INTELLIGENT INVESTMENT

Australian Capital Flows Report

H2 2025

CBRE RESEARCH
JANUARY 2026

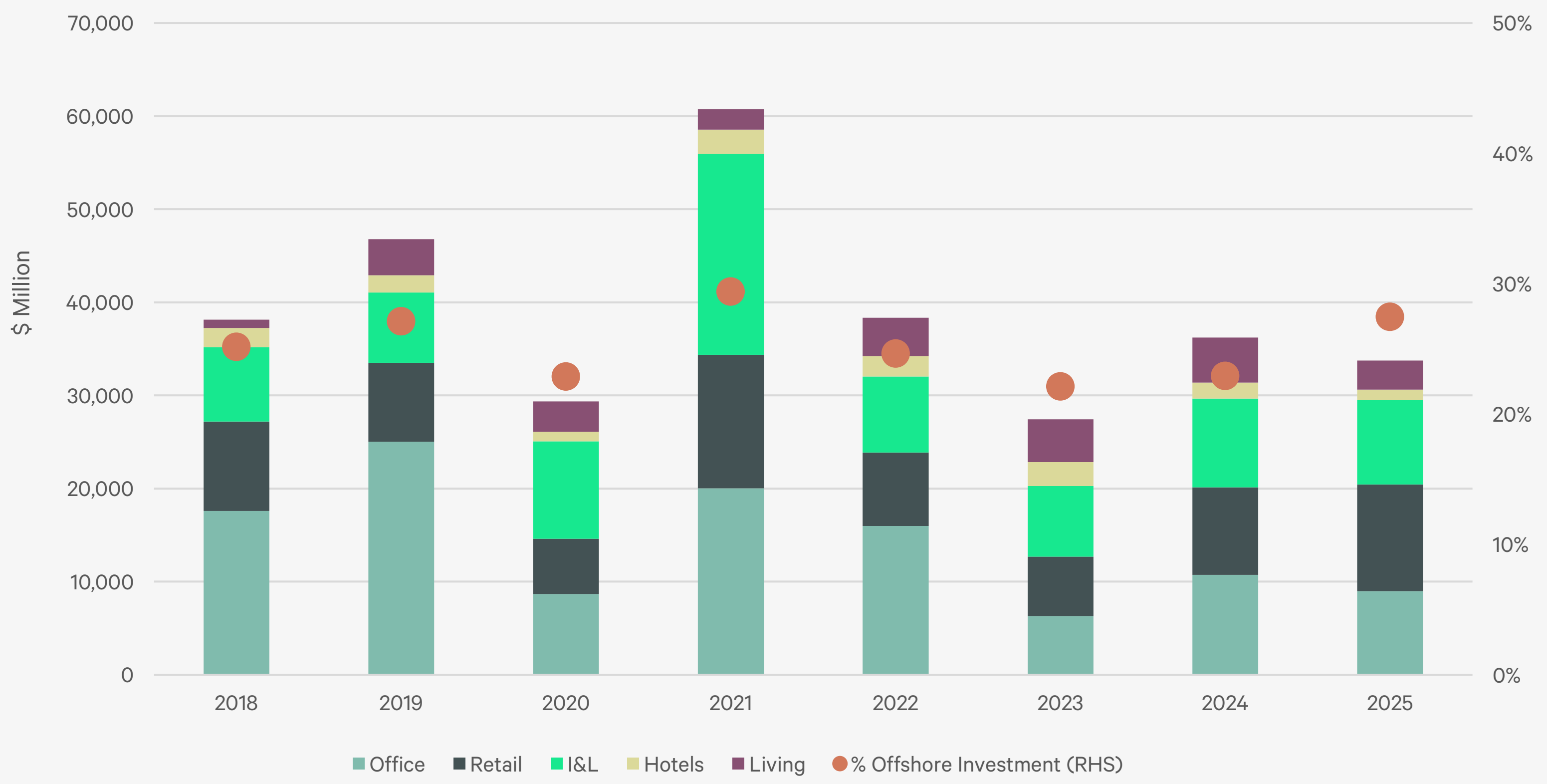
AUSTRALIA
REAL ESTATE

Volumes decline slightly in 2025

Sales volumes in 2025 declined by 7% y-o-y, a reversal of the growth observed in 2024. Sentiment improved in early 2025 as the cash rate was cut by 75 bps, which led to higher volumes. However, the second half of 2025 underperformed the previous year, as higher than expected inflation data started to push bond rates and the interest rate outlook higher.

