



dexus

Australian Real Asset Review

Q1 2026

Westfield Chermisde,
Brisbane QLD

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Investment climate

The global outlook has been improving

Australia's streak of positive business confidence extended to eight months in December, reflecting a continued cautiously optimistic outlook, despite two successive inflation surprises. September's inflation reading ended discussion of further rate cuts, while October's data shifted many forecasters toward expecting the next move in rates to be up rather than down. Since October, inflation has been persistently high, rising to 3.8% in December 2025. Whilst readings have been higher-than expected, CPI has been at least partially influenced by government rebates phasing out.

The Reserve Bank now faces a choice between tightening policy further or holding rates steady while waiting for labour market softening to do the work. Consensus now sees rates on hold through 2026, with the 10-year government bond yield sitting at around 4.7%.

The medium-term growth outlook remains constructive. GDP is forecast to grow by 2.4% in 2026, supported by a healthy shift from public to private sector-led activity. Private consumption is expected to do more of the heavy lifting as government spending moderates from recent highs. Households with housing equity are well placed to support discretionary spending, buoyed by rising property values and accumulated wealth. Business investment in energy, mining, and technology continues to build momentum, with data centre and renewables pipelines particularly strong.

New Zealand's economy contracted 1.1% in FY25, with the unemployment rate reaching 5.3% in September 2025 and expected to peak around that level through early 2026. Growth is now forecast at just 0.5% for FY26 before accelerating to 2.8% in FY27, as lower interest rates support a gradual recovery.

Australian economic forecasts

	Jun-25	Jun-26	Jun-27
Real GDP pa	2.0%	2.4%	2.6%
Employment pa	2.2%	1.2%	1.8%
Unemployment	4.2%	4.6%	4.4%
Business investment pa	-0.4%	6.1%	3.1%
Dwelling investment pa	5.6%	3.4%	3.6%
Population pa	1.5%	1.3%	1.2%
Retail sales pa	4.2%	4.3%	4.2%
CPI pa	2.1%	3.7%	2.6%
Cash rate	3.8%	3.6%	3.4%
10yr bond	4.2%	4.7%	4.3%

Source: Oxford Economics, December 2025

Business conditions improving



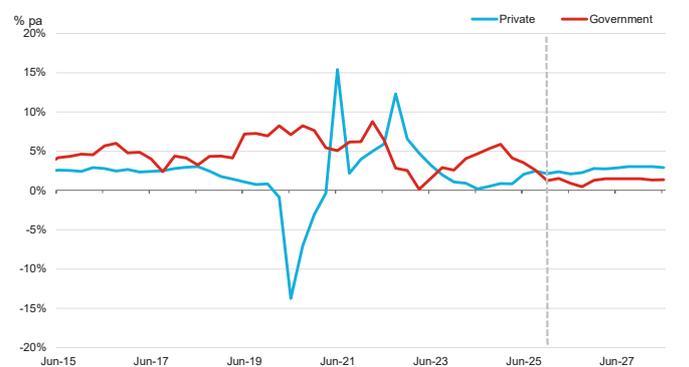
Source: NAB, Dexus Research

Australian interest rates to stabilise



Source: Bloomberg, Oxford Economics, Dexus Research

Private consumption to support economic growth



Source: Oxford Economics, Dexus Research

Market performance

Momentum picks up in unlisted real estate

All unlisted real estate sectors reported positive and improving returns for the second consecutive quarter. Retail and industrial funds continued to lead the sectors, reporting strong returns in the year to Q4 2025 of 10.0% and 8.1% respectively. Office funds returns have been improving, now at 6.9% p.a. Diversified funds followed suit, returning 6.7% p.a.

Both A-REITs and Australian equities posted modest declines in Q4 2025, returning -1.4% and -1.0% respectively, though equities marginally outperformed over the one-year period (10.3% vs 9.2%). Over a three-year horizon, A-REITs have delivered superior returns of 15.0% p.a. compared to 11.4% p.a. for Australian shares.

Real estate transaction volumes grew for the second consecutive year, up 8.5% from 2024. Continued improvements in transaction volumes is reflective of emerging price consensus and improving investor sentiment.

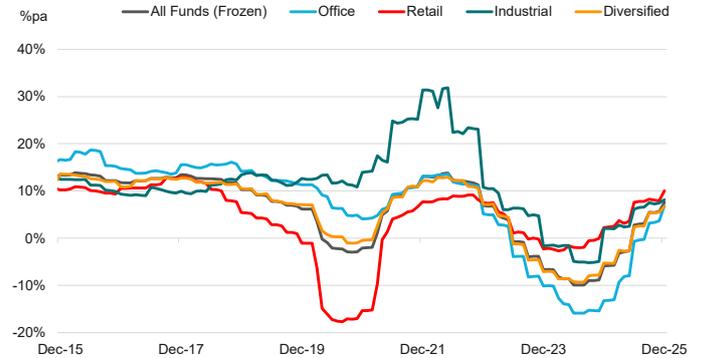
Transaction volumes increased in all except the industrial sector. Office transaction volumes surged in Q4 2025, up 67% from Q3. Liquidity in the sector is expected to continue to improve throughout 2026. Healthcare and retail assets also showed strength with yearly transaction volumes up 33% and 18% respectively.

Asset class performance to Q4 2025

	Qtr. %	1 yr % p.a.	3 yr % p.a.
AREITs ¹	-1.4%	9.2%	15.0%
Australian shares ²	-1.0%	10.3%	11.4%
Unlisted infrastructure ³	2.3%	11.6%	9.6%
Australian cash ⁴	0.9%	4.0%	4.1%
Australian fixed interest ⁵	-1.1%	3.2%	3.7%
Unlisted property ⁶	2.5%	7.6%	-1.9%

