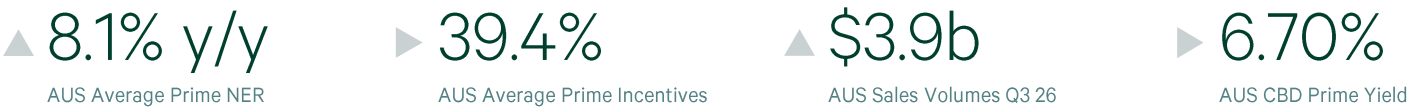


FIGURES | AUSTRALIAN OFFICE | Q3 2026

White-collar employment growth remains strong despite macro challenges

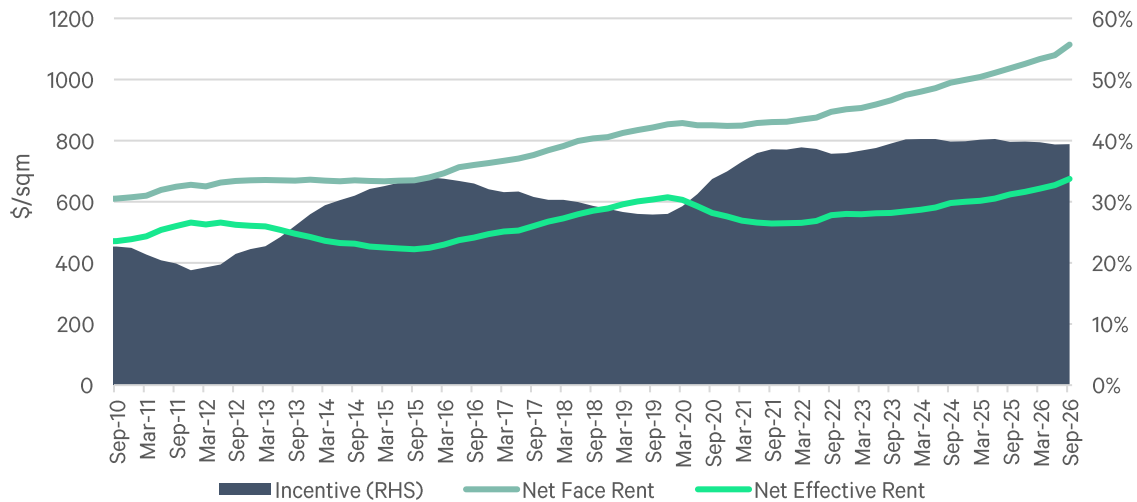


Note: Arrows indicate change from previous quarter.

Key Points

- Despite global uncertainty, the Australian labour market remains robust with an unemployment rate of 4.6%.
- Australian CBD prime effective rents climbed 3.1% q-o-q and 8.1% y-o-y in Q3 2026. This is the highest level of rental growth recorded nationally since 2019.
- Enquiry levels across Australia have been solid so far in 2026, up 6% YTD compared with the same period 2025.
- Supply outlook remains largely unchanged with the lowest supply over the next 5 years since the early 1990s.
- Transaction activity in Q3 2026 was strong across the Australian office market, reaching \$3.9 billion. Volumes YTD are now about 50% higher than the same period in 2025.
- Prime yields were largely stable in Q3 2026, averaging 6.70% for Australian CBD's. However, the Australian 10-year bond rate rose by about 60 bps during Q3 and has now settled at about 5.35%.

