MARKETBEAT
PERTH
LOGISTICS & INDUSTRIAL Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
2.5% Vacancy Rate	▲	–
6.25% Average Prime Yield	–	▼
2.0% Prime QoQ Rental Growth	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.8% National GDP Growth	▼	▼
2.9% State Final Demand Growth	▲	▲
4.2% National Unemployment Rate	▲	▲

Source: ABS

ECONOMIC OVERVIEW

The demand side of the economy remains strong, though this may be temporary. A rebound in demand pushed inflation higher in July, dampening expectations of a rate cut at the RBA's 30 September meeting. GDP grew 0.6% Q-o-Q in Q2 (up from 0.3% in Q1), driven mainly by stronger private consumption. Despite this, the data is unlikely to shift the RBA's policy path. July's CPI rose to 2.8% Y-o-Y (from 1.9% in June), largely due to the expiry of electricity subsidies.

Western Australia's economic growth is expected to grow at a faster pace than other states, with Gross State Product forecast to increase by 2.5% in 2025 and 4.3% in 2026.

DEMAND

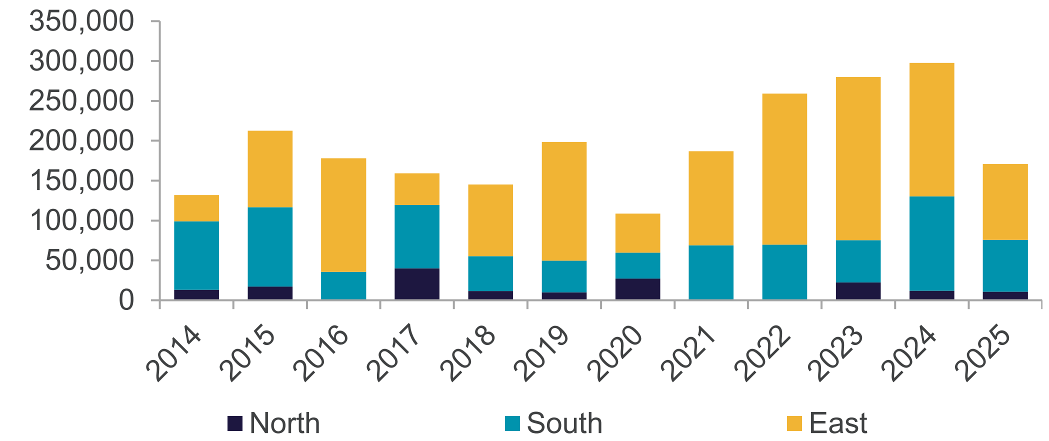
Perth's industrial market continues to display undersupply characteristics, with a key challenge for occupiers being the lack of available space in certain size brackets. Vacancy in core precincts for facilities below 6,000 sqm remains extremely tight, forcing some tenants into the pre-lease market, even for requirements under 3,500 sqm.

Gross take-up in Q3 2025 was broadly in line with the long-term quarterly average of around 50,000 sqm, taking year-to-date volumes to just over 170,000 sqm. Recent transaction evidence underscores the two-tier market, with more than 70% of deals by number occurring in the sub-8,000 sqm range. This sits in contrast to the current vacancy profile, where around half of the available stock comprises facilities larger than 8,000 sqm.

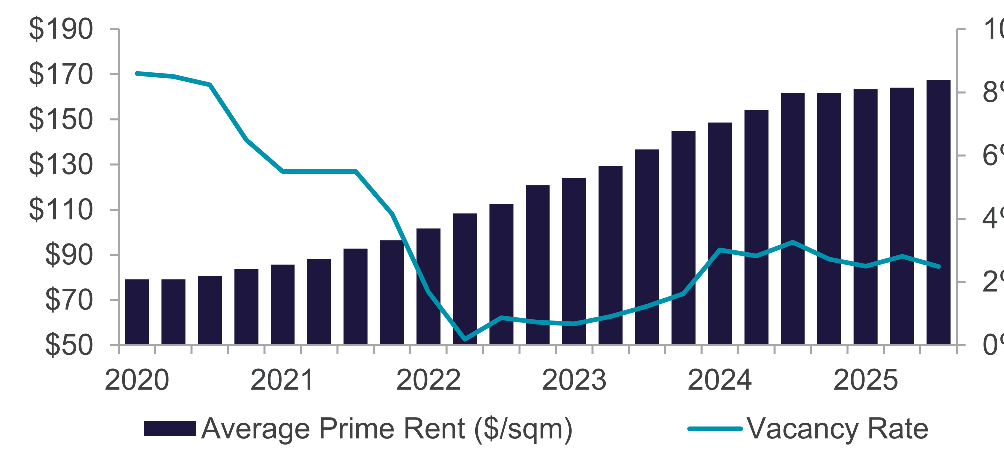
Net absorption remains in positive territory, with almost 30,000 sqm absorbed for 2025; however, it does highlight the broader national theme that expansionary activity remains below the levels recorded over the past five years.

