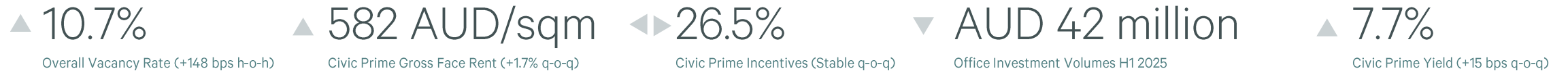


FIGURES | CANBERRA OFFICE | 2Q25

Vacancy rates begin to increase as new supply is delivered to the Canberra market



Note: Arrows indicate change from previous quarter / half / year.

Key Points

- CBRE received 45 leasing enquiries totalling 59,175 sqm in Q2 2025. This marked the second consecutive quarter of enquiry growth. The market saw overall net absorption of 6,794 sqm over H1 2025. Leasing activity has continued to be driven by a flight-to-quality and this has led to the Prime end of the market outperforming.
- Canberra saw the delivery of c.53,800 sqm of office space in H1 2025. Current forecasts show full-year development totals are expected to reach c.70,000 sqm.
- Canberra’s overall office vacancy rate ended H1 2025 at 10.7%. This figure represented an increase of 148 bps over the first half
- Consistently low vacancy rates and significant increases to outgoings resulted gross rental rate growth across Canberra in Q2 2025.
- The Canberra office investment market started 2025 on a quiet note with only two transactions closing this quarter.

FIGURE 1a: Canberra Office | Vacancy Rate Summary

| Indicator | Jul 2025 | Jan 2025 | Jul 2024 | H-o-H Change | Y-o-Y Change |
|--------------|--------------|----------|----------|--------------|--------------|
| Vacancy Rate | 10.7% | 9.2% | 9.5% | +148 bps | +118 bps |

FIGURE 1b: Canberra Civic Office | Summary of Prime Market Indicators

| Indicator | 2Q25 | 1Q25 | 2Q24 | Q-o-Q Change | Y-o-Y Change |
|------------|----------------|---------|---------|--------------|--------------|
| GFR | AUD 582 | AUD 572 | AUD 550 | 1.7% | 5.8% |
| Incentives | 26.5% | 26.5% | 26.4% | Stable | +13 bps |
| NER | AUD 322 | AUD 315 | AUD 304 | +2.1% | +6.1% |
| Yield | 7.7% | 7.6% | 7.1% | +15 bps | +58 bps |

Source: CBRE Research

Office Demand

Flight-to-quality remains the primary driver of leasing activity

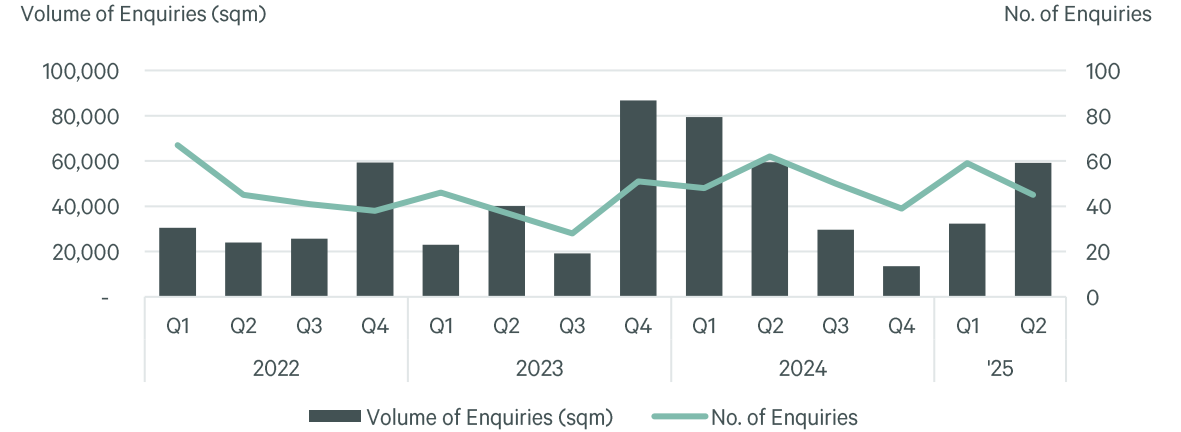
Office leasing demand has continued to build across Canberra over 2025. CBRE received 45 leasing enquiries totaling 59,175 sqm in Q2 2025. This marked the second consecutive quarter of leasing enquiry expansion.

