

FIGURES | ADELAIDE CBD OFFICE | Q2 2025

Strong tenant demand continues in the Adelaide office market

▼ 15.0%
Overall Vacancy Rate

▲ \$650/sqm
CBD Prime Gross Face Rents (+1.1% q-o-q)

▶ 35.5%
CBD Prime Incentives (Stable q-o-q)

▶ 7.70%
Prime Yield (Stable q-o-q)

Note: Arrows indicate change from previous quarter.

Key Points

- Tenant enquiry volumes totalling c.66,000 sqm was recorded in Adelaide during Q2 2025, up 21% y-o-y.
- Net absorption remained strong totalling 22,326 sqm for H1 2025. Net absorption in the past 12 months has been 44,932 sqm, significantly above the 10-year annual average of c.12,500 sqm.
- The Adelaide CBD overall vacancy rate as of H1 2025 decreased to 15.0% from 16.4% last half, driven entirely by the strong net absorption.
- Prime gross rental rates ended Q2 2025 at an average of \$650 per sqm, increasing by 1.1% q-o-q and 3.6% y-o-y. Prime incentive rates remained stable q-o-q averaging 35.5%.
- Supply was muted during 1H25 with a net 9 sqm of stock withdrawn. The supply of 50 Franklin Street (c.21,000 sqm) is expected to come to market during H2 2025.
- Both prime and secondary grade office yields remained stable q-o-q at an average of 7.70% and 9.48%, respectively.

FIGURE 1a: Adelaide CBD Office | Market Summary

Adelaide CBD	July 2025	Jan 2025	July 2024	H-o-H Change	Y-o-Y Change
Vacancy Rate	15.0%	16.4%	17.5%	-140 bps	-250 bps

FIGURE 1b: Adelaide CBD Office | Summary of Prime Market Indicators

Adelaide CBD	Q2 2025	Q1 2025	Q2 2024	Q-o-Q Change	Y-o-Y Change
GFR	\$650/sqm	\$643/sqm	\$627/sqm	+1.1%	+3.6%
NFR	\$497/sqm	\$492/sqm	\$478/sqm	+0.9%	+3.9%
Incentives	35.5%	35.5%	34.9%	Stable	+60 bps
Yield	7.70%	7.70%	7.49%	Stable	+20 bps

\$ = Australian Dollar AUD
CBD = Core & Frame markets
Source: CBRE Research

Office Demand

Strong tenant demand continues in the Adelaide office market

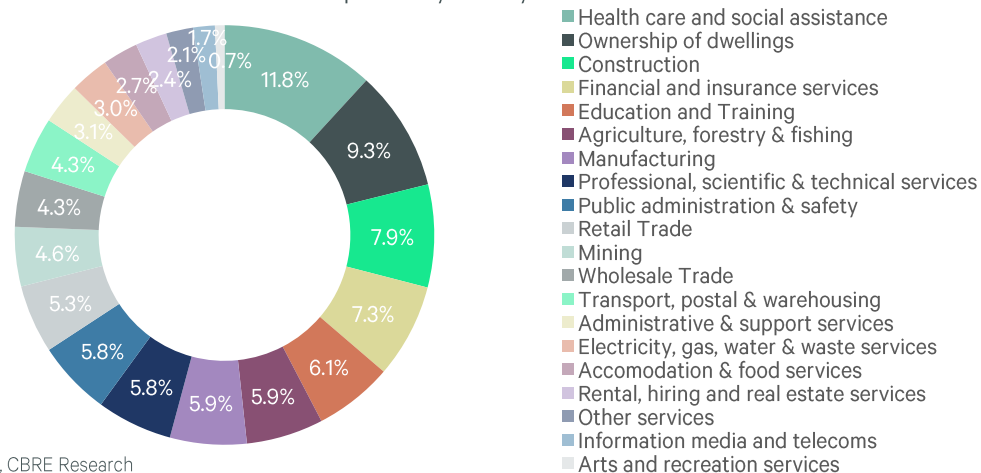
Despite the generally softer occupier demand conditions nationally, demand in Adelaide’s office market has remained a bright spot. During Q2 2025 enquiry volumes recorded across Adelaide’s office market was c.66,000 sqm, up 21% y-o-y.

