

FIGURES | PERTH | Q3 2026

Strong investment volumes in the Perth retail and industrial sectors in 2026

► 4.2%

WA Unemployment Rate Sep 2026

► 46.7%

Prime Office Incentives (stable q-o-q)

▲ \$144

Super Prime Industrial Net Effective Rent

► 6.00%

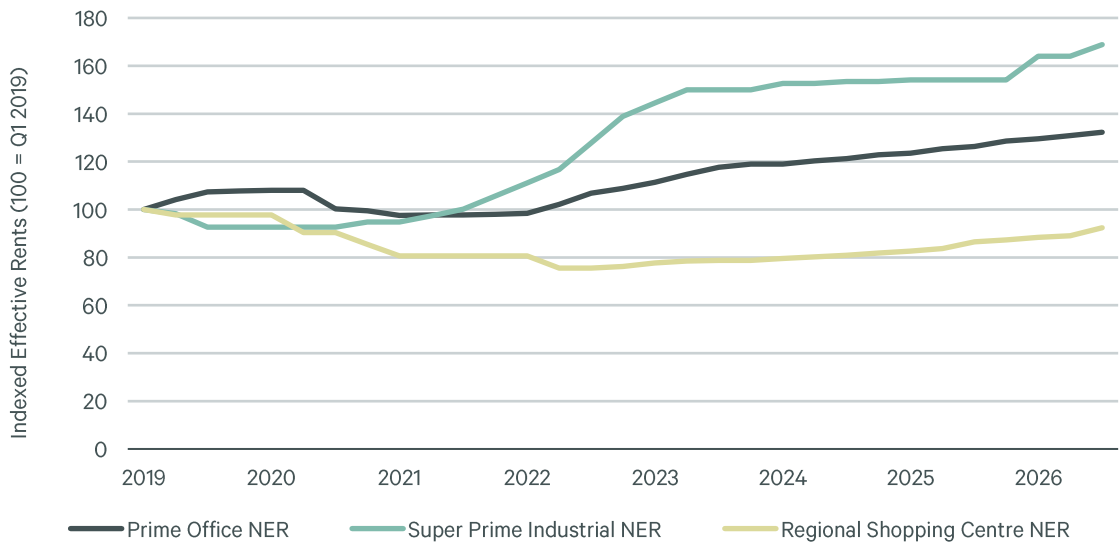
Regional Shopping Centre Yield (stable q-o-q)

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

Key Points

- OFFICE: Perth CBD net absorption reached 27,528 sqm for H1 2026, well above the historic average and prime net face rents rose 4.7% y-o-y for Q3.
- OFFICE: CBD office investment volumes of AUD 173 million recorded for 2026 YTD, with prime yields holding steady during the quarter.
- INDUSTRIAL: Take-up for Q3 reached c.87,500 sqm and over 455,000 sqm in the rolling 12 months, significantly above the historic average.
- INDUSTRIAL: Strong industrial investment volume of AUD 800 million recorded in 2026 YTD, surpassing the long run average. Super prime yields held steady in Q3 averaging 6.0%.
- RETAIL: Over 36,000 sqm of supply added in 2026 YTD driven by neighbourhood centre developments and strong investment volume of over AUD 750 million seen for 2026 YTD.
- RESIDENTIAL: After holding well until mid-year, Perth's price decline accelerated noticeably in the September quarter.

FIGURE 1: Perth | Summary of Effective Rents by Sector



Source: CBRE Research

Office Leasing

Strong number of tenant enquiries in 2026

During Q3 2026 Perth CBD enquiry volumes reached c.63,000 sqm across 130 tenant enquiries, reflecting an easing from the c.89,000 and 140 enquiries a year earlier. Over the rolling 12 months enquiry volumes have reached c.266,000 sqm, 7% below the long run average, though the number of enquiries have been strong, remaining 14% above the long run average.

The latest Property Council of Australia data showed net absorption reached 27,528 sqm for H1 2026, well above the 20-year six-month average of c.7,500 sqm. Net absorption was positive across all building grades, reflecting healthy market wide demand. Strong net absorption is expected in the Perth CBD over the next year as tight suburban markets drive occupiers into the CBD market.

