

FIGURES | ADELAIDE | Q3 2026

Strong retail demand leads to yield tightening while office and industrial yields hold steady in Q3

▼ 4.2%

SA Unemployment Rate Sep 2026

► 35.0%

Prime Office Incentives (stable q-o-q)

▲ \$143

Super Prime Industrial Net Effective Rent

▼ 6.8%

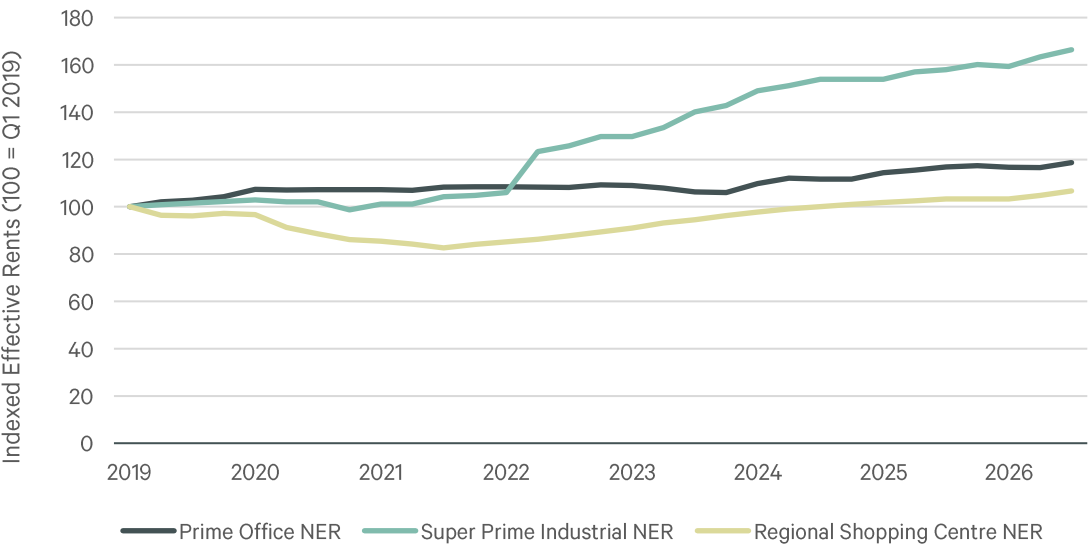
Regional Shopping Centre Yield (-10 bp q-o-q)

Note: Arrows indicate change from previous quarter / half / year.

Key Points

- OFFICE: Tenant enquiry eased to c.74,500 sqm in Q3 2026, from c.90,000 sqm a year earlier. Prime gross face rents rose 1.7% q-o-q and 2.3% y-o-y for Q3.
- OFFICE: Office investment volume of AUD 260 million recorded for 2026 YTD, with prime yields holding steady during the quarter.
- INDUSTRIAL: Take-up for Q3 was c.21,500 sqm, below the recent quarterly average, though tight vacancy drove super prime rent growth of 6.5% y-o-y.
- INDUSTRIAL: Strong industrial investment volume of over AUD 600 million recorded in 2026 YTD, surpassing the long run average. Super prime yields held steady in Q3 averaging 6.0%.
- RETAIL: Approximately 45,000 sqm of retail supply is expected in 2026, above the historic average and over AUD 900 million of retail investment activity has occurred in 2026 YTD.
- RESIDENTIAL: Residential pricing in Adelaide is now adjusting after a long price growth cycle with median house values in the September quarter decreasing 2.7% q-o-q.

FIGURE 1: Adelaide | Summary of Effective Rents by Sector



Source: CBRE Research

Office Leasing

Strong enquiry in the past year, though volumes eased in Q3

During Q3 2026 Adelaide enquiry volumes reached c.74,500 sqm across 148 tenant enquiries, easing from the c.90,000 sqm and 191 enquiries a year earlier, reflecting a more cautious occupier backdrop amid increased economic uncertainty. Over the rolling 12 months enquiry volumes have totalled c.292,000 sqm, 20% above the long run annual average, and the number of enquiries is 15% above the long run average.

The latest Property Council of Australia data showed net absorption of -9,224 sqm for H1 2026, an easing from the strong absorption level seen in recent years. However, there are a number of leasing deals related to new entrants into the CBD and expansion activity which are expected to be included in the H2 2026 data and create c.15,000-20,000 sqm of positive absorption.

Adelaide prime gross face rents increased by 1.7% q-o-q and are up 2.3% y-o-y to an average of AUD 667/sqm. Prime incentives have remained stable in the past year averaging 35% amid a high fit out cost environment.

