

Why Australia

The Lucky Country: A Global Safe Haven



2026



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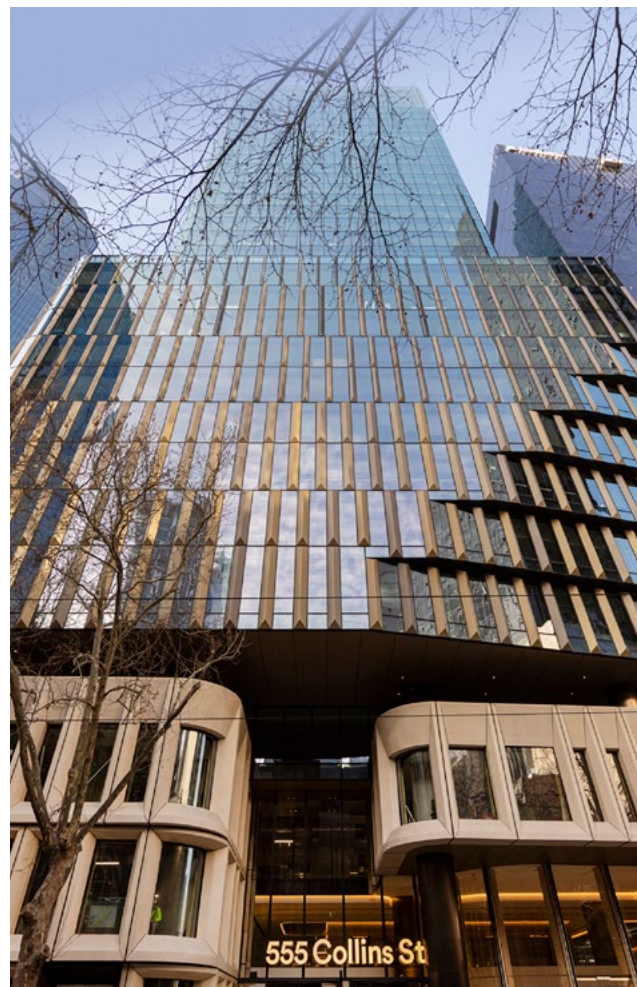
Cover page Left to right:
Charter Hall's Cole's Ocado CFC, Wetherill Park, Sydney, New South Wales
Charter Hall's Bass Hill Plaza, Bass Hill, New South Wales
Charter Hall's 360 Queen Street, Brisbane, Queensland
Charter Hall's Dandenong Distribution Centre, Dandenong South, Victoria

Current page
Charter Hall's Burwood One, Burwood East, Victoria

Foreword

We are pleased to present the third edition of the Why Australia report. This qualitative and quantitative analysis explores Australia's fundamental drivers influencing the outlook of Australia's commercial real estate (CRE) sector and its resilience as a 'global safe haven'.

Charter Hall's, 555 Collins Street, Melbourne CBD, Victoria



Global markets have endured significant turbulence as the geopolitical and economic landscape continues to evolve. In an environment where the traditional certainties are increasingly being scrutinised, the narrative on Australia's real estate strengthened, outperforming through historic global events and an uncertain macroeconomic environment.

Over the past year, Australian CRE has delivered compelling returns, outperforming global real estate markets and other major investment asset classes. In a historical context, this represents a reversion to the norm: Australia's CRE sector has a long history of generating superior risk-adjusted returns. The reasons for this outperformance are difficult to synthesise or replicate because they stem from a unique combination of interconnected strengths. Australia benefits from leading economic fundamentals, an attractive investment environment, and powerful mega drivers that reinforce one another and provide a platform for sustained CRE outperformance.

Australia's economic and demographic fundamentals remain a source of strength – leading the G12 economies in projected economic, population, and employment growth. As the global demographic divergence challenges the outlook of many economies, Australia continues to attract younger skilled workers and households. Over the next decade, it is expected to retain the youngest population, with later retirements and higher life expectancy. A larger working-age population, combined with increases in mandated superannuation contributions, is compounding demand for long-duration, maturity-matching investment products. The sustainability of this growth is further supported by Australia's world-class education and healthcare systems.

Over recent years, investors have faced the prospect of rising protectionism and intervention across global markets. Australia continues to offer an attractive investor environment, with a trusted regulatory and financial framework. Confidence is further supported by economic demand generated by both the public and private sectors. Sustained economic momentum has enabled the government to retain the strongest credit ratings whilst maintaining its fiscally supportive position. Broad-based cost-of-living support, tax relief, and a substantial infrastructure pipeline will continue to support future demand. Meanwhile, a wealthy population and the world's fastest-growing pension system provide stability, liquidity, and sustained investment demand.

As other economies seek clarity on geopolitical events in a more fragmented global economy, Australia embarks on the next era as the 'lucky country'; endowed with a strategic advantage

across the largest mega trends. It has advanced policies on trade liberalisation and the diversified access to global markets has translated to greater trade volume growth and prosperity. Importantly, Australia possesses abundant reserves and leads production of goods critical to global security, energy, electrification and the digital revolution. Agricultural production has surged and is a vital source of food security across global markets. The resources sector has become increasingly crucial to global energy security, and defence requirements.

Australia is well positioned to capture an outsized share of the AI and Digital infrastructure investment cycle. Global ambitions in AI and computing power are reliant on the raw materials that Australia is a leading producer in and will be central in provision-enabling infrastructure. The comparative access to land, energy and water form a pathway to becoming a global leader in the data centre buildout. Australia's long-standing culture of technological innovation and early adoption has extended to artificial intelligence, with AI adoption rates exceeding those of many peer economies. As AI adoption diffuses throughout the economy, it is expected to drive broad-based productivity gains and economic advancement.

The Australian CRE sector is emerging from the largest – and third major – repricing cycle since the early 1990s. Such events present attractive entry points for investors. The stabilisation in capitalisation rates and accelerating income growth have supported the cyclical upswing in returns. Over the past year, Australia's CRE reasserted its position with leading returns, consistent with its long-term track record of generating attractive returns with lower volatility.

This momentum is expected to continue. The outlook is characterised by resilient demand, constrained supply, robust rental growth, and long-duration cash flows secured by high-quality covenants at yields above historical averages. This strength has already been reflected in the resurgence of capital markets activity and transaction volumes.

Australia's favourable fundamentals, coupled with the mega drivers, signal persistent growth in Prime CRE occupier demand. At the same time, the rise in replacement costs over recent years is continuing to have a profound impact on market outcomes. What was once considered to be hypothetical has become reality: restrictive supply has contributed to an acceleration in rents. The magnitude of this supply shortfall remains underestimated, particularly over the medium to longer term, with insufficient development commencements to meet demand in the next cycle.

Economic signals suggest the next investment paradigm will be defined by income-led growth. In this environment, earnings delivery and cash-flow durability—rather than multiple expansion—will drive returns. Traditional investment patterns are being reshaped, and investors continue to redefine what constitutes safety in portfolio construction. Other long-duration financial assets, once viewed as defensive cornerstones, may face diminished appeal amid fiscal constraints, inflation concerns, and policy uncertainty.

By contrast, Australia's CRE assets with predictable cash flows and attractive yields provide a stabilising ballast amidst market turbulence. Current pricing levels and modest earnings multiples across high-quality institutional real estate compare favourably for investors seeking to avoid the vulnerabilities associated with valuation excesses present elsewhere. Valuations in several other asset classes have stretched to multi-decade highs, raising concerns over future return prospects.

The outlook across the CRE sector remains resilient, albeit uneven. Headline figures continue to mask the divergent nature of the recovery. As volatility and global themes unfold, capital allocation is expected to increasingly favour assets defined by cash flow resilience and strong income growth. This trend is already evident in investor demand and valuation premiums for high-quality assets. We expect the “K-shaped” recovery to persist, creating clear winners and losers in the next phase of the cycle and, importantly, significant opportunities for long-term investors.

This early stage of recovery presents transformative opportunities for value creation. As Australia's largest diversified real estate manager, we will continue to leverage our unique visibility and proprietary insights across sectors, markets, and industries—providing access to perspectives before they emerge across broader markets.

We hope you find this report valuable and looking forward to navigating this environment with confidence and purpose, seizing opportunities for value creation and sustained outperformance.

David Harrison
Managing Director &
Group CEO

Sasanka Liyanage
Head of Research
and Insights

Introduction



Charter Hall's Midwest Logistics Hub,
Melbourne, Victoria

Australia has outperforming fundamentals

Leading economic fundamentals	Attractive investor environment	Mega drivers of growth	
<div>2.2% GDP growth – 10yr CAGR forecast</div> <div>Second highest across G12 nations 1.6x the G12 average growth</div>	<div>1st Strongest sovereign risk rating</div> <div>Best Government Credit Ratings across S&P (AAA), Moody’s (Aaa) and Fitch (AAA)</div>	<div>1st Largest reserves</div> <div>Iron Ore, Gold, Lead, Zinc, Uranium, Ilmenite, Rutile and Zircon. Highest production of Iron Ore, Lithium and Rutile. 2nd largest reserves of Lithium, Copper, Nickel, Cobalt, Aluminium and Tin</div>	<div>3rd Largest energy surplus globally</div> <div>Australia runs a large energy surplus, with 80% of energy production exported</div>
<div>1.2% pa Population growth – 10yr CAGR forecast</div> <div>Highest across G12 nations. 4.5x the G12 average growth</div>	<div>1st Global rankings</div> <div>Financial freedom, Business freedom, Country risk premium, Quality of bureaucracy and Brain gain & talent attraction</div>	<div>3rd Largest reserves and production of Rare-earth elements (REE)</div> <div>Australia has the 3rd largest reserves of REE behind China and Brazil</div>	<div>-12% Annual change in National Electricity Market average wholesale spot pricing (1Q26)</div> <div>Australia’s utility-scale, distributed renewable generation and battery storage has translated into lower domestic energy prices over past year</div>
<div>1.4% Employment growth – 10yr CAGR forecast</div> <div>Highest across G12 nations 4.1x the G12 average growth</div>	<div>1st Fastest growth superannuation/pension AUM over past two decades</div> <div>Increasing at 9.2% pa over past 20 years. Australia’s pension AUM forecast to be the second largest overall by 2031, only behind the US</div>	<div>1st Largest pipeline of data centre developments in early stages</div> <div>Australia has the potential to be the third largest data centre operator globally with over 6GW of capacity in early stages</div>	<div>1st Highest usage of Claude AI globally</div> <div>Australia has the highest Claude usage per capita (working age population) with 6.4x the usage level the population size would predict. Australia also has a higher overall AI penetration rate at 40%, above the G12 (37%) and Global (18%) averages</div>
<div>41 Median age – 10yr forecast (2036)</div> <div>Lowest across the G12 nations Below the G12 average of 46</div>	<div>2nd Highest median wealth</div> <div>1.6x the top 20 average, supporting economic stability and sustained demand across domestic CRE markets</div>	<div>1st Growth in goods trade volumes across G12 over past two decades</div> <div>Australia’s trade volume growth has increased by 310% over the past 20-years, 2.4x the G12 average</div>	<div>60% Growth in agricultural exports over past decade</div> <div>Australia produces 3x more food than needed domestically. Value of agriculture exports have increased significantly over recent years</div>

Source: Oxford Economics, United Nations, S&P, Moody's, Fitch, Global ranking indexes (see page 35), OECD, UBS Global Wealth Report, Charter Hall Research

Source: Geoscience Australia, DC Byte, World Trade Organisation, World Bank, Anthropic AI Usage Index, ABARES Trade Dashboard, Charter Hall Research

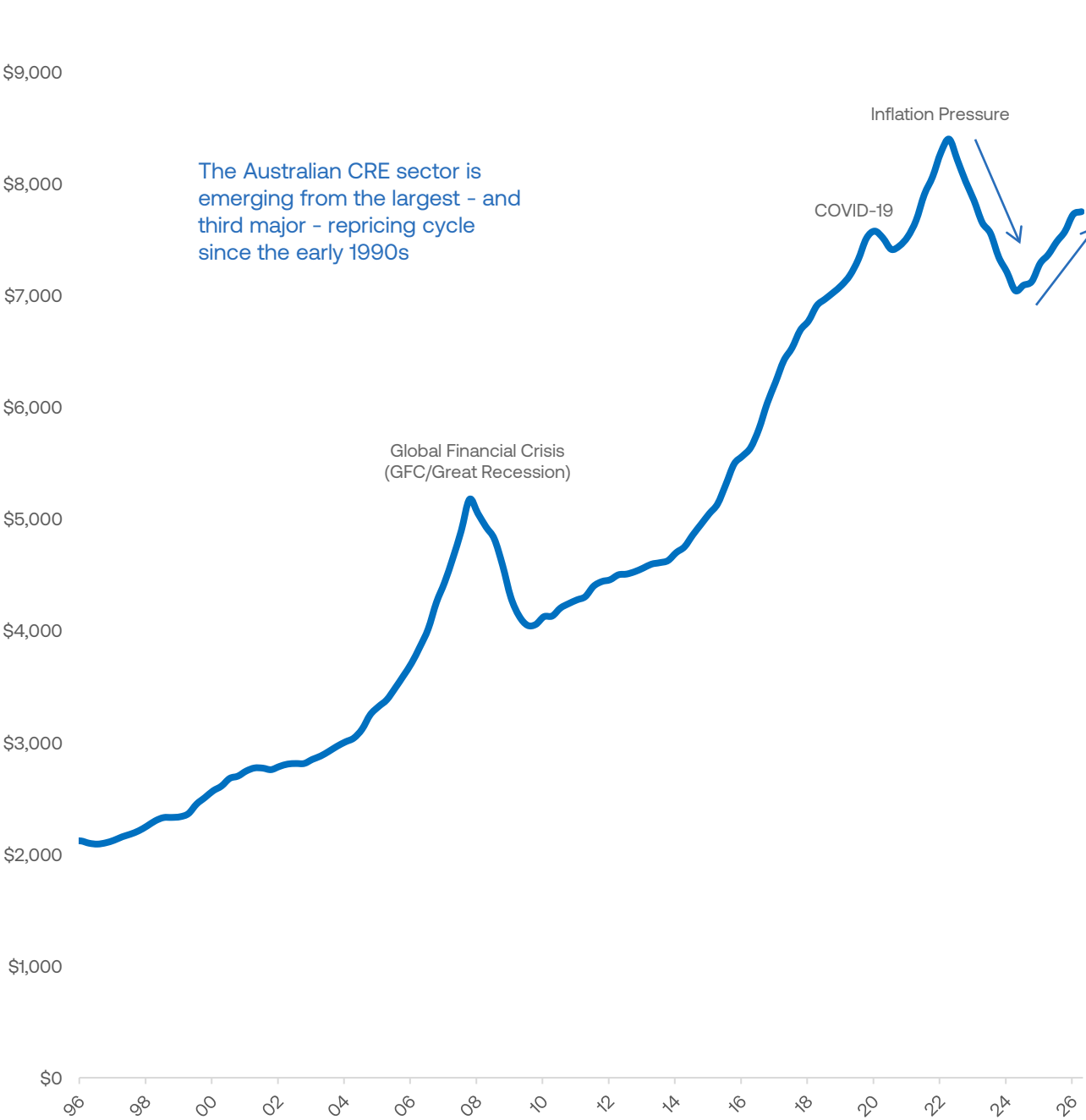
Australia has outperforming CRE

<h2>Long-run outperformance</h2> <div><div>1st Returns across the major markets over 20yrs</div><div>Australia's CRE sector has generated the highest returns over the past 20 years, compared to the major markets, generated at lower levels of volatility</div></div> <div><div>1st Preferred Asia-Pacific (APAC) market (2017–2026)</div><div>Australian markets have ranked in the top three 25 times for investor preferred market and sector</div></div> <div><div>4.1% pa Capital value growth since 1994</div><div>Average across Office, I&L and Sub-Regional Retail – a history of long-term capital value growth</div></div> <div><div>9% Return of Australian CRE in the first year following the outbreak of major geopolitical conflicts since 1984</div><div>Australia's unlisted CRE sector has proven a reliable hedge during periods of global geopolitical conflict</div></div>		<h2>Advanced into the next growth cycle</h2> <div><div>2nd Returns across major markets over 2025</div><div>Australia's CRE sector generated the second strongest result over 2025, reaching 7.4% – above the major market average of 4.9%</div></div> <div><div>10% Capital value growth since cyclical trough (June 2024)</div><div>Average capital value growth across Office, I&L and Sub-Regional Retail sectors</div></div> <div><div>\$40bn Annual transaction volumes at Jun-26</div><div>Highest level since September 2022</div></div> <div><div>9% Annual returns across MSCI Core Wholesale Monthly Property Fund Index June 2026</div><div>Highest level since November 2022</div></div>					<h2>Industrial & Logistics</h2> <div><div>10.2% pa Returns over past 20yrs</div><div>Australia's I&L sector has generated the highest returns of the major markets, above the average of 8.2% pa</div></div> <div><div>3.2% National vacancy rate</div><div>Australia's I&L market has one of the lowest vacancy rates globally, driving a strong outlook with higher rental growth compared to major markets</div></div> <div><div>3.6 sqm per person CY28 supply forecast</div><div>Below the long-run average of 4.4 sqm per person pa</div></div> <div><div>12.8% pa average land value growth over 10yrs</div><div>Insufficient availability of I&L land has generated significant value growth</div></div>						<h2>Retail</h2> <div><div>6.9% pa Returns over past 20yrs</div><div>Australia's Neighbourhood Retail sector has generated the highest returns of the major markets, above the average of 4.7% pa</div></div> <div><div>4.4% CY26 rental growth forecast</div><div>Australia's average retail rental growth forecast of 4.4% outpaces the Asia-Pacific (APAC) major market average of 1.5%</div></div> <div><div>0.7 sqm per person CY28 supply forecast</div><div>Below the long-run average of 1.3 sqm per person pa</div></div> <div><div>5.9% pa over 30yrs Retail spending across major non-discretionary retail categories</div><div>Strong population growth and economic progress have contributed to strong non-discretionary spending</div></div>	<h2>Office</h2> <div><div>7.8% pa Returns over past 20yrs</div><div>Australia's Office sector has generated the second highest returns of the major markets, above the average of 5.7% pa</div></div> <div><div>4.2% Growth in Prime occupied stock</div><div>Australia's Prime Office market has generated the second strongest growth in occupied stock globally over the past two years</div></div> <div><div>0.2 sqm per person CY28 supply forecast</div><div>Below the long-run average of 1.5 sqm per person pa</div></div> <div><div>9.5% pa Prime effective rental growth over past 2yrs</div><div>Annual effective rental growth across Australia's key markets: Sydney Core, Melbourne Eastern Core and Brisbane CBD</div></div>
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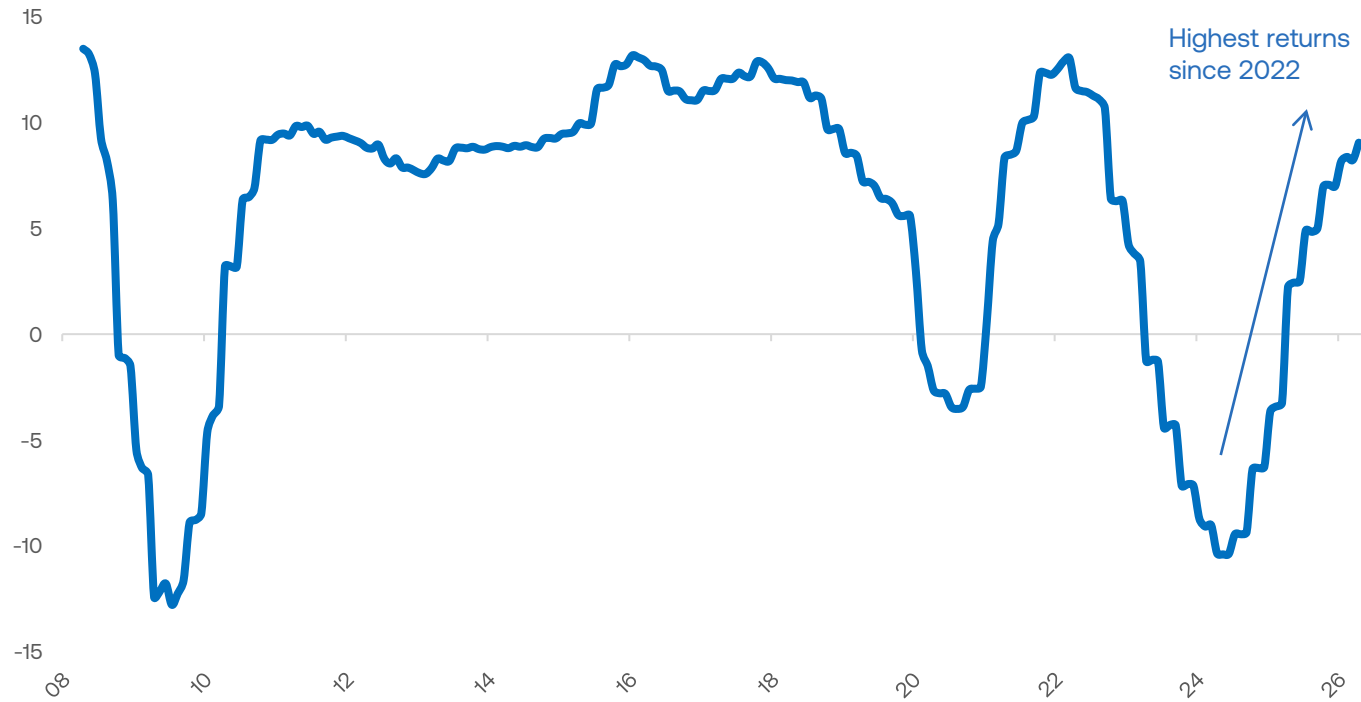
Source: MSCI, ANREV Investor Intentions Survey, JLL Research, CBRE Research, ABS, Deloitte Access Economics, Charter Hall Research

Australia's Prime CRE sector has advanced into the next growth cycle

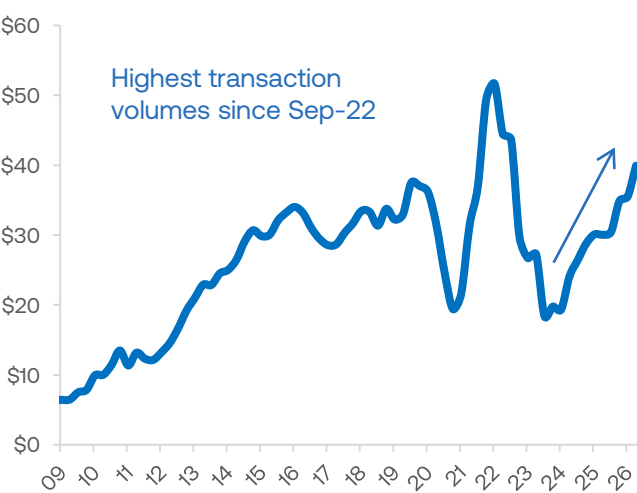
Capital Values (\$/sqm)
(Prime indicative market average Office, I&L, Sub-regional Retail)



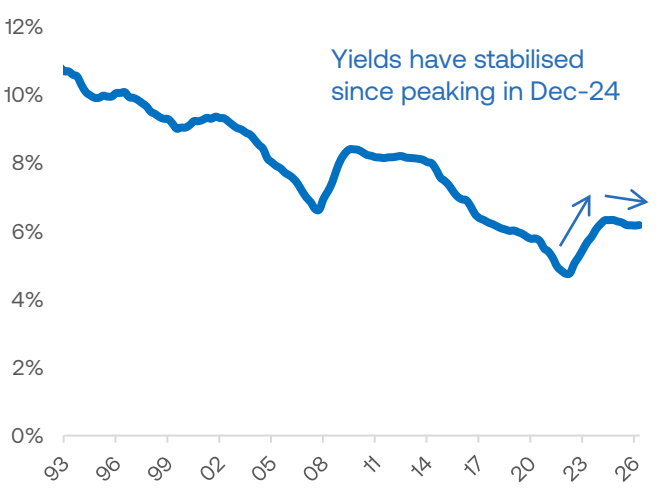
Returns (rolling annual %)
(Core Monthly Wholesale Fund Index Jun-26)



Transaction Volumes (AU\$bn)
(Rolling annual: Office, Industrial and Retail)



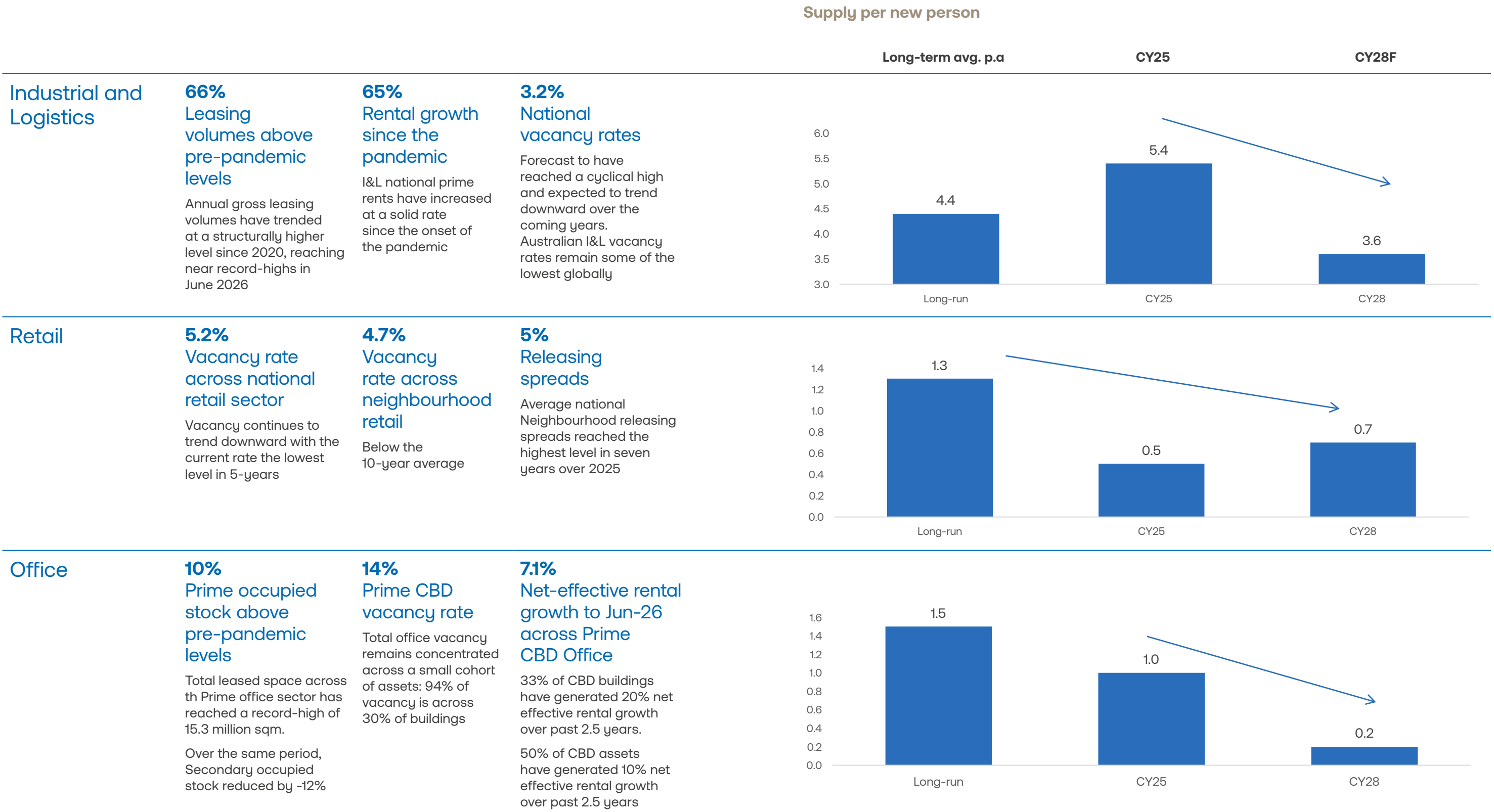
Yields (%)
(Prime indicative market average Office, I&L, Neighbourhood Retail)