South Australia boasts a diversified economy across many industries (figure 2), which provides the office occupier market resilience. More recently occupier demand has been broad based across a range of industries including professional services, information media & telecommunications, financial services, healthcare, defence and government.

Adelaide CBD’s net absorption remained strong for H1 2025 with 22,326 sqm recorded, continuing the high demand level seen in the past 18 months (H2 2024 = 22,606 sqm, H1 2024 = 29,041 sqm). Net absorption has been significantly above the 10-year six month average of c.6,000 sqm.

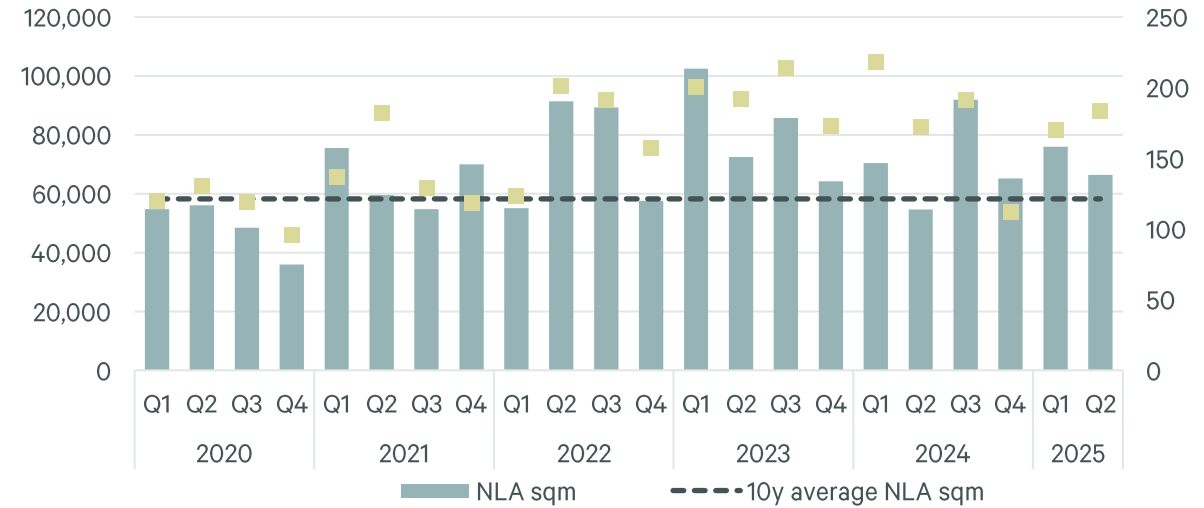
Demand during H1 2025 was again driven predominantly by prime grade assets totalling 22,683 sqm. Secondary grade assets recorded net absorption of -357 sqm during H1 2025.

