



SOUTH AUSTRALIAN MARKET SNAPSHOT

APRIL 2026

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OVERVIEW

South Australia's property market demonstrated resilience across most sectors during the second half of 2025, supported by tight supply and steady demand.

Industrial remains a standout, with sub-2% vacancy driving rental growth, although development is constrained by rising costs. The Adelaide CBD office market strengthened in 2025, with vacancy tightening to 15.5% and moderate rental growth. However, investment activity is still subdued and price sensitive.

Retail performance is buoyed by strong leasing spreads and investor demand, despite consumer cost pressures. The hotel sector is stabilising, benefiting from improved occupancy and room rates, with Adelaide showing modest growth. Healthcare assets continue to attract strong private investor interest, underpinned by demographic trends, though rising interest rates may dampen activity. Residential development is supported by limited supply and strong price growth, but affordability constraints and higher rates are expected to moderate demand.

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 have risen 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.

Overall, the market outlook remains cautiously positive, with supply constraints underpinning long-term fundamentals.

Our experts across valuation sectors share their analysis and insights in our latest South Australia Market Snapshot covering the second half of 2025, as well as what to look out for in 2026, across Healthcare, Hotels and Accommodation, Office, Industrial, Residential Development, and Retail.

HEALTHCARE



SIMON HICKIN

Director | Healthcare & Office

“The healthcare and seniors living sector in South Australia maintained its appeal as a core asset class 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 sector because of population growth, ageing demographics, government funding, and private healthcare.

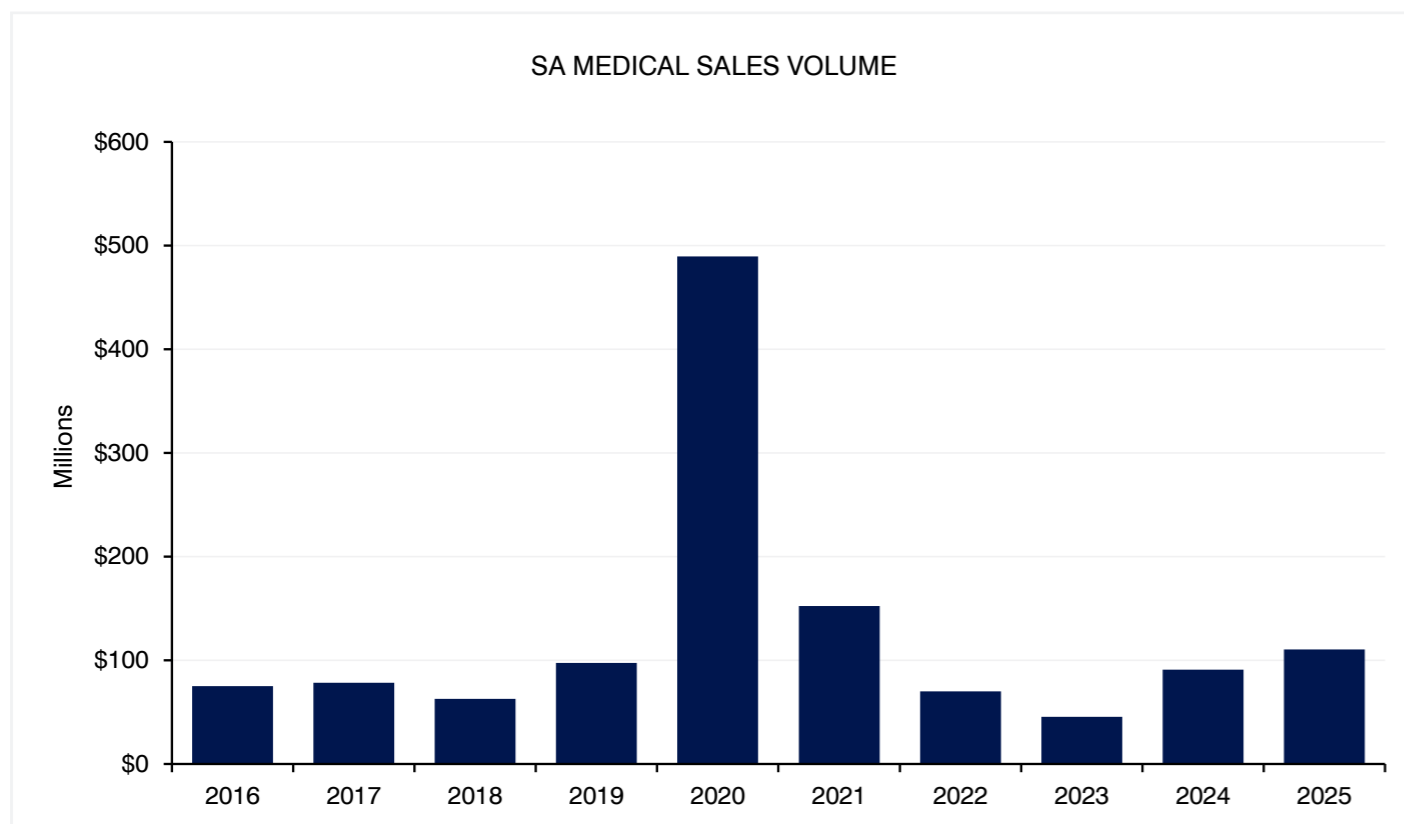
In 2025 South Australia recorded \$110.7 million in medical and hospital property sales across 28 transactions, being at a 21.4% increase over 2024. Private investors were again the most active buyer’s group in 2025, accounting for 96% of purchases. Prime medical yields averaged 5.5%, while secondary assets reached 6.5%, with cap rates remaining relatively stable over the year.

The lowering of interest rates during 2025 maintained overall buyer activity, albeit a disconnect remains between purchasers and vendors even in the face of demand for premium assets. Similarly to 2024, transactions under \$10 million dominated the market with only two transactions above this level.

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.

Investment demand for medical assets may dampen over 2026, with the interest rate rises in February and March and potential for further rate rises across the year. While cap rates stabilised in 2025, there is an expectation that interest rate rises will put pressure on investment returns.

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 Real Capital Analytics (RCA), sales volume of healthcare properties in South Australia for 2025 was \$110.7 million from 28 transactions. This compares with \$91.2 million from 20 transactions in 2024.
- Private investors were the most active buyer's group during 2025, accounting for 96% 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 6.5% for prime assets and 6.75% and 7.5% for secondary assets.
- Average cap rates for prime and secondary have tightened by around 15 basis points in the 12 months to December 2025.

OPPORTUNITIES AND CHALLENGES

- Interest rate reductions in February, May and August 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 the rate increases in February and March 2026.
- GP and other health specialist shortages continue to affect occupancy levels for some medical practices.
- Mental health and wellbeing is a significant 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 two Healthcare and Life Sciences precincts in Adelaide. These are the Adelaide BioMed City and Flinders University Urban Village Precinct.

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 and the current high interest rate environment will also support this shift.
- The healthcare 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. The potential for further interest rate increases in 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.

The Adelaide market has seen modest rate and occupancy growth over the past 12 months. Rate growth has been bolstered by the addition of several new hotels to the market and refurbishment of existing stock. Several planned new hotels over the next 24 months will likely assist in continued rate growth in the market. Investment metrics have remained stable, and construction cost escalation continues to challenge new supply.