Source: JLL Research (2Q26), MSCI Core Wholesale Monthly Property Fund Index (Jun-26) and Charter Hall Research

Australia's high-quality CRE characterised by strong demand, low vacancies and accelerating rental growth

Entering protracted cycle of chronic undersupply with forward pipelines approaching multi-decade lows



Source: JLL Research, CBRE Research, ABS, Deloitte Access Economics, Charter Hall Research

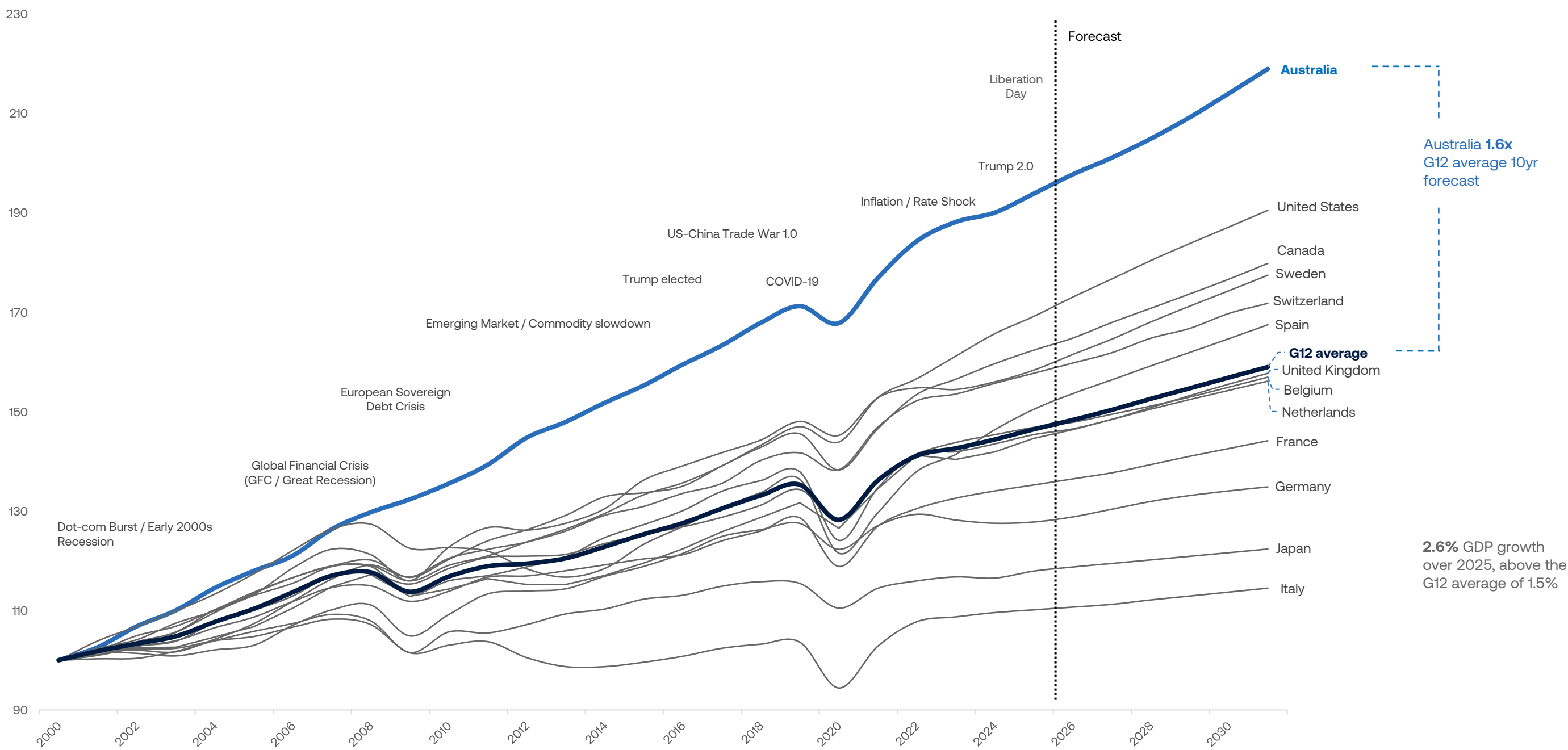
Leading economic fundamentals



Charter Hall's Chifley Office Precinct development render, Sydney CBD, New South Wales

Australia has outpaced major global economies, achieving the longest economic expansion without a technical recession with 10-year forecast growth 1.6x the G12 average

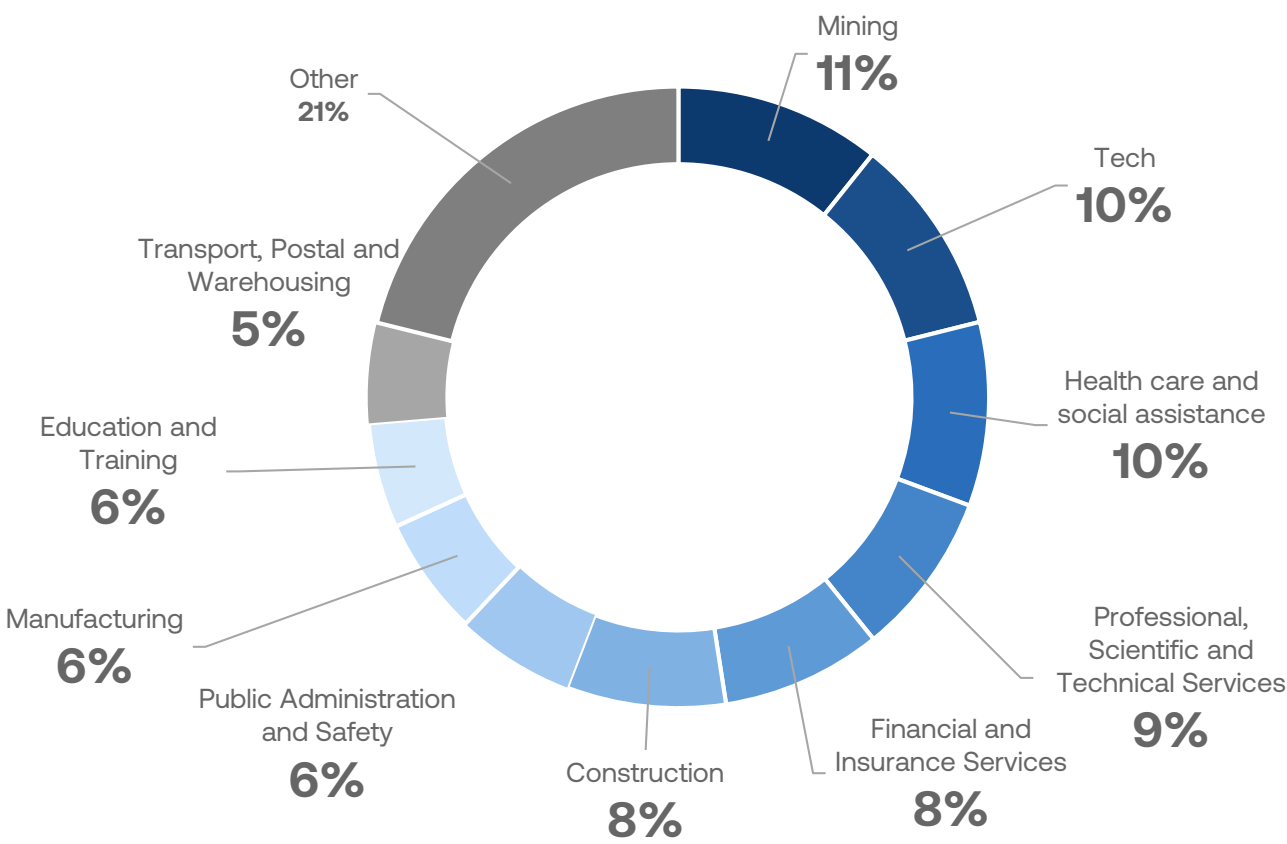
Long-term cumulative GDP growth (Index 2000 = 100)



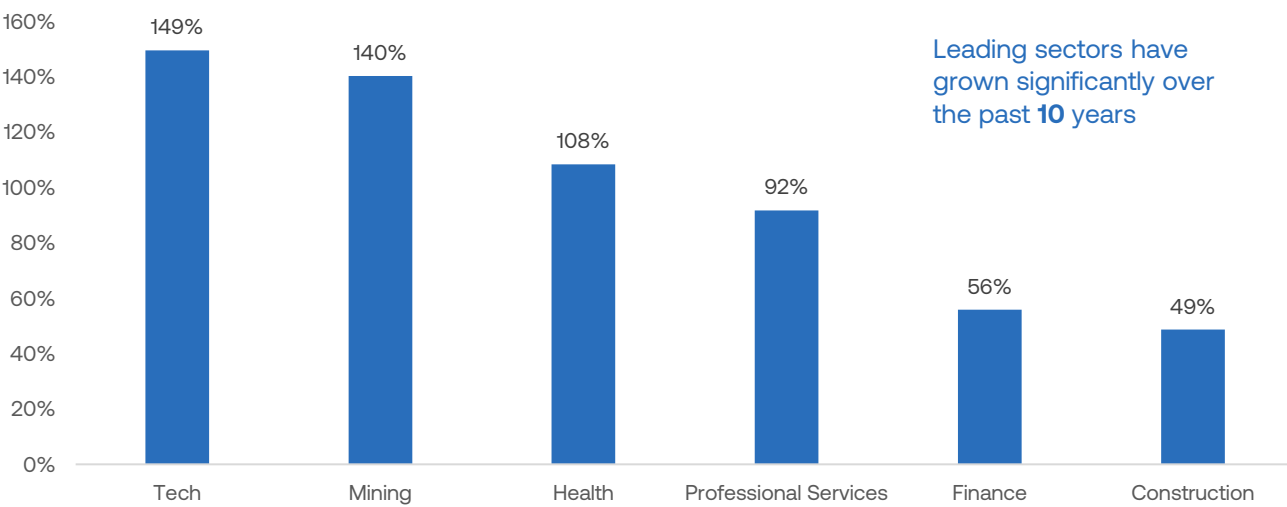
Source: IMF, ABS, Charter Hall Research

A diverse mix of high-performing industries have supported resilient long-term growth

Output by sector



Gross value added (GVA) growth in top 6 industries over FY15-FY25



Leading sectors have grown significantly over the past 10 years

Source: ABS, Tech Council of Australia, Charter Hall Research

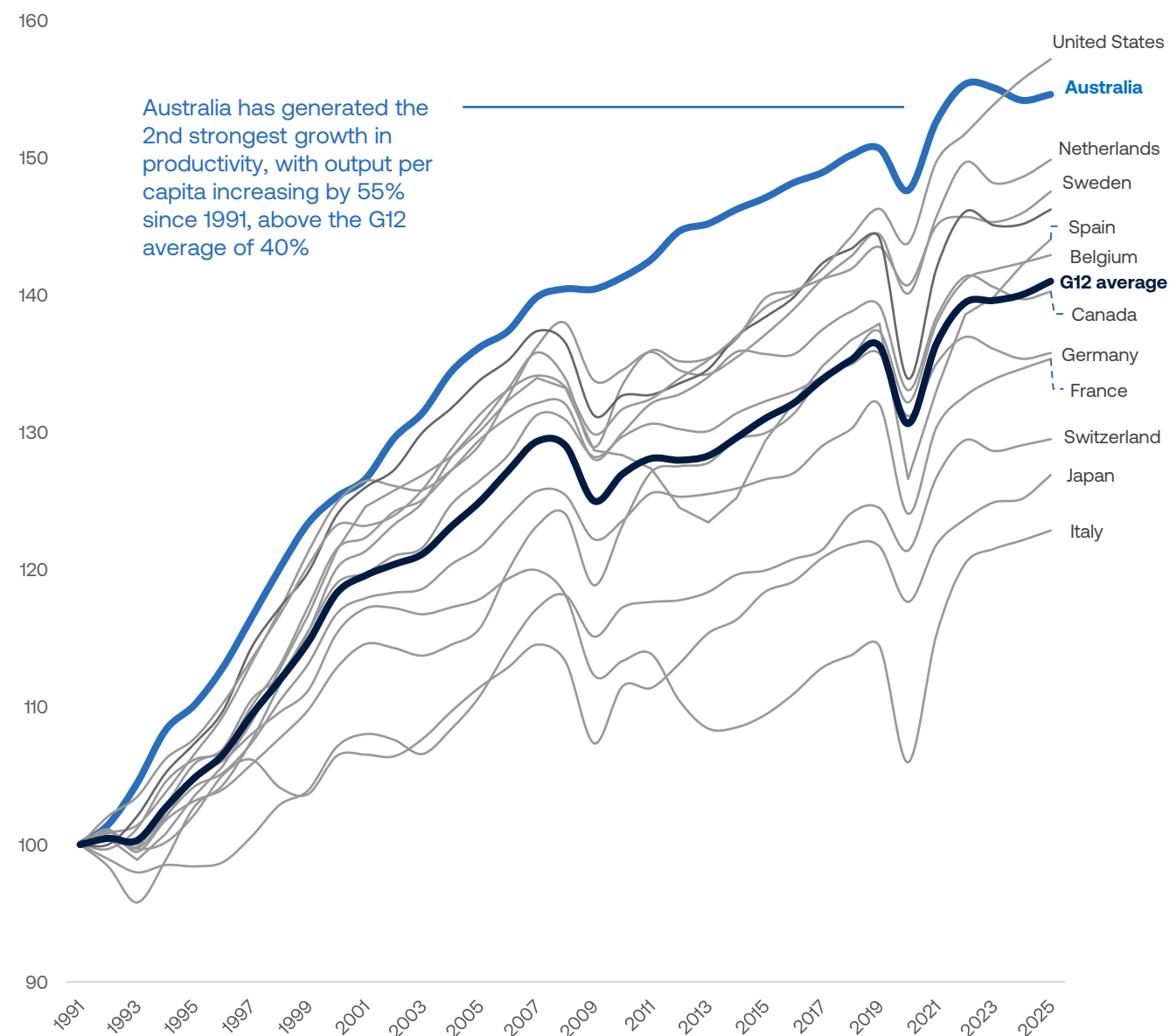


Charter Hall's Woolworth's Distribution Centre, Dandenong South, Victoria

Effective investment in technology, skills and leading industries have driven strong productivity growth

Real GDP per capita (Index 1991=100)

Real GDP per Capita
1991=100



Source: ABS, Oxford Economics, Charter Hall Research

Productivity in focus

Australia's productivity has become a national priority. It has one of the highest AI and automation adoption rates globally and productivity should improve as wide-ranging implementation diffuses through the economy.

Australia's AI penetration rate of 40% is well above the global average of 18%. It has the highest Claude usage per capita (working age), with 6.4x the usage level the population size would predict (See page 63).

The Government has also prioritised targeted initiatives given the slower pace over recent years. This was reflected with a range of initiatives presented in the recent Federal Budget:

Reduce Red Tape

- Productivity reforms aimed at cutting regulatory costs by **\$10.2 billion annually**
- Financial sector compliance reforms expected to save **\$780 million per year**
- Ongoing regulatory reform bills to simplify and modernise regulation

Accelerate Project Approvals

- Faster approvals for: Environmental projects, Foreign investment, Resources projects, Telecommunications infrastructure
- Supported by more than **\$500 million** for AI-enabled approvals, strategic assessments and reducing duplication between government levels

Housing and Construction Productivity

- Simplification of building regulations. New agreements with states to remove barriers to modern construction methods and speed up housing delivery
- **\$2 billion Housing Support Program** for enabling infrastructure to unlock housing supply

Business Investment Incentives

- Permanent **\$20,000 instant asset write-off** for small businesses
- Expanded venture capital incentives
- Loss carry-back and start-up loss refundability measures to encourage investment and risk-taking

Innovation, Science and AI

- Reform of the R&D Tax Incentive expected to unlock an additional **\$400 million** per year in R&D investment
- Additional funding for CSIRO and science priorities
- Explicit focus on unlocking the data and AI opportunity

Labour Mobility and Skills

- Progress towards national occupational licensing and credential recognition
- Easier movement of skilled workers across state borders

Trade and Competition

- Removal of a further **497 tariffs**, bringing total tariff removals to about 1,000
- Measures to create a more integrated **Single National Market**

Source: FY27 Federal Budget, Anthropic AI Usage Index, Microsoft - AI Global Diffusion Q1 2026, Charter Hall Research

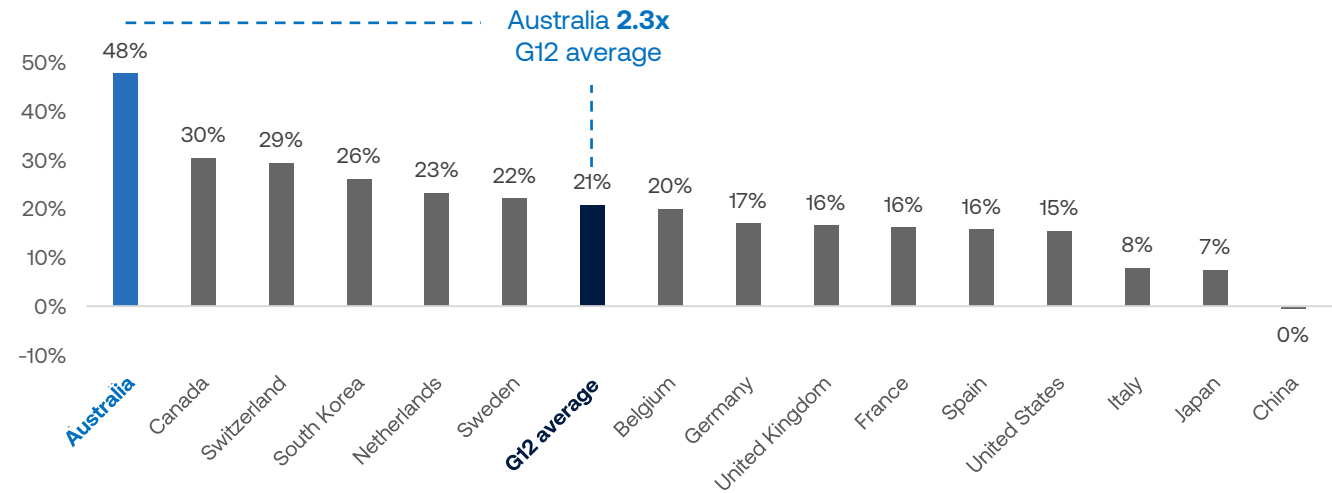


Charter Hall's O'Connell
Precinct, Sydney CBD,
New South Wales

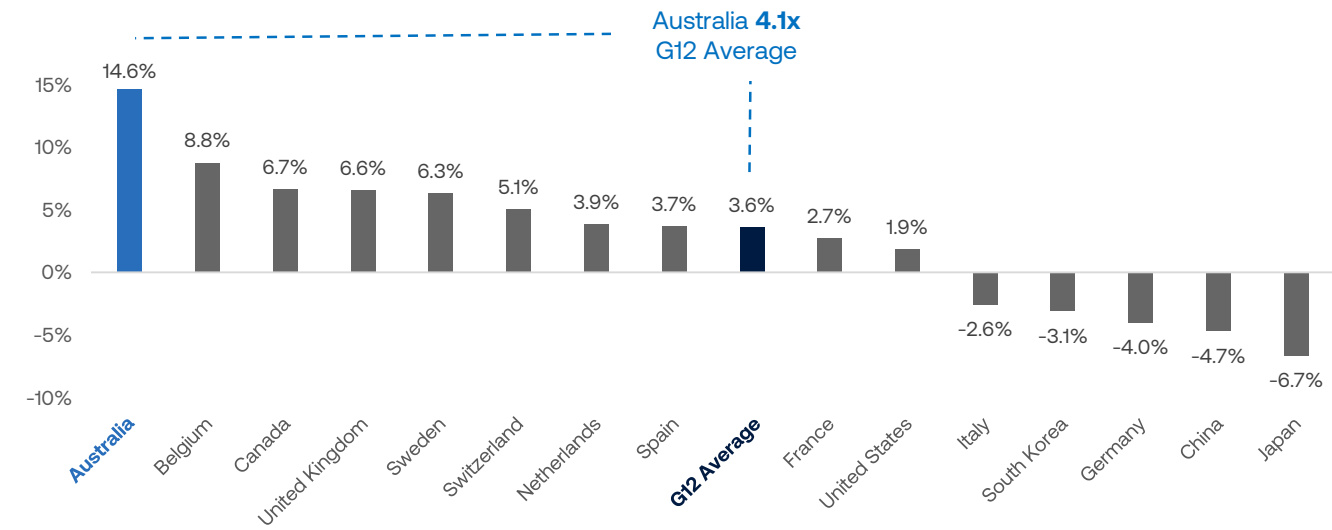
Australia has generated significant employment growth, with the highest forecast 10-year growth rate across the G12 nations - 4.1x the average

Employment growth has supported economic activity and income tax revenues. It has also strengthened Australia's superannuation system, underscored by compulsory employer contributions introduced in 1993.

Employment growth (2005 to 2025 %)



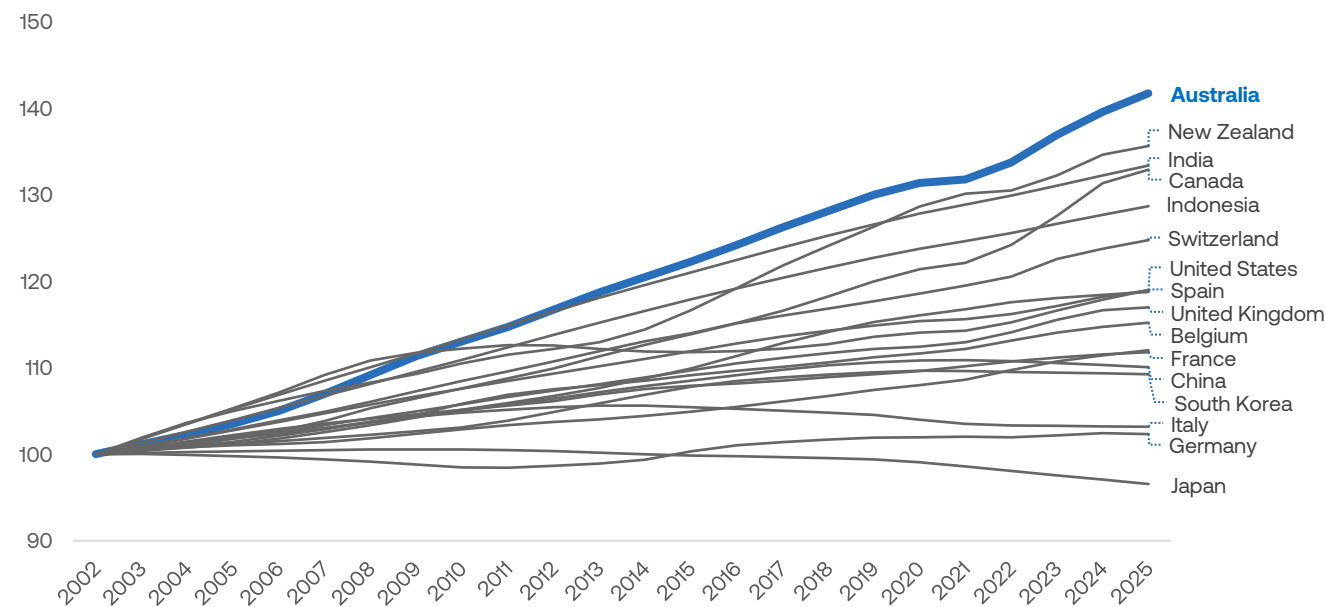
Employment growth forecast (2025 to 2035 forecast %)



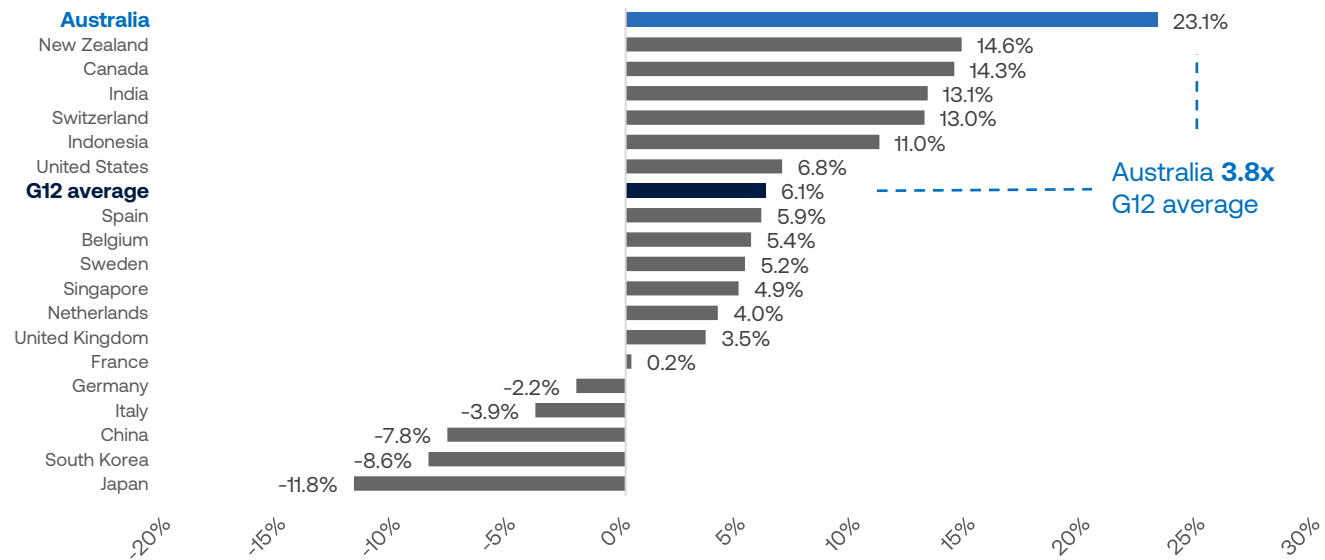
Source: Oxford Economics, Charter Hall Research

Australia has the highest historical and forecast population growth among the G12 nations, at ~3.8x the average 20-year growth rate

Population growth (2002 to 2025), (Index 2002=100)



Population growth forecast, 20 years



Source: Oxford Economics, Charter Hall Research

Australia’s strong population growth is expected to generate significant real estate requirements

Over the next three years, Australia's population is expected to grow by more than 1 million people, generating significant demand for high-quality real estate across all sectors, many of which are already operating near historically low vacancy rates.

Current supply forecasts are insufficient to accommodate this population growth, let alone the additional demand likely to arise from an expansion in the business cycle.

