

MARKET FUNDAMENTALS

	YOY Chg	Outlook
2.5% Vacancy Rate	▲	▬
5.96% Average Prime Yield	▬	▼
2.5% Prime QoQ Rental Growth	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.8% National GDP Growth	▼	▼
1.4% State Final Demand Growth	▼	▲
4.2% National Unemployment Rate	▲	▲

Source: ABS

ECONOMIC OVERVIEW

Economic conditions remain steady, supported by solid domestic demand and a strong labour market, though inflationary pressure has been more persistent than expected. Headline CPI rose 3.4% year-on-year (yoy) in November, it's fourth month above the Reserve Bank of Australia's (RBA) 2%-3% target band, while trimmed mean inflation also stayed above 3%. Recent RBA commentary indicates the current easing cycle is likely complete, with policymakers taking a longer-term view before considering further adjustments. Australian economic growth eased slightly in the second half of 2025, with GDP rising 0.4% quarter-on-quarter (qoq) in Q3, down from 0.6% in Q2. Momentum is expected to build through 2026. Western Australia's economic growth is expected to outperform other states, with Gross State Product estimated to expand by 1.4% in 2025 before strengthening to 2.7% by the end of 2026 and 3.1% in 2027.

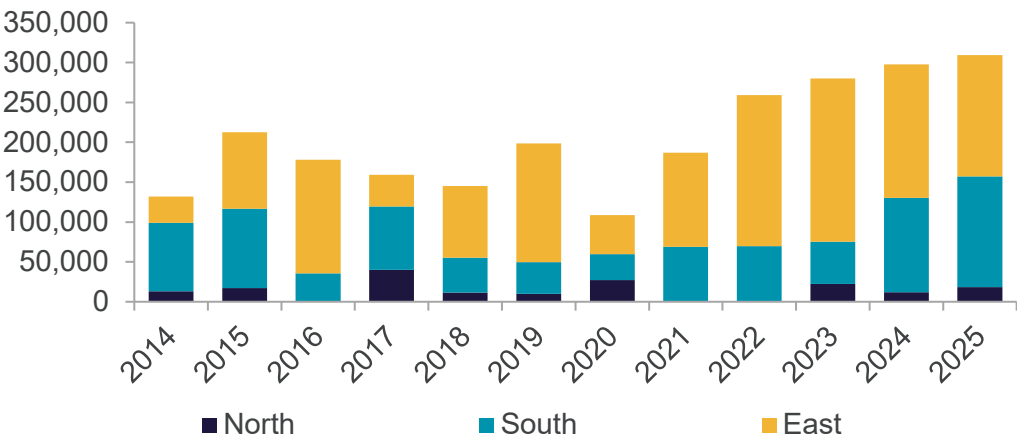
DEMAND

Leasing momentum accelerated toward the end of the year, with gross take-up in Q4 2025 reaching 138,000 sqm, pushing total annual leasing volumes to almost 310,000 sqm. By comparison, take-up in 2024 measured almost 300,000 sqm, while the 2010-2015 annual average is closer to 210,000 sqm. Net absorption also improved in Q4, taking the 2025 annual figure to approximately 95,000 sqm and well exceeds the 25,000 sqm recorded in 2024.

