CBRE

Intelligent Investment

Quick Service Restaurants

Insight into Australia's Fast Food Sector

REPORT

CBRE RESEARCH
JUNE 2026

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Overview

Australia's quick service restaurant sector is the most competitive investment class in the country. Transaction volumes since 2025 reached $418 million across 71 sales, with an average cap rate of 4.51%.

The broader macroeconomic environment has presented challenges and importantly, opportunities for the fast food sector. Tightening household budgets under elevated inflation and higher mortgage costs has resulted in Australian consumers 'trading down' from casual dining restaurants to the QSR sector.

Additionally, fast food properties are leased to strong national tenants that are underpinned by long term leases, favourable rent increases and high exposure locations. All these characteristics make fast food one of the most stable commercial asset sectors.

An increasing number of investors are prioritising fast food assets in uncertain economic times due to their recession-proof characteristics, and huge growth potential as more Australian consumers choose quicker ways to shop, and rapid urbanisation provides opportunities in non-metropolitan locations.

Unlike most commercial asset classes cap rates show little variation across regions, with regional assets still being tightly held. However, there is strong variation across brands, as prime fast food assets, like McDonalds, rarely come to the market.

Key trends include the continued rise of drive thru formats, brand maturity for brands like GYG and El Jannah, tightening of yields in regional locations, and a deepening buyer pool.

Overall, fast food continues to cement itself as a robust and adaptable asset class, with its growth potential and income defensive characteristics appealing to investors.

2026 YTD

$94,260,000
Volume

4.94%
Cap Rate

18
No. Of Sales

2025

$323,817,520
Volume

4.48%
Cap Rate

53
No. Of Sales

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Market Overview

Fast food transaction volumes peaked in 2025 at $286 million, with momentum carrying into 2026. Yields have tightened by 3 basis points year to date.

The sector's volume has trended upwards since 2018, while yields have tightened and remained strong, despite upward pressure from interest rate expansion post-Covid.

Since 2022, fast food yields have compressed by 24 basis points with little to no volatility.

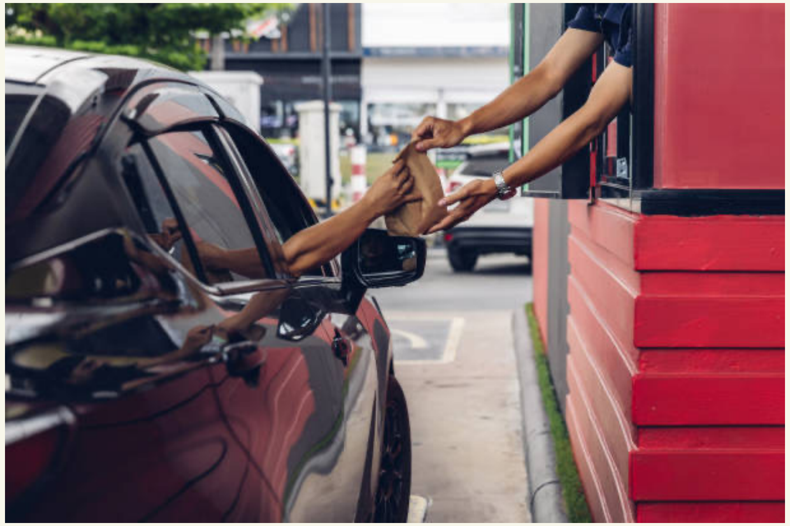
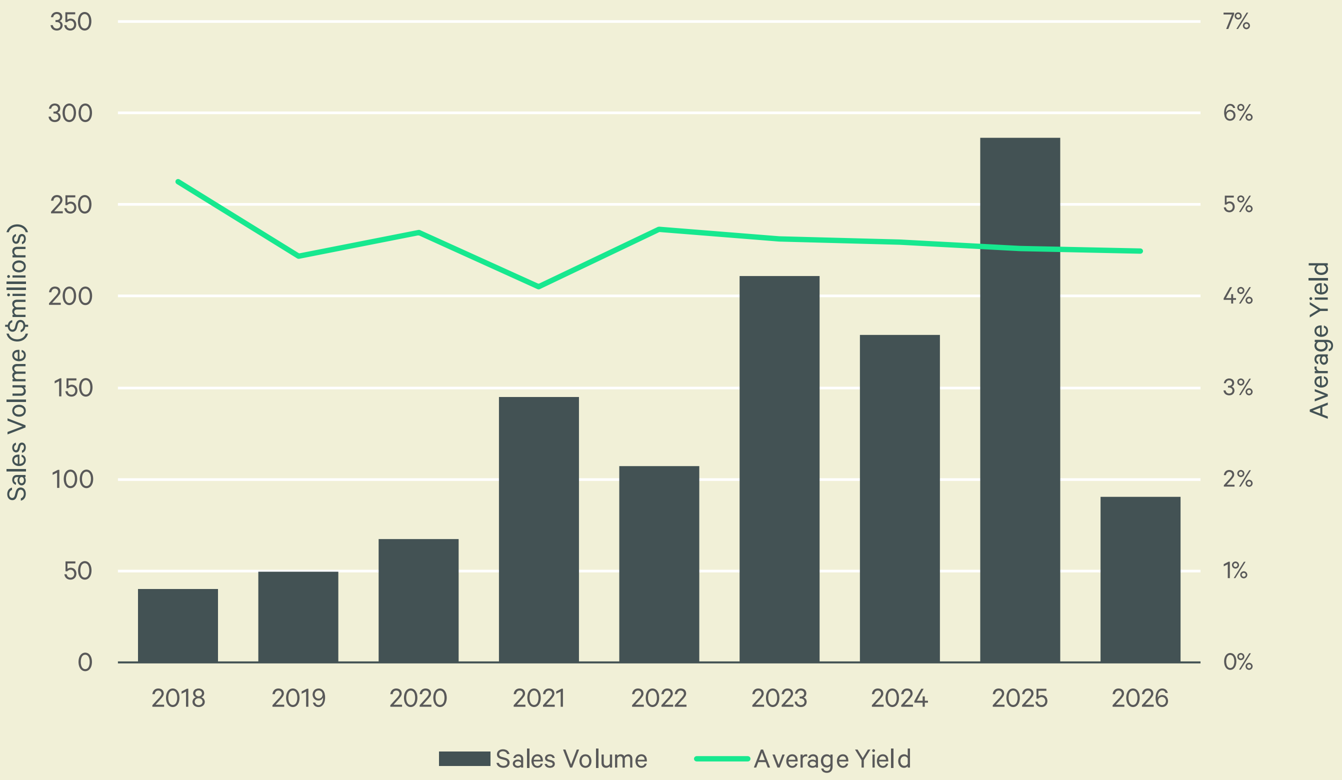


