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FRASERS LOGISTICS & COMMERCIAL TRUST

Independent Market Research Report 2025

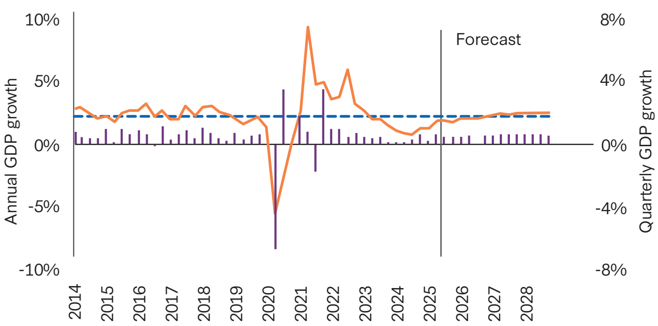
Shaping Resilient Value

Independent Market Research
Australia

Macroeconomic overview & outlook

Australia's economic growth accelerated in the June 2025 quarter, with Gross Domestic Product (GDP) growing 0.6%, marking its 15th consecutive quarter of positive economic growth. On an annual basis, GDP increased by 1.8%. Household spending is showing positive signs of recovery, with much of the recent improvement in spending concentrated in discretionary spending, signaling a rebound in consumer sentiment. This renewed level of consumer confidence is supported by rising real wages, lower interest rates, and income tax cuts. Population tailwinds continue to be a key contributor to Australia's economic growth. Australia's population increased by 1.6% year-on-year as of March 2025, slightly above the 20-year average of 1.5% per annum. This growth continues to be primarily driven by gains from net overseas migration, particularly from international students and skilled migrants. Encouragingly, Australia is now recording positive growth in GDP per capita, though the recovery will likely be gradual. Nonetheless, this will be important for future productivity growth, living standards, and long-term economic momentum. Business investment remains subdued, but improving household consumption could support the private sector's recovery as firms are more likely to invest and hire staff when households' demand for goods and services rise. Deloitte Access Economics (DAE) is forecasting that economic growth will continue to accelerate, with 1.9% growth over 2025 and 2.1% growth over 2026, although the near-term growth outlook remains marginally below its long-term average growth rate of 2.3% per annum (Figure 1).

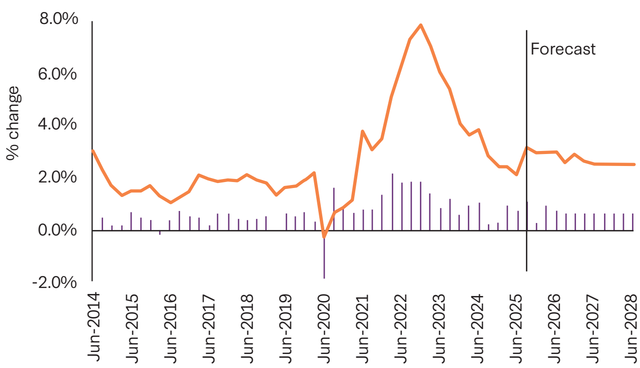
Figure 1: Australian GDP growth



Source: ABS, DAE as at June 2025

The Reserve Bank of Australia (RBA) began easing monetary policy in February 2025, reducing the Official Cash Rate (OCR) by a total of 75 basis points (bps) from 4.35% to 3.60%. At its November 2025 meeting, the RBA held the cash rate steady, citing that there were still signs of persistent inflation. Indeed, both headline inflation and the RBA's preferred underlying measure – the trimmed mean CPI – surprised on the upside in Q3 2025 quarter (Figure 2). Annual underlying inflation increased to 3.0% in September 2025, which is at the upper end of the RBA's target range. The inflation results indicated broad-based price increases, particularly in discretionary services such as travel and restaurant meals. The RBA will likely require a weaker inflation outcome in the Q4 2025 quarter before considering further policy easing.

Figure 2: Australian inflation rate



Source: ABS, DAE forecast as at June 2025

Labour market conditions are softening but remain tight compared to historical standards. The unemployment rate increased to 4.5% in September 2025, and employment growth slowed to 1.3% year-on-year (y-o-y), which is below the long-term average trend of 2.0% per annum. Global economic uncertainty, particularly US-China trade tensions, remains a key risk to global demand which could lead to weaker domestic conditions and prompt further policy easing by the RBA. The Australian Securities Exchange (ASX)'s latest futures implied yield curve suggests the potential for at least one additional 25 basis point rate cut by mid-2026, which would reduce the cash rate to 3.35%. This level would still remain above the RBA's recent estimate of the neutral rate – the theoretical level at which monetary policy is neither expansionary nor contractionary. This suggests the RBA may have capacity to further ease monetary policy should economic conditions deteriorate.

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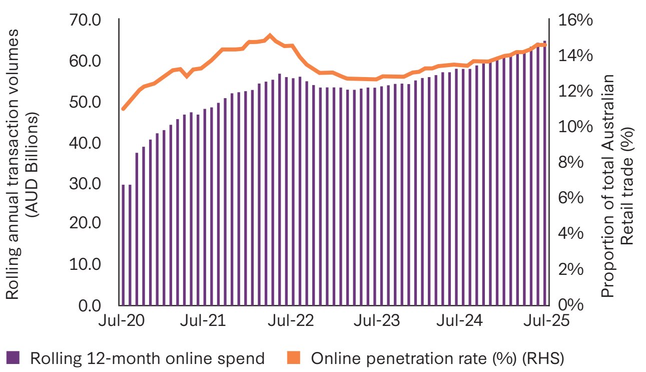
Australian industrial & logistics overview and trends

The Australian industrial sector is moderating from a historically strong period over the last three years, coinciding with increasing economic headwinds in the market. Cost of living pressures persist domestically, particularly regarding energy costs and housing, which has slowed retail consumption. Internationally, increasing volatility regarding global trade has dampened demand for Australian exports.

But despite the escalation of geopolitical tension and ongoing domestic economic issues, there has been a level of resilience in the market. While occupier demand is slowing and relocation decision timeframes are extending, large blue-chip occupiers continue to upgrade accommodation into large, efficient, technology-capable warehouse space with high sustainability credentials.

Multiple cuts to the RBA cash rate over the past 12 months have slowly improved retail trade with the Australian Bureau of Statistics (ABS)'s Monthly Household Spending Indicator increasing 5.6% y-o-y to August 2025. Mirroring this is online retail spending growth. As at July 2025, annual online retail trade increased to AUD 64.9 billion (13.9% y-o-y), accounting for 14.6% of total Australian monthly retail trade – nearing the all-time proportional high of 15.1% recorded during the COVID-19 pandemic in April 2022. (Figure 3).

Figure 3: National online retail trade, 2020-2025



Source: NAB JLL Research as at Q3 2025

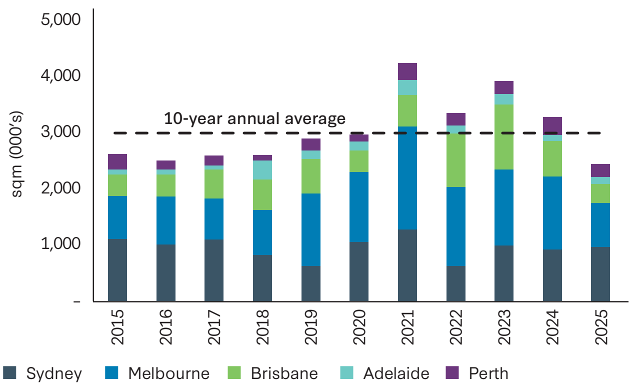
Demand and vacancy:

The current challenges across the Australian macroeconomic environment have slowed occupier demand from the record highs recorded from 2021-2023. However, there is a level of resilience in the market. Over the past 12-month period from Q3 2024 to Q3 2025, national industrial gross take-up reached 3.46 million sqm – broadly in line with the 3.52 million sqm recorded over the previous 12-months period from Q4 2023 to Q3 2024.

The significant wave of speculative supply introduced to the market nationally over the past 18 months has increased the available options for occupiers to secure modern warehouse space. As a result, the majority of occupier gross take-up over the past 12 months to Q3 2025 was into existing warehouse space (2.37 million sqm or 68.3% of total). This is a 12.9 percentage point increase on gross take-up into existing warehouse space recorded over the previous 12-month period to Q3 2024 (1.95 million sqm or 55.4% of total).

Geographically, over the past 12 months, most occupier gross take-up has occurred in the Sydney and Melbourne markets, accounting for a proportional share of 72.2% (Figure 4). Gross take-up in Brisbane (15.2% of total), Perth (8.1% of total) and Adelaide (4.5% of total) made up the balance.

Figure 4: National gross take-up by market, 2015-2025



Source: JLL Research as at Q3 2025

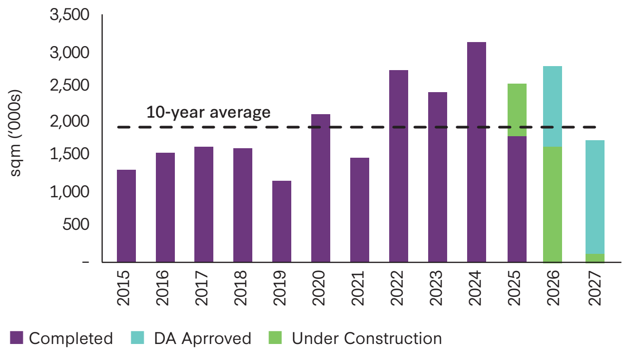
Supply:

Supply levels are well above average, driven by sustained pre-lease demand throughout 2023 and early 2024, coupled with a stronger speculative warehouse development. Over the past 12 months to Q3 2025, almost 2.51 million sqm of new warehouse space has been introduced to the market nationally, of which, only 52.5% was absorbed upon completion. This high volume of speculative development is a legacy issue, reflecting higher developer confidence 12-18 months ago in a period of stronger occupier demand. It is expected that new speculative supply will slow considerably over the next 12 months as owners work through current unleased asset holdings.

Over the 12 months to Q3 2025, Melbourne accounted for the largest share of new national supply, representing 42.2% of total completions (1.06 million sqm). Sydney followed with 27.1% (680,600 sqm), and Brisbane contributed 19.4% (487,600 sqm). Modest contributions were recorded in Adelaide and Perth at 7.0% (174,300 sqm) and 4.3% (108,100 sqm) respectively.

The future supply pipeline remains robust with an additional 2.31 million sqm currently under construction and scheduled for completion over the next 12 months to Q3 2026 – 91.6% of which will be delivered to the eastern seaboard markets. However, there is less certainty of supply volumes beyond that with developers becoming more risk-averse and seeking higher pre-commitment levels before moving to construction phase (Figure 5).

Figure 5: National industrial development pipeline (2015-2027F)



Source: JLL Research as at Q3 2025

Rents & incentives:

Average net face rental growth nationally has slowed but continues to trend upwards moderately. Average weighted prime net face rents increased by 4.4% to AUD 210 per sqm p.a. y-o-y to Q3 2025, representing the slowest y-o-y growth since Q3 2021.

Incentives continue to increase, particularly along the Eastern seaboard where a greater volume of speculative supply has flowed into the market. As at Q3 2025, average incentives range between 21.3% and 27.5% in Melbourne (South East and West precincts) and between 13.8% and 22.5% in Sydney. Average incentives, while slowly increasing, are less elevated in other markets.

Land values:

Average land value over the past 12 months has continued to increase in the Brisbane, Perth and Adelaide markets, while growth has broadly plateaued in Sydney and Melbourne.

As at Q3 2025, national average land values for 2,000 sqm lots increased 11.1% y-o-y. Growth in the 1 hectare and 2-5 hectare categories posted year-on-year gains to Q3 2025, increasing by 6.1% and 9.4% respectively. This reflects a recovery in values for larger land lots where growth was negative over the previous 12-month period.

Transaction volumes & yields:

Investment demand for Australian industrial assets remains positive. Over the past 12 months to Q3 2025, national transaction volumes reached AUD 11.5 billion – well above the long-term 10-year annual average of AUD 7.5 billion.

Portfolio investment was a key contributor to the elevated transaction volumes over the past 12 months to Q3 2025 with offshore capital targeting large-scale Australian assets, primarily through joint-ventures formed with domestic institutional partners.

On the back of positive investor demand, average yields are now compressing across most industrial markets. As at Q3 2025, the weighted prime national midpoint yield was 5.65%, reflecting a 15 bps compression compared with the same period a year ago.

Current trends:

Despite occupier relocation decision timeframes extending, activity in the sub-10,000 sqm size cohort is buoyant, and large blue-chip occupiers continue to upgrade accommodation into large, efficient, technology-capable warehouse space with high sustainability credentials.

The increase in sub-lease availability recorded in the market 12 months ago has largely subsided, supported by a gradual increase in consumption which is rebalancing inventory levels for retailers and wholesalers and the logistics and warehousing companies that service them.

Industrial & logistics market overview

Sydney:

Demand and vacancy:

Demand in the Sydney industrial market (≥5,000 sqm) strengthened considerably over the 12 months to Q3 2025, totaling 1,257,403 sqm. This is at a level just 1.4% lower than the COVID-era peak in Q1 2022 and was driven in part by several large pre-leases which accounted for 36.7% of total area leased. The transport, postal & warehousing sector led activity, accounting for 32.2% of annual take-up, followed by the manufacturing (30.1%) and retail trade (20.6%) sectors.

Vacancy in Sydney's industrial market decreased to 5.0% in Q3 2025, a 22 bps quarterly improvement, but 1.1 percentage point (pps) higher y-o-y driven by speculative development completions and backfill space from upgrading tenants. The quarterly improvement was driven by robust absorption of large facilities that had been vacant for several quarters.

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Supply:

Figure 6: Sydney industrial supply (2015-2027F)

Source: JLL Research as at Q3 2025

Annual completions reached 680,613 sqm over the 12 months to Q3 2025, representing a 44.2% decrease from the peak of 1.2 million sqm recorded in the 12 months to Q3 2024. Completions were concentrated in the Outer Central West (55.1%), and Outer South West (30.7%) precincts, while South Sydney (7.7%) and Outer North West (6.5%) contributed the balance. JLL is tracking 916,726 sqm of supply under construction. The pipeline is heavily weighted to the Outer Central West (53.3%), supporting the upcoming Western Sydney International Airport opening in H2 2026. Developers are increasingly waiting to secure pre-lease agreements before commencing projects, with 61.9% of commenced projects pre-committed.

Prime rents & incentives:
Rental growth has moderated across Sydney's industrial sub-markets. Annual prime net face rental growth ranged between 1.0% (South Sydney) and 8.0% (Outer Central West). Secondary grade rents increased just 1.7% on average across precincts y-o-y. Prime incentives remain elevated. In Sydney's Outer Central West, the current average midpoint incentive of 22.5% is 17.5 pps above the cyclical low recorded in Q3 2022.

Land values:
Industrial land values have remained largely stable over the 12 months to Q3 2025, with values unchanged across most tracked precincts y-o-y. On average, values for institutional grade, 2-5 hectare lots, have increased 1.5% y-o-y. Land value appreciation has been supported by competition between industrial developers and data centre operators over high-powered sites in Sydney.

Transaction volumes & yields:
Rolling annual investment reached AUD 5.6 billion in Sydney in Q3 2025, just 3.4% below the record level achieved in Q4 2024. Prime yields tightened across all precincts, driven by strong buyer competition and offshore investment being concentrated in Sydney due to foreign owner surcharges affecting the Melbourne and Brisbane markets. Prime yields range between 4.75%-5.00% in South Sydney and 5.00%-5.50% in the Outer Central West, reflecting midpoint tightening of 25 bps and 32 bps in each market, respectively.

Market outlook:
Global economic uncertainty and persistent inflation may continue to prolong occupier decision-making, constraining short-term demand. The elevated supply outlook for 2026, including several speculative deliveries in the first half, will likely limit rental growth and could support higher incentives as landlords compete for tenants. Investment activity is expected to remain strong with a large buyer pool targeting Sydney industrial assets, which we expect will drive further yield compression over the next two years.

Melbourne:

Demand and vacancy:
Gross take-up in Melbourne (≥5,000 sqm) reached 1,236,522 sqm over the 12 months to Q3 2025. This was an 11.3% annual decrease as expansionary occupier activity slowed. The transport, postal and warehousing sector led activity accounting for 34.2% of area leased, followed by the manufacturing (18.9%) and retail trade (12.8%) sectors. Pre-lease activity has been subdued, representing 18.5% of total area leased (228,322 sqm) in the past 12 months compared to 45.8% in the 12 months to Q3 2024.

Melbourne's industrial vacancy was 4.6% in Q3 2025, marking the first quarter since Q2 2024 without an increase, but 1.52 pps higher y-o-y, driven by elevated supply levels.

Supply:
Figure 7: Melbourne industrial supply (2015-2027F)

Source: JLL Research as at Q3 2025

Over the 12 months to Q3 2025, 1.06 million sqm of new industrial supply reached practical completion in Melbourne. Rolling annual completions have exceeded 1 million sqm for six consecutive quarters, consistently exceeding the 10-year annual average of 731,942 sqm.

However, quarterly deliveries have declined throughout 2025, with Q3 2025 recording the lowest completions since Q3 2024 at 177,800 sqm as developers await pre-lease commitments before commencing speculative projects.

JLL is tracking 914,150 sqm under construction, with 57.0% currently pre-committed. The pipeline is geographically distributed across the South East (36.9%), North (34.3%), and West (28.8%) precincts.

Prime rents & incentives:

Rental growth across Melbourne's industrial sub-markets has remained subdued due to supply-demand imbalances. Annual prime net face rental growth ranged between 2.0% (North) and 4.3% (South East), significantly lower than recent years. Elevated incentives continue to hinder effective rent growth, with average prime incentives reaching 30% in the North precinct - the highest nationally. Secondary rents showed mixed performance, with annual growth ranging from 0.2% (South East) to 3.1% (West).

Land values:

Industrial land values in Melbourne have largely stabilised. Average values for 1 hectare parcels increased 1.2% y-o-y. The 2-5 hectare segment continues to record the strongest annual growth (4.2%) as developers plan for long-term demand aligned with Melbourne's population growth projections.

Transaction volumes & yields:

Melbourne's rolling annual industrial investment volume reached AUD 2.3 billion to Q3 2025. This was a 35.1% decrease y-o-y, as Victoria's current tax environment deters offshore investors. Prime midpoint yields have softened 25 bps in the West and North precincts and 12.5 bps in the South East. Prime yields ranged between 5.75% - 6.25% in the West and North, and 5.50% - 6.00% in the South East.

Market outlook:

Supply-demand rebalancing is expected in the medium term, with reduced speculative construction anticipated, which is expected to support stable vacancy and continued face rental growth. As Australia's consumer demand continues to recover, we expect to see rising industrial demand from retailers and logistics groups, which is likely to provide confidence to developers to commence new projects. We anticipate yields to remain stable in the short-term, but to compress over 2026 supported by anticipated cuts to the cash rate by the RBA. We expect to see investment volumes gradually increase in Melbourne as investors become priced out of Sydney and Brisbane due to high levels of competition.