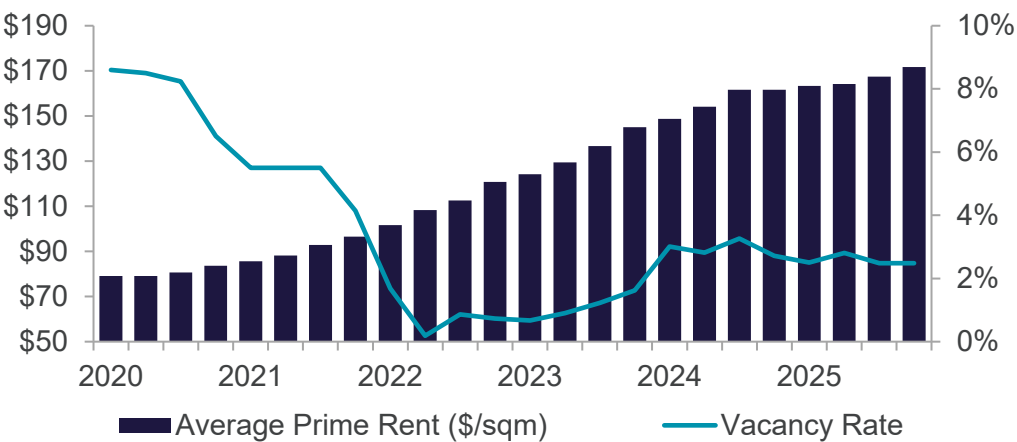
The quarterly uplift was driven by a number of larger deals occurring, and includes the leasing of 8 Centurion Place, Jandakot, within Dexus' ASCEND Industrial Estate (26,000 sqm) as well as a 17,000 sqm pre-commitment at Perth Airport.

Despite these larger deals, leasing evidence continues to highlight a two-speed market. While the majority of transactions by number are still occurring below 8,000 sqm (78% of deals by number in 2025), a disproportionate share of available stock remains concentrated in larger facilities. This mismatch has constrained relocation and expansion activity for the occupiers at the smaller end, particularly for trade-based and workshop users, where vacancy levels are close to 0.0%. As a result, pre-lease activity has increasingly extended into smaller size brackets, including requirements below 3,500 sqm and will remain active due to downward pressure on vacancy levels.

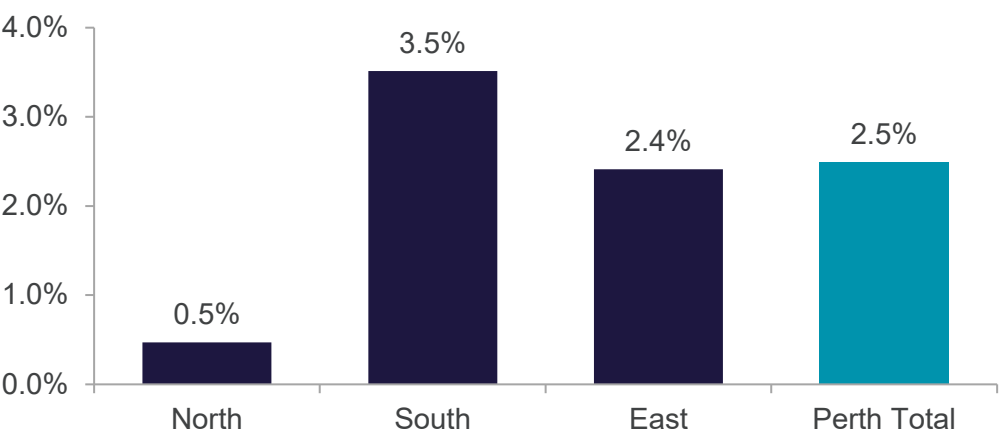
GROSS TAKE-UP (SQM)



