



QUEENSLAND MARKET SNAPSHOT

APRIL 2026

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OVERVIEW

The Queensland property market recorded mixed performance throughout H2 2025, with divergent trends across sectors. Industrial markets rebounded, supported by strong occupier demand and modest yield compression, while retail benefitted from improved liquidity, strong leasing spreads and low vacancy. Hotels experienced stable conditions, with upward pressure on room rates amid constrained supply. During 2025, improved liquidity led to a wave of Shopping Centre transactions which has paved the way for continued performance of the sector in 2026.

Office markets continued to strengthen particularly across the CBD, even with add supply leading to slight increase in vacancy. Alternative sectors such as healthcare continued to attract investor interest, underpinned by strong fundamentals and defensive income characteristics.

The residential sector remained a key pillar, with strong population growth, low vacancy and constrained supply supporting price growth, although development activity was hindered by feasibility challenges, elevated construction costs and labour shortages.

There is a degree of market uncertainty across all markets in early 2026 driven by geopolitical tensions in the Middle East, and ongoing trade policy adjustments. This environment has contributed to heightened volatility across equity markets and, notably, US Treasury yields. Oil prices are currently rising with impacts to cost of living. Continuing geopolitical instability may place upward pressure on inflation. Early evidence of tariff related inflationary pressure has been reported in the US and is expected to continue during 2026 as businesses pass on higher input and substitution costs. Australia's economy continues to be influenced by broader economic conditions, contributing to a cautious domestic market.

Looking to the remainder of 2026, rising interest rates and global uncertainty are expected to temper demand and transaction volumes. However, capital will remain focused on prime and supply-constrained sectors, with market conditions gradually moving toward a more balanced position.

Our experts across valuation sectors share their analysis and insights in our latest Queensland Market Snapshot covering the second half of 2025, as well as what to look out for during the remainder of 2026.

HEALTHCARE



MITCH ENRIGHT

Director | Healthcare

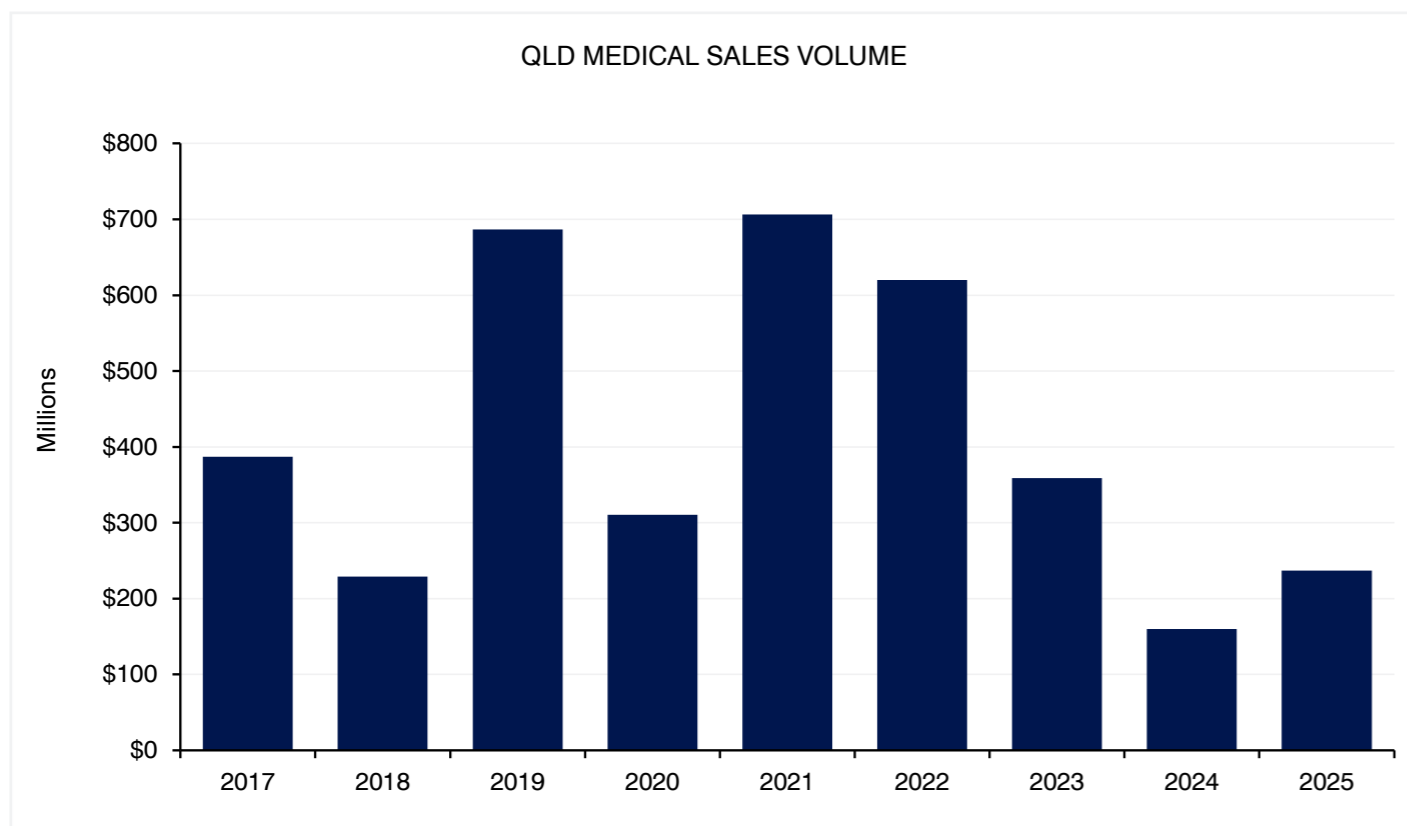
“The healthcare sector in Queensland maintained its appeal during the second half of 2025, supported by strong fundamentals, investment growth opportunities, and resilience amid elevated inflation and interest rates. Institutional capital is attracted to the Queensland Market because of population growth and ageing demographics.

In 2025, Queensland recorded \$236.8 million in freehold medical property sales across 41 transactions, improving on the low volumes of 2024. Private investors were again the most active buyer’s group in 2025 given the most actively traded price point was sub \$20 million. Prime medical yields averaged 5.50%, while secondary assets reached 6.5%, with some strong sales results at the end of 2025.

The lowering of interest rates during the year maintained overall buyer activity, albeit a disconnect remains between purchasers and vendors even in the face of demand for premium assets.

The private hospital sector continues to face some potential headwinds following the federal government’s review into the sector, along with concerns voiced by the industry over financial viability faced by some operators. The Healthscope situation continues to cast doubt over the investment quality of the private hospital sector and will remain so until it has been resolved.

Investment demand for high-quality medical assets will remain strong, although with interest rates rising again overall market activity is likely to remain subdued in 2026.”



Source: Real Capital Analytics (RCA), M3 Property
 Note: Sales over \$1 million. Includes Medical and Hospital sales

INVESTMENT MARKET

- According to RCA, there were 41 medical and hospital properties with a total value of \$236.8 million transacted across Queensland in 2025, compared with \$160 million from 40 transactions in 2024.
- Private investors were the most active buyer's group over 2025, accounting for 66% of transactions.

YIELDS

- Yields are now averaging around 5.5% for prime medical centre assets and 6.5% for secondary medical assets (predominantly regionally located older facilities).
- Yields for private hospitals generally range between 5.5% and 6.00% for prime assets and 6.25% and 7.00% for secondary assets.
- Average cap rates for prime and secondary have tightened by around 40 basis points in the 12 months to December 2025.

