Retail investment activity remains above long-term average

▼ 16.7%
Brisbane CBD Vacancy Rate H1 26

▲ 5.5%
Queensland Household Spending Y-o-Y Growth

▲ $1.29b
Q2 2026 Queensland Retail Asset Sales

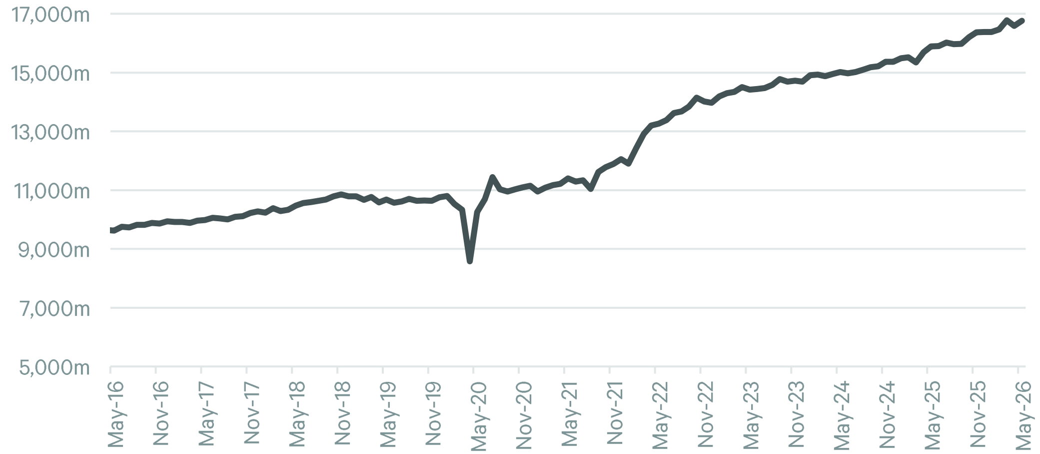
▼ c.5,300 sqm
New retail supply Q2 2026

Note: Arrows indicate change from previous quarter.

Key Points

- Queensland recorded $16,765 m of household spending in May 2026, representing a 5.5% increase y-o-y.
- New floorspace added to the market in Q2 2026 totalled c.5,300 sqm, a significant decrease from the c. 12,200 sqm recorded in Q1 2026.
- Brisbane CBD retail vacancy continued to strengthen in H1 2026 by 80 bp to 16.7%, supported by improving office attendance, permanent 50 cent public transport fares and enhanced accessibility from new infrastructure and transport projects.
- Net face rent growth was recorded for all sub-sectors across Q2 2026, apart from neighborhood centers, largely driven by limited new supply.
- Investment sales over the quarter reached c.$1.3 billion (for transactions > $5m), well above the 10-year quarterly average of $560 million.
- Quarterly yields for sub-regional shopping centres compressed by 11 bp to 6.31% while regional shopping centers tightened by 7 bp to 5.80% and LFR by 3 bp to 6.06%. Yields across all other retail segments remained unchanged.

Figure 1: Queensland Total Household Spending, Seasonally Adjusted ($m)



+1.1%
Month-on-Month

+1.8%
Quarter-on-Quarter

Source: ABS as at July 2026, CBRE Research

Economic Overview

Public and private investment underpins economic growth

Queensland's economic conditions remained positive over 2025-26, recording a 2.9%[1] increase in Real Gross State Product. Following a slow down in economic activity at the end of 2025, the states economy has rebounded and shown sustained improvement from the 2.2%[1] growth recorded during 2024-25FY. Despite ongoing inflationary pressures, robust public and private investment continues to underpin growth with consumption being supported by rapid population inflows and wage growth above the national average.

Housing supply has not kept pace with population growth in recent years in Queensland, although building approvals have been trending up over the past 18 months. Business investment is currently subdued but is expected to stabilise as large-scale infrastructure and digital projects come online, alongside growing Olympic-related spending. According to Deloitte Access Economics, Queensland's GSP is forecast to compress by 1.7% in 2026-27, before strengthening again to 2.4% in 2027-28.

