

Creating Resilience

Australia's E-commerce and its Impact on Logistics Real Estate

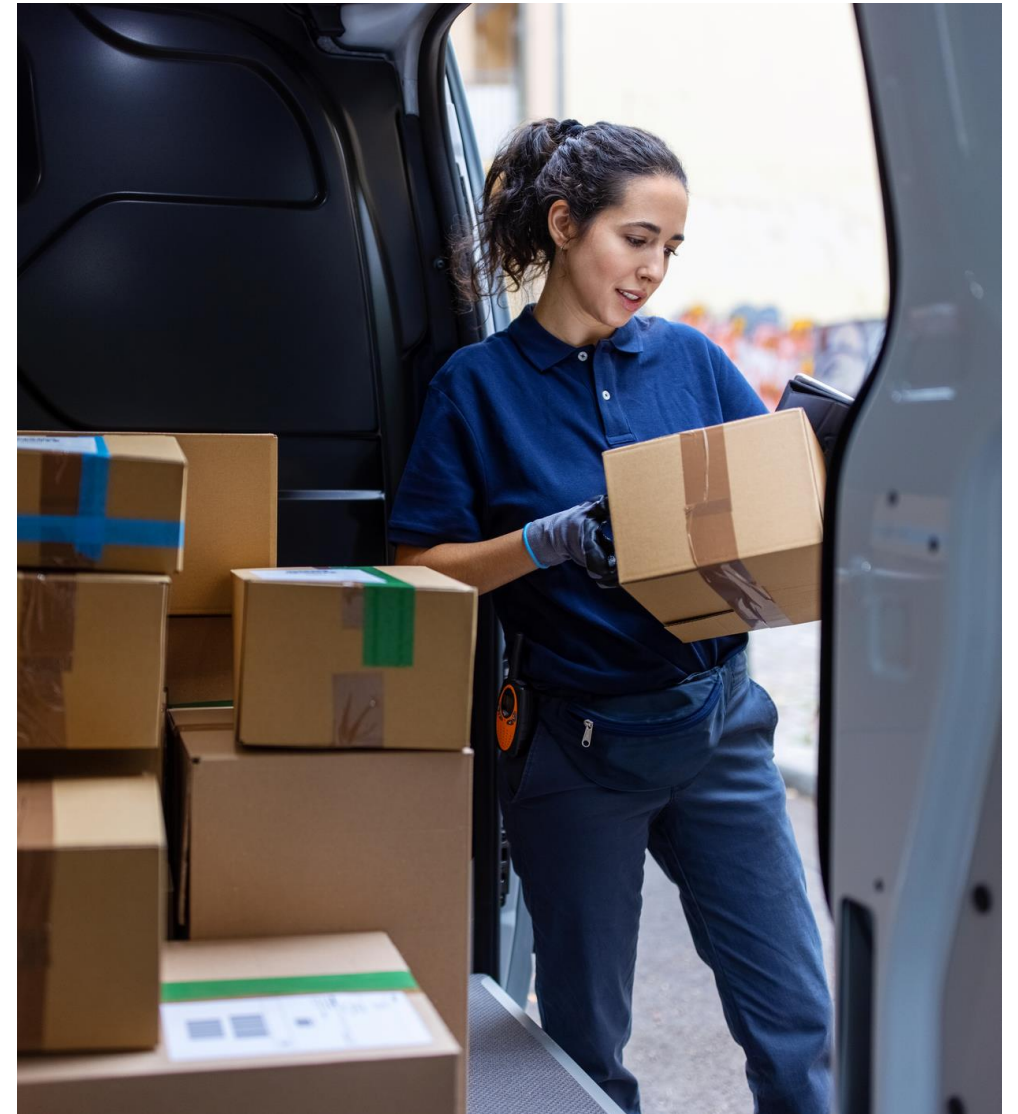
REPORT

CBRE RESEARCH
JULY 2025



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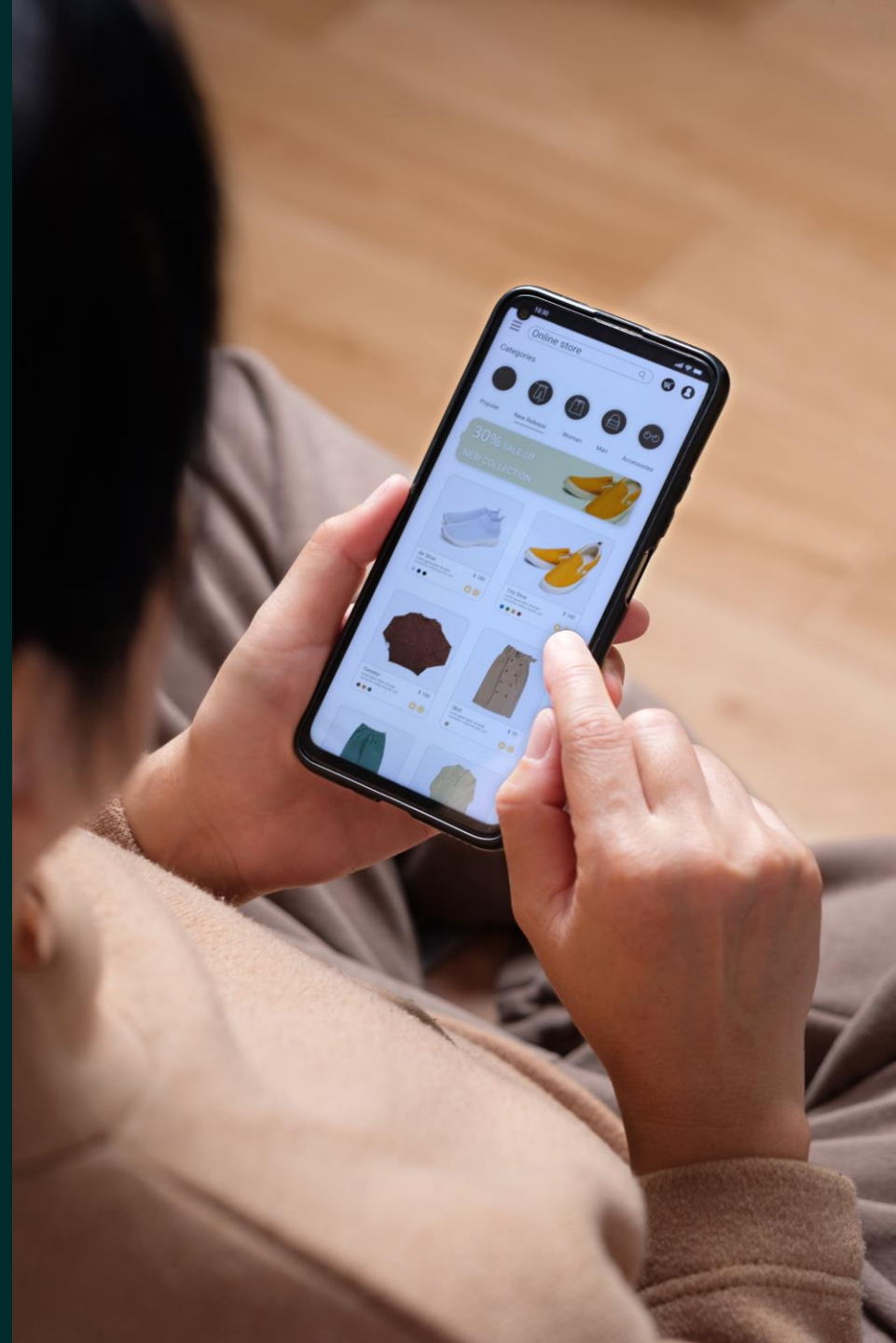
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1