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

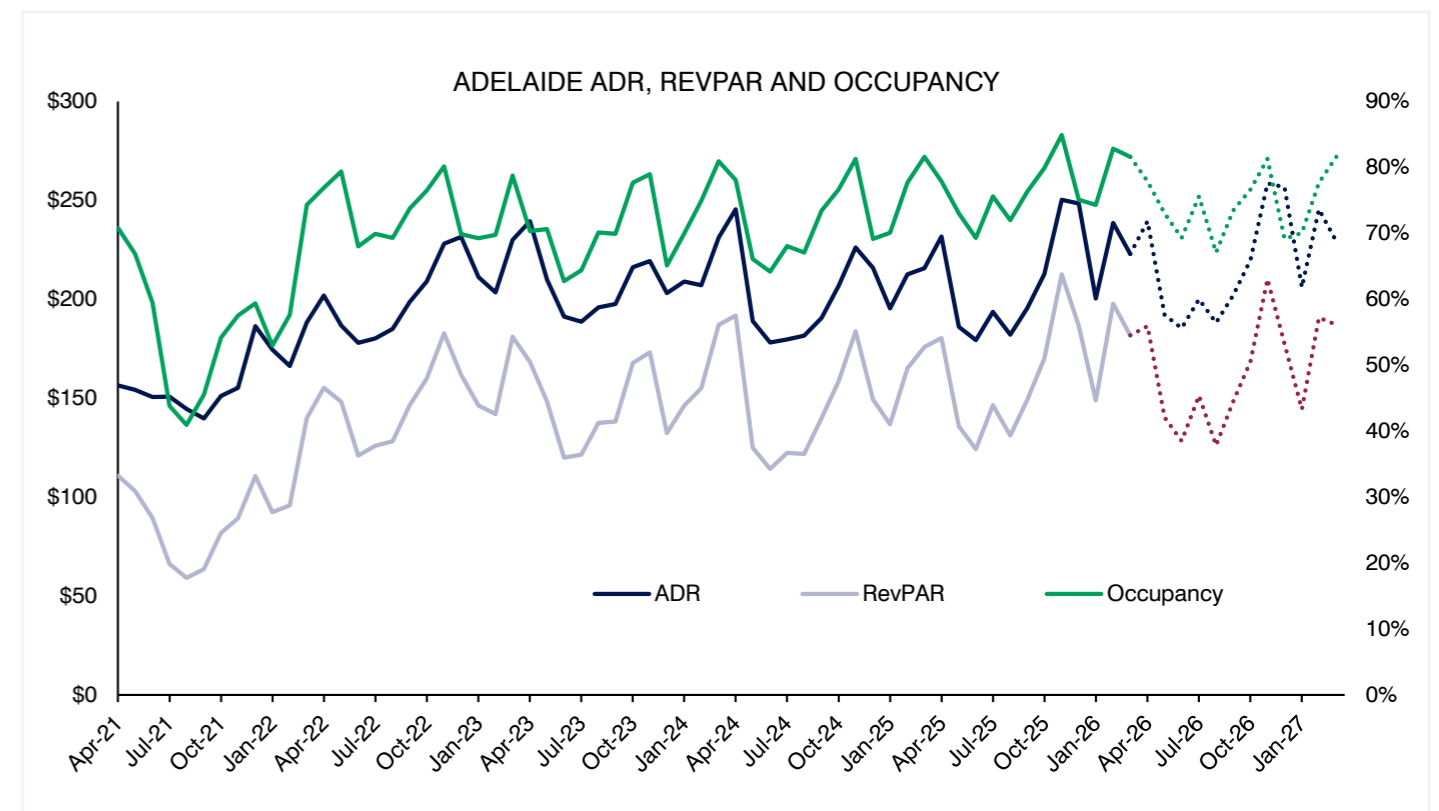
We expect the current trends to continue over the next 12 months.”

“THERE WERE FIVE TRANSACTIONS OF HOTEL ASSETS IN ADELAIDE IN 2025, TOTALLING \$286.9 MILLION. THIS IS SIGNIFICANTLY HIGHER THAN THE TOTAL ACHIEVED FOR THE WHOLE OF 2024.”

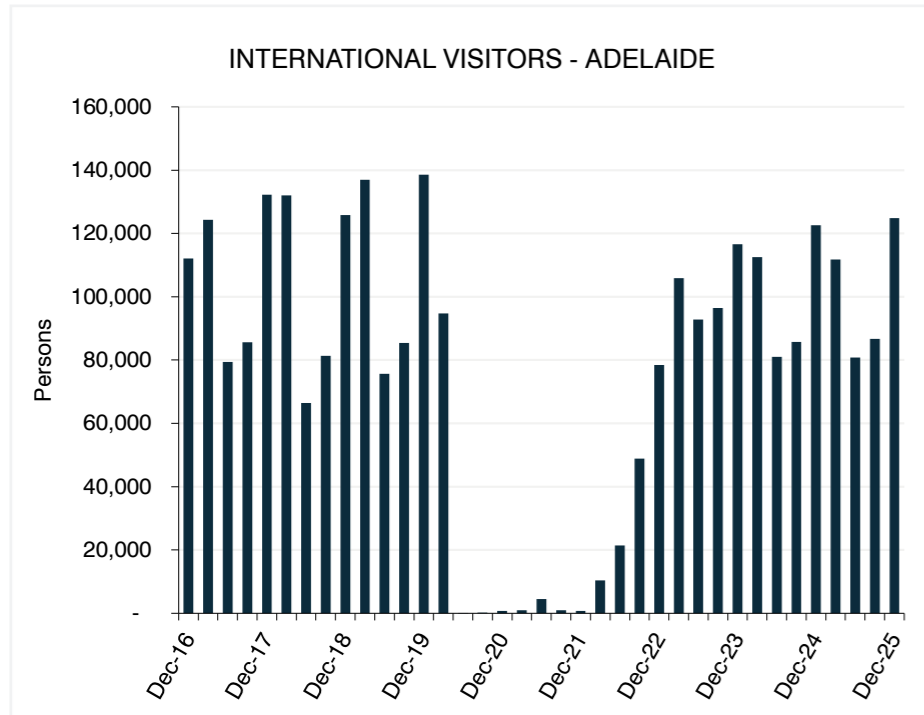
- JAMES RUBEN

CURRENT STATE OF PLAY

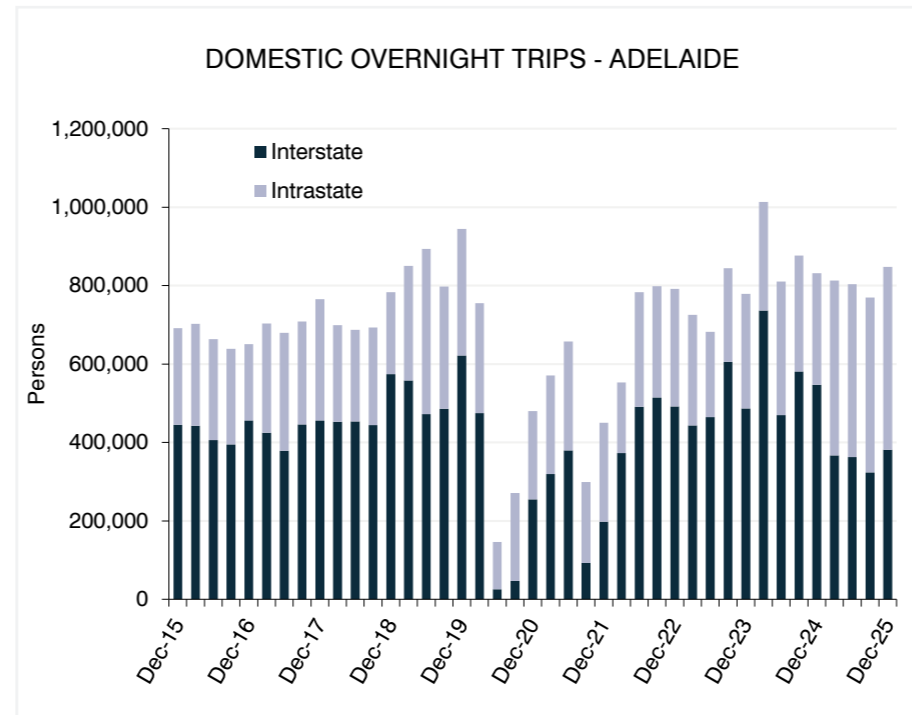
- Prior to the pandemic, the Adelaide occupancy rate generally fluctuated between 70% and 90%. Occupancy rates per room have returned to pre-Covid levels, with the Adelaide market recording 82.85% occupancy rates in February 2026; this is 5.17% higher than the February 2025 rate, but equal to the same month pre-Covid.
- Revenue per available room has recovered to pre-pandemic levels which is a result of significant Average Daily Rate (ADR) growth. ADR growth has been influenced by many factors including strong inflation with operators passing on increases in outgoings, an increased quality of stock driving premium rates, and evolving travel trends increasing demand.
- Since the pandemic, international visitor numbers have started rising on a quarterly basis, however, remain lower than pre-pandemic levels. During the year ending December 2025, there were 404,111 international visitors, spending a total 11.47 million nights, in the region.
- Interstate visitor rates to the Adelaide market have returned to pre-pandemic levels.



