

# Perth Office – Q4 2025

## Market Report

The February 2026 PCA Perth Office Market Update has confirmed WA's strong economic and demographic growth with the mining sector providing the majority of Tenant demand. According to the PCA State Final Demand has been the highest in all States for the past 5 years averaging almost 5%pa and WA is expected to be the highest over the next 5 years at just over 3% pa.

Over the same period the population growth has averaged 2.4% in the five years to 2025 and is expected to average approx. 1.6% pa over the next five years which is expected to be 0.4% to 0.5% above the Australian average.

While this growth has been substantial and the vacancy rate for CBD Office Space has dropped over the past few years it still remains at almost 17% which high in a historical context remembering that to be in balance the vacancy rate should in the range of 5-10%.

The lower grades of office accommodation are experiencing higher vacancy rates at around 19-20% while the premium Office accommodation is hovering just above 10% which reflects the preference of the market to graduate to higher quality office space.

West Perth the second biggest office market in WA has experienced a slight increase in vacancy to 14.1% which means incentives of around 20-30% will continue to be offered to secure and retain tenants.

Of particular interest for the Perth CBD office market is the paucity of new office supply over the next 5 years. With rising building costs the market has almost no new space coming onto the market over the next 5-7 years and the economic rent required to justify a new development has risen to between \$1100 to \$1300/m2a.

For the Suburban market which is about the same size as the CBD market at approx. 1.8million square metres the vacancy rate has dropped from approx. 18% to under 10% over the past 2-3 years. This means the market has tightened up significantly but in order to make a new development viable rents will need to be at least in the order of \$650 to \$750/m2/a.

As with previous recent reports incentives remain steady and material across all grades, with higher levels still required to secure occupiers for secondary space.

Reputedly the State Government has pulled out of negotiations for the redevelopment of the Convention Centre which was the front runner to secure Rio Tinto for its Perth Head Quarters although there is some suggestion that these discussions may be revived. Clearly a potential project of this scale (circa 50,000 to 60,000m2 ) would have a significant impact on the market should it proceed.

### Typical Rental Comparison Perth CBD



Grade	Typical Net Face Rental (\$/sqm)		Net Incentive (%)	Net Effective Rental (\$/sqm)	
	Low	High		Low	High
Premium	\$725	\$880	45-47%	\$400	\$465
A	\$575	\$725	45-47%	\$315	\$385
B	\$400	\$550	45-50%	\$220	\$275

## Occupier's Perspective

The market remains tenant-favored, even as face rents edge higher and incentives ease marginally. The time to move is over the next one to two years as the market will tighten if demand continues and in the absence of any new supply.

Western Power is understood to have committed to approx. 18000m2 in 100 St Georges Terrace for occupancy in 2027.

In the suburban market, the vacancy rate has continued to tighten. With future developments demanding materially higher rental levels in the order of \$650 to \$750/m2/annum net and substantial pre-commitment before proceeding it is important for larger suburban tenants to take advantage of current vacancies.

Fitout costs remain high leading to a preference for fitted out space which is accounting for over 80% of leased space either through pre-existing fitouts or speculative fitouts provided by Landlords.

## Market

**With interest rates likely not to drop in the near future and investment yields still soft landlords face sustained pressure to protect occupancy and cashflow.** This environment continues to give both existing and prospective tenants an opportunity to negotiate lease terms aligned to occupier priorities rather than landlord preferences.

**Overall and at present 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.

**But remember - it's not just about the cost.**

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

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