

MARKET FUNDAMENTALS

	YOY Chg	Outlook
\$10.4B Investment Volume (AUD)	▲	▲
\$57.6b Rolling Annual Volume (AUD)	▲	▲
298 properties Sold	◀▶	▲
12% Foreign Investment	▼	▲

Source: MSCI Real Capital Analytics, Cushman & Wakefield

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.6% GDP Growth	▲	▼
4.6% Consumer Price Index	▲	▼
4.1% Unemployment	▲	▲
5.0% Australian 10-Yr Treasury Yield	▲	▼

Source: ABS, RBA

ECONOMIC OVERVIEW:

Economic conditions remained steady through 2025, supported by domestic demand and a tight labour market, with the latest national accounts showing GDP growth of 0.8% quarter-on-quarter and 2.6% year-on-year in the December quarter. Headline CPI rose to 4.6% year-on-year in March 2026, and the RBA has now delivered its third 25 basis point rate rise this year, taking the cash rate to 4.35%. The higher-rate environment and rising geopolitical risks remain near-term headwinds for occupier demand and investment, with any recovery now likely to be more measured and pushed further back than previously expected.

TOTAL INVESTMENT ACTIVITY:

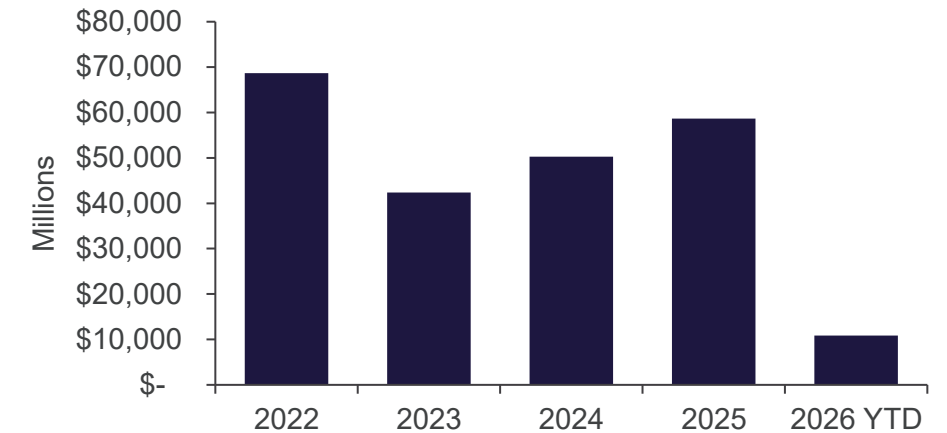
Australia's commercial property market recorded \$10.4b in transaction volumes in Q1 2026. While this represented a 22% decline quarter-on-quarter from the stronger Q4 result, activity was 22% higher year-on-year and remained well above the five-year Q1 average of approximately \$6.0b. Highlighting the continued recovery in market liquidity, despite quarterly volumes remaining influenced by the timing of major transactions.

Rolling annual investment volumes increased to \$57.6b, extending the market's recovery from the 2023 trough and marking a solid start to 2026. The result suggests capital markets momentum has continued to build, with activity now being supported by a broader base of capital rather than a limited number of large portfolio trades.