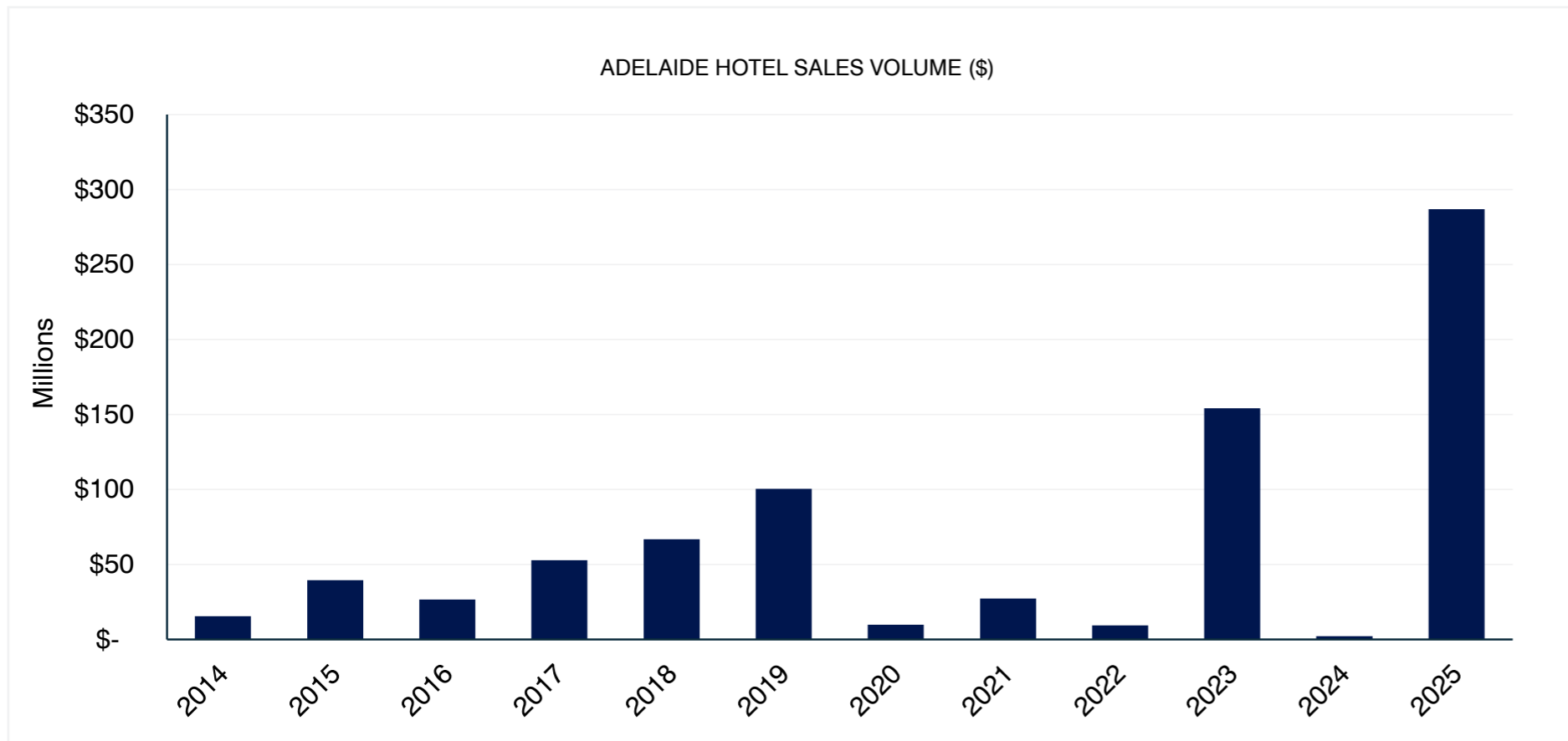
Source: M3 Property, STR/CoStar



Source: TRA, M3 Property



Source: TRA, M3 Property



Source: RCA, M3 Property

TRANSACTIONS

- According to RCA, there were five transactions of hotel assets in Adelaide in 2025, totalling \$286.9 million. This is significantly higher than the total achieved for the whole of 2024, when there was one transaction totalling \$2 million in Adelaide.
- The two largest in 2025 were the sale of the Hilton Adelaide for \$110 million to Amora Hotels & Resorts and the sale Mayfair Hotel Adelaide for \$75 million to Regal Partners and Ark Capital Partners. The Mayfair will be refurbished during 2026 and rebranded as the Kimpton Mayfair Adelaide.
- For 2025, cross-border investors were the largest of buyers, acquiring 50% of the hotel assets that sold.

OPPORTUNITIES AND CHALLENGES

- Construction costs continue to place pressure on new hotel development; conversion and refurbishment/repositioning opportunities exist within the market to repurpose alternate use properties or older accommodation assets.
- 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



MICHAEL LEECH

Managing Director SA

“South Australia’s industrial property market remained resilient through 2025, underpinned by tight supply, low vacancy, and sustained occupier demand. Vacancy rates, particularly for prime assets, remained below 2%, driving rental growth. Prime rents stabilised between \$115–\$190 per square metre and secondary rents rose modestly.

However, cost pressures - namely elevated construction costs, higher funding rates, and softer end values - have constrained new development feasibility and slowed late-year land value growth. Investment activity rebounded strongly, with transaction volumes nearly doubling year-on-year, supported by private capital and relative yield attractiveness compared to eastern seaboard markets.

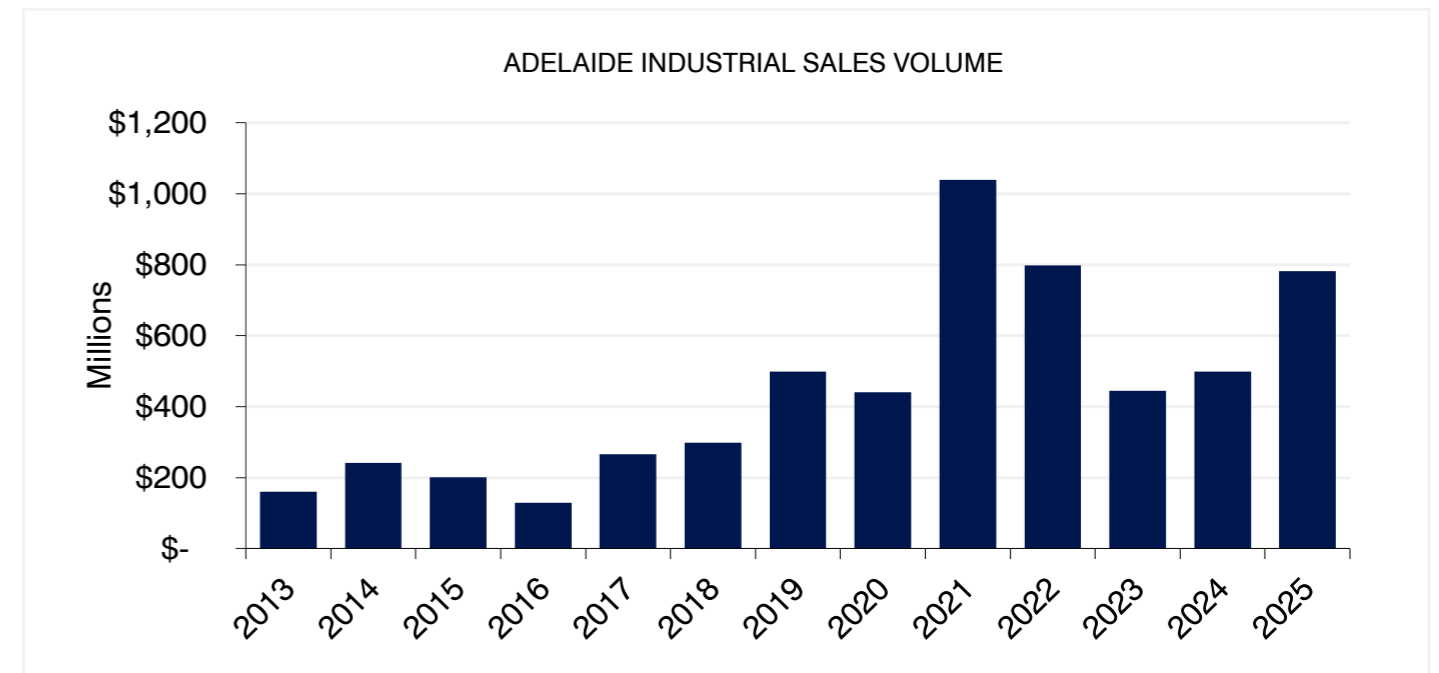
Yields softened modestly (~19bps for prime assets), reflecting debt costs and economic uncertainty, though evidence suggests the decompression cycle is nearing its peak. Looking ahead to the remainder of 2026, demand is expected to remain solid but may moderate as occupiers rationalise inventories, while limited land supply continues to underpin long-term market fundamentals.”

