

Intelligent Investment

Raising the Bar

Investment & Innovation in

Australian Pubs

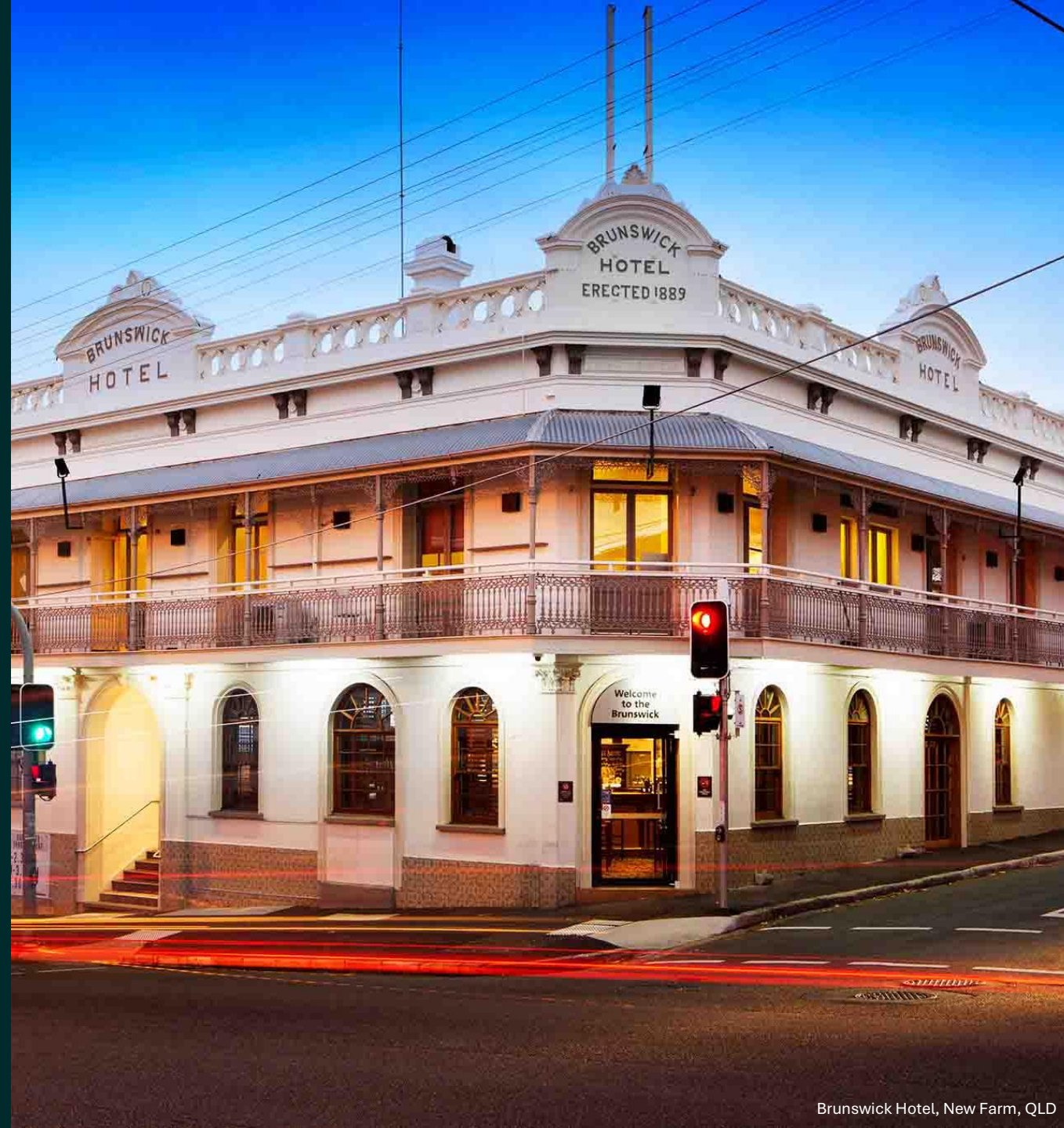
REPORT

Insights

CBRE RESEARCH

NOVEMBER 2025

CBRE



Brunswick Hotel, New Farm, QLD

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Australia's Pub Sector

A cornerstone of the nation's hospitality and social landscape

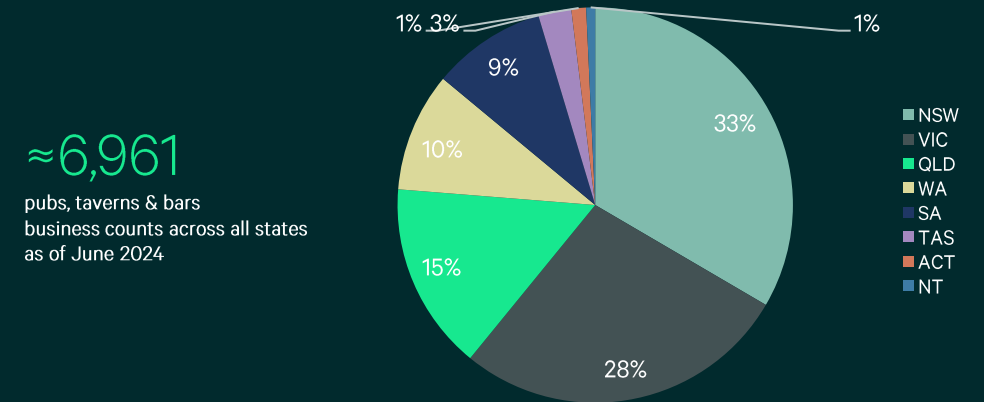
Urban Hubs & Regional Anchors

- According to ABS (4520: Pubs, Taverns and Bars), NSW leads with 2,327 establishments, followed by Victoria (1,912) and Queensland (1,070). Collectively, these **three states account for around 76% of the national total**, underscoring their role as core hubs of pub activity.
- The concentration of pubs in NSW and VIC reflects urban density and tourism flows, particularly in Sydney and Melbourne, where pubs cater to diverse demographics, from after-work crowds to international visitors.
- QLD's notable presence is driven by its regional pub networks, which continue to play a vital role in supporting non-metropolitan communities, both socially and economically.

Fragmented Yet Resilient Landscape

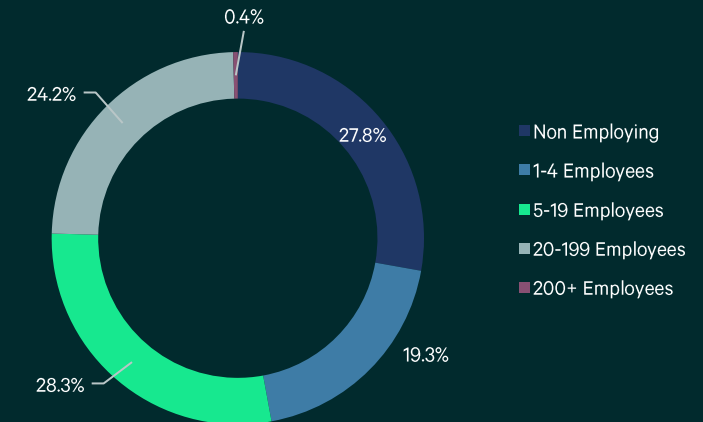
- The 5-19 employee category dominates nationally, comprising 28.3% of all businesses. This points to a **sector built on mid-sized venues** - large enough to offer diverse services (food, entertainment, gaming), yet small enough to **remain locally grounded and responsive to community needs**.
- Owner-operated pubs (non-employing) represent 27.8%, highlighting the sector's **grassroots character** and its role in fostering local entrepreneurship.
- Large-scale venues (200+ employees) are rare (just 0.4%), reinforcing the **fragmented and boutique character** of the industry.
- This fragmentation contributes to the sector's resilience and diversity, it also presents **challenges for scalability, standardisation and uniform policy implementation** - particularly in areas like licensing, compliance and workforce development.

