Market Pulse

North Shore Office Market

Cadigal Research
September 2025

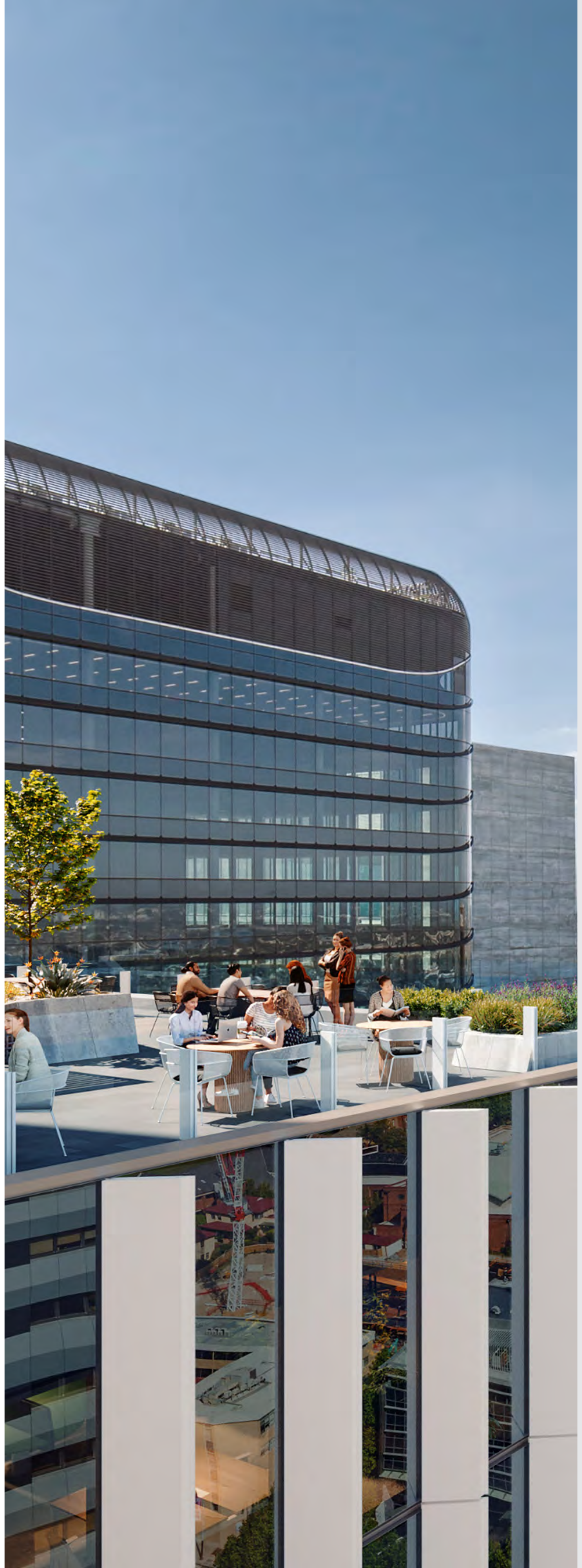
Cadigal

Contents

Key Data at a Glance

		CHANGE LAST 12 MONTHS	EXPECTED CHANGE NEXT 12 MONTHS
SUPPLY			
Total Stock* (sqm, as at Jul-25)	**1,534,498**	↓	↑
North Sydney	912,690	↓	
Crows Nest/St Leonards	354,804	↓	
Chatswood	267,004	↓	
Completions* (sqm, 6 months to Jul-25)	**513**	↓	↑
Net Supply* (sqm, 6 months to Jul-25)	**-31,138**	↓	↑
DEMAND			
Net Absorption* (sqm, 6 months to Jul-25)	**-9,276**	↓	↑
North Sydney	-3,513	↓	
Crows Nest/St Leonards	1,088	↑	
Chatswood	-6,851	↓	
Tenant Enquiry~ (sqm, as at Jun-25)	**244,815**	↑	↑
VACANCY			
Vacancy Rate* (%, as at Jul-25)	**23.3**	↓	↑
North Sydney	21.7	↓	
Crows Nest/St Leonards	29.7	↑	
Chatswood	20.2	↓	
Sublease Availability~ (sqm, as at Jun-25)	**19,863**	↓	↔
RENTS			
Net (Gross) Face Rents~ ($/sqm avg, as at Jun-25)			
North Sydney			
Premium	1,175N (1,397G)	↑	↑
A Grade	1,010N (1,183G)	↑	↑
B Grade	835N (993G)	↑	↔
Crows Nest/St Leonards			
A Grade	701N (872G)	↑	↑
B Grade	498N (639G)	↔	↔
Chatswood			
A Grade	690N (834G)	↑	↑
B Grade	573N (726G)	↑	↔
Incentives~ (% range, as at Jun-25)	34-47	↑	↔

* Source: Property Council of Australia (PCA) Jul-25
~ Source: Cadigal



In Summary

One major office project is currently under construction on the North Shore – Victoria Cross Tower in North Sydney (55,318sqm NLA, due Q4 2025). No additional new **supply** can be delivered to the market until after end-2028, at the very earliest.

Negative net absorption (-9,276sqm) was recorded on the North Shore over H1 2025 with a significant turnaround required for H2 2025 to avoid an unprecedented sixth consecutive year of negative net absorption.

