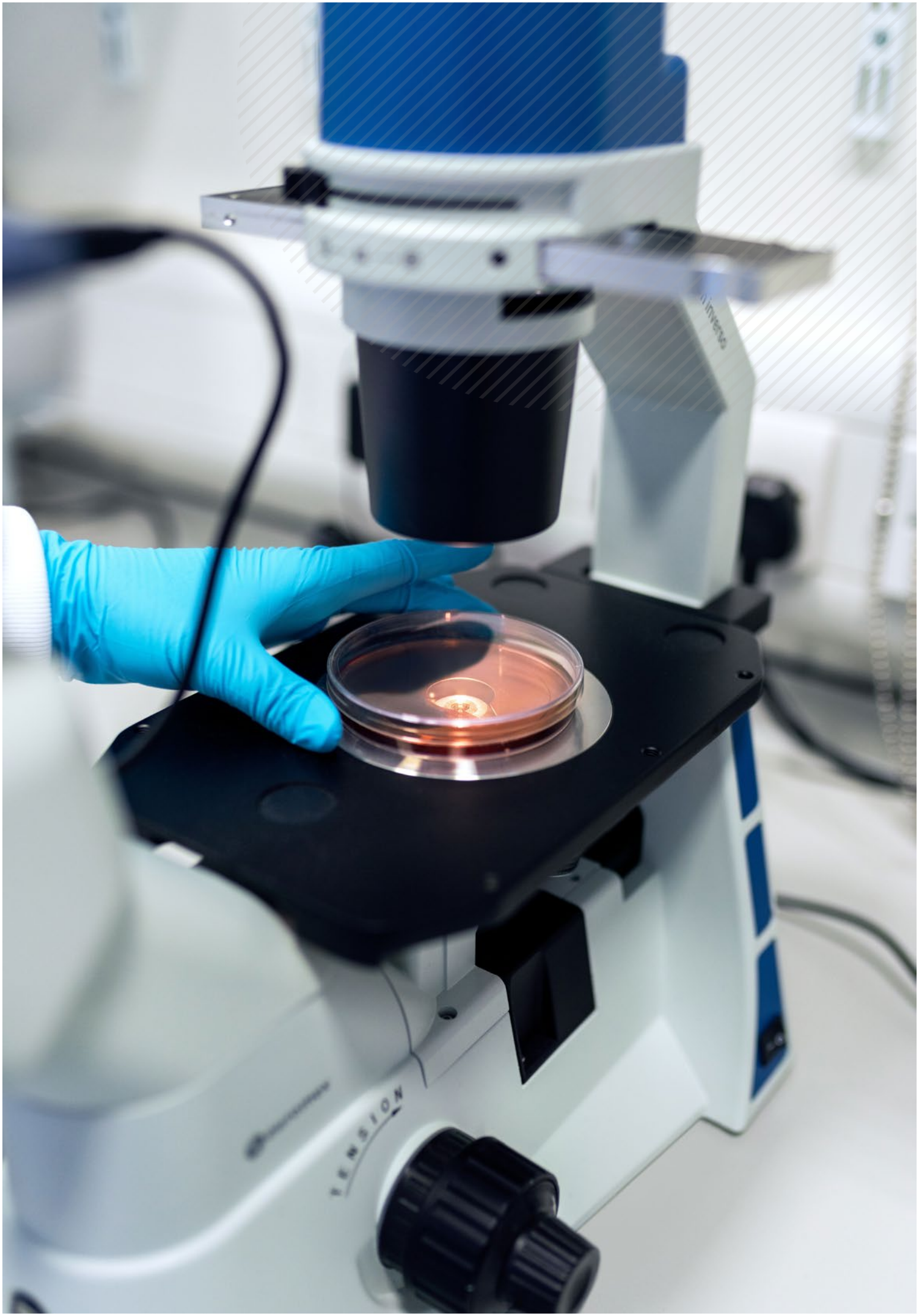
Healthcare

Industry Insights Report

August 2025

Burgess Rawson
FROM CBRE



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Welcome

Yosh Mendis
Partner | Head of Agency NSW

Jesse Lapham
National Director Research & Data

Welcome to the August 2025 edition of our Industry Insights Report series, where we explore one of the most resilient and fast-evolving sectors in commercial property, healthcare.

Healthcare continues to strengthen its position as a key investment class, supported by rising demand for services, an ageing population, and significant public and private sector funding. Across Australia, the value of healthcare and life sciences precincts is forecast to more than double over the coming years, reflecting growing investor interest and confidence in the sector's long-term fundamentals.

Government policy is playing a central role in shaping this growth. Initiatives such as increased support for public hospitals, expanded bulk billing, urgent care clinics, and aged care reform are all contributing to sustained demand for healthcare infrastructure. These settings are not only essential for service delivery, but also present strong opportunities for commercial investors seeking reliable returns.

While some parts of the sector are navigating structural change, this is unlocking new opportunities for repositioning and long-term growth. Investors are increasingly seeking quality assets that are aligned with future models of care.

At Burgess Rawson from CBRE, we are proud to bring you this latest report, backed by market-leading data and deep expertise in this essential asset class.