E-commerce: Now and Future



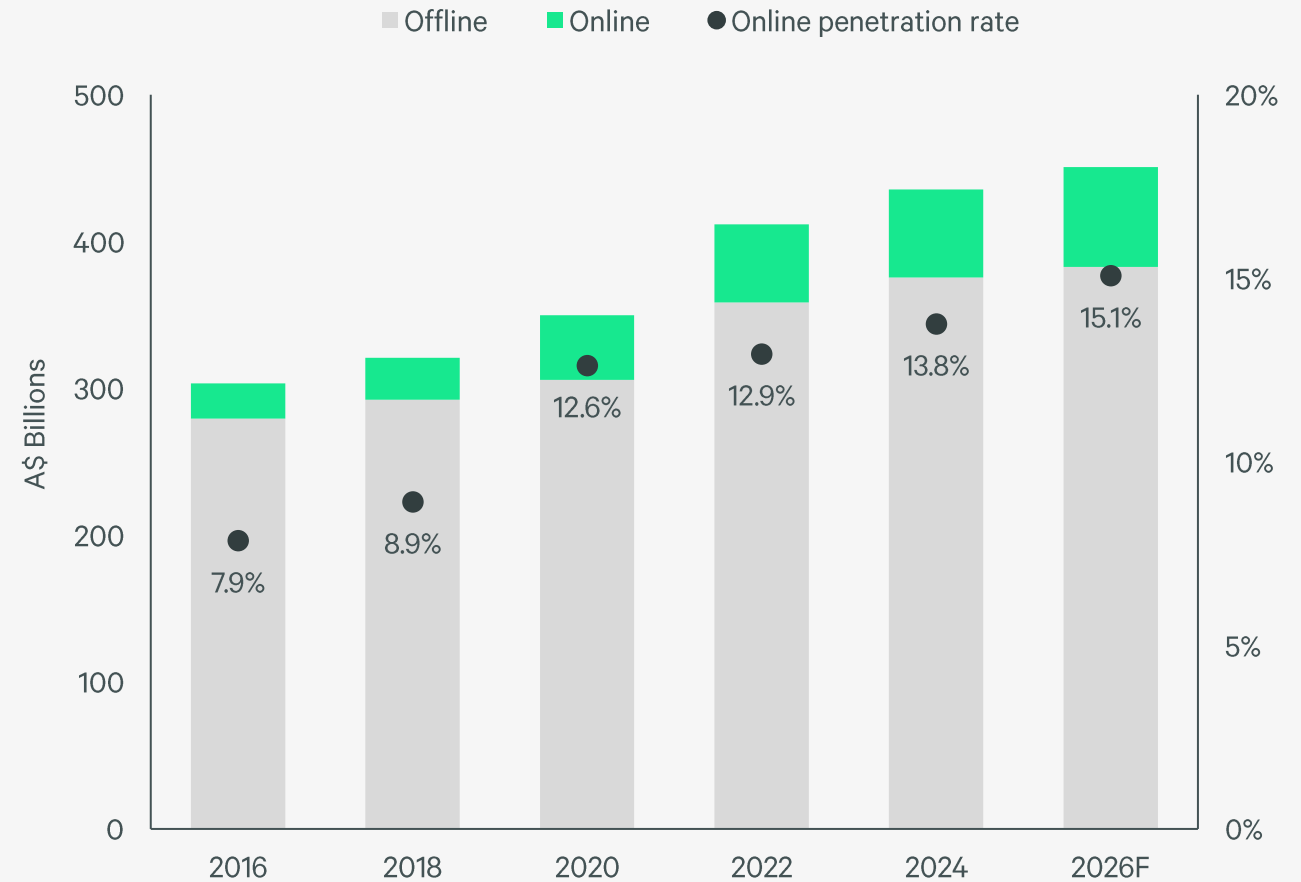
How big is Australia's retail market?

- The size of Australia's retail market totalled close to A\$440 billion in 2024, with New South Wales accounting for c.30% share.
- While the pandemic has accelerated the growth of e-commerce, offline retail remains the dominant sales channel.
- However, e-commerce growth in many markets moderated from pandemic highs after restrictions were lifted. The online retail penetration rate in Australia slowed from 15.0% in April 2022 to 12.6% in March 2023.
- Since March 2023, Australia's e-commerce penetration rate has been trending upwards, and now stands at 14.3% (as of May 2025).

36%

Increase in Australia online sales between 2020 and 2024

Figure 1: Retail market size, Australia



Source: ABS, NAB, CBRE Research, May 2025.

Several factors are supporting e-commerce growth in Australia

CBRE expects Australia's e-commerce sector to continue to expand, estimating an annual growth in online sales averaging

6% per annum

over the next three years.



01

Demographics

- Urbanised population - over 86% of the population live in urban areas; enabling efficient last mile delivery and logistics infrastructure.
- Younger, tech-savvy generations – millennials and Gen Z make up 40% of the population.
- Aging population adopting digital tools, particularly post-pandemic.
- Australia's multicultural population supports demand for a diverse range of international products.

02

Digital Payments

- High internet penetration – over 90% of Australians have internet access.
- High adoption of digital wallets.
- Greater 'buy now, 'pay later' services – accounting for 15% of e-commerce payments in 2024.
- Seamless integration of digital payments with e-commerce platforms.
- Consumer preference for digital payments for convenience and accessibility.

