

FIGURES | BRISBANE RETAIL | Q1 2026

Net face rents pushed up across the board, driven by constrained supply

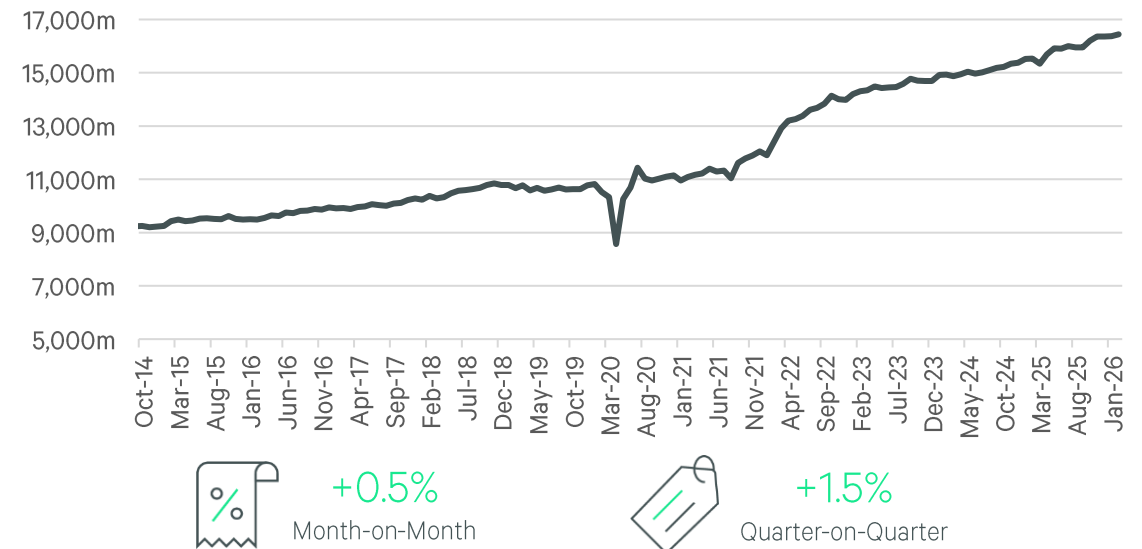
▼ 17.5%	▲ 5.8%	▼ \$787m	▼ c.12,271 sqm
Brisbane CBD Vacancy Rate H2 25	Queensland Household Spending Y-o-Y Growth	Q1 2026 Queensland Retail Asset Sales	New retail supply Q1 2026

Note: Arrows indicate change from previous quarter.

Key Points

- Queensland recorded \$16,440 m of household spending in February 2026, representing a 5.8% increase y-o-y.
- New floorspace added to the market in Q1 2026 totalled c.12,271 sqm, a significant decrease from the c.24,700 sqm recorded in Q4 2025.
- Brisbane CBD retail vacancy continued to strengthen in H2 2025 by 77 bp to 17.5%, supported by improving office attendance, permanent 50 cent public transport fares and enhanced accessibility from new infrastructure and transport projects.
- All retail categories recorded net face rental growth across Q1 2026, largely driven by limited new supply.
- Investment sales over the quarter reached \$787 million (for transactions > \$5m), well above the 10-year quarterly average of \$560 million.
- Quarterly yields for LFR compressed by 22bp to 6.09% while regional shopping centers tightened by 8bp to 5.87% and sub-regional by 6bp to 6.42%. Yields across all other retail segments remained unchanged.

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



Source: ABS as at February 2026, CBRE Research

Economic Overview

Population-led growth offsets softening investment momentum

Queensland’s economic conditions remained positive over 2024-25, recording a 2.2%¹ increase in Real Gross State Product. Economic activity slowed markedly at the end of 2025, with minimal Q4 growth as contractions in private and public investment offset continued strength in household expenditure. Consumption has been underpinned by rapid population inflows and solid confidence levels, sustaining demand across services, hospitality and recreation despite escalating housing and living costs.

While housing undersupply remains acute, particularly in Brisbane, dwelling investment has yet to fully respond, although improving development pipelines should lift activity in the near term before momentum fades as projects are completed. Business investment is currently subdued but is expected to stabilise as large-scale infrastructure and digital projects come online, alongside growing Olympic-related spending. According to Deloitte Access Economics, Queensland’s GSP is forecast to increase by 2.6% in 2025-26, and stabilise at 2.3% in 2026-27.