Figure 1: Total number of Pubs, Taverns and Bars, June 2024



Source: ABS, CBRE Research

Figure 2: Pubs, Taverns and Bars employment size distribution, June 2024



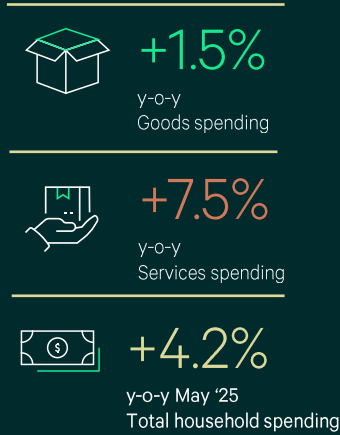
Source: ABS, CBRE Research

Industry Trends

Hospitality resilience amid economic strain

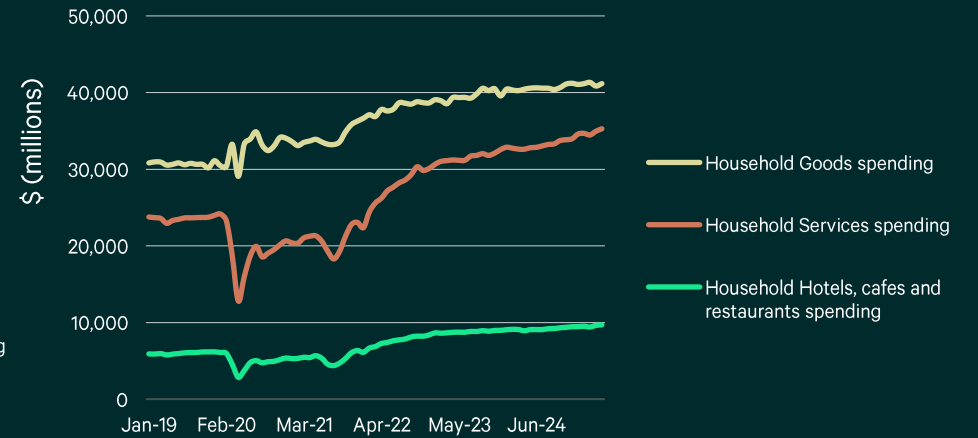
Rising inflation, interest rate sensitivity and worsening housing affordability are tightening household budgets and reshaping discretionary spending patterns. Yet, despite these financial pressures, Australians - particularly Gen Z and Millennials - continue to prioritise **small indulgences and experience-based consumption**. While big-ticket purchases are increasingly deferred, social and dining experiences remain resilient, often viewed as essential rather than optional.

According to ABS, **hospitality spending surged by 72%** over the past four years. Although early 2025 saw a modest dip, overall spending remains significantly above pre-pandemic levels, especially in urban centres like Melbourne and Brisbane, where pubs and dining are deeply embedded in the local lifestyle.



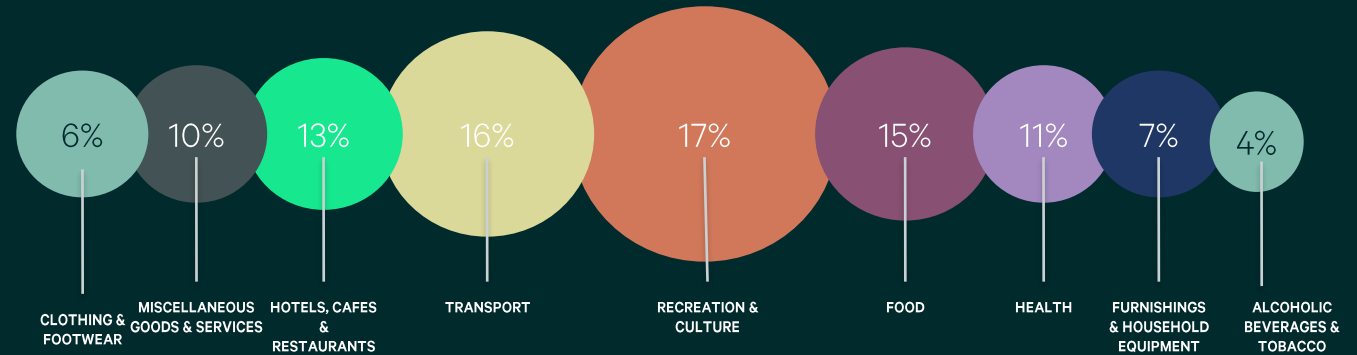
Source: ABS

Figure 3: Household spending, seasonally adjusted



Source: ABS, CBRE Research

Figure 4: Household spending by category, May 2025, seasonally adjusted



Source: ABS, CBRE Research

Shifting preferences – from volume to value

Per capita alcohol consumption in Australia increased from 10.0L to 10.5L from 2020 to 2025, reflecting a modest but steady rise. However, this growth isn't simply about drinking more, it's about drinking differently.

- **Ready-to-drink options** like canned cocktails and hard seltzers are booming, especially among younger Australians drawn to their convenience and lifestyle fit.
- **Non-alcoholic alternatives** have gone mainstream, from zero-alcohol beers to sophisticated mocktails, driven by the broader shift toward health-conscious living. Many pubs now feature dedicated sections of their drinks list for alcohol-free spirits, kombuchas and functional beverages (adaptogen-infused drinks).



68.1%

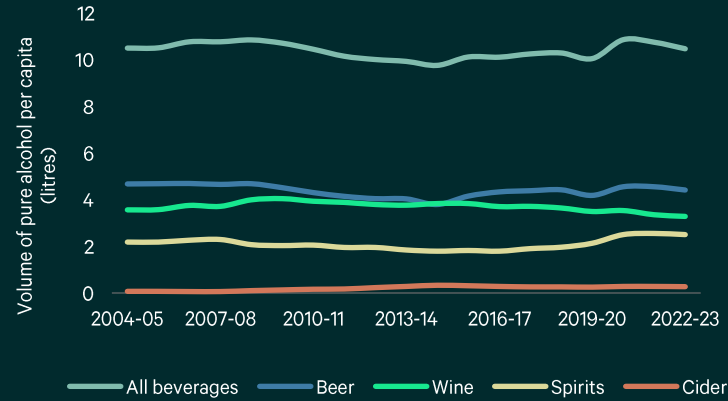
Australians aged 18+ consumed alcohol in an average four-week period, September 2023

44.1%

Australians aged 18+ consumed wine in an average four-week period, September 2023

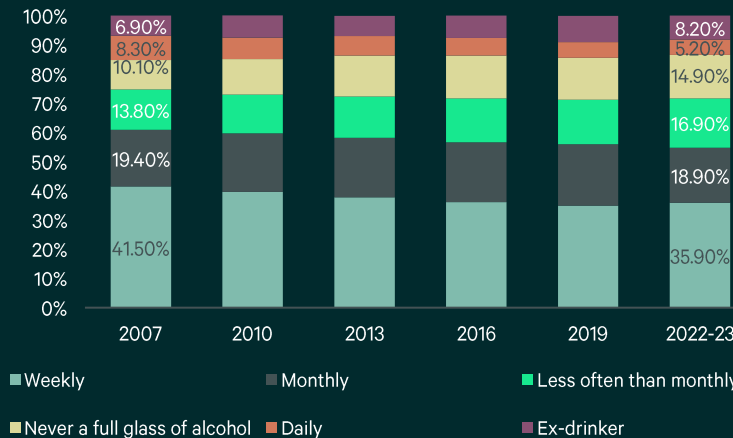
Source: Roy Morgan

Figure 5: Alcohol available for consumption in Australia by beverage type

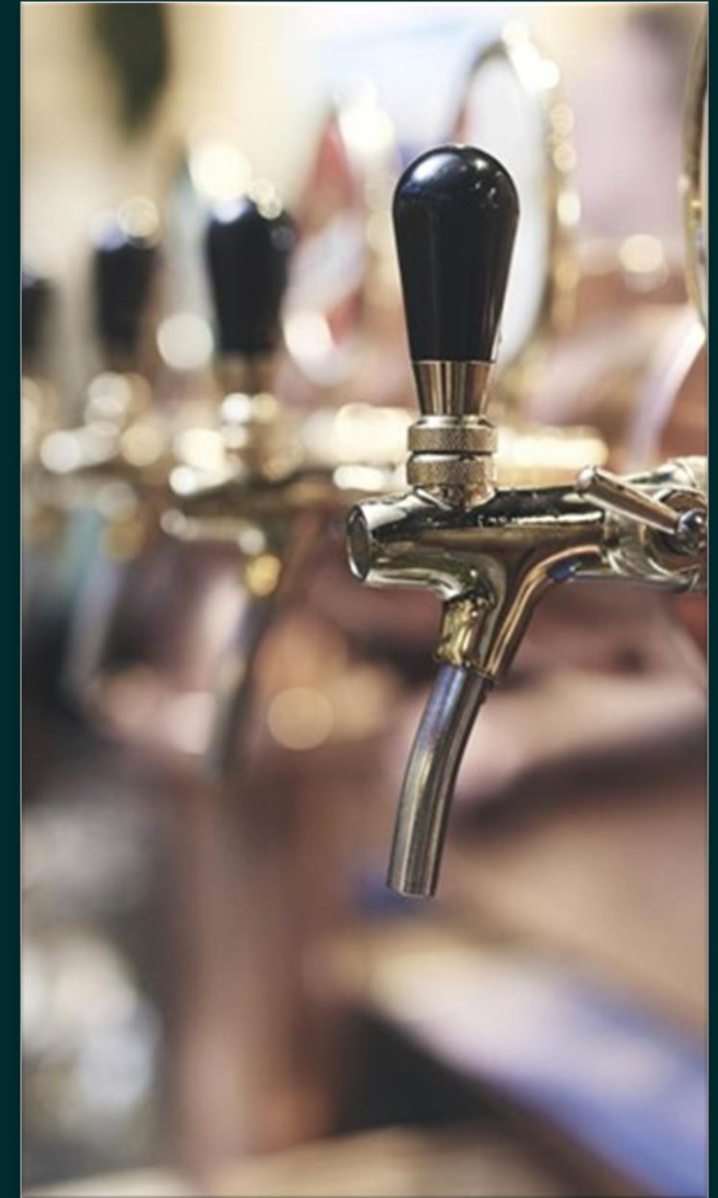


Source: AIHW, CBRE Research

Figure 6: Alcohol consumption in Australia



Source: AIHW, CBRE Research



Events as a pub demand driver

Major events are a critical demand driver across Australia’s hospitality sector, delivering measurable uplift for hotels and pubs. These events attract large crowds into city centres, creating strong pre and post event trade and encouraging extended dwell times that flow through to higher food and beverage sales. Short high-impact events typically generate sharp spikes in patronage and spend, while longer tournaments and cultural festivals sustain elevated conditions across multiple nights, building consistency into trading performance.



