FUTURELAND
PROPERTY GROUP

AUSTRALIA · RESEARCH 2026

The Ultimate Commercial Property Research Report 2026

Investment fundamentals, market cycles, SMSF strategy and the 2027 outlook.



Income. Resilience. Selectivity.

Futureland Property Group · 26 October 2026



EXECUTIVE SUMMARY

The recovery is in activity, not uniformly in fundamentals

Capital is returning to Australian commercial property, but it is concentrating on quality assets. The recovery is two-tiered: transaction activity has lifted faster than the underlying income and vacancy picture in many segments.

- Industrial benefits from structural demand, with clear differences by city and grade.
- Retail returns are strong, yet Q3 sentiment softened sharply.
- Prime office attracts tenants; secondary office faces vacancy, incentives and obsolescence.
- The 10 August 2026 SMSF borrowing change narrows new leveraged purchases.

Futureland view. Buy contractual income, tenant quality and durable location, not a headline yield.

Sources: KPMG June 2026; NAB Q3 2026; Cushman & Wakefield Q3 2026; ATO.

MARKET DASHBOARD

Australia's commercial property market at a glance

Six indicators frame the year. Investment volumes use different currencies and sources: the A$ and US$ series are shown separately, never combined.

4.60%

RBA cash rate target, effective 30 September 2026

A$10.4bn

Investment volume, Q1 2026 (Cushman & Wakefield)

US$8.9bn

Investment volume, Q2 2026, +82% YoY (JLL via API Magazine)

+1

NAB Commercial Property Index, Q3, down from +16

+23 / +9 / −7

Sector sentiment: industrial, office, retail

+48

Queensland state sentiment

A$ and US$ series are separate sources and methodologies. Sources: RBA; Cushman & Wakefield; API Magazine/JLL; NAB.

CAPITAL MARKETS

Capital is returning, but underwriting discipline still decides outcomes

Q1 2026 volume reached A$10.4bn, 22% above Q1 2025, taking rolling annual volume to A$57.6bn. Q2 recorded US$8.9bn, helped by large portfolio trades. Yet funding costs remain elevated, and debt and equity access deteriorated in the NAB Q3 survey.

2023

Repricing

Higher rates reset values and stalled transactions.

2025–26

Liquidity recovery

Volumes return, led by quality assets and portfolio trades.

2027

Selective opportunity

Outcomes depend on income quality and leverage.

Re-entry is not a blanket rally

Buy robust income, budget realistic capex and stress-test leverage before committing. Stage labels describe the cycle qualitatively; no quarterly values are implied.

Futureland qualitative cycle view. Sources: Cushman & Wakefield Q1 2026; API Magazine/JLL; NAB Q3 2026.

COST OF CAPITAL

The cost of capital is a decisive property variable in 2026

The cash rate has been 4.60% since 30 September 2026. Inflation and bond yields pressure the yields investors require and the margins lenders charge. Remember that borrowing cost is not the cash rate: lender margins sit on top.

Yield bridge

01

Net yield

NOI after realistic unrecoverable expenses, divided by price.

02

Cost of debt

Base rate plus margin, applied to the loan.

03

Cash flow after interest

What remains to absorb vacancy, capex and shocks.

Five tests every acquisition should pass

- NOI after realistic unrecoverable expenses
- Debt servicing plus 100–200 bp stress cases
- Cap-rate expansion and its valuation impact
- Tenant expiry versus refinancing timing
- Liquidity for incentives, repairs and vacancy

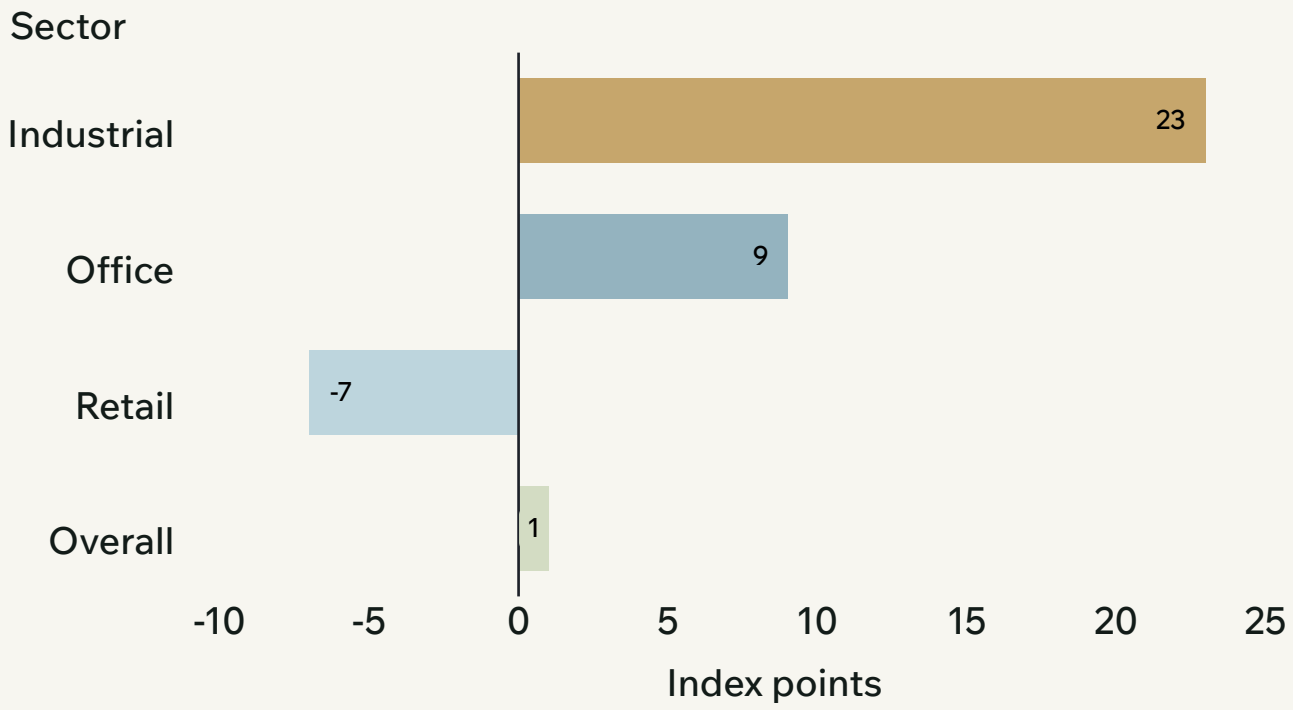
Sources: RBA; KPMG June 2026.

