

FIGURES | RETAIL | Q1 2026

# Resilient retail fundamentals continue to support rental growth

▼ 80.1

Consumer Sentiment  
April 2026

▲ 4.6%

Monthly Household Spending Indicator  
y-o-y February 2026

▲ \$5,962

CBD Super Prime Net Face Rents

▼ 6.10%

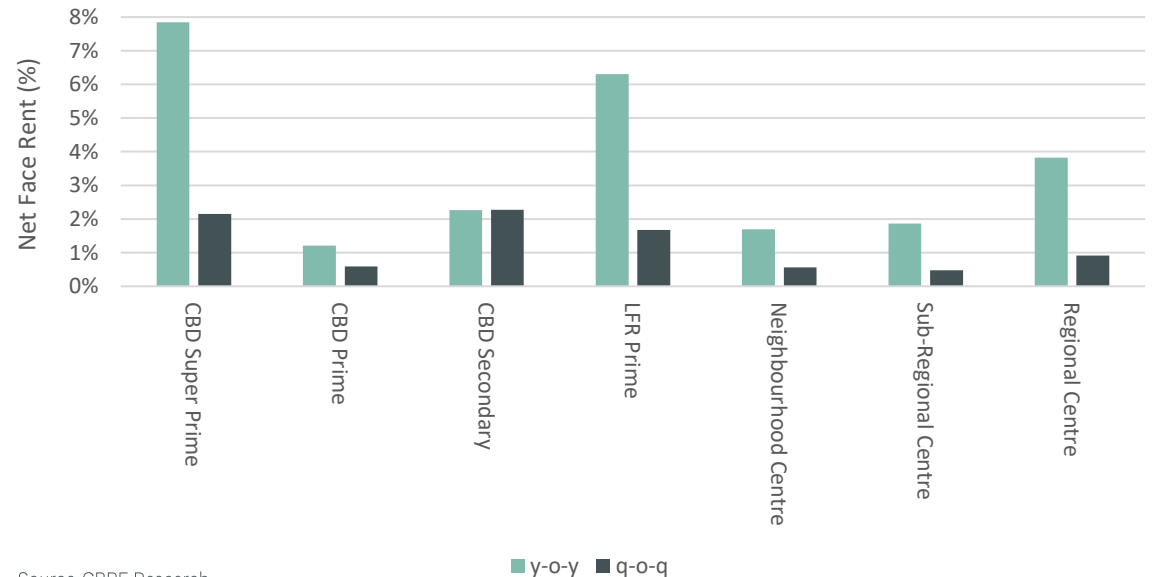
Regional Centre Yields

Note: Arrows indicate change from previous quarter.

## Key Points

- Household spending rose 0.3% in February, following the same 0.3% rise in January and a fall of 0.4% in December. Household spending is now 4.6% higher than the same time last year.
- The Westpac–Melbourne Institute Consumer Sentiment Index declined heavily by 12.5% to 80.1 in April, from 91.6 in March.
- Net face rents grew across all sectors in Q1 2026. CBD secondary and super prime assets recorded the highest growth of 2.3% and 2.2% respectively q-o-q.
- Shopping centre and large format yields continued to compress over Q1 2026 but at a slower rate to the previous quarter with regional centres compressing by 1 bp and sub-regional and large format centres compressing by 2 bp and 4 bp q-o-q respectively. We saw a CBD super prime expansion of 5bps.
- In Q1 2026, there were 32 retail transactions (greater than \$5 million) totaling c. \$1,674 billion. Retail transaction volumes in Q1 2026 were 12% less than Q1 2025.

FIGURE 1: Net Face Rent Growth



Source: CBRE Research,

### Household spending records modest gains

Household spending rose by 0.3% in February, matching January’s increase and recovering from a 0.4% decline in December. On an annual basis, spending is now 4.6% higher. Growth was broad-based, with five of nine categories recording gains, led by recreation and culture (+1.1%) and food (+1.0%), highlighting continued resilience in services and essential consumption.

The Westpac–Melbourne Institute Consumer Sentiment Index remained relatively steady in March 2026 at 91.6, reflecting cautious but improving household sentiment before deteriorating sharply in April. March readings suggested consumers were still navigating cost-of-living pressures, with confidence supported by greater income visibility and reduced volatility, though sentiment remained subdued relative to long-term averages.

