

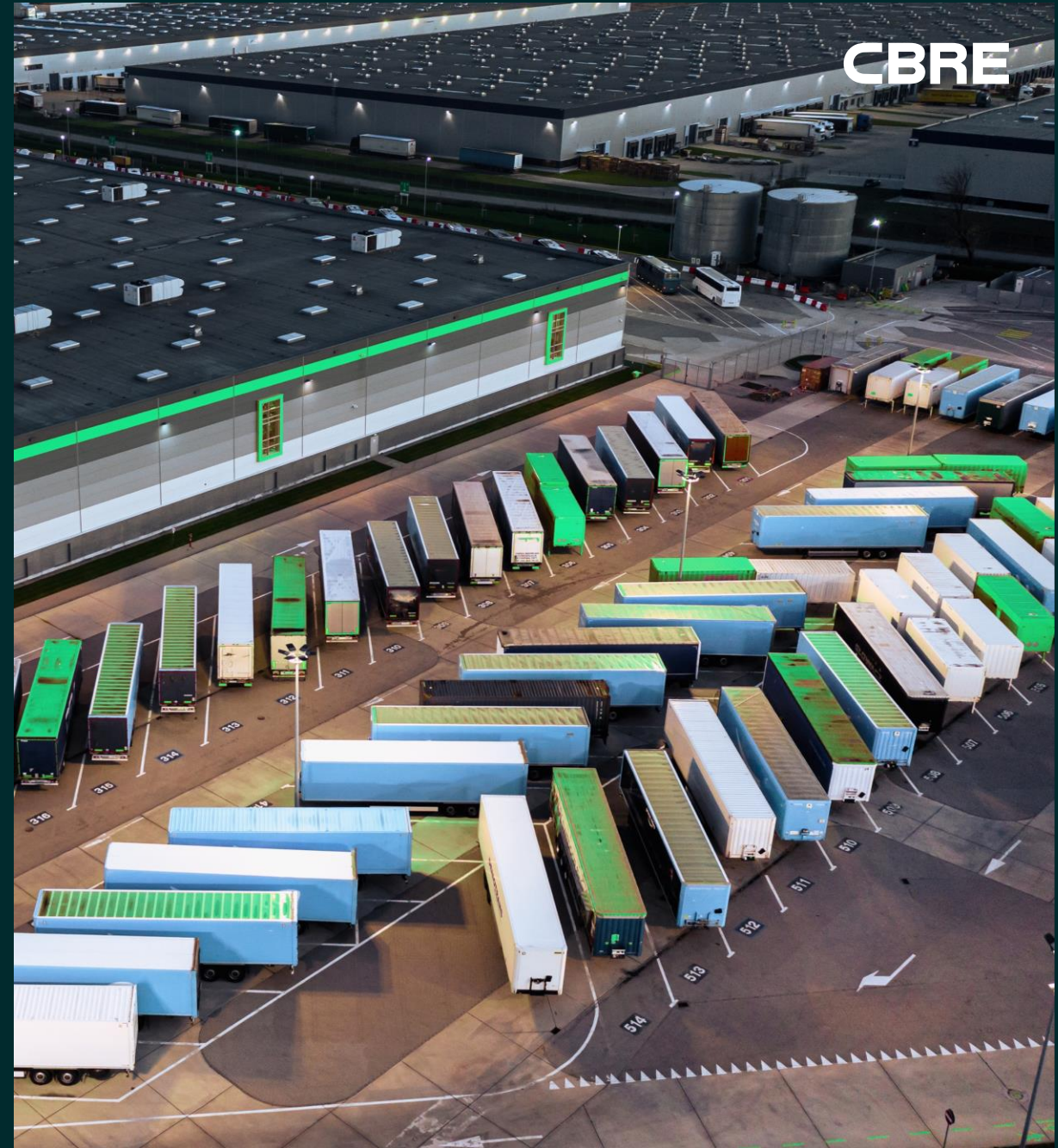
Creating Resilience

2025 Australia Logistics Occupier Survey

Snapshot

REPORT

CBRE RESEARCH
AUGUST 2025



Overview

Cost Pressures Driving Operational Recalibration

71%




Of occupiers cite transportation and labour as their top cost concerns.

-  Rising freight, labour, and land costs are triggering portfolio reassessments and rent-sensitive decisions.
-  Expansion is being delayed as occupiers adopt a more cautious approach to growth.
-  Initiatives with unclear ROI – including ESG features – are deprioritised in favour of measurable cost-saving strategies.

Measured Expansion Amid Demand for Flexibility

66%

Of occupiers in Australia expect to increase their logistics footprint over the next 3-5 years.

-  Expansion is focused on Eastern Seaboard cities, with preference for leasing modern facilities.
-  Growth reflects a desire for operational flexibility, favourable lease terms, and urban proximity to end-customers.
-  Most occupiers are expanding within established networks, not through market entry.

Supply Chain Efficiency and Network Optimisation

#1 Strategy

Improved inventory level, visibility and planning were top-ranked resilience priorities.

-  62% of occupiers are focusing on inventory visibility and planning, alongside supplier diversification, to strengthen supply chain resilience.
-  92% of respondents cite lease savings as the top driver of relocation decisions, with consolidation and transport connectivity also key.
-  64% of occupiers seek greater clearance heights and wider column spacing to support automation.

Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

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Cost Pressures Driving Operational Recalibration



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Business confidence softens amid economic and regulatory uncertainty

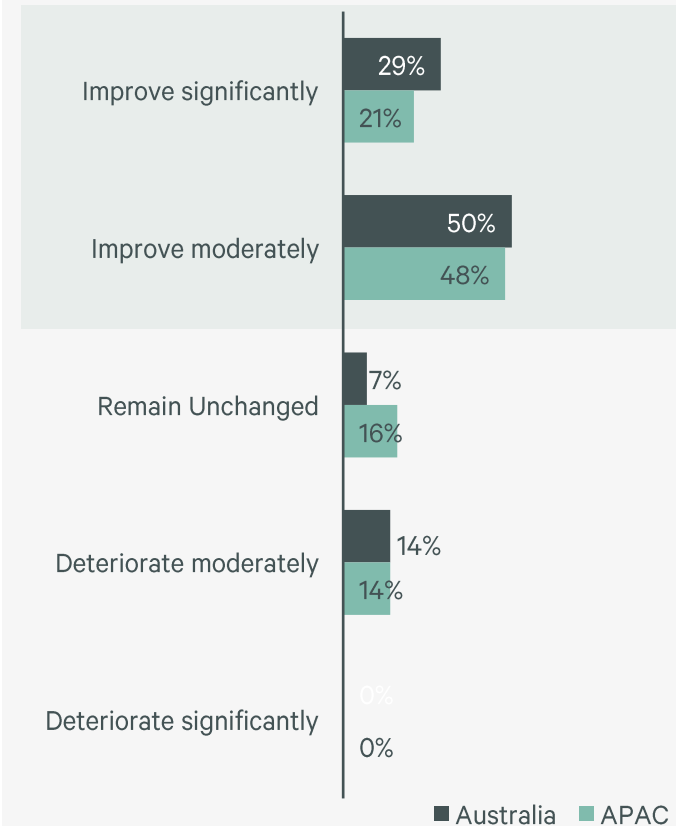
Business sentiment among Australian logistics occupiers is cautious, with 79% expecting performance to improve over the next 24 months - split between 50% expecting moderate improvement and 29% anticipating significant improvement. While overall outlook is positive, the results indicate a measured approach to near-term growth.

Cost escalation (71%) and trade-related regulatory challenges (71%) were identified as the two most significant challenges facing occupiers over the next to years – consistent with regional concerns. Economic uncertainty (57%) also remains high on the risk radar.

These results reflect continued impact of rising input costs across, fuel, transport, and labour markets, alongside heightened regulator complexity, particularly in global trade exposure. Labour shortages and market competition were also cited by a notable share of respondents.

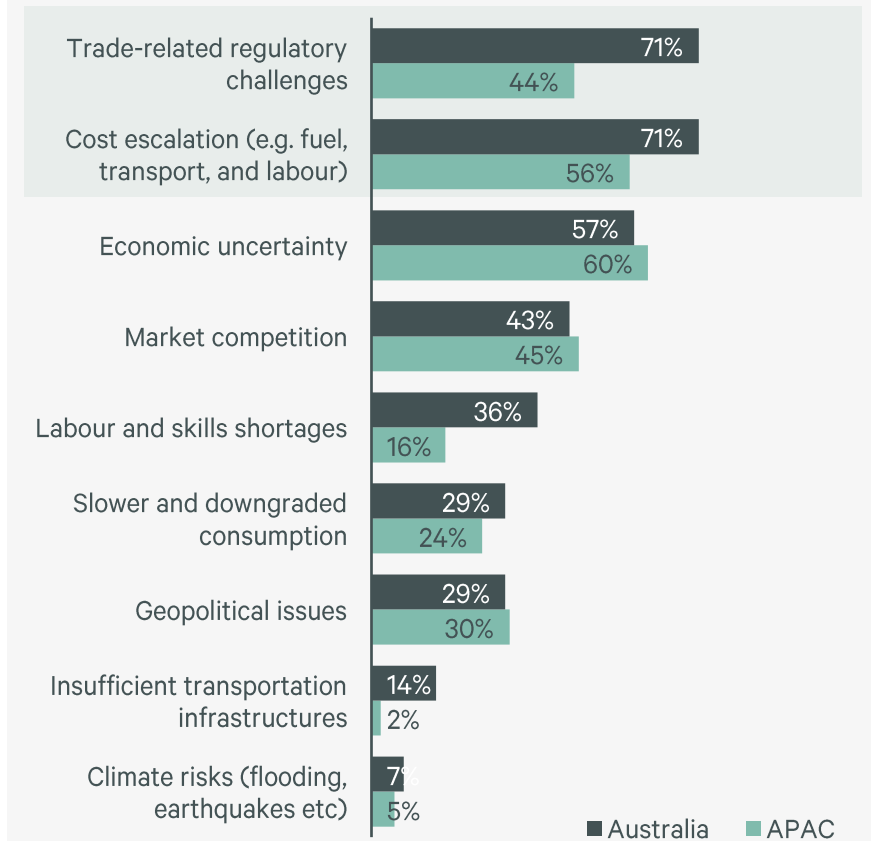
Despite these headwinds, Australian occupiers remain more optimistic than some regional peers, underpinned by domestic infrastructure delivery, population growth, and greater availability of industrial space post-COVID.

