CBRE

Yields hold steady across nearly all retail asset classes underpinned by Perth's positive fundamentals

▶ **2.2%**
WA Population Growth YoY Dec qtr 2025

▶ **6.00%**
Regional Centre Yield

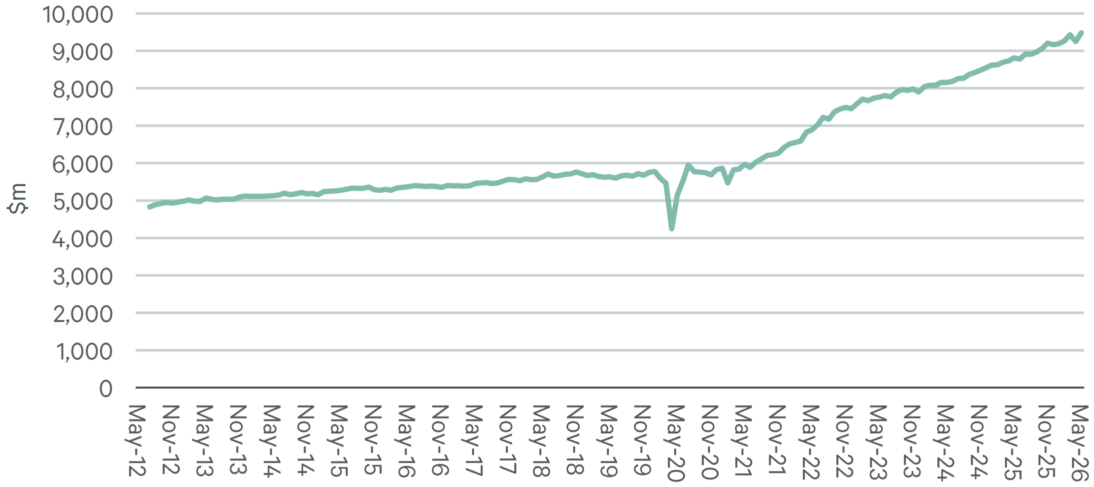
▲ **6.3%**
Large Format Retail Face Rent Growth Y-o-Y

Note: Arrows indicate change from previous quarter.

Key Points

- Monthly household expenditure in Western Australia remains robust, rising 7.6% y-o-y (seasonally adjusted) in May 2026.
- Retail development supply of c.22,000 was recorded during H1 2026 and over 53,000 sqm is expected for CY2026, led by large format retail and neighbourhood centre supply.
- Super prime CBD net face rents remained stable q-o-q while a decrease in average incentives to 17.5% has led to super prime CBD net effective rent growth of 3.1% y-o-y.
- LFR retail rent growth continues be robust with net face rents increasing by 1.2% q-o-q and 6.3% y-o-y to an average of $263/sqm.
- Regional centre net face rents increased by 0.7% q-o-q and 3.0% y-o-y to reach an average of $1,425/sqm.
- Neighbourhood centre yields softened by 13 bps q-o-q to 6.1% while yields across all other retail asset classes remained unchanged during Q2 2026.
- Retail investment volumes were subdued totalling c.$326 million across WA for H1 2026 (for transactions ≥ $5 million).

