

MARKET FUNDAMENTALS

	YOY Chg	Outlook
\$16.6B Investment Volume (AUD)	▲	▲
\$48.1b Rolling Annual Volume (AUD)	▲	▲
374 properties Sold	▲	▲
44% Foreign Investment	▼	▲

Source: MSCI Real Capital Analytics, Cushman & Wakefield

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.3% GDP Growth	▲	▲
2.1% Consumer Price Index	▲	▲
4.1% Unemployment	▲	▲
4.3% Australian 10-Yr Treasury Yield	▼	▼

Source: ABS, RBA

ECONOMIC OVERVIEW:

A subdued quarterly inflationary reading has put another 25 basis points (bps) cut to the Cash Rate by the Reserve Bank of Australia (RBA) squarely in focus when they meet in August and increases the probability of a cut before the end of the third quarter. Both core inflation (2.5% YoY) and the RBA's preferred trimmed mean measure (2.1% YoY) where also cooled slightly and were within the 2% to 3% target band. Although the monthly data only presents a partial reading of inflation, and can be volatile, there has been a clear disinflationary trend evident in the data over the past several months.

Looking at GDP, Oxford Economics lowered the 2025 growth forecast to 1.5%, though still accelerating from 1.3% in 2024. However, this situation continues to evolve which could result in the outlook for growth being revised.

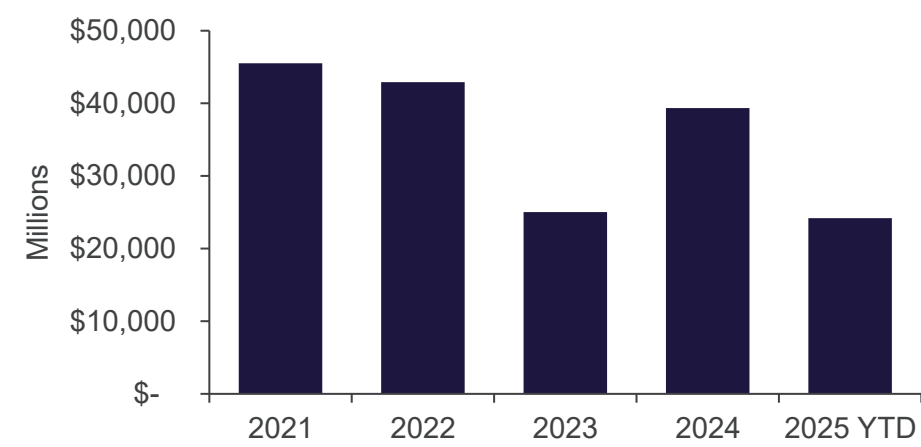
TOTAL INVESTMENT ACTIVITY:

Despite ongoing geopolitical uncertainty, Australia's commercial real estate investment market is showing clear signs of renewed strength and accelerating recovery. Q2 2025 recorded \$16.6 billion in transactions, the highest quarterly total since Q4 2021, underscoring growing investor confidence and sustained market momentum. This marks the sixth consecutive quarter of rolling annual growth, lifting the 12-month total to \$48.1 billion, the strongest result since Q3 2022 and a clear indicator that the recovery is not only underway but gaining pace.

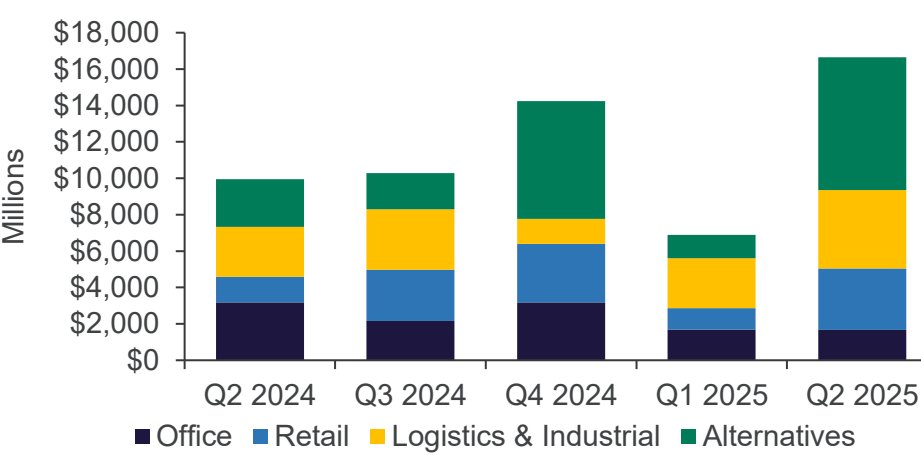
Cross-border capital played a pivotal role in this resurgence, contributing \$7.4 billion, or 43% of total investment. Two landmark transactions, the Aveo portfolio and the GIC PBSA portfolio sales, accounted for \$5.5 billion of this, highlighting the scale and strategic intent of offshore investors. The Alternatives sector led the market with \$7.6 billion in transactions, representing 44% of total volume and an impressive 77% of all cross-border capital. This surge reflects a deepening appetite for alternative assets and growing confidence in the sector's maturity and long-term potential.