Expectations for Business Performance in the Next Two Years



Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

Expected Major Challenges in the Next Two Years



Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

Greater cost sensitivity amid economic uncertainty

Rather than focusing solely on rents, CBRE advises occupiers to review their total logistics operational expenditure when planning their real estate strategy.

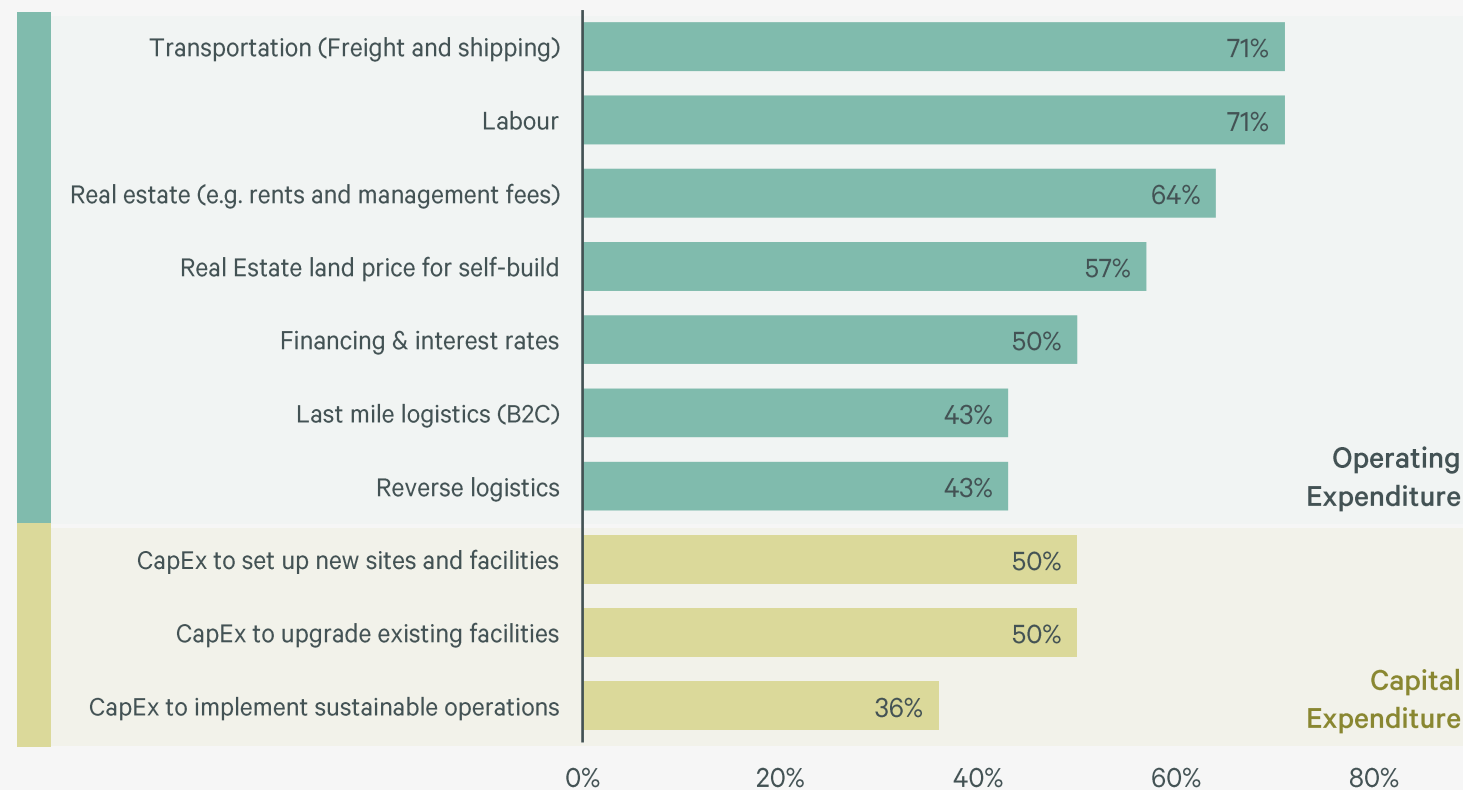
CBRE Supply Chain Advisory's analysis reveals real estate accounts for just 3-6% of the entire logistics cost structure, with transportation comprising the majority (45 – 70%, followed by variable facility costs such as labour (15 – 25%). Establishing a logistics footprint in strategic locations can improve delivery efficiency, which translates into higher customer satisfaction and profitability.

Transportation and labour tied as the most pressing cost-related concerns, with 71% of occupiers identifying each as an extreme concern. Concerns around real-estate costs remain elevated, with 64% citing rents and management fees, and 57% pointing to land prices for self-build. Interest rate were also flagged by 50% of respondents.

Among capital-related costs, half of occupiers expressed strong concern about both setting up new sites and upgrading existing facilities, while 33% were extremely concerned about the costs of implementing sustainable operations.

These results underscore the growing emphasis occupiers are placing on cost control and supply chain efficiency amid broader economic uncertainty.

