

FIGURES | ADELAIDE RETAIL | Q1 2026

Defensive characteristics drive investor appetite for neighbourhood and LFR assets

▼ 1.1%

SA Economic Growth 2026-27¹
¹Deloitte Access Economics

▲ 11.7%

CBD Vacancy Rate, H2 25

▲ 1.5%

Regional Centres Y-o-Y Net Face Rent Growth

▶ 6.05%

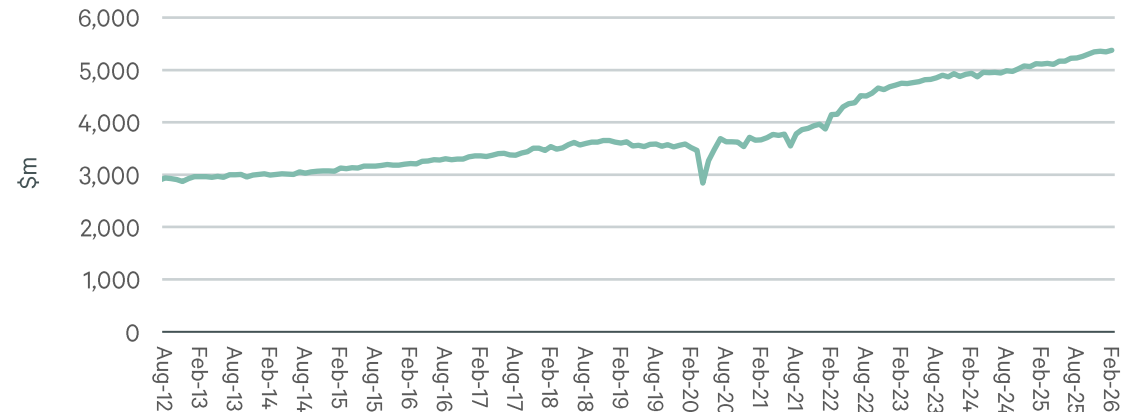
Large Format Retail Yield

Note: Arrows indicate change from previous quarter.

Key Points

- Monthly household spending in South Australia rose by 5.1% y-o-y in February 2026, reflecting a solid rebound in consumer sentiment despite escalating cost-of-living pressures.
- There was no new retail supply recorded for Q1 2026. Retail supply in 2026 is forecast to total c.57,120 sqm (incl. non-metro SA).
- Average net face rents remained stable q-o-q across all retail categories. Regional centre net face rents increased by 1.5% y-o-y to an average of \$1,600/sqm. Super prime CBD rents pushed up by 3.1% y-o-y, while LFR rents increased by 2.5% q-o-q.
- Across Adelaide, c.\$37.4 million of transactions were recorded in Q1 2026 (for transactions ≥ \$5 million).
- In Q1 2026, yields across all Adelaide retail asset classes remained broadly stable on a quarterly basis. On an annual basis, regional centre yields compressed by 15 bp y-o-y to 7.08% while neighbourhood centre yields tightened by 13 bp to 5.94%. Sub-regional centre and LFR yields both compressed by 8 bp y-o-y to 6.46% and 6.05%, respectively. In contrast, CBD super-prime retail yields expanded by 25 bp q-o-q to average 5.00%.

FIGURE 1: South Australia Monthly Household Spending (Seasonally Adjusted)



+5.1%

Year-on-Year to February 26



+0.6%

Month-on-Month to February 26

Source: ABS, CBRE Research

Economic Overview

Australia maintains resilient growth amid persistent inflation and emerging stagflation risks

In Q4 2025, Australia’s economy continued to demonstrate resilient momentum despite a challenging global backdrop. Australia’s GDP grew by 0.8% q-o-q (seasonally adjusted chain volume measures) and 2.6% y-o-y, maintaining its steady growth trajectory. GDP per capita increased 0.4% in the quarter.

Australia’s inflation pressures remain elevated, with the CPI rising 3.8% y-o-y in January 2026. The biggest contributors continue to be housing costs (+6.8%) and food prices (+3.1%). Moreover, rising costs associated with energy shocks and supply chain disruptions are putting upward pressure on prices. With inflation still above the RBA’s target range, the central bank faces ongoing pressure to keep interest rates high or potentially raise them further, amid concerns about slowing economic momentum and increasing input costs, raising the risk of a stagflationary environment.