03

E-commerce Ecosystem

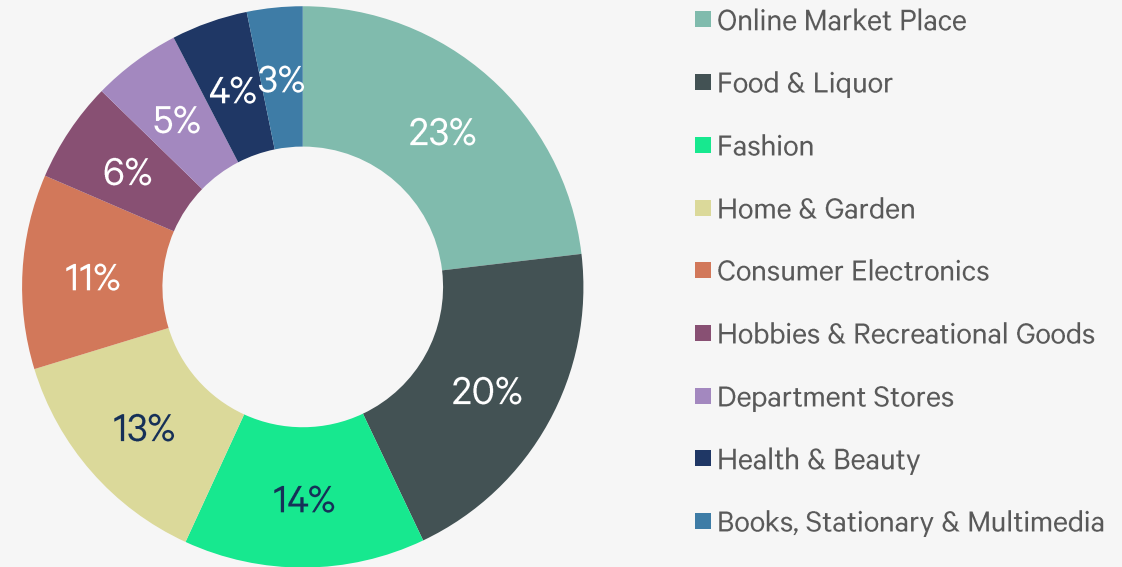
- Enhanced delivery networks and faster shipping options – domestic and regional e-commerce platforms are investing heavily in new infrastructure and marketing.
- Competitive pricing and global marketplaces – Australian shoppers are increasingly turning to global low-cost platforms.
- Personalisation and AI integration.

Who is shopping and what are they purchasing?

According to Australia Post, in 2024:

- Millennials were the most frequent online shoppers.
- 1 in 5 households made a weekly online purchase (vs. 5% in 2018).
- Cost of living pressure has led more shoppers online to find value.
- Significant growth in online purchases during sale events (e.g. Black Friday, Cyber Monday, and Click Frenzy).

Figure 2: Share of Online Spend in 2024



9.8 million

Australian households made an online purchase in 2024.¹ This represents over 90% of the total Australian households compared to 73% in 2018.



Major marketplaces in Australia include Amazon, eBay and Temu

A\$95

Average value of each online transaction¹



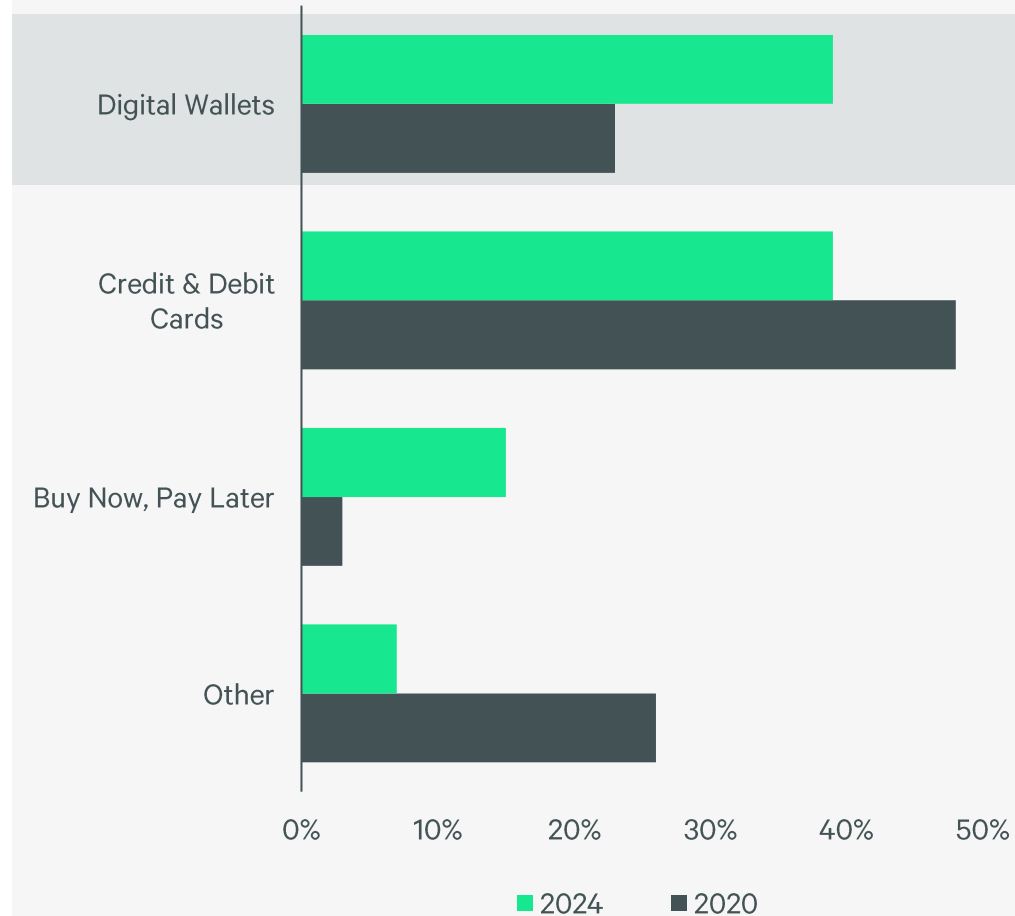
1. Australia Post eCommerce Report 2025.

Source: Australia Post, CBRE Research.

Australian consumers are embracing digital wallets

- Digital/mobile wallets are now the most common payment methods for e-commerce in Australia. This is also true for mainland China, India and emerging Southeast Asia.
- The greater adoption of digital/mobile wallets marks a significant shift in consumer behaviour – i.e. a growing preference for speed, convenience, and trust in technology.
- Mobile-first commerce is becoming the norm and therefore e-commerce platforms must accelerate their investment in app development.
- Many local e-commerce/social media platforms in Asia Pacific have introduced their own digital wallets.

Figure 3: Australia e-commerce payment methods 2024 (by transaction value)



Source: Australian FinTech, CBRE Research.

Examples of major digital payment solutions in Asia Pacific

Global

- Alipay
- Apple Pay
- Google Pay
- WeChat Pay

Regional/ Local

Australia: Commbank Tap & Pay, Beem It, Afterpay Money, Zip Pay App, WPay, Coles Digital Wallet.

Mainland China: Alipay, WeChat Pay

Hong Kong SAR: PayMe

India: paytm, PhonePe

Japan: PayPay





Korea: Samsung Pay, Naver Pay

Southeast Asia: GoPay, Gcash, GrabPay, ShopeePay, SMART Money

Australia's e-commerce ecosystem is expanding

- Australia's e-commerce market is dominated by several global and local platforms.
- Key inflection points in the market have come from the entry of new players and the digital transformation of traditional retailers.
- The rise in new entrants has broadened consumer choice, pushed pricing transparency, and driven the evolution of logistics, digital payments, and mobile-first experiences.