FIGURE 1: Australia CBD Prime Office Rents and Incentives



Source: CBRE Research

Rents and Incentives

Rental growth continues to rise

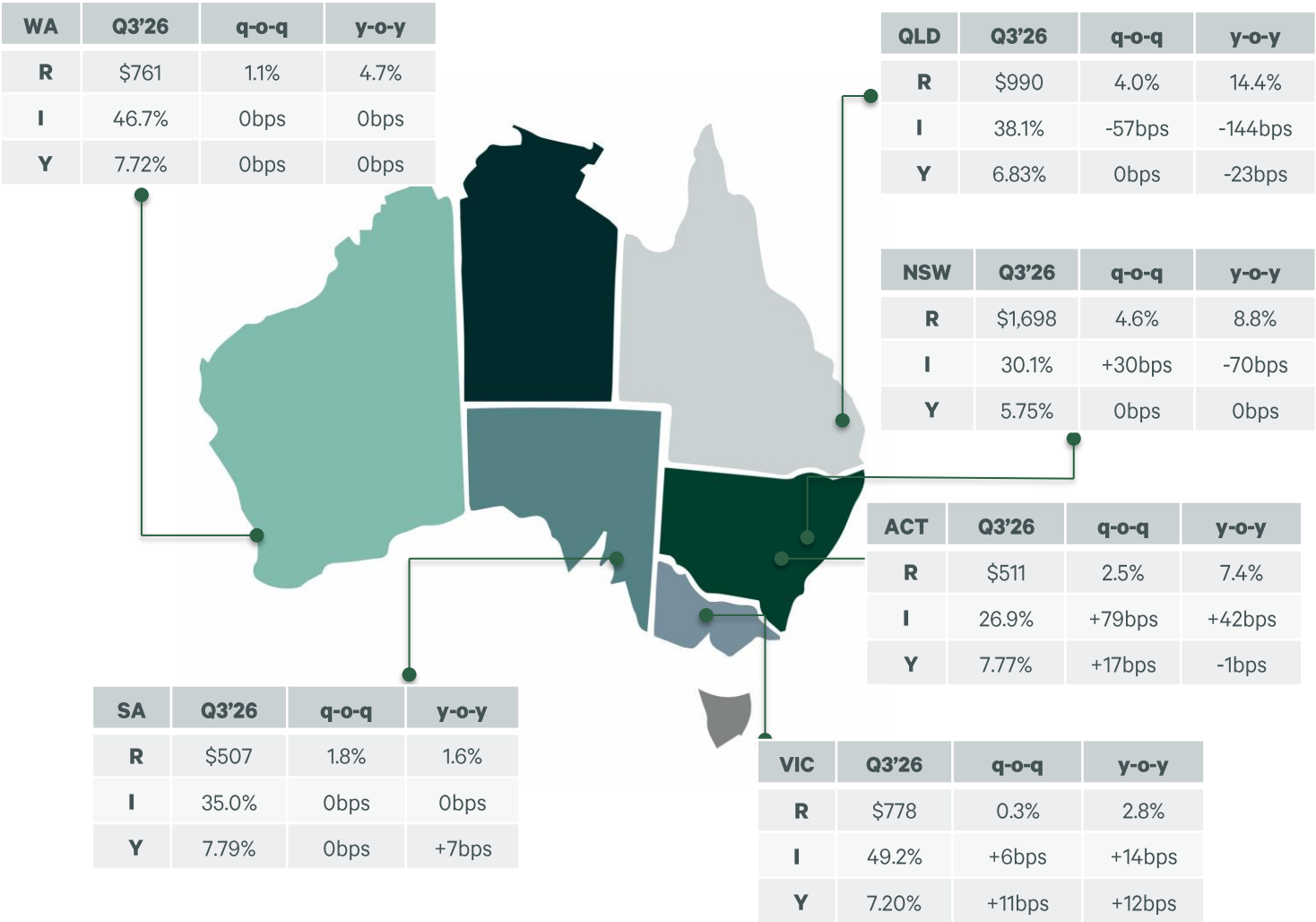
Australian CBD prime effective rents climbed 3.1% q-o-q and 8.1% y-o-y in Q3 2026. This is the highest level of rental growth recorded nationally since 2019. While relocation activity so far in 2026 has been patchy across Australia, landlords are achieving new benchmarks in their buildings from renewals in the stronger performing markets. Net Face Rents were up 3.2% q-o-q and 7.4% y-o-y. Incentives have been relatively stable, averaging 39.4% as of Q3 2026.

Four markets achieving above inflation rent growth

Rental growth has been quite a variance between markets from a rental growth perspective in Q3 2026. The Brisbane CBD remains the outperformer, with prime effective rent growth of 19.8% y-o-y. The Sydney CBD – Core has also been a stand-out, recording growth of 10.3% y-o-y, as tenants continue to be attracted to this precinct. The broader Sydney CBD has also achieved strong growth of 9.2% over the past 12 months. Canberra Civic and the Perth CBD have observed rental growth above inflation of the past 12 months at 7.1% and 4.7% respectively.

