Melbourne CBD Office State of the Market

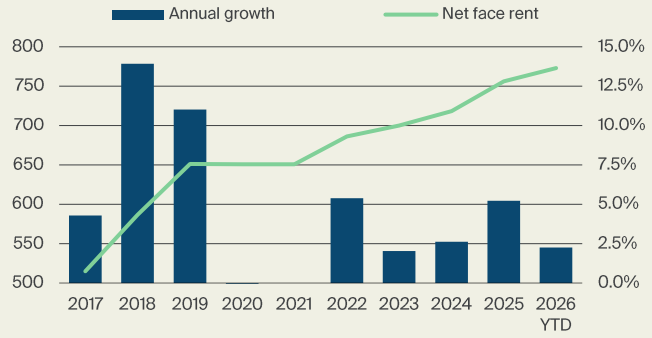
Prime yields continue to soften, reaching their highest level since 2013

Q2 2026

- Tenant rep briefs have started the year strongly, with 81 recorded in the first quarter and 83 in the second.
- Incentives rose marginally over Q2 2026, now averaging 48.1% across the CBD, with a current range of 36–55%.
- Three new office developments are forecast to complete by the end of 2026, with no construction thereafter.
- Prime yields softened a further 13 bps across Q2-2026, now averaging 7.02%, secondary softened 1 bps to 7.92%.
- Investment volumes remain subdued across Melbourne's CBD, with only $286m in office sales recorded YTD.

Melbourne CBD office prime rents

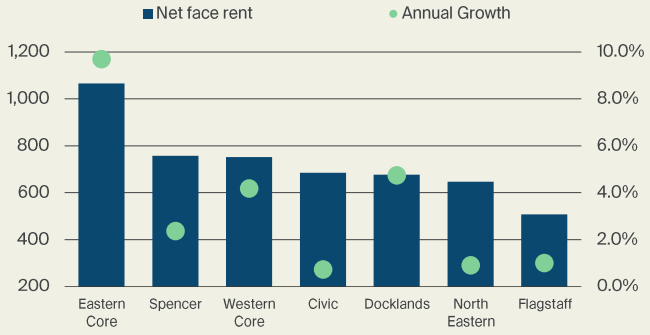
Net face rent $/sqm (LHS), and annual growth % (RHS)



Source: Knight Frank Research

Melbourne CBD prime office rents and growth

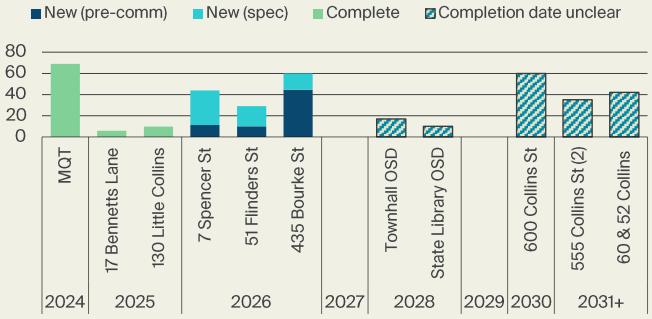
By precinct, net face $/sqm (LHS), and annual growth % (RHS)