The retail sector was the favoured sector in 2025, with volumes growing by 22% y-o-y to $11.4 billion. The limited future supply pipeline combined with sustained population growth has made investors bullish on the future growth prospects of retail assets. Industrial & Logistics came in second at $9.0 billion, although this was 5% down on 2024. Despite the small decline in volumes, I&L remains one of the key sectors that investors are looking to allocate capital towards. The office sector observed a decline of 16% y-o-y to $9.0 billion, which was largely due to a decline of stock traded in Sydney compared to last year. Living also recorded a decline in volumes of 36% to $3.1 billion, partly due to fewer portfolio deals compared to the previous year.

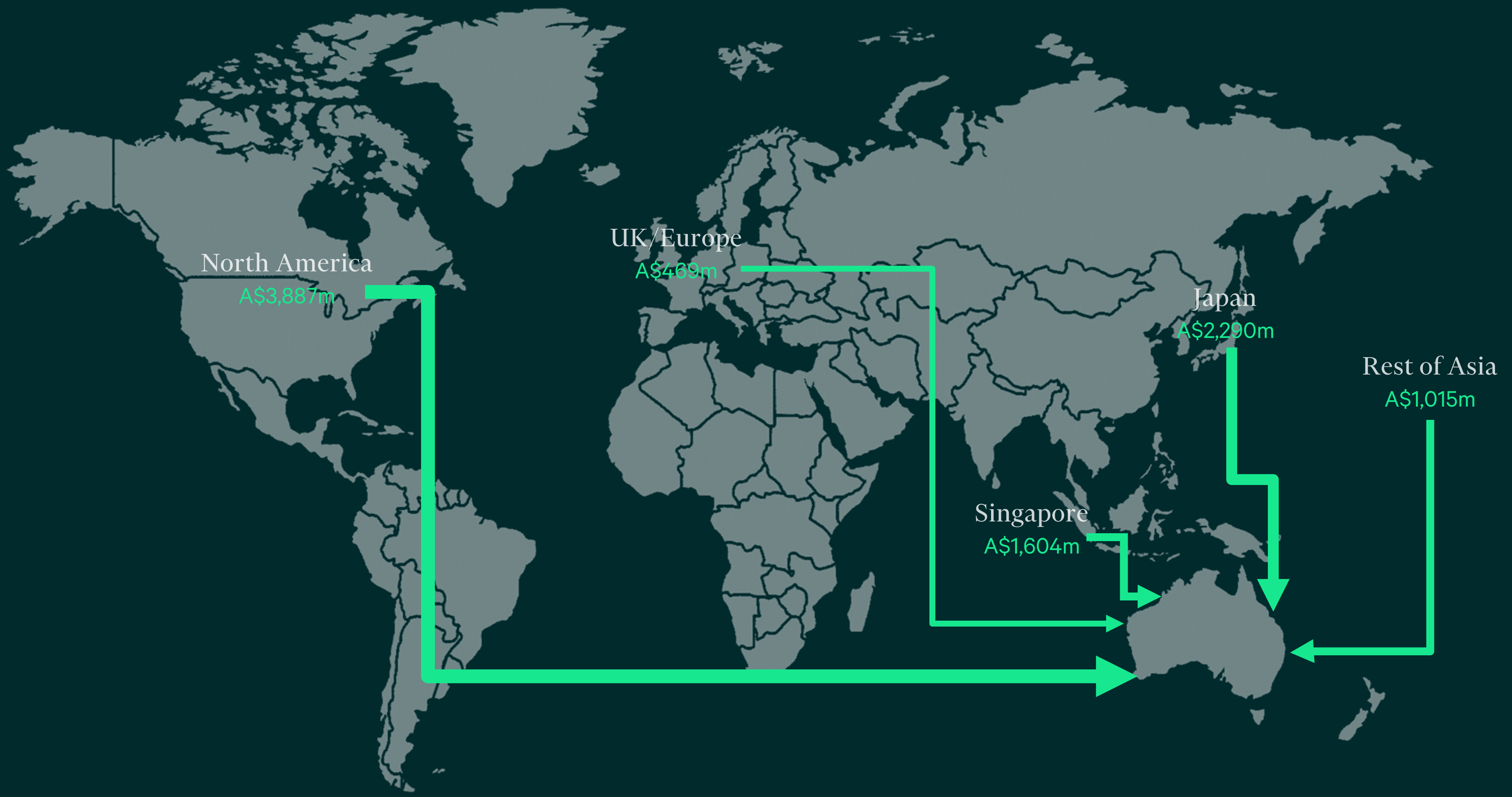
Figure 2: Australian Investment Volumes



Source: CBRE Research

Capital Flows into Australia 2025

Inbound Capital Sources



*Direct Investment
Source: CBRE Research

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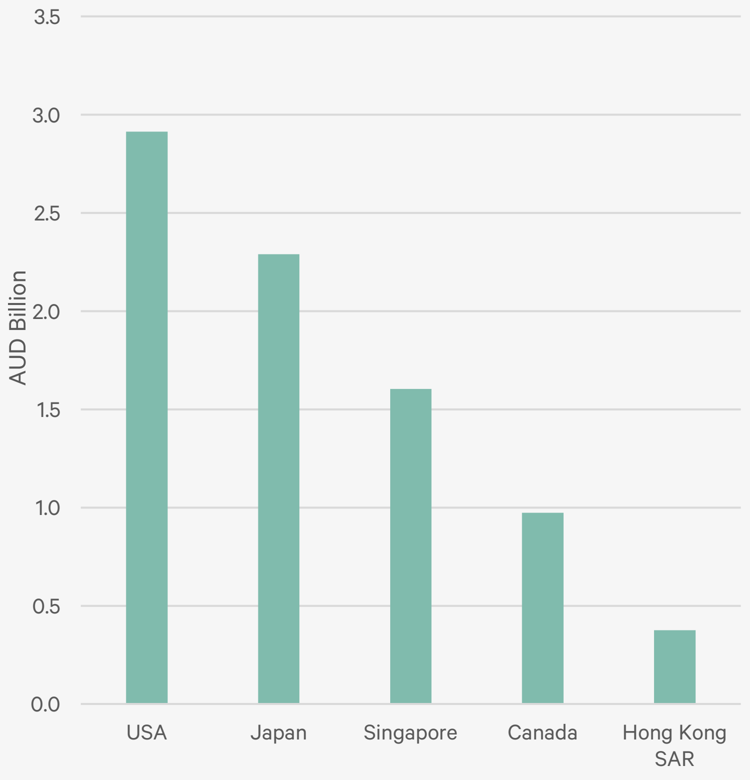
North American investors remain the dominant source

