Strong enquiry volume signals ongoing healthy tenant demand in Adelaide

▲ 16.3%
Overall Vacancy Rate (Jul-26)

▲ $656/sqm
CBD Prime Gross Face Rents (+1% y-o-y)

▶ 35.0%
CBD Prime Incentives (stable q-o-q)

▲ 7.79%
Prime Yield as of Q2-26

Note: Arrows indicate change from previous quarter.

Key Points

- Total enquiry volume (sqm) of c.90,000 sqm was recorded across Adelaide's office market during 2Q26, increasing 35% from a year earlier and signalling ongoing strong tenant demand.
- Net absorption for 1H26 totalled -9,224 sqm, which is expected to improve to c.15,000-20,000 sqm in 2H26 as a number of new large CBD entrants and expanding tenant deals are included.
- The Adelaide CBD overall vacancy rate sits at 16.3% as of July 2026, increasing by 0.8 percentage points from the prior half.
- The Market Square development was added to the stock (20,000 sqm), most of which was offset by the withdrawal of 77 Grenfell Street.
- Prime gross rents have increased around 0.4% q-o-q and 1% y-o-y to an average $656 per sqm. Prime incentives remained stable q-o-q averaging 35% and are down 0.5 percentage points y-o-y.
- Investment transaction volumes totalled c.$155 million across Adelaide's office market over 1H26 with greater clarity around the future path of interest rates expected to improve activity.
- Midpoint yields increased marginally q-o-q with prime yields sitting at 7.8% and secondary at 9.5%.

FIGURE 1a: Adelaide CBD Office | Market Summary

Adelaide CBD	July 2025	Jan 2026	Jul 2026	H-o-H Change	Y-o-Y Change
Vacancy Rate	15.0%	15.5%	**16.3%**	+0.8 pp	+1.3 pp

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

Adelaide CBD	Q2 2025	Q1 2026	Q2 2026	Q-o-Q Change	Y-o-Y Change
GFR	$650/sqm	$654/sqm	**$656/sqm**	+0.4%	+1.0%
NFR	$497/sqm	$498/sqm	**$498/sqm**	-0.1%	+0.2%
Incentives	35.5%	35.0%	**35.0%**	Stable	-50 bps
Yield	7.70%	7.75%	**7.79%**	+4 bps	+9 bps

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

Office Demand

Strong tenant enquiry volume during 2Q26

Total enquiry volume (sqm) of c.90,000 sqm was recorded across Adelaide's office market during 2Q26, increasing 35% from a year earlier. The number of tenant enquiries received in the quarter totalled 184, which remained in line with a year earlier, highlighting growth in the average enquiry size during the quarter to 489 sqm, 35% higher than 2Q25.

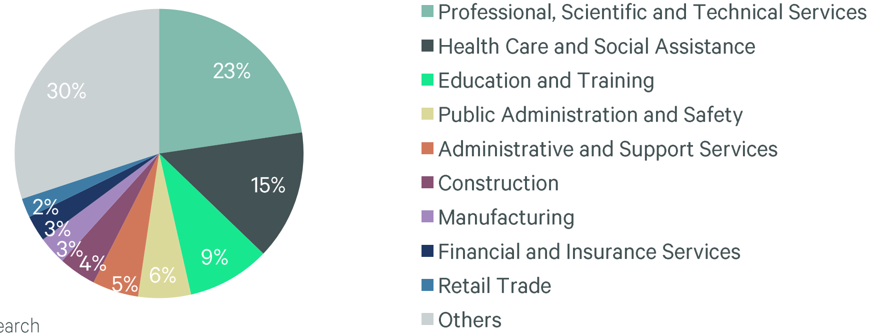
Enquiry volumes (by sqm of NLA) during the quarter was driven by professional services (23%), healthcare & social assistance (15%), education & training (9%) and government (6%).

Looking at the past rolling 12 months, enquiry has totalled c.307,000 sqm, which is 26% above the 10-year annual average.

