

# LARGE FORMAT RETAIL MARKET SNAPSHOT





# INTRODUCTION

Welcome to the September edition of the CBRE Large Format Monthly Market Snapshot. This month we are pleased to cover off on Chris Parry's attendance to the LFRA Study Tour in North America and our exciting new Feature Property, the Home@Tuggerah Project.

September has been a bumper month for the team with 34 transactions, comprising 29,220sqm of total leased floor space. The break-up of activity across the states is as follows;

STATE	NEW FLOOR SPACE (SQM)	ABSORPTION OF EXISTING VACANCY (SQM)	LEASE RENEWAL (SQM)
QLD	1,123	3,207	3,578
NSW	1,420	640	1,975
VIC	2,965	4,550	5,343
SA	1,770	Nil	Nil
WA	2,249	400	Nil

In addition to leasing, retail investments continue to be of interest to the market and development sites are begging to be genuinely considered by developers as confidence lifts and funding frees up.

One of the more exciting announcements for the month was the news from Godfreys who recently announced an IPO that is expected to raise upwards of \$100million. The move from Godfreys who operate nearly 200 stores across Australia and New Zealand follows the recent successes of other now publicly listed retailers including the Beacon Lighting IPO and the Greencross/Petbarn/City Farmers amalgamations. CBRE also understand that there may possibly be two more listings which have been mooted by other well established retailers.

We trust that you enjoy this month's edition of the CBRE Large Format Retail Monthly Market Snapshot , if you have any questions relating to anything covered here forth or would like any further detail please do not hesitate to contact either myself or one of our team members.

Kind Regards,

Chris Parry  
Director – Head of Large Format Retail Australia

# LARGE FORMAT RETAIL ASSOCIATION (LFRA) STUDY TOUR 2014

30 August – 6th September 2014

## Cities Visited;

- Dallas
- Seattle
- Vancouver

CBRE Large Format Retail recently sent Chris Parry to attend the LFRA 2014 Study Tour. Phil Schoutrop, Director at the Buchan Group Architects in conjunction with the LFRA organised a 6 day study tour of the latest new and refurbished retail, Large Format, and factory outlet Centres across the three cities, coupled by some industry presentations from the likes of retailers CostCo, REI, and groups such as Amazon and JP Morgan. The focus of the tour was Large Format Flagship concepts, the connection of lifestyle/entertainment offerings with Large Format retail environments and signage and brand applications.

Following is a break down and summary of the different aspects from the trip.

## Dallas

Dallas, a city of 6.8million people and home to 10 of the top 100 Fortune 500 companies was largely themed around being big, big and bigger.

Some of the more interesting developments included The Village at Allen and retailers including PGA Superstore, Pirch and Sams Club.

**The Village at Allen** comprises a large town centre development just off the Freeway with Large Format retail, lifestyle and entertainment, traditional shops including fashion, DDS and food & Beveridge, but the two most interesting aspect of the development was the multi-level residential above the retail and the 10,000sqm outdoor and adventure store Cabelas.

**Cabelas** is a hunting, fishing, camping, shooting and adventure hyperstore which focuses on its range, staff expertise and in store customer experience. What made the store truly unique was its investment in the store fit-out with details including a timber look exterior, log-cabin look and feel including stone wall fireplace at the shop entrance, aquarium and a model mountain feature piece at the centre of the store. Other retailers in the complex included a supersized Target store which included grocery, Dicks Sporting Goods, Petsmart, plus discount large format fashion retailers TJ Maxx and Ross.



Also in Dallas, just off the Sam Rayburn Tollway was the **PGA Superstore** and Sams Club store at Plano. The PGA Superstore was another hyperstore which incorporated in store experience's with it's retail offering. Outset from an extensive range of golfing equipment, accessories and apparel the store also had virtual driving ranges and putting greens where customers could try their equipment, a full dedicated workshop area for servicing equipment and golf-pro lessons with full digital analytics.



Located immediately adjacent was the **Sams Club** which is a subsidiary of Walmart. The group is similar to that of a CostCo with a membership structure and a similar look and feel. The group was founded in 1983 and has grown to 615 stores across USA, Puerto Rico, Brazil, and China with stores ranging from 6,500 – 17,000sqm.