### Yields remain broadly stable

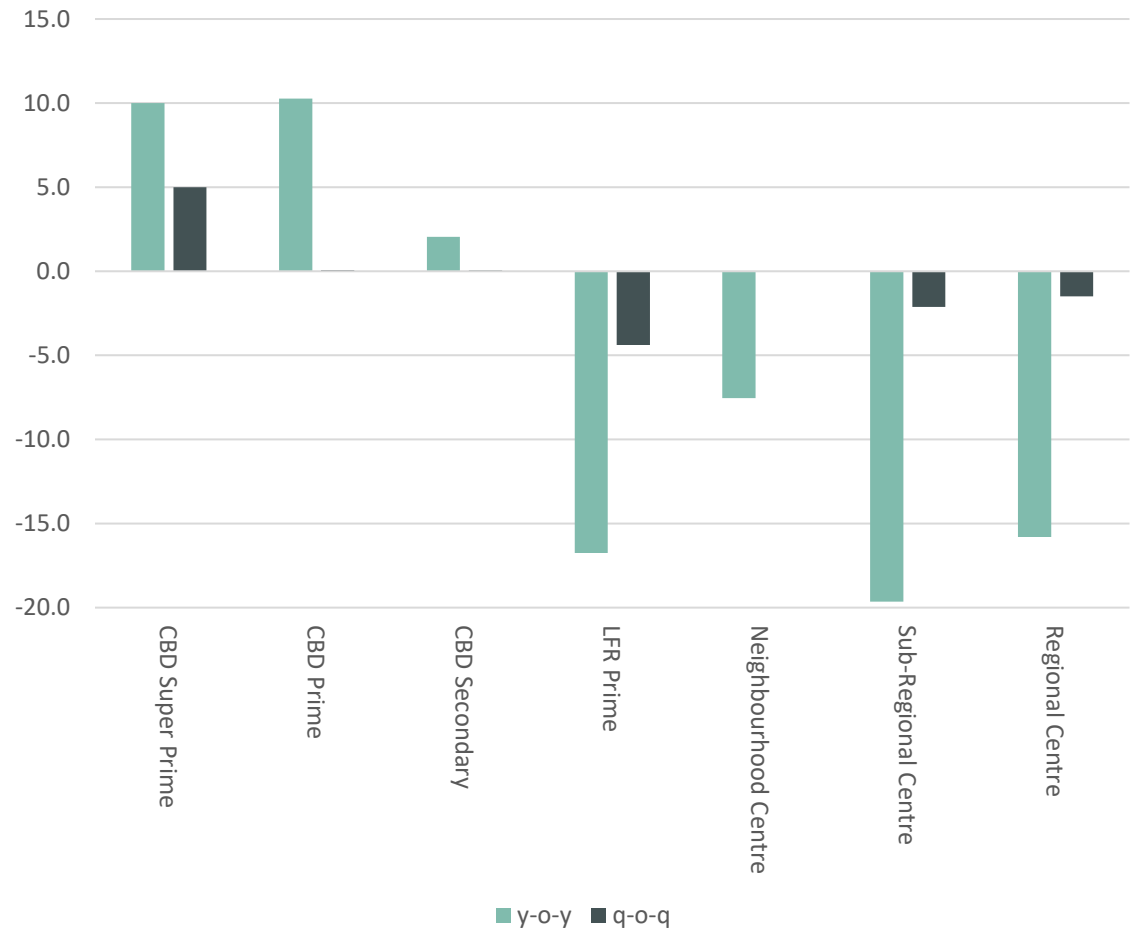
Shopping centre and large-format yields continued to compress marginally over Q1 2026, with regional centres tightening by 1 bp and sub-regional and large-format centres compressing by 2 bp and 4 bp quarter-on-quarter, respectively. Despite a modest increase in interest rates, this movement reflects increased capital targeting retail assets and a narrowing of the bid–ask spread, improving pricing alignment and competitiveness. The re-engagement of larger investors has supported demand; however, transaction activity remains measured as buyers adopt a more selective approach amid tighter funding conditions. As a result, yields are expected to remain broadly stable over the next 24 months, with limited scope for further compression and outcomes increasingly driven by asset quality and income durability.

Net face rents grew across all sectors in Q1 2026. CBD secondary and super prime assets recorded the highest growth of 2.3% and 2.2% respectively q-o-q. Persistently low CBD vacancy continues to support rental uplift, with further growth anticipated through 2026.

### Retail transaction volumes normalise after record year

In Q1 2026, there were 32 retail transactions totalling c. \$1.674 billion. 2026 activity is unlikely to surpass 2025, given the record transaction volumes recorded in H2 2025. Investment conditions remain selective, with activity increasingly driven by asset quality and income durability rather than a repeat of last year’s surge.

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 QLD

Super prime CBD retail face rents in Sydney, Melbourne and Brisbane saw a quarterly increase of 3.0%, 3.6% and 0.8%, 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.

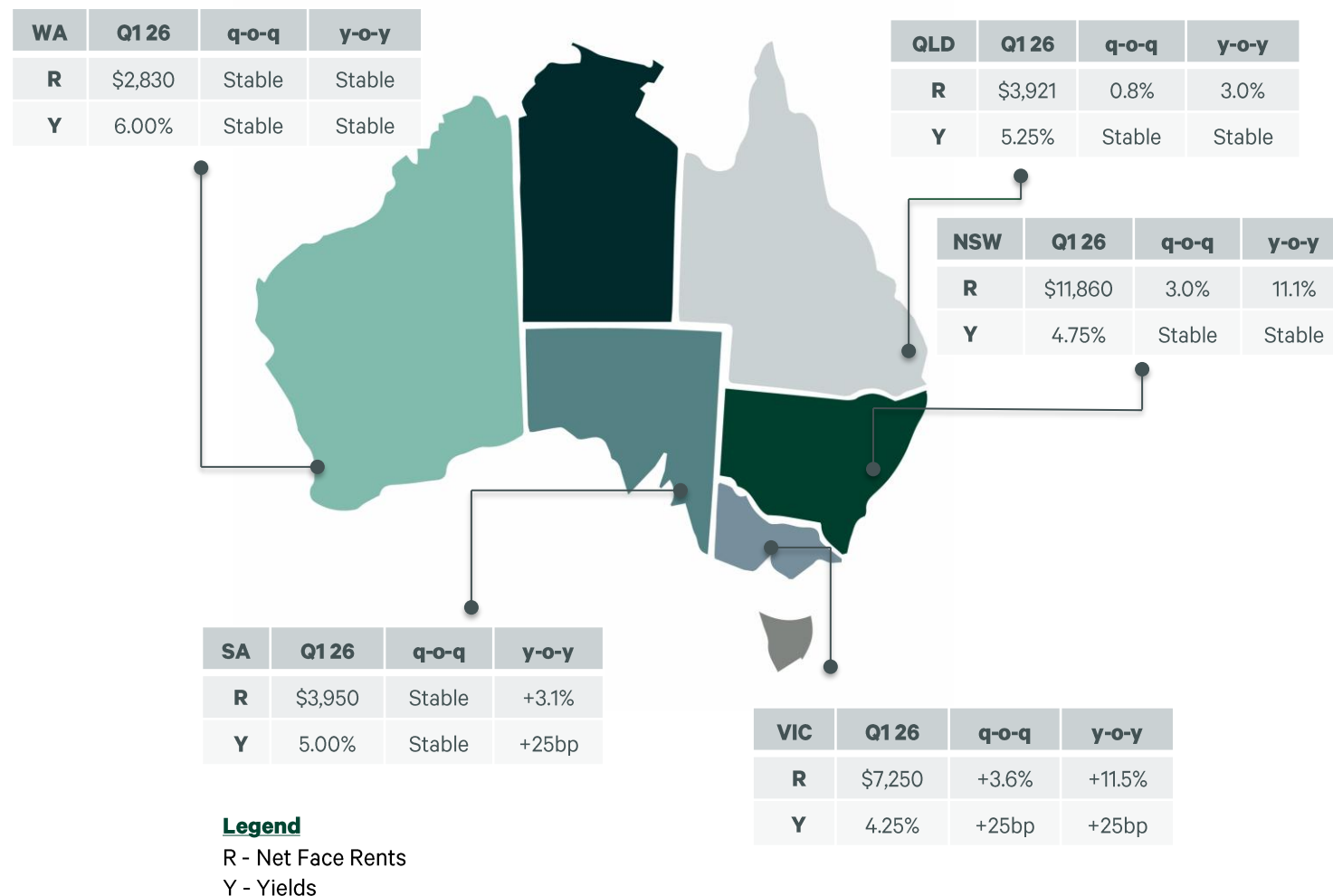
### Experiential retail and high-profile brands drive CBD retail momentum