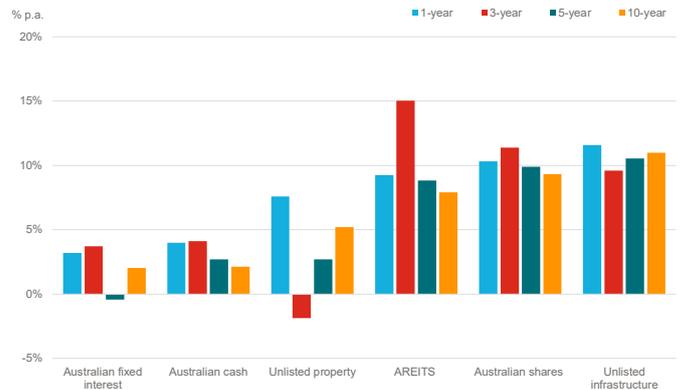
Source 1: S&P/ASX 200 A-REIT Accumulation Index
 Source 2: S&P/ASX 200 Accumulation Index
 Source 3: MSCI Australia Quarterly Private Infrastructure Fund Index (to Sep-25)
 Source 4: Bloomberg BAUBIL Index
 Source 5: Bloomberg BACMO Index
 Source 6: MSCI/Mercer Australian Core Wholesale Monthly PFI
 *Note: unlisted property and infrastructure are NAV pre fees

Unlisted wholesale fund returns by sector



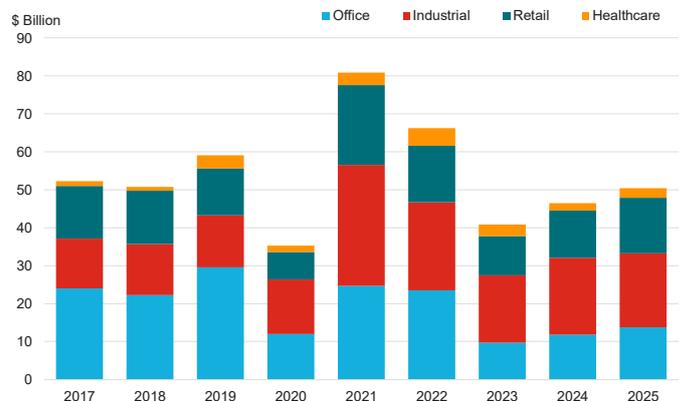
Source: MSCI, Bloomberg, Dexis Research

Performance by asset class



Source: S&P/ASX 200 A-REIT Accumulation Index, S&P/ASX 200 Accumulation Index, MSCI Australia Quarterly Private Infrastructure Fund Index (to Sep-25), Bloomberg BAUBIL Index, Bloomberg BACMO Index, MSCI/Mercer Australian Core Wholesale Monthly PFI

Australian real estate transaction volumes



Source: MSCI, Dexis Research

Office

Office sector now in growth mode

The Australian office market is now delivering the rental growth that was anticipated as vacancy stabilised. Sydney CBD net effective rents grew 10.9% over the year to December 2025, driven by sustained tenant demand and limited supply. Brisbane CBD outperformed expectations again, with effective rents up 15.7% year-on-year. Melbourne CBD recorded positive annual effective rent growth for the first time since 2022, a turning point after a prolonged period of negative rental movement.

Demand continues to strengthen across the major CBDs. Sydney CBD absorbed 86,000 sqm over the year, well above the ten-year average, while Melbourne CBD recorded net absorption of 53,000 sqm, its strongest annual result since 2019. Demand continues to be centred around the CBD core of Sydney and Eastern Core in Melbourne. In Sydney, there are signs of improving demand extending outward to other CBD precincts where availability is higher.

The supply pipeline remains the defining structural feature of this phase of the cycle. Melbourne CBD will see some completions in FY26, but beyond that, the forward pipeline is the smallest on record at just 10,000 sqm of expected completions over the following three years. This constraint provides time for occupier demand to absorb existing vacancy before new stock enters the market.

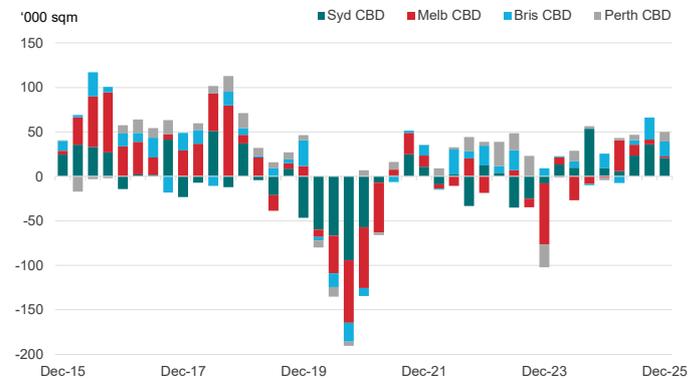
Vacancy rates are stable or falling in most CBDs. Sydney CBD vacancy fell to 14.7%, down 90 basis points over the year. Melbourne CBD vacancy declined to 18.8%, while Brisbane CBD vacancy rose modestly to 11.5%. Premium grade buildings continue to outperform, with vacancy rates well below market averages across all major cities. The combination of improving demand, constrained supply, and firming rents supports the expectation that office returns will continue to recover through 2026.

Office snapshot Q4 2025

	Total vacancy	Rent growth* % p.a.	Projected net supply FY26-28 (% of stock).
Sydney CBD	14.7%	10.9%	1.0%
North Sydney	25.2%	-0.9%	2.4%
Parramatta	23.7%	4.1%	0.0%
SOP / Rhodes	20.6%	-2.5%	0.0%
Melbourne CBD	18.8%	0.6%	1.1%
Brisbane CBD	11.5%	15.7%	1.5%
Perth CBD	16.5%	1.7%	0.0%

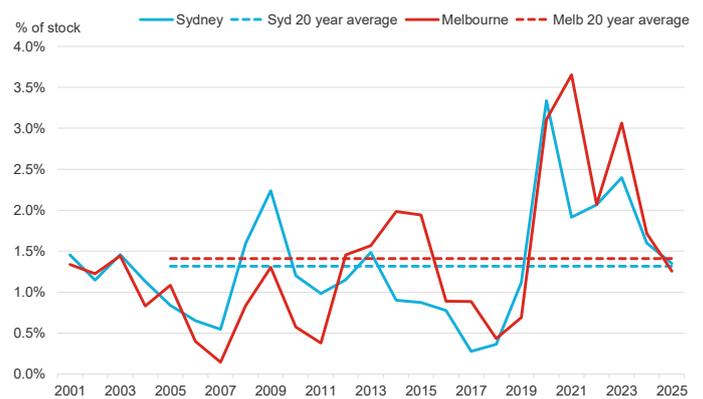
Source: JLL Research, Dexus Research, *Rent growth is net prime effective

