

FIGURES | WA RETAIL | Q4 2025

Neighbourhood centres remain the primary driver of retail supply

▲ 1.8%

WA Population Growth 2025-26¹

¹Deloitte Access Economics

Note: Arrows indicate change from previous quarter.

▼ 21.7%

CBD Vacancy Rate, H1 25

▼ 6.00%

Regional Centre Yield

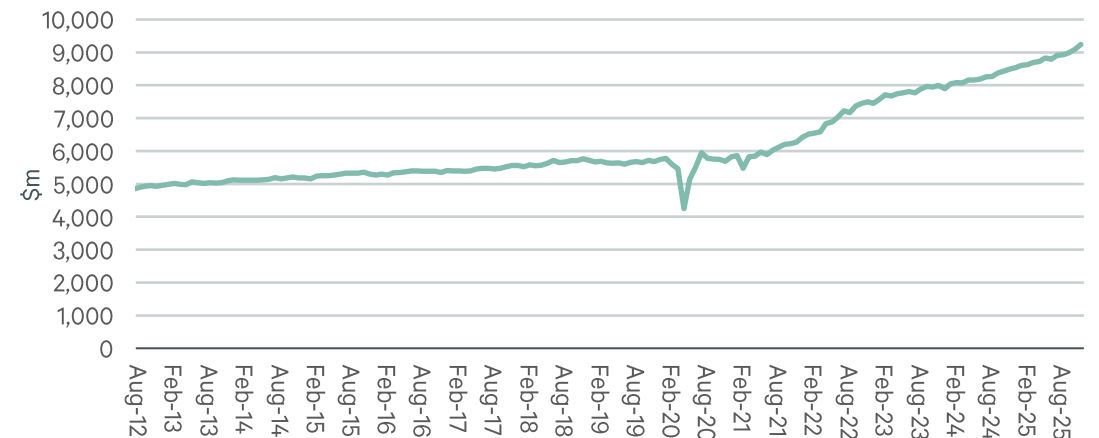
▲ 4.5%

Large Format Retail Face Rent Growth Y-o-Y

Key Points

- Monthly household expenditure in Western Australia remains robust, rising 8.9% y-o-y (seasonally adjusted) as of November 2025, driven by infrastructure investments and demographic trends.
- Retail development supply remained subdued in Q4 2025, with c.14,600 sqm of total supply anticipated for the year. Neighbourhood centres made up nearly 52% of this total.
- Super prime CBD incentives have decreased to an average of 17.5% from 25.0% a year ago, leading to average net effective rent growth of 10.0% y-o-y.
- Large format retail net face rents increased 2.0% q-o-q and 4.5% y-o-y to an average of \$255/sqm. Population growth, tight supply and strong performance in the top-tier centres are driving growth.
- Regional centre net face rents increased by 1.0% q-o-q and 3.2% y-o-y to reach an average of \$1,398/sqm.
- Regional centre yields fell by 13 bps q-o-q and 30 bps y-o-y, while large format retail yields declined by 5 bps q-o-q and 16 bps y-o-y.
- After a record \$2 billion in retail investment transactions in 2024, 2025 has seen a more subdued total of c.\$502.1 million (for transactions ≥ \$5 million).

