

FIGURES | WA RETAIL | Q3 2025

Investment activity slightly eases following a bumper 2024

▲ 1.8%

WA Population Growth 2025-26¹

¹ Deloitte Access Economics

Note: Arrows indicate change from previous quarter.

▼ 21.7%

CBD Vacancy Rate, H1 25

▼ 6.13%

Regional Centre Yield

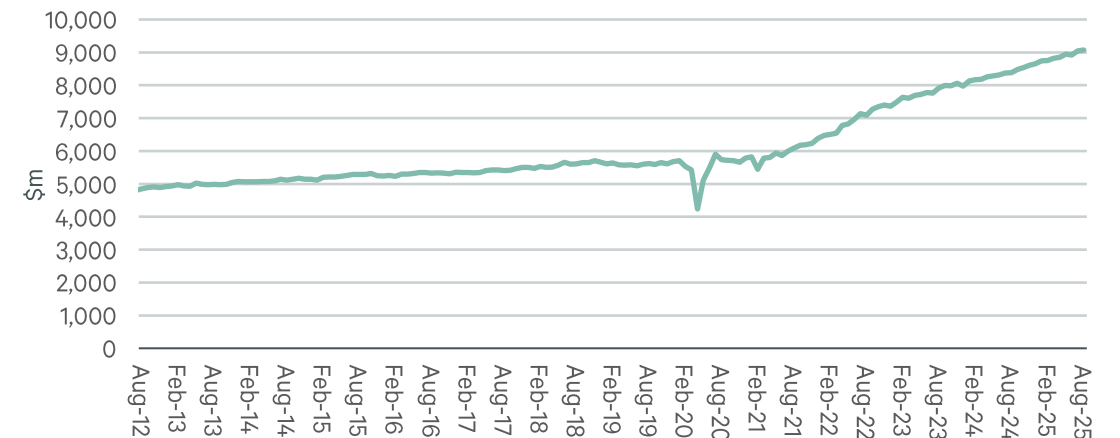
▲ 3.5%

Large Format Retail Face Rent Growth Y-o-Y

Key Points

- Monthly household expenditure in Western Australia remains robust, rising 8.2% y-o-y (seasonally adjusted) as of August 2025, driven by infrastructure investments and demographic trends.
- Retail development supply remained subdued in Q3 2025, with c.21,300 sqm of total supply anticipated for the year. Neighbourhood centres are on track to make up nearly 60% 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 3.1% q-o-q and 10.0% y-o-y.
- Large format retail net face rents increased 1.1% q-o-q and 3.3% y-o-y to an average of \$250/sqm. Population growth, tight supply and strong performance in the top-tier centres are driving growth.
- Regional centre net face rents remained stable q-o-q but increased by 3.3% y-o-y to reach an average of \$1,384/sqm.
- Most retail asset yields were stable in Q3 2025, but regional centre yields fell by 13bp q-o-q and 14bps y-o-y, while large format retail yields dropped by 5 bp q-o-q and 11 bp y-o-y.
- After a record \$2 billion in retail investment transactions in 2024, 2025 has seen a more subdued total of \$379 million YTD (for transactions ≥ \$5 million).