OPPORTUNITIES AND CHALLENGES

- Interest rate reductions in 2025 contributed to renewed investment activity from institutional investors in the healthcare market, but this activity from institutional investors is likely to slow again during 2026 following interest rate increases in February and March 2026. GP and other health specialist shortages continue to affect occupancy levels for some medical practices.
- GP and other health specialist shortages continue to affect occupancy levels for some medical practices.
- Mental health and wellbeing is becoming an emerging health issue, with 43.7% of people between 16 and 85-years old experiencing a form of mental disorder in their life and 21.4% of people experiencing a mental disorder for at least 12 months.
- Demand for medical services by a growing and ageing population is expected to continue increasing; unhealthy lifestyles, obesity rates and an increasing focus on mental health and wellbeing continue to drive demand for medical services, medical suites and centres.
- Australia's Healthcare and Life Sciences sector is one of the largest and fastest growing in the southern hemisphere, driven by a confluence of government support, industry innovation, and private and institutional investment. There are six Healthcare and Life Sciences precincts in the South-East Queensland Region (incorporating the Gold Coast, Sunshine Coast and Brisbane). This includes the largest health infrastructure project currently being developed in Australia – the \$5 billion Sunshine Coast Health Precinct. The Sunshine Coast Health Precinct is anchored by the Sunshine Coast University Hospital, the Sunshine Coast Health Institute, the Sunshine Coast University Private Hospital and the Health Hub.

OUTLOOK

- The healthcare sector will continue to grow in importance as a core asset class, supported by key market fundamentals and significant investment growth opportunities; some other core sectors have become less favoured due to poor investment fundamentals including elevated inflation. The current high-interest rate environment will also support this shift.
- The sector will continue to benefit from strong investment interest as new and existing institutional capital is drawn to the asset class thanks to its key fundamentals including population growth, ageing population demographics, government funding and private healthcare.
- Investment demand for high-quality medical assets will remain strong over the medium term. Interest rate increases in February and March 2026 may see reduced activity from buyers during 2026. The healthcare market is still highly fragmented and there are significant opportunities for consolidation.

HOTELS & LEISURE



JAMES RUBEN

National Director | Specialised Assets

“During 2025, the Australian hotel market overall has continued to benefit from upward pressure on room rates and stabilising occupancies. This is partly driven by a relatively low Australian dollar. This follows a long stabilisation period after the impact of the pandemic on travel trends.

Most markets across the country have seen stability in investment metrics, and modest growth in capital values.

South-east Queensland has had a moderate undersupply of hotel rooms over the past 12 months, which has resulted in continued upward pressure on room rates. However, several recent hotel openings and more planned hotel projects over the coming 24 months will add supply to the market and moderate the upward pressure we have seen on rates over the medium term.

The prospect of the 2032 Olympics is continuing to spur on investment interest in the region. However, escalating construction costs is proving to be a persistent challenge to the sector.

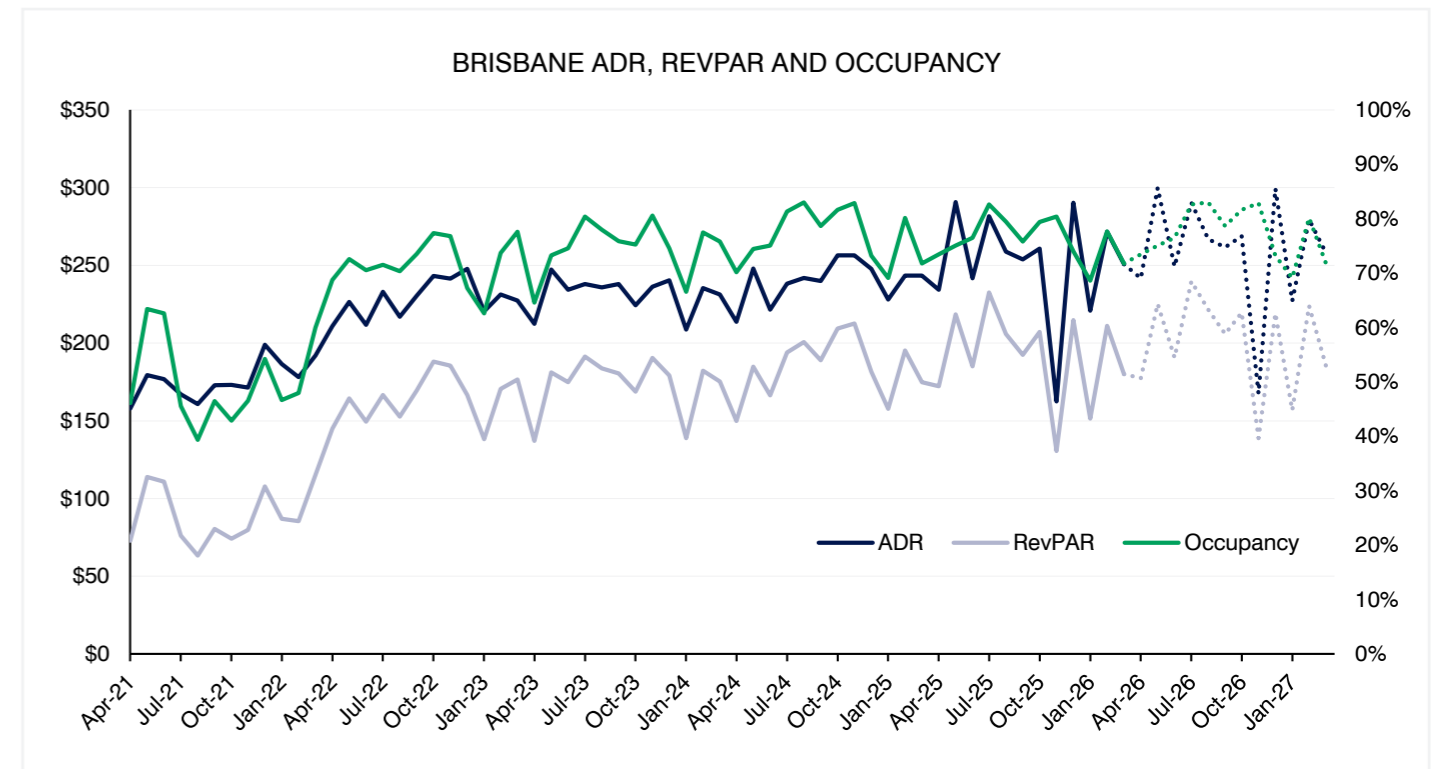
Astute investors continue to uncover opportunities across the market created by the prevailing market conditions.”

“THE PROSPECT OF THE 2032 OLYMPICS IS CONTINUING TO SPUR ON INVESTMENT INTEREST IN THE REGION; HOWEVER, ESCALATING CONSTRUCTION COSTS IS PROVING TO BE A PERSISTENT CHALLENGE TO THE SECTOR.”