Premium grade continues to be the clear sustained outperformer for **tenant demand**, being the only building grade to show positive net absorption over 1-, 3-, 5- and 10-year horizons.

The volume of **active tenant enquiry** for the North Shore jumped 45% over H1 2025 to 244,815sqm, the highest level since Jun-17. The ***huge bounce-back in enquiry*** has led to considerable optimism, and expectation, that net absorption will similarly improve.

The overall North Shore **vacancy rate** fell over H1 2025, as did the largest sub-market, North Sydney, from 23.7% to its lowest level in 2.5 years, 21.7%. However, the fall was entirely driven by the withdrawal of 105 Miller Street from stock, and not tenant demand (-3,513sqm net absorption).

The varied performance of **effective rents** continued across the North Shore, resulting in an even wider range for effective rental growth of -4.2% to +9.3% over the 12 months to Jun-25, again led by Premium.

Existing office buildings with change-of-use applications include **15 Blue Street** (above) and **157 Walker Street** (below), both in North Sydney.

Supply

There is currently 1.53 mil sqm of office space across the three major precincts of the North Shore office market – **North Sydney** (59% of the total), **Crows Nest / St Leonards** (23%) and **Chatswood** (17%). This total is down 2.2% from the peak (Jul-24) largely driven by the withdrawal from stock of **105 Miller Street, North Sydney** (26,550sqm) during H1 2025.

One major office project is currently under construction on the North Shore – **Victoria Cross Tower** in North Sydney (55,318sqm office NLA). After it completes by the end of the year, Premium office space will account for almost 20% of the North Sydney precinct, and 12% of total North Shore stock.

There are several existing proposals for new office supply in North Sydney, including **Affinity Place** (60,745sqm office NLA) and **105 Miller Street** (41,000sqm). However, a number of new proposals have recently emerged on sites with existing office buildings offering alternative uses such as residential apartments (both strata and build-to-rent), hotels and retail.

Examples include **5 Blue Street** (currently 7,639sqm office NLA), **15 Blue Street** (15,898sqm), **153/157 Walker Street** (13,211sqm) and **132 Arthur Street** (7,878sqm). We estimate a total in excess of 65,000sqm of office stock could be withdrawn for alternative uses. These withdrawals, if they all proceed, will take place over a period of time.

Major Office Developments Under Construction & Proposed

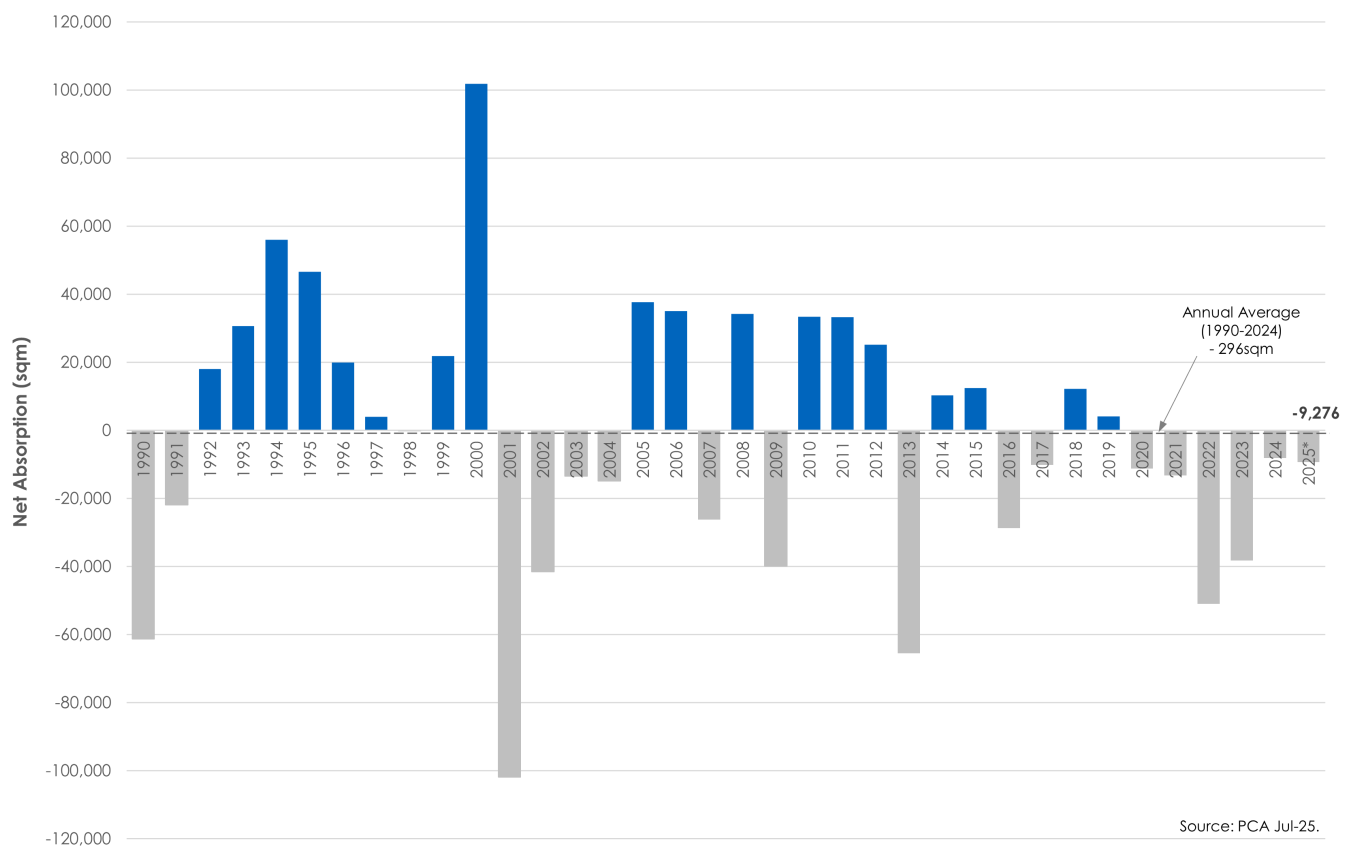
Project	Developer / Owner	Type	Office NLA	Precinct	Expected Completion	Comment
Victoria Cross Tower	Lendlease / APPF	New	55,318	North Sydney	Q4 2025	42-storey building over the Victoria Cross Metro station. 30% pre-committed to NBN Co (9,231sqm), Ventia (3,472sqm), Novartis (1,537sqm) and others.
Affinity Place, 110 Walker Street	Stockland	New	60,745	North Sydney	Proposed	DA approved, consolidation of three B-grade buildings into 2,300sqm site. Seeking tenant pre-commitment.
105 Miller Street	Investa / Oxford	Refurb + New	41,000	North Sydney	Proposed	DA lodged, to retain existing asset of 27,000sqm and build a new tower of 14,000sqm at the rear of the site. Targeting education use.
15 Blue Street	Aqualand	New	30,000	North Sydney	Proposed	Proposed replacement of an ageing building into a new, commercial office tower. Lease term certain on current leases until Dec-27.
Chatswood Chase, 345 Victoria Avenue	Vicinity Centres	New	9,300	Chatswood	Proposed	Proposed rooftop office village above the retail centre, featuring outdoor landscaped terrace and laneways.