The market saw overall net absorption of 6,794 sqm over H1 2025. This brought the 12-month trailing absorption figure to 27,213 sqm. The market has continued to see a significant flight-to-quality by occupiers and this has led to the Prime end of the market outperforming. Canberra has seen Prime net absorption total 39,699 sqm over the last 12 months, while Secondary net absorption totaled -12,486 sqm over this time. At a more granular level, Grade A assets recorded the highest levels of positive net absorption at 39,699 sqm, Grade B assets recorded positive absorption of 5,924 sqm, while Grade C properties saw negative net absorption of -17,854 sqm.

This trend was also consistent across geographies. The Civic, Inner South, and Town Centres & Non-Core submarkets recorded positive Prime net absorption of 5,572 sqm, 6,215 sqm, and 27,912 sqm over the last year. Conversely, each of these submarkets saw negative Secondary net absorption over this time.

Given the competitive labour market landscape and difficulties in attracting employees back to the office, occupiers have continued to favour higher quality properties in the most desirable locations. This dynamic has resulted in the outperformance of the best assets in each submarket across the city.

FIGURE 2: Sydney CBD Office | Leasing Enquiry Data



Source: CBRE Research

FIGURE 3: Canberra Office | 12-Month Net Absorption, by Submarket & Building Grade



Inner South includes Barton, Forrest, Griffith, Kingston, Deakin, and Parkes.
Town Centres & Non-Core includes all other non-Civic submarkets.
Source: PCA, CBRE Research

Supply

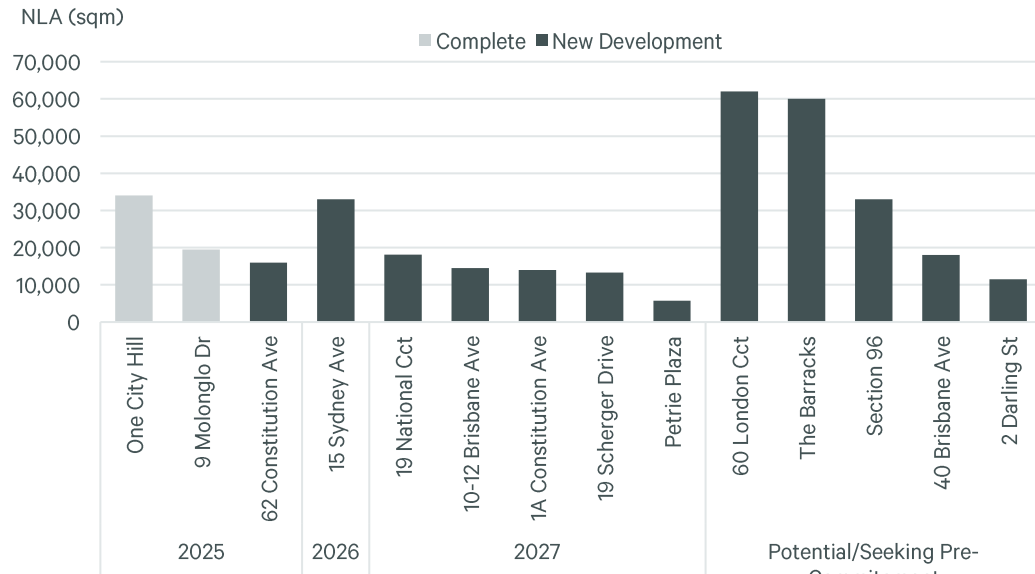
Elevated levels of new supply expected over the next few years

Canberra is in the midst of a supply wave which will see the market’s office inventory increase substantially. Canberra saw the delivery of c.53,800 sqm of office space in H1 2025. This figure included the delivery of One City Hill (c.34,000 sqm) and 9-11 Molonglo Drive (c.20,000 sqm). Current forecasts show full-year development totals for Canberra are expected to reach c.70,000 sqm. This would be nearly 50.0% greater than the trailing 10-year average.