Quarterly net absorption by CBD market



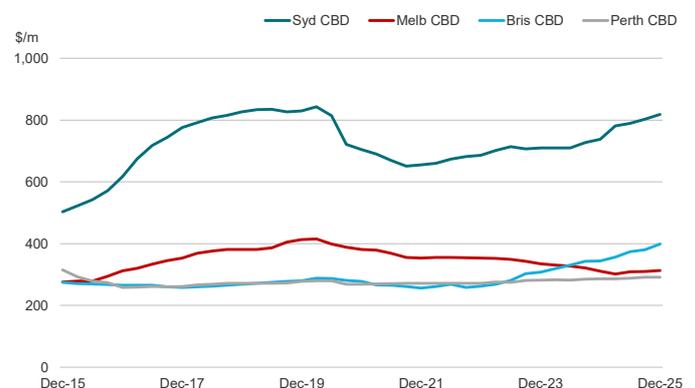
Source: JLL Research, Dexus Research

Sydney CBD and Melbourne CBD sublease vacancy



Source: JLL Research, Dexus Research

Prime net effective rent



Source: JLL Research, Dexus Research

Office market wrap

Market	Comments	Direction of trend for next 12 months
Sydney CBD	The Sydney CBD office market recovery continues, led by buildings in the premium core. Net absorption reached 86,000 sqm over the year, well above the ten-year average, and vacancy fell 90 basis points to 14.7%. Net effective rents grew 10.9% year-on-year, the strongest result among the major east coast CBD. Premium rental growth has extended to all precincts rather than being centred around the core. The supply pipeline remains exceptionally tight with no major completions scheduled in FY26. The transaction market has been improving with some large, core transactions well underway.	Vacancy ↓ Rents ↑ Incentives ↓ Yields →
North Sydney	North Sydney vacancy rose sharply to 25.2% following the completion of Victoria Cross in Q4. This one building contains more than 6% of the North Sydney office market. The market will take time to absorb the new space. Some upside is emerging with the prospect of office withdrawals for residential conversion. The divergence between grades continues to widen, with vacancy in prime buildings well below that of secondary stock. Prime net effective rents declined 0.9% over the year as incentives increased to offset the supply addition.	Vacancy → Rents → Incentives ↑ Yields →
Parramatta	Parramatta had a mixed quarter. Net absorption was negative for the quarter and vacancy rose to 23.7%. Effective rents nonetheless grew 4.1% year-on-year. The gap between prime and secondary stock performance is stark with secondary vacancy rates significantly higher than prime. No new supply is expected in this market over at least the next three years.	Vacancy → Rents ↑ Incentives → Yields →
Melbourne CBD	Melbourne's office market continued its recovery, with net absorption of 53,000 sqm over the year, the strongest annual result since 2019. Vacancy held steady at 18.8%, down 100 basis points year-on-year. Net effective rents recorded positive annual growth for the first time since 2022, rising 0.6% year-on-year. Net face rents grew 5.9% over the year and incentives are beginning to stabilise. The forward supply pipeline beyond FY26 is the smallest on record, which should support further vacancy reduction and rental growth.	Vacancy → Rents ↑ Incentives → Yields →
Brisbane CBD	Brisbane remains the fastest-growing CBD office market nationally. Net effective rents grew 15.7% year-on-year, significantly outperforming other markets. Vacancy rose to 11.5%. Net absorption remains solid at 40,000 sqm annually, demonstrating that tenant demand is keeping pace with completions. Flight to quality is particularly evident, with vacancy in premium buildings remaining well below secondary stock. Incentives continue to edge down, further supporting income growth.	Vacancy → Rents ↑ Incentives ↓ Yields →
Perth CBD	Perth's CBD recorded an improved quarter, with net absorption of 11,000 sqm and vacancy falling 60 basis points to 16.5%. The gap between premium and secondary stock remains evident, with premium vacancy rates well below secondary. Net effective rents grew 1.7% over the year, and incentives remain at their lowest level since 2020. The supply pipeline is extremely limited with no completions expected within the next five years. This should support gradual vacancy reduction through 2026.	Vacancy ↓ Rents ↑ Incentives ↓ Yields →



Industrial

A year of normalisation

The industrial sector has experienced a period of normalising rent growth and, whilst vacancy is gradually increasing, it remains at low historically low levels. Rate cuts and increased consumer spending helped demand remain steady. Net face rents were largely flat over the quarter, however rising incentives are dragging net effective rents.

Demand through the year was steady, with around 3 million square meters of gross take-up across the country, which is slightly higher compared to the past few years. Improvements in consumer confidence and increased household spending through the year supported demand. Logistics tenants led take-up, followed by wholesalers and manufacturing. Sydney recorded the most take-up over the year, with 1.1 million sqm, followed by Melbourne with 1.0 million sqm.

In 2025, 3.0 million sqm of supply came online. This was largely concentrated in Outer West Sydney, West Melbourne and Southern Brisbane. Three cold storage warehouses were brought online in the quarter including lot 10 at DHL Momentum Industrial Estate (Horsley Park), 320 Leakes Road (Truganina) and CityPort Cold Storage (Lytton). Developers are shifting towards pre-lease strategies from a speculative landscape, as they face higher construction costs and a more challenging leasing environment. Vacancy rates continue to creep up in most precincts, with the national vacancy rate now sitting at 3.2%. Melbourne continues to see the highest vacancy (4.7%), followed by Brisbane (3.1%).

Prime yields contracted in nearly all markets through 2025, with West and South East Melbourne the only sectors to see yield expansion (25 bps). This signals continued investor interest in the sector, particularly in markets with strong yield contraction such as OW Sydney and SW Sydney.