SENTIMENT

Sentiment splits into a two-speed market

The overall NAB index fell 15 points to +1 from +16 in Q2. Industrial leads while retail turns negative.

NAB Commercial Property Index, Q3 2026, by sector (index points)



States diverge

Queensland +48, NSW −17, Victoria −9.

Read with care

Positive industrial sentiment does not guarantee rent growth everywhere; geography and tenant quality matter.

Source: NAB, 19 Oct 2026; 228 property professionals surveyed.

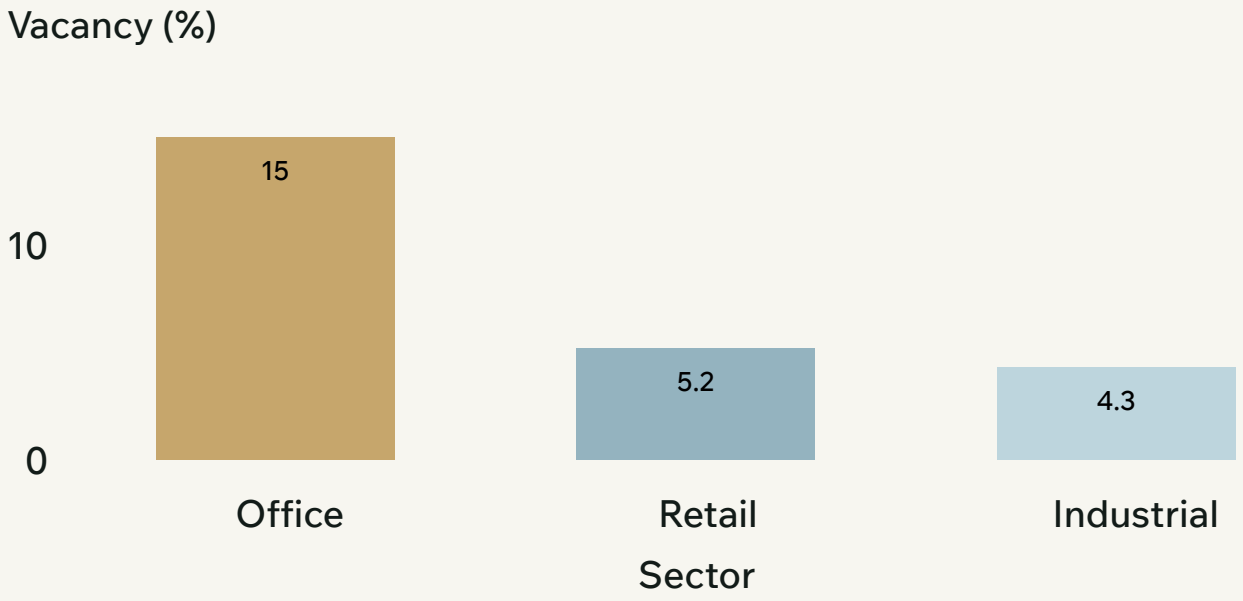
SECTOR METRICS

Return, yield and vacancy tell different stories

Retail posted the highest reported total return with mid-range vacancy; office carries the highest cap rate alongside the highest vacancy. A cap rate is not a total return.

SECTOR	VACANCY	CAP RATE	REPORTED TOTAL RETURN
Office	15.0%	6.1%	6.7%
Retail	5.2%	5.6%	9.4%
Industrial	4.3%	5.4%	7.4%

Q1 2026 vacancy by sector (%)



Q1 2026 sector measures, not prospective returns for any acquisition. Source: KPMG June 2026, p.4 (MSCI-PCA).

RELATIVE OPPORTUNITY

Where Futureland sees relative opportunity

Five segments ranked by relative attractiveness, each with the risk that matters most and the evidence we require before acting.

SEGMENT	OPPORTUNITY	PRINCIPAL RISK	REQUIRED EVIDENCE
Prime functional industrial	Logistics, services, e-commerce demand	New supply, incentives	Effective rent, re-letting depth
Necessity and large-format retail	Essential spend, constrained supply	Discretionary softness	Tenant mix, catchment
Healthcare and service premises	Service demand, long leases	Operator strength, fit-out	Operator financials, alternative use
Prime office	Tenant flight to quality	Vacancy risk	Price and tenant quality offset vacancy
Secondary office	Repositioning	Capex, downtime, obsolescence	Costed leasing and capital plan

Futureland qualitative assessment; not a forecast or recommendation for any specific asset.



INDUSTRIAL

Industrial's structural case holds as conditions normalise

National vacancy was 4.3% in Q1 2026 (KPMG). A separate JLL series shows 4.8% in Q2; the two are not like-for-like and should not be compared directly.

Drivers

Logistics consolidation, e-commerce, population growth, supply-chain efficiency and data-centre adjacency.

Risks

Construction costs, new completions, rising incentives, obsolescence and debt costs.

Underwrite effective rent and re-letting prospects, not face rent.

Sources: KPMG June 2026; JLL.