The 2032 Olympic Games reinforce Queensland’s long-term infrastructure pipeline

Queensland’s infrastructure investment has increased substantially over the past decade, with the state now managing one of the largest capital pipelines in Australia. The Cross River Rail project remains the single largest infrastructure project, but its cost and delivery timeline have materially changed. The project’s total cost is now estimated to exceed \$17 billion, with completion and passenger operations expected around 2029, following significant construction, testing and commissioning periods. 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.

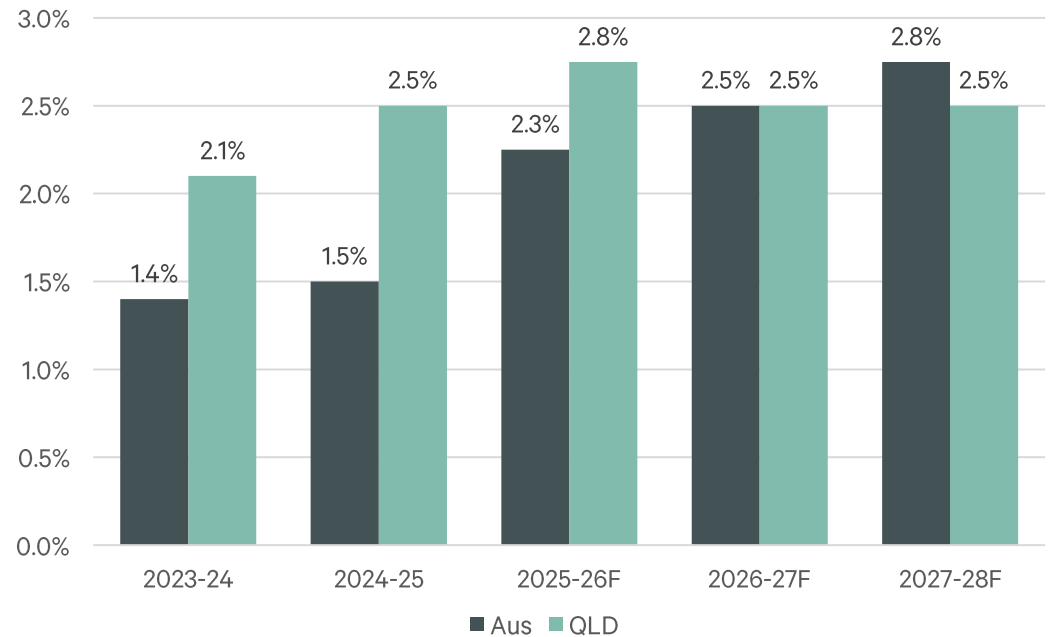
Population growth and service-oriented economic expansion underpin Brisbane’s long-term demand

By 2029, population growth is expected to lift the city’s population to c. 3.0 million (+200,000)³, driven primarily by strong net overseas and interstate migration. The city’s economic structure is increasingly supported by service-driven sectors with its largest sectors are health & social work and wholesale & retail trade, accounting for 11.3% and 9.7% of total GVA, respectively.

Queensland's unemployment rate remains tight

Queensland’s labour market remains tight, with the unemployment rate holding at 4.4% on a seasonally adjusted basis as of February 2026, indicating continued strength in employment conditions. This level of unemployment remains below long-term averages and suggests limited labour slack, supporting wage stability and job security. Such conditions are conducive to sustained consumer confidence, as employed households are more willing to maintain discretionary spending rather than prioritise precautionary savings. In turn, this underpins resilient retail demand, particularly in non-discretionary and value-oriented retail formats and provides a supportive backdrop for retail turnover growth across the state.

FIGURE 2: QLD GSP Growth vs National GDP Growth



1. Deloitte Access Economics, March 2026
 2. QLD State Budget Paper
 3. Oxford Economics
 4. ABS

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

Supply

High construction costs continue to limit retail supply in the near future

Supply completions in Q1 2026 totalled c.12,271 sqm, materially lower than the c.24,700 sqm recorded in the prior quarter, reflecting a sharp moderation in delivery activity. Forecast development supply in 2026 is c.115,922 sqm, moderately below the 10-year annual average of c.124,000 sqm, reinforcing the structurally subdued supply environment.

The most notable project to reach practical completion during the quarter was the Coomera Home Ideas Centre Mixed Use Development Stage 1, an LFR centre comprising c.9,540 sqm, which accounted for the majority of new retail supply delivered in Q1.

