

The growing influence of private offices

Q1 2026

Australia's private offices are rapidly growing in wealth, positioning them as increasingly influential investors. Property remains a cornerstone of their strategy as they look to deploy capital into the Australian market.

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- ▶ *The wealth being managed by private offices is growing rapidly with a large amount set to be passed onto the next generation.*
- ▶ *Private offices are looking to increase exposure to real estate.*
- ▶ *Significant potential for institutions to partner with private offices for opportunistic and value-add deals.*
- ▶ *Private offices are most interested in the industrial, data centre and infrastructure sectors.*

\$5.4 trillion

Estimated wealth being transferred within Australia over the next 20 years.

31%

Share of family offices surveyed that are looking to increase their portfolio allocation to direct real estate over the next 18 months.

AUSTRALIAN PRIVATE WEALTH IS GROWING

Private office wealth is gaining momentum in Australia, forming a rising layer of capital that's becoming harder to ignore. The influence of private wealth in the Australian property market is growing, presenting an incredible source of wealth that can be tapped into by institutional investors.

According to Knight Frank's *The Wealth Report 2025*, Australia has the ninth most high-net-worth-individuals (HNWIs) in the world – defined as those with more than US\$10m in assets – with 42,789 people which account for 1.8% of the global US\$10m+ population.

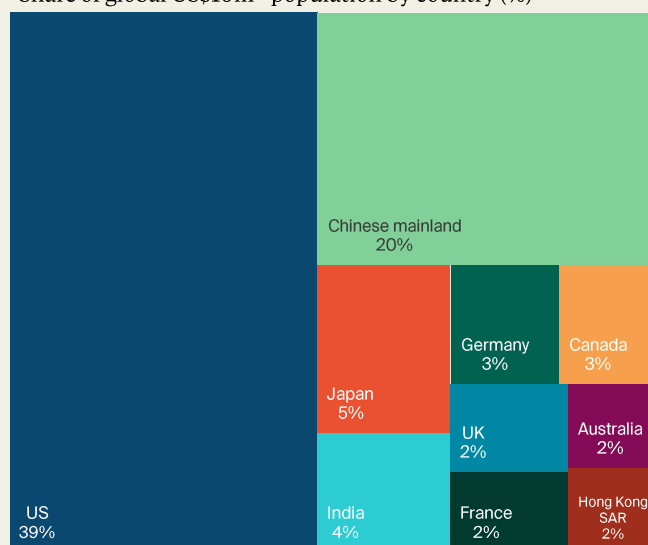
Moving forward, the number of HNWI in Australasia – currently 49,367 – is expected to see a 5.3% rise in its US\$10m+ population by 2028. The number of people with a net worth of US\$100m+ in Australasia is expected to increase from 1,918 in 2024 to 2,010 in 2028, a rise of 4.8%.

IMMENSE INTERGENERATIONAL WEALTH TRANSFER

Australia is on the cusp of an unprecedented intergenerational wealth transfer, reshaping how family offices and younger generations approach investing. J.B. Were estimates that annual inheritance in Australia will rise from around \$150 billion in 2024 to \$500 billion in 2044. That is a cumulative \$5.4 trillion of wealth being transferred within Australia over the next 20 years.

Knight Frank's Family Office survey found that while primary decision making in investing was tightly held by older age groups, 58% of groups are actively involving the next generation, with 40% saying this had led to a change in investing strategy. Knight Frank's The Next Generation Survey – a first of its kind global study of 1,788 wealthy 18 to 35-year-olds - found the younger affluent generation is still drawn to the classic trio of stocks, property and cash, which remain the most popular investment avenues across income levels. This signals that property will continue to be a backbone of future private investment portfolios.