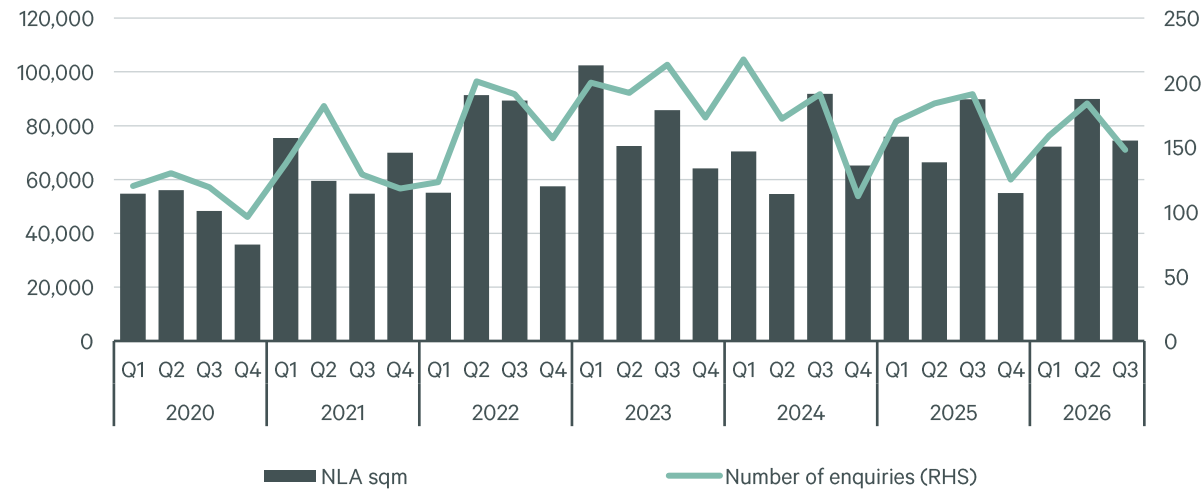
Supply gap in the next two years to support improving vacancy

With the completion of 50 Franklin Street and Market Square developments in the past year, the supply pipeline is now more constrained, providing a good runway to see the vacancy decrease over the next two years.

The future supply pipeline now comprises Walker Corporation’s King William Tower development, comprising c.50,000 sqm of office NLA with completion expected around late 2028. The ATO has pre-committed to around 20,000 sqm at King William Tower.

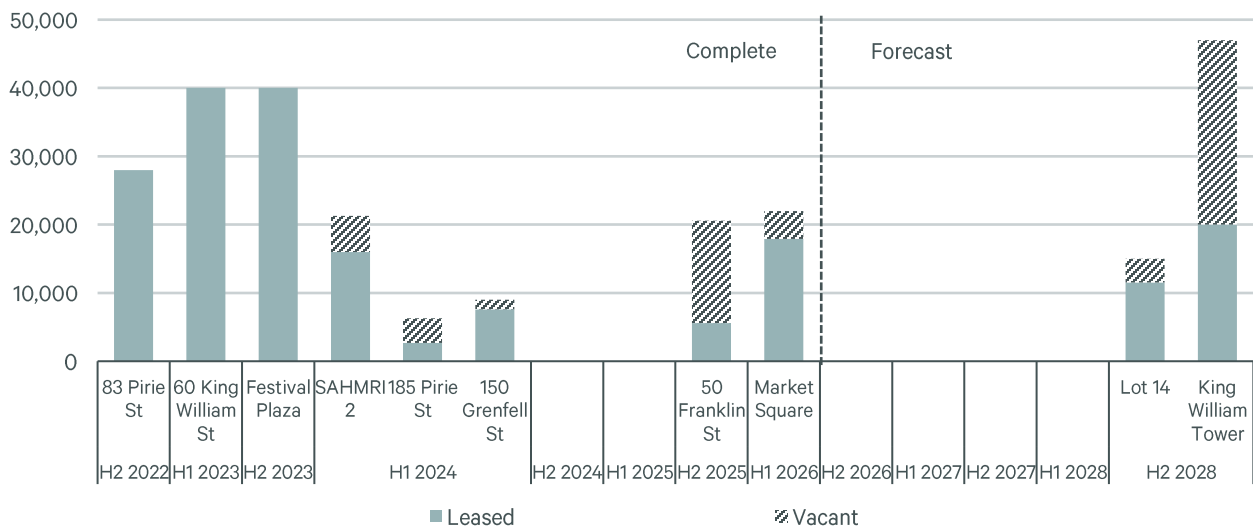
Defence HQ at the Lot Fourteen development (c.15,000 sqm) commenced construction in July 2026 and is expected to reach completion in 2028. Defence HQ will be an 11-storey building focused on defence, space and critical technologies and will support the AUKUS defence program, with BAE Systems establishing its headquarters at Defence HQ.

FIGURE 2: Adelaide Office | Quarterly Enquiry Volumes



Source: CBRE Research

FIGURE 3: Adelaide CBD Office | Historic and Upcoming Major Supply



Source: CBRE Research

Office Capital Markets

Transaction activity expected to lift as the investment pipeline improves

Investment transaction volumes have been subdued through 2026 YTD with AUD 260 million of transactions recorded, against a 10-year annual average of AUD c.550 million, though there are a number of pending CBD transactions which could lift the 2026 volume towards the historical average over the final quarter.

Some notable transactions in 2026 have included:

- 196 OG Road – Private investor purchased the asset from LDR Capital Property Fund for AUD 30 million.
- 77 Grenfell Street – LAS Group acquired the asset on a vacant possession basis from Wingate IPG for around AUD 45.7 million. The property is expected to be re-purposed into student accommodation and has been withdrawn from the office stock.
- 75 Hindmarsh Square – Local private investor has purchased the fully occupied asset from Harmony Property for around AUD 42.4 million.