“SOUTH AUSTRALIA’S INDUSTRIAL PROPERTY MARKET REMAINED RESILIENT THROUGH 2025, UNDERPINNED BY TIGHT SUPPLY, LOW VACANCY, AND SUSTAINED OCCUPIER DEMAND.”

- MICHAEL LEECH

CURRENT STATE OF PLAY

- The fundamentals of the South Australian industrial market remained strong during 2025, reflecting limited stock and continued demand.
- Low vacancy rates have driven rental growth, although this is expected to moderate during 2026 with tenants focusing on cost control.
- The land market continues to be tight across all markets and Industrial land values have continued to increase over the past 12 months. There was limited growth in land values in the later part of 2025, as proposed development becomes difficult or unfeasible, due to elevated construction costs, the increased cost of funding and lower investment values.
- Despite the elevated cost of funding and still uncertain economic environment surrounding the drivers that underpin the industrial sector there has been an increase in transactional activity and stabilisation of industrial yields across Australia over the last quarter. Prime yields increased by circa 19bps in the twelve months to December 2025.



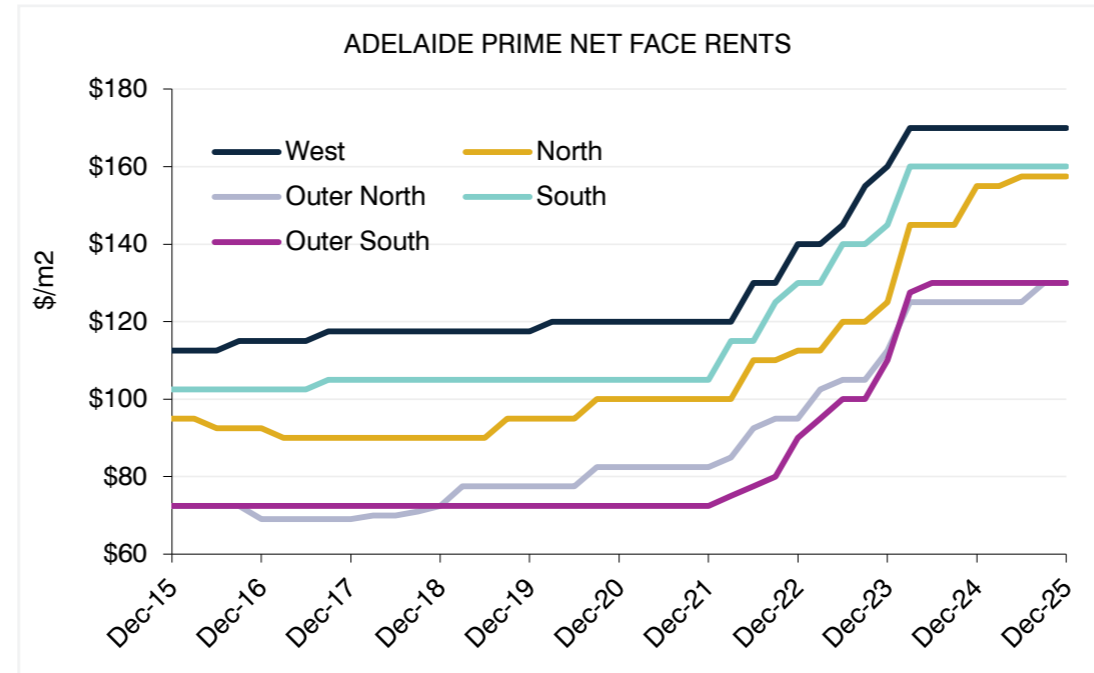
Source: Real Capital Analytics (RCA), M3 Property
Note: Sales over \$5 million

INVESTMENT MARKET

- According to RCA there have been 50 industrial properties above \$5 million sold for a total of \$781.9 million across Adelaide during 2025, compared with 37 properties sold for a total of \$399.3 million during 2024.
- Private investors with 44.7% of transactions were the largest purchasers of industrial property during 2025.
- The largest sale in 2025 has been the sale of the Port Adelaide Distribution Centre at 25-91 Bedford Street in Port Adelaide for a total of \$216 million. The property was sold by Quintessential to Centuria Capital Group and is the largest industrial deal in South Australian history.

RENTAL MARKET

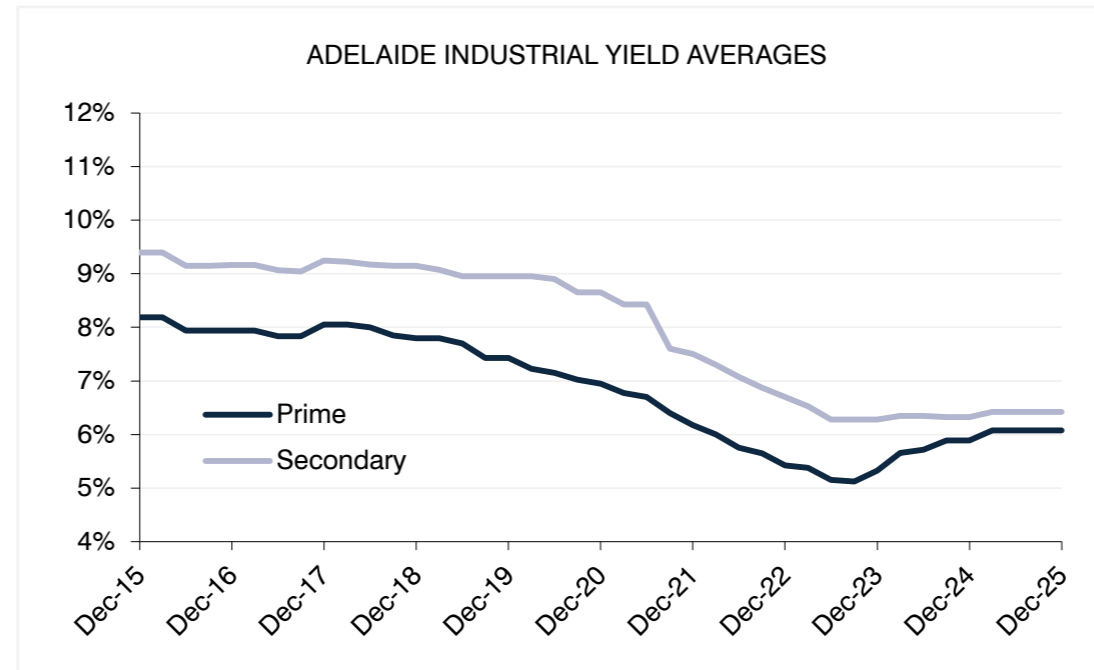
- Across the Adelaide metropolitan market, prime net face rents remained stable during 2025 and are ranging between \$115 and \$190 per square metre, while secondary rents increased by 3.4% to range between \$70 and \$125 per square metre.
- Leasing activity continues to be the strongest in the outer north and west, with several large-scale projects in the area including Renewal SA's Edinburgh Park precinct, the adjacent Vicinity estate at Direk developed by the Walker Corporation, Charles Sturt Industrial Park, and Lionsgate Estate (formerly GM's headquarters). These projects have benefited from state government incentives to bring employment to South Australia.



