MARKETBEAT
AUSTRALIA
CAPITAL MARKETS Q4 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
$13.4B Investment Volume (AUD)	▼	▲
$55.7b Rolling Annual Volume (AUD)	▲	▲
297 properties Sold	◀▶	▲
35% Foreign Investment	▲	◀▶

Source: MSCI Real Capital Analytics, Cushman & Wakefield

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.14 GDP Growth	▲	▲
3.4% Consumer Price Index	▲	▲
4.4% Unemployment	▲	▲
4.8% Australian 10-Yr Treasury Yield	▲	▼

Source: ABS, RBA

ECONOMIC OVERVIEW:

Economic conditions remain steady, supported by resilient domestic demand and labour market conditions, though inflationary pressure has been more persistent than expected. Headline CPI increased 3.4% year-on-year (yoy) in November, the fourth consecutive month it landed outside the Reserve Bank of Australia's (RBA) 2% to 3% target band, while the RBA's preferred measure of trimmed mean inflation also came in above 3%. Recent RBA commentary indicates the current easing cycle is likely complete, with policymakers taking a longer-term view on inflation before considering further adjustment. Australian economic growth softened slightly in the second half of 2025, with GDP rising 0.4% quarter-on-quarter (qoq) in Q3, down from 0.6% in Q2.

TOTAL INVESTMENT ACTIVITY:

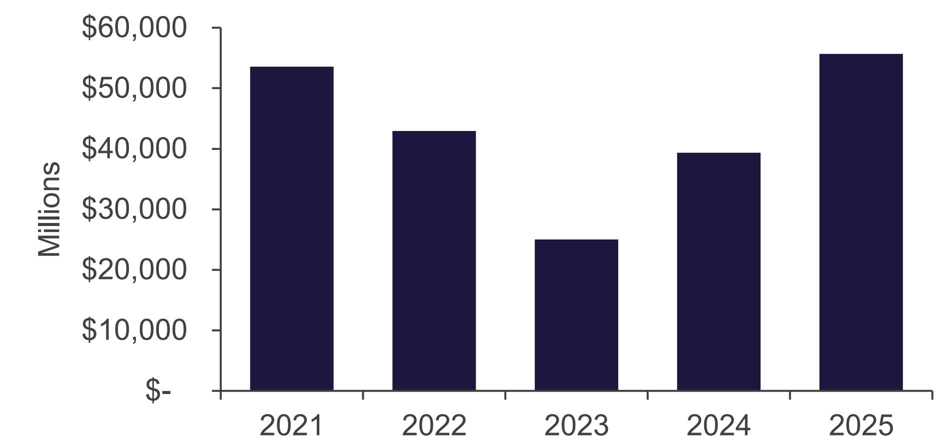
Australia's commercial property market sustained its recovery momentum in Q4 2025, with total transaction volumes of $13.4b. This was 6.0% lower year-on-year (vs $14.2b in Q4 2024) but sits above the five-year Q4 average ($12.6b), reinforcing the theme of stabilisation after several years of volatility.

Momentum at the total market level remains encouraging. Rolling annual volumes totalled $55.7b, marking the third consecutive quarter above $50b for the first time since 2022 and signalling that investor confidence has continued to rebuild from the 2023 trough.

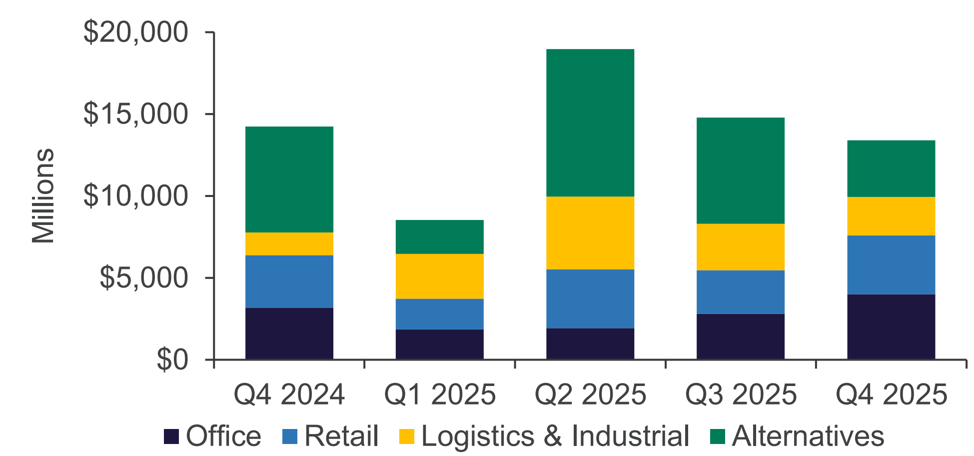
Cross-border capital remained a key driver of activity, accounting for around 35% of total investment, supported by increased outbound flows from the United States. This underscores Australia's standing as a preferred destination for offshore capital and reflects growing investor appetite for Australian assets, particularly across retail and alternative sectors.