SYDNEY INDUSTRIAL · Q3 2026

Sydney industrial: a premium location commands a premium price

3.9% Vacancy	**5.26%** Average prime yield	**A$280** Prime net face rent, /sqm p.a.
17.2% Prime incentives	**~1.0m sqm** YTD gross take-up	**5.0% / 0.5%** Outer West vs North vacancy

Sydney's rents are the highest in the country, but high rent alone is not a valuation argument. A 17.2% incentive materially lowers effective income, so assess incentives, downtime and depth of demand by precinct.

Source: Cushman & Wakefield Sydney L&I Marketbeat Q3 2026.



PERTH INDUSTRIAL · Q3 2026

Perth industrial: low vacancy with higher prime yields

2.2%

Vacancy (~1.6% excl. sublease)

6.13%

Average prime yield

A$173

Prime net face rent, /sqm p.a.

10.0%

Incentives

~274,000 sqm

YTD take-up

Lower rent does not mean weaker returns. Perth pairs tight vacancy with lower incentives and higher yields. The risks are different: a concentrated economy, limited serviced land, pipeline activation and possible repricing.

Source: Cushman & Wakefield Perth L&I Marketbeat Q3 2026.

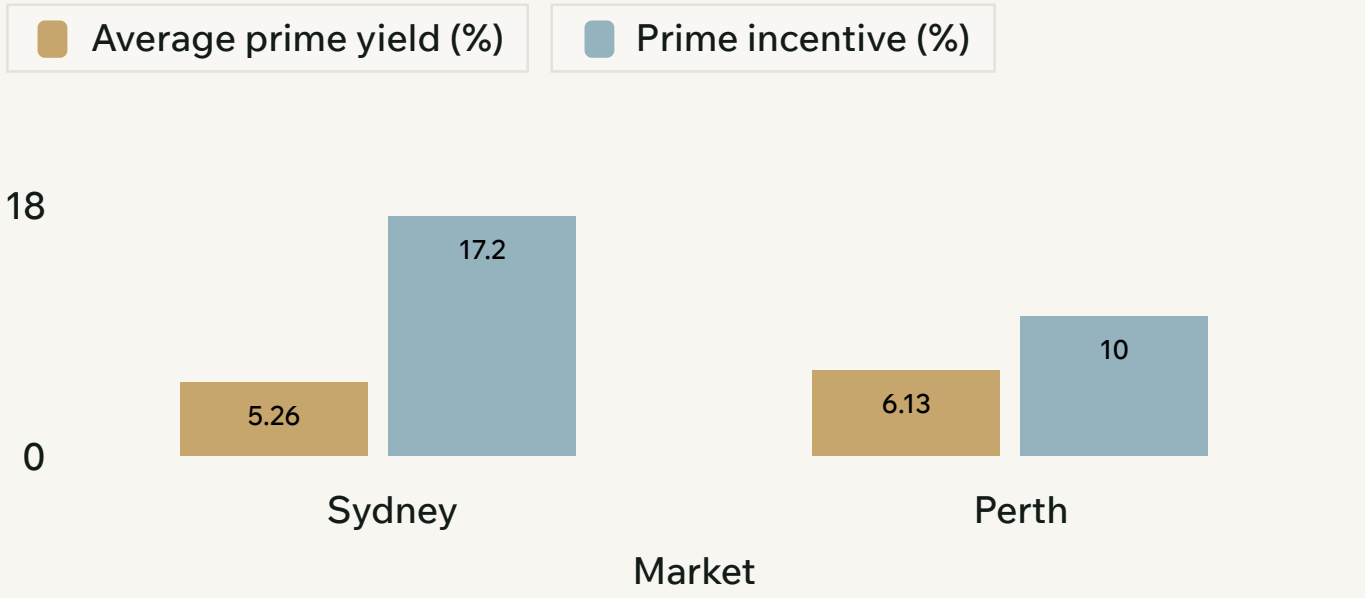
CITY COMPARISON

Sydney vs Perth: read price, income and tightness together

Perth offers an 87 bp nominal yield advantage; Sydney commands higher rents but heavier incentives. Neither fact alone is a risk-adjusted recommendation.

MEASURE	SYDNEY	PERTH
Vacancy	3.9%	2.2%
Average prime yield	5.26%	6.13%
Prime net face rent (A$/sqm p.a.)	$280	$173
Prime incentive	17.2%	10.0%

Average prime yield vs prime incentive, Q3 2026 (%)