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.

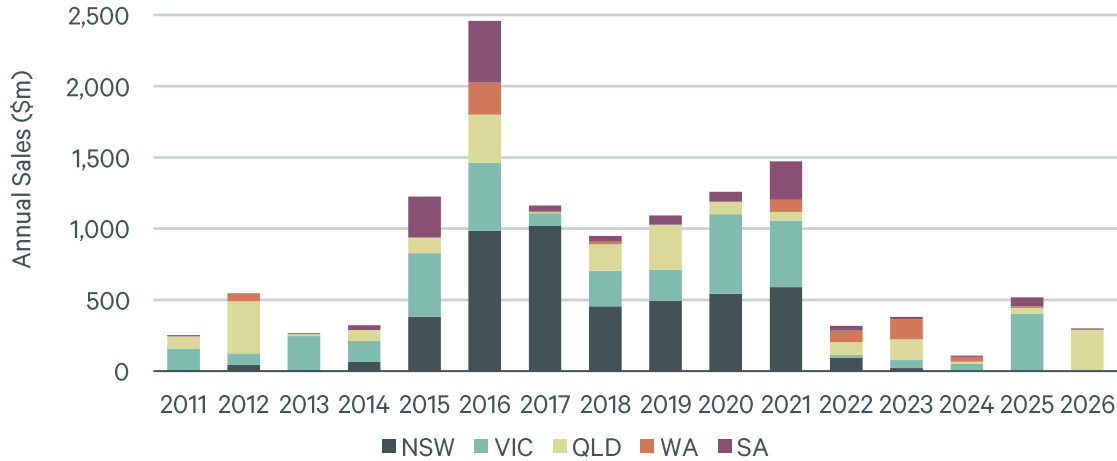
A wave of new flagship (Nespresso - 'Nespresso Lab', Stylerunner) and luxury retail (Montblanc) openings in Q1 2026 underscores the strong momentum in Sydney's CBD retail market. These experience-first flagship retail assets are reinforcing Pitt Street Mall's appeal for global brands seeking engagement, not just sales density. 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