The East and South submarkets remain the most active, supported by the transport and logistics sector seeking central warehouse space, while workshop enquiry is particularly strong, yet tenant relocations and expansions are often not being facilitated due to limited vacancy.

GROSS TAKE-UP (SQM)



VACANCY & AVERAGE PRIME RENTS



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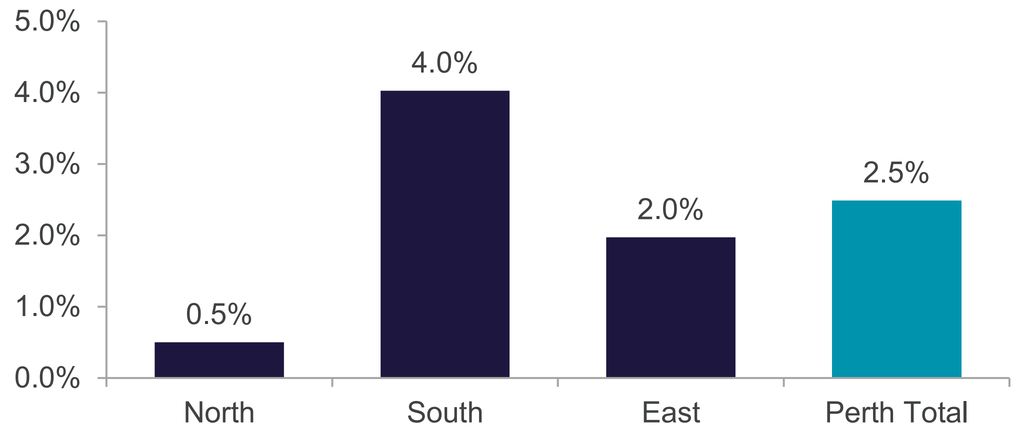
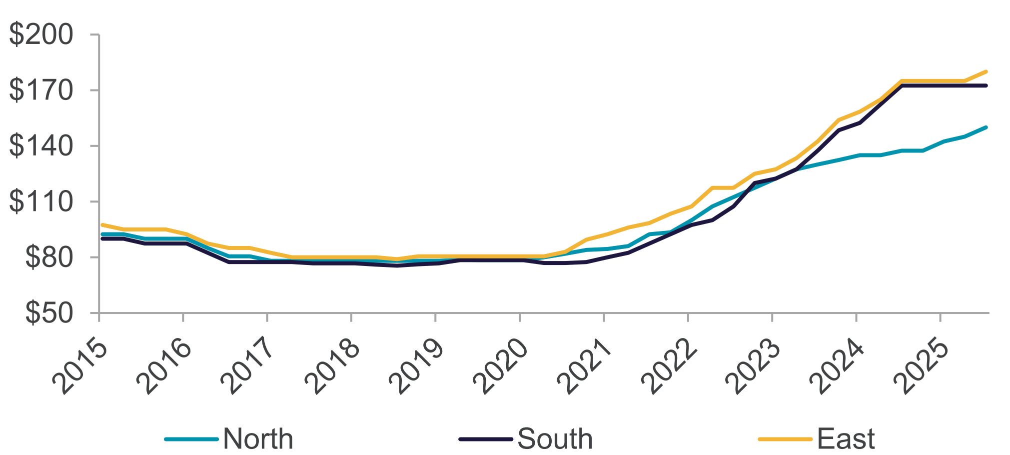
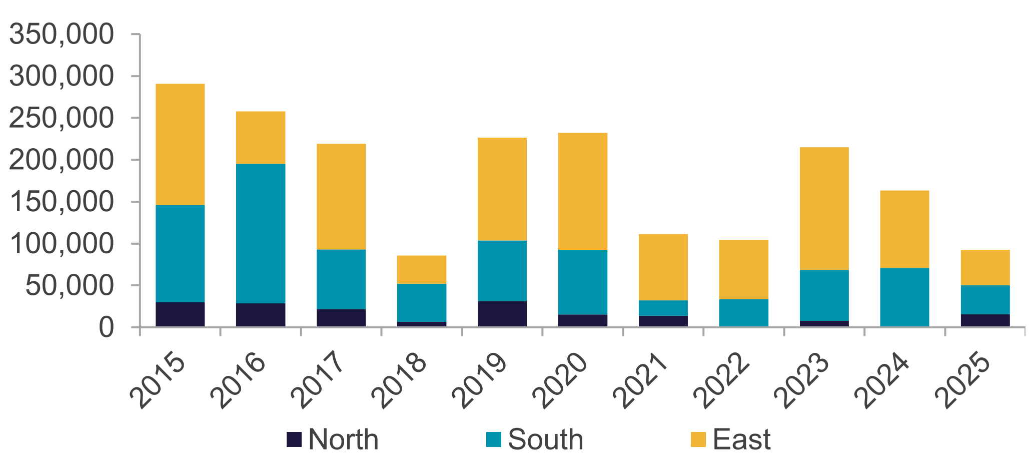
Q3 2025 VACANCY RATES BY SUBMARKET



