



QUEENSLAND MARKET SNAPSHOT

OCTOBER 2026

CONTENTS

HEALTHCARE

INDUSTRIAL

OFFICE

RESIDENTIAL
DEVELOPMENT

RETAIL

SELF STORAGE



OVERVIEW

The Queensland property market recorded mixed performance throughout 2026 to date, with resilient fundamentals offset by higher interest rates, geopolitical uncertainty and elevated borrowing costs. Industrial and retail markets continued to benefit from strong occupier demand and limited supply, although investment sentiment became more cautious as financing costs increased.

Brisbane's CBD office market strengthened, supported by declining vacancy, positive net absorption and growing demand for premium accommodation. Investment activity improved, particularly from international capital, while alternative sectors including essential services, healthcare and self-storage continued to attract interest, underpinned by defensive income characteristics, demographic trends and institutional investment.

The residential sector remained resilient, supported by population growth, low rental vacancy and constrained housing supply. However, affordability pressures, elevated construction costs and labour shortages continued to challenge development feasibility and restrict new supply across Brisbane and South-East Queensland.

Broader economic uncertainty, successive interest rate increases and ongoing inflationary pressures weighed on investor confidence throughout 2026. Despite these challenges, demand for high-quality, well-located assets with secure income streams remained strong.

Looking ahead to 2027, market activity is expected to remain selective, with capital focused on prime and supply-constrained assets. Queensland's strong population growth and resilient underlying demand should continue to support property fundamentals, although recovery will vary across sectors.

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

HEALTHCARE



MITCH ENRIGHT

Director | Health, Aged Care & Seniors Living

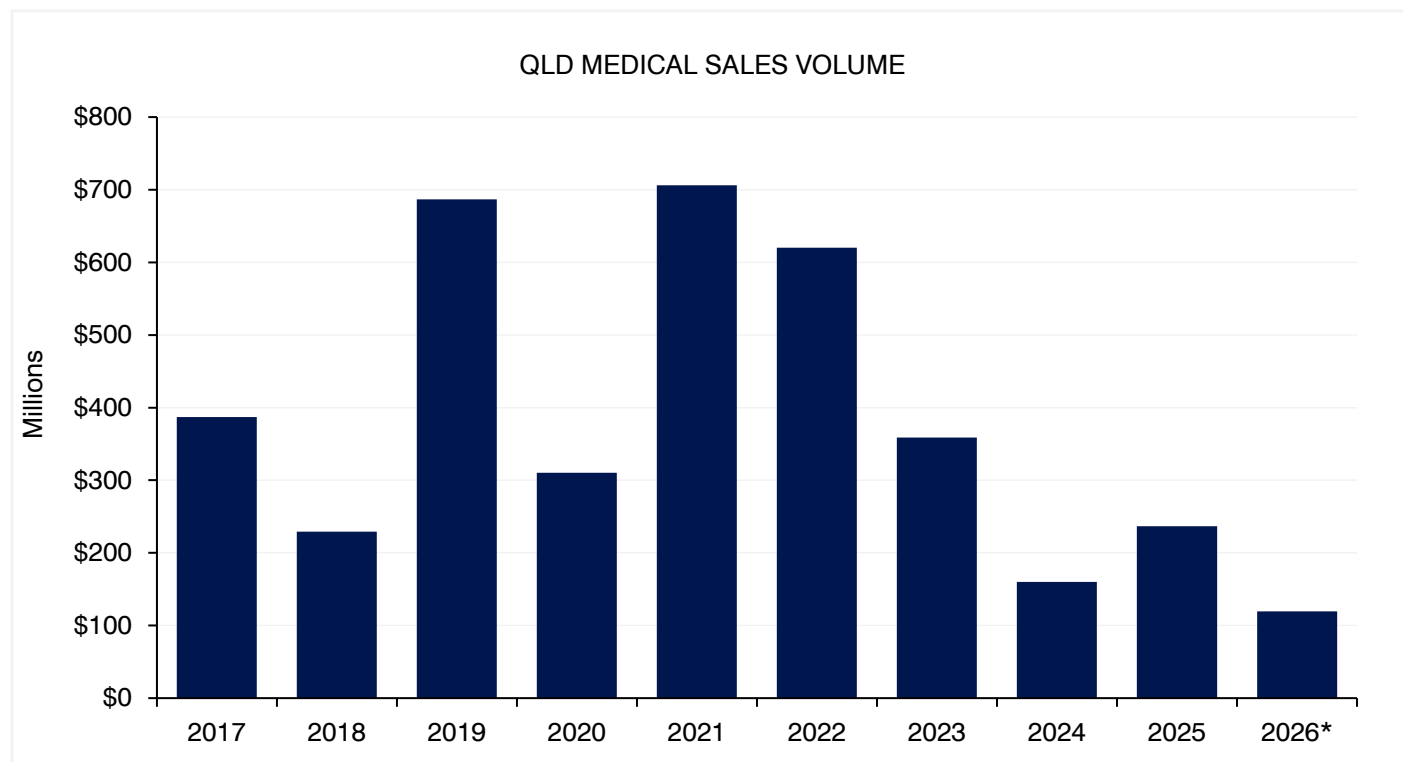
“The healthcare and seniors living sector in QLD maintained its appeal as a core asset class during the first half of 2026, supported by strong fundamentals, investment growth opportunities, and resilience amid elevated inflation and interest rates. Institutional capital is attracted to the sector because of population growth, ageing demographics, government funding, and private healthcare.

In 2025, QLD recorded \$236.8 million freehold investment in healthcare sales across 41 transactions, being at an improved level from 2024. Institutional investors were the most active buyer group in 2025, accounting for over 50% of purchases. Most assets that transacted were under \$20 million with yields into the early 5.00% range for good quality medical assets. Secondary assets have hovered between 6-7%, depending on asset characteristics, with cap rates remaining relatively stable over the year.

Interest rate increases in early 2026 tempered buyer activity, with a disconnect remaining between purchasers and vendors for premium assets.

The earlier interest rate increases in February, March and May, followed by a further increase in September, have weighed on the wider investment market outlook. While yields stabilised in early 2026, higher borrowing costs are expected to place pressure on investment returns, particularly as the 10-year bond yield had reached a 15-year high.

Investment demand should remain strong for high-quality medical assets in the short term, although with interest rate changes, overall market activity is likely to remain subdued throughout 2026 - particularly for assets over \$30 million.”



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

INVESTMENT MARKET

- According to RCA, there were 35 medical and hospital properties with a total value of \$119.42 million transacted across Queensland in 2026 YTD, compared with \$236.8 million from 41 transactions in 2025.
- Private investors were the most active buyer group over 2026 YTD, accounting for 62.4% 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.

OPPORTUNITIES AND CHALLENGES

- Interest rate reductions through 2025 supported renewed investor appetite for healthcare assets; however, activity is expected to moderate through the remainder of 2026 as tighter financial conditions weigh on investment decisions, following four cash rate increases earlier in the year with the RBA increasing the cash rate to 4.60% in September.
- 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 has been subdued growth in private hospital bed numbers, due to more efficient capacity management of private hospitals. Furthermore, advances in technology are expected to make hospital procedures more efficient over the medium- to longer-term.
- The location of hospitals generally mirrors population distribution, age distribution, birth rates, household income and government health policies. Private hospitals are less likely to be located in rural areas compared with public hospitals.
- Growth risk is expected to be medium over the next 5 years. IBISWorld forecasts that annual industry revenue will grow 2.3% to \$238.6 billion in 2028. In comparison, revenue shrank 0.2% per year between 2024-25 and 2026-27.

OUTLOOK

- The healthcare sector is well placed to strengthen its standing as a core defensive asset class. With inflation eroding returns in other sectors, investors are placing a higher value on the essential-service demand and long-dated, government-linked income that healthcare offers, which should continue to draw new and existing institutional capital.
- In the near term, higher borrowing costs are likely to keep buyer activity subdued through the remainder of 2026, with secondary stock most exposed to yield softening. Capital will continue to favour prime, high-quality medical assets, with demand expected to remain firm, underpinned by population growth, an ageing demographic, stable government and private healthcare funding, and a limited supply of quality stock.