FIGURE 1: Western Australia Monthly Household Spending, seasonally adjusted



+8.2%

Year-on-Year to August 25



+0.3%

Month-on-Month to August 25

Source: ABS, CBRE Research

Economic Overview

Short-term economic factors are supporting Australia's economic growth

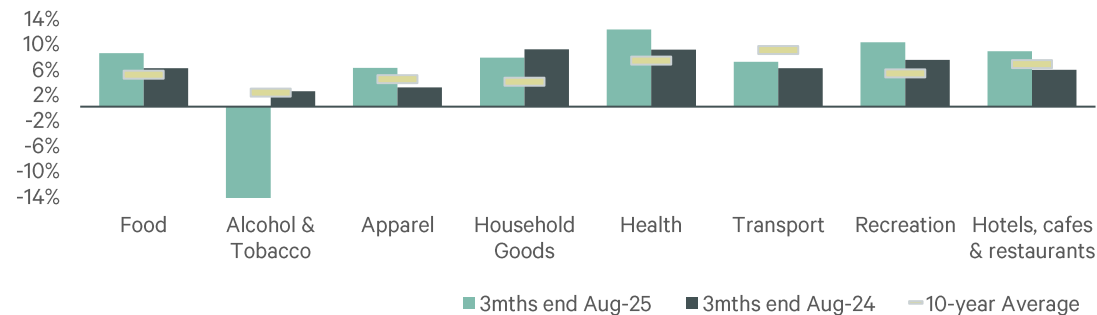
In Q2 2025, Australia's GDP grew by 0.6% q-o-q (seasonally adjusted, chain volume measures) and 1.8% y-o-y. Despite underlying softness, this growth was fuelled by robust retail discounting, holiday timing and spending related to the Federal election. Public investment was the main obstacle to expansion, whereas net trade provided a modest boost, largely driven by exports of mining commodities.

Western Australia's GSP is estimated to have grown by 0.5% in real terms for the 2024-25FY, with a forecast of 2.5% growth for 2025-26 and 3.0% for 2026-27. Although the state's domestic economy showed stable growth, the export sector faced challenges due to unfavourable weather and low global demand. Going forward, the combination of tax cuts, energy bill relief and interest rate reductions is likely to stimulate consumer spending and business investment.

Retail sales growth in WA remains buoyant

Household expenditure in WA performed strongly, surging by 8.2% y-o-y in August 2025, with a 0.3% m-o-m increase. The rise was broad, with solid performance across most categories, particularly household goods. Monthly spending on transport (+2.5%) and food (+0.7%) saw noticeable growth, as Western Australians prioritised essential services and mobility.

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

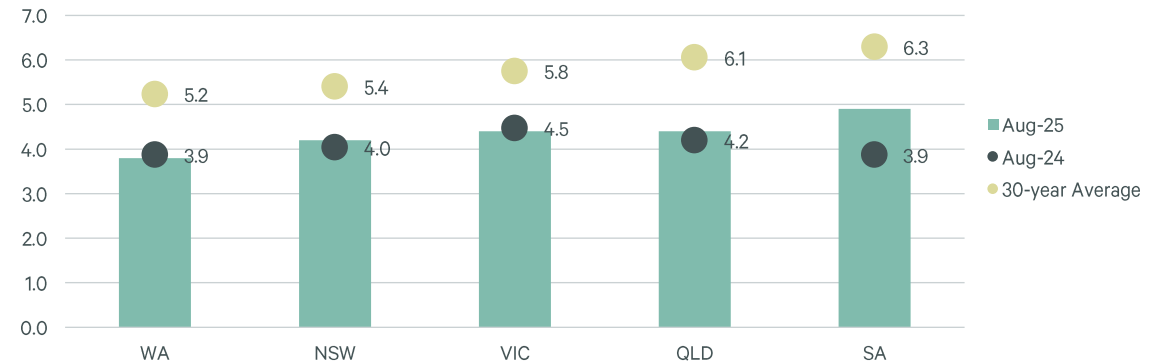


Source: ABS, CBRE Research

WA's jobs market remains historically strong

In August 2025, the WA labour market showed a mixed picture, with employment decreasing by 15,400 jobs but still 1.2% y-o-y higher. The unemployment rate dropped to 3.8% (seasonally adjusted), the lowest in mainland Australia, and below the national average of 4.2% and the long-term average of 5.3%. Despite the job losses in August, the state's employment-to-population ratio remained the highest in the country, reflecting a strong long-term commitment to the workforce.