Growth in the Melbourne CBD has steadily improved to 2.6% y-o-y in Q3 2026. There continues to be a discrepancy between precincts in Melbourne, although it is not as pronounced as it was in previous years. Despite elevated leasing activity in Adelaide in over the past few years, rental growth remains subdued given a steady vacancy rate. This may change as the market tightens given a gap in supply for the next 2 years.

FIGURE 2: Australia CBD Prime Office Key Market Indicators & Forecast Direction – Q3 2026



Abbreviation: R - Net Face Rent, I – Incentives, Y- Yield. Source: CBRE Research

Demand and Vacancy

Enquiries remain solid

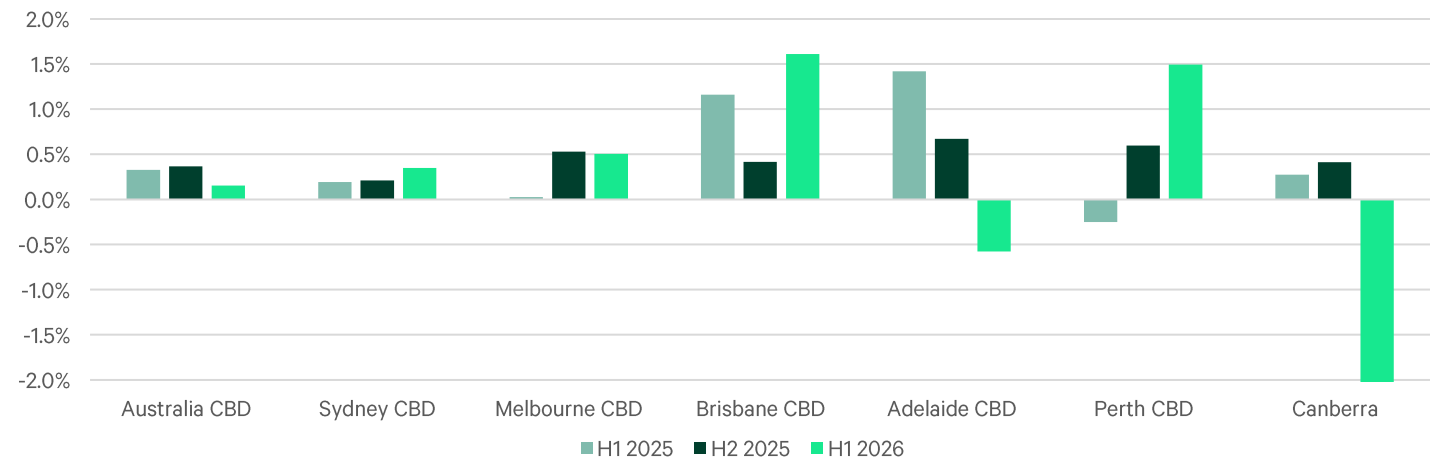
Enquiry levels across Australia have been solid so far in 2026, up 6% YTD compared with the same period 2025. However, this is not resulting in an uptick in leasing volumes yet. Part of the reason is the tenants are defaulting to renewals more often given relocation costs have increased. During the first half of 2026, Australian CBDs recorded net absorption of 30,000 sqm, a reduction on previous results. Prime net absorption across Australian CBDs remained robust at 80,400 sqm.

The eastern seaboard markets of Sydney, Melbourne and Brisbane observed strong results in H1 2026. Net Absorption in the Sydney CBD was 18,700 sqm, a continuation of the momentum from 2025. Melbourne recorded 26,800 sqm of net absorption, with 54,800 sqm over the past 12 months. This is the best result for that market since mid-2019. Brisbane observed an acceleration in demand in H1 2026, boosted by a centralisation tenants into the CBD from the fringe. Perth also recorded very strong net absorption of 27,500 sqm.