Figure 1: Sector Transaction Volume (Millions) and Average Yield



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Key Players

1,000+ stores across Australia.
McDonald's Australia generated $2.2 billion in FY2024.
McDonald's has integrated "4D's" strategy - digitalisation, delivery, drive thru and development.

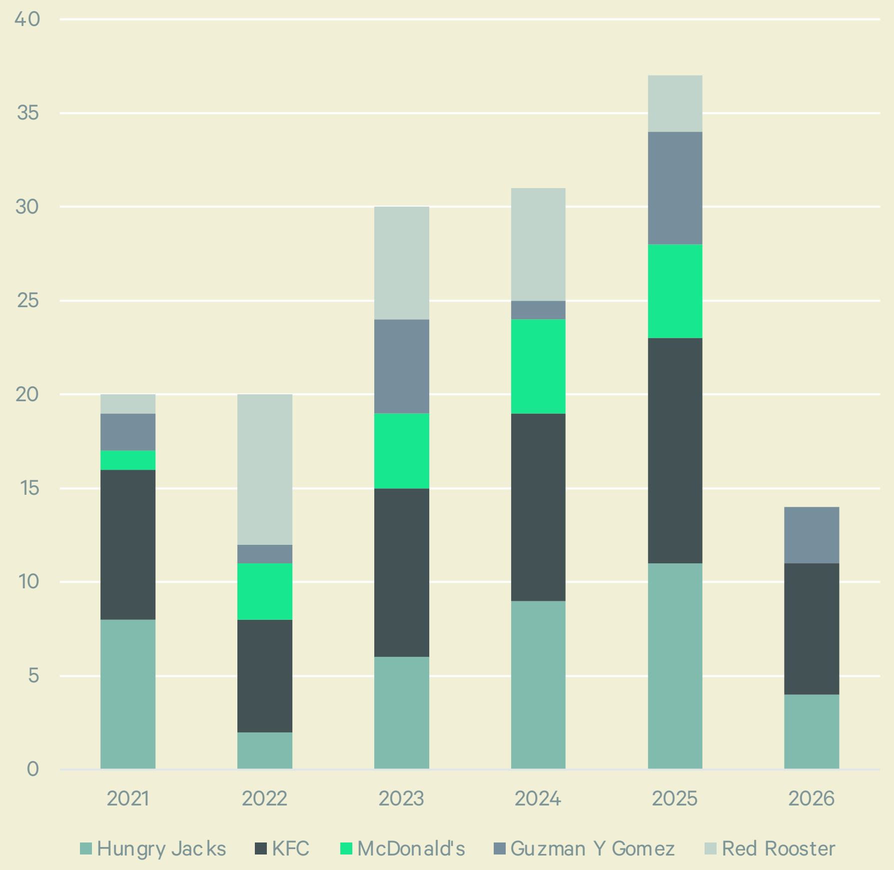
760+ stores across Australia.
Backed by global parent company Yum! Brands, which also operates Pizza Hut and Taco Bell.
Yum! Brands has 43,617 restaurants globally including a mixed of company run & franchise stores.

440+ restaurants across Australia.
Hungry Jack's is investing heavily in digital ordering and loyalty programs globally, viewing technology-driven customer engagement as a key growth area.
Leader in plant-based innovation through its partnership with v2food.

360+ stores across Australia.
Owned by Craveable Brands, who also own Oporto, Chicken Treat and Chargrill Charlies.
Red Rooster's biggest growth opportunity remains in NSW and VIC, where its store density is well below what it is in WA and QLD.

220+ stores across Australia.
32 new store openings expected in FY2026.
GYG's revenue was up 23% year on year in FY2025, surpassing the $1 billion milestone.