FIGURE 2: South Australia FY24 Economic Composition by Industry Gross Value Add



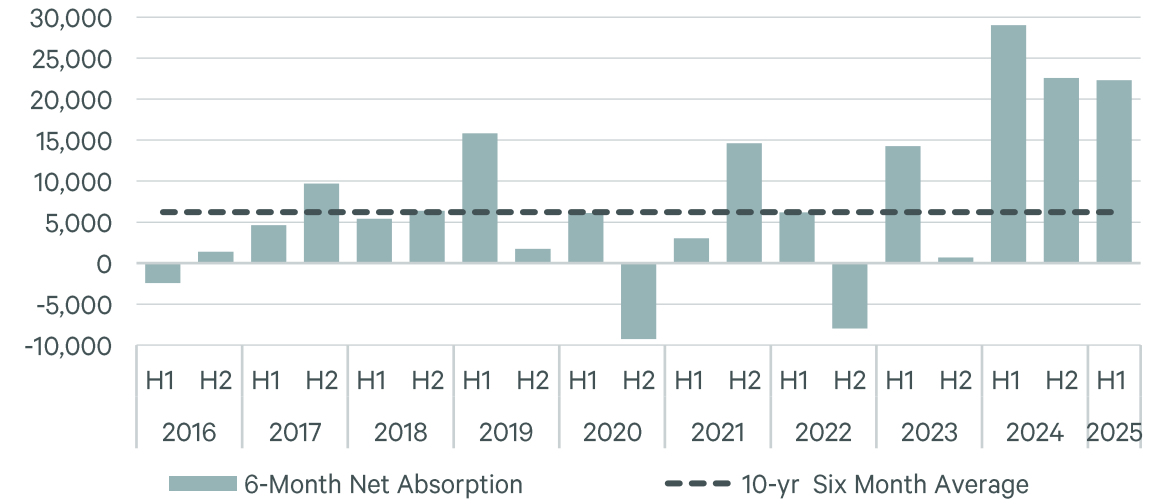
Source: ABS, CBRE Research

FIGURE 3: Adelaide Office | Enquiry Volumes



Source: CBRE Research

FIGURE 4: Adelaide CBD Office | 6-Month Net Absorption (sqm)



Source: PCA, CBRE Research

Supply

No net supply added during H1 2025

Having seen a record high of 78,109 sqm of net supply added to the market in 2023, Adelaide’s CBD supply level has been muted since. For H1 2025 there was net withdrawal of just 9 sqm.

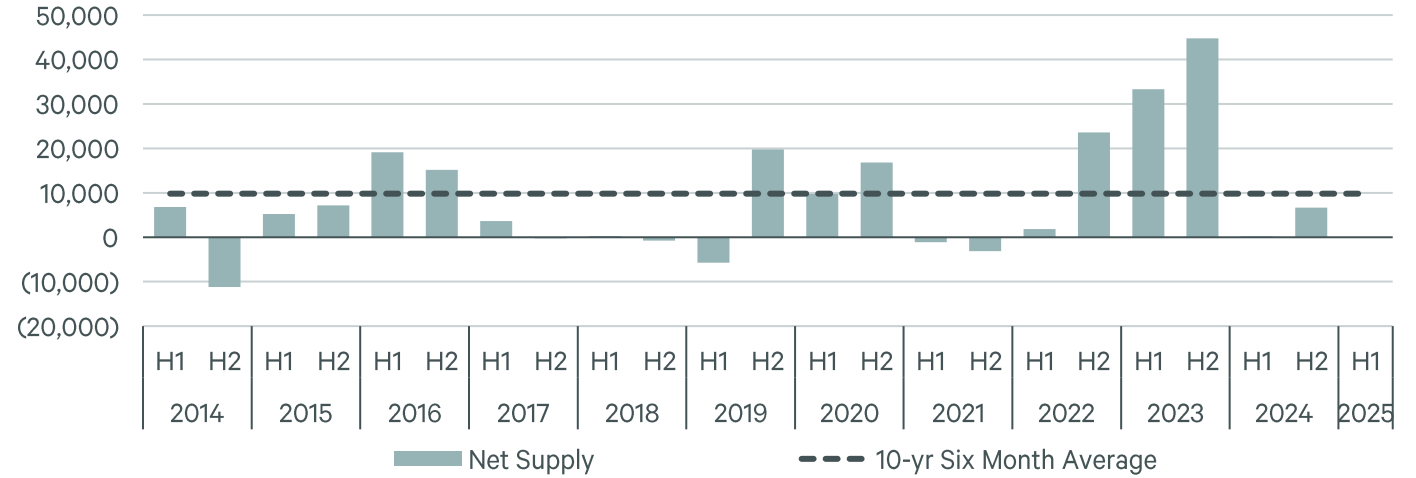
There was just 911 sqm of total supply in H1 2025, which included the addition of 656 sqm from refurbishment of 61 Carrington Street. The total supply was offset by 920 of stock withdrawn in relation to 228-230 Pirie Street for demolition.

