

Convenience Retail



Industry Insights Report

January 2025



Burgess Rawson



Dinner

Snacks

Breakfast

Lunch



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Welcome



Jamie Perlinger

Partner | Head of Agency VIC



Jesse Lapham

National Director Research & Data

Welcome to the January 2025 edition of Burgess Rawson's Industry Insights Report. In this edition, we focus on the dynamic and resilient convenience retail sector, a cornerstone of the commercial property market. As one of the most active agencies in this space, we are proud to present in-depth research and analysis to help you navigate this ever-evolving asset class.

The convenience retail sector has continued to demonstrate its adaptability, evolving to meet shifting consumer expectations. Once dominated by fuel-centric offerings, the sector has expanded into diversified retail formats, including food, beverages, and quick-service outlets. These changes reflect broader market trends, with tenants innovating to ensure the continued relevance and success of convenience retail sites.

This report provides insights into key industry trends, including cap rate movements, tenant performance, and evolving investment opportunities. Convenience retail assets remain a preferred choice for investors due to their strong fundamentals—prime corner locations, long-term leases, and secure ASX-listed tenants with strong balance sheets.

We invite you to explore the data, trends, and case studies outlined in this report to enhance your understanding of this robust sector. As always, our goal is to equip you with the tools and knowledge to make informed and confident investment decisions.

Year in Review

Convenience Retail Overview

The convenience retail sector has experienced a year of significant activity and transformation. Transaction volumes in 2024 reached \$178.2 million across 35 sales, with a blended cap rate of 6.48%. The first half saw \$98.7 million in sales at an average cap rate of 6.67%, while the second half recorded \$79.5 million in volume, with cap rates tightening to 6.28%.

Market dynamics reflected broader economic conditions, including inflationary pressures and rising interest rates, influencing asset valuations. However, convenience retail assets demonstrated resilience, underpinned by strong tenant covenants, long-term leases, and high-visibility locations. Investors continued to prioritise stability and growth potential, particularly in assets with diversified revenue streams beyond traditional fuel reliance.

Cap rates showed significant variation across brands and regions, with metropolitan assets maintaining tighter ranges than regional properties. Key trends included a growing focus on non-fuel retail offerings, partnerships with premium brands, and the adoption of technology to enhance customer engagement.

Overall, 2024 reinforced the sector's position as a robust and adaptable asset class, appealing to a diverse investor base. Looking ahead, the sector is well-positioned for sustained growth, supported by its ability to evolve alongside changing consumer behaviours and market demands.