Figure 6: Number of Investment Sales since 2021



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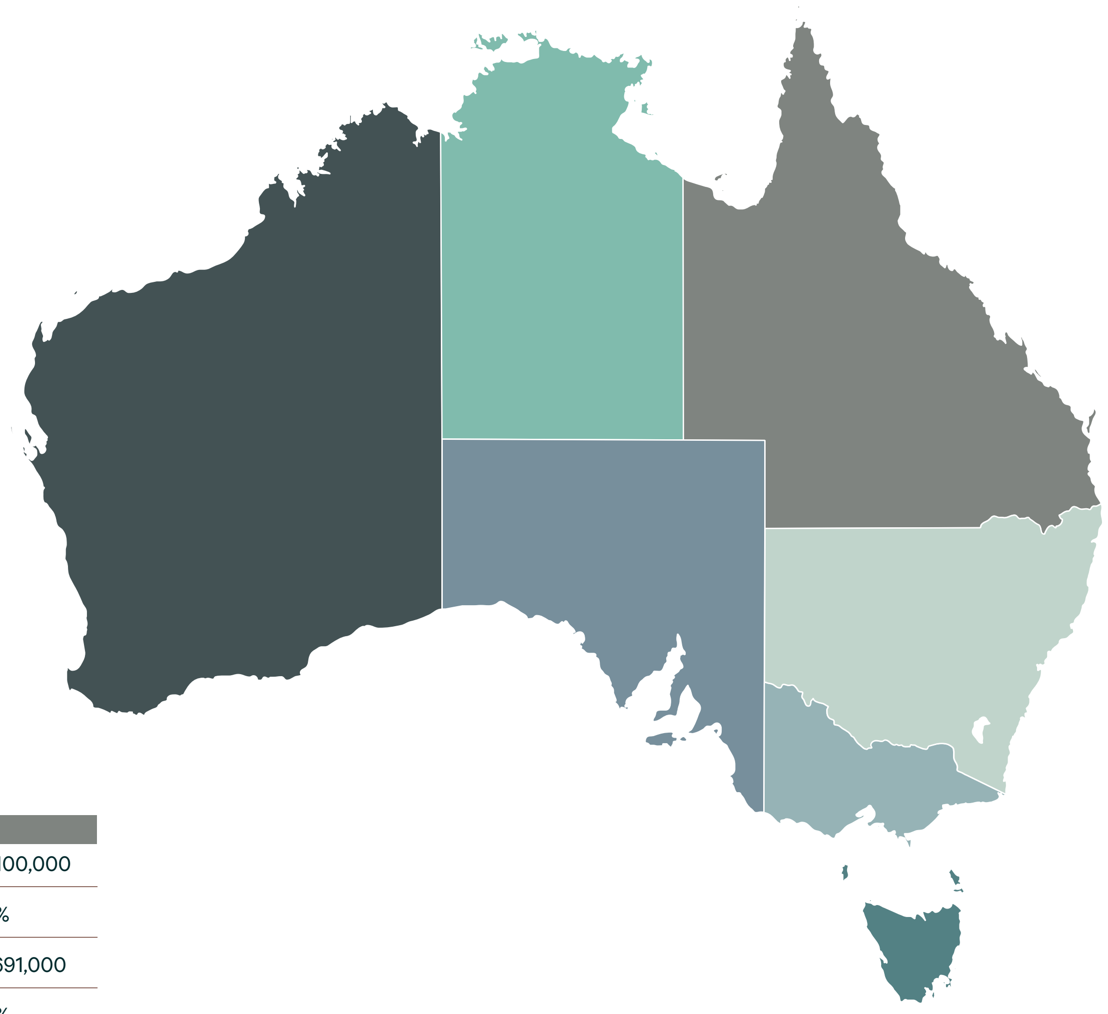
National Transaction Activity

Sales since 2024 have been underpinned by strong activity on the eastern seaboard, where Victoria, New South Wales and Queensland account for the majority of national volume.

Yields remain evenly sharp across the country, with little to no premium for regional locations over their metropolitan counterparts.



	TAS	SA	WA	VIC	NSW	QLD
Metropolitan	NA	$19,565,000	$27,475,000	$113,672,000	$48,485,000	$66,100,000
	NA	4.60%	4.45%	4.16%	4.19%	4.93%
Regional	$3,580,000	$24,860,000	$5,450,000	$38,366,000	$132,388,000	$77,691,000
	NA3038%	4.42	4.19%	4.81%	4.65%	4.63%

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Cap Rate Trends

While location is a large factor on yield, tenant covenant, lease terms, price point and age of building play a part. This is evident in metropolitan and regional cap rates, where new regional developments are brought to market and skew the transaction yields. A metropolitan asset that is like-for-like with a regional asset is still expected to trade at a premium.

Time on market broadly trended upward from 2021's low of 30 days, peaking at 48 days in 2025 before easing to 39 days in 2026. This pattern is broadly in line with transaction volume and supply of stock on market.