INDUSTRIAL

ROSS FARWELL

Director | Industrial



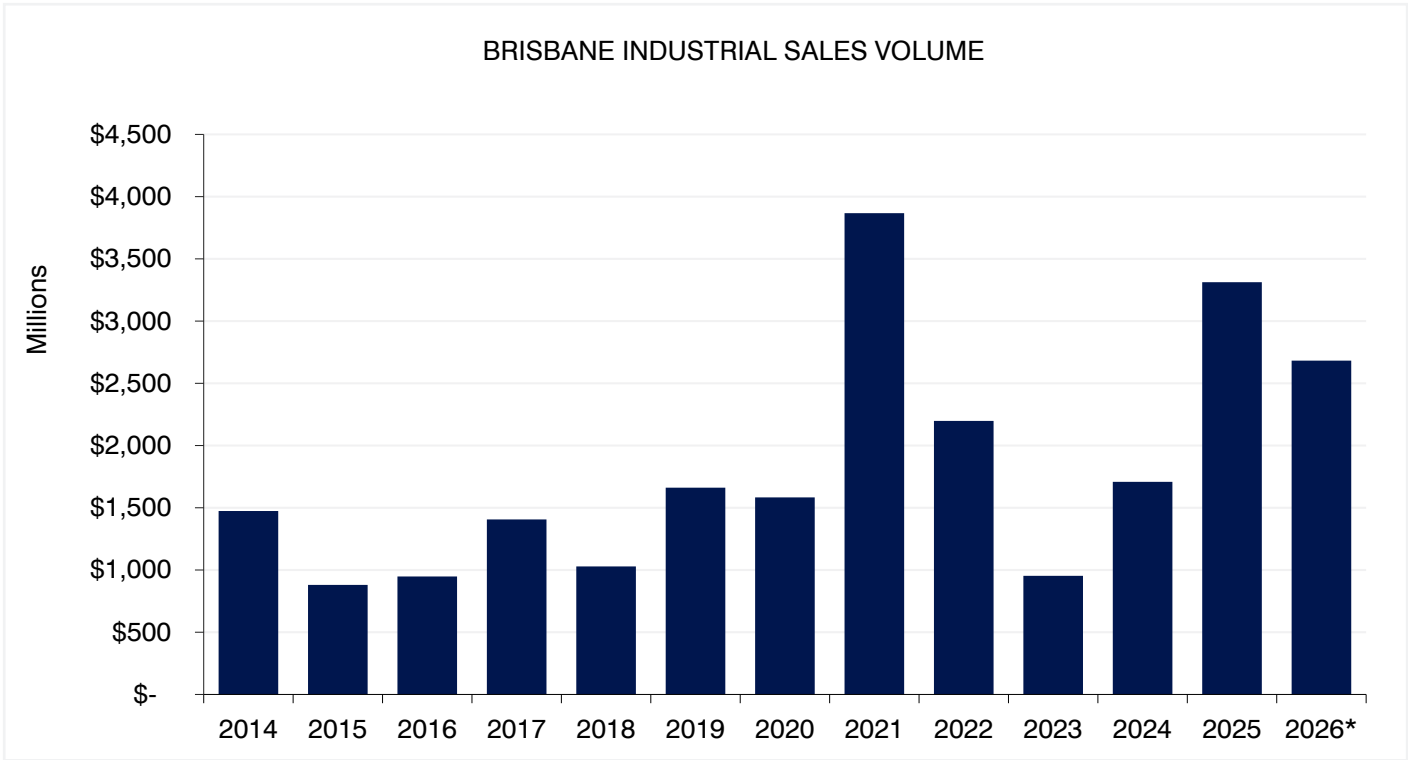
“The Brisbane industrial market remained active through the first half of 2026, although market conditions have become increasingly selective as elevated interest rates, persistent inflation and higher debt costs influence investment and occupier decision-making.

Despite this uncertainty, occupier fundamentals remain solid. Brisbane industrial vacancy remains tight at approximately 3.1%. Rental growth has moderated from the peak levels recorded in recent years, with prime net face rents increasing by 6.8% over the year to June 2026 and secondary rents increasing by 10.9%.

Investor demand remains supported by offshore capital, unlisted funds, syndicates, high-net-worth private investors and increasingly active owner-occupiers, particularly in the sub-\$15 million price bracket. However, elevated debt costs continue to place upward pressure on yields, with prime yields now ranging from 5.65% to 6.25% and secondary yields from 6.25% to 7.50%. Land remains tightly held, with values still increasing, albeit at a more moderate pace.”

CURRENT STATE OF PLAY

- The Brisbane industrial market shifted into a more cautious phase during the first half of 2026, following heightened transactional activity and modest yield compression in H2 2025.
- Market uncertainty during H1 2026 was influenced by escalating geopolitical tensions in the Middle East, ongoing trade policy adjustments, anticipated federal budget reforms and three interest rate rises.
- Persistent inflationary pressures, elevated interest rates and higher debt costs placed upward pressure on yields and resulted in buyers adopting a more cautious and selective approach.
- Prime industrial yields ranged from 5.65% to 6.25%, while secondary yields range from 6.25% to 7.50%, with transactional evidence indicating modest softening during the first half of the year.
- Offshore investors, unlisted funds, syndicates and high-net-worth private investors remain active, while owner-occupier demand has strengthened in response to continued rental escalations, particularly below \$15 million.
- The industrial land market remained tightly held across established precincts, with land values continuing to increase over the 12 months to June 2026, although the rate of growth moderated as development feasibility remained constrained by construction costs, funding costs and softer investment values.



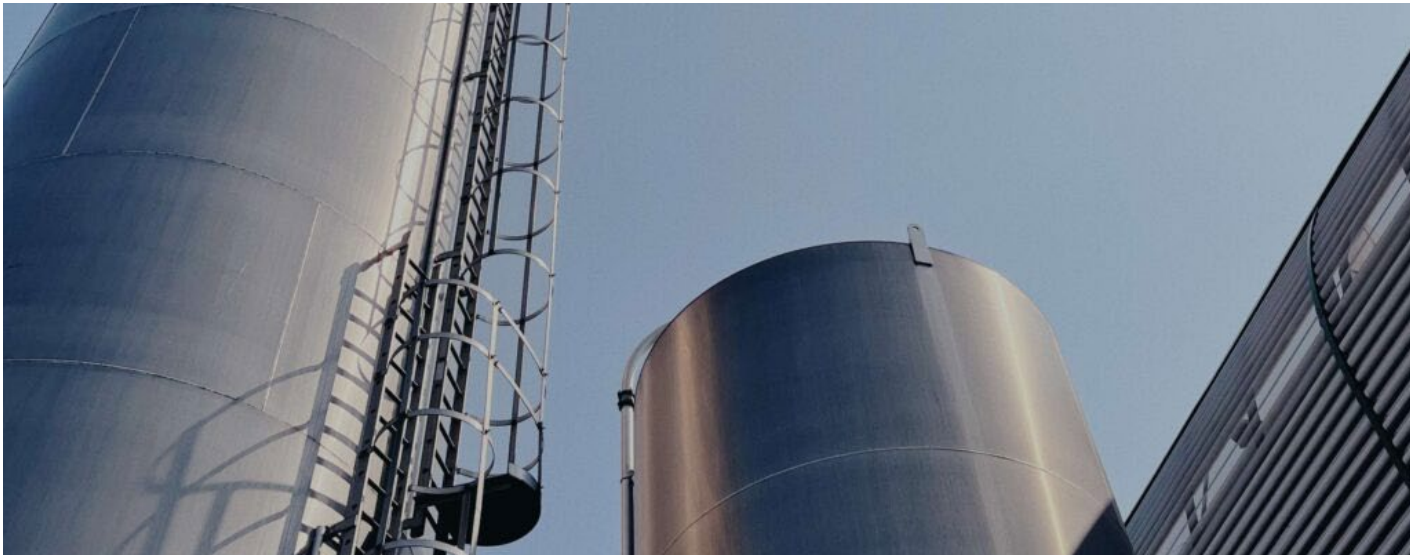
Source: Real Capital Analytics (RCA), M3 Property
Note: Sales over \$5 million