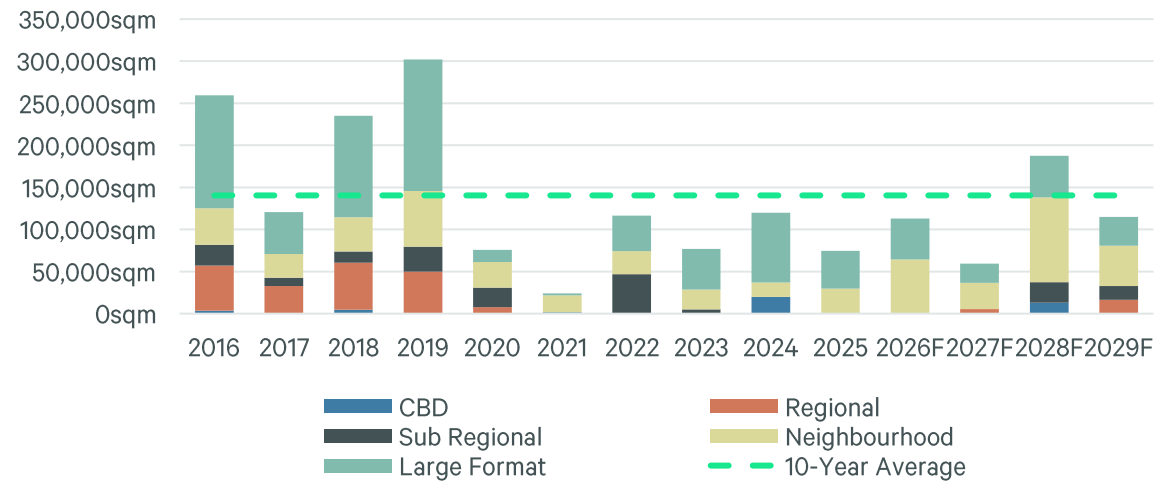
The contraction in quarterly completions underscores the ongoing feasibility challenges facing developers, with high construction costs and reduced access to debt continuing to defer or downscale retail projects. Looking ahead, supply scheduled for delivery between 2026 and 2027 remains modest and is predominantly concentrated in neighbourhood centres and large format retail, accounting for approximately 52% and 38% of total forecast supply, respectively. The ongoing limitation of new retail supply is likely to tighten conditions in core catchments, supporting stable rental growth and helping to offset softness in discretionary spending.

Vacancy

Brisbane CBD vacancy continues to strengthen

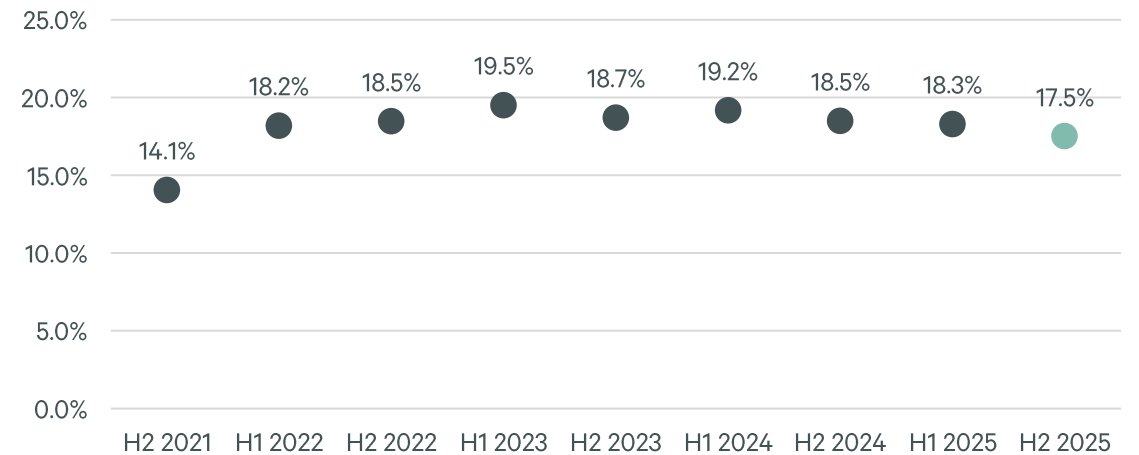
In H2 2025, Brisbane CBD retail vacancy decreased by 77 bp to 17.5%, marking the third consecutive half-yearly decline. Demand for core strip locations remains prevalent, with major retailers continuing to secure flagship tenancies in strip areas, particularly among food and beverage (F&B) and fashion retailers. The improvement in overall CBD retail vacancy was partly attributable to an 18 bp decrease in CBD strip vacancy, which tightened to 13.4%. Despite the overall reduction in vacancy, a clear divergence persists between core and non-core areas, with non-core locations exhibiting significantly higher vacancy compared to core locations. Centre retail vacancy also tightened during the period by 163 bp to 27.3%. Arcade retail recorded the largest vacancy reduction, falling by 303 bp to 7.6%, although this figure is skewed by the small survey size.