First Half

2024

\$98,727,481

Volume

6.67%

Cap Rate

20

No. of Sales

Second Half

2024

\$79,507,683

Volume

6.28%

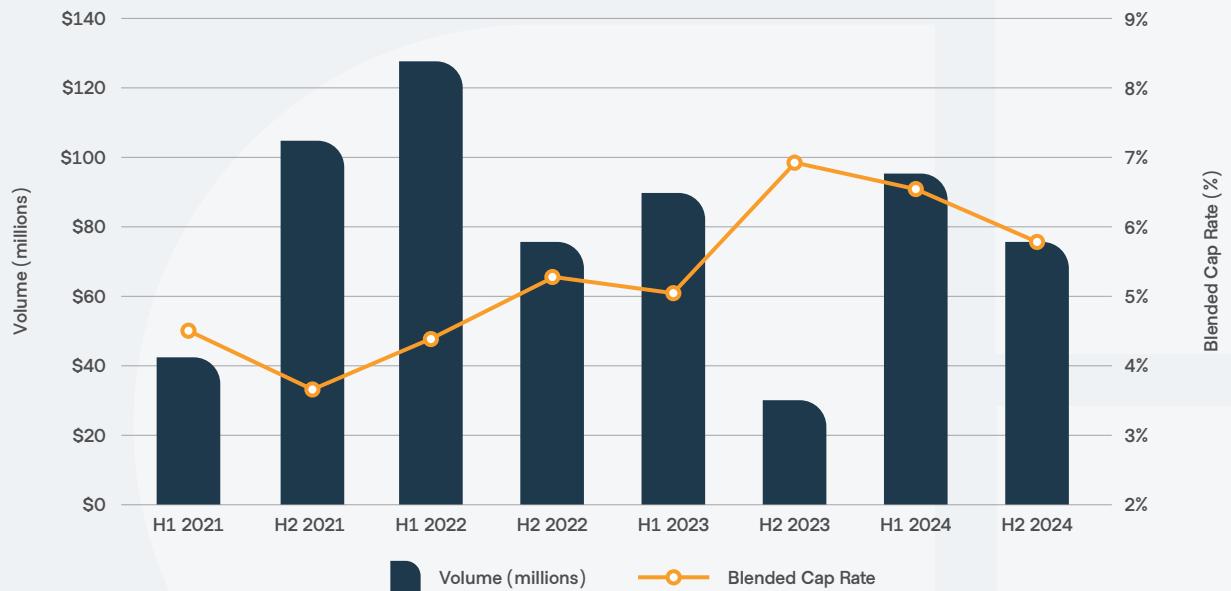
Cap Rate

15

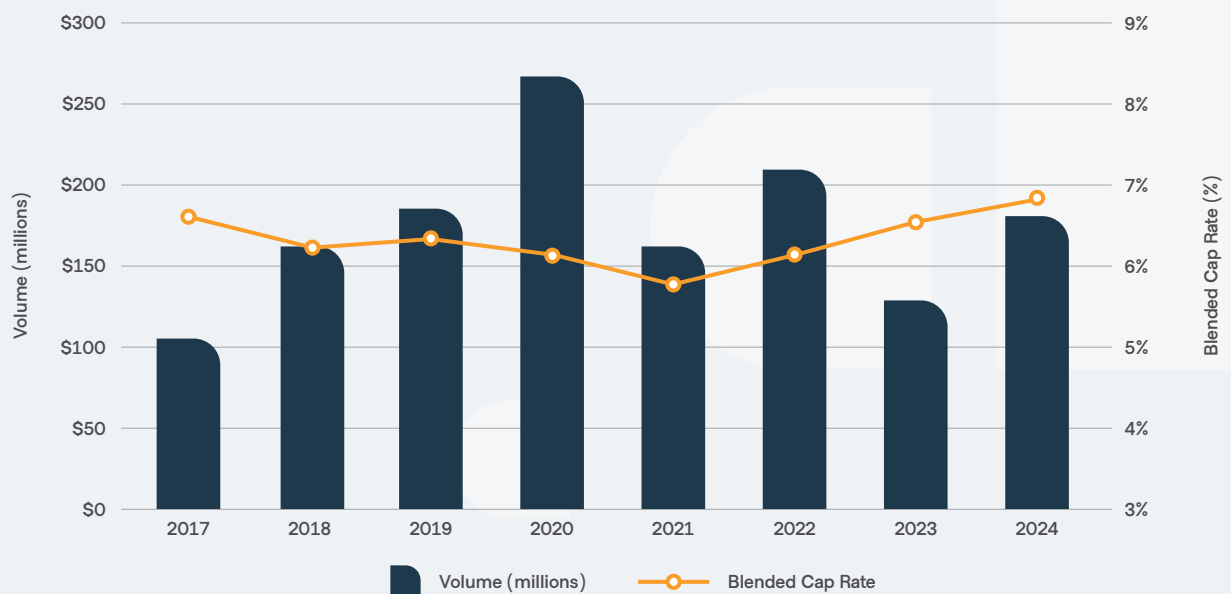
No. of Sales

Volume and Cap Rate Review

Burgess Rawson Half Yearly Results



Burgess Rawson Yearly Results



Burgess Rawson 2023 and 2024 National Sales



Queensland	New South Wales	ACT	Victoria	South Australia	Western Australia
Metropolitan	Metropolitan	Metropolitan	Metropolitan	Metropolitan	Metropolitan
\$79,810,000 6.19%	\$34,700,000 4.99%	\$11,800,000 5.85%	\$14,100,000 4.97%	\$31,840,683 5.96%	\$11,756,481 6.76%
Regional	Regional		Regional		Regional
\$44,693,000 7.24%	\$51,040,000 6.58%		\$6,476,000 6.87%		\$22,090,000 7.73%

💰 Sales Volume
📊 Blended Cap Rate



On The Run (VIVA)