Major supply gap in Perth creating some urgency among occupiers

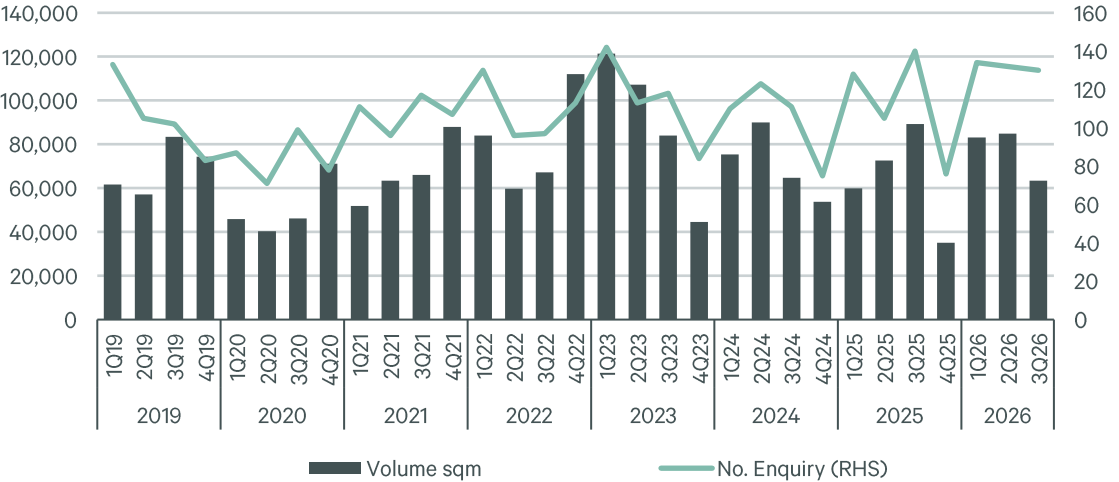
Development of new office assets are challenged due to the high construction costs and wide gap in market rents vs economic rents. The outlook for economic rents have escalated further with higher interest rates and the outlook for construction cost growth in Perth remaining elevated.

Underpinned by a pre-commitment from Rio Tinto for its new headquarters at Elizabeth Quay, BGRE's 15 The Esplanade received development approval during Q3 2026. This is likely to be delivered in 2030 and Rio Tinto's backfill space at Central Park and Raine Square is then projected to be available to the market around 2031.

The St Martins re-development will be positive for overall vacancy and CBD vibrancy as the current office stock of c.42,000 sqm is expected to be withdrawn and a revitalised mixed-use hotel, retail alongside a reduced office footprint added.

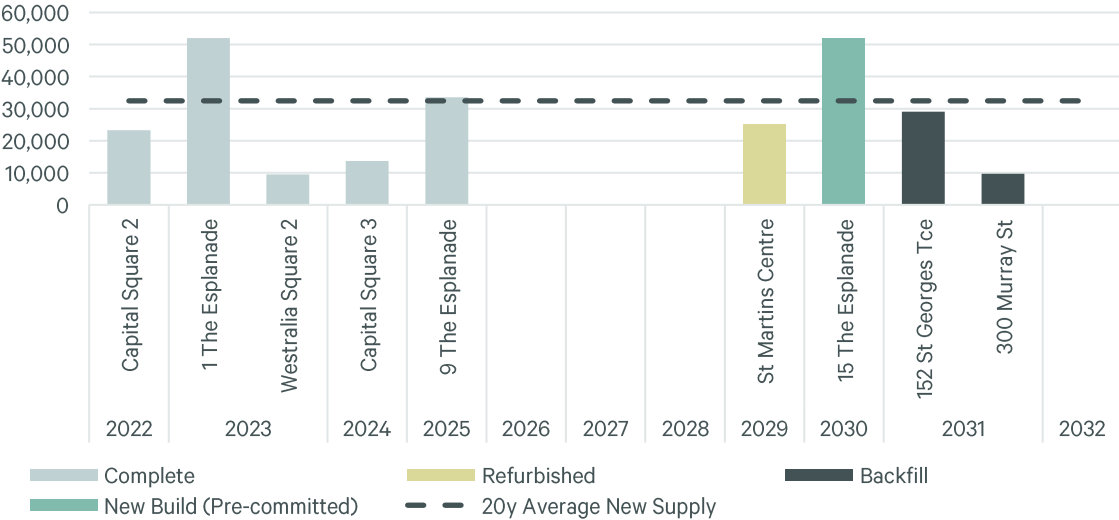
The upcoming supply gap is creating a change in market dynamics towards a more landlord favoured market. This is creating some urgency among occupiers who have been moving early to secure their premises to avoid the looming supply shortage. Perth CBD prime net face rents increased at a solid pace of 4.7% y-o-y during Q3 2026 and now average \$761/sqm. Rental growth is forecast to accelerate in the next few years amid lack of supply and tightening vacancy.

FIGURE 2: Perth CBD Office | Quarterly Enquiry Volumes



Source: CBRE Research

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



Source: CBRE Research

Office Capital Markets

Transaction activity in 2026 driven by non core CBD sales

Investment transaction activity has remained fairly subdued over the first nine months of 2026 reaching AUD 173 million, against a 10-year annual average of AUD 511 million. While total sales volumes have improved slightly compared to the past two years, this has been driven by owner occupier activity and sales in non core CBD locations, including Edith Cowan University’s acquisition of 10 Telethon Avenue from Dexus for AUD 72.3 million and Castlerock Property’s acquisition of 1 Nash Street from Corval for AUD 79.4 million. Additional transaction activity in the CBD has included the sales of 228 Adelaide Terrace and 246 Adelaide Terrace on a vacant possession basis.

