THE COMMERCIAL CHRONICAL



COMMERCIAL PROPERTY SALES SURGE 21 PER CENT AS INDUSTRIAL SECTOR LEADS GROWTH

Commercial property sales surged 21 per cent in the first half of 2026, with industrial transactions soaring 27 per cent to lead a broad-based recovery across Australia's commercial property market.

According to the realcommercial.com.au Commercial Property Update September 2026, the volume and number of commercial deals in the six months to June were significantly higher than a year earlier, based on MSCI Real Capital Analytics data. Industrial sales volumes in the year to June 2026 were 27 per cent higher than in the previous 12 months, making it the standout performer.

That strong demand has pushed yields lower across the board. According to PropTrack data, gross yields compressed in every capital city over the September quarter, with Perth recording the sharpest annual fall, down 45 basis points to 4.4 per cent.

Underlying demand continues to grow, supported by robust business formation. The number of businesses operating in Australia grew by 85,130, or 3.1 per cent, over the 2025–26 financial year, even as unemployment rose to 4.6 per cent in August from 4.2 per cent a year earlier.

The report, written by realcommercial.com.au senior economist Anne Flaherty, said there was a positive trend.

Recent rule changes may also support commercial property investment. Since 10 August, self-managed super funds can no longer use new borrowing arrangements to buy residential property, although they can still borrow to acquire eligible business real property. The report said it was too early to tell whether tax changes in the May 2026 federal budget would push more residential investors towards commercial property.

However, rising interest rates are beginning to moderate the pace of growth. The Reserve Bank lifted the cash rate to 4.6 per cent in September, marking its fourth increase this year. Minutes of the RBA's September meeting show the Monetary Policy Board judged business credit growth to be very strong and broadly based, while signalling it would keep doing what it considered necessary, including increasing the cash rate target further if required.

The cooling effect is becoming visible in buyer behaviour. Searches to buy commercial property on realcommercial.com.au have fallen year-on-year every month since October 2025. For-sale listings dropped 7 per cent in the September quarter compared with the same period in 2025, led by office down 14 per cent and retail down 9 per cent, while industrial listings rose 4 per cent.

Ms Flaherty cautioned that the yield compression trend may not last.

"Yield compression is now likely to slow, as rising interest rates drive upwards pressure," Ms Flaherty said.

Office properties are facing particular headwinds. Gross yields sit at or below 5.5 per cent in every major capital measured except Brisbane, even though vacancy topped 10 per cent across all capital city CBDs in July, according to the Property Council of Australia's Office Market Report. Melbourne recorded 18.9 per cent and Adelaide 16.3 per cent.

Foreign investment driving Australian commercial property surge

Offshore buyers now account for more than a third of all Australian commercial property transactions, marking a significant shift in the market's composition.

Foreign investment has surged to 34 per cent of all commercial property trading in 2026, up sharply from 23 per cent in 2025. Australian commercial property sales reached $48.4 billion in the year to 31 August 2026, according to Commonwealth Bank data, representing a 6 per cent increase on the same period last year.

Offshore capital contributed $16.3 billion to the total, with Singapore and Canada dominating the buying activity. Together, these two countries account for 70 per cent of offshore acquisitions this year, with Singapore representing 39 per cent and Canada 31 per cent. The United States contributed 21 per cent whilst Hong Kong accounted for 6 per cent.

Office properties ranked second in offshore buying, led by US investment manager Barings' $657.3 million purchase of 480 Queen Street in the Brisbane CBD from Dexus.

However, foreign appetite for industrial property has cooled, with CBA analysts noting that offshore buyers are targeting diversifying growth assets and prime-grade properties held for the long term.

Industrial property remains the most traded asset class for a seventh consecutive year, with $13.4 billion in sales. However, its share of trading has fallen from 35 per cent in 2025 to 29 per cent, with retail close behind at 27 per cent.

CBA said strong demand for shopping centres, particularly neighbourhood centres and freestanding supermarkets with a high share of non-discretionary retailers, is likely to keep downward pressure on yields in the short term.

The report highlights a potential shift in private capital following the 2026-27 Federal Budget tax changes. From 1 July 2027, negative gearing for residential property will be limited to new builds, whilst the 50 per cent capital gains tax discount will be replaced with cost base indexation and a 30 per cent minimum tax rate.

Kevin Stanley, director of commercial property research at CommBank, said the changes could redirect investment flows.

"One of the biggest possibilities is that formerly residential investors will start to look increasingly at commercial property," Mr Stanley said.

"It means really a time for investors to stop, reflect, do some research and figure out which part of the investment landscape they want to focus on."

New South Wales remains the country's commercial property powerhouse, with sales reaching $18.6 billion in 2026 to date, representing 42 per cent of national trading and up 18 per cent on the same period in 2025.

Queensland has emerged as the standout performer, with investment climbing 39 per cent to $10.8 billion, lifting the state ahead of Victoria into second place nationally.





