

# Perth CBD – Q2 2025

## Market Report

The July 2025 CommSec State of the States report confirms Western Australia's position as the nation's economic frontrunner, leading in retail spending, housing finance, and equipment investment. While annual population growth has eased over the past two quarters, it remains the strongest in absolute terms nationally at 2.39%, continuing to underpin long-term demand fundamentals.

Property Council of Australia data (July 2025) shows the Perth CBD vacancy rate has risen to 17.0%, up from 15.1% in January, driven by new supply and subdued tenant demand. West Perth vacancies have similarly climbed to 13.0% from 11.8%.

CBRE's Q2 2025 research reported prime CBD net face rents increasing by 4.2% y-o-y albeit prime vacancy has increased to 15.25% from 13.15% over this period. B grade vacancy increased by 1% to 21.4%.

Incentives remain material across all grades, with higher levels still required to secure occupiers for secondary space.

With no new CBD supply under construction or forecast before 2030, vacancy is expected to have peaked. The pace of future tightening will hinge on organic tenant expansion and the continuation of the centralisation trend. High-profile moves such as Alcoa and WESCEF relocating from suburban offices to the CBD incoming months are recent examples of this trend.

As vacancy declines, effective rents will rise, more significantly if it approaches 10%, first in the Premium sector and then filtering into A grade stock.

### Typical Rental Comparison Perth CBD



Grade	Typical Net Face Rental (\$/sqm)		Net Incentive (%)	Net Effective Rental (\$/sqm)	
	Low	High		Low	High
Premium	\$725	\$880	42-45%	\$385	\$450
A	\$575	\$725	45-47%	\$275	\$365
B	\$400	\$550	45-50%	\$200	\$270

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

### Occupier's Perspective

The market remains tenant-favored, even as face rents edge higher and incentives ease marginally. Back-fill opportunities are set to feature prominently over the next 12-18 months as occupiers relocate under agreements finalised in late 2024 and early 2025.

9 The Esplanade is now complete (~80% committed) with no further supply forecast until at least 2030.

In the suburban market, vacancy has tightened. Any future development will demand materially higher rental levels and substantial pre-commitment before proceeding.

Fitout costs remain high and consequently the demand for fitted premises remains strong.

### Market Trends

**With only modest interest rate relief to date and investment yields still soft and largely untested, landlords face sustained pressure to protect occupancy and cashflow.** This environment continues to give both existing and prospective tenants an enhanced platform to negotiate lease terms aligned to occupier priorities rather than landlord preferences.

At the premium end of the market, and for **larger contiguous tenancies conditions are expected to gradually rebalance over the next 12 months as demand consolidates.** Early movers in these segments are best placed to secure favourable deals before the pendulum swings back toward owners.

**Overall, it remains a tenant's market so research the market thoroughly and seek advice** to ensure that the terms negotiated provide the most competitive deal.

**Cost, Risk, Flexibility, Obligations and Guarantees** are all important elements to consider when making decisions to futureproof your business.