

FIGURES | BRISBANE RETAIL | Q4 2025

# Investment sales surpass long-run average amid improving sentiment

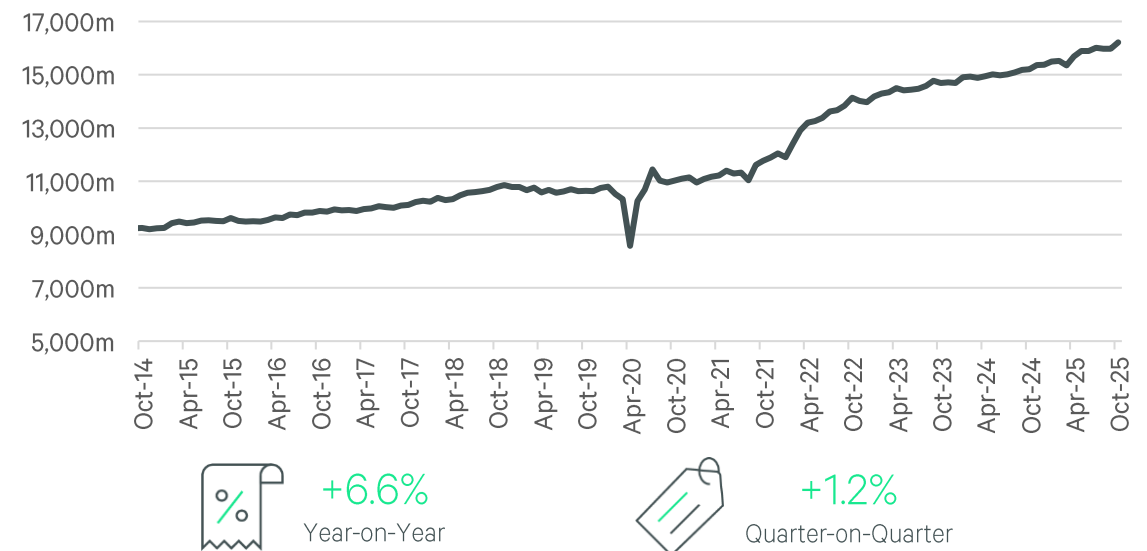
|                                 |                                            |                                       |                           |
|---------------------------------|--------------------------------------------|---------------------------------------|---------------------------|
| ▼ 17.5%                         | ▲ 6.6%                                     | ▲ \$2.1bn                             | ▲ c.24,700 sqm            |
| Brisbane CBD Vacancy Rate H2 25 | Queensland Household Spending Y-o-Y Growth | Q4 2025 Queensland Retail Asset Sales | New retail supply Q4 2025 |

Note: Arrows indicate change from previous quarter.

## Key Points

- Queensland recorded \$16,200m of household spending in November 2025, representing a 6.6% increase y-o-y.
- New floorspace added to the market in Q4 2025 totalled c.24,700 sqm, slightly up from the c.24,000 sqm recorded in the prior quarter.
- Brisbane CBD retail vacancy continued to strengthen in H2 2025 by 77 bp to 17.5%, supported by improving office attendance, permanent 50 cent public transport fares and enhanced accessibility from new infrastructure and transport projects.
- All retail categories recorded net face rental growth across Q4 2025, largely driven by limited new supply.
- Investment sales over the quarter saw significant growth totaling \$2.1 billion (for sales > \$5m), well above the 10-year quarterly average of \$560 million.
- Yields remained broadly stable across all asset classes in the December quarter except for LFR assets, which tightened by 12.5bps to 6.31%.

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



Source: ABS as at October 2025, CBRE Research

## Economic Overview

### Improved household consumption underpins economic growth over 2024-25

Queensland’s economic conditions remained positive over 2024-25, recording a 1.5%<sup>1</sup> increase in Real Gross State Product (GSP). Growth was largely driven by improved household spending, supported by factors including population growth, improved real wages and increased consumer confidence following recent interest rate cuts. Business investment recorded a modest improvement over the year, while public sector spending growth remained elevated. Queensland’s GSP growth is expected strengthen in 2025-26, supported by a recovery in domestic activity and stronger goods exports.