Figure 2: Metropolitan and Regional Cap Rates

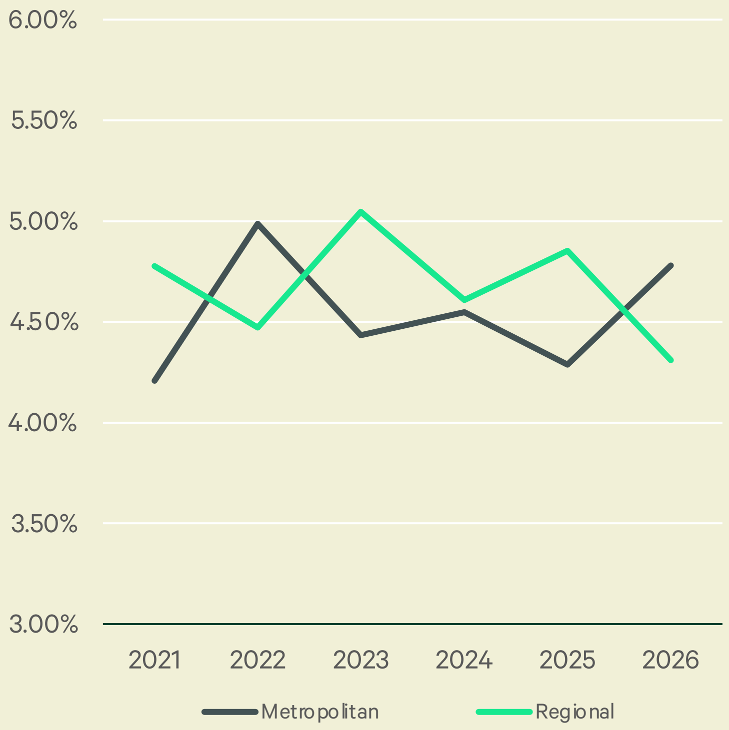
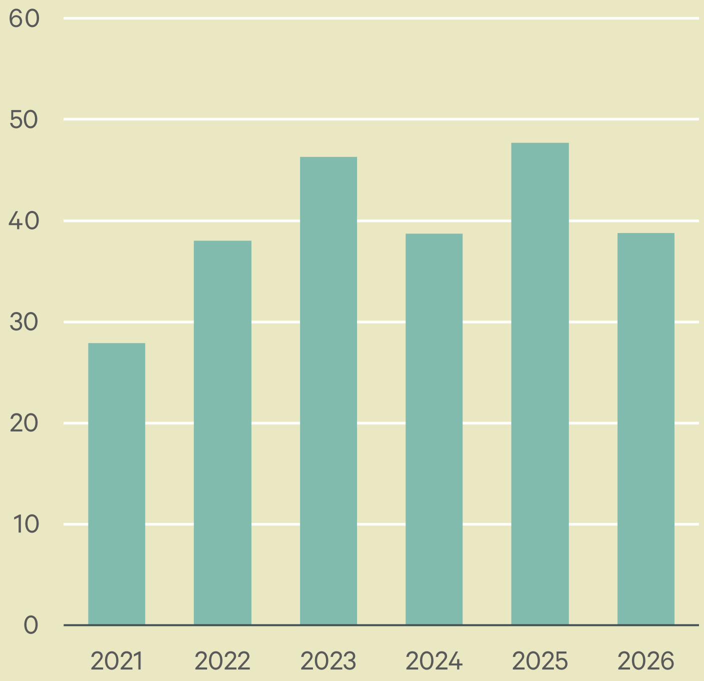


Figure 3: Average Time on Market (Days)



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Cap Rate Trends

Fast food cap rates compressed to historic lows through 2021, driven by low interest rates and strong demand for net-leased QSR assets. The RBA's expansion cycle from 2022 pushed cap rates slightly outward, with transactional evidence widening as buyers and sellers adjusted to repriced debt.

The broader interquartile range from 2023 reflects pricing dispersion, driven by differences in covenant strength, term certainty and location.

The consistency of cap rates is notably impressive with the number of sales doubling from 2023 to 2026, highlighting the strength of the sector.

Legend
(Q1 2026 Results)

