

Intelligent Investment

# Large Format Retail

REPORT

Insights

CBRE RESEARCH  
JUNE 2026

CBRE



# Large Format Retail (LFR) Outlook



## Booming spend

CBRE forecast household goods sales will grow to \$94bn by end of the decade, **+70% through the 2020s**. A triple boost of population growth, jobs growth and income growth will help to grow the retail base.

In addition, rising home values have seen an acceleration in household goods spend across WA, QLD and SA..



## Occupier diversity

The Top 20 occupiers have over 3,250 stores nationally. Diversity of occupier is also evidenced by 33% of space take-up by Furniture shops, 19% by Hardware/Garden, 12% by Electrical and 11% by Homewares.

More recently, Pet products and Gyms have opted to take-up space in LFR. We also see scope for ongoing growth in penetration by food & liquor occupiers.



## Still low penetration

Australia-wide GLA per capita for LFR is 0.22 compared to ~0.70 for shopping centres.

Vacancy has already fallen to low single digits and 72% of centres nationally exhibit sub 2% vacancy.

For developers, we view Sydney, Canberra and Regional QLD/NSW/VIC amongst markets that are still relatively under-penetrated.



## Rent growth

Rents are up 21% nationally since 2020, with Sydney leading at 31%.

Vacancy has tightened further, falling 0.3%y-o-y to 2.8%. This continues to place upward pressure on rents and CBRE forecast **XX%** pa to 2030.



## Supply constrained

New supply fell to a 10-year low in 2025.

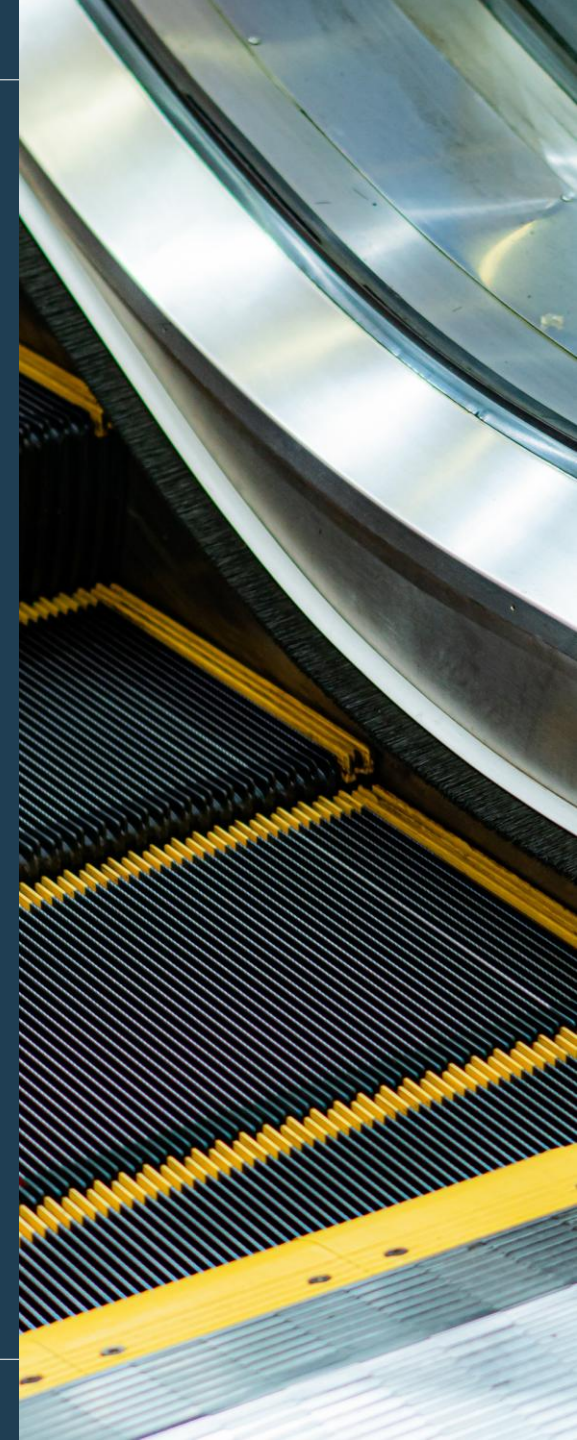
Although we forecast an improvement in 2026, much of the forward pipeline remains stuck in approvals. Elevated construction costs and interest rates are likely to delay or derail projects, keeping completions well below historical norms over the next 5 years.



## Investment returns

LFR had posted sector leading investment returns of +12.8% pa over the past 10 yrs. Rent growth combined with cap rate compression to deliver exceptional results.

Looking ahead, CBRE forecast investment returns could be ~9% pa, lead by rent growth. There is still scope for modest cap rate compression of ~10bps over the next 3 years.