The strong net absorption trend seen in recent years and robust tenant enquiry volume, reflects ongoing healthy tenant demand in the Adelaide CBD market. The net absorption for 1H26 totalled -9,224 sqm, which is thought to be softer due to a point in time calculation related to some tenant moves early in 2026. There are a number of leasing deals related to new entrants into the CBD and expansion activity which is expected to be included in the 2H26 data and create c.15,000-20,000 sqm of positive absorption.

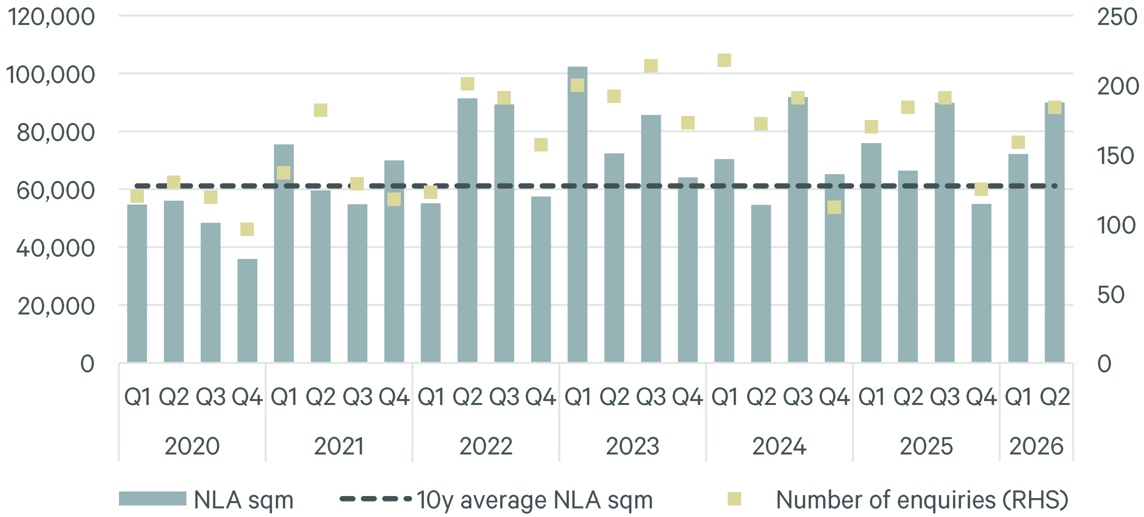
Prime grade net absorption for 1H26 totalled 4,208 sqm, compared to the 10-year six month average of c.9,300 sqm. Secondary grade net absorption for 1H26 came to -13,432 sqm, compared to the 10-year six month average of c.500 sqm.