According to Deloitte Access Economics, Queensland’s GSP is forecast to increase by 1.9% in 2025-26, and stabilise at 1.8% in 2026-27. Public investment will continue to drive state economic activity over the forecast period, with the delivery of essential economic and social infrastructure.

### The upcoming 2032 Olympic Games has bolstered Queensland’s infrastructure pipeline

Queensland’s infrastructure spend has increased more than three-fold over the past decade, with investment expected to total \$27 billion in 2025. The largest infrastructure project in the Brisbane area is the Cross River Rail worth \$6.3 billion, due for completion in 2025. In addition, Brisbane City Council’s Brisbane Metro (\$944m) has completed stages 1 to 3, with stage 4 scheduled for completion in late 2025. The major road and rail projects 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.

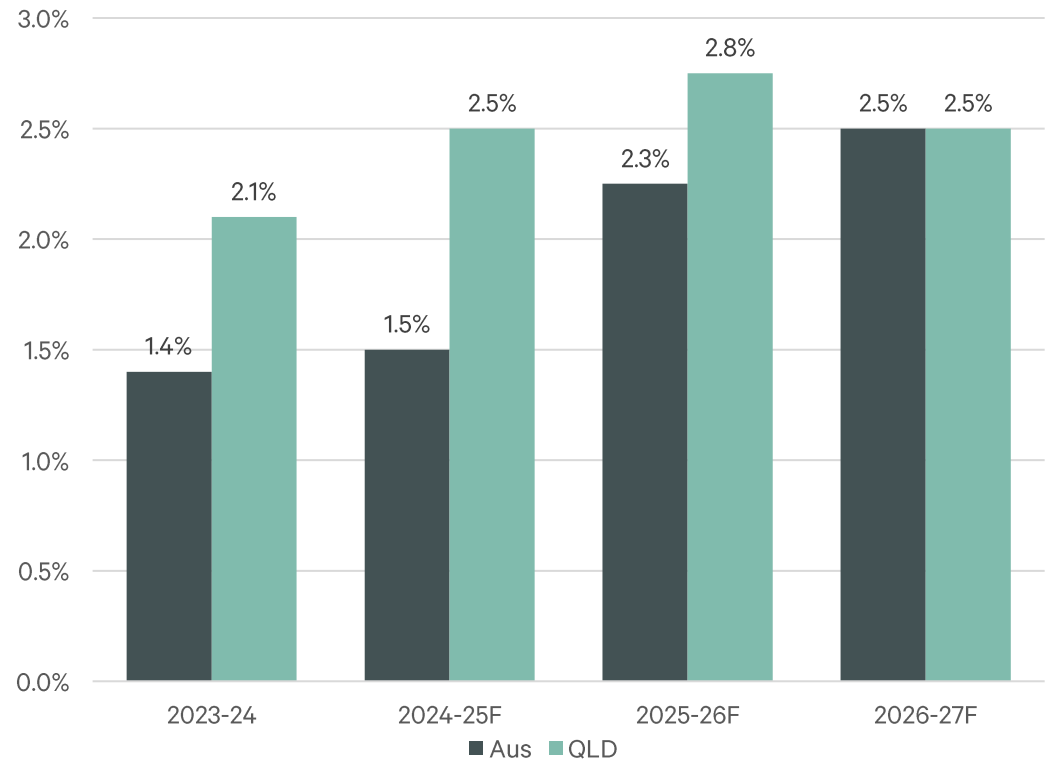
### Queensland sees positive growth in household consumption

Household consumption in Queensland has experienced modest year-on-year growth, increasing by approximately 6.6%<sup>3</sup>. Among the key household categories, the strongest year-on-year growth was recorded in miscellaneous goods and services (10.1%), recreation and culture (8.6%) and clothing and footwear (8.5%)<sup>3</sup>. This upward trend is forecast to continue in 2025-26, supported by rising real wages, declining mortgage repayments and sustained population growth, all contributing to sustained retail demand.