Figure 4: Leading e-commerce platforms in Australia

	 Established Platforms	 Global Platforms	 Growing Platforms	 Omnichannel Players
CHARACTERISTICS	<ul style="list-style-type: none"> • Dominant e-commerce player in at least one market • Strong brand recognition and large user base 	<ul style="list-style-type: none"> • Foreign platforms that are well-established in Australia • High visibility and market penetration 	<ul style="list-style-type: none"> • Rapidly scaling platforms entering or expanding in the last 5-10 years 	<ul style="list-style-type: none"> • Traditional retailers that have built strong online offerings
EXAMPLES	<ul style="list-style-type: none"> • eBay Australia • Kogan • Catch.com.au 	<ul style="list-style-type: none"> • Amazon Australia • Shein • Temu 	<ul style="list-style-type: none"> • The Iconic • MyDeal • Ozsale 	<ul style="list-style-type: none"> • Woolworths • Coles • Bunnings • Myer • David Jones • Kmart

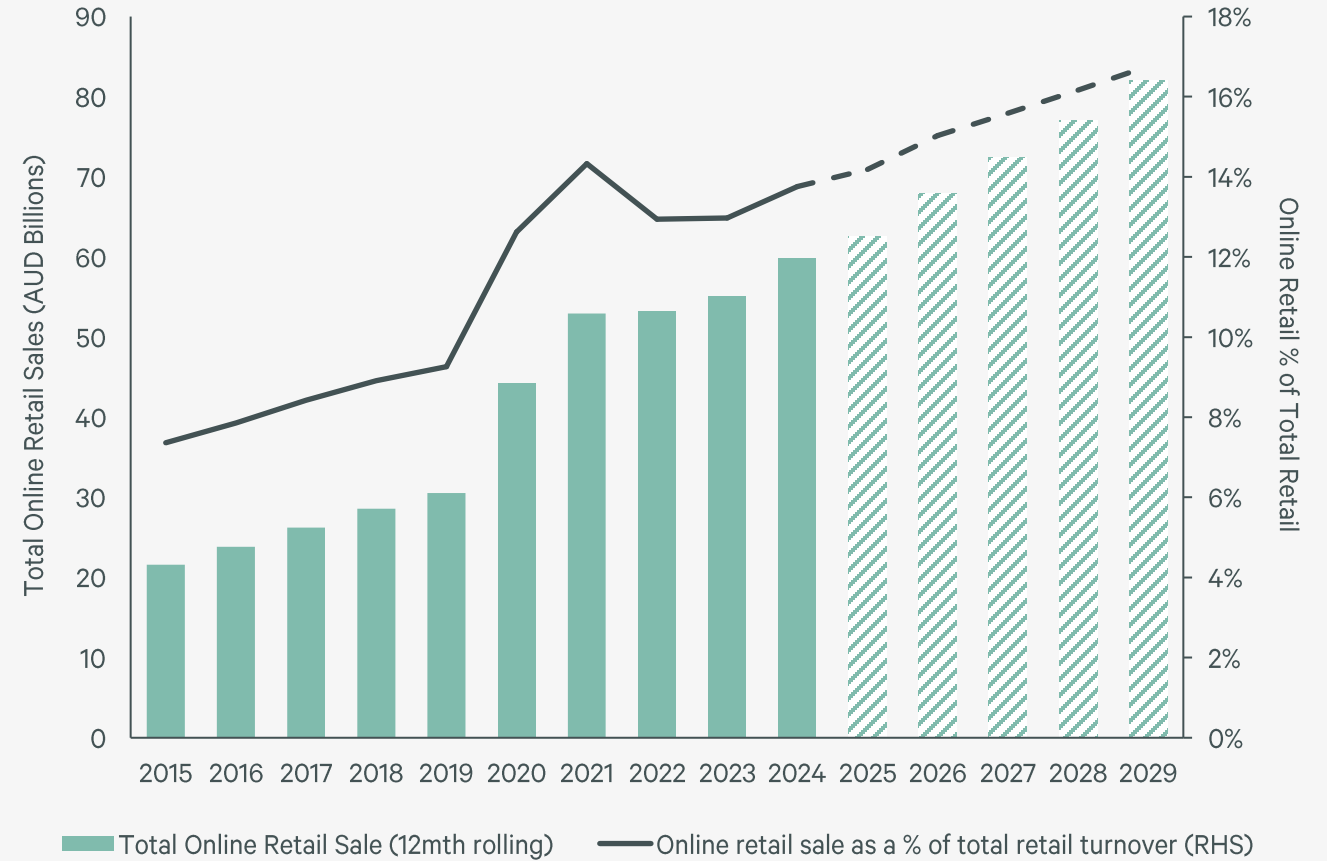


Australia's e-commerce sector will continue to grow

CBRE forecasts Australia's e-commerce penetration rate will grow to 17% by 2029, which represents just over 30% increase in online sales value over the next four years.

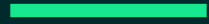


Figure 5: Australia's e-commerce trend and forecast



Source: NAB, ABS, CBRE Research. As at May 2025.