Overview

The Australian healthcare sector is known to consistently deliver robust returns while maintaining a notably low level of volatility when compared to traditional asset classes. Its stability and resilience are recognised by both local and international investors, as well as large institutional funds who continue to rely on the sector to produce premium outcomes for their clients.

One of the sector's most notable strengths lies in its dependable revenue streams, supported by substantial government funding. Significant Federal and State investment empowers tenants to commit to long-term leases, bolstering revenue stability. Moreover, healthcare's non-discretionary nature, where spending remains steadfast irrespective of economic fluctuations, provides annuity style income.

Australia's healthcare sector is globally renowned, consistently ranking high in international indices.

The Health Care Index by CEOWorld Magazine placed Australia sixth in the world for healthcare quality, offering both public and private healthcare services, underpinned by substantial and unwavering government support.

In its latest budget, the Australian Government committed a approximately $125b in health funding, with a four year commitment totalling $530b.

This sector's allure is further enhanced by the necessity of permits for medical, pharmaceutical, and dentistry sites, adding intrinsic value. Retail spaces leased to pharmacies also command higher rentals than their counterparts.

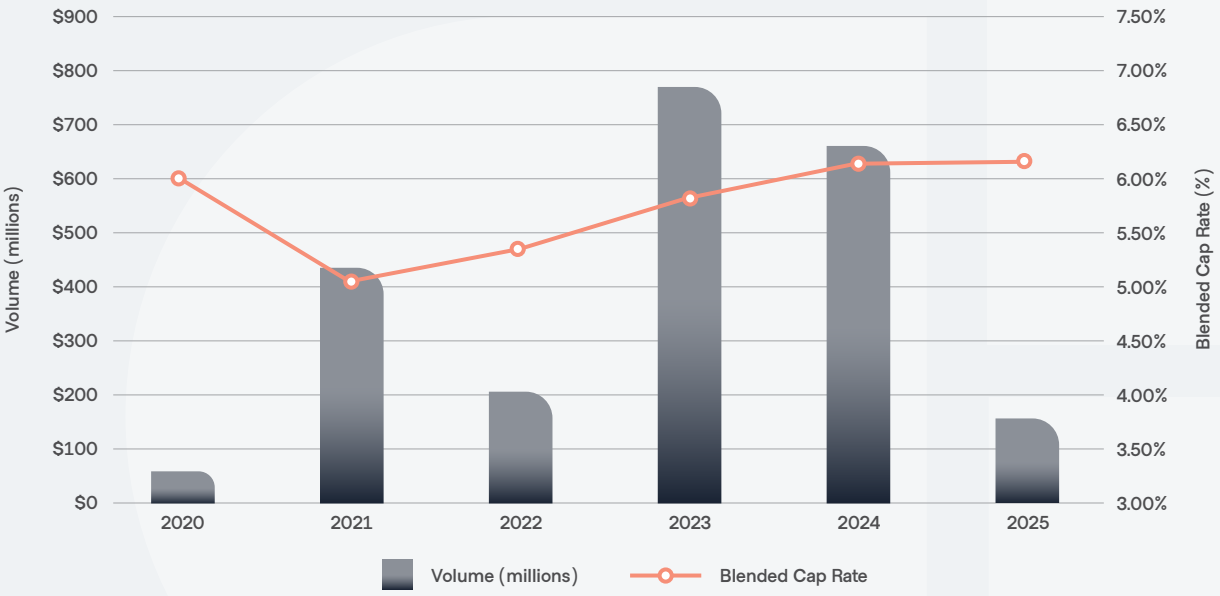
Traditional real estate asset classes like offices, face mounting pressure from long-term macro-trends, such as the shift to remote work. Consequently, institutional and private investors are increasingly turning to alternative assets for stability and returns.

Notably, healthcare businesses require substantial investments in fit-outs, which serves as a compelling factor for occupiers to commit to longer lease terms. The greater the fit-out expenditure, the less incentive there is for tenants to contemplate relocation.

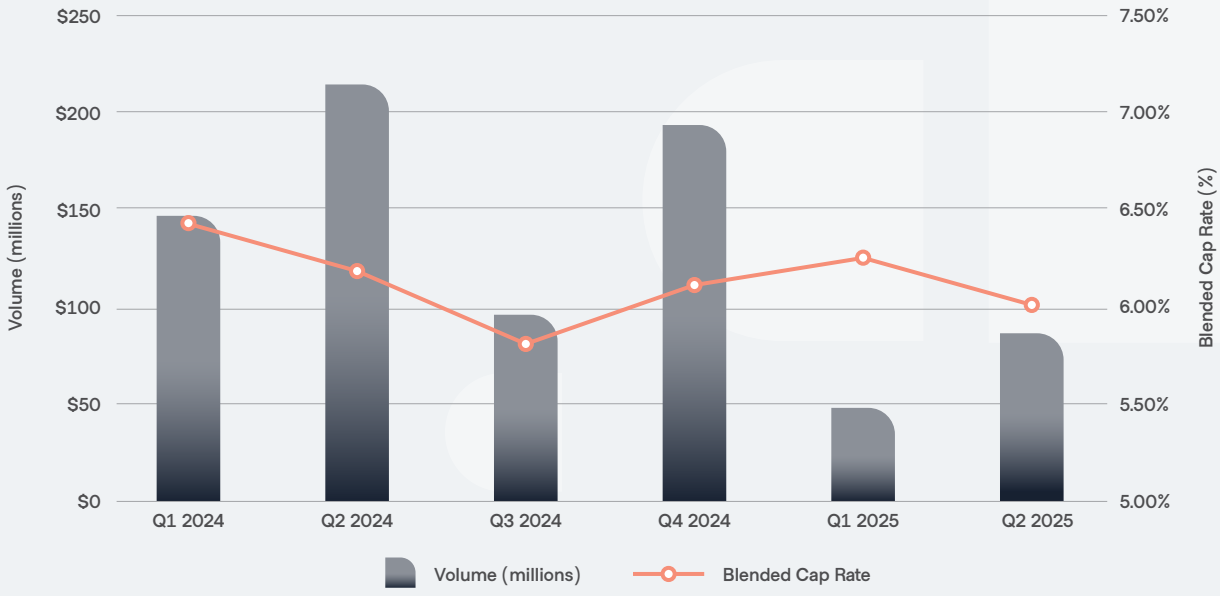
With the ongoing growth of an aging population and growing government support, healthcare property assets are poised to reap the rewards of this enduring trend for years to come.