The recent British and Irish Lions rugby union tour demonstrated the scale of this impact, with benefits felt across the wider hospitality industry. Hotels recorded record breaking rate gains and pubs experienced full houses, strong group patronage and increased average spend. These outcomes reinforce the role of events as a unifying catalyst for hospitality performance, highlighting their importance in shaping both short term surges and long-term momentum across Australia’s key markets.

CBRE recently analysed more than 15 major sporting, cultural and business events across Sydney, Melbourne and Brisbane on hotel performance.

The results show that on average each event delivered:



Source: CBRE Research




Birdsville Hotel, Birdsville, QLD


Urban shift fuels regional hospitality boom

Regional population growth surged in 2023–24, marking one of the strongest years in a decade, driven by urban decentralisation and lifestyle relocations. This demographic shift is not only reshaping housing and infrastructure but also revitalising local economies.


As Australians flock to regional hotspots like coastal NSW, SE QLD and regional VIC, local pubs are seeing **a rise in patronage**. These venues are becoming **key social and economic hubs**, reinforcing the strength of the regional hospitality sector. In some towns, the local pub is the only venue open seven days a week, making it **a vital anchor for both residents and visitors**.

Domestic tourism continues to underpin this resurgence. Pubs that align with tourism strategies, such as those on pub trails, near natural attractions or offering boutique experiences, are especially well-positioned to capture visitor spending.

 **+113,800 people**
+1.3% y-o-y
Regional Australia

 **+35,000 people**
Net internal migration
from capital cities

 **+68,000 people**
Net overseas migration

 **+41% regional visitor spending vs. pre-pandemic**

Source: ABS



Sector Evolution

From Local Watering Hole to Lifestyle Hub

The Traditional Pub Model

Community-Centric Location

- Often located on prominent street corners or near transport hubs.
- Served as a local meeting point for workers, residents and travellers.

Alcohol-Focused Offering

- Beer was the primary product, often limited to mainstream lagers.
- Limited or no emphasis on food beyond basic counter meals or 'pub grub'.

Gaming and TAB Facilities

- Many pubs relied heavily on revenue from poker machines (pokies).
- TAB betting areas were common, especially in suburban and regional pubs.

Cultural & Social Role

- Hosted local events, raffles and sports club gatherings.
- Often sponsored local footy teams or community groups.

A Multi-Purpose Venue

Design-Led Spaces

- Architecturally designed interiors with heritage restoration or contemporary flair - Instagrammable aesthetics/ curated ambience.
- Multiple zones (rooftop bars, beer gardens, lounges and private dining rooms).

Diversified Offerings

- Food-first approach, including chef-led menus with seasonal produce and inclusive dietary options.
- Craft beverages with extensive beer, wine and cocktail lists, often featuring local producers.

Tech Integration

- Mobile ordering, digital menus and loyalty apps.
- Online booking systems and social media engagement.
- Data-driven customer insights and targeted promotions.

Experience-Driven

- Live music, trivia nights, comedy shows and art exhibitions.
- Event hosting such as weddings, corporate functions and community markets.
- Some include co-working spaces or boutique accommodation.

Pub Grub Indices

Old-School Pub Staples Make a Gourmet Comeback

The CBRE-produced Pub Grub Indices include pricing data for chicken parmigiana, steak sandwich, schooner and Aperol Spritz, as a quirky yet insightful snapshot of pub dining and drinking trends across Australia's eastern states. Data was collected from 105 pubs (35 per state), capturing both F&B trends.

Victoria stands out as the most expensive state overall, highlighting the state's strong dining culture and willingness to pay for elevated pub classics. NSW follows closely, reflecting similar sentiment. In contrast, QLD remains more affordable, supported by a greater price sensitivity.

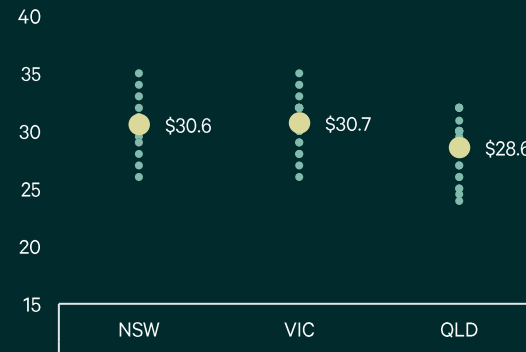
The highest-priced venues were typically those that had undergone recent significant refurbishments, suggesting a correlation between capital investment and premium menu pricing.

Beyond pricing, the Pub Grub Indices also showcase evolving consumer tastes and culinary innovation. Chefs are reimagining the classic dish with premium toppings, wood-fired cooking techniques and fusion flavours, turning the humble meals into a gourmet experience, which in turn justifies and drives higher menu pricing.

Figure 7: Chicken Parmigiana Index, \$, August 2025



≈\$30
average



≈\$27
average

Figure 8: Steak Sandwich Index, August 2025



Figure 9: Schooner (425 ml) Index, August 2025



≈\$10.7
average



≈\$18
average

Figure 10: Aperol Spritz Index, August 2025



Advancements in Operations & Tech Integration

80%

Australians who visit venues expect smart technology (like at-table ordering and venue apps)

Source: me&u; YouGov



65%

of restaurants are already using AI

99%

of those already seeing measurable benefits

Source: SevenRooms



51%

of hospitality businesses prioritise sustainably sourced ingredients

Source: Lightspeed



Smarter Pub Operations

Modern pub groups are turning to integrated platforms like Quantaco and SevenRooms to streamline operations across food, beverage, gaming, retail and events.

- These systems offer real-time financial visibility, allowing faster decisions and tighter cost control. Operators can track profitability across venues, spot revenue leakage and benchmark performance.
- For institutional owners managing large portfolios, this level of insight is essential for scaling operational excellence.

Enhancing Patron Experience

Digital tools are reshaping the customer journey in high-volume pubs.

- QR code ordering is now standard, cutting wait times and enabling leaner staffing without compromising service.
- Digital loyalty programs are gaining traction, helping operators capture valuable customer data and drive repeat visits through targeted rewards.
- Self-service kiosks and app integrations boost order accuracy and encourage upselling - without increasing labour costs.

Sustainability

Sustainability is now a core value in Australian pubs, not just a trend. Customers increasingly expect eco-conscious practices, making sustainability a key factor in brand loyalty.

- Pubs are cutting down on energy bills and emissions by switching to LED lighting, upgrading fridges and freezers and installing solar panels.
- More pubs are offering meals made with locally sourced, seasonal and sustainable ingredients. Plant-based options are growing too (veggie parmans and meat-free burgers).
- Venues are working hard to reduce food waste and single-use plastics.



Pubs Operational Fundamentals



Multiple Revenue Streams

Pubs generate income from a variety of sources that contribute to their strong and diversified cash flow. F&B sales form the core, with high margins particularly on alcoholic drinks. In states like QLD and NSW, gaming machines (pokies) are a major revenue driver, often contributing significantly to daily takings. Events and functions (weddings, trivia nights, live music and corporate bookings) provide seasonal and weekend boosts, enhancing profitability. Additionally, some pubs offer accommodation, adding another layer of income and attracting both local and tourist patronage.



Positive Cash Flow Business

Pubs operate on a daily cash cycle, earning income from food, beverage, gaming and entertainment transactions every day. This continuous inflow of cash sets them apart from traditional commercial assets like offices or industrial properties, which rely on fixed-term rental payments. The immediacy of revenue allows pub operators to maintain strong liquidity and respond quickly to operational needs or market changes - patrons pay upfront while suppliers are typically paid on 30-45 day terms.



Resilience to Economic Cycles

Pubs in Australia are deeply embedded in their local communities, serving as accessible and familiar social hubs. Their appeal lies in offering an affordable, 'guilt-free' form of discretionary spending - a casual meal, a drink with friends or a night of entertainment - which makes them resilient during economic downturns. When budgets tighten, patrons often cut discretionary budgets elsewhere before giving up their visits to the local pub.