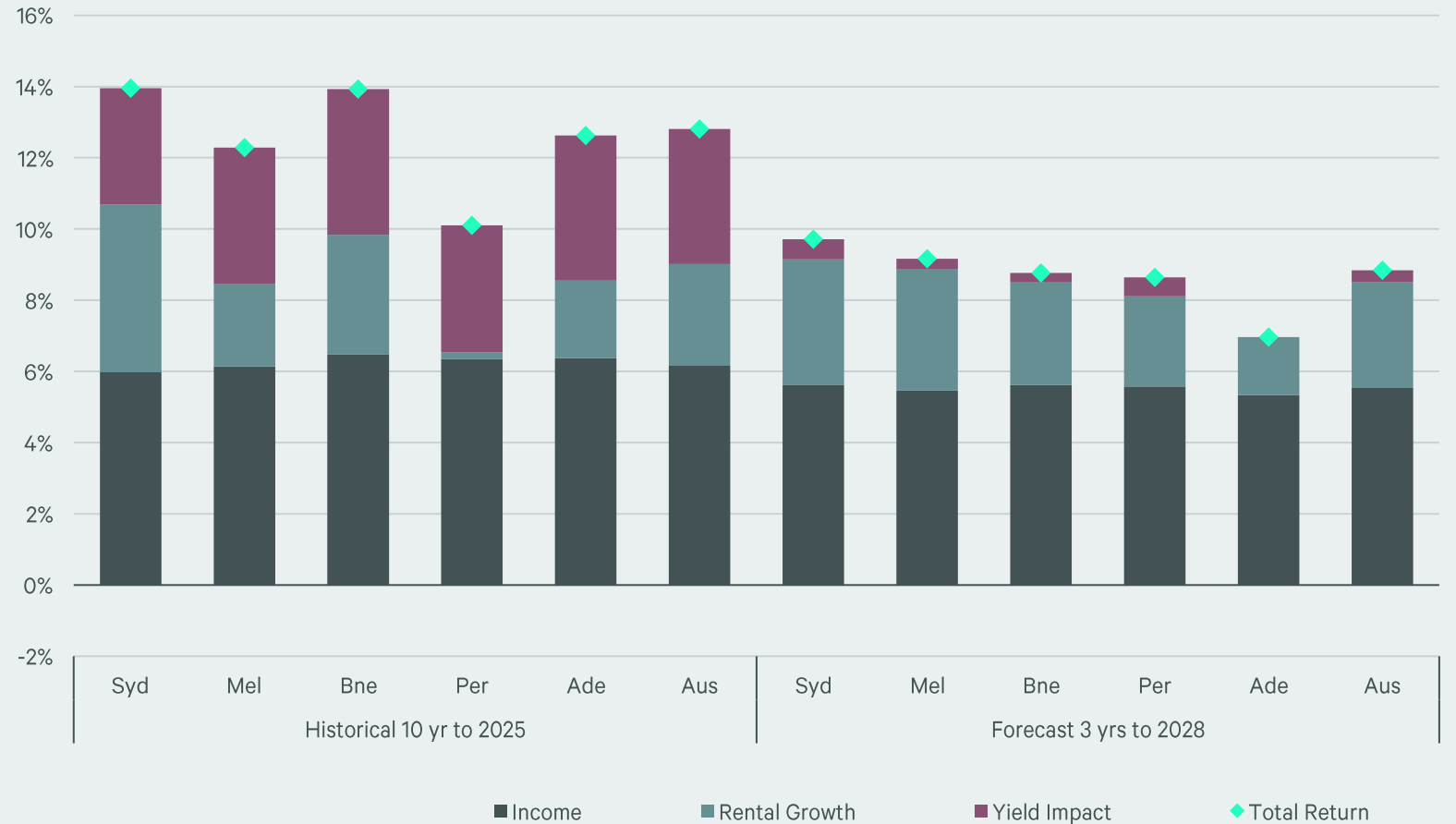


# Investment returns

Large Format Retail had posted sector leading investment returns of +12.8% pa over the past 10 yrs, supported by cap rate compression and rising rents.

Looking ahead, CBRE forecast investment returns for likely to average nearly 9%pa supported by strong income and rent growth. There is still scope for modest cap rate compression of ~10bps over the next three years.

FIGURE 1  
Investment returns



Source: CBRE Research

# Demand triple boost

The demand for consumer facing real estate is expected to benefit from the triple boost of rising population, rising jobs and rising income. Collectively, this wealth effect will add ~\$1,000bn of income over the next decade, a significant proportion of which is likely to be directed towards housing, living, retail & leisure.

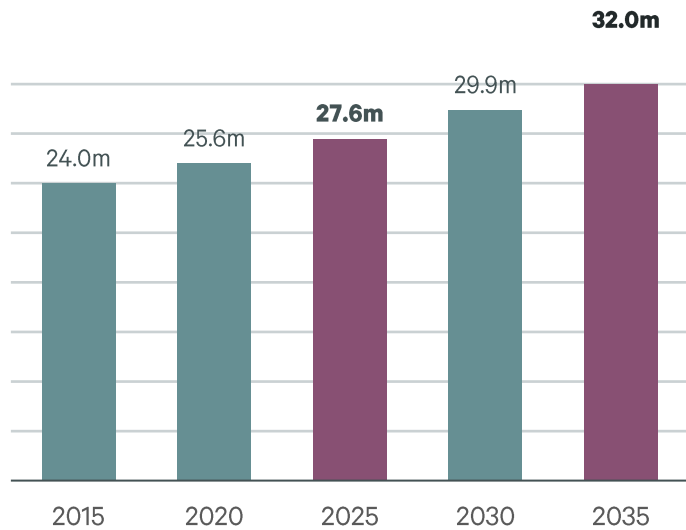
FIGURE 2

## Triple boost of population, jobs and income

### Population growth



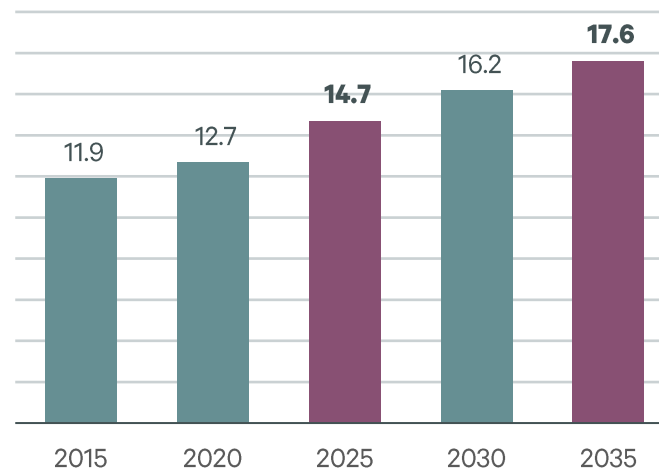
Immigration is likely to contribute to two-thirds of Australia's population growth, from 27.6m in 2025 to 32.0m by 2035.



### Jobs, jobs, jobs



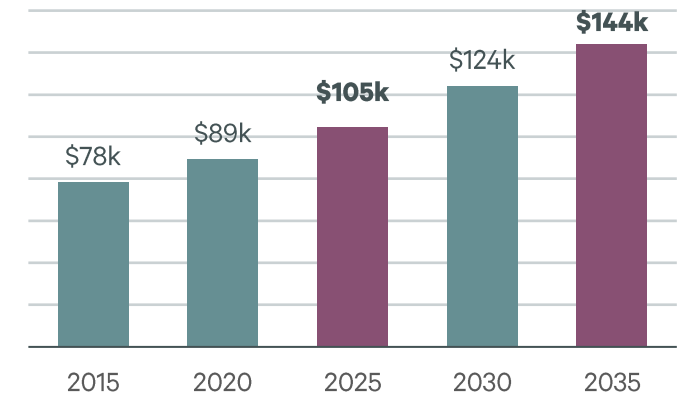
The employment market has been particularly robust, adding 2.8m workers between 2020 and 2025. We see employment growing by another 2.9m to 2035.



### Rising income & wealth



We see average annual income increasing from \$105,000 currently to \$144,000 pa by 2035.