Source: M3 Property

YIELDS

- There remains a spread between Adelaide's industrial yields and other eastern seaboard industrial yields, making the market attractive to investors looking for yield and geographic diversification, whilst also obtaining a competitive return.
- Yields have softened in the 12 months to December 2025. Prime industrial yields have softened by around 19 basis points and are typically ranging between 5.75% and 6.5%, averaging at 6.08%. Secondary yields have softened by 10 basis points and are between 5.75% and 7.75%, with an average of 6.43%.
- In the period from 2021 to 2024, healthy investor appetite and the spread between property yields and interest rates exerted significant downward pressure on yields. However, economic uncertainty and the cost of debt has seen yields soften in the past year.



Source: M3 Property

OPPORTUNITIES AND CHALLENGES

- Vacancies remain tight, particularly for prime-grade properties where the vacancy rate is below 2%. Vacancy levels remain tight despite gross take-up of 150,000 square metres in Q4 2025 which is the highest level of take up in Adelaide since 2018. Occupier demand is forecast to remain at robust levels throughout 2026 as take-up has continually put pressure on the supply/demand imbalance. Over the medium-term, we expect to see some rationalisation of inventories now that supply chain conditions have normalised, and this could result in a softening of occupier demand.
- A continued scarcity of land suitable for development prevails with a concerning lack of future englobo opportunities, thus presenting increased opportunities for gentrification of older industrial precincts.

OUTLOOK

- The RBA raised the cash rate by 25 basis points at its February and March 2026 meetings after inflation data released in January and February 2026 indicated the CPI was too far above its target range of 2%-3%. The conflict in the Middle East has also added to inflationary pressure, however the RBA was at pains to point out the conflict was not the main driver of the cash rate increase. The recent adjustment follows three cash rate cuts in 2025. The RBA is concerned with weak economic output, productivity in the labour force and ongoing expansionary fiscal policies fuelling inflation in the economy.
- 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.
- It appears the market is approaching the end of the yield decompression cycle. Sale volumes are expected to remain strong in 2026 despite economic uncertainty.
- The supply pipeline is thinning in parts, reflecting rising construction costs and supply chain challenges.

CBD OFFICE



SIMON HICKIN

Director | Healthcare & Office



“The Adelaide CBD office market strengthened in 2025, with total stock reaching 1.59 million square metres - up 22,839 square metres year-on-year. Vacancy decreased from 16.4% in January 2025 to 15.5% in January 2026, driven by 33,023 square metres of tenant absorption. Major projects under construction include 30 Gouger Street (approx. 22,000 square metres) and Festival Tower Two, Festival Plaza (approx. 55,000 square metres).

Prime net face rents range from \$470-640 per square metre and secondary from \$375-480 per square metre, with incentives between 25%-45%.

Investment activity remains soft, with 10 sales totalling \$170.25m in 2025, up from \$141.03m a year earlier. Yields are elevated, ranging from 6.0%-9%, although are price sensitive. Demand varies significantly across the price categories with privates and syndicators active in the sub \$50 million sector and low interest above this price level where institutional investors are dominant.”

“THE TOTAL VACANCY RATE FOR ADELAIDE’S CBD OFFICE MARKET DECREASED FROM 16.4% IN JANUARY 2025 TO 15.5% IN JANUARY 2026.”

- SIMON HICKIN

CURRENT STATE OF PLAY

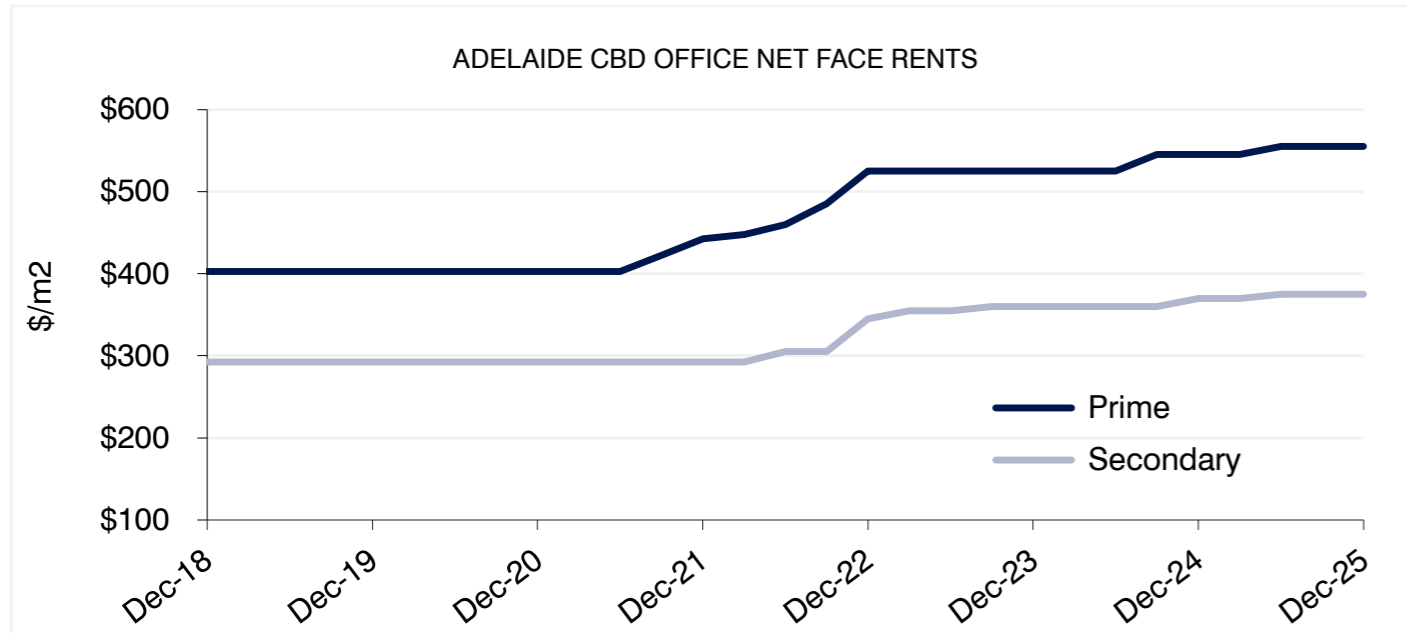
- According to the Property Council of Australia (PCA), there was 1,593,215 square metres of office space in the Adelaide CBD as of January 2026; a year-on-year increase of 22,839 square metres.
- The total vacancy rate for Adelaide's CBD office market decreased from 16.4% in January 2025 to 15.5% in January 2026.
- There was positive net absorption of 33,023 square metres of office space in the twelve months to January 2025.
- The completion of the Kyren Group tower at 42-56 Franklin Street, Adelaide in late 2025 added around 21,000 square metres to the supply.
- The Market Square development at 30 Gouger Street (approx. 22,000 square metres) and Festival Tower Two, Festival Plaza (approx. 55,000 square metres) are currently under construction.
- Tenants continue to see value opportunities in the CBD due to proximity to restaurants, events and more, contributing to a shift in fringe and suburban tenants moving into the CBD.
- Corporate occupiers continue to show demand for flexible space that can be expanded or contracted during the term of the lease, buildings with high energy and wellness ratings, outdoor areas, building third space, and natural lighting.

OPPORTUNITIES AND CHALLENGES

- The CBD has an ageing stock profile, with a large proportion greater than 30 years old and an inability to recycle these buildings.
- There remains a greater ability for new/modern developments to achieve superior effective rental growth compared to older stock, the latter of which will likely be impacted by reduced demand as new stock is added to the market.