Tenant Demand
Net Absorption

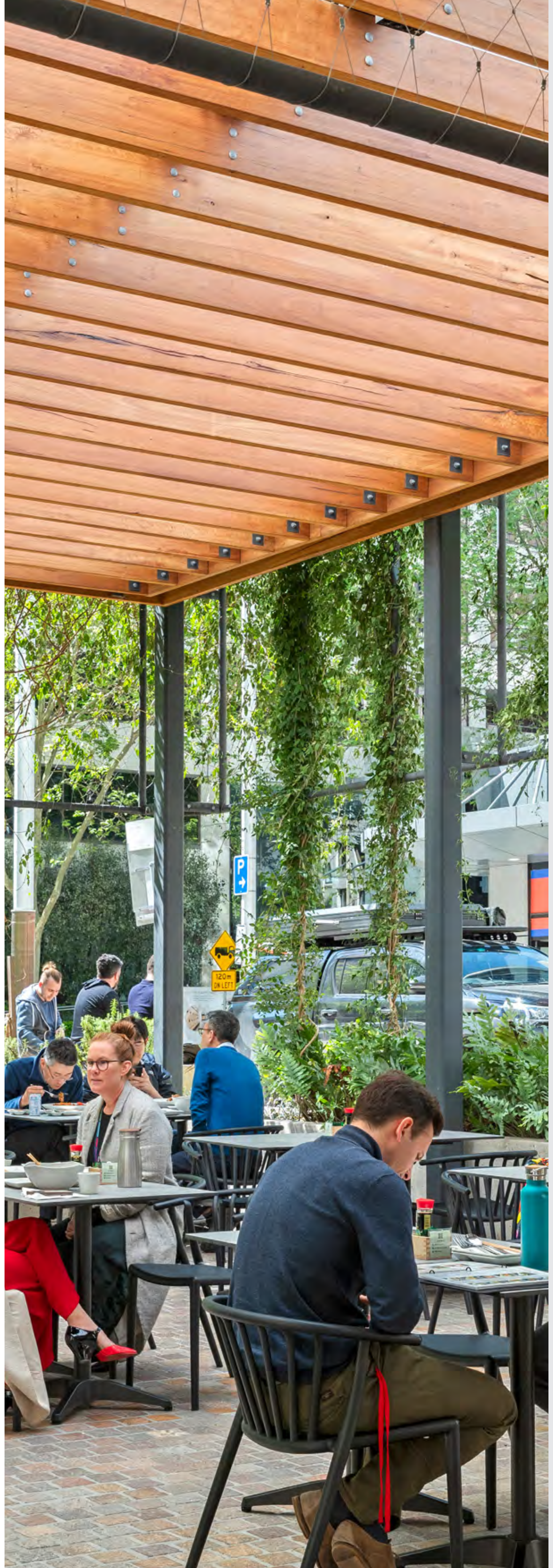
Negative net absorption was recorded on the North Shore over H1 2025, with the +1,088sqm tallied in **Crows Nest / St Leonards** not enough to offset negative net absorption in **Chatswood** (-6,851sqm) and **North Sydney** (-3,513sqm). A significant turnaround in tenant demand will be required in H2 2025 for the market to avoid an unprecedented sixth consecutive year of negative net absorption.