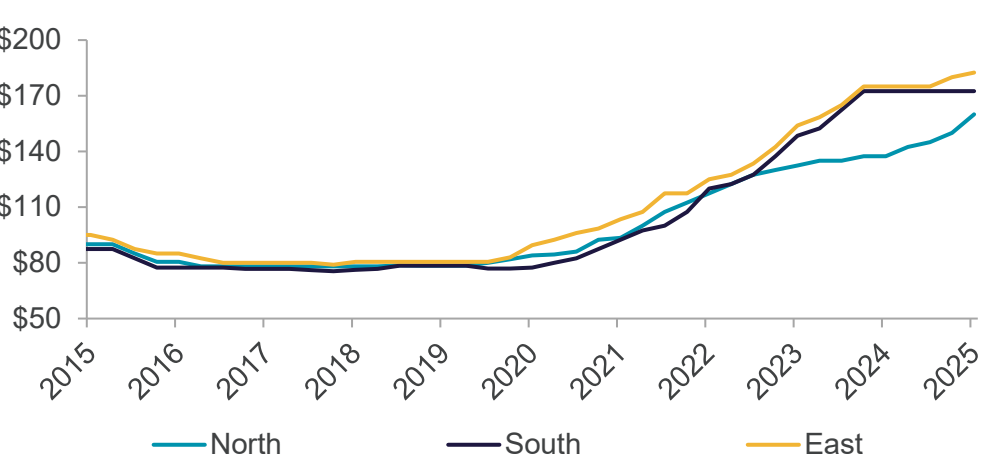
VACANCY & AVERAGE PRIME RENTS



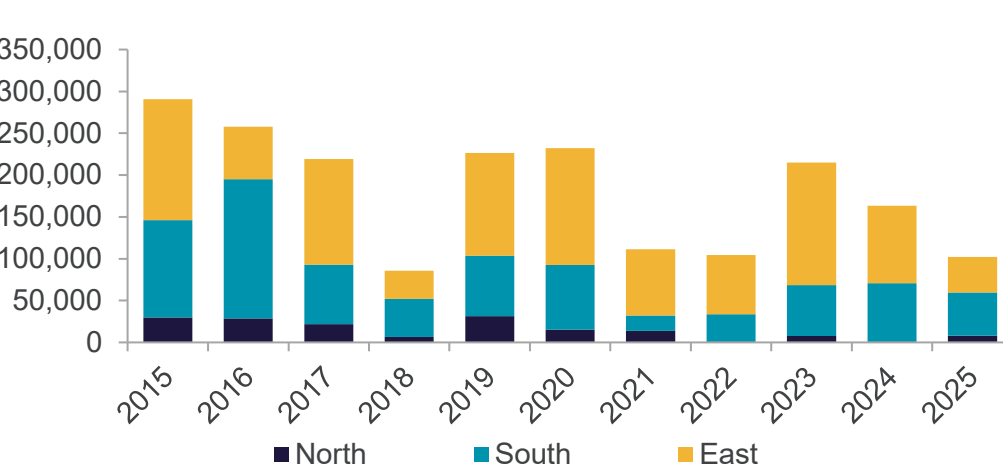
Q4 2025 VACANCY RATES BY SUBMARKET



PRIME NET FACE RENTS BY SUBMARKET (\$/SQM)



SUPPLY BY SUBMARKET (SQM)



VACANCY

Despite the leasing of several large vacancies, sublease vacancy additions have maintained the Perth vacancy rate at 2.5% in Q4 2025. Similarly, the completion of 510 Pilatus Street, Jandakot has kept vacancy levels in the South more elevated at 3.5%, while there remains a concentration of vacancies in Canning Vale.

Vacancy continues to be most acute within core infill precincts, particularly for facilities below 6,000 sqm, where availability is extremely limited and turnover remains low. The composition of vacant stock remains skewed toward larger facilities; however, it has become more balanced across the market, with the 10,000 sqm + segment accounting for 54% of available floorspace, down from 62% in the quarter prior.

RENTS & INCENTIVES

Recent deal evidence has supported further growth in rents, with prime rents increasing by 2.5% in Q4 2025 (6.2% year-on-year). Average prime midpoint rents now exceed \$170/sqm net; and while there has been deal evidence above \$185/sqm net, they remain outliers.

Incentives have remained unchanged, currently ranging between 7.5% and 20.0% 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

Supply for 2025 reached just over 100,000 sqm, well below the 2023-2024 annual average of 190,000 sqm and reflects a pullback in speculative supply from developers. Land constraints in core locations and feasibility challenges from higher economic rents have also played a part in the downward level of supply.