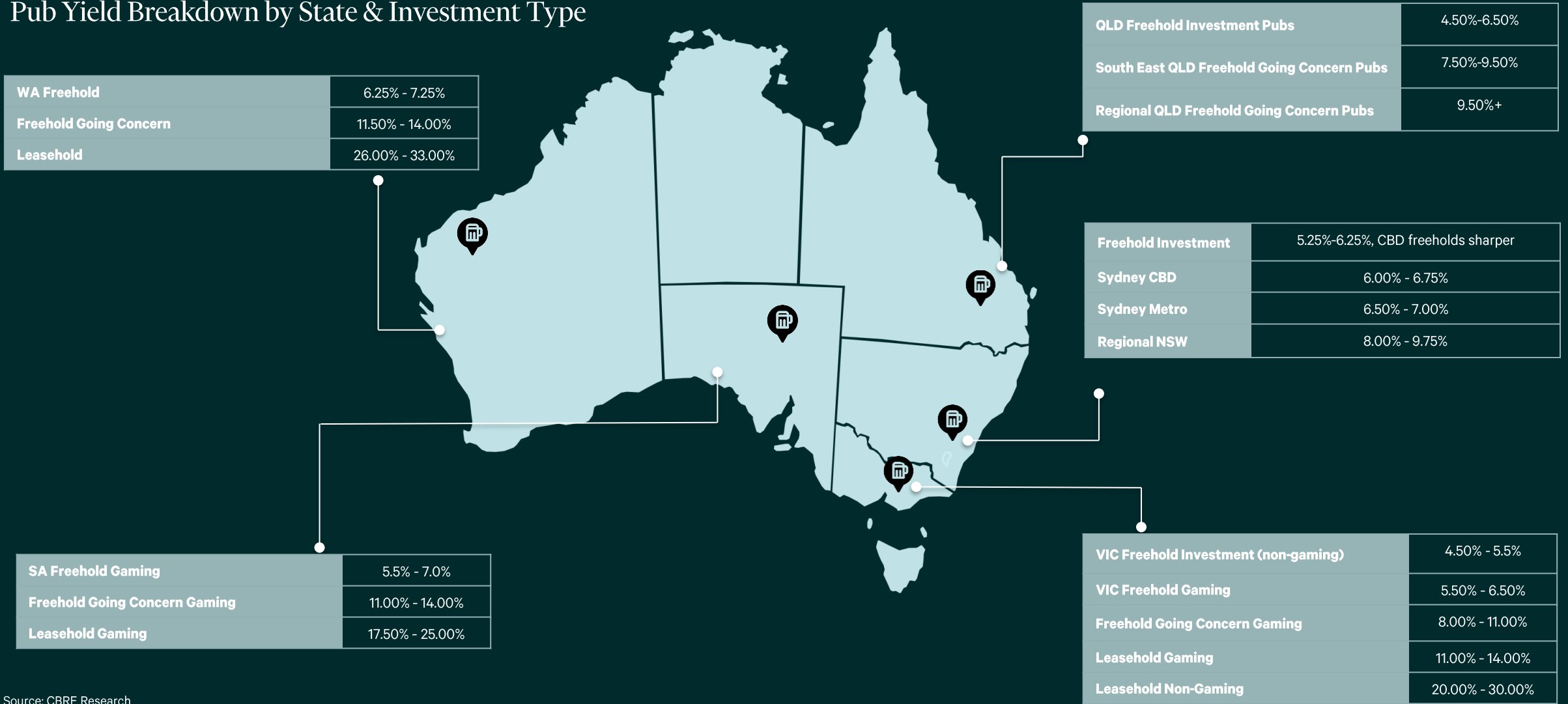


High-Entry Barriers

High-entry barriers are a defining feature of gaming-heavy pub assets, particularly in Southeast Queensland (SEQ), where the cost of acquiring the necessary components - the venue, gaming licences and entitlements - can reach up to \$30 million. These barriers stem from strict regulatory controls, limited availability of gaming machine entitlements and the premium placed on well-located, large-format hotels with strong trading histories. Therefore, the market for gaming-intensive pubs is highly competitive and often dominated by institutional investors or experienced operators with deep capital reserves.

Investment Landscape

Pub Yield Breakdown by State & Investment Type



Source: CBRE Research

New South Wales



The NSW pub market experienced notable **yield compression and volatility post-COVID**, largely driven by a fall in maintainable earnings during the pandemic. Coming out of COVID-19, sharper investment metrics were still being maintained. 2022 saw a national record for transaction volume within NSW.



By **late 2023 to early 2024**, pub yields had **softened** by $\approx 100-125$ bps vs. 2021-2022 levels.



In 2024, **sales activity was relatively muted**, with 13 transactions recorded since late 2023, 8 of which were Redcape-owned assets sold in H2 2024. Redcape - a major pub fund under MA Financial Group – following a divestment strategy from the group. These transactions reshaped the market's yield profile for Freehold Going Concerns.



CY2025 has seen renewed levels of optimism in the NSW Freehold Going Concern investment market. Three interest rate cuts, coupled with increased performance in gaming revenue across the market, an overall lack of A-grade stock and an unsatisfied investor appetite, have contributed to a compression in yield profile.

The expectation for the remainder of CY2025 and leading in CY2026 is for **further strong enquiry levels for A-grade stock** when available to market, both via expressions of interest and off-market campaigns, which could further underpin/normalise some recent transactions that appear to have commenced recalibration of the Sydney investment market yield profile. This demand coupled with the most recent interest rate reduction is expected to maintain, or potentially further contribute to compression in the yield profile.



The Middle Pub (The Commercial Hotel), Mullumbimby NSW

Rebounding Transactions & Elevated Leasehold Activity



Due to high entry costs for freehold investments, leasehold activity remains elevated, particularly in metro areas where operators seek lower-risk entry points.

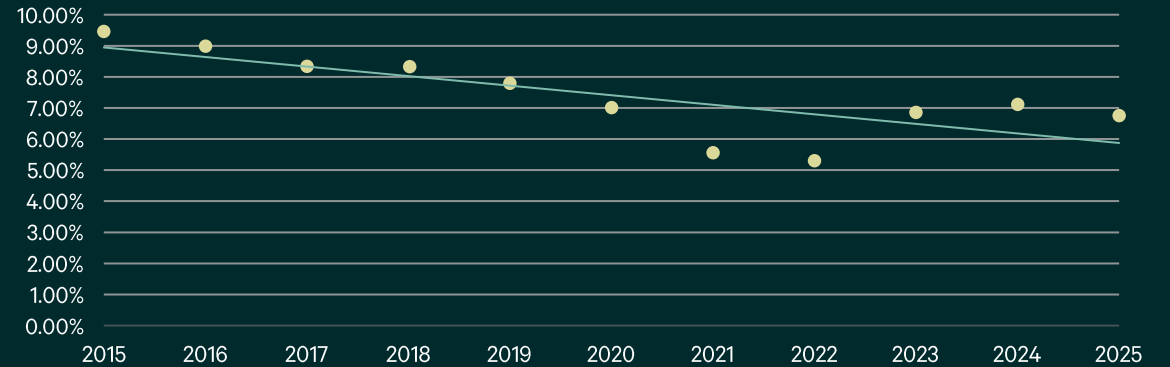
The pub buyer pool at the upper end of the NSW pub market is becoming increasingly concentrated, with a select group of experienced owner-operators driving acquisition activity. High barriers to entry are expected to drive further consolidation within the sector.

New South Wales Investment Sales Analysis

The analysis of Sydney Metro freehold going concern yields from 2015 to 2025 reveals a clear sharpening trend, albeit with some fluctuations over the period. Yields peaked at 9.5% in 2015 but have since compressed significantly, reaching 5.3% in 2022. While the wider market experienced notable yield widening in 2020 due to pandemic-induced volatility, the metro segment remained relatively insulated. Yields have since softened and stabilised at an average of around 6.75% in 2025. Overall, shifting consumer behaviour, compounded investment metric sharpening and improved operational performance have underpinned asset values.

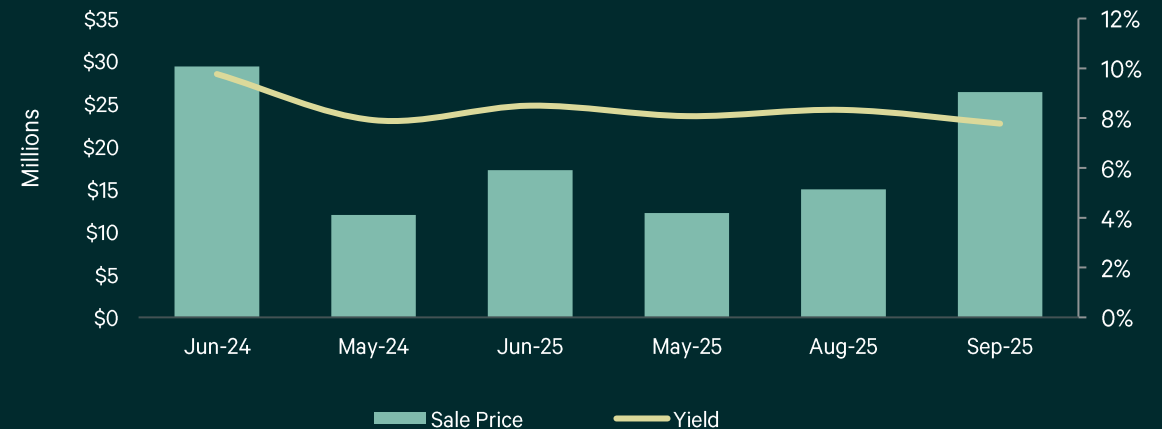
In regional NSW, yields have generally compressed from 9.8% in June 2024 to 7.8% in September 2025 in response to increased investor demand and improved asset performance. This trend aligns with the broader market landscape amid interest rate cuts, driving yield compression as capital becomes cheaper and competition for assets intensifies. Many regional pubs benefit from zoning regulations, which create significant opportunities for redevelopment or repositioning. As demand for diverse and innovative spaces grows, the ability to repurpose these sites can drive asset values higher, making them attractive investments.