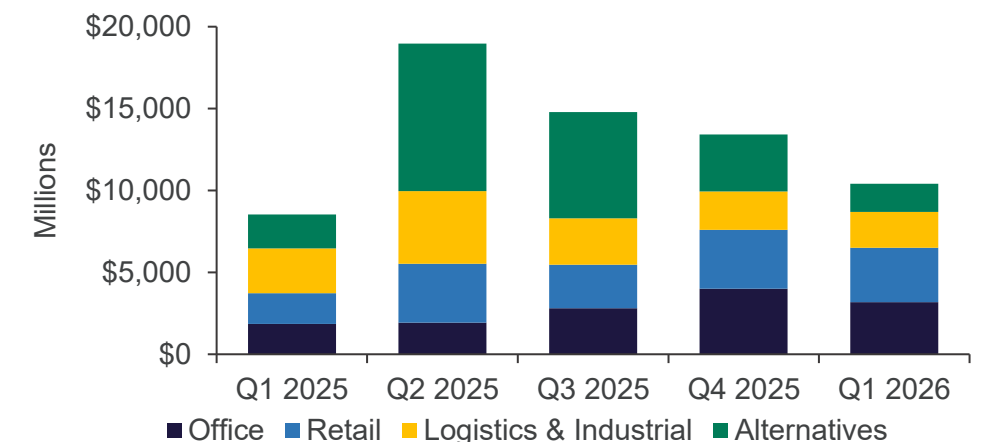
Domestic capital was the clear driver of Q1 activity, accounting for 88% of total investment, while foreign capital represented 12%. The quarter was led by Australian institutions, listed vehicles and private capital, with offshore groups remaining active but selective. Foreign participation was concentrated in a smaller number of larger transactions, reflecting continued discipline around pricing, scale and sector conviction.

Investment activity was relatively balanced across the major sectors in Q1. Retail led volumes at \$3.3b, followed by office at \$3.2b, logistics and industrial at \$2.2b, and alternatives at \$1.7b. This represented a more balanced sector mix than the alternatives-led activity seen through parts of 2025, with each of the four major sectors accounting for between 17% and 32% of total quarterly investment.

INVESTMENT SALES VOLUME

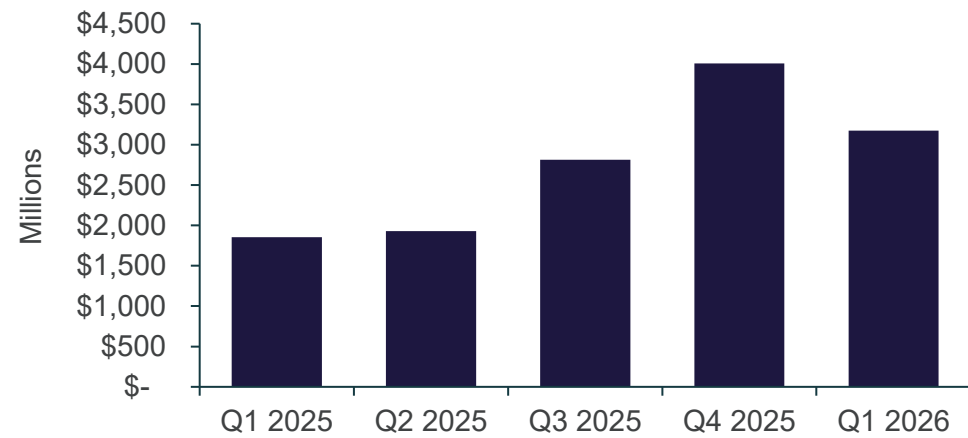


INVESTMENT SALES VOLUME BY SECTOR



Source: MSCI Real Capital Analytics, Cushman & Wakefield

OFFICE

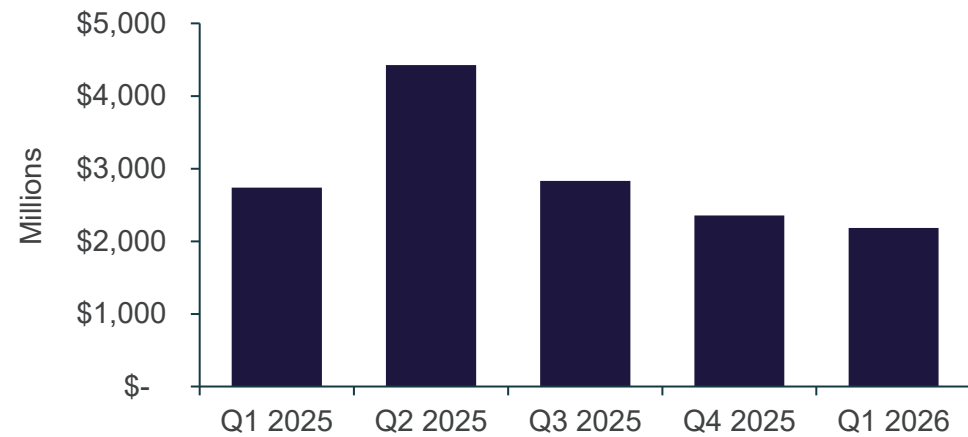


OFFICE:

Office investment volumes totalled \$3.2b in Q1 2026, down from the strong Q4 result but 71% higher year-on-year and materially above the five-year Q1 average of approximately \$1.9b. The result points to improving liquidity for higher-quality office assets, particularly in core CBD and near-CBD locations, as pricing expectations continue to align and investors gain confidence around income durability, leasing risk and replacement cost.