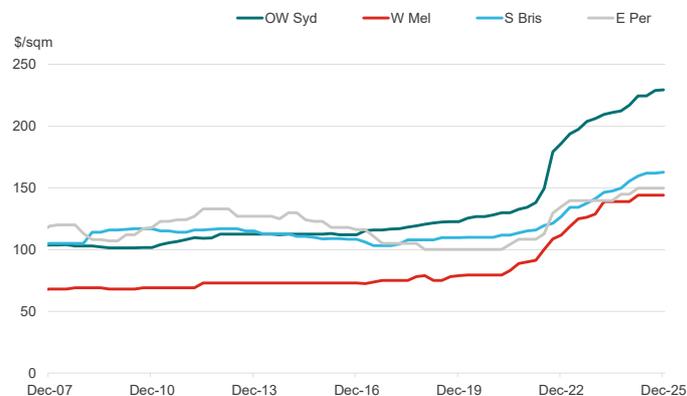
Rent growth was strongest through the year in Inner West Sydney (7.4% p.a.), Outer West Sydney (5.8% p.a.) and Southern Brisbane (4.7% p.a.). Incentives are continuing to climb, putting pressure on net effective rents.

Industrial snapshot Q4 2025

	Prime cap rate change q-o-q (bps)	Existing prime net face growth % y-o-y
Outer West Sydney	-12 bps	5.8%
West Melbourne	25 bps	3.6%
East Perth	0 bps	3.5%
South Sydney	-12 bps	1.0%
Inner West Sydney	-12 bps	7.4%
Southern Brisbane	0 bps	4.7%

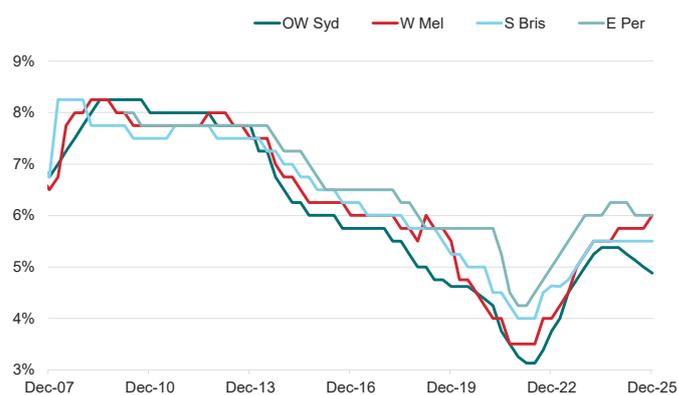
Source: JLL Research, Cushman and Wakefield (vacancy rates), Dexus Research

Industrial net face rents by precinct



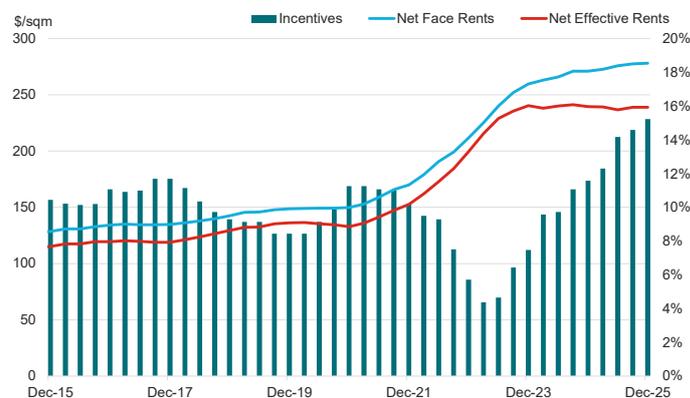
Source: JLL Research, Dexus Research

Industrial cap rates by precinct



Source: JLL Research (average prime), Dexus Research

Sydney prime net rents and incentives



Source: Cushman and Wakefield Research, Dexus Research

Industrial by region

Outer West Sydney

Take-up in Outer West Sydney totalled 83,000 sqm in Q425, and just under 600,000 sqm over 2025. This is the highest level of take-up experienced in this precinct in the past four years, and well above the 10-year average take-up. Kimberly Clark, a manufacturing company, pre-leased 42,000 sqm in Horsley Park, contributing to more than half of the take-up in the quarter. In 2025, just over 800,000 sqm of new supply entered the market, with 420,000 sqm currently under construction due to complete in 2026. Vacancy has lifted by 30 bps over the past six months, due to the large amount of supply completed through the year. Net face rents grew 0.2% over the quarter, and 5.8% y-o-y. Prime yields have contracted 12 bps in Q4, and 44 bps in 2025.

West Melbourne

Take-up in West Melbourne through 2025 was slightly above the 10-year average at 680,000 sqm and was just below 200,000 sqm in Q4. This is above the two previous years, indicating there is underlying strength in this market. Asahi, a manufacturing company, pre-leased 47,000 sqm in Deer Park. Costway, a retailer, leased 25,000 sqm in Truganina. Vacancy rose to 5.0% in this precinct over the past six months. In 2025, 580,000 sqm of supply was completed and there is 230,000 sqm under construction due to complete in the next two years. Prime net face rents grew 3.6% over the year but were unchanged in Q4. Prime yields expanded 25 bps in Q4 to 6.25%.

Brisbane (South & Australian Trade Coast)

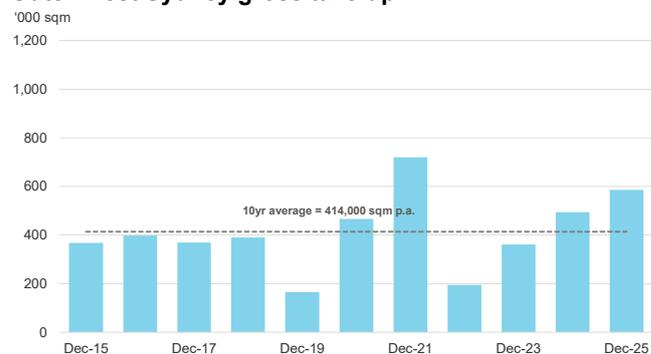
South Brisbane saw 323,000 sqm of take up over the year. Wilhelmsen, a water transport company, and Comfort group, a retailer, leased 30,000 and 25,000 sqm in Heathwood. The Trade Coast had 13,000 sqm of take-up. L3Harris, an American defence company, leased 5,600 sqm in Pinkenba. Vacancy is now 5.0%. New supply was concentrated in the South, and 250,000 sqm is under construction. Net face prime rents rose 4.7% in the year for Southern Brisbane and 3.5% in ATC but were largely unchanged in Q4. Prime yields were flat in the quarter.