Figure 11: Freehold Going Concern Yields, Sydney Metro, 2015 – 2025 YTD



Source: CBRE Research

Figure 12: Freehold Going Concern Transactions, Regional NSW, 2024 - 2025



New South Wales Gaming Regulations



The NSW gaming industry is **highly regulated**, with poker machines first introduced into pubs in 1997. Venues operate under two licence types - Gaming Machine Entitlements (GMEs) and Poker Machine Permits (PMPs), with a maximum of 30 machines permitted per hotel. Venues are assessed under the **Local Impact Assessment scheme**, which ranks locations into three socio-economic bands, influencing approvals for additional machines.



The industry is shaped by a **capped entitlement pool**. Transfers of GMEs generally require compulsory forfeiture, underpinning scarcity and supporting value. Entitlements current trade between \$400,000 - \$425,000, with PMPs attracting a premium due to their exemption from forfeiture. Entitlements reached as high as \$625,000/entitlement back in 2022.



Operating conditions include a minimum 85% return-to-player ratio, with most machines generating a 7-10% net margin. Profits are taxed quarterly on a progressive scale, ranging from 33% to 50% above \$50,000. **Reform is ongoing**, with cashless gaming trials underway alongside \$500 load limits, a buy-back scheme, signage bans and responsible gambling requirements, **signalling a major shift in operating models**.

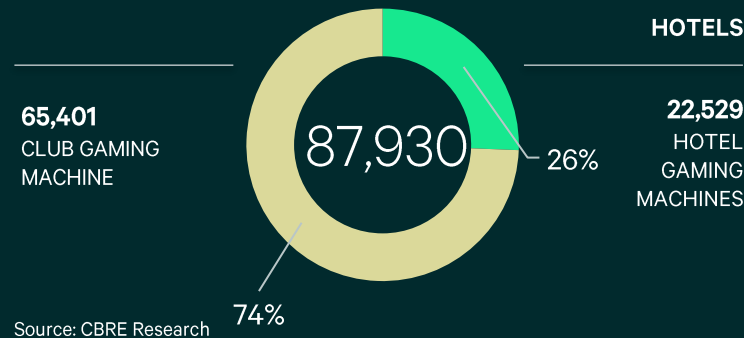
Cap set by venue floor space

Maximum Permissible Number of Gaming Machines per Club

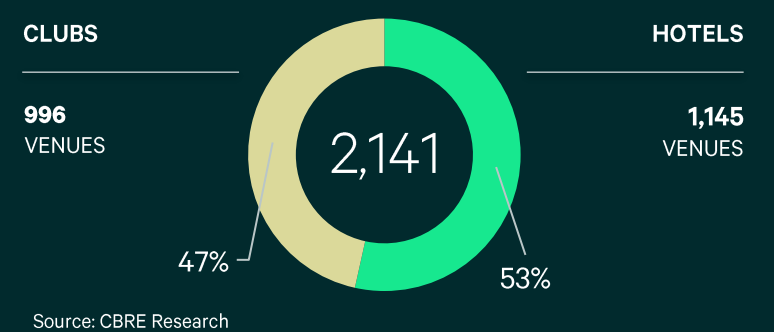
30

Maximum Number of Gaming Machines per Venue (Hotels)

Total Number of Operating Gaming Machines in NSW, June 2025



Total Number of Operating Gaming Venues in NSW, June 2025



NSW

Notable Transactions

YE Sep2025

Australian Hotel
Sep 2025



Bath Arms Hotel
Sep 2025



Firehouse Hotel
Aug 2025



Terrigal Hotel
Aug 2025



Doonside Hotel
Jul 2025



Beach Hotel
May 2025



The Duke and Dural
Apr 2025



The Union Hotel
Apr 2025



NSW

Notable Transactions

YE Sep2025

Richards on The Park Hotel
Oct 2025



Australian Hotel
Sep 2025



Bath Arms Hotel
Sep 2025



Firehouse Hotel
Aug 2025



Terrigal Hotel
Aug 2025



Doonside Hotel
Jul 2025



Beach Hotel
May 2025



The Duke and Dural
Apr 2025



Queensland



Queensland's pub market gained significant momentum in late 2024, supported by **targeted policy reforms** and **enhanced capital liquidity**, albeit with limited transactions, particularly when compared to NSW. While overall sales volumes remain subdued, the **quality and strategic nature of deals** occurring however signals a maturing investment landscape.



The 2022 trial reform **reducing the surrender tax from 33% to 15%** has significantly enhanced liquidity in Queensland's operating authority market. Previously constrained by prohibitive tax costs, limited licence surrender activity kept supply low despite strong demand. The reform unlocked trading activity, with prices escalating as demand intensified and the intrinsic value of pub assets strengthened. **Multi-venue operators have since undertaken strategic portfolio adjustments**, divesting underperforming licences and reinvesting in stronger markets. With much of this activity now complete, the market is entering a period of correction and stabilisation as conditions normalise, and pricing adjusts to more sustainable levels.



SEQ continues to draw strong investor interest, driven by sustained population growth, infrastructure expansion and the long-term uplift associated with Olympic preparations. **Operating authorities in SEQ now command nearly double the pricing seen in NSW**, reflecting both regulatory confidence and heightened demand.



While **investment metrics** in QLD remain **slightly softer than NSW**, the market is showing signs of stabilisation and strategic growth. Major operators - Australian Venue Co., Solotel and Redcape Hotels - were prominently active in off-market property deals, while institutional appetite for pub assets intensified, underscored by Charter Hall's acquisition move on Hotel Property Investments. Investment **yields held steady**, and **well-targeted acquisitions delivered solid returns**, bolstering long-term confidence in the sector.



The Normanby Hotel, Red Hill, QLD



Investor interest is particularly strong in **freehold going concern pubs with diversified income streams** - those offering accommodation, bottle shops, bistros and event spaces. These assets are often owner-operated, with deep community ties and potential for value-add through refurbishment or repositioning.

Investor Momentum Builds Across South-East Queensland and Key Regional Hubs

Queensland Gaming Regulations



Queensland's gaming machine landscape has undergone a significant transformation since 1996, when clubs dominated the market with c.80% of the machines. Over the years, **hotels aggressively expanded their gaming footprint**, narrowing the gap to the current distribution of 53% in clubs and 47% in hotels. This shift was largely driven by policy changes that allowed hotels to acquire more machines through a competitive tender system, while clubs operated under a more static operating authority model.



Recent regulatory reforms have introduced **more flexibility for clubs**, particularly in regional areas. Larger clubs can now merge with smaller ones and increase their total authorities across multiple venues, although the per-venue cap of 300 machines remains unchanged. This policy aims to support struggling clubs and encourage consolidation, which could present opportunities for investors looking to acquire or reposition assets in underserved markets.



Properties with operating authorities, especially those in regions where consolidation is encouraged, may see increased demand and sharper yields.

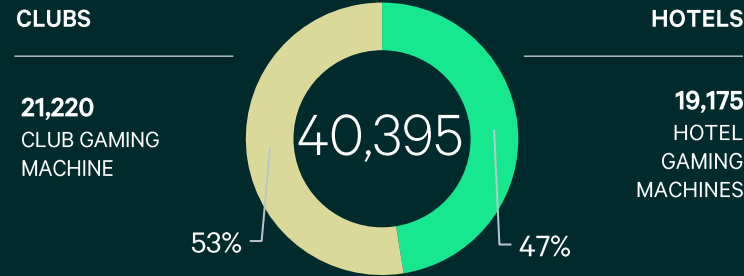
300

Maximum Permissible Number of Gaming Machines per Club

45

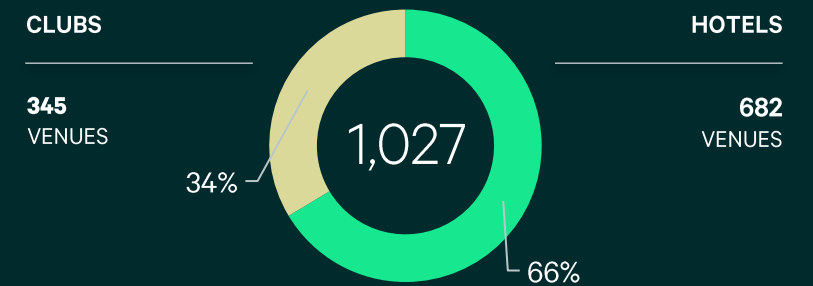
Maximum Permissible Number of Gaming Machines per Hotel

Total Number of Operating Gaming Machines in QLD, June 2025



Source: CBRE Research

Total Number of Operating Gaming Venues in QLD, June 2025



Source: CBRE Research

Queensland Gaming Regulations

QLD's operating authority market is structured **across three geographic sectors**, with transfers conducted via a **blind tender process** overseen by the Office of Liquor and Gaming Regulation. On 1 July 2022, a trial began to make it easier to transfer operating authorities, by publishing the minimum acceptable price and reducing the surrender tax from 33% to 15%. The reform transformed a previously supply constrained system, improving liquidity and price transparency.