Following 2025, the market will see the delivery of 92,945 sqm of new supply in 2026 and 2027. Projects to be delivered over this time include; 15 Sydney Avenue (33,021 sqm), 19 National Circuit (18,128 sqm), 10-12 Brisbane Avenue (14,500 sqm), and 1A Constitution Avenue (14,000 sqm).

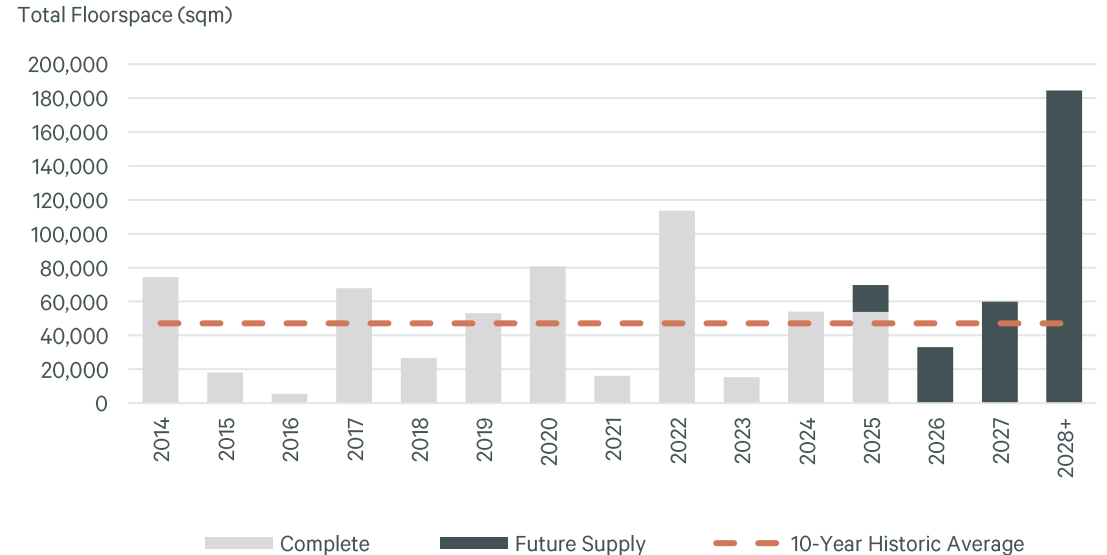
While the elevated levels of new supply are expected to lead to a softening of vacancy rates, Canberra entered this supply wave with the tightest office market of any capital city in Australia. The market is therefore well positioned to absorb new stock unlike some other markets with less favourable occupancy rates.

FIGURE 4: Canberra Office | Upcoming Development Projects



Source: CBRE Research, PCA

FIGURE 5: Canberra Office | Historical & Forecast New Supply



Source: CBRE Research, PCA

Vacancy

Vacancy rates increase slightly but remain fairly tight

Canberra’s overall office vacancy rate ended H1 2025 at 10.7%. This figure represented an increase of 148 bps over the first half. Despite this rise, the market continues to boast the tightest vacancy rates of any capital city across mainland Australia.

Vacancy rates remained fairly stable across most geographies in H1 2025. Conditions have been tightest in the Inner South submarket. Interestingly, the Civic Prime vacancy rate figure saw the largest increase over the first half, rising from 10.2% to 14.1%. This was due to the delivery of new supply and neutral leasing activity.

While vacancy rates have remained tight, it’s expected that the market should see some vacancy rate expansion over the coming years due to elevated levels of new supply. There also remains some concern that occupier demand may soften due to a contraction from public sector and affiliated occupiers as leases expire.

