

ECONOMIC OVERVIEW

Economic conditions remained steady through Q1 2026, supported by resilient domestic demand and labour market conditions. Inflation, however, remained above target over the quarter. Headline CPI rose 3.8% year-on-year in January 2026, while trimmed mean inflation increased to 3.4%. Reflecting this, the RBA lifted the cash rate target twice during the quarter, increasing it to 3.85% in February and 4.10% in March. While Australian economic growth strengthened in late 2025, conditions are expected to improve through 2026. The Western Australian economy is showing signs of resilience, with state GDP forecast to grow by 2.7% in 2026.

DEMAND

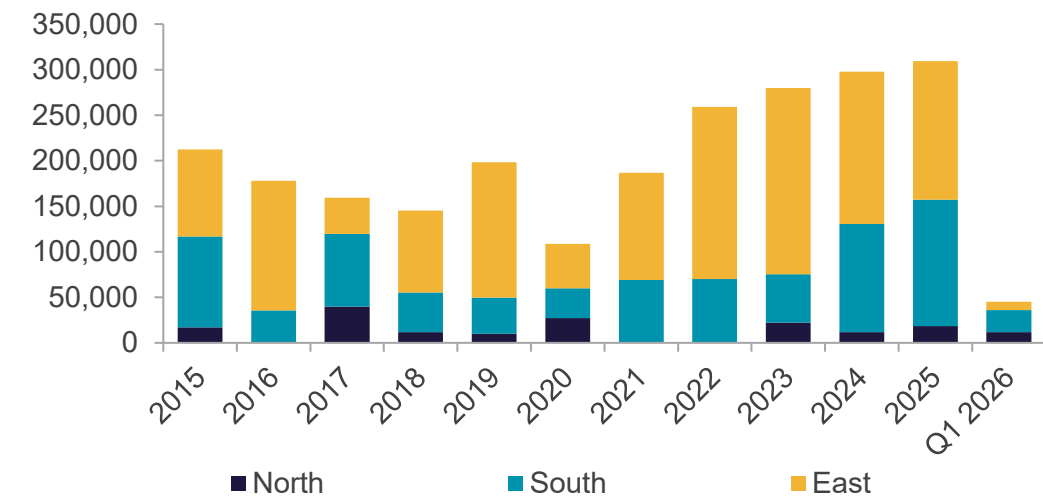
Buoyant local economic conditions continue to support occupier enquiry across the Perth market, driven by local distribution businesses, multi-nationals and contract-driven demand. Gross take-up volumes reached just over 70,000 sqm in Q1 2026, underpinned by GPC Asia Pacific pre-committing to 27,000 sqm within Fife Capital's Catalpa Business Park at Doobarba within the South submarket.

Outside of this, recent activity included the leasing of multiple tenancies within Dexu's speculative development at the ASCEND Industrial Estate. More broadly, leasing activity in Q1 2026 was concentrated in the 3,000 to 6,000 sqm size bracket, accounting for over 70% of deals by number. Net absorption remained positive, reaching 35,000 sqm for the quarter.

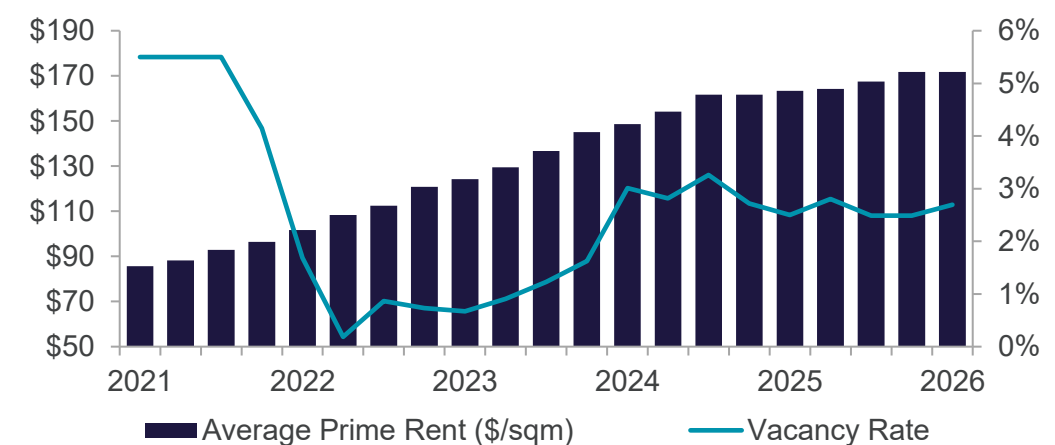
Demand for workshop-style accommodation continues to outpace available supply, as contractors and service providers seek functional space with hardstand and yard capability to support project-driven activity.