Market activity was underpinned by several large Sydney office transactions, including 100 Mount Street for \$590m and The O’Connell Precinct for \$500m. Investor demand remains strongest for assets with clear location advantages, resilient leasing profiles and defined capital management pathways, while secondary stock continues to require sharper pricing or a repositioning strategy.

LOGISTICS & INDUSTRIAL

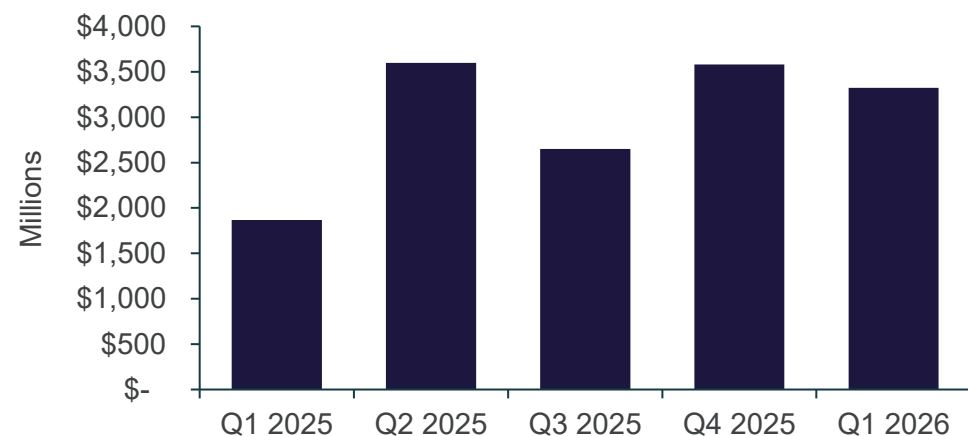


LOGISTICS & INDUSTRIAL:

Logistics and industrial volumes increased to \$2.2b in Q1 2026, down 7% quarter-on-quarter and broadly in line with the same period last year. Activity remained well above the five-year Q1 average of approximately \$1.4b, demonstrating the continued depth of capital targeting modern, well-located industrial assets.

The largest logistics and industrial transactions included the Goodman NSW Portfolio for \$438m and O’Herns Logistics Park in Victoria for \$275m. Investors continue to favour infill locations, core-plus income profiles and assets with strong tenant covenants, although pricing discipline remains important as leasing conditions and supply pipelines vary by market.

RETAIL



RETAIL:

Retail recorded \$3.3b in Q1 2026, easing slightly from the elevated Q4 level but 75% higher year-on-year and more than double the five-year Q1 average of approximately \$1.3b. Retail continues to be one of the strongest contributors to transaction activity, supported by income resilience, improving investor confidence and the scarcity of scalable institutional opportunities.