FIGURE 2: Adelaide 2Q26 Enquiry Volume (sqm) by Industry



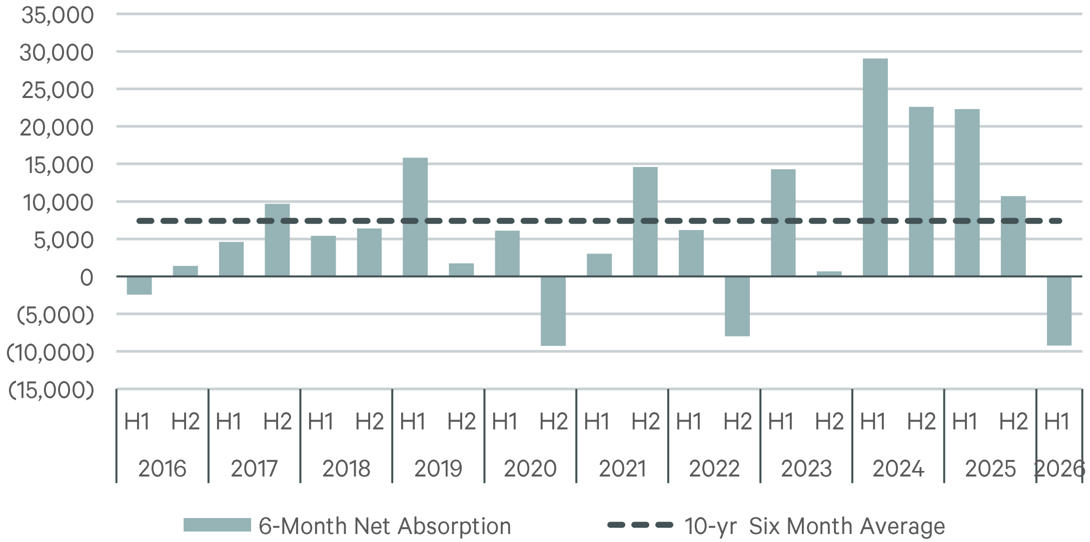
Source: CBRE Research

FIGURE 3: Adelaide Office | Enquiry Volumes



Source: CBRE Research

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



Source: PCA, CBRE Research

Supply

Market Square supply offset by stock withdrawal during 1H26

During 1H26 net supply added to the market totalled 3,961 sqm, below the 10-year six-month average of c.10,000 sqm. Total supply recorded was 20,000 sqm related to the Market Square development, though a significant portion of the new supply was offset by stock withdrawals totalling 16,039 sqm. The stock withdrawals relate to 77 Grenfell Street which is expected to be re-purposed into student accommodation.

Future supply pipeline now limited until 2028/29

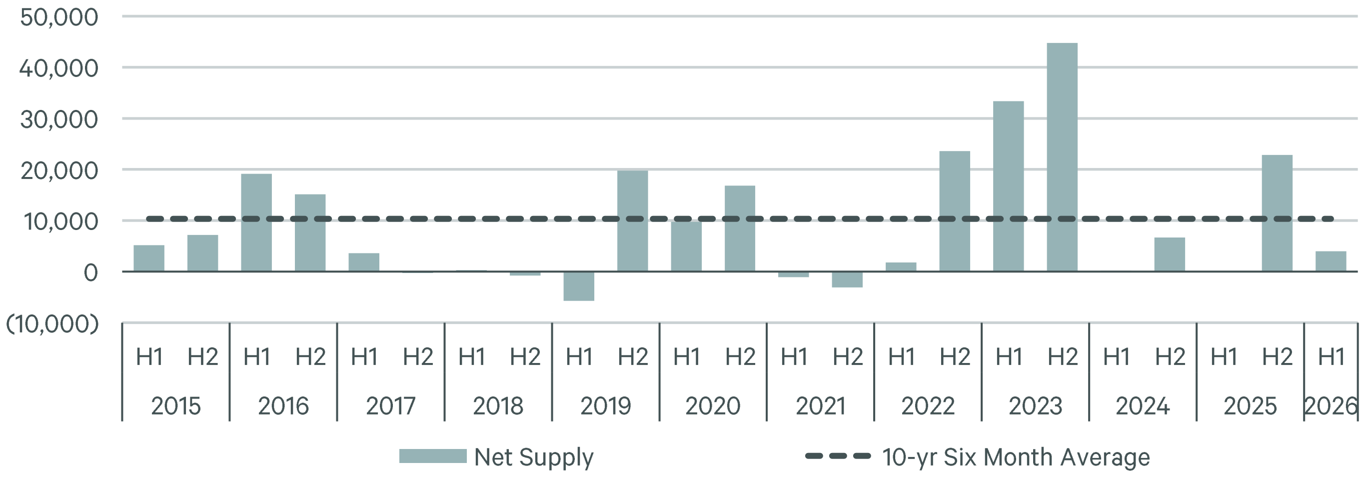
With the stock related to the 50 Franklin Street and Market Square developments now added to the market over the past year, the future supply pipeline now looks more limited until late 2028. This provides a good runway to see the vacancy decrease over the next two years amid ongoing tenant demand.

