Sydney CBD Office State of the Market

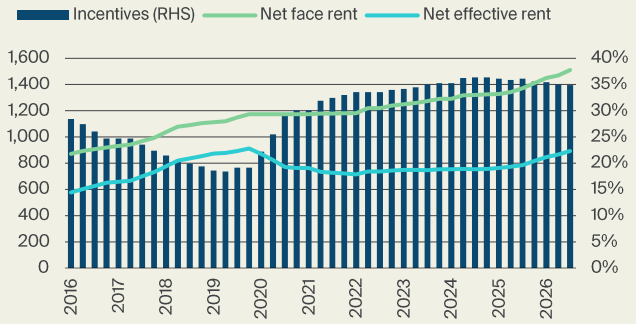
Surging rents helping to counter higher cost of capital

Q3 2026

- The upward surge in rents has continued, with prime net face rents up 2.7% quarterly and 10.2%. Incentives remain elevated but are edging down slowly, so net effective rents grew 3.1% quarterly and 13.6% annually.
- Recent growth had been strongest in the Core, but rents are now accelerating in adjacent precincts, with Barangaroo and the Western Corridor also recording very strong growth on both a headline and effective basis.
- Prime yields held steady in Q3, with the Core at 5.70%, but the market is watchful of rising long-term interest rates and bond yields, with upcoming transactions to be closely scrutinized for signs of an impact on pricing.
- Investment activity lifted in Q3, supported by the sale of 50% interests in 100 Market Street and World Square. There is a substantial quantum of stock on market which will test confidence and pricing heading into 2027.

Prime rents continue to push higher

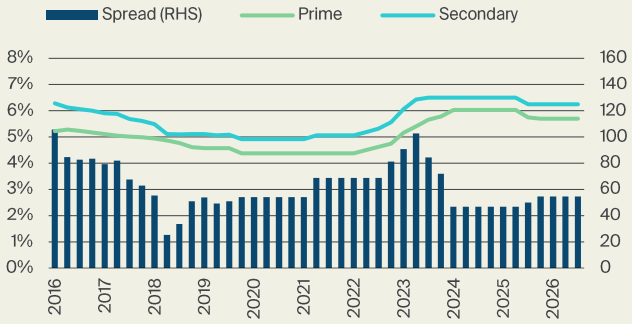
Average prime CBD rents and incentives $/sqm, %



Source: Knight Frank Research

Sydney CBD Core precinct office yield spread

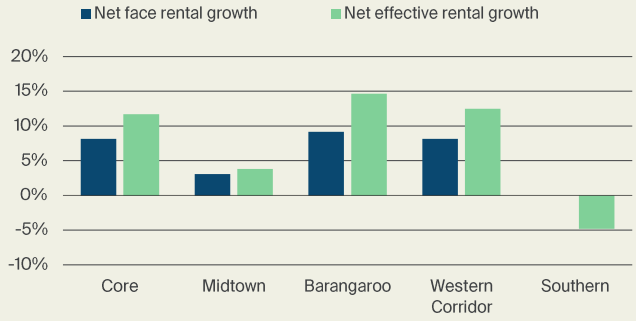
Prime v secondary yields



Source: Knight Frank Research

Growth has accelerated outside the Core

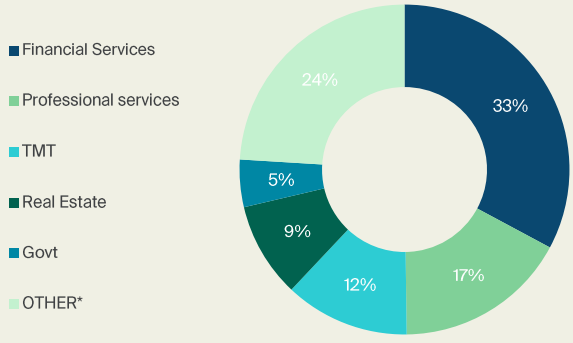
Annual prime rental growth rate



Source: Knight Frank Research

Broad mix of leasing demand across sectors

2025 - 2026YTD, % share of total market lease deals (sqm)



Source: Knight Frank Research

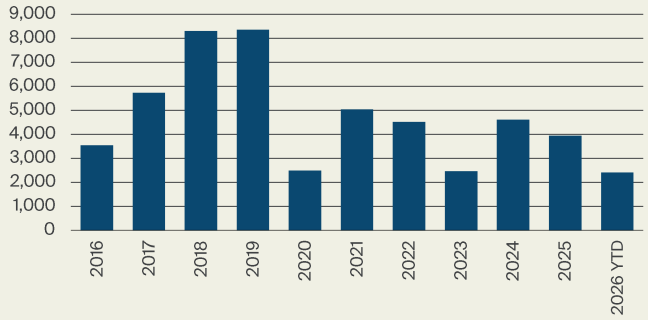
Sydney CBD Office Market Indicators – Q3 2026