- JAMES RUBEN

CURRENT STATE OF PLAY

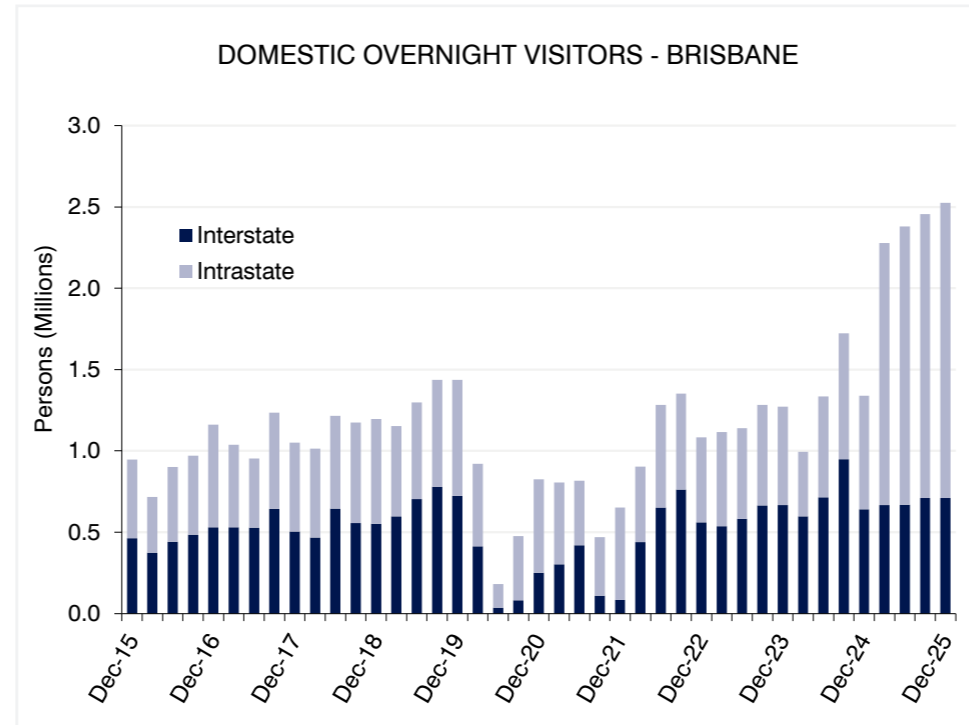
- Occupancy rates per room have largely recovered to pre-pandemic levels, with the Brisbane market recording 68.60% occupancy rates in January 2026, a slight year-on-year decline of 0.50%.
- Revenue per available room has recovered to pre-pandemic levels which is a result of significant Average Daily Rate (ADR) growth influenced by many factors including strong inflation with operators passing on increases in outgoings, increased quality of stock driving premium rates, and evolving travel trends increasing demand.
- International visitor rates to the Brisbane market remain below pre-pandemic levels but are showing significant year-on-year gains. In the year to December 2025 there were 1,080,384 international visitors to the region.
- There were 9.68 million domestic overnight trips taken in the Brisbane market during the year to December 2025.



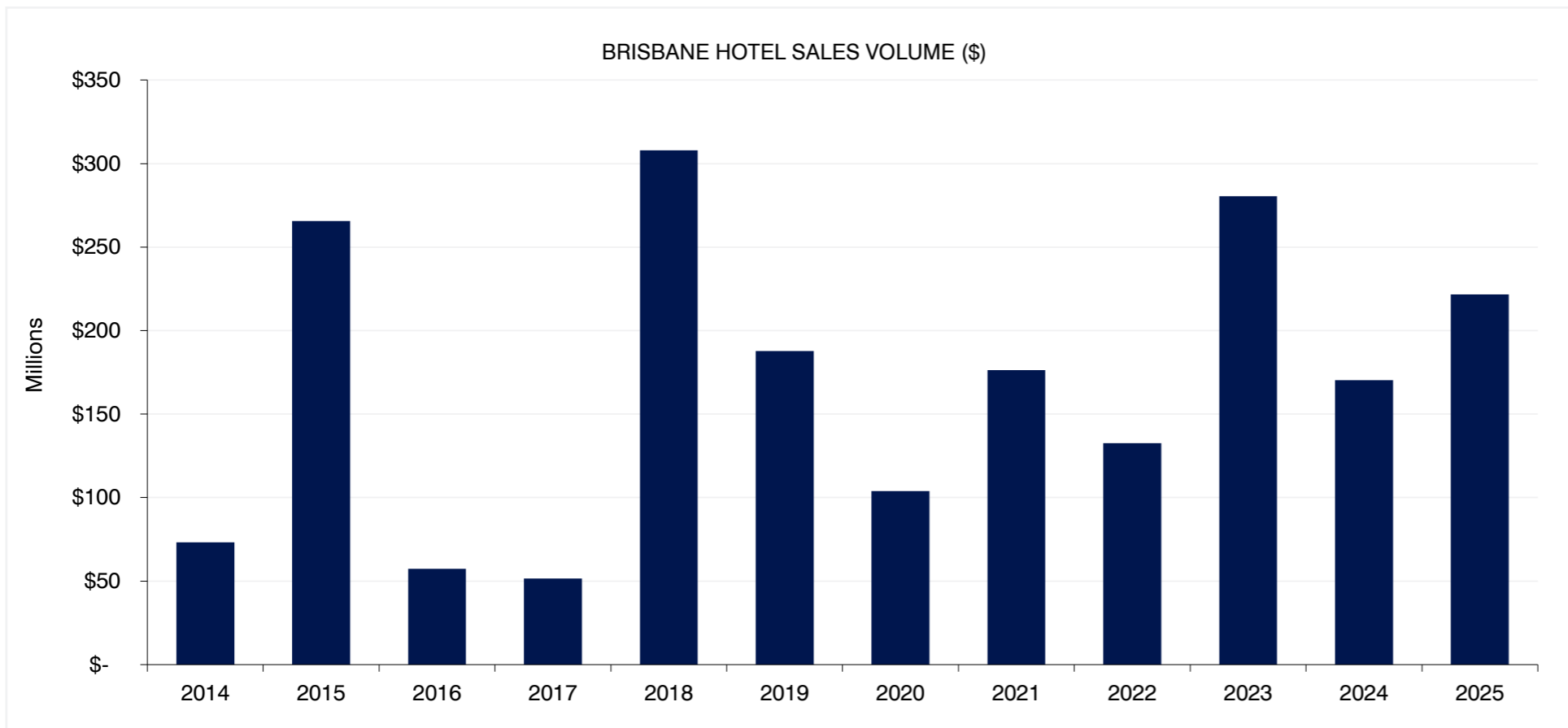
Source: M3 Property, STR/CoStar



Source: TRA, M3 Property



Source: TRA, M3 Property



Source: RCA, M3 Property

TRANSACTIONS

- Activity in Brisbane was higher in 2025 due to increased investment demand. According to Real Capital Analytics (RCA), there were 13 transactions in 2025, totalling \$221.74 million of hotel assets across Brisbane, compared with \$170.3 million in total hotel transactions across seven sales in 2024.
- In 2025, private investors formed the largest group of buyers at 52%, followed by cross-border buyers at 38.4%.

OPPORTUNITIES AND CHALLENGES

- Changing consumer expectations and travel trends around sustainability and social governance will continue to influence both consumer decision making and investment.
- Demand for good quality, sustainable assets is expected to grow, together with consumer demand for higher quality accommodation products and services.
- Evolving technology continues to improve efficiency in hotel management, with potential to reduce staffing levels and improve margins.
- New trends such as leisure travel, digital nomadism, eco-tourism, wellness tourism and boutique product positioning are all contributing to the transforming market.

INDUSTRIAL



ROSS FARWELL

Director | Industrial

“The Brisbane industrial market experienced a notable rebound in transaction activity through the second half of 2025. Q4 2025 saw modest yield compression across most segments, with prime yields ranging from 5.25% to 6.00% and secondary yields from 6.00% to 6.75%.

However, the outlook for 2026 remains uncertain. Following multiple rate cuts in 2025, the RBA increased the cash rate in February and March 2026 and major banks are now forecasting the potential for further interest rate increases into 2026, which is dampening investor demand. Together, the higher interest rate environment and global geopolitical volatility have contributed to heightened market volatility, raising the possibility that current yield levels may soften should these conditions persist.

Investor demand remains supported by offshore capital, unlisted funds, syndicates and private buyers, while owner-occupiers are increasingly active, particularly below \$20 million, alongside moderating but still positive rental growth.”

“WHILE NO RECENT SALES EVIDENCE SUGGESTS YIELD SOFTENING, CONTINUED GEOPOLITICAL INSTABILITY AND/OR FURTHER RATE INCREASES MAY PLACE UPWARD PRESSURE ON INVESTMENT YIELDS.”