One of the key highlights in Dallas was a retailer called **Pirch**. The group has 5 stores across USA and describe themselves as the premier provider of kitchen, bath, outdoor, laundry and joy. The group occupied a 3,000sqm store with an approximate fit out cost of \$15million (USD). What made the concept so unique was its focus on the customer and their in store experience. Key elements of this included all elements of the store being operational from the kitchen appliances to the steam room and wood oven pizzas. The groups mantra is to walk you through the entire process of a new build or renovation by engaging you with a dedicated consultant and taking you through journey. Examples of this included afterhours appoints inside the store, having one of their in-house chefs cook a meal for you to demonstrate how the various appliances work, or allow you to book a private room whereby you can try the bath, shower or steam-room which was complimented with essential oils and a warm fit-out to make the customer feel at home.



### Vancouver

The stop in Vancouver was brief but insightful. The city has a population of 2.4million and 4.6million within British Columbia. Population growth is approximatley 1.4% per annum and an average income (aged 15 years +) of \$41,031 per annum.

**Grandview Corners**, located at 24TH Avenue at 160th Street, Surrey, Canada was a 3 year old development built up around a busy intersection and sectioned into 4 quadrants. The centre spaned over 52,000sqm of retail floor space comprising main street retail, large format retail, complimented with residential above the large format retail. Some of the major retailers in the centre included H&M, Home Depot, Electrical Retailer The Future Shop, London Drugs and a major Walmart which boasted not only its own offering but also a Pizza Hut, McDonalds, Bank and Hair Salon inside as a store within a store.

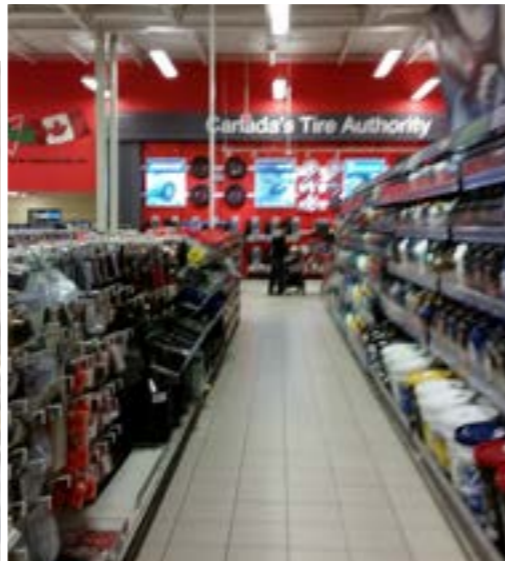
The most interesting aspect of Vancouver was the unique retail concepts. Dominant Canadian retailers London Drugs, and Canadian Tire both distorted the traditional realms of product range and offering.

**London Drugs** was founded in 1945 and has 78 stores across Canada. What is most interesting about the group is the product offering. As entering the store you feel as if it's another low-cost, value driven DDS store however, upon closer inspection you begin to understand that the the groups primary focus ranges from pharmaceuticals as the name suggests but also electronics, homewares ,cosmetics and grocery items.





Another interesting retailer was **Canadian Tire**. The publicly listed retailer has another unique store format, as you walk into the Large Format retail box it immediately gives the impression that it's an automotive retailer much like Super Cheap Auto however, upon walking around the store you discover ranges including hardware/tools, sporting goods, bathroom, lighting and garden supplies. Super Cheap Auto meets Bunnings, meets Amart Sport. The group also has certain merchandise items branded specifically for Canadian Tire. The most recognised of these are Mastercraft, SuperCycle (bicycles), BluePlanet (eco-friendly household cleaners, CFL bulbs and other green items), Likewise (general household items such as lighting/electrical products and hardware) and MotoMaster (tires, batteries and other automotive goods). Other facets of the business outset from Canadian Tire Retail include financial services, Candian Tire Petroleum and their online store.



### Seattle

The last leg being Seattle comprised 7 centres and presentations from REI, JP Morgan, CostCo and Amazon. Seattle has a population of 3.6million and is the home of Costco, Microsoft and Amazon. The population growth is 1.5% per annum an average per capita income of \$35,283.00 (USD) per annum.

