

MARKET FUNDAMENTALS

2.2%

Vacancy Rate

YOY Chg

▼

Outlook

▼

6.13%

Average Prime Yield

YOY Chg

▼

Outlook

—

0.0%

Prime QoQ Rental Growth

YOY Chg

▲

Outlook

▲

ECONOMIC INDICATORS

2.1%

National GDP Growth

YOY Chg

▲

Outlook

▲

3.6%

Gross State Product Growth

YOY Chg

▲

Outlook

▲

4.4%

National Unemployment Rate

YOY Chg

▲

Outlook

▲

Source: ABS

ECONOMIC OVERVIEW

Economic conditions remain mixed, with growth improving modestly while inflationary pressures remain elevated. GDP rose by 0.4% in the June quarter and 2.1% over the year, marking a slight improvement in quarterly growth despite a moderation in the annual rate. Meanwhile, headline CPI reached 3.5% year-on-year in July, while trimmed mean inflation rose to 3.6%, indicating that underlying inflation remains persistent.

The RBA raised the cash rate by 25 bps to 4.60% in September, while signaling that further tightening may be required if inflation remains above target. Western Australia’s State Final Demand is forecast to grow by 1.2% in 2026, before strengthening to 2.0% in 2027.

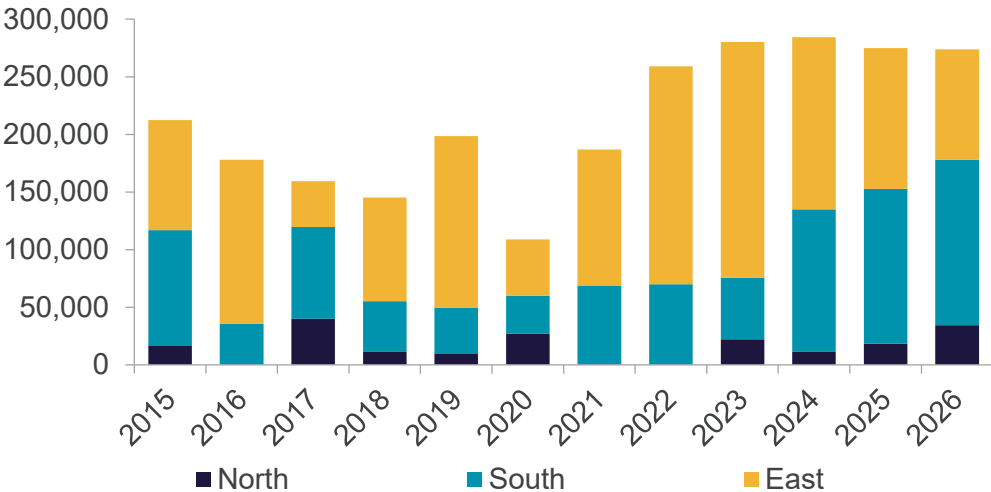
DEMAND

Leasing momentum remained strong through Q3 2026, with Perth continuing to record demand well above historical averages. Almost 95,000 sqm was leased in the past quarter, taking the 2026 total to approximately 275,000 sqm, with activity remaining concentrated across the East and South submarkets. Despite the strong leasing volumes, net absorption was largely flat, with available floorspace remaining broadly the same.

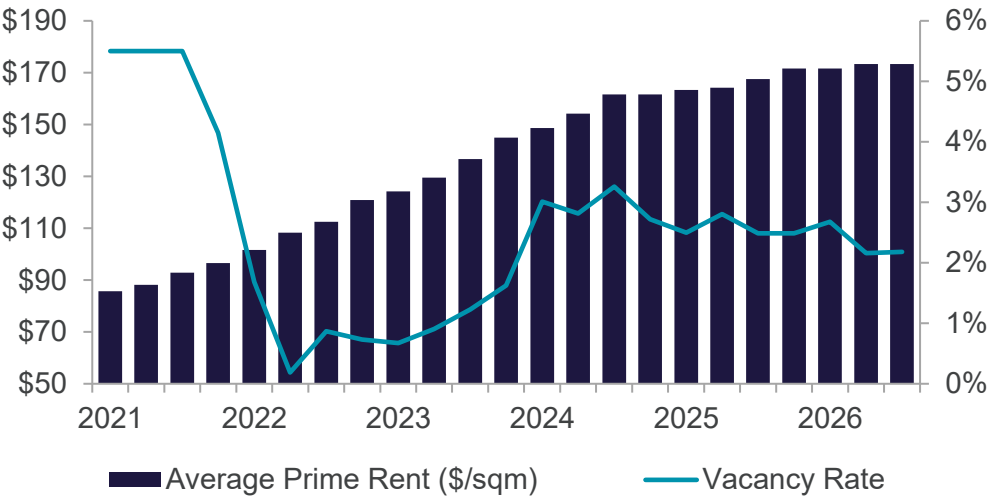
Demand continues to be supported by Western Australia’s strong economic backdrop, population growth and elevated business and resources investment. Larger logistics requirements remain active, while the 3,000–6,000 sqm size bracket continues to represent a key source of occupier enquiry.