- ROSS FARWELL

CURRENT STATE OF PLAY

- There has been an increased volume of industrial sale transactions throughout the second half of 2025 in the Brisbane industrial market following a period of yield softening and relatively subdued activity during 2023 and 2024. Q4 2025 witnessed a small tightening of yields across most industrial markets and price brackets. Prime yields currently range from 5.25% to 6.00%. Secondary yields generally fall into the range of 6.00% to 6.75%.
- After a period of interest rate cuts in February, May and August 2025 and then two 25 bps increases in February and March 2026, major banks are forecasting possible interest rate holds or increases into 2026. There is a possibility that current yield levels may soften if interest rates rise.
- There is a degree of market uncertainty in early 2026 driven by geopolitical tensions in the Middle East, ongoing trade policy adjustments and the two recent 25 basis point interest rate increases in February and March 2026. This environment has contributed to fluctuating global oil supply, heightened volatility across equity markets and, notably, US Treasury yields. Global oil supply also plays a critical role in shaping supply chain networks, with fluctuations directly influencing the availability and movement of goods and services across the economy, ultimately impacting the industrial and logistics sectors.
- While no recent sales evidence suggests yield softening, continued geopolitical instability and/or further rate increases may place upward pressure on investment yields.
- Offshore investors, unlisted funds, syndicates and high net worth privates remain the most active buyers in the market, following a period of divestment by REITs and Unlisted fund groups of their non-core assets.
- Owner-occupier activity has ramped up in recent quarters in response to continued rental rate escalations. Occupier demand is currently strong, especially in the lower price brackets, of sub \$15 million. This buyer profile are often willing to pay more than the competing private investor market, mainly due to the fundamentals of their business rather than the investment metrics of property, noting that rents for investment properties have not kept up with rising loan servicing costs.
- Rental growth continued at a more moderate pace during 2025 compared to the peak of rental increases in 2022 to 2024. The Brisbane industrial market recorded 9.8% growth in net face rents for Prime assets and 6.3% growth for Secondary assets, in the twelve months to December 2025.
- The land market continues to be tight across all markets and industrial land values have continued to increase over the past 12 months. Growth in land values is expected to be more moderate and to stabilise over the next six to 12 months as proposed development becomes difficult or unfeasible due to higher construction costs, the increased cost of funding and lower investment values.

INVESTMENT MARKET

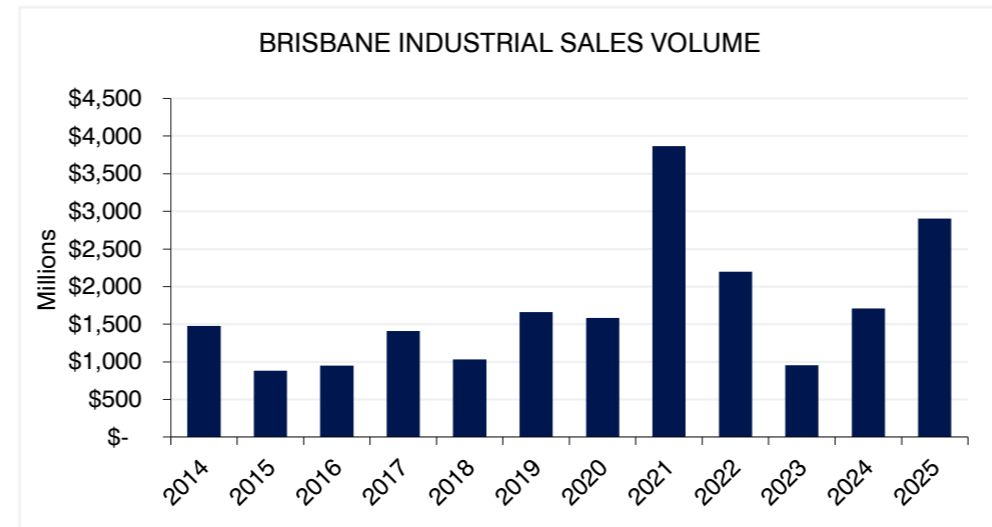
- According to RCA, there was \$2.9 billion across 157 transactions over \$5 million in the Brisbane market for 2025, compared with the \$1.7 billion across 121 transactions over \$5 million in 2024.
- For 2025, private investors have accounted for the largest share of sales (54.1% by value), followed institutional investors (19.1% by value) and offshore investors (16.7% by value).
- Listed funds and Real Estate Industry Trusts (REITs) exited the Brisbane industrial trading market in 2024, with limited involvement as buyers.
- The largest investment transaction of the quarter was CapitaLand's sale of 95 Gilmore Road, Berrinba to Cadence Property Group for approximately \$101.8 million.

YIELDS

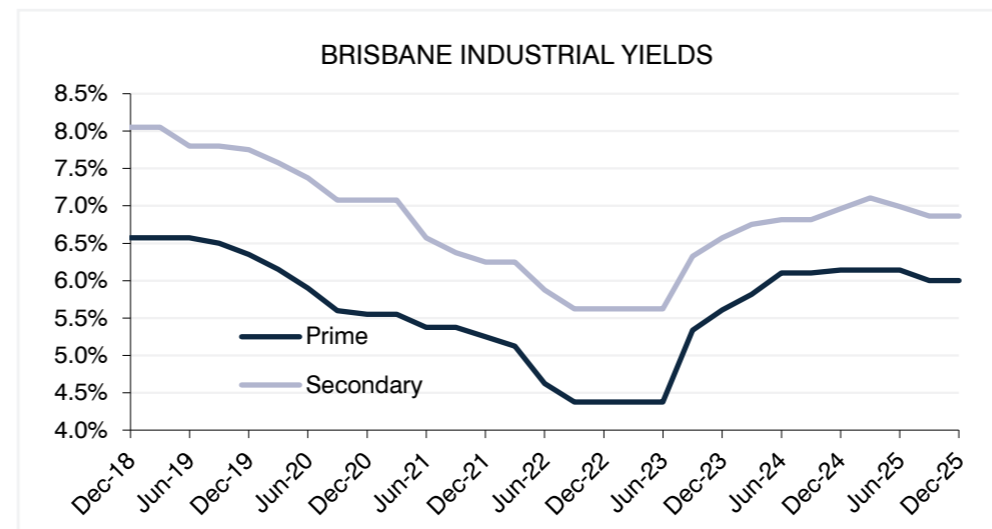
- During the December 2025 quarter, prime yields ranged between 5.25% and 6.0% and secondary yields ranged between 6.00% and 6.75%.
- Investment activity picked up during 2025 as investors became restless and more accepting of current market conditions.

RENTAL MARKET

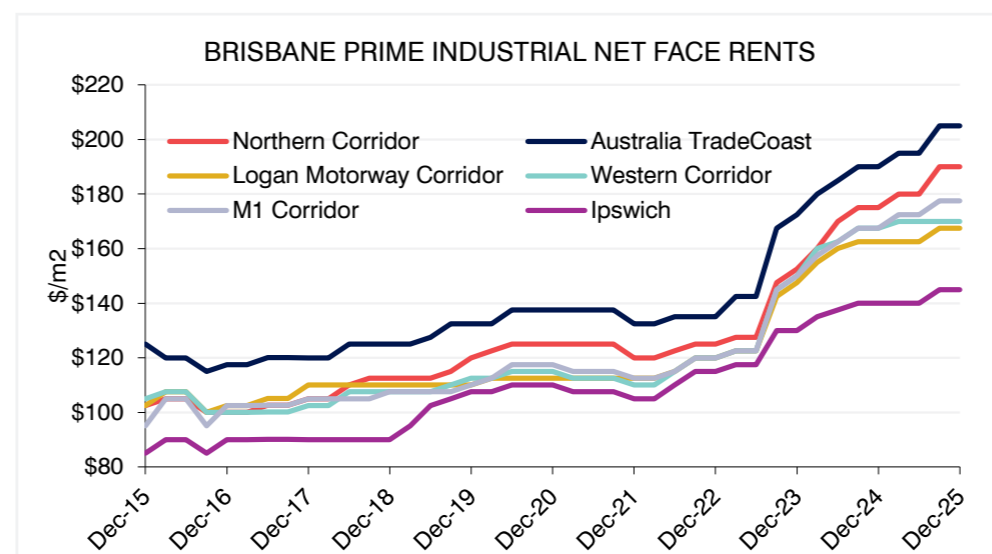
- Prime rents increased by 9.8% for the 12 months to December 2025 with secondary rents increasing by 6.3%.
- Incentives are typically ranging between 8.5% and 16% (and larger on major tenant commitments) for prime properties, trending upwards over the past year.



