

FIGURES | RETAIL | Q4 2025

# Near record year of transactions amid growing rents and investor demand

▼ 94.5

Consumer Sentiment  
December 2025

▲ 6.3%

Monthly Household Spending Indicator  
y-o-y November 2025

▲ \$5,722

CBD Super Prime Net Face Rents

▼ 6.11%

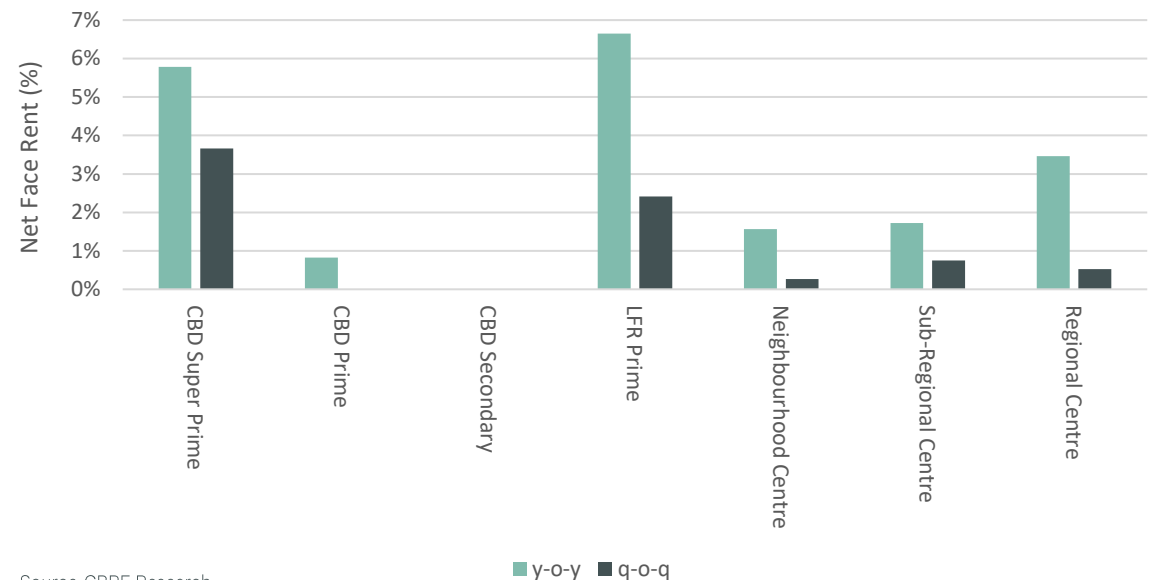
Regional Centre Yields

Note: Arrows indicate change from previous quarter.

## Key Points

- Household spending rose 1.0% in November, following a rise of 1.4% in October and 0.4% in September. Household spending is now 6.3 per cent higher than the same time last year.
- The Westpac–Melbourne Institute Consumer Sentiment Index declined 9.0% to 94.5 in December from 103.8 in November.
- Net face rents grew across all sectors in Q4 except secondary CBD locations. Super prime CBD assets recorded the highest growth of 3.7% q-o-q.
- Shopping centre and large format yields continued to compress over Q4 with regional centres compressing by 4 bp and sub-regional and large format centres compressing by 7 bp and 4 bp q-o-q respectively.
- In Q4 2025, there were 46 retail transactions (greater than \$5 million) totaling c.\$5.864 billion. Transaction volumes for 2025 were close to the highest on record reflecting continued strong demand for retail assets with investors shifting mandates towards the retail sector.

FIGURE 1: Net Face Rent Growth



Source: CBRE Research,

### Household spend continues to grow strongly

Household spending rose 1.0% in November, following a rise of 1.4% in October and 0.4% in September. Household spending is now 6.3% higher than the same time last year, bolstered by improving consumer confidence. Growth in household spending was broad, with eight of the nine spending categories rising in November, supported by Black Friday sales.

The Westpac–Melbourne Institute Consumer Sentiment Index declined 9.0% to 94.5 in December from 103.8 in November. Australian consumer confidence saw a year of ups and downs, ultimately ending on a more optimistic note. While a promising November bounce proved short-lived, confidence levels have stabilised and improved from the pessimism that marked much of the year. Although outright optimism remains a challenge, the Australian consumer appears to be cautiously optimistic as the year concludes.