Source: ABS, Population Statement, CBRE Research

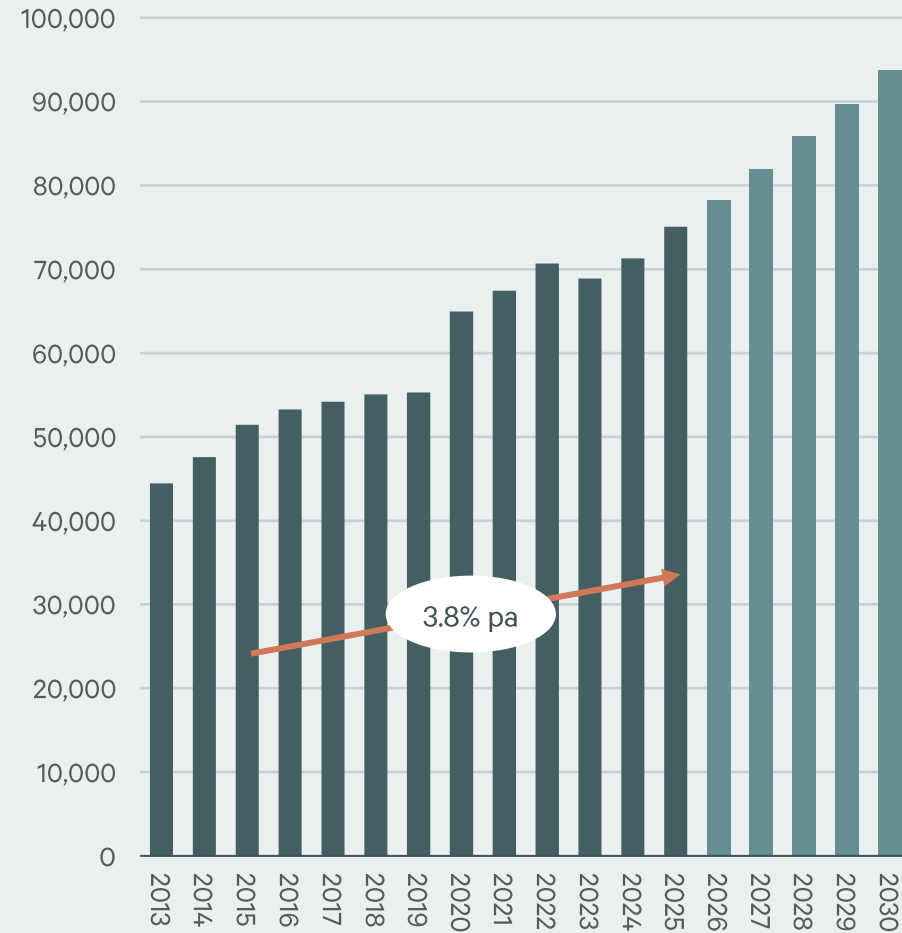
# Consistent sales

LFR categories account for between 20%-25% of all retail sales. Spend on households good increased at mid-single digits over the past decade.

Furnishings account for 27%, Electronics 37% and Hardware 36% of spend.

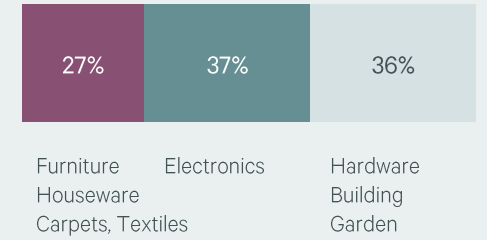
Robust employment conditions and rising home values have seen an acceleration in Household spend across Western Australia, Queensland and South Australia.

FIGURE 3  
Household good spend (\$m)



Source: ABS, CBRE Research

FIGURE 4  
Share of spend (estimate)

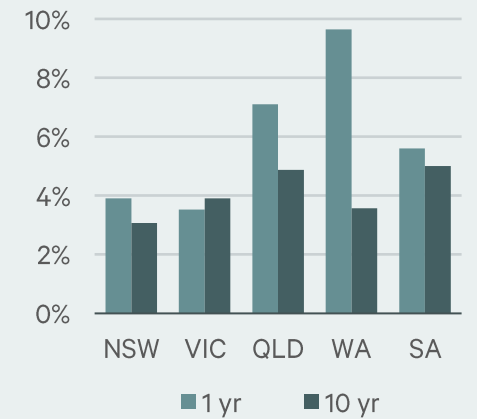


Furniture  
Houseware  
Carpets, Textiles

Electronics

Hardware  
Building  
Garden

Growth rate by State



# Housing

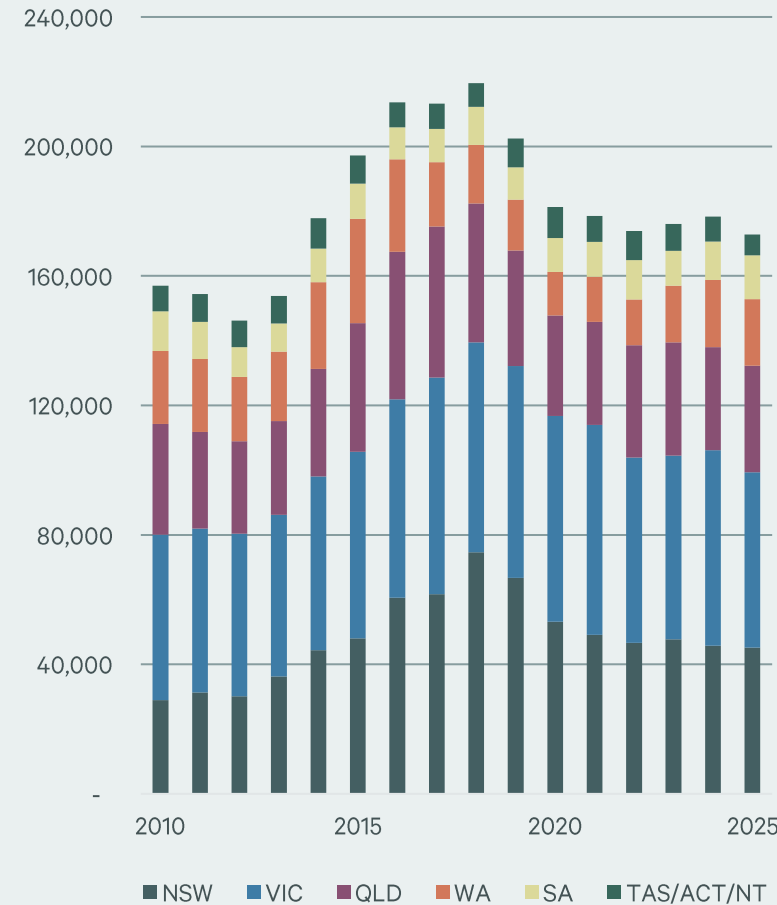
We view a robust housing development pipeline and home values as conducive to spend on household goods.

In recent times, there have been 170,000-180,000 new homes built in Australia. A new resident typically spends between \$15,000-\$50,000 furnishing their home. It all depends on needs such as coffee machines, bed linen, style of dining chairs!!

Increasing home values have also encouraged owners to renovate their properties. Separately, the wealth effect of rising home values has been a tailwind for upgrades to home furnishing.

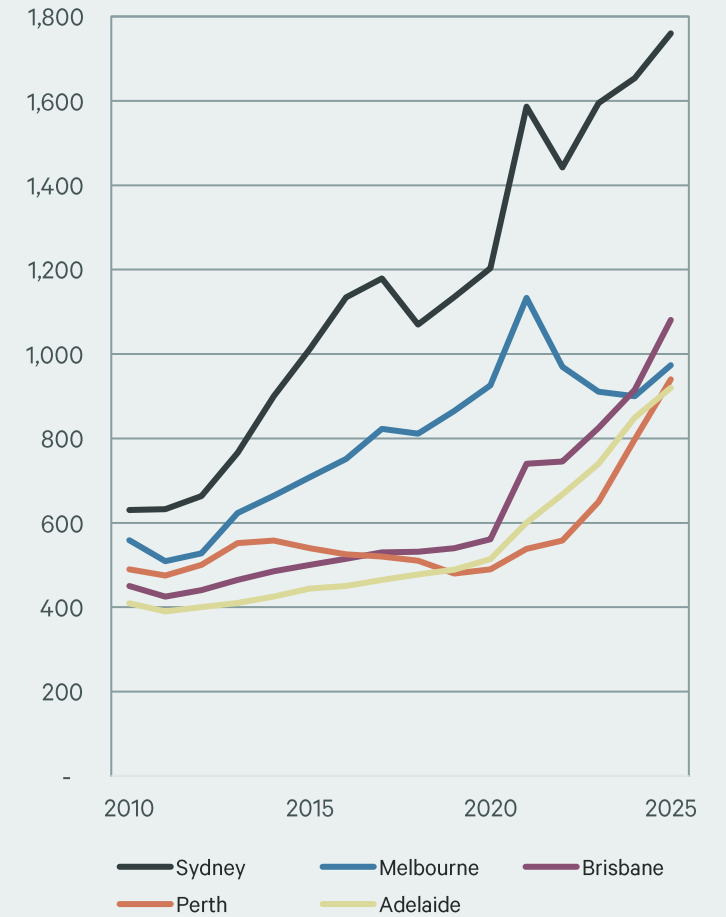
Over the last 15 years, home value appreciation has been most noticeable in Sydney (+7.1% pa), Brisbane (+6.0% pa) and Adelaide (+5.5% pa).