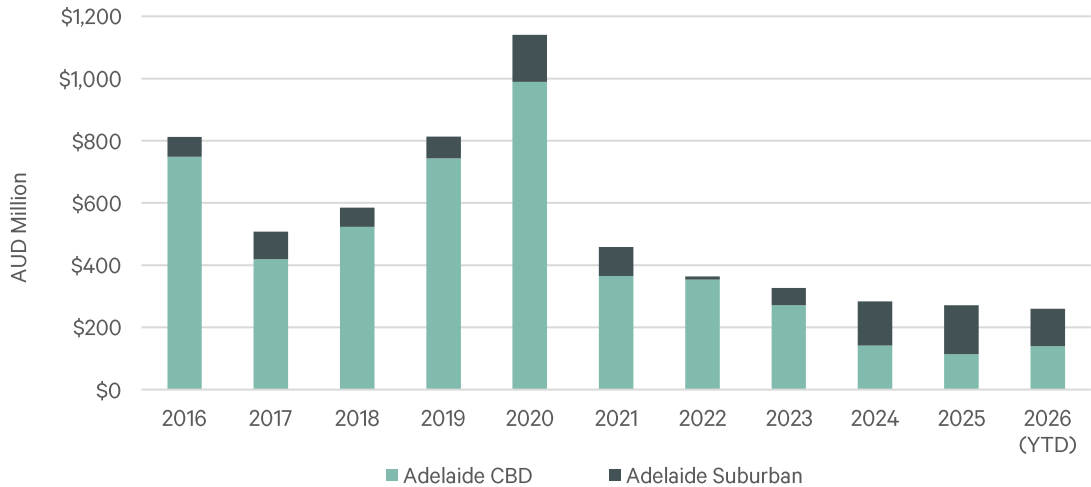
Yields stable in Q3 though expected to soften further

Adelaide CBD prime office midpoint yields were steady during Q3 2026 averaging 7.8% and secondary grade yields also held steady q-o-q averaging 9.5%, reflecting subdued investment transaction evidence through 2026 YTD.

Despite the limited activity in 2026 YTD, considerably more investment stock in the pipeline, which is expected to lead to some further softening in yields heading into Q1 next year.

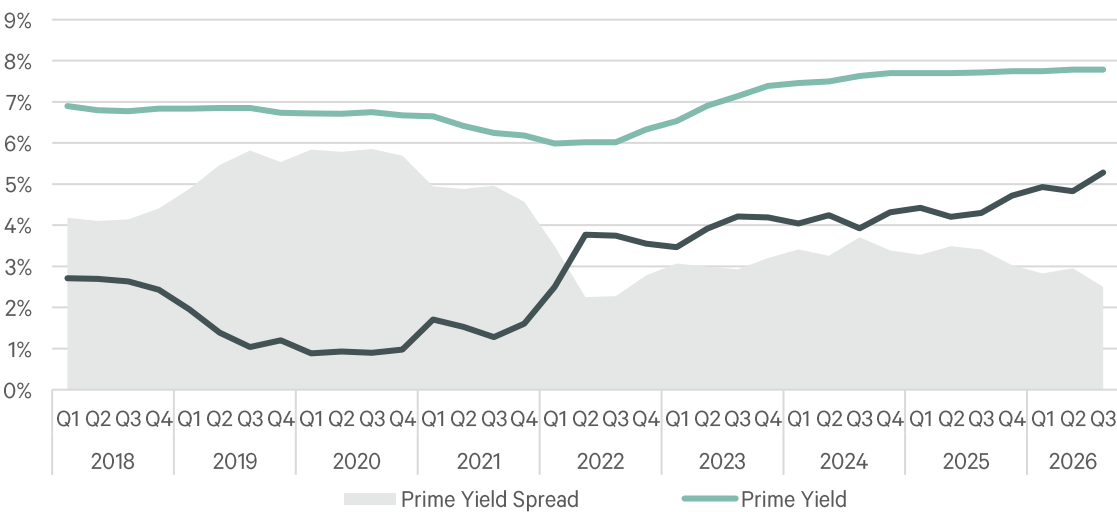
The Reserve Bank of Australia increased the Cash Rate by 100 bps over the first nine months of 2026 to 4.60% and market expectations as of mid October 2026 imply another 25 bps increase by mid 2027. As investors price in higher cost of debt and this flows through to transaction volumes, some further yield expansion is expected.

FIGURE 4: Adelaide Office | Sales Activity (≥ AUD 5 million)



Source: CBRE Research

FIGURE 5: Adelaide CBD Office | Prime Indicative Yields vs Commonwealth Government 10-yr Bond Yields



Source: CBRE Research

Industrial Leasing

Strong fundamentals underpin continued rent growth in Adelaide

Leasing activity was fairly subdued during Q3 2026, with gross take-up of c.21,500 sqm recorded, below the recent quarterly average and the same period last year. The subdued activity this quarter reflects a more measured approach among occupiers given the increased economic uncertainty, which was also observed in easing tenant enquiry and increased letting-up periods in the quarter.