The 2032 Olympic Games support Queensland's long-term infrastructure pipeline

Queensland's infrastructure investment has increased substantially over the past decade, with a current five year pipeline of around $127 billion. The Cross River Rail project remains the single largest infrastructure project, but its cost and delivery timeline have materially changed. The project's total cost is now estimated as $19 billion, with completion and passenger operations expected around 2029, following significant construction, testing and commissioning periods. The major road and rail projects in the pipeline will power Queensland's economic activity, driving consumer spending. In addition, the $7.1 billion Olympic infrastructure plan will provide significant benefits for Southeast Queensland.

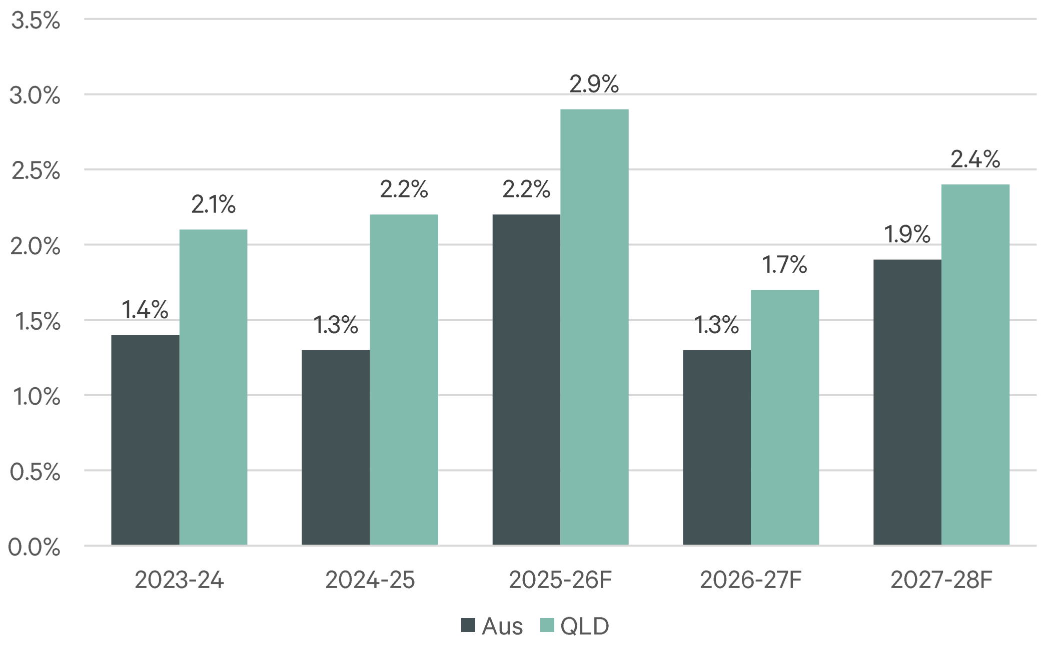
Long term population growth fuels Brisbane's demand

Queensland's population is expected to grow by approximately 21%[2] to 2036, driven primarily by strong net overseas and interstate migration. The city's economic structure is increasingly supported by service-driven sectors with its largest sector being health care & social accounting for 9.8%[2] of total GVA, followed by mining which accounts for 8.8%[2], respectively.

Queensland's unemployment rate remains tight

Queensland's labour market remains tight, with the unemployment rate holding at 3.7%[3] on a seasonally adjusted basis as of May 2026, indicating continued strength in employment conditions. This level of unemployment remains below long-term averages and suggests limited labour supply, which is impacting sectors such as construction and health. Such conditions are conducive to sustained consumer confidence, as employed households are more willing to maintain discretionary spending rather than prioritise precautionary savings. In turn, this underpins resilient retail demand, particularly in non-discretionary and value-oriented retail formats and provides a supportive backdrop for retail turnover growth across the state.