OUTLOOK

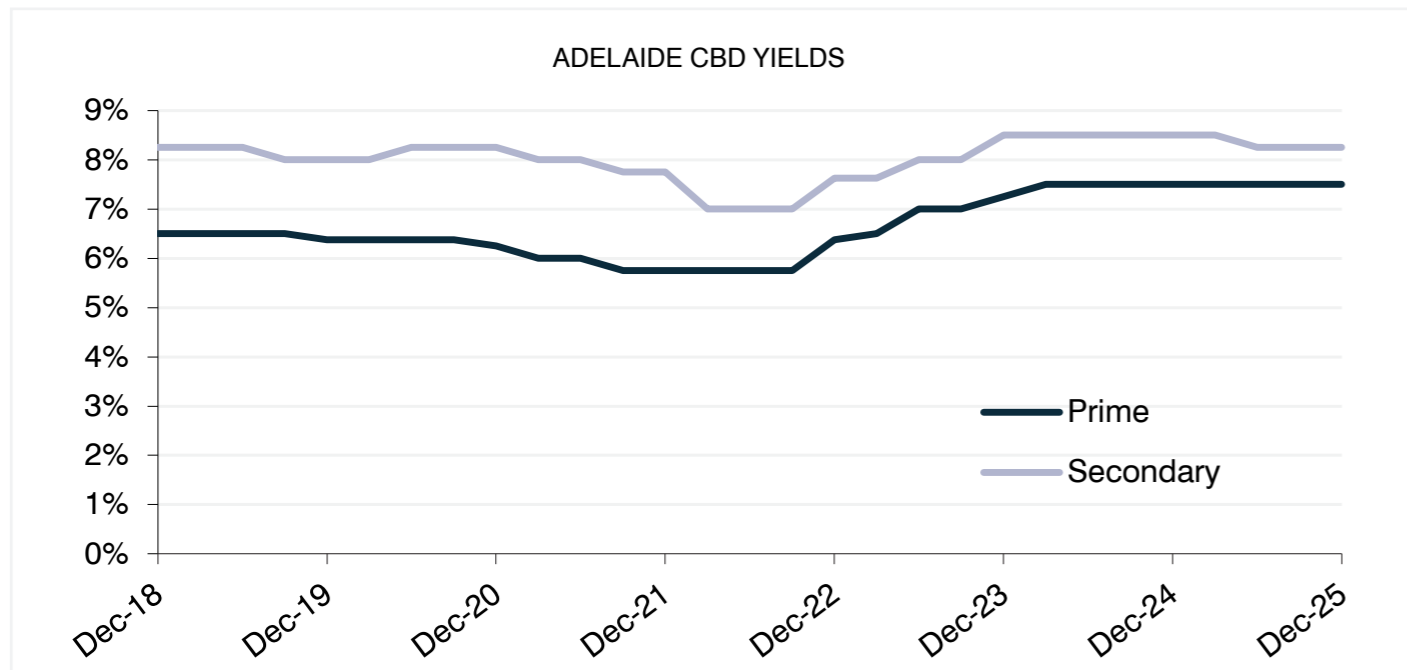
- The medium-term outlook for white collar employment in Adelaide is positive, with Oxford Economics Australia forecasting an additional 26,030 persons to be employed in white collar employing industries in Adelaide by December 2028.
- Net absorption is expected to be negatively impacted over the near term by the large amount of backfill space being added but should remain positive through the short term; however, it is expected that some tenants will hold off making major relocation or expansionary decisions given softening economic conditions.



Source: M3 Property

RENTAL MARKET

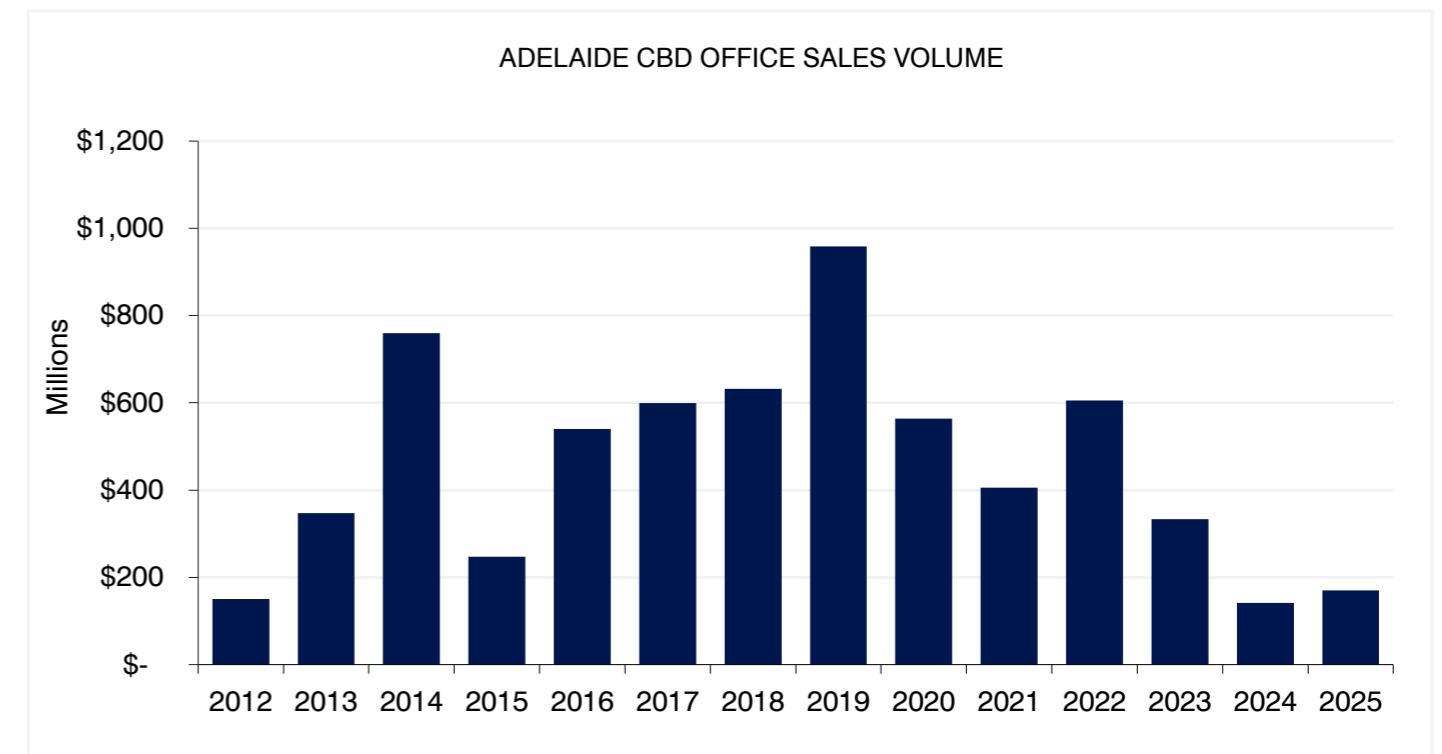
- As at the December quarter 2025, prime net face rents ranged from \$470 to \$640 per square metre and secondary net face rents ranged between \$375 and \$480 per square metre.
- Prime incentives range between 30% and 45% and secondary incentives range between 25% and 40%.
- Rental growth is likely to remain subdued over the coming six months due to the challenging economic conditions faced in the first part of 2026.



Source: M3 Property

YIELDS

- Purchasers continue to have a greater focus on pricing risk, income security and strength of tenant covenants.
- The attractive spread between office yields in Adelaide compared to eastern seaboard yields fuelled investor interest and sales volumes over recent years.
- As of December 2025, prime yields ranged between 6.5% and 8.00% and secondary yields ranged between 8.00% and 9.00%.
- There is however a two-tiered market with prime yields for higher priced assets above \$50 million influenced by the lack of institutional buyer interest which range from 7.00% to 8.0%.



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

INVESTMENT MARKET

- According to RCA, there were 10 properties that sold above \$5 million, totalling \$170.25 million in the Adelaide CBD office market for 2025, compared with the 5 sales totalling \$141.03 million recorded in 2024.
- Private investors with 54.5% of the transactions and institutional investors with 31.1% of the transactions were the largest buyers of office property in Adelaide in 2025.

RESIDENTIAL DEVELOPMENT



KYM DREYER

Director | Residential Development

“Adelaide’s residential development market remained resilient throughout the second half of 2025, supported by constrained supply and moderating demand. Median house and unit prices rose 12.35% and 14.71% respectively to March 2026, driven by competition, particularly in more affordable segments. Vacancy remains tight at 0.8%, sustaining rental growth - especially for units - and reinforcing the supply imbalance.