In the city fringe and suburban markets transaction activity in 2026 YTD has been robust reaching just over AUD 130 million across 11 transactions and include the sales of 8 Richardson Street and 1050 Hay Street in West Perth for AUD 16.8 million and AUD 11.5 million, respectively.

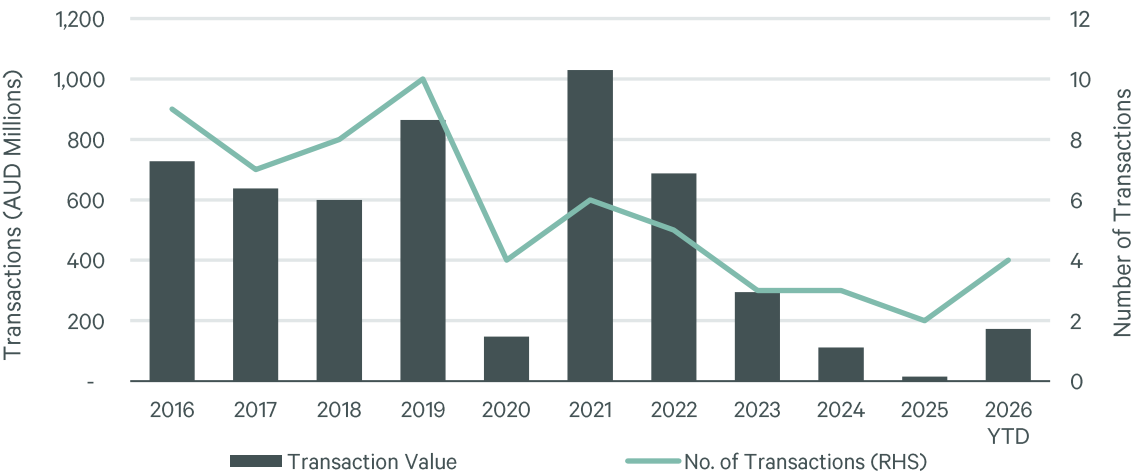
Yields stable in Q3 amid limited transactions in the core CBD

Perth CBD prime office midpoint yields were steady during Q3 2026 averaging 7.7% and have held at this level over the past year, reflecting limited investment transaction evidence. B grade midpoint yields meanwhile have also held steady and currently average 9.0%.

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 cap rate expansion is expected over the next 12 months.

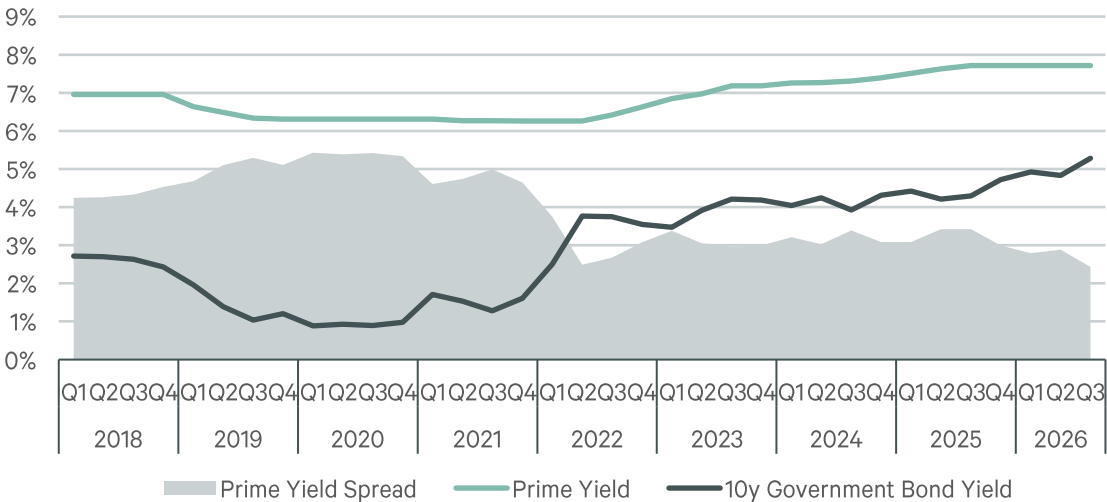
The underlying fundamentals for the Perth CBD market is expected to improve significantly as the leasing market conditions shift towards landlords. Lack of supply, declining vacancy, significantly higher replacement costs and accelerating rental growth forecast in the coming years is expected to attract investors to the Perth market in the medium term.

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



Source: CBRE Research

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



Source: CBRE Research

Industrial Leasing

Strong demand with annual take-up volume above the long-term average

Perth’s industrial leasing market continues to remain strong despite a slight easing in broader market conditions due to increased economic uncertainty. Notwithstanding a slight easing in enquiry volumes and letting up periods, gross take-up volumes remained strong during Q3 2026 with approximately 87,500 sqm recorded, remaining above the recent quarterly average and the same period last year.