2



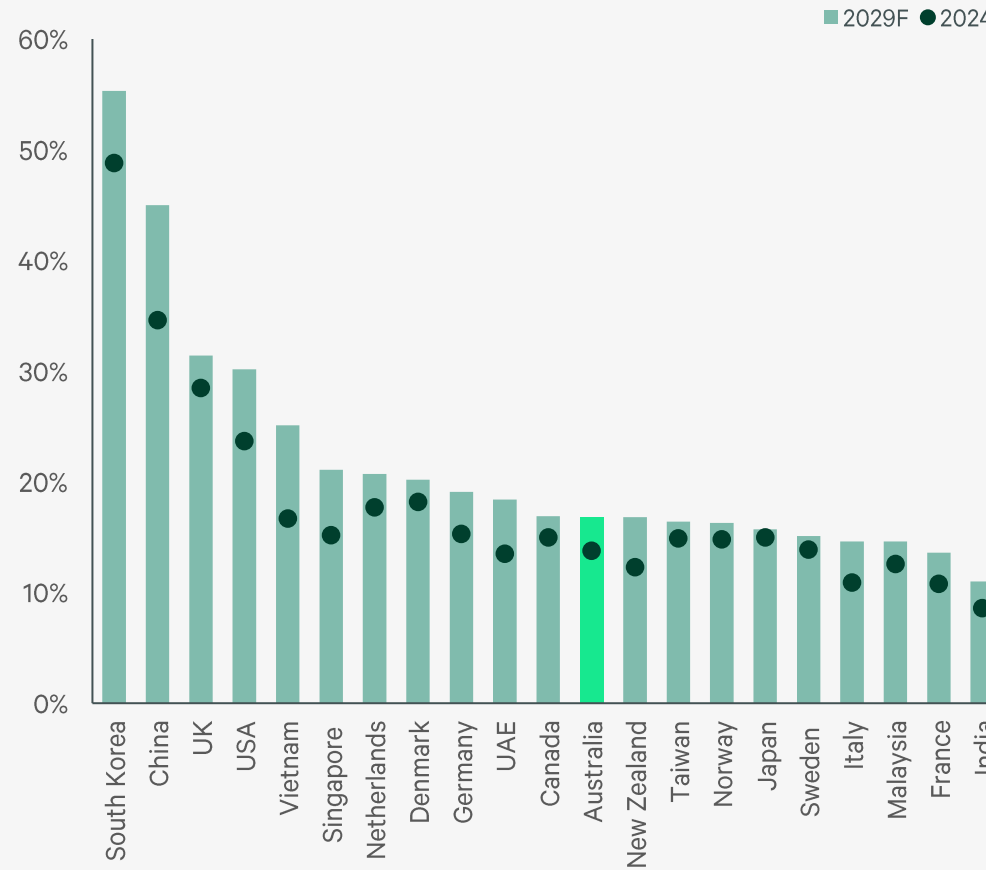
E-commerce Development Stages



How does Australia compare globally?

- Despite the significant expansion of the e-commerce sector over the past few years, Australia's penetration rate continues to lag other developed economies.
- Australia's e-commerce market is mature, with established infrastructure and consumer trust, yet there's room for further growth compared to top global markets.
- CBRE expects more retailers to set up their own direct-to-consumer e-commerce channels to reduce reliance upon third-party marketplaces. This will ensure retailers gain more and better customer data which can be leveraged to develop more targeted online sales and marketing strategies.

Figure 6: Online sales as a percentage of total retail sales in key markets



Source: Euromonitor, CBRE Research.

Top 5 Growth Markets in APAC

Markets expected to achieve the highest growth in online sales value 2024-2029

1. **+118%**
Vietnam
2. **+98%**
India
3. **+79%**
China
4. **+70%**
Singapore
5. **+65%**
New Zealand

Australia's e-commerce in its growth era

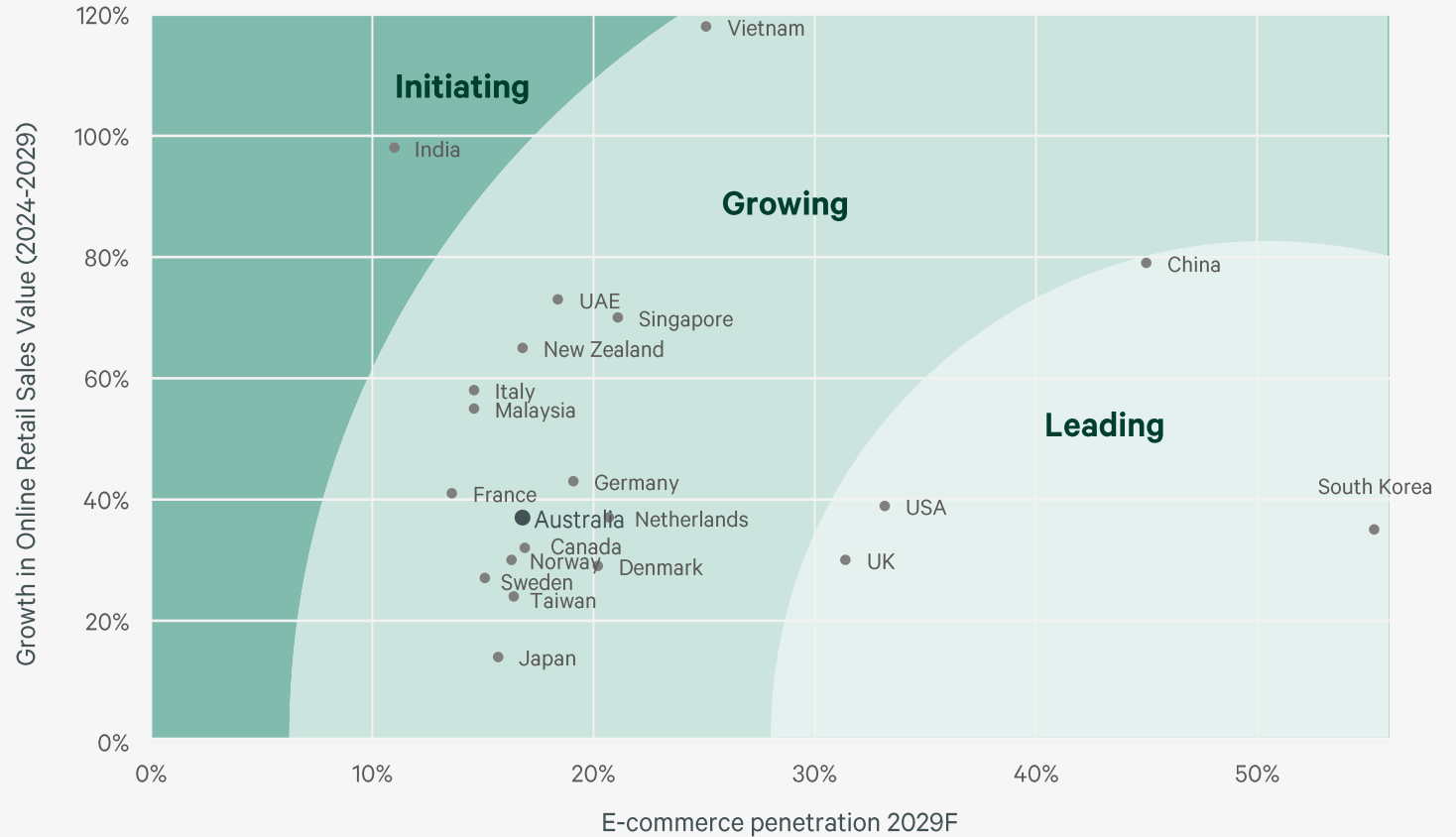
By forecasting e-commerce penetration rates and growth in online retail sales value, CBRE has been able to classify various e-commerce markets into three distinct groups.

Initiating: Mostly consisting of emerging economies, online retail sales in these markets are being driven by organic growth in consumption as well as the shift to e-commerce. Many of these locations require new logistics infrastructure to meet potential omnichannel demand.

Growing: This group comprises several mature economies—including Australia - along with Vietnam and Taiwan, where online retail sales growth is being driven by consumers' shift from offline to online.

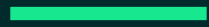
Leading: Mainland China, Korea, USA and UK continue to lead e-commerce penetration globally.

Figure 7: E-commerce penetration vs growth in online retail sales



Notes: The sales value of 2024 is based on Euromonitor's estimates
 Source: Euromonitor, CBRE Research, 2Q25.