Retail property investment surges to $7.5 billion in first half

Australian retail property investment has reached $7.5 billion in the first half of the year, marking a 12 per cent increase from the same period in 2025.

According to Knight Frank's Australian Retail Review Report, the sector is on track to record the highest transaction volume in more than a decade. The September quarter alone saw $2.8 billion in closed transactions with another $4 billion pending.

The surge in investment comes despite multiple interest rate hikes earlier in the year, with resilient consumer spending driving the sector's strong performance. Consumer spending increased 6.8 per cent over the year to August 2026, creating attractive returns that have drawn institutional capital back to retail property after several years of limited activity.

Alistair Read, Knight Frank senior economist for research and consulting, said the resilience of Australian households has exceeded expectations.

"We've had multiple interest rate hikes at the start of the year, but the resilience of the household sector has really been quite surprising and that's to the benefit of retail," Mr Read said.

"When you've got house prices falling, you've got high interest rates, all these headwinds, but the consumers, at least to date, have really been able to keep spending going."

The report found retail vacancy rates have fallen to 3 per cent nationally, the lowest level in more than a decade, while yields have stabilised at 5.6 per cent. High construction costs continue to limit new shopping centre developments, refurbishments and extensions.

The combination of limited new supply and strong population growth is expected to support stronger re-leasing growth as retailers compete for increasingly scarce space.

Mr Read said potential future interest rate rises, as predicted by economists at ANZ and Westpac, would not derail the sector's momentum.

"I think it will just make the path forward a little bit more difficult and maybe more prolonged, but it's not going to see the retail sector completely change the momentum that it's on," he said.

Analysis of occupancy costs across 62 publicly listed retail assets showed retailers are comfortably meeting rental conditions, averaging 14.2 per cent of turnover over the 12 months. Costs were lower in sub-regional assets, outlet and regional centres, and higher in larger city centre assets.

"Even though we've seen rents rising, the affordability for retailers hasn't necessarily deteriorated," Mr Read said.

"That's not to say there are still risks - we're still seeing inflation coming through and there's still cost pressures coming and a potential slowdown in consumption."

4 SIGNS YOUR BUSINESS COULD CONSIDER INVOICE FINANCE

The end of the calendar year puts pressure on cash flow for many businesses. Expenses tend to stack up, customers take longer to pay, and the gap between what you are owed and what you have available can widen at exactly the wrong time.

Invoice finance is one option that could help bridge that gap by unlocking the value tied up in your unpaid invoices.

Here are four signs it might be worth exploring before the end of the year.

Your cash flow does not match your revenue

A business can be profitable on paper and still struggle to meet its day-to-day obligations. If your invoices are going out but the payments are coming in weeks or months later, that timing gap creates pressure on your ability to pay suppliers, staff and overheads. Invoice finance works by advancing a proportion of the invoice value before the customer pays, which could help smooth out that mismatch and give you more predictable access to funds.

You are carrying a large volume of outstanding invoices

As the year winds down, some businesses find themselves sitting on a significant amount of money that is owed but not yet received. If your debtors ledger is growing and the payments are slow to arrive, that is capital your business has already earned but cannot yet use. Invoice finance could allow you to put some of that value to work rather than waiting on your customers' payment cycles.

You have upcoming costs or commitments you need to cover

The end of the calendar year often comes with costs that need to be met regardless of what customers have paid. Staff leave entitlements, supplier invoices, and any equipment or stock purchases you have planned all require cash on hand. If you can see those commitments coming but your receivables are still outstanding, invoice finance could help you cover the gap without taking on a traditional business loan.

Your growth is being held back by cash flow rather than demand

If you are turning down work or struggling to take on new clients because you do not have the cash flow to support the additional activity, the constraint may not be your business itself but the timing of your receivables. Invoice finance is designed to grow with your revenue, meaning as your invoicing increases, the facility could potentially increase alongside it. For businesses heading into a busy period, that flexibility could make a meaningful difference.

Invoice finance is not the right fit for every business, and the structure of the facility matters.

A finance broker can help you compare your options and understand what is available based on your invoicing volume, customer profile and business circumstances.



5 THINGS THAT AFFECT YOUR EQUIPMENT FINANCE APPROVAL

Applying for equipment finance is not the same as applying for a personal loan. Lenders assess business applications differently, and a number of factors specific to both your business and the equipment itself can influence the outcome. Understanding what lenders typically look at could help you prepare a stronger application.

Here are five things that can affect your equipment finance approval.

The age and condition of the equipment

Lenders use the equipment as security against the loan, so its value matters. Older equipment, or assets with high hours or kilometres, may be harder to finance through some lenders, or may attract different conditions such as a shorter loan term or a larger deposit requirement. Newer equipment typically represents lower risk for a lender because it holds its value more predictably over the loan term.