Perth (East & South)

Take-up in Perth remains well above the ten-year average for 2025. Gross take-up was largely concentrated in the East, with 35,800 sqm through Q4, while the South saw 16,500 sqm in Q4. Pacific Energy, pre-leased 17,000 sqm in Perth Airport and CEVA Logistics leased 10,000 sqm in Jandakot. Vacancy in the South is currently 3.8% and 3.7% in the Trade Coast. Supply is concentrated in the South, but around 100,00 sqm under construction. Prime net face rents grew 3.4-3.5% through the year but were unchanged in Q4. Prime yields were steady in Q4.

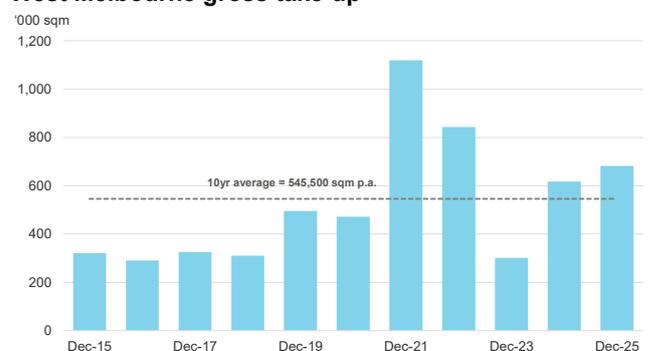
*Note: Vacancy data from CBRE Research

Outer West Sydney gross take-up



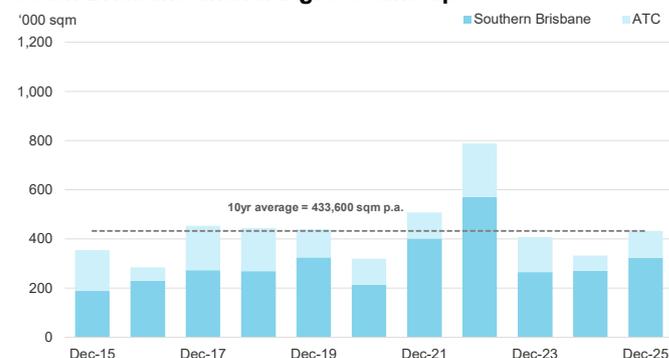
Source: JLL Research, Dexus Research

West Melbourne gross take-up



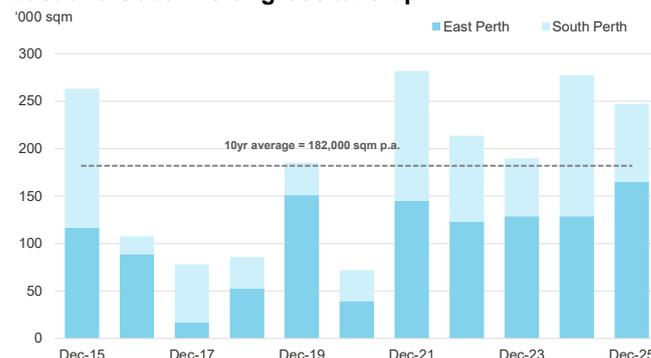
Source: JLL Research, Dexus Research

South Brisbane and ATC gross take-up



Source: JLL Research, Dexus Research

East and South Perth gross take-up



Source: JLL Research, Dexus Research

Retail indicators

Retail turnover remains strong

Households recorded strong spending throughout 2025, growing 7.0% y-o-y to November 2025. Retail sales growth has been led by household goods, recording 10.1%, other retailing and food and beverage, both at 9.2%. Currently, retail turnover growth is significantly above the pre-COVID 5yr average of 3.3% and shifting toward service based and experiential retail services.

The labour market remains strong, with solid employment growth and unemployment sitting at 4.3%. Both discretionary and non-discretionary retail spending growth is stabilising to around 5% p.a.

While recent lifts in inflation have been partially influenced by government rebates, if sustained, the consumer faces potential risks. Purchasing power may be impacted and any higher rates will also slow potential spending growth. The return of real wage growth will support retail turnover growth.

Throughout the year, consumer sentiment has fluctuated, with some improvement through the first half of the year, and in recent months, some wavering. Current sentiment is cautious, driven by the higher-than-expected inflation reads. Consumer sentiment peaked in November before dropping -9.0% in December 2025. Moving into 2026, Australian consumers are likely to remain cautious until confidence in inflation moderation returns.

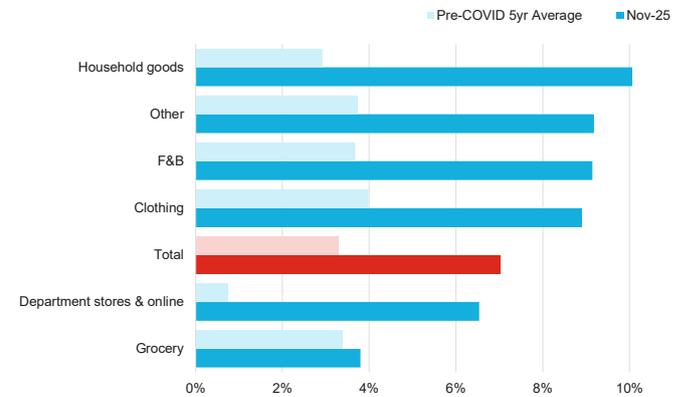
Retail sales growth by category¹ (Nov-2025)

	m-o-m %	y-o-y %
F&B	1.2%	9.1%
Other	1.3%	9.2%
Department stores	-0.6%	6.5%
Clothing	3.6%	8.9%
Household goods	2.4%	10.1%
Grocery	0.5%	3.8%
Total	1.3%	7.0%

Source: ABS, Dexus Research

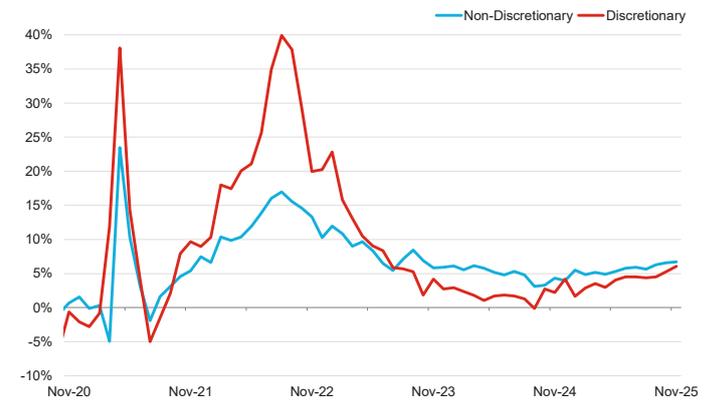
¹This series uses seasonally adjusted experimental estimates of retail turnover using bank transactions. Department stores also refer to large online retailers.