While ongoing geopolitical uncertainty and volatility in global energy markets may weigh on occupier sentiment in the near term, underlying demand fundamentals remain supported by WA's strong project pipeline and resource sector activity.

GROSS TAKE-UP (SQM)



VACANCY & AVERAGE PRIME RENTS



MARKET FUNDAMENTALS

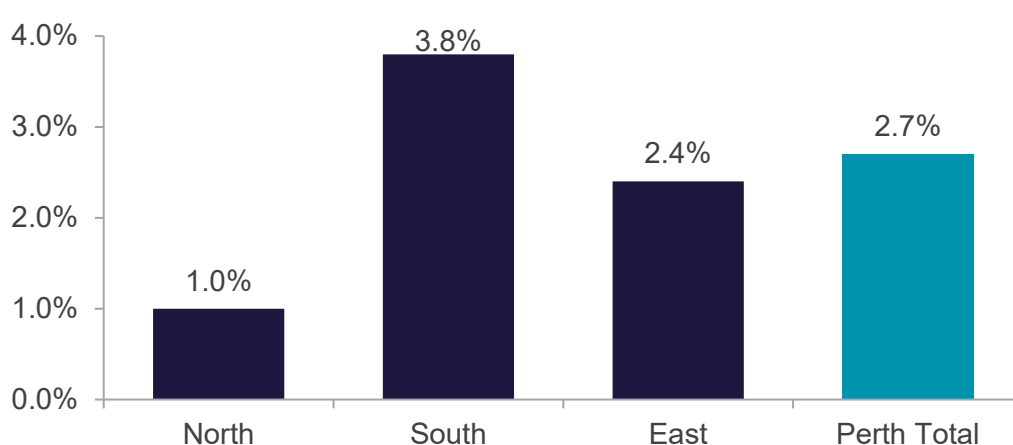
	YOY Chg	Outlook
2.7% Vacancy Rate	▲	▼
6.04% Average Prime Yield	▼	▲
0.0% Prime QoQ Rental Growth	▲	▲

ECONOMIC INDICATORS

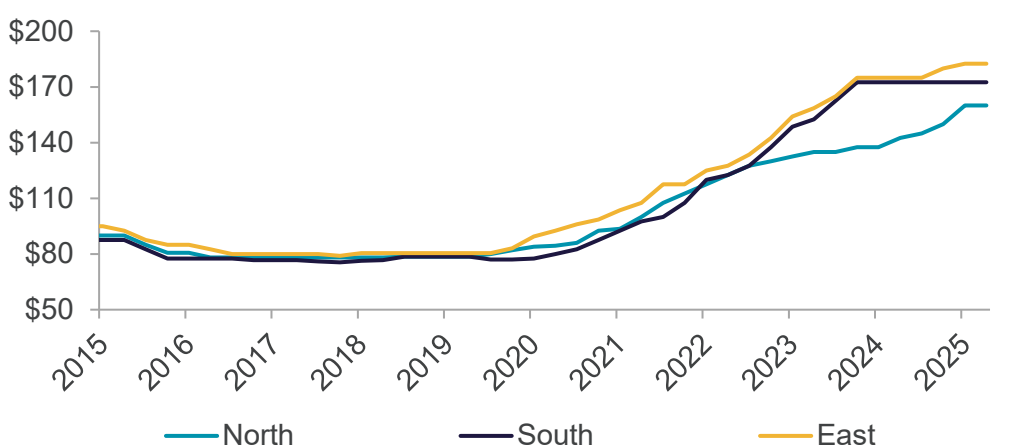
	YOY Chg	Outlook
2.6% National GDP Growth	▲	▲
3.1% State Final Demand Growth	▲	▲
4.1% National Unemployment Rate	▲	▲

