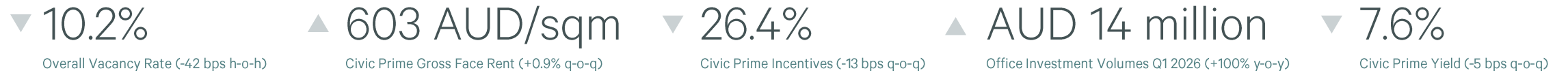


FIGURES | CANBERRA OFFICE | 1Q26

Canberra office market remains quiet over the first quarter of 2026



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

Key Points

- CBRE received 50 leasing enquiries totalling 21,017 sqm in Q1 2026. This marked a volume increase of 37.7% compared to Q4 2025.
- Canberra’s overall office vacancy rate ended 2025 at 10.2%. This figure represented a decrease of 42 bps over the second half of the year. Prime vacancy rates declined across much of the market.
- The Canberra office market is set to see the delivery of c.49,000 sqm of new supply in 2026 and c.53,000 sqm in 2027.
- Consistently low vacancy rates, significant increases to outgoings, and the introduction of new stock to the market resulted in gross rental rate growth across Canberra over the last year.
- The investment market also remained quiet in Q1 2026 with only two transactions totalling AUD 14 million closing over the quarter.

FIGURE 1a: Canberra Office | Vacancy Rate Summary

Indicator	Jan 2025	Jul 2025	Jan 2025	H-o-H Change	Y-o-Y Change
Vacancy Rate	10.2%	10.7%	9.2%	-42 bps	+107 bps

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

Indicator	1Q26	4Q25	1Q25	Q-o-Q Change	Y-o-Y Change
GFR	AUD 603	AUD 598	AUD 572	+0.9%	+5.5%
Incentives	26.4%	26.5%	26.5%	-13 bps	-13 bps
NER	AUD 338	AUD 334	AUD 315	+1.1%	+7.0%
Yield	7.6%	7.7%	7.6%	-5 bps	+4 bps

Source: CBRE Research

Office Demand

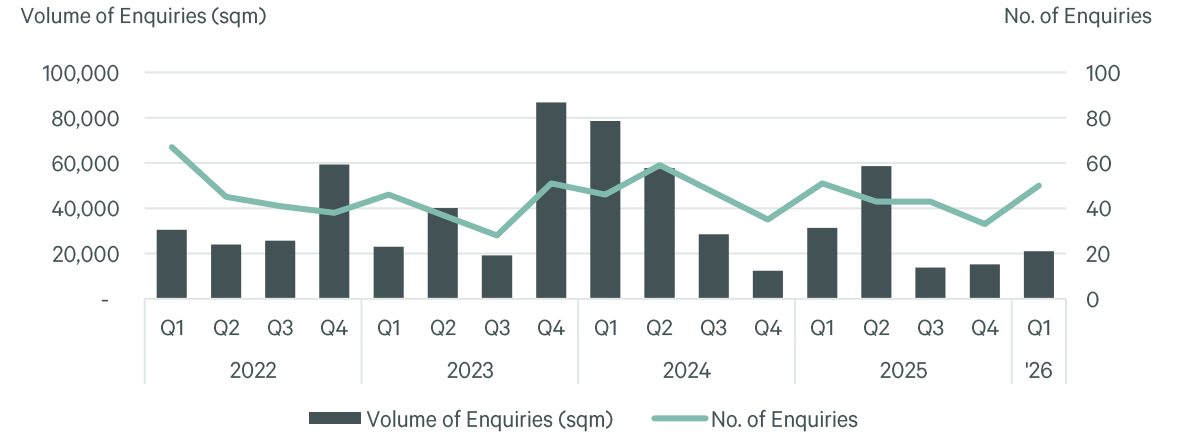
Leasing demand shows signs of improvement in first quarter

Leasing enquiries increase over the first quarter of the year. CBRE received 50 leasing enquiries totaling 21,017 sqm in Q1 2026. This marked a volume increase of 37.7% compared to Q4 2025. While enquiry volumes are showing signs of improving there has been a lack of large briefs of late. CBRE received only four briefs over 1,000 sqm in Q1 2026.

