Market Pulse

North Shore Office Market

Cadigal Research
March 2026

Cadigal

Contents

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Key Data at a Glance

		CHANGE LAST 12 MONTHS	EXPECTED CHANGE NEXT 12 MONTHS
SUPPLY			
Total Stock* (sqm, as at Jan-26)	**1,589,450**	↑	↔
North Sydney	967,642	↑	
Crows Nest/St Leonards	354,804	↔	
Chatswood	267,004	↔	
Completions* (sqm, 6 months to Jan-26)	**56,926**	↑	↓
Net Supply* (sqm, 6 months to Jan-26)	**54,952**	↑	↓
DEMAND			
Net Absorption* (sqm, 6 months to Jan-26)	**8,030**	↑	↑
North Sydney	1,514	↑	
Crows Nest/St Leonards	1,854	↑	
Chatswood	4,662	↔	
Tenant Enquiry~ (sqm, as at Dec-25)	**200,468**	↑	↑
VACANCY			
Vacancy Rate* (%, as at Jan-26)	**25.4**	↑	↓
North Sydney	25.9	↑	
Crows Nest/St Leonards	29.1	↓	
Chatswood	18.5	↑	
Sublease Availability~ (sqm, as at Dec-25)	**13,984**	↓	↔
RENTS			
Net (Gross) Face Rents~ ($/sqm avg, as at Dec-25)			
North Sydney			
Premium	1,158N (1,388G)	↑	↑
A Grade	1,000N (1,182G)	↑	↑
B Grade	842N (1,001G)	↑	↑
Crows Nest/St Leonards			
A Grade	701N (880G)	↑	↑
B Grade	525N (672G)	↑	↑
Chatswood			
A Grade	696N (839G)	↑	↑
B Grade	584N (737G)	↑	↑
Incentives~ (% range, as at Dec-25)	38-47	↑	↓

* Source: Property Council of Australia (PCA) Jan-26
~ Source: Cadigal

In Summary

Victoria Cross Tower in North Sydney (55,318sqm) reached practical completion in Q4 2025 with the final retail stores due to open in coming months. The market is not expected to see new office supply until 2029, at the earliest.

Positive net absorption was recorded across the North Shore over H2 2025, 8,030sqm being the highest six-month total since H2 2020. Additionally, each of the three precincts had positive net absorption for the first time since H1 2018. However, the H2 2025 total was not enough to cancel out the H1 2025 result resulting in a slightly negative total (-1,246sqm) for the year.

Active tenant enquiry remains above-average despite falling 18% over H2 2025. Encouragingly, current tenant enquiry is coming from a diverse range of industries and includes larger tenants not currently located within the North Shore market.

The overall North Shore **vacancy rate,** as well as the main North Sydney precinct, rose to record highs over H2 2025 driven by the completion of Victoria Cross Tower. Vacancy rates are expected to decline, with no supply additions and likely reductions, the magnitude dependent on the strength of tenant demand.

Face rental growth continued on the North Shore over 2025 with incentives generally increasing across the market. The combined impact led to a wider range for **effective rental growth** of -5.8% to 6.2% for the year, with more declines than rises.

Victoria Cross Tower reached practical completion at the end of 2025, adding 55,318 sqm of Premium office space to North Sydney.

Supply

Victoria Cross Tower in North Sydney (55,318sqm office NLA), the only major office development under construction on the North Shore, was completed in Q4 2025. With no office projects remaining under construction and no commencements expected in 2026, the market is not expected to see new office supply until 2029, at the earliest.

Following the inclusion of **Victoria Cross Tower** to total stock, **Premium grade** office space now comprises 20% of the major **North Sydney** precinct and 12% of the overall **North Shore** market, both highs. The supply addition also means **North Sydney** now accounts for the 61% of the **North Shore** office market, the precinct's highest weighting.

Whilst the size of the North Shore office market, and the North Sydney precinct, have never been larger they are more likely to *reduce* than *increase* over the medium term.

A total in excess of 65,000sqm of existing office space has been identified that could be withdrawn for alternative uses across the North Shore. The withdrawals, if they occur, would be staged over several years. Two of these projects, both in North Sydney, have received DA approval recently **- 20 Berry Street** (9,103sqm office NLA) for a 22-storey 249-room hotel, and **146 Arthur Street** (8,171sqm) for a 46-storey 390-unit build-to-rent project. The withdrawal of stock, particularly older and inefficient office buildings, is a positive for the market.