Vacancy stabilising given the limited supply outlook

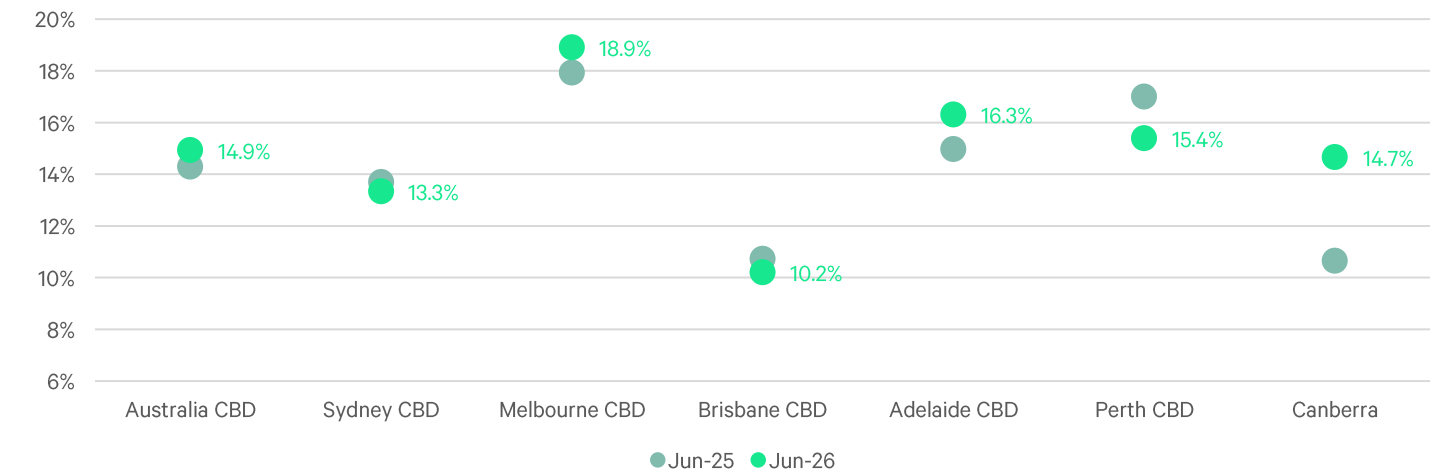
National CBD vacancy rose from 14.8% to 14.9% over the past 6 months. Net supply only rose by about 70,200 sqm through that period which allowed for vacancy to remain relatively stable. The stronger performing markets of Sydney, Brisbane and Perth have observed a solid tightening in vacancy over the past 12 months, as net absorption outstrips net supply. The Brisbane CBD is currently the tightest CBD market in country at 10.2% in June 2026. CBRE Research expect national CBD vacancy to tighten from here with net supply expected to average 72,000 sqm p.a. over the next 5 years, compared to 224,000 sqm p.a. over the previous 5 years.

Figure 3: Net Absorption by Market (as % of total stock)



Source: PCA, CBRE Research

Figure 4: Total Vacancy



Source: PCA, CBRE Research

Emerging Trend

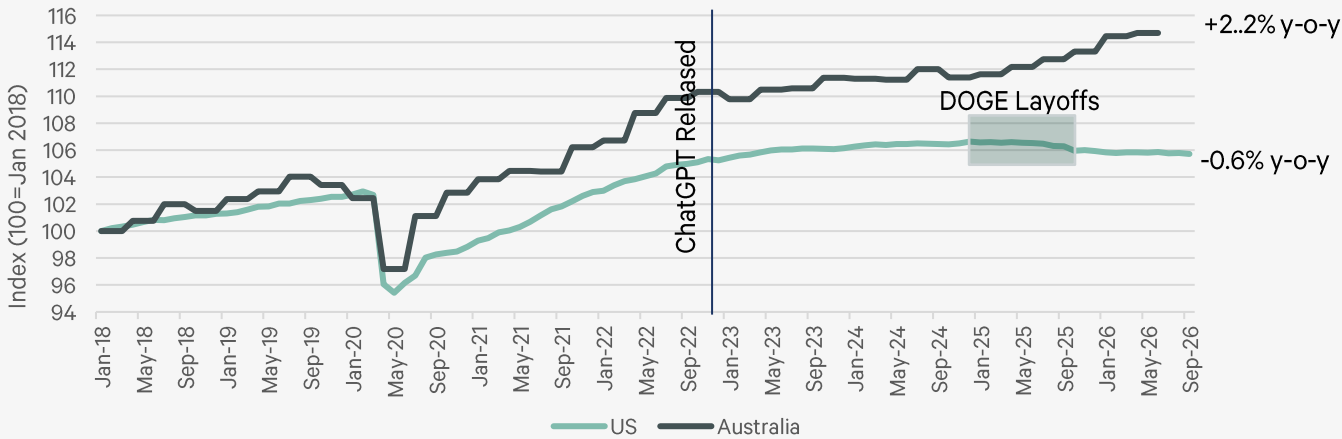
How is white-collar job growth performing in Australia and the US?