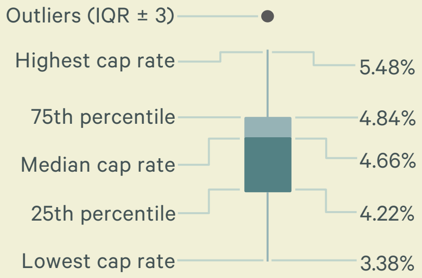
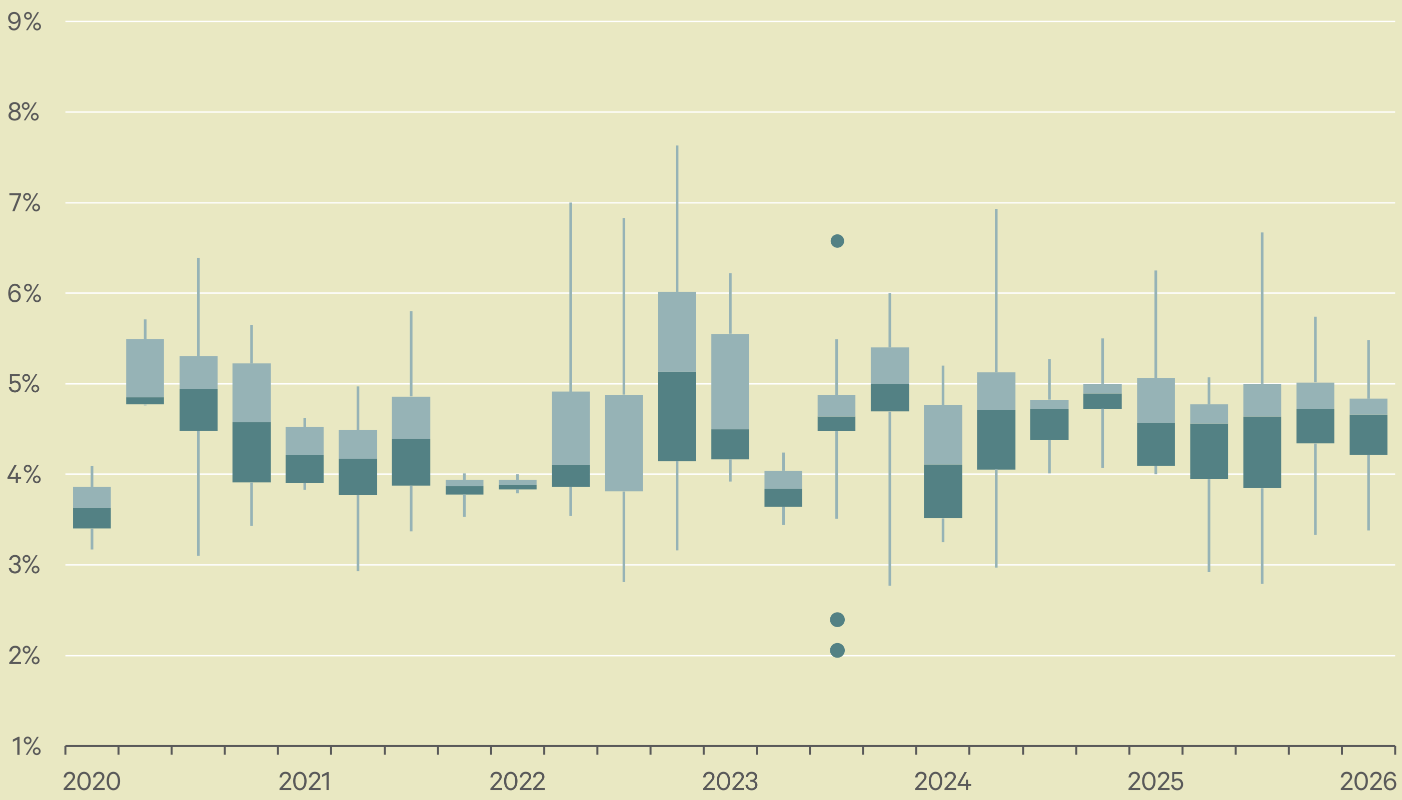


Figure 4: Fast Food Cap Rates 2020 – 2025



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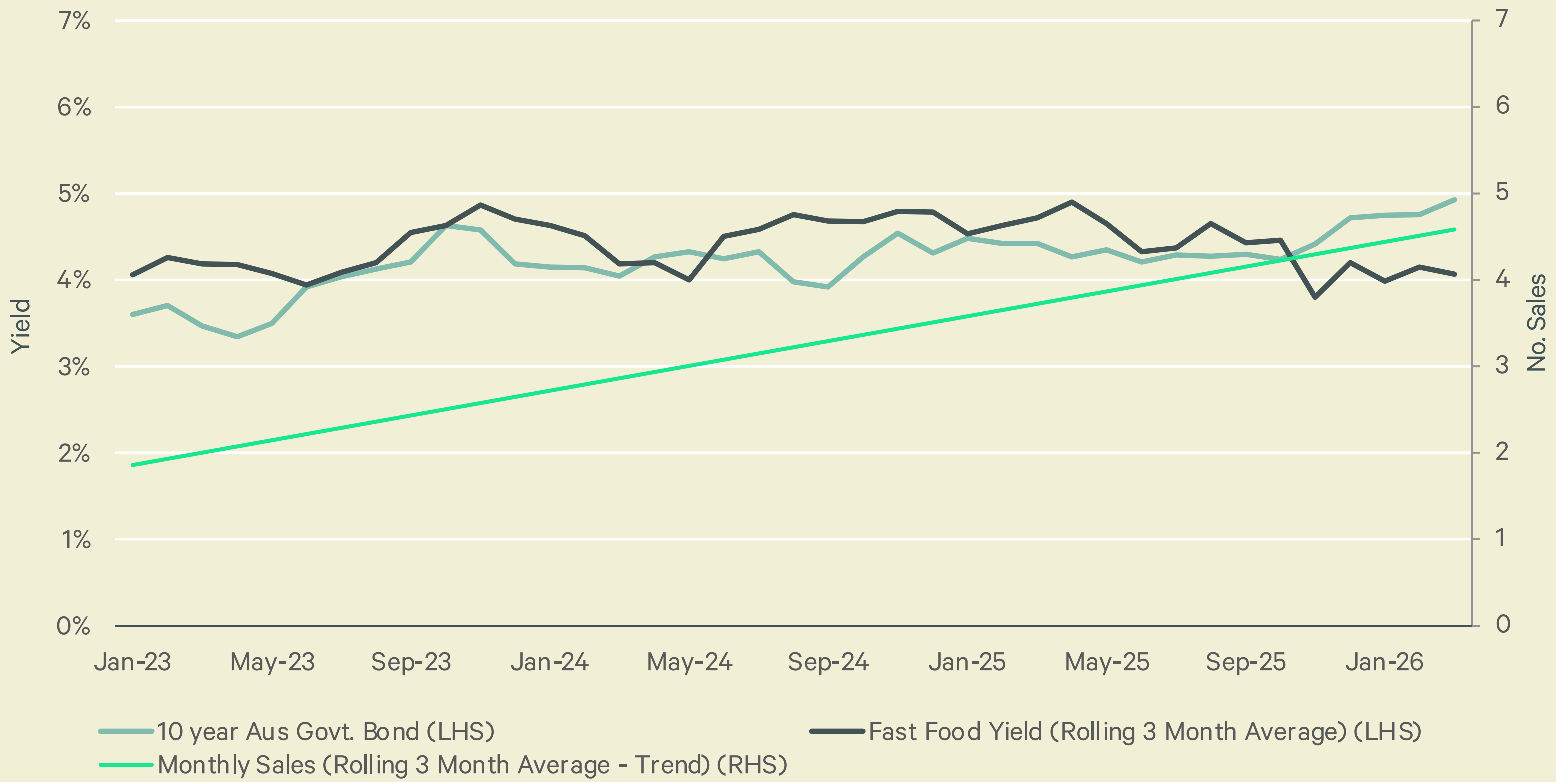
Cap Rate Trends