Across *building grades* over the first half of the year, positive net absorption was recorded in the higher-quality space (**Premium**: 1,863sqm, **A grade**: 1,409sqm) whilst all the lower grades returned negative net absorption (**B grade**: -4,954sqm, **C grade**: -7,283sqm and **D grade**: -311sqm). The outperformance of Premium is stark when looking at tenant demand beyond 6 months, being the *only* grade to record positive net absorption over *all* 1-, 3-, 5- and 10-year horizons.

Annual Net Absorption - North Shore 1990-2025



Source: PCA Jul-25.



Net Absorption by Precinct

Precinct	6 Months to Jul-25	12 Months to Jul-25
North Sydney	-3,513	-5,002
Crows Nest/St Leonards	1,088	-12,949
Chatswood	-6,851	-2,299
Sydney North Shore	**-9,276**	**-20,250**

Net Absorption by Building Grade

Buiding Grade	6 Months to Jul-25	12 Months to Jul-25
Premium	1,863	2,647
A Grade	1,409	-10,148
B Grade	-4,954	982
C Grade	-7,283	-10,113
D Grade	-311	-3,618
Sydney North Shore	**-9,276**	**-20,250**

Net Absorption by Building Grade (Over 1 Year)

Buiding Grade	3 Years to Jul-25	5 Years to Jul-25	10 Years to Jul-25
Premium	16,430	57,669	100,157
A Grade	-10,896	15,796	-28,245
B Grade	-28,007	-112,208	-151,553
C Grade	-42,785	-66,095	-66,776
D Grade	-2,900	-2,956	-6,347
Sydney North Shore	**-68,158**	**-107,794**	**-152,764**

Source: PCA Jul-25

Tenant Demand

Substantial leasing activity has occurred recently at (cockwise from top left) **100 Arthur Street**, **141 Walker Street** and **101 Miller Street**, all in **North Sydney**, and **201 Pacific Highway** in **St Leonards**.

Notable recent lease transactions include **Flight Centre** committing to 3,941sqm at **100 Arthur Street**, **Icon Construction**, **NinjaOne** and **Nielsen Australia** each leasing a floor at **141 Walker Street** (2,772sqm total) and **Novartis** pre-committing to a floor (1,537sqm) in **Victoria Cross Tower**, the three aforementioned buildings all located in North Sydney. In addition, **Relx** (1,247sqm) and **Claude Group** (728sqm) are both taking space in **201 Pacific Highway** in St Leonards. As a number of these transactions took place in Q3 2025 they will contribute to offsetting the negative net absorption recorded over H1 2025.

More examples of *centralisation,* with tenants relocating in to North Sydney, include **Ingram Micro** (from **Rosebery**), **Novartis** (from **Macquarie Park**) and **Icon Construction** (**Edgecliff**). These moves are in addition to **Pepsico** and **BAI Communications** (from **Chatswood**), **Alstom** (**Macquarie Park**), **BBC Worldwide** (**McMahons Point**) and **Fleet Partners** (**St Leonards**) that were recorded in the previous period.

Recent Major Lease Transactions

Tenant	Address	Precinct	Level	Area (sqm)	LCD	Type
Flight Centre#	100 Arthur Street	North Sydney	11-12, 17	3,941	Q1 2026	New
Ingram Micro	40 Mount Street	North Sydney	5	1,727	Q1 2026	New
Novartis	Victoria Cross Tower	North Sydney	12	1,537	TBC	Pre-commit
TBH#	101 Miller Street	North Sydney	17	1,430	Q4 2025	New
Adco Construction	177 Pacific Highway	North Sydney	10	1,429	TBC	New
Vocus#	40 Miller Street	North Sydney	3	1,134	Q1 2026	New
SMA#	76 Berry Street	North Sydney	8	1,034	Q4 2025	New
Icon Construction#	141 Walker Street	North Sydney	20	967	Nov-25	New
NinjaOne#	141 Walker Street	North Sydney	2	938	Q2 2026	New
Nielsen Australia#	141 Walker Street	North Sydney	1	868	Q1 2026	New
Relx Group#	201 Pacific Highway	St Leonards	9	1,247	Jan-26	New
Claude Group#	201 Pacific Highway	St Leonards	Pt. 7	728	Nov-25	New

Cadigal was involved in these transactions

Tenant Enquiry

After hovering around the 8-year average (170,484sqm) for 18 months, the volume of active tenant enquiry jumped 45% over H1 2025, to 244,815sqm

North Shore enquiry is at its highest level since Jun-17.

A third of current enquiry, by area, is coming from existing North Shore tenants with another 12% from CBD tenants. But almost half (48%) of the enquiry has emerged from other markets (such as **Macquarie Park, North Ryde, Olympic Park** and the **CBD Fringe**) suggesting the *centralisation* theme is continuing, if not intensifying.

Current total enquiry is comprised of 151 requirements, equating to an average enquiry size of 1,621sqm. Almost half of the 151 enquiries (46%) are in the smallest 0-499sqm size range with 151 requirements being the 2nd most recorded, after 155 was tallied six months earlier (Dec-24). The abundance of small enquiries is encouraging for the opportunity to address the high vacancy in B grade stock, where the majority of smaller spaces are to be found.