While enquiries volumes remain fairly moderate, leasing activity has continued to be quite strong as of the most recent data. The market saw overall net absorption of 10,129 sqm over the second half of 2025. This brought the full-year absorption figure for 2025 to 16,923 sqm. Canberra has continued to see a significant flight-to-quality by occupiers, and this has led to the Prime end of the market outperforming. Prime grade net absorption totaled 29,693 sqm over the last 6 months of 2025, while Secondary net absorption totaled -19,564 sqm over this time.

This trend was also consistent across geographies. The Civic and Town Centres & Non-Core submarkets recorded significant positive Prime net absorption of 16,769 sqm and 13,059 sqm, respectively, in H2 2025. The Inner South saw minorly negative net absorption over the second half, although this was partially a function of a lack of space for tenants to expand into given very tight vacancy rates in these submarkets.

FIGURE 2: Sydney CBD Office | Leasing Enquiry Data



Source: CBRE Research

FIGURE 3: Canberra Office | 6-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

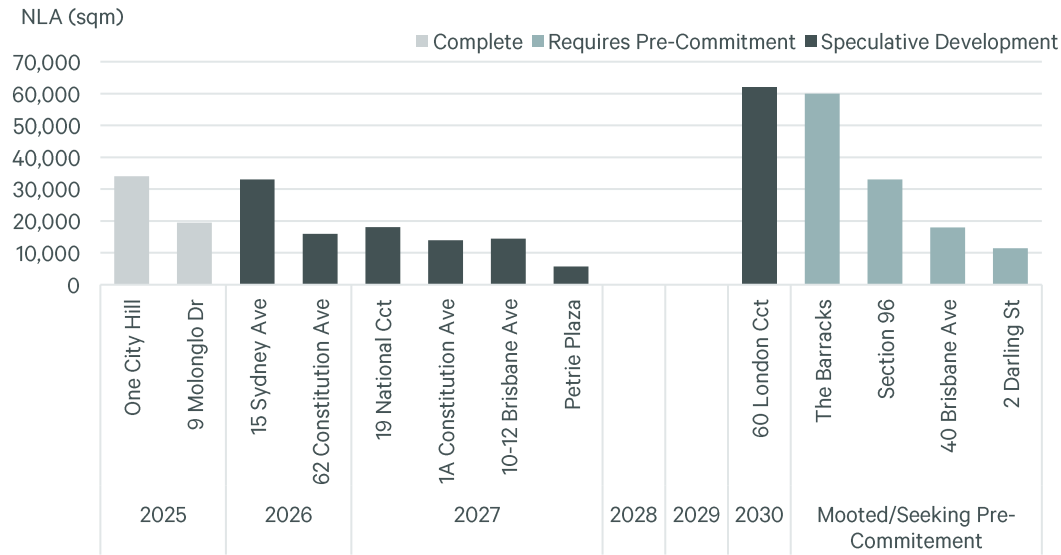
Canberra seeing steady levels of new supply

Canberra is in the midst of a three-year period where new supply has outpaced the trailing 10-year average. c.54,000 sqm of new office space was delivered to the market in 2025. This figure included the delivery of One City Hill (c.34,000 sqm) and 9-11 Molonglo Drive (c.20,000 sqm). The annual total from 2025 was 10.5% greater than the trailing 10-year average.

The market is set to see the delivery of c.49,000 sqm of new supply in 2026 and c.53,000 sqm in 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). 60 London Circuit will also be constructed speculatively with an expected completion date of 2030.