Recreation and culture drive household spending growth

South Australian household spending increased by 0.6% in February 2026, outperforming the national average growth of 0.3% and marking a rebound from weakness in January. The uplift was driven by higher spending on recreation and culture, health and food, broadly aligning with national trends that continued to favour services-led consumption despite ongoing cost-of-living pressures.

FIGURE 2: South Australia Household Spending Y-o-Y by Category



Source: ABS, CBRE Research

SA employment hits record levels as high-value industries fuel expansion

In February 2026, SA recorded a new employment peak of c.997,500 people, underscoring the state’s ongoing labour market resilience amid a moderating national backdrop. The trend unemployment rate declined to 4.0%, remaining below the national average, while the participation rate eased to 64.7%. Employment growth continues to be underpinned by structurally expanding industries, particularly health and aged care, alongside professional, scientific and technical services, advanced manufacturing, construction and defence-related activities, which collectively support the state’s long-term job base.

Adelaide’s primary sectors are health and social work, which make up c.15% of total Gross Value Added and wholesale and retail trade, contributing c.10.3%. The city is also strengthening its position as a nationally significant hub for biomedicine and defence-related research, anchored by Adelaide BioMed City, a \$3.8 billion health and medical research precinct in the CBD.

FIGURE 3: Unemployment Rate by State (seasonally adjusted)



Source: ABS, CBRE Research

International migration has become the primary engine of SA’s population growth

As of September 2025 (latest available), SA’s population growth is moderate yet steady, with a 1.1% y-o-y increase. According to the ABS, this growth is largely fuelled by strong net overseas migration (+19,375), which compensates for a negative net interstate migration (-1,026). In comparison to faster-growing states like Western Australia and Victoria, South Australia’s growth remains subdued.

Supply

Retail supply holds steady in Q1 2026 as mixed-use and LFR projects shape SA's pipeline

No new retail supply was delivered in Q1 2026. However, SA's retail development pipeline for 2026 is forecast to total c.57,120 sqm (incl. non-metro), broadly in line with the long-term average. A major contributor is the Angle Vale Home & Lifestyle Centre, an LFR development located at the corner of Frisby Road and Curtis Road in one of Adelaide's fastest-growing northern suburbs, which will add c.6,800 sqm of new space.

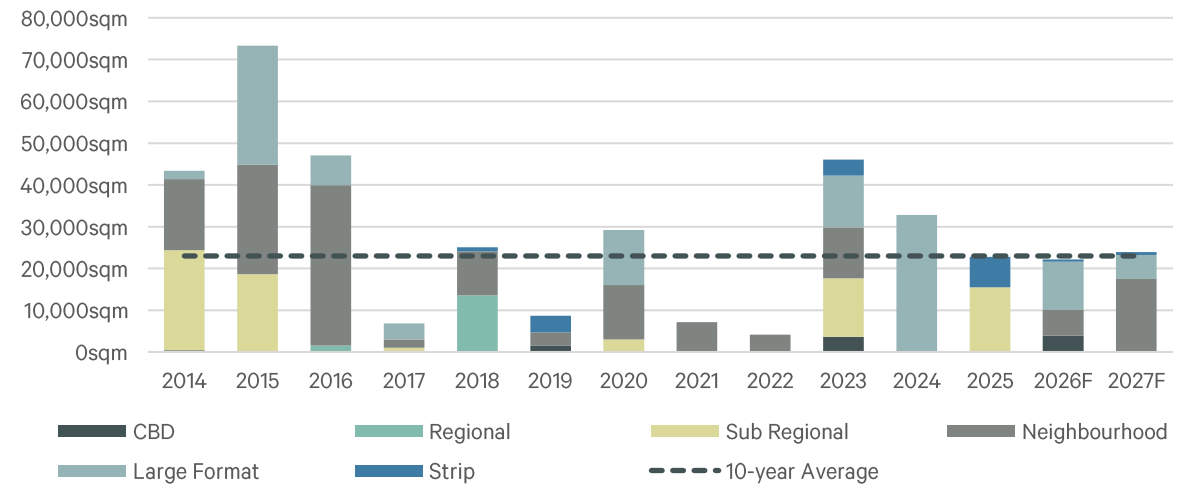
Q1 2026 marked a transition from 'pipeline set-up; to 'delivery-phase activation' for Adelaide CBD retail, led overwhelmingly by the Market Square / Central Market expansion (c.4,000 sqm) with secondary momentum across the East End and North Terrace. Multiple retail-led mixed-use projects materially advanced toward opening or construction, setting up late-2026-2027 retail supply inflection.