FIGURE 1: Western Australia Monthly Household Spending, seasonally adjusted



+7.6%
Year-on-Year to May 26

+2.6%
Month-on-Month to May 26

Source: ABS, CBRE Research

Economic Overview

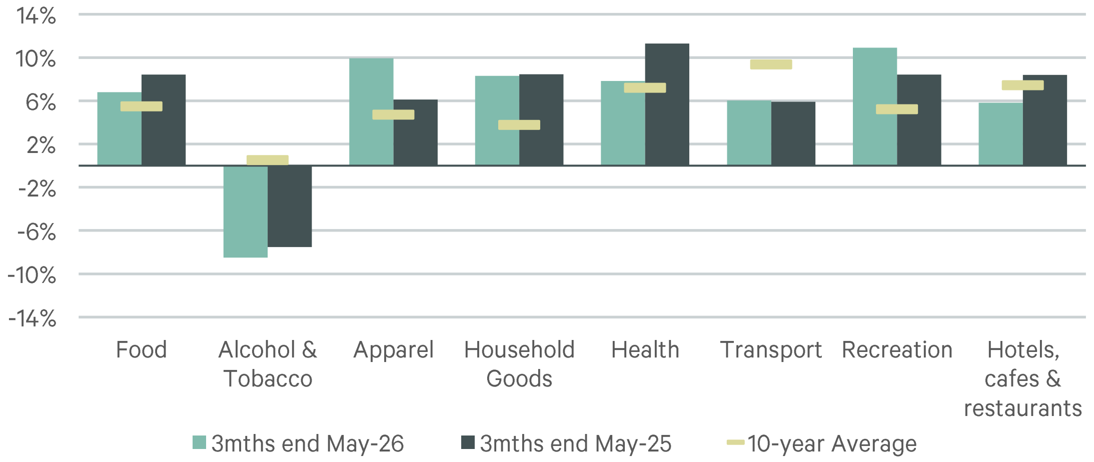
Modest economic growth expected in FY27 due to higher interest rates

Deloitte Access Economics forecast WA's economy as measured by Gross State Product (GSP) to grow by 2.4% in FY26, above the 1.3% growth seen in FY25. Looking ahead to FY27, the economy however, forecast to grow more modestly by 0.7%. WA's important resources sector exports, ongoing population growth and new business investment are expected to underpin overall economic activity however, the inflationary pressures and rising interest rate environment are expected to see household spending and dwelling investment slow in the year ahead.

Household spending growth in WA has remained resilient

The ABS monthly household spending indicator in WA rebounded in May 2026 to show 2.6% m-o-m growth and 7.6% y-o-y growth. The rebound in May follows a 1.9% m-o-m drop in April amid elevated uncertainty due to the global geopolitical tensions, rising petrol prices and interest rates. For the three months ending May 2026 household spending in WA rose 7.3% on the same period last year. Household spending growth has remained resilient across most categories in the three months ending May 2026 including across discretionary categories such as Apparel (+9.9% y-o-y), Household goods (+8.3% y-o-y), Recreation (+10.9% y-o-y) and Hotels Café's & Restaurants (+5.8% y-o-y).

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



Source: ABS, CBRE Research

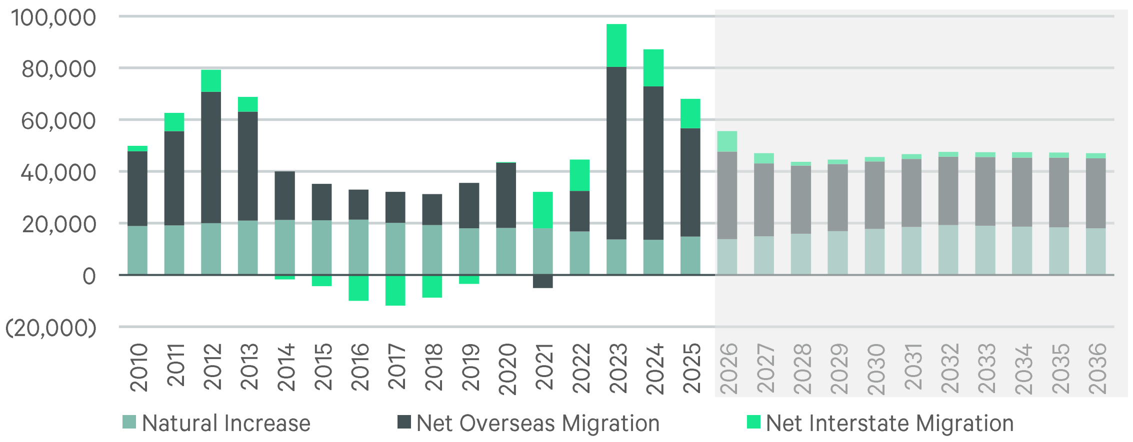
Historically low unemployment and robust job availability

Labour markets have seen some softening nationally over the past year with the rising interest rate environment. In WA, the unemployment rate increased to 4.6% in May 2026, up on the 3.9% rate in May 2025 but below the 10-year average of 5.0%. Job availability in WA though remains strong and the labour participation rate is the highest in the country at 68.7% as at May 2026, signalling ongoing skilled labour shortages. As at May 2026, WA job vacancies totalled c.43,000, which remains 7% higher than a year ago and 14% higher than the 10-year average.

