

FIGURES | PERTH CBD OFFICE | Q1 2026

Healthy tenant enquiry volume this quarter signalling resilient near-term demand



Note: Arrows indicate change from previous quarter.

Key Points

- During 1Q26 CBD enquiry volumes totalled c.83,000 sqm, above the c.60,000 sqm recorded in 1Q25. The number of tenant enquiries in the quarter was up 5% y-o-y.
- Leasing volumes in the quarter totalled c.13,500 sqm across 13 transactions, below the c.18,700 sqm and 17 transactions recorded during 1Q25 (for new deals ≥ 500 sqm).
- Prime CBD average net face rents increased by 0.7% q-o-q and 4.9% y-o-y to \$745/sqm. Prime incentives have remained steady q-o-q averaging 47%.
- Net absorption of 11,028 sqm recorded during 2H25, rebounding from the -4,599 sqm recorded in 1H25.
- The vacancy rate sits at 16.9% as of 2H25, down from 17.0% in 1H25. Prime vacancy stands at 15.6% (1H25 15.3%) and secondary vacancy stands at 19.2% (1H25 20.2%).
- Edith Cowan University acquired 10 Telethon Avenue from Dexus for a headline price of \$72.3 million during 1Q26.
- Midpoint yields remained stable q-o-q and sit at an average of 7.7% for prime and 9.0% for secondary.

FIGURE 1: Summary of Key Indicators

Perth CBD	1Q25	4Q25	1Q26	Q-o-Q Change	Y-o-Y Change
Prime NFR	\$710/sqm	\$740/sqm	\$745/sqm	+0.7%	+4.9%
Incentives	47%	47%	47%	Stable	Stable
Prime NER	\$380/sqm	\$396/sqm	\$398/sqm	+0.7%	+4.9%
Prime Yields	7.5%	7.7%	7.7%	Stable	+21 bps

Source: CBRE Research

Economic Overview

Export market rebound forecast to drive economic growth in FY26-27

WA's economy as measured by Gross State Product (GSP) grew by 1.3% in FY25 (FY24 = 1.2% and FY23 = 4.0%).¹ Modest growth was seen in FY25 as robust growth in domestic demand (driven by household consumption and dwelling investment) was weighed down by weaker export volumes due to weather disruptions to the mining sector and softer commodity prices. Despite the persistent inflationary pressures and heightened geopolitical risks, Deloitte Access Economics forecasts GSP growth to pick to 3.8% in FY26 and 2.3% in FY27, driven by robust population growth, continued strong public spending and a rebound in exports. Exports should improve supported by high LNG and gold prices, improving lithium prices and resilient iron prices.

Domestic economic growth as measured by state final demand (SFD) increased by 3.2% y-o-y in the Dec-2025 quarter, only below the 5.0% y-o-y growth seen in SA. Private sector gross fixed capital formation increased 7.6% y-o-y in the Dec-2025 quarter, contributing to the state final demand growth.

FIGURE 2: State Final Demand Growth Sep 2025 Quarter (seasonally adjusted)



Source: ABS, CBRE Research

Business investment activity as measured by private capital expenditure remains solid, increasing by 12% y-o-y in the Dec-2025 quarter, totalling \$13.8 billion. Mining industry capital expenditure which accounted for close to 66% of the total private capex saw growth of 3.6% y-o-y in the Dec-2025 quarter. Private mining capital investment in WA has seen significant growth since reaching a trough around 2019. Private mining capital expenditure in 2025 reached \$33.8 billion, which is nearly double the level of spend in 2019.¹

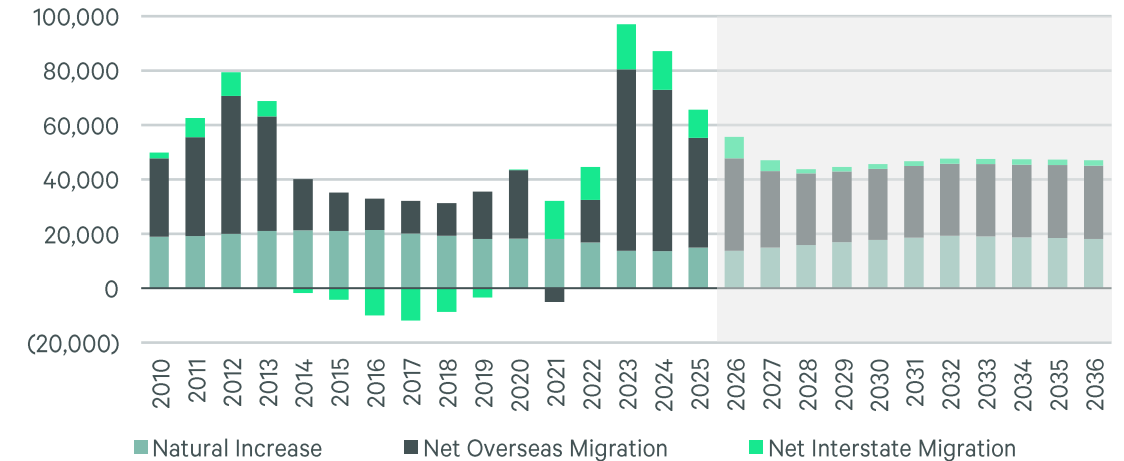
Historically low unemployment and robust job availability

While labour markets have seen some softening compared to a year ago, they remain historically strong. In WA, the unemployment rate in February 2026 stood at 4.2% (February 2025 = 3.5%), just below the national unemployment rate of 4.3%. Job availability in WA has eased from their peak in 2022 where we had near zero interest rates however, they remain historically strong. As of February 2026, WA job vacancies totalled c.45,000, 4% higher than a year ago and 21% higher than the 10-year average.¹

WA population continues to grow at the fastest pace nationally

WA is attracting international and interstate migration with the population growing at the fastest pace nationally. According to the latest data from the ABS, WA's population grew by 2.2% y-o-y in the Sep-2025 quarter, above the 1.5% growth recorded nationally. Over the 12 months ending Sep-2025 WA's population grew by c.65,800 persons with 62% (c.40,800) coming from international migration, 16% (c.10,300) from interstate migration and 22% (c.14,700) from natural growth. The Government's 2025 population statement forecasts WA's population to be the fastest growing nationally over the next 10 years, with annual growth averaging 1.5% or c.47,000 additional persons per annum.