Volume & Cap Rate Review

Healthcare Yearly Volume and Cap Rate



Healthcare Quarterly Volume and Cap Rate



Source: Burgess Rawson from CBRE

Recent Pharmaceutical Sales

Bundamba Discount Pharmacy
Bundamba QLD

Sale Price	Cap Rate	Date
$2,621,000	5.15%	Dec 2024

Coonabarabran Chemist
Coonabarabran NSW

Sale Price	Cap Rate	Date
$715,000	6.15%	Oct 2024

Lyndale Pharmacy
Dandenong North VIC

Sale Price	Cap Rate	Date
$1,510,000	6.50%	Oct 2024

Terry White
Bundaburg QLD

Sale Price	Cap Rate	Date
$1,100,000	6.20%	Sep 2024

Recent Veterinarian Sales

Greencross Vets
Moorooka QLD

Sale Price	Cap Rate	Date
$1,700,000	5.10%	Oct 2024

Pascoe Vale Vet
Pasco Vale VIC

Sale Price	Cap Rate	Date
$1,705,000	4.50%	Jun 2024

Essendon Veterinary Clinic
Moonee Ponds VIC

Sale Price	Cap Rate	Date
$1,350,000	5.11%	Jun 2024

Everton Park Vet
Everton Park QLD

Sale Price	Cap Rate	Date
$1,805,000	4.70%	Mar 2024

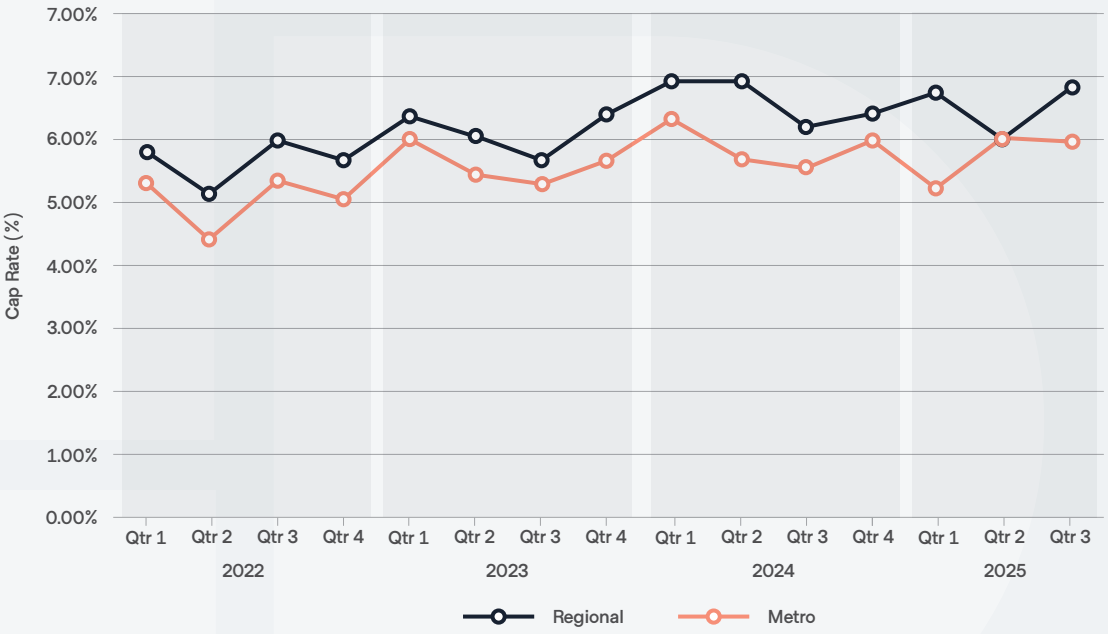
Sector Analysis

Metro vs Regional Cap Rates

Regional healthcare assets have consistently traded at higher cap rates than metro counterparts, reflecting the added risk and lower liquidity. From 2022 to Q3 2025, the gap has remained steady, typically around 50 to 100 basis points.

Both markets saw yields peak in early 2024 before softening slightly.