FIGURE 5  
Housing completions



Source: ABS, CBRE Research

FIGURE 6  
Residential values



# Occupiers

The Top 20 occupiers have over 3,250 stores nationally. Diversity of occupier is also evidenced by 33% of space take-up by Furniture shops, 19% by Hardware/Garden and 12% by Electrical and 11% by Homewares.

More recently, Pet products and Gyms have opted to take-up space in LFR. We also see scope for ongoing growth in penetration by food & liquor occupiers.

FIGURE 7  
Category by floorspace

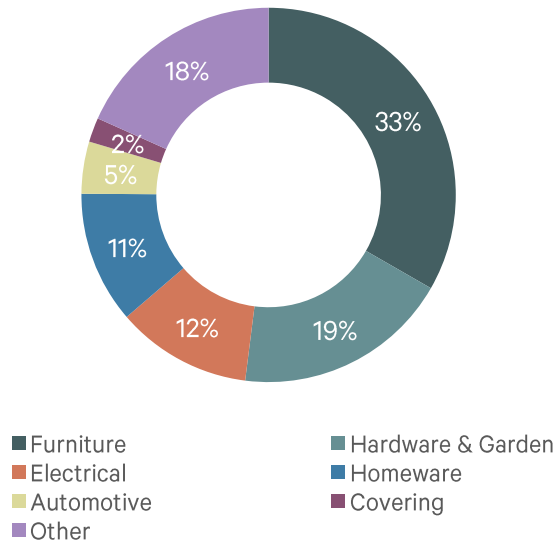
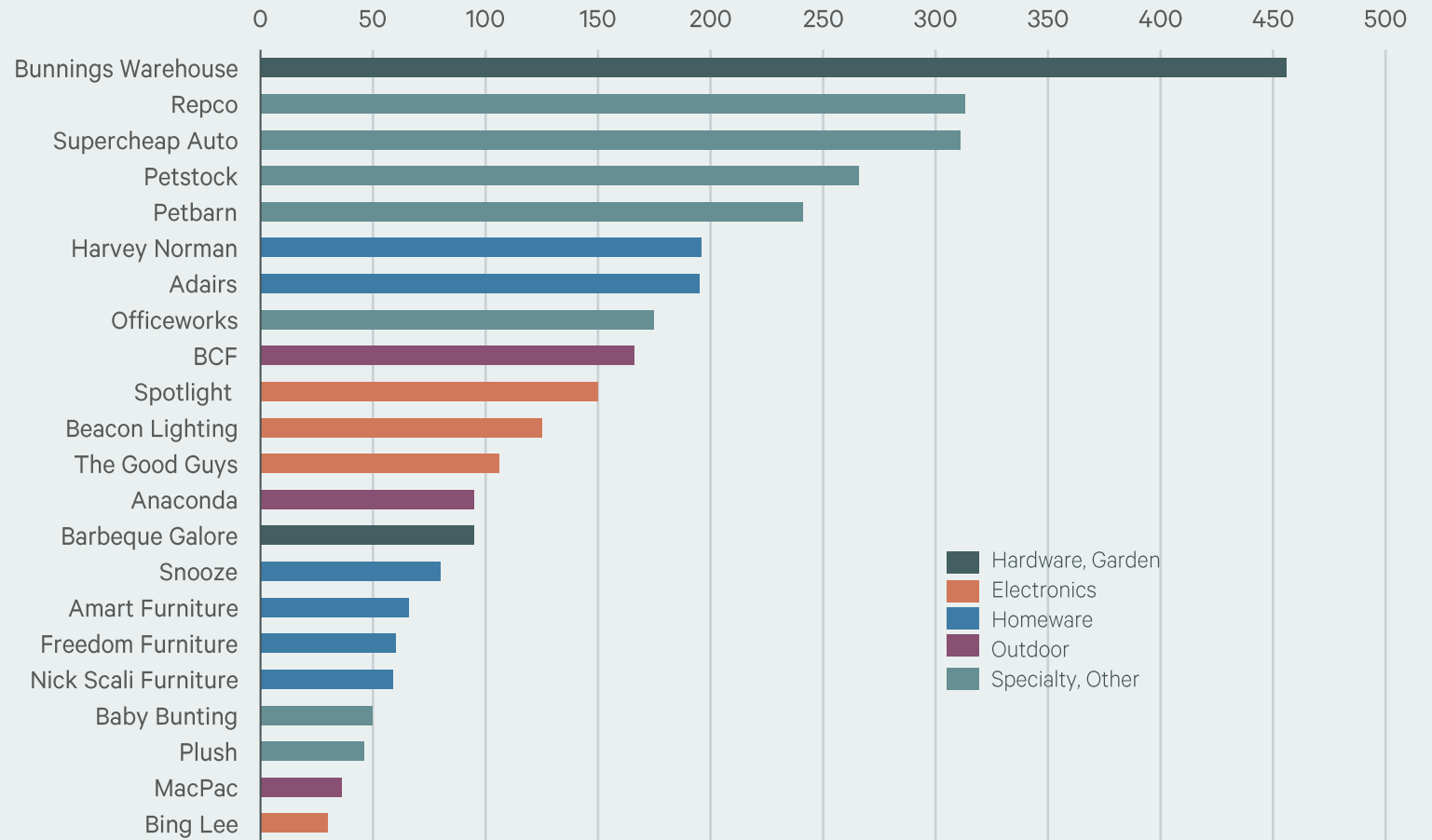


FIGURE 7  
Estimated store count by selection of major occupiers



Source: CBRE Research

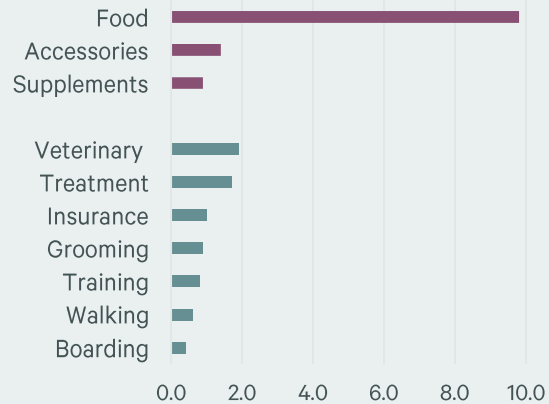
# Spotlight: Pets & Gyms



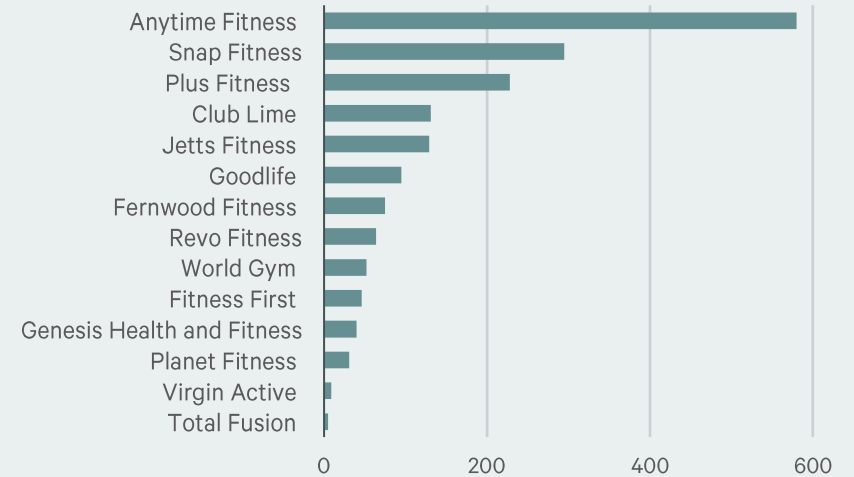
**32m**  
Number of Pets

**73%**  
Household penetration

**\$23bn**  
Annual spend on Pets



Source: Animal Medicines Australia, CBRE Research



# GLA/Capita

Australia-wide GLA per capita for Large Format Retail is 0.22. We view Sydney, Canberra and Regional QLD/NSW/VIC amongst markets that are still relatively under-penetrated.