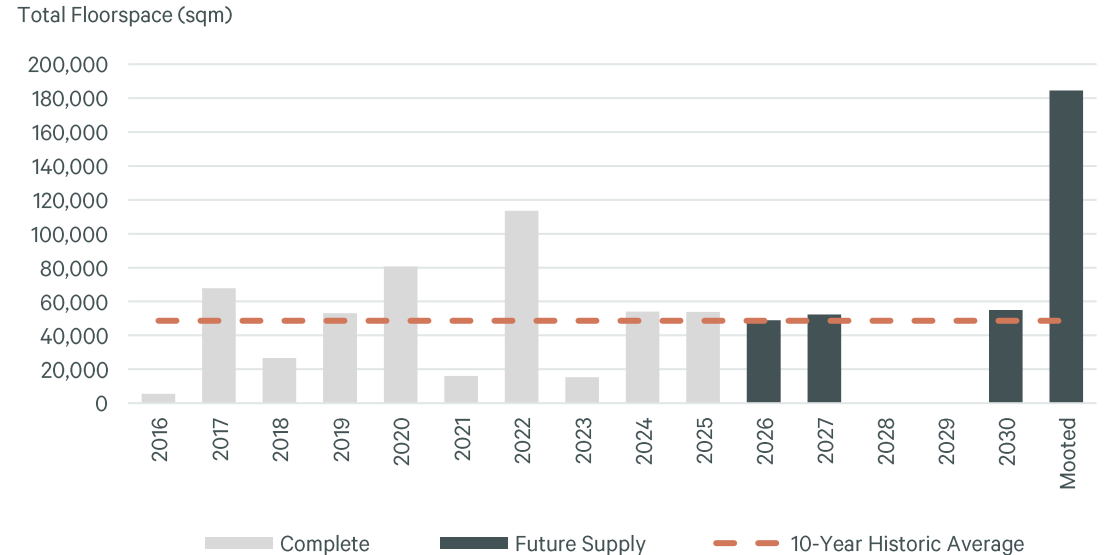
While the elevated levels of new supply are expected to lead to a softening of vacancy rates, Canberra has maintained the tightest office markets of any capital city in Australia. The market is therefore well positioned to absorb new stock unlike some other markets with less favourable occupancy rates. There are several development projects which may potentially proceed following 2030, however, many of these projects would only launch should they secure a leasing pre-commitment.

FIGURE 4: Canberra Office | Upcoming Development Projects



Source: CBRE Research, PCA

FIGURE 5: Canberra Office | Historical & Forecast New Supply



Source: CBRE Research, PCA

Vacancy

Prime vacancy rates tighten over second half

Canberra’s overall office vacancy rate ended 2025 at 10.2%. This figure represented a tightening of 41 bps over the second half. This compression was driven by increased leasing activity in Prime stock. Prime vacancy rates dropped to 8.4% as of year end, while Secondary vacancy rates rose to 13.1%.

The overall market trend was mirrored when looking at more granular geographies. Prime vacancy rates tightened in each of the Civic and Town Centres & Non-Core geographies over H2 2025, while Prime vacancy in the Inner South remained broadly stable at sub-3.0%. Conversely, Secondary vacancy increased across each of these areas.

While vacancy rates have remained tight, it’s still 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, although this has yet to eventuate.

FIGURE 6: Canberra Overall | Leasing Market Overview

Market/Grade	Inventory Jan '26	Vacant Space Jan '26	Vacancy Rate Jan '26 (6month Diff)	Net Absorption 6 months
Prime	1,490,474 sqm	125,175 sqm	8.4% (-199 bps)	29,693 sqm
Secondary	968,590 sqm	126,602 sqm	13.1% (+202 bps)	-19,564 sqm
Total	2,459,064 sqm	251,777 sqm	10.2% (-41 bps)	10,129 sqm