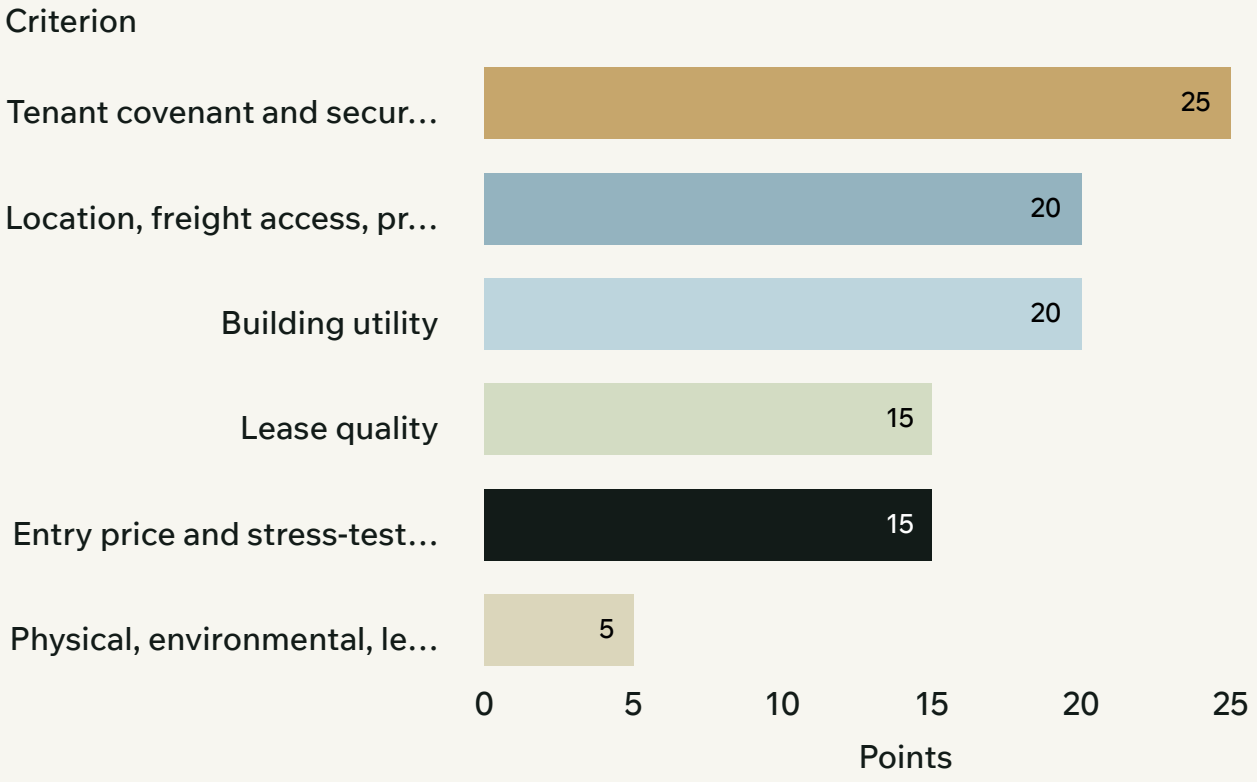


Source: Cushman & Wakefield Sydney and Perth L&I Marketbeats Q3 2026.

Selecting the right industrial asset: a 100-point scorecard

Each candidate is scored on six weighted criteria. The weights reflect where income risk actually sits.

Scorecard weighting (points out of 100)



Building utility covers clearance, loading, power and hardstand. Lease quality covers WALE, reviews, incentives and outgoings.

A fatal flaw rejects an asset regardless of score.

Proprietary Futureland methodology.



RETAIL

Retail returns are strong; the forward picture is more complex

Retail delivered a 9.4% total return with 5.2% vacancy in Q1 2026 (KPMG). By Q3, sentiment had fallen to −7, down 27 points (NAB).

Focus

Convenience, grocery, home improvement, trade and well-located homemaker. Large-format supply is constrained by land, planning and build costs.

Concerns

Discretionary spending, tenant turnover, online competition and capex requirements.

Sources: KPMG June 2026; NAB Q3 2026.

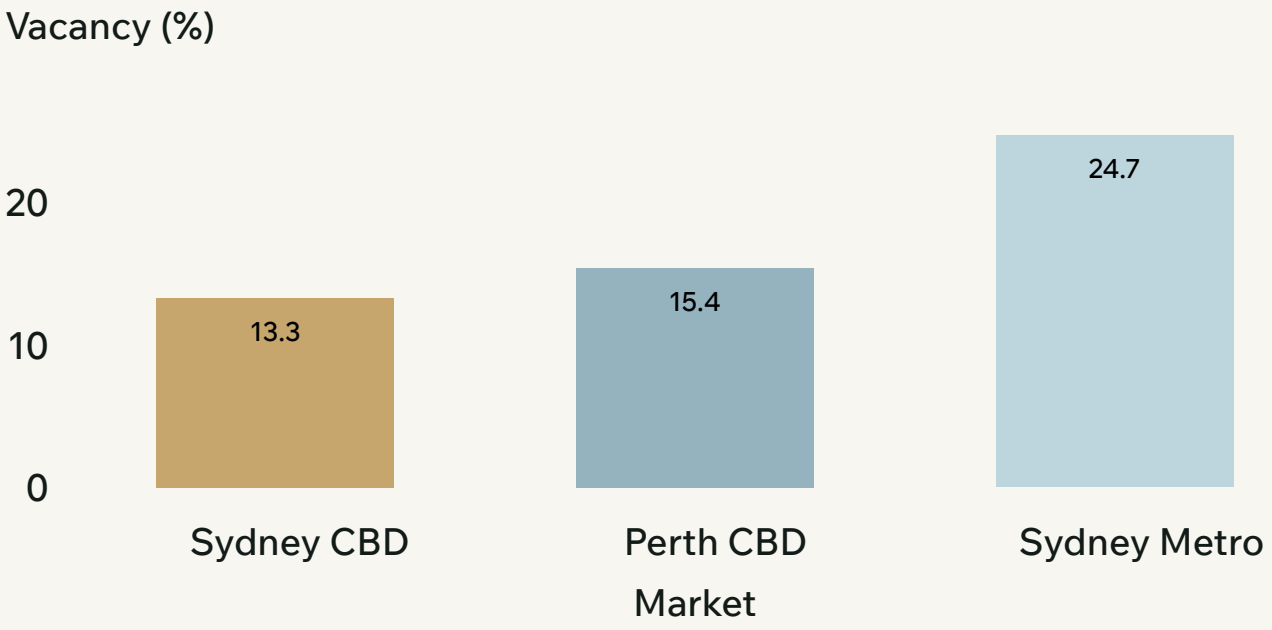
Office is about asset selection, not one national statistic



The divide runs between amenity-rich premium stock and buildings that need incentives and upgrades to compete. Sydney CBD premium vacancy is 7.7%, while Sydney metro recorded six-month net absorption of -19,543 sqm.

A city average hides that gap. Selection, not the national statistic, drives outcomes.