### Queensland's unemployment rate remains tight

Queensland’s labour market remains tight, with the unemployment rate at 4.2%, as of November 2025<sup>3</sup>. Over the past year, approximately, 24,300 jobs have been created in the state, reflecting an upward trend. Queensland’s tight labour market will contribute to a strong retail sector, driving consumer confidence and household spending. With solid state final demand forecasts of 3.2% over 2025-26<sup>2</sup>, Queensland’s labour market is expected to remain tight.

FIGURE 2: QLD GSP Growth vs National GDP Growth



1. Deloitte Access Economics, September 2025

2. QLD State Budget Paper

3. Australian Bureau of Statistics

Source: Federal Budget Papers, QLD State Budget Papers, CBRE Research

# Supply

## High construction costs continue to limit retail supply in the near future

Supply completions in Q4 2025 totalled c.24,700 sqm, slightly up from the c.24,000 sqm recorded in the prior quarter. This brings the CY2025 development supply to c.66,500 sqm, which is moderately below the 10-year average of 121,000 sqm. The most notable project that reached practical completion over the quarter includes Home Focus B3 and B4 (c.11,700 sqm) and the Burpengary East Shopping Centre (c.4,700 sqm).

Retail supply is expected to remain well below the long-term average level in 2026 with around 95,000 sqm of space expected to be added to the market. Retail supply continues to remain impacted by high construction costs and elevated financing. Supply between 2026 to 2027 remains modestly concentrated in neighbourhood and large format, accounting for approximately 50% and 47% of total supply, respectively.

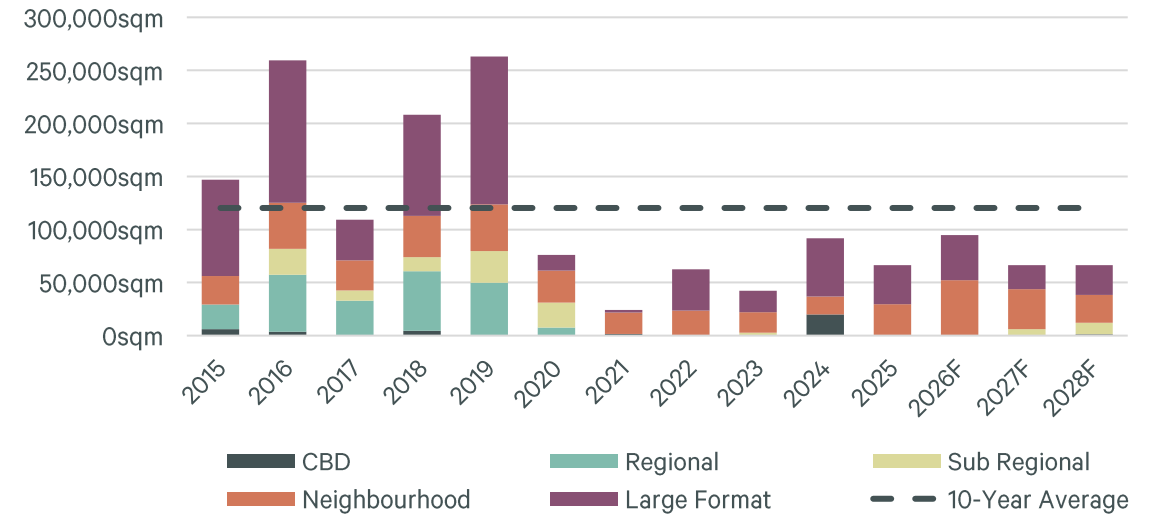
A major development project due for completion in the first quarter of 2026 is Stage 1 of the Coomera Home Ideas Centre (c.9,540 sqm), comprising retail showrooms, hospitality, healthcare and entertainment tenants. The Sherwood Central Shopping Centre extension is also scheduled for completion, delivering c.4,200 sqm of retail space.