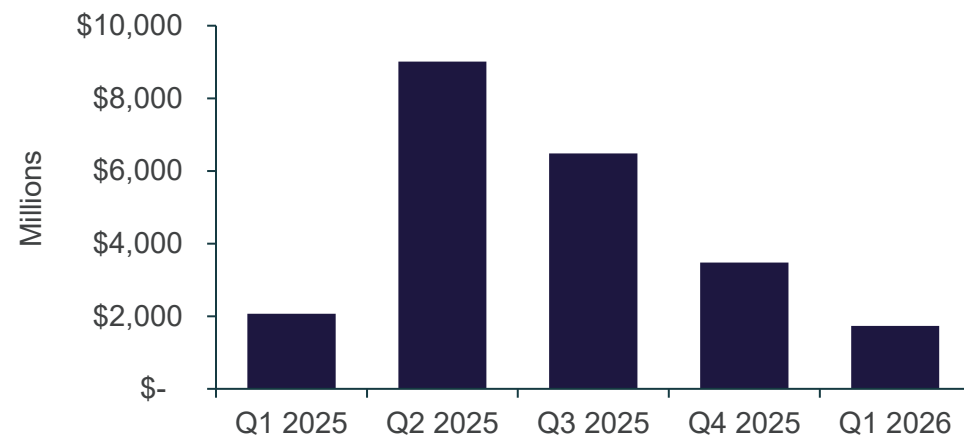
The largest retail transaction of the quarter was Erina Fair in New South Wales for \$895m, followed by a number of portfolio and large-format retail transactions. Investor demand remains broad-based across prime regional, sub-regional, neighbourhood and large-format retail assets, with competitive tension strongest for centres offering dominant catchments, resilient income and clear operational performance.

OUTLOOK

- With inflation still above target and the RBA moving the cash rate higher in March, interest rate expectations are likely to remain a key influence on investor underwriting through 2026. Economic growth is expected to remain resilient but not accelerate sharply in the near term.
- Investment volumes are expected to remain supported through 2026 as pricing evidence consolidates, liquidity improves and investor confidence continues to rebuild from the 2023 trough.
- Office activity is expected to remain concentrated in core CBD and well-located, higher-quality assets, while value-add and repositioning opportunities will transact where leasing and capex risk are appropriately priced.
- Logistics and industrial demand is expected to remain strongest for infill and core-plus opportunities offering durable income, although investors will remain selective on pricing, lease structure and market-specific supply risk.
- 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.

Source: MSCI Real Capital Analytics, Cushman & Wakefield

ALTERNATIVES



ALTERNATIVES:

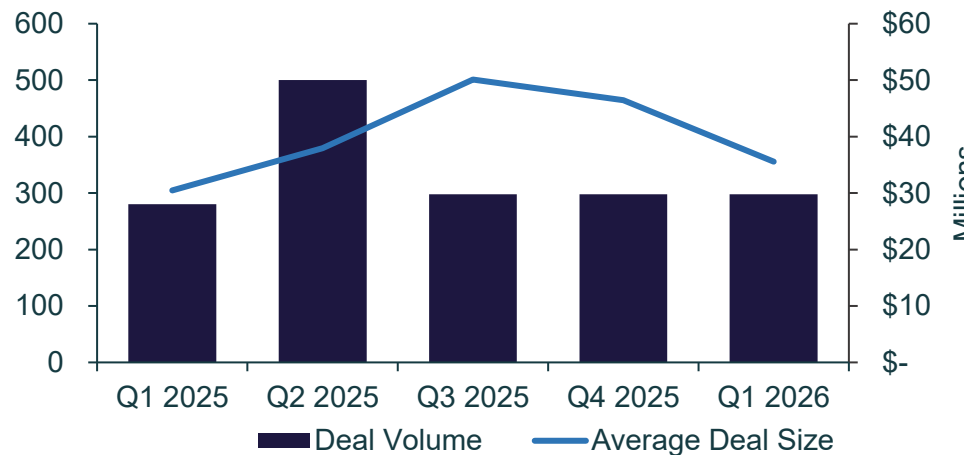
Alternatives volumes totalled \$1.7b in Q1 2026, down 50% quarter-on-quarter as the market moved past the portfolio-heavy activity seen through parts of 2025. Despite the moderation, activity was still higher year-on-year and above the five-year Q1 average of approximately \$1.4b. Investor appetite remains supported by demand for defensive, longer-duration income streams and assets linked to structural demographic and operational themes.

Activity in Q1 included mixed-use, hotel, healthcare, pub and other operational real estate transactions, with the ADIA hotel portfolio and TPG pub portfolio among the larger deals recorded during the quarter. As the sector matures, investors are increasingly focused on operator strength, income quality, capex requirements and the sustainability of growth assumptions.