The Logistics & Industrial (L&I) sector also delivered a standout performance, attracting \$4.3 billion, the highest quarterly total since Q4 2021, driven by strong fundamentals and resilient demand. Retail followed closely with \$3.4 billion in transactions, with the top five deals accounting for half the volume, signalling continued interest in well-located and high-performing retail assets. While the Office sector remains challenged, it still recorded \$1.7 billion in activity, with Sydney and Brisbane leading the way, suggesting selective investor interest in core markets.

INVESTMENT SALES VOLUME

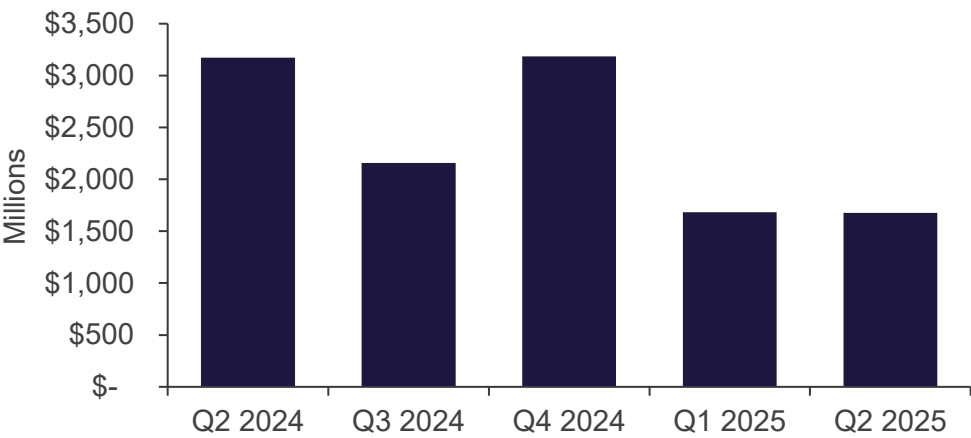


INVESTMENT SALES VOLUME BY SECTOR



Source: MSCI Real Capital Analytics

OFFICE

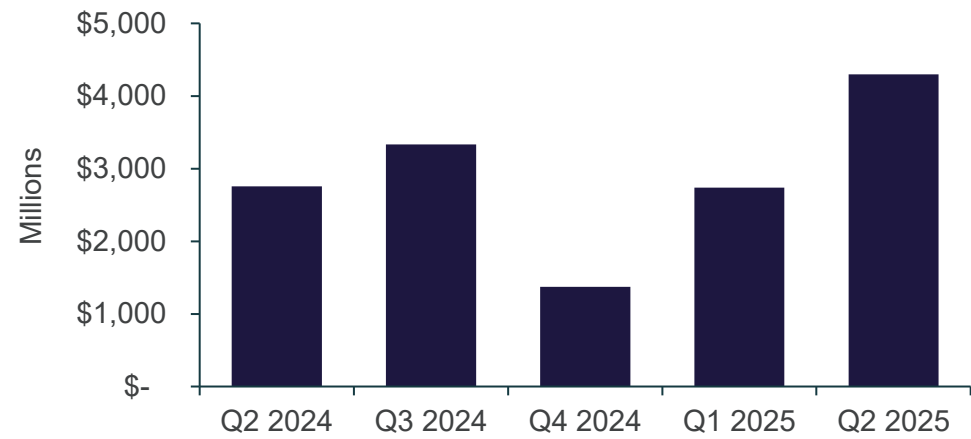


OFFICE:

While the office sector continues to face some headwinds and recorded a relatively subdued second quarter, early signs of recovery are beginning to emerge. The \$1.7 billion in Q2 transactions remains below the long-term average, but improving fundamentals are building momentum. Across major office markets, we are beginning to see rental growth, stronger tenant absorption, and a lift in business sentiment. These fundamentals are laying the groundwork for renewed investor and vendor confidence.