The relationship between fast food and bond yields has been a fascinating story since 2023. Cap rates have remained stable, even as 10-year Australian Government bond yields had climbed from 133 basis points by March 2026.

In a textbook market, a 130bp move in the risk-free rate would force cap rates outward by a similar margin, yet fast food yields haven't budged. This is despite transaction volumes (supply) doubling over that same period.

Normally, a supply surge of this scale would soften pricing, but sellers have recognised the strength of the sector during uncertain economic conditions, and matched market demand.

Figure 5: Trend for Fast Food Cap Rates and 10-Year Aus Govt Bond with Fast Food Monthly Sales



CBRE Research, RBA

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Impact of GLP-1 on Fast Food Sales

GLP-1 medications, more commonly known by brand names such as Ozempic, Wegovy and Mounjaro, have moved firmly into the mainstream. The number of US adults taking them has climbed sharply over the past two years. Because these drugs suppress appetite, there has been widespread speculation that rising adoption could dampen demand for food, and fast food in particular.

In practice, fast food and eating-out sales have grown faster than grocery sales, which have struggled to keep pace with inflation. This may be early evidence that GLP-1 will have less impact on convenience-related food than initially thought.

Google Search Frequency for GLP-1

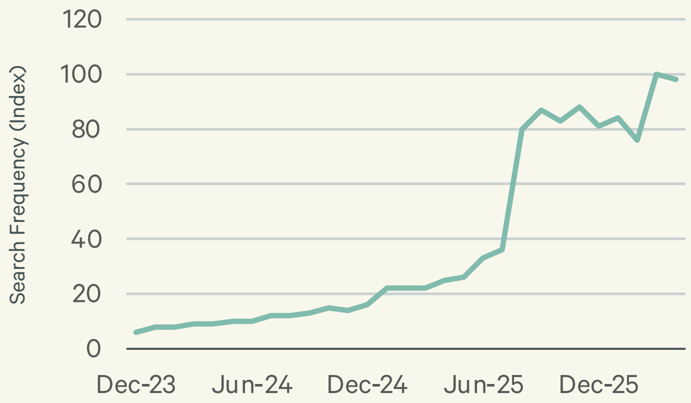
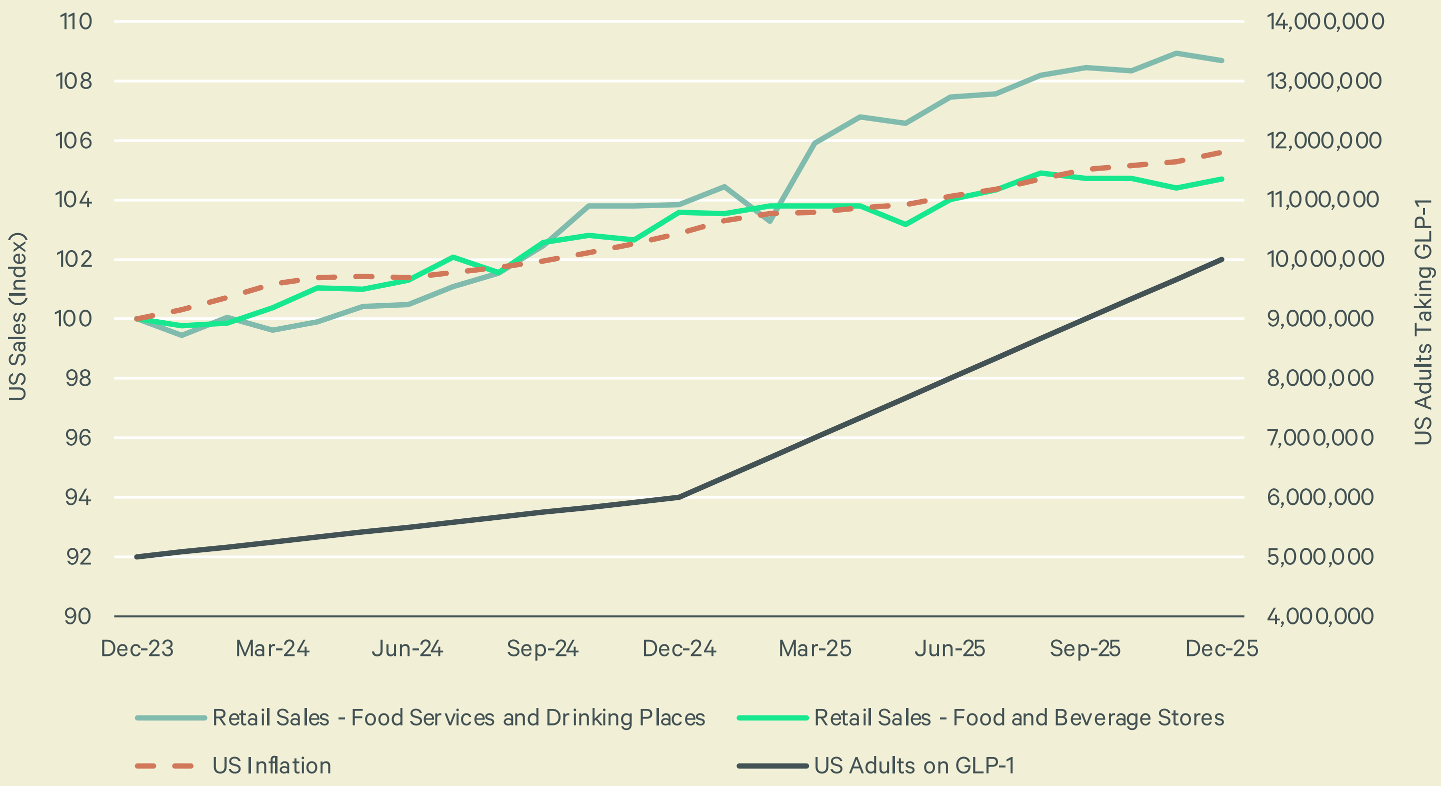