Level of Concern Regarding Cost-Related Items



Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

Owners should prioritise initiatives with immediate financial impact

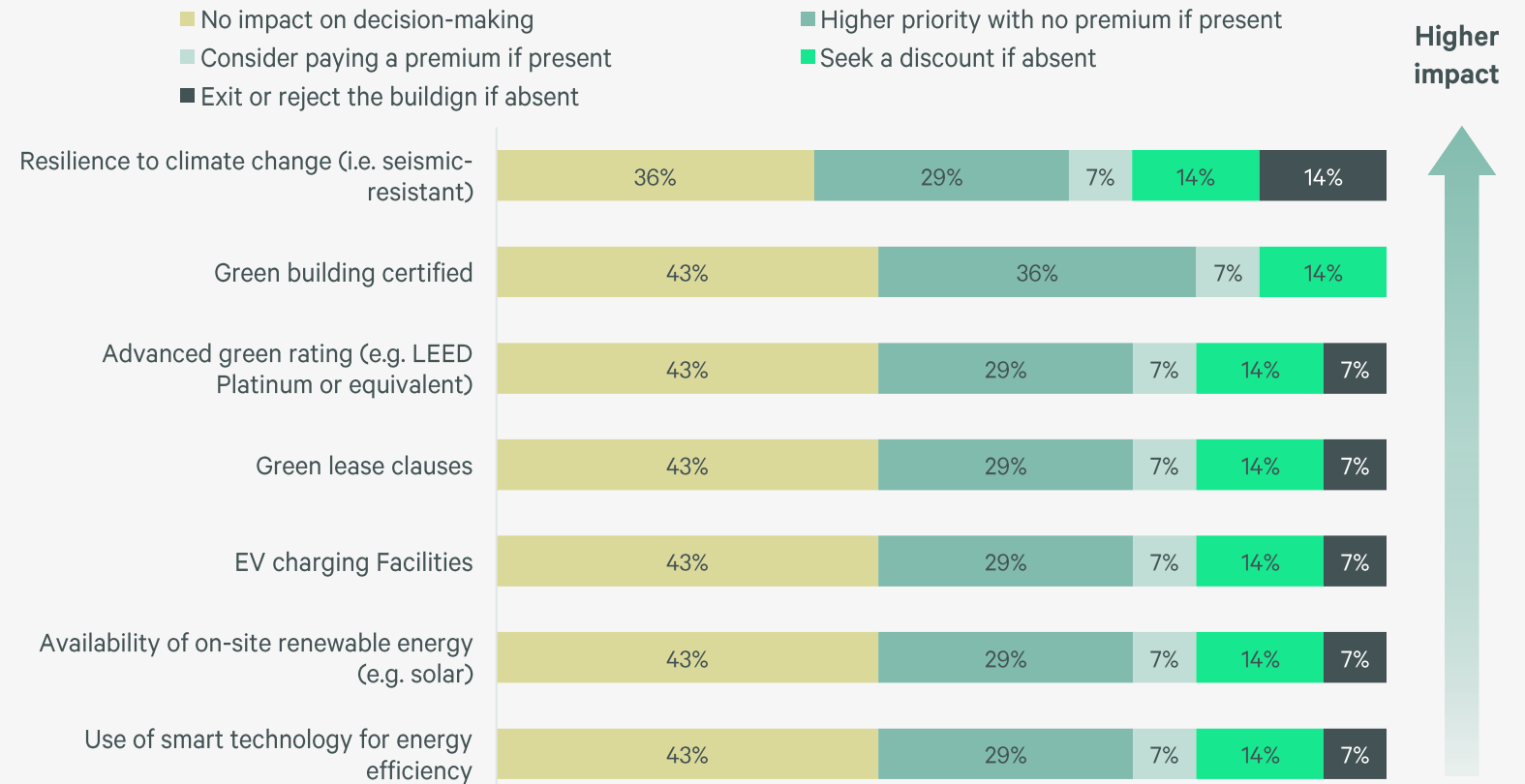
Australian occupiers are focused on cost-saving initiatives, with smart technology for energy efficiency and on-site renewable energy emerging as the top sustainability-related features considered in building selection. However, these features are not yet strong decision drivers — over 40% of respondents indicated they had no impact on their decision-making. This suggests that while these initiatives are valued conceptually, occupiers are generally unwilling to pay a premium unless the financial benefits are immediate and measurable.

Landlords are still advised to implement smart meters and sensors across systems such as lighting, HVAC, and water, and link these into centralised management platforms. This approach enables better visibility of energy use and supports operational efficiencies — a priority for many Australian occupiers.

Unlike APAC overall, where climate resilience ranked third most important, Australian occupiers rated it slightly higher, with 36% of respondents indicating willingness to pay a premium, seek a discount, or reject a building if absent. This reflects growing sensitivity to climate-related risks, particularly as Australia continues to face extreme weather events and related insurance cost pressures.

As in the broader APAC region, CBRE recommends that investors and developers incorporate physical risk assessments into due diligence and consider resilience as a long-term value protection strategy.

Impact of Sustainable Features on Building Selection



Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

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Measured Expansion Amid Demand for Flexibility



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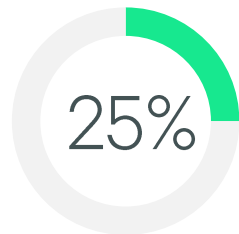
Australia’s Position in the Expansion Landscape

Australia recorded moderate net expansion interest at 25%, reflecting a stable but measured approach among occupiers. The market continues to benefit from its mature infrastructure, transparent regulatory environment, and strategic location for servicing both domestic and regional demand.