Significant transactions this quarter included MECGP acquiring a 10% stake in Salesforce Tower in Sydney, Gold Coast City Council purchasing Corporate Centre One from RF Corval for \$109 million and Centennial acquiring an 11-level office tower at 63 Pirie Street in Adelaide from Raptis Group for \$50.5 million.

LOGISTICS & INDUSTRIAL



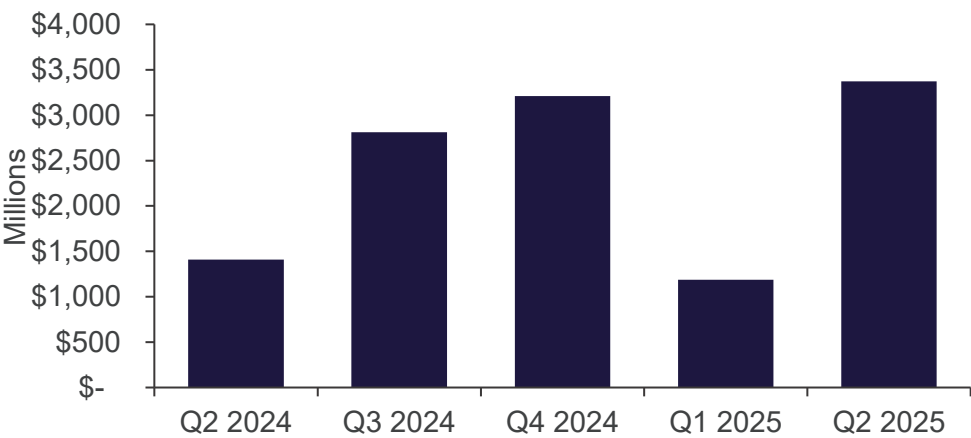
* Includes Data Centres

LOGISTICS & INDUSTRIAL:

The logistics and industrial sector continues to outperform, with strong rental, vacancy and absorption metrics driving growth across the major markets. Q2 saw \$4.3 billion in transactions, marking the strongest quarter since Q4 2021 and the third consecutive period of growth. This sustained momentum is being further fuelled by steady cross-border capital inflows and a high volume of portfolio transactions, particularly along the eastern seaboard.

In notable transactions for the sector this quarter, GPT Group and Canada's QuadReal Property Group have announced a new partnership. GPT will seed the venture by selling down a number assets, retaining a 20% co-investment interest. QuadReal will commit approximately A\$400 million for an 80% stake in the partnership. In Brisbane JD.com acquired the Wacol Logistics Hub for \$253.5 million from ESR.

RETAIL



RETAIL:

The retail sector has continued its cyclical pattern, rebounding strongly in Q2 after a typically slower start to the year. Investment volumes reached \$3.4 billion, the highest quarterly total since Q4 2021, driven by a diverse mix of asset types and renewed activity from institutional investors. The top five deals accounted for 60% of the quarter's total, reflecting broad-based interest across different retail formats. The re-emergence of listed groups, superannuation funds, and offshore investors is building further momentum in the sector.