From September 2022, all gaming authorities offered at tender in SEQ were sold, and prices consistently increased through this period, as **strong demand was led by extensive portfolio trading** by multi-venue operators. This heightened activity, accelerated price growth and drove values to record highs. As these portfolios have now largely been realigned, the **market is showing early signs of correction**, with supply beginning to outpace demand. In May 2025, the number of authorities offered peaked at 118, with only 30 sold, and the average price easing from a high of \$661,000 in March to \$564,867.

This trial has had a **direct and significant impact on market liquidity**, making it easier for operators to buy and sell authorities. In SEQ, operating authorities currently sit at nearly double the current value in NSW, highlighting the strength and competitiveness of the QLD market, despite emerging price moderation.

The structured tender system and temporary trial tax relief is scheduled to run until **30 June 2028** and has positioned Queensland as a **more dynamic and accessible gaming market**, particularly for mid-tier operators seeking to expand or reposition their venues.

Figure 13: Gaming Tender Results

Tender	Closing Date of Sale	South East			Coastal			Western		
		Offered	Sold	Average Price	Offered	Sold	Average Price	Offered	Sold	Average Price
58	28/05/2025	118	30	\$564,867	29	29	\$201,362	2	2	\$131,500
57	19/03/2025	13	13	\$661,000	24	3	\$193,500	4	4	\$130,250
56	16/10/2024	4	4	\$606,210	36	36	\$203,010	0	0	-
55	5/06/2024	72	72	\$485,302	55	32	\$203,662	9	9	\$100,950
54	20/03/2024	21	21	\$465,929	47	31	\$198,668	8	8	\$133,125
53	28/09/2023	12	12	\$400,888	24	24	\$187,367	0	0	-
52	10/05/2023	103	103	\$380,870	35	35	\$177,267	8	8	\$91,000
51	11/01/2023	44	44	\$384,057	49	49	\$183,494	0	0	-
50	14/09/2022	39	39	\$374,471	65	65	\$196,815	0	0	-
49	13/04/2022	2	2	\$281,500	44	44	\$154,940	0	0	-
48	21/07/2021	0	0	-	32	32	\$122,516	0	0	-
47	24/03/2021	12	12	\$197,937	10	10	\$122,250	0	0	-
46	25/11/2020	25	25	\$178,603	30	30	\$105,002	0	0	-
45	15/07/2020	0	0	-	14	14	\$101,250	33	33	\$17,061
44	1/04/2020	0	0	-	0	0	-	22	8	\$16,500

QLD Notable Transactions

YE Jun2025

Brunswick Hotel
Jun 2025



Royal Mail Hotel
May 2025



Saltwater Creek Hotel
Dec 2024



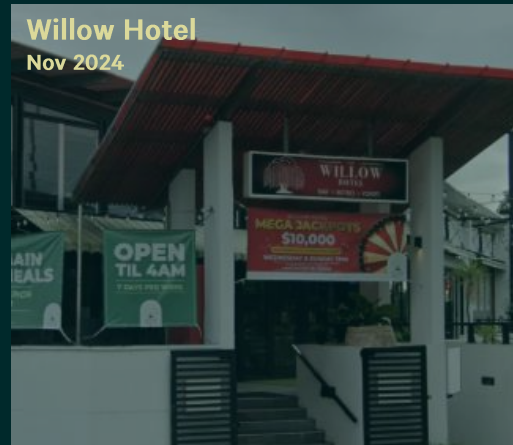
Prince Consort Hotel
Feb 2025



Lucky Tree Tavern
Nov 2024



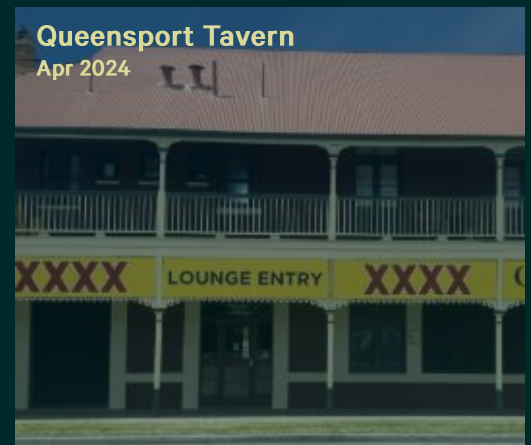
Willow Hotel
Nov 2024



Airlie Beach Hotel
Sep 2024



Queensport Tavern
Apr 2024



Victoria



Victoria remains a quieter and more complex market compared to Queensland and New South Wales. The focus is predominantly on **leasehold and non-gaming assets**, with limited transaction flexibility due to **non-transferable gaming entitlements and limited number of gaming machines**. This regulatory constraint has created a closed-loop environment, where existing operators dominate and new entrants face high barriers to entry.



Victoria's yields are generally softer across the board than those in NSW, reflecting the structural differences between the two states and the 10 yearly gaming entitlement which has provided a degree of uncertainty particularly to potential interstate purchasers.



The Victorian gaming sector is shaped by a **highly regulated entitlement system**, with post-2022 reforms locking gaming machine entitlements into **10-year, venue-specific terms**. Transfers are only permitted under strict conditions approved by the Victorian Gambling and Casino Control Commission. This has led to a **notably illiquid market**, where transactional activity is minimal and largely confined to existing operators consolidating their positions.



Despite the regulatory hurdles, there has been **active historic leasehold turnover** in Victoria. Most notably in 2021 we saw 3 interstate operators enter the gaming market. In 2025 a number of pubs have hit the market, driven by investor confidence, strategic acquisitions and evolving consumer demand as well as rising operating costs.

Quiet Strength Amid Regulatory Constraints



Young & Jacksons, Melbourne, VIC



The pockets of opportunity include:

- **Heritage and coastal pubs in regional Victoria** are attracting lifestyle buyers and tourism-focused investors.
- **Multi-use concepts** (pubs with boutique accommodation) are gaining traction.
- Non-gaming venues with **strong food and beverage offerings** are better positioned to adapt to evolving consumer preferences.

Victoria Gaming Regulations



The Victorian gaming landscape is split between **clubs and hotels**, with clubs typically operated by community or member-based organisations. However, with only **255 hotel venues** eligible for purchase, gaming hotels have become **exceptionally scarce**. This scarcity, combined with strong trading performance and strategic locations, has created a **premium on hotel-based gaming assets**.



The industry is dominated by **family-owned groups who operate multiple venues**. Over the years, these groups have pursued a strategy of progressive **acquisition and consolidation**, reinforcing their market position and contributing to a stable but highly competitive environment.

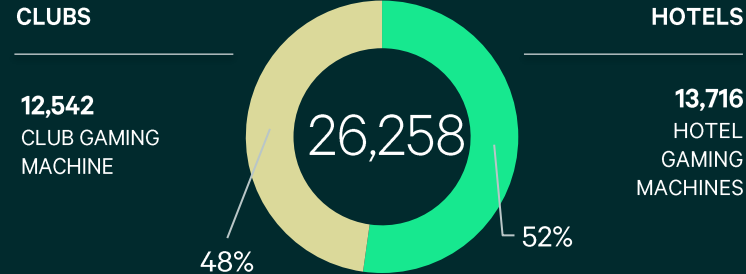


With trading hours limited to 10am–4am, operators are adapting by **enhancing venue appeal** - introducing beer gardens, sports bars, family-friendly bistros and loyalty programs to diversify revenue and meet evolving consumer expectations.