50 Franklin Street to be added to the market in H2 2025

There are currently four new major CBD developments in the future supply pipeline, with two of them under construction. 50 Franklin Street is expected to reach practical completion imminently and will add c.21,000 sqm of office space to the market in H2 2025, majority of which is vacant. Market Square which comprises c.22,000 sqm of office is expected to reach completion in the first half of 2026 and over half of the space has been taken up. These two projects currently account for 2.7% of the Adelaide CBD office stock.

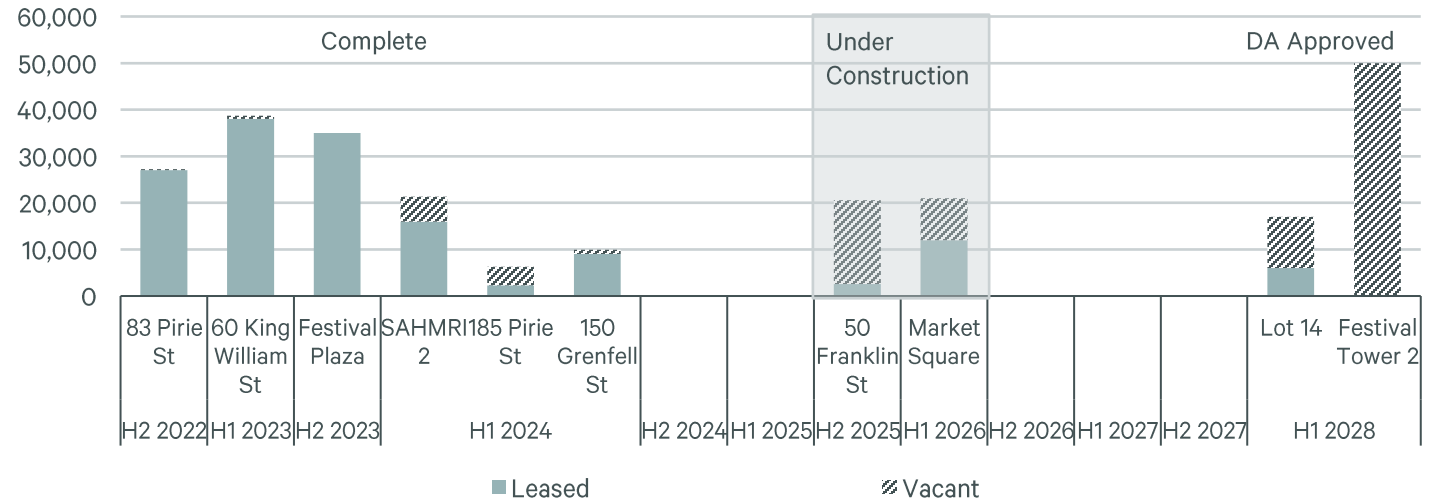
The Lot Fourteen development on the Corner of North Terrace and Frome Road (c.17,000 sqm) along with Walker Corporation’s Festival Tower 2 development (c.50,000 sqm) are development approved projects with forecast completions in 2028.

Figure 5: Adelaide CBD Historic Net Supply (sqm)



Source: Property Council of Australia, CBRE Research

FIGURE 6: Adelaide CBD Supply, Recent Completions and Pipeline (sqm)



Source: CBRE Research, Q2 2025

Vacancy

Prime vacancy decreases 3.0 percentage points during H1 2025 as tenant demand for quality space continues

Adelaide’s CBD vacancy rate tightened by 1.4 percentage points to 15.0% as at July 2025. The vacancy decline half on half was driven entirely by the strong net absorption of 22,326 sqm recorded in the first half, given that net supply was virtually nil (net withdrawal just 9 sqm).

The vacancy rate in prime grade buildings decreased substantially by 3.0 percentage points to 15.1% in July 2025 (down from 20% in January 2025). Prime vacancy has now decreased by 6.9 percentage points since the recent peak of 22.0% reached in January 2024. The vacancy reduction during H1 2025 was driven by continued tenant demand for prime grade stock as net absorption of 22,683 sqm was recorded for prime grade buildings.