Metro assets remain more tightly held, supported by stronger tenant demand and underlying land value. While regional yields briefly converged with metro rates in mid-2025, they quickly diverged again, reinforcing the return premium investors expect for non-metro locations. The trend highlights ongoing stability in the pricing gap.



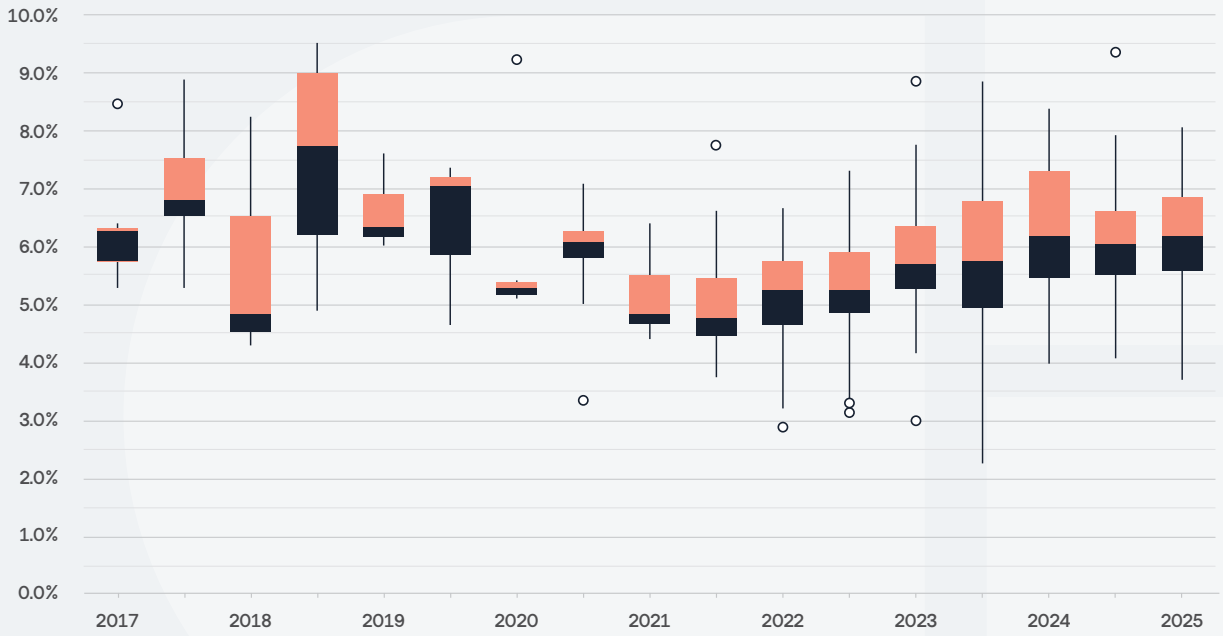
Metro & Regional Trend 2024 & 2025

	Average Sale Price	Average Yield
Metro	$5,410,000	5.87%
Regional	$3,457,000	6.54%

Source: Burgess Rawson from CBRE

Sector Analysis

Healthcare Cap Rates



Cap Rate Trend

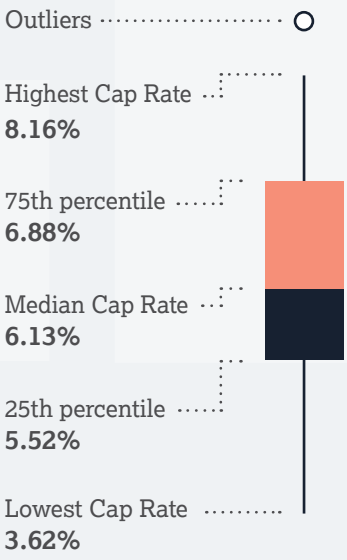
Cap rates for healthcare assets in Australia have shown a notable trend over the past eight years. In 2018, yields peaked with a wide spread, reflecting a volatile market and weaker investor confidence. By 2020, cap rates tightened dramatically, with reduced variance and a median near 5.25%, highlighting strong demand for medical assets during uncertain times.

From 2021 to 2022, cap rates remained compressed, with the interquartile range narrowing and fewer outliers—signalling continued investor confidence. However, 2023 marked a turning point. Cap rates rose across the board, with the median increasing and the upper range expanding, influenced by interest rate hikes and broader macroeconomic pressures.

In 2024 and 2025, cap rates appear to stabilise, albeit at a higher base than the 2020–2022 trough. The spread between upper and lower quartiles remains consistent, suggesting a more balanced market. Despite softening, the healthcare sector remains resilient, underpinned by strong fundamentals and defensive income characteristics.