FIGURE 6: Canberra Overall | Leasing Market Overview

| Market/Grade | Inventory Jul '25 | Vacant Space Jul '25 | Vacancy Rate Jul '25 (6month Diff) | Net Absorption 12 months |
|--------------|----------------------|----------------------|------------------------------------|--------------------------|
| Prime | 1,490,474 sqm | 154,868 sqm | 10.4% (+281 bps) | 39,699 sqm |
| Secondary | 968,590 sqm | 107,038 sqm | 11.1% (-46 bps) | -12,486 sqm |
| Total | 2,459,064 sqm | 261,906 sqm | 10.7% (+148 bps) | 27,213 sqm |

Source: PCA, CBRE Research

FIGURE 7: Civic | Vacancy Rate by Grade

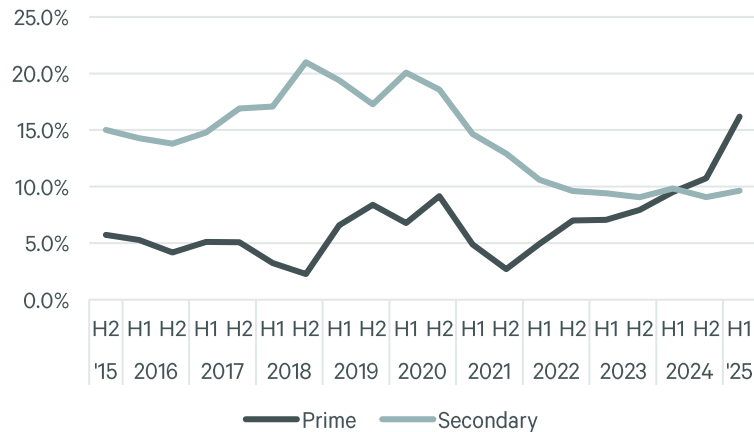


FIGURE 8: Inner South | Vacancy Rate by Grade

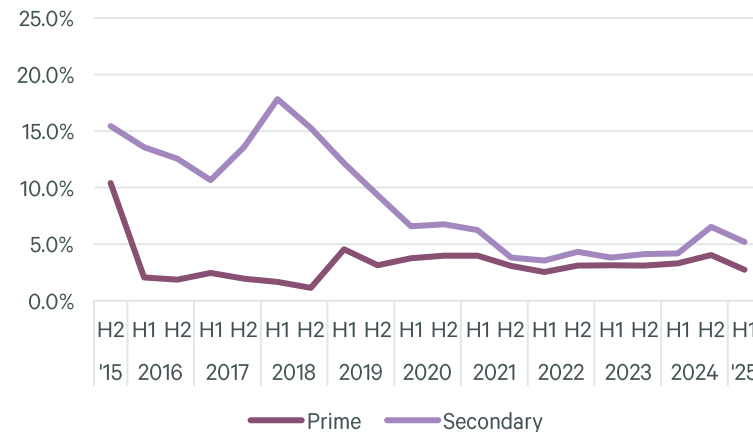
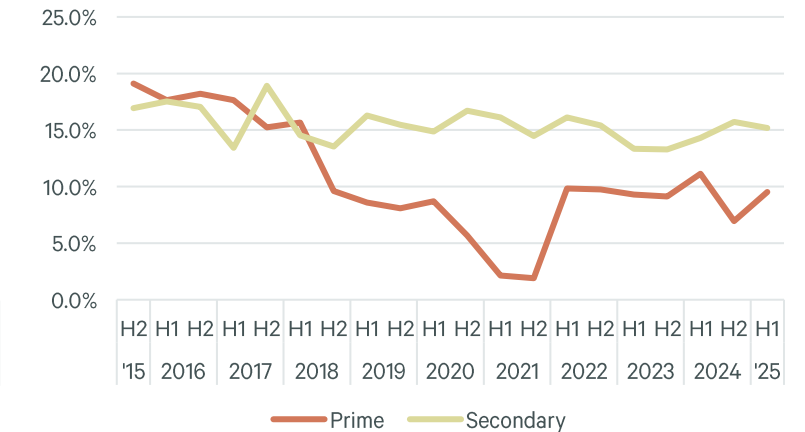