Based on historical demand patterns, the real estate requirements generated by forecast population growth are projected to increase as follows:

Real estate requirements for incremental population growth (only)

			
	Motorway Industrial Park Berrinba, QLD	60 King William Street Adelaide, SA	Eastgate Shopping Centre Bondi Junction, NSW
	Industrial	Office	Retail
Incremental requirement	6.0m sqm	1.1m sqm	1.7m sqm
Forecast supply	5.4m sqm	0.6m sqm	1.1m sqm
Forecast supply shortfall	-11%	-48%	-32%

Source: Oxford Economics, Deloitte Access Economics, ABS, JLL Research, Charter Hall Research House Views

Australia's highly regarded Skilled Migration Program has been a competitive advantage, attracting young and productive talent

Two-thirds of permanent migration is sourced through the skilled migration program

Designed to attract global talent, address labour shortages, and boost productivity and innovation

27 years median age of skilled migrant

Helps maintain a younger population. Skilled migrants are typically younger (often 25-44), boosting the working-age population

\$198,000 average net contribution of permanent migrants to government funding over lifetime

Improves fiscal outcomes, boosting productivity and economic growth. Skilled migrants tend to have higher employment rates and given the accumulated skills, contribute more in taxes than consumed in public services

~70% holding a credited diploma or higher education

Supports workforce in critical skills shortages. Targets qualified talent for occupations which are in domestic shortage. Skills and education are vetted by independent bodies.

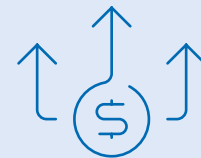
In recent years, priorities have increased for key occupations advancing

- construction, housing and infrastructure
- care economy and medical specialists
- digital and clean energy
- education & regional teaching

For every 1,000 skilled migrants there is



\$38m more tax revenue



\$124m in higher economic output



\$59m in increased investment



Top occupations for skilled migration. Prioritisation over recent years

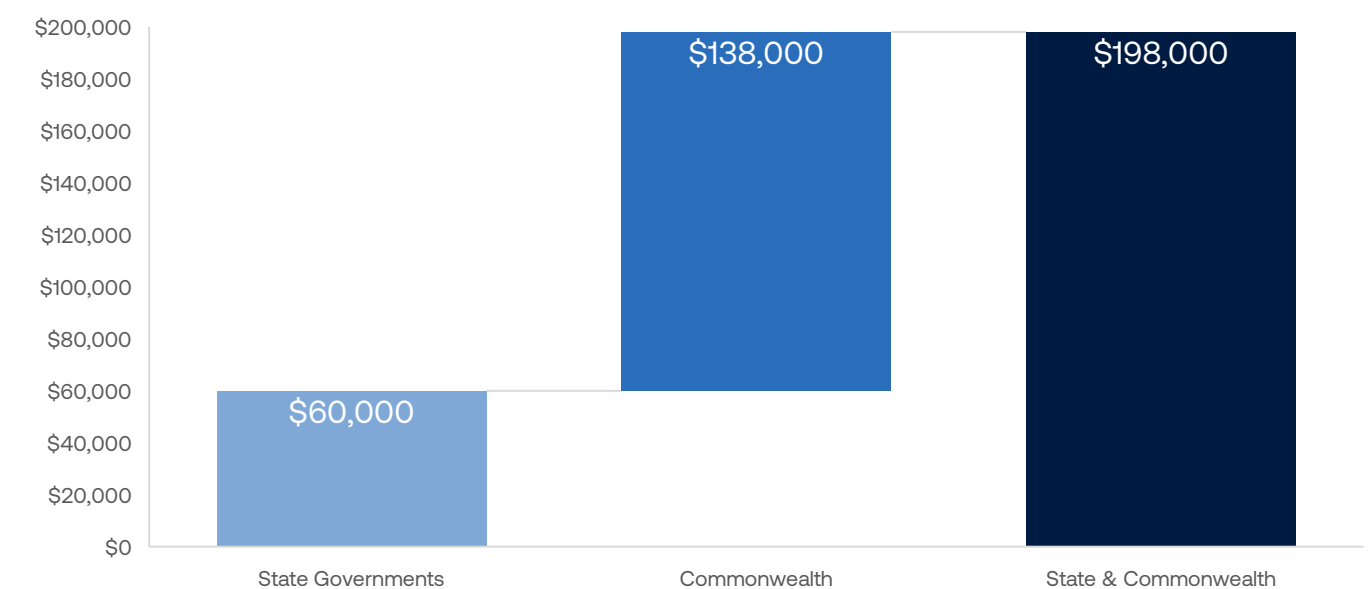
Prioritisation

- Electricians
- Plumbers
- Civil Engineers and Project Managers
- Aged and Disabled Carers (elevated due to an expanding care economy)
- General Practitioners (GPs) and Resident Medical Officers
- Registered Nurses (specifically Aged Care, Critical Care, and Mental Health)
- Carpenters and Joiners
- Solar and Renewable Energy Technicians
- Environmental Engineers
- Cybersecurity Specialists and Data Scientist
- Secondary School Teachers
- Early Childhood Educators
- Special Education Teachers

De-prioritisation

- Accountants
- Auditors
- Entry-level Software Programmers

Lifetime fiscal impact of skilled migrants (\$ Net present value)

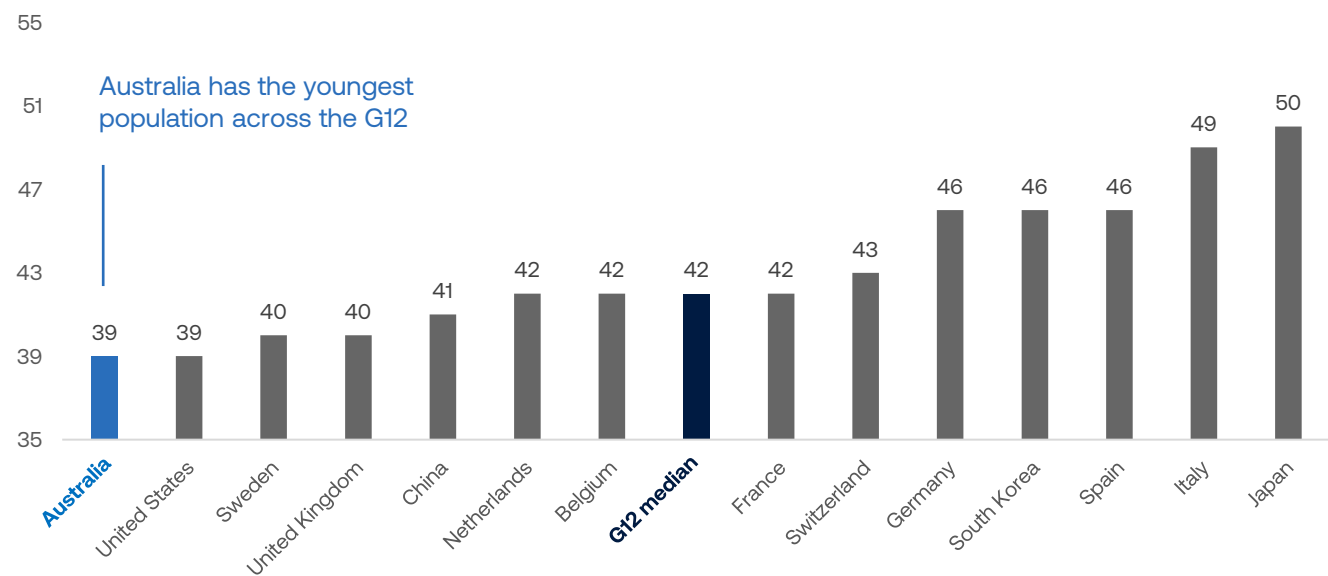


Source: Business Council of Australia, Commonwealth Treasury – Treasury Paper Dec-2021, Department of Home Affairs, Australian Industry Group, ABS, Charter Hall Research

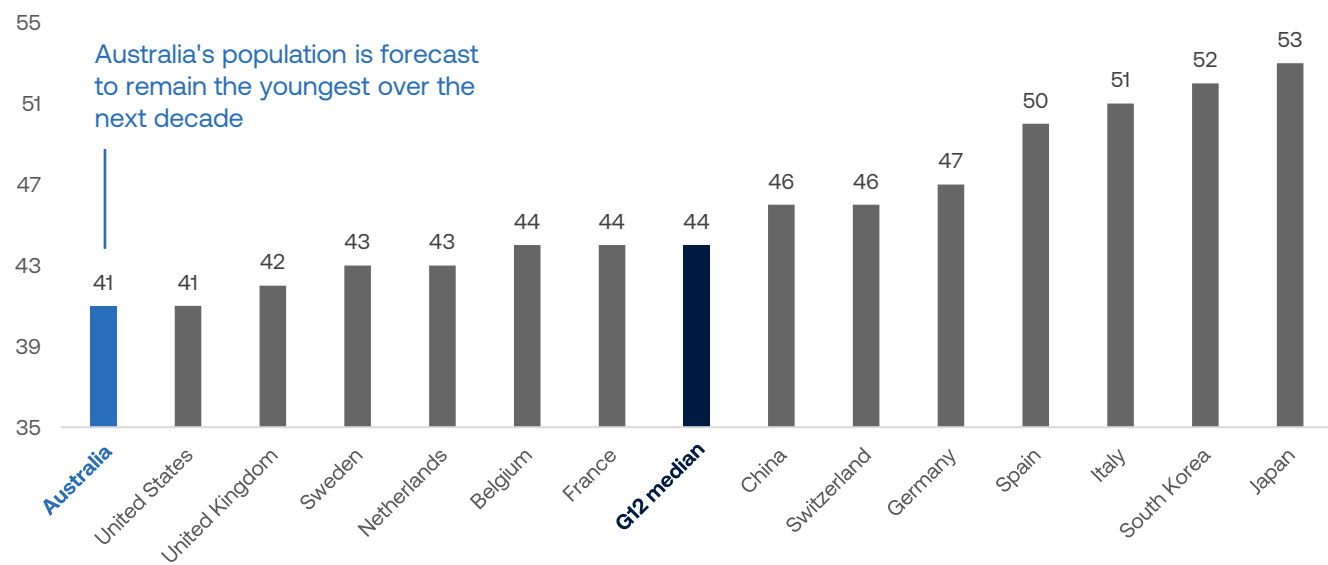
Australia has the youngest population in the G12 and is forecast to remain the youngest over the next decade

A younger and faster growing population provides Australia with a key competitive advantage. As ageing populations constrain growth across many advanced economies, Australia continues to attract younger workers and households, supporting long-term economic expansion.

Median age 2026



Median age, 2036 forecast

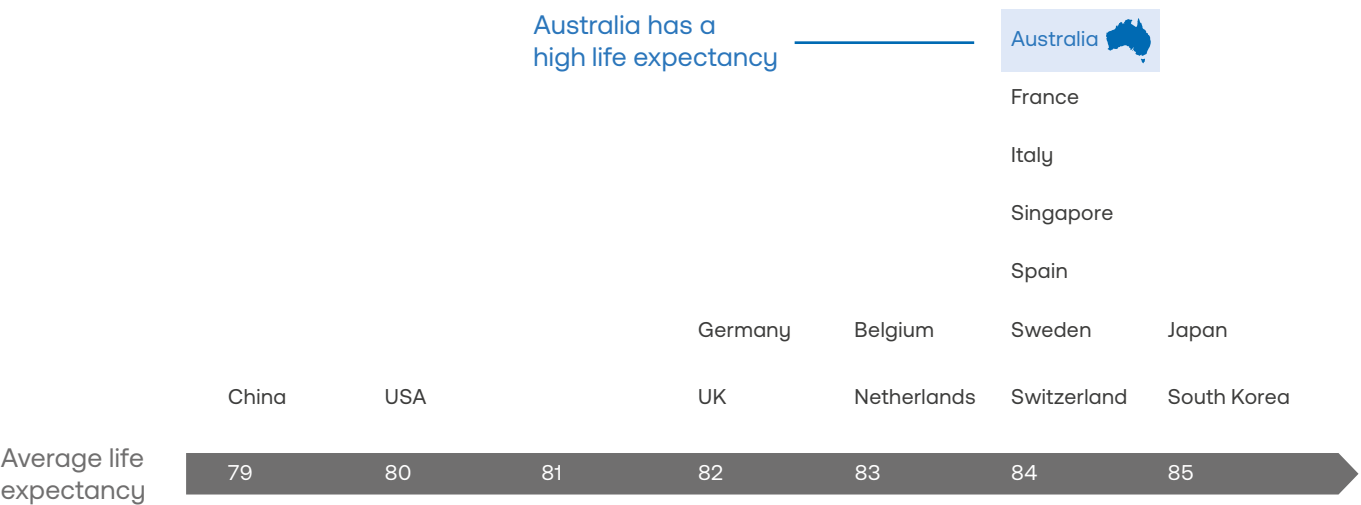


Source: United Nations - Department of Economic and Social Affairs (Population Prospects 2024 revision), Charter Hall Research

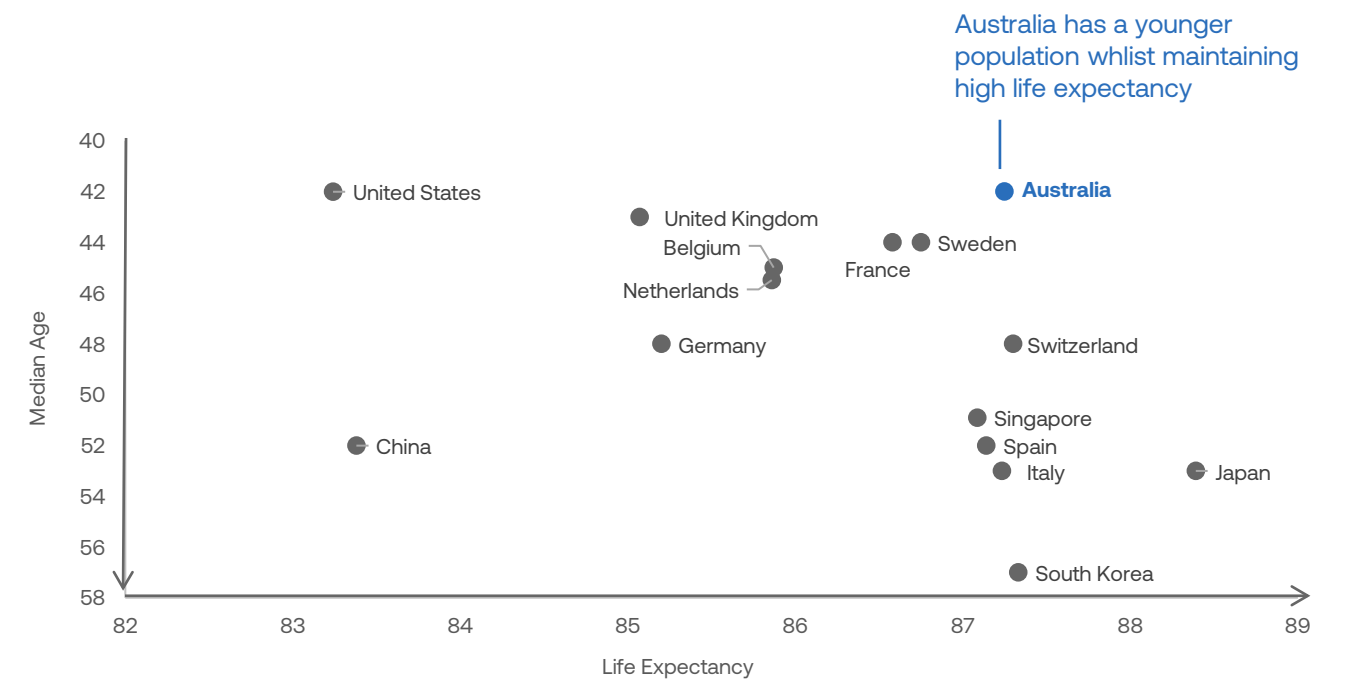
Australia combines high life expectancy with a younger population, supporting long-term economic outperformance

A faster growing working-age population, the highest standard retirement age across the G12 and increases in the mandated Superannuation Guarantee have intensified demand for longer-dated investment products that better match the maturity profile of future benefit obligations.

Life expectancy at birth, 2026



Life expectancy (X) and median age (Y), 2050 forecast



A world-class healthcare system supports Australia’s quality of life and economic performance

1st ranked health system globally	1st healthcare outcomes	2nd largest growth in output (\$) by industry over last 10 years
1st healthcare equity	2nd administrative efficiency	

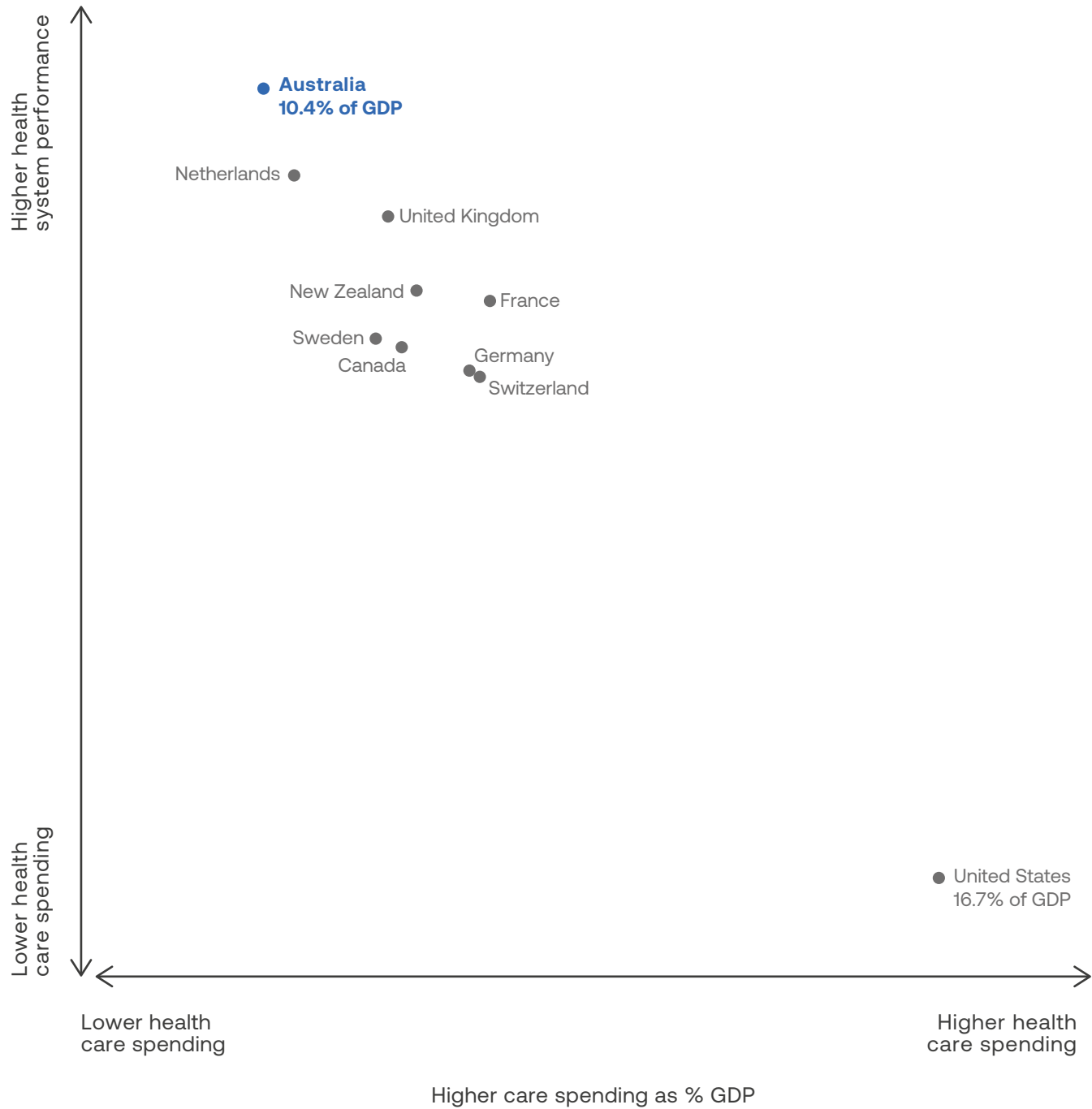
Commonwealth Fund

Analysis of 70 health system performance measures in five key areas:

- Access to Care
- Care Process
- Administrative Efficiency
- Equity
- Health Outcomes

Combination of survey data of both physicians and general population. In addition to data from OECD, Our World in Data, WHO, peer-reviewed literature and the US Agency of Healthcare Research and Quality.

Australia achieves superior health outcomes while maintaining lower spending on healthcare



Source: OECD, Commonwealth Fund, Deloitte Access Economics, Charter Hall Research

Australia has a leading education system, attracting global talent and supporting long-term economic growth

Australia introduced national limits on international students, known as the National Planning Level, to manage migration and ensure sector sustainability.

The caps, set at 295,000 for both 2026 and 2027, require public universities to provide adequate student accommodation and engage with Southeast Asia in exchange for growth.

3rd
Largest destination globally
for international students

12%
CAGR Growth
in Australian education export income 5-years to 2025

1st
Largest international student percentage share
of tertiary education population globally

69%
International tourism spend
generated by international education

\$55bn
Australian education export income in 2025
Australia's 2nd largest export industry after mining

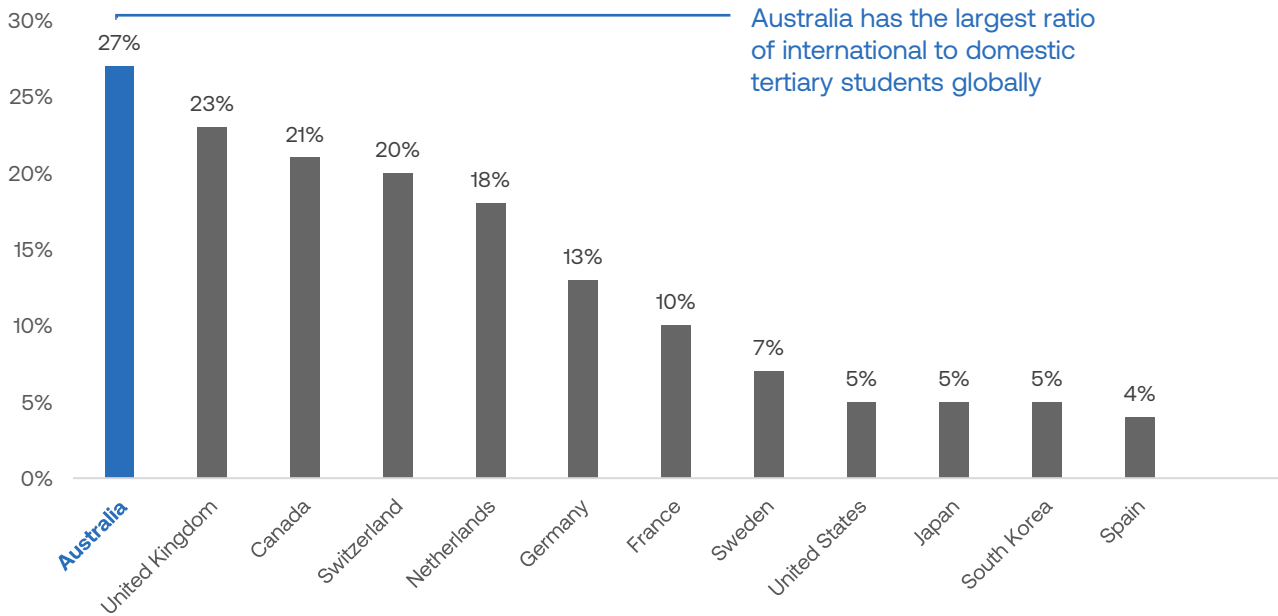
4th
Highest number
of top ranked universities globally with six Australian universities amongst the world's top 100

3rd
Global ranking
in school life expectancy

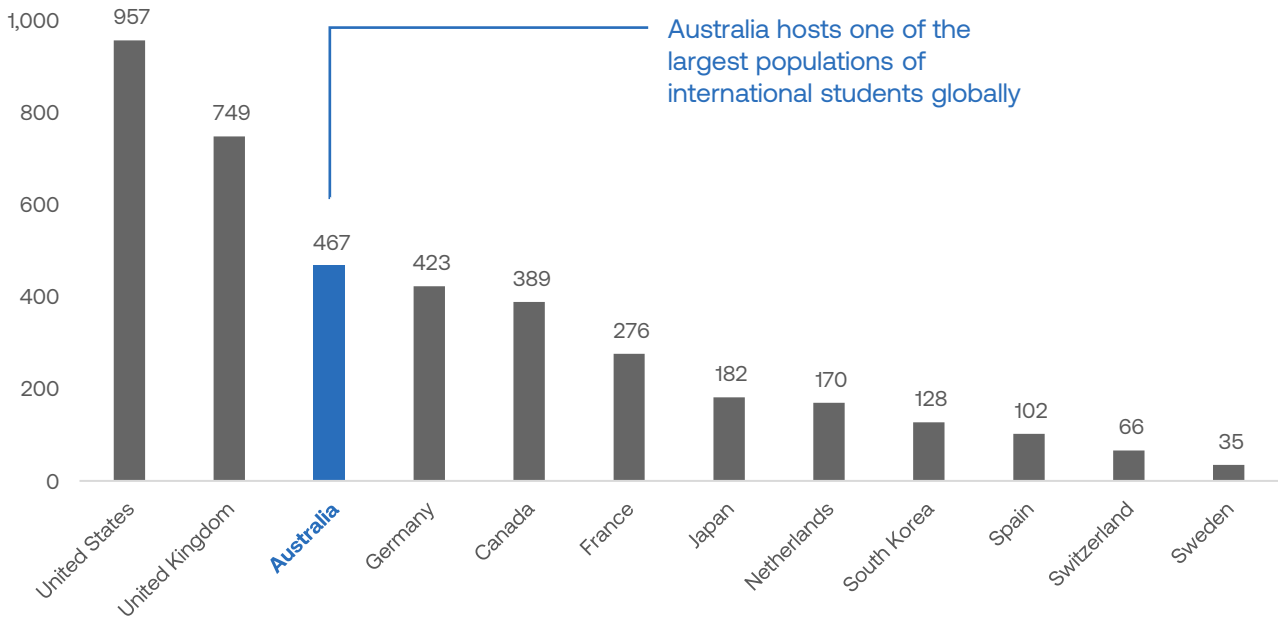
\$14bn
international student visitor spend in 2025
supporting local economies

Source: Times Higher Education World University Rankings 2026, World Intellectual Property Organization, UNESCO Institute for Statistics, ABS, OECD – Education at a Glance 2025, World Bank, Austrade, Universities Australia, Charter Hall Research

International students as a % of total tertiary education population



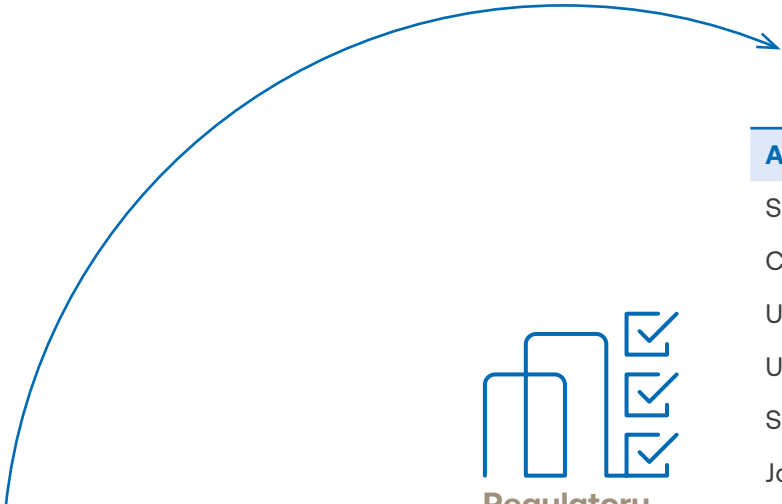
International students enrolled in tertiary education population ('000 people)



Attractive investor environment



Australia has a trusted regulatory and financial environment, reinforcing its position as a stable and reliable global safe haven