In 2026, the landscape for white-collar job growth reflects a stark divergence between the Australian and US markets. Despite persistent public concern that generative AI would trigger widespread displacement, the anticipated structural shock to employment has yet to occur.

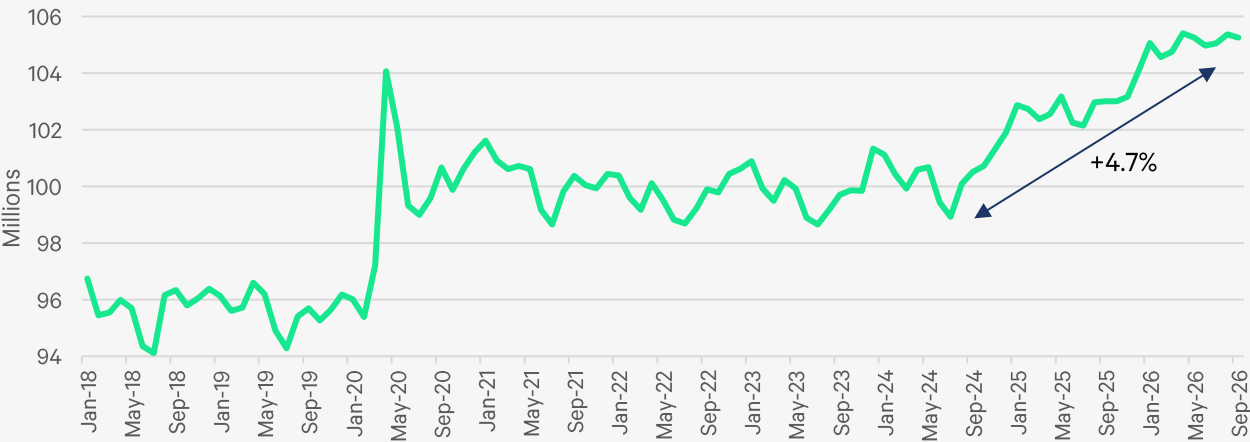
In Australia, white-collar employment has grown by 2.2% over the past 12 months. While the narrative has largely been around hiring in the public sector, this has actually slowed in 2026 after peaking in 2024. Instead, the primary engine of growth is now professional services, where firms are expanding to manage the integration and advisory demands of AI-driven transformation. This growth indicates that Australian businesses are currently in a phase of strategic investment and capacity building.

Conversely, the US has observed -0.6% growth in white-collar employment over the past 12 months. Many are pointing to AI as the primary reason for the decline. However, the story is more complex. The unemployment rate of recent college graduates has increased to 5.7%, up from 4.7% two years ago. This is largely a result of firms reducing graduate intakes as they navigate potential AI related productivity gains. However, another clear trend has been the increase in retirements in the US. This is highlighted in the “people not in the labour force” data series which has risen by 4.7% over the past 2 years. That equates to about 4.75 million people withdrawing from the labour force over that period.

White Collar Jobs Index



United States – People Not in Labour Force



Source: CBRE Research, ABS, BLS

Investment Market

Transaction activity in Q3 2026 was strong across the Australian office market, reaching \$3.9 billion. Volumes YTD are now about 50% higher than the same period in 2025. This was despite global volatility, particularly the higher long-term bond rates that occurred in late August and September. However, it should be noted, many of these transactions occurred prior to the change in the macro-economic outlook.