**REI Tour** – We were lucky enough to be invited on a tour of the REI Flagship store which comprises a 9,000sqm footprint on a 12,000sqm city block site of which over 75% of material was salvaged or recycled from the demolition of the previous building. The format was constructed over two levels and focused on it's customers in store experience. In addition to leading brands such as Northface Apparel the offering also included a 65ft tall rock climbing tower (nicknamed the Pinnacle), a mountain bike test trial, café and simulated rain booth for testing equipment. The retailer also conducts classes such as rock climbing, navigation, go-pro editing, kayaking, paddle boarding and hiking.



**Whole Foods Market** is a supermarket with stores across USA, Canada and the UK specialising in natural and organic foods. Part of the success of the retailer is not only the offering but also the theatre and freshness. Each of the stores we visited included areas where meat, poultry and fish could all be cooked for you in store, in front of you. Staff was there to make meals, press fresh juice or even bake a fresh pizza



Stores within the store



### Other points of interest and themes from the trip included;

- Stores within stores, this was prevalent with groups including Target, Walmart who operated small food and professional services beyond their checkout.
- Grocery within DDS
- Superior retail mix, largely comprising the integration of high street or traditional shops with large format retail, DDS, entertainment and leisure and household goods. When combined with residential and employment some of these centres were true activity and lifestyle zones.
- Unique grocery offerings which focused on in-store preparation, freshness, theatre, and amenity including Whole Foods, Central Market and Loblaws Supermarket.
- Customer service and in-store experiences



For more information regarding the aforementioned items or specific retailers or centres please do not hesitate to contact Chris Parry on 0420 304 185 or [chris.parry@cbre.com.au](mailto:chris.parry@cbre.com.au)



# SEPTEMBER FEATURE PROPERTY

## HOME@TUGGERAH

Cnr Bryant Drive & Wyong Road  
Tuggerah NSW

The NSW Large Format Retail team at CBRE are proud to announce the recent appointment by Bunnings for the leasing of their \$10 million redevelopment of Home@Tuggerah Centre. Bunnings is proposing to expand the centre in two stages. The centre is located on the corner of Bryant Drive and Wyong Road, Tuggerah.

Stage 1 will consist of extending the Bunnings warehouse by some 50%, from 9,000m<sup>2</sup> to 13,500m<sup>2</sup>, making it one of the largest Bunnings Warehouses on the Central Coast. The expected completion is November 2014.

Stage 2 will consist of refurbishing the remainder of the centre including new finishes, a new external façade, recreation of internal void to create greater

height/sight lines and create stronger synergy between the two levels, and replacement of escalators with travelators, stairs and a lift.

These works are expected to occur between mid-2014 and proposed completion late 2015.

The leasing and repositioning will be exclusively conducted by Shane Cook and Steve James who have commenced the marketing of the centre, and believe this is a fantastic opportunity for retailers that are not yet presented in the market.

The centre is strategically located moments from Westfield Tuggerah and Tuggerah Straights Retail Strip. Zoning flexibilities have also allowed the 1st floor of the redevelopment to accommodate direct factory outlet stores. With Spotlight also relocating to the first floor this will significantly improve pedestrian thoroughfare throughout the whole centre.

Please contact our team for further details;  
Chris Parry: 0420 304 185 - [chris.parry@cbre.com.au](mailto:chris.parry@cbre.com.au)  
Ryan Arrowsmith: 0419 335 634 - [ryan.arrowsmith@cbre.com.au](mailto:ryan.arrowsmith@cbre.com.au)

### Key Points to consider:

- Existing Retailers Include: Bunnings Warehouse, Spotlight, The Good Guys, Nick Scali, Fantastic Furniture, Sleeping Giant, OMF, Kangaroo Tent City, Rivers, Snooze, Knotts Pine, Deco Rug, Workout World, LAZYBOY & RSPCA
- Flexible areas available ranging from 57m<sup>2</sup> to 1807m<sup>2</sup>
- Located on the NSW Central Coast with a catchment area of approximately 300,00 people.
- Strong critical mass offering over 37,000 square metres of total Gross Lettable Area (GLA), which makes this centre the second largest homemaker centre in the whole Central Coast/Newcastle region

Home@Tuggerah also offers a strong demographic profile, which is estimated to contain a population of 206,013 at June 2013.