In 2027, Adelaide is poised to see a notable wave of retail completions, particularly across neighbourhood centres (34%) and large-format retail (34%). This reflects a growing investment focus beyond the metropolitan core. Key developments include the Jubilee Highway East Bulky Goods Outlets & Food & Beverage precinct (11,300 sqm) and Two Wells Town Centre on Old Port Wakefield Road (9,500 sqm).

Population growth in northern suburbs underpins strong retail development momentum

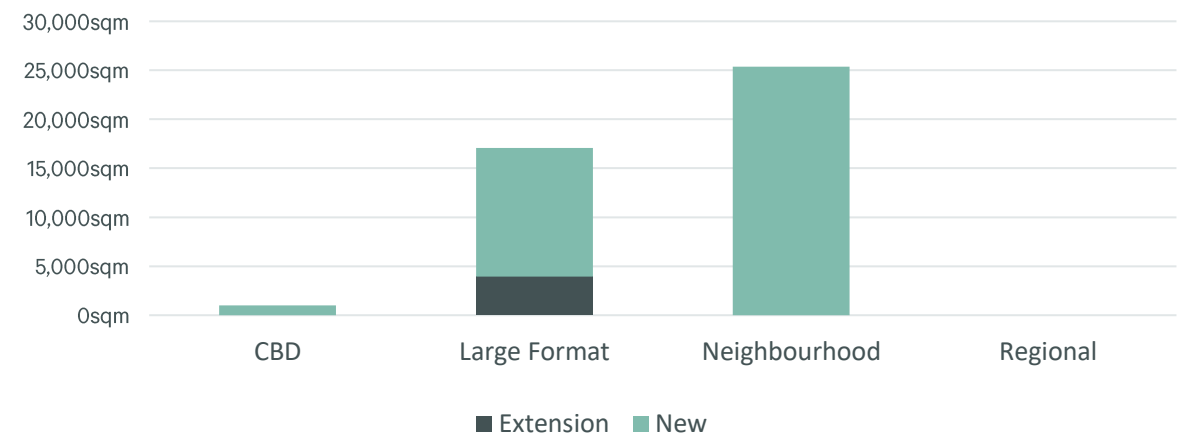
The pipeline for 2026 and 2027 is heavily weighted toward rapidly expanding outer-metropolitan regions, particularly Adelaide's northern growth corridor, where Angle Vale, Two Wells and Munno Para are experiencing sustained population growth and large-scale housing delivery. As a result, LFR and neighbourhood centres in these growth corridors are expected to outperform other retail formats, underpinned by expanding catchments, lower development costs relative to CBD sites and continued retailer preference for larger footprints with efficient layouts. State investment in roads, water and sewer upgrades across Playford and Light Regional Council areas is set to support earlier activation of LFR and neighbourhood centres.

FIGURE 4: Greater Adelaide Retail Supply by Category



Source: CBRE Research

FIGURE 5: Adelaide Future Supply by Property and Development Type, 2026-2028



Source: CBRE Research

Rental Performance

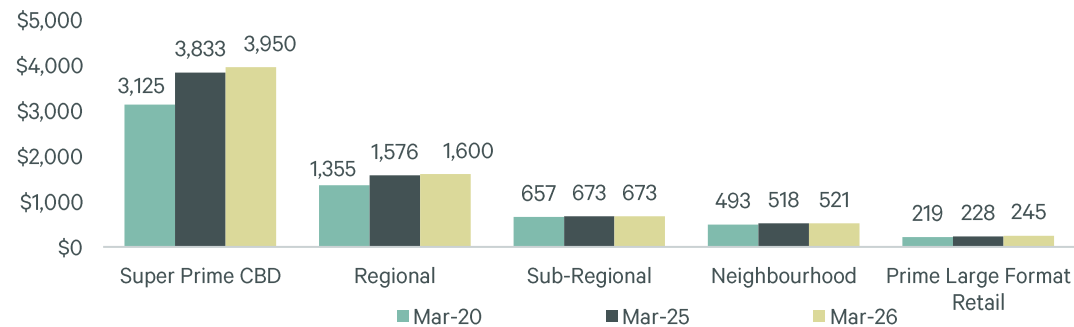
Rental stability persists as super prime CBD and LFR drive annual upside

During Q1 2026, average net face rents across Adelaide retail asset classes remained stable on a q-o-q basis, reflecting balanced market conditions and disciplined leasing negotiations. On an annual basis, super-prime CBD retail recorded the strongest rental growth, with net face rents rising 3.1% y-o-y to an average of \$3,950/sqm. This uplift continues to be driven by limited prime vacancy, expanding experiential retail demand and improved trading performance in the CBD core.