Despite the dominance of smaller enquiries, larger examples that have recently come to market include **Samsung** (seeking 9,000-10,000sqm for 2027, currently in **Olympic Park**), **SG Fleet** (6,500-7,000sqm, Q3 2026, **Pymble**), **Downer** (5,500-7,000sqm, Q4 2028, **North Ryde**) and **Oracle** (4,000-6,000sqm, H1 2027, **North Ryde**).

Information Media, Telecommunications & Related Services tenants are dominating current enquiry with almost a third (32.1%) of the total, whilst **Manufacturing** (11.2%) and **Financial Services** (10.0%) are the only other industries contributing 10% or more.

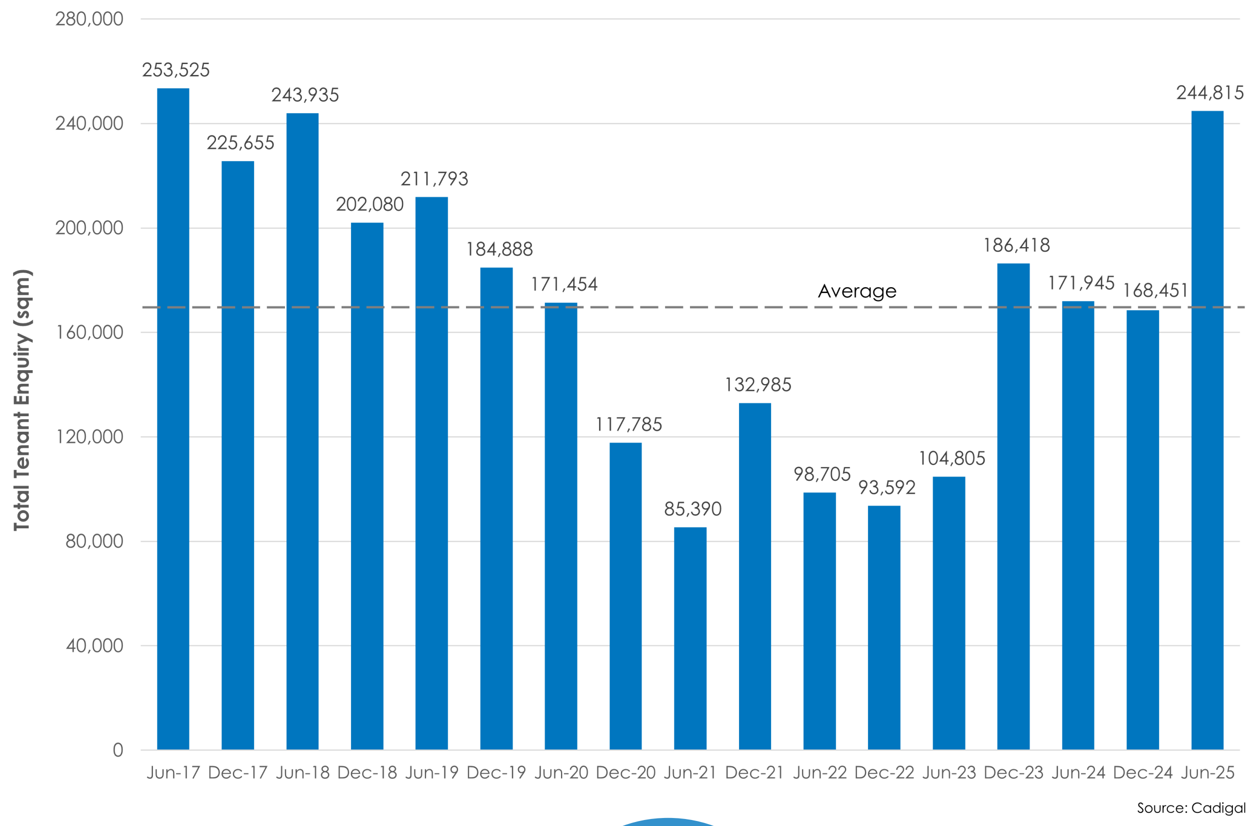
Current Tenant Enquiry by Size (North Shore)