Legend

(H1 2025 Results)



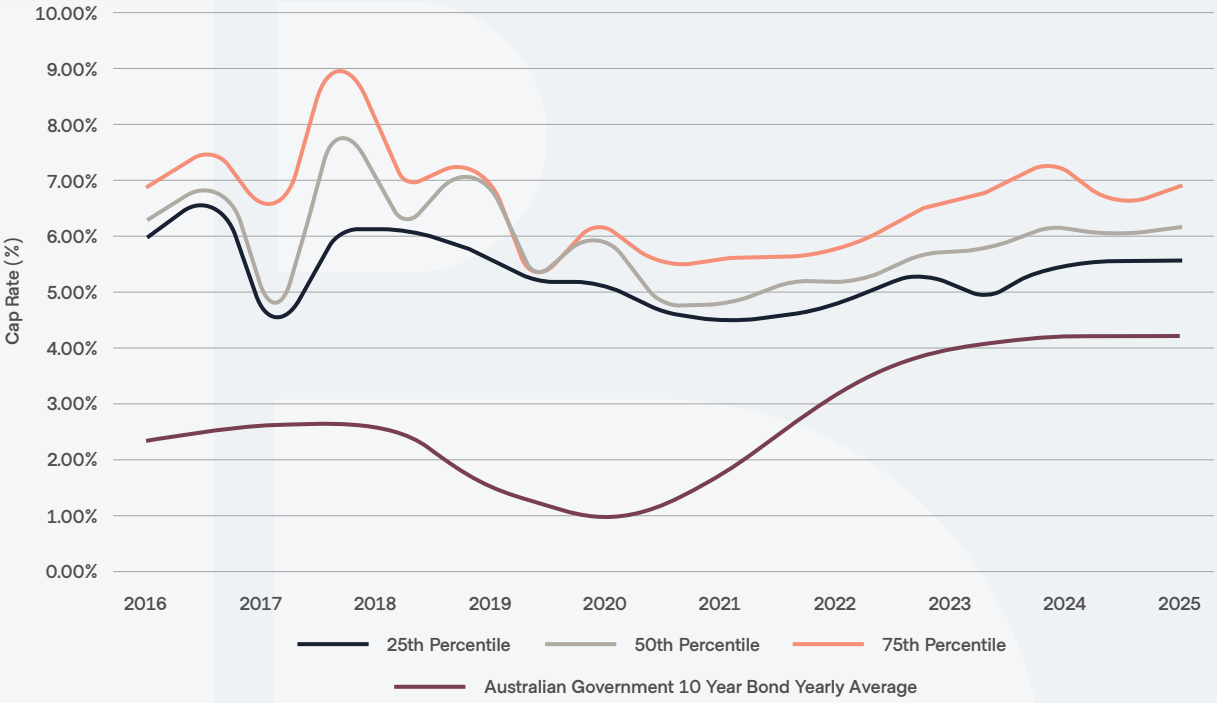
Note

Outliers are calculated using the IQR method, which has been set at 1.5IQR. Sample size includes competitor sales.

Source: Burgess Rawson from CBRE

Sector Analysis

Healthcare Cap Rate Trend



Cap rates for medical assets in Australia have fluctuated notably over the past decade, with a clear trend of compression through the late 2010s, followed by softening in the wake of rising interest rates and macroeconomic uncertainty. Between 2016 and 2018, yields across all percentiles tightened significantly, with the 25th percentile dropping below 5%—reflecting aggressive pricing for premium assets.

From 2019 to 2021, cap rates remained relatively stable, with only modest movements, but 2022 marked a turning point. All percentiles began to trend upward, particularly at the higher end of the market (75th percentile), which climbed above 7%, peaking near 8.5% before slightly easing.

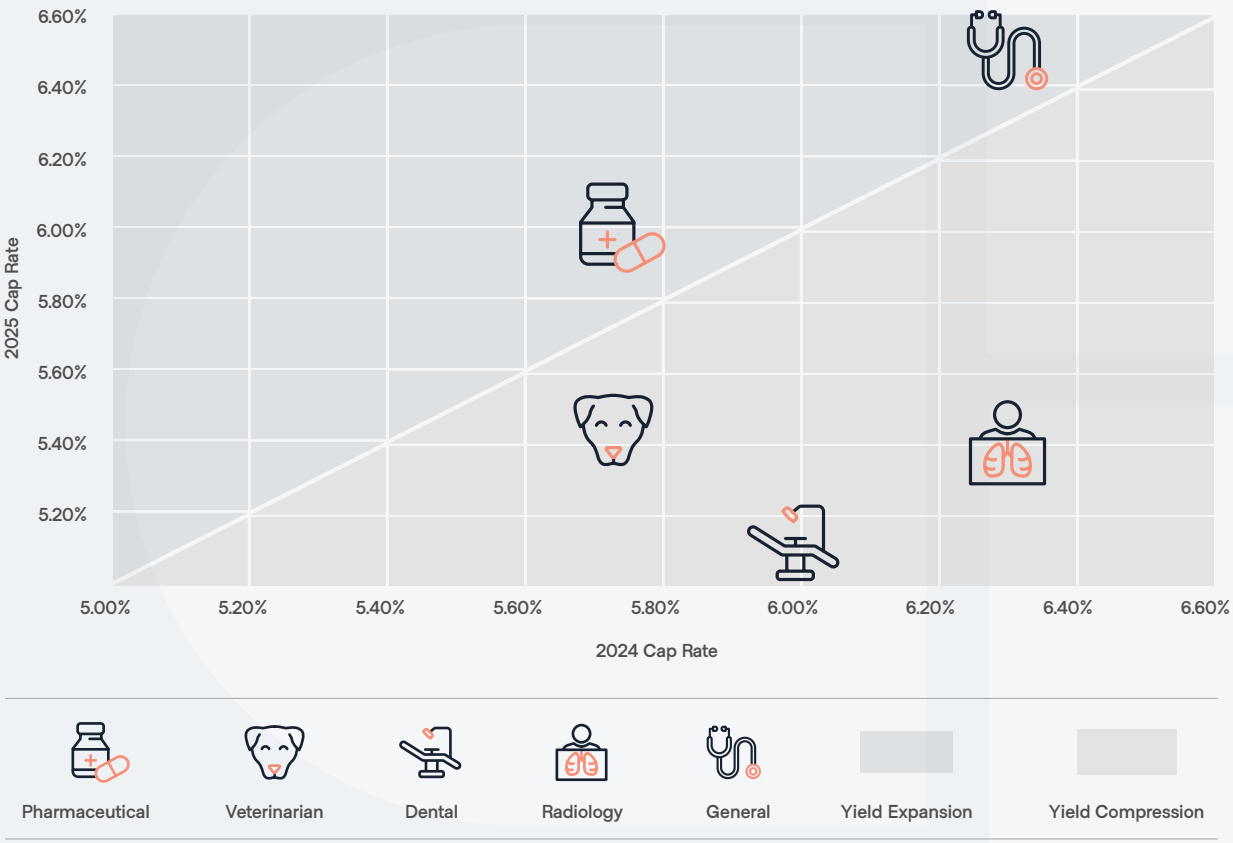
This widening spread between premium and secondary assets indicates increased risk aversion among investors and sharper differentiation in asset quality.