The strong quarterly outcome lifted the rolling 12-month gross take-up to just over 455,000 sqm, significantly above Perth’s long-run average of approximately 194,000 sqm. This reinforces that underlying occupier demand has remained resilient. We expect leasing activity to remain healthy over the next 12 months, backed by ongoing strong population growth in Perth and rising e-commerce penetration which is driving occupier demand in Perth. Higher interest rates and economic uncertainty are the main downside risks in the near term.

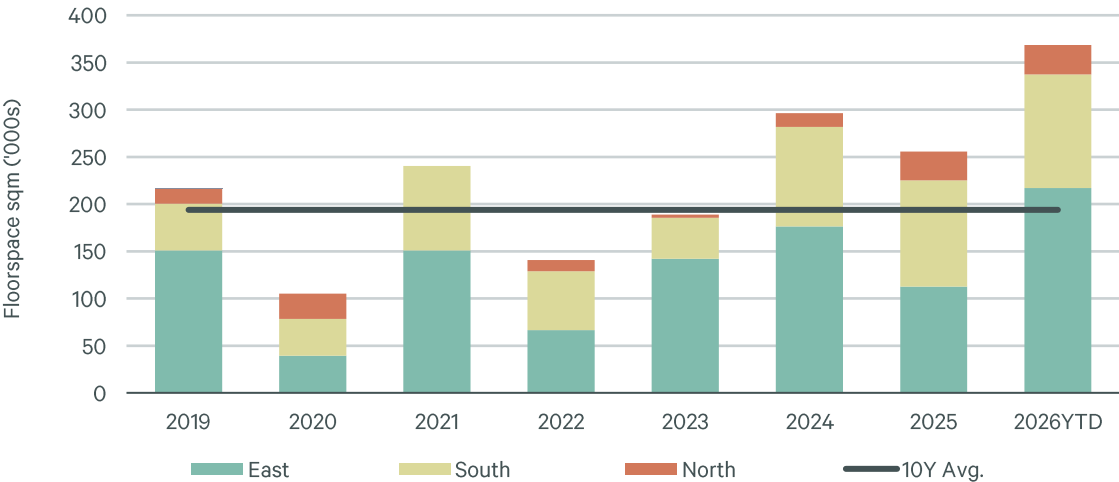
Super prime net face rents have increased 6.5% y-o-y to AUD 165/sqm, while net effective rents are up 9.6% y-o-y amid average incentives decreasing 2.5 percentage points to 12.5%.

Normalising pipeline underpinned by strong pre-commitment levels

Approximately 68,000 sqm of new industrial floorspace was delivered in Q3 2026, accounting for around 22% of the CY2026 development pipeline. Rolling 12-month completions now total approximately 355,000 sqm, remaining above the long-term average. Only around 12% of the CY2026 pipeline now remains under construction and earmarked to reach practical completion during the final quarter of the year.

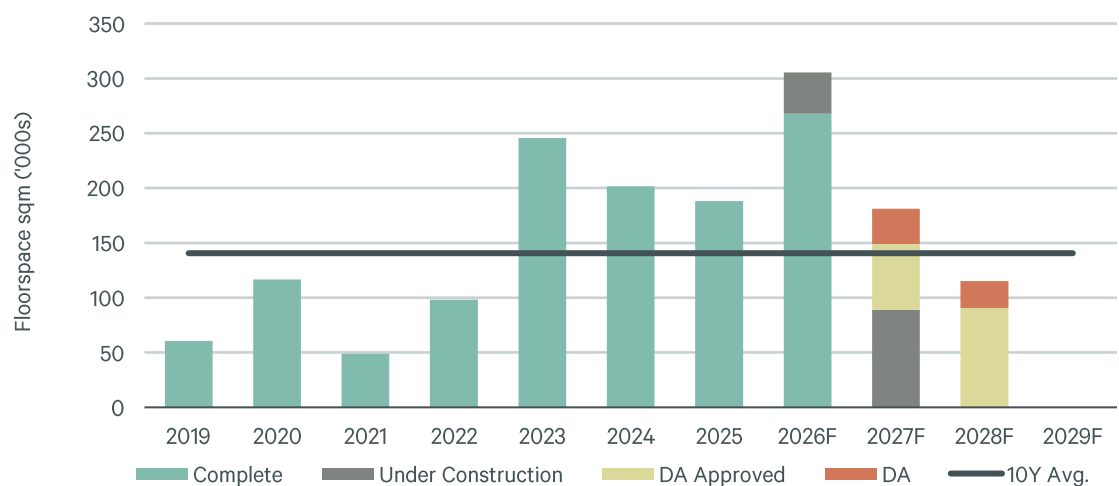
While development activity in recent years has been elevated relative to historical levels, the forward pipeline is expected to gradually normalise. Average annual completions between 2027 and 2028 are currently forecast at approximately 148,000 sqm, below the historic average. Importantly, pre-commitment levels remain high for the forward pipeline, indicating developers continue to secure occupier demand well ahead of completion and limiting the volume of speculative space entering the market.