LFR maintained its steady upward trajectory, with rents increasing 2.5% y-o-y to \$272/sqm, underpinned by strong occupier demand from essential retailers, home improvement and value-based brands. Regional shopping centre net face rents lifted by 1.5% y-o-y to \$1,600/sqm, while neighbourhood centre rents increased by a more modest 0.7% y-o-y to \$521/sqm.

Leasing incentives continued to recalibrate as landlord confidence improved. While incentive levels were stable during Q1 2026, average incentives for super-prime CBD assets declined by 208 bp y-o-y, while neighbourhood centre incentives decreased by 94 bp y-o-y. This ongoing contraction reflects strengthening tenant demand, particularly for high-quality, well-located assets.

FIGURE 6: Retail Net Face Rents (Q1 20 to Q1 26)



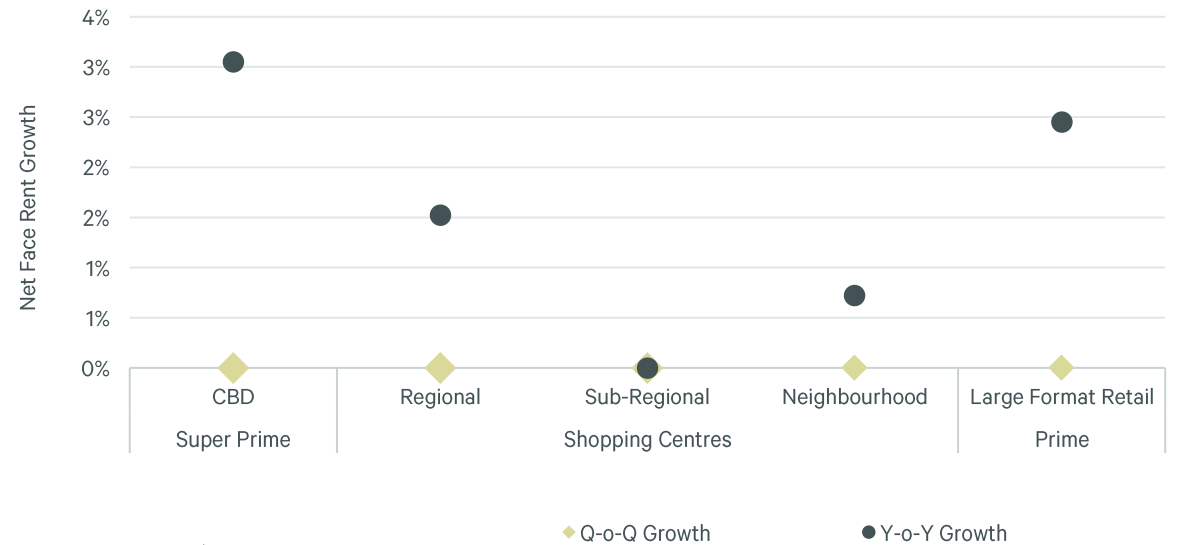
Source: CBRE Research

FIGURE 7: South Australia Key Leasing Rates by Retail Asset Category

Asset Type	NFR (AUD/sqm)			NER (AUD/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	3,950	Stable	+3.1%	3,555	Stable	+5.5%	10.0%	Stable	-208bp
Regional	1,600	Stable	+1.5%	1,363	Stable	+1.5%	14.8%	Stable	Stable
Sub Regional	673	Stable	Stable	578	Stable	Stable	14.2%	Stable	Stable
Neighbourhood	521	Stable	+0.7%	448	Stable	+1.8%	14.1%	Stable	-94bp
Large Format Retail	272	Stable	+2.5%	234	Stable	+2.5%	13.8%	Stable	Stable

Source: CBRE Research

FIGURE 8: Net Face Rent Growth by Retail Asset Category



Source: CBRE Research

Investment Market

Defensive retail assets anchor market amid transaction slowdown

Retail investment activity has eased following a record \$1.1 billion in transactions in 2024, with 2025 volumes comparatively subdued. Momentum remained soft into early 2026, with Q1 transactions totalling \$37.4 million.

