

FIGURES | WA RETAIL | Q1 2026

# Retail supply skews heavily toward LFR centres

▲ 2.1%

WA Population Growth 2025-26<sup>F1</sup>

<sup>F1</sup> Deloitte Access Economics

Note: Arrows indicate change from previous quarter.

▼ 18.6%

CBD Vacancy Rate, H2 25

▼ 6.00%

Regional Centre Yield

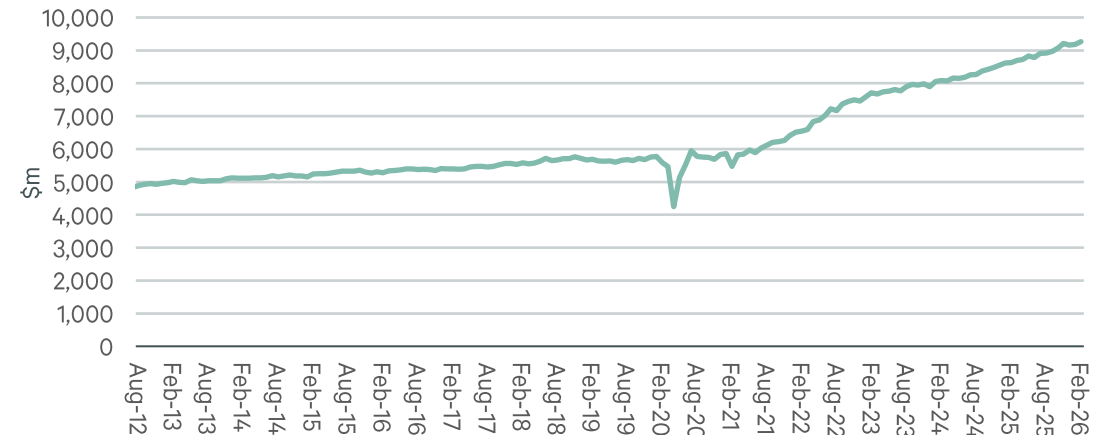
▲ 5.7%

Large Format Retail Face Rent Growth Y-o-Y

## Key Points

- Monthly household expenditure in Western Australia remains robust, rising 7.4% y-o-y (seasonally adjusted) as of February 2026, driven by infrastructure investments and demographic trends.
- Retail development supply remained muted in Q1 2026, with no new completions. Around 119,400 sqm is forecast for 2026, led by LFR centres (65%) and Neighbourhood centres (27%).
- 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.
- LFR net face rents increased 1.9% q-o-q and 5.7% y-o-y to an average of \$260/sqm. Population growth, tight supply and strong performance in the top-tier centres are driving growth.
- Regional centre net face rents increased by 1.3% q-o-q and 3.5% y-o-y to reach an average of \$1,415/sqm.
- Regional centre yields were stable q-o-q and tightened by 25 bp y-o-y, while large format retail yields were flat q-o-q and compressed 10 bp y-o-y.
- Q1 2026 retail investment volume reached c.\$288.4 million (for transactions ≥ \$5 million).

FIGURE 1: Western Australia Monthly Household Spending, seasonally adjusted



+7.4%

Year-on-Year to February 26



+0.9%

Month-on-Month to February 26

Source: ABS, CBRE Research

## Economic Overview

### Australia maintains resilient growth amid persistent inflation and emerging stagflation risks

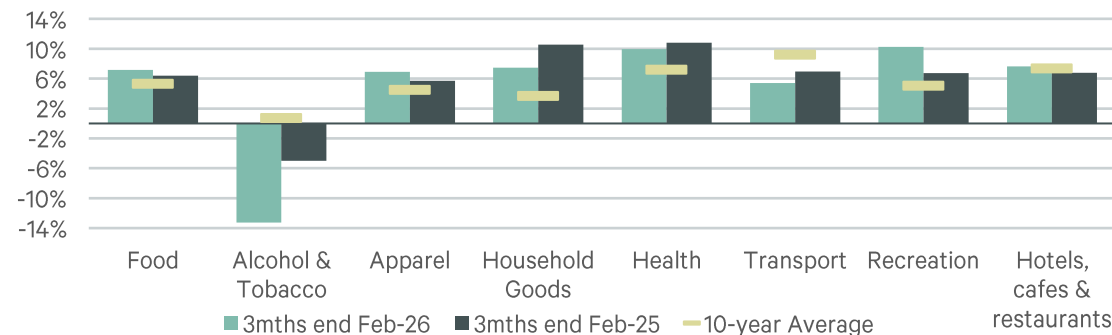
In Q4 2025, Australia’s economy continued to demonstrate resilient momentum despite a challenging global backdrop. Australia’s GDP grew by 0.8% q-o-q (seasonally adjusted chain volume measures) and 2.6% y-o-y, maintaining its steady growth trajectory. GDP per capita increased 0.4% in the quarter.