Source: Knight Frank Research

Melbourne CBD office development pipeline

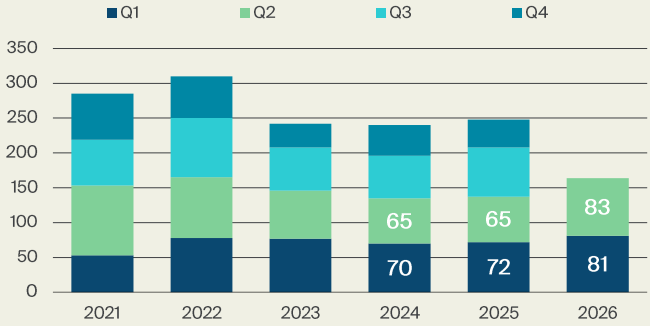
By commitment type, 000's sqm



Source: Knight Frank Research

Melbourne office tenant rep briefs

By quarter and year, number of enquiries



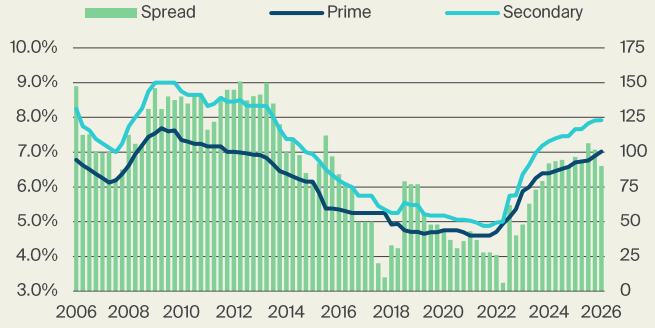
Source: Knight Frank Research

Melbourne CBD Office Market Indicators – Q2 2026

Precinct	Prime								Total Market Figures^	
	Net face rent ($/sqm)	Qtr change (%)	Annual change (%)	Net effective rent ($/sqm)	Qtr change (%)	Annual change (%)	Net incentive (%)	Core market yield (%) #	Vacancy Rate (%)	Stock (sqm)
Eastern Core	1066	1.4%	9.7%	643	1.1%	9.7%	39.7%	6.6%	18.0%	694,069
Western Core	752	0.3%	4.2%	393	-1.1%	3.7%	47.8%	7.1%	18.6%	1,751,343
Civic	685	0.7%	0.7%	345	-0.6%	-0.6%	49.7%	7.2%	15.5%	525,523
Docklands	676	0.0%	4.7%	313	0.0%	0.4%	53.8%	6.9%	20.1%	1,273,187
Flagstaff	508	1.0%	1.0%	228	-2.3%	-2.3%	55.0%	7.9%	29.9%	281,416
Spencer	758	1.7%	2.4%	379	1.7%	2.4%	50.0%	6.8%	24.2%	301,173
North Eastern	648	0.9%	0.9%	317	0.9%	2.3%	51.0%	7.2%	12.2%	452,511
CBD	773	0.8%	5.2%	401	0.0%	4.3%	48.1%	7.0%	19.0%	5,279,222

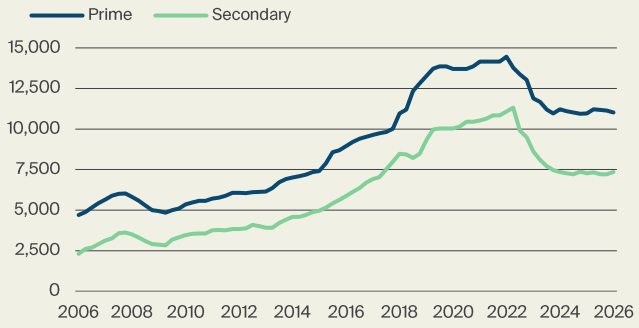
Source: Knight Frank Research, PCA *#Assuming WALE 5 years* *^As of Jan 2026*
**Rental growth attributed to revisions in the basket*

Melbourne CBD office yields
By grade % (LHS), and spread in bps (RHS)



Source: Knight Frank Research

Melbourne CBD capital values
By grade, $/sqm



Source: Knight Frank Research

Recent Significant Tenant Commitments

Tenant	Property	Precinct	Lease type	Size (sqm)	Term (years)	LCD
MasterCard	Rialto Tower	Western Core	New Lease	950	3.0	H2 2026
Iress	555 Collins Street	Spencer	New Lease	2,750	10.0	H2 2026
Court Services Victoria	181 William Street	Western Core	Renewal	10,000	7.0	H2 2026
Hostplus	435 Bourke Street	Western Core	Pre-Commitment	3,600	10.0	H2 2027
Insignia Financial	8 Exhibition Street	Eastern Core	New Lease	8,400	5.0	H2 2027

Source: Knight Frank Research

Recent Significant Institutional Sales

Property	Interest (%)	Price ($m)	NLA (sqm)	Cap Value ($/sqm)	Yield (%)	WALE (years)	Purchaser	Vendor	Sale date
470 Collins Street	100.0	60.4	11,009	5,982	7.4	1.2	Fortis	Private Investor	Oct-25
Flinders Gate^	100.0	265.5	20,400	13,044	7.1	5.0	PAG	Dexus	Oct-25
750 Collins Street	100.0	383.0	41,399	9,316	6.3	9.3	TCA Capital	GPT Group	Nov-25
31 Queen Street	100.0	167.1	19,132	8,736	7.2	2.5	Bayley Stuart	AEW	Mar-26

^Includes the sale of an annexed car-park. c = circa

Source: Knight Frank Research

Development Pipeline

Property	Grade	Type	NLA (sqm)	Pre-commit (%)	Main Tenant	Status	Completion
7 Spencer Street	A-Grade	New Development	44,000	25.0	AECOM	U/C	H1 2026
51 Flinders Street	Premium	New Development	29,000	34.0	WPP / AirTrunk	U/C	H1 2026
435 Bourke Street	Premium	New Development	60,000	74.0	CBA / UniSuper	U/C	H2 2026
600 Collins Street	Premium	New Development	60,000	0.0	None	DA Approved	H2 2030

Source: Knight Frank Research



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