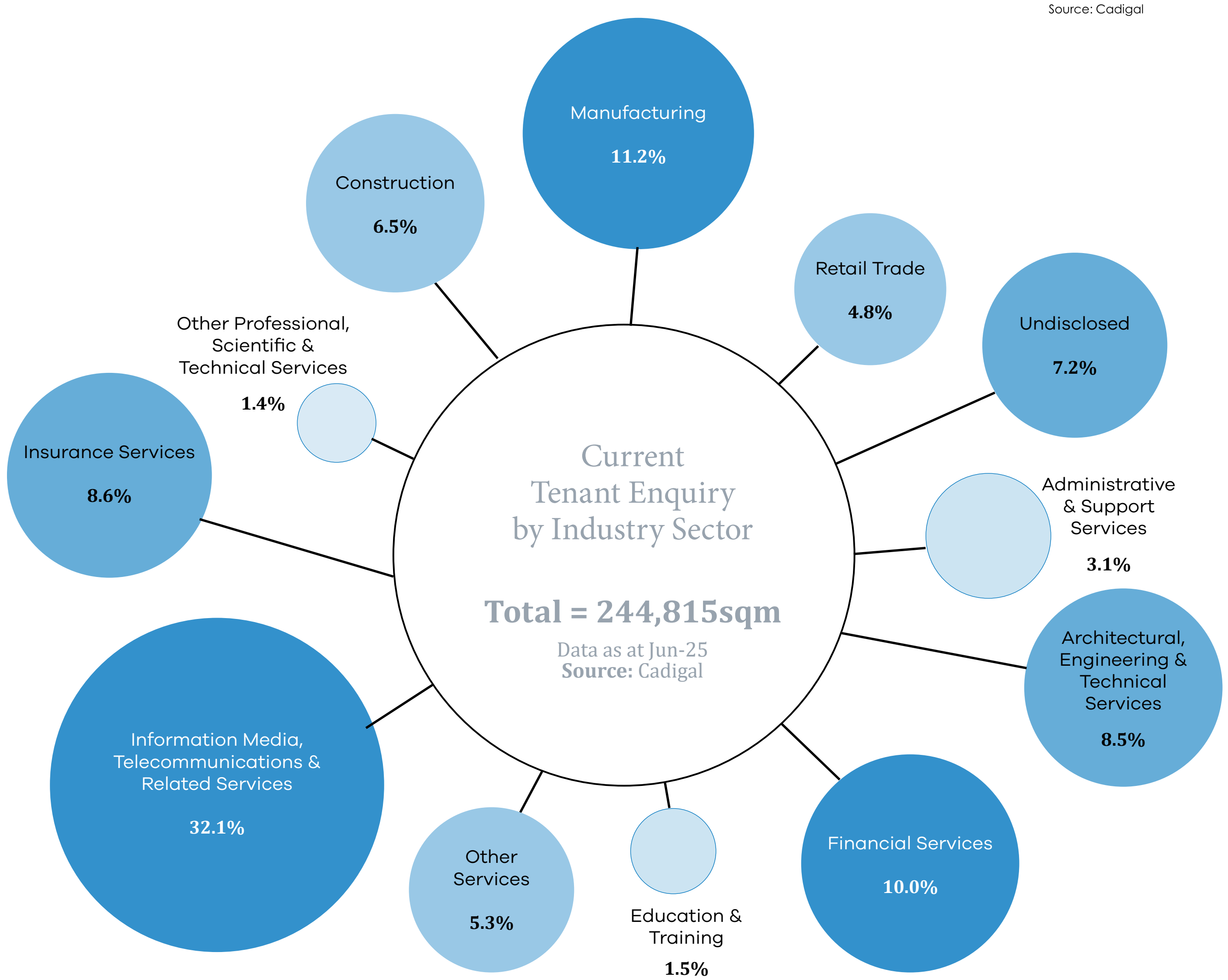
Enquiry Size	Area (sqm)	Number
3,000sqm+	163,500	21
1,000-2,999sqm	41,000	25
500-999sqm	23,950	35
0-499sqm	16,635	70
Total	**244,815**	**151**

Data as at Jun-25

Sizeable enquiries recently coming to the North Shore market include (top to bottom) **Samsung, Mastercard, Downer** and **Oracle**.

Known Tenant Enquiry - North Shore





Vacancy

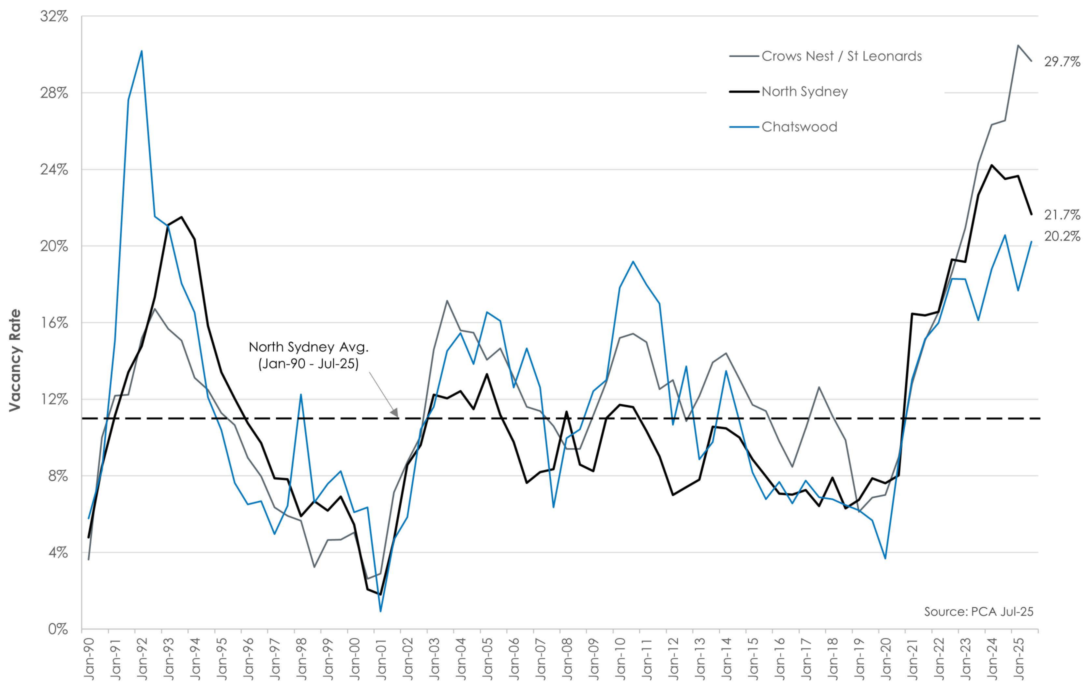
The overall North Shore vacancy rate fell from 24.2% to 23.3%, over H1 2025. The vacancy rate for the largest sub-market, **North Sydney**, dropped significantly from 23.7% to 21.7%, its lowest level in 2.5 years. However, the decrease was not a result of tenant demand (-3,513sqm of net absorption), but due to stock withdrawal (**105 Miller Street**).