Retail turnover growth by category



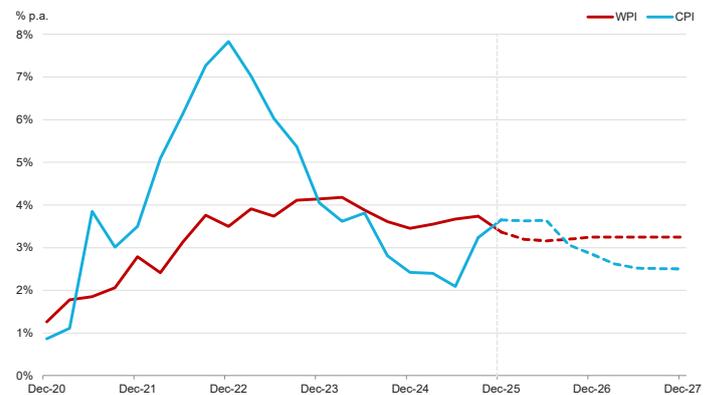
Source: ABS, Dexus Research

Discretionary vs non-discretionary household spending growth



Source: ABS, Dexus Research

WPI & CPI growth and forecasts



Source: ABS, Oxford Economics (December 2025 forecast), Dexus Research



Retail performance

The reset of retail

The investment case for retail property has strengthened throughout 2025. The sector reset as earlier headwinds passed, and healthy macro fundamentals returned. Retail unlisted wholesale funds were the best-performing sector in the MSCI Australian Wholesale Index, jumping by 3.5% in the quarter and posting a strong total return of 10% p.a. (outperforming the 7.6% p.a. return for all funds).

Retail floorspace allocations are evolving as a response to changing consumer spending. Those that have adapted have a more diversified income stream and deeper customer engagement. Larger centres have made the most progress with over a quarter of occupied space now dedicated to service-based retailing, up from ~10% just ten years ago.

Tight supply dynamics have supported declining vacancy rates and firming rental growth prospects. Low supply is particularly favourable in the regional sub-sector, with no new centres planned, only refurbishments and extensions to existing centres.

Converging yields in the retail sector indicate a shift in relative pricing dynamics. Investor sentiment for convenience retail has remained strong through the year with neighbourhood centres experiencing the most yield compression. There were several large transactions in the quarter, including a 25% stake in Westfield Chermside, QLD to Dexus bringing total ownership to 50%, and the sale of Erina Fair, NSW to Fawkner Property group for \$895m.

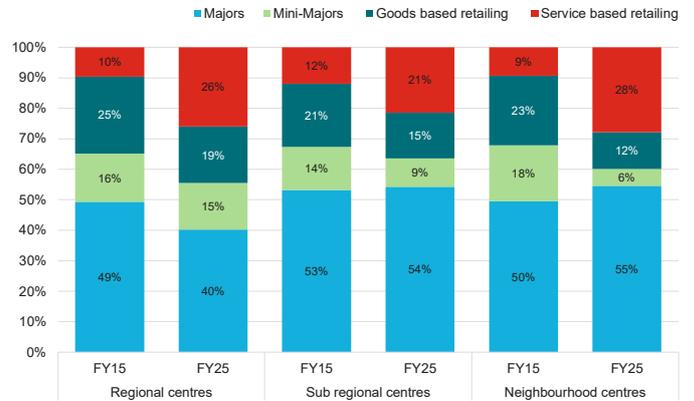
On balance, regional and sub-regional centres with strong offerings look relatively more attractive. Centres with a clear purpose and an optimised tenant mix are best positioned to keep vacancy rates and occupancy costs low.

Retail performance snapshot Q4 2025

	Q4 Specialty rent growth % y-o-y.	Cap rate change q-o-q (bps)
Sydney		
Regional	0.7%	0
Sub-regional	0.9%	0
Neighbourhood	0.4%	0
Melbourne		
Regional	0.7%	-25
Sub-regional	0.5%	-25
Neighbourhood	0.4%	-13
SE QLD		
Regional	1.2%	0
Sub-regional	0.5%	-25
Neighbourhood	0.2%	-6.0

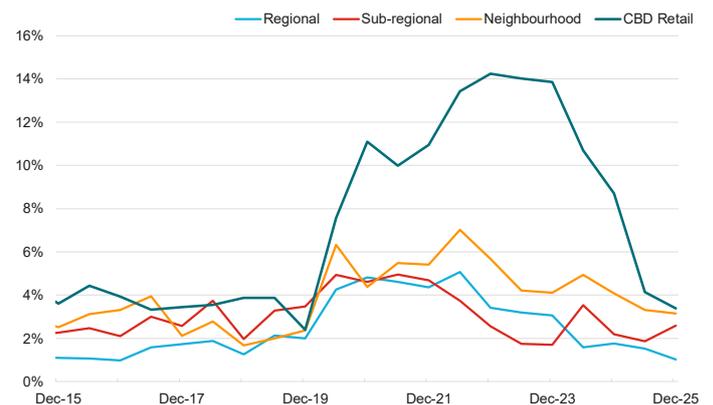
Source: JLL Research, Dexus Research

Retail floorspace allocations



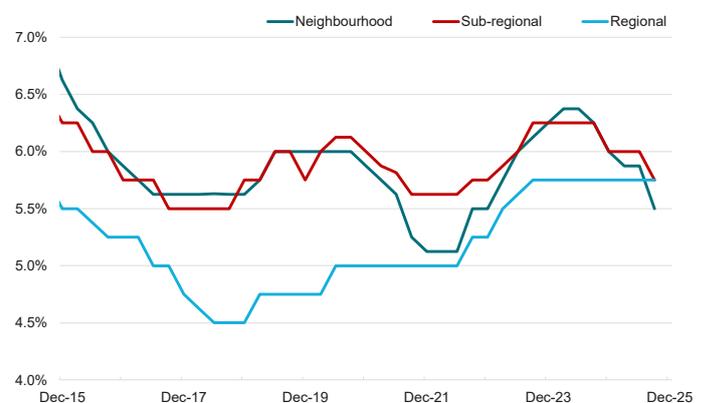
Source: Urbis, Dexus Research

Australian shopping centre vacancy rates by type



Source: JLL Research, Dexus Research

Capitalisation rates by centre type



Source: JLL Research, Dexus Research

Healthcare

Pathway out of post-pandemic pains

The healthcare sector enters 2026 with its funding fundamentals improving and a pronounced supply gap that should support existing asset values