About 90% of transaction volumes in Q3 occurred in Sydney and Brisbane. In the Sydney CBD, the major transactions were 1 Market Street (to GIC) and 30 The Bond (to Investa/BGO). There were three major transactions in the Brisbane CBD in Q3, being 123 Albert Street, 66 Eagle Street and 480 Queen Street, which sold for a combined \$1.5 billion.

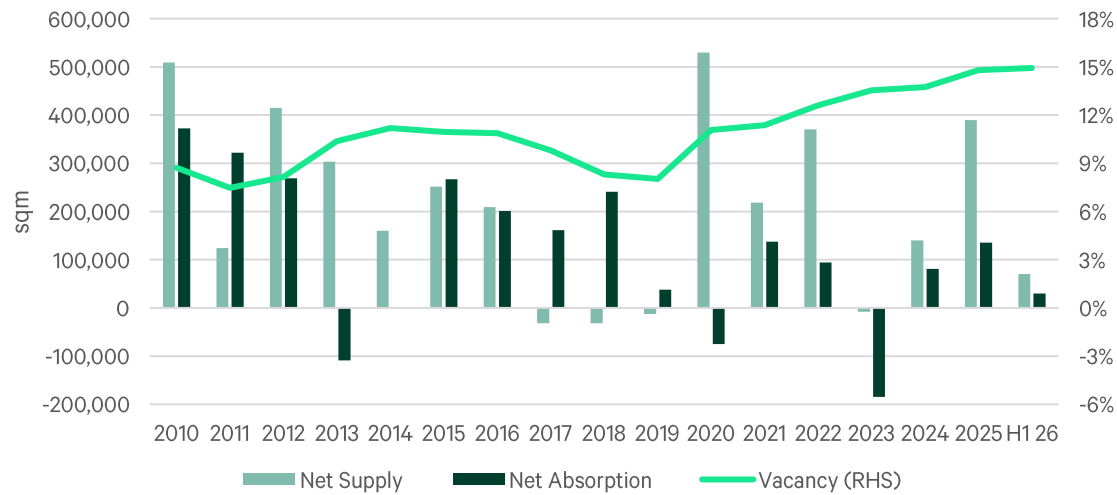
Prime yields were largely stable in Q3 2026, averaging 6.70% for Australian CBD's. However, the Australian 10-year bond rate rose by about 60 bps during Q3 and has now settled at about 5.35%. The RBA has also increased the cash rate by a further 25 bps to 4.60%. This is likely to have an impact on transaction activity in the coming quarters as the gap between buyer and vendor expectations has once again expanded. Despite this, the long-term fundamentals of Australian office remain intact, with a significant decline in supply expected over the next 5 years.