FIGURE 3: WA Population Growth Components and Forecast by Financial Year (No. Persons)



Source: CBRE Research, ABS, 2025 Population Statement

1. Australian Bureau of Statistics

Leasing Velocity

Enquiry volume lifts from the softer volumes seen last quarter

During 1Q26 CBD enquiry volumes totalled c.83,000 sqm, above the c.60,000 sqm recorded in 1Q25. Total enquiries also lifted strongly from the soft volumes seen in the prior quarter, despite the global economic uncertainty experienced late during 1Q26. The number of tenant enquiries in the quarter totalled 134, up 5% y-o-y. The average enquiry size in the quarter was 618 sqm above the 468 sqm in the same quarter in 2025.

The rolling 12 months enquiry volume totals c.280,000 sqm, which is largely in line with the long run average. While the rolling 12 month number of tenant enquiries reached 455, remaining 9% above the long run average.

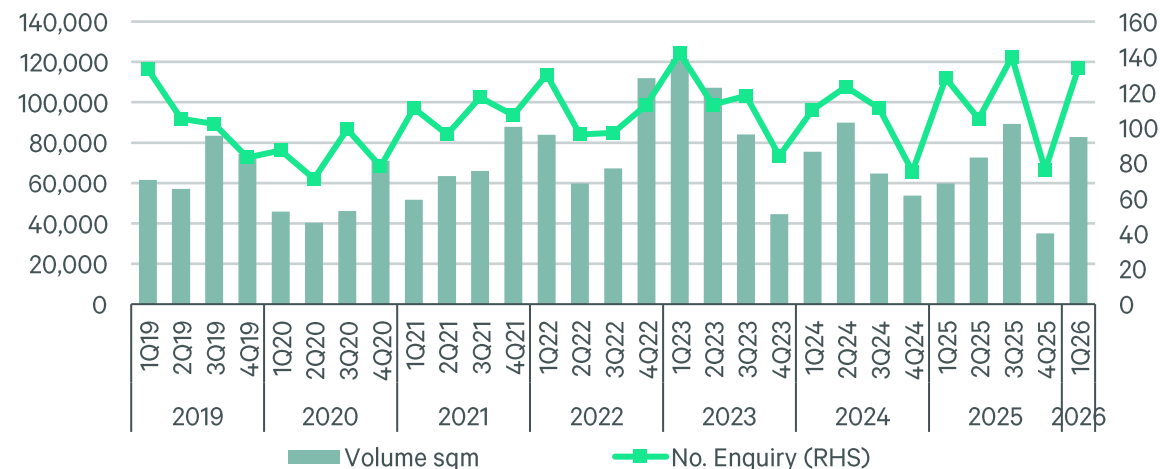
Leasing volumes in the quarter totalled c.13,500 sqm across 13 transactions, slightly below the c.18,700 sqm and 17 transactions recorded during 1Q25 (for new deals ≥ 500 sqm). With the global economic uncertainty seen during 1Q26, decision making has likely slowed as occupiers take a more cautious approach.

The rolling 12 months leasing volume totals c.70,000 sqm, slightly below the 10-year average of c.75,000 sqm. There have been 54 new transactions recorded above 500 sqm over the rolling 12 months, which is 14% higher than the long run average.

Over the past rolling 12 months, leasing activity has been concentrated in the A grade and secondary grade part of the market accounting for 52% and 28% of the total transactions, respectively. Premium and A+ grades have accounted for 9% and 11% of the total transactions over the past 12 months. A more cautious tenant environment coupled with high suburban tenant relocations (who typically move into A and B grade CBD assets) have contributed to this.

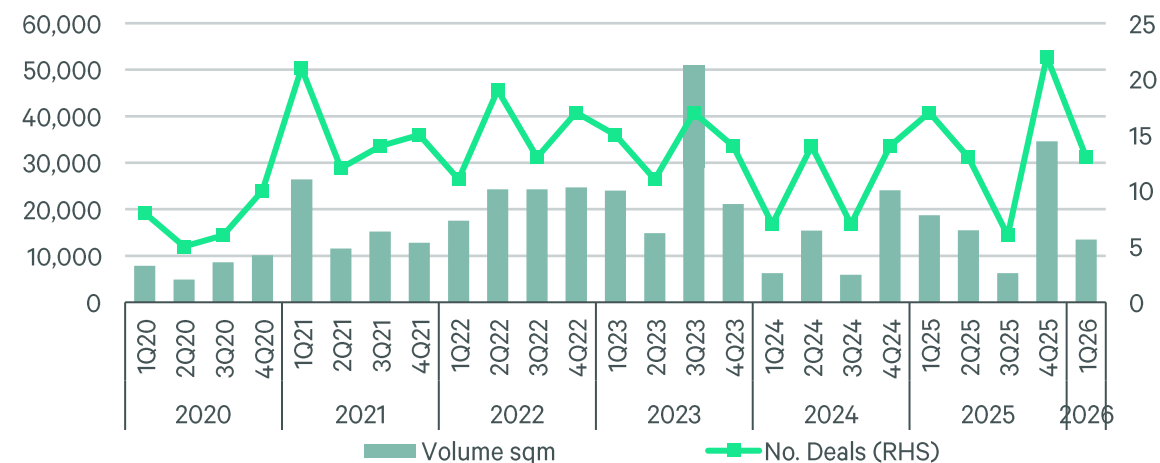
We expect the centralisation theme to continue to be a tailwind for office space demand in the Perth CBD. Availability of good quality office space in Perth’s suburban markets is tight and development feasibilities in the suburban markets are facing challenges due to high construction costs and economic rents. Suburban based occupiers that are growing and requiring larger good quality spaces, have limited options in the suburb markets and hence considering the CBD. NRW Holdings which recently committed to c.8,000 sqm in the CBD from the suburban market is the main such example.