Despite the subdued activity in the quarter, the market fundamentals across Adelaide remain healthy, featuring low vacancy and limited speculative development activity. Amid this backdrop super prime net face rents grew 1.9% over the quarter and are up 6.5% over the year to AUD 163/sqm. Super prime rental growth this quarter was driven by the West and South West precincts amid rising land values and substantially higher economic rents in these core inner city industrial locations. Incentives remained broadly stable at around 13%, supporting continued growth in net effective rents.

High pre-commitment levels limit vacancy risk despite higher supply levels

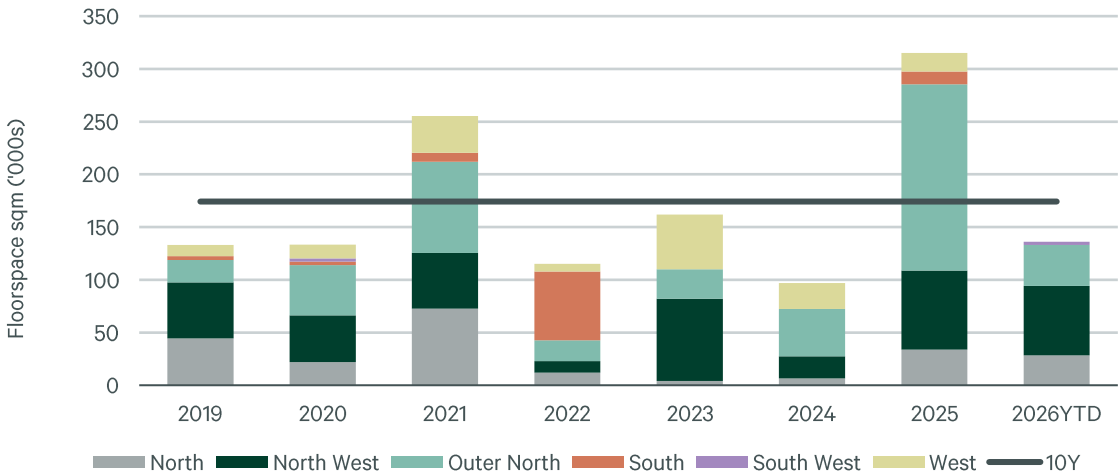
Development completions continued through the quarter with approximately 24,000 sqm of new supply added. Approximately 77% of the 2026 pipeline has now reached completion with the balance earmarked to reach practical completion in the final quarter.

The 2026 pipeline is projected to reach around 157,000 sqm, well above the long-term average. Despite this elevated delivery, strong pre-commitment levels continue to limit speculative supply entering the market, limiting near-term vacancy risk and supporting market fundamentals.

Completions remained concentrated across the Outer North and North precincts, reinforcing the importance of Adelaide’s northern growth corridor.

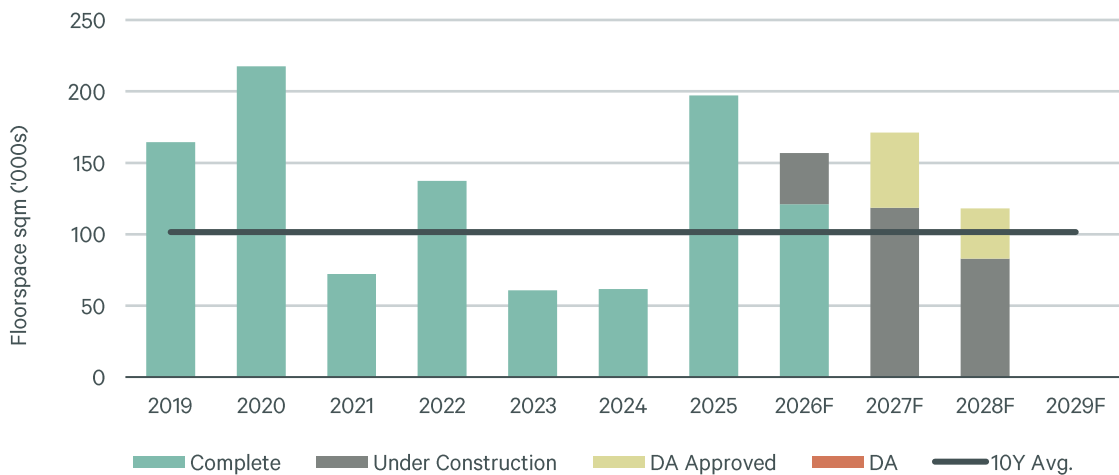
Looking ahead, a significant proportion of the forward pipeline has either commenced construction or progressed through planning approvals, providing confidence in Adelaide’s medium-term supply outlook.