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 in the country, driven by a strong job market and a surge in both international and interstate migration. According to the latest data from the ABS, WA's population grew by 2.3% y-o-y in Q1 2025, surpassing the national growth rate of 1.6% y-o-y. 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

Rising construction costs are set to curb retail supply in the short run

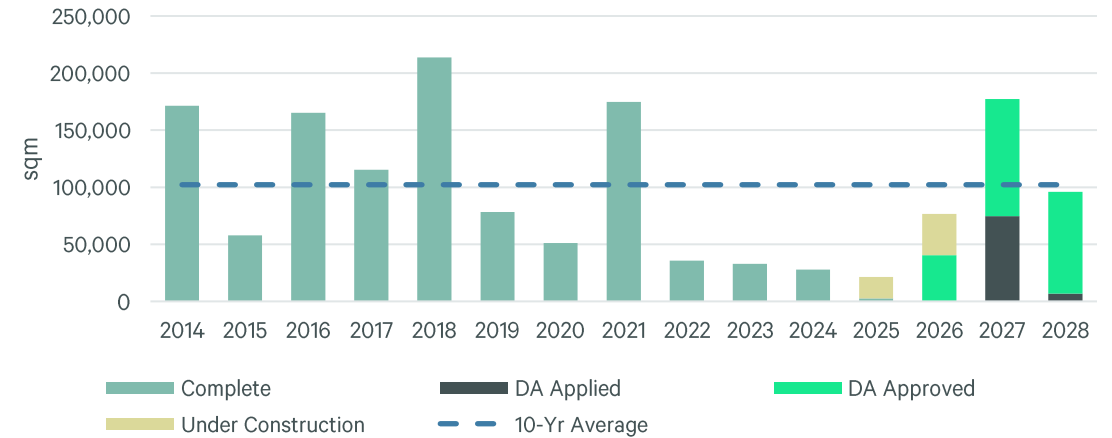
New retail development supply recorded over Q3 2025 remained muted with no major completions. Retail supply in Perth has been low with an average of just c.32,000 sqm per annum recorded over 2022-2024, well below the 10-year average of c.102,200 sqm (for developments \geq 3,000 sqm). Retail supply for 2025 is also expected to be below historic levels, with c.21,300 sqm expected as of Q3 2025, mainly in the neighbourhood centre category. The 2025 pipeline also includes c.4,000 sqm of additional space from the sub-regional Kardinya Shopping Centre Redevelopment - Stage 2 works, which is scheduled to open around December 2025.

Supply volumes are poised to pick up in 2026 and 2027, but much of this pipeline is still in the development approval stage. This means that while there is potential for a surge in new projects, many may face delays or cancellations due to the current high financing and construction costs. These economic headwinds are prompting developers to reassess feasibility, and unless market conditions improve, particularly in terms of interest rates and build costs, some projects may not proceed to construction in the near term. As of Q3 2025, only c.25% of the 2026 development pipeline had commenced construction.

Vacancy

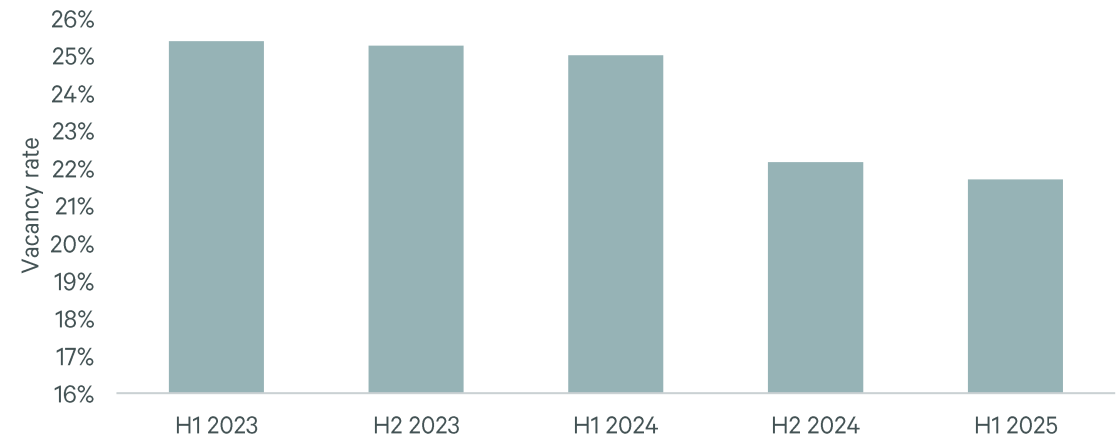
Perth's CBD retail vacancy saw a minor improvement, dropping by 42 bp to 21.7% in H1 2025, marking the lowest vacancy rate recorded since the series began in H1 2021. The rate has declined by 480 bp since it peaked at 26.5% in H1 2022, thanks to a combination of steady return to office-based work, increased foot traffic, a growing presence of premium brands and improved consumer sentiment. Perth's CBD vacancy rates improved in the retail strips and centres, while arcades experienced an increase in H1 2025.

