RESEARCH

MARKET IN MINUTES

Australia Retail

Retail – Australia – November 2026

savills

Liquidity builds, selectively

Stronger activity across multiple retail formats points to a broader pool of capital, with income increasingly shaping investor demand.

Activity strengthens, led by scale and convenience

Q3 2026 saw $5.2 billion transact across retail assets valued above $10 million, up 54% Q/Q and 133% Y/Y. This was the strongest quarterly result since 2021, lifting rolling annual volumes to $16.6 billion, 58% higher than a year ago.

While large Regional Centre transactions accounted for much of the uplift, liquidity also broadened elsewhere. Neighbourhood Centre investment reached $1.13 billion, up 150% Q/Q and 182% Y/Y, with both transaction numbers and average deal size rising. The sector continues to attract institutional and private capital, supported by accessible lot sizes and the defensive income characteristics of grocery and convenience-based assets. Large Format Retail volumes also increased, although almost half of quarterly activity was accounted for by two larger transactions.

The headline result still warrants some caution. Regional Centre investment reached almost $3.0 billion, nearly 60% of quarterly turnover, but several major transactions were the culmination of extended sales processes or broader portfolio-repositioning strategies. Recorded quarterly volumes therefore do not necessarily reflect investment decisions initiated during Q3.

Taken together, the quarter points to improving liquidity, but with clear differences across formats. Demand remains strongest for assets offering scale, resilient income or clear opportunities to add value.

Ownership transition reshapes capital flows

Funds and trusts remained the dominant source of stock, accounting for 73% of vendor activity during Q3, continuing a trend evident throughout the year. This reflects a combination of capital recycling, redemptions, recapitalisations to fund development programs and debt reduction.

Importantly, institutional capital has also been buying. Funds and trusts accounted for 83% of acquisition activity during the quarter. While partly skewed by the concentration of activity in Regional Centres, this also points to continued appetite for scale, particularly given limited new development and the growing focus on resilient income.

The investment proposition has also shifted. Income is becoming more important to returns, increasing the focus on asset quality, leasing performance and the ability to grow income.



Investment trends

Overall activity was geographically concentrated, with Queensland and Victoria accounting for the majority of Q3 investment.

Regional Centres remain the focus of institutional capital

Regional Centre investment totalled nearly $3.0 billion in Q3, up 60% Q/Q and almost three times the level recorded in Q3 2025.

Five transactions accounted for the entire quarterly result, highlighting the continued concentration of institutional activity in large, established assets.

The circa $1.3 billion acquisition by Cbus Property of interests in Westfield Carindale and Lakeside Joondalup was the quarter's largest portfolio transaction, at reported cap rates of circa 5.5% and 6.0%, respectively. Lendlease's Australian Prime Property Fund Retail (APPF Retail) has now sold down five assets over the past 12 months, including its $895 million interest in Erina Fair to Fawkner Property at a 6.25% equated yield, and interests in Sunshine Plaza and Macarthur Square to GPT Group for a combined $1.2 billion, at reported cap rates of 5.50% and 5.75%, respectively.

Other major transactions included Australian Retirement Trust's acquisition of a 50% interest in Westfield Mt Gravatt for $882.5 million at a reported yield of 5.50%, alongside a parcel of adjacent land from Scentre Group, providing further evidence of institutional demand for scaled assets offering established income and dominant catchments.

Rolling annual Regional Centre volumes reached nearly $8 billion, 78% higher Y/Y and well above the five-year average. However, the result reflects a relatively small number of major trades rather than consistently higher turnover across the segment.

Sub Regional activity lifts

Sub Regional Centre investment increased to $412 million in Q3, compared with just $65 million in Q2. Despite the substantial Q/Q increase, activity remained concentrated in four transactions across Queensland and Victoria and was only 31% higher Y/Y.

Two of the larger transactions were Perron Group's $190 million sale of a 50% interest in Westfield Airport West to JY Group at a reported yield of 6.75%, with Scentre retaining its 50% interest and management of the centre as co-owner, and Vicinity Centres' $120 million sale of Taigum Square to MA Financial at a reported yield of 6.0%.