	Quality of bureaucracy	State legitimacy	Regulatory quality	Rule of law	Transparency
Australia	1	2	2	2	4
Singapore	1	25	1	15	15
Canada	1	2	11	11	7
UK	8	22	13	7	16
US	20	30	18	9	13
S. Korea	20	13	26	11	18
Japan	8	2	15	12	17
China	61	66	94	44	120



	Business freedom	Financial freedom	Brain gain and talent attraction	Trade freedom	Economic freedom
Australia	1	1	1	3	4
Singapore	3	1	7	1	1
Canada	16	2	4	12	14
UK	18	1	15	16	29
US	7	1	10	114	22
S. Korea	27	3	21	85	19
Japan	40	3	16	67	30
China	74	7	23	82	154



	Government debt	Country risk premium	Access to finance
Australia	1	1	2
Singapore	1	1	3
Canada	12	1	1
UK	34	18	5
US	20	12	8
S. Korea	20	15	6
Japan	109	24	3
China	52	24	23

Ranked 1st for:

Business freedom

An individual's ability to establish and run an enterprise without undue interference from the state

Financial freedom

Availability of diversified savings, credit, payment and investment services to individuals and businesses

Country risk premium

Considers the risk of investing in a country due to its sovereign debt repayment ability and economic governance

Quality of bureaucracy

The capability and performance of the civil service, regardless of political and policy changes

Brain gain and talent attraction

Inflow of skilled, educated or talented people driven by strong economic opportunities, higher wages, political stability and good quality of life

Government debt

The ability of a government to manage its debt sustainably

Ranked 2nd for:

State legitimacy

Considers the representativeness and openness of government and its relationship with its citizens

Regulatory quality

Reflects perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private-sector development

Rule of law

States with strong rule of law are more equipped to enforce laws, bring perpetrators to justice, and empower citizens to hold their government accountable

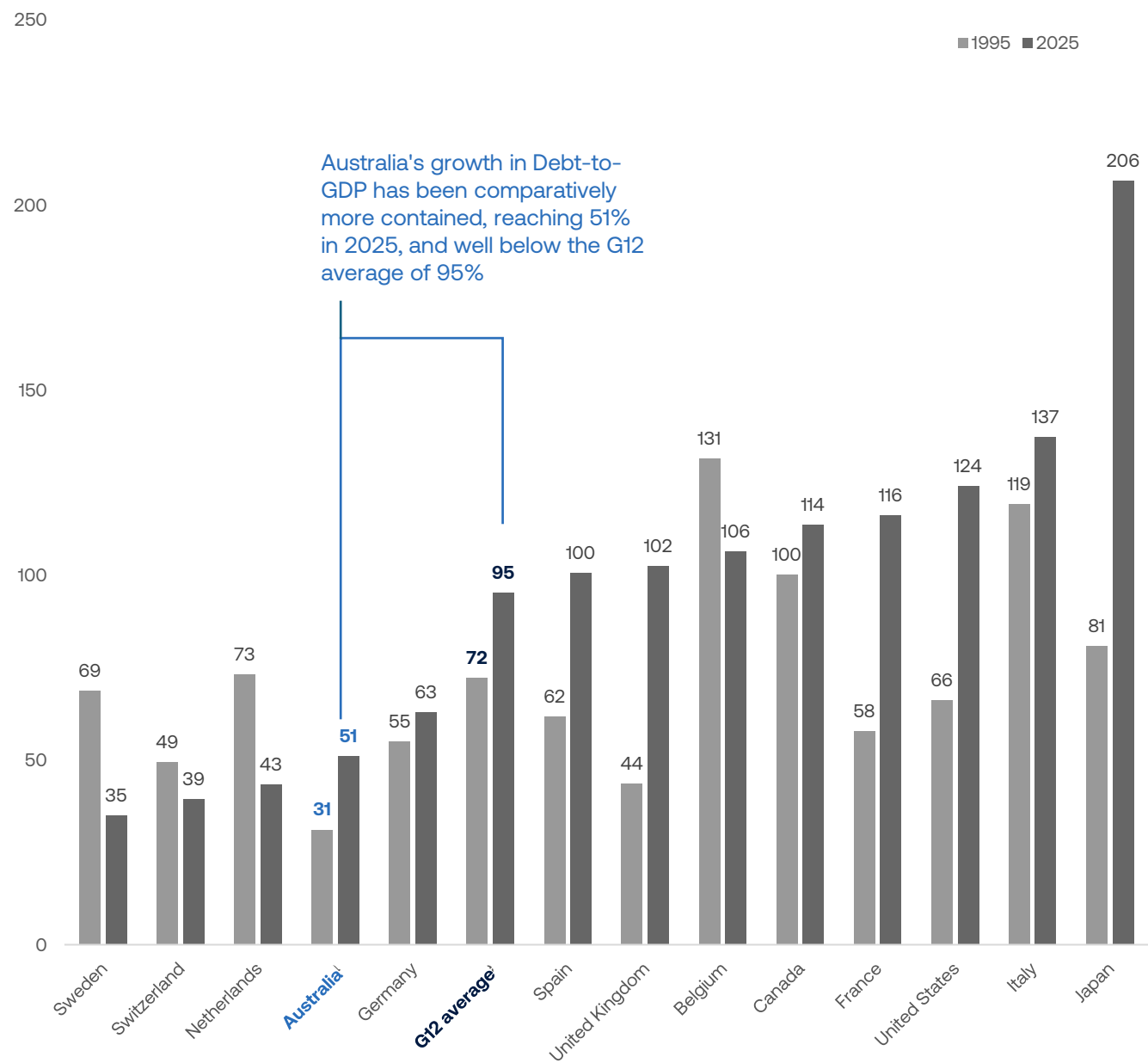
Access to finance

When faced with a crisis, access to finance can keep businesses and households afloat until the situation stabilises

Source: Worldwide Governance Indicators 2024, The Heritage Foundation 2026, Fragile States Index 2024, Chandler Good Government Index, State Resilience Index. Charter Hall Research.

As the sustainability of global government borrowing comes under increasing scrutiny, Australia has maintained a comparatively strong fiscal position

Government general gross debt to GDP (%), 1995 and 2025

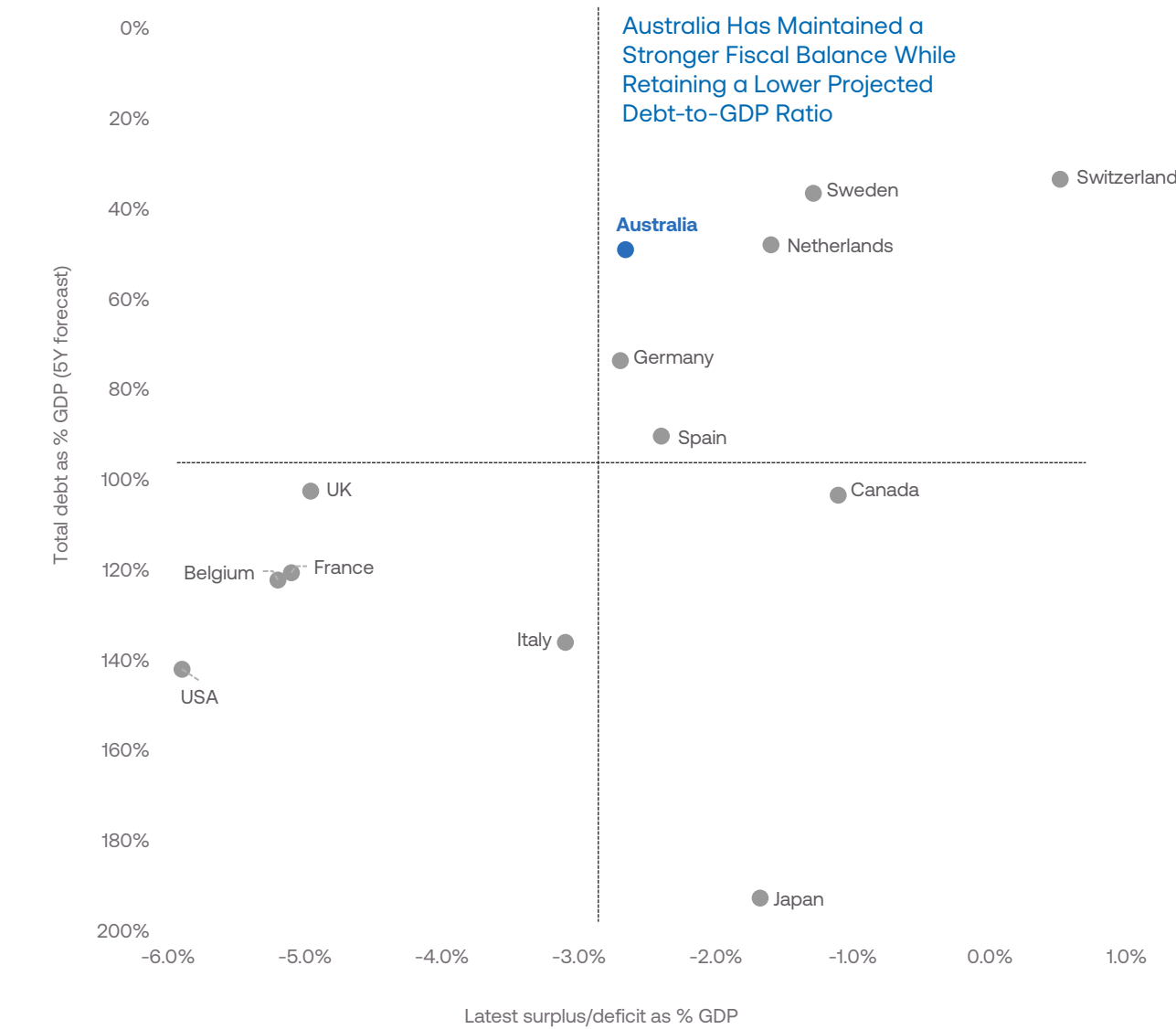


General government gross debt (% of GDP) is the total outstanding liabilities of all levels of government (federal, state, and local) expressed as a percentage of GDP.

Global government debt levels have increased over the past two decades. The growth in overall government debt in Australia has been comparably contained.

Source: IMF – World Economic Outlook, Bloomberg, Charter Hall Research

Fiscal Headroom: Latest surplus/deficit as % GDP (X), Total debt as % GDP 2031 f (Y)



Australia recorded a federal deficit following two consecutive surpluses. At -2.7%, the general government deficit was well below the G12 average.

Australia’s total Debt-to-GDP is expected to remain relatively low, forecast to reach 49% by 2031, well below the G12 average of 96%.

Australia has retained the highest Sovereign credit ratings whilst maintaining a supportive fiscal environment

Sovereign credit rating

	S&P 2026	Moody's 2026	Fitch 2026
Australia	AAA	Aaa	AAA
Canada	AAA	Aaa	AA+
Switzerland	AAA	Aaa	AAA
Sweden	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
Netherlands	AAA*	Aa3	AAA*
United States	AA+	Aa1	AA+
United Kingdom	AA	Aa3	AA-
Belgium	AA-	A1	A+
France	A+	Aa3	N/A
Japan	A+	A1	A
Spain	A+	A3	A
Italy	BBB*	Baa2	BBB*

Source: S&P, Moody's, Fitch, (at Jun-26) , FY25 – FY27 Budgets, Charter Hall Research

Cost-of-living support

Series of initiatives targeting cost-of-living, reducing household expenses through energy rebates, housing support, student debt relief and healthcare

Tax cuts

Continuous sequence of household and business tax relief measures

FY25 Budget

- **Energy rebates** for all households (\$300) and for eligible small businesses (\$325)
- **Support for renters** – Commonwealth Rent Assistance increased by further 10% (following the 15% increase delivered in 2023)
- **Support for graduates** - \$3bn student debt relief via indexation reform for more than 3m people
- **Stage 3 Income Tax cuts** from 1 July 2024 with an average benefit of ~\$1,888 pa (benefitting 13.6m taxpayers)

FY26 Budget

- **Energy relief extension** by six months (up to \$150 paid in two installments for households and eligible small businesses)
- **Further support for graduates** with 20% write-down of balances (~\$19bn total debt reduction)
- **Record health package** including \$7.9bn to expand bulk-billing Medicare incentives 50 additional Medicare Urgent Care Clinics, \$1.8bn to **fund public hospitals, wage increases** for aged-care nurses and **cheaper medicines** via maximum price of PBS medicines
- **Extra Income Tax cuts**, lowering the 16% base rate to 15% from 1 July 2026, and 14% from 1 July 2027.

Estimated benefit of up to \$268 pa in FY27 and \$536 pa in FY28 (compared to FY25 settings)

FY27 Budget

- **Fuel-related measures** including temporary halving of fuel excise and reducing HGV user charge to \$0 for three months
- **Further medicine inclusion** in PBS scheme, and an **additional \$25bn over five years for public hospitals**
- **Further support for home ownership and housing affordability**
- **Working Australians Tax Offset** introduced providing a \$250 permanent tax offset from FY28
- **A \$1,000 Instant Tax Deduction** for workers from FY27 to help with cost-of-living and simplify tax time
- **Increasing Medicare levy low-income thresholds** to provide tax relief for over 1 million people
- **Productivity and Business Tax Reforms:**
 - Permanent \$20,000 instant asset write-off
 - Expanded venture capital tax incentives
 - Loss carry-back and start-up tax measures

Australia has progressively expanded its nation-building investment agenda while maintaining a record infrastructure pipeline

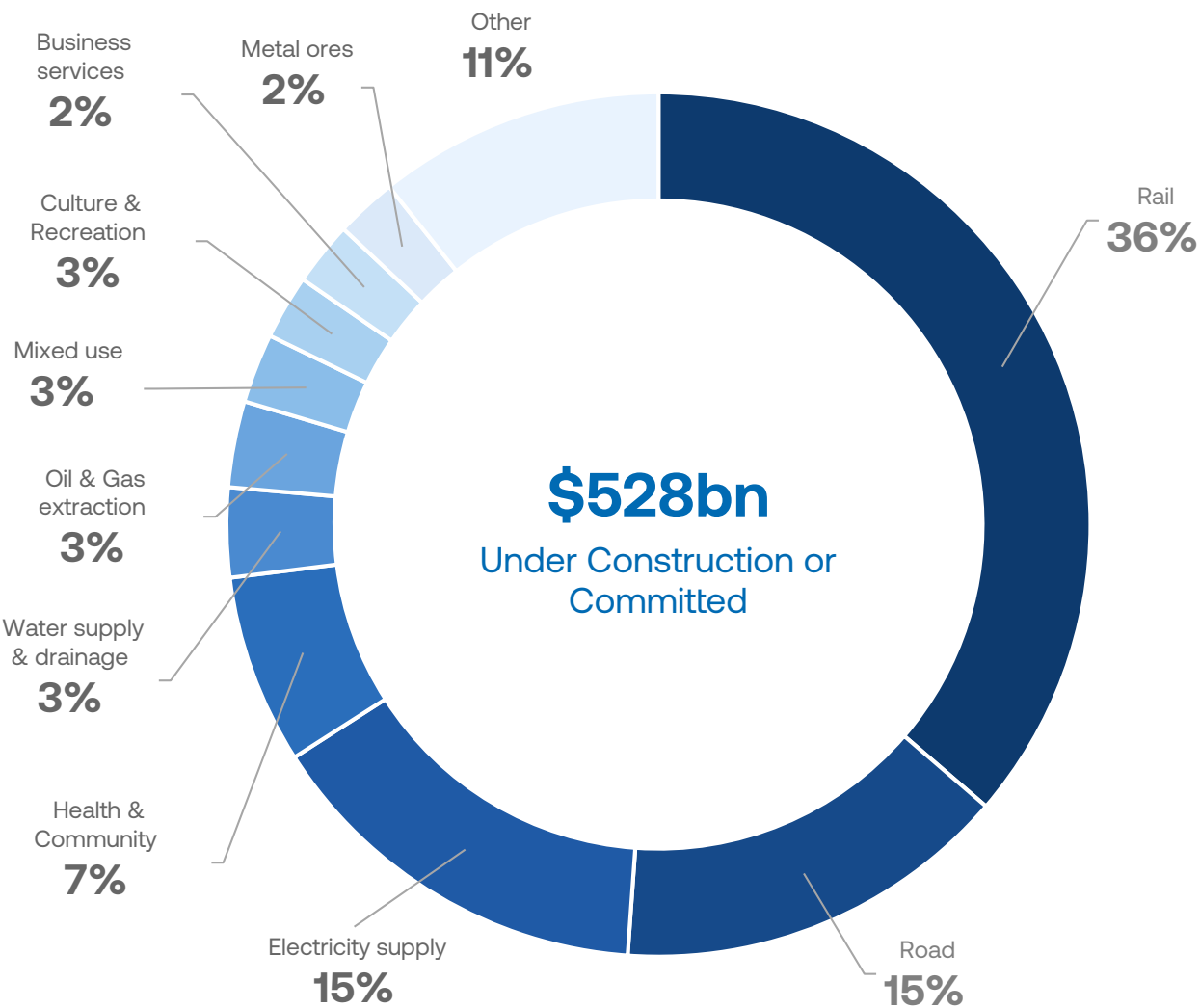
Infrastructure and policy commitments

Australia has progressively expanded its nation-building investment agenda, supporting housing supply, transport infrastructure, energy security, advanced manufacturing and long-term economic productivity

FY25 Budget Major Focus: Transport and Housing Infrastructure		\$1bn for housing-enabling infrastructure including roads, services and parks
		\$4.1bn for 65 new priority infrastructure projects
		\$16.5bn initial multi-year commitment for road and rail projects as part of the Infrastructure Investment Program
		\$1.7bn Future Made in Australia Innovation Fund
FY26 Budget Major Focus: Housing Supply and Essential Infrastructure		Takes total new housing commitments to \$33bn to help build more homes. Includes expansion of Help to Buy Scheme , \$54m to accelerate modern construction methods and incentives to train more construction workers
		Updated figure of \$17.1bn for road and rail projects (continuation from FY25 commitments)
		\$3.2bn to unlock investment in green metals and manufacturing
		\$6bn additional private investment in renewable energy and low emissions technologies
FY27 Budget Major Focus: Housing Supply and Essential Infrastructure		Increased total Homes for Australia plan to over \$47bn
		Further \$2bn Local Infrastructure Fund to unlock infrastructure supporting up to 65,000 homes over 10 years
		\$14.8bn Strengthening Australia's Fuel Resilience package including fuel security, supply chain resilience and market disruption measures

Source: FY25 – FY27 Budgets, Charter Hall Research

Australia is benefitting from record infrastructure investment, with \$528bn of projects under construction or committed across industries



Source: Deloitte Access Economics, Charter Hall Research

Australia is benefitting from record infrastructure investment, with \$528bn of projects underway that will have transformative impacts on the CRE sector

Selected major projects across Australia

National total

\$528bn

Under Construction or Committed

↑ 73% uplift compared to 5 years ago (2021)

A further

\$234bn

Under Consideration

Western Australia

\$52bn



Scarborough and Pluto Train 2 LNG Project (430km pipeline); Alkimos seawater desalination plant Stage 1



Tonkin Highway Corridor Upgrades; Alice Springs to Halls Creek Corridor Upgrade



Port Hedland debottlenecking project (PDP2) – installation of a sixth car dumper and additional conveyors

South Australia

\$29bn



North-South Corridor Stage 1 – Southern Tunnel and Stage 2 – Airport Link and Northern Tunnel; Fleurieu Connections Improvements



Goyder South (Multi-stage renewables development with 163 turbines, 3,000Ha solar panels and lithium-ion battery); SMAP Sub-sea data cable linking Adelaide to Singapore and the Middle East



Adelaide Airport upgrade (\$1bn aviation infrastructure and property development)

Queensland

\$108bn



17 new or upgraded venues for Brisbane 2032 Olympics and Paralympics and surrounding infrastructure; new hospitals in Bundaberg, Coomera and Toowoomba



Cross River Rail (10.2km rail link, 5.9km tunnel and 5 new stations); Logan and Gold Coast Faster Rail; Direct Sunshine Coast Rail



CopperString 2032 (1,110km 275kV overhead high-voltage transmission line); 'Gladstone Project' electricity transmission network upgrades; Lotus Creek Wind Farm – 285MW, 20km west of St Lawrence

New South Wales

\$165bn



Western Harbour Tunnel; M6 (Stage 1 – x2 4km tunnels from M5); Pacific Highway Upgrade at Coffs Harbour Bypass; M1 Pacific motorway extension



Sydney Metro West; Sydney Metro Western Sydney Airport; Parramatta Light Rail Stage 2



Snowy Mountains Hydro Scheme 2.0; Central-West Orana Renewable Energy Zone (240km transmission lines); Humelink (new Wagga Wagga substation, substation upgrades and 500km of 500kV transmission lines)

Victoria

\$112bn



North East Link (connecting M80 with upgraded Eastern Freeway); Suburban Roads Upgrade



Suburban Rail Loop East (Cheltenham to Box Hill); Sunshine Station Superhub; x2 new intermodal terminals in Melbourne; Next generation trams



Golden Plains Wind Farm, 60km northwest of Geelong, 1.3GW wind capacity; Wooreen Energy Storage System – 350MW battery storage in Jeeralang

Australia has a leading and fastest growing superannuation/pension system, providing stability, liquidity and sustained investor demand for domestic CRE markets

Australia has the 4th largest superannuation/pension pool in the world

	Size of market 2024 (US\$tr)	Pension Assets/ GDP ratio	20yr CAGR, 2004 TO 2024
US	44.8	153%	6.1%
Canada	3.4	158%	5.3%
UK	2.8	78%	3.1%
Australia	2.4	135%	9.2%
Netherlands	1.8	151%	4.5%
Average of other 10 major markets	0.6	67%	4.4%

Note: Data as of 2024 to allow for country comparisons. Australian market size US\$3.0tr as of Dec-25.



The Australian superannuation market has exhibited the **fastest growth rate over the past 20 years (9.2% CAGR)**, contributing to significant investor demand across Australia’s CRE market.



The total funds under management was A\$4.5 trillion at Dec-25, and is **forecast to grow 7% CAGR to A\$8.3tr by 2035**.



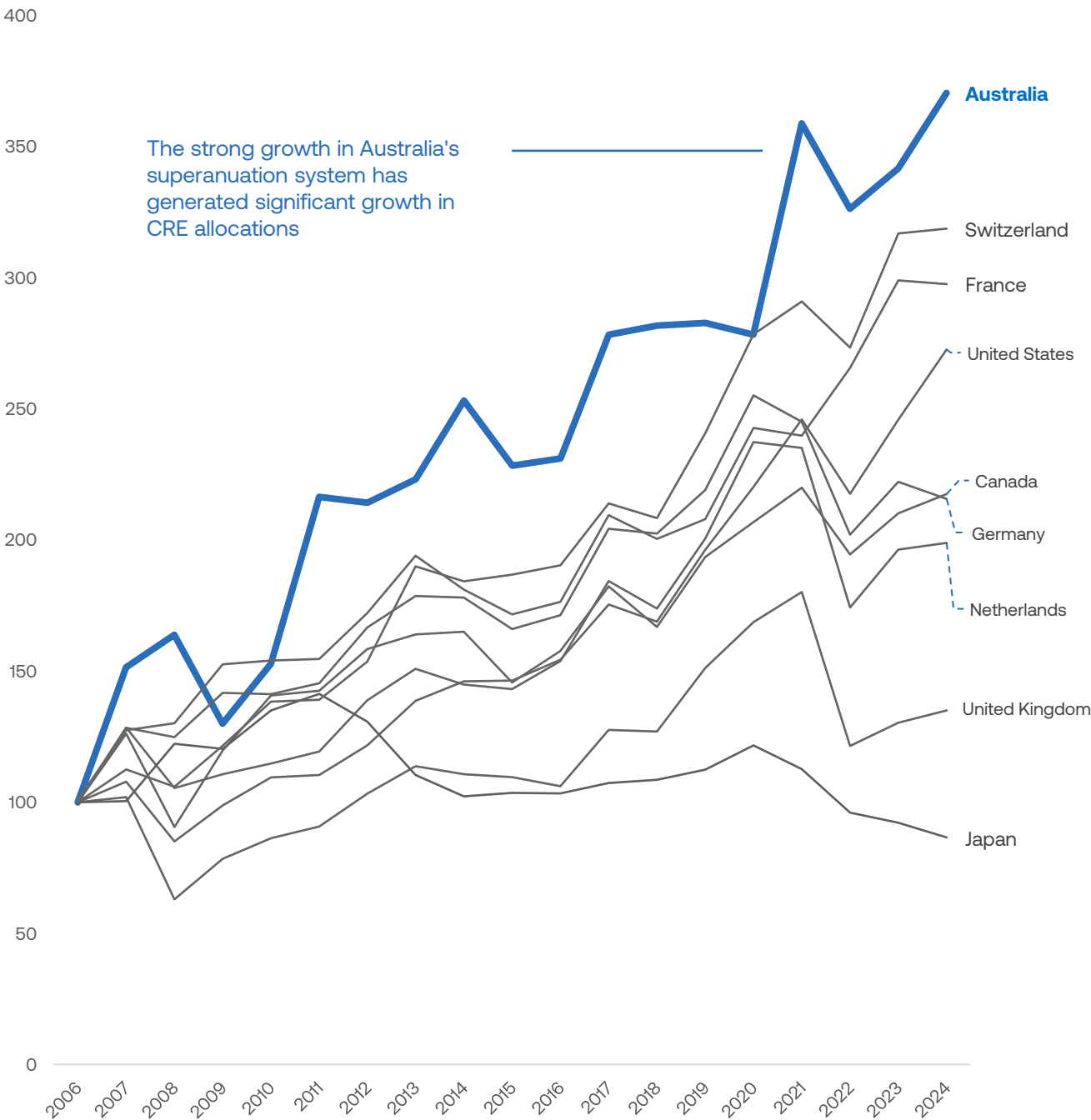
This is forecast to allocate an additional ~\$380bn targeting CRE over the next 10 years.



The Australian system remains the 4th largest retirement asset pool in \$ terms and is forecast to rise to **the 2nd largest by 2031, only behind the US**

Source: Association of Superannuation Funds of Australia, Mercer, Super Members Council,, OECD – Pension Markets in Focus 2025 (based on 2024 data), Savills – Australian super funds: the wizards of Oz set to drive global real estate investment?, Mandala – Bridging the Gap 2025, Charter Hall Research
Note: Other 10 major markets includes: Switzerland, Japan, Denmark, Sweden, Korea, France, Israel, Mexico, Germany and Italy

Growth of total pension fund assets indexed (Index 2006=100)

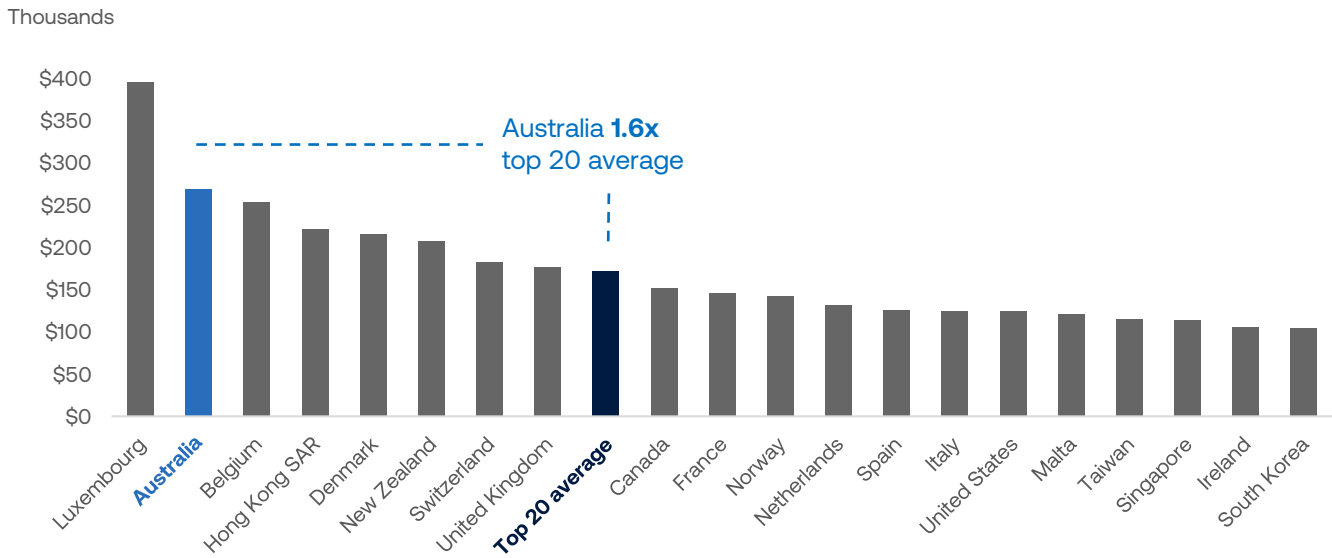


Australia’s superannuation landscape is changing rapidly. In July 2025, the superannuation guarantee rate increased to 12% driving mandatory employer pension contributions. This surge in inflows will boost Australia’s pension fund industry and demand for high-quality investment product.