3



Impact on Logistics Real Estate

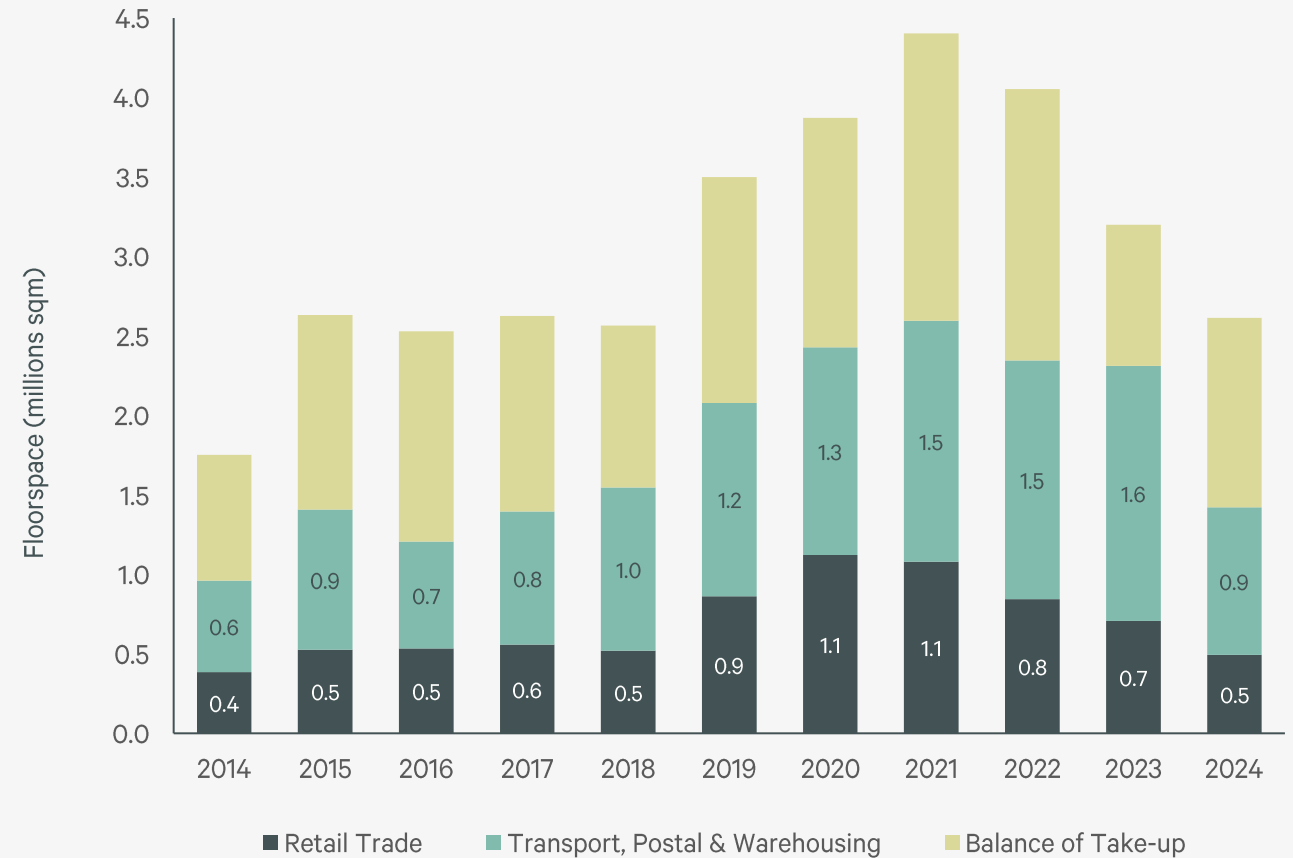


Implications for Logistics Space

Figure 8: E-commerce impact on logistics space in Australia

E-commerce trend	Impact on logistics space	Example
Higher SKU variety	<ul style="list-style-type: none"> More racking and picking zones 	<ul style="list-style-type: none"> Catch Group (2020) and Kmart (2021-2023) expanding fulfilment centres in Truganina and Eastern Creek.
Faster delivery expectations	<ul style="list-style-type: none"> Urban infill and last-mile hubs (near customers) 	<ul style="list-style-type: none"> Amazon (2022), Woolworths (2023), and Australia Post (2021-24) building last-mile hubs in inner Sydney and Melbourne.
Higher returns volume	<ul style="list-style-type: none"> Reverse logistics space 	<ul style="list-style-type: none"> The Iconic (2016) and Myer (2021-22) operating reverse logistics facilities to manage fashion returns.
Inventory buffering	<ul style="list-style-type: none"> Increase warehouse footprint for safety stock 	<ul style="list-style-type: none"> Retailers holding more stock locally post-COVID; expanding warehouse leases in Melbourne's West.
Automation and robotics	<ul style="list-style-type: none"> Higher clearance, specialised design 	<ul style="list-style-type: none"> Goodman and LOGOS (2022-24) delivering 12m+ clearance facilities with robotics in Sydney and Brisbane.
Parcel volume growth	<ul style="list-style-type: none"> Expansion of national fulfillment and sortation network 	<ul style="list-style-type: none"> Australia Post surpassing 1 billion parcels delivered in 2024; large sortation hub in VIC and NSW (2020-23).