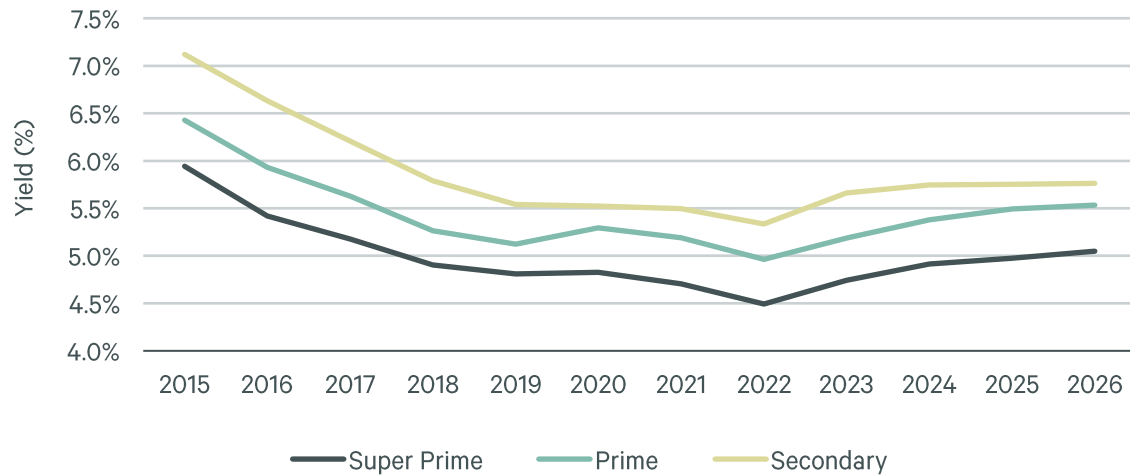
Source: CBRE Research

FIGURE 4: CBD Retail Transactions by State



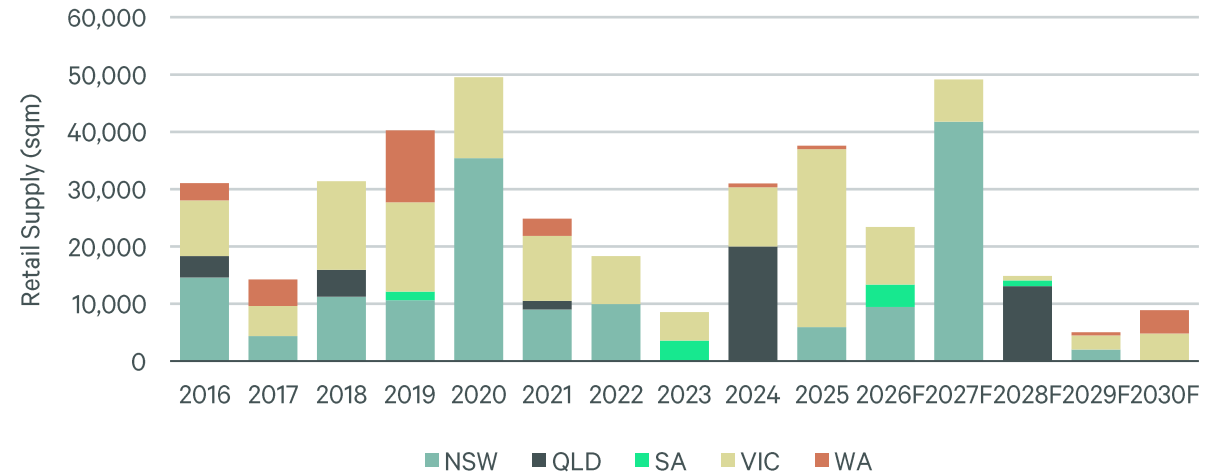
Source: CBRE Research

FIGURE 6: Australian Average CBD Retail Yield



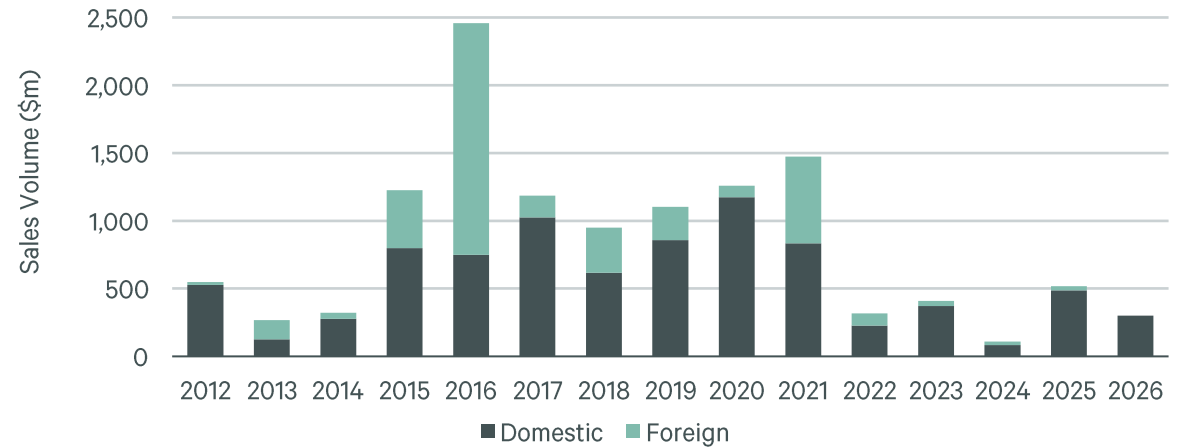
Source: CBRE Research

FIGURE 5: CBD Retail Supply by State



Source: CBRE Research

FIGURE 7: CBD Retail Buyer Profile



Source: CBRE Research

## Shopping Centres

### Yields compress marginally amid selective investor demand

Regional shopping centre net face rents recorded modest growth of 0.9% q-o-q, driven by Sydney, Perth and Brisbane, which saw quarterly increases of 1.9%, 1.3% and 1.1%, respectively. This lifted national average rental growth to 3.5% y-o-y. The continued imbalance between resilient tenant demand and structurally constrained new supply has supported rental growth across regional centres, with momentum expected to build gradually into 2026 and 2027. Regional centre yields nationally tightened marginally over the quarter by 1 bp to 6.10% (-16 bp y-o-y). The only yield movement was recorded in Brisbane, tightening by 8 bp, supported by steady leasing demand, improving trading conditions and favourable demographic dynamics.