Major Office Developments Under Construction & Proposed

Project	Developer / Owner	Type	Office NLA	Precinct	Completion / Stage	Comment
Victoria Cross Tower	Lendlease / APPF	New	55,318	North Sydney	Completed 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.
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-28.

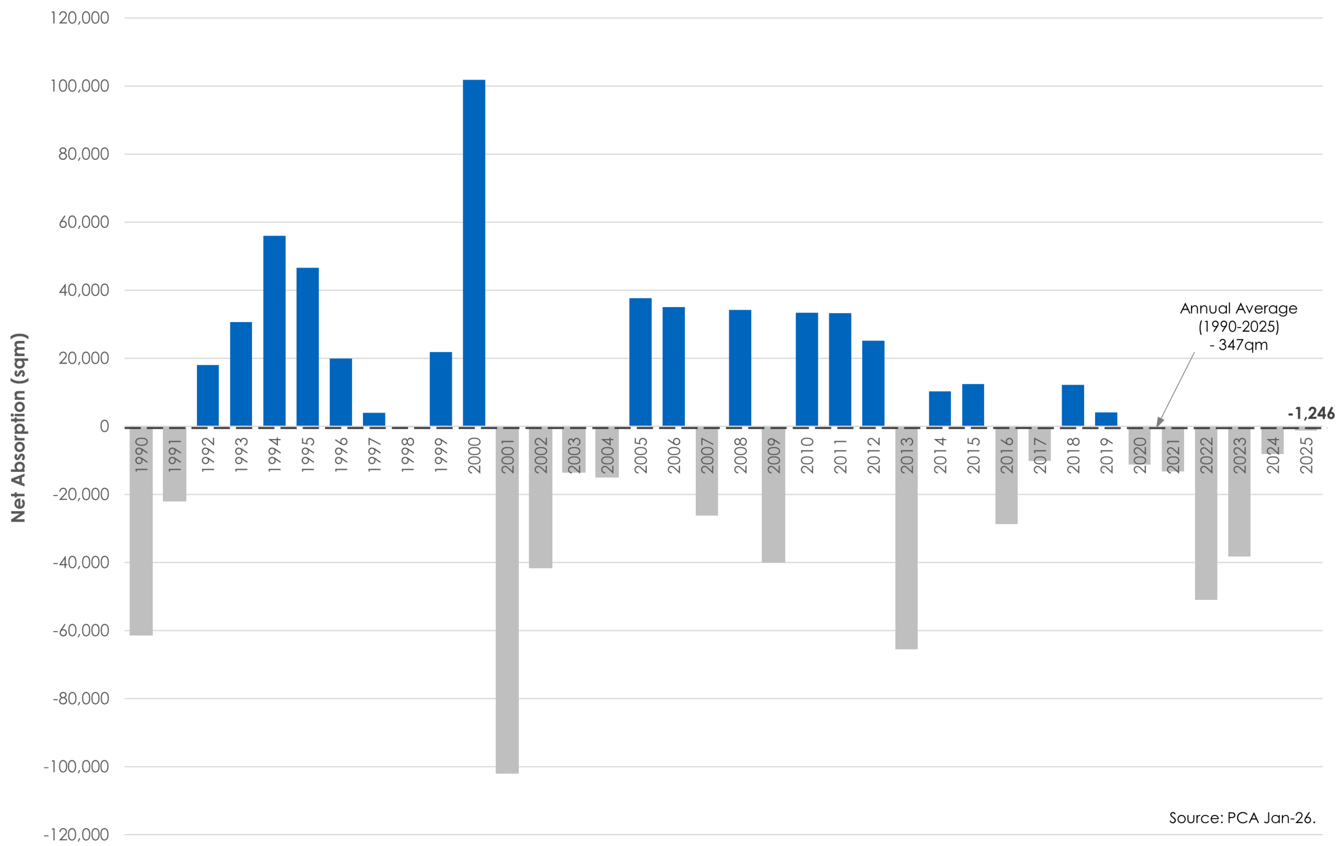
Tenant Demand
Net Absorption

Positive net absorption of 8,030sqm was recorded across the North Shore over H2 2025, the highest six-month total since H2 2020. Additionally, each of the three precincts (North Sydney, Crows Nest / St Leonards and Chatswood) tallied positive net absorption, for the first time since H1 2018. Although the H2 2025 total was positive, it wasn't enough to cancel out the H1 2025 result leading to a slightly negative total (-1,246sqm) for the year.

Over 2025, the **Crows Nest / St Leonards** (2,942sqm) precinct to recorded positive net absorption whilst both **North Sydney** and **Chatswood** each notched up 12-month net absorption of about -2,000sqm.