Figure 9: Floorspace (Gross) Take-up Australia

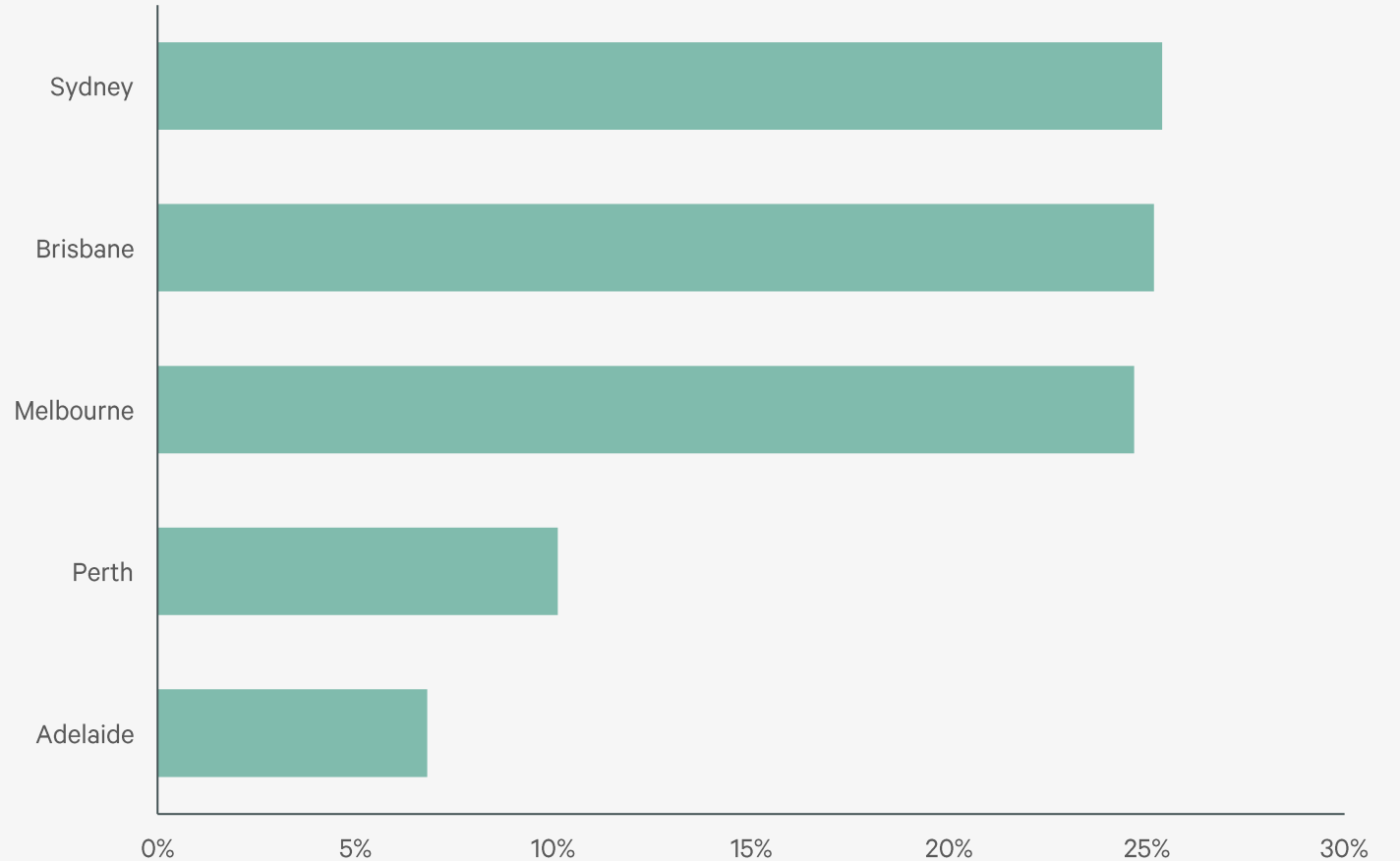


Reflects lease transactions >5,000 sqm for Sydney and Melbourne, projects >4,000 sqm for Brisbane and Perth, projects >3,000 sqm for Adelaide. Source: CBRE Research.

Retail occupiers' make-up significant share of logistics demand

- Occupiers taking up space within the Retail Trade sector made up around 20% of the total floorspace leased in 2024.
- Of the total spaced leased across the major markets in Australia over the past four years, Retail occupiers make up one-quarter of the floorspace leased across the major Eastern Seaboard markets.
- The average size of floorspace leased in Australia by Retail Trade occupiers over 2020-2024 was 16,000sqm. This is the highest average lease size of any industry sector over this period.

Figure 10: Share of Floorspace Take-up from Retail Trade Occupiers over 2020-2024, by City



Reflects lease transactions >5,000 sqm for Sydney and Melbourne, projects >4,000 sqm for Brisbane and Perth, projects >3,000 sqm for Adelaide.
 Source: CBRE Research.

Structural demand for logistics space

- E-commerce supply chain operations need more warehouse and logistics space. These requirements are typically three times greater than a traditional brick-and-mortar supply chain.
- As e-commerce continues to grow, competition among distributors and retailers for modern high quality logistics space in Australia will intensify.
- CBRE's analysis suggests that **every A\$1 billion of additional e-commerce sales requires an additional 70,000 sq. m. of logistics space**. Based on this calculation, a further 1.7 to 1.8 million sq. m. of e-commerce-dedicated logistics space will be required in Australia between 2025 and 2030.

Figure 11:
Estimated logistics space requirements due to the growth of e-commerce between 2025 - 2030

Increase in e-commerce sales



A\$25 billion

AUSTRALIA

Additional logistics space needed to support e-commerce growth over five years



1.7 to 1.8 million sqm

AUSTRALIA

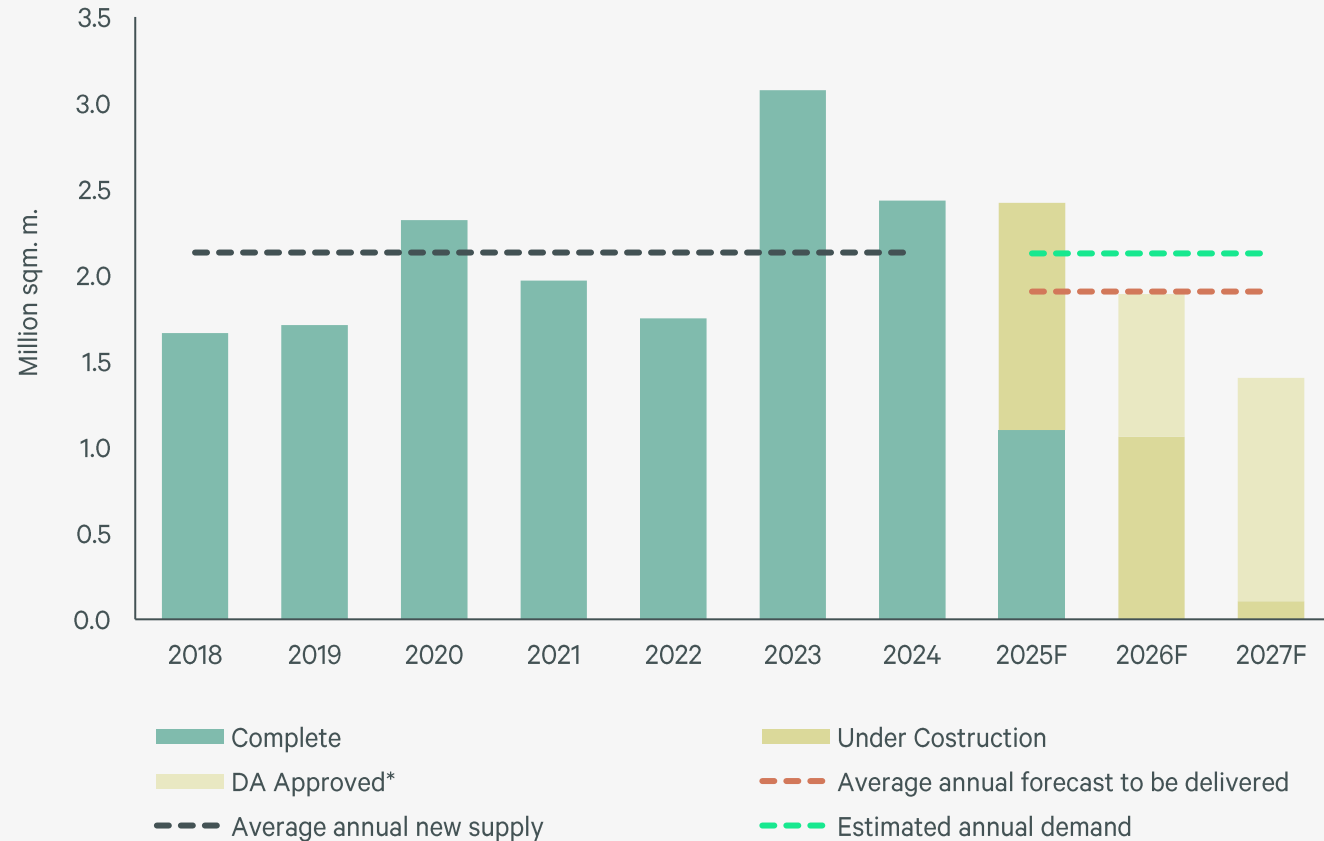
Source: CBRE Research.