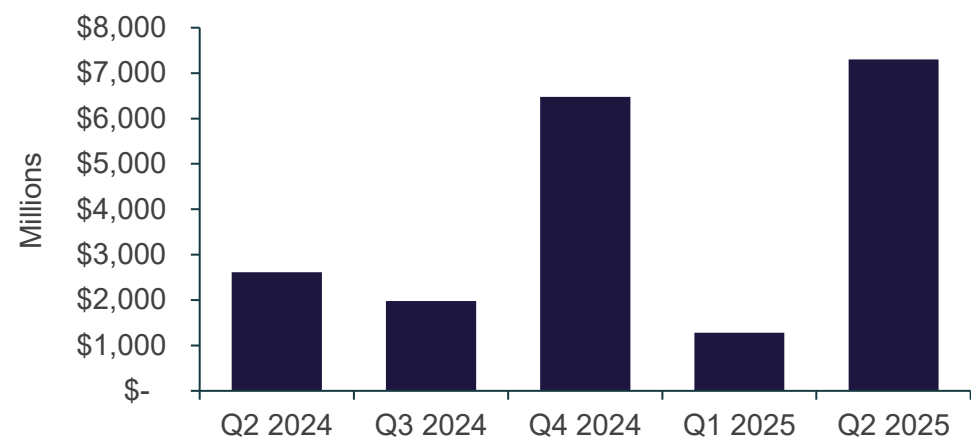
In the largest retail deal of the quarter, UniSuper purchased Macquarie Centre in Ryde, Sydney from Dexus for \$830 million. Additionally, EK Nominees sold St Ives Shopping Village to Iris Capital for \$450 million, QIC sold Woodgrove Shopping Centre to PGIM Real Estate and Assembly Funds Managment for \$440 million, and IKEA acquired the IKEA Perth from landlord GDI Property Group for \$164 million.

OUTLOOK

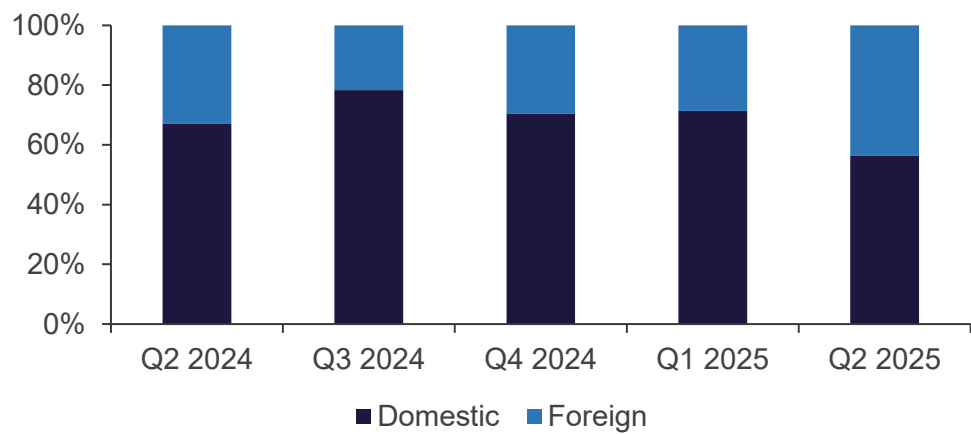
- Economic growth is expected to continue to accelerate through 2025 and 2026 , as Gross Domestic Product recovers to longer term averages.
- Inflation has eased from its peak. While forecasts vary on the extent of rate cuts, the RBA has commenced its cutting cycle, which is expected to continue in the second half of the year.
- 2024 investment volume significantly surpassed 2023 levels, and 2025 has almost surpassed 2023 in the first six months. As the sectors recover further, 2025 investment volume is expected to continue to strengthen and improve on 2024 (currently at 62% of 2024).
- In the office sector, pricing suggests that the market has bottomed out and is firmly in the recovery cycle, though the pace of recovery is expected to vary across cities and precincts.
- The logistics and industrial sector is anticipated to experience ongoing rental growth throughout 2025. Additionally foreign capital is expected to continue to contribute significantly to L&I investment volumes.

