

EMBARGOED UNTIL THURSDAY 23 APRIL 2026, 12:01 AM AEST

## Retail property sentiment falls below neutral for the first time as consumer confidence wavers

*Retail scores 4.9 in Q2 2026, as rising rates and shifting shopping habits weigh on the sector*

### April 2026

Retail property sentiment has slipped below neutral, posting a score of 4.9 in the Australian Property Institute's (API) Property Market Outlook Index for Q2 2026, down from 5.4 in Q1. It joins office (4.6) in negative territory, though office has now recorded sub-neutral ratings in two consecutive quarters.

The picture varies considerably by state. South Australia is the strongest retail market at 6.5, with WA and Queensland both at 5.9. Victoria (4.7) and New South Wales (4.2) are the weakest. NSW retail is the softest state-sector rating in the entire survey this quarter.

API Chief Economist Dr Sherman Chan said retail was feeling the full weight of the rate cycle. "Retail is acutely sensitive to consumer confidence, and right now consumers are being squeezed from multiple directions. Interest rate rises are hitting household budgets. The job market outlook is softening. The conflict in the Middle East is adding to a sense of uncertainty that affects how people feel about spending. The sector needs rate stability and a clearer economic outlook before confidence can recover."

### What is driving retail property

Consumer confidence is the most cited drag on retail property sentiment, alongside the interest rate outlook, job market conditions and shifting shopping preferences. Work-from-home arrangements are also a factor, with lower foot traffic in CBD areas affecting some retail precincts. On the positive side, the appeal of shopping centres, the character of specific suburbs and regions, and public transport development are cited as factors supporting prices where retail is performing better.

Dr Chan said the geographic split in retail is worth noting. "South Australia, WA and Queensland are all above neutral, and that reflects something real about those markets, whether it's population growth or suburban spending. The weakness is concentrated in NSW and Victoria. That divergence is likely to persist into Q3."



---

Access the full report [here](#).