FIGURE 4: Perth CBD enquiry volumes



Source: CBRE Research

FIGURE 5: Perth CBD leasing volumes, 500+ sqm new deals



Source: CBRE Research

Net Absorption

Net absorption recovered in 2H25 following a softer 1H25

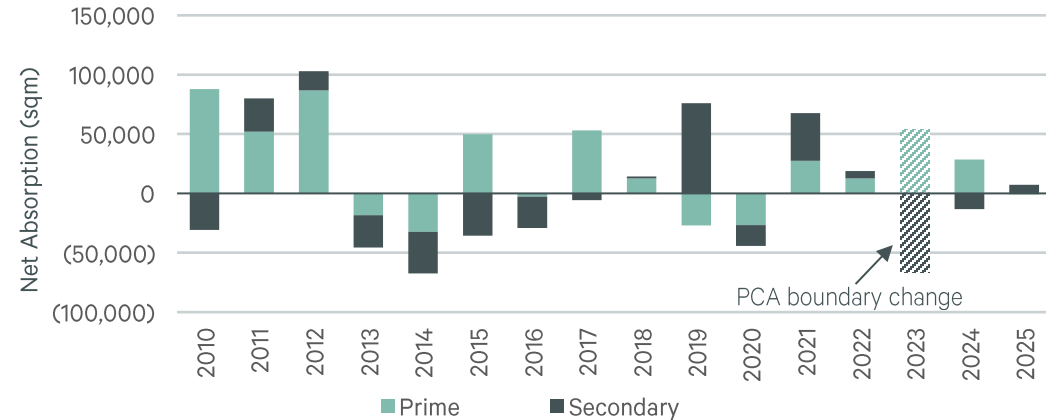
Net absorption for 2H25 totalled 11,028 sqm, improving significantly from the -4,599 sqm recorded in 1H25. This brings total net absorption for CY2025 to 6,429 sqm, below the 20-year average of c.15,000 sqm.

Premium grade net absorption came to -1,315 sqm for 2H25 and 21,769 sqm for the CY2025. 1H25 net absorption was stronger in the premium market due to prior year leasing activity at Nine The Esplanade, while a subdued level of premium grade leasing activity in 2025 has weighed on net absorption levels in 2H25.

Demand in the A grade market rebounded in 2H25 with net absorption totalling 5,954 sqm, up significantly from the -28,517 sqm recorded in 1H25. In the secondary grade market tenant demand was robust during 2H25 with net absorption totalling 6,389 sqm, up from the 834 sqm seen in 1H25.

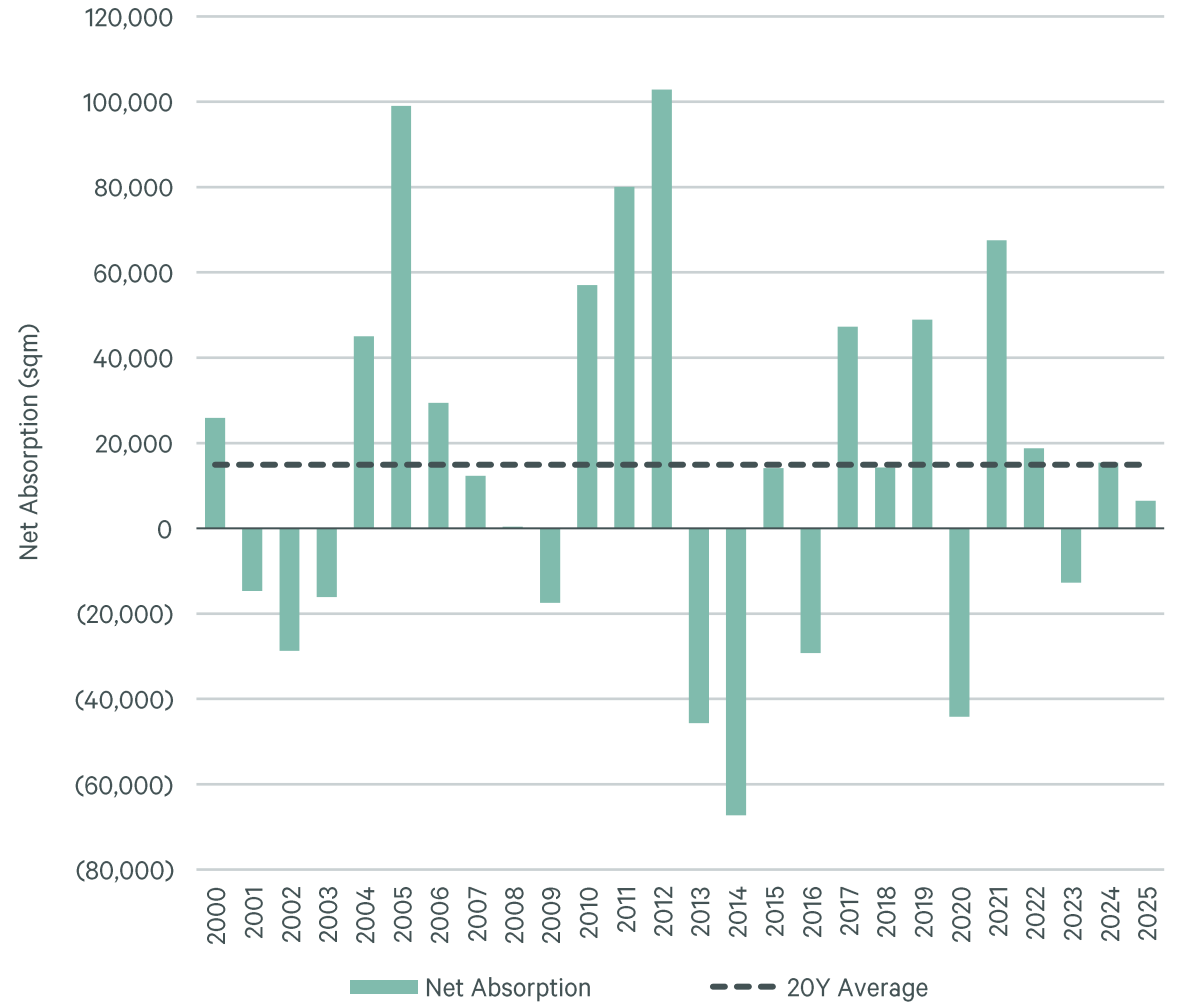
Overall, the stronger net absorption trend in A and B grades during 2H25 aligns with the higher leasing activity seen in these segments of the market, with suburban tenant relocations contributing to this.