Figure 7: US Fast Food Sales, Food Sales and GLP-1 Adoption in the US 2023-2025



J.P. Morgan Research, Bureau of Labor Statistics, FRED, Google Analytics

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Store Visitation Figures

Fast food operators have an even spread of visitation times, highlighting the sector's defensive characteristics.

Essentially, fast food stores do not rely on 'busy periods' for revenue, unlike conventional restaurants and cafes. This can largely be attributed to fast food stores offering an affordable and quick service for customers.

An operator's ability to reach out to different demographics allows the sector to be resilient in economic downturns and short-term shocks which explains why average yields amongst fast food sites have remained stable.

Store visitation statistics are derived from a sample of drive thru stores located in Melbourne's outer south east.

Figure 8: Visitation by Time of Day

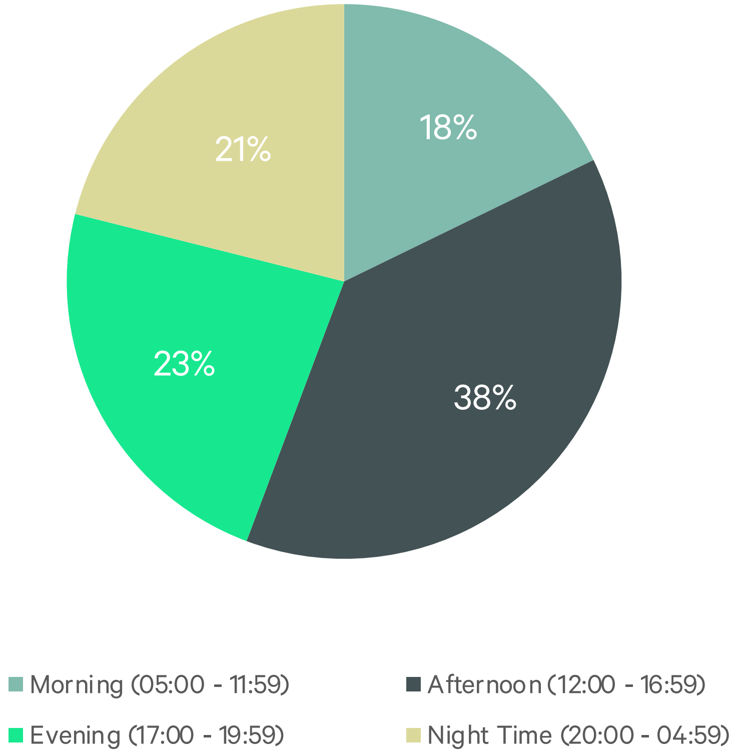
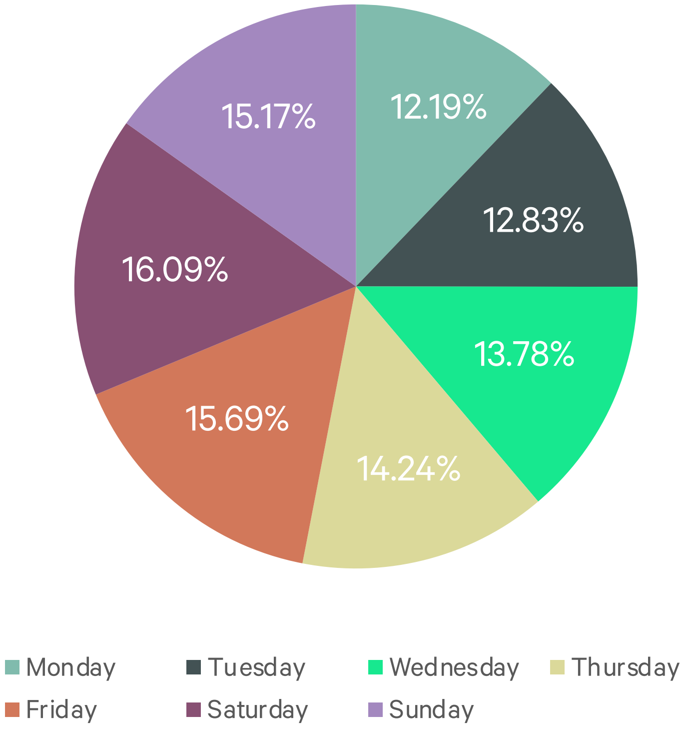