Across the building grades, **Premium** (6,348sqm) and **A grade** (5,353sqm) were the only two to record positive net absorption over the 12 months to Jan-26, with **B grade** faring the worst (-11,274sqm). The preference for *Prime* (Premium and A grade) space is demonstrated by positive net absorption in **Premium** over all timeframes up to 10 years and **A grade** over 6 months, 12 months and 3 years.

Annual Net Absorption - North Shore 1990-2025



Net Absorption by Precinct

Precinct	6 Months to Jan-26	12 Months to Jan-26
North Sydney	1,514	-1,999
Crows Nest/St Leonards	1,854	2,942
Chatswood	4,662	-2,189
Sydney North Shore	**8,030**	**-1,246**

Net Absorption by Building Grade

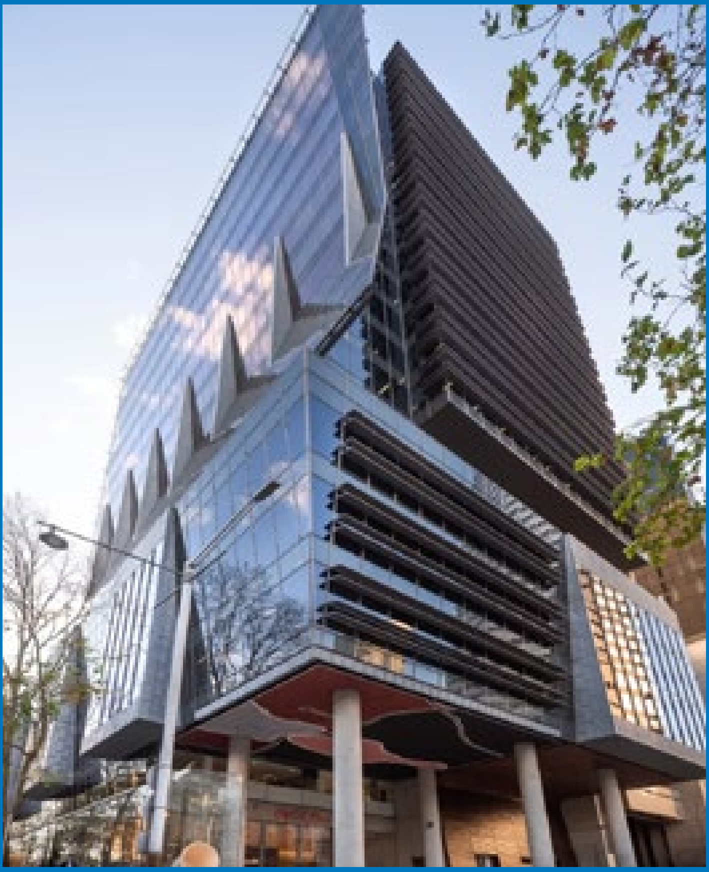
Buiding Grade	6 Months to Jan-26	12 Months to Jan-26
Premium	4,485	6,348
A Grade	3,944	5,353
B Grade	-6,320	-11,274
C Grade	5,745	-1,538
D Grade	176	-135
Sydney North Shore	**8,030**	**-1,246**

Net Absorption by Building Grade (Over 1 Year)

Buiding Grade	3 Years to Jan-26	5 Years to Jan-26	10 Years to Jan-26
Premium	7,118	27,492	104,154
A Grade	7,162	-9,689	-23,845
B Grade	-28,530	-77,196	-159,685
C Grade	-30,905	-49,857	-60,642
D Grade	-2,422	-2,532	-5,659
Sydney North Shore	**-47,577**	**-111,782**	**-145,677**

Source: PCA Jan-26

Tenant Demand



There has been significant leasing activity recently at (cockwise from top left) **40 Mount Street** and **65 Berry Street** in **North Sydney**, **72 Christie Street**, **St Leonards** and **The Zenith, Chatswood**.

The largest lease transaction recorded in the last six months was **Mastercard's** (7,227sqm) renewal at **72 Christie Street.** Other multi-floor transactions recorded over H2 2025 include **Aspen Pharmaceuticals** 2,200sqm commitment at **207 Pacific Highway** and **Mainbrace Constructions** in **558 Pacific Highway,** with all three leases located in **St Leonards.**

Centralisation continues to be a theme on the North Shore, as in the CBD, with recent examples relocating from **McMahons Point** (**Dolby** to North Sydney and **drive.com.au** to St Leonards) as well as from **Gordon** (**Star Scientific** to Chatswood). Of the other transactions listed below, **Aspen Pharmaceuticals** and **Mainbrace Constructions** both relocated within the Crows Nest / St Leonards precinct whilst **Citation Group** and **Crayon** did the same within North Sydney. **Pacific Partnerships** took more space in the precinct and **LCI Consultants** relocated within the same North Sydney building.