Source: ABS

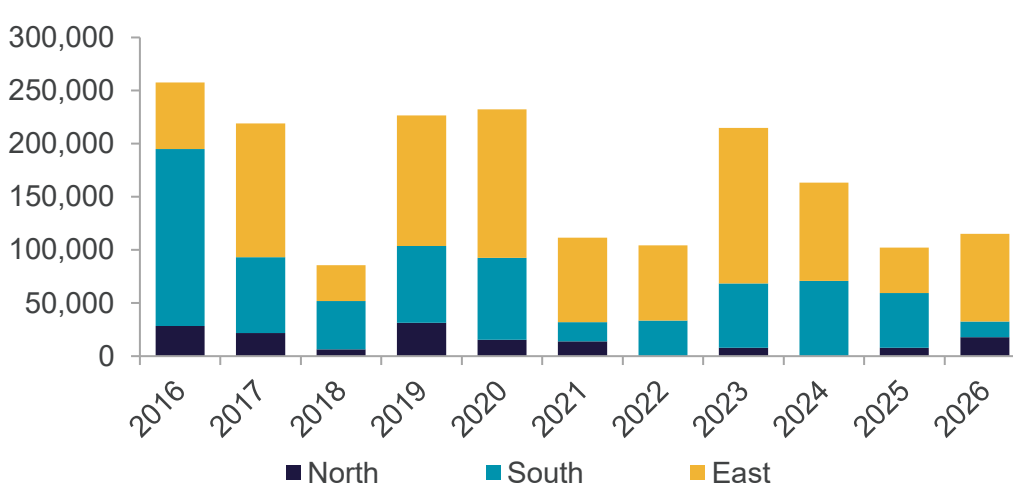
Q1 2026 VACANCY RATES BY SUBMARKET



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



SUPPLY BY SUBMARKET (SQM)



VACANCY

Perth’s vacancy rate recorded a modest increase to 2.7% in Q1 2026, up from 2.5% at the end of 2025. However, sublease availability continues to distort the headline figure; excluding this space, the vacancy rate falls to 1.9%. Availability remains concentrated in the South submarket, which accounts for over half of vacant floorspace, with a concentration of vacancies in Canning Vale.

Unlike this time last year, speculative availability at the larger end of the market has declined sharply, with just one leasing option above 20,000 sqm currently available. In contrast, availability within the tenant demand sweet spot (3,000 to 6,000 sqm) remains constrained, particularly in core precincts, prompting high lease renewal rates across the market.

RENTS & INCENTIVES

Both prime and secondary rents held steady in Q1 2026, with recent deal evidence remaining supportive of the current rent range. On an annual basis, prime rents grew by 5.1%, which continues to remain above the national benchmark of 3.3% for the same period. Rental growth remains two-tiered, with upward pressure most pronounced for sub-6,000 sqm tenancies.

Tightening availability in certain size brackets has supported a modest reduction in incentives, which currently range between 5.0% and 15.0% (down from 7.5% and 20.0% in Q4 2025). This supported prime annual net effective rental growth of 8.1%.

SUPPLY

Perth’s supply pipeline remains constrained by low levels of land supply. As a result, the total pipeline stands at approximately 115,000 sqm across pre-lease and speculative additions.