By 2025, cap rates have broadly stabilised at higher levels than pre-COVID, with the 50th percentile around 6.3% and the 25th percentile nearing 5.5%. This suggests pricing has recalibrated to reflect a higher cost of capital, but investor appetite remains, particularly for well-located, high-quality healthcare assets. The relative resilience of the lower quartile also signals ongoing demand for core medical properties with strong lease covenants and tenant security.

Source: Burgess Rawson from CBRE

Sector Analysis

Sub Sector Cap Rate Trend 2024 & 2025



The sector analysis reveals a clear divergence in investor sentiment across healthcare property types from 2024 to 2025. Radiology and Dental experienced the most significant cap rate compression, dropping by 95 and 92 basis points respectively. These sectors now hold the lowest yields, suggesting heightened investor demand and confidence in their income stability. Veterinarian assets also tightened slightly, reinforcing continued appeal in niche healthcare segments.

In contrast, Pharmacy and General Medical sectors saw cap rate softening. General Medical recorded the highest yield in 2025 at 6.50%, up from 6.30%, while Pharmacy rose modestly from 5.75% to 5.94%.

These increases may reflect shifting risk perceptions, operating pressures, or slower rental growth expectations, with Pharmacy having higher exposure to Land Tax increases.

Overall, the data points to growing investor preference for specialised healthcare assets with perceived resilience, while more traditional segments like general medical practices are facing softening demand. This trend highlights the evolving nature of risk assessment in the healthcare investment landscape.

Source: Burgess Rawson from CBRE

Recent Dental Sales

Dental One
Epping VIC

Sale Price	Cap Rate	Date
$3,033,000	5.88%	Apr 2025

Pacific Smiles Dental
Nowra NSW

Sale Price	Cap Rate	Date
$1,510,000	6.82%	Jun 2024

Pacific Smiles Dental
Rutherford NSW

Sale Price	Cap Rate	Date
$3,810,000	6.89%	May 2024

Bupa Dental
Wendouree VIC

Sale Price	Cap Rate	Date
$1,785,000	4.54%	Aug 2023

Recent Radiology Sales

I-Med Radiology Network
Traralgon VIC

Sale Price	Cap Rate	Date
$2,390,000	5.20%	Jun 2025

I-Med Radiology
Shepparton VIC

Sale Price	Cap Rate	Date
$4,800,000	5.52%	Apr 2025

Lake Imaging
Wendouree VIC

Sale Price	Cap Rate	Date
$5,135,000	5.50%	Aug 2024

Engadine Medical Imaging Pty Ltd
Engadine NSW

Sale Price	Cap Rate	Date
$2,570,000	4.98%	Jun 2024

National 2024 & 2025 Sales

NSW	QLD	SA	VIC	WA	TAS	NT
Metropolitan	Metropolitan	Metropolitan	Metropolitan	Metropolitan		
$95,110,000	$154,375,000	$59,405,000	$167,079,000	$83,648,000		
5.82%	5.79%	6.17%	5.82%	6.47%		
Regional	Regional		Regional	Regional	Regional	Regional
$106,014,000	$80,996,000		$49,885,000	$10,955,000	$891,000	$3,680,000
6.87%	6.20%		6.17%	7.38%	6.19%	8.24%