How long your business has been operating

Time in business is one of the first things many lenders consider. A business that has been operating for two or more years with consistent revenue is generally viewed more favourably than a start-up or a recently restructured business. If your business is newer, some lenders may require additional security or a personal guarantee from the director before approving the application.

Your business credit profile

Lenders will typically review your business credit history as part of the assessment process. Defaults, court judgements, or a history of missed payments on existing credit facilities can affect your application. The director's personal credit history may also be assessed, particularly for smaller businesses where the finances of the business and the individual are closely linked.

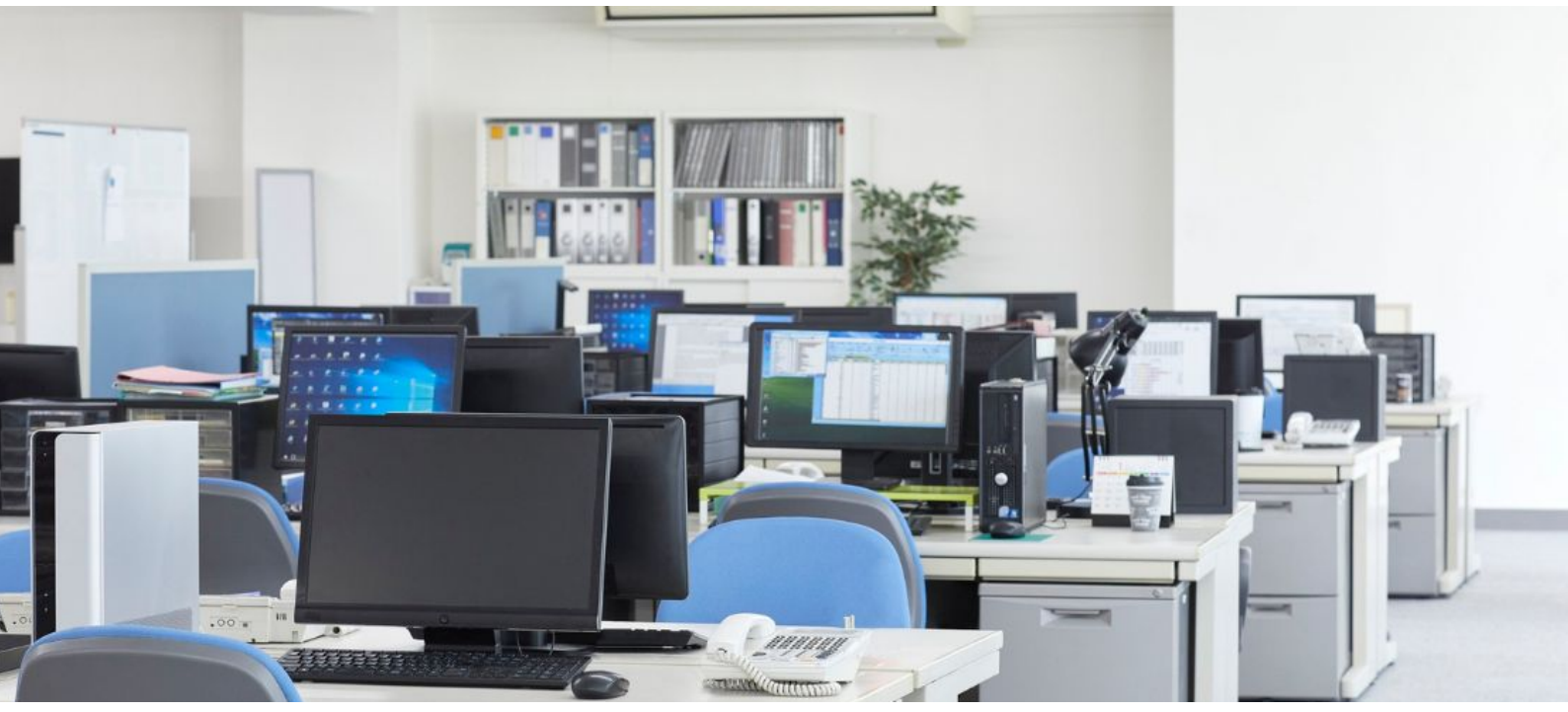
The financial position of your business

Lenders want to see that your business can comfortably service the debt. Depending on the lender and the loan amount, they may ask for recent financial statements, business activity statements, or bank statements to assess your cash flow and existing liabilities. A business carrying significant existing debt may face closer scrutiny, even if revenue is strong.

The type of equipment and its resale market

Not all equipment is treated the same way by lenders. Assets with a strong secondary market, such as certain types of earthmoving equipment, trucks or agricultural machinery, are generally easier to finance than highly specialised or custom-built assets that would be difficult to sell if the loan went into default. Equipment that is bolted down or permanently fixed to a property may also be assessed differently, as it can be harder to recover as security.

A finance broker can help you compare your options before committing to a single lender.



This is general information only and is subject to change at any given time.
Your complete financial situation will need to be assessed before acceptance of any proposal or product.