Source: PCA, CBRE Research

FIGURE 7: Civic | Vacancy Rate by Grade

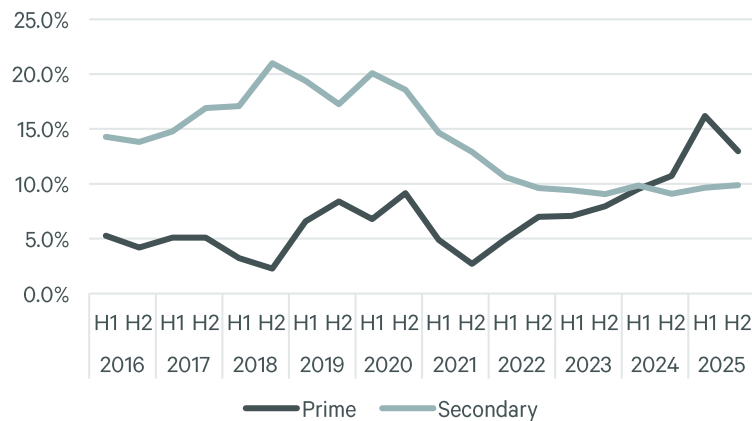


FIGURE 8: Inner South | Vacancy Rate by Grade

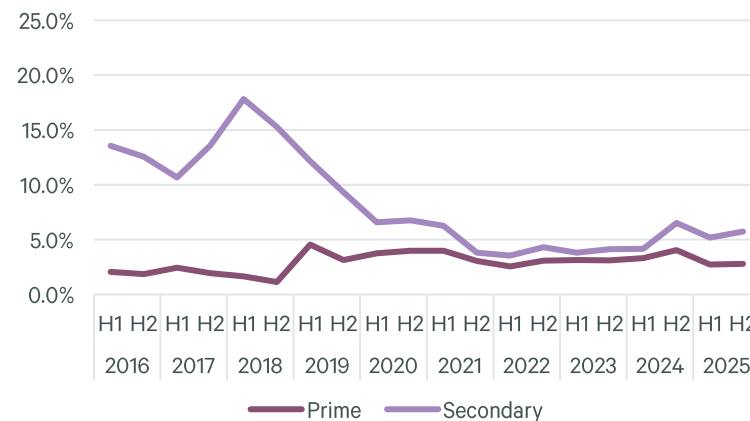
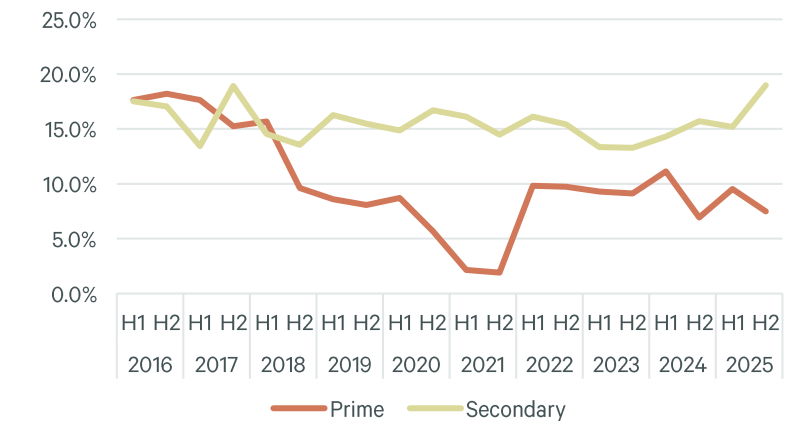


FIGURE 9: Town Centres & Non-Core | Vacancy Rate by Grade



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

Rental rate growth remains flattish across Canberra in Q1 2026

Consistently low vacancy rates, significant increases to outgoings, and the introduction of new stock to the market resulted in gross rental rate growth across Canberra over recent periods. Civic Prime and Secondary gross rental rates ended Q1 2026 at 603 AUD/sqm and 493 AUD/sqm, respectively. These figures represented year-over-year increases of 5.5% and 5.2%. Likewise, Non-Civic Prime and Secondary gross rental rates ending the quarter at 525 AUD/sqm and 467 AUD/sqm. These figures represented year-over-year increases of 2.1% and 9.0%. Incentives held broadly stable over the fourth quarter across most of the market. Rents across Canberra should continue to face upward pressures given still elevated levels of new supply increasing rental rate benchmarks for landlords.

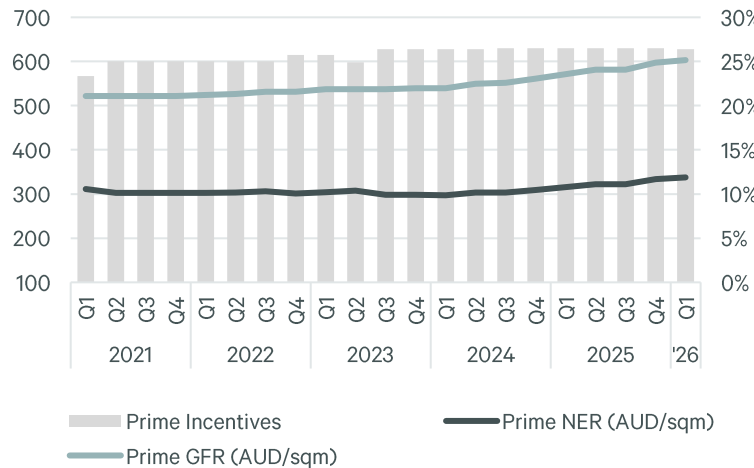
Given gross rental rate growth and lack of changes to incentives, net effective rents either increased or held stable over Q1 2026. Prime net effective rents in the Civic precinct grew by 1.1% over the first quarter, while they remained stable in Non-Civic precincts.