Australia’s inflation pressures remain elevated, with the CPI rising 3.8% y-o-y in January 2026. The biggest contributors continue to be housing costs (+6.8%) and food prices (+3.1%). Moreover, rising costs associated with energy shocks and supply chain disruptions are putting upward pressure on prices. With inflation still above the RBA’s target range, the central bank faces ongoing pressure to keep interest rates high or potentially raise them further, amid concerns about slowing economic momentum and increasing input costs, raising the risk of a stagflationary environment.

### Resilient household spending and public investment underpin the WA economy

Household expenditure in WA remained strong, rising 7.4% y-o-y in February 2026, alongside a 0.9% m-o-m increase. Monthly growth was driven by higher spending on food (+2.2%), clothing and footwear (+1.5%) and recreation and culture (+1.3%). Public spending is providing a stabilising influence amid a volatile environment. Major projects, including the \$1.8 billion Women and Babies Hospital, early works on the Westport container port at Kwinana, and ongoing health and transport initiatives, are expected to support total public expenditure, with average annual growth of 3.1% forecast over the next three years (Deloitte Economics).

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

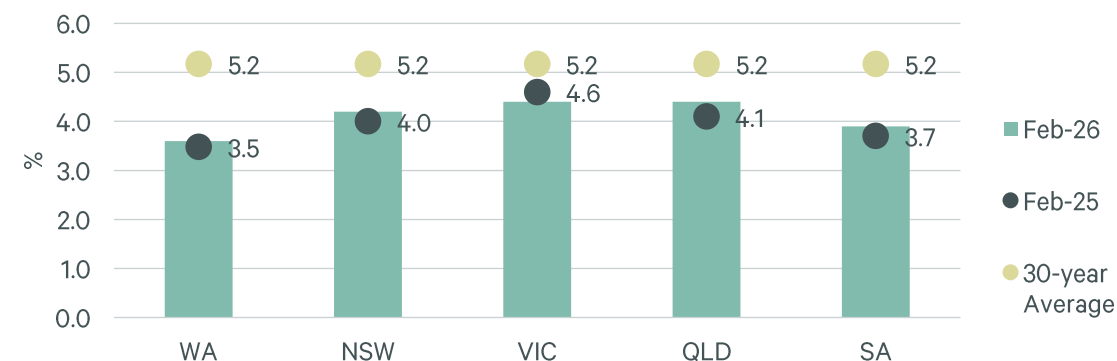


Source: ABS, CBRE Research

### WA’s jobs market remains historically strong

WA’s labour market remained resilient in March 2026, supported by strong participation and solid underlying demand. The participation rate reached 68.8%, the highest of all states, while unemployment remained low at 4.2%. Employment rose a modest 0.5% m-o-m, with WA continuing to outperform nationally, reflected in an employment-to-population ratio of 65.9%, well above the Australian average of 64%.

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



Source: ABS, CBRE Research

### The 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 2.2% y-o-y in Q3 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. Driven heavily by overseas migration, the state is projected to reach 3.5 million by 2033 and 4 million by 2043, largely centred in Greater Perth.

## Supply

### Retail supply stays well below the long-term average

Retail development supply remained muted in Q1 2026, with no new completions recorded. Total new supply for 2026 is forecast at approximately 119,400 sqm, heavily skewed toward LFR centres (65%) and Neighbourhood centres (27%), reflecting developers’ preference for lower-cost, needs-based formats with more resilient demand profiles. Looking ahead, the forward pipeline for 2026-2028 indicates a partial recovery in supply, though volumes remain below historical peaks.