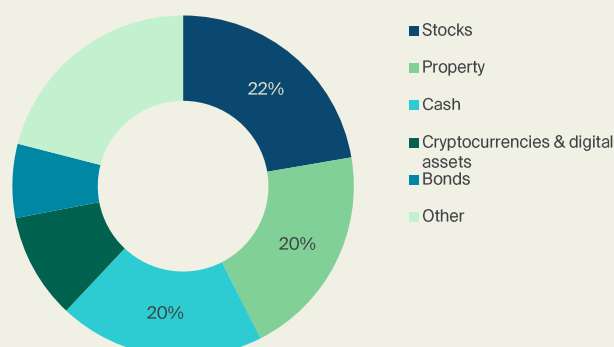
Australia accounts for 2% of high-net worth population
Share of global US\$10m+ population by country (%)



Source: Knight Frank Research

Property a priority for next generation

Share of respondents choosing asset as their top investment priority (%)



Source: Knight Frank Research

Private capital on the rise

PRIVATE OFFICE PORTFOLIOS ARE GROWING

Significant growth in wealth over recent decades has substantially increased the capital available within private offices. According to a KPMG survey, the proportion of Australian family offices with assets under management exceeding \$500 million rose from 38% in 2023 to 57% in 2025. This growth reflects both the accumulation of wealth and a trend toward consolidating investments under private office structures.

PRIVATE CAPITAL IS BECOMING MORE ACTIVE

Private offices are also transitioning into more active investment roles. Australian family offices accounted for 40% of private capital investment transactions in 2024, up from 10% in 2020. This shift reflects a desire to influence outcomes directly, capture higher returns, and engage in hands-on asset management. Increasingly, private offices are not just passive investors but are looking to co-invest alongside funds, drive development projects, or take stakes in emerging alternative real estate sectors.

PRIVATE OFFICE FUNDS LOOK TO INCREASE PROPERTY EXPOSURE

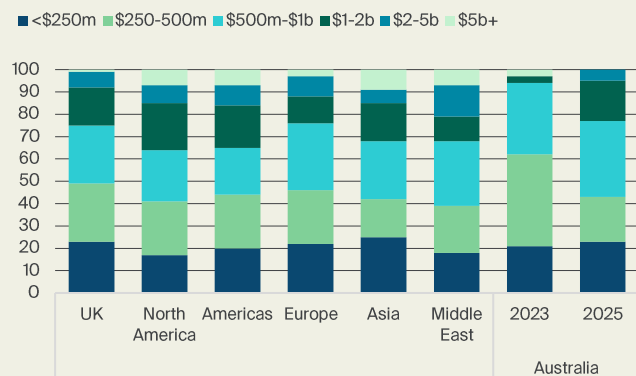
Significant growth in both Australian and US equity markets over the past year has skewed asset allocations towards a greater share of private capital being allocated in direct shares in 2025. This caused portfolio allocation to property to fall from 29% in 2024 to 25% in 2025. Looking ahead, as commercial property markets turn the corner towards growth, we expect renewed interest from private office buyers who are looking to rebalance portfolios away from highly-valued equities.

In Australia, 31% of family offices surveyed reported that they would increase their portfolio allocation to direct real estate over the next 18 months. Private offices are increasingly taking a strategic approach, building diversified portfolios across a variety of real estate sectors. The expansion of private office portfolios is also enabling these investors to access larger, more complex deals that were previously the domain of institutional funds.

We have already seen signs of this shift, with 2025 private investment volumes reaching a record \$10.9 billion.

Family office managing larger portfolios

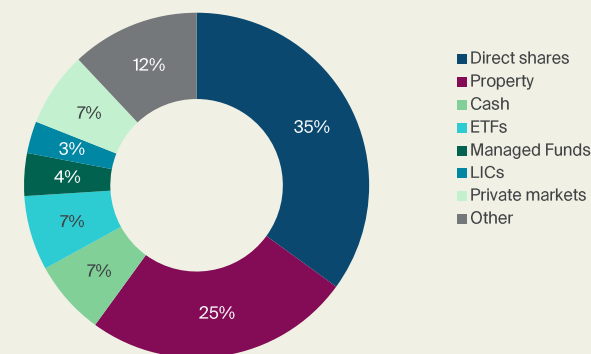
Family office assets under management (% of respondents)