# Vacancy

## Brisbane CBD vacancy continues to strengthen

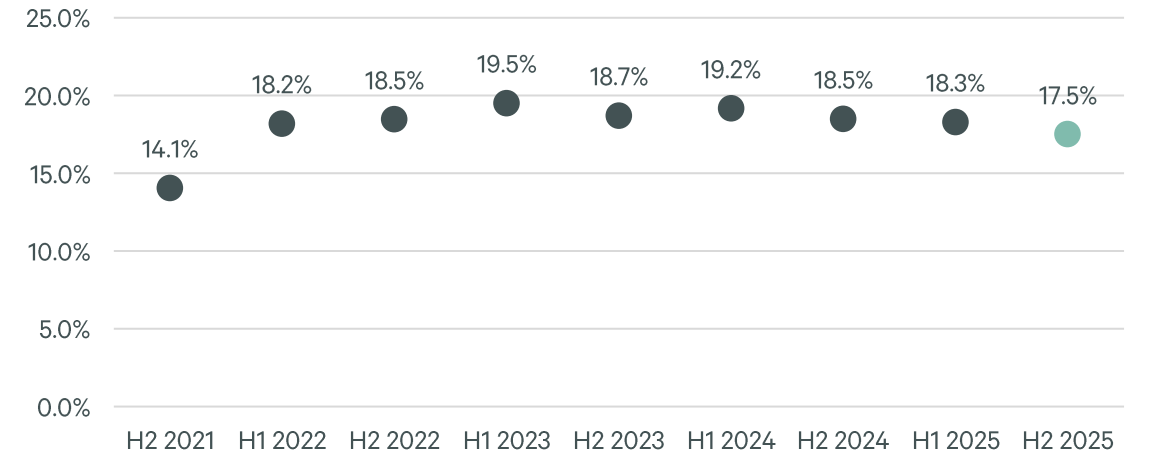
In H2 2025, Brisbane CBD retail vacancy decreased by 77 bp to 17.5%, marking the third consecutive half-yearly decline. Demand for core strip locations remains prevalent, with major retailers continuing to secure flagship tenancies in strip areas, particularly among food and beverage (F&B) and fashion retailers. The improvement in overall CBD retail vacancy was partly attributable to an 18 bp decrease in CBD strip vacancy, which tightened to 13.4%. Despite the overall reduction in vacancy, a clear divergence persists between core and non-core areas, with non-core locations exhibiting significantly higher vacancy compared to core locations. Centre retail vacancy also tightened during the period by 163 bp to 27.3%. Arcade retail recorded the largest vacancy reduction, falling by 303 bp to 7.6%, although this figure is skewed by the small survey size.

FIGURE 3: South-East Queensland Retail Supply by Category



Source: CBRE Research, Q425

FIGURE 4: Brisbane CBD Retail Vacancy Rate



Source: CBRE 2025

## Rental Performance

### Sustained rental growth recorded across the board over the quarter

Net face rents have continued to increase across all retail categories in Q4 2025, driven largely by limited future supply. CBD super prime net face rents remained stable over the quarter, however, have increased by 3.2% y-o-y to \$3889/sqm. Tighter vacancy in super prime assets has continued to drive rental growth, with many retailers wanting to secure leases within these established centres. In addition, the ongoing return to office, coupled with discounted public transport fares, has led to increased CBD visitation, further supporting retail activity and sustained demand.

Net face rents across regional centres increased by 0.1% q-o-q and 3.3% y-o-y to \$1,791/sqm. Sub-regional centre net face rents increased by 1.7% q-o-q and 3.0% y-o-y to \$1,107/sqm. Regional and sub-regional shopping centres are continuing to see modest 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 1.1% q-o-q and 3.3% y-o-y to \$994/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 rents have recorded the highest growth over the past year with net face rents during Q4 2025 increasing by 0.3% q-o-q and 4.8% y-o-y to \$337/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 6.6% y-o-y (as at October 2025) 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.