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	1,743	3.3	11.7	1,094	3.4	14.9	31.9	5.70	11.0	2,214,676
Western	1,156	2.2	10.6	626	4.7	17.8	39.0	6.94	13.9	1,197,237
Barangaroo	1,642	3.1	12.6	945	-1.0	13.5	34.0	6.00	10.1	333,011
Midtown	1,317	1.7	4.9	734	2.4	6.3	37.3	6.33	17.9	1,248,416
Southern	908	0.0	0.0	455	0.0	-4.8	42.0	7.42	11.6	350,047
CBD Avg.	1,511	2.8	10.2	892	3.1	13.6	34.9	6.14	13.3	5,379,391

Source: Knight Frank Research, PCA *^ Assuming WALE 5 years* **As at July 2026*

Sydney CBD office transactions

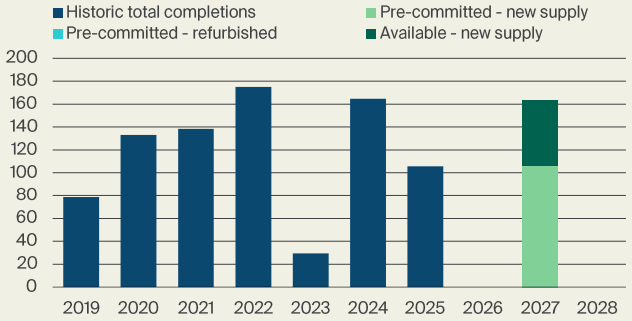
CBD transaction volumes, $ millions, $10m+



Source: Knight Frank Research, RCA

Sydney CBD development completions

By commitment type, '000sqm



Source: Knight Frank Research

Recent Significant Tenant Commitments

Tenant	Property	Precinct	Lease type	Size (sqm)	Net face rent ($/sqm)	Incentive (%)	Term (yrs)	Start date
Crescent Capital	1 Farrer Pl (GPT)	Core	Renewal	1,425	2,250	26.5	U/D	Q3-28
Origin	100 Barangaroo Ave	Barangaroo	Direct	7,086	c. 1,775	33.0	6	Q1-28
DFA Australia	1 Macquarie Pl	Core	Direct	1,593	2,068	29.0	3	Q4-27
Slater & Gordon	55 Market St	Midtown	Direct	1,052	1,295	U/D	5	Q4-27
ICBC	100 Barangaroo Ave	Barangaroo	Direct	2,906	1,945	34.8	5	Q2-27
Ondeck Capital	135 King St	Midtown	Direct	1,226	1,240	35.0	5	Q4-26

Recent Significant Sales

Property	Price ($m)	NLA (sqm)	$/sqm	Core market yield (%)	WALE	Purchaser	Vendor	Sale date
100 Market St (50%)	225.9	28,339	15,941	6.6	5.5	Aware Super	Link REIT	Q3-26
World Square, 680 George St & 50 Goulburn St (50%)	454.4*	67,705	13,411	7.5	3.2	Centuria Capital Group	Brookfield Properties	Q3-26
O Block Precinct (50%)	529.5	59,167	17,890	5.8	2.3	Charter Hall	ADIA	Q1-26
180 George St (19.9%)	357.2	61,914	28,992	5.5	4.6	OUE REIT	Mitsubishi Estate	Q1-26

** Gross sale price*

Major Developments

Property	Precinct	NLA (sqm)	Pre-commit (%)	Status	Completion date
Atlassian Central	Southern	58,000	100*	Under Construction	H1 2027
55 Pitt St	Core	63,000	50	Under Construction	H1 2027
2 Chifley South	Core	56,500	60	Under Construction	H2 2027

** Sub-lease space available of 21,000sqm*



Research & Consulting
Marco Mascitelli
+61 2 9036 6656
marco.mascitelli@au.knightfrank.com



Office Leasing
John Brasier
+61 412 278 548
john.brasier@au.knightfrank.com



Occupier Services
Katherine Moss
+61 2 9036 6647
katherine.moss@au.knightfrank.com



Research & Consulting
Naki Dai
+61 2 9036 6673
naki.dai@au.knightfrank.com



Capital Markets
Rob Sewell
+61 2 9036 6847
rob.sewell@au.knightfrank.com



Valuations & Advisory
James Marks
+61 2 9036 6684
james.marks@au.knightfrank.com

Important Notice © Knight Frank Australia Pty Ltd 2026 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Australia Pty Ltd for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Australia Pty Ltd in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Australia Pty Ltd to the form and content within which it appears.