The future supply pipeline now comprises of Walker Corporation's King William Tower development. King William Tower will comprise c.50,000 sqm of office NLA with completion expected around late 2028. The ATO has pre-committed to around 20,000 sqm at King William Tower.

Defence HQ at the Lot Fourteen development (c.15,000 sqm) commenced construction in July 2026 and is expected to reach completion in 2028. Defence HQ will be an 11-storey building focused on defence, space and critical technologies and will support the AUKUS defence program, with BAE Systems establishing its headquarters at Defence HQ.

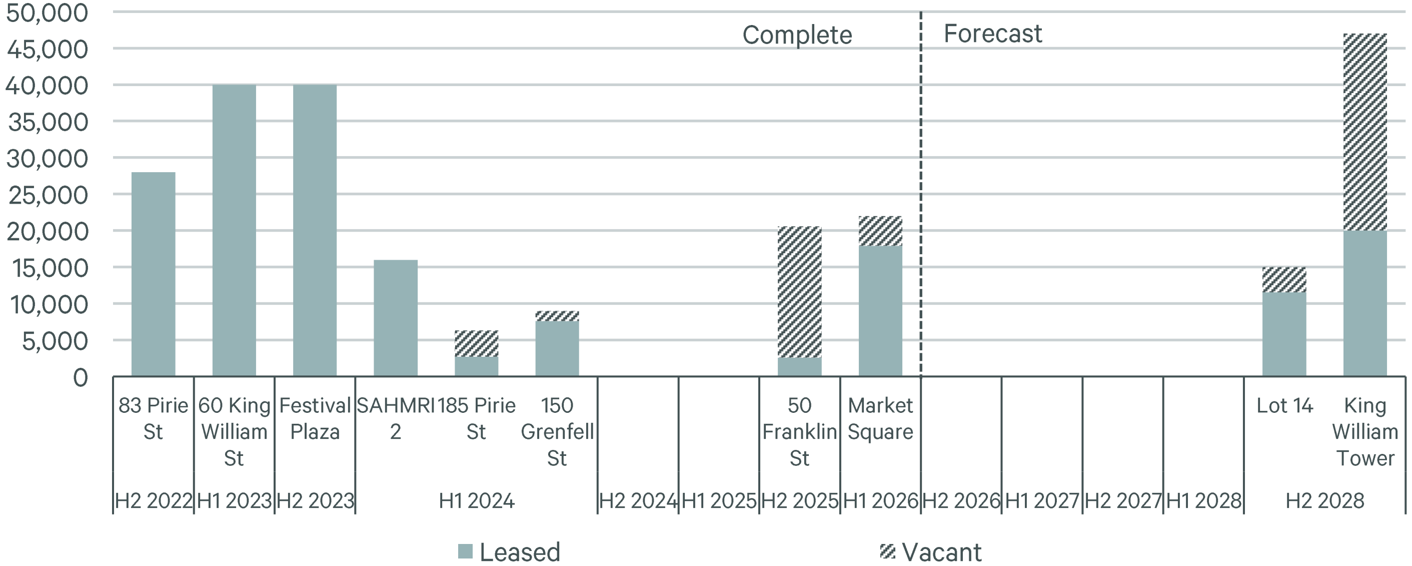
All up, the two major projects in the pipeline now amount to c.62,000 sqm and represents around 3.9% of the current CBD stock.

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

Vacancy

Prime vacancy decrease marginally during 1H26

The Adelaide CBD overall vacancy rate sits at 16.3% as of July 2026, increasing by 0.8 percentage points from the prior half. The vacancy increase is attributed to the -9,224 sqm decrease in occupied stock and net supply totalling 3,961 sqm (Market Square development offset by 77 Grenfell St stock withdrawal).

For the prime grade market, the vacancy rate sits at 16.4% as of July 2026, down marginally from the 16.5% in January 2026. The net supply figures for 1H26 (3,961 sqm) all related to the prime grade segment which detracted from the positive absorption of 4,208 sqm in prime assets.