FIGURE 6: Adelaide Industrial | Gross Take-Up 2019-2026YTD, by Precinct



Source: CBRE Research

FIGURE 7: Adelaide Industrial | Development Supply Pipeline 2019-2029F



Source: CBRE Research

Industrial Capital Markets

Strong industrial market investment activity in Adelaide

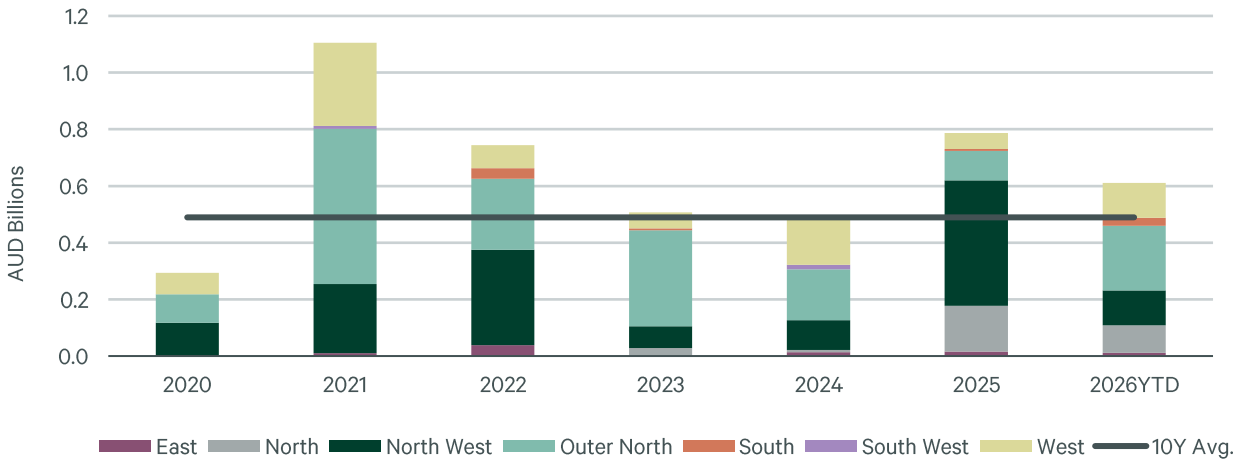
Investment activity has been strong through 2026 YTD with over AUD 600 million of transactions recorded, already surpassing the long-term annual average. While higher interest rates and global uncertainty continue to influence investor sentiment, Adelaide’s strong market fundamentals, tax advantages for commercial property and ongoing defence-related investment continue to underpin demand.

Some notable transactions recorded this quarter included Leyton Funds acquiring 75-83 Hardys Road in Underdale for AUD 29 million. Meanwhile MA Financial also divested two assets including 5 Talisman Avenue in Edwardstown to Curated Capital for AUD 21.5 million and 67-75 Kaurua Avenue in Edinburgh to a local private investor for AUD 12.1 million.

Yields steady during Q3, though softening expected amid rising interest rates

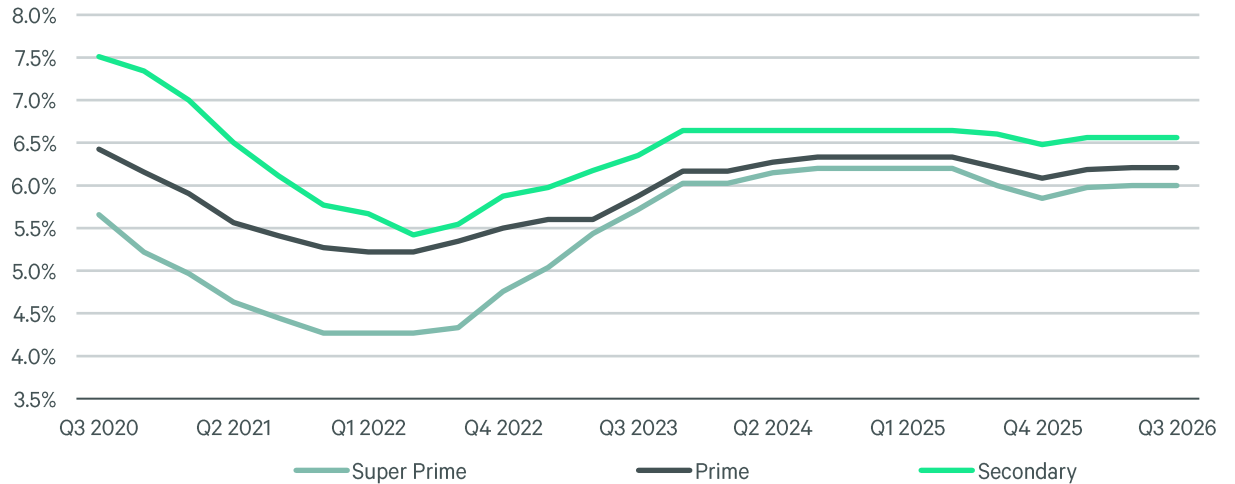
Industrial yields remained stable during the quarter, reflecting strong investor demand during Q3. Super prime yields currently average 6.0%, while prime and secondary average yields sit at 6.2% and 6.6%, respectively. While we expect favourable investor appetite for high quality industrial assets to continue, a modest softening in yields is expected in the near term as investors take a more measured approach on pricing given the rising interest rate environment.