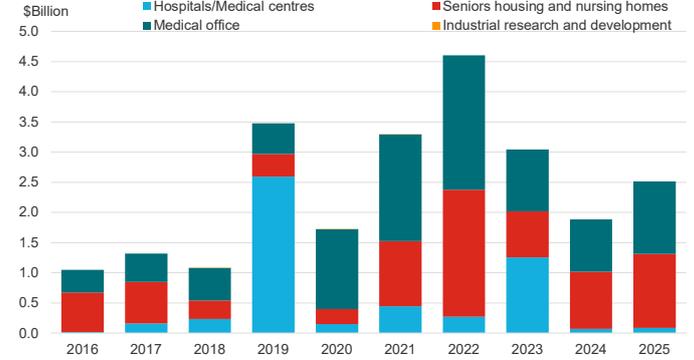
The healthcare sector in 2025 was defined by strong underlying demand and persistent capacity constraints. Workforce shortages remained a significant operational challenge. Despite rising service volumes, particularly in same day procedures which continued to outpace multiday activity, staffing pressures, higher operating costs, and systemwide burnout limited the sector's ability to meet growing patient needs. These constraints reinforced the defensive appeal of healthcare assets while highlighting structural inefficiencies across the system.

Across the year, governments at all levels introduced material funding and workforce initiatives to stabilise the sector. Federal policies expanded bulk-billing incentives, increased Medicare funding at rates above inflation, and supported the recruitment and training of doctors and nurses. At the same time, private health insurers contributed significant voluntary payments to reduce funding gaps, reducing the likelihood of regulatory intervention. State governments also invested heavily in hospital staffing programs, reflecting a coordinated effort to alleviate pressure on providers.

From an investment perspective, healthcare real estate benefited from favourable demographic and usage trends, although performance remained more defensive than higher growth sectors. A pronounced private hospital supply gap, with project completions in 2026–2028 falling well below long term averages, supported asset values, particularly in hospitals, life sciences, day hospitals, and specialist outpatient facilities. While subsectors such as aged care, general practice and mental health continued to exhibit strong demand thematics, they remained more exposed to staffing and cost pressures. Overall, healthcare maintained its position as a resilient, income anchored sector within the real asset landscape.

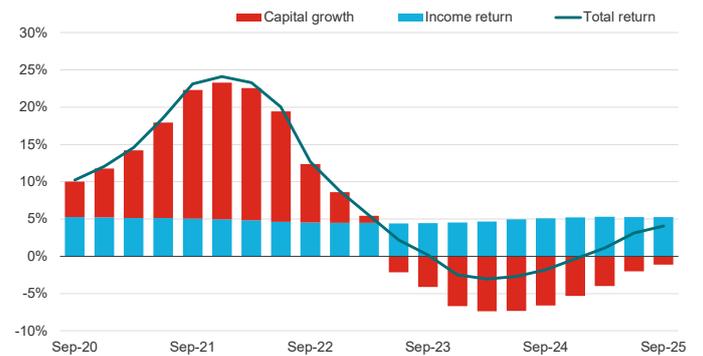
A capacity gap in the private hospital sector should help underpin the value of existing assets and create an opportunity for further investment in new assets. While demand for private hospital services is rising rapidly, the number of projects reaching completion is not keeping up. In the next three years (2026-2028), \$1.8 billion of private hospitals are due to complete which is well below the ten-year average.

Healthcare transaction volumes by calendar year



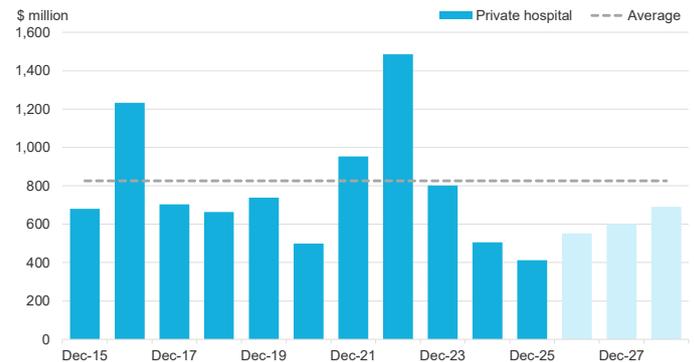
Source: MSCI Real Assets, Dexus Research

Healthcare total returns



Source: MSCI Real Assets, Dexus Research

Private hospital commencements



Source: Oxford Economics, Dexus Research



Alternative investments

As the economic landscape evolves and investors increasingly seek diversification, alternative investments are coming into focus. Key trends of population growth, e-commerce and demand for value-add returns are driving growth in the sector. Student accommodation is an increasingly important part of Australia's higher education infrastructure, providing dedicated housing for domestic and international students. Dexus is an active participant in the sector with a portfolio of over 7,000 operational beds plus over 1,000 under development.