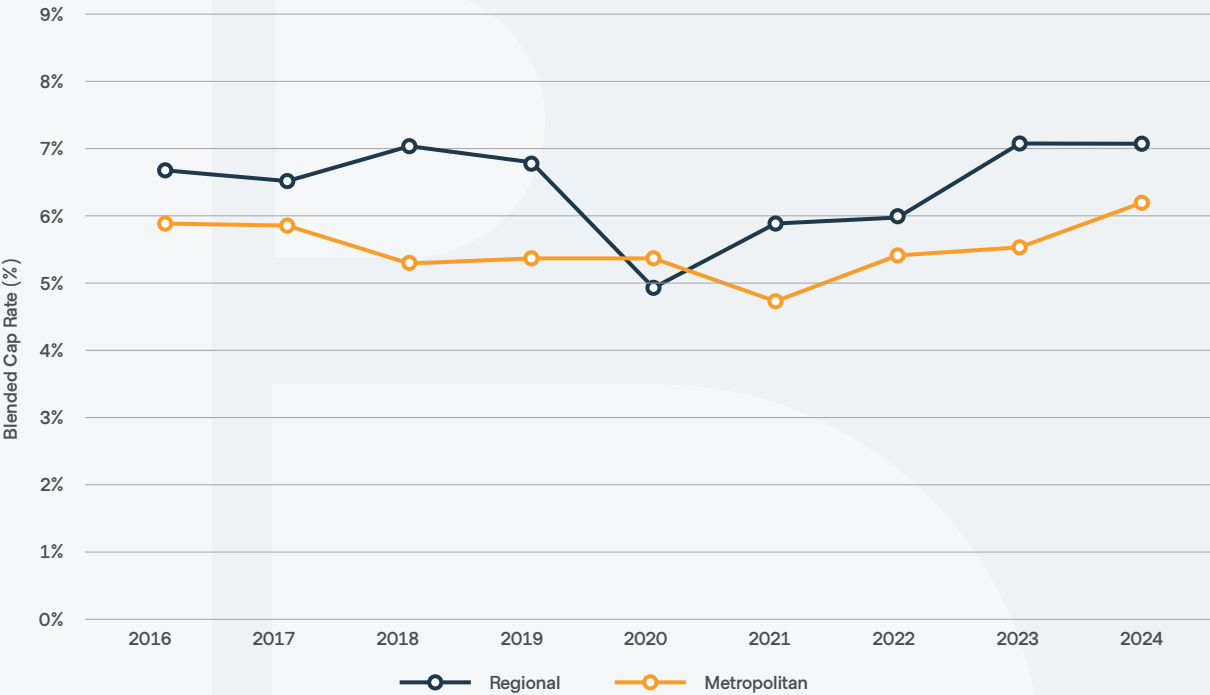
Kensington SA

💰 \$4,830,000

📈 5.50% Yield

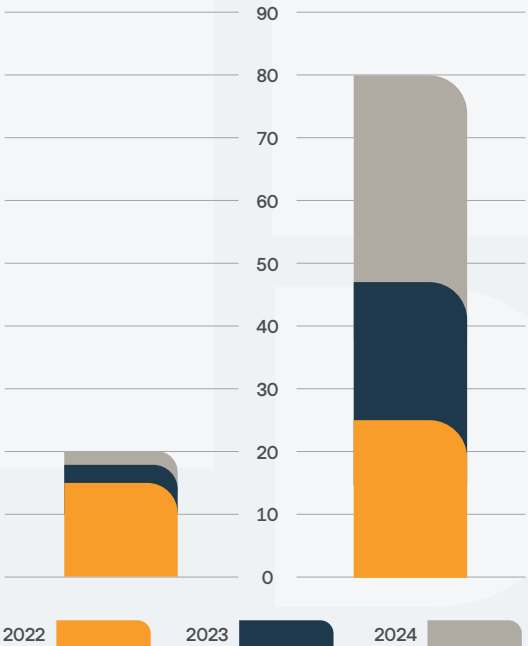
Market Analysis

Metropolitan and Regional Cap Rate



Number of Sales Per Year

< 10 Years **> 10 Years**
Short Lease Expiry **Long Lease Expiry**



Regional cap rates consistently exceeded metropolitan rates between 2016 and 2024, reflecting higher perceived risk in non-metro locations.

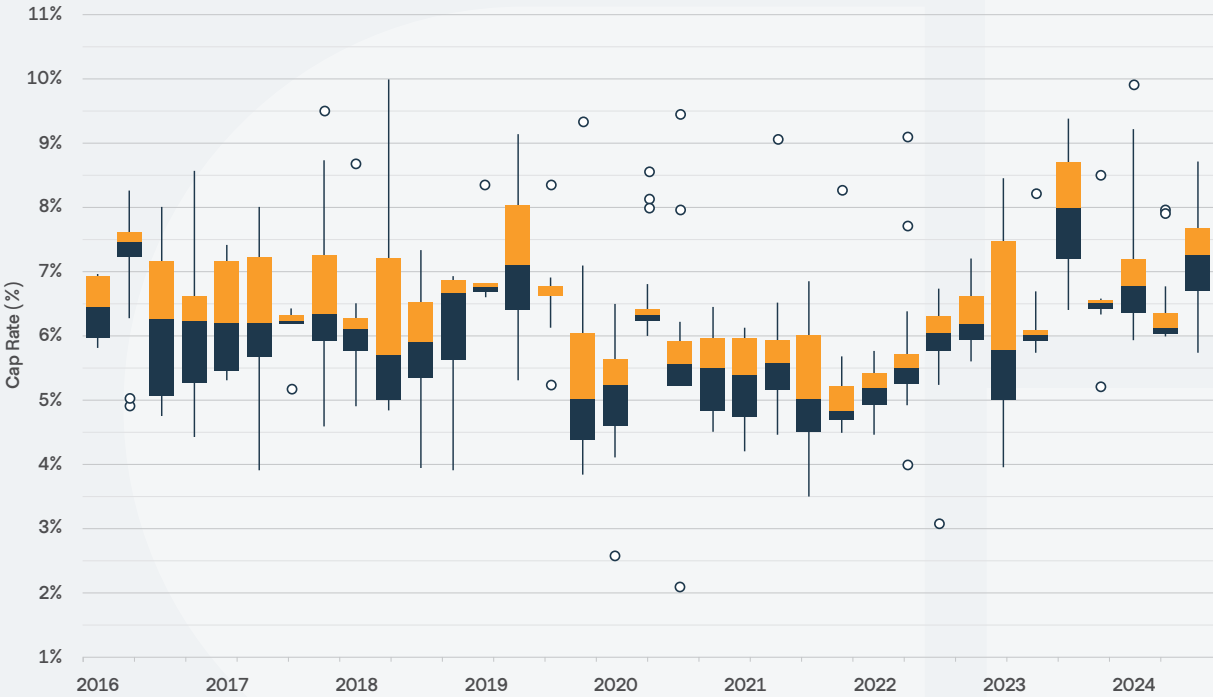
Both experienced a downward trend from 2016 to 2020, followed by a rise post-2021, as interest rate pressures influenced yields. The widening gap in 2024 highlights investor preference for metropolitan stability.

Sales data shows a strong preference for properties with lease expiries exceeding 10 years, increasing significantly from 2022 to 2024.

Short lease expiry transactions remain limited, reflecting investor prioritisation of income security and stability. Long-term lease sales are driven by their lower risk profile, aligning with broader market trends.

Market Analysis

Convenience Retail Cap Rates



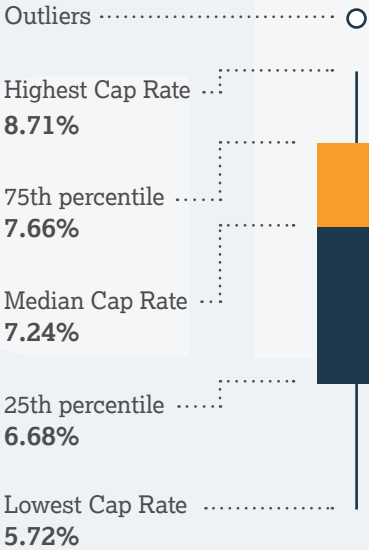
The convenience retail cap rates from 2016 to 2024 highlight shifting market dynamics. Between 2016 and 2019, cap rates tightened as investor confidence grew and competition for assets intensified. In 2021, cap rates saw a noticeable dip, driven by a historically low interest rate environment, which increased asset valuations and compressed yields. This period marked heightened demand for secure, long-term income-producing assets.

Post-2021, rising interest rates and inflationary pressures reversed the trend, pushing cap rates upward as the cost of capital increased. By 2023-2024, cap rates widened further, reflecting greater differentiation in asset performance and investor sentiment.

While convenience retail remains a sought-after asset class, the economic environment has led to more varied pricing, highlighting the importance of lease terms, tenant quality, and location in driving valuations.

Legend

(Q3 2024 Results)



Note

Outliers are calculated using the IQR method, which has been set at 1.5 IQR. Sample size includes competitor sales.