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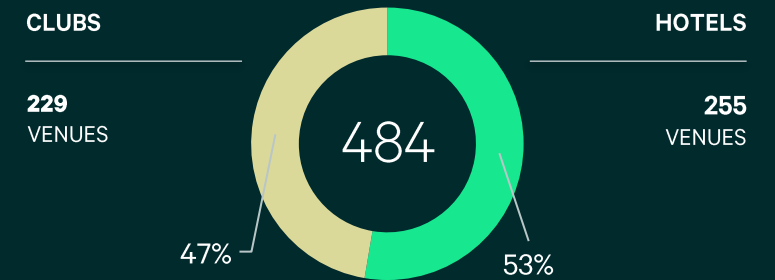
Maximum Number of Gaming Machines per Venue (Hotels & Clubs)

Total Number of Operating Gaming Machines in VIC, July 2025



Source: CBRE Research

Total Number of Operating Gaming Venues in VIC, July 2025



Source: CBRE Research

Victoria's Gaming Expenditure

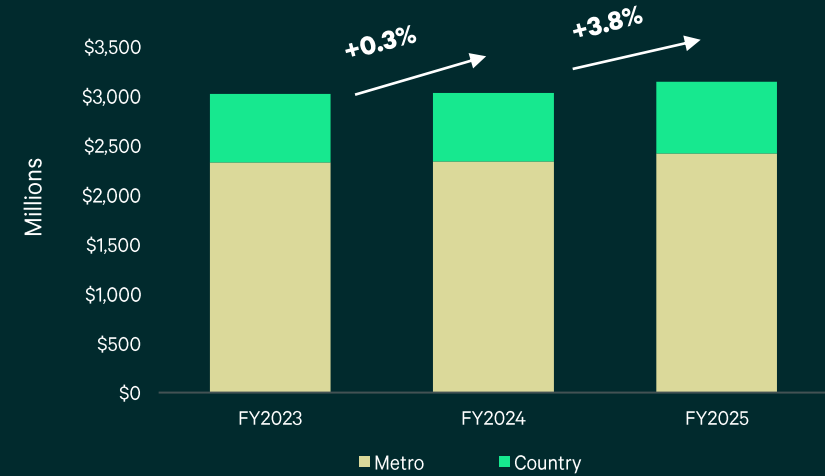
Victoria's gaming expenditure rose from \$3.02 billion in FY2023 to \$3.15 billion in FY2025, with a strong 3.8% lift in FY2025 vs. just 0.3% in FY2024 - signalling **renewed sector momentum** driven by post-pandemic recovery and consumer confidence.

Metro areas consistently dominate, holding around 77% of total spend, but regional areas are gaining ground. In FY2025, **country regions outpaced metro in growth** (4.7% vs. 3.5%), reflecting improved accessibility, shifting demographics and targeted investment in regional hospitality.

Overall, Victoria sees a **maturing and resilient gaming market**, with **distinct regional dynamics and sustained demand for in-venue experiences**. For operators, this reaffirms the importance of supporting venue-based gaming infrastructure, especially in regional areas where growth potential is emerging.

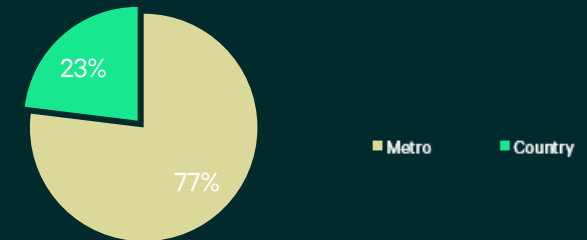
While online gambling is expanding, **pokies remain a cornerstone of Victoria's gaming economy**, with consumers continuing to spend heavily in physical venues. The enduring preference for in-person gaming experiences highlights the social and habitual nature of pokies and emphasises **the need for balanced strategies that support both digital innovation and traditional venue engagement**.

Figure 14: Gaming Expenditure, Victoria



Source: CBRE Research; VCGLR

Figure 15: Gaming Expenditure by Region, 2025, Victoria



Source: CBRE Research; VCGLR

Victoria Investment Sales Analysis

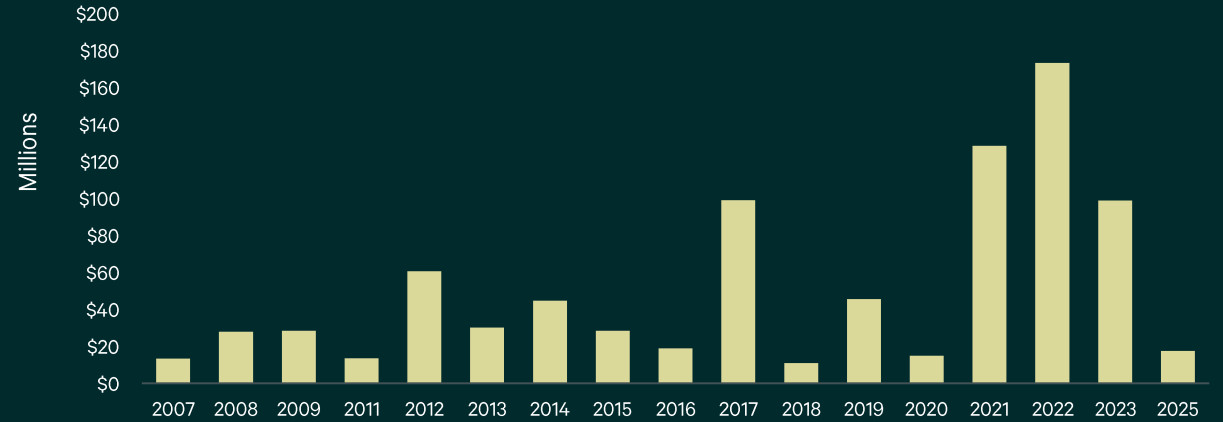
Gaming Hotel Freehold Going Sales

The Victorian market has experienced pronounced cycles, with sharp fluctuations reflecting broader economic conditions, regulatory changes and investor appetite for gaming-linked hospitality assets.

The key growth years of 2012, 2017 and 2021-2022 indicate times of heightened investor confidence. The post-COVID boom, peaking at \$173.4 million in 2022, showcases aggressive acquisition strategies, driven by the repricing of assets post-lockdown, strong gaming revenue recovery and low interest rates with high liquidity.

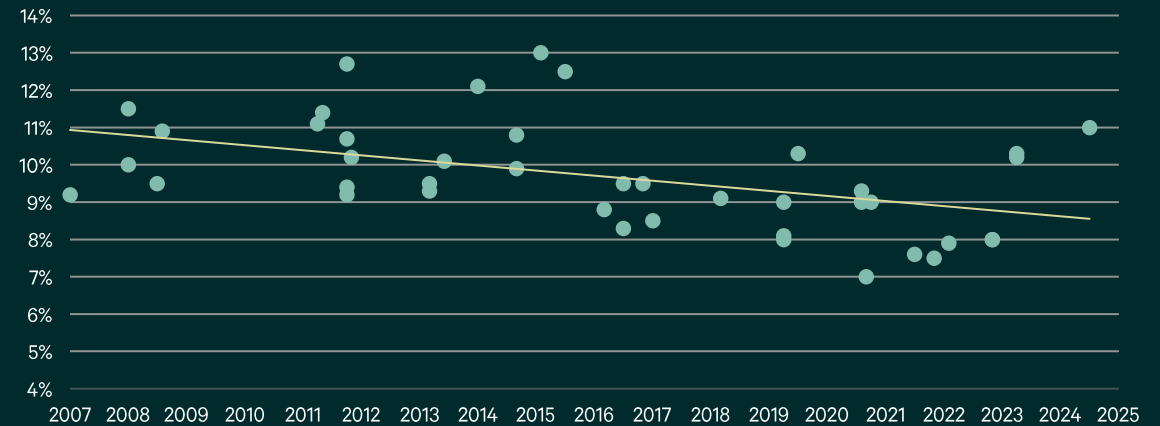
The yield data shows a gradual compression over time, signalling increased investor confidence, rising asset values and a lower perceived risk in gaming hotel operations. Yields have moved from 6.25% in 2007 to a low of 5.00% in 2022, before slightly softening to 5.50% in 2023. The modest uptick in 2023 suggested early signs of market recalibration amid rising interest rates and growing operational cost pressures.

Figure 16: Gaming Hotel Freehold Going Sales, \$, Victoria



Source: CBRE Research

Figure 17: Gaming Hotel Freehold Going Sales Yields, %, Victoria



Source: CBRE Research

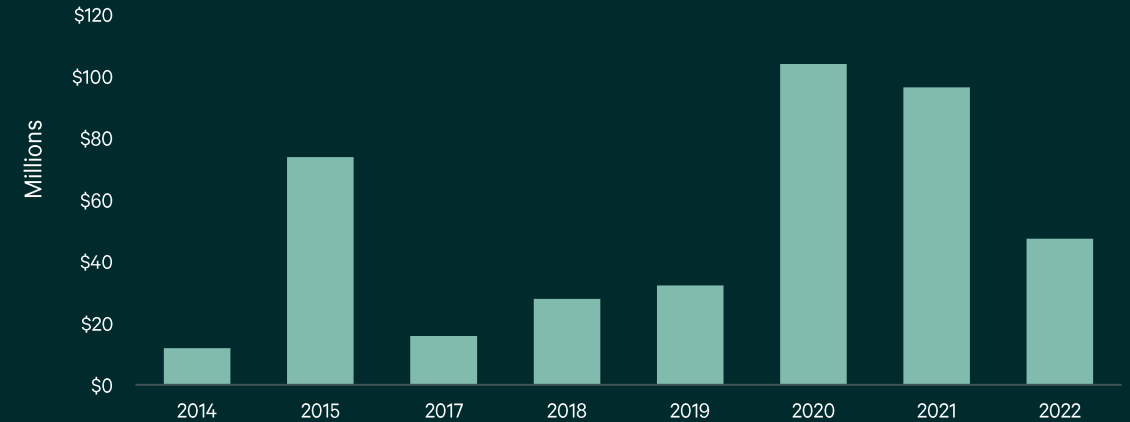
Victoria Investment Sales Analysis

Gaming Hotel Business Leasehold Sales

Victoria's investment sales between 2014 and 2022 exhibited significant volatility. The market surged in 2015, reflecting a large portfolio deal and renewed confidence post-GFC, before sharply contracting in 2017. A strong rebound followed, culminating in a pandemic-era high of \$104 million in 2020, thanks to asset repositioning and liquidity-driven acquisitions. However, the market softened in 2021 and halved again in 2022, responding to tightening financial conditions, regulatory caution or a pause in transactional momentum.