Figure 9: Visitation by Day



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Case Study

Hungry Jack's, Devonport TAS

Hungry Jack's Devonport sold earlier this year at a yield of 3.38% – the sharpest return for a Tasmanian fast food asset in history.

The property's appeal centered around its defensive investment fundamentals: a 10-year ground lease with options to 2039, CPI rent increases, and the tenant is responsible for all outgoings including all structural maintenance and rates. Hungry Jack's, with over 440 sites nationally, provided a strong tenant covenant.

Situated on a 1,979sqm commercially zoned landholding with over 100 metres of frontage, the asset also presents future redevelopment upside for the incoming owner.

Sale Date	February 2026
Sale Price	$3,580,000
Yield	3.38%
Rental Income (Net)	$121,003 pa
Lease Term	10-year Ground Lease (2034)
Options	1 x 5 Years (2039)
Rent Review	CPI
Land Area	1,979sqm
Zoning	Commercial

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Transaction Highlight

17 Norton Pde, Dalyellup WA

SALE PRICE
$5,450,000

YIELD
4.19%

SALE DATE
March 2026

Tenant	KFC (Collins Foods)
Rental (Net)	$228,093 pa
Rent Review	Fixed 3%
Lease Term	10 (to 2033) + 2 x 10 Years
Land Area	2,722 sqm
Zoning	Urban Zone

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Recent Convenience Retail Sales

Pakenham VIC

Munno Para SA

Tenant	Location	Date	Sale Price	Cap Rate
KFC	Strathalbyn SA	May 2026	$5,250,000	4.00%
Guzman Y Gomez	Clayton VIC	Apr 2026	$7,010,000	4.66%
KFC	Pakenham VIC	Apr 2026	$6,850,000	4.79%
Hungry Jack's	Kempsey NSW	Mar 2026	$6,500,000	4.92%
KFC	Dalyellup WA	Mar 2026	$5,450,000	4.19%
Nando's	Munno Para SA	Feb 2026	$6,200,000	5.16%
Zarraffa's	Munno Para SA	Feb 2026	$2,580,000	4.88%
KFC	Kadina SA	Feb 2026	$5,900,000	4.24%
Hungry Jack's	Devonport TAS	Feb 2026	$3,580,000	3.38%
KFC	Mount Barker SA	Jan 2026	$6,100,000	3.85%
KFC	Golden Bay WA	Dec 2025	$6,300,000	3.89%
Hungry Jack's	Golden Bay WA	Dec 2025	$5,700,000	3.86%
Hungry Jack's	Gracemere QLD	Oct 2025	$6,400,000	4.80%
KFC	Gordonvale QLD	Jul 2025	$5,808,000	4.70%
McDonalds	St Albans VIC	Jun 2025	$6,000,000	2.92%

CBRE Sales Only

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Industry Insight

Location & Format Innovations

The fast food sector in Australia continues to prove the importance of innovation, with newer brands like El Jannah and Guzman Y Gomez quickly becoming key players due to their format innovations. McDonald's, Hungry Jack's, KFC and Red Rooster are investing heavily in AI-powered menu boards, app-integrated loyalty programs and predictive ordering systems that are actively reducing service times and lifting average transaction values.

Purpose-built double and triple lane drive thru configurations are also becoming the new development standard, while the sector is expanding well beyond its traditional highway footprint. Drive thru pads are increasingly anchoring large format retail centres and convenience precincts, creating compelling co-tenancy opportunities for investors.

Grill'd, Nando's, Schnitz and Soul Origin have also begun offering drive thru formats, as the format's huge success encourages more fast food businesses to adapt.

Investor Insight

For investors, fast food remains a reliable and high demand asset class, underpinned by strong tenant covenants and highly visible arterial road locations that can offer redevelopment upside.

Regional markets continue to represent an attractive growth frontier, as undersupplied communities seek accessible, affordable food service options.

Market Dynamics

The Australian fast food sector is undergoing a structural shift, evolving from a transactional dining experience into a technology-driven growth engine. Operators are taking direct cues from overseas, with automated ordering kiosks, beverage led formats and smaller urban footprints, being concepts road-tested across the US and Asia and are now actively being trialed locally.

Demand fundamentals remain compelling. Guzman y Gomez's successful ASX listing in 2024 underscored investor confidence, signaling the maturation of Australian fast food as an investable asset class.

Critically, fast food exhibits strong defensive characteristics. The trade down effect, whereby consumers redirect spending toward lower-cost alternatives during downturns, insulates the sector from recessionary pressure and sustains transaction volumes when discretionary spending contracts.

For property investors, the proposition is robust: long term net leases, strong tenant covenants, and purpose-built assets delivering resilient, income backed returns.

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