Office vacancy, Q3 2026 (%)



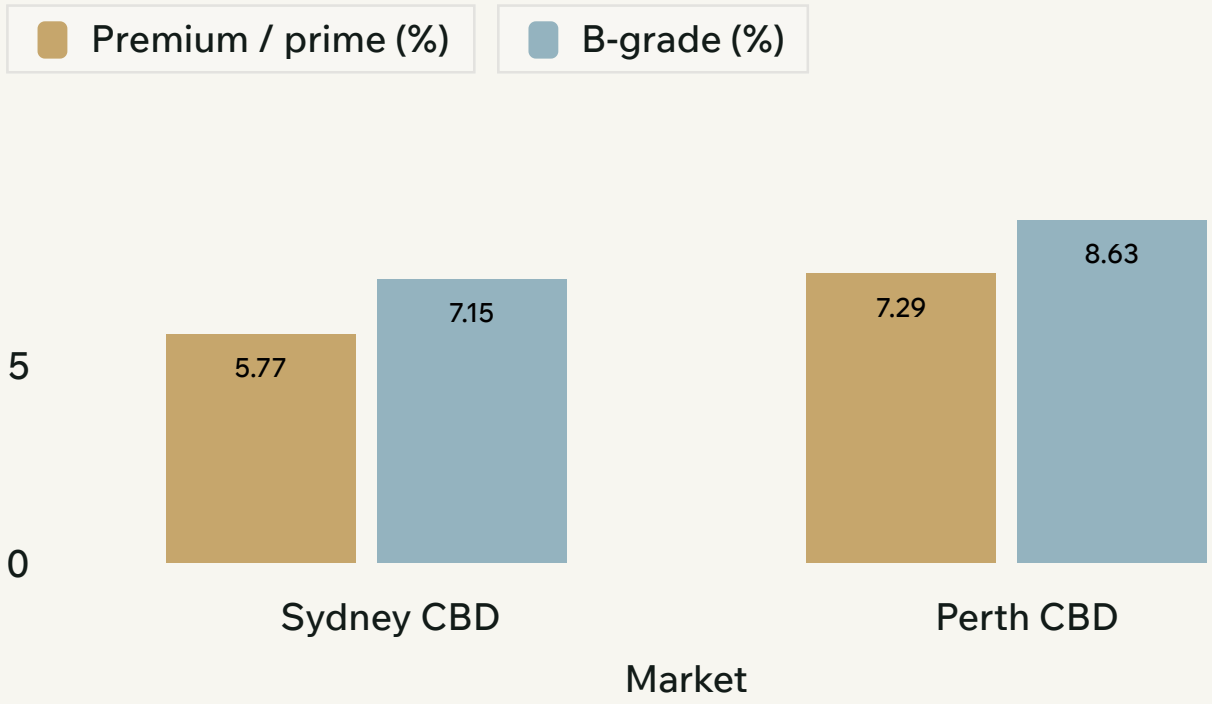
Metro vacancy far exceeds CBD markets. Source: Cushman & Wakefield Office Marketbeats Q3 2026.

OFFICE YIELDS

A higher office yield can mean a weaker building, not a better deal

Yield spreads between grades price real costs: capex, downtime, incentives, tenant risk and exit liquidity.

Office yields by grade, Q3 2026 (%)



Sydney CBD compares premium with B-grade; Perth CBD compares prime with B-grade.

Three questions before chasing yield

- Will the tenant renew?
- What capital is needed?
- What happens if yields expand 50–100 bps?

Source: Cushman & Wakefield Office Marketbeats Q3 2026.



ALTERNATIVES

Needs-based alternatives deserve attention and discipline

Healthcare, consulting suites, childcare, self-storage, trade facilities and land-lease living draw on ageing demographics, service demand, scarce sites and long leases.

Appeal

Demand tied to needs rather than discretion, often secured by long leases on hard-to-replicate sites.

Risks

Operator insolvency, specialised use, regulation, fit-out cost and re-letting difficulty.

Buy sustainable occupancy and tradable real estate.

Futureland qualitative assessment.

INVESTMENT ROUTES

Four routes into commercial property, four risk profiles

Each route trades control, liquidity and cost differently. Match the route to objectives, cash-flow needs and holding period.

ROUTE	STRENGTH	KEY RISKS
Direct ownership	Control	Capital intensity and concentration
Listed REITs	Liquid and diversified	Share-price volatility
Unlisted funds	Professional management	Fees, valuation lag, gated redemptions
Syndicates	Targeted access	Liquidity, governance and manager risk

Direct ownership suits investors who want to shape leasing and capital decisions. Pooled routes spread risk but hand control to a manager.

Fund and product advice comes from licensed advisers.

