

The Property Council of Australia [Office Market Report](#) (OMR) is released twice a year and provides a detailed analysis of vacancy rates, supply trends, and market demand across Australia's major CBD and non-CBD markets. Our February OMR breakfast launched the latest OMR data and kicked off the 2025 Outlook Event series. Amanda Steele, Head of Property, ISPT, analysed the latest figures and was joined by an expert panel to provide further context on the trends and answer our audience questions.



Our CBD needs to maintain a vibrant beating heart.

Amanda Steele, ISPT

Our speakers



(l-r) John Nguyen (Property Council of Australia); Peter Menegazzo (Investa); Katie Stevenson (Property Council of Australia); Ingrid Bakker (Hassell); Adrian Pozzo (Cbus); Amanda Steele (ISPT); Karen Primmer (Colliers); Stace Fishwick (Property & Development NSW)

Outlook insights

- Sydney CBD vacancy rates rose from 11.6 per cent to 12.8 per cent, driven by an influx of new office supply.
- Tenant demand in the Sydney CBD is strong and higher than the historical average, which has offset some of the vacancy increase.
- The flight to quality is accompanied by a flight to convenience – tenants are looking beyond fit-out to spaces that attract existing employees and new talent.
- Access to transport and amenities are key, with the Sydney Metro investment paying dividends for the sector.
- Sydney recorded a jump in transaction volumes, with encouraging investment demand levels and greater liquidity.
- Adaptive reuse and refurbishment of existing buildings is increasing as feasibility of new developments fails to stack up – positive news for ESG outcomes.
- Tenant design requests are being driven by their ESG aspirations as well as the ongoing trend for flexibility in use of space.
- Rental growth incentive levels have peaked, with speculation 2024 was the bottom of the tenant's market.
- However four of the five highest vacancy markets across Australia were in NSW, indicating there is still more work to be done.

Advocacy focus:

- Government should review taxation settings that stem the flow of foreign capital and limit commercial transactions.
- The future supply pipeline relies on improved development feasibility, including policy that improves capacity of the construction workforce.
- Planning authorities should incentivise and enable the conversion and repurposing of C and D grade assets.
- Government and industry should continue to leverage enhanced connectivity from investment in Sydney Metro to enhance vibrancy in commercial centres.
- Government should demonstrate leadership with greater efforts to encourage public sector workforce back to the office.

Find out more about our Outlook Event Series, [click here](#).



Scan the QR code to view photos from our Office Market Report event on 6 February 2025.