

FIGURES | BRISBANE RETAIL | Q3 2025

Uptick in retail investment activity amid increasing retail demand

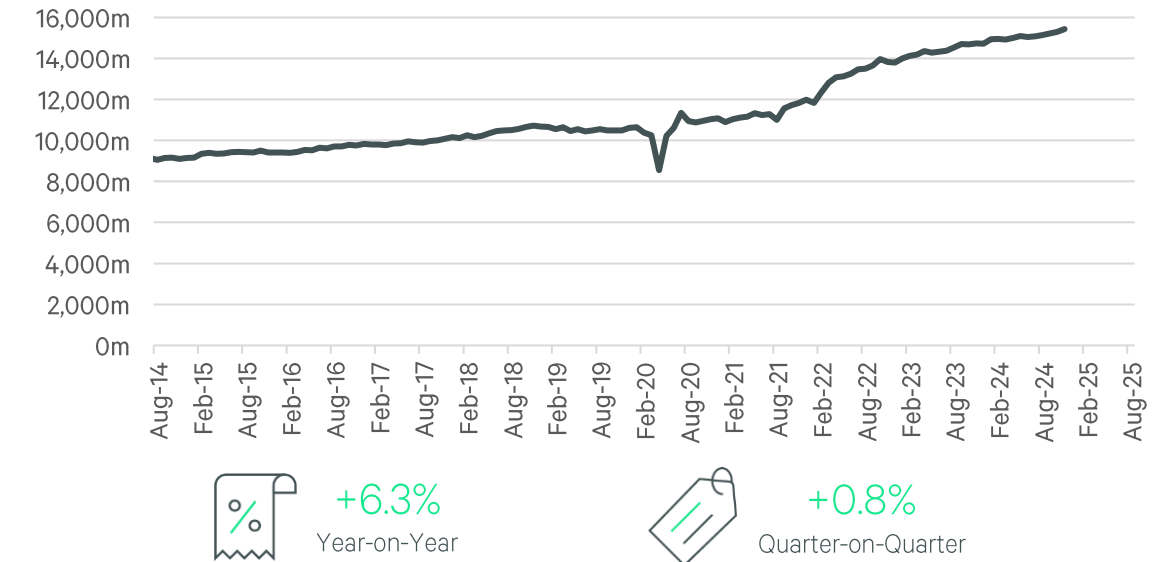
▼ 18.3%	▲ 6.3%	▲ \$747m	▲ c.24,000 sqm
Brisbane CBD Vacancy Rate H1 25	Queensland Household Spending Y-o-Y Growth	Q3 2025 Queensland Retail Asset Sales	New retail supply Q3 2025

Note: Arrows indicate change from previous quarter.

Key Points

- Queensland recorded \$16,100m of household spending in August 2025, representing a 6.3% increase y-o-y.
- New floorspace added to the market in Q3 2025 totalled c.24,000 sqm, up from the c.5,700 sqm recorded in the prior quarter.
- Brisbane CBD retail vacancy strengthened in H1 2025 by 22 bp to 18.3%.
- All retail categories recorded net face rental growth across Q3 2025, largely driven by limited new supply.
- A total of \$747 million of retail investment sales was recorded in Q3 2025 (for sales > \$5m), above the 10-year quarterly average of \$526 million.
- Retail yields tightened across all asset classes, except for super prime CBD, which remained stable. Regional, sub-regional and neighbourhood yields tightened by 5.8 bp, 8.8 bp and 10.0 bp, respectively, while LFR yields compressed by 12.3 bp.

Figure 1: Queensland Total Household Spending, Seasonally Adjusted (\$m)



Source: ABS as at August 2025, CBRE Research

Economic Overview

Improved household consumption underpins economic growth over 2024-25

Queensland’s economic conditions remained positive over 2024-25, recording a 1.5%¹ increase in Real Gross State Product (GSP). Growth was largely driven by improved household spending, supported by factors including population growth, improved real wages and increased consumer confidence following recent interest rate cuts. Business investment recorded a modest improvement over the year, while public sector spending growth remained elevated. Queensland’s GSP growth is expected strengthen in 2025-26, supported by a recovery in domestic activity and stronger goods exports.