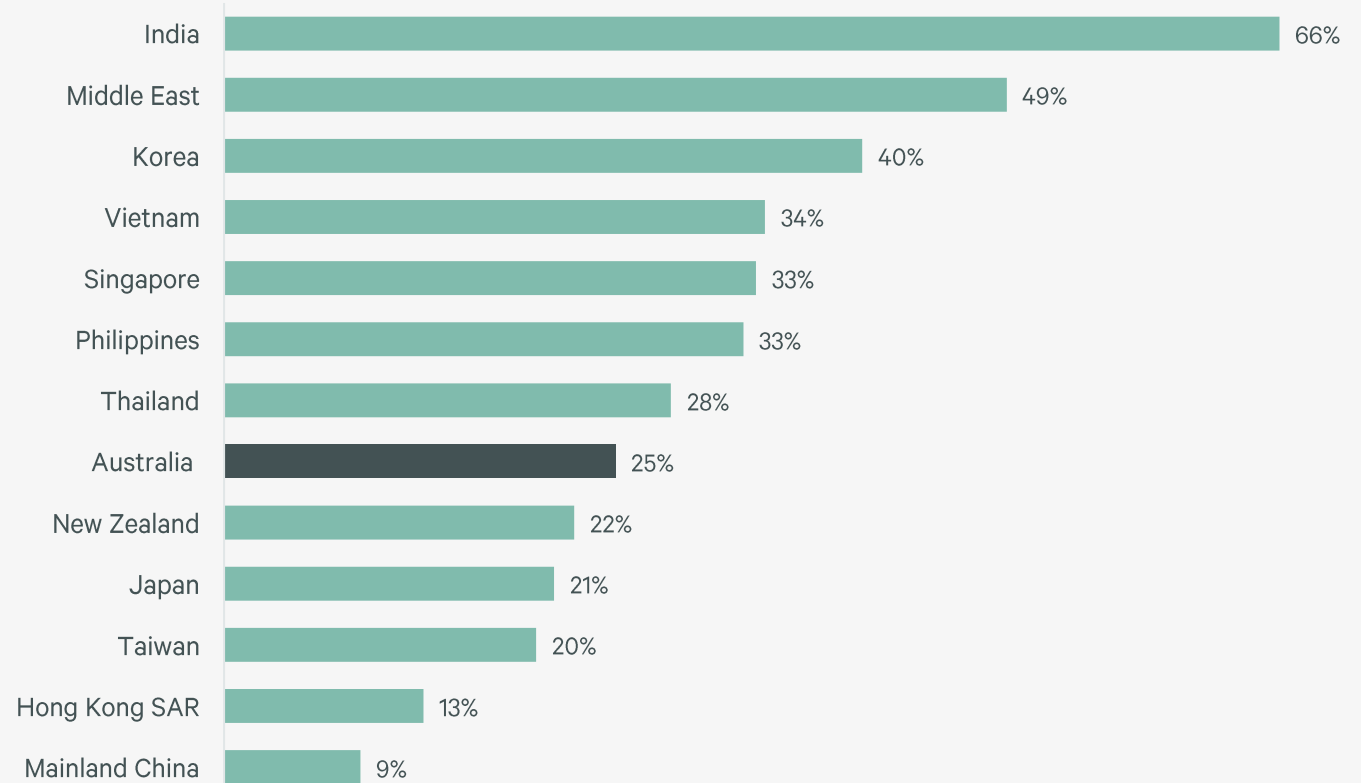
While not as high-growth as some emerging Southeast Asian markets, Australia remains attractive for occupiers seeking operational stability, resilient supply chains, and proximity to end-consumer. Expansion interest is largely driven by business upgrading existing facilities and capitalising on established networks, rather than new market entry.

CBRE anticipated Australia will continue to play a critical role as a strategic logistics hub, particularly for multinationals balancing risk across geographies. However, competition from faster growing and lower-cost markets in Asia may moderate the pace of expansion going forward.

Australia recorded a **25% net expansion interest** - lower than emerging Asian markets, but aligned with its role as a stable, mature hub.