FIGURE 6: Perth Prime vs Secondary Net Absorption



Source: Property Council of Australia, CBRE Research

FIGURE 7: Perth CBD Historical Net Absorption



Source: Property Council of Australia, CBRE Research

Supply

Large supply gap outlook for the Perth CBD market

No new developments are expected in the Perth CBD until 2030. Over the past 20 years the Perth CBD has averaged new development supply of c.32,000 per annum, which leaves a major supply gap for the Perth market over the coming years.

Development of new office assets are challenged due to the high construction cost environment and wide gap in market rents vs economic rents (figure 8). The outlook for economic rents have escalated further during 1Q26 as rising interest rates will likely dampen cap rate compression and the outlook for construction cost growth has increased further due to the oil market disruptions and downstream supply chain impacts.

Brookfield's 15 The Esplanade is likely to be the next major office development, underpinned by a pre-commitment from Rio Tinto. This is likely to be delivered in 2030 when Rio's existing lease at Central Park expires.

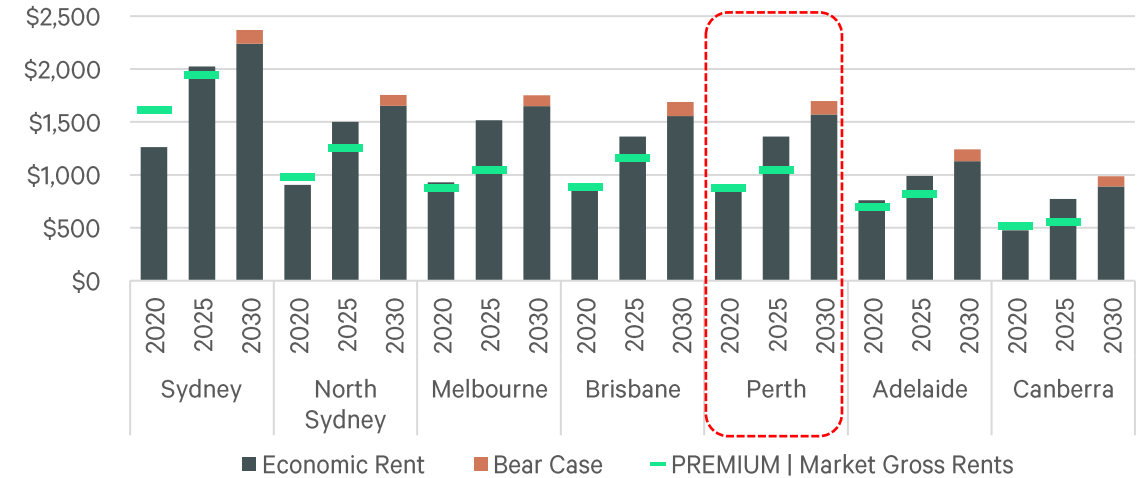
The looming supply gap is creating a change in market dynamics towards a more landlord favoured market. This is creating some urgency among occupiers who are moving early renew their existing leases or seek new premises. Market vacancy is expected to be the tightest around the end of the decade before new supply is added, therefore occupiers with lease expiries around this period will need to move in advance to avoid the looming supply shortage and landlord favoured conditions. This is particularly the case for larger occupiers seeking good quality accommodation.

Refurbished stock added to the market during 2H25

Total supply added to the market during 2H25 was 10,684 sqm, all of which related to the refurbishment of 100 St Georges Terrace. There were no stock withdrawals recorded during 2H25 (therefore net supply also = 10,684 sqm for 2H25).

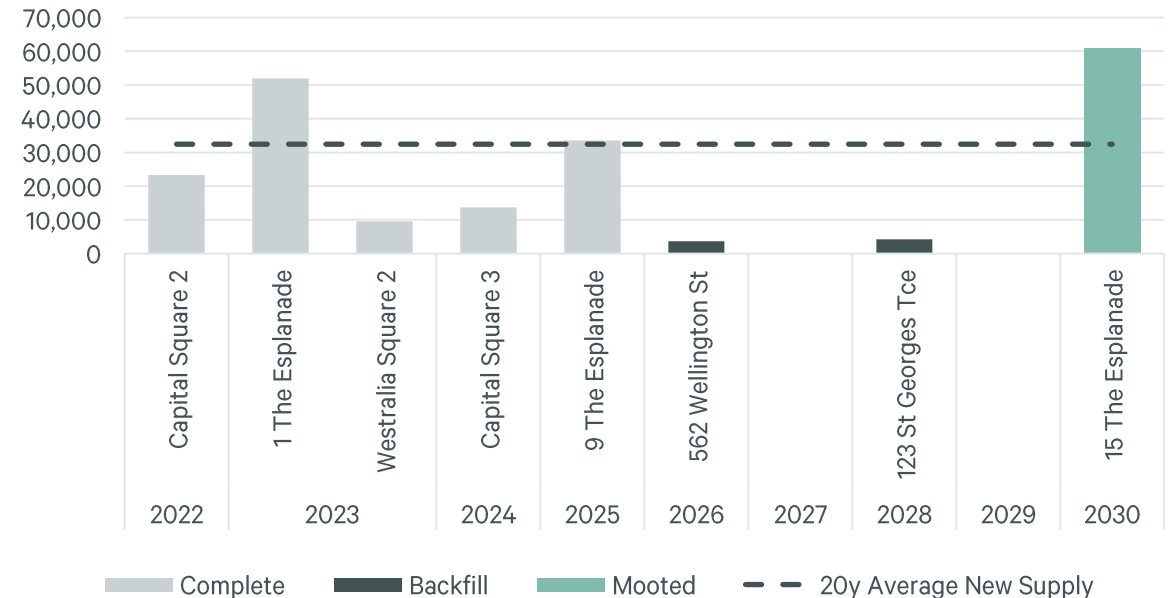
With the addition of 35,711 sqm of supply in the first half of 2025 (majority due to Nine The Esplanade development), total net supply for CY2025 reached 46,395 sqm, above the 20-year annual average of c.27,000 sqm.