### Yields continue to compress as competition increases

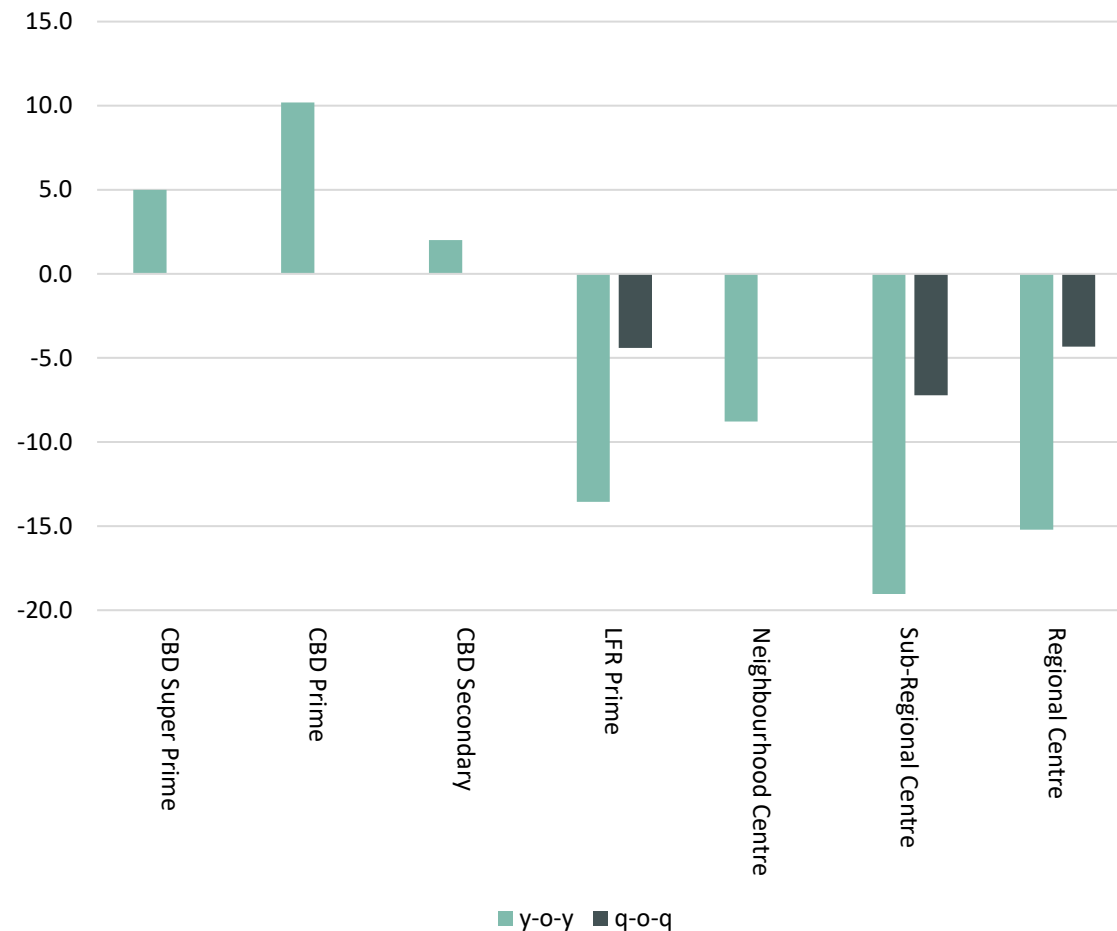
Shopping centre and large format yields continued to compress over Q4 with regional centres compressing by 4 bp and sub-regional and large format centres compressing by 7 bp and 4 bp q-o-q respectively. As interest rates remain static, compression is being driven by increasing capital seeking retail assets resulting in an uptick in pricing competitiveness. Furthermore, the return of larger investors have seen the market become more competitive, driving down yields. Further yield compression is expected over the next 24 months, with regional centres expected to see momentum accelerate in the second half of the year.

Net face rents grew across all sectors in Q3 except secondary CBD locations. Super prime CBD assets recorded the highest growth of 3.7% q-o-q. Shopping centre and CBD vacancy remains low helping support rental increases with further growth expected over 2026.

### 2025 transaction volumes near highest on record

In Q4 2025, there were 46 retail transactions (greater than \$5 million) totaling c.\$5.864 billion. Transaction volumes for 2025 were close to the highest on record reflecting continued strong demand for retail assets with investors shifting mandates towards the retail sector. Across the year, c.\$13.559 billion in transactions were recorded over 186 sales. This was in part due to increased liquidity in the sector and reflected a resurgence in institutional investors which has deepened the shopping centre buyer pool. This momentum is expected to continue into 2026.

FIGURE 2: National Yield Delta by Category



Source: CBRE Research

# CBD Retail

## Rising demand is driving an uplift in super-prime CBD face rents across VIC, NSW and SA

Super prime CBD retail face rents in Sydney, Melbourne and Adelaide saw a quarterly increase of 3.7%, 7.7% and 3.1%, respectively, signalling renewed interest in flagship retail locations in markets with strong underlying fundamentals. This uptick is supported by improving consumer confidence, a rebound in tourism and constrained supply. By contrast, super prime CBD face rents in other states remained unchanged, a sign of a more gradual recovery, with rental growth expected to follow as overall economic conditions improve.

Stable rents and, in some cases, slight y-o-y growth across many markets reflect strengthening conditions in super prime CBD retail assets. This trend is underpinned by declining vacancy rates and a noticeable flight to quality among tenants, showcasing the ongoing resilience and adaptability of CBD spaces.