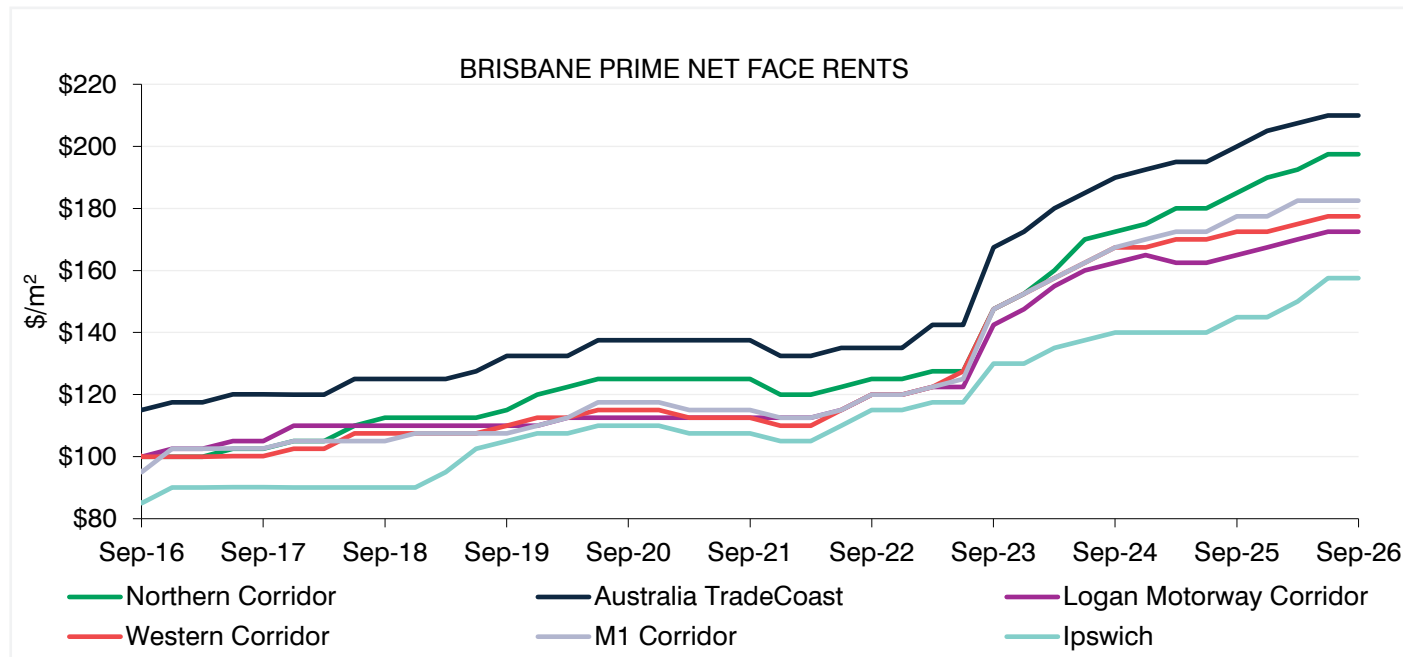
INVESTMENT MARKET

- Investment activity remained comparatively strong during the first half of 2026, notwithstanding the higher interest-rate environment and increased buyer selectivity.
- As at YTD July 2026, 70 industrial assets over \$5 million had transacted across the Brisbane market, compared with 84 transactions over the same period in 2025.
- By value, 2026 YTD Brisbane industrial sales totalled approximately \$1.25 billion, representing a significant increase compared with circa \$832 million recorded over the same period in 2025.
- Capital flows into Brisbane industrial remain supported by relative value compared with Sydney, taxation considerations in Victoria and generally sound occupier fundamentals.
- Major Q2 2026 transactions included 51 Mapletree Drive, Park Ridge for \$89 million at an EMY of 6.27%, 39 Gravel Pit Road, Darra for \$70.15 million at an EMY of 5.75%, and 129 Toombul Road for \$44 million at an EMY of 5.76%.
- Listed funds and REITs represented the largest proportion of sales by value at 43.2%, followed by private investors at 30.1% and cross-border investors at 17.5%.

RENTAL MARKET

- Rental growth continued during the first half of 2026, although at a more moderate pace than the elevated growth recorded between 2022 and 2024.
- Prime industrial net face rents increased by 6.8% over the 12 months to June 2026, while secondary rents increased by 10.9% over the same period.
- Prime incentives currently range between 10.0% and 16.0%, while pre-commitment incentives are higher at approximately 10.0% to 20.0%, with incentives trending upward over the past year.
- Vacancy remained low at approximately 3.0% at June 2026, below the 10-year average of circa 3.5%, although some upward pressure was anticipated as additional speculative supply entered the market.

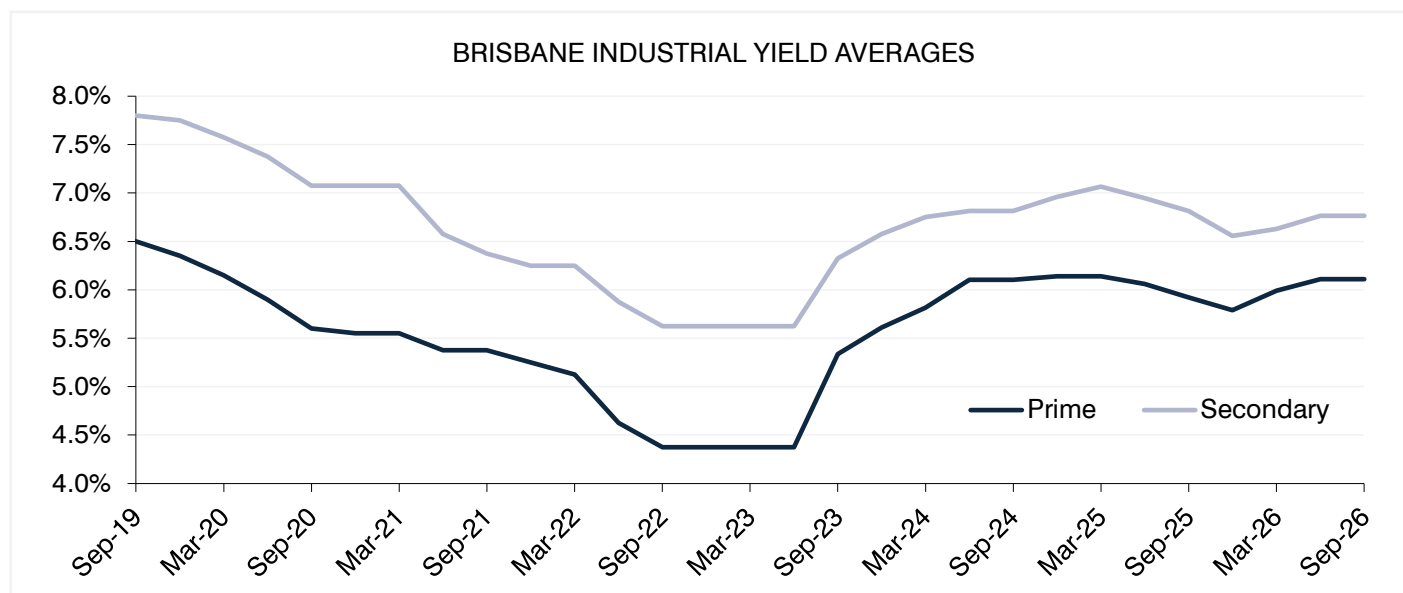




Source: M3 Property

YIELDS

- Industrial yields softened modestly across most Brisbane industrial markets during the first half of 2026, reflecting elevated debt costs and more cautious investor sentiment.
- Prime yields currently range from 5.65% to 6.25%, having softened by 12 basis points over the June 2026 quarter.
- Secondary yields currently range from 6.25% to 7.50%, having softened by 14 basis points over the June 2026 quarter.
- At June 2026, further upward pressure on yields remained possible given persistent inflation, elevated interest rates and broader global economic uncertainty.



Source: M3 Property

OPPORTUNITIES AND CHALLENGES

- Leasing demand moderated during H1 2026 as tenants gained greater choice following recent supply additions, although demand remained strongest for modern prime-grade accommodation offering operational efficiencies.
- Occupiers continued to seek modern, efficient facilities capable of supporting consolidation, automation and robotics, with ESG considerations becoming increasingly relevant to newer developments.
- E-commerce and broader logistics requirements continued to support longer-term demand from transport, logistics, last-mile and retail occupiers, albeit with more moderate growth than during and immediately following the pandemic.
- Elevated construction and funding costs, together with softer investment values, remained a constraint on development feasibility, with an increasing reliance on pre-commitments before projects could proceed.
- The limited availability of estate-quality industrial land within established Brisbane precincts continued to provide underlying support for land values.

OUTLOOK

- As at June 2026, occupier demand was expected to remain relatively robust over the remainder of the year, although take-up was anticipated to be tempered by affordability pressures, normalising supply chains and softer household discretionary spending.
- Face rental growth is expected to moderate as additional supply enters the market and tenant demand normalises, although tightly held precincts are expected to remain comparatively resilient.
- Investment activity is expected to remain selective over the balance of 2026 as elevated interest rates, higher funding costs and global uncertainty continue to influence investor decision-making.
- Further upward pressure on yields remains possible if persistent inflation and elevated funding costs continue.
- Industrial land values are expected to remain supported by limited availability of well-located serviced land, although the pace of growth is expected to moderate relative to recent years.

CBD OFFICE

MICHAEL COVERDALE

Managing Director QLD



“The Brisbane CBD office market continues to show improving conditions, with vacancy decreasing to 10.2% as at July 2026 and positive net absorption led by demand for Premium space.

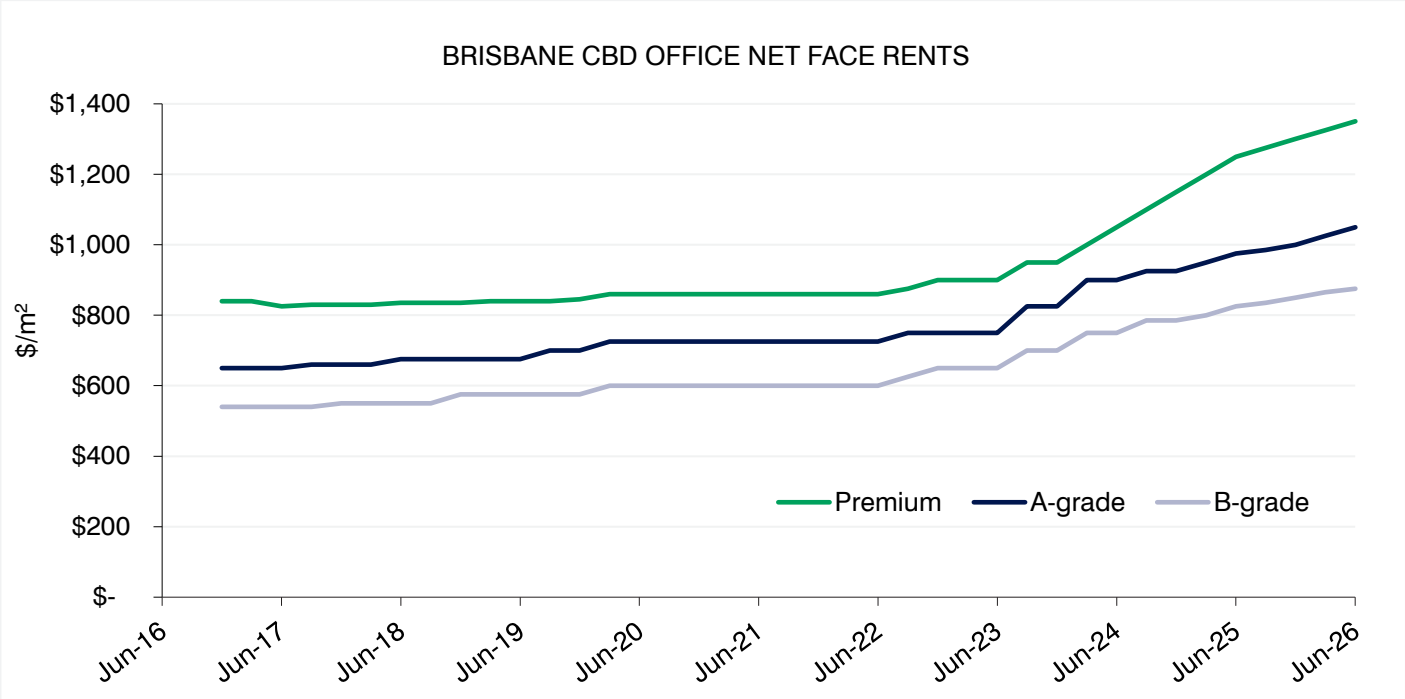
Leasing fundamentals remain strong, supported by rental growth across the prime end of the market. Premium CBD gross face rents averaged around \$1,350/sqm in the June 2026 quarter, while incentives remain elevated but have reduced in some instances as tenants continue to favour high-quality, amenity-rich accommodation.

