

Sydney CBD Office State of the Market

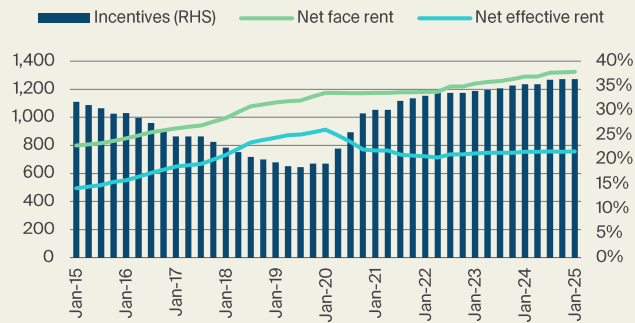


Investment activity gaining momentum

Q4 2024

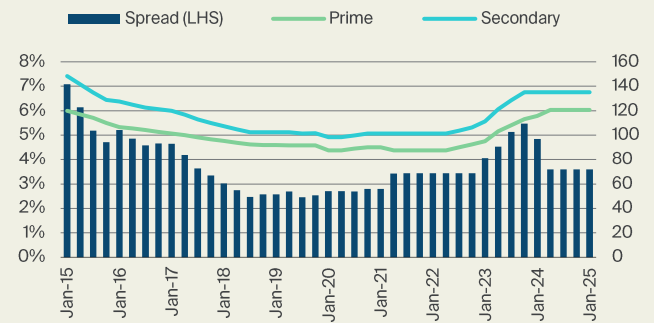
- Prime net face rents over Q4 were broadly flat across the CBD except in the Core and Southern precincts with 0.6% and 1.1% growth. Incentives held at 36.4%, resulting in a slight uptick of net effective rents of 0.3%.
- Tenant demand has been driven by professional and financial services contributing 56% of leasing activity. Activity has been weighted towards the Core precinct, accounting for 58% of lease deal volumes in 2024.
- Multiple transactions at the end of the year pushed sales volumes to over \$4 billion for 2024, the highest level since 2019, a positive sign that investor confidence is returning.
- Yields were unchanged in Q4 for the third consecutive quarter to average 6%, signaling that yields have likely peaked. As the year goes on, the market is expected to return to growth, aided by the prospect of improving economic growth and a gradual decline in interest rates.

Sydney CBD prime rents and incentives
\$/sqm, %



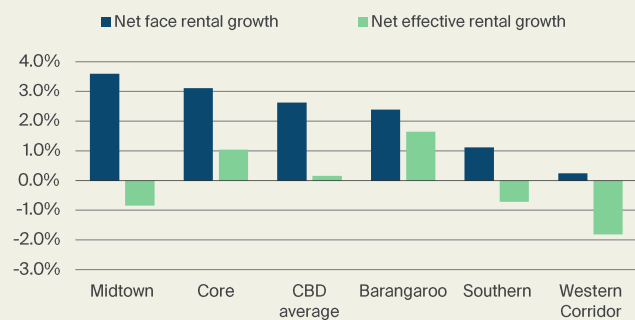
Source: Knight Frank Research

Sydney CBD Core precinct office yield spread
Prime vs secondary



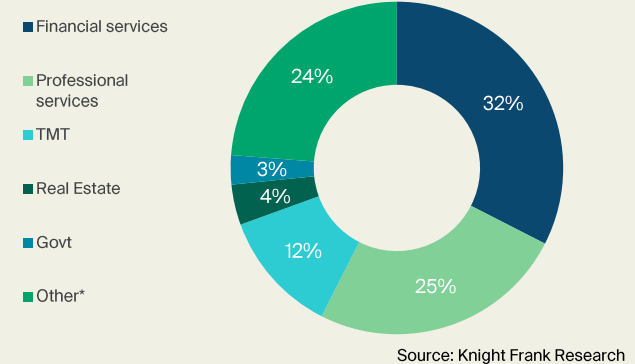
Source: Knight Frank Research

Sydney CBD prime office rental growth
Annual rental growth rate



Source: Knight Frank Research

Sydney CBD office lease deals
2024, % share of total market (sqm)