Secondary grade vacancy remained stable during H1 2025 at 14.9%. This was due to net absorption for the secondary grade part of the market being muted at -357 sqm. In addition, there was minimal supply in the secondary grade market.

Minimal sublease space in Adelaide as of Q2 2025

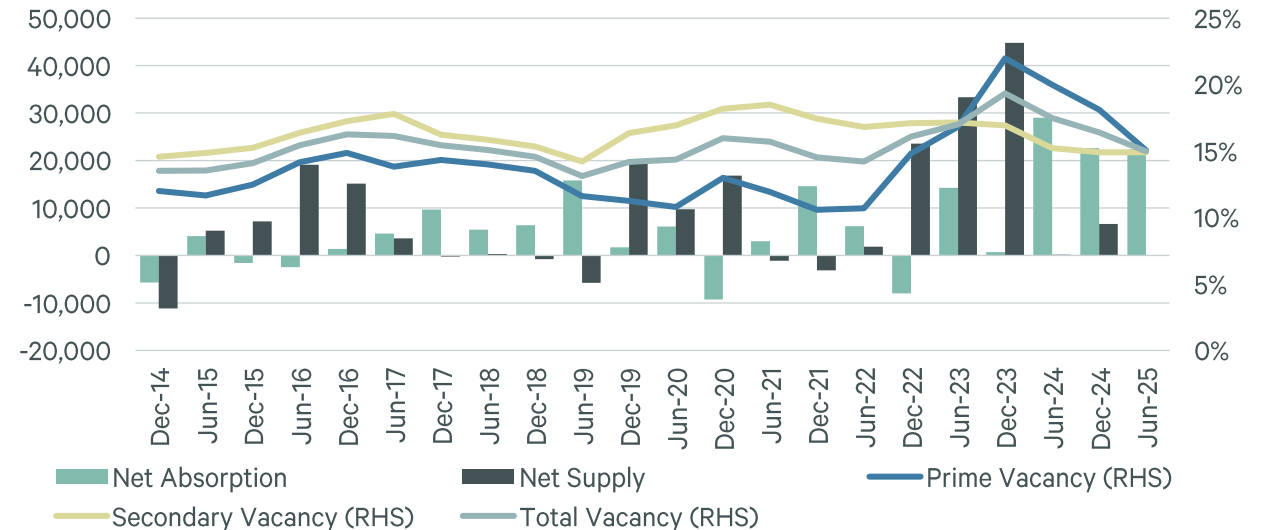
As per the CBRE Q2 2025 sublease barometer, the Adelaide CBD had minimal sublease space totalling c.6,000 sqm, a decrease from the c.13,000 sqm recorded in Q1 2025. Sublease space in Adelaide CBD more than halved q-o-q as a few listings were withdrawn, having gone to direct leases. The sublease vacancy rate as of Q2 2025 stood at just 0.4% with all available sublease space attributed to tenants contracting their space.

FIGURE 7: Adelaide CBD Office | Leasing Market Summary

Market/Grade	Inventory Jul 25	Vacant Space Jul 25	Vacancy Rate Jul 25 (6month Diff)	Net Absorption 6 months
Prime	753,338 sqm	113,407 sqm	15.1% (-3.0 pp)	22,683 sqm
Secondary	817,029 sqm	121,702 sqm	14.9% (-0.0 pp)	-357 sqm
Total	1,570,367 sqm	235,109 sqm	15.0% (-1.4 pp)	22,326 sqm

Source: PCA

FIGURE 8: Adelaide CBD Office | Six Month Net Absorption (sqm) Net Supply (sqm) and Vacancy (%)