FIGURE 1: Western Australia Monthly Household Spending, seasonally adjusted



+8.9%

Year-on-Year to November 25



+1.7%

Month-on-Month to November 25

Source: ABS, CBRE Research

Economic Overview

Australia’s economic momentum carried forward amid rising investor activity

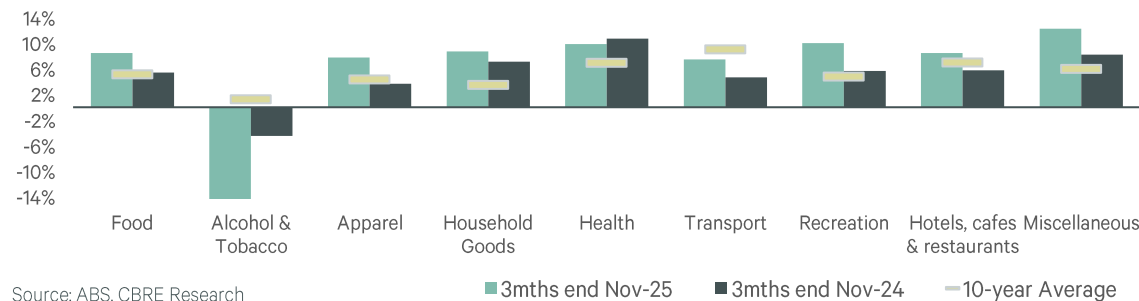
In Q3 2025, Australia’s GDP grew by 0.4% q-o-q (seasonally adjusted, chain volume measures) and 2.1% y-o-y, maintaining its steady growth trajectory. GDP per capita was unchanged over the quarter, following a 0.3% increase in June. Annual inflation rose to 3.4%, easing from a 3.8% rise in the 12 months to October 2025. Over the past year, the main contributors to inflation were Housing (+5.2%), Food and Non-alcoholic Beverages (+3.3%) and Transport (+2.7%). Underlying inflation continued to rise, driven by strong domestic demand and increasing administered prices.

According to ABS, declining borrowing costs combined with tight vacancy rates created an attractive environment for property investors. The value of new investor loans surged 17.6%, marking the strongest quarterly growth since June 2021, compared to a more modest 4.7% lift for owner-occupier loans.

Retail sales growth in WA remains buoyant

Household expenditure in WA performed strongly, surging by 8.9% y-o-y in November 2025, with a 1.7% m-o-m increase. Recreation and culture recorded the largest rise at 3.3%, reflecting renewed interest in leisure activities and events. This was followed closely by clothing and footwear, which grew by 3.2% amid seasonal purchasing and promotional activity. Furnishings and household equipment also contributed to the uplift, increasing by 2.8% as consumers continued to invest in home-related goods.

FIGURE 2: WA Household Spending Y-o-Y by Category (seasonally adjusted)

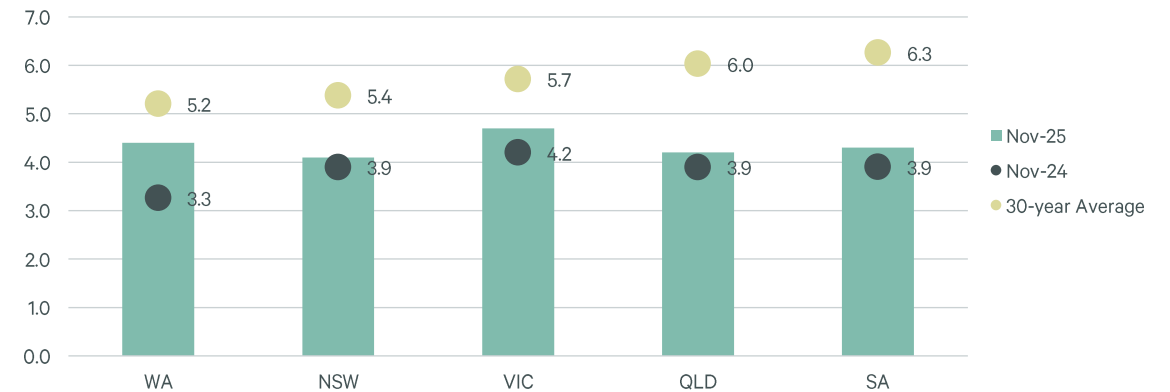


Source: ABS, CBRE Research

WA’s jobs market remains historically strong

The state’s labour market remained resilient in November 2025, supported by strong participation and solid underlying labour demand. The state recorded a 68.4% participation rate, the highest among all states, while the unemployment rate sat at 4.6%. Although employment in WA declined modestly by 3,600 m-o-m, the state continued to outperform the national average on key indicators, with its employment-to-population ratio reaching 65.3%, well above Australia’s 63.8%.