We welcome retailers to register their interest in this exciting redevelopment.





The QLD large format retail market appears to be in the 'Perfect Storm', with retailer enquiry strengthening with good quality stock coming online in time to satisfy, in addition to a healthy pipeline of stock on offer as we head into 2015. Active retailers such as Anaconda, Spotlight and Toys R Us have been busy absorbing the ex-Sam's Warehouse tenancies, with the majority of remaining ex-Sam's Warehouse tenancies now being proposed on a split basis to accommodate two or more smaller retailers. The Crazy Clarks tenancies have typically been absorbed by Reject Shop and private discounters taking advantage of the existing Goodwill and lower costs to establish having been able to generally pick up previous fixtures and fittings as part of any new deal.

All retail categories remain active, with CBRE managed assets focusing on further upside by way of adding specific services to the centre mixes ranging from ATM's, hand car wash outlets, kiosks, additional food and beverage through

to activating common areas that generally sit dormant.

Active divestments are also underway, with the likes of Petbarn currently marketing their flagship Chermshire location due to a network cannibalisation of their existing City Farmers store in Kedron since their recent acquisition. The showroom has received strong interest due to its prime location opposite Westfield Chermshire Shopping centre and remains available either on a sub lease, or new lease basis.

Development activity continues to be mooted, although numerous projects remain on track to activate with continued upswings in both confidence and retailer demand. The year 2015 looks promising for large format retail developments to physically get underway in addition to the continued roll out of Masters a Bunnings which continues to make up most of the recent activity.

For further details on the market please contact  
Damian Crocetti: 0406 534 830 or Nick Willis: 0409 595 803

## RECENT DEALS

mediCROSS

**THE ZONE  
ROTHWELL**

Medicross - 272sqm

ANACONDA  
the adventure starts here

**BURLEIGH CENTRAL**

Anaconda - 2,173sqm

## STORE OPENINGS



**HOMEMAKER HQ  
WEST IPSWICH**



Best Friends Pets - 1,281sqm



**MAROOCHYDORE HOMEMAKER**



School Locker - 1,320sqm

## NEW LISTINGS



**134 POINT CARTWRIGHT DRIVE  
BUDDINA**

2,779sqm + 93sqm office  
POA

[CLICK HERE](#)



**188 MOGGILL ROAD  
TARINGA**

597sqm + 26sqm mezzanine  
POA

[CLICK HERE](#)



## NEW SOUTH WALES

With the positive mood witnessed at the recent LFRA forum (held in Canberra), the NSW Large Format Retail team are finding an extremely busy transition into the fourth quarter of 2014.

With the Christmas period fast approaching, retailers are keen to have leasing deals finalised for handover by November in order to capitalise on the notoriously higher trade generated over the Christmas period. A prime example of this is the Homemaker Prospect Centre, whereby three deals have recently been concluded in the past three weeks and a fourth deal currently in progress.

The leasing market for the first three quarters of 2014 has been strong, with significantly lower vacancy rates witnessed than in previous years. The tighter vacancy, largely benefiting centre owners, poses the inevitable challenge for retailers looking to rollout more stores throughout NSW,

particularly within Sydney Metropolitan Region. It is evident, however, that retailers are prepared to patiently wait for the "right" property.

With that said, the end of the year does offer an opportunistic time for retailers to find "attractive deals" with owners mindful of ensuring limited downtime of any vacancies over the new year period.

If we continue see this momentum moving forward over the next 3 months, the Large Format Retail team will witness a healthy finish to what has already proven to be a very strong year for the leasing market within the Large Format Retail sector.