Figure 8: Australian Office Economic Rents vs Market Rents (Gross/sqm)



Source: CBRE Research

FIGURE 9: New Supply Completions and Pipeline



Source: CBRE Research

Market Vacancy

Limited availability of good quality options with large floor plates and river views

The market vacancy rate in the Perth CBD sits at 16.9% as of 2H25 (down from 17.0% in 1H25). While demand was robust during 2H25 with net absorption of 11,028 sqm, this was largely offset by supply totalling 10,684 sqm, therefore reducing the vacancy only slightly.

In the premium grade market, due to the softer -1,315 sqm of net absorption, vacancy edged up 0.3 percentage points in 2H25 to 11.1%.

In the A grade market, the refurbished supply from 100 St Georges Terrace weighed on the vacancy rate, despite demand being robust (net absorption totalling 4,730 sqm). The A grade vacancy rate increased by 0.4 percentage points in 2H25 to 18.9%.

The headline vacancy in premium grade (11.1%) and A grade (18.9%) stock masks the low availability of good quality options for occupiers, as vacancy in premium and A+ grade stock with large floorplates and river views are much tighter than the headline vacancy. The availability of good quality stock is expected only diminish further in the next few years with the looming supply gap.

In the secondary grade market, there was no supply additions over 2H25. This coupled with strong net absorption of 6,389 sqm led to secondary grade vacancy decreasing by 1.0 percentage point to 19.2%.

Perth sublease market remains healthy

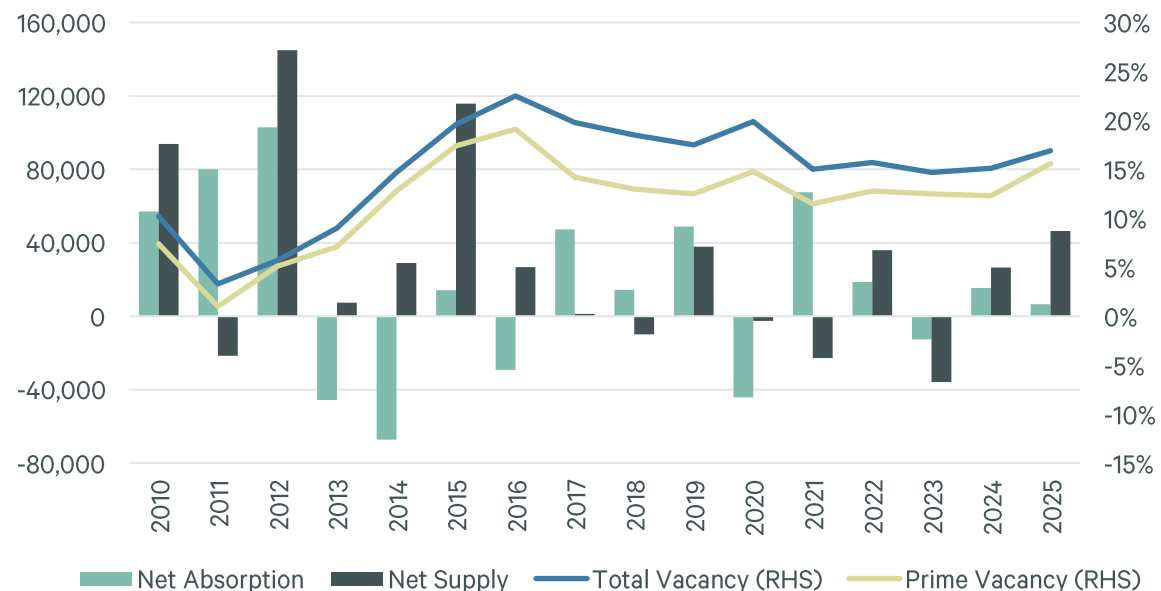
CBRE’s sublease barometer shows sublease availability in the Perth CBD decreasing to c.9,600 sqm at the end of 1Q26, down from c.20,000 sqm at the end of 4Q25. The significant reduction in sublease availability q-o-q was driven by a mix of leasing activity, space being withdrawn and space going to direct lease availability. The sublease availability remains below the 10-year average of c.30,000 sqm and represents a sublease vacancy rate of just 0.5%, indicative of healthy leasing market conditions.