Across the Fringe, conditions are more mixed, with vacancy increasing to 11.6% and negative net absorption recorded over the year to July 2026. Notwithstanding this, tenant demand remains focused on well-located buildings with strong amenity, transport connectivity and flexible workplace solutions, resulting in continued rental growth within the city fringe and broader metro markets.

Investment sentiment for prime assets has been active, with CBD sales already exceeding 2025 levels with institutional investors taking a long-term view on the Brisbane market fundamentals. Prime yields have broadly remained consistent; however, we are seeing secondary assets soften as investors remain selective, coupled with higher borrowing costs, broader economic uncertainty, and ongoing inflationary pressures weighed on investor confidence throughout 2026.”

CURRENT STATE OF PLAY

- According to the Property Council of Australia, there was 2,405,730 square metres of office space in the Brisbane CBD and 1,322,462 square metres in the Brisbane Fringe as at July 2026.
- The Brisbane CBD vacancy rate decreased from 10.7% in July 2025 to 10.2% in July 2026, while the Fringe vacancy rate increased from 10.5% to 11.6% over the same period.
- CBD net absorption totalled 48,792 square metres over the 12 months to July 2026, led by Premium space, while the Fringe recorded negative net absorption of 19,151 square metres.
- Tenant demand continues to favour high-quality, amenity-rich and well-connected buildings, with occupiers increasingly focused on NABERS and WELL ratings, collaboration areas, natural light and flexible lease arrangements.
- The CBD has approximately 17,500 square metres of supply under construction for delivery in 2027, a further 174,708 square metres with DA approval, and the Waterfront North redevelopment in site works for delivery beyond 2029.
- The Fringe has 56,655 square metres of mooted supply, with high construction costs and tighter lending criteria expected to limit new commencements without significant pre-commitment.



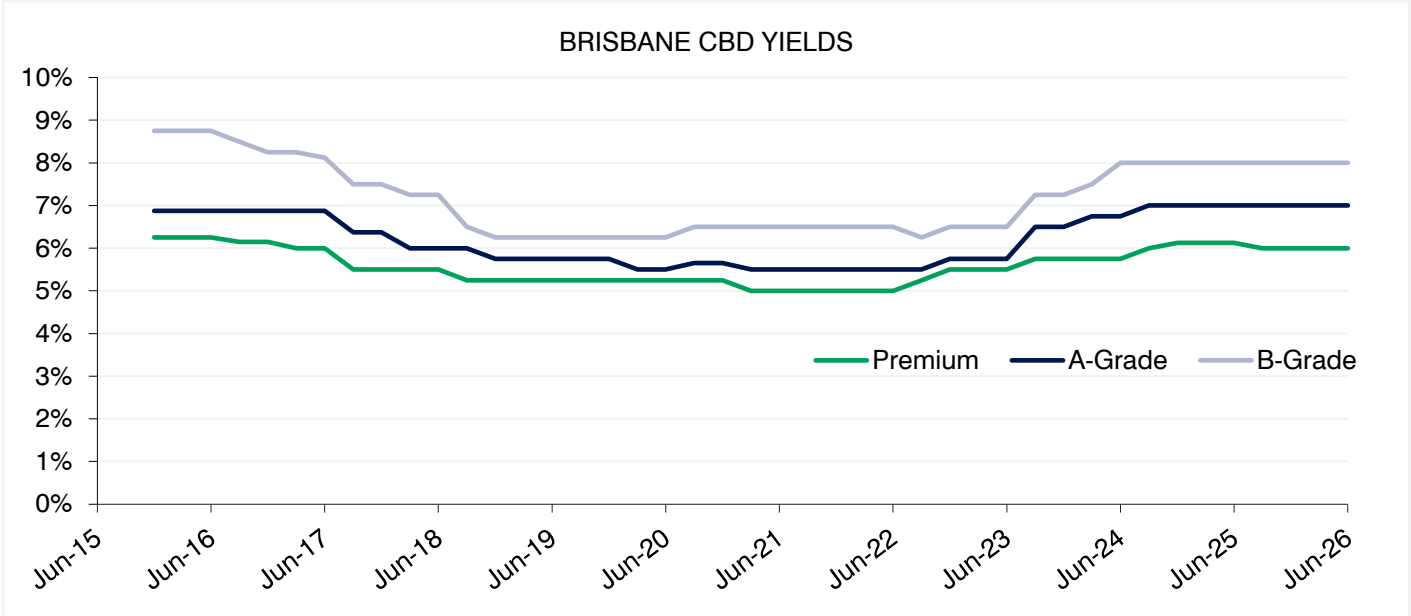
Source: M3 Property

RENTAL MARKET

- Brisbane CBD gross face rents continued to rise through the June 2026 quarter, with Premium gross face rents averaging approximately \$1,350 per square metre, A-grade rents averaging \$1,050 per square metre and B-grade rents averaging \$875 per square metre.
- Premium CBD gross face rents increased by around 8% over the year to June 2026, supported by continued occupier preference for prime-quality accommodation.
- CBD incentives remained elevated but have reduced in some instances, averaging around 37% for Premium, 38.5% for A-grade and 40% for B-grade space during the June 2026 quarter.
- In the Brisbane Fringe, prime gross face rents typically ranged between \$735 and \$880 per square metre, with A-grade gross face rents averaging \$820 per square metre, up 5.8% compared with June 2025.
- Fringe gross incentives averaged 37.5% for prime properties and 38.8% for secondary properties during the June 2026 quarter.

YIELDS

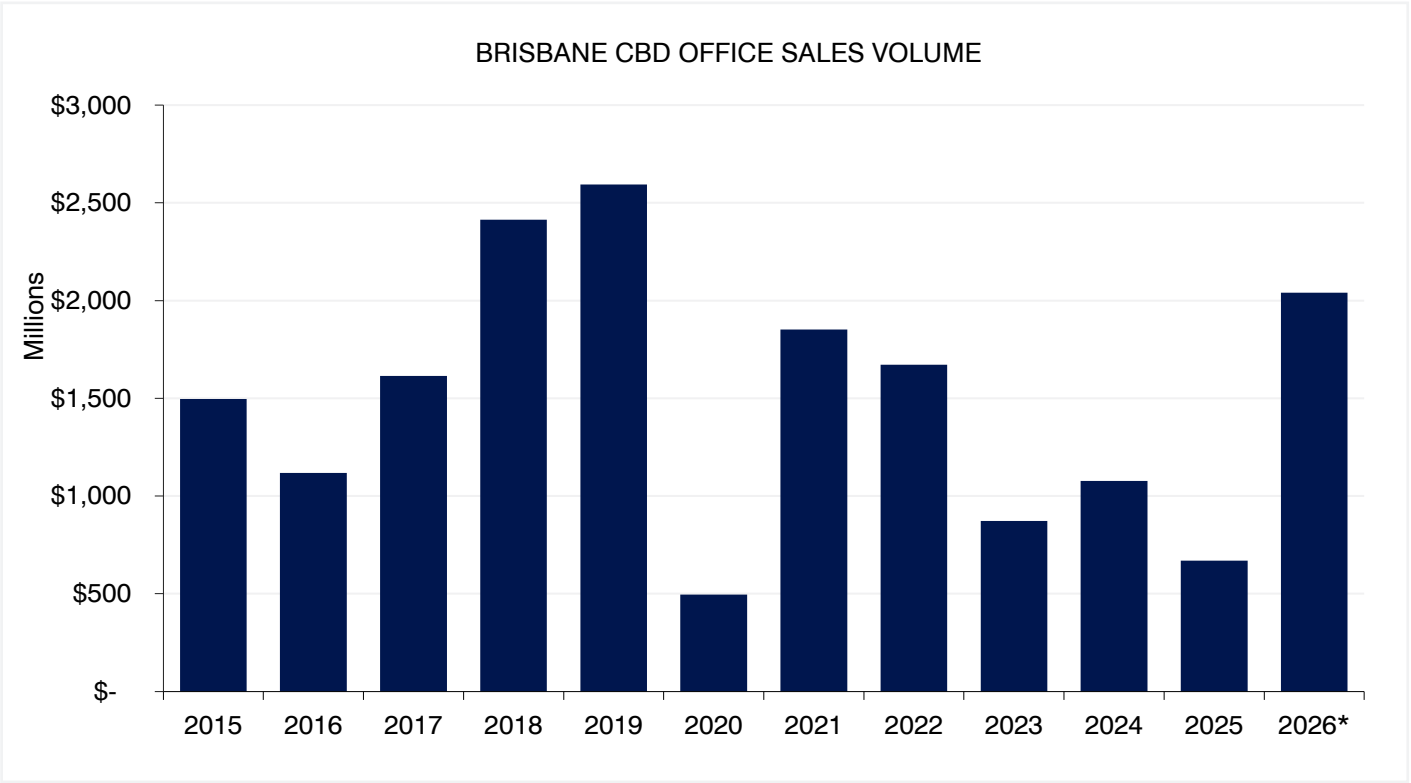
- Brisbane prime CBD office yields have remained constant through H1 2026, given strong market fundamentals, however the more recent inflationary pressures and interest rate rise in September have resulted in heightened volatility.
- As at the June 2026 quarter, average indicative CBD yields were 6.00% for Premium assets, 7.00% for A-grade assets and 8.00% for B-grade assets although B-grade is likely to soften 25 basis points towards the end of 2026.
- Prime Brisbane Fringe office yields averaged 7.25% in Q2 2026, remaining unchanged year-on-year, while secondary-grade yields increased to 8.25%. Similar to the secondary CBD market, we expect prime and secondary fringe markets to experience increased volatility, with yield softening likely.