FIGURE 3: Queensland Retail Supply by Category



Source: CBRE Research, Q1 26

FIGURE 4: Brisbane CBD Retail Vacancy Rate



Source: CBRE

Rental Performance

Sustained rental growth recorded across the board over the quarter

Net face rents continued to rise across all retail categories in Q1 2026, supported largely by limited future supply. CBD super prime net face rents increased by 0.8% over the quarter to \$3,921 per sqm and were up 3.0% y-o-y.

Persistently tight vacancy in super prime assets has underpinned rental growth, as retailers seek to secure space within established, high-performing centres. Further support has come from the ongoing return-to-office trend and discounted public transport fares, which have driven higher CBD visitation, reinforcing retail trading conditions and sustaining tenant demand.

Net face rents across regional centres increased by 1.1% q-o-q and 3.3% y-o-y to \$1,812/sqm. Sub-regional centre net face rents increased by 0.9% q-o-q and 3.3% y-o-y to \$1,117/sqm. Regional and sub-regional shopping 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 recorded net face rent growth of 1.1% q-o-q and 3.9% y-o-y to \$1,006/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 have recorded the highest growth with net face rents during Q1 2026 increasing by 1.1% q-o-q and 4.9% y-o-y to \$341/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 5.8% y-o-y (as at February 2026) 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.

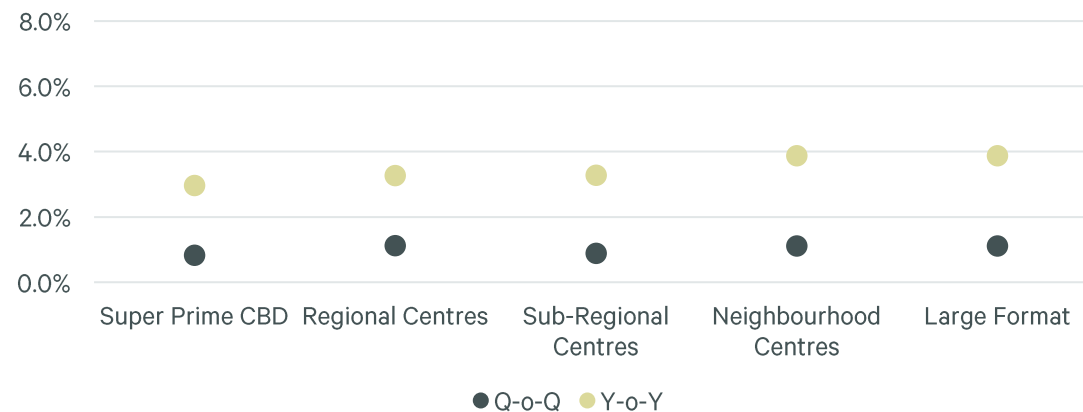
Incentives held steady across most asset types this quarter, except for Regional centres, which tightened by -21bp. Given constrained supply and continued absorption of new developments, incentives across shopping centres assets have continued to decline.

FIGURE 5: Queensland Key Leasing Rates by Retail Asset Category

Asset Type	NFR (\$/sqm)			NER (\$/sqm)			Incentives (%)		
	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
CBD Super Prime	3,921	0.8%	3.0%	3,176	0.8%	3.0%	19.0%	Stable	Stable
Regional	1,812	1.1%	3.3%	1,494	1.4%	4.7%	17.5%	-21bp	-114bp
Sub-Regional	1,117	0.9%	3.3%	904	0.9%	3.3%	19.1%	Stable	Stable
Neighbourhood	1,006	1.1%	3.9%	819	1.1%	5.1%	18.5%	Stable	-95bp
Large Format	341	1.1%	4.9%	289	1.1%	5.2%	15.3%	Stable	-19bp

Source: CBRE Research, Q1 26

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



Source: CBRE Research, Q1 26

Investment

In Q1, Brisbane retail investment volumes sit well above the long-term average

Investment sales over the quarter totalled \$787 million (for transactions above \$5 million), well above the 10-year quarterly average of \$560 million. This uplift was driven largely by several larger transactions, most notably the sale of Uptown in the Brisbane CBD for \$282.7 million. The transaction involved the sale of a 75% interest from IFM Investors to Vicinity Centres, increasing Vicinity’s ownership from 25% to full ownership. The deal highlights active capital deployment into value-add and repositioning opportunities, particularly by listed institutional owners with deep balance sheets and established development capability.

Another notable transaction during the quarter was the sale of the sub-regional centre Whitsunday Plaza for \$111.1 million, underscoring continued investor appetite for non-metropolitan and regional retail assets with strong convenience-based and essential-services exposure.