FIGURE 9: Town Centres & Non-Core | Vacancy Rate by Grade



Inner South includes Barton, Forrest, Griffith, Kingston, Deakin, and Parkes.
 Town Centres & Non-Core includes all other non-Civic submarkets.
 Source: PCA, CBRE Research

Rental Performance

Gross rents growth being driven by consistently tight vacancy and increased outgoings

Consistently low vacancy rates and significant increases to outgoings resulted gross rental rate growth across Canberra in Q2 2025. Civic Prime and Secondary gross rental rates ended Q2 2025 at 582 AUD/sqm and 479 AUD/sqm, respectively. These figures represented quarter-over-quarter increases of 1.7% and 2.1%. Likewise, Non-Civic Prime and Secondary gross rental rates also increased, ending the quarter at 523 AUD/sqm and 441 AUD/sqm. These figures represented quarter-over-quarter increases of 1.8% and 2.9%. While these growth rates were very elevated, a large portion of the increase was attributable to increased outgoings, which have grown by an average of c5.0% over the last year. Incentives held stable over the second quarter across most geographies.

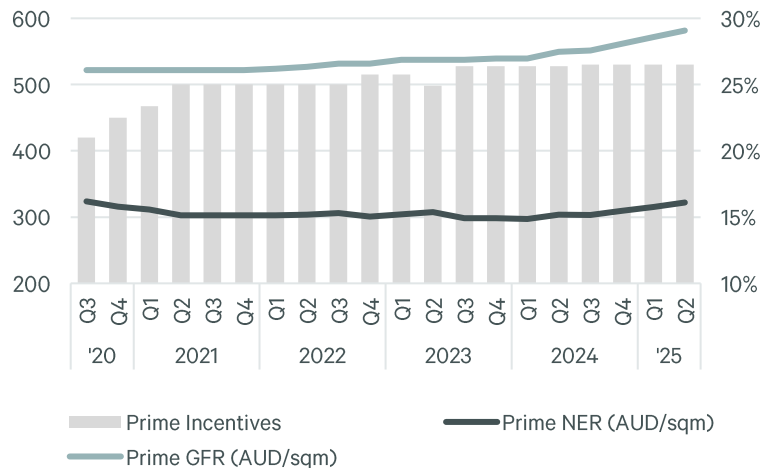
Given gross rental rate growth and lack of changes to incentives, net effective rents increased over Q2 2025. Prime net effective rents grew by 2.1% quarter-over-quarter in the Civic precinct, by 2.0% in the Inner South submarkets, and by 1.4% in the Town Centres & Non-Core submarkets.

FIGURE 10: Canberra Office | Rental Indicators, by Submarket & Grade

| Submarket | Grade | GFR (AUD/sqm) | | | NER (AUD/sqm) | | | Incentives (%) | | |
|-----------|-----------|---------------|------------|------------|---------------|------------|------------|----------------|------------|------------|
| | | 2Q25 | QoQ Change | YoY Change | 2Q25 | QoQ Change | YoY Change | 2Q25 | QoQ Change | YoY Change |
| Civic | Prime | 582 | 1.7% | 5.8% | 322 | 2.1% | 6.1% | 26.5% | Stable | +13 bps |
| | Secondary | 479 | 2.1% | 9.4% | 221 | 2.9% | 13.8% | 29.2% | +2 bps | +2 bps |
| Non-Civic | Prime | 523 | 1.8% | 4.4% | 301 | 2.0% | 5.3% | 24.9% | Stable | -52 bps |
| | Secondary | 441 | 2.9% | 7.3% | 223 | 4.2% | 8.5% | 27.1% | Stable | 96 bps |

Source: CBRE Research

FIGURE 11: Civic | Prime Rental Rates and Incentives



Inner South includes Barton, Forrest, Griffith, Kingston, Deakin, and Parkes.