Sources: PCA, CBRE Research

Rental Performance

Adelaide CBD rents continuing to grow spurred by repositioned buildings

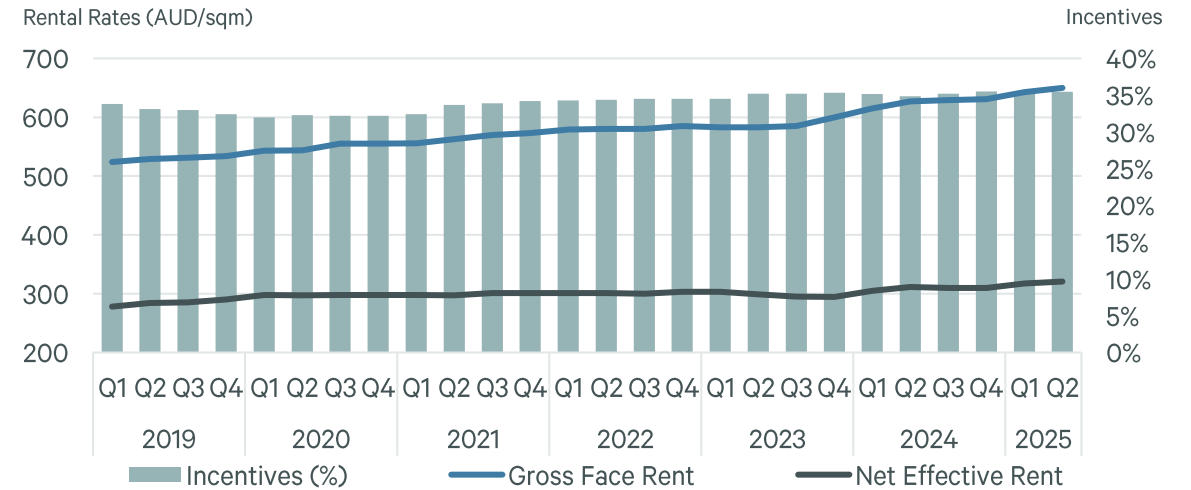
Gross rents in the Adelaide CBD have been seeing solid growth over the past 24 months as face rents have trended up due to the strong occupier market and increases in outgoings. Rent growth has been more prominent in prime grade assets over the past 24 months given the stronger demand and repositioning of Gen1 assets that are commanding higher average rental rates. Regenerated buildings with upgraded lobbies and amenities are attracting strong interest as tenants seek quality at more affordable price points than brand new towers.

Prime gross rental rates ended Q2 2025 at an average of \$650 per sqm, increasing by 1.1% q-o-q and 3.6% y-o-y. Prime incentives remained relatively stable q-o-q averaging 35.5% and are 60 bps above the same period last year. This has resulted in prime net effective rents increasing by 1.0% q-o-q and 3.0% y-o-y to now average \$321/sqm.

Rents in the secondary grade market also saw strong growth during Q2, increasing by 4.7% y-o-y to now average \$412/sqm. Some changes to enhance the sample basket of properties contributed to the stronger average rent growth. Secondary grade incentives were relatively stable during Q2 averaging 42%. Over the past year secondary grade incentives have seen an increase of 40 bps.