PRIME NET FACE RENTS BY SUBMARKET ($/SQM)



SUPPLY BY SUBMARKET (SQM)



VACANCY

Recent leasing activity and limited new supply additions have supported a drop in Perth's vacancy rate. As of Q3 2025, the vacancy rate stands at 2.5%, down from 2.8% in the quarter prior.

Stock above 10,000 sqm still comprises the majority of stock (62% of vacant floorspace), with three buildings above 20,000 sqm skewing the headline vacancy rate in the South and East submarkets. Sublease availability increased over the quarter, underpinned by Silk Logistics' offering of 24,608 sqm in the East submarket, while the Australian Electoral Commission has multiple sites available for sublease.

RENTS & INCENTIVES

Modest rental growth was recorded in Q3 2025, with the pace of growth slowing from the heights recorded in recent years. Prime rents grew by 2.0% in the quarter and were underpinned by the North and East submarkets. Average prime midpoint rents now stand at almost $170/sqm net; and while there has been deal evidence above $200/sqm net, these have so far been outliers.

Incentives currently range between 7.5% and 15.0% for existing prime assets, while incentives for pre-leases or speculative stock can be up to 20%, reflecting the higher share of institutional presence in the development market.

SUPPLY

Perth's supply pipeline continues to moderate, particularly on the speculative front, with only a handful of projects in the pipeline over the next 12 months. Land constraints in core locations and feasibility challenges from higher economic rents have also played a part in the downward level of supply.

For 2025, supply is forecast to total approximately 90,000 sqm, with the majority of this being pre-committed. This includes multiple facilities within Hazelmere, consisting of occupiers such as CEVA Logistics and Lynch Flowers. Speculative supply for 2025 is led by lots 510 and 511 at the Dexus' ASCEND estate at Jandakot Airport, where they will add just over 25,000 sqm to the market.

For 2026, there is potential for almost 110,000 sqm to be added to the market; however, almost all of this is committed, led by further additions within Hazelmere Interchange.

OUTLOOK

- Demand is forecast to improve over the next 12 months on the back of higher levels of consumer spending. However, a key constraint for Perth will remain low levels of vacancy, particularly at the smaller end of the market. Net absorption is forecast to remain muted given availability constraints.
- Based on current enquiry, demand is expected to be supported by a diverse range of sectors, including transport and logistics, construction and manufacturing occupiers.
- Perth's supply pipeline is benign over the coming 12 months, which will provide the backdrop for a further decline in vacancy levels. The leasing of several larger vacancies would dramatically reduce Perth's overall vacancy rate.
- Rental growth in the order of 3.8% is forecast for 2026, albeit the level of growth will not be uniform across markets and size brackets. Outperformance is forecast for sub 6,000 sqm tenancies in core locations.