Source: M3 Property

INVESTMENT MARKET

- According to RCA, year-to-date 2026 Brisbane CBD office sales totalled 10 transactions worth circa \$2.04 billion, already exceeding the total volume recorded across 2025.
- The most significant CBD transaction is the pending July 2026 sale of 480 Queen Street for a gross purchase price of \$700 million, acquired by Barings from Dexus.
- In 2025, Brisbane CBD office sales totalled \$669 million across 12 transactions, compared with \$1.07 billion across 14 sales in 2024.
- International buyers represented the largest proportion of CBD office purchases in 2026 YTD, accounting for 73.5% of total market value, followed by institutional investors at 23.6%.
- In the Brisbane Fringe, 2025 office sales totalled \$820.77 million across 23 transactions, materially above the \$243.2 million recorded across 15 transactions in 2024.
- For YTD 2026, Brisbane Fringe office activity totalled 12 transactions worth approximately \$503.6 million, with notable sales including Southpoint at 275 Grey Street for \$255.0 million and 144 Montague Road for \$83.0 million.
- Transaction activity has strengthened in early 2026, with sales volumes reaching their highest level in 5 years.



Source: Real Capital Analytics (RCA), M3 Property
Note: Sales over \$5 million (including pending sales); *YTD to 21 Aug 2026

OPPORTUNITIES AND CHALLENGES

- Occupiers continue to show a preference for high-quality, newly constructed prime space, with building amenity, end-of-trip facilities, NABERS and WELL ratings increasingly influencing leasing decisions.
- Flexible working remains an important consideration, with some businesses continuing to minimise occupancy costs at lease expiry while still seeking collaborative office environments that support staff engagement.
- The Cross River Rail and Brisbane Metro projects are expected to improve connectivity across the CBD and Fringe, supporting occupier demand around key transport nodes over the medium term.
- White-collar employment growth has stalled, which may temper near-term occupier expansion despite ongoing demand for higher-quality space.
- Elevated construction costs and tighter lending criteria remain key barriers to new office development, with major projects unlikely to proceed without significant pre-commitment.

OUTLOOK

- Investment capital both domestic and foreign will continue to explore the Brisbane office market given the overall solid market fundamentals.
- The Brisbane CBD vacancy rate is expected to remain relatively stable over the short term, while limited new supply and improving demand should support vacancy compression over the medium term.
- Occupier demand is expected to gradually improve through 2026, with tenants continuing to favour prime buildings and well-located assets supported by transport infrastructure and amenity.
- Gross face rents are forecast to grow over the remainder of 2026, with stronger growth expected in prime assets as the flight-to-quality trend continues.
- Incentives are expected to remain elevated but continue compressing in some instances, particularly where positive absorption and limited quality options support landlord confidence.
- Investment conditions are gradually improving, with demand beginning to return as market values stabilise, although investors remain selective and sensitive to borrowing costs.
- Yields are expected to remain broadly stable over the next 12 months, with prime assets likely to outperform secondary stock given stronger occupier demand and lower capital expenditure risk. Should further interest rate rises occur, we expect ongoing yield divergence between prime and secondary assets.

RESIDENTIAL DEVELOPMENT

STEPHEN LINNANE

Director | Residential Development



“Brisbane’s residential market moderated in August 2026, with values easing from their May peak but remaining higher year-to-date and over the past 12 months. Underlying demand remains supported by population growth, constrained new supply and vacancy levels below 1%, although affordability pressures are tempering buyer activity.

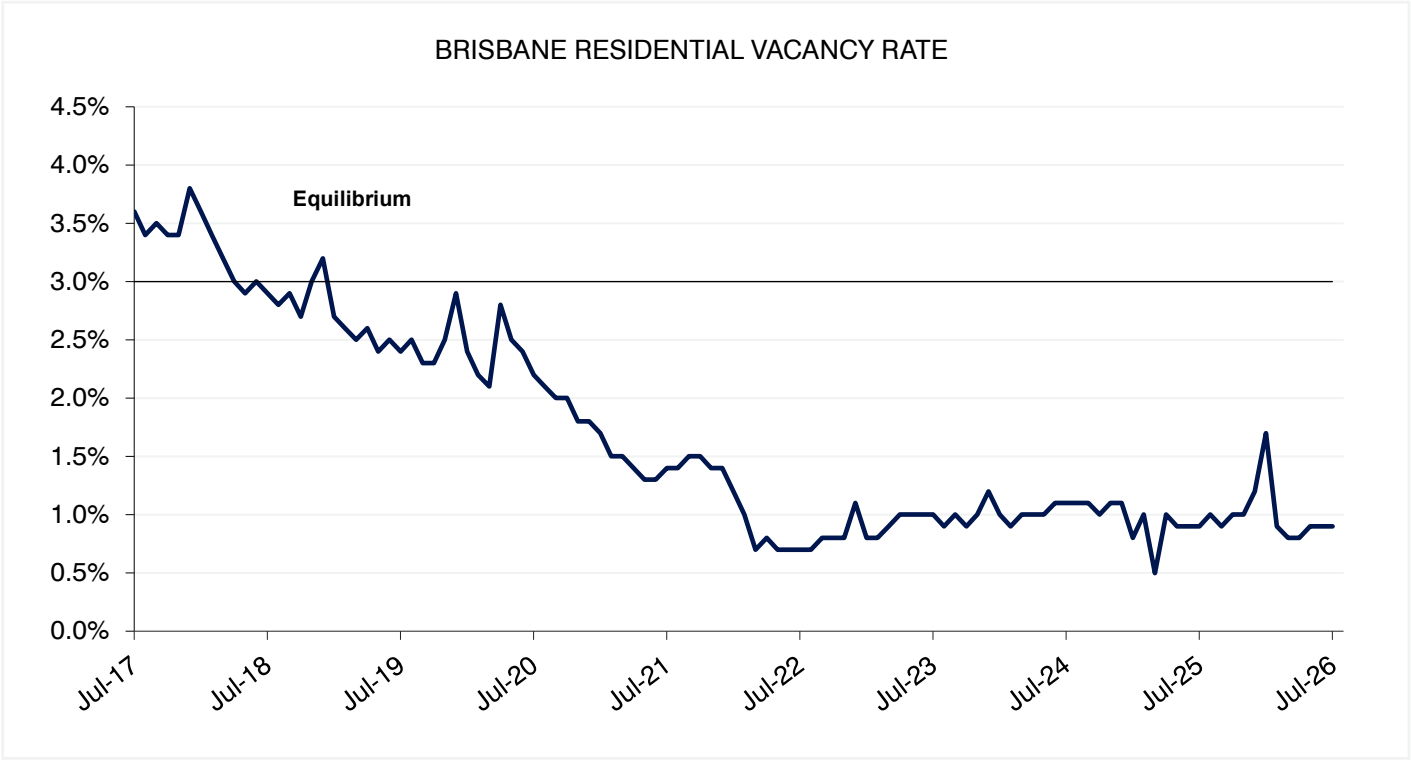
The market remained undersupplied due to limited new construction, while demand continued to be underpinned by population growth and resilient rental conditions. Rental demand remained elevated across Brisbane and key South-East Queensland markets, although rental growth moderated from earlier peaks. At the same time, a material disconnect persisted between development approvals and construction commencements, with elevated construction costs, productivity, 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 are the main 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 lead up to the 2032 Olympics. 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. Potential capital gains tax and negative gearing reforms flagged ahead of the May Federal Budget also create additional uncertainty for investors nationally.”

