

Perth Office – Q1 2026 Market Report

The February 2026 PCA Perth Office Market Update confirmed WA's strong economic and demographic growth with the mining sector providing most of the Tenant demand.

That position has not changed to date despite the extraordinary events taking place in the middle East which has added uncertainty and has most likely delayed some decisions.

Population growth has been approx. 2.2% to the end of November 2025 and WA's population is now above \$3million 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.

The vacancy rate for CBD Office Space 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.

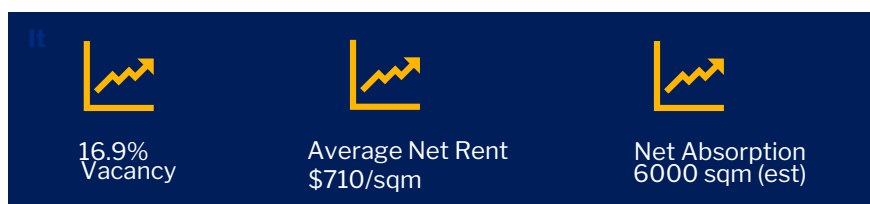
West Perth vacancy rate is approx. 14.0% and incentives of around 20-30% continue to be offered to secure and retain tenants.

CBRE in its Q1 2026 Report on the CBD Office Market in Perth has recorded an increase in enquiry levels for CBD office space for the first quarter of 2026 although the volume and number of leasing transactions are significantly less that for the last quarter of 2025.

The Suburban market continues to tighten and the only new developments to be undertaken once precommitments have been obtained.

CBRE reported that Prime Net Face Rents have increased by a bit less than 5% over the past year but Incentives remain a key feature of the office market and its is expected that these are likely to remain at current levels for the next year or two at least,

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

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

Occupier's Perspectives

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.

NWS Holdings is understood to have committed to approx. 8000m2 in 219 St Georges Terrace taking the opportunity to consolidate a number of Suburban office locations.

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 it is important 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 Trends

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.