Brisbane:

Demand:

Gross take-up in Brisbane (≥3,000 sqm) has normalised, with 526,000 sqm recorded over the 12 months to Q3 2025. This was 14.9% below the 10-year rolling annual average (618,527 sqm). Demand was weighted to the Southern precinct, accounting for 73.6% of rolling annual gross take-up, followed by the Trade Coast (17.0%) and Northern precinct (9.4%). Demand was led by retail trade occupiers, accounting for 27.2% of rolling annual gross take-up in Q3 2025. This was followed by the transport, postal, and warehousing sector, which accounted for 26.5% of annual leasing activity. Pre-lease take-up was subdued, accounting for 29.0% of the total area leased, a decrease of 51.7% y-o-y and significantly below the 10-year annual average proportion of 38.5%.

Vacancy has increased 1.62 pps y-o-y to 5.3% in Brisbane's industrial market, driven predominantly by speculative development that has outpaced demand.

Supply:

Figure 8: Brisbane industrial supply (2015-2027f)

Source: JLL Research as at Q3 2025

Annual completions reached 487,646 sqm over the 12 months to Q3 2025, remaining 22.8% above the 10-year annual average. JLL is tracking 428,293 sqm currently under construction, with 75.4% pre-committed by area, as speculative commencements continue to slow. The pipeline is heavily concentrated in the Southern precinct (69.5%), followed by the Trade Coast (20.0%) and Northern precinct (10.5%).

Prime rents:

Despite rising vacancy, annual prime rental growth remains robust across Brisbane's industrial precincts. The Southern precinct led with 8.1% y-o-y growth in Q3 2025, followed by the Northern precinct at 6.9% and Trade Coast at 6.3%. Incentives have increased y-o-y as institutional landlords compete for tenants, with the Southern precinct recording the highest average incentives at 17.5% (up 3.8 pps y-o-y).

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Land values:
Brisbane's industrial land values experienced significant annual appreciation across all precincts and size categories. Institutional grade, 2-5 hectare lots have increased 30.8% annually in the Northern precinct, 22.5% in the Southern precinct, and 28.1% in the Trade Coast precinct, reflecting strong underlying demand for large sites suitable for development of super prime industrial estates.

Transaction volumes & yields:
Rolling annual investment reached approximately AUD 2.3 billion in Q3 2025, surpassing the previous four-quarter high from Q4 2021 and exceeding the 10-year rolling annual average by 78.6%. Elevated activity and growing buyer interest have driven yield compression across all precincts over the past 12 months. Prime yields have tightened 25 bps y-o-y in both Southern and Northern precincts to a midpoint of 5.75%, while prime yields in the Trade Coast have tightened 20 bps over the same period to a midpoint of 5.68%.

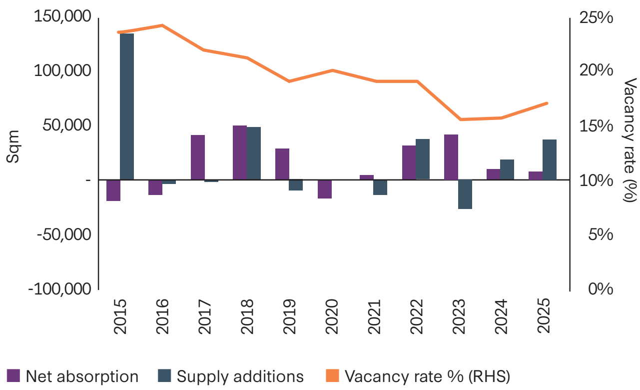
Market outlook:
Current tenant-favorable conditions and global economic uncertainty are expected to prolong occupier decision-making and potentially soften near-term leasing activity. Face rent growth is anticipated to continue slowing due to elevated vacancy. However, we expect ongoing elevated investment activity levels to support further yield tightening in the short to medium term. Brisbane's significant population growth outlook and preparation for the 2032 Olympic Games underpin its strong long-term demand prospects.

Perth CBD Office Market Overview

Demand & vacancy:
Central Business District (CBD) office demand in Perth CBD remained resilient in the 12 months to Q3 2025, despite ongoing global economic uncertainty. The Perth CBD recorded 6,100 sqm of net absorption over the 12 months to Q3 2025, driven by small tenant activity and pre-commitments secured at the recently completed Nine The Esplanade in Q2 2025. However, these gains were partially offset by contractions among several major occupiers, particularly within the public sector and the mining industry.

Vacancy rates in Perth CBD have been trending downward since peaking in 2016 (Figure 9). However, recent increases in supply have resulted in the vacancy rate increasing gradually, reaching 17.1% in Q3 2025. Tenant preferences continue to favour higher quality office space, reflected in a premium vacancy rate of 9.9% in Q3 2025.

Figure 9: Perth CBD office market balance, 2015 to 2025

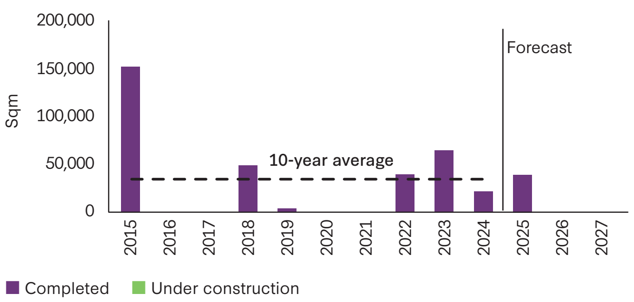


Source: JLL Research as at Q3 2025

Supply:
Two major projects were completed in the past 12 months to Q3 2025, delivering a total of 37,400 sqm of additional office stock. The largest of these, Nine The Esplanade, contributed 31,200 sqm of new Premium-grade office space to the Perth CBD's Core precinct. This asset was 88% pre-committed by major occupiers including Inpex, Ernst & Young, and HUB Australia. 100 St George Terrace, also completed in Q2 2025, added 6,200 sqm of refurbished space to the market.

The supply pipeline remains constrained, with no new office developments currently under construction (Figure 10). There are plans approved for a number of proposed projects, though these are expected to require significant pre-commitments prior to construction commencement.

Figure 10: Perth CBD office supply (2015-2027F)



Source: JLL Research as at Q3 2025

Rents & incentives:
Prime net face rents in Perth CBD increased 2.1% over the 12 months to Q3 2025, while prime incentives remained stable at 47.7% (based on a 10-year lease). Consequently, Perth CBD recorded 2.3% annual growth in prime net effective rents in Q3 2025.

Transaction volumes & yields:
Three office asset transactions were completed over the past 12 months to Q3 2025. The largest of which was 66 St Georges Terrace, which sold for AUD 75 million, followed by the sale of 34-50 Stirling Street to Elenor Investors Group for AUD 30.25 million. Perth CBD prime midpoint yield has remained stable at 7.38% since mid-2024, as the prime yield ranged between 6.25% and 8.50% over this period.

Market outlook:
Perth CBD's demand outlook remains positive, supported by tenant relocations from suburban markets and improving macroeconomic conditions. Combined with a limited supply pipeline, vacancy rates are expected to decline over the next few years, providing a supportive backdrop for prime net effective rent growth.

Independent Market Research

Germany

Economy & outlook – Germany

Uncertainty has emerged as the defining theme of 2025. Tariff developments have dominated both headlines and economic discussions. The anticipation of new measures prompted many countries to accelerate exports to the USA, distorting GDP results for the first two quarters of the year. While baseline trade tariffs for most G7 and Western European countries have been set and agreed, the full effect of the new "tariff normal" has yet to be reflected in their GDP data. As a result, it remains difficult to form a clear picture of the underlying strength of global growth.

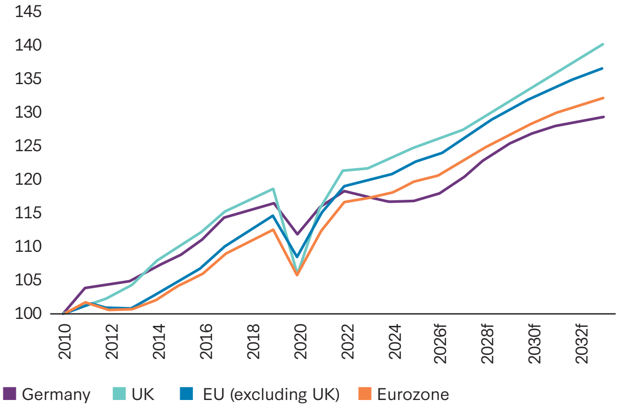
The economic recovery in Germany is advancing gradually, and economic research institutes are forecasting moderate GDP growth of 0.2% for 2025 (source: Consensus Economics). Despite isolated signs of stabilisation, the economic environment remains characterised by uncertainties in politics and the economy. To achieve sustainable growth, comprehensive structural reforms are needed to enhance competitiveness and move beyond short-term government measures. The labour market remains resilient, with low unemployment rates.

The yields on 10-year government bonds in Germany fell to historic lows during the COVID-19 pandemic and have since recovered. In 2022 and 2023, yields continued to rise as the European Central Bank tightened its interest rate policy. Yields have stabilised in 2025 but remain at a higher level than before the pandemic.

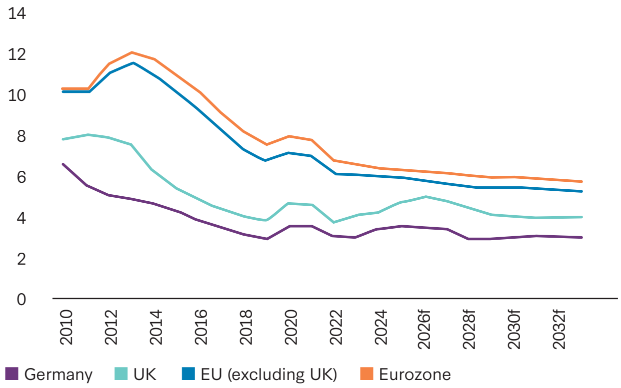
The inflation rate rose to 2.4% in September 2025, the highest level in the year-to-date and above the European Central Bank's (ECB) target of 2.0%, with the ECB maintaining its benchmark interest rate at 2.00% in September 2025. After a dip in the beginning of the year, consumer sentiment recovered in October. The German Retail Association's (HDE) latest consumer barometer showed a month-on-month increase in the index, signaling renewed consumer optimism.

Key Factors	CAGR 2020-2024	Forecast 2024-2025
Population growth	+0.1%	+0.1%
Employment growth	+1.1%	+0.1%
Household disposable income, real, €	+0.7%	+1.6%
Consumer Price Inflation	+ 4.5%	+ 1.5%

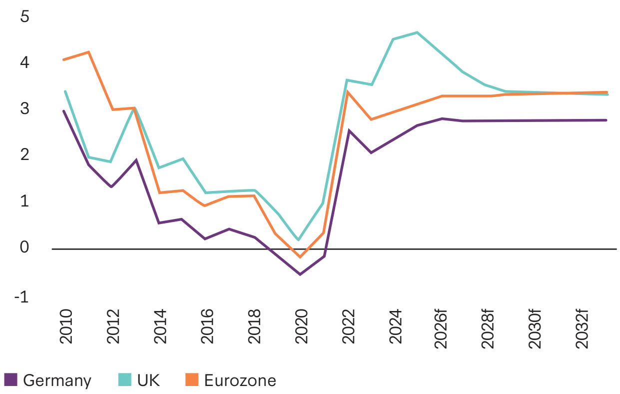
GDP Development (Index 2010 = 100)



Unemployment rate (% of workforce)



Long-term interest rate - 10-year government bond yield (in %)

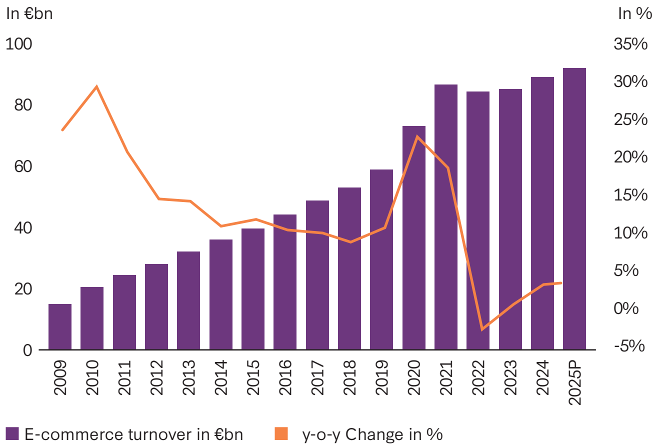


Market trends - Germany

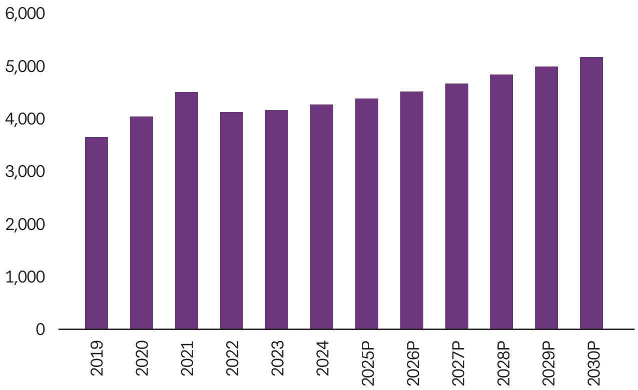
The recently imposed trade tariffs have further strained the German economy, which has yet to fully recover from the effects of the COVID-19 crisis. As one of Germany's major export partners, the USA accounted for approximately €120 billion in exports in 2024, with around €30 billion attributed to the automotive sector. The ongoing structural transformation of the automotive industry, driven by the shift toward electric vehicles, has been further hindered by these tariffs through dampened consumer sentiment and weakened overall demand. On a more positive note, the new trade policies of the USA have had a positive impact on the demand from Asian e-commerce companies. The e-commerce sector is facing a new dynamic in 2026. Particularly noteworthy is the increasing presence of Asian providers, such as Temu and Shein, who are shaking up the market with aggressive expansion strategies and high demand for space. Their logistics network relies on fast delivery times and high space flexibility, which further drives the demand for urban logistics space in metropolitan areas. With the market entry of Asian companies, particularly those from the e-commerce sector such as JD.com, space demand has risen not only from these new entrants but also from established logistics service providers. The latter are responding to the changed market conditions by securing additional capacity to strengthen their competitive positioning. This has also created new short-term momentum, as reflected by the trading industry (including e-commerce), which has emerged as the leading sector by transaction volume after accounting for all completed transactions. Asian companies require not only large central warehouses but also smaller spaces in urban locations for last-mile logistics operations. Overall, we observe that companies remain cautious with their decision-making, however, we expect further short-term momentum from the Asian e-commerce sector as a result of trade tariffs.

A new growth driver for the market is expected to emerge from the defence sector. The evolving geopolitical situation and the security policy realignment in Europe is driving sustainable demand for defence logistics. According to the German Ministry of Defence (BMVg), German defence spending will exceed €150 billion by 2029, positioning the country as North Atlantic Treaty Organization's (NATO) central logistical hub in the region. Companies such as Rheinmetall, Hensoldt, and KNDS are investing heavily in new production facilities and logistics centres. Demand from the defence sector is expected to increase starting from 2026.

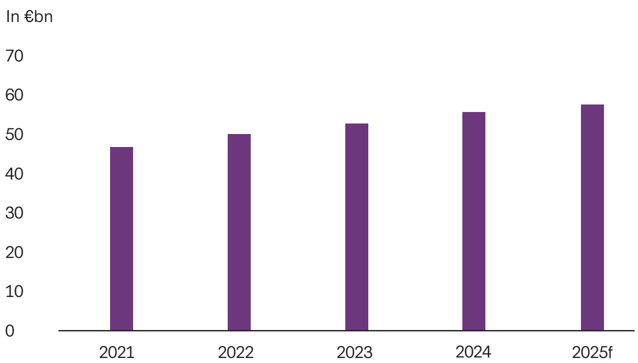
Annual e-Commerce revenue (in € billion)



Shipments per year (in millions of units)



Defence expenditures of Germany (in € billion)



Independent Market Research

Germany

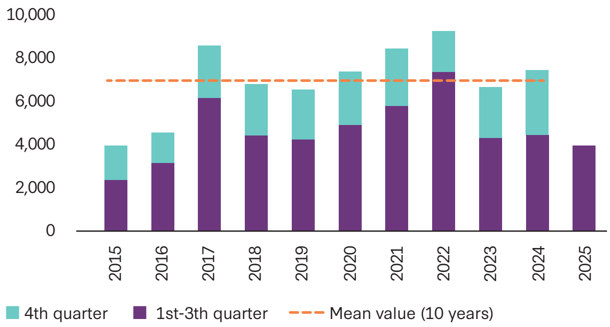
National industrial market Germany

The industrial and logistics investment market achieved a transaction volume of €4.0 billion in the first nine months of 2025. This volume represents a decline of 11% from the year-ago period and a 16% contraction compared to the ten-year average (2015-2025). The declines are primarily due to delays from extended exclusivity periods arising from more comprehensive and time-consuming due diligence. The main reason for this is the influx of new entrants to the sector who require additional consulting and assurance as they navigate the market.

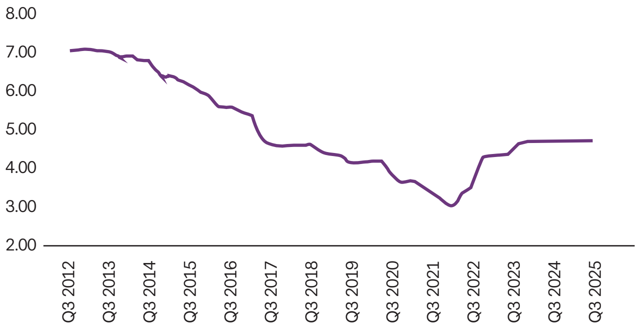
On a positive note, despite the delays in the previous quarters, several transactions were successfully completed in the third quarter, resulting in the strongest three-month performance of the year with a value of approximately €1.6 billion. Within the broader German investment market, the industrial and logistics segment remained robust, accounting for 23% of total transaction volume and ranking as the second largest asset class after office. Furthermore, both portfolio transactions and large-volume core deals over €100 million were placed more frequently and found buyers. Regarding building types, it is evident that so-called special properties – i.e., properties designed for specific uses such as cross-dock, temperature-controlled properties, and IOS (industrial outdoor storage) – are gaining increasing importance for many investors. Interest in portfolio transactions is particularly high among new international players who want to increase their allocation in the industrial and logistics segment. We believe that the current period presents an attractive opportunity for seed portfolio acquisitions, as sellers are not able to command portfolio premiums. Furthermore, the German market continues to score well in global comparisons, supported by its political stability and sustained economic investments, especially by special funds. While we expect a higher number of transactions in Q4 2025, the overall performance for the year is likely to fall slightly short of 2024. However, based on the current pipeline, activity levels are anticipated to pick up, setting the stage for a strong start to 2026.