WA population continues to grow at the fastest pace nationally

WA is attracting international and interstate migration with the population growing at the fastest pace nationally. According to the latest data from the ABS, WA's population grew by 2.2% y-o-y in the December 2025 quarter, above the 1.5% growth recorded nationally. Over the 12 months ending December 2025 WA's population grew by c.65,500 persons with 62% (c.40,400) coming from international migration, 16% (c.10,400) from interstate migration and 22% (c.14,600) from natural growth. The Government's 2025 population statement forecasts WA's population to be the fastest growing nationally over the next 10 years, with annual growth averaging 1.5% or c.47,000 additional persons per annum. Ongoing population growth bodes well for long term demand growth in Perth's retail real estate market.

FIGURE 3: WA Population Growth Components and Forecast by Financial Year (No. Persons)



Source: CBRE Research, ABS, 2025 Population Statement

Supply

Population growth driving need for large format and neighbourhood centres in Perth

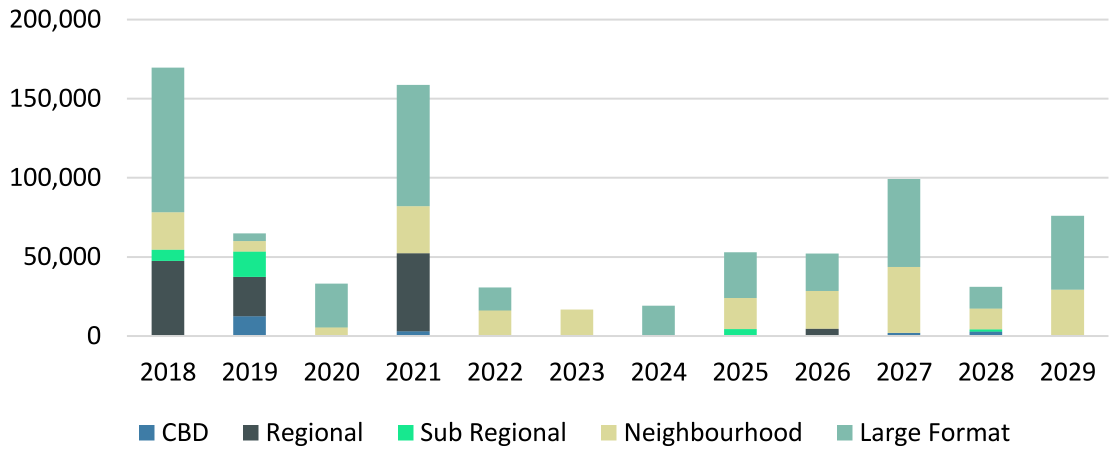
Development supply across Greater Perth reached c.22,000 sqm for H1 2026, comprising mainly new supply across the neighbourhood centre category. Notable development completions recorded include Sienna Wood Town Centre, Two Rocks Village and Eglington Village Shopping Centre. As of Q2 2026, the total supply for 2026 is expected to reach over 53,000 sqm, with c.31,000 sqm of additional supply under construction and earmarked for delivery over H2 2026.

Perth's rapidly growing population and residential development activity, particularly to the outer north and outer south metropolitan catchment areas is driving demand for additional neighbourhood and large format retail centres, while supply across the regional and sub-regional centre categories remains extremely limited. As of Q2 2026 around 51% of the total pipeline between 2026-2028 is expected to be added in the large format retail category and 43% in the neighbourhood centre category.

The ongoing feasibility pressures due to the high construction cost environment and labour shortages continues to impact development completion timelines. This has pushed more of the 2026 pipeline into 2027 which is expected to reach c.100,000 sqm across Greater Perth, though this remains at risk as only about 55% had commenced construction as of Q2 2026.