A lack of suitable accommodation remains a key constraint on activity, particularly for workshop facilities and properties offering sufficient hardstand and yard capability. With demand continuing to exceed supply for these requirements, occupiers are increasingly considering pre-lease opportunities where existing stock cannot meet operational needs.

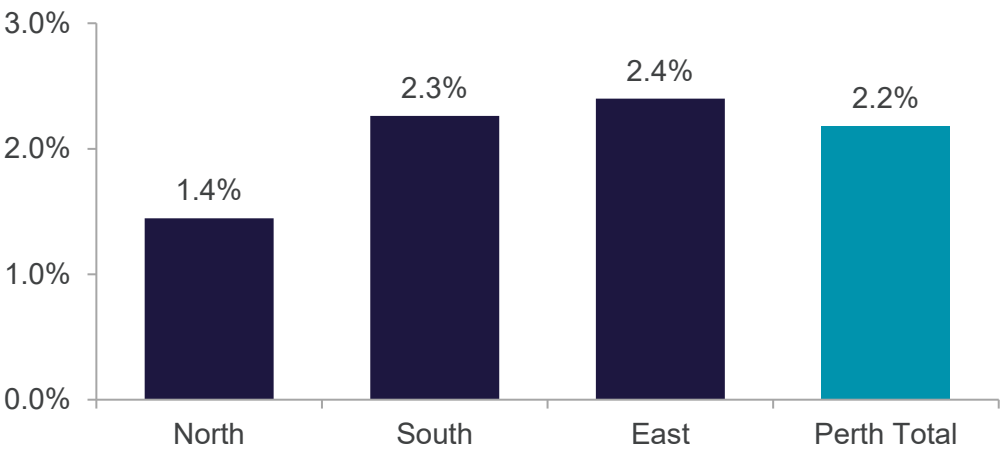
GROSS TAKE-UP (SQM)