FIGURE 4: WA Retail Supply Pipeline



Source: CBRE Research

FIGURE 5: Perth CBD Vacancy by Period



Source: CBRE Research

Rental Performance

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

In Q3 2025, large format retail centres have continued to see the strongest rent growth over the past year, with net face rents rising by 1.1% q-o-q and 3.5% y-o-y to an average of \$250/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 3.1% q-o-q and 10.0% y-o-y. Vacancy along Murray Street Mall has tightened further with the introduction of international anchor tenants and the relocation of luxury brands to the western end of the mall.

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.

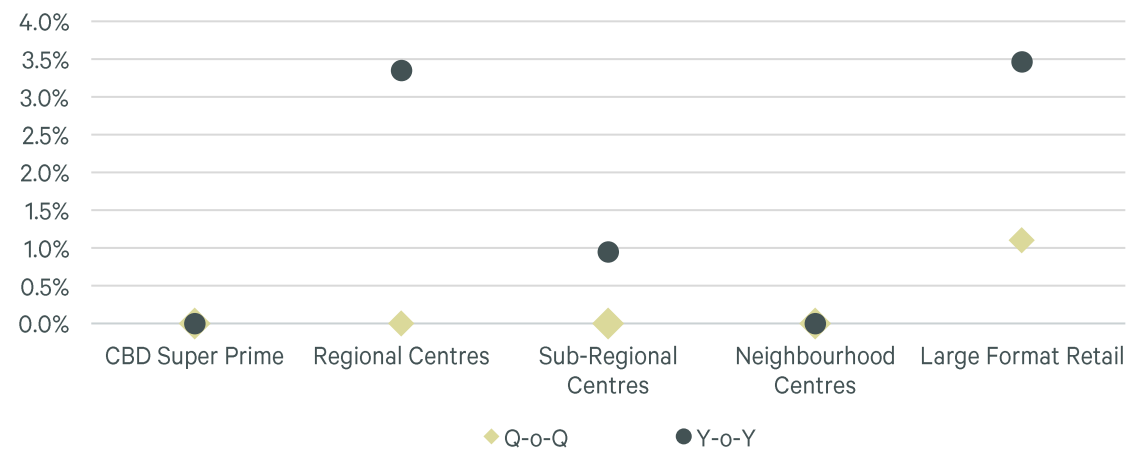
Regional centres in Perth are seeing solid rental growth underpinned by tight supply and ongoing population growth. Top-tier regional centres like Karrinyup and Westfield Carousel are outperforming others, benefiting from high foot traffic and premium tenant mixes. As an example, in May 2025, Karrinyup 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 3.3% q-o-q and 6.8% y-o-y to an average of \$1,073/sqm.

FIGURE 6: Retail Rents and Incentives by Category

Asset Type	Net Face Rent (AUD/sqm)			Incentives (%)			Net Effective Rent (AUD/sqm)		
	Q3 25	Q-o-Q Change	Y-o-Y Change	Q3 25	Q-o-Q Change	Y-o-Y Change	Q3 25	Q-o-Q Change	Y-o-Y Change
CBD Super Prime	2,830	Stable	Stable	17.5%	-250bp	-750bp	2,335	+3.1%	+10.0%
Regional SC	1,384	Stable	+3.3%	22.5%	-250 bp	-250 bp	1,073	+3.3%	+6.8%
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	250	+1.1%	+3.5%	15%	Stable	Stable	212	+1.1%	+3.5%

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

Fuelled by regional and sub-regional centres, WA’s retail investment transaction volumes hit a record \$2 billion in 2024, as investors flocked to the retail sector. Strong fundamentals, like limited supply, robust population growth driving demand and rising rents, have kept investor interest high. However, transaction volumes softened in H1 2025, totalling c.\$379m YTD (for transactions ≥ \$5m) after the 2024 record performance.