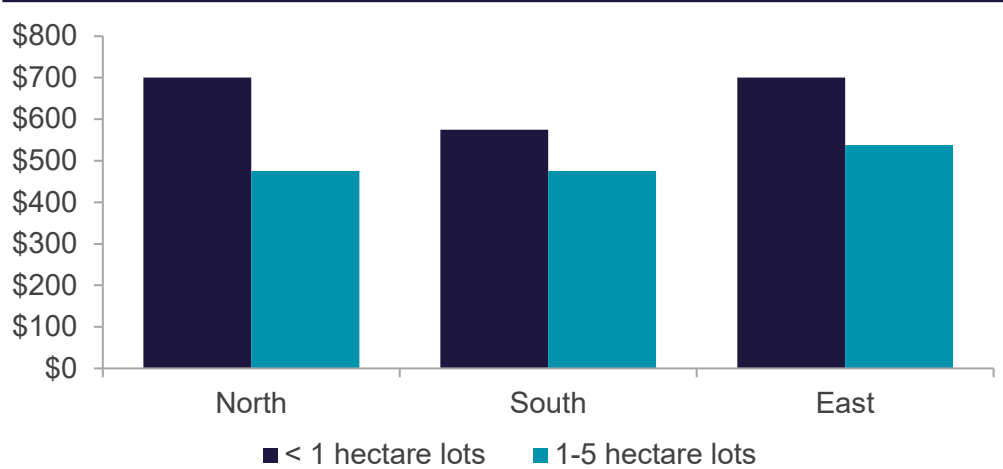
Recent completions include ~26,000 sqm within the Dexus ASCEND industrial estate at Jandakot Airport and CEVA Logistics ~37,000 sqm facility at Hazelmere.

For 2026, there is potential for almost 100,000 sqm to be added to the market; however, almost all of this is committed, led by further additions within Hazelmere Interchange. This includes facilities for Toll, Lindsay Transport and Daikin.

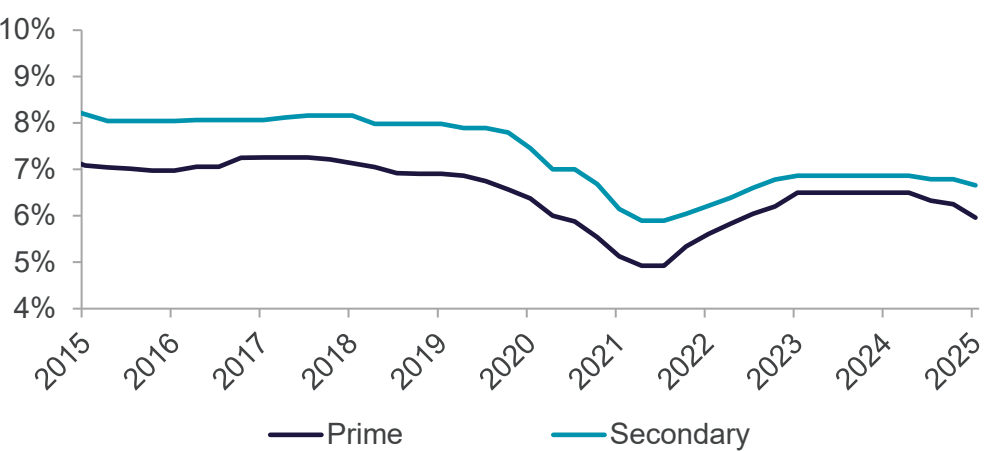
OUTLOOK

- Occupier demand in Perth is expected to remain solid through 2026, underpinned by resource sector activity, population growth and ongoing infrastructure investment. Demand is forecast to be skewed toward smaller format requirements, with limited availability in sub-6,000 sqm facilities continuing to push tenants toward pre-commitments.
- New supply is expected to remain constrained, with limited serviced land and a more cautious development environment being the primary reasons. As a result, most new projects are expected to be underpinned by pre-leasing.
- Vacancy is forecast to trend lower as existing availability is absorbed and limited new stock reaches the market. Core precincts are expected to remain severely undersupplied, reinforcing challenging leasing conditions for occupiers.
- Rental growth in the order of 4.2% 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.