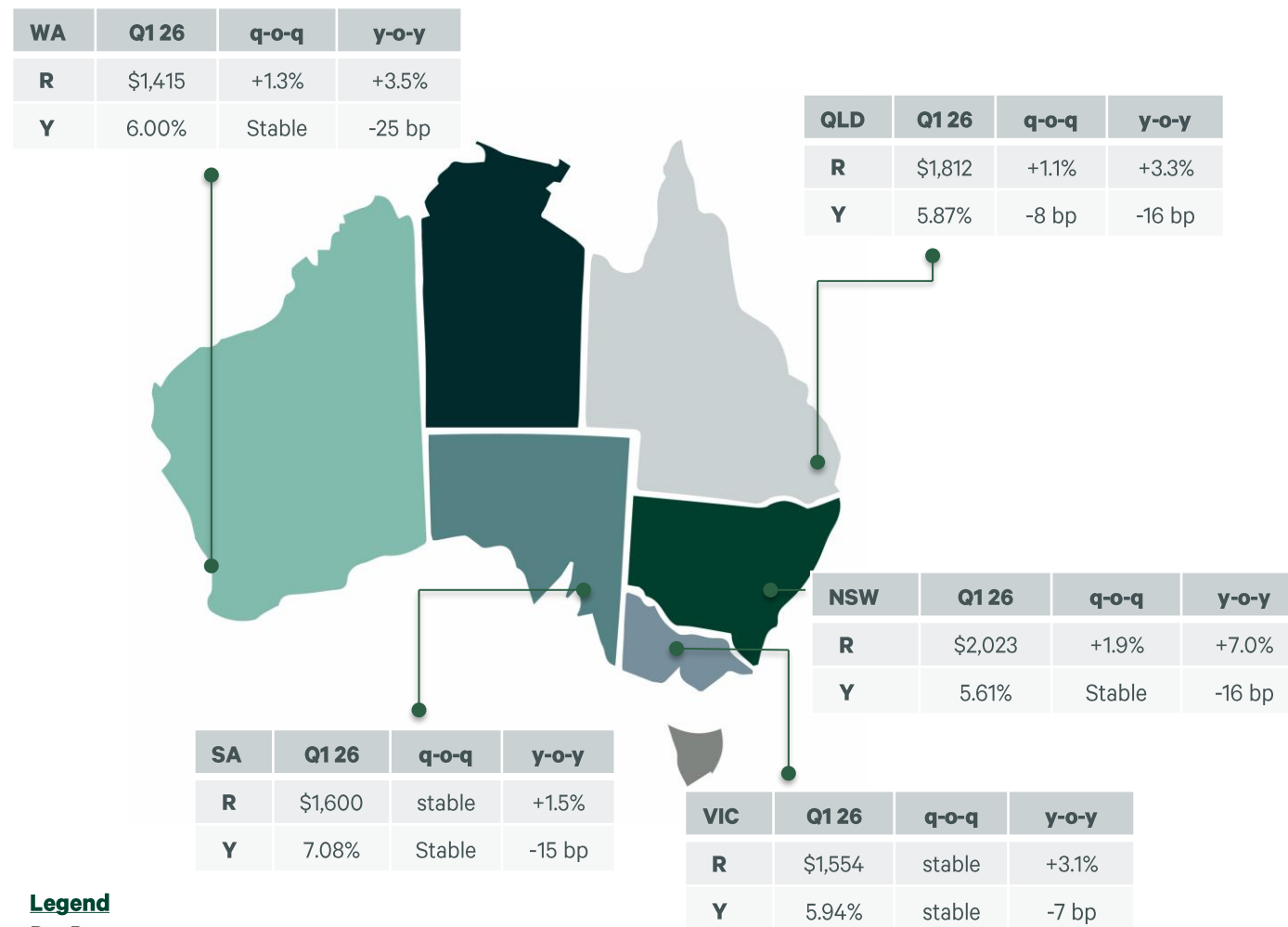
### Constrained supply pipeline supports existing retail assets

New retail development supply delivered over Q1 2026 totalled approximately 21,000 sqm, down from c.47,000 sqm in the previous quarter. Supply was dominated by neighbourhood centres, accounting for approximately 90% of completions, with three of the four projects delivered in this format, alongside an addition to Chatswood Chase Regional Shopping Centre. Looking ahead, the supply outlook remains heavily skewed toward neighbourhood developments, projected to comprise approximately 69% of the shopping-centre pipeline through to 2027. Over the next two years, only around 177,000 sqm of regional and sub-regional shopping-centre space is expected to be delivered. As a result, existing centres continue to benefit from limited new supply, with competitive pressures increasingly concentrated on the acquisition and performance of established assets rather than new development.

### Shopping centre transactions moderate following record 2025

In Q1 2026, shopping centre investment volumes in Australia reached c.\$918 million, reflecting a 26% decrease compared to the same period last year. The largest transaction involved the \$143 million sale of Bonnyrigg Plaza shopping centre by LaSalle Investment Management, to Charter Hall. Another notable transactions is Vicinity's sale of Whitsunday Plaza, to CharterHall for \$111 million.