The most notable transaction was the sale of Pelican Plaza Shopping Centre, a neighbourhood centre for \$15.5 million that underscores ongoing investor appetite for well-located, daily-needs assets offering secure income and strong underlying land value. These centres continue to be viewed as defensive and resilient amid broader economic headwinds.

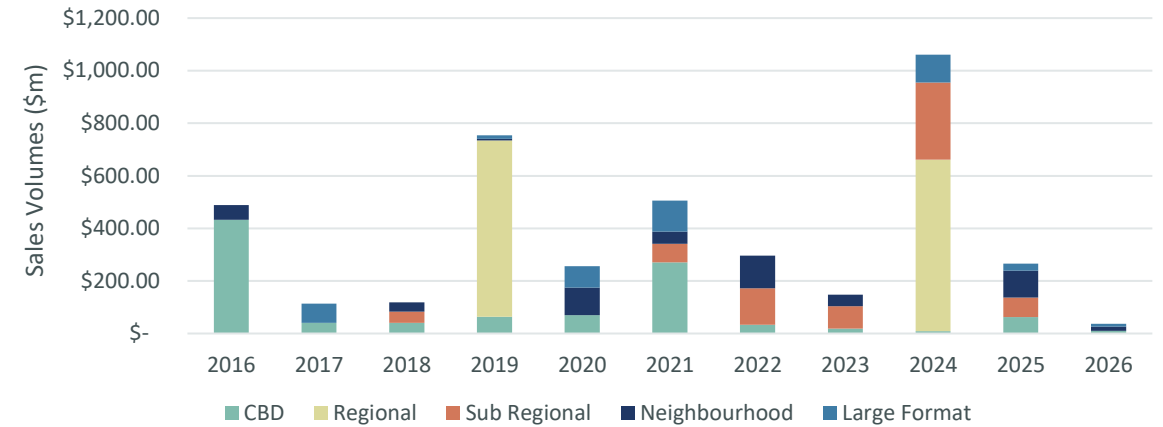
Although overall volumes have declined, pricing for high-quality assets remains firm, supported by limited distress and vendors unwilling to accept discounted offers. This dynamic is helping maintain value stability despite reduced transaction activity.

Quarterly retail yields hold steady while prime assets diverge across segments

Quarterly yields remained stable across all retail asset classes. Regional centre yields recorded a notable 15 bp y-o-y compression, settling at an average of 7.08%, while super-prime CBD yields expanded by 25 bp y-o-y to 5.00%. Yield compression was also evident across other retail formats, with neighbourhood centre yields tightening by 13 bp and both sub-regional centres and LFR compressing by 8 bp y-o-y.

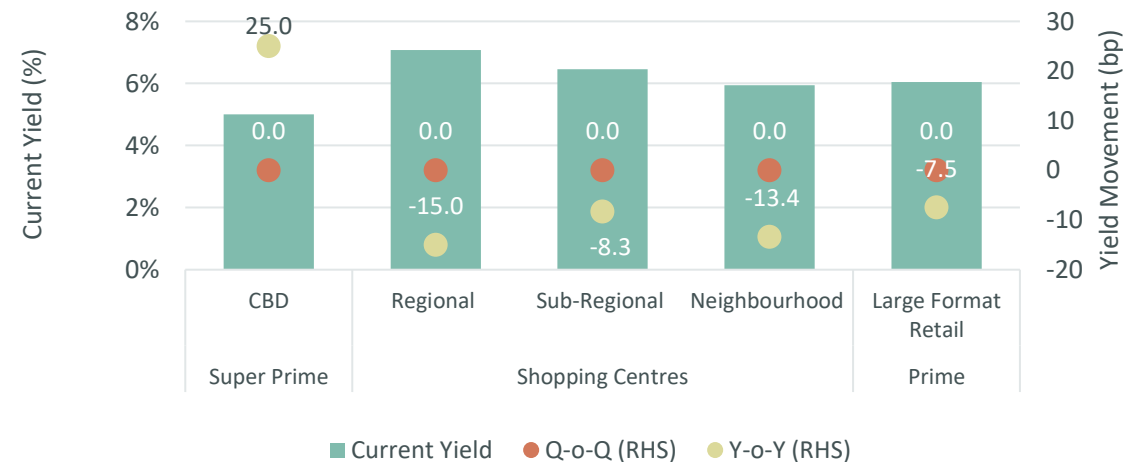
In 2026, Adelaide retail yields are expected to remain broadly stable, with modest tightening anticipated for prime neighbourhood and sub-regional assets. Supermarket-anchored and essential service centres are likely to continue to experience firming, supported by strong investor demand and a limited supply of high-quality stock. Secondary retail assets, which continue to face quality and repositioning challenges, are expected to remain broadly stable, with limited scope for yield compression and a risk of further softening.