Despite the decline in volumes in 2025, a positive was the higher inflows of offshore capital that was deployed in Australia. Total offshore capital invested in 2025 reached $9.3 billion, 12% higher than the previous year. Australia remains a key destination for capital in the APAC region, given it's stability and market transparency.

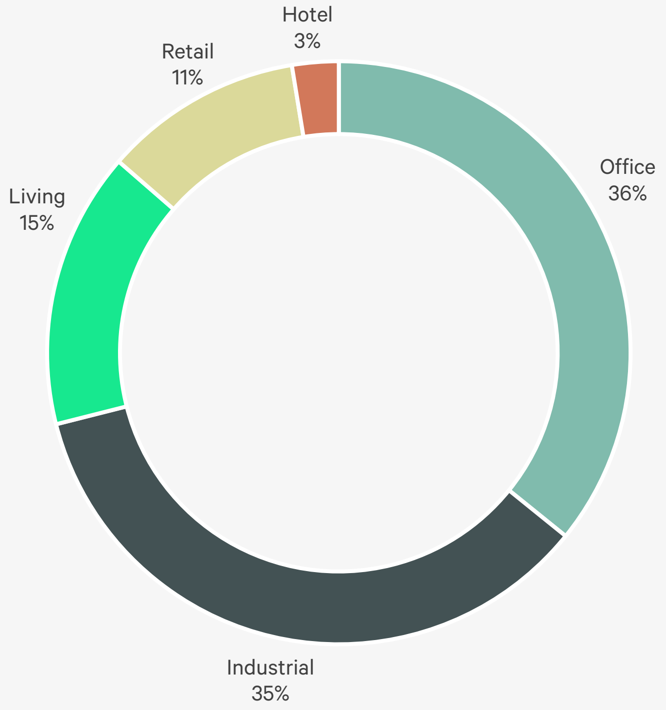
North American capital led the charge, injecting $3.9 billion, supported by a weaker Australian dollar and a push for global portfolio diversification. Japanese investors maintained strong interest, allocating $2.3 billion over the year. Meanwhile, Singapore rebounded after a subdued period, lifting investment to $1.6 billion in 2025.

The Office and Industrial sectors were most favoured by offshore investors in 2025, accounting for just over 70% of inflows this year. The living sector was the third most favoured asset class, although this did see a drop off in inflows compared to previous years.

Top 5 Sources of Capital in 2025



Offshore Investment by Sector in 2025



Source: CBRE Research

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