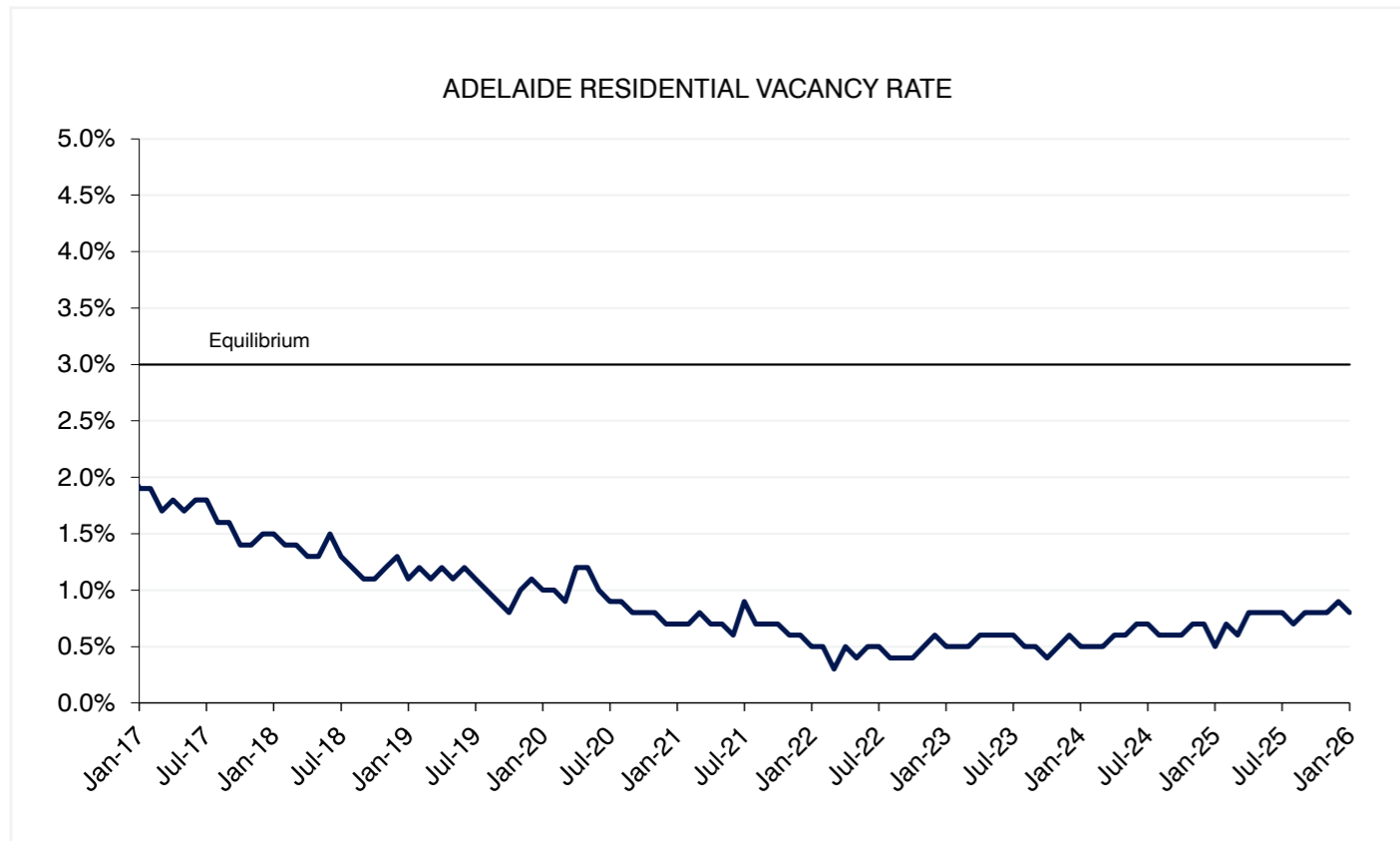
Market performance in 2025 was shaped by reduced allotment production, combined with accumulated, pulled-forward demand from government incentives and strong investor activity. The net result from these influences we expect will be moderating sale volumes, placing pressure on pricing, and continuing high demand from investors.

Affordability remains a key challenge, while greenfield land values have strengthened across growth corridors due to limited supply and rezoning activity.

Looking to 2026, conditions are expected to regain some equilibrium. Higher interest rates and affordability constraints will temper demand; however, persistent supply constraints and a limited development pipeline will underpin land values, with unit markets expected to remain relatively resilient.”

CURRENT STATE OF PLAY

- The median house price for Adelaide grew by 12.35% to reach \$980,815 in March 2026. The median unit price increased 14.71% to reach \$675,818 in March 2026.
- Vacancy across Adelaide's metropolitan residential market was 0.8% in February 2026, up slightly on the 0.7% recorded in February 2025, and continues to be well below the benchmark equilibrium rate of 3.0% - indicating that the market is significantly undersupplied.
- Growth in rental rates for houses has slowed in the past 12 months, but the tight vacancy rate continues to drive strong rental growth for units. In the 12 months to February 2026, rental rates for houses increased by 2.99% across the Adelaide Metropolitan area to reach \$690 per week; rents for units/flats also saw robust growth, with rents increasing by 3.91% to reach \$532 per week.



Source: M3 Property, SQM

OPPORTUNITIES AND CHALLENGES

- Housing affordability remains a key issue for South Australia. Over the past year, escalating prices driven largely by supply constraints have placed further pressure on first home buyers.
- The strongest price growth appears to have occurred at the more affordable end of the market, where demand has remained resilient potentially driven in part by government subsidies e.g. First Home Owners Grant and Stamp Duty Concessions.
- Tight vacancy rates across the city are expected to continue pushing rental rates upwards, albeit at a slower rate than achieved in the last 12 -24 months.
- The residential development sector has seen continued escalation in greenfield land values, notably within Adelaide's northern growth corridors and the Mount Barker region. As further rezoning of land occurs in line with strategic growth plans set out by the South Australian Government, we anticipate upward pressure on underlying land values to occur in areas that have been identified for rezoning.
- Over the medium-term, dwelling completions are forecast to be lower (averaging 5,900 per annum for 2026). Over the longer term, completions are expected to increase to an average of 8,800 per annum between 2027 and 2030. However, supply completions are likely to continue to be impacted by elevated construction costs, labour and materials shortages, and tightening credit conditions.
- Despite development constraints, there was significant price growth within new estates with allotment prices rising by 23% during 2025 to reach a median lot price of \$377,135. A total of 2,534 lots were sold at a median price of \$983 per square metre.
- Given the tight rental market, there is an increasing number of investors participating in the market highlighting the speculative nature currently influencing the land market.

OUTLOOK

- Dwelling prices are expected to stabilise over the medium term, with the unit / apartment market likely to be more insulated than the established house market due to tight rental market conditions.
- Given strong growth in purchaser demand for established allotments, demand for engloba land parcels will continue to be strong, with record prices reported for greenfield sites across metropolitan Adelaide.
- The SA government is boosting residential land supply and paving the way for close to 40,000 new residential homes across the state as part of the A Better Housing Future plan, and the current pipeline of residential rezonings.
- The performance of the market during 2025 was influenced by the ongoing issues around falling levels of allotment production, ongoing levels of accumulated pulled forward demand influenced by government grants / rebates etc. and investor demand. The net result from these influences we expect will be moderating sale volumes, placing pressure on pricing and continuing high demand from investors.
- The Reserve Bank of Australia (RBA) has increased interest rates by a total of 50 basis points across February and March 2026 which is likely to temper buyer demand in the Adelaide market.

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 thematic of the sector.