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



Source: CBRE Research

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



Source: CBRE Research

Industrial Capital Markets

Industrial investment volumes surpass historic annual levels

There was robust investment activity recorded this quarter which lifted the 2026YTD volumes to approximately AUD 800 million, surpassing the long-term annual average for transactions above AUD 5 million. The robust activity highlights continued investor interest in the Perth industrial sector, which is supported by favourable leasing fundamentals, resilient rental growth and limited vacancy.

Notable transactions during the period included:

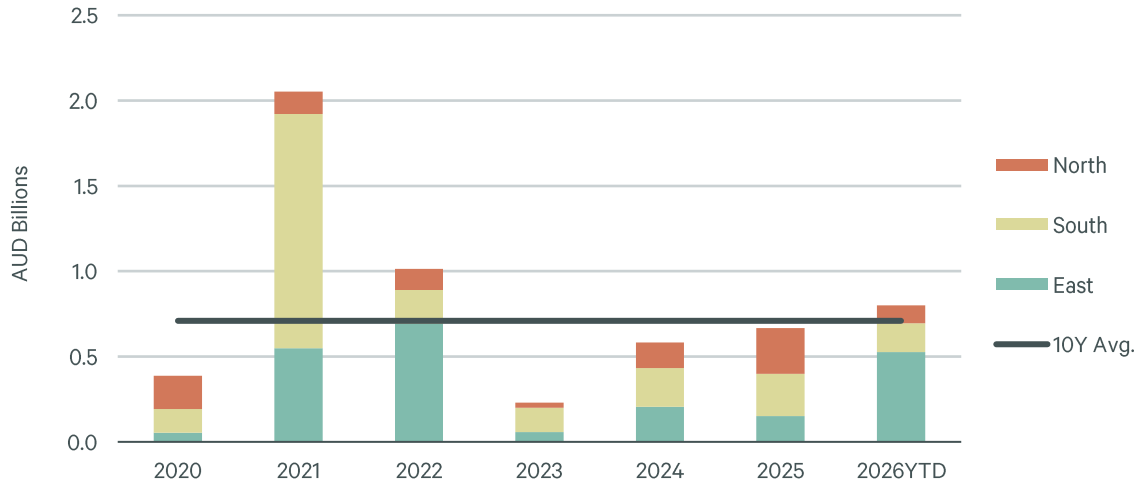
- Growthpoint Properties agreeing to divest its Woolworths Distribution Centre at Perth Airport to Hesperia for AUD 267.7 million (leasehold)
- AIMS APAC REIT acquiring 398 Bushmead Road in Hazelmere from BGC for AUD 42.7 million and
- Lester Group divesting several assets, including 111-121 McDowell Street in Welshpool and 7 Asby Close in Forresterfield to Cosgrove for AUD 31.3 million and AUD 26.9 million, respectively.

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

Super prime midpoint yields remained stable at 6.0% during the quarter, while prime and secondary yields were also unchanged at 6.5% and 7.0%, respectively.

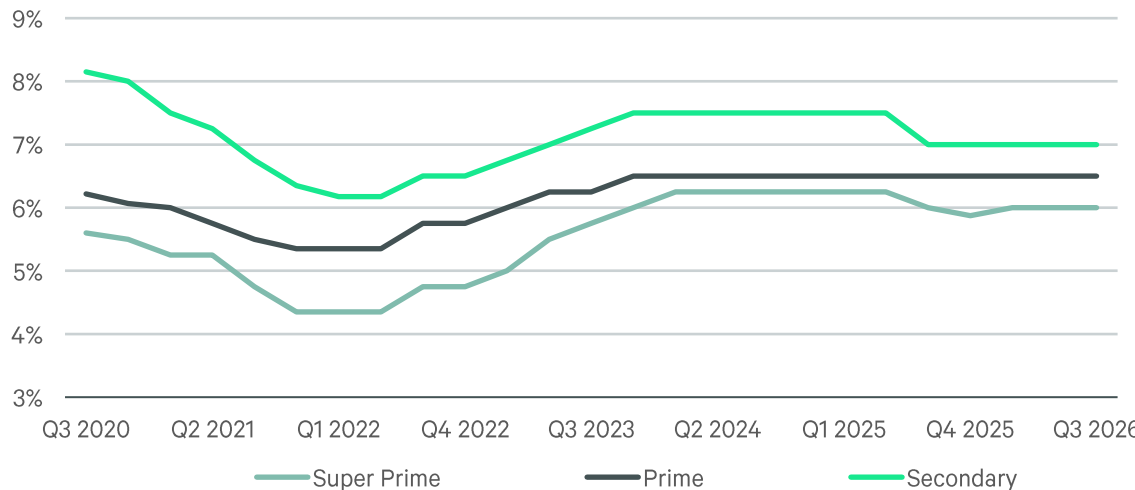
Higher interest rates and ongoing global economic uncertainty continue to influence capital deployment and pricing decisions, with investors maintaining a disciplined approach to acquisitions. However, underlying demand for high-quality industrial assets remains evident, particularly where assets offer secure income and rental reversion potential. We expect investor confidence to strengthen as greater clarity emerges on the outlook for interest rates and as Perth’s leasing market fundamentals continue to remain robust.