Town Centres & Non-Core includes all other non-Civic submarkets.

Source: PCA, CBRE Research

FIGURE 12: Inner South | Prime Rental Rates and Incentives

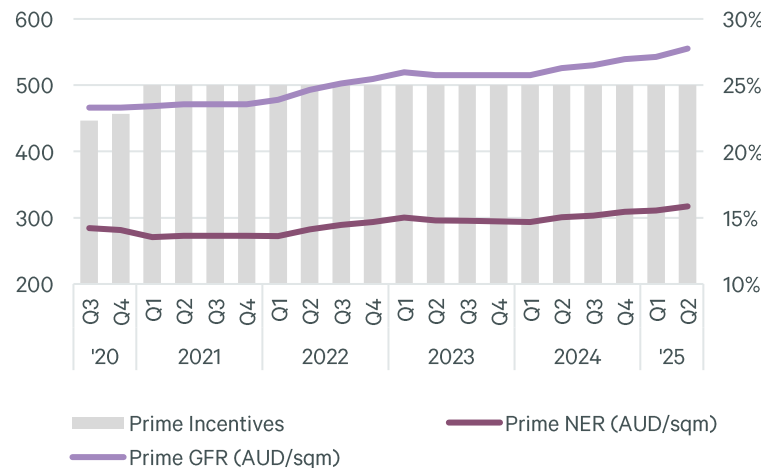
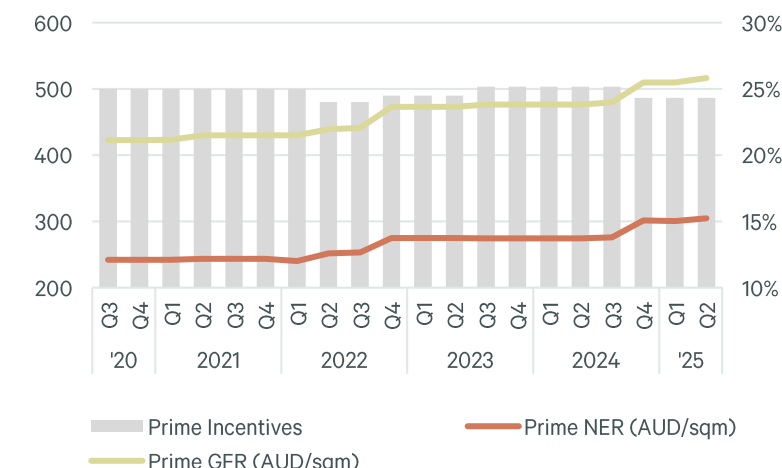


FIGURE 13: Town Centres & Non-Core | Prime Rental Rates and Incentives



Investment Market

Office investment markets remain quiet over H1 2025

The Canberra office investment market had a very quiet start to the year. Only two transactions closed over H2 2025. 4 Mort Street was sold for AUD 18.0, while 1 Queen Victoria Terrace was sold for AUD 23.5. Both transactions took place over the second quarter.

Cap rates continued to trend upwards across both Civic and Non-Civic submarkets over the quarter. Civic Prime and Secondary yields ended the period at 7.7% and 9.2% while Non-Civic Prime and Secondary yields ended the period at 8.1% and 9.3%. While indicative yields continued to increase over Q2 2025, the rate of growth has started to flatten as pricing expectations are beginning to stabilize.