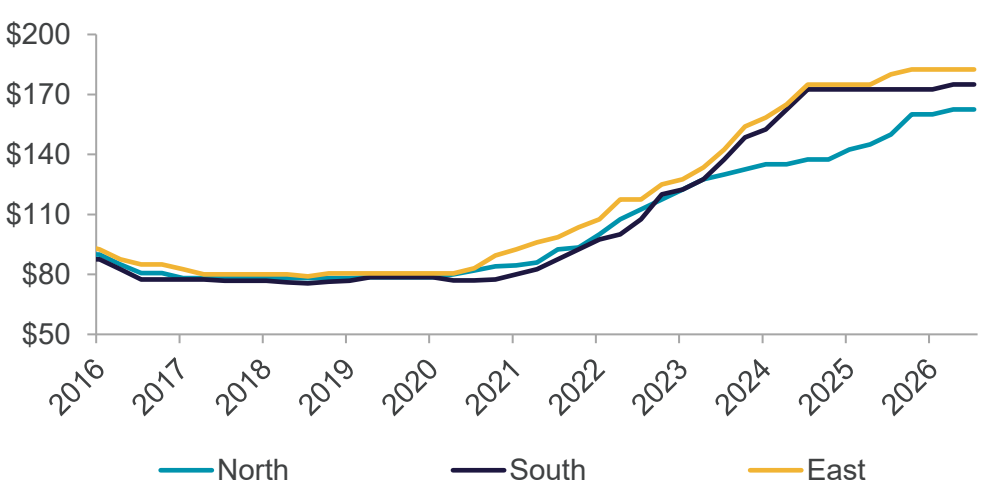
VACANCY & AVERAGE PRIME RENTS



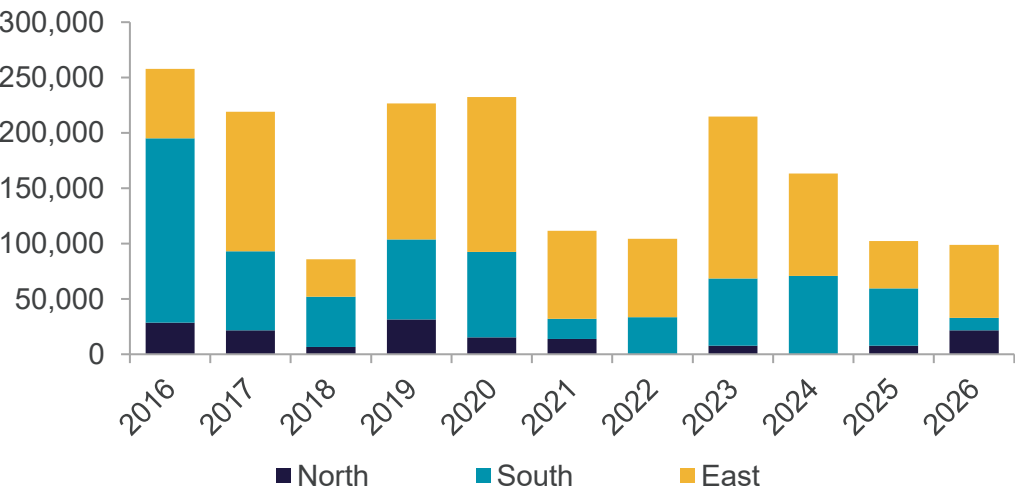
Q3 2026 VACANCY RATES BY SUBMARKET



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



SUPPLY BY SUBMARKET (SQM)



VACANCY

Perth’s vacancy rate remained steady at 2.2% through Q3 2026, with continued leasing activity offsetting new availability entering the market. At a national level, Perth remains the tightest industrial market in the country.

Sublease availability continues to have a notable impact on the headline vacancy rate, with a relatively small number of larger sublease options accounting for a meaningful share of available floorspace. Excluding this space, underlying vacancy remains considerably tighter at 1.6% and better reflects conditions for occupiers seeking direct lease opportunities.

The North submarket recorded the largest fall in vacancy this quarter, reversing an uptrend that had persisted for close to a year. By contrast, vacancy edged up slightly in the South, from 2.2% to 2.3%, and in the East, from 2.2% to 2.4%. More broadly, occupiers' continued preference for prime facilities has reduced the pool of speculative availability across the market, creating an opening for developers holding active land supply to bring new product forward.

RENTS & INCENTIVES

Recent deal evidence provides support to current rental levels and as a result, prime rents held steady in Q3 2026. Average prime rents sit at \$175/sqm net, while the East submarket commands a premium at closer to \$185/sqm. On an annual basis, prime rents rose 3.5%, remaining ahead of the national benchmark of 2.0% over the same period. Growth continues to be uneven by size, with pronounced growth recorded for sub-6,000 sqm tenancies, where most of the leasing activity has been concentrated.

Similarly, incentives remained stable and currently range between 5.0% and 15.0% across both prime and secondary grades.

SUPPLY

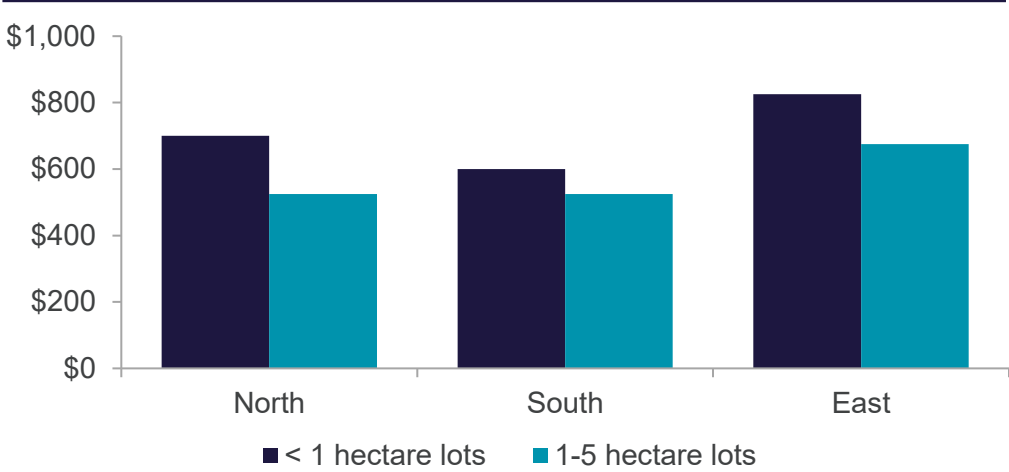
Warehouse supply across pre-commitments and speculative developments for 2026 totals around 95,000 sqm, coming in below earlier forecasts as several facilities were pushed back into 2027. This makes 2026 the lowest year for supply since 2018. Land constraints in core locations, along with feasibility challenges stemming from higher economic rents, have also contributed to the subdued supply pipeline.