Source: Real Capital Analytics (RCA), M3 Property
Note: sales over \$5 million



Source: M3 Property



Source: M3 Property

OPPORTUNITIES AND CHALLENGES

- There remains a substantial pipeline of supply with development approval to come to market in 2026 and beyond; elevated construction costs and costs of debt are expected to continue impacting the delivery of some projects over the short term.
- Occupiers continue to seek modern, efficient buildings and are increasingly expecting Environmental-Social-Governance (ESG) features in new developments.

OUTLOOK

- Occupier demand is forecast to remain at robust levels in 2026, however, take-up is expected to remain low due to the supply/demand imbalance. Over the medium-term, we expect to see some rationalisation of inventories as supply chain conditions continue to normalise, and this could result in a softening of occupier demand.
- Land rates are expected to continue increasing over the coming 6 to 12 months, due to the lack of available supply, albeit at a softer rate than the last few years. Land rate growth has moderated due to high construction costs, continued supply chain issues and the easing of demand for investment stock (softening of yields).
- The Reserve Bank of Australia (RBA) increased interest rates by 25 basis points in February and March 2026. Together, the higher interest rate environment and global geopolitical volatility have contributed to heightened market volatility which is expected to dampen sales activity in the short term as the global environment remains uncertain and investors take a wait and see approach.
- The rate increase is likely to result in further caution from investors. Institutional investors remain somewhat cautious amid global economic headwinds, increased speculative stock completions and moderating tenant demand.

CBD OFFICE

MICHAEL COVERDALE

Managing Director QLD



“The Brisbane CBD office market continues to improved, even with vacancy rising to 11.2% as new supply of over 46,000 sqm entered the market.

Leasing fundamentals remain resilient, supported by solid rental growth across all grades, with premium rents averaging \$1,300/sqm and annual increases of around 8%. Landlords continue to push face rentals with incentives remaining elevated albeit reducing, particularly within the smaller sub 1000m² tenancies and lease renewals.

Tenant demand is increasingly focused on high-quality, amenity-rich buildings, while flexible workplace strategies continue to shape leasing decisions. A moderate supply pipeline is expected through 2027–29, though further development is depend on pre-commitment levels and builder delivery.

Investment sentiment improved in 2025 and yields have stabilised, however fewer transactions and lower volumes occurred with offshore capital remaining dominant player. Despite this, the market is recovering and capital wants to be placed in Brisbane given the improving medium term occupancy demand, rental growth and infrastructure investment. However recent tensions in the Middle East are impacting the markets, with some buyers likely to sit and wait or take a cautious approach now.”

“THE BRISBANE CBD OFFICE MARKET HAS SOFTENED OVER THE PAST YEAR, WITH VACANCY RISING TO 11.2% AS NEW SUPPLY OF OVER 46,000 SQM ENTERED THE MARKET.”

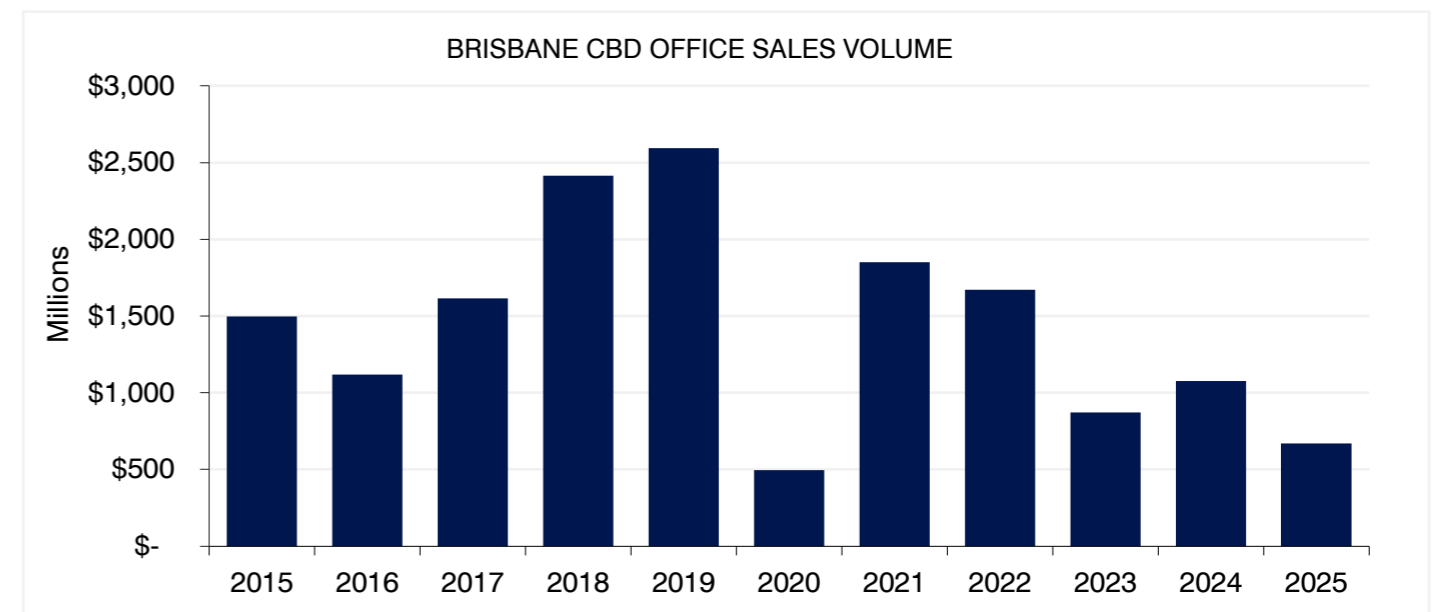
- MICHAEL COVERDALE

CURRENT STATE OF PLAY

- According to the Property Council of Australia (PCA), there was 2,405,730 square metres of office space in the Brisbane CBD as of January 2026.
- The Brisbane CBD office vacancy rate increased from 9.0% in January 2025 to 11.2% over the year to January 2026. This was the result of an additional 46,280 sqm of new office supply added to the market in the twelve months to January 2026.
- The Brisbane CBD has a healthy medium-term supply pipeline. Work is well underway on Dexus’s Waterfront project (Deloitte and MinterEllison). There is around 17,500 sqm of new supply due to be delivered in 2027 and a further 75,311 sqm from the Dexus Waterfront project due to be delivered in 2028/29. There is also 168,592 square metres of supply mooted for development in the CBD, although major projects are not expected to proceed to construction in the short-term without a significant pre-commitment.

INVESTMENT MARKET

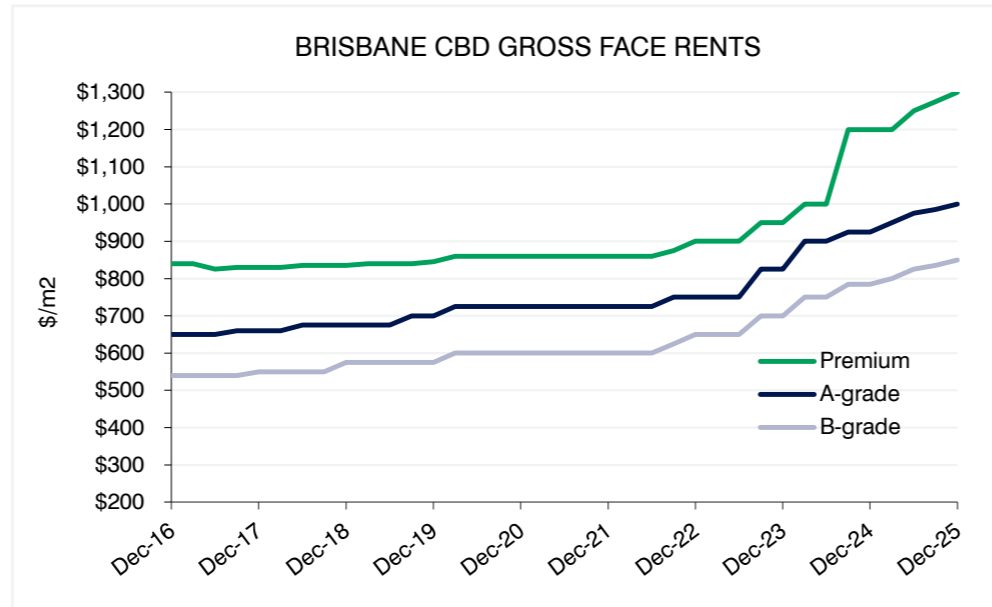
- According to RCA, there were 12 sales totalling \$669 million recorded in the Brisbane CBD Office market to the end of 2025, compared with 14 sales totalling \$1.07 billion in 2024.
- The largest transaction in 2025 was the \$230 million sale of a 50% interest in Central Plaza One at 345 Queen Street, Brisbane, in October 2025 to Aravest within Japanese investment.
- Offshore buyers were the largest buyers of office property in Brisbane in 2025, accounting for 72.2% of the transactions.
- Following back-to-back interest rate rises in February and March 2026 and geopolitical tensions in the Middle East, sales are expected to slow in 2026. While we expect some degree of caution given the interest rate rises, we are expecting offshore and local institutional buyers to continue targeting Brisbane given the improving leasing market and generally positive Queensland economic outlook.