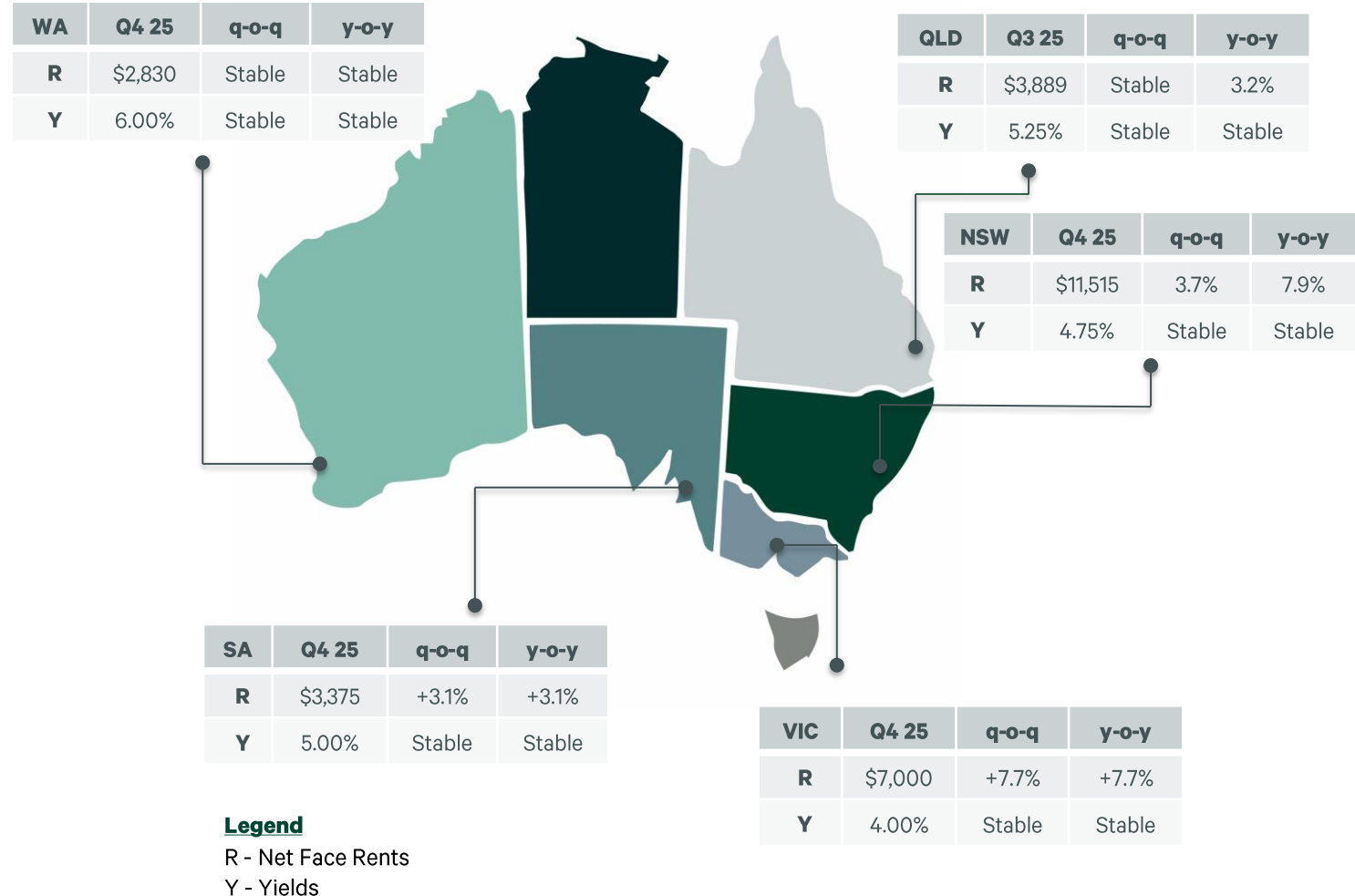
### Experiential retail and high-profile brands drive CBD retail momentum

Australia's CBD retail recovery is increasingly being fuelled by the rising calibre of hospitality and entertainment offerings, supported by a packed year-round calendar of sports, cultural and music events. These activations are proving to be a powerful catalyst for falling vacancy rates, driving foot traffic back into city centres and strengthening retailer confidence. Experiential retail formats continue to expand and draw diverse visitor groups, amplifying dwell time and reinforcing the shift toward interactive, experience-led shopping.

In Melbourne, CBD retail rental growth has accelerated, supported by a material improvement in leasing demand. The completion of major projects around Bourke Street and the Metro Tunnel toward the end of 2025 has revitalised precinct activity, lifted foot traffic, and improved retailer willingness to commit to space.

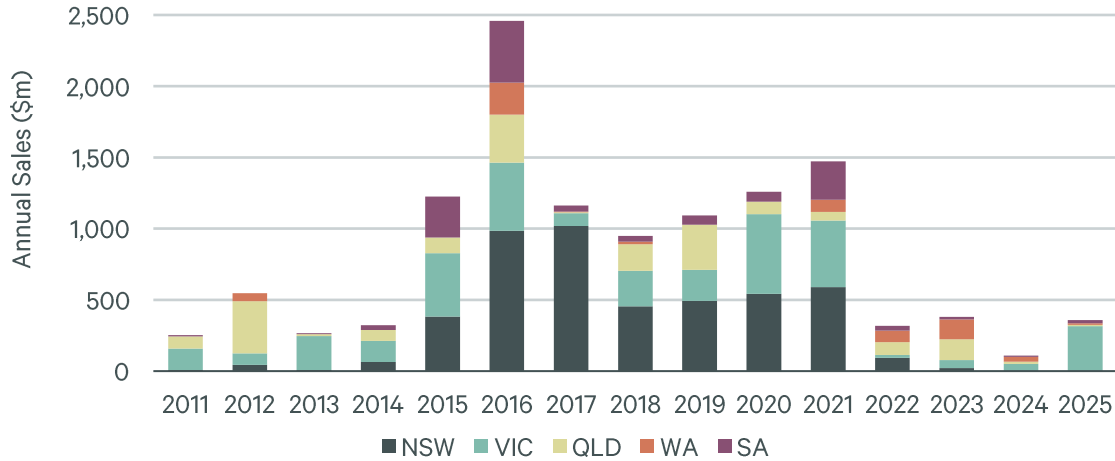
A wave of new flagship (Michael Hill, Pop Mart) and luxury retail (Missoni, Brunello Cucinelli) openings in Q4 2025 underscores the strong momentum in Sydney's CBD retail market. Premium and lifestyle brands are doubling down on high-visibility locations to boost foot traffic and brand impact, which in turn contributes to stronger rental fundamentals as demand for prime retail space intensifies.