On The Run (VIVA)

Darlington SA



Sale Price

\$6,015,000



Site Area

4,235 sqm*



Site Value Rate

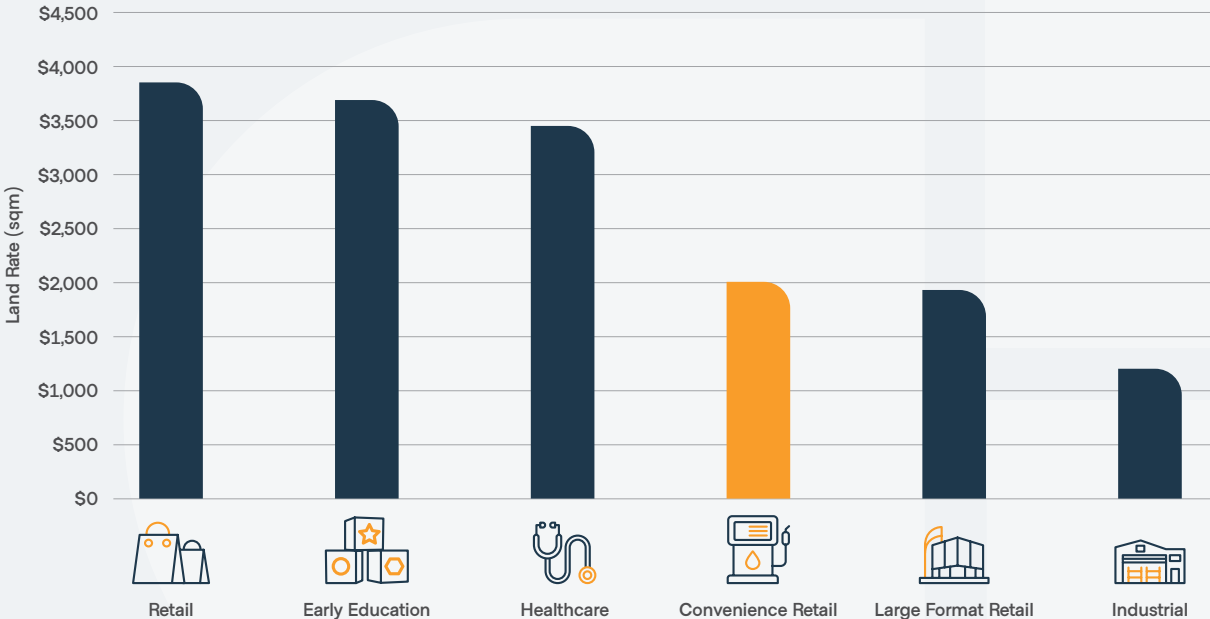
\$1,420 psqm*



* Approx Outline/Boundaries Indicative Only

Market Analysis

Land Rate by Category 2024



Different sectors within commercial property showcase a wide range of characteristics. Some reflecting high-value use while others remain underdeveloped, displaying a low utilisation ratio. Convenience retail in metropolitan areas stands out for its relatively low cost per square metre and prime, highly visible locations on main roads, making them appealing to investors and tenants.

Over the past five years, convenience retail land rates have remained steady, reflecting market stability despite fluctuations. Cap rates have gradually increased, demonstrating growing investor confidence in the sector. This stability, combined with strategic positioning, highlights the potential for long-term value growth.

The results represent only on-market sales of convenience retail assets, reflecting buyer sentiment alongside asset characteristics and performance, offering insights into the sector’s evolving dynamics.

Average Land Rate* (sqm)



* Approx



Sale Price

\$6,015,000



Cap Rate

5.50%



Sold

October 2024

Case Study

On The Run (VIVA Energy), Darlington SA

1487-1489 Main Road, Darlington, was auctioned in October 2024, attracting 9 registered bidders and 49 bids, and was sold to a Queensland private investor. The property's appeal was anchored by OTR, owned by ASX-listed VIVA Energy, ensuring strong tenant backing.

The 16-year triple net lease, including multiple holding land tax recovery and fixed rental increases, offered investors stability and predictable returns. The low price per square metre, given the substantial landholding, stood out in the competitive market.

OTR's diversified retail model, extending beyond fuel sales to attract in-store customers, further boosted its value. Situated along a major arterial road, the site ensured strong visibility and traffic, making it a standout long-term investment opportunity.



