

Private capital circling amidst uncertainty

July 2026

Australian private offices are deploying capital with growing conviction — capitalising on cyclical lows, subdued institutional competition, and a structural expansion in Australian private wealth.

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- ▶ *Australia is expected to experience a surge in the number of ultra-high-net-worth individuals (US\$30m+) over the next 5 years.*
- ▶ *Private investors remain active with investment focused on retail and industrial assets in NSW, QLD and VIC.*
- ▶ *Our Australian Private Office Survey reveals confidence in the long-term fundamentals of property markets and its place as an anchor of private office portfolios.*

\$10 billion

Volume of private capital transactions in property markets over the past 12 months.

16,640 people

Number of ultra-high-net-worth-individuals (US\$30m+) in Australia in 2026

Against a backdrop of elevated geopolitical uncertainty and a rising interest rate environment, private office investment in property markets has remained notably resilient — reflecting a patient, long-horizon capital base willing to look through short-term volatility. Recent federal budget changes to capital gains taxation have further improved the attractiveness of property, reinforcing its position as a preferred asset class for private offices seeking income stability and long-term capital growth.

PRIVATE TRANSACTIONS ARE ON THE RISE

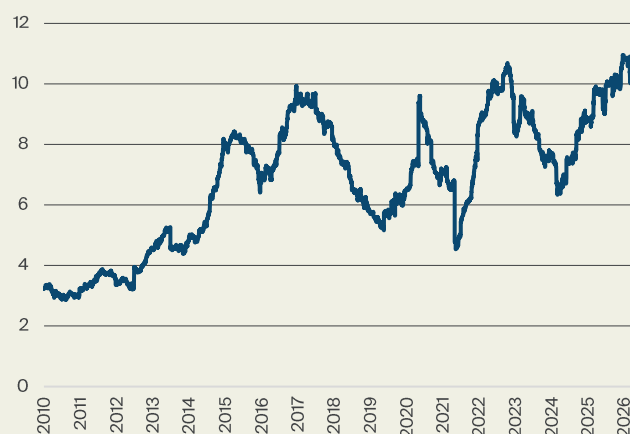
Private investment volumes rose strongly in 2025 and have remained relatively resilient with around \$10 billion transacted over the past 12-months despite heightened uncertainty throughout H1 2026. This reflects private investors seeking to both benefit from attractive pricing and subdued institutional/REIT competition for assets, and secure income stability during a period of elevated uncertainty. The resilience of transaction activity in early 2026 despite rising interest rates and geopolitical uncertainty shows that private capital is looking through short term volatility and is confident in the long-term growth prospects across most property sectors, but with some divergence by location.

PRIVATE INVESTORS BUYING RETAIL AND INDUSTRIAL

Retail (39%) and industrial (29%) have driven private sector activity in H1 2026. NSW and VIC retail assets are attracting strong interest — seen through the sale of Lansell Square for \$110.1 million — on the back of income growth and subdued development pipeline that limits future supply competition. Private capital is also active in industrial markets in QLD and VIC, where investment demand remains high despite a softening in the leasing market, showing the long-term confidence in industrial markets. This is seen through the recent sale of Scoresby Industry Park for \$125.5 million. Office (18%), continues to attract opportunistic buyers targeting assets repriced well below replacement cost with recent transactions including 246 Bourke Street for \$154 million and 441 St Kilda Road for \$100 million.

Private capital remains highly active

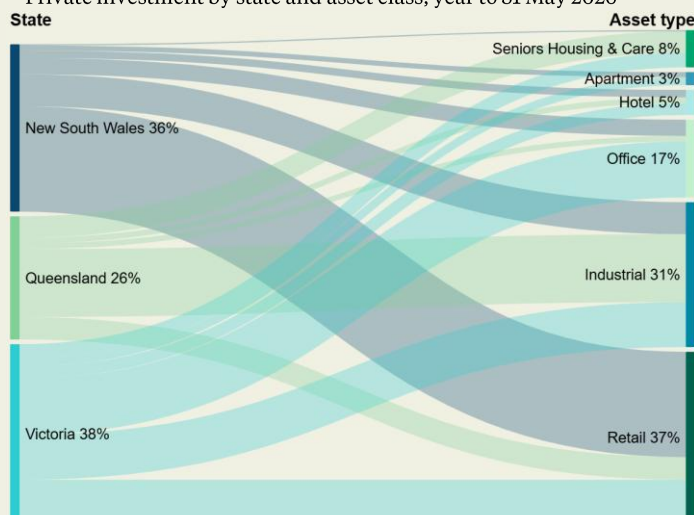
12-month rolling total private transaction volume, daily (AUD billions)