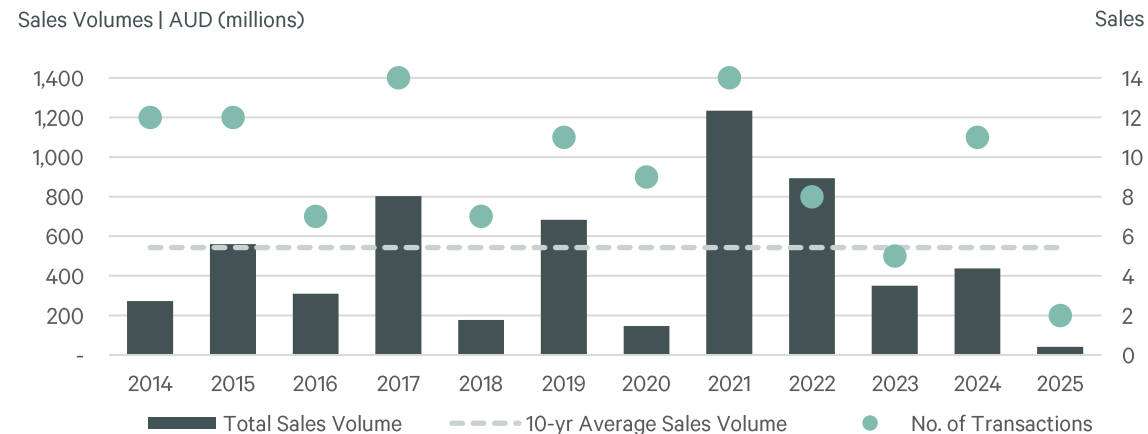
Given falling interest rates and competitive pricing compared to other Australian markets, it appears as though the repricing cycle is nearing its conclusion. While pricing may be stabilizing, capital for office investment in Canberra remains limited. Despite optimism building behind the office sector broadly and the outperformance of leasing markets in Canberra, it's likely that investment volumes will remain somewhat subdued over the remainder of 2025.

FIGURE 14: Canberra Office | Notable Investment Transactions 2025

| Property | Price (Millions) | NLA | AUD/sqm |
|--------------------------|------------------|-----------|---------|
| 4 Mort Street | 18.0 | 5,500 sqm | 3,287 |
| 1 Queen Victoria Terrace | 23.5 | 4,958 sqm | 4,739 |

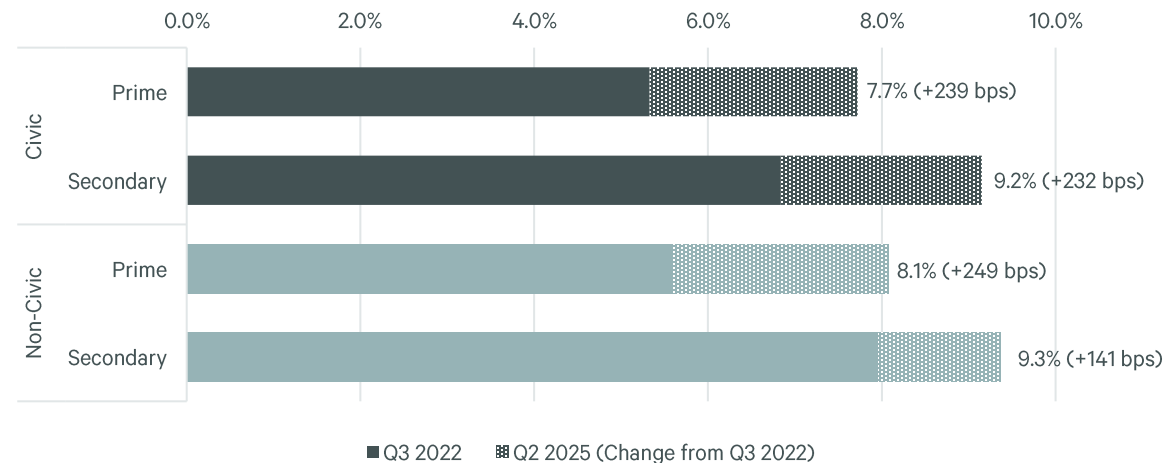
Source: MSC-RCA, CBRE Research

FIGURE 15: Canberra Office | Sales Activity



Source: MSC-RCA, CBRE Research

FIGURE 16: Canberra Office | Indicative Yields, by Submarket and Building Grade



Source: CBRE Research

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Key Office Submarket Map



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