Most major cities are also likely to benefit from outsized population growth over the coming decade.

FIGURE 9  
GLA vs population growth

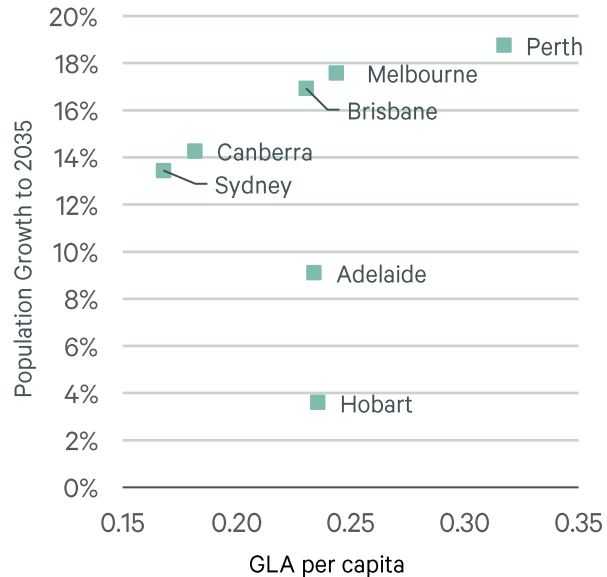
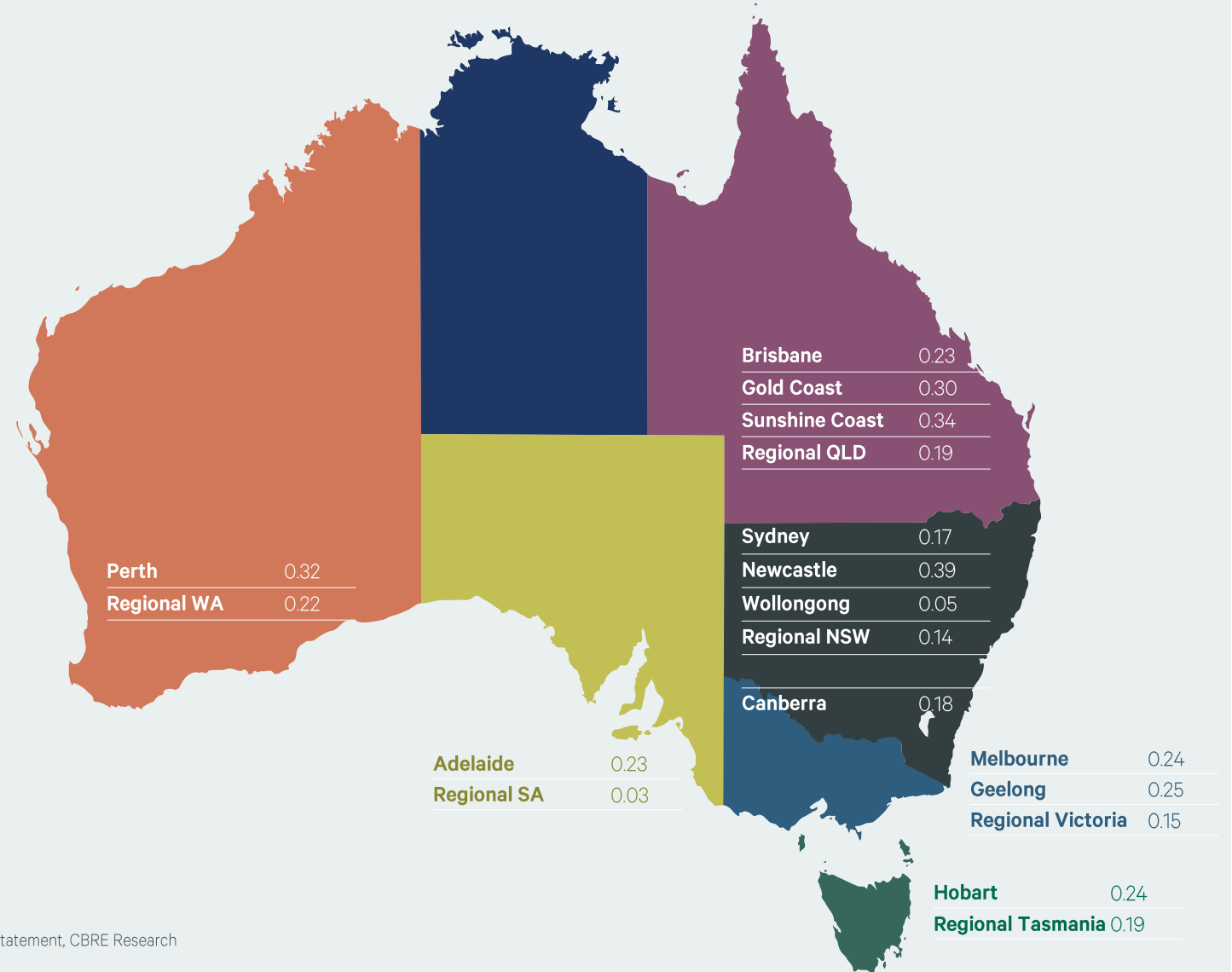