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



Source: CBRE Research

FIGURE 9: Perth Industrial | Average Yield by Grade



Source: CBRE Research

Retail

Population growth driving need for large format and neighbourhood centres

Approximately 14,000 sqm of additional retail supply was recorded across Greater Perth during Q3 2026, bringing the 2026 YTD completions to just over 36,000 sqm. New supply during Q3 were mainly in the neighbourhood and large format retail categories and with notable development completions including Hammond Park Shopping Centre and Nedlands Square, adding to the completions of Sienna Wood Town Centre, Two Rocks Village and Eglinton Village Shopping Centre over H1 2026.

Perth’s high population growth and residential development activity, particularly to the outer north and outer south metropolitan catchment areas is driving demand for additional neighbourhood and large format retail centres, while supply across the regional and sub-regional centre categories remains extremely limited. As of Q3 2026 around 60% of the total pipeline between 2026-2028 is expected to be added in the large format retail category and around 35% comprises supply in the neighbourhood centre category.

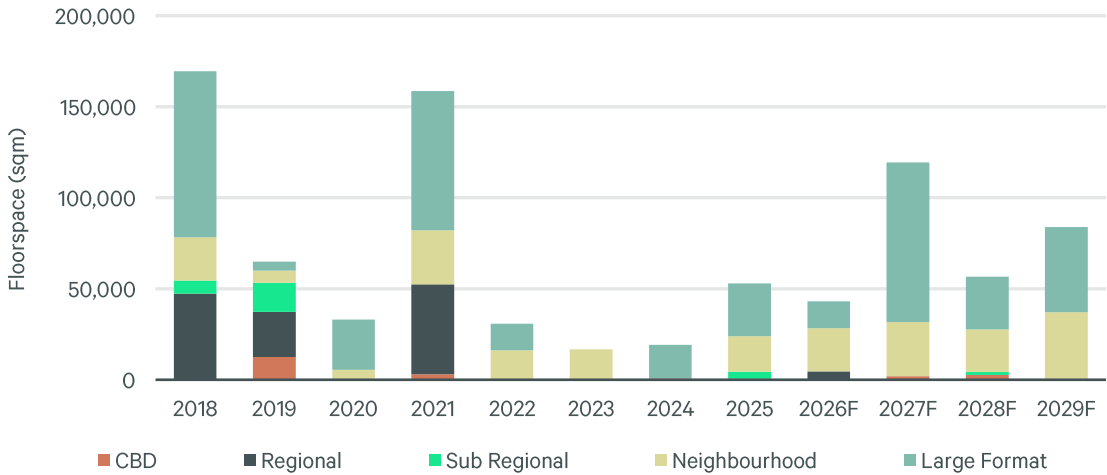
Amid the strong population growth and tight vacancy rental growth has been driven by large format retail, regional centres and super prime CBD categories where net effective rents are up 7.4%, 6.8% and 5.1% y-o-y, respectively.

Neighbourhood centre yields soften slightly further during Q3 2026

Retail investment transactions across Greater Perth reached approximately AUD 750 million over the first nine months of 2026, with activity seen mainly in the neighbourhood, large format retail and regional centre categories. The most notable transaction over Q3 2026 was Lendlease’s divestment of a 50% share in Lakeside Joondalup to Cbus Property in a portfolio sale that included a 50% share in Westfield Carindale (QLD) for AUD 1.3 billion. We expect investor appetite for retail assets to remain favourable given the positive fundamentals and tailwinds, including exposure to population growth and low supply.