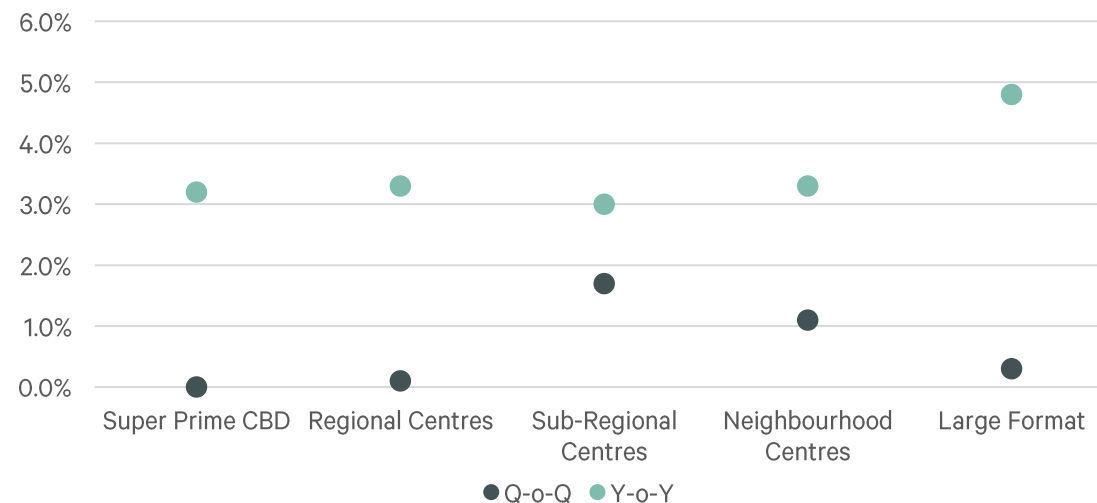
Incentives held steady across most asset types this quarter, except for LFR assets, which tightened by -18.75bps. Given constrained supply and continued absorption of new developments, incentives across shopping centres assets have continued to decline.

FIGURE 5: Queensland Key Leasing Rates by Retail Asset Category

| Asset Type             | NFR (\$/sqm) |              |              | NER (\$/sqm) |              |              | Incentives (%) |              |              |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|
|                        | Q425         | Q-o-Q Change | Y-o-y Change | Q425         | Q-o-Q Change | Y-o-y Change | Q425           | Q-o-Q Change | Y-o-y Change |
| <b>CBD Super Prime</b> | <b>3,889</b> | Stable       | 3.2%         | <b>3,150</b> | Stable       | 3.2%         | <b>19.0%</b>   | Stable       | Stable       |
| <b>Regional</b>        | <b>1,791</b> | 0.1%         | 3.3%         | <b>1,474</b> | 0.1%         | 4.4%         | <b>17.7%</b>   | Stable       | -93.17bp     |
| <b>Sub-Regional</b>    | <b>1,107</b> | 0.7%         | 3.0%         | <b>896</b>   | 1.7%         | 3.0%         | <b>19.1%</b>   | Stable       | Stable       |
| <b>Neighbourhood</b>   | <b>994</b>   | 1.1%         | 3.3%         | <b>810</b>   | 1.1%         | 4.5%         | <b>18.5%</b>   | Stable       | -95bp        |
| <b>Large Format</b>    | <b>337</b>   | 0.3%         | 4.8%         | <b>286</b>   | 0.5%         | 6.6%         | <b>15.5%</b>   | -18.75bp     | -144bp       |

Source: CBRE Research, Q425

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



Source: CBRE Research, Q425

## Investment

### 2025 transaction volumes outpace the long-term average

Investment sales over the quarter saw significant growth totaling \$2.1 billion (for sales > \$5m), well above the 10-year quarterly average of \$560 million. Transaction activity strengthened over 2025, reflecting improved investor sentiment. Total retail transaction volumes for CY2025 reached \$3.8 billion, up from \$1.3 billion and \$1.2 billion recorded in 2023 and 2024. Transaction volumes are expected to increase further over 2026, supported by positive fundamental drivers from strong population growth and a limited supply pipeline.