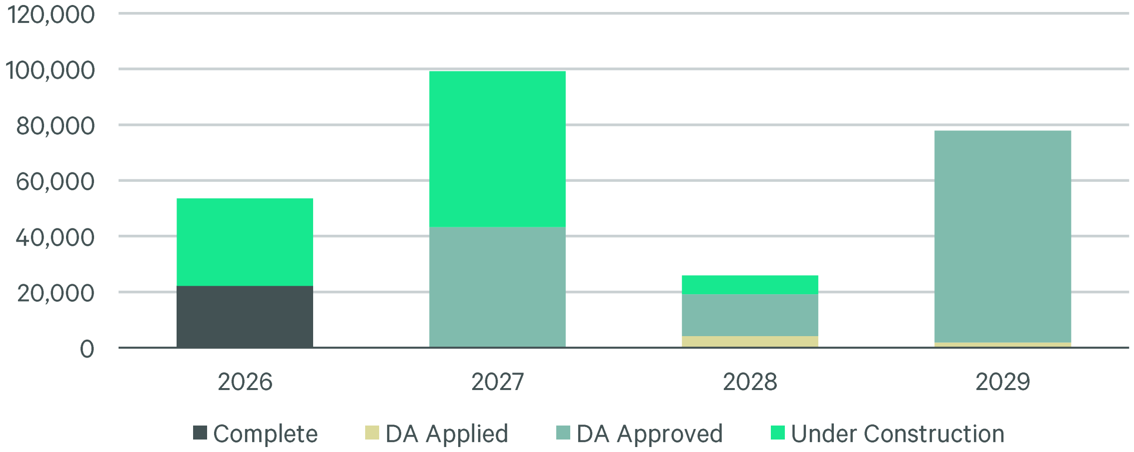
As of Q2 2026, the 2028 pipeline remains more limited and the 2029 pipeline is expected to total close to 75,000 sqm, though majority of this remains in the earlier development stages and are yet to commence construction, facing ongoing delivery risk. The strong pipeline of investment required in Perth across infrastructure, housing and the emerging defence sector is expected to continue to create labour shortages, placing ongoing construction cost escalation and feasibility pressures on development projects over the next few years.

FIGURE 4: Greater Perth Retail Supply Pipeline (sqm)



Source: CBRE Research Q2 2026

Figure 5: Greater Perth Retail Supply Pipeline Development Stage (sqm)



Source: CBRE Research Q2 2026

Rental Performance

Easing market conditions due to higher rates may soften rental growth near term though underlying demand fundamentals due to population growth and low supply remain intact

In Q2 2026, the large format retail centre category continued to lead rental growth in Perth with net face rents increasing by 1.2% q-o-q and 6.3% y-o-y to an average of $263/sqm. The robust demand back drop for the LFR centre category due to strong population growth in Perth continues to remain a tailwind to rent growth. Consumer spending activity in the households goods category has remained strong increasing by an average of 8.3% y-o-y in the three months ending May 2026. An easing in the residential market activity due the higher interest rate environment may soften the current rent growth rate, though continued population growth and ongoing first home buyer demand are expected to continue supporting the LFR category.

In the CBD retail market, super prime CBD net face rents were stable q-o-q and y-o-y averaging $2,830/sqm, though a reduction in average incentives in the past year have seen super prime net effective rents increase 3.1% y-o-y. The ECU City campus opened during H1 2026 and the extra foot traffic has had a positive impact, particularly on the lower price point food & beverage retailers in proximity to the ECU campus. While vacancy along the core Murray Street Mall and luxury precinct west of the Murray St Mall remains low, higher vacancy in the broader CBD market and an easing in retail trade conditions is likely to limit rental growth in the near term.