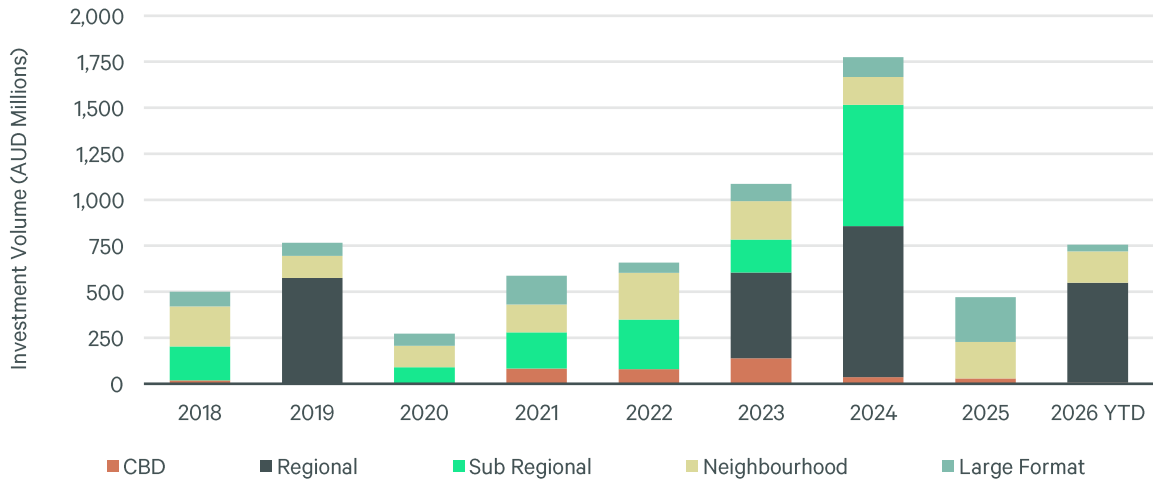
In the neighbourhood centre category, yields softened by a further 13 bps q-o-q to now average 6.3%. Average yields held steady across all other categories in Q3 and currently sit at 6.0% for CBD super prime, 6.0% for regional centres, 6.6% for sub regional centres and 6.3% for large format retail centres.

FIGURE 10: Perth Retail | Supply by Asset Category



Source: CBRE Research

FIGURE 11: Perth Retail | Sales by Asset Category



Source: CBRE Research

Residential

Perth price decline accelerates

- After holding well until mid-year, Perth’s price decline accelerated noticeably in the September quarter. Cotality data to September was showing:
- a median house value of \$1.018 million, down 4.6% q-o-q but still 10.0% higher than a year ago; and
 - a median unit value of \$714,300, down 5.1% q-o-q but still 10.5% higher than a year ago.

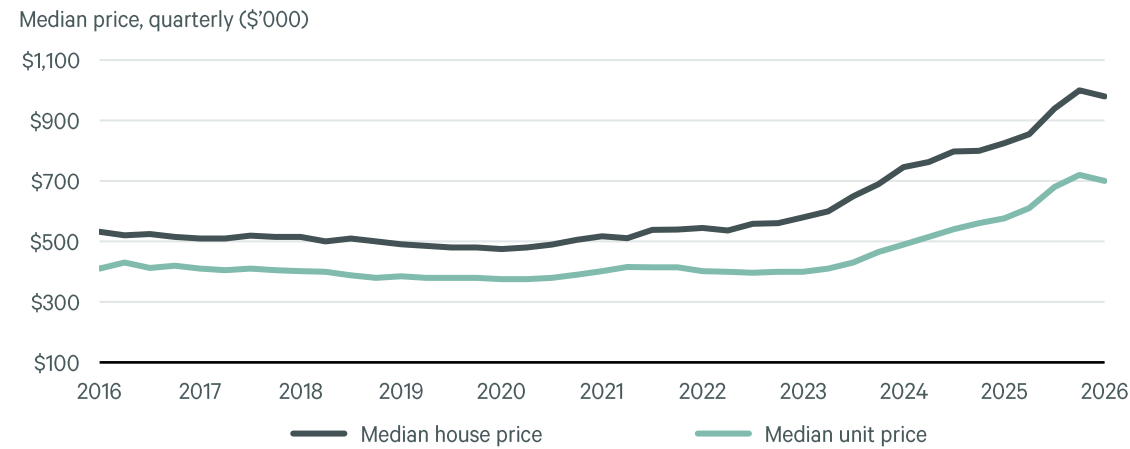
The quarterly shift in unit values was the largest decline of all capitals, while the house value decline was behind just Sydney and Brisbane. That values are still around 10% above those of a year earlier illustrate well the extent of the most recent growth cycle. After an extended flat market, uplift of around 70% was observed over the three years to June. CBRE’s Q3 Residential Valuers Survey was still comparatively positive, with 64% of valuers describing their local market conditions as balanced. Conditions will have softened since, however. Short-term price expectations over the next 12 months were negative, with a little over half of respondents expecting declines of up to 10%.

Rental market remains extremely tight

With a vacancy rate of 0.6% in September, Perth remains the tightest rental market amongst the major capitals. Vacancy has shifted little since 2021. The extended run of low vacancy has driven rental uplift of almost 80% over the past five years. REIA data was showing median house rent at \$720/week in June with the median unit rent at \$700/week. While the pace of growth has slowed in 2026, the 12-month increase has still been in the 7% to 10% range.