Noteworthy retail transactions in Q3 2025 include:

- Joondalup Gate, a premier large-format retail centre in Edgewater, sold for \$79.1m in August 2025 to Sydney-based investment firm AsheMorgan.
- Brighton Village Shopping Centre (neighbourhood centre) in Butler sold for \$25.3m in late September 2025 from ISPT to Trilogy Funds.

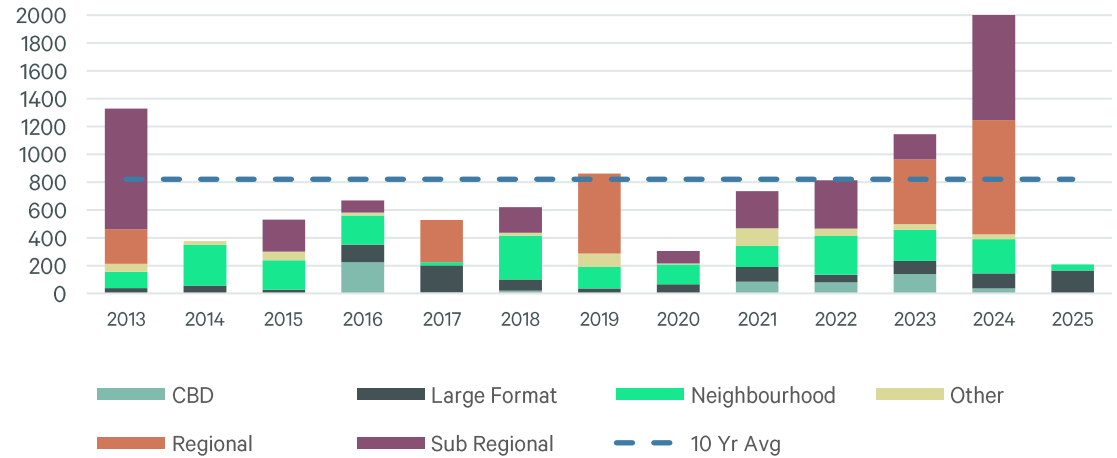
Despite elevated construction and financing costs, the long-term outlook remains positive, with investors drawn to WA’s resilient economy, strategic development opportunities and demographic momentum.

Yields

Rate cuts trigger yield compression in regional and large format retail

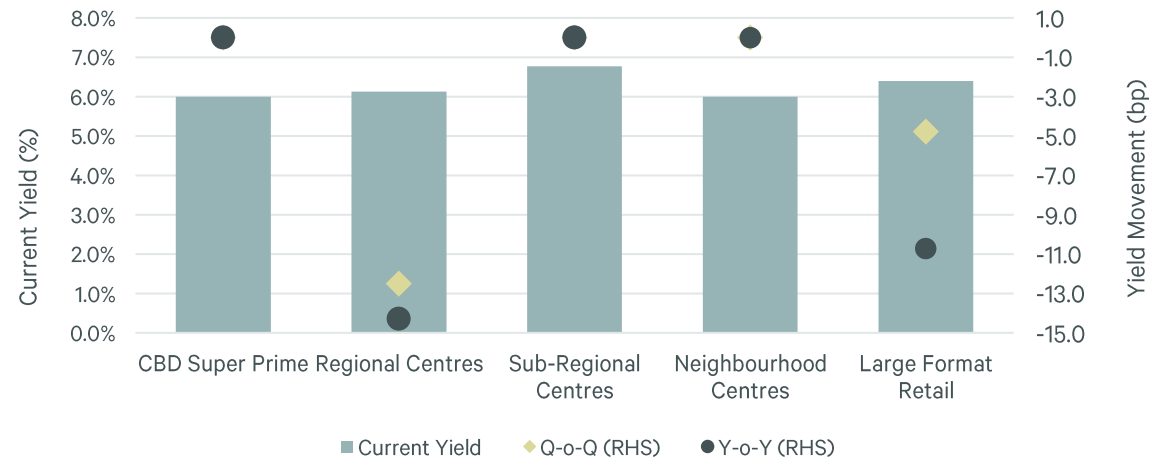
Yields for most retail assets remained stable during Q3 2025. However, yields for regional centres decreased by 13 bp q-o-q and 14 bp y-o-y. Large format retail yields fell by 5 bp q-o-q and 11 bp y-o-y. The RBA’s cash rate was cut in August 2025 by 25 bp to 3.60%, marking the third reduction of the year, following cuts in February and May that contributed to the tightening. As borrowing costs decline, investor demand for income generating assets has intensified, leading to increased competition. Yield compression is set to accelerate into late 2025 to early 2026 as interest rates ease and deal flow picks up.