FIGURE 3: Super Prime CBD retail key metrics



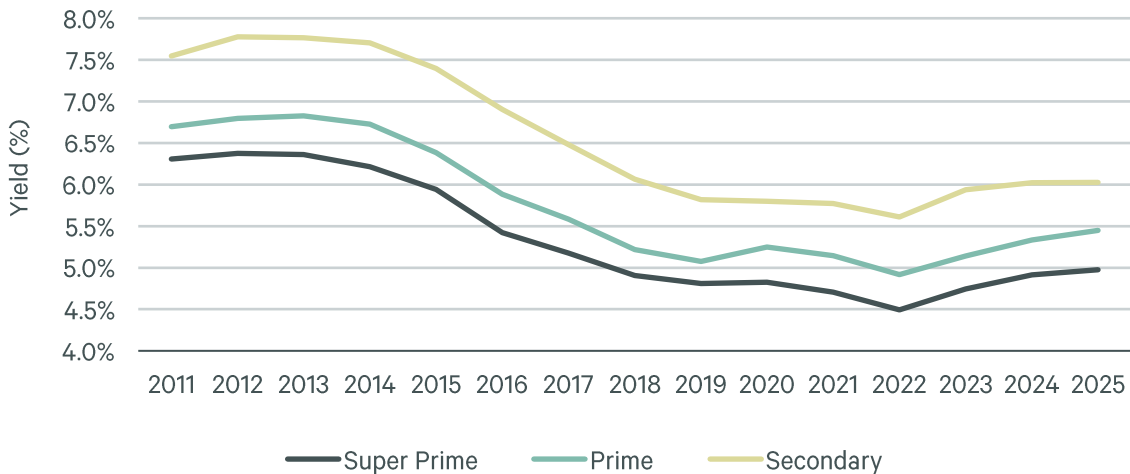
Source: CBRE Research

FIGURE 4: CBD Retail Transactions by State



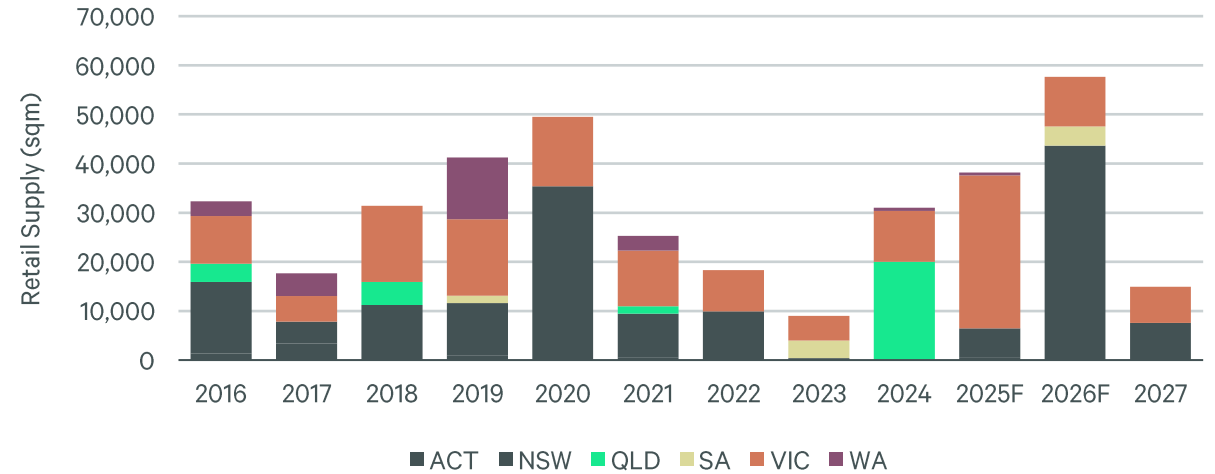
Source: CBRE Research

FIGURE 6: Australian Average CBD Retail Yield



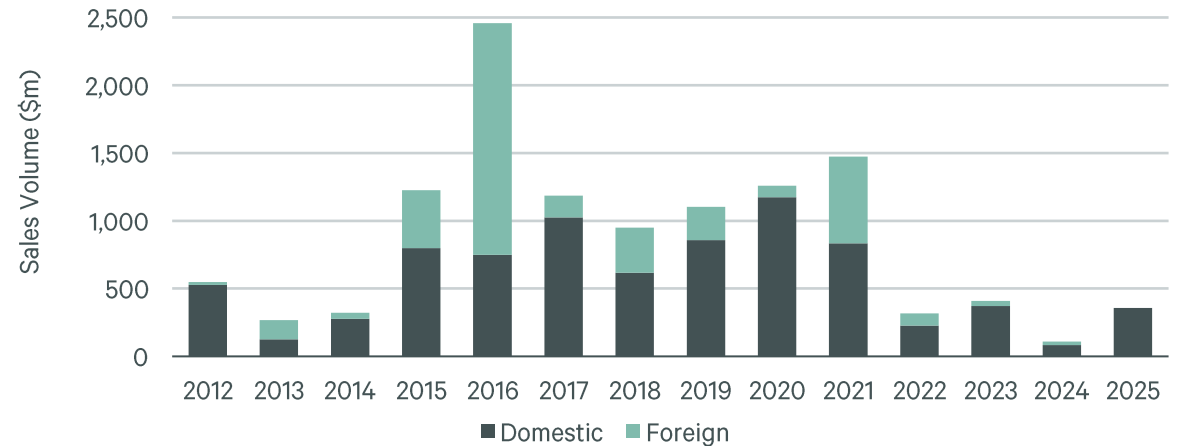
Source: CBRE Research

FIGURE 5: CBD Retail Supply by State



Source: CBRE Research

FIGURE 7: Retail Buyer Profile



Source: CBRE Research

## Shopping Centres

### Yields continue to compress as investors seek retail space

Regional shopping centre net face rents experienced saw just 0.5% q-o-q growth, driven by Sydney and Perth which saw q-o-q et face growth of 1.5% and 1.0% respectively. This brings the national average rental growth in 2025 to 3.5% y-o-y. The ongoing imbalance between strong demand and constrained supply has continued to drive rental growth across regional centres and is expected to accelerate in 2026 / 2027. Regional centre yields nationally tightened over the quarter by 4.3 bp to 6.11% (-15.2 bp y-o-y). The largest yield movement was seen in Perth, tightening by 13 bp off the back of solid demand levels driven by population and economic growth.