FIGURE 8  
GLA per capita by major market



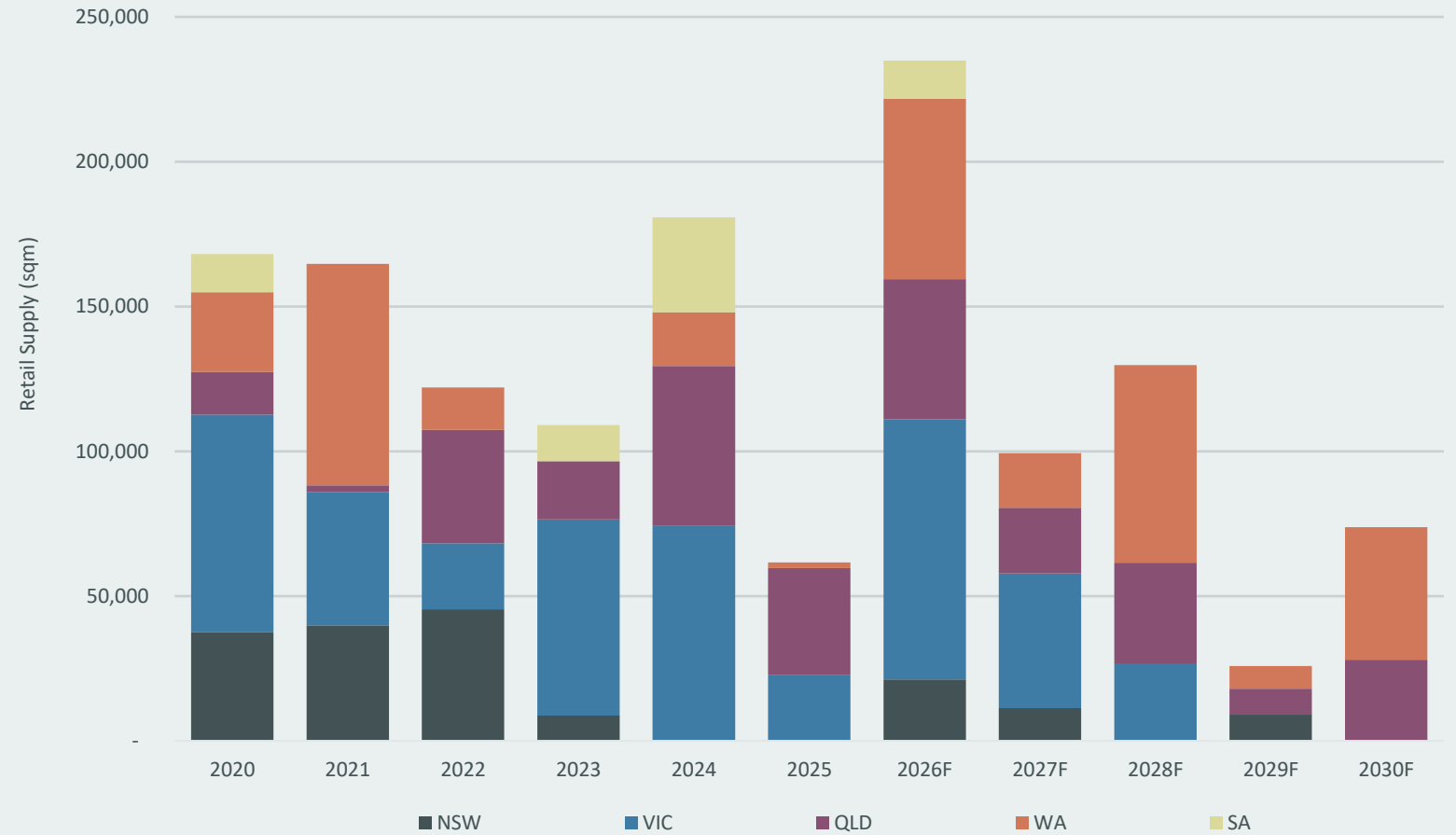
Source: LFRA, Population Statement, CBRE Research

# Supply

New supply fell to a 10-year low in 2025, despite vacancy sitting at a meagre 2.8%.

Although we forecast an improvement in the pipeline for 2026, much of it remains stuck in approvals. Elevated construction costs and interest rates are likely to delay or derail projects, keeping completions well below historical norms over the next 5 years.

FIGURE 10  
National large format retail supply by state



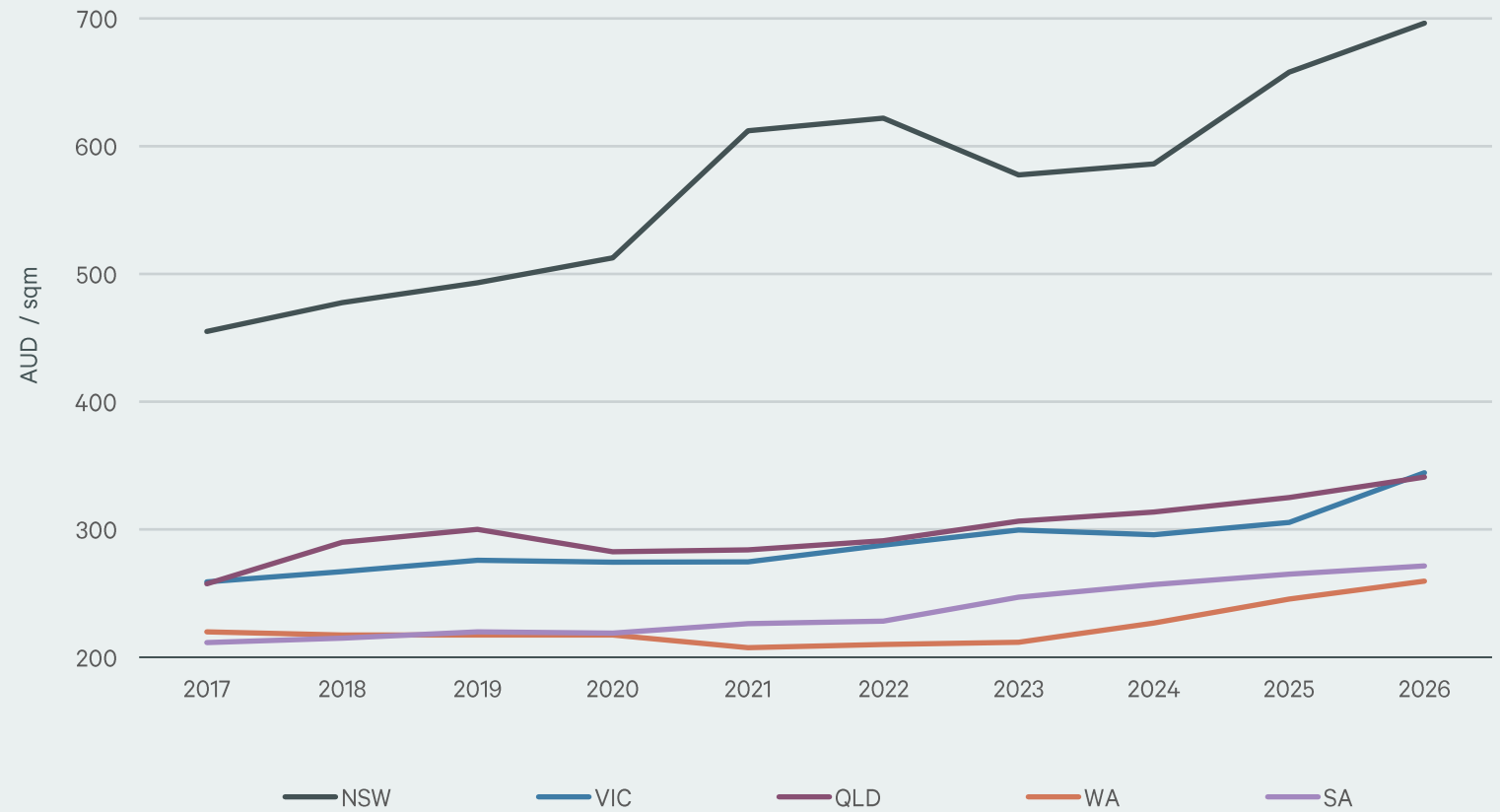
Source: CBRE Research

# Rents

Australia's LFR sector has delivered strong rental growth, underpinned by sustained demand and limited supply. Rents are up 21% nationally since 2020, with Sydney leading at 31%.

Vacancy has tightened further, falling from 3.1% to 2.8%, reinforcing supply constraints. Combined with elevated construction costs and limited new delivery, this continues to place upward pressure on rents.