> "Liquidity remains strongest where scale and asset quality align, with capital continuing to compete for a limited pool of institutional grade opportunities.
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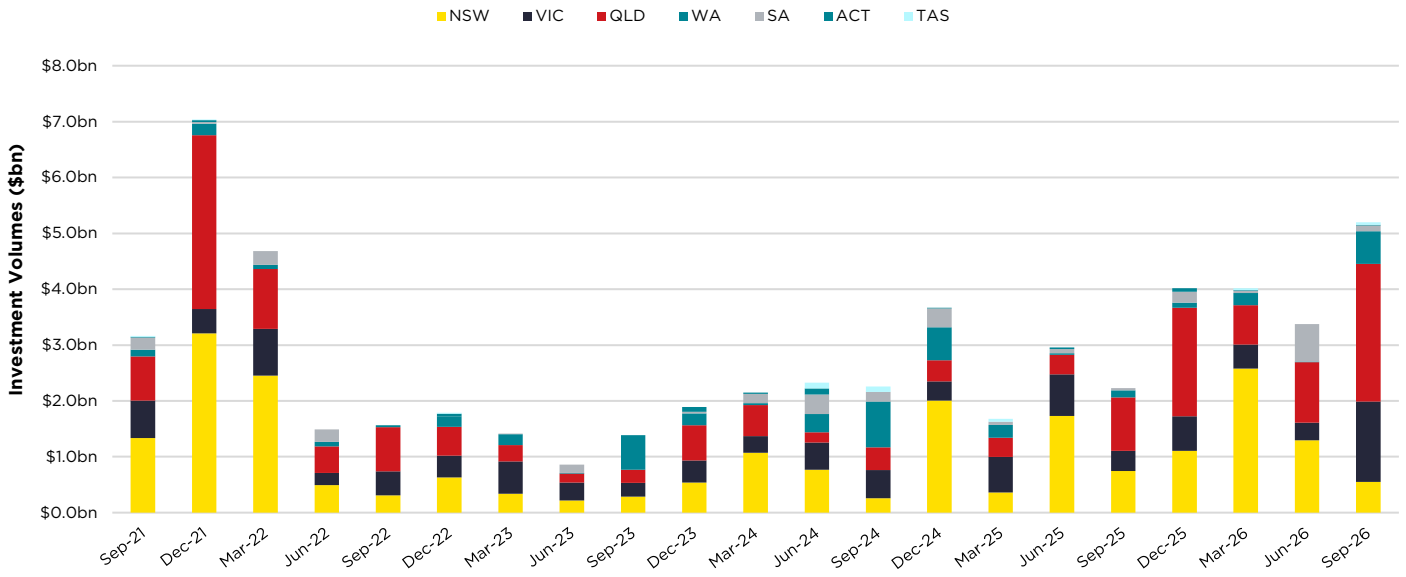
Rolling annual volumes reached $2.34 billion, up 17% Y/Y, supported by elevated activity in Q4 2025 and Q1 2026, which together accounted for around $1.86 billion of the annual total. This included the three-asset BVK portfolio acquired by Charter Hall and Vicinity Centres' three-centre portfolio transaction.

Future transaction volumes are likely to remain influenced by the availability of appropriately scaled opportunities, with demand continuing to outstrip the volume of assets brought to market.

INVESTMENT TRANSACTION VOLUMES BY STATE ($10 MILLION +), QUARTERLY TO SEPTEMBER 2026



Source: Savills Research



Neighbourhood Centres retain broad liquidity

Neighbourhood Centre investment reached $1.13 billion in Q3, up 150% Q/Q and 182% Y/Y. The segment recorded the broadest transaction base of the major retail formats, contrasting with the concentration evident in Regional Centre activity.

The quarter's largest transaction was Assembly Funds Management and PGIM's $248 million acquisition of Ed.Square from Frasers Property.

Portfolio activity was also prominent, with GIC acquiring a 90% interest in RAM Essential Services Property Fund's five-centre portfolio for $218.6 million.

IFM Investors acquired a $300 million portfolio comprising Botanical Village and three centres under development in Melbourne's west, in partnership with Fawkner Property and Oreana. Charter Hall added Pavilions Palm Beach and Yeerongpilly Green Riverside Village for a combined $136.7 million.

The increase extends beyond these larger portfolio transactions. Rolling annual investment reached $2.89 billion, up 72% Y/Y, alongside higher transaction numbers.

Institutional participation also strengthened, with fund acquisitions reaching $1.30 billion, or 45% of rolling annual investment. Private investors remained active at smaller lot sizes, reinforcing the depth of the buyer pool.

Neighbourhood Centres continue to attract the broadest range of buyers across the retail market. Outside large-scale Regional Centre transactions, the sub-sector remains Australia's most liquid retail investment segment, supported by fragmented ownership, accessible lot sizes and defensive income profiles.