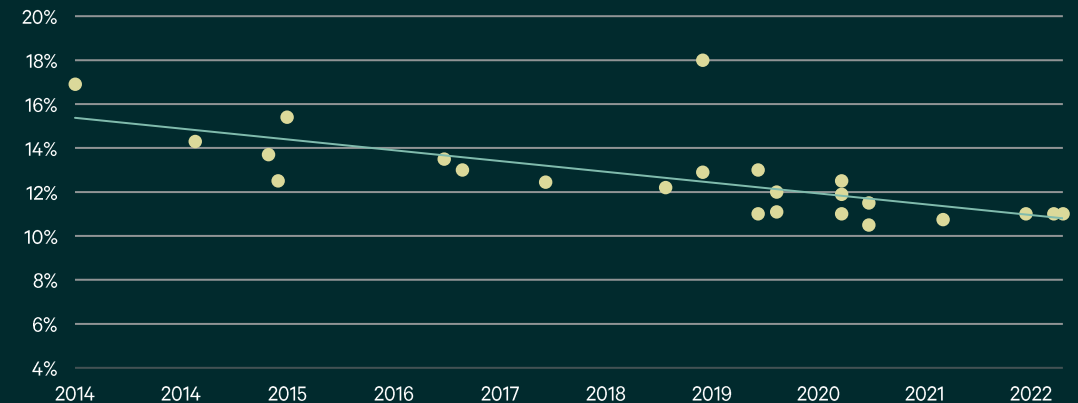
There's been a significant compression in yields - starting at 16.90% in January 2014, yields experienced a compressing trajectory, reaching a low of 10.50% by March 2021. This contraction suggests a tightening market, due to increased competition, longer lease terms and regulatory changes. Although there were some fluctuations and a brief softening in yields during late 2020 and early 2021, the overall trend remained downward, stabilising around 11.00% by late 2022.

Figure 18: Gaming Hotel Business Leasehold Investment Sales, \$, Victoria



Source: CBRE Research

Figure 19: Gaming Hotel Business Leasehold Investment Sales Yields,%, Victoria



Source: CBRE Research

VIC

Notable Transactions

Whalers Hotel
Dec 23



Mac's Hotel
Dec 23



Derrimut Hotel
Jul 23



Olive Tree Hotel
Jul 23



Queenscliff Brewhouse
May 25



Fargo & Co
Sep 24



Harlow
Aug 24



The Cornerstone
Jul 24



Other States and Territories

Western Australia & the Australian Capital Territory



In these states, **gaming machines are prohibited**, which fundamentally shapes pubs' business models. These venues rely heavily on food, beverage and entertainment, creating **an experience-driven environment** where success hinges on hospitality quality, atmosphere and community engagement. This opens up opportunities for premium dining, live music partnerships and event hosting - from trivia nights to local festivals - making pubs vibrant social hubs.



Ownership in these markets is **predominantly family run, local and owner-operated**, reflecting strong community ties and a preference for hands-on management. While this limits institutional competition and large-scale portfolio transactions, it also fosters stable operations and deep customer loyalty, albeit with **lower liquidity** and fewer high-volume deals.

South Australia, Tasmania & the Northern Territory



In contrast to the larger eastern states, SA, TAS and NT offer smaller yet **stable pub markets** with distinct investment appeal. These markets are increasingly supported by a strong tourism recovery, improved profitability post-COVID and a lifestyle-driven investor base seeking long-term opportunities.

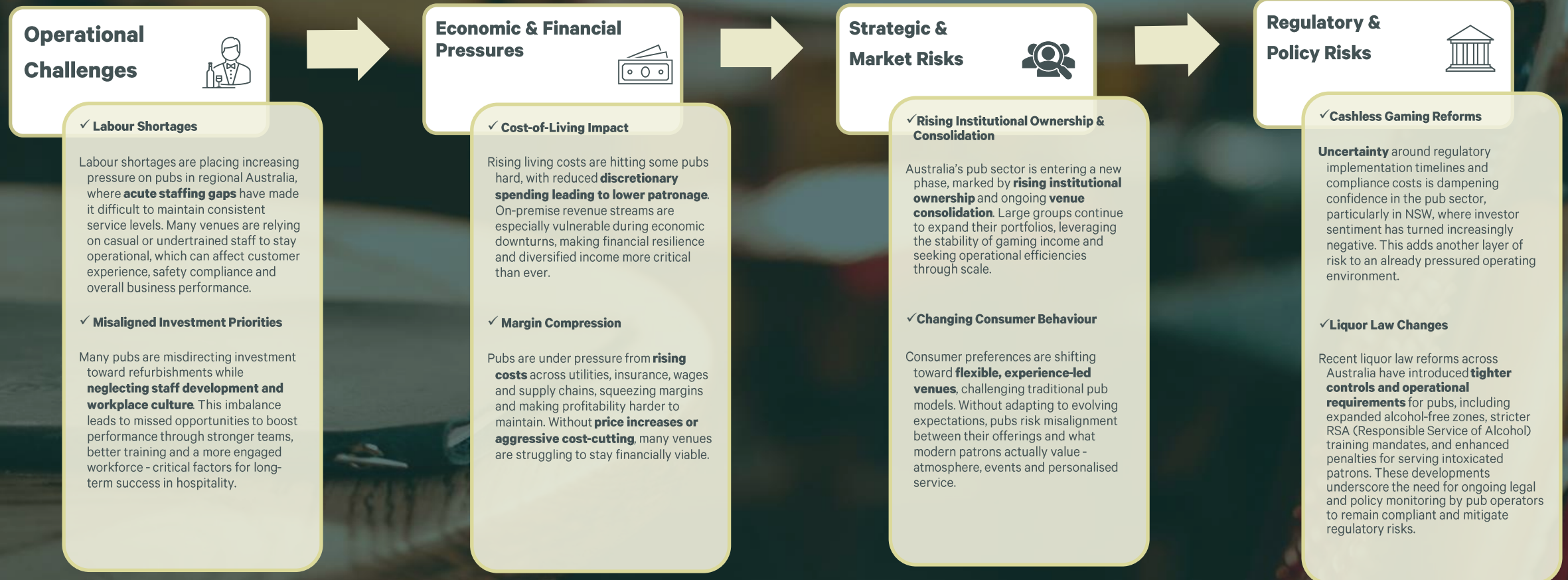


A key differentiator in both markets is the presence of **active gaming**, especially electronic gaming machines, which provide a reliable revenue stream that sustains consistent returns, even in remote hubs. This gaming-linked income enhances profitability and offsets the challenges of smaller population bases, making SA, TAS and NT attractive to yield-focused investors seeking dependable cash flow in niche, regulation-sensitive environments.



Hahndorf Inn, Hahndorf, SA

Challenges & Risks



Looking Forward



The outlook for pubs and GMEs in NSW remains positive, with expectations of **gradual price appreciation** over the next 12-24 months. This is fortified by stable gaming revenues, strong patronage and resilient demand in both metro and regional areas along with limited supply of quality freehold assets.

As interest rates stabilise and cap rates compress slightly, investor demand, particularly from institutional and syndicate-backed buyers, is poised to support modest uplifts in asset values, especially for venues with strong gaming entitlements and redevelopment potential. Strategic refurbishments and zoning flexibility are unlocking redevelopment potential, especially in urban fringe and mixed-use areas.



Increased appetite from traditional banks is adding further momentum pubs. As lending conditions stabilise, banks are showing **renewed confidence** in the sector, particularly for assets with strong gaming entitlements and consistent cash flow. This resurgence in credit availability is enabling more competitive bidding, especially among private investors and syndicates and is helping to underpin valuations across both metro and regional NSW.



An increase in demand for leasehold pub assets is set to be driven by lower capital outlay requirements and the ability to access high-performing venues without the need to acquire the underlying freehold. This trend is on track to be pronounced among experienced operators and syndicates seeking operational upside through improved F&B and gaming performance.

The Lord Gladstone Hotel, Chippendale, NSW

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