Secondary grade vacancy sits at 16.3% as of July 2026, increasing by 1.6 percentage points from the prior half. There were no supply changes recorded in the secondary market during 1H26, while net absorption of -13,432 sqm led to the vacancy increase in the secondary segment.

Minimal sublease space in Adelaide CBD

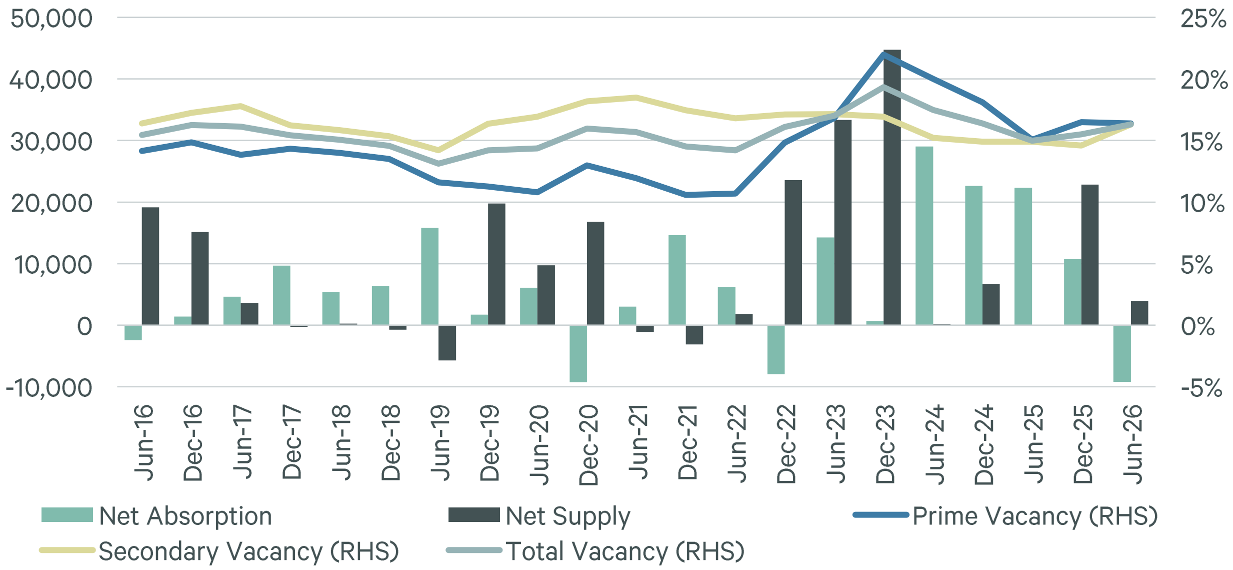
As per CBRE's 2Q26 sublease barometer, the Adelaide CBD had minimal sublease space available, totalling 6,500 sqm. This was up c.1,000 sqm q-o-q though remains significantly below the c.13,300 sqm of sublease space available at the end of 1Q25. Per CBRE's sublease barometer, the sublease vacancy rate sits at just 0.4% as of 2Q26, signalling continued healthy leasing market conditions in Adelaide.

FIGURE 7: Adelaide CBD Office | Leasing Market Summary

Market/ Grade	Inventory *Jul 26*	Vacant Space *Jul 26*	Vacancy Rate *Jul 26 (6month Diff)*	Net Absorption *6 months*
Prime	778,711 sqm	127,444 sqm	16.4% (-0.1 pp)	4,208 sqm
Secondary	818,465 sqm	133,001 sqm	16.3% (+1.6 pp)	-13,432 sqm
Total	**1,599,176 sqm**	**260,445 sqm**	**16.3% (+0.8 pp)**	**-9,224 sqm**