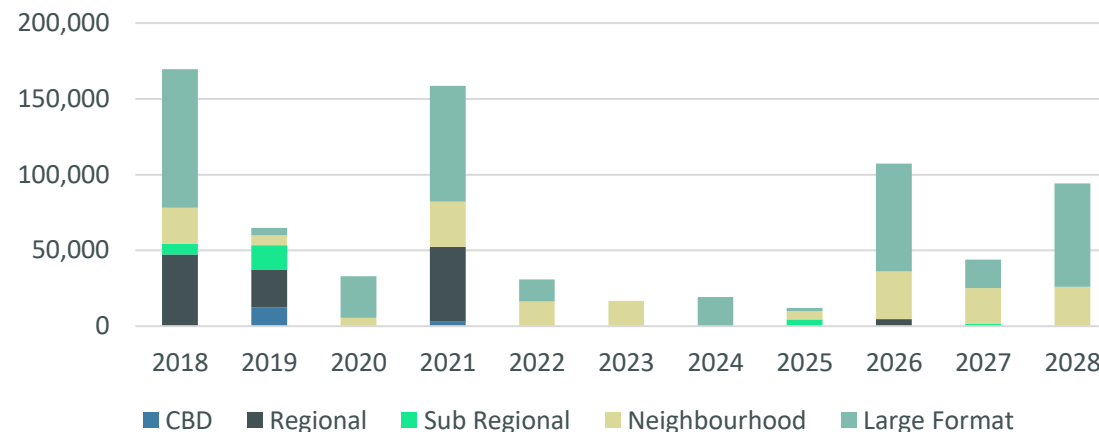
The increasingly lumpy completion profile highlights persistent feasibility pressures, elevated construction costs and tighter funding conditions, which continue to constrain broad-based development activity, particularly for large, discretionary-led assets. This prolonged supply discipline is reinforcing favourable operating conditions across existing stock. In the near term, limited new supply is expected to support high occupancy, underpin rental growth and strengthen re-leasing outcomes in well-located, non-discretionary centres with strong catchment fundamentals.

### Construction activity lifts, but elevated costs threaten unstarted supply

Supply volumes are projected to lift across 2026-27, underpinned by a relatively strong level of committed activity. As of early 2026, c.67% of the current year’s pipeline had commenced construction, signalling a solid near-term delivery base and reflecting developers’ willingness to progress projects with secured pre-leasing, anchor tenant commitments or strategic asset upgrades.

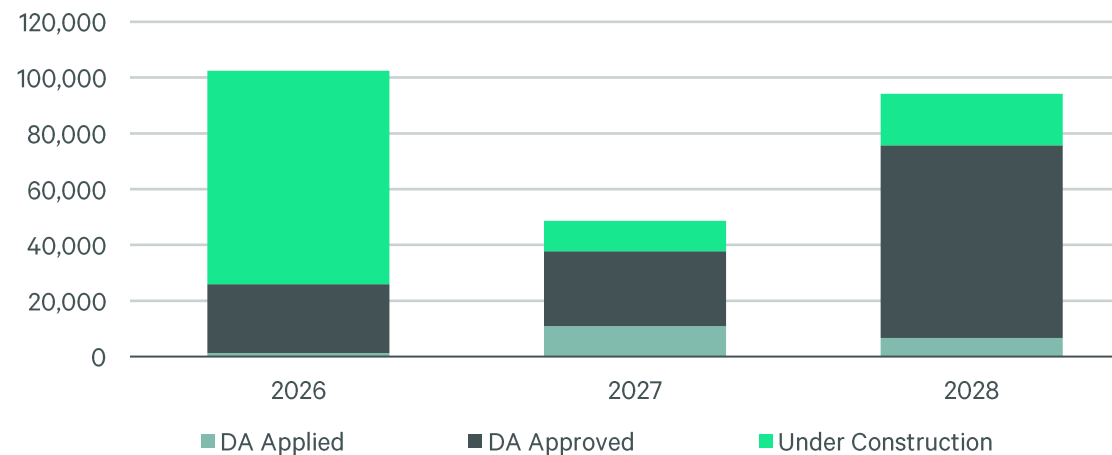
However, the balance of the pipeline remains at the development approval stage, underscoring the conditional nature of the projected uplift. While these projects present upside potential, they remain vulnerable to deferrals, staging revisions or cancellations amid elevated financing costs, constrained debt availability and ongoing build-cost inflation. Developers continue to reassess project feasibility and, absent a material easing in interest rates or construction cost pressures, a portion of this prospective supply risks not progressing in the near term.