Site Area

4,235sqm*



GLAR

646sqm*



Zoning

Suburban Business



Remaining Lease Term

16 years



Site Value Rate

\$1,420psm*



Net Income

\$330,996 pa* + GST



Agents

Jamie Perlinger

Raoul Holderhead

Burgess Rawson Sales Highlights



7-Eleven
New Lambton NSW

Sale Price	Cap Rate	Date
\$6,200,000	5.86%	Nov 2024



EG Fuel
Kyabram VIC

Sale Price	Cap Rate	Date
\$810,000	4.94%	Oct 2024



On The Run (VIVA)
Darlington SA

Sale Price	Cap Rate	Date
\$6,015,000	5.50%	Oct 2024

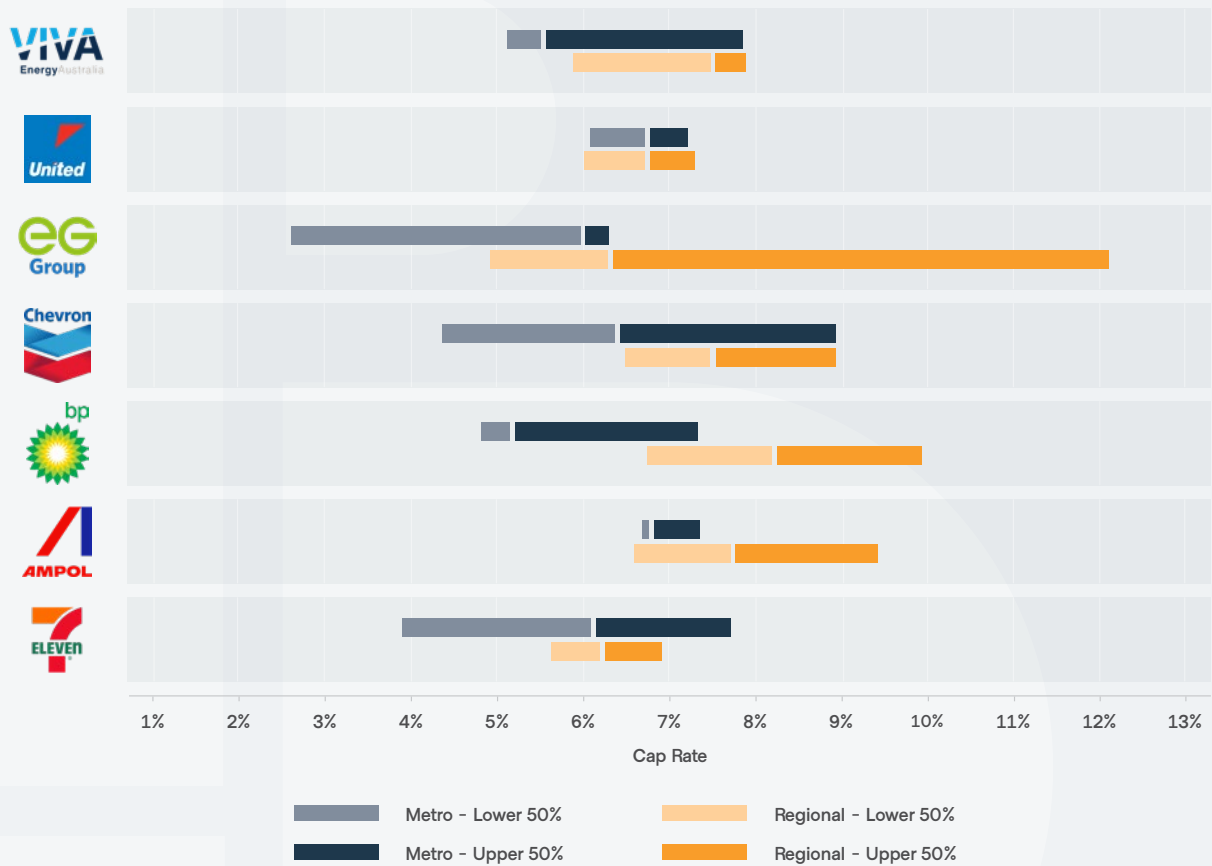


7-Eleven
Lavington NSW

Sale Price	Cap Rate	Date
\$5,300,000	6.04%	Jun 2024

Sales Analysis

Transaction Cap Rate Range by Brand 2023-2024

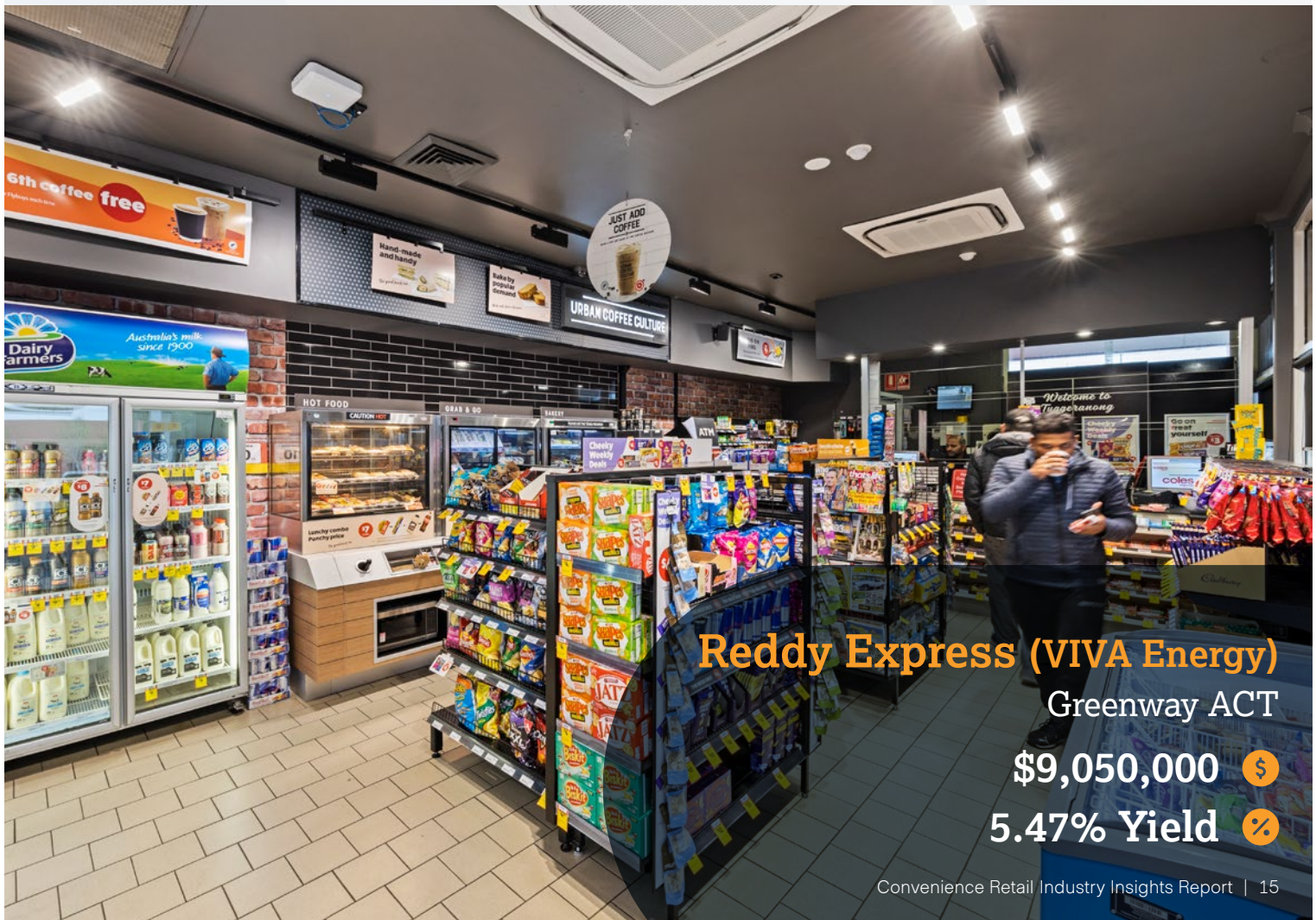


The transaction cap rate ranges for 2023-2024 show significant variation across brands and between metropolitan and regional markets. VIVA Energy and United exhibit the narrowest ranges, reflecting stable investor confidence, particularly in metro areas. EG Group and Chevron have broader spreads, especially in regional markets, indicating mixed asset performance and perceived risk.