CURRENT STATE OF PLAY

- According to CoreLogic, median house prices in Brisbane increased by 14.3% to reach \$1,207,039 in March 2026. The Brisbane housing market recorded strong growth throughout 2025, following a brief period of stability between October 2024 and May 2025. This exceeded Oxford Economics Australia’s earlier forecast for median house prices in Brisbane to grow by 8.2% during 2026.
- With strong demand and a surge in population growth, median unit prices grew by 17.1% to reach a new peak of \$875,135 in July 2026. Unit prices have continued to grow strongly and are expected to continue growing in late 2026.
- Housing affordability has declined considerably since the September 2020 quarter. According to the Housing Industry of Australia (HIA) Affordability Index, affordability for Brisbane deteriorated to an index score of 48.7 during the March quarter 2026. An index score of 100 indicates the threshold for an ‘affordable’ market, with an index level below 100 indicating an unaffordable market.
- In July 2026, the Brisbane metro area had a vacancy rate of 0.9%, on par with July 2025. 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: M3 Property, SQM

*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; rents increased by 6.7% for houses and 6.2% for units over the 12 months to August 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



“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 compete with fund managers, syndicators and private investors to secure centres offered for sale. This resulted in many transactions occurring across all sub-sectors.

Heading into the latter half of 2026, capital remains strong for the sector, although the broader interest rate environment continues to contribute to a level of caution in the market. That said, investors remain attracted to 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.”

**“IMPROVED LIQUIDITY
LED TO A WAVE OF
SHOPPING CENTRE
TRANSACTIONS
WHICH HAS
PAVED THE WAY
FOR CONTINUED
PERFORMANCE OF
THE SECTOR IN 2026.”**

- SHAUN O’SULLIVAN

CURRENT STATE OF PLAY

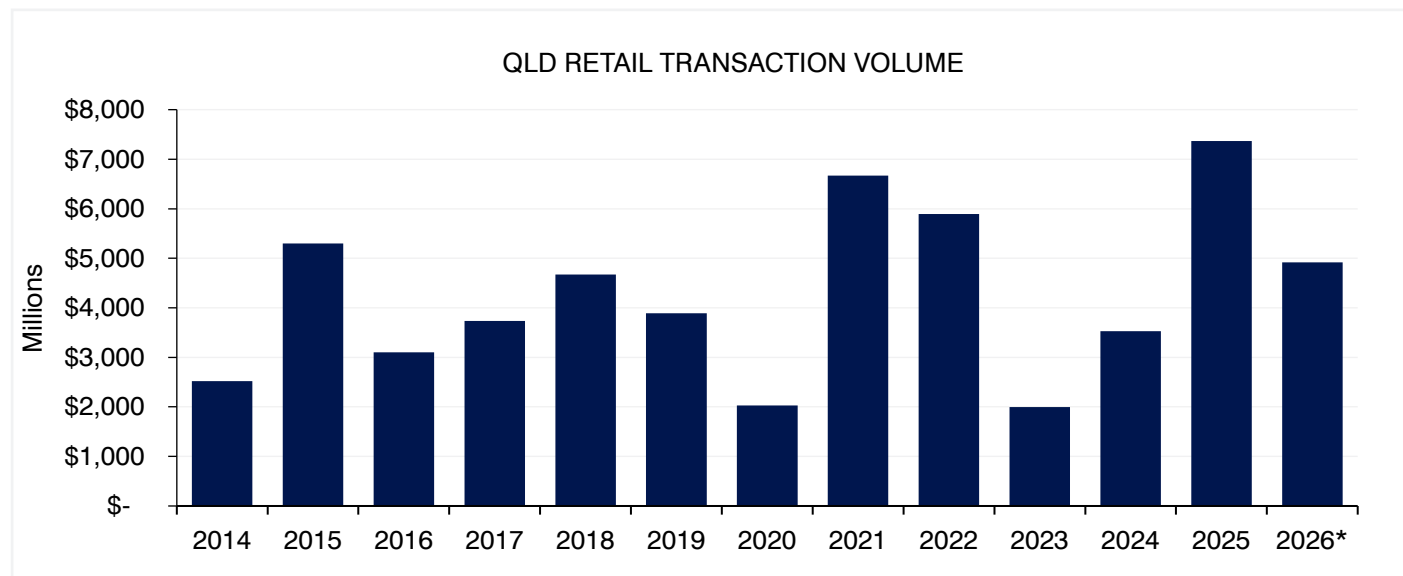
- Queensland retail turnover, in current prices and seasonally adjusted, reached \$8.69 billion over the year to May 2026, with annual growth of 6.39%, slightly above the 6.29% recorded over the year to May 2025.
- The strongest annual growth was recorded in clothing, footwear and accessories at 9.11%, followed by cafés, restaurants and takeaway food at 8.06%, reflecting continued resilience in discretionary and food-based retail spending.
- Retail conditions have improved in major tourist locations and CBD markets as visitor activity approaches pre-2020 levels and office occupancy supports CBD trading conditions.
- Population growth, international arrivals and limited new retail floorspace are supporting demand, particularly for convenience, non-discretionary and food-based retail formats in growth corridors and established centres.
- Online retail growth continues to influence tenancy mixes, with landlords adjusting toward health and beauty, services, food-based retailing, entertainment and other experiential uses.

INVESTMENT MARKET

- As at YTD 2026, Brisbane metropolitan retail activity totalled approximately \$2.5 billion across 26 sales over the \$5 million price point, while Brisbane CBD retail sales totalled approximately \$231 million across 3 transactions. According to RCA, Queensland retail investment activity increased materially in 2025, with 124 retail sales totalling \$4.5 billion, compared with \$1.7 billion across 58 transactions in 2024.
- The Brisbane metro retail market recorded \$3.09 billion across 59 transactions in 2025, representing a ten-year high and a significant increase from \$650.18 million across 35 sales in 2024.
- Across Brisbane metro retail, REITs were the largest buyer group in 2026 YTD, accounting for 39.5% of transaction value, followed by institutional investors at 38.8%.
- Recent Brisbane CBD retail activity has remained concentrated among private investors, while offshore investors have been inactive in recent years despite previously participating in the Brisbane CBD market.

TRANSACTIONS

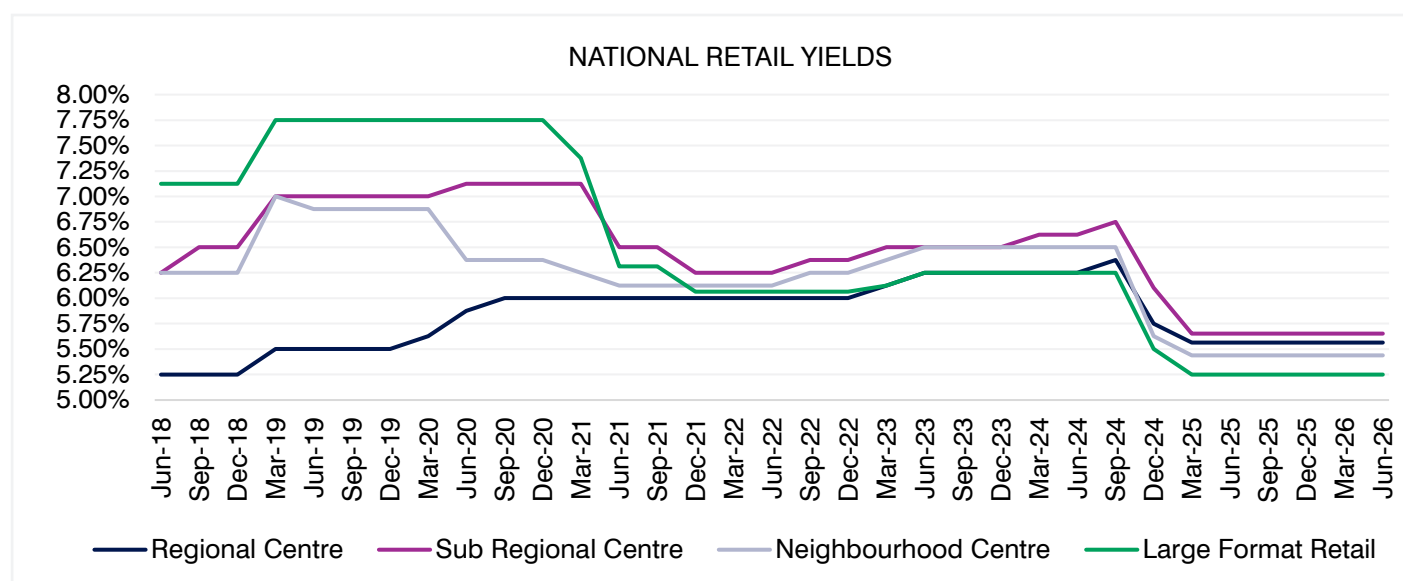
- Major transactions included Scentre Group’s sale of two 25% interests in Westfield Chermside to Dexu-managed funds; QIC’s sale of Logan Hyperdome to MA Financial Group; Cbus Property’s acquisition of a 50% interest in Westfield Carindale; and Scentre Group’s sale of a 50% interest in Westfield Mt Gravatt to Australian Retirement Trust for \$882.5 million.
- In the Brisbane CBD retail market, YTD 2026 sales totalled approximately \$234.08 million across five transactions, already representing the strongest annual result since 2016.
- Buyer participation has broadened across the wider Brisbane retail market, with REITs and institutional investors active in 2025, while recent Brisbane CBD activity has remained more heavily weighted toward private investors.



