

Adelaide CBD – Q2 2025

Market Report

Continued strong net absorption of over 22,000 sqm in the first half of 2025 has further reduced the total vacancy rate in the Adelaide CBD to 15.0%, down from 16.4% in July 2024. Prime-grade vacancy has fallen sharply over the past six months, from 18.1% to 15.1%, despite only 911 sqm of new supply coming to market. This demonstrates ongoing occupier demand, particularly from larger tenants looking to upgrade and optimise their office space to enhance workplace engagement and occupancy.

Sublease availability remains extremely limited, representing just 0.2% of total stock, reflecting a stable leasing environment with little evidence of tenant downsizing.

The unprecedented supply surge seen in recent years has now eased. The next significant wave of premium, next-generation office space is not expected until 2026 and beyond, with key projects including the Entrepreneurial Innovation Centre (41,000 sqm) in the Lot 14 innovation precinct and Market Square (20,000 sqm) within the Central Market precinct development. In the meantime, the limited near-term supply will continue to support a tightening vacancy profile.

Typical Gross Rental Comparison

		
Vacancy	Average Rent	Net Absorption
15.0%	\$550 psm	22,326 sqm

Grade	Typical Gross Face Rental (\$/sqm)		Gross Incentive (%)	Gross Effective Rental (\$/sqm)	
	Low	High		Low	High
A New Gen	\$600	\$700	35%	\$390	\$455
A Old Gen	\$500	\$575	40%	\$300	\$345
B	\$400	\$500	40%	\$256	\$320

Note - Vacancy and absorption statistics sourced from Property Council of Australia

Occupier's Perspective



With new premium office supply showing 3% vacancy at practical completion, tenants seeking next-generation premium space should plan to enter the market 2-3 years in advance.



We anticipate tenants will increasingly favour offices that provide strong amenities, precinct benefits, and convenient, central access for staff.



There are a number of well-located CBD towers undergoing premium refurbishments.

Market Trends

Many organisations continue to reassess and upgrade their office accommodation as part of broader strategies to encourage staff back into the workplace post-COVID. Upgraded buildings with new lobbies and amenities have allowed **rent to increase steadily over the past 24 months**. Tenant's looking for better quality assets should be aware that these come with a premium on the rent.

The above was evident with 22,000 sqm of prime grade assets being absorbed over the first half of 2025, with secondary grade asset recording net absorption of -3,041 over the first 6 months of 2025.