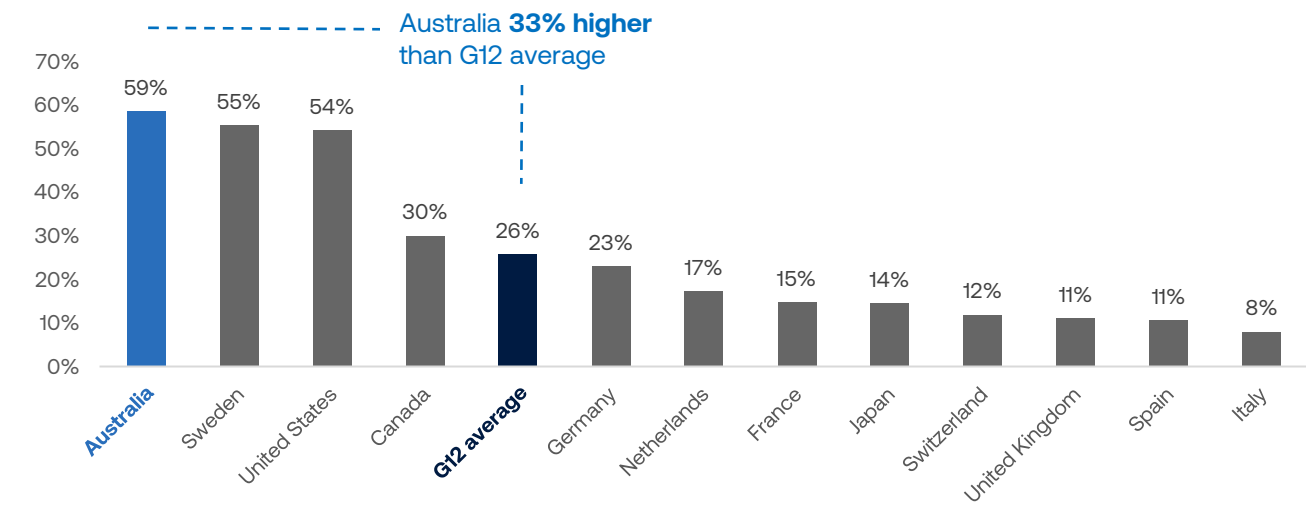
Source: OECD (USD millions), Charter Hall Reserach

Australia has one of the world's wealthiest populations, supporting economic stability and sustained demand across domestic CRE markets

Australia has the 2nd wealthiest population globally – Median wealth per adult (USD) – ‘000s



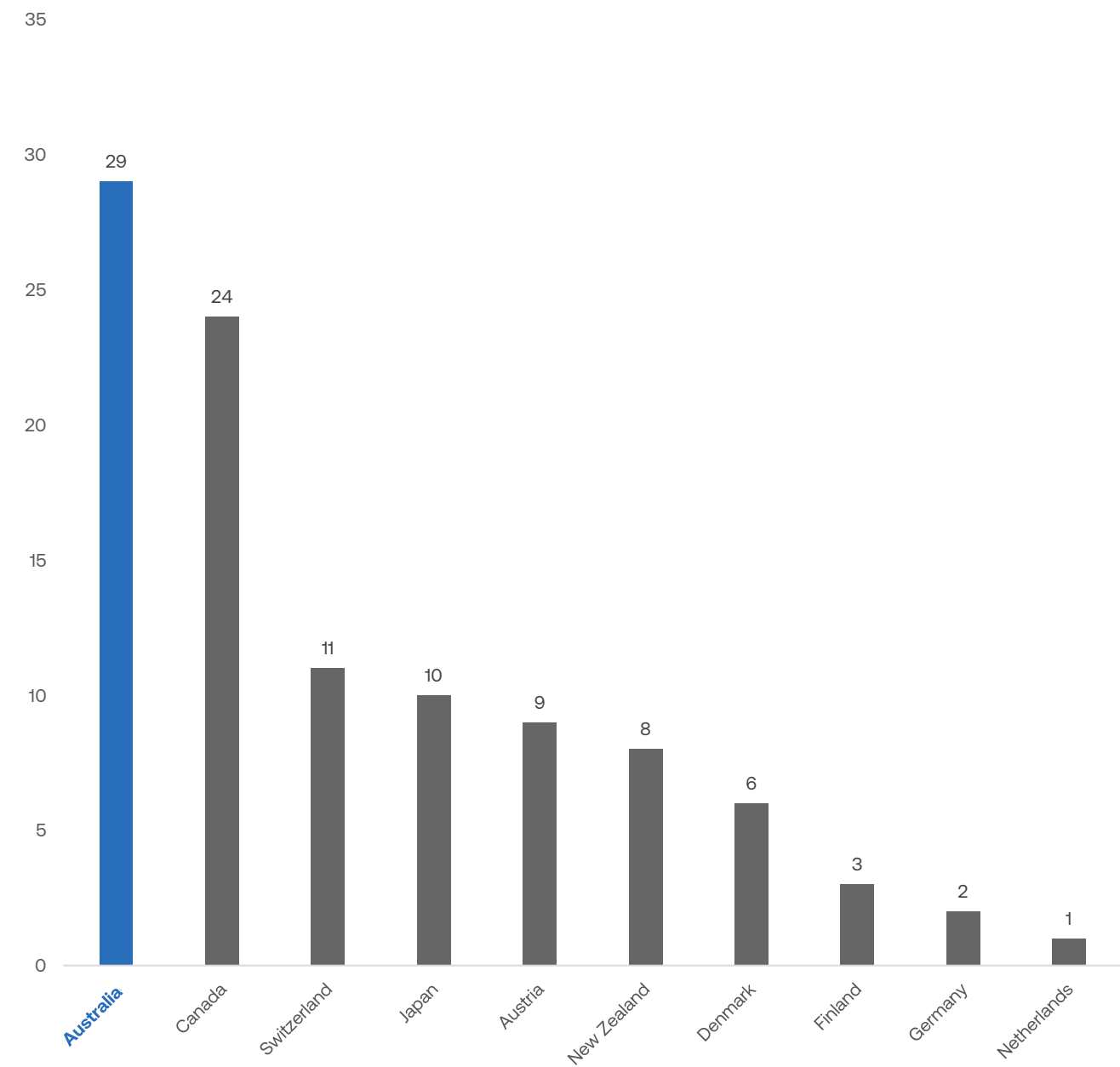
Australia has the highest forecast growth in the ‘Ultra High Net Wealth (UHNW)’ (US\$30m) population across the G12 countries, 2026 – 2031F



Source: UBS Global Wealth Report 2025, Knight Frank Wealth Report 2026, Charter Hall Research

Australian cities lead liveability rankings, supporting the attraction of skilled talent

Number of times cities ranked in top 10, by country (2015–2025)



Source: Economist Intelligence Unit (EIU) Global Liveability Index, Charter Hall Research

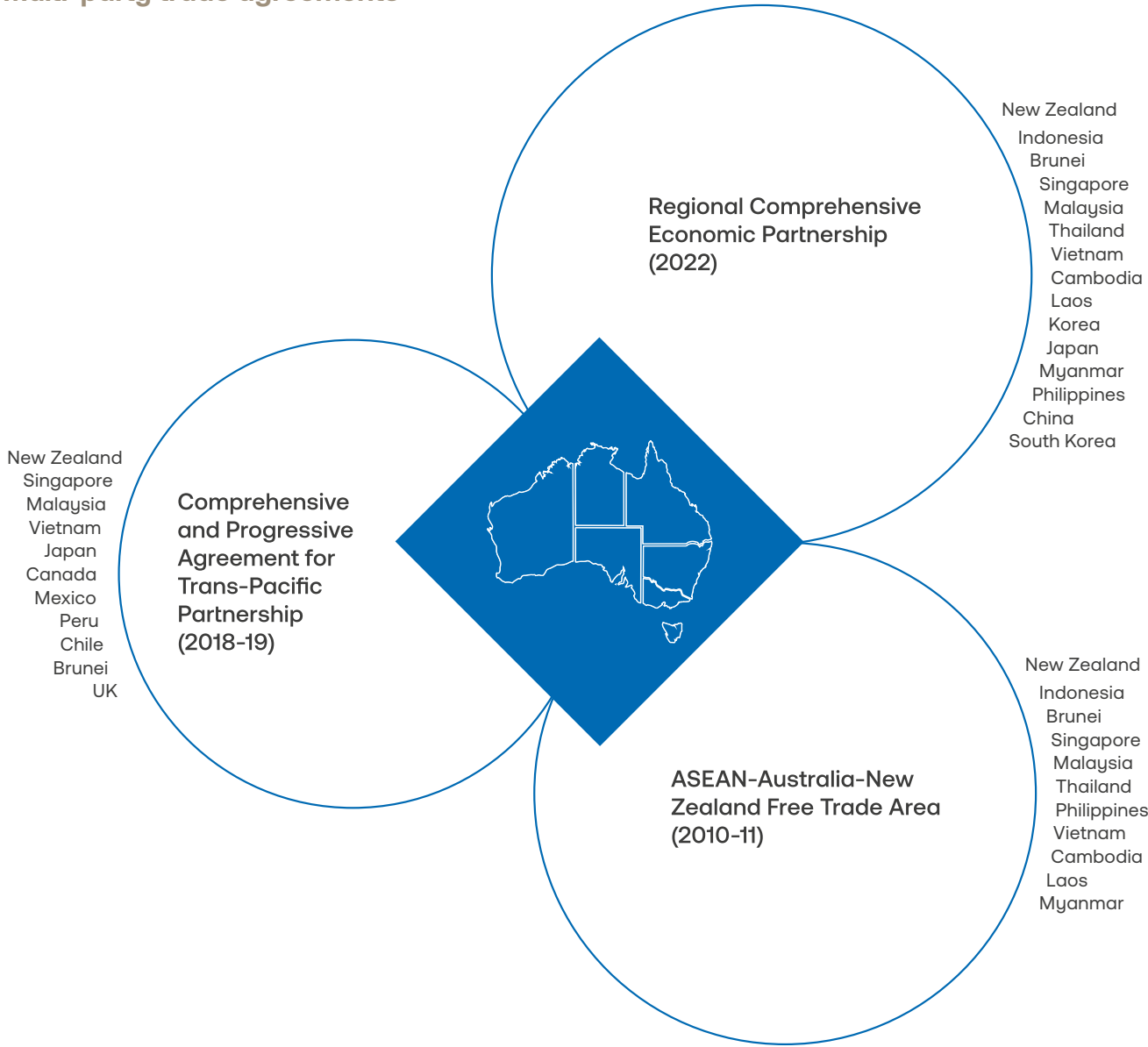
Mega drivers of growth



Charter Hall's Midwest Logistics Hub
Truganina, Victoria

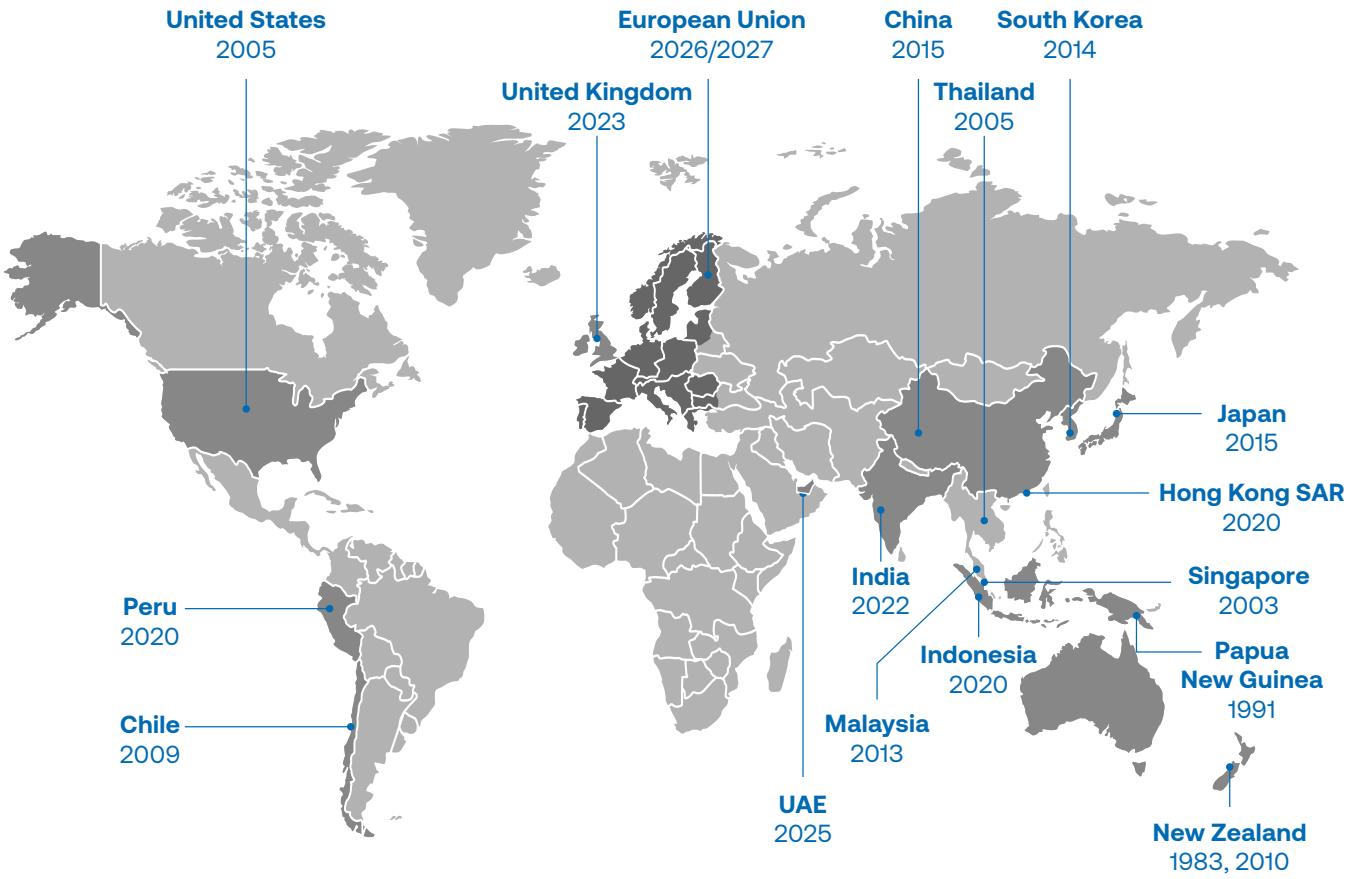
Australia’s trade liberalisation has promoted world-leading trade volume growth, through 19 Free Trade Agreements, providing broad access to major global markets

Multi-party trade agreements

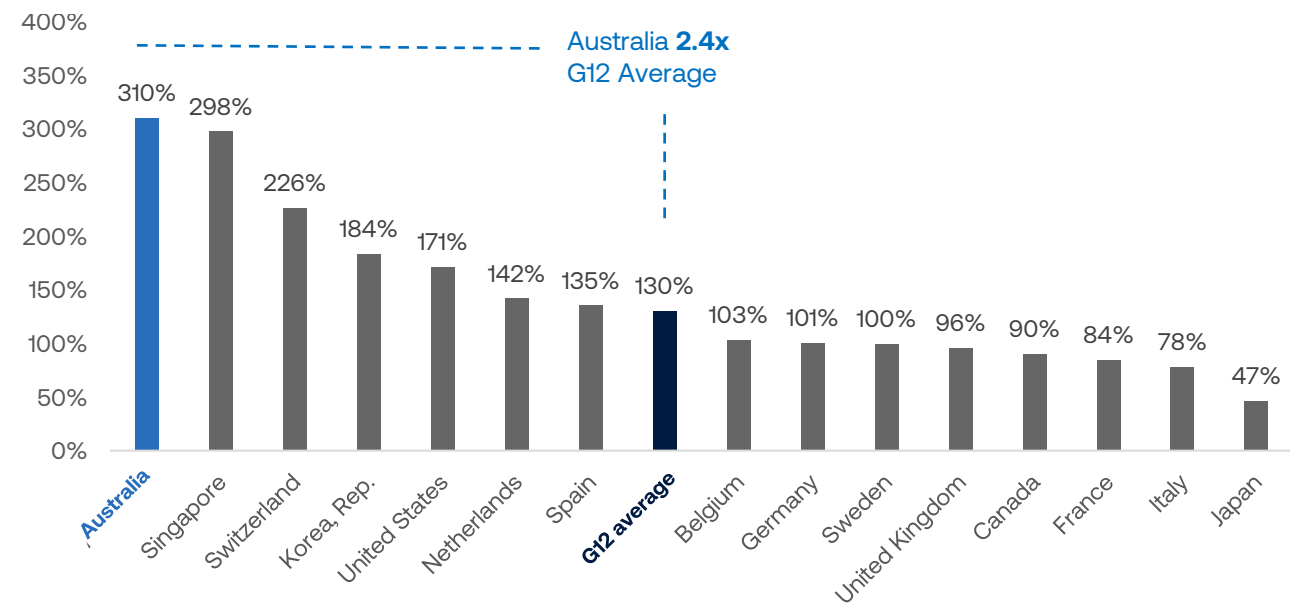


The **Australia-European Union Free Trade Agreement (A-EU FTA)** concluded negotiations on 24 March 2026, with the negotiated text now published. The agreement will provide Australian exporters enhanced access to the EU's 450 million consumers (the world's second largest economy) and is expected to be signed in late 2026 or early 2027, with the A-EU FTA **poised to become Australia's 20th Free Trade Agreement** following ratification and entry into force.

Source: Australian Government (Dept. of Trade and Investment Commission), World Trade Organisation, Charter Hall Research



Global goods trade volume growth (20 years)



Australia’s leading agri-market has established it as a reliable and secure supplier of essential commodities

\$107.4bn
Gross value of agri-production sector forecast in FY26 – a record result

\$80.5bn
Value of agriculture exports forecast in FY26, increasing by 60% over the past decade

15%
Contribution to Australia’s total exported goods
Contribution of overall agriculture sector in FY25

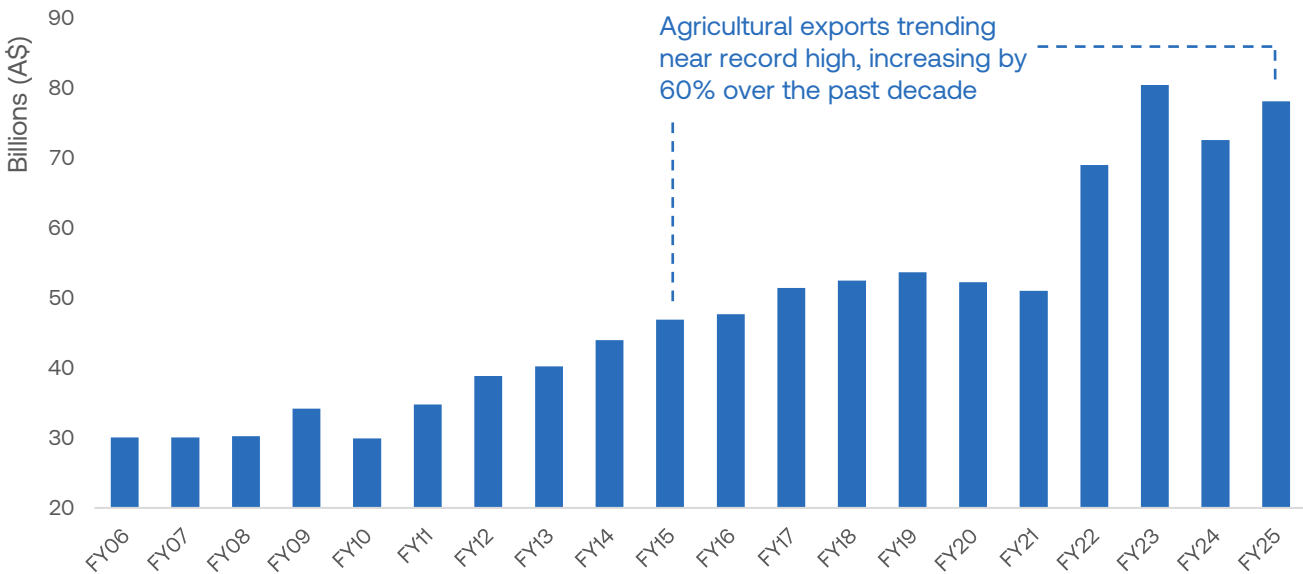
Australian production of agri-product far exceeds domestic consumption

3x
more food produced than required for domestic consumption
Australia produces enough food for 80 million people

70%
Agri-production is exported
Over the three years to FY25 by volume, led by meat (beef/lamb) and grains (canola/wheat)

90%
Food consumed in Australia is produced domestically
Australia is self-sufficient, and not significantly impacted by variations in import pricing and supply

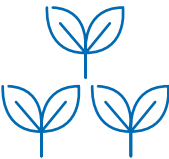
Value of exports – agriculture, fisheries and forestry (A\$bn)



FY25 Highlights



+27% y/y
Value of Australian cattle industry exports
\$18.6bn in FY25



\$22.7bn
Value of Australian cropping exports in FY25
Both volumes and values expected to hold above five-year averages



+10% y/y
Value of Australian dairy exports
\$3.44bn in FY25 – a record high



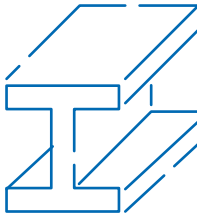
+19.3% y/y
Value of Australian sheep meat exports
\$5.7bn in FY25 – a record high

Source: Department of Agriculture, Fisheries and Forestry, Bendigo Bank, Delivering Ag2030, ABARES Trade Dashboard, Charter Hall Research

Australia has a world-leading resources sector with vast critical mineral reserves, vital to global security, energy, and the digital revolution

1st
known reserves of iron ore, gold, uranium, zinc and lead globally

Also becoming a key supplier of multiple rare earth minerals

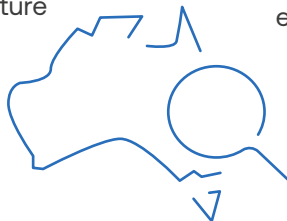


3rd
largest reserves and production of Rare-earth elements (REE), behind China and Brazil

Global demand for rare earth elements have more than doubled since 2015, given the critical demands from defence, automation, EVs and emerging digital technologies. Demand for Australia's REE have intensified following the recent trade wars and geopolitical tensions

80%
of Australia's land mass is still largely unexplored

Offering vast potential for discovering new mineral deposits – a promising destination for future investment



1st
largest producer of lithium and iron ore worldwide

Lithium is in high global demand due to the popularity of lithium batteries, in addition to iron ore which is used for green steel production

>125
new lithium, cobalt and nickel mines

Will be needed by 2030 if the world is to meet global demand for minerals-intensive electric vehicles and energy storage batteries



\$4bn
mineral resource exploration expenditure over 2024

Western Australia accounted for 64% of total exploration spending

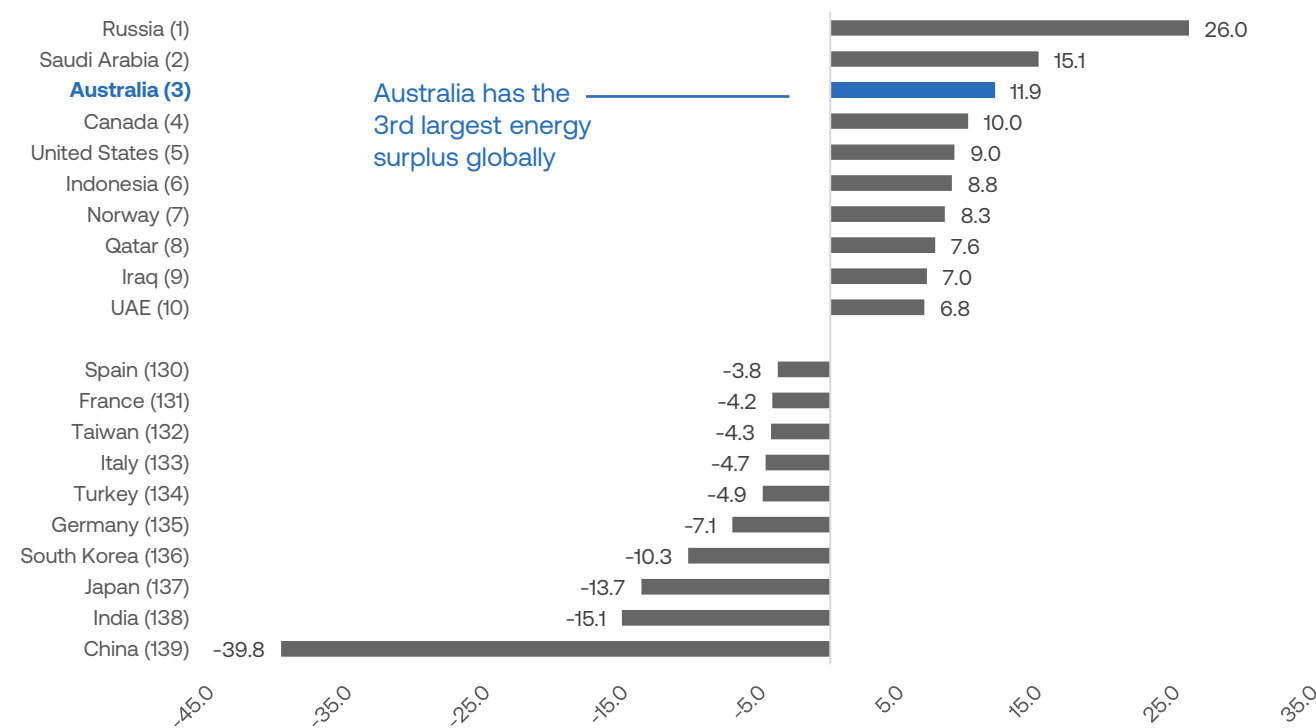
Australia's global commodity rankings

Reserves	Production
1 Iron Ore, Gold, Lead, Zinc, Uranium, Ilmenite, Rutile, Zircon	1 Iron Ore, Lithium, Rutile
2 Lithium, Copper, Nickel, Cobalt, Aluminium, Tin	2 Lead, Aluminium, Zircon
3 Rare Earths, Silver	3 Gold, Zinc, Rare Earths, Manganese Ore
4 Magnesite, Manganese Ore, Black coal	4 Uranium, Cobalt, Ilmenite
5 Graphite	5 Black coal
6 Antimony	7 Magnesite, Nickel, Antimony, Tantalum