The top 8 industrial and logistics real estate markets recorded total take-up of 1.7 million sqm in the first nine months of 2025, which was a 14% increase compared to the year-ago period and 15% below the five-year average. Compared to the year-ago period, a higher number of large-scale transactions were completed on an individual basis, driving the strong year-on-year performance. At the same time, demand in the big-box segment remains low. We continue to see the most constant demand in the industrial and logistics segment, which outperformed with its proximity to customers and flexible usage options. Around two-thirds of all deals were concluded in the small-scale space segment, of up to 3,000 sqm, although these accounted for only 19% of take-up. The entry of Asian companies like JD.com is driving demand for space, both from these new market players and from established logistics service providers that are responding to shifting market conditions by securing additional capacity in some cases. Overall, we note that traditional companies' willingness to make decisions remains subdued; however, we expect Asian e-commerce sector expansion to provide short-term momentum despite broader market caution. By the end of the year, we expect take-up to rise slightly above the 2024 level of up to 2.3 million sqm.

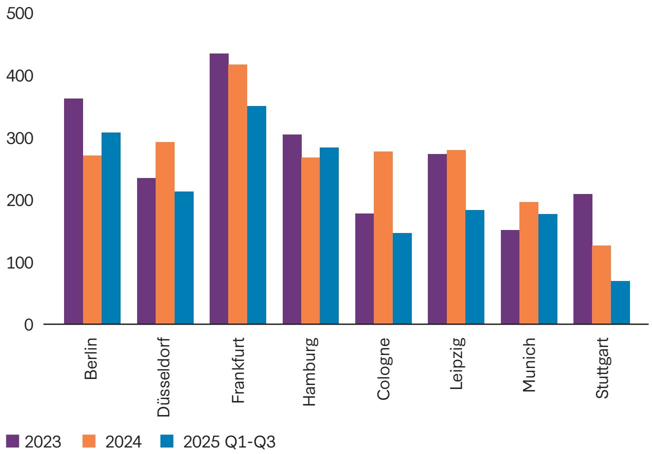
Transaction volume industrial & logistics (in € million)



Gross initial yield (logistics) - Germany, (TOP 8, in %)



Take-up of the top logistics markets in Germany (in thousands sqm)



National market overview – Top logistics markets Germany

	Q3 2024	Q3 2025	12-month Forecast
1. Hamburg			
GIY (in %)	4.75%	4.75%	→
Prime Rent €/sqm per annum	€ 99.0	€ 102.0	↗
2. Düsseldorf			
GIY (in %)	4.75%	4.75%	→
Prime Rent €/sqm per annum	€ 94.8	€ 102.0	↗
3. Cologne			
GIY (in %)	4.75%	4.75%	→
Prime Rent €/sqm per annum	€ 92.4	€ 92.4	↗
4. Frankfurt			
GIY (in %)	4.75%	4.75%	→
Prime Rent €/sqm per annum	€ 96.0	€ 98.4	↗
5. Stuttgart			
GIY (in %)	4.75%	4.75%	→
Prime Rent €/sqm per annum	€ 99.6	€ 102.0	↗
6. Berlin			
GIY (in %)	4.75%	4.75%	→
Prime Rent €/sqm per annum	€ 94.8	€ 99.6	↗
7. Leipzig			
GIY (in %)	4.75%	4.75%	→
Prime Rent €/sqm per annum	€ 69.6	€ 70.8	↗
8. Nürnberg			
GIY (in %)	4.75%	4.75%	→
Prime Rent €/sqm per annum	€ 81.0	€ 85.2	↗
9. Munich			
GIY (in %)	4.75%	4.75%	→
Prime Rent €/sqm per annum	€ 114.0	€ 120.0	↗

Independent Market Research

Germany

Industrial market - Stuttgart

Occupational market:
The Stuttgart market recorded take-up of 69,600 sqm in the first nine months of 2025, 27% lower compared to the year-ago period and 57% lower compared to the five-year average. It is noteworthy that take-up is almost evenly distributed over the three quarters. Demand remains subdued, as the economic uncertainties of the past two years have made it difficult for industrial companies to accurately assess and plan for their operational space requirements. However, demand in the small-scale sector continues to be strong. Approximately 87% of all lettings took place in this sector, comprising of spaces up to 3,000 sqm, and accounting for 60% of take-up volume.

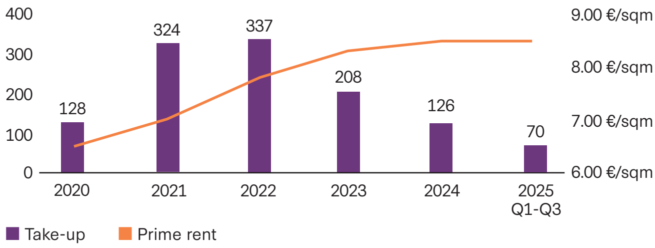
Vacancy:
The Stuttgart market has a very low vacancy rate of less than 5% due to continuously low new construction activity. The economic uncertainties of the last few quarters have led to a subdued willingness of companies to make decisions and industrial companies in particular are unable to plan and assess their needs adequately. This has led to companies not renewing leases, increasing available space in a market with weakened demand.

Future supply:
Stuttgart's new construction pipeline is very limited and there is a shortage of land available for greenfield projects. At present, there is only one speculative industrial and logistics development in Holzgerlingen.

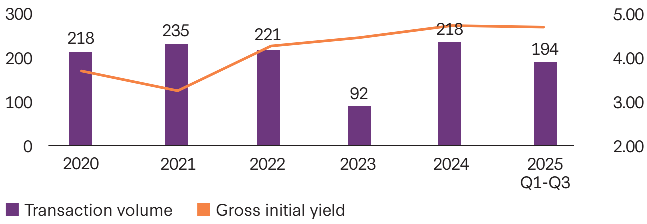
Investment market:
The Stuttgart market recorded an investment volume of approximately €194 million in the first three quarters of 2025, a decrease of 11% from approximately €218 million in the same period last year. Most of these transactions were below €50 million, with the market dominated by regional owners and a structure that remains very attractive to investors.

Outlook:
Supply in Stuttgart is expected to increase marginally, primarily due to expiring leases as the increase in space from new development remains very limited. We expect take-up in the last quarter of 2025 to remain consistent with the first three quarters and the performance of the sector to be below average.

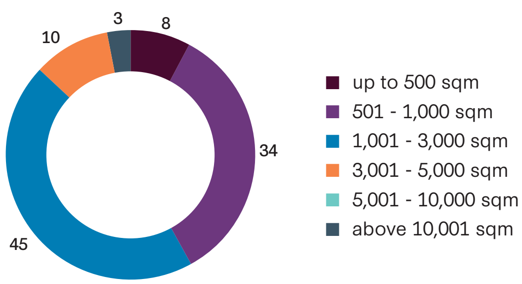
Take-up ('000 sqm)



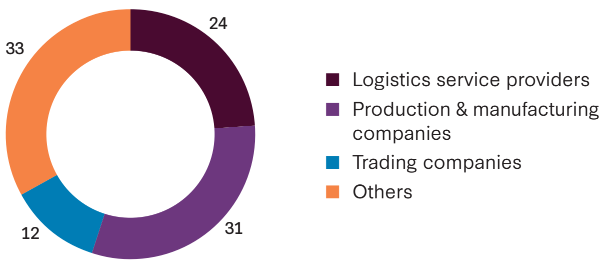
Investment volume (in € million) and GIY (in %)



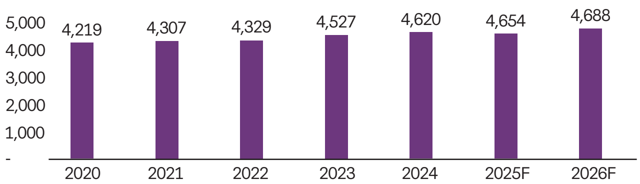
Take-up by size category (in sqm) Q1-Q3 2025 (in %)



Take-up by sector Q1-Q3 2025 (in %)



Supply ('000 sqm)



Industrial market - Munich

Occupational market:
The Munich market recorded take-up of 176,200 sqm in the first nine months of 2025, an increase of 7% year-on-year. The result was only 6% below the five-year average. Q3 2025 was by far the strongest quarter of the year due to the completion of two major deals. Excluding these two leases, take-up in the first nine months of 2025 would be below the previous year's level. Due to the lack of available space in Munich's urban regions, the major deals took place in the Munich periphery.

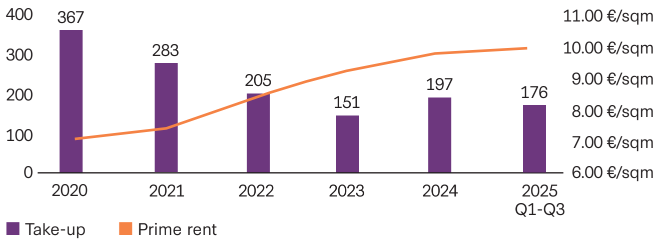
Vacancy:
With a shortage of logistics space and land, Munich has historically recorded the lowest vacancy amongst the TOP 8 regions. The economic uncertainties of recent quarters have led to rising vacancy rates in Munich. However, at 1.2%, it remains very low and there is limited available space in the market, especially in the urban area.

Future supply:
No new construction projects will be completed in the rest of 2025, with limited supply envisaged for 2026. Developers are currently securing land in Munich's periphery, which will support the new construction pipeline from 2027 onwards. Currently, there are no active project developments in the core Munich market due to limited land availability and high land prices.

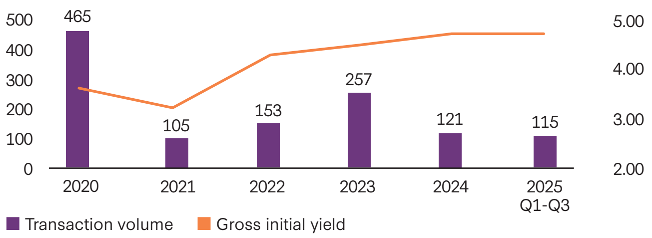
Investment market:
The Munich market registered an investment volume of €115 million at the end of Q3 2025, with the value of each individual transaction at less than €50 million. The Munich logistics market is characterised by production and high-quality light industrial space, which tend to be small in size. Big box developments are rare in Munich. Due to the structure of the market, there is increased investment in light industrial and production properties.

Outlook:
Given the current economic situation, many companies are assessing their logistics space requirements conservatively and are adopting a cautious approach. At the same time, demand in the industrial and logistics segment remains high. In the coming months, we expect take-up to return to the level of the first two quarters and to reach around 200,000 sqm by the end of the year.

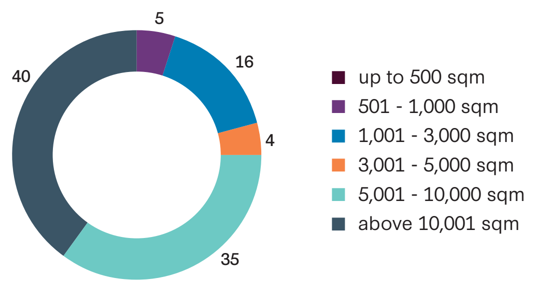
Take-up ('000 sqm)



Investment volume (in € million) and GIY (in %)

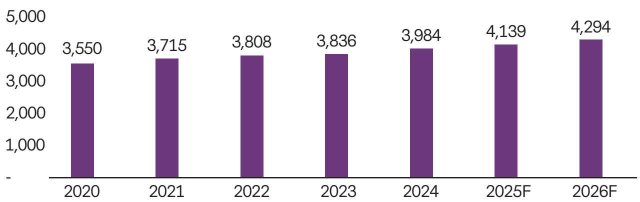


Take-up by size category (in sqm) Q1-Q3 2025 (in %)



Take-up by sector Q1-Q3 2025 (in %)

Supply ('000 sqm)



Independent Market Research

Germany

Industrial market - Nuremberg

Occupational market:
Nuremberg is one of the most established industrial and logistics markets outside of the TOP 8 locations. In the first nine months of 2025, Nuremberg's industrial and logistics property market recorded take-up of 158,400 sqm. This means that the result has increased more than sevenfold compared to the previous year. This strong result was mainly due to a number of major deals in the western submarket. The largest user group was logistics service providers, accounting for 64% of total take-up.

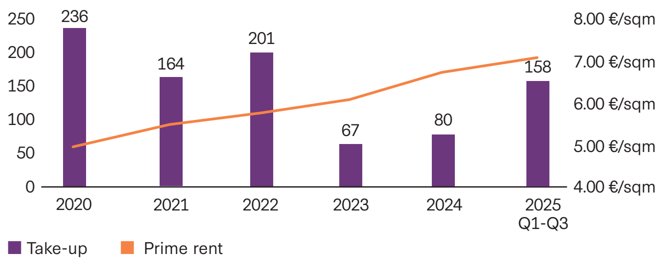
Vacancy:
Vacancy rates have risen slightly due to weakening demand as a result of the economic uncertainties of recent quarters, and some completions and vacancies. For Nuremberg, we assume a vacancy rate of less than 10%.

Future supply:
Several project developments are underway, including approximately 61,000 sqm in Dombühl and the VGP industrial and logistics park in Nuremberg, expected to complete by 2027. However, the overall pipeline remains limited, resulting in only modest growth in logistics stock.

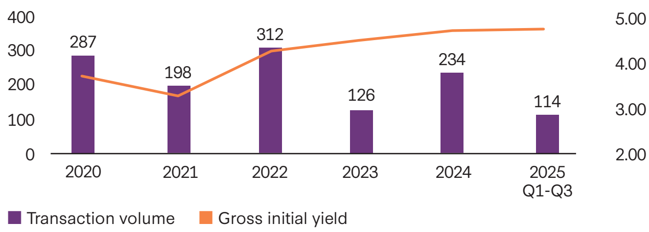
Investment market:
The shortage of product in the TOP 8 regions has led to a spillover effect into secondary regions such as Nuremberg, which is strategically located between Munich and Ingolstadt. In Q3 2025, the Nuremberg investment market recorded transaction volume of €114 million, marking a 50% increase year-on-year. Most of these investments were in the small-volume segment, with deal sizes below €50 million.

Outlook:
The Nuremberg logistics market performed well in 3Q 2025 with the number of deals increasing every quarter since the beginning of the year. Although companies continue to be cautious with their leasing decisions, we expect Nuremberg's take-up to close 2025 at the levels comparable to those seen in 2020-2021. Furthermore, with rental level and growth rates being significantly more attractive compared to TOP 8 locations, we expect the market to strengthen further in the coming months.

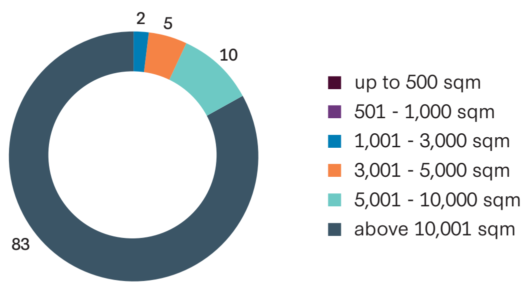
Take-up ('000 sqm)



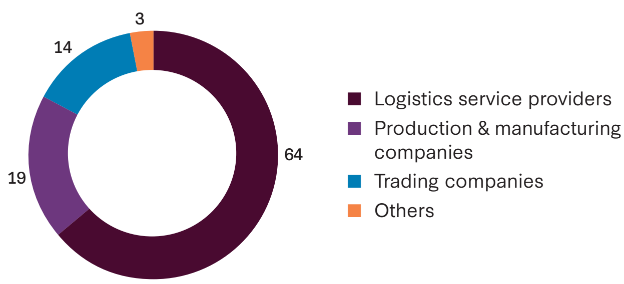
Investment volume (in € million) and GIY (in %)



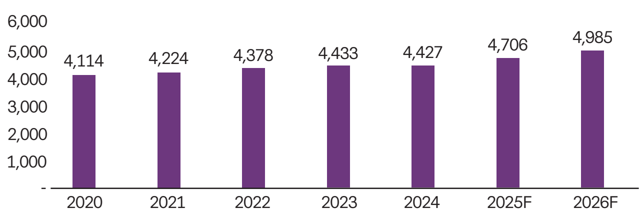
Take-up by size category (in sqm) Q1-Q3 2025 (in %)



Take-up by sector Q1-Q3 2025 (in %)



Supply ('000 sqm)



Industrial market - Düsseldorf

Occupational market:
The Düsseldorf market recorded take-up of 213,600 sqm in the first nine months of 2025, an increase of 26% year-on-year. The five-year average was even exceeded by 31%. In the large-volume space segment, demand is predominantly driven by Asian companies, especially from the e-commerce sector. In addition, demand in the industrial and logistics segment is consistently high and is increasingly coming from the leisure and event sector. Unsurprisingly, units up to 3,000 sqm, with a share of 74%, were responsible for most of the deals in the region.

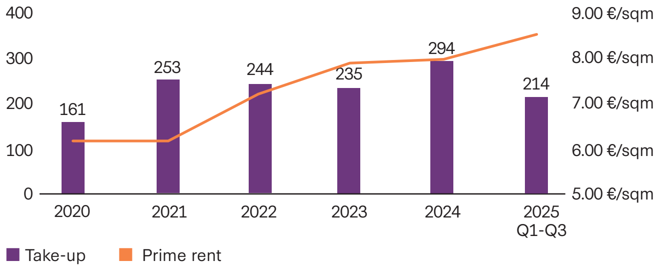
Vacancy:
The Düsseldorf market is characterised by a lower vacancy rate of less than 3%. Although the market has space available for rent at short notice, the new construction pipeline is very small, so that only a few developments will provide relief on the market until the end of 2025 or 2026.

Future supply:
A small number of projects are currently under construction. These projects will deliver approximately 13,500 sqm over the next two years. Overall, we expect large-format supply to remain constrained.

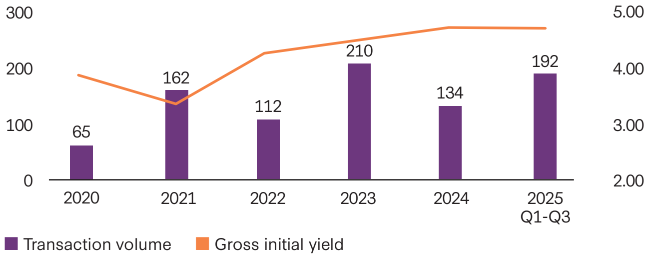
Investment market:
In the first nine months of 2025, approximately €192 million was invested in the Düsseldorf industrial and logistics market. Compared to the previous year, the result has more than tripled. This was primarily due to increased contribution from international buyers who invested in the region with a preference for assets valued below €50 million.

Outlook:
We expect continued demand from Asian e-commerce companies, which will continue to have a positive impact on take-up in Düsseldorf. By the end of the year, we expect supply and demand to remain stable and take-up to level off at the previous year's level (290,000 sqm).