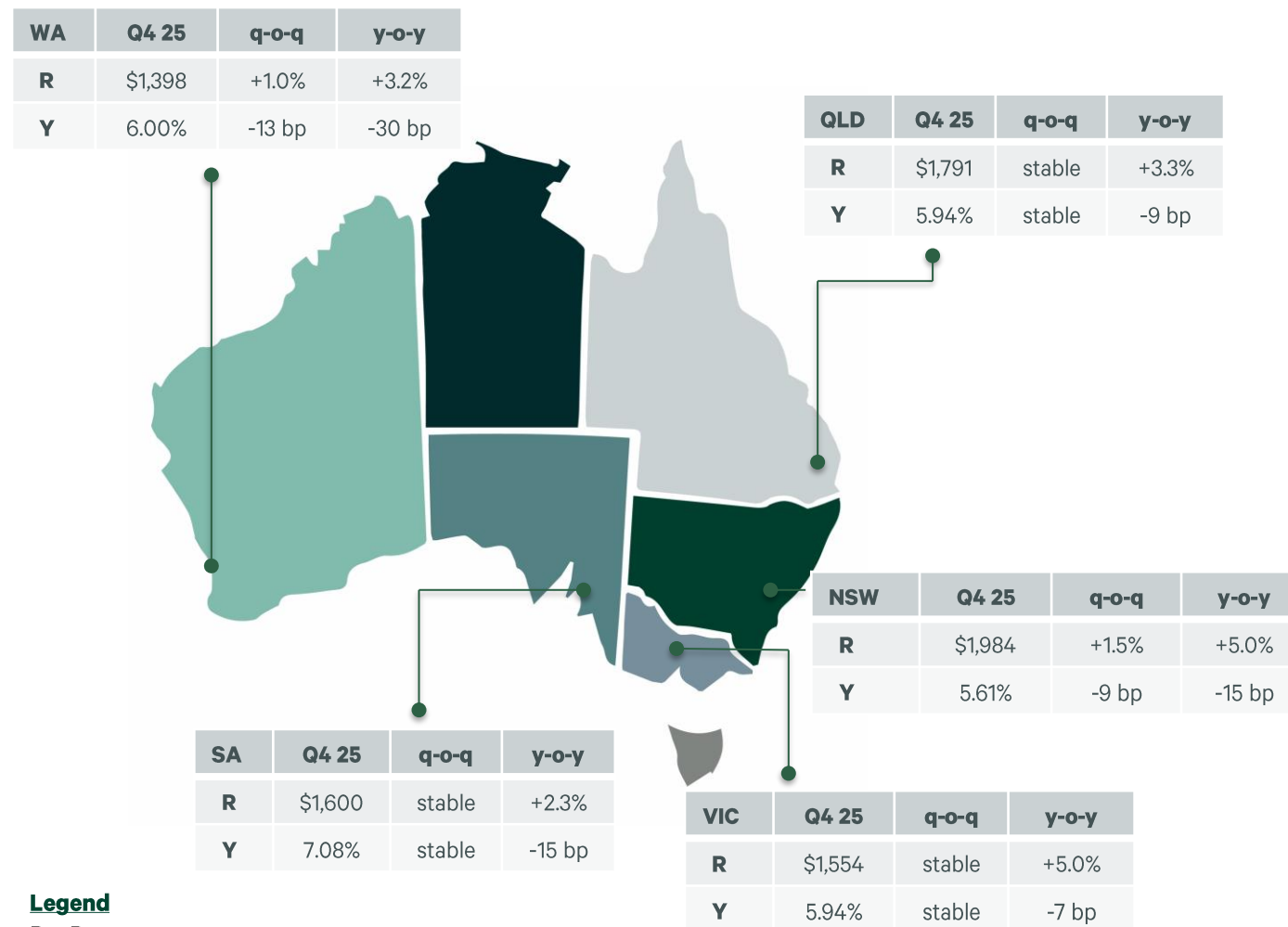
### Limited new supply pipeline despite uptick in demand

New retail development supply delivered over Q4 2025 totalled approximately 39,100 sqm, an increase from the 11,560 sqm completed the previous quarter. This quarter's supply was dominated by neighbourhood centres, which accounted for approximately 90% of the total space delivered. Looking ahead, the supply outlook remains heavily reliant on neighbourhood developments, which are projected to comprise approximately 70% of the supply pipeline until 2027. Over the next two years, just ~183,000 sqm of regional and sub-regional developments are expected to be delivered. consequently, existing centres are expected to continue to outperform, driven by the limited new supply and increased competitiveness within the market.

### Record year of shopping centre transactions driven by a bumper Q4

In Q4 2025, shopping centre investment volumes in Australia reached c.\$5.194 billion, reflecting a 64% increase compared to the same period last year. This brought total shopping centre transaction volumes to \$10.767 billion in 2025, the highest on record. The largest transaction over the quarter was Fawkner's purchase of Erina Fair from Lendlease for \$895 million. Other notable transactions include ART's 19.9% stake in Westfield Sydney for \$864 million and Dexus' 25% stake in Westfield Chermside for \$683 million.