FIGURE 8: Adelaide Industrial | Investment Sales (≥ AUD 5 million)



Source: CBRE Research

FIGURE 9: Adelaide Industrial | Average Yield by Grade



Source: CBRE Research

Retail

Population growth driving need for large format and neighbourhood centres

Approximately 45,000 sqm of retail supply is expected across the Adelaide market for 2026, above the 10-year average of c.25,000 sqm. Major projects include Market Square in the CBD, Palms Village Shopping Centre, Noarlunga Heights Super Centre, Angle Vale Home & Lifestyle Centre and Tudor Vale Shopping Centre.

As of Q3 2026 supply earmarked for delivery in 2027 and 2028 is also strong totalling around 25,000 sqm and 54,000 sqm, respectively. Adelaide’s retail development pipeline is concentrated in the neighbourhood and large format retail categories accounting for 42% and 54% of the 2026-28 total pipeline, respectively. Adelaide’s population has been growing above the historical average in recent years, and the residential market has been expanding in the outer metropolitan locations, driving the need for additional neighbourhood and large format retail centres. A lack of new supply across regional and sub regional centres is expected to continue.

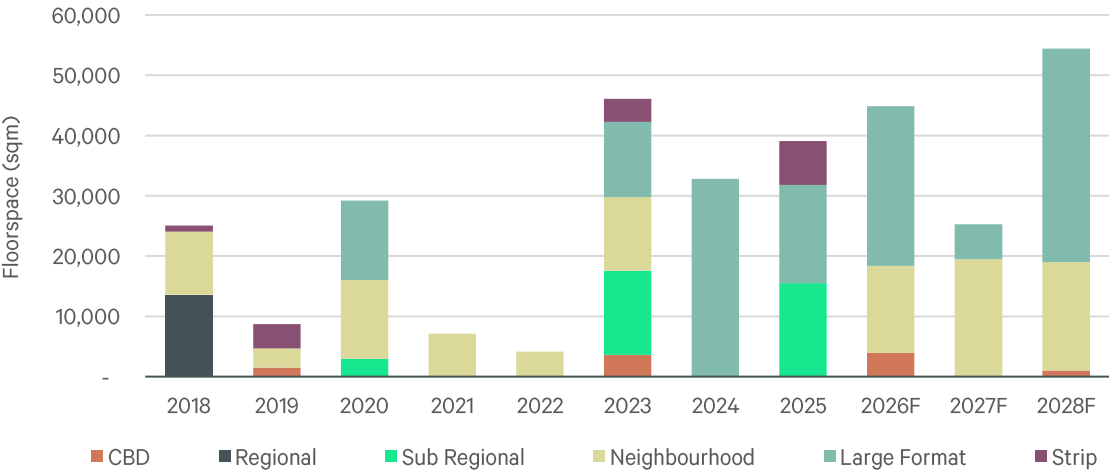
Retail rents grew in Q3 with y-o-y net effective rents up 4.0% across prime large format retail and sub regional centres, 3.3% for regional centres, 3.1% for super prime CBD and 2.0% for neighbourhood centres.

Retail yields compress in Adelaide amid strong investor demand

Driven by The JY Group’s acquisition of a 50% share in Westfield Marion for AUD 670 million, retail investment volumes across Adelaide have reached over AUD 900 million for 2026 YTD, surpassing the 10-year average of AUD c.450 million, highlighting the strong investor appetite for retail assets in Adelaide. Other notable sales have included Charter Hall’s acquisition of Churchill Centre South for AUD 80 million and Lofty Property Group’s divestment of Lightsview Village Shopping Centre for AUD 23.5 million. Investor appetite for retail assets is expected to remain favourable given the positive fundamentals.

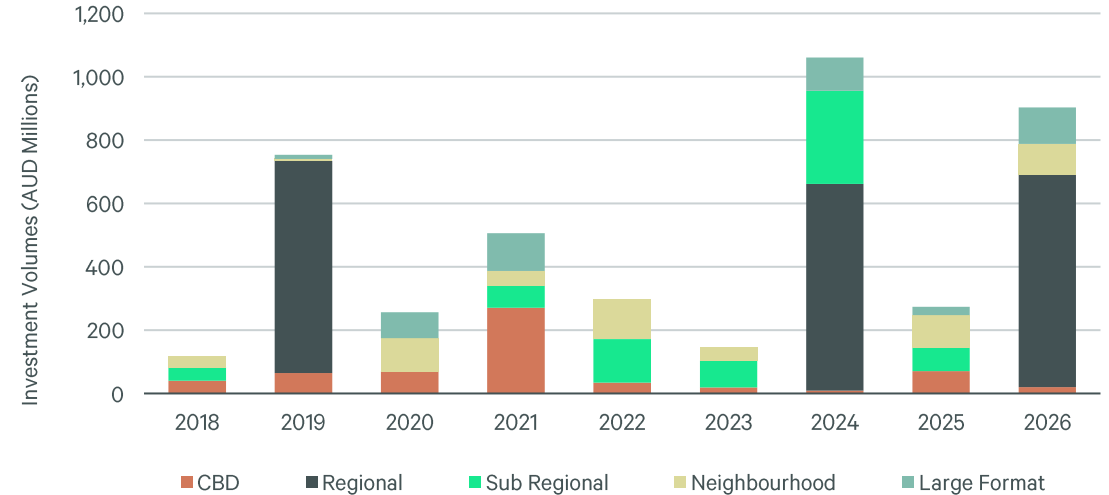
Amid the strong investor demand in retail, yields in Adelaide contracted across most categories during Q3. In the shopping centre segment, neighbourhood centre yields decreased 19 bp q-o-q to 5.8%, while sub regional and regional centre yields decreased 19 bp and 10 bp to 6.3% and 6.8%, respectively. Prime large format retail yields also contracted 3 bp q-o-q to 6.0%. Meanwhile in the CBD market super prime yields were stable at 5.0% compared to prime CBD yields which increased 8 bp q-o-q to 5.6%.