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

YIELDS

- Prime CBD retail yields ranged between 5% and 6.50% during the June 2026 quarter, having stabilised since early 2024 following earlier pandemic-related volatility.
- Prime strip retail yields in Brisbane typically ranged between 5.50% and 7.00% during the June 2026 quarter, remaining broadly stable through quarter three and four of 2025.
- Retail yields remain attractive relative to some alternative property sectors; however, higher borrowing costs and recent cash rate movements have introduced further caution among investors.
- Recent transactions suggest greater confidence for prime and well-located assets, while secondary assets and more discretionary retail formats are likely to experience greater scrutiny from purchasers.



Source: M3 Property
Note: Yield figures are based on the average of the reported prime yield range.

OPPORTUNITIES AND CHALLENGES

- A lack of development is improving the demand/supply equation. With population growth contributing to demand, vacancy levels are generally quite low across all sub-categories. Scentre Group have reported portfolio occupancy of 99.8% as at 30 June 2026; the highest in more than a decade. This theme should continue in the short term for strong centres.
- Rental growth has been solid. National retailers with store rollout 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).
- A-REITs are reporting strong leasing spreads, including GPT (6.6%), VCX (4.2%), Region Group (4.0%) and Scentre Group (3.7%) to 30 June 2026.
- Institutional capital values the stabilised income profiles of Shopping Centres, backed by long-term leases and fixed rental growth.
- Retail theft and crime put 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 assets can be challenging 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 play 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 to 4.6% in October 2026, coupled with the three consecutive 25 basis point increases earlier in the year, may moderate discretionary consumer spending. There is, however, still a level of caution regarding the economic headwinds and the negative impact the Federal Budget has had on the housing market. In this environment, buyer behaviour is likely to become more considered and selective of where capital is committed, supporting a more sustainable and balanced market as assets are brought to market throughout 2026.
- Over the medium term, we expect to see most new supply to be focused on convenience-based and daily-needs retailers, particularly in locations experiencing or forecast to experience stronger population growth.

SELF-STORAGE



JEREMY HOFFMAN

Director | Specialised Assets



“Australia’s self-storage market has emerged as one of the country’s most established alternative real estate sectors, underpinned by strong demographic tailwinds and growing institutional participation. Industry revenue is estimated at approximately A\$2.5 billion in 2026, with the sector comprising around 2,600 facilities, 6.2 million square metres of storage space and more than 600,000 storage units nationwide.

Occupancy remains resilient at approximately 85%, supported by demand from residential users, e-commerce operators and small businesses. Record investment activity, portfolio consolidation and increasing institutional ownership continue to reinforce the sector’s investment credentials, positioning self-storage for sustained growth despite a rising supply pipeline across several major markets.

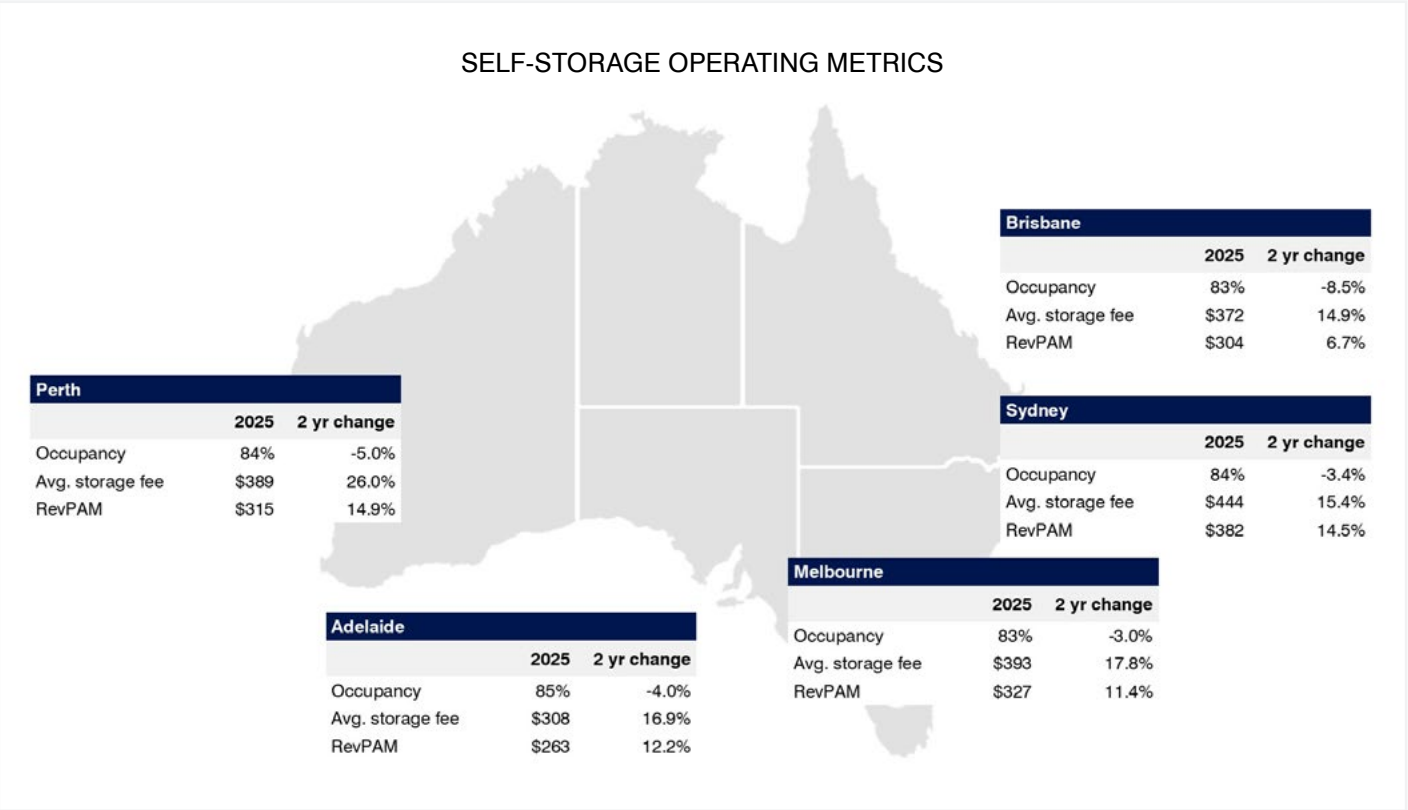
Investment activity accelerated in 2026, driven by Brookfield Asset Management and GIC’s acquisition of National Storage REIT, Australia’s largest self-storage operator. The transaction, valued at approximately A\$6.7 billion on an enterprise value basis, represents a landmark moment for the sector and reflects increasing institutional appetite for alternative real estate assets with resilient income characteristics.”

“OCCUPANCY
REMAINS RESILIENT
AT APPROXIMATELY
85%, SUPPORTED
BY DEMAND FROM
RESIDENTIAL USERS,
E-COMMERCE
OPERATORS AND
SMALL BUSINESSES.”