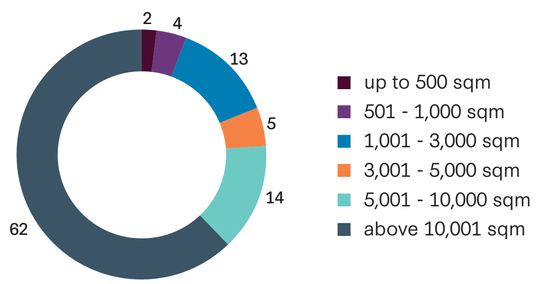
Take-up ('000 sqm)



Investment volume (in € million) and GIY (in %)

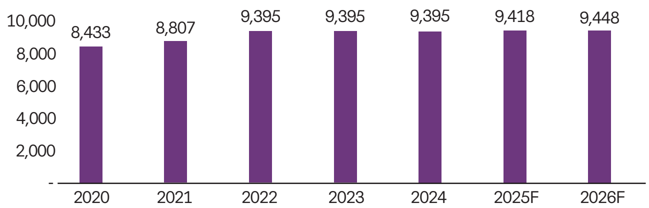


Take-up by size category (in sqm) Q1-Q3 2025 (in %)



Take-up by sector Q1-Q3 2025 (in %)

Supply ('000 sqm)



Independent Market Research

Germany

Industrial market - Cologne

Occupational market:

The Cologne market achieved take-up of 145,500 sqm in the first nine months of 2025. At this level, take-up was 26% lower compared to the year-ago period and 23% below the five-year average. Take-up increased marginally from quarter to quarter over the period. Overall, however, the focus of the users was on the small-scale space segment up to 3,000 sqm. Around 63% of all deals were concluded in this segment, but were responsible for only 12% of take-up volume.

Vacancy:

The vacancy rate in Cologne remains low, below the 3% level, as tenant demand absorbed space from the market in Q2 2025. In addition, there is hardly any new development in the area in the near term. New project developments are expected to commence from 2026, which will contribute to future supply.

Future supply:

The core Cologne logistics market is currently characterised by a very weak new construction pipeline with limited large-scale supply. To meet their space requirements, occupiers seeking larger facilities are increasingly looking to nearby peripheral locations such as Euskirchen and Bornheim. New construction activity in the core Cologne market is expected to pick up in 2026, when several project developments will deliver additional large-format supply.

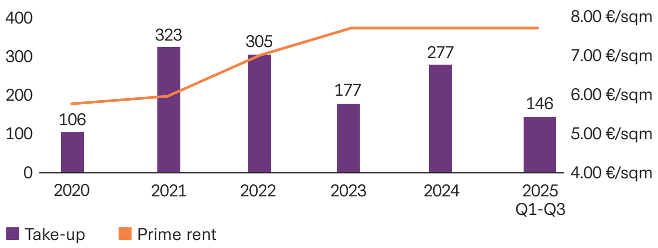
Investment market:

In the first nine months of 2025, investment in the Cologne market declined 27% year-on-year to €62 million. The Cologne market is characterised by a lack of investment-ready products, which led to the below-average result. Investments in the first three quarters predominantly took place in the sub-€50 million small-volume segment.

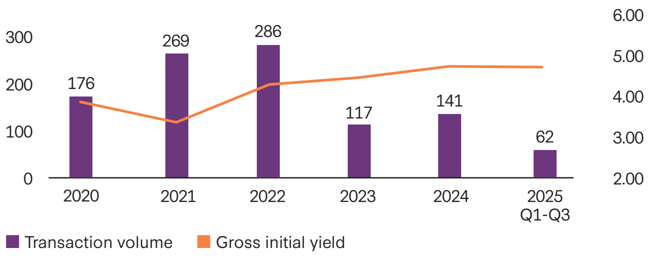
Outlook:

Demand in the Cologne logistics region has stabilised, while supply continues to decline. In 2026, a number of project developments are expected to revive the new construction segment. The high asking rents will lead to an increase in rents in the coming quarters. Elevated asking rents are likely to drive headline rental growth in the coming quarters; however, incentive packages will continue to keep effective rents lower.

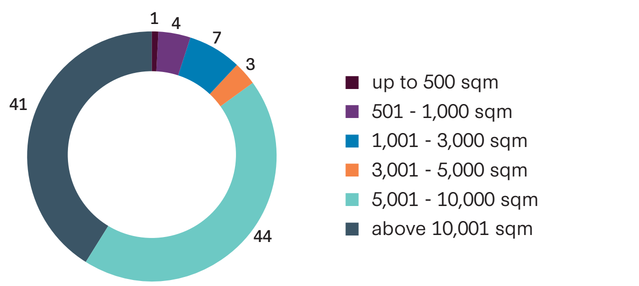
Take-up ('000 sqm)



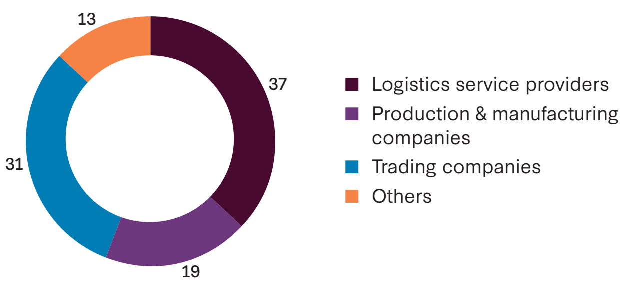
Investment volume (in € million) and GIY (in %)



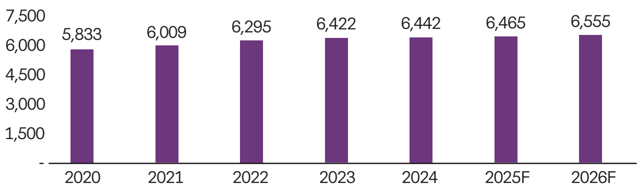
Take-up by size category (in sqm) Q1-Q3 2025 (in %)



Take-up by sector Q1-Q3 2025 (in %)



Supply ('000 sqm)



Independent Market Research

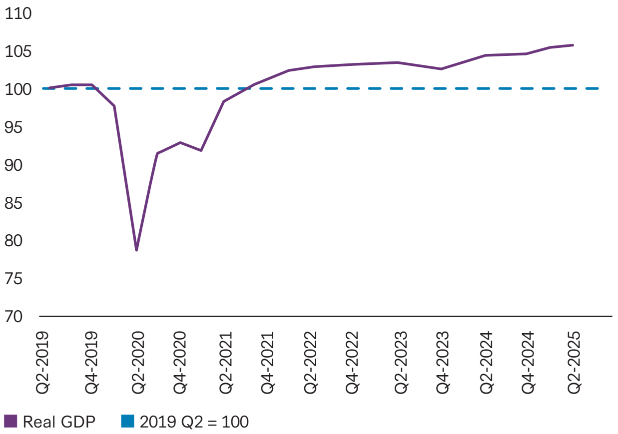
United Kingdom

The UK economic outlook

Headwinds persist throughout the global economy, with the United Kingdom ("UK") being no exception. Inflation remains well above target but has stabilised in recent months, and short-term price pressures look set to ease. However, we have reduced our forecasts for interest rate cuts in response to more hawkish tones from the Bank of England around inflation. Falling interest rates and rising real incomes will support growth, but below long-run averages.

Gross Domestic Product ("GDP") growth was on the upside in Q2 2025, growing 0.3% after recording a growth of 0.7% in Q1 2025. This was driven by the services and construction sectors, whereas production output fell. Top performing sub-sectors included information and communication, and pharmaceuticals. Government consumption continues to fill the gap left by lacklustre household demand.

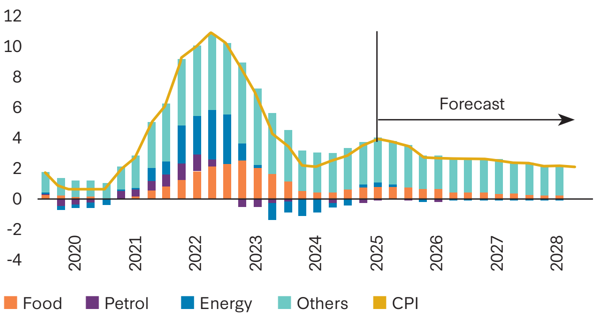
UK real GDP, Q2 2019 = 100



Source: Oxford Economics, CBRE Research

Inflation has continued to increase in 2025; headline CPI remained unchanged at 3.8% in September 2025, with services inflation and other core measures remaining elevated. Food and energy contributed to the continued above-target rate, but food-related inflation showed signs of slowing in the latest release. We expect these to be short-term stimuli, with inflation returning to the UK's 2% target by the end of 2026.

UK consumer price index (CPI), annual rate %



Source: ONS, Oxford Economics, CBRE Research

Wage growth remains robust as nominal earnings (excluding bonuses) grew 4.8% year-on-year, or 1.2% in real terms, in September 2025. Labour markets have softened in response to changes in employers' National Insurance Contributions and to the National Minimum Wage, with unemployment rising to 4.7%, up 30 bps since the start of the year. The number of payrolled employees fell by 0.3% between August 2024 and August 2025, while job vacancies have continued their downward trend. We anticipate that most of the labour market response to unemployment and declining payrolled employees has already happened and we forecast that unemployment will not peak higher than 5% in 2026, creating a minimal impact on GDP growth.

UK unemployment (%)

Source: ONS, CBRE Research

Consumer demand has been weak after a strong start to the year. Retail sales rose by 2.1% over the three months to March 2025, but then fell 1.7% over the three months to June 2025, as global trade tensions hampered UK consumer sentiment. Furthermore, Q3 2025 data shows that real household expenditure in the UK has risen by only 0.5% since the start of 2025, continuing a trend of weaker growth compared to pre-pandemic norms, with an average growth in real household expenditure of 2.1% per annum between 2010 and 2019. The household savings ratio remains above average at 10.7% and increased 20 bps in Q2 2025 after a 110 bps fall in Q1 2025, driven by non-pension savings, as households remain cautious around spending. Business sentiment remains mixed as the services sector continued to expand, while manufacturing and construction contracted.

The Bank of England held interest rates at 4% in their September 2025 meeting with commentary more hawkish than earlier in the year.

Global uncertainty regarding trade remains the biggest risk to the outlook. Resolution of trade agreements with the U.S. will be a positive impact for growth, as the benefits of certainty returning to the global economy and the consequent effects on activity should outweigh losses to net trade.

Independent Market Research

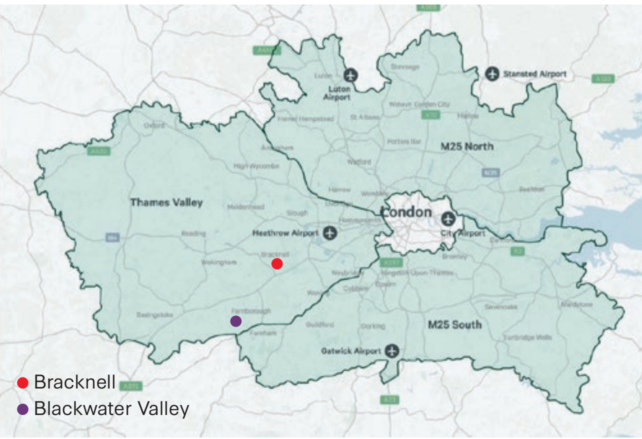
United Kingdom

South East office market

Market overview

The South East market is split into three distinct geographical areas: Thames Valley (which includes the Blackwater Valley and Bracknell markets), M25 North and M25 South. The market currently has a stock of approximately 172.1 million sq ft, of which 44% is in Thames Valley, 32% is in M25 North and 24% is in M25 South.

Map of South East market (including Blackwater Valley and Bracknell)



Source: CBRE Research

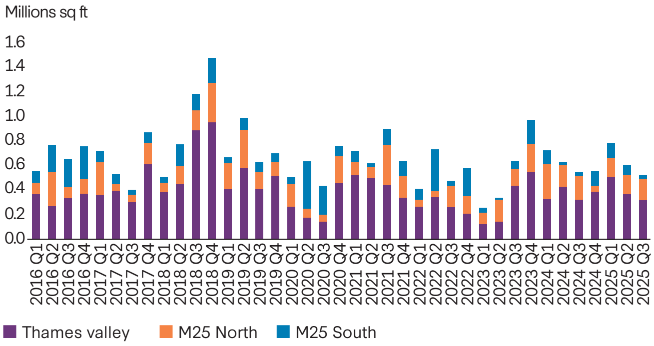
The South East has attracted a mix of office occupiers in the last decade with a wide range of high-quality office space in town centre environments and some of the largest business parks in the UK.

Take-up

Take-up across the South East was 2.3 million sq ft in 2024, which was 5% above the 2023 total and the highest yearly total since 2021, with out-of-town locations only accounting for 39% of the take-up. In Q3 2025, take-up across South East office markets totalled 520,700 sq ft for units above 10,000 sq ft, bringing the nine-month total to 1.9 million sq ft. The majority of the take-up was focused on town centre locations. Although take-up in Q3 2025 declined 13% from the previous quarter, year-to-date take-up increased marginally by 1% compared to the same period last year. Take-up for Q3 was 15% below the five-year quarterly average of 615,600 sq ft.

Take-up in Thames Valley and M25 North rose year-on-year by 17% and 10% respectively in 2024, while the M25 South region recorded a 11% decline over the same period.

South East office take-up



Source: CBRE Research

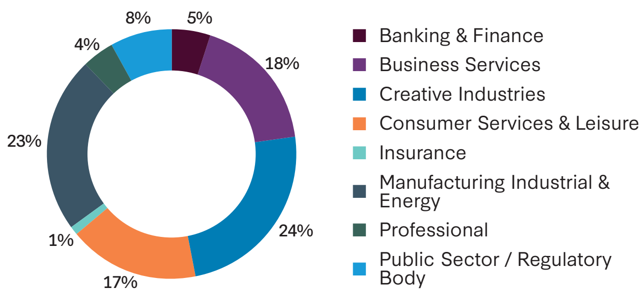
Of the five largest deals in Q3 2025, four took place in the Thames Valley market. As a result, Thames Valley accounted for the largest share of take-up in Q3 (61%), totalling 319,700 sq ft. The M25 markets accounted for the remaining proportion, representing 39% of the total. Of the total Q3 2025 take-up, 37% was in out-of-town locations.

Take-up of newly completed space (which includes both newly built and newly refurbished buildings that were previously taken off the market) increased significantly over the course of the quarter to 135,300 sq ft, representing a 49% rise compared to Q2. However, new space accounted for just over a quarter of the overall take-up (26%). Take-up in second-hand space (buildings that were previously occupied) decreased during Q3 to total 385,400 sq ft (-9%) but continued to dominate the market, accounting for 74% of total take-up. There were no pre-lets this quarter. The largest deal of the quarter involved IndigoScott taking 58,900 sq ft of space at Farrier's Yard & The Forge, Hammersmith.

Based on data tracked by CBRE Research, take-up in South East from 2010 to 2024 mainly emanated from Creative Industries (24%), Manufacturing, Industrial & Energy (23%), and Business Services (18%). However, we noted a slight shift in the proportion of take-up in 2024, as the Manufacturing, Industrial & Energy sector accounted for 26% of the take-up, followed by Consumer Services & Leisure as well as the Creative Industries, both at 20% respectively.

This was similarly observed in Q3 2025, with the Manufacturing, Industrial and Energy sector accounting for 26% of the total take-up, followed by Business Services and Creative Industries at 17% and 15%, respectively.

South East take-up by sector 2010-2024



Source: CBRE Research

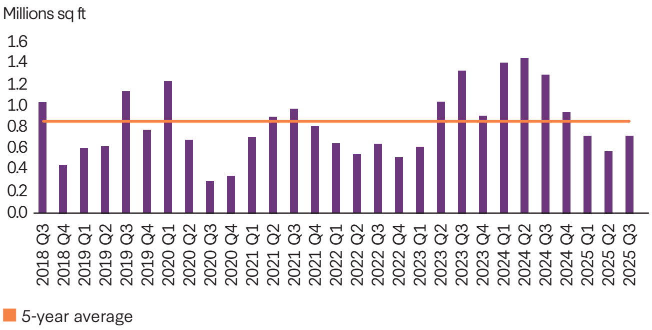
Demand

Under offers across the South East market increased over the course of Q3 2025 by 26% to stand at 715,200 sq ft across all unit sizes. Despite the increase, under offers remained below the five-year quarterly average for the third consecutive quarter (-16%).

There were 72 units under offer at the end of Q3 2025 across all unit sizes – only three of these were greater than 50,000 sq ft. The largest unit under offer was 72,900 sq ft of second-hand space at Here, Thames Valley Park, Reading.

Over half of the space under offer at the end of Q3 2025 was in the Thames Valley market (53%), spread across 45 units. M25 North and M25 South accounted for 37% and 10% of the total, respectively.

South East space under offer



Source: CBRE Research

Supply

South East availability for units over 10,000 sq ft remained broadly unchanged at 16.9 million sq ft at the end of Q3 2025, but supply continued to remain above the five-year average of 16 million sq ft (+5%). Supply fell across the M25 South submarket (-5%), while Thames Valley and M25 North submarkets saw slight increases. Thames Valley contributed 63% of the total supply; accounting for 62% of Grade A space and 38% of Grade B space.

Second-hand space accounted for the largest proportion of supply at 12.4 million sq ft (73%), followed by newly completed supply (supply that have not yet been occupied) and new early marketed supply (supply that is not yet ready to occupy but will become so within 12 months) at 16% and 10% of the total, respectively.

Prime rents

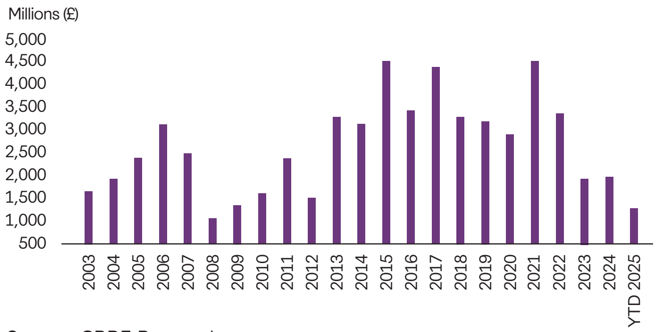
Prime rents in the South East continued to increase, as a result of rising occupier demand for quality space and decreasing Grade A supply. The prime rent for Thames Valley stood at £57.00 psf per annum in Q3 2025 (increasing from £52.50 in Q3 2024). In the M25 markets, prime rents have remained stable at £45.00 psf per annum in the North region and have increased to £45.00 psf per annum in the South (from £44.00 psf per annum in Q3 2024).

With the reduction in Grade A supply, landlords shortened rent free incentive periods from 15-18 months to 15 months for Thames Valley, aligning with leasing practices in M25 markets.

Investment

Year-to-date investment volumes in the South East totalled £0.8 billion. Q3 2025 contributed £286 million to the year-to-date 2025 total, which is a 35% increase on the previous quarter. The year-to-date 2025 volumes are 21% lower than the same 9-month period last year, and 49% lower than the average 9-month total over the last 5 years.