Sector composition also shifted in Q4, with activity led by office ($4.0b) and retail ($3.6b). Alternatives ($3.5b) eased from the elevated levels recorded earlier in 2025, as the market moved past several large, portfolio-led transactions, though demand remains supported by living and other income-durable themes. Logistics and industrial ($2.4b) continued to transact at a solid pace but was softer than recent peaks as investors remained selective on pricing and lease risk.

INVESTMENT SALES VOLUME

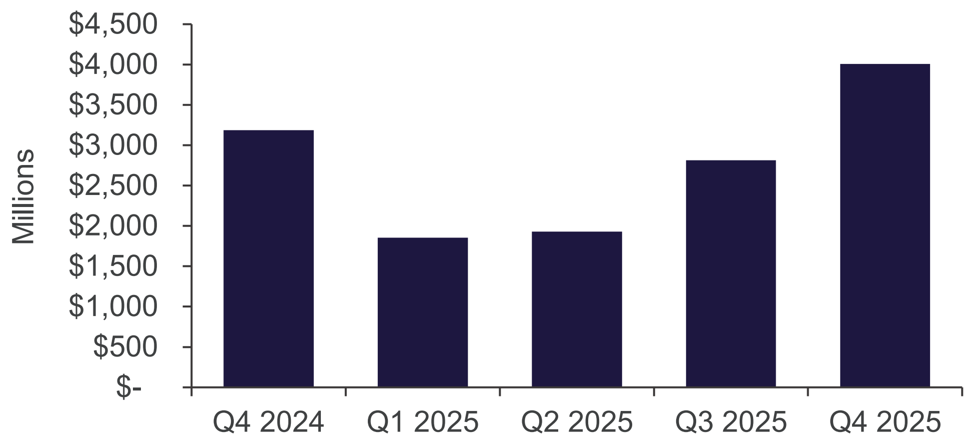


INVESTMENT SALES VOLUME BY SECTOR

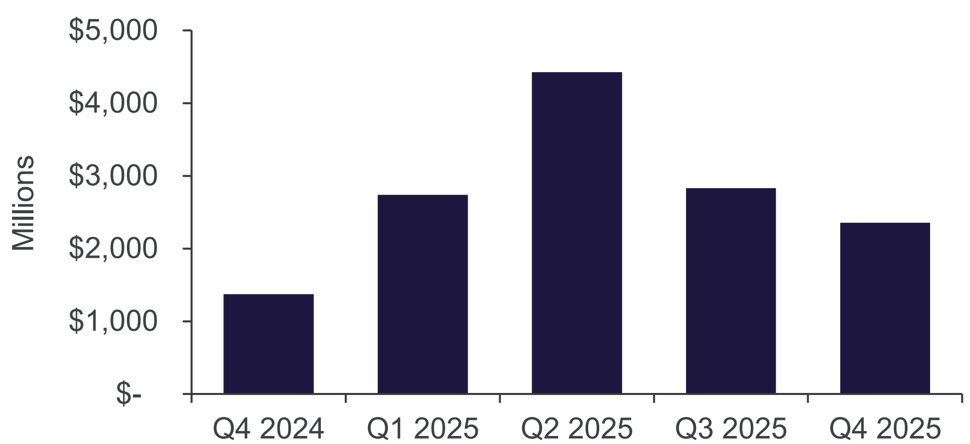


Source: MSCI Real Capital Analytics, Cushman & Wakefield

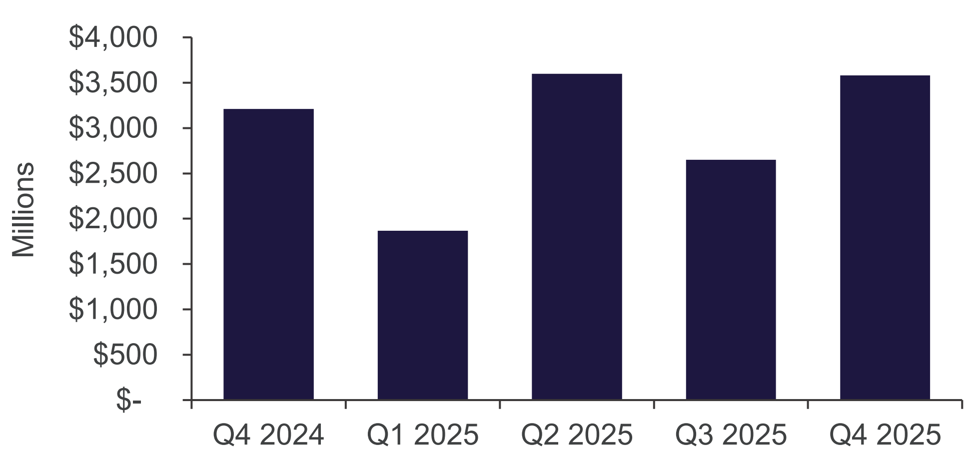
OFFICE



LOGISTICS & INDUSTRIAL



RETAIL



Source: MSCI Real Capital Analytics, Cushman & Wakefield

OFFICE:

Office investment volumes lifted to $4.0b in Q4, well above the five-year Q4 average ($3.3b) and the strongest quarterly result since Q3 2022. While structural headwinds remain, the Q4 rebound points to improving liquidity as pricing expectations continue to align and confidence returns to core CBD opportunities. Investors are continuing to prioritise quality and location and selectively also backing refurbishment or repositioning plays where leasing risk is reflected in pricing.

The most significant transaction this quarter was GPT's acquisition of a 50% stake in 225 George Street (Grosvenor Place) in Sydney for $860 million, while the Commonwealth Superannuation Corporation increased it's share from 25% to 50%, with the total value of Grosvenor Place at $1.72 billion.