BP, Ampol, and 7-Eleven demonstrate moderate cap rate ranges, with regional assets generally achieving higher yields due to location-based risk pricing.

Overall, metropolitan assets maintain tighter cap rate ranges, while regional assets show greater variability, driven by differences in asset quality, lease terms, and market conditions.

Brands that control a consistent lease, covenant, quality of product offering and customer experience tend to sell with more regularity, and with a more compact yield range.



Reddy Express (VIVA Energy)

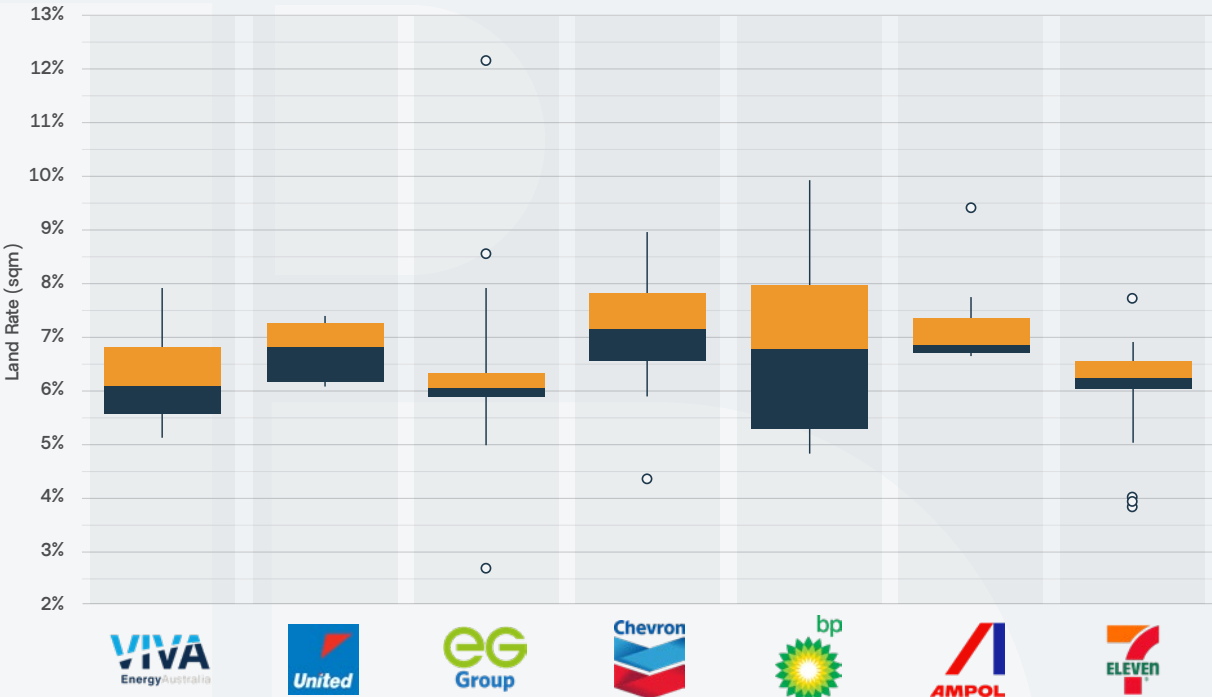
Greenway ACT

\$9,050,000 

5.47% Yield 

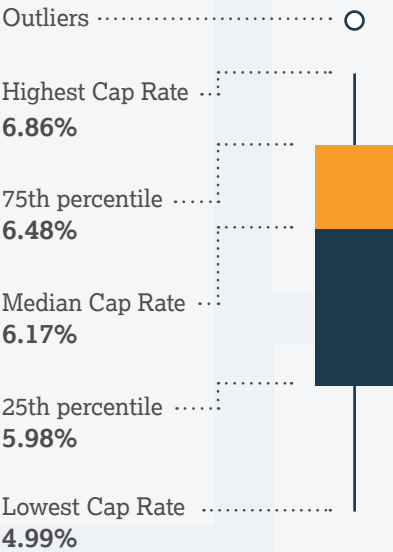
Sales Analysis

Brand Cap Rates 2023 - 2024



Legend

(7-Eleven Results)



The brand cap rate analysis for 2023-2024 highlights variability across fuel and convenience retail operators. VIVA Energy and United exhibit tighter cap rate ranges, reflecting their strong lease terms and investor confidence in these brands. Conversely, brands like Chevron and Ampol display broader cap rate distributions, indicating greater variability in asset quality or market perceptions.