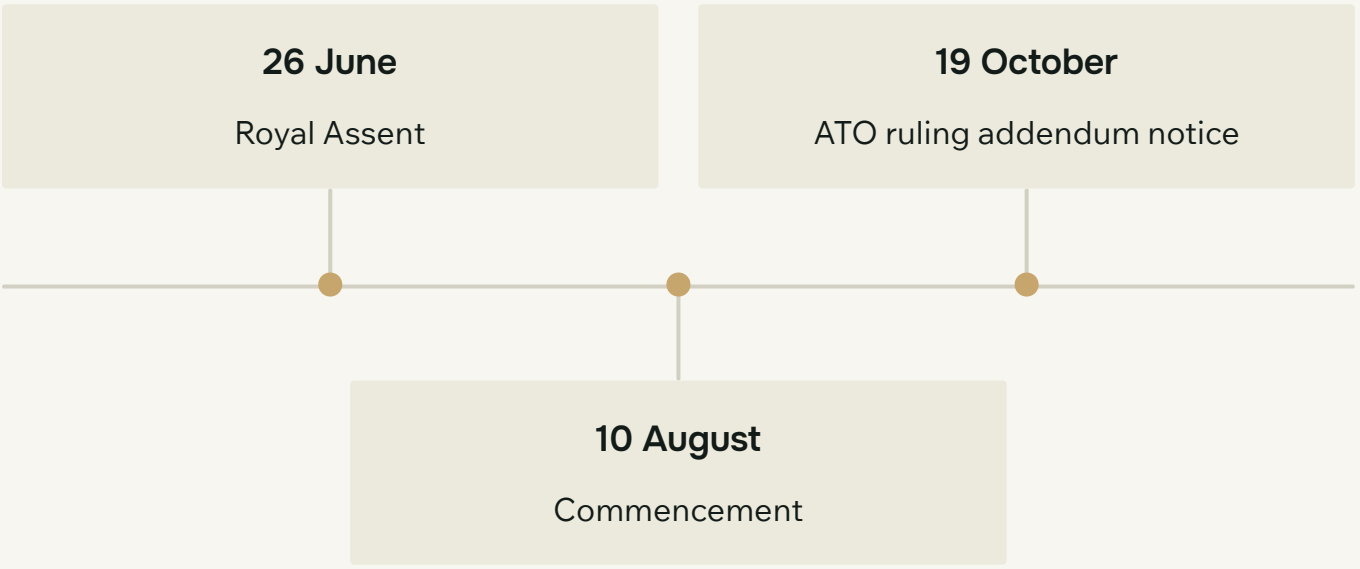
SMSF REGULATION

SMSF borrowing rules reset on 10 August 2026

New limited recourse borrowing arrangements (LRBAs) to acquire real property are now generally limited to qualifying business real property (BRP).

- Transitional treatment may apply; existing refinancing needs review.
- Unborrowed ownership and other borrowing are not banned.
- BRP is a use-based legal test, not a listing label.

Timeline, 2026



General information only. Sources: ATO; ATO notice, 19 Oct 2026.

Why commercial property can suit an SMSF, when the asset fits

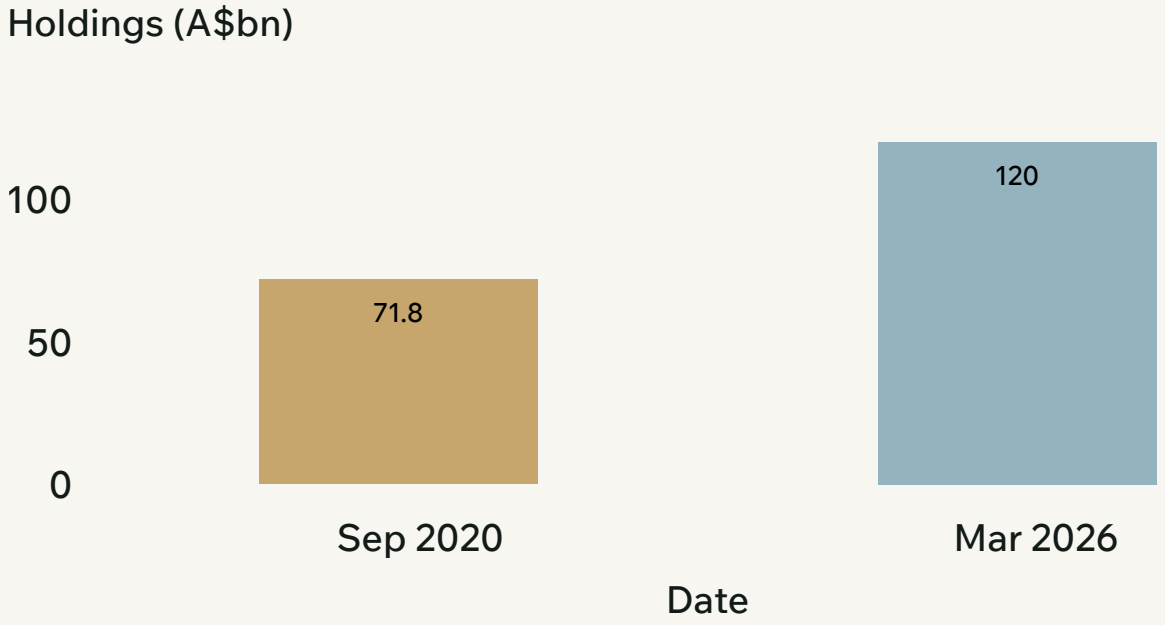
Benefits

Access to business premises, contractual rent, related-party BRP leases at market terms, and diversification.

Risks

Concentration, illiquidity, borrowing limits, rent interruption and specialist fees.

SMSF non-residential real property holdings (A$bn)



Holdings rose from A$71.8bn (Sep 2020) to A$120.1bn (Mar 2026); their share of SMSF assets increased from ~10.3% to ~11.35%.

Sources: ATO SMSF statistics; ASIC Moneysmart.

STRUCTURE FIRST

The legal structure must work before the purchase

An SMSF acquisition fails on structure more often than on property. These six checks come before any contract.

01 Licensed advice on SMSF suitability and investment strategy

02 Accountant and lawyer review of fund, trustee and contract structure

03 Sole-purpose test, related-party and arm's-length rules

04 Documented BRP status and post-10 August borrowing eligibility

05 Cash-flow forecasts covering debt, vacancy and pensions

06 Audit, insurance, tax/GST and concentration review

Futureland coordinates acquisitions with specialists; licensed professionals provide SMSF and financial advice.

CASE STUDY

Case study: a diversified unlisted fund shows the trade-offs

The Dexus Wholesale Australian Property Fund holds A$1.7bn in gross assets across 16 prime properties, with a A$10,000 minimum investment. It illustrates how diversification and professional management sit alongside liquidity limits.

MEASURE (TO 30 SEP 2026)	VALUE
1-year return	8.68%
3-year return	2.85% p.a.
5-year return	1.41% p.a.
Fees	0.99% p.a.