According to Deloitte Access Economics, Queensland’s GSP is forecast to increase by 1.9% in 2025-26, and stabilise at 1.8% in 2026-27. Public investment will continue to drive state economic activity over the forecast period, with the delivery of essential economic and social infrastructure.

The upcoming 2032 Olympic Games has bolstered Queensland’s infrastructure pipeline

Queensland’s infrastructure spend has increased by over three-fold over the past decade, with investment expected to total \$27 billion in 2025. The largest infrastructure project in the Brisbane area is the Cross River Rail worth \$6.3 billion, due for completion in 2025. In addition, Brisbane City Council’s Brisbane Metro (\$944m) has completed stages 1 to 3, with stage 4 scheduled for completion in late 2025. The major road and rail projects will power Queensland’s economic activity, driving consumer spending. In addition, the \$7.1 billion Olympic infrastructure plan will provide significant benefits for Southeast Queensland.

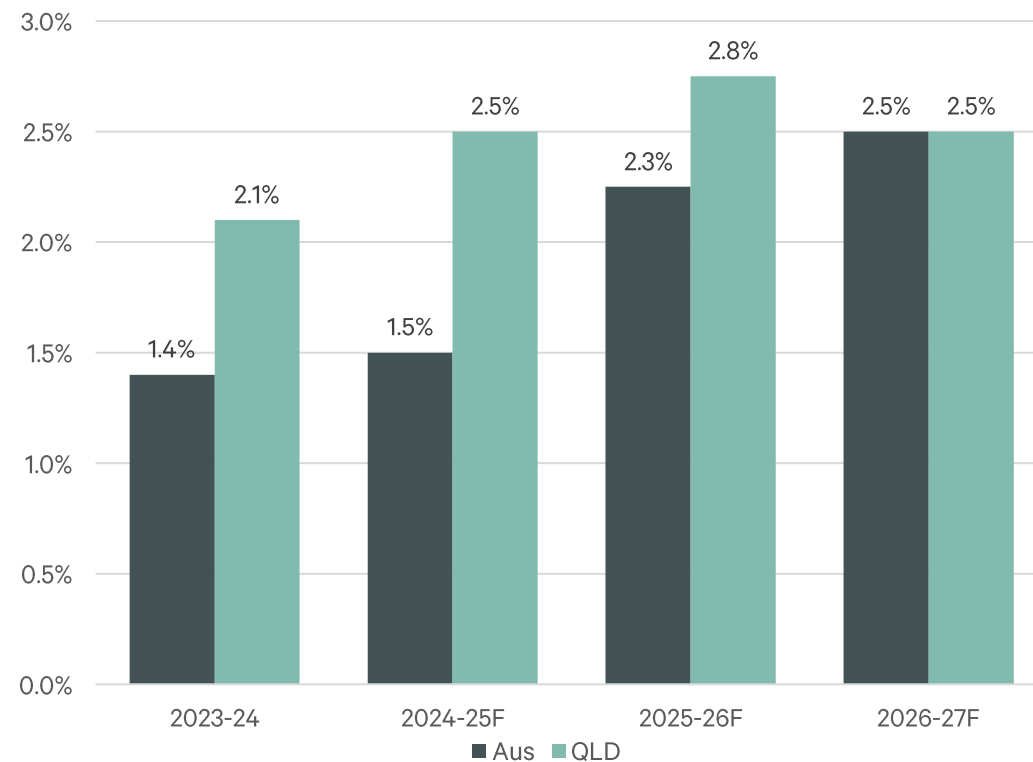
Queensland sees positive growth in household consumption

Household consumption in Queensland has experienced modest year-on-year growth, increasing by approximately 6.3%³. Among the key household categories, the strongest year-on-year growth was recorded in miscellaneous goods and services (10.4%), services (9.4%) and hotels, cafes and restaurants (8.4%)³. This upward trend is forecast to continue in 2025-26, supported by rising real wages, declining mortgage repayments and sustained population growth, all contributing to sustained retail demand.