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

Submarket	Grade	GFR (AUD/sqm)			NER (AUD/sqm)			Incentives (%)		
		Current	QoQ Change	YoY Change	Current	QoQ Change	YoY Change	Current	QoQ Change	YoY Change
Civic	Prime	603	0.9%	5.5%	338	1.1%	7.0%	26.4%	-13 bps	-13 bps
	Secondary	493	1.2%	5.2%	231	1.9%	7.6%	29.3%	+3 bps	+14 bps
Non-Civic	Prime	525	0.3%	2.1%	300	Stable	1.7%	24.9%	Stable	Stable
	Secondary	467	0.3%	9.0%	240	Stable	12.0%	27.3%	Stable	+13 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

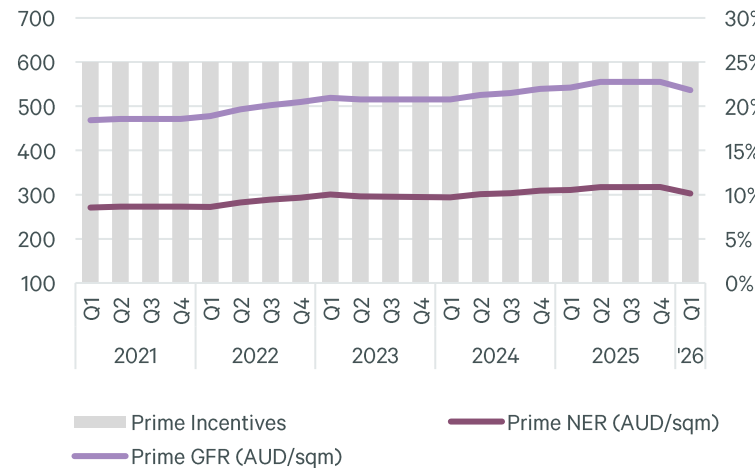
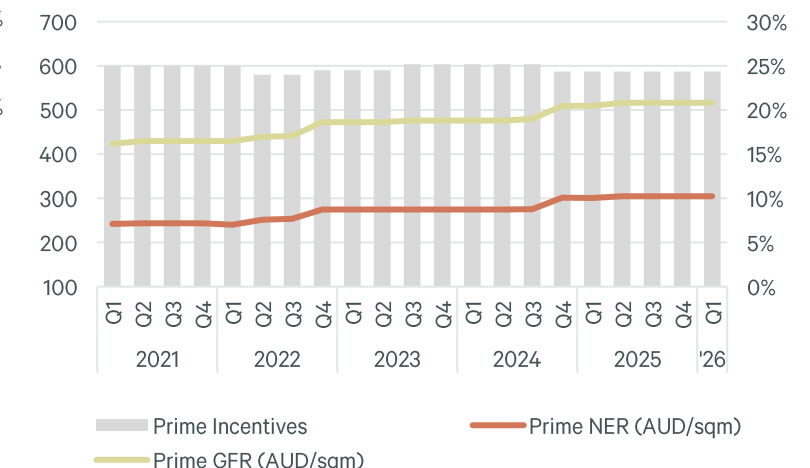


FIGURE 13: Town Centres & Non-Core | Prime Rental Rates and Incentives



Investment Market

Office investment markets remain muted in Q1 2026

The Canberra office investment market was once again very quiet in Q1 2026, with only two transactions totalling AUD 14 million closing over the quarter. This following a 2025 when only five transactions totalling AUD 463 closed over the course of the year. The largest transactions to take place in Canberra since the start of 2025 have been the sale of 23 Furzer Street for AUD 305.0 million, 47 Constitution Avenue for AUD 72.5 million, and a 50% stake in 100 Northcott Drive for AUD 44.0 million.