Source: Geoscience Australia – Australia's Identified Mineral Resources 2025, Minerals Council of Australia, Department of Industry, Science and Resources, US Geological Survey, International Energy Agency, Charter Hall Research

Australia runs a large energy surplus, with abundant energy resources essential to export growth and domestic demand

Energy surplus, by country (Quadrillion British Thermal Units*)



3rd
Largest energy surplus globally

Also becoming a key supplier of multiple rare earth minerals

80%
Energy production is exported

Including most black coal (88%) and natural gas (74%). Net exports equate to 67% of production

-12%
Annual change in National Electricity Market average wholesale spot pricing (1Q26)

Growth attributed to significant increase in both utility-scale and distributed renewable generation and battery storage

3rd
largest utility-scale battery market globally

Behind only China and the United States, with 2.0GW of capacity commissioned in 2025 (+233% y/y)

Source: The World Bank, Department of Climate Change, Energy, the Environment and Water, Federal Budget 2026-27, US Energy Information Administration, Clean Energy Council – Clean Energy Australia Report 2026, AEMO, Geoscience Australia
Note: British Thermal Units (BTUs) are calculated as total energy production minus total energy consumption



Australia is rapidly scaling its renewable energy, utilising abundant solar and wind resources to reduce power costs and increase energy supply security

296GW
proposed utility-scale wind, solar and battery developments at June-25
Pipeline of projects that could support greater security and reliability

1st
Largest producer of solar energy per capita
Australia has the 2nd highest potential for solar power globally, benefitting from the world's highest level of solar radiation per sqm

+54,000 km²
For future wind generation
Australia boasts some of the best wind resources, with vast onshore and offshore areas that have consistent, high-speed winds suitable for energy generation

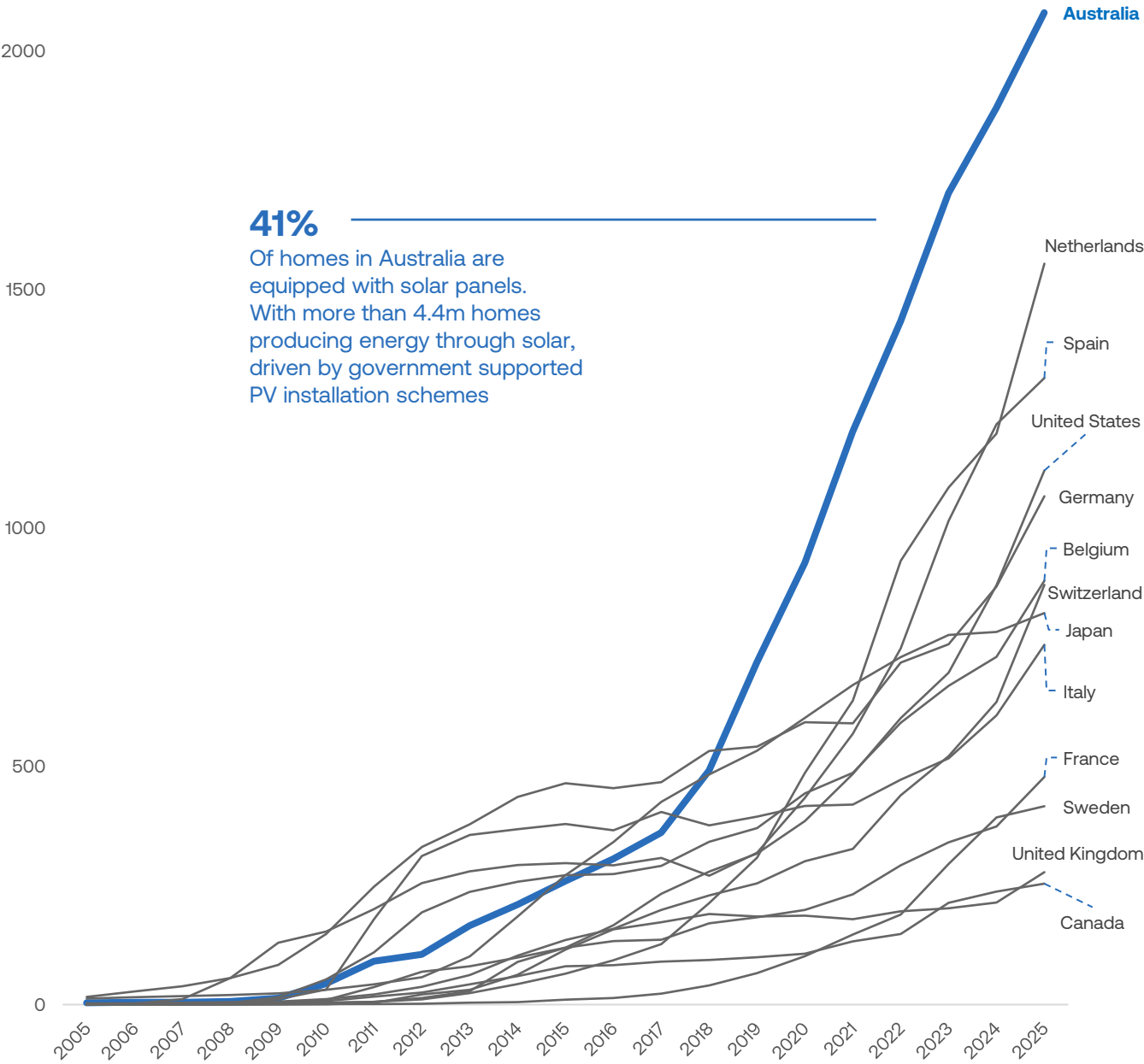
~43%
Electricity produced by renewable energy in 2025
Led by wind (37%), rooftop solar (32.5%) and utility solar installations (18%)

85%
Growth in national renewable electricity generation in past 5 years
Renewable electricity generation grew from 55,481 GWh in 2019 to 102,403 GWh in 2024

\$225bn
In hydrogen projects pipeline
Australia is recognised by the International Energy Agency (IEA) as a global leader in hydrogen, with over 100 major hydrogen projects in active development, the largest pipeline of any country globally

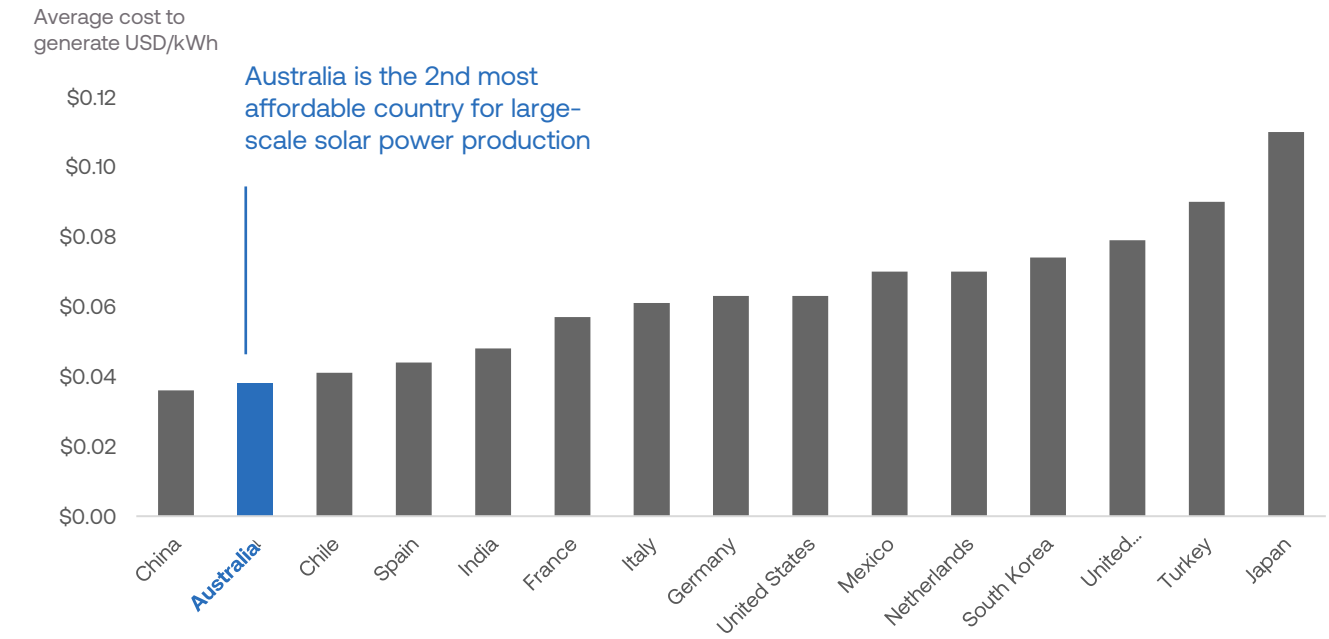
Australia has the world’s second-highest solar energy potential, supported by low-cost renewable energy generation

Australia has the largest electricity generation from solar power per person

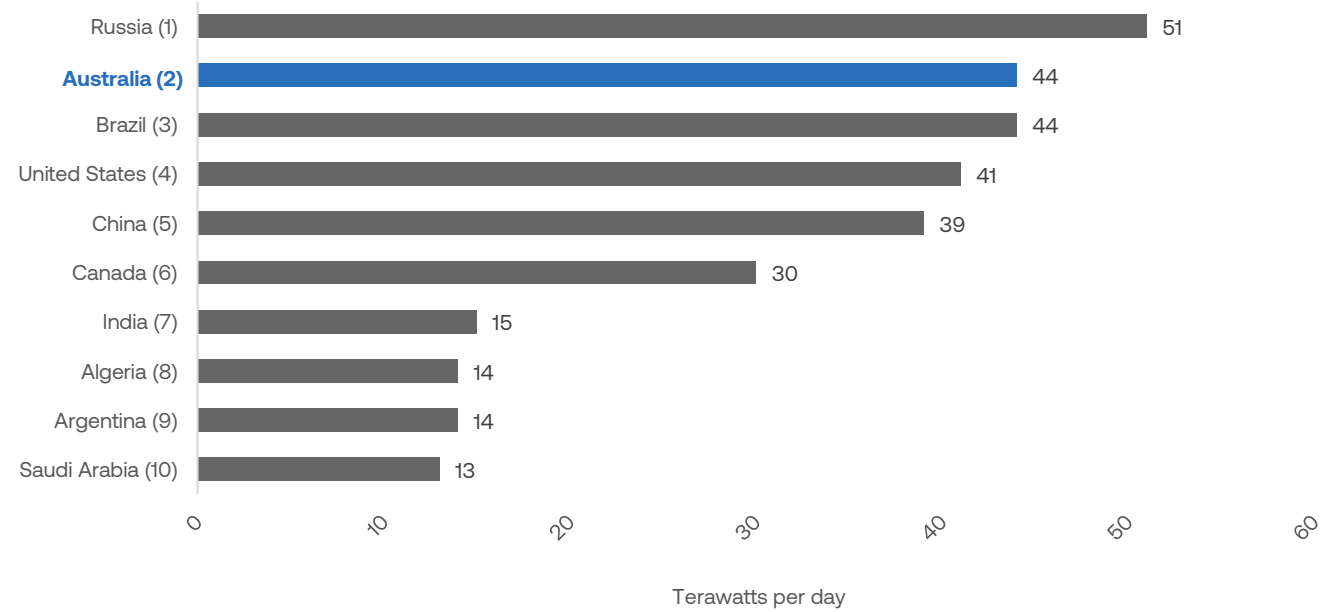


Source: ABS, Ember (2026), Energy Institute – Statistical Review of World Energy (2025), Our World in Data, IRENA (2024) - Renewable Power Generation Costs, World Bank – Global Photovoltaic Potential by Country, Clean Energy Australia 2026, Australian Government – Clean Energy Regulator, Charter Hall Research

Australia is one of the most affordable countries for large-scale solar power production

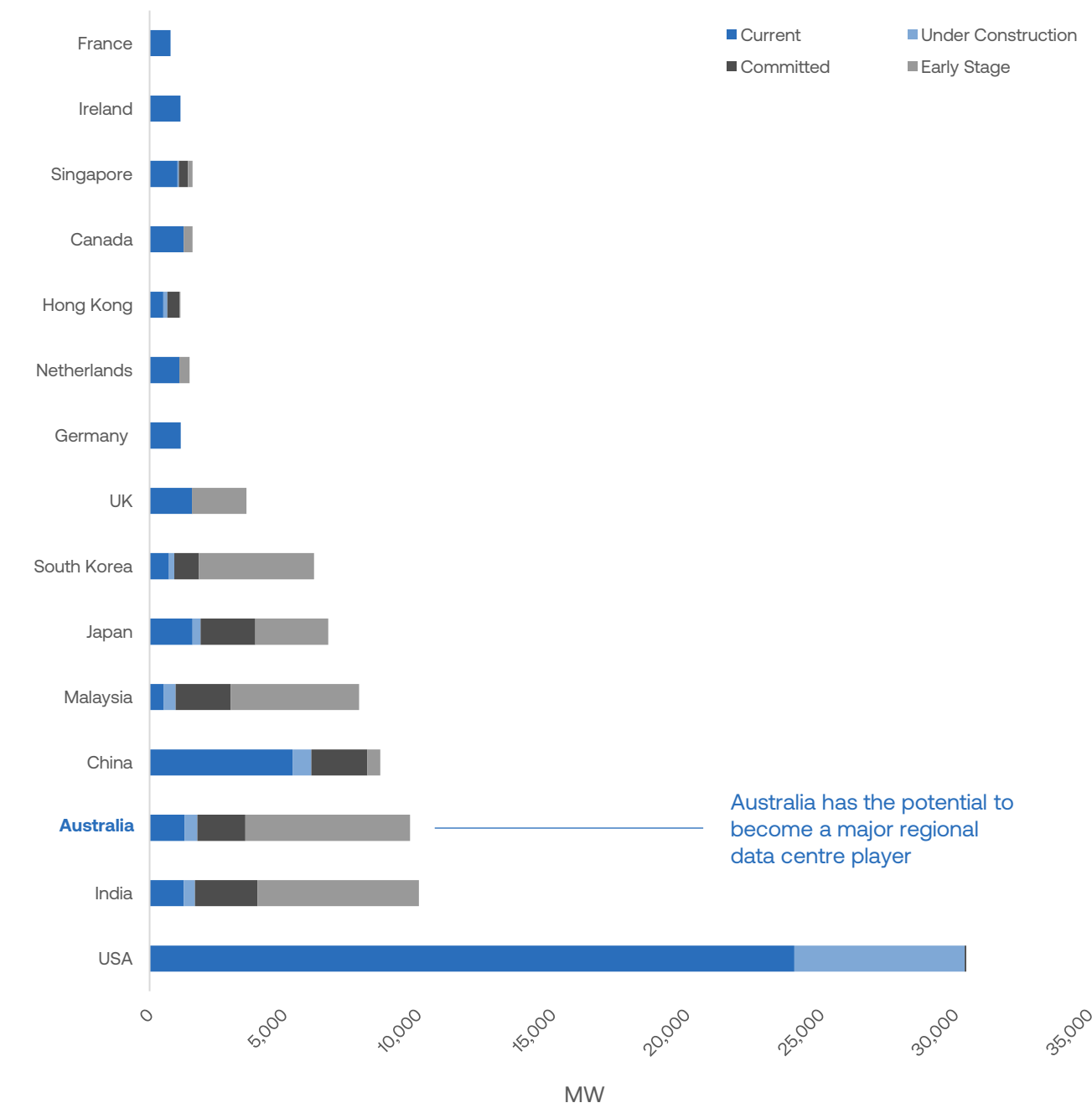


Australia’s has the 2nd highest potential for solar power globally



Australia is positioned to capture an outsized share of the global data centre investment cycle, contingent on the comparative access to power, land and water

Current and planned build-out capacity, top 15 countries



Source: CBRE Research, DC Byte, Boston Consulting Group, Climate Council of Australia, Knight Frank, Tech Council of Australia, Mandala – Data Centres as Enabling Infrastructure, PWC, CEFC, Mordor Intelligence, LVI Associates, The Strategist, Minter Ellison, Turner & Townsend, Charter Hall Research

Sovereign and regional security with regulatory readiness

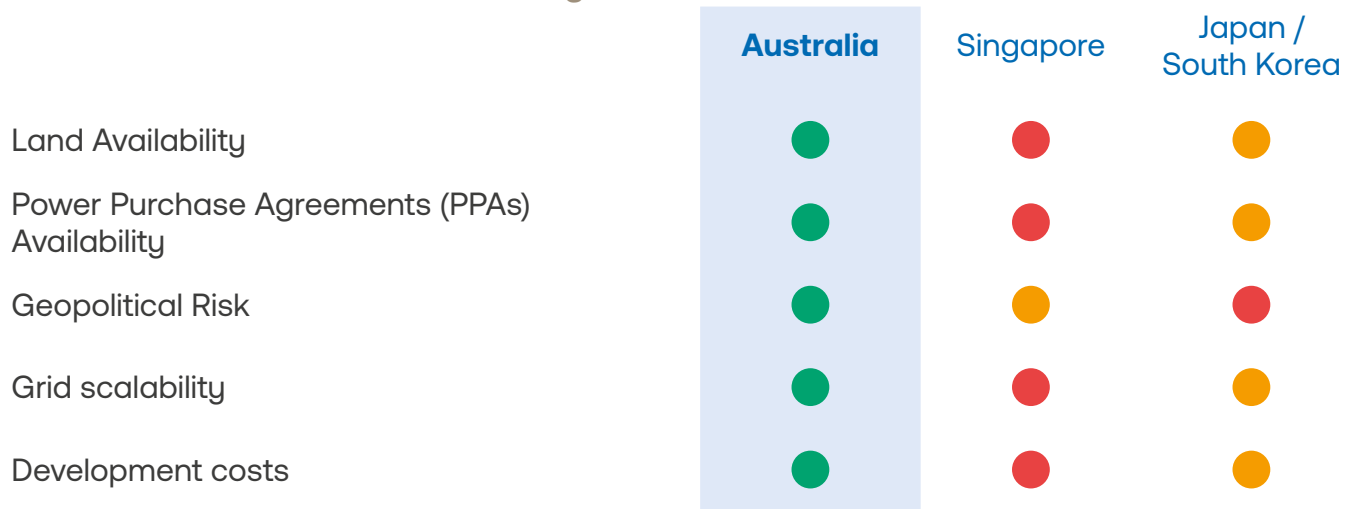
- “Tier 1” nation streamlined export approvals and easier access to advanced chips and language models
- Strategic alliances QUAD, AUKUS and Five Eyes
- Strong enforcement of privacy and protection: SOCI and Privacy Act.

APAC Tier 1 data centre benchmarking

- Land Availability
- Power Purchase Agreements (PPAs) Availability
- Geopolitical Risk
- Grid scalability
- Development costs

Unrivalled renewable sourcing capability

- Vast tracts of land with greater access to solar and wind profiles
- Ability to sign direct Power Purchase Agreements (PPAs)
- Decentralised state geography provides access to alternative green energy corridors.



~\$25bn Operational data centre infrastructure

based on total capacity and prevailing replacement costs

2.4x Forecast growth of total capacity by 2030

Total capacity has increased ~3x since 2020, reaching 1.8 GW (2025). It is forecast to reach 4.3 GW by 2030

\$30bn Value of data centre pipeline to 2030

based on total capacity reaching 4.3GW. \$150bn value of pipeline announcements made by companies ('23-'25)

1.5x - 2.5x Land value premium for data centres

compared to traditional industrial uses

\$248.5bn Contributed to Australian economy by tech sector in 2025

equivalent to 9% of GDP, and growing 50% faster than the overall economy

\$160bn+ Additional contribution to Australian economic activity (2026-30)

\$7.2bn To be invested in grid infrastructure by 2030

through data centre investment

\$1.1bn Up to \$1.1bn to be invested into water pipeline

and treatment facilities by data centres by 2030

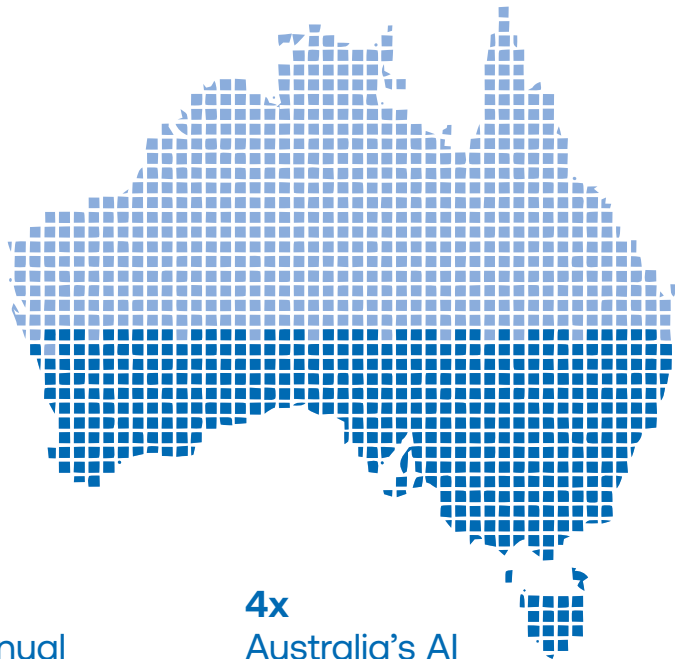
AI has the potential to have a transformational impact on the Australian economy, with leading adoption rates driving value, business growth and employment growth in tech services

Australia has a higher share of the population using generative AI compared to the G12 and global average

40%
Australia

37%
G12

18%
Global



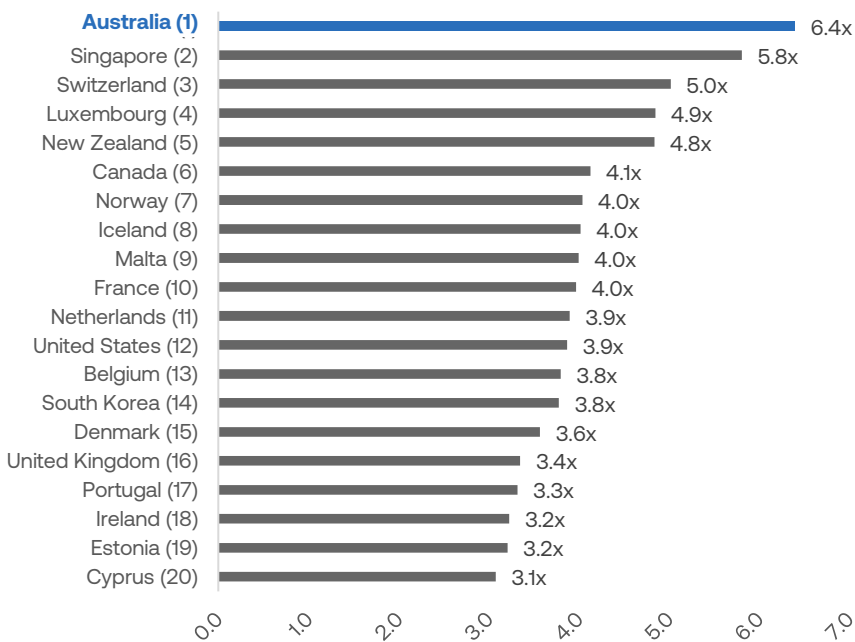
\$115bn
of additional economic
value to Australia
by 2030 delivered by AI

\$10.6bn
additional annual
revenue generated
by Australian-based applications
companies and global companies
with Australian operations by 2035

4x
Australia's AI
related patents
growth between 2015-2024

Australia has the highest Claude usage per capita*, with 6.4x the usage level the population size would predict

Source: Austrade, Anthropic AI Usage Index, Microsoft – Global AI Diffusion Q1 2026, Climate Council, OpenAI, Groq, Anthropic, Oracle, Google, AWS, Tech Council of Australia, Charter Hall Research
Note: Per capita is based on working-age population (age 15-64)



Australia is a regional beneficiary in the global AI revolution

Hyperscalers: Building cloud and data centre infrastructure

Microsoft

Microsoft
announced \$25bn to expand its AI and cloud computing capacity in Australia over the next 3 years, building on a \$5bn commitment in 2023. Microsoft has also affirmed its commitment to the national expectations of data centres.

Amazon Web Services (AWS)

Amazon Web Services (AWS)
is investing \$20bn in AI data centre infrastructure in Australia over 2025 to 2029. This is in addition to \$9bn already invested. In 2024, AWS partnered with the Australian Government to establish a sovereign Top Secret Cloud supporting defence and national security workloads.

Oracle

Oracle
selected Australia for its first APAC sovereign government cloud region, launching a dedicated Canberra-based cloud environment for government and defence agencies. Oracle also operates public cloud regions in Sydney and Melbourne.

Google

Google
has established cloud regions in Sydney and Melbourne and continues to expand its digital infrastructure footprint in Australia. Google is reportedly assessing Australia as a potential location for a large-scale AI and data centre hub, reflecting growing demand for AI compute capacity across the Asia-Pacific region.

Frontier AI Developers: Driving demand for AI infrastructure

ANTHROPIC

Anthropic
developer of the Claude LLM, will open its Sydney office this year, its 4th in APAC, and has recently signed an agreement with the Australian Government to align with the national expectations of data centres.

ChatGPT

OpenAI
announced a sovereign AI infrastructure partnership with NextDC in 2025, supporting deployment of AI compute capacity in Australia – Open AI's first major infrastructure initiative in APAC. An initial investment of \$7bn committed to their Sydney campus.

groq

Groq
established its first Asia-Pacific AI infrastructure footprint in Sydney in 2025, deploying at Equinix's 4.5MW data centre to service customers in Australia and across Southeast Asia.