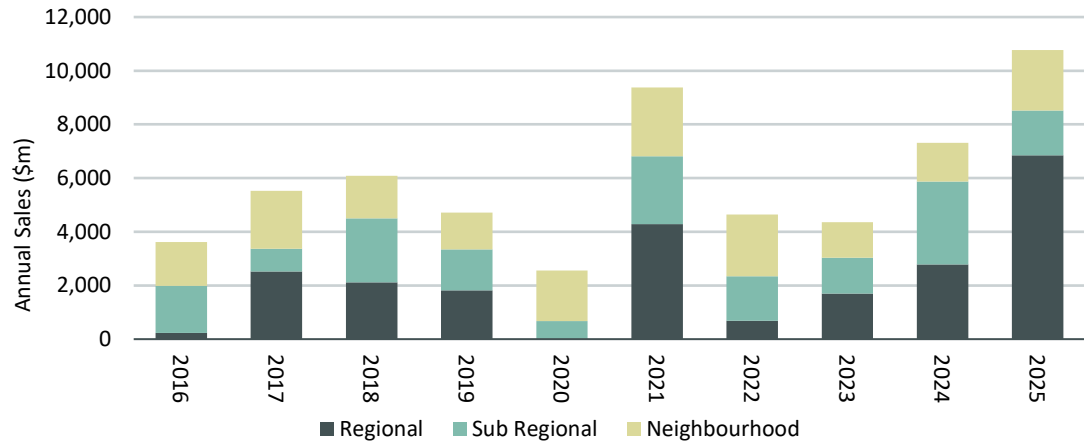
FIGURE 8: Regional Centre Key Metrics



**Legend**  
 R - Rents  
 Y - Yields

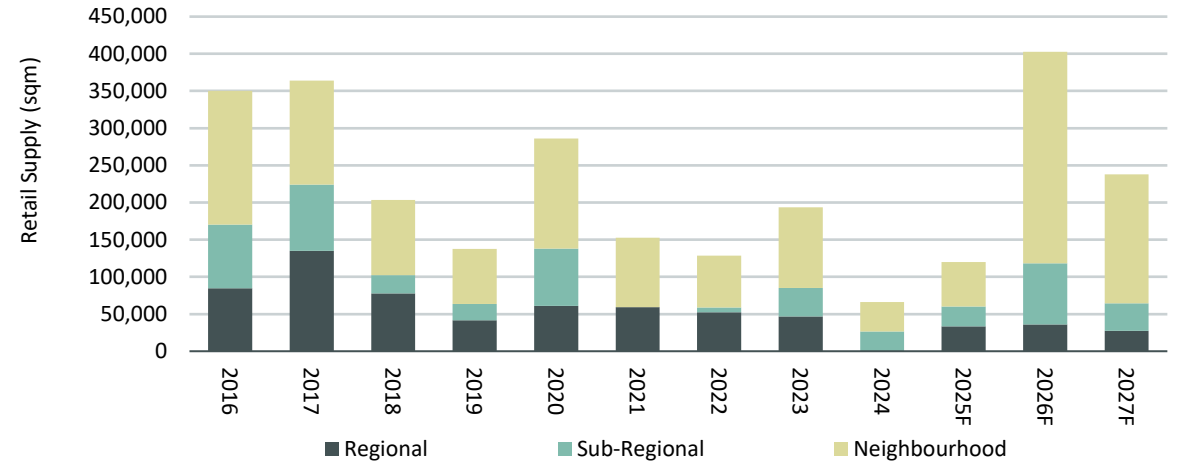
Source: CBRE Research

FIGURE 9: Australian Shopping Centre Retail Transactions



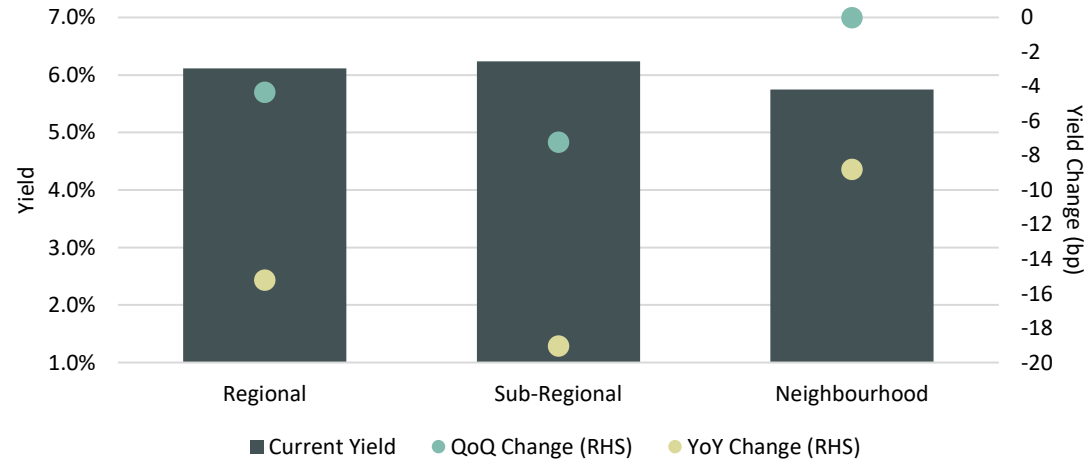
Source: CBRE Research

FIGURE 10: Australian Shopping Centre Retail Supply



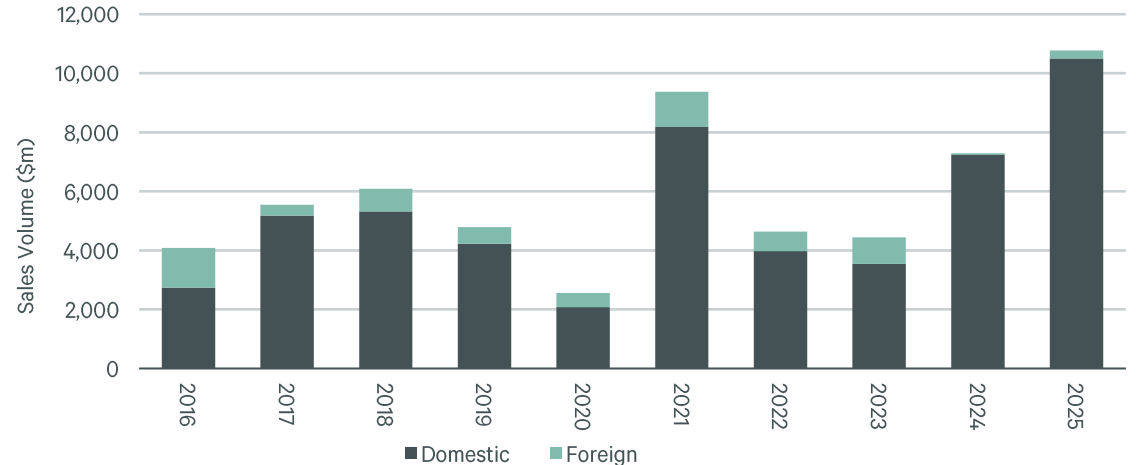
Source: CBRE Research

FIGURE 11: Australian Average Shopping Centre Retail Yield



Source: CBRE Research

FIGURE 12: Shopping Centre Buyer Profile



Source: CBRE Research

# Large Format Retail

## Strong rental growth recorded in Melbourne

Household goods spending increased by 1.0% m-o-m in November 2025. Furniture and household equipment retailing rose 2.2% m-o-m, and on a y-o-y basis was up 8.2% compared to November 2024. Higher spending on big-ticket household items over the past month has been driven by renewed housing market activity and seasonal promotions, encouraging consumers to upgrade or furnish homes. Continued strength in housing demand and robust consumer confidence are expected to support further growth in higher-value purchases.