FIGURE 2: QLD GSP Growth vs National GDP Growth



Source: Deloitte Access Economics, CBRE Research

1. Deloitte Access Economics, June 2026
2. QLD Government
3. ABS

Supply

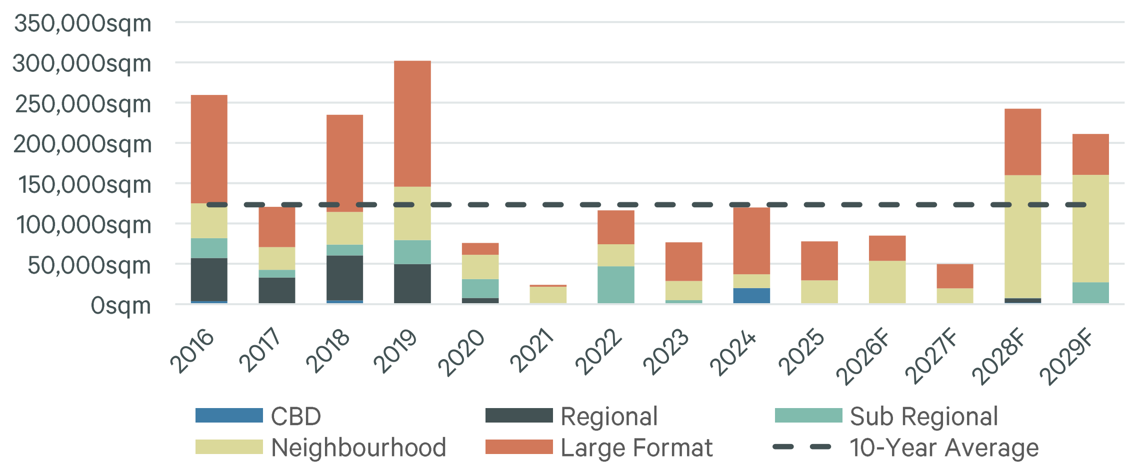
Retail supply remains constrained due to high construction costs

Supply completions in Q2 2026 totalled c.5,300 sqm, materially lower than the c.12,270 sqm recorded in the prior quarter, reflecting a sharp moderation in delivery activity. Forecast development supply in 2026 is c.86,900 sqm, slightly below the 10-year annual average of c.123,400 sqm, reinforcing the structurally subdued supply environment.

The most notable project to reach practical completion during the quarter was the Carseldine Village Retail Precinct Stage 1, a neighbourhood centre comprising c.4,600 sqm, which accounted for the majority of new retail supply delivered in Q2.

The contraction in quarterly completions underscores the ongoing feasibility challenges developers face, with high construction costs continuing to defer or downscale retail projects. Looking ahead, supply scheduled for delivery between 2026 and 2027 remains modest and is predominantly concentrated in neighbourhood centres and large format retail, accounting for approximately 51% and 46% of total forecast supply, respectively. The ongoing limitation of new retail supply is likely to tighten conditions in core catchments, supporting stable rental growth and helping to offset softness in discretionary spending.