Liquidity terms

Class C redemptions may take 12 months or longer. Class D redemptions are capped and discretionary.

Example only, not a recommendation; past results don't predict the future. Source: Dexus DWAPF disclosures.

LEASE ANALYSIS

Five lease factors drive income quality

Tenant covenant

Capacity to pay, guarantors and security.

WALE and expiry

Concentration of vacancies across the lease profile.

Rent reviews

CPI, fixed, market, ratchets and options.

Outgoings

Net versus gross, and which costs are recoverable.

Incentives and capex

Fit-out, rent-free periods and make-good.

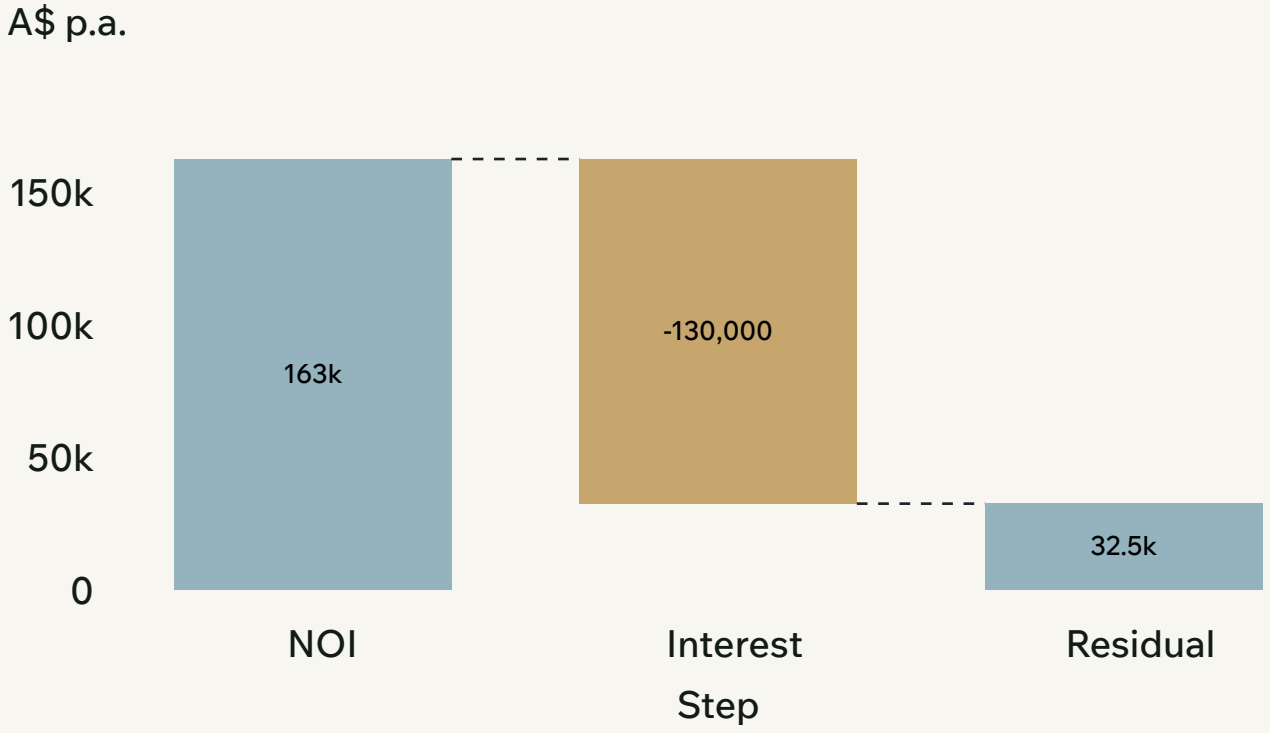
Benchmark on normalised NOI and sustainable effective rent. Futureland methodology.

ILLUSTRATIVE UNDERWRITING

Underwriting a A$2.5m asset: an illustrative example

Price A$2,500,000 with NOI of A$162,500, a 6.50% yield. At 65% LVR, debt is A$1,625,000 and equity A$875,000 (excluding costs). Interest-only at 8.00% costs A$130,000 p.a.

From NOI to residual cash flow (A$ p.a.)



A$32,500

NOI less interest

1.25x

NOI / interest

Illustrative assumptions, not a listing or lender quote. Futureland calculations.