Source: Knight Frank Research, KPMG

Property a core feature in private portfolios

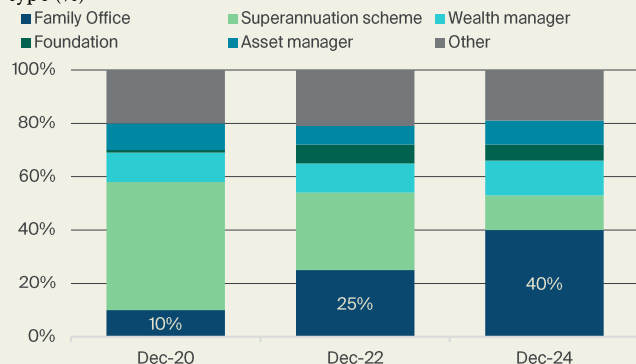
Proportion of investment by asset class in high-net-worth Australian portfolios in 2025 (%)



Source: Knight Frank Research, LGT Wealth Management, Investment trends

Family offices grow as active investors

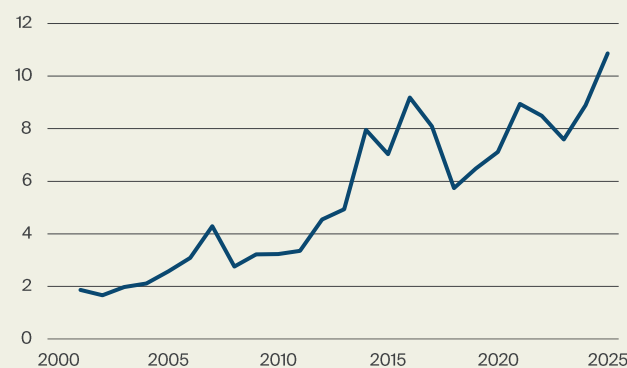
Proportion of active Australia-based private capital investors by type (%)



Source: Knight Frank Research, Preqin Pro

Private investment steadily rising

Investment volumes in CRE by private investors (AUD \$b)



Source: Knight Frank Research, RCA

Rising influence of private capital

- Over the last 25 years private capital investment has grown at an average annual rate of 9.8% with investment rising by \$3.7 billion (over 50%) over the past five years.

PRIVATE TRANSACTIONS ARE ON THE RISE

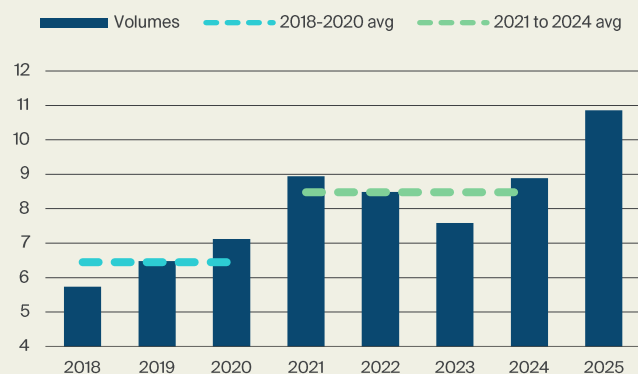
Private investment volumes rose strongly in 2025 to at \$10.9 billion. Over the past five years, investment volumes have averaged \$8.5 billion per year – a substantial step-up in activity compared to prior years. This reflects a deeper pool of private capital actively targeting commercial real estate. Much of this growth has come from family offices and high-net-worth groups expanding mandates beyond traditional or passive holdings. The consistency of this capital through different market conditions highlights its growing role in supporting transaction liquidity.

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.