South East investment volumes



Source: CBRE Research

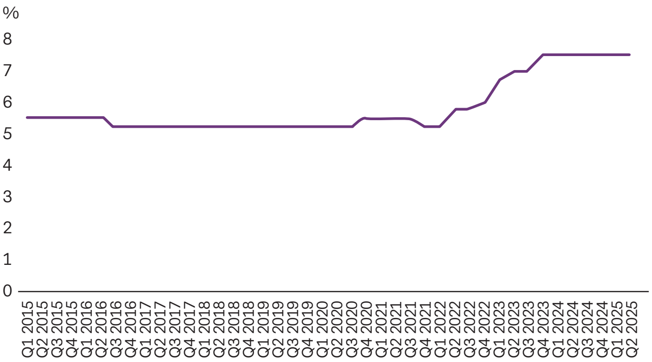
Independent Market Research

United Kingdom

Prime yields

Prime yields in the South East remained stable at 7.50% throughout 2025 in view of the fact that there has been limited investment activity to support a change. Where prime assets have come forward, both on and off market, they have/are likely to trade at this level.

South East prime yield



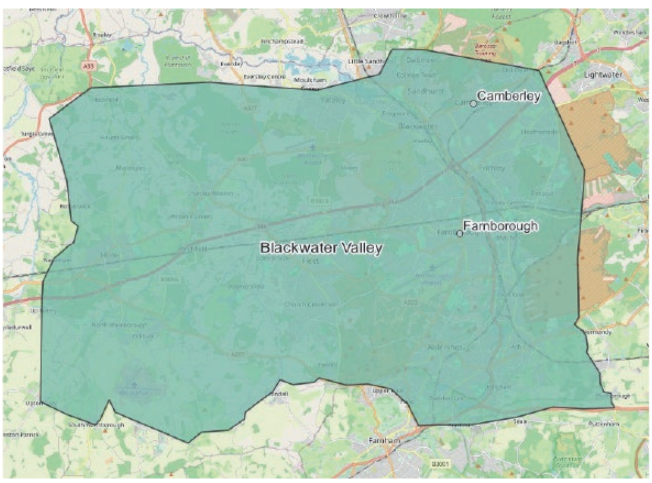
Source: CBRE Research

Blackwater Valley office market

Market overview

The boundary for the Blackwater Valley office market stretches along the M3 motorway and includes key submarkets such as Farnborough, Camberley and Fleet. Farnborough and Camberley both feature in the Blackwater Valley market although positioned under two separate local authorities: Rushmoor and Surrey Heath. Located approximately 30 miles from London, these towns are connected by the A325 highway and serviced by train lines that run directly into London Waterloo. Farnborough airport is just a 10-minute drive from the town centre, while Heathrow airport is a 30-minute drive away.

Map of Blackwater Valley office market

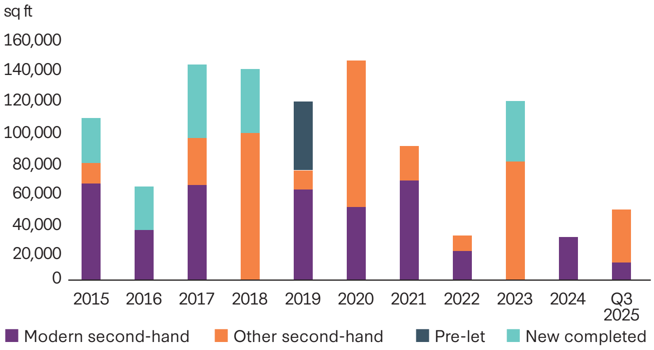


Source: CBRE Research

Demand & take-up

Due to its small size, the Blackwater Valley office market is subject to demand fluctuations, and annual take-up may not be consistent from year-to-year. For example, take-up in 2024 was 57% below the five-year annual average for take-up in Blackwater Valley (67,800 sq ft), and 70% below the ten-year annual average (96,000 sq ft). Yet, in the year-to-date 2025, there have already been two deals in Blackwater Valley totalling 47,500 sq ft.

Blackwater Valley office take-up



Source: CBRE Research

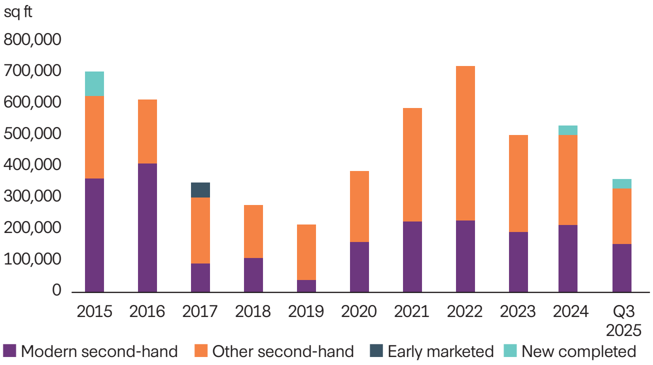
Supply

In Q3 2025, there was 363,000 sq ft of available space in the Blackwater Valley market, a 32% decrease compared to end-2024. This comprised 9% newly completed space and 91% second-hand space. So far in 2025, 20,600 sq ft of space has come to market. This was at Ively Road, which became available in September 2025.

There is currently one development in the pipeline, totalling 85,700 sq ft. This is the full refurbishment and extension of the owner-occupied Ascent 2, which is located in Farnborough Aerospace Centre office park, and jointly redeveloped by Canmoor Asset Management and Hermes Investment Management Limited, with completion expected in Q4 2025.

Supply in Blackwater Valley has been generally volatile over the last 10 years. Current supply is 38% lower than the average for the last three years.

Blackwater Valley office availability (end of period)



Source: CBRE Research

Prime rents
Prime rents in Farnborough remained at £34.50 psf per annum in Q3 2025, after increasing from £32.50 psf per annum in Q4 2024. Over the same period, prime rents in Camberley increased from £26.00 psf to £28.50 psf per annum.

Prime yields
Prime yields in Farnborough stood at 9.75% in Q3 2025 and has been stable since Q1 2024. Prime yields in Camberley stood at 10.25% in Q3 2025, where it has remained since Q1 2024. There has been limited investment activity to support a change to prime yields.

Bracknell office market

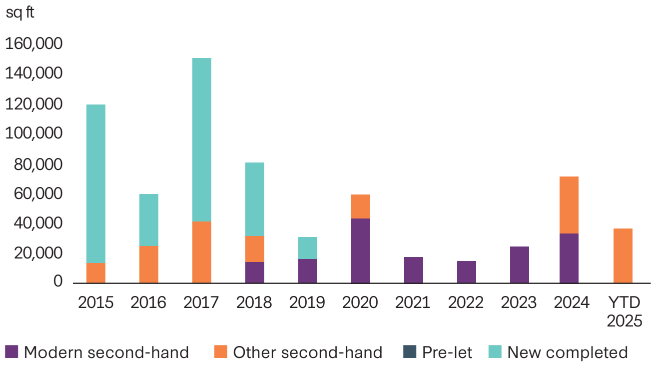
Market overview
Bracknell is located 28 miles west of Central London, situated between junction 3 of the M23 and junction 10 of the M4. Companies looking to move into Bracknell often come from less established office locations, such as Wokingham, where the increase in rent is moderate compared to the higher rents commanded in prime M4 markets of Reading and Maidenhead.

Demand & take-up
The Bracknell office market is subject to demand fluctuations, and annual take-up may be inconsistent through the years as a single large transaction will invariably skew take-up figures. In year-to-date 2025, there has been one deal over 10,000 sq ft which took place in Q1 2025 and totalled 35,625 sq ft. There was no space under offer in Bracknell in Q3 2025.

In 2024, there were 4 deals over 10,000 sq ft, totalling 71,063 sq ft. This was 121% above the five-year annual average for take-up over 10,000 sq ft in Bracknell (32,187 sq ft), and 20% above the ten-year annual average (58,983 sq ft). The largest deal that year was Biochek UK LTD taking 38,000 sq ft at The Observatory.

Over the last two years, the Creative Industries sector has taken the most space, totalling 38,000 sq ft.

Bracknell office take-up



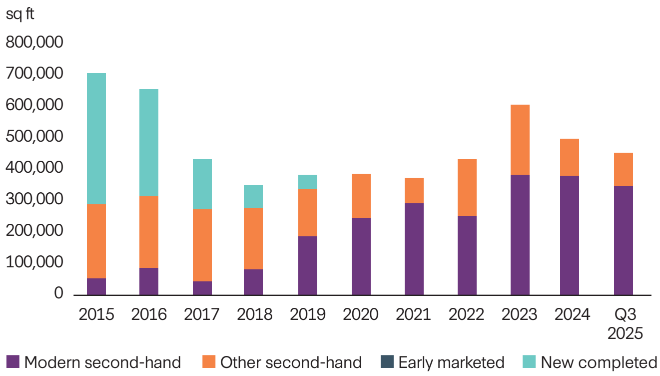
Source: CBRE Research

Supply
Supply totalled 451,100 sq ft at the end of Q3 2025, all of which is second-hand space. So far in 2025, 171,000 sq ft of space has come to market. In September 2025, 66,000 sq ft of Grade A second-hand space came to market at 7 Arlington Square.

There is currently one development in the pipeline, totalling 73,000 sq ft of speculative space. This development is the construction of Downshire Way by Arlington Property Investors and is owner-occupied.

Supply in Bracknell has been generally falling over the last 10 years. Current supply is 11.2% lower than the average for the last three years.

Bracknell office availability (end of period)



Source: CBRE Research

Prime rents
The prime rent in Bracknell was £28.00 psf per annum in Q3 2025, which decreased from £30.00 psf per annum in Q1 2025.

Prime yields
Prime yields in Bracknell have remained stable throughout 2025, standing at 10.25% in Q3 2025, which is the highest yield recorded over the last ten years. This is in view of the fact that there has been limited investment activity to support a change.

West Midlands business park market

Market overview
The West Midlands business park market has been predominantly based in the Birmingham Out of Town ("OOT") and Solihull markets. The majority of OOT business parks were initially built during the 1980s and 1990s and are situated to the south east of Birmingham, approximately ten miles from the city centre. The business parks are located adjacent to the M42 with good access to the M40, M5 and M6 motorways. In addition to good road access, this area is served by Birmingham Airport and Birmingham International train station.

Independent Market Research

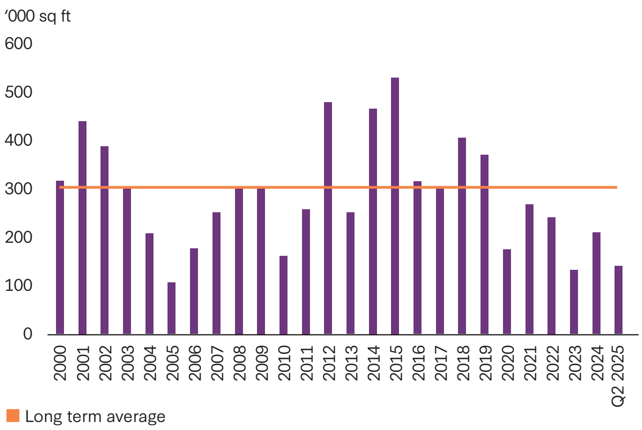
United Kingdom

Demand & take-up

Take-up in the six months to Q2 2025 totalled 140,000 sq ft, an increase of 31% from the six months to Q4 2024. 2025 so far has seen a handful of deals, the largest of which was by Boparan Restaurant Group which purchased 62,000 sq ft at Portland House near Birmingham International Railway Station for self-occupation.

According to Property Market Analysis ("PMA"), take-up in 2024 was estimated to be 210,000 sq ft, a 57% year-on-year increase from 2023. This was driven by a number of larger deals, including Allsee Technology taking 80,000 sq ft space in Longbridge. Take-up continues to track below the long-term average of 303,000 sq ft.

Birmingham OOT & Solihull office take-up



Source: PMA

The Production sector continues to be the biggest driver of demand in Solihull and Birmingham OOT, accounting for 31% of all take-up since end-2022. This is followed by Business Services and Trade which have accounted for 24% and 16% respectively, over the same period.

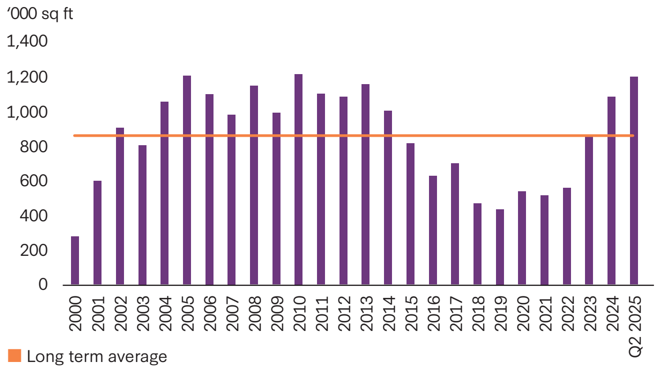
Supply

PMA estimates that Solihull and Birmingham OOT have an estimated stock of 12.5 million sq ft as at end-2024. Compared to the other centres of the same market area, it is higher than the Big 6 (Manchester, Birmingham, Edinburgh, Glasgow, Leeds and Bristol) OOT average of 11.7 million sq ft.

Availability in Solihull and Birmingham OOT is estimated to have risen by 11% (1.2 million sq ft) over the six months to Q2 2025. This increase in availability has been due to a large return of secondary stock outpacing take-up. The largest returns of stock include George Road Business Park (41,000 sq ft) and 67 New Sutton Road (38,400 sq ft).

The Q2 2025 availability equates to a vacancy rate of 9.60% for Solihull and Birmingham OOT, below the Big 6 OOT Market Area vacancy rate of 10.40%.

Solihull and Birmingham OOT office availability (end of period)



Source: PMA

Prime rents

The Solihull and Birmingham OOT prime rent increased from £27.00 psf per annum in 2023 to £29.50 psf per annum in 2024. This was benchmarked on a 28,600 sq ft deal to BNP Paribas Personal Finance at Air in Solihull. The prime rent remained static at £29.50 psf per annum in the first half of 2025.

Prime yields

The yield for business parks in the Birmingham area stood at 9.00% in Q3 2025 and has been stable since Q1 2024, in view of the fact that there has been limited investment activity to support a change.

UK logistics market

Demand & take-up

Economic and geopolitical uncertainty remain a source of caution for occupiers which is extending lease execution timelines, and challenges around labour availability and cost remain in the market.

Take-up so far in 2025 totalled 20.4 million sq ft, which is 23% higher than the same period last year. Take-up in Q3 2025 totalled 8.3 million sq ft, up 23% quarter-on-quarter and 23% higher compared to Q3 2024.

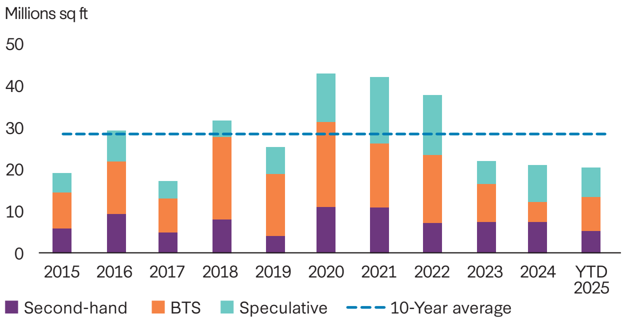
Occupiers continue to favour smaller units, with two thirds of deals in the year-to-date being under 500,000 sq ft. There have been 6 deals for XXL facilities (over 500,000 sq ft) in 2025, which is in line with the 7 XXL deals transacted in 2024, but still significantly lower than the 11 XXL deals and 18 XXL deals transacted in 2023 and 2022, respectively.

The largest proportion of deals closed so far in 2025 was for new units, with build-to-suit units accounting for 40% of take-up and speculative units accounting for

34% of take-up. Second-hand units accounted for the remaining 26% of take-up in YTD 2025.

3PL/Distribution occupiers took the most space in Q3 2025, accounting for 35% of take-up, followed by food retailers (23%) and manufacturing (13%) occupiers. 3PL/Distribution occupiers have also contributed the most take-up over the past 12-months, at 29%, followed by manufacturing, at 16%.

UK logistics take-up

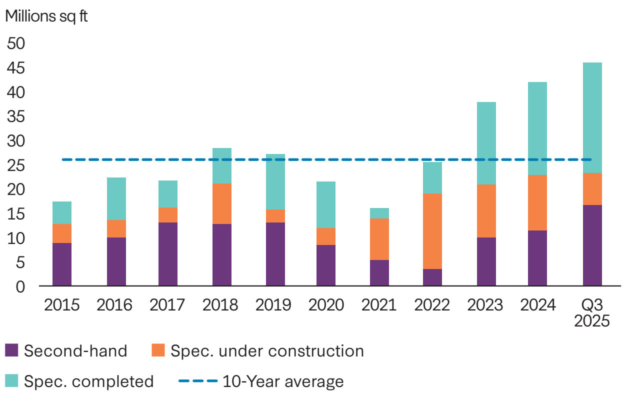


Source: CBRE Research

Supply

The UK logistics market continues to deliver large-scale facilities, predominantly in the 100,000 to 800,000 sq ft range. Available space at Q3 2025 totalled 46 million sq ft, sitting above the 10-year average of 25.9 million sq ft. The pipeline remains active, with nearly 10 million sq ft under offer as of mid-2025. The strongest demand is from urban logistics and last-mile operators. Throughout the quarter, the amount of available speculative space under construction increased by 1.3 million sq ft, while second-hand and newly completed speculative availability marginally decreased. Due to the strong levels of take-up, the UK vacancy rate fell by 11bps from 7.03% at end Q2 2025 to 6.92% at end Q3 2025.

UK logistics availability (end of period)



Source: CBRE Research

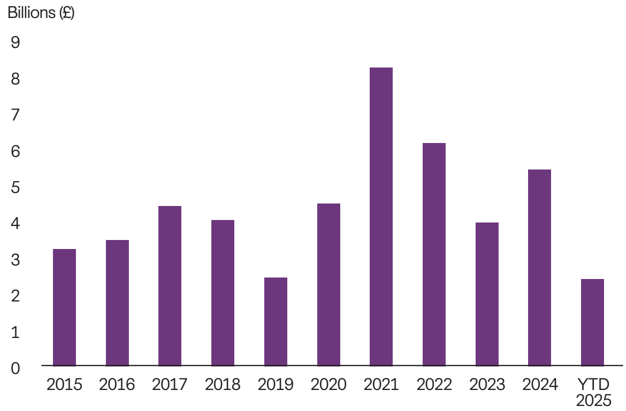
Prime rents

The UK prime logistics rent stood at £27.50 psf per annum in Q3 2025. It has remained stable at this rent since Q3 2023 where it increased from £27.00 psf per annum.

Investment

So far in 2025, £2.4 billion has been invested into the UK logistics market. Investment volumes totalled £1.2 billion in Q3 2025, down 2% quarter-on-quarter. Multi-let transactions contributed 47% of the quarter's investment, followed by distribution and portfolio transactions at 38% and 15% respectively. Similarly, the highest share of investment through the first three quarters of 2025 was for multi-let transactions at 38%, edging out portfolios (36%), followed by distribution (27%).