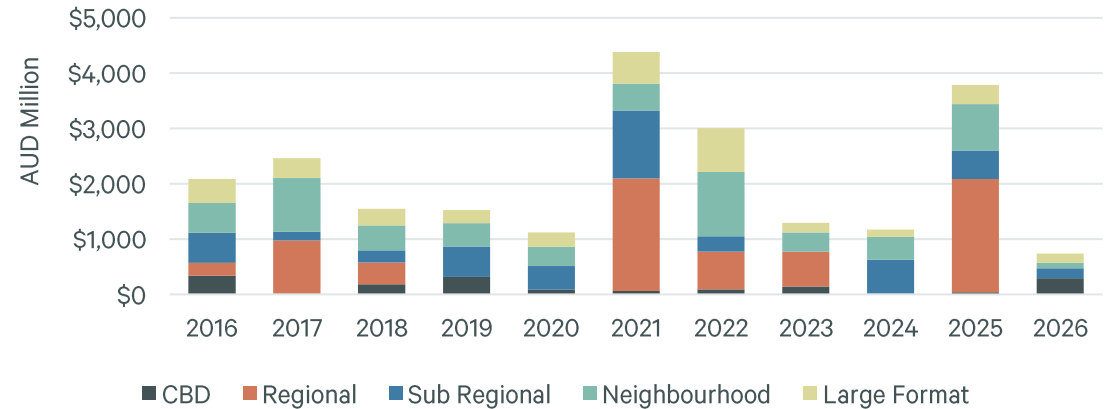
The strength of transaction volumes reflects sustained confidence in the city’s retail investment fundamentals. Ongoing population growth across South East Queensland, combined with constrained supply of prime retail stock, continues to support investor demand. Institutional and private capital remains focused on dominant and convenience-based assets, particularly those benefiting from strong catchment fundamentals and income security. With prime Brisbane retail assets continuing to trade below replacement cost, competitive bidding for quality stock has persisted, reinforcing pricing resilience amid broader macroeconomic uncertainty.

Yield compression gathers pace as investor confidence strengthens

Quarterly yields compressed across several retail segments, with LFR tightening by 22bp to 6.09%, regional shopping centres by 8bp to 5.87% and sub-regional centres by 6 bp to 6.42%. Yields across all other retail segments remained unchanged over the quarter.

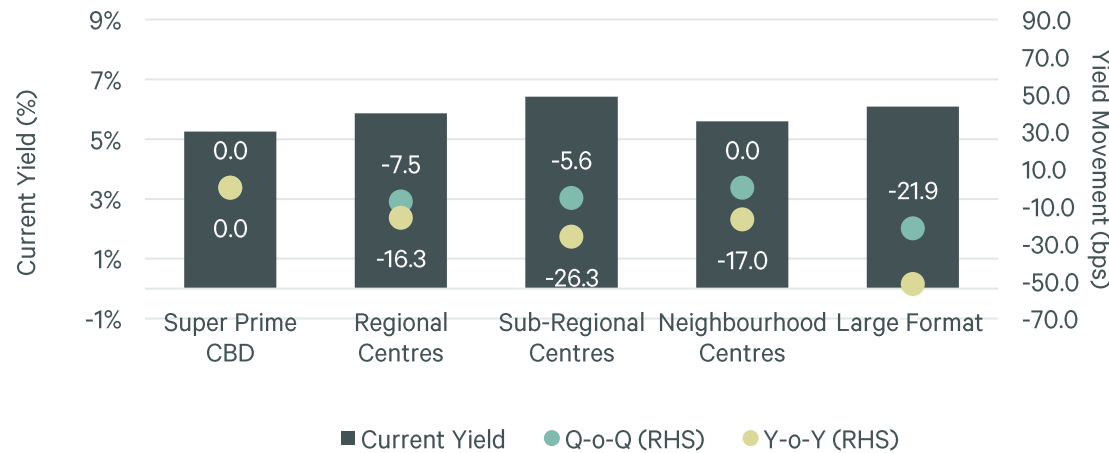
On an annual basis, CBD super prime yields were stable, while all other retail asset classes recorded tightening. LFR yields compressed by 52bp, sub-regional centres by 26bp, neighbourhood centres by 17bp and regional centres by 16bp. Overall yield compression reflects improving market confidence, strong investor demand and the limited availability of retail investment opportunities.

FIGURE 7: Queensland Retail Sales by Asset Category



Source: CBRE Research, Q1 26

FIGURE 8: Queensland Retail Yields by Category



Source: CBRE Research, Q1 26

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