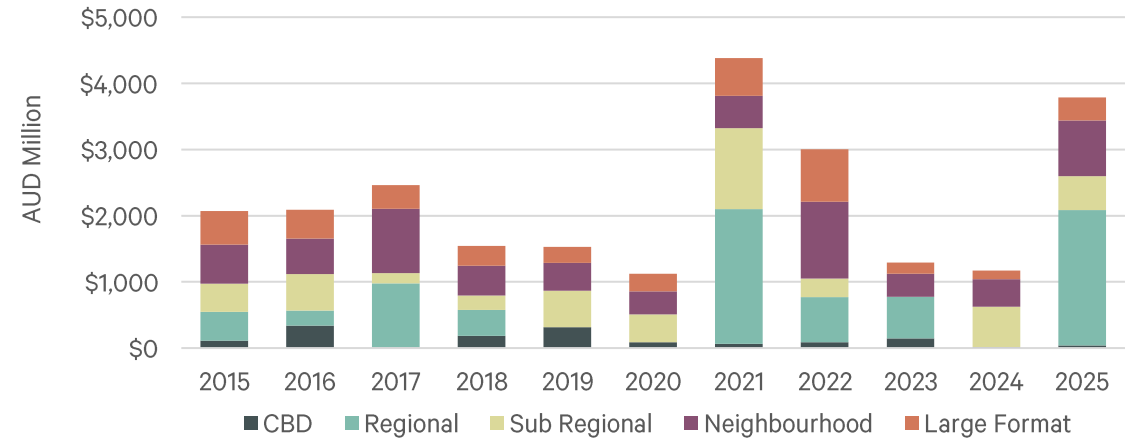
This quarterly increase was largely driven by several larger transactions including the MA Financial Group acquiring the Hyperdome Shopping Centre for \$678.7 million. This transaction represents one of the largest shopping centre sales this year, reflecting the asset’s strong returns, as well as growing demand for prime retail assets. Investor demand for shopping centres remains strong, particularly among institutional investors, unlisted funds and private buyers. This renewed investor confidence has been supported by strong fundamentals of strong population growth, along with strong demand for existing assets, which continue to trade well below replacement cost.

Another notable transaction was the Dexus Wholesale Shopping Centre Fund’s acquisition of a 25% stake in the Westfield Chermside for \$683 million. This deal further highlights strong investor appetite for prime retail assets that offer strong returns.

### Retail yields stabilise over Q4 2025

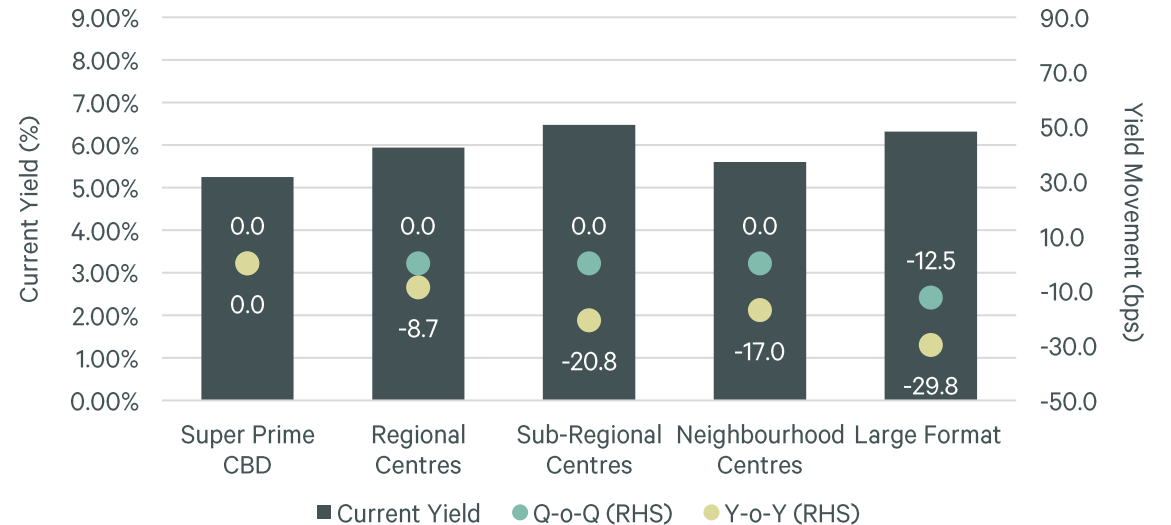
Yields remained broadly stable across all asset classes in the December quarter except for LFR assets, which tightened by 12.5bps to 6.31%. Over the year, all retail assets reported a decline in yields, besides super prime CBD, which remained stable at 5.25%. Regional centre yields saw yield contraction of 8.7 bp y-o-y to 5.94%. Sub-regional (-20.8 bp) and neighbourhood (-17 bp) centres recorded tightening, averaging 6.47% and 5.60%, respectively. Large format retail yields also reported tightening of 29.8 bp on a year-on-year basis. Yields have continued to contract reflecting increased market confidence, strong investor demand and limited supply of retail assets.