Queensland's unemployment rate remains tight

Queensland’s labour market remains robust, with the unemployment rate at 4.4%, as of August 2025³. Over the past year, approximately, 51,400 jobs have been created in the state, reflecting an upward trend. Queensland’s tight labour market will contribute to a strong retail sector, driving consumer confidence and household spending. With solid state final demand forecasts of 3.2% over 2025-26², Queensland’s labour market is expected to remain tight.

FIGURE 2: QLD GSP Growth vs National GDP Growth



1. Deloitte Access Economics, September 2025

2. QLD State Budget Paper

3. Australian Bureau of Statistics

Source: Federal Budget Papers, QLD State Budget Papers, CBRE Research

Supply

Future supply remains well below long-run average

Supply completions in Q3 25 totalled c.24,000 sqm, up from the c.5,700 sqm recorded in the prior quarter. This brings the 2025 YTD development supply to c.41,800 sqm, which is moderately below the c.76,300 sqm delivered over the same period in 2024. The most notable project that reached practical completion over the quarter includes the Oxley Bunnings redevelopment (c.17,000 sqm) and the new Upper Coomera Woolworths (c.4,600 sqm).

Next quarter is expected to see approximately 36,300 sqm of new retail space, representing 46% of the total 2025 supply pipeline. This brings the 2025 supply to c.78,000 sqm, modestly below the 10-year average of c.128,000 sqm. Retail supply continues to remain impacted by high construction costs and elevated financing. Supply between 2025 to 2026 remains modestly concentrated in large format and neighbourhood developments, accounting for approximately 59% and 41% of total supply, respectively.

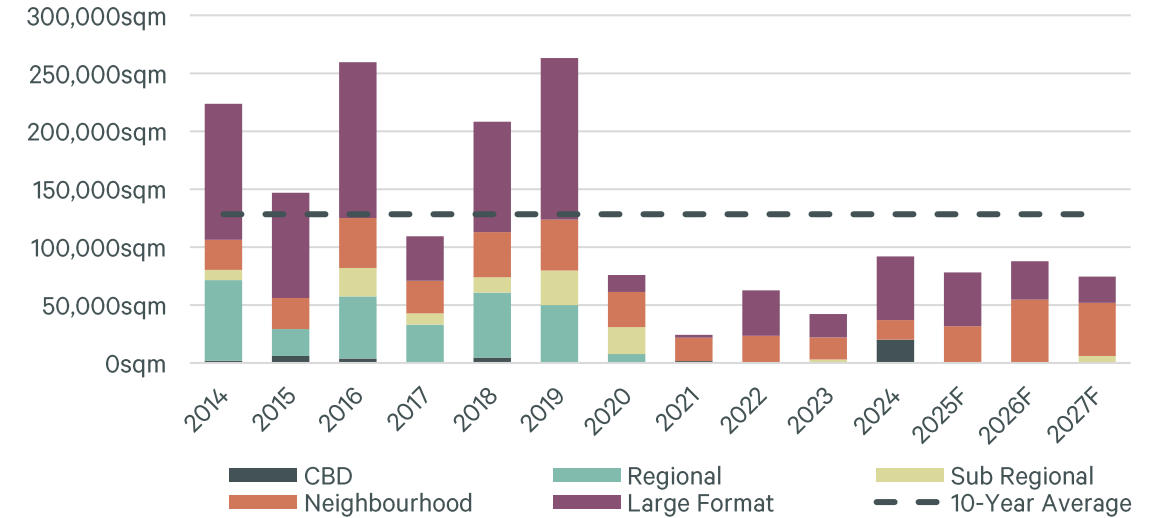
A major development project due for completion next quarter is Stage 1 of the Coomera Home Ideas Centre (c.9,540 sqm), comprising retail showrooms, hospitality, healthcare and entertainment tenants. The Burpengary East Shopping Centre is also scheduled for completion, delivering c.5,000 sqm of retail space, including a Woolworths Supermarket.