FIGURE 3: Queensland Retail Supply by Category



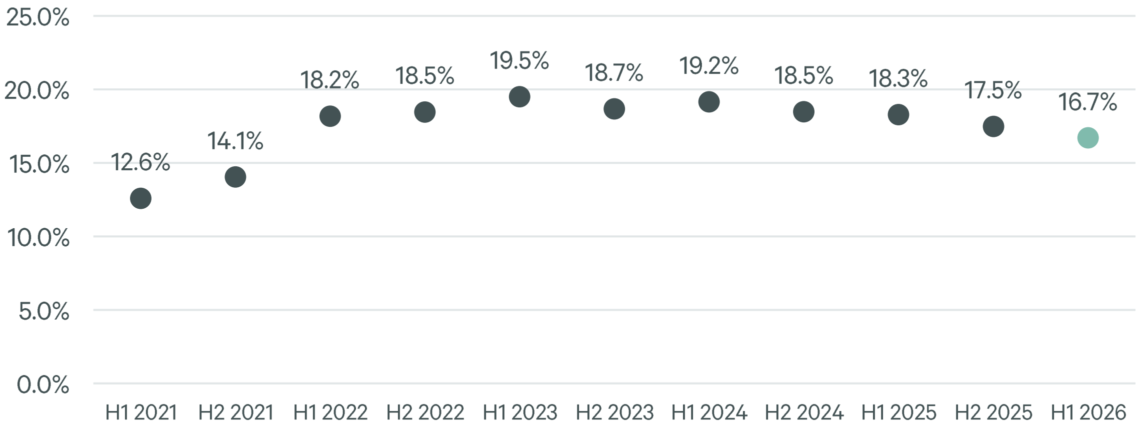
Source: CBRE Research, Q2 26

Vacancy

Brisbane CBD vacancy compresses in early 2026

In H1 2026, Brisbane CBD retail vacancy decreased by 80 bp to 16.7%, marking the fourth consecutive half-yearly decline. Demand for core strip and locations remains prevalent, with major retailers continuing to secure flagship tenancies in strip areas, particularly among food and beverage (F&B) and fashion retailers. The improvement in overall CBD retail vacancy was partly attributable to a 35 bp decrease in CBD strip vacancy, which tightened to 13.1%. Despite the overall reduction in vacancy, a clear divergence persists between core and non-core areas. Arcade retail vacancy remained unchanged during the period at 7.6%, although this figure is skewed by the small survey size. Centre retail vacancy recorded the largest vacancy reduction by 186 bps to 25.4%. However, there are planned to be major refurbishment projects of both Wintergarden and Uptown Centres in the coming years which will take some CBD stock out of the market in the short-term.

FIGURE 4: Brisbane CBD Retail Vacancy Rate



Source: CBRE

Rental Performance

Rental growth remains strong over the quarter

Net face rents continued to rise across majority of retail categories in Q2 2026, supported largely by limited future supply. CBD super prime net face rents increased by 1.1% over the quarter to $3,923 per sqm and were up 3.0% y-o-y.

Persistently tight vacancy in super prime assets has underpinned rental growth, as retailers seek to secure space within established, high-performing centres. Further support has come from the ongoing return-to-office trend and discounted public transport fares, which have driven higher CBD visitation, reinforcing retail trading conditions and sustaining tenant demand.

Net face rents across regional centres increased by 1.1% q-o-q and 3.5% y-o-y to $1,832/sqm. Sub-regional centres recorded the highest growth with net face rents increasing by 4.9% q-o-q and 8.1% y-o-y to $1,172/sqm. Regional and sub-regional shopping centres are continuing to see robust rental growth as a result of tighter vacancy and limited new supply. Growth in rents has been largely driven by the lack of new supply, with high construction costs and financing costs limiting financial feasibility for new developments.

Neighbourhood centre rents recorded net face rent growth of 2.3% q-o-q and 5.9% y-o-y to $1,028/sqm. There is continual strengthening across the neighbourhood market, driven by strong tenant demand for essential services and convenience retail. Looking ahead, rental growth is expected to remain solid, supported by sustained non-discretionary spending, along with limited new supply.

Large format retail net face rent growth was stable over the quarter with a 2.9% y-o-y growth to $341/sqm. Demand for LFR continues to be supported by improving tenant mix, with new retailers known as “lifestyle” seeking opportunities to expand from traditional shopping centres to LFR spaces. Additionally, QLD recorded a 5.5% y-o-y (as at May 2026) increase in household goods sales, showing positive market conditions. Future rents are likely to remain positive, due to the limited supply pipeline, tight vacancy and strong population growth driving demand for LFR goods.