FIGURE 11  
Average large format retail net face rents, by state



Source: CBRE Research

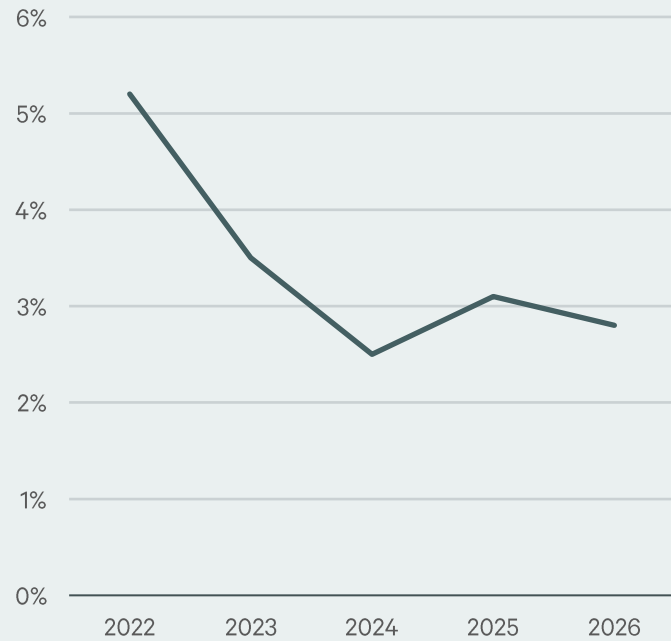
# Vacancy

Vacancy has declined to low single digits in recent years.

NSW, QLD and TAS have amongst the lowest LFR vacancy nationally.

72% of LFR centres have sub 2% vacancy rates.

FIGURE 12  
Vacancy rates over time



Source: LFRA, CBRE Research

FIGURE 13  
Vacancy by State

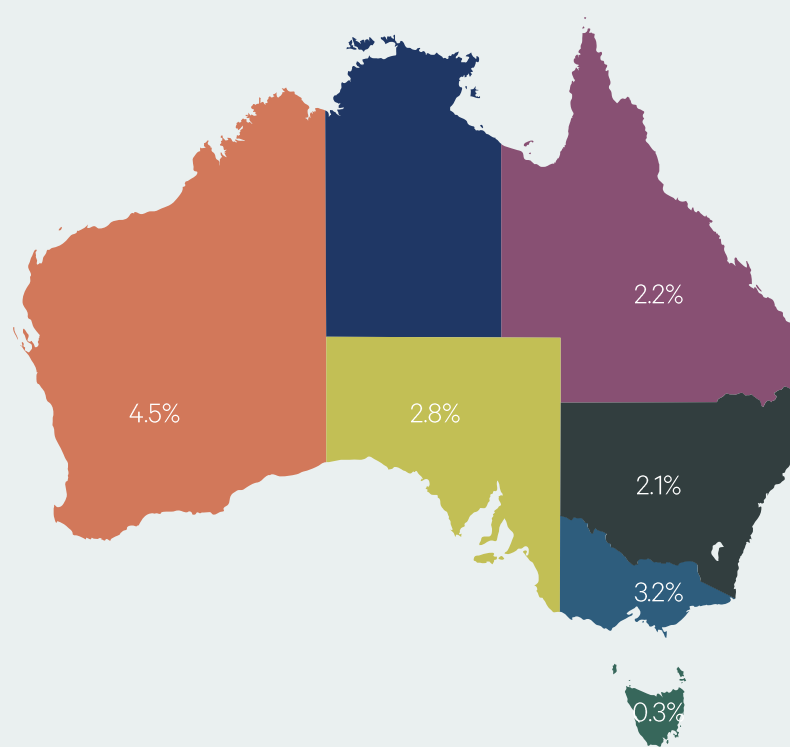
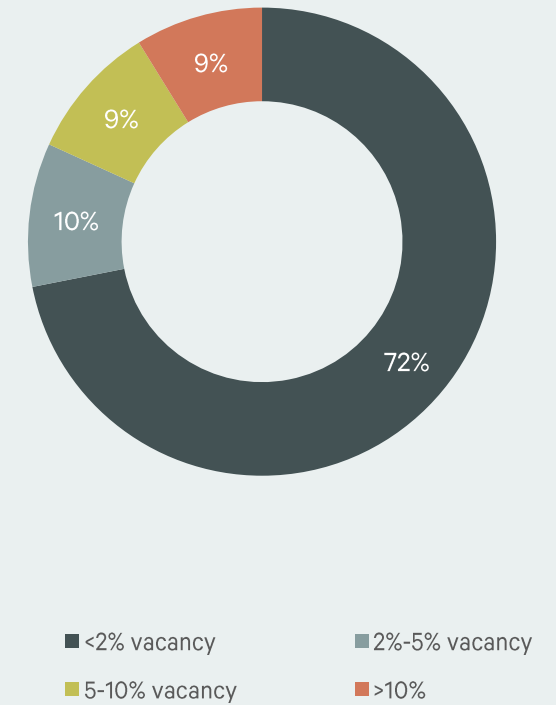