Source: Knight Frank Research

Sydney CBD Office Market Indicators – Q4 2024

Precinct	Prime								Total Market Figures*	
	Net face rent (\$/sqm)	Qtr change (%)	Annual change (%)	Net effective rent (\$/sqm)	Qtr change (%)	Annual change (%)	Incentive (gross, %)	Core market yield (%) ^	Vacancy Rate (%)	Stock (sqm)
Core	1,486	0.6	3.1	890	0.5	1.0	34.0	6.0	9.8	2,093,589
Western	1,038	0.0	0.2	544	0.0	-1.8	40.5	7.0	13.8	1,206,233
Barangaroo	1,442	0.0	2.4	851	0.0	1.6	34.0	6.0	8.4	335,011
Midtown	1,214	0.0	3.6	667	0.0	-0.8	38.3	6.7	13.4	1,155,776
Southern	908	1.1	1.1	480	1.3	-0.7	40.0	7.4	12.6	350,824
CBD Avg.	1,324	0.3	2.6	756	0.3	0.2	36.4	6.4	11.6	5,177,437

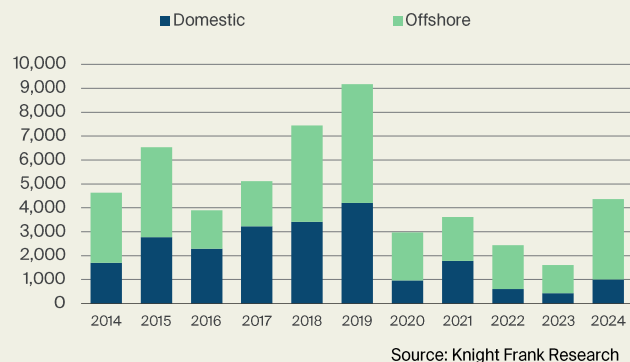
Source: Knight Frank Research, PCA

^ Assuming WALE 5 years

*As of July 2024

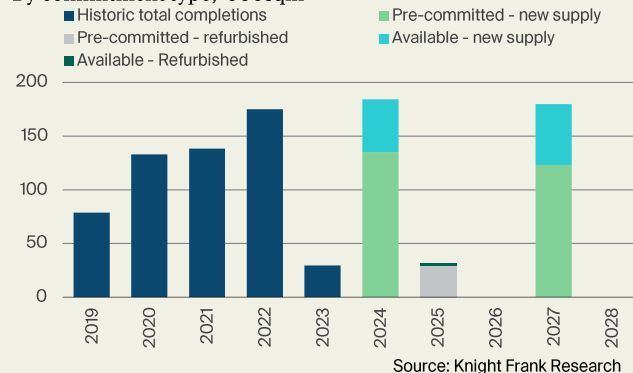
Sydney CBD office transactions

By purchaser location, \$ millions, \$10m +



Sydney CBD development completions

By commitment type, '000sqm



Recent Significant Tenant Commitments

Tenant	Property	Precinct	Lease type	Size (sqm)	Net face rent (\$/sqm)	Incentive (%)	Term (yrs)	Start date
Link Market Services	161 Castlereagh St	Midtown	Direct	2,300	1,550	40	7.0	Q3-25
RGA Australia Holdings	420 George St	Midtown	Direct	1,220	1,440	35	7.0	Q3-25
TradeDesk	200 Barangaroo Ave	Barangaroo	Direct	4,313	1,350	35	6	Q1-25
Shark Ninja	45 Clarence St	Western	Direct	1,216	1,060	42	4.8	Q4-24
Inland Rail Pty Ltd	60 Margaret St	Core	Direct	841	1,250	35.5	5.0	Q4-24
Finohelp Support	50 Carrington St	Core	Direct	822	1,100	35.4	5.0	Q4-24

Recent Significant Sales

Property	Price (\$m)	NLA (sqm)	\$/sqm	Core market yield (%)	WALE	Purchaser	Vendor	Sale date
10-20 Bond St	~580.0	38,333	15,131	U/D	U/D	Bentall Green Oak	Mirvac JV Morgan Stanley	Q4-24
388 George St (50%)	~480.0	41,097	23,359	6.2	6.2	UOL Group JV Singapore Land Group	Brookfield AM	Q4-24
1 Castlereagh St	183.8	12,418	14,802	6.3	2.6	Metro Holdings JV Sim Lian Group	Early Light International	Q4-24
333 George St	392.0	14,508	27,020	U/D	3.3	Deka	Charter Hall	Q3-24
8 Windmill St	47.75	3,748	12,741	Circa 7	2.2	Real I.S	Marks Henderson	Q3-24

Major Developments

Property	Precinct	NLA (sqm)	Pre-commit (%)	Status	Completion date
33 Alfred St (refurb.)	Core	31,657	92	Under Construction	H1 2025
Parkline Place	Midtown	47,565	63	Complete	H2 2024
1 Elizabeth Street	Core	70,500	84	Complete	H2 2024
39 Martin Place	Core	32,140	94	Complete	H2 2024
333 Kent St	Western	14,200	30	Complete	H2 2024



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