Source: Real Capital Analytics (RCA), M3 Property

RENTAL MARKET

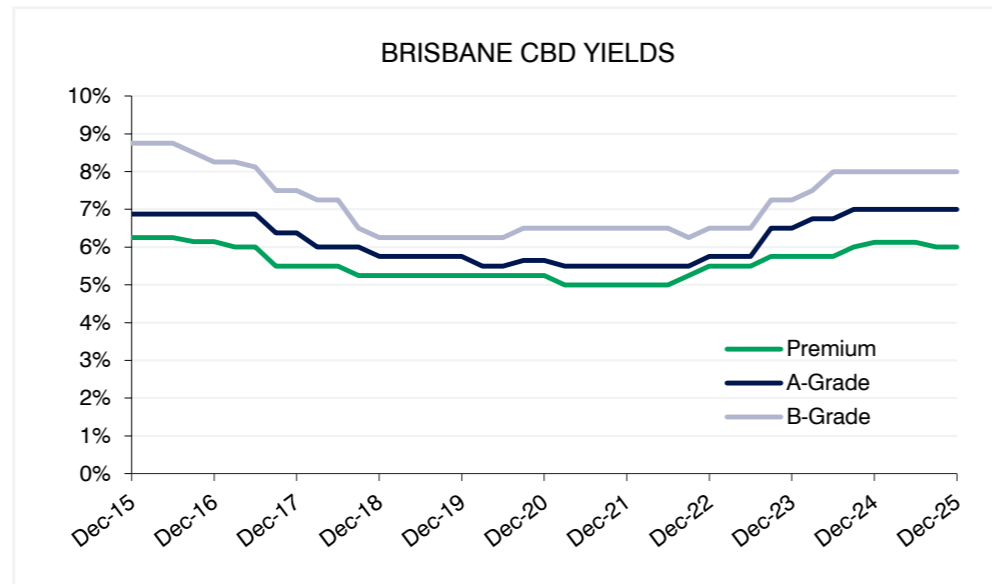
- As at the December quarter 2025, premium gross face rents averaged \$1,300 per square metre and are estimated to have grown by 8.33% year on year.
- A-grade gross face rents averaged \$1,000 per square metre, estimated to have grown by 8.11% year on year and B-grade gross face rents averaged \$850 per square metre, estimated to have grown by 8.28% year on year.
- Incentives averaged 37% for premium, 38.5% for A-grade space, and 40% for B-grade space.



Source: M3 Property

YIELDS

- Yields in the Brisbane CBD office market remained largely stable in the past twelve months, with premium-grade building yields tightening up to 13 basis points to average 6.00%; while A-grade building yields remained stable at 7% and B-grade building yields remained stable at 8%.
- Yield decompression will be limited going forward and yields are likely to remain stable in 2026 with greater divergence between prime and secondary assets.



Source: M3 Property

OPPORTUNITIES AND CHALLENGES

- Conditions remain favourable to occupiers and they are showing preference for high-quality, newly-constructed buildings, being critical of the level of amenity and end-of-trip facilities. Occupiers are also increasingly considering the building's NABERS (National Australian Built Environment Rating System) and WELL ratings.
- With the exception of the last six months of 2025, vacancy has been reducing and has resulted in improved market conditions. Despite this, office occupancy rates remain substantially lower than they were prior to the pandemic. In recognition of the changing work habits of employees (including more employees working from home), occupiers are seeking tenancies with numerous collaboration areas and breakout spaces, and leases allowing for expansion and contraction of space during the lease term.
- The Cross River Rail and Brisbane Metro projects will improve connectivity in CBD and fringe areas, University of Queensland, Boggo Road and the Exhibition Showgrounds, integrating with existing rail lines; occupier demand is expected to strengthen around these new transport linkages.

OUTLOOK

- The Brisbane CBD office space has a healthy supply pipeline planned for the next two years, including good levels of pre-commitment.
- Occupier demand has strengthened, and this will drive net absorption over the next few years.
- The vacancy rate is forecast to reduce or remain stable over the next 12-months.
- It is likely that net absorption and withdrawals of secondary stock from the market in the short-term will offset the increase in supply becoming available over the next two years.
- Further increases of gross face and effective rents during 2026 are expected with rental growth moderating over the medium-term.
- Incentives on new leases are likely to remain high as owners look to increase face rents after many years of limited growth, however, incentives on lease renewals have stabilised / starting to reduce. This may particularly be the case for tenants where there is value or utility in existing fitouts, given the significant increase in costs to fund a new tenancy.

RESIDENTIAL DEVELOPMENT



STEPHEN LINNANE

Director | Residential Development

“Brisbane’s residential market has remained strong through the second half of 2025, with continued price growth and only limited signs of stabilisation in some segments. The broader Queensland market remained supported by strong population growth, low vacancy rates and constrained housing supply, although growth conditions became more uneven across product types and locations.

The market remained undersupplied due to limited new construction, while demand continued to be underpinned by population growth and resilient rental conditions. Rental demand remained elevated across Brisbane and key South-East Queensland markets, although rental growth moderated from earlier peaks. At the same time, a material disconnect persisted between development approvals and construction commencements, with elevated construction costs, land values and delivery constraints continuing to weigh on project feasibility.

Construction costs have shown signs of stabilisation in some areas, however labour shortages and limited builder availability remain constraints, making it difficult for developers to secure contractors and complete projects within anticipated timeframes. These feasibility pressures are most evident in the apartment sector, where new supply remains skewed toward higher-end owner-occupier product and continues to be highly price sensitive.

Overall, Brisbane’s housing market is expected to remain resilient, supported by low vacancy, strong underlying demand and improved sentiment. Notwithstanding this, recovery in the residential development market is expected to remain constrained in the near term, with a more sustained improvement dependent on stronger feasibility and a meaningful uplift in development activity.”

CURRENT STATE OF PLAY

- According to CoreLogic, median house prices in Brisbane grew by 20.32% to reach \$1,175,981 in March 2026. The Brisbane housing market continued to grow strongly during 2025, following a brief period of stability between October 2024 and May 2025. Oxford Economics Australia is forecasting median house prices in Brisbane to grow by 8.2% during 2026, although the RBA's decision to increase interest rates in February and March 2026 may see slower growth.
- With strong demand and a surge in population growth, median unit prices grew by 22.33% to reach a new peak of \$844,844 in March 2026. Unit prices have continued to grow strongly and are expected to continue growing in 2026. Oxford Economics Australia had forecast median unit prices in Brisbane to grow by 11.2% during 2026, although the RBA's decision to increase interest rates in February and March 2026 may see slower growth.
- Housing affordability has declined considerably since the September 2020 quarter. According to the Housing Industry of Australia (HIA) Affordability Index, affordability within greater Brisbane deteriorated to an index score of 55.1 during the September quarter 2025. An index score of 100 indicates the threshold for an 'affordable' market, with an index level below 100 indicating an unaffordable market.
- In February 2026, the Brisbane metro area had a vacancy rate of 0.9%, slightly lower than the 1% of February 2024. All submarkets are still sitting below the equilibrium level.
- The tight vacancy rates have put strong upward pressure on rentals across the greater Brisbane residential market.