FIGURE 9: Adelaide Retail Sales by Asset Category



Source: CBRE Research

FIGURE 10: Adelaide Retail Yields by Category



Source: CBRE Research

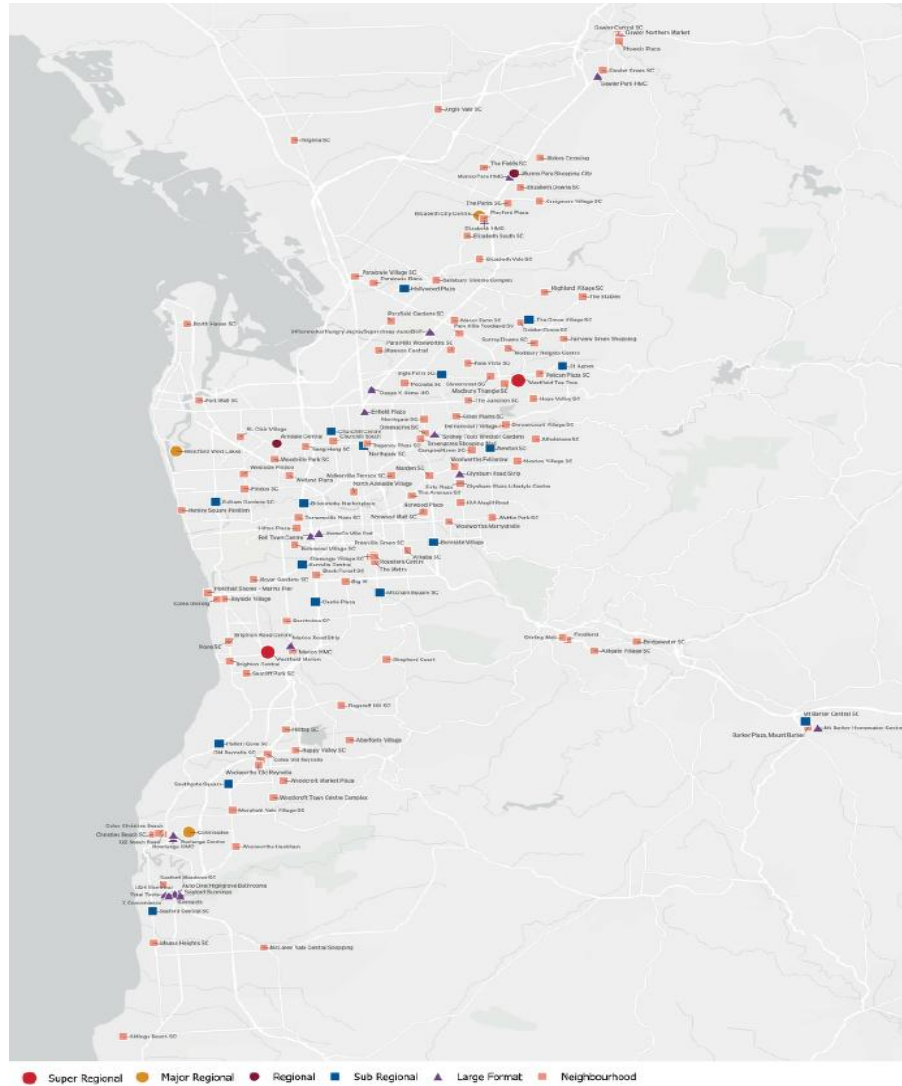
Contact - Research

Katya Ezhova

Senior Research Analyst
 +61 421 547 176
 katya.ezhova@cbre.com

Sameer Chopra

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



© Copyright 2026. All rights reserved. This report has been prepared in good faith, based on CBRE’s current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE’s control. In addition, many of CBRE’s views are opinion and/or projections based on CBRE’s subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE’s current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE’s securities or of the performance of any other company’s securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