Of the other sub-markets, the **Crows Nest/St Leonards** vacancy rate also declined (30.5% to 29.7%), driven by both stock withdrawal (2,614sqm) as well as positive net absorption (1,088sqm). The **Chatswood** precinct saw a rise in vacancy rate (17.7% to 20.2%) due to static stock levels combined with 6,851sqm of increased vacancy/negative net absorption.

Premium continues to have the lowest vacancy rate (0.9%), by far, amongst North Shore building grades with **D grade** next, at 18.9%. However, these two grades account for just 9% and 1.5%, respectively, of North Shore stock. **C grade** (22% of total) is next with a 22.9% vacancy rate, followed by **A grade** (34% of total) with 25.3% and **B grade** (33% of total) highest at 27.6%. Over H1 2025, the vacancy rates of each grade fell except **C grade,** which rose from 21.1% to 22.9%.

The amount of *available sublease space* dropped to 16,750sqm in Dec-24, the lowest level in four years. But over H1 2025, sublease availability increased 19% to 19,863sqm. Despite the rise, current sublease is well below the 5-year average (31,156sqm). While sublease space is not significantly impacting the direct leasing market, larger parcels can currently be found at **101 Miller Street** (5,658sqm, from Allianz), **177 Pacific Highway** (3,428sqm, Vodafone) and **80 Pacific Highway** (3,017sqm, Ventia), all in North Sydney.

Total Vacancy Rates (Jan 1990 - Jul 2025)



Vacancy Rate by Precinct

Precinct	As At Jul-25	As At Jan-25
North Sydney	**21.7%**	23.7%
Crows Nest/St Leonards	**29.7%**	30.5%
Chatswood	**20.2%**	17.7%
Sydney North Shore	**23.3%**	24.2%

Data as at Jul-25

Vacancy Rate by Building Grade

Buiding Grade	As at Jul-25	As at Jan-25
Premium	**0.9%**	2.3%
A Grade	**25.3%**	25.6%
B Grade	**27.6%**	30.5%
C Grade	**22.9%**	21.1%
D Grade	**18.9%**	21.2%
Sydney North Shore	**23.3%**	24.2%

Rents

Face rents across the North Shore generally tracked higher over the last 12 months, with growth ranging from a minimal 0.3% (for **B grade** in **Crows Nest / St Leonards**) up to a strong 9.4% (**Premium** in **North Sydney**).

Face rental growth was highest in **North Sydney** (5.3%-9.4%), followed by **Chatswood** (1.8%-4.8%) and then **Crows Nest / St Leonards** (0.3%-3.6%).

Premium led the building grades for face rental growth, spurred on by 0.9% vacancy, recording 9.3%-9.4% over the 12 months to Jun-25. **A grade** recorded 1.8-6.4% over the same period, slightly ahead of **B grade** (0.3%-6.0%).

Incentives remain high across the North Shore and currently range between 34%-47%, typically with **Premium** lowest and then **A grade** marginally lower than **B grade.** Whilst generally higher than 12 months prior, incentives appear to have peaked in **Premium** and are close to peaking in **A grade.** Incentives are generally lowest in **North Sydney**, followed by **Chatswood** and then **Crows Nest / St Leonards.** However, asset-specific features such as views or the level of amenity, are having a material impact on transacted incentives.

The result of generally increasing incentives on face rents over the 12 months to Jun-25, was to further dampen growth rates for ***effective rents.*** The impact was minimal for **Premium** grade but more pronounced for **A grade** and **B grade**, resulting in a broad range of effective rental growth of -4.2% to +9.3%.

