COMMERCIAL PROPERTY NEWS

Q1 NEWSLETTER | Partnering YOU in wealth creation through commercial property

Investor Update

Navigating Volatility, Capturing Opportunity

As we move through the first quarter of 2026, conditions across global markets have become less predictable. Interest rates, geopolitical events, and changes in capital markets are all influencing how and where money is being invested.

In this environment, our approach remains unchanged. We focus on well-located assets, quality tenants, and long-term value.

Across the market, we are seeing a clear difference between asset quality and performance.

Well-positioned properties with strong tenants are continuing to perform, while secondary assets are seeing more vacancy and pressure on rents.

This reinforces our strategy of acquiring assets with multiple income drivers and the ability to perform across different market conditions.

Closer to home, the fundamentals in Western Australia remain sound. Population growth, infrastructure investment, and activity across defence and industrial sectors are supporting ongoing demand for commercial property.

We are also seeing lenders and investors becoming more selective. Capital is still available, but it is being allocated more carefully. This creates opportunities for well-structured investments with reliable income and long-term positioning.

Looking ahead, we will continue to focus on opportunities where we can secure assets ahead of further market movement, particularly in sectors supported by long-term demand.

We thank our investors for their continued support and look forward to updating you further throughout the year.

Robert Engelhard & Shaun Quinlan
Directors - Scope Property Group

Financial Stability Outlook

The March 2026 Financial Stability Review by the Reserve Bank provides a clear snapshot of how global financial conditions are evolving and what this means for investors.

While risks are building across global markets, the key takeaway is that the system remains resilient, particularly within Australia.

After an extended period of low risk pricing, markets are now more exposed to sudden repricing if further shocks emerge. Private capital markets are showing early signs of strain. High-profile defaults in the US and UK have highlighted weaknesses in private credit, while private equity funds are facing longer exit timelines, slowing capital recycling and tightening liquidity.

Conditions across Australian businesses remain uneven but contained. Insolvencies have risen from pandemic lows but are now stabilising around long-run averages. Stress is largely concentrated in sectors such as construction and hospitality, while larger businesses continue to hold strong balance sheets and cash reserves.

Australia remains relatively resilient. Corporate and household balance sheets are generally strong, and the banking system is well capitalised. While some borrowers are under pressure, broader system stability is holding.

For commercial property investors, the outlook is more constructive than global headlines suggest. Fundamentals improved through 2025, with rising valuations and rental growth in prime office and industrial markets. Demand for well-located assets continues to support performance.

Importantly, there is limited evidence of financial stress among commercial property owners, with loan performance remaining strong across both bank and non-bank lenders.

The takeaway is clear. Global risks are elevated, but Australian commercial property remains resilient. In this environment, disciplined asset selection and tenant quality will continue to drive investor outcomes.

Full Financial Stability Review 2026 Report HERE.

AUKUS & Defence Infrastructure

The New Industrial Supercycle in WA

Western Australia is entering a multi-decade defence and infrastructure investment cycle, led by AUKUS and the expansion of sovereign shipbuilding capability.

The Australian Marine Complex in Henderson is at the centre of this shift, underpinned by multi-billion dollar committed defence infrastructure funding, with additional investment forecast across naval sustainment, submarine programs, and supporting industries.

For investors, this is not just a government story, it is a demand story.
Increased defence activity drives sustained demand across:

- Industrial workshops and fabrication facilities
- Laydown yards and hardstand sites
- Office and support services for engineering and project teams
- Short and medium-term accommodation linked to workforce mobility

Unlike traditional mining cycles, defence spending is long-duration,policy-backed, and less commodity-sensitive, creating more predictable occupancy and income profiles.

We are already seeing early signs of this demand translating into tightening availability of well-located industrial assets, particularly those with scale, access, and zoning flexibility.

The takeaway is clear, this is not a short-term cycle. It is a generational repositioning of Western Australia’s industrial economy.

This shift is now translating into tangible activity within the Australian Marine Complex, with increasing attention on well-positioned assets capable of supporting the next phase of growth.

HENDERSON BUSINESS HUB

Henderson Business Hub, a Scope property at 81 Quill Way, Henderson, is one such asset now coming into sharper focus. A Development Application has been submitted for a broader master plan of the site, designed to respond directly to the growing demand within the precinct.

The proposed vision will introduce a complementary mix of accommodation, office space, and service-based businesses, creating a centralised hub to support the expanding workforce and operational requirements of the AMC. Importantly, this is not speculative positioning. It is aligned with a clear and emerging demand profile driven by long-term defence investment.

As activity across the precinct continues to build, assets that can provide both immediate utility and future development flexibility are becoming increasingly scarce.

The Henderson Business Hub is strategically positioned to capture this demand, both in its current form and through its planned evolution.

For investors, this represents a timely alignment between macro tailwinds and asset-level opportunity. The attention now being seen across Henderson is not incidental. It is the early stage of a broader transformation already underway.

More updates via hendersonbusinesshub.com.au
Henderson Business Hub Facebook

Render of Master Plan for 81 Quill Way, Henderson.

Happy Easter

This time of year offers a chance to step back, spend time with family and friends, and recharge.

Wishing you a safe and enjoyable Easter from the team at Scope Property Group.

SCOPE PROPERTY GROUP