Private investment averages \$8.5b per year

Investment in commercial property by private investors (AUD \$b)



Source: Knight Frank Research, RCA

FOCUS ON THE EASTERN SEABOARD

Private investors are largely looking to invest in the established commercial markets of New South Wales (42% of private investment volumes), Victoria (25%) and Queensland (19%). Private investors prioritise these markets as they offer the deepest, most liquid commercial markets with stable tenant demand and clearer exit pathways. Established metros also typically provide stronger economic fundamentals and lower leasing risk.

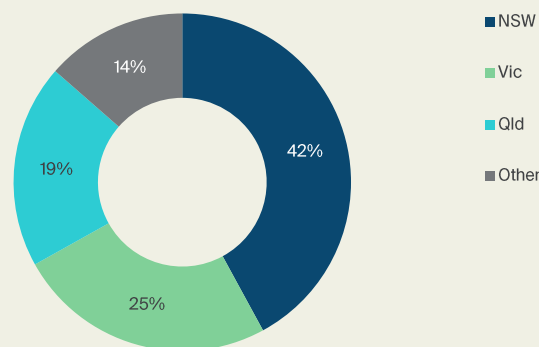
PRIVATE INVESTORS CAPITALISE ON THE DOWNTURN

Retail (31%), office (26%) and industrial (27%) have been the most transacted sectors by private investors in recent years. This reflects private investors seeking to both benefit from attractive pricing as asset values fell, and secure income stability during a period of elevated uncertainty.

Historically, private capital has favoured traditional sectors because they offer stable income, transparent markets, and clear levers to grow value through asset management and leasing. They are also familiar, and straightforward to oversee directly, aligning with the hands-on ownership style common among private investors.

Private capital prefers Eastern Seaboard

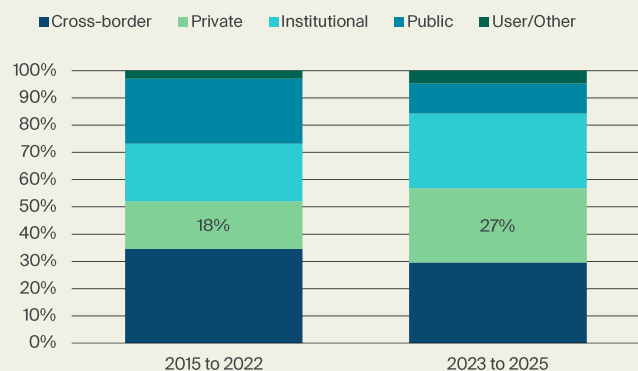
Share of private investment by state 2021-25, %



Source: Knight Frank Research, RCA

Private capital is increasingly important

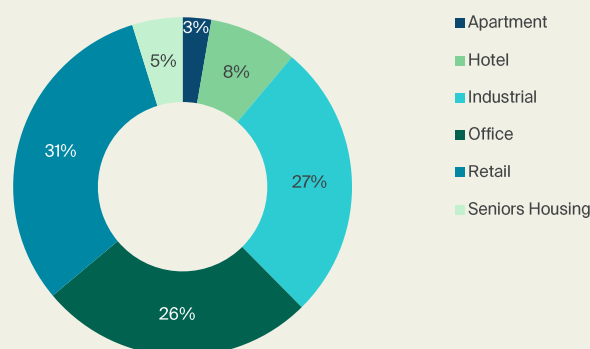
Share of investment volumes by period and buyer type (%)



Source: Knight Frank Research, RCA

Private investment by asset class

Share of private investment by asset class 2021-2025



Source: Knight Frank Research, RCA

Target sectors & strategies

INVESTORS ARE LOOKING TOWARDS NEW SECTORS

Institutional buyers now returning to the core sectors, driving increased competition for assets. As a result, private investors are increasingly looking to shift their investment focus to alternative asset classes – such as niche industrial and logistics, specialized office or retail formats, and emerging sectors – to capture growth and diversify their portfolios.