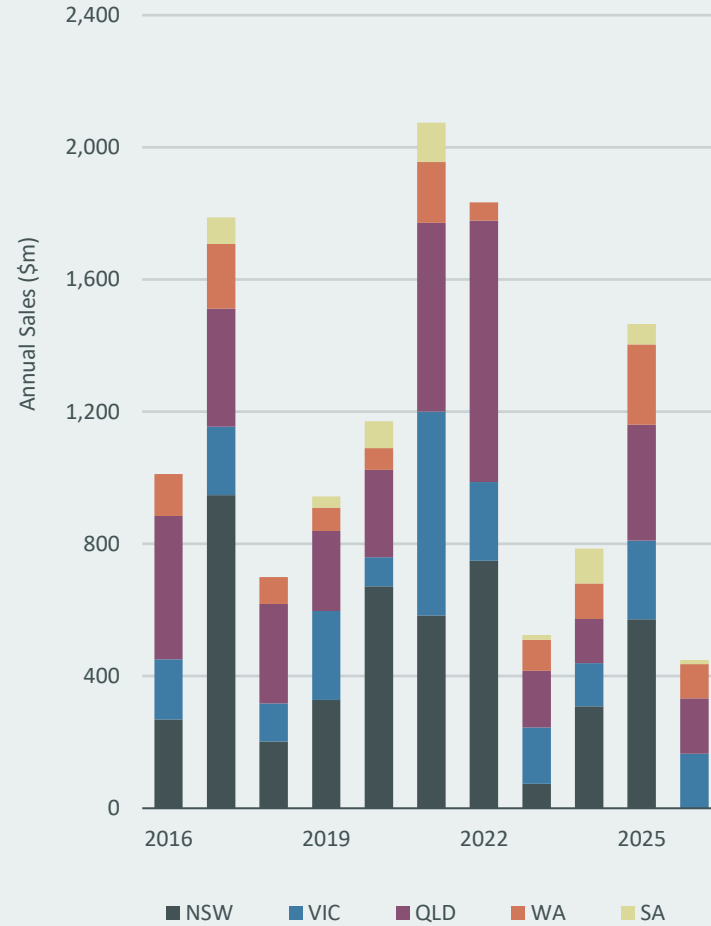
FIGURE 14  
Vacancy by centres



# Transactions

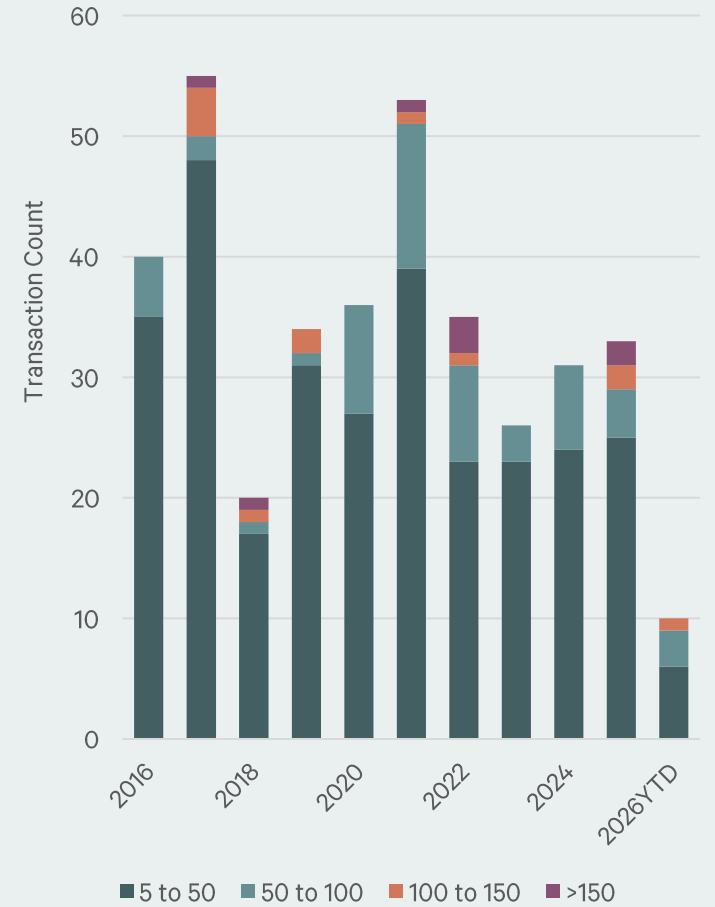
The majority of LFR transactions over the last 10 years have been between the \$5 to \$50 million range, reflecting growing participation by private investors. The \$50 to \$100 million sales category is typically the preferred value range of institutional investors.

FIGURE 15  
Transactions by State



Source: CBRE Research

FIGURE 16  
Transactions by deal size



# Select transactions

FIGURE 17

## Recent transactions

Property	State	Sale Price (\$m)
Home HQ Artarmon	NSW	180
Morayfield Super Centre	QLD	126
Chadstone Lifestyle Centre	VIC	86
Bunnings Seven Hills	NSW	65
Treendale Home & Lifestyle Centre	WA	53
HomeCo North Lakes	QLD	52
Bunnings Epping	VIC	50

Source: CBRE Research



Bunnings Shellharbour



Bunnings Albion Park Rail

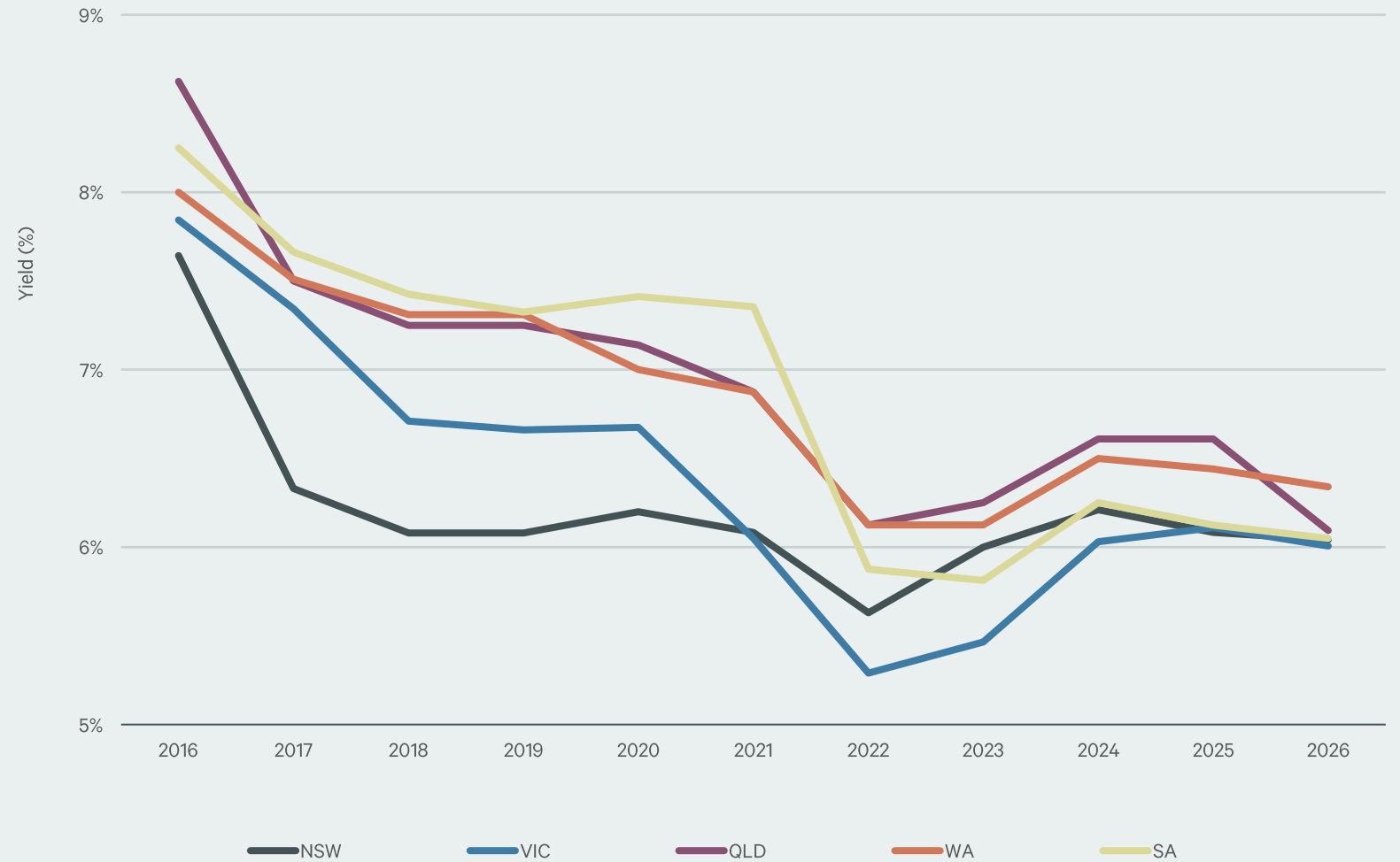
# Pricing

The LFR sector remains a preferred investment, underpinned by strong tenant performance and sustained demand, reinforcing its resilience and appeal. Yields tightened moderately over the past two years on the back of strong investor interest and constrained supply, following the post-covid repricing cycle through to 2024. Average national yields now sit at 6.1%.

Looking ahead to 2026, yields are expected to soften slightly as elevated bond rates and macro uncertainty weigh on pricing.

Even so, the sector remains well supported by low vacancy, positive rental growth and deep investor demand, highlighting its defensive profile and durable income.

FIGURE 18  
Cap rates by State



Source: CBRE Research

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