FIGURE 4: Greater Perth Retail Supply Pipeline



Source: CBRE Research

Figure 5: Greater Perth Retail Supply Pipeline Status



Source: CBRE Research

## Rental Performance

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

In Q1 2026, large format retail centres have continued to see the strongest rent growth over the past year, with net face rents rising by 1.9% q-o-q and 5.7% y-o-y to an average of \$260/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. Operational from February 2026, the Edith Cowan University (ECU) campus in the CBD offers an optimistic outlook for CBD retail. While not a retail centre itself, the campus is widely regarded as the single most important foot-traffic driver for the CBD in this cycle, underpinning daytime and evening trade for food, beverage, convenience, apparel and services. Surrounding precincts (Yagan Square, Forrest Place, Murray/Hay Street malls) are expected to experience structural uplift in demand rather than cyclical recovery.

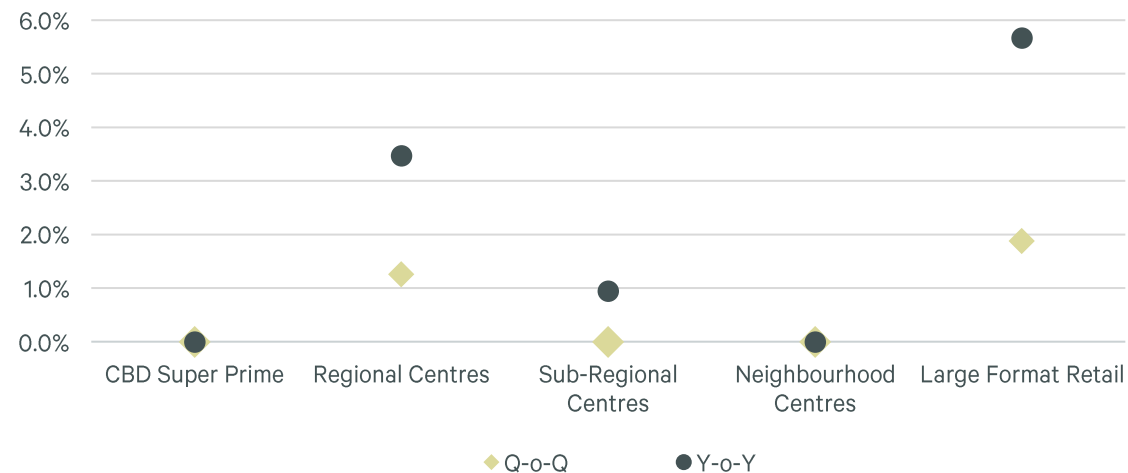
Regional centres in Perth are seeing solid rental growth underpinned by tight supply and ongoing population growth. Top-tier regional centres like Karrinyup and Westfield Carousel are outperforming others, benefiting from high foot traffic and premium tenant mixes. As an example, in May 2025, Karrinyup 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 1.3% q-o-q and 6.9% y-o-y to an average of \$1,097/sqm.

FIGURE 6: Retail Rents and Incentives by Category

Asset Type	Net Face Rent (AUD/sqm)			Incentives (%)			Net Effective Rent (AUD/sqm)		
	Q1 26	Q-o-Q Change	Y-o-Y Change	Q1 26	Q-o-Q Change	Y-o-Y Change	Q1 26	Q-o-Q Change	Y-o-Y Change
<b>CBD Super Prime</b>	<b>2,830</b>	Stable	Stable	<b>17.5%</b>	Stable	-750bp	<b>2,335</b>	Stable	+10.0%
<b>Regional SC</b>	<b>1,415</b>	+1.3%	+3.5%	<b>22.5%</b>	Stable	-250bp	<b>1,097</b>	+1.3%	+6.9%
<b>Sub Regional SC</b>	<b>721</b>	Stable	+0.9%	<b>25%</b>	Stable	Stable	<b>541</b>	Stable	+0.9%
<b>Neighbourhood SC</b>	<b>655</b>	Stable	Stable	<b>22%</b>	Stable	Stable	<b>511</b>	Stable	Stable
<b>Large Format Retail</b>	<b>260</b>	+1.9%	+5.7%	<b>15%</b>	Stable	Stable	<b>221</b>	+1.9%	+5.7%

Source: CBRE Research

FIGURE 7: Net Face Rent Growth, by Category



Source: CBRE Research

## Investment

### Transaction activity concentrates in defensive WA retail formats

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.