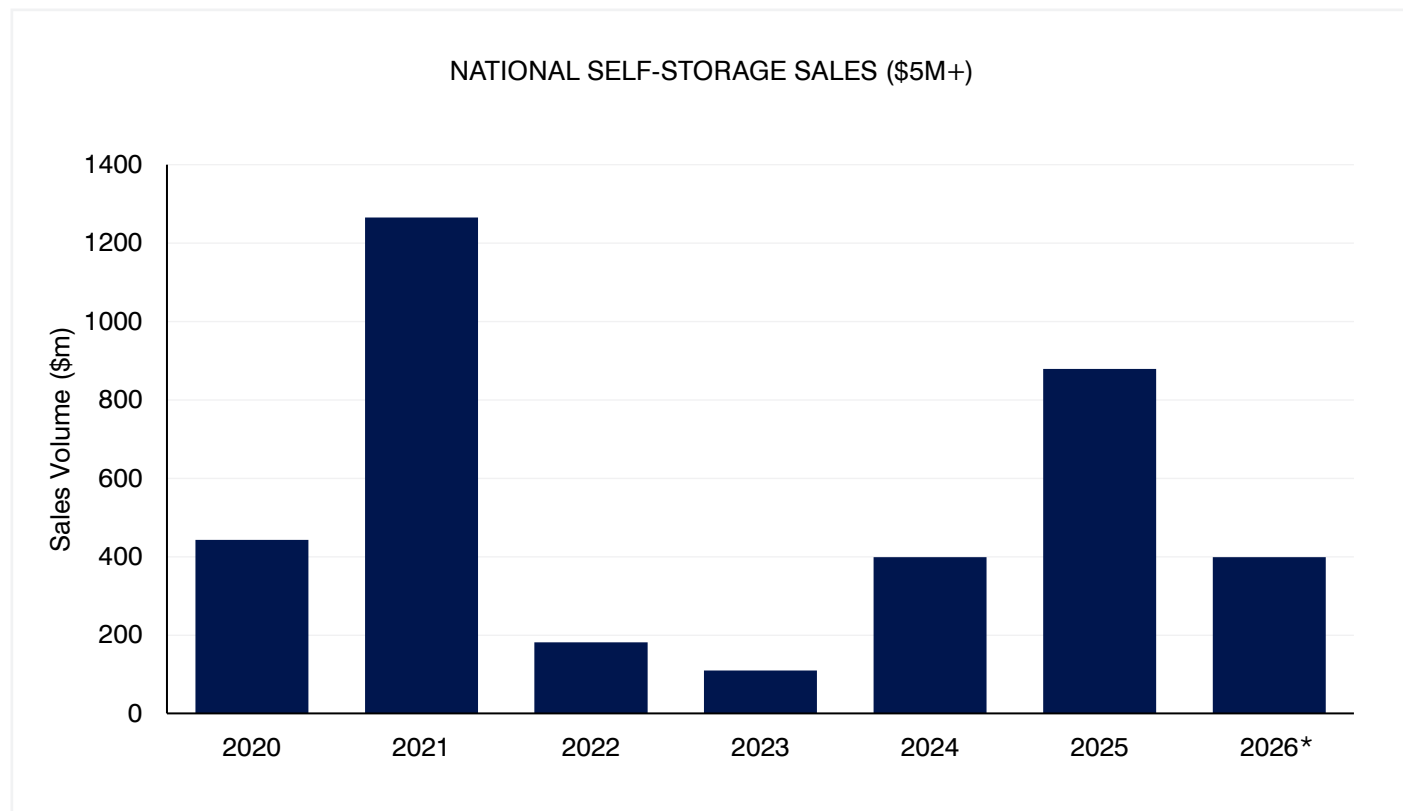
- JEREMY HOFFMAN

CURRENT STATE OF PLAY

- Australia’s self-storage sector remains underpinned by strong demand fundamentals, with industry revenue estimated at approximately \$2.5 billion in 2026 and national occupancy levels remaining resilient at circa 85% for majority of the 2025-26 financial year.
- Queensland continues to be one of Australia’s strongest growth markets, accounting for a significant share of new facility development, supported by strong population growth, interstate migration and ongoing housing affordability pressures.
- Demand is being driven by a diverse customer base, including residential users, small businesses and e-commerce operators seeking flexible and cost-effective storage solutions.
- Following record occupancy levels during the pandemic, market conditions have normalised as new supply has entered the market; however, occupancy remains above pre-pandemic averages and underlying demand remains strong.
- Institutional investment and consolidation activity continue to reshape the sector, providing additional capital and momentum for acquisitions and portfolio growth, reinforcing self-storage as an established alternative real estate asset class.
- Operators are increasingly adopting technology-driven management platforms, dynamic pricing strategies and enhanced security systems to improve operational efficiency and customer experience.



Source: Self-storage Association of Australia 2025, M3 Property
Note: Average Storage Fee - \$/m² per annum; RevPAM - Revenue per available square metre per annum, calculated as gross income over total available net storage area.



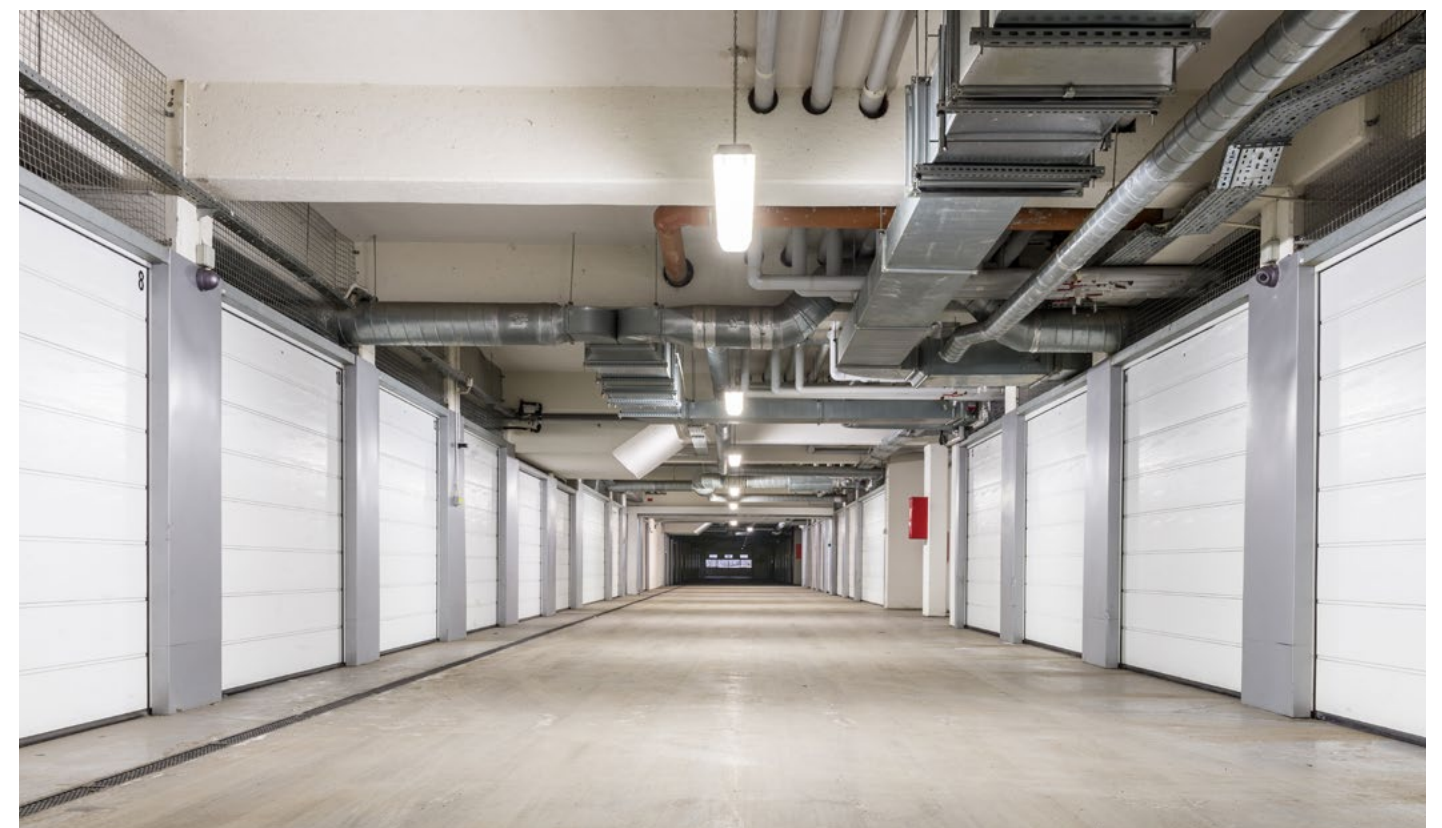
Source: Real Capital Analytics, M3 Property

TRANSACTIONS

- Self-storage investment activity has recorded significant growth year-to-date in 2026, with \$6.3 billion transacted across more than 230 transactions above the \$5 million price point. This represents an increase of approximately 889% on the previous year, according to Ray White Commercial data.
- Offshore interest in Australia's self-storage market has intensified, highlighted by the 2026 finalisation of the major privatisation of National Storage REIT by Canada's Brookfield Asset Management and Singapore's GIC. The acquisition of Australia's largest owner and operator of self-storage facilities comprised 273 properties nationally and was a key contributor to the record level of transaction activity in 2026.
- Whilst major portfolio transactions have occurred, individual facility transactions have been limited – with little good-quality supply being presented to the market. Standalone facility transactions have primarily occurred in regional locations.

OPPORTUNITIES AND CHALLENGES

- Queensland's ongoing population growth, interstate migration and housing affordability pressures continue to drive demand for self-storage as households downsize and seek flexible storage solutions.
- E-commerce growth and the increasing number of small businesses are supporting demand for business storage, with operators increasingly servicing online retailers and last-mile distribution requirements.
- An ageing population is creating additional demand through downsizing, retirement living transitions and estate management needs, supporting long-term sector fundamentals.
- Operators are expanding into higher-value offerings such as climate-controlled, wine, vehicle and specialised storage, creating opportunities to improve revenue per available square metre.
- A significant development pipeline across major markets is expected to increase competition, placing downward pressure on occupancy growth and rental rate increases in some locations.
- Securing suitably zoned and well-located sites remains challenging due to limited land availability and continued competition from other commercial property sectors. Elevated development costs continue to drive the need for larger and more efficient facilities.



KEY CONTACTS



MICHAEL COVERDALE

Managing Director QLD

michael.coverdale@m3property.com.au



JEREMY HOFFMAN

Director | Specialised Assets

jeremy.hoffman@m3property.com.au



MITCH ENRIGHT

Director, Healthcare

mitchell.enright@m3property.com.au



ROSS FARWELL

Director, Industrial

ross.farwell@m3property.com.au



SHAUN O'SULLIVAN

Director | Retail

shaun.osullivan@m3property.com.au



STEPHEN LINNANE

Director | Residential Development

stephen.linnane@m3property.com.au



m3property.com.au

DISCLAIMER © M3 Property Australia Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. This report is for information purposes only and has been derived, in part, from sources other than M3 Property and does not constitute advice. In passing on this information, M3 Property makes no representation that any information or assumption contained in this material is accurate or complete. To the extent that this material contains any statement as to the future, it is simply an estimate or opinion based on information available to M3 Property at that time and contains assumptions, which may be incorrect. M3 Property makes no representation that any such statements are, or will be, accurate. Any unauthorised use or redistribution of part, or all, of this report is prohibited.