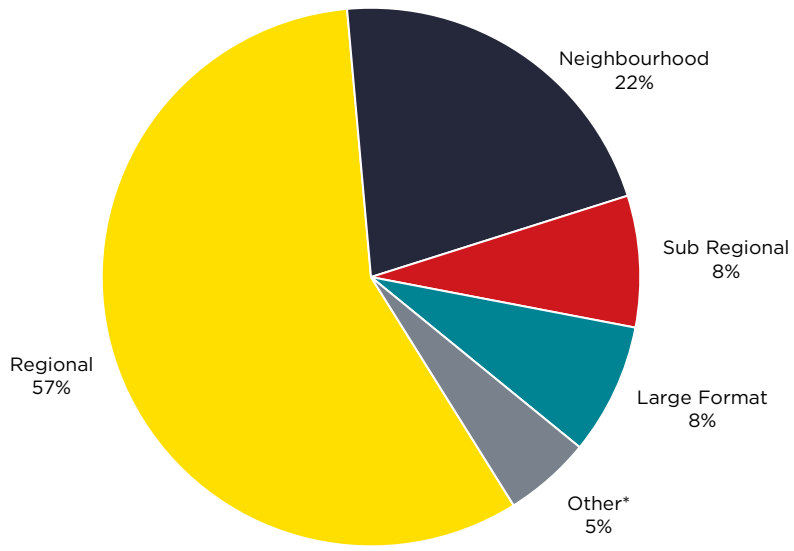
Large Format activity improves, but remains concentrated

Large Format Retail investment increased to $412 million in Q3, more than three times the level recorded in Q2 and double the Q3 2025 result.

Two large transactions accounted for almost half of quarterly volumes. Home HQ Busselton, currently under construction and due for completion in 2027, was acquired by Satterley Properties from Arise Developments through a fund-through arrangement with an end value of $125 million, while Axiom sold Churchill Centre South to Charter Hall Convenience Retail Fund for $80 million. Excluding these transactions, Q3 volumes were $206.6 million, just 2.3% above the entire Q3 2025 result, highlighting the influence of larger transactions on the headline increase.

Rolling annual volumes reached $1.24 billion, 14% higher Y/Y, although still 36% below the five-year average. Investor demand remains selective, with a preference for well-located assets offering established tenant covenants, land value or repositioning potential. Q3 represents a meaningful improvement in transaction activity, supported by more deals and stronger fund participation, but with year-to-date volumes still slightly lower, it is too early to call this a broad-based upswing.

SHARE OF INVESTMENT VOLUMES BY VALUE ($10M+) AND CENTRE TYPE
3 MONTHS TO SEPTEMBER 2026



Source: Savills Research *Other includes Freestanding, Shops, City Centre

The forward view

Retail investment liquidity strengthened materially in Q3, supported by several major institutional transactions and broader activity across Neighbourhood Centres. Capital remains available for assets offering scale, resilient income and strategic relevance.



Retail enters this stage of the cycle with the strongest and most consistent income profile of the major commercial sectors. Its rolling annual income return was 5.7% to September 2026, ahead of All Property (5.3%), Office (5.5%) and Industrial (4.3%), and it has been the highest-yielding major sector on a 3, 5 and 10-year basis, according to MSCI/PCA. Income remains the largest component of Retail's 10.3% total return, providing a firm base for performance.

The macro backdrop remains more nuanced. Shifting interest rate expectations and higher bond yields reinforce the importance of income growth to investment returns.

The consumer outlook is similarly mixed. Households are becoming more cautious as higher mortgate costs work through household budgets, although spending has remained resilient. The consumer has not disappeared, but is becoming more discerning about where they spend.

Against this backdrop, greater stability in bond yields, clearer transaction evidence and closer buyer-vendor alignment could support stronger conversion, although capital is likely to remain disciplined on asset quality and pricing.

Partial-stake sales, joint ventures and recapitalisations should also remain important sources of liquidity, allowing owners to release capital while retaining exposure to high-quality assets and providing investors with access to assets that may otherwise rarely trade.

Liquidity is likely to remain strongest for dominant Regional Centres, grocery-anchored assets and properties offering clear active management or redevelopment potential. With much of the pricing reset behind us, the focus will increasingly shift to income and execution.

> "Income growth, asset quality and execution are becoming increasingly important drivers of retail investment performance.
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