Recent Major Lease Transactions

Tenant	Address	Precinct	Level	Area (sqm)	LCD	Type
RSL Lifecare	40 Mount Street	North Sydney	4	1,977	Dec-26	New
LCI Consultants*	73 Miller Street	North Sydney	8	1,714	Jun-26	New
Pacific Partnership*	116 Miller Street	North Sydney	1	1,424	Jan-26	New
Dolby*	100 Pacific Highway	North Sydney	18	1,044	Oct-26	New
Citation Group*	80 Pacific Highway	North Sydney	12	1,020	Jan-26	New
Crayon*	65 Berry Street	North Sydney	16	862	Jan-26	New
COG Financial	65 Berry Street	North Sydney	8	860	Jul-26	New
Mastercard*	72 Christie Street	St Leonards	2-6	7,227	May-26	Renewal
Aspen Pharmaceuticals	Space 207, 207 Pacific Highway	St Leonards	8, pt.9	2,200	Q4 2026	New
Mainbrace Constructions	558 Pacific Highway	St Leonards	TBC	2,000	Jun-27	New
Drive.com.au*	The Forum, 203 Pacific Highway	St Leonards	3	1,212	Feb-26	New
Star Scientific*	The Zenith, 821 Pacific Highway	Chatswood	20	1,727	Q1 2026	New

* Cadigal was involved in these transactions

Tenant Enquiry

Active tenant enquiry for the North Shore remained above the 8-year average (of 172,149sqm) over H2 2025, despite falling 18% (or 44,347sqm) to 200,468sqm. Total enquiry was comprised of 160 requirements, the most in 8 years.

Some larger enquiries that have recently emerged in the market include **Clemenger** (seeking 4,000-10,000sqm, currently located in the CBD and Fringe), **SG Fleet** (6,000-8,000sqm, Pymble), **Greencross Pet Wellness** (5,500-7,000sqm, North Ryde) and **Boehringer Ingelheim** (1,800-2,200sqm, Macquarie Park). All these tenants are currently located outside the North Shore market, lending support for a continuation of the *centralisation* theme.

Current active tenant enquiry is coming from a diverse tenant base, which is a positive for the market, with no industry sector contributing more than 15% of the total. The top industries of **Manufacturing** (15.4%), **Information Media, Telecommunications & Related Services** (15.1%), **Construction** (9.4%) and **Retail Trade** (9.2%) together account for less than half (49.1%) of the total active enquiry.

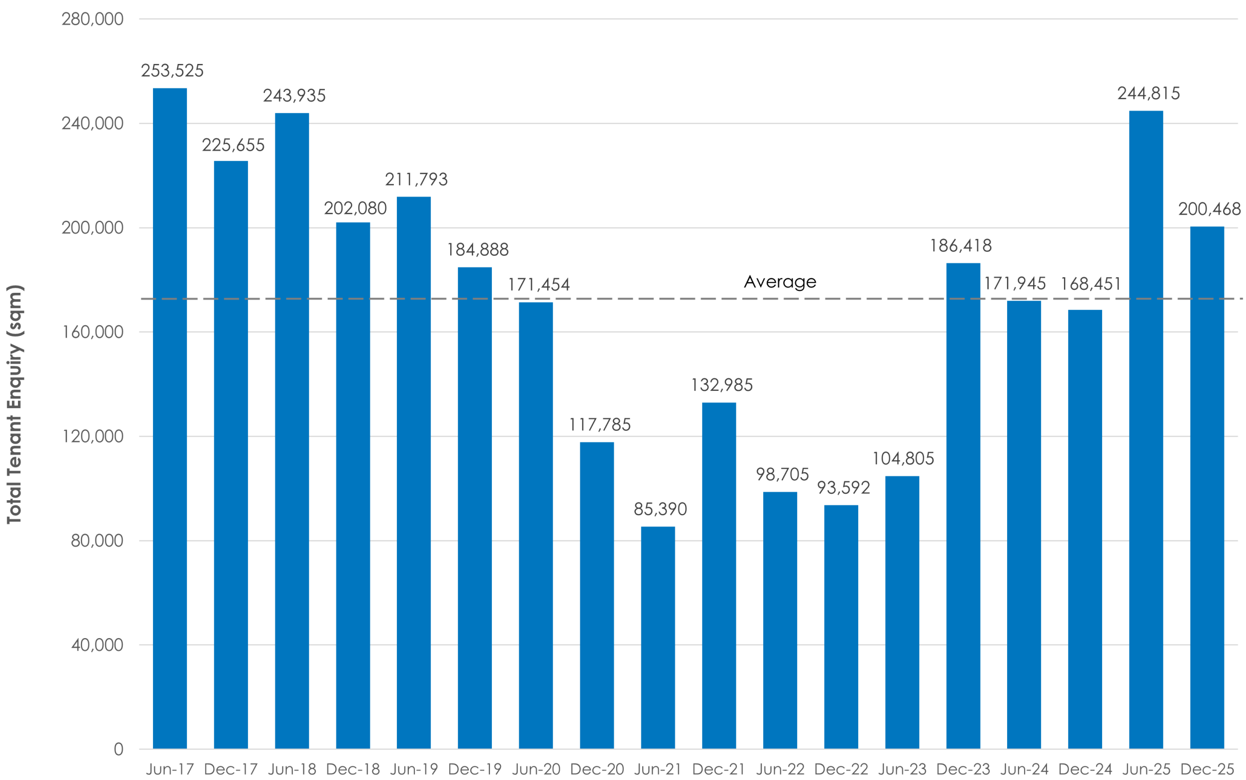
Current Tenant Enquiry by Size (North Shore)