OUTLOOK

- Alternatives investment is expected to remain supported by living, healthcare, hospitality and other needs-based or operational real estate themes, with activity strongest for institutional-grade opportunities offering clear fundamentals and scalable platforms.
- Offshore capital is expected to remain a meaningful source of liquidity, although near-term activity is likely to be selective and concentrated in assets offering scale, sector conviction and stable long-term income.

FOREIGN INVESTMENT

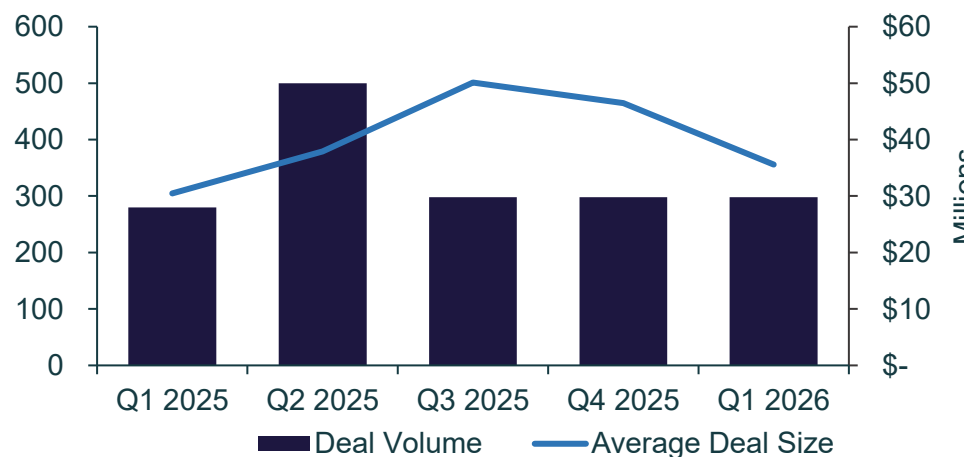


FOREIGN INVESTMENT:

Foreign investment accounted for 12% of total transaction activity in Q1 2026, down from 38% in Q4 2025, as domestic capital was the main driver of market activity. Offshore investors remained active, but participation was more selective and concentrated in a smaller number of larger transactions.

Domestic pension fund capital was also more active during the quarter, particularly across retail and logistics and industrial, helping support liquidity and sharpen competition for institutional-grade assets. That depth of domestic capital is likely to increase pressure on offshore groups to re-engage more actively, particularly where scale, platform access and sector conviction align.

DEAL METRICS



TRANSACTION LOCATION, VOLUME AND SIZE:

Investment activity remained stable in Q1, with 298 transactions recorded, in line with the 298 transactions recorded in Q4. The average deal size eased to \$36m from \$46m, reflecting a quarter with fewer mega-deals but a broader spread of mid-to-large transactions.

New South Wales led activity by a clear margin, accounting for over half of total transaction volume, supported by several major office and retail transactions. Victoria and Queensland were the next most active markets, while Western Australia and South Australia also recorded meaningful deal flow. The absence of \$1b-plus transactions meant quarterly volumes were less concentrated than in periods driven by major portfolio sales, although larger single-asset transactions continued to provide depth to the market.

Source: MSCI Real Capital Analytics, Cushman & Wakefield

SIGNIFICANT SALES

PROPERTY	TYPE	BUYER	SELLER	PURCHASE PRICE (AUDm)	LOCATION
Erina Fair	Retail	Fawkner Property	LendLease	\$895	Central Coast NSW
100 Mount Street	Office	BGO	Dexus	\$590	Sydney
Woolworths (AUS) Retail Portfolio 2026	Alternatives	Woolworths Ltd	Shayher Group	\$500	Multi-state
The O’Connell Precinct	Office	Charter Hall	ADIA	\$500	Sydney
Goodman NSW Portfolio	Industrial	Aliro	Goodman	\$438	Sydney
ADIA (AUS) Hotel Portfolio 2026	Alternatives	Wentworth Capital	ADIA	\$390	Sydney
BVK (AUS) Retail Portfolio 2026	Retail	Charter Hall	BVK	\$360	Multi-state

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

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