Vacancy

CBD retail vacancy rate improves marginally

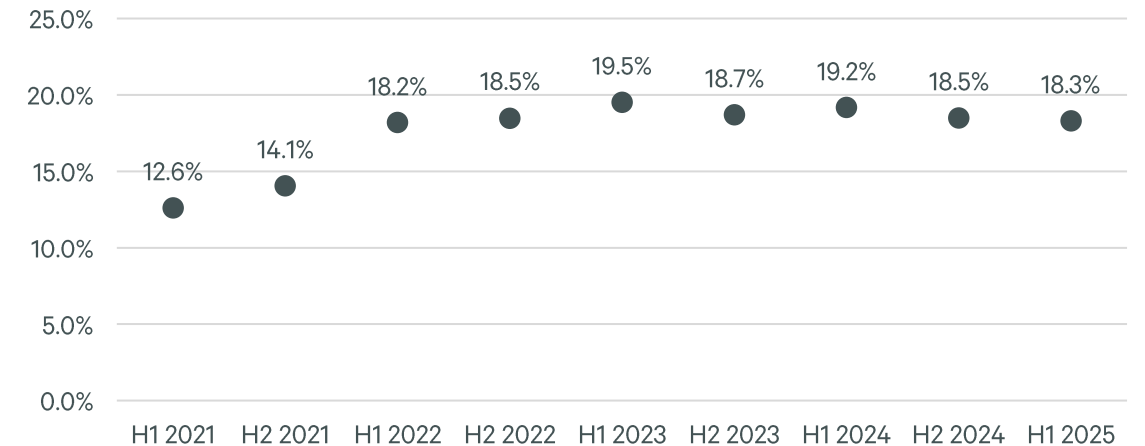
Brisbane CBD retail vacancy strengthened in H1 2025 by 22 bp to 18.3%. The return to office, along with new infrastructure projects and discounted public transport fares, has led to increased CBD visitation and retail activity. The decrease in overall CBD retail vacancy was partly attributable to a 51 bp decrease in CBD strip vacancy. Whilst overall vacancy in non-core strip declined over H1 2025, a clear disparity remains evident between core and non-core areas, with non-core locations exhibiting significantly higher vacancy compared to core locations. Centre retail vacancy softened by 63 bp to 28.3%, largely attributed to the flow of retailers moving out prior to the redevelopment of Wintergarden Arcade retail vacancy tightened by 152 bp to 10.6%, however this is skewed by the small survey size.

FIGURE 3: South-East Queensland Retail Supply by Category



Source: CBRE Research, Q325

FIGURE 4: Brisbane CBD Retail Vacancy Rate



Source: CBRE 2025

Rental Performance

Sustained rental growth across retail asset sectors

Net face rents have continued to increase across all retail categories in Q3 2025, driven largely by limited future supply. CBD super prime assets recorded net face rent growth q-o-q increasing 1.1% to \$3,889/sqm. Tighter vacancy in super prime assets has continued to drive rental growth, with many retailers wanting to secure leases within these established centres. In addition, the ongoing return to office, coupled with discounted public transport fares, has led to increased CBD visitation, further supporting retail activity and sustained demand.

Shopping centre assets experienced positive net face rent growth over the quarter, with regional assets recording a 1.1% increase and sub-regional seeing a 0.4% rise (q-o-q). Regional centres are continuing to see modest rental growth as a result of tighter vacancy and limited new supply. Growth in rents has been largely driven by the lack of new supply, with high construction costs and financing costs limiting financial feasibility for new developments.

Neighbourhood centre rents increased by 1.1% q-o-q and 3.6% y-o-y to \$1,001/sqm. There is continual strengthening across the neighbourhood market, driven by strong tenant demand for essential services and convenience retail. Looking ahead, rental growth is expected to remain solid, supported by sustained non-discretionary spending, along with limited new supply.

Large format retail rents recorded net face rent growth of 1.0% q-o-q and 1.6% y-o-y to \$324/sqm. Demand for LFR continues to be supported by improving tenant mix, with new retailers known as “lifestyle” seeking opportunities to expand from traditional shopping centres to LFR spaces. Additionally, QLD recorded a 6.3% y-o-y (as at August 2025) increase in household goods sales, showing positive market conditions. Future rents are likely to remain positive, due to the limited supply pipeline, tight vacancy and strong population growth driving demand for LFR goods.