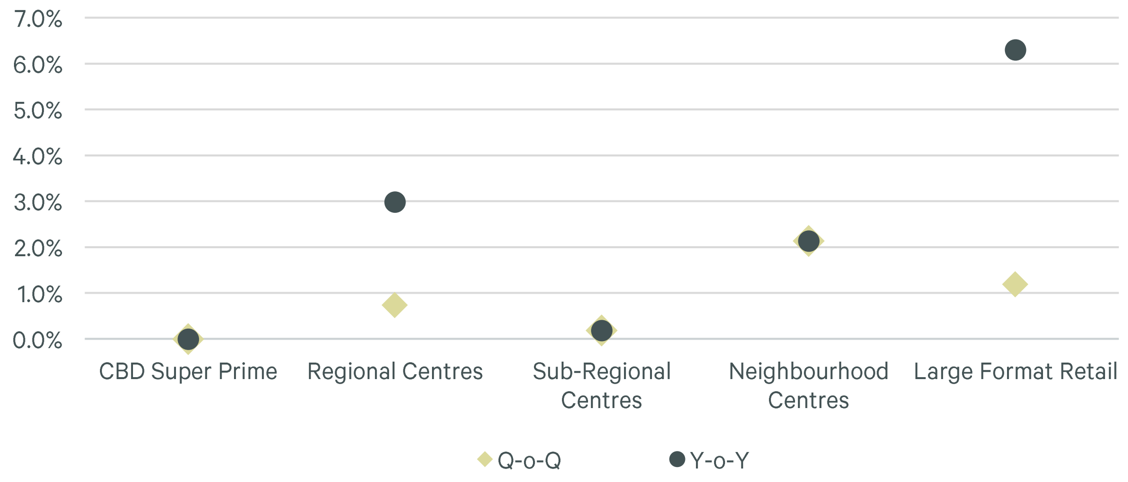
Regional centres in Perth are seeing solid rental growth underpinned by tight supply and ongoing population growth. Top-tier regional centres like Karrinyup and Westfield Carousel are outperforming others, benefiting from high foot traffic and premium tenant mixes. Net effective rents across Perth's regional centres increased by 0.7% q-o-q and 6.4% y-o-y to an average of $1,105/sqm.

FIGURE 6: Retail Rents and Incentives by Category

Asset Type	Net Face Rent (AUD/sqm)			Incentives (%)			Net Effective Rent (AUD/sqm)		
	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	2,830	Stable	Stable	17.5%	Stable	-250bp	2,335	Stable	+3.1%
Regional SC	1,425	+0.7%	+3.0%	22.5%	Stable	-250bp	1,105	+0.7%	+6.4%
Sub Regional SC	722	+0.2%	+0.2%	25%	Stable	Stable	542	+0.2%	+0.2%
Neighbourhood SC	669	+2.1%	+2.1%	22%	Stable	Stable	521	+2.1%	+2.1%
Large Format Retail	263	+1.2%	+6.3%	15%	Stable	Stable	223	+1.2%	+6.3%

Source: CBRE Research Q2 2026

FIGURE 7: Net Face Rent Growth, by Category



Source: CBRE Research Q2 2026

Investment

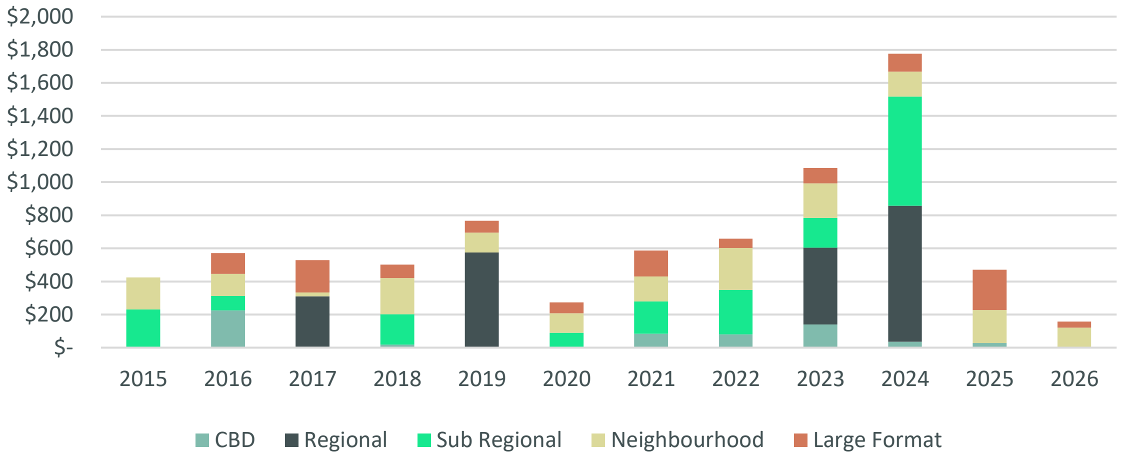
Subdued transaction volumes during H1 2026 due to increased market uncertainty