For further details on the market please contact;  
Shane Cook 0419 989 278 or Steve James 0415 411 215

### RECENT DEALS



**PROSPECT HOMEBASE  
19 STODDART ROAD, PROSPECT**

*Sweet Dreams - 1025.2sqm*



**PROSPECT HOMEBASE  
19 STODDART ROAD, PROSPECT**

*Living Design Furniture - 647.2sqm*

### STORE OPENINGS



**SHOP 4/460 PACIFIC HIGHWAY  
ST LEONARDS**

*The Outdoor Furniture Specialists - 512sqm*



**PARK BEACH HOMEBASE  
COFFS HARBOUR**

*Early Settler*



### NEW LISTINGS



**HOME@TUGGERAH**

*Flexible areas available ranging from  
57m2 to 2832m2  
Rent - POA*

**CLICK HERE**



**54 BOX ROAD  
TAREN POINT**

*515m2 (Approx)  
RENT - POA*

**CLICK HERE**



There is currently a strong development pipeline of large format floorspace with supply outperforming other states. As an investment destination, Victoria's strength is driven by favourable zoning conditions and stable demand. Victoria's attractive planning laws and availability of flat, economical land presents the state in a more attractive light to developers than it's rivals. CBRE believes that a strong development pipeline in Victoria is attracting business owners to grow their businesses due to population growth being in direct correlation with housing development.

Recent examples of new supply include The Sunbury Showrooms at 85 Vineyard Road, Rocklea Homemaker Centre in Bendigo and the Mentone Centre, all of which are under construction and represent approximately 30,000sqm of new multi-tenanted large format retail floor space, all of which have seen strong take up from retailers.

We are seeing new retail development in Victoria in response to strong housing growth in surrounding areas, fuelling demand not only in metropolitan but also rural municipalities.

Porter Davis recently launched a new and exciting concept in a 2,000sqm warehouse where they have converted a showroom on City Road, opposite Reece Bathrooms in South Melbourne. The concept, World of Style by Porter Davis, is all about the journey of building a home and focusing around the themes of "touch it, feel it, see it, live it". Porter Davis have designed the World of Style experience to surround yourself in interior design, engage the customers senses and give you real-time quotes and plenty to explore. The concept comprises full working kitchens, several room displays and themes and a café for amenity and comfort. The concept showcases what can be done with a vacant, old warehouse and provides an inspiring showroom fit out and offering.

For further details on the market please contact;  
Chris Parry 0420 304 185 or Ryan Arrowsmith 0419 335 634

## RECENT DEALS



**ROCKLEA HOMEMAKER CENTRE**  
239-249 HIGH STREET  
KANGAROO FLAT, BENDIGO



Pillow Talk - 1,400



**26 PRINCES HIGHWAY**  
DANDENONG



Cheap as Chips - 2,200sqm



**MENTONE CENTRE**  
27 - 29 NEPEAN HIGHWAY  
MENTONE



Spotlight - 3,500sqm

## STORE OPENINGS



**MILLERS JUNCTION**  
300-330 MILLERS ROAD  
ALTONA NORTH



Bunnings, JB Home, Officeworks,  
Repco, Petstock, Petvet

## NEW LISTINGS



**MOORABBINN HOUSE & HOME**  
970 NEPEAN HIGHWAY  
MOORABBINN

400 - 2,700sqm  
Rent - POA

[CLICK HERE](#)



**ROCKLEA HOMEMAKER CENTRE -**  
STAGE 2  
239-249 HIGH STREET  
KANGAROO FLAT, BENDIGO

1,333sqm  
Rent - \$300.08sqm plus outgoings & GST

[CLICK HERE](#)





## SOUTH AUSTRALIA

There has been a swag of new properties coming onto the market in Adelaide this month and we are expecting more to be coming in the next few weeks. This is due largely to retailers upgrading to newer, purpose built properties, creating backfill opportunities in areas throughout Adelaide.

Demand from retailers is still strong in Adelaide's preferred Large Format areas including Mile End and Gepps X Homemaker Centres, Noarlunga in Adelaide's southern suburbs and in the high end Easterns suburbs. There are a number of developments which are being planned and pre-leased off market in the Eastern Suburbs, and we expect that there will be a few spaces of 500 - 600 sqm available.

Regional areas also seem to be getting a boost with development of large format retail centres in the early stages in Port Augusta, Whyalla, Murray Bridge and Berri.

Bunnings recently made an announcement that they have secured space in Berri, which is located next door to our proposed Large Format Retail Centre, The Riverland Complex. We are now taking expressions of interest from retailers for these locations.

Stratco opened in Mt Barker Homemaker Centre last month and reported that their opening trade has been fantastic and is still going strong. Other retailers in the centre have also commented that since welcoming Stratco the centre has been busier and trade has increased. There has not yet been enough time to see if this translates into increased sales for the other retailers but we are optimistic that this will be the case. This seems to reinforce the general retailer feeling that things have turned a corner and we can be cautiously optimistic about the future of Large Format Retailing in Adelaide.