FIGURE 10: Summary of Perth CBD Office Market, January 2026

Market/Grade	Stock (sqm)	Net Absorption 6 months (sqm)	Net Absorption 12 months (sqm)	Net Supply/ (Withdrawal) 6 months (sqm)	Net Supply/ (Withdrawal) 12 months (sqm)	Vacancy % Jan 26	Vacancy % Jul 25
Prime	1,195,854	4,639	-794	10,684	44,956	15.6%	15.3%
Secondary	647,994	6,389	7,223	0	1,439	19.2%	20.2%
Total	1,833,164	11,028	6,429	10,684	46,395	16.9%	17.0%

Source: Property Council of Australia, CBRE Research

FIGURE 11: Perth CBD Office Market Balance



Source: Property Council of Australia, CBRE Research

Rental Performance

High economic rents, high construction costs and supply gap to drive strong Perth rent growth

Average net face rents for prime grade assets grew 0.7% q-o-q and 4.9% y-o-y to \$745/sqm. Rental growth during 1Q26 was led by the A+ segment which increased 1.0% q-o-q to an average of \$742 sqm (net face). Buildings in the A+ segment of the market are well occupied with tight vacancy which is driving rent growth. The premium grade market saw average net face rents increase 0.7% q-o-q to \$816/sqm and are up 5.2% y-o-y with an improved level of premium grade leasing during the prior quarter contributing to the high y-o-y growth.

In the A grade market average net face rents increased by 0.3% q-o-q to \$745/sqm. With the more value conscious tenant environment and strong leasing volumes in A grade buildings over the past 12 months, net face rents have increased strongly at 4.9% y-o-y. Strong demand for fitted spaces in a high construction cost environment are further contributing to rental growth.

CBD B grade rents held steady during 1Q26 with net face rent averaging \$505/sqm. On a y-o-y basis CBD B grade rents have seen solid growth of 5.2% given the secondary grade market accounted for almost 30% of new leasing deals over the past year driven by occupier relocations from the suburban markets, which have low availability of good quality stock.

Average incentive levels remained stable q-o-q across all grades in 1Q26. Premium and A+ grade incentives currently average 45%, A grade incentives are at 50% and B grade incentives average 52%.

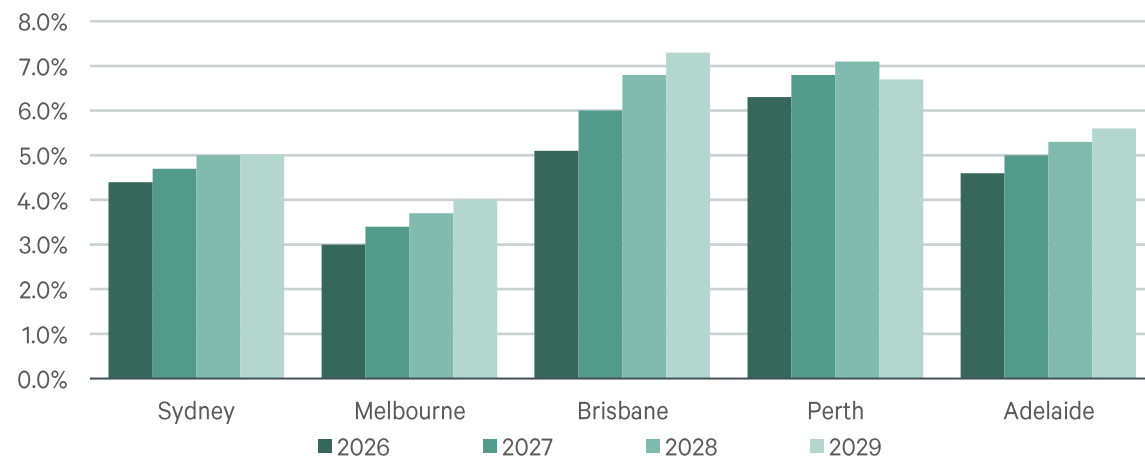
The Perth CBD office market has a strong rental growth outlook given the significant gap that already exists between market rents and economic rents (figure 8). The outlook for economic rents have escalated further during 1Q26 as rising interest rates will likely dampen cap rate compression and the outlook for construction cost growth has increased further due to the oil market disruptions in the Middle East. Perth's construction costs even prior to the Middle East conflict were forecast to rise at 6-7% annually over the next four years (figure 13), due to the strong pipeline of work from investment in defence, health, transport, utilities, housing and tight trade labour conditions in Perth. This is compounded by the tightening office supply outlook over the coming years which will drive down vacancy.

FIGURE 12: Perth CBD Rent and Incentives by Grade

Perth CBD	Net Face Rent (AUD/sqm)			Incentive (%)			Net Effective Rent (AUD/sqm)		
	1Q26	Q-o-Q Change	Y-o-Y Change	1Q26	Q-o-Q Change	Y-o-Y Change	1Q26	Q-o-Q Change	Y-o-Y Change
Premium	816	+0.7%	+5.2%	45%	stable	stable	449	+0.7%	+5.2%
A+ Grade	742	+1.0%	+4.5%	45%	stable	stable	408	+1.0%	+4.5%
A Grade	677	+0.3%	+4.9%	50%	stable	stable	338	+0.3%	+4.9%
Average Prime Grade	745	+0.7%	+4.9%	47%	stable	stable	398	+0.7%	+4.9%
B Grade	505	Stable	+5.2%	52%	stable	stable	242	Stable	+5.2%

Source: CBRE Research

FIGURE 13: Forecast Construction Cost Escalation by City



Source: CBRE Research, Turner & Townsend Q4 2025

Investment Market

Perth yields steady amid rising interest rates during 1Q26

One major sale transaction was recorded during 1Q26, with Edith Cowan University (ECU) acquiring KS3 at 10 Telethon Avenue from Dexus for a headline price of \$72.3 million. The short WALE asset is expected to be owner occupied by ECU and is located near its newly completed Perth CBD campus. This transaction follows SKS Group’s acquisition of 178 St Georges Terrace on a vacant possession basis for \$9.5 million in the prior quarter, which is expected to be converted to a hotel.

During 1Q26 Perth CBD prime office midpoint yields remained stable q-o-q averaging 7.7% and over the past year prime office midpoint yields have increased by 21 bps. B grade midpoint yields also held steady q-o-q and currently sit at 9.0%.