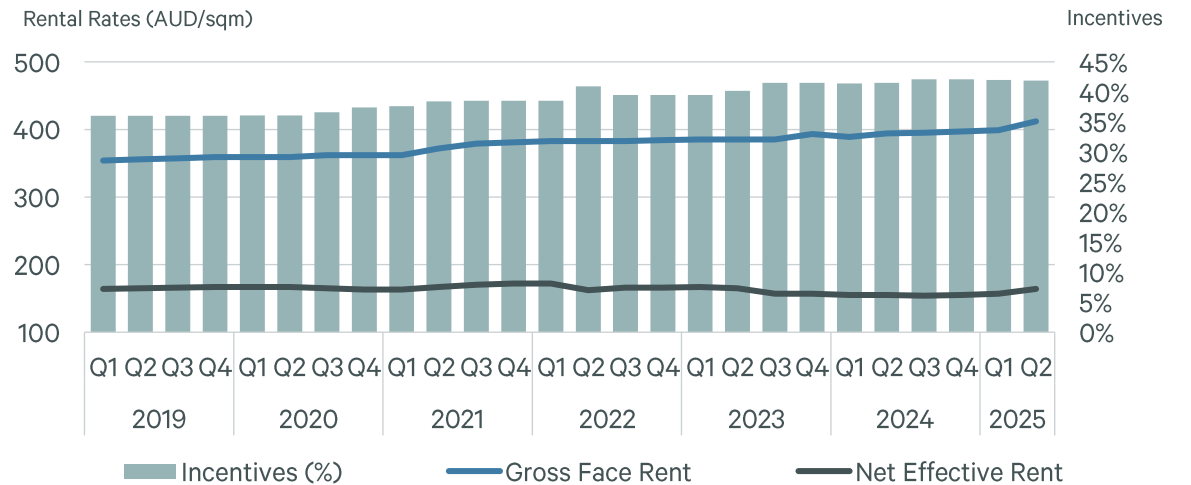
Looking ahead, Adelaide’s office market is expected to see continued rental growth driven by the positive demand fundamentals and the repositioning of Gen1 assets which are attracting strong tenant interest and rental premiums. The upcoming supply from 50 Franklin St and Market Square does present a headwind to vacancy.

FIGURE 9: Adelaide CBD Office | Prime Gross Face Rents, Net Effective Rents, and Incentives



Source: CBRE Research

FIGURE 10: Adelaide CBD Office | Secondary Gross Face Rents, Net Effective Rents, and Incentives



Source: CBRE Research

Investment Market

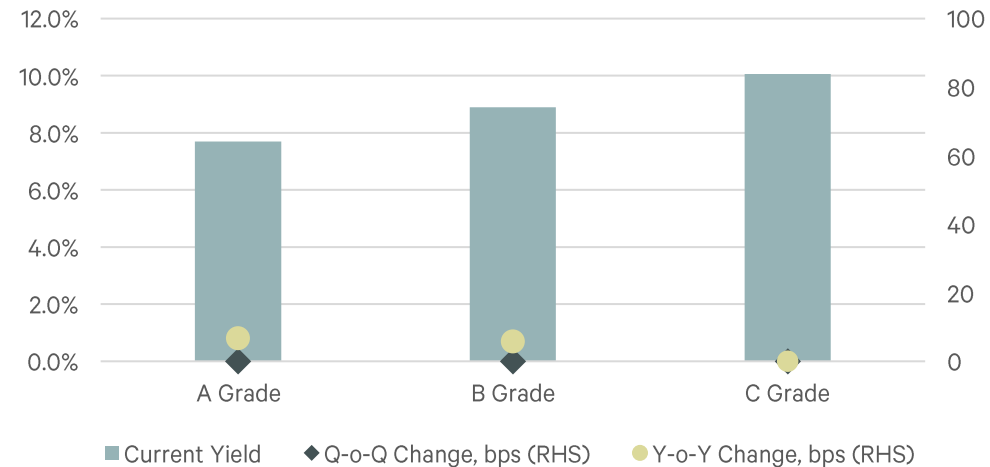
Investment volumes relatively muted during H1 2025

Investment transaction volumes in Adelaide remained relatively muted during H1 2025 with close to \$115 million of transactions recorded in the CBD and suburban markets (transactions ≥ \$5 million). The most notable transaction over Q2 2025 was the sale of 63 Pirie Street which Centennial acquired from Raptis Investments for \$50.5 million. Outside the CBD, Realside divested 186 Greenhill Road in Parkside for approximately \$24.0 million.

Given the lack of transactional evidence, yields remained stable during Q2 2025. Prime grade yields currently average 7.70% while secondary grade yields average 9.48%.

