

The U.S.-Australia Strategic Innovation Alliance

Overall Investment in Australia Factsheet

Overview

Australia continues to stand as a magnet for global capital in 2025, bolstered by macroeconomic stability, robust institutions, a highly educated workforce, and a reputation for transparent regulatory practices. The nation's gross fixed capital formation rose to \$396.8 billion in 2024, reflecting a 6.2 percent year-over-year increase, largely driven by growth in infrastructure, clean energy, and advanced technology sectors.¹ While global interest rate hikes and inflationary pressures have tempered some investment enthusiasm, Australia has continued to outperform many OECD economies in attracting long-term capital commitments.

Foreign direct investment (FDI) inflows reached \$62.9 billion in 2024, up 9.3 percent from the previous year.² Strategic sectors such as clean energy, defense, and critical minerals drew particular interest, reflecting both commercial opportunities and national interest alignments — especially with partners like the United States, Japan, and the United Kingdom.

Clean Energy and Infrastructure

Australia's clean energy sector has evolved into one of the nation's most dynamic investment destinations. Total investment in renewables exceeded \$25.7 billion in 2024, placing Australia among the top ten global destinations for green energy capital.³ Large-scale solar, battery storage, and wind projects received a sizable share of this funding.

Among major projects, the Snowy 2.0 hydroelectric initiative surpassed \$3.9 billion in investment, and the Victoria Offshore Wind Program expects over \$9.8 billion in capital deployment over the next five years. Australia's role as a future green hydrogen exporter has also gained momentum, with private-sector interest clustering around Queensland and Western Australia.

¹ Australian Bureau of Statistics (2025). National Accounts: Capital Formation. <https://www.abs.gov.au>

² Department of Foreign Affairs and Trade (2025). Trade and Investment at a Glance. <https://www.dfat.gov.au>

³ Clean Energy Council (2025). Investment Trends in Renewables Report. <https://www.cleanenergycouncil.org.au>

National and state governments have complemented this momentum with increased infrastructure investment — particularly in transport and regional logistics — through programs such as the National Reconstruction Fund and Northern Australia Infrastructure Facility, offering concessional loans and public-private partnerships for long-term infrastructure development.

Technology and Advanced Manufacturing

The Australian technology ecosystem attracted over \$11.3 billion in digital infrastructure and manufacturing investment in 2024, a gain of 11.8 percent year-over-year. Capital is flowing into areas such as artificial intelligence, quantum computing, semiconductors, and high-value precision manufacturing.

Leading examples include:

- Q-CTRL in Sydney, a quantum sensing and control startup with international defense and space contracts.
- Moderna’s mRNA manufacturing facility in Melbourne, anchoring a new biotech hub.
- National investments in photonics, robotics, and satellite component manufacturing in alignment with defense and aerospace priorities.

Australia’s strength in advanced manufacturing is reinforced by \$9.8 billion committed through the National Reconstruction Fund, which supports domestic production capacity in batteries, medical technologies, clean energy components, and critical technologies.

Mining and Critical Minerals

Mining remains foundational to Australia’s investment profile. Total mining capital expenditure reached \$41 billion in 2024, with significant private-sector focus on expanding production and refining of lithium, cobalt, nickel, and rare earths.⁴

Western Australia continues to lead the sector, though investment is expanding into the Northern Territory and Queensland as well. Government-backed investment vehicles and strategic agreements — particularly with the United States — have facilitated critical minerals project financing, processing infrastructure, and downstream partnerships.

⁴ Geoscience Australia (2025). Australian Critical Minerals Projects Tracker. <https://www.ga.gov.au>

Recent highlights include:

- Expansion of Pilbara lithium operations tied to Korean and Japanese automakers.
- Construction of rare earth oxide separation facilities co-financed by U.S. International Development Finance Corporation (DFC) under the AUKU.S. partnership umbrella.

Foreign Direct Investment Sources

Australia's leading sources of FDI in 2024 were:

- **United States:** \$150 billion in total stock
- **United Kingdom:** \$91 billion
- **Japan:** \$81 billion
- **Singapore:** \$45 billion
- **China:** \$31 billion (though, this is declining)

Major U.S. investments included:

- Amazon's data centers in Sydney and Melbourne (\$1.6 billion)
- Boeing's aerospace defense facilities in Queensland
- Blackstone's logistics and green infrastructure portfolio expansions

Regional Insights

Sydney

In 2024, Sydney attracted over \$7.8 billion in public and private investment. Tech Central, the city's innovation district, continues to draw fintech, healthtech, and AI startups, while the Western Sydney Aerotropolis is catalyzing investment in logistics and advanced manufacturing.

Melbourne

Melbourne leads in biotech venture capital, securing \$780 million in early-stage health innovation funding in 2024. Urban renewal projects like Fishermans Bend are transforming into hubs for sustainable manufacturing and R&D. Multinational pharmaceutical and diagnostics companies have made Melbourne a centerpiece for Asia-Pacific expansion.

Canberra

Canberra's strength in cybersecurity and national defense investment remained significant in 2024, with \$3 billion directed toward AI-driven defense systems, space applications, and government technology modernization.

Policy Incentives and Reforms

Australia's investment-friendly environment is enhanced by a suite of policy measures:

- The Foreign Investment Review Board (FIRB) has streamlined approval processes for allies and sectors tied to national priorities.
- The Critical Minerals Strategy 2023–2030 provides grants, export credit, and loan guarantees.
- Instant Asset Write-Off provisions continue to support small business reinvestment.
- The Australia–U.S. Technology Safeguards Agreement (TSA) facilitates secure tech and defense collaboration across borders.