Enquiry Size	Area (sqm)	Number
3,000sqm+	104,500	15
1,000-2,999sqm	45,550	28
500-999sqm	31,328	43
0-499sqm	19,091	74
Total	**200,468**	**160**

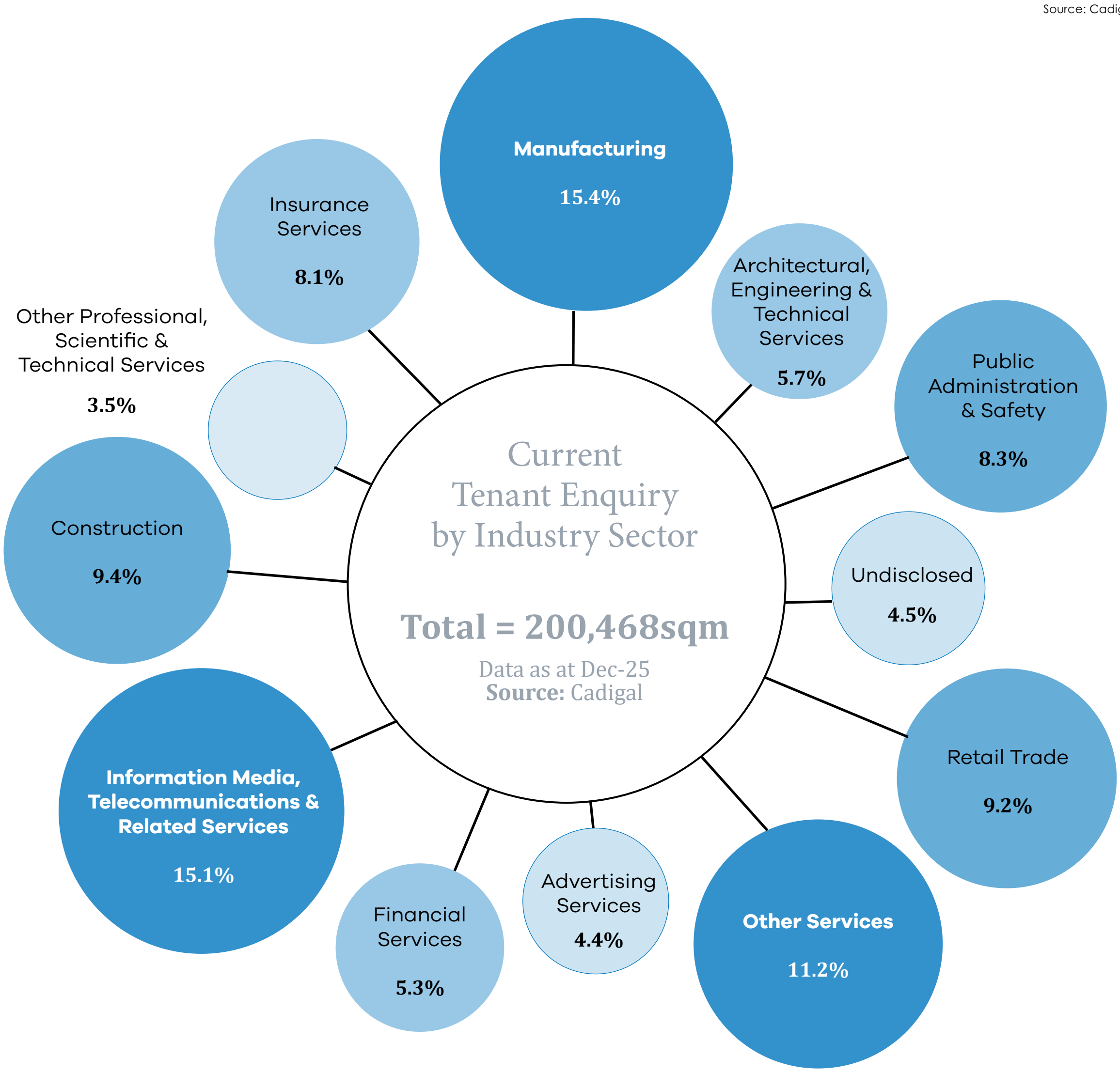
Data as at Dec-25

Examples of larger enquiries to recently emerge in the North Shore market include (top to bottom) **Clemenger, Interactive, Greencross Pet Wellness** and **Boehringer Ingelheim**.

Known Tenant Enquiry - North Shore



Source: Cadigal



Vacancy

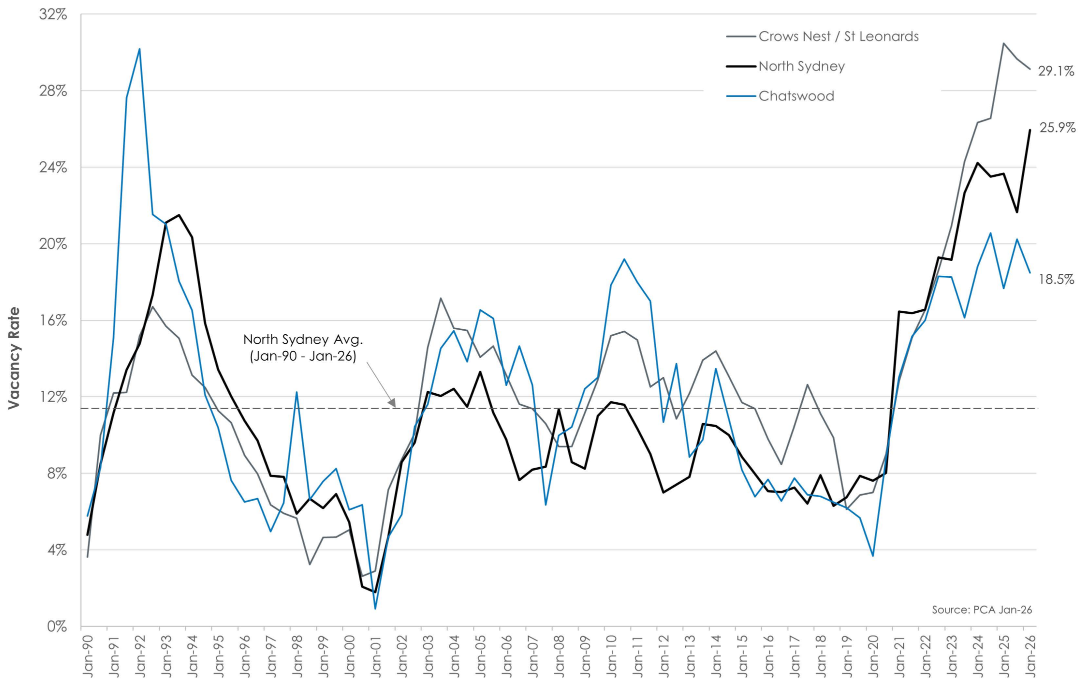
Following the completion of a partially committed **Victoria Cross Tower**, vacancy rates in the major **North Sydney** precinct (25.9%) and the overall **North Shore** market (25.4%) each rose to their respective highs (in 36 years of records).

In **North Sydney**, mild net absorption of 1,514sqm barely impacted **Victoria Cross Tower's** 55,318sqm of new supply, with the vacancy rate rising 430 basis points. In the absence of new supply, equally mild net absorption in **Crows Nest / St Leonards** resulted in its vacancy rate edging down to 29.1%, whilst stronger net absorption in **Chatswood** saw the vacancy rate fall 170 basis points to 18.5%. **Chatswood** has had the lowest vacancy rate on the **North Shore** since Jan-22 albeit the smallest precinct (accounting for 17% of total stock).