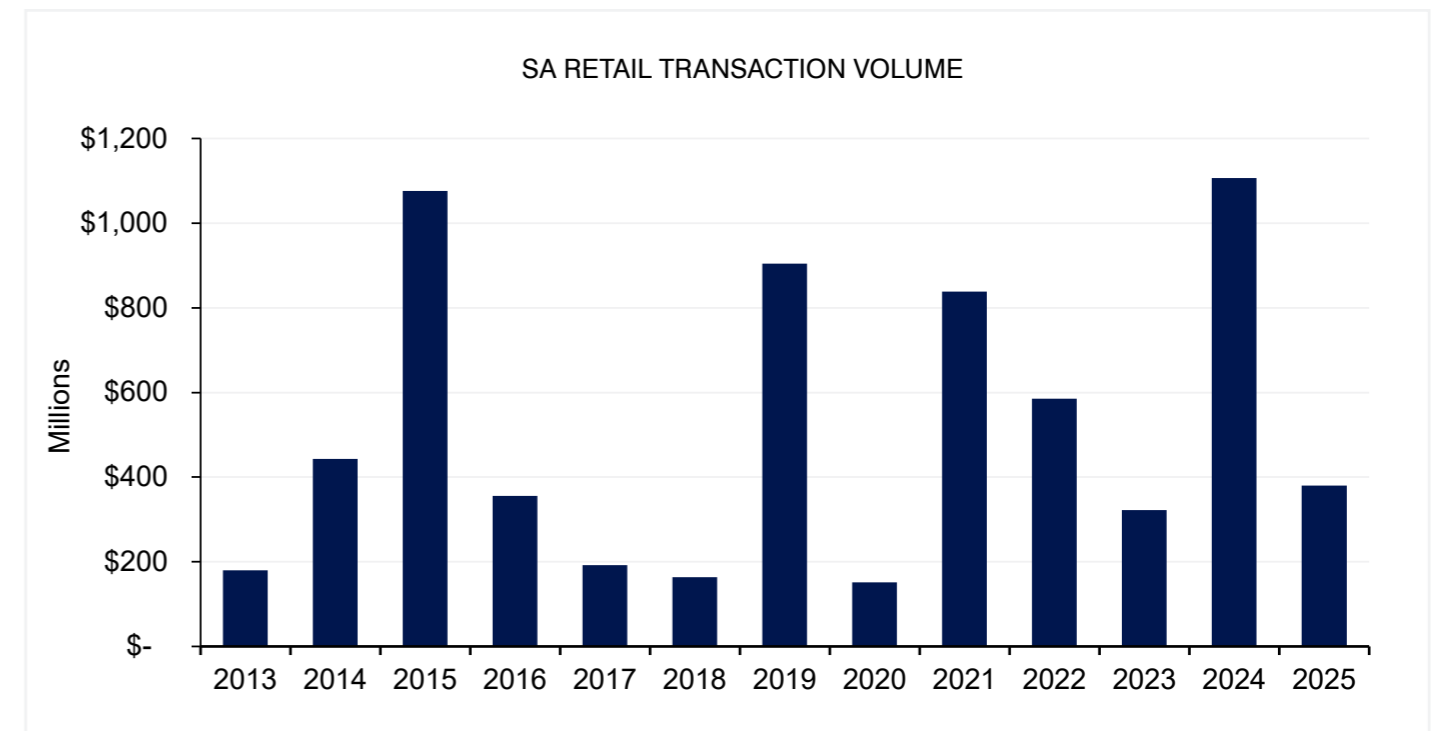
On the income side, landlords are achieving strong leasing spreads, helped by low levels of vacancy, population growth and constrained new floorspace supply. However, retailers continue to face operational challenges including navigating higher inflation, consumer ‘cost of living’ pressures, and heightened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

“TOTAL HOUSEHOLD SPENDING ON RETAIL IN SOUTH AUSTRALIA FOR THE 12 MONTHS TO DECEMBER 2025 WAS UP 5.6% YEAR ON YEAR.”

- SHAUN O’SULLIVAN

CURRENT STATE OF PLAY

- Total household spending on retail in South Australia for the 12 months to December 2025 was up 5.6% year on year.
- The strongest growth by retail category was recorded in furnishings and household equipment (7.5%), followed by clothing and footwear (6.8%).
- 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.



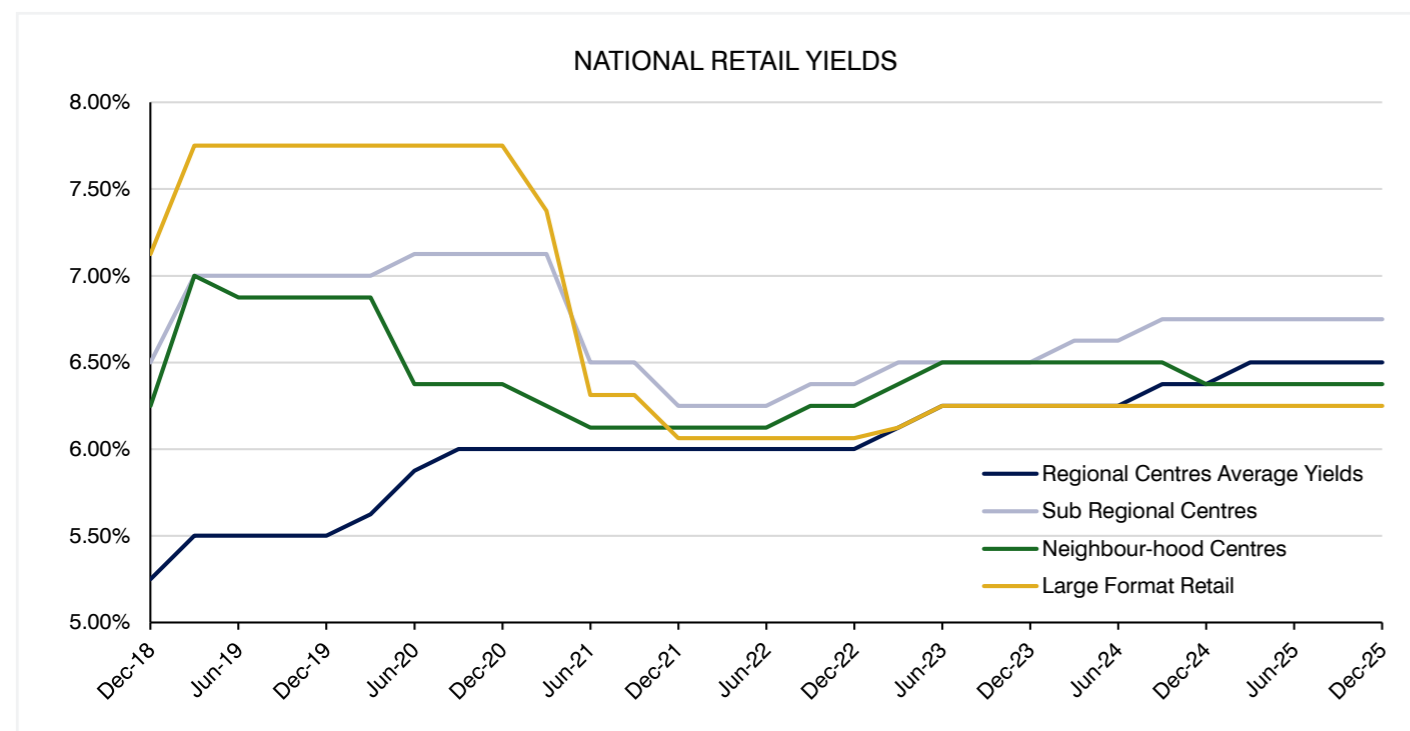
Source: Real Capital Analytics (RCA), M3 Property
Note: Sales over \$5 million

INVESTMENT MARKET

- According to RCA, there were 30 properties sold for a total of \$379.8 million in 2025, which is a decrease on the \$1.12 billion transacted across 21 sales for 2024.
- Private buyers were the only buyer group in 2025, accounting for 100% of sales (by dollar value).

TRANSACTIONS

- The largest sale in 2025 to date was the sale of Kurralta Village a sub-regional shopping centre in Kurralta Park, for \$75.2 million from Coles Group to a private investor.
- The 2025 sales volume of \$379.8 million will be eclipsed by a single transaction in 2026 if the pending sale of a 50%, non-management rights, interest of Westfield Marion proceeds. It was put to market by Singaporean investor Cuscaden Peak (formerly known as SPH) and we understand JY Group is in Due Diligence to acquire the interest for a price between \$650 to \$700 million, which is expected to reflect a yield in the order of 6.00%. Scentre Group (owner of the remaining 50% interest) has a pre-emptive right to match the offer.



Source: M3 Property

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 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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