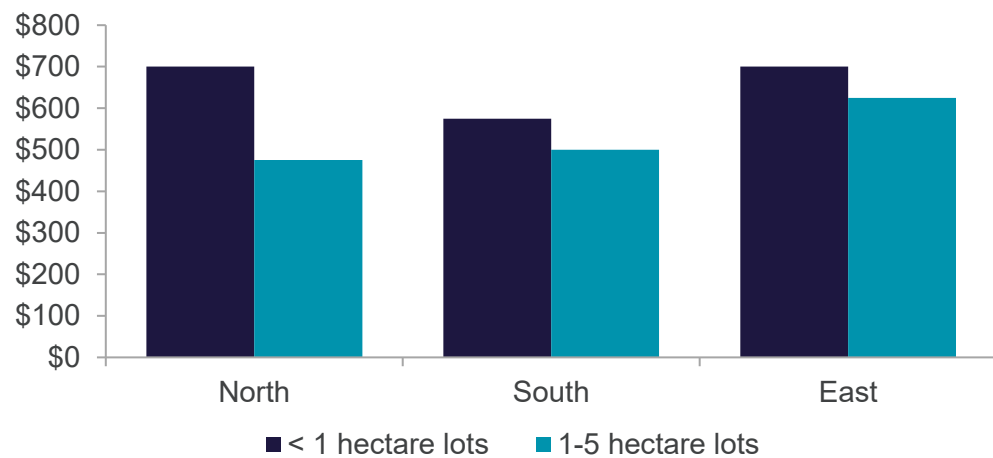
Pre-leased supply is concentrated within the Hazelmere Interchange and includes facilities for Toll, Lindsay Transport and Daikin. Speculative supply for 2026 is low at less than 30,000 sqm and includes additions at Wattleup.

More broadly, feasibility challenges continues to weigh on the delivery of new supply, with higher funding costs more recently adding another layer of complexity.

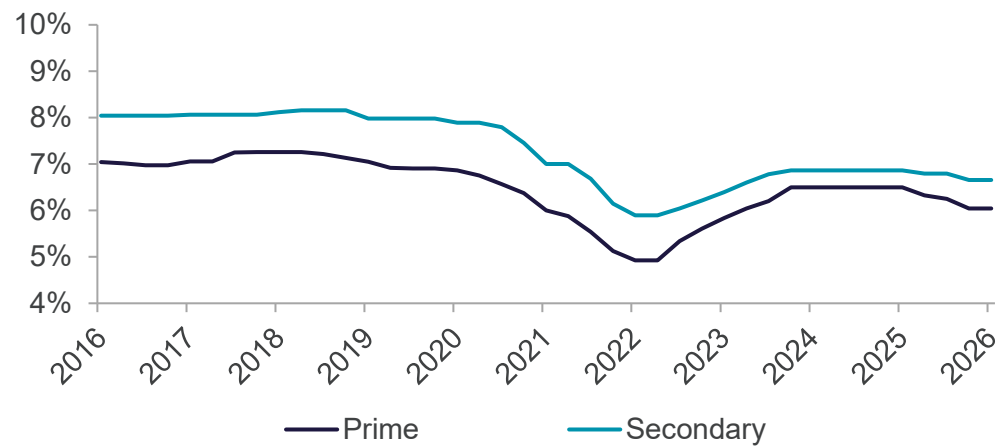
OUTLOOK

- Despite broader geopolitical headwinds, occupier demand in Perth is expected to remain resilient through 2026, supported by ongoing resource sector activity, population growth and infrastructure investment. Notwithstanding, elevated interest rates and softer business sentiment are likely to result in a more measured pace of decision-making in the near term, particularly 3PLs as they assess the impacts of higher fuel costs.
- Demand is expected to remain skewed toward smaller requirements; however, limited availability in sub-6,000 sqm facilities is likely to drive high lease renewal rates.
- Vacancy is forecast to gradually trend lower as limited new stock reaches the market. Core precincts are expected to remain undersupplied, reinforcing competitive leasing conditions, particularly for well-located, smaller format assets
- Rental growth in the order of 4.2% is forecast for 2026, albeit led by the smaller end of the market, which will remain more resilient in the current macroeconomic environment.