FIGURE 3: Unemployment Rate by State (%) (seasonally adjusted)



Source: ABS, CBRE Research

WA population continues to grow at the fastest pace nationally

The state is experiencing the fastest population growth rate in the country, driven by a strong job market and net overseas migration. According to the latest data from the ABS, WA’s population grew by 2.4% y-o-y in Q2 2025. Key industries such as mining, healthcare, construction and education are fuelling this growth, while Perth’s lifestyle appeal and lower cost of living continue to draw people from other states like NSW and TAS. This demographic momentum is reinforcing economic expansion and boosting demand across housing, retail and infrastructure sectors.

Supply

Retail supply stays well below the long-term average

Retail development activity in Greater Perth remained muted in 2025, with new supply totalling c.14,600 sqm in Q4 and c.17,200 sqm over the full year. This remains well below historical levels, sitting 38% under the recent 2022-24 average of c.153,500 sqm and 80% below the 10-year average for ≥3,000 sqm projects (c.67,300 sqm), underscoring the continuing multi-year undersupply. Neighbourhood centres accounted for most completions, while the Kardinya Shopping Centre Redevelopment (Stage 2) delivered c.4,000 sqm of new sub-regional space in December.

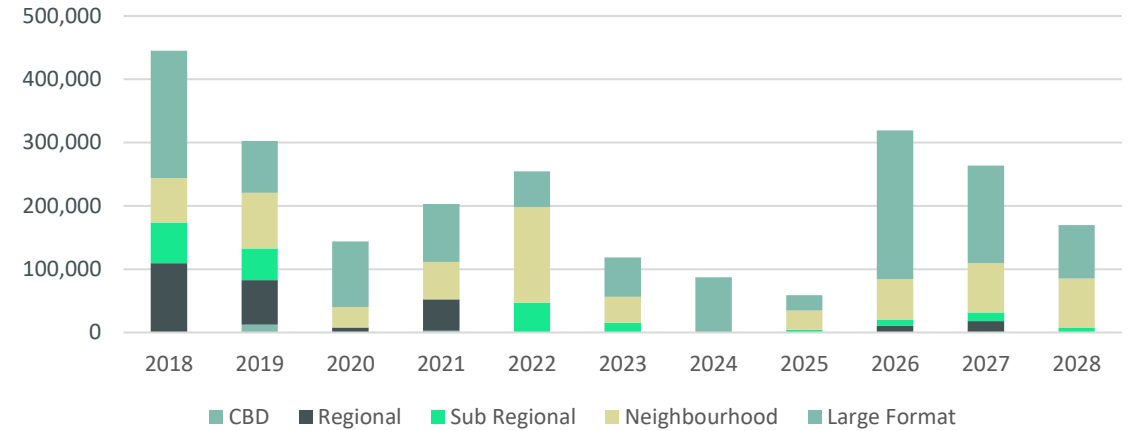
The lumpy completion profile underscores ongoing feasibility and financing frictions. In the near term, scarcity in new stock should continue to support occupancy and rents in well-anchored daily-needs centres, with owners prioritising staged refurbishments and selective expansions over large greenfield builds.

Construction activity builds, yet elevated costs put the unstarted pipeline at risk

Supply volumes are projected to lift over 2026-27, underpinned by a comparatively strong level of committed activity. As of early 2026, around 62% of this year’s pipeline had commenced construction, signalling a solid near-term delivery base and reflecting developers’ willingness to progress projects with secured pre-leasing or strategic anchor upgrades.