Source: SQM, M3 Property

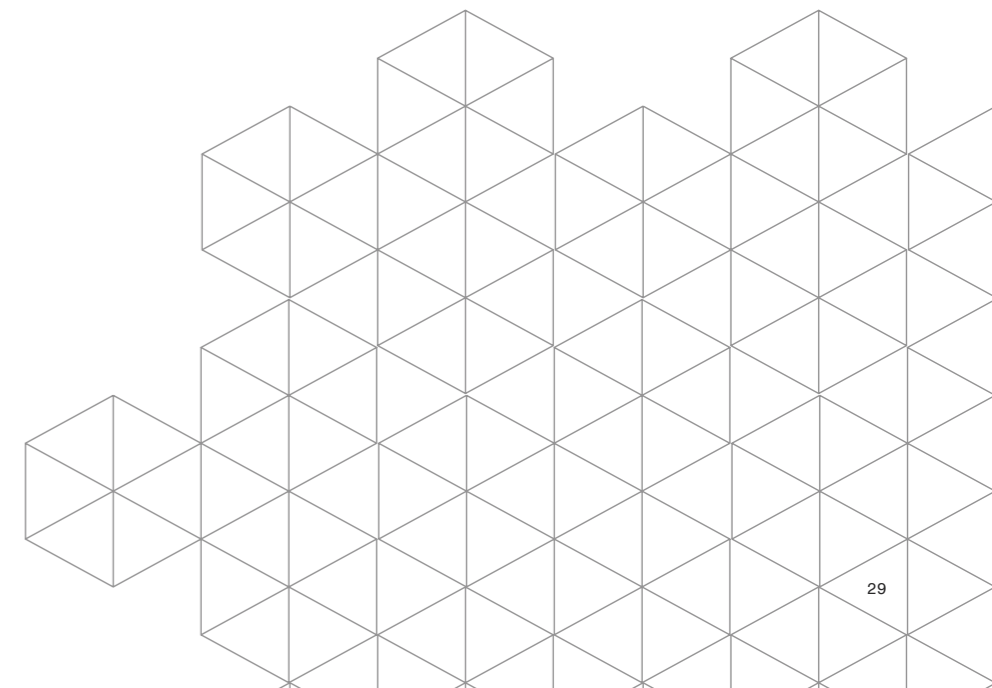
*Note: The market equilibrium vacancy rate is considered to be 3.0%. Vacancy rates higher than this typically represent an oversupplied rental market whilst lower vacancy rates typically represent an undersupplied market.

OPPORTUNITIES AND CHALLENGES

- Population growth will continue to drive an undersupplied market, resulting in price growth across all sectors.
- Planning delays are constraining the ability to deliver land and built form in a timely manner.
- The townhouse market will be appealing, particularly in middle ring suburbs and growth areas, as affordability worsens.

OUTLOOK

- Over the past few years, several interest rate hikes, rising construction costs, and a shortage of building contractors have significantly impacted development feasibilities. An increasing number of projects are unable to proceed under current market conditions, posing a significant risk to the development site market.
- The market remains undersupplied due to limited new construction, while population growth continues to drive demand. Rental demand remains strong with tight vacancy rates fuelling rental growth with rents rising by 7.14% in the twelve months to February 2026.
- The price gap between detached dwellings and apartments has been narrowing over the past 12 months; unit values have risen at a faster rate than house values, driven by affordability constraints making it increasingly difficult for many first-home buyers to enter the market.
- Looking ahead, the South-East Queensland market is well-positioned for sustained growth, driven by strong population growth, a persistent housing shortage, and ongoing infrastructure development in preparation for the 2032 Summer Olympic Games.



RETAIL



SHAUN O'SULLIVAN

Director | Retail

“During 2025, improved liquidity led to a wave of Shopping Centre transactions which has paved the way for continued performance of the sector in 2026.

There has been strong transactional activity in the Shopping Centre investment market over the last 12 to 18 months. A weight of capital was chasing retail assets during 2025 as institutional investors competed with fund managers, syndicators and private investors to secure centres offered for sale. This resulted in a large number of transactions occurring across all sub-sectors.

Heading into 2026, capital remains strong for the sector although the February and March 2026 cash rate rises, with the potential for further increases, coupled with the economic volatility and uncertainty as a result of the Middle East crisis, has resulted in a level of caution in the market. That said, investors are attracted by the strong underlying thematics of the sector.

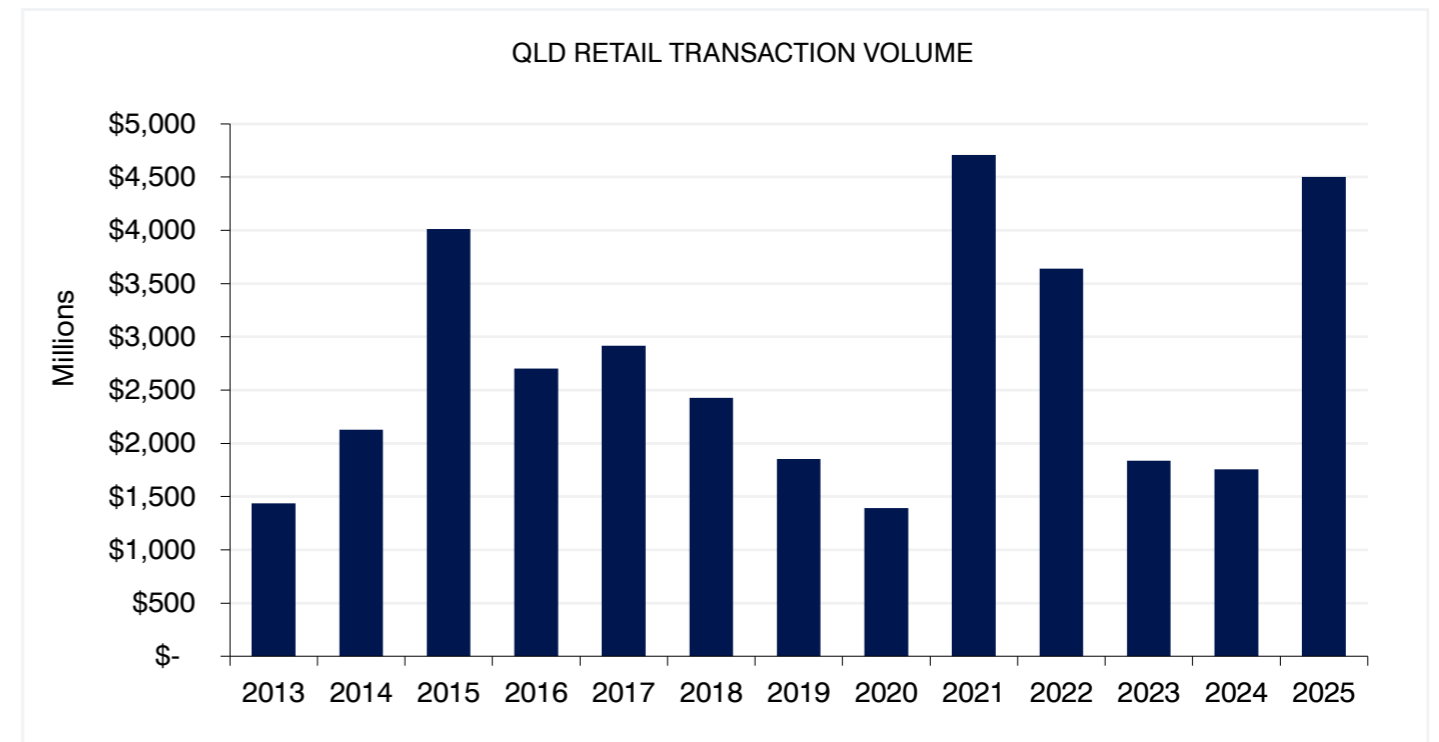
On the income side, landlords are achieving strong leasing spreads, helped by low levels of vacancy, population growth and constrained new floorspace supply. However, retailers continue to face operational challenges including navigating higher inflation, consumer ‘cost of living’ pressures, and heightened stock theft and crime.”