FIGURE 8: Regional Centre Key Metrics



**Legend**  
 R - Rents  
 Y - Yields

Source: CBRE Research

FIGURE 9: Australian Shopping Centre Retail Transactions

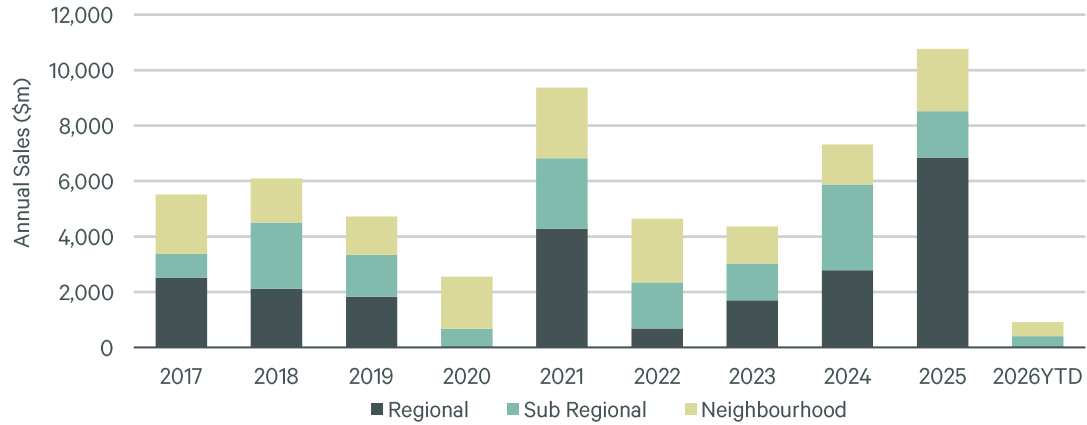
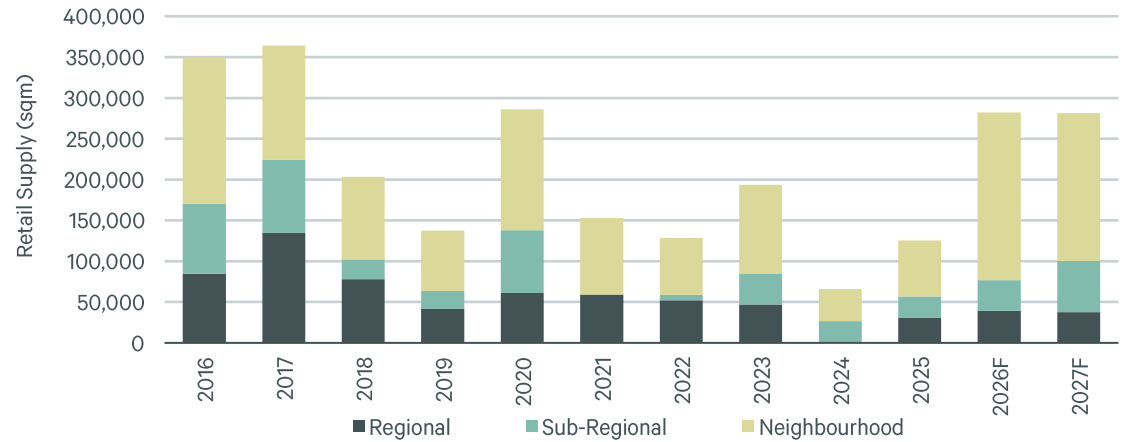


FIGURE 10: Australian Shopping Centre Retail Supply



Source: CBRE Research

Source: CBRE Research

FIGURE 11: Australian Average Shopping Centre Retail Yield

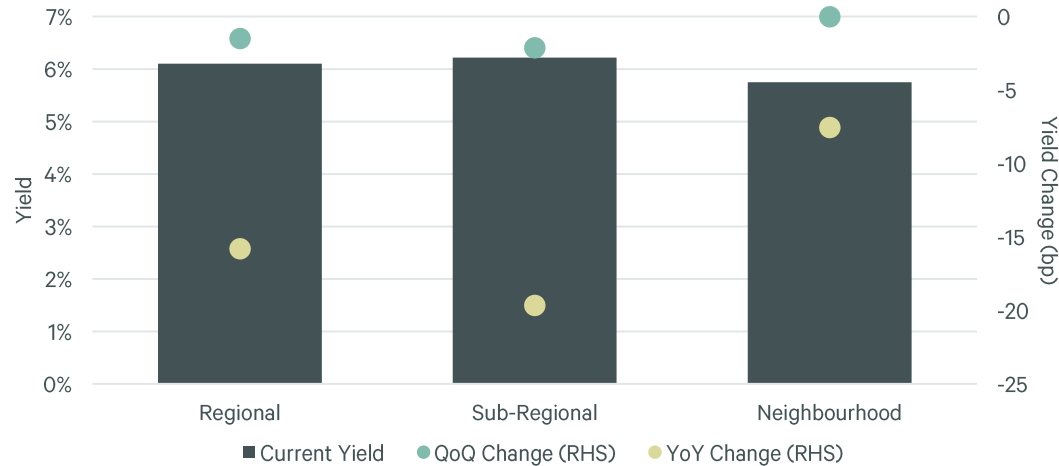
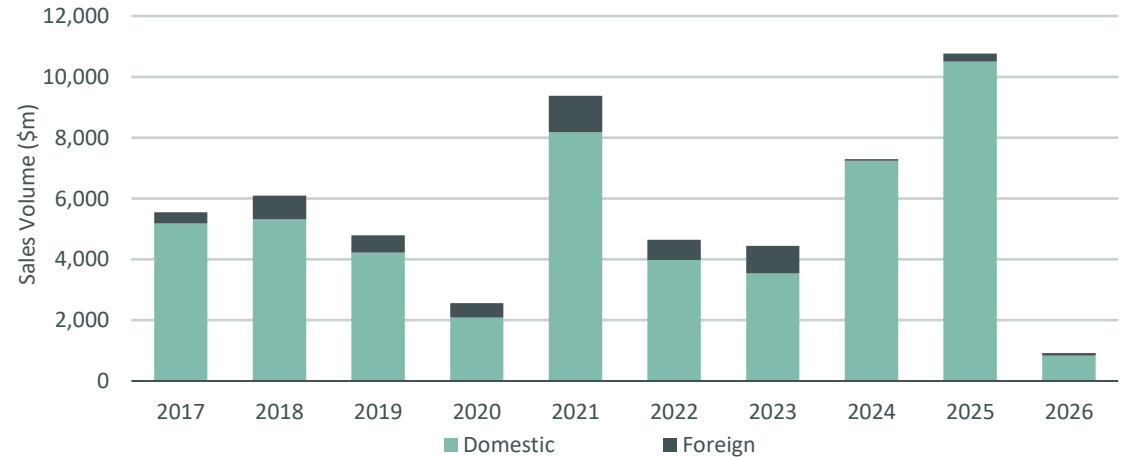


FIGURE 12: Shopping Centre Buyer Profile



Source: CBRE Research

Source: CBRE Research

# Large Format Retail

## Strong rental growth recorded in Melbourne

Household goods spending increased by 0.3% m-o-m in February 2026. Furniture and household equipment retailing saw spending down 0.3% m-o-m. On a y-o-y basis however, it rose 3.8% compared to February 2025. Recent big-ticket household goods spending reflects necessity-led replacement cycles and selective purchasing decisions, rather than a broad improvement in discretionary confidence.