Supply pipeline unlikely to meet future demand

- Logistics availability has tightened considerably since the onset of the pandemic, with most Australia markets reporting a vacancy rate of under 3% between 2021 and 2025YTD.
- Australia will see a decrease in logistics supply from 2025 – 2027F, with new completions expected to average 1.9 million sq. m. per year. This will be below the annual average of 2.1 million sq. m. of structural demand CBRE estimates is required by the e-commerce sector, population growth, and the food & beverage sector.
- With vacancy levels already at relatively low levels (averaging 2.8%, as at 1H25), the tight supply environment is unlikely to be alleviated. This will support further rental growth over the medium term.
- CBRE Research forecast national effective rent growth will reach an annual average growth rate of 4.1% over the next four years (super prime grade assets).

Figure 12: Industrial and logistics supply in Australia



Note: Only 50% of the DA Approved pipeline has been added for 2026. Estimated annual demand comprises of forecast demand from e-commerce, population and F&B sector.
 Source: CBRE Research, as at 2Q25.

Key Points

01

E-commerce has grown rapidly over the past decade, with expansion accelerating since the pandemic.

02

A greater number of Australian households are shopping online and with greater frequency.

03

Favourable demographics, the adoption of digital wallets and a vibrant e-commerce ecosystem will continue to underpin rapid e-commerce growth in Australia.

04

Australia's e-commerce development is in the 'growth phase' and CBRE forecast Australia's e-commerce penetration rate will continue to increase from 14% (as of May 2025) to 17% by 2029.

05

The growth of the e-commerce sector has significantly increased demand for industrial and logistics space, driving a rise in leasing activity.

06

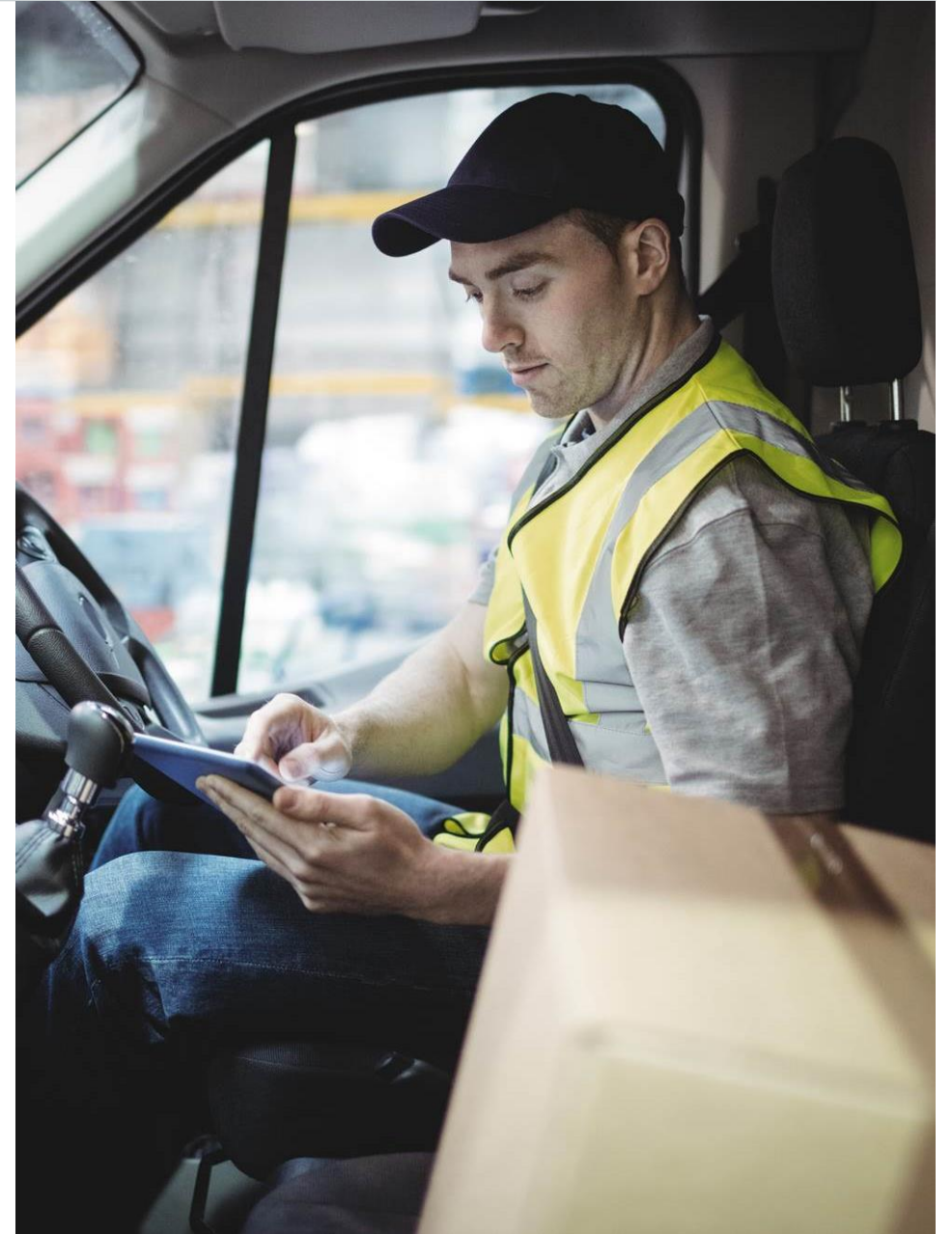
Over the next five years, 1.7 to 1.8 million sq. m. of additional e-commerce-dedicated logistics space will be required to support the growth of online sales in Australia.

07

The 2025F-2027F industrial and logistics supply pipeline is insufficient to meet the needs of e-commerce, the food and beverage sector, and population growth.

08

With logistics demand expected to continue outpacing supply, net effective rents are forecast to grow nationally by an average of 4.1% per annum over the next four years.



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