UK investment volumes

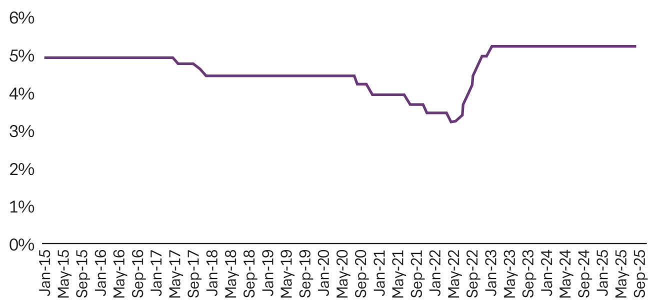


Source: CBRE Research

Prime yields

The UK prime distribution yield stood at 5.25% in Q3 2025 where it has remained since Q1 2023.

UK Prime Yield



Source: CBRE Research

Independent Market Research

United Kingdom

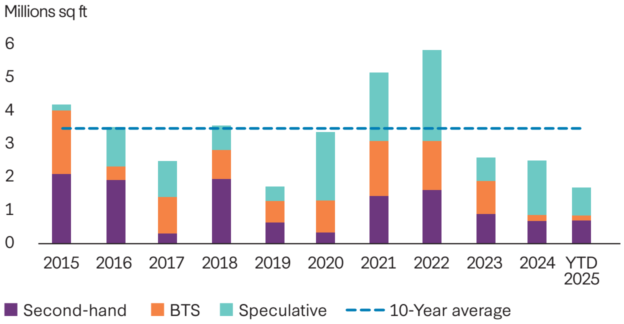
North West Logistics Market

Demand & take-up

Year-to-date 2025 take-up in the North West totalled 1.6 million sq ft across 9 deals, which was 16% lower than the same period last year. Activity was slow at the start of this year, with no deals transacted in Q1 2025, but caught up in Q2 2025 where 7 deals transacted. North West contributed to 8% of the UK's total take-up so far this year.

Take-up over this period has been dominated by speculative units, which accounted for 50% of total, followed by second-hand and build-to-suit at 40% and 10% respectively.

North West logistics take-up

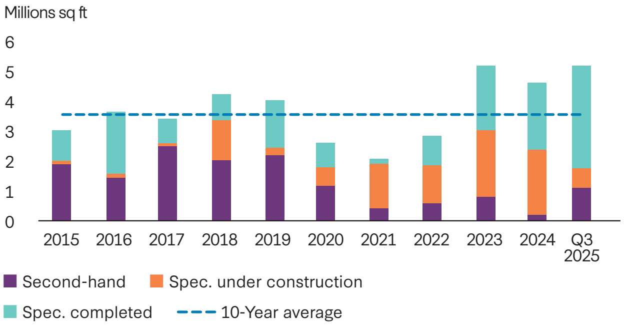


Source: CBRE Research

Supply

Availability in the North West stood at 5.2 million sq ft in Q3 2025, a 11% increase quarter-on-quarter. This was driven by a rise in second-hand space, which accounted for 21% of available space. The majority of available space in the North West was newly completed speculative space at 66%, while speculative under construction space accounted for 12%. The North West vacancy rate grew by 81bps in Q3 2025 to 6.37%.

North West logistics availability (end of period)



Source: CBRE Research

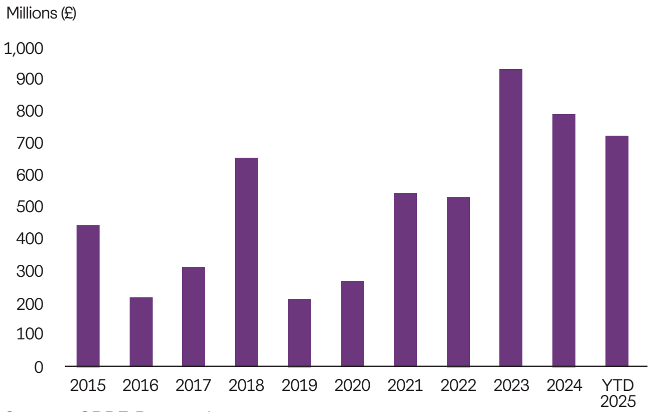
Prime rents

Prime logistics rents in the North West have remained stable throughout 2025. The prime rent at major logistics hubs, including Manchester Airport, Trafford Park and Warrington, was £11.50 psf per annum in Q3 2025.

Investment

Year-to-date 2025 investment volumes in the North West totalled £721 million, with Q3 2025 accounting for £307 million of this activity. The North West contributed to 23% of total UK investment in the 12 months to Q3 2025.

North West investment volumes



Source: CBRE Research

Prime yields

The prime yield remained stable throughout year-to-date 2025, at 5.25% in Q3 2025 in Trafford Park and Warrington, and at 5.50% in Manchester Airport.

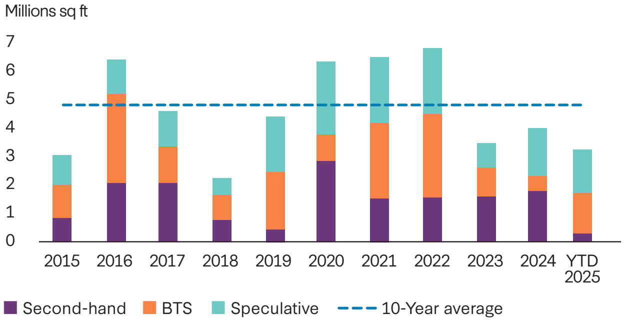
West Midlands logistics market

Demand & take-up

Year-to-date 2025 take-up in the West Midlands totalled 3.2 million sq ft, with Q3 2025 accounting for 2.2 million sq ft of transactions across 7 deals.

The West Midlands consistently has strong levels of logistics activity, with vacancy levels below national average. Strong demand is focused on the retail, e-commerce and automotive sectors. Demand for big box (>100,000 sq ft) was driven by new developments. Take-up so far this year was dominated by new space, with speculative space accounting for 47% of take-up and built-to-suit space accounting for 45%. Second-hand space accounted for only 8% of take-up, representing a far lower proportion of take-up compared with 2024.

West Midlands logistics take-up



Source: CBRE Research

Supply

Availability in the West Midlands stood at 5.7 million sq ft at the end of Q3 2025, falling by 10% throughout the quarter. Of this space, 42% was second-hand, while new speculative and speculative under construction space accounted for 40% and 18%, respectively.

The vacancy rate in the West Midlands was 5.40% in Q3 2025, representing a 114bps decrease quarter-on-quarter.

West Midlands logistics availability

Source: CBRE Research

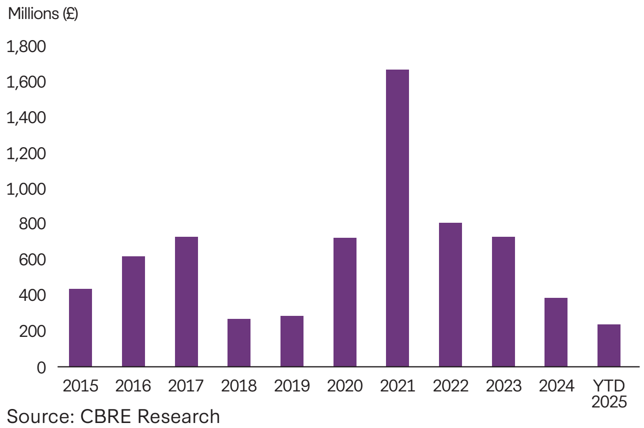
Prime rents

Prime big box rents in the West Midlands were unchanged at £10.25 psf per annum in Q3 2025.

Investment

Year-to-date 2025 investment volumes in the West Midlands totalled £231 million, with Q3 2025 accounting for £208 million of this activity. The West Midlands contributed 7% of total UK investment in the 12 months to Q3 2025.

West Midlands investment volumes



Source: CBRE Research

Prime yields

There was no change to the prime yield in Q3 2025, which remains at 5.25%. This is 125 bps lower than the market trough over the last 10 years, but above the market peak of 3.40% in Q1 2022.

Independent Market Research

Singapore

The Singapore economy

Based on advanced estimates[1] by the Ministry of Trade and Industry ("MTI"), Singapore's economy grew 2.9%[2] year-on-year ("Y-o-Y") in 3Q 2025. On a quarter-on-quarter ("Q-o-Q") basis, it expanded by 1.3%[3], a slight moderation from the 1.5% Q-o-Q growth in 2Q 2025. On a Y-o-Y basis, all sectors except the manufacturing sector recorded growth.

While the manufacturing sector grew 6.1% Q-o-Q in 3Q 2025, it remained flat on a Y-o-Y basis, slowing from the 5.0% Y-o-Y expansion recorded in 2Q 2025. Growth in the sector was supported by output expansions across all manufacturing clusters, except for the biomedical and general manufacturing clusters.

The construction sector grew 3.1% Y-o-Y in 3Q 2025, moderating from a 6.2% Y-o-Y increase recorded in the previous quarter. This was driven by higher construction output from the public and private sector. However, the construction sector recorded a 1.2% Q-o-Q contraction, a reversal from the 6.5% Q-o-Q expansion achieved in 2Q 2025.

Based on advanced estimates[4] by the Ministry of Manpower ("MOM"), the labour market remained resilient in 3Q 2025, in line with Singapore's continued economic growth. Total employment growth in 3Q 2025 was 24,800, compared to 10,400 in the previous quarter. Meanwhile, overall unemployment remained relatively stable on a month-on-month basis, recording an unemployment rate of 2.0%, 1.9% and 2.0% in July, August and September 2025 respectively. Retrenchments figures remained low with 3,540 in 2Q 2025 and 3,500 in 3Q 2025. Retrenchments either declined or remained stable across sectors, with business reorganisation and restructuring remaining the primary reason for retrenchments in 3Q 2025. Looking ahead, MOM expects global uncertainties to weigh on hiring and wages. Labour market adjustments are expected to come through slower hiring and moderated wage growth, while retrenchments may rise modestly but remain low.

Despite the U.S.'s announcement of new trade tariffs in April 2025, the Singapore economy was generally resilient during 1H 2025, supported by front-loading activities during the tariff pause. Amid tariff-related uncertainty, the U.S. Federal Reserve continues to hold policy rates steady. To curb a softening labour market, the U.S. Federal Reserve lowered interest rates by 25 basis points ("bps") to a target range of 4.00% - 4.25% in September 2025. The U.S. Federal Reserve's latest dot plot in September 2025 suggests further rate cuts, with the median target rate projected to be at 3.50% - 3.75% by the end of 2025, indicating two more 25 bps rate cuts in the coming months.

The Monetary Authority of Singapore ("MAS") continued its policy of a modest and gradual appreciation of the Singapore dollar nominal effective exchange rate (S$NEER) policy band in July 2025. The Singapore Overnight Rate Average ("SORA"), which reflects interest rate benchmark for loans in Singapore, has fallen to 1.4% as at the end of September 2025 from 3.9% a year ago. Amid moderating cost pressures and softening demand, MAS projected core inflation to average 0.5% and CPI-All Items inflation to average between 0.5% – 1.0% in 2025, driven by subdued import costs and easing domestic cost pressures.

Singapore hi-tech and business park market overview

Business Park is a land use zoning designation defined by the Urban Redevelopment Authority ("URA") Master Plan. They are campus-style developments with lush greenery, occupying at least five hectares ("ha") of land. The campuses typically have a mix of uses, comprehensive amenities and facilities, and support higher-value, knowledge-based industries.

Hi-Tech industrial developments, on the other hand, are modern industrial premises designed with higher-grade and better building specifications compared to conventional industrial premises. As such, they are seen as good alternatives to Business Parks. For instance, Frasers Logistics & Commercial Trust's ("FLCT") 4.8 ha Alexandra Technopark ("ATP"), situated in the City Fringe, is classified as a Hi-Tech development. It has a campus-like environment and, like Business Parks, ATP offers amenities such as food and beverage options and convenience stores, along with communal spaces for collaborative and placemaking activities and a variety of lifestyle, wellness, sports, and social facilities.

Existing stock

As of 3Q 2025, the overall stock of Hi-Tech space increased 1.4% Y-o-Y to 15.06 million sq ft due to the recent completion of the Asset Enhancement Initiative ("AEI") of 16 Tai Seng.

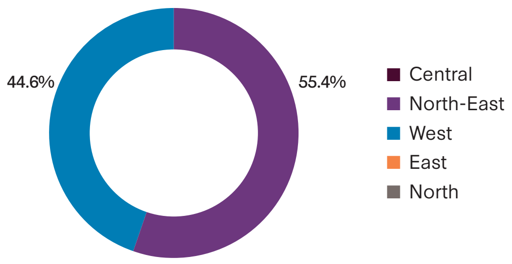
In 3Q 2025, islandwide Business Park stock decreased 0.7% Q-o-Q but increased 10.5% Y-o-Y to 24.9 million sq ft, with no notable completions during the quarter. The previous quarter (2Q 2025) saw the completion of 0.66 million sq ft of space, primarily driven by the final phase of Punggol Digital District ("PDD") and Geneo in 1Q 2025.

1 Advance GDP estimates for the third quarter of 2025 are computed largely from data in the first two months of the quarter (i.e., July and August 2025). They are intended as an early indication of GDP growth in the quarter and are subject to revision when more comprehensive data become available.
2 Gross Domestic Product (GDP) in Chained (2015)
3 Non-annualised, seasonally adjusted
4 Based on Labour Market Advance Release by the Ministry of Manpower for 3Q 2025

Future supply

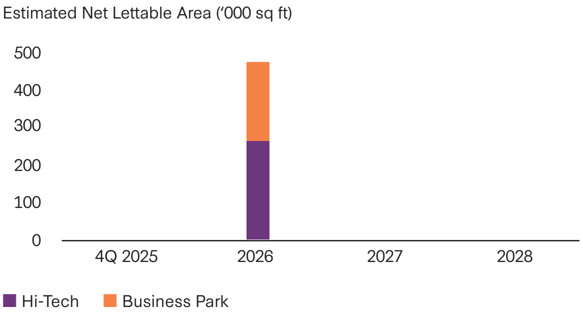
From 4Q 2025 to 2028, the total islandwide stock of Hi-Tech and Business Park spaces is projected to increase by 0.47 million sq ft, with a majority of the pipeline supply attributed to Hi-Tech spaces. All projects in the pipeline are expected to be completed by 2026, with 55.4% located in the North-East and 44.6% in the West regions of Singapore (Chart 2.1). At the time of publication, there are no known developments in the pipeline for both Hi-Tech and Business Park spaces in 4Q 2025, 2027 and 2028.

Chart 2.1: Future supply of hi-tech and business park by region (4Q 2025– 2028)



Source: CBRE Research

Chart 2.2: Future hi-tech and business park supply



Source: CBRE Research

Average Business Park pipeline supply from 4Q 2025 to 2028 is expected to be limited. With the final phases of PDD and Geneo completed, the next known anticipated addition to the Business Park supply is 27 International Business Park ("27 IBP") – a redevelopment of iQuest@ IBP. Expected to complete in 1Q 2026, 27 IBP will contribute about 0.21 million sq ft in the West Region. Approximately 0.26 million sq ft of Hi-Tech supply is expected to come online in 2026 across two Hi-Tech AEI projects in the North-East Region: 29 Tai Seng Street (ESR-LOGOS REIT) and 15 Tai Seng Drive (AIMS APAC REIT).

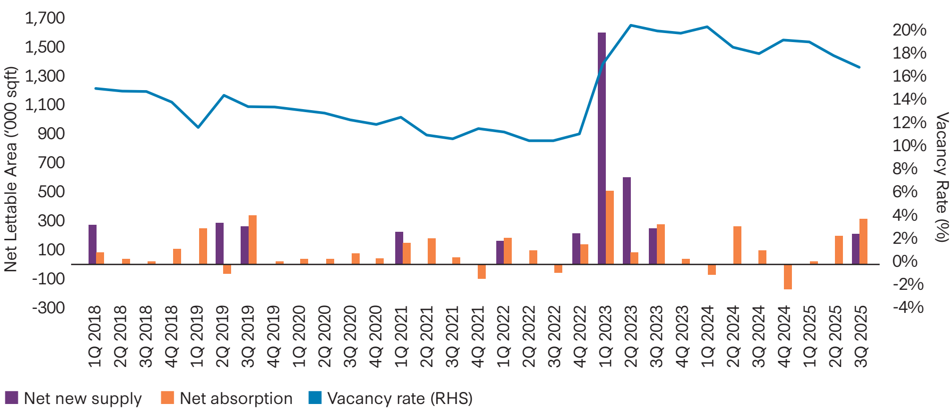
Demand and vacancy

Over the past four quarters, total net absorption for Hi-Tech spaces stood at 0.34 million sq ft against a net new supply of 0.20 million sq ft. This has resulted in vacancy levels decreasing by 1.1 percentage points Y-o-Y to 16.9% in 3Q 2025 (Chart 2.3). Vacancy rates continued to improve as landlords selectively offered tenant incentives to entice relocations.

Over the past four quarters, islandwide Business Park net absorption reached 1.86 million sq ft, compared to a net supply of 2.38 million sq ft (Chart 2.4). While the market recorded its fifth consecutive quarter of positive net absorption in 3Q 2025 (0.02 million sq ft), the momentum has slowed as leasing activity in newly completed projects has moderated. Demand was concentrated in the City Fringe, particularly in prime developments at Alexandra and one-north. As such, islandwide vacancy rates decreased 0.6 percentage points Q-o-Q and remained unchanged Y-o-Y at 21.4% in 3Q 2025.

Leasing activity was primarily driven by relocations within the tech, software, and construction sectors, reflecting a trend toward higher-quality spaces and strategic consolidation. However, these gains were tempered by downsizing among certain tenants, prompted by cost containment efforts and operational adjustments. Pharmaceutical activity was subdued amid uncertainty over potential US tariffs on branded and patented drug exports.