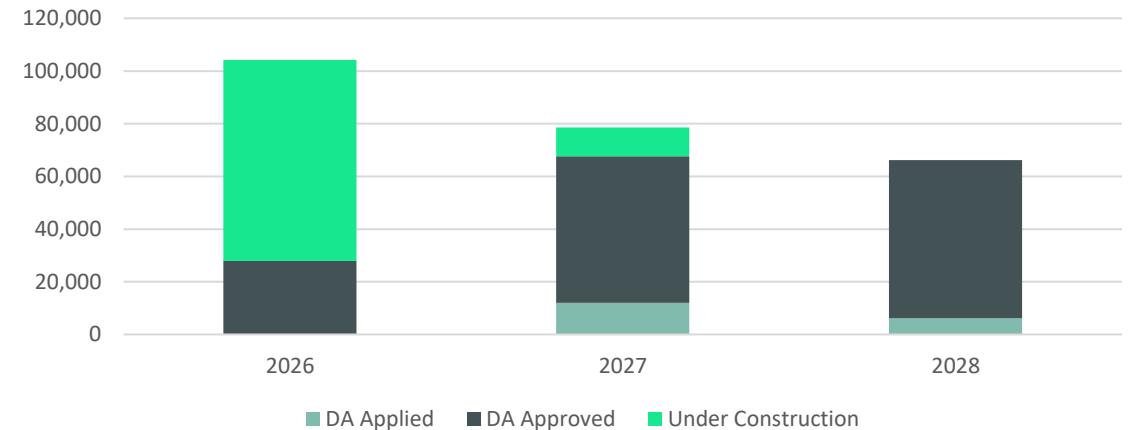
The remainder of the pipeline, however, remains in the development approval phase, highlighting the conditional nature of the broader uplift. While these proposals offer upside potential, they remain susceptible to deferrals, staging adjustments or cancellations in an environment of elevated financing costs, tight debt availability and persistent build-cost inflation. Developers are continuing to reassess feasibility, and unless conditions improve, particularly around interest rates and build-cost inflation, some proposals may not progress in the near term.

FIGURE 4: WA Retail Supply Pipeline, incl. Non-Metro Sales



Source: CBRE Research

FIGURE 5: WA Retail Supply by Development Stage



Source: CBRE Research

Rental Performance

Regional and LFR centres are leveraging Perth's demographic boom to fuel strong rental growth

In Q4 2025, large format retail centres have continued to see the strongest rent growth over the past year, with net face rents rising by 2.0% q-o-q and 4.5% y-o-y to an average of \$255/sqm. The LFR category has outperformed the wider market since the pandemic, spurred by its defensive characteristics, robust population growth that supported retail sales growth of household goods and an improved tenant mix from LFR operators and developers.

In contrast, super prime CBD net face rents were stable q-o-q and y-o-y, averaging \$2,830/sqm. However, effective rental growth has been notable due to reduced incentives, attributed to tightening vacancy rates along the super prime Murray Street Mall strip. Average CBD super prime incentives have fallen to 17.5% from 25.0% a year ago, resulting in effective rental growth of 10.0% y-o-y. Vacancy along Murray Street Mall has tightened further with luxury brands and international retailers relocating to (or entering) the western end of Murray Street.

Moreover, Perth continues to lead the nation in office occupancy rates, which is boosting retail spending and revitalising the CBD. The upcoming opening of the Edith Cowan University (ECU) campus in the CBD for the first semester of 2026 offers an optimistic outlook for CBD retail. The campus is expected to attract over 8,100 students and 1,100 staff, which should enhance foot traffic, according to ECU.