Sales Volume Median Cap Rate

Source: Burgess Rawson from CBRE

Recent National Healthcare Sales

Tenant	Location	Sale Price	Date Sold	Cap Rate
Paediatric Centre	Campbelltown NSW	$720,000	Aug 2025	5.82%
Mind Australia	Cobblebank VIC	$2,300,000	Aug 2025	6.10%
I-Med Radiology Network	Traralgon VIC	$2,390,000	Jun 2025	5.20%
All Care Physio	Spring Hill QLD	$1,501,000	Jun 2025	5.88%
Sonic Healthcare	Kogarah NSW	$5,870,000	Jun 2025	5.91%
Dental One	Epping VIC	$3,033,000	Apr 2025	5.88%
I-Med Radiology	Shepparton VIC	$4,800,000	Apr 2025	5.52%
OCD Clinic	Carina QLD	$2,250,000	Mar 2025	3.62%
UFS Pharmacy	Ballarat Central VIC	$3,205,000	Feb 2025	6.15%
My Medical Services Australia	Salamander Bay NSW	$3,350,000	Feb 2025	5.90%
Fur Life Vet	Deniliquin NSW	$1,275,000	Dec 2024	6.21%
Ochre Health	Alfredton VIC	$3,500,000	Dec 2024	5.59%
Bundamba Discount Pharmacy	Bundamba QLD	$2,621,000	Dec 2024	5.15%
Fur Life Vet	Echuca VIC	$1,770,000	Dec 2024	5.65%
Greencross Vets	West Wollongong NSW	$2,010,000	Dec 2024	6.02%
TerryWhite Chemmart	Bundaberg Central QLD	$1,100,000	Nov 2024	6.20%
Greencross Vets	Moorooka QLD	$1,700,000	Oct 2024	5.10%
Cell Care	Heatherton VIC	$7,380,000	Oct 2024	4.61%
Coonabarabran Chemist	Coonabarabran NSW	$715,000	Oct 2024	6.15%
Eagle Eye Surgeons	Mosman NSW	$4,680,000	Oct 2024	5.29%
Platinum Spinal Centre	Werribee VIC	$2,601,000	Sep 2024	5.46%
Terry White	Bundaberg QLD	$1,100,001	Sep 2024	6.20%
Lake Imaging	Wendouree VIC	$5,135,000	Aug 2024	5.50%
Mercy Health	Bakery Hill VIC	$1,377,000	Aug 2024	5.72%

Sale Price
$7,380,000

Cap Rate
4.61%

Sold
October 2024

Case Study

Cell Care
Heatherton VIC

The sale of the specialised Cell Care facility in Heatherton, Victoria, highlights the strength of medical technology assets backed by essential health services and long-term leases.

Located at 42 Corporate Drive within the sought-after Parkview Estate, the property is home to Cell Care Australia — the nation's largest cord blood and tissue bank.

The purpose-built facility features temperature-controlled, high-tech laboratory and storage areas designed for high-level bioscience, supporting the company's critical stem cell preservation services.

The strategic location in Melbourne's south-east offers strong connectivity to major arterials and proximity to key infrastructure, underpinning both accessibility and tenant retention.

With a long-term lease in place, fixed annual increases, and tenant responsibility for outgoings, the asset delivers reliable income underpinned by one of Australia's most important healthcare functions.

Site Area
3,536 sqm*

GLAR
1,108 sqm*

Zoning
Commercial 2 Zone, under the Kingston Planning Scheme

Lease Term
17 years

Net Income
$340,043 pa* + GST

Car Spaces
33 at-grade, 1 disabled

Agents
Jamie Perlinger, Sam Mercuri & Natalie Couper

* Approx

BSC 1 - 2808
ABC
BIO-Cabinets
safemate 1.2

Recent Medical Sales

All Care Physio
Spring Hills QLD

Sale Price	Cap Rate	Date
$1,501,000	5.88%	Jun 2025

Sonic Healthcare
Kogarah NSW

Sale Price	Cap Rate	Date
$5,870,000	5.91%	Jun 2025

OCD Clinic
Carina QLD

Sale Price	Cap Rate	Date
$2,250,000	3.62%	Mar 2025

Ochre Health
Alfredton VIC

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$3,500,000	5.59%	Dec 2024

Recent Medical Sales

Cell Care
Heatherton VIC

Sale Price	Cap Rate	Date
$7,380,000	4.61%	Oct 2024

Eagle Eye Surgeons
Mosman NSW

Sale Price	Cap Rate	Date
$4,680,000	5.29%	Oct 2024

Mercy Health
Bakery Hill VIC

Sale Price	Cap Rate	Date
$1,377,000	5.72%	Aug 2024

VIC Public Health Service
Dandenong VIC

Sale Price	Cap Rate	Date
$11,680,000	4.28%	Apr 2024

What's Next For Healthcare?

A Healthy Diagnosis For Australia's Medical Future

Australia's healthcare sector is not just thriving—it is poised for a promising future that we at Burgess Rawson, firmly anticipate to be exceptionally positive.

We anticipate an ongoing transformation of the industry, driven by the amalgamation and expansion of medical, allied health, and wellbeing operators. As the sector continues to advance technologically and medically, we anticipate a surge in demand for these assets, underpinned by reliable tenancy mixes that promise even stronger income growth in the future.

The advent of comprehensive one-stop healthcare centres with diverse tenancies has already proven to be a lucrative investment. These opportunities offer superior returns compared to many other sectors, drawing substantial interest from industry leaders. This trend is set to continue, strengthening the sector's appeal.

The growing diversity of services within these centres is poised to set new industry benchmarks, amplifying their attractiveness to investors. Furthermore, government initiatives to address the shortage of general practitioners will bolster the sector. Increased funding enabling pharmacists to provide essential services like medical testing and vaccinations further enhances the sector's robustness.