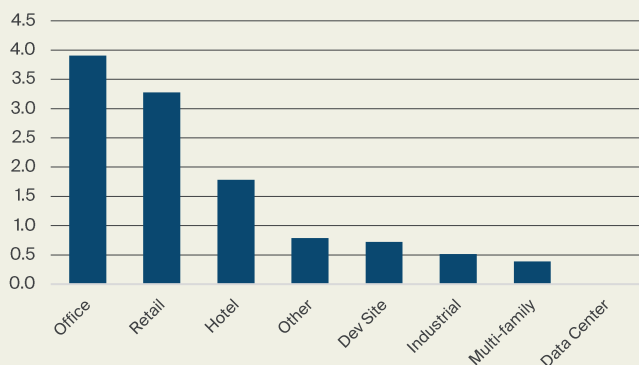
Looking ahead, Knight Frank's latest survey of Australian family offices points to a clear pivot toward alternative real estate. The top targets for investment are industrial (42%), data centres (21%) and infrastructure (18%).

Industrial's strong performance recently is drawing capital away from traditional office and retail. Data centres are also seeing rising interest, supported by the growing infrastructure demands of future AI technologies. Infrastructure continues to attract investors with its stable, long-term, inflation-linked cash flows and low correlation to conventional assets.

However, data centres and infrastructure are far more challenging to access than the traditional sectors, presenting an opportunity for partnerships with institutions.

HNWs historically prefer office and retail

Current Australian property ownership among high-net-worth investors by asset class (AUD billion)



Source: Knight Frank Research, RCA

Preferred sectors for real estate investment in Australia (% of respondents)

Industrial	42%
Data centres	21%
Infrastructure	18%
Retail	18%
Offices	13%
Healthcare	13%
Build-to-rent	8%
Hotels	8%
Luxury residential	8%
Seniors' housing	5%
Life sciences	3%
Affordable housing	3%

Source: Knight Frank Research

PRIVATE CAPITAL IS LOOKING FOR PARTNERS

Private office capital is increasingly open to working with institutions. Although "solo" direct investment remains the preferred investment route (36%), there remains strong demand among private capital for fund structures (17%) and joint ventures (9%). However, trust is very important to private offices. Difficulty in identifying reliable partners or operators was a challenge for 23% of survey respondents. Other significant challenges faced by private offices include high competition for assets (32%), regulatory and compliance barriers (29%), and tax regimes (26%).

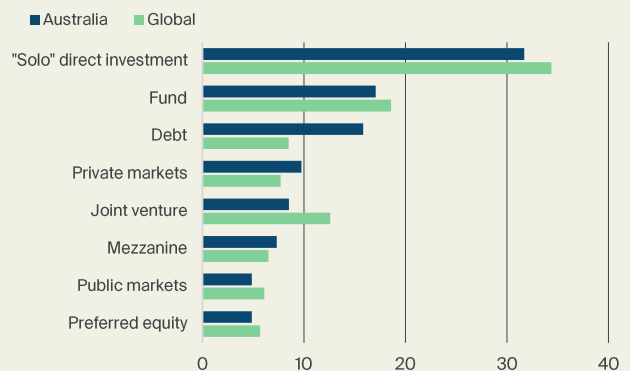
PREFERENCE FOR OPPORTUNISTIC AND VALUE-ADD

Private investors prefer higher return property investment strategies with 36% of Australian family offices preferring value-add opportunities, while 25% prefer opportunistic. This is significantly more than the number of family offices preferring core (18%) or core-plus (14%) opportunities.

Family office investors are typically assessing real estate investment returns through considering either total return (31%) or internal rate of return (31%) metrics. These metrics reflect the fact that capital growth/appreciation is a top priority for Australian family offices investing in property (48%), followed by income generation (21%), which are a higher priority than the more defensive objective of wealth preservation (21%).