Speculative supply remains limited, with additions more recently stemming from Wattleup and Jandakot precincts. Encouragingly, speculative supply is expected to pick up in 2027, though most of this pipeline has yet to break ground.

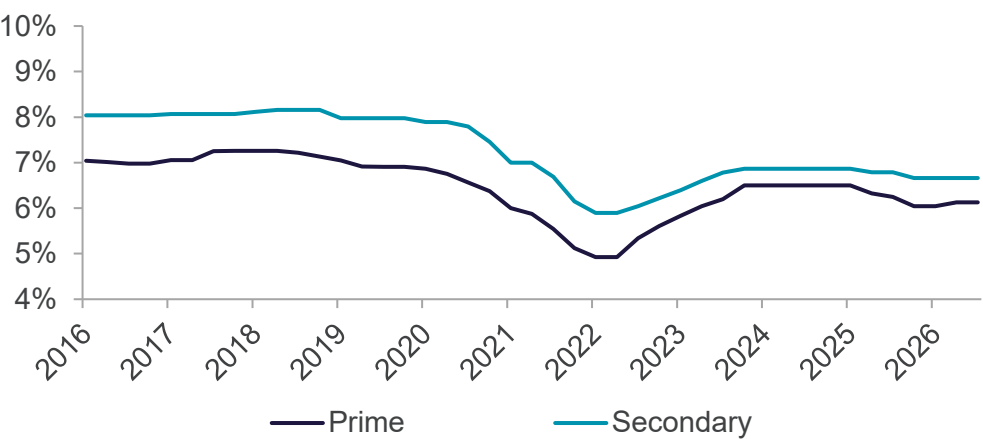
OUTLOOK

- The balance of power remains firmly tilted towards landlords, particularly in core precincts. Consequently, occupiers looking to expand who can't afford to wait out pre-lease timeframes will likely need to compromise on location and grade in certain areas.
- Overall, WA's economic conditions remain supportive of demand, though broader macroeconomic headwinds are expected to weigh on larger national and international occupiers in the near term. Smaller, population-driven occupiers are expected to prove more resilient by comparison.
- Vacancy is forecast to trend lower through the remainder of 2026 as limited new stock comes to market. Core precincts are expected to stay undersupplied, reinforcing competitive leasing conditions, particularly for well-located smaller assets.
- Rental growth of around 4.0% is forecast for 2026, with net effective rents potentially outpacing this as incentives continue to compress.

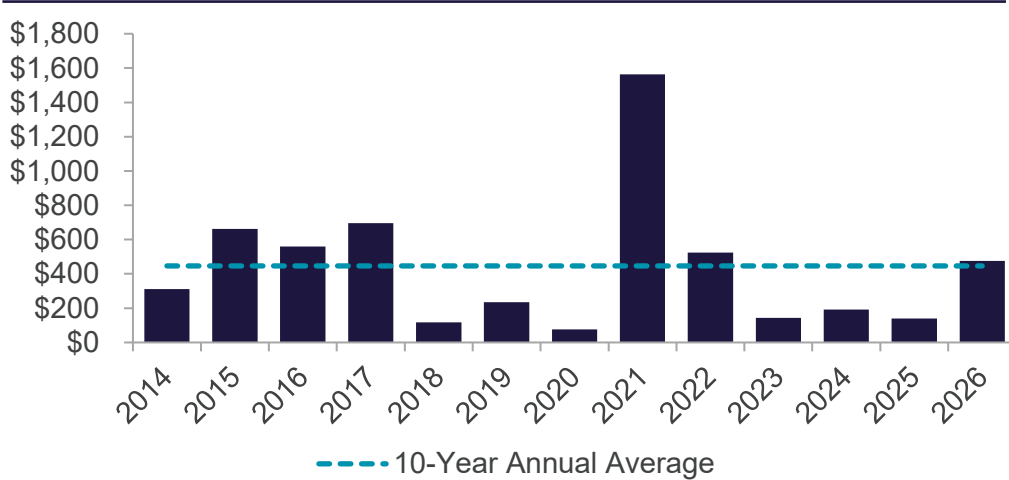
Q3 2026 LAND VALUES BY SIZE (\$/SQM)