Prime Large Format Retail (LFR) rents rose across all major markets in Q1 2026, with the exception of Adelaide, where rents remained stable. Melbourne led rental growth, increasing by 2.8% q-o-q and 12.7% y-o-y. This outperformance has been supported by tight vacancy, strong retailer demand for well-located formats and limited availability of suitably configured sites, particularly in established bulky-goods precincts.

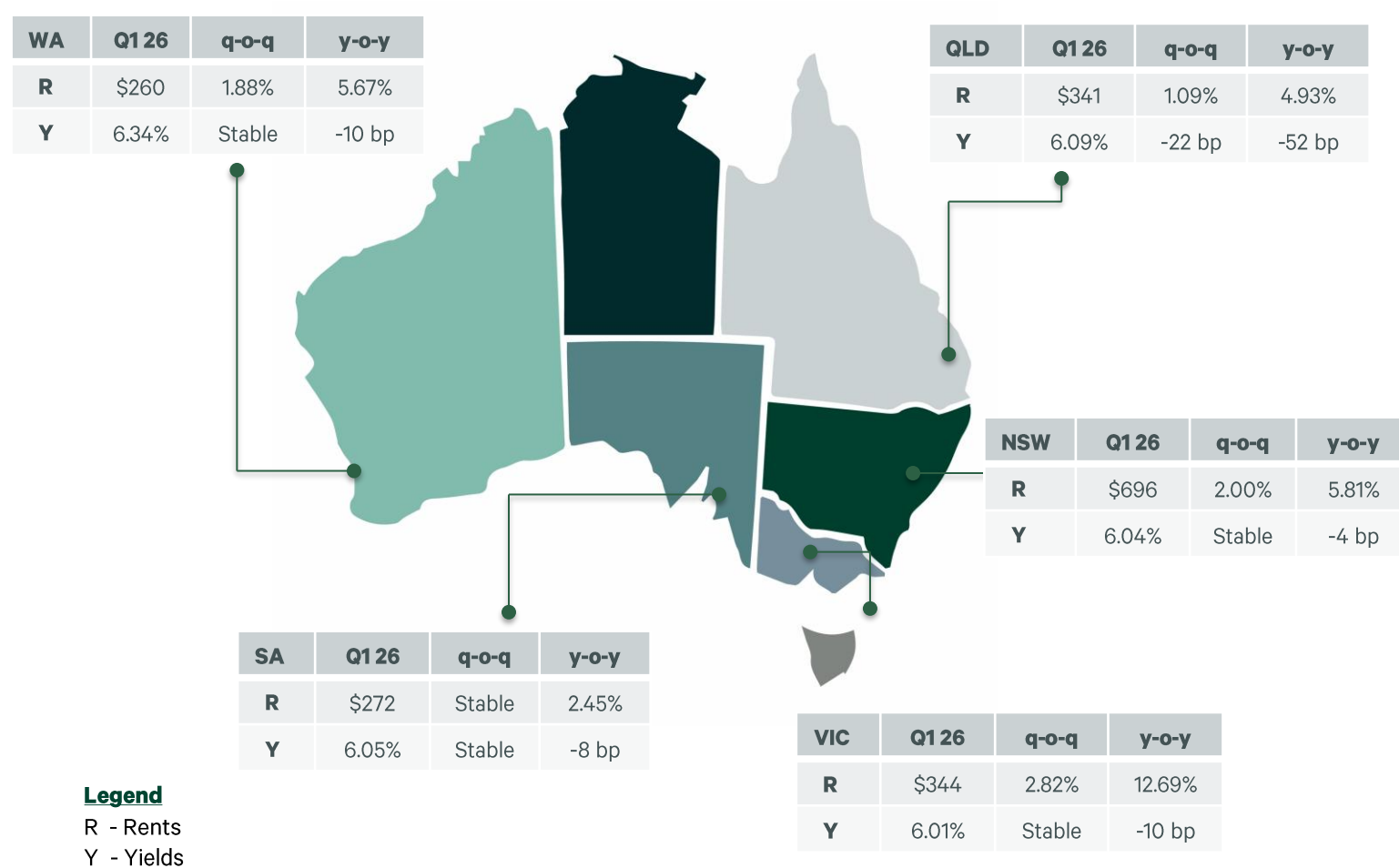
New retail development completions over Q1 2026 totalled c. 15,500 sqm, representing an increase from the previous quarter. This slight increase in development supply is expected to support market activity in the first half of the year.

## Yields compress marginally across the quarter

LFR yields nationally tightened over the quarter by 4 bp to 6.11%. (-17 bp y-o-y). By market, yields had only stabilised in Brisbane which recorded a q-o-q compression of 22 bp.

