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InFocus

A Perspective on
Commercial Property
in Canberra

2025 EDITION

WRITTEN BY
Dylan Bolger

EDITORS
Andrew Smith
Gareth Halverson

CONTRIBUTORS
Lenny Haddrill
David Grimmond
Dania Khalil

FOR MORE INFORMATION:

SALES & LEASING

andrew.smith@civium.com.au

david.grimmond@civium.com.au

dania.khalil@civium.com.au

lenny.haddrill@civium.com.au

PROPERTY MANAGEMENT

phil.parker@civium.com.au

kym.lovett@civium.com.au

All information in this report is current as of 30 October 2025

Welcome

We are excited to share our experiences in the commercial property market from the past year, and hopefully offer you some valuable insights to what we believe is the current state of the market.

Andrew Smith
Managing Director

In our experience, Canberra's commercial property market had varying levels of success in the past twelve months. Success was driven by the asset and industry type.

OFFICE

The local office market has remained stable across the majority of 2025. A 'flight to quality' has contributed to a slight rise in vacancies. However, Canberra still has one of the lowest vacancy rates among Australia's capital cities (10.7% as of July 1 2025). We have seen a reluctance to commit from office tenants, where they are still assessing the impacts of 'work from home' and ongoing fitout and lease costs. There is also a large divergence in rents occurring from B-Grade or lower stock, to new A-Grade, with new A-Grade buildings leasing from $700 to $800 per sqm gross, and B-Grade still around $400-$500 per sqm gross.

*Overall, yields for fully leased assets are still sitting around **6.5%–7.5%.***

RETAIL

The ACT's retail market has shown mixed performance in 2025. Suburban centres continue to attract strong interest from both investors and tenants. However, activity in the CBD has noticeably slowed. Suburban centres anchored by supermarkets and containing attractive hospitality businesses have traded strongly. The CBD continues to be a large construction site, with light rail works around London Circuit and upgrades to Garema Place negatively impacting vehicle and pedestrian movement, and in-turn, surrounding businesses.

HEALTH AND MEDICAL

Investment in the health and medical market is driving demand from practitioners and investors alike; we expect this to continue. Owner-occupiers are active in this sector, generally requiring spaces between 100sqm to 300sqm, with 'Health Facility' as an allowable use.

INDUSTRIAL

Canberra's industrial market has somewhat stabilised in 2025. Owner-occupier demand has been strong, especially in Fyshwick and Mitchell. Land values appear to have also stabilised, thanks to new parcels now emerging in the Queanbeyan region and pent-up demand now satisfied.

YIELDS

Overall, yields for fully leased assets are still sitting **around 6.5%–7.5%**. This is dependent on the asset type, location, and the tenancy profile.

HIGH PERFORMING ASSETS

This past financial year we received higher interest for properties valued between $1,000,000 to $3,000,000. Assets in this range were typically purchased through self-managed superfunds, private individuals, or through family trusts.

Assets in this price bracket, and 100% leased, received the highest level of enquiry. However, assets that were partially leased or had tenant risk have been more challenging.

ASSETS ABOVE $3 MILLION

For assets valued between $3,000,000 to $10,000,000, enquiry levels have been lower. Again, partially leased assets have been more challenging to sell, regardless of asset type and value.

THE OUTLOOK

Looking forward we anticipate strong sale activity to continue in the services, trade and industrial precincts such as Belconnen, Phillip and Fyshwick.

Across the market, investors should be looking for assets where the existing lease profile has rents below market rates.

We're finding in some of the service trades and industrial areas; there are existing assets that may have low rental levels or tenancy agreements that were entered into during the COVID period.

Rents in these assets are likely below current market rates. If an investor can identify an asset where rents can be increased as leases expire over time, that presents the best opportunity to add value to existing properties.

> *Across the market, investors should be looking for assets where the existing lease profile has rents below market rates.*

Notable Sales

1, 5 & 9 Val Reid Crescent, HUME
$12,000,000 • 15,012sqm site
This conjunctional land sale was completed off-market and broke the record for land sales in Hume at $800 per sqm.

150 Narrabundah Lane, SYMONSTON
$7,200,000 • 30,995sqm site
Featuring over 30,000sqm of broadacre-zoned land, this *Expressions of Interest* campaign generated over 60 enquiries and 20 site visits.

76 Cowlishaw Street, GREENWAY
$6,700,000 • 2,690sqm NLA
Sold through an *Expressions of Interest* campaign, with a long-term tenant in place, and future redevelopment potential.