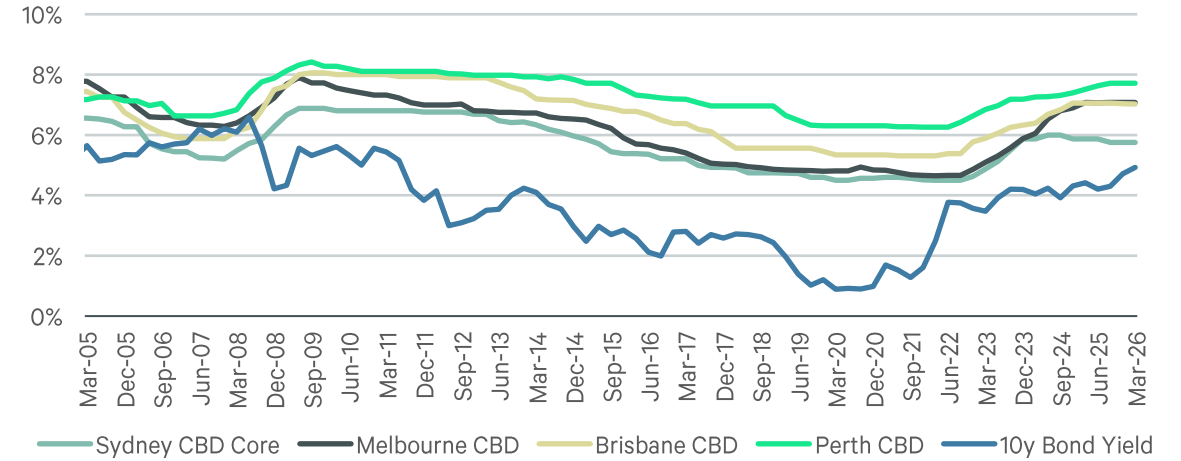
The start of 2026 has seen several office campaigns being launched though, investment market uncertainty has also increased to begin the year. Rising interest rates and the global economic uncertainty is likely to impact sentiment and hinder transaction activity in the near term. The RBA increased the Cash Rate by 50 basis points during 1Q26 to 4.10% with market expectations of around 50 basis points of further increases by year end. Rising oil prices and inflation expectations have also seen the 10 year Australian Government Bond yield rise to near 5% as of mid April 2026.

FIGURE 14: Perth CBD Office Yields By Grade and Change



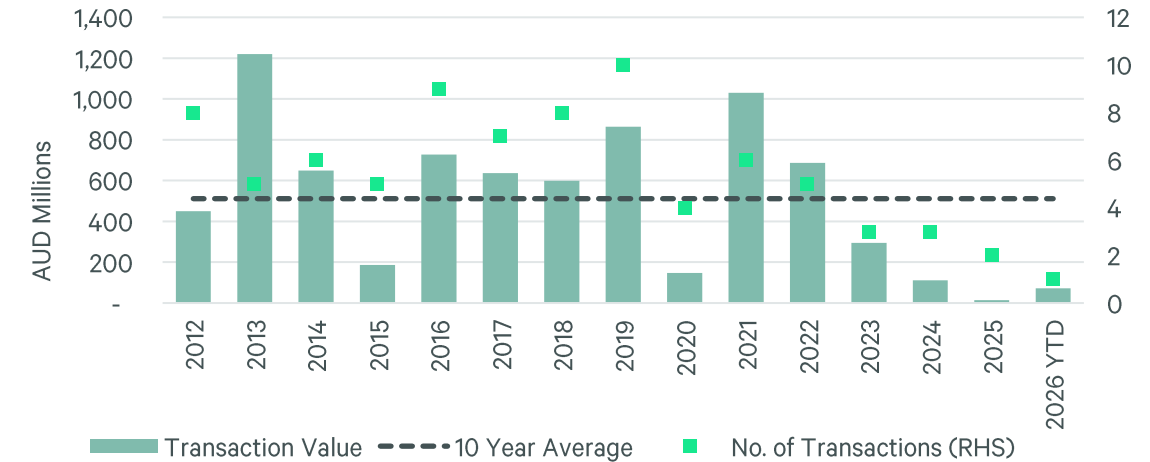
Source: CBRE Research

FIGURE 15: Australian CBD Markets Prime Yield



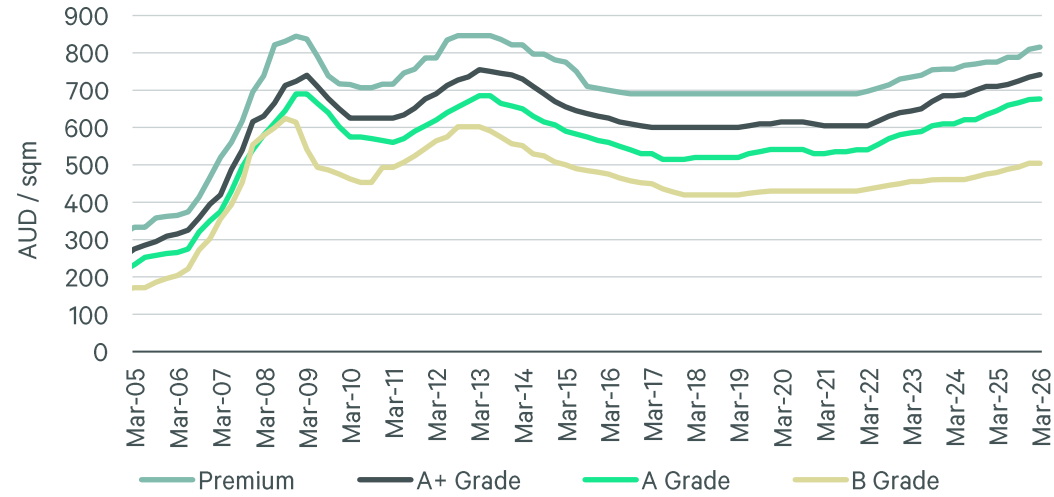
Source: CBRE Research

FIGURE 16: Perth CBD Office Sales (>= AUD 5 million)