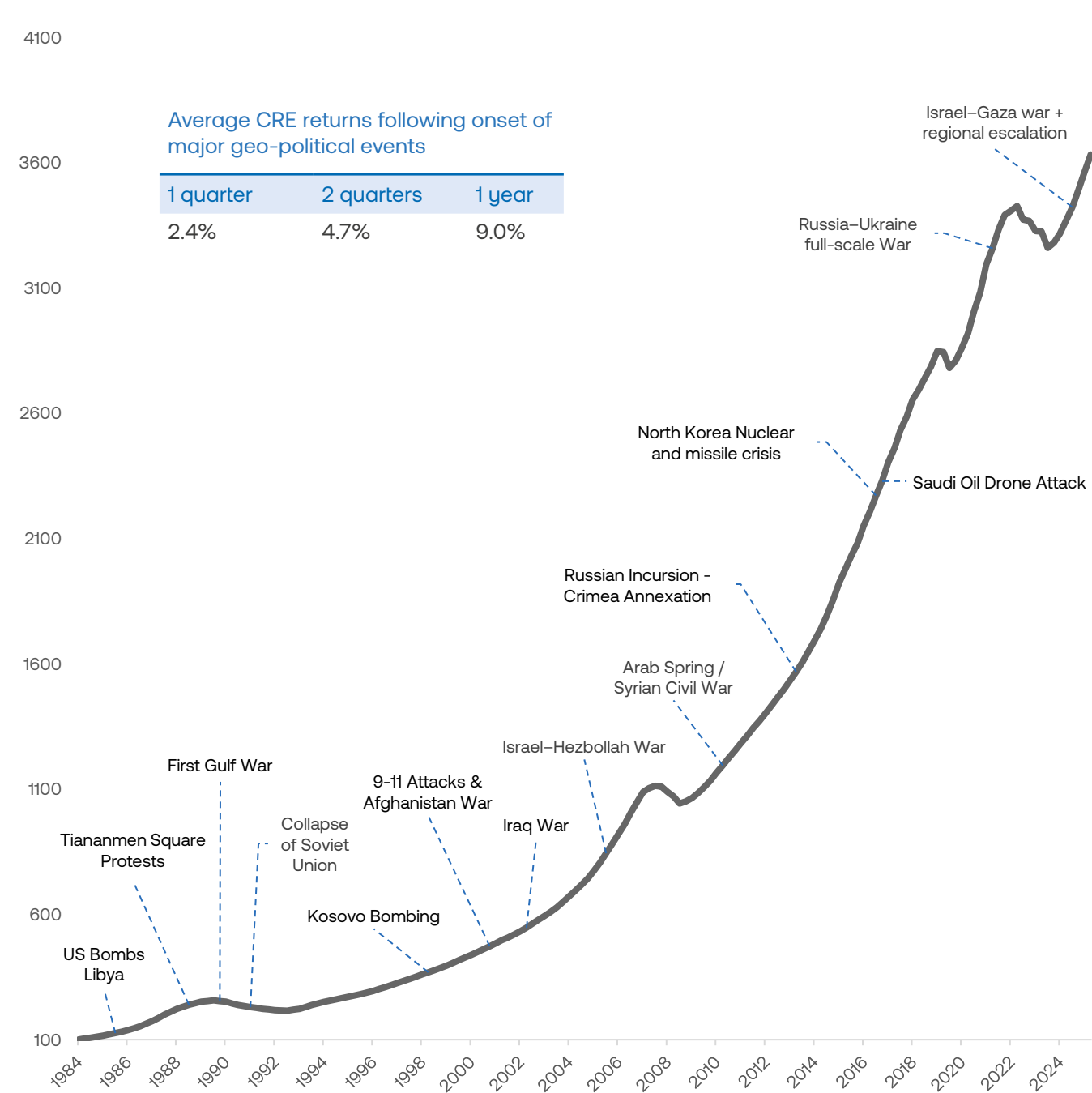
Real estate outperformance



Charter Hall's Chullora Marketplace,
Chullora, New South Wales

The Australian unlisted CRE sector has proven a reliable hedge during periods of global geopolitical conflict, generating an average return of 9% in the first year following the onset of major conflicts

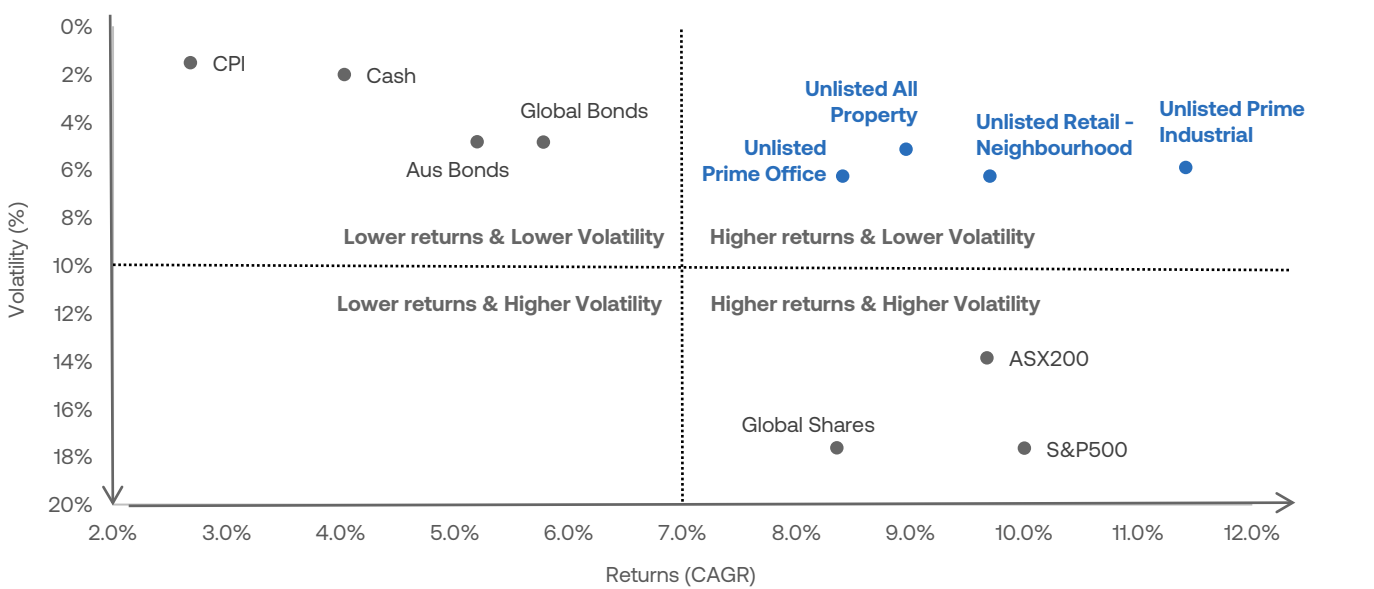
Unlisted CRE returns primary sectors (Index Dec-84 = 100)



Source: MSCI and Charter Hall Research

The Australian unlisted CRE sector has been a reliable source of outperforming risk-adjusted returns

30-year market returns and volatility: March-1996 to March-2026



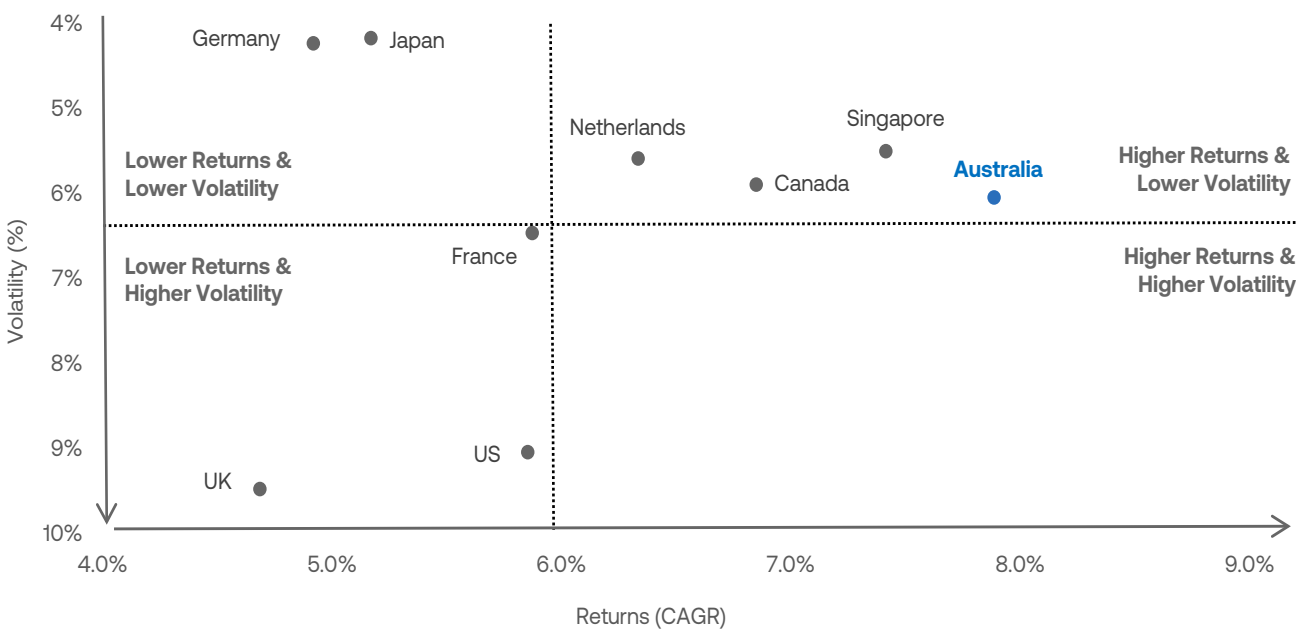
	Annual total returns 30yr (CAGR)	Volatility 30yr (%)
Australian Unlisted Prime Industrial	11.4%	5.9%
US Shares (S&P500)	10.0%	17.6%
Australian Unlisted Retail - Neighbourhood	9.7%	6.3%
Aus Shares (ASX200)	9.7%	13.9%
Australian Unlisted All Property	9.0%	5.1%
Australian Unlisted Prime Office	8.4%	6.3%
Global Shares	8.4%	17.6%
Global Bonds (AUD Hedged)	5.8%	4.8%
Aus Bonds	5.2%	4.8%
Cash	4.0%	2.0%
CPI	2.7%	1.5%
Average	7.7%	7.8%

Source: MSCI, Bloomberg, S&P500 (USD), ASX200, Global Shares is MSCI World Index - USD (Developed Markets only), Global Bonds is Bloomberg Global Aggregate Index (AUD Hedged), AusBonds is Bloomberg AusBond Composite 0+Yr Index (AUD-denominated), Cash is Australian Bond Bank Bill Index, CPI is MSCI CPI – 8 Capital Cities Index, Charter Hall Research

Australia’s CRE sector has a history of delivering higher returns with lower volatility

										
	Australia	Singapore	Canada	Netherlands	France	US	Japan	Germany	UK	Average
Returns (20yr CAGR)	7.9%	7.4%*	6.8%	6.3%	5.9%	5.9%	5.2%	4.9%	4.7%	6.1%
Volatility (20yr)	6.1%	5.5%*	5.9%	5.6%	6.5%	9.0%	4.2%	4.2%	9.5%	6.3%
2025 Return	7.4%	6.3%	1.3%	8.5%	3.3%	4.6%	5.7%	1.3%	5.6%	4.9%

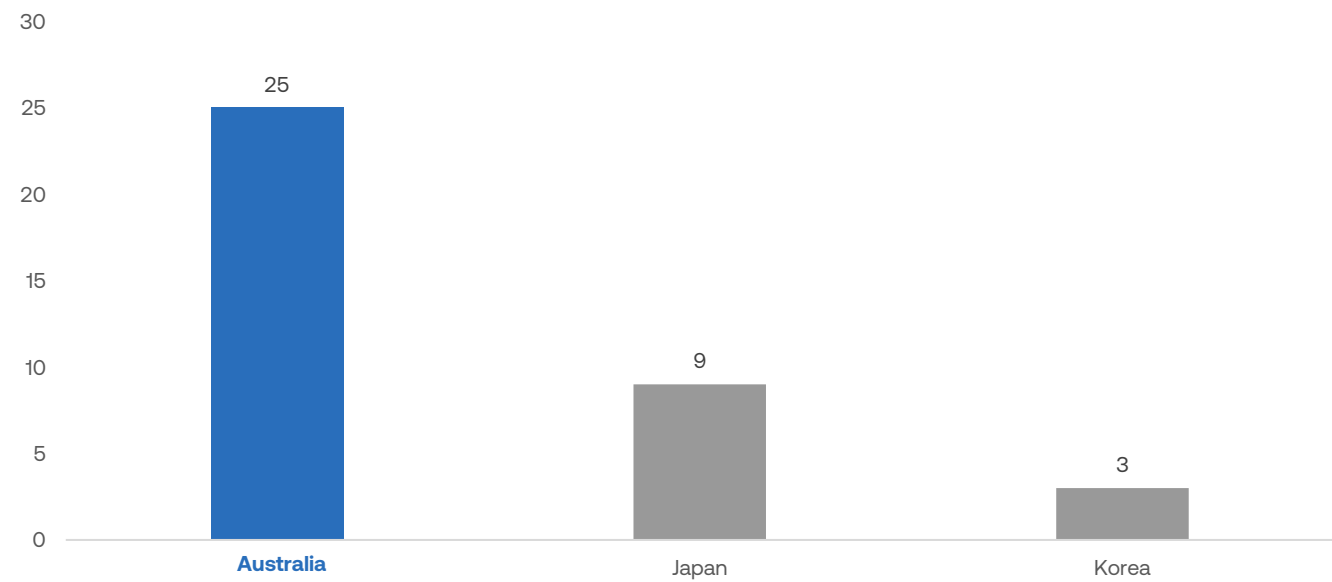
20-year market returns (X) and volatility (Y), 2005 to 2025



Source: MSCI and Charter Hall Research. Note: Singapore analysis is 19-year CAGR.

Australia has preferred CRE markets

Australia consistently ranks in top 3 preferred Asia-Pacific investment destination - Times ranked by country and sector (2017–2026)



Australia's CRE sectors have outperformed over different time periods

Rank of top performing sectors per year by annual total return %

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
#1	Office	Office	I&L	I&L	I&L	I&L	I&L	I&L	Retail	Retail
#2	I&L	I&L	Office	Office	Office	Office	Retail	Retail	I&L	I&L
#3	Retail	Retail	Retail	Retail	Retail	Retail	Office	Office	Office	Office

Source: ANREV Investment Intentions Survey Asia Pacific, MSCI, Charter Hall Research

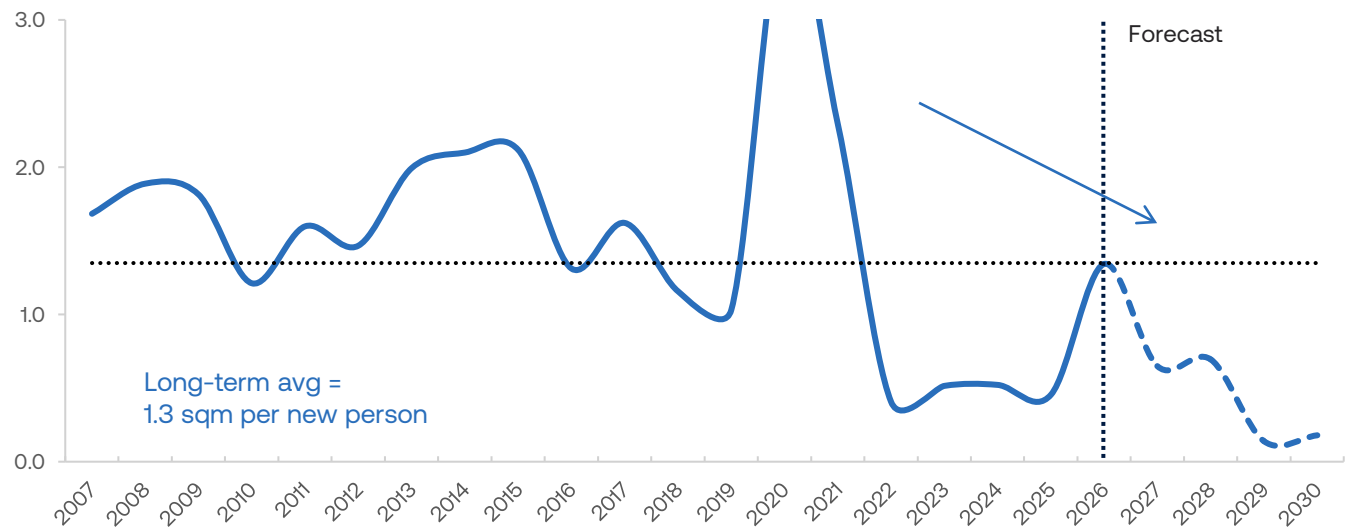
Australian CRE sector is entering a protracted cycle of chronic undersupply, with forward pipelines approaching multi-decade lows

SQM Supply per new person

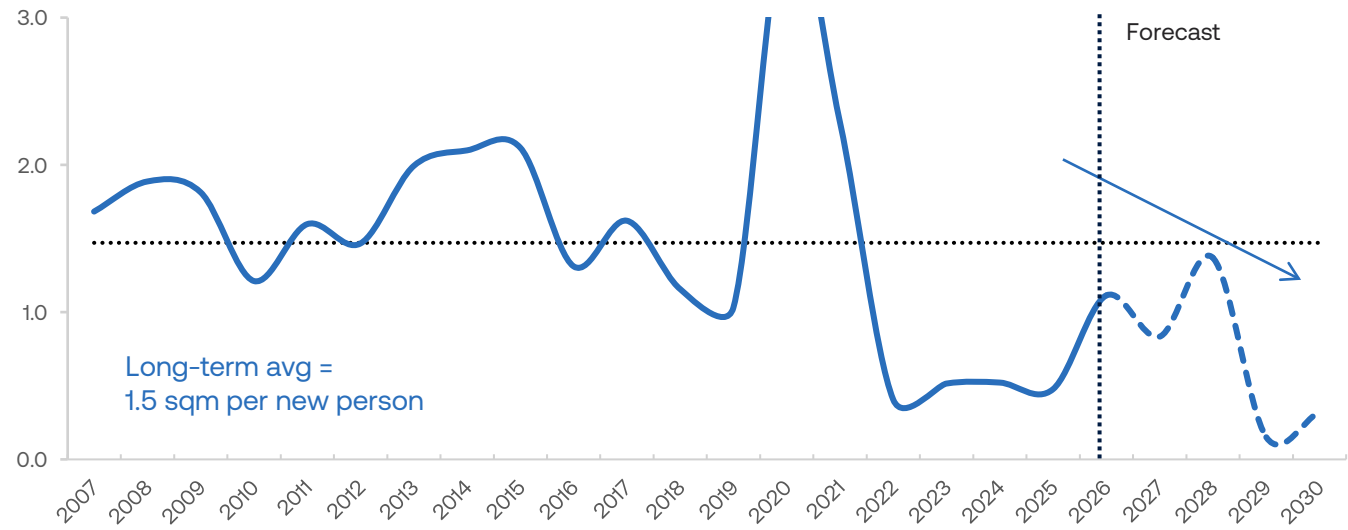
	Long-term avg.	CY25	CY28F
Office	1.5 sqm	1.0 sqm	0.2 sqm
Retail	1.3 sqm	0.5 sqm	0.7 sqm
Industrial	4.4 sqm	5.4 sqm	3.6 sqm

Note: Long-term average is 2007 to 2025 (excludes pandemic years of 2020 and 2021)

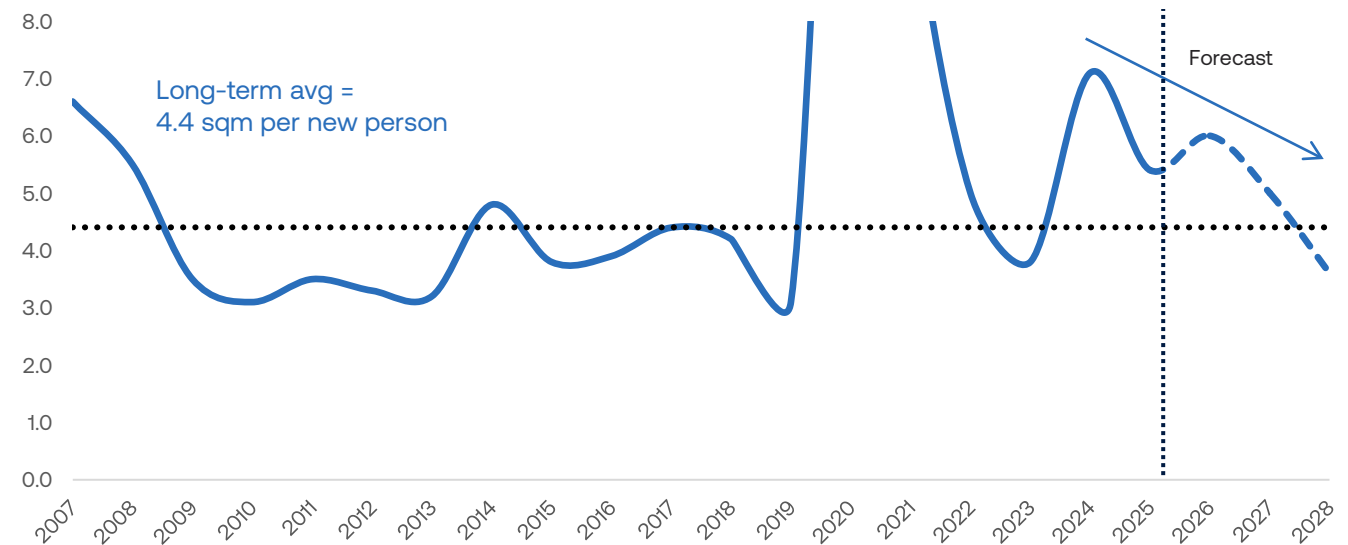
Retail



Office



Industrial



Source: ABS, DAE, JLL Research, Charter Hall Research House Views

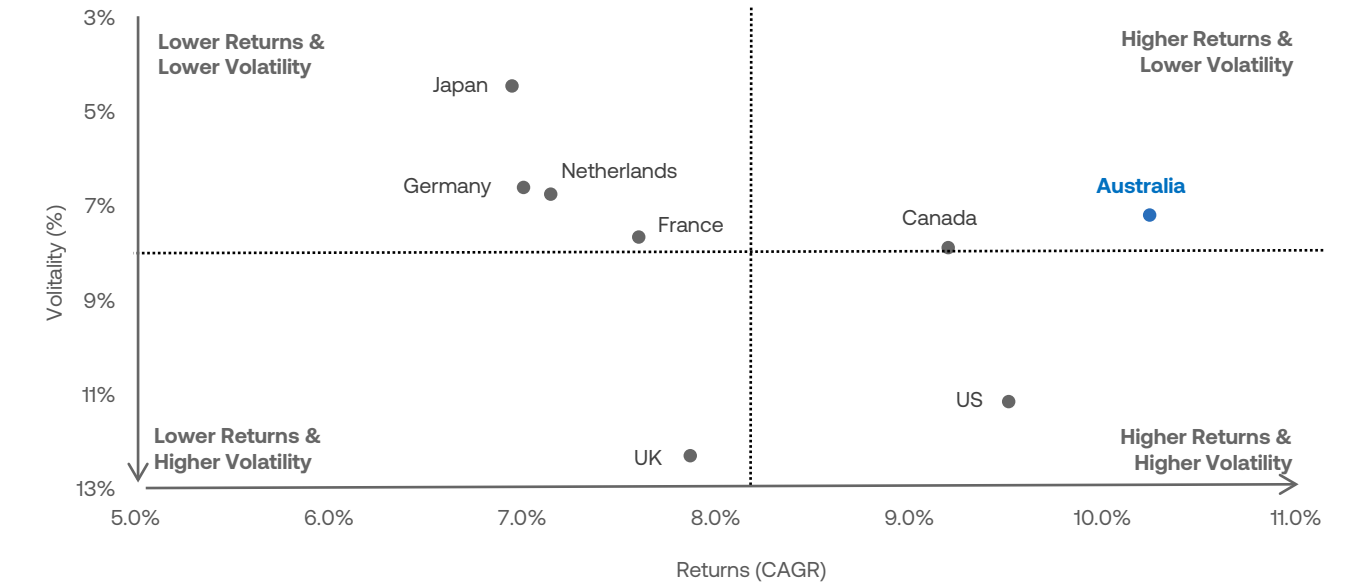
Note: Industrial forecast to Dec-28 as outlook on supply uncertain past this date. Supply forecasts include under construction, plans approved, plans submitted and proposed as per JLL Research and Charter Hall House Views.

Industrial & Logistics

Australia’s I&L sector has a history of delivering higher returns with lower volatility

		Australia	US	Canada	UK	France	Netherlands	Germany	Japan	Average
Returns (20yr CAGR)		10.2%	9.5%	9.2%	7.9%	7.6%	7.1%	7.0%	6.9%	8.2%
Volatility (20yr)		7.2%	11.1%	7.9%	12.3%	7.7%	6.8%	6.6%	4.5%	8.0%
2025 Return		8.6%	4.6%	1.8%	7.0%	6.1%	6.3%	5.2%	5.2%	5.6%

20-year market returns (X) and volatility (Y), 2005 to 2025



Source: MSCI and Charter Hall Research

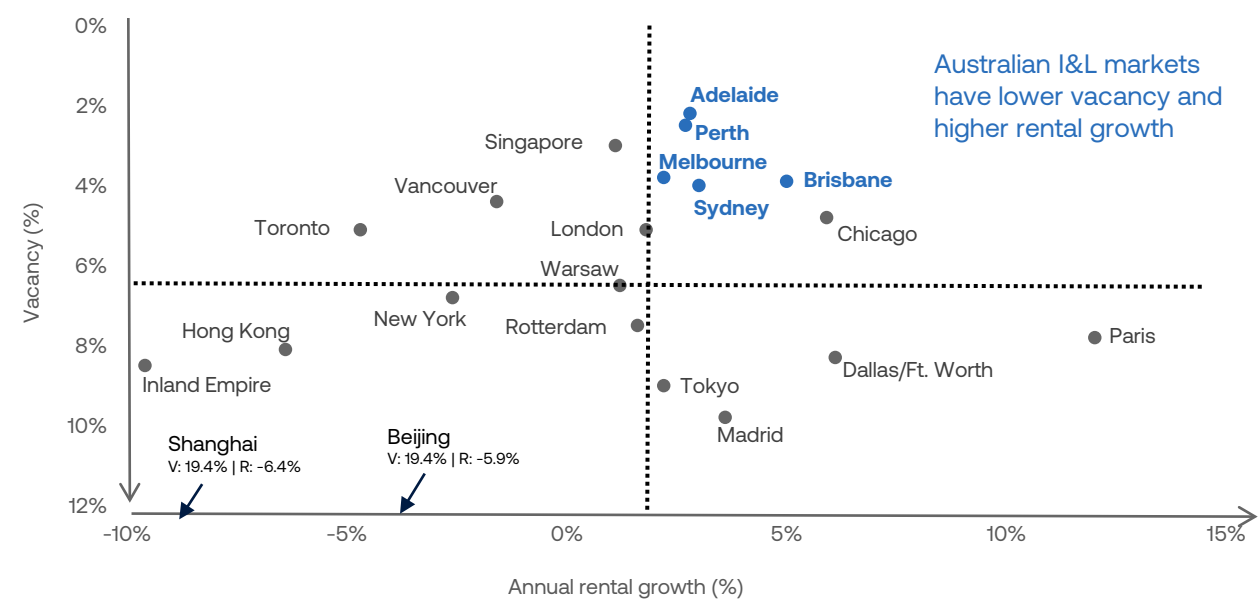


Charter Hall's Light Horse Logistics Hub
Eastern Creek, New South Wales

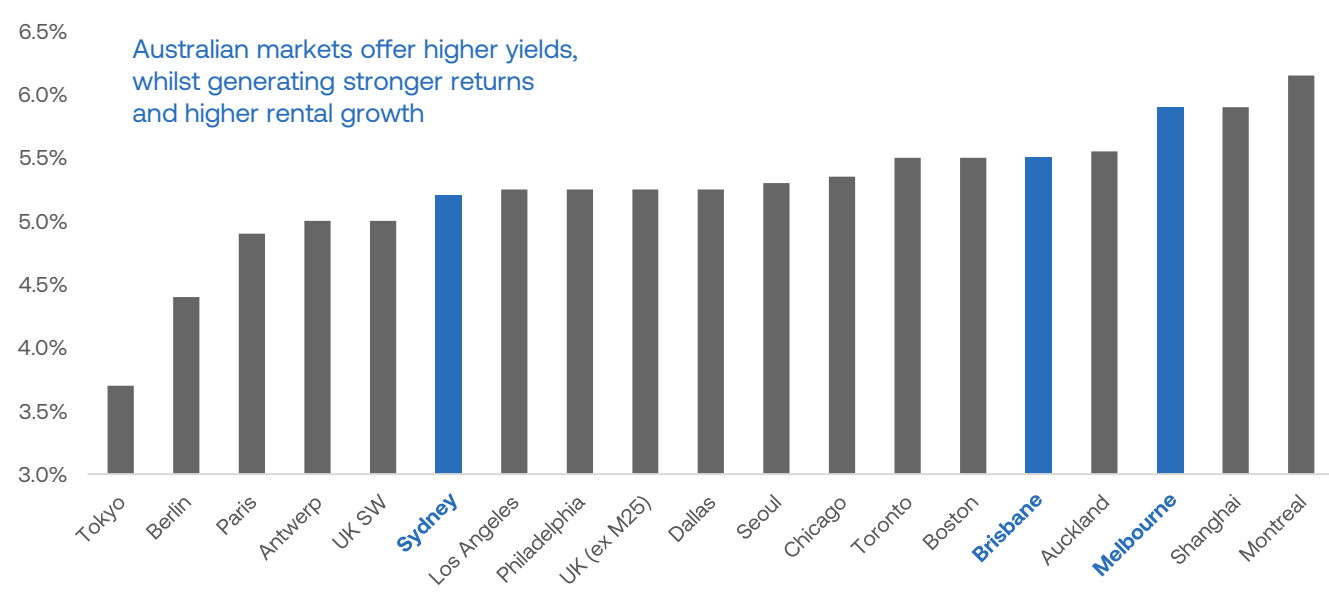
Industrial & Logistics

Key factors influencing the future outperformance of Australia’s I&L sector

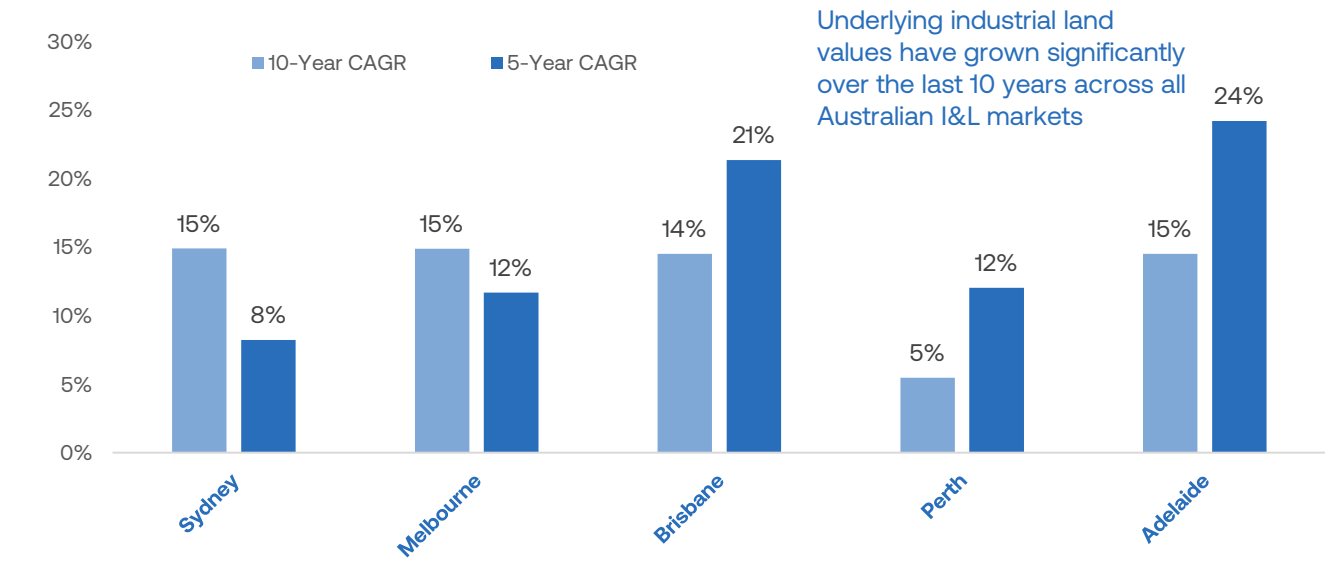
I&L annual rental growth (x) & Vacancy (y) (1Q26)