For further details on the market please contact; Dallas Sear **0433 301 590**

### RECENT DEALS



**105 ROWLEY ROAD,  
ALDINGA BEACH**



Salvos - 330sqm



**MILE END HOMEMAKER CENTRE**



Focus on Furniture -

### STORE OPENINGS



**MT BARKER HOMEMAKER CENTRE**



Stratco - 1640 sqm

### NEW LISTINGS



**GREENACRES SHOPPING CENTRE**

1,200sqm  
Rent \$580,000 per annum

[CLICK HERE](#)



**233 - 237 MORPHETT STREET,  
ADELAIDE**

356 sqm  
Rent \$50,000 per annum

[CLICK HERE](#)



**116 - 124 MCDOUALL STUART  
AVE, WHYALLA NORRIE**

1700 sqm  
Rent \$265,500 per annum

[CLICK HERE](#)



# WESTERN AUSTRALIA

There has been a resurgence of activity in the Large Format Retail Market over the last couple of months, catalysts being a combination of both Landlords and Retailers.

Master have commenced the construction of the newest hardware store in Wangara with site works well underway. The site is situated on the corner of Hartman Rd and Gngangara road in Wangara.

A private investor has purchased 888 Nicholson Road, Canning Vale for circa 8.25% yield. This is yet again supporting evidence of the compressing yields for Large Format Retail assets in the WA market. The asset was in high demand as the centre was uniquely anchored by a Dan Murphy's covenant. The Primewest owned Fantastic Furniture premises in Joondalup have hit the market with a sharp yield expected. Nick Scali has purchased a showroom in Joondalup in close proximity to Spotlight just south of the Bunnings/ Masters epicentre.

Many lease deals have emerged over the past few months with the focus for both national and local retailers entering, relocating, or upsizing within the Osborne Park and Joondalup Precincts. Joondalup in particular has been a precinct fuelled by the new Bunnings and Masters developments further north on Joondalup Drive. The move has seen the majority of national and local retailers looking to secure new premises next to the hardware giants. With limited supply on the market and growing demand, retailers need to act quickly to secure premises.

Ellenbrook is looking like the next hot spot with many retailers looking to secure prime locations in proximity to the Bunnings and Masters locations. Prime sites are in short supply with a major development site coming to the market shortly. Please contact Richard Cash or Alex Gismondi to discuss your requirements in Ellenbrook.

For further details on the market please contact;  
Richard Cash **0412 006 949** or Alex Gismondi **0413 134 311**

## RECENT DEALS



### 10 ONSLOW PLACE, JOONDALUP

Bedroom Trends - 1,230 sqm



### 204 STIRLING HIGHWAY, CLAREMONT

Camerich - 433 sqm



### ROCKINGHAM SUPERSTORE, BANKSTOWN

Stratco - 1,218 sqm

## NEW LISTINGS



### AUSTRALIND CITY 250 – 10,000SQM

Available subject to vacant possession  
Negotiable lease term

[CLICK HERE](#)



### **Facebook to drive centre sales – the way of the future**

Springvale Homemaker Centre has launched Facebook Wi-Fi this September. Facebook Wi-Fi allows customers free access to Wi-Fi when they check in to the centre's Facebook page, turning the centre into a Wi-Fi hotspot.

By giving free Wi-Fi, this will enable the centre to:

- Promote their Facebook Page,
- Get new likes and check-ins, which will in turn increase the centre's visibility, visitors and customer engagement.

This is a fantastic way to advertise centre offers and announcements and drive interaction with their customers, as well as reaching a wider audience when information is shared on customer newsfeeds. The more check-ins received increases the ranking of the centre in the "search" and "nearby tab", further increasing the centre brand and awareness.

As well increasing awareness, Facebook Wi-Fi will allow the centre to analyse their customers through fan activity and demographic information such as age, gender and geographic location.

**For further details on the market please contact;  
Suzette Lamont 0414 841 199**



**LARGE FORMAT RETAIL  
MARKET SNAPSHOT**

**CBRE**