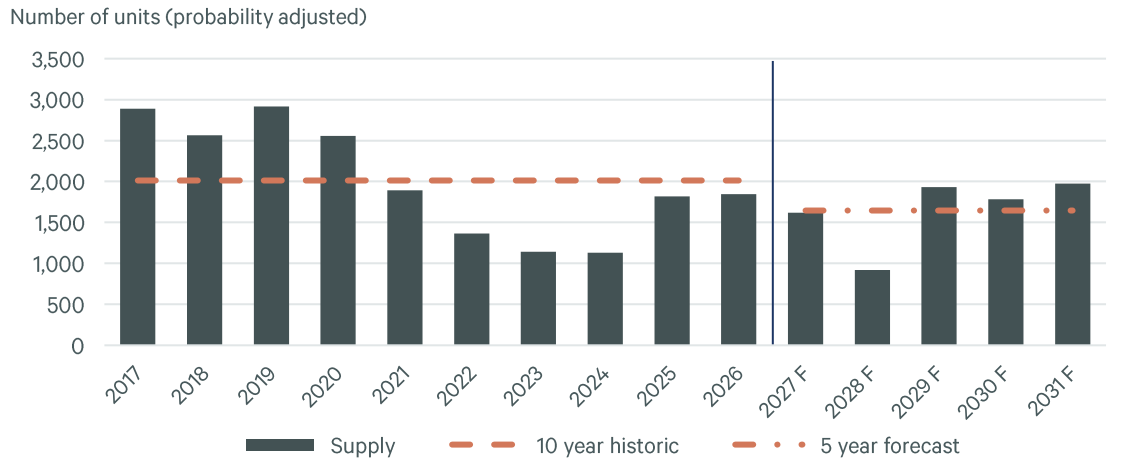
CBRE forecasts a continuation of tight vacancy for the rest of the decade. Perth medium/high density completions are expected to average a little over 1,600 per annum through to 2031, almost 20% below the long-term average. Upside potential does exist towards the back end of the forecast period, however. Rental growth is forecast to average 4.5% per annum through to 2031, with the strongest uplift of around 6.0% per annum expected in 2028 and 2029.

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



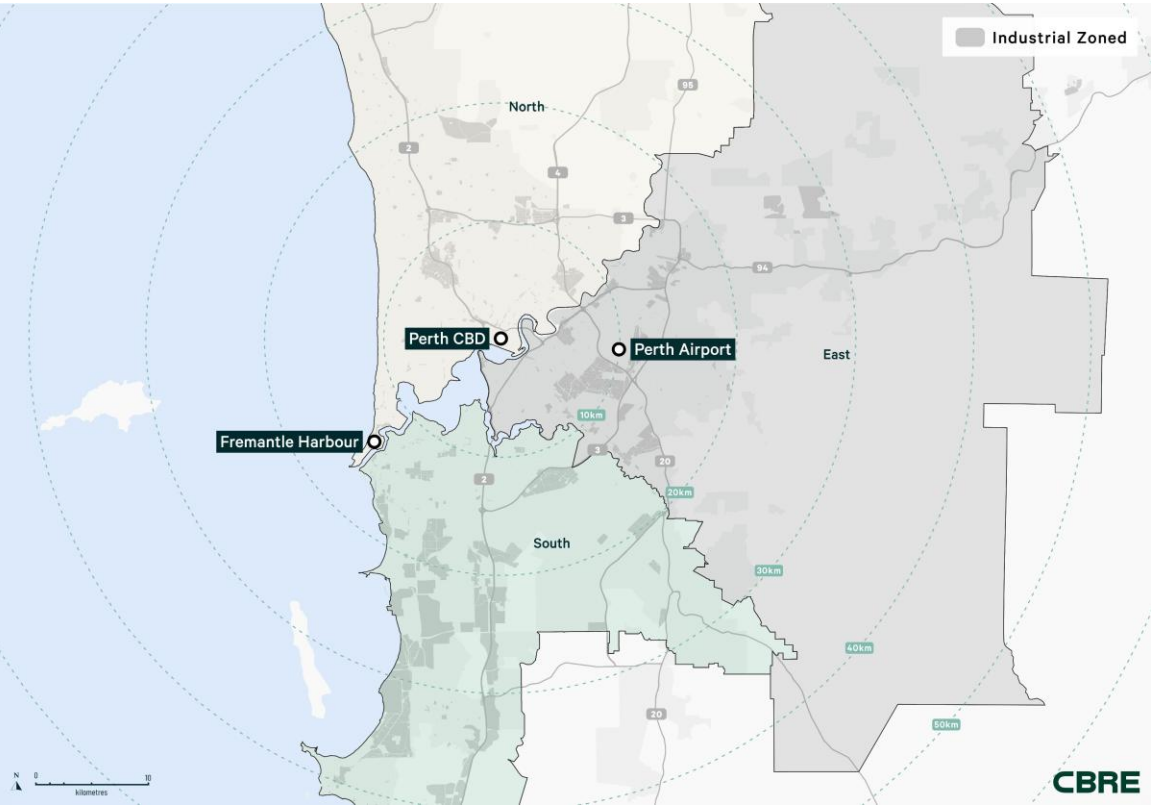
Source: Real Estate Institute of Australia

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



Source: CBRE Research

Perth 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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