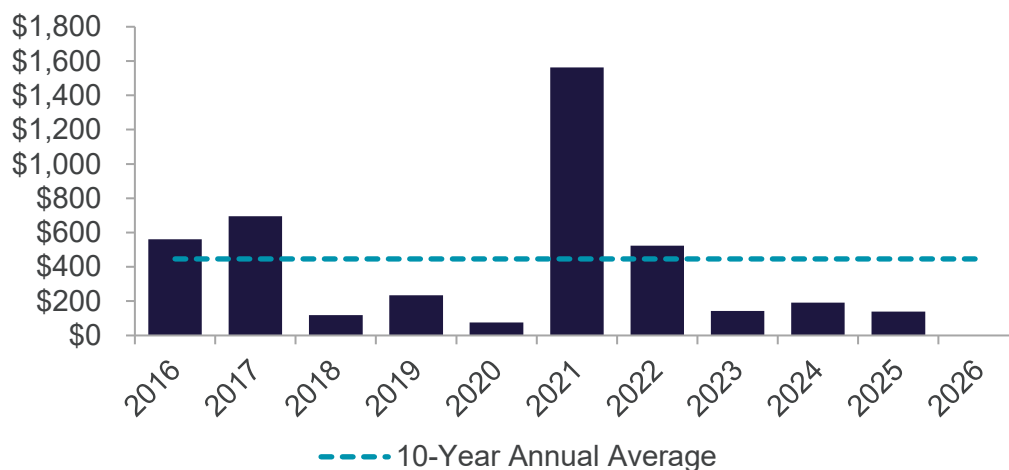
Q1 2026 LAND VALUES BY SIZE (\$/SQM)



YIELDS BY GRADE



INVESTMENT VOLUMES (\$M)



LAND VALUES

The diminishing supply of development-ready land has continued to place upward pressure on land values across Perth. This has been most evident in the 1–5 hectare segment, where values increased by 7.6% over Q1 2026 to average \$533/sqm, with the East remaining materially higher at an average of \$625/sqm, reflecting its proximity to key infrastructure and established occupier demand.

Lots sized below 10,000 sqm held steady in Q1 2026, currently standing at \$658/sqm, with expectations of growth over the next 12 months.

YIELDS

The recent increase in the cash rate and associated funding costs has slowed the pace of yield compression across the Perth market, with pricing now stabilising following a period of tightening. However, the relative yield spread to East Coast markets continues to provide a degree of support, underpinning investor demand in the near term. Asset selection and a pathway to growth will become more critical in the current environment.

Prime core market yields currently average approximately 6.00%, with evidence closer to 5.75%, predominantly driven by high-net-worth private buyers. Secondary core market yields average 6.63%.

The 90-day BBSW has increased to approximately 4.2% over the quarter, which, when combined with prevailing lending margins, has pushed all-in debt costs above 5.4%. At these levels, assets continue to offer a modest positive carry, supporting investment activity despite higher funding costs. Investors are increasingly adopting a medium-term view on monetary policy, with expectations that easing will occur in late 2027 as inflation moderates, providing a more supportive backdrop for pricing.

INVESTMENT

Despite solid capital appetite for Perth, transaction activity remains limited as stock continues to be tightly held, particularly at scale. This is reflected by Perth’s ownership structure, with several private/family offices accounting for a large share of stock. Notwithstanding, there are a number of assets currently in the market that will boost investment volumes over the coming quarters once they trade.

The only notable trade to occur in the quarter was 248-250 Welshpool Road, Welshpool, which Byrne Property acquired from Corval for almost \$10.5 million.

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 and higher economic rents needed to activate new supply. Owner-occupiers and developers will continue to prioritise sites that can deliver near-term outcomes.
- Inflationary pressure and the flow on impact to interest rates and debt costs are expected to curtail yield compression.
- Given the 50 basis point increase in the cash rate recorded to date and the view that another 25 basis point rise will occur in May 2026, pricing is expected to adjust, particularly for secondary or less functional assets as risk is more appropriately priced in.
- Despite near term pricing uncertainty, underlying investor demand for Perth remains intact, supported by relative yield attractiveness compared to the East Coast and strong market fundamentals.

Q1 2026 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	1.0%	11,926	\$160	\$33	10.0%	6.13%	\$2,612	\$475
South	3.8%	50,906	\$173	\$33	10.0%	6.00%	\$2,875	\$500
East	2.4%	9,289	\$183	\$33	10.0%	6.00%	\$3,042	\$625
PRIME AVERAGE	2.7%	72,121	\$172	\$33	10.0%	6.04%	\$2,843	\$533
SECONDARY								
North	-	-	\$123	\$33	11.3%	6.63%	\$1,849	-
South	-	-	\$128	\$33	11.3%	6.63%	\$1,925	-
East	-	-	\$140	\$33	11.3%	6.63%	\$2,113	-
SECONDARY AVERAGE	-	-	\$130	\$33	11.3%	6.63%	\$1,962	-

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