Prime Large Format Retail (LFR) rents rose across all major markets in Q4 2025. Melbourne led rental growth, increasing by 6.4% q-o-q and 9.65% y-o-y, supported by strong economic fundamentals and population expansion. Resilient household goods retail sales, tightening availability of prime LFR space, and strong momentum in key growth corridors are driving heightened competition among tenants, particularly homewares and bulky goods operators, supporting the city's standout rental performance.

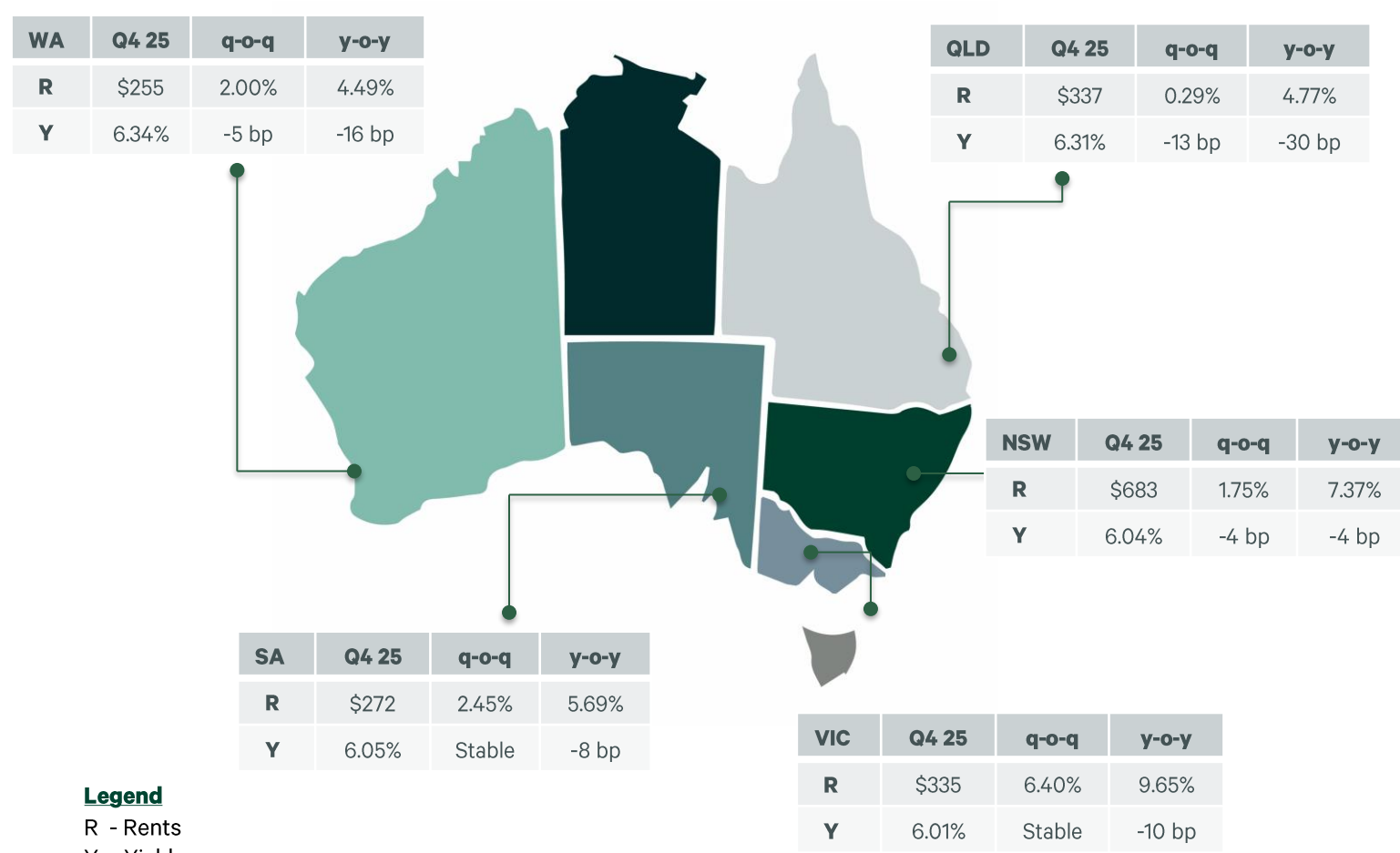
New retail development completions over Q4 2025 totalled c. 9,700 sqm, representing a decline from the previous quarter. The reduced supply is likely to keep vacancy tight and maintain competition for available space, supporting rental growth and overall market activity through 2026.

## Yields compress across the quarter

LFR yields nationally tightened over the quarter by 4 bp to 6.15%. (-14 bp y-o-y). By market, yields stabilised in all markets except Perth, Brisbane and Sydney, which recorded a q-o-q compression of 5 bp, 13 bp and 4 bp respectively.