In Q1 2026, transaction activity reached \$288.4m (incl. non-metro) and was concentrated in neighbourhood shopping centres and bulky goods/homemaker retail assets, underscoring continued investor preference for defensive, income-secure retail formats. Notable Q1 2026 transactions included:

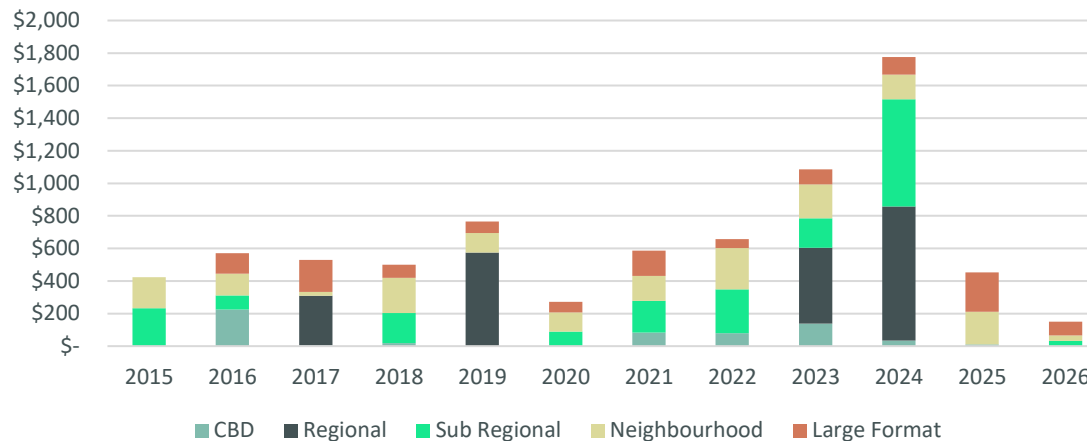
- Busselton Central Shopping Centre, a neighbourhood SC, which transacted for \$76.35m in March 2026, selling from ASA Real Estate Partners to Cosgrove Group. The sale highlights the ongoing depth of demand for non-metro WA neighbourhood centres and reinforces investor confidence in convenience-based retail, underpinned by strong anchors and resilient trade area fundamentals.
- Treendale Home & Lifestyle Centre, which transacted for \$53.0m in January 2026, selling from Royal Oak Capital to Region Group. The transaction reflects strong institutional appetite for newly constructed LFR and hybrid retail assets, particularly those offering long-WALE income profiles and exposure to high-growth regional WA corridors.

## Yields

### Improving capital conditions drive broader year-on-year yield compression across WA retail

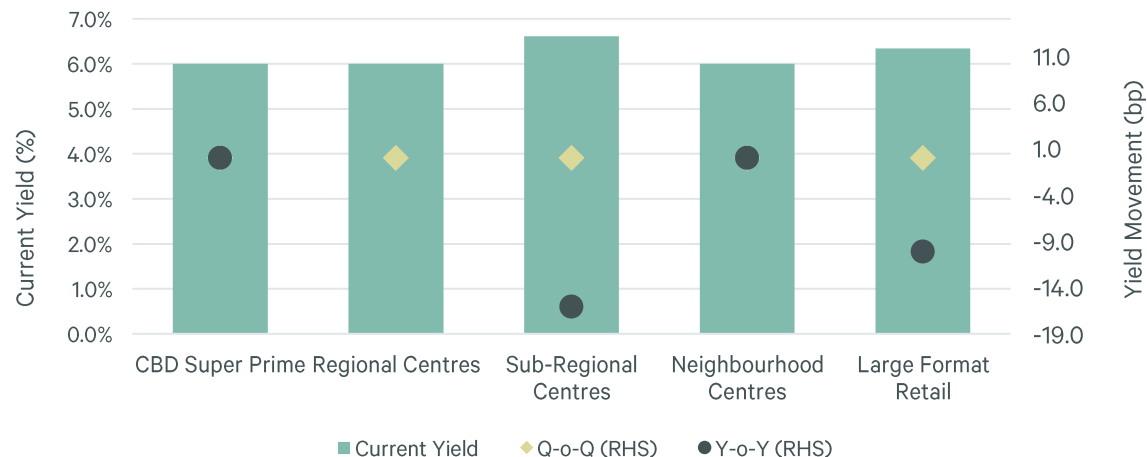
Yields across all WA retail asset classes remained stable in Q1 2026. Annually, regional centre yields recorded the sharpest movement, tightening by 25 bp y-o-y, while sub-regional yields fell 16 bp y-o-y. The large format retail sector also saw further compression, with yields decreasing 10 bp y-o-y.