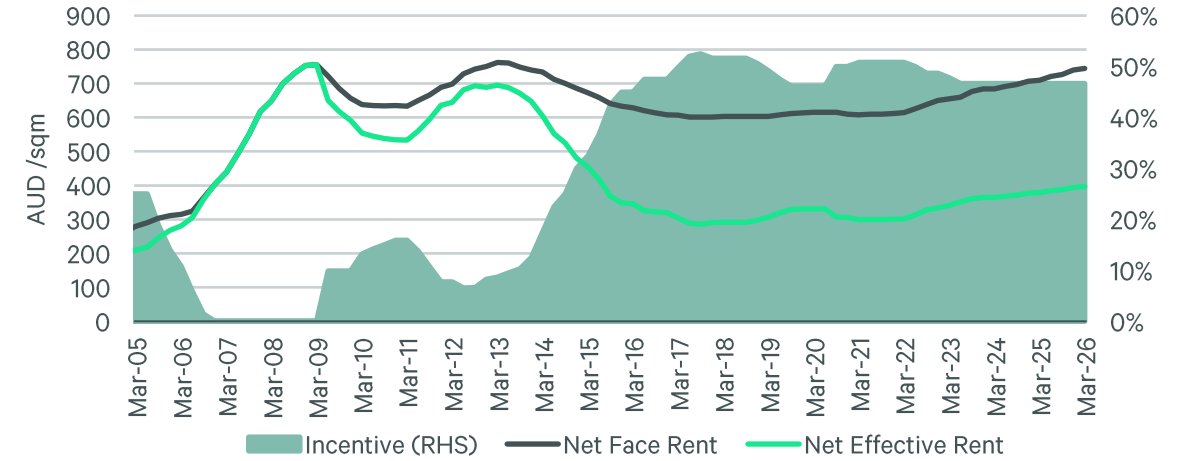
Source: CBRE Research

FIGURE 17: Perth CBD Net Face Rents By Grade



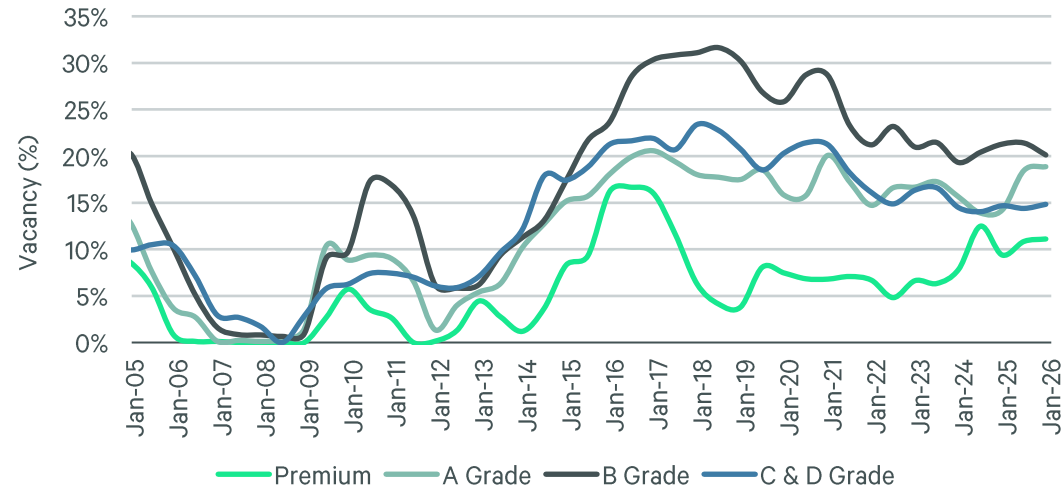
Source: CBRE Research

FIGURE 19: Perth CBD Prime Rents and Incentive



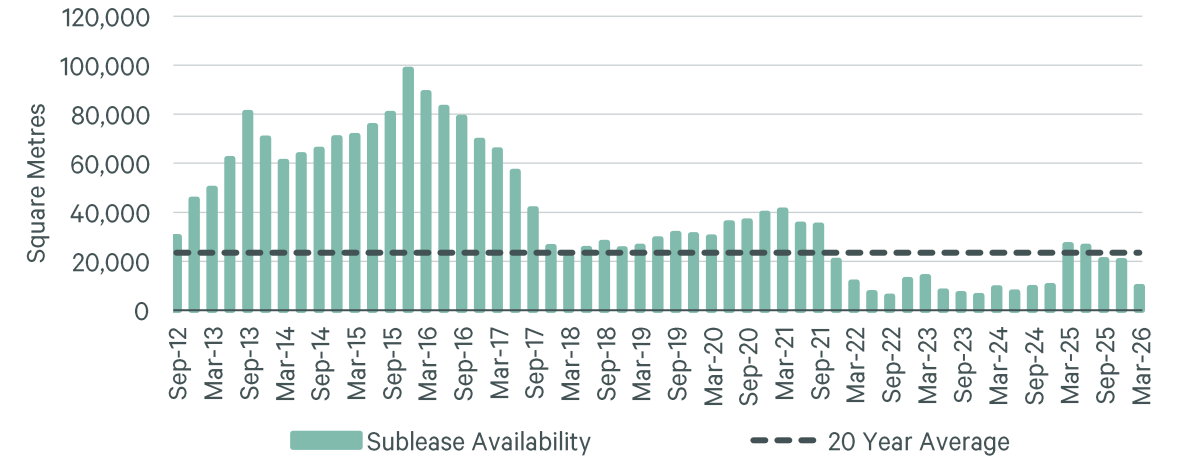
Source: CBRE Research

FIGURE 18: Perth CBD Vacancy Rate By Grade



Source: Property Council of Australia, CBRE Research

FIGURE 20: Perth CBD Sublease Availability



Source: CBRE Research

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