FIGURE 10: Adelaide Retail | Supply by Asset Category



Source: CBRE Research

FIGURE 11: Adelaide Retail | Sales by Asset Category



Source: CBRE Research

Residential

Adelaide prices adjusting after strong growth cycle

Residential pricing in Adelaide is now adjusting after a long price growth cycle which saw median prices rise c.80% over the five years to June 2026. The September quarter was showing initial signs of a correction, with Cotality data showing:

- a median house value of AUD 990,500 down 2.7% q-o-q but still 6.5% higher than a year ago; and
- a median unit value of AUD 674,200, down 2.9% q-o-q but still 6.2% higher than a year ago.

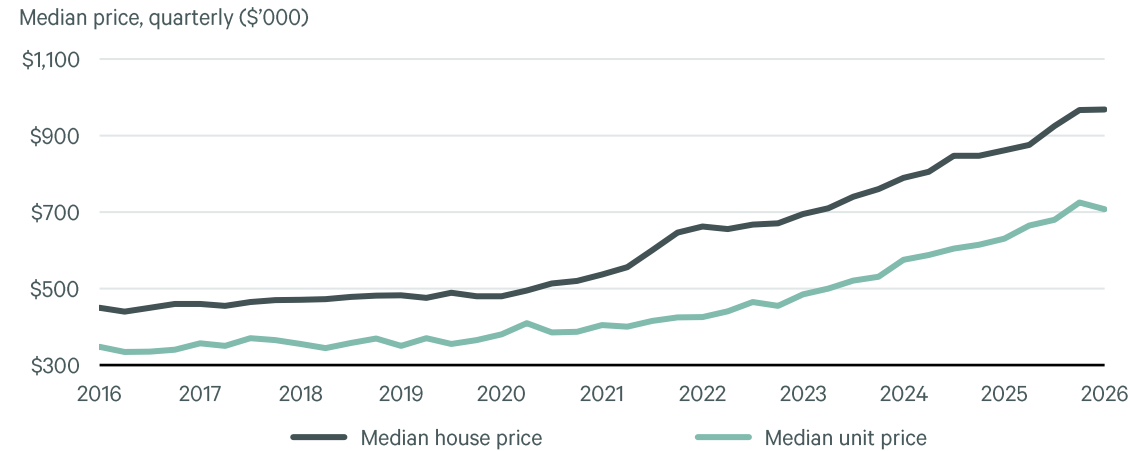
That values are still around 5% to 10% above those of a year earlier illustrates well the extent of the most recent growth cycle. The growth that has occurred, however, has eroded much of Adelaide’s historic affordability advantage over other capitals. Localised demand conditions were evenly split between soft, balanced and strong according to CBRE’s Q3 Residential Valuers Survey, reflecting a market in the early stages of a downturn but expected to soften further.

Supply pipeline remains constrained, pushing rents further

Adelaide’s residential vacancy rate was sitting at 0.6% in September 2026 having settled at or below 1.0% since the latter half of 2020. Current vacancy represents fewer than 950 properties available for rent across the city. The extended run of low vacancy has driven rental uplift of almost 60% over the past five years. REIA data was showing median house rent at \$620/week in June with the median unit rent at \$520/week. The pace of growth has eased, likely reflecting affordability constraints, with the annualised increase in the 3.5% to 4.0% range.