30-32 Colbee Court, PHILLIP
$2,150,000 • 650sqm NLA
This 100% tenanted investment was sold through *Expressions of Interest*, highlighting the strong investor demand in Phillip.

50-52 Colbee Court, PHILLIP
$2,075,000 • 614sqm NLA
With excellent street frontage to Colbee Court and rear parking, this site was popular with owner-occupiers and investors alike.

272 Crawford Street, QUEANBEYAN
$1,725,000 • 422sqm NLA
This office/retail investment was sold through an *Expressions of Interest* campaign, attracting over 50 enquiries within four weeks.

Office

Despite vacancy increases and continued uncertainty around remote and collaborative working trends, Canberra remains among the most tightly held office markets in Australia, thanks largely in part to the enduring Public Service presence.

According to the latest report from the Property Council of Australia, Canberra's office vacancy increased to 10.7%, an increase of 2.4% since our previous report 12 months ago. This is still well below the **national average of 13.7%**. As a result, Canberra continues to present a compelling case for developers and investors seeking a viable market.

The completion of new A-Grade stock is the major driver for the increase in vacancy, however, net absorption has remained positive. By the end of 2025, over 109,000sqm of new office space will have entered the market.

Prime rents have increased slightly, as have incentives. Prime rents in Civic for brand-new buildings have increased to around $700-$800 per sqm, non-Civic prime rents also increased to approximately $400–$500 per sqm in other centres.

Attracting government-related tenants will likely remain a key driver of office asset performance in Canberra. As government agencies increasingly prioritise sustainability and move toward net-zero targets, minimum NABERS rating requirements are becoming more influential in leasing decisions.

Key Insights

NEW SUPPLY	Approximately 109,000sqm of new supply will have entered the market in 2025, with an additional 53,000sqm scheduled in 2026.
VACANCIES	Increased slightly to 10.7% in July 2025, above the historic average of 8%.
'FLIGHT TO QUALITY' AND ESG STANDARDS	Driving businesses and Government towards A-Grade stock. This impacted net absorption of lower grade stock.

INVESTOR OUTLOOK

Owners of lower grade stock may need to consider capital upgrades to improve energy efficiency and accessibility to be competitive with newer, more environmentally efficient stock. These upgrades could include improvements to insulation, HVAC upgrades, lighting and appliance upgrades, and lift installation.

Some owners may choose not to invest in upgrades due to the costs, but this could significantly narrow their tenant pool to businesses already reconsidering their options. These groups may need to consider offering higher incentives to entice groups to enter an agreement.

Retail

Canberra's retail property market continues to show resilience despite broader economic pressures. This stability is due in part by sustained population growth, the enduring presence of government infrastructure and employment, and ultimately higher average salaries and discretionary income.

Retail yields remained stable over the past 12 months, at approximately 6.00% to 6.75% for fully leased assets across the ACT. This reflects continued investor confidence and strong demand for well-located retail assets.

Investor and tenant interest has been particularly strong in services and trades precincts such as Phillip, Belconnen, and Fyshwick. Notably, recent sale campaigns for 30–32 and 50–52 Colbee Court in Phillip attracted over 100 enquiries combined, with both assets settling for over $2,000,000. These results highlight the depth of demand for retail properties in established suburban hubs.

The pipeline of mixed-use developments across Canberra presents significant upside potential. In West Belconnen, the planned expansion of 'Kippax Fair' will triple the existing retail footprint and introduce two major supermarkets alongside 300 new residential dwellings. Meanwhile, Woolworths has secured the tender for the SLA's 'Moncrieff Group Centre', with plans to deliver up to 90 dwellings integrated with commercial space. As land availability tightens, the ACT Government continues to prioritise mixed-use zoning, ensuring residential growth is matched with accessible retail and essential services.

Key Insights

YIELDS	Retail yields range from 6.00% to 6.75%, reflecting strong investor demand.
TRANSACTIONS	Smaller assets in trade precincts saw highest enquiry levels across 2025.
MIXED-USE LAND RELEASES	214,000sqm of mixed-use land to be released over the next five years. The majority of this will be outside the major town centres.

INVESTOR OUTLOOK

As Canberra's urban footprint expands, particularly west, investors and developers should closely monitor emerging suburbs. These areas offer early entry opportunities into growth corridors that are expected to benefit from increasing population density, infrastructure investment, and evolving retail demand.