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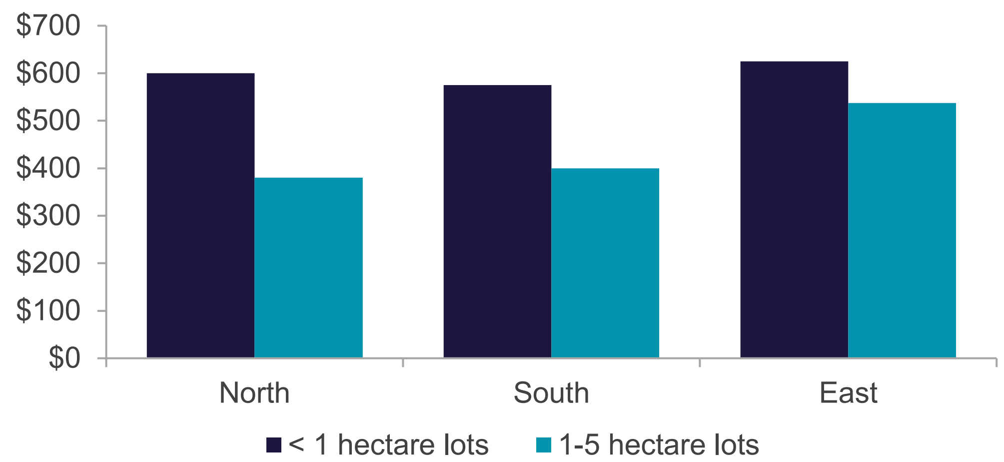
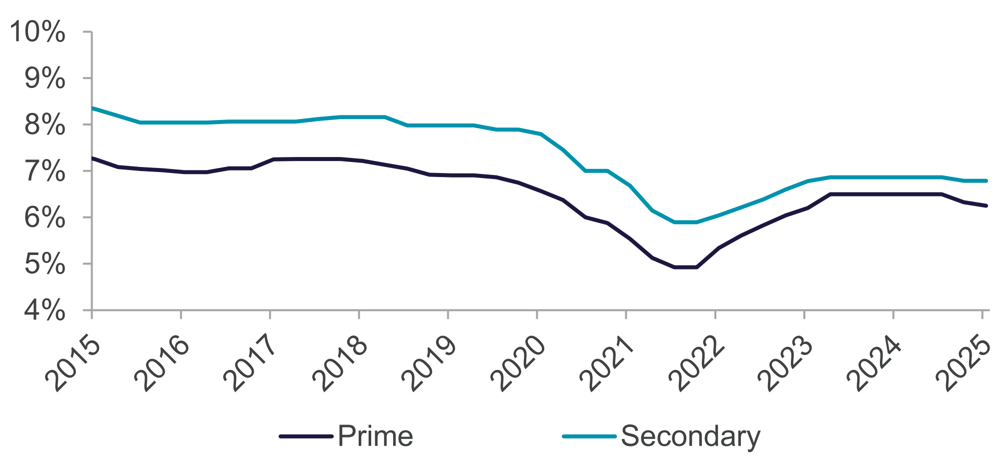
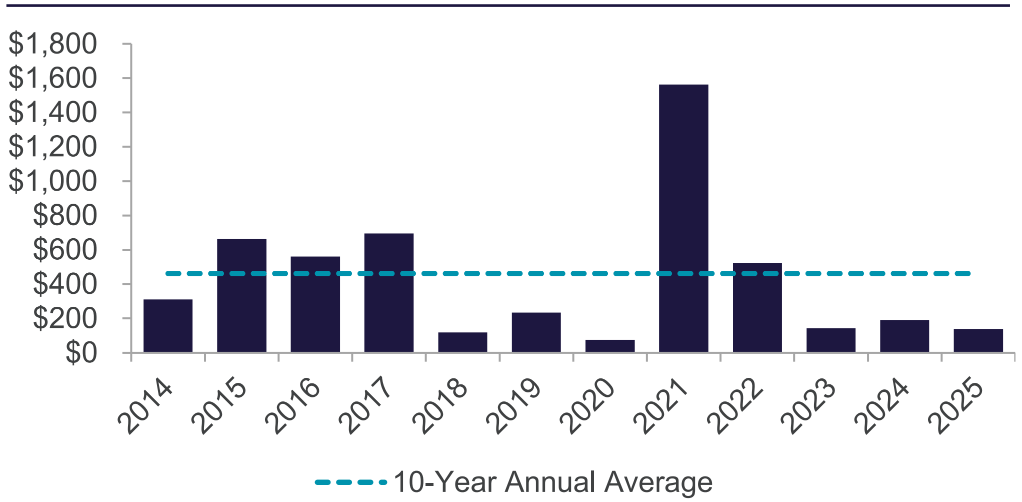
Q3 2025 LAND VALUES BY SIZE ($/SQM)