LOGISTICS & INDUSTRIAL:

Logistics & industrial recorded $2.4b in Q4, a solid outcome but slightly below the five-year Q4 average ($2.6b), reflecting a more selective investment environment after a strong mid-year. Despite the moderation, fundamentals remain supportive: demand is anchored by modern, well-located stock, and investors continue to favour infill and core-plus opportunities with durable income profiles. With supply pipelines and leasing conditions varying by market, pricing and lease risk remain the key determinants of execution.

In the largest logistics and industrial deal for the quarter, UniSuper acquired a 3-property portfolio of Brisbane based assets from Fife Capital for $204.5 million.

RETAIL:

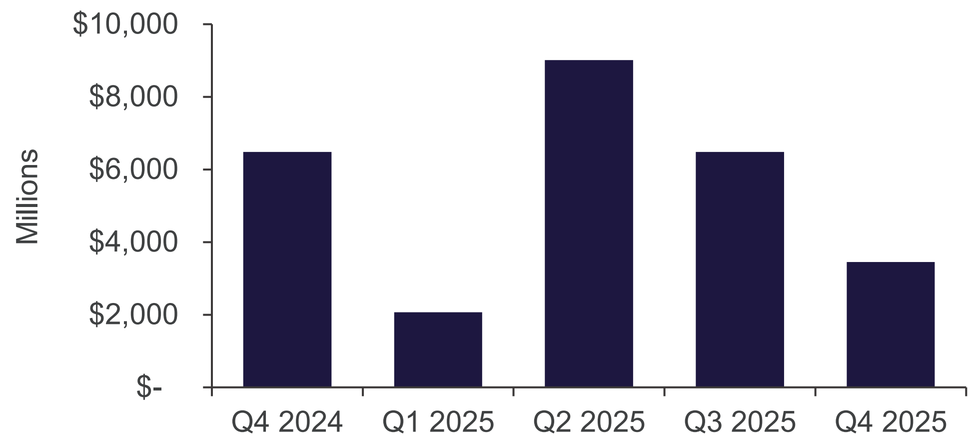
Retail transaction volumes held strong at $3.6b in Q4, well above the five-year Q4 average ($2.6b). Retail has become a clear transactional leader through the cycle, with rolling 12-month volumes reaching a record $11.7b. Investor interest continues to broaden across the quality spectrum of institutional retail, from catchment-dominant regionals into sub-regional centres and select large-format retail, supported by income resilience and the relative scarcity of scalable opportunities. The near-term outlook remains favourable, with competitive tension likely to persist for prime stock and well-positioned neighbourhood and large format assets.