FIGURE 8: Greater Perth Retail Transactions by Category and Year



Source: CBRE Research

FIGURE 9: WA Retail Yield by Category and Yield Change



Source: CBRE Research

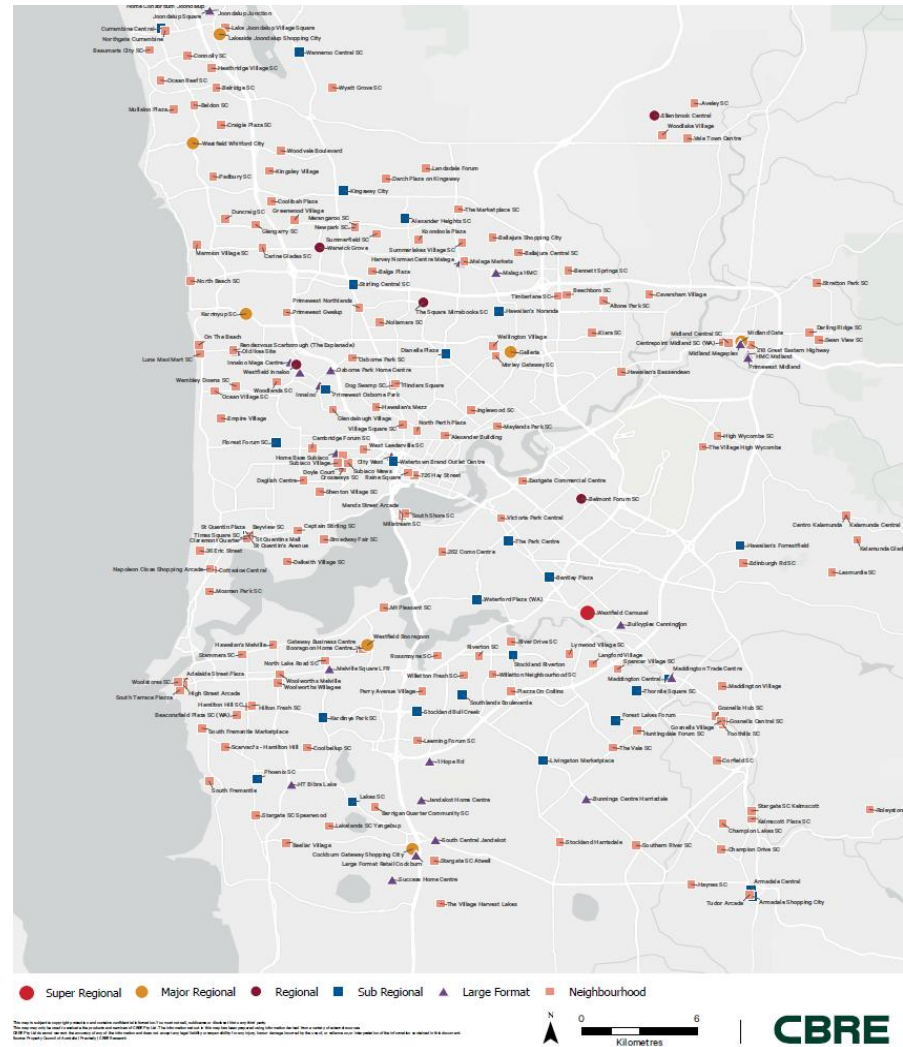
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