Source: MSCI Real Capital Analytics

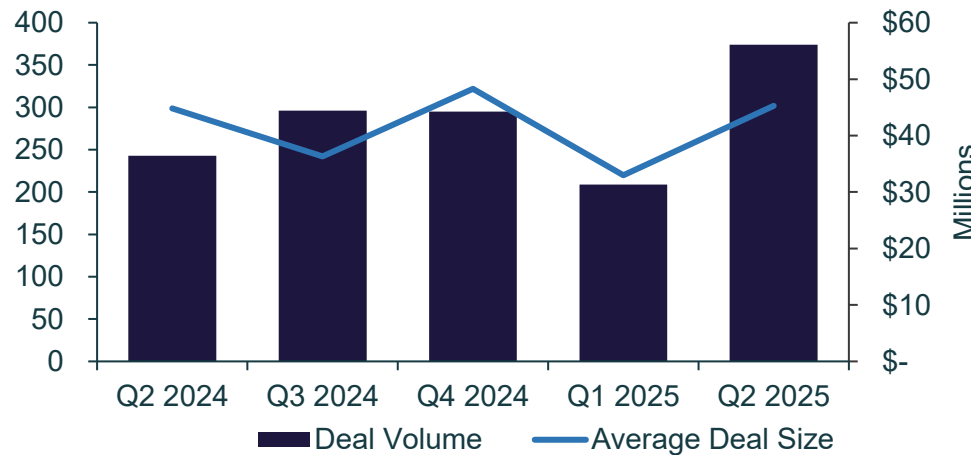
ALTERNATIVES



FOREIGN INVESTMENT



DEAL METRICS



Source: MSCI Real Capital Analytics

ALTERNATIVES:

The alternatives sector continued its strong run of activity, recording \$7.3 billion in transactions during the second quarter, its second-highest quarterly total on record, just behind the \$8.2 billion achieved in Q4 2021. This elevated level of investment was driven by significant cross-border capital targeting large-scale portfolio transactions, particularly across the living sectors of, student accommodation, and seniors housing. The scale and diversity of these deals reflect growing investor confidence in alternatives as a resilient and increasingly mainstream component of the commercial real estate landscape.

Key deals during the quarter included the landmark \$3.85 billion sale of Aveo by Brookfield to Scape, marking the largest direct real estate transaction in Australian history. In another significant portfolio deal, Greystar acquired a seven-property purpose-built student accommodation (PBSA) portfolio from the GIC / Wee Hur joint venture for \$1.6 billion, further underscoring the sector’s appeal to global institutional investors.

FOREIGN INVESTMENT:

Foreign capital remained a key driver of the Australian commercial real estate market in Q2, accounting for 44% of total investment activity, approximately \$7.38 billion. This level of offshore participation reflects sustained global confidence in Australia’s economic fundamentals, transparent regulatory environment, and relative political stability. International investors were particularly active in large-scale portfolio transactions, with a strong focus on the alternatives and industrial sectors, which offer scale, long-term income streams, and demographic-driven demand

Cross-border investment in Q2 was led by capital from the United Kingdom, which contributed \$3.85 billion, more than half of all foreign investment. The United States followed with \$2.18 billion, reflecting continued strong interest from North American institutional investors. Canada, China, and Japan also featured prominently, each contributing between \$275 million and \$370 million.

TRANSACTION LOCATION, VOLUME AND SIZE:

In Q1, Multi-state portfolios sales led the transaction activity, accounting for 37% of the total investment volume. New South Wales followed with a 27% contribution, and Queensland with 17%.

The number of transactions in Q2 was up on last quarter, with 374 recorded as the end of financial year pushed some sales ahead, marking the second most active quarter in C&W records. The average deal size was up on Q1 at \$45 million, but in line with Q2 of last year, elevated by the billion dollar plus deals.

OUTLOOK

- Investment into the retail sector is anticipated to carry forward the positive trajectory established in 2024, with investment volumes expected to continue growing. Strong demand for core assets is likely to result in some yield compression.
- The alternatives sector is expected to build on momentum from 2023 and 2024. Living sector assets are expected to be in high demand over H2 2025.
- Foreign investment to remain strong through the back half of 2025, though it is expected to fall slightly after a record breaking second quarter.

SIGNIFICANT SALES

PROPERTY	TYPE	BUYER	SELLER	PURCHASE PRICE (AUDm)	LOCATION
Aveo Portfolio	Alternatives	Scape Australia (The Living Company)	Brookfield	\$3,850	Aus- wide
GIC PBSA AUS Portfolio 2025	Alternatives	Greystar	Wee Hur Holdings Ltd / GIC	\$1,600	Aus-wide
Macquarie Centre	Retail	UniSuper	Dexus	\$830	Sydney
St Ives Shopping Village	Retail	Iris Capital	EK Nominees P/L	\$450	Sydney
Woodgrove Shopping Centre	Retail	PGIM Real Estate / Assembly Funds Managment	QIC	\$440	Melbourne
GPT QuadReal Logistics Trust 2 (GQLT2)	Industrial	Quadreal Property Group	GPT	\$370	Aus-Wide
Wacol Logistics Hub	Industrial	JINGDONG Property, Inc.	ESR	\$254	Brisbane

Sources: MSCI Real Capital Analytics, Cushman & Wakefield Research transactions over \$5 million

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