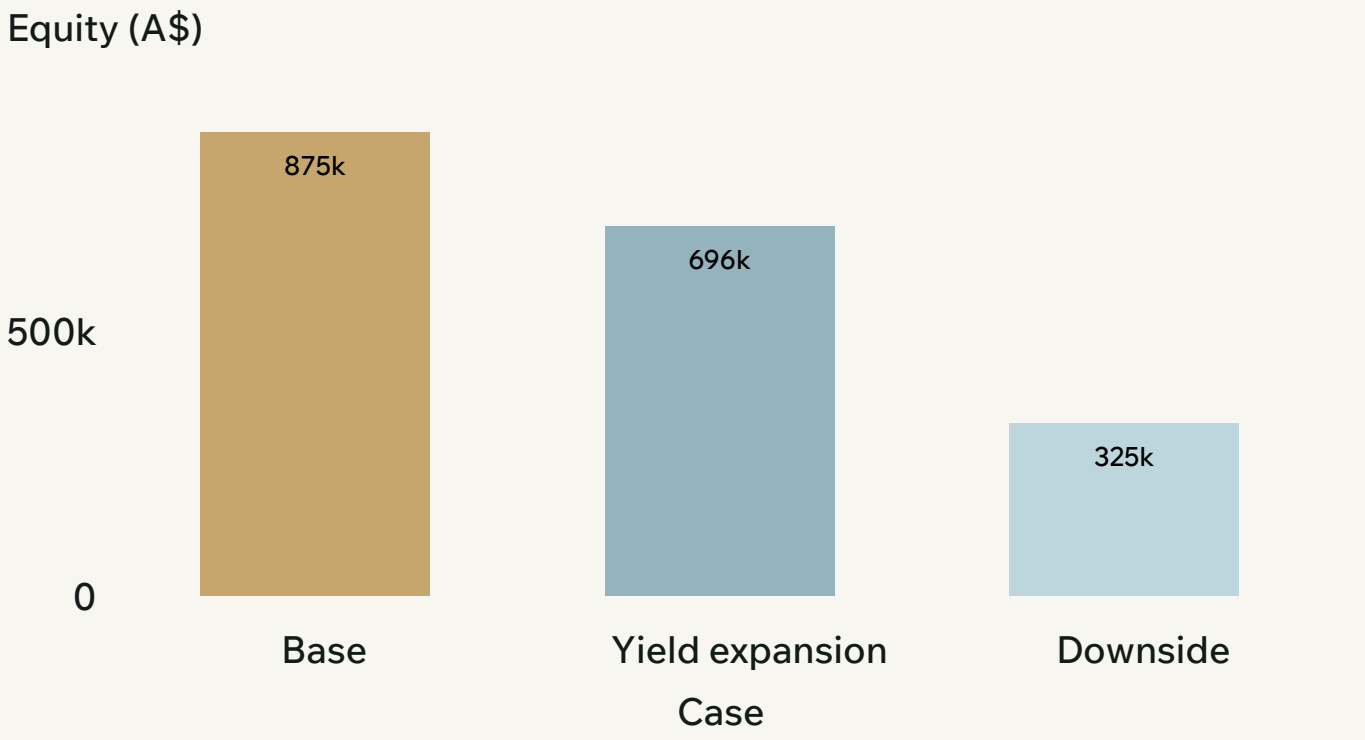
STRESS TEST

Stress test: equity is the first loss buffer

Debt stays fixed at A$1.625m while value moves, so every loss lands on equity first. The downside case cuts equity by ~63%. At 9% interest with NOI down 10%, the interest buffer reaches zero.

CASE	NOI P.A.	CAP RATE	VALUE	EQUITY AFTER A$1.625M DEBT
Base	$162,500	6.50%	$2,500,000	$875,000
Yield expansion	$162,500	7.00%	$2,321,429	$696,429
Downside	$146,250 (-10%)	7.50%	$1,950,000	$325,000

Equity remaining by case (A$)



Futureland illustrative calculations; not a forecast.

DUE DILIGENCE

Ten due diligence workstreams before going unconditional

Grouped into five streams, these checks turn a promising asset into a defensible decision.

Legal and physical

Title, zoning, building and fire compliance, structure and roof.

Environmental

Asbestos, contamination, flood and other hazards.

Income

Income audit, tenant credit, market rent and comparables.

Transaction

Finance, valuation, tax, duty and settlement.

Sector add-ons

Industrial clearances and power; retail catchment; office HVAC and lifts.

Decision gates: reject, renegotiate, or proceed subject to conditions.

Futureland methodology.

2027 OUTLOOK

Three credible 2027 paths, not an invented forecast

We frame 2027 as three scenarios without probabilities, and track the indicators that will reveal which is unfolding.

DOWNSIDE

Elevated rates lift vacancy; secondary office and leveraged assets fall further.

BASE

Selective credit; industrial and essential retail hold; office bifurcates.

UPSIDE

Easing inflation and funding broaden confidence and rent growth.

What to watch

RBA decisions, supply and pre-leasing, effective rents, tenant turnover and debt margins.

Futureland scenario analysis, probability-free; illustrative assumptions, not forecasts.

HOW WE WORK

The Futureland acquisition framework

Five stages take a client from brief to settlement, with each stage gating the next.

01

Define the buy-box

Budget, income target, hurdle rate, geography and tenancy profile.

02

Source

On-, pre- and off-market opportunities, screened for fit.

03

Underwrite

Comparables, NOI, lease risk, capex, debt and exit.

04

Coordinate experts

Advisers, solicitors, valuers and brokers.

05

Negotiate and execute

Price, terms, conditions and handover.

Futureland methodology.



OUR CONVICTIONS

Five convictions we bring to every acquisition

01 Cash flow first

02 Location has a function

03 Tenant covenant matters

04 Buy well, not just big

05 Stress test before negotiating

Strong portfolios come from selective acquisitions, rigorous diligence and disciplined risk management.

FUTURELAND
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Let's find an asset that fits your strategy

Commercial buyer's agency, acquisition strategy, development advisory and SMSF acquisition coordination.

Request a confidential acquisition strategy discussion.

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REFERENCES

Source library

Data in this report is date-specific and drawn from the following sources.

- RBA, official cash rate, 30 Sep 2026
- NAB Commercial Property Survey Q3 2026
- KPMG Commercial Property Market Update, June 2026
- Cushman & Wakefield Capital Markets Q1 2026; Industrial and Office Marketbeats Q3 2026
- API Magazine, 16 Aug and 30 Sep 2026
- ATO, SMSF investment restrictions
- ATO notice, 19 Oct 2026
- ASIC Moneysmart, SMSFs and property
- Dexus DWAPF disclosures

Series from different providers use different methodologies.

DISCLAIMER

Important information

This report is general market research for information purposes only and is not personal financial advice, tax advice, legal advice or an offer to invest. Market data is date-specific and may differ by source and methodology. Future performance and investment returns are not guaranteed. SMSF establishment, financial product advice and relevant legal/tax advice must be provided by appropriately authorised professionals. All acquisitions require individual legal, commercial, technical and financial due diligence. Past performance is not a reliable indicator of future performance.

Futureland Property Group · Research 2026 · Published 26 October 2026.