Net Expansion Interest by Market in the Next Two Years



Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

Occupiers position portfolios for long-term flexibility and expansion

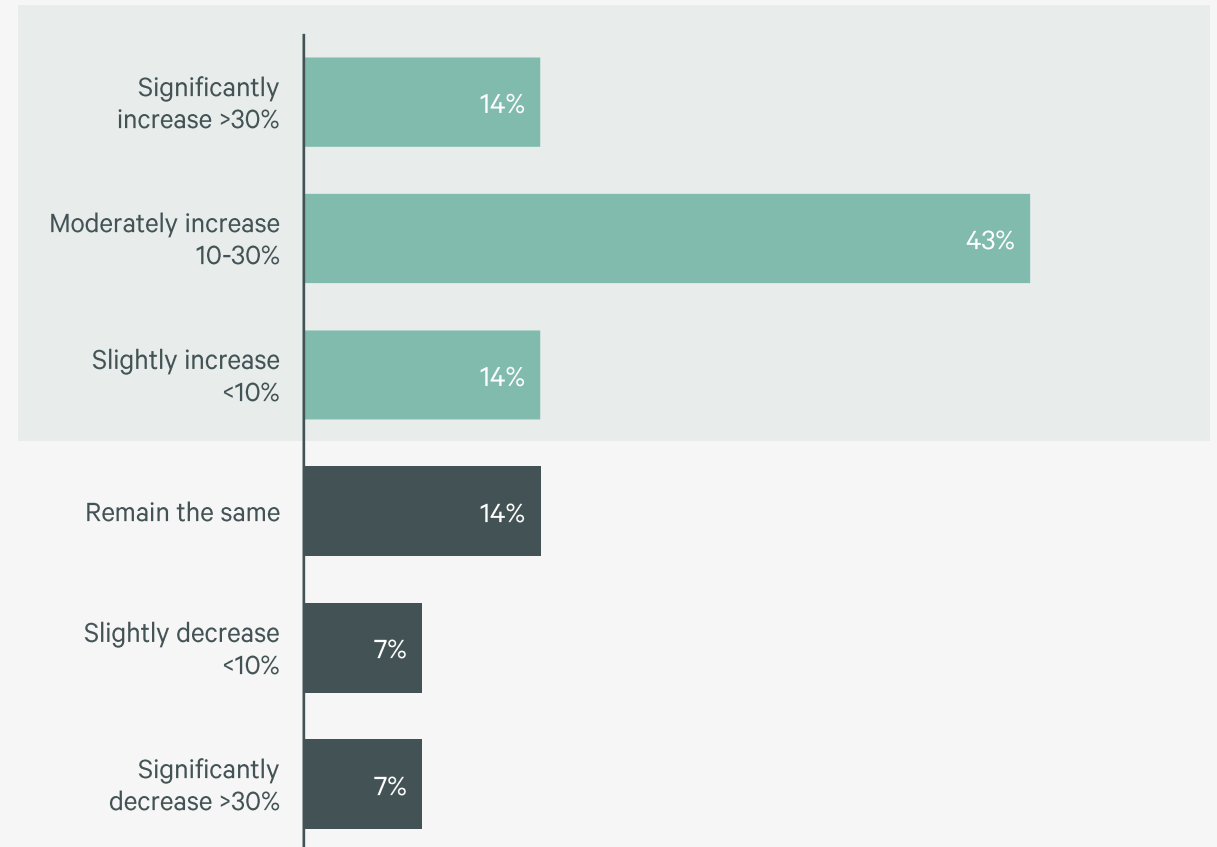
Despite the uncertain global trade environment, Australian occupiers are taking a forward-looking approach to portfolio strategy, with growth intentions focused on both near and long-term.

Survey results show that 43% expect their portfolio size to moderately increase (10-30%) over the next 3 to 5 years, while another 14% expect significant growth (>30%). In the short term, over 60% plan to expand their warehouse footprint within the next 24 months, particularly across the Eastern Seaboard cities.

This expansion is being driven by the desire to access better lease terms, modernise facilities, and consolidate operations into more efficient hubs. Most occupiers expect to lease existing institutional-grade assets, with fewer planning bespoke developments.

Mid-long term growth narrative examples – by Subregion	
North Asia	<ul style="list-style-type: none"> • Japan: Mature market in need of modernized logistic space; return of advanced semiconductor companies • Korea: demand for sophisticated logistics and fulfilment centres from high e-commerce penetration
Southeast Asia	<ul style="list-style-type: none"> • Vietnam: Beneficiary of China Plus One strategy especially from electronic manufacturing companies. • Malaysia: Rise of data centres built out, which drives logistic infrastructures to support growth • Singapore: Well operated global logistic hub and rising life science demand, which is also supported by the nearby Johor Bahru Special Economic Zone.
Oceania	<ul style="list-style-type: none"> • Australia: portfolio expansion supported by population growth, new infrastructure delivery, and a recovery in space availability from sub-1% vacancy lows.

Expected Change in Real Estate Portfolio in the Next Three to Five Years



Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

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Supply Chain Efficiency and Network Optimisation