FIGURE 7: Queensland Retail Sales by Asset Category



Source: CBRE Research, Q425

FIGURE 8: Queensland Retail Yields by Category



Source: CBRE Research, Q425

## Contact - Research

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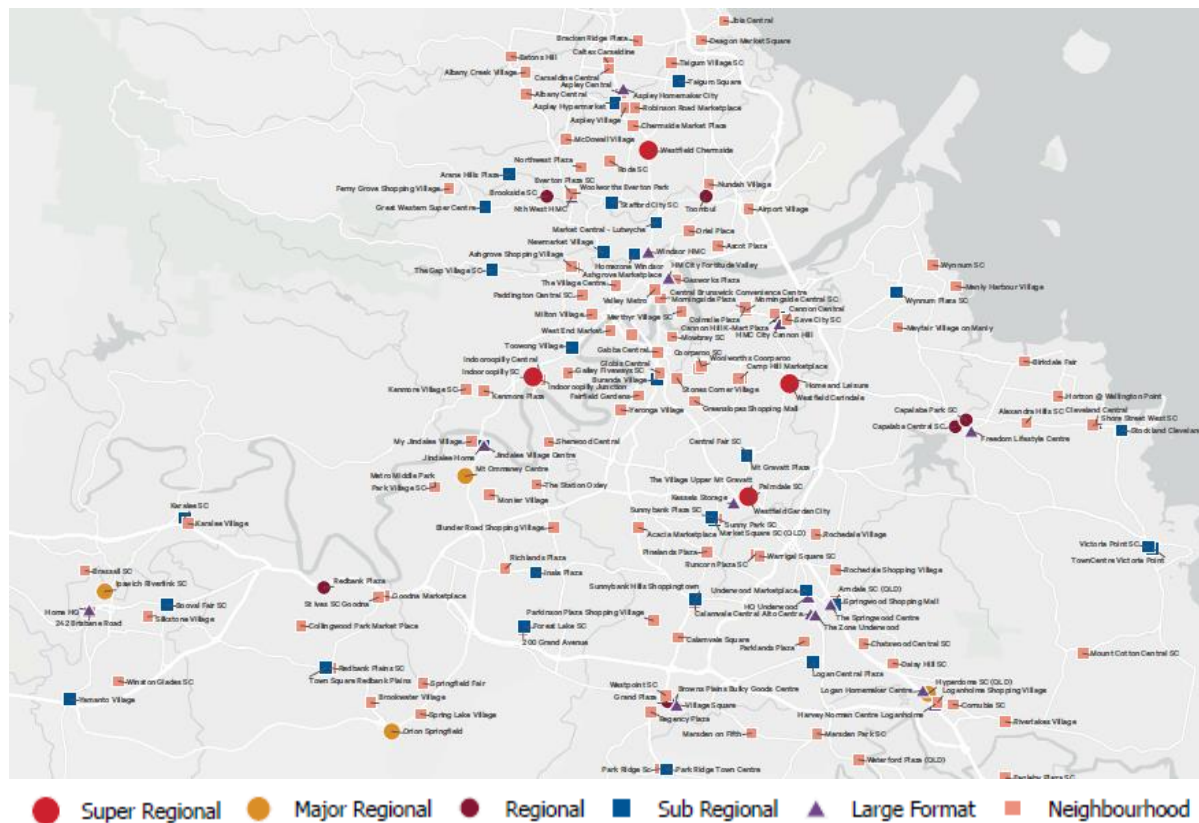
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