Global I&L yields (1Q26)



Land value growth, by market (CAGR to Jun-26)



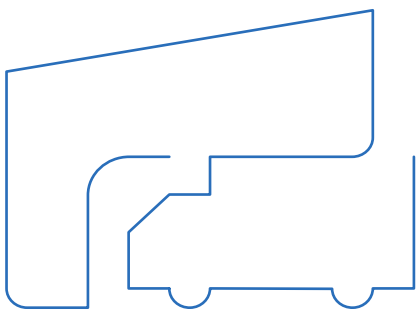
Long term value growth

11.4%

Returns (Industrial & Logistics)

The Australian Industrial & Logistics sector has generated strong returns over the long-run

30-year performance (CAGR)



Source: MSCI, Cushman & Wakefield Research, CBRE Research, JLL Research, Charter Hall Research



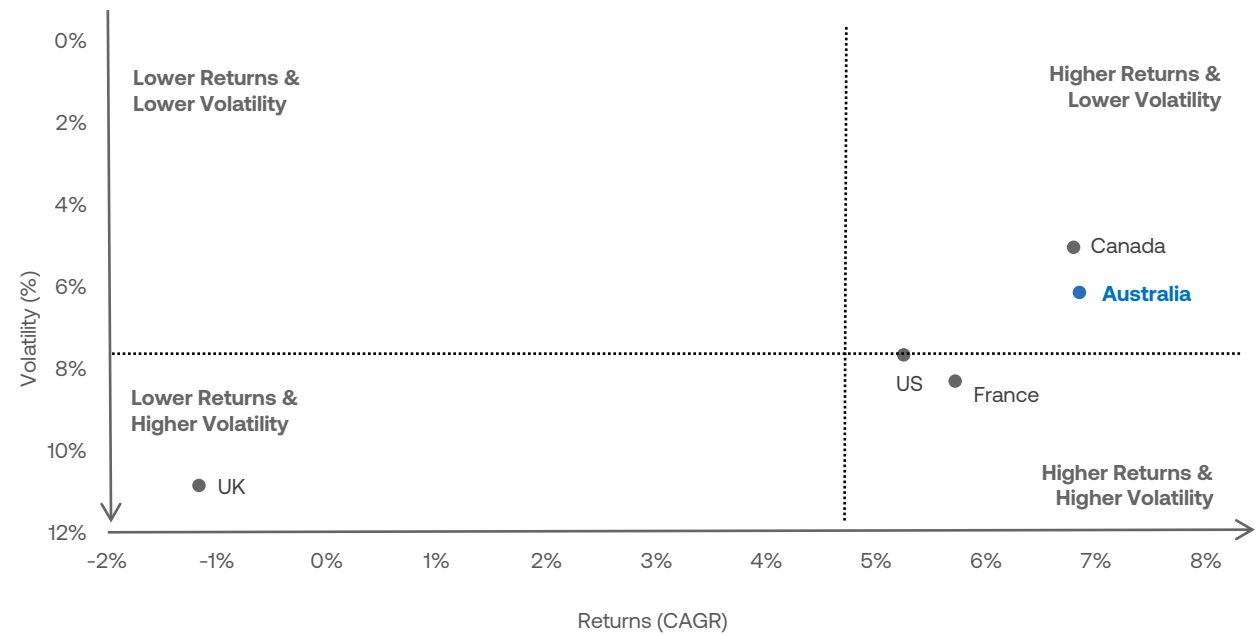
Southport Park Shopping Centre
Southport, Queensland

Retail

Australia’s Neighbourhood Retail sector has a history of delivering higher returns with lower volatility

	 Australia	Canada	France	US	UK	Average
Returns (20yr CAGR)	6.9%	6.8%	5.7%	5.2%	-1.2%	4.7%
Volatility (20yr)	6.1%	5.0%	8.3%	7.7%	10.9%	7.6%
2025 Return	8.2%	8.0%	2.5%	6.7%	4.0%	5.9%

20-year market returns (X) and volatility (Y), 2005 to 2025



Source: MSCI and Charter Hall Research

Retail

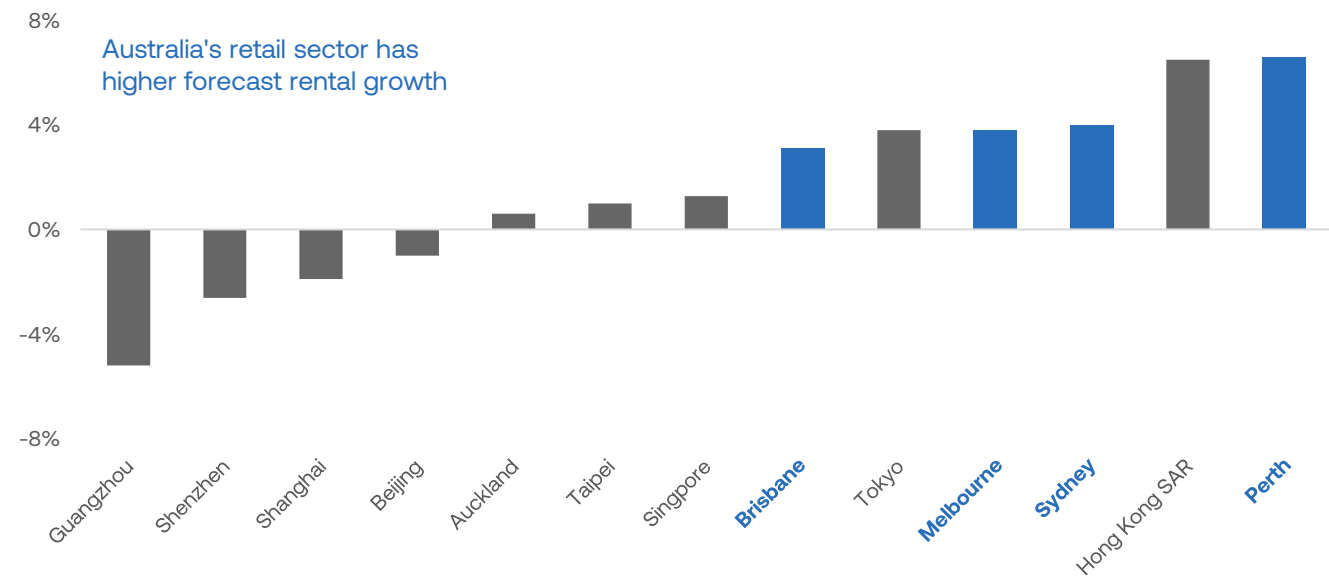
Key factors influencing the outperformance of Australia’s Retail sector

Strong non-discretionary retail growth

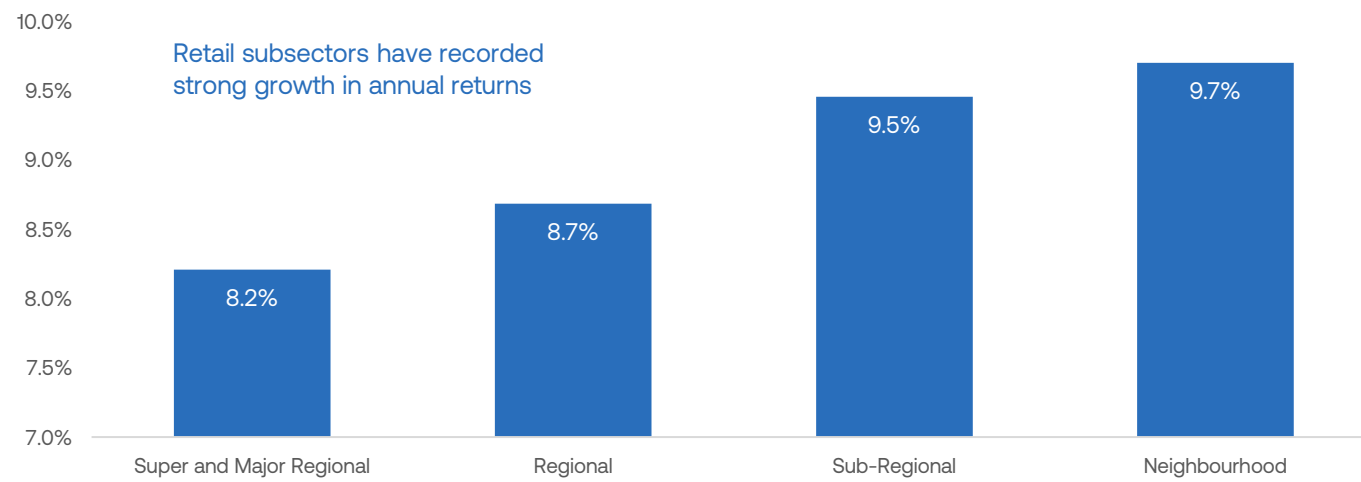


30-year performance (CAGR)

Retail rent forecast CY26*



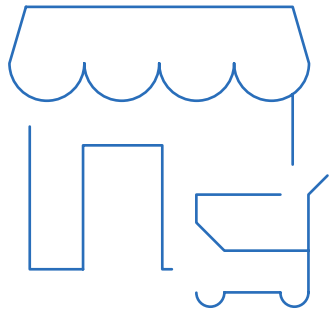
Retail annual returns (1Q26)



Source: MSCI, CBRE, JLL Research, ABS – Retail Trade seasonally adjusted data to Jun-25 , Charter Hall Research.
*Retail rent forecast - Hong Kong SAR, Taipei and Tokyo track yields and rents for high street, while cities in Mainland China and Singapore track shopping malls. Average rents for Pacific cities reflect net face rent of regional shopping centres.

Long term value growth

9.7%
Returns (Neighbourhood Retail)
The Australian Neighbourhood Retail sector has generated strong returns over the long-run
30-year performance (CAGR)

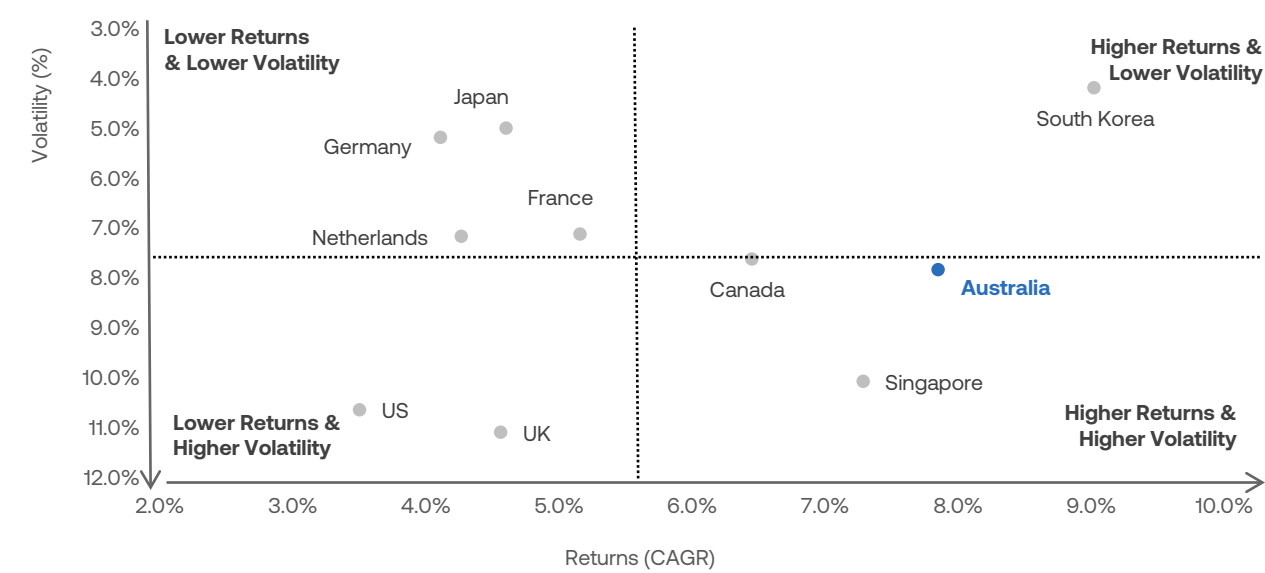


Office

Australia’s Office sector has a history of delivering significantly higher returns with levels of volatility broadly in line with the average of comparable markets

	 Australia	South Korea	Singapore	Canada	France	Japan	UK	Netherlands	Germany	US	Average
Returns (20yr CAGR)	7.8%	9.0%	7.3%*	6.4%	5.2%	4.6%	4.6%	4.3%	4.1%	3.5%	5.7%
Volatility (20yr)	7.8%	4.2%	10.1%*	7.6%	7.1%	5.0%	11.1%	7.2%	5.2%	10.6%	7.6%
2025 Return	5.9%	8.8%	5.5%	2.2%	2.3%	4.9%	4.2%	3.8%	-0.8%	2.7%	4.0%

20-year market returns (X) and volatility (Y), 2005 to 2025



Source: MSCI and Charter Hall Research. Note: Singapore returns and volatility analysis is 19-year CAGR.

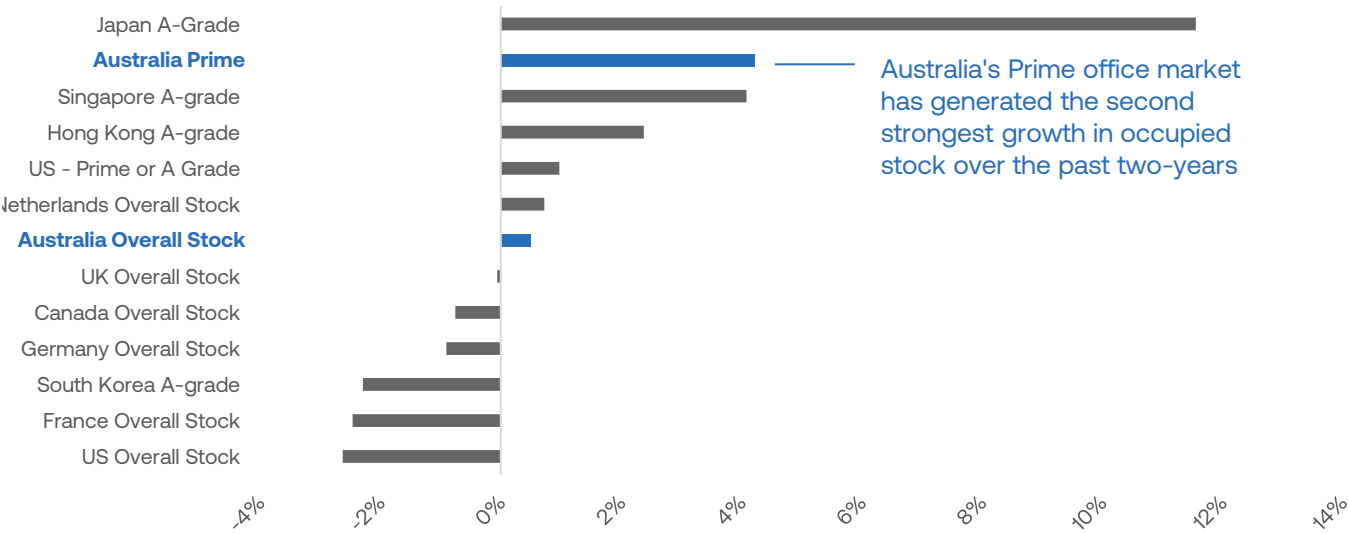


Charter Hall's 360 Queen Street
Brisbane CBD, Queensland

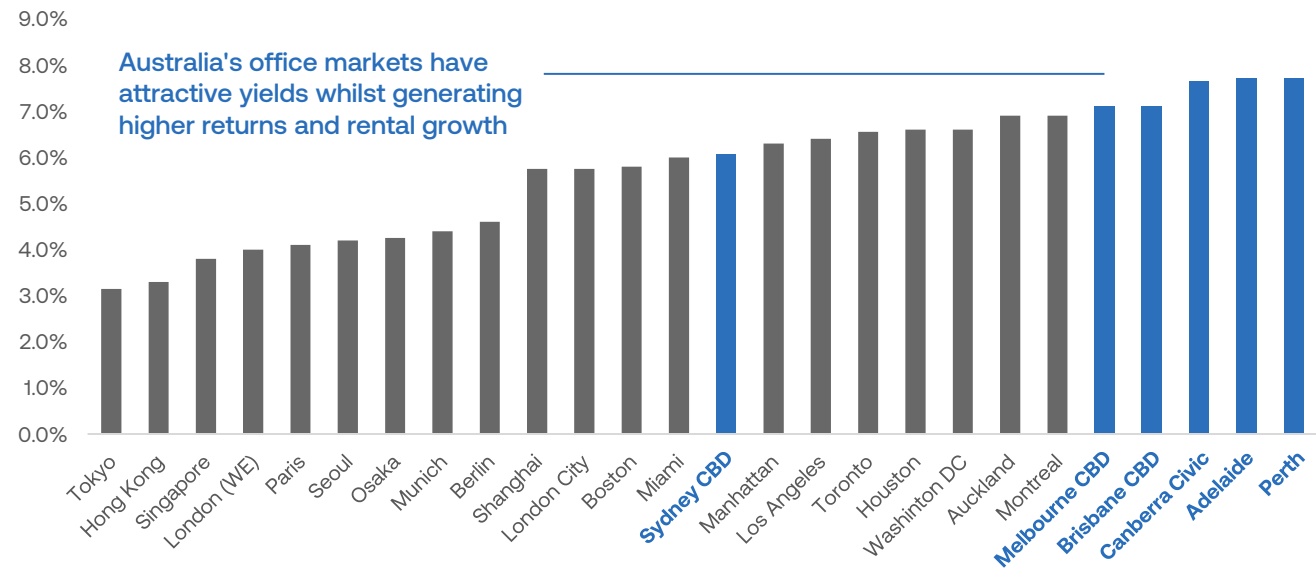
Office

Key factors influencing the future outperformance of Australia’s Office sector

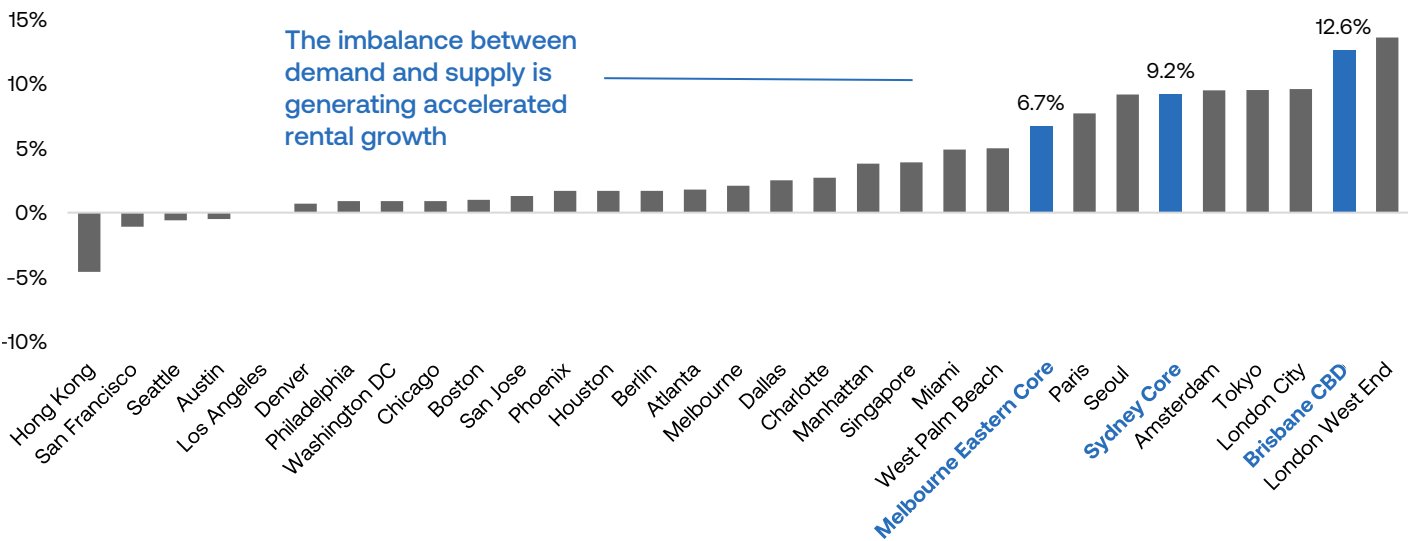
Growth in occupied stock, past two years (1Q24 to 1Q26)



Global Office yields (1Q26)



Net effective rental growth (2-year CAGR % to 1Q26)



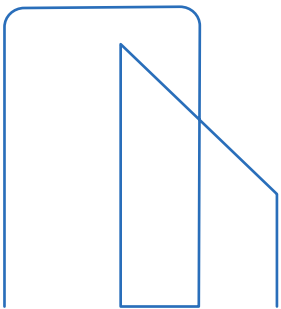
Long term value growth

8.4%

Returns (Office)

The Australian Office sector has generated strong returns over the long-run

30-year performance (CAGR)



Source: MSCI, JLL Research, CBRE Research and Charter Hall Research

Summary

Top to right
Charter Hall's Sonic Healthcare , Bowen Hills, Queensland
Charter Hall's Regatta Hotel, Brisbane, Queensland
Charter Hall's Ascent on Bourke, Alexandria, New South Wales
Charter Hall's Raine Square, Perth, Western Australia
Charter Hall's GPO Exchange, Adelaide CBD, South Australia
Charter Hall's Bunnings Alexandria, New South Wales
Charter Hall's 1 Shelley Street , Sydney, New South Wales
Charter Hall's Ampol, Seven Hills, New South Wales
Charter Hall's Burwood One, Burwood East, Victoria



Summary

Australian CRE has advanced into the next growth cycle, underpinned by diverse strategic mega drivers, with early vintage buying a winning strategy.

1

Leading economic fundamentals

Australia's strong economic and demographic foundations continue to support a long-term economic and CRE outlook. It is projected to lead the G12 economies in economic, population, and employment growth, supported by a comparatively young population. Rising workforce participation, later retirements, and increasing compulsory superannuation contributions are driving demand for long-duration investment products. These advantages are reinforced by Australia's high-quality education and healthcare systems, which support the sustainability of future growth.

2

Attractive investor environment

Amid rising global protectionism and market intervention, Australia continues to provide a stable and attractive investment environment underpinned by a trusted regulatory and financial framework. Strong public and private sector demand, a supportive fiscal policy stance, and the government's top-tier credit ratings reinforce economic resilience. Ongoing cost-of-living relief, tax cuts, and significant infrastructure investment are expected to sustain growth, while a wealthy population and the world's fastest-growing pension system support liquidity, capital formation, and long-term investment demand.

3

Mega drivers of growth

Australia is well positioned to benefit from major global megatrends through its strong trade relationships, abundant natural resources, and critical role in food, energy, and national security supply chains. The country is a leading producer of resources essential to electrification, digital infrastructure, and the energy transition, while its agricultural sector remains an important contributor to global food security. Australia is also emerging as a key beneficiary of the AI and digital infrastructure investment cycle. Combined with strong rates of technology adoption and innovation, the growing use of AI is expected to drive productivity gains and support long-term economic growth.

4

Real estate outperformance

Australian commercial real estate (CRE) is emerging from a major repricing cycle, creating an attractive entry point for investors. Over the past year, Australian CRE has delivered compelling returns, outperforming global real estate markets and other major asset classes, reinforcing its long-standing track record of generating attractive risk-adjusted returns with lower volatility.

The outlook remains supported by stabilising capitalisation rates, accelerating rental growth, resilient occupier demand, and constrained supply. Rising replacement costs and insufficient development activity are expected to sustain strong rental growth and support long-term income performance. The investment environment will shift towards income-led returns, assets with durable cash flows, high-quality tenants, and attractive yields are expected to outperform.

While recovery across sectors remains uneven, investor demand is increasingly favouring high-quality assets with strong earnings resilience. This "K-shaped" recovery is likely to create both winners and losers, presenting significant opportunities for long-term investors seeking stable income and long-duration cash flows.

About us

Charter Hall is Australia’s leading fully integrated diversified property investment and funds management group. We use our expertise to access, deploy, manage and invest equity to create value and generate superior returns for our investor customers. We’ve curated a diverse portfolio of high-quality properties across our core sectors – Office, Industrial & Logistics, Retail and Social Infrastructure. With partnerships and financial discipline at the heart of our approach, we create and invest in places that support our customers, people and communities to grow.

To learn more visit Charter Hall directly on: direct.property@charterhall.com.au

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