The largest retail deal of the quarter saw Australian Retirement Trust acquire a 19.9% stake in Westfield Sydney for $864 million from Scentre Group, while in Queensland MA Financial has acquired the Hyperdome Shopping Centre from QIC for $678 million.

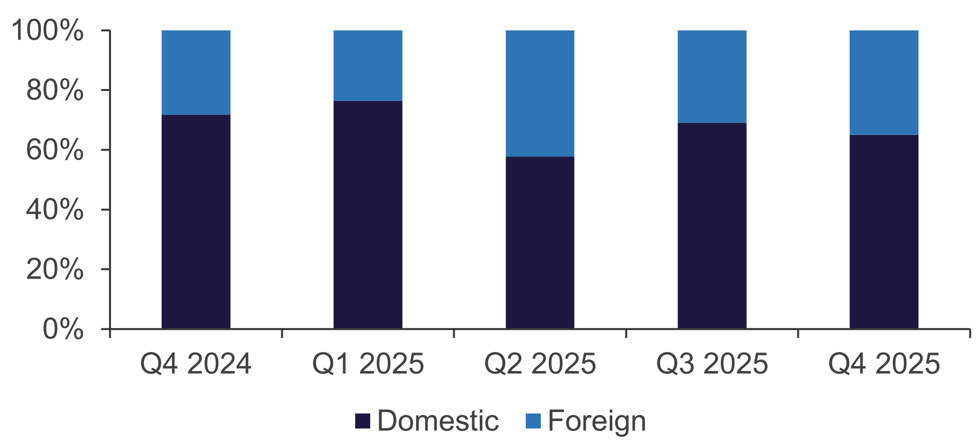
OUTLOOK

- With inflation still proving sticky and the RBA signalling rates are likely to stay higher for longer, economic growth is expected to remain around 2% year-on-year, rather than accelerate sharply in the near term.
- Investment volumes are expected to remain supported into 2026 as pricing evidence consolidates, liquidity improves and investor confidence continues to rebuild from the 2023 trough.
- Office activity is expected to skew to core CBD and well-located, higher-quality assets, with value-add strategies transacting where leasing and capex risk is appropriately priced
- Investment is expected to remain selective, with the strongest demand for infill and core-plus opportunities offering durable income as vacancy stays tight and rental growth persists
- Retail is expected to remain a key volume contributor, supported by income resilience and scarcity of scalable opportunities, with competitive tension persisting for prime regional, neighbourhood and large-format assets.

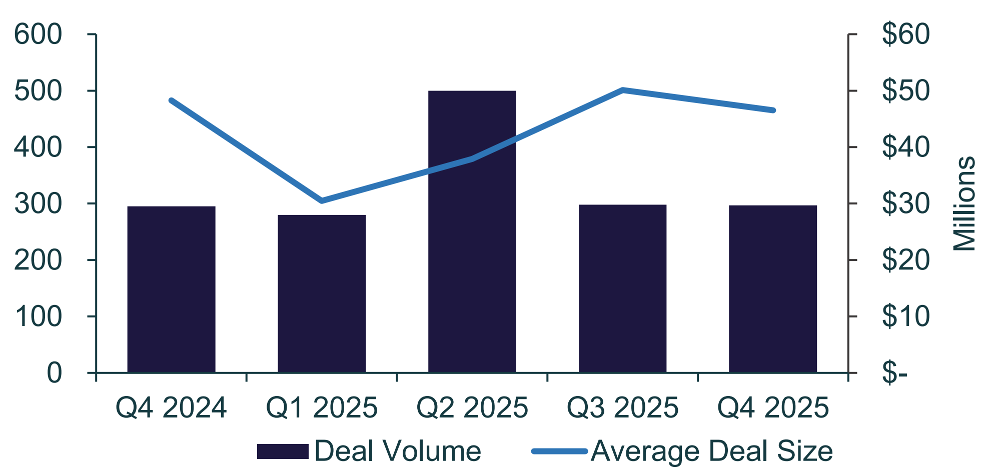
ALTERNATIVES



FOREIGN INVESTMENT



DEAL METRICS



Source: MSCI Real Capital Analytics, Cushman & Wakefield

ALTERNATIVES:

Alternatives volumes moderated to $3.5b in Q4, following elevated, portfolio-led activity earlier in 2025. Even with the step-down, the sector continues to attract deep institutional demand for defensive, longer-duration income streams and assets supported by structural occupier drivers, particularly across living themes and select operational real estate. Activity is expected to remain steady into 2026, though outcomes will be more deal-specific, with pricing and operating assumptions increasingly scrutinised as the market matures.

In the largest deal of the quarter Blackstone has acquired Hamilton Island from the Oatley Family for $1.2 billion, with the sale still subject to regulatory approvals, including clearance from the Foreign Investment Review Board, and is expected to be completed next year.

FOREIGN INVESTMENT:

Foreign investment remained a significant contributor to Australia's commercial real estate market in Q4, accounting for around 38% of total transaction activity. Offshore capital was heavily concentrated in the alternatives sector, followed by industrial, office, and retail. Asia Pacific investors continued to dominate inflows, reinforcing Australia's position as a safe and attractive destination for regional capital deployment. At the same time, there was a noticeable re-emergence of outbound capital from the United States, adding further depth to cross-border activity. Large-scale transactions and portfolio deals remained the primary focus for offshore investors, particularly in sectors offering meaningful scale and stable long-term income streams.

TRANSACTION LOCATION, VOLUME AND SIZE:

Investment activity remained stable in Q4, with 297 transactions recorded (vs 298 in Q3), while the average deal size eased to $47 million (from $50 million) and sat slightly below the long-run Q4 average of $51 million. Mega-deal activity was limited (one sale above $1 billion, 10% of volume), with turnover instead underpinned by a broader run of mid-to-large deals. Buyer demand was broad-based, with domestic institutions and listed platforms targeting scalable, higher-quality opportunities, while private capital remained active where pricing or asset positioning offered clearer upside. Offshore investors also continued to feature in larger transactions, particularly for institutional-grade assets.

New South Wales led investment with 38% followed by Victoria and Western Australia with 20% each, while Queensland accounted for 13%, and large multi-state portfolios fell to just 6% of activity (vs 32% last quarter and a five-year average of 12%).

OUTLOOK

- Retail is expected to remain a key volume contributor, supported by income resilience and scarcity of scalable opportunities, with competitive tension persisting for prime regional, neighbourhood and large-format assets. Strong demand for core assets continues to underpin yield stability and some compression across sub-sectors, with more compression likely through H1 2026 as several significant deals reach completion.
- Alternatives investment is expected to remain supported into 2026, led by living and other needs-based themes, with activity strongest for institutional-grade opportunities offering clear fundamentals and scalable platforms.
- Offshore capital is expected to remain a meaningful driver of liquidity, particularly for institutional-grade and scalable opportunities, with APAC inflows supported by the re-emergence of outbound US capital.

SIGNIFICANT SALES

PROPERTY	TYPE	BUYER	SELLER	PURCHASE PRICE (AUDm)	LOCATION
Hamilton Island	Alternatives	Blackstone	Oatley Family	$1,200	Queensland
Westfield Sydney	Retail	Australian Retirement Trust	Scentre Group	$864	Sydney
Grosvenor Place (Leasehold)	Office	GPT	CSC	$860 (50%)	Sydney
Hyperdome Shopping Centre	Retail	MA Financial Group	QIC	$678	Logan, Brisbane
Top Ryde City	Retail	Keppel REIT / MA Financial Group	Blackstone	$525	Sydney
Grosvenor Place (Leasehold)	Office	CSC	Blackstone	$430	Sydney
750 Collins Street	Office	Trust Capital Advisors	GPT	$383	Melbourne

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

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