With the investment market uncertainty and rising interest rates during H1 2026, investment transaction volumes have been subdued totalling around $174 million for Greater Perth and around $326 million including non metropolitan regions (for sales ≥ $5m). Recent sales activity has been mainly in the neighbourhood centre and large format retail categories.

Some of the most notable recent sales include:

- Cosgrove Group's acquisition of Busselton Central Shopping Centre from ASA Real Estate Partners for $76.35 million
- Region Group's acquisition of Treendale Home & Lifestyle Centre in Australind from Royal Oak Capital for $53.0 million
- Harmony Property's acquisition of Trinity Village, a neighbourhood centre in Perth's outer northern suburb of Alkimos for $33 million.

FIGURE 8: Greater Perth Retail Transactions by Category and Year ($m)



Source: CBRE Research Q2 2026

Yields

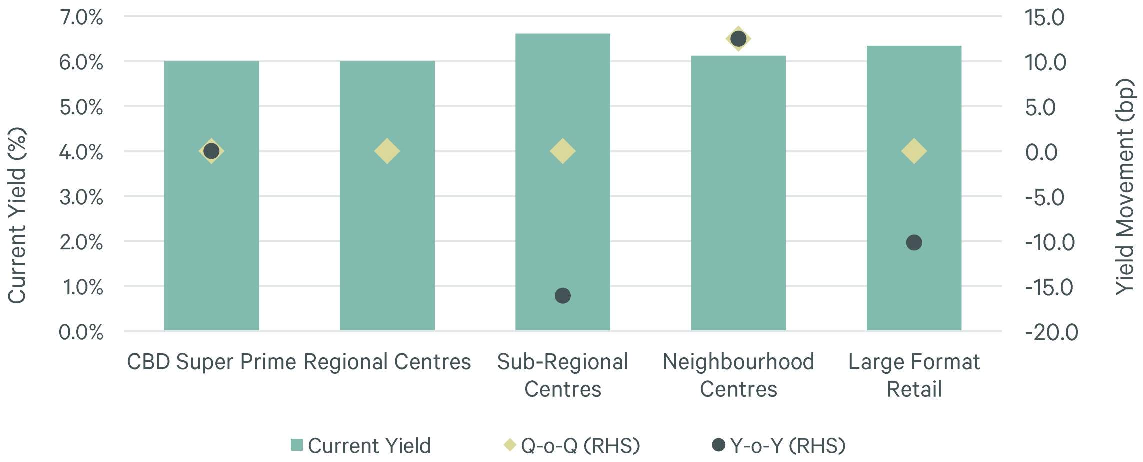
Neighbourhood centre yields soften slightly during Q2 2026

In the neighbourhood centre category where there has been market activity this year, yields softened by 13 bps q-o-q to 6.1%. The neighbourhood centre category is a more defensive and lower growth segment of the retail real estate market. In a high-interest rate environment where long dated government bond yields appreciate sharply, it can lead to softening of yields in other defensive segments of the market like neighbourhood centres.

Average yields held steady across all other retail asset classes during Q2 2026 and currently sit at 6.0% for CBD super prime, 6.0% for regional centres, 6.6% for sub regional centres and 6.3% for large format retail centres.

While investment activity has been more subdued recently due to increased macro uncertainty, we expect investor appetite for retail assets to remain favourable given the positive fundamentals and tailwinds, including exposure to population growth and low supply.

FIGURE 9: Perth Retail Yield by Category and Yield Change



Source: CBRE Research Q2 2026

Contact - Research

Eza Ranjbar

Associate Director, WA
+61 425 225 915
eza.ranjbar@cbre.com

Katya Ezhova

Senior Research Analyst, National
+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