Source: PCA, CBRE Research

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



Sources: PCA, CBRE Research

Rental Performance

Rent growth eases this quarter following strong growth over 2024 and 2025

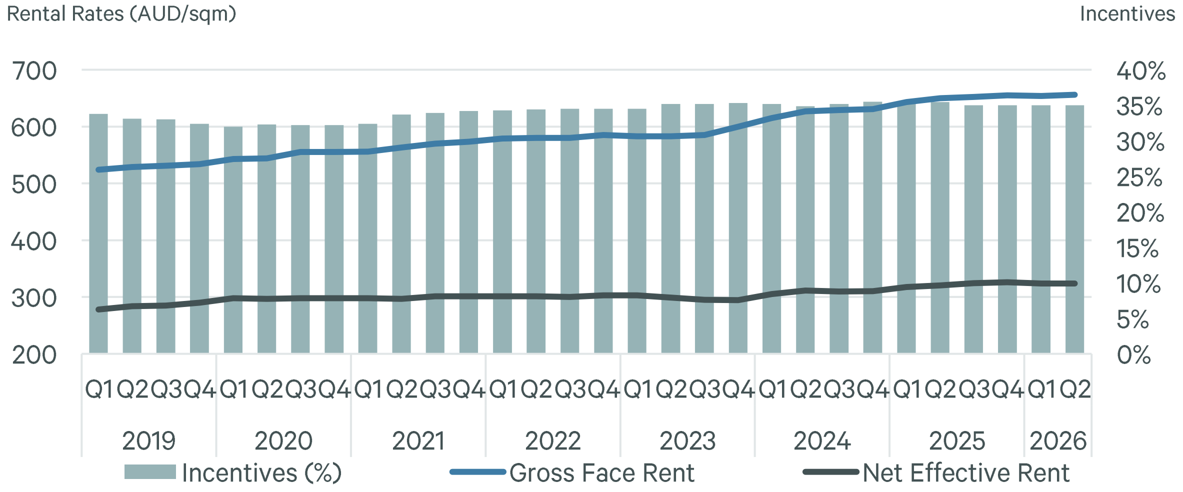
Average prime gross rents in Adelaide CBD increased 0.4% q-o-q and now sit $656/sqm. On a y-o-y basis prime gross rents have increased by around 1% y-o-y. Prime incentives remained stable q-o-q averaging 35% and have decreased slightly by 0.5 percentage points y-o-y. Prime net effective rents have increased by around 1% y-o-y and now average $324/sqm, as of 2Q26.

In the secondary grade market average gross face rents have remained broadly stable over the past year averaging $412/sqm. Secondary grade incentives have also remained stable averaging 42% over the past year.

While rental growth was subdued this quarter, the Adelaide CBD has been seeing strong rent growth through 2024 to 2025 due to the robust tenant demand backdrop. Rent growth has been prominent in prime grade assets over the past two years given the stronger demand and repositioning of Gen1 assets that are commanding higher average rental rates. Regenerated buildings with upgraded lobbies and amenities have attracted strong interest as tenants seek quality at more affordable price points than brand new towers.