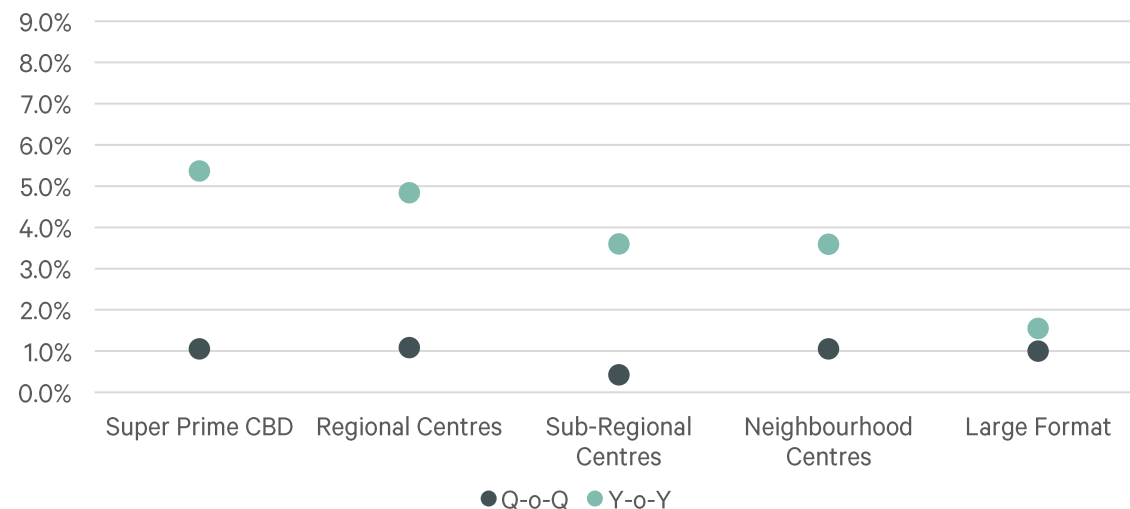
Incentives held steady across most asset types this quarter, except for regional and neighbourhood shopping centres, which tightened by -93bps and -100bps. Given constrained supply and continued absorption of new developments, incentives across shopping centres assets have continued to decline.

FIGURE 5: Queensland Key Leasing Rates by Retail Asset Category

Asset Type	NFR (\$/sqm)			NER (\$/sqm)			Incentives (%)		
	Q325	Q-o-Q Change	Y-o-y Change	Q325	Q-o-Q Change	Y-o-y Change	Q325	Q-o-Q Change	Y-o-y Change
CBD Super Prime	3,889	1.1%	5.4%	3,150	1.1%	6.7%	19.0%	Stable	-100bp
Regional	1,865	1.1%	4.8%	1,535	2.2%	7.8%	17.7%	-93bp	-229bp
Sub-Regional	1,089	0.4%	3.6%	881	0.4%	4.8%	19.1%	Stable	-89bp
Neighbourhood	1,001	1.1%	3.6%	816	2.3%	5.6%	18.5%	-100bps	-155bp
Large Format	324	1.0%	1.6%	273	1.0%	3.1%	15.5%	Stable	-125bp

Source: CBRE Research, Q325

FIGURE 6: Queensland Net Face Rent Growth by Retail Asset Category



Source: CBRE Research, Q325

Investment

YTD transaction volumes surpass 2023 and 2024 annual sales volumes

A total of \$747 million of retail investment sales was recorded in Q3 2025 (for sales > \$5m), above the 10-year quarterly average of \$526 million. This brings the year-to-date total for 2025 to c.1,500 million, surpassing the annual sales volumes of both 2023 and 2024.

This quarterly increase was largely driven by Scentre Group’s 25% stake in the Westfield Chermside Wholesale Shopping Centre Fund for \$683 million. As the second-largest regional shopping centre in Australia, Westfield Chermside delivered strong returns, reflecting growing demand for prime retail assets. Investor demand for shopping centres remains strong, particularly among institutional investors, unlisted funds and private buyers. This renewed investor confidence has been supported by the easing of monetary policy, along with strong demand for existing assets, which continue to trade well below replacement cost.