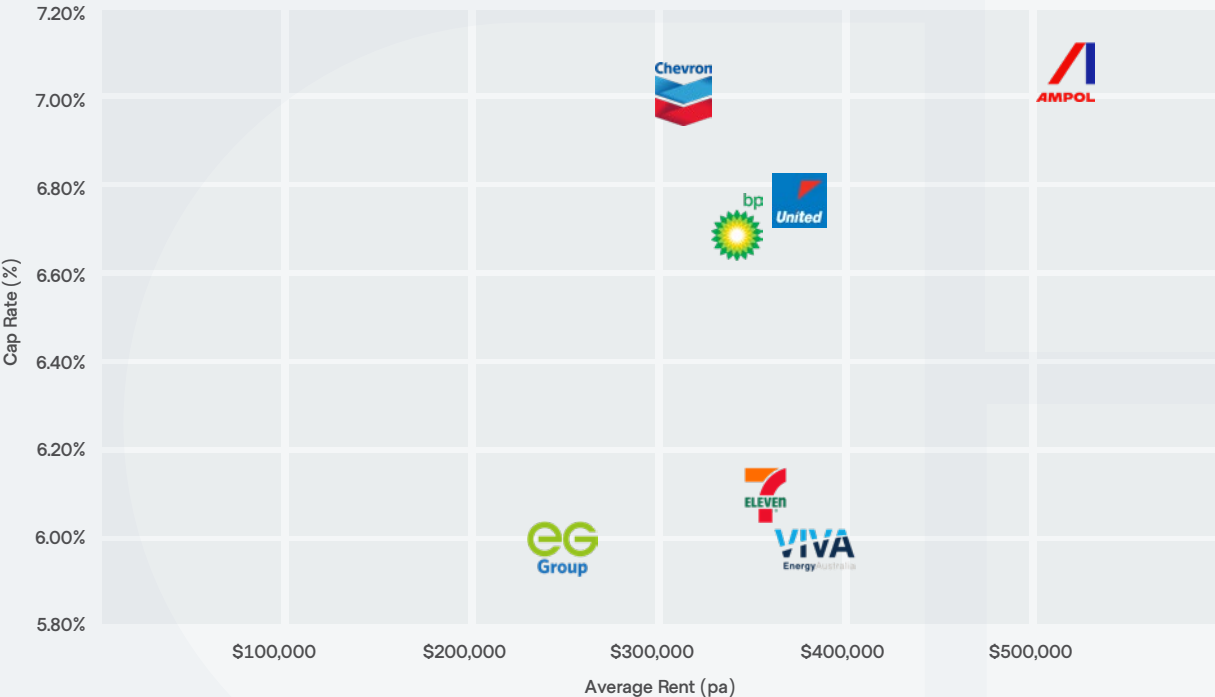
7-Eleven and BP show relatively stable ranges, suggesting consistent investor sentiment, while EG Group demonstrates wider spreads, likely driven by diverse asset performance.

Overall, the data underscores a preference for brands offering secure leases and solid retail models, with higher cap rates reflecting perceived risk or asset-specific factors.

Note
Outliers are calculated using the IQR method, which has been set at 1.5 IQR. Sample size includes competitor sales.

Sales Analysis

Brand Cap Rate & Average Rent 2023 - 2024










Number of Transactions 2023-2024

The sales analysis highlights an inverse trend between cap rates and average rents in the convenience retail sector. EG Group, VIVA Energy, and 7-Eleven, with lower average rents, trade at lower cap rates, reflecting strong investor confidence in their stability and consistent performance. 7-Eleven’s 29 transactions underscore its broad market appeal, driven by an established network and reliable product offerings.

In contrast, Chevron and Ampol, with higher average rents, trade at higher cap rates, influenced by higher price points and, in some cases, geographic or locational factors. However, for Ampol and United, smaller sample sizes make definitive conclusions difficult.

This variation highlights diverse investor priorities, with some valuing stability and affordability, while others pursue higher-yield opportunities in premium-priced assets with greater perceived risk.

	EG Group	15
	BP Petroleum	11
	United Petroleum	5
	Ampol	6
	VIVA Energy	13
	7-Eleven	29
	Chevron	17

Recent Burgess Rawson Sales

Tenant	Location	State	Sale Price	Cap Rate
EG	Kyabram	VIC	\$810,000	4.94%
OTR (VIVA Energy)	Kensington	SA	\$4,995,683	5.32%
Shell & Reddy Express	Greenway	ACT	\$9,050,000	5.47%
OTR (VIVA Energy)	Darlington	SA	\$6,015,000	5.50%
7-Eleven	New Lambton	NSW	\$6,400,000	5.86%
Pacific Petroleum	Roma	QLD	\$591,000	5.92%
VIVA Energy	Toowoomba	QLD	\$3,850,000	5.92%
7-Eleven	Ormeau Hills	QLD	\$5,700,000	5.96%
7-Eleven	Lavington	NSW	\$5,300,000	6.04%
7-Eleven	Beaudesert	QLD	\$5,300,000	6.06%
EG Group	Caboolture	QLD	\$7,985,000	6.07%
7-Eleven	South Lismore	NSW	\$5,500,000	6.09%
7-Eleven	Nowra	NSW	\$9,310,000	6.12%
7-Eleven	Melba	ACT	\$2,750,000	6.22%
Shell	Tingalpa	QLD	\$6,520,000	6.28%
VIVA Energy	Ormeau	QLD	\$6,250,000	6.35%
7-Eleven	Dalyellup	WA	\$6,940,000	6.63%
Mobil X Convenience	Northfield	SA	\$4,750,000	6.66%
7-Eleven	Aitkenvale	QLD	\$6,600,000	6.68%
7-Eleven	Yanchep	WA	\$5,281,481	6.75%
United Petroleum	Nanango	QLD	\$5,555,000	6.75%

Burgess Rawson Sales Highlights



VIVA Energy
Toowoomba QLD

Sale Price	Cap Rate	Date
\$3,850,000	5.292%	Oct 2024



7-Eleven
South Lismore NSW

Sale Price	Cap Rate	Date
\$5,500,000	6.09%	Aug 2024



EG Group
Caboolture QLD

Sale Price	Cap Rate	Date
\$7,985,000	6.07%	May 2024



7-Eleven
Beaudesert QLD

Sale Price	Cap Rate	Date
\$5,300,000	6.06%	Apr 2024

Convenience Retail Outlook

The convenience retail industry is undergoing a significant transformation, with their key focus moving forward on diversified retail offerings. This is driven by evolving consumer expectations for accessible, versatile, and convenient shopping experiences. This is being achieved in key categories such as food, beverages, groceries, and quick-service retailing. Compared to fuel, these segments deliver higher profit margins despite lower average transaction values, allowing operators to adapt and thrive in changing market conditions.