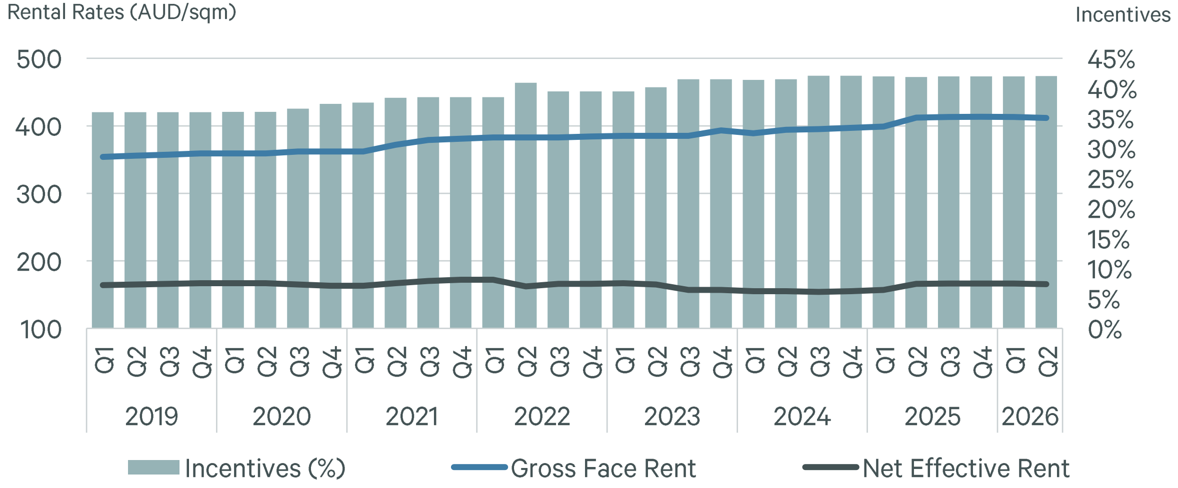
Looking ahead, Adelaide's office market is expected to see continued rental growth driven by the positive demand fundamentals. The high construction cost environment and strong tenant preference for fitted space should also see average rents growing, though keeping incentives higher. While vacancy remains higher as at 2Q26, healthy tenant demand and lack of new supply until 2028 should see rental growth accelerate.

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

Adelaide yields increase marginally during 2Q26

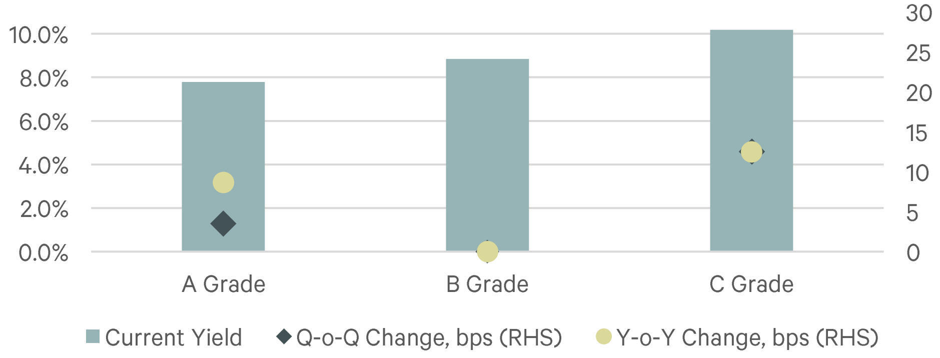
Investment transaction volumes in Adelaide's office market totalled c.$155 million over 1H26 (for transactions ≥ $5 million), with notable sales including:

- 77 Grenfell Street - LAS Group is acquiring the asset on a vacant possession basis from Wingate IPG for around $45.7 million. The property is expected to be re-purposed into student accommodation and has been withdrawn from the office stock.
- 75 Hindmarsh Square – Local private investor has purchased the fully occupied asset from Harmony Property for around $42.4 million.
- 151 South Terrace and the car parks at 11-23 Holland Street – A local private investor has acquired these assets from Curated Capital for around $18.15 million.

Adelaide's CBD office midpoint yields increased marginally during 2Q26. Prime grade yields increased 4 bps q-o-q to 7.8% and secondary grade yields increased 6 bps q-o-q to 9.5%.

