

THE RETAIL RUNDOWN RETAIL CONTINUES TO OUTPERFORM

NOVEMBER 2025



Key Points

- Deep capital continues to target retail, with multiple domestic and offshore groups launching funds focused on core assets.
- Yields continue to compress, with further compression expected if retail volume momentum persists.
- Regional Shopping Centres dominate transaction activity, driving a surge in total investment volumes,
- Macro tailwinds are accelerating capital deployment. Australia's GDP growth is forecast to outpace all developed peers through the decade, supported by strong population expansion and resilient household fundamentals.

Capital Re-Engages with Retail

2025 has marked a decisive point in retail investment dynamics. After two years of opportunistic buying amid higher funding costs, deep capital is now returning with conviction. Several institutions, superannuation funds, and offshore capital investors have launched dedicated mandates targeting core retail assets. This renewed confidence comes amid stabilising macro conditions and the sector's resilience, with total retail trade up by 3.9% YoY in Q3 2025.

Pricing Normalisation

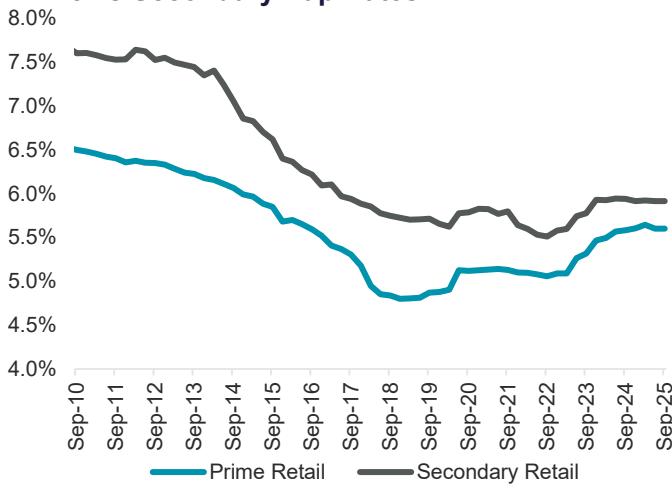
Retail pricing has stabilised through 2025. Prime cap rates are holding at 5.6%, while secondary sits at 5.9%, but are expected to revert to be more in line with longer term averages. This reversion signals alignment between buyer and vendor expectations, supported by clearer interest rate outlooks and strong capital inflows. Increased competition for core regional and neighbourhood centres is preventing

further softening and prompting early signs of firming at the prime end.

Confidence Returns

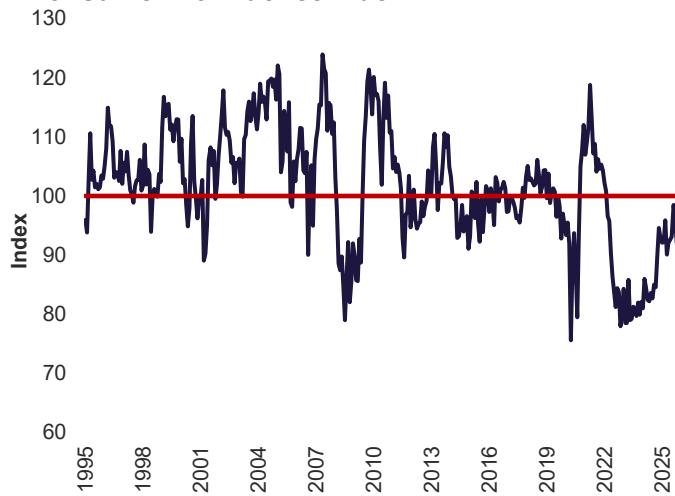
Consumer sentiment has improved gradually, holding above the mid-90s following recent cut rates and easing inflation. This stability is translating into stronger discretionary spending, reinforcing investor confidence in retail income durability. As household fundamentals improve, capital flows are concentrating on high-performing centres and mixed-use precincts that offer experiential retail and lifestyle integration.

Prime vs Secondary Cap Rates



Source: MSCI; Cushman & Wakefield

Consumer Confidence Index



Source: Melbourne Institute: Westpac: Cushman & Wakefield

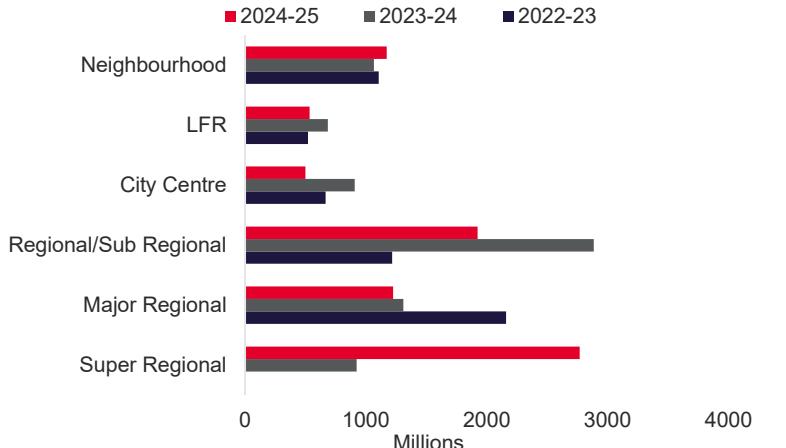
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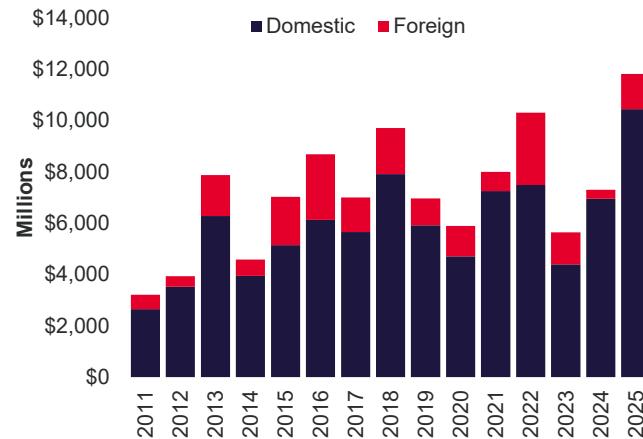
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Household Wealth vs Spending Ratio



Retail Investment Volume



Regional Centres Dominate

It has been a record year for regional-shopping centre transactions, with over \$3.3 billion in assets traded year to date. This represents the highest level of regional activity in four years and reflects a clear concentration of capital at the top end of the market. Q3 alone saw \$1 billion in deals, including partial interests in Westfield Chermside and Bankstown Central. This surge underscores increasing appetite for scale and liquidity. Despite heightened activity, supply remains concentrated, placing upward pressure on pricing and positioning regional yields for further tightening.

What Happens Next?

Retail enters 2026 with one of the deepest buyer pools in over a decade. As monetary conditions ease and macro tailwinds strengthen, capital deployment is expected to accelerate, particularly into prime Regional and Neighbourhood centres. The normalising of yield spreads is laying the groundwork for stabilisation and potential firming, while foreign capital and superannuation funds continue to broaden the competitive landscape.

Key Indicators

GDP (YoY)	1.8%
CPI (YoY)	2.0%
Unemployment	4.2%
Overseas Migration (YoY)	20.2%
Household Spending (YoY)	4.9%
Consumer Sentiment	95.4



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