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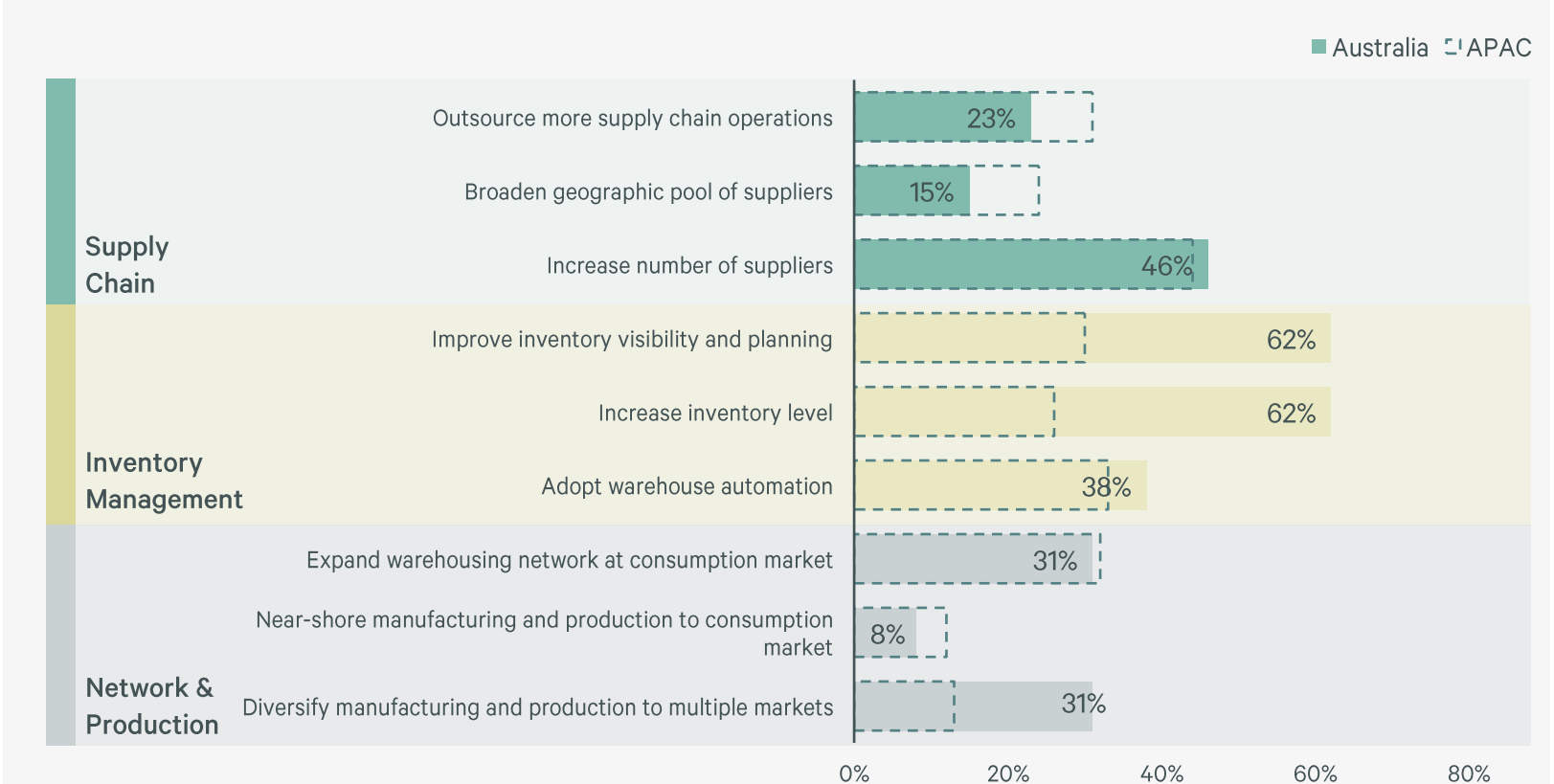
Preference for improved inventory management and supplier diversification

Australian occupiers are prioritising inventory-focused strategies and supplier diversification as key levers to enhance resilience and agility. The top measures identified were increasing inventory levels and improving inventory visibility and planning, each cited by 62% of respondents — well above APAC averages. This highlights a strong focus on controllable, short-term actions to buffer against ongoing supply chain disruption.

Nearly half (46%) of respondents also intend to increase the number of suppliers, reinforcing the trend toward reducing reliance on single-source procurement. While interest in warehouse automation (38%) remains present, it ranks behind core inventory management actions — potentially reflecting a more cautious stance on capital expenditure in the current environment.

This shift may reflect a mature market where visibility, planning, and inventory-led strategies are seen as more adaptable and cost-effective responses to economic and geopolitical uncertainty.

Figure 5: Priority Measures for Occupiers to Enhance Supply Chains



Note: Multiple selections allowed.
 Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

Relocation Decisions: Driven by Cost, Consolidation and Connectivity

The leading factor influencing occupiers' relocation decisions is the ability to secure better lease terms, cited by 92% of respondents. With ongoing economic pressure and rising occupancy costs, lease flexibility and rental savings are top of mind.

Alongside cost considerations, occupiers are also shaped by two key priorities:

1 Consolidating multiple sites to streamline operations and/or reduce costs (54%)

2 Access to better-connected transport networks (54%).



As industrial occupiers reassess their footprint, assets that offer both scale and connectivity are becoming more attractive – particularly in land-constrained core markets.

Top 3 factors influencing decisions when opting to relocate

1 Secure better lease terms

2 Consolidate multiple sites

3 Better transportation access

Note: Multiple selections allowed.
Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.



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Real Estate Design: Adapting for Innovation and Efficiency

Technological innovation is reshaping occupiers’ physical space requirements. As automation, robotics, and advanced inventory systems become more widespread, occupiers are re-evaluating how their facilities support these technologies.

Survey results reveal that:

- 64% of respondents indicated a need for greater clearance heights.
- 64% also cited increased demand for wider column spacing.