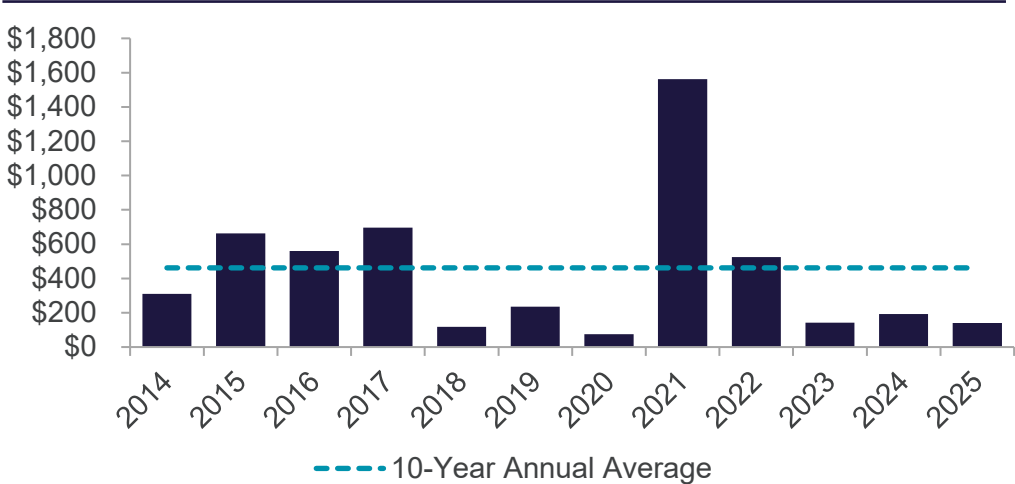
Q4 2025 LAND VALUES BY SIZE (\$/SQM)



YIELDS BY GRADE



INVESTMENT VOLUMES (\$M)



LAND VALUES

The rapidly diminishing supply of development-ready land, particularly in core locations, has underpinned a sharp rise in land values across Perth. This has been driven by recent pre-commitment activity and owner-occupier demand, with very few land opportunities remaining in select precincts.

Lots below 10,000 sqm recorded growth of 9.7% in Q4 2025 and now average \$658/sqm. For lots above one hectare, growth of 12.9% was recorded over the same period, led by the North, where recent evidence highlights land values of around \$475/sqm.

YIELDS

Appetite for assets across Perth remains strong; however, in the absence of limited stock being offered for sale, further yield compression has been recorded. In Q4 2025, prime core market yields compressed by 21 basis points, bringing the current cycle's total to 46 basis points.

Prime core market yields currently average approximately 6.00%; however, there is deal evidence closer to 5.75%. Secondary yields recorded a 13-basis-point compression in Q4 2025 and now average 6.63%.

Pricing in the sector continues to be supported by a decline in debt costs, with the three-month Bank Bill Swap rate (BBSW) currently around 3.7%. 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 reached almost \$140.0 million, not far off 2024 levels, which reached just over \$190.0 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

- While the pace of growth in land values is likely to be below the levels recorded from 2020-2023, growth will be supported by low levels of land supply, rising rents and improved development feasibility for pre-leased projects. Owner-occupiers and developers will continue to prioritise sites that can deliver near-term outcomes.
- 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 recent uptick in inflation is expected to result in no further rate cuts in 2026; however, the weight of capital seeking to be deployed into the logistics sector is forecast to maintain pressure on pricing.
- Prime yields in Perth are projected to compress by a further 10-15 basis points by the end of 2026, taking the average prime mid-point yield to 5.85%.

Q4 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)
PRIME								
North	0.5%	10,687	\$160	\$33	11.3%	6.13%	\$2,612	\$475
South	4.0%	65,177	\$173	\$33	13.8%	5.88%	\$2,936	\$475
East	2.0%	94,913	\$183	\$33	13.8%	5.88%	\$3,106	\$538
PRIME AVERAGE	2.5%	170,777	\$172	\$33	12.9%	5.96%	\$2,885	\$496
SECONDARY								
North	-	-	\$123	\$33	11.3%	6.63%	\$1,849	-
South	-	-	\$128	\$33	13.8%	6.63%	\$1,925	-
East	-	-	\$140	\$33	13.8%	6.63%	\$2,113	-
SECONDARY AVERAGE	-	-	\$121	\$30	12.9%	6.83%	\$1,770	-

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