The inclusion of the Premium grade **Victoria Cross Tower** turned an extremely low vacancy of 0.9% (or 1,295sqm vacant space) as at Jul-25, into 27.6% (or 53,736sqm) as at Jan-26, a 2,670-basis point increase. The vacancy changes in the other grades were less substantial with A, C and D grade vacancy rates falling 80-210 basis points whilst B grade vacancy rose from 27.6% to 28.8% due to negative net absorption.

Available sublease space in the North Shore office market continues to be very low, dropping 5,879sqm (-30%) over H2 2025 to a total of 13,984sqm. Current sublease availability is less than a third (32%) of the Dec-20 total of 43,636sqm. Whilst sublease space is not materially impacting market rents at present, sizeable tranches can be found at **177 Pacific Highway** (3,428sqm from Vodafone), **80 Pacific Highway** (3,017sqm from Ventia, who has relocated to Victoria Cross Tower) and **101 Miller Street** (2,998sqm from Helia Insurance), all in North Sydney.

Total Vacancy Rates (Jan 1990 - Jan 2026)



Vacancy Rate by Precinct

Precinct	As At Jan-26	As At Jul-25
North Sydney	**25.9%**	21.7%
Crows Nest/St Leonards	**29.1%**	29.7%
Chatswood	**18.5%**	20.2%
Sydney North Shore	**25.4%**	23.3%

Vacancy Rate by Building Grade

Buiding Grade	As at Jan-26	As at Jul-25
Premium	**27.6%**	0.9%
A Grade	**24.6%**	25.3%
B Grade	**28.8%**	27.6%
C Grade	**20.7%**	22.9%
D Grade	**18.1%**	18.9%
Sydney North Shore	**25.4%**	23.3%

Data as at Jan-26

Rents

Face rental growth continued across the North Shore over 2025 with 12-month growth between 4.2% and 7.0%. Growth was stronger in North Sydney, followed by Crows Nest / St Leonards and then Chatswood. Across building grades, growth was led by Premium rents followed by A grade with B grade marginally lower.

Incentives remain high across the North Shore, typically ranging between 38% and 47% with all locations and building grades experiencing upward pressure over 2025. North Sydney incentives generally rose more than the other precincts over the year but still remain generally lower than Chatswood and Crows Nest / St Leonards. By building grade, Premium incentives are markedly lower (300-400 basis points) than both A and B grades, which are currently similar.

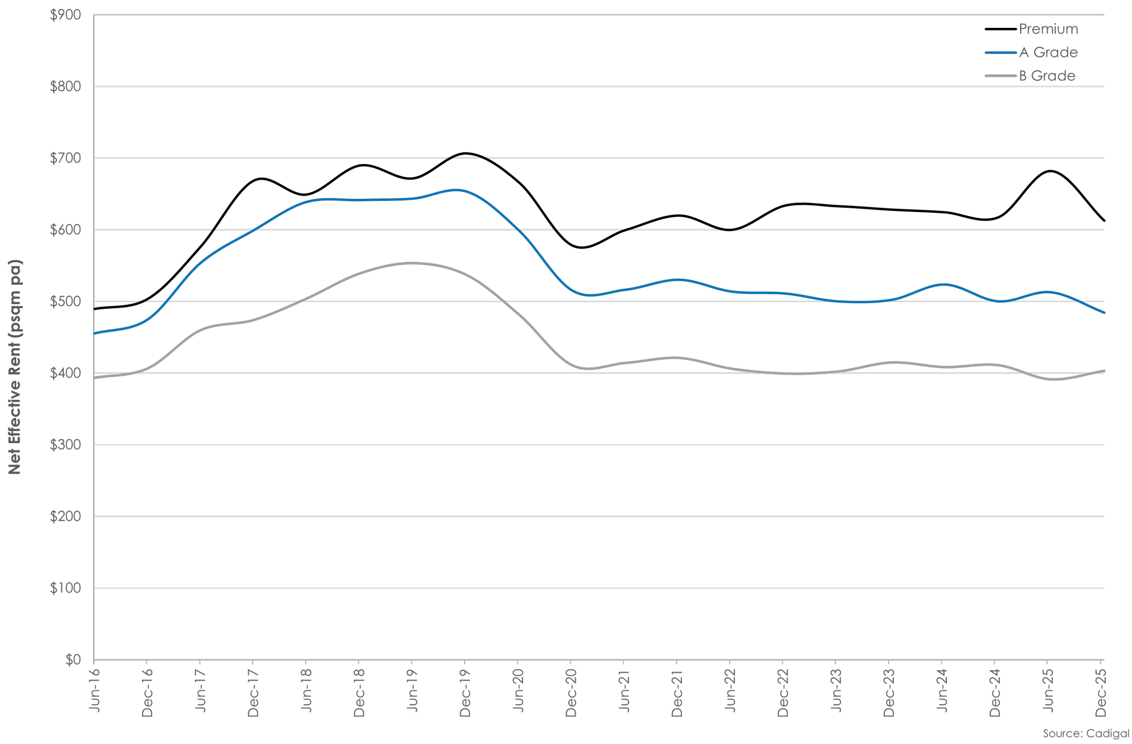
The movement of incentives on face rents over 2025 has led to a wider **effective rental growth** range of -5.8% to 6.2% and resulting in more locations/grades showing *falling* effective rents than *rising* effective rents.