YIELDS BY GRADE



INVESTMENT VOLUMES (\$M)



LAND VALUES

Land values across Perth held stable in Q3 2026, with owner-occupier demand continuing to underpin values across the market. Notably, this follows a large jump in land values earlier in 2026, led by an acute shortage of development ready land opportunities in core precincts.

1-5 hectare lots currently average \$575/sqm, while lots sized below 10,000 sqm are substantially higher at \$708/sqm.

While there are over 1,400 hectares of vacant industrial land across Perth, just over 20% of this is considered active and developer owned. Further, land supply is highly concentrated, with 10 lots or estates account for more than 60% of Perth’s active land supply, including Jandakot Airport and estates at Doobarda.

YIELDS

Prime core yields currently sit in the 6.00% to 6.25% range, however, there are some recent transactions which support yields below this range and reflects location and covenant strength.

Higher bond yields and the prospect of further monetary policy tightening have placed increased scrutiny on yields and total returns. Despite this, Perth industrial yields have remained relatively resilient, supported by strong investor demand and limited availability of core investment opportunities.

Prime assets are expected to remain better insulated given the depth of capital seeking high-quality opportunities, while secondary assets are more exposed to repricing as higher funding costs place greater emphasis on income growth, leasing risk and capital expenditure requirements.

INVESTMENT

Transaction activity in Q3 2026 increased sharply, with almost \$400.0 million trading in the period, taking 2026 volumes to \$475.7 million. Notably, this is the strongest result since 2022, however, with a quarter to run, volumes could exceed the \$523.9 million that was recorded in that period.

The significant jump in volumes was largely attributed to Growthpoint’s divestment of the Woolworths distribution centre at Perth Airport to Hesperia for \$267.7 million. The sale reflected a core market yield of 5.63%. Other trades include Cosgrove Group’s acquisition of two assets from the Lester Group for a collective total of \$58.2 million.

OUTLOOK

- Owner-occupier demand is expected to remain a key driver of the Perth market, sustaining competition for development sites and underpinning land values despite a more subdued economic backdrop.
- Capital markets sentiment has weakened, with the sharp rise in bond yields and renewed expectations for further RBA tightening placing upward pressure on required returns. However, Perth's strong fundamentals provide a degree of insulation, with low vacancy, constrained supply and rental growth continuing to support asset values.
- Transaction volumes will be dependent on stock being offered to the market, with assets remaining tightly held and reflects Perth’s dominance of private owners.
- Despite recent pricing uncertainty, investor appetite for Perth is being supported by its relative yield advantage over the East Coast which is encouraging syndicators to remain active.

Q3 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)	AVERAGE LAND VALUES (1-5ha, \$/SQM)
PRIME								
North	1.4%	34,359	\$163	\$33	10.0%	6.13%	\$2,653	\$525
South	2.3%	143,698	\$175	\$33	10.0%	6.13%	\$2,857	\$525
East	2.4%	95,633	\$183	\$33	10.0%	6.13%	\$2,980	\$675
PRIME AVERAGE	2.2%	273,690	\$173	\$33	10.0%	6.13%	\$2,830	\$575
SECONDARY								
North	-	-	\$128	\$33	11.3%	6.63%	\$1,925	-
South	-	-	\$133	\$33	11.3%	6.63%	\$2,000	-
East	-	-	\$145	\$33	11.3%	6.63%	\$2,189	-
SECONDARY AVERAGE	-	-	\$135	\$33	11.3%	6.63%	\$2,038	-

DEFINITIONS:

Prime: Built since 2010, with warehouse clearances above 10 metres (super prime above 13.5 metres), ESFR sprinkler systems, B-double approved access and strong ESG credentials, including Green Star and/or NABERS ratings.