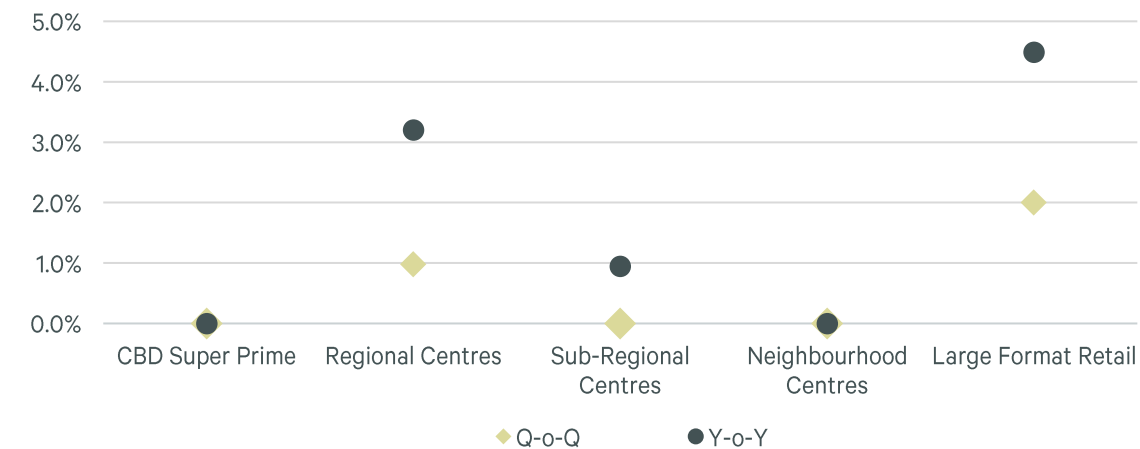
Regional centres in Perth are seeing solid rental growth underpinned by tight supply and ongoing population growth. Top-tier regional centres like Karrinyup and Westfield Carousel are outperforming others, benefiting from high foot traffic and premium tenant mixes. As an example, in May 2025, Karrinyup became the first WA shopping centre to surpass \$1 billion in annual sales, attracting over 13.4 million visitors in 2024. Net effective rents across Perth's regional centres increased by 1.0% q-o-q and 6.6% y-o-y to an average of \$1,083/sqm.

FIGURE 6: Retail Rents and Incentives by Category

Asset Type	Net Face Rent (AUD/sqm)			Incentives (%)			Net Effective Rent (AUD/sqm)		
	Q4 25	Q-o-Q Change	Y-o-Y Change	Q4 25	Q-o-Q Change	Y-o-Y Change	Q4 25	Q-o-Q Change	Y-o-Y Change
CBD Super Prime	2,830	Stable	Stable	17.5%	Stable	-750bp	2,335	Stable	+10.0%
Regional SC	1,398	+1.0%	+3.2%	22.5%	Stable	-250bp	1,083	+1.0%	+6.6%
Sub Regional SC	721	Stable	+0.9%	25%	Stable	Stable	541	Stable	+0.9%
Neighbourhood SC	655	Stable	Stable	22%	Stable	Stable	511	Stable	Stable
Large Format Retail	255	+2.0%	+4.5%	15%	Stable	Stable	217	+2.0%	+4.5%

Source: CBRE Research

FIGURE 7: Net Face Rent Growth, by Category



Source: CBRE Research

Investment

Transaction volumes have dropped in 2025 after a record-breaking year in 2024

WA’s retail investment market reached a record \$2b in transaction volumes in 2024, driven primarily by strong activity in regional and sub-regional centres. Investors were drawn to the sector’s solid fundamentals, including tight supply, robust population growth underpinning demand and rising rents, all of which supported sustained confidence in retail assets.

Following this unprecedented performance, investment activity moderated in 2025, with total volumes easing to c.\$502.1m (for transactions ≥ \$5 million). Despite this pullback, investor engagement remained steady, particularly within the neighbourhood shopping centre segment.

Notable Q4 2025 transactions included:

- Kinross Central Shopping Centre, a convenience-based neighbourhood centre in Kinross, sold for \$16.9m in November 2025 from APIL to Banna Property Group.
- Subiaco Square, a neighbourhood centre in Subiaco, transacted for \$14.7m in late November 2025 to Perdaman.