Figure 5: Australia Office Investment Volumes by Quarter



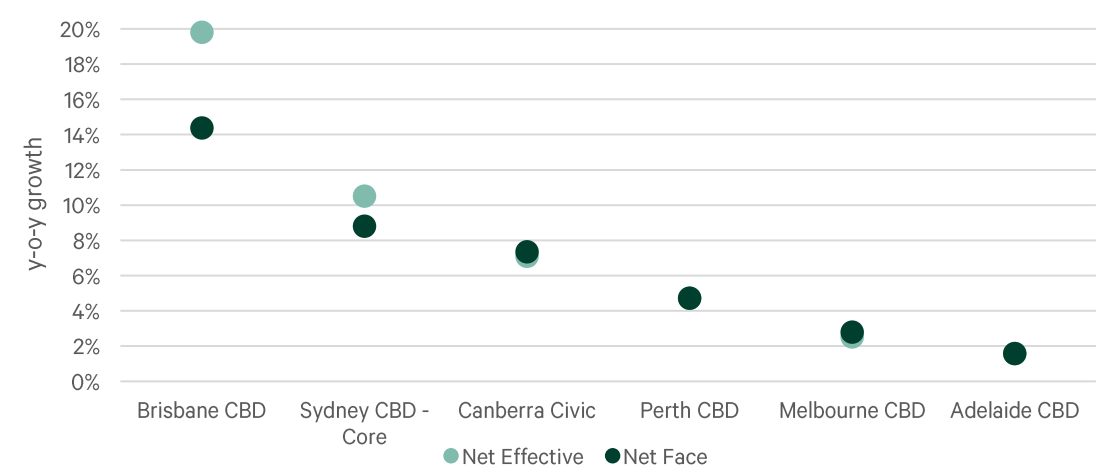
Source: CBRE Research

FIGURE 8: Australian CBD Market Balance



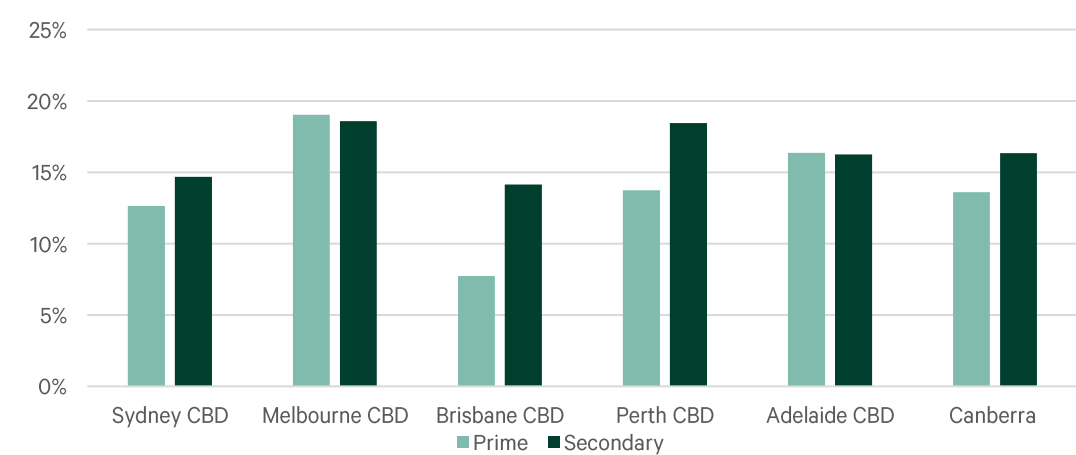
Source: PCA, CBRE Research

FIGURE 10: Q3 2026 Rental Growth by Market (Y-O-Y)



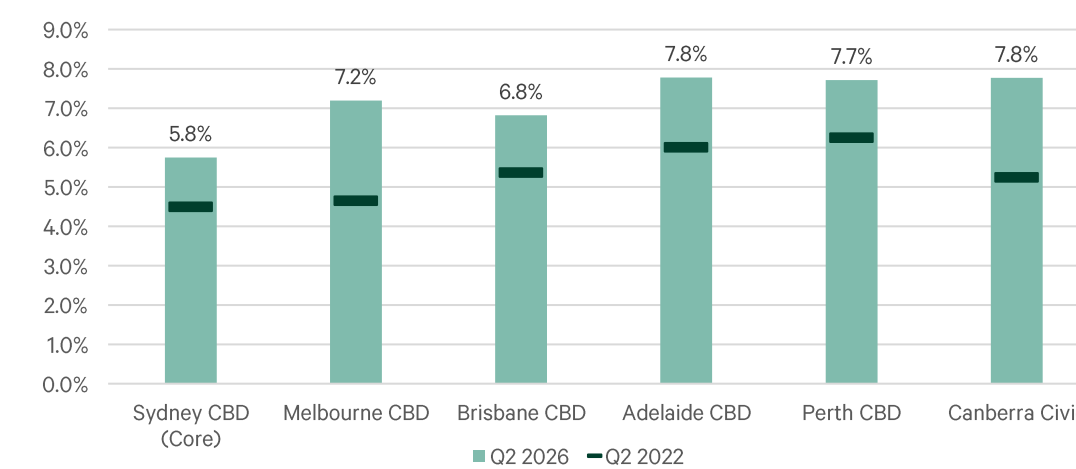
Source: CBRE Research

FIGURE 9: Vacancy by Grade across CBD Markets – Q2 2026



Source: PCA, CBRE Research

FIGURE 11: Prime Yields – Q3 2026



Source: CBRE Research

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