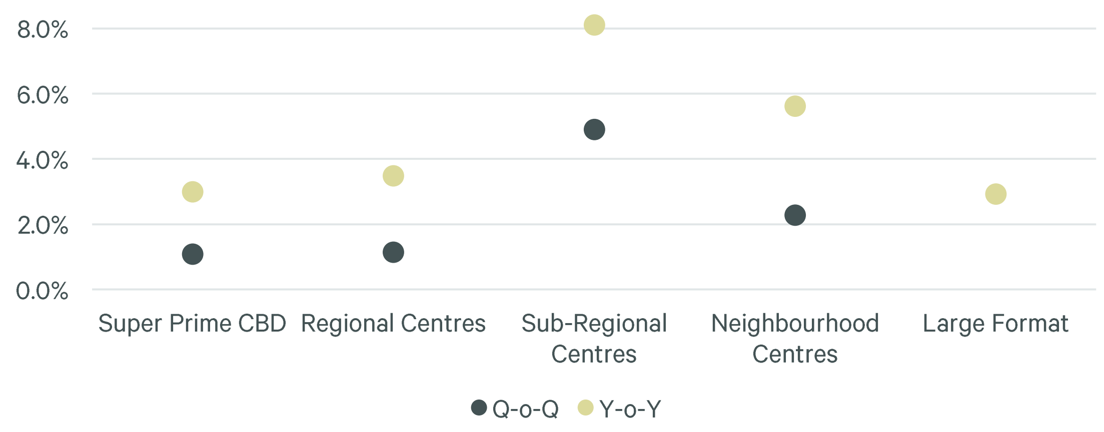
Incentives held steady across most asset types this quarter, except for Regional centres, which tightened by -11bp. Given constrained supply and continued absorption of new developments, incentives across regional, neighbourhood and LFR assets have continued to decline on a yearly basis.

FIGURE 5: Queensland Key Leasing Rates by Retail Asset Category

Asset Type	NFR ($/sqm)			NER ($/sqm)			Incentives (%)		
	Q2 26	Q-o-Q Change	Y-o-y Change	Q2 26	Q-o-Q Change	Y-o-y Change	Q2 26	Q-o-Q Change	Y-o-y Change
CBD Super Prime	**3,923**	1.1%	3.0%	**3,512**	10.6%	12.7%	**19.0%**	Stable	Stable
Regional	**1,832**	1.1%	3.5%	**1,627**	8.9%	13.0%	**17.5%**	-11bp	-114bp
Sub-Regional	**1,172**	4.9%	8.1%	**948**	4.9%	8.1%	**19.1%**	Stable	Stable
Neighbourhood	**1,028**	2.3%	5.6%	**907**	10.7%	15.7%	**18.5%**	Stable	-95bp
Large Format	**341**	0.0%	2.9%	**301**	4.2%	7.5%	**15.3%**	Stable	-19bp

Source: CBRE Research, Q2 26

FIGURE 6: Queensland Net Face Rent Growth by Retail Asset Category



Source: CBRE Research, Q2 26

Investment

Brisbane retail investment volumes remain well above the long-term average

Investment sales over the quarter totalled just under $1.3 billion (for transactions above $5 million), well above the 10-year quarterly average of $560 million. This uplift was driven mainly by several larger transactions, most notably the sale of Sunshine Plaza on the Sunshine Coast for c.$622 million. The transaction involved the sale of a 50% interest from Lendlease to the GPT Group as part of a larger portfolio sale. The deal highlights active capital deployment into value-add and repositioning opportunities, particularly by listed institutional owners with deep balance sheets and established development capability.

Another notable transaction during the quarter was the sale of the sub-regional Paradise Centre on the Gold Coast for c.$220 million, underscoring continued investor appetite for non-metropolitan and regional retail assets with strong convenience-based and essential-services exposure.