Located strategically on high-traffic arterial roads, these stores cater to demand for fresh food, quality coffee, and everyday essentials. Partnerships with quick-service restaurants and premium food brands have further enhanced the appeal of these outlets, transforming them from fuel stops into dynamic retail destinations. This shift enables operators to attract a broader customer base while increasing in-store time and sales.

Technology is a key driver of this evolution. App-based promotions, loyalty programs,

and fast payment options have streamlined the shopping experience, boosting customer engagement and fostering loyalty. These tools also provide valuable data insights, enabling operators to better understand consumer preferences and tailor their offerings to meet changing demands.

Expansive site areas and traditionally low utilisation rates provide operators with opportunities to expand their offerings in line with consumer trends. Larger operators with extensive store networks have the added advantage of economies of scale, allowing them to efficiently test and roll out new retail formats, partnerships, and services across multiple locations.

By focusing on convenience, accessibility, and diversified revenue streams, the convenience retail sector remains resilient and forward-looking. Operators are positioning themselves for sustained growth.

This evolution not only meets the needs of modern consumers but also appeals to investors seeking stable, adaptable, and future-proof opportunities in an ever-changing retail landscape.

2024 Store Network Size





What You Need To Know

What to Look For

There are a number of key fundamentals to be aware of when securing a convenience retail asset that will provide the best returns;

Strength and profile of tenant

Identifiable global brands have embraced digital technology and adopted a progressive approach to drive sales growth. Look for multi-nationals as they have proven track records.

Remediation and maintenance obligations

When the tenant is responsible for repairs, maintenance of tanks and lines, as well as site remediation, the Landlord is provided certainty and security in the property while the investment appreciates in value.

Assignment provisions

Ensure that adequate due diligence is conducted under this section of the Lease. Check that the tenant cannot simply assign the lease to another, potentially lesser known and less secure operator, consequently decreasing the investment's value.

Ownership of fuel infrastructure

While the tenant might be responsible for maintenance of the fuel infrastructure, as a Landlord, your ownership of this means you can enjoy the depreciation benefits on top of the rental returns, well into the future.

Lease tenure and option periods

Reputable operators will invariably seek a long-term lease from the Landlord, often with extensive options.

This assurance provides a set-and-forget investment, meaning minimal input from the owner and significant returns over time. Longer options can assist in the resale of an asset, later down the track.

Location, land size & underpinned land value

Strong underlying land values are underpinned by tenant requirements including high profile sites with future development opportunity. Landmark sites are rarely vacated for fear of giving up market share to competitor.

Rent review structure

Ensure your income growth by looking for annual rent increases, and market reviews at the end of the term.

What You'll Pay

Convenience retail investments generally range from \$2 to \$10 million with incomes ranging from around \$300,000 to \$500,000+, if there is a dedicated truck canopy. The median sale price by Burgess Rawson has been \$5.3 million in 2024.

How to Buy One

Convenience retail assets are sold both privately and at auction.

The benefit of an auction is transparency between all parties. Typically buyers will bid in person, over the phone or online, with full visibility of buyer competition and rental cap rate on-screen in front of them.

This asset class has always featured heavily in all the major commercial agency players' portfolios, given the calibre of tenants and the proven investment security of the sector.

Having sold 66% of all convenience retail assets offered to market in 2024 so far, we've seen no signs of investor demand slowing in this sector and predict steady transactions into 2025.

National Convenience Retail Team



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How we can help

At Burgess Rawson, we offer solution-based outcomes and data-driven expertise for convenience retail vendors, investors, developers and tenants, with a breadth of knowledge that spans the entire property journey; asset management, sales leasing, appraisals, development feasibility and tenancy coordination.

Our national specialty team is at the forefront of the convenience retail sector, with dedicated property professionals able to provide an end-to-end service to clients in all states and territories across Australia.

If you're looking to invest, divest, require management, or simply want to discuss the sector, please don't hesitate to contact a team member today.



Industry Insights Report

Large Format Retailing

Explore an industry that has thrived by evolving with changing consumer preferences and retail trends. The large format retail sector has adapted to demographic shifts and evolving consumer behaviors, positioning it as a strong investment opportunity.

Major brands such as Bunnings Warehouse, Costco, Harvey Norman, Officeworks, and Petbarn are demonstrating impressive performance, showcasing the sector's resilience and growth potential.

Our forthcoming Industry Insights Report will delve into the driving factors behind the success of these leading brands. Expect a detailed analysis of emerging trends, supply and demand dynamics, investment yields, and the broader market landscape.

Join us as we discover the substantial investment opportunities within this dynamic and prosperous sector.

“Australia’s shopping habits saw a significant shift during the pandemic, driving increased demand for large format retailing. The surge in home improvement projects, heightened online shopping, and a growing preference for bulk purchases has collectively reshaped the industry.”

Yosh Mendis
Partner | Head of Agency NSW



**With offices across Australia,
Burgess Rawson has a truly
national understanding and
unparalleled collective expertise.**

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