Government support remains unwavering, ensuring the resilience of crucial healthcare categories, while the surge in demand for elective services thrives in tandem with an aging and increasingly affluent society. The Australian Institute of Health and Welfare reports that nearly half of Australians have at least one chronic condition, with expectations of an increase in chronic diseases coinciding with an aging population.

Expanding health services across the spectrum, including pet care, showcases the sector's versatility. Veterinary clinics are poised to diversify their offerings to include services such as pet grooming, boarding kennels, and training venues.

Against a backdrop of uncertainty in some property sectors, we foresee large superannuation and pension funds increasing their investments in healthcare. Australia's relatively small healthcare property market, offers ample room for substantial growth, especially as real estate investment trusts (REITs) expand their portfolios.

Institutional investors have long appreciated the enduring attributes of the healthcare sector, driven by its stable, long-term income potential and strong fundamentals. Recent years have seen a surge of new entrants into the Australian healthcare property market, including Arena REIT, Canadian Northwest, Singapore's GIC (through Northwest), US-based Medical Properties Trust, Barwon, Dexus, Heathley/Centuria, and more recently, RAM and HomeCo.

These developments reinforce our view that the healthcare sector is certainly well-positioned for solid growth, underscoring its status as an increasingly alluring investment landscape, ripe with opportunities for astute investors.

What You Need to Know

What to Look For

There are a number of key fundamentals to be aware of when securing a healthcare asset that will provide the best returns:

Strength and profile of tenant

Healthcare assets offer a unique advantage as, unlike many other sectors, you are not limited to seeking big-brand tenants. While reputable operators, especially in specialist services like radiology and dental, certainly offer security, lesser-known GP practices can command incredible patient loyalty and offer just as much surety for a landlord. Always investigate the lessee entity and ultimate ownership, as you would with any tenanted investment.

Assignment provisions

Ensure that adequate due diligence is conducted under this section of the lease. Ensure the tenant cannot simply assign the lease to another, potentially lesser known and less secure operator, consequently decreasing the investment's value.

Lease tenure and option periods

Healthcare operators recognise the importance of their facility investments, often pouring substantial resources into fit-outs and establishing their premises. Consequently, they typically seek long-term leases with built-in option periods. These extended lease agreements affirm that the occupier's commitment to a long term tenure, providing further confidence for investors. These extended lease agreements affirm that the occupier's commitment to a long term tenure, providing further confidence for investors.

Location, underpinning land and property value

Healthcare operators have specific requirements, such as specialist plumbing, medical grade commercial vinyl flooring, soundproofing, and secure drug storage, which enhance the building's value and tenant security. Adequate car parking is crucial, as operators need it to meet permit requirements. The permit process coupled with the substantial fit-out investment makes it difficult for relocation.

Surprisingly, regional locations are highly sought-after, particularly for well-established facilities, as they often become the sole provider in the area, creating virtually indestructible investments.

Rent review structure

Ensure your income growth and consequential capital growth by looking for built in annual rent increases, which most leases will offer.

What you'll pay

Healthcare investments generally range from $750,000 to $4m with incomes ranging from around $30,000 to $250,000 per annum plus. The median sale price by Burgess Rawson has remained at $2.1m since 2022.

How to buy one

Healthcare assets are sold both privately and at auction. The benefit of an auction is transparency between all parties. Typically buyers will bid in person, over the phone or online, with full visibility of buyer competition and rental cap rate clearly displayed on-screen in front of them.

This asset class has always featured heavily in all the major commercial agency players' portfolios, given the calibre of tenants and the proven investment security of the sector.

National Healthcare Team

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How we can help

At Burgess Rawsonfrom CBRE, we offer solution-based outcomes and data-driven expertise for medical and healthcare vendors, investors, developers and tenants, with a breadth of knowledge that spans the entire property journey; asset management, sales leasing, valuations, development feasibility and tenancy coordination.

Our national specialty team is at the forefront of the healthcare sector, with dedicated property professionals able to provide an end-to-end service to clients in all states and territories across Australia.

If you're looking to invest, divest, require asset management services, or simply want to discuss the sector, please don't hesitate to contact a team member today.

Industry Insights Report

Large Format Retail

Explore an industry that has thrived by evolving with changing consumer preferences and retail trends. The large format retail sector has adapted to demographic shifts and evolving consumer behaviors, positioning it as a strong investment opportunity.

Major brands such as Bunnings Warehouse, Costco, Harvey Norman, Officeworks, and Petbarn are demonstrating impressive performance, showcasing the sector's resilience and growth potential.

Our forthcoming Industry Insights Report will delve into the driving factors behind the success of these leading brands. Expect a detailed analysis of emerging trends, supply and demand dynamics, investment yields, and the broader market landscape.

Join us as we discover the substantial investment opportunities within this dynamic and prosperous sector.

"Australia's shopping habits saw a significant shift during the pandemic, driving increased demand for large format retailing. The surge in home improvement projects, heightened online shopping, and a growing preference for bulk purchases has collectively reshaped the industry."

Yosh Mendis
Head of Agency NSW

With offices across Australia, Burgess Rawson from CBRE has a truly national understanding and unparalleled collective expertise.

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