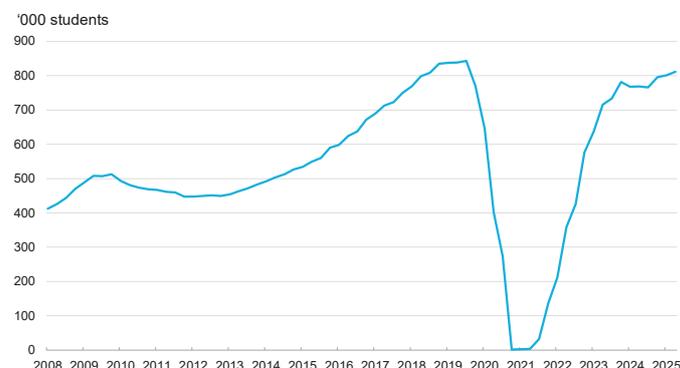
The rise of purpose-built student accommodation

Australia remains one of the world's most attractive study destinations, ranking second globally for international student enrolments and hosting nine universities in the QS World Top 100. The country currently hosts around 723,000 international students. Government policy settings presented challenges through FY25. Migration Strategy reforms and higher visa grant charges slowed student visa approvals, with grants down 14% year-on-year for applicants outside Australia as of October. However, indicative caps on higher education commencements have been lifted nearly 10% to 295,000 for FY26, signalling a more supportive stance.

With housing affordability a national priority, purpose-built student accommodation offers a targeted response by freeing up rental stock in the broader market. The sector remains small in Australia relative to the size of the education system. Australia's penetration rate sits at around 6% of full-time students compared to 45% in the UK and 29% in the US. CBRE estimates unmet demand of approximately 10,000 beds in Melbourne CBD/Inner North and 25,000 beds in Central/Inner-West Sydney. The supply pipeline totals around 40,000 beds nationally, with 7,500 completions expected in 2027. Despite this, new supply remains constrained by land availability, planning delays and construction costs.

Rental growth has been solid but is moderating. Oxford Economics reports advertised studio rents rose 8.4% nationally in the year to June 2025, down from a peak of 15.7% in early 2023. Perth led at 21.5% growth on the back of acute undersupply, while Adelaide was the only capital to record a decline. The EPIISOD Macquarie Park acquisition to Centurion Accommodation REIT for \$345 million demonstrates the strong investor demand in the alternative living sector. Total returns have averaged 11% per annum over the three years to June 2025, attracting continued institutional interest.

International student arrivals



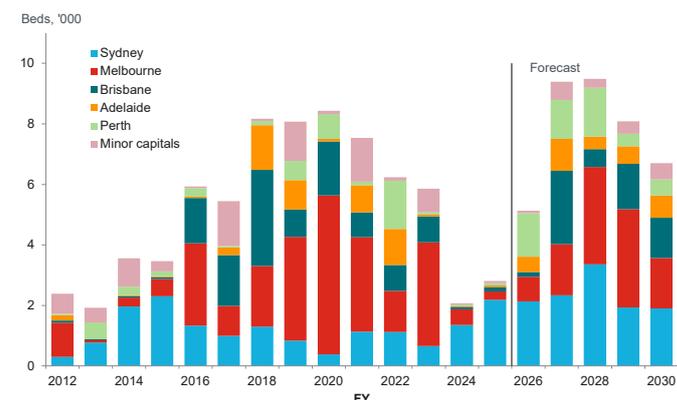
Source: ABS, Dexus Research

Global student accommodation penetration rates

	AUS	UK	US	GER	FRA	CAN
Undergraduate students	1.6 m	1.65 m	20m	2.9m	2.5m	2.17m
Student housing beds	102k	750k	5.8k	240k	190k	155k
International student ratio	31%	22%	5%	15%	15%	18%
Total penetration rate (beds/students)	6%	45%	29%	8%	8%	8%

Source: CBRE, Dexus Research.

Student accommodation completions by capital city



Source: Oxford economics

Infrastructure

Continued momentum in infrastructure

Investor sentiment remained resilient throughout 2025, despite ongoing macroeconomic and geopolitical uncertainties. Deal activity was shaped by megadeals and strategic transactions, with overall investment levels surpassing the 2024 total (ex. Airtrunk). Listed infrastructure returns jumped to 17.7% p.a. in Q425, above unlisted infrastructure which posted a return of 11.6% p.a.

Global private infrastructure investment totalled US\$1,060 bn for the year, a 38.5% increase compared to 2024's total of US\$763 bn. Renewables led transactions activity at US\$269 bn followed by telecommunications at US\$208 bn. Domestically, Australia and New Zealand maintained momentum, finishing the year at US\$83.1 bn, an increase of 6.2% from 2024 with logistics and renewables leading the activity. There were 66 M&A transactions in the year, above the average of 51. Major transactions included the US\$1bn sale of a 49% stake in BHP Iron Ore Inland Power Network to GIP in December 2025.

Australia's greenfield infrastructure investment remained robust, supported by the Government's pipeline and the 'Future Made in Australia' strategy. Key policy themes included the acceleration of BESS and the rise of digital infrastructure via the newly released National AI Plan and continued investment in transport and social infrastructure. Digital infrastructure continues to grow, and global electricity demand is expected to rise by 3.7% in 2026, prompting investor focus on improving grid resilience and electrification, particularly as AI and data centres boost demand.

The year ahead, presents a cautiously optimistic outlook for infrastructure. While global trade tensions and geopolitical risks remain, Australia's resilient fundamentals and policy continuity suggest a stable investment climate. Infrastructure originations are expected to benefit from sustained demand for real assets, particularly in energy storage, digital infrastructure, living and mid-market opportunities.

Australia & NZ M&A infrastructure transaction volumes



Source: Infralogic (closed transactions), Dexus Research

Major infrastructure transactions Q4 2025

Date	Asset	Buyer	Value (US\$ m)
Oct-25	Adelaide Airport (15.3% stake)	UniSuper, IFM (pre-emption rights exercised)	n/a
Oct-25	Loscam Asia Pacific (30% stake)	Mubadala (Abu Dhabi SWF)	56
Nov-25	340 mobile towers & rooftop sites (Optus)	Waveconn	167
Nov-25	Tilt Renewables (19.9% equity)	QIC, Future Fund	502
Dec-25	Sydney Desalination Plant (60% stake)	UTA (pre-emption rights exercised)	331
Dec-25	BHP WA Iron Ore Inland Power Network (49%)	GIP	1,000
Dec-25	Fortysouth (20% stake)	InfraRed, Pantheon	11

Source: Infralogic, Dexus Research.

Australian unlisted infrastructure returns



Source: MSCI Australia Quarterly Private, Infrastructure Fund Index Australia (NAV post fees)



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