FIGURE 8: WA 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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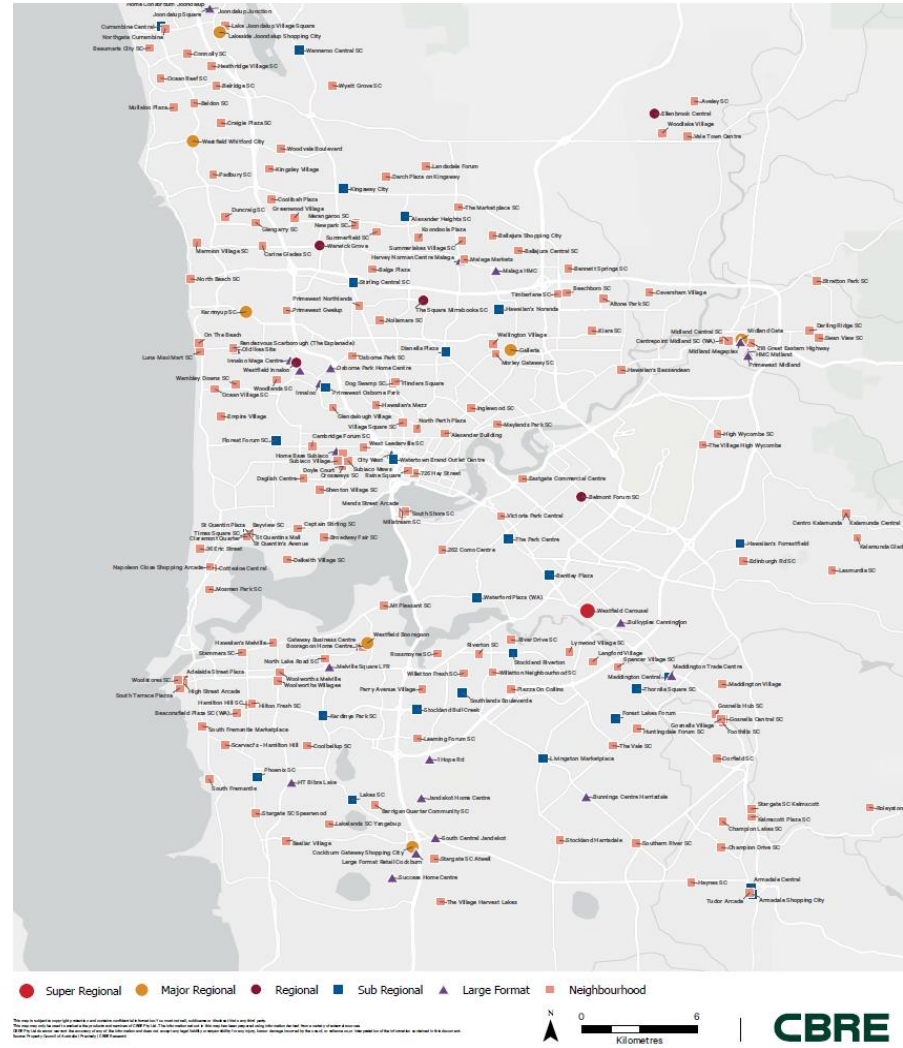
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