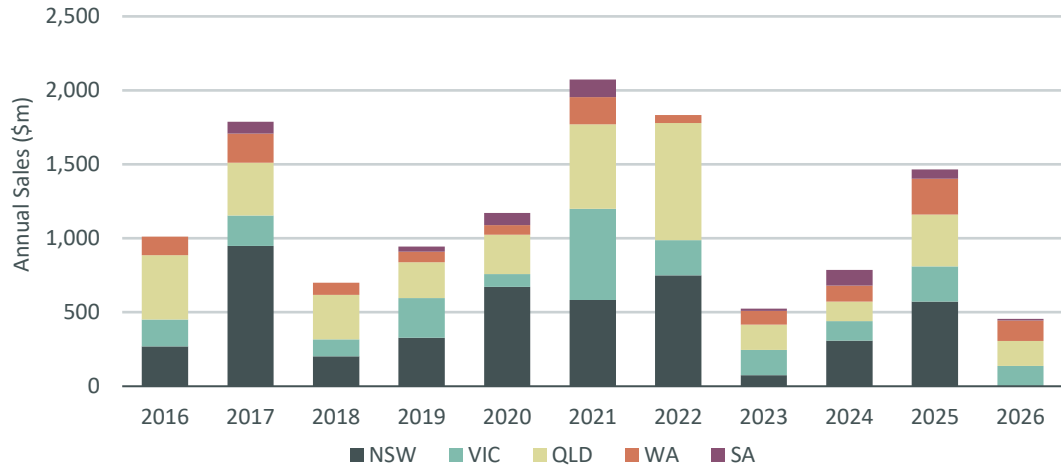
During the quarter, \$455 million of LFR assets transacted, above the \$421m of LFR assets recorded in Q4 2025. The largest transaction was LaSalle's sale of Morayfield SuperCentre, Moreton Bay, QLD which sold for c. \$102m.

FIGURE 13: Large Format Retail Key Metrics



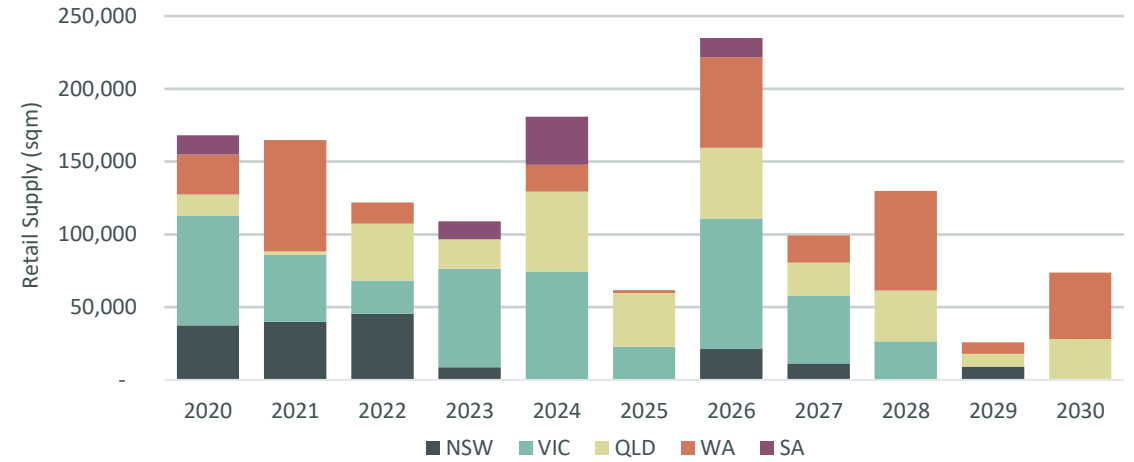
Source: 1 & 2. ABS.  
Source: CBRE Research

FIGURE 14: Large Format Retail Transactions by State



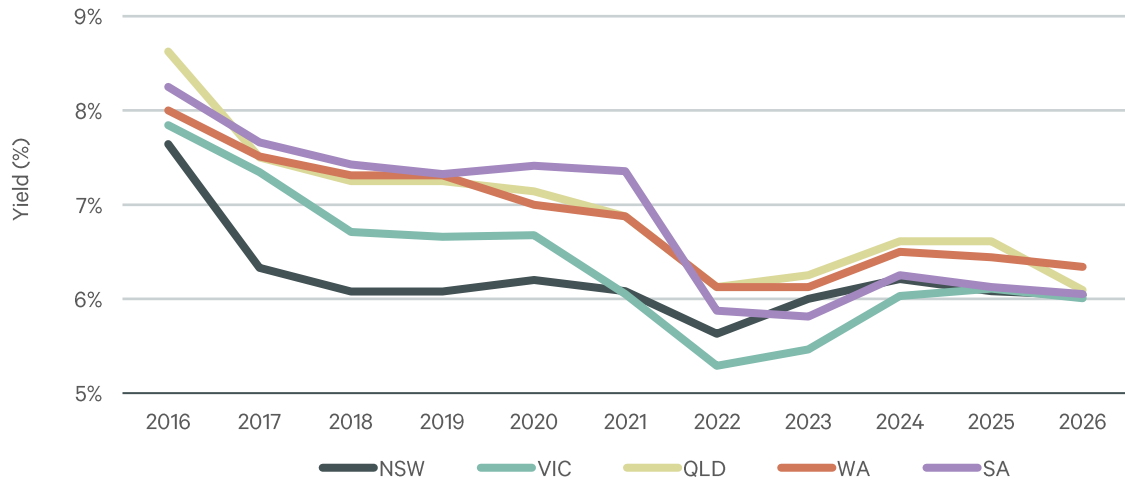
Source: CBRE Research

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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## Contact

### Katya Ezhova

Senior Analyst  
+61 421 547 176  
Katya.Ezhova@cbre.com

### Jack Sywak

Senior Analyst  
+61 468 323 533  
Jack.Sywak@cbre.com

### Sameer Chopra

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