Source: Knight Frank Research, RCA

Diversified investment by private capital

Private investment by state and asset class, year to 31 May 2026



Source: Knight Frank Research, RCA

Capital is active and readying for opportunity

FOCUS ON THE EASTERN SEABOARD

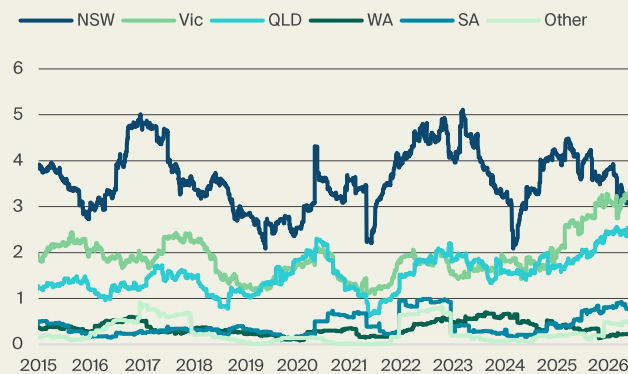
The Absentee Owner Surcharge has meaningfully shifted the competitive landscape in Victoria, suppressing foreign buyer activity and drawing private domestic capital toward Melbourne assets at discounted entry points — making VIC the dominant destination for private investment in H1 2026 with 38% of volumes, ahead of NSW (28%) and QLD (19%). These three markets continue to attract the greatest share of private capital by virtue of their transaction depth, rental income stability, and the availability of credible exit pathways relative to secondary markets.

PRIVATE CAPITAL IS BECOMING MORE IMPORTANT

Private buyers have lifted their share of commercial transactions from 18% in 2015–2022 to 27% since 2023. Their activity has held up through the downturn, driven by lower dependence on debt, faster decision-making, and a willingness to pursue long-term or counter-cyclical plays. Crucially, privates weren't constrained by the same redemption pressures, balance-sheet adjustments or valuation resets that forced institutions and REITs to sit on the sidelines, therefore have taken advantage of repricing and distress to secure higher-quality assets.

Increased focus on assets in VIC and QLD

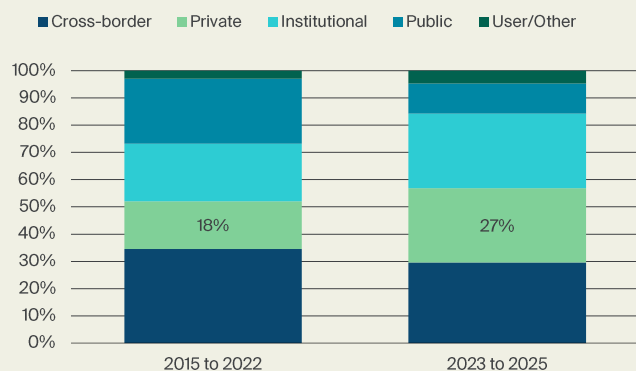
12-month rolling total transaction volume by sector (AUD billions)



Source: Knight Frank Research, RCA

Private capital is increasingly important

Share of investment volumes by period and buyer type (%)



Source: Knight Frank Research, RCA

AUSTRALIA HAS 2% OF UHNW POPULATION

Australia punches well above its weight in the global wealth landscape. According to Knight Frank's Wealth Sizing Model presented in *The Wealth Report 2026*, Australia has the ninth most ultra-high-net-worth-individuals (UHNWs) in the world – defined as those with more than US\$30m in assets – with 16,460 people. This represents 2.4% of the global US\$30m+ population.

AUSTRALIAN WEALTH EXPECTED TO RISE

Australia's UHNW population is forecast to rise by nearly 60% between 2026 and 2031, reaching 26,095 individuals — roughly one in every 1,000 residents. This expansion reflects more than rising asset prices: it is underpinned by a structurally diversified economy, as well as a \$4.5 trillion in retirement savings which is expected to grow to be the second-largest in the world by 2031.

That has produced a depth and durability of wealth creation that outperforms many peer economies. Australia is forecast to have one of the fastest growth rates in the billionaire population among developed economies, growing by 77% to 2031. This carries direct implications for domestic capital formation and the allocation of private wealth into property.