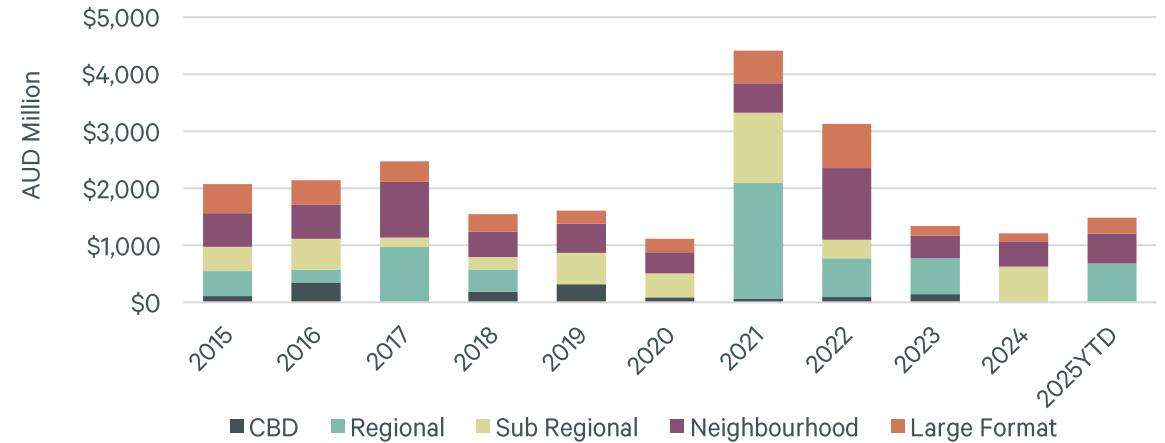
Another notable transaction over the quarter was the sale of Westfarmers Bunnings Portfolio including two bunnings assets in QLD located in Airlie Beach and Oxenford. The new Charter Hall Convenience Retail Fund acquired the QLD Bunnings for approximately \$75 million.

Transaction volumes are expected to increase further over the next 12 months, supported by additional interest rate reductions, as well as positive fundamental drivers from strong population growth and a limited supply pipeline.

Growing market confidence supports yield compression across most asset classes

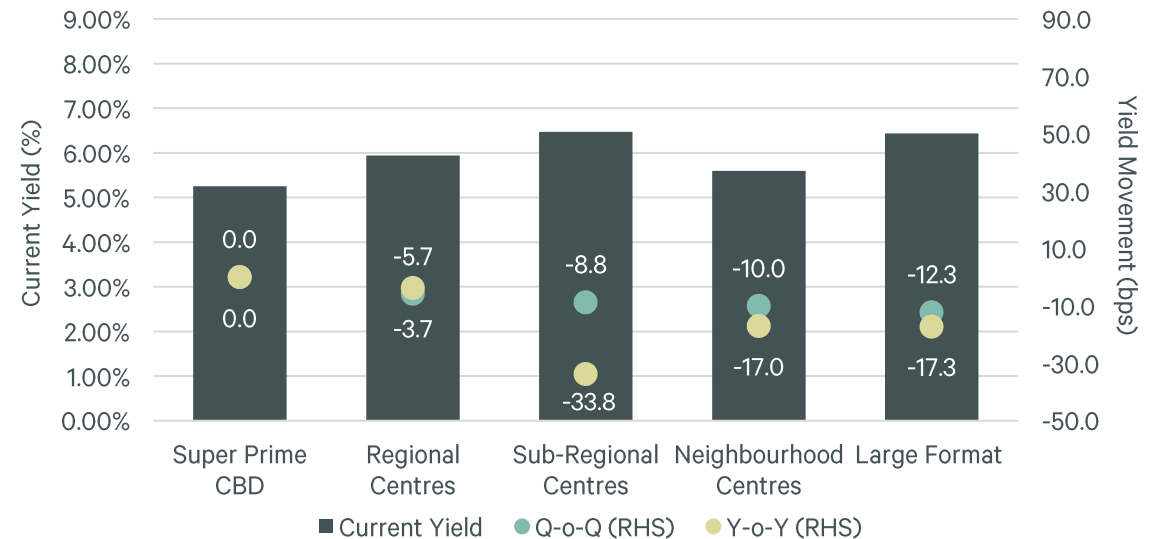
In Q3 2025, yields tightened across all asset classes, except for super prime CBD, which remained stable at 5.25%. Regional centre yields saw yield contraction of 5.75 bp q-o-q to 5.94%. Sub-regional (-8.78 bp) and neighbourhood (-10 bp) centres recorded tightening, averaging 6.47% and 5.60%, respectively. Large format retail yields also declined, tightening by 12.3 bp to 6.44%. Yields have continued to contract reflecting increased market confidence, strong investor demand and limited supply of retail assets.