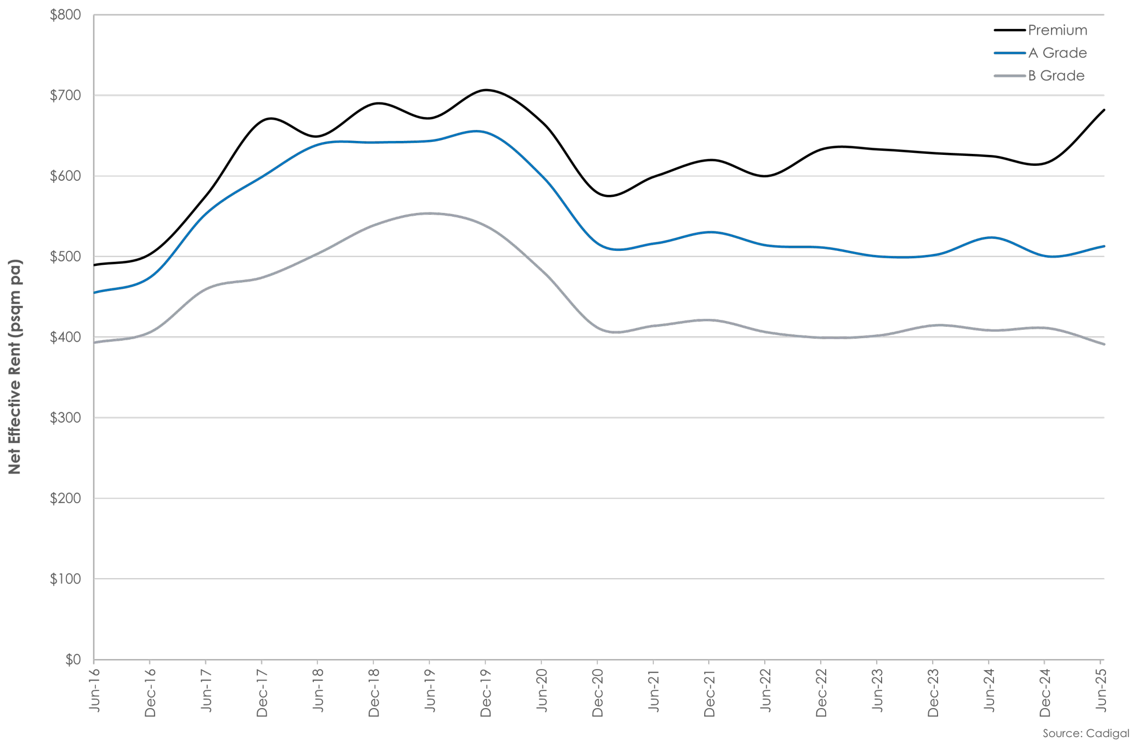
By precinct, incentives eroded face rents most in **North Sydney** A and B grades (but not Premium) followed by **Chatswood** and then **Crows Nest / St Leonards**, compared to 12 months prior. A and B grade effective rents in North Sydney recorded negative growth over the 12 months to Jun-25.

Rents by Precinct and Grade

	PREMIUM			A GRADE			B GRADE		
		6 months to Jun-25	12 months	**Average Rate**	6 months to Jun-25	12 months		6 months to Jun-25	12 months
North Sydney									
Net Face Rent	**$1,175**	8.5%	9.3%	**$1,010**	6.6%	6.4%	**$835**	4.2%	6.0%
Gross Face Rent	**$1,397**	7.8%	9.4%	**$1,183**	4.8%	5.3%	**$993**	3.5%	6.0%
Net Effective Rent	**$682**	10.5%	9.2%	**$513**	2.6%	-2.1%	**$391**	-4.8%	-4.2%
Gross Effective Rent	**$904**	8.9%	9.3%	**$685**	0.6%	-1.7%	**$550**	-3.6%	-1.5%
Crows Nest / St Leonards									
Net Face Rent	-	-	-	**$701**	3.5%	3.5%	**$498**	0.0%	0.3%
Gross Face Rent	-	-	-	**$872**	2.8%	3.6%	**$639**	0.0%	0.6%
Net Effective Rent	-	-	-	**$304**	3.0%	0.6%	**$207**	0.0%	-0.2%
Gross Effective Rent	-	-	-	**$475**	1.9%	1.8%	**$349**	0.0%	0.5%
Chatswood									
Net Face Rent	-	-	-	**$690**	1.1%	1.8%	**$573**	1.9%	4.8%
Gross Face Rent	-	-	-	**$834**	1.9%	2.5%	**$726**	2.0%	4.6%
Net Effective Rent	-	-	-	**$342**	-0.8%	0.0%	**$264**	-1.6%	1.5%
Gross Effective Rent	-	-	-	**$486**	1.0%	1.6%	**$416**	-0.2%	2.4%
North Shore									
Net Face Rent	**$1,175**	8.5%	9.3%	**$849**	4.8%	4.8%	**$754**	3.6%	5.3%
Gross Face Rent	**$1,397**	7.8%	9.4%	**$1,014**	3.7%	4.3%	**$909**	2.9%	5.3%
Net Effective Rent	**$682**	10.5%	9.2%	**$415**	1.9%	-1.1%	**$349**	-4.1%	-3.4%
Gross Effective Rent	**$904**	8.9%	9.3%	**$580**	1.0%	-0.3%	**$504**	-2.9%	-0.9%

Data as at Jun-25

Net Effective Rent - North Sydney



Outlook

With just one new development, Victoria Cross Tower, under construction (completing Q4 2025) no new **supply** will be delivered to the North Shore until end-2028, at the very earliest. And, with a number of change-of-use development applications being lodged, there is more chance of permanent stock withdrawals over the supply-constrained period (2026-2028). The looming supply squeeze is especially topical for larger occupiers looking at Premium space, as it is in the CBD.

Tenant demand has been weak for a long time on the North Shore but with the huge bounce-back in *active enquiry* volumes, there is considerable optimism and expectation that *net absorption* will similarly improve.

North Shore **vacancy rates** fell over H1 2025, not due to improved tenant demand but largely driven by stock withdrawals. With Victoria Cross Tower's completion imminent vacancy rates are likely to rise again, unless the remaining 70% of uncommitted space is filled with current North Shore tenants expanding, or with tenants located outside of the market.

The varied performance of **face rents** is expected to continue, led by *Premium* grade (driven by lack of supply, both new and backfill). **Incentives** in *Premium* grade appear to have peaked and, with next-to-no vacancy, may trim back over the near term. This will lead to further divergence of **effective rental growth**, again led by *Premium* grade assets.

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