Australia has 2% of ultra high-net worth population

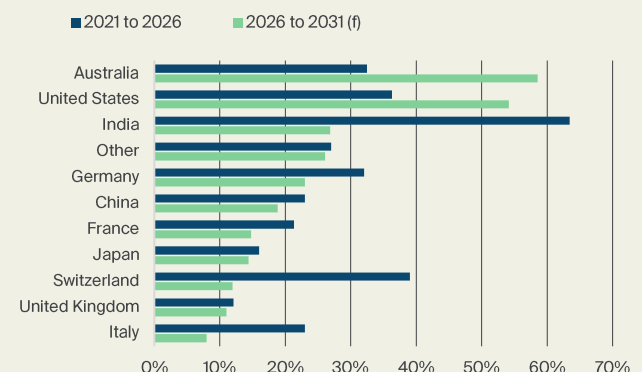
Share of global US\$30m+ population by country, 2026 (%)



Source: Knight Frank Research

Australia forecast to lead the growth in wealth

Change in US\$30m+ population by country (%)



Source: Knight Frank Research

Private Capital in Australian CRE: Themes Shaping Strategy in 2026

- From global conflict to the ongoing intergenerational wealth transfer, we unpack the highlights from our recent survey of Australian family offices.

AN UNCERTAIN BUT NAVIGABLE INVESTMENT CLIMATE

Our panel recognised that 2026 has begun against a backdrop of geopolitical and economic turbulence — yet uncertainty has not translated into paralysis. Rather, it has sharpened discipline. In the context of rising interest rates and an uncertain outlook, family offices are pricing risk more carefully, stress-testing assumptions on debt costs and holding periods, and favouring assets with demonstrable income returns over speculative upside.

There is still confidence in the long-term outlook and recognition that property markets now offer better relative value given the recent correction in 2023-24, but investors will be more selective in coming months, focussing on geographies and market segments which they understand and which offer the right mix of near-term resilience and long-term growth potential.

PRIORITISING DEPTH AND SPECIALISATION OVER BROAD DIVERSIFICATION

What continues to differentiate real estate from other asset classes, in the eyes of Australia's family offices, is the ability to actively manage and thereby directly influence return outcomes. Unlike listed equities or fixed income, direct property ownership confers a hands-on lever, and many on our panel have done this successfully over several decades, establishing deep specialisation in particular locations or market segments.

This is a key reason why real estate retains its place at the centre of private portfolios even as alternative asset classes proliferate. It also helps to explain why several respondents are seeking to grow their exposure in areas where their deep sector expertise is a genuine source of advantage, rather than diversify for its own sake. As one respondent observed, “In our business, we don't need new opportunity; we don't need new stock. We can build value through enhancing our existing holdings.”

“Global unrest challenging all world economies, domestically, political turbulence continues and major property tax changes are reshaping the market - a truly extraordinary time to be navigating the Australian property market. Uncertainty always creates opportunity in our industry for astute and strategic money. Proven experience and fearless advice matters more than ever and that is why we are here.”

Ari Petrovs
Partner, Head of Private Office Australia



COULD MELBOURNE BE THE SMARTEST BUY FOR PATIENT CAPITAL?

Multiple respondents called out the relative value play in Melbourne, conscious that it remains Australia's largest or second largest market across all the main sectors and that there will be mispricing and hence attractive opportunities arising from widespread negative sentiment in recent years. It may take time to materialise, but most of our panel take a long-term view and remain committed to growing their holdings in Melbourne. As one participant observed: “We're at the bottom with Melbourne and it needs to turn. It's just like a big super tanker though, it takes time. I take the glass half-full view: Melbourne offers good value for investors coming in now, as it is only going to get better.”

NEXT GENERATION FOCUSED ON LIQUIDITY AND OPTIONALITY

As Australia's intergenerational wealth transfers accelerate over the coming decade, they will reshape family office investment strategies and consequently the approach to property. Where older cohorts of Australia's wealthy have often invested more narrowly across the traditional asset classes and taken a conservative approach to property with a view to capital preservation and reliable income generation, the next generation is typically more attuned to liquidity and flexibility, with a desire to pursue a more growth-oriented strategy when taking control of family assets.

While all respondents expect property to continue to be at the heart of wealth management strategies, younger investors are likely to demand a different value proposition: one built on performance and optionality, rather than passive investments held in perpetuity or pooled vehicles without the ability to influence outcomes. As one respondent noted: “I don't think getting a 5-6% return on a shop in a suburban location will be their style of investment. They will invest in something more liquid and with more tangible upside. Technology has made it easier to do that and to track it than it would have been in the past.”

We like questions. If you've got one about our research, or would like some property advice, we would love to hear from you.
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Private Office
Ari Petrovs
+61 3 9604 4625
Ari.Petrovs@au.knightfrank.com



Research & Consulting
Ben Burstson
+61 452 661 682
Ben.Burstson@au.knightfrank.com



Research & Consulting
Alistair Read
+61 450 831 899
Alistair.Read@au.knightfrank.com

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