FIGURE 7: Queensland Retail Sales by Asset Category



Source: CBRE Research, Q325

FIGURE 8: Queensland Retail Yields by Category



Source: CBRE Research, Q325

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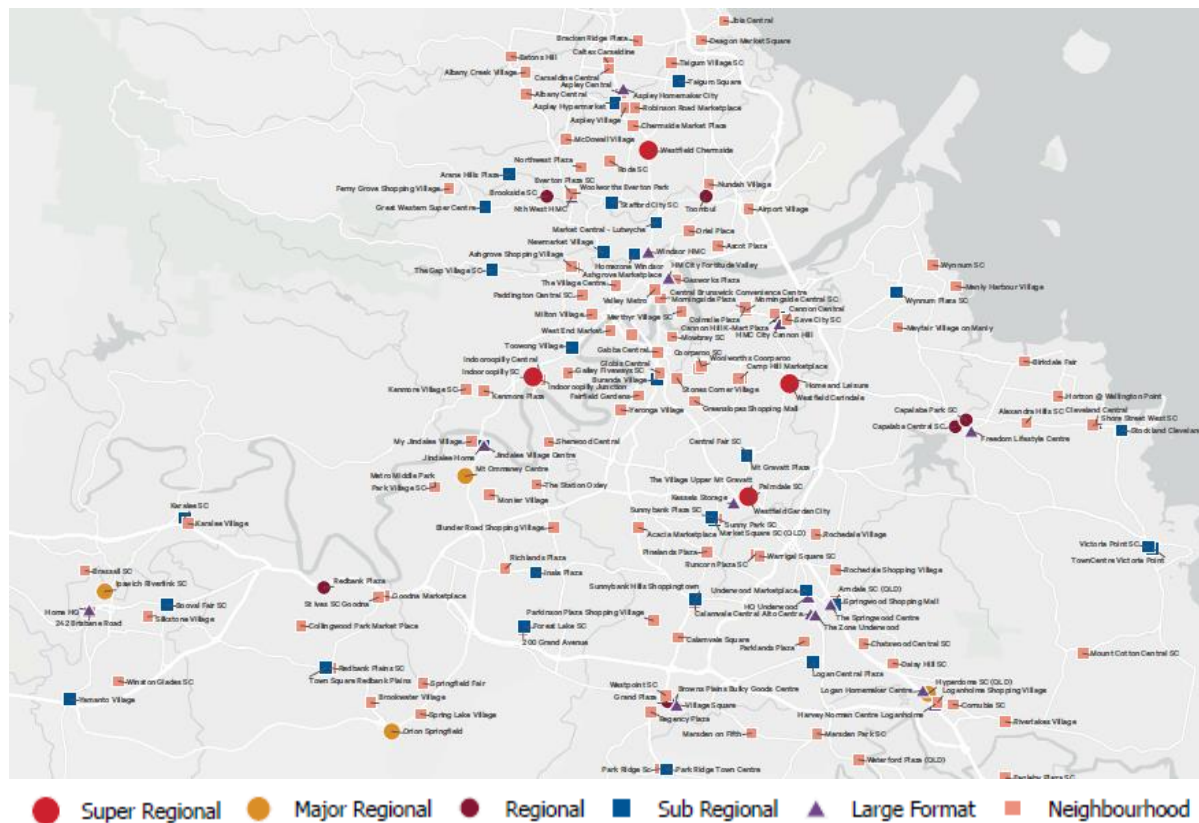
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