Preference for direct and fund structures

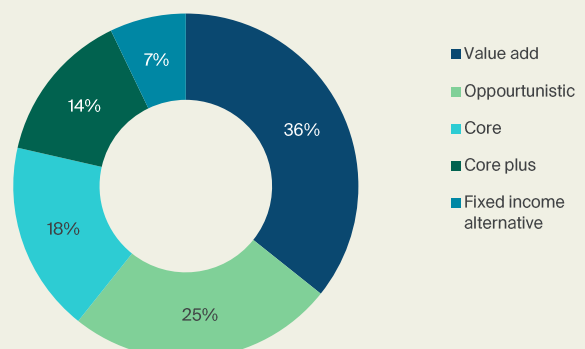
Preferred routes for real estate investments among family offices



Source: Knight Frank Research

Preference for opportunistic and value add

Preferred real estate investment strategies among Australian family offices (%)



Source: Knight Frank Research

Opportunities for private offices

NOW IS THE TIME TO BUY ASSETS AT CYCLICAL LOWS

Valuations across most property classes are sitting at or near their cyclical lows, creating a clear entry point for private offices to buy well. Strong rental growth is expected as elevated construction costs and high economic rents suppress new development, keeping future supply tight. This supply-demand imbalance should translate into stronger income growth for assets acquired today. Buying at this stage of the cycle also positions private offices to benefit from both yield recovery and improved liquidity as conditions normalise.

PRIVATE OFFICES SHOULD ACT SOON

Private offices are well-positioned to secure a first-mover edge at this stage of the cycle. Their ability to deploy capital quickly gives them a clear advantage in capturing assets at or near the market bottom.

Demand from institutions and REITs has been more subdued as they've prioritised selective disposals to manage increased redemptions/outflows. That phase is now easing, and as conditions firm, we expect institutions and REITs to re-enter the buy-side with greater conviction, creating a much more competitive environment for private capital. Those who move early will secure opportunities that become far harder to access once institutions return to active buying. When they come back, competition for quality assets will intensify quickly, making it materially harder for new entrants to gain traction.

INVESTORS ARE PIVOTING FROM DEBT TO EQUITY

As the market emerges from a downturn, private office investors are shifting from debt to equity strategies. Investors are increasingly favouring direct ownership, driving a return to investing in equity positions and away from lending. This shift creates opportunities to capture capital growth, reposition assets, and access niche opportunities that were previously less viable in the higher-rate environment.

MELBOURNE HOLDS VALUE FOR LONG-TERM DOMESTIC INVESTORS

Melbourne pricing appears to be approaching the cyclical low, creating a compelling entry point for domestic private offices with long-term investment horizons (10+ years).

Commercial property values in Melbourne have faced a prolonged period of weakness, and near-term conditions remain subdued. Factors such as slow short-term growth and foreign owner taxes have dampened demand from investors with shorter horizons (around 5 years). This creates a window of relatively limited competition for private offices to enter the market. By acting now, investors can capture long-term upside in both rents and valuations as the market recovers. Those who wait risk facing higher prices and greater competition once broader sentiment improves.

B-GRADE OFFICES ASSETS CAN BE REPOSITIONED

B-grade offices have been particularly impacted during the recent cycle, with weaker leasing and price pressure creating opportunities for value acquisition. Private investors can add significant upside through refurbishment, amenity upgrades, or repositioning to better meet tenant requirements. Trading at a discount to prime stock, these assets allow investors to capture both income growth and capital appreciation as conditions stabilise.

RETAIL ASSETS RETURN TO GROWTH

Neighbourhood retail assets have returned to growth as localised demand strengthens, and e-commerce-resistant tenants gain prominence. For private investors, this creates an opportunity to acquire well-located, community-focused assets often overlooked by larger institutions, capturing both reliable income and potential value through leasing, refurbishment, or repositioning. As broader market conditions improve, these assets are well-positioned to benefit from rising rents and capital appreciation.

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Private Office

Ari Petrov
+61 3 9604 4625
Ari.Petrov@au.knightfrank.com



Research & Consulting

Ben Burston
+61 452 661 682
Ben.Burston@au.knightfrank.com



Research & Consulting

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



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