Chart 2.3: Islandwide hi-tech net supply, net absorption and vacancy rates

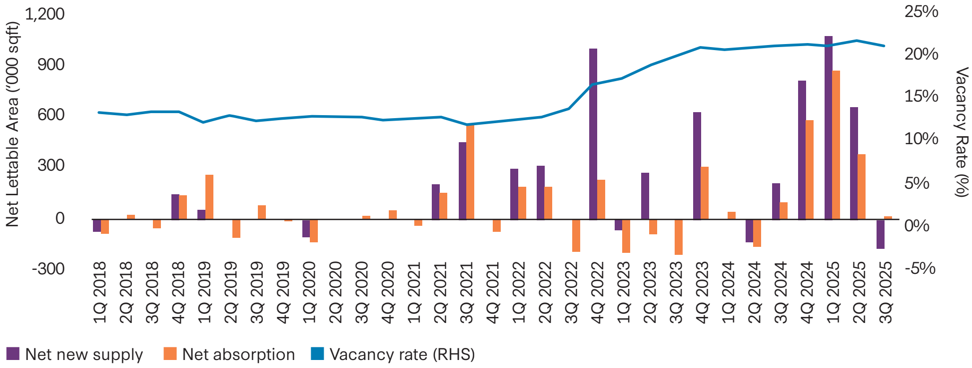


Source: CBRE Research

Independent Market Research

Singapore

Chart 2.4: Islandwide business park net supply, net absorption and vacancy rates



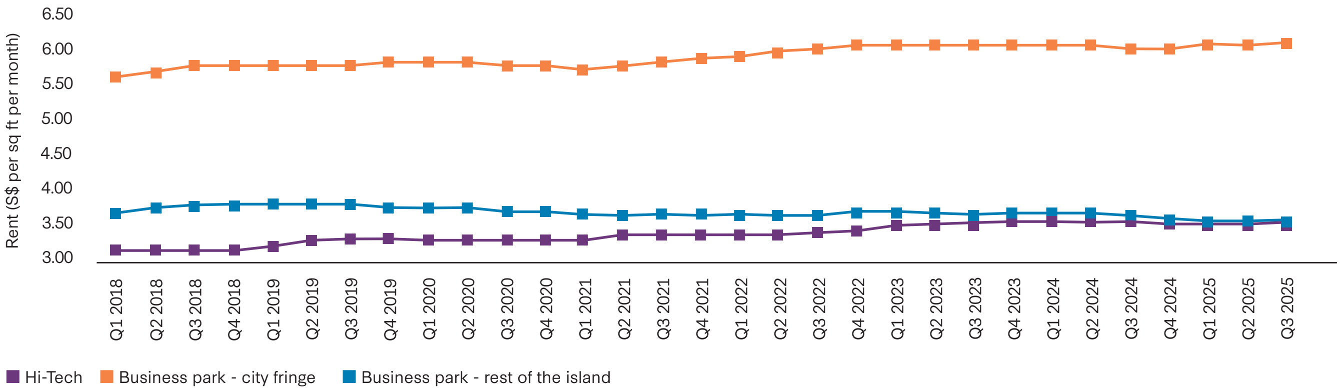
Source: CBRE Research

Rents

Rents in Hi-Tech industrial spaces remained stable Q-o-Q and declined slightly by 0.6% Y-o-Y to S$3.53 per sq ft per month in 3Q 2025 (Chart 2.5). Leasing activity was driven by electronics and healthcare firms. However, a two-tiered market is evident, as some facilities saw landlords lowering rents and offering incentives to boost occupancy rates.

With vacancy rates remaining relatively flat for Business Parks in the Rest of Island submarkets, rents in this submarket remained unchanged at S$3.55 per sq ft per month for three consecutive quarters and declined 2.7% on a Y-o-Y basis in 3Q 2025 (Chart 2.5). Business Park rents in the City Fringe submarket increased 0.8% Q-o-Q and 1.7% Y-o-Y to S$6.15 per sq ft per month in 3Q 2025, on the back of decreasing vacancy rates. The Business Park market is experiencing a widening rental gap between older and newer buildings even within the same locality. For buildings in certain micro-markets with higher vacancies, landlords have begun to reduce rents to attract new tenants. In contrast, newer buildings with higher specifications in prime locations continue to command higher rents.

Chart 2.5: Hi-tech and business park rents



Source: CBRE Research

Investment and capital values

In 3Q 2025, EZA Hill and Partners Group acquired a S$329 million asset portfolio from CapitaLand Ascendas REIT ("CLAR"). The portfolio comprised five industrial properties with a a total gross floor area ("GFA") of 2.1 million sq ft. This includes a Hi-Tech building at 31 Ubi Road 1 and a Business Park at 30 Tampines Industrial Avenue 3 acquired for S$30 million and S$23.0 million respectively. CLAR acquired a Business Park at 5 Science Park Drive in 2Q 2025 for S$245 million from CapitaLand Group.

Another significant transaction that occurred in the last four quarters was Mapletree Industrial Trust's divestment of three properties including one Hi-Tech asset, Woodlands Central Cluster, and two Business Parks assets, The Strategy and The Synergy, to Brookfield Asset Management for S$535.50 million. Hi-Tech investments that occurred in the last four quarters (4Q 2024 to 3Q 2025) represented a 6% Y-o-Y increase from the year-ago period (4Q 2023 to 3Q 2024).

CBRE observed that, in general, corporate real estate valuations of Hi-Tech industrial and most Business Park assets have been firm with no expansion in capitalisation rates, as of September 2025. However, CBRE noted that the capitalisation rates of some Business Park assets in Science Park and one-north have compressed slightly over the past year.

Market outlook

The outlook for the Hi-Tech segment points to a continuation of current trends, driven by proactive landlord strategies and a persistent flight to quality. Leasing activity, notably boosted by landlord initiatives like fitted units and capex support, contributed to improved occupancy rates in 3Q 2025. These strategies, which reduce tenant setup time and costs, are expected to continue, supporting rental stability.

Looking ahead, the supply pipeline remains limited, with two major AEIs in Tai Seng scheduled for completion in 2026. While current vacancies may take time to be absorbed, landlords are likely to offer incentives to attract tenants, supporting stable rents in the short term. Over the longer term, demand is expected to remain strong for high-specification buildings with good connectivity, underpinning both occupancy and rental growth.

Following the completion of 1.74 million sq ft of Business Park space in 1Q 2025 to 3Q 2025, new supply is expected to moderate in the coming years. This is especially so in the City Fringe submarket with no upcoming developments in the pipeline. This shortage, combined with continued demand for well-located properties with strong public transport connectivity, is expected to support further rental growth and maintain the premium in this submarket.

Conversely, the Rest of Island submarket may face downward rental pressure over the next two years. This is due to a significant addition of new space from the completion of PDD and the upcoming 27 IBP slated for completion in 2026. However, rents in this area may begin to recover from 2027 onwards as the market gradually absorbs this new supply.

Supply may tighten further as more landlords undertake AEI to upgrade ageing properties. This trend could reduce available stock in older developments, potentially alleviating the high vacancies currently observed. Take-up for Business Parks continue to be constrained by the narrow rental difference compared with decentralised offices, as well as qualification for Business Park occupation.

Singapore prime logistics

Market overview

CBRE's defines prime logistics as modern purpose-built warehouse space used principally to accommodate the distribution, storage and/or despatch of goods with the following features:

- Ramp-up warehouses that are more than 200,000 sq ft
- Capability to fit 40-foot containers
- Dock levellers
- Floor loading of at least 20kN/sqm
- Clear ceiling height of at least 8m

Existing stock

As of 3Q 2025, the overall stock of Prime Logistics space tracked by CBRE increased 55.1% Y-o-Y and 8.6% Q-o-Q to 20.8 million sq ft. This represents approximately 15% to 16% of total warehouse stock in Singapore.

A number of projects were completed over the past three quarters, with an estimated 86% of completed space being occupied. 1Q 2025 saw the completion of 36 Tuas Road (Boustead, Mitsui & Co, Hankyu Hanshin) and Red Lion2 (Schenker). During 2Q 2025, Maersk World Gateway 2 (Techlink), DSV Pearl (LOGOS), 25 Senoko Loop (Tiong Nam Group), Mapletree Joo Koon Logistics Hub (Mapletree Logistics Trust), Chasen Logistics Hub (Chasen Group), and YCH DistriCentre (YCH Group) were completed. In 3Q 2025, the market saw the completion of Toll City (Toll Group) and 5 Toh Guan Road East (CLAR).

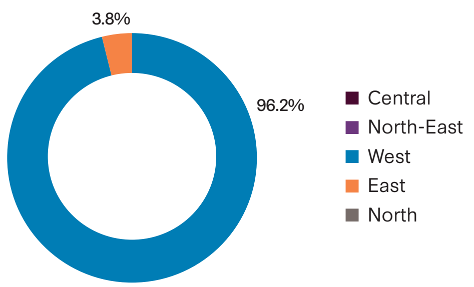
Future supply

Between 4Q 2025 and 2028, an estimated 8.4 million sq ft of Prime Logistics space is expected to enter the market. Majority of the upcoming Prime Logistics supply will be in the West Region. Projects slated for completion between 4Q 2025 – 4Q 2026 are expected to be fully pre-committed as these are owner-occupied developments. In 2027, projects are expected to be around 60% pre-committed.

Independent Market Research

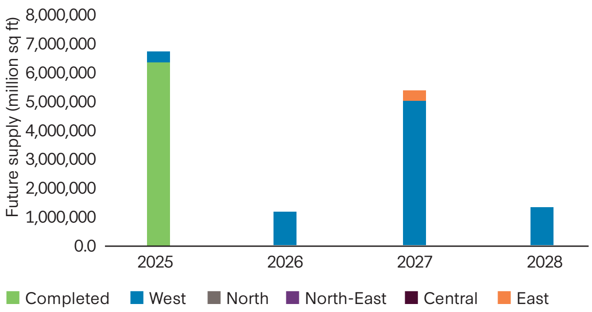
Singapore

Chart 3.1: Future supply of prime logistics by region (4Q 2025– 2028)



Source: CBRE Research

Chart 3.2: Future prime logistics supply



Source: CBRE Research

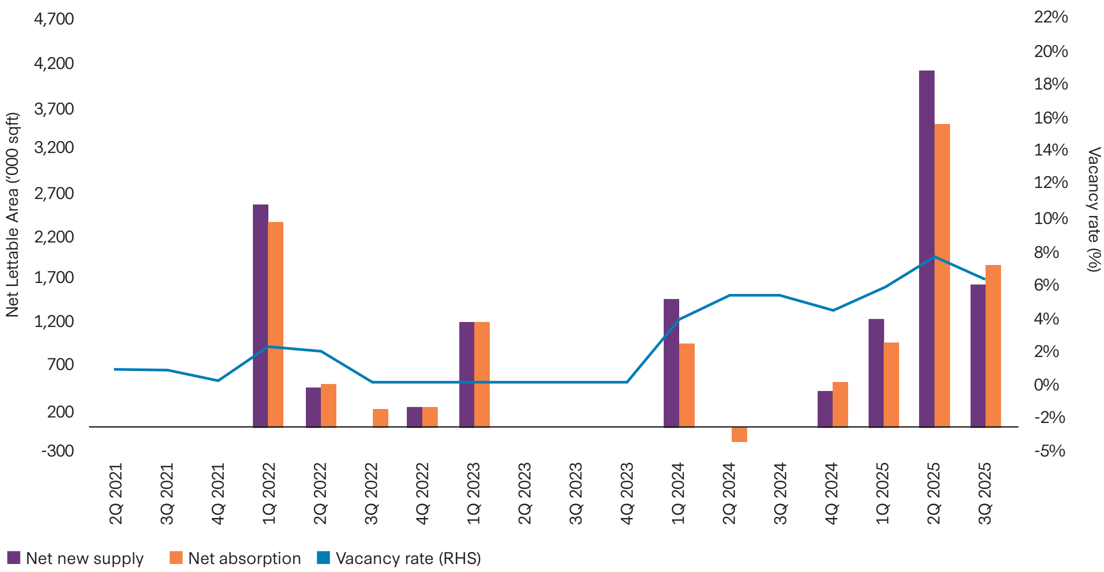
Prime Logistics completions peaked in the three quarters to 6,396,300 sq ft (3Q 2025), with a significant number of these developments located in the West Region. Looking ahead, all new supply from 4Q 2025 to 2028 will be located in the West Region and most of this supply is already taken up, with healthy pre-commitment rates. An estimated 0.4 million sq ft of new supply is projected to complete for the rest of 2025, which will bring the full-year 2025 completion to approximately 6.8 million sq ft. These include Sankyu Tuas Distribution Centre and the remaining of Maersk World Gateway 2, which are owner-operated and fully occupied.

After 2025, new supply will be relatively limited with approximately 1.2 million sq ft projected to complete in 2026. While a significant pipeline supply is expected in 2027, much of it is intended for specific uses and owner occupation. The facility at 2 Fishery Port Road will focus on cold storage and food-related operations. Allied Sunview will support container activities, and PSA Supply Chain is likely to serve tenants within the PSA ecosystem. Thereafter, approximately 1.3 million sq ft of new supply will enter the market in 2028.

Demand and vacancy

Over the past four quarters, Prime Logistics saw a net absorption of 6.83 million sq ft against a net new supply of 7.41 million sq ft. The market continued its upward trend in 3Q 2025, recording its fifth consecutive quarter of positive net absorption (1.86 million sq ft). This led to a 1.6 percentage point Q-o-Q decrease in islandwide vacancy rates, reaching 6.4% in 3Q 2025 (Chart 3.3). Despite a year-to-date influx of 6.4 million sq ft of new supply, Y-o-Y vacancy rates increased by 0.9 percentage points. While demand remained diverse, in terms of leasing volume, a majority of activity was driven by major logistics firms and third-party logistics players (“3PLs”). Despite initial delays in decision making at the start of the year by occupiers due to cautiousness surrounding trade policies, these occupiers went ahead to commit leases due to Singapore’s safe haven attributes and stability.

Chart 3.3: Islandwide prime logistics net supply, net absorption and vacancy rates



Source: CBRE Research

Rents

Prime Logistics rents rose by 1.1% Q-o-Q in 3Q 2025 after moderating for two consecutive quarters and fell 1.1% Y-o-Y amid the surge in completions in 1H 2025. Occupancy rate in CBRE's Prime Logistics basket rose from 92.1% in 2Q 2025 to 93.6% in 3Q 2025. Rent softness was most evident in some assets as landlords adjusted expectation to fill vacancies.

Investment and capital values

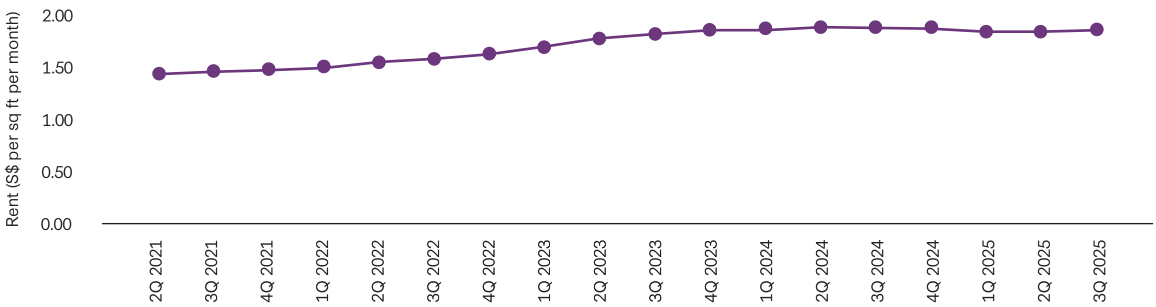
There were two notable Prime Logistics transactions during the period from end-3Q 2024 to end-3Q 2025, which include EZA Hill's purchase of 19 & 21 Pandan Avenue from CLAR for S$140.0 million. These transactions represented a 168% Y-o-Y increase from the four-quarter period ended 3Q 2024 (4Q 2023 to 3Q 2024).

CBRE observed that, in general, corporate real estate valuations of Prime Logistics assets have been firm with no expansion in capitalisation rates, as of September 2025.

Market outlook

Following significant Prime Logistics completions between 4Q 2024 and 3Q 2025, supply is expected to moderate substantially over the next four quarters, representing less than 10% of the previous four quarters' completions. All supply in the pipeline in the next four quarters are expected to be owner-occupied. With new projects like 5 Toh Guan Road East in advanced stages of negotiation, the market may shift in favour of landlords by year-end. Additionally, the delay in Eng Kong Tuas South obtaining its Temporary Occupation Permit—now expected in 2027—will result in one of the lowest levels of new supply in 2026. This supply constraint is likely to tighten the market further, supporting rental growth and further favour landlords in 2026.

Chart 3.4: Prime logistics rents



Source: CBRE Research

Independent Market Research

The Netherlands

Economy & outlook – The Netherlands

In the first half of 2025, the Dutch economy recorded sequential quarterly growth, expanding 0.3% and 0.1% in the first and second quarter respectively. Growth was primarily supported by higher government expenditure and increased business investments.

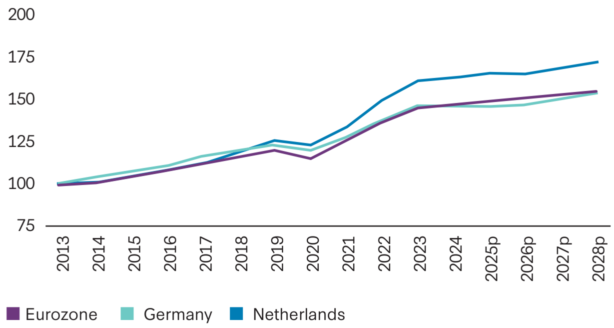
Consumer spending remains subdued amid persistently low confidence, with notable declines in expenditure on food and beverages, energy and hospitality. Elevated prices continue to weigh on sentiment, prompting consumers to exercise restraint in their spending. This is evident in the increasing number of corporate bankruptcies which is significantly higher than in previous years, particularly from the accommodation and food services sector. Business confidence also remained weak, especially among industrial players with high export exposure to the United States. These firms are expected to be adversely affected by the recently imposed trade tariffs.

At the same time, the labour market remains tight. The number of job vacancies continues to exceed the size of the unemployed labour force. Consequently, unemployment remains stable at 3.9%.

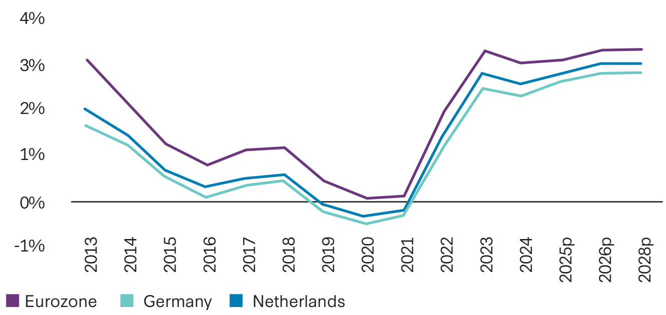
The outlook for the Dutch economy is cautiously optimistic. Lower inflation is expected to stabilise prices and bolster consumer spending. At the same time, current geopolitical and economic uncertainties continue to weigh on business sentiment and growth prospects.

Key Factors	CAGR 2018-2024	Forecast 2025-2026
Population growth	+0.7%	+0.3%
Employment growth	+1.6%	+0.6%
Real Wage growth	-0.1%	+1.4%
Consumer Price Inflation	+3.6%	+2.7%

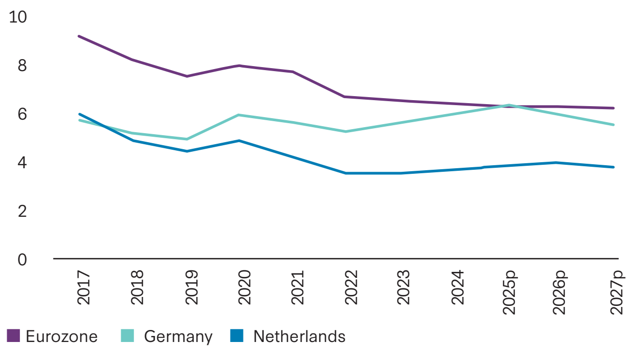
GDP Development (2013 = 100)



Long term interest rate - government bond yield (10 years)



Unemployment rate (% of workforce)



National industrial and logistics market The Netherlands

Occupier market

Take-up volume amounted to 3.1 million sqm of industrial and logistics space in the first three quarters of 2025, which is approximately 6% lower compared to last year. Supply increased slightly by 1% to 9.2 million sqm in the period Q1-Q3 2025, constrained by lengthy permitting processes and limited grid power capacity, which continue to restrict new development despite strong demand. Market conditions remain tight, with demand remaining strongest for high quality space in the main logistics hotspots.