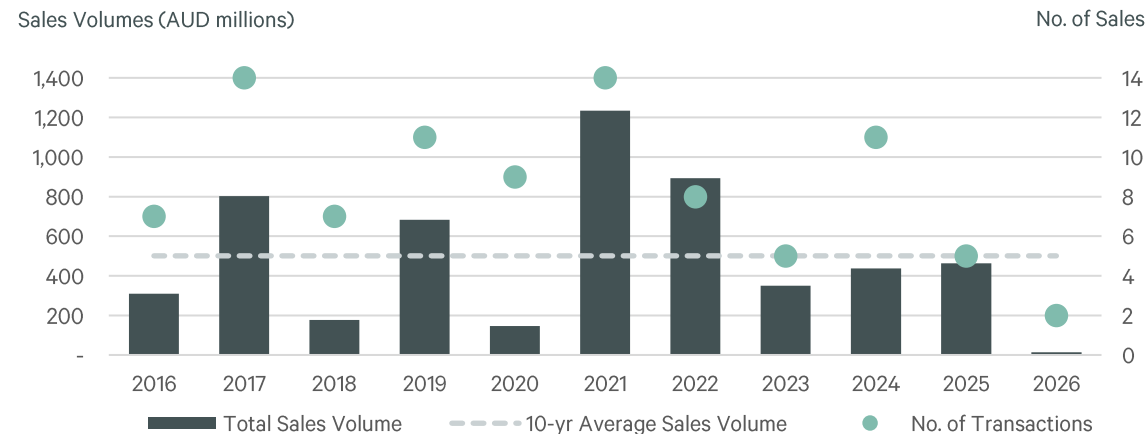
Pricing for the assets which transacted in 2025 suggested that yield had peaked, however, recent global events and rising bond yields have brought this into question. Civic Prime and Secondary yields ended Q1 2026 at 7.6% and 9.2%. Non-Civic Prime and Secondary yields ended the period at 8.1% and 9.0%. While optimism had been building that price stabilization would lead to an acceleration of investment activity in 2026, this now appears less likely. It's now expected that cash rates may be hiked several times over the remained of the year and government bond yields may continue on an upward trajectory. While yield spreads continue to be healthy in Canberra, any additional increases to government bond yields may slow market activity once again.

FIGURE 14: Canberra Office | Notable Investment Transactions

Property	Suburb	Price (Millions)	NLA	AUD/sqm
23 Furzer Street	Phillip	305.0	46,166 sqm	6,607
47 Constitution Avenue	Civic	72.5	15,600 sqm	4,648
100 Northcott Drive	Campbell	44.0 (50% Interest)	41,670 sqm	2,112
4 Mort Street	Civic	18.0	5,500 sqm	3,287
1 Queen Victoria Terrace	Parkes	23.5	4,958 sqm	4,739

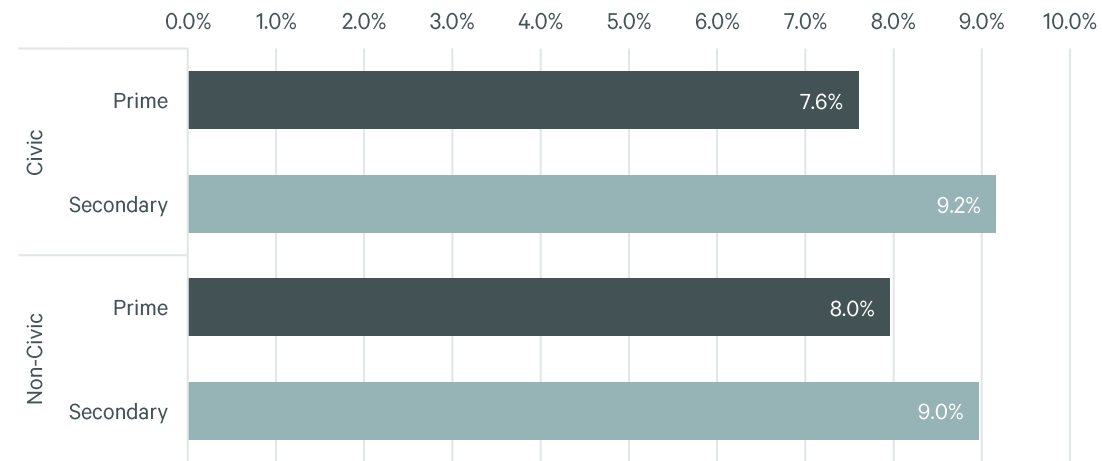
Source: MSC-RCA, CBRE Research

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

Contact

Research



Thomas Biglands

Associate Director
 ACT Office Research
 +61 426 841 019
Thomas.Biglands@cbre.com

Key Office Submarket Map



Contact

Canberra

Level 4
 2 Constitution Avenue
 Canberra City, ACT 2601

Sydney

Level 21
 363 George Street
 Sydney, NSW 2000

Melbourne

Level 34
 8 Exhibition Street
 Melbourne, VIC 3000

Brisbane

Level 3
 1 Eagle Street
 Brisbane, QLD 4000

Perth

Level 25
 250 St George's Terrace
 Perth, WA 6000

Adelaide

Level 5
 151 Pirie Street
 Adelaide, SA 5000