YIELDS BY GRADE



INVESTMENT VOLUMES ($M)



LAND VALUES

Industrial land values have remained unchanged this quarter, which is reflective of the limited transaction evidence that has occurred. Notwithstanding this, there remains solid appetite for industrial land in Perth from both developers and owner occupiers.

Industrial land values for Q3 2025 average $600/sqm for <1 hectare lots and $439/sqm for 1-5 hectare lots, while land in the East continues to attract a premium given the acute shortage of land availability

YIELDS

Following yield compression in Q2 2025, prime yields for Perth have tightened by a further 8 basis points in Q3 2025, with midpoint core market yields averaging 6.25% (range of 6.00% to 6.50%). Secondary yields remained steady at around 6.80%; however, recent deal evidence highlights a significant spread between precincts and asset quality.

Pricing in the sector continues to be supported by a decline in debt costs, with the three-month Bank Bill Swap rate (BBSW) falling further to around 3.5%. In combination with tighter lending margins, all-in debt costs have fallen below 5.00%, highlighting the relative value of the Perth logistics market.

INVESTMENT

Transaction activity for assets priced above $10.0 million remains low; however, this is more a reflection of how tightly held stock is rather than demand. Investment volumes for 2025 stand at almost $140.0 million, not far off 2024 levels, which reached just over $190.0 million.

The most notable sale to occur in the quarter was Charter Hall selling 16 Aspiration Court, Bibra Lake. The 2.8 hectare site with 16,878 sqm of GLA was acquired by RF Corval for $34.6 million.

The buyer panel and enquiry is being led by syndicators and high-net-worth privates, while the market is attracting interest from institutional groups due to the yield spread to the East Coast markets.

OUTLOOK

- Land supply in core locations is low, and continued demand for the remaining parcels will provide upward pressure on land values over the next 12 months. Continued rental growth and further yield compression will provide support to development feasibilities and the rates developers can pay for land.
- Although sentiment in the investment market has improved, a degree of caution persists, with investors expected to remain selective and place greater emphasis on asset fundamentals and tenant covenant strength.
- The prospect of further rate cuts through 2025 should provide a supportive backdrop for improved liquidity, with investment activity anticipated to gain momentum over the remainder of 2025 and into 2026.
- Yields are projected to compress by a further 30–50 basis points by the end of 2026, driven by a further decline in debt costs and an increase in capital looking to be placed.

Q3 2025 PERTH MARKET STATISTICS

SUBMARKET	VACANCY RATE (TOTAL MARKET)	YTD TAKE-UP (TOTAL MARKET SQM)	AVERAGE NET FACE RENT ($/SQM P.A.)	AVERAGE OUTGOINGS ($/SQM P.A.)	AVERAGE INCENTIVES	AVERAGE YIELDS	AVERAGE CAPITAL VALUES ($/SQM P.A.)	AVERAGE LAND VALUES (1-5ha, $/SQM P.A.)
PRIME								
North	0.5%	10,687	$150	$30	11.3%	6.25%	$2,400	$380
South	4.0%	65,177	$173	$30	13.8%	6.25%	$2,760	$400
East	2.0%	94,913	$180	$30	13.8%	6.25%	$2,880	$538
PRIME AVERAGE	**2.5%**	**170,777**	**$168**	**$30**	**12.9%**	**6.25%**	**$2,680**	**$439**
SECONDARY								
North	-	-	$120	$30	11.3%	6.83%	$1,758	-
South	-	-	$120	$30	13.8%	6.83%	$1,758	-
East	-	-	$123	$30	13.8%	6.83%	$1,795	-
SECONDARY AVERAGE	**-**	**-**	**$121**	**$30**	**12.9%**	**6.83%**	**$1,770**	**-**

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