Rents by Precinct and Grade

	PREMIUM			A GRADE			B GRADE		
	Avg. Rate	6 months to Dec-25	**12 months to Dec-25**	**Avg. Rate**	6 months to Dec-25	**12 months to Dec-25**		6 months to Dec-25	**12 months to Dec-25**
North Sydney									
Net Face Rent	**$1,158**	-1.4%	**6.9%**	**$1,000**	-1.0%	**5.5%**	**$842**	0.9%	**5.1%**
Gross Face Rent	**$1,388**	-0.7%	**7.0%**	**$1,182**	0.0%	**4.8%**	**$1,001**	0.8%	**4.2%**
Net Effective Rent	**$613**	-10.2%	**-0.7%**	**$484**	-5.6%	**-3.2%**	**$403**	3.0%	**-1.9%**
Gross Effective Rent	**$842**	-6.9%	**1.4%**	**$667**	-2.7%	**-2.1%**	**$561**	2.2%	**-1.5%**
Crows Nest / St Leonards									
Net Face Rent	**-**	-	-	**$701**	0.0%	**3.5%**	**$525**	5.5%	**5.5%**
Gross Face Rent	**-**	-	-	**$880**	1.0%	**3.8%**	**$672**	5.1%	**5.1%**
Net Effective Rent	**-**	-	-	**$301**	-1.3%	**1.7%**	**$220**	6.2%	**6.2%**
Gross Effective Rent	**-**	-	-	**$479**	1.0%	**2.9%**	**$367**	5.1%	**5.1%**
Chatswood									
Net Face Rent	**-**	-	-	**$696**	0.8%	**1.9%**	**$584**	2.0%	**3.9%**
Gross Face Rent	**-**	-	-	**$839**	0.6%	**2.5%**	**$737**	1.6%	**3.5%**
Net Effective Rent	**-**	-	-	**$325**	-5.0%	**-5.8%**	**$267**	1.2%	**-0.4%**
Gross Effective Rent	**-**	-	-	**$468**	-3.7%	**-2.7%**	**$420**	0.8%	**0.5%**
North Shore									
Net Face Rent	**$1,158**	-1.4%	**6.9%**	**$846**	-0.4%	**4.3%**	**$765**	1.5%	**5.1%**
Gross Face Rent	**$1,388**	-0.7%	**7.0%**	**$1,017**	0.3%	**4.1%**	**$921**	1.3%	**4.3%**
Net Effective Rent	**$613**	-10.2%	**-0.7%**	**$396**	-4.6%	**-2.8%**	**$360**	3.2%	**-1.1%**
Gross Effective Rent	**$842**	-6.9%	**1.4%**	**$568**	-2.1%	**-1.2%**	**$516**	2.4%	**-0.6%**

Data as at Dec-25

Net Effective Rent - North Sydney



Outlook

With the completion of Victoria Cross Tower, the **supply outlook** for the North Shore is positive with no new office supply expected until 2029, at the earliest. It is more likely that total stock *decreases* rather than *increase* over the next few years with change-of-use development applications being lodged and progressively approved.

Tenant demand on the North Shore has been subdued for a long time but with positive net absorption (albeit mild) coupled with sustained above-average **tenant enquiry**, there is optimism and expectation that net absorption will continue and improve, underpinned by continued centralisation by tenants.

Both the North Shore, and the North Sydney precinct, **vacancy rates** rose to record highs over H2 2025 due to the completion of Victoria Cross Tower. But the **outlook for vacancy rates is downward** with no supply increases, and likely decreases, expected over the medium term. How much vacancy rates fall will depend on the strength of tenant demand i.e. net absorption.

Face rental growth will continue, with varied performance from asset-to-asset persisting whilst vacancy levels remain high. **Incentive levels** are not expected to rise much further now that Victoria Cross Tower has completed and no new supply will be delivered in the next few years.

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