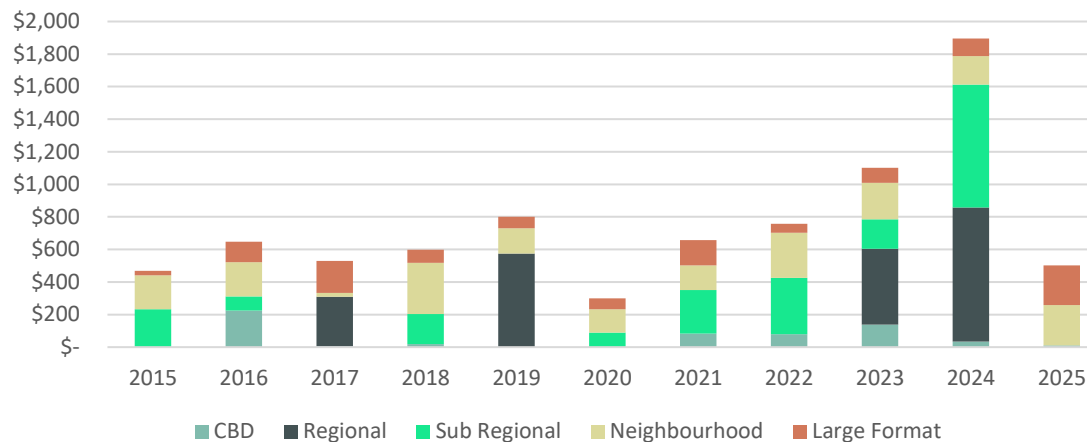
These deals highlight the enduring investor appetite for neighbourhood centres, a subsector recognised for its resilience and stable income profile. While elevated construction costs and financing pressures continue to pose challenges to new development and transactions, the long-term outlook for WA retail remains positive.

Yields

Yield compression broadens across WA retail as capital conditions improve

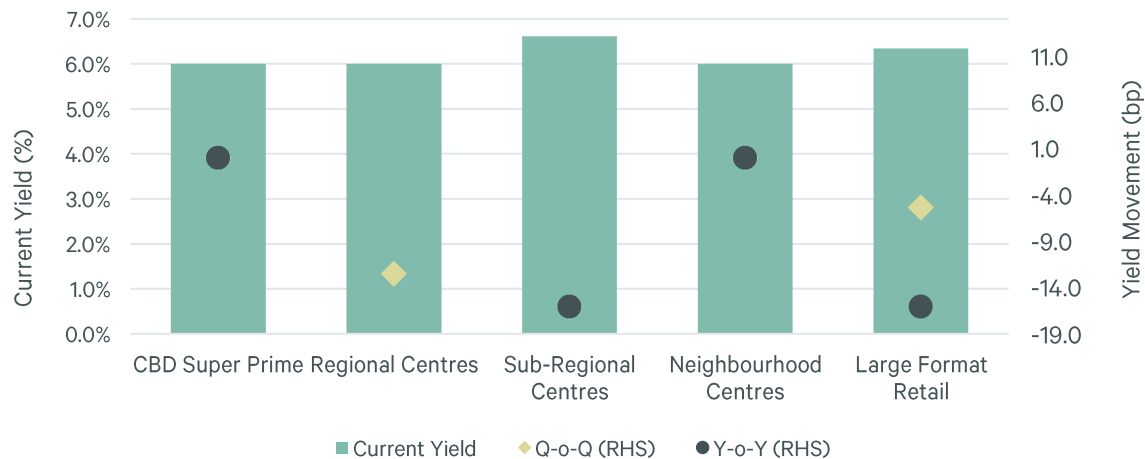
Yields compressed across most WA retail asset classes in Q4 2025, supported by improving capital conditions and heightened investor competition. Regional centre yields recorded the sharpest movement, tightening by 13 bps q-o-q and 30 bps y-o-y, while sub-regional yields fell 16 bps q-o-q and 16 bps y-o-y. The large format retail sector also saw further compression, with yields decreasing 5 bps q-o-q and 16 bps y-o-y. Yields for other retail formats remained stable over the quarter.