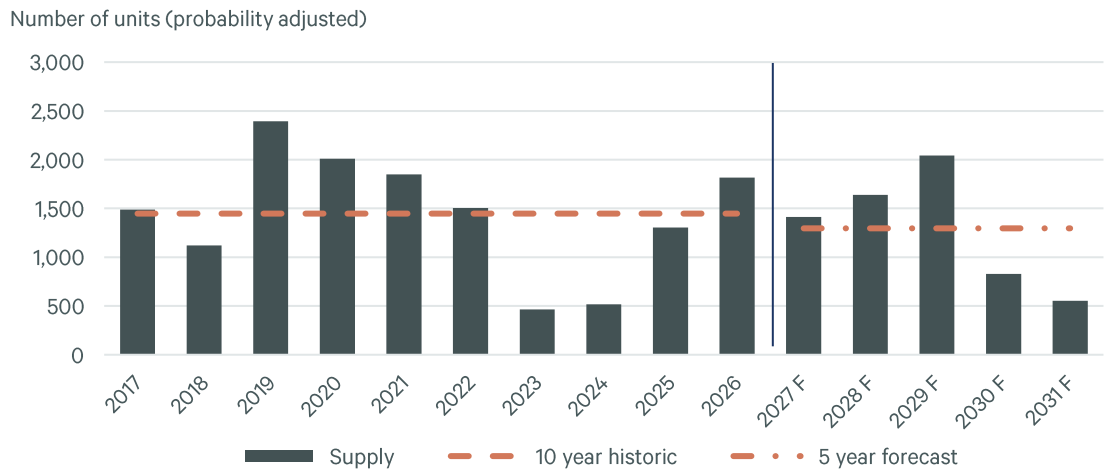
CBRE forecasts a continuation of tight vacancy for the rest of the decade, although the capacity of the market to absorb further significant rental uplift is limited. Growth of 3.2% per annum is forecast to 2031, representing a 17% cumulative increase over the five years from 2026. This growth is more modest than other capitals. New supply levels look solid in the outlook, with, for example, metropolitan Adelaide forecast to see c.1,300 medium/high density units completed per annum to 2031, comparable with the longer-term average of a little under 1,500 per annum.

FIGURE 12: Adelaide Residential | Median House and Unit Price (quarterly)



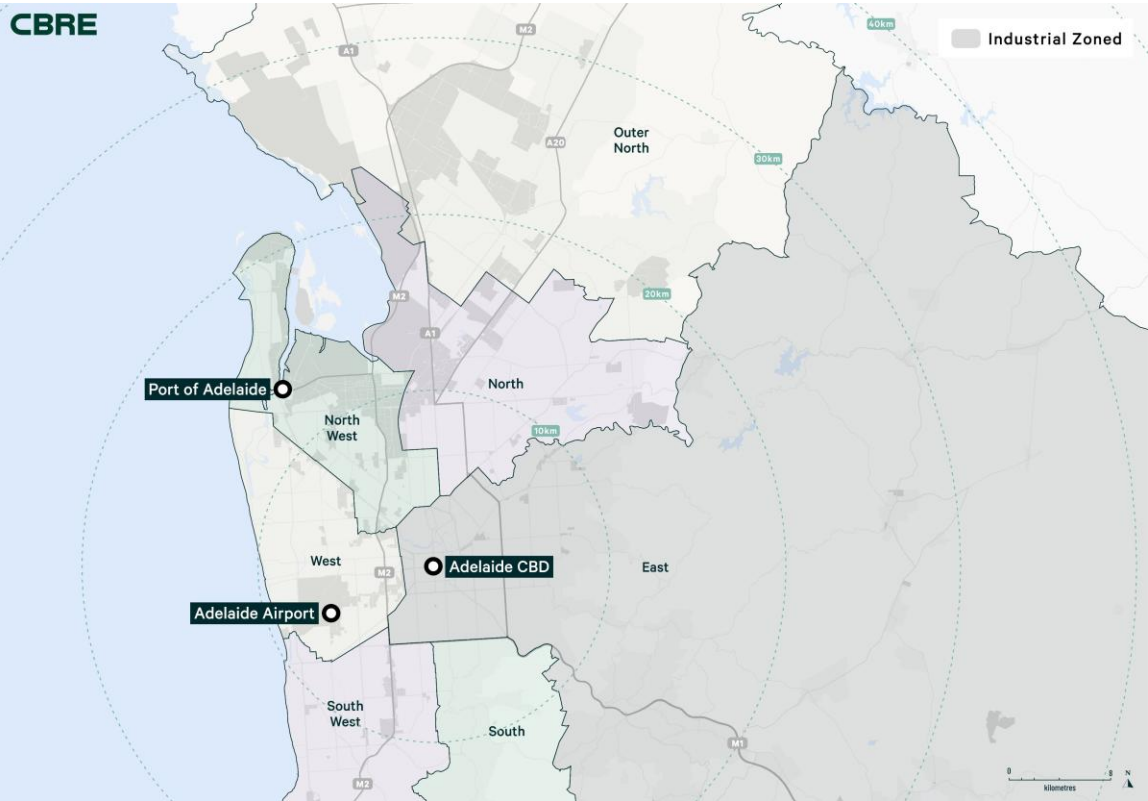
Source: Real Estate Institute of Australia

FIGURE 13: Adelaide Residential | High Density / Medium Density Completions, Metropolitan Adelaide



Source: CBRE Research

Adelaide Industrial & Logistics Precinct Boundaries



Industrial & Logistics
Asset Grade Definitions

Super Prime: Less than 6 years old, height clearance between 13.7m and 14.6m. Buildings showcasing design excellence with combination of ESFR sprinklers and docks / on-grade doors, as well as strong truck articulation for loading/unloading.

Prime: Generally, between 6 and 15 years old, height clearance over 10m and up to 13.7m.

Secondary: Buildings that are older style but still very functional, height clearance in the ranges of 8-11m, Over 15 years old.

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