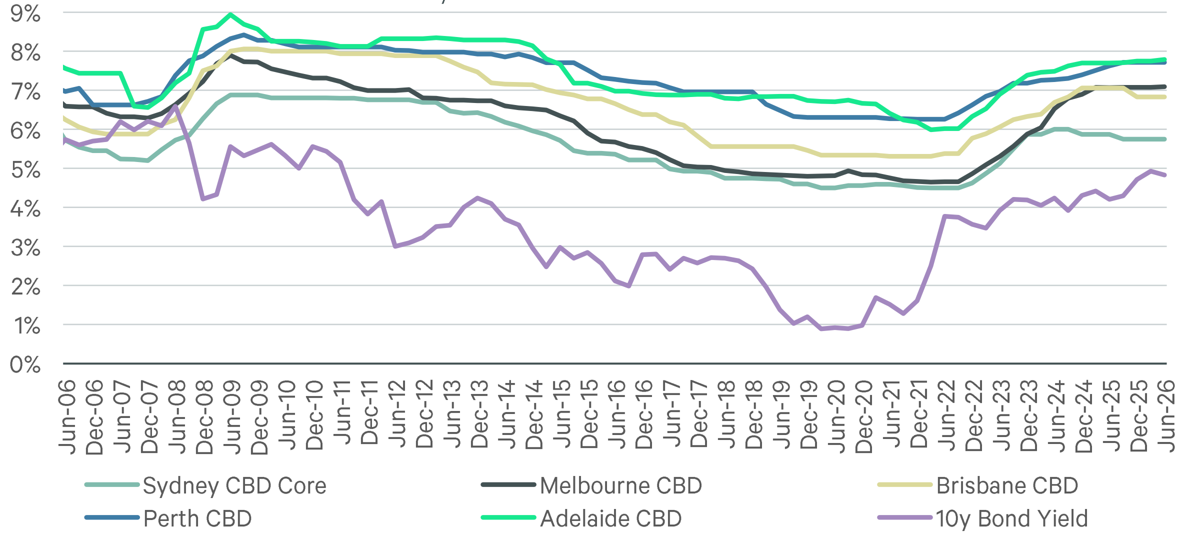
Investment volumes in Adelaide were subdued during 1H26 as market uncertainty due to the rise in interest rates and Middle East conflict impacted investor sentiment and activity. The RBA increased the Cash Rate by 75 basis points during 1H26 to 4.35% with market expectations as of 4 August 2026 implying around a 50% chance of a 25 bps increase by year end. Improving clarity over the path for interest rates is expected to improve investor sentiment and activity looking ahead, with a number of pending assets that could also transact over 2H26.

FIGURE 11: Adelaide CBD Office | Q2 2026 Yield by Grade and Yield Change



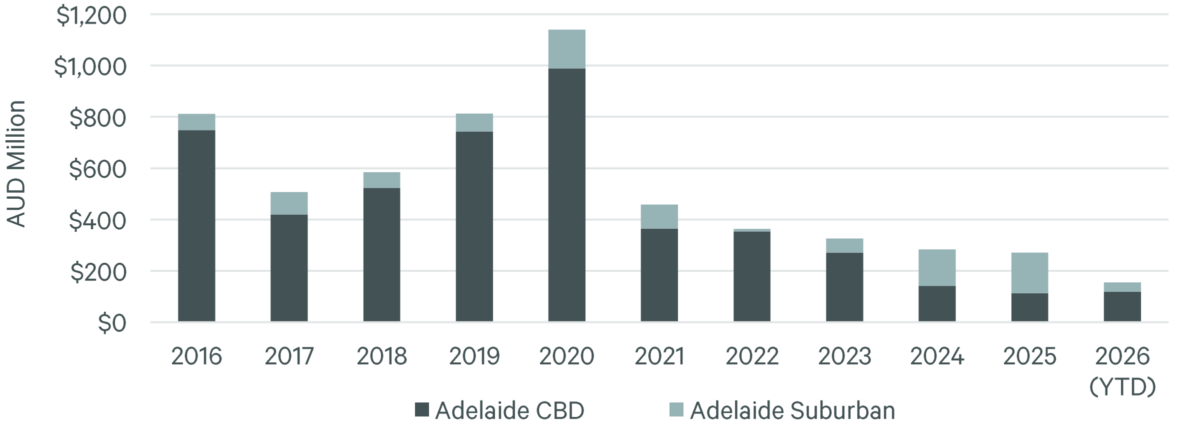
Source: CBRE Research

FIGURE 12: Australian Office Prime Yields vs 10y Bond Yield



Source: CBRE Research

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



Source: CBRE Research
To note: Includes medical offices.

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