Owners in Civic are faced with a strategic decision similar to that of the COVID-period; either offer enhanced incentives or rental adjustments to entice businesses, or accept partially tenanted assets until construction works are completed, after which we anticipate activity to pick up once more.

Health & Medical

The health and medical property sector continues to demonstrate stability and the strongest long-term outlook of all asset types in the ACT. Despite rising costs to retain assets, including the newly introduced Health Levy and increased rates, investors remain confident.

This confidence is underpinned by sustained demand for healthcare services, a growing and aging population, and record government investment in infrastructure and support.

The 2025–26 ACT Budget commits $1,190,000,000 to the public health system, funding major projects such as the redevelopment of North Canberra Hospital, the Canberra Hospital Master Plan, and new Health Hubs in Gungahlin and the Inner South. These developments are expected to drive increased demand for commercial property in surrounding areas.

To support this investment, the Government has introduced a $250 annual Health Levy on commercial properties for four years, alongside a 3.75% increase in rates. Properties with an unimproved value over $1,000,000 are subject to new thresholds, adding further pressure to ownership costs.

Sales activity remains limited, with assets tightly held due to the sector's perceived stability. Leasing is dominated by renewals, as medical practices opt to stay in place rather than relocate, reflecting both strong tenant demand and limited supply.

Key Insights

MARKET DEMOGRAPHICS	Continue to be anchored by medical professionals looking to own-occupy.
NEW INVESTMENT	The ACT Government committed over $1 billion to healthcare services.
SUBURBAN STRENGTH	Interest strong at a suburban level where new hubs are being developed.

INVESTOR OUTLOOK

We regularly receive enquiries on our listings about whether assets have *medical use* or *health facility* included in its purpose use, particularly around these upcoming health hubs.

Owners are encouraged to consider applying for a crown lease variation to incorporate medical use, particularly in suburban areas. While the process can be costly, we believe the long-term uplift in value and tenant appeal will still provide great returns in the long term.

Industrial

Canberra's industrial property sector has been one of the strongest performers in the commercial property space. However, signs of change are emerging as supply begins to catch up with demand, prompting a shift in market behaviour.

The industrial sales market remains active, particularly for smaller vacant warehouses under $1,000,000 in Fyshwick. Buyers are typically business operators looking to own and occupy. Investors are still present but seeking already tenanted properties. Yields overall are steady at around 7%. Interest in larger warehousing, above 500sqm, has slowed.

Leasing activity across Canberra's industrial hubs has been slower than expected. Existing tenants are choosing to renew rather than relocate, and there's limited entry from new businesses. This has introduced some uncertainty around the leasability of new developments. Having said this, there has been a recent spike in larger tenants, over 1,000sqm, coming to the market, with new briefs coming forward in the last month. Tenants now need to consider rents in the $220–$275 per sqm bracket for new assets.

Industrial land prices remain at record highs of $750–$850 per sqm, though pressure has eased slightly due to new supply across the border in nearby Queanbeyan.

Key Insights

YIELDS	Industrial yields remain around 7% for industrial investments across the ACT.
HUME	Developments in Hume have now matched demand, stabilising interest there.
LAND SALES	Dominated by groups looking to build strata-titled lots and sell to meet construction costs.

Rising construction costs are slowing large-scale projects, with developers now favouring smaller, strata-titled complexes.

INVESTOR OUTLOOK

Looking ahead, a potential rate at the end of this year could help stimulate renewed market activity and boost confidence across the industrial sector. A rate cut would not only benefit investors looking for better yield opportunities, but businesses looking to free up capital and secure the right site, whether through leasing or owning.

Our Team

Civium has proudly led Canberra's commercial property market for over 20 years, earning trust through our diverse portfolio and longstanding client relationships.

From boutique investors to institutional funds, our expertise ensures tailored solutions that meet each client's unique needs. More vendors entrust Civium with property sales than any other independent agency in Canberra.

Beyond transactions, a partnership with Civium extends to comprehensive support.

Our Commercial Property Management Team collaborates closely with our Sales & Leasing Team to ensure optimal tenant selection, providing investors with secure rental returns and tenures.

Commercial Sales & Leasing

Doug O'Mara
Chairman

Andrew Smith
Managing Director

David Grimmond
Director
Commercial Sales & Leasing

Dania Khalil
Director
Commercial Sales & Leasing

Lenny Haddrill
Commercial
Sales & Leasing Executive

Property Management

Phil Parker
Director
Property Management

Kym Lovett
Director
Property Management

Luke Robins
Commercial
Property Manager

Riah Low
Commercial
Property Manager

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