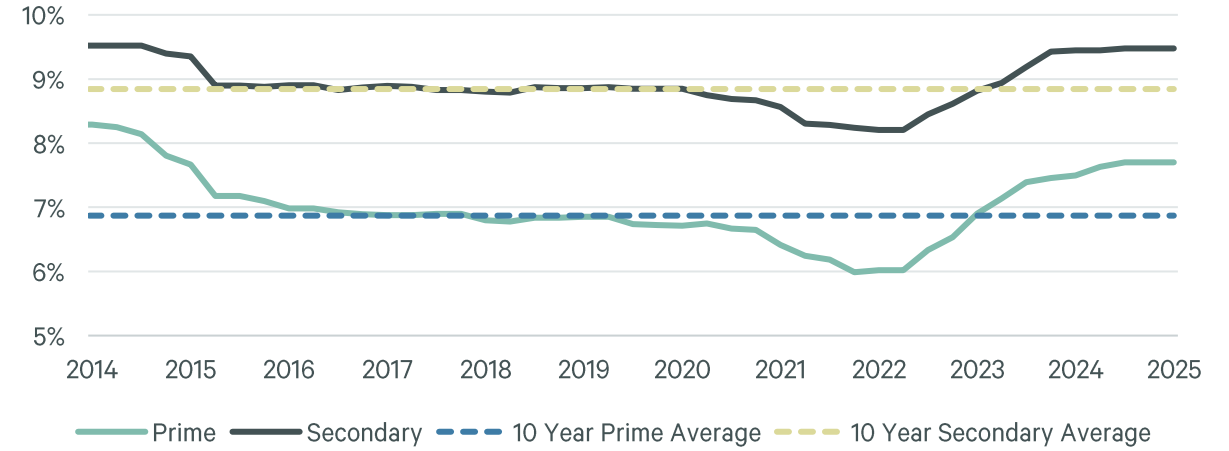
Investment volumes should begin to see an uplift given the favourable interest rate outlook. The Reserve Bank of Australia cut interest rates by 50 basis points in H1 2025, and market expectations are for further rate cuts in H2 2025. The relative value of Adelaide should also start to attract buyers back into the market, in addition to the significant government investment in the defence sector which is driving solid leasing market fundamentals.

FIGURE 11: Adelaide CBD Office | Q2 2025 Yield by Grade and Yield Change



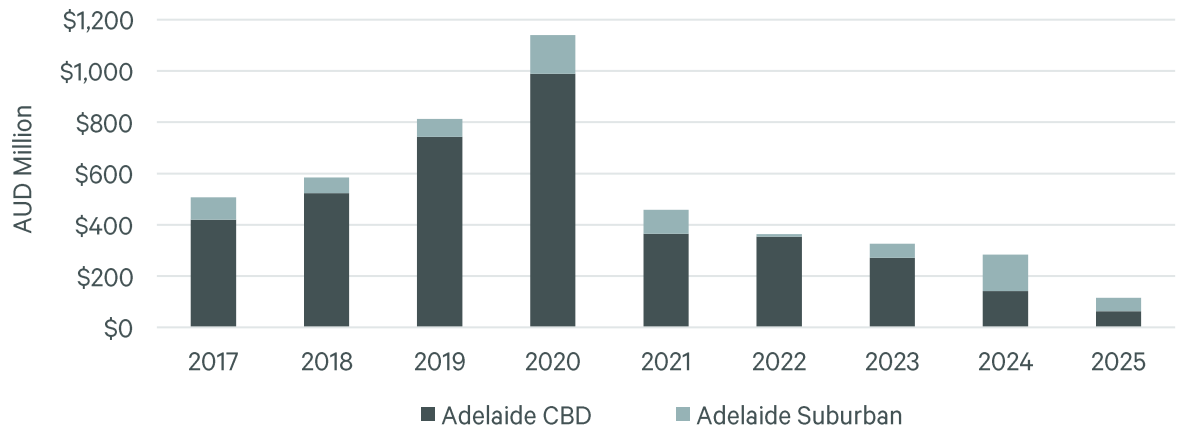
Source: CBRE Research

FIGURE 12: Adelaide CBD Office | Prime and Secondary Yields vs 10-year Averages



Source: CBRE Research

FIGURE 13: Adelaide Office | Investment Sales by Submarket ≥ \$5m (AUD millions)



Source: CBRE Research
To note: Includes medical offices.

Contact

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