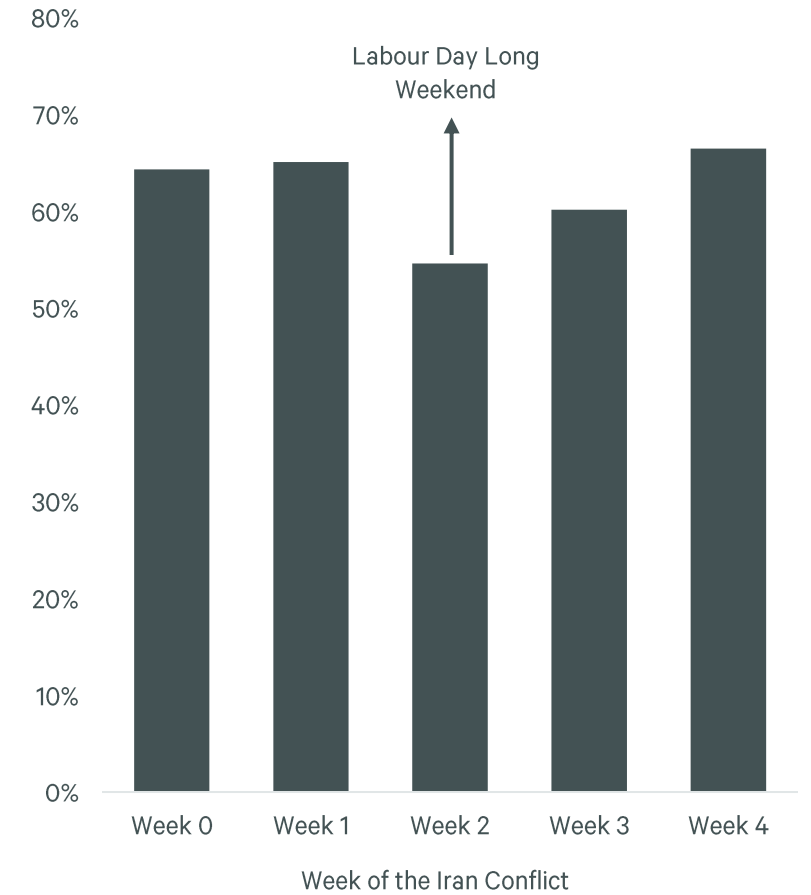
This implies the current economic instability is having little impact on office attendance rates across Melbourne. We note that the data in Figure 4 does not extend to April, wherein the Victorian Government announced free public transport for all of April, potentially providing a tailwind for occupancy.

FIGURE 3: Melbourne Office Occupancy by Year and Month



Source: CBRE Research, City of Melbourne
 Note: Week 1 of the Iran Conflict refers to week starting March 2nd.

FIGURE 4: Melbourne Office Occupancy by Week



Minimal downside expected from work from home legislation

Over the last few years, occupancy rates in Melbourne have followed a consistent trend of subdued activity on Monday and Friday. This is likely a result of fundamental changes in office worker behaviour that have emerged post-pandemic.

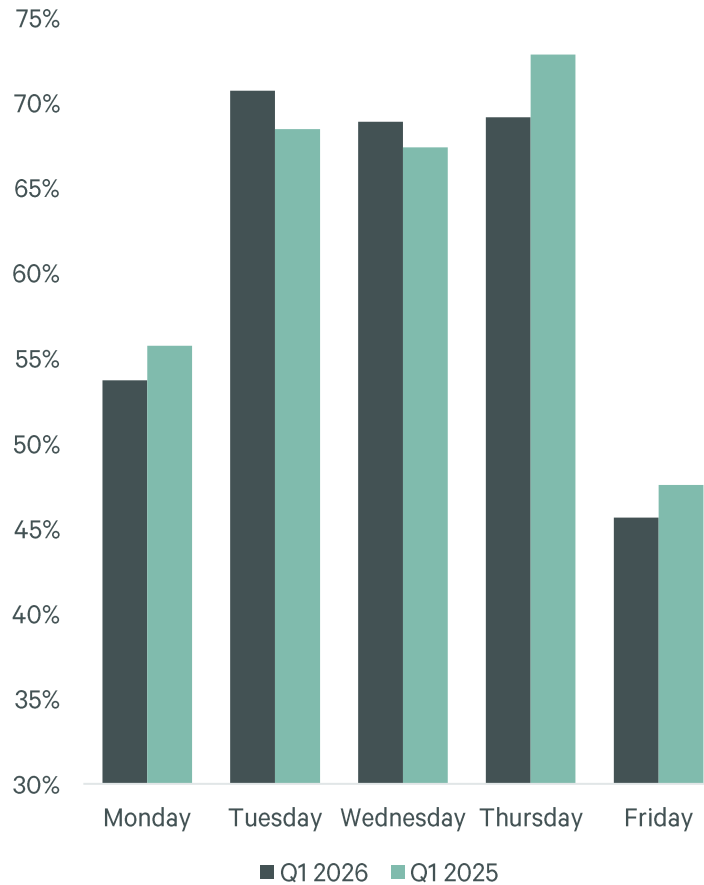
The net impact of this has been average occupancy hovering around 60% for most of the last 24 months, implying on average, office workers have already been averaging 2 WFH days per week.

With the new legislation introduced, we expect minimal downside in average occupancy rates across Melbourne, given this is already the baseline we’re emerging from.

Instead, we propose there is an unexpected upside to peak occupancy from this legislation. We see two potential trends emerging; a shift in occupancy patterns with a greater concentration on mid-week days, and the potential for employers struggling to encourage office attendance using this as a springboard to establish required in-office days.

It is important to remember that peak occupancy is the key determinant for space planning considerations. If our thesis is true and peak occupancy increases over this time, we could see an uptick in office net absorption as Melbourne businesses adjust to this change.

FIGURE 5: Melbourne office occupancy by day of the week



Source: CBRE Research, City of Melbourne, Victorian Government

FIGURE 6: Victorian Work from Home Legislation Timeline



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