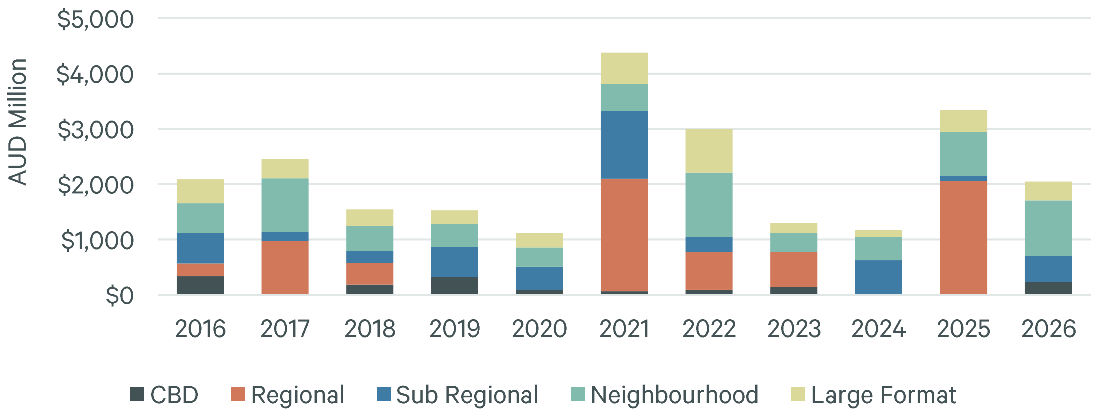
The strength of transaction volumes reflects sustained confidence in the state's retail investment fundamentals. Ongoing population growth across Southeast Queensland, combined with limited supply of prime retail stock, continues to support investor demand. Institutional and private capital remains focused on dominant and convenience-based assets, particularly those benefiting from strong catchment fundamentals and income security. Competitive bidding for quality stock has persisted, reinforcing pricing resilience amid broader macroeconomic uncertainty.

Yield's record strong tightening across several retail segments

Quarterly yields compressed across several retail segments, with regional centres tightening by 7bp to 5.80%, sub regional shopping centres by 11bp to 6.31% and LFR retail by 3bp to 6.06%. CBD Super Prime yields remain unchanged while neighbourhood centre yields have marginally softened.

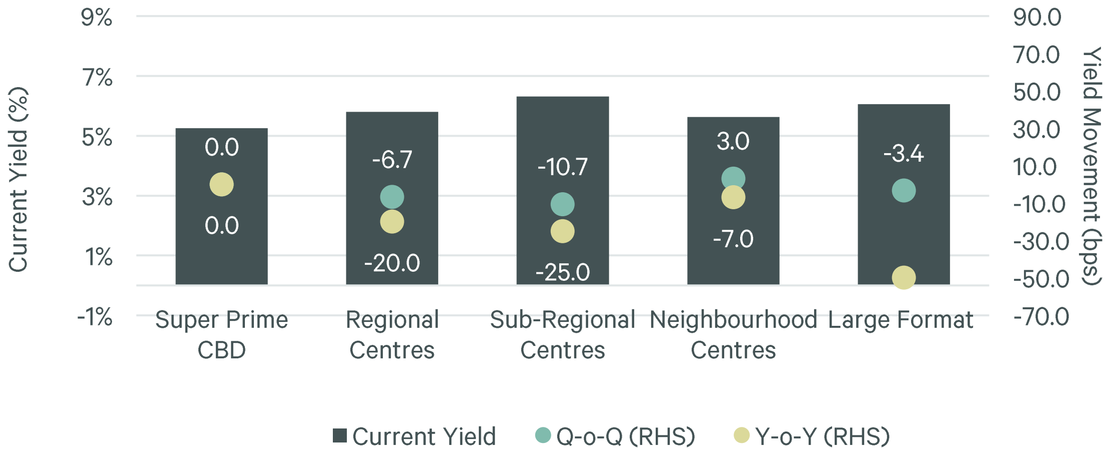
On an annual basis, CBD super prime yields were stable, while all other retail asset classes recorded strong tightening. LFR yields compressed by 50bp, sub-regional centres by 25bp, regional centres by 20bp and neighbourhood centres by 7bp. Overall yield compression reflects improving market confidence, strong investor demand and the limited availability of retail investment opportunities.

FIGURE 7: Queensland Retail Sales by Asset Category



Source: CBRE Research, Q2 26

FIGURE 8: Queensland Retail Yields by Category



Source: CBRE Research, Q2 26

Contact - Research

Hannah Edy

Research Analyst, QLD
Hannah.Edy@cbre.com

Sameer Chopra

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

Super Regional | Major Regional | Regional | Sub Regional | Large Format | Neighbourhood