“TOTAL HOUSEHOLD SPENDING ON RETAIL IN QUEENSLAND FOR THE 12 MONTHS TO DECEMBER 2025 WAS UP 5.9% YEAR ON YEAR.”

- SHAUN O’SULLIVAN

CURRENT STATE OF PLAY

- Total household spending on retail in Queensland for the 12 months to December 2025 was up 5.9% year on year.
- The strongest growth by retail category was recorded in hotels, cafes and restaurants (7.0%), followed by furnishings and household equipment (6.7%).
- Rental spreads (i.e., the difference between a tenants’ new rent and their prior rent) have materially improved over the last 12 months for Australian Real Estate Investment Trust (AREIT) shopping centre owners.
- Growth in the online retail sector and the continuing expansion of online marketplaces has resulted in centre owners changing their tenancy mix.



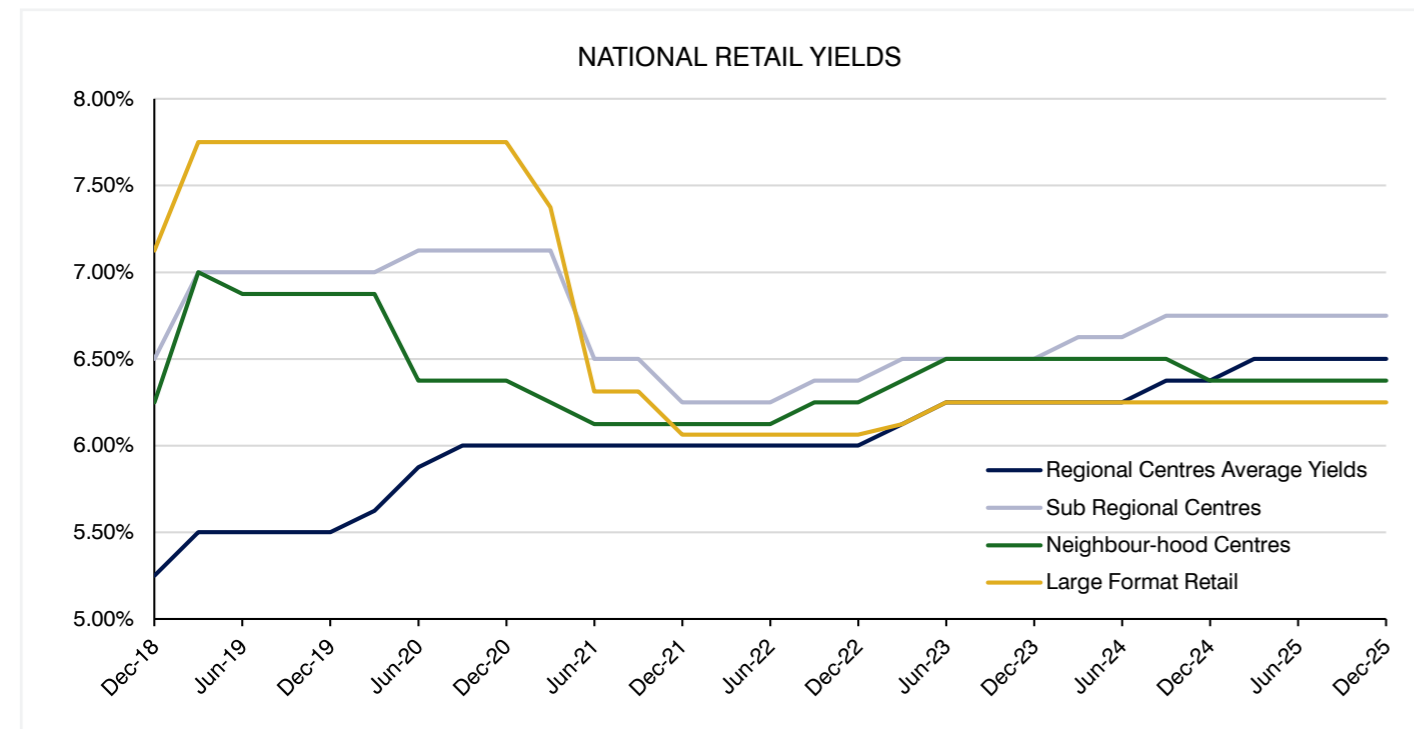
Source: Real Capital Analytics (RCA), M3 Property
Note: Sales over \$5 million

INVESTMENT MARKET

- According to RCA, there were 124 retail sales totalling \$4.5 billion recorded across the Queensland market to the end of 2025, substantially higher \$1.7 billion from 58 transactions in 2024.
- Listed and institutional investors were the most active buyer groups in 2025, accounting for 38.2% and 28.8% of sales respectively (by dollar value).

TRANSACTIONS

- The largest transactions in 2025 were the sale of Westfield Chermside, with Scentre selling a half share for a total of \$1.36 billion across two transactions to two separate Dexu-run funds; and the sale of Logan Hyperdome for \$678 million from QIC to MA Financial Group.



YIELDS

- Retail yields generally continue to look attractive relative to the alternative investment classes of office and industrial.
- The transactions that occurred in H2 2025 confirmed yields were stable, or in some categories they confirmed yield tightening. However, the February and March 2026 cash rate increases and concerns of further rises has brought a level of caution to the market.
- In broad terms, from the transactions that have occurred, Bunnings Warehouses are trading in the range of 4.75% to 5.25%, Neighbourhood Centres 5.25% to 6.50%, prime Sub Regionals 5.00% to 5.75%, prime Regionals 4.75% to 5.50% and secondary Regionals exhibiting a larger range of 6.00% to 7.00% reflecting the variance in this sub-category.

OPPORTUNITIES AND CHALLENGES

- A lack of development is improving the demand /supply equation. With population growth contributing to demand, vacancies levels are generally quite low across all sub-categories. Scentre Group and GPT have reported portfolio occupancy of 99.8%, the highest in 13 years. This theme should continue in the short term for strong centres.
- Rental growth has been solid. National retailers with store roll out programs are agreeing to increased rents to help facilitate the commencement of developments for Neighbourhood Centres, Large Format Retail (LFR) Centres and Quick Service Restaurants (QSR).
- AREITS are reporting strong leasing spreads, including GPT (4.9%), VCX (4.6%), Region Group (3.4%) and Scentre Group (3.2%)
- Institutional capital values the stabilised income profiles of Shopping Centres, backed by long term leases and fixed rental growth.
- Retail theft and crime puts extra pressure on the resourcing and profits of retailers and landlords. This is an unwanted focus of the industry and a drag on operations.
- Stratum retail can be challenging assets to sell, attracting reduced levels of investor capital.
- Shopping centres have natural advantages through planning and transport to assist with the housing supply crisis as cities expand vertically, but the overly onerous regulatory framework provides hurdles.
- Centres still pay a vital role in the community. Retail is where people do their living. Some shopping centres are adding co-working tenants, childcare, serviced apartments and other non-traditional retail uses.

OUTLOOK

- Consumer confidence had been improving over the past year; however, the RBA's decision to increase the cash rate by 25 basis points in February 2026 and again in March 2026 is expected to temper discretionary consumer spending in the near term as households adjust to higher borrowing costs. In this environment, buyer behaviour is likely to become more considered rather than speculative, contributing to a more sustainable and balanced market as assets are brought to market through 2026.
- Over the short term, retail turnover will remain elevated by consumer price inflation and sales volumes are expected to be patchy as consumers prepare for unexpected economic conditions from the international trade sources.

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