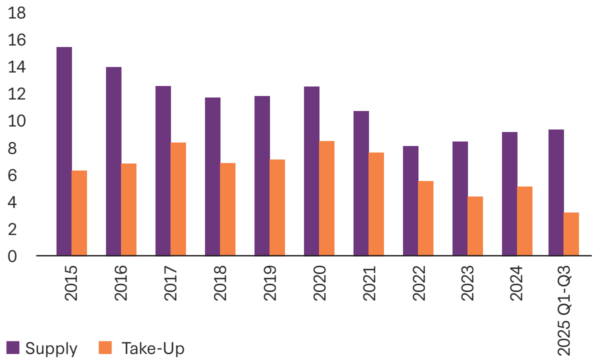
Investment market

In the first three quarters of 2025, total investment in industrial and logistics real estate amounted to €1.2 billion, reflecting a 39% decline compared to the same period a year earlier.

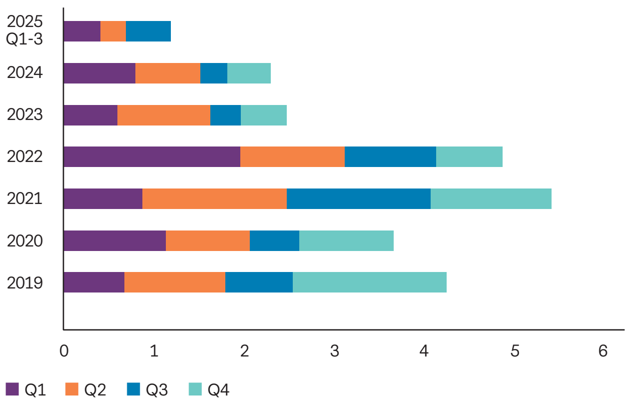
This lower investment volume is caused by the moderate economic outlook. Potential buyers are more critical and demand that buildings meet higher requirements, especially in terms of location and sustainability.

An investment volume of €3 billion is projected for 2025. Despite lower expected trade volumes, the Netherlands remains popular due to its strategic location. Many occupiers have also started to increase their local inventory by near-shoring, to de-risk their supply chain and ensure timely delivery of goods. There are currently several large portfolios on the market, reflecting the favourable prospects of industrial and logistics real estate.

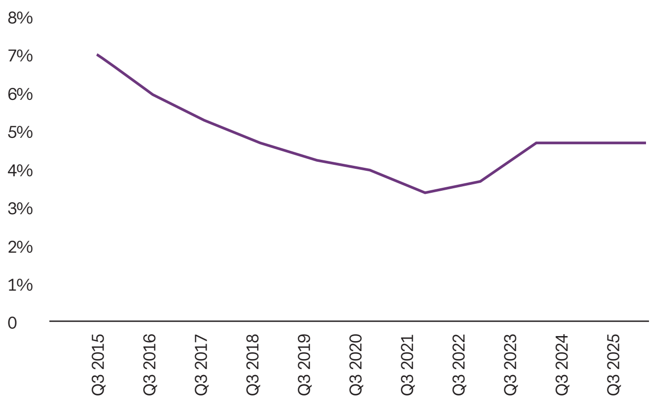
Occupier market ('000 sqm)



Transaction volume industrial & logistics (in € billion)



Gross initial yield - The Netherlands (prime yield, in %)



Independent Market Research

The Netherlands

Top logistics markets in The Netherlands:

	Q3 2025	12-month Forecast
1. Amsterdam		
GIY (in %)	4.80%	→
Prime Rent €/sqm per annum	€120	→
2. Schiphol Region		
GIY (in %)	4.70%	→
Prime Rent €/sqm per annum	€125	→
3. Rotterdam		
GIY (in %)	4.70%	→
Prime Rent €/sqm per annum	€105	→
4. West-Brabant		
GIY (in %)	4.70%	→
Prime Rent €/sqm per annum	€85	→
5. Tilburg-Waalwijk		
GIY (in %)	4.70%	→
Prime Rent €/sqm per annum	€85	→
6. Eindhoven		
GIY (in %)	4.80%	→
Prime Rent €/sqm per annum	€85	→
7. Venlo-Venray		
GIY (in %)	4.70%	→
Prime Rent €/sqm per annum	€85	→
8. Mid- and South Limburg		
GIY (in %)	5.25%	→
Prime Rent €/sqm per annum	€85	→

Outlook

Favourable interest rate conditions, lower inflation, and trade agreements support a positive outlook for both the European and Dutch economies - and by extension, the industrial and logistics real estate sector. However, uncertainty remains around the eurozone's growth trajectory, given ongoing geopolitical tensions and possible future changes in import tariffs.

Manufacturing activity and exports have weakened amid uncertainty surrounding the ongoing US-China trade war. Higher import tariffs imposed by the United States may redirect global trade flows, leading China to increase its exports to Europe, and Chinese e-commerce groups turning to Europe. Consequently, a significant share of these goods is expected to enter Europe through the Port of Rotterdam.

Domestic constraints persist in the form of stricter and partially opaque regulation around nitrogen emissions, which makes it harder to secure building permits, as well as electricity grid congestion, which is preventing new construction in established industrial hubs. As a result, an increasing number of new developments are taking place outside the existing key logistics regions.

A new government coalition is to be formed following the country's elections which was held on 29 October 2025. This process is expected to take several months to conclude, and we expect a new government to be in place in 2026. It is therefore unclear what new policies can impact industrial and logistics real estate. The current government published the new "Nota Ruimte" (Spatial Memorandum) that weighs up the long-term spatial layout of the Netherlands. The Nota Ruimte pays a lot of attention to business activity in combination with living.

The fundamentals of the Dutch industrial and logistics market remains robust. Demand continues to be strong due to the limited supply of high-quality spaces. The location of the Netherlands within the European and global market remains attractive, even if trade flows change due to the trade war and higher import tariffs. Therefore, industrial and logistics real estate in the Netherlands will remain an attractive asset class to investors.

Independent Market Research

The Netherlands

Industrial market - Amsterdam

Occupational market:

In the Amsterdam area, the municipality of Amsterdam is the largest industrial and logistics location. It has 42 logistics parks with a net surface area of approximately 2,420 hectares. Of these, Afrika and Amerikahaven are quay-bound (604 hectares) and Westhaven quay-bound (254 hectares) are the two largest. Of the total area, 292 hectares are still available for allocation (12.1% of the total).

The supply of business premises in the Amsterdam area has increased in recent years. In 2022, the average supply per quarter was 305,000 sqm. In 2023, this increased to 473,000 sqm per quarter. In 2024, the average supply was slightly lower at 441,000 sqm, but still significantly higher than in 2022. Supply amounted to 393,000 sqm in the third quarter of 2025.

The take-up in the Amsterdam area was 99,000 sqm in the first three quarters of 2025, compared to a total take-up of 246,000 sqm in 2024.

Rental prices in the municipality of Amsterdam remained between €100 and €160 per sqm per year, with a median of €125 per sqm per year. However, the rent continues to be highly dependent on the size of the facility, size of the office component and the quality of the building. Approximately 91% of the transactions in Amsterdam were investment deals intended for leasing, while the remainder were for owner-occupation.

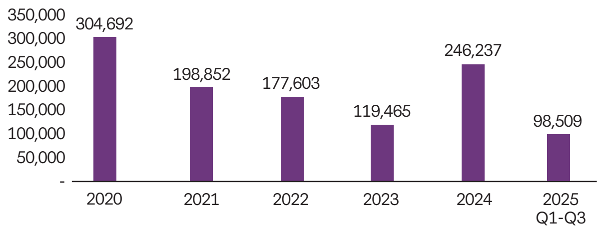
Investment market:

The logistics region recorded an investment volume of approximately €16 million by the end of the third quarter of 2025, a decrease of 65% compared to the same period in the previous year. The investment volume was around €50 million in 2023 and 2024, much lower than the record of almost €500 million in 2021. The reasons for this stark year-on-year decline include higher interest rates and scarcity of high-quality buildings.

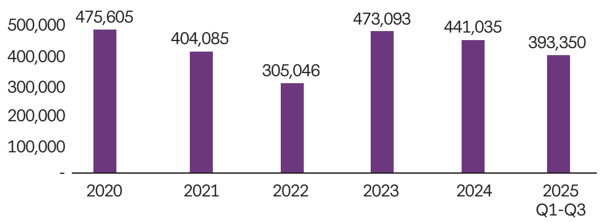
Land values:

The land values in the Amsterdam region remained stable at €400 per sqm. However, prices are expected to increase in the coming years due to the scarcity of land and the attractiveness of the region.

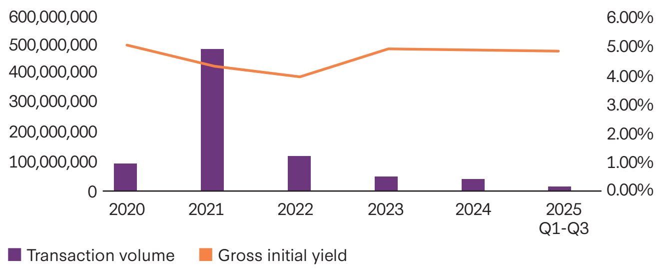
Take-up (in sqm)



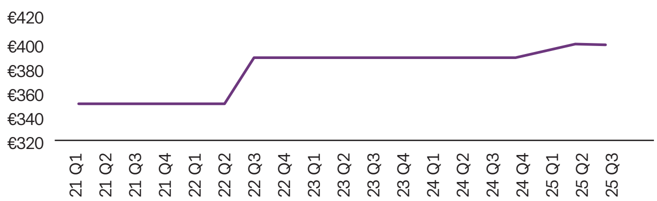
Supply (in sqm)



Investment volume (in €) and GIY (in %)



Land value per sqm



Data Source: Colliers

Industrial market - Rotterdam

Occupational market:
The municipality of Rotterdam is the largest industrial and logistics area within the Rotterdam area. It has 47 business parks with a net surface area of 6,884 hectares. Of these, Maasvlakte (2,297 hectares) and Europoort (1,369 hectares) are the two largest. Of the total area, 756 hectares are still available for allocation (11% of the total).

The supply of business space has steadily declined in recent years. In 2022, the average supply per quarter was 821,000 sqm. In 2023, this decreased to 766,000 sqm. This downward trend continued in 2024, with an average supply of 667,000 sqm. In the first three quarters of 2025, the average supply amounted to 546,000 sqm.

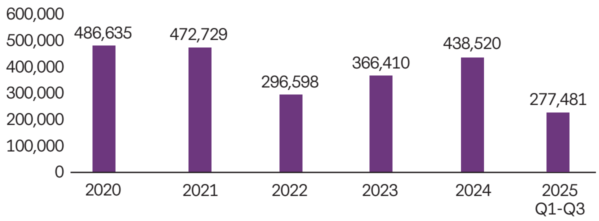
Take-up has fluctuated significantly over the past few years. In 2022 take-up was relatively low at 297,000 sqm before increasing to 439,000 sqm over the next two years. Take-up was boosted in the fourth quarter of 2024 with the lease of Zwarte Zeeweg 3 in Rotterdam (33,835 sqm). In the first three quarter of 2025, take-up was 227,000 sqm, significantly lower than in 2024, but nearly matching the total for 2022.

Rents in the municipality of Rotterdam remained between €95 and €119 per sqm per annum, with a median of €102 per sqm per annum. However, rent continues to be highly dependent on the size of the function, size of the office component and the quality of the building. About 88% of the transactions in the municipality of Rotterdam were investment deals intended for leasing, while the remainder were for owner-occupation.

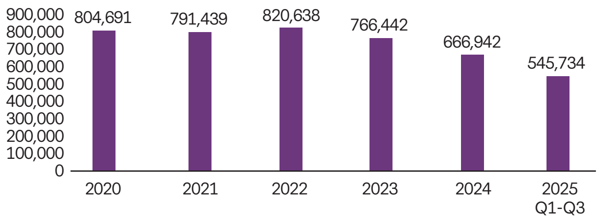
Investment market:
The logistics region recorded an investment volume of approximately €92 million by the end of the third quarter of 2025. This result is 200% higher than the same period in 2024, but it remains on par with the total annual 2024 figure thanks to a strong fourth quarter during that year. The investment volumes in recent years are a lot lower than in the period 2020-2022, when a yearly investment volume of €374 million was recorded. Because the Rotterdam area is the most important industrial and logistics area of the Netherlands, there continues to be strong interest from foreign investors.

Land values:
The location has been affected by a land shortage for years. Therefore, land prices increased from €250 per sqm in first quarter of 2021 to €400 per sqm in third quarter of 2025.

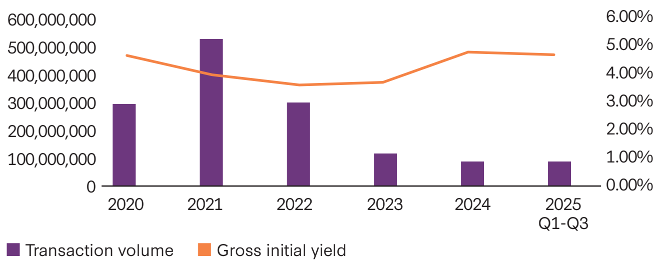
Take-up (in sqm)



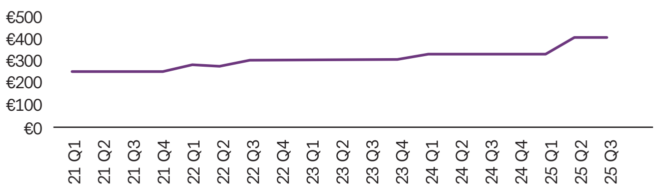
Supply (in sqm)



Investment volume (in €) and GIY (in %)



Land value per sqm



Data Source: Colliers

Independent Market Research

The Netherlands

Industrial market – Tilburg/waalwijk

Occupational market:
The municipality of Tilburg comprises 30 business parks with a combined net area of approximately 1,122 hectares. The two largest are Vossenberg (218 hectares) and Kraaiven (173 hectares). Of the total area, around 92 hectares (8.2%) remain available for development. The municipality of Waalwijk has 17 business parks with a total net area of 576 hectares. Of these, Haven (214 hectares) and Haven VII (76 hectares) are the two largest. Approximately 89 hectares remain available for allocation, representing 15.5% of the total area.

Supply of industrial space in Tilburg-Waalwijk is currently much lower than in 2020 and 2021 but has increased marginally in recent years. In 2020 and 2021, the average supply was 423,000 sqm. After declining to 132,000 sqm in 2022, the average supply increased to 229,000 sqm in the first three quarters of 2025.

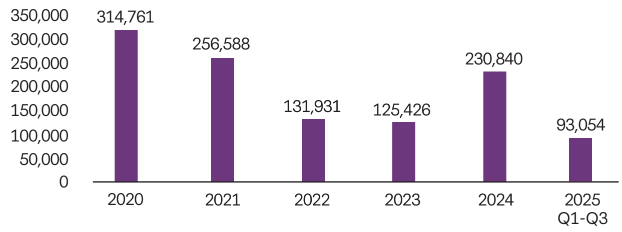
In the first three quarters of 2025, total take-up of industrial space in Tilburg-Waalwijk amounted to 93,000 sqm, less than half of the total take-up of 231,000 sqm In 2024. The large amount of take-up in 2024 was driven by a combination of medium-sized and several large-scale deals throughout the year, including the 27,000 sqm lease at Gesworenhoekseweg 11 in Tilburg and the 35,000 sqm lease at Ledeboerstraat 46 in Tilburg. Compared to 2024, 2022 and 2023 recorded fewer transactions with an average take-up of 129,000 sqm.

Rental levels in Tilburg ranged between €60 and €90 per sqm per year, with a median rent of €76 per sqm per year. Approximately 68% of all transactions involved leasing, while the remainder are owner-occupier purchases. Rental prices in Waalwijk ranged between €63 and €89 per sqm per year, with a median of €76 per sqm per year. Approximately 79% of transactions in Waalwijk involved leasing, while the remainder were purchases for owner-occupation.

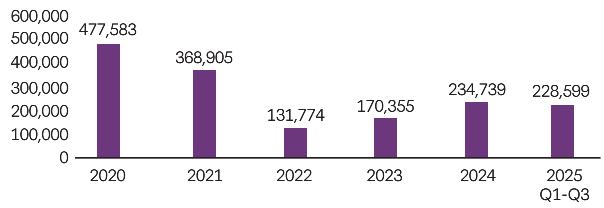
Investment market:
The investment market in Tilburg-Waalwijk is highly dynamic. Over the past five years, transactions had a combined investment volume of approximately €560 million. The largest transaction occurred in June 2024, when abrdn sold the property at Dongenseweg 225 (33,200 sqm) to SEGRO for approximately €48 million. In Waalwijk, the largest transaction was the sale of Industrieweg 19 (7,041 sqm) in October 2022. This property was sold by VolkerWessels to Ullis Netherlands I S. A R. L. for approximately €11.3 million.

Land values:
The location has been affected by a land shortage for years. Therefore, land prices have increased from €150 per sqm in Q1 2021 to €325 per sqm in Q3 2025.

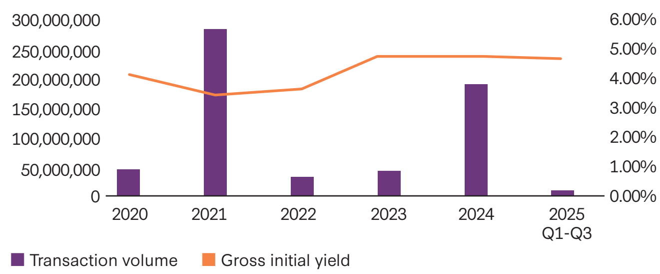
Take-up (in sqm)



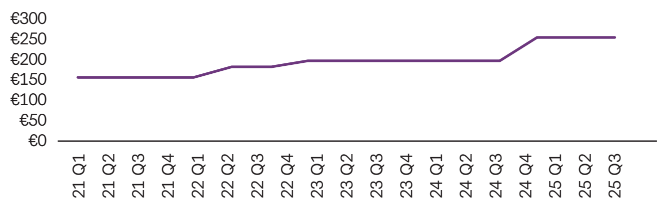
Supply (in sqm)



Investment volume (in €) and GIY (in %)



Land value per sqm



Data Source: Colliers

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