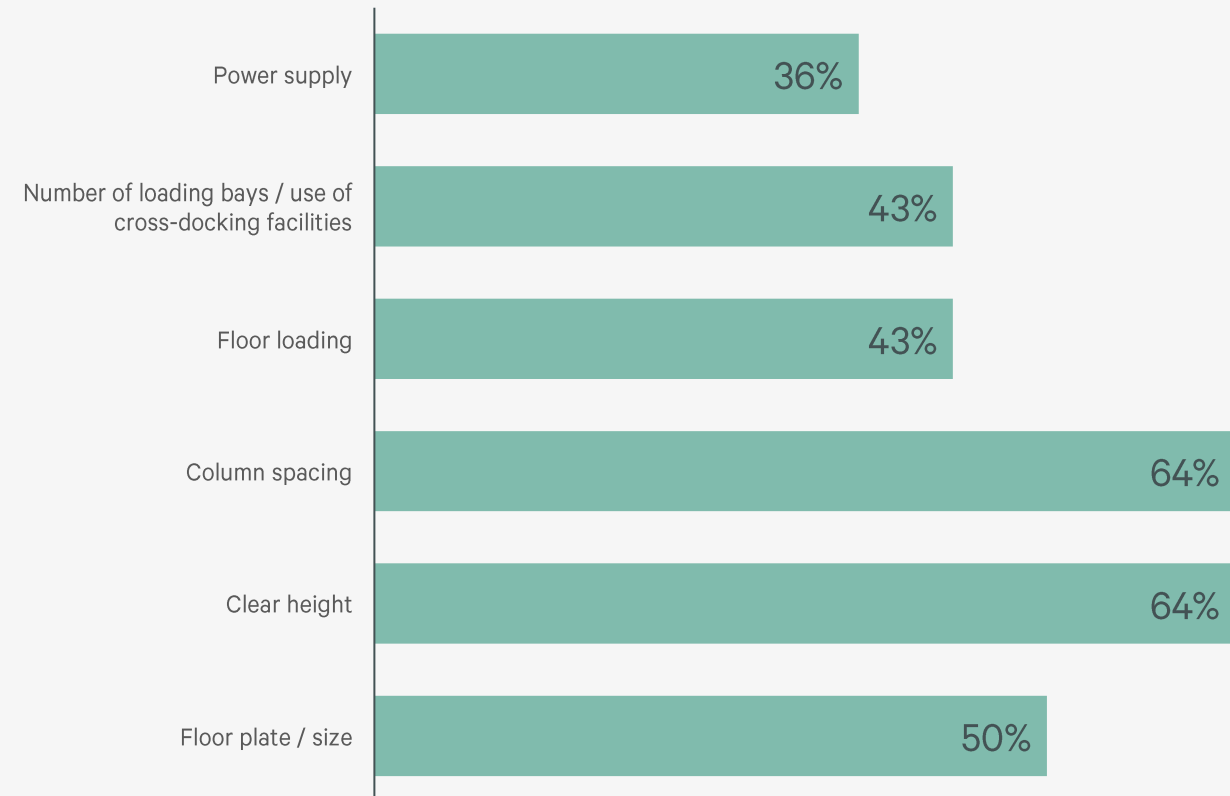
These two factors were identified as having the most significant impact on evolving warehouse design — supporting more efficient racking systems, automation pathways, and vertical storage.

In addition:

- 50% reported a need for larger floor plates, and
- 43% noted increased requirements for both floor loading capacity and number of loading bays

These changes suggest that technological adoption is not only driving operational improvements but also reshaping core building specifications, making design features like height, space, and load-bearing capacity strategic enablers of logistics performance.

Figure 18: Occupiers’ Expectations for Building Specifications (percentage of respondents that selected an increase)



Note: Multiple selections allowed.

Source: 2025 Asia Pacific Logistics Occupier Survey, CBRE Research, June 2025.

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Conclusions & Recommendations



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Strategies for Occupiers and Investors

Australia’s logistics market continues to show resilience despite global economic headwinds and evolving trade dynamics. Occupiers are pursuing expansion in a measured and strategic manner, with a strong emphasis on operational flexibility, cost efficiency, and proximity to end-customers.

Rather than entering new markets, many occupiers are upgrading existing facilities within established networks—particularly in Eastern Seaboard cities—to support long-term growth. Leasing modern, institutional-grade space remains the preferred approach, with occupiers prioritising faster execution and scalability.

CBRE recommends that occupiers, landlords, and investors recalibrate their real estate strategies with a renewed focus on resilience, adaptability, and efficiency. These themes are essential to navigating cyclical market shifts and capturing sustained growth in a maturing, low-vacancy environment.

	Prepare for the Next Growth Cycle	Target Strategic Assets and Locations	Demand Higher Building Specifications
Occupiers	<ul style="list-style-type: none"> Identify growth within existing urban logistics hubs over greenfield market entry Focus expansion within mature Eastern Seaboard markets Lock in good opportunities while lease terms remain attractive 	<ul style="list-style-type: none"> Conduct regular portfolio reviews to identify strategic locations Align renewal and relocation discussions with upcoming supply in key areas Target modern institutional-grade assets over bespoke development. 	<ul style="list-style-type: none"> Create a tech adoption roadmap and identify relevant building requirements to guide upcoming real estate planning Seek energy-efficient facilities to reduce costs and meet sustainability goals
Landlords & Investors	<ul style="list-style-type: none"> Prioritise occupancy during lease negotiations to secure stable income streams Embed regular rent review terms into new leases to capture future recovery 	<ul style="list-style-type: none"> Focus on modern logistics facilities in urban infill areas; consider divesting assets in weaker locations Pursue development opportunities adjacent to new transport infrastructure 	<ul style="list-style-type: none"> Retrofit and/or redevelop aged assets to bring them up to modern standards Invest in green features that deliver cost-savings for both occupiers and landlords

Source: CBRE Research, June 2025.

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