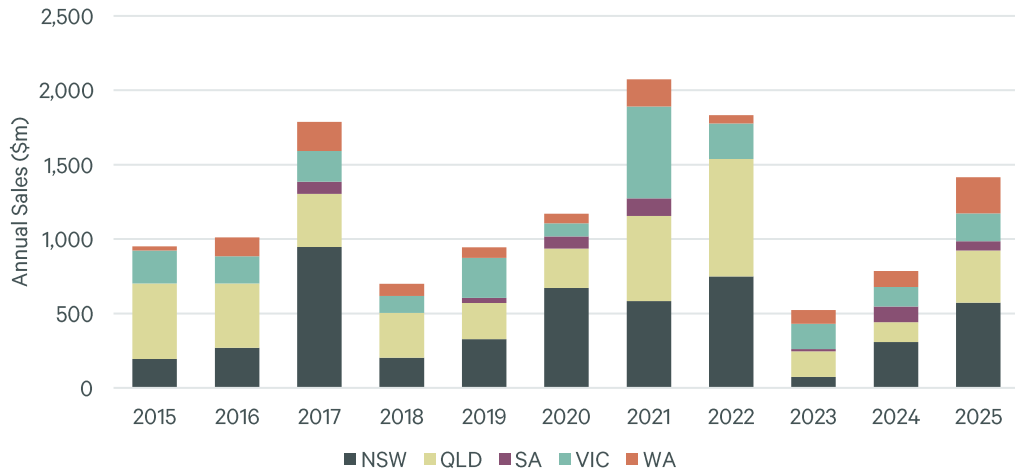
During the quarter, \$371 million of LFR assets transacted, below the \$449m of LFR assets recorded in Q3 2025. The largest transaction was BlackRock and Fortius Funds Managements' sale of Home HQ, Artarmon (Leasehold), NSW which sold for c. \$180m.

FIGURE 13: Large Format Retail Key Metrics



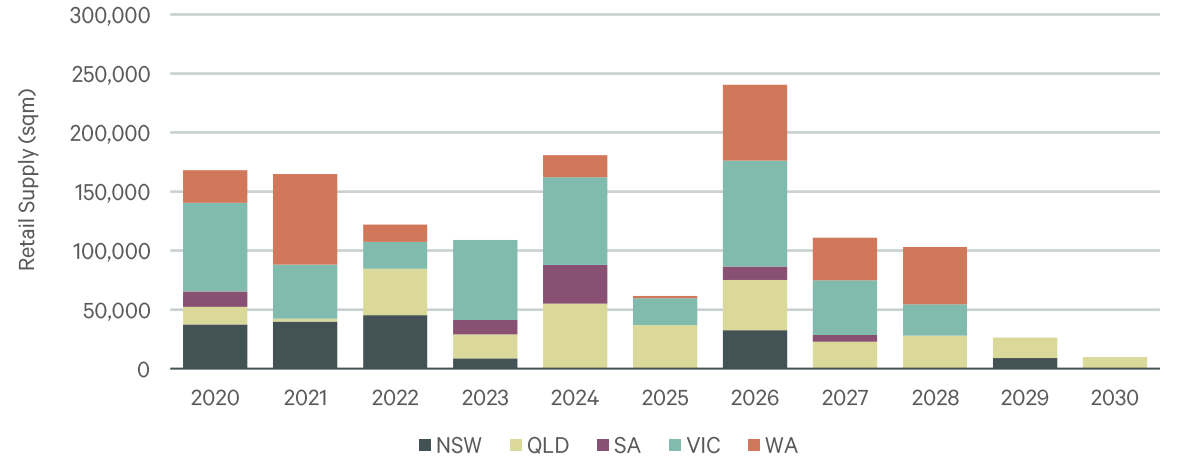
Source: 1 & 2. ABS.  
 Source: CBRE Research

FIGURE 14: Large Format Retail Transactions by State



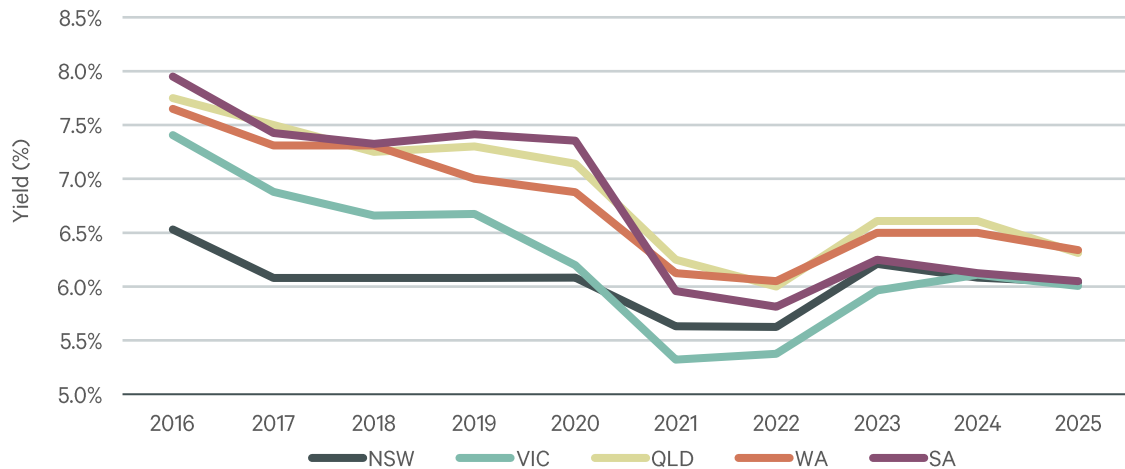
Source: CBRE Research

FIGURE 15: National Large Format Retail Prime Supply by State



Source: CBRE Research

FIGURE 16: Prime Large Format Retail Yield by State



Source: CBRE Research

FIGURE 17: Annual Capital Value Growth – Prime Large Format Retail



Source: CBRE Research

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