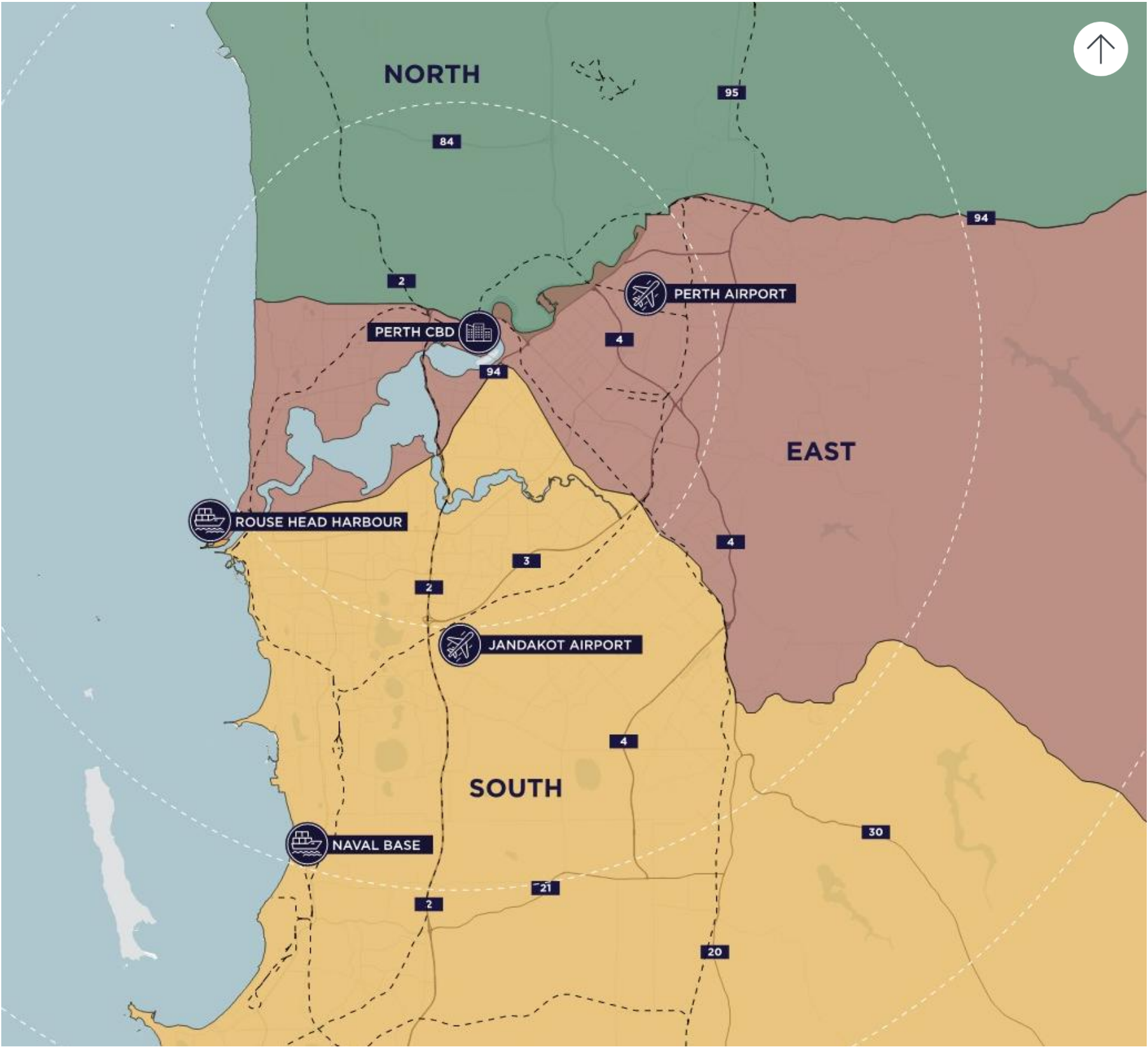
Secondary: Built prior to 2010 with clearances between 8m and 11m, lower specifications than prime assets which provide lower warehouse efficiency.

Gross Take-up: The total floor space leased during a specified period above 3,000 sqm, excluding lease renewals.

Net Absorption: The net change in occupied floor space over a specified period, reflecting changes in tenant occupancy.

Vacancy Rate: Buildings above 3,000 sqm that are available now. This includes existing buildings, completed speculative buildings and sublease space.

PERTH SUBMARKET OVERVIEW



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