FIGURE 8: WA Retail Transactions by Category and Year, incl. Non-Metro Sales



Source: CBRE Research

FIGURE 9: WA Retail Yield by Category and Yield Change



Source: CBRE Research

Contact - Research

Katya Ezhova

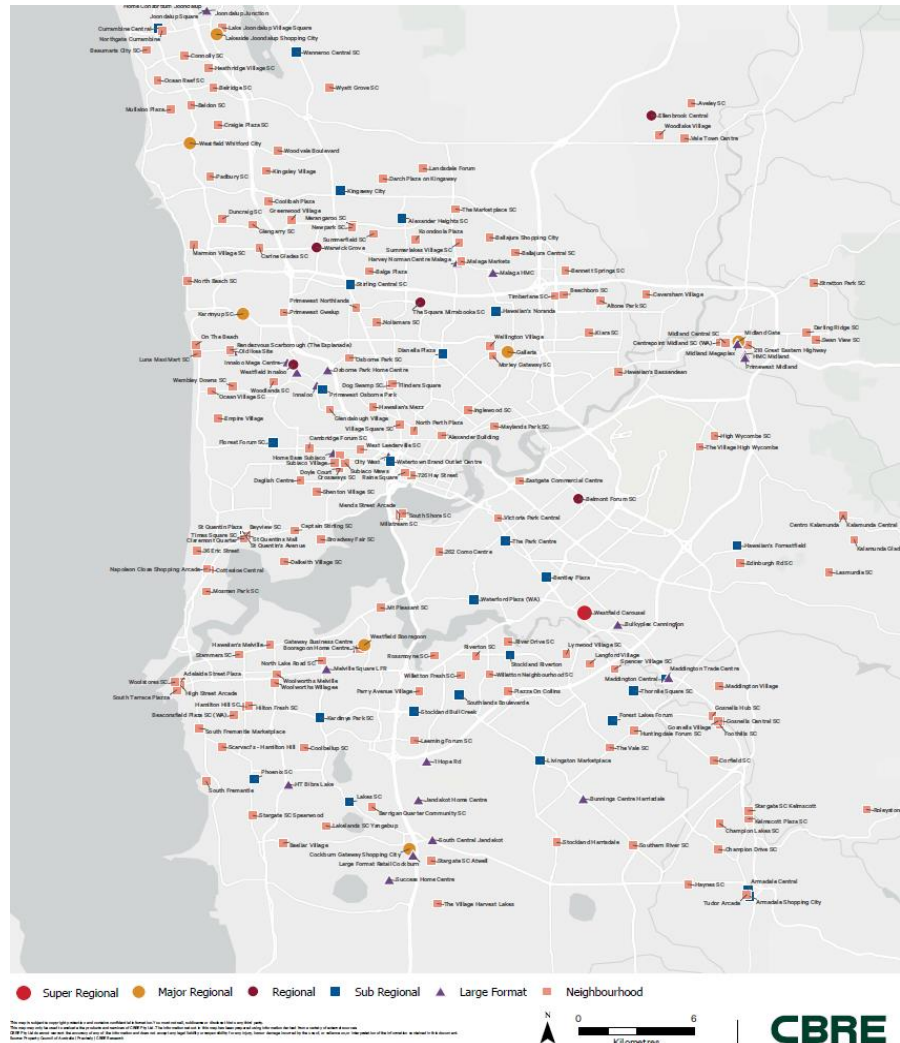
Research Analyst
 +61 421 547 176
 katya.ezhova@cbre.com

Kate Bailey

Head of Retail and Alternatives Research
 +61 438 528 352
 kate.bailey@cbre.com

Sameer Chopra

Head of Research, Pacific and ESG APAC
 +61 422 242 830
 sameer.chopra@cbre.com



© Copyright 2026. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.